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# SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

## FORM 8-K

### CURRENT REPORT

#### Pursuant to Section 13 or 15(d) of the The Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): December 15, 2005

### KRAFT FOODS INC.

(Exact name of registrant as specified in its charter)

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

**001-16483**  
(Commission  
File Number)

**52-2284372**  
(I.R.S. Employer  
Identification No.)

**Three Lake Drive, Northfield, Illinois**  
(Address of Principal executive offices)

**60093-2753**  
(Zip Code)

Registrant's Telephone number, including area code: **(847) 646-2000**

(Former name or former address, if changed since last report.)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
  - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
  - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
  - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13.e-4(c))
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#### Item 1.01. Entry into a Material Definitive Agreement.

*Purchase and Sale Agreement.* On December 15, 2005, Kraft Foods Global, Inc. ("Kraft"), a wholly owned indirect subsidiary of Kraft Foods Inc., entered into a Purchase and Sale Agreement (the "Purchase Agreement") with Altria Corporate Services, Inc. ("ALCS"), pursuant to which ALCS assigned to Kraft, and Kraft assumed from ALCS, ALCS's rights and obligations under a ground lease (the "Ground Lease") relating to an aircraft hangar located in Milwaukee, Wisconsin (the "Real Property"). In addition, pursuant to the Purchase Agreement, ALCS sold to Kraft, and Kraft purchased from ALCS, certain improvements and personal property located on or related to the Real Property (collectively with the rights and obligations under the Ground Lease, the "Property"). Under the terms of the Purchase Agreement, Kraft paid to ALCS approximately \$3.3 million in consideration for acquiring the Property.

*Amended and Restated Aircraft Management Agreement.* In connection with the Purchase Agreement, on December 16, 2005 (the "Closing Date"), Kraft and ALCS entered into an Amended and Restated Aircraft Management Agreement (the "Amended and Restated Aircraft Management Agreement"), providing for ALCS to perform aircraft management, pilot services, maintenance and other aviation services for Kraft and to procure, at Kraft's expense, certain insurance coverage with respect to specified aircraft owned by Kraft. The Amended and Restated Aircraft Management Agreement amended and restated that certain Aircraft Management Agreement entered into by Kraft and ALCS on December 29, 2004 and was entered into primarily as a result of Kraft's acquisition of the Property.

*Environmental Agreement.* In connection with the Purchase Agreement, on the Closing Date, Kraft and ALCS entered into an Environmental Agreement (the "Environmental Agreement"), pursuant to which ALCS agreed to remain responsible for, and to indemnify and hold Kraft harmless from, all conditions, releases or discharges involving hazardous or toxic substances on the Real Property occurring from September 1, 1993 to the Closing Date, and Kraft agreed to be responsible for, and to indemnify and hold ALCS harmless from, all conditions, releases or discharges involving hazardous or toxic substances on the Real Property occurring on or after the Closing Date.

The foregoing descriptions of the Purchase Agreement, Amended and Restated Aircraft Management Agreement and Environmental Agreement are qualified in their entirety by reference to the complete terms and conditions of the Purchase Agreement, Amended and Restated Aircraft Management Agreement and Environmental Agreement, as the case may be, which are attached as Exhibits 10.1, 10.2 and 10.3, respectively, to this Current Report on Form 8-K.

#### Item 9.01. Financial Statements and Exhibits.

(d) The following exhibits are being filed with this Current Report on Form 8-K:

<b>Exhibit Number</b>	<b>Description</b>
10.1	Purchase and Sale Agreement, dated as of December 15, 2005
10.2	Amended and Restated Aircraft Management Agreement, dated as of December 16, 2005
10.3	Environmental Agreement, dated as of December 16, 2005

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#### SIGNATURE

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

KRAFT FOODS INC.

By: /s/ Marc S. Firestone  
Name: Marc S. Firestone  
Title: Executive Vice President, General  
Counsel and Corporate Secretary

Date: December 19, 2005

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#### EXHIBIT INDEX

<b>Exhibit Number</b>	<b>Description</b>
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**PURCHASE AND SALE AGREEMENT**

This Purchase and Sale Agreement is made as of this 15th day of December, 2005 (this "Agreement"), by and between **ALTRIA CORPORATE SERVICES, INC. (f/k/a PHILIP MORRIS MANAGEMENT CORPORATION)**, a New York corporation ("Seller") and **KRAFT FOODS GLOBAL, INC.** ("Buyer"), a Delaware corporation.

W I T N E S S E T H

WHEREAS, Seller and Milwaukee County, Wisconsin are parties to certain Lease Agreement, dated July 14, 1980, Airport Agreement No. HP-695, as amended by Amendment No. 1 to Airport Lease Agreement No. HP-695 as of December 31, 1995 and Amendment No. 2 to Airport Lease Agreement No. HP-695 as of December 16, 2005 (the "Lease") with respect to certain property located at General Mitchell International Airport ("Airport"); and

WHEREAS, Seller desires to sell and transfer to Buyer, and Buyer desires to purchase and accept from Seller, all of Seller's rights, title and interests in the Lease and certain other property described herein on the terms and conditions hereinafter set forth,

NOW, THEREFORE, in consideration of the foregoing premises and of the mutual covenants, representations and warranties herein set forth, the parties hereto hereby covenant and agree as follows:

1. **Purchase and Sale.** Seller hereby agrees to sell, assign, convey, transfer and deliver and Buyer hereby agrees to purchase, accept and receive the following property (collectively, the "Property"):

(a) All of Seller's right, title and interest as lessee under the Lease for property located at 530 East College Avenue, Milwaukee, Wisconsin, and described on Exhibit A (the "Real Property");

(b) All fixtures or real property improvements owned by Seller and located on the Real Property, as described on Exhibit A (the "Improvements");

(c) The personal property listed on Exhibit B ("Personal Property"); and

(d) Such other personal property located on the Real Property on the date of Closing ("Other Personal Property"), but excluding aircraft spare parts, telecommunications equipment, and information technology systems.

2. **Purchase Price and Other Payments.**

(a) The total purchase price for the Property shall be Three Million Two Hundred Ninety-Eight Thousand Two Hundred Thirty-Seven Dollars (\$3,298,237) (the "Purchase Price") and shall be allocated as follows:

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(i) The purchase price for the Real Property, Improvements and the Other Personal Property shall be Three Million Dollars (\$3,000,000), payable by wire transfer, at the consummation of the transactions contemplated in Section 1 hereof (the "Closing").

(ii) The purchase price for the Personal Property shall be Two Hundred Ninety-Eight Thousand Two Hundred Thirty-Seven Dollars (\$298,237), payable by wire transfer, at the consummation of transactions contemplated in Section 1 hereof.

(b) Other payments shall be made to Buyer or Seller, as the case may be as follows:

(i) Net real estate taxes (if any), under the Lease shall be prorated as of the date of closing, with all such items through the date of closing accruing to Seller. Taxes shall be prorated based on the most current available bill. Special assessments, if any, for work actually commenced or levied prior to the date of Closing shall be paid by Seller. All other special assessments or other charges shall be paid by Buyer.

(ii) On the Closing Date, Seller shall receive a payment from the Buyer for the average blended cost of all fuel located on the Real Property. The determination of the exact amount shall be made on the Closing Date and the payment shall be made at Closing.

3. **Buyer's Conditions Precedent.** Buyer's obligation to pay the purchase price set forth in Section 1 and to conclude the purchase transaction as set forth herein is subject to the fulfillment, of each of the following conditions:

(a) One or more inspections of the Property to be conducted by December 10, 2005, including without limitation the auditing, sampling and testing for the presence of any hazardous or solid waste or any other condition adversely affecting the environment (including air, water, or soil), conducted by or on behalf of Buyer, at Buyer's expense, at reasonable times upon reasonable notice to Seller and for the purpose of Buyer determining, in its sole judgment, whether the Property, including without limitation its fire protection and other systems, has any defects or conditions of any nature that, if not corrected, repaired, replaced or repaired, would shorten or adversely affect the value, utility, or useful life of the Property to Buyer ("Defect"). Buyer shall not cause any unreasonable interference with the conduct of Seller's business on the Property, and Buyer shall repair all damage to the Property caused by Buyer, or its contractors or agents. Buyer shall indemnify and hold Seller harmless from any claim, loss, cost, damage or expense arising from damage to the Property or from personal injuries to or death of any third person. Seller, or its agent, may accompany Buyer or Buyer's agent during such inspections. This condition precedent for inspections shall be considered waived unless Buyer, by December 10, 2005, notifies Seller, in writing, of those Defects. Seller may notify Buyer in writing within five (5) business days of receipt of Buyer's notice of Defect of its election to cure such identified Defects prior to Closing, in which case this Agreement shall continue and Seller shall promptly undertake efforts for such cure. If Seller fails to provide such notice within the time stated or if Buyer notifies Seller in writing within five (5) business days of Seller's notice that Seller's efforts to cure or the time needed for Seller to cure are unsatisfactory in Buyer's sole judgment, then Buyer may terminate its obligation to close hereunder.

