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**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549**

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**FORM 8-K**

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**CURRENT REPORT  
Pursuant to Section 13 or 15(d)  
of the Securities Exchange Act of 1934**

Date of report (Date of earliest event reported): September 12, 2023

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**WK Kellogg Co**

(Exact name of registrant as specified in its charter)

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**Delaware**  
(State or other jurisdiction  
of incorporation)

**001-41755**  
(Commission  
File Number)

**92-1243173**  
(IRS Employer  
Identification No.)

**One Kellogg Square**  
**Battle Creek, Michigan 49016-3599**  
(Address of principal executive offices, including zip code)

**(269) 401-3000**  
(Registrant's telephone number, including area code)

**Not Applicable**  
(Former name or former address, if changed since last report)

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Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2 below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

**Securities registered pursuant to Section 12(b) of the Act:**

| <u>Title of each class</u>                | <u>Trading<br/>Symbol(s)</u> | <u>Name of each exchange<br/>on which registered</u> |
|---|------------------------------|--|
| Common Stock, \$.0001 par value per share | KLG                          | New York Stock Exchange                              |

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (17 CFR §230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (17 CFR §240.12b-2 of this chapter).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

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## **Item 1.01. Entry into a Material Definitive Agreement.**

### ***Credit Agreement***

On September 12, 2023, WK Kellogg Co (the “Company”) entered into a credit facility in an aggregate principal amount of \$1,100,000,000 (the “Credit Facility”), which will mature five years from the closing date thereof. The Credit Facility will consist of (i) a \$500,000,000 term loan available in U.S. Dollars, (ii) a \$250,000,000 delayed draw term loan available in U.S. Dollars and (iii) a \$350,000,000 multicurrency revolving credit facility available in U.S. Dollars, Euros, Canadian Dollars or other currencies to be agreed. Interest on the loans under the Credit Facility will be calculated by reference (x) to SOFR or an alternative base rate, (y) in the case of loans denominated in Canadian Dollars, Canadian Dollar Offered Rate (“CDOR”) and (z) in the case of loans denominated in Euros, EURIBOR, plus an interest rate margin based on the Company’s consolidated net leverage ratio ranging from (x) in the case of SOFR, CDOR and EURIBOR loans, 1.50% to 2.50% and (y) in the case of alternate base rate loans, 0.50% to 1.50%. The SOFR, CDOR and EURIBOR rates applicable to the Credit Facility will be subject to a floor of 0.00%. Unused commitments under the Credit Facility will accrue an unused commitment fee ranging from 0.20% to 0.30%.

The Credit Facility provides that the Company will have the right at any time, subject to customary conditions, to request incremental term loans or an increase to the revolving credit facility in an aggregate principal amount up to the greater of (x) \$250,000,000 and (y) 100% of Consolidated EBITDA (as defined herein) for the preceding four fiscal quarters of the Company. The lenders under the Credit Facility are not under any obligation to provide any such incremental loans or commitments.

The Credit Facility contains customary mandatory prepayments, including with respect to asset sale proceeds and proceeds from certain incurrences of indebtedness. The Company may voluntarily repay outstanding loans under the Credit Facility at any time without premium or penalty.

The Credit Facility will amortize in equal quarterly installments in an aggregate annual amount equal to 2.50% in year one, 5.00% in years two and three, 7.50% in year four and 10.00% in year five, of the original principal amount thereon, with the balance being payable on the date that is five years after the closing of the Credit Facility.

The obligations under the Credit Facility (collectively, “Credit Facility Obligations”) are guaranteed (the “Credit Facility Guarantees”) by the Company’s existing and future direct and indirect material subsidiaries, subject to customary exceptions (in such capacity, the “Credit Facility Guarantors”). The Credit Facility Obligations are secured by first priority liens on substantially all assets, subject to customary exceptions, of the Company and the Credit Facility Guarantors. The Credit Facility Guarantee and security interest of a Credit Facility Guarantor may be released where such Credit Facility Guarantor ceases to be a subsidiary, directly or indirectly, of the Company pursuant to a transaction permitted under the Credit Facility.

The Credit Facility contains customary financial covenants, including (i) a consolidated net leverage ratio covenant, which measures the ratio of (x) consolidated total net debt to (y) consolidated earnings before interest, taxes, depreciation and amortization, and subject to other adjustments (“Consolidated EBITDA”), tested on a quarterly basis in accordance with the terms of the Credit Facility, (ii) an interest coverage ratio covenant, which measures the ratio of (x) Consolidated EBITDA to (y) consolidated interest expense, tested on a quarterly basis in accordance with the terms of the Credit Facility, and (iii) a capital expenditure covenant tested on an annual basis in accordance with the terms of the Credit Facility. In addition, the Credit Facility contains various covenants, including, for example, those that restrict the ability of the Company and its consolidated subsidiaries to incur certain types of indebtedness or to grant certain liens on their respective property or assets.

The foregoing description is a summary of the material terms of the Credit Facility and is not complete and is subject to, and qualified in its entirety by, the complete text of this agreement which is filed with this Current Report on Form 8-K as Exhibit 10.1, which is incorporated by reference in this Item 1.01.

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**Item 2.03 Creation of a Direct Financial Obligation or an Obligation under an Off-Balance Sheet Arrangement of a Registrant.**

The information set forth under Item 1.01 of this Current Report on Form 8-K related to the Credit Facility is incorporated by reference in this Item 2.03.

**Item 7.01. Regulation FD Disclosure.**

The Company previously filed with the U.S. Securities and Exchange Commission (the “SEC”) a registration statement on Form 10, initially filed on July 24, 2023 (as amended, the “Registration Statement”), relating to the distribution of the shares of the Company’s common stock by Kellogg Company (“Kellogg”) to holders of Kellogg common stock on a pro rata basis (the “Spin-Off”).

On September 12, 2023, the Registration Statement was declared effective by the SEC. The Registration Statement includes a preliminary information statement that describes the Spin-Off and provides important information regarding the Company’s business and management. The final information statement, dated as of the date of this Form 8-K (the “Information Statement”), is attached hereto as Exhibit 99.1. Kellogg has commenced mailing the Information Statement to holders of Kellogg common stock.

As further described in the Information Statement, subject to the satisfaction or waiver of certain conditions, the Spin-Off is expected to be effective as of 12:01 a.m., New York City time, on October 2, 2023 subject to the satisfaction or waiver of certain conditions to the Spin-Off. Holders of Kellogg common stock will be entitled to receive one share of the Company’s common stock for every four shares of Kellogg common stock held on September 21, 2023, the record date for the distribution.

The Company expects a “when-issued” public trading market for the Company’s common stock will commence on September 27, 2023 under the symbol “KLG WI.” The Company also anticipates that “regular way” trading of the Company’s common stock on the New York Stock Exchange under the ticker symbol “KLG” will begin on October 2, 2023.

The information furnished pursuant to this Item 7.01, including Exhibit 99.1, shall not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934 (the “Exchange Act”) or otherwise subject to the liabilities under that Section and shall not be deemed to be incorporated by reference into any filing of the Company under the Securities Act of 1933 or the Exchange Act, except as shall be expressly set forth by specific reference in such filing.

**Forward Looking Statements**

This document contains a number of forward-looking statements. Forward-looking statements include predictions of future results or activities and may contain the words “expect,” “believe,” “will,” “can,” “anticipate,” “estimate,” “project,” “should,” or words or phrases of similar meaning, including but not limited to: The anticipated separation of the Company, future operating and financial performance, product development, market position and business strategy. You are cautioned not to rely on these forward-looking statements. Forward-looking statements by their nature address matters that are, to different degrees, uncertain, and are subject to risks, uncertainties and assumptions. Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those indicated or anticipated by such forward-looking statements. The inclusion of such statements should not be regarded as a representation that such plans, estimates or expectations will be achieved. Important factors that could cause actual results to differ materially from such plans, estimates or expectations include, among others, (1) the ability to effect the Spin-Off and to meet the conditions related thereto, (2) the ability of the Company to succeed as a standalone publicly traded company, (3) potential uncertainty during the pendency of the Spin-Off that could affect the Company’s financial performance, (4) the possibility that the Spin-Off will not be completed within the anticipated time period or at all, (5) the possibility that the Spin-Off will not achieve its intended benefits, (6) the possibility of disruption, including changes to existing business relationships, disputes, litigation or unanticipated costs in connection with the Spin-Off, (7) uncertainty of the expected financial performance of the separated Company following completion of the Spin-Off, (8) evolving legal, regulatory and tax regimes, (9) changes in general economic and/or industry specific conditions, (10) actions by third parties, including government agencies and (11) other risk factors as detailed from time to time in the Company’s reports filed with the SEC, including its registration statement on Form 10 and other documents filed with the SEC. The foregoing list of important factors is not exclusive. Any forward-looking statement made in this Form 8-K speaks only as of the date of this Form 8-K. The Company does not undertake to update any forward-looking statement as a result of new information or future events or developments.

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**Item 9.01. Financial Statements and Exhibits.**

(d) Exhibits

| <u>Exhibit No.</u> | <u>Description</u>  |
|--------------------|---|
| 10.1               | <a href="#"><u>Credit Facility by and among WK Kellogg Co and the lenders name therein, dated as of September 12, 2023.</u></a> |
| 99.1               | <a href="#"><u>Information Statement of WK Kellogg Co, dated as of September 12, 2023.</u></a>                                  |

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**SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Date: September 12, 2023

**WK KELLOGG CO**

/s/ Gary Pilnick

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Name: Gary Pilnick

Title: President

**CREDIT AGREEMENT**

**Dated as of September 12, 2023**

**by and among**

**WK KELLOGG CO**

**and**

**WK KELLOGG CANADA CORP.,  
as Borrowers,**

**THE LENDERS AND ISSUING LENDER PARTY HERETO,**

**and**

**COÖPERATIEVE RABOBANK U.A., NEW YORK BRANCH,  
as Administrative Agent**

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**COÖPERATIEVE RABOBANK U.A., NEW YORK BRANCH,  
COBANK, ACB,  
GREENSTONE FARM CREDIT SERVICES, FLCA,  
BANK OF AMERICA, N.A.,  
CITIBANK, N.A.,  
JPMORGAN CHASE BANK, N.A., AND  
MIZUHO BANK, LTD.,  
as Joint Lead Arrangers**

**COÖPERATIEVE RABOBANK U.A., NEW YORK BRANCH, AND  
COBANK, ACB,  
as Joint Bookrunners**

**COBANK, ACB,  
as Syndication Agent**

**ING CAPITAL LLC, AND  
THE BANK OF NOVA SCOTIA,  
as Co-Documentation Agents**

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EXHIBITS:

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| Exhibit B      | - | Bank Product Provider Letter Agreement            |
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| Exhibit 2.19-1 | - | Notice of Incremental Revolving Credit Commitment |
| Exhibit 2.19-2 | - | Notice of Incremental Term Loan                   |
| Exhibit 5.1    | - | Compliance Certificate                            |

This CREDIT AGREEMENT (this “*Agreement*”) dated as of September 12, 2023, is by and among WK KELLOGG CO, a Delaware corporation (“*WKCC*”), WK KELLOGG CANADA CORP., a corporation incorporated pursuant to the laws of Canada (“*WKK Canada*”); together with WKKC and any Additional Borrower, each, individually, a “*Borrower*”, and collectively, “*Borrowers*”), the LENDERS and COÖPERATIEVE RABOBANK U.A., NEW YORK BRANCH, as Administrative Agent, Issuing Lender, and Swingline Lender.

**WITNESSETH:**

WHEREAS, Borrowers have requested that the Lenders and Issuing Lender make available for the purposes specified in this Agreement term loans, and revolving credit and letter of credit facilities; and

WHEREAS, the Lenders and Issuing Lender are willing to make available to Borrowers such term loans, and revolving credit and letter of credit facilities upon the terms and subject to the conditions set forth herein;

NOW, THEREFORE, in consideration of the premises and the covenants and agreements contained herein, the parties hereto hereby agree as follows:

**1. DEFINITIONS**

**1.1 Defined Terms.** As used in this Agreement (including the foregoing preamble and recitals), the following terms have the meanings specified below:

“*Accounts Receivable*” means, with respect to any Person, all of such Person’s “accounts” (as such term is defined in the UCC).

“*Acquired Entity or Business*” means any Person or business unit acquired pursuant to a Permitted Acquisition.

“*Additional Borrower*” means any Wholly-Owned Subsidiary of WKKC designated as a “Borrower” pursuant to Section 2.2(g).

“*Additional Lender*” has the meaning set forth in Section 2.19.

“*Adjustment Date*” means each date, on or after the last day of the Fiscal Quarter ended at least three months after the Signing Date, that is the third Business Day following receipt by the Lenders of both (a) the financial statements required to be delivered pursuant to Section 5.1(a) or 5.1(b), as applicable, for the most recently completed fiscal period and (b) the related Compliance Certificate required to be delivered pursuant to Section 5.1(c) with respect to such fiscal period.

“*Administrative Agent*” means Rabobank, in its capacity as administrative agent for the Lenders under the Loan Documents, and any successor Administrative Agent appointed pursuant to Section 9.

“*Administrative Borrower*” has the meaning assigned to such term in Section 10.14.

“*Administrative Questionnaire*” means an administrative questionnaire delivered by each Lender in a form supplied by Administrative Agent.

“*Affected Financial Institution*” means (a) any EEA Financial Institution or (b) any UK Financial Institution.

“**Affiliate**” means, as to any Person, any other Person that, directly or indirectly, is in control of, is controlled by, or is under common control with, such Person. For purposes of this definition, “control” of a Person means the power, directly or indirectly, to direct or cause the direction of the management and policies of such Person, whether by contract or otherwise; **provided, however**, that, for purposes of Section 6.7, the term “Affiliate” shall also include any individual that is an officer or director of the Person specified.

“**Agent Parties**” means, collectively, Administrative Agent and its Related Parties.

“**Agent’s Group**” has the meaning assigned to such term in Section 9.2(b).

“**Agreement Currency**” has the meaning assigned to such term in Section 10.25.

“**Anti-Corruption Laws**” means the laws, rules, and regulations of the jurisdictions applicable to any Obligor or its Subsidiaries from time to time concerning or relating to bribery or corruption, including the U.S. Foreign Corrupt Practices Act of 1977, as amended, and the *Corruption of Foreign Public Officials Acts* (Canada), as amended, the United Kingdom Bribery Act 2010.

“**Anti-Terrorism Laws**” means any laws, regulations, or orders of any Governmental Authority of the United States, the United Nations, United Kingdom, European Union, Canada, or the Netherlands relating to terrorism financing or money laundering, including, but not limited to, the International Emergency Economic Powers Act (50 U.S.C. § 1701 et seq.), the Trading With the Enemy Act (50 U.S.C. § 5 et seq.), the International Security Development and Cooperation Act (22 U.S.C. § 2349aa-9 et seq.), the Executive Order No. 13224 on Terrorist Financing, effective September 24, 2001, the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001, Public Law 107-56 (the “**USA Patriot Act**”), the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act* (Canada), and any rules or regulations promulgated pursuant to or under the authority of any of the foregoing.

“**Applicable EBITDA**” means, at any time, Consolidated EBITDA for the most recent period of four consecutive Fiscal Quarters ended on or most recently prior to such time for which financial statements have been delivered (or are required to be delivered) to Administrative Agent pursuant to Section 5.1(a) or (b) (or, if prior to the date of the delivery of the first financial statements to be delivered pursuant to Section 5.1(a) or (b), the most recent financial statements referred to in Section 3.4(a)).

“**Applicable Margin**” means, for any day, with respect to any Base Rate Loan (including any Swingline Loan), Eurocurrency Loan or SOFR Loan, or with respect to the commitment fees payable hereunder, as the case may be, the applicable margin per annum set forth below under the heading “Base Rate Spread”, “Eurocurrency Spread”, “SOFR Spread” or “Commitment Fee Rate”, respectively, which corresponds to the Consolidated Net Leverage Ratio determined from the financial statements and Compliance Certificate relating to the Fiscal Quarter or Fiscal Year end immediately preceding such Adjustment Date; **provided** that (a) from the Signing Date until the Initial Funding Date, the “**Applicable Margin**” shall be the applicable rate per annum set forth in Level 4 below, and (b) from the Initial Funding Date until the first Adjustment Date thereafter, the “**Applicable Margin**” shall be the applicable rate per annum set forth below which corresponds to the Consolidated Net Leverage Ratio on the Initial Funding Date, calculated on a pro forma basis (after giving effect to the Transactions) as set forth in the officer’s certificate delivered pursuant to Section 4.2(n), but in any event such applicable margin shall not be less than the margin set forth in Level 4 below:

| Level | Consolidated Net<br>Leverage Ratio                               | SOFR Spread |              | Base Rate<br>Spread |              | Eurocurrency<br>Spread | Commitment<br>Fee Rate |
|-------|--|-------------|--------------|---------------------|--------------|------------------------|------------------------|
|       |  | CB<br>Loans | FCB<br>Loans | CB<br>Loans         | FCB<br>Loans |                        |                        |
| 1     | Greater than 3.50 to 1.00  | 2.50%       | 2.75%        | 1.50%               | 1.75%        | 2.50%                  | 0.30%                  |
| 2     | Greater than 3.00 to 1.00 but less than or equal to 3.50 to 1.00 | 2.25%       | 2.50%        | 1.25%               | 1.50%        | 2.25%                  | 0.25%                  |
| 3     | Greater than 2.50 to 1.00 but less than or equal to 3.00 to 1.00 | 2.00%       | 2.25%        | 1.00%               | 1.25%        | 2.00%                  | 0.25%                  |
| 4     | Greater than 2.00 to 1.00 but less than or equal to 2.50 to 1.00 | 1.75%       | 2.00%        | 0.75%               | 1.00%        | 1.75%                  | 0.20%                  |
| 5     | Less than or equal to 2.00 to 1.00                               | 1.50%       | 1.75%        | 0.50%               | 0.75%        | 1.50%                  | 0.20%                  |

In the event that the information contained in any financial statement or Compliance Certificate delivered pursuant to [Section 5.1](#) is shown to be inaccurate, and such inaccuracy, if corrected, would have led to the application of a higher Applicable Margin for any period (an “*Applicable Period*”) than the Applicable Margin actually applied for such Applicable Period, then (i) Borrowers shall immediately deliver to Administrative Agent a correct Compliance Certificate for such Applicable Period, (ii) such higher Applicable Margin shall be deemed to have been in effect for such Applicable Period, and (iii) Borrowers shall immediately deliver to Administrative Agent full payment in respect of the accrued additional interest on the Loans and the additional amount of the fees pursuant to [Section 2.11](#) as a result of such increased Applicable Margin for such Applicable Period, which payment shall be promptly applied by Administrative Agent to the Lenders entitled thereto or in accordance with [Section 8.2](#) (it being understood that this definition shall in no way limit the rights of Administrative Agent and the other Secured Parties to exercise their rights under [Section 8.1](#)).

Notwithstanding the foregoing, the Applicable Margin for any Incremental Term Loan shall be the interest rate margin per annum governing such Tranche of Incremental Term Loan as set forth in the related Notice of Incremental Term Loan Borrowing, subject to [Section 2.19](#) hereof.

“*Applicable Time*” means, with respect to any Borrowings and payments in any Other Currency, the local time in the place of settlement for such Other Currency as may be determined by Administrative Agent or the Issuing Lender, as the case may be, to be necessary for timely settlement on the relevant date in accordance with normal banking procedures in the place of payment.

“**Approved Currencies**” means Dollars, CAD, EUR, and such other currency as requested by Administrative Borrower and consented to by Administrative Agent and each Lender in the applicable Class.

“**Approved Fund**” means, with respect to any Lender, any Fund that is administered or managed by (a) a Lender, (b) an Affiliate of a Lender, or (c) an entity or an Affiliate of an entity that administers or manages a Lender.

“**Assignment and Assumption**” means an assignment and assumption entered into by a Lender and an Eligible Assignee (with the consent of each party whose consent is required by Section 10.4), and accepted by Administrative Agent, substantially in the form of Exhibit A or any other form approved by Administrative Agent.

“**Attributed Principal Amount**” means, on any day, with respect to the Receivables Financing Facility, the aggregate amount (with respect to any such transaction, the “**Invested Amount**”) paid to, or borrowed by, Borrowers or any of their Subsidiaries as of such date under the Receivables Financing Facility, **minus** the aggregate amount received by the Receivables Financier (including the buyback price paid by Borrowers or any of their Subsidiaries for any sold Receivables) and applied to the reduction of the Invested Amount under the Receivables Financing Facility.

“**Available Tenor**” means, as of any date of determination and with respect to the then-current Benchmark for any Approved Currency, as applicable, (x) if such Benchmark is a term rate, any tenor for such Benchmark (or component thereof) that is or may be used for determining the length of an Interest Period pursuant to this Agreement or (y) otherwise, any payment period for interest calculated with reference to such Benchmark (or component thereof) that is or may be used for determining any frequency of making payments of interest calculated with reference to such Benchmark, in each case, as of such date and not including, for the avoidance of doubt, any tenor for such Benchmark that is then-removed from the definition of “Interest Period” pursuant to Section 2.22.

“**Bail-In Action**” means the exercise of any Write-Down and Conversion Powers by the applicable Resolution Authority in respect of any liability of an Affected Financial Institution.

“**Bail-In Legislation**” means (a) with respect to any EEA Member Country implementing Article 55 of Directive 2014/59/EU of the European Parliament and of the Council of the European Union, the implementing law, regulation, rule or requirement for such EEA Member Country from time to time which is described in the EU Bail-In Legislation Schedule and (b) with respect to the United Kingdom, Part I of the United Kingdom Banking Act 2009 (as amended from time to time) and any other law, regulation or rule applicable in the United Kingdom relating to the resolution of unsound or failing banks, investment firms or other financial institutions or their affiliates (other than through liquidation, administration or other insolvency proceedings).

“**Bank Product**” means any financial accommodation extended to Obligors or their Subsidiaries by a Bank Product Provider in connection with (a) Hedging Agreements, or (b) Cash Management Services.

“**Bank Product Agreements**” means those agreements entered into from time to time by Obligors or their Subsidiaries with a Bank Product Provider in connection with the obtaining of any of the Bank Products.

“**Bank Product Obligations**” means all obligations, liabilities, reimbursement obligations, fees, or expenses owing by Obligors or their Subsidiaries to any Bank Product Provider pursuant to or evidenced by a Bank Product Agreement and irrespective of whether for the payment of money, whether direct or indirect, absolute or contingent, due or to become due, now existing or hereafter arising.

“**Bank Product Provider**” means any Lender or any of its Affiliates (or any Person party to a Bank Product Agreement with Obligors or their Subsidiaries that was a Lender or an Affiliate of a Lender and a party to such Bank Product Agreement immediately prior to the assignment of all of such Lender’s Commitments and Loans hereunder); **provided, however**, that no such Person (other than Rabobank or its Affiliates) shall constitute a Bank Product Provider with respect to a Bank Product unless Administrative Agent shall have received a Bank Product Provider Letter Agreement from such Person with respect to the applicable Bank Product within 60 days after the provision of such Bank Product to Obligors or their Subsidiaries, or, if such Bank Product Agreement was entered into prior to the Signing Date or prior to the date on which such Bank Product Provider or its Affiliate, as applicable, became a Lender under this Agreement, within 60 days after the Signing Date or 60 days after the date on which such Bank Product Provider or its Affiliate, as applicable, first became a Lender under this Agreement, as applicable.

“**Bank Product Provider Letter Agreement**” means a letter agreement in substantially the form of Exhibit B, or otherwise in form and substance reasonably satisfactory to Administrative Agent and Borrowers, and duly executed by the applicable Bank Product Provider, Borrowers, and Administrative Agent.

“**Bankruptcy Code**” means the Bankruptcy Code in Title 11 of the United States Code, as amended, modified, succeeded, or replaced from time to time.

“**Base Rate**” means, at any time, the greatest of (a) the Prime Rate at such time, (b) 1/2 of 1.0% in excess of the Federal Funds Effective Rate at such time, and (c) Term SOFR for a one-month tenor in effect at such time **plus** 1.0%; **provided** that in no event shall the Base Rate as so determined be less than 1.0%. Any change in the Base Rate due to a change in the Prime Rate, the Federal Funds Effective Rate, or Term SOFR, as applicable, shall be effective from and including the effective date of such change in the Prime Rate, the Federal Funds Effective Rate or Term SOFR, respectively. “**Base Rate**” only applies to Loans and Borrowings denominated in Dollars and, when used in reference to any Loan or Borrowing, refers to whether such Loan, or the Loans comprising such Borrowing, are bearing interest at a rate determined by reference to the Base Rate.

“**Base Rate Term SOFR Determination Day**” has the meaning specified in the definition of “Term SOFR”.

“**Benchmark**” means, initially, (a) with respect to any Obligations, interest, fees, commissions or other amounts denominated in Dollars or calculated with respect thereto, the Term SOFR Reference Rate, (b) with respect to Obligations, interest, fees, commissions or other amounts denominated in CAD or calculated with respect thereto, CDOR and (c) with respect to Obligations, interest, fees, commissions or other amounts denominated in EUR or calculated with respect thereto, EURIBOR; **provided** that if a Benchmark Transition Event, as applicable, and its related Benchmark Replacement Date have occurred with respect to the then-current Benchmark for any such currency, then “Benchmark” means the applicable Benchmark Replacement to the extent that such Benchmark Replacement has replaced such prior benchmark rate pursuant to clauses (a) and (b) of Section 2.22.



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“**Benchmark Replacement**” means (a) with respect to CDOR, the first alternative set forth below that can be determined by Administrative Agent:

(i) the sum of: (A) Term CORRA and (B) 0.29547% (29.547 basis points) for an Available Tenor of one-month’s duration, and 0.32138% (32.138 basis points) for an Available Tenor of three-months’ duration, or

(ii) the sum of: (A) Daily Compounded CORRA and (B) 0.29547% (29.547 basis points) for an Available Tenor of one-month’s duration, and 0.32138% (32.138 basis points) for an Available Tenor of three-months’ duration; and

(b) with respect to any Benchmark Transition Event, the sum of: (i) the alternate benchmark rate that has been selected by Administrative Agent and Administrative Borrower giving due consideration to (A) any selection or recommendation of a replacement benchmark rate or the mechanism for determining such a rate by the Relevant Governmental Body or (B) any evolving or then-prevailing market convention for determining a benchmark rate as a replacement to the then-current Benchmark for syndicated credit facilities in the corresponding currency at such time in the U.S. syndicated loan market and (ii) the related Benchmark Replacement Adjustment;

**provided** that, if any Benchmark Replacement as determined pursuant to the foregoing clauses (a) or (b) would be less than the Floor, such Benchmark Replacement will be deemed to be the Floor for the purposes of this Agreement and the other Loan Documents.

Notwithstanding the foregoing, Administrative Agent may (in its sole discretion) determine that a Benchmark Replacement pursuant to paragraph (a)(i) of this definition is not administratively feasible and shall not be applied, and that either paragraph (a)(ii) or paragraph (b) of this definition shall automatically be deemed to apply by providing notice to Administrative Borrower and Lenders at least 5 Business Days prior to the effective date for the Benchmark Replacement.

“**Benchmark Replacement Adjustment**” means, with respect to any replacement of the then-current Benchmark for a currency with an Unadjusted Benchmark Replacement for such currency, the spread adjustment, or method for calculating or determining such spread adjustment, (which may be a positive or negative value or zero) that has been selected by Administrative Agent and Administrative Borrower giving due consideration to (a) any selection or recommendation of a spread adjustment, or method for calculating or determining such spread adjustment, for the replacement of such Benchmark with the applicable Unadjusted Benchmark Replacement by the Relevant Governmental Body or (b) any evolving or then-prevailing market convention for determining a spread adjustment, or method for calculating or determining such spread adjustment, for the replacement of such Benchmark with the applicable Unadjusted Benchmark Replacement for syndicated credit facilities in the corresponding currency at such time in the U.S. syndicated loan market.

“**Benchmark Replacement Date**” means the earliest to occur of the following events with respect to the then-current Benchmark for any Approved Currency:

(a) in the case of clause (a) or (b) of the definition of “Benchmark Transition Event”, the later of (i) the date of the public statement or publication of information referenced therein and (ii) the date on which the administrator of such Benchmark for such currency (or the published component used in the calculation thereof) permanently or indefinitely ceases to provide all Available Tenors of such Benchmark (or such component thereof); or

(b) in the case of clause (c) of the definition of “Benchmark Transition Event”, the first date on which such Benchmark (or the published component used in the calculation thereof) has been determined and announced by or on behalf of the administrator of such Benchmark (or such component thereof) or the regulatory supervisor for the administrator of such Benchmark (or such component thereof) to be non-representative or non-compliant with or non-aligned with the International Organization of Securities Commissions (IOSCO) Principles for Financial Benchmarks; **provided** that such non-representativeness, non-compliance or non-alignment will be determined by reference to the most recent statement or publication referenced in such clause (c) and even if any Available Tenor of such Benchmark (or such component thereof) continues to be provided on such date.

For the avoidance of doubt, the “Benchmark Replacement Date” will be deemed to have occurred in the case of clause (a) or (b) with respect to any Benchmark upon the occurrence of the applicable event or events set forth therein with respect to all then-current Available Tenors of such Benchmark (or the published component used in the calculation thereof).

“**Benchmark Transition Event**” means, with respect to any then-current Benchmark other than CDOR, the occurrence of one or more of the following events with respect to the then-current Benchmark:

(a) a public statement or publication of information by or on behalf of the administrator of such Benchmark (or the published component used in the calculation thereof) announcing that such administrator has ceased or will cease to provide all Available Tenors of such Benchmark (or such component thereof), permanently or indefinitely; **provided** that, at the time of such statement or publication, there is no successor administrator that will continue to provide any Available Tenor of such Benchmark (or such component thereof);

(b) a public statement or publication of information by the regulatory supervisor for the administrator of such Benchmark (or the published component used in the calculation thereof), the Bank of Canada (with respect to a CAD Benchmark), the Federal Reserve Board of Governors of the Federal Reserve System, the Federal Reserve Bank of New York, the central bank for the currency applicable to such Benchmark, an insolvency official with jurisdiction over the administrator for such Benchmark (or such component), a resolution authority with jurisdiction over the administrator for such Benchmark (or such component) or a court or an entity with similar insolvency or resolution authority over the administrator for such Benchmark (or such component), which states that the administrator of such Benchmark (or such component) has ceased or will cease to provide all Available Tenors of such Benchmark (or such component thereof) permanently or indefinitely; **provided** that, at the time of such statement or publication, there is no successor administrator that will continue to provide any Available Tenor of such Benchmark (or such component thereof); or

(c) a public statement or publication of information by or on behalf of the administrator of such Benchmark (or the published component used in the calculation thereof) or the regulatory supervisor for the administrator of such Benchmark (or such component thereof) announcing that all Available Tenors of such Benchmark (or such component thereof) are not, or as of a specified future date will not be, representative or in compliance with or aligned with the International Organization of Securities Commissions (IOSCO) Principles for Financial Benchmarks.

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For the avoidance of doubt, a “Benchmark Transition Event” will be deemed to have occurred with respect to any Benchmark if a public statement or publication of information set forth above has occurred with respect to each then-current Available Tenor of such Benchmark (or the published component used in the calculation thereof).

“**Benchmark Transition Start Date**” means, in the case of a Benchmark Transition Event, the earlier of (a) the applicable Benchmark Replacement Date and (b) if such Benchmark Transition Event is a public statement or publication of information of a prospective event, the 90th day prior to the expected date of such event as of such public statement or publication of information (or if the expected date of such prospective event is fewer than 90 days after such statement or publication, the date of such statement or publication).

“**Benchmark Unavailability Period**” means, with respect to the then-current Benchmark for any Approved Currency, the period (if any) (a) beginning at the time that a Benchmark Replacement Date has occurred if, at such time, no Benchmark Replacement for the applicable currency has replaced such Benchmark for all purposes hereunder and under any Loan Document in accordance with Section 2.22 and (b) ending at the time that a Benchmark Replacement for the applicable currency has replaced such Benchmark for all purposes hereunder and under any Loan Document in accordance with Section 2.22.

“**Beneficial Ownership Certification**” means a certification regarding beneficial ownership as required by the Beneficial Ownership Regulation.

“**Beneficial Ownership Regulation**” means 31 C.F.R. § 1010.230.

“**Benefit Plan**” means any of (a) an “employee benefit plan” (as defined in ERISA) that is subject to Title I of ERISA, (b) a “plan” as defined in Section 4975 of the Code or (c) any Person whose assets include (for purposes of ERISA Section 3(42) or otherwise for purposes of Title I of ERISA or Section 4975 of the Code) the assets of any such “employee benefit plan” or “plan”.

“**Board**” means the Board of Governors of the Federal Reserve System of the United States.

“**Board of Directors**” means, with respect to any Person, (a) in the case of any corporation, the board of directors of such Person, (b) in the case of any limited liability company, the board of managers of such Person, (c) in the case of any partnership, the Board of Directors of the general partner of such Person, and (d) in any other case, the functional equivalent of the foregoing.

“**Borrowers**” has the meaning set forth in the preamble to this Agreement.

“**Borrowing**” means (a) Loans of the same Type and Class (subject to Section 2.2(f)) that is made, converted or continued on the same date and, in the case of Eurocurrency Loans or SOFR Loans, as to which a single Interest Period is in effect, or (b) a Swingline Loan.

“**Borrowing Request**” means a request by a Borrower for a Borrowing in accordance with Section 2.3.

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“**Brand IP Agreement**” has the meaning assigned to such term in the Separation Agreement.

“**Business Day**” means any day that is not a Saturday, Sunday, or other day on which commercial banks in New York City are authorized or required by law to remain closed; **provided** that, “**Business Day**” shall also exclude (a) when used in connection with Loans denominated in Dollars, a day on which the Securities Industry and Financial Markets Association recommends that the fixed income departments of its members be closed for the entire day for purposes of trading in United States government securities, (b) when used in connection with Loans denominated in EUR, any day that is not a TARGET Day, and (c) when used in connection with Loans denominated in CAD, any day on which banks are closed for the settlement of payments and foreign exchange transactions in Toronto, Canada.

“**CAD**” refers to lawful money of Canada.

“**Canadian AML Legislation**” means the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act* (Canada) and other applicable anti-money laundering, anti-terrorist financing, government sanction and “know your client” applicable laws in Canada which are in effect, including any regulations, guidelines or orders thereunder.

“**Canadian Defined Benefit Plan**” means any “registered pension plan”, as that term is defined in subsection 248(1) of the *Income Tax Act* (Canada), which is or was sponsored, administered or contributed to, or required to be contributed to by, any Obligor or under which any Obligor has any actual or potential liability, and which contains a “defined benefit provision”, as defined in subsection 147.1(1) of the *Income Tax Act* (Canada).

“**Canadian Mortgages**” means each Mortgage executed by each Foreign Borrower and each other Foreign Obligor organized under the laws of Canada or any province or territory thereof, as grantor, to Administrative Agent to secure any of the Obligations, as amended, modified, restated or supplemented from time to time.

“**Canadian Security Agreement**” means the Pledge and Security Agreement (Canadian) dated as of the Initial Funding Date, executed in favor of Administrative Agent by each Foreign Borrower and each other Foreign Obligor organized under the laws of Canada or any province or territory thereof, as amended, modified, restated or supplemented from time to time.

“**Capital Expenditures**” means for any period, with respect to any Person, the aggregate of all expenditures by such Person for the acquisition or leasing (pursuant to a capital lease) of fixed or capital assets or additions to equipment (including replacements, capitalized repairs and improvements during such period but excluding normal maintenance which is properly charged to operation) which are required to be capitalized under GAAP on a balance sheet of such Person but excluding (a) expenditures that would otherwise qualify as Capital Expenditures made in connection with the replacement, substitution or restoration of fixed or capital assets to the extent financed (i) from insurance proceeds (or other similar recoveries) paid on account of the loss of or damage to the assets being replaced or restored or (ii) with awards of compensation arising from the taking by eminent domain or condemnation of the assets being replaced, (b) expenditures that would otherwise qualify as Capital Expenditures to the extent such expenditures constitute a reinvestment of Net Cash Proceeds from a Disposition, and (c) expenditures made in connection with any one or more Permitted Acquisitions.

“**Capital Lease Obligations**” means with respect to any Person, the obligations of such Person to pay rent or other amounts under any lease of (or other arrangement conveying the right to use) real or personal property, or a combination thereof, which obligations are required to be classified and accounted for as capital leases on a balance sheet of such Person under GAAP, with the amount of such obligations at any time for the purposes of this Agreement being the capitalized amount thereof at such time determined in accordance with GAAP.

“**Cash Collateralize**” means, to deposit in a Controlled Account or to pledge and deposit with or deliver to Administrative Agent, for the benefit of one or more of Issuing Lender or Lenders, as collateral for the LC Exposure or obligations of Lenders to fund participations in respect of the LC Exposure, cash or Deposit Account balances in the applicable currency or, if Administrative Agent and each applicable Issuing Lender shall agree in their sole discretion, other credit support, in each case pursuant to documentation in form and substance reasonably satisfactory to Administrative Agent and each applicable Issuing Lender. “**Cash Collateral**” shall have a meaning correlative to the foregoing and shall include the proceeds of such cash collateral and other credit support.

“**Cash Equivalents**” means, as at any date of determination, any of the following: (a) marketable securities (i) issued or directly and unconditionally guaranteed as to interest and principal by the government of the United States, Canada, Mexico or any country that is a member state of the European Union or (ii) issued by any agency of the United States the obligations of which are backed by the full faith and credit of the United States, in each case maturing within 24 months after such date and having, at the time of the acquisition thereof, a rating of at least A-1 from S&P or at least P-1 from Moody’s (or if at such time neither is issuing ratings, then a comparable rating of another nationally recognized rating agency); (b) marketable direct obligations issued by any state of the United States or any political subdivision of any such state or any public instrumentality thereof, in each case maturing within one year after such date and having, at the time of the acquisition thereof, a rating of at least A-1 from S&P or at least P-1 from Moody’s (or if at such time neither is issuing ratings, then a comparable rating of another nationally recognized rating agency); (c) certificates of deposit or bankers’ acceptances maturing within 3 months after such date and issued or accepted by any Lender or by any commercial bank organized under the laws of the United States or any state thereof or the District of Columbia that (i) is at least “adequately capitalized” (as defined in the regulations of its primary Federal banking regulator), (ii) has Tier 1 capital (as defined in such regulations) of not less than \$1,000,000,000, and (iii) has a rating of at least AA- from S&P and Aa3 from Moody’s (or if at such time neither is issuing ratings, then a comparable rating of another nationally recognized rating agency); (d) shares of any money market mutual fund that (i) has substantially all of its assets invested continuously in the types of investments referred to in clauses (a) and (b) above, (ii) has net assets of not less than \$5,000,000,000, and (iii) has the highest rating obtainable from either S&P or Moody’s (or if at such time neither is issuing ratings, then a comparable rating of another nationally recognized rating agency); and (e) other short term liquid investments approved in writing by Administrative Agent from time to time.

“**Cash Management Services**” means cash management, treasury, or related services (including the Automated Clearing House processing of electronic fund transfers through the direct Federal Reserve Fedline system, credit cards, credit card processing services, debit cards, stored value cards, gift cards, employee credit card programs, purchase cards (including so-called “procurement cards” or “P-cards”) and controlled disbursement accounts or services and overdraft services) provided by a depository bank to its customers in the Ordinary Course of Business.

“**CB Loans**” means, collectively, the Revolving Multicurrency Tranche Loans, Initial Term A-1 Loans and Delayed Draw Term A-1 Loans.

“**CDOR**” means, for any Interest Period for any Loan comprising part of the same Borrowing that is denominated in CAD, an interest rate per annum equal to the Canadian Dollar Offered Rate quoted by Refinitiv Benchmarks Services (UK) Limited for the applicable period as at approximately 10:20 a.m. (Toronto time) on such day, or if such day is not a Business Day, then on the immediately preceding Business Day; **provided** that, subject to Section 2.22, if such rate is not quoted on such day as contemplated, then CDOR on such day shall be calculated as the rate for such period applicable to CAD bankers’ acceptances quoted by Administrative Agent (or its Affiliate) as at approximately 10:20 a.m. (Toronto time) on such day or, if such day is not a Business Day, then on the immediately preceding Business Day; **provided further**, that in no event shall CDOR be less than the Floor.

“**CDOR Cessation Date**” has the meaning assigned to such term in Section 2.22(a).

“**Change in Law**” means the occurrence, after the date of this Agreement, of any of the following: (a) the adoption or taking effect of any law, rule, regulation, or treaty, (b) any change in any law, rule or regulation or treaty or in the administration, interpretation, implementation, or application thereof by any Governmental Authority, or (c) the making or issuance of any request, rule, guideline, or directive (whether or not having the force of law) by any Governmental Authority; **provided** that notwithstanding anything herein to the contrary, (x) the Dodd-Frank Wall Street Reform and Consumer Protection Act and all requests, rules, guidelines, or directives thereunder or issued in connection therewith and (y) all requests, rules, guidelines, or directives promulgated by the Bank for International Settlements, the Basel Committee on Banking Supervision (or any successor or similar authority) or the United States or foreign regulatory authorities, in each case pursuant to Basel III, shall in each case be deemed to be a “Change in Law”, regardless of the date enacted, adopted or issued.

“**Change of Control**” means the occurrence of any of the following events:

(a) prior to the Spin Date, Kellogg shall cease to own and control, of record and beneficially, directly or indirectly, 100% of each class of outstanding Equity Interests of each Borrower;

(b) from and after the Spin Date, any Person or “group” of Persons (within the meaning of Rules 13d 3 and 13d 5 under the Exchange Act), other than one or more Subsidiaries, shall have acquired beneficial ownership (within the meaning of Rule 13d-3 under the Exchange Act) or control of 50% or more on a fully diluted basis in voting power of the outstanding Equity Interests of WKKC;

(c) members of the Board of Directors of WKKC on the Initial Funding Date, plus any additional members of such Board of Directors whose nomination for election to such Board is recommended or approved by a majority of the then current members of such Board shall at any time fail to constitute a majority of such Board;

(d) at any time after the Spin Date, WKKC shall cease to own and control, of record and beneficially, directly or indirectly, 100% of each class of outstanding Equity Interests of each other Borrower;

(e) any Wholly-Owned Subsidiary of Borrowers shall cease to be a Wholly-Owned Subsidiary of Borrowers, except in connection with a transaction permitted by Section 6.3 or 6.4; or

(f) a “change of control” or similar event shall occur as provided in any Subordinated Indebtedness that constitutes Material Indebtedness or any Refinancing Indebtedness of the foregoing.

Notwithstanding the foregoing, the Transactions do not, and will not, result in a Change of Control.

“**Class**”, when used in reference to any Loan or Borrowing, refers to whether such Loan, or the Loans comprising such Borrowing, are Revolving USD Tranche Loans, Revolving Multicurrency Tranche Loans, Initial Term A-1 Loans, Initial Term A-2 Loans, Delayed Draw Term A-1 Loans, Delayed Draw Term A-2 Loans, Incremental Term Loans, or Swingline Loans and, when used in reference to any Commitment, refers to whether such Commitment is a Revolving Multicurrency Tranche Commitment, Revolving USD Tranche Commitment, Initial Term A-1 Commitment, Initial Term A-2 Commitment, Delayed Draw Term A-1 Commitment, or Delayed Draw Term A-2 Commitment.

“**CoBank**” means CoBank, ACB, a federally chartered instrumentality of the United States.

“**Code**” means the Internal Revenue Code of 1986, as amended from time to time.

“**Collateral**” means the property over which a Lien has been or is intended to be granted to Administrative Agent pursuant to the Security Documents.

“**Collateral Account**” means a blocked, non-interest-bearing cash collateral account opened by Administrative Agent and constituting Collateral.

“**Collateral Information Certificate**” means that Collateral Information Certificate dated as of the Initial Funding Date, signed on behalf of each Obligor by a Responsible Officer in form and substance reasonably acceptable to Administrative Agent.

“**Commitment**” means a Revolving Credit Commitment, Term Commitment, or any combination thereof (as the context requires).

“**Commodity Exchange Act**” means the Commodity Exchange Act (7 U.S.C. § 1 et seq.), as amended from time to time, and any successor statute.

“**Communication**” has the meaning assigned to such term in Section 10.1(a).

“**Company**” means, individually, each Borrower, and each Subsidiary of a Borrower, and “**Companies**” means, collectively, Borrowers and each Subsidiary of a Borrower.

“**Competitor**” means any Person that is or becomes a competitor of WKKC or any of its Subsidiaries or an Affiliate of such competitor, in each case to the extent identified by Administrative Borrower as a “Disqualified Institution” by providing written (including email) notice to Administrative Agent from time to time; **provided**, such notice is received at least two Business Days prior to such date and no notice delivered by Administrative Borrower shall apply retroactively to disqualify any Person that has previously acquired an assignment or participation interest in the Loans.

“*Compliance Certificate*” has the meaning assigned to such term in [Section 5.1\(c\)](#).

“*Conforming Changes*” means, with respect to either the use or administration of Term SOFR or any Benchmark Replacement or the use, administration, adoption or implementation of any Benchmark, including any Benchmark that references or is based on SOFR, any technical, administrative or operational changes (including changes to the definition of “Base Rate,” “U.S. Government Securities Business Day,” “Business Day,” “CDOR,” “EURIBOR,” “Eurocurrency Rate,” “SOFR,” “Term SOFR” (and any related definition), the definition of “Interest Period” or any similar or analogous definition (or the addition of a concept of “interest period”), “Interest Payment Date”, timing and frequency of determining rates and making payments of interest (including, if there are multiple Available Tenors hereunder, the payment periods that correspond to such Available Tenors (or any one of them), the conventions, components and formulas utilized to calculate a Benchmark and the related setting of a Benchmark Replacement Adjustment in respect thereof), timing of borrowing requests or prepayment, conversion or continuation notices, length of lookback periods, the applicability of breakage provisions, [Section 2.15](#) and other technical, administrative or operational matters) that Administrative Agent decides (in consultation with Administrative Borrower) may be appropriate to reflect the use, adoption and implementation of such Benchmark Replacement for such currency or any Benchmark and to permit the administration thereof by Administrative Agent in a manner substantially consistent with market practice for commercial loans made in Canada or the United States, as the case may be (or, if Administrative Agent decides that the use or adoption of any portion of such market practice is not administratively feasible or if Administrative Agent determines that no market practice for the administration of such Benchmark Replacement for such currency or the use, administration of or conventions associated with any Benchmark exists, in such other manner of administration as Administrative Agent decides is reasonably necessary in connection with the administration of this Agreement and the other Loan Documents).

“*Connection Income Taxes*” means Other Connection Taxes that are imposed on or measured by net income (however denominated) or that are franchise Taxes or branch profits Taxes.

“*Consolidated EBITDA*” means, for any period for the Consolidated Group, Consolidated Net Income for such period **plus**, without duplication and to the extent deducted in determining such Consolidated Net Income, the sum of (a) Consolidated Interest Expense for such period, (b) consolidated income tax expense (including, without duplication, foreign withholding taxes and any state single business unitary or other similar taxes) for such period, (c) all amounts attributable to depreciation and amortization for such period, (d) any non-cash charges for such period, (e) fees and expenses incurred in connection with the Transactions, (f) fees and expenses incurred in connection with the issuance of any Indebtedness or equity, acquisitions, investments or asset sales or divestitures permitted hereunder, (g) any extraordinary, non-recurring or unusual cash charges or losses for such period arising out of the restructuring, consolidation, severance or discontinuance of any portion of the operations, employees and/or management of any entities or businesses of Borrowers or any of the Subsidiaries, determined without giving effect to any extraordinary gains or losses for such period to the extent included in determining such Consolidated Net Income, all determined on a consolidated basis in accordance with GAAP, and (h) extraordinary or non-recurring charges, fees and expenses incurred in connection with the Permitted Capital Project; **provided** that, solely for purposes of determining compliance with the Financial Covenants, in the event



Borrowers or any Subsidiary acquired or disposed of any Person or line of business during the relevant period, Consolidated EBITDA will be determined giving pro forma effect to such acquisition or disposition as if such acquisition or disposition and any related incurrence or repayment of Indebtedness had occurred on the first day of the relevant period. The parties hereto agree that Consolidated EBITDA for the Fiscal Quarter ending (i) on September 30, 2022 shall be deemed to be \$33,568,472.75, (ii) on December 31, 2022 shall be deemed to be \$33,400,047.20, (iii) on March 31, 2023 shall be deemed to be \$69,959,554.85, and (iv) on June 30, 2023 shall be deemed to be \$88,576,286.76.

“**Consolidated Group**” means, collectively, WKKC and its Subsidiaries (including the other Borrowers), on a consolidated basis in accordance with GAAP.

“**Consolidated Interest Expense**” means, for any period, the sum of (a) the cash interest expense (including imputed interest expense in respect of Capital Lease Obligations) of the Consolidated Group for such period, determined on a consolidated basis in accordance with GAAP and (b) any amounts paid during such period in respect of interest or other financing costs of WKKC or any Subsidiary that have been or are required to be capitalized and are not included in consolidated interest expense for such period in accordance with GAAP; **provided** that, there shall be excluded from Consolidated Interest Expense (i) any such amounts incurred pursuant to a Receivables Financing Facility, (ii) any fees paid to Administrative Agent, and (iii) any payments made to obtain any interest rate Hedging Agreements; **provided further** that, solely for purposes of determining compliance with Section 7.2, in the event WKKC or any Subsidiary acquired or disposed of any Person or line of business during the relevant period, Consolidated Interest Expense will be determined giving pro forma effect to any incurrence or repayment of Indebtedness related to such acquisition or disposition as if such incurrence or repayment of Indebtedness had occurred on the first day of the relevant period.

Notwithstanding anything to the contrary contained herein, for purposes of determining Consolidated Interest Expense under this Agreement for any period of four Fiscal Quarters ending prior to September 30, 2024, the amounts described in this definition shall be equal to such amounts from the Initial Funding Date through the last day of the applicable period multiplied by a fraction the numerator of which is 365 and the denominator of which is the number of days from the Initial Funding Date through the last day of the applicable period.

“**Consolidated Net Income**” means, for any period, the net income or loss of the Consolidated Group for such period determined on a consolidated basis in accordance with GAAP; **provided** that (a) there shall be excluded the income of any Person (other than WKKC or any Subsidiary) in which any other Person (other than WKKC or any Subsidiary or any director holding qualifying shares or other third parties holding nominal amounts of shares, as required by or in compliance with applicable law) owns an Equity Interest, except to the extent of the amount of dividends or other distributions actually paid to WKKC or any of the Subsidiaries during such period, and (b) solely for purposes of determining compliance the Financial Covenants, in the event the Company or any Subsidiary acquired or disposed of any Person or line of business during the relevant period, Consolidated Net Income will be determined giving pro forma effect to such acquisition or disposition as if such acquisition or disposition and any related incurrence or repayment of Indebtedness had occurred on the first day of the relevant period, but shall not take into account any cost savings projected to be realized as a result of such acquisition or disposition other than cost savings permitted to be included under Regulation S-X of the SEC.

“**Consolidated Net Leverage Ratio**” means, as of any date of determination, the ratio of (a)(i) the aggregate principal amount of all outstanding Funded Debt of the Consolidated Group as of such date, **minus** (ii) Qualified Cash as of such date, to (b) Consolidated EBITDA for the four Fiscal Quarter period then ended or most recently ended.

“**Consolidated Total Assets**” means, as of any date of determination, the consolidated total assets of the Consolidated Group as of such date, determined in accordance with GAAP.

“**Control Agreements**” means, collectively, those control agreements in form and substance reasonably acceptable to Administrative Agent entered into among (a) the depository institution maintaining any Deposit Account, the securities intermediary maintaining any securities account, or commodity intermediary maintaining any commodity account, (b) a Domestic Obligor or Defaulting Lender, as applicable, (c) Administrative Agent, and (d) to the extent applicable, the Receivables Financier, pursuant to which Administrative Agent obtains control (within the meaning of the applicable provision of the UCC) over such Deposit Account, securities account, or commodity account.

“**Controlled Account**” means each Deposit Account, securities account, or commodity account that is subject to a Control Agreement.

“**Conversion Date**” means with respect to the Delayed Draw Term Commitments, the earliest of (a) the first date on which the aggregate Delayed Draw Term Loans advanced hereunder are equal to the aggregate Delayed Draw Term Commitment then in effect and (b) the date that is 15 months from the Initial Funding Date.

“**CORRA**” means the Canadian Overnight Repo Rate Average administered and published by the Bank of Canada (or any successor administrator).

“**Credit Extension**” means the making of a Loan or the issuing, extending, renewing, or amending of a Letter of Credit.

“**Daily Compounded CORRA**” means, for any Business Day in an interest payment period, CORRA with interest accruing on a compounded daily basis, with the methodology and conventions for this rate (which will include compounding in arrears with a lookback) being established by Administrative Agent in accordance with the methodology and conventions for this rate selected or recommended by the Relevant Governmental Body for determining compounded CORRA for CAD denominated business loans made in Canada; **provided** that if Administrative Agent decides that any such convention is not administratively feasible for Administrative Agent, then Administrative Agent may establish another convention in its reasonable discretion; and **provided** that if the administrator has not provided or published CORRA and a Benchmark Transition Event with respect to CORRA has not occurred, then, in respect of any day for which CORRA is required, references to CORRA will be deemed to be references to the last provided or published CORRA.

“**Debt Fund Affiliate**” means, with respect to any Person, any Affiliate of such Person that is a bona fide debt fund, investment vehicle, regulated bank entity or unregulated lending entity that is primarily engaged in, or that advises funds or other investment vehicles that are engaged in, making, purchasing, holding or otherwise investing in commercial loans, bonds and similar extensions of credit or securities in the ordinary course.

“**Debtor Relief Laws**” means the Bankruptcy Code, the *Bankruptcy and Insolvency Act* (Canada), the *Companies’ Creditors Arrangement Act* (Canada), the *Winding-Up and Restructuring Act* (Canada) and all other liquidation, conservatorship, bankruptcy, assignment for the benefit of creditors, moratorium, rearrangement, receivership, insolvency, reorganization, or similar debtor relief laws (including the arrangement provisions of the *Canada Business Corporations Act* and any other applicable corporate legislation as such provisions relate to the arrangement of claims of creditors of an insolvent obligor) of the United States or Canada (or any applicable state, province or territory thereof) or other applicable jurisdictions from time to time in effect.

“**Default**” means any event or condition which constitutes an Event of Default or which upon notice, lapse of time or both would, unless cured or waived, become an Event of Default.

“**Default Rate**” means a per annum interest rate equal to (a) in the case of any Loans, 2.0% **plus** the rate otherwise applicable to such Loan (including the Applicable Margin) or (b) in the case of any other Obligation, 2.0% **plus** the rate applicable to Base Rate Loans (including the Applicable Margin) as provided in Section 2.12(a).

“**Defaulting Lender**” means, subject to Section 2.21(b), any Lender that (a) has failed to (i) fund all or any portion of its Loans within 2 Business Days of the date such Loans were required to be funded hereunder unless such Lender notifies Administrative Agent and Borrowers in writing that such failure is the result of such Lender’s determination that one or more conditions precedent to funding (each of which conditions precedent, together with any applicable default, shall be specifically identified in such writing) has not been satisfied, or (ii) pay to Administrative Agent, any Issuing Lender or any other Lender any other amount required to be paid by it hereunder (including in respect of its participation in Letters of Credit or Swingline Loans) within 2 Business Days of the date when due, (b) has notified any Borrower, Administrative Agent, Swingline Lender or any Issuing Lender in writing that it does not intend to comply with its funding obligations hereunder, or has made a public statement to that effect (unless such writing or public statement relates to such Lender’s obligation to fund a Loan hereunder and states that such position is based on such Lender’s determination that a condition precedent to funding (which condition precedent, together with any applicable default, shall be specifically identified in such writing or public statement) cannot be satisfied), (c) has failed, within 3 Business Days after written request by Administrative Agent or Borrowers, to confirm in writing to Administrative Agent and Borrowers that it will comply with its prospective funding obligations hereunder (**provided** that such Lender shall cease to be a Defaulting Lender pursuant to this clause (c) upon receipt of such written confirmation by Administrative Agent and Borrowers), or (d) has, or has a direct or indirect parent company that has, (i) become the subject of a proceeding under any Debtor Relief Laws, (ii) had appointed for it a receiver, receiver and manager, monitor, custodian, conservator, trustee, administrator, assignee for the benefit of creditors or similar Person charged with reorganization, arrangement or liquidation of its business or assets, including the Federal Deposit Insurance Corporation or any other state, provincial, territorial or federal regulatory authority acting in such a capacity, or (iii) become the subject of a Bail-In Action; **provided** that a Lender shall not be a Defaulting Lender solely by virtue of (x) the ownership or acquisition of any Equity Interest in that Lender or any direct or indirect parent company thereof by a Governmental Authority or (y) an Undisclosed Administration of such Lender so long as such ownership interest or Undisclosed Administration does not result in or provide such Lender with immunity from the jurisdiction of courts within the United States or Canada or any province or territory thereof, as applicable, or from the enforcement of judgments or writs of attachment on its assets or permit such Lender (or such

Governmental Authority) to reject, repudiate, disavow or disaffirm any contracts or agreements made with such Lender. Any determination by Administrative Agent that a Lender is a Defaulting Lender under any one or more of clauses (a) through (d) of this definition shall be conclusive and binding absent manifest error, and such Lender shall be deemed to be a Defaulting Lender (subject to [Section 2.21\(b\)](#)) upon delivery of written notice of such determination to Borrowers, each Issuing Lender, and each Lender.

“**Delayed Draw Availability Period**” means the period beginning on the first Business Day following consummation of the Spin-Off and ending on the earlier of the Conversion Date and the date of termination of the Delayed Draw Term Loan Commitments pursuant to the terms hereof.

“**Delayed Draw Quarterly Percentage Amount**” means the percentage of the aggregate principal amount of all Delayed Draw Term Loans on the Conversion Date as is set forth below for each Quarterly Date occurring during any of the periods set forth below:

| Percentage | Quarterly Date                              |
|------------|---|
| 0.625%     | March 31, 2024<br>through December 31, 2024 |
| 1.25%      | March 31, 2025<br>through December 31, 2025 |
| 1.25%      | March 31, 2026<br>through December 31, 2026 |
| 1.875%     | March 31, 2027<br>through December 31, 2027 |
| 2.5%       | March 31, 2028, and thereafter              |

“**Delayed Draw Term A-1 Commitment**” means, with respect to each Delayed Draw Term A-1 Lender, its obligation to make Delayed Draw Term A-1 Loans to any U.S. Borrower in an aggregate principal amount up to, and not to exceed, the amount set forth on such Lender’s signature page hereto under the caption “Delayed Draw Term A-1 Commitment”, or in the Assignment and Assumption pursuant to which such Delayed Draw Term A-1 Lender has become a party hereto, as applicable, in each case, as such commitment may be (a) reduced from time to time pursuant to [Section 2.8](#) or [2.18\(b\)](#) or (b) reduced or increased from time to time pursuant to assignments by or to such Lender pursuant to [Section 10.4](#). As of the Signing Date, the aggregate amount of Delayed Draw Term A-1 Commitments is \$125,000,000.

“**Delayed Draw Term A-1 Lender**” means a Lender with a Delayed Draw Term A-1 Commitment or an outstanding Delayed Draw Term A-1 Loan.

“**Delayed Draw Term A-1 Loan**” means a Loan made pursuant to [Section 2.1\(c\)\(i\)](#).

“**Delayed Draw Term A-2 Commitment**” means, with respect to each Delayed Draw Term A-2 Lender, its obligation to make Delayed Draw Term A-2 Loans to any U.S. Borrower in an aggregate principal amount up to, and not to exceed, the amount set forth on such Lender’s signature page hereto under the caption “Delayed Draw Term A-2 Commitment”, or in the Assignment and Assumption pursuant to which such Delayed Draw Term A-2 Lender has become a party hereto, as applicable, in each case, as such commitment may be (a) reduced from time to time pursuant to [Section 2.8](#) or [2.18\(b\)](#) or (b) reduced or increased from time to time pursuant to assignments by or to such Lender pursuant to [Section 10.4](#). As of the Signing Date, the aggregate amount of Delayed Draw Term A-2 Commitments is \$125,000,000.

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“**Delayed Draw Term A-2 Lender**” means a Lender with a Delayed Draw Term A-2 Commitment or an outstanding Delayed Draw Term A-2 Loan.

“**Delayed Draw Term A-2 Loan**” means a Loan made pursuant to Section 2.1(c)(ii).

“**Delayed Draw Term Commitment**” means, collectively, the Delayed Draw Term A-1 Commitment and the Delayed Draw Term A-2 Commitment.

“**Delayed Draw Term Lender**” means, collectively, the Delayed Draw Term A-1 Lenders and the Delayed Draw Term A-2 Lenders.

“**Delayed Draw Term Loan**” means, collectively, the Delayed Draw Term A-1 Loan and the Delayed Draw Term A-2 Loan.

“**Deposit Account**” means a demand, time, savings, passbook, or similar account maintained with an organization engaged in the business of banking, including savings banks, savings and loan associations, credit unions, and trust companies. Neither investment property nor accounts evidenced by an instrument shall constitute a Deposit Account for purposes of this Agreement.

“**Disclosed Matters**” has the meaning assigned to such term in Section 3.6.

“**Disposition**” means any sale, assignment, lease, license, transfer, division, or other disposition of any property or assets (whether now owned or hereafter acquired) by any Company to any other Person (including any Sale and Leaseback Transaction) other than sales of Inventory in the Ordinary Course of Business. The term “**Dispose**” as a verb has a corresponding meaning.

“**Disqualified Equity Interests**” means any Equity Interest that, by its terms (or by the terms of any security or other Equity Interests into which it is convertible or for which it is exchangeable), or upon the happening of any event or condition (a) matures or is mandatorily redeemable (other than solely for Qualified Equity Interests and cash in lieu of fractional shares), pursuant to a sinking fund obligation or otherwise (except as a result of a change of control or asset sale or similar event so long as any rights of the holders thereof upon the occurrence of a change of control or asset sale or similar event are subject to the prior Full Satisfaction of the Obligations), (b) is redeemable at the option of the holder thereof (other than (i) solely for Qualified Equity Interests and cash in lieu of fractional shares or (ii) as a result of a change of control, asset sale or similar event so long as any rights of the holders thereof upon the occurrence of a change of control, asset sale or similar event shall be subject to Full Satisfaction of the Obligations), in whole or in part, (c) provides for the scheduled payments of dividends in cash, or (d) is or becomes convertible into or exchangeable for Indebtedness or any other Equity Interests that would constitute Disqualified Equity Interests, in each case, prior to the date that is 180 days after the Term Loan Maturity Date; **provided** that if such Equity Interests are issued pursuant to a plan for the benefit of employees, officers, directors, managers or consultants of Borrowers or the Subsidiaries or by any such plan to such employees, officers, directors, managers or consultants, such Equity Interests shall not constitute Disqualified Equity Interests solely because it may be required to be repurchased by a Borrower or its Subsidiaries in order to satisfy applicable statutory or regulatory obligations or as a result of the termination, death or disability of such officers, directors, managers or consultants.

**“Disqualified Institution”** means (a) any Disqualified Lending Institution, (b) any Competitor and (c) any Affiliate (other than a Debt Fund Affiliate) of such Disqualified Lending Institution or Competitor that is readily identifiable on the basis of such Affiliate’s name or identified as such by Administrative Borrower in writing to Administrative Agent at least three Business Days prior to such date; **provided** that (i) no notice delivered by Administrative Borrower shall apply retroactively to disqualify any Person that has previously acquired an assignment or participation interest in the Loans, and (ii) “Disqualified Institutions” shall exclude any Person that Administrative Borrower has designated as no longer being a “Disqualified Institution” by written (including email) notice delivered to Administrative Agent from time to time. The list of Disqualified Institutions provided by Administrative Borrower and any permitted updates thereto from time to time may be made available to any Lender that specifically requests a copy from Administrative Agent.

**“Disqualified Lending Institution”** means certain banks, financial institutions, institutional lenders and other entities that have been identified by Administrative Borrower as a “Disqualified Lending Institution” pursuant to that letter addressed to Administrative Agent dated as of the Signing Date.

**“Distribution”** means the distribution by Kellogg, following the consummation of the Internal Reorganization, of all the issued and outstanding common Equity Interests in WKKC on a pro rata basis to the holders of the shares of common stock, par value \$0.25 per share, of Kellogg.

**“Dollar Equivalent”** means, for any amount, at the time of determination thereof, (a) if such amount is expressed in Dollars, such amount, (b) if such amount is expressed in an Other Currency, the equivalent of such amount in Dollars determined by using the rate of exchange for the purchase of Dollars with such Other Currency last provided (either by publication or otherwise provided to Administrative Agent) by the applicable Reuters source (or such other publicly available source for displaying exchange rates as determined by Administrative Agent) on the date that is two Business Days immediately preceding the date of determination (or if such service ceases to be available or ceases to provide such rate of exchange, the equivalent of such amount in Dollars as determined by Administrative Agent using any method of determination it deems appropriate in its sole discretion) and (c) if such amount is denominated in any other currency, the equivalent of such amount in Dollars as determined by Administrative Agent using any method of determination it deems appropriate in its sole discretion. Any determination by Administrative Agent pursuant to clause (b) or (c) above shall be conclusive absent manifest error.

**“Dollars”** or **“\$”** refers to the lawful money of the United States.

**“Domestic Collateral Documents”** means, collectively, the Domestic Security Agreement, the Control Agreements, the Domestic Mortgages, the Domestic Intellectual Property Security Agreements, and each other agreement, instrument, or document delivered by a Domestic Obligor that creates or purports to create a Lien in favor of Administrative Agent and all UCC financing statements and fixture filings required by the Domestic Security Agreement or any Domestic Mortgage, or such other agreement, instrument, or document to be filed with respect to the Liens on personal property and fixtures created pursuant thereto and each other security agreement or other document executed and delivered after the Initial Funding Date to secure any of the Obligations.

**“Domestic Holding Company”** means any Subsidiary of a Borrower organized under the laws of the United States, any state thereof, the District of Columbia, or any other jurisdiction within the United States, (a) that is treated as a disregarded entity for U.S. federal income tax purposes, (b) all of the assets (other than de minimis assets) of which consist of the Equity Interests of one or more Foreign Subsidiaries (other than a Subsidiary organized in Canada), (c) that is in compliance with [Section 6.15](#), and (d) in which the pledge of all of the Equity Interests of such Subsidiary as Collateral would, as reasonably determined by Borrowers and set forth in a certificate of a Responsible Officer of Administrative Borrower delivered to Administrative Agent, result in material adverse tax consequences to Borrowers.

**“Domestic Intellectual Property Security Agreements”** means, collectively, all “Patent Security Agreements”, “Copyright Security Agreements”, “Trademark Security Agreements”, or similar agreements granting a Lien on intellectual property now or hereafter entered into by any Domestic Obligor in favor of Administrative Agent, as amended, modified, restated or supplemented from time to time.

**“Domestic Mortgages”** means each Mortgage given by any Domestic Obligor, as grantor, to Administrative Agent to secure any of the Obligations, as such agreements may be amended, modified, restated or supplemented from time to time.

**“Domestic Obligor”** means each U.S. Borrower and any other Obligor that is a Domestic Subsidiary.

**“Domestic Security Agreement”** means the Pledge and Security Agreement (Domestic) dated as of the Initial Funding Date executed in favor of Administrative Agent by U.S. Borrowers and each other Domestic Obligor, as amended, modified, restated or supplemented from time to time.

**“Domestic Subsidiary”** means any Subsidiary that is not a Foreign Subsidiary.

**“EEA Financial Institution”** means (a) any credit institution or investment firm established in any EEA Member Country which is subject to the supervision of an EEA Resolution Authority, (b) any entity established in an EEA Member Country which is a parent of an institution described in clause (a) of this definition, or (c) any financial institution established in an EEA Member Country which is a subsidiary of an institution described in clause (a) or (b) of this definition and is subject to consolidated supervision with its parent.

**“EEA Member Country”** means any of the member states of the European Union, Iceland, Liechtenstein, and Norway.

**“EEA Resolution Authority”** means any public administrative authority or any Person entrusted with public administrative authority of any EEA Member Country (including any delegee) having responsibility for the resolution of any EEA Financial Institution.

**“Electronic Signature”** means an electronic sound, symbol, or process attached to, or associated with, a contract or other record and adopted by a Person with the intent to sign, authenticate or accept such contract or record.

“**Eligible Assignee**” means any Person that meets the requirements to be an assignee under Sections 10.4(b)(iii), 10.4(b)(vi), and (other than a Disqualified Institution) 10.4(b)(vii) (subject to such consents, if any, as may be required under Section 10.4(b)(iii)).

“**Environmental Laws**” means all laws, rules, regulations, codes, ordinances, permits, orders, decrees, judgments, injunctions, notices, or binding agreements issued, promulgated, or entered into by any Governmental Authority, regulating, relating to, or imposing liability or standards of conduct concerning pollution or protection of the environment, natural resources, or the generation, use, treatment, storage, handling, transportation, or release of, or exposure to, Hazardous Materials, as has been, is now, or may at any time hereafter be, in effect.

“**Environmental Liability**” means any liability, contingent, or otherwise (including any liability for damages, costs of environmental remediation, fines, penalties, or indemnities, and including any Lien filed against any Mortgaged Property) in favor of any Governmental Authority, of any Obligor or any Subsidiary directly or indirectly resulting from or based upon (a) any Environmental Law, (b) the generation, use, handling, transportation, storage, treatment, or disposal of any Hazardous Materials, (c) exposure to any Hazardous Materials, (d) the release or threatened release of any Hazardous Materials into the environment, or (e) any contract, agreement or other consensual arrangement pursuant to which liability is assumed or imposed with respect to any of the foregoing (to the extent of such liability).

“**Equity Interest**” means, with respect to any Person, any and all shares, interests, rights to purchase, warrants, options, participations, or other equivalents, including membership interests (however designated, whether voting or nonvoting), of equity of such Person, including, if such Person is a partnership, partnership interests (whether general or limited), if such Person is a limited liability company, membership interests and any other interest or participation that confers on a Person the right to receive a share of the profits and losses of, or distributions of property of, such partnership, whether outstanding on the date hereof or issued on or after the Signing Date, but excluding debt securities convertible or exchangeable into such equity.

“**Equity Issuance**” means any issuance or sale by any Company on or after the Signing Date of any of its Equity Interests or any other security or instrument representing an Equity Interest (or the right to obtain any Equity Interest) in such Person.

“**ERISA**” means the Employee Retirement Income Security Act of 1974, as amended from time to time, and the regulations promulgated thereunder and any successor thereto.

“**ERISA Affiliate**” means any trade or business (whether or not incorporated) that, together with such Company or any of its Subsidiaries, is treated as a single employer under Section 414(b) or (c) of the Code, or, solely for purposes of Section 302 of ERISA and Section 412 and 430 of the Code, is treated as a single employer under Section 414(m) or (o) of the Code.

“**ERISA Event**” means (a) any “reportable event”, as defined in Section 4043(c) of ERISA or the regulations issued thereunder with respect to a Plan (other than an event for which the 30 day notice period is waived), (b) the failure to meet all applicable requirements of the minimum funding standards and minimum required contributions set forth in Sections 412, 430, 431, 432 and 436 of the Code and Sections 302, 303, 304 and 305 of ERISA with respect to a Plan or a Multiemployer Plan, including the failure to make sufficient contributions to a Plan for any plan year which, in the aggregate, are less than the minimum required contribution



determined under Section 412 of the Code, Section 430 of the Code, or Section 303 of ERISA for the Plan for the plan year, or the existence with respect to any Multiemployer Plan of an “accumulated funding deficiency” (as defined in Section 431 of the Code or Section 304 of ERISA), whether or not waived, (c) the filing pursuant to Section 412(c) of the Code or Section 302(c) of ERISA of an application for a waiver of the minimum funding standard with respect to any Plan, (d) the filing of a notice of intent to terminate a Plan under, or the treatment of a Plan amendment as a termination under, Section 4041 of ERISA or the incurrence by any Company or any of its ERISA Affiliates of any liability under Title IV of ERISA with respect to the termination of any Plan or a cessation of operations with respect to a Plan within the meaning of Section 4062(e) of ERISA, (e) the receipt by any Company, any of its ERISA Affiliates, or any plan administrator of any notice from the PBGC relating to an intention to terminate any Plan or Plans or to appoint a trustee to administer any Plan or the occurrence any event or condition that constitutes grounds under Section 4042 of ERISA for the termination of, or the appointment of a trustee to administer, any Plan, (f) the determination that any Plan is in at-risk status (within the meaning of Section 430 of the Code or Section 303 of ERISA) or that a Multiemployer Plan is in endangered or critical status (within the meaning of Section 432 of the Code or Section 305 of ERISA), (g) a complete or partial withdrawal by any Company or any ERISA Affiliate from a Multiemployer Plan or the incurrence by any Company or any of its ERISA Affiliates of any liability under Title IV of ERISA with respect to the withdrawal or partial withdrawal from any Multiemployer Plan, (h) the receipt by any Company or any of its ERISA Affiliates of any notice concerning the imposition of Withdrawal Liability or a determination that a Multiemployer Plan is, or is expected to be, insolvent, within the meaning of Title IV of ERISA, (i) the imposition of any liability under Title IV of ERISA, other than for PBGC premiums due but not delinquent under Section 4007 of ERISA, upon any Borrower or any ERISA Affiliate; (j) the engagement by any Company or any ERISA Affiliate in a transaction that could reasonably be expected to be subject to Section 4069 or Section 4212(c) of ERISA; (k) the imposition of a lien upon any Borrower pursuant to Section 430(k) of the Code or Section 303(k) of ERISA; or (l) the making of an amendment to a Plan that could reasonably be expected to result in the posting of bond or security under Section 436(f) (1) of the Code.

“**Erroneous Payment**” has the meaning assigned to it in [Section 9.14\(a\)](#).

“**Erroneous Payment Subrogation Rights**” has the meaning assigned to it in [Section 9.14\(d\)](#).

“**EU Bail-In Legislation Schedule**” means the EU Bail-In Legislation Schedule published by the Loan Market Association (or any successor Person), as in effect from time to time.

“**EUR**” means the single currency of any member state of the European Union that adopts or has adopted the Euro as its lawful currency in accordance with legislation of the European Union relating to Economic and Monetary Union.

“**EURIBOR**” means, with respect to Borrowing denominated in EUR, a rate per annum equal to the Euro Interbank Offered Rate as administered by the European Money Markets Institute (or any other Person that takes over the administration of such rate) for a period equal in length to such Interest Period, as displayed on the Reuters screen page that displays such rate (currently page EURIBOR01) (or, in the event such rate does not appear on a Reuters page or screen, on the appropriate page of such other information service that publishes such rate as shall

be selected by Administrative Agent from time to time in its reasonable discretion) at approximately 11:00 a.m., Brussels time, two TARGET Days prior to the commencement of such Interest Period; **provided** that in no event shall EURIBOR be less than the Floor. In the event that such rate is not available at such time for any reason, then EURIBOR with respect to such Borrowing for such Interest Period shall be the rate at which EUR deposits in the amount of the requested Borrowing and for a maturity comparable to such Interest Period are offered by Rabobank in immediately available funds in the EUR interbank market at approximately 11:00 a.m., Brussels time, two TARGET Days prior to the commencement of such Interest Period.

“**Eurocurrency**”, when used in reference to any Loan or Borrowing, refers to whether such Loan, or the Loans comprising such Borrowing, bears interest at a rate determined by reference to a Eurocurrency Rate.

“**Eurocurrency Loan**” means a Loan that bears interest at a rate based on a Eurocurrency Rate.

“**Eurocurrency Rate**” means, for any Interest Period with respect to any Loan or Borrowing:

(a) denominated in EUR, EURIBOR; and

(b) denominated in CAD, CDOR.

“**Event of Default**” has the meaning assigned to such term in Section 8.1.

“**Event of Loss**” means with respect to any inventory, equipment or fixed asset of any Company, any of the following: (a) any loss, destruction or damage of such asset, or (b) any actual condemnation, seizure or taking, by exercise of the power of eminent domain or otherwise, of such asset, or confiscation of such asset or requisition of the use of such asset.

“**Evergreen Letter of Credit**” has the meaning assigned to it in Section 2.5(o).

“**Excess Amount**” has the meaning assigned to such term in Section 7.3.

“**Exchange Act**” means the Securities Exchange Act of 1934, as amended from time to time.

“**Excluded Accounts**” means, with respect to each Obligor, each (a) deposit account maintained in connection with an employee benefit plan provided to such Obligor’s employees to the extent the funds on deposit therein are held for the benefit of such Obligor’s employees and are not the assets of such Obligor, (b) account that is a payroll, withholding tax, or tax trust or fiduciary account, so long as Borrowers and their Subsidiaries do not deposit or maintain funds in such payroll accounts or tax accounts in excess of amounts necessary to satisfy current payroll liabilities, payroll taxes or other wage and benefit payments, (c) accounts established solely to receive proceeds of Receivables subject to the Receivables Financing Facility so long as Borrowers and their Subsidiaries do not deposit other funds in accounts; (d) overnight investment accounts, (e) any accounts of any Obligor holding funds in escrow with respect to any proposed, pending or consummated Permitted Acquisition or any accounts of any Obligor holding funds for the benefit of any insurance carrier of any Obligor, and (f) petty cash account of such Obligor, **provided** that the petty cash accounts of the Loan Parties shall cease to constitute Excluded Accounts if the aggregate funds on deposit in all petty cash accounts of the Loan Parties taken together exceed \$5,000,000 at any one time.

**“Excluded Subsidiary”** means, unless otherwise elected by Borrowers (pursuant to the terms of Section 5.8) (a) any Subsidiary that is not a Wholly-Owned Subsidiary of Borrowers or any Obligor, (b) any Subsidiary for which guarantees of the Obligations are prohibited by law (including as a result of applicable financial assistance, directors’ duties or corporate benefit requirements, or require consent, approval, license or authorization of a Governmental Authority, unless such consent, approval, license or authorization has been received); **provided**, that there shall be no obligation to obtain such consent, (c) any Tax Preferred Subsidiary a guaranty by which could reasonably be expected to result in any material adverse tax, accounting or regulatory consequences to Borrowers or one of their respective Subsidiaries, (d) any not-for-profit Subsidiaries, (e) any special purpose vehicle, including a securitization vehicle (or similar entity), and (f) captive insurance Subsidiaries; **provided** that, notwithstanding the foregoing, in no event shall a Foreign Borrower be deemed to be an Excluded Subsidiary for purposes of this Agreement.

**“Excluded Swap Obligation”** means, with respect to any Obligor, any Swap Obligation if, and to the extent that, all or a portion of the Guarantee of such Obligor of, or the grant by such Obligor of a security interest to secure, such Swap Obligation (or a Guarantee thereof) is or becomes illegal under the Commodity Exchange Act or any rule, regulation or order of the Commodity Futures Trading Commission (or the application or official interpretation of any thereof) by virtue of such Obligor’s failure for any reason to constitute an “eligible contract participant” as defined in the Commodity Exchange Act and the regulations thereunder at the time the Guarantee of such Obligor or the grant of such security interests becomes effective with respect to such Swap Obligation. If a Swap Obligation arises under a master agreement governing more than one swap, such exclusion shall apply only to the portion of such Swap Obligation that is attributable to swaps for which such Guarantee or security interests is or becomes illegal.

**“Excluded Taxes”** means any of the following Taxes imposed on or with respect to a Recipient or required to be withheld or deducted from a payment to a Recipient, (a) Taxes imposed on or measured by net income (however denominated), franchise Taxes, and branch profits Taxes, in each case, (i) imposed as a result of such Recipient being organized under the laws of, or having its principal office or, in the case of any Lender, its applicable lending office located in, the jurisdiction imposing such Tax (or any political subdivision thereof) or (ii) that are Other Connection Taxes, (b) in the case of a Lender, U.S. federal withholding Taxes imposed on amounts payable to or for the account of such Lender with respect to an applicable interest in a Loan or Commitment pursuant to a law in effect on the date on which (i) such Lender acquires such interest in the Loan or Commitment (other than pursuant to an assignment request by Borrowers under Section 2.18(b)) or (ii) such Lender changes its lending office, except in each case to the extent that, pursuant to Section 2.16, amounts with respect to such Taxes were payable either to such Lender’s assignor immediately before such Lender became a party hereto or to such Lender immediately before it changed its lending office, (c) Taxes attributable to such Recipient’s failure to comply with Section 2.16(g), (d) any U.S. federal withholding Taxes imposed under FATCA, and (e) any Canadian Taxes resulting from (i) the Obligor not dealing at arm’s length (within the meaning of the *Income Tax Act* (Canada)) with the Recipient, (ii) the Recipient being a “specified non-resident shareholder” (within the meaning of subsection 18(5) of the *Income Tax Act* (Canada)) of the Obligor, or (iii) the Recipient not dealing at arm’s length (within the meaning of the *Income Tax Act* (Canada)) with a “specified shareholder” (within the meaning of subsection 18(5) of the *Income Tax Act* (Canada)) of an Obligor, in each case, other than where such non-arm’s length or specified non-resident shareholder relationship arises solely as a result of such Recipient having executed, delivered, become a party to, engaged in any other transaction pursuant to, received or perfected a security interest under, or received, exercised or enforced any rights under, any Loan Documents.

“**Farm Credit Bank**” means a lending institution organized and existing pursuant to the provisions of the Farm Credit Act of 1971, as amended, and under the regulation of the Farm Credit Administration.

“**Farm Credit Equities**” means any Borrowers’ stock, patronage refunds issued in the form of stock or otherwise constituting allocated units, patronage surplus (including any such surplus accrued by a Farm Credit Bank for the account of Borrowers) and other equities in any Farm Credit Bank acquired in connection with, or because of the existence of, Borrowers’ patronage loan from such Farm Credit Bank (or its affiliate), and the proceeds of any of the foregoing.

“**FATCA**” means Sections 1471 through 1474 of the Code, as of the date of this Agreement (or any amended or successor version that is substantively comparable and not materially more onerous to comply with), any current or future regulations or official interpretations thereof, and any agreements entered into pursuant to Section 1471(b)(1) of the Code.

“**FCB Loans**” means, collectively, the Revolving USD Tranche Loans, Initial Term A-2 Loans and Delayed Draw Term A-2 Loans.

“**Federal Funds Effective Rate**” means, for any day, the weighted average of the rates on overnight federal funds transactions with members of the Federal Reserve System, as published on the next succeeding Business Day by the Federal Reserve Bank of New York, or, if such rate is not so published for any day that is a Business Day, the average of the quotations for such day for such transactions received by Administrative Agent from three federal funds brokers of recognized standing selected by it; **provided** that in no event shall the Federal Funds Effective Rate be less than zero.

“**Fee Letter**” means, collectively (a) that certain fee letter, dated as of the Signing Date, by and among Rabobank and CoBank, as “Joint Lead Arrangers” hereunder, and Borrowers, setting forth certain fees relating to this Agreement to be paid to Rabobank and CoBank, on their behalf and on behalf of the Lenders, and (b) that certain fee letter, dated as of the Signing Date, by and between Administrative Agent and Borrower, setting forth certain fees relating to this Agreement to be paid to Administrative Agent.

“**Financial Covenants**” means, collectively, the financial covenants or tests set forth in Sections 7.1, 7.2 and 7.3.

“**Financing Transactions**” means (a) the execution, delivery and performance by each Obligor of the Loan Documents to which it is to be a party and (b) the borrowing of Loans and the use of the proceeds thereof and the issuance of Letters of Credit hereunder on the Initial Funding Date.

“**Fiscal Quarter**” means each calendar quarter.

“**Fiscal Year**” means each calendar year.

“**Floor**” means a rate of interest equal to 0.0%.

**“Foreign Borrowers”** means, collectively, WKK Canada and any Foreign Subsidiary designated as an Additional Borrower pursuant to Section 2.2(g) after the Signing Date.

**“Foreign Collateral Documents”** means, collectively, the Canadian Security Agreement, any Canadian Mortgages, and each other agreement, instrument, or document delivered by a Foreign Obligor that creates or purports to create a Lien in favor of Administrative Agent, including all PPSA and intellectual property filings required by the Canadian Security Agreement and any Canadian Mortgages, and such other agreements, instruments, or documents to be filed with respect to the Liens on personal property and fixtures created pursuant thereto and each other security agreement or other document executed and delivered by a Foreign Obligor after the Signing Date to secure any of the Obligations.

**“Foreign Lender”** means any Lender or Participant that is not a U.S. Person.

**“Foreign Obligor”** means each Foreign Borrower and any other Obligor that is a Foreign Subsidiary.

**“Foreign Subsidiary”** means any Subsidiary of a Borrower that is (a) not a U. S. Person and (b) a controlled foreign corporation (within the meaning of Section 957(a) of the Code) with respect to which such Borrower (or any corporation which in addition to such Borrower is a member of an affiliated group, within the meaning of Section 1504(a) of the Code, for which a consolidated return is filed pursuant to Section 1501 of the Code) is a United States shareholder within the meaning of Section 951(b) of the Code.

**“Form 10”** means the Registration Statement on Form 10 (including the exhibits thereto) filed by WKKC with the SEC on July 24, 2023, as amended by Amendment No. 1 to Form 10 filed with the SEC on August 1, 2023, and Amendment No. 2 to Form 10 filed with the SEC on August 23, 2023, as further amended, supplemented or otherwise modified from time to time.

**“Fronting Exposure”** means, at any time there is a Defaulting Lender, (a) with respect to any Issuing Lender, such Defaulting Lender’s Pro Rata Share of the outstanding LC Exposure with respect to Letters of Credit issued by such Issuing Lender other than LC Exposure as to which such Defaulting Lender’s participation obligation has been reallocated to other Lenders or Cash Collateralized in accordance with the terms hereof, and (b) with respect to Swingline Lender, such Defaulting Lender’s Pro Rata Share of outstanding Swingline Loans made by such Swingline Lender other than Swingline Loans as to which such Defaulting Lender’s participation obligation has been reallocated to other Lenders.

**“Fully Satisfied”** or **“Full Satisfaction”** means, as of any date, that on or before such date:

(a) with respect to the Loans and Letters of Credit: (i) the principal of and interest accrued to such date on the Loans and outstanding LC Disbursements (other than the contingent LC Exposure) shall have been paid in full in cash, (ii) all fees, expenses, and other amounts then due and payable (other than the contingent LC Exposure and other contingent amounts for which a claim has not been made) shall have been paid in full in cash, (iii) the Commitments shall have expired or irrevocably been terminated, and (iv) the contingent LC Exposure, if any, shall have been secured by: (A) the grant of a first-priority, perfected Lien on cash in an amount at least equal to 103% of the amount of such LC Exposure or other collateral which is acceptable to Issuing Lender in its sole discretion, (B) the issuance of a “back-to-back” letter of credit in form and substance acceptable to Issuing Lender with an original face amount at least equal to 103% of the amount of such LC Exposure and issued by an issuing bank satisfactory to Issuing Lender in its sole discretion or (C) with the consent of the applicable Issuing Lender, rolled in to a new credit facility; and

(b) with respect to the Bank Product Obligations: (i) all termination payments, fees, expenses, and other amounts then due and payable under the related Bank Product Agreements shall have been paid in full in cash, and (ii) all contingent amounts which could be payable under the related Bank Product Agreements shall have been secured by: (A) the grant of a first-priority, perfected Lien on cash in an amount at least equal to 103% of the amount of such contingent amounts or other collateral which is acceptable to the applicable Bank Product Provider or (B) the issuance of a letter of credit in form and substance acceptable to the applicable Bank Product Provider and in an amount at least equal to 103% of the amount of such contingent obligations and issued by an issuing bank reasonably satisfactory to such applicable Bank Product Provider; **provided** the amount of such Bank Product Obligations shall be determined in accordance with Section 9.13.

“**Fund**” means any Person (other than a natural Person) that is (or will be) engaged in making, purchasing, holding, or otherwise investing in commercial loans and similar extensions of credit in the ordinary course of its activities.

“**Funded Debt**” means, with respect to any member of the Consolidated Group on any date of determination, without duplication, all obligations of the type described in clauses (a), (b) (but in the case of earn-out obligations, only to the extent such obligation is not contingent or is required to be accounted for as a liability on the balance sheet of the Consolidated Group in accordance with GAAP and is not paid within a period of more than 5 Business Days thereafter), (c) (but only to the extent that any letter of credit or acceptance facility has been drawn and not reimbursed for a period of more than 3 Business Days), (d) and (f) of the definition of “Indebtedness” and any Guarantee of any of the foregoing for which a demand for payment has been received, and specifically including, without limitation, the amount of all Obligations hereunder; **provided** that, (x) Indebtedness incurred pursuant to the Receivables Financing Facility, and (y) any Guarantee provided by Administrative Borrower in respect of the supply chain payables finance facility of any Subsidiary, in each case, shall not be included as Funded Debt for purposes hereof.

“**GAAP**” means generally accepted accounting principles and practices set forth from time to time in the opinions and pronouncements of the Accounting Principles Board and the American Institute of Certified Public Accountants and statements and pronouncements of the Financial Accounting Standards Board (or agencies with similar functions of comparable stature and authority within the US accounting profession).

“**Governmental Authority**” means the government of the United States of America, Canada or any other applicable nation, or of any political subdivision thereof, whether state, provincial, territorial, municipal or local, and any agency, authority, instrumentality, regulatory body, court, central bank or other entity exercising executive, legislative, judicial, taxing, regulatory or administrative powers or functions of or pertaining to government (including any supra-national bodies such as the European Union or the European Central Bank).

“**Guarantee**” of or by any Person (the “**guarantor**”) means any obligation, contingent or otherwise, of the guarantor guaranteeing or having the economic effect of guaranteeing any Indebtedness or other obligation of any other Person (the “**primary obligor**”) in any manner, whether directly or indirectly, and including any obligation of the guarantor, direct or indirect, (a) to purchase or pay (or advance or supply funds for the purchase or payment of) such Indebtedness or other monetary obligation or to purchase (or to advance or supply funds for the purchase of) any security for the payment thereof or pledge any assets to secure the payment thereof, (b) to purchase or lease property, securities or services for the purpose of assuring the owner of such Indebtedness or other monetary obligation of the payment thereof, (c) to maintain working capital, equity capital or any other financial statement condition or liquidity of the primary obligor so as to enable the primary obligor to pay such Indebtedness or other monetary obligation, (d) as an account party in respect of any letter of credit or letter of guaranty issued to support such Indebtedness or monetary obligation, or (e) entered into for the purpose of assuring in any other manner the holder of such Indebtedness or other monetary obligation of the payment or performance thereof or to protect such holder against loss in respect thereof (in whole or in part). The amount of any Guarantee shall be deemed to be an amount equal to the stated or determinable amount of the related primary obligation, or portion thereof, in respect of which such Guarantee is made or, if not stated or determinable, the maximum reasonably anticipated liability in respect thereof as reasonably determined by the guaranteeing Person in good faith. The term “Guarantee” as a verb has a corresponding meaning. Notwithstanding the foregoing, the term Guarantee shall not include endorsements for collection or deposit in the Ordinary Course of Business or customary and reasonable indemnification obligations or product warranties.

“**Guarantor**” means each Subsidiary Guarantor, and any other Person executing a Guaranty Agreement.

“**Guaranty Agreement**” means a guaranty agreement delivered to Administrative Agent from time to time by any Person providing a Guarantee of any of the Obligations, in form and substance reasonably acceptable to Administrative Agent.

“**Hazardous Materials**” means all explosive or radioactive substances or wastes and all hazardous or toxic substances, wastes, or other pollutants or contaminants, including petroleum or petroleum distillates, asbestos or asbestos containing materials, polychlorinated biphenyls, radon gas, infectious, or medical wastes and all other substances or wastes of any nature regulated pursuant to any Environmental Law, in each case due to their hazardous, toxic, dangerous or deleterious properties or characteristics.

“**Hedging Agreement**” means any interest rate protection agreement, foreign currency exchange agreement, currency options, spot contracts, collar transactions, commodity price protection agreement, rate swap transactions, basis swaps, forward rate transactions, or other interest rate, currency exchange rate, or commodity price hedging arrangement, or any other similar transactions or any combination of any of the foregoing (including any options to enter into any of the foregoing), designed to provide protection against fluctuations in interest rates, currency exchange rates, or commodity prices, whether or not any such transaction is governed by or subject to any master agreement.

“**Illegality Notice**” has the meaning assigned to such term in [Section 2.18\(a\)](#).

“**Immaterial Subsidiary**” means any Subsidiary of Borrowers other than a Material Subsidiary.

“**Increased Leverage Period**” has the meaning assigned to such term in [Section 7.1](#).

“**Incremental Facility**” has the meaning assigned to such term in [Section 2.19](#).

“**Incremental Facility Notice**” has the meaning assigned to such term in [Section 2.19](#).

“**Incremental Revolving Credit Commitment**” has the meaning assigned to such term in [Section 2.19](#).

“**Incremental Term Loan**” has the meaning assigned to such term in [Section 2.19](#).

“**Indebtedness**” of any Person (the “**Subject Person**”) means, without duplication, (a) all indebtedness for borrowed money (including all obligations evidenced by bonds, debentures, notes or similar instruments, or upon which interest payments are customarily paid), (b) the deferred purchase price of assets or services which in accordance with GAAP would be shown to be a liability on such Person’s balance sheet, including seller notes and earn-out obligations but specifically excluding accrued expenses and trade payables arising or incurred in the Ordinary Course of Business and, in connection with such trade payables, payable on trade terms customary in the industry, (c) the maximum stated amount of all letters of credit issued or acceptance facilities established for the account of such Subject Person and, without duplication, all drafts drawn thereunder, (d) all Capital Lease Obligations, (e) all Synthetic Lease Obligations and all obligations under any receivables purchase facility, securitization facility or other similar off-balance sheet financing product to which such Subject Person is a party, where such transaction is considered borrowed money indebtedness for tax purposes, (f) any Disqualified Equity Interests of such Subject Person, valued, as of the date of determination, at the greater of (i) the maximum aggregate amount that would be payable upon maturity, redemption, repayment or repurchase thereof (or of Disqualified Equity Interests or Indebtedness into which such Disqualified Equity Interests are convertible or exchangeable) and (ii) the maximum liquidation preference of such Disqualified Equity Interests, (g) any obligations of such Subject Person under conditional sales contracts and similar title retention instruments with respect to property acquired, (h) all obligations under any Hedging Agreement (measured at the Termination Value thereof), (i) indebtedness owing by a partnership in which such Subject Person is a general partner to the extent of recourse to such Subject Person for the payment of such indebtedness, (j) all indebtedness referred to in clauses (a) through (i) of this definition of another Person secured by any Lien on any property of such Subject Person, whether or not such indebtedness has been assumed, in an amount not to exceed the fair market value of the property of such Subject Person securing such indebtedness, and (k) all Guarantees by such Subject Person of indebtedness referred to in clauses (a) through (i) of this definition of others.

“**Indemnified Taxes**” means (a) Taxes, other than Excluded Taxes, imposed on or with respect to any payment made by or on account of any obligation of any Obligor under any Loan Document and (b) to the extent not otherwise described in clause (a) of this definition, Other Taxes.

“**Indemnitee**” has the meaning assigned to such term in [Section 10.3\(b\)](#).

“**Initial Funding Date**” means the date on which the conditions set forth in [Section 4.2](#) are satisfied (or waived in accordance with [Section 10.2](#)).

“**Initial Term A-1 Commitment**” with respect to each Initial Term A-1 Lender, its obligation to make an Initial Term A-1 Loan to the U.S. Borrower on the Initial Funding Date in an aggregate principal amount up to, and not to exceed, the amount set forth on such Lender’s signature page hereto under the caption “Initial Term A-1 Commitment”. The initial aggregate amount of the Initial Term A-1 Lenders’ Initial Term A-1 Commitments is \$250,000,000.



“**Initial Term A-1 Lender**” means a Lender with an Initial Term A-1 Commitment or an outstanding Initial Term A-1 Loan.

“**Initial Term A-1 Loan**” means a Loan made pursuant to Section 2.1(b)(i).

“**Initial Term A-2 Commitment**” with respect to each Initial Term A-2 Lender, its obligation to make an Initial Term A-2 Loan to the U.S. Borrower on the Initial Funding Date in an aggregate principal amount up to, and not to exceed, the amount set forth on such Lender’s signature page hereto under the caption “Initial Term A-2 Commitment”. The initial aggregate amount of the Initial Term A-2 Lenders’ Initial Term A-2 Commitments is \$250,000,000.

“**Initial Term A-2 Lender**” means a Lender with an Initial Term A-2 Commitment or an outstanding Initial Term A-2 Loan.

“**Initial Term A-2 Loan**” means a Loan made pursuant to Section 2.1(b)(ii).

“**Initial Term Commitment**” means, collectively, the Initial Term A-1 Commitment and the Initial Term A-2 Commitment.

“**Initial Term Lender**” means, collectively, the Initial Term A-1 Lenders and Initial Term A-2 Lenders.

“**Initial Term Loan**” means, collectively, the Initial Term A-1 Loan and the Initial Term A-2 Loan.

“**Interest Coverage Ratio**” means, as of the last day of any Fiscal Quarter, the ratio of (a) Consolidated EBITDA, to (b) Consolidated Interest Expense, in each case for the four Fiscal Quarter period then ended.

“**Interest Election Request**” means a request by Borrowers to convert or continue a Borrowing in accordance with Section 2.7.

“**Interest Payment Date**” means (a) with respect to any Base Rate Loan, the second Business Day following each Quarterly Date; and (b) with respect to any Eurocurrency Loan or any SOFR Loan, the last day of the Interest Period applicable to the Borrowing of which such Loan is a part and, in the case of a Eurocurrency Borrowing or a SOFR Borrowing with an Interest Period of more than three months’ duration, each day prior to the last day of such Interest Period that occurs at intervals of three months’ duration after the first day of such Interest Period. For the avoidance of doubt, Interest Payment Dates shall also occur: (a) in the event of any repayment or prepayment of a Eurocurrency Loan or SOFR Loan, with respect to the principal amount repaid or prepaid, the date of such repayment or prepayment, (b) in the event of any conversion of such Eurocurrency Loan or SOFR Loan to Dollars and Base Rate Loan in accordance with the terms hereof, the effective date of such conversion and (c) on the Term Loan Maturity Date or Revolving Credit Maturity Date (as applicable).

“**Interest Period**” means, (a) with respect to any Eurocurrency Borrowing, the period commencing on the date of such Borrowing and ending on the numerically corresponding day in the calendar month that is one, three, or six months thereafter (in each case, subject to the availability for the interest rate applicable to the relevant currency), as Borrowers may elect in accordance with Section 2.7, and (b) with respect to any SOFR Borrowing, the period

commencing on the date of such Borrowing and ending on the numerically corresponding day in the calendar month that is one, three, or six months thereafter; **provided** that (a) if any Interest Period would end on a day other than a Business Day, such Interest Period shall be extended to the next succeeding Business Day unless such next succeeding Business Day would fall in the next calendar month, in which case such Interest Period shall end on the next preceding Business Day, (b) any Interest Period that commences on the last Business Day of a calendar month (or on a day for which there is no numerically corresponding day in the last calendar month of such Interest Period) shall end on the last Business Day of the last calendar month of such Interest Period and (c) no Interest Period for any Loan shall extend beyond the Term Loan Maturity Date and Revolving Credit Maturity Date, as applicable; and **provided further**, that no tenor that has been removed from this definition of “Interest Period” pursuant to Section 2.22 shall be available for specification in the applicable Borrowing Request or Interest Election Request for the applicable currency. For purposes hereof, the date of a Borrowing initially shall be the date on which such Borrowing is made and thereafter shall be the effective date of the most recent conversion or continuation of such Borrowing.

“**Internal Reorganization**” means (a) the transfer from Kellogg (or its Subsidiary) to WKKC of (i) all WKKC Assets and WKKC Liabilities (as such terms are defined in the Separation Agreement) and (ii) all equity interests in the entities that will be Subsidiaries of WKKC following the Spin-Off, and (b) the transfer from WKKC (or its Subsidiary) to Kellogg of all Kellanova Assets and Kellanova Liabilities (as such terms are defined in the Separation Agreement), all as described in the Separation Agreement and in the Form 10 at the time the Form 10 becomes effective under the Exchange Act.

“**Inventory**” means, with respect to any Person, all of the “inventory” (as such term is defined in the UCC) of such Person.

“**Invested Amount**” has the meaning assigned to such term in the definition of “Attributed Principal Amount.”

“**Investment**” means, for any Person: (a) the acquisition (whether for cash, property, services, or securities or otherwise) of bonds, notes, debentures, or Equity Interests or other securities or substantially all the assets of, or any line of business or division of, any other Person, or the acquisition of assets of another Person that constitute a business unit (including any “short sale” or any sale of any securities at a time when such securities are not owned by the Person entering into such sale), whether direct or indirect or in one transaction or series of transactions; (b) the making of any advance, loan or other extension of credit or capital contribution to, any other Person; (c) the entering into of any Guarantee or assumption of debt of, or other contingent obligation with respect to, Indebtedness or other liability of any other Person and (without duplication) any amount committed to be advanced, lent or extended to such Person; (d) the entering into of any Hedging Agreement; or (e) the entering into of any joint venture. For purposes of Section 6.5 and covenant compliance, the amount of any Investment shall be the amount actually invested (which, in the case of any Investment constituting the contribution of an asset or property, shall be based on the fair market value of such asset or property at the original time such Investment is made) **plus** the cost of all additions thereto, without adjustment for subsequent increases or decreases in the value of such Investment (other than adjustments for the repayment of, or the refund of capital with respect to, or the payment of interest or dividends on, the original principal amount of any such Investment), **minus** Returns in respect of such Investment; **provided** that in the event that any Investment is made by Borrowers or any of their Subsidiaries in any Person through substantially concurrent interim transfers of any amount through Borrowers or any Subsidiaries, then such other substantially concurrent interim transfers shall be disregarded for purposes of Section 6.5.

“**ISP**” means the International Standby Practices, International Chamber of Commerce Publication No. 590 (or such later version thereof as may be in effect at the applicable time).

“**Issuing Lender**” means, individually and collectively as the context may require, (a) Rabobank, in its capacity as an issuer of Letters of Credit hereunder, and its successors in such capacity as provided in Section 2.5(k), and (b) in Rabobank’s sole discretion with the approval of Administrative Borrower, any Lender selected by Rabobank that agrees to issue a Letter of Credit hereunder in lieu of Rabobank.

“**Judgment Currency**” has the meaning assigned to such term in Section 10.25.

“**Kellogg**” means Kellogg Company, a Delaware corporation.

“**Kellogg Cash Transfer**” means the cash dividend to be paid by WKKC to Kellogg on the Initial Funding Date pursuant to the terms of the Separation Agreement.

“**LCA Election**” has the meaning assigned to such term in Section 1.7(b).

“**LCA Test Date**” has the meaning assigned to such term in Section 1.7(b).

“**LC Disbursement**” means a payment made by Issuing Lender pursuant to a Letter of Credit.

“**LC Exposure**” means, at any time, the sum of (a) the aggregate undrawn amount of all outstanding Letters of Credit at such time, determined without regard to whether any conditions to drawing could be met at that time, **plus** (b) the aggregate amount of all LC Disbursements that have not been reimbursed by or on behalf of Borrowers at such time. The LC Exposure of any Revolving Credit Lender at any time shall be its Pro Rata Share of the total LC Exposure at such time.

“**Lenders**” means the Persons party hereto as a “**Lender**” and any other Person that shall have become a party hereto pursuant to an Assignment and Assumption and any Additional Lender in connection with an Incremental Facility, other than any such Person that ceases to be a party hereto pursuant to an Assignment and Assumption. Unless the context otherwise requires, the term “**Lenders**” includes Swingline Lender.

“**Letter of Credit**” means any standby or commercial letter of credit issued pursuant to this Agreement; **provided, however**, no letter of credit issued by an Issuing Lender (other than a Person that is also Administrative Agent or one of its Affiliates) shall be deemed a “**Letter of Credit**” for purposes of this Agreement unless Administrative Agent shall have received written notice thereof from such Issuing Lender as required pursuant to Section 2.5(p).

“**Letter of Credit Documents**” means, with respect to any Letter of Credit, collectively and individually, any application therefor and any other agreements, instruments or other documents (whether general in application or applicable only to such Letter of Credit) governing or providing for (a) the rights and obligations of the parties concerned or at the risk with respect to such Letter of Credit or (b) any collateral security for any of such obligations, each as the same may be modified and supplemented and in effect from time to time.

“**Lien**” means, with respect to any asset, (a) any mortgage, deed of trust, lien, pledge, option, levy, execution, attachment, garnishment, hypothecation, assignment for security, deposit arrangement, encumbrance, charge, security interest, or other preferential arrangement in the nature of a security interest of any kind or nature whatsoever, on or of such asset, and (b) the interest of a vendor or a lessor under any conditional sale agreement, capital lease, or title retention agreement (or any financing lease having substantially the same economic effect as any of the foregoing) relating to such asset.

“**Limited Condition Acquisition**” means any Permitted Acquisition or Investment by an Obligor of any assets, business or Person permitted by this Agreement whose consummation is not conditioned on the availability of, or on obtaining, third party financing.

“**Loan Documents**” means, collectively, this Agreement, the Letter of Credit Documents, any Guaranty Agreements, the Security Documents, the Receivables Intercreditor Agreement, the Collateral Information Certificate, the Fee Letters, all Borrowing Requests, all Interest Election Requests, all Incremental Facility Notices, all Subordination Agreements, all requests for the issuance of Letters of Credit, and all other documents, instruments, certificates, promissory notes and agreements executed, delivered, or acknowledged by an Obligor (other than Organizational Documents and any Bank Product Agreements) in connection with or contemplated by this Agreement.

“**Loans**” mean the loans made by the Lenders to any Borrower pursuant to this Agreement in the form of a Term Loan, Revolving Credit Loan, or Swingline Loan.

“**Majority Lenders**” of any Class means, at any time, Lenders with Revolving Credit Exposures, outstanding Term Loans, and unused Commitments of such Class representing more than 50% of the sum of the total Revolving Credit Exposures, outstanding Term Loans and unused Commitments of such Class at such time; **provided** that, the Revolving Credit Exposures, outstanding Term Loans and Commitments of any Class held or deemed held by any Defaulting Lender shall be excluded for purposes of making a determination of Majority Lenders.

“**Margin Stock**” means “margin stock” within the meaning of Regulations U and X of the Board.

“**Material Acquisition**” means any Permitted Acquisition for which the aggregate Permitted Acquisition Consideration exceeds \$75,000,000.

“**Material Adverse Effect**” means a material adverse change in, or a material adverse effect upon (a) the business, assets, results of operations or financial condition of Borrowers and their Subsidiaries, taken as a whole, (b) the ability of Borrowers and the Guarantors (taken as a whole) to perform their material payment obligations under the Loan Documents, (c) the legality, validity, binding effect, or enforceability of this Agreement or any other Loan Document, (d) the material rights and remedies (taken as a whole) of or benefits available to Administrative Agent or the Lenders under this Agreement or any of the other Loan Documents, or (e) the value of the Collateral, taken as a whole.

“**Material Indebtedness**” means Indebtedness (other than the Loans and Letters of Credit), of any Company in an aggregate principal amount (including undrawn committed or available amounts and including amounts owing to all creditors under any combined or syndicated credit arrangement) exceeding the greater of (x) \$37,500,000 and (y) 15.0% of Applicable EBITDA. For purposes of determining Material Indebtedness, the principal amount of the obligations of any Person in respect of any Hedging Agreement at any time shall be the Termination Value thereof.

“**Material Intellectual Property**” means all intellectual property that is: (i) necessary for the conduct of, or material to the business of, Borrowers and their Subsidiaries (taken as a whole) and (ii) owned by or exclusively licensed to any Borrower or any of its Subsidiaries.

“**Material Real Property**” means any parcel of real property in the United States or Canada owned in fee simple by an Obligor that (together with any adjoining parcels constituting a single site or operating property) has a fair market value (as determined by Administrative Borrower in good faith) in excess of \$20,000,000.

“**Material Subsidiary**” means any Subsidiary that (a) the portion of Consolidated Total Assets attributable, on a stand-alone basis, to such Subsidiary (and its Subsidiaries) exceeds 5% of the Consolidated Total Assets as of the end of the most recently completed Fiscal Quarter for which financial statements have been delivered pursuant to Section 5.1, or (b) the portion of total revenue (after excluding all intercompany transactions) attributable, on a stand-alone basis, to such Subsidiary (and its Subsidiaries) exceeds 5% of total revenue of the Consolidated Group as of the end of the most recently completed four-Fiscal Quarter period for which financial statements have been delivered pursuant to Section 5.1; **provided** that, in the event that all Subsidiaries that would otherwise not be Material Subsidiaries pursuant to the foregoing clause (a) or (b) shall in the aggregate account for a percentage in excess of 10% of the Consolidated Total Assets or 10% of total revenue of the Consolidated Group as of the end of and for the most recently completed Fiscal Quarter period for which financial statements have been delivered pursuant to Section 5.1, then one or more of such Subsidiaries shall be designated by Administrative Borrower (or, if Administrative Borrower shall make no designation within 60 days following delivery of the applicable financial statements, then one or more of such Subsidiaries in descending order based on their respective contributions to Consolidated Total Assets), shall be deemed to be Material Subsidiaries for all purposes hereunder to the extent necessary to eliminate such excess; **provided further**, that (x) any Subsidiary that owns or licenses any Material Intellectual Property and (y) any Subsidiary that becomes an Additional Borrower pursuant to Section 2.2(g), shall, in each case, be deemed a Material Subsidiary for all purposes of this Agreement.

“**Maximum Rate**” has the meaning assigned to such term in Section 10.12.

“**Minimum Collateral Amount**” means, at any time, (a) with respect to Cash Collateral consisting of cash or Deposit Account balances, an amount equal to 103% of the Fronting Exposure of Issuing Lender with respect to Letters of Credit issued and outstanding at such time and (b) otherwise, an amount determined by Administrative Agent and Issuing Lender in their sole discretion.

“**Moody’s**” means Moody’s Investor Service, Inc.

“**Mortgage Trigger Event**” has the meaning assigned to such term in Section 5.9.

“**Mortgaged Property**” means each parcel of Material Real Property with respect to which a Mortgage is granted (or is required to be granted) pursuant to Section 5.9.

“**Mortgages**” means each mortgage, deed to secure debt, deed of trust and similar agreement delivered by any Obligor for the benefit of Administrative Agent and the Secured Parties to secure the Obligations, in each case in form and substance reasonably satisfactory to Administrative Agent.

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“**Multiemployer Plan**” means a multiemployer plan as defined in Section 3(37) or 4001(a)(3) of ERISA to which any Company or any of its ERISA Affiliates is bound.

“**Multiple Employer Plan**” means a Plan with respect to which Borrower or any ERISA Affiliate is a contributing sponsor, and that has two or more contributing sponsors at least two of whom are not under common control, as such a plan is described in Section 4064 of ERISA.

“**Net Cash Proceeds**” means, (a) in connection with any Disposition or any Event of Loss, the proceeds thereof in the form of cash and Cash Equivalents (including any such proceeds received by way of deferred payment of principal pursuant to a note or installment receivable or purchase price adjustment receivable or return of funds held in escrow or otherwise, but only as and when received) of such Disposition or Event of Loss, net of (i) reasonable and customary attorneys’ fees, accountants’ fees, sales commissions, investment banking fees, (ii) amounts required to be applied to the repayment of Indebtedness secured by a Lien permitted hereunder on any asset which is the subject of such Disposition or Event of Loss (other than any Lien pursuant to a Security Document), (iii) any funded escrow established pursuant to the documents evidencing any such sale or disposition to secure any indemnification obligations or adjustments to the purchase price associated with any such sale or disposition (**provided** that to the extent that any amounts are released from such escrow to a Borrower or a Subsidiary, such amounts net of any related expenses shall constitute Net Cash Proceeds), (iv) the amount of any reasonable reserve established in accordance with GAAP against any adjustment to the sale price or any liabilities until such time as such reserve is no longer required, (v) other reasonable and customary fees and expenses actually incurred in connection therewith and the amount of cash reserves required to be established pursuant to GAAP to fund contingent liabilities reasonably estimated to be payable and attributable to such Disposition or Event of Loss and net of taxes paid or reasonably estimated to be payable and any repatriation costs associated with receipt by the applicable taxpayer of such proceeds as a result thereof (after taking into account any available tax credits or deductions and any tax sharing arrangements), and (vi) in the case of any non-Wholly Owned Subsidiary, the pro rata amounts attributable to minority interests and not available for distribution to or for the account of any Borrower or a Wholly-Owned Subsidiary and (b) in connection with any sale of debt securities or incurrence of Indebtedness, including any Permitted Refinancing Notes, the cash proceeds received from such sale or incurrence, net of reasonable and customary attorneys’ fees, investment banking fees, accountants’ fees, underwriting discounts and commissions, upfront fees, placement fees and other customary fees and expense actually incurred in connection therewith and net of any Taxes paid or reasonably estimated to be payable as a result thereof.

“**Non-Brand IP Agreement**” has the meaning assigned to such term in the Separation Agreement.

“**Non-Consenting Lender**” means any Lender that does not approve any consent, waiver or amendment that (a) requires the approval of all affected Lenders in accordance with the terms of Section 10.2 and (b) has been approved by Administrative Agent and the Required Lenders.

“**Non-Defaulting Lender**” means, at any time, each Lender that is not a Defaulting Lender at such time.

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“**Non-Extension Notice Date**” has the meaning assigned to it in [Section 2.5\(q\)](#).

“**Notice of Incremental Revolving Credit Commitment**” has the meaning assigned to such term in [Section 2.19](#).

“**Notice of Incremental Term Loan Borrowing**” has the meaning assigned to such term in [Section 2.19](#).

“**Obligations**” means (a) all of the obligations, indebtedness and liabilities of the Obligor to the Lenders, Swingline Lender, Issuing Lender, and Administrative Agent under this Agreement or any of the other Loan Documents, including principal, interest, fees, prepayment premiums (if any), expenses, reimbursements and indemnification obligations and other amounts, and (b) all of the Bank Product Obligations, in each case whether direct or indirect (including those acquired by assumption), absolute or contingent, due or to become due, now existing or hereafter arising and including interest, fees, and expenses that accrue after the commencement by or against any Obligor of any proceeding under any Debtor Relief Law, regardless of whether such interest, fees, and expenses are allowed or allowable in whole or in part as a claim in such proceeding.

“**Obligor**” means each Borrower and each Guarantor.

“**Ordinary Course of Business**” means (a) in the ordinary course of business of, or in furtherance of an objective that is in the ordinary course of business of a Borrower or such Subsidiary, as applicable, (b) customary and usual in the industry or industries of a Borrower and its Subsidiaries in the United States or any other jurisdiction in which a Borrower or any Subsidiary does business, as applicable or (c) generally consistent with the past practice of a Borrower or such Subsidiary, as applicable.

“**Organizational Documents**” means, with respect to any Person (a) in the case of any corporation, the certificate of incorporation and by-laws (or similar documents) of such Person, (b) in the case of any limited liability company, the certificate or articles of formation and operating agreement (or similar documents) of such Person, (c) in the case of any limited partnership, the certificate of formation and limited partnership agreement (or similar documents) of such Person, (d) in the case of any general partnership, the partnership agreement (or similar document) of such Person, (e) in any other case, the functional equivalent of the foregoing, and (f) any shareholder, voting trust, or similar agreement between or among any holders of Equity Interests of such Person.

“**Other Connection Taxes**” means, with respect to any Recipient, Taxes imposed as a result of a present or former connection between such Recipient and the jurisdiction imposing such Tax (other than connections arising from such Recipient having executed, delivered, become a party to, performed its obligations under, received payments under, received or perfected a security interest under, engaged in any other transaction pursuant to or enforced any Loan Document, or sold or assigned an interest in any Loan or Loan Document).

“**Other Currencies**” means all Approved Currencies other than Dollars.

“**Other Currency Equivalent**” means, at any time, with respect to any amount denominated in Dollars, the equivalent amount thereof in the applicable Other Currency as determined by Administrative Agent or the Issuing Lender, as applicable, in its sole discretion by reference to the applicable Reuters page (or such other publicly available service for displaying exchange rates as determined by Administrative Agent or the Issuing Lender, as applicable, from

time to time), to be the exchange rate for the purchase of such Other Currency with Dollars on the date two Business Days prior to the date as of which the foreign exchange computation is made; **provided, however**, that if no such rate is available, the “Other Currency Equivalent” shall be determined by Administrative Agent or the Issuing Lender, as the case may be, using any reasonable method of determination it deems appropriate in its sole discretion (and such determination shall be conclusive absent manifest error).

“**Other Taxes**” means all present or future stamp, court or documentary, intangible, recording, filing, or similar Taxes that arise from any payment made under, from the execution, delivery, performance, enforcement or registration of, from the receipt or perfection of a security interest under, or otherwise with respect to, any Loan Document, except any such Taxes that are Other Connection Taxes imposed with respect to an assignment (other than an assignment made pursuant to Section 2.18(b)).

“**Overnight Rate**” means, for any day, (a) with respect to any amount denominated in Dollars, the greater of (i) the Federal Funds Effective Rate and (ii) an overnight rate determined by Administrative Agent, the Issuing Lender, or the Swingline Lender, as the case may be, in accordance with banking industry rules on interbank compensation, and (b) with respect to any amount denominated in an Other Currency, an overnight rate determined by Administrative Agent or the Issuing Lender, as the case may be, in accordance with banking industry rules on interbank compensation.

“**Participant**” has the meaning assigned to such term in Section 10.4.

“**Participant Register**” has the meaning assigned to such term in Section 10.4.

“**Payment Recipient**” has the meaning assigned to it in Section 9.14(a).

“**PBGC**” means the Pension Benefit Guaranty Corporation referred to and defined in ERISA.

“**Periodic Term SOFR Determination Day**” has the meaning specified in the definition of “Term SOFR”.

“**Permitted Acquisition**” means an acquisition by a Borrower or any of its Wholly-Owned Domestic Subsidiaries of all or substantially all the assets of, or any line of business or division or business unit of or line of products, any other Person, or all or a majority of the Equity Interests of any Person; **provided** (a) all assets acquired (other than immaterial assets) are usable in, and the assets (other than immaterial assets) of such Person will be operated or used in a line of business permitted under Section 6.3(b), (b) Administrative Agent shall have received in accordance with the requirements of Sections 5.8 and 5.9 all documents reasonably required by Administrative Agent to have a first-priority perfected security interest (subject to Permitted Encumbrances) in the Acquired Entity or Business acquired or created in such acquisition, together with all opinions of counsel, certificates, resolutions and other documents required by Sections 5.8 and 5.9, in each case in form and substance reasonably acceptable to Administrative Agent, (c) the aggregate Permitted Acquisition Consideration for all purchases or acquisitions after the Signing Date of assets not located in the United States, any state thereof or the District of Columbia or Canada or any province or territory thereof, or any Person that, following such purchase or acquisition, does not become an Obligor, shall not exceed the greater of (x) \$30,000,000 and (y) 12.5% of Applicable EBITDA, (d) such acquisition shall not be hostile and shall have been approved by the Board of Directors and shareholders of the target, (e) if the



Permitted Acquisition Consideration for such acquisition is greater than \$25,000,000, not later than 5 Business Days prior to the anticipated closing date of such acquisition, Borrowers shall provide to Administrative Agent and Lenders with its due diligence package of readily available information regarding the Acquired Entity or Business and such other information as Administrative Agent may reasonably request, which may include the total amount of such acquisition and other terms and conditions of the acquisitions, the full name and jurisdiction of organization of any new Subsidiary created or acquired for the purpose of effecting such acquisition if readily available, copies of historical and projected financial statements of the Acquired Entity or Business if readily available, copies of material agreements of the Acquired Entity or Business, and copies of any agreements, schedules or due diligence delivered in connection with the consummation of such acquisition, and (f) Borrowers shall have provided to Administrative Agent a certificate of a Responsible Officer of Administrative Borrower (supported by reasonably detailed calculations) certifying that, subject to the limitations in Section 1.7 in connection with a Limited Condition Acquisition, (i) Borrowers are in compliance with the Financial Covenants immediately before and after giving effect to such acquisition, measured on a pro forma basis as of the last day of the immediately preceding Fiscal Quarter for which financial statements have been delivered to Administrative Agent, and (ii) no Event of Default then exists or would be caused by such acquisition.

**“Permitted Acquisition Consideration”** means the purchase consideration for any Permitted Acquisition payable by any Borrower or any other Company and all other payments by Borrower or such other Company in exchange for, or as part of, or in connection with, any Permitted Acquisition, whether paid in cash, by way of seller financing or by exchange of Equity Interests or of properties or otherwise and whether payable at or prior to the consummation of such Permitted Acquisition or deferred for payment at any future time, whether or not any such future payment is subject to the occurrence of any contingency, and includes any and all payments representing the purchase price and any assumptions of Indebtedness.

**“Permitted Capital Project”** has the meaning set forth on Schedule 1.1(b).

**“Permitted Encumbrances”** means: (a) Liens for taxes or governmental charges or levies not yet due or being contested in good faith by appropriate proceedings diligently conducted for which adequate reserves determined in accordance with GAAP have been established (and as to which the property subject to such Lien is not yet subject to foreclosure or sale on account thereof); (b) Liens in respect of property imposed by law arising in the Ordinary Course of Business such as materialmen’s, carrier’s, mechanic’s, landlord’s, warehousemen’s, grower’s and other like Liens **provided** that such Liens secure only amounts not more than 30 days past due or are being contested in good faith by appropriate proceedings diligently conducted for which adequate reserves determined in accordance with GAAP have been established (and as to which the property subject to such Lien is not yet subject to foreclosure, sale or loss on account thereof); (c) pledges or deposits made in the Ordinary Course of Business in connection with worker’s compensation insurance, unemployment insurance, pensions or social security, property, casualty, or liability insurance, or other insurance programs; (d) Liens on cash deposits in connection with or to secure performance of utilities, statutory obligations, surety and appeal bonds, bids, leases, government contracts, trade contracts, performance and return-of-money bonds and other similar obligations (other than obligations in respect of the payment of borrowed money) in each case incurred in the Ordinary Course of Business; (e) easements, rights-of-way, servitudes, restrictions (including zoning restrictions), minor defects or irregularities in title and

other similar charges or encumbrances not, in any material respect, impairing the value of such property or use of such property for its intended purposes or interfering with the ordinary conduct of business of any Obligor; (f) Liens securing Capital Lease Obligations or purchase money Indebtedness (which shall include Indebtedness incurred within 90 days of the acquisition, improvement or completion of construction of a fixed or capital asset to finance (or refinance in accordance with Section 6.1(d)) all or a portion of the purchase price or cost of improvement or construction of such asset) to the extent the Capital Lease Obligations or Indebtedness secured by such Lien is permitted by Section 6.1(d) and **provided** (x) such Lien attaches only to the asset so purchased, constructed or leased and the proceeds thereof and customary security deposits; (g) non-exclusive licenses or sublicenses, or exclusive licenses or sublicenses of Intellectual Property, in each case, (A) entered into in the Ordinary Course of Business which do not materially interfere with the business of Borrowers or their Subsidiaries, taken as a whole (including as to patents, trademarks, copyrights, and other intellectual property rights) or (B) in connection with or in furtherance of any rights or obligations under the Non-Brand IP Agreement and the Brand IP Agreement, and leases or subleases granted to others, in the Ordinary Course of Business not interfering in any material respect with the business of Borrowers or any of its Subsidiaries, and the interest of lessors or sublessors in property subject to an operating lease (including any precautionary UCC or PPSA financing statements filed in connection with such operating lease); (h) Liens in favor of customs and revenue authorities arising as a matter of law to secure payment of customs duties in connection with the importation of goods; (i) judgment Liens in respect of judgments that do not constitute an Event of Default under clause (k) of Section 8.1 **provided** the enforcement of such Lien is effectively stayed; (j) Liens solely on any cash earnest money deposits made by a Borrower or any of its Subsidiaries in connection with any letter of intent or purchase agreement with respect to any Permitted Acquisition or Capital Expenditure to the extent otherwise permitted by this Agreement; (k) customary Liens (including the right of set-off) in favor of banking institutions encumbering deposits held by such banking institutions or in favor of collecting banks or nominating banks in each case incurred in the Ordinary Course of Business (including Liens of an issuer of a letter of credit or nominated person (as defined in the UCC) in such letter of credit and the documents presented thereunder); (l) Liens in favor of a Farm Credit Bank (including the right of setoff) in the Farm Credit Equities and in any cash patronage; (m) Liens on Receivables and any Receivables Related Property pursuant to the Receivables Financing Facility (and at all times subject to the Receivables Intercreditor Agreement); (n) Liens in favor of Administrative Agent granted pursuant to the Security Documents; (o) Liens granted in the Ordinary Course of Business on the unearned portion of insurance premiums securing the financing of insurance premiums to the extent the financing is permitted under clause (s) of Section 6.1; (p) to the extent constituting Liens, options, put and call arrangements, rights of first refusal and similar rights relating to Equity Interests in joint venture or other Investments in each case permitted pursuant to Section 6.5; (q) Liens on cash or Cash Equivalents securing obligations under Hedging Agreements permitted under Section 6.13; (r) Liens on goods arising out of conditional sale, title retention, consignment or similar arrangements with vendors for the sale or purchase of such goods entered into by any Borrower or any Subsidiary of any Borrower in the Ordinary Course of Business; (s) Liens from UCC financing statement filings regarding consignments entered into by and Borrower or any Subsidiary of any Borrower in the Ordinary Course of Business; (t) Liens on cash collateral in support of Letters of Credit issued pursuant to Section 6.1(u) in an aggregate amount not exceeding \$5,000,000 at any time outstanding; (u) Liens on property of a

non-Obligor securing Indebtedness permitted pursuant to Section 6.1(t); (v) survey exceptions to a title policy with respect to surveys, minor encumbrances, ground leases, easements, or reservations of, rights of others for, licenses, rights of way, servitudes, sewers, electric lines, drains, telegraph and telephone and cable television lines, gas and oil pipelines, and other similar purposes, or zoning, building codes, or other restrictions (including, minor defects or irregularities in title and similar encumbrances) as to the use of real property or Liens incidental to the conduct of the business of such Person or to the ownership of its property which were not incurred in connection with Indebtedness for borrowed money and which do not individually or in the aggregate materially adversely affect the value of said properties or materially impair their use in the operation of the business, as currently conducted or as contemplated to be conducted; (w) Liens on specific items of inventory or other goods and proceeds of any Person securing such Person's obligations in respect of bankers' acceptances or letters of credit issued or created for the account of such person to facilitate the purchase, shipment or storage of such inventory or other goods in the Ordinary Course of Business; (x) Liens existing on the date hereof listed on Schedule 6.2 and any modifications, replacements, refinancings, renewals or extensions thereof that do not expand the scope of the underlying collateral; and (y) Liens in favor of any Company on assets of a non-Obligor securing Indebtedness to such Obligor permitted under Section 6.1.

**"Permitted Refinancing Notes"** means one or more series of unsecured notes, so long as (a) as of the date of the issuance thereof, no Event of Default shall have occurred and be continuing or would result therefrom, (b) the aggregate principal amount thereof shall not exceed the principal amount (or accreted value, if applicable) of the Loans being refinanced thereby plus accrued interest, fees, premiums (if any) and penalties thereon and fees and expenses associated with the refinancing, (c) such Permitted Refinancing Notes shall have a final scheduled maturity date no earlier than the then-final scheduled maturity date of the Loans being refinanced thereby, and have a weighted average life to maturity that is equal to or greater than the weighted average life to maturity of, in each case, the Loans being refinanced, (d) no Permitted Refinancing Notes shall be subject to any amortization prior to the final maturity thereof, or be subject to any mandatory redemption or prepayment provisions or rights (except customary assets sale or change of control provisions), (e) such Permitted Refinancing Notes shall not at any time be incurred or guaranteed by any Person other than an Obligor, (f) except as otherwise expressly set forth herein, (i) the pricing (including interest, fees and premiums), optional prepayment and redemption terms with respect such Permitted Refinancing Notes shall be determined by Borrowers and the lenders or investors providing such Permitted Refinancing Notes, and (ii) the other terms of such Permitted Refinancing Notes shall be, when taken as a whole, either reasonably acceptable to Administrative Agent or otherwise no more favorable (as reasonably determined by Administrative Agent) to the lenders or holders providing such Permitted Refinancing Notes than those applicable to the Loans (except to the extent (x) such terms are added in the Loan Documents for the benefit of the Lenders pursuant to an amendment hereto or thereto subject solely to the reasonable satisfaction of Administrative Agent or (y) applicable solely to periods after the latest maturity date for the Loans at the time of such incurrence), and (g) the Net Cash Proceeds of such Permitted Refinancing Notes shall be applied, substantially concurrently with the incurrence thereof, to the prepayment of outstanding Loans in accordance with Section 2.10(b).

**"Person"** means any natural person, corporation, limited liability company, trust, joint venture, association, company, partnership, Governmental Authority, or other entity.

“**Plan**” means any employee pension benefit plan (including a Multiple Employer Plan, but excluding a Multiemployer Plan) subject to the provisions of Title IV of ERISA or Section 412 of the Code or Section 302 of ERISA that is maintained or is contributed to by any Company or any of its ERISA Affiliates, and in respect of which any Company or any of its ERISA Affiliates is (or, if such plan were terminated, would under Section 4069 of ERISA be deemed to be) an “employer” as defined in Section 3(5) of ERISA.

“**Platform**” has the meaning assigned to such term in Section 10.1(d).

“**PPSA**” means the *Personal Property Security Act* (Ontario), and, where the context so requires, the personal property security laws of the other common law provinces and territories of Canada and the Civil Code of Quebec as in effect from time to time, including the regulations thereto.

“**Prime Rate**” means the rate of interest per annum published in the Wall Street Journal as the U.S. dollar “prime rate” for such day and if the Wall Street Journal does not publish such rate on such day then such rate as most recently published prior to such day; **provided** that in no event shall the Prime Rate be less than zero.

“**Pro Rata Share**” means (a) with respect to any Revolving Credit Lender for purposes of any rights or obligations hereunder affecting or involving Revolving Credit Lenders and not Term Lenders (including any reimbursement obligations in respect of any indemnity claim arising out of an action or omission of Swingline Lender or Issuing Lender under this Agreement), the percentage (carried out to the ninth decimal place) of the total Revolving Credit Commitments represented by such Revolving Credit Lender’s Revolving Credit Commitment, (b) with respect to any Class of Revolving Credit Lenders for purposes of any rights or obligations hereunder affecting or involving such Class of Revolving Credit Lenders and not any other Class of Revolving Credit Lenders (including any reimbursement obligations in respect of any indemnity claim arising out of an action or omission of Swingline Lender or Issuing Lender under this Agreement), the percentage (carried out to the ninth decimal place) of the total Revolving Credit Commitments represented by the Revolving Credit Commitments of such Class of Revolving Credit Lenders, (c) with respect to any Class of Delayed Draw Term Lenders for purposes of any rights or obligations hereunder affecting or involving such Class of Delayed Draw Term Lenders and not any other Class of Delayed Draw Term Lenders, the percentage (carried out to the ninth decimal place) of the total Delayed Draw Term Commitments represented by the Delayed Draw Term Commitments of such Class of Delayed Draw Term Lenders, and (d) with respect to any Lender in respect of any rights or obligations affecting or involving all Lenders (including any reimbursement obligations in respect of any indemnity claim arising out of an action or omission of Administrative Agent under this Agreement), the percentage (carried out to the ninth decimal place) of the total Commitments or Loans, of all Classes hereunder represented by the aggregate amount of such Lender’s Commitments or Loans, as the case may be, of all Classes hereunder. If the Commitments of any Class have terminated or expired, the Pro Rata Share with respect to such Class shall be determined based upon (i) in the case of the Term Lenders, the outstanding principal amount of the Term Loans of such Class at such time, and (ii) in the case of the Revolving Credit Lenders, the Revolving Credit Exposure of all such Revolving Credit Lenders at such time.

“**PTE**” means a prohibited transaction class exemption issued by the U.S. Department of Labor, as any such exemption may be amended from time to time.

“**Qualified Cash**” means, as of any date of determination, the amount of unrestricted cash and Cash Equivalents of the Obligor and their Subsidiaries in deposit accounts or securities accounts, or any combination thereof.

“**Qualified ECP Guarantor**” means, in respect of any Swap Obligation, each Obligor that has total assets exceeding USD\$10,000,000 at the time the relevant Guarantee or grant of the relevant security interests becomes effective with respect to such Swap Obligation or such other person as constitutes an “eligible contract participant” under the Commodity Exchange Act or any regulations promulgated thereunder and can cause another person to qualify as an “eligible contract participant” at such time by entering into a keepwell under Section 1a(18)(A)(v)(II) of the Commodity Exchange Act.

“**Qualified Equity Interest**” means and refers to any Equity Interests issued by WKKC (and not by one or more of its Subsidiaries) that is not a Disqualified Equity Interest.

“**Quarterly Dates**” means the last day of March, June, September, and December of each year through the later of the Revolving Credit Maturity Date and the Term Loan Maturity Date.

“**Quarterly Percentage Amount**” means, with respect to the Initial Term Loans, the percentage of the original aggregate principal amount of the Initial Term Loans as is set forth below for each Quarterly Date occurring during any of the periods set forth below:

| <b>Percentage</b> | <b>Quarterly Date</b>                       |
|-------------------|---|
| 0.625%            | March 31, 2024<br>through December 31, 2024 |
| 1.25%             | March 31, 2025<br>through December 31, 2025 |
| 1.25%             | March 31, 2026<br>through December 31, 2026 |
| 1.875%            | March 31, 2027<br>through December 31, 2027 |
| 2.5%              | March 31, 2028, and thereafter              |

“**Quebec Secured Parties**” has the meaning assigned to such term in [Section 9.15](#).

“**Rabobank**” means Coöperatieve Rabobank U.A., New York Branch.

“**Ratio Debt**” means unsecured Indebtedness of any Company; **provided** that at the time of incurrence thereof (a) the scheduled final maturity date of any Ratio Debt shall not mature prior to the date that is ninety-one (91) days following then-final scheduled maturity date of the Loans, (b) the weighted average life to maturity of any Ratio Debt will be no shorter than the remaining weighted average life to maturity of the Term Loans, (c) any such Ratio Debt shall not be guaranteed by any Person that is not a Guarantor (unless a guaranty from such Person is affirmatively declined in writing by Administrative Agent as credit support for the Obligations, it being agreed, for the avoidance of doubt, that a Person qualifying as an Excluded Subsidiary shall not result in Administrative Agent being deemed to have declined such guaranty), and (d) except as otherwise specifically addressed herein, all terms of Ratio Debt shall be determined by Borrowers.

“**RBSL**” has the meaning assigned to such term in Section 2.22(a).

“**Receivables**” means any right of payment from or on behalf of any obligor arising from the sale or financing by any Obligor of merchandise or services, and monies due thereunder, records related thereto, and the right to payment of any interest or finance charges and other obligations with respect thereto.

“**Receivables Financier**” means Rabobank or its Affiliates, acting in the capacity of purchaser under the Receivables Financing Facility.

“**Receivables Financing Facility**” means any receivables financing transaction or series of financing transactions entered into by and between an Obligor and the Receivables Financier, together with all schedules, confirmations and facility contracts related thereto.

“**Receivables Intercreditor Agreement**” means any intercreditor agreement in connection with a Receivables Financing Facility entered into by and between Administrative Agent, on behalf of the Secured Parties, and the Receivables Financier, and consented to by the Obligors, in form and substance reasonably acceptable to Administrative Agent and as the same may from time to time be amended, modified, supplemented, extended, renewed or restated.

“**Receivables Related Property**” means with respect to any Receivables Financing Facility, the Receivables subject to such Receivables Financing Facility, together with any property purporting to secure payment of such Receivables, UCC financing statements or similar instruments covering any collateral securing payment of such Receivables and all guaranties, indemnities, insurance and other agreements supporting or securing such Receivables.

“**Recipient**” means (a) Administrative Agent, (b) any Lender, and (c) any Issuing Lender, as applicable.

“**Refinancing Indebtedness**” means refinancings, renewals, or extensions of Indebtedness so long as: (a) such refinancings, renewals, or extensions do not result in an increase in the principal amount of the Indebtedness so refinanced, renewed, or extended, **plus** the amount of any premiums, make-whole amounts or penalties and accrued and unpaid interest paid thereon, the fees and expenses incurred in connection therewith (including any closing fees and original issue discount) and by the amount of the unfunded commitments with respect thereto (b) such refinancings, renewals, or extensions do not result in a shortening of the average weighted maturity (measured as of the refinancing, renewal, or extension) of the Indebtedness so refinanced, renewed, or extended, nor are they on terms or conditions that, taken as a whole, are or could reasonably be expected to be materially adverse to the interests of the Lenders, (c) if the Indebtedness that is refinanced, renewed, or extended was subordinated in right of payment to the Obligations, then the terms and conditions of the refinancing, renewal, or extension must include subordination terms and conditions (taken as a whole) that are at least as favorable in all material respects to the Secured Parties as those that were applicable to the refinanced, renewed, or extended Indebtedness, and (d) the Indebtedness that is refinanced, renewed, or extended is not recourse to any Obligor other than those Persons which were obligated with respect to the Indebtedness that was refinanced, renewed, or extended or secured by any property other than property that secured the Indebtedness that was refinanced, renewed or extended.

“**Register**” has the meaning assigned to such term in Section 10.4.

“**Reinvestment Deferred Amount**” means, with respect to any Reinvestment Event, the aggregate Net Cash Proceeds received by the Consolidated Group in connection therewith that are not applied to prepay the Loans as a result of the delivery by a Borrower to Administrative Agent of a Reinvestment Notice.

“**Reinvestment Event**” means any Disposition or Event of Loss in respect of which a Borrower has delivered a Reinvestment Notice to Administrative Agent.

“**Reinvestment Notice**” means a written notice executed by a Responsible Officer stating that no Default under Section 8.1(a) or 8.1(f) or Event of Default has occurred and is continuing and that Borrowers (directly or indirectly through a Subsidiary) intend and expect to use all or a specified portion of the Net Cash Proceeds of a Disposition or Event of Loss to invest in assets or properties useful in its or such Subsidiary’s business (including as capital improvements to existing fixed assets); **provided** that to the extent such Net Cash Proceeds relate to assets or properties of an Obligor, such investment shall be in assets or properties owned by an Obligor.

“**Reinvestment Prepayment Amount**” means, with respect to any Reinvestment Event, the Reinvestment Deferred Amount relating thereto less any amount expended prior to the relevant Reinvestment Prepayment Date to invest in assets or properties useful in a Borrower’s or a Subsidiary’s business (including as capital improvements to existing fixed assets); **provided** that to the extent such Net Cash Proceeds relate to assets or properties of a Borrower or any Subsidiary Guarantor, such investment shall be in assets or properties owned by a Borrower or a Subsidiary Guarantor.

“**Reinvestment Prepayment Date**” means, with respect to any Reinvestment Event, the earlier of (a) the date occurring 365 days after such Reinvestment Event (or if a Borrower or a Subsidiary has committed to reinvest such proceeds within such 365 days, within 180 days following such 365 days) and (b) the date on which Borrowers shall have determined not to, or shall have otherwise ceased to, invest in assets or properties useful in a Borrower’s or its Subsidiary’s business (**provided** that to the extent such Net Cash Proceeds relate to assets or properties of a Borrower or any Subsidiary Guarantor, such investment shall be in assets or properties owned by a Borrower or a Subsidiary Guarantor) with all or any portion of the relevant Reinvestment Deferred Amount.

“**Related Parties**” means, with respect to any Person, such Person’s Affiliates and the partners, directors, officers, employees, agents, trustees, administrators, managers, advisors, attorneys-in-fact, and representatives of such Person and of such Person’s Affiliates.

“**Relevant Governmental Body**” means (a) with respect to a Benchmark applicable to Obligations, interest, fees, commissions or other amounts denominated in Dollars or a Benchmark Replacement in respect of any such Benchmark, the Board of Governors of the Federal Reserve System or the Federal Reserve Bank of New York, or a committee officially endorsed or convened by the Board of Governors of the Federal Reserve System or the Federal Reserve Bank of New York, or any successor thereto, (b) with respect to a Benchmark applicable to Obligations, interest, fees, commissions or other amounts denominated in CAD or a Benchmark Replacement in respect of any such Benchmark, the Bank of Canada, or a committee officially endorsed or convened by the Bank of Canada, or any successor thereto, and (c) with respect to a Benchmark applicable to Obligations, interest, fees, commissions or other amounts denominated in any Other Currency (other than CAD) or a Benchmark Replacement for any such Benchmark, (i) the central bank for the applicable currency or any central bank or other

supervisor which is responsible for supervising (1) such Benchmark or Benchmark Replacement for such currency or (2) the administrator of such Benchmark or Benchmark Replacement for such currency or (ii) any working group or committee officially endorsed or convened by: (1) the central bank for such currency, (2) any central bank or other supervisor that is responsible for supervising either (x) such Benchmark or Benchmark Replacement for such currency or (y) the administrator of such Benchmark or Benchmark Replacement for such currency, or (3) the Financial Stability Board, or a committee officially endorsed or convened by the Financial Stability Board, or any successor thereto.

“**Required Lenders**” means, at any time, Lenders having Revolving Credit Exposures, outstanding Term Loans, and unused Commitments representing more than 50% of the sum of the total Revolving Credit Exposures, total outstanding Term Loans and unused Commitments at such time; **provided** that, the Commitments of, and the portion of the Revolving Credit Exposure and outstanding Term Loans held or deemed held by, any Defaulting Lender shall be excluded for purposes of making a determination of Required Lenders.

“**Resolution Authority**” means an EEA Resolution Authority or, with respect to any UK Financial Institution, a UK Resolution Authority.

“**Responsible Officer**” means the chief executive officer, president, chief financial officer, principal accounting officer, treasurer, or controller of any Person. Any document delivered hereunder that is signed by a Responsible Officer of any Person shall be conclusively presumed to have been authorized by all necessary corporate, partnership and/or other action on the part of such Person and such Responsible Officer shall be presumed to have acted on behalf of such Person.

“**Restricted Payment**” means, with respect to any Person, any dividend or other distribution (whether in cash, securities, or other property) with respect to any Equity Interest of or issued by such Person, or any payment (whether in cash, securities or other property), including any sinking fund or similar deposit, on account of the purchase, redemption, retirement, acquisition, cancellation, or termination of any Equity Interest of or issued by such Person or any payment of management fees or consulting fees to any holder of Equity Interests of such Person.

“**Returns**” means, with respect to any Investment, any dividends, distributions, interest, fees, premium, return of capital, repayment of principal, income, profits (from a Disposition or otherwise) and other amounts or assets valued at fair market value received or realized in respect of such Investment.

“**Revaluation Date**” means (a) with respect to any Loan, each of the following: (i) each date of a Borrowing of a Loan denominated in an Other Currency, (ii) each date of a continuation of a Loan denominated in an Other Currency pursuant to the terms of this Agreement and (iii) such additional dates as Administrative Agent shall determine or the Majority Lenders of any Class shall require; and (b) with respect to any Letter of Credit, each of the following: (i) each date of issuance, amendment and/or extension of a Letter of Credit denominated in an Other Currency, (ii) each date of any payment by the applicable Issuing Lender under any Letter of Credit denominated in an Other Currency, and (iii) such additional dates as Administrative Agent or the applicable Issuing Lender shall determine or the Majority Lenders of any Class shall require.



“**Revolving Credit Availability Period**” means the period from and including the Initial Funding Date and ending on the earlier of the Business Day immediately preceding the Revolving Credit Maturity Date and the date of termination of the Revolving Credit Commitments pursuant to the terms hereof.

“**Revolving Credit Commitment**” collectively, the Revolving USD Tranche Commitment and the Revolving Multicurrency Tranche Commitment.

“**Revolving Credit Exposure**” means, as to any Lender at any time, the aggregate amount of the Revolving Multicurrency Tranche Exposures and Revolving USD Tranche Exposures of such Lender at such time.

“**Revolving Credit Lender**” means, collectively, the Revolving Multicurrency Tranche Lenders and Revolving USD Tranche Lenders.

“**Revolving Credit Loan**” means, collectively, the Revolving Multicurrency Tranche Loans and Revolving USD Tranche Loans.

“**Revolving Credit Maturity Date**” means September 12, 2028.

“**Revolving Multicurrency Tranche Commitment**” means at any time, with respect to each Lender, the commitment, if any, of such Lender to make Revolving Multicurrency Tranche Loans to any Borrower and to acquire participations in Letters of Credit and Swingline Loans hereunder, expressed as an amount representing the maximum aggregate amount of such Lender’s Revolving Multicurrency Tranche Exposure at such time hereunder, as such commitment may be (a) reduced from time to time pursuant to [Section 2.8](#) or [2.18\(b\)](#), or (b) reduced or increased from time to time pursuant to assignments by or to such Lender pursuant to [Section 10.4](#), or (c) increased pursuant to [Section 2.19](#). The initial amount of each Lender’s Revolving Multicurrency Tranche Commitment is set forth below its name on its signature page hereto, or in the Assignment and Assumption pursuant to which such Lender becomes a party hereto, as applicable. The initial aggregate amount of the Lenders’ Revolving Multicurrency Tranche Commitments is \$175,000,000.

“**Revolving Multicurrency Tranche Exposure**” means, with respect to any Revolving Credit Lender at any time, the sum of the Dollar Equivalent of the outstanding principal amount of such Lender’s Revolving Multicurrency Tranche Loans and its LC Exposure and Swingline Exposure at such time.

“**Revolving Multicurrency Tranche Lender**” means a Lender with a Revolving Multicurrency Tranche Commitment or, if the Revolving Multicurrency Tranche Commitments have terminated or expired, a Lender with Revolving Multicurrency Tranche Exposure.

“**Revolving Multicurrency Tranche Loan**” means a Loan made pursuant to [Section 2.1\(a\)\(i\)](#).

“**Revolving USD Tranche Commitment**” means at any time, with respect to each Lender, the commitment, if any, of such Lender to make Revolving USD Tranche Loans to any U.S. Borrower, expressed as an amount representing the maximum aggregate amount of such Lender’s Revolving USD Tranche Exposure at such time hereunder, as such commitment may be (a) reduced from time to time pursuant to [Section 2.8](#) or [2.18\(b\)](#), or (b) reduced or increased from time to time pursuant to assignments by or to such Lender pursuant to [Section 10.4](#), or (c) increased pursuant to [Section 2.19](#). The initial amount of each Lender’s Revolving USD Tranche Commitment is set forth below its name on its signature page hereto, or in the Assignment and Assumption pursuant to which such Lender becomes a party hereto, as applicable. The initial aggregate amount of the Lenders’ Revolving USD Tranche Commitments is \$175,000,000.

“**Revolving USD Tranche Exposure**” means, with respect to any Revolving Credit Lender at any time, the sum of the outstanding principal amount of such Lender’s Revolving USD Tranche Loans.

“**Revolving USD Tranche Lender**” means a Lender with a Revolving USD Tranche Commitment or, if the Revolving USD Tranche Commitments have terminated or expired, a Lender with Revolving USD Tranche Exposure.

“**Revolving USD Tranche Loan**” means a Loan made pursuant to Section 2.1(a)(ii).

“**S&P**” means Standard & Poor’s, a Division of The McGraw-Hill Companies, Inc.

“**Sale and Leaseback Transaction**” means any sale or other transfer of property by any Person with the intent to lease such property as lessee.

“**Sanctioned Person**” has the meaning assigned to such term in Section 3.17.

“**Sanctions**” means any sanctions administered by or enforced by the U.S. Department of the Treasury’s Office of Foreign Assets Control, the U.S. Department of State, the United Nations Security Council, the European Union, His Majesty’s Treasury, Foreign Affairs, Trade and Development Canada, Public Safety Canada, the Government of Canada, the Netherlands, or other relevant sanctions authority.

“**Schedule Date**” means, with respect to each Schedule hereto delivered to and accepted by Administrative Agent on the Signing Date, Initial Funding Date and the date of a Mortgage Trigger Event, as required hereby, the date of such Schedule or, if not so dated, the date of delivery of such Schedule.

“**SEC**” means the United States Securities and Exchange Commission.

“**Secured Parties**” means, collectively, Administrative Agent, the Lenders, Issuing Lender, Swingline Lender, and each Bank Product Provider.

“**Securities Act**” means the Securities Act of 1933, as amended from time to time.

“**Security Agreements**” means, collectively, the Domestic Security Agreement, the Canadian Security Agreement and each other pledge agreement, security agreement or similar document delivered by any Obligor pursuant to Section 5.8 hereof.

“**Security Documents**” means, collectively, (a) the Domestic Collateral Documents and the Foreign Collateral Documents, and any other agreement, instrument, or document to be filed with respect to the Liens created pursuant thereto and each other security agreement or other document executed and delivered after the Signing Date to secure any of the Obligations and (b) any amendments, supplements, modifications, renewals, restatements, replacements, consolidations, substitutions and extensions of any of the foregoing in accordance with their respective terms.

“**Separation Agreement**” means that certain Separation and Distribution Agreement to be entered into on or prior to the Initial Funding Date by and between Kellogg and WKKC, substantially in the form filed as an exhibit to the Form 10 filed with the SEC prior to the Signing Date, or as modified thereafter in accordance with Sections 4.2(c) and 6.10.

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“**Signing Date**” means the date on which the conditions specified in Section 4.1 are satisfied (or waived in accordance with Section 10.2).

“**SOFR**” means a rate equal to the secured overnight financing rate as administered by the SOFR Administrator.

“**SOFR Administrator**” means the Federal Reserve Bank of New York (or a successor administrator of the secured overnight financing rate).

“**SOFR Borrowing**” means, as to any Borrowing, the SOFR Loans comprising such Borrowing.

“**SOFR Loan**” means a Loan that bears interest at a rate based on Term SOFR, other than pursuant to clause (c) of the definition of “Base Rate”.

“**Solvent**” means, with respect to any Person, that as of the date of determination, (a) the sum of such Person’s debt (including contingent liabilities) does not exceed the present fair saleable value of such Person’s present assets; (b) such Person’s capital is not unreasonably small in relation to its business as contemplated on such date of determination; (c) such Person has not incurred and does not intend to incur, or believe that it will incur, debts beyond its ability to pay such debts as they become due (whether at maturity or otherwise); and (d) such Person is “solvent” within the meaning given that term and similar terms under the Bankruptcy Code and applicable laws relating to fraudulent transfers and conveyances; **provided, however**, that “**Solvent**” shall also mean with respect to any Person organized under the laws of Canada or any province or territory thereof, that such Person is not an “insolvent person” (as such term is defined in the Bankruptcy and Insolvency Act (Canada)) or “debtor company” (as such term is defined in the Companies’ Creditors Arrangement Act (Canada)). For purposes of this definition, (i) the amount of any contingent liability at any time shall be computed as the amount that, in light of all of the facts and circumstances existing at such time, represents the amount that can reasonably be expected to become an actual or matured liability (irrespective of whether such contingent liabilities meet the criteria for accrual under Statement of Financial Accounting Standard No. 5), (ii) “debt” means liability on a “claim,” and (iii) “claim” means any (A) right to payment, whether or not such a right is reduced to judgment, liquidated, unliquidated, fixed, contingent, matured, unmatured, disputed, undisputed, legal, equitable, secured or unsecured or (B) right to an equitable remedy for breach of performance if such breach gives rise to a right to payment, whether or not such right to an equitable remedy is reduced to judgment, fixed, contingent, matured or unmatured, disputed, undisputed, secured or unsecured.

“**Specified Transaction**” means (a) any Permitted Acquisition, or any other Investment that results in a Person becoming a Subsidiary, any disposition that results in a Person ceasing to be a Subsidiary, any Investment constituting an acquisition of assets constituting a business unit, line of business or division of another Person, any disposition of a business unit, line of business or division, in each case whether by merger, consolidation, amalgamation or otherwise, or (b) any incurrence or repayment of Indebtedness (other than Indebtedness incurred or repaid under any revolving credit facility in the ordinary course of business for working capital purposes without any adjustment to the commitments thereunder), Restricted Payment or other event that by the terms of this Agreement requires a test to be calculated for “pro forma compliance” or on a “pro forma basis” or after giving “pro forma effect.”

