

## Return of Private Foundation

OMB No. 1545-0052

or Section 4947(a)(1) Nonexempt Charitable Trust  
Treated as a Private Foundation

2010

Department of the Treasury  
Internal Revenue Service

Note. The foundation may be able to use a copy of this return to satisfy state reporting requirements.

For calendar year 2010, or tax year beginning SEP 1, 2010, and ending AUG 31, 2011

G Check all that apply: ☐ Initial return ☐ Initial return of a former public charity ☐ Final return  
☒ Amended return ☐ Address change ☐ Name change

|   |   |  |
|---|---|--|
| Name of foundation<br>W.K. KELLOGG FOUNDATION TRUST - NO. 5315<br>C/O BANK OF NY MELLON TRUST CO., N.A.   |   | A Employer identification number<br>36-6030614   |
| Number and street (or P.O. box number if mail is not delivered to street address)<br>500 GRANT STREET - DANA LUKSIC   | Room/suite<br>410   | B Telephone number<br>(412) 234-3510   |
| City or town, state, and ZIP code<br>PITTSBURGH, PA 15258-0001  |   | C If exemption application is pending, check here <input type="checkbox"/>   |
| H Check type of organization: <input checked="" type="checkbox"/> Section 501(c)(3) exempt private foundation<br><input type="checkbox"/> Section 4947(a)(1) nonexempt charitable trust <input type="checkbox"/> Other taxable private foundation |   | D 1. Foreign organizations, check here <input type="checkbox"/><br>2. Foreign organizations meeting the 85% test, check here and attach computation <input type="checkbox"/> |
| I Fair market value of all assets at end of year<br>(from Part II, col. (c), line 16)<br>\$ 7,119,383,077.  | J Accounting method: <input type="checkbox"/> Cash <input checked="" type="checkbox"/> Accrual<br><input type="checkbox"/> Other (specify) _____<br>(Part I, column (d) must be on cash basis.) | E If private foundation status was terminated under section 507(b)(1)(A), check here <input type="checkbox"/>  |
|   |   | F If the foundation is in a 60-month termination under section 507(b)(1)(B), check here <input type="checkbox"/>   |

## Part I Analysis of Revenue and Expenses

(The total of amounts in columns (b), (c), and (d) may not necessarily equal the amounts in column (a).)

|  | (a) Revenue and expenses per books | (b) Net investment income | (c) Adjusted net income | (d) Disbursements for charitable purposes (cash basis only) |
|--|------------------------------------|---------------------------|-------------------------|---|
| <b>Revenue</b>   |                                    |                           |                         |   |
| 1 Contributions, gifts, grants, etc., received   |                                    |                           | N/A                     |   |
| 2 Check <input checked="" type="checkbox"/> if the foundation is not required to attach Sch. B |                                    |                           |                         |   |
| 3 Interest on savings and temporary cash investments   |                                    |                           |                         |   |
| 4 Dividends and interest from securities   | 156,102,408.                       | 205,781,535.              |                         | STATEMENT1  |
| 5a Gross rents   |                                    |                           |                         |   |
| b Net rental income or (loss)  |                                    |                           |                         |   |
| 6a Net gain or (loss) from sale of assets not on line 10                                       | 409,952,195.                       |                           |                         |   |
| b Gross sales price for all assets on line 6a  |                                    |                           |                         |   |
| 7 Capital gain net income (from Part IV, line 2)   |                                    | 353,729,416.              |                         |   |
| 8 Net short-term capital gain  |                                    |                           |                         |   |
| 9 Income modifications   |                                    |                           |                         |   |
| 10a Gross sales less returns and allowances  |                                    |                           |                         |   |
| b Less: Cost of goods sold   |                                    |                           |                         |   |
| c Gross profit or (loss)   |                                    |                           |                         |   |
| 11 Other income  |                                    | 3,619,773.                |                         | STATEMENT2  |
| 12 Total. Add lines 1 through 11   | 566,054,603.                       | 563,130,724.              |                         |   |
| <b>Operating and Administrative Expenses</b>   |                                    |                           |                         |   |
| 13 Compensation of officers, directors, trustees, etc.   | 313,750.                           | 313,750.                  |                         | 0.  |
| 14 Other employee salaries and wages   |                                    |                           |                         |   |
| 15 Pension plans, employee benefits  |                                    |                           |                         |   |
| 16a Legal fees STMT 3  | 359,815.                           | 359,815.                  |                         | 0.  |
| b Accounting fees STMT 4   | 169,570.                           | 118,886.                  |                         | 0.  |
| c Other professional fees STMT 5   | 13,906,260.                        | 24,941,237.               |                         | 0.  |
| 17 Interest  |                                    |                           |                         |   |
| 18 Taxes STMT 6  | 10,925,265.                        | 123,391.                  |                         | 0.  |
| 19 Depreciation and depletion  |                                    |                           |                         |   |
| 20 Occupancy   |                                    |                           |                         |   |
| 21 Travel, conferences, and meetings   |                                    |                           |                         |   |
| 22 Printing and publications   |                                    |                           |                         |   |
| 23 Other expenses STMT 7   | 2,550,975.                         | 2,407,263.                |                         | 143,712.  |
| 24 Total operating and administrative expenses. Add lines 13 through 23                        | 28,225,635.                        | 28,264,342.               |                         | 143,712.  |
| 25 Contributions, gifts, grants paid   | 338,000,000.                       |                           |                         | 338,000,000.  |
| 26 Total expenses and disbursements. Add lines 24 and 25                                       | 366,225,635.                       | 28,264,342.               |                         | 338,143,712.  |
| 27 Subtract line 26 from line 12:  |                                    |                           |                         |   |
| a Excess of revenue over expenses and disbursements  | 199,828,968.                       |                           |                         |   |
| b Net investment income (if negative, enter -0-)   |                                    | 534,866,382.              |                         |   |
| c Adjusted net income (if negative, enter -0-)   |                                    |                           | N/A                     |   |

| Part II Balance Sheets      |  | Attached schedules and amounts in the description column should be for end-of-year amounts only.   |   | Beginning of year     | End of year    |  |
|-----------------------------|--|--|---|-----------------------|----------------|--|
|                             |  | (a) Book Value   | (b) Book Value  | (c) Fair Market Value |                |  |
| Assets                      | 1  | Cash - non-interest-bearing .....  |   |                       |                |  |
|                             | 2  | Savings and temporary cash investments .....   | 122,066,264.  | 91,076,109.           | 91,076,109.    |  |
|                             | 3  | Accounts receivable ▶ .....  |   |                       |                |  |
|                             |  | Less: allowance for doubtful accounts ▶ .....  |   |                       |                |  |
|                             | 4  | Pledges receivable ▶ .....   |   |                       |                |  |
|                             |  | Less: allowance for doubtful accounts ▶ .....  |   |                       |                |  |
|                             | 5  | Grants receivable .....  |   |                       |                |  |
|                             | 6  | Receivables due from officers, directors, trustees, and other disqualified persons .....   |   |                       |                |  |
|                             | 7  | Other notes and loans receivable ▶ .....   |   |                       |                |  |
|                             |  | Less: allowance for doubtful accounts ▶ .....  |   |                       |                |  |
|                             | 8  | Inventories for sale or use .....  |   |                       |                |  |
|                             | 9  | Prepaid expenses and deferred charges .....  |   |                       |                |  |
|                             | 10a  | Investments - U.S. and state government obligations STMT 10 .....  | 84,877,726.   | 161,244,712.          | 161,244,712.   |  |
|                             | b  | Investments - corporate stock STMT 11 .....  | 4,535,785,900.  | 4,748,254,946.        | 4,748,254,946. |  |
|                             | c  | Investments - corporate bonds STMT 12 .....  | 357,888,274.  | 109,558,571.          | 109,558,571.   |  |
|                             | Liabilities  | 11   | Investments - land, buildings, and equipment: basis ▶ ..... |                       |                |  |
|                             |  | Less: accumulated depreciation ▶ .....   |   |                       |                |  |
| 12                          |  | Investments - mortgage loans .....   |   |                       |                |  |
| 13                          |  | Investments - other STMT 13 .....  | 1,447,495,988.  | 1,887,551,151.        | 1,887,551,151. |  |
| 14                          |  | Land, buildings, and equipment: basis ▶ .....  |   |                       |                |  |
|                             |  | Less: accumulated depreciation ▶ .....   |   |                       |                |  |
| 15                          |  | Other assets (describe ▶ STATEMENT 14) .....   | 72,251,550.   | 121,697,588.          | 121,697,588.   |  |
| 16                          |  | <b>Total assets</b> (to be completed by all filers) .....  | 6,620,365,702.  | 7,119,383,077.        | 7,119,383,077. |  |
| 17                          |  | Accounts payable and accrued expenses .....  |   |                       |                |  |
| 18                          |  | Grants payable .....   |   |                       |                |  |
| Net Assets or Fund Balances | 19   | Deferred revenue .....   |   |                       |                |  |
|                             | 20   | Loans from officers, directors, trustees, and other disqualified persons .....   |   |                       |                |  |
|                             | 21   | Mortgages and other notes payable .....  |   |                       |                |  |
|                             | 22   | Other liabilities (describe ▶ STATEMENT 15) .....  | 86,237,498.   | 92,789,602.           |                |  |
|                             | 23   | <b>Total liabilities</b> (add lines 17 through 22) .....   | 86,237,498.   | 92,789,602.           |                |  |
|                             |  | <b>Foundations that follow SFAS 117, check here</b> ▶ <input checked="" type="checkbox"/> <b>and complete lines 24 through 26 and lines 30 and 31.</b> |   |                       |                |  |
|                             | 24   | Unrestricted .....   |   |                       |                |  |
|                             | 25   | Temporarily restricted .....   | 6,534,128,204.  | 7,026,593,475.        |                |  |
|                             | 26   | Permanently restricted .....   |   |                       |                |  |
|                             |  | <b>Foundations that do not follow SFAS 117, check here</b> ▶ <input type="checkbox"/> <b>and complete lines 27 through 31.</b>                         |   |                       |                |  |
| 27                          | Capital stock, trust principal, or current funds .....                 |  |   |                       |                |  |
| 28                          | Paid-in or capital surplus, or land, bldg., and equipment fund .....   |  |   |                       |                |  |
| 29                          | Retained earnings, accumulated income, endowment, or other funds ..... |  |   |                       |                |  |
| 30                          | <b>Total net assets or fund balances</b> .....                         | 6,534,128,204.   | 7,026,593,475.  |                       |                |  |
| 31                          | <b>Total liabilities and net assets/fund balances</b> .....            | 6,620,365,702.   | 7,119,383,077.  |                       |                |  |

**Part III Analysis of Changes in Net Assets or Fund Balances**

|   |   |   |                |
|---|---|---|----------------|
| 1 | Total net assets or fund balances at beginning of year - Part II, column (a), line 30<br>(must agree with end-of-year figure reported on prior year's return) ..... | 1 | 6,534,128,204. |
| 2 | Enter amount from Part I, line 27a .....  | 2 | 199,828,968.   |
| 3 | Other increases not included in line 2 (itemize) ▶ SEE STATEMENT 9 .....  | 3 | 292,636,303.   |
| 4 | Add lines 1, 2, and 3 .....   | 4 | 7,026,593,475. |
| 5 | Decreases not included in line 2 (itemize) ▶ .....  | 5 | 0.             |
| 6 | Total net assets or fund balances at end of year (line 4 minus line 5) - Part II, column (b), line 30 .....   | 6 | 7,026,593,475. |



**Part VI Excise Tax Based on Investment Income (Section 4940(a), 4940(b), 4940(e), or 4948 - see instructions)**

|  |    |    |            |
|--|----|----|------------|
| 1a Exempt operating foundations described in section 4940(d)(2), check here <input type="checkbox"/> and enter "N/A" on line 1.<br>Date of ruling or determination letter: _____ (attach copy of letter if necessary-see instructions) |    |    |            |
| b Domestic foundations that meet the section 4940(e) requirements in Part V, check here <input checked="" type="checkbox"/> and enter 1% of Part I, line 27b   |    | 1  | 5,348,664. |
| c All other domestic foundations enter 2% of line 27b. Exempt foreign organizations enter 4% of Part I, line 12, col. (b).   |    |    |            |
| 2 Tax under section 511 (domestic section 4947(a)(1) trusts and taxable foundations only. Others enter -0-)  |    | 2  | 0.         |
| 3 Add lines 1 and 2  |    | 3  | 5,348,664. |
| 4 Subtitle A (income) tax (domestic section 4947(a)(1) trusts and taxable foundations only. Others enter -0-)  |    | 4  | 0.         |
| 5 Tax based on investment income. Subtract line 4 from line 3. If zero or less, enter -0-  |    | 5  | 5,348,664. |
| 6 Credits/Payments:  |    |    |            |
| a 2010 estimated tax payments and 2009 overpayment credited to 2010  | 6a |    |            |
| b Exempt foreign organizations - tax withheld at source  | 6b |    |            |
| c Tax paid with application for extension of time to file (Form 8868)  | 6c | 0. |            |
| d Backup withholding erroneously withheld  | 6d |    |            |
| 7 Total credits and payments. Add lines 6a through 6d TOTAL TAX PAID ON ORIGINAL RETURN  |    | 7  | 5,964,554. |
| 8 Enter any penalty for underpayment of estimated tax. Check here <input type="checkbox"/> if Form 2220 is attached  |    | 8  |            |
| 9 Tax due. If the total of lines 5 and 8 is more than line 7, enter amount owed  |    | 9  |            |
| 10 Overpayment. If line 7 is more than the total of lines 5 and 8, enter the amount overpaid   |    | 10 | 615,890.   |
| 11 Enter the amount of line 10 to be: Credited to 2011 estimated tax 0. Refunded   |    | 11 | 615,890.   |

**Part VII-A Statements Regarding Activities**

|   | Yes | No |
|---|-----|----|
| 1a During the tax year, did the foundation attempt to influence any national, state, or local legislation or did it participate or intervene in any political campaign?   |     | X  |
| b Did it spend more than \$100 during the year (either directly or indirectly) for political purposes (see instructions for definition)?<br>If the answer is "Yes" to 1a or 1b, attach a detailed description of the activities and copies of any materials published or distributed by the foundation in connection with the activities. |     | X  |
| c Did the foundation file Form 1120-POL for this year?  |     | X  |
| d Enter the amount (if any) of tax on political expenditures (section 4955) imposed during the year:<br>(1) On the foundation. \$ 0. (2) On foundation managers. \$ 0.  |     |    |
| e Enter the reimbursement (if any) paid by the foundation during the year for political expenditure tax imposed on foundation managers. \$ 0.   |     |    |
| 2 Has the foundation engaged in any activities that have not previously been reported to the IRS?<br>If "Yes," attach a detailed description of the activities.   |     | X  |
| 3 Has the foundation made any changes, not previously reported to the IRS, in its governing instrument, articles of incorporation, or bylaws, or other similar instruments? If "Yes," attach a conformed copy of the changes  |     | X  |
| 4a Did the foundation have unrelated business gross income of \$1,000 or more during the year?  | X   |    |
| b If "Yes," has it filed a tax return on Form 990-T for this year?  | X   |    |
| 5 Was there a liquidation, termination, dissolution, or substantial contraction during the year?<br>If "Yes," attach the statement required by General Instruction T.   |     | X  |
| 6 Are the requirements of section 508(e) (relating to sections 4941 through 4945) satisfied either:<br>• By language in the governing instrument, or<br>• By state legislation that effectively amends the governing instrument so that no mandatory directions that conflict with the state law remain in the governing instrument?      | X   |    |
| 7 Did the foundation have at least \$5,000 in assets at any time during the year?<br>If "Yes," complete Part II, col. (c), and Part XV.   | X   |    |
| 8a Enter the states to which the foundation reports or with which it is registered (see instructions) MI, CA, NY, IN, HI, NM  |     |    |
| b If the answer is "Yes" to line 7, has the foundation furnished a copy of Form 990-PF to the Attorney General (or designate) of each state as required by General Instruction G? If "No," attach explanation   | X   |    |
| 9 Is the foundation claiming status as a private operating foundation within the meaning of section 4942(j)(3) or 4942(j)(5) for calendar year 2010 or the taxable year beginning in 2010 (see instructions for Part XIV)? If "Yes," complete Part XIV  |     | X  |
| 10 Did any persons become substantial contributors during the tax year? If "Yes," attach a schedule listing their names and addresses   |     | X  |

Form 990-PF (2010)

Part VII-A Statements Regarding Activities (continued)

|                                     |  |    |     |    |
|-------------------------------------|--|----|-----|----|
| 11                                  | At any time during the year, did the foundation, directly or indirectly, own a controlled entity within the meaning of section 512(b)(13)? If "Yes," attach schedule (see instructions)  | 11 |     | X  |
| 12                                  | Did the foundation acquire a direct or indirect interest in any applicable insurance contract before August 17, 2008?  | 12 |     | X  |
| 13                                  | Did the foundation comply with the public inspection requirements for its annual returns and exemption application?  | 13 | X   |    |
| Website address <b>WWW.WKKF.ORG</b> |  |    |     |    |
| 14                                  | The books are in care of <b>BANK OF NY MELLON TRUST CO. N.A. -</b> Telephone no. <b>(412) 234-3510</b><br>Located at <b>500 GRANT STREET, SUITE 410, PITTSBURGH, PA</b> ZIP+4 <b>15258</b>   |    |     |    |
| 15                                  | Section 4947(a)(1) nonexempt charitable trusts filing Form 990-PF in lieu of Form 1041 - Check here<br>and enter the amount of tax-exempt interest received or accrued during the year   | 15 | N/A |    |
| 16                                  | At any time during calendar year 2010, did the foundation have an interest in or a signature or other authority over a bank, securities, or other financial account in a foreign country?<br>See page 20 of the instructions for exceptions and filing requirements for Form TD F 90-22.1. If "Yes," enter the name of the foreign country | 16 | X   |    |
|                                     |  |    | Yes | No |

Part VII-B Statements Regarding Activities for Which Form 4720 May Be Required

**File Form 4720 if any item is checked in the "Yes" column, unless an exception applies.**

|     |   |    |     |    |
|-----|---|----|-----|----|
| 1a  | During the year did the foundation (either directly or indirectly):   |    | Yes | No |
| (1) | Engage in the sale or exchange, or leasing of property with a disqualified person?  |    | X   |    |
| (2) | Borrow money from, lend money to, or otherwise extend credit to (or accept it from) a disqualified person?  |    | X   |    |
| (3) | Furnish goods, services, or facilities to (or accept them from) a disqualified person?  |    | X   |    |
| (4) | Pay compensation to, or pay or reimburse the expenses of, a disqualified person?  | X  |     |    |
| (5) | Transfer any income or assets to a disqualified person (or make any of either available for the benefit or use of a disqualified person)?   |    | X   |    |
| (6) | Agree to pay money or property to a government official? (Exception. Check "No" if the foundation agreed to make a grant to or to employ the official for a period after termination of government service, if terminating within 90 days.)   |    | X   |    |
| b   | If any answer is "Yes" to 1a(1)-(6), did any of the acts fail to qualify under the exceptions described in Regulations section 53.4941(d)-3 or in a current notice regarding disaster assistance (see page 22 of the instructions)?<br>Organizations relying on a current notice regarding disaster assistance check here   | 1b |     | X  |
| c   | Did the foundation engage in a prior year in any of the acts described in 1a, other than excepted acts, that were not corrected before the first day of the tax year beginning in 2010?   | 1c |     | X  |
| 2   | Taxes on failure to distribute income (section 4942) (does not apply for years the foundation was a private operating foundation defined in section 4942(j)(3) or 4942(j)(5)):  |    |     |    |
| a   | At the end of tax year 2010, did the foundation have any undistributed income (lines 6d and 6e, Part XIII) for tax year(s) beginning before 2010?<br>If "Yes," list the years   |    | X   |    |
| b   | Are there any years listed in 2a for which the foundation is not applying the provisions of section 4942(a)(2) (relating to incorrect valuation of assets) to the year's undistributed income? (If applying section 4942(a)(2) to all years listed, answer "No" and attach statement - see instructions.)   | 2b | N/A |    |
| c   | If the provisions of section 4942(a)(2) are being applied to any of the years listed in 2a, list the years here.  |    |     |    |
| 3a  | Did the foundation hold more than a 2% direct or indirect interest in any business enterprise at any time during the year?  |    | X   |    |
| b   | If "Yes," did it have excess business holdings in 2010 as a result of (1) any purchase by the foundation or disqualified persons after May 26, 1969; (2) the lapse of the 5-year period (or longer period approved by the Commissioner under section 4943(c)(7)) to dispose of holdings acquired by gift or bequest; or (3) the lapse of the 10-, 15-, or 20-year first phase holding period? (Use Schedule C, Form 4720, to determine if the foundation had excess business holdings in 2010.) | 3b |     | X  |
| 4a  | Did the foundation invest during the year any amount in a manner that would jeopardize its charitable purposes?   | 4a |     | X  |
| b   | Did the foundation make any investment in a prior year (but after December 31, 1969) that could jeopardize its charitable purpose that had not been removed from jeopardy before the first day of the tax year beginning in 2010?   | 4b |     | X  |

Form 990-PF (2010)

**Part VII-B** Statements Regarding Activities for Which Form 4720 May Be Required (continued)**5a** During the year did the foundation pay or incur any amount to:

- (1) Carry on propaganda, or otherwise attempt to influence legislation (section 4945(e))? ☐ Yes ☒ No
- (2) Influence the outcome of any specific public election (see section 4955); or to carry on, directly or indirectly, any voter registration drive? ☐ Yes ☒ No
- (3) Provide a grant to an individual for travel, study, or other similar purposes? ☐ Yes ☒ No
- (4) Provide a grant to an organization other than a charitable, etc., organization described in section 509(a)(1), (2), or (3), or section 4940(d)(2)? ☒ Yes ☐ No
- (5) Provide for any purpose other than religious, charitable, scientific, literary, or educational purposes, or for the prevention of cruelty to children or animals? ☐ Yes ☒ No

**b** If any answer is "Yes" to question 5a(1)-(5), did **any** of the transactions fail to qualify under the exceptions described in Regulations section 53.4945 or in a current notice regarding disaster assistance (see instructions)?Organizations relying on a current notice regarding disaster assistance check here ☐**c** If the answer is "Yes" to question 5a(4), does the foundation claim exemption from the tax because it maintained expenditure responsibility for the grant?☒ Yes ☐ No

If "Yes," attach the statement required by Regulations section 53.4945-5(d).

**6a** Did the foundation, during the year, receive any funds, directly or indirectly, to pay premiums on a personal benefit contract?☐ Yes ☒ No**b** Did the foundation, during the year, pay premiums, directly or indirectly, on a personal benefit contract?

If "Yes" to 6b, file Form 8870.

**7a** At any time during the tax year, was the foundation a party to a prohibited tax shelter transaction?☐ Yes ☒ No**b** If "Yes," did the foundation receive any proceeds or have any net income attributable to the transaction?

