**Risk Factors Comparison 2024-02-20 to 2023-02-21 Form: 10-K**

**Legend:** **New Text** ~~Removed Text~~ Unchanged Text Moved Text Section

In addition to the factors discussed elsewhere in this Report, the following risks and uncertainties could materially adversely affect our business, financial condition and results of operations. Additional risks and uncertainties not presently known to us or that we currently deem immaterial also may impair our business operations and financial condition. Risks Related to Our Business Our business is significantly impacted by general macroeconomic conditions, and accordingly, our business, results of operations and financial condition could be materially adversely affected by further deterioration or a protracted extension of current macroeconomic challenges. ~~The COVID- 19 pandemic, geopolitical~~ **Geopolitical** instability, including ~~the war~~ **wars and conflicts (including conflicts** in Ukraine **and the Middle East)** , actual and potential shifts in U. S. and foreign, trade, economic and other policies, as well as other global events, have significantly increased macroeconomic uncertainty at a global level. The ~~current~~ macroeconomic environment is **and has been** characterized by record- high inflation, supply chain challenges, labor shortages, high interest rates, foreign currency exchange volatility, volatility in global capital markets and growing recession risk. Such economic volatility could adversely affect our business, financial condition, results of operations and cash flows, and future market disruptions could negatively impact us. Further, adverse macroeconomic conditions may affect our customers' and prospective customers' operations and financial condition and make it difficult for our customers and prospective customers to accurately forecast and plan future business activities, which may in turn cause our customers to limit their purchase orders or affect their ability to pay amounts owed to us in a timely manner or at all, or adversely affect prospective customers' ability or willingness to purchase our products. An economic downturn or a recession or increased uncertainty may also lead to increased credit and collectability risks, higher borrowing costs or reduced availability of capital and credit markets, reduced liquidity, adverse impacts on our suppliers, failures of counterparties including financial institutions and insurers, asset impairments, and declines in the value of our financial instruments. 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 **occurrence** ~~global spread and unprecedented impact~~ of ~~the ongoing 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 **(including a resurgence of the COVID- 19 pandemic)** in some markets could lead to **the** ~~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~~ **Disruptions** to our supply chain in certain markets **have occurred from time to time** . ~~These disruptions~~ **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~~ **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 **supply,** 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 **source,** import ~~and~~ **or** secure ingredients and packaging **, ability to transport products to our facilities** , 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 **a** ~~COVID- 19 or other~~ widespread public health ~~concerns~~ **concern** continue for an extended period of time, our ability to meet the demand for our products may be materially impacted ~~. The impact of COVID- 19 may also heighten other risks discussed in this " Risk Factors " section~~ . We may not realize the benefits we expect from revenue growth management. We are utilizing 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. Our results may be negatively impacted if consumers do not maintain their favorable perception of our brands. We have a number of iconic brands with significant value. Promoting and protecting the value of these brands is critical to the success of our business. Brand value is primarily based on consumer perceptions. Successful ~~promotion~~ **promotions** and brand value enhancement depends in large part on our ability to provide high- quality products. Brand value could diminish significantly due to a number of factors, including consumer perception that we, 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 (whether or not valid), **sponsorship or endorsement relationships (whether or not valid),** our failure to maintain the quality of our products, the failure of our products **or promotions** to deliver consistently positive consumer experiences, the 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 when and how consumers consume food products and their desire for premium or value offerings and whether to 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, ~~Kellogg~~ **Kellanova** and third parties increases the speed and extent that information or misinformation and opinions can be shared. Negative posts or comments about ~~Kellogg~~ **Kellanova** , our brands, our products, our labor relations or any of our employees or agents on social or digital media platforms could seriously damage our brands, 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 the media itself experiences negative publicity itself. 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. If we do not maintain the favorable perception of our brands, our results could be negatively impacted. Business disruptions could have an adverse effect on our business, financial condition and results of operations. We manufacture and source products and materials on a global scale. We have a complex network of suppliers, owned manufacturing locations, contract manufacturer locations, warehousing and distribution networks and information systems that support our ability to provide our products to our customers consistently. Our ability to make, move and sell products globally is critical to our success. Factors that are hard to predict or beyond our control, such as product or raw material scarcity, workforce disruptions, weather (including any potential effects of climate change), natural disasters, water availability, 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. 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, 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 ~~. We have experienced temporary workforce disruptions in our supply chain as a result of the COVID- 19 pandemic. We have implemented employee safety measures, based on guidance from the Centers for Disease Control and Prevention, Occupational Safety and Health Administration and World Health Organization, across all our supply chain facilities, including proper hygiene, social distancing, mask use, and temperature screenings. Illness, travel restrictions, absenteeism, or other workforce disruptions could negatively affect our supply chain, manufacturing, distribution, or other business processes~~ . Many of our employees are 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 ~~, including an almost three- month long strike in fiscal 2021 related to negotiations of a collectively bargained agreement at our U. S. ready- to- eat cereal manufacturing locations,~~ and could occur in the future if we are unable to renew these agreements on satisfactory terms or enter into new agreements on satisfactory terms, which could adversely impact our operating results. In addition, we may be unable to meet the demand for our products during certain business disruptions. **Short term** ~~For~~ - **or** ~~instance~~ **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** , ~~we experienced~~ **which may place constraints on our ability to produce products in a timely manner or may** ~~increased~~ - **increase our costs. Our failure to meet the** demand for **our products could adversely affect our business and results of operations. Our businesses rely on independent third parties for the supply of materials for, and the manufacture of,** many ~~of our~~ products ~~during~~ **. Our businesses could be materially affected if we fail to develop or maintain our relationships with these third parties, if any of these third parties is unable to fulfill its obligations to us, if any of these third parties fails to comply with governmental regulations applicable to the supply of materials for or the manufacturing of our products or if any of these third parties ceases doing business with us or goes out of business. Additionally, from time to time, we experience operational difficulties with these third parties, which may include increases in costs, reductions in the availability of materials or production capacity, delays in the addition of incremental capacity, failures to meet shipment or production deadlines, including as a result of public health crises (such as** the COVID- 19 pandemic **)** and ~~were~~ **related governmental restrictions or mandates and any naturally occurring or climate change induced acute (including extreme weather and natural disasters) or chronic (including prolonged temperature and weather patterns) climatic events** , ~~at times~~ **fire and water stress** , ~~unable~~ **cybersecurity incidents, errors**

**in complying with specifications and insufficient quality control. The inability of a third- party supplier or manufacturer** to **ship** ~~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~~ **in desirable quantities** ~~our~~ - **or** ~~costs. Our failure~~ to meet ~~the demand~~ **our safety, quality and social compliance standards** ~~for~~ - **or** ~~our products~~ **regulatory requirements** could **have a material** ~~adversely~~ -- **adverse** ~~affect~~ **impact on** our ~~business~~ **businesses** ~~and~~ **, reputation, financial condition,** results of operations **and cash flows. In addition, certain of our relationships with third- party manufacturers and suppliers require us to purchase minimum volumes, and we could incur significant penalties if we do not purchase the minimum quantities required under these commitments** . 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 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 consolidated financial position and on the consolidated 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 cost savings and productivity initiatives on the same timelines. Structural and Organizational Risks ~~The proposed~~ **We may not realize the anticipated benefits from the** separation of **WK Kellogg Co, which could harm** our ~~North American cereal~~ business **. On October 2, 2023, the Company** ~~is subject to various risks and uncertainties and may not be~~ completed ~~in accordance with~~ the ~~expected plans or anticipated timeline, or at all, and will involve significant time, expense, and resources, which could disrupt or adversely affect our business. On June 21, 2022, the Company announced a plan to separate its North American cereal business, via a tax- free~~ spin- off ~~, with a target to complete the transaction by the end~~ of ~~2023, resulting in~~ **WK Kellogg Co (the " separation "). The Company may incur significant additional expenses and challenges arising from and following the separation of the WK Kellogg Co business. The Company may not be able** ~~two~~ - **to achieve** ~~independent public companies, each better positioned to unlock their~~ -- **the** full ~~standalone~~ **strategic, financial, operational, or other benefits that are expected to result from the separation and the anticipated benefits of the separation are based on a number of assumptions, some of which may prove incorrect. Additionally, stranded margins and a** potential **loss of synergies from** ~~. We cannot assure that~~ the separation **could negatively impact** ~~transaction will be completed on the anticipated timeline or~~ **our** ~~at~~ **results of operations, financial condition and cash flows. A failure to realize** all or **some** ~~that the terms~~ of the **expected benefits** ~~separation will not change. The transaction will follow the satisfaction of customary conditions, including reviews and final approval by Kellogg' s Board of Directors, receipt of an Internal Revenue Service ruling and relevant tax opinions with respect to the tax- free nature of the transaction, effectiveness of appropriate filings with the U. S. Securities and Exchange Commission, and acceptance of the North American cereal company' s common stock for listing by a national securities exchange approved by Kellogg' s Board of Directors, the completion of audited financials of the new independent company, among others. The failure to satisfy any of the required conditions could delay the completion of the separation for a significant period of time or prevent it from occurring at all. Unanticipated developments, including changes in the competitive conditions of our markets, possible delays in obtaining various tax opinions or rulings or failure~~ of the spin- off **,** ~~transaction to qualify for~~ - **or if such benefits** ~~non- recognition treatment for U. S. federal income tax purposes, or for tax- deferred treatment for Canadian federal and provincial income tax purposes, the filing and effectiveness of appropriate filings with the SEC and the listing on a stock exchange, negotiating challenges, the uncertainty of the financial markets, changes in the law, and challenges in executing the separation of the business, could delay or prevent the completion of the separation, or cause the separation to occur on terms or conditions that~~ are ~~different or less favorable than initially expected. Any changes to the separation or delay~~ **delayed** ~~in completing the separation could cause us not to realize some or all of the expected benefits~~ , ~~or realize them on a different timeline than initially expected. Further, our Board of Directors~~ could ~~decide, either because of a failure of conditions or because of market or other factors, to abandon the separation. No assurance can be given as to whether and when the separation will occur. Whether or not we complete the separation, our ongoing business may be adversely affected and we may be subject to certain risks and consequences as a~~ result ~~of pursuing the separation our North American cereal business, including the following: • We have incurred expenses~~ in ~~connection with the separation, and expect that the process of completing the separation will be time- consuming and involve significant additional costs and expenses, which may not yield a discernible benefit if the separation is not completed. • Executing the separation will require significant time and attention from our senior management and employees, which may divert management' s attention from operating and growing our business and could adversely affect our business, financial results, and results of operations. Our employees may also be distracted due to uncertainty about their future roles with the separate companies pending completion of the separation. • We may also experience increased difficulties in attracting, retaining, and motivating employees during the pendency of the