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“**Spin Date**” means the date on which the Spin-Off is completed.

“**Spin-Off**” means the Distribution and the Internal Reorganization collectively.

“**Spin-Off Certificate**” means a certificate of a Responsible Officer of Administrative Borrower, dated as of the Initial Funding Date, certifying that in the good faith judgment of the Administrative Borrower, subject to the consummation of the funding on the Initial Funding Date, the Distribution shall occur no later than one (1) Business Day of the delivery of such certificate.

“**Spin-Off Documents**” means the Separation Agreement, the Transition Services Agreement, the Tax Matters Agreement, the Employee Matters Agreement, the HQ Lease Agreement, the Management Services Agreement, the Manufacturing and Supply Agreement, the Non-Brand IP Agreement, the Brand IP Agreement, the Data Processing Agreement, and each of the other Ancillary Agreements but excluding the Transfer Documents (in each case of the foregoing capitalized terms that are not defined herein, as such terms are respectively defined in the Separation Agreement).

“**Subordinated Indebtedness**” means unsecured Indebtedness owing by an Obligor at any time; **provided** that (a) such Indebtedness does not require any scheduled payment of principal (including pursuant to a sinking fund obligation) or mandatory redemption or redemption at the option of the holders thereof prior to the date that is 91 days after the later of the Revolving Credit Maturity Date and Term Loan Maturity Date at the time of incurrence, (b) such Indebtedness is subordinated in right of payment and action to the Obligations in a manner reasonably acceptable to Administrative Agent, (c) such Indebtedness is not cross defaulted to this Agreement and contains other terms that are reasonably acceptable to Administrative Agent, **provided** that all covenants and events of default (including change of control provisions) are not more restrictive than the covenants and events of default contained in this Agreement, and (d) both immediately before and after giving effect to incurrence of such Indebtedness, Borrowers would be in compliance with the Financial Covenants on a pro forma basis as of the end of the most recent Fiscal Quarter for which financial statements have been delivered to the Lenders, and no Default or Event of Default shall exist under this Agreement.

“**Subordination Agreement**” means collectively, any subordination agreement delivered to Administrative Agent from time to time in connection with Subordinated Indebtedness permitted hereunder, in form and substance reasonably satisfactory to Administrative Agent.

“**Subsidiary**” means, with respect to any Person (the “**parent**”) at any date, any other Person the accounts of which would be consolidated with those of the parent in the parent’s consolidated financial statements if such financial statements were prepared in accordance with GAAP as of such date, as well as any other Person of which more than 50% of the Equity Interests or more than 50% of the ordinary voting power, are as of such date, owned, controlled or held by the parent (either directly or through one or more intermediaries or both). Unless otherwise specified, “**Subsidiary**” means a Subsidiary of WKKC.

“**Subsidiary Guarantors**” means (a) as of the Initial Funding Date after giving effect to the Internal Reorganization and the Distribution, each Subsidiary listed on Schedule 1.1(a) hereto (to be updated on the Initial Funding Date), and (b) each other Subsidiary that executes a Guaranty Agreement or joinder agreement to a Guaranty Agreement following the Initial Funding Date pursuant to [Section 5.8](#), together with their respective successors and permitted assigns.

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“**Swap Obligation**” means, with respect to any Obligor, any obligation to pay or perform under any agreement, contract, or transaction, that constitutes a “swap” within the meaning of Section 1a(47) of the Commodity Exchange Act.

“**Swingline Exposure**” means, at any time, the aggregate principal amount of all Swingline Loans outstanding at such time. The Swingline Exposure of any Revolving Credit Lender at any time shall be its Pro Rata Share of the total Swingline Exposure at such time.

“**Swingline Lender**” means Rabobank, in its capacity as lender of Swingline Loans hereunder, or any other Lender selected by Rabobank with the approval of Borrowers that shall agree with Administrative Agent to act as Swingline Lender.

“**Swingline Loan**” means a Loan made pursuant to Section 2.4. All Swingline Loans shall be denominated in Dollars.

“**Swingline Loan Maturity Date**” has the meaning set forth in Section 2.4(b).

“**Synthetic Lease Obligation**” means the monetary obligation of a Person under (a) a so-called synthetic, off-balance sheet or tax retention lease, or (b) an agreement for the use or possession of property (including sale and leaseback transactions), in each case, creating obligations that do not appear on the balance sheet of such Person but which, upon the application of any Debtor Relief Laws to such Person, would be characterized as the indebtedness of such Person (without regard to accounting treatment).

“**TARGET2**” means the Trans-European Automated Real-time Gross Settlement Express Transfer payment system which utilizes a single shared platform and which was launched on November 19, 2007.

“**TARGET Day**” means any day on which TARGET2 is open for the settlement of payments in EUR.

“**Tax Affiliate**” means (a) any Borrower and its Subsidiaries and (b) any Affiliate of a Borrower with which such Borrower files or is eligible to file consolidated, combined, or unitary tax returns.

“**Tax Preferred Subsidiary**” means a Domestic Holding Company, a Foreign Subsidiary (other than a Subsidiary organized in Canada), and any Subsidiary of either of the foregoing.

“**Taxes**” means all present or future taxes, levies, imposts, duties, deductions, withholdings (including backup withholding), assessments, fees, or other similar charges imposed by any Governmental Authority, including any interest, additions to tax, or penalties applicable thereto imposed by any Governmental Authority, and whether disputed or not.

“**Term Commitment**” means, with respect to each Lender, its Initial Term Commitment and/or Delayed Draw Term Commitment, as the context may require.

“**Term CORRA**” means, for the applicable corresponding tenor, the forward-looking term rate based on CORRA that has been selected or recommended by the Relevant Governmental Body, and that is published by an authorized benchmark administrator and is displayed on a screen or other information service, as identified or selected by Administrative Agent in its reasonable discretion at approximately a time and as of a date prior to the commencement of an Interest Period determined by Administrative Agent in its reasonable discretion in a manner substantially consistent with market practice.

“**Term CORRA Notice**” means the notification by Administrative Agent to the applicable class of Lenders and Administrative Borrower of the occurrence of a Term CORRA Transition Event.

“**Term CORRA Transition Date**” means, in the case of a Term CORRA Transition Event, the date that is set forth in the Term CORRA Notice provided to the applicable Class of Lenders and Administrative Borrower, for the replacement of the then-current Benchmark with respect to amounts denominated in CAD with the Benchmark Replacement described in clause (a)(i) of such definition, which date shall be at least thirty (30) Business Days from the date of the Term CORRA Notice.

“**Term CORRA Transition Event**” means the determination by Administrative Agent that (a) Term CORRA has been recommended for use by the Relevant Governmental Body, and is determinable for any Available Tenor, (b) the administration of Term CORRA is administratively feasible for Administrative Agent and (c) a Benchmark Replacement, other than Term CORRA, has replaced CDOR in accordance with Section 2.22(a).

“**Term Lender**” means a Lender with a Term Commitment or an outstanding Term Loan.

“**Term Loan**” means, collectively, the Initial Term Loans, Delayed Draw Term Loans, and any Incremental Term Loans in each case to the extent outstanding or in existence. All Term Loans shall be denominated in Dollars.

“**Term Loan Maturity Date**” means September 12, 2028.

“**Term SOFR**” means,

(a) for any calculation with respect to a SOFR Loan, the Term SOFR Reference Rate for a tenor comparable to the applicable Interest Period on the day (such day, the “Periodic Term SOFR Determination Day”) that is two (2) U.S. Government Securities Business Days prior to the first day of such Interest Period, as such rate is published by the Term SOFR Administrator; **provided, however**, that if as of 5:00 p.m. (New York City time) on any Periodic Term SOFR Determination Day the Term SOFR Reference Rate for the applicable tenor has not been published by the Term SOFR Administrator and a Benchmark Replacement Date with respect to the Term SOFR Reference Rate has not occurred, then Term SOFR will be the Term SOFR Reference Rate for such tenor as published by the Term SOFR Administrator on the first preceding U.S. Government Securities Business Day for which such Term SOFR Reference Rate for such tenor was published by the Term SOFR Administrator so long as such first preceding U.S. Government Securities Business Day is not more than three (3) U.S. Government Securities Business Days prior to such Periodic Term SOFR Determination Day, and

(b) for any calculation with respect to an Base Rate Loan on any day, the Term SOFR Reference Rate for a tenor of one month on the day (such day, the “Base Rate Term SOFR Determination Day”) that is two (2) U.S. Government Securities Business Days prior to such day, as such rate is published by the Term SOFR Administrator; **provided, however**, that if as of 5:00 p.m. (New York City time) on any Base Rate Term SOFR Determination Day the Term SOFR Reference Rate for the applicable tenor has not been published by the Term SOFR Administrator and a Benchmark Replacement Date with respect to the Term SOFR Reference

Rate has not occurred, then Term SOFR will be the Term SOFR Reference Rate for such tenor as published by the Term SOFR Administrator on the first preceding U.S. Government Securities Business Day for which such Term SOFR Reference Rate for such tenor was published by the Term SOFR Administrator so long as such first preceding U.S. Government Securities Business Day is not more than three (3) U.S. Government Securities Business Days prior to such Base Rate SOFR Determination Day;

**provided, further**, that if Term SOFR determined as provided above (including pursuant to the proviso under clause (a) or clause (b) above) shall ever be less than the Floor, then Term SOFR shall be deemed to be the Floor.

**“Term SOFR Administrator”** means CME Group Benchmark Administration Limited (CBA) (or a successor administrator of the Term SOFR Reference Rate selected by Administrative Agent in its reasonable discretion).

**“Term SOFR Reference Rate”** means the forward-looking term rate based on SOFR.

**“Termination Value”** means, in respect of any Hedging Agreement, after taking into account the effect of any legally enforceable netting agreement relating to such Hedging Agreement, (a) for any date on or after the date such Hedging Agreement has been closed out and termination value determined in accordance therewith, such termination value, and (b) for any date prior to the date referenced in clause (a) of this definition the amount determined as the mark-to-market value for such Hedging Agreement, as determined based upon one or more mid-market or other readily available quotations provided by any recognized dealer in such Hedging Agreement (which may include any Lender or any Affiliate of any Lender).

**“Title Companies”** has the meaning assigned to such term in Section 5.9(c).

**“Tranche”** means, with respect to any Delayed Draw Term Loans or Incremental Term Loans, all Delayed Draw Term Loans or Incremental Term Loans, respectively, made on the same date pursuant to the terms of the same Borrowing Request.

**“Transaction Costs”** means the fees, costs, and expenses payable by the Obligors in connection with the consummation of the Transactions.

**“Transaction Documents”** means, collectively, the Spin-Off Documents and the Loan Documents.

**“Transactions”** means (a) the Financing Transactions, (b) the Internal Reorganization, (c) the Distribution, (d) the Kellogg Cash Transfer and (e) the payment of Transaction Costs.

**“Type”**, when used in reference to any Loan or Borrowing, refers to whether the rate of interest on such Loan, or on the Loans comprising such Borrowing, is determined by reference to (a) the applicable Eurocurrency Rate, (b) Term SOFR or (c) the Base Rate.

**“UCC”** means the New York Uniform Commercial Code as adopted in the State of New York; **provided**, in connection with any Lien granted under any Security Document, if the laws of any other jurisdiction would govern the perfection or enforcement of such Lien, **“UCC”** means the Uniform Commercial Code as in effect in such jurisdiction with respect to such Lien.

**“UCP”** means the Uniform Customs and Practice for Documentary Credits, International Chamber of Commerce Publication No. 600 (or such later version thereof as may be in effect at the applicable time).

“**UK Financial Institution**” means any BRRD Undertaking (as such term is defined under the PRA Rulebook (as amended from time to time) promulgated by the United Kingdom Prudential Regulation Authority) or any person falling within IFPRU 11.6 of the FCA Handbook (as amended from time to time) promulgated by the United Kingdom Financial Conduct Authority, which includes certain credit institutions and investment firms, and certain affiliates of such credit institutions or investment firms.

“**UK Resolution Authority**” means the Bank of England or any other public administrative authority having responsibility for the resolution of any UK Financial Institution.

“**Unadjusted Benchmark Replacement**” means the applicable Benchmark Replacement excluding the related Benchmark Replacement Adjustment.

“**Undisclosed Administration**” means in relation to a solvent Person, the precautionary appointment of an administrator, conservator, receiver, trustee, custodian or other similar official by a supervisory authority or regulator under or based on the law in the country where such person is subject to home jurisdiction supervision if applicable law requires that such appointment is not to be publicly disclosed.

“**Undrawn Availability**” means, as of any date of determination, the amount (if any) by which (a) the aggregate Revolving Credit Commitment of any Lender in effect on such date exceeds (b) the aggregate Revolving Credit Exposure of such Lender on such date.

“**United States**” and “**U.S.**” mean the United States of America.

“**U.S. Borrower**” means, collectively, WKKC and any Domestic Subsidiary designated as an Additional Borrower pursuant to Section 2.2(g) after the Signing Date.

“**U.S. Government Securities Business Day**” means any day except for (a) a Saturday, (b) a Sunday or (c) a day on which the Securities Industry and Financial Markets Association recommends that the fixed income departments of its members be closed for the entire day for purposes of trading in United States government securities.

“**U.S. Person**” means any Person that is a “**United States Person**” as defined in Section 7701(a)(30) of the Code.

“**U.S. Tax Compliance Certificate**” has the meaning assigned to such term in Section 2.16(g).

“**USA Patriot Act**” has the meaning assigned to such term in the definition of “Anti-Terrorism Laws”.

“**Voting Participant**” has the meaning assigned to such term in Section 10.4.

“**Voting Participant Notification**” has the meaning assigned to such term in Section 10.4.

“**Wholly-Owned**” means a Person in which (other than directors’ qualifying shares and/or other nominal amounts of shares required by law to be held by Persons other than Borrowers or any Wholly-Owned Subsidiary) 100% of the Equity Interests, at the time as of which any determination is being made, is owned, beneficially and of record, by a Borrower, or by one or more of the other Wholly-Owned Subsidiaries of a Borrower, or both.



“**Withdrawal Liability**” means liability to a Multiemployer Plan as a result of a complete or partial withdrawal from such Multiemployer Plan, as such terms are defined in Part I of Subtitle E of Title IV of ERISA.

“**Withholding Agent**” means any Obligor and Administrative Agent.

“**WKK Canada**” means WK Kellogg Canada Corp., a corporation incorporated pursuant to the laws of Canada.

“**WKKC**” means WK Kellogg Co, a Delaware corporation.

“**Write-Down and Conversion Powers**” means, (a) with respect to any EEA Resolution Authority, the write-down and conversion powers of such EEA Resolution Authority from time to time under the Bail-In Legislation for the applicable EEA Member Country, which write-down and conversion powers are described in the EU Bail-In Legislation Schedule, and (b) with respect to the United Kingdom, any powers of the applicable Resolution Authority under the Bail-In Legislation to cancel, reduce, modify or change the form of a liability of any UK Financial Institution or any contract or instrument under which that liability arises, to convert all or part of that liability into shares, securities or obligations of that person or any other person, to provide that any such contract or instrument is to have effect as if a right had been exercised under it or to suspend any obligation in respect of that liability or any of the powers under that Bail-In Legislation that are related to or ancillary to any of those powers.

**1.2 Classification of Loans and Borrowings.** For purposes of this Agreement, Loans may be classified and referred to by Class (e.g., a **Revolving Credit Loan**) or by Type (e.g., a **Eurocurrency Loan**) or by Class and Type (e.g., a **Eurocurrency Revolving Credit Loan**). Borrowings also may be classified and referred to by Class (e.g., a **Revolving Credit Loan Borrowing**) or by Type (e.g., a **Eurocurrency Borrowing**) or by Class and Type (e.g., a **Eurocurrency Revolving Credit Loan Borrowing**).

**1.3 Interpretation.** With reference to this Agreement and each other Loan Document, unless other specified herein or in such other Loan Document:

(a) The definitions of terms herein shall apply equally to the singular and plural forms of the terms defined. Whenever the context may require, any pronoun shall include the corresponding masculine, feminine, and neuter forms. The words “include”, “includes” and “including” shall be deemed to be followed by the phrase “without limitation”. The word “will” shall be construed to have the same meaning and effect as the word “shall”. Unless the context requires otherwise (i) any definition of or reference to any agreement, instrument or other document herein shall be construed as referring to such agreement, instrument or other document as from time to time amended, supplemented, or otherwise modified (subject to any restrictions on such amendments, supplements or modifications set forth herein), (ii) any reference herein to any Person shall be construed to include such Person’s permitted successors and assigns, (iii) the words “herein”, “hereof”, and “hereunder”, and words of similar import when used in any Loan Document, shall be construed to refer to such Loan Document in its entirety and not to any particular provision thereof, (iv) unless otherwise specified, all references in any Loan Document to Sections, Exhibits, and Schedules shall be construed to refer to Sections of, and Exhibits, and Schedules to, the Loan Document in which such references appear, (v) any reference to any law shall include all statutory and regulatory provisions consolidating, amending, replacing or interpreting such law and any reference to any law or regulation shall, unless otherwise specified,

refer to such law or regulation as amended, modified or supplemented from time to time, (vi) any table of contents, captions and headings are for convenience of reference only and shall not affect the construction of this Agreement or any other Loan Document, (vii) the words “asset” and “property” shall be construed to have the same meaning and effect and to refer to any and all tangible and intangible assets and properties, including cash, securities, accounts, and contract rights and (viii) all references to “knowledge” of any Borrower or any Subsidiary of a Borrower means the actual knowledge of a Responsible Officer.

(b) In the computation of periods of time from a specified date to a later specified date, the word “from” means “from and including;” the words “to” and “until” each mean “to but excluding;” and the word “through” means “to and including.”

(c) For all purposes under the Loan Documents, in connection with any division or plan of division of a Company under Delaware law (or any comparable event under a different jurisdiction’s laws): (a) if any asset, right, obligation or liability of any Person becomes the asset, right, obligation or liability of a different Person, then it shall be deemed to have been transferred from the original Person to the subsequent Person; and (b) if, any new Person comes into existence, such new Person shall be deemed to have been organized on the first date of its existence by the holders of its Equity Interests at such time.

**1.4 Rounding.** Any financial ratios required to be maintained by Borrowers and their Subsidiaries pursuant to this Agreement shall be calculated by dividing the appropriate component by the other component, carrying the result to one place more than the number of places by which such ratio is expressed herein and rounding the result up or down to the nearest number (with a rounding-up if there is no nearest number).

**1.5 Letter of Credit Amounts.** Unless otherwise specified herein, the amount of a Letter of Credit at any time shall be deemed to be the Dollar Equivalent of the stated amount of such Letter of Credit available to be drawn at such time; **provided, however,** that with respect to any Letter of Credit that, by its terms or the terms of any Letter of Credit Document related thereto, provides for one or more automatic increases in the stated amount thereof, the amount of such Letter of Credit shall be deemed to be the Dollar Equivalent of the maximum stated amount of such Letter of Credit after giving effect to all such increases, whether or not such maximum stated amount is in effect at such time.

**1.6 Accounting Terms; GAAP.** Except as otherwise expressly provided herein, all terms of an accounting or financial nature shall be construed, and all accounting determinations and computations required under the Loan Documents shall be made, in accordance with GAAP, as in effect from time to time, consistently applied; **provided** that, (a) if at any time any change in GAAP would affect the computation of any financial ratio or requirement set forth in any Loan Document, and either Borrowers or the Required Lenders (through Administrative Agent) shall so request, Administrative Agent, the Lenders and Borrowers shall negotiate in good faith to amend such ratio or requirement to preserve the original intent thereof in light of such change in GAAP (subject to the approval of the Required Lenders); **provided** that, until so amended, (i) such ratio or requirement shall continue to be computed in accordance with GAAP prior to such change therein, and (ii) Borrowers shall provide to Administrative Agent and the Lenders financial statements and other documents required under this Agreement or as reasonably requested hereunder setting forth a reconciliation between calculations of such ratio or requirement made before and after giving effect to such change in GAAP, and

(b) notwithstanding any other provision contained herein, all terms of an accounting or financial nature used herein shall be construed, and all computations of amounts and ratios referred to in Section 7 shall be made, without giving effect to any election under Accounting Standards Codification 825-10 (or any other Financial Accounting Standard having a similar result or effect) to value any Indebtedness or other liabilities of any Obligor or any Subsidiary of any Obligor at “fair value” (and such Indebtedness shall be deemed to be carried at 100% of the principal amount thereof).

**1.7 Limited Condition Acquisitions.** Notwithstanding anything herein to the contrary, in connection with a Limited Condition Acquisition or any action being taken solely in connection with a Limited Condition Acquisition, for purposes of:

(a) determining compliance with any provision of this Agreement which requires the calculation of the Consolidated Net Leverage Ratio or any Financial Covenant (excluding any calculation for purposes of determining the Applicable Margin) or any other ratio,

(b) determining compliance with any provision of this Agreement which requires that no Default, Event of Default or specified Event of Default, as applicable, has occurred, is continuing or would result from any such action, as applicable,

(c) determining compliance with any representations or warranties in this Agreement in connection with obtaining an Incremental Term Loan (but subject to the consent of the Lenders and Additional Lenders providing such Incremental Term Loan), or

(d) testing availability under baskets set forth in this Agreement,

in each case, at the option of Administrative Borrower (Administrative Borrower’s election to exercise such option in connection with any Limited Condition Acquisition, an “*LCA Election*”), the date of determination of such ratio or other provisions, determination of whether any Default or Event of Default has occurred, is continuing or would result therefrom, determination of compliance with any representations or warranties or the satisfaction of any other conditions shall be deemed to be the date the definitive agreements for such Limited Condition Acquisition are entered into (the “*LCA Test Date*”) after giving pro forma effect to such Limited Condition Acquisition and the actions to be taken in connection therewith (including any incurrence of Indebtedness and the use of proceeds thereof) as if such Limited Condition Acquisition and other actions had occurred on such date, and if, after giving pro forma effect to the Limited Condition Acquisition and the other transactions to be entered into in connection therewith (including any incurrence of Indebtedness and the use of proceeds thereof) as if they had occurred at the beginning of the most recent four consecutive Fiscal Quarters ending prior to the LCA Test Date for which financial statements have been delivered to Administrative Agent, the applicable Obligor could have taken such action on the relevant LCA Test Date in compliance with such ratio or basket, (x) such ratio or basket shall be deemed to have been complied with unless an Event of Default described in clause (a), (b), (h) or (i) of Section 8.1 shall exist immediately prior to or after giving effect for any Limited Condition Acquisition, (y) for purposes of determining compliance with any provision of this Agreement which requires that no Default, Event of Default, or other specified Event of Default (other than any Event of Default described in clause (a), (b), (h) or (i) of Section 8.1), as applicable, has occurred, is continuing or would result from any such action, as applicable, such condition shall, at the option of Borrower, be deemed satisfied, so long as no Default, Event of Default, or other specified Event of Default, as applicable, exists on the date the definitive agreements for such Limited Condition Acquisition

are entered into (after giving effect to the Limited Condition Acquisition on a pro forma basis) and (z) for purposes of determining compliance with any provision of this Agreement which requires that any representations and warranties of any Obligor be true and correct in any respect, such condition shall, at the option of Administrative Borrower, be deemed satisfied, so long as (x) such representations and warranties are true in all material respects on and as of the date the definitive agreements for the applicable Limited Condition Acquisition were entered into with the same effect as though made on and as of such date and (y) certain customary “specified representations” and certain customary “specified acquisition agreement representations” are true in all material respects on and as of the date the applicable Limited Condition Acquisition is consummated with the same effect as though made on and as of such date, in each case, except to the extent such representations and warranties expressly relate to an earlier date, in which case they shall be true and correct in all material respects as of such earlier date; **provided**, that any such representation and warranty that is qualified as to “materiality” or similar language shall be true and correct in all respects on such respective dates. In addition, if the proceeds of an Incremental Term Loan are to be used to finance a Limited Condition Acquisition, then at the option of Borrower and subject to the agreement of the Lenders and Additional Lenders providing such Incremental Term Loan, the availability of such financing may be subject to customary “SunGard” or “certain funds” conditionality, including by limiting representations made at funding such Incremental Term Loan to “specified representations” (conformed as necessary for such Limited Condition Acquisition). For the avoidance of doubt, if Borrower has timely made an LCA Election and any of the ratios or baskets for which compliance was determined or tested as of the LCA Test Date are exceeded as a result of fluctuations in any such ratio or basket, including due to fluctuations in Consolidated EBITDA or the Person subject to such Limited Condition Acquisition, at or prior to the consummation of the relevant transaction or action, such basket or ratio will not be deemed to have been exceeded as a result of such fluctuations solely for purposes of determining whether the relevant transaction or actions is permitted to be consummated or taken. If Borrower has timely made an LCA Election for any Limited Condition Acquisition, then in connection with any subsequent calculation of any ratio or basket availability on or following the relevant LCA Test Date and prior to the earlier of the date on which such Limited Condition Acquisition is consummated or the definitive agreement for such Limited Condition Acquisition is terminated or expires without consummation of such Limited Condition Acquisition, any such ratio or basket availability shall be required to be satisfied both (x) on a pro forma basis assuming such Limited Condition Acquisition and other transactions in connection therewith (including any pro forma increase in Consolidated EBITDA resulting from such Limited Condition Acquisition, any incurrence of Indebtedness and the use of proceeds thereof) have been consummated, and (y) assuming such Limited Condition Acquisition and other transactions in connection therewith (including any such pro forma increase in Consolidated EBITDA, incurrence of Indebtedness and the use of proceeds thereof) have not been consummated. Notwithstanding the foregoing, in no event shall any Event of Default described in clause (a), (b), (h) or (i) of Section 8.1 exist immediately prior to or after giving effect for any Limited Condition Acquisition.

### **1.8 Exchange Rates; Currency Equivalents.**

(a) Administrative Agent or the Issuing Lender, as applicable, shall determine the Dollar Equivalent amounts of Loans denominated in Other Currencies. Such Dollar Equivalent shall become effective as of such Revaluation Date and shall be the Dollar Equivalent of such amounts until the next Revaluation Date to occur. Except for purposes of financial

statements delivered by Borrowers hereunder or calculating the Financial Covenants hereunder or except as otherwise provided herein, the applicable amount of any currency (other than Dollars) for purposes of the Loan Documents shall be such Dollar Equivalent amount as so determined by Administrative Agent or the Issuing Lender, as applicable. For purposes of financial statements delivered by Borrowers hereunder or calculating financial covenants hereunder or determining compliance with the caps, thresholds or baskets set forth in this Agreement and the other Loan Documents, the applicable amounts of any currency (other than Dollars) shall be such Dollar Equivalent amount. Notwithstanding the foregoing, for purposes of determining compliance with Section 6.1, Section 6.2, Section 6.4, Section 6.5, Section 6.6 and Section 6.9 with respect to any amount of any Indebtedness, Lien, Investment, Disposition, Restricted Payment or prepayment of Subordinated Debt in a currency other than Dollars, no Default shall be deemed to have occurred solely as a result of changes in rates of exchange occurring after the time of such Indebtedness, Lien, Investment, Disposition, Restricted Payment or prepayment of Subordinated Debt; **provided** that, for the avoidance of doubt, the foregoing provisions of this Section 1.8 shall otherwise apply to such Sections, including with respect to determining whether any Indebtedness, Lien, Investment, Disposition or Restricted Payment may be incurred or consummated at any time under such Sections and any such changes in rates or exchanges occurring after such time shall not result in an increase in capacity under any provisions within such Sections.

(b) Wherever in this Agreement in connection with a Borrowing, conversion, continuation or prepayment of a Loan or the issuance, amendment or extension of a Letter of Credit, an amount, such as a required minimum or multiple amount, is expressed in Dollars, but such Borrowing, Loan or Letter of Credit is denominated in an Other Currency, such amount shall be the relevant Other Currency Equivalent of such Dollar amount (rounded to the nearest unit of such Other Currency, with 0.5 of a unit being rounded upward), as determined by Administrative Agent or the Issuing Lender, as the case may be.

**1.9 Quebec Terms.** For purposes of any assets, liabilities or entities located in the Province of Quebec and for all other purposes pursuant to which the interpretation or construction of this Agreement or any other Loan Document may be subject to the laws of the Province of Quebec or a court or tribunal exercising jurisdiction in the Province of Quebec, (a) “personal property” shall include “movable property”, (b) “real property” or “real estate” shall include “immovable property”, (c) “tangible property” shall include “corporeal property”, (d) “intangible property” shall include “incorporeal property”, (e) “security interest”, “mortgage” and “lien” shall include a “hypothec”, “right of retention”, “prior claim”, “reservation of ownership” and a resolutive clause, (f) all references to filing, perfection, priority, remedies, registering or recording under the Uniform Commercial Code or the PPSA shall include publication under the Civil Code of Quebec, (g) all references to “perfection” of or “perfected” liens or security interest shall include a reference to an “opposable” or “set up” hypothec as against third parties, (h) any “right of offset”, “right of setoff” or similar expression shall include a “right of compensation”, (i) “goods” shall include “corporeal movable property” other than chattel paper, documents of title, instruments, money and securities, (j) an “agent” shall include a “mandatary”, (k) “construction liens” or “mechanics, materialmen, repairmen, construction contractors or other like Liens” shall include “legal hypothecs” and “legal hypothecs in favour of persons having taken part in the construction or renovation of an immovable”, (l) “joint and several” shall include “solidary”, (m) “gross negligence or wilful misconduct” shall be deemed to be “intentional or gross fault”, (n) “beneficial ownership” shall include “ownership on behalf

of another as mandatory”, (o) “easement” shall include “servitude”, (p) “priority” shall include “rank” or “prior claim”, as applicable (q) “survey” shall include “certificate of location and plan”, (r) “state” shall include “province”, (s) “fee simple title” shall include “absolute ownership” and “ownership” (including ownership under a right of superficies), (t) “accounts” shall include “claims”, (u) “legal title” shall be including “holding title on behalf of an owner as mandatory or prete-nom”, (v) “ground lease” shall include “emphyteusis” or a “lease with a right of superficies”, as applicable, (w) “leasehold interest” shall include “rights resulting from a lease”, (x) “lease” shall include a “leasing contract” and (y) “foreclosure” shall include “the exercise of hypothecary recourse”, and (z) “guarantee” and “guarantor” shall include “suretyship” and “surety”, respectively. The parties hereto confirm that it is their wish that this Agreement and any other document executed in connection with the transactions contemplated herein be drawn up in the English language only and that all other documents contemplated thereunder or relating thereto, including notices, may also be drawn up in the English language only. Les parties aux présentes confirment que c’est leur volonté que cette convention et les autres documents de credit soient rédigés en langue anglaise seulement et que tous les documents, y compris tous avis, envisages par cette convention et les autres documents peuvent être rédigés en langue anglaise seulement.

**1.10 Pro Forma Calculations.** For purposes of calculating the Financial Covenants for any fiscal period (a “*Reference Period*”) for all purposes in this Agreement, Specified Transactions (and the incurrence or repayment of any Indebtedness in connection therewith) that have been made (a) during such Reference Period or (b) subsequent to such Reference Period and prior to or simultaneously with the event for which the calculation of any such ratio is made on a pro forma basis shall be calculated on a pro forma basis assuming that all such Specified Transactions (and any increase or decrease in Consolidated EBITDA and Consolidated Interest Expense and the component financial definitions used in either of the foregoing attributable to any Specified Transaction) had occurred on the first day of such Reference Period. If any Indebtedness bears a floating rate of interest and is being given pro forma effect, the interest on such Indebtedness shall be calculated as if the rate in effect on the date such calculation is being made had been the applicable rate for the entire period (taking into account any Hedging Agreement applicable to such Indebtedness). Interest on Capital Lease Obligations shall be deemed to accrue at an interest rate reasonably determined by a Responsible Officer of Administrative Borrower to be the rate of interest implicit in such Capital Lease Obligation in accordance with GAAP. If, since the beginning of any applicable Reference Period, any Person that subsequently became a Subsidiary or was merged, amalgamated or consolidated with or into any Borrower or any of its Subsidiaries since the beginning of such period shall have made any Specified Transaction that would have required adjustment pursuant to this [Section 1.10](#), then the Financial Covenants shall be calculated to give pro forma effect thereto in accordance with this [Section 1.10](#). Whenever pro forma effect is to be given to a Specified Transaction, the pro forma calculations shall be made in good faith by a Responsible Officer of Administrative Borrower based upon amounts that are reasonably identifiable and factually supportable.

## 2. THE CREDITS

### 2.1 The Commitments.

(a) Revolving Credit Loans. Subject to the terms and conditions set forth herein, (i) each Revolving Multicurrency Tranche Lender agrees, severally and not jointly with any other Lender, to make Revolving Credit Loans in Dollars or in one or more Other Currencies to any Borrower from time to time during the Revolving Credit Availability Period in an aggregate principal amount at any time outstanding that will not result in (x) the Dollar Equivalent of such Lender's Revolving Multicurrency Tranche Exposure exceeding such Lender's Revolving Multicurrency Tranche Commitment or (y) the sum of the Dollar Equivalent of the total Revolving Multicurrency Tranche Exposures exceeding the total Revolving Multicurrency Tranche Commitments, and (ii) each Revolving USD Tranche Lender agrees, severally and not jointly with any other Lender, to make Revolving Credit Loans in Dollars to any U.S. Borrower from time to time during the Revolving Credit Availability Period in an aggregate principal amount at any time outstanding that will not result in (x) such Lender's Revolving USD Tranche Exposure exceeding such Lender's Revolving USD Tranche Commitment or (y) the sum of the total Revolving USD Tranche Exposures exceeding the total Revolving USD Tranche Commitments; **provided** that, after giving effect to any Revolving Credit Loan, (x) the Revolving Credit Exposure of any Lender shall not exceed such Lender's Revolving Credit Commitment, and (y) the sum of the Dollar Equivalent of the total Revolving Credit Exposure of all Revolving Credit Lenders shall not exceed the total Revolving Credit Commitments of all Lenders. Within the foregoing limits and subject to the terms and conditions set forth herein, including Sections 2.10 and 2.15, Borrowers may borrow, prepay, and reborrow Revolving Credit Loans without premium or penalty.

(b) Initial Term Loans. Subject to the terms and conditions set forth herein, (i) each Initial Term A-1 Lender agrees, severally and not jointly with any other Lender, to make one or more Initial Term A-1 Loans to WKCC on the Initial Funding Date in Dollars in an aggregate principal amount not exceeding its Initial Term A-1 Commitment, and (ii) each Initial Term A-2 Lender agrees, severally and not jointly with any other Lender, to make one or more Initial Term A-2 Loans to WKCC on the Initial Funding Date in Dollars in an aggregate principal amount not exceeding its Initial Term A-2 Commitment. Amounts repaid in respect of Initial Term Loans may not be reborrowed.

(c) Delayed Draw Term Loans. Subject to the terms and conditions set forth herein, (i) each Delayed Draw Term A-1 Lender agrees, severally and not jointly with any other Lender, to make Delayed Draw Term A-1 Loans to any U.S. Borrower from time to time during the Delayed Draw Availability Period in Dollars in an aggregate principal amount advanced hereunder that will not result in (x) such Lender's Delayed Draw Term A-1 Loans advanced hereunder exceeding such Lender's Delayed Draw Term A-1 Commitment or (y) the sum of the aggregate original principal amount of all Delayed Draw Term A-1 Loans advanced hereunder exceeding the total Delayed Draw Term A-1 Commitments, and (ii) each Delayed Draw Term A-2 Lender agrees, severally and not jointly with any other Lender, to make Delayed Draw Term A-2 Loans to any U.S. Borrower from time to time during the Delayed Draw Availability Period in Dollars in an aggregate principal amount advanced hereunder that will not result in (x) such Lender's Delayed Draw Term A-2 Loans advanced hereunder exceeding such Lender's Delayed Draw Term A-2 Commitment or (y) the sum of the aggregate original principal amount of all Delayed Draw Term A-2 Loans advanced hereunder exceeding the total Delayed Draw Term A-2 Commitments. Amounts repaid in respect of Delayed Draw Term Loans may not be reborrowed.

## 2.2 Loans and Borrowings.

### (a) Obligations of Lenders.

(i) Term Loans. Each Term Loan shall be denominated in Dollars and made as part of a Borrowing consisting of Term Loans of the same Class and Type made by the applicable Term Lenders ratably in accordance with their respective Term Commitments of the applicable Class.

### (ii) Revolving Credit Loans.

(A) Dollar Revolving Credit Loans. Subject to Section 2.2(f) below, each Revolving Credit Loan denominated in Dollars shall be made as part of a Borrowing in Dollars, consisting of Revolving Credit Loans of the same Class and Type made by Revolving Credit Lenders of the applicable Class ratably in accordance with their respective Revolving Credit Commitments of such Class.

(B) Other Currency Revolving Multicurrency Tranche Loans. Each Revolving Multicurrency Tranche Loan denominated in any Other Currency shall be made as part of a Borrowing in the applicable currency, consisting of Revolving Multicurrency Tranche Loans of the same Type made by the Revolving Multicurrency Tranche Lenders ratably in accordance with their respective Revolving Multicurrency Tranche Commitments.

(iii) The failure of any Lender to make any Loan required to be made by it shall not relieve any other Lender of its obligations hereunder.

(b) Type of Loans. Subject to Sections 2.7, 2.13 and 2.22, each Borrowing (other than a Swingline Loan Borrowing) shall be comprised (i) in the case of Borrowings in Dollars, entirely of Base Rate Loans or SOFR Loans, (ii) in the case of Borrowings in EUR or CAD, entirely of Eurocurrency Loans, in each case of the same currency as Borrowers may request in accordance herewith. Each Swingline Loan Borrowing shall be a Base Rate Loan Borrowing. Each Lender at its option may make any Loan made in any Other Currency, any Loan made to a non-US Borrower, any SOFR Loan or Eurocurrency Loan by causing any domestic or foreign branch or Affiliate of such Lender to make such Loan; **provided** that (i) any exercise of such option shall not affect the obligation of Borrowers to repay such Loan in accordance with the terms of this Agreement and (ii) the non-performance of a Lender's obligations by any domestic or foreign branch or Affiliate of such Lender so nominated by it shall not relieve the Lender from its obligations under this Agreement.

(c) Minimum Amounts; Limitation on Number of Borrowing. Each Borrowing in any Approved Currency (other than a Base Rate Borrowing) shall be in an aggregate amount of the Dollar Equivalent of \$1,000,000 or a larger integral multiple of the Dollar Equivalent of \$1,000,000 in excess thereof. At the time that each Base Rate Borrowing (other than a Swingline Loan Borrowing or a Base Rate Borrowing on the Initial Funding Date) is made, such Borrowing shall be in an aggregate amount equal to \$1,000,000 or a larger integral multiple of \$100,000 in excess thereof; **provided** that a Base Rate Borrowing may be in an aggregate amount that is equal to the entire unused balance of the total Commitments of the applicable Class or that is required to (i) finance the amount of the reimbursement of an LC Disbursement as contemplated by Section 2.5 or (ii) acquire participations in Swingline Loans pursuant to Section 2.4(c). Each Swingline Loan shall be in an amount equal to \$100,000 or a larger integral multiple of \$25,000 in excess thereof. Borrowings of more than one Type and Class may be outstanding at the same time; **provided** that, there shall not at any time be more than a total of 10 Eurocurrency Borrowings and SOFR Borrowings outstanding.



(d) Limitations on Lengths of Interest Periods. Notwithstanding any other provision of this Agreement, Borrowers shall not be entitled to request, or to elect to convert to or continue as, a Eurocurrency Borrowing or SOFR Borrowing: (i) any Revolving Credit Loan Borrowing if the Interest Period requested with respect thereto would end after the Revolving Credit Maturity Date; (ii) any Term Loan Borrowing if the Interest Period requested with respect thereto would end after the Term Loan Maturity Date; or (iii) any Term Loan Borrowing if the Interest Period therefor would commence before and end after any Quarterly Date for the Term Loans unless the Base Rate Loans applicable to such Term Loan to be outstanding on such Quarterly Date and the SOFR Borrowings applicable to such Term Loan with Interest Periods ending on or before such Quarterly Date, shall at least equal in principal amount the required principal payment with respect to such Term Loans on such Quarterly Date.

(e) Currency for each Borrowing. All Term Loans and all Revolving USD Tranche Loans shall be made in Dollars. All Revolving Multicurrency Tranche Loans shall be made in Dollars or any Other Currency, as the applicable Borrower may request; **provided, however**, that if a Borrower requests that any Revolving Multicurrency Tranche Loans be made (or Letters of Credit be issued) in any lawful currency other than Dollars, CAD or EUR, such Borrower shall deliver to Administrative Agent a request for designation of such currency as an Approved Currency, to be received by Administrative Agent not later than 2:00 p.m. (New York City time) at least ten (10) Business Days prior to the date of any advance hereunder proposed to be made in such currency. Upon receipt of any such request Administrative Agent will promptly notify the Revolving Multicurrency Tranche Lenders thereof, and each Revolving Multicurrency Tranche Lender will use its best efforts to respond to such request within two (2) Business Days of receipt thereof. The Revolving Multicurrency Tranche Lenders may grant or accept such request in their sole discretion, and Borrowers understand that there is no commitment by or understanding with any Lender with respect to the approval of any Other Currency (other than CAD and EUR). Administrative Agent will promptly notify Borrowers of the acceptance or rejection of any such request.

(f) Ratable Shares of Dollar Loans.

(i) Each Borrowing of Revolving Credit Loans denominated in Dollars hereunder shall be comprised ratably, based on the Pro Rata Share of such Borrowing of each Class of Revolving Credit Lenders, of (A) a Borrowing of Revolving Multicurrency Tranche Loans and (B) a Borrowing of Revolving USD Tranche Loans; **provided** that, if, upon giving effect to any such Borrowing, the aggregate Revolving Credit Exposures of any Class of Revolving Credit Lenders would exceed the aggregate Revolving Credit Commitments of such Class of Revolving Credit Lenders (such Class, the "**Affected Class**"), then (x) the portion of such Borrowing attributable to the Affected Class shall be reduced to an amount equal to the aggregate Undrawn Availability of the Affected Class as of such date, and (y) the portion of such Borrowing attributable to each other Class of Revolving Credit Lenders shall be increased by a corresponding amount, so long as, after giving effect thereto, the sum of the total Revolving Credit Exposures of such Class will not exceed the total Revolving Credit Commitments of such Class.

(ii) Each Borrowing of Delayed Draw Term Loans hereunder shall be comprised ratably, based on the Pro Rata Share of such Borrowing of each Class of Delayed Draw Term Lenders, of (A) a Borrowing of Delayed Draw Term A-1 Loans and (B) a Borrowing of Delayed Draw Term A-2 Loans.

(iii) Each Borrowing Request delivered pursuant to Section 2.3 for a Borrowing in Dollars of either Revolving Credit Loans or Delayed Draw Term Loans shall allocate such Borrowing in accordance with this Section 2.2(f), and Administrative Agent shall be authorized to reject any Borrowing Request that does not conform to this Section.

(g) Designation of Additional Borrowers. From time to time, Administrative Borrower may designate one or more Wholly-Owned Subsidiaries of Administrative Borrower reasonably satisfactory to Administrative Agent as joint and several additional Borrowers, and such parties shall become a party to this Agreement pursuant to a joinder agreement reasonably satisfactory to Administrative Agent; **provided** that (i) Administrative Borrower shall have furnished each of the Lenders with all documentation and other information reasonably requested by the Lenders relating to such additional Borrowers required by the applicable Governmental Authorities under applicable “know your customer” and anti-money laundering rules and regulations, including the Patriot Act and the Canadian AML Legislation, or applicable anti-corruption statutes, including the Foreign Corrupt Practices Act, (ii) such Subsidiary shall have complied with all provisions required with respect to a Material Subsidiary pursuant to Section 5.8 hereof, (iii) the designation of an additional Borrower shall not occur if it would violate applicable law or any Lender’s internal policies and procedures, and (iv) the designation of any Foreign Subsidiary organized under the laws of any jurisdiction other than Canada or any province or territory thereof shall be subject to the prior consent by Administrative Agent and all applicable Lenders in their sole discretion.

**2.3 Requests for Borrowings.** To request a Borrowing (other than a Swingline Loan Borrowing), the applicable Borrower shall notify Administrative Agent of such request in writing, which request must be received by Administrative Agent not later than 2:00 p.m. (New York City time) (i) in the case of a Eurocurrency Borrowing, 3 Business Days before the date of the proposed Borrowing, (ii) in the case of a Base Rate Borrowing, one Business Day before the date of the proposed Borrowing, or (iii) in the case of a SOFR Borrowing, three (3) U.S. Government Securities Business Days before the date of the proposed Borrowing; **provided** that, such notice may be provided one (1) U.S. Government Securities Business Day prior to the Initial Funding Date. Each such Borrowing Request shall be irrevocable and shall be in the form of Exhibit 2.3 and signed by the applicable Borrower. Each Borrowing Request shall specify the following information:

- (a) whether the requested Borrowing is to be an Initial Term A-1 Loan Borrowing, Initial Term A-2 Loan Borrowing, Delayed Draw Term Loan Borrowing, if available, or, subject to Section 2.2(f), a Revolving Credit Loan Borrowing;
- (b) the aggregate amount and currency (which shall be an Approved Currency, subject to Section 2.2(e)) of the requested Borrowing;
- (c) the date of such Borrowing, which shall be a Business Day;
- (d) whether such Borrowing is to be a Base Rate Borrowing, a Eurocurrency Borrowing or a SOFR Borrowing;
- (e) in the case of a Eurocurrency Borrowing or a SOFR Borrowing, the initial Interest Period to be applicable thereto (including specifying the duration of such Interest Period and the last day of such Interest Period), which shall be a period contemplated by the definition of “Interest Period”; and

(f) the location and number of the account of the applicable Borrower or, in connection with the initial Borrowings on the Initial Funding Date, the Person to which funds are to be disbursed, which shall comply with the requirements of [Section 2.6](#).

If no election as to the currency of a Borrowing is specified, then the requested Borrowing shall be made in Dollars. If no election as to the Type of Borrowing is specified for Borrowings in Dollars, then the requested Borrowing shall be a SOFR Borrowing with an Interest Period of one (1) month. If no Interest Period is specified with respect to any requested Eurocurrency Borrowing or SOFR Borrowings, then Borrowers shall be deemed to have selected an Interest Period of one month's duration. Promptly following receipt of a Borrowing Request in accordance with this Section, Administrative Agent shall advise each applicable Lender that will make a Loan in connection with such Borrowing in accordance with [Section 2.2\(a\)](#) of the details thereof and of the amount of such Lender's Loan to be made as part of the requested Borrowing.

#### **2.4 Swingline Loans.**

(a) Agreement to Make Swingline Loans. Subject to the terms and conditions set forth herein, Swingline Lender agrees to make Swingline Loans to Borrowers from time to time during the Revolving Credit Availability Period, in an aggregate principal amount at any time outstanding that will not result in (i) the aggregate principal amount of outstanding Swingline Loans exceeding \$50,000,000 or (ii) the sum of the total Revolving Multicurrency Tranche Exposures exceeding the total Revolving Multicurrency Tranche Commitments; **provided** that after giving effect to any Swingline Loan, the Revolving Multicurrency Tranche Exposure of any Lender shall not exceed such Lender's Revolving Multicurrency Tranche Commitment, and **provided, further** that Swingline Lender shall not be required to make a Swingline Loan to refinance an outstanding Swingline Loan. Within the foregoing limits and subject to the terms and conditions set forth herein, Borrowers may borrow, prepay, and reborrow Swingline Loans.

(b) Notice of Swingline Loans by Borrowers. To request a Swingline Loan, Borrowers shall notify Administrative Agent of such request in writing, not later than 1:00 p.m., New York City time, on the day of a proposed Swingline Loan. Each such notice shall be irrevocable and shall specify the requested date (which shall be a Business Day), the amount of the requested Swingline Loan and the requested date of repayment of such Swingline Loan (which date shall be on or before the Revolving Credit Maturity Date and shall be no more than ten (10) Business Days following the requested date for such Borrowing, each such date a "**Swingline Loan Maturity Date**"). If limitations set forth in the first sentence of [Section 2.4\(a\)](#) or all applicable conditions set forth in [Section 4](#) are satisfied, (i) Administrative Agent will promptly advise Swingline Lender of any such notice received from Borrowers and (ii) Swingline Lender shall make each Swingline Loan available to Borrowers to an account of the applicable Borrower specified in the request (or, in the case of a Swingline Loan made to finance the reimbursement of an LC Disbursement as provided in [Section 2.5](#), by remittance to Issuing Lender) by 3:00 p.m., New York City time, on the requested date of such Swingline Loan.

(c) Participations by Lenders in Swingline Loans. Immediately upon the making of a Swingline Loan by Swingline Lender, and without any further action on the part of Swingline Lender or the Lenders, Swingline Lender hereby grants to each Revolving Multicurrency Tranche Lender, and each Revolving Multicurrency Tranche Lender hereby acquires from Swingline Lender, a participation in such Swingline Loan in an amount equal to such Revolving Multicurrency Tranche Lender's Pro Rata Share of such Swingline Loan. Swingline Lender may, by written notice given to Administrative Agent not later than 2:00 p.m., New York City time, on any Business Day require the Revolving Multicurrency Tranche Lenders to fund such participations in all or a portion of the Swingline Loans outstanding. Such notice to Administrative Agent shall specify the aggregate amount of Swingline Loans in which the Revolving Multicurrency Tranche Lenders will fund such participation. Promptly upon receipt of such notice, Administrative Agent will give notice thereof to each Revolving Multicurrency Tranche Lender, specifying in such notice each Revolving Multicurrency Tranche Lender's pro rata share of such Swingline Loan or Loans. Each Revolving Multicurrency Tranche Lender hereby absolutely, unconditionally and irrevocably agrees, within one Business Day after receipt of notice as provided in this [Section 2.4\(c\)](#), to pay to Administrative Agent, for the account of Swingline Lender, such Lender's pro rata share of such Swingline Loan or Loans. Each Revolving Multicurrency Tranche Lender acknowledges and agrees that its obligation to acquire and fund participations in Swingline Loans pursuant to this [Section 2.4\(c\)](#) is absolute, unconditional and irrevocable and shall not be affected by any circumstance whatsoever, including the occurrence and continuance of a Default or reduction or termination of any of the Revolving Multicurrency Tranche Commitments, and that each such payment shall be made without any offset, counterclaim, defense, abatement, withholding or reduction whatsoever. Each Revolving Multicurrency Tranche Lender shall comply with its obligation under this [Section 2.4\(c\)](#) by wire transfer of immediately available funds, in the same manner as provided in [Section 2.6](#) with respect to Loans made by such Lender (and [Section 2.6](#) shall apply, **mutatis mutandis**, to the payment obligations of the Revolving Multicurrency Tranche Lenders), and Administrative Agent shall promptly pay to Swingline Lender the amounts so received by it from the Revolving Multicurrency Tranche Lenders. Administrative Agent shall notify Borrowers of any participation in any Swingline Loan acquired pursuant to this [Section 2.4\(c\)](#), and thereafter payments in respect of such Swingline Loan shall be made to Administrative Agent and not to Swingline Lender. Any amounts received by Swingline Lender from Borrowers (or other party on behalf of Borrowers) in respect of a Swingline Loan after receipt by Swingline Lender of the proceeds of a sale of participations therein shall be promptly remitted to Administrative Agent. Any such amounts received by Administrative Agent shall be promptly remitted by Administrative Agent to the Revolving Multicurrency Tranche Lenders that shall have made their payments pursuant to this [Section 2.4\(c\)](#) and to Swingline Lender, as their interests may appear. The purchase of participations in a Swingline Loan pursuant to this [Section 2.4\(c\)](#) shall not relieve Borrowers of any default in the payment thereof.

(d) Payments Directly to Swingline Lender. Except as otherwise provided in [Section 2.4\(c\)](#), Borrowers shall make all payments of principal and interest in respect of the Swingline Loans directly to Swingline Lender.

## **2.5 Letters of Credit.**

(a) General. Subject to the terms and conditions set forth herein, in addition to the Loans provided for in [Sections 2.1](#) and [2.4](#), Borrowers may request Issuing Lender to issue, at any time and from time to time during the Revolving Credit Availability Period, Letters of Credit in Dollars and any Other Currency (subject to [Section 2.2\(e\)](#)) for its own account or for the account of one or more of its Subsidiaries, and to amend, renew or extend Letters of Credit previously issued by it, in each case, in such form as is acceptable to Issuing Lender. Letters of Credit issued, amended, renewed, or extended hereunder shall constitute utilization of the Revolving Multicurrency Tranche Commitments.

(b) Notice of Issuance, Amendment, Renewal, or Extension. To request the issuance of a Letter of Credit (or the amendment, renewal or extension of an outstanding Letter of Credit), Borrowers shall at least 3 Business Days (or such lesser period of time as may be acceptable to Issuing Lender) prior to the issuance, amendment, renewal or extension hand deliver or telecopy (or transmit by electronic communication, if arrangements for doing so have been approved by Issuing Lender) to Issuing Lender and Administrative Agent a notice requesting the issuance of a Letter of Credit, or identifying the Letter of Credit to be amended, renewed or extended, and specifying the date of issuance, amendment, renewal or extension (which shall be a Business Day), the date on which such Letter of Credit is to expire, the amount and currency of such Letter of Credit, the name and address of the beneficiary thereof, the account party, if other than a Borrower, and such other information as shall be reasonably necessary to prepare, amend, renew or extend such Letter of Credit. If requested by Issuing Lender, Borrowers also shall submit a letter of credit application on Issuing Lender's standard form in connection with any request for a Letter of Credit and such other Letter of Credit Documents as Issuing Lender may require. In the event of any inconsistency between the terms and conditions of this Agreement and the terms and conditions of any Letter of Credit Document submitted by any Borrower to, or entered into by any Borrower with, Issuing Lender relating to any Letter of Credit (other than the Letter of Credit), the terms and conditions of this Agreement shall control. Except as set forth in the immediately preceding sentence, this Section 2.5(b) shall not apply to the automatic extension of any Letter of Credit pursuant to Section 2.5(a).

(c) Limitations on Amounts. Subject to the terms and conditions set forth herein, Issuing Lender agrees to issue, amend, renew, or extend any Letter of Credit at any time and from time to time during the Revolving Credit Availability Period if (and upon issuance, amendment, renewal, or extension of each Letter of Credit Borrowers shall be deemed to represent and warrant that), after giving effect to such issuance, amendment, renewal, or extension (i) the aggregate LC Exposures of Issuing Lender (determined for these purposes without giving effect to the participations therein of the Revolving Multicurrency Tranche Lenders pursuant to Section 2.5) shall not exceed \$50,000,000, and (ii) the sum of the total Revolving Multicurrency Tranche Exposures shall not exceed the total Revolving Multicurrency Tranche Commitments.

(d) Expiration Date. Each Letter of Credit shall expire at or prior to the close of business on the earlier of (i) the date 12 months after the date of the issuance of such Letter of Credit (or, in the case of any renewal or extension thereof, 12 months after the then-current expiration date of such Letter of Credit), and (ii) the date that is 3 Business Days prior to the Revolving Credit Maturity Date; **provided**, Borrowers may request issuance or renewal of a Letter of Credit with an expiry date after the Revolving Credit Maturity Date if, at the time of such issuance or renewal, Borrowers deposit into the Collateral Account an amount in immediately available funds equal to 103% of the face amount of such Letter of Credit. For all purposes of this Agreement, if on any date of determination a Letter of Credit has expired by its terms but any amount may still be drawn thereunder by reason of the operation of Article 29(a) of the UCP or Rule 3.13 or Rule 3.14 of the ISP or similar terms in the governing rules or laws or of the Letter of Credit itself, or if compliant documents have been presented but not yet

honored, such Letter of Credit shall be deemed to be “outstanding” and “undrawn” in the amount so remaining available to be paid, and the obligations of Borrowers and each Revolving Multicurrency Tranche Lender shall remain in full force and effect until Issuing Lender and the Revolving Multicurrency Tranche Lenders shall have no further obligations to make any payments or disbursements under any circumstances with respect to any Letter of Credit.

(e) Participations. (i) By the issuance of a Letter of Credit (or an amendment to a Letter of Credit increasing the amount thereof or extending the term thereof) by Issuing Lender, and without any further action on the part of Issuing Lender or the Revolving Multicurrency Tranche Lenders, Issuing Lender hereby grants to each Revolving Multicurrency Tranche Lender, and each Revolving Multicurrency Tranche Lender hereby acquires from Issuing Lender, a participation in such Letter of Credit in an amount equal to such Revolving Multicurrency Tranche Lender’s Pro Rata Share of the aggregate amount available to be drawn under such Letter of Credit. Each Revolving Multicurrency Tranche Lender acknowledges and agrees that its obligation to acquire participations pursuant to this Section 2.5(e) in respect of Letters of Credit is absolute, unconditional and irrevocable and shall not be affected by any circumstance whatsoever, including any amendment, renewal, reinstatement, or extension of any Letter of Credit or the occurrence and continuance of a Default or reduction or termination of the Revolving Multicurrency Tranche Commitments.

(ii) In consideration and in furtherance of the foregoing, each Revolving Multicurrency Tranche Lender hereby absolutely, unconditionally and irrevocably agrees to pay to Administrative Agent, for the account of Issuing Lender, such Revolving Multicurrency Tranche Lender’s Pro Rata Share of each LC Disbursement (other than an LC Disbursement made after the Revolving Credit Maturity Date as a result of the issuance a Letter of Credit with an expiry date after the Revolving Credit Maturity Date that has been Cash Collateralized pursuant to the proviso of Section 2.5(d)) made by Issuing Lender promptly upon the request of such Issuing Lender (made through Administrative Agent) at any time from the time of such LC Disbursement until such LC Disbursement is reimbursed by Borrowers or at any time after any reimbursement payment is required to be refunded to Borrowers for any reason, including after the termination of the Revolving Multicurrency Tranche Commitments. Such payment shall be made without any offset, counterclaim, defense, abatement, withholding, or reduction whatsoever. Each such payment shall be made in the same manner as provided in Section 2.6 with respect to Loans made by such Revolving Multicurrency Tranche Lender (and Section 2.6 shall apply, **mutatis mutandis**, to the payment obligations of the Lenders), and Administrative Agent shall promptly pay to Issuing Lender the amounts so received by it from the Revolving Multicurrency Tranche Lenders. Promptly following receipt by Administrative Agent of any payment from Borrowers pursuant to Section 2.5(f), Administrative Agent shall distribute such payment to Issuing Lender or, to the extent that the Revolving Multicurrency Tranche Lenders have made payments pursuant to this Section 2.5(e) to reimburse Issuing Lender, then to such Lenders and such Issuing Lender as their interests may appear. Any payment made by a Revolving Multicurrency Tranche Lender pursuant to this Section 2.5(e) to reimburse Issuing Lender for any LC Disbursement shall not constitute a Loan and shall not relieve any Borrower of its obligation to reimburse such LC Disbursement. Each Lender further acknowledges and agrees that its participation in each Letter of Credit will be automatically adjusted to reflect such Lender’s Pro Rata Share of the aggregate amount available to be drawn under such Letter of Credit at each time such Lender’s Commitment is amended pursuant to the operation of Section 2.19, as a result of an assignment in accordance with Section 10.4, or otherwise pursuant to this Agreement.

(f) Reimbursement. (i) If Issuing Lender shall make any LC Disbursement in respect of a Letter of Credit, Borrowers shall reimburse Issuing Lender in respect of such LC Disbursement by paying to Administrative Agent an amount in the currency of such LC Disbursement equal to such LC Disbursement not later than 2:00 p.m., New York City time, on (A) the Business Day that Borrowers receive notice of such LC Disbursement, if such notice is received prior to 12:00 noon, New York City time, or (B) the Business Day immediately following the day that Borrowers receive such notice, if such notice is not received prior to such time, **provided** that, subject to the conditions to borrowing set forth herein, (x) Borrowers may request in accordance with Section 2.1 or 2.4 that such payment be financed with (1) if such LC Disbursement is denominated in Dollars, a Base Rate Revolving Credit Loan Borrowing or Swingline Loan in an equivalent amount, and (2) if such LC Disbursement is denominated in an Other Currency, a Base Rate Revolving Credit Loan Borrowing in an amount equal to the Dollar Equivalent of the Other Currency of such LC Disbursement, and (y) if Borrowers fail to make such payment of the LC Disbursement or request such Loan within two Business Days after Borrower receives notice of such LC Disbursement, at the option of Administrative Agent, Borrowers shall be deemed to have requested a Base Rate Revolving Credit Loan Borrowing in an equivalent amount (and Dollar Equivalent if applicable) of the applicable LC Disbursement, and Administrative Agent shall notify each Revolving Credit Lender of such Lender's Pro Rata Share thereof, and to the extent so financed, Borrowers' obligation to make such payment shall be discharged and replaced by the resulting Base Rate Revolving Credit Loan Borrowing.

(ii) If the LC Disbursement is not repaid as required in clause (f)(i) above (whether directly or by a Loan), Administrative Agent shall notify each Revolving Multicurrency Tranche Lender of the applicable LC Disbursement, the payment then due from Borrowers in respect thereof and such Lender's Pro Rata Share thereof, and each Revolving Multicurrency Tranche Lender shall pay to Administrative Agent, for the account of Issuing Lender, such Lender's Pro Rata Share thereof in accordance with Section 2.5(e).

(g) Obligations Absolute. Borrowers' obligation to reimburse LC Disbursements as provided in this Section shall be absolute, unconditional and irrevocable, and shall be performed strictly in accordance with the terms of this Agreement under any and all circumstances whatsoever and irrespective of (i) any lack of validity or enforceability of any Letter of Credit, any other Letter of Credit Document or any Loan Document, or any term or provision therein, (ii) any draft or other document presented under a Letter of Credit proving to be forged, fraudulent, invalid or insufficient in any respect or any statement therein being untrue or inaccurate in any respect, or any loss or delay in the transmission or otherwise of any document required in order to make a drawing under such Letter of Credit, (iii) payment by Issuing Lender under a Letter of Credit against presentation of a draft or other document that does not comply strictly with the terms of such Letter of Credit, or any payment by Issuing Lender under any Letter of Credit to any Person purporting to be a trustee in bankruptcy, debtor-in-possession, assignee for the benefit of creditors, liquidator, receiver, receiver and manager, monitor or other representative of or successor to any beneficiary or any transferee of such Letter of Credit, including any arising in connection with any proceeding under any Debtor Relief Law, (iv) the existence of any claim, counterclaim, set-off, defense or other right that Borrowers or any Subsidiary may have at any time against any beneficiary or any transferee of such Letter of

Credit (or any Person for whom any such beneficiary or any such transferee may be acting), Issuing Lender or any other Person, whether in connection with this Agreement, the transactions contemplated hereby or by such Letter of Credit or any agreement or instrument relating thereto, or any unrelated transaction, (v) any other event or circumstance whatsoever, whether or not similar to any of the foregoing, that might, but for the provisions of this Section, constitute a legal or equitable discharge of or defense to Borrowers' obligations hereunder, (vi) any amendment or waiver of or consent to any departure from any or all of the Loan Documents, (vii) any improper use which may be made of any Letter of Credit or any improper acts or omissions of any beneficiary or transferee of any Letter of Credit in connection therewith, (viii) the existence of any claim, set-off, defense or any right which any Borrower may have at any time against any beneficiary or any transferee of any Letter of Credit (or Persons for whom any such beneficiary or any such transferee may be acting), any Lender or any other Person, whether in connection with any Letter of Credit, any transaction contemplated by any Letter of Credit, this Agreement, or any other Loan Document, or any unrelated transaction, (ix) the insolvency of any Person issuing any documents in connection with any Letter of Credit, (x) any breach of any agreement between any Borrower and any beneficiary or transferee of any Letter of Credit, (xi) any irregularity in the transaction with respect to which any Letter of Credit is issued, including any fraud by the beneficiary or any transferee of such Letter of Credit, (xii) any errors, omissions, interruptions or delays in transmission or delivery of any messages, by mail, cable, telegraph, wireless, or otherwise, whether or not they are in code, (xiii) any act, error, neglect or default, omission, insolvency, or failure of business of any of the correspondents of Issuing Lender, (xiv) any adverse change in the relevant exchange rates or in the availability of the relevant Other Currency to Borrowers or any Subsidiary or in the relevant currency markets generally, and (xv) any other circumstances arising from causes beyond the control of Issuing Lender. Nothing in this Agreement shall impact the rights of any Obligor to bring action against the beneficiary of any Letter of Credit.

(h) Exculpation. Neither Administrative Agent, the Lenders, and Issuing Lender, any of their respective Related Parties nor any correspondent bank, of Issuing Lender, shall have any liability or responsibility by reason of or in connection with the issuance (or the amendment, renewal or extension) or transfer of any Letter of Credit by Issuing Lender or any payment or failure to make any payment thereunder (irrespective of any of the circumstances referred to in Section 2.5(g)), or any error, omission, interruption, loss or delay in transmission or delivery of any draft, notice or other communication under or relating to any Letter of Credit (including any document required to make a drawing thereunder), any error in interpretation of technical terms or any consequence arising from causes beyond the control of Issuing Lender; **provided** that the foregoing shall not be construed to excuse Issuing Lender from liability to Borrowers to the extent of any direct damages (as opposed to indirect, punitive, exemplary or consequential or exemplary damages, claims in respect of which are hereby waived by Borrowers to the extent permitted by applicable law) suffered by Borrowers that are caused by Issuing Lender's gross negligence or willful misconduct (as finally determined by a court of competent jurisdiction) when determining whether drafts and other documents presented under a Letter of Credit comply with the terms thereof. In furtherance and not in limitation of the foregoing, the parties hereto expressly agree that:

(i) Issuing Lender may accept documents that appear on their face to be in substantial compliance with the terms of a Letter of Credit without responsibility for further investigation, regardless of any notice or information to the contrary, and may make payment upon presentation of documents that appear on their face to be in substantial compliance with the terms of such Letter of Credit;



(ii) Issuing Lender shall have the right, in its sole discretion, to decline to accept such documents and to decline to make payment upon presentation of such documents if such documents are not in strict compliance with the terms of the related Letter of Credit;

(iii) Issuing Lender may replace a purportedly lost, stolen, or destroyed original Letter of Credit or missing amendment thereto with a replacement marked as such or waive a requirement for its presentation; and

(iv) clauses (i) and (ii) of this Section 2.5(h) establish the standard of care to be exercised by Issuing Lender when determining whether drafts and other documents presented under a Letter of Credit comply with the terms thereof (and the parties hereto hereby waive, to the extent permitted by applicable law, any standard of care inconsistent with the foregoing).

Without limiting the foregoing, none of Administrative Agent, the Lenders, any Issuing Lender, or any of their respective Related Parties shall have any liability or responsibility by reason of (x) any presentation that includes forged or fraudulent documents or that is otherwise affected by the fraudulent, bad faith, or illegal conduct of the beneficiary or other Person, (y) an Issuing Lender declining to take up documents and make payment (A) against documents that are fraudulent, forged, or for other reasons by which that it is entitled not to honor or (B) following a Borrower's waiver of discrepancies with respect to such documents or request for honor of such documents or (z) an Issuing Lender retaining proceeds of a Letter of Credit based on an apparently applicable attachment order, blocking regulation, or third-party claim notified to such Issuing Lender.

(i) Disbursement Procedures. Issuing Lender for any Letter of Credit shall, within a reasonable time following its receipt thereof, examine all documents purporting to represent a demand for payment under such Letter of Credit. Issuing Lender shall promptly after such examination notify Administrative Agent and Borrowers by telephone (confirmed by telecopy or electronic mail) of such demand for payment and whether Issuing Lender has made or will make an LC Disbursement thereunder; **provided** that such notice need not be given prior to payment by the respective Issuing Lender and any failure to give or delay in giving such notice shall not relieve any Borrower of its obligation to reimburse Issuing Lender and the Revolving Credit Lenders with respect to any such LC Disbursement.

(j) Interim Interest. If Issuing Lender for any Letter of Credit shall make any LC Disbursement, then, unless Borrowers shall reimburse such LC Disbursement in full in the applicable currency on the date such LC Disbursement is made, the unpaid amount thereof shall bear interest, for each day from and including the date such LC Disbursement is made to but excluding the date that Borrowers reimburse such LC Disbursement, at the rate per annum then applicable to Base Rate Borrowings; **provided** that, if Borrowers fail to reimburse such LC Disbursement when due pursuant to Section 2.5(f), then Section 2.12(d) shall apply. Interest accrued pursuant to this Section 2.5(j) shall be for the account of Issuing Lender, except that interest accrued on and after the date of payment by any Revolving Multicurrency Tranche Lender pursuant to Section 2.5(e) to reimburse Issuing Lender shall be for the account of such Lender to the extent of such payment.

(k) Replacement of Issuing Lender. Issuing Lender may be replaced at any time, at its sole option, by written agreement between Borrowers, Administrative Agent, the replaced Issuing Lender and the successor Issuing Lender. Administrative Agent shall notify the Lenders of any such replacement of Issuing Lender. At the time any such replacement shall become effective, Borrowers shall pay all unpaid fees accrued for the account of the replaced Issuing Lender. From and after the effective date of any such replacement, (i) the successor Issuing Lender shall have all the rights and obligations of the replaced Issuing Lender under this Agreement and the other Loan Documents with respect to Letters of Credit to be issued by it thereafter and (ii) references herein to the term “**Issuing Lender**” shall be deemed to include such successor or the previous Issuing Lender (if applicable), or such successor and the previous Issuing Lender (if applicable), as the context shall require. After the replacement of Issuing Lender hereunder, the replaced Issuing Lender shall remain a party hereto and shall continue to have all the rights and obligations of Issuing Lender under this Agreement and the other Loan Documents with respect to Letters of Credit issued by it prior to such replacement, but shall not be required to issue additional Letters of Credit.

(l) Cash Collateralization. If (i) an Event of Default shall occur and be continuing and Borrowers receive written notice from Administrative Agent or the Majority Lenders of any Class demanding the deposit of cash collateral pursuant to this Section 2.5(l), or (ii) Borrowers shall be required to provide cash collateral for LC Exposure pursuant to Section 2.10(b), 2.20, or 2.21 or pursuant to Section 8.1, Borrowers shall immediately (or within any such longer time period as may be set forth in such Sections) deposit into the Collateral Account an amount in cash in the applicable currency equal to, in the case of an Event of Default, the LC Exposure in the applicable currency as of such date **plus** any accrued and unpaid interest thereon and, in the case of cash collateral pursuant to Section 2.10(b), 2.20 or 2.21 the amount to be deposited shall be the amount required under such Sections; **provided** that the obligation to deposit such cash collateral shall become effective immediately, and such deposit shall become immediately due and payable, without demand or other notice of any kind, upon the occurrence of any Event of Default with respect to any Borrower described in clause (h) or (i) of Section 8.1. Such deposit shall be held by Administrative Agent in such Collateral Account for the benefit of the Secured Parties as collateral in the first instance for the LC Exposure under this Agreement and thereafter for the payment of the Obligations. Each Borrower hereby grants a security interest to Administrative Agent for the benefit of the Secured Parties in such Collateral Account and in any cash, balances, financial assets (as defined in the UCC) or other property held therein and all proceeds thereof. Administrative Agent shall have exclusive dominion and control, including the exclusive right of withdrawal, over the Collateral Account. Other than any interest earned on the investment of such deposits, which investments shall be made at the option and sole discretion of Administrative Agent and at Borrowers’ risk and expense, such deposits shall not bear interest. Interest or profits, if any, on such investments shall accumulate in the Collateral Account. Moneys in the Collateral Account shall be applied by Administrative Agent to reimburse each Issuing Lender for L/C Disbursements for which it has not been reimbursed, together with related fees, costs, and customary processing charges, and, to the extent not so applied, shall be held for the satisfaction of the reimbursement obligations of Borrowers for the LC Exposure at such time or, if the maturity of the Loans has been accelerated (but subject to the consent of Lenders with LC Exposure representing 66-2/3% of the total LC Exposure), be applied to satisfy other obligations of Borrowers under this Agreement. If any Borrower is required to provide an amount of cash collateral hereunder as a result of the occurrence of an Event of Default, such amount (to the extent not applied as aforesaid) shall be returned to Borrowers within three Business Days after all Events of Default have been cured or waived.

(m) Applicability of ISP and UCP. Unless otherwise expressly agreed by Issuing Lender and Borrowers when a Letter of Credit is issued, (i) the rules of the ISP shall be stated therein to apply to each standby Letter of Credit, and (ii) the rules of the UCP shall be stated therein to apply to each commercial Letter of Credit. Notwithstanding the foregoing, no Issuing Lender shall be responsible to any Obligor for, and such Issuing Lender's rights and remedies against the Obligors shall not be impaired by, any action or inaction of such Issuing Lender required or permitted under any law, order, or practice that is required or permitted to be applied to any Letter of Credit or this Agreement, including the laws or any order of a jurisdiction where such Issuing Lender or the beneficiary is located, the practice stated in the ISP or UCP, as applicable, or in the decisions, opinions, practice statements, or official commentary of the International Chamber of Commerce Banking Commission, the Bankers Association for Finance and Trade (BAFT), or the Institute of International Banking Law & Practice, whether or not any Letter of Credit chooses such laws or practice rules.

(n) Issuing Lender Benefits. Issuing Lender shall act on behalf of the Revolving Multicurrency Tranche Lenders with respect to any Letters of Credit issued by it and the documents associated therewith. Issuing Lender shall not be obligated to issue Letters of Credit to any beneficiary the subject of Sanctions and Issuing Lender shall have all of the benefits and immunities (but not the obligations) (i) provided to Administrative Agent in Section 9 with respect to any acts taken or omissions suffered by Issuing Lender in connection with Letters of Credit issued by it or proposed to be issued by it and Letter of Credit Documents pertaining to such Letters of Credit as fully as if the term "Administrative Agent" as used in Section 9 included Issuing Lender with respect to such acts or omissions, and (ii) as additionally provided herein with respect to Issuing Lender.

(o) Automatic Extension. If Borrowers so request in any notice requesting the issuance of a Letter of Credit (or the amendment of an outstanding Letter of Credit), the Issuing Lender may, in its sole discretion, agree to issue a Letter of Credit that has automatic extension provisions (each, an "**Evergreen Letter of Credit**"); **provided** that any such Evergreen Letter of Credit shall permit the Issuing Lender to prevent any such extension at least once in each one-year period (commencing with the date of issuance of such Letter of Credit) by giving prior notice to the beneficiary thereof not later than a day (the "**Non-Extension Notice Date**") in each such one-year period to be agreed upon by Borrower and the Issuing Lender at the time such Letter of Credit is issued. Unless otherwise directed by the Issuing Lender, Borrowers shall not be required to make a specific request to the Issuing Lender for any such extension. Once an Evergreen Letter of Credit has been issued, the Lenders shall be deemed to have authorized (but may not require) the Issuing Lender to permit the extension of such Letter of Credit at any time to an expiration date not later than the date permitted pursuant to Section 2.5(d); **provided**, that the Issuing Lender shall not (i) permit any such extension if it has received notice (which may be in writing or by telephone (if promptly confirmed in writing)) on or before the day that is seven Business Days before the Non-Extension Notice Date from Administrative Agent that the applicable Majority Lenders have elected not to permit such extension or (ii) be obligated to permit such extension if (A) the Issuing Lender has determined that it would not be permitted, or would have no obligation, at such time to issue such Letter of Credit in its extended form under the terms hereof (except that the expiration date may be extended to a date that is no more than

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one year from the then-current expiration date), or (B) it has received notice (which may be in writing or by telephone (if promptly confirmed in writing)) on or before the day that is seven Business Days before the Non-Extension Notice Date from Administrative Agent, any Lender or Borrower that one or more of the applicable conditions set forth in Section 4.3 is not then satisfied, and in each such case directing such Issuing Lender not to permit such extension.

(p) Issuing Lenders other than Administrative Agent. Any Issuing Lender (other than an Issuing Lender that is also Administrative Agent or one of its Affiliates) selected by Rabobank and the Borrowers to issue a Letter of Credit hereunder shall (i) notify Administrative Agent in writing no later than the Business Day immediately following the Business Day on which the issuance, termination, expiration, reduction, amendment, modification or replacement of any Letter of Credit issued by such Issuing Lender occurs; **provided** that any notice by an Issuing Lender of the issuance, termination, expiration, reduction, amendment, modification or replacement of a Letter of Credit pursuant to this Section received by Administrative Agent on a day that is not a Business Day, or after 11:00 a.m. (New York City time) on a Business Day, shall be deemed to have been given at the opening of business on the next Business Day, and (ii) deliver to Administrative Agent once each week (on such day of the week as Administrative Agent and Issuing Lender shall agree) or, during the existence of an Event of Default, as frequently as requested by Administrative Agent, a written report for the prior week of the daily aggregate undrawn amounts of all outstanding Letters of Credit issued by such Issuing Lender.

(q) Illegality under Letters of Credit. If, at any time, it becomes unlawful after the Signing Date for any Issuing Lender to comply with any of its obligations under any Letter of Credit (including, but not limited to, as a result of any Sanctions) or if the issuance of such Letter of Credit would violate one or more policies of such Issuing Lender applicable to letters of credit generally, the obligations of such Issuing Lender with respect to such Letter of Credit shall be suspended (and all corresponding rights shall cease to accrue) until such time as it may again become lawful or permissible, as applicable, for such Issuing Lender to comply its obligations under such Letter of Credit, and such Issuing Lender shall not be liable for any losses that the Obligors may incur as a result.

(r) Letters of Credit Issued for account of Subsidiaries. Notwithstanding that a Letter of Credit issued or outstanding hereunder is in support of any obligations of, or is for the account of, a Subsidiary, or states that a Subsidiary is the “account party,” “applicant,” “customer,” “instructing party,” or the like of or for such Letter of Credit, and without derogating from any rights of Issuing Lender (whether arising by contract, at law, in equity or otherwise) against such Subsidiary in respect of such Letter of Credit, Borrowers shall compensate, indemnify and reimburse Issuing Lender hereunder for such Letter of Credit as if such Letter of Credit had been issued solely for the account of a Borrower. Additionally, each Borrower irrevocably waives (to the extent permitted by applicable Law) any and all defenses that might otherwise be available to it as a guarantor or surety of any or all of the obligations of such Subsidiary in respect of such Letter of Credit. Borrowers hereby acknowledge that the issuance of Letters of Credit for the account of Subsidiaries inures to the benefit of Borrowers, and that Borrowers’ business derives substantial benefits from the businesses of such Subsidiaries. To the extent that any Letter of Credit is issued for the account of any Subsidiary of a Borrower, Borrowers agree that (i) such Subsidiary shall have no rights against Issuing Lender, Administrative Agent or any Lender, (ii) Borrowers shall be responsible for the obligations in

respect of such Letter of Credit under this Agreement and any application or reimbursement agreement, (iii) Borrowers shall have sole right to give instructions and make agreements with respect to this Agreement and the Letter of Credit, and the disposition of documents related thereto, and (iv) Borrowers shall have all powers and rights in respect of any security arising in connection with the Letter of Credit and the transaction related thereto. Borrowers shall, at the request of Issuing Lender, cause such Subsidiary to execute and deliver an agreement confirming the terms specified in the immediately preceding sentence and acknowledging that it is bound thereby.

## 2.6 Funding of Borrowings.

(a) Funding by Lenders. Each Lender shall make each Loan to be made by it hereunder on the proposed date thereof by wire transfer of immediately available funds by 1:00 p.m., New York City time to the account of Administrative Agent most recently designated by it for such purpose by notice to the Lenders; **provided** that Swingline Loans shall be made as provided in Section 2.4. Administrative Agent will make such Loans available to Borrowers by promptly crediting the amounts so received, in like funds, to an account designated by Borrowers in the applicable Borrowing Request; **provided** that Base Rate Revolving Credit Loan Borrowings made to finance the reimbursement of an LC Disbursement as provided in Section 2.5 shall be remitted by Administrative Agent to Issuing Lender.

(b) Presumption by Administrative Agent. Unless Administrative Agent shall have received notice from a Lender prior to the proposed date of any Borrowing that such Lender will not make available to Administrative Agent such Lender's share of such Borrowing, Administrative Agent may assume that such Lender has made such share available on such date in accordance with Section 2.6(a) and may, in reliance upon such assumption but without any obligation to do so, make available to Borrowers a corresponding amount. In such event, if a Lender has not in fact made its share of the applicable Borrowing available to Administrative Agent, then the applicable Lender on the one hand and Borrowers on the other severally agree to pay to Administrative Agent forthwith on demand such corresponding amount with interest thereon, for each day from and including the date such amount is made available to any Borrower to but excluding the date of payment to Administrative Agent, at (i) in the case of a payment to be made by such Lender, for the first 3 Business Days the greater of the applicable Overnight Rate and a rate determined by Administrative Agent in accordance with banking industry rules on interbank compensation and thereafter at the Base Rate and (ii) in the case of a payment to be made by Borrowers, the interest rate applicable to Base Rate Loans or in the case of Other Currencies, in accordance with such market practice, in each case, as applicable. If Borrowers and such Lender shall pay such interest to Administrative Agent for the same or an overlapping period, Administrative Agent shall promptly remit to Borrowers the amount of such interest paid by Borrowers for such period. If such Lender pays its share of the applicable Borrowing to Administrative Agent, then the amount so paid shall constitute such Lender's Loan included in such Borrowing. Any payment by Borrowers shall be without prejudice to any claim Borrowers may have against a Lender that shall have failed to make such payment to Administrative Agent. A notice of Administrative Agent to any Lender or Borrowers with respect to any amount owing under this Section 2.6(b) shall be conclusive, absent manifest error.

(c) Obligations of Lenders Several. The obligations of the Lenders hereunder to make Loans, to fund participations in Letters of Credit and Swingline Loans and to make payments pursuant to Section 10.3(c) are several and not joint. The failure of any Lender to make any Loan, to fund any such participation or to make any payment under Section 10.3(c) on any date required hereunder shall not relieve any other Lender of its corresponding obligation to do so on such date, and no Lender shall be responsible for the failure of any other Lender to so make its Loan, to purchase its participation or to make its payment under Section 10.3(c).

## 2.7 Interest Elections.

(a) Elections by Borrowers for Borrowings. Each Borrowing initially shall be of the Type and currency specified in the applicable Borrowing Request and, in the case of a Eurocurrency Borrowing or SOFR Borrowing, shall have an initial Interest Period specified in such Borrowing Request or as otherwise set forth in Section 2.3. Thereafter, subject to the requirements of Sections 2.13 and 2.15, Borrowers may elect to convert such Borrowing to a different Type or to continue such Borrowing and, in the case of a Eurocurrency Borrowing and SOFR Borrowing, may elect Interest Periods therefor, all as provided in this Section. Borrowers may elect different options with respect to different portions of the affected Eurocurrency Borrowing or SOFR Borrowing, in which case each such portion shall be allocated ratably among the Lenders holding the Loans comprising such Borrowing, and the Loans comprising each such portion shall be considered a separate Borrowing. This Section shall not apply to Swingline Loan Borrowings.

(b) Notice of Elections. To make an election pursuant to this Section, Administrative Borrower shall notify Administrative Agent of such election by telephone or by emailing an Interest Election Request to Administrative Agent, in either case by the time that a Borrowing Request would be required under Section 2.3 if Borrowers were requesting a Borrowing of the Type resulting from such election to be made on the effective date of such election. Each Interest Election Request (whether by telephone or email) shall be irrevocable and any telephonic request shall be confirmed promptly by hand delivery, email or teletype to Administrative Agent of a written Interest Election Request in the form of Exhibit 2.7 and signed by Administrative Borrower.

(c) Information in Interest Election Requests. Each telephonic and written Interest Election Request shall specify the following information in compliance with Section 2.2:

(i) the currency and principal amount of Borrowing to which such Interest Election Request applies and, if different options are being elected with respect to different portions thereof, the portions thereof to be allocated to each resulting Borrowing (in which case the information to be specified pursuant to clauses (iii) and (iv) of this Section 2.7(c) shall be specified for each resulting Borrowing);

(ii) the effective date of the election made pursuant to such Interest Election Request, which shall be a Business Day;

(iii) whether the resulting Borrowing is to be, for Loans denominated in Dollars, a Base Rate Borrowing or a SOFR Borrowing, or, for any Other Currency, a Eurocurrency Borrowing, as applicable; and

(iv) if the resulting Borrowing is a Eurocurrency Borrowing or SOFR Borrowing, the Interest Period to be applicable thereto (by specifying the duration of such Interest Period and the last day of such Interest Period) after giving effect to such election, which shall be a period contemplated by the definition of "Interest Period".

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If any such Interest Election Request requests a Eurocurrency Borrowing or SOFR Borrowing but does not specify an Interest Period, then Borrowers shall be deemed to have selected an Interest Period of one month's duration.

(d) Notice by Administrative Agent to Lenders. Administrative Agent shall advise each applicable Lender of the details of an Interest Election Request and such Lender's portion of such resulting Borrowing no less than one Business Day before the effective date of the election made pursuant to such Interest Election Request.

(e) Failure to Elect; Default. If (i) Borrowers fail to deliver a timely and properly completed Interest Election Request with respect to a SOFR Borrowing denominated in Dollars prior to the end of the Interest Period therefor, then, unless such Borrowing is repaid as provided herein, at the end of such Interest Period such Borrowing shall be converted to a Base Rate Borrowing and (ii) Borrowers fail to deliver a timely and properly completed Interest Election Request with respect to a Borrowing denominated in Other Currencies prior to the end of the Interest Period therefor, then, unless such Borrowing is repaid as provided herein, at the end of such Interest Period, Borrowers shall be deemed to have selected that such Borrowing shall automatically be continued as a Borrowing in its original Other Currency with an Interest Period of one month at the end of such Interest Period. Notwithstanding any contrary provision hereof, if an Event of Default has occurred and is continuing and Administrative Agent, at the request of the Majority Lenders of any Class, so notifies Borrowers in writing, then, so long as such Event of Default is continuing (i) no outstanding Borrowing may be converted to or continued as a Eurocurrency Borrowing or SOFR Borrowing and (ii) unless repaid as provided herein (x) each SOFR Borrowing denominated in Dollars shall automatically be converted to a Base Rate Borrowing at the end of the applicable Interest Period therefor and (y) each Eurocurrency Borrowing shall automatically be converted to a Base Rate Borrowing denominated in Dollars (in an amount equal to the Dollar Equivalent of such Other Currency) at the end of the applicable Interest Period therefor for Eurocurrency Borrowings.

(f) *Interest Act (Canada)*.

(i) For the purposes of the *Interest Act (Canada)* and disclosure thereunder, whenever any interest or any fee to be paid hereunder or in connection herewith is to be calculated on the basis of a 360-day or 365-day year, the yearly rate of interest to which the rate used in such calculation is equivalent is the rate so used multiplied by the actual number of days in the calendar year in which the same is to be ascertained and divided by 360 or 365, as applicable. The rates of interest under this Agreement are nominal rates, and not effective rates or yields. The principle of deemed reinvestment of interest does not apply to any interest calculation under this Agreement.

(ii) Any provision of this Agreement that would oblige any Borrower to pay any fine, penalty or rate of interest on any arrears of principal or interest secured by a mortgage on real property or hypothec on immovables that has the effect of increasing the charge on arrears beyond the rate of interest payable on principal money not in arrears shall not apply to such Borrower, which shall be required to pay interest on money in arrears at the same rate of interest payable on principal money not in arrears.

(iii) If any provision of this Agreement would oblige any Borrower to make any payment of interest or other amount payable to any Lender in an amount or calculated at a rate which would be prohibited by law or would result in a receipt by that Lender of “interest” at a “criminal rate” (as such terms are construed under the *Criminal Code* (Canada)), then, notwithstanding such provision, such amount or rate shall be deemed to have been adjusted with retroactive effect to the maximum amount or rate of interest, as the case may be, as would not be so prohibited by applicable law or so result in a receipt by that Lender of “interest” at a “criminal rate”, such adjustment to be effected, to the extent necessary (but only to the extent necessary), as follows:

(A) first, by reducing the amount or rate of interest; and

(B) thereafter, by reducing any fees, commissions, costs, expenses, premiums and other amounts required to be paid which would constitute interest for the purposes of section 347 of the *Criminal Code* (Canada).

## **2.8 Termination and Reduction of the Commitments.**

(a) **Scheduled Termination.** Unless previously terminated in accordance with the terms hereof, (i) the Initial Term Commitments shall terminate upon the earlier of (A) the making of the Initial Term Loans on the Initial Funding Date or (B) only to the extent the Spin-Off has not occurred, the date on which Borrowers terminate the Initial Term Commitments in their sole discretion, (ii) the Delayed Draw Term Commitments shall terminate on the Conversion Date, and (iii) the Revolving Credit Commitments shall terminate on the Revolving Credit Maturity Date.

(b) **Voluntary Termination or Reduction.** Borrowers may at any time terminate, or from time to time reduce, the Revolving Credit Commitments and/or Delayed Draw Term Commitments (and, subject to Section 2.8(a) may terminate the Initial Term Commitments); **provided** that (i) each partial reduction of Revolving Credit Commitments or Delayed Draw Term Commitments pursuant to this Section shall be in an amount that is the Dollar Equivalent of \$1,000,000 or a larger multiple of the Dollar Equivalent of \$1,000,000 in excess thereof, and (ii) Borrowers shall not terminate or reduce the Revolving Credit Commitments if, after giving effect to any concurrent prepayment of the Revolving Credit Loans in accordance with Section 2.10, the sum of the total Revolving Credit Exposures of any Class would exceed the total Revolving Credit Commitments of such Class.

(c) **Notice of Voluntary Termination or Reduction.** Borrowers shall notify Administrative Agent of any election to terminate or reduce the Revolving Credit Commitments or Delayed Draw Term Commitments under Section 2.8(b) by no later than 1:00 p.m., New York City time, three (3) Business Days prior to the effective date of such termination or reduction, specifying such election and the effective date thereof. Promptly following receipt of any notice, Administrative Agent shall advise the applicable Lenders of the contents thereof. Each notice delivered by Borrowers pursuant to this Section shall be irrevocable; **provided** that a notice of termination of Revolving Credit Commitments or Delayed Draw Term Commitments delivered by Borrowers may state that such notice is conditioned upon the effectiveness of other credit facilities or occurrence of other transactions or events, in which case such notice may be revoked by Borrowers (by notice to Administrative Agent on or prior to the specified effective date) if such condition is not satisfied.



(d) Effect of Termination or Reduction. Any termination or reduction of any Class of Revolving Credit Commitments or Delayed Draw Term Commitments shall be permanent. Each reduction of Revolving Credit Commitments or Delayed Draw Term Commitments shall be made ratably among each Class of Revolving Credit Commitments or Delayed Draw Term Commitments, as applicable, in accordance with the Pro Rata Share of such Class. Each reduction of any Class of Revolving Credit Commitments or Delayed Draw Term Commitments shall be made ratably among the Revolving Credit Lenders or Delayed Draw Term Lenders of such Class, as applicable, in accordance with their respective Revolving Credit Commitments or Delayed Draw Term Commitments of such Class, as applicable. All commitment fees accrued on the portion of the Revolving Credit Commitments and Delayed Draw Term Commitments terminated until the effective date of such termination of such Revolving Credit Commitments or Delayed Draw Term Commitments, as applicable, shall be paid on the effective date of such termination.

## 2.9 Repayment of Loans; Evidence of Debt.

(a) Repayment. Each Borrower, jointly and severally, hereby unconditionally promises to pay the Loans as follows:

(i) to Administrative Agent for the ratable account of the Revolving Credit Lenders the aggregate outstanding principal amount of the Revolving Credit Loans on the Revolving Credit Maturity Date or any earlier date of termination of this Agreement or acceleration of the Loans due hereunder in accordance with the terms hereof;

(ii) to Administrative Agent for the ratable account of the applicable Term Lenders, (A) on each Quarterly Date (commencing on March 31, 2024), the principal of the Initial Term Loans outstanding in an amount equal to the Quarterly Percentage Amount multiplied by the original principal amount of the Initial Term Loans on the Initial Funding Date, to be applied to the unpaid principal amount of the Initial Term Loans, (B) on each Quarterly Date commencing on the first such Quarterly Date following the Conversion Date applicable to the Delayed Draw Term Commitments, the principal amount of Delayed Draw Term Loans outstanding in an amount equal to the Delayed Draw Quarterly Percentage Amount multiplied by the aggregate principal amount of all Delayed Draw Term Loans on such Conversion Date, to be applied to the unpaid principal amount of each such Tranche of Delayed Draw Term Loans, and (C) the principal of the Incremental Term Loans of each Tranche on such dates and in such amounts as may be set forth in the Notice of Incremental Term Loan Borrowing for such Tranche, to be applied to the unpaid principal amount of the Incremental Term Loans for such Tranche for which such payment relates, and (D) on the Term Loan Maturity Date or any earlier date of termination of this Agreement or acceleration of the Loans due hereunder in accordance with the terms hereof, the remaining unpaid principal amount of the Term Loans; **provided** that, in each case, the scheduled installments of principal of the Term Loans set forth above shall be reduced in connection with any voluntary or mandatory prepayments of the Term Loans in accordance with Section 2.10(c); and

(iii) to Swingline Lender the then unpaid principal amount of each Swingline Loan on the earlier of the Revolving Credit Maturity Date (or any earlier date of termination of this Agreement or acceleration of the Loans due hereunder in accordance with the terms hereof) and each applicable Swingline Loan Maturity Date; **provided** that, subject to the terms and conditions of this Agreement, any Borrower may request a Revolving Credit Loan Borrowing of Base Rate Loans to repay any Swingline Loan when due.

(b) Manner of Payment. Each repayment or prepayment of Borrowings of any Class shall be applied to repay any outstanding Base Rate Loan Borrowings of such Class before any other Borrowings of such Class.

(c) Maintenance of Loan Accounts by Lenders and Administrative Agent. Each Lender shall maintain in accordance with its usual practice an account or accounts evidencing the indebtedness of Borrowers to such Lender resulting from each Loan made by such Lender, including the amounts of principal and interest payable and paid to such Lender from time to time hereunder. Administrative Agent shall maintain accounts in which it shall record (i) the amount of each Loan made hereunder, the Class, Type and currency thereof and, if applicable, the Interest Period applicable thereto, (ii) the amount and currency of any principal or interest due and payable or to become due and payable from Borrowers to each Lender hereunder, and (iii) the amount of any sum received by Administrative Agent hereunder for the account of the Lenders and each Lender's share thereof.

(d) Effect of Entries. The entries made in the accounts maintained pursuant to Section 2.9(c) shall be conclusive evidence of the existence and amounts of the obligations recorded therein; **provided** that the failure of any Lender or Administrative Agent to maintain such accounts or any error therein shall not in any manner affect the obligation of Borrowers to repay the Loans in accordance with the terms of this Agreement. In the event of any conflict between the accounts maintained by any Lender and the accounts of Administrative Agent in respect of such matters, the accounts of Administrative Agent shall control in the absence of manifest error.

(e) Participations in Letters of Credit and Swingline Loans. In addition to the accounts maintained pursuant to Section 2.9(c), each Lender and Administrative Agent shall maintain in accordance with its usual practice account or accounts evidencing the purchases and sales by such Lender of participations in Letters of Credit and Swingline Loans. In the event of any conflict between the accounts maintained by Administrative Agent and the accounts of any Lender in respect of such matters, the accounts and records of Administrative Agent shall control in the absence of manifest error.

(f) Promissory Notes. Any Lender may request that Loans of any Class made by it be evidenced by a promissory note. In such event, Borrowers shall prepare, execute and deliver to such Lender a promissory note in substantially the form attached hereto as Exhibit 2.9 payable to the order of such Lender (or, if requested by such Lender, to such Lender and its registered assigns). Thereafter, the Loans evidenced by such promissory note and interest thereon shall at all times (including after assignment pursuant to Section 10.4) be represented by one or more promissory notes in such form payable to the order of the payee named therein (or, if such promissory note is a registered note, to such payee and its registered assigns).

## **2.10 Prepayment of Loans.**

(a) Optional Prepayments. Borrowers shall have the right at any time and from time to time to prepay any Borrowing in whole or in part, subject to the requirements of this Section and Section 2.15; **provided** that each voluntary prepayment of the Term Loans shall be in an amount that is at least \$1,000,000 or a larger integral multiple of \$100,000 in excess thereof or, if less, the entire principal amount thereof then outstanding. Any prepayment of the Loans (other than a prepayment of a Base Rate Revolving Credit Loan prior to the Revolving Credit Maturity Date) pursuant to this Section 2.10(a) shall be accompanied by accrued interest thereon, and any such prepayment of the Term Loans shall be applied to the installments thereof as set forth in Section 2.10(c).

(b) Mandatory Prepayments. Borrowers will prepay the Loans (and/or provide cash collateral for LC Exposure, as applicable), as follows:

(i) Indebtedness Issuance. Without limiting the obligation of Borrowers to obtain the consent of the Required Lenders pursuant to Section 6.1 to the incurrence of any Indebtedness not otherwise permitted hereunder, upon the incurrence of any Indebtedness (other than Indebtedness permitted pursuant to Section 6.1), Borrowers shall prepay the Loans in an aggregate amount equal to 100% of the Net Cash Proceeds thereof within 5 Business Days of receipt thereof, such prepayment to be effected in the manner and to the extent specified in Section 2.10(c).

(ii) Sale of Assets or Events of Loss. If on any date a Company shall receive Net Cash Proceeds from (A) any Disposition pursuant to Section 6.4(n) or (B) any Event of Loss, in each case, in excess of the greater of (x) \$25,000,000 and (y) 10.0% of Applicable EBITDA for any such Dispositions or Events of Loss in any Fiscal Year, then, unless a Reinvestment Notice shall be delivered by a Borrower to Administrative Agent in respect of such Disposition or Event of Loss, within 5 Business Days of the date of receipt by a Company of such Net Cash Proceeds, Borrowers shall prepay the Loans in an amount equal to 100% of the amount of such Net Cash Proceeds, as set forth in Section 2.10(c); **provided** that, for the avoidance of doubt, Borrowers shall be permitted to pay down Revolving Credit Loans with the Net Cash Proceeds at all times prior to the occurrence of a Reinvestment Prepayment Date; **provided further** that, notwithstanding the foregoing, on each Reinvestment Prepayment Date, the Loans shall be prepaid by an amount equal to the Reinvestment Prepayment Amount with respect to the relevant Reinvestment Event, as set forth in Section 2.10(c). The provisions of this Section do not constitute a consent to the consummation of any Disposition not permitted by Section 6.4.

(iii) Permitted Refinancing Notes. Upon the issuance by any Borrower or any other Obligor of any Permitted Refinancing Notes, Borrowers shall prepay the Loans in an aggregate amount equal to 100% of the Net Cash Proceeds thereof immediately upon receipt thereof by Administrative Borrower or such other Obligor, such prepayment to be effected in the manner and to the extent specified in Section 2.10(c).

(iv) Insufficient Availability. Borrowers shall immediately prepay the Revolving Credit Loans and Swingline Loans (or provide Cash Collateral for LC Exposure as provided in Section 2.5(1)) in such amounts as shall be necessary so that the Dollar Equivalent of aggregate outstanding Revolving Credit Exposures of any Class shall not at any time exceed the total Revolving Credit Commitments of such Class, such amount to be applied first, to repay the outstanding principal balance of the Swingline Loans (if applicable), until such Swingline Loans shall have been repaid in full, second, to repay, on a pro rata basis, the outstanding principal balance of the Revolving Credit Loans of the applicable Class and third, to Cash Collateralize the LC Exposure (if applicable) in an amount at least equal to 103% of the amount of such LC Exposure. In addition, if on any date the Dollar Equivalent of the LC Exposure shall exceed the Letter of Credit sublimit set forth in Section 2.5(c), Borrowers shall Cash Collateralize on such date the outstanding Letters of Credit in an amount equal to such excess.

(c) Order of Application to Loans. Each such prepayment of the Loans made under Section 2.10(a) shall be applied to the Term Loans or the Revolving Credit Loans as may be selected by Borrowers and, in connection with a voluntary prepayment of any of Term Loans, applied to the remaining scheduled amortization payments thereof as Borrowers shall direct or, absent such direction, in the direct order of maturity or as otherwise directed by Borrower. Except as otherwise provided in Section 8.2, each mandatory prepayment of the Loans under Section 2.10(b) (other than any mandatory prepayment of the Loans under Section 2.10(b)(iv)) shall be applied (i) **FIRST**, to repay accrued interest and fees due on the amounts of such repayment, (ii) **SECOND**, to repay, on a pro rata basis, the outstanding principal balance of the Term Loans (ratably between each Class of Term Loans and, within each Class, first to Term Loans of such Class that are Base Rate Loans and then, on a pro rata basis, to Term Loans of such Class that are Eurocurrency Loans and SOFR Loans) with such payments applied to the remaining scheduled amortization payments in the direct order of maturity until all Term Loans shall have been repaid in full; (iii) **THIRD**, to repay the outstanding principal balance of the Swingline Loans, until such Swingline Loans shall have been repaid in full; (iv) **FOURTH**, to repay, on a pro rata basis, the outstanding principal balance of the Revolving Credit Loans (with a corresponding reduction in the corresponding Revolving Credit Commitment) ratably between each Class of Revolving Credit Loans; and (v) **FIFTH**, to Cash Collateralize the LC Exposure in an amount at least equal to 103% of the amount of such LC Exposure.

(d) Notices, Etc.

(i) Borrowers shall notify Administrative Agent (and, in the case of prepayment of a Swingline Loan, Swingline Lender) in writing of any optional prepayment under Section 2.10(a), (A) in the case of prepayment of a SOFR Borrowing, not later than 1:00 p.m., New York City time, three (3) U.S. Government Securities Business Days before the date of prepayment, (B) in the case of prepayment of a Eurocurrency Borrowing, not later than 1:00 p.m., New York City time, four Business Days before the date of prepayment, (C) in the case of prepayment of a Base Rate Borrowing, not later than 1:00 p.m., New York City time, on the date of prepayment, or (D) in the case of prepayment of a Swingline Loan, not later than 1:00 p.m., New York City time, on the date of prepayment. Each such notice shall be irrevocable and shall specify the prepayment date, and the principal amount of each Borrowing or portion thereof to be prepaid; **provided** that, if a notice of prepayment is given in connection with a conditional notice of termination of the Revolving Credit Commitments as contemplated by Section 2.8(c), then such notice of prepayment may be revoked if such notice of termination is revoked in accordance with Section 2.8(c). Promptly following receipt of any such notice, Administrative Agent shall advise the relevant Lenders of the contents thereof.

(ii) Prior to or concurrently with any prepayment under Section 2.10(b), Borrowers shall deliver to Administrative Agent a certificate signed by a Responsible Officer of Administrative Borrower containing a reasonably detailed calculation of the amount of such prepayment.

(iii) Promptly following receipt of any prepayment notice relating to a Borrowing or such certificate relating to a prepayment, Administrative Agent shall advise the relevant Lenders of the contents thereof and of the amount of such Lender's ratable portion of such prepayment.

(iv) Each partial prepayment of any Borrowing shall be in an amount such that the remaining amount outstanding of each Borrowing would be permitted in the case of a Borrowing of the same Type as provided in Section 2.2, except as necessary to apply fully the required amount of a mandatory prepayment under Section 2.10(b). Each prepayment of a Borrowing shall be applied ratably to the Loans included in the prepaid Borrowing. Each prepayment of Dollar Borrowings of Initial Term Loans, Revolving Credit Loans or Delayed Draw Term Loans shall be made ratably among each Class of Initial Term Loans, Delayed Draw Term Loans or Revolving Credit Loans, as applicable, in accordance with the Pro Rata Share of such Class.

(v) Prepayments shall be accompanied by accrued interest to the extent required by Section 2.12 and any amounts required by Section 2.15 and shall be made in the manner specified in Section 2.9(b) and this Section 2.10.

(e) Notwithstanding any other provisions of Section 2.10(b)(ii), to the extent any or all of the Net Cash Proceeds of any Disposition or Event of Loss of a Foreign Subsidiary (other than a Subsidiary organized in Canada) are prohibited or delayed by any applicable local law (including financial assistance, corporate benefit restrictions on upstreaming of cash intra group and the fiduciary and statutory duties of the directors of such Foreign Subsidiary) from being repatriated or passed on to or used for the benefit of the applicable Borrower (Borrowers hereby agreeing to use commercially reasonable efforts to cause the applicable Foreign Subsidiary to promptly take all actions reasonably required by the applicable local law to permit such repatriation) or if the applicable Borrower has determined in good faith that repatriation of any such amount to such Borrower would have material adverse tax consequences (including a material acceleration of the point in time when such earnings would otherwise be taxed) with respect to such amount (Borrowers hereby agreeing to use commercially reasonable efforts to repatriate such cash in a manner that would not result in material adverse tax consequences), the portion of such Net Cash Proceeds so affected will not be required to be applied to prepay the Term Loans at the times provided in this Section 2.10 but may be retained by the applicable Foreign Subsidiary so long, but only so long, as the applicable local law will not permit repatriation or the passing on to or otherwise using for the benefit of the applicable Borrower, or the applicable Borrower believes in good faith that such material adverse tax consequences would result, and once such repatriation of any of such affected Net Cash Proceeds is permitted under the applicable local law or the applicable Borrower determines in faith such repatriation would no longer have such material adverse tax consequences, such repatriation will be promptly effected and such repatriated Net Cash Proceeds will be promptly (and in any event not later than 3 Business Days after such repatriation) applied (net of additional taxes payable or reasonably estimated to be payable as a result thereof) to the prepayment of the Term Loans pursuant to this Section 2.10; **provided** that, no such prepayment of the Term Loans pursuant to this Section 2.10 shall be required in the case of any such Net Cash Proceeds the repatriation of which the applicable Borrower believes in good faith would result in material adverse tax consequences, if on or before the date on which such Net Cash Proceeds so retained would otherwise have been required to be applied to reinvestments or prepayments pursuant to a Reinvestment Notice, the applicable Borrower applies an amount equal to the amount of such Net Cash Proceeds to such reinvestments or prepayments as if such Net Cash Proceeds had been received by the applicable Borrower rather than such Foreign Subsidiary, less the amount of additional taxes that would have been payable or reserved against if such Net Cash Proceeds had been repatriated (or, if less, the Net Cash Proceeds that would be calculated if received by such Foreign Subsidiary).

## 2.11 Fees.

(a) Commitment Fees. Borrowers agree, jointly and severally, to pay the following:

(i) to Administrative Agent for the account of each Revolving Credit Lender a commitment fee in Dollars, which shall accrue at a per annum rate equal to the Applicable Margin applicable for the “Commitment Fee Rate” on the daily amount equal to such Revolving Credit Lender’s Revolving Credit Commitment **minus** the Dollar Equivalent of the aggregate outstanding Revolving Credit Loans (excluding, for the avoidance of doubt, the principal amount of the Swingline Loans) and LC Exposure of such Revolving Credit Lender for each date during the period from and including the Signing Date to but excluding the earlier of the date such Revolving Credit Commitment terminates and the Revolving Credit Maturity Date. Accrued commitment fees for this Section 2.11(a)(i) through and including each Quarterly Date shall be payable on the second Business Day following such Quarterly Date and on the earlier of the date the Revolving Credit Commitment terminates and the Revolving Credit Maturity Date, commencing on the first such date to occur after the Signing Date. All commitment fees shall be computed on the basis of a year of 360 days and shall be payable for the actual number of days elapsed (including the first day but excluding the last day);

(ii) to Administrative Agent for the account of each Initial Term Lender a commitment fee in Dollars, which shall accrue at a per annum rate equal to the Applicable Margin applicable for the “Commitment Fee Rate” on the daily amount equal to such Initial Term Lender’s Initial Term Commitment for each date during the period from and including the Signing Date to but excluding the Initial Funding Date. Accrued commitment fees for this Section 2.11(a)(ii) shall be payable on the Initial Funding Date; and

(iii) to Administrative Agent for the account of each Delayed Draw Term Lender a commitment fee in Dollars, which shall accrue at a per annum rate equal to the Applicable Margin applicable for the “Commitment Fee Rate” on the daily amount equal to such Delayed Draw Term Lender’s Delayed Draw Term Commitment **minus** the aggregate Delayed Draw Term Loans advanced through such date by such Delayed Draw Term Lender, for each date during the period from and including the Signing Date through the Conversion Date. Accrued commitment fees for this Section 2.11(a)(iii) through and including each Quarterly Date shall be payable on the second Business Day following such Quarterly Date and on the Conversion Date applicable to such Delayed Draw Term Commitments, commencing on the first such date to occur after the Signing Date. All commitment fees shall be computed on the basis of a year of 360 days and shall be payable for the actual number of days elapsed (including the first day but excluding the last day).

(b) Letter of Credit Fees. Borrowers agree, jointly and severally, to pay (i) to Administrative Agent for the account of each Revolving Credit Lender a participation fee with respect to its participations in Letters of Credit, which shall accrue at a rate per annum equal to (x) for Letters of Credit issued in Dollars, the Applicable Margin applicable to interest on SOFR Loans, and (y) for Letters of Credit issued any Other Currency, the Applicable Margin applicable to such currency, on the Dollar Equivalent of the daily amount of such Lender’s LC Exposure (excluding any portion thereof attributable to unreimbursed LC Disbursements) attributable to Letters of Credit issued during the period from and including the Initial Funding Date to and excluding the later of the date on which such Revolving Credit Lender’s Revolving Credit

Commitments terminate and the date on which such Lender ceases to have any LC Exposure, and (ii) to Issuing Lender for its own account a fronting fee, which shall accrue at the rate of 0.125% per annum on the Dollar Equivalent of the average daily amount of the LC Exposure (excluding any portion thereof attributable to unreimbursed LC Disbursements) attributable to Letters of Credit issued by it during the period from and including the Initial Funding Date to but excluding the later of the date of termination of all Revolving Credit Commitments and the date on which there ceases to be any LC Exposure, as well as Issuing Lender's standard fees and other standard costs and charges with respect to the issuance, amendment, administration, renewal, extension, cancellation or conversion of any Letter of Credit or processing of drawings thereunder. Participation fees and fronting fees accrued through and including each Quarterly Date shall be payable in Dollars on the second Business Day following such Quarterly Date, commencing on the first such date to occur after the Signing Date; **provided** that all such fees shall be payable on the date on which all Revolving Credit Commitments terminate and any such fees accruing after the date on which all Revolving Credit Commitments terminate shall be payable on demand. Any other fees payable to Issuing Lender pursuant to this Section 2.11(b) shall be payable within 30 days after written demand. All participation fees and fronting fees shall be computed on the basis of a year of 360 days and shall be payable for the actual number of days elapsed (including the first day but excluding the last day).

(c) Administrative Agent Fees. Borrowers agree, jointly and severally, to pay to Administrative Agent, for its own account, in Dollars, fees payable in the amounts and at the times separately agreed upon between Borrowers and Administrative Agent and such other fees required by the Fee Letters.

(d) Payment of Fees. All fees payable hereunder shall be paid on the dates due, in immediately available funds in Dollars, to Administrative Agent (or to Issuing Lender, in the case of fees payable to it) for distribution, other than in the case of fees payable solely for account of Administrative Agent, to the Lenders entitled thereto. Fees paid shall not be refundable under any circumstances.

## **2.12 Interest.**

(a) Base Rate Loans. The Loans comprising each Base Rate Borrowing (including each Swingline Loan Borrowing) shall bear interest at a rate per annum equal to the Base Rate **plus** the Applicable Margin.

(b) Eurocurrency Loans. The Loans comprising each Eurocurrency Borrowing shall bear interest at a rate per annum equal to the applicable Eurocurrency Rate for such currency for the Interest Period therefor **plus** the Applicable Margin.

(c) SOFR Loans. The Loans comprising each SOFR Borrowing shall bear interest at a rate per annum equal to Term SOFR for the Interest Period in effect for such Borrowing **plus** the Applicable Margin.

(d) Default Interest. Borrowers shall pay interest on the principal amount of all overdue outstanding Loans and, to the fullest extent permitted by law, the outstanding amount of all interest, fees and other Obligations, at a rate per annum equal to the Default Rate immediately upon the occurrence of any Event of Default described in clause (a), (b), (h), or (i) of Section 8.1.

(e) Payment of Interest. Accrued interest on each Loan shall be payable in arrears on each Interest Payment Date for such Loan and, in the case of Revolving Credit Loans or any Class, upon termination of the Revolving Credit Commitments of such Class, and, in the case of the Term Loans, on the Term Loan Maturity Date (or earlier date of termination of this Agreement or acceleration of the Loans due hereunder pursuant to the terms hereof); **provided** that (i) interest accrued pursuant to Section 2.12(d) shall be payable on demand, (ii) in the event of any repayment or prepayment of any Loan (other than a prepayment of a Base Rate Revolving Credit Loan prior to the Revolving Credit Maturity Date), accrued interest on the principal amount repaid or prepaid shall be payable on the date of such repayment or prepayment, and (iii) in the event of any conversion of any SOFR Borrowing or Eurocurrency Borrowing prior to the end of the current Interest Period therefor, accrued interest on such Borrowing shall be payable on the effective date of such conversion. Additionally, Borrowers shall immediately pay to Administrative Agent for the account of the applicable Lenders the amount of any interest and fees that may be owing pursuant to the penultimate sentence of the definition of “Applicable Margin”. Borrowers’ obligations under this Section 2.12(e) shall survive the termination of the Commitments and the repayment of all other Obligations hereunder.

(f) Computation. All interest hereunder shall be computed on the basis of a year of 360 days, except that (i) interest computed by reference to the Base Rate at times when the Base Rate is based on the Prime Rate and (ii) interest computed by reference to CDOR shall, in each case, be computed on the basis of a year of 365 days (or 366 days in a leap year), and in each case shall be payable for the actual number of days elapsed (including the first day but excluding the last day), except that interest on Loans denominated in Other Currencies as to which market practice differs from the foregoing shall be computed in accordance with market practice for such Loans. All interest hereunder on any Loan shall be computed on a daily basis based upon the outstanding principal amount of such Loan as of the applicable date of determination. The applicable Base Rate, Eurocurrency Rate and Term SOFR Reference Rate (including Term SOFR) shall be determined by Administrative Agent, and such determination shall be conclusive absent manifest error.

### **2.13 Alternate Rate of Interest; Illegality.**

(a) Alternate Rate of Interest. Subject to Section 2.22, if:

(i) Administrative Agent determines (which determination shall be conclusive and binding on Borrowers) that adequate and reasonable means do not exist for ascertaining the applicable Benchmark for a Borrowing prior to the first day of any Interest Period (as applicable) or that the applicable “Term SOFR” or “Eurocurrency Rate” cannot be determined pursuant to the definition thereof; or

(ii) the Majority Lenders of any Class determine that for any reason in connection with any request for a SOFR Loan or Eurocurrency Loan or a conversion thereto or a continuation thereof that Term SOFR or the Eurocurrency Rate for any requested Interest Period with respect to a proposed SOFR Loan or Eurocurrency Loan of such Class does not adequately and fairly reflect the cost to such Lenders of funding such Loan, and the Majority Lenders of such Class have provided notice of such determination to Administrative Agent;



then, Administrative Agent shall give notice thereof to a Borrower and the Lenders as promptly as practicable thereafter and (i) any obligations of the applicable Lenders to make or maintain Loans in each affected currency, any rights of Borrower to continue Loans in the affected currency, or, for Loans denominated in Dollars, to convert any Base Rate Loans to SOFR Loans denominated in Dollars, shall be suspended (to the extent of the affected Loans or, in the case of SOFR Loans or Eurocurrency Loans, the affected Interest Periods) and (ii) if the circumstances giving rise to such notice affect the calculation of Base Rate, Administrative Agent shall during the period of such suspension compute Base Rate without reference to clause (c) of the definition of "Base Rate", in each case until Administrative Agent revokes such notice. Upon receipt of such notice, Borrowers may revoke any pending request for a borrowing of, conversion to or continuation of Loans in each such affected currency (to the extent of the affected Loans or, in the case of Eurocurrency Loans or SOFR Loans, the affected Interest Periods) or, failing that, (x) (A) in the case of any request for a Borrowing in Dollars, Borrowers will be deemed to have converted any such request into a request for a Borrowing of or conversion to Base Rate Loans and (B) in the case of any request for a Eurocurrency Borrowing, then such request shall be ineffective and (y) (A) any outstanding affected SOFR Loans denominated in Dollars will be deemed to have been converted into Base Rate Loans at the end of the applicable Interest Period and (B) any outstanding affected Eurocurrency Loans, at Borrowers' election, shall either (1) be converted into Base Rate Loans denominated in Dollars (in an amount equal to the Dollar Equivalent of such Other Currency) at the end of the applicable Interest Period therefor for Eurocurrency Loans or (2) be prepaid in full at the end of the applicable Interest Period therefor for Eurocurrency Loans; **provided** that if no election is made by Borrowers in an Other Currency by the earlier of (x) the date that is three Business Days after receipt by a Borrower of such notice or (y) the last day of the current Interest Period, Borrowers shall be deemed to have elected clause (1) above. Upon any such conversion, Borrowers shall also pay any accrued interest on the amount so converted and any additional amounts required pursuant to Section 2.15.

(b) **Illegality.** If any Lender determines that any applicable law has made it unlawful after the Signing Date, or that any Governmental Authority has asserted that it is unlawful, for any Lender or its applicable lending office to make, maintain, or fund Eurocurrency Loans or SOFR Loans, or to determine or charge interest rates based upon the Eurocurrency Rate, Eurocurrency Rate, SOFR or Term SOFR, or any Governmental Authority has imposed material restrictions on the authority of such Lender to purchase or sell, or to take deposits in an applicable offshore interbank market for the applicable currency, then, on notice thereof by such Lender to a Borrower through Administrative Agent, (i) any obligation of such Lender to make or continue Loans in the affected currency or currencies or, in the case of Loans denominated in Dollars, to convert Base Rate Loans to SOFR Loans shall be suspended, and (ii) the interest rate for Base Rate Loans of such Lender shall, if necessary to avoid such illegality, be determined by Administrative Agent without reference to clause (c) of the definition of "Base Rate", in each case until such Lender notifies Administrative Agent and a Borrower that the circumstances giving rise to such determination no longer exist. Upon receipt of such notice, (i) Borrowers shall, upon demand from such Lender (with a copy to Administrative Agent), prepay or, if applicable, (x) convert all SOFR Loans of such Lender to Base Rate Loans on the last day of the Interest Period therefor if such Lender may lawfully continue to maintain such Loans, or immediately, if such Lender may not lawfully continue to maintain such Loans, or (y) convert all Eurocurrency Loans, as applicable, to Base Rate Loans (in an amount equal to the Dollar Equivalent of such Other Currency) (in each case, the interest rate for Base Rate Loans of such Lender shall, if necessary to avoid such illegality, be determined by Administrative Agent without reference to clause (c) of the definition of "Base Rate"), on the last day of the Interest

Period therefor with respect to Eurocurrency Loans if such Lender may lawfully continue to maintain such Eurocurrency Loans, or immediately, if such Lender may not lawfully continue to maintain such Loans, and (ii) Administrative Agent shall during the period of such suspension compute the Base Rate applicable to such Lender without reference to clause (c) of the definition of “Base Rate” until Administrative Agent is advised in writing by such Lender that it is no longer illegal for such Lender to determine or charge interest rates based upon the Eurocurrency Rate. Upon any such prepayment or conversion, Borrowers shall also pay accrued interest on the amount so prepaid or converted, together with any additional amounts required pursuant to Section 2.15.

#### **2.14 Increased Costs.**

(a) Increased Costs Generally. If any Change in Law shall:

(i) impose, modify, or deem applicable any reserve (including pursuant to regulations issued from time to time by the Federal Reserve Board for determining the maximum reserve requirement (including any emergency, special, supplemental or other marginal reserve requirement) with respect to eurocurrency funding (currently referred to as “Eurocurrency liabilities” in Regulation D)), special deposit, compulsory loan, insurance charge, or similar requirement against assets of, deposits with or for the account of, or credit extended or participated in by, any Lender or Issuing Lender;

(ii) subject any Recipient to any Taxes (other than (A) Indemnified Taxes; (B) Taxes described in clauses (b) through (e) of the definition of “Excluded Taxes”, and (C) Connection Income Taxes) on its loans, loan principal, letters of credit, commitments, or other obligations, or its deposits, reserves, other liabilities or capital attributable thereto; or

(iii) impose on any Lender or Issuing Lender any other condition, cost or expense (other than Taxes) affecting this Agreement or Eurocurrency Loans or SOFR Loans made by such Lender or any Letter of Credit or participation therein;

and the result of any of the foregoing shall be to increase the cost to such Lender or such other Recipient of making, converting to, continuing or maintaining any Eurocurrency Loan or SOFR Loan (or of maintaining its obligation to make any such Loan), or to increase the cost to such Lender, Issuing Lender or such other Recipient of participating in, issuing or maintaining any Letter of Credit (or of maintaining its obligation to participate in or to issue any Letter of Credit), or to reduce the amount of any sum received or receivable by such Lender, Issuing Lender, or such other Recipient hereunder (whether of principal, interest or any other amount) then, upon request of such Lender, Issuing Lender, or such other Recipient, Borrowers will pay to such Lender, Issuing Lender, or other Recipient, as the case may be, such additional amount or amounts as will compensate such Lender, Issuing Lender, or such other Recipient, as the case may be, for such additional costs incurred or reduction suffered within 30 days after demand therefor by such Lender setting forth in reasonable detail such increased costs.

(b) Capital Requirements. If any Lender or Issuing Lender determines that any Change in Law affecting such Lender or Issuing Lender or any lending office of such Lender or such Lender’s or Issuing Lender’s holding company, if any, regarding capital or liquidity requirements has or would have the effect of reducing the rate of return on such Lender’s or Issuing Lender’s capital or on the capital of such Lender’s or Issuing Lender’s holding company, if any, as a consequence of this Agreement, the Commitments of such Lender or the Loans made

by, or participations in Letters of Credit held by, such Lender, or the Letters of Credit issued by Issuing Lender, to a level below that which such Lender or Issuing Lender or such Lender's or Issuing Lender's holding company could have achieved but for such Change in Law (taking into consideration such Lender's or Issuing Lender's policies and the policies of such Lender's or Issuing Lender's holding company with respect to capital adequacy or liquidity), then from time to time Borrowers will pay to such Lender or Issuing Lender, as the case may be, such additional amount or amounts as will compensate such Lender or Issuing Lender or such Lender's or Issuing Lender's holding company for any such reduction suffered.

(c) **Certificates for Reimbursement.** A certificate of a Lender or other Recipient setting forth the amount or amounts necessary to compensate such Lender or other Recipient or its holding company, as the case may be, as specified in Section 2.14(a) or 2.14(b) and delivered to Borrowers shall be conclusive absent manifest error. Borrowers shall pay such Lender or other Recipient, as the case may be, the amount shown as due on any such certificate within 30 days after receipt thereof.

(d) **Delay in Requests.** Failure or delay on the part of any Lender or Issuing Lender to demand compensation pursuant to this Section shall not constitute a waiver of such Lender's or Issuing Lender's right to demand such compensation, **provided** that Borrowers shall not be required to compensate a Lender or Issuing Lender pursuant to this Section for any increased costs incurred or reductions suffered more than six months prior to the date that such Lender or Issuing Lender, as the case may be, notifies Borrowers of the Change in Law giving rise to such increased costs or reductions and of such Lender's or Issuing Lender's intention to claim compensation therefor (except that, if the Change in Law giving rise to such increased costs or reductions is retroactive, then the six-month period referred to above shall be extended to include the period of retroactive effect thereof).

**2.15 Compensation for Losses.** In the event of (i) the payment of any principal of any Eurocurrency Loan or SOFR Loan other than on the last day of an Interest Period applicable thereto (including as a result of an Event of Default or any mandatory prepayment), (ii) the conversion of any Eurocurrency Loan or SOFR Loan other than on the last day of the Interest Period applicable thereto (including as a result of an Event of Default), (iii) the failure to borrow, convert, continue or prepay any Eurocurrency Loan or SOFR Loan on the date specified in any notice delivered pursuant hereto (regardless of whether such notice is permitted to be revocable under Section 2.8(c) and is revoked in accordance herewith), (iv) the assignment of any Eurocurrency Loan or SOFR Loan other than on the last day of the Interest Period applicable thereto as a result of a request by Borrowers pursuant to Section 2.18(b), or (v) the failure by Borrowers to make any payment of any Eurocurrency Loan or SOFR Loan or drawing under any Letter of Credit (or interest due thereof) denominated in an Other Currency on its scheduled due date or any payment thereof in a different currency, then, in any such event (excluding any loss of anticipated profits), Borrowers shall compensate each Lender for the loss, cost or expense attributable to such event, and any loss or expense arising from the liquidation or reemployment of funds obtained by it to maintain such Loan or from fees payable to terminate the deposits from which such funds were obtained. Borrowers shall also pay any customary administrative fees charged by such Lender in connection with the foregoing. A certificate of any Lender setting forth any amount or amounts that such Lender is entitled to receive pursuant to this Section shall be delivered to a Borrower and shall be conclusive absent manifest error. Borrowers shall pay such Lender the amount shown as due on any such certificate within thirty (30) days after receipt thereof.

## 2.16 Taxes.

(a) Defined Terms. For purposes of this Section 2.16, the term “Lender” includes any Issuing Lender and the term “applicable law” includes FATCA.

(b) Payments Free of Taxes. Any and all payments by or on account of any obligation of any Obligor under any Loan Document shall be made without deduction or withholding for any Taxes, except as required by applicable law. If any applicable law (as determined in the good faith discretion of an applicable Withholding Agent) requires the deduction or withholding of any Tax from any such payment by a Withholding Agent, then the applicable Withholding Agent shall be entitled to make such deduction or withholding and shall timely pay the full amount deducted or withheld to the relevant Governmental Authority in accordance with applicable law and, if such Tax is an Indemnified Tax, then the sum payable by the applicable Obligor shall be increased as necessary so that after such deduction or withholding has been made (including such deductions and withholdings applicable to additional sums payable under this Section) the applicable Recipient receives an amount equal to the sum it would have received had no such deduction or withholding been made.

(c) Payment of Other Taxes by the Obligors. The Obligors shall timely pay to the relevant Governmental Authority in accordance with applicable law, or at the option of Administrative Agent timely reimburse it for the payment of, any Other Taxes.

(d) Indemnification by the Obligors. The Obligors shall jointly and severally indemnify each Recipient, within 30 days after demand therefor, for the full amount of any Indemnified Taxes (including Indemnified Taxes imposed or asserted on or attributable to amounts payable under this Section) payable or paid by such Recipient or required to be withheld or deducted from a payment to such Recipient and any reasonable expenses arising therefrom or with respect thereto, whether or not such Indemnified Taxes were correctly or legally imposed or asserted by the relevant Governmental Authority. A certificate as to the amount of such payment or liability delivered to a Borrower by a Lender (with a copy to Administrative Agent), or by Administrative Agent on its own behalf or on behalf of a Lender, shall be conclusive absent manifest error.

(e) Indemnification by the Lenders. Each Lender shall severally indemnify Administrative Agent, within 30 days after demand therefor, for (i) any Indemnified Taxes attributable to such Lender (but only to the extent that any Obligor has not already indemnified Administrative Agent for such Indemnified Taxes and without limiting the obligation of the Obligors to do so), (ii) any Taxes attributable to such Lender’s failure to comply with the provisions of Section 10.4(e) relating to the maintenance of a Participant Register, and (iii) any Excluded Taxes attributable to such Lender, in each case, that are payable or paid by Administrative Agent in connection with any Loan Document, and any reasonable expenses arising therefrom or with respect thereto, whether or not such Taxes were correctly or legally imposed or asserted by the relevant Governmental Authority. A certificate as to the amount of such payment or liability delivered to any Lender by Administrative Agent shall be conclusive absent manifest error. Each Lender hereby authorizes Administrative Agent to set off and apply any and all amounts at any time owing to such Lender under any Loan Document or otherwise payable by Administrative Agent to the Lender from any other source against any amount due to Administrative Agent under this Section 2.16(e).

(f) Evidence of Payments. As soon as practicable after any payment of Taxes by any Obligor to a Governmental Authority pursuant to this Section 2.16(f), such Obligor shall deliver to Administrative Agent the original or a certified copy of a receipt issued by such Governmental Authority evidencing such payment, a copy of the return reporting such payment or other evidence of such payment reasonably satisfactory to Administrative Agent.

(g) Status of Lenders.

(i) Any Lender that is entitled to an exemption from or reduction of withholding Tax with respect to payments made under any Loan Document shall deliver to Borrowers and Administrative Agent, at the time or times reasonably requested by Borrowers or Administrative Agent, such properly completed and executed documentation reasonably requested by Borrowers or Administrative Agent as will permit such payments to be made without withholding or at a reduced rate of withholding. In addition, any Lender, if reasonably requested by Borrowers or Administrative Agent, shall deliver such other documentation prescribed by applicable law or reasonably requested by Borrowers or Administrative Agent as will enable Borrowers or Administrative Agent to determine whether or not such Lender is subject to backup withholding or information reporting requirements. Notwithstanding anything to the contrary in the preceding two sentences, the completion, execution, and submission of such documentation (other than such documentation set forth in clauses (A), (B), and (D) of Section 2.16(g)(ii)) shall not be required if in the Lender's reasonable judgment such completion, execution, or submission would subject such Lender to any material unreimbursed cost or expense or would materially prejudice the legal or commercial position of such Lender.

(ii) Without limiting the generality of the foregoing,

(A) any Lender that is a U.S. Person shall deliver to Borrowers and Administrative Agent on or prior to the date on which such Lender becomes a Lender under this Agreement (and from time to time thereafter upon the reasonable request of Borrowers or Administrative Agent), executed originals of IRS Form W-9 certifying that such Lender is exempt from U.S. federal backup withholding tax;

(B) any Foreign Lender shall, to the extent it is legally entitled to do so, deliver to Borrowers and Administrative Agent (in such number of copies as shall be requested by the recipient) on or prior to the date on which such Foreign Lender becomes a Lender under this Agreement (and from time to time thereafter upon the reasonable request of Borrowers or Administrative Agent), whichever of the following is applicable:

(1) in the case of a Foreign Lender claiming the benefits of an income tax treaty to which the United States is a party (I) with respect to payments of interest under any Loan Document, executed originals of IRS Form W-8BEN or IRS Form W-8BEN-E, as applicable, establishing an exemption from, or reduction of, U.S. federal withholding Tax pursuant to the "interest" article of such tax treaty and (II) with respect to any other applicable payments under any Loan Document, IRS Form W-8BEN establishing an exemption from, or reduction of, U.S. federal withholding Tax pursuant to the "business profits" or "other income" article of such tax treaty;

(2) executed originals of IRS Form W-8ECI;

(3) in the case of a Foreign Lender claiming the benefits of the exemption for portfolio interest in Section 881(c) of the Code, (I) a certificate substantially in the form of Exhibit 2.16-1 to the effect that such Foreign Lender is not a “bank” within the meaning of Section 881(c)(3)(A) of the Code, a “10 percent shareholder” of the Obligors within the meaning of Section 871(h)(3)(B) of the Code, or a “controlled foreign corporation” described in Section 881(c)(3)(C) of the Code (a “**U.S. Tax Compliance Certificate**”) and (II) executed originals of IRS Form W-8BEN or IRS Form W-8BEN-E, as applicable; or

(4) to the extent a Foreign Lender is not the beneficial owner, executed originals of IRS Form W-8IMY, accompanied by IRS Form W-8ECI, IRS Form W-8BEN or IRS Form W-8BEN-E, as applicable, a U.S. Tax Compliance Certificate substantially in the form of Exhibit 2.16-2 or Exhibit 2.16-3, IRS Form W-9, and/or other certification documents from each beneficial owner, as applicable; **provided** that if the Foreign Lender is a partnership and one or more direct or indirect partners of such Foreign Lender are claiming the portfolio interest exemption, such Foreign Lender may provide a U.S. Tax Compliance Certificate substantially in the form of Exhibit 2.16-4 on behalf of each such direct and indirect partner;

(C) any Foreign Lender shall, to the extent it is legally entitled to do so, deliver to Borrowers and Administrative Agent (in such number of copies as shall be requested by the recipient) on or prior to the date on which such Foreign Lender becomes a Lender under this Agreement (and from time to time thereafter upon the reasonable request of Borrowers or Administrative Agent), executed originals of any other form prescribed by applicable law as a basis for claiming exemption from or a reduction in U.S. federal withholding Tax, duly completed, together with such supplementary documentation as may be prescribed by applicable law to permit Borrowers or Administrative Agent to determine the withholding or deduction required to be made; and

(D) if a payment made to a Lender under any Loan Document would be subject to U.S. federal withholding Tax imposed by FATCA if such Lender were to fail to comply with the applicable reporting requirements of FATCA (including those contained in Section 1471(b) or 1472(b) of the Code, as applicable), such Lender shall deliver to Borrowers and Administrative Agent at the time or times prescribed by law and at such time or times reasonably requested by Borrowers or Administrative Agent such documentation prescribed by applicable law (including as prescribed by Section 1471(b)(3)(C)(i) of the Code) and such additional documentation reasonably requested by Borrowers or Administrative Agent as may be necessary for Borrowers and Administrative Agent to comply with their obligations under FATCA and to determine that such Lender has complied with such Lender’s obligations under FATCA or to determine the amount to deduct and withhold from such payment. Solely for purposes of this clause (D), “FATCA” shall include any amendments made to FATCA after the date of this Agreement.

Each Lender agrees that if any form or certification it previously delivered expires or becomes obsolete or inaccurate in any respect, it shall update such form or certification or promptly notify Borrowers and Administrative Agent in writing of its legal inability to do so.

(h) Treatment of Certain Refunds. If any party determines, in its sole discretion exercised in good faith, that it has received a refund of any Taxes as to which it has been indemnified pursuant to this [Section 2.16](#) (including by the payment of additional amounts pursuant to this [Section 2.16](#)), it shall pay to the indemnifying party an amount equal to such refund (but only to the extent of indemnity payments made under this Section with respect to the Taxes giving rise to such refund), net of all out-of-pocket expenses (including Taxes) of such indemnified party and without interest (other than any interest paid by the relevant Governmental Authority with respect to such refund). Such indemnifying party, upon the request of such indemnified party, shall repay to such indemnified party the amount paid over pursuant to this [Section 2.16\(h\)](#) (plus any penalties, interest or other charges imposed by the relevant Governmental Authority) in the event that such indemnified party is required to repay such refund to such Governmental Authority. Notwithstanding anything to the contrary in this [Section 2.16\(h\)](#), in no event will the indemnified party be required to pay any amount to an indemnifying party pursuant to this [Section 2.16\(h\)](#) the payment of which would place the indemnified party in a less favorable net after-Tax position than the indemnified party would have been in if the Tax subject to indemnification and giving rise to such refund had not been deducted, withheld, or otherwise imposed and the indemnification payments or additional amounts with respect to such Tax had never been paid. This [Section 2.16\(h\)](#) shall not be construed to require any indemnified party (x) to make available its Tax returns (or any other information relating to its Taxes that it deems confidential) to the indemnifying party or any other Person, (y) to arrange its Tax affairs in any particular manner or (z) to claim any available Tax refund or, reduction or other relief on its corporate profits or otherwise, or to claim such relief in priority to any other claims, reliefs, credits or deductions available to it.

(i) Survival. Each party's obligations under this [Section 2.16](#) shall survive the resignation or replacement of Administrative Agent or any assignment of rights by, or the replacement of, a Lender, the termination of the Commitments and the repayment, satisfaction, or discharge of all obligations under any Loan Document.

### **2.17 Payments Generally; Pro Rata Treatment; Sharing of Set-offs.**

(a) Payments by the Obligor. Except with respect to principal of and interest on Loans denominated in an Other Currency, each Obligor shall make each prepayment or payment required to be made by it hereunder (whether of principal, interest, fees or reimbursement of LC Disbursements, or under [Section 10.3](#) or otherwise) or under any other Loan Document (except to the extent otherwise provided therein) prior to 2:00 p.m., New York City time, on the date when due, or the date fixed for any prepayment hereunder in Dollars and in immediately available funds, without condition or deduction for any counterclaim, defense, recoupment or set-off. Except as otherwise expressly provided herein, all payments with respect

to principal and interest on Loans denominated in an Other Currency shall be made in such Other Currency in immediately available funds, without condition or deduction for any counterclaim, defense, recoupment or set-off, not later than the Applicable Time specified by Administrative Agent on the dates specified herein. Any amounts received after such time on any date may, in the discretion of Administrative Agent, be deemed to have been received on the next succeeding Business Day for purposes of calculating interest thereon. All such payments shall be made to Administrative Agent, for the account of the respective Lenders to which such payment is owed, at such account as Administrative Agent may designate to Borrowers in writing from time to time, except (i) as otherwise expressly provided in the relevant Loan Document, (ii) payments to be made directly to Issuing Lender or Swingline Lender as expressly provided herein, and (iii) that payments pursuant to Sections 2.14, 2.15, 2.16, and 10.3 shall be made directly to the Persons entitled thereto. Administrative Agent shall distribute any such payments received by it for the account of any other Person to the appropriate recipient promptly following receipt thereof in like funds as received by wire transfer to such Lender's lending office as specified in its Administrative Questionnaire or such other office as notified in writing by such Lender to Administrative Agent. If any payment hereunder shall be due on a day that is not a Business Day, the date for payment shall be extended to the next succeeding Business Day and, in the case of any payment accruing interest, interest thereon shall be payable for the period of such extension. Without limiting the generality of the foregoing, Administrative Agent may require that any payments due under this Agreement be made in the United States. If, for any reason, the Obligors are prohibited by any law from making any required payment hereunder in an Other Currency, the Obligors shall make such payment in Dollars in the Dollar Equivalent of the Other Currency payment amount.

(b) Application of Insufficient Payments. If at any time insufficient funds are received by and available to Administrative Agent to pay fully all amounts of principal, unreimbursed LC Disbursements, interest, and fees then due hereunder, such funds shall be applied (i) first, to pay interest and fees then due hereunder, ratably among the parties entitled thereto in accordance with the amounts of interest and fees then due to such parties, and (ii) second, to pay principal and unreimbursed LC Disbursements then due hereunder, ratably among the parties entitled thereto in accordance with the amounts of principal and unreimbursed LC Disbursements then due to such parties.

(c) Pro Rata Treatment. Except to the extent otherwise provided herein: (i) each Borrowing of, or conversions of Loans in, a particular Class shall be allocated pro rata among the relevant Lenders according to the amounts of their respective Commitments of such Class (in the case of the making of Loans) or their respective unpaid principal amount of Loans of such Class (in the case of conversions and continuations of Loans); (ii) each payment of commitment fees under Section 2.11 in respect of Revolving Credit Commitments and each payment of Letter of Credit participation fees under Section 2.11 shall be made for account of the Revolving Credit Lenders on a pro rata basis, (iii) each payment of commitment fees under Section 2.11 in respect of Initial Term Commitments shall be made for account of the applicable Initial Term Lenders, (iv) each payment of commitment fees under Section 2.11 in respect of Delayed Draw Term Commitments shall be made for account of the applicable Delayed Draw Term Lenders, (v) each termination or reduction of the amount of the Commitments of a particular Class under Section 2.8 shall be applied to the respective Commitments of such Class of the relevant Lenders, pro rata according to the amounts of their respective Commitments of such Class; (vi) each payment or prepayment of principal of Loans of any Class by Borrowers



shall be made for account of the relevant Lenders pro rata in accordance with the respective unpaid principal amounts of the Loans of such Class held by them; and (vii) each payment of interest on Loans of any Class by Borrowers shall be made for account of the relevant Lenders pro rata in accordance with the amounts of interest on the Loans of such Class then due and payable to the respective Lenders.

(d) Sharing of Payments by Lenders. If any Lender shall, by exercising any right of set-off or counterclaim or otherwise, obtain payment in respect of any principal of or interest on any of its Loans or participations in LC Disbursements or Swingline Loans in excess of its ratable share of the aggregate amount of outstanding Loans and participations in LC Disbursements and Swingline Loans and accrued interest thereon, then such Lender shall notify Administrative Agent of such fact and shall purchase (for cash at face value) participations in the Loans and participations in LC Disbursements and Swingline Loans of other Lenders to the extent necessary so that the benefit of all such payments shall be shared by the Lenders ratably in accordance with the aggregate amount of principal of and accrued interest on their respective Loans and participations in LC Disbursements and Swingline Loans; **provided** that (i) if any such participations are purchased and all or any portion of the payment giving rise thereto is recovered, such participations shall be rescinded and the purchase price restored to the extent of such recovery, without interest, and (ii) the provisions of this Section 2.17(d) shall not be construed to apply to any payment made by any Obligor pursuant to and in accordance with the express terms of this Agreement (including the application of funds arising from the existence of a Defaulting Lender) or any payment obtained by a Lender as consideration for the assignment of or sale of a participation in any of its Loans or participations in LC Disbursements or Swingline Loans to any assignee or participant, other than to Borrowers or any Subsidiary or Affiliate thereof (as to which the provisions of this Section 2.17(d) shall apply). Each Obligor consents to the foregoing and agrees, to the extent it may effectively do so under applicable law, that any Lender acquiring a participation pursuant to the foregoing arrangements may exercise against such Obligor rights of set-off and counterclaim with respect to such participation as fully as if such Lender were a direct creditor of such Obligor in the amount of such participation. This Section 2.17(d) shall not apply to any action taken by any Farm Credit Bank with respect to any Farm Credit Equities held by Borrowers or any cash patronage, whether on account of foreclosure of any Lien thereon, retirement and cancellation of the same, exercise of setoff rights or otherwise.

(e) Presumptions of Payment. Unless Administrative Agent shall have received notice from Borrowers prior to the date on which any payment or prepayment is due to Administrative Agent for the account of the Lenders or Issuing Lender hereunder that Borrowers will not make such payment or prepayment, Administrative Agent may assume that Borrowers have made such payment or prepayment on such date in accordance herewith and may, in reliance upon such assumption but without any obligation to do so, distribute to the Lenders or Issuing Lender, as the case may be, the amount due. In such event, if Borrowers have not in fact made such payment or prepayment, then each of the Lenders or Issuing Lender, as the case may be, severally agrees to repay to Administrative Agent forthwith on demand the amount so distributed to such Lender or Issuing Lender with interest thereon, for each day from and including the date such amount is distributed to it to but excluding the date of payment or prepayment to Administrative Agent, for the first 5 Business Days at the greater of the applicable Overnight Rate and a rate determined by Administrative Agent in accordance with banking industry rules on interbank compensation and thereafter at the Base Rate. A notice of Administrative Agent to any Lender or Borrowers with respect to any amount owing under this Section 2.17(e) shall be conclusive, absent manifest error.

(f) Certain Deductions by Administrative Agent. If any Lender shall fail to make any payment required to be made by it pursuant to this Agreement (including Sections 2.4, 2.5(e), 2.5(f), 2.6(b), and 2.17(e)), then Administrative Agent may, in its discretion (notwithstanding any contrary provision hereof), apply any amounts thereafter received by Administrative Agent for the account of such Lender to satisfy such Lender's obligations under such Sections until all such unsatisfied obligations are fully paid.

(g) Return of Proceeds. If at any time payment, in whole or in part, of any amount distributed by Administrative Agent hereunder is rescinded or must otherwise be restored or returned by Administrative Agent as a preference, fraudulent conveyance, or otherwise under any Debtor Relief Law, then each Person receiving any portion of such amount agrees, upon demand, to return the portion of such amount it has received to Administrative Agent together with a pro rata portion of any interest paid by or other charges imposed on Administrative Agent in connection with such rescinded or restored payment.

## **2.18 Mitigation Obligations; Replacement of Lenders.**

(a) Designation of a Different Lending Office. If any Lender requests compensation under Section 2.14, or if Borrowers are required to pay any Indemnified Taxes or additional amounts to any Lender or any Governmental Authority for the account of any Lender pursuant to Section 2.16, or if any Lender gives a notice pursuant to Section 2.13(b) suspending its obligation to make or continue Eurocurrency Loans, SOFR Loans or to convert Base Rate Loans to SOFR Loans (an "*Illegality Notice*"), then such Lender shall (at the request of Borrowers) use reasonable efforts to designate a different lending office for funding or booking its Loans hereunder or to assign its rights and obligations hereunder to another of its offices, branches or Affiliates, if, in the judgment of such Lender, such designation or assignment (i) would eliminate or reduce amounts payable pursuant to Section 2.14, 2.15 or 2.16, or eliminate the need for the notice pursuant to Section 2.13(b), as the case may be, in the future and (ii) would not subject such Lender to any unreimbursed cost or expense and would not otherwise be disadvantageous to such Lender. Each Borrower hereby agrees to pay all reasonable costs and expenses incurred by any Lender in connection with any such designation or assignment.

(b) Replacement of Lenders. If any Lender requests compensation under Section 2.14, if Borrowers are required to pay any Indemnified Taxes or additional amount to any Lender or any Governmental Authority for the account of any Lender pursuant to Section 2.16, or if a Lender provides an Illegality Notice and, in each case, such Lender has declined or is unable to designate a different lending office in accordance with Section 2.18(a), or if any Lender is a Defaulting Lender or a Non-Consenting Lender, then Borrowers may, at Borrowers' sole expense and effort, upon notice to such Lender and Administrative Agent, require such Lender to assign and delegate, without recourse (in accordance with and subject to the restrictions contained in, and consents required by, Section 10.4), all its interests, rights (other than its existing rights to payments pursuant to Section 2.14, 2.15 or 2.16) and obligations under this Agreement and the other Loan Documents to an Eligible Assignee that shall assume such obligations (which assignee may be another Lender, if a Lender accepts such assignment); **provided** that (i) Borrowers shall have paid to Administrative Agent the assignment fee (if any)

specified in Section 10.4, (ii) such Lender shall have received payment of an amount equal to the outstanding principal of its Loans and participations in LC Disbursements and Swingline Loans, accrued interest thereon, accrued fees and all other amounts payable to it hereunder and under the other Loan Documents (including any amounts under Section 2.15), from the assignee (to the extent of such outstanding principal and accrued interest and fees) or Borrowers (in the case of all other amounts), (iii) in the case of any such assignment resulting from a claim for compensation under Section 2.14 or payments required to be made pursuant to Section 2.16, such assignment will result in a reduction in such compensation or payments thereafter, (iv) in the case of any such assignment resulting from a Lender's delivery of an Illegality Notice, such assignee will not be entitled to deliver an Illegality Notice under Section 2.13(b), (v) such assignment does not conflict with applicable law, and (vi) in the case of any assignment resulting from a Lender becoming a Non-Consenting Lender, the applicable assignee shall have consented to the applicable amendment, waiver or consent. Each Lender agrees that if Borrowers exercise their option hereunder, it shall promptly execute and deliver all agreements and documentation necessary to effectuate such assignment as set forth in Section 10.4. If such Lender shall refuse or fail to execute and deliver any such Assignment and Assumption prior to the effective date of such replacement as notified by Administrative Agent, such Lender shall be deemed to have executed and delivered such Assignment and Assumption, and shall no longer be a Lender hereunder upon the payment to such Lender of an amount equal to the aggregate amount of outstanding Obligations (other than Bank Product Obligations) owed to such Lender in accordance with the wire transfer instructions for such Lender on file with Administrative Agent. A Lender shall not be required to make any such assignment and delegation if, prior thereto, as a result of a waiver by such Lender or otherwise, the circumstances entitling Borrowers to require such assignment and delegation cease to apply.

#### **2.19 Increases of the Revolving Credit Commitments; Adjustments to Revolving Credit Commitments; Additional Term Loans.**

(a) Following the Initial Funding Date, Borrowers may from time to time through the (i) Revolving Credit Maturity Date, propose to increase the aggregate amount of any Class of Revolving Credit Commitments (each, an "**Incremental Revolving Credit Commitment**") in accordance with this Section by delivering a Notice of Incremental Revolving Credit Commitment to Administrative Agent substantially in the form of Exhibit 2.19-1 (a "**Notice of Incremental Revolving Credit Commitment**"), and (ii) Term Loan Maturity Date, propose that additional term loans be made to it in accordance with this Section (each, an "**Incremental Term Loan**"; together with any Incremental Revolving Credit Commitment, each an "**Incremental Facility**") by delivering a Notice of Incremental Term Loan Borrowing to Administrative Agent substantially in the form of Exhibit 2.19-2 (a "**Notice of Incremental Term Loan Borrowing**"; together with any Notice of Incremental Revolving Credit Commitment, each individually an "**Incremental Facility Notice**"), in each case, specifying (subject to the restrictions set forth in Section 2.19(b)) therein (A) the amount of the Incremental Revolving Credit Commitment or Tranche of Incremental Term Loans requested (which, in each case, shall be in a minimum principal amount of \$5,000,000 and integral multiples of \$1,000,000 in excess thereof), (B) the requested date for increase of the Revolving Credit Commitments or advance date of the proposed Incremental Term Loans comprising such new Tranche, and (C) with respect to any Incremental Term Loan, (1) the interest rate to be applicable to all Incremental Term Loans in such Tranche, (2) the amortization for all Incremental Term Loans in such Tranche, and (3) the amount of any upfront or closing fees to be paid by Borrowers to the

Lenders funding the Tranche of Incremental Term Loans requested. All Incremental Term Loans shall be denominated in Dollars. The terms and provisions of any Incremental Revolving Credit Commitment shall be identical to the corresponding Class of Revolving Credit Loans. Subject to the last sentence in Section 2.19(d), each Incremental Facility Notice delivered by Borrowers shall be irrevocable and shall be binding upon all Obligor. At the time of delivery of each Incremental Facility Notice, Borrowers shall also deliver to Administrative Agent a certificate of a Responsible Officer of Borrowers certifying that, except as provided in Section 1.7 to the extent acceptable to the Lenders and Additional Lenders providing any relevant Incremental Term Loan in connection with a Limited Condition Acquisition, (x) both immediately before and after giving effect to such Incremental Facility (and in the case of any Incremental Revolving Credit Commitments, treating such Incremental Revolving Credit Commitments as fully drawn), Borrowers would be in compliance with the Financial Covenants on a pro forma basis (and showing the calculations thereof) as of the end of the most recent Fiscal Quarter for which financial statements have been delivered (or are required to be delivered) to the Lenders pursuant to Section 5.1(a) or 5.1(b), and (y) no Default or Event of Default then exists or would be caused thereby.

(b) The aggregate principal amount of all Incremental Facilities made pursuant to this Section 2.19, shall not exceed, after giving effect thereto (and after giving effect to any acquisition consummated concurrently therewith and all other pro forma adjustment events) an amount equal to the greater of (i) \$250,000,000 and (ii) 100% of Applicable EBITDA.

(c) Repayments of the principal of any Incremental Term Loans may not be reborrowed. Each Tranche of Incremental Term Loans shall bear interest at (A) the Base Rate **plus** the Applicable Margin or (B) Term SOFR for the Interest Period therefor **plus** the Applicable Margin, in each case, as set forth in the Notice of Incremental Term Loan Borrowing related to such Tranche, and shall be subject to the amortization set forth in the applicable Notice of Incremental Term Loan Borrowing relating to such Tranche, **provided, however**, (1) the rate of interest payable on each Class of Initial Term Loans, Delayed Draw Term Loans, or any prior Tranche of Incremental Term Loans shall be increased as needed such that the all-in yield (as reasonably determined by Administrative Agent, taking into account the applicable interest rate margins, interest rate benchmark floors and all fees, including recurring, up-front or similar fees or original issue discount (amortized over the shorter of (x) the life of such Loans and (y) the 4 years following the date of incurrence thereof) payable generally to Lenders making such Loans, but excluding (i) any arrangement, structuring, underwriting, syndication, commitment or other fees payable in connection therewith that are not generally shared with the Lenders thereunder and (ii) any customary consent fees paid generally to consenting Lenders) payable on any Tranche of Incremental Term Loans shall not be more than (x) 0.50% greater than the all-in yield payable on the Initial Term A-1 Loans or Delayed Draw Term A-1 Loans, or (y) 0.25% greater than the all-in yield payable on the Initial Term A-2 Loans, Delayed Draw Term A-2 Loans or any prior Tranche of Incremental Term Loans at any time, (2) the final maturity date of any Tranche of Incremental Term Loans shall be no earlier than the Term Loan Maturity Date, (3) no Incremental Term Loans shall have the effect of reducing the scheduled amortization of the Initial Term Loans or Delayed Draw Term Loans then in effect immediately prior to such Incremental Term Loans, and (4) the scheduled amortization of the Incremental Term Loans of any Tranche shall not require a percentage of the Incremental Term Loans of such Tranche to be repaid in any Fiscal Quarter in excess of the Quarterly Percentage Amount in effect as of the last day of such Fiscal Quarter. All Incremental Term Loans shall for all purposes be Obligations hereunder and under the Loan Documents.