N/A

**Part VIII** Information About Officers, Directors, Trustees, Foundation Managers, Highly Paid Employees, and Contractors**1** List all officers, directors, trustees, foundation managers and their compensation.

| (a) Name and address | (b) Title, and average hours per week devoted to position | (c) Compensation (If not paid, enter -0-) | (d) Contributions to employee benefit plans and deferred compensation | (e) Expense account, other allowances |
|----------------------|---|---|---|---------------------------------------|
| SEE STATEMENT 19     |   |   |   |                                       |
|                      | 0.00  | 313,750.                                  | 0.  | 21,060.                               |
|                      |   |   |   |                                       |
|                      |   |   |   |                                       |
|                      |   |   |   |                                       |
|                      |   |   |   |                                       |
|                      |   |   |   |                                       |
|                      |   |   |   |                                       |
|                      |   |   |   |                                       |
|                      |   |   |   |                                       |

**2** Compensation of five highest-paid employees (other than those included on line 1). If none, enter "NONE."

| (a) Name and address of each employee paid more than \$50,000 | (b) Title, and average hours per week devoted to position | (c) Compensation | (d) Contributions to employee benefit plans and deferred compensation | (e) Expense account, other allowances |
|---|---|------------------|---|---------------------------------------|
| NONE  |   |                  |   |                                       |
|   |   |                  |   |                                       |
|   |   |                  |   |                                       |
|   |   |                  |   |                                       |
|   |   |                  |   |                                       |
|   |   |                  |   |                                       |
|   |   |                  |   |                                       |
|   |   |                  |   |                                       |

**Total** number of other employees paid over \$50,000

0

Form 990-PF (2010)

Part VIII

Information About Officers, Directors, Trustees, Foundation Managers, Highly Paid Employees, and Contractors (continued)

| 3 Five highest-paid independent contractors for professional services. If none, enter "NONE." |                                 |                  |
|---|---------------------------------|------------------|
| (a) Name and address of each person paid more than \$50,000                                   | (b) Type of service             | (c) Compensation |
| WELLINGTON GLOBAL SELECT<br>75 STATE STREET, BOSTON, MA 02109                                 | INVESTMENT MANAGEMENT SERVICES  | 1,286,840.       |
| WILLIAM BLAIR & COMPANY<br>222 WEST ADAMS STREET, CHICAGO, IL 60606                           | FINANCIAL & INVESTMENT SERVICES | 1,266,414.       |
| HIGHCLERE INTERNATIONAL INVESTORS<br>253 BAYBERRY LANE, WESTPORT, CT 06880                    | INVESTMENT MANAGEMENT SERVICES  | 976,231.         |
| SOUTHEASTERN ASSET MANAGEMENT, INC. - 6410<br>POPLAR AVENUE, SUITE 900, MEMPHIS, TN 38119     | INVESTMENT MANAGEMENT SERVICES  | 906,798.         |
| THE BANK OF NEW YORK MELLON, N.A. - 500<br>GRANT STREET, SUITE 410, PITTSBURGH, PA            | FINANCIAL & INVESTMENT SERVICES | 892,554.         |
| Total number of others receiving over \$50,000 for professional services                      |                                 | 33               |

| Part IX-A Summary of Direct Charitable Activities  |          |
|--|----------|
| List the foundation's four largest direct charitable activities during the tax year. Include relevant statistical information such as the number of organizations and other beneficiaries served, conferences convened, research papers produced, etc. | Expenses |
| 1 N/A  |          |
| 2  |          |
| 3  |          |
| 4  |          |

| Part IX-B Summary of Program-Related Investments  |        |
|---|--------|
| Describe the two largest program-related investments made by the foundation during the tax year on lines 1 and 2. | Amount |
| 1 NONE  | 0.     |
| 2   |        |
| All other program-related investments. See instructions.  |        |
| 3 NONE  | 0.     |
| Total. Add lines 1 through 3  | 0.     |

**Part X Minimum Investment Return** (All domestic foundations must complete this part. Foreign foundations, see instructions.)

|          |   |           |                |
|----------|---|-----------|----------------|
| <b>1</b> | Fair market value of assets not used (or held for use) directly in carrying out charitable, etc., purposes:       |           |                |
| <b>a</b> | Average monthly fair market value of securities .....   | <b>1a</b> | 6,696,161,965. |
| <b>b</b> | Average of monthly cash balances .....  | <b>1b</b> | 178,953.       |
| <b>c</b> | Fair market value of all other assets .....   | <b>1c</b> | 0.             |
| <b>d</b> | <b>Total</b> (add lines 1a, b, and c) .....   | <b>1d</b> | 6,696,340,918. |
| <b>e</b> | Reduction claimed for blockage or other factors reported on lines 1a and 1c (attach detailed explanation) .....   | <b>1e</b> | 388,423,430.   |
| <b>2</b> | Acquisition indebtedness applicable to line 1 assets .....  | <b>2</b>  | 0.             |
| <b>3</b> | Subtract line 2 from line 1d .....  | <b>3</b>  | 6,696,340,918. |
| <b>4</b> | Cash deemed held for charitable activities. Enter 1 1/2% of line 3 (for greater amount, see instructions) .....   | <b>4</b>  | 100,445,114.   |
| <b>5</b> | <b>Net value of noncharitable-use assets.</b> Subtract line 4 from line 3. Enter here and on Part V, line 4 ..... | <b>5</b>  | 6,595,895,804. |
| <b>6</b> | <b>Minimum investment return.</b> Enter 5% of line 5 .....  | <b>6</b>  | 329,794,790.   |

**Part XI Distributable Amount** (see instructions) (Section 4942(j)(3) and (j)(5) private operating foundations and certain foreign organizations check here ☐ and do not complete this part.)

|           |   |           |              |
|-----------|---|-----------|--------------|
| <b>1</b>  | Minimum investment return from Part X, line 6 .....   | <b>1</b>  | 329,794,790. |
| <b>2a</b> | Tax on investment income for 2010 from Part VI, line 5 .....  | <b>2a</b> | 5,348,664.   |
| <b>b</b>  | Income tax for 2010. (This does not include the tax from Part VI.) .....  | <b>2b</b> |              |
| <b>c</b>  | Add lines 2a and 2b .....   | <b>2c</b> | 5,348,664.   |
| <b>3</b>  | Distributable amount before adjustments. Subtract line 2c from line 1 .....                                     | <b>3</b>  | 324,446,126. |
| <b>4</b>  | Recoveries of amounts treated as qualifying distributions .....   | <b>4</b>  | 0.           |
| <b>5</b>  | Add lines 3 and 4 .....   | <b>5</b>  | 324,446,126. |
| <b>6</b>  | Deduction from distributable amount (see instructions) .....  | <b>6</b>  | 0.           |
| <b>7</b>  | <b>Distributable amount</b> as adjusted. Subtract line 6 from line 5. Enter here and on Part XIII, line 1 ..... | <b>7</b>  | 324,446,126. |

**Part XII Qualifying Distributions** (see instructions)

|          |   |           |              |
|----------|---|-----------|--------------|
| <b>1</b> | Amounts paid (including administrative expenses) to accomplish charitable, etc., purposes:  |           |              |
| <b>a</b> | Expenses, contributions, gifts, etc. - total from Part I, column (d), line 26 .....   | <b>1a</b> | 338,143,712. |
| <b>b</b> | Program-related investments - total from Part IX-B .....  | <b>1b</b> | 0.           |
| <b>2</b> | Amounts paid to acquire assets used (or held for use) directly in carrying out charitable, etc., purposes .....                         | <b>2</b>  |              |
| <b>3</b> | Amounts set aside for specific charitable projects that satisfy the:  |           |              |
| <b>a</b> | Suitability test (prior IRS approval required) .....  | <b>3a</b> |              |
| <b>b</b> | Cash distribution test (attach the required schedule) .....   | <b>3b</b> |              |
| <b>4</b> | <b>Qualifying distributions.</b> Add lines 1a through 3b. Enter here and on Part V, line 8, and Part XIII, line 4 .....                 | <b>4</b>  | 338,143,712. |
| <b>5</b> | Foundations that qualify under section 4940(e) for the reduced rate of tax on net investment income. Enter 1% of Part I, line 27b ..... | <b>5</b>  | 5,348,664.   |
| <b>6</b> | <b>Adjusted qualifying distributions.</b> Subtract line 5 from line 4 .....   | <b>6</b>  | 332,795,048. |

**Note.** The amount on line 6 will be used in Part V, column (b), in subsequent years when calculating whether the foundation qualifies for the section 4940(e) reduction of tax in those years.

Form **990-PF** (2010)



**Part XIII Undistributed Income** (see instructions)

|  | (a)<br>Corpus | (b)<br>Years prior to 2009 | (c)<br>2009 | (d)<br>2010  |
|--|---------------|----------------------------|-------------|--------------|
| 1 Distributable amount for 2010 from Part XI, line 7   |               |                            |             | 324,446,126. |
| 2 Undistributed income, if any, as of the end of 2010:   |               |                            |             |              |
| a Enter amount for 2009 only   |               |                            | 24,010,395. |              |
| b Total for prior years:   |               | 0.                         |             |              |
| 3 Excess distributions carryover, if any, to 2010:   |               |                            |             |              |
| a From 2005  |               |                            |             |              |
| b From 2006  |               |                            |             |              |
| c From 2007  |               |                            |             |              |
| d From 2008  |               |                            |             |              |
| e From 2009  |               |                            |             |              |
| f Total of lines 3a through e  | 0.            |                            |             |              |
| 4 Qualifying distributions for 2010 from Part XII, line 4: ► \$ 338,143,712.   |               |                            |             |              |
| a Applied to 2009, but not more than line 2a   |               |                            | 24,010,395. |              |
| b Applied to undistributed income of prior years (Election required - see instructions)  |               | 0.                         |             |              |
| c Treated as distributions out of corpus (Election required - see instructions)  | 0.            |                            |             |              |
| d Applied to 2010 distributable amount   |               |                            |             | 314,133,317. |
| e Remaining amount distributed out of corpus   | 0.            |                            |             |              |
| 5 Excess distributions carryover applied to 2010 (If an amount appears in column (d), the same amount must be shown in column (a).)  | 0.            |                            |             | 0.           |
| 6 Enter the net total of each column as indicated below:   |               |                            |             |              |
| a Corpus. Add lines 3f, 4c, and 4e. Subtract line 5  | 0.            |                            |             |              |
| b Prior years' undistributed income. Subtract line 4b from line 2b   |               | 0.                         |             |              |
| c Enter the amount of prior years' undistributed income for which a notice of deficiency has been issued, or on which the section 4942(a) tax has been previously assessed |               | 0.                         |             |              |
| d Subtract line 6c from line 6b. Taxable amount - see instructions   |               | 0.                         |             |              |
| e Undistributed income for 2009. Subtract line 4a from line 2a. Taxable amount - see instr.  |               |                            | 0.          |              |
| f Undistributed income for 2010. Subtract lines 4d and 5 from line 1. This amount must be distributed in 2011  |               |                            |             | 10,312,809.  |
| 7 Amounts treated as distributions out of corpus to satisfy requirements imposed by section 170(b)(1)(F) or 4942(g)(3)   | 0.            |                            |             |              |
| 8 Excess distributions carryover from 2005 not applied on line 5 or line 7   | 0.            |                            |             |              |
| 9 Excess distributions carryover to 2011. Subtract lines 7 and 8 from line 6a  | 0.            |                            |             |              |
| 10 Analysis of line 9:   |               |                            |             |              |
| a Excess from 2006   |               |                            |             |              |
| b Excess from 2007   |               |                            |             |              |
| c Excess from 2008   |               |                            |             |              |
| d Excess from 2009   |               |                            |             |              |
| e Excess from 2010   |               |                            |             |              |

**Part XIV Private Operating Foundations** (see instructions and Part VII-A, question 9)

N/A

1 a If the foundation has received a ruling or determination letter that it is a private operating foundation, and the ruling is effective for 2010, enter the date of the ruling ▶

b Check box to indicate whether the foundation is a private operating foundation described in section ☐ 4942(j)(3) or ☐ 4942(j)(5)

|   | Tax year | Prior 3 years |          |          | (e) Total |
|---|----------|---------------|----------|----------|-----------|
|   | (a) 2010 | (b) 2009      | (c) 2008 | (d) 2007 |           |
| 2 a Enter the lesser of the adjusted net income from Part I or the minimum investment return from Part X for each year listed                     |          |               |          |          |           |
| b 85% of line 2a  |          |               |          |          |           |
| c Qualifying distributions from Part XII, line 4 for each year listed   |          |               |          |          |           |
| d Amounts included in line 2c not used directly for active conduct of exempt activities   |          |               |          |          |           |
| e Qualifying distributions made directly for active conduct of exempt activities. Subtract line 2d from line 2c                                   |          |               |          |          |           |
| 3 Complete 3a, b, or c for the alternative test relied upon:  |          |               |          |          |           |
| a "Assets" alternative test - enter:  |          |               |          |          |           |
| (1) Value of all assets   |          |               |          |          |           |
| (2) Value of assets qualifying under section 4942(j)(3)(B)(i)   |          |               |          |          |           |
| b "Endowment" alternative test - enter 2/3 of minimum investment return shown in Part X, line 6 for each year listed                              |          |               |          |          |           |
| c "Support" alternative test - enter:   |          |               |          |          |           |
| (1) Total support other than gross investment income (interest, dividends, rents, payments on securities loans (section 512(a)(5)), or royalties) |          |               |          |          |           |
| (2) Support from general public and 5 or more exempt organizations as provided in section 4942(j)(3)(B)(iii)                                      |          |               |          |          |           |
| (3) Largest amount of support from an exempt organization   |          |               |          |          |           |
| (4) Gross investment income   |          |               |          |          |           |

**Part XV Supplementary Information (Complete this part only if the foundation had \$5,000 or more in assets at any time during the year-see the instructions.)****1 Information Regarding Foundation Managers:**

a List any managers of the foundation who have contributed more than 2% of the total contributions received by the foundation before the close of any tax year (but only if they have contributed more than \$5,000). (See section 507(d)(2).)

NONE

b List any managers of the foundation who own 10% or more of the stock of a corporation (or an equally large portion of the ownership of a partnership or other entity) of which the foundation has a 10% or greater interest.

NONE

**2 Information Regarding Contribution, Grant, Gift, Loan, Scholarship, etc., Programs:**

Check here ☒ if the foundation only makes contributions to preselected charitable organizations and does not accept unsolicited requests for funds. If the foundation makes gifts, grants, etc. (see instructions) to individuals or organizations under other conditions, complete items 2a, b, c, and d.

a The name, address, and telephone number of the person to whom applications should be addressed:

b The form in which applications should be submitted and information and materials they should include:

c Any submission deadlines:

d Any restrictions or limitations on awards, such as by geographical areas, charitable fields, kinds of institutions, or other factors:







**Part IV Capital Gains and Losses for Tax on Investment Income**

| (a) List and describe the kind(s) of property sold, e.g., real estate,<br>2-story brick warehouse; or common stock, 200 shs. MLC Co. | (b) How acquired<br>P - Purchase<br>D - Donation | (c) Date acquired<br>(mo., day, yr.) | (d) Date sold<br>(mo., day, yr.) |
|--|--|--------------------------------------|----------------------------------|
| 1a PUBLICLY TRADED SECURITIES  | P  | VARIOUS                              | VARIOUS                          |
| b SHORT TERM GAIN FROM PARTNERSHIPS  | P  | VARIOUS                              | VARIOUS                          |
| c LONG TERM GAIN FROM PARTNERSHIP  | P  | VARIOUS                              | VARIOUS                          |
| d LOSS ON FUTURES CONTRACTS  | P  | VARIOUS                              | VARIOUS                          |
| e LOSS ON DISPOSITION OF PAI EUROPE V-2 FCPR   | P  | VARIOUS                              | VARIOUS                          |
| f GAIN ON DISPOSITION OF PAI EUROPE V-2  | P  | VARIOUS                              | VARIOUS                          |
| g LOSS ON DISPOSITION OF PAI EUROPE IV-B6  | P  | VARIOUS                              | VARIOUS                          |
| h 1231 GAIN FROM PARTNERSHIP   | P  | VARIOUS                              | VARIOUS                          |
| i 1256 GAIN FROM PARTNERSHIP   | P  | VARIOUS                              | VARIOUS                          |
| j  |  |                                      |                                  |
| k  |  |                                      |                                  |
| l  |  |                                      |                                  |
| m  |  |                                      |                                  |
| n  |  |                                      |                                  |
| o  |  |                                      |                                  |

| (e) Gross sales price | (f) Depreciation allowed<br>(or allowable) | (g) Cost or other basis<br>plus expense of sale | (h) Gain or (loss)<br>(e) plus (f) minus (g) |
|-----------------------|--|---|--|
| a                     |  |   | 317,798,550.                                 |
| b                     |  |   | 14,105,824.                                  |
| c                     |  |   | 26,220,347.                                  |
| d                     |  |   | <233,115.>                                   |
| e                     |  |   | <849,670.>                                   |
| f                     |  |   | 50,971.                                      |
| g                     |  |   | <4,460,872.>                                 |
| h                     |  |   | 758,989.                                     |
| i                     |  |   | 338,392.                                     |
| j                     |  |   |  |
| k                     |  |   |  |
| l                     |  |   |  |
| m                     |  |   |  |
| n                     |  |   |  |
| o                     |  |   |  |

Complete only for assets showing gain in column (h) and owned by the foundation on 12/31/69

| (i) F.M.V. as of 12/31/69 | (j) Adjusted basis<br>as of 12/31/69 | (k) Excess of col. (i)<br>over col. (j), if any | (l) Losses (from col. (h))<br>Gains (excess of col. (h) gain over col. (k),<br>but not less than "-0-") |
|---------------------------|--------------------------------------|---|---|
| a                         |                                      |   | 317,798,550.  |
| b                         |                                      |   | 14,105,824.   |
| c                         |                                      |   | 26,220,347.   |
| d                         |                                      |   | <233,115.>  |
| e                         |                                      |   | <849,670.>  |
| f                         |                                      |   | 50,971.   |
| g                         |                                      |   | <4,460,872.>  |
| h                         |                                      |   | 758,989.  |
| i                         |                                      |   | 338,392.  |
| j                         |                                      |   |   |
| k                         |                                      |   |   |
| l                         |                                      |   |   |
| m                         |                                      |   |   |
| n                         |                                      |   |   |
| o                         |                                      |   |   |

|   |   |              |
|---|---|--------------|
| 2 Capital gain net income or (net capital loss) ..... { If gain, also enter in Part I, line 7<br>If (loss), enter "-0-" in Part I, line 7 }                                       | 2 | 353,729,416. |
| 3 Net short-term capital gain or (loss) as defined in sections 1222(5) and (6):<br>If gain, also enter in Part I, line 8, column (c).<br>If (loss), enter "-0-" in Part I, line 8 | 3 | N/A          |

| FORM 990-PF                                     |              | DIVIDENDS AND INTEREST FROM SECURITIES |                      | STATEMENT | 1 |
|---|--------------|--|----------------------|-----------|---|
| SOURCE  | GROSS AMOUNT | CAPITAL GAINS<br>DIVIDENDS             | COLUMN (A)<br>AMOUNT |           |   |
| DIVIDENDS & INTEREST FROM<br>VARIOUS SECURITIES | 156,102,408. | 0.                                     | 156,102,408.         |           |   |
| TOTAL TO FM 990-PF, PART I, LN 4                | 156,102,408. | 0.                                     | 156,102,408.         |           |   |

| FORM 990-PF                           |                             | OTHER INCOME                      |                               | STATEMENT | 2 |
|---------------------------------------|-----------------------------|-----------------------------------|-------------------------------|-----------|---|
| DESCRIPTION                           | (A)<br>REVENUE<br>PER BOOKS | (B)<br>NET INVEST-<br>MENT INCOME | (C)<br>ADJUSTED<br>NET INCOME |           |   |
| PARTNERSHIP INCOME- PER K-1'S         | 0.                          | 2,890,471.                        |                               |           |   |
| MISCELLANEOUS                         | 0.                          | 729,302.                          |                               |           |   |
| TOTAL TO FORM 990-PF, PART I, LINE 11 | 0.                          | 3,619,773.                        |                               |           |   |

| FORM 990-PF                          |                              | LEGAL FEES                        |                               | STATEMENT                     | 3  |
|--------------------------------------|------------------------------|-----------------------------------|-------------------------------|-------------------------------|----|
| DESCRIPTION                          | (A)<br>EXPENSES<br>PER BOOKS | (B)<br>NET INVEST-<br>MENT INCOME | (C)<br>ADJUSTED<br>NET INCOME | (D)<br>CHARITABLE<br>PURPOSES |    |
| SIDLEY AUSTIN LLP                    | 350,931.                     | 350,931.                          |                               |                               | 0. |
| VANDERVOORT CHRIST &<br>FISHER, P.C. | 2,160.                       | 2,160.                            |                               |                               | 0. |
| THE PARTNERS GROUP                   | 1,993.                       | 1,993.                            |                               |                               | 0. |
| DICKINSON WRIGHT                     | 4,731.                       | 4,731.                            |                               |                               | 0. |
| TO FM 990-PF, PG 1, LN 16A           | 359,815.                     | 359,815.                          |                               |                               | 0. |

| FORM 990-PF                  | ACCOUNTING FEES              |                                   |                               | STATEMENT                     | 4 |
|------------------------------|------------------------------|-----------------------------------|-------------------------------|-------------------------------|---|
| DESCRIPTION                  | (A)<br>EXPENSES<br>PER BOOKS | (B)<br>NET INVEST-<br>MENT INCOME | (C)<br>ADJUSTED<br>NET INCOME | (D)<br>CHARITABLE<br>PURPOSES |   |
| DELOITTE TAX LLP             | 142,870.                     | 92,186.                           |                               | 0.                            |   |
| DELOITTE & TOUCHE            | 26,700.                      | 26,700.                           |                               | 0.                            |   |
| TO FORM 990-PF, PG 1, LN 16B | 169,570.                     | 118,886.                          |                               | 0.                            |   |

| FORM 990-PF                                   | OTHER PROFESSIONAL FEES      |                                   |                               | STATEMENT                     | 5 |
|---|------------------------------|-----------------------------------|-------------------------------|-------------------------------|---|
| DESCRIPTION                                   | (A)<br>EXPENSES<br>PER BOOKS | (B)<br>NET INVEST-<br>MENT INCOME | (C)<br>ADJUSTED<br>NET INCOME | (D)<br>CHARITABLE<br>PURPOSES |   |
| PARTNERSHIP EXPENSES PER K-1S                 | 0.                           | 16,289,571.                       |                               | 0.                            |   |
| INVESTMENT MANAGEMENT FEES- MULTIPLE MANAGERS | 12,888,020.                  | 12,888,020.                       |                               | 0.                            |   |
| LESS BOOK PARTNERSHIP EXPENSES                | 0.                           | <5,254,594.>                      |                               | 0.                            |   |
| CASH MANAGEMENT FEE - BNY MELLON              | 255,281.                     | 255,281.                          |                               | 0.                            |   |
| CONSULTING FEES - MULTIPLE VENDORS            | 529,672.                     | 529,672.                          |                               | 0.                            |   |
| CUSTODY FEES - BNY MELLON                     | 233,287.                     | 233,287.                          |                               | 0.                            |   |
| TO FORM 990-PF, PG 1, LN 16C                  | 13,906,260.                  | 24,941,237.                       |                               | 0.                            |   |

| FORM 990-PF   | TAXES                        |                                   |                               | STATEMENT                     | 6 |
|---|------------------------------|-----------------------------------|-------------------------------|-------------------------------|---|
| DESCRIPTION   | (A)<br>EXPENSES<br>PER BOOKS | (B)<br>NET INVEST-<br>MENT INCOME | (C)<br>ADJUSTED<br>NET INCOME | (D)<br>CHARITABLE<br>PURPOSES |   |
| NET FEDERAL EXCISE TAX PROVISION - CURRENT AND DEFERRED | 10,755,959.                  | 0.                                |                               | 0.                            |   |
| FOREIGN TAXES   | 123,391.                     | 123,391.                          |                               | 0.                            |   |
| STATE TAXES   | 45,915.                      | 0.                                |                               | 0.                            |   |
| TO FORM 990-PF, PG 1, LN 18                             | 10,925,265.                  | 123,391.                          |                               | 0.                            |   |



| FORM 990-PF                         | OTHER EXPENSES               |                                   |                               | STATEMENT                     | 7 |
|-------------------------------------|------------------------------|-----------------------------------|-------------------------------|-------------------------------|---|
| DESCRIPTION                         | (A)<br>EXPENSES<br>PER BOOKS | (B)<br>NET INVEST-<br>MENT INCOME | (C)<br>ADJUSTED<br>NET INCOME | (D)<br>CHARITABLE<br>PURPOSES |   |
| INSURANCE                           | 140,399.                     | 140,399.                          |                               | 0.                            |   |
| TRUSTEE MEETING EXPENSES            | 27,048.                      | 27,048.                           |                               | 0.                            |   |
| ADMINISTRATIVE COSTS                |                              |                                   |                               |                               |   |
| REIMBURSED TO WKKF                  | 2,239,616.                   | 2,239,616.                        |                               | 0.                            |   |
| LINE OF CREDIT FEES                 | 143,712.                     | 0.                                |                               | 143,712.                      |   |
| MISCELLANEOUS INVESTMENT<br>EXPENSE | 200.                         | 200.                              |                               | 0.                            |   |
| TO FORM 990-PF, PG 1, LN 23         | 2,550,975.                   | 2,407,263.                        |                               | 143,712.                      |   |

## FOOTNOTES

STATEMENT 8

PART VII-A, LINE 16:

AUSTRALIA  
 BRAZIL  
 CANADA  
 CHINA  
 DENMARK  
 FINLAND  
 FRANCE  
 GERMANY  
 HONG KONG  
 INDONESIA  
 ISRAEL  
 ITALY  
 JAPAN  
 KOREA  
 MALAYSIA  
 MEXICO  
 NETHERLANDS  
 NORWAY  
 POLAND  
 SINGAPORE  
 SOUTH AFRICA  
 SPAIN  
 SWEDEN  
 SWITZERLAND  
 TAIWAN  
 UNITED KINGDOM

|             |  |           |   |
|-------------|--|-----------|---|
| FORM 990-PF | OTHER INCREASES IN NET ASSETS OR FUND BALANCES | STATEMENT | 9 |
|-------------|--|-----------|---|

| DESCRIPTION   | AMOUNT       |
|---|--------------|
| CHANGE IN UNREALIZED GAIN DUE TO INCREASE IN VALUE OF INVESTMENTS | 288,737,940. |
| CHANGE IN VALUE OF INTEREST IN IRREVOCABLE TRUSTS                 | 3,898,363.   |
| TOTAL TO FORM 990-PF, PART III, LINE 3                            | 292,636,303. |

|             |  |           |    |
|-------------|--|-----------|----|
| FORM 990-PF | U.S. AND STATE/CITY GOVERNMENT OBLIGATIONS | STATEMENT | 10 |
|-------------|--|-----------|----|

| DESCRIPTION                                      | U.S.<br>GOV'T | OTHER<br>GOV'T | BOOK VALUE   | FAIR MARKET<br>VALUE |
|--|---------------|----------------|--------------|----------------------|
| U.S. GOVERNMENT OBLIGATIONS - SEE ATTACHED       | x             |                | 161,244,712. | 161,244,712.         |
| TOTAL U.S. GOVERNMENT OBLIGATIONS                |               |                | 161,244,712. | 161,244,712.         |
| TOTAL STATE AND MUNICIPAL GOVERNMENT OBLIGATIONS |               |                |              |                      |
| TOTAL TO FORM 990-PF, PART II, LINE 10A          |               |                | 161,244,712. | 161,244,712.         |

|             |                 |           |    |
|-------------|-----------------|-----------|----|
| FORM 990-PF | CORPORATE STOCK | STATEMENT | 11 |
|-------------|-----------------|-----------|----|

| DESCRIPTION                             | BOOK VALUE     | FAIR MARKET<br>VALUE |
|---|----------------|----------------------|
| CORPORATE STOCK - SEE ATTACHED          | 4,748,254,946. | 4,748,254,946.       |
| TOTAL TO FORM 990-PF, PART II, LINE 10B | 4,748,254,946. | 4,748,254,946.       |

|             |                 |           |    |
|-------------|-----------------|-----------|----|
| FORM 990-PF | CORPORATE BONDS | STATEMENT | 12 |
|-------------|-----------------|-----------|----|

| DESCRIPTION                                 | BOOK VALUE   | FAIR MARKET<br>VALUE |
|---|--------------|----------------------|
| CORPORATE BONDS - SEE ATTACHED              | 53,977,697.  | 53,977,697.          |
| FOREIGN GOVT DEBT SECURITIES - SEE ATTACHED | 55,580,874.  | 55,580,874.          |
| TOTAL TO FORM 990-PF, PART II, LINE 10C     | 109,558,571. | 109,558,571.         |

| FORM 990-PF   | OTHER INVESTMENTS | STATEMENT      | 13                |
|---|-------------------|----------------|-------------------|
| DESCRIPTION   | VALUATION METHOD  | BOOK VALUE     | FAIR MARKET VALUE |
| MUTUAL FUNDS & VENTURE CAPITAL INVESTMENTS - SEE ATTACHED | FMV               | 565,474,249.   | 565,474,249.      |
| REAL ESTATE FUNDS - SEE ATTACHED                          | FMV               | 110,643,083.   | 110,643,083.      |
| DERIVATIVES - SEE ATTACHED                                | FMV               | 0.             | 0.                |
| COMMINGLED FUNDS - SEE ATTACHED                           | FMV               | 782,360,001.   | 782,360,001.      |
| HEDGE FUNDS - SEE ATTACHED                                | FMV               | 429,073,818.   | 429,073,818.      |
| TOTAL TO FORM 990-PF, PART II, LINE 13                    |                   | 1,887,551,151. | 1,887,551,151.    |

| FORM 990-PF                                     | OTHER ASSETS               | STATEMENT              | 14                |
|---|----------------------------|------------------------|-------------------|
| DESCRIPTION                                     | BEGINNING OF YR BOOK VALUE | END OF YEAR BOOK VALUE | FAIR MARKET VALUE |
| CONTRIBUTIONS RECEIVABLE FROM CONTINGENT TRUSTS | 35,563,512.                | 39,461,872.            | 39,461,872.       |
| ACCRUED INCOME                                  | 36,688,038.                | 36,482,299.            | 36,482,299.       |
| NET RECEIVABLE ON UNSETTLED TRADE               | 0.                         | 45,753,417.            | 45,753,417.       |
| TO FORM 990-PF, PART II, LINE 15                | 72,251,550.                | 121,697,588.           | 121,697,588.      |

| FORM 990-PF                            | OTHER LIABILITIES | STATEMENT   | 15 |
|--|-------------------|-------------|----|
| DESCRIPTION                            | BOY AMOUNT        | EOY AMOUNT  |    |
| DEFERRED EXCISE TAX LIABILITY          | 86,123,804.       | 92,789,602. |    |
| PAYABLE ON INVESTMENT TRADE            | 113,694.          | 0.          |    |
| TOTAL TO FORM 990-PF, PART II, LINE 22 | 86,237,498.       | 92,789,602. |    |

**W.K. KELLOGG FOUNDATION TRUST (TRUST 5315)**  
**EIN: 36-6030614**  
**FORM 990-PF**  
**FYE AUGUST 31, 2011**

**Page 1, Part I, Line 6a Column (a) and Line 7 Column (b)**

|   |                              |
|---|------------------------------|
| Line 6a Column (a) Net Capital Gain for Book Purposes   | \$ 409,952,195               |
| Book to tax difference in gain on sale attributable to difference between adjusted basis and fair market value at 12/31/1969 for 3,950,000 shares of Kellogg common stock sold during the year* |                              |
|   | (4,678,536)                  |
| Reclassification of unrealized gains and Interest and dividends classified as capital on the books  | (8,952,348)                  |
| Loss on Sale of PAI Europe V-2 FCPR   | (849,670)                    |
| Gain on Sale of PAI Europe V-2  | 50,971                       |
| Loss on Sale of PAI Europe IV-B6  | (4,460,872)                  |
| Remove Capital Gain from Partnerships included in book income   | (79,068,028)                 |
| Capital Gain reported on K-1s from Partnerships   | <u>41,735,704</u>            |
| Line 7 Column (b) Net Capital Gain for Tax - Net Investment Income Purposes   | <u><u>\$ 353,729,416</u></u> |

\* The amount shown on this line includes 3,950,000 shares of Kellogg Company common stock sold.

**W.K. KELLOGG FOUNDATION TRUST (TRUST 5315)**  
**EIN: 36-6030614**  
**FORM 990-PF**  
**FYE AUGUST 31, 2011**  
**TAX YEAR 2010**

**Summary of Income & Expenses from Partnership K-1's**

|                           |            |
|---------------------------|------------|
| Short Term Gain (Loss)    | 14,105,824 |
| Long Term Gain (Loss)     | 26,220,347 |
| Capital Gain Distribution | -          |
| Section 1231 Gain (Loss)  | 758,989    |
| Section 1256 Gain (Loss)  | 338,392    |

**Partnership Capital Gain (Loss)** \$ 41,423,552 Included in Line 6b

|                            |             |
|----------------------------|-------------|
| Sec 988 Income / (Loss)    | (2,179,096) |
| Adjustment for PFIC Income | (2,179,434) |
| Interest                   | 26,018,520  |
| Dividends                  | 18,566,189  |

**Partnership Interest and Dividend Income** \$ 40,226,179 Included in Line 4b

|                                  |           |
|----------------------------------|-----------|
| Other Income (Loss)              | 2,836,363 |
| Ordinary Income (Loss)           | 90,048    |
| Rental Real Estate Income (Loss) | (360,756) |
| Royalties                        | 324,816   |

**Partnership Other Income** \$ 2,890,471 Included in line 11b

|                          |           |
|--------------------------|-----------|
| Charitable Contributions | 1,794     |
| Deductions Portfolio Inc | 8,808,210 |
| Other Deductions         | 5,843,297 |
| Interest Expense         | 437,608   |
| Cost Depletion           | 183,693   |
| Foreign Tax Paid         | 1,014,969 |

**Total Partnership Expenses** \$ 16,289,571 Included in line 16c col

Total Net Investment Income Impact from K-1 Summary 68,250,631.04

W.K. KELLOGG FOUNDATION TRUST (TRUST 5315)  
 EIN #36-6030614  
 FYE AUGUST 31, 2011

Page 1, Part I, Line 11 Column (b)  
 Income from Partnerships for Section 4940 Net Investment Income Purposes

| Partnership Name                                      | EIN        | Ordinary<br>Income<br>(Loss) | Rental<br>Real Estate<br>Income<br>(Loss) | Adjustment<br>for PFIC<br>Income | UBI per K-1 | Interest  | Dividends | Royalties | Short Term<br>Gain (Loss) | Long Term<br>Gain (Loss) | Capital Gain<br>Distribution |
|---|------------|------------------------------|---|----------------------------------|-------------|-----------|-----------|-----------|---------------------------|--------------------------|------------------------------|
| Sam Ventures III, LP                                  | 26-4733646 |                              |   |                                  |             | 115       |           |           |                           |                          |                              |
| Abry Senior Equity III, L.P.                          | 27-1224504 | (2,366)                      |   |                                  | (2,366)     | 785       |           |           |                           |                          |                              |
| Adams Capital Management IV, L.P.                     | 45-0553139 |                              |   |                                  |             | 16,430    | 1,097     |           |                           |                          |                              |
| AG Super Fund L.P.                                    | 13-3701947 |                              | (59,868)                                  |                                  | 348,979     | 1,289,200 | 1,027,814 |           | 902,583                   | (708,374)                |                              |
| Angeleno Investors II LP                              | 56-2548374 |                              |   |                                  |             | 128,842   |           |           |                           | 637,416                  |                              |
| Angeleno Investors III LP                             | 26-3831605 |                              |   |                                  |             | 47        |           |           |                           |                          |                              |
| Avenue Asia Special Situations Fund IV, LP            | 98-0494901 |                              |   |                                  |             | 757,208   | 4,781     |           | 268,882                   | 386,066                  |                              |
| Avenue Europe Special Situations Fund LP              | 98-0579488 |                              |   |                                  |             | 2,141,536 | 3,634     |           | 1,275,152                 | 1,485,465                |                              |
| Avenue Special Situations Fund IV, LP                 | 20-3329710 |                              |   |                                  |             | 441,296   | 110,227   |           | 166,802                   | (400,251)                |                              |
| Avenue Special Situations Fund IV Holdings LP         | 20-5832075 |                              |   |                                  |             |           |           |           |                           |                          |                              |
| Avenue Special Situations Fund V, LP                  | 20-8639270 |                              |   |                                  |             | 2,772,188 | 178,122   |           | 1,397,600                 | (9,464)                  |                              |
| Beacon Capital Strategic Partners IV, LP              | 74-3152909 |                              |   |                                  |             |           |           |           |                           |                          |                              |
| Beacon Capital Strategic Partners V, L.P.             | 03-0610280 |                              |   |                                  |             |           | 1,482     |           |                           | 624                      |                              |
| Beacon Capital Strategic Partners VI, L.P.            | 42-1753222 |                              |   |                                  |             |           |           |           |                           | 40,125                   |                              |
| Catalyst Fund III Limited Partnership                 | 98-0641195 |                              |   |                                  |             | 290,231   |           |           |                           | 1,170,529                |                              |
| Cedar Rock Capital Partners LLC                       | 98-0425858 |                              |   |                                  |             | 4         | 3,674,844 |           |                           | (167,580)                |                              |
| Centerbridge Capital Partners (Cayman), L.P.          | 98-0631107 |                              |   |                                  |             |           |           |           |                           |                          |                              |
| Centerbridge Capital Partners AIV I, L.P.             | 20-5672493 |                              |   |                                  |             |           | 6,610     |           | (3,388)                   |                          |                              |
| Centerbridge Capital Partners AIV II, L.P.            | 20-5672564 | 243,682                      | 68  |                                  | 258,603     | 84,335    |           |           |                           | 1,350                    |                              |
| Centerbridge Capital Partners AIV III, L.P.           | 26-0741987 |                              |   |                                  | 150,389     | 419,366   |           |           |                           |                          |                              |
| Centerbridge Capital Partners AIV V, L.P.             | 27-1600572 |                              |   |                                  |             | 121,566   | 4,646     |           | (30,724)                  | 36,994                   |                              |
| Centerbridge Capital Partners Debt Acquisition, L.P.  | 26-0742247 |                              |   |                                  |             | 397,199   |           |           | (61,747)                  | 1,038,000                |                              |
| Centerbridge Capital Partners, L.P.                   | 03-0587680 |                              |   |                                  |             | 268       | 88,407    |           |                           |                          |                              |
| Charles River Partnership IX, LP                      | 04-3439074 |                              |   |                                  |             | 1,162     |           |           |                           | (415,907)                |                              |
| Charles River Partnership X, LP                       | 04-3488904 |                              |   |                                  |             | 234       |           |           |                           | (161,456)                |                              |
| Charles River Partnership XI, LP                      | 04-3526384 |                              |   |                                  |             | 279       |           |           | (1)                       | (40,445)                 |                              |
| CHS Private Equity V LP                               | 20-1449448 | (28,202)                     | (22,839)                                  |                                  | (28,203)    | 2,645     |           |           |                           | 75,695                   |                              |
| Code, Hennessy & Simmons IV LP                        | 36-4314622 |                              |   |                                  |             | 121       |           |           |                           | 295,469                  |                              |
| The Colchester Global Bond Fund                       | 36-7324183 |                              |   |                                  |             | 6,769,333 | 337       |           | 483,595                   | 1,054,987                |                              |
| CommonFund Capital Natural Resources Partners V, L.P. | 92-0179780 | 31,960                       | 299                                       |                                  | 61,165      | 6,252     | 79,033    | 135,777   | 5                         | 248,846                  |                              |
| Eagle Rock Holdings LP - PTP                          |            |                              |   |                                  |             | 463       | 112       |           |                           | (5,627)                  |                              |

W.K. KELLOGG FOUNDATION TRUST (TRUST 5315)  
 EIN #36-5030614  
 FYE AUGUST 31, 2011

Page 1, Part I, Line 11 Column (b)  
 Income from Partnerships for Section 4940 Net Investment Income

| Partnership Name                                      | EIN        | Section 1250 Unrecap Gain | Sec 988 Income / (Loss) | Section 1231 Gain (Loss) | Section 1256 Gain (Loss) | Other Income (Loss) | Charitable Contributions | Deductions Portfolio Inc. | Other Deductions | Interest Expense | Cost Depletion |
|---|------------|---------------------------|-------------------------|--------------------------|--------------------------|---------------------|--------------------------|---------------------------|------------------|------------------|----------------|
| Sam Ventures III, LP                                  | 26-4733646 |                           |                         |                          |                          |                     | 10                       | 181,615                   |                  |                  |                |
| Abry Senior Equity III, L.P.                          | 27-1224504 |                           |                         |                          |                          |                     |                          | 167,907                   |                  |                  |                |
| Adams Capital Management IV, L.P.                     | 46-0553139 |                           |                         |                          |                          |                     |                          | 113,011                   |                  |                  |                |
| AG Super Fund L.P.                                    | 13-3701947 | 13,113                    |                         | 27,708                   | (51,248)                 | 239,923             |                          | 7,952                     | 349,713          | 64,813           |                |
| Angeleno Investors II LP                              | 56-2548374 |                           |                         |                          |                          | 16,082              |                          | 262,519                   |                  | 13,784           |                |
| Angeleno Investors III LP                             | 26-3831605 |                           |                         |                          |                          |                     |                          | 405,329                   |                  | 417              |                |
| Avenue Asia Special Situations Fund IV, LP            | 98-0494901 |                           |                         |                          |                          | 37,576              |                          | 379,849                   |                  |                  |                |
| Avenue Europe Special Situations Fund LP              | 98-0579488 |                           | (189,142)               |                          |                          | 88,323              |                          | 425,393                   |                  | 77,496           |                |
| Avenue Special Situations Fund IV, LP                 | 20-3329710 |                           |                         |                          | (53,677)                 | 25,406              |                          | 67,143                    |                  |                  |                |
| Avenue Special Situations Fund IV Holdings LP         | 20-5832075 |                           |                         |                          |                          |                     |                          | 68                        |                  |                  |                |
| Avenue Special Situations Fund V, LP                  | 20-8639270 |                           |                         |                          |                          |                     |                          | 488,371                   |                  | 4,522            |                |
| Beacon Capital Strategic Partners IV, LP              | 74-3152909 |                           |                         |                          | (291,828)                | 221,365             |                          | 1,322                     |                  |                  |                |
| Beacon Capital Strategic Partners V, L.P.             | 03-0610280 |                           |                         |                          |                          |                     |                          | 235                       |                  |                  |                |
| Beacon Capital Strategic Partners VI, L.P.            | 42-1753222 |                           |                         |                          |                          |                     |                          | 75                        |                  |                  |                |
| Catalyst Fund III Limited Partnership                 | 98-0641195 |                           | (138,229)               |                          |                          | 327,715             |                          | 1,215,966                 | 643,335          |                  |                |
| Cedar Rock Capital Partners LLC                       | 98-0425858 |                           |                         |                          |                          |                     |                          | 8                         |                  |                  |                |
| Centerbridge Capital Partners (Cayman), L.P.          | 98-0631107 |                           |                         |                          |                          |                     |                          | 1,587                     |                  |                  |                |
| Centerbridge Capital Partners AIV I, L.P.             | 20-5672493 |                           |                         |                          |                          |                     |                          |                           |                  |                  |                |
| Centerbridge Capital Partners AIV II, L.P.            | 20-5672564 |                           |                         | (2,508)                  |                          |                     | 409                      | 42,309                    | 674              | 17,104           |                |
| Centerbridge Capital Partners AIV III, L.P.           | 26-0741987 |                           |                         |                          |                          | 11,331              |                          | 2,214                     |                  | 35,027           |                |
| Centerbridge Capital Partners AIV V, L.P.             | 27-1600572 |                           |                         |                          |                          |                     |                          |                           |                  | 81,540           |                |
| Centerbridge Capital Partners Debt Acquisition, L.P.  | 26-0742247 |                           |                         |                          |                          | (1,292)             |                          | 1,395                     |                  |                  |                |
| Centerbridge Capital Partners, L.P.                   | 03-0587680 |                           |                         |                          |                          |                     |                          | 61,283                    | 10               |                  |                |
| Charles River Partnership IX, LP                      | 04-3439074 |                           |                         |                          |                          |                     |                          | 390                       |                  |                  |                |
| Charles River Partnership X, LP                       | 04-3488904 |                           |                         |                          |                          |                     |                          | 342                       |                  |                  |                |
| Charles River Partnership XI, LP                      | 04-3526384 |                           |                         |                          |                          |                     |                          | 26,323                    |                  |                  |                |
| CHS Private Equity V LP                               | 20-1449448 |                           |                         | (1)                      |                          |                     | 50                       | 26,005                    |                  |                  |                |
| Code, Hennessy & Simmons IV LP                        | 36-4314622 |                           |                         |                          |                          | (805,047)           |                          | 10,915                    | 528,673          |                  |                |
| The Colchester Global Bond Fund                       | 36-7324183 |                           |                         |                          |                          |                     |                          |                           |                  |                  |                |
| CommonFund Capital Natural Resources Partners V, L.P. | 92-0179780 |                           |                         | 24,159                   |                          | 125,079             | 151                      |                           | 209,390          | 12               | 78,661         |
| Eagle Rock Holdings LP - PTP                          |            |                           |                         |                          |                          | 10,848              | 5                        |                           | 537              |                  |                |

W.K. KELLOGG FOUNDATION TRUST (TRUST 5315)  
 EIN #36-6030614  
 FYE AUGUST 31, 2011

Page 1, Part I, Line 11 Column (b)  
 Income from Partnerships for Section 4940 Net Investment Income

| Partnership Name                                      | EIN        | PTP              |                 | TOTAL     |
|---|------------|------------------|-----------------|-----------|
|   |            | Foreign Tax Paid | Disallowed Loss |           |
| Sam Ventures III, LP                                  | 26-4733646 |                  |                 | (181,500) |
| Abry Senior Equity III, L.P.                          | 27-1224504 |                  |                 | (169,498) |
| Adams Capital Management IV, L.P.                     | 45-0553139 |                  |                 | (95,484)  |
| AG Super Fund L.P.                                    | 13-3701947 | 15,102           |                 | 2,230,158 |
| Angeleno Investors III LP                             | 66-2548374 |                  |                 | 506,037   |
| Angeleno Investors III LP                             | 26-3831605 |                  |                 | (405,699) |
| Avenue Asia Special Situations Fund IV, LP            | 98-0494901 | 1,639            |                 | 1,073,025 |
| Avenue Europe Special Situations Fund LP              | 98-0579488 | 2,237            |                 | 4,299,842 |
| Avenue Special Situations Fund IV, LP                 | 20-3329710 | 78               |                 | 222,582   |
| Avenue Special Situations Fund IV Holdings LP         | 20-5832075 |                  |                 | (68)      |
| Avenue Special Situations Fund V, LP                  | 20-8639270 | 461              |                 | 3,774,629 |
| Beacon Capital Strategic Partners IV, LP              | 74-3152909 |                  |                 | (1,322)   |
| Beacon Capital Strategic Partners V, L.P.             | 03-0610280 |                  |                 | 1,871     |
| Beacon Capital Strategic Partners VI, L.P.            | 42-1753222 |                  |                 | 40,050    |
| Catalyst Fund III Limited Partnership                 | 98-0641195 | 8,418            |                 | 1,136,722 |
| Cedar Rock Capital Partners LLC                       | 98-0425858 | 166,692          |                 | 1,988,381 |
| Centerbridge Capital Partners (Cayman), L.P.          | 98-0631107 |                  |                 | (8)       |
| Centerbridge Capital Partners AIV I, L.P.             | 20-5672493 |                  |                 | 1,635     |
| Centerbridge Capital Partners AIV II, L.P.            | 20-5672564 | 150              |                 | 266,281   |
| Centerbridge Capital Partners AIV III, L.P.           | 26-0741987 |                  |                 | 393,456   |
| Centerbridge Capital Partners AIV V, L.P.             | 27-1600572 |                  |                 | 50,942    |
| Centerbridge Capital Partners Debt Acquisition, L.P.  | 26-0742247 |                  |                 | 1,370,765 |
| Centerbridge Capital Partners, L.P.                   | 03-0587680 |                  |                 | 27,382    |
| Charles River Partnership IX, LP                      | 04-3439074 |                  |                 | (415,135) |
| Charles River Partnership X, LP                       | 04-3488904 | -                |                 | (161,564) |
| Charles River Partnership XI, LP                      | 04-3526384 | -                |                 | (66,490)  |
| CHS Private Equity V LP                               | 20-1449448 |                  |                 | 1,243     |
| Code, Hennessy & Simmons IV LP                        | 36-4314622 | -                |                 | 284,675   |
| The Colchester Global Bond Fund                       | 36-7324183 | 1,387            |                 | 6,973,145 |
| CommonFund Capital Natural Resources Partners V, L.P. | 92-0179780 | 443              |                 | 362,753   |
| Eagle Rock Holdings LP - PTP                          |            |                  |                 | 5,254     |



W.K. KELLOGG FOUNDATION TRUST (TRUST 5315)  
 EIN #36-6030614  
 FYE AUGUST 31, 2011

Page 1, Part I, Line 11 Column (b)  
 Income from Partnerships for Section 4940 Net Investment Income Purposes

| Partnership Name  | EIN        | Ordinary<br>Income<br>(Loss) | Rental<br>Real Estate<br>Income<br>(Loss) | Adjustment<br>for PFIC<br>Income | UBI per K-1 | Interest  | Dividends | Royalties | Short Term<br>Gain (Loss) | Long Term<br>Gain (Loss) | Capital Gain<br>Distribution |
|---|------------|------------------------------|---|----------------------------------|-------------|-----------|-----------|-----------|---------------------------|--------------------------|------------------------------|
| Eagle Rock Holdings, LP   |            |                              |   |                                  |             |           |           |           |                           |                          |                              |
| Montierra Minerals & Productions LP -<br>Eagle Rock GP, LLC                 |            |                              |   |                                  |             | 2         |           |           |                           | (23)                     |                              |
| Eagle Rock GP LLC - PTP   |            |                              |   |                                  |             | 3         |           | 1         |                           | (34)                     |                              |
| Eagle Rock Energy Partners, LP  |            |                              |   |                                  |             | 538       |           | 158       |                           | 1,298                    |                              |
| Eagle Rock Energy Partners LP - PTP   |            |                              |   |                                  |             |           |           |           |                           |                          |                              |
| Eagle Rock Energy Partners - MMPP, LP<br>PTP                                |            |                              |   |                                  |             | 603       |           | 177       |                           | 15,015                   |                              |
| Eagle Rock Energy Partners - MM, LP<br>PTP                                  |            |                              |   |                                  |             | 8         |           | 7         |                           | 151                      |                              |
| Eagle Rock Energy Partners - NIM, LP<br>PTP                                 |            |                              |   |                                  |             | 3         |           |           |                           |                          |                              |
| Eagle Rock Energy Partners - N2Cl, LP<br>PTP                                |            |                              |   |                                  |             |           |           |           |                           |                          |                              |
| Eagle Rock Energy Partners - N2Cl, LP<br>PTP                                |            |                              |   |                                  |             |           |           |           |                           |                          |                              |
| CommonFund Capital Natural Resources<br>Partners VI, LP                     | 25-1910076 | 190,340                      | 17  |                                  | 165,552     | 22,644    | 30,739    | 110,367   | 13,346                    | (148,791)                |                              |
| Eagle Rock Holdings LP - PTP  |            |                              |   |                                  |             | 703       |           | 157       | (7,849)                   |                          |                              |
| Eagle Rock GP LLC - PTP   |            |                              |   |                                  |             | 6         |           | 2         | (79)                      |                          |                              |
| Eagle Rock Energy Partners LP - PTP   |            |                              |   |                                  |             | 581       |           | 170       | 1,911                     |                          |                              |
| CommonFund Capital Natural Resources<br>Partners VII, LP                    | 51-0605779 | 26,726                       | 52  |                                  | (67,633)    | 20,726    | 13,380    | 59,808    | 22,770                    | 59,423                   |                              |
| CommonFund Capital Natural Resources<br>Partners VIII, LP                   | 26-3180228 | 38,115                       | 71  | (1,227)                          |             | 4,883     | 10,659    | 9,918     | 4,399                     | 271,077                  |                              |
| CommonFund Capital Private Equity<br>Partners VI, L.P.                      | 16-1720029 | (8,442)                      |   |                                  | (12,168)    | 58,169    | 147,457   | 8,162     | 20,537                    | 40,545                   |                              |
| CommonFund Capital Venture Partners VIII,<br>L.P.                           | 11-3814030 | 203                          |   |                                  | 203         | 1,464     | 3,609     |           | 6,860                     | 28,641                   |                              |
| Crow Holdings Realty Partners IV-A, LP                                      | 20-3649090 | (1,446,384)                  | (454,266)                                 |                                  | (1,594,758) | 420,527   |           |           |                           | (5,474)                  |                              |
| Crow Holdings Realty Partners V-A, LP                                       | 26-0838790 |                              |   |                                  | 7,681       | 32,937    | 228,481   |           |                           |                          |                              |
| CRP XI Annex Fund, LP   | 26-0876217 | (960)                        |   |                                  |             | 26        |           |           |                           |                          |                              |
| Davidson Kempner Institutional Partners<br>Element Partners II, L.P.        | 13-3597020 | (1,512)                      | 190                                       |                                  | (1,322)     | 1,150,536 | 151,518   |           | 792,803                   | 119,385                  |                              |
| Gennx360 Capital Partners, L.P.   | 83-0514207 |                              |   |                                  |             | 88        |           |           |                           |                          |                              |
| Harbourvest International Private Equity<br>Partners III - Partnership Fund | 32-0191996 |                              |   |                                  |             | 51,751    | 651       |           |                           | (22,200)                 |                              |
| Harbourvest International Private Equity<br>Partners III -Direct Fund L.P.  | 04-3402908 |                              |   |                                  | 10,388      | 18,639    | 381,001   |           | (5,525)                   | 379,833                  |                              |
|   | 04-3402925 |                              |   |                                  | -           |           | 38        |           | 1,680                     | (92,472)                 |                              |

