

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

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

Date of Report (Date of earliest event reported): March 27, 2007

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 Lakes 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 240.13e-4(c))

Item 1.01. Entry into a Material Definitive Agreement.

Effective as of the close of business on March 30, 2007, the separation of Kraft Foods Inc. ("Kraft") from Altria Group, Inc. ("Altria") and the distribution of all Kraft shares owned by Altria to Altria's shareholders was completed (the "Distribution"). In connection with the Distribution, Kraft entered into certain agreements with Altria to define responsibility for obligations arising before and after the Distribution, including, among others, obligations relating to employees, transition services and taxes.

On March 30, 2007, Kraft entered into a Transition Services Agreement (the "Transition Services Agreement") with Altria Corporate Services, Inc. ("ACS") pursuant to which ACS will provide a variety of administrative services to Kraft for a period of time following the Distribution. These services include corporate affairs, treasury, financial consolidations and reporting, internal audit, information technology and legal and corporate secretary services. The Transition Services Agreement supercedes the Services Agreement, dated as of January 1, 2001, as amended, between ACS and Kraft.

On March 30, 2007, Kraft entered into an Employee Matters Agreement (the "Employee Matters Agreement") with Altria. The Employee Matters Agreement provides for each company's respective obligations with regard to employee transfers, equity compensation and other employee benefits matters.

On March 30, 2007, Kraft entered into a Tax Sharing Agreement (the "Tax Sharing Agreement") with Altria. The Tax Sharing Agreement generally governs Altria's and Kraft's respective rights, responsibilities and obligations after the Distribution with respect to taxes attributable to Kraft's business, as well as any taxes incurred by Altria or Kraft as a result of the failure of the distribution to qualify for tax-free treatment under Section 355 of the Internal Revenue Code of 1986, as amended.

The foregoing descriptions of the Transition Services Agreement, Employee Matters Agreement and Tax Sharing Agreement are qualified in their entirety by reference to the complete terms and conditions of these agreements which are attached as Exhibits 10.1-10.3 to this Current Report on Form 8-K and are incorporated herein by reference in their entirety.

Item 5.02. Departure of Directors or Principal Officers; Election of Directors; Appointment of Principal Officers; Compensatory Arrangements of Certain Officers.

In connection with the Distribution, two of the current directors of Kraft, Dinyar S. Devitre and Charles R. Wall, resigned effective March 30, 2007.

Item 5.03. Amendments to Articles of Incorporation or Bylaws; Change in Fiscal Year.

At its meeting on March 27, 2007 and in connection with the Distribution, the Board of Directors of Kraft approved an amendment and restatement of the Company's Amended and Restated By-Laws in order to remove references to Altria as well as other administrative matters. Effective on March 30, 2007, the Company's Amended and Restated By-Laws will reflect the following changes, among others:

- Elimination of Special Rights of Altria. Delete language giving Altria the ability to call a special shareholders' or board meetings, to chair shareholder or board meetings and to provide timely and complete notice at any time prior to and during the annual meeting. See Article I, Section 2, Article I, Section 6, Article II, Section 5, Article II, Section 10, Article I, Section 6 and Article II, Section 4.
- Updates Resulting from Recent Amendments to the Virginia Stock Corporation Act. Add circumstances in which an expanded notice period is required, added language to allow electronic transmission as a means to grant a proxy and to provide for notice by electronic transmission. See Article I, Section 4, Article I, Section 7 and Article II, Section 10, respectively.
- Decrease in Number of Directors. Change the number of directors from 11 (eleven) to nine (9). See Article II, Section 2.

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- Inclusion of Assistant Officers. Add language to authorize the assistant secretary to perform certain tasks in the absence of the secretary and add a new section to outline the role of assistant officers. See Article I, Section 6, Article II, Section 5 and Article IV, Section 10, respectively.
 - Consolidation of Chairman and Chief Executive Officer Positions. Revise language to reflect the consolidation of the offices of chairman, president and chief executive officers into a single office and revise language to eliminate the requirement that the Chairman not be an officer of the Company. See Article IV, Section 1, Article IV, Section 6, Article V and Article VI.
 - Deletion of Obsolete Provisions. Delete obsolete references regarding written authorizations, references to send meeting notices by telegraph, telex or telecopy, Article I, Section 7, Article II, Section 10 and Article III, Section 3.

The foregoing description of the amendments is qualified in its entirety by reference to the full text of Kraft's Amended and Restated By-Laws, a copy of which is attached as Exhibit 3.1 to this Current Report on Form 8-K and is incorporated herein by reference in its entirety. A copy of the Amended and Restated By-laws marked to show changes to the former bylaws is attached as Exhibit 3.2 to this Current Report on Form 8-K.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits

- 3.1 Amended and Restated By-Laws of Kraft Foods Inc.
- 3.2 Amended and Restated By-Laws of Kraft Foods Inc., marked to show changes effected by the amendments discussed herein.
- 10.1 Transition Services Agreement by and between Altria Corporate Services, Inc. and Kraft Foods Inc. dated as of March 30, 2007.
- 10.2 Employee Matters Agreement by and between Altria Group, Inc. and Kraft Foods Inc. dated as of March 30, 2007.
- 10.3 Tax Sharing Agreement by and between Altria Group, Inc. and Kraft Foods Inc. dated as of March 30, 2007.

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SIGNATURES

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

KRAFT FOODS INC.

By: /s/ CAROL J WARD

Name: Carol J. Ward

Title: Vice President and Corporate Secretary

DATE: March 30, 2007

EXHIBIT INDEX

Exhibit No.	Description
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10.3	Tax Sharing Agreement by and between Altria Group, Inc. and Kraft Foods Inc. dated as of March 30, 2007.

AMENDED AND RESTATED BY-LAWS

of

KRAFT FOODS INC.

ARTICLE I

Meetings of Shareholders

Section 1. Annual Meetings. - The annual meeting of the shareholders for the election of directors and for the transaction of such other business as may properly come before the meeting, and any postponement or adjournment thereof, shall be held on such date and at such time as the Board of Directors may in its discretion determine.

Section 2. Special Meetings. - Unless otherwise provided by law, special meetings of the shareholders may be called by the chairman of the Board of Directors or by order of the Board of Directors, whenever deemed necessary.

Section 3. Place of Meetings. - All meetings of the shareholders shall be held at such places as from time to time may be fixed by the Board of Directors.

Section 4. Notice of Meetings. - Notice, stating the place, day and hour and, in the case of a special meeting, the purpose or purposes for which the meeting is called, shall be given not less than 10 nor more than 60 days before the date of the meeting (except as a different time is specified herein or by law), to each shareholder of record having voting power in respect of the business to be transacted thereat. Notice of a shareholders' meeting to act on an amendment of the Articles of Incorporation, a plan of merger, share exchange, domestication or entity conversion, a proposed sale of the Corporation's assets that is subject to Section 13.1-724 of the Virginia Stock Corporation Act, or the dissolution of the Corporation shall be given not less than 25 nor more than 60 days before the date of the meeting and shall be accompanied, as appropriate, by a copy of the proposed amendment; plan of merger; share exchange; domestication or entity conversion; or sale agreement.

Notwithstanding the foregoing, a written waiver of notice signed by the person or persons entitled to such notice, either before or after the time stated therein, shall be equivalent to the giving of such notice. A shareholder who attends a meeting shall be deemed to have (a) waived objection to lack of notice or defective notice of the meeting, unless at the beginning of the meeting he or she objects to holding the meeting or transacting business at the meeting, and (b) waived objection to consideration of a particular matter at the meeting that is not within the purpose or purposes described in the meeting notice, unless he or she objects to considering the matter when it is presented.

Section 5. Quorum. - - At all meetings of the shareholders, unless a greater number or voting by classes is required by law, a majority of the shares entitled to vote, represented in person or by proxy, shall constitute a quorum. Once a share is represented for any purpose at a meeting, it is deemed present for quorum purposes for the remainder of the meeting and for any adjournment of that meeting, unless a new record date is set for that meeting. If a quorum is present, action on a matter is approved if the votes cast favoring the action exceed the votes cast opposing the action, unless the vote of a greater number or voting by classes is required by law or the Articles of Incorporation, and except that in elections of

directors those receiving the greatest number of votes shall be deemed elected even though not receiving a majority. Less than a quorum may adjourn.

Section 6. Organization and Order of Business. - At all meetings of the shareholders, the chairman and chief executive officer or in the chairman's absence, the most senior executive vice president, shall act as chairman of the meeting. The secretary of the Corporation, or in the secretary's absence, an assistant secretary, shall act as secretary at all meetings of the shareholders. In the absence of the secretary or an assistant secretary, the chairman may appoint any person to act as secretary of the meeting.

The chairman shall have the right and authority to prescribe such rules, regulations and procedures and to do all such acts and things as are necessary or desirable for the proper conduct of the meeting, including, without limitation, the establishment of procedures for the dismissal of business not properly presented, the maintenance of order and safety, limitations on the time allotted to questions or comments on the affairs of the Corporation, restrictions on entry to such meeting after the time prescribed for the commencement thereof and the opening and closing of the voting polls.

At each annual meeting of shareholders, only such business shall be conducted as shall have been properly brought before the meeting (a) by or at the direction of the Board of Directors or (b) by any shareholder of the Corporation who shall be entitled to vote at such meeting and who complies with the notice procedures set forth in this Section 6. In addition to any other applicable requirements, for business to be properly brought before an annual meeting by a shareholder, the shareholder must have given timely notice thereof in writing to the secretary of the Corporation. To be timely, a shareholder's notice must be given, either by personal delivery or by United States certified mail, postage prepaid, and received at the principal executive offices of the Corporation (i) not less than 120 days nor more than 150 days before the first anniversary of the date of the Corporation's proxy statement in connection with the last annual meeting of shareholders or (ii) if no annual meeting was held in the previous year or the date of the applicable annual meeting has been changed by more than 30 days from the date of the previous year's annual meeting, not less than 60 days before the date of the applicable annual meeting. A shareholder's notice to the secretary shall set forth as to each matter the shareholder proposes to bring before the annual meeting (a) a brief description of the business desired to be brought before the annual meeting, including the complete text of any resolutions to be presented at the annual meeting, and the reasons for conducting such business at the annual meeting, (b) the name and address, as they appear on the Corporation's stock transfer books, of such shareholder proposing such business, (c) a representation that such shareholder is a shareholder of record and intends to appear in person or by proxy at such meeting to bring the business before the meeting specified in the notice, (d) the class, series and number of shares of stock of the Corporation beneficially owned by the shareholder and (e) any material interest of the shareholder in such business. The secretary of the Corporation shall deliver each such shareholder's notice that has been timely received to the Board of Directors or a committee designated by the Board of Directors for review. Notwithstanding anything in the By-Laws to the contrary, no business shall be conducted at an annual meeting except in accordance with the procedures set forth in this Section 6. The chairman of an annual meeting shall, if the facts warrant, determine that the business was not brought before the meeting in accordance with the procedures prescribed by this Section 6. If the chairman should so determine, he or she shall so declare to the meeting and the business not properly brought before the meeting shall not be transacted. Notwithstanding the foregoing provisions of this Section 6, a shareholder seeking to have a proposal included in the Corporation's proxy statement

shall comply with the requirements of Regulation 14A under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), including, but not limited to, Rule 14a-8 or its successor provision.