(d) Administrative Agent shall deliver a copy of each Incremental Facility Notice to such Lenders or other Persons that qualify as an Eligible Assignee as may be determined by Administrative Agent in its reasonable discretion with the approval of Borrowers or as may be specified by Borrowers with the consent of Administrative Agent. No Lender shall have any obligation to increase its Revolving Credit Commitment or fund any Incremental Term Loan, and any decision by a Lender to increase its Revolving Credit Commitment or fund any Incremental Term Loan shall be made in its sole discretion independently from any other Lender. Except as otherwise required by this Section 2.19, no Incremental Facility (or the establishment, effectiveness, provision, implementation, availability or funding thereof) shall require the approval of any existing Lender (other than in its capacity, if any, as a Lender providing all or part of a commitment in respect of any Incremental Facility), Administrative Agent, any other Secured Party or any other Person.

(e) If Administrative Agent receives commitments from Lenders and/or from any other Person that (i) qualifies as an Eligible Assignee and is reasonably acceptable to Borrowers and Administrative Agent and (ii) has agreed to become a Lender in respect of all or a portion of the Incremental Facility (an “**Additional Lender**”), in excess of the requested Incremental Facility, Administrative Agent shall have the right, in its sole discretion but with the consent of Borrowers, to reduce and reallocate (within the minimum and maximum amounts specified by each such Lender or Additional Lender in its notice to Administrative Agent) the shares of the Incremental Facility of the Lenders or Additional Lenders willing to fund (or commit to fund) such Incremental Facility so that the total committed Incremental Facility equals the requested Incremental Facility. If Administrative Agent does not receive commitments from Lenders (or Additional Lenders) in an amount sufficient to fund the requested Incremental Facility, Administrative Agent shall so notify Borrowers and the request for Incremental Facility shall be deemed automatically rescinded; **provided**, Borrowers may submit a replacement Incremental Facility Notice setting forth different terms for the requested Incremental Facility.

(f) An increase in the aggregate amount of any Class of Lenders’ Revolving Credit Commitments or an agreement to fund Incremental Term Loans, pursuant to this Section shall become effective upon the receipt by Administrative Agent of an agreement in form and substance reasonably satisfactory to Administrative Agent and Borrowers signed by each Obligor, by each Additional Lender and by each existing Lender whose Revolving Credit Commitment is to be increased or who has agreed to fund such Incremental Term Loans, setting forth the new Pro Rata Share, Revolving Credit Commitment and/or Incremental Term Loans of such Lenders and setting forth the agreement of each Additional Lender to become a party to this Agreement as a Lender and to be bound by all the terms and provisions hereof, together with officer’s certificates and ratification agreements executed by each Obligor and such evidence of appropriate corporate authorization on the part of each Obligor with respect to the requested Incremental Facility, any amendments to any other Loan Documents reasonably requested by Administrative Agent in relation to the requested Incremental Facility (which amendments to the Loan Documents (other than this Agreement) Administrative Agent is hereby authorized to execute on behalf of the Lenders), updates or endorsements to policies of title insurance (to the extent available at a commercially reasonable cost), flood hazard determination certificates (and, if applicable, evidence of flood insurance) with respect to each parcel of Mortgaged Property

located in the U.S. (if any), the results of lien searches from applicable jurisdictions, and such customary opinions of counsel for the Obligors with respect to the requested Incremental Facility and other assurances as Administrative Agent may reasonably request; **provided** that, any amendment to this Agreement that, in the reasonable opinion of Administrative Agent and Administrative Borrower, is necessary and appropriate to effect the provisions of this Section 2.19 may be made by Administrative Agent and Borrowers, without the consent of any other Lender or Issuing Lender. If, after giving effect to any Incremental Revolving Credit Commitment, the outstanding Revolving Credit Loans of the applicable Class would not be held pro rata in accordance with the new Revolving Credit Commitments of such Class, the Revolving Credit Lenders (including, without limitation, any Additional Lenders) of such Class shall, on the effective date of the applicable Incremental Facility, make advances among themselves so that after giving effect thereto the Revolving Credit Loans of such Class will be held by the Revolving Credit Lenders of such Class (including, without limitation, any Additional Lenders), on a pro rata basis in accordance with their respective Revolving Credit Commitments of such Class hereunder (after giving effect to the applicable Incremental Revolving Credit Commitment). Each Revolving Credit Lender agrees to wire immediately available funds to Administrative Agent in accordance with this Agreement as may be required by Administrative Agent in connection with the foregoing.

## **2.20 Cash Collateral.**

(a) Certain Credit Support Events. At any time that there shall exist a Defaulting Lender, within one Business Day following the written request of Administrative Agent or any Issuing Lender (with a copy to Administrative Agent), Borrowers shall Cash Collateralize Issuing Lender's Fronting Exposure with respect to such Defaulting Lender (determined after giving effect to Section 2.21(a)(iv)) and any Cash Collateral provided by such Defaulting Lender) in an amount not less than the Minimum Collateral Amount.

(b) Grant of Security Interest. Borrowers, and to the extent provided by any Defaulting Lender, such Defaulting Lender, hereby grant to Administrative Agent, for the benefit of Issuing Lender, and agree to maintain, a first-priority security interest in all such Cash Collateral as security for the Defaulting Lenders' obligation to fund participations in respect of LC Exposure, to be applied pursuant to Section 2.20(c). If at any time Administrative Agent determines that Cash Collateral is subject to any right or claim of any Person other than Administrative Agent and Issuing Lender as herein provided or that the total amount of such Cash Collateral is less than the Minimum Collateral Amount, Borrowers shall, promptly upon demand by Administrative Agent, pay or provide to Administrative Agent additional Cash Collateral in an amount sufficient to eliminate such deficiency (after giving effect to any Cash Collateral provided by the Defaulting Lender).

(c) Application. Notwithstanding anything to the contrary contained in this Agreement, Cash Collateral provided under Section 2.20 or 2.21 in respect of Letters of Credit shall be applied to the satisfaction of the Defaulting Lender's obligation to fund participations in respect of Letters of Credit (including, as to Cash Collateral provided by a Defaulting Lender, any interest accrued on such obligation) for which the Cash Collateral was so provided, prior to any other application of such property as may otherwise be provided for herein.

(d) Termination of Requirement. Cash Collateral (or the appropriate portion thereof) provided to reduce any Issuing Lender's Fronting Exposure shall no longer be required to be held as Cash Collateral pursuant to this Section 2.20 following (i) the elimination of the applicable Fronting Exposure (including by replacement of the Defaulting Lender pursuant to Section 2.18(b) or the termination of Defaulting Lender status of the applicable Lender), or (ii) the determination by Administrative Agent and each Issuing Lender that there exists excess Cash Collateral; **provided** that, subject to Section 2.21, the Person providing Cash Collateral and each Issuing Lender may agree that Cash Collateral shall be held to support future anticipated Fronting Exposure or other obligations and **provided further** that to the extent that such Cash Collateral was provided by Borrowers, such Cash Collateral shall remain subject to the security interest granted pursuant to the Loan Documents.

## 2.21 Defaulting Lenders.

(a) Defaulting Lender Adjustments. Notwithstanding anything to the contrary contained in this Agreement, if any Lender becomes a Defaulting Lender, then, until such time as such Lender is no longer a Defaulting Lender, to the extent permitted by applicable law:

(i) Waivers and Amendments. Such Defaulting Lender's right to approve or disapprove any amendment, waiver or consent with respect to this Agreement shall be restricted as set forth in the definition of "Majority Lenders" or "Required Lenders".

(ii) Defaulting Lender Waterfall. Any payment of principal, interest, fees, or other amounts received by Administrative Agent for the account of such Defaulting Lender (whether voluntary or mandatory, at maturity, pursuant to Section 8 or otherwise) or received by Administrative Agent from a Defaulting Lender pursuant to Section 10.8 shall be applied at such time or times as may be determined by Administrative Agent as follows: **FIRST**, to the payment of any amounts owing by such Defaulting Lender to Administrative Agent hereunder; **SECOND**, to the payment on a pro rata basis of any amounts owing by such Defaulting Lender to any Issuing Lender or Swingline Lender hereunder; **THIRD**, to Cash Collateralize Issuing Lender's Fronting Exposure with respect to such Defaulting Lender in accordance with Section 2.20; **FOURTH**, as Borrowers may request (so long as no Default or Event of Default exists), to the funding of any Loan in respect of which such Defaulting Lender has failed to fund its portion thereof as required by this Agreement, as determined by Administrative Agent; **FIFTH**, if so determined by Administrative Agent and Borrowers, to be held in a Deposit Account controlled by Administrative Agent and released pro rata in order to (x) satisfy such Defaulting Lender's potential future funding obligations with respect to Revolving Credit Loans or Delayed Draw Term Loans under this Agreement and (y) Cash Collateralize Issuing Lender's future Fronting Exposure with respect to such Defaulting Lender with respect to future Letters of Credit issued under this Agreement, in accordance with Section 2.20; **SIXTH**, to the payment of any amounts owing to the Lenders, Issuing Lender or Swingline Lender as a result of any judgment of a court of competent jurisdiction obtained by any Lender, Issuing Lender or Swingline Lender against such Defaulting Lender as a result of such Defaulting Lender's breach of its obligations under this Agreement; **SEVENTH**, so long as no Default or Event of Default exists, to the payment of any amounts owing to Borrowers as a result of any judgment of a court of competent jurisdiction obtained by Borrowers against such Defaulting Lender as a result of such Defaulting Lender's breach of its obligations under this Agreement; and **EIGHTH**, to such Defaulting Lender or as otherwise directed by a court of competent jurisdiction; **provided** that if (A) such payment is a payment of the principal amount of any Loans or LC Disbursements in respect of which such Defaulting Lender has not fully funded its appropriate share, and (B) such Loans were made or the related Letters of Credit were

issued at a time when the conditions set forth in Section 4.3 were satisfied or waived, such payment shall be applied solely to pay the Loans of, and LC Disbursements owed to, all Non-Defaulting Lenders on a pro rata basis prior to being applied to the payment of any Loans of, or LC Disbursements owed to, such Defaulting Lender until such time as all Loans and funded and unfunded participations in Letters of Credit are held by the Lenders pro rata in accordance with their respective Commitments without giving effect to Section 2.21(a)(iv). Any payments, prepayments or other amounts paid or payable to a Defaulting Lender that are applied (or held) to pay amounts owed by a Defaulting Lender or to post Cash Collateral pursuant to this Section 2.21(a)(ii) shall be deemed paid to and redirected by such Defaulting Lender, and each Lender irrevocably consents hereto.

(iii) Certain Fees.

(A) No Defaulting Lender shall be entitled to receive any commitment fee pursuant to Section 2.11(a) for any period during which that Lender is a Defaulting Lender (and Borrowers shall not be required to pay any such fee that otherwise would have been required to have been paid to that Defaulting Lender).

(B) Each Defaulting Lender shall be entitled to receive fees pursuant to Section 2.11(b)(i) for any period during which that Lender is a Defaulting Lender only to the extent allocable to its Pro Rata Share of the stated amount of Letters of Credit for which it has provided Cash Collateral pursuant to Section 2.20.

(C) With respect to any fee not required to be paid to any Defaulting Lender pursuant to Section 2.21(a)(iii)(A) or 2.21(a)(iii)(B), Borrowers shall (1) pay to each Non-Defaulting Lender that portion of any such fee otherwise payable to such Defaulting Lender with respect to such Defaulting Lender's participation in Letters of Credit or Swingline Loans that has been reallocated to such Non-Defaulting Lender pursuant to Section 2.21(a)(iv), (2) pay to each Issuing Lender and Swingline Lender, as applicable, the amount of any such fee otherwise payable to such Defaulting Lender to the extent allocable to such Issuing Lender's or Swingline Lender's Fronting Exposure to such Defaulting Lender, and (3) not be required to pay the remaining amount of any such fee.

(D) No Defaulting Lender shall be entitled to receive any default interest pursuant to Section 2.12.

(iv) Reallocation of Participations to Reduce Fronting Exposure. All or any part of such Defaulting Lender's participation in Letters of Credit and Swingline Loans shall be reallocated among the Non-Defaulting Lenders of the applicable Class of Loans in accordance with their respective Pro Rata Share of such Class (calculated without regard to such Defaulting Lender's Revolving Credit Commitment) but only to the extent that such reallocation does not cause any of the Revolving Credit Exposure of any Non-Defaulting Lender to exceed such Non-Defaulting Lender's Revolving Credit Commitment of any Class. Subject to Section 10.2, no reallocation hereunder shall constitute a waiver or release of any claim of any party hereunder against a Defaulting Lender arising from that Lender having become a Defaulting Lender, including any claim of a Non-Defaulting Lender as a result of such Non-Defaulting Lender's increased exposure following such reallocation.



(v) Cash Collateral, Repayment of Swingline Loans. If the reallocation described in Section 2.21(a)(iv) cannot, or can only partially, be effected, Borrowers shall, without prejudice to any right or remedy available to it hereunder or under law, first, prepay Swingline Loans in an amount equal to Swingline Lender's Fronting Exposure and second, Cash Collateralize Issuing Lender's Fronting Exposure in accordance with the procedures set forth in Section 2.20.

(b) Defaulting Lender Cure. If Borrowers, Administrative Agent, Swingline Lender, and Issuing Lender agree in writing that a Lender is no longer a Defaulting Lender, Administrative Agent will so notify the parties hereto, whereupon as of the effective date specified in such notice and subject to any conditions set forth therein (which may include arrangements with respect to any Cash Collateral), that Lender will, to the extent applicable, purchase at par that portion of outstanding Revolving Credit Loans of the applicable Class of Loans of the other Lenders or take such other actions as Administrative Agent may determine to be necessary to cause the Revolving Credit Loans of such Class and funded and unfunded participations in Letters of Credit and Swingline Loans to be held pro rata by the Revolving Credit Lenders of the applicable Class in accordance with the Revolving Credit Commitments of such Class (without giving effect to Section 2.21(a)(iv)), and reimburse each such Revolving Credit Lender for any costs of the type described in Section 2.15 incurred by any such Revolving Credit Lender as a result of such purchase, whereupon such Lender will cease to be a Defaulting Lender; **provided** that no adjustments will be made retroactively with respect to fees accrued or payments made by or on behalf of Borrowers while that Lender was a Defaulting Lender; and **provided, further**, that except to the extent otherwise expressly agreed by the affected parties, no change hereunder from Defaulting Lender to Lender will constitute a waiver or release of any claim of any party hereunder arising from that Lender's having been a Defaulting Lender.

(c) New Swingline Loans/Letters of Credit. So long as any Lender is a Defaulting Lender, (i) Swingline Lender shall not be required to fund any Swingline Loans unless it is satisfied that it will have no Fronting Exposure after giving effect to such Swingline Loan and (ii) no Issuing Lender shall be required to issue, extend, renew or increase any Letter of Credit unless it is satisfied that it will have no Fronting Exposure after giving effect thereto.

**2.22 Benchmark Replacement Setting.** Notwithstanding anything to the contrary herein or in any other Loan Document:

(a) Replacing CDOR. On May 16, 2022, Refinitiv Benchmark Services (UK) Limited ("**RBSL**"), the administrator of CDOR, announced in a public statement that the calculation and publication of all tenors of CDOR will permanently cease immediately following a final publication on Friday, June 28, 2024. Notwithstanding anything to the contrary herein or in any other Loan Document, on the date that all Available Tenors of CDOR have either permanently or indefinitely ceased to be provided by RBSL (the "**CDOR Cessation Date**"), if the then-current Benchmark with respect to amounts denominated in CAD is CDOR, the Benchmark Replacement with respect to CDOR will replace such Benchmark for all purposes hereunder and under any Loan Document in respect of any setting of such Benchmark on such day and all subsequent settings without any amendment to, or further action or consent of any other party to this Agreement or any other Loan Document. If the Benchmark Replacement with respect to CDOR is Daily Compounded CORRA, all interest payments will be payable on a quarterly basis.

(b) Replacing other Benchmarks. Upon the occurrence of a Benchmark Transition Event with respect to any currency, Administrative Agent and Administrative Borrower may amend this Agreement to replace the then-current Benchmark for such currency with a Benchmark Replacement. Any such amendment with respect to a Benchmark Transition Event will become effective at 5:00 p.m. (New York City time) on the fifth (5th) Business Day after Administrative Agent has posted such proposed amendment to all affected Lenders and Administrative Borrower so long as Administrative Agent has not received, by such time, written notice of objection to such amendment from Lenders comprising the Required Lenders. No replacement of a Benchmark with a Benchmark Replacement pursuant to this Section 2.22(b), will occur prior to the applicable Benchmark Transition Start Date.

(c) In connection with the use, administration, adoption or implementation of a Benchmark Replacement, Administrative Agent will have the right to make Conforming Changes from time to time and, notwithstanding anything to the contrary herein or in any other Loan Document, any amendments implementing such Conforming Changes will become effective without any further action or consent of any other party to this Agreement or any other Loan Document.

(d) Administrative Agent will promptly notify Administrative Borrower and the Lenders of (i) the implementation of any Benchmark Replacement and (ii) the effectiveness of any Conforming Changes in connection with the use, administration, adoption or implementation of a Benchmark Replacement. Administrative Agent will promptly notify Administrative Borrower of the removal or reinstatement of any tenor of a Benchmark pursuant to Section 2.22(e). Any determination, decision or election that may be made by Administrative Agent or, if applicable, any Lender (or group of Lenders) pursuant to this Section 2.22, including any determination with respect to a tenor, rate or adjustment or of the occurrence or non-occurrence of an event, circumstance or date and any decision to take or refrain from taking any action or any selection, will be conclusive and binding absent manifest error and may be made in its or their sole discretion and without consent from any other party to this Agreement or any other Loan Document, except, in each case, as expressly required pursuant to this Section 2.22.

(e) Notwithstanding anything to the contrary herein or in any other Loan Document, at any time (including in connection with the implementation of a Benchmark Replacement), (i) if the then-current Benchmark is a term rate (including the Term SOFR Reference Rate, Term CORRA or a Eurocurrency Rate) and either (A) any tenor for such Benchmark is not displayed on a screen or other information service that publishes such rate from time to time as selected by Administrative Agent in its reasonable discretion or (B) the administrator of such Benchmark or the regulatory supervisor for the administrator of such Benchmark has provided a public statement or publication of information announcing that any tenor for such Benchmark is not or will not be representative or in compliance with or aligned with the International Organization of Securities Commissions (IOSCO) Principles for Financial Benchmarks, then Administrative Agent may modify the definition of "Interest Period" (or any similar or analogous definition) for any Benchmark settings at or after such time to remove such unavailable, non-representative, non-compliant or non-aligned tenor and (ii) if a tenor that was removed pursuant to clause (i) above either (A) is subsequently displayed on a screen or information service for a Benchmark (including a Benchmark Replacement) or (B) is not, or is no longer, subject to an announcement that it is not or will not be representative or in compliance with or aligned with the International Organization of Securities Commissions (IOSCO) Principles for Financial Benchmarks for a Benchmark (including a Benchmark Replacement), then Administrative Agent may modify the definition of "Interest Period" (or any similar or analogous definition) for all Benchmark settings at or after such time to reinstate such previously removed tenor.

(f) Upon Administrative Borrower's receipt of notice of the commencement of a Benchmark Unavailability Period, Administrative Borrower may revoke any pending request for a Borrowing of, conversion to or continuation of Loans to be made, converted or continued during any Benchmark Unavailability Period and, failing that, Administrative Borrower will be deemed to have (x) converted any such request for Borrowings denominated in Dollars into a request for a Borrowing of or conversion to Base Rate Loans and (y) converted any such request for Borrowings denominated in an Other Currency into a request for a Borrowing of or conversion to Base Rate Loans denominated in Dollars (in an amount equal to the Dollar Equivalent of such Other Currency). During a Benchmark Unavailability Period with respect to the then current Benchmark for Dollars or at any time that a tenor for the then-current Benchmark is not an Available Tenor, the component of the Base Rate based upon the Term SOFR or such tenor of Term SOFR, as applicable, will not be used in any determination of the Base Rate.

(g) In connection with the use, administration of, or conventions associated with SOFR, Administrative Agent will have the right to make Conforming Changes from time to time and, notwithstanding anything to the contrary herein or in any other Loan Document, any amendments implementing such Conforming Changes will become effective without any further action or consent of any other party to this Agreement or any other Loan Document. Administrative Agent will reasonably promptly notify Administrative Borrower and the Lenders of the effectiveness of any such Conforming Changes.

(h) Notwithstanding anything to the contrary herein or in any Loan Document and subject to the proviso below in this clause, if a Term CORRA Transition Event and its related Term CORRA Transition Date have occurred, then on and after such Term CORRA Transition Date (i) the Benchmark Replacement described in clause (a)(i) of such definition will replace the then-current Benchmark with respect to amounts denominated in CAD for all purposes hereunder or under any Loan Document in respect of any setting of such Benchmark on such day and all subsequent settings, without any amendment to, or further action or consent of any other party to, this Agreement or any other Loan Document; and (ii) each Loan denominated in CAD outstanding on the Term CORRA Transition Date bearing interest based on the then-current Benchmark with respect to amounts denominated in CAD shall convert, at the start of the next interest payment period, into a Loan bearing interest at the Benchmark Replacement described in clause (a)(i) of such definition for the respective Available Tenor as selected by Administrative Borrower as is available for the then-current Benchmark; **provided** that, this clause (h) shall not be effective unless Administrative Agent has delivered to the applicable class of Lenders and Administrative Borrower a Term CORRA Notice.

**2.23 Disclaimer.** Administrative Agent does not warrant or accept any responsibility for, and shall not have any liability with respect to, the continuation of, administration of, submission of, calculation of, or any other matter related to the "Base Rate", "CDOR", "CORRA", "Daily Compounded CORRA", "EURIBOR", "Eurocurrency Rate", "SOFR", "Term CORRA", "Term SOFR", and the "Term SOFR Reference Rate" any component definition thereof or rates referenced in the definition thereof or any alternative or successor rate thereto, or

replacement rate thereof (including, without limitation), (a) any then-current Benchmark or any Benchmark Replacement, (b) any alternative, successor or replacement rate implemented pursuant to Section 2.22, whether upon the occurrence of a Benchmark Transition Event, and (c) the effect, implementation or composition of any Conforming Changes, including without limitation, (i) whether the composition or characteristics of any such alternative, successor or replacement reference rate for any currency will be similar to, or produce the same value or economic equivalence of, or have the same volume or liquidity as the Base Rate, the existing Benchmark or any subsequent Replacement Benchmark prior to its discontinuance or unavailability, and (ii) the impact or effect of any alternative, successor or replacement reference rate or Conforming Changes on any other financial products or agreements in effect or offered by or to any Obligor or Lender or any of their respective Affiliates, including, without limitation, any Swap Obligation or Hedging Agreement. Administrative Agent may select information sources or services in its reasonable discretion to ascertain the Base Rate or any Benchmark, in each case pursuant to the terms of this Agreement, and shall have no liability to Borrowers, any Lender or any other person or entity for damages of any kind, including direct or indirect, special, punitive, incidental or consequential damages, costs, losses or expenses (whether in tort, contract or otherwise and whether at law or in equity), for any error or calculation of any such rate (or component thereof) provided by any such information source or service. Administrative Agent and its affiliates or other related entities may engage in transactions that affect the calculation of the Base Rate, a Benchmark, any alternative, successor or replacement rate (including any Benchmark Replacement) and/or any relevant adjustments thereto, in each case, in a manner adverse to Borrower.

### 3. REPRESENTATIONS AND WARRANTIES

In order to induce Administrative Agent, the Lenders and Issuing Lender to enter into this Agreement, each Borrower represents and warrants to Administrative Agent, each Lender and Issuing Lender, on the Signing Date, the Initial Funding Date and on the date of each Credit Extension thereafter, that the following statements are true and correct in all material respects (unless any such representation or warranty is qualified as to materiality or Material Adverse Effect, in which case such representation and warranty shall be true and correct in all respects) (it being understood and agreed that the representations and warranties made on the Initial Funding Date are deemed to be made concurrently with the consummation of the Transactions contemplated hereby):

**3.1 Corporate Existence.** Each Obligor (a) is duly organized or formed, validly existing, and (to the extent such concept is applicable in the relevant jurisdiction) in good standing under the laws of the jurisdiction of its organization or formation, (b) has the requisite power (corporate or otherwise) and authority, and the legal right, to own and operate its properties, to lease the property it operates as lessee and to conduct the business in which it is currently engaged and intends to engage in upon the consummation of the Transactions except to the extent that failure to do so could not reasonably be expected to have a Material Adverse Effect, (c) is duly qualified as a foreign corporation and in good standing (to the extent such concept is applicable in the relevant jurisdiction) under the laws of each jurisdiction where its ownership, lease or operation of property or the conduct of its business requires such qualification, except to the extent that failure to do so could not reasonably be expected to have a Material Adverse Effect, and (d) maintains all material franchises, licenses, leases, permits, and approvals necessary in the normal conduct of its business.

**3.2 Corporate Power; Authorization; Enforceable Obligations.** Each Obligor has the power (corporate or similar power) and authority to execute, deliver and perform the Loan Documents to which it is a party and, in the case of Borrowers, to borrow hereunder and, in the case of each Guarantor, to guarantee the Obligations. Each Obligor, as applicable, has taken all necessary corporate or other action to authorize the Transactions and the execution, delivery and performance of the Loan Documents to which it is a party and, in the case of Borrowers, to authorize the borrowings on the terms and conditions of this Agreement and, in the case of each Guarantor, to authorize the guarantee of the Obligations. No material consent or authorization of, filing with, notice to, registration with or other act by or in respect of, any Governmental Authority or any other Person is required in connection with the execution, delivery and performance by each Obligor of the Loan Documents to which it is a party and the performance of each Obligor's obligations thereunder, except (a) approvals, exemptions, consents, authorizations, filings and notices which have been obtained or made and are in full force and effect, (b) the filings and recordings necessary to perfect Liens under the Security Documents, and (c) approvals, consents, exceptions, authorization, action, notice or filing under securities laws. Each Loan Document has been duly executed and delivered on behalf of each Obligor that is a party thereto. This Agreement constitutes, and each other Loan Document upon execution will constitute, a legal, valid, and binding obligation of each Obligor that is a party thereto, enforceable against each such Obligor in accordance with its terms, except as enforceability may be limited by (a) Debtor Relief Laws or similar laws of general applicability affecting the enforcement of creditors' rights, (b) the application of general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law), and (c) the need for filings and registrations necessary to create or perfect the Liens on the Collateral granted by the Obligors in favor of the Secured Parties.

**3.3 No Conflicts.** The execution, delivery, and performance of this Agreement and the other Transaction Documents by any Obligor and the borrowings hereunder and the use of the proceeds thereof will not (a) contravene the terms of the Organizational Documents of such Obligor, (b) violate (i) any material law, treaty, rule, or regulation or determination of an arbitrator or a court or other Governmental Authority, in each case applicable to or binding upon such Obligor or any of its property or to which such Obligor or any of its property is subject, or (ii) any Material Indebtedness or other material agreement, instrument, or other undertaking to which such Obligor is a party or by which it or any of its property is bound or, at any time prior to the completion of the Spin-Off, to which Kellogg is a party or any of its property is bound, and (c) will not result in, or require, the creation or imposition of any Lien on any Company's properties or revenues (other than the Liens created by the Security Documents).

**3.4 Financial Condition; No Material Adverse Change.**

(a) Financial Condition. Administrative Borrower has heretofore furnished to Administrative Agent and Lenders the combined balance sheets of North American Cereal Business of Kellogg Company, and the related combined statements of operations, comprehensive (loss) income, equity and cash flows (i) as of and for the Fiscal Year ended December 31, 2022, reported on by PricewaterhouseCoopers LLP, independent public accountants, and (ii) as of and for the Fiscal Quarter and the portion of the Fiscal Year ended July 1, 2023, certified by a Responsible Officer of Administrative Borrower. Such financial statements present fairly in all material respects, the financial position and results of operations and cash flows of Borrowers and their Subsidiaries as of such dates and for such periods in accordance with GAAP, subject to year-end audit adjustments and the absence of footnotes in the case of the statements referred to in clause (ii) of this [Section 3.4\(a\)](#).

(b) No Material Adverse Change. Since December 31, 2022, no events have occurred that either individually or in the aggregate could reasonably be expected to have a Material Adverse Effect.

### **3.5 Properties.**

(a) Property Generally. Each Company has, or will have the following the completion of the Internal Reorganization (i) good and legal title to (in the case of fee interests in real property), (ii) valid leasehold interests in (in the case of leasehold interests in real or personal property), and (iii) good and marketable title to (in the case of all other personal property), all of their respective assets, except for (x) Permitted Encumbrances, (y) minor defects in title to property that do not materially interfere with its ability to conduct its business as currently conducted or to use such property for its intended purposes and (z) as could not reasonably be expected, individually or in the aggregate, to result in a Material Adverse Effect. All such assets are, and will be following the completion of the Internal Reorganization, free and clear of Liens except for Permitted Encumbrances.

(b) Intellectual Property. (i) Each Company owns, or is licensed to use, and will own or be licensed to use following the completion of the Internal Reorganization, all trademarks, tradenames, copyrights, patents, designs, industrial designs and other intellectual property reasonably necessary to the conduct of its business, and, (ii) to its knowledge, the use thereof by any Obligor and its Subsidiaries does not infringe upon the rights of any other Person, in each case of (i) and (ii), except as could not, individually or in the aggregate, reasonably be expected to result in a Material Adverse Effect.

### **3.6 Litigation.**

(a) Actions, Suits and Proceedings. Except as set forth on Schedule 3.6 (to be updated on the Initial Funding Date, as applicable) (together with the matters described in any filings made by (or on behalf of) WKKC prior to the Signing Date with the SEC under the Exchange Act, the “**Disclosed Matters**”), there are no actions, suits, investigations, or proceedings by or before any arbitrator or Governmental Authority now pending against or, to the knowledge of any Borrower, threatened against any Company that (i) involve any of the Transaction Documents or any of the Transactions contemplated hereby or thereby, or (ii) that have a reasonable likelihood of adverse determination and such determination could reasonably be expected, individually or in the aggregate, to result in a Material Adverse Effect.

(b) Disclosed Matters. Since the Signing Date, there has been no change in the status of the Disclosed Matters (or any matter arising prior to the Signing Date and not required to be disclosed on Schedule 3.6) that, individually or in the aggregate, has resulted in or could reasonably be expected to result in a Material Adverse Effect.

**3.7 Compliance with Laws and Agreements.** Each Company is in compliance with all laws, regulations, orders, writs, injunctions, and decrees of any Governmental Authority applicable to it or its property, and all Material Indebtedness and all other indentures, agreements and other instruments binding upon it or its property, except where the failure to be in compliance, individually or in the aggregate, could not reasonably be expected to result in a Material Adverse Effect.

**3.8 Investment Company Status.** No Obligor is an “investment company” or a company “controlled” by an “investment company”, as defined in, or subject to regulation under, the Investment Company Act of 1940. No Obligor is subject to regulation under any other federal, provincial, territorial or state statute or regulation that limits its ability to incur Indebtedness or that otherwise renders all or any portion of the Obligations unenforceable.

**3.9 Taxes.** Each Company and its Tax Affiliates have filed or caused to be filed all federal and all material state, local and non-U.S. Tax returns and reports required to have been filed by their due date (including any extensions) and has paid or caused to be paid all Taxes shown therein to be due (including interest and penalties) and has paid all other material Taxes, except (a) Taxes that are being contested in good faith by appropriate proceedings diligently conducted and for which such Person has set aside on its books adequate reserves in accordance with the GAAP, (b) Taxes which are not yet delinquent for a period of more than thirty (30) days or (c) to the extent that the failure to do so could not reasonably be expected to have a Material Adverse Effect. There is no tax assessment proposed in writing, or to the knowledge of any Obligor, threatened in writing, against any Company or Tax Affiliates that could, if made, be reasonably expected to have a Material Adverse Effect.

**3.10 ERISA.** Except as could not reasonably be expected, either individually or in the aggregate, to have a Material Adverse Effect, with respect to each employee benefit plan sponsored by, or contributed to by, any Company or for which any Company has any liability: (a) such employee benefit plan is in compliance with the applicable provisions of ERISA, the Code and other federal, provincial, territorial or state Laws, (b) such employee benefit plan that is intended to be a qualified plan under Section 401(a) of the Code has received a favorable determination letter from the IRS, or an application for such a letter is currently being processed by the IRS, and, to the knowledge of any Company, nothing has occurred that would prevent or cause the loss of such tax-qualified status, (c) there are no pending or, to the knowledge of any Company, threatened or contemplated claims, actions or lawsuits, or action by any Governmental Authority, and (d) there has been no non-exempt prohibited transaction under Section 406 of ERISA or violation of ERISA’s fiduciary responsibility rules. No ERISA Event has occurred or is reasonably expected to occur that, when taken together with all other such ERISA Events for which liability is reasonably expected to occur, could result in a Material Adverse Effect. No Company nor any of its ERISA Affiliates reasonably anticipates that any Material Adverse Effect will arise from any increase either in the annual financial expense for any Plan or Multiemployer Plan (determined in accordance with Statement of Financial Accounting Standards No. 87) or in the annual minimum funding contribution for any Plan or Multiemployer Plan (determined in accordance with the assumptions used for funding such Plan or Multiemployer Plan pursuant to Section 412, 430, 431 or 432 of the Code). None of the assets of any Company or its ERISA Affiliates is the subject of any Lien arising under Section 303(k) of ERISA or Section 430(k) of the Code, and there are no facts which could reasonably be expected to give rise to such a Lien. Except as could not reasonably be expected to result in a Material Adverse Effect, no Plan is in at-risk status (within the meaning of Section 430 of the Code) and no Multiemployer Plan is subject to the additional funding rules of Section 432 of the Code for multiemployer plans that are in endangered or critical status. No Obligor is nor will be a Benefit Plan. To the extent applicable, and except as could not reasonably be expected to result in a Material Adverse Effect, each employee benefit plan, program, scheme, arrangement or agreement maintained or contributed to by a Borrower or any Subsidiary with respect to employees employed outside the United States (other than any governmental arrangement) has been maintained in compliance with its terms and with the requirements of any and all applicable requirements of Law and neither Borrowers nor any Subsidiary has incurred any material obligation.

### 3.11 Disclosure.

(a) All financial projections and forecasts delivered to Administrative Agent and the Lenders in connection with this Agreement have been prepared by Borrowers in good faith based upon reasonable assumptions believed by Borrowers to be reasonable at the time made available to Administrative Agent and the Lenders, it being recognized by Administrative Agent and the Lenders that such projections are as to future events and are not to be viewed as facts and are subject to significant uncertainties and contingencies, many of which are beyond Borrowers' control, that no assurance can be given that any particular projection will be realized, and that actual results during the period or periods covered by such projections may differ significantly from the projected results and such differences may be material.

(b) All information (other than the projections and forecasts described in Section 3.11(a) and other forward-looking statements, budgets, estimates and information of a general economic or industry nature) furnished by or on behalf of any Obligor, to Administrative Agent or any Lenders in connection with the transactions contemplated hereby and the negotiation of this Agreement and the other Loan Documents or delivered hereunder or thereunder (as modified or supplemented by other information so furnished) is, when furnished and taken as a whole, complete and correct in all material respects and does not or will not, when furnished and taken as a whole, contain any untrue statement of a material fact or omit to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading in any material respect.

(c) The information included in the most recent Beneficial Ownership Certification delivered by Borrowers pursuant to Section 4.1(d) or Section 5.1 is true and correct in all material respects.

**3.12 Use of Credit.** No Company is engaged principally, or as one of its important activities, in the business of extending credit for the purpose, whether immediate, incidental or ultimate, of buying or carrying Margin Stock, and no part of the proceeds of any extension of credit hereunder will be used to buy or carry any Margin Stock or to extend credit to others for the purpose of purchasing or carrying any Margin Stock. The proceeds of the Loans have been used and will be used, whether directly or indirectly, in accordance with Section 6.14.

**3.13 Affected Financial Institutions.** No Obligor is an Affected Financial Institution.

### **3.14 Capitalization; Existing Subsidiaries; Investments.**

(a) Signing Date. Set forth in Part A of Schedule 3.14 is a complete and correct list of the exact legal name (as reflected in the certificate of incorporation or formation) of (x) each Borrower and (y) each Person that will be a Subsidiary of Borrowers on the Initial Funding Date after giving effect to the Internal Reorganization and the Distribution, together with, in each case (i) the jurisdiction of organization of each such Person on the Signing Date; (ii) the authorized, issued and outstanding Equity Interests issued by each Borrower as of the Signing Date; (iii) each Person that will be holding Equity Interests in any Subsidiary of WKKC on the Initial Funding Date; and (iv) the percentage of ownership of such Subsidiary to be represented by such Equity Interests on the Initial Funding Date. As of the Signing Date,



Borrowers own, free and clear of Liens, and has the unencumbered right to vote, all outstanding Equity Interests in each of its Subsidiaries on the Signing Date, and all of the issued and outstanding Equity Interests of each Borrower is (or will be) validly issued, fully paid (if applicable) and non-assessable. As of the Signing Date, there are no outstanding commitments or other obligations of Borrowers to issue, and no options, warrants or other rights of any Borrower to acquire, any shares of any class of Equity Interests of any Borrower or any Subsidiary, other than pursuant to the Spin-Off Documents and the Transfer Documents (as defined in the Separation Agreement).

(b) Initial Funding Date. Set forth in Part B of Schedule 3.14 (to be delivered on the Initial Funding Date) is a complete and correct list of the exact legal name (as reflected in the certificate of incorporation or formation) of each Company as of the Initial Funding Date (after giving effect to the Internal Reorganization and the Distribution), together with (i) the jurisdiction of organization of each Company; (ii) each Person holding Equity Interests in any Subsidiary of WKKC; (iii) the authorized, issued and outstanding Equity Interests issued by each Company; (iv) the Equity Interests in any Subsidiary held by such Company; and (v) the percentage of ownership of such Subsidiary represented by such Equity Interests. As of the Initial Funding Date, except as otherwise permitted on Schedule 4.2, each of Borrowers and the Subsidiaries owns, free and clear of Liens (other than Liens created pursuant to the Security Documents and Permitted Encumbrances), and has the unencumbered right to vote, all outstanding Equity Interests in each Person shown to be held by it in Part B of Schedule 3.14, and all of the issued and outstanding Equity Interests of each such Person organized as a corporation or limited liability company is validly issued, fully paid (if applicable) and, with respect to any corporation, non-assessable. As of the Initial Funding Date, there are no outstanding commitments or other obligations of Borrowers or any Subsidiary to issue, and no options, warrants or other rights of any Person to acquire, any shares of any class of Equity Interests of any Borrower or any Subsidiary, except as set forth on Schedule 4.2.

(c) Investments. Set forth in Part C of Schedule 3.14 is a complete and correct list of all Equity Interests in any other Persons (other than in Subsidiaries disclosed in Part B of Schedule 3.14) held by any Company on the Initial Funding Date and, for each such Investment, (i) the identity of the Company holding such Investment and (ii) if known, the percentage of such Company's ownership interest in the Person subject to such Investment.

**3.15 Real Property.** Set forth on Part 1 of Schedule 3.15 (to be updated on the Initial Funding Date and upon the occurrence of a Mortgage Trigger Event, as applicable) is a complete and correct list as of the applicable Schedule Date of all of the Material Real Property owned by any Company, indicating in each case the use of the respective property, the identity of the owner, and the location of the respective property. Each Obligor maintains flood insurance for each of the Mortgaged Properties located in the U.S., if any (or the portion of such properties that contains improvements located in an area identified as having special flood hazards) (a) in an amount equal to the lesser of (i) the fair market value of each such property or (ii) the maximum available insurance amount under the National Flood Insurance Act of 1968 and (b) with a deductible not exceeding the maximum amount allowable under the National Flood Insurance Act of 1968. Each Company has good, marketable, and insurable fee simple title to the real property owned by such Person, free and clear of all Liens, other than Permitted Encumbrances.

**3.16 Environmental Matters.** Other than exceptions to any of the following that could not, individually or in the aggregate, reasonably be expected to result in a Material Adverse Effect:

(a) the Companies: (i) are, and within the period of all applicable statutes of limitation have been, in compliance with all applicable Environmental Laws; and (ii) hold, and are in compliance with, all permits, licenses, approvals, registrations, notifications, exemptions and other authorizations required under any Environmental Law (each of which is in full force and effect) required for any of their current operations or for any property owned, leased, or otherwise operated by any of them;

(b) Hazardous Materials are not present at, on, under, in, or about any real property now or formerly owned, leased, or operated by any Company, or at any other location (including, without limitation, any location to which Hazardous Materials have been sent for re-use or recycling or for treatment, storage, or disposal) which could reasonably be expected to (i) give rise to material liability of any Company under any applicable Environmental Law or otherwise result in material costs to any Company, or (ii) interfere with a Company's continued operations, or (iii) impair the fair saleable value of any material real property owned or leased by any Company;

(c) there is no judicial, administrative, or arbitral proceeding (including any written notice of violation or alleged violation) under or relating to any Environmental Law to which, any Company is, or to the knowledge of Borrowers, any Company will be, named as a party that is pending or, to the knowledge of Borrowers, threatened;

(d) no Company has received any written request for information, or been notified in writing that it is a potentially responsible party under or relating to the federal Comprehensive Environmental Response, Compensation, and Liability Act or any similar Environmental Law, or with respect to any Hazardous Materials; and

(e) no Company has entered into or agreed to any consent decree, order, or settlement or other agreement, or is subject to any judgment, decree, or order or other agreement, in any judicial, administrative, arbitral, or other forum for dispute resolution, relating to compliance with or liability under any Environmental Law.

**3.17 Sanctions/Anti-Corruption Representations.**

(a) No Obligor nor any of its Subsidiaries is in violation of any Anti-Terrorism Laws, Anti-Corruption Laws, or Sanctions or engages in or conspires to engage in any transaction that evades or avoids, or has the purpose of evading or avoiding, or attempts to violate, any of the prohibitions set forth in any Anti-Terrorism Laws, Anti-Corruption Laws, or Sanctions.

(b) No Obligor, any of its Subsidiaries or any director, officer, nor to its knowledge, any employee or agent of any Obligor or any of its Subsidiaries is a Person (each such Person, a "**Sanctioned Person**") that is, or is owned or controlled (as such terms are defined in relevant Sanctions) by Persons that are: (i) the subject of any Sanctions, or (ii) located, organized or resident in a region, country or territory that is, or whose government is, the subject of Sanctions, which as of the Signing Date are the Region of Crimea, Cuba, Iran, North Korea, Syria, and the Donetsk People's Republic and Luhansk People's Republic regions of Ukraine.

**3.18 Insurance.** The properties of each Obligor and its Subsidiaries are insured with financially sound and reputable insurance companies not Affiliates of any Obligor, in such amounts, in the good faith determination of Borrowers and giving effect to any self-insurance, with such deductibles and covering such risks as are customarily carried by companies engaged in similar businesses and owning similar properties in localities where any Obligor or the applicable Subsidiary operates.

**3.19 Labor Matters, Etc.** Except as set forth on Schedule 3.19 (to be updated on the Initial Funding Date, as applicable) as of the applicable Schedule Date, no Obligor nor any of its Subsidiaries are party to or bound by any collective bargaining agreement. There are no strikes, concerted lockouts, concerted work stoppages or other labor disputes against any Obligor or any of its Subsidiaries, or, to the best of any Obligor's knowledge, threatened in writing to be brought against any Obligor or any of its Subsidiaries, in each case, which could reasonably be expected to result in a Material Adverse Effect.

**3.20 Solvency.** Each Borrower is, and will be after giving effect to the Transactions, individually and together with its Subsidiaries, on a consolidated basis, Solvent.

**3.21 No Burdensome Restriction.** No Obligor nor any of its Subsidiaries is a party to or bound by any provision of any security issued by such Person or of any agreement, instrument or other undertaking to which such Person is a party or by which it or any of its property is bound, or subject to any restriction in its Organizational Documents or any applicable law or regulation of any Governmental Authority, which could reasonably be expected to have a Material Adverse Effect.

**3.22 Security Documents.** The provisions of the Security Documents (taken as a whole) are or upon execution and delivery will be effective to create in favor of Administrative Agent for the benefit of the Secured Parties a valid and enforceable (except as such enforceability may be limited by (a) Debtor Relief Laws or similar laws of general applicability affecting the enforcement of creditors' rights, (b) the application of general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law) and (c) the effect of foreign laws, rules and regulations as they relate to pledges of Equity Interests in or Indebtedness owed by Foreign Subsidiaries) first-priority Lien (subject only to Permitted Encumbrances) on all right, title and interest of each Obligor in the Collateral described therein. When all appropriate filings or recordings are made in the appropriate offices or other perfection action taken as contemplated hereby and by the Security Documents, the Liens created by each such Security Document will constitute fully perfected first priority Liens (subject to the Permitted Encumbrances) on and security interests in all right, title and interest of the Obligors in such Collateral subject to the limitations and exceptions set forth in the Security Documents.

### **3.23 Surety Representations.**

(a) Independent Analysis. Each Borrower has, independently and without reliance upon Administrative Agent and any Lender and based upon such documents and information as it has deemed appropriate, made its own analysis and decision to enter into the Loan Documents to which it is a party.

(b) Obligor Information. Each Borrower has adequate means to obtain from the other Obligors on a continuing basis information concerning the financial condition and assets of the other Obligors and it is not relying upon Administrative Agent or any Lender to provide (and neither Administrative Agent nor any Lender shall have any duty to provide) any such information to it either now or in the future.

(c) Benefit of Loan Documents. The value of the consideration received and to be received by such Borrower as a result of the other Borrowers, Administrative Agent and the other Lender's entering into this Agreement and each Obligor executing and delivering the Loan Documents to which it is a party, is reasonably worth as least as much as the liability and obligation of each Borrower under the Loan Documents to which it is a party, and such liability and obligation and this Agreement have benefited and may reasonably be expected to benefit each Borrower directly or indirectly.

**3.24 Canadian Defined Benefit Plans.** No Obligor has sponsored, maintained, participated in, contributed to, or otherwise incurred liability under any Canadian Defined Benefit Plan.

#### 4. CONDITIONS PRECEDENT

**4.1 Signing Date.** This Agreement and the Commitments hereunder shall become effective on the date on which each of the following conditions is satisfied (or waived in accordance with Section 10.2):

(a) Administrative Agent shall have received duly executed copies of this Agreement and the Fee Letters from each party thereto, each executed and delivered as of the Signing Date.

(b) Administrative Agent shall have received such customary documents and certificates as Administrative Agent may reasonably request relating to the organization, existence and good standing (to the extent such concept is applicable in the relevant jurisdiction) of each Borrower, as in effect on the Signing Date, the authorization of this Agreement and the Financing Transactions, the identity, authority and capacity of each Responsible Officer authorized to act on behalf of a Borrower in connection with this Agreement and any other legal matters relating to the Obligors, this Agreement, or the Transactions, in each case reasonably satisfactory to Administrative Agent.

(c) Administrative Agent and the Lenders shall have received (i) the financial statements of the North American Cereal Business of Kellogg Company referenced in Section 3.4(a) and (ii) a business plan and budget of the Consolidated Group, including forecasts prepared by management of Administrative Borrower, of consolidated balance sheets and statements of income or operations and cash flows of the Consolidated Group, prepared after giving effect to the Transactions, and on an annual basis through 2028.

(d) Administrative Agent and each Lender shall have received (i) all documents, certificates, and other information requested by each Lender pursuant to Section 10.13 and (ii) at least five days prior to the Signing Date, with respect to any Borrower that qualifies as a "legal entity customer" under the Beneficial Ownership Regulation, a Beneficial Ownership Certification in relation to such Borrower.

**4.2 Initial Funding Date.** The obligations of the Lenders to make Loans and of Issuing Lender to issue Letters of Credit hereunder shall not become effective until the date on which each of the following conditions is satisfied (or waived in accordance with Section 10.2), in each case in form and substance reasonably acceptable to Administrative Agent:

(a) The Signing Date shall have occurred.

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(b) Administrative Agent shall have received a Borrowing Request in accordance with the requirements of this Agreement.

(c) Administrative Agent and the Lenders shall have received true and complete copies of each of the Spin-Off Documents, in each case executed by all of the parties thereto (provided if any such Spin-Off Document relating solely to the Distribution (and not the Internal Reorganization) shall not have been executed on or prior to the Initial Funding Date, then such Spin-Off Document shall be in final, executable form and will be executed on the Spin Date) and, to the extent requested by Administrative Agent at least three (3) Business Days prior to the Initial Funding Date, all other material agreements entered into in connection with the Spin-Off. The terms of all such agreements shall be consistent in all material respects with the information set forth in, and the forms of such agreements publicly filed with, the Form 10, or delivered to the Administrative Agent, on the Business Day preceding the Signing Date, or otherwise reasonably satisfactory to Administrative Agent, and no term or condition of such agreements shall have been waived, amended or otherwise modified in a manner material and adverse to the rights or interests of the Lenders without the prior approval of Administrative Agent, it being agreed that Administrative Agent will act reasonably in making any such determination (and if Administrative Borrower notifies Administrative Agent of any such waiver, amendment or modification, Administrative Agent shall, upon request of Administrative Borrower in writing, confirm to Administrative Borrower whether any such prior approval is required).

(d) The Form 10 shall have been declared effective by the SEC and except as otherwise set forth on Schedule 4.2, all conditions to the Internal Reorganization and the Distribution set forth in the Form 10 and the Separation Agreement (including Section 3.3(a) thereof but excluding clause (vii) of such Section 3.3(a)) shall have been satisfied or waived (in the case of any waiver material and adverse to the rights or interests of the Lenders, subject to the receipt of the prior consent of Administrative Agent), the Borrower shall have delivered to Administrative Agent the Spin-Off Certificate, and, subject to Schedule 4.2, the Internal Reorganization and the Kellogg Cash Transfer shall have been consummated or shall be consummated on the Initial Funding Date following the making of the Initial Term Loans, on terms consistent with applicable law and, in all material respects, with the information set forth in, and the forms of agreements filed with, the Form 10 (on its effective date under the Exchange Act) and the pro forma financial information heretofore delivered to Administrative Agent and the Lenders. There shall be no material payments by Borrowers to Kellogg in connection with the consummation of the Spin-Off other than the payment of the Kellogg Cash Transfer and the other payments described in the Form 10 (on its effective date under the Exchange Act), and the assets, liabilities and capitalization of Borrowers after giving effect to the Kellogg Cash Transfer and all related transactions shall be consistent in all material respects with the pro forma financial statements heretofore delivered to the Lenders.

(e) The Lenders shall have received a favorable solvency certificate from the chief financial officer of Administrative Borrower dated as of the Initial Funding Date (and after giving effect to the Transactions) and in customary form and certifying that a favorable solvency opinion (as to solvency of Borrowers and their Subsidiaries) will be delivered on the Spin Date by a nationally recognized advisory firm to the Board of Directors of Kellogg.

(f) There shall be no litigation or administrative proceeding that would reasonably be expected to have a material adverse effect on the Spin-Off or the Loan Documents.

(g) All governmental and third party approvals necessary in connection with the Transactions shall have been obtained and be in full force and effect.

(h) Administrative Agent shall have received duly executed copies of the Guaranty Agreement, each of the Security Agreements, the Collateral Information Certificate, and each of the other Security Documents required to be delivered on the Initial Funding Date pursuant to the applicable Security Agreement.

(i) Administrative Agent shall have received such customary documents and certificates as Administrative Agent may reasonably request relating to the organization, existence and good standing of each Obligor, the authorization of the Transactions and the identity, authority and capacity of each Responsible Officer authorized to act on behalf of an Obligor in connection with the Loan Documents, in each case reasonably satisfactory to Administrative Agent.

(j) Administrative Agent shall have received the results, dated as of a recent date prior to the Initial Funding Date, of searches conducted (i) in the UCC and PPSA filing records in each of the governmental offices in each jurisdiction in the U.S. and Canada in which any Obligor is located and the applicable governmental office in each jurisdiction in which any personal property and fixture Collateral is located, (ii) of the records maintained by the U.S. Patent and Trademark Office and the U.S. Copyright Office with respect to all United States patents and patent applications, all United States registered trademarks and trademark applications and all United States registered copyrights and copyright applications constituting part of the Collateral, and (iii) of the records maintained by the Canadian Intellectual Property Office with respect to all Canadian registered patents and patent applications, all Canadian registered trademarks and trademark applications and all Canadian registered copyrights and copyright applications, which in each case shall have revealed no Liens with respect to any of the Collateral except Permitted Encumbrances or Liens as to which Administrative Agent shall have received (and is authorized to file) termination statements or documents (Form UCC-3 or such other termination statements or documents as shall be required by applicable law) fully executed or in appropriate form for filing. In addition, Administrative Agent shall have received evidence that all filings, registrations and recordings have been made in the appropriate governmental offices, and all other action has been taken, that Administrative Agent deems necessary or desirable in order to create, in favor of Administrative Agent on behalf of the Secured Parties, a perfected first-priority Lien on the Collateral described in the Security Agreements, subject to no other Liens except for Permitted Encumbrances. Without limiting the foregoing, each Obligor shall deliver to Administrative Agent: (x) all certificates, if any, representing the outstanding Equity Interests constituting Collateral of each Subsidiary owned by or on behalf of such Obligor as of the Initial Funding Date after giving effect to the Transactions, promissory notes constituting Collateral, if any, evidencing all Indebtedness owed to such Obligor as of the Initial Funding Date after giving effect to the Transactions to the extent required to be pledged pursuant to any Security Agreement, and stock powers and instruments of transfer, endorsed in blank, with respect to such stock certificates and promissory notes, to the extent required pursuant to any Security Agreement; and (y) all documentation, including UCC financing statements and PPSA filings, required by law or reasonably requested by Administrative Agent to be filed, registered or recorded to create or perfect the Liens intended to be created under the Security Agreements.

(k) [Reserved].

(l) Administrative Agent shall have received customary opinions (addressed to Administrative Agent, the Lenders, Swingline Lender and Issuing Lender and dated the Initial Funding Date) of counsel to each Obligor (including New York counsel and counsel for each other jurisdiction in which an Obligor is organized) regarding the Obligors, this Agreement, the Loan Documents, the Transactions and such other matters as Administrative Agent shall reasonably request.

(m) Administrative Agent shall have received evidence that all insurance required to be maintained under this Agreement and the Security Documents has been obtained and is in effect, together with the certificates of insurance, naming Administrative Agent, on behalf of the Lenders and Issuing Lender, as an additional insured and a lender's loss payee, as the case may be, under all insurance policies maintained with respect to the assets and properties of the Obligors that constitute Collateral and all endorsements thereto required under this Agreement and the Security Documents.

(n) Administrative Agent shall have received a certificate of a Responsible Officer of Administrative Borrower, dated the Initial Funding Date, certifying (i) that the representations and warranties of each Obligor set forth in this Agreement and of the other Loan Documents to which it is a party are true and correct in all material respects (and in all respects if qualified by Material Adverse Effect or other materiality qualifier) on and as of the Initial Funding Date except to the extent any such representation or warranty is stated to relate solely to an earlier date, in which case such representation or warranty shall have been true and correct in all material respects (and in all respects if qualified by Material Adverse Effect or other materiality qualifier) on and as of such earlier date, (ii) that, as of the Initial Funding Date, no Default shall have occurred and be continuing, (iii) to the pro forma Consolidated Net Leverage Ratio on the Initial Funding Date (after giving effect to the Transaction), as of the last day of the most recent period of four consecutive Fiscal Quarters of Administrative Borrower for which financial statements have been delivered (or are required to be delivered) to Administrative Agent (including pursuant to Section 4.1(c)), together with the calculations thereof, (iv) that a customary legal opinion will be issued to Kellogg upon the completion of the Spin-Off confirming the tax free nature of the Spin-Off and (v) compliance with the condition set forth in clause (d) of this Section 4.2.

(o) Evidence that Borrower has made a minimum equity investment of \$1,000 in CoBank.

(p) Evidence that Borrowers shall have paid all accrued fees and expenses of Administrative Agent and the Lenders as required to be paid on the Initial Funding Date under the terms of the Fee Letters or any other letter agreements between Borrowers and Administrative Agent, including (unless waived by Administrative Agent) the fees, charges and disbursements of Greenberg Traurig, LLP, special New York counsel to Administrative Agent, and counsel to Administrative Agent in each local jurisdiction, in connection with the negotiation, preparation, execution, and delivery of the Loan Documents (directly to such counsel if requested by Administrative Agent) to the extent invoiced two (2) Business Days prior to or on the Initial Funding Date and to the extent required to be reimbursed pursuant to the terms hereof,

**plus** such additional amounts of such fees, charges, and disbursements as shall constitute its reasonable estimate of such fees, charges, and disbursements incurred or to be incurred by it through the closing proceedings (**provided** that such estimate shall not thereafter preclude a final settling of accounts between Borrowers and Administrative Agent).

(q) Administrative Agent shall have received updated disclosure schedules to this Agreement (including Schedule 4.2) reflecting updates after giving effect to the Internal Reorganization and related Transactions, which schedules shall be reasonably acceptable to Administrative Agent.

Administrative Agent shall notify Borrowers, Issuing Lender, and the Lenders of the Initial Funding Date, and such notice shall be conclusive and binding. Notwithstanding the foregoing, the obligations of the Lenders to make Loans and of the Issuing Lender to issue Letters of Credit hereunder shall not become effective unless each of the foregoing conditions is satisfied (or waived pursuant to Section 10.2) at or prior to 3:00 p.m., New York City time, on December 29, 2023 (and, in the event such conditions are not so satisfied or waived, the Commitments shall terminate at such time).

**4.3 Each Credit Event.** The obligation of any Lender or Issuing Lender to make a Credit Extension hereunder is subject to the satisfaction of the following conditions:

(a) the representations and warranties of each Obligor set forth in this Agreement and of the other Loan Documents to which it is a party, shall be true and correct in all material respects (unless any such representation or warranty is qualified as to materiality or Material Adverse Effect, in which case such representation and warranty shall be true and correct in all respects) on and as of the date of such Credit Extension, both before and immediately after giving effect thereto, except to the extent that such representations and warranties specifically refer to an earlier date, in which case they shall be true and correct in all material respects (unless any such representation or warranty is qualified as to materiality or Material Adverse Effect, in which case such representation and warranty shall be true and correct in all respects) as of such earlier date, and except that for purposes of this Section 4.2 and after the delivery of any statements furnished pursuant to Sections 5.1(a) and 5.1(b), the representations and warranties contained in Section 3.4(a) shall be deemed to refer to the most recent statements furnished pursuant to Sections 5.1(a) and 5.1(b), respectively;

(b) at the time of and immediately after giving effect to such Credit Extension, no Default shall have occurred and be continuing;

(c) at the time of and immediately after giving effect to such Credit Extension, (i) the total Revolving Multicurrency Tranche Exposures shall not exceed the total Revolving Multicurrency Tranche Commitments, (ii) the total Revolving USD Tranche Exposures shall not exceed the total Revolving USD Tranche Commitments, and (iii) the total Revolving Credit Exposures shall not exceed the total Revolving Credit Commitments; and

(d) Administrative Agent and, if applicable, Issuing Lender or Swingline Lender shall have received a Borrowing Request, or a notice requesting the issuance, amendment, renewal, or extension of such Letter of Credit, as the case may be, in each case, in accordance with the requirements of this Agreement.



Each Borrower shall be deemed to make a representation and warranty to Administrative Agent, the Lenders, and Issuing Lender on the date of each Credit Extension hereunder as to the matters specified in clauses (a), (b), and (c) of this Section 4.3.

## 5. AFFIRMATIVE COVENANTS

Each Borrower hereby covenants and agrees with Administrative Agent, Issuing Lender, and the Lenders that it shall, and shall cause its Subsidiaries to, perform and observe each of the following covenants:

**5.1 Financial Statements and Other Information.** Administrative Borrower shall deliver to Administrative Agent (for distribution to each Lender):

(a) within 120 days after the end of each Fiscal Year of Administrative Borrower (or, if earlier, within five (5) days following the date that the Annual Report on Form 10-K of Administrative Borrower for such fiscal year would be required to be filed under the rules and regulations of the SEC, giving effect to any automatic extension available thereunder for the filing of such form), commencing with the Fiscal Year ending December 31, 2023, (i) the audited consolidated balance sheet and related statements of operations, stockholders' equity and cash flows of the Consolidated Group as of the end of and for such year, setting forth in each case in comparative form the figures for the previous Fiscal Year (to the extent such comparisons are available), and reported on by independent public accountants of recognized national standing reasonably acceptable to Administrative Agent (such approval not to be unreasonably withheld, conditioned, denied or delayed) (including any "big four" auditors) (without a "going concern" or like qualification or exception and without any qualification or exception as to the scope of such audit (except for any qualification pertaining to the maturity of any Loans occurring within twelve (12) months of the relevant audit)) to the effect that such consolidated financial statements present fairly in all material respects the financial condition and results of operations of the Consolidated Group in accordance in all material respects with GAAP consistently applied, and (ii) a certification of a Responsible Officer of Administrative Borrower that such consolidated financial statements present fairly in all material respects the financial condition and results of operations of the Consolidated Group in accordance with GAAP consistently applied;

(b) within 60 days after the end of each of the first three Fiscal Quarters of each Fiscal Year commencing with the Fiscal Quarter ending September 30, 2023, (i) its consolidated balance sheet and related statements of operations, stockholders' equity and cash flows of the Consolidated Group as of the end of and for such Fiscal Quarter and the then elapsed portion of the Fiscal Year, setting forth in each case in comparative form the figures for (or, in the case of the balance sheet, as of the end of) the corresponding period or periods of the previous Fiscal Year (to the extent such comparisons are available), and (ii) a certification of a Responsible Officer of Administrative Borrower that such consolidated financial statements present fairly in all material respects the financial condition and results of operations of the Consolidated Group in accordance with GAAP consistently applied, subject to normal year-end audit adjustments and the absence of footnotes;

(c) concurrently with any delivery of financial statements under clause (a) or (b) of this Section (other than with respect to the Fiscal Quarter ending September 30, 2023), a certificate in substantially the form of Exhibit 5.1 of a Responsible Officer of Administrative Borrower (a "**Compliance Certificate**") (i) certifying as to whether a Default has occurred and, if

a Default has occurred, specifying the details thereof and any action taken or proposed to be taken with respect thereto, (ii) setting forth reasonably detailed calculations of the Financial Covenants for such period, and (iii) stating whether any change in GAAP or in the application thereof that has an impact on the financial statements of the Consolidated Group or the calculation of the Financial Covenants hereof has occurred since the date of the annual financial statements referred to in [Section 3.4](#) and, if any such change has occurred that has not been disclosed in a Compliance Certificate previously delivered, specifying the effect of such change on the financial statements accompanying such certificate;

(d) [reserved];

(e) promptly after the same become publicly available, copies of all periodic and other reports, proxy statements and other materials filed by Borrowers or any of their Subsidiaries with the SEC, or with any national securities exchange, or any financial statements (including any related management discussion and analysis) distributed by Borrowers to its shareholders or to any holder of Material Indebtedness of Borrowers or any of their Subsidiaries pursuant to the terms of any indenture, loan or credit or similar agreement and not otherwise required to be furnished hereunder, as the case may be;

(f) as soon as available, but in any event at least (x) 90 days after the end of the Fiscal Year ending December 31, 2023, and (y) 60 days after the end of each Fiscal Year thereafter, an annual business plan, budget, and financial projections of the Consolidated Group, including forecasts prepared by management of Borrowers, consisting of consolidated balance sheets and statements of income or operations and cash flows of the Consolidated Group on a quarterly basis for such Fiscal Year, which plan and budget shall (i) state the assumptions used in preparation thereof, and (ii) be accompanied by a statement of a Responsible Officer of Administrative Borrower that, to the best of such Responsible Officer's knowledge, such plan and budget is a good faith estimate (based upon assumptions that were reasonable in light of the conditions existing at the time of the preparation thereof) for the period covered thereby;

(g) promptly after any request by Administrative Agent or any Lender (through Administrative Agent) (subject in each case to confidentiality restrictions), copies of any detailed audit reports, final management letters, or recommendations submitted to the Board of Directors (or the audit committee of the Board of Directors) of any Obligor by independent accountants in connection with the accounts or books of any Obligor or any of its Subsidiaries, or any audit of any of them;

(h) concurrently with any delivery of financial statements under clause (a) of this Section, certificates of the Obligors' insurance brokers, evidencing all insurance required by [Section 5.5](#) and showing Administrative Agent is named as lender's loss payee and additional insured with respect thereto; and

(i) promptly following any request therefor, (i) such other information and reports regarding each Obligor or any of its Subsidiaries (including with respect to the Collateral), or compliance with the terms of this Agreement and the other Loan Documents, as Administrative Agent or any Lender (through Administrative Agent) may reasonably request (other than any such information or reports that are subject to attorney-client privilege, third-party confidentiality obligations not entered into in contemplation hereof, trade secrets, non-financial proprietary information or applicable law) or (ii) information and documentation reasonably requested by Administrative Agent or any Lender for purposes of compliance with applicable "know your customer" requirements under the PATRIOT Act, Canadian AML Legislation or other applicable anti-money laundering laws.

Documents required to be delivered pursuant to Section 5.1(a), (b) or (e) (to the extent any such documents are included in materials otherwise filed with the SEC) may be delivered electronically and if so, shall be deemed to have been delivered on the date (i) on which such materials are publicly available as posted on the Electronic Data Gathering, Analysis and Retrieval system (EDGAR); or (ii) on which such documents are posted electronically by any Obligor or on such Obligor's behalf on the Platform to which each Lender and Administrative Agent have access. Administrative Agent shall have no obligation to request the delivery of or to maintain paper copies of the documents referred to above, and in any event shall have no responsibility to monitor compliance by Borrowers with any request by a Lender for delivery of paper copies, and each Lender shall be solely responsible for timely accessing posted documents or requesting delivery of paper copies of such document to it and maintaining its copies of such documents. To the extent delivery of any of the documents referred to above shall come due on a day other than a Business Day, delivery of such documents shall be required (notwithstanding the provisions above) to be made on the next following Business Day.

**5.2 Notices of Material Events.** Borrowers shall deliver to Administrative Agent and each Lender prompt written notice of the following, after a Responsible Officer of any Obligor has obtained knowledge thereof:

(a) (i) within 10 Business Days of the occurrence of any Default, and (ii) the occurrence of any Event of Default;

(b) filing or commencement of, or any material development in, any action, suit or proceeding by or before any arbitrator, court, or Governmental Authority against or affecting any Obligor or any of their respective Affiliates that (i) involves any Loan Document or the Transactions, or (ii) that has a reasonable likelihood of adverse determination, and such determination could reasonably be expected to result in a Material Adverse Effect;

(c) the occurrence of any ERISA Event that, alone or together with any other ERISA Events that have occurred, could reasonably be expected to result in a Material Adverse Effect;

(d) the assertion of any claim pursuant to applicable Environmental Law, including alleged violations of or non-compliance with permits, licenses, or other authorizations issued pursuant to applicable Environmental Law by any Person against, or with respect to the activities of, any Company that could reasonably be expected to have a Material Adverse Effect;

(e) [reserved];

(f) [reserved];

(g) [reserved];

(h) any other development that results in, or could reasonably be expected to result in, a Material Adverse Effect.

Each notice delivered under this Section shall be accompanied by a statement of a Responsible Officer of Administrative Borrower setting forth the details of the event or development requiring such notice and any action taken or proposed to be taken with respect thereto.

**5.3 Existence; Conduct of Business.** Each Company shall do or cause to be done all things necessary to preserve, renew, and keep in full force and effect its legal existence and, except as could not reasonably be expected to have, either individually or in the aggregate, a Material Adverse Effect, the rights, licenses, permits, privileges and franchises material to the conduct of its business; **provided** that the foregoing shall not prohibit any transaction permitted under Article VI.

**5.4 Payment of Obligations.** Each Company shall pay its Tax liabilities before the same shall become delinquent, except where (a) the validity or amount thereof is being contested in good faith by appropriate proceedings, (b) such Company has set aside on its books adequate reserves with respect thereto in accordance with GAAP and (c) the failure to make payment pending such contest could not reasonably be expected to result in a Material Adverse Effect.

**5.5 Maintenance of Properties; Insurance.** Each Company shall (a) maintain all tangible property material to the conduct of its business in good working order and condition, ordinary wear and tear excepted and casualty or condemnation excepted and except as could not reasonably be expected to have a Material Adverse Effect (or as otherwise permitted under Section 6.4), and (b) maintain, with financially sound and reputable insurance companies, insurance in such amounts and against such risks as are, in the good faith determination of Borrowers, customarily maintained by similarly sized companies engaged in the same or similar businesses operating in the same or similar locations, including any flood insurance required by Section 3.15 up to the maximum limits available under the National Flood Insurance Program for any Mortgaged Property located in the U.S.. Each Borrower will furnish to Administrative Agent, upon request of Administrative Agent, once per calendar year, information in reasonable detail as to the insurance so maintained. Each general liability insurance policy shall name Administrative Agent as additional insured. Each insurance policy covering Collateral shall name Administrative Agent as lender's loss payee and, to the extent available, shall provide that such policy will not be canceled without 30 days prior written notice to Administrative Agent (other than for non-payment of premiums, in which case not less than 10 days' prior written notice shall be sufficient).

**5.6 Books and Records; Inspection Rights.** Each Company shall keep proper books of record and account in which full, true, and correct entries in accordance in all material respects with GAAP are made of all material dealings and transactions in relation to its business and activities. Each Company shall permit any representatives (including consultants, auditors, accountants, and advisors) designated by Administrative Agent or any Lender, upon reasonable prior notice if no Event of Default then exists, to visit and inspect its properties during normal business hours, to examine and make extracts from its books and records, to conduct appraisals, valuations, audits, and inspections of the Collateral, and to discuss its affairs, finances and condition with its employees, officers, management and independent accountants (**provided**, an authorized representative of Administrative Borrower shall be allowed, but not required, to be present during such discussions), all at such reasonable times and as often as reasonably requested; **provided** that, in no event shall any Company be required pursuant to the terms of this Section 5.6 to allow any such Person to inspect, examine, appraise, or audit or be required to discuss, any records, documents or other information (x) with respect to which any Company has obligations of confidentiality or (y) that (i) is subject to attorney-client privilege or otherwise constitutes attorney work-product, (ii) constitutes non-financial trade secrets or non-financial proprietary information or (iii) in respect of which disclosure to Administrative Agent or any

Lender (or their respective representatives or contractors) is prohibited by applicable law; and **provided, further**, that excluding any such visits, appraisals, audits, and inspections during the continuation of an Event of Default (i) only Administrative Agent on behalf of the Lenders may exercise rights under this Section 5.6 (and such information will be shared with the Lenders) and (ii) Administrative Agent will not exercise such rights more often than one time during any calendar year.

**5.7 Compliance with Laws.** Each Company shall comply with all laws, rules, regulations, and orders of any Governmental Authority applicable to it or its property, except where the failure to do so, individually or in the aggregate, could not reasonably be expected to result in a Material Adverse Effect. Borrowers have instituted and maintain in effect policies and procedures reasonably designed to promote compliance by the Obligors, their Subsidiaries and their respective directors, officers, employees and agents with applicable Anti-Terrorism Laws, Anti-Corruption Laws and laws, rules, and regulations relating to Sanctions.

**5.8 Certain Obligations Respecting Subsidiaries.** Subject to the terms, conditions and provisions of the Security Documents and any applicable limitation in any Security Document or herein, Borrowers shall take such action and shall cause each of their Subsidiaries to take such action, from time to time after the Initial Funding Date as shall be necessary to ensure that all Material Subsidiaries (other than any Excluded Subsidiary) are “Subsidiary Guarantors” hereunder. Without limiting the generality of the foregoing, in the event that Borrowers or any of their Subsidiaries shall form or acquire any new Material Subsidiary, or any Subsidiary otherwise becomes a Material Subsidiary, after the Initial Funding Date (it being understood that a Subsidiary’s status as a Material Subsidiary shall be as determined as of the most recent date upon which financial statements have been delivered pursuant to Section 5.1), Borrowers shall, and shall cause each of their Subsidiaries (other than any Excluded Subsidiary) to, within 60 days (or such longer period as Administrative Agent may agree) after such formation or acquisition (or with respect to the Mortgages and other Section 5.9 requirements set forth below with respect to Material Real Property, 120 days after such formation or acquisition):

(a) (i) cause any such new Material Subsidiary to guaranty the Obligations and become a “**Subsidiary Guarantor**” hereunder by executing and delivering a Guaranty Agreement (or a joinder thereto), (ii) pledge or cause to be pledged 100% of the issued and outstanding Equity Interests of such Subsidiary on a first priority basis to secure the Obligations, pursuant to the applicable Security Agreement or other pledge or security joinder agreements reasonably requested by Administrative Agent, and (iii) cause such Subsidiary to pledge and grant a security interest in substantially all of its property pursuant to, and to the extent required in, this Agreement, the Domestic Collateral Documents and Foreign Collateral Documents, as applicable, and take such other action (including delivering any filings and deliveries reasonably requested to perfect such security interest, Uniform Commercial Code financing statements, and, if applicable, PPSA financing statements, executing and delivering security agreements for filing and recording in the U.S. Patent and Trademark Office and the U.S. Copyright Office and, if applicable, the Canadian Intellectual Property Office and, at any time following a Mortgage Trigger Event, executing and delivering Mortgages covering the Material Real Property of such Material Subsidiary and delivery of the other documents set forth in Section 5.9, in each case in form and substance reasonably satisfactory to Administrative Agent) reasonably necessary in the opinion of Administrative Agent to perfect such security interest; **provided however** that, notwithstanding the foregoing, if (and for so long as) Administrative Borrower reasonably

determines in good faith (and in consultation with Administrative Agent) that the creation and perfection of pledges of, or security interests in, any Equity Interests of any Tax Preferred Subsidiary to secure the Obligations of a U.S. Borrower would result in material adverse tax consequences to Administrative Borrower or its Subsidiaries, Borrowers shall only be required to take such action, or cause the applicable Obligor to take such action, (including delivering certificates and transfer powers for such Equity Interests and delivering Uniform Commercial Code financing statements) as shall be reasonably necessary or advisable in the opinion of Administrative Agent, and in form and substance reasonably satisfactory to Administrative Agent, to create and perfect valid and enforceable first-priority Liens, subject to no other Liens except for Permitted Encumbrances, on 65% of the voting Equity Interests and 100% of the non-voting Equity Interests in each such Tax Preferred Subsidiary as collateral security for the Obligations;

(b) furnish to Administrative Agent updated Schedules 3.14 and 3.15 with respect to such Subsidiary, in form and detail reasonably satisfactory to Administrative Agent; and

(c) execute and deliver, or cause to be executed and delivered, to Administrative Agent such other items as may be reasonably requested in connection with the foregoing, including proof of corporate action, incumbency of officers, opinions of counsel, “*Know your customer*” information and other documents, as is consistent with those delivered by each Obligor pursuant to Section 4 on the Signing Date and the Initial Funding Date, or as Administrative Agent shall have otherwise reasonably requested.

Additionally, notwithstanding anything in this Section 5.8, Administrative Agent shall have the right to waive the requirements of the foregoing clause (a) of this Section 5.8 with respect to any Equity Interests or other property of a Foreign Subsidiary otherwise required to be pledged hereunder or the Guarantee by a Foreign Subsidiary otherwise required to be delivered hereunder if, in the reasonable judgment of Administrative Agent, the cost of providing such Guarantee or pledge of such Equity Interests or other property (including any adverse tax consequences to Borrowers or any of their Subsidiaries) shall be excessive in view of the benefits to be obtained by the Secured Parties therefrom or such Guarantee or pledge would be prohibited by applicable law binding upon such Foreign Subsidiary, and such waiver shall be binding upon the Secured Parties; **provided** such waiver shall be confirmed in writing by notice to Administrative Borrower and may be subject to specified conditions for the future delivery of such Guarantee or such pledge.

**5.9 Real Estate Collateral.** If at any time following the Initial Funding Date, the Consolidated Net Leverage Ratio as of the last day of any Fiscal Quarter is greater than a ratio equal to 0.10x below the maximum Consolidated Net Leverage Ratio permitted pursuant to Section 7.1 for two consecutive Fiscal Quarters (the “*Mortgage Trigger Event*”), Borrowers shall, within 120 days following delivery of the Compliance Certificate related to such Fiscal Quarter, cause all Material Real Property of the Obligors to be subjected to a Lien securing the Obligations and shall deliver to Administrative Agent the following documents with respect to each parcel of Material Real Property:

(a) a Mortgage, duly executed and delivered by the parties thereto in recordable form (in such number of copies as Administrative Agent shall have reasonably requested) and, if necessary to limit any mortgage recording tax, such Mortgage shall have a stated secured amount not exceeding 110% of the value of the relevant property as reasonably determined by Administrative Agent;

(b) (i) one or more mortgagee policies of title insurance in the form of and issued by one or more title companies reasonably satisfactory to Administrative Agent (the “**Title Companies**”), insuring the validity and first-priority of the Liens created under each Mortgage for and in amounts and containing such endorsements and affirmative coverage reasonably satisfactory to Administrative Agent, subject only to such exceptions as are reasonably satisfactory to Administrative Agent and, to the extent necessary or advisable under applicable law, for filing in the appropriate county land office, Uniform Commercial Code financing statements covering fixtures (or any similar filings in the applicable jurisdiction), in each case appropriately completed and, as appropriate, duly executed, and (ii) evidence that Borrowers shall have paid to the Title Companies (x) all expenses and premiums of the Title Companies in connection with the issuance of such policies and (y) an amount equal to the recording and stamp taxes (or any other amounts) payable in connection with recording the Mortgages in the appropriate office;

(c) if any portion of any such property is located in an area identified by the Federal Emergency Management Agency (or any successor agency) as a special flood hazard area with respect to which flood insurance has been made available under the National Flood Insurance Act of 1968 (as now or hereafter in effect or successor act thereto), (i) maintain, or cause to be maintained, with a financially sound and reputable insurer, flood insurance in an amount and otherwise sufficient to comply with all applicable rules and regulations promulgated pursuant to the Flood Insurance Laws and (ii) deliver to Administrative Agent and the Lenders evidence of such compliance in form and substance reasonably acceptable to Administrative Agent;

(d) any existing as-built surveys of each parcel of the Mortgaged Property to the extent in Borrowers’ possession;

(e) any existing appraisals of each parcel of the Mortgaged Property to the extent in Borrowers’ possession;

(f) a “Phase I” environmental survey and assessment prepared by a firm of licensed engineers familiar with the identification of toxic and Hazardous Materials and reasonably acceptable to Administrative Agent, such “Phase I” environmental survey and assessment to be based upon physical on-site inspections by such firm of each of the Mortgaged Properties, as well as a historical review of the uses of such sites and facilities and of the business and operations of Borrowers and the Subsidiaries (including any former Subsidiaries or divisions of Borrowers or any of the Subsidiaries that have been disposed of prior to the date of such survey and assessment and with respect to which Borrowers or any of the Subsidiaries may have retained liability for environmental matters); and

(g) such other documents and instruments in connection with the Mortgages as shall reasonably be deemed necessary by Administrative Agent or any Lender (including life of loan flood hazard determination certificates for all Mortgaged Properties and, if applicable, related Borrower notices), and evidence that all other actions that Administrative Agent may reasonably deem necessary in order to create valid first and subsisting Liens on the property described in the Mortgages has been taken.

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Notwithstanding anything contained in this Section 5.9 to the contrary, prior to the execution, delivery and recording of any Mortgages with respect to any Material Real Property as a result of a Mortgage Trigger Event, the Lenders shall have had a period of not less than 45 days following the date of the most recent Compliance Certificate to complete its flood insurance due diligence with respect to such Material Real Property.

#### **5.10 Further Assurances.**

(a) General Further Assurances. Subject to the terms of the Loan Documents and the Security Agreements, Borrowers shall, and shall cause each Subsidiary who is an Obligor to, execute any and all further documents, financing statements, agreements and instruments, and take all such further actions (including the filing and recording of financing statements, fixture filings, mortgages, deeds of trust and other documents), which may be required under any applicable law, or which Administrative Agent may reasonably request, to effectuate the transactions contemplated by the Loan Documents or to grant, preserve, protect or perfect the Liens created or intended to be created by the Security Documents or the validity or priority of any such Lien, all at the expense of Borrowers; **provided, however**, that notwithstanding anything to the contrary contained in this Agreement, nothing in this Agreement or any other Loan Document shall require the Borrowers (A) to make any filings or take any actions to record or to perfect the Administrative Agent's lien on or security interest in (x) any intellectual property other than UCC and PPSA filings and the filing of documents effecting the recordation of security interests in the United States Copyright Office, United States Patent and Trademark Office and Canadian Intellectual Property Office or (y) any intellectual property subsisting outside of the United States and Canada or (B) to register or apply to register any intellectual property, or to assist the Administrative Agent in connection with the same.

(b) Further Assurances Following Division of an Obligor. Subject to the terms of the Security Agreements, Borrowers shall cause each Subsidiary resulting from a division of an Obligor to execute any and all further documents, financing statements, agreements and instruments, and take all such further actions (including the filing and recording of financing statements, fixture filings, mortgages, deeds of trust and other documents), which may be required under any applicable law, or which Administrative Agent may reasonably request, to effectuate the transactions contemplated by the Loan Documents or to grant, preserve, protect or perfect the Liens created or intended to be created by the Security Documents or the validity or priority of any such Lien, all at the expense of Borrowers.

(c) Acquisition of Material Real Property. If at any time following the Mortgage Trigger Event, any Material Real Property is acquired by any Obligor (or owned by a Material Subsidiary that has become a Guarantor pursuant to Section 5.8), Administrative Borrower shall notify Administrative Agent and the Lenders thereof, and within 120 days following such acquisition, shall cause such Material Real Property to be subjected to a Lien securing the Obligations and shall take, and cause the other Obligors to take, the actions set forth in Section 5.9 with respect to Material Real Property, all at the expense of the Obligors; **provided** that, prior to the execution, delivery and recording of a Mortgage with respect to any such Material Real Property, the Lenders shall have had a period of not less than 45 days following the date of such notice from Administrative Borrower to complete its flood insurance due diligence with respect to such Material Real Property.



(d) Mortgaged Property.

(i) Environmental Reports. If Administrative Agent at any time has reasonable basis to believe that there may be a material violation of any Environmental Laws by, or any material liability arising under Environmental Laws of, any Obligor or related to any Mortgaged Property or any real property adjacent to any Mortgaged Property, in each case that could reasonably be expected to result in costs in excess of \$5,000,000, then Borrowers shall, upon the request of Administrative Agent, provide Administrative Agent with such environmental reports and assessments, engineering studies or other written material or data as Administrative Agent may reasonably require relating thereto.

(ii) Environmental Remediation. In the event that Administrative Agent reasonably determines from the environmental reports or information delivered pursuant to Section 5.10(d)(i) or pursuant to any other reasonably reliable information, that remedial action to correct an adverse environmental condition is required under Environmental Law with respect to any Obligor or the Mortgaged Property or any other property of any Obligor, Borrowers shall take such action as is required under Environmental Law to cure any such material violation or potential violation of any Environmental Laws or any such material actual or potential liability under any Environmental Law.

**5.11 Cash Management Systems.** Each Obligor shall cause each of its Deposit Accounts located in the U.S. (other than Excluded Accounts) to be a Controlled Account; **provided** that such Deposit Accounts shall not be required to be Controlled Accounts until 90 days after the Initial Funding Date (or such later date as Administrative Agent may agree in its sole discretion).

**5.12 Farm Credit Equity and Security.**

(a) So long as a Farm Credit Bank (or its Affiliate) is a Lender hereunder, each U.S. Borrower shall (i) maintain status as an entity eligible to borrow from such Farm Credit Bank (or its Affiliate) and (ii) acquire equity in such Farm Credit Bank in such amounts and at such times as such Farm Credit Bank may require in accordance with the Bylaws, capitalization plan and internal policies thereof (as such documentation may be amended from time to time, the "*Farm Credit Equity Documents*"), except that the maximum amount of equity that U.S. Borrowers may be required to purchase in such Farm Credit Bank in connection with the Loans made by such Farm Credit Bank (or its Affiliate) may not exceed the maximum amount permitted by the applicable Farm Credit Equity Documents at the time this Agreement is entered into. In connection with the foregoing, Administrative Borrower acknowledges receipt of a copy of (x) CoBank's most recent annual report, and if more recent, CoBank's latest quarterly report, (y) CoBank's Notice to Prospective Stockholders and (z) CoBank's Bylaws and Capital Plan, which describe the nature of all of the Farm Credit Equities of CoBank as well as capitalization requirements, and agrees to be bound by the terms thereof to the extent CoBank is a Lender hereunder.

(b) Administrative Borrower acknowledges that the applicable Farm Credit Equity Documents (as each may be amended from time to time) shall govern (i) the rights and obligations of the parties with respect to the corresponding Farm Credit Equities and any patronage refunds or other distributions made on account thereof or on account of any U.S. Borrower's patronage with such Farm Credit Bank, (ii) U.S. Borrowers' eligibility for patronage distributions from such Farm Credit Bank (in the form of Farm Credit Equities and cash) and (iii) patronage distributions, if any, in the event of a sale of a participation interest. Each Farm Credit Bank reserves the right to assign or sell participations in all or any part of its (or its affiliate's) Commitments or outstanding Loans hereunder on a non-patronage basis.

(c) Notwithstanding anything herein or in any other Loan Document, each party hereto acknowledges that: (i) the Farm Credit Banks have a statutory first Lien pursuant to the Farm Credit Act of 1971 (as amended from time to time) on all applicable Farm Credit Equities that the U.S. Borrowers may now own or hereafter acquire, which statutory Lien shall be for such Farm Credit Bank's (or its affiliate's) sole and exclusive benefit; (ii) during the existence of any Event of Default, such Farm Credit Bank may at its sole discretion, but shall not be required to, foreclose on its statutory first Lien on the Farm Credit Equities and/or set off the value thereof or of any cash patronage against the Obligations; (iii) during the existence of any Event of Default, each Farm Credit Bank may at its sole discretion, but shall not be required to, without notice except as required by applicable law, retire and cancel all or part of the Farm Credit Equities owned by or allocated to Borrowers in accordance with the Farm Credit Act of 1971 (as amended from time to time) and any regulations promulgated pursuant thereto in total or partial liquidation of the Obligations for such value as may be required pursuant applicable law and the applicable Farm Credit Equity Documents (as each may be amended from time to time); (iv) the Farm Credit Equities shall not constitute security for the Obligations due to Administrative Agent for the benefit of any Lender or Secured Party other than the applicable Farm Credit Bank; (v) to the extent that any of the Loan Documents create a Lien on the Farm Credit Equities, such Lien shall be for the applicable Farm Credit Bank's (or its Affiliate's) sole and exclusive benefit and shall not be subject to pro rata sharing hereunder; (vi) any setoff effectuated pursuant to the preceding clause (ii) or (iii) may be undertaken whether or not the Obligations are currently due and payable; and (vii) no Farm Credit Bank shall have any obligation to retire the applicable Farm Credit Equities upon any Event of Default, Default or any other default by U.S. Borrowers or any other Obligor, or at any other time, either for application to the Obligations or otherwise. U.S. Borrowers acknowledge that any corresponding tax liability associated with any Farm Credit Bank's application of the value of Farm Credit Equities to any portion of the Obligations is the sole responsibility of Borrowers.

## 6. NEGATIVE COVENANTS

Each Borrower hereby covenants and agrees with Administrative Agent, Issuing Lender, and the Lenders that it shall, and shall cause its Subsidiaries to, perform and observe each of the following covenants:

**6.1 Indebtedness.** No Company shall create, incur, assume, or permit to exist any Indebtedness, except:

(a) (i) Indebtedness evidenced by this Agreement and the other Loan Documents, and (ii) Indebtedness of the Obligors evidenced by any Permitted Refinancing Notes;

(b) the Indebtedness (i) described on Schedule 6.1 (to be updated on the Initial Funding Date, as applicable) or (ii) outstanding on the Signing Date not in excess of \$1,000,000 in the aggregate (when taken together with all other Indebtedness outstanding in reliance on this clause (b)(ii)), and any Refinancing Indebtedness in respect of such Indebtedness;

(c) unsecured intercompany Indebtedness among any of the Companies permitted under Section 6.5;

(d) Indebtedness consisting of Capital Lease Obligations and Indebtedness incurred to finance the acquisition, construction or improvement of any asset, and any Refinancing Indebtedness in respect of such Indebtedness; **provided** that (i) such Indebtedness when incurred does not exceed the purchase price or cost of construction of such asset, and (ii) the aggregate outstanding principal amount of Indebtedness permitted by this clause (d) does not exceed at any time the greater of (x) \$50,000,000 and (y) 20.0% of Applicable EBITDA;

(e) Indebtedness arising in connection with Hedging Agreements permitted by Section 6.13;

(f) Indebtedness incurred in the Ordinary Course of Business under surety and appeal bonds, performance bonds, bid bonds, appeal bonds and similar obligations;

(g) unsecured Indebtedness in respect of earn-outs, contingent liabilities in respect of any indemnification obligation, expense reimbursement obligations, adjustments of purchase price, or similar obligations owing to sellers of assets or Equity Interests to any Obligor or its Subsidiaries that are incurred in connection with the consummation of one or more Permitted Acquisitions or other similar permitted Investments;

(h) Indebtedness incurred in the Ordinary Course of Business in respect of Cash Management Services and netting services, automatic clearinghouse arrangements, and other cash management and similar arrangements in the Ordinary Course of Business and any Guarantees thereof or the honoring by a bank or other financial institution of a check, draft or similar instrument drawn against insufficient funds in the Ordinary Course of Business;

(i) endorsements of instruments or other payment items for deposit;

(j) Subordinated Indebtedness in an aggregate principal amount not exceeding at any time the greater of (x) \$50,000,000 and (y) 20.0% of Applicable EBITDA;

(k) Indebtedness under any Receivables Financing Facility in an aggregate Attributed Principal Amount not exceeding \$350,000,000; **provided** that the Receivables Financier has executed and delivered the Receivables Intercreditor Agreement;

(l) other unsecured Indebtedness in an aggregate outstanding principal amount not exceeding at any time greater of (x) \$50,000,000 and (y) 20.0% of Applicable EBITDA;

(m) Indebtedness consisting of (i) Guarantees arising with respect to customary indemnification obligations to purchasers in connection with Dispositions permitted under Section 6.4 and (ii) Guarantees with respect to Indebtedness of any Company, to the extent that the Person that is obligated under such Guarantee could have incurred such underlying Indebtedness pursuant to this Agreement or it constitutes an Investment permitted under Section 6.5;

(n) Indebtedness incurred by any Obligor or any of their Subsidiaries in respect of letters of credit, bank guarantees, banker's acceptances, warehouse receipts or similar instruments issued or created in the Ordinary Course of Business, including in respect of workers' compensation claims, employee severance and employment agreements, health, disability or other employee benefits or property, casualty or liability insurance, unemployment or other insurance or self-insurance or other Indebtedness with respect to reimbursement-type obligations regarding workers compensation claims;

(o) to the extent constituting Indebtedness, obligations in respect of completion guarantees, standby letters of credit and warranty and contractual service obligations of a like nature, trade letters of credit and documentary letters of credit and similar bonds or guarantees provided in the Ordinary Course of Business in connection with the construction or build out of any owned or leased real property;

(p) to the extent constituting Indebtedness, contingent obligations arising under indemnity agreements to title insurance companies to cause such title insurers to issue title insurance policies in the Ordinary Course of Business with respect to real property of Borrowers or any of their Subsidiaries;

(q) customer deposits and advance payments received in the Ordinary Course of Business from customers for goods purchased;

(r) Indebtedness representing deferred compensation or similar arrangements to employees of any Borrower or any Subsidiary incurred in the Ordinary Course of Business;

(s) Indebtedness consisting of (i) the financing of insurance premiums, or (ii) take-or-pay obligations contained in supply arrangements, in each case, in the Ordinary Course of Business;

(t) Indebtedness incurred by a non-Obligor in an aggregate principal amount not to exceed, at any time of the incurrence hereof, the greater of (x) \$50,000,000 and (y) 20% of Applicable EBITDA;

(u) Indebtedness supported by a letter of credit (other than the Letters of Credit) in a principal amount not to exceed \$5,000,000;

(v) Ratio Debt, so long as (i) immediately after giving effect to the incurrence of such Ratio Debt and the use of proceeds thereof (excluding for purposes of “cash netting” the proceeds of any such Ratio Debt), the Consolidated Net Leverage Ratio (calculated on a pro forma basis as of the end of the most recent Fiscal Quarter for which financial statements have been delivered (or are required to be delivered) to the Lenders pursuant to Section 5.1(a) or 5.1(b)) is no greater than 0.50x less than that required pursuant to Section 7.1 as of the most recent Fiscal Quarter end, and (ii) no Default or Event of Default then exists or would be caused thereby; and

(w) to the extent constituting Indebtedness, all premiums (if any), interest, fees, expenses, charges and additional or contingent interest on obligations described in clauses (a) through (v) above.

The accrual of interest, the accretion of accreted value, the amortization of original issue discount and the payment of interest in the form of additional Indebtedness shall not be deemed to be an incurrence of Indebtedness for purposes of this Section 6.1.

**6.2 Liens.** No Company shall create, incur, assume, or permit to exist any Lien on any property or asset now owned or hereafter acquired by it, except for Permitted Encumbrances.

### 6.3 Fundamental Changes; Lines of Business.

(a) No Company shall merge into, amalgamate with or consolidate with any other Person, or permit any other Person to merge into, amalgamate with or consolidate with it, or sell, transfer, lease, or otherwise Dispose of (in one transaction or in a series of transactions) all or substantially all of its assets, (in each case, whether now owned or hereafter acquired), or divide, liquidate, wind up, or dissolve, except that, if at the time thereof and immediately after giving effect thereto no Event of Default shall have occurred and be continuing:

(i) any Subsidiary of a Borrower may merge into or amalgamate with a Borrower or any other Subsidiary (including any Person that will be a Subsidiary upon the consummation of a Permitted Acquisition) of a Borrower; **provided**, (x) if a Borrower is party to any such transaction, such Borrower shall be the surviving entity and (y) if a Borrower is not a party to such transaction but an Obligor is than either (A) an Obligor shall be the surviving entity or (B) if a Subsidiary that is not an Obligor shall be the surviving entity or the transferee of such assets, such merger shall be deemed to constitute a Disposition and must be permitted under Section 6.4;

(ii) any Subsidiary of a Borrower may divide, if (A) Borrowers determine in good faith that such division is in the best interests of Borrowers and is not materially disadvantageous to the Lenders, and (B) in the case of any division of an Obligor, Borrowers shall cause any resulting Subsidiary that is not an Excluded Subsidiary to become a Guarantor and join the Security Agreement as a Grantor by executing a joinder in form and substance acceptable to Administrative Agent to the extent otherwise required by the terms hereof;

(iii) any Borrower or any Subsidiary of a Borrower may sell, transfer, merge, consolidate, lease, or otherwise dispose of its assets as permitted pursuant to Section 6.4;

(iv) any Subsidiary of a Borrower may liquidate, wind up, dissolve, suspend, or consolidate its operations, if (A) Borrowers determine in good faith that such liquidation, winding up, dissolution, suspension, or consolidation is in the best interests of Borrowers, and (B) in the case of any liquidation, winding up, dissolution, suspension, or consolidation of an Obligor, all of the assets of such Obligor are transferred to an Obligor that is not liquidating, winding up, dissolving, suspending, or consolidating;

(b) WKKC shall be permitted to consummate the Spin-Off and the Transactions relating thereto in accordance with the Spin-Off Documents (including the Internal Reorganization) and substantially as described in the Form 10 as of its date of effectiveness under the Exchange Act and as amended or modified as permitted by Sections 4.2(c) and 6.10;

(c) any Subsidiary may merge or consolidate or amalgamate with any other Person in order to effect an Investment permitted pursuant to Section 6.5; **provided** that (x) the continuing or surviving Person shall be a Subsidiary of a Borrower, which together with each of its Subsidiaries shall have complied with the requirements of Section 5.8 and Section 5.9 to the extent required, (y) if an Obligor is a party to such transaction, the surviving Person shall be an Obligor and (z) if a Borrower is party to such transaction, the surviving party shall be a Borrower; and

(d) No Company shall engage to any material extent in any business other than businesses of the type conducted by the Companies on the Initial Funding Date and businesses ancillary, complementary or reasonably related thereto.

**6.4 Dispositions.** No Company shall make any Disposition, except:

(a) Dispositions of equipment that is substantially worn, damaged, negligible, no longer used or useful, surplus or obsolete, in each case, in the Ordinary Course of Business;

(b) Dispositions of cash and Cash Equivalents in the Ordinary Course of Business;

(c) Dispositions of property (whether tangible or intangible) by (i) Borrowers and any of their Subsidiaries to any other Obligor, (ii) any Subsidiary of Borrowers that is not an Obligor to any other Subsidiary of Borrowers that is not an Obligor, and (iii) any Obligor to a Subsidiary of Borrowers that is not an Obligor (so long as permitted under Section 6.5); **provided** that (A) the portion (if any) of any Disposition made for less than fair market value and (B) any non-cash consideration received in exchange for such Disposition shall, in each case, constitute an Investment in such Subsidiary of Borrowers and must be permitted under Section 6.5;

(d) non-exclusive licenses or sublicenses, or exclusive licenses or sublicenses of Intellectual Property, in each case, (A) entered into in the Ordinary Course of Business which do not materially interfere with the business of Borrowers or their Subsidiaries, taken as a whole (including as to patents, trademarks, copyrights, and other intellectual property rights) or (B) in connection with or in furtherance of any rights or obligations under the Non-Brand IP Agreement and the Brand IP Agreement;

(e) sales or exchanges of specific items of equipment solely to replace such equipment with replacement equipment of substantially equivalent or greater value;

(f) Equity Issuances by Borrowers (other than any issuance of Disqualified Equity Interests) so long as no Change of Control occurs;

(g) Equity Issuances by a Subsidiary of Borrowers to a Borrower or another Subsidiary of Borrowers constituting an Investment permitted hereunder;

(h) any lapse, abandonment or cancellation of intellectual property owned by Borrowers, or discontinuation of use or ceasing the use of any other intellectual property, whether owned or licensed by Borrowers, in each case, (A) that, in the reasonable good faith judgment of Borrowers, is no longer used or useful in any material respect in the business of Borrowers and their Subsidiaries taken as a whole, or (B) in connection with or in furtherance of any rights or obligations under the Non-Brand IP Agreement and the Brand IP Agreement;

(i) any Disposition of real property to a Governmental Authority as a result of a condemnation, confiscation, requisition or eminent domain of such real property **provided** that the proceeds thereof are used and applied to the extent required by Section 2.10(b)(ii) hereof;

(j) the sale or discount (including write-offs and compromises), in each case without recourse, of Accounts Receivable arising in the Ordinary Course of Business, but only in connection with the compromise, settlement or collection thereof;

(k) the making of Restricted Payments that are expressly permitted to be made pursuant to this Agreement;

(l) the sale of Receivables in connection with the Receivables Financing Facility;

(m) the granting of Permitted Encumbrances;

(n) other Dispositions (including any Sale and Leaseback Transaction, but excluding any Disposition of Equity Interests in a Wholly-Owned Subsidiary unless all Equity Interests in such Subsidiary are sold) not otherwise permitted under this Section 6.4; **provided** that (i) at the time of such Disposition, no Event of Default shall exist or would result from such Disposition, (ii) the aggregate fair market value of all property Disposed of in reliance on this clause (n) during any Fiscal Year shall not exceed an amount equal to 5.0% of Consolidated Total Assets (based on Consolidated Total Assets as of the last day of the most recent period of four consecutive Fiscal Quarters of Administrative Borrower for which financial statements have been delivered (or are required to be delivered) to Administrative Agent pursuant to Section 5.1(a) or (b)), (iii) any Sale and Leaseback Transaction shall be made in compliance with Section 6.13, (iv) all Dispositions permitted under this clause (n) shall be made for fair value (as reasonably determined by Administrative Borrower) and for consideration consisting of at least 75% cash and Cash Equivalents, and (v) to the extent required pursuant to Section 2.10(b), the Net Cash Proceeds thereof are used to prepay the Loans;

(o) Dispositions or transactions permitted by Section 6.3 or 6.5;

(p) any involuntary loss, damage or destruction of property, including pursuant to an Event of Loss;

(q) any swap of assets in exchange for services or other assets; **provided** that (i) no Event of Default has occurred and is continuing, (ii) any such swap is for fair market value and (iii) any Collateral that is swapped must be in exchange for assets that become Collateral within the applicable timelines set forth in Section 5.8 and Section 5.9;

(r) the transfer for fair value of property to another Person in connection with a joint venture arrangement with respect to the transferred property; **provided** that such transfer is permitted under Section 6.5;

(s) the unwinding or settling of any Swap Obligation or obligation with respect to Cash Management Services in the Ordinary Course of Business;

(t) any Dispositions related to the Permitted Capital Project; **provided** that, (i) at the time of such Disposition, no Event of Default shall exist or would result from such Disposition, and (ii) the aggregate fair market value of all property Disposed of in reliance on this clause (t) during any four Fiscal Quarter period shall not exceed an amount equal to 5.0% of Consolidated Total Assets (based on Consolidated Total Assets as of the last day of the most recent Fiscal Quarter of Administrative Borrower for which financial statements have been delivered (or are required to be delivered) to Administrative Agent pursuant to Section 5.1(a) or (b));

(u) Dispositions in connection with the Transactions (including, without limitation, the Internal Reorganization and Distribution); and

(v) any Borrower and any Subsidiary of any Borrower may (i) convert any intercompany Indebtedness (other than to the extent owing by a non-Obligor to an Obligor) to Equity Interests otherwise permitted hereunder, (ii) discount, write off, forgive or cancel any intercompany Indebtedness or other obligation owing by any Obligor to a Subsidiary of any Borrower that is not, in each case, an Obligor or to an Obligor, (iii) surrender or waive contractual rights and settle, release, surrender or waive contractual or litigation claims, in the case of clause (iii), in the Ordinary Course of Business.

Notwithstanding anything to the contrary herein, no Obligor shall consummate any transaction that results in the Disposition (whether by way of any Restricted Payment, Investment, Lien, sale, conveyance, transfer or other Disposition, and whether in a single transaction or a series of transactions) of any Material Intellectual Property registered in the U.S. or Canada to any Subsidiary that is not an Obligor; **provided** that, Borrowers and the other Obligors may grant non-exclusive licenses of any Material Intellectual Property to any such Subsidiary in the Ordinary Course of Business, so long as Borrowers and the other Obligors retain the beneficial ownership and the same rights to use such Material Intellectual Property prior to such license.

**6.5 Investments.** No Company shall, make, or permit to remain outstanding any Investments except:

(a) Investments outstanding on the Signing Date identified on Schedule 3.14 (to be updated on the Initial Funding Date, as applicable);

(b) Investments in cash and Cash Equivalents that are, to the extent required hereunder, subject to the Security Agreement and Control Agreements in favor of Administrative Agent;

(c) extensions of credit by (i) any Obligor to any other Obligor, (ii) any Obligor to any Wholly-Owned Subsidiary that is not an Obligor in an amount not to exceed, when combined with equity contributions by any Obligor to any Wholly-Owned Subsidiary that is not an Obligor pursuant to Section 6.5(d), in aggregate outstanding principal amount for all such extensions of credit and equity contributions not exceeding at any time the greater of (x) \$25,000,000 and (y) 10.0% of Applicable EBITDA, and (iii) a Wholly-Owned Subsidiary that is not an Obligor to another Wholly-Owned Subsidiary that is not an Obligor;

(d) equity contributions by (i) any Obligor to any other Obligor, (ii) any Obligor to any Wholly-Owned Subsidiary that is not an Obligor in an amount not to exceed, when combined with the then outstanding balance of loans made by any Obligor to any Wholly-Owned Subsidiary that is not an Obligor pursuant to Section 6.5(c), in aggregate outstanding principal amount for all such extensions of credit and equity contributions not exceeding at any time the greater of (x) \$25,000,000 and (y) 10.0% of Applicable EBITDA, and (iii) a Wholly-Owned Subsidiary that is not an Obligor to another Wholly-Owned Subsidiary that is not an Obligor;

(e) Investments in Hedging Agreements permitted under Section 6.12 and Cash Management Services;

(f) Investments consisting of deposits that constitute Permitted Encumbrances pursuant to clauses (c) and (d) thereof;

(g) Investments (including debt obligations and Equity Interests) received in connection with the bankruptcy or reorganization of, or settlement of delinquent accounts and disputes with, customers and suppliers, in each case in the Ordinary Course of Business or upon the foreclosure with respect to any secured Investment or other transfer of title with respect to any secured Investment;

(h) Investments constituting (i) Accounts Receivable arising, (ii) trade debt granted, or (iii) deposits made by Borrowers or a Subsidiary in connection with the purchase price of goods or services, in each case in the Ordinary Course of Business;



(i) loans and advances to officers, directors, and employees of any Company in the Ordinary Course of Business (including loans in connection with the benefit plan of Borrowers, and non-cash loans by Borrowers used by such Persons to simultaneously purchase Equity Interests of Borrowers) not to exceed at any time outstanding an aggregate amount equal to the greater of (x) \$7,500,000 and (y) 2.5% of Applicable EBITDA;

(j) the consummation of Permitted Acquisitions;

(k) the establishment or creation of Wholly-Owned Subsidiaries by an Obligor, **provided**, in each case, such Obligor and such Subsidiary shall have complied with the provisions of Section 5.8 in respect thereof;

(l) any Guarantee of, or assumption of Indebtedness of, any other Person in either case to the extent the Person incurring such Guarantee or assuming such Indebtedness would have been permitted to incur the underlying Indebtedness under Section 6.1;

(m) Investments received as promissory notes, securities and other non-cash consideration received in connection with transactions permitted pursuant to Section 6.4;

(n) Investments consisting of the Farm Credit Equities and any other stock or securities of, or Investments in, Farm Credit Banks or their investment services or programs;

(o) Investments in negotiable instruments deposited or to be deposited for collection in the Ordinary Course of Business;

(p) equity Investments by any Obligor in any Subsidiary of such Obligor which is required by law to maintain a minimum net capital requirement or as may be otherwise required by applicable law;

(q) so long as no Default or Event of Default then exists or would be caused thereby, (i) Investments in an aggregate amount at any time outstanding not to exceed the greater of (x) \$50,000,000 and (y) 20.0% of Applicable EBITDA, and (ii) additional Investments, so long as, both immediately before and after giving effect thereto, the Consolidated Net Leverage Ratio is not greater than 3.00 to 1.00, calculated on a pro forma basis as of the end of the most recent Fiscal Quarter for which financial statements have been delivered (or are required to be delivered) to the Lenders pursuant to Section 5.1(a) or 5.1(b);

(r) Investments held by a Person acquired in a Permitted Acquisition or other similar permitted Investment to the extent that such Investments were not made in contemplation of or in connection with such Permitted Acquisition and were in existence on the date of such Permitted Acquisition or other similar permitted Investment;

(s) Investments made to effect, or otherwise in connection with the consummation of, the Transactions;

(t) Investments in the Ordinary Course of Business consisting of UCC Article 3 endorsements for collection or deposit and UCC Article 4 customary trade arrangements with customers consistent with past practices;

(u) Investments made in the Ordinary Course of Business in connection with obtaining, maintaining or renewing client contracts and loans or advances made to distributors and suppliers in the Ordinary Course of Business; and

(v) Investments in deposit accounts, commodities and securities accounts opened in the Ordinary Course of Business.

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**6.6 Restricted Payments.** No Company shall declare or make, or agree to pay or make, directly or indirectly, any Restricted Payment, other than:

(a) Restricted Payments by any Subsidiary of Borrowers to Borrowers or to any other Wholly-Owned Domestic Subsidiary of Borrowers;

(b) the declaration and payment of Borrowers of dividends with respect to its Equity Interests payable solely in additional Qualified Equity Interests;

(c) Restricted Payments payable in Equity Interests of Borrowers pursuant to and in accordance with stock option or restricted stock plans or other benefit plans for management or employees of Borrowers and the Subsidiaries in the Ordinary Course of Business;

(d) payment of reasonable compensation to officers, directors, and employees for actual services rendered to the Companies and for the reimbursement of out-of-pocket expenses actually incurred by such officers, directors, and employees in the Ordinary Course of Business;

(e) so long as no Default or Event of Default exists or would be caused thereby, (i) Restricted Payments in an aggregate amount, when combined with any prepayments of Subordinated Debt made pursuant to Section 6.9(c)(i), not to exceed in any Fiscal Year the greater of (x) \$75,000,000 and (y) 30.0% of Applicable EBITDA, and (ii) additional Restricted Payments, so long as, both immediately before and after giving effect thereto, the Consolidated Net Leverage Ratio is not greater than 2.00 to 1.00, calculated on a pro forma basis as of the end of the most recent Fiscal Quarter for which financial statements have been delivered (or are required to be delivered) to the Lenders pursuant to Section 5.1(a) or 5.1(b); **provided** that, any Restricted Payment that is permitted pursuant to this clause (e)(ii) on the date of declaration or the giving of notice of such Restricted Payment, shall be permitted if made within 60 days after the date of declaration thereof;

(f) so long as no Default or Event of Default exists or would be caused thereby, Borrowers may, in good faith, pay for the repurchase, retirement or other acquisition or retirement for value of Equity Interests of it held by any future, present or former employee, director, manager, officer or consultant (or any Affiliates, spouses, former spouses, other immediate family members, successors, executors, administrators, heirs, legatees or distributees of any of the foregoing) of Borrowers or any of their Subsidiaries pursuant to any employee, management, director or manager equity plan, employee, management, director or manager stock option plan or any other employee, management, director or manager benefit plan or any agreement (including any stock subscription or shareholder agreement) with any employee, director, manager, officer or consultant of Borrowers or any Subsidiary; **provided** that, the aggregate cash consideration paid for all such payments during the term of this Agreement shall not exceed \$25,000,000;

(g) to the extent constituting Restricted Payments, Borrowers and their Subsidiaries may enter into and consummate transactions permitted by any provision of Sections 6.3 or 6.4;

(h) repurchases of Equity Interests in any Borrower or any Subsidiary of Borrowers owned by a director, officer or employee of any Borrower or any Subsidiary of Borrowers deemed to occur upon exercise of stock options or warrants if such Equity Interests represent a portion of the exercise price of such options or warrants;

(i) any Borrower or any of the Subsidiaries may pay cash in lieu of fractional Equity Interests in connection with any dividend, split or combination thereof or any Permitted Acquisition;

(j) so long as no Change of Control shall occur, any Company may redeem in whole or in part any of its Equity Interests for another class of its Equity Interests or rights to acquire its Equity Interests or with proceeds from substantially concurrent equity contributions or issuances of new Equity Interests, **provided** that any terms and provisions material to the interests of the Lenders, when taken as a whole, contained in such other class of Equity Interests are at least as advantageous to the Lenders as those contained in the Equity Interests redeemed thereby;

(k) so long as no Default or Event of Default exists or would be caused thereby, Restricted Payments made after the Spin Date to redeem Equity Interests of WKCC not to exceed in the aggregate an amount equal to the aggregate amount of Net Cash Proceeds from any Equity Issuance received by WKCC after the Spin Date ; and

(l) Restricted Payments (including the Kellogg Cash Transfer) to the extent required to consummate the Spin-Off.

**6.7 Transactions with Affiliates.** No Company shall sell, lease, or otherwise transfer any assets to, or purchase, lease, or otherwise acquire any assets from, or otherwise engage in any other transactions with, any of its Affiliates, except:

(a) transactions in the Ordinary Course of Business at prices and on terms and conditions that are fair and reasonable and not less favorable to such Company than could be obtained on an arm's length basis from unrelated third parties, and fully disclosed in writing to Administrative Agent and the Lenders;

(b) transactions expressly permitted by Sections 6.1, 6.3, 6.4, and 6.5 among Borrowers and their Subsidiaries and not involving any other Affiliate of Borrowers;

(c) any Restricted Payments permitted by Section 6.6;

(d) so long as it has been approved by such Company's Board of Directors in accordance with applicable law, an indemnity provided for the benefit of officers and directors (or comparable managers);

(e) so long as it has been approved by such Company's Board of Directors in accordance with applicable law, the payment of reasonable compensation, severance or employee benefit arrangements to employees, officers, and outside directors of such Company in the Ordinary Course of Business;

(f) any transaction existing on the Signing Date identified on Schedule 6.7 (to be updated on the Initial Funding Date, as applicable) or any amendment thereto to the extent such an amendment is not adverse to the Lenders in any material respect;

(g) employment, consulting and severance arrangements between a Borrower and its Subsidiaries and their respective officers and employees in the Ordinary Course of Business and transactions pursuant to stock option plans and employee benefit plans and arrangements in the Ordinary Course of Business;

(h) equity issuances, repurchases, redemptions, retirements or other acquisitions or retirements of Equity Interests by Borrowers or any of their Subsidiaries permitted under Section 6.6;

(i) transactions (i) between Obligor, or (ii) between Companies that are not Obligor; and

(j) the Kellogg Cash Transfer, the Spin-Off and the Transactions relating thereto (including the entry into the Spin-Off Documents and the Transfer Documents (as defined in the Separation Agreement), in each case of this clause (j) substantially as described in the Form 10 as of its date of effectiveness under the Exchange Act, and as amended or modified as permitted by Sections 4.2(c) and 6.10.

**6.8 Restrictive Agreements.** No Company shall directly or indirectly, enter into, incur or permit to exist any agreement or other arrangement that prohibits, restricts or imposes any condition upon (a) the ability of such Obligor or any Subsidiary to create, incur or permit to exist any Lien upon, or to transfer to another Obligor, any of its assets, or (b) the ability of any Subsidiary to pay dividends or other distributions with respect to any Equity Interests it has issued or to make or repay loans or advances to Borrowers or any other Subsidiary or to Guarantee Indebtedness of Borrowers or any other Subsidiary, or to otherwise transfer properties or assets to or invest in any Obligor or any other Subsidiary; **provided** that:

(i) the foregoing shall not apply to (w) restrictions and conditions imposed by law or by the Loan Documents, (x) restrictions and conditions existing on the Signing Date identified on Schedule 6.8 (to be updated on the Initial Funding Date, as applicable) (but shall apply to any extension or renewal of, or any amendment or modification expanding the scope of, any such restriction or condition), (y) customary restrictions and conditions contained in agreements relating to the sale of a Subsidiary pending such sale, **provided** such restrictions and conditions apply only to the Subsidiary that is to be sold and such sale is permitted hereunder and (z) customary provisions in joint venture agreements or other similar agreements applicable to joint ventures permitted under Section 6.5;

(ii) clause (a) of this Section shall not apply to (x) restrictions or conditions imposed by any agreement relating to secured Indebtedness permitted by this Agreement if such restrictions or conditions apply only to the property securing such Indebtedness, (y) customary provisions in leases, licenses and other contracts entered into in the Ordinary Course of Business restricting the assignment thereof, or the transfer of or creation of Liens on assets subject thereto and (z) customary restrictions that arise in connection with any Permitted Encumbrance on any asset or property that is not, and is not required to be, Collateral, **provided** such restriction relates only to the specific property subject to such Lien and such restriction is not created for the purposes of avoiding the restrictions of this Section 6.8 or excluding such property from being Collateral;

(iii) the foregoing shall not apply to restrictions that represent Indebtedness of a Subsidiary of a Borrower which is not an Obligor (or required to be an Obligor) that is permitted by Section 6.1, and which does not apply to any Obligor;

(iv) the foregoing shall not apply to negative pledges and restrictions on Liens in favor of any holder of Indebtedness permitted under Section 6.2 but solely to the extent any negative pledge relates to (i) the property financed by such Indebtedness and the proceeds, accessions and products thereof or (ii) the property secured by such Indebtedness and the proceeds, accessions and products thereof, so long as the agreements governing such Indebtedness permit the Liens securing the Obligations;

(v) the foregoing shall not apply to restrictions on cash or other deposits imposed by customers under contracts entered into in the Ordinary Course of Business and otherwise permitted under Section 6.2; and

(vi) are restrictions on cash earnest money deposits in favor of sellers in connection with acquisitions not prohibited hereunder.

**6.9 Prepayments of Subordinated Debt.** No Company shall purchase, redeem, retire, or otherwise acquire for value, or set apart any money for a sinking, defeasance, or other analogous fund for the purchase, redemption, retirement, or other acquisition of, or make any voluntary payment or prepayment of the principal of or interest on, or any other amount owing in respect of, any Subordinated Debt, except Borrowers and their Subsidiaries may (a) so long as no Default or Event of Default exists or would be caused thereby, make regularly scheduled payments, prepayments or redemptions of principal and interest in respect of Subordinated Indebtedness required pursuant to, and not in violation of the subordination terms of, the instruments or documents evidencing such Subordinated Indebtedness, to the extent permitted by the subordination provisions with respect to such Subordinated Indebtedness and the Subordination Agreement with respect thereto, (b) prepay Subordinated Debt with the proceeds of Refinancing Indebtedness, (c) so long as no Default or Event of Default exists or would be caused thereby, (i) prepay additional Subordinated Indebtedness in an aggregate amount, when combined with any Restricted Payments made pursuant to Section 6.6(e)(i), not to exceed during in any Fiscal Year the greater of (x) \$75,000,000 and (y) 30% of Applicable EBITDA, and (ii) prepay additional Subordinated Indebtedness, so long as, both immediately before and after giving effect thereto, the Consolidated Net Leverage Ratio is not greater than 2.00 to 1.00, calculated on a pro forma basis as of the end of the most recent Fiscal Quarter for which financial statements have been delivered (or are required to be delivered) to the Lenders pursuant to Section 5.1(a) or 5.1(b).

**6.10 Modifications of Certain Documents.** No Company shall consent to any modification, supplement, or waiver of any of the provisions of (a) any agreement, instrument, or other document evidencing or relating to Subordinated Indebtedness except as expressly permitted by the subordination terms of such Subordinated Indebtedness and the Subordination Agreement with respect thereto, (b) any agreement, instrument, or other document evidencing or relating to any Receivables Financing Facility except as expressly permitted by the terms of the applicable Receivables Intercreditor Agreement, and (c) its Organizational Documents without the prior written consent of Administrative Agent other than modifications that are not materially adverse to Secured Parties. No Company shall allow the Separation Agreement, the Brand IP Agreement (as defined in the Separation Agreement) or any other material Ancillary Agreement (as defined in the Separation Agreement) to be terminated, modified or amended after the Initial Funding Date without the prior written consent of Administrative Agent other than modifications or amendments that are not materially adverse to the interests of the Secured Parties in their capacities as such and are not reasonably likely to have a Material Adverse Effect.

**6.11 Accounting Changes.** No Company shall (a) make any significant change in accounting treatment or reporting practices, except as required or permitted by GAAP, or (b) change its Fiscal Year end date or the method for determining Fiscal Quarters of any Obligor or its Subsidiaries.

**6.12 Hedging Agreements.** No Company shall enter into any Hedging Agreement, except Hedging Agreements entered into in the Ordinary Course of Business to hedge or mitigate risks to which such Company has actual exposure in connection with fluctuations of commodity prices, currencies, or interest rates and not for any speculative purposes.

**6.13 Sale Lease Back.** Subject to Section 6.4(n), no Company shall enter into any Sale and Leaseback Transaction, except for any such Sale and Leaseback Transaction that is made for cash consideration in an amount not less than the fair market value (as reasonably determined by Borrowers) of such fixed or capital asset.

**6.14 Use of Proceeds and Letters of Credit.** No Borrower shall use the proceeds of Initial Term Loans for any purpose other than to (a) fund the Kellogg Cash Transfer, (b) pay Transaction Costs and (c) fund Borrowers' working capital and general corporate needs. No Borrower shall use the proceeds of Delayed Draw Term Loans for any purpose other than to fund Borrowers' working capital and general corporate needs and, subject to the terms and conditions of this Agreement and the other Loan Documents, the general corporate needs of any other Company. No Borrower shall use the proceeds of any Revolving Credit Loans or Swingline Loans for any purpose other than to (a) fund the Kellogg Cash Transfer, (b) pay Transaction Costs and (c) fund Borrowers' working capital and general corporate needs and, subject to the terms and conditions of this Agreement and the other Loan Documents, the general corporate needs of any other Company. No Obligor shall use any part of the proceeds of any Loan, whether directly or indirectly, for any purpose that would be prohibited by Section 3.12 or that violates any of the Regulations of the Board. No Obligor shall, directly or knowingly indirectly, use the proceeds of the Loans or Letters of Credit, or lend, contribute or otherwise make available such proceeds to any subsidiary, joint venture partner or other Person, (i) to fund any activities or business of or with any Person, or in any country or territory, that, at the time of such funding, is, or whose government is, the subject of Sanctions, in violation of Sanctions, or (ii) in any other manner that would result in a violation of Sanctions by any Person (including any Person participating in the Loans or Letters of Credit, whether as Administrative Agent, Issuing Lender, Lender, arranger, underwriter, advisor, investor, or otherwise), or (iii) for any payments to any governmental official or employee, political party, official of a political party, candidate for political office, or anyone else acting in an official capacity, in order to obtain, retain or direct business or obtain any improper advantage, in violation of any Anti-Corruption Laws that may be applicable.

**6.15 Limitation on Activities.** No Domestic Holding Company shall (a) conduct, transact, or otherwise engage in, or commit to conduct, transact, or otherwise engage in, any business or operations other than those incidental to its ownership of the Equity Interests of its Subsidiaries, (b) incur, create, assume, or suffer to exist any Indebtedness or other liabilities or financial obligations, except (i) nonconsensual obligations imposed by operation of law, (ii) pursuant to the Loan Documents to which it is a party and (iii) obligations with respect to its Equity Interests, or (c) own, lease, manage, or otherwise operate any properties or assets other than the ownership of Equity Interests of its Subsidiaries.

**6.16 Canadian Defined Benefit Plans.** No Obligor shall establish or permit to exist, any Canadian Defined Benefit Plan.

## 7. FINANCIAL COVENANTS

**7.1 Consolidated Net Leverage Ratio.** Borrowers shall not permit the Consolidated Net Leverage Ratio to exceed the following respective ratios as of the last day of any Fiscal Quarter ending closest to the last day of any calendar quarter during the following respective periods specified below:

| <u>Period</u>   | <u>Consolidated Net Leverage Ratio</u> |
|---|--|
| For the Fiscal Quarters ending December 31, 2023 through and including the Fiscal Quarter ending in December 31, 2025 | 4.00 to 1.00                           |
| For the Fiscal Quarter ending March 31, 2026 and for each Fiscal Quarter thereafter                                   | 3.50 to 1.00                           |

Notwithstanding the foregoing, for each of the four Fiscal Quarters ended immediately following the closing of a Material Acquisition (including the Fiscal Quarter in which such Material Acquisition occurs) (each, an “**Increased Leverage Period**”), the applicable Consolidated Net Leverage Ratio for purposes of this [Section 7.1](#) shall be 4.50 to 1.00; **provided** that, (x) no Increased Leverage Period shall commence during the continuation of any other Increased Leverage Period, and (y) following the conclusion of each Increased Leverage Period, Borrowers shall be in compliance with the Consolidated Net Leverage Ratio for 2 consecutive Fiscal Quarter periods prior to the start of any subsequent Increased Leverage Period.

**7.2 Interest Coverage Ratio.** Borrowers shall not permit the Interest Coverage Ratio to be less than 3.00 to 1.00 as at the last day of any Fiscal Quarter.

**7.3 Capital Expenditures.** Borrowers shall not permit the aggregate amount of Capital Expenditures by the Consolidated Group in any Fiscal Year to exceed an amount equal to the greater of (x) \$125,000,000 and (y) 50% of Applicable EBITDA (such greater amount, the “**Permitted Amount**”); **provided**, that, so long as no Default shall have occurred and be continuing, if the aggregate amount of Capital Expenditures during any Fiscal Year shall be less than the Permitted Amount for such Fiscal Year, then the amount by which such Permitted Amount for such Fiscal Year exceeds the actual amount of such Capital Expenditures for such Fiscal Year (the “**Excess Amount**”) shall be added to the amount of Capital Expenditures permitted for the immediately succeeding (but not any other) Fiscal Year and, for purposes hereof, the amount of Capital Expenditures made during any Fiscal Year shall be deemed to have been made first from the Permitted Amount for such Fiscal Year and last from the Excess Amount from any previous Fiscal Year; **provided further**, that (i) Capital Expenditures for purposes of this [Section 7.3](#) shall not include Capital Expenditures incurred by the Consolidated Group in connection with the Permitted Capital Project in an aggregate amount of up to \$500,000,000 during the term of this Agreement, and (ii) all Capital Expenditures incurred by the Consolidated Group in connection with the Permitted Capital Project in excess of \$500,000,000 shall reduce the Permitted Amount on a dollar for dollar basis for each such period in which they are incurred.

## 8. EVENTS OF DEFAULT; REMEDIES

**8.1 Event of Default.** If any of the following events (each such an event, an “*Event of Default*”) shall occur:

(a) Obligors shall fail to pay any principal of any Loan or any reimbursement obligation in respect of any LC Disbursement or deposit any funds as cash collateral in respect of any Letter of Credit when and as the same shall become due and payable and in the currency required hereunder, whether at the due date thereof or at a date fixed for prepayment thereof or otherwise;

(b) Obligors shall fail to pay (i) any interest on any Loan or LC Disbursement or (ii) any fee or any other amount (other than an amount referred to in clause (a) of this Section) payable under this Agreement or under any other Loan Document, when and as the same shall become due and payable and in the currency required hereunder, and such failure shall continue unremedied for a period of (x) with respect to the foregoing clause (i), three (3) or more Business Days and (y) with respect to the foregoing clause (ii), five (5) or more Business Days;

(c) any certification, representation, or warranty made or deemed made by or on behalf of any Obligor in or in connection with this Agreement or any other Loan Document or in any report, certificate, financial statement, or other document furnished pursuant to or in connection with this Agreement or any other Loan Document, shall prove to have been incorrect in any material respect when made or deemed made (unless any such certification, representation or warranty is qualified as to materiality or as to Material Adverse Effect, in which case such certification, representation, or warranty shall prove to have been incorrect in any respect);

(d) (i) any Obligor shall fail to observe or perform any covenant, condition or agreement contained in Section 5.1 and such failure shall continue unremedied for a period of five (5) Business Days, or (ii) any Obligor shall fail to observe or perform any covenant, condition or agreement contained in 5.2(a), 5.3 (with respect to any Obligor’s existence), 5.11, 6, or 7;

(e) any Obligor shall fail to observe or perform any covenant, condition or agreement contained in this Agreement (other than those specified in clause (a), (b), or (d) of this Section) or any other Loan Document and such failure shall continue unremedied for a period of 30 or more days;

(f) any Company shall fail to make any payment (whether of principal or interest and regardless of amount) in respect of any Material Indebtedness, when and as the same shall become due and payable (after giving effect to any applicable notice requirement or grace period);

(g) any event or condition occurs that results in any Material Indebtedness becoming due prior to its scheduled maturity or that enables or permits (with or without the giving of notice, the lapse of time or both) the holder or holders of any Material Indebtedness or any trustee or agent on its or their behalf to cause any Material Indebtedness to become due, or to require the prepayment, repurchase, redemption or defeasance thereof, prior to its scheduled maturity (after giving effect to any applicable notice requirement or grace period); **provided** that this clause (g) shall not apply to secured Indebtedness that becomes due as a result of the voluntary sale or transfer of the property securing such Indebtedness in a transaction permitted hereunder;



(h) an involuntary proceeding shall be commenced or an involuntary petition shall be filed seeking (i) liquidation, reorganization, conservatorship, bankruptcy, assignment for the benefit of creditors, moratorium, rearrangement, receivership, insolvency or other relief in respect of any Company (other than any Immaterial Subsidiary) or its debts, or of a substantial part of its assets, under any Debtor Relief Laws or (ii) the appointment of a receiver, trustee, custodian, sequestrator, conservator, liquidator, rehabilitator, or similar official for any Company (other than any Immaterial Subsidiary) or for a substantial part of its or their assets, and, in any such case, such proceeding or petition shall continue undismissed for a period of 60 or more days or an order or decree approving or ordering any of the foregoing shall be entered;

(i) any Company (other than any Immaterial Subsidiary) shall (i) voluntarily commence any proceeding or file any petition seeking liquidation, arrangement, reorganization, conservatorship, bankruptcy, assignment for the benefit of creditors, moratorium, rearrangement, receivership, insolvency, or other relief under any Debtor Relief Laws now or hereafter in effect, (ii) consent to the institution of, or fail to contest in a timely and appropriate manner, any proceeding or petition described in clause (h) of this Section, (iii) apply for or consent to the appointment of a receiver, receiver and manager, monitor, trustee, custodian, sequestrator, conservator, liquidator, rehabilitator, or similar official for any Company (other than any Immaterial Subsidiary) or for a substantial part of its assets, (iv) file an answer admitting the material allegations of a petition filed against it in any such proceeding, (v) make a general assignment for the benefit of creditors, or (vi) take any organizational action to authorize any of the foregoing;

(j) any Company (other than any Immaterial Subsidiary) shall become unable, admit in writing its inability, or fail generally to pay its debts as they become due;

(k) one or more judgments for the payment of money in an aggregate amount in excess of greater of (x) \$37,500,000 and (y) 15.0% of Applicable EBITDA (exclusive of amounts covered by insurance provided by a financially sound insurance company and for which such insurer has accepted liability) shall be rendered against any Company and the same shall remain undischarged for a period of 30 consecutive days during which execution shall not be effectively stayed, or any action shall be legally taken by a judgment creditor to attach or levy upon any assets of any Company to enforce any such judgment;

(l) an ERISA Event shall have occurred that when taken together with all other ERISA Events that have occurred, could reasonably be expected to result in a Material Adverse Effect;

(m) a Change of Control shall occur;

(n) the Liens created by any of the Security Documents shall at any time not constitute a valid and perfected first-priority Lien on a material portion of the Collateral intended to be covered thereby (other than any Collateral released under Section 9.10) in favor of Administrative Agent, free and clear of all other Liens (other than Permitted Encumbrances), or, except for expiration or termination in accordance with its terms or with the consent of Administrative Agent, any of the Loan Documents shall for whatever reason be terminated or cease to be in full force and effect, or enforceability thereof shall be contested by any Obligor;

(o) the Receivables Intercreditor Agreement, shall for any reason, other than the Full Satisfaction of the Obligations or payment in full of the other applicable Indebtedness subject to such agreement, cease to be in full force and effect, or any other creditor party thereto or any Person acting by or on behalf of such creditor, shall deny or disaffirm such creditor's obligations under such intercreditor;

(p) (i) the subordination provisions of the documents evidencing or governing any Subordinated Indebtedness constituting Material Indebtedness (the "**Subordination Provisions**") shall, in whole or in part, terminate, cease to be effective or cease to be legally valid, binding and enforceable against any holder of the applicable Subordinated Indebtedness constituting Material Indebtedness; or (ii) any Obligor or holder of Subordinated Indebtedness constituting Material Indebtedness shall, directly or indirectly disavow or contest in any manner (A) the effectiveness, validity or enforceability of any of the Subordination Provisions, (B) that the Subordination Provisions exist for the benefit of Administrative Agent, the Lenders and Issuing Lender, or (C) that all payments of principal of or premium and interest on the applicable Subordinated Indebtedness, or realized from the liquidation of any property of any Obligor, shall be subject to any of the Subordination Provisions; or (iii) any Subordination Agreement constituting Material Indebtedness shall cease to be in full force and effect or the Loans shall cease to constitute "Senior Indebtedness" (or similar term) thereunder;

(q) (i) the Separation Agreement or any other Spin-Off Document shall be terminated prior to the date of the consummation of the Distribution, or (ii) the Distribution shall not have been consummated at or prior to 4:01 p.m. New York City time on October 30, 2023;

then, and in every such event (other than an event with respect to any Obligor described in clause (h) or (i) of this Section 8.1), and at any time thereafter during the continuance of such event, Administrative Agent may with the consent of the Required Lenders, and at the request of the Required Lenders shall, by notice to Borrowers, take any or all of the following actions, at the same or different times: (i) terminate the Commitments including any obligation of Issuing Lender to issue Letters of Credit, and thereupon the Commitments and such obligations shall terminate immediately, (ii) require that Borrowers Cash Collateralize the aggregate LC Exposure, (iii) declare the Loans then outstanding to be due and payable in whole (or in part, in which case any principal not so declared to be due and payable may thereafter be declared to be due and payable), and thereupon the principal of the Loans so declared to be due and payable, together with accrued interest thereon and all fees and other obligations of the Obligors accrued hereunder and under the other Loan Documents, shall become due and payable immediately, without presentment, demand, protest, notice of intent to accelerate, notice of acceleration or other notice of any kind, all of which are hereby waived by each Obligor, and (iv) exercise on behalf of itself, the Lenders and Issuing Lender all rights and remedies available to it, the Lenders and Issuing Lender under the Loan Documents and applicable law; and in case of any event with respect to any Obligor described in clause (h) or (i) of this Section 8.1, the Commitments, and Issuing Lender's obligation to issue Letters of Credit, shall automatically terminate, the obligation of Borrowers to Cash Collateralize the LC Exposure shall automatically become effective, and the principal of the Loans then outstanding, together with accrued interest thereon and all fees and other obligations of the Obligors accrued hereunder and under the other Loan Documents, shall automatically become due and payable, without presentment, demand, protest, notice of intent to accelerate, notice of acceleration, or other notice of any kind, all of which are hereby waived by each Obligor. In addition, if any Event of Default shall exist,

Administrative Agent may foreclose or otherwise enforce any Lien granted to Administrative Agent, for the benefit of the Secured Parties, to secure payment and performance of the Obligations in accordance with the terms of the Loan Documents and exercise any and all rights and remedies afforded by applicable law, by any of the Loan Documents, by equity, or otherwise.

**8.2 Application of Payment.** Subsequent to the acceleration of the Obligations or upon Administrative Agent's exercise of any rights and remedies during an Event of Default against the Collateral, in each case, under Section 8.1 hereof, payments and prepayments with respect to the Obligations made to Administrative Agent, the Lenders, Issuing Lender, or Swingline Lender or otherwise received by Administrative Agent, any Lender, Issuing Lender or Swingline Lender (from realization on Collateral or otherwise, but excluding any funds held to Cash Collateralize the LC Exposure which shall be applied to, or held to pay, the LC Exposure as set forth in Section 2.5(1) and subject to the rights of Non-Defaulting Lenders pursuant to Section 2.21) shall be distributed in the following order of priority: **FIRST**, to the fees, indemnities, expenses and other amounts (including attorneys' fees and expenses), if any, payable to Administrative Agent in its capacity as such; **SECOND**, to the fees, indemnities, expenses and other amounts (other than principal, reimbursement obligations in respect of L/C Disbursements and interest) payable to the Lenders, Swingline Lender and Issuing Lender (including attorneys' fees and expenses) arising under the Loans Documents, ratably among them in proportion to the respective amounts described in this clause payable to them; **THIRD**, to the payment of interest then due and payable on the Swingline Loans; **FOURTH**, to the payment of the principal of any Swingline Loans then outstanding; **FIFTH**, to the payment of interest then due and payable on the Revolving Credit Loans and the Term Loans, on a pro rata basis; **SIXTH**, on a pro rata basis, to (a) the payment of principal of the Revolving Credit Loans, (b) the payment of principal of the Term Loans, (c) Cash Collateralize the LC Exposure in accordance with clause (a) of the definition of "Fully Satisfied" set forth in this Agreement, and (d) the payment of (or Cash Collateralization of in accordance with clause (b) of the definition of "Fully Satisfied" set forth in this Agreement) any Bank Product Obligations until Fully Satisfied; **SEVENTH**, to any other Obligations not otherwise referred to in this Section, and **EIGHTH**, to the applicable Obligors, their successors or assigns, or as a court of competent jurisdiction may otherwise direct; **provided, however**, that, notwithstanding anything to the contrary set forth above, in no event shall any proceeds of any Collateral owned, or any Guarantee provided, by any Obligor under any Loan Document be applied to repay or cash collateralize any Excluded Swap Obligation with respect to such Obligor, but appropriate adjustments shall be made with respect to payments from other Obligors to preserve the allocation to Obligations otherwise set forth above in this Section; **provided, further**, that Administrative Agent may elect to apply the proceeds of any such Collateral or Guarantee to repay or cash collateralize any Obligations in accordance with the priority set forth above (other than Excluded Swap Obligation with respect to such Obligor) before applying the proceeds of any other Collateral or Guarantee provided under any Loan Document, if in the reasonable determination of Administrative Agent, such order of application will maximize the repayment of all of the Obligations. Administrative Agent shall have absolute discretion as to the time of application of any such proceeds, moneys, or balances in accordance with this Agreement. Upon any sale of Collateral by Administrative Agent (including pursuant to a power of sale granted by statute or under a judicial proceeding), the receipt of the purchase money by Administrative Agent or of the officer making the sale shall be a sufficient discharge to the purchaser or purchasers of the Collateral so sold and such purchaser or purchasers shall not be obligated to see to the application of any part of the purchase money paid over to Administrative Agent or such officer or be answerable in any way for the misapplication thereof.

**8.3 Performance by Administrative Agent.** If any Obligor shall fail to perform any covenant or agreement in accordance with the terms of the Loan Documents, Administrative Agent may perform or attempt to perform such covenant or agreement on behalf of the applicable Obligor. In such event, Borrowers shall, at the request of Administrative Agent promptly pay any amount expended by Administrative Agent in connection with such performance or attempted performance to Administrative Agent, together with interest thereon at the interest rate provided for in Section 2.12(d) from and including the date of such expenditure to but excluding the date such expenditure is paid in full. Notwithstanding the foregoing, it is expressly agreed that neither Administrative Agent nor any Lender shall have any liability or responsibility for the performance of any obligation of any Obligor under any Loan Documents.

## **9. ADMINISTRATIVE AGENT, ISSUING LENDER, COLLATERAL, AND AFFILIATES OF LENDERS**

### **9.1 Authorization and Action.**

(a) Each of the Lenders and Issuing Lender hereby irrevocably appoints Administrative Agent to act on its behalf as Administrative Agent hereunder and under the other Loan Documents and authorizes Administrative Agent to take such actions on its behalf and to exercise such powers as are delegated to Administrative Agent by the terms hereof or thereof, together with such actions and powers as are reasonably incidental thereto. In addition, to the extent required under the laws of any jurisdiction other than within the United States, each Lender and each Issuing Lender hereby grants to Administrative Agent any required powers of attorney to execute and enforce any Security Document governed by the laws of such jurisdiction on such Lender's or such Issuing Lender's behalf. Except as otherwise provided in Section 9.6, the provisions of this Section 9 are solely for the benefit of Administrative Agent, the Lenders, and Issuing Lender, and no Obligor has rights as a third party beneficiary of any of such provisions. It is understood and agreed that the use of the term "agent" herein or in any other Loan Documents (or any other similar term) with reference to Administrative Agent is not intended to connote any fiduciary or other implied (or express) obligations arising under agency doctrine of any applicable law. Instead such term is used as a matter of market custom and is intended to create or reflect only an administrative relationship between contracting parties.

(b) Administrative Agent shall also act as the collateral agent under the Loan Documents, and each of the Lenders and Issuing Lender hereby irrevocably appoints and authorizes Administrative Agent to act as the agent of such Lender and Issuing Lender for purposes of acquiring, holding, and enforcing any and all Liens on Collateral granted by any of the Obligors to secure any of the Obligations, together with such powers and discretion as are reasonably incidental thereto. In this connection, Administrative Agent, as collateral agent and any co-agents, sub-agents, and attorneys-in-fact appointed by Administrative Agent pursuant to Section 9.5 for purposes of holding or enforcing any Lien on the Collateral (or any portion thereof) granted under the Security Documents, or for exercising any rights and remedies thereunder at the direction of Administrative Agent, shall be entitled to the benefits of all provisions of this Sections 9 and 10 as if set forth in full herein with respect thereto. Administrative Agent is authorized on behalf of all the Lenders, without the necessity of any notice to or further consent from the Lenders or Issuing Lender, from time to time to take any action with respect to any Collateral or the Loan Documents which may be necessary to perfect and maintain perfected the Liens upon any Collateral granted pursuant to any Security Document.

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## 9.2 Administrative Agent and its Affiliates.

(a) The Person serving as Administrative Agent hereunder shall have the same rights and powers in its capacity as a Lender as any other Lender and may exercise the same as though it were not Administrative Agent and the term “Lender” or “Lenders” shall, unless otherwise expressly indicated or unless the context otherwise requires, include the Person serving as Administrative Agent hereunder in its individual capacity. Such Person and its Affiliates may accept deposits from, own securities of, lend money to, act as the financial advisor or in any advisory capacity for and generally engage in any kind of business with Borrowers or any Subsidiary or other Affiliate thereof as if it were not Administrative Agent hereunder and without any duty to account therefor to the Lenders.

(b) Each Lender and Issuing Lender understands that the Person serving as Administrative Agent, acting in its individual capacity, and its Affiliates (collectively, the “*Agent’s Group*”) is engaged in a wide range of financial services and businesses (including investment management, financing, securities trading, corporate and investment banking and research) (such services and businesses are collectively referred to in this [Section 9](#) as “*Activities*”) any may engage in the Activities with or on behalf of one or more of the Obligors or their respective Affiliates. Furthermore, the members of the Agent’s Group may, in undertaking the Activities, engage in trading in financial products or undertake other investment businesses for its own account or on behalf of others (including the Obligors and their Affiliates and including holding, for its own account or on behalf of others, equity, debt and similar positions in Borrowers, another Obligor or their respective Affiliates), including trading in or holding long, short or derivative positions in securities, loans, or other financial products of one or more of the Obligors or their Affiliates. Each Lender and Issuing Lender understands and agrees that in engaging in the Activities, the members of the Agent’s Group may receive or otherwise obtain information concerning the Obligors or their Affiliates (including information concerning the ability of the Obligors to perform their respective obligations hereunder and under the other Loan Documents) which information may not be available to any of the Lenders that are not members of the Agent’s Group. Neither Administrative Agent nor any other member of the Agent’s Group shall have any duty to disclose to any Lender or Issuing Lender or use on behalf of any Lender or Issuing Lender, nor be liable for the failure to so disclose or use, any information whatsoever about or derived from the Activities or otherwise (including any information concerning the business, prospects, operations, property, financial and other condition or creditworthiness of any Obligor or any Affiliate of any Obligor) or to account for any revenue or profits obtained in connection with the Activities, except that Administrative Agent shall deliver or otherwise make available to each Lender such documents as are expressly required by any Loan Document to be transmitted by Administrative Agent to the Lenders.

(c) Each Lender and Issuing Lender further understands that there may be situations where members of the Agent’s Group or their respective customers (including the Obligors and their Affiliates) either now have or may in the future have interests or take actions that may conflict with the interests of any one or more of the Lenders or Issuing Lenders (including the interests of any Lender or Issuing Lender hereunder and under the other Loan Documents). Each Lender and Issuing Lender agrees that no member of the Agent’s Group is or

shall be required to restrict its activities as a result of any Person serving as Administrative Agent being a member of the Agent's Group, and that each member of the Agent's Group may undertake any Activities without further consultation with or notification of any Lender or Issuing Lender. None of (i) this Agreement nor any other Loan Document, (ii) the receipt by the any members of the Agent's Group of information (including information concerning the ability of the Obligors to perform their respective obligations hereunder and under the other Loan Documents), or (iii) any other matter, shall give rise to any fiduciary, equitable, or contractual duties (including any duty of trust, care or confidence) owing by Administrative Agent or any member of the Agent's Group to any Lender or Issuing Lender including any such duty that would prevent or restrict any member of the Agent's Group from acting on behalf of customers (including the Obligors or their Affiliates) or for its own account.

**9.3 Duties.** Administrative Agent shall not have any duties or obligations except those expressly set forth herein and in the other Loan Documents. Without limiting the generality of the foregoing, Administrative Agent:

(a) shall not be subject to any fiduciary or other implied duties, regardless of whether a Default has occurred and is continuing;

(b) shall not have any duty to take any discretionary action or exercise any discretionary powers, except discretionary rights and powers expressly contemplated hereby or by the other Loan Documents that Administrative Agent is required to exercise as directed in writing by the Required Lenders (or such other number or percentage of the Lenders as shall be expressly provided for herein or in the other Loan Documents); **provided** that Administrative Agent shall not be required to take any action that, in its opinion or the opinion of its counsel, may expose Administrative Agent to liability or that is contrary to any Loan Document or applicable law, including for the avoidance of doubt any action that may be in violation of the automatic stay under any Debtor Relief Law or that may affect a forfeiture, modification or termination of property of a Defaulting Lender in violation of any Debtor Relief Law;

(c) shall not, except as expressly set forth herein and in the other Loan Documents, have any duty to disclose, and shall not be liable for the failure to disclose, any information relating to any Obligor or any of their respective Affiliates that is communicated to or obtained by the Person serving as Administrative Agent or any of its Affiliates in any capacity;

(d) shall not be liable for any damage or loss resulting from or caused by events or circumstances beyond Administrative Agent's reasonable control, including nationalization, expropriation, currency or funds transfer restrictions, the interruption, disruption, or suspension of the normal procedures and practices of any securities market, power, mechanical, communications, or other technological failures or interruptions, computer viruses or the like, fires, floods, earthquakes, or other natural disasters, civil, and military disturbance, acts of war or terrorism, riots, revolution, acts of God, work stoppages, strikes, national disasters of any kind, or other similar events or acts, or errors by Borrowers in their instructions to Administrative Agent; and

(e) shall not be responsible or have any liability for, or have any duty to ascertain, inquire into, monitor or enforce, compliance with the provisions hereof relating to Disqualified Institutions, and specifically, it shall not (i) be obligated to ascertain, monitor or inquire as to whether any Lender or Participant or prospective Lender or Participant is a Disqualified Institution or (ii) have any liability with respect to or arising out of any assignment or participation of Loans, or disclosure of confidential information, to any Disqualified Institution.

#### 9.4 Administrative Agent's Reliance, Etc.

(a) Administrative Agent shall not be liable for any action taken or not taken by it (i) with the consent or at the request of the Required Lenders (or such other number or percentage of the Lenders as shall be necessary, or as Administrative Agent shall believe in good faith shall be necessary, under the circumstances as provided in Sections 8 and 10.2) or (ii) in the absence of its own gross negligence or willful misconduct as determined by a court of competent jurisdiction by final and non-appealable judgment. Administrative Agent shall be deemed not to have knowledge of any Default or Event of Default unless and until a Borrower, a Lender, or Issuing Lender has given written notice describing such Default or Event of Default to Administrative Agent. Administrative Agent shall not be responsible for or have any duty to ascertain or inquire into (i) any statement, warranty or representation made in or in connection with this Agreement or any other Loan Document, (ii) the contents of any certificate, report or other document delivered hereunder or thereunder or in connection herewith or therewith, (iii) the performance or observance of any of the covenants, agreements or other terms or conditions set forth herein or therein or the occurrence of any Default or Event of Default, (iv) the validity, enforceability, effectiveness or genuineness of this Agreement, any other Loan Document or any other agreement, instrument or document, or the creation, perfection or priority of any Lien purported to be created by the Security Documents, or (v) the satisfaction of any condition set forth in Section 4 or elsewhere herein or therein, other than to confirm receipt of items expressly required to be delivered to Administrative Agent.

(b) Administrative Agent shall be entitled to rely upon, and shall not incur any liability for relying upon, any notice, request, certificate, consent, statement, instrument, document, or other writing (including any electronic message, Internet or intranet website posting or other distribution) believed by it to be genuine and to have been signed, sent, or otherwise authenticated by the proper Person. Administrative Agent also may rely upon any statement made to it orally or by telephone and believed by it to be made by the proper Person and shall not incur any liability for relying thereon. In determining compliance with any condition hereunder to the making of a Loan, or the issuance, extension, renewal or increase of a Letter of Credit, that by its terms must be fulfilled to the satisfaction of a Lender or Issuing Lender, Administrative Agent may presume that such condition is satisfactory to such Lender or Issuing Lender unless Administrative Agent shall have received notice to the contrary from such Lender or Issuing Lender prior to the making of such Loan or the issuance of such Letter of Credit. Administrative Agent may consult with legal counsel (who may be counsel for an Obligor), independent accountants and other experts selected by it, and shall not be liable for any action taken or not taken by it in accordance with the advice of any such counsel, accountants or experts.

(c) Each Lender (x) represents and warrants, as of the date such Person became a Lender party hereto, to, and (y) covenants, from the date such Person became a Lender party hereto to the date such Person ceases being a Lender party hereto, for the benefit of, Administrative Agent, and not, for the avoidance of doubt, to or for the benefit of Borrowers or any other Obligor, that at least one of the following is and will be true:

(i) such Lender is not using "plan assets" (within the meaning of Section 3(42) of ERISA or otherwise) of one or more Benefit Plans with respect to such Lender's entrance into, participation in, administration of and performance of the Loans, the Letters of Credit, the Commitments or this Agreement,

(ii) the transaction exemption set forth in one or more PTEs, such as PTE 84-14 (a class exemption for certain transactions determined by independent qualified professional asset managers), PTE 95-60 (a class exemption for certain transactions involving insurance company general accounts), PTE 90-1 (a class exemption for certain transactions involving insurance company pooled separate accounts), PTE 91-38 (a class exemption for certain transactions involving bank collective investment funds) or PTE 96-23 (a class exemption for certain transactions determined by in-house asset managers), is applicable with respect to such Lender's entrance into, participation in, administration of and performance of the Loans, the Letters of Credit, the Commitments and this Agreement,

(iii) (A) such Lender is an investment fund managed by a "Qualified Professional Asset Manager" (within the meaning of Part VI of PTE 84-14), (B) such Qualified Professional Asset Manager made the investment decision on behalf of such Lender to enter into, participate in, administer and perform the Loans, the Letters of Credit, the Commitments and this Agreement, (C) the entrance into, participation in, administration of and performance of the Loans, the Letters of Credit, the Commitments and this Agreement satisfies the requirements of sub-sections (b) through (g) of Part I of PTE 84-14 and (D) to the best knowledge of such Lender, the requirements of subsection (a) of Part I of PTE 84-14 are satisfied with respect to such Lender's entrance into, participation in, administration of and performance of the Loans, the Letters of Credit, the Commitments and this Agreement, or

(iv) such other representation, warranty and covenant as may be agreed in writing between Administrative Agent, in its sole discretion, and such Lender.

(d) In addition, unless either (1) sub-clause (i) in the immediately preceding clause (c) is true with respect to a Lender or (2) a Lender has provided another representation, warranty and covenant in accordance with sub-clause (iv) in the immediately preceding clause (c), such Lender further (x) represents and warrants, as of the date such Person became a Lender party hereto, to, and (y) covenants, from the date such Person became a Lender party hereto to the date such Person ceases being a Lender party hereto, for the benefit of, Administrative Agent, and not, for the avoidance of doubt, to or for the benefit of Borrowers or any other Obligor, that Administrative Agent is not a fiduciary with respect to the assets of such Lender involved in such Lender's entrance into, participation in, administration of and performance of the Loans, the Letters of Credit, the Commitments and this Agreement (including in connection with the reservation or exercise of any rights by Administrative Agent under this Agreement, any Loan Document or any documents related to hereto or thereto).

**9.5 Sub-Agents.** Administrative Agent may perform any and all its duties and exercise its rights and powers hereunder or under any other Loan Document by or through any one or more sub-agents appointed by Administrative Agent (other than Disqualified Institutions). Administrative Agent and any such sub-agent may perform any and all its duties and exercise its rights and powers by or through their respective Related Parties. Administrative Agent is authorized on behalf of all the Lenders, without the necessity of any notice to or further consent from the Lenders or Issuing Lender, from time to time to permit any co-agents, sub-agents and



attorneys-in-fact appointed by Administrative Agent to take any action with respect to any Collateral or the Loan Documents which may be necessary to perfect and maintain perfected the Liens upon any Collateral granted pursuant to any Security Document. The exculpatory provisions of this Section 9, as well as all other indemnity and expense reimbursement provisions of this Agreement (including, without limitation, Section 10.3), shall apply to any such sub-agent and to the Related Parties of Administrative Agent and any such sub-agent, and shall apply to their respective activities in connection with the syndication of the credit facilities provided for herein as well as activities as Administrative Agent and as though such co-agents, sub-agents and attorneys-in-fact were the “collateral agent” under the Loan Documents. Administrative Agent shall not be responsible for the negligence or misconduct of any sub-agent except to the extent that a court of competent jurisdiction determines in a final and non-appealable judgment that Administrative Agent acted with gross negligence or willful misconduct in the selection of such sub-agents.