Page 1, Part I, Line 11 Column (b)  
 Income from Partnerships for Section 4940 Net Investment Income

| Partnership Name   | EIN        | Section 1250 Unrecap Gain | Sec 988 Income / (Loss) | Section 1231 Gain (Loss) | Section 1256 Gain (Loss) | Other Income (Loss) | Charitable Contributions | Deductions Portfolio Inc | Other Deductions | Interest Expense | Cost Depletion |
|--|------------|---------------------------|-------------------------|--------------------------|--------------------------|---------------------|--------------------------|--------------------------|------------------|------------------|----------------|
| Eagle Rock Holdings, LP  |            |                           |                         |                          |                          | (389)               |                          |                          | 7                |                  |                |
| Montierra Minerals & Productions LP - Eagle Rock GP, LLC                 |            |                           |                         |                          |                          | 40                  |                          |                          | 2                |                  |                |
| Eagle Rock GP LLC - PTP  |            |                           |                         |                          |                          | 70                  |                          |                          | 3                |                  |                |
| Eagle Rock Energy Partners, LP   |            |                           |                         |                          |                          | (2,763)             |                          |                          | 702              |                  |                |
| Eagle Rock Energy Partners LP - PTP                                      |            |                           |                         |                          |                          |                     |                          |                          |                  |                  |                |
| Eagle Rock Energy Partners - MM, LP                                      |            |                           |                         |                          |                          | 619                 |                          |                          | 785              |                  |                |
| Eagle Rock Energy Partners - NIM, LP                                     |            |                           |                         |                          |                          | (69)                |                          |                          | 10               |                  |                |
| Eagle Rock Energy Partners - N2CI, LP                                    |            |                           |                         |                          |                          | (30)                |                          |                          | 4                |                  |                |
| Eagle Rock Energy Partners - N2CI, LP                                    |            |                           |                         |                          |                          | 3                   |                          |                          |                  |                  |                |
| Eagle Rock Energy Partners - N2CI, LP                                    |            |                           |                         |                          |                          | 33                  |                          |                          |                  |                  |                |
| CommonFund Capital Natural Resources Partners VI, LP                     | 25-1910076 |                           |                         | 445,838                  |                          | 306,465             | 633                      | 193,167                  | 320,389          | 4,110            | 119,769        |
| Eagle Rock Holdings LP - PTP   |            |                           |                         |                          |                          | 14,233              | 16                       | 812                      |                  |                  |                |
| Eagle Rock GP LLC - PTP  |            |                           |                         |                          |                          | 153                 |                          | 7                        |                  |                  |                |
| Eagle Rock Energy Partners LP - PTP                                      |            |                           |                         |                          |                          | (3,494)             |                          |                          | 32               | 725              |                |
| CommonFund Capital Natural Resources Partners VII, LP                    | 51-0605779 | 4                         |                         | 105,476                  |                          | 117,714             | 176                      | 23,776                   | 390,286          | 3,488            |                |
| CommonFund Capital Natural Resources Partners VIII, LP                   | 26-3180228 |                           |                         | 160,569                  |                          | 141,508             | 86                       | 200,123                  | 70,421           | 3                | 728            |
| CommonFund Capital Private Equity Partners VI, L.P.                      | 16-1720029 |                           |                         | 7,960                    | 230                      | 775                 | 168                      | 208,523                  | 17,967           | 19,747           |                |
| CommonFund Capital Venture Partners VIII, L.P.                           | 11-3814030 |                           |                         |                          |                          | 17,319              |                          | 136,805                  | 245              | 561              |                |
| Crow Holdings Realty Partners IV-A, LP                                   | 20-3649090 | 8,350                     |                         | (133,865)                |                          | 159,900             | 61                       | 51,955                   | 2,980            | 24,361           |                |
| Crow Holdings Realty Partners V-A, LP                                    | 26-0838790 |                           |                         |                          |                          |                     |                          | 121,198                  |                  | 2,481            |                |
| CRP XI Annex Fund, LP  | 26-0876217 |                           |                         |                          |                          |                     |                          | 3,085                    | 16,788           |                  |                |
| Davidson Kemper Institutional Partners                                   | 13-3597020 | 5,381                     | (23,461)                |                          | (7,395)                  | (51,228)            | -                        | 2,613                    | 338,459          | 28,552           |                |
| Element Partners II, L.P.  | 83-0514207 |                           |                         |                          |                          | 154,798             |                          | 1                        | 124,581          | 986              |                |
| Gennx360 Capital Partners, L.P.  | 32-0191996 |                           | (3,043)                 |                          |                          | 11,735              |                          |                          |                  |                  |                |
| Harbourvest International Private Equity Partners III - Partnership Fund | 04-3402908 |                           |                         |                          |                          | (10,704)            |                          | 70,603                   | 665              | 73               |                |
| Harbourvest International Private Equity Partners III -Direct Fund L.P.  | 04-3402925 |                           |                         |                          |                          | (31)                |                          |                          | (2,637)          |                  |                |

W.K. KELLOGG FOUNDATION TRUST (TRUST 5315)  
 EIN #36-5030614  
 FYE AUGUST 31, 2011

Page 1, Part I, Line 11 Column (b)  
 Income from Partnerships for Section 4940 Net Investment Income

| Partnership Name  | EIN                      | Foreign Tax<br>Paid | PTP<br>Disallowed<br>Loss | TOTAL       |
|---|--------------------------|---------------------|---------------------------|-------------|
| Eagle Rock Holdings, LP   |                          |                     | (396)                     | (396)       |
| Montierra Minerals & Productions LP -<br>Eagle Rock GP, LLC                 |                          |                     | (3,239)                   | 17          |
| Eagle Rock GP LLC - PTP   |                          |                     |                           | 37          |
| Eagle Rock Energy Partners, LP  |                          |                     | (1,471)                   | (1,471)     |
| Eagle Rock Energy Partners LP - PTP   |                          |                     | (3,025)                   | -           |
| Eagle Rock Energy Partners - MMIP, LP<br>PTP                                |                          |                     |                           | 15,629      |
| Eagle Rock Energy Partners - MM, LP<br>PTP                                  |                          |                     |                           | 87          |
| Eagle Rock Energy Partners - NIM, LP<br>PTP                                 |                          |                     | (31)                      | (31)        |
| Eagle Rock Energy Partners - N2CI, LP<br>PTP                                |                          |                     |                           | 3           |
| Eagle Rock Energy Partners - N2CI, LP<br>PTP                                |                          |                     |                           | 33          |
| CommonFund Capital Natural Resources<br>Partners VI, LP                     | 25-1910076               | 309                 |                           | 332,588     |
| Eagle Rock Holdings LP - PTP  |                          |                     |                           | 6,416       |
| Eagle Rock GP LLC - PTP   |                          |                     |                           | 75          |
| Eagle Rock Energy Partners LP - PTP   |                          |                     | (5,563)                   | (1,589)     |
| CommonFund Capital Natural Resources<br>Partners VII, LP                    | 51-0805779               | 249                 |                           | 8,100       |
| CommonFund Capital Natural Resources<br>Partners VIII, LP                   | 26-3180228               | 21                  |                           | 368,590     |
| CommonFund Capital Private Equity<br>Partners VI, L.P.                      | 16-1720029               | 11                  |                           | 28,977      |
| CommonFund Capital Venture Partners VIII,<br>L.P.                           | 11-3814030               | 51                  |                           | (79,566)    |
| Crow Holdings Realty Partners IV-A, LP                                      | 20-3649090               |                     |                           | (1,538,919) |
| Crow Holdings Realty Partners V-A, LP                                       | 26-0838790               |                     |                           | 137,739     |
| CRP XI Annex Fund, LP   | 26-0876217               |                     |                           | (20,807)    |
| Davidson Kempner Institutional Partners<br>Element Partners II, L.P.        | 13-3597020<br>83-0514207 | 6,374               |                           | 1,754,838   |
| Gennx360 Capital Partners, L.P.   | 32-0191996               |                     |                           | (154,710)   |
| Harbourvest International Private Equity<br>Partners III - Partnership Fund | 04-3402908               | 34,756              |                           | (86,674)    |
| Harbourvest International Private Equity<br>Partners III -Direct Fund L.P.  | 04-3402925               |                     |                           | 657,147     |
|   |                          |                     |                           | (88,148)    |

W.K. KELLOGG FOUNDATION TRUST (TRUST 5315)  
 EIN #36-6030614  
 FYE AUGUST 31, 2011

Page 1, Part I, Line 11 Column (b)  
 Income from Partnerships for Section 4940 Net Investment Income Purposes

| Partnership Name   | EIN        | Ordinary<br>Income<br>(Loss) | Rental<br>Real Estate<br>Income<br>(Loss) | Adjustment<br>for PFIC<br>Income | UBI per K-1 | Interest | Dividends | Royalties | Short Term<br>Gain (Loss) | Long Term<br>Gain (Loss) | Capital Gain<br>Distribution |
|--|------------|------------------------------|---|----------------------------------|-------------|----------|-----------|-----------|---------------------------|--------------------------|------------------------------|
| Harbourvest International Private Equity Partners IV-Direct Fund L.P.      | 04-3541867 | -                            | -   | -                                | -           | 10,695   | 25,212    | -         | -                         | (210,853)                | -                            |
| Harbourvest International Private Equity Partners IV-Partnership Fund L.P. | 04-3541863 | -                            | -   | -                                | (240)       | 12,674   | 188,800   | -         | 2,232                     | 193,893                  | -                            |
| Harbourvest Partners VI-Direct Fund L.P.                                   | 04-3464307 | -                            | -   | -                                | -           | 1,565    | 64        | -         | -                         | 49,455                   | -                            |
| The Highclere International Investors Smaller Companies Fund               | 20-4622296 | -                            | -   | (1,168,537)                      | -           | 172      | 2,055,366 | -         | 715,825                   | 414,044                  | -                            |
| Interwest Partners X, LP   | 26-3131621 | -                            | -   | -                                | -           | 2,553    | -         | -         | -                         | -                        | -                            |
| Madison Dearborn Capital Partners V-A, LP                                  | 20-3771357 | -                            | -   | -                                | -           | 3,322    | 645,014   | -         | -                         | -                        | -                            |
| Madison Dearborn Capital Partners V-B, LP                                  | 20-3771532 | 184,987                      | -   | -                                | 40,139      | 217      | -         | -         | -                         | (14)                     | -                            |
| MBK Partners Fund II, LP   | 98-0615244 | -                            | -   | -                                | -           | 97       | -         | -         | -                         | -                        | -                            |
| MBK Partners, LP   | 98-0452088 | -                            | -   | -                                | -           | 513      | -         | -         | -                         | -                        | -                            |
| MDV VII, L.P.  | 94-3378459 | -                            | -   | -                                | -           | 282      | -         | -         | 2,723                     | (101,369)                | -                            |
| Morgenthaler Partners VI, L.P.   | 34-1918712 | -                            | -   | -                                | -           | 13       | -         | -         | -                         | (223,768)                | -                            |
| Morgenthaler Partners VII  | 34-1949423 | -                            | -   | -                                | -           | 2,145    | -         | -         | (156)                     | (118,972)                | -                            |
| Morgenthaler Partners VIII, L.P.   | 20-2984296 | (12,044)                     | -   | -                                | -           | 7,920    | -         | -         | 29,286                    | 215,530                  | -                            |
| Morgenthaler Venture Partners IX, LP                                       | 26-2756898 | -                            | -   | -                                | -           | 1,956    | -         | -         | 77,154                    | -                        | -                            |
| Morgenthaler Venture Partners V  | 34-1872532 | -                            | -   | -                                | -           | 32       | -         | -         | -                         | -                        | -                            |
| New Enterprise Associates 10 Limited Partnership                           | 06-1590878 | -                            | -   | -                                | -           | 18,866   | 55        | -         | (5,261)                   | (191,511)                | -                            |
| New Enterprise Associates 11 Limited Partnership                           | 20-0027137 | -                            | -   | -                                | -           | 9,969    | 29,890    | -         | (118)                     | 374,590                  | -                            |
| New Enterprise Associates 12, LP   | 20-4670653 | -                            | -   | -                                | -           | 1,362    | 208       | -         | (18,684)                  | (29,941)                 | -                            |
| New Enterprise Associates 13, LP   | 98-0606169 | -                            | -   | -                                | -           | 2,091    | 95        | -         | 42,913                    | -                        | -                            |
| Northstar Mezzanine Partners III, L.P.                                     | 41-1997261 | -                            | -   | -                                | -           | 203,298  | 106,065   | -         | -                         | 448,821                  | -                            |
| Northstar Mezzanine Partners IV, L.P.                                      | 20-2429097 | -                            | -   | -                                | -           | 399,249  | 177,557   | -         | -                         | 145,659                  | -                            |
| Northstar Mezzanine Partners V, L.P.                                       | 26-0422865 | -                            | -   | -                                | -           | 376,826  | -         | -         | -                         | -                        | -                            |
| Oaktree Mezzanine Fund III, L.P.   | 26-2914930 | -                            | -   | -                                | -           | 380,152  | -         | -         | -                         | -                        | -                            |
| Oaktree Power Opportunities Fund III, L.P.                                 | 27-1806991 | -                            | -   | -                                | -           | 4        | -         | -         | 73,600                    | -                        | -                            |
| OCM European Principal Opportunities Fund II (U.S.), L.P.                  | 98-0555007 | -                            | -   | (183,155)                        | -           | 797,433  | 183,155   | -         | 237,495                   | 413,883                  | -                            |
| OCM Mezzanine Fund II, L.P.  | 20-2654839 | -                            | -   | -                                | -           | 566,821  | 108,896   | -         | -                         | (157,593)                | -                            |
| OCM Opportunities Fund III, L.P.   | 95-4761130 | -                            | -   | -                                | -           | 25       | 12        | -         | -                         | 22,679                   | -                            |
| OCM Opportunities Fund IV, L.P.  | 95-4878221 | -                            | -   | -                                | -           | 2        | -         | -         | -                         | 16,820                   | -                            |

W.K. KELLOGG FOUNDATION TRUST (TRUST 5315)  
 EIN #36-6030614  
 FYE AUGUST 31, 2011

Page 1, Part I, Line 11 Column (b)  
 Income from Partnerships for Section 4940 Net Investment Income

| Partnership Name  | EIN        | Section<br>1250<br>Unrecap<br>Gain | Sec 988<br>Income /<br>(Loss) | Section<br>1231 Gain<br>(Loss) | Section<br>1256 Gain<br>(Loss) | Other<br>Income<br>(Loss) | Charitable<br>Contributions | Deductions<br>Portfolio Inc. | Other<br>Deductions | Interest<br>Expense | Cost<br>Depletion |
|---|------------|------------------------------------|-------------------------------|--------------------------------|--------------------------------|---------------------------|-----------------------------|------------------------------|---------------------|---------------------|-------------------|
| Harbourvest International Private Equity<br>Partners IV-Direct Fund L.P.      | 04-3541867 |                                    |                               |                                |                                | 355                       |                             | 41,534                       |                     | 12                  |                   |
| Harbourvest International Private Equity<br>Partners IV-Partnership Fund L.P. | 04-3541863 |                                    |                               | (52)                           |                                | (5,952)                   |                             | 122,615                      | 2,818               | 187                 |                   |
| Harbourvest Partners VI-Direct Fund L.P.                                      | 04-3464307 |                                    |                               |                                |                                | (3,790)                   |                             | 6,443                        |                     |                     |                   |
| The Highclere International Investors<br>Smaller Companies Fund               | 20-4622296 |                                    | (219,588)                     |                                |                                | 1,168,537                 |                             |                              | 855,034             |                     |                   |
| Interwest Partners X, LP  | 26-3131621 |                                    |                               |                                |                                |                           |                             | 252,386                      |                     |                     |                   |
| Madison Dearborn Capital Partners V-A, LP                                     | 20-3771357 |                                    |                               |                                |                                | 48,365                    |                             | 104,747                      | 38                  |                     |                   |
| Madison Dearborn Capital Partners V-B, LP                                     | 20-3771532 |                                    |                               | 700                            |                                |                           | 27                          | 1,061                        | 145,548             |                     |                   |
| MBK Partners Fund II, LP  | 98-0615244 |                                    |                               |                                |                                | (6,784)                   |                             | 118,866                      |                     |                     |                   |
| MBK Partners, LP  | 98-0452088 |                                    | (11,407)                      |                                |                                | 85                        |                             | 94,647                       |                     | 2,519               |                   |
| MDV VII, L.P.   | 94-3378459 |                                    |                               |                                |                                |                           |                             | 34,868                       |                     | 1,966               |                   |
| Morgenthaler Partners VI, L.P.  | 34-1918712 |                                    |                               |                                |                                |                           |                             | 24,277                       |                     |                     |                   |
| Morgenthaler Partners VII   | 34-1949423 |                                    |                               |                                |                                |                           |                             | 60,323                       |                     |                     |                   |
| Morgenthaler Partners VIII, L.P.  | 20-2984296 |                                    |                               |                                |                                |                           |                             | 79,967                       |                     |                     |                   |
| Morgenthaler Venture Partners IX, LP  | 26-2756898 |                                    |                               |                                |                                |                           |                             | 38,948                       |                     |                     |                   |
| Morgenthaler Venture Partners V   | 34-1872532 |                                    |                               |                                |                                |                           |                             | 400                          |                     |                     |                   |
| New Enterprise Associates 10 Limited<br>Partnership                           | 06-1590878 |                                    |                               |                                |                                | (1)                       |                             | 31,230                       |                     |                     |                   |
| New Enterprise Associates 11 Limited<br>Partnership                           | 20-0027137 |                                    |                               |                                |                                |                           |                             | 19,600                       |                     |                     |                   |
| New Enterprise Associates 12, LP  | 20-4670653 |                                    |                               |                                |                                |                           |                             | 38,115                       |                     | 47                  |                   |
| New Enterprise Associates 13, LP  | 98-0606169 |                                    |                               |                                |                                |                           |                             | 58,468                       |                     | 56                  |                   |
| Northstar Mezzanine Partners III, L.P.  | 41-1997261 |                                    |                               |                                |                                |                           |                             | 8,480                        | 48,172              | 106                 |                   |
| Northstar Mezzanine Partners IV, L.P.   | 20-2429097 |                                    |                               |                                |                                | 530                       |                             | 5,688                        | 192,415             |                     |                   |
| Northstar Mezzanine Partners V, L.P.  | 26-0422865 |                                    |                               |                                |                                | 1,718                     |                             | 10,069                       | 181,995             |                     |                   |
| Oaktree Mezzanine Fund III, L.P.  | 26-2914930 |                                    |                               |                                |                                |                           |                             | 500,115                      |                     | 8,004               |                   |
| Oaktree Power Opportunities Fund III, L.P.                                    | 27-1806991 |                                    |                               |                                |                                |                           |                             | 287,213                      |                     | 5,549               |                   |
| OCM European Principal Opportunities<br>Fund II (U.S.), L.P.                  | 98-0555007 |                                    |                               | 61,049                         |                                | 405,373                   |                             | 417,761                      |                     | 33                  |                   |
| OCM Mezzanine Fund II, L.P.   | 20-2654839 |                                    |                               |                                |                                | 47,678                    |                             | 124,694                      |                     |                     |                   |
| OCM Opportunities Fund III, L.P.  | 95-4761130 |                                    |                               |                                |                                | 1,538                     |                             | 1,093                        |                     |                     |                   |
| OCM Opportunities Fund IV, L.P.   | 95-4878221 |                                    |                               |                                |                                |                           |                             | 3,333                        |                     |                     |                   |

W.K. KELLOGG FOUNDATION TRUST (TRUST 5316)  
 EIN #36-6030614  
 FYE AUGUST 31, 2011

Page 1, Part I, Line 11 Column (b)  
 Income from Partnerships for Section 4940 Net Investment Income

| Partnership Name   | EIN        | Foreign Tax<br>Paid | PTP        |      | TOTAL     |
|--|------------|---------------------|------------|------|-----------|
|  |            |                     | Disallowed | Loss |           |
| Harbourvest International Private Equity Partners IV-Direct Fund L.P.      | 04-3541867 | 7,514               |            |      | (223,651) |
| Harbourvest International Private Equity Partners IV-Partnership Fund L.P. | 04-3541863 | 333                 |            |      | 265,742   |
| Harbourvest Partners VI-Direct Fund L.P.                                   | 04-3464307 |                     |            |      | 40,851    |
| The Highclere International Investors Smaller Companies Fund               | 20-4622296 | 167,422             |            |      | 1,943,363 |
| Interwest Partners X, LP   | 26-3131621 |                     |            |      | (249,833) |
| Madison Dearborn Capital Partners V-A, LP                                  | 20-3771357 |                     |            |      | 591,916   |
| Madison Dearborn Capital Partners V-B, LP                                  | 20-3771532 |                     |            |      | 39,254    |
| MBK Partners Fund II, LP   | 98-0615244 |                     |            |      | (125,553) |
| MBK Partners, LP   | 98-0452088 |                     |            |      | (105,456) |
| MDV VII, L.P.  | 94-3378459 |                     |            |      | (133,232) |
| Morgenthaler Partners VI, L.P.   | 34-1918712 |                     |            |      | (248,032) |
| Morgenthaler Partners VII  | 34-1949423 |                     |            |      | (177,306) |
| Morgenthaler Partners VIII, L.P.   | 20-2984296 |                     |            |      | 158,206   |
| Morgenthaler Venture Partners IX, LP                                       | 26-2756898 |                     |            |      | 38,196    |
| Morgenthaler Venture Partners V  | 34-1872532 |                     |            |      | (368)     |
| New Enterprise Associates 10 Limited Partnership                           | 06-1590878 |                     |            |      | (209,082) |
| New Enterprise Associates 11 Limited Partnership                           | 20-0027137 |                     |            |      | 394,731   |
| New Enterprise Associates 12, LP   | 20-4670653 |                     |            |      | (85,217)  |
| New Enterprise Associates 13, LP   | 98-0606169 |                     |            |      | (13,425)  |
| Northstar Mezzanine Partners III, L.P.                                     | 41-1997261 |                     |            |      | 701,426   |
| Northstar Mezzanine Partners IV, L.P.                                      | 20-2425097 |                     |            |      | 524,892   |
| Northstar Mezzanine Partners V, L.P.                                       | 26-0422865 |                     |            |      | 186,480   |
| Oaktree Mezzanine Fund III, L.P.   | 26-2914930 |                     |            |      | (127,967) |
| Oaktree Power Opportunities Fund III, L.P.                                 | 27-1806991 |                     |            |      | (219,158) |
| OCM European Principal Opportunities Fund II (U.S.), L.P.                  | 98-0555007 |                     |            |      | 1,497,439 |
| OCM Mezzanine Fund II, L.P.  | 20-2654839 |                     |            |      | 440,108   |
| OCM Opportunities Fund III, L.P.   | 95-4761130 | 70                  |            |      | 23,091    |
| OCM Opportunities Fund IV, L.P.  | 95-4876221 |                     |            |      | 13,489    |