Section 7. Voting. - - A shareholder may vote his or her shares in person or by proxy. Any proxy shall be delivered to the secretary of the meeting or to the inspector of election appointed in accordance with Section 9, at or prior to the time designated by the chairman or in the order of business for so delivering

such proxies. No proxy shall be valid after 11 months from its date, unless otherwise provided in the proxy. Each holder of record of stock of any class shall, as to all matters in respect of which stock of such class has voting power, be entitled to such vote as is provided in the Articles of Incorporation for each share of stock of such class standing in the holders' name on the books of the Corporation. Unless required by statute or determined by the chairman to be advisable, the vote on any question need not be by ballot. On a vote by ballot, each ballot shall be signed by the shareholder voting or by such shareholder's proxy, if there be such proxy.

Section 8. Proxies. - - A shareholder or shareholder's agent or attorney-in-fact may appoint a proxy to vote or otherwise act for the shareholder by signing an appointment form or by an electronic transmission. An electronic transmission shall contain or be accompanied by information from which it can be determined by the Corporation that the shareholder, the shareholder's agent or the shareholder's attorney-in-fact authorized the transmission. For purposes of this Section 8 and the remainder of these By-Laws, "electronic transmission" means any form of communication, not directly involving the physical transmission of paper, that creates a record that may be retained, retrieved and reviewed by a recipient thereof, and that may be directly reproduced in paper form by such a recipient through an automated process. Any copy, facsimile telecommunication or other reliable reproduction of the writing or transmission created pursuant to this Section 8 may be substituted or used in lieu of the original writing or transmission for any and all purposes for which the original writing or transmission could be used, provided that such copy, facsimile telecommunication or other reproduction shall be a complete reproduction of the entire original writing or transmission.

Section 9. Inspectors. - - At every meeting of the shareholders, the proxies shall be received and taken in charge, all votes shall be received and counted and all questions concerning the qualifications of voters, the validity of proxies and the acceptance or rejection of votes shall be decided by two or more inspectors. Such inspectors shall be appointed by the chairman of the meeting. They shall be sworn faithfully to perform their duties and shall in writing certify to the returns. No candidate for election as director shall be appointed or act as inspector.

ARTICLE II

Board of Directors

Section 1. General Powers. - The business and affairs of the Corporation shall be managed under the direction of the Board of Directors.

Section 2. Number. - - The number of directors shall be nine (9).

Section 3. Term of Office. - Each director shall serve for the term for which he or she shall have been elected and until a successor shall have been duly elected.

Section 4. Nomination and Election of Directors. - At each annual meeting of shareholders, the shareholders entitled to vote shall elect the directors. No person shall be eligible for election as a director unless nominated in accordance with the procedures set forth in this Section 4. Nominations of persons for election to the Board of Directors may be made by the Board of Directors or any committee designated by the Board of Directors or by any shareholder entitled to vote for the election of directors at the applicable meeting of shareholders who complies with the notice procedures set forth in this Section 4. Such nominations, other than those made by the Board of Directors or any committee designated by the Board of Directors, may be made only if written notice of a shareholder's intent to nominate one or more persons for election as directors at the applicable meeting of shareholders has been given, either by personal delivery or by United States certified mail, postage prepaid, to the secretary of the Corporation

and received (i) not less than 120 days nor more than 150 days before the first anniversary of the date of the Corporation's proxy statement in connection with the last annual meeting of shareholders, or (ii) if no annual meeting was held in the previous year or the date of the applicable annual meeting has been changed by more than 30 days from the date of the previous year's annual meeting, not less than 60 days before the date of the applicable annual meeting, or (iii) with respect to any special meeting of shareholders called for the election of directors, not later than the close of business on the seventh day following the date on which notice of such meeting is first given to shareholders. Each such shareholder's notice shall set forth (a) as to the shareholder giving the notice, (i) the name and address, as they appear on the Corporation's stock transfer books, of such shareholder, (ii) a representation that such shareholder is a shareholder of record and intends to appear in person or by proxy at such meeting to nominate the person or persons specified in the notice, (iii) the class and number of shares of stock of the Corporation beneficially owned by such shareholder and (iv) a description of all arrangements or understandings between such shareholder and each nominee and any other person or persons (naming such person or persons) pursuant to which the nomination or nominations are to be made by such shareholder; and (b) as to each person whom the shareholder proposes to nominate for election as a director, (i) the name, age, business address and, if known, residence address of such person, (ii) the principal occupation or employment of such person, (iii) the class and number of shares of stock of the Corporation that are beneficially owned by such person, (iv) any other information relating to such person that is required to be disclosed in solicitations of proxies for election of directors or is otherwise required by the rules and regulations of the Securities and Exchange Commission promulgated under the Exchange Act and (v) the written consent of such person to be named in the proxy statement as a nominee and to serve as a director if elected. The secretary of the Corporation shall deliver each such shareholder's notice that has been timely received to the Board of Directors or a committee designated by the Board of Directors for review. Any person nominated for election as director by the Board of Directors or any committee designated by the Board of Directors shall, upon the request of the Board of Directors or such committee, furnish to the secretary of the Corporation all such information pertaining to such person that is required to be set forth in a shareholder's notice of nomination. The chairman of the meeting of shareholders shall, if the facts warrant,

determine that a nomination was not made in accordance with the procedures prescribed by this Section 4. If the chairman should so determine, he or she shall so declare to the meeting and the defective nomination shall be disregarded.

Section 5. Organization. - - At all meetings of the Board of Directors, the chairman and chief executive officer or, in the absence of the chairman, a director chosen by a majority of the other directors, shall act as chairman of the meeting. The secretary of the Corporation or, in the secretary's absence, an assistant secretary shall act as secretary of meetings of the Board of Directors. In the absence of the secretary or an assistant secretary at such meeting, the chairman of the meeting shall appoint any person to act as secretary of the meeting.

Section 6. Vacancies. - - Any vacancy occurring in the Board of Directors, including a vacancy resulting from amending these By-Laws to increase the number of directors by 30 percent or less, may be filled by the affirmative vote of a majority of the remaining directors though less than a quorum of the Board of Directors.

Section 7. Place of Meeting. - Meetings of the Board of Directors, regular or special, may be held either within or without the Commonwealth of Virginia.

Section 8. Organizational Meeting. - The annual organizational meeting of the Board of Directors shall be held immediately following adjournment of the annual meeting of shareholders and at the same place, without the requirement of any notice other than this provision of the By-Laws.

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Section 9. Regular Meetings: Notice. - Regular meetings of the Board of Directors shall be held at such times and places as it may from time to time determine. Notice of such meetings need not be given if the time and place have been fixed at a previous meeting.

Section 10. Special Meetings. - Special meetings of the Board of Directors shall be held whenever called by order of the chairman of the Board of Directors. Notice of each such meeting, which need not specify the business to be transacted thereat, shall be mailed to each director, addressed to his or her residence or usual place of business, at least twenty-four hours before the day on which the meeting is to be held, be delivered by a form of electronic transmission previously consented to by the director to whom notice is given or be delivered personally or by telephone, not later than the day before the day on which the meeting is to be held.

Section 11. Waiver of Notice. - Whenever any notice is required to be given to a director of any meeting for any purpose under the provisions of law, the Articles of Incorporation or these By-Laws, a waiver thereof in writing signed by the person or persons entitled to such notice, either before or after the time stated therein, shall be equivalent to the giving of such notice. A director's attendance at or participation in a meeting waives any required notice to him or her of the meeting unless at the beginning of the meeting or promptly upon the director's arrival, he or she objects to holding the meeting or transacting business at the meeting and does not thereafter vote for or assent to action taken at the meeting.

Section 12. Quorum and Manner of Acting. - Except where otherwise provided by law, a majority of the directors fixed by these By-Laws at the time of any regular or special meeting shall constitute a quorum for the transaction of business at such meeting, and the act of a majority of the directors present at any such meeting at which a quorum is present shall be the act of the Board of Directors. In the absence of a quorum, a majority of those present may adjourn the meeting from time to time until a quorum be had. Notice of any such adjourned meeting need not be given.

Section 13. Order of Business. - At all meetings of the Board of Directors business may be transacted in such order as from time to time the Board of Directors may determine.

Section 14. Committees. - - In addition to the executive committee authorized by Article III of these By-Laws, other committees, consisting of two or more directors, may be designated by the Board of Directors by a resolution adopted by the greater number of (a) a majority of all directors in office at the time the action is being taken or (b) the number of directors required to take action under Article II, Section 12 hereof. Any such committee, to the extent provided in the resolution of the Board of Directors designating the committee, shall have and may exercise the powers and authority of the Board of Directors in the management of the business and affairs of the Corporation, except as limited by law.

ARTICLE III

Executive Committee

Section 1. How Constituted and Powers. - The Board of Directors, by resolution adopted pursuant to Article II, Section 14 hereof, may designate one or more directors to constitute an executive committee, who shall serve during the pleasure of the Board of Directors. The executive committee, to the extent provided in such resolution and permitted by law, shall have and may exercise all of the authority of the Board of Directors.

Section 2. Organization, Etc. - The executive committee may choose a chairman and secretary. The executive committee shall keep a record of its acts and proceedings and report the same from time to time to the Board of Directors.

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Section 3. Meetings. - - Meetings of the executive committee may be called by any member of the committee. Notice of each such meeting, which need not specify the business to be transacted thereat, shall be mailed to each member of the committee, addressed to his or her residence or usual place of business, at least two days before the day on which the meeting is to be held or shall be delivered by a form of electronic transmission previously consented to by the director to whom notice is given or be delivered personally or by telephone, not later than the day before the day on which the meeting is to be held.