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(b) Seller's delivery to Buyer, at or prior to Closing, written confirmation that the Milwaukee, Wisconsin County Board approved the Assignment of Lease Airport Agreement No. HP-695 ("Assignment") from Seller to Buyer with modifications described in the Amendment No. 3 to Airport Lease Agreement No. HR-695 ("Amendment") attached as Exhibit C-1. Said approval shall be deemed satisfied if an assignment substantially in the form of Exhibit C-2 is delivered, the Milwaukee County Board approves a resolution authorizing amendments to the Lease as required by this subparagraph, and the Milwaukee County Director of Public Works (or his designee) executes such Assignment and Amendment.

(c) The representations and warranties made by Seller contained or referenced in this Agreement shall be true and correct in all material respects on the date hereof and on and as of the Closing as though made at that time.

4. **Title Evidence.** At least five (5) business days prior to Closing, Seller shall provide Buyer with a commitment from Tigor Title Insurance Company (the "Title Company") to issue a leasehold policy of title insurance (with extended coverage, if available) on Buyer's interest in the Lease, in the amount of the purchase price for the Real Property and Improvements showing lessee's interest in the Lease in Buyer, as of a date no more than ten (10) days before such title commitment is provided Buyer, to be in the condition called for in this Agreement and further subject only to such liens as will be paid out of the proceeds at Closing. Buyer shall notify Seller of any valid objections to title in writing at least three (3) business days prior to Closing. Seller shall have a reasonable time, not to exceed thirty (30) days, to remove the objections and Closing shall be extended as necessary for this purpose. If Seller is unwilling or unable to remove such objections, Buyer shall thereupon have the option to terminate this Agreement or waive such objections and proceed to close this transaction. Buyer recognizes that the Real Property and Improvements are part of the Milwaukee County Airport.

5. **Conveyance.**

(a) Upon Buyer's payment of the Purchase Price, Seller shall convey the Property to Buyer at Closing by assignment of lease, bill of sale and a special warranty deed, as appropriate, free and clear of all mortgages, liens, pledges, security interests and encumbrances, except municipal and zoning ordinances, recorded easements for public utilities serving the Real Property, recorded building and use restrictions and covenants, any deed restriction affecting the Real Property required by the Wisconsin Department of Natural Resources, taxes levied in the year of Closing, matters listed (in accordance with Section 4 above) on the Preliminary Title Commitment of Tigor Title Insurance Company dated March 31, 2005, attached as Exhibit D, and any encumbrances accepted by Buyer pursuant to Section 4 hereof, provided none of the foregoing prohibit the current use of the Property ("Permitted Encumbrances"). Seller shall further complete and execute all documents necessary to record this conveyance.

(b) At Closing, Seller shall execute and deliver to Buyer, or cause to be executed and delivered to Buyer, all of the following (collectively, "Seller's Closing Documents"):

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(1) **Deed.** Special Warranty Deed conveying to Buyer all of the Real Property and Improvements, free and clear of all encumbrances claimed by, through or under Seller, except only the Permitted Encumbrances.

(2) **FIRPTA Affidavit.** An affidavit of non-foreign status properly containing such information as is required by IRC Section 1445(b)(2) and its regulations.

(3) **Title-related Documents.** Such affidavits of Seller or other documents as may be reasonably required by the Title Company to record the deed and issue the Title Policy required by this Agreement.

(4) **Certificate.** A certificate signed by an authorized agent of Seller and dated as of the Closing Date reaffirming the truth, correctness, and completeness of all of Seller's representations and warranties under this Agreement.

(5) **Files and Records.** Copies of files related to the Property in Seller's possession and located at the Real Property on the Closing Date.

(6) **Resolutions.** Corporate resolutions (or a secretary's certificate) of Seller in such form as may be reasonably satisfactory to the Title Company to evidence Seller's authority to transfer the Property.

(7) **Bill of Sale.** A bill of sale conveying all Personal Property, Improvements and Other Personal Property free and clear of all claims under or through the Seller.

(8) **Lease Amendment.** Lease Amendment in the form required by Section 3(b) of this Agreement, together with an executed copy of the Lease.

(9) **Title Insurance.** Title Policy required by this Agreement, together with the following endorsements (or the substantial, local equivalent of such endorsements) relating to the Real Property, to the extent that such endorsements are customarily available in Wisconsin (altogether, the "**Endorsements**"): a "gap" endorsement; an access endorsement; and an ALTA 9 (owner's) restrictions, encroachments, and minerals endorsement.

(c) **Buyer's Closing Deliveries.** At Closing, Buyer will execute and deliver to Seller, or cause to be executed and delivered to Seller, all of the following (collectively, "Buyer's Closing Documents"):

(1) **Purchase Price.** The Purchase Price, plus or minus prorations and other adjustments described in Sections 2(b)(i) and 2(b)(ii), if any, by wire transfer of immediately available funds.

(2) **Title Documents.** Such affidavits of Buyer or other documents as may be reasonably required by the Title Company in order to record the deed and issue the Title Policy (with endorsements) required by this Agreement.

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(3) **Certificate.** A certificate signed by an authorized agent of Buyer and dated as of the Closing Date reaffirming the truth, correctness, and completeness of all Buyer's representations and warranties under this Agreement.

(4) **Resolutions.** Corporate resolutions or a secretary's certificate of Buyer in such form as may be reasonably satisfactory to the Title Company to evidence Buyer's authority to carry out the transfer that is the subject of this Agreement.

(d) **Joint Closing Deliveries.** At Closing, Seller and Buyer shall jointly execute and deliver the following:

(1) **Closing Statement.** A closing and proration statement, prepared by Seller and reasonably acceptable to Buyer.

(2) **Real Estate Transfer Returns.** Properly completed copies of any real estate transfer return, gains tax form, or other documentation required in Wisconsin to transfer the Real Property or record any deed.

(3) **Lease Assignment.** Lease Assignment for the Real Property and Improvements in the form set forth in this Agreement

(4) **Miscellaneous.** Such other documents, instruments, and affidavits as shall be reasonably necessary to consummate the transaction contemplated by this Agreement (including, without limitation, a written assignment conveying to Buyer all of Seller's right, title, and interest in and to any contract or license concerning the Property that may freely be transferred without the consent or approval of any third party).

6. **Closing.** This transaction is to be closed at Milwaukee, Wisconsin, on or before December 16, 2005 ("Closing Date"), or at such other time or location as the parties may agree in writing. Occupancy and use of the Real Property shall be given to Buyer at Closing or at such other time and subject to such terms and conditions as the parties may agree in writing.

Closing Costs Shall Be Allocated As Follows:

(a) **Title Insurance.** Seller shall pay the cost of the Title Policy required under this Agreement. Buyer shall pay the cost of the endorsements to the Title Policy.

(b) **Closing Fee.** Seller and Buyer will each pay one-half of any reasonable and customary closing fee charged by the Title Company (including, without limitation, any reasonable and customary fee for an escrow).

(c) **Transfer Tax.** With respect to any real estate transfer fee, transfer tax, or other fee charged by any pertinent governmental authority as an incident to transfer of title in the Real Property (in each instance, a "**Transfer Tax**"), the parties agree that Seller shall pay any Transfer Tax owing with respect to transfer of title in any Real Property. Buyer shall pay any sales or use taxes applicable to the Personal Property and Other Personal Property.

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(d) **Recording Costs.** Seller shall pay the recording fees owing to record any documents, other than the deed, necessary to secure issuance of the Title Policies in the form required by this Agreement. Buyer shall pay recording fees owing to record the deed.

(e) **Attorney's Fees.** Each Party shall pay its own attorneys fees.

(f) **Other Costs.** All other costs shall be allocated in accordance with the customs prevailing in similar transactions in Wisconsin.

7. **Representations and Warranties.**

7.1 Seller hereby represents and warrants as of the date hereof:

(a) Seller has the corporate power and authority to execute and deliver this Agreement and as of Closing will have the corporate power and authority to perform its obligations hereunder and to consummate the transactions contemplated hereby;

(b) This Agreement constitutes a valid and legally binding obligation enforceable against the Seller in accordance with the terms hereof, except as may be limited by applicable bankruptcy, reorganization, insolvency, moratorium or other similar laws from time to time in effect affecting creditors' rights generally, or equitable principles of general application;

(c) Seller is not obligated in any manner to pay any finder's fee or brokerage or similar commission in respect to the transactions contemplated by this Agreement and has taken no action that would obligate Buyer to pay any such fee or commission;

(d) Seller has no notice or knowledge of any: (1) planned or commenced public improvements which may result in special assessments; (2) planned public improvements which would materially affect the real estate except for proposals or master plans of Milwaukee County, Wisconsin; or (3) official written order requiring repair, alteration or correction of any existing condition on the Real Property or Improvements;

(e) To the best of Seller's knowledge, no consent, approval or authorization of, or declaration or filing with, any governmental authority is required for valid execution and delivery of this Agreement and the consummation of the transactions contemplated hereby, except for the approval of the Milwaukee County Board and the Wisconsin Department of Natural Resources as set forth herein; and

(f) Other than as specifically set forth in Section 7.1 (d), the Property will be sold "AS IS" with no warranties or representations by Seller, whether express or implied.