separation and following completion of the separation transaction, which could harm our businesses. In addition, if the separation is not completed, we will still be required to pay certain costs and expenses incurred in connection therewith, such as legal, accounting, and other professional fees. • Some of our customers or suppliers may delay or defer decisions or may end their relationships with us. • We may experience negative reactions from the financial markets if we fail to complete the separation or fail to complete it on a timely basis. • The announcement and pendency of the separation may cause some investors to sell our shares, creating greater volatility in the trading price of our shares and potentially causing market prices to decline. Any of the above factors could cause the separation (or the failure to execute the separation) to have~~ a material adverse effect on our business, **results of operations and** financial condition ~~, results of operations, and the trading price of our common stock. The separation may not achieve the anticipated benefits and will expose us to new risks. We may not realize the anticipated strategic, financial, operational, or other~~

~~benefits from the separation of our North American cereal business. We cannot predict with certainty when the benefits expected from the separation will occur or the extent to which they will be achieved. If the separation is completed, our operational and financial profile will change and we will face new risks~~. As ~~an independent~~ **a separated** company ~~, our North American cereal business will be a smaller, less- diversified company and may be more vulnerable to adverse regulations, economic climate, consumer trends, market fluctuations, including commodity price fluctuations or supply shortages, and other adverse events. There is no assurance that, following the separation, the North American cereal business will be successful. The announcement and / or completion of the separation may cause uncertainty for or disruptions with our customers, partners, suppliers, and employees, which may negatively impact these relationships or our operations. In addition, we will incur one-time costs and ongoing costs in connection with, or as a result of, the separation, including costs of operating as independent, publicly- traded companies that the two businesses will no longer be able to share. Those costs may exceed our estimates or could negate some of the benefits we expect to realize. If we do not realize the intended benefits or if our costs exceed our estimates, we or the business that is spun off could suffer a material adverse effect on the business, financial condition, results of operations, and trading price of us or the separated North American cereal business. If the proposed separation is completed, the trading price of our common stock may decline and may experience greater volatility. Upon completion of the proposed separation, because the trading price for our shares will no longer reflect the value of the separated business, such trading price may be lower than immediately prior to the separation. In addition, until the market has fully analyzed our value without the separated business, the price of our shares may experience greater volatility. If the proposed separation is completed~~, our shares may not match some holders' investment strategies or meet minimum criteria for inclusion in stock market indices or portfolios, which could cause certain investors to sell their shares, which could lead to declines in the trading price of our common stock. Further, there can be no assurance that the combined value of the shares of the two ~~resulting~~ **separated** companies will be equal to or greater than what the value of our common stock would have been had the ~~proposed~~ separation not occurred **. Further, in connection with the separation, we and WK Kellogg Co entered a separation and distribution agreement and various other agreements. The separation and distribution agreement provides for cross- indemnities between the Company and WK Kellogg Co for liabilities allocated to the respective party pursuant to the terms of such agreement. If WK Kellogg Co or its successor entities are unable to satisfy their obligations under these agreements, we could incur operational difficulties or losses. In addition, the terms of the separation include licenses and other arrangements to provide for certain ongoing use of intellectual property in the operations of both businesses. For example, both the Company and WK Kellogg Co retain the ability to make ongoing use of certain brands and other intellectual property. As a result of this continuing shared use of brands and other intellectual property, there is a risk that conduct or events adversely affecting the reputation of WK Kellogg Co could also adversely affect our reputation. The separation could result in substantial tax liability to us and our stockholders. The Company received an opinion of counsel and a private letter ruling from the U. S. Internal Revenue Service (the " IRS ") regarding the qualification of the spin- off of WK Kellogg Co and certain related transactions as a transaction that is generally tax- free to the Company and the shareholders of the Company for U. S. federal income tax purposes. A tax opinion is not binding on the IRS or the courts, and there can be no assurance that the IRS or a court will not take a contrary position. In addition, the Company' s tax counsel and the IRS relied on certain assumptions, representations and undertakings, including those relating to the past and future conduct of our business, and the opinion would not be valid if such assumptions, representations and undertakings were incorrect. If the IRS ultimately determines that the spin- off is taxable, then the spin- off could be treated as a taxable dividend or capital gain to the Company' s shareholders for U. S. federal income tax purposes, and the Company could incur significant U. S. federal income tax liabilities. In certain circumstances if future significant acquisitions of our stock or the stock of WK Kellogg Co are determined to be part of a plan or series of related transactions that included the spin- off, the distribution would be taxable to us (but not to the Company' s shareholders). In this event, the resulting tax liability could be substantial. In connection with the spin- off, the Company entered into a Tax Matters Agreement with WK Kellogg Co, pursuant to which WK Kellogg Co agreed to not enter into transactions that could cause the spin-off or any related transactions to be taxable to us and to indemnify us for any tax liability resulting from any such transaction. However, there can be no assurance that WK Kellogg Co would have the resources or liquidity required to indemnify the Company for any such tax liability. In addition, these potential tax liabilities may discourage, delay or prevent a change of control of the Company**. If we pursue strategic acquisitions, alliances, divestitures or joint ventures, we may not be able to successfully consummate favorable transactions or successfully integrate acquired businesses. From time to time, we may evaluate potential acquisitions, alliances, divestitures or joint ventures that would further our strategic objectives. 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. 