Section 4. Quorum and Manner of Acting. - A majority of the executive committee shall constitute a quorum for transaction of business, and the act of a majority of those present at a meeting at which a quorum is present shall be the act of the executive committee. The members of the executive committee shall act only as a committee, and the individual members shall have no powers as such.

Section 5. Removal. - - Any member of the executive committee may be removed, with or without cause, at any time, by the Board of Directors.

Section 6. Vacancies. - - Any vacancy in the executive committee shall be filled by the Board of Directors.

ARTICLE IV

Officers

Section 1. Number. - - The officers of the Corporation shall be a chairman and chief executive officer; a chief financial officer; one or more executive vice presidents; a secretary and such other officers as may from time to time be chosen by the Board of Directors. Any two or more offices may be held by the same person.

Section 2. Election, Term of Office and Qualifications. - All officers of the Corporation shall be chosen annually by the Board of Directors, and each officer shall hold office until a successor shall have been duly chosen and qualified or until the officer resigns or is removed in the manner hereinafter provided.

Section 3. Vacancies. - - If any vacancy shall occur among the officers of the Corporation, such vacancy shall be filled by the Board of Directors.

Section 4. Other Officers, Assistant Officers, Agents and Employees - Their Powers and Duties. - - The Board of Directors may from time to time appoint such other officers and assistant officers as the Board of Directors may deem necessary, to hold office for such time as may be designated by it or during its pleasure, and the Board of Directors or the chief executive officer may appoint, from time to time, such agents and employees of the Corporation as may be deemed proper, and may authorize any officers to appoint and remove agents and employees. The Board of Directors or the chairman and chief executive officer may from time to time prescribe the powers and duties of such other officers, assistant officers, agents and employees of the Corporation.

Section 5. Removal. - - Any officer, assistant officer, agent or employee of the Corporation may be removed, either with or without cause, by a vote of a majority of the Board of Directors or, in the case of any agent or employee not appointed by the Board of Directors, by a superior officer upon whom such power of removal may be conferred by the Board of Directors or the chief executive officer.

Section 6. Chairman and Chief Executive Officer. - The chairman and chief executive officer shall be chosen from among the directors. The chairman and chief executive officer shall serve as chairman of the board of directors and preside at meetings of the shareholders and of the Board of Directors. The chairman and chief executive officer shall be devoted to the Corporation's business and affairs under the

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basic policies set by the Board of Directors and shall from time to time report to the Board of Directors on matters within his or her knowledge that the interests of the Corporation may require be brought to the Board of Directors' notice. The chairman and chief executive officer shall be responsible to the Board of Directors and shall perform such other duties as shall be assigned to him or her by the Board of Directors.

Section 7. Executive Vice Presidents. - One or more executive vice presidents of the Corporation shall assist the chairman and chief executive officer in carrying out his or her respective duties and shall perform those duties that may from time to time be assigned to them by the Board of Directors or the chairman and chief executive officer.

Section 8. Chief Financial Officer. - The chief financial officer shall be an executive vice president of the Corporation and shall be responsible for the management and supervision of the financial affairs of the Corporation.

Section 9. Secretary. - - The secretary shall keep the minutes of all meetings of the shareholders and of the Board of Directors in a book or books kept for that purpose. He or she shall keep in safe custody the seal of the Corporation, and shall affix such seal to any instrument requiring it. The secretary shall have charge of such books and papers as the Board of Directors may direct. He or she shall attend to the giving and serving of all notices of the Corporation and shall also have such other powers and perform such other duties as pertain to the secretary's office, or as the Board of Directors or the chairman and chief executive officer may from time to time prescribe.

Section 10. Assistant Officers. - In the absence or disability of an officer, one or more assistant officers shall perform all of the duties of the officer and, when so acting, shall have all of the powers of, and be subject to all the restrictions upon, the officer. Assistant officers shall also perform such other duties as from time to time may be assigned to them by the Board of Directors or an officer of the Corporation.

ARTICLE V

Contracts, Checks, Drafts, Bank Accounts, Etc.

Section 1. Contracts. - - The chairman and chief executive officer; any executive vice president and such other persons as the chairman and chief executive officer or the Board of Directors may authorize shall have the power to execute any contract or other instrument on behalf of the Corporation; no other officer, agent or employee shall, unless otherwise in these By-Laws provided, have any power or authority to bind the Corporation by any contract or acknowledgement, or pledge its credit or render it liable pecuniarily for any purpose or to any amount.

Section 2. Loans. - - The chairman and chief executive officer; any executive vice president and such other persons as the chief executive officer or the Board of Directors may authorize shall have the power to effect loans and advances at any time for the Corporation from any bank, trust company or other institution, or from any corporation, firm or individual, and for such loans and advances may make, execute and deliver promissory notes or other evidences of indebtedness of the Corporation, and, as security for the payment of any and all loans, advances, indebtedness and liability of the Corporation, may pledge, hypothecate or transfer any and all stocks, securities and other personal property at any time held by the Corporation, and to that end endorse, assign and deliver the same.

Section 3. Voting of Stock Held. - The chairman and chief executive officer; any executive vice president or the secretary may from time to time appoint an attorney or attorneys or agent or agents of the Corporation to cast the votes that the Corporation may be entitled to cast as a shareholder or otherwise in any

other corporation, any of whose stock or securities may be held by the Corporation, at meetings of the holders of the stock or other securities of such other corporation, or to consent in writing to any action by

any other such corporation, and may instruct the person or persons so appointed as to the manner of casting such votes or giving such consent, and may execute or cause to be executed on behalf of the Corporation such written proxies, consents, waivers or other instruments as such officer may deem necessary or proper in the premises; or the chairman and chief executive officer, any executive vice president or the secretary may attend in person any meeting of the holders of stock or other securities of such other corporation and thereat vote or exercise any and all powers of the Corporation as the holder of such stock or other securities of such other corporation.

ARTICLE VI

Certificates Representing Shares

Certificates representing shares of the Corporation shall be signed by the chairman and chief executive officer or any vice president and the secretary or any assistant secretary. Any and all signatures on such certificates, including signatures of officers, transfer agents and registrars, may be facsimile.

ARTICLE VII

Dividends

The Board of Directors may declare dividends from funds of the Corporation legally available therefor.

ARTICLE VIII

Seal

The Board of Directors shall provide a suitable seal or seals, which shall be in the form of a circle, and shall bear around the circumference the words "Kraft Foods Inc." and in the center the word and figures "Virginia, 2000."

ARTICLE IX

Fiscal Year

The fiscal year of the Corporation shall be the calendar year.

ARTICLE X

Amendment

The power to alter, amend or repeal the By-Laws of the Corporation or to adopt new By-Laws shall be vested in the Board of Directors, but By-Laws made by the Board of Directors may be repealed or changed by the shareholders, or new By-Laws may be adopted by the shareholders, and the shareholders may prescribe that any By-Laws made by them shall not be altered, amended or repealed by the directors.

ARTICLE XI

Emergency By-Laws

If a quorum of the Board of Directors cannot be readily assembled because of some catastrophic event, and only in such event, these By-Laws shall, without further action by the Board of Directors, be deemed to have been amended for the duration of such emergency, as follows:

Section 1. Section 6 of Article II shall read as follows:

Any vacancy occurring in the Board of Directors may be filled by the affirmative vote of a majority of the directors present at a meeting of the Board of Directors called in accordance with these By-Laws.

Section 2. The first sentence of Section 10 of Article II shall read as follows:

Special meetings of the Board of Directors shall be held whenever called by order of any person having the powers and duties of the chairman of the Board of Directors.

Section 3. Section 12 of Article II shall read as follows:

The directors present at any regular or special meeting called in accordance with these By-Laws shall constitute a quorum for the transaction of business at such meeting, and the action of a majority of such directors shall be the act of the Board of Directors, provided, however, that in the event that only one

director is present at any such meeting no action except the election of directors shall be taken until at least two additional directors have been elected and are in attendance.

ARTICLE XII

Unavailability of Officers

In the event an officer of the Company is unavailable to perform his or her duties for any reason, and notwithstanding any provision of these By-Laws to the contrary, the Board of Directors is authorized to elect any director or officer of the Company to fill such position on a temporary basis. Any person so elected shall have such title as may be conferred by the Board of Directors; shall, unless limited by the resolution electing such person, have all the powers and duties of the office being temporarily filled as set forth in these By-Laws; and shall hold such office until the Board of Directors determines the original officer is again available to serve or until such temporary officer resigns or is removed by the Board of Directors.

AMENDED AND RESTATED BY-LAWS

of

KRAFT FOODS INC.

ARTICLE I

Meetings of Shareholders

Section 1. Annual Meetings. - The annual meeting of the shareholders for the election of directors and for the transaction of such other business as may properly come before the meeting, and any postponement or adjournment thereof, shall be held on such date and at such time as the Board of Directors may in its discretion determine.

Section 2. Special Meetings. - Unless otherwise provided by law, special meetings of the shareholders may be called by the chairman of the Board of Directors or by order of the Board of Directors, whenever deemed necessary. ~~In addition, until Altria Group, Inc. ("Altria") owns less than 50 percent of the Corporation's outstanding voting shares on an as converted basis, the Board of Directors shall call a special meeting of shareholders promptly upon the written request of Altria.~~

Section 3. Place of Meetings. - All meetings of the shareholders shall be held at such places as from time to time may be fixed by the Board of Directors.

Section 4. Notice of Meetings. - Notice, stating the place, day and hour and, in the case of a special meeting, the purpose or purposes for which the meeting is called, shall be given not less than 10 nor more than 60 days before the date of the meeting (except as a different time is specified herein or by law), to each shareholder of record having voting power in respect of the business to be transacted thereat. Notice of a shareholders' meeting to act on an amendment of the Articles of Incorporation, a plan of merger ~~or~~, share exchange, domestication or entity conversion, a proposed sale of ~~all, or substantially all of the~~ Corporation's assets, ~~otherwise than in the usual and regular course of business~~ that is subject to Section 13.1-724 of the Virginia Stock Corporation Act, or the dissolution of the Corporation shall be given not less than 25 nor more than 60 days before the date of the meeting and shall be accompanied, as appropriate, by a copy of the proposed amendment; ~~plan of merger or~~; share exchange; domestication or entity conversion; or sale agreement.