7.2 Buyer hereby represents and warrants as follows:

(a) Buyer has the corporate power and authority to execute and deliver this Agreement and as of Closing will have the corporate power and authority to perform its obligations hereunder and to consummate the transactions contemplated hereby;

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(b) This Agreement constitutes a valid and legally binding obligation enforceable against the Buyer in accordance with the terms hereof, except as may be limited by applicable bankruptcy, reorganization, insolvency, moratorium or other similar laws from time to time in effect affecting creditors' rights generally, or equitable principles of general application;

(c) Buyer is not obligated in any manner to pay any finder's fee or brokerage or similar commission in respect to the transactions contemplated by this Agreement and has taken no action that would obligate Seller to pay any such fee or commission.

8. Damage. Prior to the Closing, if any part of the Property is damaged in an amount of not more than \$50,000, Seller shall be obligated to repair or replace the same to equal or better condition than prior to the damage. If such damage shall exceed \$50,000, Seller shall within five (5) business days inform Buyer in writing of the extent that insurance proceeds will be available with respect to the damage. Within five (5) days after receipt of such notice from Seller regarding the availability of insurance proceeds, Buyer, at its sole option, may cancel this Agreement by written notice to Seller. If Buyer elects not to terminate this Agreement, Seller shall not be required to repair the Property, but Buyer shall be entitled to receive all insurance proceeds relating to the damage.

9. Default.

(a) If Buyer defaults in its obligation to consummate this Agreement, Seller shall be entitled, at Seller's sole election, (i) to terminate this Agreement and assert a claim for Seller's costs, expenses, and other damages in connection with this Agreement, which claim shall not exceed the sum of Three Hundred Thousand and No/100 (\$300,000) United States Dollars (USD Three Hundred Thousand), (ii) close the transaction contemplated by this Agreement without waiving any claim of default, and thereafter assert a claim for Seller's costs, expenses, and other damages in connection with Buyer's default under this Agreement, which claim shall not exceed the sum of Three Hundred Thousand and No/100 United States Dollars (USD \$300,000), or (iii) pursue any other remedy available to Seller at law or in equity (including, without limitation, an action for Seller's damages and an action for specific performance), either as an alternative to the remedies set forth in this Section 9(a) or in conjunction therewith.

(b) If Seller defaults in its obligation to consummate this Agreement, Buyer shall be entitled, as its sole remedy, to assert a claim for Buyer's costs, expenses, and other damages in connection with this Agreement, which claim shall not exceed the sum of Three Hundred Thousand and No/100 United States Dollars (USD \$300,000).

10. Signatures; Notice. Buyer and Seller agree to accept and hold binding all facsimile signatures for executing and amending this Agreement and for giving notices called for in this Agreement. All notices given under this Agreement shall be transmitted by facsimile to the respective addresses and facsimile numbers given below:

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(a) Seller:  
Altria Corporate Services, Inc.  
180 Airport Road-Hanger D2  
White Plains, New York, NY 10604  
Attn: James R. West  
Fax: 914-288-3070

with copy to:

Anne M. O'Sullivan, Esq.  
Altria Corporate Services, Inc.  
120 Park Avenue  
New York, NY 10017  
Fax: 914-272-0825

(b) Seller:  
Kraft Foods Global, Inc.  
Three Lakes Drive  
Northfield, IL 60093  
Attn: Director, Corporate Real Estate  
Fax: 847-646-8900

with copy to:

Sharon S. Zuiker, Esq.  
Kraft Foods Global, Inc.  
Three Lakes Drive  
Northfield, IL 60093  
Fax: 847-646-4431

11. Access to Property. Seller shall afford to the officers, employees and authorized representatives of Buyer reasonable access during normal business hours to the Property to the extent Buyer shall deem necessary or desirable.

12. Survival of Obligations. The representations and warranties contained in Sections 12 and 14 in this Agreement shall survive the execution and delivery of this Agreement and the Closing for a term of one (1) year, shall not be merged into the deed, and shall be deemed to have been relied upon by the parties hereto.

13. Termination. In the event that any of the conditions precedent to Buyer's obligations hereunder are not met by the date established in Section 6 for Closing and are not waived by Buyer at or prior to Closing, Buyer may, at its option and in addition to any other rights it may have, terminate this Agreement by giving written notice of termination to Seller. Nothing contained herein shall be deemed to require Buyer to terminate this Agreement in the event that a condition precedent to its obligations hereunder is not met, but, rather, Buyer may, at its sole discretion, waive such condition precedent and proceed with the Closing.

14. Allocation of Responsibility under Lease. Seller shall indemnify and hold harmless Buyer, its officers, directors, employees, agents and representatives from and against all claims, damages, losses and expenses (direct and indirect), including charges of attorneys and

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court and arbitration costs, arising out of or resulting from the Lease which arose on or prior to the Closing Date.

Buyer shall indemnify and hold harmless Seller, its officers, directors, employees, agents and representatives from and against all claims, damages, losses and expenses (direct and indirect), including charges of attorney and court and arbitration costs, arising out of or resulting from the Lease arising after the Closing Date.

15. Entire Agreement; Headings; Counterparts. This Agreement and the agreements and other documents referred to herein and the exhibits hereto constitute the entire agreement and understanding of the parties hereto with respect to the subject matter hereof and supersedes all prior negotiations and understandings, whether written or oral, of the parties hereto with respect to the subject matter hereof. The headings in this Agreement are for the purposes of reference only and shall not limit or otherwise affect the meaning hereof. This Agreement may be executed and delivered by the parties hereto in one or more counterparts, each of which shall be an original but all of which together shall constitute one instrument.

16. Applicable Law. This agreement shall be governed and construed in accordance with the laws of the State of Wisconsin.

17. Facsimile Signatures. Buyer and Seller agree that signatures on documents delivered by facsimile transmission shall be binding on all parties, and respectively agree to provide an originally signed copy of any document delivered by facsimile within five (5) days after such delivery.

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IN WITNESS WHEREOF, the parties hereto have caused this Purchase and Sale Agreement to be executed as of the date first above written.

BUYER:

KRAFT FOODS GLOBAL, INC.

By: /s/ Bruce Windedahl

Name: Bruce Windedahl

Title: Sr. Director

SELLER:

ALTRIA CORPORATE SERVICES, INC. (f/k/a  
PHILIP MORRIS MANAGEMENT  
CORPORATION)

By: /s/ George Saling

Name: George Saling

Title: Vice President, Aviation + Travel Services

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**AMENDED AND RESTATED  
AIRCRAFT MANAGEMENT AGREEMENT**

**THIS AMENDED AND RESTATED AIRCRAFT MANAGEMENT AGREEMENT** (the "Agreement") is made and entered into as of this 16th day of December, 2005 (the "Effective Date"), by and between KRAFT FOODS GLOBAL, INC., a Delaware corporation with a principal place of business located at Three Lakes Drive, Northfield, IL 60093 ("Kraft"), and ALTRIA CORPORATE SERVICES, INC., a New York corporation with a principal place of business located at 120 Park Avenue, New York, NY 10017 ("Manager").

**WITNESSETH:**

**WHEREAS**, Kraft rightfully possesses the aircraft described in Exhibit A (which may be amended from time to time by mutual agreement of the parties to provide for substitution, replacement, addition or removal of certain aircraft) (collectively, the "Aircraft");

**WHEREAS**, Kraft desires Manager to continue to provide aircraft management, pilot services, maintenance and other aviation services (the "Services") to Kraft to allow Kraft to continue to conduct operations pursuant to Federal Aviation Regulations ("FARs") Part 91 under Kraft's operational control pursuant to the terms and conditions of this Agreement;

**WHEREAS**, Manager has flight department personnel experienced in the business of managing, operating, maintaining, and scheduling corporate aircraft and desires to continue to perform these services for Kraft on the terms and conditions stated herein;

**WHEREAS**, Kraft and Manager are parties to an Aircraft Management Agreement dated as of December 29, 2004 (the "2004 Management Agreement");

**WHEREAS**, on December 16, 2005, Kraft acquired title to the Hangar Facility situated at the Base of Operations and entered into an assignment of the Ground Lease pursuant to which Kraft became the lessee of the Airport Leased Premises (the terms Hangar Facility, Base of Operations, Ground Lease and Airport Leased Premises are defined in Article 11.1 hereof); and

**WHEREAS**, Kraft and Manager desire to amend and restate the 2004 Management Agreement primarily as the result of Kraft's acquiring title to the Hangar Facility and becoming the lessee under the Ground Lease.

**NOW THEREFORE**, in consideration of the promises and the mutual covenants contained herein, and for good and valuable consideration, Kraft and Manager hereby agree as follows:

**ARTICLE ONE  
TERM**

1.1 **Term.** The term of this Agreement (the "Term") shall commence on the Effective Date and shall remain in effect until such time as it has been terminated as to the Services in accordance with Article 1.2 below.

1.2 **Termination.** Either Party may terminate this Agreement without cause by providing one hundred twenty (120) days' prior written notice to the other Party or as otherwise agreed between the Parties hereto.