#### **9.6 Resignation.**

(a) Administrative Agent may resign at any time by giving notice of its resignation to the Lenders, Issuing Lender, and Borrowers. Upon receipt of any such notice of resignation, the Required Lenders shall have the right, in consultation with and, so long as no Event of Default pursuant to Section 8.1(a), (b), (h) or (i) then exists, subject to the approval (not to be unreasonably withheld or delayed) of, Borrowers, to appoint a successor, which shall be a financial institution with an office in the United States, or an Affiliate of any such financial institution with an office in the United States. If no successor shall have been so appointed by the Required Lenders and, if applicable, Borrowers and shall have accepted such appointment within 30 days after the retiring Administrative Agent gives notice of its resignation (or such earlier day as shall be agreed by the Required Lenders) (the “**Resignation Effective Date**”), then the retiring Administrative Agent may, on behalf of the Lenders and Issuing Lender, appoint a successor Administrative Agent meeting the qualifications set forth above (including any requisite Borrower consent). Whether or not a successor has been appointed, such resignation shall become effective in accordance with such notice on the Resignation Effective Date. No Disqualified Institution shall be a successor Administrative Agent.

(b) With effect from the Resignation Effective Date (i) the retiring Administrative Agent shall be discharged from its duties and obligations hereunder and under the other Loan Documents (except that in the case of any possessory Collateral held by Administrative Agent on behalf of the Lenders or Issuing Lender under any of the Loan Documents, the retiring Administrative Agent shall continue to hold such Collateral until such time as a successor Administrative Agent is appointed) and (ii) except for any indemnity payments owed to the retiring Administrative Agent, all payments, communications and determinations provided to be made by, to or through Administrative Agent shall instead be made by or to each Lender and each Issuing Lender directly, until such time as the Required Lenders appoint a successor Administrative Agent as provided for above. Upon the acceptance of a successor’s appointment as Administrative Agent hereunder, such successor shall succeed to and become vested with all of the rights, powers, privileges and duties of the retiring Administrative Agent (other than any rights to indemnity payments owed to the retiring Administrative Agent) and the retiring Administrative Agent shall be discharged from all of its duties and obligations hereunder or under the other Loan Documents. The fees payable by Borrowers to a successor Administrative Agent shall be the same as those payable to its

predecessor unless otherwise agreed between Borrowers and such successor. After the retiring Administrative Agent's resignation hereunder and under the other Loan Documents, the provisions of this Article 9 and Section 10.3 shall continue in effect for the benefit of such retiring Administrative Agent, its sub-agents and their respective Related Parties in respect of any actions taken or omitted to be taken by any of them while the retiring Administrative Agent was acting as Administrative Agent.

(c) Any resignation by Rabobank as Administrative Agent pursuant to this Section shall also constitute its resignation as Issuing Lender and Swingline Lender. Upon the acceptance of a successor's appointment as Administrative Agent hereunder, (i) such successor shall succeed to and become vested with all of the rights, powers, privileges and duties of the retiring Issuing Lender and Swingline Lender, (ii) the retiring Issuing Lender and Swingline Lender shall be discharged from all of their respective duties and obligations hereunder or under the other Loan Documents, and (iii) the successor Issuing Lender shall issue letters of credit in substitution for the resigning Issuing Lender's Letters of Credit, if any, outstanding at the time of such succession or make other arrangements reasonably satisfactory to the retiring Issuing Lender to effectively assume the obligations of the retiring Issuing Lender with respect to such Letters of Credit.

**9.7 Lender Credit Decision.** Each Lender and Issuing Lender acknowledges that it has, independently and without reliance upon Administrative Agent or any other Lender or any of their Related Parties and based on such documents and information as it has deemed appropriate, made its own credit analysis and decision to enter into this Agreement. Each Lender and Issuing Lender also acknowledges that it will, independently and without reliance upon Administrative Agent or any other Lender or any of their Related Parties and based on such documents and information as it shall from time to time deem appropriate, continue to make its own decisions in taking or not taking action under or based upon this Agreement, any other Loan Document or any related agreement or any document furnished hereunder or thereunder. In this regard, each Lender further acknowledges that Greenberg Traurig, LLP is acting in this transaction as special counsel to Rabobank only, except to the extent otherwise expressly stated in any legal opinion or any Loan Document. Each other party hereto will consult with its own legal counsel to the extent that it deems necessary in connection with the Loan Documents and the matters contemplated therein.

**9.8 Other Agent Titles.** Anything herein to the contrary notwithstanding, none of the "Joint Bookrunners", "Joint Lead Arrangers", "Syndication Agent", or "Co-Documentation Agents" listed on the cover page hereof shall have any powers, duties or responsibilities under this Agreement or any of the other Loan Documents, except in its capacity, as applicable, as Administrative Agent, a Lender or Issuing Lender hereunder.

**9.9 Agent May File Proofs of Claim; Bankruptcy Events.** In case of the pendency of any proceeding under any Debtor Relief Law or any other judicial proceeding relative to any Obligor or any Subsidiary, Administrative Agent (irrespective of whether the principal of any Loan or LC Disbursement shall then be due and payable as herein expressed or by declaration or otherwise and irrespective of whether Administrative Agent shall have made any demand any Obligor or any other Person primarily or secondarily liable) shall be entitled and empowered (but not obligated), by intervention in such proceeding or otherwise:

(a) to file and prove a claim for the whole amount of the principal and interest owing and unpaid in respect of the Loans, LC Disbursements and all other Obligations that are owing and unpaid and to file such other documents as may be necessary or advisable in order to have the claims of the Lenders, Issuing Lender, and Administrative Agent (including any claim for the reasonable compensation, expenses, disbursements and advances of the Lenders, Issuing Lender, and Administrative Agent and their respective agents and counsel and all other amounts due the Lenders, Issuing Lender, and Administrative Agent under Sections 2 and 10.3) allowed in such judicial proceeding; and

(b) to collect and receive any monies or other property payable or deliverable on any such claims and to distribute the same in accordance with this Agreement;

and any custodian, receiver, receiver and manager, monitor, assignee, trustee, liquidator, sequestrator or other similar official in any such judicial proceeding is hereby authorized by each Lender and Issuing Lender to make such payments to Administrative Agent and, in the event that Administrative Agent shall consent to the making of such payments directly to the Lenders and Issuing Lender, to pay to Administrative Agent any amount due for the reasonable compensation, expenses, disbursements and advances of Administrative Agent and its agents and counsel, and any other amounts due Administrative Agent under Sections 2 and 10.3.

#### **9.10 Collateral.**

(a) The Secured Parties irrevocably authorize Administrative Agent, at its option and in its discretion:

(i) to release any Lien (A) on all Collateral upon Full Satisfaction of all the Obligations and termination of the Commitments, (B) with respect to any Collateral that is sold or otherwise Disposed of to a Person other than an Obligor pursuant to a Disposition permitted by Section 6.4 (other than any Disposition permitted by clause (d) of Section 6.4), (C) on Receivables and Receivables Related Property to the extent required pursuant to any Receivables Intercreditor Agreement, or (D) subject to Section 10.2, as may be approved, authorized, or ratified in writing by the Required Lenders;

(ii) to subordinate any Lien on any Collateral to the holder of any Lien on such property that is permitted by clause (f) or (k) of the definition of "Permitted Encumbrances"; and

(iii) to enter into each Subordination Agreement, and perform all obligations thereunder, respectively, and to enter into any amendments of such Subordination Agreements which do not materially modify the rights of the Secured Parties thereunder, and agree to be bound by the terms thereof;

(iv) to enter into any Receivables Intercreditor Agreement, and perform all obligations thereunder, respectively, and to enter into any amendments of such Receivables Intercreditor Agreement which do not materially modify the rights of the Secured Parties thereunder, and the Secured Parties agree to be bound by the terms thereof;

(v) to confirm in writing whether specific items or types of Obligor's property are or are not included in the Collateral pursuant to the Loan Documents; and

(vi) to release any Guarantor from its obligations under any Guaranty Agreement if such Person ceases to be a Subsidiary as a result of a transaction permitted under the Loan Documents.

(b) Upon request by Administrative Agent at any time, the Secured Parties will confirm in writing Administrative Agent's authority to release or subordinate its interest in particular types or items of property, or to release any Guarantor from its obligations under any Guaranty Agreement pursuant to this Section 9.10.

(c) Administrative Agent, at the sole expense of Obligors, shall execute and deliver to the Obligors all releases or other documents reasonably necessary or desirable to evidence or effect any release of Liens or release of Guaranty Agreement authorized under Section 9.10(a); **provided**, that (i) Administrative Agent shall not be required to execute any document necessary to evidence such release authorized under clause (i)(B) or (v) of Section 9.10(a) unless a Responsible Officer of Administrative Borrower shall certify in writing to Administrative Agent that the transaction requiring such release is permitted under the Loan Documents (it being acknowledged that Administrative Agent may rely on any such certificate without further enquiry), (ii) Administrative Agent shall not be required to execute any document necessary to evidence such release on terms that, in Administrative Agent's opinion, would expose Administrative Agent to liability or create any obligation or entail any consequence other than the release of such Lien without recourse, representation, or warranty, and (iii) no such release shall in any manner discharge, affect, or impair the Obligations or any Liens (other than those expressly being released) upon (or obligations of any Obligors in respect of) all interests retained by Obligors, including, the proceeds of any sale, all of which shall continue to constitute part of the Collateral. To the extent Administrative Agent is required to execute any releases or other documents in accordance with this Section 9.10(c), Administrative Agent shall do so promptly upon request of Borrowers without the consent or further agreement of any Secured Party.

(d) Administrative Agent shall have no obligation whatsoever to any of the Secured Parties to assure that the Collateral exists or is owned by any Obligor or its Subsidiaries or is cared for, protected, or insured or has been encumbered, or that Administrative Agent's Liens have been properly or sufficiently or lawfully created, perfected, protected, or enforced or are entitled to any particular priority, or to exercise at all or in any particular manner or to continue exercising, any of the rights, authorities and powers granted or available to Administrative Agent pursuant to any of the Loan Documents, it being understood and agreed that in respect of the Collateral, or any act, omission, or event related thereto, subject to the terms and conditions contained herein, Administrative Agent may act in any manner it may deem appropriate, in its sole discretion given Administrative Agent's own interest in the Collateral in its capacity as one of the Lenders and that Administrative Agent shall have no other duty or liability whatsoever to any Secured Party as to any of the foregoing, except as otherwise provided herein.

(e) The Secured Parties hereby irrevocably authorize Administrative Agent, based upon the instruction of the Required Lenders, to (i) consent to, credit bid or purchase (either directly or through one or more acquisition vehicles) all or any portion of the Collateral at any sale thereof conducted under the provisions of the Bankruptcy Code, including under Section 363 of the Bankruptcy Code, (ii) credit bid or purchase (either directly or through one or more acquisition vehicles) all or any portion of the Collateral at any sale or other disposition

thereof conducted under the provisions of the UCC, including pursuant to Section 9-610 or 9-620 of the UCC, or (iii) credit bid or purchase (either directly or through one or more acquisition vehicles) all or any portion of the Collateral at any other sale or foreclosure conducted by Administrative Agent (whether by judicial action or otherwise) in accordance with applicable law. In connection with any such credit bid or purchase, (A) the Obligations owed to the Secured Parties shall be entitled to be, and shall be, credit bid on a ratable basis (with Obligations with respect to contingent or unliquidated claims being estimated for such purpose if the fixing or liquidation thereof would not unduly delay the ability of Administrative Agent to credit bid or purchase at such sale or other disposition of the Collateral and, if such claims cannot be estimated without unduly delaying the ability of Administrative Agent to credit bid, then such claims shall be disregarded, not credit bid, and not entitled to any interest in the asset or assets purchased by means of such credit bid) and the Secured Parties whose Obligations are credit bid shall be entitled to receive interests (ratably based upon the proportion of their Obligations credit bid in relation to the aggregate amount of Obligations so credit bid) in the asset or assets so purchased (or in the Equity Interests of the acquisition vehicle or vehicles that are used to consummate such purchase), and (B) Administrative Agent, based upon the instruction of the Required Lenders, may accept non-cash consideration, including debt and equity securities issued by such acquisition vehicle or vehicles and in connection therewith Administrative Agent may reduce the Obligations owed to the Secured Parties (ratably based upon the proportion of their Obligations credit bid in relation to the aggregate amount of Obligations so credit bid) based upon the value of such non-cash consideration.

(f) The Secured Parties acknowledge and agree that, Rabobank or any of its Affiliates may at any time be the Receivables Financier under the Receivables Financing Facility.

**9.11 Issuing Lender.** Neither Issuing Lender nor any of its Related Parties shall be liable for any action taken or omitted to be taken by any of them hereunder or otherwise in connection with any Loan Document except for its or their own gross negligence or willful misconduct as determined by a court of competent jurisdiction by final and non-appealable judgment. Without limiting the generality of the preceding sentence, Issuing Lender (a) shall have no duties or responsibilities except those expressly set forth in the Loan Documents, and shall not by reason of any Loan Document be a trustee or fiduciary for any Lender or for Administrative Agent, (b) shall not be required to initiate any litigation or collection proceedings under any Loan Document, (c) shall not be responsible to any Lender or Administrative Agent for any recitals, statements, representations, or warranties contained in any Loan Document, or any certificate or other documentation referred to or provided for in, or received by any of them under, any Loan Document, or for the value, validity, effectiveness, enforceability, or sufficiency of any Loan Document or any other documentation referred to or provided for therein or for any failure by any Person to perform any of its obligations thereunder, (d) may consult with legal counsel (including counsel for the Obligors or Administrative Agent), independent public accountants, and other experts selected by it and shall not be liable for any action taken or omitted to be taken in good faith by it in accordance with the advice of such counsel, accountants, or experts, and (e) shall incur no liability under or in respect of any Loan Document by acting upon any notice, consent, certificate, or other instrument or writing believed by it to be genuine and signed or sent by the proper party or parties. As to any matters not expressly provided for by any Loan Document, Issuing Lender shall in all cases be fully protected in acting, or in refraining from acting, hereunder in accordance with instructions signed by the Required Lenders, and such instructions of the Required Lenders and any action taken or failure to act pursuant thereto shall

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be binding on all of the Lenders and Administrative Agent; **provided, however**, that Issuing Lender shall not be required to take any action which Issuing Lender reasonably believes exposes it to personal liability or which Issuing Lender reasonably believes is contrary to any Loan Document or applicable law.

**9.12 Agency for Perfection.** Administrative Agent hereby appoints each other Lender (and each Bank Product Provider) as its agent (and each Lender hereby accepts (and by entering into a Bank Product Provider Letter Agreement, each Bank Product Provider shall be deemed to accept) such appointment) for the purpose of perfecting Administrative Agent's Liens in assets which, in accordance with Article 8 or Article 9 of the UCC or pursuant to the PPSA, as applicable, can be perfected by possession or control. Should any Lender obtain possession or control of any such Collateral, such Lender shall notify Administrative Agent thereof, and, promptly upon Administrative Agent's request therefor shall deliver possession or control of such Collateral to Administrative Agent or in accordance with Administrative Agent's instructions.

**9.13 Affiliates of Lenders; Bank Product Providers.** By accepting the benefits of the Loan Documents, any Affiliate of a Lender that is owed any Obligation is bound by the terms of the Loan Documents. Notwithstanding the foregoing: (a) neither Administrative Agent, any Lender nor any Obligor shall be obligated to deliver any notice or communication required to be delivered to any Lender under any Loan Documents to any Affiliate of any Lender; and (b) no Affiliate of any Lender that is owed any Obligation shall be included in the determination of the Required Lenders or Majority Lenders or entitled to consent to, reject, or participate in any manner in any amendment, waiver or other modification of any Loan Document. Administrative Agent shall deal solely and directly with the related Lender of any such Affiliate in connection with all matters relating to the Loan Documents. The Obligation owed to such Affiliate shall be considered the Obligations of its related Lender for all purposes under the Loan Documents and such Lender shall be solely responsible to the other parties hereto for all the obligations of such Affiliate under any Loan Document. It is understood and agreed that the rights and benefits under this Agreement, the Security Documents, and the Guaranty Agreements of each Bank Product Provider, in such capacity, consist exclusively of such Bank Product Provider's right to share in payments and collections of the Collateral and payments under the Guaranty Agreements; **provided** that for the avoidance of doubt, (i) obligations of Borrowers or any Subsidiary under any Bank Product Agreement shall be secured and guaranteed pursuant to the Security Documents and Guaranty Agreements, respectively, only to the extent that, and for so long as, the other Obligations are so secured and guaranteed and (ii) any release of Collateral or any Guarantors effected in the manner permitted by this Agreement shall not require the consent of holders of obligations under Bank Product Agreements. All Bank Product Obligations shall be secured but on a silent basis, so that notwithstanding any other provision, if any, in this Agreement or any Security Document or Guaranty Agreement, no Bank Product Provider shall be able to take any action in respect of the Collateral or Guaranty Agreements nor instruct the Required Lenders or Administrative Agent to take any such action nor have any rights in connection with the management or release of any Collateral or the obligations of any Guarantor under any Guaranty Agreement. By accepting the benefits of the Collateral and the Guaranty Agreements, such Bank Product Provider shall be deemed to have appointed Administrative Agent as its agent and agreed to be bound by the Loan Documents as a Secured Party, subject to the limitations set forth in this Section 9.13. Administrative Agent shall not owe any fiduciary duty, duty of loyalty, duty of care, duty of disclosure, or any other obligation whatsoever to any

Bank Product Provider with respect to any Bank Product Obligation. Administrative Agent shall have no duty to determine the amount or the existence of any amounts owing under any Bank Product Obligations. In connection with any such distribution of payments and collections or termination or release by Administrative Agent of any Liens or Guarantors thereunder, Administrative Agent shall be entitled to assume no amounts are due under any Bank Product Agreement unless such Bank Product Provider has notified Administrative Agent in writing of the amount of any such liability owed to it at least 5 Business Days prior to such distribution, termination, or release.

#### **9.14 Erroneous Payments.**

(a) If Administrative Agent (x) notifies a Lender, Issuing Lender, Secured Party, or any Person who has received funds on behalf of a Lender, Issuing Lender or Secured Party (any such Lender, Issuing Lender, Secured Party or other recipient (and each of their respective successors and assigns), a "**Payment Recipient**") that Administrative Agent has determined in its sole discretion (whether or not after receipt of any notice under immediately succeeding clause (b)) that any funds (as set forth in such notice from Administrative Agent) received by such Payment Recipient from Administrative Agent or any of its Affiliates were erroneously or mistakenly transmitted to, or otherwise erroneously or mistakenly received by, such Payment Recipient (whether or not known to such Lender, Issuing Lender, Secured Party or other Payment Recipient on its behalf) (any such funds, whether transmitted or received as a payment, prepayment or repayment of principal, interest, fees, distribution or otherwise, individually and collectively, an "**Erroneous Payment**") and (y) demands in writing the return of such Erroneous Payment (or a portion thereof), such Erroneous Payment shall at all times remain the property of Administrative Agent pending its return or repayment as contemplated below in this Section 9.14 and held in trust for the benefit of Administrative Agent, and such Lender, Issuing Lender and Secured Party shall (or, with respect to any Payment Recipient who received such funds on its behalf, shall cause such Payment Recipient to) promptly, but in no event later than two Business Days thereafter (or such later date as Administrative Agent may, in its sole discretion, specify in writing), return to Administrative Agent the amount of any such Erroneous Payment (or portion thereof) as to which such a demand was made, in same day funds (in the currency so received), together with interest thereon (except to the extent waived in writing by Administrative Agent) in respect of each day from and including the date such Erroneous Payment (or portion thereof) was received by such Payment Recipient to the date such amount is repaid to Administrative Agent in same day funds at the greater of the Federal Funds Effective Rate and a rate determined by Administrative Agent in accordance with banking industry rules on interbank compensation from time to time in effect. A notice of Administrative Agent to any Payment Recipient under this clause (a) shall be conclusive, absent manifest error.

(b) Without limiting immediately preceding clause (a), each Lender, Issuing Lender, Secured Party or any Person who has received funds on behalf of a Lender, Issuing Lender or Secured Party (and each of their respective successors and assigns), agrees that if it receives a payment, prepayment or repayment (whether received as a payment, prepayment or repayment of principal, interest, fees, distribution or otherwise) from Administrative Agent (or any of its Affiliates) (x) that is in a different amount than, or on a different date from, that specified in this Agreement or in a notice of payment, prepayment or repayment sent by Administrative Agent (or any of its Affiliates) with respect to such payment, prepayment or repayment, (y) that was not preceded or accompanied by a notice of payment, prepayment or

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repayment sent by Administrative Agent (or any of its Affiliates), or (z) that such Lender, Issuing Lender, Secured Party or other such recipient, otherwise becomes aware was transmitted, or received, in error or by mistake (in whole or in part), then in each such case:

(i) it acknowledges and agrees that (A) in the case of immediately preceding clause (x) or (y), an error and mistake shall be presumed to have been made (absent written confirmation from Administrative Agent to the contrary) or (B) an error and mistake has been made (in the case of immediately preceding clause (z)), in each case, with respect to such payment, prepayment or repayment; and

(ii) such Lender, Issuing Lender and Secured Party shall (and shall cause any other recipient that receives funds on its respective behalf to) promptly (and, in all events, within one Business Day of its knowledge of the occurrence of any of the circumstances described in immediately preceding clauses (x), (y) and (z)) notify Administrative Agent of its receipt of such payment, prepayment or repayment, the details thereof (in reasonable detail) and that it is so notifying Administrative Agent pursuant to this Section 9.14(b).

For the avoidance of doubt, the failure to deliver a notice to Administrative Agent pursuant to this Section 9.14(b) shall not have any effect on a Payment Recipient's obligations pursuant to Section 9.14(a) or on whether or not an Erroneous Payment has been made.

(c) Each Lender, Issuing Lender or Secured Party hereby authorizes Administrative Agent to set off, net and apply any and all amounts at any time owing to such Lender, Issuing Lender or Secured Party under any Loan Document, or otherwise payable or distributable by Administrative Agent to such Lender, Issuing Lender or Secured Party under any Loan Document with respect to any payment of principal, interest, fees or other amounts, against any amount that Administrative Agent has demanded to be returned under immediately preceding clause (a).

(d) The parties hereto agree that (x) irrespective of whether Administrative Agent may be equitably subrogated, in the event that an Erroneous Payment (or portion thereof) is not recovered from any Payment Recipient that has received such Erroneous Payment (or portion thereof) for any reason, Administrative Agent shall be subrogated to all the rights and interests of such Payment Recipient (and, in the case of any Payment Recipient who has received funds on behalf of a Lender, Issuing Lender or Secured Party, to the rights and interests of such Lender, Issuing Lender or Secured Party, as the case may be) under the Loan Documents with respect to such amount (the "***Erroneous Payment Subrogation Rights***") and (y) an Erroneous Payment shall not pay, prepay, repay, discharge or otherwise satisfy any Obligations owed by Borrowers; **provided** that this Section 9.14 shall not be interpreted to increase (or accelerate the due date for), or have the effect of increasing (or accelerating the due date for), the Obligations of Borrowers relative to the amount (and/or timing for payment) of the Obligations that would have been payable had such Erroneous Payment not been made by Administrative Agent; **provided, further**, that for the avoidance of doubt, immediately preceding clauses (x) and (y) shall not apply to the extent any such Erroneous Payment is, and solely with respect to the amount of such Erroneous Payment that is, comprised of funds received by Administrative Agent from, or on behalf of (including through the exercise of remedies under any Loan Document), Borrowers for the purpose of a payment on the Obligations.



(e) To the extent permitted by applicable law, no Payment Recipient shall assert any right or claim to an Erroneous Payment, and hereby waives, and is deemed to waive, any claim, counterclaim, defense or right of set-off or recoupment with respect to any demand, claim or counterclaim by Administrative Agent for the return of any Erroneous Payment received, including, without limitation, any defense based on “discharge for value” or any similar doctrine.

Each party’s obligations, agreements and waivers under this Section 9.14 shall survive the resignation or replacement of Administrative Agent, any transfer of rights or obligations by, or the replacement of, a Lender or Issuing Lender, the termination of the Commitments and/or the repayment, satisfaction or discharge of all Obligations (or any portion thereof) under any Loan Document.

Notwithstanding anything to the contrary herein or in any other Loan Document, nothing in this Section 9.14 shall be interpreted to increase (or accelerate the due date for), or have the effect of increasing (or accelerating the due date for), the Obligations of Borrowers relative to the amount (and/or timing for payment) of the Obligations that would have been payable had any such Erroneous Payment not been made by Administrative Agent.

**9.15 Hypothecary Representatives.** For the purposes of any grant of security (deed of hypothec) under the laws of the Province of Quebec which may now or in the future be required to be provided by Borrowers, Administrative Agent is hereby irrevocably authorized and appointed to act as the hypothecary representative (within the meaning of Article 2692 of the Civil Code of Quebec) for all present and future creditors of the Obligations (the “*Quebec Secured Parties*”) in order to hold any hypothec granted under the laws of the Province of Quebec as security for any of the Obligations and to exercise (to the exclusion of all other Persons) such rights and duties as are conferred upon a hypothecary representative under the relevant deed of hypothec and applicable laws (with the power to delegate any such rights or duties). Any person who becomes a Quebec Secured Party shall be deemed to have consented to and ratified the foregoing appointment of Administrative Agent as hypothecary representative for all Quebec Secured Parties. For greater certainty, Administrative Agent, acting as hypothecary representative, shall have the same rights, powers, immunities, indemnities and exclusions from liability as are prescribed in favour of Administrative Agent in this Agreement, which shall apply mutatis mutandis. In the event of the resignation and appointment of a successor Administrative Agent, such successor Administrative Agent shall also become (without any further act or formality) the successor hypothecary representative for the purposes each such deed of hypothec.

## 10. MISCELLANEOUS

### 10.1 Notices.

(a) General Address for Notices. Except in the case of communications expressly permitted to be given by telephone hereunder or under any other Loan Documents, all notices and other communications (“*Communications*”) provided for herein or in any other Loan Document shall be in writing and shall be delivered by hand or overnight courier service, mailed by certified or registered mail or sent by telecopy or, subject to Section 10.1(b), by electronic communication, as follows:

(i) if to Borrowers, to them at: WK Kellogg Co, 1 Kellogg Square Battle Creek, Michigan 49017, Attention: Scott Main; Telephone No. \*\*\*\*\*; Email: \*\*\*\*\* with a copy to Kirkland & Ellis LLP, 300 North LaSalle, Chicago, IL 60654; Attention: Carolyn Aiken; Email: \*\*\*\*\*; Telephone: \*\*\*\*\*;

(ii) if to Administrative Agent in connection with any Borrowing Request, Interest Election Request, or any payment or prepayment of the Obligations, or if to Swingline Lender, to it at c/o Rabobank Corporate Banking Services, 245 Park Avenue, 36th Floor, New York, NY 10167; Telephone No. \*\*\*\*\*; Attention: Daniel Miajlovic/Ann McDonough; Email: \*\*\*\*\*; \*\*\*\*\*; and \*\*\*\*\*;

(iii) if to Rabobank as Issuing Lender, to it at c/o Rabo Support Services, Inc., at Rabobank Corporate Banking Services, 245 Park Avenue, 36th Floor, New York, NY 10167; Attention: Sandra Rodriguez; Telecopy No. \*\*\*\*\*; Telephone No. \*\*\*\*\*; Email: \*\*\*\*\* with a copy to: \*\*\*\*\*;

(iv) if to Administrative Agent in connection with any other matter (including deliveries under Section 5.1, Incremental Facility Notices and other matters), to it at Rabobank Loan Syndications, 245 Park Avenue, 36th Floor, New York, NY 10167, Attention: Loan Syndications; Telecopy No. \*\*\*\*\*; Telephone No. \*\*\*\*\*; Email: \*\*\*\*\*; and

(v) if to a Lender (including any Lender (other than Rabobank) in its capacity as an Issuing Lender), to it at its address (or telecopy number) set forth in its Administrative Questionnaire.

Notices sent by hand or overnight courier service, or mailed by certified or registered mail, shall be deemed to have been given when received. Notices sent by telecopier shall be deemed to have been given when sent (except that, if not given before or during normal business hours for the recipient, shall be deemed to have been given at the opening of business on the next Business Day). Notices delivered through electronic communications to the extent provided in Section 10.1(b), shall be effective as provided in such Section 10.1(b).

(b) Electronic Communications. Communications to the Lenders under the Loan Documents may be delivered or furnished by electronic communications pursuant to procedures approved by Administrative Agent. Administrative Agent and Borrowers may, in their discretion, agree to accept Communications to it under the Loan Documents by electronic communications pursuant to procedures approved by it; **provided** that approval of such procedures may be limited to particular Communications. Unless Administrative Agent otherwise prescribes, (i) Communications sent to an e-mail address shall be deemed received upon the sender's receipt of an acknowledgment from the intended recipient (such as by the "return receipt requested" function, as available, return e-mail or other written acknowledgment), and (ii) Communications posted on an Internet or intranet website shall be deemed received upon the deemed receipt by the intended recipient at its e-mail address as described in clause (i) of this Section 10.1(b) notification that such Communication is available and identifying the website address thereof; **provided** that, for both clauses (i) and (ii) of this Section 10.1(b), if such Communication is not sent before or during the normal business hours of the recipient, such Communication shall be deemed to have been sent at the opening of business on the next Business Day.

(c) Change of Address for Notices. Any party hereto may change its address or telecopy number for, or individual designated to receive, Communications under the Loan Documents by notice to the other parties hereto (or, in the case of any such change by a Lender or Issuing Lender, by notice to Borrowers and Administrative Agent). All Communications given to any party hereto in accordance with the provisions of this Agreement shall be deemed to have been given on the date of receipt.

(d) Electronic Transmission System. Borrowers and the Lenders agree that Administrative Agent may make the Communications available to the Lenders, Issuing Lender, and Borrowers by posting the Communications on Debt Domain, IntraLinks, SyndTrak, or a substantially similar electronic transmission system or digital workspace provider (the “*Platform*”). THE PLATFORM IS PROVIDED “AS IS” AND “AS AVAILABLE”. THE AGENT PARTIES DO NOT WARRANT THE ACCURACY OR COMPLETENESS OF THE COMMUNICATIONS OR THE ADEQUACY OF THE PLATFORM AND EXPRESSLY DISCLAIM LIABILITY FOR ERRORS OR OMISSIONS IN THE COMMUNICATIONS. NO WARRANTY OF ANY KIND, EXPRESS, IMPLIED, OR STATUTORY, INCLUDING ANY WARRANTY OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, NON-INFRINGEMENT OF THIRD PARTY RIGHTS OR FREEDOM FROM VIRUSES OR OTHER CODE DEFECTS, IS MADE BY THE AGENT PARTIES IN CONNECTION WITH THE COMMUNICATIONS OR THE PLATFORM. IN NO EVENT SHALL THE AGENT PARTIES HAVE ANY LIABILITY TO ANY BORROWER, ANY LENDER OR ANY OTHER PERSON OR ENTITY FOR DAMAGES OF ANY KIND INCLUDING DIRECT OR INDIRECT, SPECIAL, INCIDENTAL OR CONSEQUENTIAL DAMAGES, LOSSES OR EXPENSES (WHETHER IN TORT, CONTRACT, OR OTHERWISE) ARISING OUT OF ANY BORROWER’S OR ADMINISTRATIVE AGENT’S TRANSMISSION OF COMMUNICATIONS THROUGH THE INTERNET, EXCEPT TO THE EXTENT THE LIABILITY OF ANY AGENT PARTY IS FOUND IN A FINAL NON-APPEALABLE JUDGMENT BY A COURT OF COMPETENT JURISDICTION TO HAVE RESULTED PRIMARILY FROM SUCH AGENT PARTY’S GROSS NEGLIGENCE OR WILLFUL MISCONDUCT; **PROVIDED, HOWEVER**, THAT IN NO EVENT SHALL ANY AGENT PARTY HAVE ANY LIABILITY TO ANY OBLIGOR, ANY LENDER, ISSUING LENDER OR ANY OTHER PERSON FOR INDIRECT, SPECIAL, INCIDENTAL, CONSEQUENTIAL OR PUNITIVE DAMAGES (AS OPPOSED TO DIRECT OR ACTUAL DAMAGES).

(e) Communications through the Platform. Each Lender agrees that notice to it (as provided in the next sentence) specifying that the Communications have been posted to the Platform shall constitute effective delivery of the Communications to such Lender for purposes hereof. Each Lender agrees (i) to provide to Administrative Agent in writing (including by electronic communication), promptly after the date of this Agreement, an e-mail address to which the foregoing notice may be sent by electronic transmission and (ii) that the foregoing notice may be sent to such e-mail address.

(f) Reliance on Notices. Administrative Agent, Issuing Lender, and the Lenders shall be entitled to rely and act upon any notices (including telephonic notices of a Borrowing) purportedly given by or on behalf of any Borrower even if (i) such notices were not made in a manner specified herein, were incomplete or were not preceded or followed by any other form of notice specified herein, or (ii) the terms thereof, as understood by the recipient, varied from any confirmation thereof. Borrowers shall, jointly and severally, indemnify Administrative Agent, each Issuing Lender, each Lender, and the Related Parties of each of them from all losses, costs, expenses, and liabilities resulting from the reliance by such Person on each notice purportedly given by or on behalf of a Borrower. Administrative Agent may record all telephonic notices to, and other telephonic communications with, Administrative Agent, and each of the parties hereto hereby consents to such recording.

## 10.2 Waivers; Amendments.

(a) No Deemed Waivers; Remedies Cumulative. No failure or delay by Administrative Agent, Issuing Lender or any Lender in exercising any right or power hereunder or under any other Loan Document shall operate as a waiver thereof, nor shall any single or partial exercise of any such right or power, or any abandonment or discontinuance of steps to enforce such a right or power, preclude any other or further exercise thereof or the exercise of any other right or power. The rights and remedies of Administrative Agent, Issuing Lender, the Lenders, and the other Secured Parties hereunder and under the other Loan Documents are cumulative and are not exclusive of any rights or remedies that they would otherwise have. No waiver of any provision of any Loan Document or consent to any departure by any Obligor therefrom shall in any event be effective unless the same shall be permitted by Section 10.2(b), and then such waiver or consent shall be effective only in the specific instance and for the purpose for which given. Without limiting the generality of the foregoing, the making of a Loan or issuance of a Letter of Credit shall not be construed as a waiver of any Default, regardless of whether Administrative Agent, any Lender, or Issuing Lender may have had notice or knowledge of such Default at the time.

(b) Amendments. Neither this Agreement, nor any other Loan Document nor any provision hereof or thereof may be waived, amended, or modified except, in the case of this Agreement, pursuant to an agreement or agreements in writing entered into by Borrowers, Administrative Agent, and the Required Lenders (except as provided in Sections 2.19(e), 2.22, or 2.23) or, in the case of any other Loan Document, pursuant to an agreement or agreements in writing entered into by Administrative Agent and the Obligor or Obligors that are parties thereto, in each case with the consent of the Required Lenders; **provided** that no such agreement shall (i) increase any Commitment of any Lender without the written consent of such Lender, (ii) reduce the principal amount of any Loan or LC Disbursement or reduce the rate of interest thereon, or reduce the rate of any fees due hereunder, without the written consent of each Lender adversely affected thereby (**provided**, that in no event shall (A) the waiver of applicability of Section 2.12(d) (which waiver shall be effective with the written consent of the Required Lenders), or (B) any amendment or modification of defined terms used in the financial covenants in this Agreement or in determining the Applicable Margin or any reduction, deferral, or waiver of any mandatory prepayment, in each case, constitute a reduction in the rate of interest or a reduction of fees for purposes of this clause (ii)), (iii) postpone the scheduled date of payment of the principal amount of any Loan (excluding any payment required by Section 2.10(b)) or LC Disbursement, or any interest thereon, or any fees payable hereunder, or reduce the amount of, waive or excuse any such payment, or extend the Revolving Credit Maturity Date or the Term Loan Maturity Date, without the written consent of each Lender affected thereby, (iv) modify Section 2.17(c) or (d) to change the pro rata sharing provided therein without the consent of each Lender adversely affected thereby, (v) modify Section 8.2 without the written consent of each Lender, (vi) change any of the provisions of this Section or the definitions of “Pro Rata Share”, “Required Lenders” or “Majority Lenders” or any other provision hereof specifying the number or percentage of Lenders required to waive, amend or modify any rights hereunder or make any determination or grant any consent hereunder to reduce such percentage, without the written consent of each adversely affected Lender, (vii) except as permitted by Section 9.10, contractually subordinate the payment of all the Obligations to any other Indebtedness or contractually subordinate the priority of all Liens in favor of Administrative Agent to the Liens securing any other Funded Debt (other than Indebtedness permitted by Section 6.1(d)), without the written consent of each Lender, (viii) amend, or waive or postpone any payment of principal

required under Section 2.10(b)(iv), in each case, without the written consent of the Revolving Credit Lenders having Revolving Credit Exposures and unused Revolving Credit Commitments representing 80% or more of the sum of the total Revolving Credit Exposures and unused Revolving Credit Commitments at such time, (ix) except as permitted by Section 9.10, (A) release any Borrower or release any material Guarantor from any of its guarantee obligations without the written consent of each Lender or (B) release all or substantially all of the Collateral without the written consent of each Lender, or (x) amend, modify, or eliminate Section 9.10 without the written consent of each Lender; **provided, further** that (A) no such agreement shall amend, modify, or otherwise affect the rights or duties of Administrative Agent or Issuing Lender hereunder without the prior written consent of Administrative Agent or Issuing Lender, as the case may be, and (B) the Fee Letters may be amended, or rights or privileges thereunder waived, in a writing executed only by the parties thereto.

(c) Notwithstanding the foregoing, technical and conforming modifications to this Agreement, or any other Loan Document, may be made with the consent of Borrowers and Administrative Agent to the extent necessary to cure any ambiguity, omission, defect or inconsistency.

### **10.3 Expenses; Indemnity; Damage Waiver.**

(a) Costs and Expenses. The Borrowers, jointly and severally, shall pay (i) all reasonable and documented out-of-pocket expenses incurred by Administrative Agent and its Affiliates (including Rabobank in its separate capacities as “Joint Lead Arranger” and “Joint Bookrunner” with respect to the syndication of the Loans) in connection with the syndication of the credit facilities provided for herein, the preparation, negotiation, execution, delivery and administration of this Agreement and the other Loan Documents or any amendments, modifications, or waivers of the provisions hereof or thereof, including the fees, charges and disbursements of counsel for Administrative Agent (limited in the case of counsel to the reasonable and documented fees, out-of-pocket charges and disbursements of one primary outside legal counsel for Administrative Agent, and, if necessary or appropriate, of any specialty counsel and one local counsel in each relevant jurisdiction), and of such consultants, advisors, appraisers and auditors retained or engaged by Administrative Agent (**provided**, if no Event of Default then exists, such retention or engagement is permitted by this Agreement or otherwise approved by a Borrower), whether or not the transactions contemplated hereby or thereby shall be consummated; (ii) all reasonable and documented out-of-pocket expenses incurred by Issuing Lender in connection with the issuance, amendment, renewal, or extension of any Letter of Credit or any demand for payment thereunder, (iii) all out-of-pocket expenses incurred by Administrative Agent, Issuing Lender, Swingline Lender, or any Lender, including the fees, charges and disbursements of any advisors to Administrative Agent and counsel for Administrative Agent, Issuing Lender, Swingline Lender, or any Lender, in connection with the enforcement or protection of such Person’s rights in connection with this Agreement and the other Loan Documents or the Collateral, including its rights under this Section, and including in connection with any bankruptcy or insolvency proceeding, workout, restructuring, or negotiations in respect thereof, and (iv) all costs, expenses, taxes, assessments, and other charges incurred by Administrative Agent in connection with any filing, registration, recording, or perfection of any security interest contemplated by any Security Document or any other document referred to therein or any audit, verification, inspection or appraisal of the Collateral.

(b) Indemnification by the Borrowers. The Borrowers, jointly and severally, shall indemnify Administrative Agent, each Issuing Lender, each Lender, Rabobank or any other Person identified on the cover page of this Agreement in their respective separate capacities as “Joint Lead Arranger” and “Joint Bookrunner” hereunder with respect to the syndication of the Loans, and each Related Party of any of the foregoing Persons (each such Person being called an “*Indemnitee*”) against, and to hold each Indemnitee harmless from, any and all losses, claims, damages, liabilities, and related expenses (including the reasonable and documented fees, out-of-pocket charges and disbursements of one primary outside counsel for all Indemnitees, taken as a whole, and if necessary or appropriate, any special counsel and one local counsel in each relevant jurisdiction for all Indemnitees) incurred by or asserted against any Indemnitee arising out of, in connection with, or as a result of (i) the execution or delivery of this Agreement or any other Loan Document, the performance by the parties hereto of their respective obligations hereunder or thereunder or the consummation of the Transactions or any other transactions contemplated hereby or thereby, (ii) any Loan or Letter of Credit or the use or proposed use of the proceeds therefrom (including any refusal by Issuing Lender to honor a demand for payment under a Letter of Credit if the documents presented in connection with such demand do not strictly comply with the terms of such Letter of Credit), (iii) any payments that Administrative Agent is required to make under any indemnity issued to any bank holding any Obligor’s deposit, commodity or security accounts, (iv) any actual or alleged presence or release of Hazardous Materials on or from any of the Mortgaged Properties or any other property owned or operated by any Company, or any Environmental Liability related in any way to any Company or any of the Mortgaged Properties, or (v) any actual or prospective claim, litigation, investigation or proceeding relating to any of the foregoing, whether based on contract, tort or any other theory and regardless of whether any Indemnitee is a party thereto; **provided** that such indemnity shall not, as to any Indemnitee, be available to the extent that such losses, claims, damages, liabilities, or related expenses are determined by a court of competent jurisdiction by final and non-appealable judgment to have resulted solely from (x) the bad faith, gross negligence or willful misconduct of such Indemnitee, (y) a material breach of the obligations of such Indemnitee hereunder or (z) any claim, litigation, investigation or proceeding brought by such Indemnitee solely against one or more other Indemnitees (other than any claim, litigation, investigation or proceeding that is brought by or against Administrative Agent, any Issuing Lender, Swingline Lender or any arranger or similar role, acting in its capacity as Administrative Agent, Issuing Lender, Swingline Lender or arranger or similar role) that does not involve any act or omission of any Obligors or any of their respective Subsidiaries or Affiliates. This Section 10.3(b) shall not apply with respect to Taxes (which shall be governed by Section 2.16) other than any Taxes that represent losses, claims, damages, liabilities, or related expenses arising from any non-Tax claim.

(c) Indemnification by Lenders. Each Lender severally agrees to pay any amount required to be paid by any Obligor under Sections 10.3(a) and 10.3(b) to Administrative Agent (or any sub-agent thereof), Issuing Lender, or Swingline Lender or any Related Party of any of the foregoing (each, an “*Agent Indemnitee*”) to the extent not reimbursed by an Obligor and without limiting the obligation of any Obligor to do so, and to hold harmless and indemnify each Agent Indemnitee from and against any and all losses, claims, damages, liabilities and related expenses, including the fees, charges and disbursements of any kind whatsoever that may at any time (whether before or after the payment of the Loans) be imposed on, incurred by or

asserted against such Agent Indemnitee in any way relating to or arising out of the Commitments, this Agreement, any of the other Loan Documents or any documents contemplated by or referred to herein or therein or the transactions contemplated hereby or thereby or any action taken or omitted by such Agent Indemnitee under or in connection with any of the foregoing, in each case ratably in accordance with such Lender's Pro Rata Share (determined as of the time that the applicable unreimbursed expense or indemnity payment is sought); **provided** that with respect to such amounts owed to Issuing Lender or Swingline Lender solely in its capacity as such, only the Revolving Credit Lenders shall be required to pay such amounts, such payment to be made severally among them based on such Revolving Credit Lenders' Revolving Credit Exposure; **provided further** that (i) the unreimbursed expense or indemnified loss, claim, damage, liability, or related expense, as the case may be, was incurred by or asserted against Administrative Agent (or any such sub-agent), Issuing Lender or Swingline Lender in its capacity as such, or against any Related Party of any of the foregoing acting for Administrative Agent (or any such sub-agent), Issuing Lender, or Swingline Lender in connection with such capacity, and (ii) no Lender shall be liable for the payment to any Agent Indemnitee of any portion of such liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements that are found by a final and non-appealable decision of a court of competent jurisdiction to have resulted from such Agent Indemnitee's gross negligence or willful misconduct. The obligations of the Lenders under this Section 10.3(c) are subject to the provisions of Section 2.6(c).

(d) Waiver of Consequential Damages, Etc. To the extent permitted by applicable law, no Indemnitee, Obligor or any Related Party of an Obligor shall have any liability for, and no Indemnitee, Obligor or Related Party shall assert, and each Indemnitee, Obligor and Related Party hereby waives, any claim against any Indemnitee, Obligor or Related Party, on any theory of liability, for special, indirect, consequential, or punitive damages (as opposed to direct or actual damages) arising out of, in connection with, or as a result of, this Agreement, any other Loan Document, the Transactions, any Loan, or Letter of Credit or the use of the proceeds thereof.

(e) Payments. All amounts due under this Section shall be payable no later than 10 Business Days after written demand therefor.

#### **10.4 Successors and Assigns.**

(a) Assignments Generally. The provisions of this Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns permitted hereby (including any Affiliate of Issuing Lender that issues any Letter of Credit, any Affiliate of a Lender who is owed any of the Obligations and any Indemnitee), except that (i) no Obligor may assign or otherwise transfer any of its rights or obligations hereunder or under any other Loan Document without the prior written consent of each Lender (and any attempted assignment or transfer of any Obligor without such consent shall be null and void), and (ii) no Lender may assign or otherwise transfer any of its rights or obligations hereunder except in accordance with this Section (and any attempted assignment or transfer by any Lender that is not in accordance with this Section shall be null and void). Nothing in this Agreement, expressed or implied, shall be construed to confer upon any Person (other than the parties hereto, their respective successors and assigns permitted hereby (including any Affiliate of Issuing Lender that issues any Letter of Credit and any Affiliate of a Lender who is owed any of the Obligations, and, to the extent expressly contemplated hereby, the Related Parties of each of Administrative Agent, Issuing Lender, and the Lenders)) any legal or equitable right, remedy or claim under or by reason of this Agreement.

(b) Assignments by Lenders Generally. Any Lender may at any time assign to one or more assignees all or a portion of its rights and obligations under this Agreement (including all or a portion of its Commitment and Loans (including for purposes of this Section 10.4(b), participations in LC Disbursements and in Swingline Loans)) at the time owing to it; **provided** that any such assignment shall be subject to the following conditions:

(i) Minimum Amounts.

(A) in the case of (x) an assignment of the entire remaining amount of the assigning Lender's Commitment or Loans of any Class, (y) contemporaneous assignments to any Lender and its Approved Funds that equal at least the amount specified in clause (B) of this Section 10.4(b)(i) in the aggregate, or (z) an assignment to an existing Lender or an Affiliate or Approved Fund of an existing Lender, no minimum amount need be assigned; and

(B) in any case not described in clause (A) of this Section 10.4(b)(i), the aggregate amount of the Commitment (which for this purpose includes Loans outstanding thereunder) or, if the Commitment is not then in effect, the Loans of the assigning Lender subject to each such assignment (determined as of the date the Assignment and Assumption with respect to such assignment is delivered to Administrative Agent or if "Trade Date" is specified in the Assignment and Assumption, as of the "Trade Date" so specified therein) shall not be less than the Dollar Equivalent of \$2,000,000 with integral multiples of the Dollar Equivalent of \$500,000 in excess thereof, in the case of any assignment of Revolving Credit Loans by any Revolving Credit Lender, or \$2,000,000, in the case of any assignment of Term Loans by any Term Lender, unless each of Administrative Agent and, so long as no Event of Default described in clause (a), (b), (h) or (i) of Section 8.1 has occurred and is continuing, Administrative Borrower otherwise consents (each such consent not to be unreasonably withheld or delayed).

(ii) Proportionate Amounts. Each partial assignment of any Commitment or Class of Loans shall be made as an assignment of a proportionate part of all the assigning Lender's rights and obligations under this Agreement in respect of such Commitment and Loans assigned, except that this Section 10.4(b)(ii) shall not (A) apply to Swingline Lender's rights and obligations in respect of Swingline Loans or (B) prohibit any Lender from assigning all or a portion of its rights and obligations among separate Classes on a non-pro rata basis.

(iii) Required Consents. No consent shall be required for any assignment except to the extent required by clause (B) of Section 10.4(b)(i) and, in addition:

(A) the consent of Borrowers (such consent not to be unreasonably withheld, conditioned or delayed) shall be required unless (i) an Event of Default described in clause (a), (b), (h) or (i) of Section 8.1 has occurred and is continuing at the time of such assignment, or (ii) such assignment is to a Lender, an Affiliate of a Lender, or an Approved Fund; **provided** that Borrowers shall be deemed to have consented to any such assignment unless it shall object thereto by written notice to Administrative Agent within ten (10) Business Days after having received notice thereof; and **provided, further** that Borrowers hereby consent to the assignment from Greenstone Farm Credit Services, FLCA to CoBank, FCB on the Signing Date;



(B) the consent of Administrative Agent shall be required for assignments in respect of (i) a Revolving Credit Commitment to a Person that is not a Lender with a Revolving Credit Commitment, an Affiliate of such Lender, or an Approved Fund with respect to such Lender, or (ii) any Term Loans to a Person who is not a Lender, an Affiliate of such Lender or an Approved Fund with respect to such Lender; and

(C) the consent of Issuing Lender and Swingline Lender shall be required for any assignment of a Revolving Credit Commitment.

(iv) Assignment and Assumption. The parties to each assignment shall execute and deliver to Administrative Agent an Assignment and Assumption, together with a processing and recordation fee of \$3,500 (**provided** that Administrative Agent may, in its sole discretion, elect to waive such processing and recordation fee in the case of any assignment).

(v) Administrative Questionnaire. The assignee, if it shall not already be a Lender, shall deliver to Administrative Agent an Administrative Questionnaire.

(vi) No Assignment to Certain Persons. No such assignment shall be made to (A) Borrowers or any of Borrowers' Affiliates or Subsidiaries, (B) to any Defaulting Lender or any of its Subsidiaries, or any Person who, upon becoming a Lender hereunder, would constitute any of the foregoing Persons described in this clause (B), or (C) a Person that at such time is a Disqualified Institution.

(vii) No Assignment to Natural Persons. No such assignment shall be made to a natural Person (or a holding company, investment vehicle or trust for, or owned and operated for the primary benefit of, a natural Person).

(viii) Certain Additional Payments. In connection with any assignment of rights and obligations of any Defaulting Lender hereunder, no such assignment shall be effective unless and until, in addition to the other conditions thereto set forth herein, the parties to the assignment shall make such additional payments to Administrative Agent in an aggregate amount sufficient, upon distribution thereof as appropriate (which may be outright payment, purchases by the assignee of participations or subparticipations, or other compensating actions, including funding, with the consent of Borrowers and Administrative Agent, the applicable pro rata share of Loans previously requested but not funded by the Defaulting Lender, to each of which the applicable assignee and assignor hereby irrevocably consent), to (A) pay and satisfy in full all payment liabilities then owed by such Defaulting Lender to Administrative Agent, each Issuing Lender, Swingline Lender and each other Lender hereunder (and interest accrued thereon), and (B) acquire (and fund as appropriate) its full pro rata share of all Loans and participations in Letters of Credit and Swingline Loans in accordance with its Pro Rata Share. Notwithstanding the foregoing, in the event that any assignment of rights and obligations of any Defaulting Lender hereunder shall become effective under applicable law without compliance with the provisions of this Section 10.4(b)(viii), then the assignee of such interest shall be deemed to be a Defaulting Lender for all purposes of this Agreement until such compliance occurs.

(c) Effectiveness of Assignments. Subject to acceptance and recording thereof pursuant to Section 10.4(d), from and after the effective date specified in each Assignment and Assumption the assignee thereunder shall be a party hereto and, to the extent of the interest assigned by such Assignment and Assumption, have the rights and obligations of a Lender under this Agreement (other than an assignment to a Person that is a Disqualified Institution at such time), and the assigning Lender thereunder shall, to the extent of the interest assigned by such Assignment and Assumption, be released from its obligations under this Agreement and, in the case of an Assignment and Assumption covering all of the assigning Lender's rights and obligations under this Agreement, such Lender shall cease to be a party hereto but shall continue to be entitled to the rights referred to in Sections 2.14, 2.15, 2.16, and 10.3 with respect to facts and circumstances occurring prior to the effective date of such assignment; **provided** that except to the extent otherwise expressly agreed by the affected parties, no assignment by a Defaulting Lender will constitute a waiver or release of any claim of any party hereunder arising from that Lender's having been a Defaulting Lender. Any assignment or transfer by a Lender of rights or obligations under this Agreement that does not comply with this Section shall be treated for purposes of this Agreement as a sale by such Lender of a participation in such rights and obligations in accordance with Section 10.4(e) (other than an assignment to a Disqualified Institution).

(d) Maintenance of Register by Administrative Agent. Administrative Agent, acting solely for this purpose as a non-fiduciary agent of Borrowers, shall maintain at one of its offices in the United States a copy of each Assignment and Assumption delivered to it and a register for the recordation of the names and addresses of the Lenders, and the Commitment of, and principal amount of the Loans owing to, each Lender pursuant to the terms hereof from time to time (the "**Register**"). With respect to any Lender, the transfer of the Commitments of such Lender and the rights to the principal of, and interest on, any Loan made pursuant to such Commitments shall not be effective until such transfer is recorded on the Register maintained by Administrative Agent with respect to ownership of such Commitment and Loans. The entries in the Register shall be conclusive absent manifest error, and Borrowers, Administrative Agent, and the Lenders shall treat each Person whose name is recorded in the Register pursuant to the terms hereof as a Lender hereunder for all purposes of this Agreement, notwithstanding notice to the contrary. The Register shall be available for inspection by Borrowers and any Lender, at any reasonable time and from time to time, upon reasonable prior notice. The parties intend that all extensions of credit to Borrowers shall at all times be treated as being in registered form within the meaning of Sections 163(f), 871(h)(2), and 881(c)(2) of the Code (and any successor provisions) and regulations thereunder and shall interpret the provisions herein regarding the Register and the Participant Register (as defined in paragraph (e) below) consistent with such intent.

(e) Participations. Any Lender may at any time, without the consent of, or notice to, Borrowers, Administrative Agent, any Issuing Lender, or Swingline Lender, sell participations to any Person (other than a natural Person or a holding company, investment vehicle or trust for, or owned and operated for the primary benefit of, a natural Person, or Borrowers or any of Borrowers' Affiliates or Subsidiaries, or a Person that at such time is a Disqualified Institution) (a "**Participant**") in all or a portion of such Lender's rights or obligations under this Agreement (including all or a portion of its Commitments or the Loans (including such Lender's participations in LC Disbursements or Swingline Loans) owing to it); **provided** that (i) such Lender's obligations under this Agreement shall remain unchanged, (ii)

such Lender shall remain solely responsible to the other parties hereto for the performance of such obligations and (iii) Borrowers, Administrative Agent, Issuing Lender, Swingline Lender and the other Lenders shall continue to deal solely and directly with such Lender in connection with such Lender's rights and obligations under this Agreement unless, with respect to the participation in question, the Lender has sold a participation to a Voting Participant. For the avoidance of doubt, each Lender shall be responsible for the indemnity under Section 10.3(c) with respect to any payments made by such Lender to its Participants. Except with respect to sales of participations to Voting Participants, any agreement or instrument pursuant to which a Lender sells such a participation shall provide that such Lender shall retain the sole right to enforce this Agreement and to approve any amendment, modification or waiver of any provision of this Agreement; **provided** that such agreement or instrument may provide that such Lender will not, without the consent of the Participant, agree to any amendment, modification or waiver described in the first proviso to Section 10.2(b) that affects such Participant. Each Borrower agrees that each Participant shall be entitled to the benefits of Sections 2.14, 2.15 and 2.16, (subject to the requirements and limitations therein, including the requirements under Section 2.16(g) (it being understood that the documentation required under Section 2.16(g) shall be delivered to the participating Lender)) to the same extent as if it were a Lender and had acquired its interest by assignment pursuant to Section 10.4(b); **provided** that such Participant (1) agrees to be subject to the provisions of Section 2.18 as if it were an assignee under Section 10.4(b); and (2) shall not be entitled to receive any greater payment under Sections 2.14 and 2.16, with respect to any participation, than its participating Lender would have been entitled to receive, except to the extent such entitlement to receive a greater payment results from a Change in Law that occurs after the Participant acquired the applicable participation. Each Lender that sells a participation agrees, at Borrowers request and expense, to use reasonable efforts to cooperate with Borrowers to effectuate the provisions of Section 2.18 with respect to any Participant. To the extent permitted by law, each Participant also shall be entitled to the benefits of Section 10.8 as though it were a Lender; **provided** that such Participant agrees to be subject to Section 2.17(d). Each Lender that sells a participation shall, acting solely for this purpose as a non-fiduciary agent of Borrowers, maintain a register on which it enters the name and address of each Participant and the principal amounts (and stated interest) of each Participant's interest in the Loans or other obligations under the Loan Documents (the "**Participant Register**"); **provided** that no Lender shall have any obligation to disclose all or any portion of the Participant Register (including the identity of any Participant or any information relating to a Participant's interest in any Commitments, Loans, Letters of Credit or its other obligations under any Loan Document) to any Person except to the extent that such disclosure is necessary to establish that such Commitment, Loan, Letter of Credit or other obligation is in registered form under Section 5f.103-1(c) of the United States Treasury Regulations. The entries in the Participant Register shall be conclusive absent manifest error, and such Lender shall treat each Person whose name is recorded in the Participant Register as the owner of such participation for all purposes of this Agreement notwithstanding any notice to the contrary. For the avoidance of doubt, Administrative Agent (in its capacity as Administrative Agent) shall have no responsibility for maintaining a Participant Register.

(f) **Certain Pledges.** Any Lender may at any time pledge or assign a security interest in all or any portion of its rights under this Agreement to secure obligations of such Lender, including any pledge or assignment to secure obligations to a Federal Reserve Bank (or other central bank under any central banking system established under the jurisdiction or organization of such Lender (or its parent bank)); **provided** that no such pledge or assignment shall release such Lender from any of its obligations hereunder or substitute any such pledgee or assignee for such Lender as a party hereto and no pledge may be made to a Person that is a Disqualified Institution at such time.

(g) Voting Participants. Notwithstanding anything in this Section 10.4 to the contrary, any Farm Credit Bank that: (i) is the owner of a participation in one or more of the Commitments and Loans in the minimum aggregate amount of \$5,000,000, (ii) is, by written notice to Borrowers and Administrative Agent (“**Voting Participant Notification**”), designated by the selling Lender as being entitled to be accorded the rights of a voting participant hereunder, and (iii) is approved by Borrowers and Administrative Agent as entitled to such rights under this clause, shall be referred to herein as a “**Voting Participant**”. To be effective, each Voting Participant Notification shall provide the following information with respect to the proposed Voting Participant: (1) the full name of such participant and the name of the Lender through whom such participant purchased its interests in the Commitments and Loans, (2) all information required by Borrowers and Administrative Agent in order for Borrowers and Administrative Agent to be able to communicate with the participant, and (3) the Dollar amount of the participant’s participation in the Commitments and Loans. With respect to each matter requiring or allowing a Lender to provide or withhold its consent, or to otherwise vote on any matter under the Loan Documents: (x) each Voting Participant shall have the right to vote, or give or withhold such consents, as if it were a Lender holding Loans and Commitments in the principal amount of its interests in the Commitments and Loans acquired through its participation and (y) the interest of the Lender that sold the corresponding participation in the Commitments and Loans it holds shall be deemed to be reduced for such purposes (and only for such purposes) by the principal amount of each direct participation interest sold. The selling Lender and the Voting Participant shall notify Administrative Agent and Borrower of any termination of, or reduction or increase in the amount of, the participation interests held by a Voting Participant. Notwithstanding the foregoing, each Farm Credit Bank designated as a Voting Participant on Schedule 10.4 shall be a Voting Participant without delivery of a Voting Participation Notification and without the prior written consent of Administrative Agent and Borrowers. Borrowers and Administrative Agent shall be entitled to conclusively rely on information contained in notices delivered pursuant to this paragraph. The voting rights of a Voting Participant hereunder are solely for the benefit of the Voting Participant and shall not inure to any assignee or sub-participant of a Voting Participant.

**10.5 Survival.** All covenants, agreements, certifications, representations and warranties made by Borrowers or any other Obligor herein or in the other Loan Documents and in the certificates or other instruments delivered in connection with or pursuant to this Agreement or the other Loan Documents shall be considered to have been relied upon by the other parties hereto and shall survive the execution and delivery of this Agreement and the other Loan Documents and the making of any Loans and issuance of any Letters of Credit, regardless of any investigation made by any such other party or on its behalf and notwithstanding that Administrative Agent, Issuing Lender or any Lender may have had notice or knowledge of any Default or incorrect certification, representation or warranty at the time any credit is extended hereunder, and shall continue in full force and effect until the Full Satisfaction of the Obligations. The provisions of Sections 2.14, 2.15, 2.16, 10.3, 10.18, and 10.20 shall survive and remain in full force and effect regardless of the consummation of the transactions contemplated hereby, the termination of the Loan Documents and payment of the Obligations hereunder, or the expiration or termination of the Letters of Credit and the Commitments.

**10.6 Counterparts; Integration; Effectiveness.** This Agreement may be executed in counterparts (and by different parties hereto on different counterparts), each of which shall constitute an original, but all of which when taken together shall constitute a single contract. This Agreement and the other Loan Documents constitute the entire contract between and among the parties relating to the subject matter hereof and supersede any and all previous agreements and understandings, oral or written, relating to the subject matter hereof. Except as provided in Section 4.1, this Agreement shall become effective when it shall have been executed by Administrative Agent and when Administrative Agent shall have received counterparts hereof which, when taken together, bear the signatures of each of the other parties hereto, and thereafter shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns permitted hereby. Delivery of an executed counterpart of a signature page of this Agreement by facsimile, emailed pdf. or any other electronic means that reproduces an image of the actual executed signature page shall be effective as delivery of a manually executed counterpart of this Agreement. The words “execution,” “signed,” “signature,” and words of like import in this Agreement or any Loan Document shall be deemed to include Electronic Signatures or the keeping of records in electronic form, each of which shall be of the same legal effect, validity or enforceability as a manually executed signature or the use of a paper-based recordkeeping system, as the case may be, to the extent and as provided for in any applicable law, including the Federal Electronic Signatures in Global and National Commerce Act, the New York State Electronic Signatures and Records Act, or any other similar state laws based on the Uniform Electronic Transactions Act or any other similar laws regarding Electronic Signatures in Canada or any province or territory therein; **provided** that nothing herein shall require Administrative Agent to accept electronic signatures in any form or format without its prior consent.

**10.7 Severability.** Any provision of this Agreement or any other Loan Document held to be invalid, illegal or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such invalidity, illegality or unenforceability without affecting the validity, legality and enforceability of the remaining provisions hereof; and the invalidity of a particular provision in a particular jurisdiction shall not invalidate such provision in any other jurisdiction.

**10.8 Right of Set-off.** If an Event of Default shall have occurred and be continuing, each Lender, Issuing Lender, and each of their respective Affiliates is hereby authorized at any time and from time to time, to the fullest extent permitted by applicable law, to set off and apply any and all deposits (general or special, time or demand, provisional or final, in whatever currency) at any time held, and other obligations (in whatever currency) at any time owing, by such Lender, Issuing Lender or any such Affiliate, to or for the credit or the account of any Borrower or any other Obligor against any and all of the obligations of any Borrower or any other Obligor now or hereafter existing under this Agreement or any other Loan Document to such Lender or Issuing Lender or their respective Affiliates, irrespective of whether or not such Lender, Issuing Lender or Affiliate shall have made any demand under this Agreement or any other Loan Document and although such obligations of Borrowers or such Obligor may be contingent or unmatured or are owed to a branch, office or Affiliate of such Lender or Issuing Lender different from the branch, office or Affiliate holding such deposit or obligated on such

indebtedness; **provided** that in the event that any Defaulting Lender shall exercise any such right of set-off, (a) all amounts so set off shall be paid over immediately to Administrative Agent for further application in accordance with the provisions of Section 2.21 and, pending such payment, shall be segregated by such Defaulting Lender from its other funds and deemed held in trust for the benefit of Administrative Agent, Issuing Lender, and the Lenders, and (b) the Defaulting Lender shall provide promptly to Administrative Agent a statement describing in reasonable detail the Obligations owing to such Defaulting Lender as to which it exercised such right of set-off. The rights of each Lender, Issuing Lender, and their respective Affiliates under this Section are in addition to other rights and remedies (including other rights of set-off) that such Lender, Issuing Lender, or their respective Affiliates may have. Each Lender and Issuing Lender agrees to notify Borrowers and Administrative Agent promptly after any such set-off and application and share such set-off pursuant to Section 2.17(d); **provided** that the failure to give such notice shall not affect the validity of such set-off and application.

#### **10.9 Governing Law; Jurisdiction; Etc.**

(a) **Governing Law.** This Agreement and the other Loan Documents (other than those containing a contrary express choice of law provision) shall be construed in accordance with, and this Agreement, such other Loan Documents, and all matters arising out of or relating in any way whatsoever to this Agreement and such other Loan Documents (whether in contract, tort, or otherwise) shall be governed by, the law of the State of New York, other than those conflict of law provisions that would defer to the substantive laws of another jurisdiction. This governing law election has been made by the parties in reliance (at least in part) on Section 5-1401 of the General Obligation Law of the State of New York, as amended (as and to the extent applicable), and other applicable law.

(b) **Submission to Jurisdiction.** Each Obligor, Administrative Agent, any Lender, any Issuing Lender or any Related Party hereby irrevocably and unconditionally agrees that it shall not commence any action, litigation, or proceeding of any kind or description, whether in law or equity, whether in contract or in tort or otherwise, against any Obligor Administrative Agent, any Lender, any Issuing Lender, or any Related Party of the foregoing in any way relating to this Agreement or any other Loan Document or the transactions relating hereto or thereto, in any forum other than the Supreme Court of the State of New York sitting in New York County and of the United States District Court of the Southern District of New York, and any appellate court from any thereof, and each of the parties hereto and each other Obligor hereby irrevocably and unconditionally submits to the jurisdiction of such courts and agrees that all claims in respect of any such action, litigation, or proceeding may be heard and determined in such New York State court or, to the fullest extent permitted by applicable law, in such federal court; **provided** that, the foregoing shall not apply to (x) any foreclosure or other enforcement proceedings brought by Administrative Agent, any Lender or any Related Party with respect to Collateral located or deemed located in any other jurisdiction or (y) any action, litigation or proceeding brought against any Foreign Obligor. Each of the parties hereto agrees that a final judgment in any such action or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law. Nothing in this Agreement or in any other Loan Document shall (i) affect any right that Administrative Agent, Issuing Lender, or any Lender may otherwise have to bring any action or proceeding relating to any Loan Document against any Obligor or its properties in the courts of any jurisdiction, (ii) waive any statutory, regulatory, common law, or other rule, doctrine, legal restriction, provision

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or the like providing for the treatment of bank branches, bank agencies, or other bank offices as if they were separate juridical entities for certain purposes, including Uniform Commercial Code Sections 4-106, 4-A-105(1)(b), and 5-116(b), UCP 600 Article 3 and ISP Rule 2.02, and Uniform Rules for Demand Guarantees (URDG 758) Article 3(a), or (iii) affect which courts have or do not have personal jurisdiction over the issuing bank or beneficiary of any Letter of Credit or any advising bank, nominated bank or assignee of proceeds thereunder or proper venue with respect to any litigation arising out of or relating to such Letter of Credit with, or affecting the rights of, any Person not a party to this Agreement, whether or not such Letter of Credit contains its own jurisdiction submission clause.

(c) Waiver of Venue. Each party hereto and each other Obligor hereby irrevocably and unconditionally waives, to the fullest extent permitted by applicable law, any objection that it may now or hereafter have to the laying of venue of any suit, action or proceeding arising out of or relating to any Loan Document in any court referred to in Section 10.9(b). Each of the parties hereto hereby irrevocably waives, to the fullest extent permitted by applicable law, the defense of an inconvenient forum to the maintenance of such action or proceeding in any such court.

(d) Service of Process. Each party hereto irrevocably consents to service of process in the manner provided for notices in Section 10.1. Nothing in this Agreement will affect the right of any party to this Agreement to serve process in any other manner permitted by applicable law.

**10.10 WAIVER OF JURY TRIAL.** EACH PARTY HERETO AND EACH OTHER OBLIGOR HEREBY IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN ANY LEGAL PROCEEDING DIRECTLY OR INDIRECTLY ARISING OUT OF OR RELATING TO THIS AGREEMENT OR ANY OTHER LOAN DOCUMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY OR THEREBY (WHETHER BASED ON CONTRACT, TORT OR ANY OTHER THEORY). EACH PARTY HERETO (A) CERTIFIES THAT NO REPRESENTATIVE, AGENT OR ATTORNEY OF ANY OTHER PERSON HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PERSON WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER AND (B) ACKNOWLEDGES THAT IT AND THE OTHER PARTIES HERETO HAVE BEEN INDUCED TO ENTER INTO THIS AGREEMENT AND THE OTHER LOAN DOCUMENTS BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION.

## 10.11 Treatment of Certain Information; Confidentiality.

(a) Treatment of Certain Information. Each Obligor acknowledges that from time to time financial advisory, investment banking and other services may be offered or provided to Borrowers or one or more of the Subsidiaries (in connection with this Agreement or otherwise), by any Lender or by one or more Subsidiaries or Affiliates of such Lender and each Obligor hereby authorizes each Lender to share any information delivered to such Lender by any Obligors or their Subsidiaries pursuant to this Agreement, or in connection with the decision of such Lender to enter into this Agreement, to any such Subsidiary or Affiliate, it being understood that any such Subsidiary or Affiliate receiving such information shall be bound by the provisions of Section 10.11(b) as if it were a Lender hereunder. Such authorization shall survive the repayment of the Loans, the expiration or termination of the Letters of Credit and the Commitments or the termination of this Agreement or any provision hereof.

(b) Confidentiality. Each of Administrative Agent, the Lenders, and Issuing Lender agree to maintain the confidentiality of the Information (as defined below), except that Information may be disclosed (i) to its Affiliates and to its Related Parties (it being understood that the Persons to whom such disclosure is made will be informed of the confidential nature of such Information and agree to keep such Information confidential) and its insurers and reinsurers; (ii) to the extent required or requested by any regulatory authority purporting to have jurisdiction over such Person or its Related Parties (including any self-regulatory authority, such as the National Association of Insurance Commissioners or any listing authority or stock exchange); (iii) to the extent required by applicable laws or regulations or by any subpoena or similar legal process; **provided** that reasonable written notice to Administrative Borrower shall be provided to the extent not prohibited by applicable laws or regulations; **provided further**, that no such notice shall be required for any disclosure to regulatory authorities asserting jurisdiction in connection with an examination in the normal course; (iv) to any other party hereto; (v) in connection with the exercise of any remedies hereunder or under any other Loan Document or any action or proceeding relating to this Agreement or any other Loan Document or the enforcement of rights hereunder or thereunder; (vi) subject to an agreement containing provisions substantially the same as those of this Section, to (A) any assignee of or Participant in, or any prospective assignee (other than any Disqualified Institution) of or Participant in, any of its rights and obligations under this Agreement, or (B) any actual or prospective party (or its Related Parties) to any swap, derivative or other transaction under which payments are to be made by reference to Borrowers and their obligations, this Agreement or payments hereunder; (vii) to any Person providing a Guarantee of all or any portion of the Obligations, (viii) on a confidential basis to (A) any rating agency in connection with rating Obligors or their Subsidiaries or the credit facilities under this Agreement or (B) the CUSIP Service Bureau or any similar agency in connection with the issuance and monitoring of CUSIP numbers with respect to this Agreements; (ix) with the consent of Borrowers; or (x) to the extent such Information (A) becomes publicly available other than as a result of a breach of this Section or other obligation of confidentiality owed to you or your respective Affiliates, or (B) becomes available to Administrative Agent, any Lender, Issuing Lender or any of their respective Affiliates on a nonconfidential basis from a source other than the Obligors that is not to the knowledge of the receiving party in violation of any confidentiality restriction. In addition, Administrative Agent and the Lenders may disclose the existence of this Agreement and information about this Agreement to market data collectors, similar service providers to the lending industry and service providers to Administrative Agent and the Lenders in connection with the administration of this



Agreement, the other Loan Documents, and the Commitments. For purposes of this Section, “**Information**” means all information received from the Obligor or any of their Subsidiaries and/or its Related Parties or representatives relating to the Obligor or any of their Subsidiaries or any of their respective businesses, other than any such information that is available to Administrative Agent, any Lender or Issuing Lender on a nonconfidential basis prior to disclosure by the Obligor or any of their Subsidiaries or representatives and other than information pertaining to this Agreement provided by arrangers to data service providers, including league table providers, that serve the lending industry; **provided** that, in the case of information received from the Obligor or any of their Subsidiaries or representatives after the date hereof, such information is identified in writing at the time of delivery as confidential. Any Person required to maintain the confidentiality of Information as provided in this Section shall be considered to have complied with its obligation to do so if such Person has exercised the same degree of care to maintain the confidentiality of such Information as such Person would accord to its own confidential information.

**10.12 Interest Rate Limitation.** Notwithstanding anything herein to the contrary, if at any time the interest rate applicable to any Loan, together with all fees, charges or other amounts that are treated as interest on such Loan under applicable law (collectively the “**Charges**”), shall exceed the maximum lawful rate (the “**Maximum Rate**”) that may be contracted for, charged, taken, received, or reserved by the Lender holding such Loan in accordance with applicable law (including, for greater certainty under Section 347 of the Criminal Code (Canada)), the rate of interest payable in respect to such Loan hereunder, together with all Charges payable in respect thereof, shall be limited to the Maximum Rate and, to the extent lawful, the interest and Charges that would have been payable in respect of such Loan but were not payable as a result of the operation of this Section shall be cumulated and the interest and Charges payable to such Lender in respect of other Loans or periods shall be increased (but not above the Maximum Rate therefore) until such cumulated amount, together with interest thereon at the applicable Overnight Rate to the date of repayment, shall have been received by such Lender. If Administrative Agent or any Lender shall receive interest in an amount that exceeds the Maximum Rate, the excess interest shall be applied to the principal of the Loans or, if it exceeds such unpaid principal, refunded to Borrowers.

**10.13 AML Legislation.**

(a) USA Patriot Act. Each of Administrative Agent, Issuing Lender, and each Lender subject to the USA Patriot Act, hereby notifies each Obligor that pursuant to the requirements of the USA Patriot Act, it is required to obtain, verify, and record information that identifies each Obligor and other information that will allow Administrative Agent, Issuing Lender, and such Lender to identify each Obligor in accordance with the USA Patriot Act. Each Borrower hereby agrees to provide, and cause each other Obligor to provide, such information promptly upon the request of Administrative Agent or any Lender. Each Lender subject to the USA Patriot Act acknowledges and agrees that neither such Lender, nor any of its Affiliates, participants or assignees, may rely on Administrative Agent to carry out such Lender’s, Affiliate’s, participant’s or assignee’s customer identification program, or other obligations required or imposed under or pursuant to the USA Patriot Act or the regulations thereunder, including the regulations contained in 31 CFR 103.121 (as hereafter amended or replaced, the “**CIP Regulations**”), or any other Anti-Terrorism Law, including any programs involving any of the following items relating to or in connection with any Obligor, its Affiliates or its agents, this Agreement, the Loan Documents or the transactions hereunder or contemplated hereby: (a) any identity verification procedures, (b) any record-keeping, (c) comparisons with government lists, (d) customer notices, or (e) other procedures required under the CIP Regulations or such other law.

(b) Canadian AML Legislation. Each Borrower acknowledges that, pursuant to Canadian AML Legislation, the Lenders and Administrative Agent may be required to obtain, verify and record information regarding each Borrower, its directors, authorized signing officers, direct or indirect shareholders or other Persons in control of Borrower, and the transactions contemplated hereby. Each Borrower shall promptly provide all such information, including supporting documentation and other evidence, as may be reasonably requested by any Lender or Administrative Agent, or any prospective assignee or participant of a Lender or Administrative Agent, in order to comply with any applicable Canadian AML Legislation, whether now or hereafter in existence. If Administrative Agent has ascertained the identity of any Borrower or any authorized signatories of any Borrower for the purposes of applicable Canadian AML Legislation, then Administrative Agent (i) shall be deemed to have done so as an agent for each Lender, and this Agreement shall constitute a "written agreement" in such regard between each Lender and Administrative Agent within the meaning of applicable Canadian AML Legislation and (ii) shall provide to each Lender copies of all information obtained in such regard without any representation or warranty as to its accuracy or completeness. Notwithstanding the preceding sentence and except as may otherwise be agreed in writing, each of the Lenders agrees that Administrative Agent has no obligation to ascertain the identity of any Borrower or any authorized signatories of any Borrower on behalf of any Lender, or to confirm the completeness or accuracy of any information it obtains from any Borrower or any such authorized signatory in doing so.

**10.14 Administrative Borrower.** Each Borrower hereby irrevocably appoints WKKC as the borrowing agent and attorney-in-fact for all Borrowers ("**Administrative Borrower**") and WKKC hereby accepts such appointment, which appointment shall remain in full force and effect unless and until Administrative Agent shall have received prior written notice signed by each Borrower that such appointment has been revoked and that another Borrower has been appointed Administrative Borrower. Each Borrower hereby irrevocably appoints and authorizes Administrative Borrower to take on its behalf all actions required of such Borrower under the Loan Documents, and to exercise all powers and to perform all duties of such Borrower thereunder, including to submit and receive all certificates, notices, elections, and communications. For the avoidance of doubt and notwithstanding anything in this Agreement or any other Loan Document to the contrary, each Borrower agrees that any notice, demand, certificate, delivery or other communication delivered by Administrative Agent, Issuing Lender or any Lender to WKKC shall be deemed delivered to Borrowers at the time of such delivery.

**10.15 Joint and Several Obligations.**

(a) All Obligations shall constitute joint and several obligations of Borrowers (including any Additional Borrowers). Each Borrower expressly represents and acknowledges that it is part of a common enterprise with the other Borrowers and that any financial accommodations by Administrative Agent, the Lenders, Issuing Lender, and Swingline Lender, or any of them, to any other Borrowers hereunder and under the other Loan Documents are and will be of direct and indirect interest, benefit and advantage to all Borrowers. Each Borrower acknowledges that any notice of Borrowing or any other notice given by any other Borrower to

Administrative Agent, the Lenders, Issuing Lender or Swingline Lender shall bind all Borrowers, and that any notice given by Administrative Agent, the Lenders, Issuing Lender or Swingline Lender to any Borrower shall be effective with respect to all Borrowers. Each Borrower acknowledges and agrees that each Borrower shall be liable, on a joint and several basis, for all of the Loans and other Obligations, regardless of which such Person actually may have received the proceeds of any of the Loans or other extensions of credit or the amount of such Loans or other extensions of credit received or the manner in which Administrative Agent, the Lenders, Issuing Lender or Swingline Lender accounts among Borrowers for such Loans or other Obligations on its books and records, and further acknowledges and agrees that Loans and other extensions of credit to any Borrower inure to the mutual benefit of all of Borrowers and that Administrative Agent, the Lenders, Issuing Lender, and Swingline Lender are relying on the joint and several liability of Borrowers in extending the Loans and other financial accommodations under the Loan Documents and Bank Product Agreements; **provided**, that notwithstanding anything to the contrary in this Section, no Borrower shall be liable for any Swap Obligation incurred by an Obligor other than such Borrower, to the extent such Swap Obligation would constitute Excluded Swap Obligations with respect to such Borrower at such time.

(b) Each Borrower shall be entitled to subrogation and contribution rights from and against the other Borrowers to the extent such Person is required to pay to Administrative Agent, the Lenders, Issuing Lender or Swingline Lender any amount in excess of the Loans advanced directly to, or other Obligations incurred directly by, such Person or as otherwise available under applicable law; **provided, however**, that such subrogation and contribution rights are and shall be subject to the terms and conditions of Sections 10.15(c) and 10.15(d).

(c) It is the intent of each Borrower, Administrative Agent, the Lenders, Issuing Lender, Swingline Lender and any other Person holding any of the Obligations that the maximum obligations of each Borrower hereunder (such Person's "**Maximum Borrower Liability**") in any case or proceeding referred to below (but only in such a case or proceeding) shall not be in excess of:

(i) in a case or proceeding commenced by or against such Person under the Bankruptcy Code on or within one year from the date on which any of the Obligations of such Person are incurred, the maximum amount that would not otherwise cause the Obligations of such Person hereunder (or any other Obligations of such Person to Administrative Agent, the Lenders, Issuing Lender, Swingline Lender and any other Person holding any of the Obligations) to be avoidable or unenforceable against such Person under (A) Section 548 of the Bankruptcy Code or (B) any state fraudulent transfer or fraudulent conveyance act or statute applied in such case or proceeding by virtue of Section 544 of the Bankruptcy Code; or

(ii) in a case or proceeding commenced by or against such Person under the Bankruptcy Code subsequent to one year from the date on which any of the Obligations of such Person are incurred, the maximum amount that would not otherwise cause the Obligations of such Person hereunder (or any other Obligations of such Person to Administrative Agent, the Lenders, Issuing Lender, Swingline Lender and any other Person holding any of the Obligations) to be avoidable or unenforceable against such Person under any state fraudulent transfer or fraudulent conveyance act or statute applied in any such case or proceeding by virtue of Section 544 of the Bankruptcy Code; or

(iii) in a case or proceeding commenced by or against such Person under any law, statute or regulation other than the Bankruptcy Code relating to dissolution, liquidation, arrangement, conservatorship, bankruptcy, moratorium, readjustment of debt, compromise, rearrangement, receivership, insolvency, reorganization or similar debtor relief from time to time in effect affecting the rights of creditors generally (collectively, “**Other Debtor Relief Law**”), the maximum amount that would not otherwise cause the Obligations of such Person hereunder (or any other Obligations of such Person to Administrative Agent, the Lenders, Issuing Lender, Swingline Lender and any other Person holding any of the Obligations) to be avoidable or unenforceable against such Person under such Other Debtor Relief Law, including, without limitation, any state fraudulent transfer or fraudulent conveyance act or statute applied in any such case or proceeding. (The substantive state, provincial, territorial or federal laws under which the possible avoidance or unenforceability of the Obligations of any Borrower hereunder (or any other Obligations of such Person to Administrative Agent, the Lenders, Issuing Lender, Swingline Lender and any other Person holding any of the Obligations) shall be determined in any such case or proceeding shall hereinafter be referred to as the “**Avoidance Provisions**”).

Notwithstanding the foregoing, no provision of this Section 10.15(c) shall limit the liability of any Borrower for loans advanced directly or indirectly to it under this Agreement.

(d) To the extent set forth in Section 10.15(c), but only to the extent that the Obligations of any Borrower hereunder would otherwise be subject to avoidance under any Avoidance Provisions if such Person is not deemed to have received valuable consideration, fair value, fair consideration or reasonably equivalent value for such transfers or obligations, or if such transfers or obligations of any Borrower hereunder would render such Person insolvent, or leave such Person with an unreasonably small capital or unreasonably small assets to conduct its business, or cause such Person to have incurred debts (or to have intended to have incurred debts) beyond its ability to pay such debts as they mature, in each case as of the time any of the obligations of such Person are deemed to have been incurred and transfers made under such Avoidance Provisions, then the obligations of such Person hereunder shall be reduced to that amount which, after giving effect thereto, would not cause the Obligations of such Person hereunder (or any other Obligations of such Person to Administrative Agent, the Lenders, Issuing Lender, Swingline Lender and any other Person holding any of the Obligations), as so reduced, to be subject to avoidance under such Avoidance Provisions. This Section 10.15(d) is intended solely to preserve the rights hereunder of Administrative Agent, the Lenders, Issuing Lender, Swingline Lender and any other Person holding any of the Obligations to the maximum extent that would not cause the obligations of Borrowers hereunder to be subject to avoidance under any Avoidance Provisions, and none of Borrowers nor any other Person shall have any right, defense, offset, or claim under this Section 10.15(d) as against Administrative Agent, the Lenders, Issuing Lender, Swingline Lender and any other Person holding any of the Obligations that would not otherwise be available to such Person under the Avoidance Provisions.

(e) Each Borrower agrees that the Obligations may at any time and from time to time exceed the Maximum Borrower Liability of such Person, and may exceed the aggregate Maximum Borrower Liability of all of Borrowers hereunder, without impairing this Agreement or any provision contained herein or affecting the rights and remedies of Administrative Agent, the Lenders, Issuing Lender, and Swingline Lender hereunder.

(f) In the event any Borrower (a “**Funding Borrower**”) shall make any payment or payments under this Agreement or shall suffer any loss as a result of any realization upon any collateral granted by it to secure its obligations hereunder, each other Borrower (each, a “**Contributing Borrower**”) shall contribute to such Funding Borrower an amount equal to such payment or payments made, or losses suffered, by such Funding Borrower determined as of the date on which such payment or loss was made **multiplied by** the ratio of (i) the Maximum Borrower Liability of such Contributing Borrower (without giving effect to any right to receive any contribution or other obligation to make any contribution hereunder), to (ii) the aggregate Maximum Borrower Liability of all Borrowers (including the Funding Borrowers) hereunder (without giving effect to any right to receive, or obligation to make, any contribution hereunder). Nothing in this Section 10.15(f) shall affect the joint and several liability of any Borrower to Administrative Agent, the Lenders, Issuing Lender, and Swingline Lender for the entire amount of its Obligations. Each Borrower covenants and agrees that its right to receive any contribution hereunder from a Contributing Borrower shall be subordinate and junior in right of payment to all obligations of Borrowers to Administrative Agent, the Lenders, Issuing Lender, and Swingline Lender hereunder.

(g) No Borrower will exercise any rights which it may acquire by way of subrogation hereunder or under any other Loan Document or at law by any payment made hereunder or otherwise, nor shall any Borrower seek or be entitled to seek any contribution or reimbursement from any other Borrower in respect of payments made by such Person hereunder or under any other Loan Document, until all amounts owing to Administrative Agent, the Lenders, Issuing Lender, and Swingline Lender on account of the Obligations are paid in full in cash. If any amounts shall be paid to any Borrower on account of such subrogation or contribution rights at any time when all of the Obligations shall not have been paid in full, such amount shall be held by such Person in trust for Administrative Agent, the Lenders, Issuing Lender, and Swingline Lender, segregated from other funds of such Person, and shall, forthwith upon receipt by such Person, be turned over to Administrative Agent in the exact form received by such Person (duly endorsed by such Person to Administrative Agent, if required), to be applied against the Obligations, whether matured or unmatured, as provided for herein.

**10.16 Press Release and Related Matters.** No party hereto shall, and no party shall permit any of its Affiliates to, issue any press release or other public disclosure using the name or logo or otherwise referring to any party hereto or any of their respective Affiliates, the Loan Documents or any transaction contemplated therein to the prior consent of a Borrower, Administrative Agent or such Lender, as applicable, except to the extent required to do so under applicable law and then, in any event, such party hereto or such Affiliate will advise Borrowers and Administrative Agent as soon as possible with respect to such press release or other public disclosure.

**10.17 No Duty.** All attorneys, accountants, appraisers, and other professional Persons and consultants retained by Administrative Agent or any Lender shall have the right to act exclusively in the interest of Administrative Agent and the Lenders and shall have no duty of disclosure, duty of loyalty, duty of care, or other duty or obligation of any type or nature whatsoever to any other Borrower, any holders of Equity Interests of any Obligor or any other Person.

**10.18 No Fiduciary Relationship.** The relationship between Borrowers and the other Obligors on the one hand and Administrative Agent, Issuing Lender, Swingline Lender and each Lender on the other is solely that of debtor and creditor, and neither Administrative Agent nor any Lender has any fiduciary, advisory, agency or other special relationship with Borrowers or

any other Obligor, and no term or condition of any of the Loan Documents shall be construed so as to deem the relationship between Borrowers and the other Obligor on the one hand and Administrative Agent, Issuing Lender, Swingline Lender and each Lender on the other to be other than that of debtor and creditor. To the fullest extent permitted by law, Borrowers hereby waive and release any claims that it may have against any of Administrative Agent, Issuing Lender, Swingline Lender and the Lenders with respect to any breach or alleged breach of agency or fiduciary duty in connection with any aspect of any transaction contemplated hereby.

**10.19 Construction; Independence of Covenants.** (a) Each Borrower, each other Obligor (by its execution of the Loan Documents to which it is a party), Administrative Agent and each Lender acknowledges that each of them has had the benefit of legal counsel of its own choice and has been afforded an opportunity to review the Loan Documents with its legal counsel and that the Loan Documents shall be construed as if jointly drafted by the parties thereto. Section headings and the Table of Contents used herein are for convenience of reference only, are not part of this Agreement and shall not affect the construction of, or be taken into consideration in interpreting, this Agreement.

(b) Independence of Covenants. All covenants and other agreements contained in this Agreement or any other Loan Document shall be given independent effect so that, if a particular action or condition is not permitted by any of such covenants or other agreements, the fact that such action or condition would be permitted by an exception to, or otherwise be within the limitations of, another covenant or other agreement shall not avoid the occurrence of a Default if such action is taken or such condition exists.

**10.20 Payments Set Aside.** To the extent that any payment by or on behalf of any Obligor under any Loan Document is made to Administrative Agent, Issuing Lender or any Lender, or Administrative Agent, Issuing Lender or any Lender exercises its right of set-off as to any Obligor, and such payment or the proceeds of such set-off or any part thereof is subsequently invalidated, declared to be fraudulent or preferential, set aside or required (including pursuant to any settlement entered into by Administrative Agent, Issuing Lender or such Lender in its discretion) to be repaid to a trustee, receiver, receiver and manager, monitor or any other party, in connection with any proceeding under any Debtor Relief Laws or otherwise, then (a) to the extent of such recovery, the obligation or part thereof originally intended to be satisfied shall be revived and continued in full force and effect as if such payment had not been made or such set-off had not occurred, and (b) each Lender and each Issuing Lender severally agrees to pay to Administrative Agent upon demand its Pro Rata Share of any amount so recovered from or repaid by Administrative Agent, **plus** interest thereon from the date of such demand to the date such payment is made at a rate per annum equal to the applicable Overnight Rate from time to time in effect in the applicable currency of such recovery or payment.

**10.21 Benefits of Agreement.** The Loan Documents are entered into for the sole protection and benefit of the parties hereto and their permitted successors and assigns, and no other Person (other than any Related Parties of Administrative Agent, the Lenders, Issuing Lender, and any Participants to the extent provided for in Section 10.4(e)) shall be a direct or indirect beneficiary of, or shall have any direct or indirect cause of action or claim in connection with, any Loan Document.

**10.22 Acknowledgement and Consent to Bail-In of Affected Financial Institutions.** Notwithstanding anything to the contrary in any Loan Document or in any other agreement, arrangement or understanding among any such parties, each party hereto acknowledges that any liability of any Affected Financial Institution arising under any Loan Document, to the extent such liability is unsecured, may be subject to the write-down and conversion powers of the applicable Resolution Authority and agrees and consents to, and acknowledges and agrees to be bound by:

(a) the application of any Write-Down and Conversion Powers by the applicable Resolution Authority to any such liabilities arising hereunder which may be payable to it by any party hereto that is an Affected Financial Institution; and

(b) the effects of any Bail-In Action on any such liability, including, if applicable:

(i) a reduction in full or in part or cancellation of any such liability;

(ii) a conversion of all, or a portion of, such liability into shares or other instruments of ownership in such Affected Financial Institution, its parent undertaking, or a bridge institution that may be issued to it or otherwise conferred on it, and that such shares or other instruments of ownership will be accepted by it in lieu of any rights with respect to any such liability under this Agreement or any other Loan Document; or

(iii) the variation of the terms of such liability in connection with the exercise of the write-down and conversion powers of the applicable Resolution Authority.

**10.23 Keepwell.** Each Qualified ECP Guarantor hereby jointly and severally absolutely, unconditionally, and irrevocably undertakes to provide such funds or other support as may be needed from time to time by each other Obligor to honor all of its obligations under this Agreement in respect of Swap Obligations (**provided, however**, that each Qualified ECP Guarantor shall only be liable under this Section 10.23 for the maximum amount of such liability that can be hereby incurred without rendering its obligations under this Section 10.23, or otherwise under this Agreement, voidable under applicable law relating to fraudulent conveyance or fraudulent transfer, and not for any greater amount). The obligations of each Qualified ECP Guarantor under this Section shall remain in full force and effect until Full Satisfaction of the Obligations. Each Qualified ECP Guarantor intends that this Section 10.23 constitute, and this Section 10.23 shall be deemed to constitute, a “keepwell, support, or other agreement” for the benefit of each other obligor for all purposes of Section 1a(18)(A)(v)(II) of the Commodity Exchange Act.

**10.24 Acknowledgement Regarding Any Supported QFCs.** To the extent that the Loan Documents provide support, through a guarantee or otherwise, for Hedging Agreements or any other agreement or instrument that is a QFC (such support, “**QFC Credit Support**” and each such QFC a “**Supported QFC**”), the parties acknowledge and agree as follows with respect to the resolution power of the Federal Deposit Insurance Corporation under the Federal Deposit Insurance Act and Title II of the Dodd-Frank Wall Street Reform and Consumer Protection Act (together with the regulations promulgated thereunder, the “**U.S. Special Resolution Regimes**”) in respect of such Supported QFC and QFC Credit Support (with the provisions below applicable notwithstanding that the Loan Documents and any Supported QFC may in fact be stated to be governed by the laws of the State of New York and/or of the United States or any other state of the United States):

(a) In the event a Covered Entity that is party to a Supported QFC (each, a “**Covered Party**”) becomes subject to a proceeding under a U.S. Special Resolution Regime, the transfer of such Supported QFC and the benefit of such QFC Credit Support (and any interest and obligation in or under such Supported QFC and such QFC Credit Support, and any rights in property securing such Supported QFC or such QFC Credit Support) from such Covered Party will be effective to the same extent as the transfer would be effective under the U.S. Special Resolution Regime if the Supported QFC and such QFC Credit Support (and any such interest, obligation and rights in property) were governed by the laws of the United States or a state of the United States. In the event a Covered Party or a BHC Act Affiliate of a Covered Party becomes subject to a proceeding under a U.S. Special Resolution Regime, Default Rights under the Loan Documents that might otherwise apply to such Supported QFC or any QFC Credit Support that may be exercised against such Covered Party are permitted to be exercised to no greater extent than such Default Rights could be exercised under the U.S. Special Resolution Regime if the Supported QFC and the Loan Documents were governed by the laws of the United States or a state of the United States. Without limitation of the foregoing, it is understood and agreed that rights and remedies of the parties with respect to a Defaulting Lender shall in no event affect the rights of any Covered Party with respect to a Supported QFC or any QFC Credit Support.

(b) As used in this Section 10.24, the following terms have the following meanings:

“**BHC Act Affiliate**” of a party means an “affiliate” (as such term is defined under, and interpreted in accordance with, 12 U.S.C. 1841(k)) of such party.

“**Covered Entity**” means any of the following:

- (i) a “covered entity” as that term is defined in, and interpreted in accordance with, 12 C.F.R. § 252.82(b);
- (ii) a “covered bank” as that term is defined in, and interpreted in accordance with, 12 C.F.R. § 47.3(b); or
- (iii) a “covered FSI” as that term is defined in, and interpreted in accordance with, 12 C.F.R. § 382.2(b).

“**Default Right**” has the meaning assigned to that term in, and shall be interpreted in accordance with, 12 C.F.R. §§ 252.81, 47.2 or 382.1, as applicable.

“**QFC**” has the meaning assigned to the term “qualified financial contract” in, and shall be interpreted in accordance with, 12 U.S.C. 5390(c)(8)(D).

**10.25 Judgment Currency.** If, for the purposes of obtaining judgment in any court, it is necessary to convert a sum due hereunder or any other Loan Document in one currency into another currency, the rate of exchange used shall be that at which in accordance with normal banking procedures Administrative Agent could purchase the first currency with such other currency on the Business Day preceding that on which final judgment is given. The obligation of Borrowers in respect of any such sum due from it to Administrative Agent or any Lender hereunder or under the other Loan Documents shall, notwithstanding any judgment in a currency (the “**Judgment Currency**”) other than that in which such sum is denominated in accordance with the applicable provisions of this Agreement (the “**Agreement Currency**”), be discharged only to the extent that on the Business Day following receipt by Administrative Agent or such Lender, as the case may be, of any sum adjudged to be so due in the Judgment Currency,



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Administrative Agent or such Lender, as the case may be, may in accordance with normal banking procedures purchase the Agreement Currency with the Judgment Currency. If the amount of the Agreement Currency so purchased is less than the sum originally due to Administrative Agent or any Lender from Borrowers in the Agreement Currency, Borrower agree, as a separate obligation and notwithstanding any such judgment, to indemnify Administrative Agent or such Lender, as the case may be, against such loss. If the amount of the Agreement Currency so purchased is greater than the sum originally due to Administrative Agent or any Lender in such Currency, Administrative Agent or such Lender, as the case may be, agrees to return the amount of any excess to Borrower (or to any other Person who may be entitled thereto under Applicable law).

**10.26 Reaffirmation.** Each Borrower and each other Obligor (including those that that become party hereto after the date hereof), in its respective capacity as a Borrower, debtor, obligor, grantor, pledgor, guarantor, assignor, or other similar capacity in which such party acts as direct or indirect, or primary or secondary, obligor, accommodation party or guarantor or grants liens or security interests in or to its properties hereunder or under any other Loan Document, hereby acknowledges and agrees to be bound by the provisions of Section 2.22 (including, without limitation, the implementation from time to time of any Benchmark Replacement and any Conforming Changes in accordance herewith) and, in furtherance of the forgoing (and without, in any way express or implied, invalidating, impairing or otherwise negatively affecting any obligations heretofore provided) hereby acknowledges and agrees that in connection with and after giving effect to any Conforming Changes: (a) its Obligations shall not in any way be novated, discharged or otherwise impaired, and shall continue, be ratified and be affirmed and shall remain in full force in effect, (b) its grant of a guarantee, pledge, assignment or any other accommodation, lien or security interests in or to its properties relating to this Agreement or any other Loan Document shall continue, be ratified and be affirmed, and shall remain in full force and effect and shall not be novated, discharged or otherwise impaired and (c) the Loan Documents and its obligations thereunder (contingent or otherwise) shall continue, be ratified and be affirmed and shall remain in full force and effect and shall not be novated, discharged or otherwise impaired. In addition, each Obligor hereby fully waives any requirements to notify such Obligor of any Conforming Changes (except as expressly provided in Section 2.22). In furtherance of the foregoing, each Obligor hereby (i) appoints Administrative Borrower (and Administrative Borrower hereby accepts such appointment) as its agent, attorney-in-fact and representative for purposes of the delivery of any and all documents, instruments, agreements and other materials required to be delivered by any such party and for all other administrative purposes incidental to any of the foregoing provisions of this Section 10.26 and Section 2.22 and (ii) hereby authorizes Administrative Borrower to take such actions, execute, acknowledge, and deliver, or cause to be executed, acknowledged and delivered, such further agreements, documents or instruments that are reasonably necessary or desirable to carry out the intent and purpose of this Section 10.26 and Section 2.22 on its behalf. From time to time, Administrative Borrower (both in its individual capacity and in its capacity as agent, agent, attorney-in-fact and representative of each other Obligor pursuant to the immediately preceding sentence) and the Obligors shall execute and deliver, or cause to be executed and delivered, such instruments, agreements, certificates or documents, and take all such actions, as Administrative Agent may reasonably request for the purposes of implementing or effectuating the provisions of Section 2.22, or of renewing, continuing, reaffirming or ratifying the rights of Administrative Agent, and the other Secured Parties with respect to the Obligations or the Collateral.

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**IN WITNESS WHEREOF**, each of the parties hereto has caused this Agreement to be duly executed and delivered by its officer or officers thereunto duly authorized as of the date first above written.

**BORROWERS:**

**WK KELLOGG CO**

By: /s/ David McKinstry  
Name: David McKinstry  
Title: Senior Vice President and Chief Financial Officer

**WK KELLOGG CANADA CORP.**

By: /s/ Gordon Paulson  
Name: Gordon Paulson  
Title: Vice-President and Corporate Secretary

CREDIT AGREEMENT

**ADMINISTRATIVE AGENT,  
ISSUING LENDER, SWINGLINE  
LENDER, AND A LENDER:**

**COÖPERATIEVE RABOBANK U.A., NEW  
YORK BRANCH**, as Administrative Agent, Issuing  
Lender, Swingline Lender, and a Lender

By: /s/ Brian Keaveney  
Name: Brian Keaveney  
Title: Managing Director

By: /s/ Anthony Fianza  
Name: Anthony Fianza  
Title: Executive Director

|  |                 |
|--|-----------------|
| Revolving Multicurrency<br>Tranche Commitment: | \$31,818,181.82 |
| Revolving USD<br>Tranche Commitment:           | \$0.00          |
| Initial Term A-1 Commitment:                   | \$45,454,545.44 |
| Initial Term A-2 Commitment:                   | \$0.00          |
| Delayed Draw<br>Term A-1 Commitment:           | \$22,727,272.74 |
| Delayed Draw<br>Term A-2 Commitment:           | \$0.00          |

CREDIT AGREEMENT

**GREENSTONE FARM CREDIT SERVICES, FLCA,**  
as a Lender

By: /s/ Shane Prichard

Name: Shane Prichard

Title: VP of Capital Markets

|  |                  |
|--|------------------|
| Revolving Multicurrency<br>Tranche Commitment: | \$0.00           |
| Revolving USD<br>Tranche Commitment:           | \$175,000,000.00 |
| Initial Term A-1 Commitment:                   | \$0.00           |
| Initial Term A-2 Commitment:                   | \$250,000,000.00 |
| Delayed Draw<br>Term A-1 Commitment:           | \$0.00           |
| Delayed Draw<br>Term A-2 Commitment:           | \$125,000,000.00 |

CREDIT AGREEMENT

**BANK OF AMERICA, N.A., as a Lender**

By its US Branch:

By: /s/ John Dorost

Name: John Dorost

Title: Vice President

By its Canada Branch:

By: /s/ Sylwia Durkiewicz

Name: Sylwia Durkiewicz

Title: Vice President

Revolving Multicurrency

Tranche Commitment: \$22,272,727.27

Revolving USD

Tranche Commitment: \$0.00

Initial Term A-1 Commitment: \$31,818,181.82

Initial Term A-2 Commitment: \$0.00

Delayed Draw

Term A-1 Commitment: \$15,909,090.91

Delayed Draw

Term A-2 Commitment: \$0.00

CREDIT AGREEMENT

CITIBANK, N.A., as a Lender

By: /s/ Brad Peterson

Name: Brad Peterson

Title: Authorized Signer

|  |                 |
|--|-----------------|
| Revolving Multicurrency<br>Tranche Commitment: | \$22,272,727.27 |
| Revolving USD<br>Tranche Commitment:           | \$0.00          |
| Initial Term A-1 Commitment:                   | \$31,818,181.82 |
| Initial Term A-2 Commitment:                   | \$0.00          |
| Delayed Draw<br>Term A-1 Commitment:           | \$15,909,090.91 |
| Delayed Draw<br>Term A-2 Commitment:           | \$0.00          |

CREDIT AGREEMENT

By: /s/ Christopher A. Salek

Name: Christopher A. Salek

Title: Executive Director

|  |                 |
|--|-----------------|
| Revolving Multicurrency<br>Tranche Commitment: | \$22,272,727.27 |
| Revolving USD<br>Tranche Commitment:           | \$0.00          |
| Initial Term A-1 Commitment:                   | \$31,818,181.82 |
| Initial Term A-2 Commitment:                   | \$0.00          |
| Delayed Draw<br>Term A-1 Commitment:           | \$15,909,090.91 |
| Delayed Draw<br>Term A-2 Commitment:           | \$0.00          |



**MIZUHO BANK, LTD., as a Lender**

By: /s/ Tracy Rahn

Name: Tracy Rahn

Title: Executive Director

|  |                 |
|--|-----------------|
| Revolving Multicurrency<br>Tranche Commitment: | \$22,272,727.27 |
| Revolving USD<br>Tranche Commitment:           | \$0.00          |
| Initial Term A-1 Commitment:                   | \$31,818,181.82 |
| Initial Term A-2 Commitment:                   | \$0.00          |
| Delayed Draw<br>Term A-1 Commitment:           | \$15,909,090.91 |
| Delayed Draw<br>Term A-2 Commitment:           | \$0.00          |

CREDIT AGREEMENT

**ING CAPITAL LLC, as a Lender**

By: /s/ Daniel W. Lamprecht

Name: Daniel W. Lamprecht

Title: Managing Director

By: /s/ Renata Madeiros

Name: Renata Madeiros

Title: Director

|  |                 |
|--|-----------------|
| Revolving Multicurrency<br>Tranche Commitment: | \$15,909,090.91 |
| Revolving USD<br>Tranche Commitment:           | \$0.00          |
| Initial Term A-1 Commitment:                   | \$22,727,272.73 |
| Initial Term A-2 Commitment:                   | \$0.00          |
| Delayed Draw<br>Term A-1 Commitment:           | \$11,363,636.36 |
| Delayed Draw<br>Term A-2 Commitment:           | \$0.00          |

CREDIT AGREEMENT

**THE BANK OF NOVA SCOTIA, as a Lender**

By: /s/ Sarah Shaikh

Name: Sarah Shaikh

Title: Managing Director

|  |                 |
|--|-----------------|
| Revolving Multicurrency<br>Tranche Commitment: | \$15,909,090.91 |
| Revolving USD<br>Tranche Commitment:           | \$0.00          |
| Initial Term A-1 Commitment:                   | \$22,727,272.73 |
| Initial Term A-2 Commitment:                   | \$0.00          |
| Delayed Draw<br>Term A-1 Commitment:           | \$11,363,636.36 |
| Delayed Draw<br>Term A-2 Commitment:           | \$0.00          |

CREDIT AGREEMENT

**CIBC Bank USA, as a Lender**

By: /s/ James Belletire

Name: James Belletire

Title: Managing Director

|  |                 |
|--|-----------------|
| Revolving Multicurrency<br>Tranche Commitment: | \$11,136,363.64 |
| Revolving USD<br>Tranche Commitment:           | \$0.00          |
| Initial Term A-1 Commitment:                   | \$15,909,090.91 |
| Initial Term A-2 Commitment:                   | \$0.00          |
| Delayed Draw<br>Term A-1 Commitment:           | \$7,954,545.45  |
| Delayed Draw<br>Term A-2 Commitment:           | \$0.00          |

CREDIT AGREEMENT

**THE NORTHERN TRUST COMPANY,**  
as a Lender

By: /s/ Will Hicks

Name: Will Hicks

Title: Vice President

|  |                 |
|--|-----------------|
| Revolving Multicurrency<br>Tranche Commitment: | \$11,136,363.64 |
| Revolving USD<br>Tranche Commitment:           | \$0.00          |
| Initial Term A-1 Commitment:                   | \$15,909,090.91 |
| Initial Term A-2 Commitment:                   | \$0.00          |
| Delayed Draw<br>Term A-1 Commitment:           | \$7,954,545.45  |
| Delayed Draw<br>Term A-2 Commitment:           | \$0.00          |

CREDIT AGREEMENT

INFORMATION STATEMENT

# WK Kellogg Co

One Kellogg Square

Battle Creek, Michigan 49016

## Common Stock, Par Value \$0.0001 Per Share

We are sending you this Information Statement in connection with Kellogg Company's spin-off of its wholly owned subsidiary, WK Kellogg Co. To effect the spin-off, Kellogg Company, or "Kellogg ParentCo," will undergo an internal reorganization, after which it will distribute all of the shares of WK Kellogg Co common stock on a pro rata basis to the holders of Kellogg ParentCo common stock. We expect that the distribution of WK Kellogg Co common stock will be tax-free to Kellogg ParentCo's U.S. shareholders for U.S. federal income tax purposes, except for cash that shareholders receive in lieu of fractional shares.

If you are a record holder of Kellogg ParentCo common stock as of the close of business on September 21, 2023, which is the record date for the distribution, you will be entitled to receive one share of WK Kellogg Co common stock for every four shares of Kellogg ParentCo common stock you hold on that date. Kellogg ParentCo will distribute the shares of WK Kellogg Co common stock in book-entry form, which means that we will not issue physical stock certificates. The distribution agent will not distribute any fractional shares of WK Kellogg Co common stock. Instead, the distribution agent will aggregate fractional shares into whole shares, sell the whole shares in the open market at prevailing market prices and distribute the aggregate cash proceeds of the sales, net of brokerage fees and other costs, pro rata to each holder (net of any required withholding for taxes applicable to each holder) who would otherwise have been entitled to receive a fractional share in the distribution.

Kellogg ParentCo currently anticipates completing the distribution at 12:01 a.m., New York City time, on October 2, 2023. Immediately after the distribution becomes effective, we will be an independent, publicly traded company.

**Kellogg ParentCo's shareholders are not required to vote on or take any other action in connection with the spin-off. We are not asking you for a proxy, and you are requested not to send us a proxy.** Kellogg ParentCo's shareholders will not be required to pay any consideration for the shares of WK Kellogg Co common stock they receive in the spin-off, surrender or exchange their shares of Kellogg ParentCo common stock or take any other action in connection with the spin-off.

Kellogg ParentCo currently owns all of the outstanding shares of WK Kellogg Co common stock. Accordingly, no trading market for WK Kellogg Co common stock currently exists. We expect, however, that a limited trading market for WK Kellogg Co common stock, commonly known as a "when-issued" trading market, will develop shortly before the distribution date, and we expect "regular-way" trading of WK Kellogg Co common stock will begin on the distribution date. We intend to list WK Kellogg Co common stock on the New York Stock Exchange under the symbol "KLG."

**In reviewing this Information Statement, you should carefully consider the matters described in the section entitled "[Risk Factors](#)" beginning on page 25 of this Information Statement.**

**Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved these securities or determined if this Information Statement is truthful or complete. Any representation to the contrary is a criminal offense.**

**This Information Statement is not an offer to sell, or a solicitation of an offer to buy, any securities.**

The date of this Information Statement is September 12, 2023.

Kellogg ParentCo first mailed a Notice of Internet Availability of Information Statement Materials containing instructions on how to access this Information Statement to its shareholders on or about September 12, 2023.

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## TRADEMARKS, TRADE NAMES AND SERVICE MARKS

We have rights to use the trademarks, trade names and service marks that we use in conjunction with the operation of our business. Solely for convenience, the trademarks, trade names and service marks referred to in this Information Statement are listed without the ® and ™ symbols, but we will assert, to the fullest extent under applicable law, our right to use such trademarks, service marks and trade names.

## INDUSTRY, RANKING AND MARKET DATA

This Information Statement contains various historical and projected information concerning our industry, the market in which we participate, and our position in this market. Some of this information is from industry publications and other third-party sources, and other information is from our own analysis of data received from these third-party sources, including from The Nielsen Company (US), LLC (“Nielsen”), Circana (“Circana”) and Numerator Omnipanel Mini America (“Numerator”), and our own internal data. All of this information involves a variety of assumptions, limitations, and methodologies and is inherently subject to uncertainties, and therefore you are cautioned not to give undue weight to these estimates.

The total Nielsen reported sales data included in this prospectus is derived exclusively from data reported by Nielsen for the point-of-sale of products for the purposes of illustrating the competitive position of such products relative to other products in the respective markets in which we compete. Nielsen reported sales data for the United States aggregates national cross-outlet sales from among the following channels: food/grocery, drug, mass merchandisers, club, dollar, military and convenience. Nielsen reported sales data for Canada excludes Newfoundland and aggregates sales from among the following channels: grocery banners, drug retailers and mass merchandisers. The total Nielsen reported sales data included in this prospectus is not derived from or based on our financial statements and does not represent our results of operations. Nielsen reported sales data reflects the sales price of our products, as sold by our distribution channel customers to consumers in the marketplace and excludes data for certain customers who do not disclose their data at all.

In addition, Nielsen reported sales data is available for periods that differ from, and are not directly comparable to, our financial statements.

## BASIS OF PRESENTATION

In this Information Statement, unless the context otherwise requires:

- “WK Kellogg Co,” “we,” “our” and “us” refer to (i) prior to the Internal Reorganization and Distribution, the Cereal Business as reflected in the combined financial statements included elsewhere in this Information Statement; and (ii) WK Kellogg Co and its consolidated subsidiaries, after giving effect to the Internal Reorganization and the Distribution;
- “Cereal Business” shall collectively mean the business and operations conducted by Kellogg ParentCo in North America prior to the Distribution relating to (i) the development, production, packaging, distribution, marketing, licensing or sale of ready-to-eat cereal, hot cereal, muesli, and granola (other than *RXBAR*-branded granola), cereal-based snacks and cookies (other than *Rice Krispies*-branded snacks and *Special K*-branded cookies) and other food and beverage products produced under certain cereal brands and (ii) the licensing of certain brands and related trademarks within North America to unaffiliated third parties for non-food and beverage applications;
- “North America” shall mean the geographic boundaries of the following countries: United States (including the District of Columbia, and its territories, possessions and military installations (as defined by the United States Department of Defense)), Canada, Anguilla, Antigua, Aruba, the Bahamas, Barbados, Barbuda, Bermuda, Bonaire, British Virgin Islands (Tortola, Virgin Gorda, Anegada, Jost



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Van Dyke), Cayman Islands, Curacao, Cuba, Dominica, Dominican Republic, French Guyana, Grenada, The Grenadines, Guadeloupe, Guyana, Haiti, Jamaica, Martinique, Montserrat, Puerto Rico, Saba, Saint Kitts and Nevis, St. Lucia, Saint Martin, Sint Maarten, St. Vincent, Suriname, Trinidad and Tobago, Turks and Caicos, U.S. Virgin Islands (St. Thomas, St. Croix, St. John), Saint Barthelemy and Sint Eustatius;

- “Kellogg ParentCo” refers to Kellogg Company and its combined subsidiaries, other than, for all periods following the Spin-Off, WK Kellogg Co;
- “Internal Reorganization,” refers to the series of internal transactions described under “Certain Relationships and Related Party Transactions—Agreements with Kellogg ParentCo—Separation and Distribution Agreement” that will result in the separation of the Cereal Business from the Kellogg ParentCo Business (as defined below);
- “Contribution” refers to the contribution by Kellogg ParentCo of assets, liabilities and operations associated with the Cereal Business to us in exchange for the consideration described in the Separation and Distribution Agreement (as described under “Certain Relationships and Related Party Transactions—Agreements with Kellogg ParentCo—Separation and Distribution Agreement”);
- “Distribution” refers to Kellogg ParentCo’s distribution of the shares of our common stock to its shareholders; and
- “Spin-Off” refers to the Internal Reorganization and the Distribution collectively.

Prior to Kellogg ParentCo’s distribution of the shares of our common stock to its shareholders, Kellogg ParentCo will undertake a series of internal transactions, following which:

- (i) we will hold the Cereal Business, and
- (ii) Kellogg ParentCo (other than WK Kellogg Co) will hold Kellogg ParentCo’s businesses other than the Cereal Business, which we refer to as the “Kellogg ParentCo Business.”

## SUMMARY

This summary highlights selected information from this Information Statement and provides an overview of our company, our separation from Kellogg ParentCo and Kellogg ParentCo's distribution of our common stock to Kellogg ParentCo's shareholders. For a more complete understanding of our business and the spin-off, you should read the entire Information Statement carefully, particularly the discussions set forth under "Risk Factors," "Cautionary Statement Concerning Forward-Looking Statements," "Unaudited Pro Forma Combined Financial Statements," our audited combined financial statements and accompanying notes included elsewhere in this Information Statement, and our unaudited condensed combined financial statements and accompanying notes included elsewhere in this Information Statement.

### Our Company

WK Kellogg Co is an iconic North American food company with a differentiated portfolio of brands that have delighted our consumers for over a century. As a leading manufacturer, marketer and distributor of branded ready-to-eat cereal, we endeavor to provide consumers with high-quality products while promoting consumer health and wellbeing. Our products are manufactured by us in the United States, Mexico, and Canada and marketed in the United States, Canada and the Caribbean.

Kellogg ParentCo, formally founded in 1906 as a mission-led and family-oriented company, sprang to life when W. K. Kellogg changed breakfast forever by creating Corn Flakes in Battle Creek, Michigan. We have since upheld W. K. Kellogg's passion and commitment to wellness by producing nutritious, high quality and delicious cereal, which reached about 60% of households in the United States during the 52 weeks ended July 1, 2023. According to Nielsen data, we are the second largest seller of ready-to-eat cereals in the United States with a 28% share of retail sales for the 52-week period ended July 1, 2023 and the leading player in Canada's cereal market, with 38% category share over that same period. According to data provided by Nielsen, for the year-to-date period ended June 30, 2023, we were the number one seller of ready-to-eat cereals in Puerto Rico with a 38% category share.

We believe our long-standing success is attributable to the strength of the brands used in connection with the Cereal Business, our category expertise and over a century of institutional knowledge, all of which have created a diverse portfolio of cereals that are intended to enhance the lives of our consumers. Our product offerings are well diversified across the cereal sub-categories of taste, wellness and balance, with strong consumer appeal across the spectrum of ages and demographics. Iconic brands used in our business include *Frosted Flakes*, *Special K*, *Froot Loops*, *Raisin Bran*, *Frosted Mini-Wheats*, *Rice Krispies*, *Kashi*, *Corn Flakes* and *Apple Jacks*, among many others. We believe these brands also derive a differentiated advantage from the beloved brand characters which have been developed over time, starting in the 1950s with the introduction of *Tony the Tiger*, *Toucan Sam* as well as *Snap*, *Crackle and Pop*, which have since been joined by many other brand characters.

The Cereal Business generated net sales of \$2,695 million, \$2,460 million and \$2,867 million and net (loss) income of \$(25) million, \$162 million and \$182 million during the fiscal years ended December 31, 2022, January 1, 2022 and January 2, 2021, respectively. We believe our rich history coupled with our powerful brands serve as a base for strong cash flow generation. We aspire to prioritize operational excellence by investing in our business through initiatives like facility enhancement and distribution efficiencies.

Following the Spin-Off, we will become an independent, publicly traded company led by a highly experienced management team fully dedicated to leveraging our capabilities and driving our strategic initiatives. We will also have increased flexibility to deploy our free cash flow towards our operating and capital allocation priorities. We will trade under the ticker symbol "KLG" on the New York Stock Exchange (the "NYSE").

## Key Business Strengths

### *Diversified Cereal Portfolio of Iconic Brands and Beloved Characters*

We believe the key to WK Kellogg Co's enduring and continued strength lies in its portfolio of diverse cereals and iconic brands. As of July 1, 2023, nine of the top 20 brands in the cereal category across the United States and Canada are Kellogg brands. In addition, our products span all product components of the cereal category and are supported by beloved brand characters and a commitment to environmental, social, and governance ("ESG") endeavors.

We strive to deliver the most consumer-centric brand portfolio in the cereal category, offering a diverse set of products that reach a broad range of consumer occasions and demographics. We have a strong presence across all three of the cereal category's major product components. In the taste component, where we have a 35% category share in the United States for the 52-week period ended July 1, 2023, we have an arsenal of leading Kellogg brands used in connection with the Cereal Business, including *Frosted Flakes*, *Froot Loops* and *Apple Jacks*. In the wellness component, where we have a 17% category share in the United States for the 52-week period ended July 1, 2023, we lead with nutrition-oriented Kellogg brands like *Special K* and natural Kellogg brands like *Kashi* and *Bear Naked*. In the balance component, which sits between taste and wellness, where we have a 36% category share in the United States for the 52-week period ended July 1, 2023, the Kellogg brands used in connection with the Cereal Business include *Special K*, *Frosted Mini-Wheats*, *Raisin Bran* and *Corn Flakes*.

Our brands have been supported by brand characters that are beloved by consumers. We believe our characters not only embody our company values, but also provide differentiated competitive positioning from others in the industry. For instance, *Tony the Tiger* reinforces the importance of physical activity, while *Toucan Sam* encourages curiosity, and *Snap, Crackle and Pop* promote creativity. Given the importance of our brands to our business, if we do not maintain the favorable perception of our brands, our results could be negatively impacted. See "Risk Factors—Risks Related to Our Business—Our results may be negatively impacted if consumers do not maintain their favorable perception of our brands or company."

### *Leading Market Position in Large and Stable Category*

We believe the ready-to-eat cereal category that Mr. Kellogg helped to create has thrived for over a century. At roughly \$10.6 billion in category retail sales across the United States and Canada (according to data provided by Nielsen for the 52-week period ended July 1, 2023), cereal is the number one choice in breakfast foods for children and a top two breakfast choice for adults in the United States (Circana, National Eating Trends<sup>®</sup>, 12 months ending June 2023). The category drives approximately 48 million purchase decisions every week across the United States and Canada as of July 1, 2023. According to data provided by Nielsen for the 52-week period ended July 1, 2023, cereal buying households in the United States purchased on average approximately 21 boxes of cereal a year.

Driving this category's enduring popularity is the fact that it provides taste, nutrition, convenience, affordability and versatility for consumers. The cereal category also provides exciting opportunities for WK Kellogg Co to address ongoing changes in eating trends, such as digestive health and out-of-breakfast consumption occasions.

This large category is important to retailers given its size and frequency of purchase. In fact, for the 52-week period ended July 1, 2023, cereal is among the largest center-of-store categories at retail in the United States, according to Numerator. The category also serves as an important everyday offering for away-from-home channels such as schools, travel and lodging, and restaurants. In addition, we believe this category has remained relatively stable across the United States and Canada over the past decade, and it has held up well during economic downturns, as evidenced by its growth at an average rate of approximately 4% of retail sales in the U.S. and Canada, respectively, over the last three years.

We are the second largest seller of ready-to-eat cereal in the United States. Following supply disruptions caused by a fire and strike in the second half of 2021, our current category share has regained stable footing and our cereals represent 28% of the U.S. market, for the 52-week period ended July 1, 2023. We are the leading manufacturer in Canada, with a category share of 38% over the same period. According to data provided by Nielsen, for the year-to-date period ended June 30, 2023, we were the number one seller of ready-to-eat cereals in Puerto Rico with a 38% category share.

Our cereals have been household staples among North American families since 1906 and generated net retail sales of over \$2.7 billion in the United States and approximately \$300 million in Canada according to Nielsen, for the 52-week period ended July 1, 2023. Our brands, measured by household penetration, reach approximately 60% of U.S. households every year according to Nielsen data for the 52-week period ended July 1, 2023.

Given the importance of this category and our brands, as well as the length and depth of our experience and expertise, we have developed long-term and deep relationships with retailers. These relationships were evidenced by the speed with which we recovered category share after a fire and strike in the second half of 2021 severely disrupted our supply. We recovered 4 percentage points of lost share for the period from January 2022 to August 2022.

#### *Proven Strength in Product and Marketing Innovation*

We have a strong culture of innovation, both in terms of launching new or reformulated products, and in terms of marketing our products in effective and exciting ways.

We have a rich history of continuously innovating and renovating our product offerings. We have launched new flavors of existing brands and generally reduced sugar levels to respond to changing consumer tastes. One historical example is launching the first protein cereal with Special K in 1955. More recent acquisitions have bolstered our presence in natural cereals, including Kashi and Bear Naked, which we acquired in 2000 and 2007, respectively. Kashi is among one of the leading natural brands in the ready-to-eat cereal category's wellness sub-category. With cereal consumption relating to snacking and other occasions outside breakfast now representing approximately 23% of cereal consumption in the United States (Circana, National Eating Trends®, 12 months ending June 2023), we also launched Jumbo Snax, a hand-held snacking cereal, in 2020.

With over a century of idea generation and category leadership, we believe we have a proven ability to build brands with authentic marketing campaigns that resonate with a broad consumer base. Brand investment has been a long-term tenet of our organization, ever since Mr. Kellogg made the bold choice to double Kellogg ParentCo's advertising budget during the Great Depression. Kellogg ParentCo has strived to be at the vanguard of new media, from sponsoring a large-scale electric billboard in Times Square in 1912, to being an early adopter of commercials and sponsored programs on radio and television, to investing in digital and social media platforms today. We have also developed differentiated product marketing techniques, such as inserting prizes in our cereal boxes and turning our cereal boxes into a source of additional information and entertainment. We plan to continue this trajectory of marketing innovation going forward. As our business is largely concentrated in the traditional retail grocery trade and the U.S. retail environment continues to face further consolidation, we must continue to leverage our marketing expertise and product innovation to respond to our customers and provide high-service levels.

We have a long history of conveying and amplifying our brands and characters through social and environmental initiatives by connecting our brands to a number of important causes such as hunger and wellbeing. One example of connecting with our broader community in this way is the Mission Tiger program tied to our *Frosted Flakes* brand and *Tony the Tiger*. The purpose of Mission Tiger is to find inclusive, quality sports programs that schools can adopt, regardless of available funding. Since its inception in 2019, Mission Tiger has raised substantial funds

for middle school sports programs. In our opinion, Mission Tiger has not only amplified our purpose-driven values, but also proved to be an effective marketing investment, with the brand experiencing significant retail growth since the program's inception.

We have complemented our brand building efforts with commercial arrangements with other third-parties, including Microsoft and Mojang Studios. These licenses and partnerships amplify our brand messaging, help create excitement in stores, and broaden our consumer audience.

#### *Strong Financial Profile with Attractive Cash Flow Generation*

We believe our operating cash flow will allow us financial flexibility as a standalone company. We plan to utilize such flexibility to drive an investment philosophy that balances capital investments in areas such as supply chain optimization, cost-saving projects and new capabilities, with the ability to further increase shareholder value through a combination of debt reduction, return of capital to our shareholders in the form of dividends or share repurchases as well as potential acquisitions. Initially, in connection with the Spin-Off, we may increase our indebtedness to fund important capital projects. Thereafter, however, we plan to reduce indebtedness as a way to bolster financial flexibility for enhancing shareholder value. In addition, we also expect to enter into certain financing arrangements prior to or concurrently with the Spin-Off.

#### *Talented and Passionate Management Team with Deep Industry Experience*

Our strategy is driven by our talented management team that has substantial consumer packaged foods experience and a track record of operational success, brand management and acquisitions. Our management team is dedicated to upholding our culture with principles rooted in wellness, an appreciation for curiosity, diversity of thought, and a commitment to serving our communities, all upheld by the founding principles invoked by W.K. Kellogg.

Gary Pilnick is our Chief Executive Officer and a 23-year Kellogg ParentCo veteran whose inspiring leadership style, deep knowledge of the business and central role in defining Kellogg ParentCo's successful strategy made him the natural choice to lead WK Kellogg Co. Leading Kellogg ParentCo's corporate development function for the past two decades, Mr. Pilnick has played an instrumental role in Kellogg ParentCo's most successful strategic initiatives, including the acquisition of Pringles, its expansion into Africa, and the development of Kellogg ParentCo's strategy.

WK Kellogg Co's leadership team has significant operating experience across marketing, innovation, sales, supply chain, business planning and finance. WK Kellogg Co's management team will have over 120 years of experience collectively, with our chief growth officer and chief customer officer having notable experience within the cereal category, specifically.

The management team of seasoned leaders brings significant depth and breadth of experience and extensive knowledge to WK Kellogg Co, all of which will assist the business in continuing to build momentum and capitalize on its compelling long-term opportunities for investment and profit growth, driven by its portfolio of iconic, world-class brands.

In addition, along with our Board of Directors, this management team also has the experience and is well-positioned to deliver on the ESG goals set for the organization.

#### **Our Strategies**

##### *Invest in Modernizing and Optimizing our Supply Chain for Improved Efficiency and Profitability*

As a standalone company, WK Kellogg Co will have an increased ability to build a fit-for-purpose supply chain focused on cereal. Our independent focus on cereal will allow us to redeploy capital to optimize the business,

including manufacturing, packaging, and distribution in a differentiated way relative to being a division within Kellogg ParentCo.

As an independent company, our operating and sales planning process will be more devoted to cereal and holistically will cover all channels across the United States, Canada and the Caribbean. While we will be subject to additional risks associated with operating as an independent, publicly traded company, as discussed herein, we believe this devoted focus will drive more agile decision-making and more accurate supply planning, leading to improved efficiencies and service levels.

We believe our category focus will allow us to align our manufacturing network to meet business needs, drive production to our most advantaged platforms, and expand platforms and facilities to optimize in-network conversion costs. We envision one area of investment will be the modernization of our manufacturing plants, including modernizing equipment and increasing digitization and automation. For instance, we have plans in place to increase automation in our packaging lines, driving both efficiency and flexibility to meet customer and consumer needs while enabling commercial value creation levers.

Additionally, we plan to refocus our network of distribution centers, including initiatives such as relocating facilities to align more closely with our manufacturing plants and increasing direct plant shipments to drive more efficient transportation. With warehouse space and labor now dedicated to WK Kellogg Co products, we also expect to generate more efficiency in our distribution network.

While we have been impacted by industry-wide and company-specific supply chain disruptions, we expect that our combined efforts will lead to reduced costs, improved margins and the minimization of working capital requirements, which will enable us to be nimbler and more responsive to consumer and customer needs.

*Expand Consumer Base Through Brand Building, Innovation and Broadened Distribution*

Leveraging our long history of innovative marketing and product launches, we plan to invest in brand building more effectively to adapt to changes in consumer behavior, taste profiles and brand resonance. By fully integrating all our sales and marketing across all channels and across the United States, Canada and the Caribbean in a more efficient manner, we expect to benefit from more agile decision making and synchronization of idea generation and execution across our North American region, leading to enhanced return on investment on marketing spend.

We believe we will be able to dedicate resources more effectively towards driving data-led insights that are more directly applicable to our standalone business. Our differentiated customer database gives us a considerable advantage in terms of understanding consumer behavior and gaining scale. As a result, we believe we will have a significant opportunity to expand our omnichannel presence and growth by better targeting and customizing messaging for specific consumer cohorts.

Additionally, we see a significant opportunity to increase net sales and household penetration by targeting out-of-breakfast cereal consumption, which we have already begun to address with our “Cereal for Dinner” advertising campaign and the launch of a snacking-oriented Jumbo Snax product line. We envision increased investment in food enhancements, packaging advancements and commercial improvements which will help our portfolio to address evolving consumer trends, such as snacking and out-of-breakfast occasions, with greater agility.

We also plan to more fully tap into our longstanding commitment to social and environmental purposes, which we believe will continue to drive a competitive advantage in connecting with our stakeholders, including our consumers. We believe social and environmental concerns are becoming increasingly relevant to our consumers,

and we believe our strong brand recognition and history of investing in ESG initiatives will position us well to capitalize on this shift in consumer preferences.

*Deepen our Retail Relationships and Leverage Strong Execution Capabilities to be the Cereal Provider of Choice*

As the second largest player in the cereal category, we believe WK Kellogg Co is an important partner to our retail customers in a large and strategically important category. Following the Spin-Off, we will have a scaled sales force that we believe will be even more effective because of its singular category focus.

We strive to be an even more effective provider of choice for our retail partners, as we leverage our strong retail execution capabilities, endeavor to deliver best-in-class service, provide valuable analysis and consumer insights, and delight their consumers with brand building, innovation, and in-store merchandising. We also believe an optimized portfolio, more efficient supply planning and a streamlined manufacturing and logistics network will lead to a more efficient and responsive supply chain, further improving our ability to meet the needs of our customers.

As a standalone company, we will be devoted to analyzing the cereal category. Aided by first-party consumer data and advanced analytics capabilities, we will aim to provide our retail partners with deeper insights than other manufacturers in this category. These combined efforts will enhance our ability to drive revenue growth management, further improving our relationship with our retail partners and creating further value in the category.

We envision that our strong innovation pipeline and effective brand building will continue to drive consumer demand. We plan to amplify our exciting product offerings with innovative merchandising programs and strong in-store sales execution to drive traffic and purchases for our retail partners. As another point of differentiation, we plan to leverage our legacy and commitment to ESG. We will partner with retailers in this important pursuit through programs like our Childhood Wellbeing Promise, which aims to improve access to affordable, nourishing and sustainable foods for children and families across North America.

*Expand Into Adjacent Categories and Engage in Attractive Acquisition Opportunities*

Our priorities in the near term are to expand profit margins and grow organically in the cereal category, but we also will explore other value-enhancing opportunities. Over time, we see potential for growth through expansion beyond the cereal category which will allow us to further broaden our consumer base as we use this strategy to tap into new taste profiles and occasions. In the long run, we believe attractive acquisition opportunities may present themselves in complementary categories that will leverage and enhance our scale, brands, marketing expertise, distribution reach and relationships with key retailers. When pursuing acquisition opportunities, our business may be faced with additional risks as described in “Risk Factors—Risks Related to Our Business—When pursuing strategic acquisitions, alliances, divestitures or joint ventures or seeking organic growth opportunities, we may not be able to successfully consummate favorable transactions, integrate acquired businesses or achieve the anticipated benefits of organic growth investments.”

*Create Value for Shareholders Through Improved Cash Flow Growth and Balanced Capital Allocation*

We believe our near-term focus on increasing category share and optimizing supply chain will lead to balanced net sales and operating profit growth, while driving growth in operating cash flows. We envision that this cash flow will allow us to manage capital allocation priorities across investing in the business, returning cash to shareholders in the form of an attractive dividend and potential share repurchases, and executing potential acquisitions. We believe this balanced approach will enable us to deliver attractive long-term shareholder value.

## **Our Products**

Our principal products are cereals that are split across taste, wellness and balance sub-categories, and serve a diverse set of occasions and demographics. These products are manufactured by us in the United States, Mexico and Canada and marketed in the United States, Canada and the Caribbean. They are sold to retailers through a mixture of a direct sales force, brokers, and distributors. The Kellogg leading taste brands used in connection with the Cereal Business include *Frosted Flakes*, *Froot Loops*, and *Apple Jacks*. The Kellogg wellness brands used in connection with the Cereal Business include *Special K*, *Kashi*, and *Bear Naked*. The Kellogg balance brands used in connection with the Cereal Business include *Special K*, *Frosted Mini-Wheats*, *Raisin Bran*, and *Corn Flakes*. Most of our products are also marketed under the “Kellogg’s” name.

## **Competition**

We have experienced, and expect to continue to experience, intense competition for sales of all of our products. Our products compete with advertised and branded products of a similar nature as well as unadvertised and private label products, which are typically distributed at lower prices, and generally with other food products. Principal methods and factors of competition include new product introductions, product quality, taste, convenience, nutritional value, price, advertising and promotion. We believe we compete favorably with our competitors on the basis of these factors due to our diversified portfolio of beloved iconic brands and characters, our leading market position with significant scale in the North American cereal industry, our heritage of innovation and breakthrough marketing and our investment in our brands. Although we believe our competitive strengths will contribute to the growth and success of our company, our business is subject to risks including, among others, risks related to the incurrence of indebtedness in connection with the Spin-Off and risks related to operating as an independent, publicly traded company. See “Risk Factors” for a further description of these risks.

## **Supply Chain Challenges**

We have experienced supply chain disruptions including economy-wide bottlenecks and shortages of materials, labor and freight that have led to increasing prices of raw materials and labor as well as limitations on shipping capacity. We have worked to offset these challenges through productivity and revenue growth management initiatives. Additionally, we were adversely impacted by a fire at one of our facilities in late July 2021, followed by an unrelated strike of approximately 1,400 employees at our four U.S. plants, which began in early October 2021 and ended in late December of the same year. Both of these events resulted in operational and financial impacts that extended into the first quarter of 2022.

## **Inflationary Pressures**

Events such as the COVID-19 pandemic have resulted in certain impacts to the global economy, including market disruptions, supply chain challenges and inflationary pressures. Like the rest of the industry and economy, the Company beginning in 2021 experienced a sharp increase in input costs, ranging from ingredients and packaging, to energy, freight and labor. The increase in input costs has persisted through our fiscal year 2022 and into our fiscal year 2023. The Company mostly offset the dollar impact of this accelerated input-cost inflation through the execution of productivity initiatives and the implementation of revenue growth management actions to realize price. In addition to input-cost inflation, the industry and economy also experienced widespread bottlenecks and shortages of supply, creating substantial inefficiencies and incremental costs. For the Company, these inefficiencies and costs had a significant impact on profit margins in the first half of 2021. In the second half of 2021, the bottlenecks and shortages were supplanted by a significant Company-specific interruption in production, first because of a fire that temporarily shut down one of our U.S. plants, and then by a three-month labor strike in all four of our U.S. plants. The fire and strike combined to create the negative impacts of depleted inventory, lost net sales, lost fixed-cost absorption, and incremental costs during the second half of 2021 and into the first quarter of 2022, though partially offset by curbed commercial investment and reduced overhead.



### Summary Risk Factors

We are subject to a number of risks, including risks related to the Spin-Off, including the Internal Reorganization and the Distribution and other related transactions. The following list of risk factors is not exhaustive. Please read “Risk Factors” carefully for a more thorough description of these and other risks.

- Following the Spin-Off, we will be a smaller company than Kellogg ParentCo, and we will no longer operate as part of a globally diversified company.
- A decline in demand for ready-to-eat cereals could adversely affect our financial performance.
- Supply chain disruptions and increases in costs and/or shortages of raw materials, labor, fuels and utilities as a result of geopolitical, economic and market conditions could adversely impact our profitability.
- We may not achieve our growth targets, including revenue and profit growth targets and cash targets, and we may not realize the benefits we expect from revenue growth management.
- When pursuing strategic acquisitions, alliances, divestitures or joint ventures, we may not be able to successfully consummate favorable transactions or successfully integrate acquired businesses.
- Pandemics, epidemics or disease outbreaks, such as the COVID-19 pandemic, may disrupt our business, including, among other things, our supply chain and production processes, each of which could materially affect our operations, liquidity, financial condition and results of operations.
- Material disruptions at one of our facilities could have a material adverse effect on our business, operating results and financial condition.
- We may not be able to attract, develop and retain the highly skilled people we need to support our business.
- A shortage in the labor pool, failure to successfully negotiate collectively bargained agreements, or other general inflationary pressures or changes in applicable laws and regulations could increase labor cost, which could have a material adverse effect on our operating results or financial condition.
- Our post-retirement benefit-related costs and funding requirements could increase as a result of volatility in the financial markets, changes in interest rates and actuarial assumptions.
- Our inability to obtain sufficient capital would constrain our ability to grow our business and to increase our revenues.
- Our results may be materially and adversely impacted as a result of increases in the price of raw materials.
- Our results may be adversely affected by increases in transportation costs and reduced availability of or increases in the price of oil or other fuels.
- We operate in the highly competitive food industry, including with respect to retail and shelf space.
- The changing retail environment and the growing presence of alternative retail channels could negatively impact our sales and profits.
- We face risks related to tax matters, including changes in tax rates, disagreements with taxing authorities and imposition of new taxes.
- If our food products become adulterated, misbranded or mislabeled, we might need to recall those items and may experience product liability if consumers are injured or damaged as a result.

- Evolving tax, advertising, environmental, licensing, labeling, trade, food quality and safety or other regulations or failure to comply with existing regulations and laws could have a material adverse effect on our financial condition.
- Technology failures, cyber-attacks, privacy breaches or data breaches could disrupt our operations or reputation and negatively impact our business.
- Our intellectual property rights are valuable, and any inability to protect them could reduce the value of our products and brands.
- Certain of our rights to intellectual property used in our business, including certain brands, will be limited to those of a licensee under the Intellectual Property Agreements.
- The Spin-Off may not be completed on the terms or timeline currently contemplated, if at all.
- If the Contribution and the Distribution were to fail to qualify for non-recognition treatment for U.S. federal income tax purposes, or for tax-deferred treatment for Canadian federal and provincial income tax purposes, then Kellogg ParentCo, we, our Canadian subsidiaries (as applicable) and our shareholders could be subject to significant tax liability.
- We intend to agree to numerous restrictions to preserve the non-recognition treatment of the Spin-Off, which may reduce our strategic and operating flexibility.
- We may be unable to achieve the expected benefits from the Spin-Off.
- We have no operating history as an independent, publicly traded company, and our historical and pro forma financial statements are not necessarily representative of the results we would have achieved as an independent, publicly traded company and may not be a reliable indicator of future results.
- We expect to incur indebtedness in connection with the Spin-Off, and the degree to which we will be leveraged following completion of the Spin-Off may materially and adversely affect our business, financial condition and results of operations.
- The obligations associated with being a public company will require significant resources and management attention.
- If we fail to maintain effective internal controls, we may not be able to report our financial results accurately or timely or to prevent or detect fraud, which could have a material adverse effect on our business or the market price of our securities.
- After the Spin-Off, certain of our directors and officers may have actual or potential conflicts of interest because of their Kellogg ParentCo equity ownership or their former Kellogg ParentCo positions.

### **Corporate Information**

WK Kellogg Co was incorporated in Delaware on November 23, 2022. After the Spin-Off, our principal executive offices will be located at One Kellogg Square, Battle Creek, Michigan 49016. Our Web site address is [www.wkkellogg.com](http://www.wkkellogg.com), and it will be operational by the date of the Spin-Off. Information contained on, or connected to, our Web site or Kellogg ParentCo's Web site does not and will not constitute part of this Information Statement or the Registration Statement on Form 10 (the "Registration Statement") of which this Information Statement is a part. Upon our separation from Kellogg ParentCo, we expect to trade under the symbol "KLG" on the NYSE.

## The Spin-Off

### Overview

On June 21, 2022, Kellogg ParentCo announced a plan to separate the Cereal Business via a tax-free Spin-Off, resulting in the creation of a new independent public company: WK Kellogg Co. To effect the Spin-Off, Kellogg ParentCo will first undertake the Internal Reorganization described under “Certain Relationships and Related Party Transactions—Agreements with Kellogg ParentCo—Separation and Distribution Agreement.” Following the Internal Reorganization, WK Kellogg Co, a wholly owned subsidiary of Kellogg ParentCo, will hold the Cereal Business and Kellogg ParentCo (other than WK Kellogg Co) will hold the Kellogg ParentCo Business. Kellogg ParentCo will then effect the Distribution by distributing all of WK Kellogg Co’s common stock to Kellogg ParentCo’s shareholders, and WK Kellogg Co will become an independent, publicly traded company.

Before the Spin-Off, we intend to enter into a Separation and Distribution Agreement (as described under “Certain Relationships and Related Party Transactions—Agreements with Kellogg ParentCo—Separation and Distribution Agreement”) and several other ancillary agreements with Kellogg ParentCo related to the Spin-Off. These agreements will govern the relationship between Kellogg ParentCo and WK Kellogg Co up to and after completion of the Spin-Off and allocate various assets, liabilities and obligations, including with respect to employee benefits, intellectual property and taxes between Kellogg ParentCo and WK Kellogg Co. See “Certain Relationships and Related Party Transactions—Agreements with Kellogg ParentCo” for more detail.

The Spin-Off described in this Information Statement is subject to the satisfaction or waiver of a number of conditions. In addition, Kellogg ParentCo has the right not to complete the Spin-Off if, at any time, Kellogg ParentCo’s board of directors, or the “Kellogg ParentCo Board,” determines, in its sole and absolute discretion, that the Spin-Off is not in the best interests of Kellogg ParentCo or its shareholders or is otherwise not advisable. See “The Spin-Off—Conditions to the Spin-Off” for more detail.

### Questions and Answers about the Spin-Off

The following provides only a summary of the terms of the Spin-Off. You should read the section entitled “The Spin-Off” in this Information Statement for a more detailed description of the matters described below.

***Q: What is the Spin-Off?***

A: The Spin-Off is the method by which WK Kellogg Co will separate from Kellogg ParentCo. In this tax-free Spin-Off, Kellogg ParentCo will distribute to its shareholders all of the shares of our common stock. Following the Spin-Off, we will be a separate company from Kellogg ParentCo, and Kellogg ParentCo will not retain any ownership interest in us.

***Q: What are the reasons for the Spin-Off?***

A: The Kellogg ParentCo Board believes that separating WK Kellogg Co into a separate, independent public company will better position Kellogg ParentCo and WK Kellogg Co to:

- focus on their distinct strategic priorities, with financial targets that best fit their own markets and opportunities;
- execute with increased agility and operational flexibility, enabling more focused allocation of capital and resources in a manner consistent with those strategic priorities;
- realize improved outlooks for profitable growth; and

- shape distinctive corporate cultures, rooted in Kellogg ParentCo’s strong values, with rewarding career paths for employees of each company.

**Q: *Why is the separation of WK Kellogg Co structured as a spin-off?***

A: Kellogg ParentCo believes that a distribution of our shares of common stock is the most efficient way to separate our business from Kellogg ParentCo in a manner that will achieve the above objectives.

**Q: *Will the number of Kellogg ParentCo shares I own change as a result of the Distribution?***

A: No, the number of shares of Kellogg ParentCo common stock you own will not change as a result of the Distribution.

**Q: *What will I receive in the Spin-Off?***

A: As a holder of Kellogg ParentCo common stock, you will receive one share of our common stock for every four shares of Kellogg ParentCo common stock you hold on the Record Date (as defined below). The distribution agent will distribute only whole shares of our common stock in the Spin-Off. See “—How will fractional shares be treated in the Distribution?” for more information on the treatment of the fractional shares you are entitled to receive in the Distribution. The number of shares of Kellogg ParentCo common stock you own will not change as a result of the Spin-Off. For a more detailed description, see “The Spin-Off.”

**Q: *What is being distributed in the Spin-Off?***

A: Kellogg ParentCo will distribute approximately 85,595,123 shares of our common stock in the Spin-Off, based on the approximately 342,380,495 shares of Kellogg ParentCo common stock outstanding as of August 1, 2023. The actual number of shares of our common stock that Kellogg ParentCo will distribute will depend on the number of shares of Kellogg ParentCo common stock outstanding on the Record Date (as defined below). The shares of our common stock that Kellogg ParentCo distributes will constitute all of the issued and outstanding shares of our common stock immediately prior to the Distribution. For more information on the shares being distributed in the Spin-Off, see “Description of Our Capital Stock—Common Stock.”

**Q: *What is the record date for the Distribution?***

A: Kellogg ParentCo will determine record ownership as of the close of business on September 21, 2023, which we refer to as the “Record Date.”

**Q: *When will the Distribution occur?***

A: Kellogg ParentCo currently anticipates completing the distribution at 12:01 a.m., New York City time, on October 2, 2023, which we refer to as the “Distribution Date.” On or shortly after the Distribution Date, the whole shares of our common stock will be credited in book-entry accounts for shareholders entitled to receive the shares in the Distribution. We expect the distribution agent, acting on behalf of Kellogg ParentCo, to take about one week after the Distribution Date to fully distribute to Kellogg ParentCo shareholders any cash in lieu of the fractional shares they are entitled to receive. See “—How will Kellogg ParentCo distribute shares of our common stock?” for more information on how to access your book-entry account or your bank, brokerage or other account holding the WK Kellogg Co common stock you receive in the Distribution.

***Q: What do I have to do to participate in the Distribution?***

A: You are not required to take any action, but we urge you to read this document carefully. Shareholders of Kellogg ParentCo common stock on the Record Date will not need to pay any cash or deliver any other consideration, including any shares of Kellogg ParentCo common stock, in order to receive shares of our common stock in the Distribution.

***Q: Is shareholder approval required for the Spin-Off?***

A: No. Kellogg ParentCo is incorporated in Delaware. Delaware law does not require a shareholder vote to approve the Spin-Off because the Spin-Off does not constitute a sale, lease or exchange of all or substantially all of the assets of Kellogg ParentCo.

***Q: If I sell my shares of Kellogg ParentCo common stock on or before the Distribution Date, will I still be entitled to receive shares of WK Kellogg Co common stock in the Distribution?***

A: If you hold shares of Kellogg ParentCo common stock on the Record Date and decide to sell them on or before the Distribution Date, you may choose to sell your Kellogg ParentCo common stock with or without your entitlement to our common stock. You should discuss these alternatives with your bank, broker or other nominee. See “The Spin-Off—Trading Prior to the Distribution Date” for more information.

***Q: How will Kellogg ParentCo distribute shares of our common stock?***

A: *Registered shareholders:* If you are a registered shareholder (meaning you hold physical Kellogg ParentCo stock certificates or you own your shares of Kellogg ParentCo common stock directly through an account with Kellogg ParentCo’s transfer agent, Broadridge Corporate Issuer Solutions, Inc. (“Broadridge”)), then the distribution agent will credit the whole shares of our common stock you receive in the Distribution to your Broadridge book-entry account on or shortly after the Distribution Date. Approximately one week after the Distribution Date, the distribution agent will mail you a book-entry account statement that reflects the number of whole shares of our common stock you will own, along with a check for any cash in lieu of fractional shares you are entitled to receive. You will be able to access information regarding your book-entry account holdings of the WK Kellogg Co shares once you receive your welcome letter and account statement. You will then be able to set up access online at [www.shareholder.broadridge.com](http://www.shareholder.broadridge.com).

*“Street name” or beneficial shareholders:* If you own your shares of Kellogg ParentCo common stock beneficially through a bank, broker or other nominee, your bank, broker or other nominee will credit your account with the whole shares of our common stock you receive in the Distribution on or shortly after the Distribution Date. Please contact your bank, broker or other nominee for further information about your account.

We will not issue any physical stock certificates of our common stock to any shareholders, even if requested. See “The Spin-Off—When and How You Will Receive WK Kellogg Co Shares” for a more detailed explanation.

***Q: How will fractional shares be treated in the Distribution?***

A: The distribution agent will not distribute any fractional shares of our common stock in connection with the Spin-Off. Instead, the distribution agent will aggregate all fractional shares into whole shares and sell the whole shares in the open market at prevailing market prices on behalf of Kellogg ParentCo shareholders entitled to receive a fractional share. The distribution agent will then distribute the aggregate cash proceeds

of the sales, net of brokerage fees and other costs, pro rata to these holders (net of any required withholding for taxes applicable to each holder). We anticipate that the distribution agent will make these sales in the “when-issued” market, and when-issued trades will generally settle within two trading days following the Distribution Date. See “—How will WK Kellogg Co common stock trade?” for additional information regarding when-issued trading and “The Spin-Off—Treatment of Fractional Shares” for a more detailed explanation of the treatment of fractional shares.

***Q: What are the U.S. federal income tax consequences of the Distribution to me?***

A: The Distribution is conditioned on the continued validity of the private letter ruling that Kellogg ParentCo received from the U.S. Internal Revenue Service, or the “IRS,” and the receipt and continued validity of an opinion of tax counsel, each to the effect that, subject to the accuracy of and compliance with certain representations, assumptions and covenants: the Contribution and Distribution will qualify for non-recognition of gain or loss to Kellogg ParentCo and Kellogg ParentCo’s shareholders pursuant to Section 355 and Section 368 of the Code, except to the extent of cash received in lieu of fractional shares.

As described more fully in “Material U.S. Federal Income Tax Consequences of the Spin-Off,” a U.S. holder (as defined in that section) generally will not recognize any gain or loss, and will not include any amount in income, for U.S. federal income tax purposes, upon receiving our common stock in the Distribution, except for any gain or loss recognized with respect to cash the shareholder receives in lieu of fractional shares. In addition, each U.S. holder’s aggregate basis in its Kellogg ParentCo common stock and our common stock received in the Distribution, including any fractional shares to which the U.S. holder is entitled, will equal the aggregate basis the U.S. holder had in its Kellogg ParentCo common stock immediately prior to the Distribution, allocated in proportion to Kellogg ParentCo’s and our common stock’s fair market value at the time of the Distribution. See “Material U.S. Federal Income Tax Consequences of the Spin-Off” for information regarding the determination of fair market value for purposes of allocating basis.