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 (the " FCPA "). With respect to proposed divestitures of assets or businesses, we may encounter difficulty in finding acquirers or alternative exit strategies on terms that are favorable to us, which could delay the accomplishment of our strategic objectives, or our divestiture activities may require us to recognize impairment charges. Companies or operations acquired or joint ventures created may not be profitable or may not achieve sales levels and profitability that justify the investments made. Our corporate development activities 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. Future acquisitions could also result in potentially dilutive issuances of equity securities, the incurrence of debt, contingent liabilities and / or amortization expenses related to certain intangible assets and increased operating expenses, which could adversely affect our results of operations and financial condition. To the extent we undertake divestitures in the future, we may face additional risks related to such activity. For example, risks related to our ability to find appropriate buyers, to execute transactions on favorable terms, to separate divested businesses from our remaining operations, and to effectively manage any transitional service arrangements. Any of these factors could materially and adversely affect our financial condition and operating results. Further, our participation in joint ventures may cause our results of operations and cash flows to fluctuate for reasons unrelated to the underlying financial performance of the joint venture. The manner and extent to which the financial results of joint ventures are reflected in our consolidated financial statements depend upon how the ownership and governance of a particular joint venture is characterized under GAAP including assessing the financial and governance control of the joint venture. Changes at ~~Kellogg~~ **Kellanova** unrelated to the joint venture, such as a change of control, may result in changes to how a joint venture is assessed under GAAP. If a joint venture that we currently consolidate in our financial statements becomes unconsolidated, or vice versa, this could have an adverse effect on our reported revenues, results of operations and / or cash flows. 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~~ . 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, immigration laws and policies could also make it more difficult for us to recruit or relocate skilled employees. 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 vegetable oils, wheat, corn, sugar, fruits and nuts, potato flakes, rice and cocoa, 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 **and conflicts** , such as the ~~war~~ **conflicts** in Ukraine **and the Middle East** ), 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 ~~were impacted by the COVID- 19 pandemic and~~ have **been** ~~continued to be~~ impacted by an unfavorable macroeconomic environment, including as a result of (among other things) labor shortages 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~~ **some** supply pressures and market disruptions to continue into ~~2023~~ **2024** . 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 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 increasingly purchase lower- priced offerings or forego some purchases altogether during an economic downturn or a recession or instances of increased inflationary pressures, which could lead to sales declines and loss of market share. 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 United States 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. Food processing equipment at our facilities is regularly fueled by ~~electricity, oil,~~ natural gas or propane **, as well as electricity, oil and solar** , which are obtained from local utilities ~~or~~ **,** other local suppliers **or onsite** . 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 consolidated 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. **In recent years** ~~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 across our product lines, including snacks, ready- to- eat cereals and other convenience foods, 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. Our competition with other companies in our various markets and product lines 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 **. For example, certain weight loss drugs, which may suppress a person' s appetite, may cause competition in our product categories to increase, if consumers reduce purchases of certain types of foods or of food products altogether** . 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 **. Further, if the Company does not innovate and successfully to respond to shifting consumer demands, our business may suffer. Successful innovation depends on our ability to correctly anticipate customer and consumer acceptance and respond successfully to technological advances by and intellectual property rights of our competitors, and failure to do so could compromise our competitive position and impact our product sales, financial condition, and operating results** . 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, in nearly all of our product categories, 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 consolidated financial position and on the consolidated 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. and its affiliates, accounted for approximately ~~18~~ **15** % of consolidated net sales during ~~2022~~ **2023** , comprised principally of sales within the United States. No other customer accounted for greater than 10 % of net sales in ~~2022~~ **2023** . During ~~2022~~ **2023** , our top five customers, collectively, including Wal- Mart, accounted for approximately ~~32~~ **26** % of our consolidated net sales and approximately ~~53~~ **46** % of U. S. 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 category leadership positions to respond, our profitability or volume growth could be negatively affected. As a result of the consolidated nature of the retail environment, 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 consolidated financial results and demand for our products are dependent on the successful development of new products and processes **, identification of changing consumer and customer preferences and behaviors, and meeting these preferences and behaviors** . 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 consumer concerns regarding the health effects of ingredients such as sodium, trans fats, genetically modified organisms, sugar, or other product ingredients or attributes,** 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. 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. Additionally, certain weight loss drugs, which may suppress a person' s appetite, may impact demand for our** 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 the Company' s existing products, the Company' 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. 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. Additionally, we face climate- related transition risks, including new legislation and regulation aimed at addressing climate change and shifts in market preferences for more sustainable products and services. 