1.3 **Accounting after Termination.** Within one hundred twenty (120) days after the termination date, Manager shall make a full accounting and the parties shall settle all accounts between them.

1.4 **Redelivery of Aircraft and Records.** Upon termination of this Agreement, Manager shall redeliver the Aircraft, along with all Aircraft-specific books and records to Kraft.

1.5 **Termination Assistance Services.** Manager agrees that, upon termination of this Agreement, and at Kraft's expense, Manager will cooperate in good faith with Kraft to provide Kraft (or its designee) with reasonable assistance to make an orderly transition from Manager to another supplier of the Services. Transition assistance services shall include the following:

- (a) Developing a transition plan with assistance from Kraft or its designee;
- (b) Providing training to Kraft personnel or its designee's personnel to perform Services; and
- (c) Organizing and delivering to Kraft records and documents necessary to allow continuation of the Services, including delivering such materials in electronic forms and versions as requested by Kraft.

**ARTICLE TWO  
MANAGER'S OBLIGATIONS**

2.1 **Provision of Aircraft Management and Aviation Services.** Manager hereby agrees to manage the Aircraft and furnish certain aviation support services described below to Kraft during the Term. Such services shall be provided in accordance with any applicable FARs and in accordance with Manager's established procedures with respect to its own aircraft, as such procedures may be modified from time to time, including but not limited to the Altria Corporate Services, Inc. Aviation and Travel Services Policy and Operations Manual (the "Manual").

2.2 **Pilot and Flight Attendant Services.** Manager agrees to provide pilot services to Kraft. Manager agrees to employ and provide a sufficient number of fully qualified pilots to operate the Aircraft in accordance with the Manual. Manager reserves the right to utilize the services of temporary qualified pilots, acceptable to both Manager and Kraft, to supplement full-time staff, from time to time, when deemed necessary by Manager. It is agreed that the term "qualified pilot" shall be deemed to refer to an individual who meets the following minimum requirements:



- (a) Holds a valid Airline Transport Pilot's Certificate with appropriate category, class and type ratings for the Aircraft;
- (b) Holds a current first class medical certificate in accordance with FAR §61.23(a)(1);
- (c) Is current with respect to FAR Part 61, to conduct operations under FAR Part 91;
- (d) Is familiar with Manager's written policies and procedures;
- (e) Has satisfactorily completed a recommended or approved ground and flight training course for the Aircraft;
- (f) Is approved as pilot with respect to the Aircraft insurance coverage; and
- (g) Is approved as a pilot under the Manual.

Manager agrees to provide flight attendant services to Kraft. Manager agrees to employ and provide a sufficient number of fully qualified flight attendants to perform flight attendant services in accordance with the Manual. Manager reserves the right to utilize the services of temporary qualified flight attendants, acceptable to both Manager and Kraft, to supplement full-time staff, from time to time, when deemed necessary by Manager.

In accordance with the applicable FARs, each flight crew member provided by Manager will exercise all of his or her duties and responsibilities with the highest regard for the safety of each flight conducted hereunder. Kraft specifically agrees that the pilot-in-command, in his or her sole discretion, may terminate any flight, refuse to commence any flight, or take any other such action which in the considered judgment of such pilot in command is necessitated by safety considerations. No such action by the pilot in command shall create or support any liability for loss, injury, damage or delay to Kraft or any other person. Kraft further agrees that Manager shall not be liable for delay or failure to furnish or return the Aircraft or flight crew pursuant to this Agreement when such failure is caused by government regulation or authority, mechanical difficulty, war, civil commotion, strikes or labor disputes, weather conditions or acts of God or is necessary to adhere to the requirements of the Manual.

2.3 Maintenance and Inspections of Aircraft. Manager shall be responsible for providing maintenance, preventive maintenance, and required or otherwise necessary inspections of the Aircraft. No period of maintenance, preventive maintenance or inspection shall be delayed or postponed for the purpose of scheduling the Aircraft, unless said maintenance or inspection can be safely conducted at a later time in compliance with all applicable laws and regulations, and within the sound discretion of the assigned pilot in command and Manager's maintenance manager.

It is expected by the parties that Manager will perform, or arrange to be performed by qualified third parties, all required pre-flight inspections and maintenance of the Aircraft, will keep the interior and the exterior of the Aircraft clean, and will repair discrepancies and perform scheduled inspections. Subject to the provisions of Article 3.4 below, it is expected by the parties that Manager or Kraft may subcontract with outside maintenance providers to perform any additional necessary maintenance on the Aircraft.

Kraft appoints Manager as its agent for the limited purpose of executing, for and on behalf of Kraft, any maintenance program and maintenance inspection agreements or any other

agreement as shall be necessary in order for Manager to fulfill its obligations under this Agreement. Kraft agrees to indemnify and hold Manager harmless from and against any claims, damages, losses or expenses arising pursuant to any such maintenance program and maintenance inspection agreements, or any other agreement necessary in order for Manager to fulfill its obligations under this Agreement.

2.4 Logbooks and Records. Manager shall maintain all logbooks and records pertaining to the Aircraft in accordance with applicable FARs. Manager shall make such logbooks and records available for examination and copying by Kraft or Kraft's duly authorized agents, at Kraft's reasonable advance request, at the location of such books and records at the Hangar Facility. At the termination of this Agreement, Manager shall deliver such logbooks and records to Kraft.

2.5 Additional Duties of Manager. In addition to those duties assumed by Manager elsewhere herein, Manager also agrees to perform the following:

- (a) Arrange for and coordinate and schedule use of the Aircraft;
- (b) Arrange for aircraft commissary, catering and rental car, limousine or taxi cab passenger ground transportation, as requested by Kraft;
- (c) Utilize and maintain the Hangar Facility and perform Kraft's maintenance obligations under Sections 9 and 10 of the Ground Lease in order to provide Services pursuant to this Agreement, including but not limited to: assisting the flight crew in the performance of their duties; achieving scheduling of flights and flight personnel, flight following and communication; performing routine scheduled and unscheduled maintenance to the Aircraft; and assisting Kraft in the planning and support of Kraft's flight operation;
- (d) Advise, assist and cooperate with Kraft in establishing the annual budget ("Original Budget" or "OB") and semi-annual budget update ("Second Revised Forecast" or "SRF") for each year during the Term for fixed and variable expenses respecting the Aircraft, the Hangar Facility and the Airport Leased Premises (including the performance of Manager's responsibilities hereunder). Manager shall also assist Kraft in the process of transitioning to Kraft the direct payment by Kraft of all such fixed and variable expenses (except for employee costs and insurance expenses which shall continue to be paid by Manager and subsequently billed to Kraft, as provided in Articles 3 and 5 of this Agreement);
- (e) At Kraft's request, arrange for backup aircraft coverage with a commercial certificated air carrier or other provider operating in accordance with FARs and acceptable to Manager and Kraft when the Aircraft is unavailable for Kraft's use due to scheduled or unscheduled maintenance. Manager shall provide Kraft with a copy of its list of acceptable providers upon request;
- (f) Assist Kraft in obtaining and maintaining such insurance covering the Aircraft and its operation as further described in Article 5.1 below;
- (g) Provide such proof of insurance as required of Manager pursuant to Article 5.1(g) below; and

- (h) Arrange for initial and recurrent training for each flight crew member, maintenance technician and dispatcher.

**ARTICLE THREE  
KRAFT'S OBLIGATIONS**

3.1 Operational Control and Possession, Command and Control. It is hereby agreed and acknowledged between Kraft and Manager that during all phases of flights conducted under this Agreement, Kraft shall retain and have (i) operational control of the Aircraft, and (ii) possession, command and control of the Aircraft. In addition, Kraft further acknowledges operational control by exercising Kraft's authority over initiating, conducting and terminating each flight. Kraft chooses not to hire its own pilots but contract for the pilot services of Manager. Although the flight crew is supplied by Manager for Kraft's flights, the flight crew is under the exclusive command and control of Kraft in all phases of those flights and at all times. Kraft acknowledges that all of Kraft's flights are classified as "noncommercial" for Federal Aviation regulatory purposes and, for Federal excise tax purposes, are subject to the appropriate federal tax on aviation fuels. In exercising operational control, Kraft shall comply with the FARs, insurance requirements and any pertinent regulations of the United States or any country where the Aircraft may be operated from time to time. Kraft shall operate the Aircraft in accordance with FAR Part 91.

3.2 Advance Notification. Kraft shall provide Manager with information regarding proposed flight schedules as far in advance of any given flight as possible. Information that must be provided to Manager shall be in a format mutually acceptable to the parties and shall include the following information for each proposed flight:

- (a) Name of requisitioner;
- (b) Date requisition prepared;
- (c) Proposed departure airport;
- (d) Proposed destination airport;
- (e) Date and time of flight;
- (f) The number, names and social security numbers of anticipated employee passengers and the flight legs on which each will travel;
- (g) The number, names, addresses, telephone numbers and social security numbers of anticipated non-employee passengers and the flight legs on which each will travel;
- (h) The nature and extent of any non-customary luggage and/or cargo, to include firearms and/or hazardous materials, to be carried;
- (i) The date and time of a return flight, if any;
- (j) Ground transportation requests;
- (k) Special catering requests; and
- (l) Any other information concerning the proposed flight that may be pertinent or required by the other party.