Notwithstanding the foregoing, a written waiver of notice signed by the person or persons entitled to such notice, either before or after the time stated therein, shall be equivalent to the giving of such notice. A shareholder who attends a meeting shall be deemed to have (a) waived objection to lack of notice or defective notice of the meeting, unless at the beginning of the meeting he or she objects to holding the meeting or transacting business at the meeting, and (b) waived objection to consideration of a particular matter at the meeting that is not within the purpose or purposes described in the meeting notice, unless he or she objects to considering the matter when it is presented.

Section 5. Quorum. - At all meetings of the shareholders, unless a greater number or voting by classes is required by law, a majority of the shares entitled to vote, represented in person or by proxy, shall constitute a quorum. Once a share is represented for any purpose at a meeting, it is deemed present for quorum purposes for the remainder of the meeting and for any adjournment of that meeting, unless a new record date is set for that meeting. If a quorum is present, action on a matter is approved if the votes cast favoring the action exceed the votes cast opposing the action, unless the vote of a greater number or voting by classes is required by law or the Articles of Incorporation, and except that in

elections of directors those receiving the greatest number of votes shall be deemed elected even though not receiving a majority. Less than a quorum may adjourn.

Section 6. Organization and Order of Business. - At all meetings of the shareholders, the chairman ~~of the Board of Directors~~ and chief executive officer or, in the chairman's absence, ~~any Philip Morris Designee (as defined in the Corporate Agreement, dated as of June 12, 2001, between the Corporation and Philip Morris Companies, Inc.), shall act as chairman. In the absence of all of the foregoing persons, or, if present, with their consent, a majority of the shares entitled to vote at such meeting, may appoint any person to act as chairman~~ the most senior executive vice president, shall act as chairman of the meeting. The secretary of the Corporation, or in the secretary's absence, an assistant secretary, shall act as secretary at all meetings of the shareholders. In the absence of the secretary or an assistant secretary, the chairman may appoint any person to act as secretary of the meeting.

The chairman shall have the right and authority to prescribe such rules, regulations and procedures and to do all such acts and things as are necessary or desirable for the proper conduct of the meeting, including, without limitation, the establishment of procedures for the dismissal of business not properly presented, the maintenance of order and safety, limitations on the time allotted to questions or comments on the affairs of the Corporation, restrictions on entry to such meeting after the time prescribed for the commencement thereof and the opening and closing of the voting polls.

At each annual meeting of shareholders, only such business shall be conducted as shall have been properly brought before the meeting (a) by or at the direction of the Board of Directors or (b) by any shareholder of the Corporation who shall be entitled to vote at such meeting and who complies with the notice procedures set forth in this Section 6. In addition to any other applicable requirements, for business to be properly brought before an annual meeting by a shareholder, the shareholder must have given timely notice thereof in writing to the secretary of the Corporation. To be timely, a shareholder's notice must be given, either by personal delivery or by United States certified mail, postage prepaid, and received at the principal executive offices of the Corporation (i) not less than 120 days nor more than 150 days before the first anniversary of the date of the Corporation's proxy statement in connection with the last annual meeting of shareholders or (ii) if no annual meeting was held in the previous year or the date of the applicable annual meeting has been changed by more than 30 days from the date of the previous year's annual meeting, not less than 60 days before the date of the applicable annual meeting. A shareholder's notice to the secretary shall set forth as to each matter the shareholder proposes to bring before the annual meeting (a) a brief description of the business desired to be brought before the annual meeting, including the complete text of any resolutions to be presented at the annual meeting, and the reasons for conducting such business at the annual meeting, (b) the name and address, as they appear on the Corporation's stock transfer books, of such shareholder proposing such business, (c) a representation that such shareholder is a shareholder of record and intends to appear in person or by proxy at such meeting to bring the business before the meeting specified in the notice, (d) the class, series and number of shares of stock of the Corporation beneficially owned by the shareholder and (e) any material interest of the shareholder in such business. The secretary of the Corporation shall deliver each such shareholder's notice that has been timely received to the Board of Directors or a committee designated by the Board of Directors for review. ~~Notwithstanding the foregoing, until Altria~~

owns less than 50 percent of the Corporation's outstanding voting shares on an as-converted basis, notice by Altria shall be timely and complete if delivered orally at any time prior to or during the annual meeting. Notwithstanding anything in the By-Laws to the contrary, no business shall be conducted at an annual meeting except in accordance with the procedures set forth in this Section 6. The chairman of an annual meeting shall, if the facts warrant, determine that the business was not brought before the meeting in accordance with the procedures prescribed by this Section 6. If the chairman should so determine, he or she shall

so declare to the meeting and the business not properly brought before the meeting shall not be transacted. Notwithstanding the foregoing provisions of this Section 6, a shareholder seeking to have a proposal included in the Corporation's proxy statement shall comply with the requirements of Regulation 14A under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), including, but not limited to, Rule 14a-8 or its successor provision.

Section 7. Voting. - A shareholder may vote his or her shares in person or by proxy. Any proxy shall be delivered to the secretary of the meeting or to the inspector of election appointed in accordance with Section 9, at or prior to the time designated by the chairman or in the order of business for so delivering such proxies. No proxy shall be valid after 11 months from its date, unless otherwise provided in the proxy. Each holder of record of stock of any class shall, as to all matters in respect of which stock of such class has voting power, be entitled to such vote as is provided in the Articles of Incorporation for each share of stock of such class standing in the holders' name on the books of the Corporation. Unless required by statute or determined by the chairman to be advisable, the vote on any question need not be by ballot. On a vote by ballot, each ballot shall be signed by the shareholder voting or by such shareholder's proxy, if there be such proxy.

Section 8. Written Authorization Proxies. - A shareholder or a shareholder's duly authorized agent or attorney-in-fact may execute a writing authorizing another person or persons to act for him or her as proxy. Execution may be accomplished by the shareholder or such shareholder's duly authorized attorney-in-fact or authorized officer, director, employee or agent signing such writing or causing such shareholder's signature to be affixed to such writing by any reasonable means including, but not limited to, by facsimile signature. Section 9. Electronic Authorization. - The secretary, any president or any executive vice president may approve procedures to enable a shareholder or a shareholder's duly authorized attorney-in-fact to authorize another person or persons to act for him or her as proxy by transmitting or authorizing the transmission of a telegram, cablegram, internet transmission, telephone transmission or other means of electronic transmission to the person who will be the holder of the proxy or to a proxy solicitation firm, proxy support service organization or like agent duly authorized by the person who will be the holder of the proxy to receive such transmission, provided that any such transmission must either set forth or be submitted with information from which the inspectors of election can determine that the transmission was authorized by the shareholder or the shareholder's duly authorized attorney-in-fact. If it is determined that such transmissions are valid, the inspectors shall specify the information upon which they relied. appoint a proxy to vote or otherwise act for the shareholder by signing an appointment form or by an electronic transmission. An electronic transmission shall contain or be accompanied by information from which it can be determined by the Corporation that the shareholder, the shareholder's agent or the shareholder's attorney-in-fact authorized the transmission. For purposes of this Section 8 and the remainder of these By-Laws, "electronic transmission" means any form of communication, not directly involving the physical transmission of paper, that creates a record that may be retained, retrieved and reviewed by a recipient thereof, and that may be directly reproduced in paper form by such a recipient through an automated process. Any copy, facsimile telecommunication or other reliable reproduction of the writing or transmission created pursuant to this Section 9B may be substituted or used in lieu of the original writing or transmission for any and all purposes for which the original writing or transmission could be used, provided that such copy, facsimile telecommunication or other reproduction shall be a complete reproduction of the entire original writing or transmission.

~~Section 10.~~ Section 9. Inspectors. - - At every meeting of the shareholders for election of directors, the proxies shall be received and taken in charge, all ~~ballots~~ votes shall be received and counted and all questions concerning the qualifications of voters, the validity of proxies and the acceptance or rejection of votes shall be decided by two or more inspectors. Such inspectors shall be appointed by the chairman of the meeting. They shall be sworn faithfully to perform their duties and shall in writing certify to the returns. No candidate for election as director shall be appointed or act as inspector.

ARTICLE II

Board of Directors

Section 1. General Powers. - The business and affairs of the Corporation shall be managed under the direction of the Board of Directors.

Section 2. Number. - The number of directors shall be nine (9) ~~eleven (11)~~.

Section 3. Term of Office and Qualification. - - Each director shall serve for the term for which he or she shall have been elected and until a successor shall have been duly elected.

Section 4. Nomination and Election of Directors. - At each annual meeting of shareholders, the shareholders entitled to vote shall elect the directors. No person shall be eligible for election as a director unless nominated in accordance with the procedures set forth in this Section 4. Nominations of persons for election to the Board of Directors may be made by the Board of Directors or any committee designated by the Board of Directors or by any shareholder entitled to vote for the election of directors at the applicable meeting of shareholders who complies with the notice procedures set forth in this Section 4. Such nominations, other than those made by the Board of Directors or any committee designated by the Board of Directors, may be made only if written notice of a shareholder's intent to nominate one or more persons for election as directors at the applicable meeting of shareholders has been given, either by personal delivery or by United States certified mail, postage prepaid, to the secretary of the Corporation and received (i) not less than 120 days nor more than 150 days before the first anniversary of the date of the Corporation's proxy statement in connection with the last annual meeting of shareholders, or (ii) if no annual meeting was held in the previous year or the date of the applicable annual meeting has been changed by more than 30 days from the date of the previous year's annual meeting, not less than 60 days before the date of the applicable annual meeting, or (iii) with respect to any special meeting of shareholders called for the election of directors, not later than the close of business on the seventh day following the date on which notice of such meeting is first given to shareholders. Each such shareholder's notice shall set forth (a) as to the shareholder giving the notice, (i) the name and address, as they appear on the Corporation's stock transfer books, of such shareholder, (ii) a representation that such shareholder is a shareholder of record and intends to appear in person or by proxy at such meeting to nominate the person or persons specified in the notice, (iii) the class and number of shares of stock of the Corporation beneficially owned by such shareholder and (iv) a description of all arrangements or understandings between such shareholder and each nominee and any

other person or persons (naming such person or persons) pursuant to which the nomination or nominations are to be made by such shareholder; and (b) as to each person whom the shareholder proposes to nominate for election as a director, (i) the name, age, business address and, if known, residence address of such person, (ii) the principal occupation or employment of such person, (iii) the class and number of shares of stock of the Corporation that are beneficially owned by such person, (iv) any other information relating to such person that is required to be disclosed in solicitations of proxies for election of directors or is otherwise required by the rules and regulations of the Securities and Exchange Commission promulgated under the Exchange Act and (v) the written consent of such person to be named in the proxy statement as a nominee and to serve as a director if elected. The secretary of the Corporation shall deliver each such shareholder's notice that has been timely received to the Board of Directors or a committee designated by the Board of Directors for review. ~~Notwithstanding the foregoing, until Altria owns less than 50 percent of the Corporation's outstanding voting shares on an as-converted basis, notice by Altria shall be timely and complete if delivered orally at any time prior to or during the meeting.~~ Any person nominated for election as director by the Board of Directors or any committee designated by the Board of Directors shall, upon the request of the Board of Directors or such committee, furnish to the secretary of the Corporation all such information pertaining to such person that is required to be set forth in a shareholder's notice of nomination. The chairman of the meeting of shareholders shall, if the facts warrant, determine that a nomination was not made in accordance with the procedures prescribed by this Section 4. If the chairman should so determine, he or she shall so declare to the meeting and the defective nomination shall be disregarded.