W.K. KELLOGG FOUNDATION TRUST (TRUST 5315)  
 EIN #36-5030614  
 FYE AUGUST 31, 2011

Page 1, Part I, Line 11 Column (b)  
 Income from Partnerships for Section 4940 Net Investment Income Purposes

| Partnership Name  | EIN        | Ordinary<br>Income<br>(Loss) | Rental<br>Real Estate<br>Income<br>(Loss) | Adjustment<br>for PFIC<br>Income | UBI per K-1 | Interest  | Dividends | Royalties | Short Term<br>Gain (Loss) | Long Term<br>Gain (Loss) | Capital Gain<br>Distribution |
|---|------------|------------------------------|---|----------------------------------|-------------|-----------|-----------|-----------|---------------------------|--------------------------|------------------------------|
| OCM Opportunities Fund V, L.P.                              | 20-1096337 | -                            | -   | -                                | -           | 13,877    | 6,593     | -         | -                         | (38,189)                 | -                            |
| OCM Opportunities Fund VI AIF (Delaware)<br>LP              | 26-4344593 | -                            | 1,763                                     | -                                | 941         | 190       | -         | -         | -                         | -                        | -                            |
| OCM Opportunities Fund VI, LP                               | 20-2998535 | (709)                        | -   | -                                | (709)       | 158,338   | 25,308    | -         | (11,545)                  | 48,482                   | -                            |
| OCM Opportunities Fund VII AIF (Delaware),<br>L.P.          | 51-0627167 | -                            | 2,384                                     | -                                | 1,272       | 257       | -         | -         | -                         | -                        | -                            |
| OCM Opportunities Fund VII, LP                              | 98-0521250 | -                            | -   | (119,188)                        | -           | 601,422   | 129,396   | -         | (9,831)                   | (165,752)                | -                            |
| OCM Opportunities Fund VIIIB AIF<br>(Cayman), L.P.          | 46-0521714 | -                            | -   | (272,541)                        | -           | -         | 272,541   | -         | -                         | -                        | -                            |
| OCM Opportunities Fund VIIIB AIF<br>(Delaware), L.P.        | 27-0647235 | 3,350                        | 117                                       | -                                | 1,139       | 13,324    | 5,990     | -         | 185                       | 2,049,536                | -                            |
| OCM Opportunities Fund VIIIB, LP                            | 20-8514102 | -                            | -   | -                                | 4,925       | 3,164,236 | 586,057   | -         | 183,193                   | -                        | -                            |
| OCM/GFI Power Opportunities Fund II, L.P.                   | 20-1843612 | -                            | -   | -                                | -           | 42,205    | 18,597    | -         | 76,856                    | 4,221,713                | -                            |
| PAI Europe IV -B6 - FINAL                                   | 98-0449590 | -                            | -   | -                                | -           | 9,823     | -         | -         | -                         | 213,898                  | -                            |
| PAI Europe V - 2 - FINAL                                    | 98-0541164 | -                            | -   | -                                | -           | -         | -         | -         | 843                       | (57)                     | -                            |
| PAI Europe V - 2 FCPR - FINAL                               | 98-0549640 | -                            | -   | -                                | -           | 60        | -         | -         | -                         | -                        | -                            |
| Permira IV Continuing LP 1                                  | 98-0605568 | -                            | -   | -                                | -           | 91        | -         | -         | -                         | -                        | -                            |
| Permira IV LP 1   | 98-0500299 | -                            | -   | -                                | -           | 8,871     | -         | -         | 4,308                     | 78,563                   | -                            |
| Point 406 Ventures I, L.P.                                  | 20-8085173 | -                            | -   | -                                | -           | -         | -         | -         | -                         | -                        | -                            |
| Quebec Forestlands, LP                                      | 26-1753018 | (7,713)                      | 6,534                                     | -                                | -           | -         | -         | -         | -                         | -                        | -                            |
| The Sanderson International Value Fund                      | 38-7388847 | -                            | -   | (57,661)                         | -           | 78        | 1,605,933 | -         | 53,139                    | 1,124,870                | -                            |
| Sevin Rosen Fund IX, LP                                     | 27-0095384 | -                            | -   | -                                | -           | 5,071     | -         | -         | -                         | (34,006)                 | -                            |
| Sevin Rosen Fund VIII, L.P.                                 | 75-2891562 | -                            | -   | -                                | -           | -         | -         | -         | -                         | -                        | -                            |
| Silchester International Investors                          | 36-7045759 | -                            | -   | (340,262)                        | -           | 2,009     | 3,924,111 | -         | 12,036                    | (244,422)                | -                            |
| Silchester International Investors Japanese<br>Equity Trust | 20-4190960 | -                            | -   | (110,975)                        | -           | 302       | -         | -         | 465,889                   | 1,959,875                | -                            |
| Sivance Lendco LP   | 27-1523549 | -                            | -   | -                                | -           | 1         | 441,026   | -         | 164,611                   | 698,703                  | -                            |
| Summit Partners Private Equity Fund VII-B,<br>LP            | 20-2598391 | -                            | -   | -                                | -           | 13,928    | 38,573    | -         | 203,467                   | (54,756)                 | -                            |
| Summit Partners Subordinated Debt Fund<br>IV-B, LP          | 26-1699290 | -                            | -   | -                                | -           | 5,942     | -         | -         | -                         | -                        | -                            |
| Summit Subordinated Debt Fund III-B, L.P.                   | 34-1979079 | -                            | -   | -                                | -           | 32,636    | 5,434     | -         | 28,226                    | 4,082                    | -                            |
| Summit Ventures VI-B, L.P.                                  | 04-3540854 | -                            | -   | -                                | -           | 147,466   | 51,074    | -         | -                         | 241,658                  | -                            |
| TA SDF II ECM AIV, L.P.                                     | 27-4015430 | -                            | -   | -                                | -           | 91        | -         | -         | -                         | -                        | -                            |
| TA Subordinated Debt Fund II, L.P.                          | 20-4529997 | -                            | -   | -                                | -           | 716,522   | 35        | -         | -                         | 79,479                   | -                            |
| TA X L.P.   | 20-4529991 | -                            | -   | -                                | -           | 54,100    | 104,012   | -         | 1,613                     | 187,894                  | -                            |

W.K. KELLOGG FOUNDATION TRUST (TRUST 5316)  
 EIN #36-8030614  
 FYE AUGUST 31, 2011

Page 1, Part I, Line 11 Column (b)  
 Income from Partnerships for Section 4940 Net Investment Income

| Partnership Name   | EIN        | Section 1250 Unrecap Gain | Sec 988 Income / (Loss) | Section 1231 Gain (Loss) | Section 1256 Gain (Loss) | Other Income (Loss) | Charitable Contributions | Deductions Portfolio Inc | Other Deductions | Interest Expense | Cost Depletion |
|--|------------|---------------------------|-------------------------|--------------------------|--------------------------|---------------------|--------------------------|--------------------------|------------------|------------------|----------------|
| OCM Opportunities Fund V, L.P.                           | 20-1096337 | -                         | -                       | -                        | (29,199)                 | 2,521               | -                        | 21,919                   | -                | -                | -              |
| OCM Opportunities Fund VI AIF (Delaware) LP              | 26-4344593 | -                         | -                       | -                        | -                        | 20,167              | -                        | 5,025                    | -                | -                | -              |
| OCM Opportunities Fund VI, LP                            | 20-2998535 | -                         | -                       | (145)                    | 89,249                   | 43,557              | -                        | 108,658                  | -                | 1,367            | -              |
| OCM Opportunities Fund VII AIF (Delaware), L.P.          | 51-0627167 | -                         | -                       | -                        | -                        | 85,453              | -                        | 8,365                    | -                | -                | -              |
| OCM Opportunities Fund VII, LP                           | 98-0521260 | -                         | -                       | -                        | 86,795                   | (34,485)            | -                        | 177,684                  | -                | -                | -              |
| OCM Opportunities Fund VIIIB AIF (Cayman), L.P.          | 46-0521714 | -                         | -                       | -                        | -                        | -                   | -                        | 11,587                   | -                | -                | -              |
| OCM Opportunities Fund VIIIB AIF (Delaware), L.P.        | 27-0847235 | -                         | -                       | -                        | -                        | 47                  | 2                        | 5,351                    | 25               | 4,555            | -              |
| OCM Opportunities Fund VIIIB, LP                         | 20-8514102 | -                         | (172,976)               | -                        | 534,416                  | 158,098             | -                        | 324,730                  | 7,687            | -                | -              |
| OCM/GFI Power Opportunities Fund II, L.P.                | 20-1843612 | -                         | -                       | -                        | -                        | 493                 | -                        | 38,620                   | -                | -                | -              |
| PAI Europe IV -B6 - FINAL                                | 98-0449590 | -                         | -                       | -                        | -                        | (19)                | -                        | 33,458                   | -                | -                | -              |
| PAI Europe V - 2 - FINAL                                 | 98-0541164 | -                         | -                       | -                        | -                        | (12)                | -                        | 13,532                   | -                | -                | -              |
| PAI Europe V - 2 FCPR - FINAL                            | 98-0549640 | -                         | -                       | -                        | -                        | -                   | -                        | 68,154                   | -                | -                | -              |
| Permira IV Continuing LP 1                               | 98-0605568 | -                         | -                       | -                        | -                        | -                   | -                        | 30,062                   | -                | 1                | -              |
| Permira IV LP 1  | 98-0500299 | -                         | -                       | -                        | -                        | 7,282               | -                        | 236,991                  | -                | 64               | -              |
| Point 406 Ventures I, L.P.                               | 20-8085173 | -                         | -                       | -                        | -                        | -                   | -                        | 125,912                  | -                | -                | -              |
| Quebec Forestlands, LP                                   | 26-1753018 | -                         | 3,605                   | -                        | -                        | -                   | -                        | -                        | -                | -                | -              |
| The Sanderson International Value Fund                   | 36-7388847 | -                         | -                       | -                        | -                        | 183,383             | -                        | -                        | 455,956          | -                | -              |
| Sevin Rosen Fund IX, LP                                  | 27-0095384 | -                         | -                       | -                        | -                        | -                   | -                        | 65,911                   | -                | -                | -              |
| Sevin Rosen Fund VIII, L.P.                              | 75-2891562 | -                         | -                       | -                        | -                        | -                   | -                        | -                        | -                | -                | -              |
| Silchester International Investors                       | 36-7045759 | -                         | (160,986)               | -                        | -                        | 340,262             | -                        | 25,938                   | 729,061          | -                | -              |
| Silchester International Investors Japanese Equity Trust | 20-4190960 | -                         | 54,335                  | -                        | -                        | 110,975             | -                        | -                        | 209,708          | -                | -              |
| Sivance Lendco LP  | 27-1523549 | -                         | -                       | -                        | -                        | -                   | -                        | -                        | -                | -                | -              |
| Summit Partners Private Equity Fund VII-B, LP            | 20-2598391 | -                         | -                       | -                        | -                        | 227                 | -                        | 136,808                  | -                | -                | -              |
| Summit Partners Subordinated Debt Fund                   | 26-1699290 | -                         | -                       | -                        | -                        | 16                  | -                        | 10,985                   | -                | -                | -              |
| Summit Subordinated Debt Fund III-B, L.P.                | 34-1979079 | -                         | -                       | -                        | -                        | -                   | -                        | 41,027                   | -                | -                | -              |
| Summit Ventures VI-B, L.P.                               | 04-3540854 | -                         | -                       | -                        | -                        | -                   | -                        | 69,940                   | -                | -                | -              |
| TA SDF II ECM AIV, L.P.                                  | 27-4015430 | -                         | -                       | -                        | -                        | -                   | -                        | -                        | -                | -                | -              |
| TA Subordinated Debt Fund II, L.P.                       | 20-4529997 | -                         | -                       | -                        | -                        | 939                 | -                        | 88,835                   | -                | 28,534           | -              |
| TA X L.P.  | 20-4529991 | -                         | -                       | -                        | -                        | (19)                | -                        | 112,593                  | -                | -                | -              |



W.K. KELLOGG FOUNDATION TRUST (TRUST 5316)  
 EIN #36-6030614  
 FYE AUGUST 31, 2011

Page 1, Part I, Line 11 Column (b)  
 Income from Partnerships for Section 4940 Net Investment Income

| Partnership Name   | EIN        | PTP              |                 | TOTAL     |
|--|------------|------------------|-----------------|-----------|
|  |            | Foreign Tax Paid | Disallowed Loss |           |
| OCM Opportunities Fund V, L.P.                           | 20-1096337 |                  |                 | (66,316)  |
| OCM Opportunities Fund VI AIF (Delaware) LP              | 26-4344593 |                  |                 | 17,096    |
| OCM Opportunities Fund VI, LP                            | 20-2998635 | 13               |                 | 242,487   |
| OCM Opportunities Fund VII AIF (Delaware), L.P.          | 51-0627167 |                  |                 | 79,729    |
| OCM Opportunities Fund VII, LP                           | 98-0521250 | 270              |                 | 310,403   |
| OCM Opportunities Fund VII B AIF (Cayman), L.P.          | 46-0521714 |                  |                 | (11,587)  |
| OCM Opportunities Fund VII B AIF (Delaware), L.P.        | 27-0647235 | 444              |                 | 12,636    |
| OCM Opportunities Fund VII B, LP                         | 20-8514102 | 2,690            |                 | 6,167,453 |
| OCM/GFI Power Opportunities Fund II, L.P.                | 20-1843612 |                  |                 | 4,321,244 |
| PAI Europe IV -B6 - FINAL                                | 98-0449590 |                  |                 | 190,244   |
| PAI Europe V - 2 - FINAL                                 | 98-0541164 |                  |                 | (13,544)  |
| PAI Europe V - 2 FCPR - FINAL                            | 98-0549640 |                  |                 | (67,368)  |
| Permira IV Continuing LP 1                               | 98-0605568 |                  |                 | (30,003)  |
| Permira IV LP 1  | 98-0500299 |                  |                 | (229,882) |
| Point 406 Ventures I, L.P.                               | 20-8085173 |                  |                 | (34,170)  |
| Quebec Forestlands, LP                                   | 26-1753018 |                  |                 | 2,426     |
| The Sanderson International Value Fund                   | 36-7388847 | 117,273          |                 | 2,336,513 |
| Sevin Rosen Fund IX, LP                                  | 27-0095384 | -                |                 | (94,846)  |
| Sevin Rosen Fund VIII, L.P.                              | 75-2891562 |                  |                 | (256,315) |
| Silchester International Investors                       | 36-7045759 | 343,517          |                 | 5,116,623 |
| Silchester International Investors Japanese Equity Trust | 20-4190960 | 30,874           |                 | 1,118,094 |
| Sivance Lendco LP  | 27-1523549 |                  |                 | 13,928    |
| Summit Partners Private Equity Fund VII-B, LP            | 20-2598391 |                  |                 | 56,645    |
| Summit Partners Subordinated Debt Fund IV-B, LP          | 26-1699290 |                  |                 | 21,867    |
| Summit Subordinated Debt Fund III-B, L.P.                | 34-1979079 | -                |                 | 144,181   |
| Summit Ventures VI-B, L.P.                               | 04-3540854 | -                |                 | 222,883   |
| TA SDF II ECM AIV, L.P.                                  | 27-4015430 |                  |                 | -         |
| TA Subordinated Debt Fund II, L.P.                       | 20-4529897 |                  |                 | 679,606   |
| TA X LP.   | 20-4529891 |                  |                 | 235,007   |

W.K. KELLOGG FOUNDATION TRUST (TRUST 5315)  
 EIN #38-5030614  
 FYE AUGUST 31, 2011

Page 1, Part I, Line 11 Column (b)  
 Income from Partnerships for Section 4940 Net Investment Income Purposes

| Partnership Name   | EIN        | Ordinary<br>Income<br>(Loss) | Rental<br>Real Estate<br>Income<br>(Loss) | Adjustment<br>for PFIC<br>Income | UBI per K-1 | Interest   | Dividends  | Royalties | Short Term<br>Gain (Loss) | Long Term<br>Gain (Loss) | Capital Gain<br>Distribution |
|--|------------|------------------------------|---|----------------------------------|-------------|------------|------------|-----------|---------------------------|--------------------------|------------------------------|
| TCW/Crescent Mezzanine Partners IVB, LP                            | 20-4513250 |                              |   |                                  |             | 735,014    | 137,202    |           |                           | 69,374                   |                              |
| TCW/Crescent Mezzanine Partners V, LP                              | 26-1326873 |                              |   |                                  | 30,856      | 427,489    | 71         |           | (49)                      | 26,897                   |                              |
| Thomas H. Lee (Alternative) Fund V, L.P.                           | 98-0361587 |                              |   |                                  |             | 57         | 248,572    |           |                           |                          |                              |
| Thomas H. Lee Equity Fund V, L.P.                                  | 04-3506923 |                              |   |                                  |             | 4          | 43,109     |           |                           | 202,318                  |                              |
| Tibbar Holdings, LLC   | 27-1517061 |                              |   |                                  |             |            |            |           |                           | (3,980)                  |                              |
| WTC-CTF Global Select Capital<br>Appreciation Portfolio            | 20-5853753 |                              |   | 74,112                           |             | 11,128     | 1,253,599  |           | 6,865,888                 | 9,141,898                |                              |
| Less amount reported on Form 990-T as unrelated business<br>income |            | (788,969)                    | (525,478)                                 | (2,179,434)                      | (625,167)   | 26,389,728 | 18,566,189 | 324,816   | 14,445,460                | 26,278,267               | -                            |
| Subtotal Partnership Income  |            | 879,017                      | 164,722                                   |                                  |             | (371,208)  |            |           | (339,636)                 | (57,920)                 |                              |
|  |            | 90,048                       | (360,756)                                 | (2,179,434)                      |             | 26,018,520 | 18,566,189 | 324,816   | 14,105,824                | 26,220,347               | -                            |

W.K. KELLOGG FOUNDATION TRUST (TRUST 5316)  
 EIN #36-6030614  
 FYE AUGUST 31, 2011

Page 1, Part I, Line 11 Column (b)  
 Income from Partnerships for Section 4940 Net Investment Income

| Partnership Name  | EIN        | Section 1250 Unrecap Gain | Sec 988 Income / (Loss) | Section 1231 Gain (Loss) | Section 1256 Gain (Loss) | Other Income (Loss) | Charitable Contributions | Deductions Portfolio Inc | Other Deductions | Interest Expense | Cost Depletion |
|---|------------|---------------------------|-------------------------|--------------------------|--------------------------|---------------------|--------------------------|--------------------------|------------------|------------------|----------------|
| TCW/Crescent Mezzanine Partners IVB, LP                         | 20-4513250 |                           |                         |                          |                          | 62                  |                          | 90,490                   |                  | 719              |                |
| TCW/Crescent Mezzanine Partners V, LP                           | 26-1326873 |                           |                         |                          |                          | 1,099               |                          | 126,811                  |                  | 4,083            |                |
| Thomas H. Lee (Alternative) Fund V, L.P.                        | 98-0361587 |                           |                         |                          |                          |                     |                          | 90                       |                  |                  |                |
| Thomas H. Lee Equity Fund V, L.P.                               | 04-3506923 |                           |                         |                          |                          |                     |                          | 13,930                   |                  | 4                |                |
| Tibbar Holdings, LLC  | 27-1517061 |                           |                         |                          |                          |                     |                          | 11                       |                  |                  |                |
| WTC-CTF Global Select Capital Appreciation Portfolio            | 20-5853753 |                           | (1,316,599)             |                          |                          | (74,112)            |                          | 54,392                   |                  |                  |                |
|   |            | 26,848                    | (2,179,096)             | 639,444                  | 338,392                  | 3,502,854           | 1,794                    | 9,590,923                | 5,843,297        | 437,608          | 199,158        |
| Less amount reported on Form 990-T as unrelated business income |            |                           |                         | 119,545                  |                          | (666,491)           |                          | (782,713)                |                  |                  | (15,465)       |
| Subtotal Partnership Income                                     |            | 26,848                    | (2,179,096)             | 758,989                  | 338,392                  | 2,836,363           | 1,794                    | 8,808,210                | 5,843,297        | 437,608          | 183,693        |

| <i>Partnership Name</i>  | <i>EIN</i> | <i>Foreign Tax<br/>Paid</i> | <i>PTP<br/>Disallowed<br/>Loss</i> | <i>TOTAL</i> |
|--|------------|-----------------------------|------------------------------------|--------------|
| TCW/Crescent Mezzanine Partners IVB, LP                            | 20-4513250 | 74                          |                                    | 850,369      |
| TCW/Crescent Mezzanine Partners V, LP                              | 26-1326873 |                             |                                    | 324,613      |
| Thomas H. Lee (Alternative) Fund V, L.P.                           | 98-0361587 |                             |                                    | 248,539      |
| Thomas H. Lee Equity Fund V, L.P.                                  | 04-3506923 |                             |                                    | 231,497      |
| Tibbar Holdings, LLC   | 27-1517061 |                             |                                    | (3,991)      |
| WTC-CTF Global Select Capital<br>Appreciation Portfolio            | 20-5853753 | 106,097                     |                                    | 15,795,425   |
|  |            | 1,014,969                   |                                    | 67,724,424   |
| Less amount reported on Form 990-T as unrelated business<br>income |            |                             |                                    | 526,206      |
| Subtotal Partnership Income  |            | 1,014,969                   |                                    | 68,250,630   |

**W.K. KELLOGG FOUNDATION TRUST (TRUST 5315)**

**EIN: 36-6030614**

**FORM 990-PF**

**FYE AUGUST 31, 2011**

**Page 6, Part VII - B Question 5c and Page 10, Part XV Question 2**

Under the terms of the agreement creating Trust 5315 (a/k/a W.K. Kellogg Foundation Trust), all income is paid to the W.K. Kellogg Foundation, a Michigan nonprofit corporation, whose address is One Michigan Avenue East, Battle Creek, Michigan 49017. The W.K. Kellogg Foundation is a private foundation exempt from tax under Section 501(c)(3) of the Internal Revenue Code.

During the fiscal year ended August 31, 2011, 13 payments in the aggregate amount of \$338,000,000 were made from Trust 5315 to the W.K. Kellogg Foundation on the dates in the amounts set forth below:

|              |                             |
|--------------|-----------------------------|
| 9/15/2010    | \$ 15,000,000               |
| 10/14/2010   | \$ 20,000,000               |
| 12/2/2010    | \$ 15,000,000               |
| 12/22/2010   | \$ 12,000,000               |
| 1/12/2011    | \$ 13,000,000               |
| 2/2/2011     | \$ 15,000,000               |
| 2/23/2011    | \$ 23,000,000               |
| 3/23/2011    | \$ 15,000,000               |
| 4/15/2011    | \$ 35,000,000               |
| 5/23/2011    | \$ 50,000,000               |
| 6/23/2011    | \$ 60,000,000               |
| 7/21/2011    | \$ 47,000,000               |
| 8/30/2011    | \$ 18,000,000               |
| <b>TOTAL</b> | <u><u>\$338,000,000</u></u> |

Pursuant to the terms of the Agreement, the funds distributed from Trust 5315 (the "Trust") to the W.K. Kellogg Foundation (the "Foundation") are used exclusively for those charitable purposes set forth in the Articles of Association of the Foundation. In order for the Foundation to remain eligible to receive distributions from the Trust, the Foundation is required to comply with a number of conditions. These conditions include submission of reports and a prohibition against diversion of the funds of the Foundation for any purpose other than charitable.

The Trustees of the Foundation meet at least monthly and submit to the Trustees of the Trust a copy of the minutes of each meeting of the Trustees together with copies of the minutes of the committees of the Board of Trustees and bi-monthly reports of the President, Secretary and Treasurer of the Foundation. The Foundation also submits to the Trustees of the Trust an annual audit and an annual report, and has submitted a report dated January 14, 2012, including attachments, further detailing its redistribution of amounts received from the Trust. These reports, collectively, reflect the expenditure by the Foundation exclusively for charitable purposes of all funds received by it from the Trust. As of August 31, 2011, the Foundation has expended all funds received by it from the Trust for the fiscal year ended August 31, 2010, and has expended \$161,030,060. of the funds received by it from the Trust during the fiscal year ended August 31, 2011.

Pursuant to Treas. Reg. 53.4945-5(b)(2), the Trustees of the Trust have verified that the Foundation has complied with the terms and conditions of the Agreement. Also, the Trustees of the Trust obtain written commitments by the Foundation which satisfy Treas. Reg. 53.4945-5(b)(3).

To the knowledge of the Trustees of the Trust, there has been no diversion of any portion of the funds paid from the Trust to the Foundation from the charitable purposes specified for such funds.

**W.K. KELLOGG FOUNDATION TRUST (TRUST 5315)**  
**EIN: 36-6030614**  
**FORM 990-PF**  
**FYE AUGUST 31, 2011**

**Page 6, Part VIII, Line 1 Column (a) through (e) - List of Officers, Directors, and Trustees**

| (a) Name and Address  | (b) Title, and average hours per week devoted to position | (c) Compensation | (d) Contributions to EBP and deferred compensation | (e) Expense account, other allowances {Note 2} |
|---|---|------------------|--|--|
| The Bank of New York Mellon Trust Company, N.A.<br>500 Grant Street<br>Pittsburgh, PA 15258 | Corporate Trustee<br>40+ Hours per week                   | 193,750          | -  | -  |
| Wenda W. Moore {Note 1}<br>One Michigan Avenue East<br>Battle Creek, MI 49017               | Trustee<br>0-5 Hours per week                             | 40,000           | -  | 7,020  |
| James M. Jenness<br>One Kellogg Square<br>P.O. Box 3599<br>Battle Creek, MI 49016-3599      | Trustee<br>0-5 Hours per week                             | 40,000           | -  | 7,020  |
| Sterling K. Speirn {Note 1}<br>One Michigan Avenue East<br>Battle Creek, MI 49017           | Trustee<br>0-5 Hours per week                             | 40,000           | -  | 7,020  |
| Total   |   | 313,750          | -  | 21,060   |

Note 1: During the entire fiscal year ended August 31, 2011, Mr. Speirn also served as a Trustee and as President and CEO of the W.K. Kellogg Foundation ("Foundation"). Mrs. Moore also served as a Trustee of the Foundation during this period.