Kraft shall ensure that all passengers meet all applicable requirements of US and foreign customs during travel aboard the Aircraft.

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Manager hereby designates Drew Barnes, telephone (414) 574-2101, as its contact for aircraft scheduling. Manager may change its contact for aircraft scheduling by providing written notice of such change to Kraft in accordance with Article 11.3 below.

Kraft is currently not a "citizen of the United States" as defined in 49 U.S.C. §40102(a)(15), and is, therefore, required to comply with the Department of Transportation regulations set forth in 14 C.F.R. Part 375, one effect of which is to prohibit carriage of candidates in elections where payment for the carriage is required. During any time when Kraft is a "citizen of the United States" as defined in 49 U.S.C. §40102(a)(15), with respect to any persons required by federal or state law to make payment for such flights, Kraft agrees to comply with FAR 91.321 and to provide Manager with advance notification and such additional information as may be reasonably requested by Manager.

3.3 Management Fee and Variable Expenses.

(a) Kraft shall pay Manager a monthly management fee in order to reimburse Manager for a ratable (i.e., 1/12<sup>th</sup>) portion of Manager's fixed annual (i) employee costs for Manager's flight department senior management, to the extent such senior management is engaged in providing services under this Agreement, and (ii) insurance expenses associated with the performance of Manager's obligations and duties under this Agreement. Kraft shall also pay all other fixed expenses associated with its use of the Aircraft and operation of the Aircraft and the utilization and maintenance of the Hangar Facility and the Airport Leased Premises, whether incurred directly by Kraft or incurred by Manager in the performance of its services under this Agreement and billed back to Kraft, and shall pay to Manager the employee costs of Manager's personnel based at the Hangar Facility who are engaged in the provision of services under this Agreement. (All fixed employee costs to be paid by Kraft hereunder shall include a 5% mark-up).

(b) Kraft shall pay all variable expenses associated with its use of the Aircraft and operation of the Aircraft under this Agreement and the utilization and maintenance of the Hangar Facility and the Airport Leased Premises whether incurred directly by Kraft or incurred by Manager in the performance of its services under this Agreement and billed back to Kraft.

(c) Manager shall not, without the prior consent of Kraft, perform any capital improvement on the Hangar Facility having an anticipated cost exceeding \$10,000 unless such capital improvement is provided for in the then-current OB or SRF. In the event that, in the reasonable judgment of Manager, any repair or maintenance of the Hangar Facility (not provided for in the then-current OB or SRF) is necessary or appropriate, Manager is authorized to perform such Hangar Facility repair or maintenance at Kraft's expense. Manager shall use all reasonable efforts under the circumstances to notify Kraft in advance of any Hangar Facility repair or maintenance expense not provided for in the then-current OB or SRF which has an anticipated cost exceeding \$10,000. Any consent or notification under this Article 3.3(c) may be given orally.

(d) Manager shall not, without the prior consent of Kraft, perform any capital improvement on any of the Aircraft having an anticipated cost exceeding \$100,000 unless such capital improvement is provided for in the then-current OB or SRF. Any capital improvement

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performed by the Manager on any of the Aircraft shall be consistent with the provisions of Article 7 hereof. Kraft shall also pay for all alterations, modifications, additions or improvements to any of the Aircraft made pursuant to Article 7 hereof at the time Manager performs such services. In the event that, in the reasonable judgment of Manager, any repair or maintenance of any Aircraft (not provided for in the then-current OB or SRF) is necessary or appropriate, Manager is authorized to perform such Aircraft repair or maintenance at Kraft's expense. Manager shall use all reasonable efforts under the circumstances to notify Kraft in advance of any Aircraft repair or maintenance expense not provided for in the then-current OB or SRF which has an anticipated cost exceeding \$100,000. Any consent or notification under this Article 3.3(d) may be given orally.

(e) Kraft shall pay all expenses required to comply with its obligations under the Ground Lease.

#### 3.4 Payment of Fixed and Variable Expenses.

(a) Kraft shall pay Manager through inter-company cash transfer the monthly management fee on or before the third Wednesday of each month during the Term hereof.

(b) Manager shall deliver to Kraft, on or about the 15th day of each month, an invoice for the aggregate fixed expenses (to the extent not included in the management fee) and variable expenses incurred for the previous month and paid by Manager on behalf of Kraft. Kraft will pay the amount specified on such invoice to Manager, through inter-company cash transfer no later than the third Wednesday of the month following the month that such invoice was sent to Kraft.

(c) At the end of each six months during the term of the Agreement, Manager will review the fixed expenses comprising the management fee actually incurred by Manager (collectively, "Actual Cost") during the previous six months. In the event that Manager determines that the Actual Cost differs from the aggregate fixed expenses comprising the management fee as set forth in the preceding OB or SRF (as the case may be) by more than 2%, Manager will deliver to Kraft documentation for such Actual Cost and the Parties will adjust the monthly management fee accordingly, retroactively or prospectively.

On or before November 15 of each calendar year, in connection with the annual review of services provided to Kraft Foods Inc. and its wholly owned subsidiaries under the Services Agreement dated as of January 1, 2001, an estimate of the fixed and variable expenses for the next calendar year will be submitted to the Controller and Chief Financial Officer ("CFO") of Kraft Foods Inc. by the Controller of Altria Group, Inc. on behalf of Manager, for review and approval. Approval by the CFO of Kraft Foods Inc. and the CFO of Altria Group, Inc. will constitute approval by the Manager and Kraft of the estimate of the fixed and variable expenses for the ensuing year.

3.5 Insurance. Kraft shall pay all costs and expenses relating to the insurance required to be borne by Kraft pursuant to Article 5 and any other applicable provision of this Agreement.

3.6 Facilities and Equipment. Kraft shall be responsible, at its sole cost and expense, to provide (and subsequently repair or replace as necessary) the Hangar Facility at the Base of

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Operations and keep the Ground Lease in effect so as to allow Manager to perform its duties under this Agreement. Kraft shall be solely responsible for all claims arising by virtue of the provision or existence of the items comprising the Hangar Facility hereof and all claims arising out of the provisions of the Ground Lease.

3.7 Manual Compliance. Kraft agrees to abide by and advise its passengers of all applicable procedures set forth in the Manual. Manager shall deliver to a representative designated by Kraft a copy of the Manual and any updates.

3.8 Training. Kraft shall provide Manager with reasonable access to and use of the Aircraft for the purpose of conducting all training and testing that is necessary for compliance with the FARs and the Manual (including, without limitation, proficiency checks, line checks, and type training and certification).

### **ARTICLE FOUR USE OF FACILITIES & EQUIPMENT**

4.1 Use of Facilities and Equipment. Kraft hereby grants Manager usage of the Hangar Facility as well as all other of Kraft's facilities and equipment at the Base of Operations and access to the Airport Leased Premises as Manager requires to perform its services relating to the Aircraft, the Hangar Facility and the Airport Leased Premises during the Term in accordance with this Agreement.

### **ARTICLE FIVE INSURANCE**

5.1 Manager Procured Insurance. During the Term until such time as Kraft is no longer majority owned by Altria Group, Inc., Manager hereby agrees to arrange for and procure, at Kraft's expense, insurance coverage of the types, in the amounts, and including the special provisions set forth below, under separate aviation insurance policies relating to the Aircraft ("Manager's Policies"). The types, amounts and provisions of the Manager's Policies may be varied (at Kraft's expense) to the extent required by applicable law or regulation.

(a) All risk physical damage (hull) insurance, including war, hijacking and allied perils coverage, with respect to the Aircraft insuring against any loss, theft or damage to the Aircraft, and extended coverage with respect to any engines or parts while removed from the Aircraft, in an amount equal to the agreed value as listed in Exhibit B hereto, with no deductible. Such insurance shall provide that all losses shall be adjusted with Kraft and be payable to the beneficial owner of the Aircraft. Such insurance shall also contain a waiver of subrogation in favor of Manager.

(b) Aircraft liability insurance, including war, hijacking and allied perils coverage, with respect to the Aircraft insuring against liability for bodily injury to or death of persons, including passengers, and damage to or loss of property, in an amount not less than Two Hundred Fifty Million Dollars (\$250,000,000) combined limit per occurrence (except with respect to war risks, hijacking and allied perils coverage, which shall be subject to a policy sub-limit in an amount not less than Fifty Million Dollars (\$50,000,000) combined limit per

occurrence and in the annual aggregate for bodily injury to or death of, and property damage to, third parties).

(c) Excess/Umbrella Liability insurance in excess of the Aviation Liability policy limits set forth above and where applicable in Exhibit B. Such Excess/Umbrella policy will include the provision that the primary Liability policy be scheduled to such program for full policy limits.

(d) Additional coverages as set forth in Exhibit B hereto.