Tax matters are complicated. The tax consequences to you of the Distribution depend on your individual situation. You should consult your own tax advisor regarding those consequences, including the applicability and effect of any U.S. federal, state and local, as well as foreign, tax laws and of changes in applicable tax laws, which may result in the Distribution being taxable to you. See “Risk Factors—Other Risks Related to the Spin-Off—If the Contribution and the Distribution were to fail to qualify for non-recognition treatment for U.S. federal income tax purposes, then Kellogg ParentCo, we and our shareholders could be subject to significant tax liability,” “Risk Factors—Other Risks Related to the Spin-Off—We could have an indemnification obligation to Kellogg ParentCo if the transactions we undertake in the Spin-Off do not qualify for non-recognition treatment, which could materially adversely affect our financial condition” and “Material U.S. Federal Income Tax Consequences of the Spin-Off.”

***Q: Does WK Kellogg Co intend to pay cash dividends?***

A: Following the Spin-Off, we expect to pay cash dividends, although the timing, declaration, amount and payment of any future dividends to shareholders will fall within the discretion of our board of directors, which we refer to as our “Board.” See “Risk Factors—Risks Related to Our Common Stock—We cannot assure shareholders that our Board will declare dividends in the future” and “Dividend Policy” for more information.

***Q: Will WK Kellogg Co incur any debt prior to or at the time of the Distribution?***

A: Yes. WK Kellogg Co intends to enter into certain financing arrangements prior to or concurrently with the Spin-Off. See “Description of Material Indebtedness” and “Risk Factors—Other Risks Related to the Spin-Off.”

***Q: How will WK Kellogg Co common stock trade?***

A: Currently, there is no public market for our common stock. We intend to list our common stock on the NYSE under the symbol “KLG.”

We anticipate that trading in our common stock will begin on a “when-issued” basis shortly before the Distribution Date and will continue up to the Distribution Date. When-issued trading in the context of a spin-off refers to a sale or purchase made conditionally on or before the Distribution Date because the securities of the spun-off entity have not yet been distributed. When-issued trades generally settle within two trading days after the Distribution Date. On the Distribution Date, any when-issued trading of our common stock will end and “regular-way” trading will begin. Regular-way trading refers to trading after the security has been distributed. See “The Spin-Off—Trading Prior to the Distribution Date” for more information. We cannot predict the trading prices for our common stock before, on or after the Distribution Date.

***Q: Will the Spin-Off affect the trading price of my Kellogg ParentCo common stock?***

A: The trading price of shares of Kellogg ParentCo common stock immediately following the Distribution may be lower than immediately prior to the Distribution as a result of the trading price no longer reflecting the value of the Cereal Business. Furthermore, until the market has fully analyzed the value of Kellogg ParentCo without the Cereal Business, the trading price of shares of Kellogg ParentCo common stock may fluctuate. There can be no assurance that, following the Distribution, the combined trading prices of Kellogg ParentCo common stock and WK Kellogg Co common stock will equal or exceed what the trading price of Kellogg ParentCo common stock would have been in the absence of the Spin-Off.

It is possible that after the Spin-Off, the combined equity value of Kellogg ParentCo and WK Kellogg Co will be less than Kellogg ParentCo’s equity value before the Spin-Off.

***Q: Will my shares of Kellogg ParentCo common stock continue to trade following the Distribution?***

A: Yes. Kellogg ParentCo’s common stock will continue to trade on the NYSE under the symbol “K.”

***Q: Do I have appraisal rights in connection with the Spin-Off?***

A: No. Holders of Kellogg ParentCo common stock are not entitled to appraisal rights in connection with the Spin-Off.

***Q: Who is the transfer agent and registrar for WK Kellogg Co common stock?***

A: Following the Spin-Off, Broadridge will serve as the transfer agent and registrar for our common stock.

- Broadridge currently serves and will continue to serve as Kellogg ParentCo’s transfer agent and registrar.
- Broadridge will serve as the distribution agent in the Distribution and will assist Kellogg ParentCo in the distribution of our common stock to Kellogg ParentCo’s shareholders.

**Q: Are there risks associated with owning shares of WK Kellogg Co common stock?**

A: Yes. Our business faces both general and specific risks and uncertainties. Our business also faces risks relating to the Spin-Off. Following the Spin-Off, we will also face risks associated with being an independent, publicly traded company. Accordingly, you should read carefully the information set forth in the section entitled “Risk Factors” in this Information Statement.

**Q: Where can I get more information?**

A: If you have any questions relating to the mechanics of the Distribution, you should contact the distribution agent at:

Phone: (877) 830-4936  
Email: [shareholder@broadridge.com](mailto:shareholder@broadridge.com)

Before the Spin-Off, if you have any questions relating to the Spin-Off, you should contact Kellogg ParentCo at:

Investor Relations  
Kellogg Company  
One Kellogg Square  
Battle Creek, Michigan 49016  
Phone: (269) 961-2800  
Email: [investor.relations@kellogg.com](mailto:investor.relations@kellogg.com)

After the Spin-Off, if you have any questions relating to WK Kellogg Co, you should contact us at:

Investor Relations  
WK Kellogg Co  
One Kellogg Square  
Battle Creek, Michigan 49016  
Phone: (269) 401-3000  
Email: [investorrelations@wkkellogg.com](mailto:investorrelations@wkkellogg.com)

After the Spin-Off, if you have any questions relating to Kellogg ParentCo, you should contact them at:

Investor Relations  
Kellogg Company  
One Kellogg Square  
Battle Creek, Michigan 49016  
Phone: (269) 961-2800  
Email: [investor.relations@kellogg.com](mailto:investor.relations@kellogg.com)



### Summary of the Spin-Off

|                         |   |
|-------------------------|---|
| Distributing Company    | Kellogg ParentCo, a Delaware corporation that holds all of our common stock issued and outstanding prior to the Distribution. After the Distribution, Kellogg ParentCo will not own any shares of our common stock.   |
| Distributed Company     | WK Kellogg Co, a Delaware corporation and a wholly owned subsidiary of Kellogg ParentCo. At the time of the Distribution, we will hold, directly or through our subsidiaries, the assets and liabilities of the Cereal Business. See “Certain Relationships and Related Party Transactions—Agreements with Kellogg ParentCo” for more detail. After the Spin-Off, we will be an independent, publicly traded company.   |
| Distributed Securities  | All of the shares of our common stock owned by Kellogg ParentCo, which will be 100% of our common stock issued and outstanding immediately prior to the Distribution. Based on the approximately 342,380,495 shares of Kellogg ParentCo common stock outstanding on August 1, 2023, and applying the distribution ratio of one share of WK Kellogg Co common stock for every four shares of Kellogg ParentCo common stock, approximately 85,595,123 shares of WK Kellogg Co common stock will be distributed.   |
| Record Date             | The Record Date is the close of business on September 21, 2023.   |
| Distribution Date       | Kellogg ParentCo currently anticipates completing the distribution at 12:01 a.m., New York City time, on October 2, 2023.   |
| Internal Reorganization | Kellogg ParentCo currently, directly or through its wholly owned subsidiaries, holds both the Cereal Business and the Kellogg ParentCo Business. In connection with the Spin-Off, Kellogg ParentCo will undertake the Internal Reorganization, following which we will hold the Cereal Business and Kellogg ParentCo (other than WK Kellogg Co) will hold the Kellogg ParentCo Business. See “Certain Relationships and Related Party Transactions—Agreements with Kellogg ParentCo—Separation and Distribution Agreement” for a description of the Internal Reorganization.  |
| Distribution Ratio      | Each holder of Kellogg ParentCo common stock will receive one share of our common stock for every four shares of Kellogg ParentCo common stock it holds on the Record Date. The distribution agent will distribute only whole shares of our common stock in the Spin-Off. See “The Spin-Off—Treatment of Fractional Shares” for more detail. Please note that if you sell your shares of Kellogg ParentCo common stock on or before the Distribution Date, the buyer of those shares may in some circumstances be entitled to receive the shares of our common stock issuable in respect of the Kellogg ParentCo shares that you sold. See “The Spin-Off—Trading Prior to the Distribution Date” for more detail. |

The Distribution

On the Distribution Date, Kellogg ParentCo will release the shares of our common stock to the distribution agent to distribute to Kellogg ParentCo shareholders. The distribution agent will distribute our shares in book-entry form. We will not issue any physical stock certificates. The distribution agent, or your bank, broker or other nominee, will credit your shares of our common stock to your book-entry account, or your bank, brokerage or other account, on or shortly after the Distribution Date. You will not be required to make any payment, surrender or exchange your shares of Kellogg ParentCo common stock or take any other action to receive your shares of our common stock.

Fractional Shares

The distribution agent will not distribute any fractional shares of our common stock to Kellogg ParentCo shareholders. Instead, the distribution agent will first aggregate fractional shares into whole shares, then sell the whole shares in the open market at prevailing market prices on behalf of Kellogg ParentCo shareholders entitled to receive a fractional share, and finally distribute the aggregate cash proceeds of the sales, net of brokerage fees and other costs, pro rata to these holders (net of any required withholding for taxes applicable to each holder). If you receive cash in lieu of fractional shares, you will not be entitled to any interest on the payments. Your receipt of cash in lieu of fractional shares generally will, for U.S. federal income tax purposes, be taxable as described under “Material U.S. Federal Income Tax Consequences of the Spin-Off—Treatment of Fractional Shares.”

Conditions to the Spin-Off

The Spin-Off is subject to the satisfaction or waiver of the following conditions, as well as other conditions described in this Information Statement in “The Separation and Distribution—Conditions to the Distribution”:

- the final approval of the Distribution by the Kellogg ParentCo Board, which approval may be given or withheld in the absolute and sole discretion of the Kellogg ParentCo Board;
- the U.S. Securities and Exchange Commission, or the “SEC,” will have declared our Registration Statement, of which this Information Statement is a part, effective under the Securities Exchange Act of 1934, as amended, or the “Exchange Act,” no stop order suspending the effectiveness of the Registration Statement will be in effect, no proceedings for that purpose will be pending before or threatened by the SEC and notice of Internet availability of this Information Statement or this Information Statement will have been mailed to Kellogg ParentCo’s shareholders;
- the NYSE or another national securities exchange approved by the Kellogg ParentCo Board will have accepted our common stock for listing, subject to official notice of distribution;
- the Internal Reorganization will have been completed as contemplated by the Separation and Distribution Agreement;

- the debt financing to be obtained in connection with the Spin-Off shall have been obtained;
- Kellogg ParentCo received a private letter ruling from the IRS, in form and substance satisfactory to the Kellogg ParentCo Board in its sole and absolute discretion, to the effect that, subject to the accuracy of and compliance with certain representations, assumptions and covenants, the Contribution and Distribution will qualify for non-recognition of gain or loss to Kellogg ParentCo and Kellogg ParentCo's shareholders pursuant to Sections 368 and 355 of the Code, except to the extent of cash received in lieu of fractional shares, and that private letter ruling will remain in effect as of the Distribution Date;
- Kellogg ParentCo will have received an opinion from its tax counsel, in form and substance satisfactory to the Kellogg ParentCo Board in its sole and absolute discretion, that, subject to the accuracy of and compliance with certain representations, assumptions and covenants, the Contribution and the Distribution will qualify for non-recognition of gain or loss to Kellogg ParentCo and Kellogg ParentCo's shareholders pursuant to Sections 368 and 355 of the Code, except to the extent of cash received in lieu of fractional shares;
- Kellogg ParentCo will have obtained one or more opinions from an independent nationally recognized valuation advisory firm, in form and substance satisfactory to the Kellogg ParentCo Board in its sole and absolute discretion, to the effect that (i) following the Distribution, Kellogg ParentCo, on the one hand, and WK Kellogg Co, on the other hand, will be solvent and adequately capitalized, (ii) Kellogg ParentCo has adequate surplus to declare the dividend to record holders and (iii) WK Kellogg Co has adequate surplus to declare the cash dividend to Kellogg ParentCo as part of the Internal Reorganization;
- all actions or filings necessary or appropriate under applicable U.S. federal, state or other securities or blue sky laws and the rules and regulations thereunder will have been taken and, where applicable, will have become effective or been accepted by the applicable governmental entity;
- each of the ancillary agreements contemplated by the Separation and Distribution Agreement will have been executed;
- no order, injunction or decree that would prevent the consummation of all or any portion of the Distribution will be threatened, pending or issued (and still in effect) by any governmental entity of competent jurisdiction, no other legal restraint or prohibition preventing the consummation of all or any portion of the Distribution will be in effect, and no other event will have occurred or failed to occur that prevents the consummation of all or any portion of the Distribution; and

- no other events or developments will exist or will have occurred that, in the judgment of the Kellogg ParentCo Board, in its sole and absolute discretion, makes it inadvisable to effect the Internal Reorganization, the Distribution or the transactions contemplated by the Separation and Distribution Agreement or any ancillary agreement contemplated thereby.

The fulfillment of the above conditions will not create any obligation on Kellogg ParentCo's part to effect the Spin-Off. We are not aware of any material federal, foreign or state regulatory requirements with which we must comply, other than SEC rules and regulations, or any material approvals that we must obtain, other than the NYSE's approval for listing of our common stock and the SEC's declaration of the effectiveness of the Registration Statement, in connection with the Distribution. Kellogg ParentCo has the right not to complete the Spin-Off if, at any time, the Kellogg ParentCo Board determines, in its sole and absolute discretion, that the Spin-Off is not in the best interests of Kellogg ParentCo or its shareholders or is otherwise not advisable.

Trading Market and Symbol

We intend to list our common stock on the NYSE under the symbol "KLG." We anticipate that, shortly before the Distribution Date, trading of shares of our common stock will begin on a "when-issued" basis and will continue up to the Distribution Date, and we expect that "regular-way" trading of our common stock will begin on the Distribution Date. We also anticipate that, shortly before the Distribution Date, there will be two markets in Kellogg ParentCo common stock: (i) a "regular-way" market on which shares of Kellogg ParentCo common stock will trade with an entitlement for the purchaser of Kellogg ParentCo common stock to shares of our common stock to be distributed in the Distribution, and (ii) an "ex-distribution" market on which shares of Kellogg ParentCo common stock will trade without an entitlement for the purchaser of Kellogg ParentCo common stock to shares of our common stock to be distributed in the Distribution. See "The Spin-Off—Trading Prior to the Distribution Date."

U.S. Federal Income Tax Consequences of the Spin-Off

The Distribution is conditioned on the continued validity of the private letter ruling from the IRS, which Kellogg ParentCo received, and the receipt and continued validity of an opinion of tax counsel, as described above under "The Spin-Off—Conditions to the Spin-Off." As described more fully in "Material U.S. Federal Income Tax Consequences of the Spin-Off," a U.S. holder (as defined in that section) generally will not recognize any gain or loss, and will not include any amount in income, for U.S. federal income tax purposes, upon receiving our common stock in the Distribution, except for any gain or loss recognized with respect to cash the shareholder receives in lieu of fractional shares.

Notwithstanding the receipt of the private letter ruling and the opinion of tax counsel, the IRS could determine that the Contribution and the Distribution should be treated as one or more taxable transactions if it determines that any of the representations, assumptions or covenants on which the private letter ruling is based are untrue or have been violated or if it disagrees with the tax opinion regarding matters not covered by the private letter ruling. See “Risk Factors—Other Risks Related to the Spin-Off—If the Contribution and the Distribution were to fail to qualify for non-recognition treatment for U.S. federal income tax purposes, then Kellogg ParentCo, we and our shareholders could be subject to significant tax liability” and “Risk Factors—Other Risks Related to the Spin-Off—We could have an indemnification obligation to Kellogg ParentCo if the transactions we undertake in the Spin-Off do not qualify for non-recognition treatment, which could materially adversely affect our financial condition.”

Tax matters are complicated. The tax consequences to you of the Distribution depend on your individual situation. You should consult your own tax advisor as to the specific tax consequences of the Distribution to you, including the effect of any U.S. federal, state, local or foreign tax laws and of changes in applicable tax laws. See “Material U.S. Federal Income Tax Consequences of the Spin-Off.”

Relationship with Kellogg ParentCo  
after the Spin-Off

We intend to enter into several agreements with Kellogg ParentCo related to the Internal Reorganization and Distribution, which will govern the relationship between Kellogg ParentCo and us up to and after completion of the Spin-Off and allocate between Kellogg ParentCo and us various assets, liabilities, rights and obligations. These agreements include:

- a Separation and Distribution Agreement that will provide for the allocation of assets and liabilities between us and Kellogg ParentCo, set forth our agreements with Kellogg ParentCo regarding the principal actions to be taken in connection with the Spin-Off and other agreements that govern aspects of our relationship with Kellogg ParentCo following the Spin-Off;
- a Transition Services Agreement (as described under “Certain Relationships and Related Party Transactions—Agreements with Kellogg ParentCo—Transition Services Agreement”), pursuant to which Kellogg ParentCo will provide us specified services on a transitional basis to help ensure an orderly transition following the Spin-Off and we will provide certain limited services to Kellogg ParentCo;
- a Supply Agreement (as defined in “Certain Relationships and Related Party Transactions—Agreements with Kellogg ParentCo—Supply Agreement”) that will provide for manufacturing and supply arrangements;

- an Employee Matters Agreement (as defined in “Certain Relationships and Related Party Transactions—Agreements with Kellogg ParentCo—Employee Matters Agreement”) that will address employee matters;
- a Tax Matters Agreement (as defined in “Certain Relationships and Related Party Transactions—Agreements with Kellogg ParentCo—Tax Matters Agreement”) that will allocate responsibility for taxes incurred before and after the Spin-Off and include indemnification rights with respect to tax matters and restrictions to preserve the tax-free status of the Spin-Off;
- one or more leases or subleases of real property owned or leased by us or Kellogg ParentCo or WK Kellogg Co; and
- one or more Intellectual Property Agreements (as defined in “Certain Relationships and Related Party Transactions—Agreements with Kellogg ParentCo—Intellectual Property Agreements”) that will provide for ownership, use and selling rights to facilitate Kellogg ParentCo’s and our ongoing use of intellectual property.

We describe these arrangements in greater detail under “Certain Relationships and Related Party Transactions—Agreements with Kellogg ParentCo,” and describe some of the risks of these arrangements under “Risk Factors—Other Risks Related to the Spin-Off.”

Dividend Policy

Following the Spin-Off, we expect to pay cash dividends, although the timing, declaration, amount and payment of any future dividends to shareholders will fall within the discretion of our Board. See “Risk Factors—Risks Related to Our Common Stock—We cannot assure shareholders that our Board will declare dividends in the future” and “Dividend Policy.”

Transfer Agent

Broadridge will serve as transfer agent for our common stock.

Risk Factors

Our business faces both general and specific risks and uncertainties. Our business also faces risks relating to the Spin-Off. Following the Spin-Off, we will also face risks associated with being an independent, publicly traded company. Accordingly, you should read carefully the information set forth under “Risk Factors.”

### Summary Historical Financial Data

The following summary historical financial data reflects the combined operations of WK Kellogg Co. WK Kellogg Co's combined financial statements are based on a 52 or 53 week fiscal year ending on the Saturday closest to December 31. Unless the context otherwise requires, references to years, year-to-date periods and quarters contained in this Information Statement pertain to WK Kellogg Co's fiscal years, year-to-date periods and fiscal quarters. We derived our combined operating and cash flow data for our 2022, 2021 and 2020 fiscal years and our combined balance sheet data as of December 31, 2022 and January 1, 2022, as set forth below, from the audited combined financial statements of WK Kellogg Co included elsewhere in this Information Statement. We derived our combined operating and cash flow data for the year-to-date periods ended July 1, 2023 and July 2, 2022, and our combined balance sheet data as of July 1, 2023, from our unaudited combined financial statements, which are included elsewhere in this Information Statement. Our combined financial statements for all periods presented were prepared based on underlying financial records, which were derived from the financial records of Kellogg ParentCo. All amounts are in millions unless otherwise indicated.

You should read the following summary historical financial data together with "Capitalization," "Management's Discussion and Analysis of Financial Condition and Results of Operations" and the audited and unaudited combined financial statements and accompanying notes included elsewhere in this Information Statement. WK Kellogg Co's historical results do not necessarily indicate the results expected for any future period.

|  | <u>Year-to-Date Period Ended</u> |                         |
|--|----------------------------------|-------------------------|
|  | <u>July 1,<br/>2023</u>          | <u>July 2,<br/>2022</u> |
|  | (in millions)                    |                         |
| <b>Operating Trends:</b>                         |                                  |                         |
| Net sales  | \$ 1,420                         | \$ 1,313                |
| Gross margin (a)                                 | 26.2%                            | 22.2%                   |
| Depreciation                                     | \$ 32                            | \$ 34                   |
| Net income                                       | \$ 53                            | \$ 104                  |
| <b>Capital Structure Trends (at period end):</b> |                                  |                         |
| Total current assets                             | \$ 593                           |                         |
| Property, net                                    | \$ 651                           |                         |
| Total assets                                     | \$ 1,371                         |                         |
| <b>Cash Flow Trends:</b>                         |                                  |                         |
| Net cash provided by operating activities        | \$ 140                           | \$ 44                   |
| Net cash (used in) investing activities          | \$ (56)                          | \$ (27)                 |
| Net cash (used in) financing activities          | \$ (82)                          | \$ (17)                 |

(a) Gross Margin as a percentage of net sales. Gross margin is equal to net sales less cost of goods sold.

|   | Fiscal Year Ended    |                                     |                    |
|---|----------------------|-------------------------------------|--------------------|
|   | December 31,<br>2022 | January 1,<br>2022<br>(in millions) | January 2,<br>2021 |
| <b>Operating Trends:</b>                            |                      |                                     |                    |
| Net sales   | \$ 2,695             | \$ 2,460                            | \$ 2,867           |
| Gross margin (a)                                    | 23.4%                | 23.4%                               | 29.1%              |
| Depreciation  | \$ 68                | \$ 68                               | \$ 69              |
| Net (loss) income                                   | \$ (25)              | \$ 162                              | \$ 182             |
| <b>Capital Structure Trends (at period end):</b>    |                      |                                     |                    |
| Total current assets                                | \$ 670               | \$ 501                              |                    |
| Property, net                                       | \$ 645               | \$ 619                              |                    |
| Total assets  | \$ 1,436             | \$ 1,244                            |                    |
| <b>Cash Flow Trends:</b>                            |                      |                                     |                    |
| Net cash provided by operating activities           | \$ 53                | \$ 7                                | \$ 303             |
| Net cash (used in) investing activities             | \$ (71)              | \$ (75)                             | \$ (87)            |
| Net cash provided by (used in) financing activities | \$ 18                | \$ 68                               | \$ (216)           |

(a) Gross Margin as a percentage of net sales. Gross margin is equal to net sales less cost of goods sold.

### Summary Unaudited Pro Forma Financial Data

The following summary unaudited pro forma combined financial data consists of unaudited pro forma combined statements of operations data for the year-to-date period ended July 1, 2023 and year ended December 31, 2022, and an unaudited pro forma combined balance sheet data as of July 1, 2023. The unaudited pro forma combined financial data reflects certain known impacts as a result of our separation from Kellogg ParentCo.

The unaudited pro forma combined financial data presented below have been derived from our historical unaudited combined financial statements for the year-to-date period ended July 1, 2023 and our historical audited combined financial statements for the year ended December 31, 2022 included elsewhere in this Information Statement. The unaudited pro forma combined statement of operations data for the year-to-date period ended July 1, 2023 and the year ended December 31, 2022 assumes that the Spin-Off described below occurred on January 2, 2022. The unaudited pro forma combined balance sheet data as of July 1, 2023 assumes that the Spin-Off described below occurred on that date.

The unaudited pro forma combined financial statements included elsewhere in this Information Statement have been prepared in accordance with Article 11 of Regulation S-X to include transaction accounting and autonomous entity adjustments to reflect the financial condition and results of operations of WK Kellogg Co as if it were a separate stand-alone entity. While our historical combined financial statements reflect the historical financial results of the Cereal Business, the unaudited pro forma combined financial statements give effect to the Spin-Off. Specifically, the unaudited pro forma combined financial statements give effect to the following:

- the separation of assets and liabilities related to the Cereal Business and the transfer of those assets and liabilities to WK Kellogg Co;
- the distribution of 100% of our issued and outstanding common stock by Kellogg ParentCo in connection with the Distribution;
- the effect of post-separation capital structure, including debt issuance and cash transactions;



- the impact of, and transactions contemplated by, the Separation and Distribution Agreement, the Employee Matters Agreement, the Supply Agreement, the Intellectual Property Agreements and the Tax Matters Agreement (collectively, the “Spin-Off Agreements”) between us and Kellogg ParentCo and the provisions contained therein, which will be executed prior to, or contemporaneously with, the Distribution; and
- the impact of the aforementioned adjustments on our income tax expense using statutory tax rates.

The unaudited pro forma combined financial statements are for illustrative and informational purposes only. The pro forma adjustments are based on available information and assumptions we believe are reasonable; however, such adjustments are subject to change.

The summary unaudited pro forma combined financial data presented below should be read in conjunction with “Unaudited Pro Forma Combined Financial Statements,” “Management’s Discussion and Analysis of Financial Condition and Results of Operations,” “Capitalization” and the historical combined financial statements and corresponding notes thereto included elsewhere in this Information Statement.

|  | <b>Year-to-Date<br/>Period<br/>Ended<br/>July 1,<br/>2023</b> | <b>Year Ended<br/>December 31,<br/>2022</b> |
|--|---|---|
| <i>(unaudited, in millions)</i>                        |   |   |
| <b>Pro Forma Combined Statement of Operations Data</b> |   |   |
| Net sales  | \$ 1,403  | \$ 2,665                                    |
| Cost of goods sold                                     | \$ 1,026  | \$ 2,032                                    |
| Other income (expense), net                            | \$ 15   | \$ (113)                                    |
| Income (loss) before income taxes                      | \$ 55   | \$ (76)                                     |
| Net income (loss)                                      | \$ 42   | \$ (63)                                     |

|  | <b>July 1, 2023</b> |
|--|---------------------|
| <b>Pro Forma Combined Balance Sheet Data (at period end)</b> |                     |
| Total current assets   | \$ 676              |
| Property, net  | \$ 722              |
| Total assets   | \$ 1,766            |
| Total equity   | \$ 385              |

## RISK FACTORS

*You should carefully consider all of the information in this Information Statement and each of the risks described below, which we believe are the principal risks that we face. Some of the risks relate to our business, others to the Spin-Off. Some risks relate principally to the securities markets and ownership of our common stock. Any of the following risks could materially and adversely affect our business, financial condition and results of operations and the actual outcome of matters as to which forward-looking statements are made in this Information Statement. While we believe we have identified and discussed below the material risks affecting our business, there may be additional risks and uncertainties that we do not presently know or that we do not currently believe to be material that may adversely affect our business, financial condition and results of operations in the future.*

### **Risks Related to Our Business**

***Following the Spin-Off, we will be a smaller company than Kellogg ParentCo, and we will no longer operate as part of a globally diversified company.***

Following the Spin-Off, we expect to have a significantly smaller employee base than that of Kellogg ParentCo. A smaller employee base inherently causes some loss of institutional knowledge, which could impact our results of operations. Similarly, our employees who were once used to the operating procedures of Kellogg ParentCo will need to adapt to our updated operating policies and procedures. As a smaller, independent company, our business will be less diversified than Kellogg ParentCo's business prior to the Spin-Off, and our business will also experience a loss of scale and access to certain financial, managerial and professional resources as well as product and brand power influence and recognition with some customers from which we have benefited in the past.

In addition, as a globally diversified company, Kellogg ParentCo historically has been less impacted by adverse events and trends in any particular region. After separating from Kellogg ParentCo, however, we may be more susceptible to adverse regulations, economic climate, consumer trends, market fluctuations, including commodity price fluctuations or supply shortages for certain of our key ingredients, and other adverse events that are specific to the United States, Canada and Mexico. For example, because a majority of our operations and product sales are in the United States, we expect that regulatory changes or changes in consumer food preferences in the United States will have a more significant impact on us than these changes would have had when we were part of Kellogg ParentCo. The concentration of our operations in North America will present a challenge and may increase the likelihood that an adverse event in North America will materially and adversely affect our financial condition and results of operations.

Further, as a smaller, less diversified company, we could face challenges optimizing the distribution of our products. In particular, we may be unable to transport our products to retailers in a timely and cost-effective manner. As a global company with diversified product offerings, Kellogg ParentCo historically has been able to optimize shipments to retailers, including by consolidating purchase orders for a variety of products to fill trucks and other shipping modes. As a less diversified company, we could incur higher costs and longer lead times to distribute our products to retailers. Similarly, as a smaller company, any disruption at one of our facilities, or involving any of our equipment within such facilities, a shortage in labor supply or the presence of a labor dispute may also have a greater impact on our manufacturing capabilities, and may lead to increased manufacturing disruptions, which could have an adverse effect on our business, financial condition and results of operations.

***A decline in demand for ready-to-eat cereals could adversely affect our financial performance.***

We focus primarily on producing and selling ready-to-eat cereal products. We expect to continue this primary focus. Because of our product concentration, any decline in consumer demand or preferences, including diet-

driven changes, for ready-to-eat cereals or any other factor that adversely affects the ready-to-eat cereal market could have a material adverse effect on our business, financial condition or results of operations. We could also be adversely affected if consumers lose confidence in the healthfulness, safety, quality or taste of ready-to-eat cereals or ingredients. Adverse publicity about these types of concerns, whether or not valid, may discourage consumers from buying our products or cause production and delivery disruptions. In addition, significant changes in consumer demand or the loss or disruption of manufacturing, distribution or supply capabilities with respect to one or more of our products could negatively impact our business or results of operations.

***Supply chain disruptions and increases in costs and/or shortages of raw materials, labor, fuels and utilities as a result of geopolitical, economic and market conditions could adversely impact our profitability.***

Raw materials, such as corn, wheat, rice, vegetable oils, sugar, cocoa, fruits and nuts, which are used in our products, are subject to price fluctuations. The cost of these inputs may fluctuate widely due to foreign and domestic government policies and regulations, inflation, weather conditions (including any potential effects of climate change), domestic and international demand, availability due to supply chain conditions, military conflict or other unforeseen circumstances. We have experienced supply chain disruptions including bottlenecks and shortages of materials, labor and freight that have led to increasing prices of raw materials, packaging and labor as well as limitations on shipping capacity. We expect these market disruptions and inflationary pressures to continue throughout 2023.

The global economy has been negatively impacted by the military conflict between Russia and Ukraine. The Russia-Ukraine conflict is fast-moving and uncertain. Global grain markets have exhibited increased volatility as sanctions have been imposed on Russia by the United States, the United Kingdom, the European Union and others in response to Russia's invasion of Ukraine. Changes in global grain and commodity flows could impact the markets in which we operate, which may in turn negatively impact our business, results of operations, supply chain and financial condition. Any substantial change in the prices or availability of raw materials may have an adverse impact on our profitability. We may enter into forward purchase agreements and other derivative financial instruments from time to time to manage the impact of such volatility in raw materials prices; however, these strategies may not be adequate to overcome increases in market prices or availability or to fully cover supply and may significantly affect our earnings.

In addition, we are dependent upon natural gas or propane and electricity for operating our manufacturing facilities. The independent distributors and third-party transportation companies are dependent upon gasoline and diesel for their vehicles. The cost of these fuels may fluctuate widely due to economic and political conditions, government policy and regulation, war or other conflicts (including the current situation in Ukraine), or other unforeseen circumstances. Substantial future increases in prices for, or shortages of, these fuels could have a material adverse effect on our profitability, financial condition or results of operations. There can be no assurance that we can cover these potential cost increases through future pricing actions. Also, as a result of these pricing actions, consumers could purchase less or move from purchasing higher-margin products to purchasing lower-margin products.

Inflation has and may continue to adversely affect us by increasing our costs of production, materials and labor. In an inflationary environment, such as the current economic environment, depending on the market conditions of the food industry and the raising of interest rates by the U.S. Federal Reserve, we may be unable to raise the prices of our products enough to keep up with the rate of inflation, which would reduce our profit margins, and continued inflationary pressures could impact our business, financial condition and results of operations. Similarly, shortages of truck drivers and railroad workers have contributed to increased freight costs, which has had a material and adverse effect on our business, financial condition and results of operations.

***Our results may be negatively impacted if consumers do not maintain their favorable perception of our brands or company.***

Brand value is primarily based on consumer perceptions. Successful promotion and brand value enhancement depends in large part on our ability and the ability of our suppliers and licensors (including Kellogg ParentCo) to provide high-quality products. Brand value could diminish significantly due to a number of factors, including consumer perception that we or Kellogg ParentCo, or any of our employees or agents, have acted in an irresponsible manner, adverse publicity about our labor relations (whether or not valid), our products or Kellogg ParentCo's products (whether or not valid), our failure to maintain the quality of our products or the failure of our suppliers and licensors (including Kellogg ParentCo) to maintain the quality of their products, the failure of our products to deliver consistently positive consumer experiences, our products becoming unavailable to consumers, or the failure to meet the nutrition expectations of our products or particular ingredients in our products (whether or not valid), including the perception of healthfulness of our products or their ingredients. In addition, due to our varied and geographically diverse consumer base, we must be responsive to local consumers, including with respect to when and how consumers consume food products and their desire for premium or value offerings, and provide an array of products that satisfy the broad spectrum of consumer preferences. Accordingly, we might fail to anticipate consumer preferences with respect to dietary trends or purchasing behaviors, invest sufficiently in maintaining, extending and expanding our brand image or achieve the desired effects of our marketing efforts or use data-driven marketing and advertising to reach consumers at the right time with the right message. The growing use of social and digital media platforms by consumers, WK Kellogg Co and third parties increases the speed and extent that information or misinformation and opinions can be shared. Negative posts or comments about WK Kellogg Co, our brands, our products, or Kellogg ParentCo, their brands (including any that are Shared Use Trademarks (as defined below)), or their products (which may be sold under Shared Use Trademarks), our labor relations or any of our employees or agents on social or digital media platforms could seriously damage our brands, corporate reputation and brand loyalty, regardless of the information's accuracy. Placement of our advertisements in digital media may also result in damage to our brands if any such media experiences negative publicity. The harm may be immediate, and we may not be afforded an opportunity for redress or correction. Brand recognition and loyalty can also be impacted by the effectiveness of our advertising campaigns, marketing programs, influencers and sponsorships, as well as our use of social media. Further, our brand perception and customer loyalty could be adversely impacted by a supplier's or licensor's (including Kellogg ParentCo's) improper practices or failure to comply with our requirements for environmentally, socially or legally responsible practices, including human rights and materials sourcing. If we do not maintain the favorable perception of our brands, our results could be negatively impacted.

For a more detailed discussion of risks related to our Shared Use Trademarks, see “—Risks Related to Our Intellectual Property and Technology— Certain of our rights to intellectual property used in our business will be limited to those of a licensee under the Intellectual Property Agreements.”

***Business disruptions have had and could in the future have an adverse effect on our business, financial condition and results of operations.***

We manufacture products in the United States, Canada and Mexico, and we source products and materials globally. We have a complex network of suppliers, manufacturing locations, including contract manufacturer locations, warehousing and distribution networks and information systems that support our ability to provide our products to our customers consistently. Factors that are hard to predict or beyond our control, such as product or raw material scarcity, material disruptions at one of our facilities or involving any of our equipment within such facilities, the availability of replacement parts for the equipment we rely on for production, workforce disruptions, weather (including any potential effects of climate change), natural disasters, water availability and regulation, fires or explosions, terrorism, political unrest, government restrictions, mandates or shutdowns, tariffs and other trade restrictions, cybersecurity breaches, health pandemics, such as the COVID-19 pandemic, disruptions in logistics, loss or impairment of key manufacturing sites, supplier capacity constraints, or strikes, could damage or disrupt our operations or our suppliers', their suppliers' or our contract manufacturers'

operations. For instance, our fiscal year 2021 results were negatively impacted by the strike of approximately 1,400 union employees across our U.S. plants, which began in early October and ended in late December of 2021. Additionally, we were adversely impacted by a fire at one of our U.S. plants with operational and financial impacts extending beyond the end of 2021. Both the fire and the strike severely disrupted our supply and product availability in the second half of 2021 and into the first quarter of 2022 and, as a result of the strike, we had to suspend a number of capital projects, all of which had an adverse impact on our business, financial condition and results of operations.

If we do not effectively prepare for and respond to disruptions in our operations, for example, by finding alternative suppliers or replacing capacity at key manufacturing or distribution locations, or cannot quickly repair damage to our information, technology, equipment, production or supply systems, we may be late in delivering or unable to deliver products to our customers. If that occurs, we may lose our customers' confidence, and long-term consumer demand for our products could decline. In addition, insurance policies that may provide coverage with regard to such events may not cover any or all of the resulting financial losses. These events could adversely affect our business, financial condition and results of operations.

In addition, we may be unable to meet the demand for our products during certain business disruptions. For instance, we experienced increased demand for many of our products during the COVID-19 pandemic and were, at times, unable to fill all customer orders. Short term or sustained increases in consumer demand at our retail customers may exceed our production capacity or otherwise strain our supply chain. We may face additional production disruptions in the future, which may place constraints on our ability to produce products in a timely manner or may increase our costs. Our failure to meet the demand for our products could adversely affect our business and results of operations.

Further, while we have not had any material interruptions or breaches of our systems due to cyberattacks or cyber incidents, we have experienced computer virus and malware activity and have been the target of various other forms of cyberattacks, including social engineering attacks, unauthorized access attempts, password theft, physical breaches and phishing-attacks. For a more detailed discussion of our cybersecurity risks, see "—Technology failures, cyber-attacks, privacy breaches or data breaches could disrupt our operations or reputation and negatively impact our business."

***We may not achieve our growth targets, including revenue and profit growth targets and cash targets, and we may not realize the benefits we expect from revenue growth management.***

Our success depends upon our ability to drive our growth targets to increase revenue and profit. In order to achieve our targeted growth objectives, we utilize formal revenue growth management practices to help us realize price in a more effective way. This data-driven approach addresses price strategy, price-pack architecture, promotion strategy, mix management and trade strategies. Revenue growth management involves changes to the way we do business and may not always be accepted by our customers, consumers or third-party providers causing us not to realize the anticipated benefits. In addition, the complexity of the execution requires a substantial amount of management and operational resources. These and related demands on our resources may divert the organization's attention from other business issues and have adverse effects on existing business relationships with suppliers and customers. Any failure to execute revenue growth management in accordance with our plans, including as a result of our revenue growth management process, could adversely affect our business or financial condition.

***We may not achieve our targeted cost savings and efficiencies from cost reduction initiatives.***

Our success depends in part on our ability to be an efficient producer in a highly competitive industry. We have invested and will continue to invest a significant amount in capital expenditures to improve our operational facilities. Ongoing operational issues are likely to occur when carrying out major production, procurement, manufacturing or logistical changes and these, as well as any failure by us to achieve our planned cost savings

and efficiencies, could have a material adverse effect on our business and financial position and on the results of our operations and profitability.

Disruptions and uncertainties related to adverse macroeconomic conditions, including rising inflation and economic slowdowns or recessions, for a sustained period of time could result in delays or modifications to our strategic plans and other initiatives and hinder our ability to achieve our growth targets and cost savings and productivity initiatives on the same timelines. For a more detailed discussion, see “—Other Risks Related to the Spin-Off—We may be unable to achieve some or all of the benefits that we expect to achieve from the Spin-Off.”

***When pursuing strategic acquisitions, alliances, divestitures or joint ventures or seeking organic growth opportunities, we may not be able to successfully consummate favorable transactions, integrate acquired businesses or achieve the anticipated benefits of organic growth investments.***

We believe attractive acquisition and organic growth opportunities may present themselves in complementary categories that will further enhance our scale and increase our presence at key retailers. Accordingly, from time to time, we may evaluate potential acquisitions, alliances, divestitures or joint ventures that would further our strategic objectives, or we may undertake efforts to grow organically through internal innovation across our product offerings. We may be unable to identify suitable strategic transactions in the future or may not be able to enter into such transactions at favorable prices or on terms that are favorable to us, or we may not be able to achieve the benefits anticipated from investments in our organic growth on the anticipated timeline or at all. In addition, our total leverage and the terms of the financing arrangements we enter into in connection with the Spin-Off may limit our ability to obtain additional financing in the future to pursue and consummate acquisitions and other strategic transactions or invest in organic growth opportunities.

With respect to acquisitions, we may not be able to identify suitable candidates, consummate a transaction on terms that are favorable to us, integrate the acquired business into our existing operations in a timely and cost-efficient manner, including implementation of enterprise-resource planning systems, or achieve expected returns, expected synergies and other benefits as a result of integration or other challenges, or may not achieve those objectives on a timely basis. Furthermore, we may be restricted from pursuing certain of these transactions under the terms of the Tax Matters Agreement. For a more detailed discussion, see “—Other Risks Related to the Spin-Off—We intend to agree to numerous restrictions to preserve the non-recognition treatment of the Spin-Off, which may reduce our strategic and operating flexibility” and “Certain Relationships and Related Party Transactions—Agreements with Kellogg ParentCo—Tax Matters Agreement.” Future acquisitions of foreign companies or new foreign ventures would subject us to local laws and regulations and could potentially lead to risks related to, among other things, increased exposure to foreign exchange rate changes, government price control, repatriation of profits and liabilities relating to the U.S. Foreign Corrupt Practices Act.

Our corporate development activities also may present financial and operational risks, including diversion of management attention from existing core businesses, integrating or separating personnel and financial and other systems, and adverse effects on existing business relationships with suppliers and customers. Evaluating potential transactions requires additional expenditures (including legal, accounting and due diligence expenses, higher administrative costs to support any acquired entities and information technology, personnel and other integration expenses) and may divert the attention of our management from ordinary operating matters. Future acquisitions could also result in potentially dilutive issuances of equity securities, the incurrence of debt, contingent liabilities and amortization expenses related to certain intangible assets and increased operating expenses, which could adversely affect our results of operations and financial condition.

The successful integration of acquisitions and other strategic transactions, including through organic growth, depends upon our ability to manage the operations and personnel of the acquired businesses. Integrating operations is complex and requires significant efforts and expenses on the part of both us and the acquired

businesses. Potential difficulties we may encounter as part of the integration process include, but are not limited to, the following:

- employees may voluntarily or involuntarily separate employment from us or the acquired businesses because of the acquisitions;
- our management may have its attention diverted from core business activities while trying to integrate the acquired businesses;
- we may encounter obstacles when incorporating the acquired businesses into our operations and management, including integrating or separating personnel, financial systems, operating procedures, regulatory compliance programs, technology, networks and other assets in a seamless manner that minimizes any adverse impact on customers, suppliers, employees and other constituencies;
- differences in business backgrounds, corporate cultures and management philosophies;
- integration may be more costly, time-consuming or complex or less effective than anticipated;
- inability to maintain uniform standards, controls and procedures; and
- we may discover previously undetected operational or other issues, such as fraud.

Any of these factors could adversely affect our and the acquired businesses' ability to maintain relationships with customers, suppliers, employees and other constituencies. In addition, the success of these acquired businesses will depend, in part, upon our ability to realize the anticipated growth opportunities and cost synergies through the successful integration of the businesses we acquire with our existing businesses. Even if we are successful in integrating acquired businesses, we cannot assure you that these integrations will result in the realization of the full benefit of any anticipated growth opportunities or cost synergies or that these benefits will be realized within the expected time frames. In addition, acquired businesses may have unanticipated liabilities or contingencies.

In the future, we also expect to seek organic growth opportunities. The availability and success of such organic growth opportunities depends upon a number of factors, including our ability to innovate and develop new product offerings, expand into adjacencies and respond timely to changing consumer demands and preferences. Additionally, if we fail to evaluate and execute new business opportunities properly, we may not achieve anticipated benefits and may incur increased costs. Continued organic growth, if achieved, may place a strain on our operational infrastructure, which could have a material adverse effect on our business, financial condition and results of operations.

***Pandemics, epidemics or disease outbreaks, such as the COVID-19 pandemic, may disrupt our business, including, among other things, our supply chain and production processes, each of which could materially affect our operations, liquidity, financial condition and results of operations.***

The actual or perceived effects of a disease outbreak, epidemic, pandemic or similar widespread public health concern, such as the COVID-19 pandemic, could negatively affect our business, financial condition and results of operations. The global spread and unprecedented impact of the COVID-19 pandemic created significant volatility, uncertainty and economic disruption. The COVID-19 pandemic led governments and other authorities around the world to implement significant measures intended to control the spread of the virus, including shelter-in-place orders, social distancing measures, business closures or restrictions on operations, quarantines, travel bans and restrictions and multi-step policies with the goal of re-opening these markets. While these restrictions have been lifted or eased in many jurisdictions as the rates of COVID-19 infections have decreased or stabilized, a resurgence of the pandemic or other widespread public health concerns in some markets could lead to re-implementation of restrictions and impact our ability to perform critical functions. A shutdown of one or more of our manufacturing, warehousing or distribution facilities as a result of illness, government restrictions or other workforce disruptions or absenteeism, or reductions in capacity utilization levels, could result in us incurring additional direct costs and experiencing lost revenue. Illness, travel restrictions or workforce

disruptions could negatively affect our supply chain, manufacturing, distribution or other business. These disruptions or our failure to effectively respond to them, could increase product or distribution costs, or cause delays or inability to deliver products to our customers. We have experienced temporary disruptions to our supply chain in certain markets. These disruptions to our work force and supply chain could have a material adverse effect on our business, results of operations, financial condition and cash flows.

The impact of the COVID-19 pandemic on our suppliers, manufacturers, distributors or transportation and logistics providers also negatively affected the price and availability of our raw materials and impacted our supply chain. A resurgence of the COVID-19 pandemic or other widespread public health concerns could materially impact our ability to meet the demands of our customers. The potential impact of COVID-19 or other widespread public health concerns on any of our production or logistics providers could include, but is not limited to, problems with their respective businesses, finances, labor matters (including illness or absenteeism in workforce or closure due to positive testing), ability to import and secure ingredients and packaging, product quality issues, costs, production, insurance and reputation. Any of the foregoing could negatively affect the price and availability of our products and impact our supply chain. If the disruptions caused by COVID-19 or other widespread public health concerns continue for an extended period of time, our ability to meet the demand for our products may be materially impacted.

The impact of widespread public health concerns, such as the COVID-19 pandemic, may also heighten other risks discussed in this “Risk Factors” section.

### **Risks Related to Our Operations**

#### ***Material disruptions at one of our facilities could have a material adverse effect on our business, operating results and financial condition.***

A material disruption at our corporate headquarters or one of our manufacturing facilities, or involving any of our equipment within such facilities, could prevent us from meeting customer demand, reduce our sales and increase our costs, which could have a material adverse effect on our business, financial condition and results of operations. Our manufacturing facilities, and our equipment within such facilities, have and may in the future cease operations unexpectedly due to a number of events, including:

- an equipment failure or damage to any of our equipment;
- the inability to find replacement parts for any of our equipment;
- food safety disruptions;
- unscheduled maintenance outages;
- fires, floods, earthquakes, hurricanes or other catastrophes;
- the effect of a drought or reduced rainfall on its water supply;
- the effect of severe weather conditions on equipment and facilities;
- disruption in the supply of raw materials or other manufacturing inputs;
- information system disruptions or failures due to any number of causes, including cyber-attacks;
- changing laws and regulations applicable to our business;
- prolonged power failures;
- the release of pollutants or hazardous substances;
- damage or disruptions caused by third parties operating on or adjacent to one of our manufacturing facilities;
- disruptions in the transportation infrastructure, including roads, bridges, railroad tracks and tunnels;



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- a widespread outbreak of an illness or any other communicable disease, such as the COVID-19 pandemic or any other public health crisis;
- failure of our third-party service providers to satisfactorily fulfill their commitments and responsibilities in a timely manner and in accordance with agreed upon terms;
- labor difficulties and disruptions; and
- other operational problems.

In addition, capital expenditures for expansion or replacement of existing facilities or equipment or to comply with future changes in applicable laws and regulations may be substantial. We cannot guarantee that the key pieces of equipment in our various manufacturing facilities will not need to be repaired or replaced or that we will not incur significant additional costs associated with regulatory compliance. If we are unable to repair key pieces of equipment that are utilized in connection with producing our products, we may need to turn to new technology. We cannot assure you that such new technology will not impact the quality or taste of our products. The costs of repairing or replacing such equipment and the associated downtime of the affected production line could have a material adverse effect on our business, financial condition and results of operations. If for any reason we are unable to provide for our operating needs, capital expenditures, and other cash requirements on economically favorable terms, we could experience a material adverse effect on our business, financial condition and results of operations.

***We may not be able to attract, develop and retain the highly skilled people we need to support our business.***

We depend on the skills and continued service of key personnel, including our experienced management team. In addition, our ability to achieve our strategic and operating goals depends on our ability to identify, recruit, hire, train and retain qualified individuals, including, for example, individuals with e-commerce, digital marketing and data analytics capabilities and skilled labor in our manufacturing facilities. We compete with other companies both within and outside of our industry for talented personnel, and we may lose key personnel or fail to attract, recruit, train, develop and retain other talented personnel. Recruiting and retention of talent has become especially challenging in the current employment market, fueled in part by changes due to the COVID-19 pandemic. In addition, we may experience higher than expected employee turnover and difficulty attracting new employees as a result of uncertainty from the organizational and operational changes as a result of our separation from Kellogg ParentCo. Similarly, upon completion of the Spin-Off, we will be a smaller company than Kellogg ParentCo, and we will have a smaller employee base to assist in the day-to-day operation of our business. Any such loss, failure or negative perception with respect to these individuals may adversely affect our business or financial results. In addition, activities related to identifying, recruiting, hiring and integrating qualified individuals may require significant time and expense. We may not be able to locate suitable replacements for any key employees who terminate their employment, or offer employment to potential replacements on reasonable terms, each of which may adversely affect our business and financial results. Additionally, changes in regional preferences and immigration laws and policies could also make it more difficult for us to recruit or relocate skilled employees.

***A shortage in the labor pool, failure to successfully negotiate collectively bargained agreements, or other general inflationary pressures or changes in applicable laws and regulations could increase labor cost, which could have a material adverse effect on our operating results or financial condition.***

Our labor costs include the cost of providing benefits for employees. We will sponsor a number of benefit plans for employees in the United States, Canada, the Caribbean and Mexico, which may include pension, retiree health and welfare, active health care, severance and other post-employment benefits. Our major pension plans and U.S. collectively bargained retiree health and welfare plans will be funded with trust assets invested in a globally-diversified portfolio of equity securities with smaller holdings of bonds, real estate and other investments. The annual cost of benefits can vary significantly from year to year and is materially affected by

such factors as changes in the assumed or actual rate of return on major plan assets, a change in the weighted-average discount rate used to measure obligations, the rate or trend of health care cost inflation, and the outcome of collectively bargained wage and benefit agreements. Many of our employees will be covered by collectively bargained agreements and other employees may seek to be covered by collectively bargained agreements. Strikes or work stoppages and interruptions have occurred and could occur in the future, which could adversely impact our operating results. The terms and conditions of such agreements could also increase our costs or otherwise affect our ability to fully implement future operational changes to enhance our efficiency. Furthermore, we rely on access to competitive, local labor supply, including skilled and unskilled positions, to operate our business consistently and reliably. We may encounter difficulty recruiting sufficient numbers of personnel at acceptable wage and benefit levels due to the competitive labor market. Our inability to attract, develop and retain the personnel necessary for the efficient operation of our business could result in higher costs and decreased productivity and efficiency, which may have a material adverse effect on our performance.

***Our post-retirement benefit-related costs and funding requirements could increase as a result of volatility in the financial markets, changes in interest rates and actuarial assumptions.***

Increases in the costs of post-retirement medical and pension benefits may continue and could negatively affect our business as a result of increased usage of medical benefits by retired employees and medical cost inflation, an increase in participants enrolled, the effect of potential declines in the stock and bond markets on the performance of our pension and post-retirement plan assets, potential reductions in the discount rate used to determine the present value of our benefit obligations, and changes to our investment strategy that may impact our expected return on pension and post-retirement plan assets assumptions. U.S. generally accepted accounting principles require that we calculate income or expense for the plans using actuarial valuations. These valuations reflect assumptions about financial markets and interest rates, which may change based on economic conditions. WK Kellogg Co's accounting policy for defined benefit plans may subject earnings to volatility due to the recognition of actuarial gains and losses, particularly those due to the change in the fair value of pension and post-retirement plan assets and interest rates. In addition, funding requirements for our plans may become more significant. However, the ultimate amounts to be contributed are dependent upon, among other things, interest rates, underlying asset returns, and the impact of legislative or regulatory changes related to pension and post-retirement funding obligations.

***Our inability to obtain sufficient capital would constrain our ability to grow our business and to increase our revenues.***

Our business is capital intensive, and we have used and may continue to employ leverage to finance our operations. Accordingly, our ability to successfully execute our business strategy, including through organic growth, and maintain our operations depends on the availability and cost of debt and equity capital. Upon completion of the Spin-Off, we expect our indebtedness to have a non-investment grade rating. Such rating, and any potential downgrade in our ratings will likely make it more difficult or more expensive for us to obtain additional debt financing necessary to grow our business and to increase our revenues. We can give no assurance that the capital we need will be available to us on favorable terms, or at all. Our inability to obtain sufficient capital, or to renew or expand our credit facilities, could result in increased funding costs and would limit our ability to:

- meet the terms and maturities of our existing and future debt facilities;
- purchase new assets or refinance existing assets;
- fund our working capital needs and maintain adequate liquidity; and
- finance other growth initiatives.

***An impairment of the carrying value of goodwill or other acquired intangibles could negatively affect our operating results and net worth.***

The carrying value of goodwill represents the fair value of acquired businesses in excess of identifiable assets and liabilities as of the acquisition date. The carrying value of other intangibles represents the fair value of trademarks, trade names, and other acquired intangibles as of the acquisition date. Goodwill and other acquired intangibles expected to contribute indefinitely to our cash flows are not amortized but must be evaluated by management at least annually for impairment. If carrying value exceeds current fair value, the intangible is considered impaired and is reduced to fair value via a charge to earnings. Factors which could result in an impairment include, but are not limited to: (i) reduced demand for our products; (ii) higher commodity prices; (iii) lower prices for our products or increased marketing as a result of increased competition; and (iv) significant disruptions to our operations as a result of both internal and external events. Should the value of one or more of the acquired intangibles become impaired, our financial condition and results of operations may be materially adversely affected. Furthermore, we continue to evaluate the potential impact of COVID-19 on the fair value of our goodwill and other intangibles. Any significant sustained adverse change in consumer purchasing behaviors, government restrictions, financial results or macroeconomic conditions could result in future impairment.

As of December 31, 2022, the carrying value of intangible assets totaled approximately \$110 million, of which \$53 million was goodwill and \$57 million represented trademarks, tradenames, and other acquired intangibles compared to total assets of \$1.4 billion and total WK Kellogg Co equity of \$687 million.

**Risks Related to Our Industry**

***Our results may be materially and adversely impacted as a result of increases in the price of raw materials, including agricultural commodities, packaging, fuel and labor.***

Agricultural commodities, including corn, wheat, rice, vegetable oils, sugar, cocoa, fruits and nuts are the principal raw materials used in our products. Cartonboard, corrugated, and flexible packaging are the principal packaging materials used by us. The cost of such commodities may fluctuate widely due to government policy, regulation, and/or shutdown, import and export requirements (including tariffs), global geopolitical conditions (including war, such as the war in Ukraine), general economic conditions (including inflationary pressures), sanctions, drought and other weather conditions (including the potential effects of climate change), a pandemic illness (such as the COVID-19 outbreak), environmental or other sustainability regulation, or other unforeseen circumstances. Specifically, certain ingredients, packaging and other goods and services have been impacted by the COVID-19 pandemic and inflationary pressures, and although we are unable to predict the impact to our ability to source such materials and services in the future, we expect these supply pressures and market disruptions to continue throughout 2023. To the extent that any of the foregoing factors affect the prices of such commodities and we are unable to increase our prices or adequately hedge against such changes in prices in a manner that offsets such changes, the results of our operations could be materially and adversely affected. In addition, we will use derivatives to hedge price risk associated with forecasted purchases of raw materials. Our hedged price could exceed the spot price on the date of purchase, resulting in an unfavorable impact on both Gross Margin and net earnings. Also, sustained price increases may lead to declines in volume as competitors may not adjust their prices, or consumers may decide not to pay the higher prices or may forego some purchases altogether during an economic downturn, which could lead to sales declines and loss of market share. Food processing equipment at our facilities are regularly fueled by electricity, oil, natural gas or propane, which are obtained from local utilities or other local suppliers. Short-term stand-by propane and/or oil storage exists at several plants for use in case of interruption in natural gas supplies. In addition, considerable amounts of diesel fuel are used in connection with the distribution of our products. The cost of fuel may fluctuate widely due to economic and political conditions, government policy, regulation and/or shutdown, war, or other unforeseen circumstances, which could have a material adverse effect on our operating results or financial condition.

***Our results may be adversely affected by increases in transportation costs and reduced availability of or increases in the price of oil or other fuels.***

We rely on trucking and railroad operators to deliver incoming ingredients to our manufacturing locations and to deliver finished products to our customers. Shortages of truck drivers and railroad workers have contributed to increased freight costs, which has had a material and adverse effect on our business, financial condition and results of operations. During 2021 and 2022, the cost of distribution generally increased due to an increase in transportation and logistics costs. Transportation costs are further increasing as a result of high levels of long-haul driver turnover and increased railroad traffic and service issues. Additionally, energy and fuel costs can fluctuate dramatically and, at times, have resulted in significant cost increases, particularly for the price of oil and gasoline.

***We operate in the highly competitive food industry, including with respect to retail and shelf space.***

We face competition from other companies that have varying abilities to withstand changes in market conditions. The principal aspects of our business where we face competition include brand recognition, taste, nutritional value, price, promotion, innovation, shelf space, navigating the growing e-commerce marketplace, convenient ordering and delivery to the consumer and customer service. Most of our competitors have substantial financial, marketing, sales and other resources, and some of our competitors may spend more aggressively on advertising and promotional activities than we do. Additionally, some of our competitors sell products that we will no longer offer after the Spin-Off, such as cereal bars. Further, our mutual non-competition obligations to Kellogg ParentCo pursuant to the Separation and Distribution Agreement may impact our ability to expand into new product categories or markets during the non-competition period. Our competition with other companies in our market could cause us to reduce prices, increase capital, marketing or other expenditures, or lose category share, any of which could have a material adverse effect on our business and financial results. Our ability to compete also depends upon our ability to predict, identify, and interpret the tastes and dietary habits of consumers and to offer products that appeal to those preferences, which is particularly important to us given our primary focus on producing and selling ready-to-eat cereal products. Because of our product concentration, any decline in consumer demand or change in preferences could have a material adverse effect on our business, financial condition or results of operations. There are inherent marketplace risks associated with new product or packaging introductions, including uncertainties about trade and consumer acceptance. If we do not succeed in offering products that consumers want to buy, our sales and market share will decrease, resulting in reduced profitability. If we are unable to accurately predict which shifts in consumer preferences will be long-lasting, or are unable to introduce new and improved products to satisfy those preferences, our sales will decline. In addition, given the variety of backgrounds and identities of consumers in our consumer base, we must offer a sufficient array of products to satisfy the broad spectrum of consumer preferences.

In some cases, our competitors may be able to respond to changing business and economic conditions or consumer preferences more quickly than us. Category share and growth could also be adversely impacted if we are not successful in introducing new products, anticipating changes in consumer preferences with respect to dietary trends or purchasing behaviors or in effectively assessing, changing and setting proper pricing.

In addition, we compete against branded products as well as private label products. Our products must provide higher value and/or quality to our consumers than alternatives, particularly during periods of economic uncertainty. Consumers may not buy our products if relative differences in value and/or quality between our products and private label products change in favor of competitors' products or if consumers perceive this type of change. If consumers prefer private label products, which are typically sold at lower prices, then we could lose category share or sales volumes or shift our product mix to lower margin offerings, which could have a material effect on our business and financial position and on the results of our operations and profitability.

Further, our ability to compete may be limited by an inability to secure new retailers or maintain or add shelf and/or retail space for our products. There can be no assurance that retailers will provide sufficient, or any, shelf space, nor that online retailers will provide online access to, or adequate product visibility on, their platform. Unattractive placement or pricing may put our products at a disadvantage compared to those of our competitors.

Even if we obtain shelf space or preferable shelf placement, our new and existing products may fail to achieve the sales expectations set by our retailers, potentially causing these retailers to remove our products from their shelves.

***The changing retail environment and the growing presence of alternative retail channels could negatively impact our sales and profits.***

Our businesses are largely concentrated in the traditional retail grocery trade. Our largest customer, Wal-Mart Stores, Inc., accounted for approximately 28% of combined net sales during 2022, comprised principally of sales within the United States. No other customer accounted for more than 10% of combined net sales in 2022. During 2022, our top five customers, collectively, including Wal-Mart Stores, Inc., accounted for approximately 51% of our combined net sales. There can be no assurances that our largest customers will continue to purchase our products in the same mix or quantities or on the same terms as in the past. As the retail grocery trade continues to consolidate and retailers become larger, our large retail customers have sought, and may continue to seek in the future, to use their position to improve their profitability through improved efficiency, lower pricing, increased promotional programs funded by their suppliers and more favorable terms. Such consolidation can continue to adversely impact our smaller customers' ability to compete effectively, resulting in an inability on their part to pay for our products or reduced or canceled orders of our products. In addition, larger retailers have the scale to develop supply chains that permit them to operate with reduced inventories or to develop and market their own private label products. If we are unable to use our scale, marketing expertise, product innovation and leadership positions to respond, our profitability or volume growth could be negatively affected. As a result of the consolidated nature of the retail environment, which is also significant in Canada, the loss of any large customer or severe adverse impact on the business operations of any large customer for an extended length of time could negatively impact our sales and profits.

Additionally, alternative retail channels, such as e-commerce retailers (including as a result of the integration of traditional and digital operations at key retailers), subscription services, discount and dollar stores, direct-to-consumer brands, drug stores and club stores, have continued to grow. This trend away from traditional retail grocery, and towards such channels, is expected to continue in the future. If we are not successful in expanding sales in alternative retail channels, our business or financial results may be negatively impacted. In particular, substantial growth in e-commerce has encouraged the entry of new competitors and business models, intensifying competition by simplifying distribution and lowering barriers to entry. The expanding presence of e-commerce retailers has impacted, and may continue to impact, consumer preferences and market dynamics, which in turn may negatively affect our sales or profits. In addition, these alternative retail channels may create consumer price deflation, affecting our large retail and wholesale customer relationships and presenting additional challenges to increasing prices in response to commodity or other cost increases. Also, if these alternative retail channels, such as e-commerce retailers, were to take significant share away from traditional retailers that could have a flow over effect on our business and our financial results could be negatively impacted.

***Our financial results and demand for our products are dependent on the successful development of new products and processes.***

There are a number of trends in consumer preferences which may impact us and the industry as a whole. These include changing consumer dietary trends and the availability of substitute products. Our success is dependent on anticipating changes in consumer preferences and on successful new product and process development and product relaunches in response to such changes, which is particularly important to us given our primary focus on producing and selling ready-to-eat cereal products. Because of our product concentration, any decline in consumer demand or change in preferences could have a material adverse effect on our business, financial condition or results of operations. Trends within the food industry change often, and failure to identify and react to changes in these trends could lead to, among other things, reduced loyalty, reduced demand and price reductions for our brands and products. We aim to introduce products or new or improved production processes

on a timely basis in order to counteract obsolescence and decreases in sales of existing products. While we devote significant focus to the development of new products and to the research, development and technology process functions of our business, we may not be successful in developing new products or our new products may not be commercially successful. In addition, if sales generated by new products cause a decline in sales of WK Kellogg Co's existing products, WK Kellogg Co's financial condition and results of operations could be materially adversely affected. Our future results and our ability to maintain or improve our competitive position will depend on our capacity to gauge the direction of our key markets and upon our ability to successfully identify, develop, manufacture, market and sell new or improved products in these changing markets, including through the expansion into complementary product categories.

***Adverse changes in the global climate or extreme weather conditions could adversely affect our business or operations.***

Climate change could adversely affect the long-term health and viability of the ingredients used in our products. As set forth in the Intergovernmental Panel on Climate Change Fifth Assessment Report, there is continuing scientific evidence, as well as concern from members of the general public, that emissions of greenhouse gases and contributing human activities have caused and will continue to cause significant changes in global temperatures and weather patterns and increase the frequency or severity of weather events, wildfires and flooding. As the pressures from climate change and global population growth lead to increased demand, the food system and global supply chain is becoming increasingly vulnerable to acute shocks, leading to increased prices and volatility, especially in the energy and commodity markets. Adverse changes such as these could (i) unfavorably impact the cost or availability of raw or packaging materials, especially if such events have a negative impact on agricultural productivity or on the supply of water, (ii) disrupt production schedules and our ability, or the ability of our suppliers or contract manufacturers, to manufacture or distribute our products, (iii) reduce crop size or quality, (iv) disrupt the retail operations of our customers, or (v) unfavorably impact the demand for, or the consumer's ability to purchase, our products.

There is an increased focus by foreign, federal, state and local regulatory and legislative bodies regarding environmental policies relating to climate change, regulating greenhouse gas emissions, energy policies and sustainability, including single use plastics. This new or increased focus may result in new or increased laws and regulations that could cause significant increases in our costs of operation and delivery. In particular, increasing regulation of fuel emissions could substantially increase the distribution and supply chain costs associated with our products. Lastly, consumers and customers may put an increased priority on purchasing products that are sustainably grown and made, requiring us to incur increased costs for additional transparency, due diligence and reporting. As a result, climate change as well as actions taken to mitigate climate change could negatively affect our business and operations.

**Risks Related to Regulations and Litigation**

***We face risks related to tax matters, including changes in tax rates, disagreements with taxing authorities and imposition of new taxes.***

WK Kellogg Co is subject to taxes in the United States and certain foreign jurisdictions where WK Kellogg Co's subsidiaries are organized. Due to economic and political conditions (including shifts in the geopolitical landscape), tax rates in the United States and various foreign jurisdictions have been and may be subject to significant change. The future effective tax rate could be affected by changes in mix of earnings in countries with differing statutory tax rates, changes in valuation of deferred tax assets and liabilities, or changes in tax laws or their interpretation which includes the Tax Cuts and Jobs Act and contemplated changes in other countries of long-standing tax principles if finalized and adopted could have a material impact on our income tax expense and deferred tax balances. We are also subject to regular reviews, examinations and audits by the IRS and other taxing authorities with respect to taxes inside and outside of the United States. Although we believe our tax estimates are reasonable, if a taxing authority disagrees with the positions we have taken, we could face

additional tax liability, including interest and penalties. There can be no assurance that payment of such additional amounts upon final adjudication of any disputes will not have a material impact on our results of operations and financial position. We also need to comply with new, evolving or revised tax laws and regulations. The enactment of or increases in tariffs, including value added tax, or other changes in the application of existing taxes, in markets in which we are currently active, or may be active in the future, or on specific products that we sell or with which our products compete, may have an adverse effect on our business or on our results of operations.

***If our food products become adulterated, misbranded or mislabeled, we might need to recall those items and may experience product liability if consumers are injured or damaged as a result.***

Selling food products involves a number of legal, regulatory and other risks, including product contamination, food borne illnesses, spoilage, product tampering, allergens, or other adulteration, which could result in product liability claims. We may need to recall some of our products if they become adulterated or misbranded. We may also be liable if the consumption of any of our products causes injury, illness or death. A widespread product recall or market withdrawal could result in significant losses due to their costs, the destruction of product inventory, and lost sales due to the unavailability of product for a period of time. We could also suffer losses from a significant product liability judgment against us. In addition, we could be the target of claims that our advertising is false or deceptive under U.S. federal and state laws as well as foreign laws, including consumer protection statutes of some states. Allegations of consumer fraud may result in fines, settlements and litigation expenses. A product recall, product liability or consumer fraud case involving our business or the businesses of Kellogg ParentCo (from whom we intend to license certain brands used in our business under certain Intellectual Property Agreements) could also result in adverse publicity, damage to our reputation, and a loss of consumer confidence in our food products, which could have a material adverse effect on our business results and the value of the brands used in our business. Moreover, even if a product liability or consumer fraud claim is meritless, does not prevail or is not pursued, the negative publicity surrounding assertions against WK Kellogg Co or Kellogg ParentCo and our or their products or processes could adversely affect our reputation or brands. We could also be adversely affected if consumers lose confidence in the safety and quality of certain food products or ingredients, or the food safety system generally. If another company recalls or experiences negative publicity related to cereal products, consumers might reduce their overall consumption of such products. Adverse publicity about these types of concerns, whether or not valid, may discourage consumers from buying our products or cause production and delivery disruptions.

***Evolving tax, advertising, environmental, licensing, labeling, trade, food quality and safety or other regulations or failure to comply with existing regulations and laws could have a material adverse effect on our financial condition.***

Our activities and products, including our operation of our manufacturing facilities, both in and outside of the United States, are subject to regulation by various federal, state, provincial and local laws, regulations and government agencies, including the U.S. Food and Drug Administration, U.S. Federal Trade Commission (the "FTC"), the U.S. Departments of Agriculture, Commerce and Labor, as well as similar and other authorities outside of the United States, International Accords and Treaties and others, including voluntary regulation by other bodies. Legal and regulatory systems can change quickly. In addition, legal and regulatory systems in emerging and developing markets may be less developed, and less certain. These laws and regulations and interpretations thereof may change, sometimes dramatically, as a result of a variety of factors, including political, economic, regulatory or social events. In addition, the enforcement of remedies in certain foreign jurisdictions may be less certain, resulting in varying abilities to enforce intellectual property and contractual rights.

The manufacturing, marketing and distribution of food products are subject to governmental regulations that impose additional regulatory requirements. Those regulations control such matters as food quality and safety (including the condition and operation of our manufacturing facilities where food is processed), ingredients, advertising, product or production requirements, labeling, sustainability of packaging (including plastics), import or export of our products or ingredients, relations with distributors and retailers, health and safety, the

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environment, and restrictions on the use of government programs, such as Supplemental Nutritional Assistance Program and the Special Supplemental Nutrition Program for Women, Infants and Children, to purchase certain of our products.

The marketing of food products has come under increased regulatory scrutiny in recent years, and the food industry has been subject to an increasing number of proceedings and claims relating to alleged false or deceptive labeling and marketing under federal, state and foreign laws or regulations. For example, in 2009, Kellogg ParentCo reached a consent agreement with the FTC to resolve an investigation relating to marketing and advertising claims regarding Frosted Mini-Wheats products and its effects on kids' attentiveness. The consent agreement requires, among other things, that Kellogg ParentCo and we refrain from making misleading advertising statements regarding the Frosted Mini-Wheats products and its effects on children's attentiveness, and refrain from representing in any manner that Frosted Mini-Wheats or any other morning food or snack food have benefits, improve performance or increase the efficacy of cognitive function, cognitive processes, or other cognitive health, among other things. Kellogg ParentCo has remedied the matter that led to the FTC order and implemented controls designed to prevent similar issues in the future, and Kellogg ParentCo has not received any additional inquiries from the FTC to date regarding matters covered by the order. However, we may be subject to future investigations and legal proceedings by the FTC or other regulators. It is possible that a regulatory inquiry might result in changes to our advertising methods, policies or business practices. Violation of existing or future regulatory orders or consent decrees could subject us to substantial monetary fines and other penalties that could negatively affect our financial condition and operating results. In addition, it is possible that future orders issued by, or enforcement actions initiated by, regulatory authorities could cause us to incur substantial costs or require us to change our business practices in a manner materially adverse to our business, including damage to our reputation and the value of the brands used in our business.

We are also regulated with respect to matters such as licensing requirements, trade and pricing practices, tax, anti-corruption standards, advertising and claims, and environmental matters. The need to comply with new, evolving or revised tax, environmental, food quality and safety, labeling or other laws or regulations, or new, evolving or changed interpretations or enforcement of existing laws or regulations, may have a material adverse effect on our business and results of operations. Governmental and administrative bodies within the United States are considering a variety of trade and other regulatory reforms. Changes in legal or regulatory requirements (such as new food safety requirements and revised nutrition facts labeling, including front of pack labeling, and serving size regulations), or evolving interpretations of existing legal or regulatory requirements, may result in increased compliance costs, capital expenditures and other financial obligations that could adversely affect our business or financial results. If we are found to be out of compliance with applicable laws and regulations in these areas, we could be subject to civil remedies, including fines, injunctions, termination of necessary licenses or permits, or recalls, as well as potential criminal sanctions, any of which could have a material adverse effect on our business. Even if regulatory review does not result in these types of determinations, it could potentially create negative publicity or perceptions, which could harm our business or reputation.

Modifications to international trade policy, including the ratification of the United States-Mexico-Canada Agreement, the trade agreement between the named parties entered into force on July 1, 2020, or the imposition of increased or new tariffs, quotas or trade barriers on key commodities with other countries could have a negative impact on us or the industries we serve, including as a result of related uncertainty, and could materially and adversely impact our business, financial condition, results of operations and cash flows. Higher duties on existing tariffs or additional tariffs imposed by the United States on a broader range of imports, or further retaliatory trade measures taken by China or other countries in response, could result in an increase in supply chain costs that we are not able to offset.



## **Risks Related to Our Intellectual Property and Technology**

***Technology failures, cyber-attacks, privacy breaches or data breaches could disrupt our operations or reputation and negatively impact our business.***

We increasingly rely on information technology systems and third-party service providers, including through the internet, to process, transmit, and store electronic information. For example, our production and distribution facilities and inventory management utilize information technology to increase efficiencies and limit costs. Information technology systems are also integral to the reporting of our results of operations. Furthermore, a significant portion of the communications between, and storage of personal data of, our personnel, customers, consumers and suppliers depends on information technology. Our information technology systems, and the systems of the parties we communicate and collaborate with, may be vulnerable to a variety of interruptions, as a result of many of our employees working remotely, updating our enterprise platform or due to events beyond our or their control, including, but not limited to, network or hardware failures, malicious or disruptive software, unintentional or malicious actions of employees or contractors, cyber-attacks by common hackers, criminal groups or nation-state organizations or social-activist (hacktivist) organizations, geopolitical events, natural disasters, a pandemic illness (such as COVID-19), failures or impairments of telecommunications networks, or other catastrophic events.

Moreover, our computer systems have been, and will likely continue to be, subjected to computer viruses, malware, malicious codes, social engineering attacks, unauthorized access attempts, password theft, physical breaches, employee or inside error, malfeasance and cyber- or phishing-attacks. Cyber threats are constantly evolving, are becoming more sophisticated and are being made by groups and individuals with a wide range of expertise and motives, and this increases the difficulty of detecting and successfully defending against them. We may also face increased risk of state-sponsored or geopolitical-related cybersecurity incidents due to geopolitical tensions or incidents, such as the Russian invasion of Ukraine. These events could compromise our confidential information, impede or interrupt our business operations, and may result in other negative consequences, including remediation costs, loss of revenue, litigation and reputational damage. Furthermore, if a breach or other breakdown results in disclosure of confidential or personal information, we may suffer reputational, competitive and/or business harm. In connection with the Spin-Off, we intend to implement a new fully integrated enterprise resource planning (ERP) system before the conclusion of the Transition Services Agreement. We may not be able to successfully implement the ERP system without experiencing delays, increased costs and other difficulties. If we do not effectively implement the ERP system as planned or the ERP system does not operate as intended, the effectiveness of our internal control over financial reporting could be adversely affected or our ability to design and implement effective internal control over financial reporting could be delayed. We may be more susceptible to cyber-attacks while we work to implement such enterprise resource planning system. To date, we have not experienced a material breach of cybersecurity. As a standalone company, we will implement physical, administrative and technical controls and take other preventive actions, such as the maintenance of an information security program that will include updating our technology and security policies, insurance, employee training, and monitoring and routinely testing our information technology systems to reduce the risk of cyber incidents and protect our information technology; however, these measures may be insufficient to prevent physical and electronic break-ins, cyber-attacks or other security breaches to our computer systems.

WK Kellogg Co will offer promotions, rebates and other programs through which it may receive personal information, and it or its vendors could experience cyber-attacks, privacy breaches, data breaches or other incidents that result in unauthorized disclosure of consumer, customer, employee or other WK Kellogg Co information. WK Kellogg Co must also successfully integrate the technology systems of acquired companies into WK Kellogg Co's existing and future technology systems. In addition, we must comply with increasingly complex and rigorous regulatory standards enacted to protect business and personal information in the United States and other jurisdictions, including Canada, regarding privacy, data protection and data security, including those related to the collection, storage, handling, use, disclosure, transfer and security of personal information. There is significant uncertainty with respect to compliance with such privacy and data protection laws and regulations, including with respect to the California Consumer Privacy Act of 2018 (the "CCPA"), which went

into effect on January 1, 2020 (which imposes additional obligations on companies regarding the handling of personal information and provides certain individual privacy rights to persons whose information is collected), because they are continuously evolving and developing and may be interpreted and applied differently from jurisdiction to jurisdiction and may create inconsistent or conflicting requirements. In addition, regulations to implement portions of the CCPA have not been finalized and could significantly impact CCPA compliance measures. For example, the California Privacy Rights Act (the “CPRA”), which was approved by California voters as a ballot initiative in November 2020, modified the CCPA significantly and the resulting new regulations became effective on January 1, 2023. Several other states and foreign jurisdictions have introduced or passed similar legislation to the CCPA and CPRA, which may impose varying standards and requirements on our data collection, use and processing activities. Our efforts to comply with privacy and data protection laws in the United States, including the CCPA and CPRA, and other foreign jurisdictions may impose significant costs and challenges that are likely to increase over time.

If WK Kellogg Co suffers a loss as a result of a breach or other breakdown in its technology, including such cyber-attacks, privacy breaches, data breaches, issues with or errors in system maintenance or security, migration of applications to the cloud, power outages, hardware or software failures, denial of service, telecommunication or other incident involving one of WK Kellogg Co’s vendors, that result in unauthorized disclosure or significant unavailability of business, financial, personal or stakeholder information, WK Kellogg Co may suffer reputational, competitive and/or business harm and may be exposed to legal liability and government investigations, which may adversely affect WK Kellogg Co’s results of operations and/or financial condition. The misuse, leakage or falsification of information could result in violations of data privacy laws and WK Kellogg Co may become subject to legal action and increased regulatory oversight. WK Kellogg Co could also be required to spend significant financial and other resources to remedy the damage caused by a security breach or to repair or replace networks and information systems. In addition, if WK Kellogg Co’s suppliers or customers experience such a breach or unauthorized disclosure or system failure, their businesses could be disrupted or otherwise negatively affected, which may result in a disruption in WK Kellogg Co’s supply chain or reduced customer orders, which would adversely affect WK Kellogg Co’s business operations. We have also outsourced several information technology support services and administrative functions to third-party service providers, including cloud-based service providers, and may outsource other functions in the future to achieve cost savings and efficiencies. In addition, we will rely on Kellogg ParentCo to perform numerous information technology services, including information systems security, under the terms of the Transition Services Agreement. For a more detailed discussion, see “Certain Relationships and Related Party Transactions—Agreements with Kellogg ParentCo—Transition Services Agreement.” If these service providers and Kellogg ParentCo, do not perform effectively due to breach or system failure, we may not be able to achieve the expected benefits and our business may be disrupted.

***Our intellectual property rights are valuable, and any inability to protect them could reduce the value of our products and brands.***

Our intellectual property rights are a significant and valuable aspect of our business and include trademarks, patents, trade secrets, and copyrights to be owned or licensed under certain licensing agreements. Our failure to obtain or adequately protect our intellectual property rights may diminish our competitiveness and could materially harm our business. Similarly, changes in applicable laws or other changes that serve to lessen or remove the current legal protections of our intellectual property may also diminish our competitiveness and could materially harm our business. We may be unaware of intellectual property rights of others that may cover some of our technology, brands or products or operations. In addition, if, in the course of developing new products or improving the quality of existing products, we are found to have infringed the intellectual property rights of others (including any intellectual property licensed from Kellogg ParentCo under the Intellectual Property Agreements), directly or indirectly, such finding could have an adverse impact on our business, financial condition or results of operations and may limit our ability to introduce new products or improve the quality of existing products. Any litigation regarding intellectual property rights could be costly and time-consuming and could divert the attention of our management and key personnel from our business operations. Third party claims

of intellectual property infringement might also require us to enter into costly license agreements. We also may be subject to significant damages or injunctions against development and sale of certain products.

***Certain of our rights to intellectual property used in our business will be limited to those of a licensee under the Intellectual Property Agreements.***

In connection with the Spin-Off, we will enter into one or more Intellectual Property Agreements with Kellogg ParentCo that will provide for ownership, use and selling rights to facilitate both Kellogg ParentCo's and WK Kellogg Co's ongoing use of certain intellectual property rights. Such Intellectual Property Agreements will contain limitations on how we are able to leverage the brands and other non-brand related intellectual property that are used in connection with our business.

We expect the Intellectual Property Agreements to provide for ownership, use and selling rights with respect to certain trademarks and other non-brand related intellectual property currently owned by Kellogg ParentCo. Since we will not own all brands and other intellectual property used in our business, our success will depend, in part, on (i) the maintenance of our ongoing relationship with Kellogg ParentCo, (ii) our performance of our obligations under such agreements, and (iii) Kellogg ParentCo's performance of its obligations under such agreements, including Kellogg ParentCo's maintenance of the quality of products and services it sells under trademarks we will use co-extensively with Kellogg ParentCo (such trademarks, "Shared Use Trademarks"), and Kellogg ParentCo's adequate maintenance of any Shared Use Trademarks and other intellectual property that we license from Kellogg ParentCo. Improper maintenance of the quality of products or services that Kellogg ParentCo sells under any Shared Use Trademarks or general inadequate maintenance of any Shared Use Trademarks or other intellectual property of Kellogg ParentCo could also result in adverse publicity, damage to our reputation, and a loss of consumer confidence in our food products, which could have a material adverse effect on our business results and the value of the brands used in our business.

If we (i) fail to comply with our obligations under any of these agreements, (ii) use the licensed intellectual property in an unauthorized manner, (iii) are subject to bankruptcy-related proceedings or (iv) otherwise materially breach any of these agreements, the terms of the license granted from Kellogg ParentCo to us may be materially modified, such as by rendering any exclusive licenses non-exclusive. Generally, the loss or termination of our rights under the Intellectual Property Agreements, or any other licenses we may acquire in the future, may materially and adversely affect our profitability and our revenues could decrease.

For a more detailed discussion, see "Certain Relationships and Related Party Transactions—Agreements with Kellogg ParentCo."

**Other Risks Related to the Spin-Off**

***The Spin-Off may not be completed on the terms or timeline currently contemplated, if at all.***

While we are actively engaged in planning for the Spin-Off, unanticipated developments could delay or negatively affect the Spin-Off, including those related to the filing and effectiveness of appropriate filings with the SEC and the listing of our common stock on a trading market. We cannot assure you that all of the conditions will be satisfied or waived. In addition, until the Distribution has occurred, we will continue to be a wholly owned subsidiary of Kellogg ParentCo. Accordingly, the Kellogg ParentCo Board has the discretion to determine not to proceed with the Spin-Off, even if all of the conditions are satisfied, or to change the terms of the Spin-Off. If the Distribution is completed and the Kellogg ParentCo Board of Directors waives any such condition, such waiver could have a material adverse effect on Kellogg ParentCo's and WK Kellogg Co's respective business, financial condition or results of operations, the trading price of WK Kellogg Co common stock, or the ability of shareholders to sell their shares after the Distribution, including, without limitation, as a result of illiquid trading due to the failure of WK Kellogg Co common stock to be accepted for listing or litigation relating to any preliminary or permanent injunctions sought to prevent the consummation of the Distribution. Therefore, the Spin-Off may not be completed on the terms or timeline currently contemplated, if at all, and any change in the terms of the Spin-Off could be unfavorable to us.

***If the Contribution and the Distribution were to fail to qualify for non-recognition treatment for U.S. federal income tax purposes, then Kellogg ParentCo, we and our shareholders could be subject to significant tax liability.***

The Distribution is conditioned on the continued validity of the private letter ruling from the IRS that Kellogg ParentCo will request and the receipt and continued validity of an opinion of tax counsel (the “Tax Opinion”), each to the effect that, subject to the accuracy of and compliance with certain representations, assumptions and covenants and the adherence by Kellogg ParentCo and us to certain restrictions on our future actions contained in the Tax Matters Agreement, the Contribution and the Distribution will qualify for non-recognition of gain or loss to Kellogg ParentCo and Kellogg ParentCo’s shareholders pursuant to Sections 368 and 355 of the Code, except to the extent of cash received in lieu of fractional shares.

Notwithstanding the receipt of the private letter ruling and the Tax Opinion, the IRS could determine that the Contribution and the Distribution should be treated as one or more taxable transactions if it determines that any of the representations, assumptions or covenants on which the private letter ruling is based are untrue or have been violated. Furthermore, as part of the IRS’s policy, the IRS will not determine whether the Contribution and the Distribution satisfies certain conditions that are necessary to qualify for non-recognition treatment. Rather, the private letter ruling is based on representations by Kellogg ParentCo and us that these conditions have been satisfied. The Tax Opinion will address the satisfaction of these conditions.

The Tax Opinion is not binding on the IRS or the courts, and there is no assurance that the IRS or a court will not take a contrary position. In addition, the Tax Opinion will rely on certain representations and covenants to be delivered by Kellogg ParentCo and us.

If the IRS ultimately determines that the Contribution and the Distribution are taxable, the Distribution could be treated as a taxable dividend or capital gain to you for U.S. federal income tax purposes, and you could incur significant U.S. federal income tax liabilities. In addition, if the IRS ultimately determines that the Contribution and the Distribution are taxable, Kellogg ParentCo and we could incur significant U.S. federal income tax liabilities, and we could have an indemnification obligation to Kellogg ParentCo. For a more detailed discussion, see “—We could have an indemnification obligation to Kellogg ParentCo if the transactions we undertake in the Spin-Off do not qualify for non-recognition treatment, which could materially adversely affect our financial condition” and “Material U.S. Federal Income Tax Consequences of the Spin-Off.”

***If the Canadian aspects of the Internal Reorganization were to fail to qualify for tax-deferred treatment for Canadian federal and provincial income tax purposes, then Kellogg ParentCo’s and/or our Canadian subsidiaries could be subject to significant tax liability.***

The Internal Reorganization includes steps to separate the assets and liabilities in Canada held in connection with the Kellogg ParentCo Business from the assets and liabilities in Canada held in connection with the Cereal Business.

Kellogg ParentCo’s Canadian subsidiary received an advance income tax ruling from the Canada Revenue Agency (“CRA”), to the effect that, subject to the accuracy of and compliance with certain representations, assumptions and covenants and based on the current provisions of the Canadian Tax Act, the Internal Reorganization will be treated for purposes of the Canadian Tax Act as resulting in a “butterfly” reorganization transaction with no material Canadian federal income tax payable by Kellogg ParentCo’s Canadian subsidiary, our Canadian subsidiary or their respective shareholders.

Notwithstanding the receipt of the advance income tax ruling, the CRA could determine that the Internal Reorganization should be treated as a taxable transaction if it determines that any of the representations, assumptions or covenants on which the advance income tax ruling is based are untrue or have been violated. If the CRA ultimately determines that the Internal Reorganization is taxable, Kellogg ParentCo’s and/or our

Canadian subsidiaries could incur significant Canadian federal and provincial income tax liabilities. For a more detailed discussion, see “—We could have an indemnification obligation to Kellogg ParentCo if the transactions we undertake in the Spin-Off do not qualify for non-recognition treatment, which could materially adversely affect our financial condition.”

***We could have an indemnification obligation to Kellogg ParentCo if the transactions we undertake in the Spin-Off do not qualify for non-recognition treatment, which could materially adversely affect our financial condition.***

Generally, taxes resulting from the failure of the Spin-Off to qualify for non-recognition treatment for U.S. federal income tax purposes would be imposed on Kellogg ParentCo or Kellogg ParentCo’s shareholders and, under the Tax Matters Agreement, Kellogg ParentCo will generally be obligated to indemnify us against such taxes. However, under the Tax Matters Agreement, we could be required, under certain circumstances, to indemnify Kellogg ParentCo and its affiliates against all tax-related liabilities caused by those failures, to the extent those liabilities result from an action we or our affiliates take or from any breach of our or our affiliates’ representations, covenants or obligations under the Tax Matters Agreement or any other agreement we enter into in connection with the Spin-Off. Events triggering an indemnification obligation under the agreement include events occurring after the Distribution that cause Kellogg ParentCo to recognize a gain under Section 355(e) of the Code. See “Certain Relationships and Related Party Transactions—Agreements with Kellogg ParentCo—Tax Matters Agreement.”

Generally, taxes resulting from the failure of the Canadian steps of the Internal Reorganization to qualify for tax-deferred treatment for Canadian federal and provincial income tax purposes could be imposed on Kellogg ParentCo’s Canadian subsidiary, our Canadian subsidiary or both. The Tax Matters Agreement will provide for an allocation of the responsibility for these liabilities. See “Certain Relationships and Related Party Transactions—Agreements with Kellogg ParentCo—Tax Matters Agreement.”

***We intend to agree to numerous restrictions to preserve the non-recognition treatment of the Spin-Off, which may reduce our strategic and operating flexibility.***

The U.S. federal income tax laws that apply to Spin-Offs generally create a presumption that the Distribution would be taxable to Kellogg ParentCo (but not to Kellogg ParentCo shareholders) if we engage in, or enter into an agreement to engage in, a transaction that would result in a 50% or greater change by vote or by value in our stock ownership during the four-year period beginning on the date that begins two years before the Distribution Date, unless it is established that the transaction is not pursuant to a plan or series of transactions related to the Distribution. U.S. Treasury regulations currently in effect generally provide that whether an acquisition transaction and a Distribution are part of a plan is determined based on all of the facts and circumstances, including specific factors listed in the U.S. Treasury regulations. In addition, these U.S. Treasury regulations provide several “safe harbors” for acquisition transactions that are not considered to be part of a plan that includes a Distribution.

There are other restrictions imposed on us under current U.S. federal income tax laws with which we will need to comply in order for the Spin-Off to qualify as a transaction that is tax-free under Sections 355 and 368(a)(1)(D) of the Code. For example, we will generally be required to continue to own and manage the Cereal Business, and there will be limitations on issuances, redemptions and sales of our stock for cash or other property following the Distribution, except in connection with certain stock-for-stock acquisitions and other permitted transactions. If these restrictions are not followed, the Distribution could be taxable to Kellogg ParentCo and Kellogg ParentCo shareholders.

We will enter into a Tax Matters Agreement with Kellogg ParentCo under which we will allocate, between Kellogg ParentCo and ourselves, responsibility for U.S. federal, state and local and non-U.S. income and other taxes relating to taxable periods before and after the Spin-Off and provide for computing and apportioning tax

liabilities and tax benefits between the parties. In the Tax Matters Agreement, we will agree that, among other things, we may not take, or fail to take, any action following the Distribution if such action, or failure to act: would be inconsistent with or prohibit the Spin-Off and certain restructuring transactions related to the Spin-Off from qualifying as a tax-free transaction under Sections 355 and 368(a)(1)(D) and related provisions of the Code to Kellogg ParentCo and the Kellogg ParentCo shareholders (except with respect to the receipt of cash in lieu of fractional shares of our stock); or would be inconsistent with, or cause to be untrue, any representation, statement, information or covenant made in connection with the IRS ruling, the Tax Opinion or the Tax Matters Agreement relating to the qualification of the Spin-Off as a tax-free transaction under Sections 355 and Section 368(a)(1)(D) and related provisions of the Code. We will agree to indemnify Kellogg ParentCo for certain tax liabilities resulting from any such action.

In addition, we will agree that we may not, among other things, during the two-year period following the Spin-Off, except under certain specified circumstances (including certain open market repurchases of our stock to the extent permitted under the Tax Matters Agreement), issue, sell or redeem our stock or other securities (or those of certain of our subsidiaries); liquidate, merge or consolidate with another person; sell or dispose of assets outside the ordinary course of business or materially change the manner of operating our business; or enter into any agreement, understanding or arrangement, or engage in any substantial negotiations with respect to any transaction or series of transactions which would cause us to undergo a 35% or greater change in our stock ownership by value or voting power. These restrictions could limit our strategic and operational flexibility, including our ability to finance our operations by issuing equity securities, make acquisitions using equity securities, repurchase our equity securities (as described above), raise money by selling assets or enter into business combination transactions. We will also agree to indemnify Kellogg ParentCo for certain tax liabilities resulting from any such transactions. Further, as it relates to Section 355(e) and/or other requirements for a tax-free Distribution under the Code, our shareholders may consider these covenants and indemnity obligations unfavorable as they might discourage, delay or prevent a change of control.

***We may be unable to achieve some or all of the benefits that we expect to achieve from the Spin-Off.***

We believe that, as an independent, publicly traded company, we will be able to, among other matters, better focus our financial and operational resources on our specific business, growth profile and strategic priorities, design and implement corporate strategies and policies targeted to our operational focus and strategic priorities, streamline our processes and infrastructure to focus on our core strengths and implement and maintain a capital structure designed to meet our specific needs and more effectively respond to industry dynamics. However, we may be unable to achieve some or all of these benefits. For example, in order to position ourselves for the Spin-Off, we are undertaking a series of strategic, structural and process realignment and restructuring actions within our operations, including cost-reduction initiatives. These actions may not provide the cost benefits we currently expect, and could lead to disruption of our operations, loss of, or inability to recruit, key personnel needed to operate and grow our businesses following the Spin-Off, weakening of our internal standards, controls or procedures and impairment of our key customer and supplier relationships. In addition, completion of the proposed Spin-Off will require significant amounts of management's time and effort, which may divert management's attention from operating and growing our businesses. Further, our business will be less diversified than Kellogg ParentCo's business prior to the Spin-Off, and our business will also experience a loss of scale and access to certain financial, managerial and professional resources as well as product and brand power influence and recognition with some customers from which we have benefited in the past. We may also experience reduced access to capital and strategic flexibility because, for instance, we will no longer be able to use cash flow from Kellogg ParentCo to fund investments and operations. Additionally, we may be more susceptible to market fluctuations and other adverse events than we would have been were we still a part of Kellogg ParentCo. If we fail to achieve some or all of the benefits that we expect to achieve as an independent company, or do not achieve them in the time we expect, our business, financial condition and results of operations could be materially and adversely affected.

*We may be unable to make, on a timely or cost-effective basis, the changes necessary to operate as an independent company.*

We have historically operated as part of Kellogg ParentCo's corporate organization, and Kellogg ParentCo has assisted us by providing various corporate functions. Following the Spin-Off, Kellogg ParentCo will have no obligation to provide us with assistance other than the transition and certain other services described under "Certain Relationships and Related Party Transactions—Agreements with Kellogg ParentCo." These services may not include every service we have received from Kellogg ParentCo in the past, and Kellogg ParentCo is only obligated to provide these services for limited periods from the date of the Spin-Off. Accordingly, once the Spin-Off occurs and the Transition Services Agreement, Supply Agreement and Management Services Agreement expire, we will need to provide internally or obtain from unaffiliated third parties the services we currently receive from Kellogg ParentCo. The services under these agreements will likely include information technology, procurement, distribution, logistics and order to delivery, research and development, accounting, finance, compliance and administrative activities, the effective and appropriate performance of which is critical to our operations. We may be unable to replace these services in a timely manner or on terms and conditions as favorable as those we receive from Kellogg ParentCo. In particular, Kellogg ParentCo's information technology networks and systems are complex, and duplicating these networks and systems will be challenging. We may face information technology disruptions as certain data, software, information technology hardware and other information technology assets and systems are transitioned or re-allocated between us and Kellogg ParentCo, or as we implement new systems or upgrades in connection with such transition. In addition, the efforts related to the separation of the information technology environment will require significant resources that could impact our ability to keep pace with ongoing advancement of information technology needs of the business.

Our ability to effectively manage and operate our business depends significantly on information technology systems, and any failure, disruption, interruption, malfunction or other issue with respect to such systems could have a material adverse effect on our business and results of operations. Because our business previously operated as part of the wider Kellogg ParentCo organization, we may be unable to successfully establish the infrastructure or implement the changes necessary to operate independently, or we may incur additional costs that could adversely affect our business. Kellogg ParentCo may not successfully perform its obligations during the transition period or we may have to expend significant efforts or costs materially in excess of those estimated under the Transition Services Agreement. If we fail to obtain the quality of administrative services necessary to operate effectively or incur greater costs in obtaining these services, our profitability, financial condition and results of operations may be materially and adversely affected. Further, one-time costs relating to the separation may be material and may adversely affect our profitability. See "Certain Relationships and Related Party Transactions—Agreements with Kellogg ParentCo—Transition Services Agreement." Performing our obligations under the Transition Services Agreement may require significant time and resources and may divert management's attention from the operation of WK Kellogg Co. Kellogg ParentCo may not successfully perform its obligations during the transition period, or we may have to expend significant efforts or costs materially in excess of those estimated under the Transition Services Agreement. Any interruption in these services could have a material adverse effect on our business, results of operations, financial condition and cash flows.

In connection with the Spin-Off, we intend to implement a new fully integrated enterprise resource planning system before the conclusion of the Transition Services Agreement. This implementation could result in a major disruption to our business controls and procedures, and any disruption could have a negative effect on our business, operating results, financial condition and ability to timely and accurately report our financial results. In addition, implementing a new enterprise resource planning system may require significant resources and refinement to fully realize the expected benefits of the system.

In addition, we expect to enter into the Supply Agreement, pursuant to which Kellogg ParentCo will manufacture and supply to us certain products of the Cereal Business currently manufactured at Kellogg ParentCo facilities that will not be transferred to us in connection with the Spin-Off, and the Management Services Agreement, pursuant to which Kellogg ParentCo will grant us the right to use its pilot plant located in Battle Creek,

Michigan, to conduct research and development and product trials. If Kellogg ParentCo does not successfully perform its obligations under these agreements, we may face production disruptions or be unable to innovate effectively, or we may not be able to procure substitute products from another manufacturer in a timely manner or at all, any of which could have a material adverse effect on our business. See “Certain Relationships and Related Party Transactions—Agreements with Kellogg ParentCo—Supply Agreement” and “—Management Services Agreement.”

***We have no operating history as an independent, publicly traded company, and our historical and pro forma financial statements are not necessarily representative of the results we would have achieved as an independent, publicly traded company and may not be a reliable indicator of future results.***

We derived the historical and pro forma financial statements included in this Information Statement from Kellogg ParentCo’s combined financial statements and this information does not necessarily reflect the results of operations, financial position and cash flows we would have achieved as an independent, publicly traded company during the periods presented, or those that we will achieve in the future. This is primarily because of the following factors:

- Prior to the Spin-Off, we operated as part of Kellogg ParentCo’s broader corporate organization, rather than as an independent company. Kellogg ParentCo performed various corporate functions for us, including information technology, research and development, finance, legal, internal audit, insurance, compliance and human resources activities. Our historical and pro forma financial statements reflect allocations of corporate expenses from Kellogg ParentCo for these and similar functions. These allocations may not reflect the costs we will incur for similar services in the future as an independent company.
- We will enter into transactions with Kellogg ParentCo that did not exist prior to the Spin-Off. See “Certain Relationships and Related Party Transactions” for information regarding these transactions.
- Our working capital requirements and capital expenditures historically have been satisfied as part of Kellogg ParentCo’s corporate-wide cash management and centralized funding programs, and our cost of debt and other capital may significantly differ from that which is reflected in our historical combined financial statements.
- Our historical financial statements do not reflect changes that we expect to experience in the future as a result of our separation from Kellogg ParentCo, including changes in our cost structure, personnel needs, tax structure, financing and business operations. As part of Kellogg ParentCo, we enjoyed certain benefits from Kellogg ParentCo’s operating diversity, size, purchasing power and available capital for investments, and we will lose some or all of these benefits after the Spin-Off. After the Spin-Off, as an independent and smaller entity, we may be unable to purchase goods, services and technologies, such as insurance and health care benefits and computer software licenses, on terms as favorable to us as those we obtained as part of Kellogg ParentCo prior to the Spin-Off. In addition, our cost of debt and other capital may significantly differ from that which is reflected in our historical financial statements.

Following the Spin-Off, we will also be responsible for the additional costs associated with being an independent, publicly traded company, including costs related to corporate governance, investor and public relations and public reporting. Therefore, our pre-Spin Off financial statements may not be indicative of our future performance as an independent company. While we have been profitable as part of Kellogg ParentCo, we cannot assure you that our profits will continue at a similar level when we are a stand-alone company. For additional information about our past financial performance and the basis of presentation of our financial statements, see “Summary Unaudited Pro Forma Financial Data,” “Unaudited Pro Forma Combined Financial Statements,” “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and our historical combined financial statements and accompanying notes included elsewhere in this Information Statement.



The unaudited pro forma combined financial statements are subject to the assumptions and adjustments described in the accompanying notes. While we believe that these assumptions and adjustments are reasonable under the circumstances and given the information available at this time, these assumptions and adjustments are subject to change as Kellogg ParentCo and we finalize the terms of the Spin-Off and our agreements related to the Spin-Off.

***While Kellogg ParentCo has no plan or intention to engage in, or own and operate, a business that competes with the Cereal Business, Kellogg ParentCo has a significant understanding of our business and, notwithstanding the non-competition agreement with Kellogg ParentCo, there may be opportunities for Kellogg ParentCo to compete against us following the Spin-Off.***

Prior to the Spin-Off, we have operated as part of Kellogg ParentCo, and many of its officers, directors and employees have participated in the development and execution of our corporate strategy and the management of our day-to-day operations. Following the Spin-Off, Kellogg ParentCo will have significant knowledge of our products, operations, strengths, weaknesses and strategies, and will be a licensor of trademarks and other intellectual property rights used in the Cereal Business. Based on Kellogg ParentCo's knowledge of our corporate strategy and the management of our day-to-day operations, it will also be positioned to develop cereal-based products and snacks throughout the world, some of which may compete against our products in the United States, Canada and the Caribbean. Although following the Spin-Off and in connection with the Intellectual Property Agreements, Kellogg ParentCo generally will not have rights to use trademarks used in the Cereal Business or other existing intellectual property used in the Cereal Business (such as processing know-how and formulations) to sell cereal in the United States, Canada and the Caribbean, it will not be restricted, beyond a brief and limited mutual non-competition period, from developing new brands, new products using new technology and formulations in the same product categories as the Cereal Business and marketing such products under trademarks other than the trademarks of the Cereal Business in the United States, Canada and the Caribbean. Because of Kellogg ParentCo's competitive insight into our operations, competition from Kellogg ParentCo may materially and adversely affect our product sales, financial condition and results of operations.

***We expect to incur indebtedness in connection with the Spin-Off, and the degree to which we will be leveraged following completion of the Spin-Off may materially and adversely affect our business, financial condition and results of operations.***

We have historically relied upon Kellogg ParentCo for working capital requirements on a short-term basis and for other financial support functions. After the Spin-Off, we will not be able to rely on Kellogg ParentCo's earnings, assets or cash flow, and we will be responsible for servicing our own debt, obtaining and maintaining sufficient working capital and paying dividends. In connection with the Spin-Off, we expect to enter into a Credit Agreement (defined herein), consisting of a \$500 million term loan, \$250 million delayed draw term loan and \$350 million multicurrency revolving credit facility. We currently intend to use the net proceeds from these borrowings to finance ongoing working capital needs and for general corporate purposes, and a portion of the term loans will be used to make a cash distribution to Kellogg ParentCo and to pay fees and expenses related to the Spin-Off and the Credit Facility (defined herein). See "Description of Material Indebtedness." Immediately following the Spin-Off, we expect to have total indebtedness of approximately \$500 million, all of which is expected to be secured. Such indebtedness could have important consequences, including (i) impairing the ability to access global capital markets to obtain additional financing for working capital, capital expenditures, acquisitions or general corporate purposes, particularly if the ratings assigned to our debt securities by rating organizations were revised downward or if a rating organization announces that our ratings are under review for a potential downgrade, (ii) restricting our flexibility in responding to changing market conditions or making us more vulnerable in the event of a general downturn in economic conditions or our business, (iii) requiring a substantial portion of the cash flow from operations to be dedicated to the payment of principal and interest on our debt, reducing the funds available to us for other purposes such as expansion through acquisitions, paying dividends, repurchasing shares, marketing and other spending and expansion of our product offerings and (iv) and causing us to be more leveraged than some of our competitors, which may place us at a competitive disadvantage. In addition, upon completion of the Spin-Off, we expect our indebtedness to have a non-investment grade rating, which will likely make it more difficult or more expensive for us to obtain additional debt financing.

Our ability to make payments on and to refinance our indebtedness, including the debt expected to be retained or incurred pursuant to the Spin-Off as well as any future debt that we may incur, will depend on our ability to generate cash in the future from operations, financings or asset sales. Our ability to generate cash is subject to general economic, financial, competitive, legislative, regulatory and other factors that are beyond our control. In particular, in a rising interest rate environment, debt financing will become more expensive and may have higher transactional and servicing costs. The potential inability to obtain adequate funding from debt sources in the future as a result of high interest rates could force us to self-fund strategic initiatives or forego certain opportunities, which in turn could materially adversely affect our financial condition and results of operations. We may not generate sufficient funds to service our debt and meet our business needs, such as funding working capital or the expansion of our operations. If we are not able to repay or refinance our debt as it becomes due, we may be forced to take disadvantageous actions, including reducing spending on marketing, retail trade incentives, advertising and new product innovation, reducing financing in the future for working capital, capital expenditures and general corporate purposes, selling assets or dedicating an unsustainable level of our cash flow from operations to the payment of principal and interest on our indebtedness. In addition, our ability to withstand competitive pressures and to react to changes in the food industry could be impaired. Future financing arrangements, including any potential credit facilities, may contain restrictions, covenants and events of default that, among other things, could limit our ability to respond to market conditions, provide for capital investment needs or take advantage of business opportunities by restricting our ability to incur or guarantee additional indebtedness or requiring us to offer to repurchase such indebtedness in the event of a change of control or a change of control triggering event; pay dividends or make distributions; make investments or acquisitions; sell, transfer or otherwise dispose of certain assets; create liens; consolidate or merge; enter into transactions with affiliates; and prepay and repurchase or redeem certain indebtedness. The lenders who hold our debt could also accelerate amounts due in the event that we default, which could potentially trigger a default or acceleration of the maturity of our other debt.

In addition, our leverage could put us at a competitive disadvantage compared to our competitors that are less leveraged. These competitors could have greater financial flexibility to pursue strategic acquisitions and secure additional financing for their operations. Our substantial leverage could also impede our ability to withstand downturns in our industry or the economy in general as well as our ability to expand into complementary categories.

***We may increase our debt or raise additional capital in the future, which could affect our financial health and may decrease our profitability.***

We may increase our debt or raise additional capital in the future, subject to restrictions in our debt agreements. In addition, our Board may issue shares of preferred stock without further action by holders of our common stock. If our cash flow from operations is less than we anticipate, or if our cash requirements are more than we expect, we may require more financing. However, debt or equity financing may not be available to us on terms we find acceptable, if at all. If we incur additional debt or raise equity through the issuance of our preferred stock, the terms of the debt or our preferred stock issued may give the holders rights, preferences and privileges senior to those of holders of our common stock, particularly in the event of liquidation. If we raise funds through the issuance of additional equity, your ownership in us would be diluted. Also, regardless of the terms of our debt or equity financing, our agreements and obligations under the Tax Matters Agreement may limit our ability to issue stock. For a more detailed discussion, see “— We intend to agree to numerous restrictions to preserve the non-recognition treatment of the Spin-Off, which may reduce our strategic and operating flexibility.” If we are unable to raise additional capital when needed, our financial condition, and thus your investment in us, could be materially and adversely affected.

***The obligations associated with being a public company will require significant resources and management attention.***

Currently, we are not directly subject to the reporting and other requirements of the Exchange Act. Following the effectiveness of the Registration Statement of which this Information Statement forms a part, we will be directly subject to such reporting and other obligations under the Exchange Act and the rules of the NYSE. As an independent public company, we will be required to, among other things:

- prepare and distribute periodic reports, proxy statements and other shareholder communications in compliance with the federal securities laws and rules;

- have our own board of directors and committees thereof, which comply with federal securities laws and rules;
- maintain an internal audit function;
- institute our own financial reporting and disclosure compliance functions, including the full implementation of a new enterprise risk management system;
- establish an investor relations function;
- establish internal policies, including those relating to trading in our securities and disclosure controls and procedures; and
- comply with the Sarbanes-Oxley Act and the Dodd-Frank Act, and the rules and regulations implemented by the SEC, the Public Company Accounting Oversight Board and the NYSE.

These reporting and other obligations will place significant demands on our management and our administrative and operational resources, including accounting resources, and we expect to face increased legal, accounting, administrative and other costs and expenses relating to these demands that we had not incurred as a part of Kellogg ParentCo. Our investment in compliance with existing and evolving regulatory requirements will result in increased administrative expenses and a diversion of management's time and attention from revenue-generating activities to compliance activities, which could have a material adverse effect on our business, results of operations, financial condition and cash flows.

***If we fail to maintain effective internal controls, we may not be able to report our financial results accurately or timely or to prevent or detect fraud, which could have a material adverse effect on our business or the market price of our securities.***

In accordance with Section 404 of the Sarbanes-Oxley Act, our management will be required to conduct an annual assessment of the effectiveness of our internal control over financial reporting and include a report on these internal controls in the annual reports we will file with the SEC on Form 10-K. Our independent registered public accounting firm will not be required to formally attest to the effectiveness of our internal control over financial reporting until the year following the first annual report required to be filed with the SEC. When required, this process will require significant documentation of policies, procedures and systems, review of that documentation by our internal auditing and accounting staff and our outside independent registered public accounting firm, and testing of our internal controls over financial reporting by our internal auditing and accounting staff and our outside independent registered public accounting firm. This process will involve considerable time and attention, may strain our internal resources, and will increase our operating costs. We may experience higher than anticipated operating expenses and outside auditor fees during the implementation of these changes and thereafter. If management or our independent registered public accounting firm determines that our internal control over financial reporting is not effective, investors may lose confidence in the accuracy and completeness of our financial reports, the market price of our common stock could be negatively affected, and we could become subject to investigations by the NYSE, the SEC or other regulatory authorities, which could require additional financial and management resources. In addition, if our controls are not effective, our ability to accurately and timely report our financial position could be impaired, which could result in late filings of our annual and quarterly reports under the Exchange Act, restatements of our financial statements, a decline in our stock price, or suspension or delisting of our common stock from the NYSE, and could have a material adverse effect on our business, financial condition and results of operations.

***After the Spin-Off, certain of our directors and officers may have actual or potential conflicts of interest because of their Kellogg ParentCo equity ownership or their former Kellogg ParentCo positions.***

Certain of the persons we expect to become our executive officers and directors have been, and will be until the Spin-Off, Kellogg ParentCo officers, directors or employees and thus have professional relationships with

Kellogg ParentCo's executive officers, directors or employees. In addition, because of their former Kellogg ParentCo positions, following the Spin-Off, certain of our directors and executive officers may own Kellogg ParentCo common stock or options to acquire shares of Kellogg ParentCo common stock, and the individual holdings may be significant for some of these individuals compared to their total assets. These relationships and financial interests may create, or may create the appearance of, conflicts of interest when these directors and officers are faced with decisions that could have different implications for Kellogg ParentCo and us. For example, potential conflicts of interest could arise in connection with the resolution of any dispute that may arise between Kellogg ParentCo and us regarding the terms of the agreements governing the Spin-Off and the relationship thereafter between the companies.

***There can be no assurance that we will be able to obtain insurance coverage following the Spin-Off on terms that justify its purchase, and any such insurance may not be adequate to offset costs associated with certain events.***

We will have to obtain our own insurance policies after the Spin-Off is complete. Although we expect to have insurance policies in place as of the Distribution Date that cover certain, but not all, hazards that could arise from our operations, we can provide no assurance that we will be able to obtain such coverage, that the costs of such coverage will be similar to those incurred by Kellogg ParentCo or that such coverage will be adequate to protect us from costs incurred with certain events. The occurrence of an event that is not insured or not fully insured could have a material adverse effect on our results of operations, financial condition and cash flows in the future.

***Transfer or assignment to us of some contracts and other assets will require the consent of a third party. If such consent is not given, we may not be entitled to the benefit of such contracts, investments and other assets in the future.***

Transfer or assignment of some of the contracts and other assets in connection with the Spin-Off will require the consent of a third party to the transfer or assignment. Similarly, in some circumstances, we are joint beneficiaries of contracts, and we will need to enter into a new agreement with the third party to replicate the existing contract or assign the portion of the existing contract related to the Cereal Business. While we anticipate that most of these contract assignments and new agreements will be obtained prior to the Spin-Off, we may not be able to obtain all required consents or enter into all such new agreements, as applicable, until after the Distribution Date. Some parties may use the requirement of a consent to seek more favorable contractual terms from us, which could include our having to obtain letters of credit or other forms of credit support. If we are unable to obtain such consents or such credit support on commercially reasonable and satisfactory terms, we may be unable to obtain some of the benefits, assets and contractual commitments that are intended to be allocated to us as part of the Spin-Off. In addition, where we do not intend to obtain consent from third-party counterparties based on our belief that no consent is required, the third-party counterparties may challenge the transaction on the basis that the terms of the applicable commercial arrangements require their consent. We may incur substantial litigation and other costs in connection with any such claims and, if we do not prevail, our ability to use these assets could be adversely impacted.

We cannot provide assurance that all such required third-party consents and new agreements will be procured or put in place, as applicable, prior to the Distribution Date. Consequently, we may not realize certain of the benefits that are intended to be allocated to us as part of the Spin-Off.

***We may have received better terms from unaffiliated third parties than the terms we received in our agreements with Kellogg ParentCo entered into in connection with the Spin-Off.***

The agreements related to the Spin-Off from Kellogg ParentCo were negotiated in the context of the Spin-Off from Kellogg ParentCo while we were still part of Kellogg ParentCo. Although these agreements are intended to be on an arm's-length basis, they may not reflect terms that would have resulted from arm's-length negotiations among unaffiliated third parties. The terms of the agreements being negotiated in the context of the separation are related to, among other things, allocations of assets and liabilities, rights and indemnification and other

obligations between us and Kellogg ParentCo. To the extent that certain terms of those agreements provide for rights and obligations that could have been procured from third parties, we may have received better terms from third parties because third parties may have competed with each other to win our business. See “Certain Relationships and Related Party Transactions—Agreements with Kellogg ParentCo.”

### **Risks Related to Our Common Stock**

***Because there has not been any public market for our common stock, the market price and trading volume of our common stock may be volatile and you may not be able to resell your shares at or above the initial market price of our common stock following the Spin-Off.***

Prior to the Spin-Off, there will have been no trading market for shares of our common stock. An active trading market may not develop or be sustained for our common stock after the Spin-Off, and we cannot predict the prices at which our common stock will trade after the Spin-Off. In addition, because no vote of Kellogg ParentCo shareholders is required in connection with the Distribution, if Kellogg ParentCo shareholders disagree with the Spin-Off, their only recourse will be selling their WK Kellogg Co shares after the Spin-Off, which could impact the market price of our common stock. The market price of our common stock could fluctuate significantly due to a number of factors, many of which are beyond our control, including:

- fluctuations in our quarterly or annual earnings results or those of other companies in our industry;
- failures of our operating results to meet the estimates of securities analysts or the expectations of our shareholders, or changes by securities analysts in their estimates of our future earnings;
- announcements by us or our customers, suppliers or competitors;
- changes in market valuations or earnings of other companies in our industry;
- changes in laws or regulations which adversely affect our industry or us;
- general economic, industry and stock market conditions;
- future significant sales of our common stock by our shareholders or the perception in the market of such sales;
- future issuances of our common stock by us; and
- the other factors described in these “Risk Factors” and elsewhere in this Information Statement.

These and other factors may cause the market price and demand for our common stock to fluctuate substantially, which may limit or prevent investors from readily selling their shares of common stock and may otherwise negatively affect the liquidity of our common stock. In addition, in the past, when the market price of a stock has been volatile, holders of that stock have instituted securities class action litigation against the company that issued the stock. If any of our shareholders brought a lawsuit against us, we could incur substantial costs defending the lawsuit. Such a lawsuit could also divert the time and attention of our management from our business.

The trading market for our common stock may also be influenced by the research and reports that industry or securities analysts publish about us or our business. If one or more of these analysts cease coverage of our company or fail to publish reports on us regularly, we could lose visibility in the financial markets, which in turn could cause our stock price or trading volume to decline. Moreover, if one or more of the analysts who cover us downgrade our stock, or if our results of operations do not meet their expectations, our stock price could decline.

***A large number of our shares are or will be eligible for future sale, which may cause the market price of our common stock to decline.***

Upon completion of the Spin-Off, we estimate that we will have outstanding an aggregate of approximately 85,595,123 shares of our common stock (based on 342,380,495 shares of Kellogg ParentCo common stock outstanding on August 1, 2023). All of those shares (other than those held by our “affiliates”) will be freely tradable without restriction or registration under the Securities Act of 1933, as amended (the “Securities Act”). Shares held by our affiliates, which include our directors and executive officers, can be sold subject to volume,

manner of sale and notice provisions of Rule 144 under the Securities Act. We estimate that our directors and executive officers, who may be considered “affiliates” for purposes of Rule 144, will beneficially own approximately 451,910 shares of our common stock immediately following the Spin-Off. We are unable to predict whether large amounts of our common stock will be sold in the open market following the Spin-Off. We are also unable to predict whether a sufficient number of buyers will be in the market at that time. In addition, other Kellogg ParentCo shareholders may sell the shares of our common stock they receive in the Spin-Off for various reasons. For example, such shareholders may not believe our business profile or level of market capitalization as an independent company fits their investment objectives.

***Provisions in our amended and restated certificate of incorporation and amended and restated bylaws and certain provisions of Delaware law could delay or prevent a change in control of WK Kellogg Co.***

The existence of certain provisions of our amended and restated certificate of incorporation and amended and restated bylaws and Delaware law could discourage, delay or prevent a change in control of WK Kellogg Co that a shareholder may consider favorable. These include provisions:

- providing the right to our Board to issue one or more classes or series of preferred stock and to determine the price and other terms of those shares, including preferences and voting rights, without shareholder approval;
- authorizing a large number of shares of stock that are not yet issued, which would allow our Board to issue shares to persons friendly to current management, thereby protecting the continuity of our management, or which could be used to dilute the stock ownership of persons seeking to obtain control of us;
- permitting the Board to amend our amended and restated bylaws, which may allow the Board to take additional actions to prevent an unsolicited takeover and inhibit the ability of an acquirer to amend the bylaws to facilitate an unsolicited takeover attempt;
- prohibiting shareholders from taking action by written consent; and
- establishing advance notice and other requirements for nominations of candidates for election to our Board or for proposing matters that can be acted on by shareholders at the annual shareholder meetings.

We believe these provisions will protect our shareholders from coercive or otherwise unfair takeover tactics by requiring potential acquirers to negotiate with our Board and by providing our Board with the time to assess any acquisition proposal. These provisions are not intended to prevent or discourage takeovers. However, these provisions apply even if a takeover offer may be considered beneficial by some shareholders and could delay or prevent an acquisition that our Board determines is not in our and our shareholders’ best interests. These provisions could also have the effect of depriving shareholders of an opportunity to sell their shares at a premium over prevailing market prices by discouraging third parties from seeking to obtain control of our business in a tender offer or similar transaction.

Our Board will be classified for the first three annual meetings of shareholders following the Spin-Off. With our classified Board, at least two annual meetings of shareholders will generally be required in order to effect a change in a majority of our directors. Our classified Board can discourage proxy contests for the election of directors and purchases of substantial blocks of our shares by making it more difficult for a potential acquirer to gain control of our board of directors in a relatively short period of time. See “Description of Our Capital Stock.”

***Our amended and restated certificate of incorporation will designate Delaware as the exclusive forum for certain litigation that may be initiated by our shareholders, which could limit our shareholders’ ability to obtain a preferred judicial forum for disputes with us and limit the market price of our common stock.***

Pursuant to our amended and restated certificate of incorporation, as will be in effect upon the completion of the Spin-Off, unless we consent in writing to the selection of an alternative forum, the Court of Chancery of the State

of Delaware shall, to the fullest extent permitted by law, be the sole and exclusive forum for (i) any derivative action or proceeding brought on our behalf; (ii) any action asserting a claim of breach of a fiduciary duty by, or other wrongdoing by, any of our current or former directors, officers or shareholders to us or our shareholders, or a claim of aiding and abetting any such breach of fiduciary duty; (iii) any action asserting a claim against us or any of our directors, officers or shareholders arising pursuant to any provision of the Delaware General Corporation Law (the “DGCL”) or our amended and restated certificate of incorporation or amended and restated bylaws; (iv) any action to interpret, apply, enforce or determine the validity of our amended and restated certificate of incorporation or amended and restated bylaws; (v) any action asserting a claim against us or any of our directors, officers or shareholders that is governed by the internal affairs doctrine; or (vi) any action asserting an “internal corporate claim” as that term is defined in Section 115 of the DGCL. These exclusive forum provisions will apply to all covered actions, including any covered action in which the plaintiff chooses to assert a claim or claims under federal law in addition to a claim or claims under Delaware law. These exclusive forum provisions, however, will not apply to actions asserting claims under the Securities Act or the Exchange Act or any other claim for which the federal courts have exclusive jurisdiction, regardless of whether the Court of Chancery of the State of Delaware has jurisdiction over those claims. The forum selection clause in our amended and restated certificate of incorporation may limit our shareholders’ ability to obtain a preferred judicial forum for disputes with us and limit the market price of our common stock. Our amended and restated certificate of incorporation will also provide that unless we consent in writing to the selection of an alternative forum, the federal district courts of the United States shall be the sole and exclusive forum for the resolution of any complaint asserting a cause of action arising under the Securities Act against us or any of our directors, officers, employees or agents.

The choice of forum provision may result in increased costs for investors to bring a claim. Further, the choice of forum provision may limit a shareholder’s ability to bring a claim in a judicial forum that it finds favorable for disputes with us or our directors, officers, other employees, or shareholders, which may discourage such lawsuits against us and our directors, officers, other employees, or shareholders. However, there is uncertainty as to whether a court would enforce a choice of forum provision, and the enforceability of similar forum provisions in other companies’ organizational documents has been challenged in legal proceedings. If a court were to find the exclusive choice of forum provision contained in our certificate of incorporation to be inapplicable or unenforceable in an action, we may incur additional costs associated with resolving such action in other jurisdictions, which could harm our business, results of operations and financial condition. Furthermore, investors cannot waive compliance with the federal securities laws and regulations thereunder.

***Shareholders’ percentage ownership in WK Kellogg Co may be diluted in the future.***

In the future, shareholders’ percentage ownership in WK Kellogg Co may be diluted because of equity issuances for acquisitions, strategic investments, capital market transactions or otherwise, including equity awards that we may grant to our directors, officers, and employees. Our Compensation and Talent Management Committee expects to grant additional equity awards to our employees after the Spin-Off. These awards would have a dilutive effect on our earnings per share, which could adversely affect the market price of our common stock. From time to time, we may issue additional equity awards to our employees under our employee compensation and benefit plans.

In addition, our amended and restated certificate of incorporation will authorize us to issue, without the approval of our shareholders, one or more classes or series of preferred stock having such designations, powers, preferences and relative, participating, optional and other rights, and such qualifications, limitations or restrictions as our Board generally may determine. The terms of one or more classes or series of preferred stock could dilute the voting power or reduce the value of our common stock. For example, we could grant holders of preferred stock the right to elect some number of our directors in all events or on the happening of specified events or the right to veto specified transactions. Similarly, the repurchase or redemption rights or dividend, distribution or liquidation preferences we could assign to holders of preferred stock could affect the residual value of the common stock. See “Description of Our Capital Stock—Preferred Stock.”

***Our common stock is and will be subordinate to all of our future indebtedness and any preferred stock, and effectively subordinated to all indebtedness and preferred equity claims against our subsidiaries.***

Shares of our common stock are common equity interests in us and, as such, will rank junior to all of our future indebtedness and other liabilities. Additionally, holders of our common stock may become subject to the prior dividend and liquidation rights of holders of any class or series of preferred stock that our Board may designate and issue without any action on the part of the holders of our common stock. Furthermore, our right to participate in a distribution of assets upon any of our subsidiaries' liquidation or reorganization is subject to the prior claims of that subsidiary's creditors and preferred shareholders.

***We cannot assure shareholders that our Board will declare dividends in the future.***

The declaration and amount of any dividends to holders of our common stock will be at the discretion of our Board and will depend upon many factors, including our financial condition, earnings, cash flows, capital requirements of our business, covenants associated with our debt obligations, legal requirements, regulatory constraints, industry practice and any other factors the Board deems relevant. We may incur expenses or liabilities or be subject to other circumstances in the future that reduce or eliminate the amount of cash that we have available for distribution as dividends, including as a result of the risks described herein.

## **General Risk Factors**

***We are subject to risks generally associated with companies that operate in certain international markets.***

We manufacture our products in United States, Canada and Mexico and have operations in the United States, Canada, Mexico and the Caribbean. Accordingly, we are subject to risks inherent in multinational operations. Those risks include (i) compliance with U.S. laws affecting operations outside of the United States, (ii) compliance with anti-corruption laws, (iii) compliance with antitrust and competition laws, data privacy laws, and a variety of other local, national and multi-national regulations and laws in multiple regimes, (iv) changes in tax laws, interpretation of tax laws and tax audit outcomes, (v) fluctuations or devaluations in currency values, especially in emerging markets, (vi) changes in capital controls, including currency exchange controls, or other limits on our ability to import raw materials or finished product, (vii) changes in local regulations and laws, the lack of well-established, reliable and/or impartial legal systems in certain countries in which we operate and the uncertainty of enforcement of remedies in such jurisdictions, (viii) laws relating to information security, privacy, cashless payments, and consumer protection, (ix) discriminatory or conflicting fiscal policies, (x) challenges associated with cross-border product distribution, (xi) increased sovereign risk, (xii) varying abilities to enforce intellectual property, contractual, and other legal rights, (xiii) loss of ability to manage our operations in certain markets which could result in the deconsolidation of such businesses, (xiv) design and implementation of effective control environment processes across our diverse operations and employee base, (xv) imposition of more or new tariffs, quotas, trade barriers, price controls, and similar restrictions in the countries in which we or our suppliers or manufacturers operate or regulations, taxes or policies that might negatively affect our sales, and (xvi) changes in trade policies and trade relations.

In addition, political and economic changes or volatility, geopolitical regional conflicts, terrorist activity, political unrest and government shutdowns, civil strife, acts of war, public corruption, expropriation and other economic or political or social uncertainties could interrupt and negatively affect our business operations or customer demand. The slowdown in economic growth or high unemployment in some emerging markets could constrain consumer spending, and declining consumer purchasing power could adversely impact our profitability. Continued instability in the dynamics associated with the federal and state debt and budget challenges in the United States could adversely affect us. All of these factors could result in increased costs or decreased revenues, and could materially and adversely affect our product sales, financial condition and results of operations.

There may be uncertainty as a result of key global events during 2022 that are expected to continue throughout 2023. For example, rising interest rates and inflation, recessionary pressures, geopolitical uncertainty, including



wars (such as the conflict in Ukraine), fiscal and monetary policy uncertainty, the continuing uncertainty related to the COVID-19 pandemic, international trade disputes, as well as ongoing terrorist activity, may adversely impact global stock markets (including the NYSE, on which our common shares will be traded) and general global economic conditions. All of these factors are outside of our control but may nonetheless cause us to adjust our strategy in order to compete effectively in certain international markets.

***Our performance is affected by general economic, political and social conditions and taxation policies.***

Customer and consumer demand for our products may be impacted by the negative impacts caused by pandemics and public health crises (including the COVID-19 pandemic), recession, financial and credit market disruptions, government shutdowns or other economic downturns in the United States or other nations. Our results in the past have been, and in the future may continue to be, materially affected by changes in general economic, political and social conditions in the United States and other countries, including the interest rate environment in which we conduct business, the financial markets through which we access capital and currency, trade policy, political and social unrest and terrorist acts in the United States or other countries in which we carry on business.

Deteriorating economic conditions, such as inflation, economic slowdowns or recessions, increased unemployment, decreases in disposable income or declines in consumer confidence, including as a result of COVID-19, could result in reductions in sales of our products, reduced acceptance of innovations, and increased price competition. Such deterioration in any of the countries in which we do business could also cause slower collections on accounts receivable which may adversely impact our liquidity and financial condition. In addition, significant COVID-19 related changes in the political conditions in markets in which we manufacture, sell or distribute our products (including quarantines, import/export restrictions, price controls, governmental or regulatory actions, closures, or other restrictions that limit or close our operating and manufacturing facilities, restrict our employees' ability to travel or perform necessary business functions or otherwise prevent our third-party suppliers or customers from sufficiently staffing operations, including operations necessary for the production, distribution, sale, and support of our products) could adversely impact our operations and results.

Financial institutions may be negatively impacted by economic conditions, including rising inflation and interest rates, and may consolidate or cease to do business which could result in a tightening in the credit markets, a low level of liquidity in many financial markets, and increased volatility in fixed income, credit, currency and equity markets. Adverse macroeconomic conditions have increased volatility and pricing in the capital markets and as a result, we may not have access to preferred sources of liquidity when needed or on terms we find acceptable, causing our borrowing costs to increase. An economic or credit crisis could impair credit availability and our ability to raise capital when needed. A disruption in the financial markets may have a negative effect on our derivative counterparties and could impair our banking or other business partners, on whom we rely for access to capital and as counterparties to our derivative contracts. Any of these events would likely harm our business, results of operations and financial condition.

***Potential liabilities and costs from litigation could adversely affect our business.***

There is no guarantee that we will be successful in defending WK Kellogg Co in civil, criminal or regulatory actions (inclusive of class action lawsuits and foreign litigation), including under general, commercial, employment, environmental, data privacy or security, intellectual property, food quality and safety, anti-trust and trade, and advertising claims, and environmental laws and regulations, or in asserting our rights under various laws. For example, our marketing or claims could face allegations of false or deceptive advertising or other criticisms which could end up in litigation and result in potential liabilities or costs. Furthermore, actions we have taken or may take, or decisions we have made or may make, as a consequence of the COVID-19 pandemic, may result in investigations, legal claims or litigation against us. As a result, we could incur substantial costs and fees in defending ourselves, in asserting our rights in these actions or in meeting new legal requirements. The costs and other effects of potential and pending litigation and administrative actions against us, and new legal requirements, cannot be determined with certainty and may differ from expectations. In addition, we may be

impacted by litigation trends, including class action lawsuits involving consumers, employees, and shareholders, which could have a material adverse effect on our reputation, the market price of our common stock, results of operations and financial condition.

***Our operations face foreign currency exchange rate exposure, which could negatively impact our operating results.***

We hold assets and incur liabilities, earn revenue and pay expenses in a variety of currencies other than the U.S. dollar, including the Canadian dollar and the Mexican peso. Because our financial statements are presented in U.S. dollars, we must translate our assets, liabilities, revenue and expenses into U.S. dollars at then-applicable exchange rates and face exposure to adverse movements in foreign currency exchange rates. Consequently, changes in the value of the U.S. dollar may unpredictably and negatively affect the value of these items in our financial statements, even if their value has not changed in their original currency.

## CAUTIONARY STATEMENT CONCERNING FORWARD-LOOKING STATEMENTS

This Information Statement contains a number of “forward-looking statements.” Words such as “anticipates,” “estimates,” “expects,” “projects,” “forecasts,” “intends,” “plans,” “continues,” “believes,” “may,” “will,” “goals” and variations of such words and similar expressions are intended to identify our forward-looking statements. Examples of forward-looking statements include, but are not limited to, statements, beliefs and expectations regarding the consummation of the Spin-Off and our business strategies, market potential, future financial performance, dividends, the impact of new accounting standards, costs to be incurred in connection with the Spin-Off, results of pending legal matters, our goodwill and other intangible assets, price volatility and cost environment, our liquidity, our funding sources, expected pension contributions, capital expenditures and funding, our financial covenants, repayments of debt, off-balance sheet arrangements and contractual obligations, our accounting policies, general views about future operating results and other events or developments that we expect or anticipate will occur in the future. These forward-looking statements are subject to a number of important factors, including those factors discussed in detail under “Risk Factors” in this Information Statement, which could cause our actual results to differ materially from those indicated in any such forward-looking statements. These factors include, but are not limited to:

- our inability to complete the Spin-Off on the terms or timeline currently contemplated, if at all;
- failure of the Contribution and the Distribution to qualify for non-recognition treatment for U.S. federal income tax purposes;
- failure of the Canadian aspects of the Internal Reorganization to qualify for tax-deferred treatment for Canadian federal and provincial income tax purposes;
- our indemnification obligations to Kellogg ParentCo if the transactions we undertake in the Spin-Off do not qualify for non-recognition treatment;
- reduction of our strategic and operating flexibility as we agree to numerous restrictions to preserve the non-recognition treatment of the transactions;
- our inability to achieve some or all of the benefits that we expect to achieve from the Spin-Off;
- our inability to make, on a timely or cost-effective basis, the changes necessary to operate as an independent company;
- our lack of an operating history as an independent, publicly traded company;
- Kellogg ParentCo’s significant understanding of our business and positioning to compete against us following the Spin-Off;
- risks associated with our indebtedness and ability to raise capital;
- risks associated with being a public company;
- our inability to maintain effective internal controls or report our financial results timely or accurately;
- potential conflicts of interest of certain of our directors or officers;
- failure of third parties to consent to transferring or assigning to us certain contracts or assets;
- risks associated with being a smaller company than Kellogg ParentCo and no longer operating as part of a globally diversified company;
- a decline in the demand for ready-to-eat cereals;
- supply chain disruptions and increases in costs and/or shortages of raw materials, labor, fuels and utilities as a result of geopolitical, economic and market conditions;
- our inability to maintain consumers’ favorable perception of our brands;
- unanticipated business disruptions;

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- our inability to realize the benefits we expect from revenue growth management;
- our inability to achieve our targeted cost savings and efficiencies from cost reduction initiatives;
- our inability to successfully consummate favorable strategic acquisitions, alliances, divestitures or joint ventures or to successfully integrate acquired businesses;
- the impact on our operations and financial condition from the effects of pandemics, epidemics or disease outbreaks, including the COVID-19 pandemic;
- material disruptions at our manufacturing facilities;
- increased labor costs as a result of shortage in the labor pool, failure to successfully negotiate collectively bargained agreements, or other general inflationary pressures or changes in applicable laws and regulations;
- increasing post-retirement benefit-related costs and funding requirements;
- our inability to obtain sufficient capital to grow our business and increase our revenues;
- risks associated with an impairment of the carrying value of goodwill or other acquired intangibles;
- our inability to attract, develop and retain the highly skilled people we need to support our business;
- increases in the price of raw materials, including agricultural commodities, packaging, fuel and labor;
- increases in transportation costs and reduced availability of or increases in the price of oil or other fuels;
- our inability to compete in the highly competitive food industry, including with respect to retail and shelf space;
- the changing retail environment and the growing presence of alternative retail channels;
- our inability to successfully develop new products and processes;
- adverse changes in the global climate or extreme weather conditions;
- risks associated with tax matters, including changes in tax rates, disagreements with taxing authorities and imposition of new taxes;
- risks associated with our products becoming adulterated, misbranded or mislabeled;
- evolving tax, environmental, food quality and safety or other regulations or failure to comply with existing licensing, labeling, trade, food quality and safety and other regulations and laws;
- technology failures, cyber-attacks, privacy breaches or data breaches;
- our inability to protect our intellectual property rights;
- risks associated with licensing intellectual property; and
- other factors disclosed in the section entitled “Risk Factors” and elsewhere in this Information Statement.

We derive many of our forward-looking statements from our operating budgets and forecasts, which are based on many detailed assumptions. While we believe that our assumptions are reasonable, we caution that it is very difficult to predict the impact of known factors, and it is impossible for us to anticipate all factors that could affect our actual results. Important factors that could cause actual results to differ materially from our expectations, or cautionary statements, are disclosed under the sections entitled “Risk Factors” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” in this Information Statement. All written and oral forward-looking statements attributable to us, or persons acting on our behalf, are expressly qualified in their entirety by these cautionary statements as well as by other cautionary statements that

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are made from time to time in this Information Statement and future SEC filings and public communications. You should evaluate all forward-looking statements made in this Information Statement in the context of these risks and uncertainties.

We caution you that the important factors referenced above may not contain all of the factors that are important to you. In addition, we cannot assure you that we will realize the results or developments we expect or anticipate or, even if substantially realized, that they will result in the consequences or affect us or our operations in the way we expect. The forward-looking statements included in this Information Statement are made only as of the date hereof. We undertake no obligation to update or revise any forward-looking statement as a result of new information, future events or otherwise, except as otherwise required by law.

## THE SPIN-OFF

### Background

On June 21, 2022, Kellogg ParentCo announced a plan to separate its Cereal Business, via a tax-free Spin-Off, resulting in the creation of a new independent public company, WK Kellogg Co. To effect the separation, Kellogg ParentCo will undertake the Internal Reorganization described under “Certain Relationships and Related Party Transactions—Agreements with Kellogg ParentCo—Separation and Distribution Agreement,” following which Kellogg ParentCo (other than the WK Kellogg Co) will hold the Kellogg ParentCo Business and WK Kellogg Co, Kellogg ParentCo’s wholly owned subsidiary, will hold the Cereal Business.

Following the Internal Reorganization, Kellogg ParentCo will distribute all of its equity interests in WK Kellogg Co, consisting of all of the outstanding shares of our common stock, to Kellogg ParentCo’s shareholders on a pro rata basis. Following the Spin-Off, Kellogg ParentCo will not own any equity interest in us, and we will operate independently from Kellogg ParentCo. No approval of Kellogg ParentCo’s shareholders is required in connection with the Spin-Off, and Kellogg ParentCo’s shareholders will not have any dissenters’ or appraisal rights in connection with the Spin-Off.

The Spin-Off described in this Information Statement is subject to the satisfaction, or Kellogg ParentCo’s waiver, of a number of conditions. In addition, Kellogg ParentCo has the right not to complete the Spin-Off if, at any time, the Kellogg ParentCo Board determines, in its sole and absolute discretion, that the Spin-Off is not in the best interests of Kellogg ParentCo or its shareholders or is otherwise not advisable. For a more detailed description, see “—Conditions to the Spin-Off.”

### Reasons for the Spin-Off

The Kellogg ParentCo Board has regularly reviewed Kellogg ParentCo’s businesses to ensure that Kellogg ParentCo’s resources are utilized in a manner that is in the best interests of Kellogg ParentCo and its shareholders. In this review process, the Kellogg ParentCo Board, with input and advice from Kellogg ParentCo’s management and independent experts, has evaluated different alternatives, including potential opportunities for dispositions, acquisitions, business combinations and separations, with the goal of enhancing shareholder value. Because of the differences in the operations, geographical scope and strategic focus of the two businesses, a separation of the Cereal Business from the Kellogg ParentCo Business was one of the alternatives that the Kellogg ParentCo Board evaluated. As part of this evaluation of a possible separation, the Kellogg ParentCo Board considered a number of factors, including the strategic focus of and flexibility for the Cereal Business and the Kellogg ParentCo Business, the ability of the Cereal Business and the Kellogg ParentCo Business to compete and operate efficiently and effectively as separate public companies, the financial profile of the Cereal Business and the Kellogg ParentCo Business, the potential reaction of investors and the probability of successful execution of the various structural alternatives and the risks associated with those alternatives.

In 2021 and 2022, the Kellogg ParentCo Board again reviewed potential strategic alternatives, including a separation of the Cereal Business and the Kellogg ParentCo Business. As a result of this evaluation, after considering various factors in light of Kellogg ParentCo’s businesses at that time and input from Goldman, Sachs & Co. and Morgan Stanley, Kellogg ParentCo’s financial advisors, the Kellogg ParentCo Board determined that proceeding with the Spin-Off of the Cereal Business at this time would be in the best interests of Kellogg ParentCo and its shareholders. The Kellogg ParentCo Board believes that the separation of the Cereal Business from the Kellogg ParentCo Business via the Spin-Off will better position each company to:

- focus on their distinct strategic priorities, with financial targets that best fit their own markets and opportunities;
- execute with increased agility and operational flexibility, enabling more focused allocation of capital and resources in a manner consistent with those strategic priorities;

- realize improved outlooks for profitable growth; and
- shape distinctive corporate cultures, rooted in Kellogg ParentCo's strong values, and rewarding career paths for employees of each company.

In determining whether to effect the Spin-Off, the Kellogg ParentCo Board considered the costs and risks associated with the transaction, including the costs associated with preparing WK Kellogg Co to become an independent, publicly traded company, the risk of volatility in the Kellogg ParentCo and WK Kellogg Co stock prices immediately following the Spin-Off due to sales by Kellogg ParentCo's shareholders whose investment objectives may not be met by our common stock, the time it may take for WK Kellogg Co to attract its optimal shareholder base, any potential negative impact on Kellogg ParentCo's credit ratings as a result of the divestiture of our assets, the possibility of disruptions in our business as a result of the Spin-Off, the risk that the combined trading prices of our common stock and Kellogg ParentCo's common stock after the Spin-Off may drop below the trading price of Kellogg ParentCo's common stock before the Spin-Off and the loss of synergies and scale from operating as one company. Notwithstanding these costs and risks, taking into account the factors discussed above, the Kellogg ParentCo Board determined that the Spin-Off was the best alternative to achieve the above objectives and enhance shareholder value.

### **When and How You Will Receive WK Kellogg Co Shares**

Kellogg ParentCo will distribute to its shareholders, pro rata, one share of our common stock for every four shares of Kellogg ParentCo common stock outstanding as of September 21, 2023, the Record Date of the Distribution.

Prior to the Spin-Off, Kellogg ParentCo will deliver all of the issued and outstanding shares of our common stock to the distribution agent. Broadridge will serve as distribution agent in connection with the distribution of our common stock and as transfer agent and registrar for our common stock.

If you own Kellogg ParentCo common stock as of the close of business on September 21, 2023, the shares of our common stock that you are entitled to receive in the Distribution will be issued to your account as follows:

- *Registered shareholders.* If you own your shares of Kellogg ParentCo common stock directly, either through an account with Kellogg ParentCo's transfer agent or if you hold physical stock certificates, you are a registered shareholder. In this case, the distribution agent will credit the whole shares of our common stock you receive in the Distribution by way of direct registration in book-entry form to your Broadridge account on or shortly after the Distribution Date. Registration in book-entry form refers to a method of recording share ownership where no physical stock certificates are issued to shareholders, as is the case in the Distribution. You will be able to access information regarding your book-entry account holdings of the WK Kellogg Co shares once you receive your welcome letter and account statement. You will then be able to set up access online at [www.shareholder.broadridge.com](http://www.shareholder.broadridge.com).
- About one week after the Distribution Date, the distribution agent will mail to you an account statement and a check for any cash in lieu of fractional shares you are entitled to receive. See "—Treatment of Fractional Shares." The account statement will indicate the number of whole shares of our common stock that have been registered in book-entry form in your name.
- *"Street name" or beneficial shareholders.* Most Kellogg ParentCo shareholders own their shares of Kellogg ParentCo common stock beneficially through a bank, broker or other nominee. In these cases, the bank, broker or other nominee holds the shares in "street name" and records your ownership on its books. If you own your shares of Kellogg ParentCo common stock through a bank, broker or other nominee, your bank, broker or other nominee will credit your account with the whole shares of our common stock that you receive in the Distribution on or shortly after the Distribution Date. We encourage you to contact your bank, broker or other nominee if you have any questions concerning the mechanics of having shares held in street name.

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If you sell any of your shares of Kellogg ParentCo common stock on or before the Distribution Date, the buyer of those shares, and not you, may in some circumstances be entitled to receive the shares of our common stock issuable in respect of the shares sold. See “—Trading Prior to the Distribution Date” for more information.

We are not asking Kellogg ParentCo shareholders to take any action in connection with the Spin-Off. No shareholder approval of the Spin-Off is required. We are not asking you for a proxy and request that you not send us a proxy. We are also not asking you to surrender any of your shares of Kellogg ParentCo common stock for shares of our common stock. The number of outstanding shares of Kellogg ParentCo common stock will not change as a result of the Spin-Off.

#### **Number of Shares You Will Receive**

On the Distribution Date, you will receive one share of our common stock for every four shares of Kellogg ParentCo common stock you owned as of the Record Date.

#### **Treatment of Fractional Shares**

The distribution agent will not distribute any fractional shares of our common stock in connection with the Spin-Off. Instead, the distribution agent will aggregate all fractional shares into whole shares and sell the whole shares in the open market at prevailing market prices on behalf of Kellogg ParentCo shareholders entitled to receive a fractional share. The distribution agent will then distribute the aggregate cash proceeds of the sales, net of brokerage fees and other costs, pro rata to these holders (net of any required withholding for taxes applicable to each holder). We anticipate that the distribution agent will make these sales in the “when-issued” market, and when-issued trades will generally settle within two trading days following the Distribution Date. See “—Trading Prior to the Distribution Date” for additional information regarding when-issued trading. The distribution agent will, in its sole discretion, without any influence by Kellogg ParentCo or us, determine when, how, through which broker-dealer and at what price to sell the whole shares. The distribution agent is not, and any broker-dealer used by the distribution agent will not be, an affiliate of either Kellogg ParentCo or us.

The distribution agent will send to each registered holder of Kellogg ParentCo common stock entitled to a fractional share a check in the cash amount deliverable in lieu of that holder’s fractional share as soon as practicable following the Distribution Date. We expect the distribution agent to take about one week after the Distribution Date to complete the distribution of cash in lieu of fractional shares to Kellogg ParentCo shareholders. If you hold your shares through a bank, broker or other nominee, your bank, broker or nominee will receive, on your behalf, your pro rata share of the aggregate net cash proceeds of the sales. No interest will be paid on any cash you receive in lieu of fractional shares. The cash you receive in lieu of fractional shares will generally be taxable to you. See “Material U.S. Federal Income Tax Consequences of the Spin-Off” included in this Information Statement for more information.

#### **Results of the Spin-Off**

After the Spin-Off, we will be an independent, publicly traded company. Immediately following the Spin-Off, we expect to have approximately 24,341 record holders of shares of our common stock and approximately 85,595,123 shares of our common stock outstanding, based on the number of Kellogg ParentCo shareholders and shares of Kellogg ParentCo common stock outstanding on August 1, 2023. The actual number of shares of our common stock Kellogg ParentCo will distribute in the Spin-Off will depend on the actual number of shares of Kellogg ParentCo common stock outstanding on the Record Date and will reflect any issuance of new shares or exercises of outstanding options pursuant to Kellogg ParentCo’s equity plans on or prior to the Record Date. The Spin-Off will not affect the number of outstanding shares of Kellogg ParentCo common stock or any rights of Kellogg ParentCo shareholders, although we expect the trading price of shares of Kellogg ParentCo common stock immediately following the Distribution to be lower than immediately prior to the Distribution because



Kellogg ParentCo's trading price will no longer reflect the value of the Cereal Business. Furthermore, until the market has fully analyzed the value of Kellogg ParentCo without the Cereal Business, the price of shares of Kellogg ParentCo common stock may fluctuate.

Before our separation from Kellogg ParentCo, we intend to enter into a Separation and Distribution Agreement and several other agreements with Kellogg ParentCo related to the Spin-Off. These agreements will govern the relationship between Kellogg ParentCo and us up to and after completion of the Spin-Off and allocate between Kellogg ParentCo and us various assets, liabilities, rights and obligations, including with respect to employee benefits, intellectual property and taxes. We describe these arrangements in greater detail under "Certain Relationships and Related Party Transactions—Agreements with Kellogg ParentCo."

### **Listing and Trading of our Common Stock**

As of the date of this Information Statement, we are a wholly owned subsidiary of Kellogg ParentCo. Accordingly, no public market for our common stock currently exists, although a "when-issued" market in our common stock may develop prior to the Distribution. See "—Trading Prior to the Distribution Date" below for an explanation of a "when-issued" market. We intend to list our shares of common stock on the NYSE under the symbol "KLG." Following the Spin-Off, Kellogg ParentCo common stock will continue to trade on the NYSE under the symbol "K."

Neither we nor Kellogg ParentCo can assure you as to the trading price of Kellogg ParentCo common stock or our common stock after the Spin-Off, or as to whether the combined trading prices of Kellogg ParentCo common stock and our common stock after the Spin-Off will be less than, equal to or greater than the trading prices of Kellogg ParentCo common stock prior to the Spin-Off. The trading price of our common stock may fluctuate significantly following the Spin-Off. See "Risk Factors—Risks Relating to Our Common Stock" for more detail.

The shares of our common stock distributed to Kellogg ParentCo shareholders will be freely transferable, except for shares received by individuals who are our affiliates. Individuals who may be considered our affiliates after the Spin-Off include individuals who control, are controlled by or are under common control with us, as those terms generally are interpreted for federal securities law purposes. These individuals may include some or all of our directors and executive officers. Individuals who are our affiliates will be permitted to sell their shares of our common stock only pursuant to an effective registration statement under the Securities Act or an exemption from the registration requirements of the Securities Act, such as those afforded by Section 4(1) of the Securities Act or Rule 144 thereunder.

### **Trading Prior to the Distribution Date**

We expect a "when-issued" market in our common stock to develop shortly before the Distribution Date and to continue up to the Distribution Date. When-issued trading refers to a sale or purchase made conditionally on or before the Distribution Date because the securities of the spun-off entity have not yet been distributed. If you own shares of Kellogg ParentCo common stock on the Record Date, you will be entitled to receive shares of our common stock in the Distribution. You may trade this entitlement to receive shares of our common stock, without the shares of Kellogg ParentCo common stock you own, on the when-issued market. We expect when-issued trades of our common stock to settle within two trading days after the Distribution Date. On the Distribution Date, we expect that when-issued trading of our common stock will end and "regular-way" trading will begin.

We also anticipate that, shortly before the Distribution Date, there will be two markets in Kellogg ParentCo common stock: a "regular-way" market and an "ex-distribution" market. Shares of Kellogg ParentCo common stock that trade on the regular-way market will trade with an entitlement to receive shares of our common stock in the Distribution. Shares that trade on the ex-distribution market will trade without an entitlement to receive shares of our common stock in the Distribution. Therefore, if you sell shares of Kellogg ParentCo common stock

in the regular-way market up to the Distribution Date, you will be selling your right to receive shares of our common stock in the Distribution. However, if you own shares of Kellogg ParentCo common stock on the Record Date and sell those shares in the ex-distribution market up to the Distribution Date, you will still receive the shares of our common stock that you would otherwise be entitled to receive in the Distribution.

Following the Distribution Date, we expect shares of our common stock to be listed on the NYSE under the trading symbol “KLG.” If when-issued trading occurs, the listing for our common stock is expected to be under a trading symbol different from our regular-way trading symbol. We will announce our when-issued trading symbol when and if it becomes available. If the Spin-Off does not occur, all when-issued trading will be null and void.