Note 2: Amounts shown are the compensatory portion of the D&O liability insurance premium for the Individual Trustees. This amount is included in the Insurance expense on Part I, Line 23 ( See Statement 7).

**W.K. KELLOGG FOUNDATION TRUST (TRUST 5315)**

**EIN: 36-6030614**

**FORM 990-PF**

**FYE AUGUST 31, 2011**

**Page 8, Part X, Line 1e**

During the fiscal year ended August 31, 2011 the W.K. Kellogg Foundation Trust ("Trust") owned in excess of 79 million shares of the common stock of the Kellogg Company (the "Company"). The percentage of outstanding common stock of the Company which the Trust held during the fiscal year amounted to approximately 22%.

The fair market value of the stock before any reduction and the amount of discount (before application of the maximum 10% provided in Section 4942(e)(2)(b) of the Internal Revenue Code) is supported by an independent valuation from William Blair & Company, L.L.C. dated January 11, 2012.

Total Reduction Claimed for Blockage \$ 388,423,430

**W. K. KELLOGG FOUNDATION AND  
W. K. KELLOGG FOUNDATION TRUST**

**Consolidated Financial Statements and  
Supplemental Schedule  
For the Years Ended August 31, 2011 and 2010  
With Report of Independent Auditors**



**W. K. KELLOGG FOUNDATION AND  
W. K. KELLOGG FOUNDATION TRUST**  
August 31, 2011 and 2010

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**TABLE OF CONTENTS**

|   | <u><b>Page(s)</b></u> |
|---|-----------------------|
| <b>REPORT OF INDEPENDENT AUDITORS</b>         | 1                     |
| <b>FINANCIAL STATEMENTS</b>                   |                       |
| Consolidated Statements of Financial Position | 2                     |
| Consolidated Statements of Activities         | 3                     |
| Consolidated Statements of Cash Flows         | 4                     |
| Notes to Consolidated Financial Statements    | 5–30                  |
| <b>SUPPLEMENTAL SCHEDULE</b>                  |                       |
| Supplemental Schedule of Gifts and Receipts   | 31                    |



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## REPORT OF INDEPENDENT AUDITORS

To the Board of Trustees of  
W. K. Kellogg Foundation and  
W. K. Kellogg Foundation Trust

We have audited the accompanying consolidated statements of financial position of W. K. Kellogg Foundation (the Foundation) and W. K. Kellogg Foundation Trust (the Trust) as of August 31, 2011 and 2010, and the related consolidated statements of activities and cash flows for the years then ended. These financial statements are the responsibility of the Foundation's and Trust's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the 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. We were not engaged to perform an audit of the Foundation's and the Trust's internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Foundation's and the Trust's internal control over financial reporting. Accordingly, we express no such opinion. An audit also 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.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Foundation and the Trust at August 31, 2011 and 2010, and the consolidated changes in their net assets and their cash flows for the years then ended in conformity with U.S. generally accepted accounting principles.

Our audits were conducted for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The supplemental schedule of gifts and receipts is presented for purposes of additional analysis and is not a required part of the basic consolidated financial statements. Such information has not been subjected to the auditing procedures applied in our audit of the basic consolidated financial statements and, accordingly we express no opinion on it.

*Mitchell & Titus, LLP*

November 23, 2011

**W. K. KELLOGG FOUNDATION AND  
W. K. KELLOGG FOUNDATION TRUST**  
Consolidated Statements of Financial Position  
As of August 31, 2011 and 2010

|   | 2011             |                             | 2010             |                                      |
|---|------------------|-----------------------------|------------------|--------------------------------------|
|   | Consolidated     | W. K. Kellogg<br>Foundation | Consolidated     | W. K. Kellogg<br>Foundation<br>Trust |
| <b>ASSETS</b>   |                  |                             |                  |                                      |
| Cash and cash equivalents   | \$ 243,708,957   | \$ 49,445,476               | \$ 194,263,481   | \$ 122,066,264                       |
| Kellogg company common stock—79,924,190 shares<br>in 2011 and 83,874,190 shares in 2010 | 4,341,482,001    | -                           | 4,341,482,001    | 4,166,869,759                        |
| Diversified investments   | 2,743,107,366    | 281,167,359                 | 2,461,940,007    | 2,259,178,129                        |
| Mission-driven investments  | 65,919,985       | 65,919,985                  | -                | -                                    |
| Program-related investment loans receivable   | 1,000,000        | 1,000,000                   | -                | -                                    |
| Collateral under securities lending and derivatives<br>arrangements                     | 112,123,918      | -                           | 112,123,918      | 175,622,677                          |
| Accrued interest and dividends  | 36,955,546       | 473,247                     | 36,482,299       | 36,688,038                           |
| Net receivable on unsettled trades  | 45,753,417       | -                           | 45,753,417       | -                                    |
| Property and equipment  | 51,837,467       | 51,837,467                  | -                | 54,139,106                           |
| Other assets  | 1,965,439        | 1,965,439                   | -                | 1,110,258                            |
| Interest in irrevocable trusts  | 52,772,944       | 13,311,072                  | 39,461,872       | 11,584,755                           |
| Total assets  | \$ 7,696,627,040 | \$ 465,120,045              | \$ 7,231,506,995 | \$ 6,795,988,379                     |
| <b>LIABILITIES AND NET ASSET</b>  |                  |                             |                  |                                      |
| <i>Liabilities</i>  |                  |                             |                  |                                      |
| Accounts payable  | \$ 4,830,060     | \$ 4,830,060                | \$ -             | \$ -                                 |
| Accrued liabilities   | 7,330,269        | 7,330,269                   | -                | -                                    |
| Payable under securities lending and derivatives<br>arrangements                        | 112,123,918      | -                           | 112,123,918      | 175,622,677                          |
| Net trade settlement payables   | 932,674          | 932,674                     | -                | 1,555,971                            |
| Grant commitments payable   | 236,115,064      | 236,115,064                 | -                | 221,166,363                          |
| Deferred federal excise tax liability   | 93,375,762       | 586,160                     | 92,789,602       | 327,475                              |
| Postretirement liability  | 66,419,658       | 66,419,658                  | -                | 60,282,603                           |
| Total liabilities   | 521,127,405      | 316,213,885                 | 204,913,520      | 294,870,181                          |
| <i>Net assets</i>   |                  |                             |                  |                                      |
| Unrestricted  | 135,595,088      | 135,595,088                 | -                | 135,717,530                          |
| Temporarily restricted  | 7,039,904,547    | 13,311,072                  | 7,026,593,475    | 11,584,755                           |
| Total net assets  | 7,175,499,635    | 148,906,160                 | 7,026,593,475    | 147,302,285                          |
| Total liabilities and net assets  | \$ 7,696,627,040 | \$ 465,120,045              | \$ 7,231,506,995 | \$ 6,795,988,379                     |

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

**W. K. KELLOGG FOUNDATION AND  
W. K. KELLOGG FOUNDATION TRUST**  
Consolidated Statements of Activities  
For the Years Ended August 31, 2011 and 2010

|   | 2011             |                          |                                | 2010             |                          |                                |
|---|------------------|--------------------------|--------------------------------|------------------|--------------------------|--------------------------------|
|   | Consolidated     | W. K. Kellogg Foundation | W. K. Kellogg Foundation Trust | Consolidated     | W. K. Kellogg Foundation | W. K. Kellogg Foundation Trust |
| <b>REVENUES AND GAINS</b>   |                  |                          |                                |                  |                          |                                |
| Contributions from W. K. Kellogg Foundation Trust*                              | \$ -             | \$ 338,000,000           | \$ -                           | \$ -             | \$ 313,000,000           | \$ -                           |
| Contributions from miscellaneous trusts   | 1,197,668        | 1,197,668                | -                              | 1,017,227        | 1,017,227                | -                              |
| Total contributions   | 1,197,668        | 339,197,668              | -                              | 1,017,227        | 314,017,227              | -                              |
| Interest income   | 13,359,593       | 3,788,770                | 9,570,823                      | 14,535,935       | 2,876,438                | 11,659,497                     |
| Dividend income   | 148,600,541      | 2,068,956                | 146,531,585                    | 137,524,511      | 1,652,059                | 135,872,452                    |
| Portfolio Income  | 33,465,299       | 3,023,789                | 30,441,510                     | 27,698,866       | 2,861,030                | 24,837,836                     |
| Net realized gains on sales of investments                                      | 395,350,971      | 15,840,286               | 379,510,685                    | 135,600,555      | 21,648,989               | 133,951,566                    |
| Change in unrealized gains/(losses) on investments                              | 301,679,366      | 12,941,426               | 288,737,940                    | 263,701,253      | (3,932,499)              | 267,633,752                    |
| Less: Costs of earning income   | (20,662,219)     | (3,192,545)              | (17,469,674)                   | (14,222,941)     | (3,842,145)              | (10,380,796)                   |
| Change in value in interest in irrevocable trusts                               | 5,624,678        | 1,726,317                | 3,898,361                      | 1,069,939        | (795,007)                | 1,864,946                      |
| Net investment income   | 877,418,229      | 36,196,999               | 841,221,230                    | 585,908,118      | 20,468,865               | 565,439,253                    |
| Refunds of prior year program payments  | 5,548,953        | 5,548,953                | -                              | 2,475,228        | 2,475,228                | -                              |
| Total revenue and gains   | 884,164,850      | 380,943,620              | 841,221,230                    | 589,400,573      | 336,961,320              | 565,439,253                    |
| <b>EXPENSES</b>   |                  |                          |                                |                  |                          |                                |
| Distributions to the W. K. Kellogg Foundation                                   | -                | -                        | 338,000,000                    | -                | -                        | 313,000,000                    |
| Grants  | 306,511,063      | 306,511,063              | -                              | 343,010,338      | 343,010,338              | -                              |
| Program activities  | 25,543,622       | 25,543,622               | -                              | 19,145,742       | 19,145,742               | -                              |
| General operations  | 43,358,679       | 43,358,679               | -                              | 50,281,089       | 50,281,089               | -                              |
| Depreciation  | 3,298,703        | 3,298,703                | -                              | 3,814,339        | 3,814,339                | -                              |
| Federal excise tax provision  | -                | -                        | -                              | -                | -                        | -                              |
| Current   | 5,207,629        | 242,910                  | 4,964,719                      | 3,489,991        | 253,720                  | 3,236,271                      |
| Deferred  | 6,049,925        | 258,685                  | 5,791,240                      | 3,070,584        | (79,354)                 | 3,149,938                      |
| Total expenses  | 389,969,621      | 379,213,662              | 348,755,959                    | 422,812,083      | 416,425,874              | 319,386,209                    |
| Accumulated post-retirement benefit loss not yet reflected in net benefit costs | (126,083)        | (126,083)                | -                              | (10,748,834)     | (10,748,834)             | -                              |
| Total increase (decrease) in net assets   | 494,069,146      | 1,603,875                | 492,465,271                    | 155,839,656      | (90,213,388)             | 246,053,044                    |
| Net assets, at beginning of year  | 6,681,430,489    | 147,302,285              | 6,534,128,204                  | 6,525,590,833    | 237,515,673              | 6,288,075,160                  |
| Net assets, at end of year  | \$ 7,175,499,635 | \$ 148,906,160           | \$ 7,026,593,475               | \$ 6,681,430,489 | \$ 147,302,285           | \$ 6,534,128,204               |
| <b>CHANGES IN NET ASSETS BY CATEGORY</b>  |                  |                          |                                |                  |                          |                                |
| Increase (decrease) in unrestricted net assets                                  | \$ (122,442)     | \$ (122,442)             | \$ -                           | \$ (89,418,381)  | \$ (89,418,381)          | \$ -                           |
| Increase (decrease) in temporarily restricted net assets                        | 494,191,588      | 1,726,317                | 492,465,271                    | 245,258,037      | (795,007)                | 246,053,044                    |
| Total increase (decrease) in net assets   | \$ 494,069,146   | \$ 1,603,875             | \$ 492,465,271                 | \$ 155,839,656   | \$ (90,213,388)          | \$ 246,053,044                 |

\*Intercompany contributions and distributions of \$338,000,000 and \$313,000,000 for the years ended August 31, 2011 and 2010, respectively, have been eliminated in the combined totals.

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

**W. K. KELLOGG FOUNDATION AND  
W. K. KELLOGG FOUNDATION TRUST**  
Consolidated Statements of Cash Flows  
For the Years Ended August 31, 2011 and 2010

|   | 2011                  |                             |                                      | 2010                  |                             |                                      |
|---|-----------------------|-----------------------------|--------------------------------------|-----------------------|-----------------------------|--------------------------------------|
|   | Consolidated          | W. K. Kellogg<br>Foundation | W. K. Kellogg<br>Foundation<br>Trust | Consolidated          | W. K. Kellogg<br>Foundation | W. K. Kellogg<br>Foundation<br>Trust |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>   |                       |                             |                                      |                       |                             |                                      |
| Increase (decrease) in net assets   | \$ 494,069,146        | \$ 1,603,875                | \$ 492,465,271                       | \$ 155,839,656        | \$ (90,213,388)             | \$ 246,053,044                       |
| <i>Adjustments to reconcile changes in net<br/>assets to cash flows from operating activities</i> |                       |                             |                                      |                       |                             |                                      |
| Depreciation  | 3,298,703             | 3,298,703                   | -                                    | 3,814,339             | 3,814,339                   | -                                    |
| Net realized gains on long-term investments   | (395,350,971)         | (15,840,286)                | (379,510,685)                        | (155,600,555)         | (21,648,989)                | (133,951,566)                        |
| Change in net unrealized (gain) loss on investments   | (301,679,366)         | (12,941,426)                | (288,737,940)                        | (263,701,253)         | 3,932,499                   | (267,633,752)                        |
| Change in deferred excise tax liability   | 6,924,483             | 258,685                     | 6,665,798                            | 3,500,836             | (79,354)                    | 3,580,190                            |
| Postretirement liability  | 6,137,055             | 6,137,055                   | -                                    | 14,834,470            | 14,834,470                  | -                                    |
| <i>Change in operating assets and liabilities</i>   |                       |                             |                                      |                       |                             |                                      |
| Accrued interest and dividends  | 231,801               | 26,062                      | 205,739                              | (1,446,601)           | (342,380)                   | (1,104,221)                          |
| Other assets  | (855,181)             | (855,181)                   | -                                    | 8,717,171             | 816,160                     | 7,901,011                            |
| Interest in irrevocable trusts  | (5,624,677)           | (1,726,317)                 | (3,898,360)                          | (1,069,939)           | 795,007                     | (1,864,946)                          |
| Accounts payable  | 1,271,014             | 1,271,014                   | -                                    | 606,013               | 606,013                     | -                                    |
| Accrued liabilities   | (648,454)             | (648,454)                   | -                                    | (695,782)             | (268,433)                   | (427,349)                            |
| Grant commitments payable   | 14,948,701            | 14,948,701                  | -                                    | 72,998,671            | 72,998,671                  | -                                    |
| Other liabilities   | -                     | -                           | -                                    | 1,669,665             | 1,555,971                   | 113,694                              |
| Net cash used in operating activities   | (177,277,746)         | (4,467,569)                 | (172,810,177)                        | (160,533,309)         | (13,199,414)                | (147,333,895)                        |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>   |                       |                             |                                      |                       |                             |                                      |
| Purchase of investments   | (949,146,744)         | (78,809,019)                | (870,337,725)                        | (842,998,616)         | (159,766,114)               | (683,232,502)                        |
| Proceeds from sale of investments   | 1,220,481,497         | 105,136,378                 | 1,115,345,119                        | 792,342,758           | 141,285,552                 | 651,057,206                          |
| Decrease (increase) in collateral held under securities<br>lending arrangement, net               | 63,498,759            | -                           | 63,498,759                           | (86,747,538)          | -                           | (86,747,538)                         |
| Acquisition of fixed assets   | (997,064)             | (997,064)                   | -                                    | (1,682,673)           | (1,682,673)                 | -                                    |
| Net cash provided by (used in) investing activities   | 333,836,448           | 25,330,295                  | 308,506,153                          | (139,086,069)         | (20,163,235)                | (118,922,834)                        |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>   |                       |                             |                                      |                       |                             |                                      |
| (Repayments) receipts of cash collateral under securities<br>lending arrangement, net             | (63,498,759)          | -                           | (63,498,759)                         | 86,747,538            | -                           | 86,747,538                           |
| Net cash (used in) provided by financing activities   | (63,498,759)          | -                           | (63,498,759)                         | 86,747,538            | -                           | 86,747,538                           |
| Increase (decrease) in cash and cash equivalents  | 93,059,943            | 20,862,726                  | 72,197,217                           | (212,871,840)         | (33,362,649)                | (179,509,191)                        |
| Cash and cash equivalents, beginning of year  | 150,649,014           | 28,582,750                  | 122,066,264                          | 363,520,854           | 61,945,399                  | 301,575,455                          |
| <b>Cash and cash equivalents, end of year</b>   | <b>\$ 243,708,957</b> | <b>\$ 49,445,476</b>        | <b>\$ 194,263,481</b>                | <b>\$ 150,649,014</b> | <b>\$ 28,582,750</b>        | <b>\$ 122,066,264</b>                |

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

**W. K. KELLOGG FOUNDATION AND  
W. K. KELLOGG FOUNDATION TRUST**  
Notes to Consolidated Financial Statements  
August 31, 2011 and 2010

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**NOTE 1      NATURE OF BUSINESS**

W. K. Kellogg Foundation (the Foundation) and W. K. Kellogg Foundation Trust (the Trust) were established in 1930 and 1934, respectively, as private non-operating foundations. The Foundation supports children, families, and communities as they strengthen and create conditions that propel vulnerable children to achieve success as individuals and as contributors to the larger community and society. Grants are concentrated in the U.S. (with a priority in Michigan, Mississippi, and New Mexico); Latin America and the Caribbean; and the southern African countries of Botswana, Lesotho, Malawi, Mozambique, South Africa, Swaziland, and Zimbabwe.

**NOTE 2      SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Basis of Presentation

The financial statements have been prepared on the accrual basis of accounting in accordance with U.S. generally accepted accounting principles for nonprofit organizations, which requires the Foundation and Trust to report information regarding their financial position and activities according to three classes of net assets: unrestricted, temporarily restricted, and permanently restricted.

Principles of Consolidation

The consolidated financial statements include the accounts of the Foundation and Trust, of which the Foundation is the sole beneficiary. The Foundation and the Trust are under common control and common management. All material intercompany transactions and account balances have been eliminated in the consolidation of accounts.

Net Assets

Net assets are classified as follows:

*Unrestricted:* The assets are from unrestricted contributions and from other resources not subject to donor-imposed restrictions.

*Temporarily restricted:* The assets are from restricted contributions (temporary restrictions) whose donor-imposed restrictions have not been met due to actions of the Foundation or Trust and/or the passage of time. Once this occurs, changes in temporarily restricted net assets are reported in the statement of activities.

**W. K. KELLOGG FOUNDATION AND  
W. K. KELLOGG FOUNDATION TRUST**  
Notes to Consolidated Financial Statements  
August 31, 2011 and 2010

---

**NOTE 2      SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** *(continued)*

Cash and Cash Equivalents

Cash and cash equivalents include cash and highly liquid securities with original maturities of 90 days or less at the date of acquisition.

Investments

The Foundation and the Trust report investments at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an ordinary transaction between market participants at the measurement date. See Note 3 for a discussion on valuation methodologies.

Portfolio income reported in the accompanying consolidated statements of activities represents commingled fund income, class action proceeds, and other miscellaneous investment income.

The net appreciation (depreciation) in the fair value of investments consists of the realized gains or losses and the unrealized appreciation (depreciation) on those investments. The net realized gain or loss on investments is the difference between the proceeds received and the costs of investments sold determined on an average cost basis. Unrealized appreciation (depreciation) in the fair value of investments is the difference between the fair value and the costs of investments. The average cost basis is used to determine cost for the Foundation. The first-in, first-out cost basis is used to determine cost for the Trust's marketable securities and the average cost basis is used to determine cost for the Trust's alternative investments. The sale and purchase of investments are recorded at the date of trade, which can result in either a net receivable or net payable on unsettled investment trades at the statement of financial position date.

Three major categories of investments are presented in the statement of financial position: Kellogg stock, Diversified Investments and Mission Driven Investments (MDI). MDI are those investments that advance the mission of the Foundation as described in Note 1. Diversified investments represent all investments other than Kellogg stock and MDI. MDI consist of 1.) cash and cash equivalents held in financial institutions that sponsor lending or other programs aligned with the Foundation's mission or that are located in geographic areas primarily served by the Foundation's programmatic activities and 2.) equity and debt investments in companies with products or services that are aligned with the Foundation's mission.

**W. K. KELLOGG FOUNDATION AND  
W. K. KELLOGG FOUNDATION TRUST**  
Notes to Consolidated Financial Statements  
August 31, 2011 and 2010

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**NOTE 2**      **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** *(continued)*

Property and Equipment

Property and equipment are recorded at cost. Depreciation of property and equipment is generally computed on the straight-line basis over the estimated useful lives of the assets as follows:

|                        |          |
|------------------------|----------|
| Building               | 40 years |
| Equipment              | 10 years |
| Furniture and fixtures | 7 years  |
| Capitalized software   | 3 years  |

Building improvements are depreciated over the remaining life of the building.

Grants

Unconditional grants are recorded as an expense in the year in which they are committed. Conditional grants are recorded as an expense when the conditions have been met. As of August 31, 2011 and 2010, the Foundation had conditional grants outstanding of \$19,109,029 and \$24,967,666, respectively.

Guaranty

The Foundation entered into a guaranty agreement to support its grant-making programs. The Foundation will be obligated to perform under the guaranty by primarily making the required payments. The estimated fair value of the Foundation's obligation is \$350,000 at August 31, 2011, which was accrued for and included in accrued liabilities on the consolidated statements of financial position.

Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles (GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, income, and expenses. Actual results could differ from those estimates.

Distribution of Trust Receipts

Under the Trust agreement, the Trust is required to distribute to the Foundation, at a minimum, its net interest income and dividends at least quarterly.



**W. K. KELLOGG FOUNDATION AND  
W. K. KELLOGG FOUNDATION TRUST**  
Notes to Consolidated Financial Statements  
August 31, 2011 and 2010

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**NOTE 2      SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** *(continued)*

Tax Status

The Foundation and the Trust are exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code (IRC), but are subject to a 2% (1% if certain criteria are met) federal excise tax on net investment income, including net realized gains, as defined by the IRC.

Pension and Other Postretirement Benefits Plan

Accounting Standards Codification (ASC) 715-20, *Compensation—Retirement Benefits*, requires the plan sponsor of pension and other postretirement benefits plans to recognize the funded status of the plans on the consolidated statement of financial position, measure the fair value of plan assets and benefit obligations as of the date of the fiscal year-end consolidated statement of financial position, and provide additional disclosures. The Foundation accounts for its pension and postretirement benefits plans using the guidance in ASC 715-20.

**NOTE 3      FAIR VALUE OF FINANCIAL INSTRUMENTS**

The Foundation is subject to the provisions of ASC 820, *Fair Value Measurements and Disclosures*, which clarifies the definition of fair value for financial reporting, establishes a framework used to measure fair value, and enhances disclosure requirements for fair value measurements. In accordance with ASC 820, the Foundation and the Trust have categorized its financial instruments based on the priority of the valuation technique into a three-level fair value hierarchy. The valuation hierarchy is based on the observability of the inputs to the valuation of the asset or liability as of the measurement date. A financial instrument's categorization within the valuation hierarchy is based on the lowest level of input that is significant to the fair value measurement.

**W. K. KELLOGG FOUNDATION AND  
W. K. KELLOGG FOUNDATION TRUST**  
Notes to Consolidated Financial Statements  
August 31, 2011 and 2010

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**NOTE 3      FAIR VALUE OF FINANCIAL INSTRUMENTS** *(continued)*

The three levels are defined as follows:

- Level 1:*    Inputs to the valuation methodology are quoted prices (unadjusted) for identical assets or liabilities in active markets.
- Level 2:*    Inputs to the valuation methodology include quoted prices for similar assets and liabilities in active markets, and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument.
- Level 3:*    Inputs to the valuation methodology are unobservable and significant to the fair value measurement. This includes situations where there is little, if any, market activity for the asset or liability.

Where available, fair value is based on observable market prices or parameters or is derived from such prices or parameters using market standard models. These valuation models involve some level of estimation and judgment, the degree of which is dependent on the price transparency for the instruments or market and the instruments' complexity.