(e) All liability coverages required by this Article 5.1 (except for clause (c) of such Article) and Exhibit B hereto shall include the following provisions:

and (i) such insurance shall be primary without any right of contribution from any other insurance available to Manager or Kraft;

(ii) such insurance shall contain a standard clause as to cross liability or severability of interests among insured parties providing that the insurance shall operate in all respects as if a separate policy had been issued covering each party insured except for limits of liability.

(f) All insurance required by this Article 5.1 and Exhibit B hereto shall include the following provisions:

(i) such insurance shall cover the operation of the Aircraft;

(ii) such insurance shall name Kraft Foods Inc. and all of its subsidiaries and affiliates as the Named Insured and shall name Manager, its affiliates, successors and assigns and their respective officers, directors, members, managers, employees, agents and representatives (the "Manager Additional Insureds") as additional insureds;

(iii) the geographic limits of such insurance shall be worldwide, except that in the case of war, hijacking and allied perils coverage, the coverage territory shall be subject to such excluded territories as is usual in the aviation insurance industry;

(iv) such insurance shall provide that not less than thirty (30) calendar days advance written notice (except ten (10) days written notice for non-payment of premium and such shorter period as is customarily available under the war, hijacking and allied perils insurance) shall be given to Manager and Kraft of cancellation by any party or adverse material change or reduction in the limits of coverage applicable to Manager or Kraft under the policies; and

(v) such insurance shall contain an invalidation of interest/breach of warranty clause in favor of Manager Additional Insureds providing that the coverage afforded to such parties will not be voided or invalidated by any act or neglect of Kraft or any other insured party.

(g) Manager shall provide to Kraft prior to the first operation of the Aircraft under Manager's Policies an insurance certificate reflecting the coverage required by this Agreement and thereafter, when it becomes available, a copy of the policy showing the applicable coverages.

5.2 Kraft Provided Insurance. If at any time during the Term, Kraft is no longer majority owned by Altria Group, Inc., Kraft shall immediately arrange and procure, at Kraft's expense, insurance for the Aircraft ("Kraft's Policies"). The provisions of Kraft's Policies shall be at least as comprehensive and advantageous as the provisions of Manager's Policies, including terms, limitations, conditions and exclusions, and shall provide the specific coverages and provisions outlined in Articles 5.1(a)-(f) and 5.2(a) and Exhibit B. Furthermore, Kraft's Policies shall be issued by an insurance company reasonably acceptable to Manager. Upon Kraft's notice to Manager of commencement of insurance coverage under Kraft's insurance, Manager's responsibilities under Article 5.1 above shall cease.

(a) Kraft shall provide to Manager (with its notice of commencement of insurance coverage as described in this Article 5.2) an insurance certificate reflecting the coverage required by this Agreement and thereafter, when it becomes available, a copy of the policy showing the applicable coverages. The insurance policy shall waive all rights of subrogation against the Manager Additional Insureds and shall recognize in writing this Agreement.

5.3 Manager's Insurance Obligations. During the Term, Manager will maintain in full force and effect, at its own expense:

(a) Workers' Compensation Coverage that provides applicable statutory benefits and Employer Liability Coverage in an amount of not less than Five Hundred Thousand Dollars (\$500,000) covering all employees of Manager.

(b) Commercial General Liability insurance, including premises liability coverage, in the amount of Five Million Dollars (\$5,000,000) per occurrence, and products and completed operations coverage in the amount of Ten Million Dollars (\$10,000,000) per occurrence and in the aggregate.

(c) Fire and extended coverage insurance on Manager's personal property, trade fixtures and equipment located in or at the Hangar Facility, in an amount equal to the full replacement value thereof.

5.4 Kraft's Insurance Obligations. In addition to and notwithstanding Articles 5.1 and 5.2 above, during the Term, Kraft will maintain in full force and effect, at its own expense:

(a) Commercial General Liability insurance, including premises liability and environmental coverage, in the amount of Five Million Dollars (\$5,000,000) per occurrence, and products and completed operations coverage in the amount of Ten Million Dollars (\$10,000,000) combined single

(b) Fire and extended coverage insurance on Kraft's personal property, trade fixtures and equipment located in or at the Hangar Facility, in an amount equal to the full replacement value thereof.

(c) "All Risk Property" insurance coverage for the Hangar Facility valued on a "replacement cost" basis.

5.5 Insurance Validity. In the event that any insurance on the Aircraft which is required by this Article 5 is invalidated for any reason, the Aircraft shall not be operated until such time as all such insurance is again valid and in full force and effect.

#### **ARTICLE SIX INDEPENDENT CONTRACTOR**

6.1 Independent Contractor. Manager shall be deemed to be an independent contractor. Manager shall be free to devote to its other business such portion of its entire time, energy, efforts and skill, as it sees fit. Manager shall have no mandatory duties, except those which are specifically set out in this Agreement. Nothing contained in this Agreement shall be regarded as creating any relationship (employer/employee, joint venture, partnership) between the parties other than as set forth herein.

6.2 No Agent Status. Except as specifically set forth in Article 2.3, Manager shall never at any time during the Term become the agent of Kraft and Kraft shall not be responsible for the acts or omissions of Manager or its agents except as set forth herein.

6.3 No Employee Status. No employee of Manager will, at any time, represent himself or herself to be an employee of Kraft.

#### **ARTICLE SEVEN ALTERATIONS**

7.1 Alterations. Manager shall not have the right to alter, modify or make any additions or improvements to the Aircraft or engines, other than those necessary to obtain and maintain FAA certification, to maintain the Aircraft in accordance with the terms hereof or to ensure the Aircraft conforms to Manager's criteria and guidelines for aircraft owned and operated by Manager including alterations to the Aircraft necessary to ensure that the Aircraft are substantially similar to the aircraft of the same make and model flown by the flight crew for the Aircraft, without prior written permission from Kraft. All such alterations, modifications, additions and improvements as are so made shall become the property of Kraft and shall be subject to the terms of this Agreement.

#### **ARTICLE EIGHT TITLE**

8.1 Title. Kraft has the right to operate the Aircraft pursuant to that certain Dry Lease dated as of December 22, 2004 between Kraft and Kraft Foods Aviation, LLC, the beneficial owner of the Aircraft, and has full right, power and authority and has secured all necessary consents to enter into this Agreement with Manager. Kraft acquired the Hangar Facility from

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Manager pursuant to the Purchase and Sale Agreement dated as of December 15, 2005 between Manager and Kraft. Kraft became the lessee under the Ground Lease pursuant to the Assignment of Lease to Airport Agreement No. HP-695 dated as of December 16, 2005, 2005 and executed by Milwaukee County, Wisconsin, Manager and Kraft. It is expressly understood and agreed that this is a management contract, and that Manager acquires no ownership, title, property rights or interests in or to the Aircraft and their engines, accessories and equipment or the Hangar Facility or the Airport Leased Premises.

#### **ARTICLE NINE RISK OF LOSS OR DAMAGE TO AIRCRAFT AND/OR THE HANGAR FACILITY**

9.1 Risk of Loss or Damage. Risk of loss or damage to the Aircraft and/or the Hangar Facility shall be borne by Kraft. If, during the Term, any of the Aircraft is destroyed, lost or damaged beyond repair, this Agreement shall terminate immediately, as to such Aircraft, unless otherwise agreed

#### **ARTICLE TEN INDEMNIFICATION**

10.1 Indemnification. Each party to this Agreement hereby indemnifies and holds harmless the other party and its respective officers, directors, partners, employees, shareholders and affiliates for any claim, damage, loss or reasonable expense, including reasonable attorneys' fees, resulting from bodily injury or property damage to third parties caused by an occurrence and arising out of the ownership, maintenance or use of the Aircraft which results from the negligence or willful misconduct of such indemnifying party (an "Indemnified Loss"), provided, however, that neither party to this Agreement will be liable for any Indemnified Loss:

(a) to the extent that such loss is covered by the insurance policies described in Article 5 (the "Policies"), or in the event the other party fails to maintain the insurance coverages it is required to maintain pursuant to Article 5, such loss would have been covered under the required coverages had they been in effect;

(b) with respect to a loss covered by the Policies, to the extent that the amount of such loss exceeds the policy limits required by Article 5;

(c) with respect to a loss consisting of expenses incurred in connection with a loss covered in whole or in part by the Policies, to the extent that such expenses are not fully covered by the Policies, or

(d) to the extent of the comparative negligence or willful misconduct of the indemnified party or its officers, directors, partners, employees, shareholders and affiliates.

10.2 Indemnification by Manager. Manager will indemnify Kraft for direct physical damage to the Aircraft proven to have been caused by Manager's gross negligence ("Gross Negligence Aircraft Damage"); provided, however, that Manager will not indemnify Kraft for any Gross Negligence Aircraft Damage:

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(a) to the extent that coverage for such damage is provided by Manager's Policies required to be maintained by Manager by Article 5 and Exhibit B;

(b) with respect to such damage for which coverage is provided by Manager's Policies, to the extent that the amount of such damage exceeds the agreed insured value specified in Exhibit B;

(c) to the extent that coverage for such damage is provided by Kraft's Policies required to be maintained by Kraft by Article 5 and Exhibit B, or in the event Kraft fails to maintain such required insurance coverages, coverage for such damage would have been provided under such required coverages had they been in effect; or

(d) with respect to such damage for which coverage is provided by Kraft's Policies, to the extent that the amount of such damage exceeds the agreed insured value specified in Exhibit B.