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 increasingly stringent laws and regulations that could increase the risk that we are subject to litigation or government enforcement actions and require us to incur increased legal, accounting and financial compliance costs, make some activities more difficult, time- consuming and costly, and place strain on our personnel, systems and resources. In particular, increasing regulation of fuel emissions could substantially increase the distribution and supply chain costs associated with our products. In addition, 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. **Our business may face increased scrutiny from the investment community, customers, consumers, employees, activists, media, regulators and other stakeholders related to our sustainability initiatives, including the goals, targets and objectives that we announce, and our methodologies and timelines for pursuing them. Any failure to meet or delay in meeting, or perceived failure to meet or delay in meeting, stakeholder expectations on environmental or sustainability matters or any perception of a failure to act responsibly with respect to the environment could lead to adverse publicity, which could damage our reputation, which in turn could adversely impact our financial results or our ability to raise capital, as well as expose us to regulatory and legal risks.** As a result, climate change as well as actions taken to mitigate climate change could negatively affect our business and operations. Risks Related to Our Operations 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 consolidated operating results or financial condition. Our labor costs include the cost of providing benefits for employees. We sponsor a number of benefit plans for employees in the United States and various foreign locations, including pension, retiree health and welfare, active health care, severance and other post- employment benefits. We also participate in multiemployer pension plans for certain of our manufacturing locations. Our major pension plans and U. S. collectively bargained retiree health and welfare plans are 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 are 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** ~~, including am almost three- month long strike in fiscal 2021 related to negotiation of a collectively bargained agreement at our U. S. ready- to- eat cereal manufacturing locations. Strikes or work stoppages~~ could occur in the future at any ~~of our~~ collectively- bargained ~~locations~~ - **location** if we are unable to renew our current collective bargaining agreements on satisfactory terms or enter into new agreements on satisfactory terms, which could adversely impact our operating results. The terms and conditions of existing, renegotiated or new 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. Multiemployer pension plans could adversely affect our business. We participate in " multiemployer " pension plans administered by labor unions representing some of our U. S. based employees. We make periodic contributions to these plans to allow them to meet their pension benefit obligations to their participants. Our required contributions to these funds could increase because of a shrinking contribution base as a result of the insolvency or withdrawal of other companies that currently contribute to these funds, inability or failure of withdrawing companies to pay their withdrawal liability, lower than expected returns on pension fund assets or other funding deficiencies. In the event that we withdraw from participation in one of these plans, then applicable law could require us to make withdrawal liability payments, and we would have to reflect that as an expense in our consolidated statement of operations and as a liability on our consolidated balance sheet. Our withdrawal liability obligation to a multiemployer plan would depend, in part, on the extent of the plan' s funding of vested benefits. In the ordinary course of our renegotiation of collective bargaining agreements with labor unions that maintain these plans, we may decide to discontinue participation in a plan, and in that event, we could face a withdrawal liability. One of the multiemployer plans in which we participate is reported to have significant underfunded liabilities. Such underfunding could impact the size of our potential withdrawal liability. Our postretirement 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 postretirement 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. The Company' 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. We use available borrowings under the credit facilities and other available debt financing for cash to operate our business, which subjects us to market and counter- party risk, some of which is beyond our control. In addition to cash we generate from our business, our principal existing sources of cash are borrowings available under our credit facilities and other available debt financing. If our access to such financing was unavailable or reduced, or if such financing were to become significantly more expensive for any reason, we may not be able to fund daily operations, which would cause material harm to our business or could affect our ability to operate our business as a going concern. In addition, if certain of our lenders experience difficulties that render them unable to fund future draws on the facilities, we may not be able to access all or a portion of these funds, which could have similar adverse consequences. We utilize extended payment terms for customers ~~and suppliers~~ supplemented with **receivable sales programs (or " monetization programs "). We also utilize accounts payable tracking systems, which facilitate participating suppliers' ability to monitor and, if elected at their discretion, sell payment obligations from the Company to designated** third **-** party ~~financing~~ **financial institutions. Together, these** programs ~~to~~ assist in **helping to** effectively managing our core working capital. If the extension of **customer** payment terms is reversed **, if we shorten supplier payment terms through negotiation** or **due to regulation, or if** financial institutions terminate their participation **in these programs** , our ability to maintain current levels of core working capital could be adversely impacted. Our principal source of liquidity is operating cash flows supplemented by borrowings for major acquisitions and other significant transactions. In order to mitigate the net working capital impact of offering extended customer payment terms, we entered into agreements to sell, on a revolving basis, certain trade accounts receivable balances to third party financial institutions (Monetization Programs). In addition, ~~in combination with extending supplier payment terms,~~ we have agreements with third parties (Accounts Payable ~~Program~~ **Tracking Systems** ) to offer structured payables programs to our suppliers ~~which enable~~ **. Participating** suppliers **may** , **if elected** at their ~~sole~~ discretion, **make offers** ~~to enter bilateral agreements~~ to sell ~~Company~~ **one or more** payment obligations **of the Company prior** to ~~designated third~~ - **their** ~~- party~~ **scheduled due dates at a discounted price to participating** financial institutions. If financial institutions were to terminate their participation in the Monetization Programs and we are not able to modify related customer payment terms, working capital could be negatively impacted. Additionally, working capital could be negatively impacted if we shorten our supplier payment terms as a result of supplier negotiations **or as a result of regulations regarding payment terms** . For suppliers participating in the Accounts Payable ~~Program~~ **Tracking Systems** , financial institutions may terminate their participation or we could experience a downgrade in our credit rating that could result in higher costs to suppliers. If working capital is negatively