The availability of observable inputs can vary depending on the financial asset or liability and is affected by a wide variety of factors. To the extent that the valuation is based on models or inputs that are less observable or unobservable in the market, the determination of fair value requires more judgment. Accordingly, the degree of judgment exercised by the Foundation and the Trust in determining fair value is greatest for assets and liabilities classified in Level 3. In certain cases, inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, for disclosure purposes, the level in the fair value hierarchy in which the fair value measurement in its entirety falls is determined based on the lowest level input that is significant to the fair value measurement in its entirety.

Management is responsible for the valuation of all assets of the Foundation and the Trust. Any changes to the valuation methodology are reviewed by the Finance Committee or Board of Trustees for the Foundation and the Trust, respectively.

The following is a description of the valuation methodologies used for instruments measured at fair value, including the general classification of such instruments pursuant to the valuation hierarchy as described above. The valuation methodologies disclosed are general guidelines. The actual valuation methodology could vary from instrument to instrument to provide the most appropriate fair value measurement.

**W. K. KELLOGG FOUNDATION AND  
W. K. KELLOGG FOUNDATION TRUST**  
Notes to Consolidated Financial Statements  
August 31, 2011 and 2010

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**NOTE 3      FAIR VALUE OF FINANCIAL INSTRUMENTS *(continued)***

Cash Equivalents

Cash equivalents consist primarily of certificates of deposits. The fair value of certificates of deposits is estimated using third-party quotations. These deposits are categorized as Level 2 within the fair value hierarchy.

Common Stocks

Generally, the fair value of financial instruments listed on a securities exchange is determined by their last sales price or the official closing price on the date of which the value is being determined on the primary exchange on which such financial instruments are trading. The fair value for exchange-traded equity securities is determined in this manner, and they are generally classified as Level 1 securities within the fair value hierarchy. If a common stock is inactively traded and the fair value is determined using broker or dealer quotations, external pricing information, or alternative pricing sources with reasonable levels of price transparency, then this may result in the classification of the security as Level 2.

Mutual Funds

The Foundation holds investments in equity and fixed-income mutual funds. Mutual funds are valued based on stated market prices and at the net asset value of shares held by the Foundation at year end, which generally results in the classification of mutual funds as Level 1.

Debt Instruments

The fair value for debt instruments is determined by using broker or dealer quotations, external pricing providers, or alternative pricing sources with reasonable levels of price transparency. The Foundation and the Trust holdings include U.S. government agency debts and corporate bonds through the ownership of managed accounts with various financial institutions, which are generally classified as Level 2 within the fair value hierarchy. If a fixed income instrument is rarely quoted or the quotes or pricing sources are not deemed representative of the fair value of the security, other inputs and assumptions may be used in the valuation, which may result in the classification of the security as Level 3 within the fair value hierarchy.

**W. K. KELLOGG FOUNDATION AND  
W. K. KELLOGG FOUNDATION TRUST**  
Notes to Consolidated Financial Statements  
August 31, 2011 and 2010

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**NOTE 3      FAIR VALUE OF FINANCIAL INSTRUMENTS *(continued)***

Common Collective Trust and other Commingled Funds

Unlike mutual funds, commingled funds are not actively traded in a securities exchange. The fair value is stated at the value of the proportionate share of total fund net assets value. Underlying plan investments within these funds are stated at quoted market prices. These investments are generally classified as Level 2.

Limited Partnership and Venture Capital Funds

The Foundation and the Trust invest in limited partnership and venture capital funds. Management has approved procedures pursuant to the way in which the Foundation and the Trust value their investments in these investments at fair value, which ordinarily will be the amount equal to the pro rata interest in the net assets of limited partnership and venture capital funds' (net asset value), as such value is supplied by, or on behalf of, each investment from time to time, usually monthly and/or quarterly by the investment manager. These investments are generally classified as Level 3.

Hedge Funds

The Foundation and the Trust invest in multi-strategy, long/short, credit and distressed hedge funds. The investment in a hedge fund without a quoted market price is stated at the value of the Foundation's and the Trust's proportionate share of total fund net assets (net asset value). These investments are generally classified as Level 2 or Level 3, dependent on liquidity considerations and the Foundation's and Trust's ability to redeem its interests in the funds at net asset value at or near the Foundation's and the Trust's fiscal year end.

Valuations supplied by, or on behalf of, the limited partnership, venture capital funds, and hedge funds are typically estimates only, subject to subsequent revision by such partnerships or funds. Such valuations are generally net of management and performance incentive fees pursuant to the limited partnership, venture capital funds, and hedge funds operating agreements. The value of underlying investments is determined in accordance with policies established by each limited partnership, venture capital fund, and hedge fund, as described in each of their financial statements and offering memoranda. The Foundation and the Trust's investments in these funds are subject to the terms and conditions of the respective operating agreements and offering memoranda, as appropriate.

**W. K. KELLOGG FOUNDATION AND  
W. K. KELLOGG FOUNDATION TRUST**  
Notes to Consolidated Financial Statements  
August 31, 2011 and 2010

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**NOTE 3      FAIR VALUE OF FINANCIAL INSTRUMENTS** *(continued)*

Hedge Funds *(continued)*

Management has designed ongoing due diligence procedures with respect to the Foundation's and the Trust's investments, which assist management in assessing the quality of information provided by, or on behalf of, each limited partnership, venture capital fund, or hedge fund and aid in determining whether such information continues to be reliable or whether further investigation is necessary. Such investigations, as applicable, may require management to forgo its normal reliance on the valuation supplied by, or on behalf of, such funds and to determine independently the fair value of the funds consistent with the valuation procedures. There is uncertainty in determining fair values of alternative investments, arising from factors such as lack of active markets (primary and secondary), lack of transparency into underlying holdings, time lags associated with reporting by the investee companies, and the subjective evaluation of liquidity restrictions. As a result, the estimated fair values reported in the accompanying consolidated statement of financial position may differ from the values that would have been used had a ready market for the alternative investment interests existed. Furthermore, there is a reasonable possibility that estimates will change by material amounts in the near term.

The financial statements of the investees are audited annually by independent auditors, although the timing for reporting the results of such audits does not coincide with the Foundation's and Trust's annual financial statement reporting.

Derivatives

The Foundation accounts for derivative financial instruments in accordance with ASC 815, *Derivatives and Hedging*. The Foundation recognizes all derivatives as either assets or liabilities measured at fair value. For accounting purposes, the derivatives do not have hedge designation and all gains and losses are reported in the net realized and unrealized gain/(loss) on investments on the consolidated statement of activities.

**W. K. KELLOGG FOUNDATION AND  
W. K. KELLOGG FOUNDATION TRUST**  
Notes to Consolidated Financial Statements  
August 31, 2011 and 2010

---

**NOTE 3      FAIR VALUE OF FINANCIAL INSTRUMENTS** *(continued)*

Derivatives *(continued)*

The Trust enters into derivative arrangements to manage downside risk as it relates to the Trust's equity exposure. The fair values, as of August 31, 2011 and 2010, respectively, of the derivative contracts entered into by the Trust were a liability and asset of approximately (\$2,941,965) and \$10,649,581, respectively. Under the derivative contracts, the Trust or the counterparty is required to post collateral to secure the obligations under the contracts. As of August 31, 2011 and 2010, respectively, the Trust has posted \$444,298 and \$10,080,000, respectively, of cash collateral to secure its obligations under the contracts. The collateral is included in "Collateral under securities lending agreements and derivatives arrangements" in the accompanying consolidated statements of financial position at August 31, 2011 and 2010. Derivatives are valued at market value based on broker-dealer prices, which result in Level 2 classification.

Due to collateral agreements with counterparties, the Trust's derivative investments risk of loss is limited to the initial premium and bears little counterparty risk.

Contributions Receivable from Irrevocable Trusts

The fair value of the Foundation's and Trust's interest in irrevocable trusts is based on the fair value of the underlying investments held by the trusts, which consist of cash, mutual funds, common stocks, and debt instruments.

Grant Commitments Payable

The fair value of grant commitments payable is determined at the time of award. The fair value of grants payable in more than one year, totaling approximately \$131,600,000 and \$129,300,000 at August 31, 2011 and 2010, respectively, are determined based on discounted cash flows analyses, utilizing an assumed rate of interest. It should be noted that no change in the present value discount was recognized during these years because such amounts were not deemed material.

**W. K. KELLOGG FOUNDATION AND  
W. K. KELLOGG FOUNDATION TRUST**  
Notes to Consolidated Financial Statements  
August 31, 2011 and 2010

**NOTE 3 FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)**

The following table sets forth by level assets and liabilities as of August 31, 2011 within the fair value hierarchy:

| Assets   | W.K. Kellogg Foundation Fair Value Measurements on a Recurring Basis<br>As of August 31, 2011 |   |  |  |
|--|---|---|--|--|
|  | Total   | Quoted Market<br>Prices in Active<br>Markets of Identical<br>Assets (Level 1) | Significant<br>Other<br>Observable<br>Inputs (Level 2) | Significant<br>Unobservable<br>Inputs<br>(Level 3) |
|  |   |   |  |  |
| Cash equivalents*                              | \$ 67,042,462   | \$ 19,409,485   | \$ 47,632,977  | \$ -   |
| <i>Common stocks</i>                           |   |   |  |  |
| Healthcare and technology                      | 7,681,711   | 7,681,711   | -  | -  |
| Industrial goods                               | 5,334,532   | 5,334,532   | -  | -  |
| Transportation and energy                      | 4,324,102   | 4,324,102   | -  | -  |
| Consumer products                              | 10,511,032  | 10,511,032  | -  | -  |
| Real estate and financial services             | 3,838,515   | 3,838,515   | -  | -  |
| Other  | 1,112,283   | 1,112,283   | -  | -  |
| U.S. government debt securities                | 32,701,300  | 5,317,685   | 27,383,615   | -  |
| U.S. municipal debt securities                 | 3,289,360   | -   | 3,289,360  | -  |
| Corporate debt securities                      | 17,833,697  | -   | 17,833,697   | -  |
| Mutual funds                                   | 29,957,461  | 29,957,461  | -  | -  |
| Commingled funds                               | 77,238,275  | -   | 77,238,275   | -  |
| Hedge funds                                    | 41,364,050  | -   | 40,276,037   | 1,088,013  |
| Real estate funds                              | 25,991,198  | -   | -  | 25,991,198   |
| Limited partnerships and venture capital funds | 49,408,846  | -   | -  | 49,408,846   |
| Total investments and cash equivalents*        | \$ 377,628,824  | \$ 87,486,806   | \$ 213,653,961   | \$ 76,488,057                                      |
| Interests in irrevocable trusts                | \$ 13,311,072   | \$ -  | \$ -   | \$ 13,311,072                                      |

**W. K. KELLOGG FOUNDATION AND  
W. K. KELLOGG FOUNDATION TRUST**  
Notes to Consolidated Financial Statements  
August 31, 2011 and 2010

**NOTE 3 FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)**

The following table sets forth by level assets and liabilities as of August 31, 2010 within the fair value hierarchy:

| W.K. Kellogg Foundation Fair Value Measurements on a Recurring Basis<br>As of August 31, 2010 |                |   |  |  |
|---|----------------|---|--|--|
| Assets  | Total          | Quoted Market<br>Prices in Active<br>Markets of Identical<br>Assets (Level 1) | Significant<br>Other<br>Observable<br>Inputs (Level 2) | Significant<br>Unobservable<br>Inputs<br>(Level 3) |
| Cash equivalents*   | \$ 51,242,895  | \$ 18,089,245   | \$ 33,153,650  | \$ -   |
| <i>Common stocks</i>  |                |   |  |  |
| Healthcare and technology   | 5,536,073      | 5,536,073   | -  | -  |
| Industrial goods  | 5,116,613      | 5,116,613   | -  | -  |
| Transportation and energy   | 5,424,009      | 5,424,009   | -  | -  |
| Consumer products   | 6,954,762      | 6,954,762   | -  | -  |
| Real estate and financial services  | 2,243,982      | 2,243,982   | -  | -  |
| Other   | 1,159,972      | 1,159,972   | -  | -  |
| U.S. government debt securities   | 27,480,286     | 8,508,052   | 18,972,234   | -  |
| U.S. municipal debt securities  | 1,620,255      | -   | 1,620,255  | -  |
| Corporate debt securities   | 20,717,806     | -   | 20,717,806   | -  |
| Mutual funds  | 36,084,597     | 36,084,597  | -  | -  |
| Commingled Funds  | 68,585,932     | -   | 68,585,932   | -  |
| Hedge funds   | 48,856,266     | -   | 36,718,755   | 12,137,511   |
| Real estate funds   | 23,697,937     | -   | -  | 23,697,937   |
| Limited partnerships and venture capital funds  | 57,632,999     | -   | -  | 57,632,999   |
| Total investment and cash equivalents*  | \$ 362,354,384 | \$ 89,117,305   | \$ 179,768,632   | \$ 93,468,447                                      |
| Interests in irrevocable trusts   | \$ 11,584,754  | \$ -  | \$ 11,584,754  | \$ -   |

\* Total investments include diversified investments and MDI. A portion of MDI investments are included in cash and cash equivalents.



**W. K. KELLOGG FOUNDATION AND  
W. K. KELLOGG FOUNDATION TRUST**  
Notes to Consolidated Financial Statements  
August 31, 2011 and 2010

**NOTE 3 FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)**

The following table sets forth by level assets and liabilities as of August 31, 2011 within the fair value hierarchy:

| W.K. Kellogg Foundation Trust Fair Value Measurements on a Recurring Basis<br>As of August 31, 2011 |   |  |  |                |
|---|---|--|--|----------------|
|   | Quoted Market<br>Prices in Active<br>Markets of Identical<br>Assets (Level 1) | Significant<br>Other<br>Observable<br>Inputs (Level 2) | Significant<br>Unobservable<br>Inputs<br>(Level 3) |                |
| Assets  | Total   |  |  |                |
| Cash equivalents  | \$ 90,299,543   | \$ 37,566,196  | \$ 52,733,347                                      | \$ -           |
| <i>Common stocks</i>  |   |  |  |                |
| Kellogg Common Stock  | 4,341,482,001   | 4,341,482,001  | -  | -              |
| Healthcare and technology   | 84,633,916  | 84,633,916   | -  | -              |
| Industrial goods  | 71,178,187  | 71,178,187   | -  | -              |
| Transportation and energy   | 99,554,198  | 99,554,198   | -  | -              |
| Consumer products   | 63,895,752  | 63,895,752   | -  | -              |
| Real estate and financial services  | 47,646,885  | 47,646,885   | -  | -              |
| Media services  | 12,976,242  | 12,976,242   | -  | -              |
| Other   | 26,887,765  | 26,887,765   | -  | -              |
| U.S. government debt securities   | 161,244,712   | 43,359,500   | 117,885,212  | -              |
| Foreign government debt securities  | 55,580,874  | -  | 55,580,874   | -              |
| Corporate debts   | 53,977,697  | -  | 53,977,697   | -              |
| Mutual funds  | 148,303,474   | 148,303,474  | -  | -              |
| Commingled funds  | 782,360,001   | -  | 782,360,001  | -              |
| Hedge funds   | 429,073,818   | -  | 208,962,290  | 220,111,528    |
| Real estate funds   | 110,643,083   | -  | -  | 110,643,083    |
| Limited partnerships and venture capital funds  | 417,170,775   | -  | -  | 417,170,775    |
| Total investment and cash equivalents*  | \$ 6,996,908,923  | \$ 4,977,484,116                                       | \$ 1,271,499,421                                   | \$ 747,925,386 |
| Interests in irrevocable trusts   | \$ 39,461,872   | \$ -   | \$ -   | \$ 39,461,872  |

**W. K. KELLOGG FOUNDATION AND  
W. K. KELLOGG FOUNDATION TRUST**  
Notes to Consolidated Financial Statements  
August 31, 2011 and 2010

**NOTE 3 FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)**

The following table sets forth by level assets and liabilities as of August 31, 2010 within the fair value hierarchy:

| W.K. Kellogg Foundation Trust Fair Value Measurements on a Recurring Basis<br>As of August 31, 2010 |   |  |  |      |
|---|---|--|--|------|
|   | Quoted Market<br>Prices in Active<br>Markets of Identical<br>Assets (Level 1) | Significant<br>Other<br>Observable<br>Inputs (Level 2) | Significant<br>Unobservable<br>Inputs<br>(Level 3) |      |
| Assets  | Total   |  |  |      |
| Cash Equivalents  | \$ 121,187,083  | \$ 41,091,825  | \$ 80,095,258                                      | \$ - |
| <i>Common Stocks</i>  |   |  |  |      |
| Kellogg Common Stock  | 4,166,869,759   | -  | -  | -    |
| Healthcare and technology   | 69,248,835  | -  | -  | -    |
| Industrial goods  | 68,292,953  | -  | -  | -    |
| Transportation and energy   | 50,109,726  | -  | -  | -    |
| Consumer products   | 86,793,865  | -  | -  | -    |
| Real estate and financial services  | 56,111,534  | -  | -  | -    |
| Media services  | 25,345,977  | -  | -  | -    |
| Other   | 13,013,251  | -  | -  | -    |
| U.S. government debt securities   | 84,877,726  | 42,924,368   | -  | -    |
| Foreign government debt securities  | 76,243,453  | 76,243,453   | -  | -    |
| Corporate debts   | 60,019,042  | 60,019,042   | -  | -    |
| Mutual funds  | 84,984,924  | -  | -  | -    |
| Commingled funds  | 699,148,157   | 699,148,157  | -  | -    |
| Hedge funds   | 357,888,274   | 164,623,275  | 193,264,999  | -    |
| Real estate funds   | 89,267,456  | -  | 89,267,456   | -    |
| Limited partnerships and venture capital funds  | 427,183,375   | -  | 427,183,375  | -    |
| Derivatives   | 10,649,581  | 10,649,581   | -  | -    |
| Total investment and cash equivalents*  | \$ 6,547,234,971  | \$ 1,133,703,134                                       | \$ 709,715,830                                     |      |
| Interests in irrevocable trusts   | \$ 35,563,512   | \$ 35,563,512  | \$ -   |      |

\* Total investments include diversified investments and MDL. A portion of MDI investments are included in cash and cash equivalents.

**W. K. KELLOGG FOUNDATION AND  
W. K. KELLOGG FOUNDATION TRUST**  
Notes to Consolidated Financial Statements  
August 31, 2011 and 2010

**NOTE 3 FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)**

The table below includes a rollforward of amounts for financial assets classified by the Foundation and the Trust within Level 3 of the fair value hierarchy for the year ended August 31, 2011:

|   | Fair Value<br>September 1, 2010 | Net Transfer<br>In/(Out)<br>of Level 3 | Purchases      | Sales            | Net<br>Realized<br>Gain/(Loss) | Change in<br>Unrealized<br>Gain/(Loss) | Fair Value<br>August 31, 2011 |
|---|---------------------------------|--|----------------|------------------|--------------------------------|--|-------------------------------|
| <b>W.K. Kellogg Foundation</b>                    |                                 |  |                |                  |                                |  |                               |
| Hedge funds                                       | \$ 12,137,511                   | \$ -                                   | \$ (900,077)   | \$ (11,101,010)  | \$ 6,984,769                   | \$ (6,033,180)                         | \$ 1,088,013                  |
| Real estate funds                                 | 23,697,937                      | -                                      | 1,993,942      | (359,315)        | 988,552                        | (329,918)                              | 25,991,198                    |
| Limited partnerships and venture<br>capital funds | 57,632,999                      | -                                      | 901,072        | (16,891,323)     | 3,481,330                      | 4,284,768                              | 49,408,846                    |
| Total foundation                                  | \$ 93,468,447                   | \$ -                                   | \$ 1,994,937   | \$ (28,351,648)  | \$ 11,454,651                  | \$ (2,078,330)                         | \$ 76,488,057                 |
| <b>W.K. Kellogg Foundation Trust</b>              |                                 |  |                |                  |                                |  |                               |
| Hedge funds                                       | \$ 193,264,999                  | \$ -                                   | \$ 80,768,590  | \$ (69,754,421)  | \$ 24,465,412                  | \$ (8,633,052)                         | \$ 220,111,528                |
| Real estate funds                                 | 89,267,456                      | -                                      | 19,841,726     | (5,194,711)      | 2,636,347                      | 4,092,265                              | 110,643,083                   |
| Limited partnerships and venture<br>capital funds | 427,183,375                     | 581,646                                | 55,377,510     | (140,669,966)    | 20,166,353                     | 54,531,857                             | 417,170,775                   |
| Total trust                                       | \$ 709,715,830                  | \$ 581,646                             | \$ 155,987,826 | \$ (215,619,098) | \$ 47,268,112                  | \$ 49,991,070                          | \$ 747,925,386                |

Additionally, the interests in irrevocable trusts were reclassified from level 2 in fiscal 2010 to level 3 in fiscal 2011 based on the nature of the assets and consistency with applicable accounting guidance.

**W. K. KELLOGG FOUNDATION AND  
W. K. KELLOGG FOUNDATION TRUST**  
Notes to Consolidated Financial Statements  
August 31, 2011 and 2010

**NOTE 3 FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)**

The table below includes a rollforward of amounts for financial assets classified by the Foundation and the Trust within Level 3 of the fair value hierarchy for the year ended August 31, 2010:

|  | Fair Value<br>September 1, 2009 | Net Transfer*<br>of Level 3 | Purchases      | Sales           | Net<br>Realized<br>Gain/(Loss) | Change in<br>Unrealized<br>Gain/(Loss) | Fair Value<br>August 31, 2010 |
|--|---------------------------------|-----------------------------|----------------|-----------------|--------------------------------|--|-------------------------------|
| <b>W.K. Kellogg Foundation</b>                 |                                 |                             |                |                 |                                |  |                               |
| Commingled funds                               | \$ 89,091,279                   | \$ (89,091,279)             | \$ -           | \$ -            | \$ -                           | \$ -                                   | \$ -                          |
| Hedge funds                                    | 62,352,721                      | (43,502,725)                | -              | (9,505,150)     | 7,546,620                      | (4,753,955)                            | 12,137,511                    |
| Real estate funds                              | 26,595,124                      | -                           | 2,063,809      | -               | -                              | (4,960,996)                            | 23,697,937                    |
| Limited partnerships and venture capital funds | 36,595,096                      | (3,000)                     | 19,363,044     | (5,652,712)     | 810,836                        | 6,519,735                              | 57,632,999                    |
| Total foundation                               | \$ 214,634,220                  | \$ (132,597,004)            | \$ 21,426,853  | \$ (15,157,862) | \$ 8,357,456                   | \$ (3,195,216)                         | \$ 93,468,447                 |
| <b>W.K. Kellogg Foundation Trust</b>           |                                 |                             |                |                 |                                |  |                               |
| Commingled funds                               | \$ 628,142,378                  | \$ (628,142,378)            | \$ -           | \$ -            | \$ -                           | \$ -                                   | \$ -                          |
| Hedge funds                                    | 240,228,322                     | (157,583,720)               | 46,918,009     | (2,758,936)     | (101,733)                      | 66,563,057                             | 193,264,999                   |
| Real estate funds                              | 98,049,477                      | -                           | 11,123,141     | (1,028,207)     | 73,489                         | (18,952,444)                           | 89,267,456                    |
| Limited partnerships and venture capital trust | 399,543,979                     | -                           | 53,249,019     | (39,001,111)    | 4,843,041                      | 8,548,447                              | 427,183,375                   |
| Total trust                                    | \$ 1,365,964,156                | \$ (785,726,098)            | \$ 111,292,169 | \$ (42,788,254) | \$ 4,814,797                   | \$ 56,159,060                          | \$ 709,715,830                |

Additionally, the interests in irrevocable trusts were reclassified from level 2 in fiscal 2010 to level 3 in fiscal 2011 based on the nature of the assets and consistency with applicable accounting guidance.

\*The Foundation and Trust reclassified commingled funds reported as Level 3 in the prior year to Level 2 based on the liquidity of the investments and the guidance in Accounting Standards Update 2009-12, *Investments in Certain Entities that Calculate Net Asset Value per Share (or its Equivalent)* ("ASU 2009-12"). The fair values of these investments amounted to \$89,091,279 and \$628,142,378 for the Foundation and Trust, respectively, at August 31, 2009. These amounts are included in "Net transfers in and out of Level 3" in the table above. Also, pursuant to ASU 2009-12, the Foundation and Trust reclassified hedge funds reported as Level 3 in prior year to Level 2 based on the liquidity of the investments and the guidance in ASU 2009-12. The fair values of these investments amounted to \$43,502,725 and \$157,583,720 for the Foundation and Trust, respectively, at August 31, 2009.