Section 5. Organization. - At all meetings of the Board of Directors, the chairman ~~of the Board of Directors~~ **and chief executive officer** or, in the absence of the chairman, ~~any Philip Morris Designee~~ **a director chosen by a majority of the other directors**, shall act as chairman of the meeting. The secretary of the Corporation **or, in the secretary's absence, an assistant secretary** shall act as secretary of meetings of the Board of Directors. In the absence of the **secretary or an assistant** secretary at such meeting, the chairman of the meeting shall appoint any person to act as secretary of the meeting.

Section 6. Vacancies. - Any vacancy occurring in the Board of Directors, including a vacancy resulting from amending these By-Laws to increase the number of directors by 30 percent or less, may be filled by the affirmative vote of a majority of the remaining directors though less than a quorum of the Board of Directors.

Section 7. Place of Meeting. - Meetings of the Board of Directors, regular or special, may be held either within or without the Commonwealth of Virginia.

Section 8. Organizational Meeting. - The annual organizational meeting of the Board of Directors shall be held immediately following adjournment of the annual meeting of shareholders and at the same place, without the requirement of any notice other than this provision of the By-Laws.

Section 9. Regular Meetings: Notice. - Regular meetings of the Board of Directors shall be held at such times and places as it may from time to time determine. Notice of such meetings need not be given if the time and place have been fixed at a previous meeting.

Section 10. Special Meetings. - Special meetings of the Board of Directors shall be held whenever called by order of the chairman of the Board of Directors ~~or any Philip Morris Designee~~. Notice of each such meeting, which need not specify the business to be transacted thereat, shall be mailed to each director, addressed to his or her residence or usual place of business, at least twenty-four hours before the day on which the meeting is to be held, ~~or shall be sent to such place by telegraph, telex or teletype~~ **be delivered by a form of electronic transmission previously consented to by the director to whom notice is given** or be delivered personally or by telephone, not later than the day before the day on which the meeting is to be held.

Section 11. Waiver of Notice. - Whenever any notice is required to be given to a director of any meeting for any purpose under the provisions of law, the Articles of Incorporation or these By-Laws, a waiver thereof in writing signed by the person or persons entitled to such notice, either before or after the time stated therein, shall be equivalent to the giving of such notice. A director's attendance at or participation in a meeting waives any required notice to him or her of the meeting unless at the beginning of the meeting or promptly upon the director's arrival, he or she objects to holding the meeting or transacting business at the meeting and does not thereafter vote for or assent to action taken at the meeting.

Section 12. Quorum and Manner of Acting. - Except where otherwise provided by law, a majority of the directors fixed by these By-Laws at the time of any regular or special meeting shall constitute a quorum for the transaction of business at such meeting, and the act of a majority of the directors present at any such meeting at which a quorum is present shall be the act of the Board of Directors. In the absence of a quorum, a majority of those present may adjourn the meeting from time to time until a quorum be had. Notice of any such adjourned meeting need not be given.

Section 13. Order of Business. - At all meetings of the Board of Directors business may be transacted in such order as from time to time the Board of Directors may determine.

Section 14. Committees. - In addition to the executive committee authorized by Article III of these By-Laws, other committees, consisting of two or more directors, may be designated by the Board of Directors by a resolution adopted by the greater number of (a) a majority of all directors in office at the time the

action is being taken or (b) the number of directors required to take action under Article II, Section 12 hereof. Any such committee, to the extent provided in the resolution of the Board of Directors designating the committee, shall have and may exercise the powers and authority of the Board of Directors in the management of the business and affairs of the Corporation, except as limited by law.

ARTICLE III

Executive Committee

Section 1. How Constituted and Powers. - The Board of Directors, by resolution adopted pursuant to Article II, Section 14 hereof, may designate one or more directors to constitute an executive committee, who shall serve during the pleasure of the Board of Directors. The executive committee, to the extent provided in such resolution and permitted by law, shall have and may exercise all of the authority of the Board of Directors.

Section 2. Organization, Etc. - The executive committee may choose a chairman and secretary. The executive committee shall keep a record of its acts and proceedings and report the same from time to time to the Board of Directors.

Section 3. Meetings. - Meetings of the executive committee may be called by any member of the committee. Notice of each such meeting, which need not specify the business to be transacted thereat, shall be mailed to each member of the committee, addressed to his or her residence or usual place of business, at least two days before the day on which the meeting is to be held or shall be sent to such place by telegraph, telex or telecopy delivered by a form of electronic transmission previously consented to by the director to whom notice is given or be delivered personally or by telephone, not later than the day before the day on which the meeting is to be held.

Section 4. Quorum and Manner of Acting. - A majority of the executive committee shall constitute a quorum for transaction of business, and the act of a majority of those present at a meeting at which a quorum is present shall be the act of the executive committee. The members of the executive committee shall act only as a committee, and the individual members shall have no powers as such.

Section 5. Removal. - Any member of the executive committee may be removed, with or without cause, at any time, by the Board of Directors.

Section 6. Vacancies. - Any vacancy in the executive committee shall be filled by the Board of Directors.

ARTICLE IV

Officers

Section 1. Number. - The officers of the Corporation shall be a chairman and chief executive officer; a chief financial officer, ~~one or more presidents;~~ one or more executive vice presidents; a secretary and such other officers as may from time to time be chosen by the Board of Directors. Any two or more offices may be held by the same person.

Section 2. Election, Term of Office and Qualifications. - All officers of the Corporation shall be chosen annually by the Board of Directors, and each officer shall hold office until a successor shall have been duly chosen and qualified or until the officer resigns or is removed in the manner hereinafter provided.

Section 3. Vacancies. - If any vacancy shall occur among the officers of the Corporation, such vacancy shall be filled by the Board of Directors.

Section 4. Other Officers, Assistant Officers, Agents and Employees - Their Powers and Duties. - - The Board of Directors may from time to time appoint such other officers and assistant officers as the Board of Directors may deem necessary, to hold office for such time as may be designated by it or during its pleasure, and the Board of Directors or the chief executive officer may appoint, from time to time, such agents and employees of the Corporation as may be deemed proper, and may authorize any officers to appoint and remove agents and employees. The Board of Directors or the chairman and chief executive officer may from time to time prescribe the powers and duties of such other officers, assistant officers, agents and employees of the Corporation.

Section 5. Removal. - Any officer, assistant officer, agent or employee of the Corporation may be removed, either with or without cause, by a vote of a majority of the Board of Directors or, in the case of any agent or employee not appointed by the Board of Directors, by a superior officer upon whom such power of removal may be conferred by the Board of Directors or the chief executive officer.

Section 6. Chairman of the Board of Directors and Chief Executive Officer. - The chairman ~~of the Board of Directors~~ and chief executive officer shall be chosen from among the directors ~~but shall not be an officer of the Corporation~~. ~~The chairman of the Board of Directors shall~~. The chairman and chief executive officer shall serve as chairman of the board of directors and preside at meetings of the shareholders and of the Board of Directors ~~and shall be responsible to~~. The chairman, president and chief executive officer shall be devoted to the Corporation's business and affairs under the basic policies set by the Board of Directors. ~~The chairman shall, and shall~~ from time to time, report to the Board of Directors on matters within his or her knowledge that the interests of the Corporation may require be brought to ~~the Board of Directors'~~ the Board of Directors' notice. The chairman ~~shall do and~~ chief executive officer shall be responsible to the Board of Directors and shall perform such other duties as from time to time the Board of Directors may prescribe. ~~Section 7. Chief Executive Officer. - The chief executive officer shall be devoted to the Corporation's business and affairs under the basic policies set by the Board of Directors and shall from time to time report to the Board of Directors on matters within his or her knowledge that the interests of the Corporation may require be brought to the Board of Directors' notice. The chief executive officer shall be responsible to the Board of Directors and shall perform such duties as shall be assigned to him or her by the Board of Directors.~~

Section 8. ~~Presidents~~. - ~~The presidents of the Corporation shall assist the chairman of the Board of Directors and the chief executive officer in carrying out their respective duties and shall perform those duties that may from time to time be assigned to them.~~

Section 9. ~~Section 7. Executive Vice Presidents~~. - ~~The~~ One or more executive vice presidents of the Corporation shall assist the chairman ~~of the Board of Directors and the~~ and chief executive officer in carrying out ~~their~~ his or her respective duties and shall perform those duties that may from time to time be assigned to them by the Board of Directors or the chairman and chief executive officer.

Section 10. ~~Section 8. Chief Financial Officer~~. - - The chief financial officer shall be an executive vice president of the Corporation and shall be responsible for the management and supervision of the financial affairs of the Corporation.

Section 11. ~~Section 9. Secretary~~. - The secretary shall keep the minutes of all meetings of the shareholders and of the Board of Directors in a book or books kept for that purpose. He or she shall keep in safe custody the seal of the Corporation, and shall affix such seal to any instrument requiring it. The secretary shall have charge of such books and papers as the Board of Directors may direct. He or she shall attend to the giving and serving of all notices of the Corporation and shall also have such other powers and perform such other duties as pertain to the secretary's office, or as the Board of Directors or the chairman and chief executive officer may from time to time prescribe.

Section 10. Assistant Officers. - In the absence or disability of an officer, one or more assistant officers shall perform all of the duties of the officer and, when so acting, shall have all of the powers of, and be subject to all the restrictions upon, the officer. Assistant officers shall also perform such other duties as from time to time may be assigned to them by the Board of Directors or an officer of the Corporation.

ARTICLE V

Contracts, Checks, Drafts, Bank Accounts, Etc.