### **Conditions to the Spin-Off**

We expect that the Spin-Off will be completed on the Distribution Date, provided that the following conditions have been satisfied or the Kellogg ParentCo Board has waived the conditions:

- the final approval of the Distribution by the Kellogg ParentCo Board, which approval may be given or withheld in the absolute and sole discretion of the Kellogg ParentCo Board, shall have been obtained;
- the SEC will have declared our Registration Statement, of which this Information Statement is a part, effective under the Exchange Act, no stop order suspending the effectiveness of the Registration Statement will be in effect, no proceedings for that purpose will be pending before or threatened by the SEC and notice of Internet availability of this Information Statement or this Information Statement will have been mailed to Kellogg ParentCo’s shareholders;
- the NYSE or another national securities exchange approved by the Kellogg ParentCo Board will have accepted our common stock for listing, subject to official notice of distribution;
- the Internal Reorganization will have been completed as contemplated by the Separation and Distribution Agreement;
- the debt financing to be obtained in connection with the Spin-Off shall have been obtained;
- Kellogg ParentCo received a private letter ruling from the IRS, in form and substance satisfactory to the Kellogg ParentCo Board in its sole and absolute discretion, to the effect that, subject to the accuracy of and compliance with certain representations, assumptions and covenants, the Contribution and the Distribution will qualify for non-recognition of gain or loss to Kellogg ParentCo and Kellogg ParentCo’s shareholders pursuant to Sections 368 and 355 of the Code, except to the extent of cash received in lieu of fractional shares, and that private letter ruling will remain in effect as of the Distribution Date;
- Kellogg ParentCo will have received an opinion from its tax counsel, in form and substance satisfactory to the Kellogg ParentCo Board in its sole and absolute discretion, that, subject to the accuracy of and compliance with certain representations, assumptions and covenants, the Contribution and the Distribution will qualify for non-recognition of gain or loss to Kellogg ParentCo and Kellogg ParentCo’s shareholders pursuant to Sections 368 and 355 of the Code, except to the extent of cash received in lieu of fractional shares;
- Kellogg ParentCo will have obtained one or more opinions from an independent nationally recognized valuation advisory firm, in form and substance satisfactory to the Kellogg ParentCo Board in its sole and absolute discretion, to the effect that (i) following the Distribution, Kellogg ParentCo, on the one hand, and WK Kellogg Co, on the other hand, will be solvent and adequately capitalized, (ii) Kellogg ParentCo has adequate surplus to declare the dividend to record holders and (iii) WK Kellogg Co has adequate surplus to declare the cash dividend to Kellogg ParentCo as part of the Internal Reorganization;

- all actions or filings necessary or appropriate under applicable U.S. federal, state or other securities or blue sky laws and the rules and regulations thereunder will have been taken and, where applicable, will have become effective or been accepted by the applicable governmental entity;
- each of the ancillary agreements contemplated by the Separation and Distribution Agreement will have been executed;
- no order, injunction or decree that would prevent the consummation of all or any portion of the Distribution will be threatened, pending or issued (and still in effect) by any governmental entity of competent jurisdiction, no other legal restraint or prohibition preventing the consummation of all or any portion of the Distribution will be in effect, and no other event will have occurred or failed to occur that prevents the consummation of all or any portion of the Distribution; and
- no other events or developments will exist or will have occurred that, in the judgment of the Kellogg ParentCo Board, in its sole and absolute discretion, makes it inadvisable to effect the Internal Reorganization, the Distribution or the transactions contemplated by the Separation and Distribution Agreement or any ancillary agreement contemplated thereby.

The fulfillment of the above conditions will not create any obligation on Kellogg ParentCo's part to effect the Spin-Off. We are not aware of any material federal, foreign or state regulatory requirements with which we must comply, other than SEC rules and regulations, or any material approvals that we must obtain, other than the NYSE's approval for listing of our common stock and the SEC's declaration of the effectiveness of the Registration Statement, in connection with the Distribution. Kellogg ParentCo has the right not to complete the Spin-Off if, at any time, the Kellogg ParentCo Board determines, in its sole and absolute discretion, that the Spin-Off is not in the best interests of Kellogg ParentCo or its shareholders or is otherwise not advisable.

We cannot assure you that all of the conditions will be satisfied or waived. In addition, if the Distribution is completed and the Kellogg ParentCo Board of Directors waives any such condition, such waiver could have a material adverse effect on Kellogg ParentCo's and WK Kellogg Co's respective business, financial condition or results of operations, the trading price of WK Kellogg Co common stock, or the ability of shareholders to sell their shares after the Distribution, including, without limitation, as a result of illiquid trading due to the failure of WK Kellogg Co common stock to be accepted for listing or litigation relating to any preliminary or permanent injunctions sought to prevent the consummation of the Distribution. See “— Material U.S. Federal Income Tax Consequences of the Spin-Off” below for a discussion of the U.S. federal income tax consequences for Kellogg ParentCo and its shareholders that may arise if Kellogg ParentCo waives the condition to obtain a Tax Opinion and the Distribution is treated as a taxable transaction for U.S. federal income tax purposes.

#### **Reasons for Furnishing this Information Statement**

We are furnishing this Information Statement solely to provide information to Kellogg ParentCo's shareholders who will receive shares of our common stock in the Distribution. You should not construe this Information Statement as an inducement or encouragement to buy, hold or sell any of our securities or any securities of Kellogg ParentCo. We believe that the information contained in this Information Statement is accurate as of the date set forth on the cover. Changes to the information contained in this Information Statement may occur after that date, and neither Kellogg ParentCo nor we undertake any obligation to update the information except in the normal course of Kellogg ParentCo's and our public disclosure obligations and practices.

## MATERIAL U.S. FEDERAL INCOME TAX CONSEQUENCES OF THE SPIN-OFF

The following is a summary of the material U.S. federal income tax consequences of the Contribution and the Distribution to the holders of Kellogg ParentCo common stock. This discussion is based on the Code, the U.S. Treasury regulations promulgated under the Code and judicial and administrative interpretations of these laws, in each case as in effect and available as of the date of this Information Statement, all of which are subject to change at any time, possibly with retroactive effect. Any change of this nature could affect the tax consequences described below.

The Distribution is conditioned on (i) the continued validity of the private letter ruling that Kellogg ParentCo received from the IRS with regard to certain aspects of the Contribution and Distribution and (ii) the receipt and continued validity of the Tax Opinion to the effect that, subject to the accuracy of and compliance with certain representations, assumptions and covenants, the Contribution and Distribution will qualify for non-recognition of gain or loss to Kellogg ParentCo and Kellogg ParentCo's shareholders pursuant to Sections 368 and 355 of the Code, except to the extent of cash received in lieu of fractional shares.

Although a private letter ruling is generally binding on the IRS, the continued validity of a ruling is subject to the accuracy of and compliance with the representations, assumptions and covenants made by Kellogg ParentCo and WK Kellogg Co in the ruling request. If the representations or assumptions made in the private letter ruling request are untrue or incomplete in any material respect, then Kellogg ParentCo will not be able to rely on this ruling. Furthermore, as part of IRS policy, the IRS did not determine whether the Contribution and the Distribution satisfies certain conditions that are necessary to qualify for non-recognition treatment under the Code, including the requirements that the distributions have a valid corporate-level business purpose and that the distributions not be used principally as a device for the distribution of earnings and profits. Rather, the private letter ruling is based on representations by Kellogg ParentCo and us that these conditions have been satisfied. Any inaccuracy in these representations could invalidate the private letter ruling. The Tax Opinion will address the satisfaction of these conditions.

The Tax Opinion will rely on the private letter ruling as to matters covered by the ruling. The Tax Opinion will assume that the Contribution and the Distribution will be completed according to the terms of the Separation and Distribution Agreement and that the parties will report the transactions in a manner consistent with the Tax Opinion. The Tax Opinion will rely on the facts as stated in the Separation and Distribution Agreement, the Tax Matters Agreement and ancillary agreements, this Information Statement and a number of other documents. In rendering the Tax Opinion, Kirkland will require and rely on representations and covenants from Kellogg ParentCo and us to be delivered at the time of closing (and will assume that any such representation that is qualified by belief, knowledge or materiality is true, correct and complete without such qualification). If any of the representations or assumptions were untrue or incomplete in any material respect, any covenants were not complied with, or the facts on which the Tax Opinion is based were materially different from the facts at the time of the transactions, the conclusions in the Tax Opinion may not be correct. Kirkland will have no obligation to advise us or our shareholders of changes in its Tax Opinion after the Distribution Date due to any subsequent changes in the matters stated, represented or assumed in the Tax Opinion or any subsequent changes in the applicable law. Opinions of Kirkland are not binding on the IRS. As a result, the IRS could challenge the conclusions expressed in the Tax Opinion, and if the IRS prevails in its challenge, the tax consequences to you could be materially less favorable than those described below.

The Tax Opinion will be based on statutory, regulatory and judicial authority existing as of the date of the Tax Opinion, any of which may be changed at any time with retroactive effect. Neither the Tax Opinion nor the ruling will address any state, local or foreign tax consequences of the Contribution and the Distribution. The Contribution and the Distribution may be taxable to you under state, local or foreign tax laws.

*Tax Consequences of the Distribution for U.S. holders*

This discussion is limited to holders of Kellogg ParentCo common stock that are U.S. holders, as defined immediately below, that hold their Kellogg ParentCo common stock as a capital asset. A U.S. holder is a beneficial owner of Kellogg ParentCo common stock that is, for U.S. federal income tax purposes:

- an individual who is a citizen or a resident of the United States;
- a corporation, or other entity taxable as a corporation for U.S. federal income tax purposes, created or organized under the laws of the United States or any state thereof or the District of Columbia;
- an estate, the income of which is subject to U.S. federal income taxation regardless of its source; or
- a trust, if (i) a court within the United States is able to exercise primary jurisdiction over its administration and one or more U.S. persons have the authority to control all of its substantial decisions or (ii) it was treated as a domestic trust under the law in effect before 1997 and a valid election is in place under applicable U.S. Treasury regulations.

This discussion does not address all tax considerations that may be relevant to U.S. holders in light of their particular circumstances, nor does it address the consequences to U.S. holders subject to special treatment under the U.S. federal income tax laws, including but not limited to:

- broker dealers;
- dealers or traders in securities or currencies;
- tax-exempt entities;
- persons subject to the “applicable financial statement” accounting rules under Section 451(b) of the Code;
- U.S. holders whose functional currency is not the U.S. dollar;
- governments or instrumentalities thereof;
- regulated investment companies or real estate investment trusts;
- S-corporations, partnerships or other pass-through entities for U.S. federal income tax purposes;
- tax-exempt entities;
- banks, financial institutions or insurance companies;
- real estate investment trusts, regulated investment companies or grantor trusts;
- persons who acquired Kellogg ParentCo common stock pursuant to the exercise of employee stock options or otherwise as compensation;
- holders who own, or are deemed to own, at least 10% or more, by voting power or value, of Kellogg ParentCo equity;
- holders who own Kellogg ParentCo common stock as part of a position in a straddle or as part of a hedging, conversion or other risk reduction transaction for U.S. federal income tax purposes;
- former citizens or long-term residents of the United States;
- holders who are subject to the alternative minimum tax; or
- persons that own Kellogg ParentCo common stock through partnerships or other pass-through entities.

This discussion does not address any state, local or foreign tax consequences or any estate, gift or other non-income tax consequences.

If a partnership, or any other entity treated as a partnership for U.S. federal income tax purposes, holds Kellogg ParentCo common stock, the tax treatment of a partner in that partnership will generally depend on the status of the partner and the activities of the partnership. Such a partner or partnership should consult its own tax advisor as to its tax consequences.

**THIS SUMMARY IS FOR GENERAL INFORMATION PURPOSES ONLY, AND IT IS NOT INTENDED TO BE, AND IT SHOULD NOT BE CONSTRUED TO BE, LEGAL OR TAX ADVICE TO ANY PARTICULAR SHAREHOLDER.**

**YOU SHOULD CONSULT YOUR OWN TAX ADVISOR WITH RESPECT TO THE U.S. FEDERAL, STATE AND LOCAL, AS WELL AS FOREIGN, INCOME AND OTHER TAX CONSEQUENCES OF THE DISTRIBUTION.**

Assuming the continued validity of the private letter ruling and subject to qualifications and limitations described in this Information Statement (including the discussion below relating to the receipt of cash in lieu of fractional shares) and the Tax Opinion, Kirkland, Kellogg ParentCo's tax counsel, is of the opinion that for U.S. federal income tax purposes the consequences of the Distribution will be as described below:

- a U.S. holder will not recognize any gain or loss, and will not include any amount in income, upon receiving our common stock in the Distribution;
- each U.S. holder's aggregate basis in its Kellogg ParentCo common stock and our common stock received in the Distribution (including any fractional shares to which the U.S. holder would be entitled) will equal the aggregate basis the U.S. holder had in the Kellogg ParentCo common stock immediately prior to the Distribution, allocated in proportion to the fair market value of each; and
- each U.S. holder's holding period in our common stock received in the Distribution will include the U.S. holder's holding period in its Kellogg ParentCo common stock on which the Distribution was made.

U.S. holders that have acquired different blocks of Kellogg ParentCo common stock at different times or at different prices should consult their tax advisors regarding the allocation of their aggregate adjusted basis among, and their holding period of, shares of our common stock distributed with respect to such blocks of Kellogg ParentCo common stock. Fair market value generally is the price at which a willing buyer and a willing seller, neither of whom is under any compulsion to buy or to sell and both having reasonable knowledge of the facts, would exchange property. U.S. federal income tax law does not specifically prescribe how U.S. holders should determine the fair market values of Kellogg ParentCo common stock and our common stock for purposes of allocating basis. You should consult your tax advisor to determine what measure of fair market value is appropriate. For purposes of reporting to the IRS, Kellogg ParentCo and we will calculate the fair market value of our respective common stock based on the mean of the highest and lowest trading prices of the stock on the first full trading day after the Distribution.

#### *Cash in Lieu of Fractional Shares*

If a U.S. holder receives cash in lieu of a fractional share of common stock in the Distribution, the U.S. holder will be treated as though it first received a distribution of the fractional share in the Distribution and then sold it for the amount of cash it actually receives. The U.S. holder will generally recognize capital gain or loss measured by the difference between the cash received for the fractional share and the tax basis in that fractional share, determined as described above. The capital gain or loss will be a long-term capital gain or loss if the U.S. holder's holding period for the Kellogg ParentCo common stock, with respect to which the U.S. holder received the fractional share, is more than one year on the Distribution Date.

*Tax Consequences for U.S. Holders if the Distribution Fails to Qualify for Non-recognition Treatment*

If the Distribution does not qualify for non-recognition treatment, each U.S. holder who receives our common stock in the Distribution would generally be treated as receiving a distribution in an amount equal to the fair market value of our common stock it receives (including any fractional shares received), which would generally result in:

- a taxable dividend to the extent of the U.S. holder's ratable share of Kellogg ParentCo's current and accumulated earnings and profits, as increased to reflect any gain recognized by Kellogg ParentCo on a taxable distribution;
- a reduction in the U.S. holder's basis (but not below zero) in Kellogg ParentCo common stock to the extent the amount received exceeds the U.S. holder's share of Kellogg ParentCo's earnings and profits; and
- a taxable gain from the exchange of Kellogg ParentCo common stock to the extent the amount it receives exceeds both the U.S. holder's share of Kellogg ParentCo's earnings and profits and the basis in the U.S. holder's Kellogg ParentCo common stock.

*Information Reporting and Backup Withholding*

Payments of cash in lieu of a fractional share of our common stock may, under certain circumstances, be subject to "backup withholding," unless a holder provides proof of an applicable exemption or a correct taxpayer identification number, and otherwise complies with the requirements of the backup withholding rules. Corporations and non-U.S. holders will generally be exempt from backup withholding but may be required to provide a certification to establish their entitlement to the exemption. Backup withholding does not constitute an additional tax but is merely an advance payment that may be refunded or credited against a holder's U.S. federal income tax liability if the required information is supplied to the IRS.

U.S. Treasury regulations require each U.S. holder that immediately before the Distribution owned 5% or more (by vote or value) of the total outstanding stock of Kellogg ParentCo to attach to its U.S. federal income tax return for the year in which our common stock is received a statement setting forth certain information related to the Distribution.

## **DIVIDEND POLICY**

Following the Spin-Off, WK Kellogg Co expects to pay cash dividends. The timing, declaration, amount and payment of any future dividends to shareholders will fall within the discretion of our Board. Our Board's decisions regarding the payment of future dividends will depend on many factors, including our financial condition, earnings, capital requirements and debt service obligations, as well as legal requirements, regulatory constraints, industry practice and other factors that our Board deems relevant. In addition, the terms of the agreements governing our existing debt or debt that we may incur in the future may limit or prohibit the payment of dividends. See "Risk Factors—Risks Related to Our Common Stock—We cannot assure shareholders that our Board will declare dividends in the future."



## CAPITALIZATION

The following table sets forth our cash and cash equivalents and capitalization as of July 1, 2023, on a historical basis and on a pro forma basis to give effect to the Spin-Off and the transactions related to the Spin-Off, as if they occurred on July 1, 2023. An explanation of the pro forma adjustments made to our historical unaudited combined balance sheet as of July 1, 2023 are discussed in the section of this Information Statement entitled “Unaudited Pro Forma Combined Financial Statements.”

The pro forma adjustments are based on the best information available as of the date of this Information Statement and assumptions that management believes are reasonable given the information available as of the date of this Information Statement. You should review the following table in conjunction with “Management’s Discussion and Analysis of Financial Condition and Results of Operations,” our historical combined financial statements and the accompanying notes thereto and our unaudited pro forma combined financial statements and the accompanying notes thereto included elsewhere in this Information Statement. See “Unaudited Pro Forma Combined Financial Statements.”

We are providing the capitalization table for information purposes only. The capitalization table below may not reflect the capitalization or financial condition that would have resulted had we been operating as an independent, publicly traded company on July 1, 2023 and is not necessarily indicative of our future capitalization or financial condition.

| <i>(\$ in millions, unaudited)</i>  | <u>As of July 1, 2023</u> |                      |
|---|---------------------------|----------------------|
|   | <u>Actual</u>             | <u>Pro<br/>Forma</u> |
| Cash and cash equivalents <sup>(1)</sup>  | \$ 2                      | \$ 95                |
| Indebtedness:   |                           |                      |
| Term Loan <sup>(2)</sup>  | \$ —                      | 495                  |
| Total indebtedness  | \$ —                      | \$ 495               |
| Equity:   |                           |                      |
| Common stock, par value \$0.0001 per share, 1,000 million common shares and 50 million preferred shares authorized, 85,595,123 <sup>(3)</sup> common shares issued and outstanding, pro forma | \$ —                      | \$ 0                 |
| Capital in excess of par value  | —                         | 413                  |
| Accumulated other comprehensive income (loss)   | (34)                      | (28)                 |
| Net investment by Kellogg ParentCo  | 684                       | —                    |
| Total equity  | \$ 650                    | \$ 385               |
| Total capitalization  | \$ 650                    | \$ 880               |

- (1) See “Unaudited Pro Forma Combined Financial Statements” for a description of pro forma adjustments to cash and cash equivalents.
- (2) In connection with the Spin-Off, we expect to enter into a Credit Agreement, consisting of a \$500 million term loan, \$250 million delayed draw term loan and \$350 million multicurrency revolving credit facility. We expect to issue \$500 million of indebtedness under the term loan in connection with the completion of the Spin-Off. Debt issuance costs of \$7 million is expected to be incurred, of which \$5 million is related to the term loan and is reflected as a reduction in long-term debt, and \$2 million is related to the revolving credit facility and is reflected in other assets, which is not presented in the table above. See “Description of Material Indebtedness” for further information.
- (3) We have estimated the number of outstanding shares of our common stock based on the number of shares of Kellogg ParentCo common stock outstanding as of August 1, 2023 of 342,380,495 and the distribution ratio of one share of our common stock for every four shares of Kellogg ParentCo common stock.

## UNAUDITED PRO FORMA COMBINED FINANCIAL STATEMENTS

*The following unaudited pro forma combined financial statements should be read in conjunction with the section entitled “Management’s Discussion and Analysis of Financial Condition and Results of Operations”, our audited combined financial statements and accompanying notes included elsewhere in this Information Statement and our unaudited combined financial statements and accompanying notes included elsewhere in this Information Statement.*

The following unaudited pro forma combined financial information consists of unaudited pro forma combined statements of operations for the year-to-date period ended July 1, 2023 and year ended December 31, 2022, and an unaudited pro forma combined balance sheet as of July 1, 2023. The unaudited pro forma combined financial statements reflect certain known impacts as a result of our separation from Kellogg ParentCo.

The unaudited pro forma combined financial statements presented below have been derived from our historical unaudited combined financial statements for the year-to-date period ended July 1, 2023 and our historical audited combined financial statements for the year ended December 31, 2022 included in this Information Statement. The unaudited pro forma combined statement of operations for the year-to-date period ended July 1, 2023 and the year ended December 31, 2022 assumes that the Spin-Off and the related transactions described below occurred on January 2, 2022. The unaudited pro forma combined balance sheet as of July 1, 2023 assumes that the Spin-Off and the related transactions described below occurred on that date.

The unaudited pro forma combined financial statements have been prepared to include transaction accounting and autonomous entity adjustments to reflect the financial condition and results of operations of WK Kellogg Co as if it were a separate stand-alone entity. While the historical combined financial statements reflect the historical financial results of the Cereal Business, these unaudited pro forma combined financial statements give effect to the separation of that business into an independent, publicly traded company. The unaudited pro forma combined financial statements give effect to the Spin-Off and related transactions in accordance with Article 11 of the SEC’s Regulation S-X.

The unaudited pro forma combined financial statements give effect to the following:

- the separation of assets and liabilities related to the Cereal Business and the transfer of those assets and liabilities to WK Kellogg Co;
- the distribution of 100% of our issued and outstanding common stock by Kellogg ParentCo in connection with the Distribution;
- the effect of post-separation capital structure, including debt issuance and cash transactions;
- the impact of, and transactions contemplated by, the Spin-Off Agreements between us and Kellogg ParentCo, and the provisions contained therein, which will be executed prior to, or contemporaneously with, the Distribution; and
- the impact of the aforementioned adjustments on our income tax expense using statutory tax rates.

Any changes to the final terms of the Spin-Off Agreements and the Credit Agreement (as defined below) are not expected to have a material impact on the adjustments included in these unaudited pro forma combined financial statements.

Additionally, management adjustments are presented in the explanatory footnotes to the unaudited pro forma combined statements of operations for the year-to-date period ended July 1, 2023 and fiscal year ended December 31, 2022 to provide supplemental information to understand synergies and dis-synergies that are expected to result from the Spin-Off, primarily comprising of incremental costs that WK Kellogg Co expects to incur as a standalone entity.

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The unaudited pro forma combined financial statements are for illustrative and informational purposes only and are not intended to represent or be indicative of what our financial condition or results of operations would have been had we operated historically as a company independent of Kellogg ParentCo or if the Spin-Off had occurred on the dates indicated. The historical combined financial statements of WK Kellogg Co have been derived from Kellogg ParentCo's historical accounting records and reflect certain allocations of expenses from Kellogg ParentCo. All the allocations and estimates in such financial statements are based on assumptions that management believes are reasonable; however, these costs may not be representative of the costs we will incur in the future as an independent, publicly traded company. Accordingly, the historical combined financial statements do not necessarily represent the financial position or results of operations of WK Kellogg Co had it been operated as a standalone company during the periods or at the dates presented. Transaction accounting and autonomous entity adjustments have been reflected in the unaudited pro forma combined financial statements. The unaudited pro forma combined financial statements have been prepared using certain assumptions, as described in the accompanying notes, which management believes are reasonable based on the information currently available. The unaudited pro forma combined financial statements should not be considered representative of our future combined financial condition or combined results of operations.

**Unaudited pro forma combined statement of operations – year-to-date period ended July 1, 2023**

| (millions, except per share data)           | <u>Historical</u> | <u>Transaction<br/>Accounting<br/>Adjustments</u> | <u>Note 1</u> | <u>Autonomous<br/>Entity<br/>Adjustments</u> | <u>Note 2</u> | <u>Pro<br/>Forma</u> |
|---|-------------------|---|---------------|--|---------------|----------------------|
| <b>Net sales</b>                            | \$ 1,420          | \$ —  |               | \$ (17)                                      | (m)           | \$1,403              |
| Cost of goods sold                          | 1,048             | —   |               | (15)   | (m)           | 1,026                |
|   |                   |   |               | (7)  | (n)           |                      |
| Selling, general and administrative expense | 318               | 1   | (j)           | —  |               | 319                  |
| <b>Operating profit</b>                     | \$ 54             | \$ (1)  |               | \$ 5   |               | \$ 58                |
| Interest expense                            | —                 | 18  | (b)           | —  |               | 18                   |
| Other income (expense), net                 | 15                | —   |               | —  |               | 15                   |
| <b>Income before income taxes</b>           | \$ 69             | \$ (19)   |               | \$ 5   |               | \$ 55                |
| Income tax expense (benefit)                | 16                | (4)   | (h)           | 1  | (o)           | 13                   |
| <b>Net income</b>                           | \$ 53             | \$ (15)   |               | \$ 4   |               | \$ 42                |
| <b>Per share amounts:</b>                   |                   |   |               |  |               |                      |
| <b>Basic earnings</b>                       |                   |   |               |  | (j)           | \$ 0.49              |
| <b>Diluted earnings</b>                     |                   |   |               |  | (j)           | \$ 0.49              |
| <b>Weighted average shares outstanding:</b> |                   |   |               |  |               |                      |
| <b>Basic</b>                                |                   |   |               |  | (j)           | 86                   |
| <b>Diluted</b>                              |                   |   |               |  | (j)           | 86                   |

See accompanying notes to unaudited pro forma combined financial statements

**Unaudited pro forma combined statement of operations – year ended December 31, 2022**

| (millions, except per share data)           | <u>Historical</u> | <u>Transaction<br/>Accounting<br/>Adjustments</u> | <u>Note 1</u> | <u>Autonomous<br/>Entity<br/>Adjustments</u> | <u>Note 2</u> | <u>Pro<br/>Forma</u> |
|---|-------------------|---|---------------|--|---------------|----------------------|
| <b>Net sales</b>                            | \$ 2,695          | \$ —  |               | \$ (30)                                      | (m)           | \$2,665              |
| Cost of goods sold                          | 2,064             | 1   | (c)           | (25)   | (m)           | 2,032                |
|   |                   | (1)   | (d)           | (14)   | (n)           |                      |
|   |                   | 1   | (e)           |  |               |                      |
|   |                   | 6   | (k)           |  |               |                      |
| Selling, general and administrative expense | 556               | 2   | (e)           | —  |               | 559                  |
|   |                   | (2)   | (g)           |  |               |                      |
|   |                   | 2   | (j)           |  |               |                      |
|   |                   | 1   | (k)           |  |               |                      |
| <b>Operating profit</b>                     | \$ 75             | \$ (10)   |               | \$ 9   |               | \$ 74                |
| Interest expense                            | —                 | 37  | (b)           | —  |               | 37                   |
| Other income (expense), net                 | (101)             | (8)   | (c)           | —  |               | (113)                |
|   |                   | (4)   | (d)           |  |               |                      |
| <b>(Loss) Income before income taxes</b>    | \$ (26)           | \$ (59)   |               | \$ 9   |               | \$ (76)              |
| Income tax expense (benefit)                | (1)               | (14)  | (h)           | 2  | (o)           | (13)                 |
| <b>Net (loss) income</b>                    | \$ (25)           | \$ (45)   |               | \$ 7   |               | \$ (63)              |
| <b>Per share amounts:</b>                   |                   |   |               |  |               |                      |
| <b>Basic loss</b>                           |                   |   |               |  | (j)           | \$ (0.73)            |
| <b>Diluted loss</b>                         |                   |   |               |  | (j)           | \$ (0.73)            |
| <b>Weighted average shares outstanding:</b> |                   |   |               |  |               |                      |
| <b>Basic</b>                                |                   |   |               |  | (j)           | 86                   |
| <b>Diluted</b>                              |                   |   |               |  | (j)           | 86                   |

See accompanying notes to unaudited pro forma combined financial statements

**Unaudited pro forma combined balance sheet – as of July 1, 2023**

| (millions)                                    | Historical      | Transaction<br>Accounting<br>Adjustments | Note 1 | Autonomous<br>Entity<br>Adjustments | Note 2 | Pro<br>Forma   |
|---|-----------------|--|--------|-------------------------------------|--------|----------------|
| <b>Current assets</b>                         |                 |  |        |                                     |        |                |
| Cash and cash equivalents                     | \$ 2            | \$ 93                                    | (a)    |                                     |        | \$ 95          |
| Accounts receivable, net                      | 240             | (4)                                      | (f)    |                                     |        | 236            |
| Inventories, net                              | 331             |  |        |                                     |        | 331            |
| Other current assets                          | 20              | (6)                                      | (f)    |                                     |        | 14             |
| <b>Total current assets</b>                   | <b>\$ 593</b>   | <b>\$ 83</b>                             |        |                                     |        | <b>\$ 676</b>  |
| Property, net                                 | 651             | 71                                       | (g)    |                                     |        | 722            |
| Goodwill                                      | 53              | —  |        |                                     |        | 53             |
| Other intangibles                             | 57              | —  |        |                                     |        | 57             |
| Other assets                                  | 17              | 2  | (b)    |                                     |        | 258            |
|   |                 | (2)                                      | (c)    |                                     |        |                |
|   |                 | 236                                      | (d)    |                                     |        |                |
|   |                 | 5  | (l)    |                                     |        |                |
| <b>Total assets</b>                           | <b>\$ 1,371</b> | <b>\$ 395</b>                            |        |                                     |        | <b>\$1,766</b> |
| <b>Current liabilities</b>                    |                 |  |        |                                     |        |                |
| Current maturities of long-term debt          | \$ —            | \$ 9                                     | (b)    |                                     |        | \$ 9           |
| Accounts payable                              | 434             | —  |        |                                     |        | 434            |
| Due to related parties                        | 11              | —  |        |                                     |        | 11             |
| Accrued advertising and promotion             | 112             | —  |        |                                     |        | 112            |
| Accrued salaries and wages                    | 34              | 1  | (e)    |                                     |        | 35             |
| Other current liabilities                     | 48              | (4)                                      | (f)    |                                     |        | 52             |
|   |                 | 7  | (k)    |                                     |        |                |
|   |                 | 1  | (l)    |                                     |        |                |
| <b>Total current liabilities</b>              | <b>\$ 639</b>   | <b>\$ 14</b>                             |        |                                     |        | <b>\$ 653</b>  |
| <b>Long-term debt</b>                         | —               | 486                                      | (b)    |                                     |        | 486            |
| <b>Deferred income taxes</b>                  | 63              | (27)                                     | (c)    |                                     |        | 110            |
|   |                 | 53                                       | (d)    |                                     |        |                |
|   |                 | 7  | (g)    |                                     |        |                |
|   |                 | 14                                       | (h)    |                                     |        |                |
| <b>Pension and postretirement liability</b>   | 15              | 116                                      | (c)    |                                     |        | 119            |
|   |                 | (12)                                     | (d)    |                                     |        |                |
| <b>Other liabilities</b>                      | 4               | 5  | (d)    |                                     |        | 13             |
|   |                 | 4  | (l)    |                                     |        |                |
| <b>Commitments and contingencies</b>          |                 |  |        |                                     |        |                |
| <b>Equity</b>                                 |                 |  |        |                                     |        |                |
| Net parent investment                         | 684             | (684)                                    | (i)    |                                     |        | —              |
| Common Stock                                  |                 | —  | (i)    |                                     |        |                |
| Capital in excess of par value                |                 | 413                                      | (i)    |                                     |        | 413            |
| Accumulated other comprehensive income (loss) | (34)            | (13)                                     | (c)    |                                     |        | (28)           |
|   |                 | 19                                       | (d)    |                                     |        |                |
| <b>Total equity</b>                           | <b>\$ 650</b>   | <b>\$ (265)</b>                          |        |                                     |        | <b>\$ 385</b>  |
| <b>Total liabilities and equity</b>           | <b>\$ 1,371</b> | <b>\$ 395</b>                            |        |                                     |        | <b>\$1,766</b> |

See accompanying notes to unaudited pro forma combined financial statements

Notes to the unaudited pro forma combined financial statements

**Note 1: Transaction Accounting Adjustments:**

- (a) Reflects approximately \$35 million of cash that is expected to be transferred to WK Kellogg Co pursuant to the terms of the Separation and Distribution Agreement, as of immediately prior to the Spin-Off, and \$58 million of cash proceeds from the debt issuance, net of costs, of \$493 million described in note (b) reduced by the \$435 million expected cash distribution to Kellogg ParentCo in connection with the Spin-Off. This amount may be subject to increase or decrease depending on adjustments deemed appropriate by the parties, including but not limited to changes to the net proceeds from the financing transactions and the related cash distribution to Kellogg ParentCo in connection with the Spin-Off. See note (b).
- (b) In connection with the Spin-Off, WK Kellogg Co expects to enter into a Credit Agreement (the "Credit Agreement"), consisting of a \$500 million term loan, \$250 million delayed draw term loan, and \$350 million multicurrency revolving credit facility (collectively, the "Credit Facility"). The unaudited pro forma combined balance sheet reflects indebtedness of approximately \$500 million, consisting of the expected borrowings on the term loan at the completion of the Spin-Off, of which \$9 million represents the current portion. Subject to net working capital and other asset and liability levels, the revolving credit facilities are not expected to be drawn at the completion of the Spin-Off. We expect to incur approximately \$7 million of debt issuance costs, of which \$5 million is related to the term loan and is reflected as a reduction in long-term debt, and \$2 million is related to the revolving credit facility and is reflected in other assets.

Based on net working capital and other asset and liability levels consistent with the unaudited pro forma combined balance sheet as of July 1, 2023, WK Kellogg Co estimates approximately \$435 million of the proceeds received from the issuance of debt would have been distributed to Kellogg ParentCo in connection with the Spin-Off. The cash distribution amount is subject to change based on the estimated net working capital and other asset and liability balances actually transferred to WK Kellogg Co in connection with the Spin-Off. Any increases in the cash distribution amount may be funded through additional borrowings.

Based on the terms set forth within "Description of Material Indebtedness", for the purpose of preparation of the unaudited pro forma combined statement of operations for the year ended December 31, 2022 and the year-to-date period ended July 1, 2023, we have assumed a constant annual interest rate of 7.175%. The assumed constant interest rate is based on the Secured Overnight Financing Rate ("SOFR") rate on August 4, 2023, plus an assumed margin of 1.875%, which is based on expected borrowings for both SOFR loans and alternate base rate loans. The unaudited pro forma combined statements of operations reflect estimated interest expense of \$37 million and \$18 million for the year ended December 31, 2022 and year-to-date period ended July 1, 2023, respectively, which includes the amortization of debt issuance costs.

A 1/8 percent change to the annual interest rate would change interest expense by less than \$1 million for the year ended December 31, 2022 and year-to-date period ended July 1, 2023, respectively.

- (c) Reflects adjustments to pension obligations that will be transferred to WK Kellogg Co in connection with the Spin-Off in the amount of \$116 million. Pension related assets of \$2 million that were included in WK Kellogg Co's historical unaudited combined financial statements and will not be transferred to WK Kellogg Co in connection with the Spin-Off have been removed from the unaudited pro forma combined balance sheet. The assets and obligations associated with such plans resulted in recognizing accumulated other comprehensive loss of \$13 million, net of tax at July 1, 2023. The obligations associated with such plans will result in WK Kellogg Co recognizing \$27 million of deferred tax assets, which has been reflected in the unaudited pro forma combined balance sheet as a decrease to deferred income taxes.

The historical combined statements of operations of WK Kellogg Co include expense allocations for various pension plans of Kellogg ParentCo, in which WK Kellogg Co employees participated. Based on the costs related to the plans that are being transferred to WK Kellogg Co as compared to allocations in the historical combined statement of operations, incremental expense of \$1 million was recorded to cost of goods sold (“COGS”) and \$8 million to other income (expense), net for the year ended December 31, 2022. For the year-to-date period ended July 1, 2023, the expense allocations included in the historical unaudited combined statement of operations was materially consistent with the balance of the plans being transferred to WK Kellogg Co and therefore no adjustments were required to the unaudited pro forma combined statement of operations for the year-to-date period ended July 1, 2023.

- (d) Reflects adjustments to nonpension postretirement obligations as of July 1, 2023 that will be transferred to WK Kellogg Co in connection with the Spin-Off. Related to our U.S. employees, assets net of obligations of \$236 million associated with our postretirement health and welfare plans will be transferred to WK Kellogg Co based on an allocation methodology determined by first funding the transferred and retained obligations under the voluntary employee benefit association trusts at 110% of such amount of transferred and retained obligations and then allocating 39% of the remaining assets to WK Kellogg Co. The actual amount of such assets to be transferred to WK Kellogg Co in connection with the Spin-Off will be calculated in accordance with the above allocation based on the amount of assets at the time of the transfer. In addition, in connection with the Spin-Off, an additional \$1 million liability related to our employees will be transferred to WK Kellogg Co related to other postretirement plans. Postretirement liabilities of \$13 million that were included in WK Kellogg Co’s historical unaudited combined financial statements and will not be transferred to WK Kellogg Co in connection with the Spin-Off have been removed from the unaudited pro forma combined balance sheet. The assets and obligations associated with such plans resulted in recognizing accumulated other comprehensive income of \$19 million, net of tax as of July 1, 2023. The assets and obligations associated with such plans will result in us recognizing \$53 million of additional deferred income taxes, which has been reflected in the unaudited pro forma combined balance sheet. In addition to these nonpension postretirement assets and liabilities, postemployment liabilities in the amount of \$5 million will be transferred to WK Kellogg Co in connection with the Spin-Off, and have accordingly been reflected as part of other liabilities in the unaudited pro forma combined balance sheet.

The historical combined statement of operations included expense allocations for various nonpension postretirement and postemployment plans of Kellogg ParentCo, in which WK Kellogg Co employees participated. Based on the costs related to the plans that are being transferred to WK Kellogg Co as compared to allocations in the historical combined statement of operations, incremental decrease of \$1 million was recorded to COGS and an incremental expense of \$4 million was recorded to other income (expense), net for the year ended December 31, 2022. For the year-to-date period ended July 1, 2023, the expense allocations included in the historical unaudited combined statement of operations was materially consistent with the balance of the plans being transferred to WK Kellogg Co and therefore no adjustments were required to be made to the unaudited pro forma combined statement of operations for the year-to-date period ended July 1, 2023.

- (e) Reflects \$1 million of current accrued liabilities for retention bonuses related to the Spin-Off estimated to be payable by WK Kellogg Co after the Spin-Off, pursuant to the terms of Employee Matters Agreement. The income statement impact has been reflected in the unaudited pro forma combined statement of operations for the year ended December 31, 2022 for the additional charges we expect to incur between July 1, 2023 and the Spin-Off date of \$3 million, of which \$1 million is recorded in COGS and \$2 million is recorded in selling, general and administrative expense (“SGA”). This amount may be subject to increase or decrease depending on employees with retention awards actually transferred to WK Kellogg Co in connection with the Spin-Off. These costs are not expected to recur after the Spin-Off.
- (f) In connection with the Spin-Off, Kellogg ParentCo is expected to retain all existing workers’ compensation and insurance plans as well as responsibility for any claims activity related to employees



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of WK Kellogg Co up through the completion of the Spin-Off. This adjustment reflects the removal of \$4 million of liabilities and \$4 million of receivables related to the workers' compensation and related insurance coverages and \$6 million related to prepaid property insurance. Post Spin-Off, WK Kellogg Co will enter into separate workers' compensation and insurance plans for its employees and properties respectively.

- (g) Reflects the impact of certain historically shared property and equipment that is not reflected in the historical combined balance sheet of WK Kellogg Co and will be transferred to WK Kellogg Co in connection with the Spin-Off, pursuant to the Separation and Distribution Agreement. The adjustment reflects the net book value of the property and equipment as of July 1, 2023 as well as an increase to deferred income taxes of \$7 million.

The adjustment for depreciation is expected to decrease selling, general and administrative expense by \$2 million in the unaudited pro forma statement of operations for the year ended December 31, 2022, as the historical costs allocated to WK Kellogg Co for the benefit of use of the shared property and equipment exceeded the depreciation expense on the specific property and equipment that will be transferred. For the year-to-date period ended July 1, 2023, the allocation of depreciation expense included in the historical unaudited combined statement of operations was materially consistent with the depreciation expense on the specific property and equipment that will be transferred to WK Kellogg Co. Accordingly, no adjustment was required to the unaudited pro forma combined statement of operations for the year-to-date period ended July 1, 2023.

- (h) Reflects the tax effects of the transaction accounting adjustments at the applicable statutory income tax rates. Since the adjustments are primarily expected to be incurred in the U.S., the statutory tax rate applied is approximately 23.5 percent. Further, certain tax attributes related to U.S. federal net operating losses will not be transferred to WK Kellogg Co, resulting in an increase to deferred income taxes of \$14 million.
- (i) Represents the reclassification of Kellogg ParentCo's net investment in WK Kellogg Co, including other pro forma adjustments, into common stock, par value \$0.0001, and Capital in excess of par value to reflect the number of shares of WK Kellogg Co common stock expected to be outstanding at the distribution date. The assumed number of outstanding shares of common stock is based on the number of shares of Kellogg ParentCo common stock of approximately 342,380,495 outstanding as of August 1, 2023 and an assumed pro-rata distribution ratio of one share of WK Kellogg Co common stock for every four shares of Kellogg ParentCo common stock, which equates to approximately 85,595,123 WK Kellogg Co shares.

The adjustments to Capital in excess of par value is summarized below:

| <i>Adjustment</i>  | <i>Note</i> | <i>(\$ in millions)</i> |
|--|-------------|-------------------------|
| Cash transferred to WK Kellogg Co prior to Spin-Off, net of expected cash distribution to Kellogg ParentCo | (a), (b)    | \$ (400)                |
| Pension and postretirement plans, net of tax   | (c), (d)    | 93                      |
| Retention bonus  | (e)         | (1)                     |
| Worker's compensation and insurance  | (f)         | (6)                     |
| Property, net, net of tax  | (g)         | 64                      |
| Tax impact   | (h)         | (14)                    |
| Net parent investment  | (i)         | 684                     |
| Common stock issuance  | (i)         | —                       |
| Transaction costs  | (k)         | (7)                     |
| Total adjustment   |             | <u>\$ 413</u>           |

- (j) The weighted-average number of shares of our common stock used to compute basic earnings per share for the year-to-date period ended July 1, 2023 and the year ended December 31, 2022 is based on the number of weighted average Kellogg ParentCo common shares outstanding during the year-to-date

period ended July 1, 2023 and year ended December 31, 2022, respectively, assuming a distribution ratio of one share of our common stock for every four shares of Kellogg ParentCo common stock.

In connection with the Spin-off, approximately 169,475 restricted stock units and contingently issuable performance shares of Kellogg ParentCo will be converted to WK Kellogg Co awards. The impact of these awards on the calculation of diluted earnings per share is insignificant for the year-to-date period ended July 1, 2023 and the year ended December 31, 2022. These awards are classified as equity settled stock-based payment arrangements and will vest at the end of a three-year period from the date of grant. Incremental stock option expense related to the granting of these restricted stock units and contingently issuable performance shares has been reflected in selling, general and administrative expense of \$2 million and \$1 million, respectively, for the year ended December 31, 2022 and the year-to-date period ended July 1, 2023 based on grant date fair values and vesting conditions.

For the year-to-date period ended July 1, 2023, the number of shares to compute diluted earnings per share is based on the estimated basic shares of WK Kellogg Co common stock plus shares related to the assumed vesting of restricted stock units and contingently issuable performance shares granted.

For the year ended December 31, 2022, the weighted average number of shares used to compute diluted loss per share is based on the weighted average number of basic shares of our common stock since the company had a net loss for the year ended December 31, 2022. The actual future impact of potential dilution from stock-based awards granted to our employees under Kellogg ParentCo equity plans will depend on various factors, including employees who may change employment from one company to another.

- (k) All transaction costs incurred in 2022 and until July 1, 2023 related to the Spin-Off are included in our historical combined financial statements. The pro forma adjustments for the year ended December 31, 2022 include estimates for additional charges we expect to incur between July 1, 2023 and the Spin-Off date of \$7 million, of which \$6 million is recorded in COGS and \$1 million is recorded in SGA, related to estimated business separation and supply chain related charges. A corresponding adjustment was recorded to other current liabilities for this amount. Actual amounts may differ from these estimates. These costs are not expected to recur beyond 12 months after the Spin-Off.
- (l) Reflects the net impact of lease arrangements with third parties and sub-lease arrangements with Kellogg ParentCo for administrative buildings and vehicles that have been entered into or will be entered into prior to the Spin-Off. These adjustments record the operating right-of-use assets of \$5 million and related operating lease liabilities, comprised of current liabilities of \$1 million and long-term liabilities of \$4 million, on the unaudited pro forma combined balance sheet, based on the estimated present value of the lease payments over the lease term. There is no impact to the unaudited pro forma combined statement of operations as lease expense is expected to be materially consistent with facilities charges included in our historical combined statement of operations.

**Note 2: Autonomous Entity Adjustments:**

- (m) Reflects the effect of the Supply Agreement that WK Kellogg Co and Kellogg ParentCo will enter into prior to the Spin-Off. The historical combined statement of operations reflects certain net sales and cost of goods sold pursuant to pre-existing intercompany arrangements between WK Kellogg Co and Kellogg ParentCo. Sales of product from WK Kellogg Co to Kellogg ParentCo are expected to cease following the Spin-Off. Accordingly, net sales has been adjusted for the year ended December 31, 2022 and year-to-date period ended July 1, 2023 for \$30 million and \$17 million, respectively. COGS has accordingly been adjusted by \$25 million and \$15 million, respectively, for the year ended December 31, 2022 and year-to-date period ended July 1, 2023.

The commercial terms in the Supply Agreement related to the purchases of product from Kellogg ParentCo by WK Kellogg Co after the Spin-Off are not expected to have a material impact on pro

forma cost of goods sold for the year ended December 31, 2022 and the year-to-date period ended July 1, 2023 as the historical related party cost of goods reflect pricing terms that are materially consistent to those set forth in the Supply Agreement.

- (n) Reflects the removal of royalty charges related to intellectual property usage that were historically paid by WK Kellogg Co to Kellogg ParentCo of \$14 million and \$7 million, respectively, for the year ended December 31, 2022 and year-to-date period ended July 1, 2023. Such royalty payments will no longer be required post Spin-Off as the usage of shared intellectual property has been agreed to be on a royalty-free basis pursuant to the terms of the Intellectual Property Agreements expected to be entered into in connection with the Spin-Off.
- (o) Reflects the tax effects of the autonomous entity adjustments at the applicable statutory income tax rates. Since the adjustments are primarily expected to be incurred in the U.S., the statutory tax rate applied is approximately 23.5 percent.

**Note 3: Management Adjustments:**

The historical combined financial statements include expense allocations for certain corporate functions performed on our behalf by Kellogg ParentCo, including information technology, finance, selling and marketing, executive oversight, human resources and legal. WK Kellogg Co received the benefit of economies of scale as a business unit within Kellogg ParentCo's overall centralized model, however, in establishing these support functions independently, the expenses will differ from the expense allocations from Kellogg ParentCo included within our historical combined financial statements.

The costs that WK Kellogg Co plans to incur are based on the expected organizational and cost structure as a standalone company. In order to determine the impact of the synergies and dis-synergies, WK Kellogg Co prepared a detailed assessment of personnel costs based on the estimated resources and associated costs required as a baseline to stand up WK Kellogg Co as a standalone public company.

In addition to personnel costs, estimated non-personnel third party support costs in each function were considered, which included business support functions and corporate overhead charges previously shared with Kellogg ParentCo. Estimated non-personnel third party support costs were determined by estimating third party spend in each function, and include the costs associated with outside services supporting information technology, finance, selling and marketing, executive oversight, human resources and legal. This process was used by all functions and resulted in incremental costs for certain functions partially offset by lower costs in certain other functions than the corporate allocations included in our historical combined financial statements.

Management believes that these additional cost estimates are reasonable and representative of the baseline costs, expected to be incurred within twelve months from the date of Spin-off, to stand up WK Kellogg Co as a public company. However, actual costs that will be incurred could be different from these estimates. Management believes the presentation of these adjustments is necessary to enhance an understanding of the pro forma effects of the Spin-Off. The pro forma financial information below reflects all adjustments that are, in the opinion of management, necessary to provide a fair statement of the pro forma financial information, aligned with the assessment described above. If WK Kellogg Co decides to increase or reduce resources or invest more heavily in certain areas in the future, that will be part of its discretionary future decisions and any incremental costs associated with these activities have not been included in the management adjustments below.

These management adjustments include forward-looking information. See "Cautionary Statement Concerning Forward-Looking Statements."

The tax effect has been determined by applying the applicable statutory tax rates of 23.5% to the aforementioned adjustments for the periods presented.

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The below table includes the synergies and dis-synergies and the cumulative impact on pro forma net income and pro forma earnings per share as well as the basis for each adjustment and specific method used to estimate the adjustment:

| <i>\$ in millions, except per share amounts</i>          |       | Year-to-date<br>period<br>ended July 1, 2023 | Year ended<br>December 31,<br>2022 |
|--|-------|--|------------------------------------|
| Pro forma net income (loss)*                             |       | \$ 42  | \$ (63)                            |
| Management's adjustments                                 |       |  |                                    |
| Synergies:   |       |  |                                    |
| Corporate support functions personnel costs              | (i)   | 10   | 26                                 |
| Corporate support functions non-personnel costs          | (ii)  | 8  | 13                                 |
| Dis-synergies:   |       |  |                                    |
| Corporate support functions personnel costs              | (iii) | (7)  | (8)                                |
| Corporate support functions non-personnel costs          | (iv)  | (29)   | (59)                               |
| Total management adjustments                             |       | (18)   | (28)                               |
| Tax effect   | (v)   | 4  | 7                                  |
| Pro forma net income (loss) after management adjustments |       | <u>\$ 28</u>                                 | <u>\$ (84)</u>                     |
| Per share amounts:                                       |       |  |                                    |
| Basic earnings   |       | \$ 0.33                                      | \$ (0.98)                          |
| Diluted earnings   |       | \$ 0.33                                      | \$ (0.98)                          |
| Weighted average shares outstanding:                     |       |  |                                    |
| Basic  |       | 86   | 86                                 |
| Diluted  |       | 86   | 86                                 |

\* As shown in the unaudited pro forma combined statement of operations

- (i) In operating as a separate standalone company with a flatter organizational structure, synergies are expected in the form of lower personnel costs in selling and marketing and executive oversight functions.
- (ii) In operating as a separate standalone company with a flatter cost structure, synergies are expected in the form of lower third-party non-personnel costs related to finance and executive oversight functions.
- (iii) Reflects dis-synergies related to increased personnel costs primarily related to establishing legal, finance and supply chain and operations functions.
- (iv) Reflects dis-synergies primarily related to increased third-party costs expected in selling and marketing, IT and supply chain and operations functions.
- (v) Reflects the tax effect of management adjustments using the applicable statutory tax rates of 23.5% for all periods presented.

## MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

*The following Management's Discussion and Analysis of Financial Condition and Results of Operations ("MD&A") for the fiscal year-to-date periods ended July 1, 2023 and July 2, 2022 and the fiscal years ended December 31, 2022, January 1, 2022 and January 2, 2021, should be read as a supplement to, and should be read in conjunction with, our historical combined financial statements and the accompanying notes thereto included elsewhere in this Information Statement as well as the information presented under "Selected Historical Combined Financial Data" and "Unaudited Pro Forma Combined Financial Statements." The following MD&A relates to the North American Cereal Business of Kellogg Company, which is referred to throughout this MD&A as "WK Kellogg Co", "the Company", "we", "us" or "our." The following discussion may contain forward-looking statements that reflect our plans, estimates and beliefs. Our actual results could differ materially from those discussed in these forward-looking statements. Factors that could cause or contribute to these differences include those factors discussed below and elsewhere in this information statement, particularly in "Cautionary Statement Concerning Forward-Looking Statements" and "Risk Factors."*

*Our MD&A references consumption and net sales in discussing our sales trends for certain categories and brands. We record net sales upon delivery of shipments to our customers. Consumption and category share data noted within is based on Nielsen eXtended All Outlet Combined or other comparable sources, for the applicable period. Consumption refers to consumer purchases of our products from our customers. Unless otherwise noted, consumption and shipment trends are materially consistent.*

### **Business Overview**

WK Kellogg Co is an iconic North American cereal company with a differentiated portfolio of brands that have delighted our consumers for over a century. As a leading manufacturer, marketer and distributor of branded ready-to-eat cereal, we endeavor to provide consumers with high-quality products while promoting consumer health and wellbeing. Our products are manufactured by us in the United States, Mexico, and Canada and marketed in the United States, Canada, and the Caribbean.

Iconic brands used in our business include *Frosted Flakes*, *Special K*, *Froot Loops*, *Raisin Bran*, *Frosted Mini- Wheats*, *Rice Krispies*, *Kashi*, *Corn Flakes* and *Apple Jacks*, among many others. We believe our long-standing success is attributable to the strength the brands used in connection with the Cereal Business, our category expertise and over a century of institutional knowledge, all of which has created a diverse portfolio of Cereals that are intended to enhance the lives of our consumers. Our product offerings are well diversified across the cereal sub-categories of taste, wellness and balance, with strong consumer appeal across the spectrum of ages and demographics. The scale of our portfolio is evident as we are the second largest seller of ready-to-eat cereals in the United States with a 28% share of retail sales for the 52-week period ended July 1, 2023 and the leading player in Canada's cereal market, with 38% category share over that same period. According to data provided by Nielsen, for the year to date period ended June 30, 2023, we were the number one seller of ready-to-eat cereals in Puerto Rico with a 38% category share. As of July 1, 2023, nine of the top 20 brands in the cereal category across the United States and Canada are Kellogg brands. Our founding *Corn Flakes* brand is still to this day a top 20 cereal brand in the United States and Canada as of July 1, 2023, while *Frosted Flakes* introduced in 1952 is the third largest in the category across the United States and Canada as of July 1, 2023. The WK Kellogg Co brand portfolio has expanded over time as a result of breakthrough marketing and innovation campaigns.

Our products are manufactured through our production platform consisting of six primary facilities that we expect to own upon consummation of the Spin-Off and sold through a variety of channels such as grocery stores, mass merchandisers, club stores, and drug stores.

### **Separation from Kellogg ParentCo**

On June 21, 2022, Kellogg Company ("Kellogg ParentCo") announced its intent to separate its business and operations conducted by Kellogg ParentCo in North America prior to the Distribution relating to (i) the

development, production, packaging, distribution, marketing, licensing or sale of ready-to-eat cereal, hot cereal, muesli, and granola (other than *RXBAR*-branded granola), cereal-based snacks and cookies (other than *Rice Krispies*-branded snacks and *Special K*-branded cookies) and other food and beverage products produced under certain cereal brands and, (ii) the licensing of certain brands and related trademarks within North America to unaffiliated third parties for non-food and beverage applications (referred to collectively as the “Cereal Business”), via tax-free spin-off, with a target to complete the transaction by the end of 2023, resulting in two independent public companies, each better positioned to unlock their full standalone potential. Directly or indirectly through our subsidiaries, we will hold certain assets and liabilities of the Cereal Business after the Spin-Off. Each holder of Kellogg ParentCo common stock will receive one share of common stock of WK Kellogg Co for every four shares of Kellogg ParentCo common stock held as of the close of business on the record date of the Distribution. Following the Spin-Off, Kellogg ParentCo will retain no ownership in WK Kellogg Co. For additional information, see “The Spin-Off” included elsewhere in this Information Statement.

In advance of our separation from Kellogg ParentCo, we intend to enter into a Separation and Distribution Agreement and several other agreements with Kellogg ParentCo related to the Spin-Off. These agreements will govern the relationship between Kellogg ParentCo and us up to and after completion of the Spin-Off and allocate between Kellogg ParentCo and us various assets, liabilities, rights and obligations, including with respect to employee benefits, intellectual property and tax. We describe these arrangements in greater detail under “Certain Relationships and Related Party Transactions—Agreements with Kellogg ParentCo.”

In addition, we will also enter into certain Intellectual Property Agreements with Kellogg ParentCo that will provide for the ownership, licensing and other terms relating to the trademarks currently used in the Cereal Business as well as certain other trademarks. We will sell some products under brands we plan to license from Kellogg ParentCo. We describe these arrangements in greater detail within “Certain Relationships and Related Party Transactions—Agreements with Kellogg ParentCo.”

In connection with the Spin-Off, we anticipate having \$500 million in new debt, which would result in additional interest expense in future periods. See “Unaudited Pro Forma Combined Financial Statements.”

Kellogg ParentCo believes that separating the Cereal Business into a standalone publicly-traded company will significantly enhance the long-term growth and return prospects of Kellogg ParentCo and WK Kellogg Co and offer substantially greater long-term value to shareholders, customers and employees of each company. In addition, the separation of the Cereal Business from the Kellogg ParentCo Business via the Spin-Off will better position each company to:

- Focus on their distinct strategic priorities, with financial targets that best fit their own markets and opportunities;
- Execute with increased agility and operational flexibility, enabling more focused allocation of capital and resources in a manner consistent with those strategic priorities;
- Realize improved outlooks for profitable growth; and
- Shape distinctive corporate cultures, rooted in Kellogg ParentCo’s strong values, and rewarding career paths for employees of each company.

### **Basis of Presentation**

We have historically operated as part of Kellogg ParentCo and not as a standalone company. The accompanying audited combined financial statements for the fiscal years ended December 31, 2022, January 1, 2022 and January 2, 2021 and unaudited combined financial statements for the year-to-date period ended July 1, 2023 and July 2, 2022 were prepared on a stand-alone basis derived from the consolidated financial statements and accounting records of Kellogg ParentCo. These financial statements reflect the combined historical results of operations, financial position and cash flows of the Cereal Business in accordance with accounting principles generally accepted in the United States of America (“GAAP”) and pursuant to the rules and regulations of the SEC.

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These combined financial statements are presented as if WK Kellogg Co had been carved out of Kellogg ParentCo and had been combined for all periods presented. The combined financial statements include the attribution of certain assets and liabilities that have been held at Kellogg ParentCo but which are specifically identifiable or attributable to the business being transferred to WK Kellogg Co. The assets and liabilities in the carve-out financial statements have been presented on a historical cost basis, as immediately prior to the distribution of all of the assets and liabilities presented are wholly owned by Kellogg ParentCo and are being transferred to WK Kellogg Co at carry-over basis.

All significant intercompany transactions within WK Kellogg Co have been eliminated. All transactions between WK Kellogg Co and Kellogg ParentCo are considered to be effectively settled in the combined financial statements at the time the transaction is recorded. The total net effect of the settlement of these intercompany transactions is reflected in the Combined Statement of Cash Flows as a financing activity and in the Combined Balance Sheet as net parent investment.

These combined financial statements include expense allocations for: (1) contract manufacturing, product warehousing and distribution; (2) a combined sales force and management team; (3) certain support functions that are provided on a centralized basis within Kellogg ParentCo, including, but not limited to executive oversight, treasury, finance, internal audit, legal, information technology, human resources, communications, facilities, and compliance; and (4) employee benefits and compensation, including stock based compensation. These expenses have been allocated to WK Kellogg Co on the basis of direct usage where identifiable, with the remainder allocated on a basis of gross sales value, production pounds, headcount or other applicable measures. For an additional discussion and quantification of expense allocations see Note 10 of the Notes to the combined financial statements included elsewhere in this Information Statement.

Management believes the assumptions underlying these combined financial statements, including the assumptions regarding allocated expenses, reasonably reflect the utilization of services provided to or the benefit received by WK Kellogg Co during the periods presented. Nevertheless, the combined financial statements may not reflect the results of operations, financial position and cash flows had WK Kellogg Co been a standalone company during the periods presented. Actual costs that we may have incurred had we been a standalone company would depend on a number of factors, including the chosen organization structure, whether functions were outsourced or performed by our employees and strategic decisions made in areas such as manufacturing, selling and marketing, research and development, information technology and infrastructure.

Debt obligations and related financing costs of Kellogg ParentCo have not been included in the combined financial statements of WK Kellogg Co, because WK Kellogg Co is not a party to the obligation between Kellogg ParentCo and the debtholders. In connection with the Spin-Off, we anticipate having \$500 million in new debt, which would result in additional interest expense in future periods. See “Unaudited Pro Forma Combined Financial Statements” included elsewhere in this Information Statement.

The income tax provision in the combined statement of operations has been calculated as if WK Kellogg Co was operating on a standalone basis and filed separate tax returns in the jurisdiction in which it operates. Therefore cash tax payments and items of current and deferred taxes may not be reflective of WK Kellogg Co’s actual tax balances prior to or subsequent to the Spin-Off.

Our fiscal year normally ends on the Saturday closest to December 31 and as a result, a 53rd week is added approximately every sixth year. Our 2022 and 2021 fiscal years contained 52 weeks and ended on December 31, 2022 and January 1, 2022, respectively. Our 2020 fiscal year ended on January 2, 2021 and included a 53rd week. While quarters normally consist of 13-week periods, the fourth quarter of fiscal 2020 included a 14th week.

## Key Factors Affecting Our Business

We believe key industry and economic factors that are impacting our business include the following:

**COVID-19.** Since the World Health Organization categorized the novel coronavirus (COVID-19) as a pandemic in March 2020, our key objectives were to (1) protecting the health and safety of our employees, (2) safely producing and delivering our foods to customers and consumers, and (3) supporting the communities in which we operate.

We continued to actively monitor COVID-19 and adjust mitigation strategies as necessary to address changing health, operational or financial risks. During the first year of the pandemic, we experienced a significant increase in demand for food for at-home consumption. While this demand moderated in 2021, we continued to manage our production capacity during this period of volatility. We monitored the business for adverse impacts of the pandemic, including reduced demand in our away from home business, supply-chain disruptions, including bottlenecks and shortages of materials, labor, and freight that have required us to pursue alternative sources, incremental capacity, temporary labor and other incremental costs to maintain food supply. In the event we experienced adverse impacts from the above or other factors, we would also have evaluated the need to perform interim impairment tests of our goodwill, indefinite lived intangible assets, and property, plant and equipment. There can be no assurance that volatility and/or disruption in the capital and credit markets will not impair our ability to access these markets on terms acceptable to us, or at all.

**Supply chain challenges.** We have experienced supply chain disruptions including economy-wide bottlenecks and shortages of materials, labor, and freight that have led to increasing prices of raw materials and labor as well as limitations on shipping capacity. We have worked to offset these challenges through productivity and revenue growth management initiatives. Additionally, we were adversely impacted by a fire at one of our facilities in late July, 2021, followed by an unrelated strike of approximately 1,400 employees at our four U.S. plants, which began in early October 2021 and ended in late December of the same year. Both of these events resulted in operational and financial impacts that extended into the first quarter of 2022.

**Inflationary pressures.** Events such as the COVID-19 pandemic have resulted in certain impacts to the global economy, including market disruptions, supply chain challenges, and inflationary pressures. Like the rest of the industry and economy, the Company experienced a sharp increase in input costs beginning in 2021, ranging from ingredients and packaging, to energy, freight, and labor. The increase in input costs has persisted through our fiscal year 2022 and into our fiscal 2023. The Company mostly offset the dollar impact of this input-cost inflation through the execution of productivity initiatives and the implementation of revenue growth management actions to realize price. In addition to input-cost inflation, the industry and economy also experienced widespread bottlenecks and shortages of labor and materials, creating substantial inefficiencies and incremental costs. For the Company, these inefficiencies and costs had a significant impact on profit margins in the first half of 2021. In the second half of 2021, the bottlenecks and shortages were supplanted by a significant Company-specific interruption in production, first because of a fire that temporarily shut down one of our U.S. plants, and then by a three-month labor strike in all four of our U.S. plants. The fire and strike combined to negatively impact results through depleted inventory, lost net sales, lost fixed-cost absorption, and incremental costs during the second half of 2021 and into the first quarter of 2022, though such negative impacts were partially offset by curbed commercial investment and reduced overhead.

Additionally, Kellogg ParentCo has historically used a combination of long-term contracts with suppliers, and exchange-traded futures and option contracts to reduce price fluctuations in a desired percentage of forecasted raw material purchases over a duration of generally less than 18 months. We have participated in this hedging program and the combined statement of operations reflects a reasonable allocation of the impacts of our participation in Kellogg ParentCo's hedging program.

The war in Ukraine and the related sanctions have increased global economic and geopolitical uncertainty. WK Kellogg Co is a North American focused company with no direct exposure to Russia or Ukraine. However,



sanctions imposed by the United States on Russian oil and gas imports, as well as disruption to Ukraine's wheat and other agricultural supply due to the ongoing military conflict, is causing further inflation of our commodity costs.

We expect supply pressures, supply chain and logistics delays, and other disruptions to continue throughout 2023, though we are unable to predict the impact such disruptions may have on our future results.

**Highly competitive environment.** Our business is concentrated primarily in a single product category that faces intense competition. The principal aspects of our business where we experience competition include brand recognition, taste, nutritional value, price, promotion, innovation, shelf space and customer service. We have competition from both branded and private label product offerings. Our ability to successfully compete in the marketplace is dependent on our strategic execution on the items above.

**Challenging retail environment.** Our business is largely concentrated in the traditional retail grocery trade with a significant percentage of our sales coming from a small group of large U.S. retail customers. The U.S. retail environment continues to face further consolidation. We must leverage our marketing expertise, product innovation and category leadership position to respond to our customers and provide high service levels.

These factors contribute to a market environment of intense competition, constant product innovation and continuing cost pressure that creates a challenging commercial and economic environment. We evaluate these factors as we develop and execute our strategies. For more information on the risk factors affecting our business, see "Risk Factors" in this Information Statement.

### **Non-GAAP Financial Measures**

This Information Statement includes non-GAAP financial measures that we provide to management and investors that exclude certain items that we do not consider part of on-going operations. Items excluded from our non-GAAP financial measures are discussed in the "Significant items impacting comparability" section included in this MD&A. Our management team consistently utilizes a combination of GAAP and non-GAAP financial measures to evaluate business results, to make decisions regarding the future direction of our business, and for resource allocation decisions. As a result, we believe the presentation of both GAAP and non-GAAP financial measures provides investors with increased transparency into financial measures used by our management team and improves investors' understanding of our underlying operating performance and in their analysis of ongoing operating trends. All historic non-GAAP financial measures have been reconciled with the most directly comparable GAAP financial measures.

Non-GAAP financial measures used for evaluation of performance include adjusted operating profit, adjusted gross profit, adjusted gross margin, and adjusted net income. These non-GAAP financial measures may not be comparable to similar measures used by other companies.

Adjusted: gross profit, gross margin, operating profit and net income: We adjust the GAAP financial measures to exclude the effect of restructuring programs, separation costs, mark-to-market adjustments for pension plans (service cost, interest cost, expected return on plan assets, and other net periodic pension costs are not excluded), commodity contracts, and certain foreign currency contracts, and other costs impacting comparability resulting in adjusted gross profit, gross margin, operating profit, and net income. We excluded the items which we believe may obscure trends in our underlying profitability. By providing these non-GAAP profitability measures, management intends to provide investors with a meaningful, consistent comparison of WK Kellogg Co's profitability measures for the periods presented. Management uses these non-GAAP financial measures to evaluate the effectiveness of initiatives intended to improve profitability, as well as to evaluate the impacts of inflationary pressures and decisions to invest in new initiatives.

These measures have not been calculated in accordance with GAAP and should not be viewed as a substitute for GAAP reporting measures. Investors are encouraged to review the related GAAP financial measures and the

reconciliation of these non-GAAP financial measures to their most directly comparable GAAP financial measures, and not to rely on any single financial measure to evaluate our business.

### **Significant Items Impacting Comparability**

#### *Mark-to-Market*

We recognize allocations of mark-to-market adjustments for pension and postretirement benefit plans, commodity contracts, and certain foreign currency contracts as incurred. Actuarial gains/losses for pension plans are recognized in the year they occur. Changes between contract and market prices for commodity contracts and certain foreign currency contracts result in gains/losses that are recognized in the quarter they occur. We recorded a pre-tax mark-to-market loss of \$10 million in the year-to-date period ended July 1, 2023 and a mark-to-market loss of \$4 million in the year-to-date period ended July 2, 2022. Included within the aforementioned totals was a pre-tax mark-to-market gain of \$9 million for pension plans for the year-to-date period ended July 2, 2022.

Additionally, we recognized a loss of \$192 million in 2022, a gain of \$65 million in 2021 and a loss of \$53 million in 2020. Included within the aforementioned totals was a pre-tax mark-to-market loss for pension plans of \$183 million in 2022, a gain of \$77 million in 2021 and a loss of \$51 million in 2020.

#### *Separation Costs*

The Company incurred pre-tax charges related to the planned separation from Kellogg ParentCo, primarily related to legal and consulting costs, of \$61 million in the year-to-date period ended July 1, 2023, and \$1 million in the year-to-date period ended July 2, 2022. Additionally, we recorded separation costs of \$26 million for fiscal year ended 2022.

#### *Business and Portfolio Realignment*

One-time costs were related primarily to a reconfiguration of our supply chain network designed to drive increased productivity. As a result, we incurred pre-tax charges, primarily related to reorganizations of \$1 million during the year-to-date period ended July 1, 2023. Additionally, we recorded costs of \$4 million during the year-to-date periods ended July 2, 2022. We also recorded costs of \$8 million in 2022, \$7 million in 2021 and \$1 million in 2020.

**Financial Results**

Fiscal year-to-date period ended July 1, 2023 compared to fiscal year-to-date period ended July 2, 2022

**Net Sales and Operating Profit**

The following tables provide an analysis of net sales and operating profit performance for the fiscal year-to-date period ended July 1, 2023 versus the fiscal year-to-date period ended July 2, 2022:

| <u>(millions)</u>                       | <u>2023</u>    | <u>2022</u>    |
|---|----------------|----------------|
| <b>Reported net sales</b>               | <u>\$1,420</u> | <u>\$1,313</u> |
| <b>% change - 2023 vs. 2022:</b>        |                |                |
| <b>Reported net sales growth</b>        | <u>8.1%</u>    |                |
| Volume (tonnage)                        | (7.8)%         |                |
| Pricing/mix                             | <u>15.9%</u>   |                |
| <br>                                    |                |                |
| <u>(millions)</u>                       | <u>2023</u>    | <u>2022</u>    |
| <b>Reported operating profit</b>        | <u>\$ 54</u>   | <u>\$76</u>    |
| Mark-to-market                          | (10)           | (4)            |
| Separation costs                        | (61)           | (1)            |
| Business and portfolio realignment      | <u>(1)</u>     | <u>(4)</u>     |
| <b>Adjusted operating profit</b>        | <u>\$ 126</u>  | <u>\$85</u>    |
| <b>% change - 2023 vs. 2022:</b>        |                |                |
| <b>Reported growth</b>                  | <u>(28.6)%</u> |                |
| Mark-to-market                          | (9.3)%         |                |
| Separation costs                        | <u>(76.3)%</u> |                |
| Business and portfolio realignment      | <u>5.6%</u>    |                |
| <b>Adjusted operating profit growth</b> | <u>51.4%</u>   |                |

For more information on the reconciling items in the table above, please refer to the “Significant items impacting comparability” section.

Reported net sales increased approximately 8% due to revenue growth management initiatives designed to cover rising input-cost inflation which resulted in favorable price/mix of approximately 16%. Volume decreased approximately 8% compared to the prior year, reflecting price elasticity and lapping the prior year replenishment of retailer inventory levels following the 2021 fire and strike.

Reported operating profit decreased approximately 29% as the impact of higher net sales was more than offset by unfavorable mark-to-market resulting from changes in commodity prices of \$6 million, incremental separation costs of \$60 million, and an increase in advertising and promotion of approximately \$49 million from the prior year-to-date period due to the slow ramp up of commercial activities in the first half of 2022 following the fire and strike in late 2021.

Adjusted operating profit increased approximately 51%, after excluding the unfavorable impacts of mark-to-market totaling \$6 million and separation costs of \$60 million.

**Selling, General, and Administrative Expense**

Selling, general, and administrative expense increased by 47% to \$317 million in the year-to-date period ended July 1, 2023 compared to \$215 million in the year-to-date period ended July 2, 2022. Expense for the year-to-date period ended July 1, 2023 and the year-to-date period ended July 2, 2022 was 22% and 16% of net sales, respectively. The increase was due primarily to \$43 million of incremental separation costs in the year-to-date

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period ended July 1, 2023 and a \$49 million increase in advertising and promotion expense due to the slow ramp up of commercial activities in the first half of 2022 following the fire and strike in late 2021.

Selling, general, and administrative expense also includes expense allocations for product distribution; a combined sales force and management; certain support functions that are provided on a centralized basis within Kellogg ParentCo, including, but not limited to executive oversight, treasury, finance, internal audit, legal, information technology, human resources, communications, facilities, and compliance; and employee benefits and compensation, including stock based compensation.

### Margin Performance

2023 versus 2022 gross margin performance for the year-to-date period ended July 1, 2023 and July 2, 2022 was as follows:

|                                    | <u>2023</u> | <u>2022</u> | <u>Change vs. prior year (pts.)</u> |
|------------------------------------|-------------|-------------|-------------------------------------|
| Reported gross margin (a)          | 26.2%       | 22.2%       | 4.0                                 |
| Mark-to-market                     | (0.7)%      | (0.3)%      | (0.4)                               |
| Separation costs                   | (1.2)%      | —%          | (1.2)                               |
| Business and portfolio realignment | (0.1)%      | (0.3)%      | 0.2                                 |
| Adjusted gross margin              | 28.2%       | 22.8%       | 5.4                                 |

For information on the reconciling items in the table above, please refer to the “Significant items impacting comparability” section.

(a) Reported gross margin as a percentage of net sales. Gross margin is equal to net sales less cost of goods sold.

Our year-to-date period ended July 1, 2023 and year-to-date period ended July 2, 2022 adjusted gross profit is reconciled to the most comparable U.S. GAAP measure as follows:

| <u>(dollars in millions)</u>       | <u>2023</u> | <u>2022</u> |
|------------------------------------|-------------|-------------|
| Reported gross profit (a)          | \$372       | \$291       |
| Mark-to-market                     | (10)        | (4)         |
| Separation costs                   | (17)        | —           |
| Business and portfolio realignment | (1)         | (4)         |
| Adjusted gross profit              | \$400       | \$299       |

For more information on the reconciling items in the table above, please refer to the “Significant items impacting comparability” section.

(a) Gross profit is equal to net sales less cost of goods sold.

Reported gross margin for the year-to-date period ended July 1, 2023 increased 400 basis points compared to the year-to-date period ended July 2, 2022 as 2023 was favorably impacted by revenue growth management initiatives partially offset by unfavorable mark-to-market impacts totaling \$6 million and incremental separation costs of \$17 million.

Adjusted gross margin increased 540 basis points after excluding the unfavorable impact of mark-to-market totaling \$6 million and separation costs of \$17 million.

### Other Income (Expense)

Other income (expense) consists primarily of allocated pension and postretirement benefit plan related mark-to-market, interest cost, and expected return on plan assets.

For the year-to-date period ended July 1, 2023 other income (expense) decreased by 74% to \$15 million compared to \$57 million in the year-to-date period ended July 2, 2022. The decrease was due primarily to lower expected returns on plan assets in the current year-to-date period due to a decrease in plan asset values during 2022. Pension and postretirement benefit plan income included in other income (expense) decreased from \$58 million for the year-to-date period ended July 2, 2022 to \$20 million for the year-to-date period ended July 1, 2023.

### Income Tax Expense

The effective tax rate for the year-to-date periods ended July 1, 2023 and July 2, 2022 was 23.2% and 21.9%, respectively. The increase in effective tax rate is primarily attributable to increased non-deductible transaction costs. Further, the effective tax rate for both periods was impacted by state and local income taxes and the differential of WK Kellogg Co's foreign statutory tax rates from the U.S. federal statutory tax rate.

### Net Income

| Combined results (millions)                       | Year-to-date period ended |              |
|---|---------------------------|--------------|
|   | July 1, 2023              | July 2, 2022 |
| Reported net income attributable to WK Kellogg Co | \$ 53                     | \$ 104       |
| Mark-to-market (pre-tax)                          | (10)                      | 5            |
| Separation costs (pre-tax)                        | (61)                      | (1)          |
| Business and portfolio realignment (pre-tax)      | (1)                       | (4)          |
| Income tax impact applicable to adjustments, net* | 17                        | —            |
| Adjusted net income attributable to WK Kellogg Co | \$ 108                    | \$ 104       |

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

\* Represents the estimated income tax effect on the reconciling items, using weighted-average statutory tax rates, depending upon the applicable jurisdiction.

**Financial Results**

Full year 2022 compared to 2021

**Net Sales and Operating Profit**

The following tables provide an analysis of net sales and operating profit performance for the year 2022 versus 2021:

| <u>(millions)</u>                       | <u>2022</u>    | <u>2021</u>    |
|---|----------------|----------------|
| <b>Reported net sales</b>               | <u>\$2,695</u> | <u>\$2,460</u> |
| <b>% change - 2022 vs. 2021:</b>        |                |                |
| <b>Reported net sales growth</b>        | 9.6%           |                |
| Volume (tonnage)                        | (0.1)%         |                |
| Pricing/mix                             | 9.7%           |                |
| <br>                                    |                |                |
| <u>(millions)</u>                       | <u>2022</u>    | <u>2021</u>    |
| <b>Reported operating profit</b>        | <u>\$ 75</u>   | <u>\$ 37</u>   |
| Mark-to-market                          | (9)            | (11)           |
| Separation costs                        | (26)           | —              |
| Business and portfolio realignment      | (8)            | (7)            |
| <b>Adjusted operating profit</b>        | <u>\$ 118</u>  | <u>\$ 55</u>   |
| <b>% change - 2022 vs. 2021:</b>        |                |                |
| <b>Reported growth</b>                  | 102.7%         |                |
| Mark-to-market                          | 27.7%          |                |
| Separation costs                        | (54.2)%        |                |
| Business and portfolio realignment      | 14.6%          |                |
| <b>Adjusted operating profit growth</b> | <u>114.6%</u>  |                |

For more information on the reconciling items in the table above, please refer to the “Significant items impacting comparability” section.

Reported net sales increased approximately 10% due to revenue growth management initiatives designed to cover rising input-cost inflation resulting in favorable price/mix of approximately 10%. Volume was flat compared to the prior year.

Reported operating profit increased 103% due primarily to the impact of higher net sales and resulting higher gross profit due to a faster-than-expected recovery in our U.S. cereal business following the 2021 fire and strike. Operating profit also improved due to a decrease in advertising and promotion expense of approximately \$43 million from the prior year due to the slow ramp up of commercial activities in the first half of 2022 following the fire and strike in late 2021.

These impacts to operating profit were partially offset by incremental separation costs of \$26 million.

**Selling, General, and Administrative Expense**

Selling, general, and administrative expense increased to \$556 million in 2022 compared to \$539 million in 2021. Selling, general and administrative expense for 2022 and 2021 was 21% and 22% of net sales, respectively. The increase was due primarily to a \$60 million increase in allocated corporate overhead, including \$26 million in separation costs, and allocated research and development costs. These increases were partially offset by a \$43 million decrease in advertising and promotion expense due to the slow ramp up of commercial activities following the 2021 fire and strike.

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Selling, general, and administrative expense also includes expense allocations for product distribution; a combined sales force and management; certain support functions that are provided on a centralized basis within Kellogg ParentCo, including, but not limited to, executive oversight, treasury, finance, internal audit, legal, information technology, human resources, communications, facilities, and compliance; and employee benefits and compensation, including stock based compensation.

**Margin Performance**

2022 versus 2021 gross margin performance was as follows:

|                                    | <u>2022</u>  | <u>2021</u>  | <u>Change vs. prior<br/>year (pts.)</u> |
|------------------------------------|--------------|--------------|---|
| Reported gross margin (a)          | 23.4%        | 23.4%        | —                                       |
| Mark-to-market                     | (0.3)%       | (0.5)%       | 0.2                                     |
| Separation costs                   | (0.1)%       | — %          | —                                       |
| Business and portfolio realignment | (0.3)%       | (0.2)%       | (0.1)                                   |
| Adjusted gross margin              | <u>24.1%</u> | <u>24.1%</u> | <u>—</u>                                |

For information on the reconciling items in the table above, please refer to the “Significant items impacting comparability” section.

(a) Reported gross margin as a percentage of net sales. Gross margin is equal to net sales less cost of goods sold.

Our 2022 and 2021 adjusted gross profit is reconciled to the most comparable U.S. GAAP measure as follows:

| <u>(dollars in millions)</u>       | <u>2022</u>  | <u>2021</u>  |
|------------------------------------|--------------|--------------|
| Reported gross profit (a)          | \$631        | \$576        |
| Mark-to-market                     | (9)          | (11)         |
| Separation costs                   | (3)          | —            |
| Business and portfolio realignment | (8)          | (5)          |
| Adjusted gross profit              | <u>\$651</u> | <u>\$592</u> |

For more information on the reconciling items in the table above, please refer to the “Significant items impacting comparability” section.

(a) Gross profit is equal to net sales less cost of goods sold.

Reported gross margin for the year ended December 31, 2022, was flat compared to the prior year as the impact of revenue growth management initiatives were offset by input cost inflation and the residual impact of last year’s fire and strike. Gross profit increased from the prior year due to the impact of net sales resulting from favorable price increases and product mix.

**Other Income (Expense)**

Other income (expense) consists primarily of allocated pension and postretirement benefit plan related mark-to-market, interest cost, and expected return on plan assets. For the year ended December 31, 2022, other income (expense) decreased to (\$101) million compared to \$177 million in 2021. The decrease was due to higher mark-to-market pension expense driven by the impact of lower than expected returns on plan assets partially mitigated by higher discount rates. Pension and postretirement benefit plan-related mark-to-market expense was (\$183) million for the year ended December 31, 2022 compared to \$77 million in 2021. Total pension and postretirement benefit plan income (expense), including mark-to-market, in other income (expense) was (\$94) million and \$178 million for the years ended December 31, 2022 and January 1, 2022, respectively.

**Income Tax Expense**

The effective tax rate for fiscal years 2022 and 2021 was 5.7% and 24.4%, respectively. The effective tax rate for 2022 decreased as compared to the prior year as a result of a change in the jurisdictional mix of pre-tax earnings, most notably a decrease in U.S. pre-tax earnings.

**Financial Results****Net Sales and Operating Profit**

Full year 2021 compared to 2020

The following tables provide an analysis of net sales and operating profit performance for 2021 versus 2020:

| <u>(millions)</u>                       | <u>2021</u>    | <u>2020</u>    |
|---|----------------|----------------|
| <b>Reported net sales</b>               | <u>\$2,460</u> | <u>\$2,867</u> |
| <b>% change - 2021 vs. 2020:</b>        |                |                |
| <b>Reported net sales growth</b>        | (14.2)%        |                |
| Volume (tonnage)                        | (17.2)%        |                |
| Pricing/mix                             | 3.0%           |                |
| <br>                                    |                |                |
| <u>(millions)</u>                       | <u>2021</u>    | <u>2020</u>    |
| <b>Reported operating profit</b>        | <u>\$ 37</u>   | <u>\$196</u>   |
| Mark-to-market                          | (11)           | (2)            |
| Business and portfolio realignment      | (7)            | (1)            |
| <b>Adjusted operating profit</b>        | <u>\$ 55</u>   | <u>\$199</u>   |
| <b>% change - 2021 vs. 2020:</b>        |                |                |
| <b>Reported growth</b>                  | (81.1)%        |                |
| Mark-to-market                          | (5.6)%         |                |
| Business and portfolio realignment      | (3.0)%         |                |
| <b>Adjusted operating profit growth</b> | <u>(72.5)%</u> |                |

For more information on the reconciling items in the table above, please refer to the “Significant items impacting comparability” section.

Reported net sales decreased 14% as volume declined 17% from the prior year partially offset by a 3% benefit from price/mix. The Company estimates that about half of the volume decline was attributable to lapping strong 2020 pandemic-related growth, with another 2 percentage points attributable to lapping fiscal 2020’s 53rd week, and the remainder of the decline related to challenging supply conditions in 2021, including the impact of economy-wide supply bottlenecks and shortages on first-half results, and the impact in the second half of a fire and strike at our U.S. cereal plants. Primarily as a result of the fire and strike, U.S. retail cereal market share declined 3.1 basis points during the fourth quarter of 2021.

Reported operating profit decreased approximately 81%, or about \$159 million, compared to the prior year. The Company estimates approximately half of this decline was attributable to supply disruptions in 2021, including lost sales and incremental costs related to the fire and strike in the second half, and inefficiencies and incremental costs related to economy-wide bottlenecks and shortages in the first half.

The remaining decline in operating profit was due primarily to 2021 results lapping substantial operating leverage in 2020 when our plants were running limited SKUs at maximum capacity due to the acceleration of demand as a result of the pandemic and the impact of the 53rd week in 2020.



These negative impacts to operating profit in 2021 were partially offset by lower incentive compensation expense and lower advertising and promotion expense within selling, general, and administrative expense, as planned commercial activity was moderated significantly during the strike.

### Selling, General, and Administrative Expense

Selling, general, and administrative expense decreased to \$539 million in 2021 compared to \$639 million in 2020. Expense for both years was approximately 22% of net sales. The decrease was due primarily to a decrease of approximately \$63 million in allocated overhead and research and development costs and approximately \$32 million in advertising and promotion expense, as planned commercial activity was moderated significantly as a result of the fire and strike.

Selling, general, and administrative expense also includes expense allocations for product distribution; a combined sales force and management; certain support functions that are provided on a centralized basis within Kellogg ParentCo, including, but not limited to, executive oversight, treasury, finance, internal audit, legal, information technology, human resources, communications, facilities, and compliance; and employee benefits and compensation, including stock based compensation.

### Margin Performance

2021 versus 2020 gross margin performance was as follows:

|                                    | <u>2021</u>  | <u>2020</u>  | <u>Change vs. prior<br/>year (pts.)</u> |
|------------------------------------|--------------|--------------|---|
| Reported gross margin (a)          | 23.4%        | 29.1%        | (5.7)                                   |
| Mark-to-market                     | (0.5)%       | (0.1)%       | (0.4)                                   |
| Business and portfolio realignment | (0.2)%       | — %          | (0.2)                                   |
| Adjusted gross margin              | <u>24.1%</u> | <u>29.2%</u> | <u>(5.1)</u>                            |

For information on the reconciling items in the table above, please refer to the “Significant items impacting comparability” section.

(a) Reported gross margin as a percentage of net sales. Gross margin is equal to net sales less cost of goods sold.

Our 2021 and 2020 adjusted gross profit is reconciled to the most comparable U.S. GAAP measure as follows:

| <u>(dollars in millions)</u>       | <u>2021</u>  | <u>2020</u>  |
|------------------------------------|--------------|--------------|
| Reported gross profit (a)          | \$576        | \$835        |
| Mark-to-market                     | (11)         | (2)          |
| Business and portfolio realignment | (5)          | —            |
| Adjusted gross profit              | <u>\$592</u> | <u>\$837</u> |

For more information on the reconciling items in the table above, please refer to the “Significant items impacting comparability” section.

(a) Gross profit is equal to net sales less cost of goods sold.

Reported gross margin for the year ended January 1, 2022, decreased 570 basis points, approximately half of which is estimated to be related to challenging supply conditions in 2021, including inefficiencies and incremental costs related to economy-wide bottlenecks and shortages in the first half, and a third-quarter fire at one of our U.S. plants and fourth-quarter strike affecting all U.S. cereal plants.

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The remaining gross margin decline was due primarily to 2021 results lapping substantial operating leverage in 2020 when our plants were running limited SKUs at maximum capacity due to the acceleration of demand as a result of the pandemic and the impact of the 53rd week in 2020.

The impact of accelerated input-cost inflation, including commodities, labor, and logistics, was largely offset by productivity and price realization.

**Other Income (Expense)**

Other income (expense) consists primarily of allocated pension and postretirement benefit plan related mark-to-market, interest cost, and expected return on plan assets. For the year ended January 1, 2022, other income increased to \$177 million compared to \$46 million in 2020. The increase was due to higher mark-to-market pension income driven by the impact of higher discount rates at the end of 2021 versus 2020. Pension and postretirement benefit plan-related mark-to-market income (expense) was \$77 million for the year ended January 1, 2022 compared to (\$51) million in 2020. Total pension and postretirement benefit plan income (expense), including mark-to-market, in other income (expense) was \$178 million and \$50 million for the years ended January 1, 2022 and January 2, 2021, respectively.

**Income Tax Expense**

The effective tax rate for fiscal years 2021 and 2020 was 24.4% and 24.7%, respectively. The effective tax rate was impacted by state and local income taxes and the differential of WK Kellogg Co's foreign statutory tax rates from the U.S. federal statutory tax rate.

**Net Income (Loss)**

| <u>Combined results (dollars in millions, except per share data)</u> | <u>2022</u>   | <u>2021</u>  | <u>2020</u>  |
|--|---------------|--------------|--------------|
| Reported net income attributable to WK Kellogg Co                    | \$ (25)       | \$162        | \$182        |
| Mark-to-market (pre-tax)   | (192)         | 65           | (53)         |
| Separation costs (pre-tax)   | (26)          | —            | —            |
| Business and portfolio realignment (pre-tax)                         | (8)           | (7)          | (1)          |
| Income tax impact applicable to adjustments, net*                    | 53            | (14)         | 13           |
| Adjusted net income attributable to WK Kellogg Co                    | <u>\$ 148</u> | <u>\$118</u> | <u>\$223</u> |

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

\* Represents the estimated income tax effect on the reconciling items, using weighted-average statutory tax rates, depending upon the applicable jurisdiction.

**LIQUIDITY AND CAPITAL RESOURCES**

We have operated within Kellogg ParentCo's consolidated cash management structure, which uses a centralized approach to cash management and financing of our operations. A substantial portion of our cash is transferred to Kellogg ParentCo. This arrangement is not reflective of the manner in which we would have financed our operations had we been an independent, publicly traded company during the periods presented.

The cash and cash equivalents held by Kellogg ParentCo at the corporate level are not specifically identifiable to us and, therefore, have not been reflected in our combined financial statements. As a result of our participation in Kellogg ParentCo's cash management arrangement, we do not hold our own cash and do not have access to any of Kellogg ParentCo's credit facilities as a source of additional liquidity. Accordingly, these events and conditions can result in a net working capital deficit (i.e., total current liabilities in excess of total current assets)

at the end of certain reporting periods. As a result, our combined balance sheet presents a net working capital deficit (i.e. total current liabilities exceed total current assets as of July 1, 2023). To alleviate such conditions, Kellogg ParentCo has committed that it will provide assistance to WK Kellogg Co as determined by Kellogg ParentCo to enable WK Kellogg Co to continue its operations and fulfill all of its financial obligations expiring at the earlier of the consummation of the Spin-Off or December 2024. Accordingly, management believes that the financial support from Kellogg ParentCo will provide sufficient liquidity to meet our projected obligations for at least the next twelve months from the filing of this Form 10.

Following the Spin-Off, our capital structure and sources of liquidity will change from the historical capital structure because we will no longer participate in Kellogg ParentCo's centralized cash management program. Our ability to fund our operating needs will depend on our future ability to continue to generate positive cash flow from operations, and on our ability to obtain debt financing on acceptable terms. Management believes that our cash balances and funds provided by operating activities, along with expected borrowing capacity and access to capital markets, taken as a whole, provide (i) adequate liquidity to meet all of our current and long-term obligations when due, including third-party debt that we expect to incur in connection with the Spin-Off, (ii) adequate liquidity to fund capital expenditures, and (iii) flexibility to meet investment opportunities that may arise. However, our access to, and the availability of, financing on acceptable terms and conditions in the future will be impacted by many factors, including (1) our credit ratings, including the lowering of any of our credit ratings, or absence of a credit rating, (2) the liquidity of the overall capital markets and (3) the current state of the economy and, accordingly, there can be no assurances that we will be able to obtain additional debt or equity financing on acceptable terms in the future, or at all. The cash flows presented in our combined statement of cash flows may not be indicative of the cash flows we would have recognized had we operated as a standalone publicly traded company for the periods presented.

Kellogg ParentCo's third-party long-term debt and the related interest expense have not been allocated to WK Kellogg Co for any of the periods presented as WK Kellogg Co was not the legal obligor of such debt. Additionally, we have no third-party borrowing as of the date of this Information Statement. Immediately following the Spin-Off, we expect to have total indebtedness of approximately \$500 million consisting of a term loan under the Credit Agreement (as defined herein) that we expect to enter into in connection with the Spin-Off. The debt may also restrict our business and may adversely impact our financial condition, results of operations or cash flows. In addition, the Spin-Off may increase the overall cost of debt funding and decrease the overall debt capacity and commercial credit available to us. See "Description of Material Indebtedness."

We believe our operating cash flow will allow us significant financial flexibility as a standalone company. We plan to utilize such flexibility to drive an investment philosophy that balances capital investments in areas such as supply chain optimization, cost-saving projects and new capabilities, with the ability to further increase shareholder value through a combination of debt reduction, return of capital to our shareholders in the form of dividends or share repurchases as well as potential acquisitions. Initially, in connection with the Spin-Off, we may increase our indebtedness to fund important capital projects. Thereafter, however, we plan to reduce indebtedness as a way to enhance financial flexibility for enhancing shareholder value.

The following table sets forth a summary of our cash flows for the year-to-date periods ended July 1, 2023 and July 2, 2022:

| <u>(dollars in millions)</u>                          | <u>July 1,<br/>2023</u> | <u>July 2,<br/>2022</u> |
|---|-------------------------|-------------------------|
| <b>Net cash provided by (used in):</b>                |                         |                         |
| Operating activities                                  | \$ 140                  | \$ 44                   |
| Investing activities                                  | (56)                    | (27)                    |
| Financing activities                                  | (82)                    | (17)                    |
| Effect of exchange rates on cash and cash equivalents | —                       | —                       |
| Net increase (decrease) in cash and cash equivalents  | <u>\$ 2</u>             | <u>\$ —</u>             |

**Operating Activities**

Cash flow from operating activities for the year-to-date period ended July 1, 2023, increased to \$140 million, compared to \$44 million during the year-to-date period ended July 2, 2022. The increase was due to higher gross profit dollars from the prior year due to the increase in net sales as well as lapsing the replenishment of inventory and increase in accounts receivable balances in the prior year-to-date period due to the resumption of normal business activity following the strike in the fourth quarter of 2021.

**Investing Activities**

Cash flow used in investing activities consists primarily of capital expenditures, which increased from \$27 million in the year-to-date period ended July 2, 2022 to \$60 million in the year-to-date period ended July 1, 2023 due to the resumption of capital projects after the strike.

**Financing Activities**

Cash flow used in financing activities consists of net transactions with Kellogg ParentCo. WK Kellogg Co paid \$82 million and \$17 million to Kellogg ParentCo during the year-to-date periods ended July 1, 2023 and July 2, 2022, respectively. The year-over-year changes in net cash to the parent was due primarily to the change in allocated pension and postretirement plan expense.

The following table sets forth a summary of our cash flows for the full fiscal years 2022, 2021, and 2020:

| <u>(dollars in millions)</u>                          | <u>2022</u> | <u>2021</u> | <u>2020</u> |
|---|-------------|-------------|-------------|
| Net cash provided by (used in):                       |             |             |             |
| Operating activities                                  | \$ 53       | \$ 7        | \$ 303      |
| Investing activities                                  | (71)        | (75)        | (87)        |
| Financing activities                                  | 18          | 68          | (216)       |
| Effect of exchange rates on cash and cash equivalents | —           | —           | —           |
| Net increase (decrease) in cash and cash equivalents  | <u>\$—</u>  | <u>\$—</u>  | <u>\$—</u>  |

**Operating Activities**

Cash flow from operating activities for the year ended December 31, 2022, increased to \$53 million, compared to \$7 million in 2021. The increase was due to higher gross profit dollars from the prior year due to the increase in net sales as gross margin percentage was flat year-over-year. This impact was partially offset by the increase in core working capital from the prior year as accounts receivable and inventory balances increased significantly from the prior year due to the resumption of normal business activity following the strike in the fourth quarter of 2021.

Cash flow from operating activities for the year ended January 1, 2022, decreased to \$7 million, compared to \$303 million in 2020. The decrease was due primarily to lower profitability in 2021 as a result of strong 2020 pandemic-related net sales growth, and challenging supply conditions in 2021, including economy-wide bottlenecks, a third-quarter fire at one of our U.S. plants and a subsequent fourth-quarter strike affecting all U.S. plants.

Additionally, 2021 versus 2020 fiscal year operating cash flow was negatively impacted by the sharp reduction of inventory in 2020, resulting from the pandemic-related increase in demand, followed by the replenishment of inventory in 2021. Operating cash flow in 2021 was also unfavorably impacted by the phasing of our brand building investment. Due to the pandemic-related surge in demand, significant brand building investment was delayed and heavily weighted to the back half of the year resulting in a higher than typical accruals at the end of 2020. Brand building investments were largely suspended during the fourth quarter of 2021 due to the strike.

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Accounts receivable and accounts payable balances were also impacted by the timing of the fire and strike in the second half of 2021. Accounts receivable was lower at the end of 2021 compared to 2020 as sales in the second half of 2021 were negatively impacted by limited product availability due to the fire and strike. Additionally, production volumes in our U.S. plants were negatively impacted by the fire and strike in the second half of 2021 compared to 2020 levels, resulting in lower accounts payable at the end of 2021 compared to 2020.

**Investing Activities**

Cash flow used in investing activities consists primarily of capital expenditures, which increased slightly in 2022 from 2021 due to the resumption of capital projects after the strike. Capital expenditures in 2021 decreased from 2020 due primarily to the suspension of capital projects during the strike. Capital expenditures for 2022, 2021, and 2020 consisted primarily of investments in production and packaging lines.

**Financing Activities**

Cash flow used in financing activities consists of net transactions with Kellogg ParentCo. WK Kellogg Co received \$18 million from Kellogg ParentCo in 2022. WK Kellogg Co received \$68 million from Kellogg ParentCo in 2021. WK Kellogg Co paid \$216 million to Kellogg ParentCo in 2020. The year-over-year changes in net cash to or from the parent was due primarily to the change in allocated pension and postretirement plan expense.

**Monetization and Supplier Finance Programs**

Kellogg ParentCo has a program in which customers can extend their payment terms in exchange for the elimination of early payment discounts (“Extended Terms Program”). In order to mitigate the net working capital impact of the Extended Terms Program for discrete customers, Kellogg ParentCo entered into agreements to sell, on a revolving basis, certain trade accounts receivable balances to third party financial institutions (“Monetization Programs”). Transfers under the Monetization Programs are accounted for as sales of receivables resulting in the receivables being de-recognized from Kellogg ParentCo’s balance sheet. The Monetization Programs provide for the continuing sale of certain receivables on a revolving basis until terminated by either party; however the maximum funding from receivables that may be sold at any time is currently approximately \$1.1 billion, but may be increased or decreased as customers move in or out of the Extended Terms Program and as additional financial institutions move in or out of the Monetization Programs. As WK Kellogg Co receivables were a part of Kellogg ParentCo’s accounts receivable balance, the impact of WK Kellogg Co’s participation in the Monetization Programs has been reflected in the accompanying combined financial statements.

Kellogg ParentCo, and consequently WK Kellogg Co has no retained interest in the receivables sold, however Kellogg ParentCo does have collection and administrative responsibilities for the sold receivables. Kellogg ParentCo, and consequently WK Kellogg Co has not recorded any servicing assets or liabilities as of December 31, 2022 and January 1, 2022 for these agreements as the fair value of these servicing arrangements as well as the fees earned were not material to the combined financial statements.

For WK Kellogg Co, accounts receivable sold of \$291 million, \$256 million and \$150 million remained outstanding under these arrangements as of July 1, 2023, December 31, 2022 and January 1, 2022, respectively. The proceeds from these sales of receivables are included in cash from operating activities in the Combined Statement of Cash Flows included elsewhere in this Information Statement. The allocated recorded net loss on sale of receivables, based on the proportion of monetized receivables, was \$8 million and \$1 million for the year-to-date periods ended July 1, 2023 and July 2, 2022, respectively and \$7 million and \$2 million for the years ended December 31, 2022 and January 1, 2022, respectively. The recorded loss is included in Other income (expense) (“OIE”) on the Combined Statement of Income.

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The Monetization Programs are designed to directly offset the impact the Extended Terms Program would have on the days-sales-outstanding (“DSO”) metric that is critical to the effective management of the Kellogg ParentCo’s accounts receivable balance and overall working capital.

Kellogg ParentCo has agreements with third parties (“Supplier Finance Programs”) to provide accounts payable tracking systems which facilitate participating suppliers’ ability to monitor and, if elected, sell our payment obligations to designated third-party financial institutions. Participating suppliers may, at their sole discretion, make offers to sell one or more of our payment obligations prior to their scheduled due dates at a discounted price to participating financial institutions. The agreements facilitate the suppliers’ ability to sell payment obligations, while providing them with greater working capital flexibility. Kellogg ParentCo has no economic interest in the sale of these suppliers’ receivables and no direct financial relationship with the financial institutions concerning these services. Kellogg ParentCo’s obligations to our suppliers, including amounts due and scheduled payment dates, are not impacted by suppliers’ decisions to sell amounts under the arrangements. However, Kellogg ParentCo’s right to offset balances due from suppliers against payment obligations is restricted by the agreements for those payment obligations that have been sold by suppliers.

As WK Kellogg Co suppliers also had the ability to participate in this program during the periods presented, the impact of this program has been included in these accompanying combined financial statements. The payment of these obligations by WK Kellogg Co is included in cash used in operating activities in the Combined Statement of Cash Flows. As of July 1, 2023, December 31, 2022 and January 1, 2022, \$135 million, \$138 million and \$108 million, respectively, of WK Kellogg Co’s outstanding payment obligations had been placed in the accounts payable tracking system.

Kellogg ParentCo has historically utilized extended payment terms for customers and suppliers supplemented with the above programs to assist in effectively managing core working capital. Following the Spin-Off, we intend to implement policies or programs to provide working capital to meet our short-term liquidity requirements.

## **CONTRACTUAL OBLIGATIONS**

We have material contractual obligations that arise in the normal course of business. These estimated contractual obligations may not be representative of our future contractual obligations profile as an independent, publicly traded company. Our estimated contractual obligations do not reflect changes that we expect to experience in the future as a result of the Spin-Off, such as contractual arrangements that we may enter into in the future that were historically entered into by the Kellogg ParentCo for shared-services.

A summary of our pension and postretirement benefit obligations as of December 31, 2022 can be found in Notes 7 “Pension Benefits” and Note 8 “Nonpension Postretirement and Postemployment Benefits”, to the combined financial statements contained in this Information Statement.

Our unconditional purchase obligations consist primarily of fixed commitments for raw materials to be utilized in the normal course of business and for marketing, advertising and other services. As of December 31, 2022, unconditional purchase obligations totaled approximately \$357 million. Approximately \$260 million of these unconditional purchase obligations will be settled in the ordinary course of business in the next 12 months.

As of July 1, 2023, we did not have any material off-balance sheet arrangements.

## **CRITICAL ACCOUNTING ESTIMATES**

### **Promotional Expenditures**

Our promotional activities are conducted either through the retail trade or directly with consumers and include activities such as in-store displays and events, feature price discounts, consumer coupons, contests and loyalty

programs. The costs of these activities are generally recognized at the time the related revenue is recorded, which normally precedes the actual cash expenditure by the company. The recognition of these costs therefore requires significant management judgment regarding the volume of promotional offers that will be redeemed by either the retail trade or consumer. These estimates are made using various techniques including historical data on performance of similar promotional programs. Differences between estimated expense and actual redemptions are recognized as a change in management estimate in a subsequent period. On a full-year basis, these subsequent period adjustments represent approximately 1% of our company's net sales. However, our company's total promotional expenditures (including amounts classified as a reduction of net sales) are significant, so it is likely our results would be materially different if different assumptions or conditions were to prevail.

### **Income Taxes**

Kellogg ParentCo and its domestic subsidiaries, prior to the Spin-Off, file a consolidated U.S. federal income tax return. Income taxes as presented in the combined financial statements attribute current and deferred income taxes of Kellogg ParentCo to us in a manner that is systematic, rational and consistent with the asset and liability method prescribed by the accounting guidance for income taxes. Our income tax provision is prepared using the separate return method. The separate return method applies the accounting guidance for income taxes to the standalone financial statements as if we were a separate taxpayer and a standalone enterprise.

Our combined effective income tax rate is influenced by tax planning opportunities available to us in the jurisdictions in which we operate. The calculation of our income tax provision and deferred income tax assets and liabilities is complex and requires the use of estimates and judgment.

We recognize tax benefits associated with uncertain tax positions when, in our judgment, it is more likely than not that the positions will be sustained upon examination by a taxing authority. For tax positions that meet the more likely than not recognition threshold, we initially and subsequently measure the tax benefits as the largest amount that we judge to have a greater than 50% likelihood of being realized upon ultimate settlement. Our liability associated with unrecognized tax benefits is adjusted periodically due to changing circumstances, such as the progress of tax audits, new or emerging legislation and tax planning. The tax position will be de-recognized when it is no longer more likely than not of being sustained. Significant adjustments to our liability for unrecognized tax benefits impacting our effective tax rate are separately presented in the rate reconciliation table of Note 9 within Notes to Combined Financial Statements.

Management monitors our ability to utilize certain future tax deductions, operating losses and tax credit carryforwards, prior to expiration as well as the reinvestment assertion regarding our undistributed foreign earnings. Changes resulting from management's assessment will result in impacts to deferred tax assets and the corresponding impacts on the effective income tax rate. Valuation allowances are recorded to reduce deferred tax assets to an amount that will, more likely than not, be realized in the future.

### **Retirement Benefits**

Kellogg ParentCo sponsors a number of U.S., Canadian and Mexican plans to provide pension, health care, and other welfare benefits to retired employees, as well as salary continuance, severance, and long-term disability to former or inactive employees. Certain WK Kellogg Co employees participate in defined benefit pension and postretirement plans sponsored by Kellogg ParentCo, which include participants of other Kellogg ParentCo businesses. For purposes of these combined financial statements, these plans are accounted for as multiemployer plans. Accordingly, WK Kellogg Co does not record an asset or liability to recognize the funded status of these plans. However, the related pension and postretirement expenses allocated to WK Kellogg Co are based primarily on the proportion of the liabilities related to WK Kellogg Co employees in these plans.

There are also certain defined benefit pension plans that our employees participate in that are either dedicated to our employees or where the plan assets and liabilities that relate to our employees are legally required to transfer

to WK Kellogg Co at the time of our Spin-Off from Kellogg ParentCo. An asset or liability is included on the Combined Balance Sheet for the funded status of such plans and the appropriate pension expense is recorded in the Combined Statement of Income.

Plan funding strategies are influenced by tax regulations and asset return performance. A majority of plan assets are invested in a globally diversified portfolio of debt and equity securities with smaller holdings of other investments. We recognize the cost of benefits provided during retirement over the employees' active working life to determine the obligations and expense related to our retiree benefit plans. Inherent in this concept is the requirement to use various actuarial assumptions to predict and measure costs and obligations many years prior to the settlement date. Major actuarial assumptions that require significant management judgment and have a material impact on the measurement of our combined benefits expense and accumulated obligation include the long-term rates of return on plan assets, the health care cost trend rates, the mortality table and improvement scale, and the interest rates used to discount the obligations for our major plans, which cover employees in the United States and Canada.

Our expense recognition policy for pension and nonpension postretirement benefits is to immediately recognize actuarial gains and losses in our operating results in the year in which they occur. Actuarial gains and losses are recognized annually as of our measurement date, which is our fiscal year-end, or when remeasurement is otherwise required under generally accepted accounting principles.

## **QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK**

We are exposed to certain market risks, which exist as a part of our ongoing business operations. Management, as part of Kellogg ParentCo, uses derivative financial and commodity instruments, where appropriate, to manage these risks. As a matter of policy, Kellogg ParentCo does not engage in trading or speculative transactions. Refer to Note 11 within Notes to Combined Financial Statements for further information on our derivative financial and commodity instruments.

### **Foreign Exchange Risk**

We are exposed to fluctuations in foreign currency cash flows related primarily to third-party purchases and intercompany transactions.

Additionally, volatile market conditions arising from the COVID-19 pandemic and geopolitical uncertainty may result in significant changes in foreign exchange rates, and in particular a weakening of foreign currencies relative to the U.S. dollar may negatively affect the translation of foreign currency denominated earnings to U.S. dollars. Primary exposures include the U.S. dollar versus the Canadian dollar and Mexican peso.

We assess foreign currency risk based on transactional cash flows and translational volatility. Historically, Kellogg ParentCo entered into forward contracts, options, and currency swaps to reduce fluctuations in long or short currency positions. Forward contracts and options are generally less than 18 months in duration. We have participated in this hedging program and the combined statement of income reflects a proportional allocation of the effects of this program. However, because Kellogg ParentCo is the legal obligor of these contracts, we have not recognized any assets or liabilities on our combined balance sheet, nor in our combined statement of comprehensive income. Following the Spin-Off, we intend to implement a foreign currency risk management program on our own behalf.

### **Interest Rate Risk**

Our interest expense and related risks as reported in our combined statements of earnings are immaterial. Our combined balance sheets and statements of earnings do not include an allocation of third-party debt or interest expense from Kellogg ParentCo because we are not the legal obligor of the debt and the borrowings were not



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directly attributable to our business. We expect to incur approximately \$500 million in aggregate principal amount of indebtedness in connection with the Spin-Off. A hypothetical 125 basis point change in interest rates affecting our borrowings under the financing arrangements for the 26-week period ended July 1, 2023 and our 2022 fiscal year would impact our pre-tax income by less than \$1 million, on a pro forma basis. See “Description of Material Indebtedness.”

**Price Risk**

We are exposed to price fluctuations primarily as a result of anticipated purchases of raw and packaging materials, fuel, and energy. Primary exposures include corn, wheat, rice, vegetable oils, sugar, cocoa, fruit, nuts, cartonboard, natural gas, and diesel fuel. Kellogg ParentCo has historically used a combination of long-term contracts with suppliers, and exchange-traded futures and option contracts to reduce price fluctuations in a desired percentage of forecasted raw material purchases over a duration of generally less than 18 months. We have participated in this hedging program and the combined statement of operations reflects a reasonable allocation of the impacts of our participation in Kellogg ParentCo’s hedging program. However, because Kellogg ParentCo is the legal obligor of these contracts, we have not recognized any assets or liabilities on our combined balance sheet, nor in our combined statement of comprehensive income. Following the Spin-Off, we intend to implement a risk management program on our own behalf.

**Credit Risk**

Management believes concentrations of credit risk with respect to customer accounts receivable is limited due to the generally high credit quality of our major customers, as well as the large number and geographic dispersion of smaller customers. However, we conduct a disproportionate amount of business with a small number of large grocery retailers. The five largest accounts represent approximately 51% of net sales for the year ended December 31, 2022 and less than 10% of combined trade receivables at December 31, 2022.

**Accounting Standards to be Adopted in Future Periods**

*Supplier Finance Programs: Disclosure of Supplier Finance Program Obligations.* In September 2022, the FASB issued an ASU to improve the disclosures of supplier finance programs. Specifically, the ASU requires disclosure of key terms of the supplier finance programs and a rollforward of the related obligations. The amendments in this ASU do not affect the recognition, measurement, or financial statement presentation of obligations covered by supplier finance programs. The ASU is effective for fiscal years, and interim periods within those years, beginning after December 15, 2022, except for the amendment on rollforward information, which is effective for fiscal years beginning after December 15, 2023. Early adoption is permitted. We have disclosed information regarding the nature and amount of outstanding Accounts Payable obligations confirmed into Supplier Finance Programs within Note 2 of Notes to Combined Financial Statements. The Company adopted the ASU in the first quarter of 2023 and plans to include the rollforward information in the first quarter of 2024.

## BUSINESS

### Overview

WK Kellogg Co is an iconic North American food company with a differentiated portfolio of brands that have delighted our consumers for over a century. As a leading manufacturer, marketer and distributor of branded ready-to-eat cereal, we endeavor to provide consumers with high-quality products while promoting consumer health and wellbeing. Our products are manufactured by us in the United States, Mexico, and Canada and marketed in the United States, Canada and the Caribbean.

Kellogg Company (“Kellogg ParentCo”), formally founded in 1906 as a mission-led and family-oriented company, sprang to life when W. K. Kellogg changed breakfast forever by creating Corn Flakes in Battle Creek, Michigan. We have since upheld W. K. Kellogg’s passion and commitment to wellness by producing nutritious, high quality and delicious cereal, which reached about 60% of households in the United States during the 52 weeks ended July 1, 2023. According to Nielsen data, we are the second largest seller of ready-to-eat cereals in the United States with a 28% share of retail sales for the 52-week period ended July 1, 2023 and the leading player in Canada’s cereal market, with a 38% category share over that same period. According to data provided by Nielsen, for the year-to-date period ended June 30, 2023, we were the number one seller of ready-to-eat cereals in Puerto Rico with a 38% category share.

We believe our long-standing success is attributable to the strength of the brands used in connection with the Cereal Business, our category expertise and over a century of institutional knowledge, all of which have created a diverse portfolio of cereals that are intended to enhance the lives of our consumers. Our product offerings are well diversified across the cereal sub-categories of taste, wellness and balance, with strong consumer appeal across the spectrum of ages and demographics. Iconic brands used in our business include *Frosted Flakes*, *Special K*, *Froot Loops*, *Raisin Bran*, *Frosted Mini-Wheats*, *Rice Krispies*, *Kashi*, *Corn Flakes* and *Apple Jacks*, among many others. We believe these brands also derive a differentiated advantage from the beloved brand characters which have been developed over time, starting in the 1950s with the introduction of *Tony the Tiger*, *Toucan Sam* as well as *Snap*, *Crackle and Pop*, which have since been joined by many other brand characters.

The Cereal Business generated net sales of \$2,695 million, \$2,460 million and \$2,867 million and net (loss) income of \$(25) million, \$162 million and \$182 million during the fiscal years ended December 31, 2022, January 1, 2022 and January 2, 2021, respectively. We believe our rich history coupled with our powerful brands serve as a base for strong cash flow generation. We aspire to prioritize operational excellence by investing in our business through initiatives like facility enhancement and distribution efficiencies.

Following the Spin-Off, we will become an independent, publicly traded company led by a highly experienced management team fully dedicated to leveraging our capabilities and driving our strategic initiatives. We will also have increased flexibility to deploy our free cash flow towards our operating and capital allocation priorities. We will trade under the ticker symbol “KLG” on the NYSE.

### Key Business Strengths

#### *Diversified Cereal Portfolio of Iconic Brands and Beloved Characters*

We believe the key to WK Kellogg Co’s enduring and continued strength lies in its portfolio of diverse cereals and iconic brands. As of July 1, 2023, nine of the top 20 brands in the cereal category across the United States and Canada are Kellogg brands. In addition, our products span all product components of the cereal category and are supported by beloved brand characters and a commitment to environmental, social, and governance (“ESG”) endeavors.

We strive to deliver the most consumer-centric brand portfolio in the cereal category, offering a diverse set of products that reach a broad range of consumer occasions and demographics. We have a strong presence across all three of the cereal category’s major product components. In the taste component, where we have a 35% category

share in the United States for the 52-week period ended July 1, 2023, we have an arsenal of leading Kellogg brands used in connection with the Cereal Business, including *Frosted Flakes*, *Froot Loops* and *Apple Jacks*. In the wellness component, where we have a 17% category share in the United States for the 52-week period ended July 1, 2023, we lead with nutrition-oriented Kellogg brands like *Special K* and natural Kellogg brands like *Kashi* and *Bear Naked*. In the balance component, which sits between taste and wellness, where we have a 36% category share in the United States for the 52-week period ended July 1, 2023, the Kellogg brands used in connection with the Cereal Business include *Special K*, *Frosted Mini-Wheats*, *Raisin Bran* and *Corn Flakes*.

Our brands have been supported by brand characters that are beloved by consumers. We believe our characters not only embody our company values, but also provide differentiated competitive positioning from others in the industry. For instance, *Tony the Tiger* reinforces the importance of physical activity, while *Toucan Sam* encourages curiosity, and *Snap, Crackle and Pop* promote creativity. Given the importance of our brands to our business, if we do not maintain the favorable perception of our brands, our results could be negatively impacted. See “Risk Factors—Risks Related to Our Business—Our results may be negatively impacted if consumers do not maintain their favorable perception of our brands or company.”

#### *Leading Market Position in Large and Stable Category*

We believe the ready-to-eat cereal category that Mr. Kellogg helped to create has thrived for over a century. At roughly \$10.6 billion in category retail sales across the United States and Canada (according to data provided by Nielsen for the 52-week period ended July 1, 2023), cereal is the number one choice in breakfast foods for children and a top two breakfast choice for adults in the United States (Circana, National Eating Trends®, 12 months ending June 2023). The category drives approximately 48 million purchase decisions every week across the United States and Canada as of July 1, 2023. According to data provided by Nielsen for the 52-week period ended July 1, 2023, cereal buying households in the United States purchased on average approximately 21 boxes of cereal per year.

Driving this category’s enduring popularity is the fact that it provides taste, nutrition, convenience, affordability and versatility for consumers. The cereal category also provides exciting opportunities for WK Kellogg Co to address ongoing changes in eating trends, such as digestive health and out-of-breakfast consumption occasions.

This large category is important to retailers given its size and frequency of purchase. In fact, for the 52-week period ended July 1, 2023, cereal is among the largest center-of-store categories at retail in the United States, according to Numerator. The category also serves as an important everyday offering for away-from-home channels such as schools, travel and lodging, and restaurants. In addition, we believe this category has remained relatively stable across the United States and Canada over the last decade, and it has held up well during economic downturns, as evidenced by its growth at an average rate of approximately 4% of retail sales in the U.S. and Canada over the last three years.

We are the second largest seller of ready-to-eat cereal in the United States. Following supply disruptions caused by a fire and strike in the second half of 2021, our current category share has regained stable footing and our cereals represent 28% of the U.S. market, for the 52-week period ended July 1, 2023. We are the leading manufacturer in Canada, with a category share of 38% over the same period. According to data provided by Nielsen, for the year-to-date period ended June 30, 2023, we were the number one seller of ready-to-eat cereals in Puerto Rico with a 38% category share.

Our cereals have been household staples among North American families since 1906 and generated net retail sales of over \$2.7 billion in the United States and approximately \$300 million in Canada according to Nielsen, for the 52-week period ended July 1, 2023. Our brands, measured by household penetration, reach approximately 60% of U.S. households every year according to Nielsen data for the 52-week period ended July 1, 2023. Given the importance of this category and our brands, as well as the length and depth of our experience and expertise, we have developed long-term and deep relationships with retailers. These relationships were evidenced by the

speed with which we recovered category share after a fire and strike in the second half of 2021 severely disrupted our supply. We recovered 4 percentage points of lost share for the period from January 2022 to August 2022.

#### *Proven Strength in Product and Marketing Innovation*

We have a strong culture of innovation, both in terms of launching new or reformulated products, and in terms of marketing our products in effective and exciting ways.

We have a rich history of continuously innovating and renovating our product offerings. We have launched new flavors of existing brands and generally reduced sugar levels to respond to changing consumer tastes. One historical example is launching the first protein cereal with Special K in 1955. More recent acquisitions have bolstered our presence in natural cereals, including Kashi and Bear Naked, which we acquired in 2000 and 2007, respectively. Kashi is among one of the leading natural brands in the ready-to-eat cereal category's wellness sub-category. With cereal consumption relating to snacking and other occasions outside breakfast now representing approximately 23% of cereal consumption in the United States (Circana, National Eating Trends®, 12 months ending June 2023), we also launched Jumbo Snax, a hand-held snacking cereal, in 2020.

With over a century of idea generation and category leadership, we believe we have a proven ability to build brands with authentic marketing campaigns that resonate with a broad consumer base. Brand investment has been a long-term tenet of our organization, ever since Mr. Kellogg made the bold choice to double Kellogg ParentCo's advertising budget during the Great Depression. Kellogg ParentCo has strived to be at the vanguard of new media, from sponsoring a large-scale electric billboard in Times Square in 1912, to being an early adopter of commercials and sponsored programs on radio and television, to investing in digital and social media platforms today. We have also developed differentiated product marketing techniques, such as inserting prizes in our cereal boxes and turning our cereal boxes into a source of additional information and entertainment. We plan to continue this trajectory of marketing innovation going forward. As our business is largely concentrated in the traditional retail grocery trade and the U.S. retail environment continues to face further consolidation, we must continue to leverage our marketing expertise and product innovation to respond to our customers and provide high-service levels.

We have a long history of conveying and amplifying our brands and characters through social and environmental initiatives by connecting our brands to a number of important causes such as hunger and wellbeing. One example of connecting with our broader community in this way is the Mission Tiger program tied to our *Frosted Flakes* brand and *Tony the Tiger*. The purpose of Mission Tiger is to find inclusive, quality sports programs that schools can adopt, regardless of available funding. Since its inception in 2019, Mission Tiger has raised substantial funds for middle school sports programs. In our opinion, Mission Tiger has not only amplified our purpose-driven values, but also proved to be an effective marketing investment, with the brand experiencing significant retail growth since the program's inception.

We have complemented our brand building efforts with commercial arrangements with other third-parties, including Microsoft and Mojang Studios. These licenses and partnerships amplify our brand messaging, help create excitement in stores, and broaden our consumer audience.

#### *Strong Financial Profile with Attractive Cash Flow Generation*

We believe our operating cash flow will allow us financial flexibility as a standalone company. We plan to utilize such flexibility to drive an investment philosophy that balances capital investments in areas such as supply chain optimization, cost-saving projects and new capabilities, with the ability to further increase shareholder value through a combination of debt reduction, return of capital to our shareholders in the form of dividends or share repurchases as well as potential acquisitions. Initially, in connection with the Spin-Off, we may increase our indebtedness to fund important capital projects. Thereafter, however, we plan to reduce indebtedness as a way to bolster financial flexibility for enhancing shareholder value. In addition, we also expect to enter into certain financing arrangements prior to or concurrently with the Spin-Off.

*Talented and Passionate Management Team with Deep Industry Experience*

Our strategy is driven by our talented management team that has substantial consumer packaged foods experience and a track record of operational success, brand management and acquisitions. Our management team is dedicated to upholding our culture with principles rooted in wellness, an appreciation for curiosity, diversity of thought, and a commitment to serving our communities, all upheld by the founding principles invoked by W.K. Kellogg.

Gary Pilnick is our Chief Executive Officer and a 23-year Kellogg ParentCo veteran whose inspiring leadership style, deep knowledge of the business and central role in defining Kellogg ParentCo's strategy made him the natural choice to lead WK Kellogg Co. Leading Kellogg ParentCo's corporate development function for the past two decades, Mr. Pilnick has played an instrumental role in Kellogg ParentCo's most successful strategic initiatives, including the acquisition of Pringles, its expansion into Africa, and the development of Kellogg ParentCo's strategy.

WK Kellogg Co's leadership team has significant operating experience across marketing, innovation, sales, supply chain, business planning and finance. WK Kellogg Co's management team will have over 120 years of experience collectively, with our chief growth officer and chief customer officer having notable experience within the cereal category, specifically.

The management team of seasoned leaders brings significant depth and breadth of experience and extensive knowledge to WK Kellogg Co's, all of which will assist the business in continuing to build momentum and capitalize on its compelling long-term opportunities for investment and profit growth, driven by its portfolio of iconic, world-class brands.

In addition, along with our Board of Directors, this management team also has the experience and is well-positioned to deliver on the ESG goals set for the organization.

**Our Strategies**

*Invest in Modernizing and Optimizing our Supply Chain for Improved Efficiency and Profitability*

As a standalone company, WK Kellogg Co will have an increased ability to build a fit-for-purpose supply chain focused on cereal. Our independent focus on cereal will allow us to redeploy capital to optimize the business, including manufacturing, packaging, and distribution in a differentiated way relative to being a division within Kellogg ParentCo.

As an independent company, our operating and sales planning process will be more devoted to cereal and holistically will cover all channels across the United States, Canada and the Caribbean. While we will be subject to additional risks associated with operating as an independent, publicly traded company, as discussed herein, we believe this devoted focus will drive more agile decision-making and more accurate supply planning, leading to improved efficiencies and service levels.

We believe our category focus will allow us to align our manufacturing network to meet business needs, drive production to our most advantaged platforms, and expand platforms and facilities to optimize in-network conversion costs. We envision one area of investment will be the modernization of our manufacturing plants, including modernizing equipment and increasing digitization and automation. For instance, we have plans in place to increase automation in our packaging lines, driving both efficiency and flexibility to meet customer and consumer needs while enabling commercial value creation levers.

Additionally, we plan to refocus our network of distribution centers, including initiatives such as relocating facilities to align more closely with our manufacturing plants and increasing direct plant shipments to drive more efficient transportation. With warehouse space and labor now dedicated to WK Kellogg Co products, we also expect to generate more efficiency in our distribution network.

While we have been impacted by industry-wide and company-specific supply chain disruptions, we expect that our combined efforts will lead to reduced costs, improved margins and the minimization of working capital requirements, which will enable us to be nimbler and more responsive to consumer and customer needs.

*Expand Consumer Base Through Brand Building, Innovation and Broadened Distribution*

Leveraging our long history of innovative marketing and product launches, we plan to invest in brand building more effectively to adapt to changes in consumer behavior, taste profiles and brand resonance. By fully integrating all our sales and marketing across all channels and across the United States, Canada and the Caribbean in a more efficient manner, we expect to benefit from more agile decision making and synchronization of idea generation and execution across our North American region, leading to enhanced return on investment on marketing spend.

We believe we will be able to dedicate resources more effectively towards driving data-led insights that are more directly applicable to our standalone business. Our differentiated customer database gives us a considerable advantage in terms of understanding consumer behavior and gaining scale. As a result, we believe we will have a significant opportunity to expand our omnichannel presence and growth by better targeting and customizing messaging for specific consumer cohorts.

Additionally, we see a significant opportunity to increase net sales and household penetration by targeting out-of-breakfast cereal consumption, which we have already begun to address with our “Cereal for Dinner” advertising campaign and the launch of a snacking-oriented Jumbo Snax product line. We envision increased investment in food enhancements, packaging advancements and commercial improvements which will help our portfolio to address evolving consumer trends, such as snacking and out-of-breakfast occasions, with greater agility.

We also plan to more fully tap into our longstanding commitment to social and environmental purposes, which we believe will continue to drive a competitive advantage in connecting with our stakeholders, including our consumers. We believe social and environmental concerns are becoming increasingly relevant to our consumers, and we believe our strong brand recognition and history of investing in ESG initiatives will position us well to capitalize on this shift in consumer preferences.

*Deepen our Retail Relationships and Leverage Strong Execution Capabilities to be the Cereal Provider of Choice*

As the second largest player in the cereal category, we believe WK Kellogg Co is an important partner to our retail customers in a large and strategically important category. Following the Spin-Off, we will have a scaled sales force that we believe will be even more effective because of its singular category focus.

We strive to be an even more effective provider of choice for our retail partners, as we leverage our strong retail execution capabilities, endeavor to deliver best-in-class service, provide valuable analysis and consumer insights, and delight their consumers with brand building, innovation, and in-store merchandising. We also believe an optimized portfolio, more efficient supply planning and a streamlined manufacturing and logistics network will lead to a more efficient and responsive supply chain, further improving our ability to meet the needs of our customers.

As a standalone company, we will be devoted to analyzing the cereal category. Aided by first-party consumer data and advanced analytics capabilities, we will aim to provide our retail partners with deeper insights than other manufacturers in this category. These combined efforts will enhance our ability to drive revenue growth management, further improving our relationship with our retail partners and creating further value in the category.

We envision that our strong innovation pipeline and effective brand building will continue to drive consumer demand. We plan to amplify our exciting product offerings with innovative merchandising programs and strong in-store sales execution to drive traffic and purchases for our retail partners. As another point of differentiation, we plan to leverage our legacy and commitment to ESG. We will partner with retailers in this important pursuit through programs like our Childhood Wellbeing Promise, which aims to improve access to affordable, nourishing and sustainable foods for children and families across North America.

*Expand Into Adjacent Categories and Engage in Attractive Acquisition Opportunities*

Our priorities in the near term are to expand profit margins and grow organically in the cereal category, but we also will explore other value-enhancing opportunities. Over time, we see potential for growth through expansion beyond the cereal category which will allow us to further broaden our consumer base as we use this strategy to tap into new taste profiles and occasions. In the long run, we believe attractive acquisition opportunities may present themselves in complementary categories that will leverage and enhance our scale, brands, marketing expertise, distribution reach and relationships with key retailers. When pursuing acquisition opportunities, our business may be faced with additional risks as described in “Risk Factors—Risks Related to Our Business—When pursuing strategic acquisitions, alliances, divestitures or joint ventures or seeking organic growth opportunities, we may not be able to successfully consummate favorable transactions, integrate acquired businesses or achieve the anticipated benefits of organic growth investments.”

*Create Value for Shareholders Through Improved Cash Flow Growth and Balanced Capital Allocation*

We believe our near-term focus on increasing category share and optimizing supply chain will lead to balanced net sales and operating profit growth, while driving growth in operating cash flows. We envision that this cash flow will allow us to manage capital allocation priorities across investing in the business, returning cash to shareholders in the form of an attractive dividend and potential share repurchases, and executing potential acquisitions. We believe this balanced approach will enable us to deliver attractive long-term shareholder value.

**Our Products**

Our principal products are cereals that are split across taste, wellness and balance sub-categories, and serve a diverse set of occasions and demographics. These products are manufactured by us in the United States, Mexico and Canada and marketed in the United States, Canada and the Caribbean. They are sold to retailers through a mixture of a direct sales force, brokers, and distributors. The Kellogg leading taste brands used in connection with the Cereal Business include *Frosted Flakes*, *Froot Loops*, and *Apple Jacks*. The Kellogg wellness brands used in connection with the Cereal Business include *Special K*, *Kashi*, and *Bear Naked*. The Kellogg balance brands used in connection with the Cereal Business include *Special K*, *Frosted Mini-Wheats*, *Raisin Bran*, and *Corn Flakes*. Most of our products are also marketed under the “Kellogg’s” name.

**Customers**

We sell our products primarily to supermarket chains, wholesalers, supercenters, club stores, mass merchandisers, distributors, convenience stores, drug stores, gasoline stations, value stores, online channels and other retail food outlets in the United States, Canada and the Caribbean. Our largest customer, Wal-Mart Stores, Inc., accounted for approximately 28% of combined net sales during 2022, comprised principally of sales within the United States. No other customer accounted for more than 10% of combined net sales in 2022. During 2022, our top five customers, collectively, including Wal-Mart Stores, Inc., accounted for approximately 51% of our combined net sales. There has been significant consolidation in the North American grocery industry, and we believe that this trend is likely to continue. Although the loss of any large customer for an extended length of time could negatively impact our sales and profits, we do not currently anticipate that this will occur due to the consumer demand for our products and our relationships with our customers. Our products have been generally sold through our own sales forces and through broker and distributor arrangements and have been generally resold to consumers in retail stores, restaurants, and other establishments, such as schools and hotels.

## **Marketing and Advertising**

We believe that our marketing efforts are fundamental to the success of our business. Since the creation of Kellogg ParentCo, we have supported our brands through innovative advertising campaigns and with the help of our beloved characters. We also invest heavily in consumer promotions to motivate demand for our products. To further hone our marketing campaigns, we combine knowledge pulled from our customer database to deepen our understanding of shifting consumer trends. Our marketing efforts are focused on building brand awareness, attracting new consumers and increasing consumption of our products.

## **Manufacturing and Processing**

In order to best serve our customers' needs, our manufacturing network is spread across the United States, Mexico and Canada.

Some of our plants are dedicated to the production of specific products or brands. Other plants can accommodate multiple product lines. In many cases, our facilities are strategically located close to major supply sources. In managing our network, we focus on eliminating excess capacity through consolidation, harmonizing production practices and safety procedures and pursuing productivity opportunities that cut across multiple divisions and product lines. We maintain all of our manufacturing and processing facilities in satisfactory condition and believe they are suitable and adequate for our needs.

We have also entered into a number of strategic partnerships for production and packaging. This can be beneficial when selected platforms are out of capacity or we need access to additional capabilities that we do not have in our network. In the past, we have deemed it beneficial to outsource production when developing new products or to better address customer demand.

## **Distribution**

The distribution of our products is facilitated from six distribution centers strategically located in the United States, Mexico and Canada. Our sales staff is supported by a demand and revenue management department responsible for the administration and fulfillment of customer orders. The majority of our products are shipped from our production, warehouse and distribution facilities by contract and common carriers. We intend to enter into a Separation and Distribution Agreement with Kellogg ParentCo that will govern the allocation and transfer of owned real estate between us and Kellogg ParentCo, as well as a Transition Services Agreement pursuant to which Kellogg ParentCo will provide us with the right to use certain sites following the Spin-Off. See "Certain Relationships and Related Party Transactions—Agreements with Kellogg ParentCo" for more detail.

## **Raw Materials**

Agricultural commodities, including corn, wheat, rice, vegetable oils, sugar, cocoa, fruits and nuts are the principal raw materials used in our products. Cartonboard, corrugate, and flexible packaging are the principal packaging materials. We continually monitor world supplies and prices of such commodities and packaging materials, as well as government trade policies. The cost of such commodities and packaging materials may fluctuate widely due to government policy and regulation, changing weather patterns and conditions, climate change, and other supply and/or demand impacting events such as a pandemic (such as the COVID-19 pandemic), geopolitical events, or other unforeseen circumstances. Continuous efforts are made to maintain and improve the quality and supply of such commodities and materials for purposes of our short-term and long-term requirements. While most of these ingredients are purchased from sources in the United States, some materials are imported due to regional availability and specification requirements.

We will enter into long-term contracts for the materials described in this section and purchase these items on the open market, depending on our view of possible price fluctuations, supply levels and our relative negotiating power. Despite our ability to source materials necessary to meet increased demand for our products, certain ingredients, packaging and other goods and services have been adversely impacted as a result of geopolitical,



economic and market conditions, including inflation and supply chain constraints. See “Risk Factors—Risks Related to Our Business—Supply chain disruptions and increases in costs and/or shortages of raw materials, labor, fuels and utilities as a result of geopolitical, economic and market conditions could adversely impact our profitability.” Although we are unable to predict the impact to our ability to source these materials and services in the future, we expect supply pressures, supply chain and logistics delays, and other disruptions to continue through 2023. As further discussed herein under “Quantitative and Qualitative Disclosures about Market Risk,” we also use derivative financial and commodity instruments to hedge some of our costs.

Natural gas and propane are the primary sources of energy used to power processing equipment at our production facilities, although certain locations may use electricity, oil, propane or solar cells as needed. In addition, considerable amounts of diesel fuel are used in connection with the distribution of our products. We have experienced supply chain disruptions including bottlenecks and shortages of materials, labor and freight that have led to increasing prices of raw materials, packaging and labor as well as limitations on shipping capacity. We expect these market disruptions and inflationary pressures to continue throughout 2023.

## Competition

We have experienced, and expect to continue to experience, intense competition for sales of all of our products. Our products compete with advertised and branded products of a similar nature as well as unadvertised and private label products, which are typically distributed at lower prices, and generally with other food products. Principal methods and factors of competition include new product introductions, product quality, taste, convenience, nutritional value, price, advertising and promotion. We believe we compete favorably with our competitors on the basis of these factors due to our diversified portfolio of beloved iconic brands and characters, our leading market position with significant scale in the North American cereal industry, our heritage of innovation and breakthrough marketing and our investment in our brands. Although we believe our competitive strengths will contribute to the growth and success of our company, our business is subject to risks including, among others, risks related to the incurrence of indebtedness in connection with the Spin-Off and risks related to operating as an independent, publicly traded company. See “Risk Factors” for a further description of these risks.

## Trademarks and Intellectual Property

Generally, our products are marketed under trademarks that are currently owned by Kellogg ParentCo. The principal trademarks used in the Cereal Business are housemarks, brand names, slogans, and designs related to cereals and various other foods manufactured and marketed by us. These trademarks include, among others, *Kellogg’s*, *All-Bran*, *Apple Jacks*, *Bear Naked*, *Cocoa Krispies*, *Kellogg’s Corn Flakes*, *Corn Pops*, *Cracklin’ Oat Bran*, *Crispix*, *Froot Loops*, *Kashi*, *Kellogg’s Frosted Flakes*, *Krave*, *Frosted Krispies*, *Frosted Mini-Wheats*, *Mueslix*, *Kellogg’s Raisin Bran*, *Raisin Bran Crunch*, *Rice Krispies*, *Smacks/Honey Smacks*, *Special K*, *Smart Start*, *Vector* and *Two Scoops*.

Additional trademarks used in connection with the Cereal Business include logos and depictions of certain animated characters that can be used in conjunction with our branded products, including the characters *Snap*, *Crackle* and *Pop*, *Tony the Tiger*, *Toucan Sam*, *Dig ‘Em*, *Sunny*, *Coco the Monkey*, *Cornelius* (aka Cornelio), *Melvin the Elephant*, and *Sammy the Seal* (aka *Smaxe the Seal*).

The slogans *The Original & Best*, *They’re Gr-r-reat!* and *Follow Your Nose*, are used in connection with our products.

The trademarks listed above, among others, individually and when taken as a whole, are important to our business. Certain individual trademarks are also important to our business. Registrations of trademarks can also generally be renewed indefinitely as long as the trademarks are in use and otherwise properly maintained.

We also rely on several patents in connection with the Cereal Business. While this patent portfolio as a whole is material to the Cereal Business, no one patent or group of related patents is material to the business. In addition, we rely on Kellogg ParentCo proprietary trade secrets, technology, know-how, processes and other intellectual property rights that are not registered. Kellogg ParentCo relies on a combination of trademark law, copyright

law, trade secrets, non-disclosure and confidentiality agreements, other contractual provisions and other measures to establish and protect such proprietary rights to products, packaging, processes and intellectual property used in connection with the Cereal Business.

In connection with the Spin-Off, we will enter into certain Intellectual Property Agreements with Kellogg ParentCo that will provide for the ownership, use and selling rights relating to the intellectual property currently used in the Cereal Business. We will sell some products under the intellectual property we license from Kellogg ParentCo. See “Certain Relationships and Related Party Transactions—Agreements with Kellogg ParentCo” for more detail.

### **Properties**

Following the Spin-Off, our corporate headquarters and the principal research and development facilities we will use will be located in Battle Creek, Michigan.

We operated, as of July 1, 2023, offices, manufacturing plants and distribution and warehousing facilities in the United States, Mexico and Canada. Our plants have been designed and constructed to meet our specific production requirements, and we periodically invest money for capital and technological improvements. At the time of its selection, each location was considered to be favorable, based on the location of markets, sources of raw materials, availability of suitable labor, transportation facilities, location of our other plants producing similar products, and other factors. Our manufacturing facilities are located in Battle Creek, Michigan; Belleville, Ontario; Lancaster, Pennsylvania; Memphis, Tennessee; Mexicali, Mexico; and Omaha, Nebraska. We believe our facilities are generally in good operating condition and adequate to support the current operations of the business.

We intend to enter into a Separation and Distribution Agreement with Kellogg ParentCo that will govern the allocation, transfer and leasing of real estate between us and Kellogg ParentCo following the Spin-Off. Kellogg ParentCo’s current corporate headquarters located in Battle Creek, Michigan and manufacturing plants related to the Cereal Business will be transferred to WK Kellogg Co. Leased distribution centers will be occupied by both WK Kellogg Co and Kellogg ParentCo employees following the Spin-Off pursuant to the Transition Services Agreement, and after the termination of the Transition Services Agreement, will be fully or partially subleased from Kellogg ParentCo to WK Kellogg Co. See “Certain Relationships and Related Party Transactions—Agreements with Kellogg ParentCo” for more detail.

### **Research and Development**

Research to support and expand the use of our existing products and to develop new food products is carried on in Battle Creek, Michigan, including at the W. K. Kellogg Institute for Food and Nutrition Research. Our expenditures for research and development were approximately \$25 million for the year ended December 31, 2022. Information concerning our research and development expense is in Note 2 within “Notes to the Combined Financial Statements.” Following the Spin-Off, we will continue to utilize this space pursuant to the terms of a Management Services Agreement to be entered into in connection with the Spin-Off. See “Certain Relationships and Related Party Transactions—Agreements with Kellogg ParentCo” for more detail.

### **Regulation**

Our activities in the United States are subject to regulation by various government agencies, including the U.S. Food and Drug Administration, FTC and the U.S. Departments of Agriculture, Commerce and Labor, as well as voluntary regulation by other bodies. Various state and local agencies also regulate our activities. Other agencies and bodies outside of the United States, including those of various countries, states, provinces and municipalities, also regulate our activities. To appropriately address these obligations, upon consummation of the Spin-Off, we will maintain internal controls and management processes that govern our actions and are intended to mitigate the risk of non-compliance.

While there are no current regulatory matters that we expect to be material to our results of operations, financial position, or cash flows, there can be no assurances that existing or future laws, regulations and standards applicable to our operations or products will not lead to a material adverse impact on our results of operations, financial position or cash flows. Due to the rapidly evolving nature of these laws and regulations (including as related to legal developments as a result of COVID-19) and geopolitical considerations, there can be no assurance that current expenditures will be adequate or that violations will not occur. Any violations could result in fines, penalties or customer disengagements that may have a material impact on our financial performance. See “Risk Factors” included elsewhere in this Information Statement, for more detail around risks pertaining to compliance with laws and regulations.

### **Environmental Matters**

Our facilities are subject to various U.S. and foreign, federal, state and local laws and regulations regarding the release of material into the environment and the protection of the environment in other ways. We are not a party to any material proceedings arising under these regulations. We believe that compliance with existing environmental laws and regulations will not materially affect our combined financial condition or our competitive position.

### **Human Capital Resources**

On July 1, 2023, we had approximately 3,150 employees. Following the Spin-Off, we will also be party to numerous collective bargaining agreements. Our human capital objectives include attracting, developing, engaging, rewarding and retaining our employees.

Equity, Diversity and Inclusion (“ED&I”): In 2005, Kellogg ParentCo established an Office of Diversity & Inclusion. We plan to also establish a similar office intended to be focused on recruiting and retaining employees, creating awareness of diversity issues, fostering a supportive, positive environment where inclusive behaviors are the norm, and embedding accountability for diversity throughout the organization. Our goal is to reflect the diversity of our consumers throughout our company. We will report to our Board on a periodic basis about the actions we have taken to make progress on our ED&I journey, and we are firmly committed to continuing to advance our priorities. Our focus on ED&I will enable us to build a culture where employees are inspired to share their passion, talents and ideas.

Training and Development: We plan to invest in ongoing leadership development programs that target current and future leaders.

Employee Engagement: We plan to communicate frequently and transparently with our employees through a variety of engagement vehicles, from externally managed global opinion surveys to weekly check-ins via our internal global recognition platform. We also plan to provide a wide array of opportunities for volunteerism and to provide matching donations for employees’ service to charities of their choosing.

Total Rewards: We will provide a market-based competitive compensation through our salary, annual incentive and long-term incentive programs and a benefits package that promotes employee well-being across all aspects of their lives, including physical, financial, social and emotional wellbeing. We will sponsor a number of benefit plans for eligible employees in the United States, Canada and Mexico, including defined benefit pension plans, defined contribution retirement plans, retiree health and welfare, active health care, severance and other post-employment benefits. We will continually review and implement new programs to meet the evolving needs of our employees, including, but not limited to, benefit programs for same sex partners and progressive leave benefits (e.g., paternity/maternity and active military). We will also offer flexible work arrangements across our population.

Health and Wellness: We aim to create a culture where all colleagues feel supported and valued, which is in line with our corporate mission. We will continue to evolve our programs to meet our colleagues’ health and wellness needs, which we believe are essential to attract and retain employees of the highest caliber, and we will offer a competitive benefits package focused on fostering work/life integration.

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Company Ethics: Upon completion of the Spin-Off, we will have processes in place for compliance with the Code of Conduct for the Board and Code of Ethics for WK Kellogg Co employees, each including a requirement for annual certification that provides employees an opportunity to disclose actual or potential conflicts of interest, report actual or potential violations of the law, the Code of Conduct or Code of Ethics, as applicable, or policy and acknowledge their obligation to comply with the applicable code. We will regularly re-enforce our commitment to ethics and integrity in employee communications, in our everyday actions and through our processes. In addition, we will provide targeted training during the course of the year. We will also maintain an ethics related hotline, managed by a third party, through which individuals can anonymously raise concerns or ask questions about business behavior.

**Legal Proceedings**

We may be subject to various legal proceedings, claims, and governmental inspections, audits or investigations arising out of our business which cover matters such as general commercial, governmental regulations, antitrust and trade regulations, product liability, environmental, intellectual property, employment and other actions. We are not involved in any legal proceedings that we believe will result, individually or in the aggregate, in a material adverse effect upon our financial condition or results of operations.

## MANAGEMENT

The following table presents information, as of July 1, 2023, concerning our directors and executive officers following the Spin-Off, including their respective business experience.

| <u>Name</u>           | <u>Age</u> | <u>Position</u>                                |
|-----------------------|------------|--|
| Gary Pilnick          | 58         | Chief Executive Officer and Chair of the Board |
| Norma Barnes-Euresti  | 55         | Chief Legal Officer                            |
| Sherry Brice          | 47         | Chief Supply Chain Officer                     |
| Bruce Brown           | 59         | Chief Customer Officer                         |
| David McKinstry       | 38         | Chief Financial Officer                        |
| Doug VanDeVelde       | 57         | Chief Growth Officer                           |
| Lisa Walter           | 51         | Chief Accounting Officer                       |
| Wendy Arlin           | 52         | Director                                       |
| R. David Banyard, Jr. | 54         | Director                                       |
| Michael Corbo         | 64         | Director                                       |
| Zack Gund             | 52         | Lead Director                                  |
| Ramón Murguía         | 64         | Director                                       |
| Julio Nemeth          | 62         | Director                                       |
| Mindy Sherwood        | 56         | Director                                       |

**Gary H. Pilnick** is expected to serve as Chief Executive Officer and a director of WK Kellogg Co following the Spin-Off. Mr. Pilnick has served as Vice Chairman, Corporate Development and Chief Legal Officer of Kellogg ParentCo since January 2016. In August 2003, he was appointed Senior Vice President, General Counsel and Secretary and assumed responsibility for Corporate Development in June 2004. He joined Kellogg ParentCo as Vice President, Deputy General Counsel and Assistant Secretary in September 2000 and served in that position until August 2003. Before joining Kellogg ParentCo, he served as Vice President and Chief Counsel of Sara Lee Branded Apparel, now Hanesbrands, an apparel company, and as Vice President and Chief Counsel, Corporate Development and Finance at Sara Lee Corporation, formerly a consumer goods corporation now held by Kohlberg & Company. Mr. Pilnick has served on the board of Twin Ridge Capital Acquisition Corp since February 2021. We believe that Mr. Pilnick's in-depth knowledge of and passion for our business and people, his responsibilities with the Kellogg ParentCo Board, and more than two decades of leadership experience helping to shape Kellogg ParentCo's strategy and portfolio as head of its global corporate development function will make Mr. Pilnick a valuable addition to our Board.

**Norma Barnes-Euresti** is expected to serve as Chief Legal Officer of WK Kellogg Co following the Spin-Off. Ms. Barnes-Euresti has served as Vice President and Chief Counsel, Employment, Labor, Ethics & Compliance of Kellogg ParentCo since January 2012. Ms. Barnes-Euresti joined Keebler Company, a cookie manufacturer, in November 1999 and subsequently joined Kellogg ParentCo as part of its acquisition of Keebler in 2001. Ms. Barnes-Euresti is currently the Treasurer and a member of the Board of Trustees for the National Judicial College. Ms. Barnes-Euresti is also a member of the Board of Directors on the Foundation side for the National LGBTQ+ Bar Association and Foundation.

**Sherry Brice** is expected to serve as Chief Supply Chain Officer of WK Kellogg Co following the Spin-Off. Ms. Brice has served as Vice President, Global Quality and Food Safety of Kellogg ParentCo since January 2020. Prior to her current role, Ms. Brice served as Senior Director, Supply Chain Category Lead of Frozen Foods and Canada from January 2019 to January 2020 and as Plant Director from July 2017 to January 2019. Throughout her nearly 11 years at Kellogg ParentCo, Ms. Brice held various leadership roles spanning manufacturing, category operations and quality and compliance. Ms. Brice joined Kellogg ParentCo as part of its acquisition of the Pringles business from Procter & Gamble, a consumer goods company, where she served in a variety of supply chain roles for nearly 14 years.

**Bruce Brown** is expected to serve as Chief Customer Officer of WK Kellogg Co following the Spin-Off. Mr. Brown has served as Vice President, Customer Strategy and Planning of Kellogg ParentCo since January 2019. Prior to his current role, Mr. Brown served as Vice President, Customer Marketing from January 2014 to December 2018. Throughout his nearly 25 years at Kellogg ParentCo, Mr. Brown held a variety of leadership roles across sales and customer marketing in both the cereal and snacks businesses, including as Senior Vice President, Western Customer Teams and Senior Vice President, National Customer Teams. Prior to Kellogg ParentCo, Mr. Brown held sales roles at Mott's USA, a manufacturer of apple products, and The Dial Corporation, now Henkel Corporation, a manufacturer of personal care and household cleaning products.

**David McKinstry** is expected to serve as Chief Financial Officer of WK Kellogg Co following the Spin-Off. Mr. McKinstry has served as Vice President, Integrated Business Planning of Kellogg ParentCo since April 2020. Prior to his current role, Mr. McKinstry held multiple finance roles throughout his nearly 15 years at Kellogg ParentCo, having served as Vice President, Finance, U.S. Commercial & Business Management from January 2019 to April 2020, Vice President, Finance, and Chief Financial Officer of the U.S. snacks business from April 2018 to March 2019 and Vice President, Finance, Corporate Financial Planning & Accounting and Strategy from September 2016 to April 2018. He played a leading role in several strategic initiatives at Kellogg ParentCo and has significant experience in global roles across risk management, treasury and corporate and financial planning. His roles prior to Kellogg ParentCo included positions in commodity risk management and trading.

**Doug VanDeVelde** is expected to serve as the Chief Growth Officer of WK Kellogg Co following the Spin-Off. Mr. VanDeVelde has served as the General Manager of Kellogg ParentCo's U.S. cereal business since January 2019. Prior to his current role, Mr. VanDeVelde served as Senior Vice President, Global Breakfast Category from November 2013 to January 2019. Throughout his 25 years at Kellogg ParentCo, Mr. VanDeVelde held various leadership roles in marketing, including as Senior Vice President, Marketing and Innovation for U.S. Morning Foods and Senior Vice President, Marketing for U.S. Snacks. Prior to joining Kellogg ParentCo in December 1997, Mr. VanDeVelde was a Marketing Director at Proctor & Gamble.

**Lisa Walter** is expected to serve as Chief Accounting Officer of WK Kellogg Co following the Spin-Off. Ms. Walter is a Certified Public Accountant and has served as Vice President, Corporate Controller of Kellogg ParentCo since April 2023. Prior to her current role, Ms. Walter served as Vice President, Corporate Controller at Arrival, an electric vehicle design and production company, from March 2022 to April 2023. Ms. Walter held a variety of roles at Whirlpool Corporation, a global manufacturer of home appliances, over her sixteen years there from October 2005 through March 2022, most recently serving as Assistant Corporate Controller from April 2018 to March 2022.

**Wendy Arlin** is expected to serve as a director of WK Kellogg Co following the Spin-Off. Ms. Arlin served as Chief Financial Officer of Bath & Body Works, Inc. ("BBWI"), a home fragrance, body care and soaps and sanitizer products retailer, from August 2021 through July 2023. Prior to her current role and prior to the spin-off of BBWI, Ms. Arlin served as L Brands, Inc.'s Senior Vice President, Finance and Corporate Controller, leading corporate finance, financial reporting, accounting, and financial shared services functions from 2005 to 2021. Prior to joining L Brands in 2005, Ms. Arlin spent 12 years at KPMG LLP in the audit practice and ultimately held the position of partner in charge of the central Ohio consumer and industrial/information, communications and entertainment businesses practices. We believe that Ms. Arlin's 30 years of accounting, finance, audit, financial reporting, retail and public company leadership experience will make Ms. Arlin a valuable addition to our Board.

**R. David Banyard, Jr.** is expected to serve as a director of WK Kellogg Co following the Spin-Off. Mr. Banyard is the President and Chief Executive Officer of MasterBrand, Inc., the largest manufacturer of residential cabinets in North America, and has served in that role since December 2022. Prior to his current role, Mr. Banyard served as President of MasterBrand Cabinets, Inc., the cabinets segment of Fortune Brands Home and Security, Inc., from 2019 to 2022. Mr. Banyard previously served as President and Chief Executive Officer

of Myers Industries, Inc., an international manufacturer of packaging, storage and safety products and specialty molding, from 2015 to 2019. Prior to that role, Mr. Banyard was Group President, Fluid Handling Technologies at Roper Technologies, Inc., a diversified technology company, from 2010 to 2015. Mr. Banyard began his business career at Danaher Corporation, a science and technology company, where he held a variety of management roles from 2004 to 2010, including Vice President and General Manager of Kollmorgen's Vehicle Systems business. Mr. Banyard also completed an 11-year career in the U.S. Navy as a fighter pilot. We believe that Mr. Banyard's expertise in brand management and leadership developed over his 20-year career working in various consumer sectors will make Mr. Banyard a valuable addition to our Board.