impacted as a result of these events and we were unable to secure alternative programs, we may have to utilize our various financing arrangements for short- term liquidity or increase our long- term borrowings. We have a substantial amount of indebtedness. We have indebtedness that is substantial in relation to our shareholders' equity, and we may incur additional indebtedness in the future, or enter into off- balance sheet financing, which would increase our leverage risks. As of December ~~31~~ **30** , ~~2022~~ **2023** , we had total debt of approximately $ ~~6~~ **5** . ~~6~~ **9** billion and total **Kellanova** ~~Kellogg Company~~ equity of $ 3. ~~9~~ **2** billion. Our substantial indebtedness could have important consequences, including (i) impairing the ability to access global capital markets to obtain additional financing for working capital, capital expenditures 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) a downgrade in our credit ratings, particularly our short- term credit rating, would likely reduce the amount of commercial paper we could issue, increase our commercial paper borrowing costs, or both, (iii) 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, (iv) 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, (v) and causing us to be more leveraged than some of our competitors, which may place us at a competitive disadvantage. Our ability to make scheduled payments or to refinance our obligations with respect to indebtedness or incur new indebtedness will depend on our financial and operating performance, which in turn, is subject to prevailing economic conditions, the availability of, and interest rates on, short- term financing, and financial, business and other factors beyond our control. An impairment of the carrying value of goodwill or other acquired intangibles could negatively affect our consolidated 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 consolidated earnings and net worth may be materially adversely affected. ~~Furthermore~~ **For example** , **as a result** ~~we continue to evaluate the potential impact~~ of ~~COVID~~ **the annual impairment testing in 2023 the Company recognized a non** - **cash impairment** ~~19 on the fair value~~ of ~~our goodwill~~ **$ 34 million in selling, general and administrative expense related to a** ~~and~~ **brand in** ~~other~~ -- **the** ~~intangibles~~ **North America operating segment that relates to snack category products** . **Any** ~~While we concluded there were no indicators for any of our significant goodwill or other intangible assets as of December 31, 2022, any~~ significant sustained adverse change in consumer purchasing behaviors, government restrictions, financial results, or macroeconomic conditions could result in future ~~impairment~~ **impairments** . As of December ~~31~~ **30** , ~~2022~~ **2023** , the carrying value of intangible assets totaled approximately $ ~~8~~ **7. 0** billion, of which $ 5. ~~7~~ **2** billion was goodwill and $ ~~2~~ **1** . ~~3~~ **8** billion represented trademarks, tradenames, and other acquired intangibles compared to total assets of $ ~~18~~ **15** . ~~5~~ **6** billion and total **Kellanova** ~~Kellogg Company~~ equity of $ 3. ~~9~~ **2** billion. 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. The Company is subject to taxes in the U. S. and numerous foreign jurisdictions where the Company' s subsidiaries are organized. Due to economic and political conditions (including shifts in the geopolitical landscape), tax rates in the U. S. and various foreign jurisdictions have been and may be subject to significant change. The future effective tax rate could be effected by changes in mix of earnings in countries with differing statutory tax rates, changes in valuation of deferred tax asset and liabilities, or changes in tax laws or their interpretation which includes the Tax Cuts and Jobs Act (the " U. S. Tax Reform ") 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. **The Organization for Economic Cooperation and Development (OECD) has introduced a framework to implement a global minimum corporate income tax. Several countries in which we operate have adopted, and others are in the process of introducing and finalizing legislation to implement the global minimum corporate income tax. Many aspects of the framework will be effective for tax years beginning in January 2024, with certain remaining impacts to be effective in 2025. While we do not expect the global minimum corporate income tax to have a material impact to our effective tax rate in 2024, as the OECD releases additional guidance and countries implement legislation, we will continue to analyze any potential impacts. To the extent that additional OECD and legislative changes take place in countries we operate, it is possible the changes may adversely impact our effective tax rate.** We are also subject to regular reviews, examinations and audits by the Internal Revenue Service and other taxing authorities with respect to taxes inside and outside of the U. S. 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 regulatory enforcement and product liability **claims** if consumers are injured or damaged as a result. Selling food products involves a number of legal, regulatory and other risks, including product contamination, **foreign objects,** 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 or consumer fraud 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 **federal and state** consumer protection statutes ~~of some states~~. Allegations of consumer fraud may result in fines, settlements and litigation expenses. A significant product recall, product liability or consumer fraud case 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 our brands. 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 our company and our 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 a product in a category in which we compete, consumers might reduce their overall consumption of products in this category. 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 **, intellectual property, data privacy, artificial intelligence,** or other regulations or failure to comply with existing regulations and laws could have a material adverse effect on our consolidated 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 U. S. Departments of Agriculture, Commerce and Labor **, U. S. Customs and Border Protection** , 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 **and marketing (including, among other limitations, restricting the age of consumers to whom products are marketed and data privacy requirements)** , 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 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. We are also regulated with respect to matters such as licensing requirements, trade and pricing practices, tax, anti- corruption standards, advertising and claims, **data privacy,** and environmental matters. The need to comply with new, evolving or revised tax, environmental, food quality and safety, labeling **, data privacy,** 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 U. S. 