If any Gross Negligence Aircraft Damage is not covered by Manager's or Kraft's Policies solely because it is less than an applicable deductible amount set forth in Exhibit B, Manager will indemnify Kraft for the amount of any such damage up to the amount of such deductible. Manager will not indemnify Kraft for any other uninsured damage to the Aircraft.

10.3 LIMITATION OF LIABILITY. EACH PARTY ACKNOWLEDGES AND AGREES THAT

(a) THE PROCEEDS OF INSURANCE TO WHICH IT IS ENTITLED;

(b) ITS RIGHTS TO INDEMNIFICATION FROM THE OTHER PARTY UNDER ARTICLE 10.1 (AND IN THE CASE OF KRAFT, ITS RIGHTS TO INDEMNIFICATION UNDER ARTICLE 10.2) (AND IN THE CASE OF MANAGER, ITS RIGHTS TO INDEMNIFICATION UNDER ARTICLES 2.3 AND 10.4); AND

(c) ITS RIGHT TO DIRECT DAMAGES ARISING IN CONTRACT FROM A MATERIAL BREACH OF THE OTHER PARTY'S OBLIGATIONS UNDER THIS AGREEMENT ARE THE SOLE REMEDIES FOR ANY DAMAGE, LOSS OR EXPENSE ARISING OUT OF THIS AGREEMENT OR THE SERVICES PROVIDED HEREUNDER OR CONTEMPLATED HEREBY. KRAFT WAIVES ALL RIGHTS OF RECOVERY AGAINST MANAGER AND MANAGER ADDITIONAL INSUREDS FOR ANY LOSS OR DAMAGE TO THE AIRCRAFT, EXCEPT AS SET FORTH IN ARTICLE 10.2 ABOVE. EXCEPT AS EXPRESSLY SET FORTH IN THIS ARTICLE 10.3 AND ARTICLE 10.4, EACH PARTY WAIVES ANY RIGHT TO RECOVER ANY DAMAGE, LOSS OR EXPENSE ARISING OUT OF THIS AGREEMENT OR THE SERVICES PROVIDED HEREUNDER OR CONTEMPLATED HEREBY. IN NO EVENT SHALL EITHER PARTY BE LIABLE FOR OR HAVE ANY DUTY FOR INDEMNIFICATION OR CONTRIBUTION TO THE OTHER PARTY FOR ANY CLAIMED INDIRECT, SPECIAL, INCIDENTAL, CONSEQUENTIAL OR PUNITIVE DAMAGES, OR FOR ANY DAMAGES CONSISTING OF DAMAGES FOR LOSS OF USE, REVENUE, PROFIT, BUSINESS OPPORTUNITIES AND THE LIKE, OR DEPRECIATION OR DIMINUTION IN VALUE OF THE AIRCRAFT, EVEN IF THE

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PARTY HAD BEEN ADVISED, OR KNEW OR SHOULD HAVE KNOWN OF THE POSSIBILITY OF SUCH DAMAGES.

10.4 Failure of Insurance Policies. When Kraft's Policies are utilized, any indemnification provided by Manager to Kraft, any waiver of any claim and any agreements to be liable for damages set forth in this Article 10 shall not apply to the extent that Kraft's Policies have failed to provide the insurance coverage required by Article 5, including Exhibit B. Furthermore, Kraft agrees to indemnify Manager for any Indemnified Loss resulting from the failure of Kraft's Policies to comply with the requirements of Article 5, including Exhibit B.

10.5 Survival. The provisions of this Article 10 will survive the termination or expiration of this Agreement.

#### **ARTICLE ELEVEN MISCELLANEOUS PROVISIONS**

11.1 Base of Operations, Hangar Facility, Ground Lease and Airport Leased Premises

For purposes of this Agreement:

(a) the Base of Operations of the Aircraft shall be General Mitchell International Airport (MKE), Milwaukee, Wisconsin;

(b) the Hangar Facility shall consist of the hangar, fuel farm, fuel truck (when transferred by Manager to Kraft), aircraft ramp facilities, parking facilities, office space and aircraft support equipment and spare parts owned by Kraft which are located on the Airport Leased Premises;

(c) the Ground Lease shall mean that certain Lease Agreement No. HP-695 dated as of July 14, 1980, as amended, with respect to the Airport Leased Premises; and

(d) the Airport Leased Premises shall mean those premises at the Base of Operations which are the subject of the Ground Lease and on which the Hangar Facility is located.

11.2 Entire Agreement. This Agreement constitutes the entire understanding between the parties as of the Effective Date and supersedes all prior agreements between the parties with respect to the subject matter hereof. Any change, modification or amendment to this Agreement must be in writing signed by both parties.

11.3 Notices. Unless specifically provided to the contrary herein, any notice required or permitted under this Agreement shall be given in writing and shall be effective for all purposes if hand delivered to the party designated below or if sent by (a) certified or registered United States mail, postage prepaid; or (b) by expedited delivery service, either commercial or United States Postal Service, with proof of delivery; or (c) by telecopy (provided that such telecopy is confirmed by expedited delivery service or by mail in the manner previously described), addressed as follows:

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If to Manager: Altria Corporate Services, Inc.  
180 Airport Road, Hangar D-2  
Westchester County Airport, White Plains  
New York, NY 10604  
Attn: George Saling  
Tel: 914-335-3011  
Fax: 914-335-3070

If to Kraft: Kraft Foods Inc.  
Three Lakes Drive  
Northfield, IL 60093  
Attn: Marc S. Firestone  
Tel: 847-646-2000  
Fax: 847-646-2950

or to such other address and person as shall be designated from time to time by Manager or Kraft, as the case may be, in a written notice to the other in the manner provided for in this paragraph. The notice shall be deemed to have been given at the time of delivery if hand delivered or sent by confirmed telecopy, or in the case of registered or certified mail, three (3) business days after deposit in the United States mail, or if by expedited delivery, upon first attempted delivery on a business day. A party receiving notice which does not comply with the technical requirements for notice under this paragraph may elect to waive any deficiencies and treat the notice as having been properly given.

11.4 Compliance with Laws. Manager and Kraft shall comply with all federal, state and local laws and executive orders and regulations issued pursuant thereto, including without limitation, and to the extent applicable to this Agreement, all FARs, to the extent of their obligations under this Agreement.

11.5 Rights and Remedies. Manager and Kraft's rights and remedies with respect to any of the terms and conditions of this Agreement shall be cumulative and non-exclusive and shall be in addition to all other rights and remedies which either party possesses at law or in equity except as otherwise provided in this Agreement.

11.6 Invalidity. In the event that any one or more of the provisions of this Agreement shall be determined to be invalid, unenforceable or illegal, such invalidity, unenforceability and illegality shall not affect any other provisions of this Agreement, and the Agreement shall be construed as if such invalid, unenforceable or illegal provisions had never been contained herein.

11.7 Force Majeure. Exclusive of Kraft's obligations to pay for the operating expenses and other expenses associated with the Aircraft, each party shall be relieved of its obligations hereunder in the event and to the extent that the party's performance is delayed or prevented by any cause reasonably beyond such party's control, including but not limited to, acts of God, public enemies, war, civil disorder, fire, flood, explosion, labor disputes or strikes, or any acts or order of any governmental authority.

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11.8 Waiver. No delay or omission in the exercise or enforcement of any right or remedy hereunder by either party shall be construed as a waiver of such right or remedy. All remedies, rights, undertakings, obligations and agreements contained herein shall be cumulative and not mutually exclusive.

11.9 Assignment. Neither this Agreement nor any party's interest herein shall be assignable to any other party without the consent of the other party. This Agreement shall inure to the benefit of and be binding upon the parties hereto, their heirs, representatives and successors.

11.10 Confidentiality. Manager and Kraft shall not disclose to any third party (other than their respective affiliates) in any manner information regarding the terms of this Agreement without the non-disclosing party's prior written consent; provided, however, that neither party shall be prohibited from making any disclosures to the extent required by law.

11.11 Review of Records. Each party shall permit the other, upon reasonable request, to review its accounting and other cost records relating to the Aircraft, so the other party can conduct an audit of such records as that other party reasonably deems necessary.

**ARTICLE TWELVE  
APPLICABLE LAW**

12.1 Governing Law and Jurisdiction. This Agreement shall be governed by and construed in accordance with the laws of the State of New York. Without limiting in any way the jurisdiction of the courts of any state, nation or province, or Manager's right to invoke the jurisdiction of such courts, Kraft hereby consents to the jurisdiction of the courts of the United States of America and the State of New York in any dispute which arises out of this Agreement and agrees that service of process shall be sufficient if made on the Secretary of State of New York with a copy to be sent, by registered mail, to Kraft at the address set forth in Article 11.3 above.

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IN WITNESS WHEREOF, the parties have executed this Agreement as of the day and year first above written.

Manager:  
ALTRIA CORPORATE SERVICES, INC.