Section 1. Contracts. - The **chairman and** chief executive officer, ~~any president~~; any executive vice president and such other persons as the **chairman and** chief executive officer or the Board of Directors may authorize shall have the power to execute any contract or other instrument on behalf of the Corporation; no other officer, agent or employee shall, unless otherwise in these By-Laws provided, have any power or authority to bind the Corporation by any contract or acknowledgement, or pledge its credit or render it liable pecuniarily for any purpose or to any amount.

Section 2. Loans. - The **chairman and** chief executive officer, ~~any president~~; any executive vice president and such other persons as the chief executive officer or the Board of Directors may authorize shall have the power to effect loans and advances at any time for the Corporation from any bank, trust company or other institution, or from any corporation, firm or individual, and for such loans and advances may make, execute and deliver promissory notes or other evidences of indebtedness of the Corporation, and, as security for the payment of any and all loans, advances, indebtedness and liability of the Corporation, may pledge, hypothecate or transfer any and all stocks, securities and other personal property at any time held by the Corporation, and to that end endorse, assign and deliver the same.

Section 3. Voting of Stock Held. - The **chairman and** chief executive officer, ~~any president~~; any executive vice president or the secretary may from time to time appoint an attorney or attorneys or agent or agents of the Corporation to cast the votes that the Corporation may be entitled to cast as a shareholder or otherwise in any other corporation, any of whose stock or securities may be held by the Corporation, at meetings of the holders of the stock or other securities of such other corporation, or to consent in writing to any action by any other such corporation, and may instruct the person or persons so appointed as to the manner of casting such votes or giving such consent, and may execute or cause to be executed on behalf of the Corporation such written proxies, consents, waivers or other instruments as such officer may deem necessary or proper in the premises; or the **chairman and** chief executive officer, ~~any president~~; any executive vice president or the secretary may attend in person any meeting of the holders of stock or other securities of such other corporation and thereat vote or exercise any and all powers of the Corporation as the holder of such stock or other securities of such other corporation.

ARTICLE VI

Certificates Representing Shares

Certificates representing shares of the Corporation shall be signed by the **chairman and** chief executive officer or any vice president and the secretary or any assistant secretary. Any and all signatures on such certificates, including signatures of officers, transfer agents and registrars, may be facsimile.

ARTICLE VII

Dividends

The Board of Directors may declare dividends from funds of the Corporation legally available therefor.

ARTICLE VIII

Seal

The Board of Directors shall provide a suitable seal or seals, which shall be in the form of a circle, and shall bear around the circumference the words "Kraft Foods Inc." and in the center the word and figures "Virginia, 2000."

ARTICLE IX

Fiscal Year

The fiscal year of the Corporation shall be the calendar year.

ARTICLE X

Amendment

The power to alter, amend or repeal the By-Laws of the Corporation or to adopt new By-Laws shall be vested in the Board of Directors, but By-Laws made by the Board of Directors may be repealed or changed by the shareholders, or new By-Laws may be adopted by the shareholders, and the shareholders may prescribe that any By-Laws made by them shall not be altered, amended or repealed by the directors.

ARTICLE XI

Emergency By-Laws

If a quorum of the Board of Directors cannot be readily assembled because of some catastrophic event, and only in such event, these By-Laws shall, without further action by the Board of Directors, be deemed to have been amended for the duration of such emergency, as follows:

Section 1. Section 6 of Article II shall read as follows:

Any vacancy occurring in the Board of Directors may be filled by the affirmative vote of a majority of the directors present at a meeting of the Board of Directors called in accordance with these By-Laws.

Section 2. The first sentence of Section 10 of Article II shall read as follows:

Special meetings of the Board of Directors shall be held whenever called by order of any person having the powers and duties of the chairman of the Board of Directors.

Section 3. Section 12 of Article II shall read as follows:

The directors present at any regular or special meeting called in accordance with these By-Laws shall constitute a quorum for the transaction of business at such meeting, and the action of a majority of such directors shall be the act of the Board of Directors, provided, however, that in the event that only one director is present at any such meeting no action except the election of directors shall be taken until at least two additional directors have been elected and are in attendance.

ARTICLE XII

Unavailability of Officers

In the event an officer of the Company is unavailable to perform his or her duties for any reason, and notwithstanding any provision of these By-Laws to the contrary, the Board of Directors is authorized to elect any director or officer of the Company to fill such position on a temporary basis. Any person so elected shall have such title as may be conferred by the Board of Directors; shall, unless limited by the resolution electing such person, have all the powers and duties of the office being temporarily filled as set forth in these By-Laws; and shall hold such office until the Board of Directors determines the original officer is again available to serve or until such temporary officer resigns or is removed by the Board of Directors.

~~Amended and Restated~~

~~December 2, 2004~~

TRANSITION SERVICES AGREEMENT**BY AND BETWEEN****ALTRIA CORPORATE SERVICES, INC.****AND****KRAFT FOODS INC.****DATED AS OF MARCH 30, 2007****TABLE OF CONTENTS**

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TRANSITION SERVICES AGREEMENT

THIS TRANSITION SERVICES AGREEMENT, dated as of March 30, 2007 (as amended and supplemented pursuant to the terms hereof, this “Agreement”), is entered into by and between Altria Corporate Services, Inc., a New York corporation (“ALCS”), and Kraft Foods Inc., a Virginia corporation (“Kraft”).

WITNESSETH:

WHEREAS, ALCS currently provides certain services to Kraft and its wholly-owned subsidiaries pursuant to a Services Agreement, dated as of January 1, 2001, as amended (the “Original Services Agreement”); and

WHEREAS, Altria Group Inc., a Virginia corporation (“Altria”), and Kraft, have entered into a Distribution Agreement, dated as of January 31, 2007 (the “Distribution Agreement”), providing for, among other things, the distribution by Altria of its entire ownership interest in Kraft through a pro-rata distribution of all of the outstanding shares of Class A Common Stock of Kraft owned by Altria on the Distribution Date to the holders of Altria Common Stock pursuant to the terms and subject to the conditions of the Distribution Agreement (the “Distribution”); and

WHEREAS, ALCS and Kraft desire to enter into this Agreement to supercede the Original Service Agreement and to set forth the roles and responsibilities with regard to services to be provided by ALCS to Kraft for certain transition periods not to exceed twelve months following the Distribution.

NOW, THEREFORE, the parties agree as follows:

**ARTICLE I
DEFINITIONS**

Affiliate: with respect to any specified Person, a Person that directly, or indirectly through one or more intermediaries, controls, is controlled by, or is under common control with, such specified Person; provided, however, that for purposes of this Agreement, no member of either Group and no officer or director of any member of either Group shall be deemed to be an Affiliate of any member of the other Group.

ALCS: as defined in the preamble to this Agreement.

Altria: as defined in the recitals to this Agreement.

Altria Common Stock: the common stock, par value \$0.33 1/3 per share, of Altria.

Altria Group: Altria and the Subsidiaries of Altria other than members of the Kraft Group.

Arbitration Act: the United States Arbitration Act, 9 U.S.C. §§ 1-16, as the same may be amended from time to time.

Business Day: any day other than a Saturday, a Sunday or a day on which banking institutions located in the Commonwealth of Virginia or the State of New York are authorized or obligated by Law or executive order to close.

Class A Common Stock: the Class A common stock, no par value, of Kraft.

Class B Common Stock: the Class B common stock, no par value, of Kraft.

Confidential Information: as defined in **Section 8.1** hereof.

Distribution: as defined in the recitals to this Agreement.

Distribution Agreement: as defined in the recitals to this Agreement.

Distribution Date: the date on which the Distribution becomes effective.

Employee Costs: for each employee of ALCS performing the Transition Services, the salaries, fringe benefits, executive compensation benefits (if applicable) and depreciation/amortization of office equipment and software (if applicable) attributable to the employee, based on the ratio of ALCS's estimate of the time spent by the employee on behalf of Kraft divided by the total time spent by the employee.

Employee Matters Agreement: as defined in Section 3.1 hereof.

Exhibits: as defined in Section 2.1 hereof.

Fees: as defined in Section 3.1 hereof.

Governmental Authority: any federal, state, local, foreign or international court, government, department, commission, board, bureau or agency, authority (including, but not limited to, any central bank or taxing authority) or instrumentality (including, but not limited to, any court, tribunal or grand jury) exercising executive, prosecutorial, legislative, judicial, regulatory or administrative functions of or pertaining to government or any other regulatory, administrative or governmental authority, including the NYSE.

Group: the Altria Group or the Kraft Group, as the context requires.

Kraft: as defined in the preamble to this Agreement.

Kraft Group: Kraft and the Kraft Subsidiaries.

Law: any federal, state or local statute, ordinance, regulation, code, license, permit, authorization, approval, consent, common law, legal doctrine, order, judgment, decree, injunction or requirement of any Governmental Authority or any order or award of any arbitrator, now or hereafter in effect.

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Liabilities: means any and all claims, debts, liabilities, assessments, guarantees, assurances, commitments, obligations, fines, penalties, damages (whether compensatory, punitive, consequential, multiple or other), losses, disgorgements and obligations, of any kind, character or description (whether absolute, contingent, matured, not matured, liquidated, unliquidated, accrued, known, unknown, direct, indirect, derivative or otherwise) whenever arising, including, but not limited to, those arising under or in connection with any Law, and those arising under any contract, guarantee, commitment or undertaking, whether sought to be imposed by any Governmental Authority or arbitrator, whether based in contract, tort, implied or express warranty, strict liability, criminal or civil statute, or otherwise, and including all costs, expenses and interest relating thereto (including, but not limited to, all expenses of investigation, all attorneys' fees and all out-of-pocket expenses in connection with any Action or threatened Action).

Losses: with respect to any Person, all losses, Liabilities, damages, claims, demands, judgments or settlements of any nature or kind, known or unknown, fixed, accrued, absolute or contingent, liquidated or unliquidated, including all costs and expenses (legal, accounting or otherwise as such costs are incurred) relating thereto, including punitive damages and criminal fines and penalties, but excluding damages in respect of actual or alleged lost profits, suffered by such Person, regardless of whether any such losses, Liabilities, damages, claims, demands, judgments, settlements, costs, expenses, fines and penalties relate to or arise out of such Person's own alleged or actual negligent, grossly negligent, reckless or intentional misconduct.

Original Services Agreement: as defined in the preamble to this Agreement.

Parties: ALCS and Kraft (Party means either ALCS or Kraft).

Person: an individual, a partnership, a joint venture, a corporation, a trust, a limited liability company, an unincorporated organization, or a government or any department or agency thereof.