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 **, and new corporate sustainability reporting requirements in the EU and elsewhere** ), 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, changes in the European Union (such as Brexit), 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. Our operations in certain emerging markets expose us to political, economic and regulatory risks. Our growth strategy depends in part on our ability to expand our operations in emerging markets. However, some emerging markets have greater political, economic and currency volatility and greater vulnerability to infrastructure and labor disruptions than more established markets. In many countries outside of the United States, particularly those with emerging economies, it may be common for others to engage in business practices prohibited by laws and regulations with extraterritorial reach, such as the FCPA and the UKBA, or local anti- bribery laws. These laws generally prohibit companies and their employees, contractors or agents from making improper payments to government officials, including in connection with obtaining permits or engaging in other actions necessary to do business. Failure to comply with these laws could subject us to civil and criminal penalties that could materially and adversely affect our reputation, financial condition and results of operations. In addition, competition in emerging markets is increasing as our competitors grow their global operations and low cost local manufacturers expand and improve their production capacities. Our success in emerging markets is critical to our growth strategy. If we cannot successfully increase our business in emerging markets and manage associated political, economic and regulatory risks, our product sales, financial condition and results of operations could be materially and adversely affected. Risks Related to Our Intellectual Property and Technology Technology failures, cyber ~~attacks~~ **incidents, security incidents** , 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~~ **information** 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, **such** as a result ~~of many~~ of our employees working remotely, **the** updating **of** 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, cyberattacks 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, ransomware or other 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 ~~. 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. To date, we have not experienced a material breach of cyber security~~ . While we have implemented physical, administrative, and technical controls and taken other preventive actions, such as the maintenance of an information security program that includes 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. **Further, the Company (or third parties it relies on) may not be able to fully, continuously, and effectively implement security controls as intended. We utilize a risk- based approach and judgment to determine the security controls to implement and it is possible we may not implement appropriate controls if we do not recognize or underestimate a particular risk. In addition, security controls, no matter how well designed or implemented, may only mitigate and not fully eliminate risks. Moreover, events detected by security tools or third parties may not always be immediately understood or acted upon. 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. If a security incident, breach or other breakdown results in disclosure of confidential or personal information, we may suffer reputational, competitive and / or business harm. To date, we have not experienced a material breach of cyber security. For more information regarding the Company' s cybersecurity activities, see Item 1C of this Annual Report on Form 10- K.** The Company offers promotions, rebates, customer loyalty and other programs through which it may receive personal information, and it or its vendors could experience cyber ~~- attacks~~ **incidents, security incidents** , privacy breaches, data **breaches, security** breaches or other incidents that result in unauthorized disclosure of consumer, customer, employee or Company information. The Company must also successfully integrate the technology systems of acquired companies into the Company' 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 regarding privacy, data protection, and data security, including those related to the collection, storage, handling, use, disclosure, transfer, and security of personal information. There continues to be significant uncertainty with respect to compliance with such privacy and data protection laws and regulations, including with respect to the European Union General Data Protection Regulation (the " GDPR ") and the California Consumer Privacy Act of 2018 (the " CCPA ") ~~, which went into effect on January 1, 2020 (each of which imposes additional obligations on companies regarding the handling of personal information~~ and **the California** ~~provides certain individual privacy~~ **Privacy** ~~rights~~ **Rights Act** ~~to persons whose information is collected,~~ because ~~they~~ **these laws** 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 **United States** ~~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, modifies the CCPA significantly and the resulting new regulations became effective on January 1, 2023. Several~~ **several** other states have introduced or passed similar **privacy** 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, including the GDPR, CCPA and CPRA, may impose significant costs and challenges that are likely to increase over time. If the Company suffers a loss as a result of a breach or other breakdown in its technology, including such cyber ~~- attacks~~ **incidents, security incidents** , privacy breaches, data **breaches, security** 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 the Company' s vendors, that result in unauthorized disclosure or significant unavailability of business, financial, personal or stakeholder information, the Company may suffer reputational, competitive and / or business harm and may be exposed to legal liability and government investigations, which may adversely affect the Company' s results of operations and / or financial condition. The misuse, leakage or falsification of information could result in violations of data privacy laws and the Company may become subject to legal action and increased regulatory oversight. The Company could also be required to spend significant financial and other resources to remedy the damage caused by a security **incident or security** breach or to repair or replace networks and information systems. In addition, if the Company' s suppliers or customers experience such a **security incident, security** breach or unauthorized disclosure or system failure, their businesses could be disrupted or otherwise negatively affected, which may result in a disruption in the Company' s supply chain or reduced customer orders, which would adversely affect the Company' 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. If these service providers 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 owned or licensed under certain licensing agreements. We attempt to protect these intellectual property rights using the appropriate laws and agreements including licenses, development agreements, nondisclosure agreements, and assignments. We also police third party misuses of our intellectual property in traditional retail and digital environments. 