**Michael Corbo** is expected to serve as a director of WK Kellogg Co following the Spin-Off. Mr. Corbo has served as Executive Advisor to Craft.co, a supply chain analytics platform, since March 2023, Regrello, a network of manufacturing companies for supplier collaboration and automation of manufacturing and supply chain processes, since January 2023, Carbmee, a provider of a carbon accounting platform, since March 2023, TerraNexus, a supply chain demand, supply and inventory accounting system, since March 2023, and Kinaxis, a supply chain planning system, since June 2023. Prior to his current roles, Mr. Corbo served in various roles over 40 years at Colgate-Palmolive Company, a consumer products company, including most recently as Chief Supply Chain Officer from April 2011 to January 2023, Vice President, Global Oral Care, Supply Chain from April 2005 to April 2011 and Vice President, Manufacturing Operations, Latin America from April 2001 to April 2005. We believe that Mr. Corbo's experience in international business and public company leadership, as well as his deep expertise in supply chain management, will make Mr. Corbo a valuable addition to our Board.

**Zack Gund** is expected to serve as a director of WK Kellogg Co following the Spin-Off. Mr. Gund is currently a Managing Partner of Coppermine Capital, LLC, a private investment firm he founded in 2001. In this role, Mr. Gund makes investment decisions and oversees several portfolio companies across many different sectors. His work has spanned both the manufacturing and service industries, including food manufacturing. Mr. Gund has served as a member of the Kellogg ParentCo Board since December 2014. He chairs the Kellogg ParentCo Board's Manufacturing Committee and also serves on the Compensation & Talent Management Committee and the Nominating & Governance Committee of the Kellogg ParentCo Board. We believe that Mr. Gund's extensive experience in accounting, crisis management, manufacturing and supply chain management, strategy and strategic planning, as well as his expertise in the retail environment and financial acumen, will make Mr. Gund a valuable addition to our Board.

**Ramón Murguía** is expected to serve as a director of WK Kellogg Co following the Spin-Off. Mr. Murguía has been owner of Murguía Law Firm since he established the firm in September 1991 and has served as a trustee of the W.K. Kellogg Foundation since April 2007 and on the board of the W.K. Kellogg Foundation Trust since 2021. Mr. Murguía has also served as a director of Country Club Bank for nearly 20 years and serves on the non-profit boards of the Wyandotte Health Foundation, Union Station Kansas City, Kansas University Endowment Association, Wildflowers Institute and Nelson-Atkins Museum of Art. We believe that Mr. Murguía's legal expertise over his 30-year career will make Mr. Murguía a valuable addition to our Board.

**Julio Nemeth** is expected to serve as a director of WK Kellogg Co following the Spin-Off. Mr. Nemeth served as the Chief Product Supply Officer at Procter & Gamble, a consumer goods company, from May 2019 to May 2023. In this role, Mr. Nemeth led Procter & Gamble's global product supply organization, which includes over 100 manufacturing plants and roughly 200 distribution centers around the world. Prior to this role, Mr. Nemeth held numerous senior roles with Procter & Gamble since 1990, including President, Global Business Services from January 2015 to April 2019 and Senior Vice President, Product Supply, Global Operations from July 2013 to December 2014. Mr. Nemeth has served on the board of directors of The Boston Beer Company, Inc. since January 2020 and is a member of its audit and compensation committees. We believe that Mr. Nemeth's 35 years of operations, engineering, procurement, manufacturing, customer service, distribution, innovation and general management experience in the consumer goods industry, as well as his significant experience in supply chain management, will make Mr. Nemeth a valuable addition to our Board.

**Mindy Sherwood** is expected to serve as a director of WK Kellogg Co following the Spin-Off. Ms. Sherwood has served in various roles over 30 years at Procter & Gamble, where she has served as President, Global Walmart and Chief Sales Officer since July 2021. In this capacity, Ms. Sherwood leads strategy and capability for Procter & Gamble sales across all categories and regions as well as the global Walmart business, Procter & Gamble's largest global retail customer. Prior to her current role, Ms. Sherwood most recently served as President, Global Walmart from July 2019 to July 2021, Vice President, Global Walmart from January 2015 to July 2019, Vice President, Sales, Beauty Care, Walmart from September 2014 to January 2015 and Vice President, Nordics, Europe Region from October 2012 to September 2014. We believe that Ms. Sherwood's deep experience in sales, public company leadership and international business will make Ms. Sherwood a valuable addition to our Board.

### **Our Board of Directors Following the Spin-Off and Director Independence**

Immediately following the Spin-Off, we expect that our Board will comprise eight directors. Our Board will be divided into three classes that are, as nearly as possible, of equal size. Each class of directors is elected until the third annual meeting of the shareholders following the Spin-Off. The initial terms of the Class I, Class II and Class III directors will expire in 2024, 2025 and 2026, respectively. Messrs. Pilnick and Gund are expected to serve as Class I directors. Messrs. Corbo and Murguía and Ms. Sherwood are expected to serve as Class II directors. Ms. Arlin and Messrs. Banyard and Nemeth are expected to serve as Class III directors. See "Description of Our Capital Stock."

The NYSE rules require that our Board have a majority of independent directors. Immediately following the Distribution Date, our Board will have a majority of independent directors, and our Board committees will comprise only independent directors. Our Board expects to determine that each of Wendy Arlin, R. David Banyard, Jr., Michael Corbo, Zack Gund, Ramón Murguía, Julio Nemeth and Mindy Sherwood is independent under the NYSE rules. A copy of our corporate governance guidelines setting forth our director qualification standards will be posted on our Web site upon completion of the Spin-Off.

### **Committees of the Board**

Effective upon the completion of the Spin-Off, the Board will have an Audit Committee, a Compensation and Talent Management Committee and a Nominating and Governance Committee, each of which will operate under written charters approved by the full Board. In accordance with current NYSE listing standards, all of the directors who serve on each such Committee will be independent from us and our management. The charters of all the Committees will be posted on our Web site upon completion of the Spin-Off.

#### *Audit Committee*

The members of our Audit Committee are expected to be Wendy Arlin, R. David Banyard, Jr., Julio Nemeth and Mike Corbo. Wendy Arlin is expected to be the Chair of our Audit Committee. We expect that each member of our Audit Committee will meet the requirements for independence under the current NYSE listing standards and SEC rules and regulations. We expect that each member of our Audit Committee will be financially literate. In addition, our Board expects to determine that Wendy Arlin is an "audit committee financial expert" as defined in Item 407(d)(5)(ii) of Regulation S-K promulgated under the Securities Act. This designation does not impose on him/her any duties, obligations or liabilities that are greater than are generally imposed on members of our Audit Committee and our Board. The responsibilities of the Audit Committee will be more fully described in our Audit Committee charter and will include, among other duties:

- assisting the Board in monitoring the following:
- the integrity of the financial statements of WK Kellogg Co;
- the independence and performance of WK Kellogg Co's independent registered public accounting firm;



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- the performance of WK Kellogg Co's internal audit function;
- WK Kellogg Co's enterprise risk management process and key risks;
- WK Kellogg Co's technology and information security, including cybersecurity;
- ESG priorities;
- compliance by WK Kellogg Co with legal and regulatory requirements; and
- other related matters.
- pre-approving all audit, audit-related, internal control-related and permitted non-audit engagements and services by the independent registered public accounting firm and their affiliates;
- discussing and/or reviewing specified matters with, and receiving specified information or assurances from, WK Kellogg Co management and the independent registered public accounting firm; and
- appointing, subject to shareholder ratification, or replacing the independent registered public accounting firm, which directly reports to the Audit Committee, and is directly responsible for determining the compensation and overseeing the independent registered public accounting firm.

*Compensation and Talent Management Committee*

The members of our Compensation and Talent Management Committee are expected to be R. David Banyard, Jr., Wendy Arlin, Zack Gund, Ramón Murguía and Mindy Sherwood. R. David Banyard, Jr. is expected to be the Chair of the Compensation and Talent Management Committee. We expect that each member of the Compensation and Talent Management Committee will meet the requirements for independence under the current NYSE listing standards and SEC rules and regulations. The responsibilities of the Compensation and Talent Management Committee will be more fully described in the Compensation and Talent Management Committee Charter and will include, among other duties:

- reviewing and approving the compensation philosophy and principles for senior executives;
- reviewing and making recommendations for the compensation of senior management personnel and monitoring overall compensation for senior executives, including reviewing risks arising from WK Kellogg Co's compensation policies and practices;
- reviewing and recommending the compensation of the CEO;
- sole authority to retain or terminate any compensation consultant or other advisor used to evaluate senior executive compensation;
- overseeing and administering employee benefit plans to the extent provided in those plans;
- reviewing with management employment and employment-related matters and employment programs;
- reviewing trends in management compensation;
- reviewing talent development;
- setting the composition of the peer company group used for market comparison for executive compensation;
- determining applicable stock ownership guidelines for certain executives and monitoring compliance with guidelines;
- assisting the Board in monitoring ESG priorities;
- reviewing WK Kellogg Co's ED&I programs and policies; and
- overseeing the review and assessment of risks arising from WK Kellogg Co's compensation policies and practices, which includes the annual review of our compensation program for design features considered to encourage excessive risk taking and WK Kellogg Co's approach to those features.

### *Nominating and Governance Committee*

The members of our Nominating and Governance Committee are expected to be Zack Gund, Mike Corbo, Ramón Murguía, Julio Nemeth and Mindy Sherwood. Zack Gund is expected to be the Chair of our Nominating and Governance Committee. We expect that each member of the Nominating and Governance Committee will meet the requirements for independence under the current NYSE listing standards. The responsibilities of the Nominating and Governance Committee will be more fully described in our Nominating and Governance Committee Charter and will include, among other duties:

- identifying and reviewing the qualifications of candidates for director and in determining the criteria for new directors;
- recommending nominees for director to the Board;
- recommending committee assignments to the Board;
- reviewing annually the Board's compliance with the Corporate Governance Guidelines;
- reviewing annually the Corporate Governance Guidelines and recommending changes to the Board;
- monitoring the performance of directors and conducting performance evaluations of each director before the director's re-nomination to the Board;
- administering the annual evaluation of the Board;
- providing annually an evaluation of CEO performance used by the independent members of the Board in their annual review of CEO performance;
- considering and evaluating potential waivers of the Code of Conduct for directors and Global Code of Ethics for senior officers;
- making a report to the Board on CEO succession planning at least annually;
- providing an annual review of the independence of directors to the Board;
- reviewing and recommending to the Board responses to shareholder proposals;
- overseeing governance-related engagement with shareholders and proxy advisory firms, and reviewing proxy advisory firm policies and voting recommendations;
- reviewing, approving and overseeing any transaction between WK Kellogg Co and any related person (as defined in Item 404 Regulation S-K) on an ongoing basis, in accordance with WK Kellogg Co's related party transactions policies; and
- reviewing director compensation.

### **Compensation Committee Interlocks and Insider Participation**

None of our executive officers currently serves, or in the past fiscal year has served, as a member of the board or compensation committee of any entity that has one or more executive officers serving on our Board or Compensation and Talent Management Committee.

### **Risk Oversight**

Our Board will oversee the risk management activities designed and implemented by our management. Our Board will execute its oversight responsibility for risk management, including the oversight of cybersecurity risks, both directly and through its committees. The full Board will also consider specific risk topics, including risks associated with our strategic plan, business operations and capital structure. In addition, our Board will receive detailed regular reports from members of our senior management and other personnel that include assessments and potential mitigation of the risks and exposures involved with their respective areas of responsibility.

While risk oversight is a full Board responsibility, our Board will delegate to the Audit Committee oversight of our risk management process. Our Audit Committee will be charged with reviewing cybersecurity, as well as our technology and information security, with senior management. Management's reporting to the Audit Committee will include a review of potential digital threats and vulnerabilities, cybersecurity priorities and our cybersecurity framework, including the potential for heightened risks in connection with our supply chain and as a result of global and macroeconomic events. In connection with overseeing the risk management process, the Audit Committee will review an assessment of our enterprise risks and the allocation of risk oversight among the Board and our other Committees.

Our other Committees will also consider and address risk as they perform their respective Committee responsibilities. All Committees will report to the full Board as appropriate, including when a matter rises to the level of a material or enterprise level risk.

Although we are not aware of any new or heightened exposure to cyberattacks as a result of Russia's invasion of Ukraine that pose a material risk to our business, we will continue to assess the risk of evolving cyberthreats and global and macroeconomic events to determine whether any new cybersecurity risks are presented by such events, with the Kellogg ParentCo Audit Committee overseeing and monitoring certain key risks, including cybersecurity risks. Our Audit Committee will assume oversight of these risks after completion of the Spin-Off and, with senior management, will continue to assess whether developments related to global and macroeconomic events have had, or are reasonably likely to have, a material impact on WK Kellogg Co.

### **Code of Business Conduct and Ethics**

Prior to the completion of the Spin-Off, we intend to adopt a code of business conduct and ethics that applies to all of our employees, officers and directors, including those officers responsible for financial reporting. Upon completion of the Spin-Off, our code of business conduct and ethics will be available on our Web site. We intend to disclose any amendments to the code, or any waivers of its requirements, on our Web site.

### **Director Nomination Process**

Our initial Board will be selected through a process involving both Kellogg ParentCo and us.

We will adopt corporate governance guidelines that will contain information concerning the responsibilities of the Nominating and Governance Committee with respect to identifying and evaluating future director candidates.

The Nominating and Governance Committee will evaluate future director candidates in accordance with the director membership criteria described in our corporate governance guidelines. The Nominating and Governance Committee will evaluate a candidate's qualifications to serve as a member of our Board based on the skills and characteristics of individual directors as well as the composition of our Board as a whole. In addition, the Nominating and Governance Committee will evaluate a candidate's professional skills and background, experience in relevant industries, age, diversity, geographic background and number of other directorships, along with qualities expected of all directors, including integrity, judgment, acumen and the time and ability to make a constructive contribution to our Board.

### **Communication with Non-Management Members of our Board**

Information for shareholders and other parties interested in communicating with our Board or our independent directors, individually or as a group, will be posted on our Web site prior to the Spin-Off. Our corporate secretary will forward communications relating to matters within our Board's purview to the independent directors; communications relating to matters within a Board committee's area of responsibility to the chair of the appropriate committee; and communications relating to ordinary business matters, such as suggestions, inquiries and consumer complaints, to the appropriate WK Kellogg Co executive or employee. Our corporate secretary will not forward solicitations, junk mail and obviously frivolous or inappropriate communications, but will make them available to any independent director who requests them.

**Director Compensation and Benefits**

Prior to the completion of the Spin-Off, we intend to adopt a director compensation program. Each of our non-employee directors is expected to receive an annual cash retainer of \$95,000, which will be paid in cash quarterly in arrears. The chairs of the Audit and Compensation and Talent Management Committees are expected to receive an additional annual cash retainer of \$20,000, and the chair of the Nominating and Governance Committee is expected to receive an additional annual cash retainer of \$15,000. The non-executive Board chair is expected to receive an additional annual cash retainer of \$100,000, and the Lead Director is expected to receive an additional annual cash retainer of \$35,000. In addition, each of our non-employee directors is also expected to receive an annual equity retainer with a grant date value of \$140,000.

## COMPENSATION DISCUSSION AND ANALYSIS

Prior to the Spin-Off, we have been a wholly owned subsidiary of Kellogg ParentCo, and therefore Kellogg ParentCo's senior management and the Compensation and Talent Management Committee of the Kellogg ParentCo Board, which we refer to in this Compensation Discussion and Analysis ("CD&A") as the "C&T Committee," oversaw our historical compensation strategy. Because the information presented in the compensation tables of this Information Statement relates to the 2022 fiscal year, which ended on December 31, 2022, this CD&A focuses primarily on Kellogg ParentCo's compensation programs and decisions with respect to 2022 and the processes for determining 2022 compensation while we were part of Kellogg ParentCo. In order to present Kellogg ParentCo's executive compensation program for our named executive officers in a simple and understandable manner, the CD&A has been organized into the following sections:

- A. **Key Decision Summary**—an overview of compensation decisions and program updates.
- B. **Core Principles**—the fundamental tenets upon which our compensation program is built, such as "pay for performance."
- C. **Compensation Approach**—the process used to develop plan design, set compensation and verify that actual pay is consistent with Kellogg ParentCo's core principles.
- D. **Compensation Plans and Design**—the specific elements of the compensation program and 2022 pay.
- E. **Compensation Policies**—key policies that govern the operation of the plans.

It is important to read this section in conjunction with the detailed tables and narrative descriptions under "Executive Compensation Tables" beginning on page 138 of this Information Statement.

The WK Kellogg Co Compensation and Talent Management Committee (also referred to in this CD&A as the "WKCC Compensation Committee") has not yet been established and therefore has not established a specific set of objectives or principles for our executive compensation program. Prior to the Spin-Off, the C&T Committee will make certain compensation decisions and take actions regarding our compensation philosophy, principles and program design and, following the Spin-Off, the WKCC Compensation Committee will make additional compensation decisions and actions, including establishing objectives and principles similar to the objectives and principles that Kellogg ParentCo maintained for its compensation programs in 2022, as described in this CD&A. It is anticipated that the WKCC Compensation Committee will review the impact of the Spin-Off and all aspects of compensation and make appropriate adjustments to our compensation programs and practices. Accordingly, because our pay practices are still being developed, the forms and amounts of compensation reported below in this CD&A are not necessarily indicative of the compensation our current NEOs, as defined immediately below, will receive following the Spin-Off.

We expect that our executive compensation program following the Spin-Off will generally be similar to Kellogg ParentCo's executive compensation program. In connection with the Spin-Off, we expect to adopt short-term cash incentive plans and/or programs, a long-term incentive plan (under which various stock-based awards may be granted to our employees and directors), an employee stock purchase plan and nonqualified deferred compensation plans and policies, the terms of which will be substantially similar or comparable to those of such plans maintained by Kellogg ParentCo. See "Certain Relationships and Related Party Transactions—Agreements with Kellogg ParentCo—Employee Matters Agreement" for more information, including the allocation of liabilities with respect to compensation and benefit accruals prior to the Spin-Off. Additionally, we intend to review and adopt stock ownership guidelines appropriate for WK Kellogg Co as a newly established, stand-alone public company, which we expect will occur within 12 months of the Spin-Off.

In this Information Statement, we refer to our CEO, CFO, and our three next highest paid individuals as "the NEOs" or "our NEOs."

## **A. Key Decisions Summary**

The C&T Committee took the following key actions:

### **Program Updates**

The C&T Committee regularly reviews the design and effectiveness of Kellogg ParentCo's compensation program. This includes engaging with a variety of stakeholders to gain feedback and input on Kellogg ParentCo's compensation programs, including Kellogg ParentCo's discussions with its shareholders ("Shareowners") and on-going reviews with Kellogg ParentCo's independent compensation consultant. The following updates were made to Kellogg ParentCo's executive compensation programs for 2022:

- The three-year stock unit plan formerly known as Kellogg ParentCo's "Executive Performance Plan" (or "EPP") was renamed the "Performance Stock Unit Plan" ("PSU Plan," or "PSU") in 2022 to reflect the expansion of the plan beyond Kellogg ParentCo's executives.
- Stock options were eliminated from the mix of long-term incentives in 2022.

### **2022 Annual Incentive Plan ("AIP") Payouts (Pay for Performance)**

#### *2022 Corporate AIP Payout Factor of 137%*

Mr. Pilnick and Ms. Brice are participants in the Kellogg ParentCo AIP and the associated AIP payout factor for 2022 was 137% of target, before consideration for individual performance. Mr. McKinstry's AIP payout is based on the performance of Kellogg ParentCo's North American region, and the associated AIP payout factor for 2022 was 147% of target, before consideration for individual performance. Mr. VanDeVelde's AIP payout is based on Kellogg ParentCo's North American region, with weighting on the U.S. cereal category, which he leads as General Manager, and the associated AIP payout factor for 2022 was 152% of target, before consideration for individual performance. Mr. Brown's AIP payout is based on Kellogg ParentCo's North American region with weighting on U.S. sales, which he serves on the functional leadership team, and the associated AIP payout factor for 2022 was 150% of target, before consideration for individual performance. For more information about the AIP and actual payouts for each NEO, including individual performance adjustments, see "—Annual Incentives" beginning on page 128 of this Information Statement.

### **2020-2022 Executive Performance Plan ("EPP") Payouts (Pay for Performance)**

#### *2020-2022 EPP Payout of 175% of target*

For the 2020-2022 EPP, Kellogg ParentCo delivered EPP Net Sales growth of 6.9%, which is significantly above the 1 to 2% target range. EPP Cash Flow performance during the period was \$3.8 billion, which is also significantly above the \$2.8 billion to \$3.1 billion target range. Under the Plan, this performance results in a payout of up to 200% of the share target amount, and the NEOs (other than Ms. Brice, who does not hold a 2020-2022 EPP award) received a payout of 175% of share target amount, which was appropriate for the Kellogg ParentCo's performance during this period. For more information about the 2020-2022 EPP and actual payouts for each NEO, see "—Long-Term Incentives" beginning on page 131 of this Information Statement.

## **B. Core Principles**

Kellogg ParentCo operates in a robust and challenging industry, where competitive compensation is central to business performance. We believe that Kellogg ParentCo's executive compensation program was designed to:

- provide a competitive level of total compensation necessary to attract and retain key talent to help deliver successful business performance;
- appropriately motivate its named executive officers to contribute to Kellogg ParentCo's near and long-term success; and
- help drive long-term total return for Kellogg ParentCo's Shareowners.

Accordingly, Kellogg ParentCo's executive compensation program is based on the following core principles — each of which is more fully described below.

- Pay for Performance;
- Shareowner Alignment;
- Values-Based; and
- Mitigating Risk.

### **Pay for Performance**

The fundamental principle underlying Kellogg ParentCo's executive compensation programs is pay for performance. That is, Kellogg ParentCo links the amount of actual pay to the performance of Kellogg ParentCo and each of its named executive officers. Kellogg ParentCo accomplishes this in several ways, including ensuring that target pay levels are market based, utilizing "performance-based" pay, and limiting perquisites (each of which is more fully described below).

#### *Market Driven Compensation*

All components of Kellogg ParentCo's executive compensation program are targeted at the median of the market of Kellogg ParentCo's Compensation Peer Group (as described below) to ensure that its executives are appropriately compensated, and Kellogg ParentCo is able to recruit and retain the right talent for the organization. Compensation opportunities vary based on time in position, criticality of retention, and sustained performance, as well as other factors. Annual incentive compensation targets may be above or below the median of Kellogg ParentCo's Compensation Peer Group based on a variety of factors, including experience and tenure in the role. Actual incentive compensation payouts are based on performance against pre-determined goals that are designed to drive sustainable results and increase Kellogg ParentCo's Shareowner value.

#### *Performance-Based Compensation*

A significant portion of Kellogg ParentCo's senior executives' target compensation is "performance-based" pay, tied to both short-term performance (AIP awards) and long-term performance (PSU Plan awards, formerly known as EPP awards). The annual compensation package for our CEO, Mr. Pilnick, has approximately 63% of target annual compensation (salary, annual incentives and long-term incentives) linked to performance-based incentives. The annual compensation package for our other NEOs averaged approximately 46% of target annual compensation linked to performance-based incentives.

#### *Limited Perquisites*

To further ensure pay for performance, executives receive limited perquisites, as shown on page 138 of this Information Statement. For additional information about perquisites, refer to footnote 6 in "—Summary Compensation Table."

### **Shareowner Alignment**

Kellogg ParentCo's compensation programs have been designed to align the interests of Kellogg ParentCo executives with its Shareowners as an important way to drive behaviors that generate long-term Shareowner value. Kellogg ParentCo aligns these interests by using equity awards that have a longer-term focus and by maintaining robust stock ownership guidelines (each of which is more fully described below). Equity-based incentives are an effective method of facilitating stock ownership and further aligning the interests of Kellogg ParentCo executives and senior management with those of Kellogg ParentCo's Shareowners. Consequently, an appropriate portion of our NEOs' total target compensation is comprised of equity-based incentives (approximately 55% of our CEO's annual target compensation, and an average of 30% of our other NEOs' annual target compensation, is comprised of equity awards in the form of RSUs and PSUs).

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*Longer-Term Focus*

Kellogg ParentCo maintains a stock-based, pay for performance, multi-year incentive plan (which is referred to as the “EPP” for awards granted prior to 2022 and the “PSU Plan” or “PSU” for awards granted in 2022 and subsequent years) intended to focus senior management on achieving critical goals over three-year periods. This approach provides the right balance of focusing senior management on important operational and financial goals and providing a direct link to Shareowner interests. Specifically, for the 2020-2022 EPP, 2021-2023 EPP, and 2022-2024 PSU Plan, these goals were tied to organic net sales growth and aggregate operating cash flow of Kellogg ParentCo. Annual restricted stock unit awards granted in 2022 are subject to three-year cliff vesting.

*Stock Ownership Guidelines*

Kellogg ParentCo has established robust share ownership guidelines to strengthen the ongoing and continued link between the interests of Kellogg ParentCo’s named executive officers and Kellogg ParentCo’s Shareowners. Currently, Mr. Pilnick and Mr. VanDeVelde are subject to such share ownership guidelines. We intend to review and adopt stock ownership guidelines appropriate for WK Kellogg Co as a newly established, stand-alone public company, which we expect will occur within 12 months of the Spin-Off.

**Values-Based**

Kellogg ParentCo’s compensation program is designed to reward an executive’s performance and contribution to Kellogg ParentCo’s objectives. Each NEO is evaluated on their specific contributions (the “what”), as well as the behaviors they exhibit as they drive results (the “how”). The shared behaviors (what Kellogg ParentCo calls its “K Values”) that Kellogg ParentCo expects and believes are essential to achieving long-term dependable and sustainable growth and increased value for Kellogg ParentCo’s Shareowners are as follows:

- acting with integrity and showing respect;
- being accountable for Kellogg ParentCo’s actions and results;
- being passionate about Kellogg ParentCo’s business, brands and food;
- having the humility and hunger to learn;
- striving for simplicity; and
- loving success.

**Mitigating Risk**

The Kellogg ParentCo compensation program is designed so that it does not encourage taking unreasonable risks relating to Kellogg ParentCo’s business. Kellogg ParentCo’s compensation programs mitigate risk by balancing short-term and rolling multi-year incentives which use various financial metrics to encourage the business to grow in a balanced, sustainable manner. In addition, the use of clawback provisions further drives risk mitigation by creating appropriate remedies under certain circumstances.

In 2022, the Kellogg ParentCo Board and its C&T Committee reviewed its executive compensation program to identify any design features that could reasonably be considered to encourage excessive risk taking and Kellogg ParentCo’s approach to those features. As a result of this review, and together with input from the independent compensation consultant, the Kellogg ParentCo Board and its C&T Committee determined that the risks arising from Kellogg ParentCo’s compensation policies and practices for employees are not reasonably likely to have a material adverse effect on Kellogg ParentCo.

*Clawback Policies*

Kellogg ParentCo maintains clawback provisions in each of Kellogg ParentCo’s AIP, stock options, restricted stock units, and the EPP/PSU Plan which give Kellogg ParentCo the ability to recover (“clawback”) previously



granted payments. These provisions allow Kellogg ParentCo to recoup performance-based gains by executive officers (and other program participants) for fraud or misconduct causing a financial restatement. Beginning in 2018, Kellogg ParentCo expanded its provisions in all equity awards to require clawback after vesting or exercise (and forfeiture of awards before vesting) if an executive violates the non-compete or non-solicitation provisions of the awards or an executive engages in any activity that is contrary or harmful to Kellogg ParentCo's interest.

### ***C. Compensation Approach***

Kellogg ParentCo's compensation approach is based on (a) driving independent decision-making, (b) utilizing Compensation Peer Group data to appropriately benchmark compensation, (c) following a consistent, rigorous compensation target setting process, and (d) utilizing verification tools to ensure appropriate decisions are being made. Each is described more fully below.

Once WK Kellogg Co is a separate public company, we anticipate the WKKC Compensation Committee will follow a similar process to determine the compensation for our NEOs, which we anticipate will include the WKKC Compensation Committee engaging an independent compensation consultant to perform services consistent with those described below and such other services as it deems necessary to reflect our position as a new, stand-alone public company.

### **Independent Decision Making**

The C&T Committee is responsible for administering the compensation program for executive officers of Kellogg ParentCo. The members of the C&T Committee are fully independent, none of the C&T Committee members are current or former employees of Kellogg ParentCo, and they are not eligible to participate in any of Kellogg ParentCo's executive compensation programs. In addition, the C&T Committee has utilized an independent compensation consultant for many years.

Semler Brossy Consulting Group ("Semler Brossy"), Kellogg ParentCo's independent compensation consultant, works directly for the C&T Committee, and, pursuant to Kellogg ParentCo policy, is prohibited from providing any consulting or other services to Kellogg ParentCo or its executive officers other than the work performed on behalf of the C&T Committee or the Kellogg ParentCo Board. The C&T Committee has considered the independence of Semler Brossy in light of SEC rules and NYSE listing standards. In connection with this process, the C&T Committee has reviewed, among other items, a letter from Semler Brossy addressing the independence of Semler Brossy and the members of the consulting team serving the C&T Committee, including the following factors: (i) services provided to Kellogg ParentCo by Semler Brossy, (ii) fees paid by Kellogg ParentCo as a percentage of Semler Brossy's total revenues, (iii) policies or procedures of Semler Brossy that are designed to prevent conflicts of interest, (iv) any business or personal relationships between the senior advisor of the consulting team with a member of the C&T Committee, (v) any Kellogg ParentCo stock owned by the senior advisor or any member of the senior advisor's immediate family, and (vi) any business or personal relationships between its executive officers and the senior advisor. The C&T Committee discussed these considerations and concluded that the work performed by Semler Brossy and its senior advisors involved in the engagement did not raise any conflict of interest.

## Peer Groups and Competitive Positioning

Kellogg ParentCo uses peer groups to benchmark its named executive officers' compensation against comparable companies and for different components of our overall compensation program to ensure they are competitive and delivering compensation in line with performance:

| <u>Peer Group</u>       | <u>Overview/Selection Criteria</u>   | <u>Primary Purpose</u>   |
|-------------------------|--|--|
| Compensation Peer Group | Consists of companies which Kellogg ParentCo generally competes with for talent, including both food companies and companies in other relevant industries. This group is reviewed on a periodic basis for appropriateness. | Establish target compensation (base salary, AIP and long-term incentives). |
| Performance Peer Group  | Generally consists of the food companies in the broader Compensation Peer Group. This group is reviewed on a periodic basis for appropriateness.   | Assess relative company performance and assess incentive payouts.          |

The "Compensation Peer Group" is used to ensure that executive officer compensation is competitive in the marketplace. Consequently, Kellogg ParentCo benchmarks its executive compensation to that of the Compensation Peer Group. The C&T Committee uses peer group data to benchmark base salary, target annual and long-term incentives and total compensation. Kellogg ParentCo's total compensation package is targeted at the median of its Compensation Peer Group. Actual incentive compensation payouts will depend largely upon Kellogg ParentCo's performance versus its operating plan budgets and in part upon its performance relative to Kellogg ParentCo's Performance Peer Group, as defined below. Again, the design drives pay for performance. We believe this approach allows Kellogg ParentCo to recruit the best talent for the organization and pay for performance.

The C&T Committee reviews at least annually the Compensation Peer Group to confirm that it continues to be an appropriate benchmark. The C&T Committee determines the Compensation Peer Group, taking into account input from the independent compensation consultant, which is based on objective screening criteria for a variety of factors and considers a variety of criteria, including companies that (i) are in the same or similar lines of business, (ii) compete for the same customers with similar products and services, (iii) have comparable financial characteristics that investors view similarly, (iv) consider Kellogg ParentCo a peer, (v) proxy advisory firms consider Kellogg ParentCo's peers, and (vi) are within a reasonable range in terms of percentile rank of Kellogg ParentCo for key financial metrics such as revenue, pre-tax income, total employees, and market capitalization. Kellogg ParentCo believes that Kellogg ParentCo's Compensation Peer Group is representative of the market in which it competes for talent.

The "Performance Peer Group" is used to assess incentive plan payouts and performance relative to the performance of these direct competitors. This group includes many of the food companies in the broader Compensation Peer Group. The Performance Peer Group companies were chosen because they most closely compete with Kellogg ParentCo in the consumer marketplace and for investors' dollars and face similar business dynamics and challenges. Annual incentive compensation payouts will depend largely upon Kellogg ParentCo's performance versus Kellogg ParentCo's operating plan budgets and in part upon Kellogg ParentCo's performance relative to the Performance Peer Group.

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As expected, there is meaningful overlap and differences between the Compensation Peer Group and Performance Peer Group. For 2022, Kellogg ParentCo’s Compensation Peer Group and Performance Peer Group are comprised of the following companies:

| Compensation Peer Group     |                              | Performance Peer Group |              |
|-----------------------------|------------------------------|------------------------|--------------|
| Church & Dwight             |                              |                        |              |
| The Clorox Company          | Campbell Soup Co.            |                        | PepsiCo Inc. |
| Colgate-Palmolive Co.       | ConAgra Brands, Inc.         |                        |              |
| The Estee Lauder Cos., Inc. | The Hershey Company          |                        |              |
| Hormel Foods Corporation    | General Mills, Inc.          |                        |              |
| Keurig Dr. Pepper Inc.      | The J.M. Smucker Company     |                        |              |
| Kimberly-Clark Corporation  | The Kraft Heinz Company      |                        |              |
| McDonald’s Corporation      | McCormick & Company, Inc.    |                        |              |
| Starbucks                   | Mondelēz International, Inc. |                        |              |
| Whirlpool Corporation       | Post Holdings                |                        |              |
| YUM! Brands, Inc.           |                              |                        |              |

**Consistent, Rigorous Process**

Each year, the C&T Committee follows a consistent, rigorous process to determine compensation for named executive officers for Kellogg ParentCo, including Mr. Pilnick:

- The independent compensation consultant presents the C&T Committee with relevant compensation information such as a market assessment, Compensation Peer Group benchmarking data, information about other relevant market practices, and emerging trends.
- This compensation information provides detailed information for both CEO compensation and the compensation for the other named executive officers of Kellogg ParentCo, including Mr. Pilnick.
- The independent consultant makes recommendations to the C&T Committee regarding target levels for each pay element for the CEO of Kellogg ParentCo and provides oversight and guidance regarding the other named executive officers of Kellogg ParentCo. The Kellogg ParentCo CEO makes recommendations to the C&T Committee regarding the performance and compensation for each Kellogg ParentCo named executive officer (other than himself), including Mr. Pilnick.
- Based on its review of performance versus Kellogg ParentCo’s operating plan, performance against the Performance Peer Group, individual performance, input from the independent compensation consultant and other factors, the C&T Committee makes recommendations to the independent members of the Kellogg ParentCo Board regarding the compensation for the CEO and the other named executive officers, including Mr. Pilnick.
- The independent members of the Kellogg ParentCo Board determine the compensation of the CEO of Kellogg ParentCo and the other named executive officers of Kellogg ParentCo, including Mr. Pilnick.

**Verification Tools**

The C&T Committee utilizes several tools to help verify that the design of Kellogg ParentCo’s program is consistent with Kellogg ParentCo’s core principles and that the amount of compensation is within appropriate competitive parameters. For example, each year, the C&T Committee reviews “pay tallies,” which include a detailed analysis of each of Kellogg ParentCo named executive officers’ target and actual annual cash

compensation, equity awards, retirement benefits, perquisites, change-in-control and severance payments, and wealth accumulation. In connection with this review, no unintended consequences or other concerns of the compensation program design were discovered. In addition, the C&T Committee concluded that the total compensation of the Kellogg ParentCo named executive officers aligns pay with performance and is appropriate and reasonable. The C&T Committee also uses a key financial metric, total shareholder return, as an additional verification tool to verify Kellogg ParentCo’s pay for performance connection.

Prior to the Spin-Off, determinations were made by the C&T Committee for Mr. Pilnick’s compensation given that he was serving as a Kellogg ParentCo named executive officer, and, for the other NEOs, in respect of their EPP payout. Following the Spin-Off, the WKKC Compensation Committee will be establishing a specific set of objectives or principles for all of our NEOs.

**D. Compensation Plans and Design**

NEO compensation includes a combination of annual cash and long-term incentive compensation. Annual cash compensation for NEOs is comprised of base salary and the AIP. Long-term incentives consist of three-year PSU Plan awards and restricted stock units.

**Total Compensation**

Key elements of Kellogg ParentCo’s 2022 compensation program for the Kellogg ParentCo named executive officers (including Mr. Pilnick) were as follows.

| Element           |                                 | Performance / Vesting Period (yrs.) | Purpose   | Characteristics  |
|-------------------|---------------------------------|-------------------------------------|---|--|
| Fixed             | Base Salaries                   | —                                   | Compensates executives for their level of responsibility and sustained individual performance. Also, helps attract and retain strong talent.  | Fixed component; evaluated annually.   |
|                   | Annual Incentives (AIP)         | One Year                            | Promotes achieving Kellogg ParentCo’s annual corporate and business unit financial goals, as well as ESG objectives such as people safety, food safety/quality and equity, diversity and inclusion (or “ED&I”). | Performance-based cash opportunity; amount varies based on Kellogg ParentCo and business results, and individual performance.                              |
| Performance—Based | Long-Term Incentives (PSU Plan) | Three Years                         | Promotes achieving Kellogg ParentCo’s long-term corporate financial goals through the 3-year PSU Plan.  | Performance-based equity opportunity; amounts earned/realized will vary from the targeted grant-date fair value based on actual financial and stock price. |

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| Element         |                               | Performance / Vesting Period (yrs.) | Purpose   | Characteristics   |
|-----------------|-------------------------------|-------------------------------------|---|---|
| Stock Ownership | Long-Term Incentives (RSUs)   | Three Years                         | Creates a balanced long-term incentive program, helping to manage equity utilization while aligning to market practice.                 | Cliff vesting provides meaningful retention value; improved stock price performance enhances overall value of awards. |
| Other           | Post-Termination Compensation | —                                   | Facilitates attracting and retaining high caliber executives in a competitive labor market in which formal severance plans are common.  | Contingent component; only payable if the executive's employment is terminated under certain circumstances.           |
|                 | Retirement Plans              | Long-Term                           | Kellogg ParentCo provides both matching and fixed company contributions based on employee deferrals and years of service, respectively. | Fixed component; however, contributions vary based on employee elections.   |

**Base Salaries**

The C&T Committee considers a number of factors when determining the Kellogg ParentCo named executive officers' (including Mr. Pilnick's) base salaries including experience, proficiency, individual contributions, job market conditions, sustained performance in role, and the individual's current base salary compared with those of persons in similar positions at other companies in the Compensation Peer Group. Annually, the C&T Committee evaluates whether to award base salary increases, including considering changes in a named executive officer's role and/or responsibility. In 2022, Kellogg ParentCo increased the base salaries for each of our NEOs (other than Mr. Pilnick).

**Annual Incentives**

AIP awards to the NEOs are paid under the terms of the Kellogg Company 2022 Long-Term Incentive Plan ("LTIP"), which was approved by the Kellogg ParentCo Shareowners and is administered by the C&T Committee.

At the beginning of fiscal year 2022, annual incentive opportunities for NEOs were established as a percentage of the executive's base salary ("AIP Target"). Each year, the C&T Committee sets performance ranges (which we refer to as "bandwidths") around Kellogg ParentCo's metrics for its named executive officers including Mr. Pilnick. Following the Spin-Off, the WKKC Compensation Committee will make compensation decisions and actions for all of our NEOs, including establishing applicable AIP performance targets. Mr. Pilnick's and Ms. Brice's AIP Target consisted of (a) financial metrics (90% weighting) consisting of operating profit ("AIP Operating Profit"), net sales ("AIP Net Sales"), and cash flow ("AIP Cash Flow") which are weighted at 50%, 30%, and 20% respectively and (b) ESG metrics (10% weighting) consisting of ED&I, people safety, and food safety/quality. For Mr. Pilnick and Ms. Brice, the financial and ESG metrics are based on Kellogg ParentCo Corporate targets, which are established by the C&T Committee. For our NEOs other than Mr. Pilnick and Ms. Brice, AIP performance targets include performance measurement metrics in lieu of or in addition to the Kellogg ParentCo Corporate targets. Kellogg ParentCo senior management established the applicable AIP

performance targets as described below. Mr. McKinstry's AIP target consisted of (a) North America regional financial metrics (90% weighting) consisting of North America AIP Operating Profit, North America AIP Net Sales, and North America AIP Cash Flow, which are weighted at 50%, 30%, and 20%, respectively, and (b) ESG metrics (10% weighting). Mr. VanDeVelde's and Mr. Brown's AIP target consisted of (a) North America regional financial metrics (80% weighting) identical to those described with Mr. McKinstry above, (b) team financial metrics (10% weighting) and (c) North America regional ESG metrics (10% weighting) consisting of ED&I, people safety, and food safety/quality. For Mr. VanDeVelde, the team financial metrics are based on Kellogg ParentCo's U.S. ready-to-eat cereal category ("RTEC") targets consisting of (a) RTEC net sales value (40% weighting) and (b) RTEC operating profit (60% weighting). For Mr. Brown, the team financial metrics are based on Kellogg ParentCo's total U.S. sales targets consisting of (a) total U.S. sales net sales value (40% weighting) and (b) total U.S. sales operating profit (60% weighting).

The C&T Committee and management of Kellogg ParentCo believe that by using the financial metrics of AIP Operating Profit, AIP Net Sales, and AIP Cash Flow, Kellogg ParentCo is encouraging top-line growth, as well as profitable growth and cash generation for its Shareowners. The C&T Committee and management of Kellogg ParentCo further believe that the financial metrics should measure comparable operating performance, as those measures provide a clearer view into Kellogg ParentCo's underlying performance. The AIP Operating Profit excludes the effect of restructuring programs, mark-to-market adjustments for commodities, certain equity investments, and certain foreign currency contracts, multi-employer pension plan withdrawal liabilities, other costs impacting comparability, and foreign currency. AIP Net Sales excludes the impact of acquisitions, divestitures, foreign currency and differences in shipping days. Kellogg ParentCo measures AIP Cash Flow as net cash provided by operating activities reduced by capital expenditures. While Corporate AIP Cash Flow reflects Kellogg ParentCo's combined results, North America AIP Cash Flow does not include allocated cash flows for interest, income taxes, and other activities included in Kellogg ParentCo's corporate operations.

As a result of the budgeted assumptions, performance reported in Kellogg ParentCo's financial statements may differ from performance against Kellogg ParentCo's AIP performance targets. AIP Operating Profit, AIP Net Sales, and AIP Cash Flow are non-GAAP measures, which will differ from the GAAP measures of Net Sales growth, operating profit growth and cash provided by operating activities.

Targets and bandwidths are set at the beginning of each year through a robust, systematic process. A key element of the target-setting process is Kellogg ParentCo's operating plan for the fiscal year, which is designed to achieve Kellogg ParentCo's objectives for sustainable, dependable growth, and is approved by Kellogg ParentCo's Board. Targets and bandwidths are developed through an iterative process, including reviewing actual and forecasted peer performance and business objectives. Targets are then set to ensure they are reasonable and challenging to drive the performance of the business. The actual percent of the AIP Target paid to our NEOs each year can range from 0% to 200 % of the target opportunity.

In addition to operating results, each NEO is held accountable for achieving annual goals set at the start of the fiscal year relating to driving the successful achievement of Kellogg ParentCo's strategy and related business priorities. Consistent with Kellogg ParentCo's commitment to a balanced approach between individual performance and adherence to Kellogg ParentCo's core principles, the NEOs are assessed both against their level of individual achievement against these agreed upon goals and the alignment of their behavior in achieving those goals with Kellogg ParentCo's core values.

## **2022 AIP Payouts**

Our CEO, Gary Pilnick, and Ms. Brice are participants in the Kellogg ParentCo Corporate AIP, and the associated AIP payout factor for 2022 was 137% of target, before consideration for individual performance. For 2022, the financial performance against the performance goals for Corporate were Corporate AIP Operating Profit growth of 7.0% against a target of 2.3%, Corporate AIP Net Sales growth of 11.5% against a target of 3.8%, and Corporate AIP Cash Flow of \$1.2 billion against a target of \$1.2 billion. Overall, the AIP Net Sales

and AIP Operating Profit were significantly above target, and AIP Cash Flow was at target for Corporate performance. This resulted in an AIP formulaic payout factor for the financial metrics of 160% of target for Corporate. After considering Kellogg ParentCo's financial performance relative to its peers, including sales, operating profit, cash flow, earnings per share and total shareholder return, the Corporate AIP Plan performance payout factor was reduced from 160% to 141% of target for Corporate. In addition, the payout factor was combined with ESG performance of 103% of target for Corporate, resulting in the 137% of target payout factor for Kellogg ParentCo Corporate performance.

The C&T Committee considered the individual performance in 2022 for Mr. Pilnick and awarded his payout factor equal to 155%, consistent with the terms of the plan established at the beginning of the year. The C&T Committee considered a number of factors in assessing Mr. Pilnick's individual performance, including leading through the announcement and related efforts to the Spin-Off, while continuing to deliver strong business results.

Mr. McKinstry's AIP payout is based on the performance of the North American region. For 2022, the financial performance against the performance goals for North America was North America AIP Operating Profit growth of 6.4% against a target of 2.0%, North America AIP Net Sales growth of 9.9% against a target of 4.5%, and North America AIP Cash Flow of \$1.3 billion against a target of \$1.3 billion. For North America, the AIP Net Sales and AIP Operating Profit were significantly above expectations, while AIP Cash Flow was at target. In addition, the payout factor was combined with ESG performance of 95% of target for North America, resulting in the 147% payout factor.

Mr. VanDeVelde's AIP payout is based on the performance of the North American region (same as those described with respect to Mr. McKinstry above) and to a lesser extent, the U.S. cereal category, which he leads as General Manager. The financial performance for RTEC was RTEC AIP Net Sales growth of 12.0% against a target of 0.4%, and RTEC AIP Operating Profit growth of 35.8% against a target of -5.0%. In addition, the payout factor was combined with ESG performance of 95% of target for North America, resulting in the 152% payout factor.

Mr. Brown's AIP payout is based on the performance of the North American region (same as those described with respect to Mr. McKinstry above) and to a lesser extent, total U.S. sales, for which he serves on the functional leadership team. The financial performance for U.S. total sales were U.S. AIP Net Sales growth of 10.4% against a target of 5.1%, and U.S. Operating Profit growth of 3.9% against a target of (1.3)%. In addition, the payout factor was combined with ESG performance of 95% of target for North America, resulting in the 150% payout factor.

Considering their individual performances, the AIP payouts for Mr. McKinstry, Mr. VanDeVelde, Mr. Brown, and Ms. Brice were determined to be 172%, 177%, 175%, and 162%, respectively, consistent with the terms of the plan established at the beginning of the year. A number of factors were considered in assessing Mr. McKinstry's, Mr. VanDeVelde's, Mr. Brown's and Ms. Brice's individual performances, including leading the North American cereal business through the announcement and related efforts of the Spin-Off, while contributing to strong business results for Kellogg ParentCo.

Corporate and North America AIP Operating Profit growth, AIP Net Sales growth, and AIP Cash Flow are non-GAAP financial measures defined in "— Annual Incentives" on page 128 of this Information Statement. For the ESG metrics, objective and challenging performance targets were set at the beginning of the fiscal year for:

- ED&I. Kellogg ParentCo continues its focus on equity, diversity and inclusion as an important enabler to its business. In 2022, Kellogg ParentCo was at target for Corporate and near target for North America, based on its representation results for gender and racially underrepresented talent.
- Food safety and quality. Kellogg ParentCo continues to drive strong programs across the network and was above target for Corporate and North America.
- People safety. Kellogg ParentCo was at target for Corporate and North America on its people safety metric of total recordable incident rate.

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In determining the appropriate AIP payout for Kellogg ParentCo's performance, the C&T Committee considered a number of factors, including:

- Kellogg ParentCo's achievement of net sales and operating profit above the 2022 corporate AIP financial targets; and
- Assessing, planning, and managing the separation of the North American cereal business.

The chart below includes information about the 2022 AIP for each NEO.

| Name            | AIP Target <sup>(1)</sup> |             | AIP Maximum | 2022 AIP Payout (Paid in March 2023) |             |
|-----------------|---------------------------|-------------|-------------|--------------------------------------|-------------|
|                 | % of Base Salary          | Amount (\$) | Amount (\$) | % of AIP Target                      | Amount (\$) |
| Gary Pilnick    | 95%                       | 753,350     | 1,506,700   | 155%                                 | 1,167,693   |
| David McKinstry | 50%                       | 181,000     | 362,000     | 172%                                 | 311,320     |
| Doug VanDeVelde | 60%                       | 286,800     | 573,600     | 177%                                 | 507,636     |
| Bruce Brown     | 50%                       | 200,000     | 400,000     | 175%                                 | 350,000     |
| Sherry Brice    | 45%                       | 146,843     | 293,686     | 162%                                 | 237,886     |

(1) For AIP purposes, incentive opportunities are based on executives' salary levels on the last day of the relevant calendar year.

### Long-Term Incentives

Long-term incentives are provided to Kellogg ParentCo's executives under its 2022 LTIP, which was approved by its Shareowners. These incentives are intended to promote achieving Kellogg ParentCo's long-term corporate financial goals and earnings growth. The 2022 LTIP allows for grants of stock options, stock appreciation rights, restricted shares and units and performance shares and units (such as PSUs). Stock options were eliminated from the mix awarded to Kellogg ParentCo's executives in 2022.

The 2022 long-term incentive opportunity for the NEOs was provided through stock-based awards, which the C&T Committee believes best achieves several of the core principles, including pay for performance and Shareowner alignment. Long-term incentive awards for our NEOs are determined on a position-by-position basis using proxy and survey data for corresponding positions in the Compensation Peer Group. For 2022, the C&T Committee determined that Mr. Pilnick would receive approximately 75% of his long-term incentive opportunity in performance shares (granted under the PSU Plan) and 25% in Restricted Stock Units ("RSUs"). The other NEOs also received approximately 75% of their long-term incentive opportunity in performance shares (granted under the PSU Plan) and 25% in RSUs for 2022.

Individual awards at grant may vary from target levels based on the individual's performance, ability to impact financial performance and future potential.

### Performance Stock Unit Plan

The PSU Plan is a stock-based, pay for performance, three-year incentive plan intended to focus senior management on achieving critical three-year operational goals. The PSU Plan was formerly known as Kellogg ParentCo's "Executive Performance Plan" or "EPP." In 2022, the EPP was renamed the PSU Plan to reflect the expansion of the plan beyond Kellogg ParentCo's executives; however, there were no changes to the underlying plan itself. For performance periods that commenced prior to 2022, we refer to the Kellogg ParentCo stock-based, pay for performance, multi-year incentive plan as the "EPP" and for performance periods that commenced in 2022 or thereafter, we refer to such plan as the "PSU Plan" or "PSU."



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The actual percent of the PSU Plan target paid to our NEOs each year can range from 0% to 200% of the target opportunity. The performance levels are based on Kellogg ParentCo’s long-range operating plan to be challenging and drive sustainable growth. The PSU Plan contemplates the use of various metrics, as determined by the C&T Committee from time to time (including with respect to Mr. Pilnick).

*2020-2022 EPP.* The NEOs, other than Ms. Brice, received a 2020-2022 EPP award. The payout for the 2020-2022 EPP is 175% of target. During the performance period, EPP Net Sales (as defined below) performance was significantly above target and EPP Cash Flow (as defined below) performance was also significantly above target. Vested EPP awards are paid in Kellogg ParentCo’s common stock. The 2020-2022 EPP performance period ended on December 31, 2022 (the last day of fiscal 2022). In February 2023, after Kellogg ParentCo’s 2022 annual financial statements were completed, the C&T Committee reviewed Kellogg ParentCo’s performance and used a judgement-based methodology in exercising its discretion, to determine the actual payout for the NEOs (other than Ms. Brice, who does not hold a 2020-2022 EPP award) to be 175% of target.

The goals for the 2020-2022 EPP were tied to organic net sales growth (“EPP Net Sales”) and aggregate operating flow (“EPP Cash Flow”) during the three-year performance period. These metrics were chosen to drive key business goals and increase Shareowner value. During the performance period, Kellogg ParentCo delivered EPP Net Sales of 6.9%, which is significantly above the 1 to 2% target range. Kellogg ParentCo’s EPP Cash Flow performance during the period was \$3.8 billion, which is also significantly above the \$2.8 billion to \$3.1 billion target range. Under the Plan, this performance results in a payout of up to 200% of the share target amount, and the C&T Committee utilized its reasonable discretion to determine that our NEOs (other than Ms. Brice, who does not hold a 2020-2022 EPP award) should receive a payout of 175% of share target amount. The C&T Committee determined this as the appropriate payout for Kellogg ParentCo’s performance during this period after considering the financial performance as well as (i) market share; (ii) Return on Invested Capital over the performance period; and (iii) Total Shareholder Return relative to Kellogg ParentCo’s peers over the performance period.

The chart below includes information about 2020-2022 EPP opportunities and actual payouts:

| Name                        | EPP Target Share Amount (#) | EPP Maximum Share Amount (#) | 2020-2022 EPP Payout <sup>(1)</sup><br>(Paid in February 2023) |                  |  |
|-----------------------------|-----------------------------|------------------------------|--|------------------|--|
|                             |                             |                              | % of EPP Target  | Share Amount (#) | Pre-tax Value Realized (\$) <sup>(1)</sup> |
| Gary Pilnick                | 15,950                      | 31,900                       | 175%   | 27,913           | \$ 2,123,199                               |
| David McKinstry             | 855                         | 1,710                        | 175%   | 1,496            | \$ 113,784                                 |
| Doug VanDeVelde             | 3,030                       | 6,060                        | 175%   | 5,303            | \$ 403,374                                 |
| Bruce Brown                 | 1,290                       | 2,580                        | 175%   | 2,258            | \$ 171,702                                 |
| Sherry Brice <sup>(2)</sup> | —                           | —                            | —  | —                | —  |

(1) The payout is calculated by multiplying the earned shares plus accrued dividend equivalent units by the closing price of Kellogg ParentCo common stock on February 17, 2023, which was \$68.38 per share.

(2) Ms. Brice was not a holder of a 2020-2022 EPP award, so no shares were paid out to her in February 2023.

*2022-2024 PSU Plan.* The C&T Committee reviews the PSU Plan metrics for Mr. Pilnick annually and receives input on the metrics from Kellogg ParentCo’s independent compensation consultant and through Kellogg ParentCo’s Shareowner outreach program. For the 2022-2024 PSU Plan, the metrics are organic net sales growth and aggregate operating cash flow. In 2022, the C&T Committee set Mr. Pilnick’s PSU Plan target at 75% of his total long-term incentive opportunity. Each of the other NEOs also have a PSU Plan target at 75% of their total long-term incentive opportunity. Participants in the PSU Plan have the opportunity to earn between 0% and 200% of their PSU Plan target. Dividend equivalents accrue and vest in accordance with the underlying PSU Plan award. For the 2022-2024 PSU Plan, the performance targets are organic net sales growth (excluding acquisitions and divestitures during the performance period and foreign currency) and aggregate net cash provided by operating activities reduced by capital expenditures. The 2022-2024 PSU Plan cycle began on

January 2, 2022 (first day of fiscal 2022) and concludes on December 28, 2024 (last day of fiscal 2024). The 2022-2024 PSU Plan award opportunities, presented in number of potential shares that can be earned, are included in the Grant of Plan-Based Awards Table on page 140 of this Information Statement.

### **Restricted Stock Units**

In 2022, Kellogg ParentCo also set each of our NEOs' RSU target at 25% of their long-term incentive opportunity. Additionally, Kellogg ParentCo also awards RSUs from time to time to select employees for a variety of reasons including performance, recruiting and retention. The vesting period for such annual grants of RSUs made by Kellogg ParentCo to our NEOs is three years.

### **Retention Awards**

Kellogg ParentCo grants retention awards from time to time in the form of RSUs ("Retention RSUs"). In 2022, among our NEOs, Mr. McKinstry received Retention RSUs in the ordinary course of business as part of Kellogg ParentCo's efforts to retain key talent. In addition, due to Mr. VanDeVelde's knowledge and experience leading the North America cereal category, his retention through the closing of the Spin-Off is critical to the successful completion of the Spin-Off. To maintain continuity as we transition to a stand-alone company, Mr. VanDeVelde's retention for at least six months following the Spin-Off is also critical. For these reasons, Mr. VanDeVelde received a retention award in 2022, a portion of which is in the form of Retention RSUs and the remaining portion of which is in the form of cash (the "Retention Cash Award"), pursuant to a Retention Agreement and General Release (the "Retention Agreement").

#### *Retention RSUs*

The Retention RSUs granted to Mr. McKinstry cliff vest on the third anniversary of the grant date, subject to his continued employment through the vesting date, but will receive the following treatment under certain circumstances: (a) pro-rata vesting upon a termination due to Mr. McKinstry's death or disability; (b) continued vesting in accordance with the original terms upon a termination without "cause" (as defined in the Kellogg Company Severance Benefit Plan (the "Severance Benefit Plan")); (c) full accelerated vesting upon a "change of control" of Kellogg ParentCo (as defined in the Kellogg Company 2017 Long-Term Incentive Plan) if the Retention RSUs are not assumed or replaced with a qualifying substitute award; and (d) full accelerated vesting upon a termination without cause occurring within two years following a change of control if the Retention RSUs are assumed or replaced with a qualifying substitute award. The receipt of Mr. McKinstry's Retention RSUs is conditioned upon his continued compliance with certain restrictive covenants, including employee and customer non-solicitation and non-hire restrictions during employment and for two years thereafter and perpetual, non-disparagement and confidentiality obligations.

The Retention RSUs granted to Mr. VanDeVelde vest upon the earliest to occur of (i) the date of the Spin-Off, (ii) December 30, 2023 and (iii) a date of a Qualifying Termination (as defined in the Retention Agreement), subject to Mr. VanDeVelde's continued employment (unless he experiences a termination due to his death or disability, in which case, he will receive pro-rata vesting in any unvested Retention RSUs upon his termination date), execution and non-revocation of a general release of claims, compliance with the terms of the Retention Agreement, including the restrictive covenants, and performing his duties in accordance with the terms therein.

#### *Retention Cash Award*

The Retention Cash Award, in an amount of \$239,000, will be paid within sixty days following the earliest to occur of (a) the six-month anniversary of the date of the Spin-Off, (b) June 30, 2024 and (c) a Qualifying Termination (as defined immediately below), subject to Mr. VanDeVelde's continued employment (unless he experiences a termination due to his death or disability, in which case, he will receive a pro-rata portion of his Retention Cash Award upon his termination date), execution and non-revocation of a general release of claims, compliance with the terms of the Retention Agreement, including the restrictive covenants, and performing his duties in accordance with the terms therein.

### *Qualifying Termination*

“Qualifying Termination” for purposes of the Retention Agreement for Mr. VanDeVelde means a termination of Mr. VanDeVelde’s employment by his employer for any reason other than: (a) a failure to comply with the performance obligations set forth in the Retention Agreement; (b) due to Mr. VanDeVelde’s death or disability; or (c) any reason that would make Mr. VanDeVelde ineligible for benefits under the Severance Benefit Plan or, if the termination occurs after the date of the Spin-Off, under our severance benefit plan or such other severance benefit plan, program, policy or arrangement that Mr. VanDeVelde may be a participant or party to after the date of the Spin-Off.

### **Recognition Awards**

In 2023, certain NEOs are expected to receive recognition awards in the form of a cash bonus (the “Recognition Bonus”) pursuant to a Recognition Award Agreement and General Release (the “Recognition Award Agreement”) for their significant contributions in connection with the Spin-Off. The Recognition Bonus will be paid on the earlier of the date of the Spin-Off and December 31, 2023, subject to the recipient’s continued employment and execution of a general release of claims. A recipient will remain eligible to receive the Recognition Bonus if they experience a “Qualifying Termination,” which, for purposes of the Recognition Award Agreements, means a termination of the participant’s employment for any reason other than any reason that would make the participant ineligible for benefits under the Severance Benefit Plan.

### **Other Compensation Elements**

*Post-Termination Compensation.* The NEOs are covered by arrangements with Kellogg ParentCo which specify payments in the event the executive’s employment is terminated. These severance benefits, which are competitive with the Compensation Peer Group and general industry practices, are payable if and only if the executive’s employment is terminated by Kellogg ParentCo under certain circumstances, including that the termination was without cause. The Kellogg Severance Benefit Plan and the Change of Control Policy (as defined below) have been established primarily to attract and retain talented and experienced executives and further motivate them to contribute to Kellogg ParentCo’s short- and long-term success for the benefit of Shareowners. Kellogg ParentCo’s severance program is consistent with market practices, and cash severance for our NEOs is payable in the amount of two times current annual salary for Mr. Pilnick, one and a half times current annual salary for Mr. VanDeVelde, and, for the remaining NEOs, two weeks of current annual salary per year of service, subject to a minimum of 26 weeks and a maximum of 52 weeks. Mr. Pilnick is the only NEO that is eligible to participate in the Change of Control Policy (as defined below) that provides for payment of cash compensation following a change in control of Kellogg ParentCo in the amount of two times the current annual salary and the current target annual incentive award. For more information, please refer to “—Potential Post-Employment Payments,” which begins on page 149 of this Information Statement.

*Retirement Plans.* All NEOs are eligible to participate in the Kellogg ParentCo-provided defined contribution plan alongside substantially all other U.S. employees, which provides for both matching and fixed Kellogg ParentCo contributions based on employee deferrals and years of service, respectively. Amounts earned under long-term incentive programs are not included when determining retirement benefits for any plan participants. In addition, we do not pay above-market interest rates on amounts deferred under either Kellogg ParentCo’s qualified or non-qualified savings and investment plans. For more information, please refer to “—Retirement and Non-Qualified Defined Contribution Plans,” which begins on page 144 of this Information Statement.

*Perquisites.* Kellogg ParentCo provides limited perquisites to the NEOs. The Summary Compensation Table beginning on page 138 of this Information Statement contains itemized disclosure of all perquisites to our NEOs, regardless of amount.

*Employee Stock Purchase Plan.* Kellogg ParentCo has a tax-qualified employee stock purchase plan (the “Employee Stock Purchase Plan”) that is made available to substantially all U.S. employees, which allows

participants to acquire Kellogg ParentCo stock at a discounted price. The purpose of the plan is to encourage employees at all levels to purchase stock and become Shareowners. The plan allows participants to buy Kellogg ParentCo stock at a 15% discount to the market price. Under applicable tax law, a plan participant may purchase up to \$25,000 in market value, as defined in the plan, of Kellogg ParentCo stock in any calendar year.

*Post-Spin Compensation.* Each of our NEOs is anticipated to have the following base salary rates, target AIP opportunity and target annual long-term incentive (“LTI”) opportunity, effective as of the Spin-Off: (i) for Mr. Pilnick, \$1,000,000 annual base salary, \$1,100,000 target AIP and \$3,300,000 target annual LTI; (ii) for Mr. McKinstry, \$500,000 annual base salary, \$400,000 target AIP and \$800,000 target annual LTI; (iii) for Mr. VanDeVelde, \$550,000 annual base salary, \$357,500 target AIP and \$700,000 target annual LTI; (iv) for Mr. Brown, \$455,000 annual base salary, \$295,750 target AIP and \$500,000 target annual LTI; and (v) for Ms. Brice, \$400,000 annual base salary, \$240,000 target AIP and \$300,000 target annual LTI.

### **Employee Matters Agreement**

*Annual Incentives.* Pursuant to our Employee Matters Agreement, the 2023 AIP for each of our named executives officers will, if earned, be paid in amounts no less than the amount that is earned based on performance through the Spin-Off, subject to their continued employment. Any 2023 AIP amount attributable to the period following the Spin-Off through the remaining portion of the performance period (if any) will be determined by the WKKC Compensation Committee.

*Long-Term Incentives.* Pursuant to the Employee Matters Agreement, upon consummation of the Spin-Off, all outstanding stock options to purchase Kellogg ParentCo common stock (“Kellogg ParentCo Options”) and Kellogg ParentCo PSUs and RSUs issued prior to June 21, 2022 and certain special RSUs (including those held by our NEOs) will remain at Kellogg ParentCo covering shares of Kellogg ParentCo common stock and subject to the same terms and conditions that existed prior to the Spin-Off, except that vesting will be based on the holder’s continued employment with the holder’s applicable employer following the Spin-Off, Kellogg ParentCo Options will expire on the earlier of the five-year anniversary of the Spin-Off and the original expiration date, and PSUs will be considered time-based awards for the duration of the performance periods and based on Kellogg ParentCo performance up to the Spin-Off. In respect of equity award holders that become an employee of WK Kellogg Co in connection with the Spin-Off, all outstanding Kellogg ParentCo RSUs and PSUs that were issued on or after June 21, 2022 will be converted into equity awards covering shares of our common stock and otherwise remain subject to the same terms and conditions that applied prior to the Spin-Off, except that vesting will be based on the holder’s continued employment with WK Kellogg Co following the Spin-Off and the WKKC Compensation Committee will determine whether the converted PSUs will continue to remain subject to performance vesting following the Spin-Off or have performance measured only through the Spin-Off and converted into RSUs. The foregoing treatment of equity awards upon the consummation of the Spin-Off is consistent with the treatment of equity awards held by our non-executive employees.

*Employee Stock Purchase Plan.* Pursuant to the Employee Matters Agreement, our employees that were eligible to participate in the Kellogg ParentCo employee stock purchase plan prior to the Spin-Off will remain eligible to participate in the WK Kellogg Co employee stock purchase plan that will be established by WK Kellogg Co and have comparable terms to the Kellogg ParentCo employee stock purchase plan.

### **E. Policies—Executive Stock Ownership Guidelines**

In order to preserve the linkage between the interests of senior executives and those of Kellogg ParentCo’s Shareowners, certain Kellogg ParentCo senior executives are expected to establish and maintain a significant level of direct stock ownership. This can be achieved in a variety of ways, including by retaining stock received upon exercise of options or the vesting of stock awards (including EPP/PSU Plan awards), participating in the

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Employee Stock Purchase Plan and purchasing stock in the open market. Kellogg ParentCo's current stock ownership guidelines (minimum requirements) are as follows:

|   |                       |
|---|-----------------------|
| Kellogg ParentCo Chief Executive Officer                                | 6x annual base salary |
| Other Kellogg ParentCo Named Executive Officers (including Mr. Pilnick) | 3x annual base salary |
| Other Kellogg ParentCo Senior Executives (including Mr. VanDeVelde)     | 2x annual base salary |

These executives have five years from the date they first become subject to a particular level of the guidelines or from the date of a material increase in their base salary to meet them. For purposes of complying with Kellogg ParentCo's guidelines, stock considered owned includes shares owned outright, shares acquired through the Employee Stock Purchase Plan, and 60% of unvested restricted stock and restricted stock units.

Kellogg ParentCo has a policy such that there is a holding period which requires that the executive officers subject thereto hold all shares received (net of tax) from option or stock awards (including EPP/PSU Plan awards) until their respective ownership guideline is met. The C&T Committee reviews compliance with the guidelines on an annual basis. Currently, Mr. Pilnick and Mr. VanDeVelde are subject to such share ownership guidelines and are in compliance with the ownership guideline for Kellogg ParentCo (three times the annual base salary and two times the annual base salary, respectively). Within 12 months of the Spin-Off, we intend to review and expect to adopt stock ownership guidelines appropriate for WK Kellogg Co as a newly established, stand-alone public company.

**Practices Regarding the Grant of Equity Awards**

Kellogg ParentCo has generally followed a practice of making all annual equity awards to executive officers on a single date each year.

The Kellogg ParentCo Board grants these annual awards at its regularly-scheduled meeting in February and all grants to the Kellogg ParentCo's named executive officers (including Mr. Pilnick) are made by the Kellogg ParentCo Board itself and not pursuant to delegated authority. The February board meeting usually occurs within a few weeks following Kellogg ParentCo's final earnings release for the previous fiscal year. Kellogg ParentCo believes it is appropriate for annual awards to be made shortly after the time when material information regarding its performance for the preceding year has been disclosed.

Kellogg ParentCo does not otherwise have any program, plan or practice to time its annual equity award grants to its executives or "off-cycle" awards in coordination with the release of material non-public information.

**Securities Trading Policy**

Kellogg ParentCo's securities trading policy prohibits its directors, executives and other employees from engaging in any transaction in which they may profit from short-term speculative swings in the value of Kellogg ParentCo's securities. This includes "short sales" (selling borrowed securities which the seller hopes can be purchased at a lower price in the future) or "short sales against the box" (selling owned, but not delivered securities), "put" and "call" options (publicly available rights to sell or buy securities within a certain period of time at a specified price or the like) and hedging transactions, such as zero-cost collars and forward sale contracts. Under this securities trading policy, Kellogg ParentCo's named executive officers and other officers may not pledge shares or enter into any risk hedging arrangements with respect to Kellogg ParentCo stock. Kellogg ParentCo's named executive officers may not hold Kellogg ParentCo stock in a margin account or pledge Kellogg ParentCo stock as collateral for a loan. In addition, this policy is designed to ensure compliance with relevant SEC regulations, including insider trading rules.

### **Clawback Policies**

Kellogg ParentCo maintains clawback provisions relating to stock options, RSU and EPP/PSU Plan awards and the AIP. Under the clawback provisions for stock options, if an executive voluntarily leaves Kellogg ParentCo's employment to work for a competitor within one year after any option exercise, then the executive would be required to repay to Kellogg ParentCo any gains realized from such exercise (but reduced by any tax withholding or tax obligations). In the event of fraud or misconduct causing a financial restatement, any gains realized from the exercise of stock options are subject to recoupment depending on the facts and circumstances of the event. Similarly, under Kellogg ParentCo's AIP, RSU and EPP/PSU terms and conditions, in the event of fraud or misconduct causing a financial restatement, the AIP, RSU or EPP/PSU Plan awards for the plan year of the restatement are subject to recoupment depending on the facts and circumstances of the event. Beginning in 2018, Kellogg ParentCo expanded its provisions in all equity awards to require forfeiture of awards before vesting and clawback after vesting or exercise if an executive violates the non-compete or non-solicitation provisions of the awards or an executive engages in any activity that is contrary or harmful to Kellogg ParentCo's interest.

### **Deductibility of Compensation and Other Related Issues**

Section 162(m) of the Code generally imposes a \$1 million limit on Kellogg ParentCo's deductions for compensation paid to specified officers, including certain of our NEOs.

While Kellogg ParentCo considers tax deductibility as a factor in making compensation decisions, the C&T Committee retains the flexibility to provide compensation that is consistent with the objectives of Kellogg ParentCo's executive compensation program, even if such compensation is not tax deductible. Further, the C&T Committee reserves the right to modify compensation that was initially intended to be exempt from Section 162(m) if it determines that such modifications are consistent with the objectives of Kellogg ParentCo and of its executive compensation program.

The C&T Committee also reviews projections of the estimated accounting (pro forma expense) and tax impact of all material elements of the executive compensation program. Generally, accounting expense is accrued over the requisite service period of the particular pay element (generally equal to the performance period) and Kellogg ParentCo realizes a tax deduction upon the approval of the payout or payment to the executive, subject to Section 162(m) limitations.

**Executive Compensation Tables**

**Summary Compensation Table**

The table below sets forth the annual and long-term compensation information awarded or paid by Kellogg ParentCo to our NEOs for services rendered to Kellogg ParentCo in all capacities during the 2022 fiscal year.

| Name and Principal Position                       | Year | Salary (\$) <sup>(1)</sup> | Bonus | Stock Awards (\$) <sup>(2)(3)</sup> | Option Awards (\$) | Non-Equity Incentive Plan Compensation (\$) <sup>(4)</sup> | Change in Pension Value and Non-Qualified Deferred Compensation Earnings (\$) <sup>(5)</sup> | All Other Compensation (\$) <sup>(6)</sup> | Total (\$) |
|---|------|----------------------------|-------|-------------------------------------|--------------------|--|--|--|------------|
| Gary Pilnick<br><i>Chief Executive Officer</i>    | 2022 | 793,000                    | —     | 1,900,173                           | —                  | 1,167,693  | — <sup>(7)</sup>   | 161,775                                    | 4,022,641  |
| David McKinstry<br><i>Chief Financial Officer</i> | 2022 | 360,385                    | —     | 641,862                             | —                  | 311,320  | —  | 40,753                                     | 1,354,320  |
| Doug VanDeVelde<br><i>Chief Growth Officer</i>    | 2022 | 474,769                    | —     | 663,197                             | —                  | 507,636  | — <sup>(7)</sup>   | 81,624                                     | 1,727,226  |
| Bruce Brown<br><i>Chief Customer Officer</i>      | 2022 | 396,097                    | —     | 258,995                             | —                  | 350,000  | — <sup>(7)</sup>   | 59,892                                     | 1,064,984  |
| Sherry Brice<br><i>Chief Supply Chain Officer</i> | 2022 | 323,842                    | —     | 220,343                             | —                  | 237,886  | —  | 42,610                                     | 824,681    |

- (1) Kellogg ParentCo's fiscal year normally ends on the Saturday closest to December 31 and as a result, a 53rd week is added approximately every sixth year. Kellogg ParentCo's 2022 fiscal year contained 52 weeks.
- (2) Reflects the aggregate grant-date fair value of stock awards calculated in accordance with FASB ASC Topic 718 for each NEO. Refer to Note 2 to our historical combined financial statements included in this Information Statement for a discussion of the relevant assumptions used in calculating the fair value. The table below presents separately the grant-date fair value for Kellogg ParentCo's PSU Plan awards and restricted stock unit awards:

| Name            | Year | PSU Plan (\$) | RSU (\$) | Total (\$) |
|-----------------|------|---------------|----------|------------|
| Gary Pilnick    | 2022 | 1,425,130     | 475,043  | 1,900,173  |
| David McKinstry | 2022 | 194,246       | 447,616  | 641,862    |
| Doug VanDeVelde | 2022 | 317,797       | 345,400  | 663,197    |
| Bruce Brown     | 2022 | 194,246       | 64,749   | 258,995    |
| Sherry Brice    | 2022 | 165,175       | 55,168   | 220,343    |

- (3) The actual PSU Plan payout can range from 0% to 200% of the target. If the highest level of performance conditions are achieved, then the grant-date fair value of the PSU Plan awards for each NEO is as follows: Mr. Pilnick: \$2,850,260; Mr. McKinstry: \$388,492; Mr. VanDeVelde: \$635,594; Mr. Brown: \$388,492; and Ms. Brice: \$330,350.
- (4) Represents the amounts of the 2022 AIP earned by each NEO. See "—Compensation Plans and Design—Annual Incentives" for additional information about the 2022 AIP.
- (5) Represents the actuarial increase during 2022 in the pension value provided under the Pension Plans (as defined in "Pension Plans") for each NEO. As of December 31, 2018, Kellogg ParentCo's defined benefit pension plans were frozen so that impacted employees accrue no additional benefits under these plans after December 31, 2018. The calculation of actuarial present value is generally consistent with the methodology and assumptions outlined in the historical consolidated financial statements of Kellogg ParentCo, except

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that benefits are reflected as payable as of the date the executive is first entitled to full unreduced benefits (as opposed to the assumed retirement date) and without consideration of pre-retirement mortality. A variety of factors impact the actuarial increase in present value (pension value). In 2022, the primary factors impacting the pension value were changes in age, mortality assumption, and discount rate. Mr. McKinstry and Ms. Brice are not participants in the defined benefit pension plans.

- (6) The table below presents an itemized account of “All Other Compensation” provided in 2022 to the NEOs. Consistent with Kellogg ParentCo’s emphasis on performance-based pay, perquisites and other compensation are limited in scope and are set forth below.

| <u>Name</u>     | <u>Kellogg ParentCo Contributions to S&amp;I and Restoration Plans<sup>(a)</sup> (\$)</u> | <u>Company Paid Death Benefit<sup>(b)</sup> (\$)</u> | <u>Financial Planning Assistance<sup>(c)</sup> (\$)</u> | <u>Physical Exams<sup>(d)</sup> (\$)</u> | <u>Total</u> |
|-----------------|---|--|---|--|--------------|
| Gary Pilnick    | 117,665   | 26,663   | 10,200  | 7,247                                    | 161,775      |
| David McKinstry | 39,549  | 1,204  | —   | —  | 40,753       |
| Doug VanDeVelde | 63,890  | 9,302  | 8,432   | —  | 81,624       |
| Bruce Brown     | 52,752  | 7,140  | —   | —  | 59,892       |
| Sherry Brice    | 41,526  | 1,084  | —   | —  | 42,610       |

- (a) For information about the Savings & Investment Plan and Restoration Plan, refer to “—Retirement and Non-Qualified Defined Contribution Plans — Defined Contribution Plans” beginning on page 144 of this Information Statement.
- (b) Annual cost for Kellogg ParentCo-paid life insurance, Kellogg ParentCo-paid accidental death and dismemberment, and, for Mr. Pilnick, Mr. VanDeVelde, and Mr. Brown, Executive Survivor Income Plan (Kellogg ParentCo funded death benefit provided to certain executive employees).
- (c) Reflects reimbursement for financial and tax planning assistance.
- (d) Actual cost of a physical health exam.
- (7) The actual value of pension for Mr. Pilnick, Mr. VanDeVelde and Mr. Brown decreased by \$1,684,000, \$760,000 and \$520,000, respectively, for 2022, primarily as a result of changes in discount rates.

***Grant of Plan-Based Awards Table***

During 2022, Kellogg ParentCo granted the following plan-based awards to our NEOs:

- 2022 AIP grants (annual cash performance-based awards) paid in March 2023;
- 2022-2024 PSU Plan grants (multi-year stock performance-based awards);
- RSU grants; and
- Retention RSUs (in the case of Mr. McKinstry and Mr. VanDeVelde).



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Information with respect to each of these awards on a grant-by-grant basis is set forth in the table below. For a detailed discussion of each of these awards and their material terms, refer to “—Summary Compensation Table” and “—Compensation Plans and Design” above.

| Name                     | Grant Date | Estimated Possible Payouts Under Non-Equity Incentive Plan Awards <sup>(1)</sup> |             |              | Estimated Future Payouts Under Equity Incentive Plan Awards |            |             | All Other Stock Awards: Number of Shares of Stock or Units (#) | All Other Option Awards: Number of Securities Underlying Options (#) | Exercise or Base Price of Option Awards (\$/Sh) | Grant-date Fair Value of Stock and Option Awards (\$) |
|--------------------------|------------|--|-------------|--------------|---|------------|-------------|--|--|---|---|
|                          |            | Threshold (\$)   | Target (\$) | Maximum (\$) | Threshold (#)   | Target (#) | Maximum (#) |  |  |   |   |
| Gary Pilnick 2022 AIP    |            |  | 753,350     | 1,506,700    |   |            |             |  |  |   |   |
| 2022-2024 PSU            | 02/18/2022 |  |             |              | —   | 21,570     | 43,140      |  |  |   | 1,425,130 <sup>(2)</sup>                              |
| 2022 RSU <sup>(3)</sup>  | 02/18/2022 |  |             |              |   |            |             | 7,190  |  |   | 475,043 <sup>(4)</sup>                                |
| David McKinstry 2022 AIP |            |  | 181,000     | 362,000      |   |            |             |  |  |   |   |
| 2022-2024 PSU            | 02/18/2022 |  |             |              | —   | 2,940      | 5,880       |  |  |   | 194,246 <sup>(2)</sup>                                |
| 2022 RSU <sup>(3)</sup>  | 02/18/2022 |  |             |              |   |            |             | 980  |  |   | 64,749 <sup>(4)</sup>                                 |
| 2022 RSU <sup>(5)</sup>  | 02/23/2022 |  |             |              |   |            |             | 5,760  |  |   | 382,867 <sup>(4)</sup>                                |
| Doug VanDeVelde 2022 AIP |            |  | 286,800     | 573,600      |   |            |             |  |  |   |   |
| 2022-2024 PSU            | 02/18/2022 |  |             |              | —   | 4,810      | 9,620       |  |  |   | 317,797 <sup>(2)</sup>                                |
| 2022 RSU <sup>(3)</sup>  | 02/18/2022 |  |             |              |   |            |             | 1,610  |  |   | 106,373 <sup>(4)</sup>                                |
| 2022 RSU <sup>(6)</sup>  | 07/04/2022 |  |             |              |   |            |             | 3,330  |  |   | 239,027 <sup>(4)</sup>                                |
| Bruce Brown 2022 AIP     |            |  | 200,000     | 400,000      |   |            |             |  |  |   |   |
| 2022-2024 PSU            | 02/18/2022 |  |             |              | —   | 2,940      | 5,880       |  |  |   | 194,246 <sup>(2)</sup>                                |
| 2022 RSU <sup>(3)</sup>  | 02/18/2022 |  |             |              |   |            |             | 980  |  |   | 64,749 <sup>(4)</sup>                                 |
| Sherry Brice 2022 AIP    |            |  | 146,843     | 293,686      |   |            |             |  |  |   |   |
| 2022-2024 PSU            | 02/18/2022 |  |             |              | —   | 2,500      | 5,000       |  |  |   | 165,175 <sup>(2)</sup>                                |
| 2022 RSU <sup>(3)</sup>  | 02/18/2022 |  |             |              |   |            |             | 835  |  |   | 55,168 <sup>(4)</sup>                                 |

- (1) Represents estimated possible payouts on the grant date for annual performance cash awards granted by Kellogg ParentCo in 2022 under the 2022 AIP for each of our NEOs. The actual amount of AIP paid can range from 0% to 200% of the target. The AIP is an annual cash incentive opportunity and, therefore, these awards are earned in the year of grant. See the column captioned “Non-Equity Incentive Plan Compensation” in the Summary Compensation Table for the actual payout amounts related to the 2022 AIP. See also “—Compensation Plans and Design—Annual Incentives” for additional information about the 2022 AIP.
- (2) Represents the grant-date fair value calculated in accordance with FASB ASC Topic 718. Refer to Note 2 to our historical combined financial statements included in this Information Statement. This grant-date fair value assumes that each participant earns the target PSU Plan award (i.e., 100% of PSU target). The actual value the NEO receives will depend on the number of shares earned and the price of Kellogg ParentCo common stock when the shares vest.
- (3) The restricted stock units will vest in full on February 18, 2025, the third anniversary of the grant date.
- (4) Represents the grant-date fair value calculated in accordance with FASB ASC Topic 718. Refer to Note 2 to our historical combined financial statements included in this Information Statement. The grant-date fair value of the restricted stock units will likely vary from the actual value the NEO receives, which will depend on the value of the shares upon vesting.
- (5) The restricted stock units will vest in full on February 23, 2025, the third anniversary of the grant date.
- (6) The restricted stock units will vest in full upon the earliest to occur of (i) the date of the Spin-Off, (ii) December 30, 2023 and (iii) a date of a qualifying termination. For additional information with respect to these awards, refer to “—Compensation Plans and Design—Retention Awards.”

**Outstanding Equity Awards at Fiscal Year-End Table**

The following equity awards granted from Kellogg ParentCo to our NEOs were outstanding as of the end of fiscal 2022:

| Name                                   | Option Awards  |  |  |   |                                       | Stock Awards   |   |  |   |
|--|--|--|--|---|---------------------------------------|--|---|--|---|
|  | Number of Securities Underlying Unexercised Options (#) Exercisable <sup>(1)</sup> | Number of Securities Underlying Unexercised Options (#) Unexercisable <sup>(2)</sup> | Equity Incentive Plan Awards: Number of Securities Underlying Unexercised Unearned Options (#) | Option Exercise Price (\$) <sup>(3)</sup> | Option Expiration Date <sup>(4)</sup> | Number of Shares or Units of Stock That Have Not Vested (#) <sup>(5)</sup> | Market Value of Shares or Units of Stock That Have Not Vested (\$) <sup>(6)</sup> | Equity Incentive Plan Awards: Number of Unearned Shares, Units or Other Rights That Have Not Vested (#) <sup>(7)</sup> | Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Other Rights That Have Not Vested (\$) <sup>(8)</sup> |
| Gary Pilnick Options                   | 49,300   | —  |  | 64.09                                     | 2/20/2025                             |  |   |  |   |
|  | 62,200   | —  |  | 75.52                                     | 2/19/2026                             |  |   |  |   |
|  | 54,100   | —  |  | 72.90                                     | 2/17/2027                             |  |   |  |   |
|  | 60,600   | —  |  | 69.66                                     | 2/16/2028                             |  |   |  |   |
|  | 73,660   | —  |  | 56.73                                     | 2/22/2029                             |  |   |  |   |
|  | 26,593   | 13,297 <sup>(9)</sup>  |  | 65.52                                     | 2/21/2030                             |  |   |  |   |
|  | 15,043   | 30,087 <sup>(10)</sup>   |  | 57.91                                     | 2/19/2031                             |  |   |  |   |
| RSU <sup>(11)</sup>                    |  |  |  |   |                                       | 26,012   | 1,853,095   |  |   |
| 2020-22 EPP <sup>(12)</sup>            |  |  |  |   |                                       |  |   | 35,486   | 2,528,023   |
| 2021-23 EPP                            |  |  |  |   |                                       |  |   | 38,752   | 2,760,692   |
| 2022-24 PSU                            |  |  |  |   |                                       |  |   | 44,650   | 3,180,866   |
| David McKinstry Options                | 2,300  | —  |  | 75.52                                     | 2/19/2026                             |  |   |  |   |
|  | 2,800  | —  |  | 72.90                                     | 2/17/2027                             |  |   |  |   |
|  | 3,410  | —  |  | 69.66                                     | 2/16/2028                             |  |   |  |   |
|  | 3,253  | 1,627 <sup>(9)</sup>   |  | 65.52                                     | 2/21/2030                             |  |   |  |   |
|  | 2,533  | 5,067 <sup>(10)</sup>  |  | 57.91                                     | 2/19/2031                             |  |   |  |   |
| RSU <sup>(11)</sup>                    |  |  |  |   |                                       | 2,713  | 193,274   |  |   |
| Retention RSU <sup>(13)</sup>          |  |  |  |   |                                       | 5,962  | 424,733   |  |   |
| 2020-22 EPP <sup>(12)</sup>            |  |  |  |   |                                       |  |   | 1,902  | 135,498   |
| 2021-23 EPP                            |  |  |  |   |                                       |  |   | 2,856  | 203,461   |
| 2022-24 PSU                            |  |  |  |   |                                       |  |   | 6,086  | 433,567   |
| Doug VanDeVelde Options                | 9,500  | —  |  | 64.09                                     | 2/20/2025                             |  |   |  |   |
|  | 11,500   | —  |  | 75.52                                     | 2/19/2026                             |  |   |  |   |
|  | 9,603  | —  |  | 72.90                                     | 2/17/2027                             |  |   |  |   |
|  | 13,700   | —  |  | 69.66                                     | 2/16/2028                             |  |   |  |   |
|  | 5,040  | 2,520 <sup>(9)</sup>   |  | 65.52                                     | 2/21/2030                             |  |   |  |   |
|  | 3,050  | 6,100 <sup>(10)</sup>  |  | 57.91                                     | 2/19/2031                             |  |   |  |   |
| RSU <sup>(11)</sup>                    |  |  |  |   |                                       | 5,322  | 379,139   |  |   |
| Retention RSU <sup>(13)</sup>          |  |  |  |   |                                       | 8,706  | 620,215   |  |   |
| Spin-Off Retention RSU <sup>(14)</sup> |  |  |  |   |                                       | 3,385  | 241,147   |  |   |
| 2020-22 EPP <sup>(12)</sup>            |  |  |  |   |                                       |  |   | 6,742  | 480,300   |
| 2021-23 EPP                            |  |  |  |   |                                       |  |   | 7,858  | 559,804   |
| 2022-24 PSU                            |  |  |  |   |                                       |  |   | 9,956  | 709,265   |

| Name                          | Option Awards  |  |  |   |                                       | Stock Awards   |   |  |   |
|-------------------------------|--|--|--|---|---------------------------------------|--|---|--|---|
|                               | Number of Securities Underlying Unexercised Options (#) Exercisable <sup>(1)</sup> | Number of Securities Underlying Unexercised Options (#) Unexercisable <sup>(2)</sup> | Equity Incentive Plan Awards: Number of Securities Underlying Unexercised Unearned Options (#) | Option Exercise Price (\$) <sup>(3)</sup> | Option Expiration Date <sup>(4)</sup> | Number of Shares or Units of Stock That Have Not Vested (#) <sup>(5)</sup> | Market Value of Shares or Units of Stock That Have Not Vested (\$) <sup>(6)</sup> | Equity Incentive Plan Awards: Number of Unearned Shares, Units or Other Rights That Have Not Vested (#) <sup>(7)</sup> | Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Other Rights That Have Not Vested (\$) <sup>(8)</sup> |
| Bruce Brown Options           | 7,200  | —  |  | 75.52                                     | 2/19/2026                             |  |   |  |   |
|                               | 5,900  | —  |  | 72.90                                     | 2/17/2027                             |  |   |  |   |
|                               | 6,400  | —  |  | 69.66                                     | 2/16/2028                             |  |   |  |   |
|                               | 4,886  | 2,444 <sup>(9)</sup>   |  | 65.52                                     | 2/21/2030                             |  |   |  |   |
|                               | 2,766  | 5,534 <sup>(10)</sup>  |  | 57.91                                     | 2/19/2031                             |  |   |  |   |
| RSU <sup>(11)</sup>           |  |  |  |   |                                       | 3,154  | 224,691   |  |   |
| Retention RSU <sup>(13)</sup> |  |  |  |   |                                       | 6,497  | 462,846   |  |   |
| 2020-22 EPP <sup>(12)</sup>   |  |  |  |   |                                       |  |   | 2,870  | 204,459   |
| 2021-23 EPP                   |  |  |  |   |                                       |  |   | 3,134  | 223,266   |
| 2022-24 PSU                   |  |  |  |   |                                       |  |   | 6,086  | 433,567   |
| Sherry Brice Options          | 1,000  | —  |  | 75.52                                     | 2/19/2026                             |  |   |  |   |
|                               | 540  | —  |  | 72.90                                     | 2/17/2027                             |  |   |  |   |
|                               | 1,430  | —  |  | 69.66                                     | 2/16/2028                             |  |   |  |   |
|                               | 2,000  | 1,000 <sup>(9)</sup>   |  | 65.52                                     | 2/21/2030                             |  |   |  |   |
|                               | 0  | 5,534 <sup>(10)</sup>  |  | 57.91                                     | 2/19/2031                             |  |   |  |   |
| RSU <sup>(11)</sup>           |  |  |  |   |                                       | 2,982  | 212,438   |  |   |
| Retention RSU <sup>(13)</sup> |  |  |  |   |                                       | 4,846  | 345,229   |  |   |
| 2021-23 EPP                   |  |  |  |   |                                       |  |   | 3,134  | 223,266   |
| 2022-24 PSU                   |  |  |  |   |                                       |  |   | 5,174  | 368,596   |

- (1) On an award-by-award basis, the number of securities underlying unexercised options that are exercisable and that are not reported in Column 3 —“Number of Securities Underlying Unexercised Unearned Options.”
- (2) On an award-by-award basis, the number of securities underlying unexercised options that are unexercisable and that are not reported in Column 3 —“Number of Securities Underlying Unexercised Unearned Options.”
- (3) The exercise price for each option reported in Columns 1 and 2—“Number of Securities Underlying Unexercised Options” and Column 3 —“Number of Securities Underlying Unexercised Unearned Options.”
- (4) The expiration date for each option reported in Columns 1 and 2—“Number of Securities Underlying Unexercised Options” and Column 3 —“Number of Securities Underlying Unexercised Unearned Options.”
- (5) The total number of shares of Kellogg ParentCo stock that have not vested and that are not reported in Column 8—“Number of Unearned Shares, Units or Other Rights That Have Not Vested.”
- (6) Market value is calculated by multiplying the number of unvested RSUs by \$71.24, the closing price of Kellogg ParentCo common stock on December 30, 2022 (the last trading day of fiscal 2022).
- (7) Represents the “maximum” number of shares that could be earned under outstanding EPP and PSU Plan awards, including dividend equivalent units accrued as of December 31, 2022. The ultimate number of shares issued under the EPP and PSU Plan awards will depend on the number of shares earned and the price of Kellogg ParentCo common stock on the actual vesting date. For additional information with respect to these awards, refer to “—Summary Compensation Table” and “—Compensation Plans and Design.”
- (8) Represents the “maximum” number of shares that could be earned under outstanding EPP and PSU Plan awards multiplied by the closing price of Kellogg ParentCo common stock on December 30, 2022 (the last trading day of fiscal 2022). The ultimate value of the EPP and PSU Plan awards will depend on the number of Kellogg ParentCo shares earned and the price of Kellogg ParentCo common stock on the actual vesting date.

- (9) One-third of these options vested on February 21, 2021; one-third vested on February 21, 2022; and one-third vested on February 21, 2023.
- (10) One-third of these options vested on February 19, 2022; one third-vested on February 19, 2023; and one-third will vest on February 19, 2024.
- (11) Mr. Pilnick’s RSUs vested on February 21, 2023 (8,877 units), and will vest on February 19, 2024 (9,693 units) and February 18, 2025 (7,442 units). Mr. McKinstry’s RSUs vested on February 21, 2023 (679 units), and will vest on February 19, 2024 (1,020 units) and February 18, 2025 (1,014 units). Mr. VanDeVelde’s RSUs vested on February 21, 2023 (1,691 units), and will vest on February 19, 2024 (1,965 units) and February 18, 2025 (1,666 units). Mr. Brown’s RSUs vested on February 21, 2023 (1,024 units), and will vest on February 19, 2024 (1,116 units) and February 18, 2025 (1,014 units). Ms. Brice’s RSUs vested on February 21, 2023 (1,001 units), and will vest on February 19, 2024 (1,116 units) and February 18, 2025 (865 units). Awards outstanding include accrued dividend equivalent units.
- (12) Vested on February 17, 2023; for actual payout amounts see the 2020-2022 EPP table on page 132 of this Information Statement.
- (13) Mr. McKinstry’s RSUs will cliff vest on February 23, 2025 (5,962 units). Mr. VanDeVelde’s RSUs vested on March 2, 2023 (8,706 units). Mr. Brown’s RSUs vested on May 28, 2023 (6,497 units). Ms. Brice’s RSUs will cliff vest on October 19, 2024 (4,846 units). Awards outstanding include accrued dividend equivalent units.
- (14) The restricted stock units will vest in full upon the earliest to occur of (i) the date of the Spin-Off, (ii) December 30, 2023 and (iii) a date of a qualifying termination. Awards outstanding include accrued dividend equivalent units. For additional information with respect to these awards, refer to “—Compensation Plans and Design—Retention Awards.”

**Option Exercises and Stock Vested Table**

With respect to our NEOs, this table shows the Kellogg ParentCo stock options exercised by such officers during 2022 (disclosed under the “Option Awards” columns) and Kellogg ParentCo stock awards that vested during 2022 (disclosed under the “Stock Awards” columns).

The dollar value in the “Option Awards” column reflects the total pre-tax value realized by such officers (Kellogg ParentCo stock price at exercise minus the option’s exercise price), not the grant-date fair value disclosed elsewhere in this Information Statement.

Stock awards include Kellogg ParentCo RSUs and EPP awards that vested in 2022. The 2019-2021 EPP cycle began on December 30, 2018 (first day of fiscal 2019) and concluded on January 1, 2022 (last day of fiscal 2021). Although the performance period ended on January 1, 2022, each NEO had to be actively employed by Kellogg ParentCo on the date the awards vested (February 18, 2022) in order to be eligible to receive a payout.

| Name            | Option Awards                             |                                 | Stock Awards <sup>(1)</sup>              |                                |
|-----------------|---|---------------------------------|--|--------------------------------|
|                 | Number of Shares Acquired on Exercise (#) | Value Realized on Exercise (\$) | Number of Shares Acquired on Vesting (#) | Value Realized on Vesting (\$) |
| Gary Pilnick    | 115,000                                   | 1,714,453                       | 24,687                                   | 1,631,276                      |
| David McKinstry | 6,490                                     | 94,987                          | 6,777                                    | 448,095                        |
| Doug VanDeVelde | 24,130                                    | 357,533                         | 3,940                                    | 260,349                        |
| Bruce Brown     | 6,910                                     | 118,782                         | 2,322                                    | 153,531                        |
| Sherry Brice    | 5,496                                     | 84,338                          | 1,161                                    | 76,765                         |

- (1) Does not reflect the payout of 2020-2022 EPP awards. The 2020-2022 EPP cycle concluded on December 31, 2022 (last day of fiscal 2022). Each NEO had to be actively employed by Kellogg ParentCo on the date the awards vested (February 17, 2023) in order to be eligible to receive a payout. See “—Compensation Plans and Design—Long-Term Incentives—Executive Performance Plan—2020-2022 EPP” and “—2022 Outstanding Equity Awards Table” for additional information.

### ***Retirement and Non-Qualified Defined Contribution Plans***

Our NEOs are eligible to receive retirement benefits from Kellogg ParentCo. The C&T Committee utilizes survey information for Fortune 500 companies and Kellogg ParentCo's peer group compiled by Willis Towers Watson and Mercer to help determine the appropriate level of benefits. The C&T Committee uses the same survey information used by Kellogg ParentCo to set these benefits for all U.S. salaried employees. Our NEOs participate in the same plans as Kellogg ParentCo's other eligible U.S. salaried employees. The total retirement benefit is provided through a combination of qualified and non-qualified defined contribution savings and investment plans, and qualified and non-qualified defined benefit pension plans. Eligibility for the different plans provided by Kellogg ParentCo varies by NEO.

Kellogg ParentCo's U.S. savings and investment program includes a non-qualified restoration plan for its U.S. executives, including our NEOs, which allows Kellogg ParentCo to provide benefits comparable to those which would be available under its IRS qualified plans if the IRS regulations did not include limits on covered compensation and benefits. This plan is referred to as a "restoration plan" because it restores benefits that would otherwise be available under the plan. This plan uses the same benefit formulas as Kellogg ParentCo's broad-based IRS qualified plans and uses the same type of compensation to determine benefit amounts.

Amounts earned under long-term incentive programs such as EPP/PSU Plans, gains from stock options and awards of restricted stock and RSUs are not included when determining retirement benefits for any Kellogg ParentCo employee, including our NEOs. Kellogg ParentCo does not pay above-market interest rates on amounts deferred under its savings and investment plans.

The amount of an employee's compensation is an integral component of determining the benefits provided under pension and savings plan formulas, thus, an individual's performance over time will influence the level of his or her retirement benefits.

### **Defined Contribution Plans**

Kellogg ParentCo offers both qualified and non-qualified defined contribution plans for its employees to elect voluntary deferrals of salary and annual incentive awards. Kellogg ParentCo's principal defined contribution plans are composed of (1) the Kellogg Savings & Investment Plan ("Kellogg S&I Plan") (which is a qualified plan available to substantially all of its U.S. salaried employees) and (2) the Kellogg Supplemental Savings & Investment Plan ("Restoration Plan"), which is a non-qualified plan as described below. All of our NEOs are participants in both of these plans.

#### *Kellogg S&I Plan*

Under this plan, Kellogg ParentCo employees can defer up to 50% of base salary plus annual incentives. Distributions are generally made after termination (directly to employee or rolled over to another account) or when an employee reaches age 59 and a half. In order to assist employees with saving for retirement, Kellogg ParentCo provides matching contributions on employee deferrals. Under the Kellogg S&I Plan, Kellogg ParentCo matches 100% of employee deferral contributions up to 3% of eligible compensation (i.e., base salary plus annual incentives), and 50% of employee deferral contributions between 3% and 5% of eligible compensation. No Kellogg ParentCo matching contributions are provided above 5% of eligible compensation deferred by an employee. Any amount of employee deferrals or matching contributions in excess of IRS limits will be made to the Restoration Plan. Additionally, Kellogg ParentCo provides a fixed Retirement Contribution to the Kellogg S&I Plan (the "Retirement Contribution"). The Retirement Contribution is a fixed 3%, 5% or 7% of base salary, for employees with up to 10 years of service, between 10 and 20 years of service or greater than 20 years of service, respectively. For employees who have less than three years of service, the Retirement Contribution vests upon the third anniversary of employment.

**Non-Qualified Deferred Contribution Plan (Restoration Plan)**

Effective on January 1, 2005, the Kellogg ParentCo Restoration Plan was renamed the Grandfathered Restoration Plan and, to preserve certain distribution options previously available in the Restoration Plan, it was amended in accordance with IRS regulations issued under Section 409A of the Code to no longer allow for deferrals after December 31, 2004. Deferrals after December 31, 2004 are included in a new Restoration Plan which complies with IRS regulations under Section 409A.

Under this plan, eligible employees can defer up to 50% of base salary plus annual incentives. Payouts are generally made after retirement or termination of employment with Kellogg ParentCo, either as annual installments or as a lump sum, based on the distribution option elected under the plan. Participants in the Restoration Plan may not make withdrawals during their employment. Participants in the Grandfathered Restoration Plan may make withdrawals during employment but must pay a 10% penalty on any in-service withdrawal.

The Restoration Plan is a non-qualified, unfunded plan Kellogg ParentCo offers to its employees who are impacted by the statutory limits of the Code on contributions under its qualified plans. The Restoration Plan allows Kellogg ParentCo to provide the same matching contribution and fixed Retirement Contribution, as a percentage of eligible compensation, to impacted employees as other employees who participate in the Kellogg S&I Plan. As an unfunded plan, no money is actually invested in the Restoration Plan; contributions and earnings/losses are tracked in a book-entry account and all account balances are general Kellogg ParentCo obligations.

The following table provides information with respect to Kellogg ParentCo's non-qualified deferred compensation plans, as applicable to each of our NEOs. This table excludes information with respect to the Kellogg S&I Plan, which is a qualified plan available to U.S. salaried Kellogg ParentCo's employees as described above.

**Non-Qualified Deferred Compensation**

| <b>Name</b>     | <b>Executive Contributions in Last FY (\$)<sup>(1)</sup></b> | <b>Company Contributions in Last FY (\$)<sup>(2)</sup></b> | <b>Aggregate Earnings in Last FY (\$)<sup>(3)</sup></b> | <b>Aggregate Withdrawals Distributions (\$)</b> | <b>Aggregate Balance at Last FYE (\$)<sup>(4)(5)</sup></b> |
|-----------------|--|--|---|---|--|
| Gary Pilnick    | 62,444   | 84,115   | 57,763  | —   | 3,011,331  |
| David McKinstry | 23,369   | 14,454   | (30,687)  | —   | 153,447  |
| Doug VanDeVelde | 27,672   | 30,340   | 16,940  | —   | 977,209  |
| Bruce Brown     | 32,243   | 22,589   | (30,955)  | —   | 452,767  |
| Sherry Brice    | 6,761  | 8,080  | 829   | —   | 53,068   |

- (1) Amounts in this column are included in the "Salary" and "Non-Equity Incentive Plan Compensation" columns in the Summary Compensation Table.
- (2) Amounts in this column are Kellogg ParentCo contributions and are included in the "All Other Compensation" column of the Summary Compensation Table.
- (3) Represents at-market/non-preferential earnings that are credited on the accumulated balance in 2022.
- (4) Aggregate balance as of December 31, 2022 is the total market value of the deferred compensation account, including executive contributions, Kellogg ParentCo contributions and any earnings, including contributions and earnings from past fiscal years.

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- (5) The amounts in the table below are also being reported in the “Salary,” “Non-Equity Incentive Plan Compensation” and “All Other Compensation” columns in the Summary Compensation Table in the years indicated.

| <u>Name</u>     | <u>Fiscal Year</u> | <u>Reported Amounts</u><br><u>(\$)</u> |
|-----------------|--------------------|--|
| Gary Pilnick    | 2022               | 146,559                                |
| David McKinstry | 2022               | 37,823                                 |
| Doug VanDeVelde | 2022               | 58,012                                 |
| Bruce Brown     | 2022               | 54,832                                 |
| Sherry Brice    | 2022               | 14,841                                 |

**Pension Plans**

In September 2017, Kellogg ParentCo amended certain defined benefit pension plans and associated “restoration plans” in the United States, Canada, United Kingdom and the Republic of Ireland for salaried employees. As of December 31, 2018, the amendment froze the compensation and service periods used to calculate pension benefits for active salaried employees who participate in the affected pension plans. Beginning January 1, 2019, impacted employees no longer accrued additional benefits under these plans for future service and eligible compensation received under these plans, and began participating in the same defined contribution plans as all other salaried employees.

Kellogg ParentCo’s U.S. pension plans are composed of the Kellogg Company Pension Plan and the non-qualified restoration plans, which include the Kellogg Company Executive Excess Plan for accruals after December 31, 2004, and the Kellogg Company Excess Benefit Retirement Plan for accruals on or before December 31, 2004 (collectively, the “Pension Plans”). Mr. Pilnick, Mr. VanDeVelde, and Mr. Brown are participants in the Pension Plans. Since 2008, Mr. Pilnick has been treated as a grandfathered participant.

Below is an overview of Kellogg ParentCo’s current Pension Plans in which Mr. Pilnick, Mr. VanDeVelde, and Mr. Brown participate.

|                 | <u>Qualified Pension Plan</u><br><u>(Grandfathered Heritage Plan)</u>   | <u>Qualified Pension Plan</u><br><u>(Non-Grandfathered Heritage Plan)</u> | <u>Non-Qualified Plans</u>  |
|-----------------|---|---|---|
| Reason for Plan | Provide eligible employees with a competitive level of retirement benefits based on pay and years of service. Benefit accruals were frozen for salaried employees as of the close of December 31, 2018. |   | Provide eligible employees with a competitive level of retirement benefits by “restoring” the benefits limited by the Code based on the formula used in the qualified pension plan. Benefit accruals were frozen for salaried employees as of the close of December 31, 2018. |
| Eligibility     | Salaried employees and certain hourly employees. Pension Plans closed to new participants beginning January 1, 2010.  |   | Eligible employees impacted under the Code by statutory limits on the level of compensation and   |

|                                      | Qualified Pension Plan<br>(Grandfathered Heritage Plan)  | Qualified Pension Plan<br>(Non-Grandfathered Heritage<br>Plan)  | Non-Qualified Plans   |
|--------------------------------------|--|---|---|
| Payment Form                         | Monthly annuity or lump sum at the choice of the executive.  |   |   |
| Participation, as of January 1, 2003 | Active Kellogg ParentCo heritage employees who were hired prior to August 1, 2002 and who were 40 years of age or older or had 10 or more years of service as of January 1, 2003.  | Active Kellogg ParentCo heritage employees who were hired prior to August 1, 2002 and who were neither 40 years of age or older nor had 10 or more years of service as of January 1, 2003.  | benefits that can be considered in determining Kellogg ParentCo-provided retirement benefits.<br><br>Active Kellogg ParentCo heritage employees who were hired before January 1, 2010, attained a certain level in the organization, and exceeded the compensation limits as set out in the qualified pension plan.   |
| Retirement Eligibility               | <p><i>Full Unreduced Benefit:</i></p> <ul style="list-style-type: none"> <li>• Normal retirement age 65</li> <li>• Age 55 with 30 or more years of service</li> <li>• Age 62 with 5 years of service</li> </ul> <p><i>Reduced Benefit:</i></p> <ul style="list-style-type: none"> <li>• Age 55 with 20 years of service</li> <li>• Any age with 30 years of service</li> </ul> | <p><i>Full Unreduced Benefit:</i></p> <ul style="list-style-type: none"> <li>• Normal retirement age 65</li> </ul> <p><i>Reduced Benefit:</i></p> <ul style="list-style-type: none"> <li>• Age 55 with 20 years of service</li> <li>• Any age with 30 years of service</li> <li>• Age 62 with 5 years of service</li> </ul> | <p><i>Full Unreduced Benefit:</i></p> <ul style="list-style-type: none"> <li>• Normal retirement age 65</li> <li>• Age 55 with 30 or more years of service for those who participate in the Grandfathered Heritage Plan</li> <li>• Age 62 with 5 years of service for those who participate in the Grandfathered Heritage Plan</li> </ul> <p><i>Reduced Benefit:</i></p> <ul style="list-style-type: none"> <li>• Age 55 with 20 years of service</li> <li>• Any age with 30 years of service</li> <li>• Age 62 with 5 years of service for those who participate in the Non-Grandfathered Heritage Plan</li> </ul> |



|                      | Qualified Pension Plan<br>(Grandfathered Heritage Plan)   | Qualified Pension Plan<br>(Non-Grandfathered Heritage<br>Plan)   | Non-Qualified Plans  |
|----------------------|---|--|--|
| Pension Formula      | Single Life Annuity = 1.5% x (years of service) x (final average pay based on the average of highest <i>three</i> consecutive years)—(Social Security offset)   | Single Life Annuity = 1.5% x (years of service) x (final average pay based on the average of highest <i>five</i> consecutive years)—(Social Security offset) | Single Life Annuity = 1.5% x (years of service) x (final average pay based on the average of highest <i>three</i> consecutive years or, for those who participate in the Non-Grandfathered Heritage Plan, the average of highest <i>five</i> consecutive years)—(Social Security offset) |
| Pensionable Earnings | Includes only base pay and annual incentive payments. Kellogg ParentCo does not include any other compensation, such as restricted stock grants, RSU grants, EPP/PSU Plan payouts, gains from stock option exercises and any other form of stock- or option-based compensation in calculating pensionable earnings. |  |  |

The estimated actuarial present value of the retirement benefit accrued through December 31, 2022 appears in the following table. The calculation of actuarial present value is generally consistent with the methodology and assumptions outlined in our historical combined financial statements, except that benefits are reflected as payable as of the date the executive is first entitled to full unreduced benefits (as opposed to the assumed retirement date) and without consideration of pre-retirement mortality. Specifically, present value amounts were determined based on the financial accounting discount rate of 5.54% for the qualified pension plan and 5.50% for the non-qualified pension plan. Benefits subject to lump-sum distributions were determined using an interest rate of 5.54% for the qualified pension plan, 5.50% for the non-qualified pension plan, and current statutory mortality under the Pension Protection Act for the NEOs participating in the Pension Plans. For further information on the accounting for pension plans, refer to Notes 2 and 7 to our historical combined financial statements included in this Information Statement. The actuarial increase in 2022 of the projected retirement benefits can be found in the Summary Compensation Table under the heading “Change in Pension Value and Non-Qualified Deferred Compensation Earnings.” No payments were made to our NEOs under the Pension Plans during 2022. The number of years of credited service disclosed below equals an executive’s length of service with Kellogg ParentCo. All of Mr. Pilnick’s years of service are reflected in the ‘2005 and After’ plan because he had not yet vested in the earlier plan at the time the new plan was established to comply with IRS regulations. Mr. VanDeVelde’s and Mr. Brown’s years of service are reflected in both the ‘2005 and After’ plan and the ‘2004 and Earlier’ plan because they were vested in their benefits prior to 2005.

**Pension Benefits Table**

| Name <sup>(1)</sup> | Plan Name                             | Number of Years Credited Service (#) | Present Value of Accumulated Benefit (\$) | Payments During Last Fiscal Year (\$) |
|---------------------|---------------------------------------|--------------------------------------|---|---------------------------------------|
| Gary Pilnick        | U.S. Qualified Pension Plan           | 18.33                                | 501,000                                   | —                                     |
|                     | Non-Qualified Plan (2005 and after)   | 18.33                                | 3,890,000                                 | —                                     |
|                     | <i>TOTAL</i>                          |                                      | 4,391,000                                 | —                                     |
| Doug VanDeVelde     | U.S. Qualified Pension Plan           | 21.08                                | 502,000                                   | —                                     |
|                     | Non-Qualified Plan (2004 and earlier) | 7.08                                 | 172,000                                   | —                                     |
|                     | Non-Qualified Plan (2005 and after)   | 14.00                                | 859,000                                   | —                                     |
|                     | <i>TOTAL</i>                          |                                      | 1,533,000                                 | —                                     |
| Bruce Brown         | U.S. Qualified Pension Plan           | 21.33                                | 547,000                                   | —                                     |
|                     | Non-Qualified Plan (2004 and earlier) | 7.33                                 | 6,000                                     | —                                     |
|                     | Non-Qualified Plan (2005 and after)   | 14.00                                | 617,000                                   | —                                     |
|                     | <i>TOTAL</i>                          |                                      | 1,170,000                                 | —                                     |

(1) Information regarding Mr. McKinstry and Ms. Brice is not presented in this table because these individuals are not participants in Kellogg ParentCo’s defined benefit pension plans.

**Potential Post-Employment Payments**

Generally, our NEOs are eligible to receive benefits if their employment is terminated (1) by Kellogg ParentCo without cause, (2) upon their retirement, disability or death or (3) in certain circumstances following a change of control. The amount of benefits will vary based on the reason for the termination.

The table at the end of this section reflects calculations, as of December 31, 2022, of the estimated benefits our NEOs would receive in these situations. Although the calculations below are intended to provide reasonable estimates of the potential benefits, they are based on numerous assumptions and may not represent the actual amount an executive would receive if an eligible termination event were to occur.

**Severance Benefits**

Our NEOs are covered by arrangements that specify payments in the event the executive’s employment is terminated. These severance benefits are intended to be competitive with Kellogg ParentCo’s Compensation Peer Group and general industry practices. The Severance Benefit Plan and the Kellogg Company Change of Control Severance Policy for Key Executives (“Change of Control Policy”) have been established primarily to attract and retain talented and experienced executives and further motivate them to contribute to Kellogg ParentCo’s short- and long-term success for the benefit of Kellogg ParentCo’s Shareowners, particularly during uncertain times.

The Severance Benefit Plan provides severance benefits to employees who are terminated by Kellogg ParentCo under certain circumstances. Kellogg ParentCo has the right to receive a general release, non-compete, non-solicitation and non-disparagement agreement from separated employees in exchange for the benefits provided under the program.

The Change of Control Policy provides benefits to executives in connection with a change of control in the event an executive is terminated without cause or the executive terminates employment for good reason. The Change of

Control Policy is intended to protect Kellogg ParentCo Shareowner interests by enhancing employee focus during rumored or actual change of control activity by providing incentives to executives to remain with Kellogg ParentCo despite uncertainties while a transaction is under consideration or pending. Mr. Pilnick is the only NEO that is eligible to participate in the Change of Control Policy.

#### **Involuntary Termination—No Change of Control**

If the employment of an eligible Kellogg ParentCo executive (including our NEOs) is terminated due to a reduction in the work force, the relocation of a company facility or component within a company facility, the closing or sale of a company facility, lack of work, elimination of the executive's position or any other reason approved in the sole discretion of Kellogg ParentCo's ERISA Administrative Committee, the executive will generally be entitled to receive benefits under the Severance Benefit Plan. Benefits under the Severance Benefit Plan are not available if an executive (a) refuses to accept an offer of reasonable alternative employment from Kellogg ParentCo, (b) accepts any offer of employment with Kellogg ParentCo (regardless of whether the offer is deemed to be an offer of reasonable alternative employment), (c) is involved in activities such as a theft of Kellogg ParentCo's property, workplace violence or intentional falsification of Kellogg ParentCo's records, (d) is terminated for "cause," (e) is offered employment by a buyer in the case of a sale or divestiture by Kellogg ParentCo (regardless of whether the executive accepts or rejects the employment offer or whether the offer is deemed to be an offer of reasonable alternative employment), (f) voluntarily terminates employment or retires, (g) enters into a consultative arrangement with Kellogg ParentCo which provides for compensation during the consulting period or (h) is deemed ineligible for any other reason in the sole discretion of Kellogg ParentCo's ERISA Administrative Committee.

"Cause" is defined under the Severance Benefit Plan as (1) the employee's willful engagement in conduct relating to the employee's employment with Kellogg ParentCo for which either criminal or civil penalties may be sought; (2) the employee's deliberate disregard of any Kellogg ParentCo policy, including Kellogg ParentCo's insider trading policy, or Kellogg ParentCo's code of conduct; (3) the employee's acceptance of employment with or service as a consultant or advisor to an entity or person that is in competition with or acting against the interests of Kellogg ParentCo; (4) the employee's disclosure or misuse of confidential information or material concerning Kellogg ParentCo; (5) the employee's willful engagement in gross misconduct pursuant to which Kellogg ParentCo has suffered a loss; or (6) the employee's willful and continued refusal to substantially perform the employee's then current duties at Kellogg ParentCo in any material respect.

Under the Severance Benefit Plan:

- The executive is entitled to receive cash compensation equal to two times annual base salary (in the case of Mr. Pilnick), one and a half times annual base salary (in the case of Mr. VanDeVelde), or two weeks of base salary for each year of service, subject to a minimum of 26 weeks and a maximum of 52 weeks (in the case of Mr. McKinstry, Mr. Brown, and Ms. Brice), in each case payable in installments over the applicable severance leave of absence period ("SLOA").
- Kellogg ParentCo has the discretion to pay the executive an annual incentive award for the year in which the SLOA begins in accordance with the terms of the applicable annual incentive plan, prorated for the number of calendar days in the year before the date on which the SLOA begins.
- Previously-granted stock option, restricted stock awards and RSU awards continue to vest during the SLOA. EPP/PSU Plan awards will be forfeited at the beginning of the SLOA except as provided in the EPP/PSU Plan terms and conditions or the executive's severance agreement (if any).
- The executive is entitled to continue to participate in certain welfare and insurance benefits during the SLOA, including continued Consolidated Omnibus Budget Reconciliation Act coverage at active employee rates. However, executives do not earn any additional vacation days or service credit for purposes of any retirement plan during the SLOA, and severance payments are not eligible compensation for purposes of any retirement plan.

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- The executive is entitled to receive outplacement assistance for 12 months (in the case of Mr. Pilnick) or nine months (in the case of Mr. McKinstry, Mr. VanDeVelde, Mr. Brown, and Ms. Brice).

Severance-related benefits are provided only if the executive (i) executes a separation agreement prepared by Kellogg ParentCo, which includes a general release, non-competition, employee and customer non-solicitation, non-disparagement and/or other covenants as determined by Kellogg ParentCo in its sole discretion, (ii) remains an active employee until the ultimate date established by Kellogg ParentCo as the commencement date of the SLOA, (iii) assists with the transition of his or her duties and responsibilities (if requested by Kellogg ParentCo), (iv) complies with all policies and procedures of Kellogg ParentCo through the date of termination including the SLOA, (v) assigns to Kellogg ParentCo any patent applications filed during the executive's employment with Kellogg ParentCo and (vi) does not experience a "disqualifying event" (as defined in the Severance Benefit Plan).

### **Retirement, Disability and Death**

*Retirement.* In the event of retirement, an NEO is eligible to receive (1) the benefits payable under Kellogg ParentCo's retirement plans and (2) prorated vesting of (a) stock options (depending on the terms and conditions of the award), (b) prorated awards under Kellogg ParentCo's outstanding EPP/PSU Plans (the amount of which will be based on Kellogg ParentCo's actual performance during the relevant periods and paid after the end of the performance periods) and (c) prorated RSUs (depending on the terms and conditions of the award). In addition, under the AIP, Kellogg ParentCo has the discretion to pay an NEO the actual annual incentive award for the current year, prorated as of the date of retirement. "Retirement" generally is defined as meeting Kellogg ParentCo's age and/or service requirements for retirement eligibility.

*Death or Disability.* In the event of an NEO's disability, the executive would receive disability benefits starting six months following the onset of the disability with no reductions or penalty for early retirement. "Disability" generally is defined as inability to perform all the material duties of regular occupation because of injury or sickness. In addition, under the AIP, Kellogg ParentCo has the discretion to pay an NEO the actual annual incentive award for the current year, prorated as of the date of a termination due to disability. In the event of a NEO's death, the NEO's beneficiary would receive payouts under Kellogg ParentCo-funded life insurance policies and, in the case of Mr. Pilnick, Mr. VanDeVelde, and Mr. Brown, Kellogg ParentCo's Executive Survivor Income Plan. However, the deceased NEO's defined benefit pension benefits would be converted to a joint survivor annuity, resulting in a decrease in the cost of these benefits. Under the AIP, Kellogg ParentCo has the discretion to pay an NEO the target annual incentive award for the current year, prorated as of the date of death.

### **Potential Change of Control Payments**

Kellogg ParentCo's 2009 LTIP, 2013 LTIP, 2017 LTIP and 2022 LTIP specify the treatment of outstanding, unvested equity awards granted under each respective plan to employees, including our NEOs, upon the occurrence of a change of control. Under the LTIPs and Change of Control Policy, the severance and other benefits payable to NEOs are subject to a "double trigger." The first trigger is the occurrence of a change of control. The second trigger for Kellogg ParentCo's Change of Control Policy, of which only Mr. Pilnick is eligible to participate, occurs if Kellogg ParentCo terminates a NEO's employment unrelated to cause, or a NEO terminates the NEO's employment for good reason, in each case within two years following the change of control. The second trigger for Kellogg ParentCo's LTIPs occurs if (1) awards are not assumed or replaced by a substitute award, or (2) Kellogg ParentCo terminates a NEO's employment unrelated to cause or a NEO terminates the NEO's employment for good reason, in each case, within two years following the change of control. For these purposes, "cause," "good reason," and "substitute awards" are defined in Kellogg ParentCo's LTIP and Change of Control Policy.

A "change of control" generally is defined in the arrangements to include a change in a majority of the Kellogg ParentCo Board, consummation of certain mergers, the sale of all or substantially all of Kellogg ParentCo's

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assets and Kellogg ParentCo’s Shareowner approval of a complete liquidation or dissolution. The “change of control” definition also includes an acquisition by a party of 20% or 30% of Kellogg ParentCo common stock, depending on the post-acquisition ownership of the Kellogg Foundation and Gund Family Trusts (the “Trusts”). The applicable percentage is 20% or more if the Trusts do not collectively own more than 35% of the common stock of Kellogg ParentCo. The applicable percentage is 30% or more if the Trusts collectively own more than 35% of the common stock of Kellogg ParentCo.

The change of control related severance payments consist of the following:

*Payments Triggered Upon a Change of Control Without Termination.* EPP/PSU Plan awards, RSUs, and stock options will retain their original vesting schedules and will not automatically vest upon a change of control (and only vest if there is no assumption, continuation or substitution of the outstanding awards with substitute awards that are, in the judgment of the C&T Committee, of equivalent value).

*Payments to Mr. Pilnick Triggered Upon a Change of Control With Termination.* Under the Change of Control Policy, cash severance is payable in the amount of two times Mr. Pilnick’s current annual salary plus two times the current target annual incentive award. In addition, executives eligible to participate in the Change of Control Policy are entitled to receive the annual incentive award for the current year at the target award level, prorated as of the date of termination. This amount is payable as a lump sum within 90 days after termination.

Additional retirement benefits under the Change of Control Policy would equal the actuarial equivalent of the benefit the executive would have received for two years of additional participation under Kellogg ParentCo’s retirement plans. The executive will continue to participate in health and welfare benefit plans for a two-year period following termination and will also receive outplacement assistance.

In the case of Mr. Pilnick, if he becomes entitled to separation benefits following a change of control and those separation benefits would otherwise be subject to the excise tax under Section 4999 of the Internal Revenue Code, then the separation benefits will be reduced to \$1.00 less than the amount which would trigger the excise tax if such reduction would result in Mr. Pilnick receiving an equal or greater after-tax benefit than he would have received if the full separation benefits were paid.

The following table reflects calculations, as of December 31, 2022, of the estimated benefits our NEOs would have received (1) if their employment was terminated by Kellogg ParentCo without cause or upon their retirement, disability or death or (2) in certain circumstances following a change of control. Amounts shown in the following table are calculated by assuming that the relevant employment termination event and/or change of control occurred on December 31, 2022.

**Potential Post Employment Table**

| Name and Benefits                                | Involuntary Termination - No Change of Control (\$) | Change of Control W/ Involuntary Termination (\$) | Retirement (\$) <sup>(1)</sup> | Death (\$)                | Disability (\$)           |
|--|---|---|--------------------------------|---------------------------|---------------------------|
| <b>Gary Pilnick</b>                              |   |   |                                |                           |                           |
| Two Times Base Salary                            | 1,586,000   | 1,586,000   | —                              | —                         | —                         |
| 280G Reduction                                   | —   | —   | —                              | —                         | —                         |
| Two Times Target Annual Incentive <sup>(2)</sup> | —   | 1,506,700   | —                              | —                         | —                         |
| 2022 Annual Incentive                            | 1,167,693   | 1,167,693   | 1,167,693                      | 1,167,693                 | 1,167,693                 |
| Stock Options                                    | 477,112 <sup>(3)</sup>                              | 477,112 <sup>(4)</sup>                            | 238,280 <sup>(5)</sup>         | 238,280 <sup>(6)</sup>    | 238,280 <sup>(6)</sup>    |
| EPP/PSU Plan Awards                              | 2,714,386 <sup>(7)</sup>                            | 4,234,791 <sup>(8)</sup>                          | 2,714,386 <sup>(9)</sup>       | 2,714,386 <sup>(10)</sup> | 2,714,386 <sup>(10)</sup> |
| Restricted Stock Units                           | 1,886,745 <sup>(11)</sup>                           | 1,853,076 <sup>(12)</sup>                         | 1,182,992 <sup>(13)</sup>      | 1,182,992 <sup>(13)</sup> | 1,182,992 <sup>(13)</sup> |
| Outplacement                                     | 11,138  | 11,138  | —                              | —                         | —                         |
| Health and Welfare Benefits <sup>(15)</sup>      | 31,000  | 31,000  | —                              | —                         | —                         |
| Other Benefits and Perquisites <sup>(16)</sup>   | —   | 93,326  | —                              | —                         | —                         |

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| Name and Benefits   | Involuntary Termination - No Change of Control (\$) | Change of Control W/ Involuntary Termination (\$) | Retirement (\$) <sup>(1)</sup> | Death (\$)                  | Disability (\$)         |
|---|---|---|--------------------------------|-----------------------------|-------------------------|
| Life Insurance and Executive Survivor Income Plan Benefits <sup>(17)</sup>      | —   | —   | —                              | 6,752,000                   | —                       |
| Change to Retirement Benefits   | 638,000 <sup>(18)</sup>                             | 854,000 <sup>(19)</sup>                           | —                              | (2,025,000) <sup>(20)</sup> | 638,000 <sup>(21)</sup> |
| <b>Total</b>  | <b>8,512,074</b>                                    | <b>11,814,836</b>                                 | <b>5,303,351</b>               | <b>10,030,351</b>           | <b>5,941,351</b>        |
| <b>David McKinstry</b>  |   |   |                                |                             |                         |
| Two Weeks' Base Salary per Year of Service (minimum 26 weeks, maximum 52 weeks) | 181,000   | 181,000   | —                              | —                           | —                       |
| 2022 Annual Incentive.  | 311,320   | 311,320   | —                              | 311,320                     | 311,320                 |
| Stock Options   | 43,074 <sup>(3)</sup>                               | 76,843 <sup>(4)</sup>                             | —                              | 37,122 <sup>(6)</sup>       | 37,122 <sup>(6)</sup>   |
| EPP/PSU Plan Awards   | 67,757 <sup>(7)</sup>                               | 386,238 <sup>(8)</sup>                            | —                              | 207,820 <sup>(10)</sup>     | 207,820 <sup>(10)</sup> |
| Restricted Stock Units  | 48,341 <sup>(11)</sup>                              | 617,947 <sup>(12)</sup>                           | —                              | 232,406 <sup>(13)</sup>     | 232,406 <sup>(13)</sup> |
| Outplacement  | 8,354   | 8,354   | —                              | —                           | —                       |
| Health and Welfare Benefits <sup>(15)</sup>                                     | 7,500   | 7,500   | —                              | —                           | —                       |
| Other Benefits and Perquisites <sup>(16)</sup>                                  | —   | —   | —                              | —                           | —                       |
| Life Insurance and Executive Survivor Income Plan Benefits <sup>(17)</sup>      | —   | —   | —                              | 362,000                     | —                       |
| <b>Total</b>  | <b>667,346</b>                                      | <b>1,589,202</b>                                  | <b>—</b>                       | <b>1,150,668</b>            | <b>788,668</b>          |
| <b>Doug VanDeVelde</b>  |   |   |                                |                             |                         |
| One And a Half Times Base Salary  | 717,000   | 717,000   | —                              | —                           | —                       |
| 2022 Annual Incentive.  | 507,636   | 507,636   | 507,636                        | 507,636                     | 507,636                 |
| Stock Options   | 95,727 <sup>(3)</sup>                               | 95,727 <sup>(4)</sup>                             | 47,448 <sup>(5)</sup>          | 47,448 <sup>(6)</sup>       | 47,448 <sup>(6)</sup>   |
| EPP/PSU Plan Awards   | 544,930 <sup>(7)</sup>                              | 874,661 <sup>(8)</sup>                            | 544,930 <sup>(9)</sup>         | 544,930 <sup>(10)</sup>     | 544,930 <sup>(10)</sup> |
| Restricted Stock Units  | 983,387 <sup>(11)</sup>                             | 1,240,465 <sup>(12)</sup>                         | 235,658 <sup>(14)</sup>        | 883,821 <sup>(13)</sup>     | 883,821 <sup>(13)</sup> |
| Outplacement  | 8,354   | 8,354   | —                              | —                           | —                       |
| Health and Welfare Benefits <sup>(15)</sup>                                     | 23,200  | 23,200  | —                              | —                           | —                       |
| Other Benefits and Perquisites <sup>(16)</sup>                                  | —   | —   | —                              | —                           | —                       |
| Life Insurance and Executive Survivor Income Plan Benefits <sup>(17)</sup>      | —   | —   | —                              | 2,391,000                   | —                       |
| Change to Retirement Benefits   | 165,000 <sup>(18)</sup>                             | 165,000 <sup>(19)</sup>                           | —                              | (709,000) <sup>(20)</sup>   | 165,000 <sup>(21)</sup> |
| Retention Cash Award  | 239,000   | 239,000   | —                              | 59,415                      | 59,415                  |
| <b>Total</b>  | <b>3,284,234</b>                                    | <b>3,871,043</b>                                  | <b>1,335,672</b>               | <b>3,725,250</b>            | <b>2,208,250</b>        |
| <b>Bruce Brown</b>  |   |   |                                |                             |                         |
| Two Weeks' Base Salary per Year of Service (minimum 26 weeks, maximum 52 weeks) | 389,926   | 389,926   | —                              | —                           | —                       |
| 2022 Annual Incentive   | 350,000   | 350,000   | 350,000                        | 350,000                     | 350,000                 |
| Stock Options   | 50,856 <sup>(3)</sup>                               | 87,735 <sup>(4)</sup>                             | 43,812 <sup>(5)</sup>          | 43,812 <sup>(6)</sup>       | 43,812 <sup>(6)</sup>   |
| EPP/PSU Plan Awards   | 248,920 <sup>(7)</sup>                              | 430,652 <sup>(8)</sup>                            | 248,920 <sup>(9)</sup>         | 248,920 <sup>(10)</sup>     | 248,920 <sup>(10)</sup> |
| Restricted Stock Units  | 660,472 <sup>(11)</sup>                             | 687,546 <sup>(12)</sup>                           | 139,544 <sup>(14)</sup>        | 508,556 <sup>(13)</sup>     | 508,556 <sup>(13)</sup> |
| Outplacement  | 8,354   | 8,354   | —                              | —                           | —                       |
| Health and Welfare Benefits <sup>(15)</sup>                                     | 10,300  | 10,300  | —                              | —                           | —                       |
| Other Benefits and Perquisites <sup>(16)</sup>                                  | —   | —   | —                              | —                           | —                       |
| Life Insurance and Executive Survivor Income Plan Benefits <sup>(17)</sup>      | —   | —   | —                              | 1,841,000                   | —                       |
| Change to Retirement Benefits   | 94,000 <sup>(18)</sup>                              | 94,000 <sup>(19)</sup>                            | —                              | (535,000) <sup>(20)</sup>   | 94,000 <sup>(21)</sup>  |
| <b>Total</b>  | <b>1,812,828</b>                                    | <b>2,058,513</b>                                  | <b>782,276</b>                 | <b>2,457,288</b>            | <b>1,245,288</b>        |
| <b>Sherry Brice</b>   |   |   |                                |                             |                         |
| Two Weeks' Base Salary per Year of Service (minimum 26 weeks, maximum 52 weeks) | 313,801   | 313,801   | —                              | —                           | —                       |
| 2022 Annual Incentive   | 237,886   | 237,886   | —                              | 237,886                     | 237,886                 |

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| Name and Benefits  | Involuntary<br>Termination -<br>No Change of<br>Control (\$) | Change of<br>Control W/<br>Involuntary<br>Termination<br>(\$) | Retirement<br>(\$) <sup>(1)</sup> | Death (\$)              | Disability<br>(\$)      |
|--|--|---|-----------------------------------|-------------------------|-------------------------|
| Stock Options  | 42,600 <sup>(3)</sup>  | 79,479 <sup>(4)</sup>   | —                                 | 36,733 <sup>(6)</sup>   | 36,733 <sup>(6)</sup>   |
| EPP/PSU Plan Awards  | —  | 295,981 <sup>(8)</sup>  | —                                 | 135,877 <sup>(10)</sup> | 135,877 <sup>(10)</sup> |
| Restricted Stock Units   | 71,323 <sup>(11)</sup>                                       | 557,664 <sup>(12)</sup>                                       | —                                 | 272,927 <sup>(13)</sup> | 272,927 <sup>(13)</sup> |
| Outplacement   | 8,354  | 8,354   | —                                 | —                       | —                       |
| Health and Welfare Benefits <sup>(15)</sup>                                | 5,300  | 5,300   | —                                 | —                       | —                       |
| Other Benefits and Perquisites <sup>(16)</sup>                             | —  | —   | —                                 | —                       | —                       |
| Life Insurance and Executive Survivor Income Plan Benefits <sup>(17)</sup> | —  | —   | —                                 | 326,000                 | —                       |
| <b>Total</b>   | <u>679,264</u>   | <u>1,498,465</u>  | <u>—</u>                          | <u>1,009,423</u>        | <u>683,423</u>          |

- (1) Information regarding Mr. McKinstry and Ms. Brice is not presented in this column because these individuals were not retirement-eligible as of December 31, 2022. Information for Mr. Pilnick, Mr. VanDeVelde and Mr. Brown is hypothetical and based upon retirement as of December 31, 2022.
- (2) Represents two times the target annual incentive award for 2022, payable under Kellogg ParentCo's Change in Control Policy.
- (3) Represents the intrinsic value of unvested stock options that would vest in connection with a termination as of December 31, 2022, based on a stock price of \$71.24.
- (4) Represents the intrinsic value of unvested stock options that would vest upon a change of control as of December 31, 2022, based on a stock price of \$71.24.
- (5) Represents the intrinsic value of unvested stock options that would vest upon retirement as of December 31, 2022, (prorated for time worked during the performance period), based on a stock price of \$71.24.
- (6) Represents the intrinsic value of unvested stock options that would vest upon death or disability as of December 31, 2022 (prorated for time worked during the performance period), based on a stock price of \$71.24.
- (7) Represents the value based on the actual number of shares paid out under the 2020-2022 EPP, which would be payable at Kellogg ParentCo's discretion, and a stock price of \$71.24. For Mr. Pilnick, Mr. VanDeVelde and Mr. Brown, who are retirement-eligible, includes the 2021-2023 EPP and 2022-2024 PSU prorated for the time worked during the performance period at a stock price of \$71.24. Because our other NEOs are not retirement-eligible as of December 31, 2022, their 2021-2023 EPP and 2022-2024 PSU awards would be forfeited.
- (8) Valued based on the "target" number of shares under the 2020-2022 EPP, the 2021-2023 EPP and the 2022-2024 PSU and, in each case, a stock price of \$71.24.
- (9) Valued based on the actual number of shares paid out under the 2020-2022 EPP and the prorated target number of shares under the 2021-2023 EPP and 2022-2024 PSU and, in each case, a stock price of \$71.24.
- (10) Represents the value of outstanding "target" EPP awards payable based on Kellogg ParentCo's actual performance during the relevant periods and paid following the end of the performance periods (prorated for time worked during the performance period) and, in each case, based on a stock price of \$71.24.
- (11) Represents the value of unvested restricted stock units that would vest in connection with a termination as of December 31, 2022, based on a stock price of \$71.24.
- (12) Represents the value of unvested restricted stock units that would vest upon a change of control as of December 31, 2022, based on a stock price of \$71.24.
- (13) Represents the value of unvested restricted stock units that would vest upon retirement, death or disability as of December 31, 2022 (prorated for time worked during the performance period), based on a stock price of \$71.24.
- (14) Represents the value of unvested restricted stock units that would vest upon retirement as of December 31, 2022, based on a stock price of \$71.24.
- (15) Represents the estimated costs to Kellogg ParentCo of continued participation in medical, dental and life insurance benefits during the severance period.
- (16) Consists of Kellogg ParentCo-paid death benefits, financial planning and physical exams.

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- (17) Payment of death benefits for Kellogg ParentCo-paid life insurance and Executive Survivor Income Plan (for NEOs eligible to participate in the Plan prior to January 1, 2011).
- (18) Represents the increase (decrease) to the estimated actuarial present value of retirement benefit accrued through December 31, 2022 for each NEO associated with terminating an NEO's employment without cause. The estimated actuarial present value of retirement benefit accrued through December 31, 2022 appears in the Pension Benefits Table on page 149 of this Information Statement. For each NEO, changes to retirement benefits upon severance vary depending on age, service and pension formula at the time of termination. For Mr. Pilnick, Mr. VanDeVelde and Mr. Brown, the change to the retirement benefit is positive because the present value reflects the greater of age 65 commencement and earliest commencement.
- (19) Represents the increase (decrease) to the estimated actuarial present value of retirement benefit accrued through December 31, 2022 for each NEO associated with terminating an NEO's employment without cause following a change of control. The estimated actuarial present value of retirement benefit accrued through December 31, 2022 appears in the Pension Benefits Table on page 149 of this Information Statement. For each NEO, changes to retirement benefits upon change of control vary depending on age, service and pension formula at the time of termination. For Mr. Pilnick, Mr. VanDeVelde and Mr. Brown, the change to their retirement benefit is positive because the present value reflects the greater of age 65 commencement and earliest commencement. For Mr. Pilnick, the change to the retirement benefit also includes two additional years of age and service for retirement eligibility purposes.
- (20) Represents the increase (decrease) to the estimated actuarial present value of retirement benefits accrued through December 31, 2022 for each NEO associated with a NEO's retirement benefits being converted to a survivor annuity upon the NEO's death. The estimated actuarial present value of retirement benefits accrued through December 31, 2022 appears in the Pension Benefits Table on page 149 of this Information Statement. For Mr. Pilnick, Mr. VanDeVelde and Mr. Brown, the change to the retirement benefit is negative because the survivor annuity upon death is reduced to less than 50% of the benefit provided upon early or normal retirement.
- (21) For Mr. Pilnick, Mr. VanDeVelde and Mr. Brown, the change to the retirement benefit is positive because the present value reflects the greater of age 65 commencement and earliest commencement.



**SECURITY OWNERSHIP OF CERTAIN  
BENEFICIAL OWNERS AND MANAGEMENT**

As of the date of this Information Statement, Kellogg ParentCo beneficially owns all of the outstanding shares of our common stock. After the Spin-Off, Kellogg ParentCo will not own any shares of our common stock. The following table provides information regarding the anticipated beneficial ownership of our common stock at the time of the Distribution by:

- each of our shareholders who we believe, based on the assumptions described below, will beneficially own more than 5% of our outstanding common stock at the time of the Distribution;
- each of our directors following the Spin-Off;
- each NEO; and
- all of our directors and executive officers following the Spin-Off as a group.

Except as otherwise noted below, we based the share amounts on each person or entity’s beneficial ownership of Kellogg ParentCo common stock on August 1, 2023, giving effect to a distribution ratio of one share of our common stock for every four shares of Kellogg ParentCo common stock he, she or it held.

To the extent our directors and executive officers own Kellogg ParentCo common stock on the Record Date, they will participate in the Distribution on the same terms as other holders of Kellogg ParentCo common stock.

Except as otherwise noted in the footnotes below, each person or entity identified in the table has sole voting and investment power with respect to the securities he, she or it holds.

Immediately following the Spin-Off, we estimate that approximately 85,595,123 shares of our common stock will be issued and outstanding, based on the approximately 342,380,495 shares of Kellogg ParentCo common stock outstanding on August 1, 2023. The actual number of shares of our common stock to be outstanding following the Spin-Off will be determined on September 21, 2023, the Record Date.

| <u>Name of Beneficial Owner</u>   | <u>Amount and<br/>Nature of Beneficial<br/>Ownership</u> | <u>Percentage<br/>of Class</u> |
|---|--|--------------------------------|
| <b>5% Shareholders:</b>   |  |                                |
| W.K. Kellogg Foundation Trust <sup>(1)(2)</sup><br>c/o Northern Trust Corporation<br>50 South LaSalle Street<br>Chicago, IL 60603 | 15,057,184   | 17.6%                          |
| BlackRock, Inc. <sup>(3)</sup><br>55 East 52nd Street<br>New York, NY 10055   | 7,831,836  | 9.1%                           |
| The Vanguard Group <sup>(4)</sup><br>100 Vanguard Blvd.<br>Malvern, PA 19355  | 7,683,387  | 9.0%                           |
| Gordon Gund <sup>(5)</sup><br>14 Nassau Street<br>Princeton, NJ 08542   | 5,231,726  | 6.1%                           |
| KeyCorp <sup>(6)</sup><br>127 Public Square<br>Cleveland, OH 44114  | 5,199,917  | 6.1%                           |
| <b>Directors:</b>   |  |                                |
| Wendy Arlin   | —  | *                              |
| R. David Banyard, Jr.   | —  | *                              |
| Michael Corbo   | —  | *                              |
| Zack Gund   | 418,713  | *                              |
| Ramón Murguía <sup>(7)</sup>  | 75   | *                              |
| Julio Nemeth <sup>(8)</sup>   | 12   | *                              |
| Mindy Sherwood  | —  | *                              |

| Name of Beneficial Owner   | Amount and<br>Nature of Beneficial<br>Ownership | Percentage<br>of Class |
|--|---|------------------------|
| <b>Named Executive Officers<sup>(9)</sup>:</b>                               |   |                        |
| Gary Pilnick   | 19,127  | *                      |
| David McKinstry  | 2,177   | *                      |
| Bruce Brown  | 3,379   | *                      |
| Sherry Brice   | 604   | *                      |
| Doug VanDeVelde  | 4,751   | *                      |
| <b>All directors and executive officers as a group (14 persons)<br/>(10)</b> | 451,910   | *                      |

\* Less than 1%

- (1) Based solely on information set forth in the Schedule 13G/A filed with the SEC on February 9, 2023 with respect to Kellogg ParentCo common stock, the W.K. Kellogg Foundation Trust (the “Kellogg Trust”) shares voting and investment power with the W.K. Kellogg Foundation (the “Kellogg Foundation”) and the trustees of the Kellogg Trust with respect to 55,931,838 shares of Kellogg ParentCo common stock. As of December 31, 2022, the trustees of the Kellogg Trust were Steve Cahillane, Ramón Murguía, La June Montgomery Tabron and Northern Trust Company. The Kellogg Foundation, a Michigan charitable corporation, is the sole beneficiary of the Kellogg Trust. The agreement governing the Kellogg Trust (the “Trust Agreement”) provides that if a majority of the trustees of the Kellogg Trust (which majority must include the corporate trustee) cannot agree on how to vote the Kellogg ParentCo stock, the Kellogg Foundation has the power to direct the voting of such stock. With certain limitations, the Trust Agreement also provides that the Kellogg Foundation has the power to approve successor trustees, and to remove any trustee of the Kellogg Trust.
- (2) Based solely on information set forth in the Schedule 13G/A filed with the SEC on February 13, 2023 with respect to Kellogg ParentCo common stock, Northern Trust Corporation has sole voting power for 536,824 shares of Kellogg ParentCo common stock, shared voting power for 59,676,885 shares of Kellogg ParentCo common stock (including those shares beneficially owned by the Kellogg Trust), sole investment power for 2,655,473 shares of Kellogg ParentCo common stock and shared investment power for 57,098,395 shares of Kellogg ParentCo common stock (including those shares beneficially owned by the Kellogg Trust). Northern Trust Corporation, as parent holding company for The Northern Trust Company, as trustee of the Kellogg Trust, shares voting and investment power with the other three trustees with respect to the 55,931,838 shares of Kellogg ParentCo common stock owned by the Kellogg Trust, which shares are reflected in Northern Trust Corporation’s totals above. The remaining shares not owned by the Kellogg Trust that are disclosed in the table above represent shares beneficially owned by Northern Trust Corporation and The Northern Trust Company unrelated to the Kellogg Trust.
- (3) Based solely on information set forth in the Schedule 13G/A filed with the SEC on January 25, 2023 with respect to Kellogg ParentCo common stock, BlackRock, Inc. has sole voting power for 28,728,828 shares of Kellogg ParentCo common stock and sole investment power for 31,327,346 shares of Kellogg ParentCo common stock.
- (4) Based solely on information set forth in the Schedule 13G/A filed with the SEC on February 9, 2023 with respect to Kellogg ParentCo common stock, the Vanguard Group has shared voting power for 376,579 shares of Kellogg ParentCo common stock, sole investment power for 29,628,951 shares of Kellogg ParentCo common stock and shared investment power for 1,104,597 shares of Kellogg ParentCo common stock.
- (5) Based solely on information set forth in the Schedule 13G/A filed with the SEC on February 1, 2023 with respect to Kellogg ParentCo common stock, Gordon Gund has sole voting power for 20,735,038 shares of Kellogg ParentCo common stock, shared voting power for 191,869 shares of Kellogg ParentCo common stock, sole investment power for 0 shares of Kellogg ParentCo common stock and shared investment power for 191,869 shares of Kellogg ParentCo common stock. The shares over which Gordon Gund has sole voting power are held by various trusts for the benefit of certain members of the Gund family, as to which shares Gordon Gund disclaims beneficial ownership.
- (6) Based solely on information set forth in the Schedule 13G/A filed with the SEC on January 6, 2023 with respect to Kellogg ParentCo common stock, KeyCorp, as trustee for certain Gund family trusts, including the trusts discussed under (5) above, as well as other trusts, has sole voting power for 58,262 shares of Kellogg ParentCo common stock, shared voting power for 5,415 shares of Kellogg ParentCo common stock, sole investment power for 20,765,615 shares of Kellogg ParentCo common stock and shared investment power for 30,983 shares of Kellogg ParentCo common stock.
- (7) Includes 75 shares held through a revocable trust in which Mr. Murguía is the trustee and the beneficiary.
- (8) Includes 12 shares held by a trust for the benefit of certain of Mr. Nemeth’s family members, of which Mr. Nemeth is trustee.
- (9) These officers were our named executive officers in 2022.
- (10) Includes only the persons listed in the table of our directors and executive officers following the Spin-Off in the section entitled “Management” in this Information Statement.

## CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS

### **Agreements with Kellogg ParentCo**

Prior to the Spin-Off, WK Kellogg Co and Kellogg ParentCo will enter into a Separation and Distribution Agreement and other agreements that will outline the terms and conditions of the Internal Reorganization and Distribution and provide a framework for WK Kellogg Co's relationship with Kellogg ParentCo after the Spin-Off. Following the Spin-Off, WK Kellogg Co and Kellogg ParentCo will operate independently, and neither will have any ownership interest in the other.

The material agreements described below will be filed as exhibits to the Registration Statement of which this Information Statement is a part. The summaries of each of these agreements set forth below are qualified in their entirety by reference to the full text of the applicable agreements, forms of which will be filed as exhibits to the Registration Statement of which this Information Statement is a part and which will be incorporated by reference into this Information Statement.

#### *Separation and Distribution Agreement*

We intend to enter into a Separation and Distribution Agreement with Kellogg ParentCo that will set forth our agreements with Kellogg ParentCo regarding the principal actions to be taken in connection with the Spin-Off. It will also set forth other agreements that govern aspects of our relationship with Kellogg ParentCo following the Spin-Off.

#### *Transfer of Assets and Assumption of Liabilities*

The Separation and Distribution Agreement will identify the assets to be transferred to, and the liabilities to be assumed by, WK Kellogg Co in advance of the Distribution so that Kellogg ParentCo and we each retain the assets of, and the liabilities associated with, the Kellogg ParentCo Business and the Cereal Business, respectively, and will provide for when and how these transfers and assumptions will occur. We are currently a wholly owned subsidiary of Kellogg ParentCo, and Kellogg ParentCo, directly or through its subsidiaries, holds both the Kellogg ParentCo Business and the Cereal Business. In connection with the Spin-Off, we will undertake a series of internal reorganization transactions so that we hold the Cereal Business assets, liabilities and entities directly and separately from the Kellogg ParentCo Business assets, liabilities and entities, including the Contribution. Following these steps, we will hold only the Cereal Business assets, liabilities and entities. We refer to these steps collectively as the "Internal Reorganization."

In particular, the Separation and Distribution Agreement will provide that, among other things, subject to the terms and conditions contained therein:

- certain assets and entities related to the Cereal Business, which this Information Statement refers to as the "WK Kellogg Co Assets," will be retained by or transferred to WK Kellogg Co or one of its subsidiaries;
- certain liabilities related to the Cereal Business or the WK Kellogg Co Assets, which this Information Statement refers to as the "WK Kellogg Co Liabilities," will be retained by or transferred to WK Kellogg Co or one of its subsidiaries; and
- all of the assets and liabilities (including whether accrued, contingent or otherwise) other than the WK Kellogg Co Assets and the WK Kellogg Co Liabilities (such assets and liabilities, other than the WK Kellogg Co Assets and the WK Kellogg Co Liabilities, being referred to in this Information Statement as the "Kellogg ParentCo Assets" and "Kellogg ParentCo Liabilities," respectively) will be retained by or transferred to Kellogg ParentCo.

Except as expressly set forth in the Separation and Distribution Agreement or any ancillary agreement, neither Kellogg ParentCo nor WK Kellogg Co will make any representation or warranty as to (i) the assets, business or

liabilities transferred or assumed as part of the Internal Reorganization, (ii) any approvals or consents required in connection with the transfers, (iii) the value of or the freedom from any security interests of any of the assets transferred, (iv) the absence or presence of any defenses or right of setoff or freedom from counterclaim with respect to any claim or other asset of either of WK Kellogg Co or Kellogg ParentCo, or (v) the legal sufficiency of any document or instrument delivered to convey title to any asset or thing of value to be transferred in connection with the Internal Reorganization. All assets will be transferred on an “as is,” “where is” basis, and the respective transferees will bear the economic and legal risks that any conveyance will prove to be insufficient to vest in the transferee good and marketable title, free and clear of all security interests, that any necessary consents or governmental approvals are not obtained, or that any requirements of law or judgments are not complied with.

Information in this Information Statement with respect to the assets and liabilities of the parties following the Distribution is presented based on the allocation of such assets and liabilities pursuant to the Separation and Distribution Agreement unless the context otherwise requires. The Separation and Distribution Agreement will provide that in the event that the transfer of certain assets and liabilities (or a portion thereof) to WK Kellogg Co or Kellogg ParentCo, as applicable, does not occur prior to the Distribution, then until such assets or liabilities (or a portion thereof) are able to be transferred, WK Kellogg Co or Kellogg ParentCo, as applicable, will hold such assets on behalf and for the benefit of the transferee, and will pay, perform and discharge such liabilities, for which the transferee will reimburse WK Kellogg Co or Kellogg ParentCo, as applicable, for all reasonable payments made in connection with the performance and discharge of such liabilities.

### ***The Distribution***

The Separation and Distribution Agreement will also govern the rights and obligations of the parties regarding the Distribution following the completion of the Internal Reorganization. Prior to the Distribution, Kellogg ParentCo will deliver all of the issued and outstanding shares of our common stock to the distribution agent. Following the Distribution Date, the distribution agent will electronically deliver the shares of our common stock to Kellogg ParentCo shareholders based on the distribution ratio. Shareholders will receive cash in lieu of any fractional shares.