Records: as defined in Section 2.4 hereof.

Representatives: as defined in Section 4.1 hereof.

Subsidiary: with respect to any specified Person, any corporation or other legal entity of which such Person or any of its Subsidiaries controls or owns, directly or indirectly, more than 50% of the stock or other equity interest entitled to vote on the election of members to the board of directors or similar governing body; provided, however, that for purposes of this Agreement, (1) the Kraft Subsidiaries shall be deemed to be Subsidiaries of Kraft and (2) no member of the Kraft Group shall be deemed to be a Subsidiary of any member of the Altria Group.

Transition Services (or "Services"): as defined in Section 2.1 hereof.

Transition Period: as defined for each Service in the appropriate Exhibit.

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ARTICLE II SERVICES TO BE PROVIDED

2.1. **Exhibits.**

(a) Exhibits 1 through 6 (collectively, the "Exhibits") attached to and made a part of this Agreement describe the services to be provided by ALCS to Kraft and one or more members of the Kraft Group, as designated from time to time by Kraft (the "Transition Services" or "Services").

The Parties have made a good faith effort as of the date hereof to identify each Transition Service and to complete the content of the Exhibits accurately. It is anticipated that the Parties will modify the Transition Services from time to time. In that case or to the extent that any Exhibit is incomplete, the Parties will use good faith efforts to modify the Exhibits. There are certain terms that are specifically addressed in the Exhibits attached hereto that may differ from the terms provided hereunder. In those cases, the specific terms described in the Exhibits shall govern that Transition Service.

(b) The Parties may also identify additional Services that they wish to incorporate into this Agreement. The Parties will create additional Exhibits setting forth the description of such Services, the Fees for such Services and any other applicable terms.

2.2. Independent Contractors.

ALCS will provide the Transition Services either through its own resources, through the resources of its subsidiaries or Affiliates, or by contracting with independent contractors as agreed hereunder. To the extent that ALCS decides to provide a Transition Service through an independent contractor in the future, ALCS shall consult with and obtain the prior approval of Kraft, which approval shall not be unreasonably withheld.

2.3. Standard of Care.

In providing the Transition Services hereunder, ALCS will exercise the same degree of care as it has historically exercised in providing such Transition Services to its Affiliates prior to the date hereof, including at least the same level of quality, responsiveness and timeliness as has been exercised by ALCS with respect to such Transition Services.

2.4. Records.

ALCS shall keep full and detailed records dealing with all aspects of the Transition Services performed by it hereunder (the "Records") and:

(a) shall provide access to the Records to Kraft at all reasonable times; and

(b) shall maintain the Records in accordance with good record management practices and with at least the same degree of completeness and care as it maintains for its other similar business interests.

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**ARTICLE III
FEES**

3.1. General.

Kraft will pay to ALCS a fixed fee for each Transition Service as set forth in the attached Exhibits (collectively, the "Fees"). The Fees constitute full compensation to ALCS for all charges, costs and expenses incurred by ALCS on behalf of Kraft in providing the Services, unless otherwise specifically provided in the Exhibits. Notwithstanding the terms of any of the Exhibits, the Fees for each Transition Service shall be reduced by any amounts Kraft is required to pay pursuant to Section 3.1(e) of the Employee Matters Agreement (the "Employee Matters Agreement"), dated as of even date herewith, between Kraft and Altria, with respect to any person who provides Services under this Agreement and thereafter becomes a Kraft Transferee (as defined in the Employee Matters Agreement). Except as specifically provided herein or in the Exhibits, or as subsequently agreed by Kraft and ALCS, Kraft will not be responsible to ALCS or any independent contractor retained by ALCS, for any additional fees, charges, costs or expenses relating to the Services, unless such additional fees, charges, costs or expenses are a direct result of Kraft's unilateral deviation from the scope of the services defined in the Exhibits.

3.2. Payments.

ALCS will deliver to Kraft, no later than five days following the last day of each month, an invoice for the aggregate Fees incurred for that month. Kraft will pay to ALCS monthly no later than the third Wednesday of the following month, the aggregate Fees incurred during the previous month.

**ARTICLE IV
REPRESENTATIVES**

4.1. Representatives.

(a) The Controller of Altria and the Controller of Kraft will serve as administrative representatives ("Representative(s)") of ALCS and Kraft, respectively, to facilitate day-to-day communications and performance under this Agreement. Each Party may treat an act of a Representative of the other Party as being authorized by such other Party. Each Party may replace its Representative by giving written notice of the replacement to the other Party.

(b) No additional Exhibits, modifications to existing Exhibits, or amendments to this Agreement shall be effective unless and until executed by the Representatives of each of ALCS and Kraft.

**ARTICLE V
THIRD PARTY AGREEMENTS**

To the extent that it is not practicable to have Kraft as the contracting Party for a third party obligation, ALCS, with respect to all Services supplied by ALCS or contracted for by ALCS on behalf of Kraft, shall use commercially reasonable efforts to cause all such third party

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contracts to extend to and be enforceable by Kraft, or to assign such contracts to Kraft. In the event that such contracts are not extendable or assignable, ALCS shall act as agent for Kraft in the pursuit of any claims, issues, demands or actions against such third party provider at Kraft's expense. Kraft will indemnify ALCS for any liability under third party contracts arising directly out of the acts or omissions of Kraft.

ARTICLE VI AUTHORITY; INFORMATION; COOPERATION; CONSENTS

6.1. Authority.

Each Party represents to the other Party that:

- (a) it has the requisite corporate authority to enter into and perform this Agreement;
- (b) its execution, delivery and performance of this Agreement have been duly authorized by all requisite corporate action on its behalf;
- (c) this Agreement is enforceable against it; and
- (d) it has obtained all consents or approvals of Governmental Authorities and other Persons that are conditions to its entering into this Agreement.

6.2. Information Regarding Transition Services.

Each Party shall make available to the other Party any information required or reasonably requested by that other Party regarding the performance of any Service and shall be responsible for timely providing that information and for ensuring the accuracy and completeness of that information; provided, however, that a Party shall not be liable for not providing any information that is subject to a confidentiality obligation owed by it to a Person other than an Affiliate of it or the other Party. ALCS shall not be liable for any impairment of any Service caused by ALCS not receiving information from Kraft, either timely or at all, or by its receiving inaccurate or incomplete information from Kraft, in each case that is required or reasonably requested regarding that Service.

6.3. Cooperation.

The Parties will use good faith efforts to cooperate with each other in all matters relating to the provision and receipt of Services. Such good faith cooperation will include providing electronic access to systems used in connection with Services and using commercially reasonable efforts to obtain all consents, licenses, sublicenses or approvals necessary to permit each Party to perform its obligations. The Parties will cooperate with each other in making such information available as needed in the event of any and all internal or external audits, whether in the United States or any other country. If this Agreement is terminated in whole or in part, the Parties will cooperate with each other in all reasonable respects in order to effect an efficient transition and to minimize the disruption to the business of both Parties, including the assignment or transfer of the rights and obligations under any contracts.

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6.4. Further Assurances.

Each Party shall take such actions, upon request of the other Party and in addition to the actions specified in this Agreement, as may be necessary or reasonably appropriate to implement or give effect to this Agreement.

ARTICLE VII AUTHORITY AS AGENT

ALCS is hereby authorized to act as agent for Kraft for the purpose of performing Services hereunder and as is necessary or desirable to perform such Services. Kraft will execute and deliver or cause the appropriate member of the Kraft Group to execute and deliver to ALCS any document or other evidence which may be reasonably required by ALCS to demonstrate to third parties the authority of ALCS described in this Article VII.

ARTICLE VIII CONFIDENTIAL INFORMATION

8.1. Definition.

For the purposes of this Agreement, "Confidential Information" means non-public information about the disclosing Party's or any of its Affiliates' business or activities that is proprietary and confidential, which shall include, without limitation, all business, financial, technical and other information, including software (source and object code) and programming code, of a Party or its Affiliates marked or designated "confidential" or "proprietary" or by its nature or the circumstances surrounding its disclosure should reasonably be regarded as confidential. Confidential Information includes not only written or other tangible information, but also information transferred orally, visually or electronically or by any other means. Confidential Information will not include information that (i) is in or enters the public domain without breach of this Agreement, or (ii) the receiving Party lawfully receives from a third party without restriction on disclosure and, to the receiving Party's knowledge without breach of a nondisclosure obligation.

8.2. Nondisclosure.

Each of ALCS and Kraft agree that (i) it will not disclose to any third party or use any Confidential Information disclosed to it by the other except as expressly permitted in this Agreement, and (ii) it will take all reasonable measures to maintain the confidentiality of all Confidential Information of the other Party in its possession or control, which will in no event be less than the measures it uses to maintain the confidentiality of its own information of similar type and importance.

8.3. Permitted Disclosure.

Notwithstanding the foregoing, each Party may disclose Confidential Information (i) to the extent required by a court of competent jurisdiction or other Governmental Authority or otherwise as required by Law, including without limitation disclosure obligations imposed under the federal securities laws, provided that such Party has given the other Party prior notice of such

requirement when legally permissible to permit the other Party to take such legal action to prevent the disclosure as it deems reasonable, appropriate or necessary, or (ii) on a “need-to-know” basis under an obligation of confidentiality to its consultants, legal counsel, Affiliates, accountants, banks and other financing sources and their advisors.

8.4. Ownership of Confidential Information.

All Confidential Information supplied or developed by either Party shall be and remain the sole and exclusive property of the Party who supplied or developed it.

**ARTICLE IX
TERM AND TERMINATION**

9.1. Term.

This Agreement shall remain in effect until such time as it has been terminated as to all Transition Services in accordance with Section 9.2 hereof.

9.2. Termination.

Either Party may terminate this Agreement without cause with respect to one or more Services under this Agreement by providing three months’ written notice to the other Party or as otherwise agreed between the Parties hereto; provided that the Services set forth in Exhibit 5 hereto shall not terminate before December 31, 2007.

9.3. Termination Assistance Services.

ALCS agrees that, upon termination of this Agreement or any of the Services set forth in the Exhibits, ALCS will cooperate in good faith with Kraft to provide Kraft (or its designee) with reasonable assistance to make an orderly transition from ALCS 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 X
LIMITATION OF LIABILITY; INDEMNIFICATION**

10.1. Limitation of Liability.

Except as may be provided in Section 10.2 below and Article V above, ALCS and its Affiliates (each, an “ALCS Party”) shall not be liable to any member of the Kraft Group and its respective Affiliates (each, a “Kraft Party”) and each Kraft Party shall not be liable to any ALCS Party, in each case, for any Losses of a Kraft Party or an ALCS Party arising in connection with this Agreement and the Services provided hereunder.