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, 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. General Risk Factors We are subject to risks generally associated with companies that operate globally. We are a global company and generated almost half of our net sales for both **2023 and** 2022 ~~and 2021~~ outside the United States. We manufacture our products in 21 countries and have operations in more than 180 countries, so 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, such as OFAC trade sanction regulations and Anti- Boycott regulations, (ii) compliance with anti- corruption laws, including the FCPA and UK Bribery Act (the " UKBA "), (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, government currency policies or other limits on our ability to import raw materials or finished product or repatriate cash from outside the United States, (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, and foreign ownership restrictions and the potential for nationalization or expropriation of property or other resources, (viii) laws relating to information security, privacy (including the GDPR), cashless payments, and consumer protection, (ix) ~~uncertainty relating to~~ **the ongoing longer- term impact of changes in international trade policies (including** Brexit **)** ~~and its impact~~ on the local and international markets, the flow of goods and materials across borders, and political environments, (x) discriminatory or conflicting fiscal policies, (xi) challenges associated with cross- border product distribution, (xii) increased sovereign risk, such as default by or deterioration in the economies and credit worthiness of local governments, (xiii) varying abilities to enforce intellectual property, contractual, and other legal rights, (xiv) greater risk of uncollectible accounts and longer collection cycles, (xv) loss of ability to manage our operations in certain markets which could result in the deconsolidation of such businesses, (xvi) design and implementation of effective control environment processes across our diverse operations and employee base, (xvii) 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~~ (xviii) changes in trade policies and trade relations **, (xix) greater risk of uncollectible accounts or trade receivables and longer collection cycles, and (xx) political sentiment impacting global trade, including the willingness of non- U. S. consumers to purchase from U. S. corporations** . 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 banking and governmental sectors of certain countries in the European Union or the dynamics~~ **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~~ **2023** that are expected to continue throughout ~~2023~~ **2024** . For example, rising interest rates and inflation, recessionary pressures, geopolitical uncertainty, including wars **and** ~~(such as the conflict~~ **conflicts** ~~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 New York Stock Exchange on which our common shares are 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 global 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 in our major markets, such as inflation, economic slowdowns or recessions, increased unemployment, decreases in disposable income, 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 could 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. Our operations face significant foreign currency exchange rate exposure and currency restrictions 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 euro, British pound, Australian dollar, Canadian dollar, Mexican peso, Brazilian real, **and** Nigerian naira ~~, and Russian ruble~~ . Because our consolidated 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. For example, **during** ~~as a result of the United Kingdom' s termination of membership in the European Union under new trade and cross border operating agreements, there~~ -- **the** ~~could be~~ **second quarter of 2023, the Nigerian government removed certain currency restrictions over the Nigerian Naira leading to a** significant ~~volatility~~ **decline** in ~~currency~~ **the** exchange rate ~~fluctuations~~ **of the Naira to the U** . ~~Consequently,~~ **S. dollar on the official market in Nigeria. As a result of this decline in the** ~~changes~~ - **exchange** ~~in~~ **rate,** the **U. S. dollar** value of the **assets, liabilities, expenses** ~~U. S. dollar may unpredictably~~ and **revenues** ~~negatively affect the value~~ of ~~these items~~ **our Nigerian business** in our consolidated financial statements **decreased significantly compared to prior periods** ~~, even if their value has not changed in their original currency~~ . Geopolitical and international regulatory events, uncertainty or other factors may have a negative effect on global economic conditions, financial markets and our business. Global political uncertainties, disruptions or major regulatory or policy changes, and / or the enforcement thereof may affect our business, financial performance, operations or products, including the ongoing impact of **changes in international trade policies (for example,** the United Kingdom' s exit from the European Union ~~, commonly referred to as " Brexit. " While Brexit became official as of January 31, 2020 (and the transition period expired on December 31, 2020~~ ) ~~, uncertainty remains regarding the consequences of Brexit and its application. The UK and EU continue to discuss some elements of the post- Brexit trade agreement (TCA), which came into effect on January 1, 2021, in particular elements relating to the Northern Ireland Protocol and the impact that has on trading borders between the EU and UK. The main trade provisions in the TCA include the continuation of no tariffs or quotas on trade between the UK and EU subject to prescribed trade terms, including but not limited to meeting product and labeling standards for both the UK and EU. Cross- border trade between the UK and EU is also subject to new customs regulations, documentation and reviews. In addition, as the EU and U. K. amend legislation and regulation post- Brexit, there is a risk of increased divergence between the EU and U. K. regulatory regimes. Kellogg has worked diligently to minimize the impact of Brexit on the business, however, to comply with the new requirements, we have had to increase resources in customer service and logistics, in our factories, and on our customs support teams. We have adapted our processes and systems for the new and increased number of customs transactions~~ . While trading through Brexit has become normal course of business, we continue to closely monitor and manage our inventory levels of imported raw materials, packaging and finished goods in the UK. We have made investments in resources, systems and processes to meet the new ongoing requirements and we work to mitigate disruptions to our local supply chain and distribution to reduce the impact on our input and distribution costs. ~~We also~~ **As the EU and U. K. amend legislation and regulation post- Brexit, there is a risk of increased divergence between the EU and U. K. regulatory regimes and we** continue to monitor for divergence in regulatory rules which could impact our supply chain operations. Despite our efforts to control costs, we have continued to see inflationary cost pressures rise in our UK business this year, as we have also experienced in other markets. If the UK' s exit from, or new trade arrangements with, the EU negatively impact the UK economy or result in disagreements on trade terms then the impact to our operations, financial condition and cash flows could be material. Potential liabilities and costs from litigation could adversely affect our business. There is no guarantee that we will be successful in defending our self 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, advertising and 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 our self or in asserting our rights in these actions or 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.