Kraft:  
KRAFT FOODS GLOBAL, INC.

By: /s/ Jim R. West

By: /s/ Bruce Windedahl

Title: Director, Technical and Financial Services

Title: Sr. Director

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ENVIRONMENTAL AGREEMENT

This Environmental Agreement is made this 16th day of December, 2005, by and between **ALTRIA CORPORATE SERVICES, INC. (f/k/a PHILIP MORRIS MANAGEMENT CORP.)**, a New York corporation ("Altria") and **KRAFT FOODS GLOBAL, INC.** ("Kraft"), a Delaware corporation.

## WITNESSETH

WHEREAS, Altria and Milwaukee County, Wisconsin, are parties to that certain Lease Agreement, dated July 14, 1980, Airport Agreement No. HP-695, as amended by Amendment No. 1 to Airport Lease Agreement No. HP-695 as of December 31, 1995 and Amendment No. 2 to Airport Lease Agreement No. HP-695 as of December 16, 2005 (the "Original Lease") with respect to certain property (the "Property") located at General Mitchell International Airport ("Airport"); and

WHEREAS, Altria and Kraft are parties to the certain Purchase and Sale Agreement ("PSA") dated December 15, 2005, by which Altria agreed to sell and transfer to Kraft, and Kraft agreed to purchase and accept from Altria, all of Altria's rights, title and interests in the Original Lease and certain other property described in the PSA on the terms and conditions set forth therein; and

WHEREAS, Altria, Kraft, and Milwaukee County, Wisconsin, are parties to that certain Assignment of Lease dated December 16, 2005, ("Date of Assignment") by which Altria assigned and transferred all right, title, and interest of Altria in and to the Original Lease to Kraft and by which Kraft accepted such assignment and agreed to perform, observe, and accept all such obligations, covenants and conditions contained in the Original Lease on the part of Altria from and after the Date of Assignment; and

WHEREAS, Altria and Kraft are parties to that certain Management Agreement dated December 16, 2005 (the "Management Agreement") by which Altria has agreed to maintain and operate the Property for the purposes for which it is intended on the terms and conditions set forth therein; and

WHEREAS, Altria and Kraft seek to define and allocate responsibility for certain environmental matters pertaining to the Property as set forth in this Agreement even though other representations, warranties, rights and obligations contained in the PSA will not survive after the effective date of the PSA or will expire within a fixed period of time thereafter; and

WHEREAS, Altria and Tennessee Gas Pipeline Company, a Delaware corporation (successor by name change to Tenneco Inc.) ("Tenneco"), which occupied the Property before Altria, are parties to that certain Agreement, dated December 29, 1995, as amended by Letter Agreement No. 1 as of December 29, 1995 and Letter Agreement No. 2 Airport Lease Agreement as of December 31, 1995 (collectively the "Tenneco Agreement"); and

WHEREAS, Altria and Kraft seek to define and set forth the assignment of certain rights and obligations under the Tenneco Agreement from Altria to Kraft.

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NOW, THEREFORE, in consideration of the foregoing premises and of the mutual covenants, representations and warranties herein set forth, the parties hereto hereby covenant and agree as follows:

1. Environmental Responsibility.

A. Altria shall be responsible for all conditions, releases or discharges on the Property involving any hazardous or toxic substances, materials, or wastes including, without limitation, petroleum, as these terms are used or defined in applicable local, state or federal environmental laws and regulations (collectively "hazardous or toxic materials") (1) first occurring from September 1, 1993, to December 16, 2005, (2) relating to or originating from conditions that first existed from September 1, 1993, to December 16, 2005, or (3) relating to such further cleanup of UST #5 as may be required, if at all, under the Original Lease or the Assignment of Lease dated December 16, 2005. Except as provided for in Paragraph 1.B. below, Kraft shall be responsible for other conditions, releases or discharges involving any hazardous or toxic materials on the Property as may first occur on and after December 16, 2005.

B. Altria shall also be responsible for all conditions, releases or discharges on the Property involving any hazardous or toxic materials caused by the willful misconduct of Altria and its employees during the term of the Management Agreement, except to the extent such acts are directed by Kraft, its employees, or contractors.

C. Kraft will maintain in full force and effect, at its own expense, any financial instruments necessary to comply with the requirements of subpart H of 40 CFR part 280 and the corresponding applicable state regulations including, without limitation, Wisconsin Admin Code ch. Comm 10, subchapter VIII, regarding Kraft's financial responsibility for taking corrective action and for compensating third parties for bodily injury and property damage caused by accidental releases from the operation of petroleum underground storage tanks.

2. Indemnification as to Environmental Matters.

A. Altria shall indemnify and hold harmless Kraft from and against any and all claims, demands, damages, losses, costs and expenses, including without limitation, court costs and reasonable attorney's fees, arising from (1) any violations by Altria of laws, orders, rules, regulations, requirements, guidelines or demands of any local, state or federal governmental agency or other authority based upon applicable environmental laws relating to the Property and occurring on or before the date hereof, and (2) all conditions, releases or discharges involving any hazardous or toxic materials on the Property (a) first occurring from September 1, 1993, to December 16, 2005, relating to or originating from conditions that first existed from September 1, 1993, to December 16, 2005, or relating to such further cleanup of UST #5 as may be required, if at all, under the Original Lease or the Assignment of Lease dated December 16, 2005, or (b) caused by the willful misconduct of Altria, its employees and contractors, during the term of the Management Agreement, except to the extent such acts are directed by Kraft, its employees, or contractors.

B. Kraft shall indemnify and hold harmless Altria from and against any and all claims, demands, damages, losses, costs and expenses, including without limitation, court

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costs and reasonable attorney's fees, arising from (1) any violations by Kraft of laws, orders, rules, regulations, requirements, guidelines or demands of any local, state or federal governmental agency or other authority based upon applicable environmental laws relating to the Property and occurring on or after the date hereof, and (2) all conditions, releases or discharges involving any hazardous or toxic materials on the Property first occurring on or after December 16, 2005, except to the extent caused by the willful misconduct of Altria and its employees during the term of the Management Agreement (unless such acts are directed by Kraft, its employees, or contractors).

3. Defense of Action. In the case of any action or proceeding brought against Altria or Kraft, as the case may be, by reason of any such claim indemnified against pursuant to this Agreement, upon notice, the other party shall defend the action or proceeding by counsel reasonably acceptable to the other. This requirement is conditioned upon receipt by the indemnifying party of timely written notice of, and the opportunity to defend, any such claims and upon the cooperation of the party against whom the claim is made in the defense of such claim. Timely written notice for purposes of this Paragraph means written notice within fourteen (14) days of receipt of any written claim, demand, legal process or paper relating to such claim provided, however, that, in an action to enforce the indemnity, late notice will not be a defense absent a showing of prejudice to the indemnitor.

4. Assignment of Rights Against Tenneco.

A. Altria hereby assigns and transfers to Kraft all the rights and interests of Altria in and to the Tenneco Agreement.

B. Kraft hereby accepts said assignment and agrees to perform, observe, and accept all the obligations, covenants and conditions on Altria contained therein to be performed and observed from and after the date hereon.

5. Responsibility for Site Work.

A. Stormwater Discharge. Altria shall take such action as may be required to obtain a general WPDES permit for the lawful discharge of water from the sump pump associated with the fuel farm along East College Avenue to the storm sewer. This obligation shall terminate upon receipt of the applicable permit.

B. UST #5. Altria shall take such action as may be required to achieve closure of the WDNR file on UST #5, including but not limited to assuring that (1) necessary well abandonment forms are filed with WDNR and (2) an adequate deed restriction is recorded (with proof of recording filed with WDNR). This obligation shall terminate upon confirmation that WDNR has closed its file on this matter.

6. Entire Agreement; Headings; Counterparts. This Agreement constitutes the entire agreement and understanding of the parties hereto with respect to the subject matter hereof and supersedes all prior negotiations and understandings, whether written or oral, of the parties hereto with respect to the subject matter hereof, including, but not limited to, any language in or interpretation of the PSA contrary to the terms of this Agreement. The headings in this Agreement are for the purposes of reference only and shall not limit or otherwise affect the

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meaning hereof. This Agreement may be executed and delivered by the parties hereto in one or more counterparts, each of which shall be an original but all of which together shall constitute one instrument.

7. Binding Affect. This Agreement is binding upon and inures to the benefit of the parties hereto and their respective successors and assigns.

8. Applicable Law. This agreement shall be governed and construed in accordance with the laws of the State of Wisconsin.

9. Facsimile Signatures. Altria and Kraft agree that signatures on documents delivered by facsimile transmission shall be binding on all parties, and respectively agree to provide an originally signed copy of any document delivered by facsimile within five (5) days after such delivery.

10. Counterparts. This agreement may be executed in counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

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IN WITNESS WHEREOF, the parties hereto have caused this Environmental Agreement to be executed as of the date first above written.

ALTRIA CORPORATE SERVICES, INC. f/k/a  
PHILIP MORRIS MANAGEMENT CORP.

By: /s/ George Saling

KRAFT FOODS GLOBAL, INC.

By: /s/ Bruce Windedahl

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