

ITEM 6. SELECTED FINANCIAL DATA

Kellogg Company and Subsidiaries

Selected Financial Data

(millions, except per share data and number of employees)	2008	2007	2006	2005	2004
Operating trends (a)					
Net sales	\$12,822	\$11,776	\$10,907	\$10,177	\$ 9,614
Gross profit as a % of net sales	41.9%	44.0%	44.2%	44.9%	44.9%
Depreciation	374	364	351	390	399
Amortization	1	8	2	2	11
Advertising expense	1,076	1,063	916	858	806
Research and development expense	181	179	191	181	149
Operating profit	1,953	1,868	1,766	1,750	1,681
Operating profit as a % of net sales	15.2%	15.9%	16.2%	17.2%	17.5%
Interest expense	308	319	307	300	309
Net earnings	1,148	1,103	1,004	980	891
Average shares outstanding:					
Basic	382	396	397	412	412
Diluted	385	400	400	416	416
Net earnings per share:					
Basic	3.01	2.79	2.53	2.38	2.16
Diluted	2.99	2.76	2.51	2.36	2.14
Cash flow trends					
Net cash provided by operating activities	\$ 1,267	\$ 1,503	\$ 1,410	\$ 1,143	\$ 1,229
Capital expenditures	461	472	453	374	279
Net cash provided by operating activities reduced by capital expenditures (b)	806	1,031	957	769	950
Net cash used in investing activities	(681)	(601)	(445)	(415)	(270)
Net cash used in financing activities	(780)	(788)	(789)	(905)	(716)
Interest coverage ratio (c)	7.5	7.0	6.9	7.1	6.8
Capital structure trends					
Total assets (d)	\$10,946	\$11,397	\$10,714	\$10,575	\$10,562
Property, net	2,933	2,990	2,816	2,648	2,715
Short-term debt	1,388	1,955	1,991	1,195	1,029
Long-term debt	4,068	3,270	3,053	3,703	3,893
Shareholders' equity (d), (e)	1,448	2,526	2,069	2,284	2,257
Share price trends					
Stock price range	\$ 40-59	\$ 49-57	\$ 42-51	\$ 42-47	\$ 37-45
Cash dividends per common share	1.300	1.202	1.137	1.060	1.010
Number of employees	32,394	26,494	25,856	25,606	25,171

- (a) Fiscal years 2004 and 2008 contain a 53rd shipping week. Refer to Note 1 within Notes to Consolidated Financial Statements for further information.
- (b) The Company uses this non-GAAP financial measure to focus management and investors on the amount of cash available for debt repayment, dividend distribution, acquisition opportunities, and share repurchase, which is reconciled above.
- (c) Interest coverage ratio is calculated based on earnings before interest expense, income taxes, depreciation, and amortization, divided by interest expense.
- (d) The Company adopted SFAS No. 158 "Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans" as of the end of its 2006 fiscal year. The standard generally requires company plan sponsors to reflect the net over- or under-funded position of a defined postretirement benefit plan as an asset or liability on the balance sheet. Accordingly, the 2006 balances associated with the identified captions within this summary were materially affected by the adoption of this standard. Refer to Note 1 within Notes to Consolidated Financial Statements for further information.
- (e) 2008 change due primarily to currency translation adjustments of \$(431) and net experience losses in postretirement and postemployment benefit plans of \$(865).