### ***Conditions to the Distribution***

The Separation and Distribution Agreement will provide that the Distribution is subject to the satisfaction (or waiver by Kellogg ParentCo in its sole and absolute discretion) of certain conditions. These conditions are described under “The Separation and Distribution—Conditions to the Distribution.” Kellogg ParentCo will have the sole and absolute discretion to determine (and change) the terms of, and to determine whether to proceed with, the Distribution and, to the extent that it determines to proceed, to determine the Record Date, the Distribution Date and the distribution ratio.

### ***Indemnification***

We and Kellogg ParentCo will each agree to indemnify the other and each of the other’s current, former and future directors, officers, employees and agents, and each of the heirs, executors, successors and assigns of any of them, against certain liabilities incurred in connection with the Spin-Off and our and Kellogg ParentCo’s respective businesses. The amount of either Kellogg ParentCo’s or our indemnification obligations will be reduced by any insurance proceeds the party being indemnified receives. The Separation and Distribution Agreement will also specify procedures regarding claims subject to indemnification and related matters.

Indemnification with respect to taxes, and the procedures related thereto, will be governed by the Tax Matters Agreement.

***Further Assurances***

In addition to the actions specifically provided for in the Separation and Distribution Agreement, except as otherwise set forth therein or in any ancillary agreement, WK Kellogg Co and Kellogg ParentCo will agree in the Separation and Distribution Agreement to use reasonable best efforts, prior to, on and after the Distribution Date, to take, or cause to be taken, all actions, and to do, or cause to be done, all things reasonably necessary, proper or advisable under applicable laws, regulations and agreements to consummate and make effective the transactions contemplated by the Separation and Distribution Agreement and the ancillary agreements.

***Expenses***

Except as expressly set forth in the Separation and Distribution Agreement or in any ancillary agreement, the party incurring the expense will be responsible for all fees, costs and expenses incurred in connection with the Spin-Off.

***Real Property Matters***

The Separation and Distribution Agreement will also govern the allocation, transfer and leasing of real estate between us and Kellogg ParentCo following the Spin-Off. Kellogg ParentCo's current corporate headquarters located in Battle Creek, Michigan and manufacturing plants related to the Cereal Business will be transferred to WK Kellogg Co. Leased distribution centers will be occupied by both WK Kellogg Co and Kellogg ParentCo employees following the Spin-Off pursuant to the Transition Services Agreement, and after the termination of the Transition Services Agreement, will be fully or partially subleased from Kellogg ParentCo to WK Kellogg Co.

***Other Matters***

Other matters governed by the Separation and Distribution Agreement will include, among others, approvals and notifications of transfer, termination of intercompany agreements and outstanding guarantees, treatment of shared contracts, non-competition obligations, confidentiality, access to and provision of records, privacy and data protection, production of witnesses, privileged matters, financing arrangements, dispute resolution, release of claims and liabilities, and treatment of and access to insurance policies.

***Amendment and Termination***

The Separation and Distribution Agreement will provide that it may be terminated, amended or modified at any time prior to the Distribution Date in the sole and absolute discretion of Kellogg ParentCo without the approval of any person, including WK Kellogg Co.

The Separation and Distribution Agreement will provide that, after the Distribution Date, no provision of the Separation and Distribution Agreement or any ancillary agreement may be waived, amended, supplemented or modified by a party without the written consent of the party against whom it is sought to enforce such waiver, amendment, supplement or modification.

After the Distribution Date, the Separation and Distribution Agreement may not be terminated, except by an agreement in writing signed by both WK Kellogg Co and Kellogg ParentCo.

In the event of a termination of the Separation and Distribution Agreement, no party, nor any of its directors, officers or employees, will have any liability of any kind to the other parties or any other person.

***Transition Services Agreement***

We intend to enter into a Transition Services Agreement pursuant to which Kellogg ParentCo will provide specified services, and we will provide certain limited services to Kellogg ParentCo, on a transitional basis to

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help ensure an orderly transition following the Spin-Off. These services may include information technology, procurement, distribution, logistics and order to delivery, research and development, accounting, finance, compliance and administrative activities. The Transition Services Agreement will specify the calculation of our costs for these services.

*Supply Agreement*

We intend to enter into a Supply Agreement with Kellogg ParentCo pursuant to which Kellogg ParentCo will manufacture and supply to us certain products of the Cereal Business currently manufactured at Kellogg ParentCo facilities that will not be transferred to us pursuant to the terms of the Separation and Distribution Agreement. We will be required to purchase an annual minimum volume for each product supplied under the Supply Agreement, which volumes are based on historical and forecasted amounts. The Supply Agreement will also contain quality, pricing and other terms.

The Supply Agreement will have a term of three years, though products may be supplied for a shorter period. Either party may terminate the Supply Agreement following a material breach of the Supply Agreement by the other party, which breach is not cured within 30 days of notice of such breach. In addition, either party may terminate the manufacture and purchase of specified products without cause upon six or twelve months' notice, depending on the product being supplied.

*Management Services Agreement*

We intend to enter into a Management Services Agreement pursuant to which Kellogg ParentCo will grant us the right to use its pilot plant located in Battle Creek, Michigan for a specified number of days each year in order for us to conduct research and development and product trials on specified equipment.

*Tax Matters Agreement*

The Tax Matters Agreement will govern the respective rights, responsibilities and obligations of Kellogg ParentCo and WK Kellogg Co after the Spin-Off with respect to tax liabilities and benefits, tax attributes, tax contests and other tax sharing regarding U.S. federal, state, local and foreign income taxes, other tax matters and related tax returns. WK Kellogg Co and certain of its subsidiaries have (and will continue to have following the Spin-Off) joint and several liability with Kellogg ParentCo to the IRS for the combined U.S. federal income taxes of the Kellogg ParentCo combined group relating to the taxable periods in which WK Kellogg Co and its applicable subsidiaries were part of that group. The Tax Matters Agreement will also provide special rules for allocating tax liabilities in the event that the Spin-Off is not tax-free. In general, if a party's actions cause the Spin-Off not to be tax-free, that party will be responsible for the payment of any resulting tax liabilities (and will indemnify the other party with respect thereto). The Tax Matters Agreement will provide for certain covenants that may restrict our ability to pursue strategic or other transactions that otherwise could maximize the value of our business. Finally, the Tax Matters Agreement will also provide for procedures for any audits and examinations and the rights of each party with respect to such audits and examinations. Although enforceable as between the parties, the Tax Matters Agreement will not be binding on the IRS.

*Employee Matters Agreement*

The Employee Matters Agreement will address certain post-Spin-Off employee matters issues between Kellogg ParentCo and WK Kellogg Co, including transitions of employment for employees; allocation of and reimbursement and indemnification for employment-related liabilities; collective bargaining agreement matters; termination and severance benefits; employee benefits matters, including participation in benefit plans, assumption of certain employee benefit plans by WK Kellogg Co, service recognition, health and welfare and retirement plan matters; employee compensation matters, including equity and cash-based incentive compensation, retention and nonqualified deferred compensation matters; payroll reporting and withholding;

access to employees; employee records; employment transition matters; mutual one-year salaried employee no-hire and two-year employee non-solicitation provisions (with customary exceptions); and other related employee matters. For example, the Employee Matters Agreement identifies employees that will transfer to us before and after the Distribution Date and, with some limited exceptions, Kellogg ParentCo will generally bear liabilities associated with its employees and we will generally bear liabilities associated with our employees. Any historical workers compensation liabilities will remain with Kellogg ParentCo.

Additionally, for at least 12 months after the Spin-Off (or earlier termination date), we have committed to provide our employees (subject to certain exceptions) with at least the same salary or wage rate as well as comparable target annual or short-term cash incentive compensation opportunities and no less favorable long-term equity-based incentive compensation opportunities than those in effect immediately prior to the Spin-Off. During that period, we will also continue to offer employee benefits that are comparable in the aggregate, and comparable severance benefits, to those in effect immediately prior to the Spin-Off.

Except as specifically provided in the Employee Matters Agreement, we will generally be responsible for all employment, employee compensation, and employee benefits-related liabilities relating to employees, former employees, and other individuals allocated to us, which we expect will be on substantially similar terms to the corresponding Kellogg ParentCo plans. We will also assume certain assets and liabilities with respect to Kellogg ParentCo's U.S. benefit plans and trusts relating to certain provisions for post-retirement welfare benefits.

The treatment of annual bonuses and outstanding equity awards for all employees under the Employee Matters Agreement is consistent with the description set forth in the section titled "Employee Matters Agreement" in the Compensation Discussion and Analysis. In respect of an equity award holder that remains an employee of Kellogg ParentCo, all outstanding Kellogg ParentCo RSUs and PSUs that were issued on or after June 21, 2022 will remain at Kellogg ParentCo covering shares of Kellogg ParentCo common stock and subject to the same terms and conditions that existed prior to the Spin-Off, unless the C&T Committee makes any adjustments. Additionally, all outstanding equity awards will be equitably adjusted in accordance with the terms of the Employee Matters Agreement.

#### *Intellectual Property Agreements*

We intend to enter into the following Intellectual Property Agreements with Kellogg ParentCo that will provide for intellectual property use and selling rights: Master Ownership and License Agreement Regarding Trademarks and Certain Related Intellectual Property and Master Ownership and License Agreement Regarding Patents, Trade Secrets and Certain Related Intellectual Property.

The Master Ownership and License Agreement Regarding Trademarks and Certain Related Intellectual Property will allocate ownership, use and selling rights between Kellogg ParentCo and us of all trademarks, domain names and certain copyrights that Kellogg ParentCo or we owned immediately prior to the Distribution Date. We will own the trademarks rights to *Apple Jacks*, *Bear Naked*, *Kashi*, *Frosted Mini-Wheats*, among others, in North America, and Kellogg ParentCo will own the rights to these trademarks in all other jurisdictions, as well as other trademarks, including the Kellogg's trademark globally.

Under this agreement, Kellogg ParentCo and we will each grant the other party various perpetual, irrevocable, exclusive, and royalty-free licenses to use certain of its and our respective trademarks in connection with specific food and beverage categories in specified jurisdictions. The licenses granted by Kellogg ParentCo to us will include a perpetual, irrevocable, exclusive, royalty-free license to use the "Kellogg's" house brand, along with other key brands such as *Tony the Tiger*, *Frosted Flakes*, *Toucan Sam*, *Froot Loops*, *Special K*, *Rice Krispies* and *Snap*, *Crackle and Pop*, in connection with the Cereal Business in North America.

The agreement will contain usage guidelines, quality control, enforcement and maintenance provisions governing the trademarks that Kellogg ParentCo and we will license to each other. In addition, the agreement will include

diversion provisions under which Kellogg ParentCo and we will agree that neither we nor any of our affiliates will authorize or encourage the sale of branded products in jurisdictions where trademark ownership or license rights do not extend.

In addition, the Master Ownership and License Agreement Regarding Patents, Trade Secrets and Certain Related Intellectual Property will allocate ownership of patents, trade secrets and know-how to Kellogg ParentCo. Kellogg ParentCo will grant to us a perpetual, irrevocable, exclusive and royalty-free license to use certain food-related patents, trade secrets and know-how in specific categories in North America. Kellogg ParentCo will also grant to us a perpetual, irrevocable, and royalty-free license to use certain non-food related patents, trade secrets and know-how, and other intellectual property rights applicable generally to business process and information technology systems, in WK Kellogg Co's business.

*Policy and Procedures Governing Related Person Transactions*

Prior to the completion of the Spin-Off, we intend to adopt a policy with respect to the review, approval and ratification of related party transactions. Under the policy, our Nominating and Governance Committee is responsible for reviewing and approving related person transactions. In the course of its review and approval of related person transactions, our Nominating and Governance Committee will consider the relevant facts and circumstances to decide whether to approve such transactions. In particular, our policy requires our Nominating and Governance Committee to consider, among other factors it deems appropriate:

- the related person's relationship to us and interest in the transaction;
- the material facts of the proposed transaction, including the proposed aggregate value of the transaction;
- the impact on a director's independence in the event the related person is a director or an immediate family member of the director;
- the benefits to us of the proposed transaction;
- if applicable, the availability of other sources of comparable products or services; and
- an assessment of whether the proposed transaction is on terms that are comparable to the terms available to an unrelated third party or to employees generally.

The Nominating and Governance Committee may only approve those transactions that are in, or are not inconsistent with, our best interests and those of our shareholders, as the Nominating and Governance Committee determines in good faith.

In addition, under our code of business conduct and ethics, which will be adopted prior to the completion of the Spin-Off, our employees and directors will have an affirmative responsibility to disclose any transaction or relationship that reasonably could be expected to give rise to a conflict of interest.

All of the transactions described herein were entered into prior to the adoption of WK Kellogg Co's written related party transactions policy (which policy will be adopted prior to the consummation of this offering), but all were approved by our Board considering similar factors to those described above.



## DESCRIPTION OF OUR CAPITAL STOCK

### General

Immediately following the Spin-Off, our authorized capital stock will consist of 1,000,000,000 shares of common stock, \$0.0001 par value, and 50,000,000 shares of preferred stock, \$0.0001 par value. Immediately following the Spin-Off, we estimate that approximately 85,595,123 shares of our common stock will be issued and outstanding, based on the approximately 342,380,495 shares of Kellogg ParentCo common stock outstanding as of August 1, 2023. The actual number of shares of our common stock outstanding immediately following the Spin-Off will depend on the actual number of shares of Kellogg ParentCo common stock outstanding on the Record Date and will reflect any issuance of new shares or exercise of outstanding options pursuant to Kellogg ParentCo's equity plans. The issued and outstanding shares of our common stock are fully paid and non-assessable, and the shares of common stock to be issued upon completion of the Distribution will be fully paid and non-assessable.

In connection with the Distribution, we will amend and restate our certificate of incorporation and bylaws. The following summary describes certain provisions of our amended and restated certificate of incorporation and amended and restated bylaws relating to our capital stock. This summary is qualified in its entirety by reference to our amended and restated certificate of incorporation and amended and restated bylaws, the forms of which have been filed as exhibits to the Registration Statement of which this Information Statement is a part.

### Common Stock

#### *Voting Rights*

Each shareholder shall be entitled to one (1) vote for each share of our common stock held on all matters to be voted upon. Our amended and restated bylaws will contain a majority voting standard for the election of directors in an uncontested election (that is, an election where the number of nominees is equal to the number of seats open). In an uncontested election, each nominee must be elected by the vote of a majority of the votes cast. A "majority of the votes cast" means the number of votes cast "for" a director's election must exceed the number of votes cast "against" (excluding abstentions). However, if there are more nominees for election than the number of directors to be elected, directors will be elected by a plurality of the votes cast on the election of directors at a shareholder meeting at which a quorum is present.

#### *Dividends*

Subject to preferences that may apply to shares of preferred stock outstanding at that time, holders of outstanding shares of common stock will be entitled to receive dividends out of assets legally available at the times and in the amounts as our Board may determine from time to time.

#### *Preemptive Rights*

Our common stock will not be entitled to preemptive or other similar subscription rights to purchase any of our securities.

#### *Conversion or Redemption Rights*

Our common stock will be neither convertible nor redeemable.

#### *Liquidation Rights*

Upon our liquidation, the holders of our common stock will be entitled to receive pro rata our assets that are legally available for distribution, after payment of all debts and other liabilities and subject to the prior rights of any holders of preferred stock then outstanding.

## **Preferred Stock**

Our Board may, without further action by our shareholders, from time to time, direct the issuance of shares of preferred stock in series and may, at the time of issuance, determine the designations, powers, preferences, privileges, and relative, participating, optional or special rights as well as the qualifications, limitations or restrictions thereof, including dividend rights, conversion rights, voting rights, terms of redemption and liquidation preferences, any or all of which may be greater than the rights of the common stock. Satisfaction of any dividend preferences of outstanding shares of preferred stock would reduce the amount of funds available for the payment of dividends on shares of our common stock. Holders of shares of preferred stock may be entitled to receive a preference payment in the event of our liquidation before any payment is made to the holders of shares of our common stock. Under certain circumstances, the issuance of shares of preferred stock may render more difficult or tend to discourage a merger, tender offer or proxy contest, the assumption of control by a holder of a large block of our securities or the removal of incumbent management. Upon the affirmative vote of a majority of the total number of directors then in office, our Board, without shareholder approval, may issue shares of preferred stock with voting and conversion rights which could adversely affect the holders of shares of our common stock and the market value of our common stock.

## **Anti-Takeover Effects of Our Amended and Restated Certificate of Incorporation and Amended and Restated Bylaws and Delaware Law**

Our certificate of incorporation, bylaws and the DGCL will contain provisions, which are summarized in the following paragraphs, that are intended to enhance the likelihood of continuity and stability in the composition of our Board. These provisions are intended to avoid costly takeover battles, reduce our vulnerability to a hostile change of control and enhance the ability of our Board to maximize shareholder value in connection with any unsolicited offer to acquire us. However, these provisions may have an anti-takeover effect and may delay, deter or prevent a merger or acquisition of WK Kellogg Co by means of a tender offer, a proxy contest or other takeover attempt that a shareholder might consider in its best interest, including those attempts that might result in a premium over the prevailing market price for the shares of common stock held by shareholders.

These provisions include:

### *Classified Board and Removal of Directors*

Upon completion of the Spin-Off, our Board will initially be divided into three classes, with the classes as nearly equal in number as possible. The directors designated as Class I directors will have terms expiring at the first annual meeting of shareholders following the Distribution, which we expect to hold in 2024. The directors designated as Class II directors will have terms expiring at the following year's annual meeting of shareholders, which we expect to hold in 2025, and the directors designated as Class III directors will have terms expiring at the following year's annual meeting of shareholders, which we expect to hold in 2026. Commencing with the first annual meeting of shareholders following the Distribution, directors elected to succeed those directors whose terms then expire shall be elected for a term of office to expire at the third annual meeting of shareholders. Beginning at the third annual meeting of shareholders following the Distribution, which we expect to hold in 2026, all of our directors will stand for election each year for one-year terms, and our Board will therefore no longer be divided into three classes.

Subject to the rights of the holders of any particular class or series of equity securities, any director may be removed only for cause and only by the affirmative vote of the holders of not less than a majority of the voting power of all shares of voting stock, voting together as a single class, at any regular or special meeting of the shareholders, subject to any requirement for a larger vote contained in the DGCL.

Beginning at the third annual meeting of shareholders following the Distribution, directors may be removed with or without cause upon the affirmative vote of shareholders representing a majority of the voting power of the then outstanding shares of capital stock of WK Kellogg Co then entitled to vote thereon.

*Size of Board of Directors and Vacancies*

Our amended and restated certificate of incorporation will provide that the number of directors shall be not less than six nor more than fifteen, the exact number of directors to be fixed from time-to-time by a resolution adopted by a majority of the Board. Subject to the rights of the holders of any particular class or series of equity securities, any newly created directorship on our Board that results from an increase in the number of directors and any vacancies on our Board will be filled only by the affirmative vote of a majority of the remaining directors, even if less than a quorum, or by a sole remaining director, and may not be filled by any other person or persons. If the Board is classified, any director elected to fill a vacancy shall be of the same class as his or her predecessor.

*No Shareholder Action by Written Consent*

Our amended and restated certificate of incorporation will provide that any shareholder action may be effected only at a duly called annual or special meeting of shareholders and may not be effected by a written consent or consents by shareholders in lieu of such a meeting.

*Amendment of Our Amended and Restated Bylaws*

Except to the extent otherwise provided in our amended and restated certificate of incorporation, our amended and restated bylaws may only be amended (i) by the affirmative vote of the holders of not less than a majority of the voting power of all shares of the voting stock, voting together as a single class, at any regular or special meeting of the shareholders (but only if notice of the proposed change be contained in the notice to the shareholders of the proposed action) or (ii) by the affirmative vote of not less than a majority of the members of the Board at any meeting of the Board at which there is a quorum present and voting.

*Amendment of Our Amended and Restated Certificate of Incorporation*

The amended and restated certificate of incorporation shall be subject to alteration, amendment or repeal and new provisions thereof may be adopted by the affirmative vote of the holders of not less than a majority of the outstanding shares of voting stock, voting together as a single class, at any regular or special meeting of the shareholders (but only if notice of the proposed change be contained in the notice to the shareholders of the proposed meeting).

*Shareholder Meetings*

Our amended and restated certificate of incorporation and amended and restated bylaws will provide that, except as otherwise required by law, if any, a special meeting of our shareholders may be called only (i) by such number of directors constituting not less than two-thirds of the full Board, (ii) by the Chairman of our Board or (iii) by the Chairman of the Board, at the written request of one or more shareholders that collectively own at least 20% of the outstanding shares of capital stock of WK Kellogg Co entitled to vote on the matter for which such meeting is to be called.

No business other than that stated in the notice of a special meeting of shareholders shall be transacted at such special meeting.

*Requirements for Advance Notification of Shareholder Nominations and Proposals*

Our amended and restated bylaws will establish an advance notice procedure for shareholder proposals to be brought before an annual meeting of our shareholders, including proposed nominations of persons for election to our Board. Shareholders at an annual meeting will only be able to consider proposals or nominations specified in the notice of meeting or brought before the meeting by or at the direction of our Board or by a shareholder who was a shareholder of record on the record date for the meeting, who is entitled to vote at the meeting and who has given our corporate secretary timely written notice, in proper form, of the shareholder's intention to bring that

business before the meeting. Although the amended and restated bylaws will not give our Board the power to approve or disapprove shareholder nominations of candidates or proposals regarding other business to be conducted at a special or annual meeting, the amended and restated bylaws may have the effect of precluding the conduct of certain business at a meeting if the proper procedures are not followed or may discourage or deter a potential acquirer from conducting a solicitation of proxies to elect its own slate of directors or otherwise attempting to obtain control of WK Kellogg Co.

Only such persons who are nominated in accordance with the procedures set forth in our amended and restated bylaws shall be eligible to serve as directors and only such business shall be conducted at a meeting of shareholders as shall have been brought before the meeting in accordance with the procedures that will be set forth in our amended and restated bylaws. Except as otherwise required by our governing documents, the chairman of the meeting shall have the power and duty to determine whether a nomination or any business proposed to be brought before the meeting was made or proposed in accordance with the procedures that will be set forth in our amended and restated bylaws and, if any proposed nomination or business is not in compliance with our amended and restated bylaws, to declare that such defective proposal or nomination shall be disregarded.

#### *Authorized but Unissued Shares*

Our authorized but unissued shares of common stock and preferred stock will be available for future issuance without shareholder approval, subject to stock exchange rules. These additional shares may be utilized for a variety of corporate purposes, including future public offerings to raise additional capital, corporate acquisitions and employee benefit plans. One of the effects of the existence of authorized but unissued common stock or preferred stock may be to enable our Board to issue shares to persons friendly to current management, which issuance could render more difficult or discourage an attempt to obtain control of WK Kellogg Co by means of a merger, tender offer, proxy contest or otherwise, and thereby protect the continuity of our management and possibly deprive our shareholders of opportunities to sell their shares of common stock at prices higher than prevailing market prices.

#### *Delaware Anti-Takeover Law*

Our amended and restated certificate of incorporation will subject us to Section 203 of the DGCL.

In general, Section 203 of the DGCL prohibits a publicly-held Delaware corporation from engaging in a business combination with an interested shareholder for a period of three years following the date the person became an interested shareholder, unless the business combination or the transaction in which the person became an interested shareholder is approved in a prescribed manner. Generally, a “business combination” includes a merger, asset or stock sale, or other transaction resulting in a financial benefit to the interested shareholder. Generally, an “interested shareholder” is a person that together with affiliates and associates owns or within three years prior to the determination of interested shareholder status did own 15% or more of a corporation’s voting stock. This may have an anti-takeover effect with respect to transactions not approved in advance by our Board, including discouraging attempts that might result in a premium over the market price for the shares of our common stock.

#### **Dissenters’ Rights of Appraisal and Payment**

Under the DGCL, with certain exceptions, our shareholders will have appraisal rights in connection with a merger or consolidation of us. Pursuant to the DGCL, shareholders who properly request and perfect appraisal rights in connection with such merger or consolidation will have the right to receive payment of the fair value of their shares as determined by the Delaware Court of Chancery.

### **Shareholders' Derivative Actions**

Under the DGCL, any of our shareholders may bring an action in our name to procure a judgment in our favor, also known as a derivative action, provided that the shareholder bringing the action is a holder of our shares at the time of the transaction to which the action relates or such shareholder's stock thereafter devolved by operation of law.

### **Exclusive Forum**

Our amended and restated certificate of incorporation will provide that, unless we consent in writing to the selection of an alternative forum, the Court of Chancery of the State of Delaware, to the fullest extent permitted by law, will be the sole and exclusive forum for (1) any derivative action or proceeding brought on our behalf, (2) any action asserting a claim of breach of a fiduciary duty by, or other wrongdoing by, any of our current or former directors, officers or shareholders to us or our shareholders, or a claim of aiding and abetting any such breach of fiduciary duty, (3) any action asserting a claim against WK Kellogg Co or any of its directors, officers or shareholders arising pursuant to any provision of the DGCL, our amended and restated certificate of incorporation or our amended and restated bylaws, (4) any action to interpret, apply, enforce or determine the validity of our amended and restated certificate of incorporation or amended and restated bylaws; (5) any action asserting a claim against WK Kellogg Co or any of its directors, officers, or shareholders that is governed by the internal affairs doctrine, or (6) any action asserting an "internal corporate claim" as that term is defined in Section 115 of the DGCL. These exclusive forum provisions will apply to all covered actions, including any covered action in which the plaintiff chooses to assert a claim or claims under federal law in addition to a claim or claims under Delaware law. These exclusive forum provisions, however, will not apply to actions asserting claims under the Securities Act or the Exchange Act or any other claim for which the federal courts have exclusive jurisdiction, regardless of whether the Court of Chancery of the State of Delaware has jurisdiction over those claims. Unless we consent in writing to the selection of an alternative forum, the federal district courts of the United States shall be the sole and exclusive forum for the resolution of any complaint asserting a cause of action arising under the Securities Act against us or any of our directors, officers, employees or agents. Any person or entity purchasing or otherwise acquiring any interest in shares of our capital stock will be deemed to have notice of and to have consented to the provisions of our amended and restated certificate of incorporation described above. Although we believe these provisions benefit us by providing increased consistency in the application of Delaware law for the specified types of actions and proceedings, the provisions may have the effect of discouraging lawsuits against us or our directors and officers.

### **Limitations on Liability and Indemnification of Officers and Directors**

The DGCL authorizes corporations to limit or eliminate the personal liability of directors and officers to corporations and their shareholders for monetary damages for breaches of fiduciary duties as a director or officer, subject to certain exceptions. Our amended and restated certificate of incorporation will include a provision that eliminates the personal liability of directors or officers for monetary damages for any breach of fiduciary duty as a director or officer, as applicable, except to the extent such exemption from liability or limitation thereof is not permitted under the DGCL as presently in effect or as the same may be amended. The effect of these provisions will be to eliminate the rights of us and our shareholders, through shareholders' derivative suits on our behalf, to recover monetary damages from a director for breach of fiduciary duty as a director or from an officer for breach of fiduciary duty as an officer, including breaches resulting from grossly negligent behavior. However, exculpation will not apply to any director or officer if the director or officer has acted in bad faith, knowingly or intentionally violated the law, authorized illegal dividends or redemptions or derived an improper benefit from his or her actions as a director or officer, as applicable.

Our amended and restated bylaws will provide that we must indemnify and advance expenses to our directors and officers to the fullest extent authorized by the DGCL. We also will be expressly authorized to carry directors' and officers' liability insurance providing indemnification for our directors, officers and certain employees for

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some liabilities. We believe that these indemnification and advancement provisions and insurance will be useful to attract and retain qualified directors and officers.

The limitation of liability, indemnification and advancement provisions that will be included in our amended and restated certificate of incorporation and amended and restated bylaws may discourage shareholders from bringing a lawsuit against directors and officers for breaches of their fiduciary duty. These provisions also may have the effect of reducing the likelihood of derivative litigation against directors and officers, even though such an action, if successful, might otherwise benefit us and our shareholders. In addition, your investment may be adversely affected to the extent we pay the costs of settlement and damage awards against directors and officers pursuant to these indemnification provisions.

There is currently no pending material litigation or proceeding involving any of our directors, officers or employees for which indemnification is sought.

**Transfer Agent and Registrar**

The transfer agent and registrar for our common stock will be Broadridge.

**Listing**

We intend to list our common stock on the NYSE under the symbol “KLG.”

## DESCRIPTION OF MATERIAL INDEBTEDNESS

In connection with the Spin-Off, we expect to enter into a Credit Agreement (the “Credit Agreement”), consisting of a \$500 million term loan, \$250 million delayed draw term loan and \$350 million multicurrency revolving credit facility (collectively, the “Credit Facility”). We currently intend to use the net proceeds from these borrowings to finance ongoing working capital needs and for general corporate purposes and a portion of the term loans will be used to make a cash distribution to Kellogg ParentCo and to pay fees and expenses related to the Spin-Off and Credit Facility.

The Credit Facility is expected to mature five years from the closing date thereof. Interest on the loans under the Credit Agreement is expected to be calculated by reference to SOFR and an alternative base rate, plus an interest rate margin equal to (x) in the case of SOFR loans, 1.75% and (y) in the case of alternate base rate loans, 0.75%, each with related step-ups and step-downs based on WK Kellogg Co’s consolidated net leverage ratio.

It is expected that the Credit Facility will provide that WK Kellogg Co will have the right at any time, subject to customary conditions, to request incremental term loans or an increase to the revolving credit facility in an aggregate principal amount of (i) up to the greater of (x) \$250 million and (y) 100% of Consolidated EBITDA for the preceding four fiscal quarters of WK Kellogg Co. Any such addition of or increase in loans will be subject to certain customary conditions precedent and other provisions.

The Credit Facility is expected to contain customary mandatory prepayments, including with respect to asset sale proceeds and proceeds from certain incurrences of indebtedness. It is expected that WK Kellogg Co may voluntarily repay outstanding loans under the Credit Facility at any time without premium or penalty.

The Credit Facility is expected to amortize in equal quarterly installments in an aggregate annual amount equal to 2.50% in year one, 5.00% in year two and three, 7.50% in year four and 10.00% in year five, of the original principal amount thereon, with the balance being payable on the date that is five years after the closing of the Credit Facility.

Our obligations under the Credit Facility (collectively, “Credit Facility Obligations”) are expected to be guaranteed (the “Credit Facility Guarantees”) by our existing and future direct and indirect subsidiaries of WK Kellogg Co (in such capacity, the “Credit Facility Guarantors”). The Credit Facility Obligations are expected to be secured by first priority liens on substantially all assets, subject to customary exceptions, of WK Kellogg Co and the Credit Facility Guarantors. The Credit Facility Guarantee and security interest of a Credit Facility Guarantor may be released where such Credit Facility Guarantor ceases to be a consolidated subsidiary of us pursuant to a transaction permitted under the Credit Facility. The Credit Facility is expected to contain various covenants, including, for example, those that restrict our ability and the ability of our consolidated subsidiaries to incur certain types of indebtedness or to grant certain liens on their respective property or assets.

## WHERE YOU CAN FIND MORE INFORMATION

We have filed a Registration Statement with the SEC with respect to the shares of our common stock that Kellogg ParentCo's shareholders will receive in the Distribution as contemplated by this Information Statement. This Information Statement is a part of and does not contain all of the information set forth in the Registration Statement and the other exhibits and schedules to the Registration Statement. For further information with respect to us and our common stock, please refer to the Registration Statement, including its other exhibits and schedules. Statements we make in this Information Statement relating to any contract or other document are not necessarily complete, and you should refer to the exhibits attached to the Registration Statement for copies of the actual contract or document. You may review a copy of the Registration Statement, including its exhibits and schedules, on the Internet Web site maintained by the SEC at [www.sec.gov](http://www.sec.gov). Information contained on any Web site we refer to in this Information Statement does not and will not constitute a part of this Information Statement or the Registration Statement of which this Information Statement is a part.

As a result of the Spin-Off, we will become subject to the information and reporting requirements of the Exchange Act and, in accordance with the Exchange Act, we will file periodic reports, proxy statements and other information with the SEC.

You may request a copy of any of our filings with the SEC at no cost by writing or telephoning us at the following address:

Investor Relations  
WK Kellogg Co  
One Kellogg Square  
Battle Creek, Michigan 49016



North American Cereal Business of Kellogg Company

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## Report of Independent Registered Public Accounting Firm

To the Board of Directors and Shareholders of Kellogg Company

### ***Opinion on the Financial Statements***

We have audited the accompanying combined balance sheets of North American Cereal Business of Kellogg Company (the “Company”) as of December 31, 2022 and January 1, 2022, and the related combined statements of operations, comprehensive (loss) income, equity and cash flows for each of the three years in the period ended December 31, 2022, including the related notes (collectively referred to as the “combined financial statements”). In our opinion, the combined financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2022 and January 1, 2022, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2022 in conformity with accounting principles generally accepted in the United States of America.

### ***Basis for Opinion***

These combined financial statements are the responsibility of the Company’s management. Our responsibility is to express an opinion on the Company’s combined financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits of these combined financial statements in accordance with the standards of the PCAOB and in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the combined financial statements are free of material misstatement, whether due to error or fraud.

Our audits included performing procedures to assess the risks of material misstatement of the combined financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the combined financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the combined financial statements. We believe that our audits provide a reasonable basis for our opinion.

### ***Critical Audit Matters***

The critical audit matter communicated below is a matter arising from the current period audit of the combined financial statements that was communicated or required to be communicated to the audit committee and that (i) relates to accounts or disclosures that are material to the combined financial statements and (ii) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the combined financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

### ***Revenue Recognition—Trade Promotions***

As described in Note 2 to the combined financial statements, the Company offers various forms of trade promotions and the methodologies for determining these provisions are dependent on local customer pricing and promotional practices, which range from contractually fixed percentage price reductions to provisions based on actual occurrence or performance. Where applicable, future provisions are estimated by management based on a combination of historical patterns and future expectations regarding specific in-market product performance. The

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costs of the promotional activities are generally recognized at the time the related revenue is recorded, which normally precedes the actual cash expenditure. Management classifies promotional expenditures, which includes trade promotions, to its customers in net sales, which was approximately \$2,695 million for the year ended December 31, 2022. The liability associated with these trade promotions makes up a significant portion of accrued advertising and promotion, which was \$103 million as of December 31, 2022.

The principal considerations for our determination that performing procedures relating to revenue recognition - trade promotions is a critical audit matter are a high degree of auditor effort in performing procedures and evaluating audit evidence related to the trade promotions and accrued trade promotion transactions.

Addressing the matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the combined financial statements. These procedures included testing the effectiveness of controls relating to the trade promotions and accrued trade promotions. These procedures also included, among others, evaluating a sample of trade promotions and accrued trade promotion transactions by obtaining and inspecting source documents, including subsequent cash receipts from customers, invoices and invoice credits related to promotional programs, and customer arrangements or promotional practices, where applicable.

/s/ PricewaterhouseCoopers LLP  
Detroit, Michigan  
June 16, 2023

We have served as the Company's auditor since 2022.

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North American Cereal Business of Kellogg Company

**COMBINED STATEMENT OF OPERATIONS**

| <u>(millions)</u>                           | <u>2022</u>    | <u>2021</u>   | <u>2020</u>   |
|---|----------------|---------------|---------------|
| <b>Net sales</b>                            | \$2,695        | \$2,460       | \$2,867       |
| Cost of goods sold                          | 2,064          | 1,884         | 2,032         |
| Selling, general and administrative expense | 556            | 539           | 639           |
| <b>Operating profit</b>                     | \$ 75          | \$ 37         | \$ 196        |
| Other income (expense), net                 | (101)          | 177           | 46            |
| <b>(Loss) income before income taxes</b>    | \$ (26)        | \$ 214        | \$ 242        |
| Income tax expense (benefit)                | (1)            | 52            | 60            |
| <b>Net (loss) income</b>                    | <u>\$ (25)</u> | <u>\$ 162</u> | <u>\$ 182</u> |

Refer to Notes to Combined Financial Statements.

**COMBINED STATEMENT OF COMPREHENSIVE (LOSS) INCOME**

| <u>(millions)</u>                  | <u>2022</u>           |                              |                         | <u>2021</u>           |                              |                         | <u>2020</u>           |                              |                         |
|------------------------------------|-----------------------|------------------------------|-------------------------|-----------------------|------------------------------|-------------------------|-----------------------|------------------------------|-------------------------|
|                                    | <u>Pre-tax amount</u> | <u>Tax (expense) benefit</u> | <u>After-tax amount</u> | <u>Pre-tax amount</u> | <u>Tax (expense) benefit</u> | <u>After-tax amount</u> | <u>Pre-tax amount</u> | <u>Tax (expense) benefit</u> | <u>After-tax amount</u> |
| Net (loss) income                  | \$ (26)               | \$ 1                         | \$ (25)                 | \$ 214                | \$ (52)                      | \$ 162                  | \$ 242                | \$ (60)                      | \$ 182                  |
| Other comprehensive (loss) income: |                       |                              |                         |                       |                              |                         |                       |                              |                         |
| Foreign currency translation       | \$ (1)                | \$ —                         | \$ (1)                  | \$ —                  | \$ 1                         | \$ 1                    | \$ (1)                | \$ (1)                       | \$ (2)                  |
| <b>Comprehensive (loss) income</b> | <u>\$ (27)</u>        | <u>\$ 1</u>                  | <u>\$ (26)</u>          | <u>\$ 214</u>         | <u>\$ (51)</u>               | <u>\$ 163</u>           | <u>\$ 241</u>         | <u>\$ (61)</u>               | <u>\$ 180</u>           |

Refer to Notes to Combined Financial Statements.

## North American Cereal Business of Kellogg Company

**COMBINED BALANCE SHEET**

| <u>(millions)</u>                              | <u>2022</u>           | <u>2021</u>           |
|--|-----------------------|-----------------------|
| <b>Current assets</b>                          |                       |                       |
| Cash and cash equivalents                      | \$ —                  | \$ —                  |
| Accounts receivable, net                       | 229                   | 155                   |
| Inventories, net                               | 431                   | 330                   |
| Other current assets                           | 10                    | 16                    |
| <b>Total current assets</b>                    | <b>\$ 670</b>         | <b>\$ 501</b>         |
| Property, net                                  | 645                   | 619                   |
| Goodwill                                       | 53                    | 53                    |
| Other intangibles                              | 57                    | 57                    |
| Other assets                                   | 11                    | 14                    |
| <b>Total assets</b>                            | <b><u>\$1,436</u></b> | <b><u>\$1,244</u></b> |
| <b>Current liabilities</b>                     |                       |                       |
| Accounts payable                               | 473                   | \$ 373                |
| Due to related parties                         | 11                    | 11                    |
| Accrued advertising and promotion              | 103                   | 82                    |
| Accrued salaries and wages                     | 32                    | 21                    |
| Other current liabilities                      | 47                    | 73                    |
| <b>Total current liabilities</b>               | <b>\$ 666</b>         | <b>\$ 560</b>         |
| <b>Deferred income taxes</b>                   | <b>63</b>             | <b>83</b>             |
| <b>Non-pension postretirement liability</b>    | <b>15</b>             | <b>21</b>             |
| <b>Other liabilities</b>                       | <b>5</b>              | <b>10</b>             |
| <b>Commitments and contingencies (Note 12)</b> |                       |                       |
| <b>Equity</b>                                  |                       |                       |
| Net parent investment                          | 725                   | 607                   |
| Accumulated other comprehensive (loss) income  | (38)                  | (37)                  |
| <b>Total equity</b>                            | <b>\$ 687</b>         | <b>\$ 570</b>         |
| <b>Total liabilities and equity</b>            | <b><u>\$1,436</u></b> | <b><u>\$1,244</u></b> |

Refer to Notes to Combined Financial Statements.

North American Cereal Business of Kellogg Company

**COMBINED STATEMENT OF EQUITY**

| <u>(millions)</u>                             | <u>Net parent investment</u> | <u>Accumulated other<br/>comprehensive (loss) income</u> | <u>Total equity</u> |
|---|------------------------------|--|---------------------|
| Balance, December 28, 2019                    | \$ 595                       | \$ (36)  | \$ 559              |
| Net (loss) income                             | 182                          | —  | 182                 |
| Net transfer (to)/from parent                 | (245)                        | —  | (245)               |
| Other comprehensive (loss) income, net of tax | —                            | (2)  | (2)                 |
| <b>Balance, January 2, 2021</b>               | <b>\$ 532</b>                | <b>\$ (38)</b>   | <b>\$ 494</b>       |
| Net (loss) income                             | 162                          | —  | 162                 |
| Net transfer (to)/from parent                 | (87)                         | —  | (87)                |
| Other comprehensive (loss) income, net of tax | —                            | 1  | 1                   |
| <b>Balance, January 1, 2022</b>               | <b>\$ 607</b>                | <b>\$ (37)</b>   | <b>\$ 570</b>       |
| Net (loss) income                             | (25)                         | —  | (25)                |
| Net transfer (to)/from parent                 | 143                          | —  | 143                 |
| Other comprehensive (loss) income, net of tax | —                            | (1)  | (1)                 |
| <b>Balance, December 31, 2022</b>             | <b>\$ 725</b>                | <b>\$ (38)</b>   | <b>\$ 687</b>       |

Refer to Notes to Combined Financial Statements.

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North American Cereal Business of Kellogg Company

**COMBINED STATEMENT OF CASH FLOWS**

| <u>(millions)</u>  | <u>2022</u>    | <u>2021</u>    | <u>2020</u>    |
|--|----------------|----------------|----------------|
| <b>OPERATING ACTIVITIES</b>  |                |                |                |
| Net (loss) income  | \$ (25)        | \$ 162         | \$ 182         |
| Adjustments to reconcile net (loss) income to net cash provided by operating activities: |                |                |                |
| Depreciation   | 68             | 68             | 69             |
| Deferred income taxes  | (15)           | 13             | 4              |
| Stock compensation   | 3              | 2              | 2              |
| Pension and postretirement plan expense (benefit)  | 112            | (157)          | (31)           |
| Other  | 1              | —              | 3              |
| Postretirement benefit plan contributions  | (1)            | (1)            | (1)            |
| Changes in operating assets and liabilities  |                |                |                |
| Trade receivables  | (74)           | 61             | 25             |
| Inventories  | (102)          | (50)           | 22             |
| Accounts payable   | 77             | (53)           | 2              |
| Due to / from related parties  | —              | (3)            | 4              |
| Accrued advertising and promotion  | 23             | (40)           | 16             |
| Accrued salaries and wages   | 7              | (4)            | 3              |
| Other current assets and liabilities   | (21)           | 9              | 3              |
| <b>Net cash provided by operating activities</b>   | <b>\$ 53</b>   | <b>\$ 7</b>    | <b>\$ 303</b>  |
| <b>INVESTING ACTIVITIES</b>  |                |                |                |
| Additions to properties  | \$ (71)        | \$ (75)        | \$ (87)        |
| <b>Net cash (used in) investing activities</b>   | <b>\$ (71)</b> | <b>\$ (75)</b> | <b>\$ (87)</b> |
| <b>FINANCING ACTIVITIES:</b>   |                |                |                |
| Net transfers from (to) parent   | \$ 18          | \$ 68          | \$(216)        |
| <b>Net cash provided by (used in) financing activities</b>                               | <b>\$ 18</b>   | <b>\$ 68</b>   | <b>\$(216)</b> |
| Effect of exchange rate changes on cash and cash equivalents                             | —              | —              | —              |
| Increase (decrease) in cash and cash equivalents   | \$ —           | \$ —           | \$ —           |
| Cash and cash equivalents at beginning of period   | —              | —              | —              |
| <b>Cash and cash equivalents at end of period</b>  | <b>\$ —</b>    | <b>\$ —</b>    | <b>\$ —</b>    |
| <b>Supplemental cash flow disclosures of non-cash investing activities</b>               |                |                |                |
| Additions to properties included in accounts payable                                     | \$ 38          | \$ 13          | \$ 34          |

Refer to Notes to Combined Financial Statements.

North American Cereal Business of Kellogg Company

## NOTES TO COMBINED FINANCIAL STATEMENTS

### NOTE 1

#### DESCRIPTION OF THE COMPANY AND BASIS OF PRESENTATION

##### Description of the Company

On June 21, 2022, Kellogg Company (“Kellogg ParentCo”) announced its intent to separate its North American Cereal Business (“Cereal Business”) via a tax-free spin-off, resulting in the creation of a new independent public company. The Cereal Business consists of the business and operations conducted by Kellogg ParentCo in North America prior to Kellogg ParentCo’s distribution of the shares of our common stock to its shareholders relating to (i) the development, production, packaging, distribution, marketing, licensing or sale of ready-to-eat cereal, hot cereal, muesli, and granola (other than *RXBAR*-branded granola), cereal-based snacks and cookies (other than *Rice Krispies*-branded snacks and *Special K*-branded cookies) and other food and beverage products produced under certain cereal brands and (ii) the licensing of certain brands and related trademarks within North America to unaffiliated third parties for non-food and beverage applications. Our products are manufactured by us in the United States, Mexico and Canada and marketed in the United States, Canada and the Caribbean.

To effect the separation, Kellogg ParentCo intends to execute a tax-free spinoff of the Cereal Business by way of a pro-rata distribution of common stock of WK Kellogg Co, a newly formed Delaware corporation incorporated in November 2022, to Kellogg ParentCo’s shareholders of record as of the spin-off transaction record date (the “Spin-off”). Kellogg ParentCo, directly or through its subsidiaries, holds both the Kellogg ParentCo Business, the Cereal Business and WK Kellogg Co. In connection with the Spin-off, Kellogg ParentCo will undertake a series of internal reorganization transactions so that WK Kellogg Co will hold the Cereal Business assets, liabilities and operations directly and separately from the Kellogg ParentCo Business assets, liabilities and operations. Following these steps, WK Kellogg Co will hold only the Cereal Business assets, liabilities and operations. WK Kellogg Co will be the reporting entity and will ultimately serve as the parent company for the business to be divested by Kellogg ParentCo.

The accompanying Combined Financial Statements represent the assets, liabilities and operations related to the Cereal Business to be transferred to WK Kellogg Co as well as the assets, liabilities and operations of WK Kellogg Co. The Cereal Business to be transferred from Kellogg ParentCo to WK Kellogg Co and the results of WK Kellogg Co are referred to throughout these Combined Financial Statements as “WK Kellogg Co,” “the Company,” “we,” “us” or “our”.

WK Kellogg Co is a leader in cereal in the U.S., Canada, and Caribbean, with beloved brands, a heritage of innovation, and more than a century of operational success. The business is focused on ready-to-eat cereal in the U.S., Canada, and Caribbean. Iconic brands used in our business include *Frosted Flakes*, *Special K*, *Froot Loops*, *Raisin Bran*, *Frosted Mini-Wheats*, *Rice Krispies*, *Kashi*, *Corn Flakes* and *Apple Jacks*, among many others.

The Company’s fiscal year normally ends on the Saturday closest to December 31 and as a result, a 53rd week is added approximately every sixth year. The Company’s 2022 and 2021 fiscal years each contained 52 weeks and ended on December 31, 2022, and January 1, 2022 respectively. The Company’s 2020 fiscal year ended on January 2, 2021 and included a 53rd week. While quarters normally consist of 13-week periods, the fourth quarter of fiscal 2020 included a 14th week.

Our cash is managed centrally at the Kellogg ParentCo level and as such, cash management decisions by Kellogg ParentCo have an impact on our Combined Financial Statements. The cash and cash equivalents held by Kellogg ParentCo at the corporate level are not specifically identifiable to us and, therefore, have not been reflected in our Combined Financial Statements. As a result of our participation in Kellogg ParentCo’s cash management arrangement, we do not hold our own cash and do not have access to any of Kellogg ParentCo’s credit facilities as a source of additional liquidity. Accordingly, these events and conditions can result in a net working capital



deficit (i.e., total current liabilities in excess of total current assets) at the end of certain reporting periods. To alleviate such conditions, Kellogg ParentCo has committed that it will provide financial assistance to WK Kellogg Co, as determined by Kellogg ParentCo, to enable the Company to continue its operations and fulfill all of its financial obligations, expiring at the earlier of the consummation of the Spin-off or December 2024. Accordingly, management believes that the financial support from Kellogg ParentCo will provide sufficient liquidity to meet the Company's projected obligations for at least twelve months.

#### **Basis of presentation**

These Combined Financial Statements were prepared on a stand-alone basis derived from the consolidated financial statements and accounting records of Kellogg ParentCo. These statements reflect the combined historical results of operations, financial position and cash flows of the Cereal Business in accordance with accounting principles generally accepted in the United States of America ("GAAP").

These Combined Financial Statements are presented as if WK Kellogg Co had been carved out of Kellogg ParentCo and had been combined for all periods presented. The Combined Financial Statements include the attribution of certain assets and liabilities that have been held at Kellogg ParentCo but which are specifically identifiable or attributable to the business being transferred to WK Kellogg Co. The assets and liabilities in the carve-out financial statements have been presented on a historical cost basis.

All significant intercompany transactions within WK Kellogg Co have been eliminated. All transactions between WK Kellogg Co and Kellogg ParentCo are considered to be effectively settled in the Combined Financial Statements at the time the transaction is recorded, other than transactions stemming from commercial operations described in Note 10. The total net effect of the settlement of these intercompany transactions is reflected in the Combined Statement of Cash Flows as a financing activity and in the Combined Balance Sheets as net parent investment.

These Combined Financial Statements include expense allocations for: (1) co-manufacturing, product warehousing and distribution; (2) a combined sales force and management; (3) certain support functions that are provided on a centralized basis within Kellogg ParentCo, including, but not limited to executive oversight, treasury, finance, internal audit, legal, information technology, human resources, communications, facilities, and compliance; and (4) employee benefits and compensation, including stock based compensation. These expenses have been allocated to WK Kellogg Co on the basis of direct usage where identifiable, with the remainder allocated on a basis of gross sales value, production pounds, headcount or other applicable measures. For an additional discussion and quantification of expense allocations, see Note 10 of the Notes to the Combined Financial Statements.

Management believes the assumptions underlying these Combined Financial Statements, including the assumptions regarding allocated expenses, reasonably reflect the utilization of services provided to or the benefit received by WK Kellogg Co during the periods presented. Nevertheless, the Combined Financial Statements may not reflect the results of operations, financial position and cash flows had WK Kellogg Co been a standalone company during the periods presented. Actual costs that WK Kellogg Co may have incurred had it been a standalone company would depend on a number of factors, including the chosen organization structure, whether functions were outsourced or performed by our employees and strategic decisions made in areas such as manufacturing, selling and marketing, research and development, information technology and infrastructure.

Debt obligations and related financing costs of Kellogg ParentCo have not been included in the Combined Financial Statements of WK Kellogg Co, because WK Kellogg Co is not a party to the obligations between Kellogg ParentCo and the debt holders.

The income tax provision in the Combined Statement of Operations has been calculated as if WK Kellogg Co was operating on a standalone basis and filed separate tax returns in the jurisdiction in which it operates. Therefore, cash tax payments and items of current and deferred taxes may not be reflective of WK Kellogg Co's actual tax balances prior to or subsequent to the carve-out.

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Kellogg ParentCo maintains various benefit and combined stock-based compensation plans at a corporate level and other benefit plans at a country level. Our employees participate in such programs and the portion of the cost of those plans related to our employees is included in our financial statements. However, the Combined Balance Sheets do not include any equity issued related to stock-based compensation plans or any net benefit plan obligations unless the benefit plan covers only our dedicated employees or where the entire legal obligation associated with the benefit plan will transfer to WK Kellogg Co. Further, where WK Kellogg Co employees participate in defined benefit plans sponsored by Kellogg ParentCo that include participants of Kellogg ParentCo's other businesses, such plans are accounted for as multiemployer plans in these Combined Financial Statements.

The equity balance in these Combined Financial Statements represents the excess of total assets over total liabilities, including intercompany balances between us and Kellogg ParentCo (net parent company investment) and accumulated other comprehensive loss. Net parent company investment is primarily impacted by distributions to Kellogg ParentCo which are the result of net funding provided by or distributed to Kellogg ParentCo and treasury activity. See Note 10 for further information.

WK Kellogg Co manages its business and reports its operations in one operating and reporting segment.

## **NOTE 2**

### **ACCOUNTING POLICIES**

#### **Use of estimates**

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the periods reported. Actual results could differ from those estimates.

#### **Cash and cash equivalents**

Highly liquid investments with remaining stated maturities of three months or less when purchased are considered cash equivalents and recorded at cost. Cash is managed centrally at the Kellogg ParentCo level with certain net earnings reinvested locally and working capital requirements met from existing liquid funds. Accordingly, the cash and cash equivalents held by Kellogg ParentCo at the corporate level were not attributed to WK Kellogg Co for any of the periods presented. Only cash amounts specifically attributable to WK Kellogg Co are reflected in the Combined Balance Sheet. Such amounts were less than \$1 million for all periods. Transfers of cash, both to and from Kellogg ParentCo's centralized cash management system, are reflected as a component of Kellogg ParentCo's investment in WK Kellogg Co's Combined Balance Sheet and as a financing activity on the accompanying Combined Statement of Cash Flows.

#### **Accounts receivable**

Accounts receivable consists principally of trade receivables, which are recorded at the invoiced amount, net of allowances for expected credit losses and prompt payment discounts. Trade receivables do not bear interest. The allowance for expected credit losses represents management's estimate of the amount of probable credit losses in existing accounts receivable, as determined from a review of past due balances, historical loss information, and an evaluation of customer accounts for potential future losses. Account balances are written off against the allowance when management determines the receivable is uncollectible. For fiscal years 2022 and 2021, WK Kellogg Co did not have off-balance sheet credit exposure related to its customers. Refer to Note 3 for information on sales of accounts receivable.

#### **Inventories**

Inventories are valued at the lower of cost or net realizable value. Cost is determined on an average cost basis.

## **Property**

WK Kellogg Co's property consists mainly of plants and equipment used for manufacturing activities. These assets are recorded at cost and depreciated over estimated useful lives using straight-line methods for financial reporting and accelerated methods, where permitted, for tax reporting. Major property categories are depreciated over various periods as follows (in years): buildings 10-50; manufacturing machinery and equipment 15-30; vehicles 4-7; office furniture and fixtures 5.

Plant and equipment are reviewed for impairment when conditions indicate that the carrying value may not be recoverable. Such conditions include an extended period of idleness or a plan of disposal. Assets to be disposed of at a future date are depreciated over the remaining period of use. Assets to be sold are written down to fair value at the time the assets are being actively marketed for sale and a sale is expected to occur within one year. There were no material assets held for sale at the fiscal year-end 2022 or 2021.

## **Goodwill and other intangible assets**

Goodwill and indefinite-lived intangibles are not amortized, but are evaluated for impairment as part of Kellogg ParentCo's annual business planning cycle in the fourth quarter of each year, or when impairment indicators are present. In preparing the Combined Financial Statements, WK Kellogg Co's goodwill and indefinite-life intangible assets were evaluated for potential impairment on a standalone basis.

Annually during the fourth quarter, WK Kellogg Co may perform qualitative testing, or depending on factors such as prior-year test results, current year developments, current risk evaluations, and other practical considerations, WK Kellogg Co may instead perform a quantitative impairment test. In our quantitative testing, WK Kellogg Co compares a reporting unit's estimated fair value with its carrying value with a reporting unit's fair value being estimated using market multiples. This approach employs market multiples based on either sales or earnings before interest, taxes, depreciation and amortization for companies that are comparable to WK Kellogg Co's reporting unit. The assumptions used for the impairment test are consistent with those utilized by a market participant performing similar valuations. These estimates are made using various inputs including historical data, current and anticipated market conditions, management plans, and market comparables. If the carrying value of the reporting unit exceeds its fair value, WK Kellogg Co considers the reporting unit impaired and reduces its carrying value of goodwill such that the reporting unit's new carrying value is the estimated fair value.

Similarly, WK Kellogg Co assesses indefinite-life intangible assets impairment risk throughout the year by performing a qualitative review and assessing events and circumstances that could affect the fair value or carrying value of these intangible assets. In the event a quantitative test is performed, WK Kellogg Co compares an intangible asset's estimated fair value, determined using a relief from royalty approach, with its carrying value, with the intangible asset's fair value being determined using estimates of future cash flows to be generated from that asset based on estimates of future sales, as well as assumptions surrounding earnings growth rates, royalty rates and discount rates consistent with rates used by market participants. These estimates are made using various inputs including historical data, current and anticipated market conditions, management plans, and market comparables. If the carrying value of the asset exceeds its fair value, we consider the asset impaired and reduce its carrying value to the estimated fair value.

WK Kellogg Co does not have any definite-life intangible assets.

## **Accounts payable**

Kellogg ParentCo has agreements with third parties to provide accounts payable tracking systems which facilitate participating suppliers' ability to monitor and, if elected, sell payment obligations from Kellogg ParentCo to designated third-party financial institutions. Participating suppliers may, at their sole discretion, make offers to

sell one or more payment obligations of Kellogg ParentCo prior to their scheduled due dates at a discounted price to participating financial institutions. Kellogg ParentCo has no economic interest in the sale of these suppliers' receivables and no direct financial relationship with the financial institutions concerning these services. Kellogg ParentCo's obligations to its suppliers, including amounts due and scheduled payment dates, are not impacted by suppliers' decisions to sell amounts under the arrangements. However, Kellogg ParentCo's right to offset balances due from suppliers against payment obligations is restricted by the agreements for those payment obligations that have been sold by suppliers. As our suppliers also had the ability to participate in this program during the periods presented, the impact of this program has been included in these Combined Financial Statements.

The payment of these obligations by WK Kellogg Co is included in cash used in operating activities in the Combined Statement of Cash Flows. As of December 31, 2022, and January 1, 2022, \$138 million and \$108 million, respectively, of WK Kellogg Co's outstanding payment obligations had been placed in the accounts payable tracking system.

#### **Revenue recognition**

WK Kellogg Co recognizes sales upon delivery of its products to customers. Revenue, which includes shipping and handling charges billed to the customer, is reported net of applicable discounts, returns, allowances, and various government withholding taxes. Methodologies for determining these provisions are dependent on local customer pricing and promotional practices, which range from contractually fixed percentage price reductions to reimbursement based on actual occurrence or performance. Where applicable, future reimbursements are estimated based on a combination of historical patterns and future expectations regarding specific in-market product performance.

WK Kellogg Co recognizes revenue from the sale of food products which are sold to retailers through direct sales forces, broker and distributor arrangements. WK Kellogg Co also recognizes revenue from the license of our trademarks granted to third parties who use these trademarks on their merchandise. Revenue from these licenses is not material to WK Kellogg Co for any of the periods presented.

Contract balances recognized in the current period that are not the result of current period performance are not material to WK Kellogg Co. WK Kellogg Co also does not incur costs to obtain or fulfill contracts.

WK Kellogg Co does not adjust the promised amount of consideration for the effects of significant financing components as WK Kellogg Co expects, at contract inception, that the period between the transfer of a promised good or service to a customer and when the customer pays for that good or service will be one year or less.

WK Kellogg Co accounts for shipping and handling activities that occur before the customer has obtained control of a good as fulfillment activities recorded as an expense within cost of goods sold rather than as a promised service.

WK Kellogg Co excludes from the measurement of transaction price all taxes assessed by a governmental authority that are both imposed on and concurrent with a specific revenue-producing transaction and collected by WK Kellogg Co from a customer for sales taxes.

#### *Performance obligations*

WK Kellogg Co recognizes revenue when (or as) performance obligations are satisfied by transferring control of the goods to customers. Control is transferred upon delivery of the goods to the customer. The customer is invoiced with payment terms which are commensurate with the customer's credit profile. Shipping and/or handling costs that occur before the customer obtains control of the goods are deemed to be fulfillment activities and are accounted for as fulfillment costs.

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WK Kellogg Co assesses the goods and services promised in its customers' purchase orders and identifies a performance obligation for each promise to transfer a good or service (or bundle of goods or services) that is distinct. To identify the performance obligations, WK Kellogg Co considers all the goods or services promised, whether explicitly stated or implied based on customary business practices. For a purchase order that has more than one performance obligation, WK Kellogg Co allocates the total consideration to each distinct performance obligation on a relative standalone selling price basis.

*Significant Judgments*

WK Kellogg Co offers various forms of trade promotions and the methodologies for determining these provisions are dependent on local customer pricing and promotional practices, which range from contractually fixed percentage price reductions to provisions based on actual occurrence or performance. Where applicable, future provisions are estimated based on a combination of historical patterns and future expectations regarding specific in-market product performance.

WK Kellogg Co's promotional activities are conducted either through the retail trade or directly with consumers and include activities such as in-store displays and events, feature price discounts, consumer coupons, contests and loyalty programs. The costs of these activities are generally recognized at the time the related revenue is recorded, which normally precedes the actual cash expenditure. The recognition of these costs therefore requires management judgment regarding the volume of promotional offers that will be redeemed by either the retail trade or consumer. These estimates are made using various techniques including historical data on performance of similar promotional programs. Differences between estimated expense and actual redemptions are normally immaterial in relation to net sales and recognized as a change in management estimate in a subsequent period. The liability associated with these promotions was recorded within accrued advertising and promotion and amounted to \$103 million as of December 31, 2022 and \$82 million as of January 1, 2022.

WK Kellogg Co classifies promotional expenditures to its customers, the cost of consumer coupons, and other cash redemption offers in net sales.

**Advertising and promotion**

WK Kellogg Co expenses production costs of advertising the first time the advertising takes place. Advertising expense is classified in selling, general and administrative ("SGA") expense.

WK Kellogg Co also classifies consumer promotional expenditures in SGA expense. These promotional expenses are estimated using various techniques including historical cash expenditure and redemption experience and patterns. Differences between estimated expense and actual redemptions are normally immaterial and recognized as a change in management estimate in a subsequent period. The liability associated with these advertising and promotional activities is recorded in other current liabilities. The cost of promotional package inserts is recorded in cost of goods sold ("COGS").

**Research and development**

The costs of research and development ("R&D") are expensed as incurred and are classified in SGA expense. R&D includes expenditures for new product and process innovation, as well as significant technological improvements to existing products and processes. The Company's R&D expenditures primarily consist of internal salaries, wages, consulting, and supplies attributable to time spent on R&D activities. Other costs include depreciation and maintenance of research facilities and equipment, including assets at manufacturing locations that are temporarily engaged in pilot plant activities.

**Stock-based compensation**

Kellogg ParentCo uses stock-based compensation, including stock options, restricted stock, restricted stock units, and executive performance shares, to provide long-term performance incentives for its global workforce. As we

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receive the employee services in consideration for the participation of WK Kellogg Co's employees in these plans, stock-based compensation expense for the awards granted to our employees has been reflected in the Combined Statement of Operations.

The stock-based compensation expense has been derived from the equity awards granted by Kellogg ParentCo to our employees. Kellogg ParentCo estimates the fair value of each annual stock option award on the date of grant using a lattice-based option valuation model. The compensation expense for stock option awards that have a graded vesting schedule is recognized on a straight-line basis over the requisite service period for the entire award.

Kellogg ParentCo also grants restricted stock units, typically with a three-year cliff vesting, with fair value based on the market price of the underlying stock on the date of grant. The compensation expense for restricted stock units is recognized on a straight-line basis over the requisite service period for the entire award.

As the stock-based compensation plans are Kellogg ParentCo's plans and the awards are settled by Kellogg ParentCo, the offset to the expense has been recognized through net parent investment on the Combined Balance Sheets.

### **Income taxes**

WK Kellogg Co accounts for income taxes in accordance with the required asset and liability approach for financial accounting and reporting for income taxes. Under the asset and liability approach, deferred taxes are provided for the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. Valuation allowances are established when management determines that it is more likely than not that some portion or all of a deferred tax asset will not be realized. Deferred taxes have not been provided on the cumulative undistributed earnings of foreign subsidiaries to the extent amounts are expected to be reinvested indefinitely.

WK Kellogg Co has historically been included in the consolidated U.S. federal, foreign and certain state income tax returns of Kellogg ParentCo, where applicable. The income tax expense in our consolidated financial statements has been determined on a stand-alone return basis in accordance with *ASC Topic 740, Income Taxes*, which requires the recognition of income taxes using the liability method. The tax provision and current and deferred tax balances have been prepared on a separate-return basis as if the Company were a separate filer.

### **Derivative Instruments**

Kellogg ParentCo uses financial instruments in the management of foreign currency and commodity price risks that are inherent to its business operations. Such instruments are not held or issued for trading purposes.

WK Kellogg Co is exposed to fluctuations in foreign currency cash flows related primarily to third-party purchases and intercompany transactions. Additionally, WK Kellogg Co is exposed to volatility in the translation of foreign currency denominated earnings to U.S. dollars. Kellogg ParentCo assesses foreign currency risk based on transactional cash flows and translational volatility and may enter into forward contracts, options, and currency swaps to reduce fluctuations in long or short currency positions. Forward contracts and options are generally less than 18 months in duration.

Gains and losses representing either hedge ineffectiveness, hedge components excluded from the assessment of effectiveness, or hedges of translational exposure are recorded in the Combined Statement of Operations on the same line as the underlying hedged transaction.

WK Kellogg Co is exposed to price fluctuations primarily as a result of anticipated purchases of raw and packaging materials, fuel, and energy. Kellogg ParentCo has historically used the combination of long-term contracts with suppliers, and exchange-traded futures and option contracts to reduce price fluctuations in a desired percentage of forecasted raw material purchases over a duration of generally less than 18 months.

WK Kellogg Co has received an allocation of an appropriate share of the gains and losses of foreign currency contracts and commodity contracts that are applicable to its business operations. For the allocation of WK Kellogg Co's pro rata share of the estimated fair values of financial instruments and corresponding gains and losses, see Note 11 of the Notes to the Combined Financial Statements.

#### **Pension benefits, non-pension postretirement and postemployment benefits**

Kellogg ParentCo sponsors a number of U.S., Canadian and Mexican plans to provide pension, health care, and other welfare benefits to retired employees, as well as salary continuance, severance, and long-term disability to former or inactive employees. Certain WK Kellogg Co employees participate in defined benefit pension and postretirement plans sponsored by Kellogg ParentCo, which include participants of other Kellogg ParentCo businesses. For purposes of these Combined Financial Statements, these plans are accounted for as multiemployer plans. Accordingly, WK Kellogg Co does not record an asset or liability to recognize the funded status of these plans. However, the related pension and postretirement expenses allocated to WK Kellogg Co are based primarily on the proportion of the liabilities related to WK Kellogg Co employees in these plans.

There are also certain defined benefit pension plans that our employees participate in that are either dedicated to our employees or where the plan assets and liabilities that relate to our employees are legally required to transfer to WK Kellogg Co at the time of our separation from Kellogg ParentCo. An asset or liability is included on the Combined Balance Sheet for the funded status of such plans and the appropriate pension expense is recorded in the Combined Statement of Operations.

The recognition of benefit expense is based on actuarial assumptions, such as discount rate, long-term rate of compensation increase, long-term rate of return on plan assets and health care cost trend rate. Service cost is reported in COGS and SGA expense on the Combined Statement of Operations. All other components of net periodic pension cost are included in other income (expense), net.

#### **Leases**

WK Kellogg Co leases certain buildings and equipment primarily through operating lease agreements. WK Kellogg Co does not have any finance lease obligations. Lease obligations are primarily for manufacturing and distribution related equipment. Leases with an initial term of 12 months or less are not recorded on the combined balance sheet. Right of use assets are recorded as part of other assets and lease liabilities are recorded as part of other current liabilities and other liabilities.

Our leases have remaining terms which range from less than 3 years to 5 years and one of the leases provides WK Kellogg Co with the option to exercise one or more renewal terms. The length of the lease term used in recording lease assets and lease liabilities is based on the contractually required lease term adjusted for any options to renew or early terminate the lease that are reasonably certain of being executed.

WK Kellogg Co combines lease and non-lease components together in determining the minimum lease payments for the majority of leases. WK Kellogg Co has elected to not combine lease and non-lease components for assets controlled indirectly through third party service-related agreements that include significant production related costs. WK Kellogg Co has evaluated these agreements to ensure any embedded costs related to the securing of the leased asset are properly segregated and accounted for in measuring the lease assets and liabilities.

The majority of the leases do not include a stated interest rate, and therefore Kellogg ParentCo's periodic incremental borrowing rate is used to determine the present value of lease payments.

#### **Foreign currency translation**

Our operations outside of the United States (U.S.) are recorded in the functional currency of each foreign entity which is determined by a review of the environment where each foreign entity primarily generates and expends

cash. The results of operations for our foreign entities are translated from functional currencies into U.S. dollars using the weighted average currency rate for the period. Assets and liabilities are translated using the period end exchange rates. The U.S. dollar effects that arise from translating the net assets of these foreign entities are recorded in Accumulated other comprehensive (loss) income.

### **Comprehensive (loss) income**

Comprehensive (loss) income includes net (loss) income and all other changes in equity during a period except those resulting from investments by or distributions to Kellogg ParentCo.

Other comprehensive (loss) income consists of foreign currency translation adjustments, the impact of which was approximately \$1 million for the year ended December 31, 2022 and immaterial for the year ended January 1, 2022.

### **Recent accounting pronouncements**

*Supplier Finance Programs: Disclosure of Supplier Finance Program Obligations.* In September 2022, the FASB issued an ASU to improve the disclosures of supplier finance programs. Specifically, the ASU requires disclosure of key terms of the supplier finance programs and a rollforward of the related obligations. The amendments in this ASU do not affect the recognition, measurement, or financial statement presentation of obligations covered by supplier finance programs. The ASU is effective for fiscal years, and interim periods within those years, beginning after December 15, 2022, except for the amendment on rollforward information, which is effective for fiscal years beginning after December 15, 2023. Early adoption is permitted. The Combined Financial Statements have historically presented information regarding the nature and amount of outstanding Accounts Payable obligations confirmed into supplier finance programs within the Accounting Policies note. WK Kellogg Co plans to include the required rollforward information in the first quarter of 2024.

### **NOTE 3**

#### **SALE OF ACCOUNTS RECEIVABLE**

Kellogg ParentCo has a program in which a discrete group of customers are allowed to extend their payment terms in exchange for the elimination of early payment discounts (Extended Terms Program).

Kellogg ParentCo has two Receivable Sales Agreements (Monetization Programs) described below, which are intended to directly offset the impact the Extended Terms Program would have on the days-sales-outstanding (DSO) metric that is critical to the effective management of Kellogg ParentCo's accounts receivable balance and overall working capital. The Monetization Programs are designed to effectively offset the impact on working capital of the Extended Terms Program. The Monetization Programs sell, on a revolving basis, certain trade accounts receivable invoices to third party financial institutions. Transfers under these agreements are accounted for as sales of receivables resulting in the receivables being de-recognized from the Combined Balance Sheet. The Monetization Programs provide for the continuing sale of certain receivables on a revolving basis until terminated by either party; however the maximum receivables that may be sold by Kellogg ParentCo at any time is \$920 million. During 2022 Kellogg ParentCo amended the agreements to decrease the previous maximum receivables sold limit from approximately \$1.1 billion as of January 1, 2022. As WK Kellogg Co receivables were a part of Kellogg ParentCo's accounts receivable balance, the impact of this program has been included in the Combined Financial Statements.

Kellogg ParentCo, and consequently WK Kellogg Co, has no retained interest in the receivables sold, however Kellogg ParentCo does have collection and administrative responsibilities for the sold receivables. Kellogg ParentCo, and consequently WK Kellogg Co, has not recorded any servicing assets or liabilities as of December 31, 2022, and January 1, 2022 for these agreements as the fair value of these servicing arrangements, as well as the fees earned, were not material to the financial statements.



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For WK Kellogg Co, accounts receivable sold of \$256 million and \$150 million remained outstanding under these arrangements as of December 31, 2022, and January 1, 2022, respectively. The proceeds from these sales of receivables are included in cash from operating activities in the Combined Statement of Cash Flows. The allocated recorded net loss on sale of receivables, based on the proportion of monetized receivables, was \$7 million, \$2 million and \$5 million for the years ended December 31, 2022, January 1, 2022 and January 2, 2021, respectively. The recorded loss is included in other income (expense), net.

**NOTE 4**

**GOODWILL AND OTHER INTANGIBLE ASSETS**

**Goodwill and Intangible Assets**

The carrying amounts of Goodwill and Other intangible assets are presented in the following tables:

*Goodwill*

| <u>(millions)</u> | <u>2022</u> | <u>2021</u> |
|-------------------|-------------|-------------|
| Goodwill          | <u>\$53</u> | <u>\$53</u> |

*Other intangible assets*

| <u>(millions)</u> | <u>2022</u> | <u>2021</u> |
|-------------------|-------------|-------------|
| Trademarks        | <u>\$57</u> | <u>\$57</u> |

The Other intangible assets are indefinite in nature and are related to the Kashi and Bear Naked trademarks.

**Annual impairment testing**

Goodwill and intangible assets deemed to have an indefinite life are not amortized, but reviewed annually for impairment of value or when indicators of a potential impairment are present. In preparing the Combined Financial Statements, our goodwill and other intangible assets were re-evaluated for potential impairment on a standalone basis. WK Kellogg Co's impairment testing performed through the fourth quarter of 2022 consisted of qualitative testing for all goodwill and all indefinite-lived intangible assets. No heightened risk of impairment of individual intangible assets or reporting units was identified. WK Kellogg Co currently believes the fair value of goodwill and other intangible assets exceeds their carrying value and that those intangibles so classified will contribute indefinitely to cash flows.

**NOTE 5**

**RESTRUCTURING PROGRAMS**

Kellogg ParentCo has instituted restructuring programs that directly relate to WK Kellogg Co, and accordingly, certain of such costs have been allocated to WK Kellogg Co. Kellogg ParentCo views its restructuring programs as part of its operating principles to provide greater visibility in achieving its long-term profit growth targets. Initiatives undertaken are currently expected to recover cash implementation costs within a 3 to 5-year period subsequent to completion. Completion (or as each major stage is completed in the case of multi-year programs), is when the project begins to deliver cash savings and/or reduced depreciation.

During 2021, Kellogg ParentCo announced a reconfiguration of the North America reportable segment supply chain network, designed to drive increased productivity. The overall project, which will continue into 2023, is expected to result in cumulative pretax charges of approximately \$45 million, which include employee-related costs of

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\$4 million, other cash costs of \$21 million and non-cash costs, primarily consisting of accelerated depreciation and asset write-offs, of \$20 million. Charges incurred related to this restructuring program were approximately \$6 million during 2022 and \$7 million during 2021. These charges primarily related to severance costs and asset related charges and were recorded in COGS. This initiative was directly related to WK Kellogg Co.

Kellogg ParentCo also had several other restructuring programs in place, some of which had an impact on WK Kellogg Co. An allocation of these costs was made to WK Kellogg Co as applicable.

The tables below provide the details for the charges incurred by WK Kellogg Co during 2022, 2021 and 2020 and program costs to date for all programs related to WK Kellogg Co currently active as of December 31, 2022:

| <u>(millions)</u>      | <u>2022</u> | <u>2021</u> | <u>2020</u> |
|------------------------|-------------|-------------|-------------|
| Employee related costs | \$—         | \$ 4        | \$—         |
| Asset related          | 6           | 1           | —           |
| Other allocated costs  | —           | 2           | 1           |
| Total                  | \$ 6        | \$ 7        | \$ 1        |

Employee related costs consisted of severance and pension charges. Asset related costs consist primarily of accelerated depreciation.

During 2022, WK Kellogg Co recorded total charges of \$6 million across all restructuring programs. The charges were comprised of \$6 million, substantially all of which was recorded in COGS.

During 2021, WK Kellogg Co recorded total charges of \$7 million across all restructuring programs. The charges were comprised of \$5 million recorded in COGS and \$2 million recorded in SGA expense.

During 2020, WK Kellogg Co recorded total charges of \$1 million across all restructuring programs, the entirety of which was recorded in SGA expense.

At December 31, 2022 total project reserves were \$4 million, related to severance payments, which are expected to be paid in 2023. The following table provides details for exit cost reserves.

| <u>(millions)</u>                 | <u>Employee Related Costs</u> | <u>Asset Related Costs</u> | <u>Total</u> |
|-----------------------------------|-------------------------------|----------------------------|--------------|
| Liability as of December 28, 2019 | \$ 1                          | \$ —                       | \$ 1         |
| 2020 restructuring charges        | —                             | —                          | —            |
| Cash payments                     | (1)                           | —                          | (1)          |
| Non-cash charges and other        | —                             | —                          | —            |
| Liability as of January 2, 2021   | \$ —                          | \$ —                       | \$—          |
| 2021 restructuring charges        | 4                             | 1                          | 5            |
| Cash payments                     | —                             | —                          | —            |
| Non-cash charges and other        | —                             | (1)                        | (1)          |
| Liability as of January 1, 2022   | \$ 4                          | \$ —                       | \$ 4         |
| 2022 restructuring charges        | —                             | 6                          | 6            |
| Cash payments                     | —                             | (2)                        | (2)          |
| Non-cash charges and other        | —                             | (4)                        | (4)          |
| Liability as of December 31, 2022 | \$ 4                          | \$ —                       | \$ 4         |

**NOTE 6**

**STOCK COMPENSATION**

Kellogg ParentCo uses various equity-based compensation programs to provide long-term performance incentives for its global workforce. Currently, these incentives consist principally of stock options, restricted

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stock units and executive performance shares. Kellogg ParentCo also sponsors a discounted stock purchase plan in the United States. These awards are administered through several plans, as described within this Note.

The 2022 Long-Term Incentive Plan (2022 Plan), approved by shareholders in April 2022, permits awards to employees and officers in the form of incentive and non-qualified stock options, performance units, restricted stock or restricted stock units, and stock appreciation rights. The 2017 Long-Term Incentive Plan (2017) had a remaining 12.2 million remaining authorized by unissued shares which was replaced by the 2022 Plan. The 2022 Plan authorizes the issuance of a total of 12.4 million shares. At December 31, 2022, there were 12.2 million remaining authorized, but unissued, shares under the 2022 Plan.

In April 2020, the Amended and Restated Kellogg ParentCo Company 2002 Employee Stock Purchase Plan was approved by shareholders, effective July 1, 2020. The plan is a tax-qualified employee stock purchase plan made available to substantially all U.S. employees, which allows participants to acquire Kellogg ParentCo stock at a discounted price. The purpose of the plan is to encourage employees at all levels to purchase stock and become shareholders.

Until the Spin-off is effective, WK Kellogg Co's employees will participate in Kellogg ParentCo's equity-based compensation programs. The non-cash stock compensation expense related to WK Kellogg Co's dedicated employees was: 2022 – \$3 million; 2021 – \$2 million, 2020 – \$2 million, which was specifically identified based on awards received under Kellogg ParentCo's plans. Stock compensation expense for corporate or shared employees was allocated to WK Kellogg Co primarily based on gross sales value and totaled \$17 million, \$11 million and \$15 million for the years ended December 31, 2022, January 1, 2022 and January 2, 2021, respectively:

| <u>(millions)</u>  | <u>2022</u> | <u>2021</u> | <u>2020</u> |
|--|-------------|-------------|-------------|
| Pre-tax compensation expense – direct                      | \$ 3        | \$ 2        | \$ 2        |
| Pre-tax compensation expense – allocated                   | 17          | 11          | 15          |
| <b>Pre-tax compensation expense – direct and allocated</b> | <b>\$20</b> | <b>\$13</b> | <b>\$17</b> |
| Related income tax benefit                                 | \$ 5        | \$ 3        | \$ 4        |

The amounts presented are not necessarily indicative of future awards and do not necessarily reflect the costs that WK Kellogg Co would have incurred as an independent company for the periods presented.

#### NOTE 7

##### PENSION BENEFITS

Kellogg ParentCo sponsors a number of U.S. and foreign pension plans to provide retirement benefits for its employees. WK Kellogg Co employees participate in defined benefit plans sponsored by Kellogg ParentCo, which include participants of Kellogg ParentCo's other businesses. Such plans are accounted for as multiemployer plans in these Combined Financial Statements and as a result, no asset or liability was recorded by WK Kellogg Co to recognize the funded status of these plans.

The funded status of the pension plans that will be restructured and partially spun-off to WK Kellogg Co as part of the transaction are presented below. These assets and liabilities are not currently recorded by WK Kellogg Co as the plans are commingled with employees from other Kellogg ParentCo businesses.

| <u>(millions)</u>            | <u>2022</u>    | <u>2021</u>    |
|------------------------------|----------------|----------------|
| Projected benefit obligation | \$(650)        | \$(866)        |
| Fair value of plan assets    | 518            | 784            |
| <b>Funded Status</b>         | <b>\$(132)</b> | <b>\$ (82)</b> |

We recorded expense of \$38 million, income of \$23 million and expense of \$24 million for the years ended December 31, 2022, January 1, 2022 and January 2, 2021 respectively, relating to our employees' participation in

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these Kellogg ParentCo sponsored plans. For the year ended December 31, 2022, \$11 million of expense related to service costs was allocated to COGS and \$27 million of expense related to all other elements of benefit expense was allocated to other income (expense), net. For the year ended January 1, 2022, \$12 million of expense related to service costs was allocated to COGS and \$35 million of income was allocated to other income (expense), net. For the year ended January 2, 2021, \$11 million of expense related to service costs was allocated to COGS and \$13 million of expense was allocated to other income (expense), net. No contributions have been recognized in the Combined Financial Statements as we are not required to make contributions to these plans.

There are also certain defined benefit pension plans that our employees participate in that are either dedicated to our employees or where the plan assets and liabilities that relate to our employees will legally transfer to WK Kellogg Co at the time of separation from Kellogg ParentCo. Defined benefits for salaried employees are generally based on salary and years of service, while union employee benefits are generally a negotiated amount for each year of service. WK Kellogg Co uses a December 31 measurement date for these plans and, when necessary, adjusts for plan contributions and significant events between December 31 and its fiscal year-end.

For these dedicated defined benefit pension plans, the aggregate plan assets and funded status was \$2 million for the period ending December 31, 2022 and \$3 million for the period ending January 1, 2022. This balance is comprised of investments in cash and cash equivalents and limited partnerships and is recorded in other assets.

**Expense**

Service cost is recorded in COGS and SGA expense. All other components of net periodic benefit cost are included in other income (expense), net. An immaterial amount of expense was recognized related to the pension plans that are directly attributable to WK Kellogg Co.

Kellogg ParentCo and certain of its subsidiaries also sponsor 401(k) or similar savings plans for active employees. Our employees participate in such plans. Expense related to these plans as allocated to WK Kellogg Co was immaterial for all years.

**NOTE 8**

**NONPENSION POSTRETIREMENT AND POSTEMPLOYMENT BENEFITS**

**Postretirement**

Kellogg ParentCo sponsors a number of plans to provide health care and other welfare benefits to retired employees in the United States and Canada, who have met certain age and service requirements. Kellogg ParentCo contributes to voluntary employee benefit association (“VEBA”) trusts to fund certain U.S. retiree health and welfare benefit obligations.

The Company’s employees participate in these other postretirement plans sponsored by Kellogg ParentCo, which include participants of Kellogg ParentCo’s other businesses. Such plans are accounted for as multiemployer plans in these Combined Financial Statements and as a result, no asset or liability was recorded by the Company to recognize the funded status of these plans.

The funded status of the postretirement plans that will be restructured and partially spun-off to WK Kellogg Co as part of the transaction are presented below. These assets and liabilities are not currently recorded by the Company as the plans are commingled with employees from other Kellogg ParentCo businesses.

| <u>(millions)</u>            | <u>2022</u>   | <u>2021</u>   |
|------------------------------|---------------|---------------|
| Projected benefit obligation | \$ (789)      | \$(1,031)     |
| Fair value of plan assets    | 1,226         | 1,608         |
| <b>Funded status</b>         | <b>\$ 437</b> | <b>\$ 577</b> |

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We recorded expense of \$78 million, income of \$134 million and income of \$55 million for the years ended December 31, 2022, January 1, 2022, and January 2, 2021 respectively, relating to our employees' participation in Kellogg ParentCo sponsored postretirement plans. These amounts were recorded in the Combined Statement of Operations as follows: for the year ended December 31, 2022, \$7 million of expense related to service costs was allocated to COGS, \$1 million was allocated to SGA expense and \$70 million of expense related to all other elements of benefit expense was allocated to other income (expense), net; for the year ended January 1, 2022, \$7 million of expense related to service costs was allocated to COGS, \$2 million to SGA expense and \$143 million of income was allocated to other income (expense), net; for the year ended January 2, 2021, \$6 million of expense related to service costs was allocated to COGS, \$2 million was allocated to SGA expense and \$63 million of income was allocated to other income (expense), net. No contributions have been recognized in the Combined Financial Statements as we are not required to make contributions to these plans.

There are also certain postretirement plans that our employees participate in that are either dedicated to our employees or where the plan assets and liabilities that relate to our employees will legally transfer to our Company at the time of separation from Kellogg ParentCo. The Company uses a December 31 measurement date for these plans and, when necessary, adjusts for plan contributions and significant events between December 31 and its fiscal year-end.

**Obligations and funded status**

The aggregate change in accumulated postretirement benefit obligation, plan assets, and funded status is presented in the following tables.

| <u>(millions)</u>  | <u>2022</u>    | <u>2021</u>    |
|--|----------------|----------------|
| <b>Change in accumulated benefit obligation</b>                    |                |                |
| Beginning of year  | \$ 22          | \$ 24          |
| Service cost   | —              | —              |
| Interest cost  | 1              | —              |
| Actuarial (gain) loss  | (5)            | (1)            |
| Benefits paid  | (1)            | (1)            |
| Currency Impact  | (1)            | —              |
| End of year  | <u>\$ 16</u>   | <u>\$ 22</u>   |
| <b>Change in plan assets</b>                                       |                |                |
| Fair value beginning of year                                       | \$—            | \$—            |
| Actual return on plan assets                                       | —              | —              |
| Employer contributions   | —              | —              |
| Benefits paid  | —              | —              |
| Fair value end of year   | <u>\$—</u>     | <u>\$—</u>     |
| <b>Funded status</b>   | <u>\$ (16)</u> | <u>\$ (22)</u> |
| <b>Amounts recognized in the Combined Balance Sheet consist of</b> |                |                |
| Other assets   | \$—            | \$—            |
| Other current liabilities  | (1)            | (1)            |
| Non-pension postretirement liability                               | (15)           | (21)           |
| <b>Net amount recognized</b>                                       | <u>\$ (16)</u> | <u>\$ (22)</u> |

Information for postretirement benefit plans with accumulated benefit obligations in excess of plan assets were:

| <u>(millions)</u>              | <u>2022</u> | <u>2021</u> |
|--------------------------------|-------------|-------------|
| Accumulated benefit obligation | \$ 16       | \$ 22       |
| Fair value of plan assets      | <u>\$—</u>  | <u>\$—</u>  |

## Expense

Components of postretirement benefit expense (income) were:

| <u>(millions)</u>                            | <u>2022</u>   | <u>2021</u>   | <u>2020</u> |
|--|---------------|---------------|-------------|
| Service cost                                 | \$—           | \$—           | \$—         |
| Interest cost                                | 1             | —             | 1           |
| Expected return on plan assets               | —             | —             | —           |
| Amortization of net loss (gain)              | (5)           | (1)           | (1)         |
| <b>Net periodic benefit expense (income)</b> | <b>\$ (4)</b> | <b>\$ (1)</b> | <b>\$—</b>  |

## Assumptions

The weighted-average actuarial assumptions used to determine benefit obligations were:

|               | <u>2022</u> | <u>2021</u> | <u>2020</u> |
|---------------|-------------|-------------|-------------|
| Discount rate | 5.2%        | 2.9%        | 2.5%        |

The weighted-average actuarial assumptions used to determine annual net periodic benefit cost were:

|               | <u>2022</u> | <u>2021</u> | <u>2020</u> |
|---------------|-------------|-------------|-------------|
| Discount rate | 2.9%        | 2.5%        | 3.0%        |

WK Kellogg Co may experience material actuarial gains or losses due to differences between assumed and actual experience and due to changing economic conditions. During 2022, WK Kellogg Co recognized a net actuarial gain of approximately \$5 million driven by a gain related to assumption changes, primarily due to increase in discount rate.

Projected benefit payments, which reflect expected future service as appropriate, are expected to be paid at \$1 million per year for 2023 through to 2027 and \$5 million thereafter.

## Postemployment

Under certain conditions, Kellogg ParentCo provides benefits to former or inactive employees, including salary continuance, severance, and long-term disability, in the United States and several foreign locations. As these benefits have been provided to our employees as well, a reasonable allocation of costs has been made to the Combined Statement of Operations. As postemployment benefit plans are Kellogg ParentCo's plans and the benefits are settled by Kellogg ParentCo, the offset to the expense has been recognized through net parent investment on the Combined Balance Sheet. The total expense allocated for the years ended December 31, 2022, January 1, 2022 and January 2, 2021 was immaterial.

## NOTE 9

### INCOME TAXES

WK Kellogg Co's operations have historically been included in the consolidated U.S. federal, certain state and local tax returns filed by Kellogg ParentCo. We also file certain separate U.S. state and local and foreign income tax returns. WK Kellogg Co has calculated its provision for income taxes using a separate return method as if the Company was a separate group of companies under common ownership. Under this method, WK Kellogg Co is assumed to file hypothetical separate returns with the tax authorities, thereby reporting its taxable income or loss and paying the applicable tax to or receiving the appropriate refund from Kellogg ParentCo. Current income tax liabilities are assumed to be immediately settled with Kellogg ParentCo against net parent investment. WK

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Kellogg Co reports deferred taxes on its temporary differences and on any carryforwards that it could claim on its hypothetical returns. Cash tax payments, current and deferred tax balances and unremitted foreign earnings may not be reflective of WK Kellogg Co's actual tax balances prior to or subsequent to the distribution.

The components of (loss) income before income taxes and the provision for income taxes were as follows:

| (millions)                                | <u>2022</u>    | <u>2021</u>  | <u>2020</u>  |
|---|----------------|--------------|--------------|
| <b>(Loss) income before income taxes</b>  |                |              |              |
| United States                             | \$ (59)        | \$166        | \$217        |
| Foreign                                   | 33             | 48           | 25           |
|   | <u>\$ (26)</u> | <u>\$214</u> | <u>\$242</u> |
| <b>Income taxes</b>                       |                |              |              |
| <b>Currently payable</b>                  |                |              |              |
| United States-Federal                     | \$—            | \$ 23        | \$ 36        |
| State                                     | 4              | 6            | 10           |
| Foreign                                   | 10             | 10           | 10           |
|   | <u>\$ 14</u>   | <u>\$ 39</u> | <u>\$ 56</u> |
| <b>Deferred</b>                           |                |              |              |
| United States-Federal                     | \$ (14)        | \$ 8         | \$ 6         |
| State                                     | (1)            | 1            | 1            |
| Foreign                                   | —              | 4            | (3)          |
|   | <u>\$ (15)</u> | <u>\$ 13</u> | <u>\$ 4</u>  |
| <b>Total income tax expense (benefit)</b> | <u>\$ (1)</u>  | <u>\$ 52</u> | <u>\$ 60</u> |

The difference between the U.S. federal statutory tax rate and WK Kellogg Co's effective income tax rate was:

|  | <u>2022</u>   | <u>%</u>    | <u>2021</u>  | <u>%</u>     | <u>2020</u>  | <u>%</u>     |
|--|---------------|-------------|--------------|--------------|--------------|--------------|
| U.S. statutory income tax rate                 | \$ (6)        | 21.0%       | \$ 45        | 21.0%        | \$ 51        | 21.0%        |
| Foreign rates varying from U.S. statutory rate | 2             | (9.5)%      | 3            | 1.6%         | 2            | 0.8%         |
| State income taxes, net of federal benefit     | 2             | (7.2)%      | 7            | 3.2%         | 9            | 3.6%         |
| Nondeductible Permanent Items                  | 2             | (8.1)%      | 1            | 0.5%         | 1            | 0.4%         |
| Inventory Donations (Sec. 170 (A))             | (1)           | 4.6%        | (1)          | (0.4)%       | (1)          | (0.3)%       |
| Stock Options – Excess Benefit / Shortfall     | (1)           | 3.1%        | —            | 0.0%         | —            | (0.1)%       |
| Credits  | (1)           | 5.2%        | (1)          | (0.6)%       | (1)          | (0.5)%       |
| APB 23   | 1             | (1.8)%      | —            | 0.2%         | —            | 0.0%         |
| Other, net                                     | 1             | (1.6)%      | (2)          | (1.1)%       | (1)          | (0.2)%       |
| <b>Effective income tax rate</b>               | <u>\$ (1)</u> | <u>5.7%</u> | <u>\$ 52</u> | <u>24.4%</u> | <u>\$ 60</u> | <u>24.7%</u> |

As presented in the preceding table, WK Kellogg Co's 2022 combined effective tax rate was 5.7%, as compared to 24.4% in 2021 and 24.7% in 2020.

The effective tax rate for 2022, 2021 and 2020 was impacted by state and local income taxes and the differential of WK Kellogg Co's foreign statutory tax rates from the U.S. federal statutory tax rate. The effective tax rate for fiscal year 2022 decreased as compared to the prior year as a result of a change in the jurisdictional mix of pre-tax earnings, most notably a decrease in U.S. pre-tax earnings.

Unremitted earnings in Canada of approximately \$76 million as of December 31, 2022, \$60 million as of January 1, 2022 and \$32 million as of January 2, 2021 were considered indefinitely reinvested. The unrecognized deferred tax liability for these earnings is approximately \$4 million, \$3 million and \$2 million, respectively. However, this estimate could change based on the manner in which the outside basis difference associated with these earnings reverses.

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Management monitors WK Kellogg Co's ability to utilize certain future tax deductions, operating losses and tax credit carryforwards, prior to expiration. Changes resulting from management's assessment will result in impacts to deferred tax assets and the corresponding impacts on the effective income tax rate.

The following table provides an analysis of WK Kellogg Co's deferred tax assets and liabilities as of year-end December 31, 2022 and January 1, 2022:

| (millions)                                     | Deferred tax asset |              | Deferred tax liability |        |
|--|--------------------|--------------|------------------------|--------|
|  | 2022               | 2021         | 2022                   | 2021   |
| Advertising and promotion related              | \$ 2               | \$ 2         | \$ —                   | \$ —   |
| Wages and payroll taxes                        | 5                  | 5            | —                      | —      |
| Inventory valuation                            | 5                  | 3            | —                      | —      |
| Employee benefits                              | —                  | —            | —                      | 1      |
| Operating loss, credit and other carryforwards | 14                 | —            | —                      | —      |
| Stock options                                  | 6                  | 6            | —                      | —      |
| Operating lease liabilities                    | 2                  | 2            | —                      | —      |
| Depreciation and asset disposals               | —                  | —            | 80                     | 78     |
| Hedging transactions                           | —                  | 2            | 1                      | —      |
| Operating lease right-of-use assets            | —                  | —            | 2                      | 2      |
| Trademarks and other intangibles               | —                  | —            | 21                     | 20     |
| Research and development capitalization        | 7                  | —            | —                      | —      |
| Other temporary differences                    | —                  | 1            | —                      | 3      |
|  | \$ 41              | \$ 21        | \$ 104                 | \$ 104 |
| Less valuation allowance                       | —                  | —            |                        |        |
| <b>Total deferred tax assets</b>               | <b>\$ 41</b>       | <b>\$ 21</b> |                        |        |
| Net deferred tax asset (liability)             | \$ (63)            | \$ (83)      |                        |        |

On a separate-return basis, WK Kellogg Co's total tax benefit of carryforwards at year-end 2022 was \$14 million. Of the total carryforwards at year-end 2022, \$12 million does not expire while the remaining \$2 million generated in 2022 will expire at various dates. While the generation of carryforwards has been reflected in the provision for income taxes of WK Kellogg Co's operations on a separate-return basis, WK Kellogg Co's actual tax attributes have primarily been utilized by Kellogg ParentCo on a consolidated basis.

WK Kellogg Co is included in the income tax returns filed by Kellogg ParentCo in the U.S., various cities and states, and foreign jurisdictions including Canada, Mexico and Puerto Rico. With limited exceptions, the Company is no longer subject to U.S. federal examinations by the IRS for years prior to 2020. WK Kellogg Co is included in certain income and non-income tax filings of Kellogg ParentCo that are under examination in various state and foreign jurisdictions.

The following table summarizes the activity related to WK Kellogg Co's unrecognized tax benefits:

| (millions)  | 2022 | 2021 | 2020 |
|---|------|------|------|
| Balance at beginning of year  | \$ 5 | \$ 7 | \$ 6 |
| Increase (decrease) associated with tax positions taken during the current year | —    | 1    | 1    |
| Increase (decrease) associated with positions taken during a prior year         | —    | (1)  | —    |
| Settlements   | —    | (1)  | —    |
| Decrease associated with lapses in statutes of limitations                      | —    | (1)  | —    |
| Balance at end of year  | \$ 5 | \$ 5 | \$ 7 |



The amount of unrecognized tax benefits for the years ended December 31, 2022, January 1, 2022 and January 2, 2021, that, if recognized, would affect the effective tax rate, was not material. During the years ended December 31, 2022, January 1, 2022 and January 2, 2021, the Company recognized an immaterial amount of tax related interest on unrecognized tax benefits. Management estimates the reasonably possible changes to unrecognized tax benefits during the next twelve months to be immaterial and is currently unaware of any issues under review that could result in significant additional payments, accruals, or other material deviation in this estimate. However, WK Kellogg Co would not be liable for any incremental taxes payable, interest or penalties, which remain Kellogg ParentCo's obligation.

## NOTE 10

### RELATED PARTY TRANSACTIONS

WK Kellogg Co has not historically operated as a standalone business and has various relationships with Kellogg ParentCo whereby Kellogg ParentCo provides services to WK Kellogg Co.

#### Transfers to/from Kellogg ParentCo, net

As discussed in Note 1 in the basis of presentation section, net parent investment is primarily impacted by contributions from Kellogg ParentCo which are the result of treasury activity and net funding provided by or distributed to Kellogg ParentCo. The components of net parent investment are:

| <u>(millions)</u>  | <u>2022</u>  | <u>2021</u>    | <u>2020</u>    |
|--|--------------|----------------|----------------|
| Net transfers (to)/from Kellogg ParentCo as reflected in the Combined Statement of Cash Flows        | \$ 18        | \$ 68          | \$(216)        |
| Non-cash direct stock compensation expense   | 3            | 2              | 2              |
| Non-cash deferred tax and other  | 6            | —              | —              |
| Non-cash allocated pension and postretirement plan benefit   | 116          | (157)          | (31)           |
| <b>Net transfers to Kellogg ParentCo as reflected in the Combined Statement of Changes in Equity</b> | <b>\$143</b> | <b>\$ (87)</b> | <b>\$(245)</b> |

#### Corporate Overhead and Other Allocations

Kellogg ParentCo provides WK Kellogg Co certain services, including executive oversight, treasury, legal, finance, human resources, tax, internal audit, financial reporting, information technology and investor relations. Allocated costs also include costs related to commingled supply chain functions such as logistics, distribution and co-manufacturing/co-packing operations. Our Combined Financial Statements reflect an allocation of these costs. When specific identification is not practicable, a proportional cost method is used, primarily based on gross sales value, headcount, production pounds or shipping pounds.

The allocation of expenses from Kellogg ParentCo to WK Kellogg Co were reflected as follows in the Combined Statement of Operations:

| <u>(millions)</u>                   | <u>2022</u>  | <u>2021</u>   | <u>2020</u>  |
|-------------------------------------|--------------|---------------|--------------|
| Cost of goods sold                  | \$172        | \$ 169        | \$192        |
| Selling, general and administrative | 308          | 256           | 324          |
| Other (income) expense, net         | 106          | (176)         | (45)         |
| <b>Total</b>                        | <b>\$586</b> | <b>\$ 249</b> | <b>\$471</b> |

The financial information herein may not necessarily reflect the combined financial position, results of operations and cash flows of WK Kellogg Co in the future or what they would have been had WK Kellogg Co

been a separate, standalone entity during the periods presented. Management believes that the methods used to allocate expenses to WK Kellogg Co are reasonable; however, the allocations may not be indicative of actual expenses that would have been incurred had we operated as an independent, publicly traded company for the periods presented. Actual costs that WK Kellogg Co may have incurred had it been a standalone company would depend on a number of factors, including the chosen organizational structure, whether functions were outsourced or performed by our employees and strategic decisions made in areas such as manufacturing, selling and marketing, research and development, information technology and infrastructure.

#### **Stock compensation**

As discussed in Note 6, stock compensation expense related to Kellogg ParentCo employees who also support WK Kellogg Co have been allocated to the Company and recorded in COGS and SGA expense in the Combined Statement of Operations and included in the table above. Stock compensation costs allocated to WK Kellogg Co were \$17 million, \$11 million and \$15 million for the years ended December 31, 2022, January 1, 2022 and January 2, 2021, respectively.

#### **Retirement Benefits**

As discussed in Notes 7 and 8, WK Kellogg Co's employees participate in defined benefit pension and other postretirement plans sponsored by Kellogg ParentCo that also include participants of Kellogg ParentCo's other businesses. The costs of such plans have been allocated in the Combined Statement of Operations within COGS, SGA expense and other income (expense), net and are included in the amounts presented in the table above. The allocations related to such plans was expense of \$116 million, income of \$156 million and income of \$31 million for the years ended December 31, 2022, January 1, 2022 and January 2, 2021, respectively.

#### **Centralized Cash Management**

Kellogg ParentCo uses a centralized approach to cash management and financing of operations. The majority of WK Kellogg Co's businesses are party to Kellogg ParentCo's cash pooling arrangements to maximize Kellogg ParentCo's availability of cash for general operating and investing purposes. Under these cash pooling arrangements, cash balances are swept regularly from WK Kellogg Co's accounts. Cash transfers to and from Kellogg ParentCo's cash concentration accounts and the resulting balances at the end of each reporting period are reflected in net parent company investment in the Combined Balance Sheets.

As discussed in Note 1, Kellogg ParentCo has committed that it will provide financial assistance to WK Kellogg Co, as determined by Kellogg ParentCo, to enable the Company to continue its operations and fulfill all of its financial obligations, expiring at the earlier of the consummation of the Spin-off or December 2024.

#### **Debt**

Kellogg ParentCo's third-party debt and the related interest expense have not been allocated to WK Kellogg Co for any of the periods presented as WK Kellogg Co was not the legal obligor of the debt and Kellogg ParentCo's borrowings were not directly attributable to WK Kellogg Co's businesses.

#### **Commercial Operations**

Unless otherwise stated, all significant intercompany transactions between WK Kellogg Co and Kellogg ParentCo have been included in these Combined Financial Statements and are considered to be effectively settled for cash at the time the transaction is recorded. The total net effect of the settlement of these intercompany transactions is reflected in the Combined Statement of Cash Flows as a financing activity and in the Combined Balance Sheets as net parent investment.

WK Kellogg Co sells certain products to other Kellogg ParentCo businesses, which may use the WK Kellogg Co's products as raw materials in its manufacturing processes or may resell the finished goods. These product

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sales resulted in revenue of \$31 million, \$22 million and \$23 million for the years ended December 31, 2022, January 1, 2022 and January 2, 2021, respectively. Accounts receivable as a result of WK Kellogg Co sales to other Kellogg ParentCo businesses was approximately \$1 million as of December 31, 2022 and January 1, 2022.

WK Kellogg Co also purchases certain products from other Kellogg ParentCo businesses, which is recorded in COGS. These purchases amounted to \$82 million, \$65 million and \$55 million for the years ended December 31, 2022, January 1, 2022 and January 2, 2021, respectively, and resulted in accounts payable of \$11 million as of December 31, 2022 and January 1, 2022. These amounts may not necessarily reflect the combined financial position and results of operations of WK Kellogg Co in the future or what they would have been had WK Kellogg Co been a separate, standalone entity during the periods presented. Actual costs that WK Kellogg Co may have incurred had it been a standalone company would depend on a number of factors, including the chosen organizational structure, whether functions were outsourced or performed by our employees and strategic decisions made in areas such as manufacturing, selling and marketing, research and development, information technology and infrastructure.

WK Kellogg Co also makes certain royalty payments to Kellogg ParentCo, which is recorded in COGS. These royalties amounted to \$13 million, \$12 million and \$15 million for the years ended December 31, 2022, January 1, 2022 and January 2, 2021, respectively. Royalty payable was recorded within accounts payable and was immaterial as of December 31, 2022 and January 1, 2022.

### Spin costs

Kellogg ParentCo is incurring incremental costs to evaluate, plan and execute the Spin-off. These charges were primarily related to legal and consulting costs. WK Kellogg Co is allocated a pro rata portion of those costs, that WK Kellogg Co received a benefit from, based on either specific identification, where possible, or a proportional cost method based on gross sales value. WK Kellogg Co was allocated total charges of \$26 million, including \$3 million in COGS and \$22 million in SGA expense for the year ended December 31, 2022.

## NOTE 11

### DERIVATIVE INSTRUMENTS

WK Kellogg Co is exposed to certain market risks such as changes in foreign currency exchange rates, and commodity prices, which exist as a part of its ongoing business operations. Kellogg ParentCo uses derivative and nonderivative financial and commodity instruments, including futures, options, and swaps, where appropriate, to manage these risks. Instruments used as hedges must be effective at reducing the risk associated with the exposure being hedged.

Since the derivative instruments are entered into and settled by Kellogg ParentCo for both WK Kellogg Co and its other businesses, no asset or liability has been recorded on the Combined Balance Sheets. However, an appropriate allocation of the gains/losses and fees associated with entering into derivative instruments has been included in WK Kellogg Co's Combined Statement of Operations.

The effect of derivative instruments on WK Kellogg Co's Combined Statement of Operations for the years ended December 31, 2022, January 1, 2022, and January 2, 2021 was as follows:

| (millions)                   | Gain (loss) recognized in COGS |        |        | Gain (loss) recognized in other income<br>(expense), net |      |      |
|------------------------------|--------------------------------|--------|--------|--|------|------|
|                              | 2022                           | 2021   | 2020   | 2022   | 2021 | 2020 |
| Commodity contracts          | \$ 15                          | \$ 18  | \$ 1   | \$ —   | \$ — | \$ — |
| Foreign Currency derivatives | \$ 12                          | \$ (1) | \$ (2) | \$ —   | \$ 1 | \$ 1 |

**NOTE 12**

**CONTINGENCIES**

WK Kellogg Co is subject to various legal proceedings, claims, and governmental inspections or investigations in the ordinary course of business covering matters such as general commercial, governmental regulations, antitrust and trade regulations, product liability, environmental, intellectual property, workers' compensation, employment and other actions. These matters are subject to uncertainty and the outcome is not predictable with assurance. WK Kellogg Co uses a combination of insurance and self-insurance for a number of risks, including workers' compensation, general liability, automobile liability and product liability.

WK Kellogg Co has established accruals for certain matters where losses are deemed probable and reasonably estimable. There are other claims and legal proceedings pending against WK Kellogg Co for which accruals have not been established. It is reasonably possible that some of these matters could result in an unfavorable judgment against WK Kellogg Co and could require payment of claims in amounts that cannot be estimated at December 31, 2022. Based upon current information, management does not expect any of the claims or legal proceedings pending against WK Kellogg Co to have a material impact on WK Kellogg Co's combined financial statements. WK Kellogg Co is subject to various legal proceedings, claims, and governmental inspections or investigations in the ordinary course of business covering matters such as general commercial, governmental regulations, antitrust and trade regulations, product liability, environmental, intellectual property, workers' compensation, employment and other actions. These matters are subject to uncertainty and the outcome is not predictable with assurance.

In 2021, there was a fire at one of WK Kellogg Co's manufacturing facilities, the damages of which are in the process of being recovered via insurance policies maintained by Kellogg ParentCo. WK Kellogg Co recognized an insurance receivable of \$20 million in accounts receivable, net as of January 1, 2022. The amount outstanding as of December 31, 2022 was immaterial. For the years ended December 31, 2022 and January 1, 2022, WK Kellogg Co recognized insurance recoveries of \$16 million and \$18 million, respectively, in COGS to offset the incremental costs incurred due to the fire. For the year ended January 1, 2022, WK Kellogg Co recognized an expense of \$7 million in other income (expense), net related to the insurance deductible related to the fire. The proceeds for the years ended December 31, 2022 and January 1, 2022 from the recoveries were related to business interruption claims and have been reflected in the net cash provided by operating activities in the Combined Statement of Cash Flows.

**NOTE 13**

**ENTITY-WIDE DISCLOSURES**

WK Kellogg Co manages its operations through one operating and reportable segment, engaged in the manufacturing, marketing and sales of cereal products in North America. Consistent with our operational structure, our Chief Operating Decision Maker ("CODM"), makes resource allocation and business decisions on a combined basis. Our CODM also uses combined single-segment financial information for the purpose of evaluating financial performance, allocating resources, setting incentive compensation targets, as well as forecasting future period financial results.

Our products include various brands of cereal which are marketed under the Kellogg's, Kashi and Bear Naked tradenames.

WK Kellogg Co's largest customer, Wal-Mart Stores, Inc. and its affiliates, accounted for approximately 28% of combined net sales for the years ended December 31, 2022 and January 1, 2022 and 26% for the year ended January 2, 2021. These sales are primarily in the United States.

Supplemental geographic information is provided below for net sales to external customers and long-lived assets:

| (millions)               | 2022           | 2021           | 2020           |
|--------------------------|----------------|----------------|----------------|
| <b>Net sales</b>         |                |                |                |
| United States            | \$2,369        | \$2,160        | \$2,533        |
| Canada                   | 292            | 265            | 298            |
| Other                    | 34             | 35             | 36             |
| <b>Combined</b>          | <u>\$2,695</u> | <u>\$2,460</u> | <u>\$2,867</u> |
| <b>Long-lived assets</b> |                |                |                |
| United States            | \$ 544         | \$ 529         | \$ 537         |
| Canada                   | 72             | 62             | 68             |
| Other                    | 29             | 28             | 30             |
| <b>Combined</b>          | <u>\$ 645</u>  | <u>\$ 619</u>  | <u>\$ 635</u>  |

**NOTE 14**

**SUPPLEMENTAL FINANCIAL STATEMENT DATA**

| Combined Statement of Operations<br>(millions) | 2022  | 2021  | 2020  |
|--|-------|-------|-------|
| <b>Depreciation expense</b>                    | \$ 68 | \$ 68 | \$ 69 |
| <b>Overhead expense</b>                        | \$305 | \$244 | \$309 |
| <b>Research and development expense</b>        | \$ 25 | \$ 27 | \$ 30 |
| <b>Advertising expense</b>                     | \$225 | \$268 | \$300 |

| Combined Balance Sheet<br>(millions) | 2022          | 2021          |
|--------------------------------------|---------------|---------------|
| Trade receivables                    | \$ 213        | \$ 122        |
| Allowance for expected credit losses | —             | —             |
| Other receivables                    | 16            | 33            |
| <b>Accounts receivable, net</b>      | <u>\$ 229</u> | <u>\$ 155</u> |
| Raw materials                        | \$ 43         | \$ 40         |
| Spare parts                          | 48            | 44            |
| Supplies                             | 22            | 25            |
| Materials in process                 | 20            | 18            |
| Finished goods                       | 298           | 203           |
| <b>Inventories, net</b>              | <u>\$ 431</u> | <u>\$ 330</u> |
| Land                                 | \$ 10         | \$ 10         |
| Buildings                            | 594           | 589           |
| Machinery and equipment              | 1,763         | 1,707         |
| Vehicles                             | 2             | 2             |
| Office Furniture and Fixtures        | 19            | 17            |
| Construction in progress             | 125           | 105           |
| Accumulated depreciation             | (1,868)       | (1,811)       |
| <b>Property, net</b>                 | <u>\$ 645</u> | <u>\$ 619</u> |
| Right of use asset                   | \$ 7          | \$ 8          |
| Other noncurrent assets              | 4             | 6             |
| <b>Other assets</b>                  | <u>\$ 11</u>  | <u>\$ 14</u>  |

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| <b>Combined Balance Sheet</b><br><b>(millions)</b> | <u>2022</u> | <u>2021</u> |
|--|-------------|-------------|
| Accrued distribution and plant related costs       | \$ 12       | \$41        |
| Lease liability – current                          | 3           | 3           |
| Other accrued liabilities                          | <u>32</u>   | <u>29</u>   |
| <b>Other current liabilities</b>                   | \$ 47       | \$73        |
| Restructuring liability                            | \$—         | \$ 4        |
| Lease liability – noncurrent                       | 5           | 5           |
| Other noncurrent                                   | <u>—</u>    | <u>1</u>    |
| <b>Other liabilities</b>                           | \$ 5        | \$10        |

| <b>Allowance for expected credit losses</b><br><b>(millions)</b> | <u>2022</u> | <u>2021</u> | <u>2020</u> |
|--|-------------|-------------|-------------|
| Balance at beginning of year                                     | \$—         | \$ 1        | \$—         |
| Additions (reductions) charged to expense                        | —           | (1)         | —           |
| Expected credit losses charged to reserve                        | <u>—</u>    | <u>—</u>    | <u>1</u>    |
| <b>Balance at end of year</b>                                    | \$—         | \$—         | \$ 1        |

**NOTE 15****SUBSEQUENT EVENTS**

These Combined Financial Statements were derived from the financial statements of Kellogg Company, which issued its annual financial statements for the fiscal year ended December 31, 2022 on February 21, 2023. Accordingly, WK Kellogg Co has evaluated transactions for consideration as recognized subsequent events in these financial statements through the date of February 21, 2023. Additionally, WK Kellogg Co has evaluated transactions that occurred through June 16, 2023, the date these financial statements were available for issuance, for the purposes of unrecognized subsequent events. We have determined that there have been no events that have occurred that would require adjustments to or disclosure in these Combined Financial Statements.

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North American Cereal Business of Kellogg Company

**COMBINED STATEMENT OF OPERATIONS**  
(millions)

| <b>(unaudited)</b>                          | Year-to-date period ended |              |
|---|---------------------------|--------------|
|   | July 1, 2023              | July 2, 2022 |
| <b>Net sales</b>                            | \$ 1,420                  | \$ 1,313     |
| Cost of goods sold                          | 1,048                     | 1,022        |
| Selling, general and administrative expense | 318                       | 215          |
| <b>Operating profit</b>                     | \$ 54                     | \$ 76        |
| Other income (expense), net                 | 15                        | 57           |
| <b>Income before income taxes</b>           | \$ 69                     | \$ 133       |
| Income taxes                                | 16                        | 29           |
| <b>Net income</b>                           | \$ 53                     | \$ 104       |

Refer to Notes to Unaudited Combined Financial Statements.

**COMBINED STATEMENT OF COMPREHENSIVE INCOME**  
(millions)

| <b>(unaudited)</b>           | Year-to-date period ended |                       |                  |
|------------------------------|---------------------------|-----------------------|------------------|
|                              | July 1, 2023              |                       |                  |
|                              | Pre-tax amount            | Tax (expense) benefit | After-tax amount |
| <b>Net income</b>            | \$ 69                     | \$ (16)               | \$ 53            |
| Other comprehensive income:  |                           |                       |                  |
| Foreign currency translation | 4                         | —                     | 4                |
| <b>Comprehensive income</b>  | \$ 73                     | \$ (16)               | \$ 57            |

| <b>(unaudited)</b>                | Year-to-date period ended |                       |                  |
|-----------------------------------|---------------------------|-----------------------|------------------|
|                                   | July 2, 2022              |                       |                  |
|                                   | Pre-tax amount            | Tax (expense) benefit | After-tax amount |
| <b>Net income</b>                 | \$ 133                    | \$ (29)               | \$ 104           |
| Other comprehensive income (loss) |                           |                       |                  |
| Foreign currency translation      | —                         | —                     | —                |
| <b>Comprehensive income</b>       | \$ 133                    | \$ (29)               | \$ 104           |

Refer to Notes to Unaudited Combined Financial Statements.

## North American Cereal Business of Kellogg Company

**COMBINED BALANCE SHEET**

(millions)

|   | July 1, 2023<br>(unaudited) | December 31,<br>2022 |
|---|-----------------------------|----------------------|
| <b>Current assets</b>                         |                             |                      |
| Cash and cash equivalents                     | \$ 2                        | \$ —                 |
| Accounts receivable, net                      | 240                         | 229                  |
| Inventories, net                              | 331                         | 431                  |
| Other current assets                          | 20                          | 10                   |
| <b>Total current assets</b>                   | <b>\$ 593</b>               | <b>\$ 670</b>        |
| Property, net                                 | 651                         | 645                  |
| Goodwill                                      | 53                          | 53                   |
| Other intangibles                             | 57                          | 57                   |
| Other assets                                  | 17                          | 11                   |
| <b>Total assets</b>                           | <b>\$ 1,371</b>             | <b>\$ 1,436</b>      |
| <b>Current liabilities</b>                    |                             |                      |
| Accounts payable                              | \$ 434                      | \$ 473               |
| Due to related parties                        | 11                          | 11                   |
| Accrued advertising and promotion             | 112                         | 103                  |
| Accrued salaries and wages                    | 34                          | 32                   |
| Other current liabilities                     | 48                          | 47                   |
| <b>Total current liabilities</b>              | <b>\$ 639</b>               | <b>\$ 666</b>        |
| <b>Deferred income taxes</b>                  | <b>63</b>                   | <b>63</b>            |
| <b>Nonpension postretirement liability</b>    | <b>15</b>                   | <b>15</b>            |
| <b>Other liabilities</b>                      | <b>4</b>                    | <b>5</b>             |
| <b>Commitments and contingencies (Note 8)</b> |                             |                      |
| <b>Equity</b>                                 |                             |                      |
| Net parent investment                         | 684                         | 725                  |
| Accumulated other comprehensive income (loss) | (34)                        | (38)                 |
| <b>Total equity</b>                           | <b>\$ 650</b>               | <b>\$ 687</b>        |
| <b>Total liabilities and equity</b>           | <b>\$ 1,371</b>             | <b>\$ 1,436</b>      |

Refer to Notes to Unaudited Combined Financial Statements.



**COMBINED STATEMENT OF EQUITY**  
(millions)

|  | <b>Year-to-date period ended July 1, 2023</b> |  |                     |
|--|---|--|---------------------|
|  | <b>Net parent investment</b>                  | <b>Accumulated other comprehensive income (loss)</b> | <b>Total equity</b> |
| <b>(unaudited)</b>                     |   |  |                     |
| <b>Balance, December 31, 2022</b>      | <b>\$ 725</b>                                 | <b>\$ (38)</b>                                       | <b>\$687</b>        |
| Net income (loss)                      | 53  | —  | 53                  |
| Net transfer (to)/from parent          | (94)  | —  | (94)                |
| Other comprehensive income, net of tax | —   | 4  | 4                   |
| <b>Balance, July 1, 2023</b>           | <b>\$ 684</b>                                 | <b>\$ (34)</b>                                       | <b>\$650</b>        |

|  | <b>Year-to-date period ended July 2, 2022</b> |  |                     |
|--|---|--|---------------------|
|  | <b>Net parent investment</b>                  | <b>Accumulated other comprehensive income (loss)</b> | <b>Total equity</b> |
| <b>(unaudited)</b>                     |   |  |                     |
| <b>Balance, January 1, 2022</b>        | <b>\$ 607</b>                                 | <b>\$ (37)</b>                                       | <b>\$570</b>        |
| Net income (loss)                      | 104   | —  | 104                 |
| Net transfer (to)/from parent          | (65)  | —  | (65)                |
| Other comprehensive income, net of tax | —   | —  | —                   |
| <b>Balance, July 2, 2022</b>           | <b>\$ 646</b>                                 | <b>\$ (37)</b>                                       | <b>\$609</b>        |

Refer to Notes to Unaudited Combined Financial Statements.

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North American Cereal Business of Kellogg Company

**COMBINED STATEMENT OF CASH FLOWS**  
**(millions)**

| (unaudited)   | Year-to-date<br>period ended |                |
|---|------------------------------|----------------|
|   | July 1, 2023                 | July 2, 2022   |
| <b>OPERATING ACTIVITIES</b>   |                              |                |
| Net income  | \$ 53                        | \$ 104         |
| Adjustments to reconcile net income to net cash provided by operating activities: |                              |                |
| Depreciation  | 32                           | 34             |
| Stock compensation  | 2                            | 1              |
| Pension and postretirement plan benefit   | (13)                         | (49)           |
| Other   | (1)                          | 1              |
| Postretirement benefit plan contributions   | (1)                          | (1)            |
| Changes in operating assets and liabilities:                                      |                              |                |
| Trade receivables   | (9)                          | (104)          |
| Inventories   | 101                          | (66)           |
| Accounts payable  | (21)                         | 127            |
| Due to / from related parties   | —                            | (1)            |
| Accrued advertising and promotion   | 8                            | 25             |
| Accrued salaries and wages  | 2                            | (2)            |
| Other assets and liabilities  | (13)                         | (25)           |
| <b>Net cash provided by operating activities</b>                                  | <b>\$ 140</b>                | <b>\$ 44</b>   |
| <b>INVESTING ACTIVITIES</b>   |                              |                |
| Additions to properties   | (60)                         | (27)           |
| Property damage recoveries from insurance proceeds                                | 4                            | —              |
| <b>Net cash (used in) investing activities</b>                                    | <b>\$ (56)</b>               | <b>(27)</b>    |
| <b>FINANCING ACTIVITIES:</b>  |                              |                |
| Net transfers (to)/from parent  | (82)                         | (17)           |
| <b>Net cash (used in) provided by financing activities</b>                        | <b>\$ (82)</b>               | <b>\$ (17)</b> |
| Effect of exchange rate changes on cash and cash equivalents                      | —                            | —              |
| Increase (decrease) in cash and cash equivalents                                  | 2                            | —              |
| Cash and cash equivalents at beginning of period                                  | —                            | —              |
| <b>Cash and cash equivalents at end of period</b>                                 | <b>\$ 2</b>                  | <b>\$ —</b>    |
| <b>Supplemental cash flow disclosures of non-cash investing activities</b>        |                              |                |
| Additions to properties included in accounts payable                              | \$ 16                        | \$ 5           |

Refer to Notes to Unaudited Combined Financial Statements.

North American Cereal Business of Kellogg Company

**Notes to Combined Financial Statements for the year-to-date period ended July 1, 2023 (unaudited)**

**NOTE 1**

**DESCRIPTION OF THE COMPANY AND BASIS OF PRESENTATION**

**Description of the Company**

On June 21, 2022, Kellogg Company (“Kellogg ParentCo”) announced its intent to separate its North American Cereal Business (“Cereal Business”) via a tax-free spin-off, resulting in the creation of a new independent public company. The Cereal Business consists of the business and operations conducted by Kellogg ParentCo. Our products are manufactured by us in the United States, Mexico and Canada and marketed in the United States, Canada and the Caribbean.

To effect the separation, Kellogg ParentCo intends to execute a tax-free spinoff of the Cereal Business by way of a pro-rata distribution of common stock of WK Kellogg Co, a newly formed Delaware corporation incorporated in November 2022, to Kellogg ParentCo’s shareholders of record as of the spin-off transaction record date (the “Spin-Off”). Kellogg ParentCo, directly or through its subsidiaries, holds both the Kellogg ParentCo Business, the Cereal Business and WK Kellogg Co. In connection with the Spin-Off, Kellogg ParentCo will undertake a series of internal reorganization transactions so that WK Kellogg Co will hold the Cereal Business assets, liabilities and operations directly and separately from the Kellogg ParentCo Business assets, liabilities and operations. Following these steps, WK Kellogg Co will hold only the Cereal Business assets, liabilities and operations. WK Kellogg Co will be the reporting entity and will ultimately serve as the parent company for the business to be divested by Kellogg ParentCo.

The accompanying Unaudited Combined Financial Statements represent the assets, liabilities and operations related to the Cereal Business to be transferred to WK Kellogg Co as well as the assets, liabilities and operations of WK Kellogg Co. The Cereal Business to be transferred from Kellogg ParentCo to WK Kellogg Co and the results of WK Kellogg Co are referred to throughout these Unaudited Combined Financial Statements as “WK Kellogg Co,” “the Company,” “we,” “us” or “our”.

Our cash is managed centrally at the Kellogg ParentCo level and as such, cash management decisions by Kellogg ParentCo have an impact on our Unaudited Combined Financial Statements. The cash and cash equivalents held by Kellogg ParentCo at the corporate level are not specifically identifiable to us and, therefore, have not been reflected in our Unaudited Combined Financial Statements. As a result of our participation in Kellogg ParentCo’s cash management arrangement, we do not generally hold our own cash and do not have access to any of Kellogg ParentCo’s credit facilities as a source of additional liquidity. Accordingly, these events and conditions can result in a net working capital deficit (i.e., total current liabilities in excess of total current assets) at the end of certain reporting periods. To alleviate such conditions, Kellogg ParentCo has committed that it will provide financial assistance to WK Kellogg Co, as determined by Kellogg ParentCo, to enable the Company to continue its operations and fulfill all of its financial obligations, expiring at the earlier of the consummation of the Spin-Off or December 2024. Accordingly, management believes that the financial support from Kellogg ParentCo will provide sufficient liquidity to meet the Company’s projected obligations for at least twelve months from the issuance of these financial statements.

**Basis of presentation**

These Unaudited Combined Financial Statements were prepared on a standalone basis derived from the consolidated financial statements and accounting records of Kellogg ParentCo. These statements reflect the combined historical results of operations, financial position and cash flows of the Cereal Business in accordance with accounting principles generally accepted in the United States (“GAAP”).

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The unaudited interim financial information included in this information statement reflects all adjustments, all of which are of a normal and recurring nature, that management believes are necessary for a fair statement of the results of operations, comprehensive income, financial position, equity and cash flows for the periods presented. The information included in this interim report should be read in conjunction with our Combined Financial Statements and accompanying notes included elsewhere in this information statement.

The Combined Balance Sheet information at December 31, 2022 was derived from annual audited financial statements, but does not include all disclosures required by GAAP. The results of operations for the year-to-date period ended July 1, 2023 are not necessarily indicative of the results to be expected for other interim periods or the full year.

These Unaudited Combined Financial Statements are presented as if WK Kellogg Co had been carved out of Kellogg ParentCo and had been combined for all periods presented. The Unaudited Combined Financial Statements include the attribution of certain assets and liabilities that have been held at Kellogg ParentCo but which are specifically identifiable or attributable to the business being transferred to WK Kellogg Co. The assets and liabilities in the carve-out financial statements have been presented on a historical cost basis.

All significant intercompany transactions within WK Kellogg Co have been eliminated. All transactions between WK Kellogg Co and Kellogg ParentCo are considered to be effectively settled in the Unaudited Combined Financial Statements at the time the transaction is recorded, other than transactions stemming from commercial operations described in Note 6. The total net effect of the settlement of these intercompany transactions is reflected in the Unaudited Combined Statement of Cash Flows as a financing activity and in the Unaudited Combined Balance Sheet as net parent investment.

These Unaudited Combined Financial Statements include expense allocations for: (1) co-manufacturing, product warehousing and distribution; (2) a combined sales force and management; (3) certain support functions that are provided on a centralized basis within Kellogg ParentCo, including, but not limited to executive oversight, treasury, finance, internal audit, legal, information technology, human resources, communications, facilities, and compliance; and (4) employee benefits and compensation, including stock based compensation. These expenses have been allocated to WK Kellogg Co on the basis of direct usage where identifiable, with the remainder allocated on a basis of gross sales value, production pounds, headcount or other applicable measures. For an additional discussion and quantification of expense allocations, see Note 6.

Management believes the assumptions underlying these Unaudited Combined Financial Statements, including the assumptions regarding allocated expenses, reasonably reflect the utilization of services provided to or the benefit received by WK Kellogg Co during the periods presented. Nevertheless, the Unaudited Combined Financial Statements may not reflect the results of operations, financial position and cash flows had WK Kellogg Co been a standalone company during the periods presented. Actual costs that WK Kellogg Co may have incurred had it been a standalone company would depend on a number of factors, including the chosen organization structure, whether functions were outsourced or performed by our employees and strategic decisions made in areas such as manufacturing, selling and marketing, research and development, information technology and infrastructure.

Debt obligations and related financing costs of Kellogg ParentCo have not been included in the Unaudited Combined Financial Statements of WK Kellogg Co, because WK Kellogg Co is not a party to the obligations between Kellogg ParentCo and the debt holders.

The income tax provision in the Unaudited Combined Statement of Operations has been calculated as if WK Kellogg Co was operating on a standalone basis and filed separate tax returns in the jurisdiction in which it operates. Therefore, cash tax payments and items of current and deferred taxes may not be reflective of WK Kellogg Co's actual tax balances prior to or subsequent to the carve-out.

Kellogg ParentCo maintains various benefit and combined stock-based compensation plans at a corporate level and other benefit plans at a country level. Our employees participate in such programs and the portion of the cost of those plans related to our employees is included in our financial statements. However, the Unaudited

Combined Balance Sheets do not include any equity issued related to stock-based compensation plans or any net benefit plan obligations unless the benefit plan covers only our dedicated employees or where the entire legal obligation associated with the benefit plan will transfer to WK Kellogg Co. Further, where WK Kellogg Co employees participate in defined benefit plans sponsored by Kellogg ParentCo that include participants of Kellogg ParentCo's other businesses, such plans are accounted for as multiemployer plans in these Unaudited Combined Financial Statements.

The equity balance in these Unaudited Combined Financial Statements represents the excess of total assets over total liabilities, including intercompany balances between us and Kellogg ParentCo (net parent company investment) and accumulated other comprehensive loss. Net parent company investment is primarily impacted by distributions to Kellogg ParentCo which are the result of net funding provided by or distributed to Kellogg ParentCo and treasury activity. See Note 6 for further information.

WK Kellogg Co manages its business and reports its operations in one operating and reportable segment, engaged in the manufacturing, marketing and sales of cereal products in North America. Consistent with our operational structure, our Chief Operating Decision Maker ("CODM"), makes resource allocation and business decisions on a combined basis. Our CODM also uses combined single-segment financial information for the purpose of evaluating financial performance, allocating resources, setting incentive compensation targets, as well as forecasting future period financial results.

During the second quarter ended July 1, 2023, WK Kellogg Co identified certain immaterial errors in its unaudited historical Combined Financial Statements as of and for the three month period ended April 1, 2023 related primarily to certain information technology, inventory and operational costs recorded by Kellogg Company which should have been recorded by WK Kellogg Co in its previously issued Unaudited Combined Statement of Cash Flows for the three month period ended April 1, 2023 which is not included in this Registration Statement on Form 10. Although management has determined that such errors did not materially misstate such prior financial statements, WK Kellogg Co will prospectively revise its Unaudited Combined Statement of Cash Flows in connection with any future filings that may include the three month period ended April 1, 2023 to increase Net cash (used in) provided by financing activities by \$6 million and decrease Net cash provided by operating activities by \$5 million resulting in a net increase (decrease) in cash and cash equivalents associated with a cash infusion from Kellogg Company of \$1 million.

## **NOTE 2 ACCOUNTING POLICIES**

### **Accounts payable – Supplier Finance Programs**

Kellogg ParentCo establishes competitive market-based terms with our suppliers, regardless of whether they participate in supplier finance programs, which generally range from 0 to 150 days dependent on their respective industry and geography.

Kellogg ParentCo has agreements with third parties to provide accounts payable tracking systems which facilitate participating suppliers' ability to monitor and, if elected, sell payment obligations from Kellogg ParentCo to designated third-party financial institutions. Participating suppliers may, at their sole discretion, make offers to sell one or more payment obligations of Kellogg ParentCo prior to their scheduled due dates at a discounted price to participating financial institutions. Kellogg ParentCo has no economic interest in the sale of these suppliers' receivables and no direct financial relationship with the financial institutions concerning these services. Kellogg ParentCo's obligations to its suppliers, including amounts due and scheduled payment dates, are not impacted by suppliers' decisions to sell amounts under the arrangements. However, Kellogg ParentCo's right to offset balances due from suppliers against payment obligations is restricted by the agreements for those payment obligations that have been sold by suppliers. As our suppliers also had the ability to participate in this program during the periods presented, the impact of this program has been included in these Unaudited Combined Financial Statements. The payment of these obligations by WK Kellogg Co is included in cash used in operating activities in the Unaudited Combined Statement of Cash Flows. As of July 1, 2023 and December 31, 2022, \$135 million and \$138 million, respectively, of WK Kellogg Co's outstanding payment obligations had been placed in the accounts payable tracking system.

### **Accounting standards adopted in the period**

*Supplier Finance Programs:* Disclosure of Supplier Finance Program Obligations. In September 2022, the FASB issued an ASU to improve the disclosures of supplier finance programs. Specifically, the ASU requires disclosure of key terms of the supplier finance programs and a rollforward of the related obligations. The amendments in this ASU do not affect the recognition, measurement, or financial statement presentation of obligations covered by supplier finance programs. The ASU is effective for fiscal years, and interim periods within those years, beginning after December 15, 2022, except for the amendment on rollforward information, which is effective for fiscal years beginning after December 15, 2023. Early adoption is permitted. The Combined Financial Statements have historically presented information regarding the nature and amount of outstanding Accounts Payable obligations confirmed into supplier finance programs within the Accounting Policies note. WK Kellogg Co adopted the ASU in the first quarter of 2023 and will include the rollforward information in the first quarter of 2024.

### **NOTE 3**

#### **SALE OF ACCOUNTS RECEIVABLE**

Kellogg ParentCo has a program in which a discrete group of customers are allowed to extend their payment terms in exchange for the elimination of early payment discounts (Extended Terms Program).

Kellogg ParentCo has two Receivable Sales Agreements (Monetization Programs) described below, which are intended to directly offset the impact the Extended Terms Program would have on the days-sales-outstanding (DSO) metric that is critical to the effective management of Kellogg ParentCo's accounts receivable balance and overall working capital. The Monetization Programs are designed to effectively offset the impact on working capital of the Extended Terms Program. The Monetization Programs sell, on a revolving basis, certain trade accounts receivable invoices to third party financial institutions. Transfers under these agreements are accounted for as sales of receivables resulting in the receivables being de-recognized from the Unaudited Combined Balance Sheet. The Monetization Programs provide for the continuing sale of certain receivables on a revolving basis until terminated by either party; however the maximum receivables that may be sold by Kellogg ParentCo at any time is approximately \$1.1 billion. As WK Kellogg Co receivables were a part of Kellogg ParentCo's accounts receivable balance, the impact of this program has been included in the Unaudited Combined Financial Statements.

Kellogg ParentCo, and consequently WK Kellogg Co, has no retained interest in the receivables sold, however Kellogg ParentCo does have collection and administrative responsibilities for the sold receivables. Kellogg ParentCo, and consequently WK Kellogg Co, has not recorded any servicing assets or liabilities as of July 1, 2023, and December 31, 2022 for these agreements as the fair value of these servicing arrangements, as well as the fees earned, were not material to the financial statements.

For WK Kellogg Co, accounts receivable sold of \$291 million and \$256 million remained outstanding under these arrangements as of July 1, 2023, and December 31, 2022, respectively. The proceeds from these sales of receivables are included in cash from operating activities in the Unaudited Combined Statement of Cash Flows. The allocated recorded net loss on sale of receivables, based on the proportion of monetized receivables, was \$8 million and \$1 million for the year-to-date periods ended July 1, 2023 and July 2, 2022, respectively. The recorded loss is included in other income (expense), net.

### **NOTE 4**

#### **RETIREMENT BENEFITS**

Kellogg ParentCo sponsors a number of U.S. and foreign pension plans as well as other nonpension postretirement and postemployment plans to provide various retirement benefits for its employees. WK Kellogg Co employees participate in these plans sponsored by Kellogg ParentCo, which include participants of Kellogg ParentCo's other businesses. Such plans are accounted for as multiemployer plans in these Unaudited Combined Financial Statements and as a result, no asset or liability was recorded by WK Kellogg Co to recognize the funded status of these plans. There are also certain defined benefit pension and nonpension postretirement plans that our employees participate in that are either dedicated to our employees or where the plan assets and liabilities that relate to our employees will legally transfer to WK Kellogg Co at the time of separation from Kellogg ParentCo.

### ***Pension***

We recorded expense of \$4 million and income of \$23 million relating to our employees' participation in Kellogg ParentCo sponsored plans for the year-to-date periods ended July 1, 2023 and July 2, 2022, respectively. For the year-to-date period ended July 1, 2023, the entire expense of \$4 million was related to service costs and was recorded in COGS. For the year-to-date period ended July 2, 2022, service costs of \$5 million were recorded in COGS and \$28 million of income was allocated to other income (expense), net. No contributions have been recognized in the Unaudited Combined Financial Statements as we are not required to make contributions to these plans.

### ***Postretirement***

We recorded income relating to our employees' participation in Kellogg ParentCo sponsored postretirement plans of \$18 million and \$26 million for the year-to-date periods ended July 1, 2023 and July 2, 2022, respectively. These amounts were recorded in the Unaudited Combined Statement of Operations as follows: Expense related to service costs of \$2 million and \$4 million was allocated to COGS for the year-to-date periods ended July 1, 2023 and July 2, 2022, respectively, and \$20 million and \$30 million of income related to all other elements of benefit expense was allocated to other income (expense), net, for the year-to-date periods ended July 1, 2023 and July 2, 2022, respectively.

For the postretirement plans that are either dedicated to our employees or where the plan assets and liabilities that relate to our employees will legally transfer to our Company at the time of separation from Kellogg ParentCo, the total expense recognized was less than \$1 million for the year-to-date periods ended July 1, 2023 and July 2, 2022.

## **NOTE 5 INCOME TAXES**

WK Kellogg Co's operations have historically been included in the consolidated U.S. federal, certain state and local tax returns filed by Kellogg ParentCo. We also file certain separate U.S. state and local and foreign income tax returns. WK Kellogg Co has calculated its provision for income taxes using a separate return method as if the Company was a separate group of companies under common ownership. Under this method, WK Kellogg Co is assumed to file hypothetical separate returns with the tax authorities, thereby reporting its taxable income or loss and paying the applicable tax to or receiving the appropriate refund from Kellogg ParentCo. Current income tax liabilities are assumed to be immediately settled with Kellogg ParentCo against net parent investment. WK Kellogg Co reports deferred taxes on its temporary differences and on any carryforwards that it could claim on its hypothetical returns. Cash tax payments, current and deferred tax balances and unremitted foreign earnings may not be reflective of WK Kellogg Co's actual tax balances prior to or subsequent to the distribution.

WK Kellogg Co's combined effective tax rate for the year-to-date periods ended July 1, 2023 and July 2, 2022 was 23.2% and 21.9%, respectively. The increase in effective tax rate is primarily attributable to increased non-deductible transaction costs. Further, the effective tax rate for the year-to-date periods ended July 1, 2023 and July 2, 2022 was impacted by state and local income taxes and the differential of WK Kellogg Co's foreign statutory tax rates from the U.S. federal statutory tax rate.

The amount of unrecognized tax benefits for the year-to-date periods ended July 1, 2023 and July 2, 2022, that, if recognized, would affect the effective tax rate, was not material. During the year-to-date periods ended July 1, 2023 and July 2, 2022, the Company recognized an immaterial amount of tax related interest on unrecognized tax benefits.

Management estimates the reasonably possible changes to unrecognized tax benefits during the next twelve months to be immaterial and is currently unaware of any issues under review that could result in significant additional payments, accruals, or other material deviation in this estimate. However, WK Kellogg Co would not be liable for any incremental taxes payable, interest or penalties, which remain Kellogg ParentCo's obligation.

**NOTE 6  
RELATED PARTY TRANSACTIONS**

WK Kellogg Co has not historically operated as a standalone business and has various relationships with Kellogg ParentCo whereby Kellogg ParentCo provides services to WK Kellogg Co.

**Transfers to/from Kellogg ParentCo, net**

As discussed in Note 1 in the basis of presentation section, net parent investment is primarily impacted by contributions from Kellogg ParentCo which are the result of treasury activity and net funding provided by or distributed to Kellogg ParentCo.

The components of net parent investment for the year-to date periods ended July 1, 2023 and July 2, 2022 are:

| <u>(millions)</u>   | <u>July 1, 2023</u> | <u>July 2, 2022</u> |
|---|---------------------|---------------------|
| Net transfers (to)/from Kellogg ParentCo as reflected in the    |                     |                     |
| Unaudited Combined Statement of Cash Flows                      | \$ (82)             | \$ (17)             |
| Non-cash stock compensation expense                             | 2                   | 1                   |
| Non-cash pension and postretirement plan benefit                | (14)                | (49)                |
| Net transfers to Kellogg ParentCo as reflected in the Unaudited |                     |                     |
| Combined Statement of Changes in Equity                         | <u>\$ (94)</u>      | <u>\$ (65)</u>      |

**Corporate Overhead and Other Allocations**

Kellogg ParentCo provides WK Kellogg Co certain services, including executive oversight, treasury, legal, finance, human resources, tax, internal audit, financial reporting, information technology and investor relations. Allocated costs also include costs related to commingled supply chain functions such as logistics, distribution, and co-manufacturing/co-packing operations. Our Unaudited Combined Financial Statements reflect an allocation of these costs. When specific identification is not practicable, a proportional cost method is used, primarily based on gross sales value, headcount, production pounds or shipping pounds.

The allocation of expenses from Kellogg ParentCo to WK Kellogg Co were reflected as follows in the Unaudited Combined Statement of Operations for the year-to-date periods ended July 1, 2023 and July 2, 2022:

| <u>(millions)</u>                   | <u>Year-to-date period ended</u> |                     |
|-------------------------------------|----------------------------------|---------------------|
|                                     | <u>July 1, 2023</u>              | <u>July 2, 2022</u> |
| Cost of goods sold                  | \$ 89                            | \$ 78               |
| Selling, general and administrative | 174                              | 138                 |
| Other (income) expense, net         | (11)                             | (57)                |
| Total                               | <u>\$ 252</u>                    | <u>\$ 159</u>       |

The financial information herein may not necessarily reflect the combined financial position, results of operations and cash flows of WK Kellogg Co in the future or what they would have been had WK Kellogg Co been a separate, standalone entity during the periods presented. Management believes that the methods used to allocate expenses to WK Kellogg Co are reasonable; however, the allocations may not be indicative of actual expenses that would have been incurred had we operated as an independent, publicly traded company for the periods presented. Actual costs that WK Kellogg Co may have incurred had it been a standalone company would depend on a number of factors, including the chosen organizational structure, whether functions were outsourced or performed by our employees and strategic decisions made in areas such as manufacturing, selling and marketing, research and development, information technology and infrastructure.



### **Stock compensation**

Stock compensation expense related to Kellogg ParentCo employees who also support WK Kellogg Co have been allocated to the Company and recorded in COGS and SGA expense in the Unaudited Combined Statement of Operations and included in the table above. Stock compensation costs allocated to WK Kellogg Co were \$8 million and \$6 million for the year-to-date periods ended July 1, 2023 and July 2, 2022, respectively.

### **Retirement Benefits**

As discussed in Note 4, WK Kellogg Co's employees participate in defined benefit pension and other postretirement plans sponsored by Kellogg ParentCo that also include participants of Kellogg ParentCo's other businesses. The costs of such plans have been allocated in the Unaudited Combined Statement of Operations within COGS, SGA expense and other income (expense), net and are included in the amounts presented in the table above. The allocated income related to such plans was \$14 million and \$49 million for the year-to-date periods ended July 1, 2023 and July 2, 2022, respectively.

### **Centralized Cash Management**

Kellogg ParentCo uses a centralized approach to cash management and financing of operations. The majority of WK Kellogg Co's businesses are party to Kellogg ParentCo's cash pooling arrangements to maximize Kellogg ParentCo's availability of cash for general operating and investing purposes. Under these cash pooling arrangements, cash balances are swept regularly from WK Kellogg Co's accounts. Cash transfers to and from Kellogg ParentCo's cash concentration accounts and the resulting balances at the end of each reporting period are reflected in net parent company investment in the unaudited combined balance sheet.

Kellogg ParentCo has committed that it will provide financial assistance to WK Kellogg Co, as determined by Kellogg ParentCo, to enable the Company to continue its operations and fulfill all of its financial obligations, expiring at the earlier of the consummation of the Spin-Off or December 2024. See Note 1 for additional detail about this arrangement.

### **Debt**

Kellogg ParentCo's third-party debt and the related interest expense have not been allocated to WK Kellogg Co for any of the periods presented as WK Kellogg Co was not the legal obligor of the debt and Kellogg ParentCo's borrowings were not directly attributable to WK Kellogg Co's businesses.

### **Commercial Operations**

Unless otherwise stated, all significant intercompany transactions between WK Kellogg Co and Kellogg ParentCo have been included in these Unaudited Combined Financial Statements and are considered to be effectively settled for cash at the time the transaction is recorded. The total net effect of the settlement of these intercompany transactions is reflected in the Unaudited Combined Statement of Cash Flows as a financing activity and in the Unaudited Combined Balance Sheet as net parent investment.

WK Kellogg Co sells certain products to other Kellogg ParentCo businesses, which may use WK Kellogg Co's products as raw materials in its manufacturing processes or may resell the finished goods. These product sales resulted in revenue of \$18 million and \$15 million for the year-to-date periods ended July 1, 2023 and July 2, 2022, respectively. Accounts receivable as a result of WK Kellogg Co sales to other Kellogg ParentCo businesses was approximately \$2 million and \$1 million as of July 1, 2023 and December 31, 2022, respectively.

WK Kellogg Co also purchases certain products from other Kellogg ParentCo businesses, which is recorded in COGS. These purchases amounted to \$37 million and \$40 million for the year-to-date periods ended July 1, 2023 and July 2, 2022, respectively. The amounts payable to Kellogg ParentCo as a result of these purchases was

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\$11 million as of both July 1, 2023 and December 31, 2022 and recorded in due to related parties on the Unaudited Combined Balance Sheets. These amounts may not necessarily reflect the combined financial position and results of operations of WK Kellogg Co in the future or what they would have been had WK Kellogg Co been a separate, standalone entity during the periods presented. Actual costs that WK Kellogg Co may have incurred had it been a standalone company would depend on a number of factors, including the chosen organizational structure, whether functions were outsourced or performed by our employees and strategic decisions made in areas such as manufacturing, selling and marketing, research and development, information technology and infrastructure.

WK Kellogg Co also makes certain royalty payments to Kellogg ParentCo, which are recorded in COGS. These royalties amounted to \$7 million for both the year-to-date periods ended July 1, 2023 and July 2, 2022. Royalty payable was recorded within accounts payable and was an immaterial amount as of July 1, 2023 and December 31, 2022.

### Spin costs

Kellogg ParentCo has incurred incremental costs to evaluate, plan and execute the Spin-Off. These charges were primarily related to legal and consulting costs. WK Kellogg Co allocated a pro rata portion of those costs, that WK Kellogg Co received a benefit from, based on either specific identification, where possible, or a proportional cost method based on gross sales value. WK Kellogg Co recorded total charges of \$61 million, including \$17 million in COGS and \$44 million in SGA expense for the year-to-date period ended July 1, 2023. WK Kellogg Co recorded \$1 million in SGA expense for the year-to-date period ended July 2, 2022.

## NOTE 7

### DERIVATIVE INSTRUMENTS

WK Kellogg Co is exposed to certain market risks such as changes in foreign currency exchange rates, and commodity prices, which exist as a part of its ongoing business operations. Kellogg ParentCo uses derivative and nonderivative financial and commodity instruments, including futures, options, and swaps, where appropriate, to manage these risks. Instruments used as hedges must be effective at reducing the risk associated with the exposure being hedged.

Since the derivative instruments are entered into and settled by Kellogg ParentCo for both WK Kellogg Co and its other businesses, no asset or liability has been recorded on the Unaudited Combined Balance Sheets. However, an appropriate allocation of the gains/losses and fees associated with entering into derivative instruments has been included in WK Kellogg Co's Unaudited Combined Statement of Operations.

The effect of derivative instruments on WK Kellogg Co's Unaudited Combined Statement of Operations for the year-to-date periods ended July 1, 2023, and July 2, 2022 was as follows:

| <u>(millions)</u>            | Gain (loss)<br>recognized<br>in COGS |                 | Gain (loss)<br>recognized<br>in other income<br>(expense), net |                 |
|------------------------------|--------------------------------------|-----------------|--|-----------------|
|                              | July 1,<br>2023                      | July 2,<br>2022 | July 1,<br>2023  | July 2,<br>2022 |
| Commodity contracts          | \$ (13)                              | \$ 15           | —  | —               |
| Foreign Currency derivatives | \$ 1                                 | \$ 3            | \$ —   | \$ 1            |

## NOTE 8

### CONTINGENCIES

In 2021, there was a fire at one of WK Kellogg Co's manufacturing facilities, the damages of which are in the process of being recovered via insurance policies maintained by Kellogg ParentCo. WK Kellogg Co recognized an insurance receivable of less than \$1 million in accounts receivable, net as of July 1, 2023 and December 31, 2022. For the year-to-date period ended July 1, 2023, WK Kellogg Co recognized insurance recoveries of \$4 million in

other income (expense), net related to recoveries for property damage. Accordingly, this amount has been reflected within net cash (used in) investing activities in the Unaudited Combined Statement of Cash Flows for the year-to-date period ended July 1, 2023. Additionally, for the year-to-date period ended July 1, 2023, WK Kellogg Co recognized insurance recoveries of \$16 million in COGS to offset the incremental costs incurred due to the fire. The proceeds from these recoveries were related to business interruption claims and have been reflected in net cash provided by operating activities in the Unaudited Combined Statement of Cash Flows for the year-to-date period ended July 1, 2023. For the year-to-date period ended July 2, 2022, WK Kellogg Co recognized insurance recoveries of \$12 million in COGS to offset the incremental costs incurred due to the fire. The proceeds from the recoveries were related to business interruption claims and have been reflected in net cash provided by operating activities in the Unaudited Combined Statement of Cash Flows for the year-to-date period ended July 2, 2022.

**NOTE 9**
**SUPPLEMENTAL FINANCIAL STATEMENT DATA**
**Combined Balance Sheet**

| <u>(millions)</u>                            | <u>July 1, 2023</u><br><u>(unaudited)</u> | <u>December 31, 2022</u> |
|--|---|--------------------------|
| Trade receivables                            | \$ 220                                    | \$ 213                   |
| Allowance for expected credit losses         | —   | —                        |
| Other receivables                            | 20  | 16                       |
| <b>Accounts receivable, net</b>              | <u>\$ 240</u>                             | <u>\$ 229</u>            |
| Raw materials                                | \$ 37                                     | \$ 43                    |
| Spare parts                                  | 50  | 48                       |
| Supplies                                     | 17  | 22                       |
| Materials in process                         | 16  | 20                       |
| Finished goods                               | 211                                       | 298                      |
| <b>Inventories, net</b>                      | <u>\$ 331</u>                             | <u>\$ 431</u>            |
| Land   | \$ 10                                     | \$ 10                    |
| Buildings                                    | 613                                       | 594                      |
| Machinery and equipment                      | 1,777                                     | 1,763                    |
| Vehicles                                     | 2   | 2                        |
| Office Furniture and Fixtures                | 21  | 19                       |
| Construction in progress                     | 123                                       | 125                      |
| Accumulated depreciation                     | (1,895)                                   | (1,868)                  |
| <b>Property, net</b>                         | <u>\$ 651</u>                             | <u>\$ 645</u>            |
| Right of use asset                           | \$ 7                                      | \$ 7                     |
| Prepaid cloud assets                         | 7   | —                        |
| Other noncurrent assets                      | 3   | 4                        |
| <b>Other Assets</b>                          | <u>\$ 17</u>                              | <u>\$ 11</u>             |
| Accrued distribution and plant related costs | \$ 15                                     | \$ 12                    |
| Lease liability – current                    | 3   | 3                        |
| Other accrued liabilities                    | 30  | 32                       |
| <b>Other current liabilities</b>             | <u>\$ 48</u>                              | <u>\$ 47</u>             |
| Lease liability – noncurrent                 | \$ 4                                      | \$ 5                     |
| <b>Other liabilities</b>                     | <u>\$ 4</u>                               | <u>\$ 5</u>              |

**NOTE 10**

**SUBSEQUENT EVENTS**

These Unaudited Combined Financial Statements were derived from the financial statements of Kellogg Company, which issued its quarterly financial statements for the fiscal quarter ended July 1, 2023 on August 3, 2023. Accordingly, WK Kellogg Co has evaluated transactions for consideration as recognized subsequent events in these financial statements through August 3, 2023. Additionally, WK Kellogg Co has evaluated transactions that occurred through August 23, 2023, the date these financial statements were available for issuance, for the purposes of unrecognized subsequent events. We have determined that there have been no events that have occurred that would require adjustments to or disclosures in these Unaudited Combined Financial Statements.