**W. K. KELLOGG FOUNDATION AND  
W. K. KELLOGG FOUNDATION TRUST**  
Notes to Consolidated Financial Statements  
August 31, 2011 and 2010

**NOTE 3 FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)**

The table below sets forth investment assets by the amount of time, including notice period and redemption period, in which the Foundation has the legal right to receive redemptions of its investments as of August 31, 2011. This table discloses the liquidity of the investments as of August 31, 2011. Liquidity of investments could change in the future due to changes in market conditions or other factors.

| Assets                                      | 90 Days<br>or Less    | 91 to<br>365 Days     | >365 Days             | Total                   | Estimated<br>Remaining<br>Life of<br>Partnership<br>(a) | Estimated<br>Timing to<br>Draw Down<br>Commitments<br>(a) |
|---|-----------------------|-----------------------|-----------------------|-------------------------|---|---|
| <b>W. K. Kellogg Foundation</b>             |                       |                       |                       |                         |   |   |
| Hedge funds                                 | \$ 40,276,037         | \$ 1,088,013          |                       | \$ 41,364,050           | N/A   | N/A   |
| Commingled funds                            | 77,238,275            | -                     | -                     | 77,238,275              | N/A   | N/A   |
| <i>Private investments</i>                  |                       |                       |                       |                         |   |   |
| Equities (c)                                | -                     | -                     | 43,366,025            | 43,366,025              | 1-10 years  | 2-10 years  |
| Fixed income (b) (c)                        | -                     | -                     | 6,042,821             | 6,042,821               | 1-10 years  | 2-10 years  |
| Real estate                                 | -                     | -                     | 25,991,198            | 25,991,198              | 1-12 years  | 2-10 years  |
| <b>Total W. K. Kellogg Foundation</b>       | <b>\$ 117,514,312</b> | <b>\$ 1,088,013</b>   | <b>\$ 75,400,044</b>  | <b>\$ 194,002,369</b>   |   |   |
| <b>W. K. Kellogg Foundation Trust</b>       |                       |                       |                       |                         |   |   |
| Hedge funds                                 | \$ 208,962,290        | \$ 199,140,456        | \$ 20,971,072         | \$ 429,073,818          | N/A   | N/A   |
| Commingled funds                            | 782,360,001           | -                     | -                     | 782,360,001             | N/A   | N/A   |
| <i>Private investments</i>                  |                       |                       |                       |                         |   |   |
| Equities (c)                                | -                     | -                     | 204,148,193           | 204,148,193             | 1-10 years  | 2-10 years  |
| Fixed income (b) (c)                        | -                     | -                     | 213,022,582           | 213,022,582             | 1-10 years  | 2-10 years  |
| Real estate                                 | -                     | -                     | 110,643,083           | 110,643,083             | 1-12 years  | 2-10 years  |
| <b>Total W. K. Kellogg Foundation Trust</b> | <b>\$ 991,322,291</b> | <b>\$ 199,140,456</b> | <b>\$ 548,784,930</b> | <b>\$ 1,739,247,677</b> |   |   |

(a) These estimates are made under the assumption of an orderly market environment and could be materially different should market conditions change.

(b) Includes allocation to distressed, mezzanine, and other debt instruments.

(c) Consists of investments in limited partnership and venture capital funds.

**W. K. KELLOGG FOUNDATION AND  
W. K. KELLOGG FOUNDATION TRUST**  
Notes to Consolidated Financial Statements  
August 31, 2011 and 2010

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**NOTE 3      FAIR VALUE OF FINANCIAL INSTRUMENTS** *(continued)*

The Foundation and the Trust have remaining commitments for capital contributions to limited partnerships for its alternative investment arrangements. As of August 31, 2011 and 2010, the Trust has total unfunded capital commitments associated with its limited partnership and venture capital investments of \$425,549,241 (\$81,887,380 related to real estate and \$343,661,861 related to private equity) and \$263,698,665 (\$54,736,114 related to real estate and \$208,962,551 related to private equity), respectively. Similarly, the Foundation had total unfunded capital commitments of \$6,227,575 (\$400,000 related to real estate and \$5,827,575 related to private equity) and \$7,298,885 (\$3,000,000 related to real estate and \$4,298,885 related to private equity), at August 31, 2011 and 2010, respectively.

**NOTE 4      SECURITIES LENDING**

The Trust has entered into a securities lending arrangement with its custodian, whereby securities are loaned to various parties who then pay interest to the Trust for the periods the securities are borrowed. The custodian holds required collateral (typically valued at approximately 102%-105% of the fair value of the loaned securities), and the Trust has a written guaranty from the custodian, covering all uncollected securities loaned. As of August 31, 2011 and 2010, investments in securities with fair values of \$109,146,727 and \$160,140,305, respectively, were loaned. The value of the cash collateral of investments loaned was \$111,679,620 and \$165,542,677, at August 31, 2011 and 2010, respectively. The collateral amount has been reflected as an asset and a liability in the accompanying consolidated statements of financial position at August 31, 2011 and 2010.

The Trust maintains full ownership of these securities and no restrictions exist to limit their use by the Trust, because the borrower is required to return the same securities to the custodian.

**W. K. KELLOGG FOUNDATION AND  
W. K. KELLOGG FOUNDATION TRUST**  
Notes to Consolidated Financial Statements  
August 31, 2011 and 2010

**NOTE 5      PROPERTY AND EQUIPMENT**

Property and equipment at August 31, 2011 and 2010, are summarized as follows:

|                                     | <u>2011</u>                 | <u>2010</u>                 |
|-------------------------------------|-----------------------------|-----------------------------|
| Land and land improvements          | \$ 18,022,185               | \$ 18,022,186               |
| Buildings and building improvements | 55,998,140                  | 55,656,136                  |
| Equipment                           | 4,095,121                   | 8,048,691                   |
| Furniture and fixtures              | 8,547,527                   | 8,547,527                   |
| Capitalized software costs          | 12,601,977                  | 12,733,467                  |
| Assets under construction           | 1,257,683                   | 1,514,911                   |
|                                     | <u>100,522,633</u>          | <u>104,522,918</u>          |
| Accumulated depreciation            | <u>(48,685,166)</u>         | <u>(50,383,812)</u>         |
| <b>Total</b>                        | <u><u>\$ 51,837,467</u></u> | <u><u>\$ 54,139,106</u></u> |

**NOTE 6      INCOME TAXES**

Current and deferred excise taxes for the years ended August 31, 2011 and 2010, were provided for as follows:

|                   | <u>2011</u> | <u>2010</u> |
|-------------------|-------------|-------------|
| Current tax rate  | 1%          | 1%          |
| Deferred tax rate | 2%          | 2%          |

Deferred excise tax amounts are based on cumulative unrealized appreciation on investments. The current and deferred tax portions of the excise tax provisions for the years ended August 31, 2011 and 2010, are as follows:

|                                  | <u>Foundation</u>        |                          | <u>Trust</u>                |                            |
|----------------------------------|--------------------------|--------------------------|-----------------------------|----------------------------|
|                                  | <u>2011</u>              | <u>2010</u>              | <u>2011</u>                 | <u>2010</u>                |
| Current tax provision            | \$ 242,910               | \$ 253,720               | \$ 4,964,719                | \$ 3,236,272               |
| Deferred tax provision (benefit) | <u>258,685</u>           | <u>(79,354)</u>          | <u>5,791,240</u>            | <u>3,149,938</u>           |
| Total federal excise provision   | <u><u>\$ 501,595</u></u> | <u><u>\$ 174,366</u></u> | <u><u>\$ 10,755,959</u></u> | <u><u>\$ 6,386,210</u></u> |

**W. K. KELLOGG FOUNDATION AND  
W. K. KELLOGG FOUNDATION TRUST**  
Notes to Consolidated Financial Statements  
August 31, 2011 and 2010

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**NOTE 6**      **INCOME TAXES** *(continued)*

To ensure compliance with Internal Revenue Service guidelines, the Foundation continued to develop and manage internal budgets on the cash or modified cash basis. Cash expenditures for the fiscal years were as follows:

|   | August 31             |                       |
|---|-----------------------|-----------------------|
|   | 2011                  | 2010                  |
| Grants                                    | \$ 291,212,362        | \$ 270,011,667        |
| Program activities and general operations | 64,435,134            | 66,262,282            |
| Costs of earning income and excise tax    | 3,392,966             | 3,930,812             |
| <b>Total</b>                              | <b>\$ 359,040,462</b> | <b>\$ 340,204,760</b> |

**NOTE 7**      **CREDIT FACILITY**

The Trust entered into unsecured committed credit facility agreements with banks totaling \$200 million, with interest on outstanding borrowings charged at the 30-day LIBOR rate plus an additional stated number of basis points. There were no outstanding borrowings as of August 31, 2011 and 2010.

**NOTE 8**      **POST-RETIREMENT BENEFITS**

The Foundation has defined contribution and defined benefit retirement plans covering all full-time employees. The Foundation funded and charged to expense contributions of \$1,733,926 and \$1,712,432 in 2011 and 2010, respectively, related to the defined contribution plan. The defined benefit pension plan is funded in amounts sufficient to meet the minimum funding requirements of the Employee Retirement Income Security Act of 1974, as amended. The Foundation contributed \$750,000 and \$5,250,000 to the defined benefit pension plan during 2011 and 2010, respectively. The Foundation anticipates contributing approximately \$750,000 during 2012. The Foundation provides postretirement medical and life insurance benefits ("other benefits") to all employees who meet eligibility requirements.



**W. K. KELLOGG FOUNDATION AND  
W. K. KELLOGG FOUNDATION TRUST**  
Notes to Consolidated Financial Statements  
August 31, 2011 and 2010

**NOTE 8 POST-RETIREMENT BENEFITS** *(continued)*

|  | <b>Pension Benefits</b> |                       | <b>Other Benefits</b>  |                        |
|--|-------------------------|-----------------------|------------------------|------------------------|
|  | <b>2011</b>             | <b>2010</b>           | <b>2011</b>            | <b>2010</b>            |
| Benefit obligation—<br>August 31   | \$ 9,905,583            | \$ 9,728,356          | \$ 66,419,658          | \$ 60,282,603          |
| Fair value of plan<br>assets—August 31   | <u>6,228,881</u>        | <u>4,843,090</u>      | <u>-</u>               | <u>-</u>               |
| Funded status  | <u>\$ (3,676,702)</u>   | <u>\$ (4,885,266)</u> | <u>\$ (66,419,658)</u> | <u>\$ (60,282,603)</u> |
| Accrued benefit<br>cost recognized in the<br>consolidated statement of<br>financial position | <u>\$ (3,676,702)</u>   | <u>\$ (4,885,266)</u> | <u>\$ (66,419,658)</u> | <u>\$ (60,282,603)</u> |
| Accumulated benefit<br>obligation  | <u>\$ 5,593,155</u>     | <u>\$ 4,770,694</u>   |                        |                        |

The pension plan's assets consist of mutual funds and are considered Level 1 assets in accordance with ASC 820.

Amounts not yet reflected in net periodic benefit cost as of August 31, 2011 and 2010, are as follows.

|                    | <b>2011</b>                  |                             |                           |
|--------------------|------------------------------|-----------------------------|---------------------------|
|                    | <b>Combined<br/>Benefits</b> | <b>Pension<br/>Benefits</b> | <b>Other<br/>Benefits</b> |
| Prior service cost | \$ 2,568,170                 | \$ (33,485)                 | \$ 2,601,655              |
| Accumulated loss   | <u>(34,238,953)</u>          | <u>(5,186,640)</u>          | <u>(29,052,313)</u>       |
| Total              | <u>\$ (31,670,783)</u>       | <u>\$ (5,220,125)</u>       | <u>\$ (26,450,658)</u>    |

  

|                    | <b>2010</b>                  |                             |                           |
|--------------------|------------------------------|-----------------------------|---------------------------|
|                    | <b>Combined<br/>Benefits</b> | <b>Pension<br/>Benefits</b> | <b>Other<br/>Benefits</b> |
| Prior service cost | \$ 2,900,278                 | \$ (41,908)                 | \$ 2,942,186              |
| Accumulated loss   | <u>(34,444,978)</u>          | <u>(6,892,137)</u>          | <u>(27,552,841)</u>       |
| Total              | <u>\$ (31,544,700)</u>       | <u>\$ (6,934,045)</u>       | <u>\$ (24,610,655)</u>    |

**W. K. KELLOGG FOUNDATION AND  
W. K. KELLOGG FOUNDATION TRUST**  
Notes to Consolidated Financial Statements  
August 31, 2011 and 2010

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**NOTE 8 POST-RETIREMENT BENEFITS** *(continued)*

Changes in amounts not yet reflected in net periodic benefit costs for the year ended August 31, 2011 are as follows:

|                                       | <u>Combined<br/>Benefits</u> | <u>Pension<br/>Benefits</u> | <u>Other<br/>Benefits</u> |
|---------------------------------------|------------------------------|-----------------------------|---------------------------|
| Net actuarial gain (losses)           | \$ (2,385,400)               | \$ 1,288,645                | \$ (3,674,045)            |
| Amortization of prior service cost    | (332,108)                    | 8,423                       | (340,531)                 |
| Amortization of actuarial gain/(loss) | <u>2,591,425</u>             | <u>416,852</u>              | <u>2,174,573</u>          |
| Total                                 | <u>\$ (126,083)</u>          | <u>\$ 1,713,920</u>         | <u>\$ (1,840,003)</u>     |

Changes in amounts not yet reflected in net periodic benefit costs for the year ended August 31, 2010 are as follows:

|                                       | <u>Combined<br/>Benefits</u> | <u>Pension<br/>Benefits</u> | <u>Other<br/>Benefits</u> |
|---------------------------------------|------------------------------|-----------------------------|---------------------------|
| Net actuarial gain (losses)           | \$ (16,007,340)              | \$ (4,871,453)              | \$ (11,135,887)           |
| Adjustments to actuarial gain/loss    | 4,448,071                    | 4,448,071                   | -                         |
| Adjustment to prior service cost      | (331,558)                    | 8,973                       | (340,531)                 |
| Amortization of prior service cost    | (332,108)                    | 8,423                       | (340,531)                 |
| Amortization of actuarial gain/(loss) | <u>1,474,101</u>             | <u>473,077</u>              | <u>1,001,024</u>          |
| Total                                 | <u>\$ (10,748,834)</u>       | <u>\$ 67,091</u>            | <u>\$ (10,815,925)</u>    |

Amortization amounts to be reflected in net periodic benefit costs in 2012 are as follows:

|                    | <u>Combined<br/>Benefits</u> | <u>Pension<br/>Benefits</u> | <u>Other<br/>Benefits</u> |
|--------------------|------------------------------|-----------------------------|---------------------------|
| Prior service cost | \$ (332,108)                 | \$ 8,423                    | \$ (340,531)              |
| Accumulated loss   | <u>1,857,305</u>             | <u>298,866</u>              | <u>1,558,439</u>          |
| Total              | <u>\$ 1,525,197</u>          | <u>\$ 307,289</u>           | <u>\$ 1,217,908</u>       |

**W. K. KELLOGG FOUNDATION AND  
W. K. KELLOGG FOUNDATION TRUST**  
Notes to Consolidated Financial Statements  
August 31, 2011 and 2010

**NOTE 8 POST-RETIREMENT BENEFITS** *(continued)*

|  | <b>Pension Benefits</b> |             | <b>Other Benefits</b> |             |
|--|-------------------------|-------------|-----------------------|-------------|
|  | <b>2011</b>             | <b>2010</b> | <b>2011</b>           | <b>2010</b> |
| <b>Assumptions and Dates Used for Disclosure</b> |                         |             |                       |             |
| Discount rate                                    | 5.15 %                  | 5.24 %      | 5.15 %                | 5.24 %      |
| Expected return on plan assets                   | 8.00 %                  | 8.00 %      | N/A                   | N/A         |
| Rate of compensation increase                    | 4.50 %                  | 4.50 %      | N/A                   | N/A         |
| Measurement date                                 | August 31               | August 31   | August 31             | August 31   |
| <b>Assumptions Used to Determine Expense</b>     |                         |             |                       |             |
| Discount rate                                    | 5.24 %                  | 6 %         | 5.24 %                | 6 %         |
| Expected return on plan assets                   | 8.00 %                  | 8.00 %      | N/A                   | N/A         |
| Rate of compensation increase                    | 4.50 %                  | 4.50 %      | N/A                   | N/A         |
| <b>Health care cost trend rate assumptions</b>   |                         |             |                       |             |
| Initial trend rate pre-Medicare                  | N/A                     | N/A         | 7.67 %                | 7.96 %      |
| Initial trend rate post-Medicare                 | N/A                     | N/A         | 7.85                  | 8.21        |
| Ultimate trend rate                              | N/A                     | N/A         | 4.50                  | 5.00        |
| Year ultimate trend is reached pre-Medicare      | N/A                     | N/A         | 2029                  | 2021        |
| Year ultimate trend is reached post-Medicare     | N/A                     | N/A         | 2029                  | 2021        |

N/A—Not applicable.

Benefit cost, employer contributions, and benefits paid for each of the plans were as follows:

|                       | <b>Pension Benefits</b> |              | <b>Other Benefits</b> |              |
|-----------------------|-------------------------|--------------|-----------------------|--------------|
|                       | <b>2011</b>             | <b>2010</b>  | <b>2011</b>           | <b>2010</b>  |
| Benefit cost          | \$ 1,255,356            | \$ 6,054,491 | \$ 6,428,903          | \$ 5,765,183 |
| Employer contribution | 750,000                 | 5,250,000    | 2,131,851             | 1,406,106    |
| Benefit paid          | 161,078                 | 7,108,830    | 2,131,851             | 1,406,106    |

We have evaluated the impact of Patient Protection and Affordable Care Act and the Reconciliation Act on the financial statements and have determined that the Acts have no significant impact as of the statement of financial position date.

**W. K. KELLOGG FOUNDATION AND  
W. K. KELLOGG FOUNDATION TRUST**  
Notes to Consolidated Financial Statements  
August 31, 2011 and 2010

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**NOTE 8      POST-RETIREMENT BENEFITS** *(continued)*

On September 18, 2009, the Foundation offered an early retirement package to qualified employees based on certain criteria, outlined in two voluntary incentive program packages.

The pension plan curtailment and settlement costs recognized as part of the benefit cost for the year ended August 31, 2010 were \$8,973 and \$4,701,779, respectively. Additionally, the post-retirement medical plan recognized a special termination benefit charge as part of the benefit cost of \$1,050,139 in 2010.

The following benefit payments, which reflect expected future service, as appropriate, are expected to be paid by the defined pension plan:

| <u>Years Ending<br/>August 31</u> | <u>Amount</u> |
|-----------------------------------|---------------|
| 2012                              | \$ 1,122,965  |
| 2013                              | 390,305       |
| 2014                              | 416,648       |
| 2015                              | 243,924       |
| 2016                              | 202,893       |
| 2017-2021                         | 1,542,233     |

The expected benefits to be paid are based on the same assumptions used to measure the Foundation's benefit obligation at August 31, 2011, and include estimated future benefit service.

The following benefit payments, related to postretirement, medical, and life insurance benefits, are expected to be paid as follows:

| <u>Years Ending<br/>August 31</u> | <u>Amount</u> |
|-----------------------------------|---------------|
| 2012                              | \$ 2,403,744  |
| 2013                              | 2,517,500     |
| 2014                              | 2,655,554     |
| 2015                              | 2,824,541     |
| 2016                              | 3,023,818     |
| 2017-2021                         | 18,024,538    |

**W. K. KELLOGG FOUNDATION AND  
W. K. KELLOGG FOUNDATION TRUST**  
Notes to Consolidated Financial Statements  
August 31, 2011 and 2010

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**NOTE 8**      **POST-RETIREMENT BENEFITS** *(continued)*

Investment Policy

The funds for the pension plan are managed by the Vanguard Group and are invested in the Vanguard Balanced Index Fund Investor Shares. The Vanguard Group states that its investment strategy for this fund is as follows:

- The fund's assets are divided between indexed portfolios of stocks (60%) and bonds (40%). The fund's equity segment intends to match the performance of the MSCI U.S. Broad Index and Wilshire 5000 Equity Index. The fund's bond segment attempts to match the performance of the Barclays Capital U.S. Aggregate Bond Index.
- Since it's not practical or cost effective to own every stock and bond in the two indices, the fund owns a large sample of securities in each. The samples are chosen to match key characteristics of the indices (such as company size and dividend yield for stocks and credit quality, maturity, and yield for bonds).

Basis Used to Determine the Overall Expected Return on Plan Assets

To develop the expected long-term rate of return on assets assumption, the Foundation considered the historical returns and the future expectations for returns for each asset class in the fund, as well as its target asset allocation. This resulted in the selection of the 8.0% long-term rate of return on assets assumption for 2011 and 2010.

**NOTE 9**      **INTEREST IN IRREVOCABLE TRUSTS**

The Trust has irrevocable rights as the beneficiary to one remaining trust that had a fair value of \$39,461,872 and \$35,563,512 at August 31, 2011 and 2010, respectively.

The Foundation has irrevocable rights as the beneficiary of three restricted trusts that have a consolidated fair value of \$13,311,072 and \$11,584,754 at August 31, 2011 and 2010, respectively. The change in the fair values of the irrevocable trusts is related to the change in the fair values of investments held by the trusts.

**W. K. KELLOGG FOUNDATION AND  
W. K. KELLOGG FOUNDATION TRUST**  
Notes to Consolidated Financial Statements  
August 31, 2011 and 2010

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**NOTE 10      TEMPORARILY RESTRICTED NET ASSETS**

Temporarily restricted net assets of the Trust include all net assets, which are restricted until released to the Foundation. Releases from restrictions of \$338,000,000 and \$313,000,000 were recorded for the years ended August 31, 2011 and 2010, respectively.

Temporarily restricted net assets of the Foundation consist of contributions receivable from irrevocable trusts, which are restricted until such assets are received. Temporarily restricted net assets of the Foundation increased \$1,726,317 for the year ended August 31, 2011, and decreased \$795,007 for the year ended August 31, 2010, which represents the change in the fair value of the trusts to which the Foundation has irrevocable rights as beneficiary.

**NOTE 11      CONCENTRATION OF CREDIT RISK**

Deposits held with banks may exceed the amount insured by the Federal Depository Insurance Corporation on such accounts. The Foundation's and Trust's management monitors the balances to limit the exposure to risk.

The Foundation and Trust are potentially subject to market risk resulting from its concentration of investments in Kellogg's stocks.

**NOTE 12      RISK AND UNCERTAINTIES**

Investment securities, in general, are exposed to various risks, such as interest rate, credit, and overall market volatility. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the values of investment securities will occur in the near term. Such changes could materially affect the amounts reported in the financial statements. The Foundation's and Trust's management monitors the exposure to such risk.

Contributions are made to the employee benefit plans based on the present value of accumulated plan benefits which are based on certain assumptions pertaining to interest rates, inflation rates, and employee demographics, all of which are subject to change. Due to uncertainties inherent in the estimation and assumption processes, it is at least reasonably possible that changes in these estimates and assumptions in the near term could materially affect the amounts reported and disclosed in the financial statements.

**W. K. KELLOGG FOUNDATION AND  
W. K. KELLOGG FOUNDATION TRUST**  
Notes to Consolidated Financial Statements  
August 31, 2011 and 2010

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**NOTE 13      SUBSEQUENT EVENTS**

The Foundation and the Trust evaluated events and transactions occurring between September 1, 2011 and November 23, 2011, which is the date that the consolidated financial statements were available to be issued for disclosure and recognition in the consolidated financial statements.

## **SUPPLEMENTAL SCHEDULE**



**W. K. KELLOGG FOUNDATION AND  
W. K. KELLOGG FOUNDATION TRUST**  
Supplemental Schedule of Gifts and Receipts  
From Inception through August 31, 2011

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This schedule represents an analysis of W. K. Kellogg Foundation gifts and Trust receipts at historical value from inception through August 31, 2011. The Foundation and the Trust were established in 1930 and 1934, respectively. No gifts or receipts were received during the year ended August 31, 2011.

**ASSETS STATED AT ESTIMATED VALUES AT DATES RECEIVED**

|   |                      |
|---|----------------------|
| Gifts from founder and his estate   | \$ 8,449,738         |
| <i>Distribution from W. K. Kellogg Foundation Trust:</i>                                  |                      |
| Kellogg Company preferred stock   | 7,541,625            |
| Securities received under terms of founder's will and W. K. Kellogg<br>Distribution Trust | 4,109,252            |
|   | <u>\$ 11,650,877</u> |

**GIFTS FROM OTHERS**

|  |                     |
|--|---------------------|
| Pomona Ranch and Gull Lake Estate contributed by US government | \$ 1,077,562        |
| Assets contributed by Fellowship Corporation                   | 203,207             |
| Gift from Morris estate  | 3,231,208           |
| Gift from Tuttle estate  | 677,568             |
| Miscellaneous gifts  | 208,108             |
|  | <u>\$ 5,397,653</u> |

**ASSETS ACQUIRED THROUGH DISSOLUTION OF TRUSTS**

|  |                      |
|--|----------------------|
| W. K. Kellogg Foundation Trust at Old Merchants National Bank and<br>Trust Company | \$ 514,861           |
| Boys' Club Trust   | 181,076              |
| Gull Lake Estate Trust   | 358,538              |
| Palm Springs Trust   | 60,910               |
| Karl H. Kellogg Trust  | 108,654              |
| Chapin-Rhodes-Beldon Trust   | 229,020              |
| Belden-Chapin Trust  | 143,138              |
| Bernhard Peterson Trust  | 33,029               |
| Clara Way Trusts   | 380,370              |
| Williamson Trusts  | 1,389,816            |
| W. K. Kellogg Northwestern Mutual Insurance Trust                                  | 523,413              |
| J.H. Williamson Trust  | 258,401              |
| Glenn A. Cross Trust   | 4,353,834            |
|  | <u>8,535,060</u>     |
|  | <u>\$ 34,033,328</u> |