10.2. Indemnification.

(a) ALCS shall indemnify, defend and hold harmless each of the Kraft Parties from and against all Losses, of any kind or nature, (i) incurred by a Kraft Party or (ii) of third parties unrelated to any Kraft Party, in each case caused by or arising in connection with the gross negligence or willful misconduct of any employee of ALCS in connection with the performance of the Services, except to the extent that the Losses were caused directly or indirectly by acts or omissions of any Kraft Party. Notwithstanding the foregoing, ALCS shall not be liable for any special, indirect, incidental, or consequential damages relating to such claims. Any Liability incurred by ALCS pursuant to this Agreement on or after the Distribution Date shall be deemed to be an Altria Group Liability for purposes of Article III of the Distribution Agreement.

(b) Kraft shall indemnify, defend and hold harmless each of the ALCS Parties from and against all Losses of any kind or nature, (i) incurred by an ALCS Party or (ii) of third parties unrelated to any ALCS Party, in each case caused by or arising in connection with the gross negligence or willful misconduct of any employee of Kraft in connection with Kraft’s performance under this Agreement, except to the extent that Losses were caused directly or indirectly by acts or omissions of any ALCS Party. Notwithstanding the foregoing, Kraft shall not be liable for any special, indirect, incidental, or consequential damages relating to such claims. Any Liability incurred by Kraft pursuant to this Agreement on or after the Distribution Date shall be deemed to be a Kraft Group Liability for purposes of Article III of the Distribution Agreement.

**ARTICLE XI
DISPUTE RESOLUTION**

The Parties, or if the Parties are unable to resolve any service or performance issues or if there is a material breach of this Agreement that has not been corrected within thirty (30) days of receipt of notice of such breach, the Controller and CFO of Kraft, on behalf of Kraft, and the Treasurer and Controller of Altria, on behalf of ALCS, will meet promptly to review and resolve those issues in good faith.

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**ARTICLE XII
MISCELLANEOUS**

12.1. Original Services Agreement.

This Agreement terminates and supersedes the Original Services Agreement, which shall have no further force and effect following the effectiveness of this Agreement.

12.2. Incorporation of Distribution Agreement Provisions.

The following provisions of the Distribution Agreement are hereby incorporated herein by reference, and unless otherwise expressly specified herein, such provisions shall apply as if fully set forth herein (references in this Section 12.2 to an "Article" or "Section" shall mean Articles and Sections of the Distribution Agreement, and except as expressly set forth below, references in the material incorporated herein by reference shall be references to the Distribution Agreement): Article III (relating to Mutual Releases and Indemnification); Article IV (relating to certain Additional Covenants); Article V (relating to Access to Information); and Article IX (relating to Miscellaneous).

12.3. Governing Law.

To the extent not preempted by applicable federal law, this Agreement shall be governed by, construed and interpreted in accordance with the laws of the Commonwealth of Virginia (other than the laws regarding the choice of laws and conflict of laws as to all matters), including matters of validity, construction, effect, performance and remedies provided, however, that the Arbitration Act shall govern the matters described in Article X.

12.4. References.

Except as provided in Section 12.2 hereof all references to Sections, Articles or Exhibits contained herein mean Sections, Articles or Exhibits of or to this Agreement, as the case may be, unless otherwise stated.

12.5. Notices.

All communications, notices and disclosures required or permitted by this Agreement shall be in writing and shall be deemed to have been given one day after being delivered personally or by messenger or being received via telecopy, telex or other electronic transmission, or two days after being sent by overnight delivery service, in all cases addressed to the person for whom it is intended at the addresses as follows:

If to ALCS:

Controller, Altria Group, Inc.
120 Park Avenue
New York, NY 10017

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If to Kraft:

Controller, Kraft Foods Inc.
Three Lakes Drive
Northfield, IL 60093

or to such other address as a Party shall have designated by notice in writing to the other Party in the manner provided by this Section 12.5.

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IN WITNESS WHEREOF, the Parties have signed this Agreement on the date first set forth above.

ALTRIA CORPORATE SERVICES, INC.

By: /s/ Michael A. Wright

Name: Michael A. Wright

Title: President

KRAFT FOODS INC.

By: /s/ Irene B. Rosenfeld
Name: Irene B. Rosenfeld
Title: Chief Executive Officer

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EXHIBIT 1

CORPORATE AFFAIRS SERVICES

I SPECIFIC TRANSITION SERVICES

A. GOVERNMENT AFFAIRS

- Lease of office space for Government Affairs in the Washington DC location for no more than twelve months from March 30, 2007.

II SERVICE FEES

- The Fee payable for corporate affairs transition services shall include the monthly rent of \$69,610.00, based upon the ratio of the number of Kraft employees utilizing the leased space divided by total occupants of the leased space times the monthly rent and expenses.

1.1

EXHIBIT 2

TREASURY SERVICES

I SPECIFIC TRANSITION SERVICES

A. RISK MANAGEMENT

- Consultation, as requested by Kraft, on insurance renewals through November 1, 2007.
- Maintenance of and access to insurance claims data in connection with the agreement between CS STARS LLC and ALCS, originally executed October 1, 2001. The estimated completion date for such services is no later than October 1, 2007.

B. BENEFIT INVESTMENTS

- Consultation, as requested by Kraft, on administration of benefit trusts for a period of up to six months after spin-off date.

II SERVICE FEES

The Fee payable for the treasury transition services for 2007 is based on the following:

Risk Management & Benefits Investments. The Fee will include: (i) the relevant Employee Costs associated with consultation time when requested; (ii) a management fee equal to 5% of the aggregate amount calculated pursuant to (i); and (iii) third-party expenses, including travel and entertainment and consulting fees incurred on behalf of Kraft by ALCS.

2.1

EXHIBIT 3

FINANCIAL CONSOLIDATIONS & REPORTING

I SPECIFIC TRANSITION SERVICES

A. FINANCIAL CONSOLIDATIONS AND REPORTING

- Review, as requested by Kraft prior to filing, any Kraft SEC filings in progress at the Distribution Date.

II SERVICE FEES

The Fee payable for the financial consolidations and reporting transition services for 2007 shall include: (i) the relevant Employee Costs associated with consultation time when requested; (ii) a management fee equal to 5% of the aggregate amount calculated pursuant to (i); and (iii) third-party expenses, including travel and entertainment, consulting fees and printing costs incurred on behalf of Kraft by ALCS.

3.1

EXHIBIT 4

INTERNAL AUDIT SERVICES

I SPECIFIC TRANSITION SERVICES

- Lease of office space in the United Kingdom (5 Thameside Centre, Kew Bridge Road, London, TW8 0HF) until the completion of Kraft's move to Zurich, Switzerland, estimated by June 30, 2007.

II SERVICE FEES

The Fee payable for the internal audit transition services for 2007 shall include: (i) the pro rata amount of annual rent of \$504,700 (GBP 272,800), based upon the number of months Kraft employees occupy the London office space; (ii) the pro rata amount of building services costs of \$263,700 (GBP 142,500), based upon the number of months Kraft employees occupy the London office space; and (iii) lease breakage fee, if any.

4.1

EXHIBIT 5

INFORMATION TECHNOLOGY SERVICES

I SPECIFIC TRANSITION SERVICES

- A. Global applications required by Kraft for business continuity (i.e. Global Treasury and Global Network Services) will continue normal operations and provide current services until the completion of Kraft's migration to EDS. The estimated completion date for all services is no later than December 31, 2007.
- B. Separation of global applications, as identified in the current Business Restructure of Systems and Services ("Project BRASS") that have been agreed by ALCS and Kraft, will incur costs until the full completion of Project BRASS, which will be refined by ALCS and Kraft to ensure that the appropriate priorities are established to achieve a completion date by December 31, 2007.
- C. ALCS Contracts Consulting services related to negotiation of separate enterprise contracts between Kraft and major information technology vendors, including but not limited to AT&T, IBM, Oracle, Microsoft and SAP, including the following actions:
 - Continue to communicate to suppliers Altria's intent to separate global contracts and subsequently receive written consents from the suppliers.
 - Track progress and inform Kraft management of any potential service issues, cost impact or major contractual challenges.
 - Ensure written closure, including contractual sign-off with suppliers.

In the event that Altria and Kraft do not complete all required negotiations by December 31, 2007 and Kraft is still operating certain software under an ALCS licensee, any third party fee incurred by Altria for this continuation of service will be passed on to Kraft for appropriate settlement.

5.1

II SERVICE FEES

The Fee payable for the information technology transition services for 2007 shall be based on the following:

Global Applications & Network Services. The Fee will include: (i) the relevant Employee Costs; (ii) a management fee equal to 5% of the aggregate amount calculated pursuant to (i); and (iii) third-party expenses, including travel and entertainment and printing costs, incurred on behalf of Kraft by ALCS. Direct pass through on any direct charge, i.e.; circuit charges, routers or monitoring that is currently provided by ALCS or its contracted third party. This would also include any maintenance and licensee fee required to maintain Kraft operations until appropriate separation can be achieved.

Information Technology Contracts Consulting. The Fee shall include: (i) Kraft's charges under each information technology contract (primarily AT&T, IBM, Oracle, Microsoft and SAP contracts), (collectively, the "IT Contracts"), allocated by usage under the IT Contracts as provided by the

service provider; (ii) the relevant Employee Costs; (iii) a management fee of 5% of the aggregate amount calculated pursuant to (ii); and (iv) third-party expenses, including travel and entertainment and printing costs, incurred on behalf of Kraft by ALCS.

5.2

EXHIBIT 6

MISCELLANEOUS SERVICES

I. SPECIFIC TRANSITION SERVICES

· COMPLIANCE

- Continued operations under outstanding ALCS agreements with helpline service vendors until no later than May 15, 2007.
- ALCS Contracts Consulting services, if requested by Kraft, related to negotiation of separate contracts between Kraft and helpline service vendors.

II. SERVICE FEES

- The Fee payable for compliance transition services for 2007 shall include: (i) Kraft's charge under each helpline services contract (if paid by ALCS); (ii) the relevant Employee Costs, if any; (iii) a management fee of 5% of the aggregate amount calculated pursuant to (ii); and (iv) any third-party expenses, incurred on behalf of Kraft by ALCS.

6.1

EMPLOYEE MATTERS AGREEMENT**BY AND BETWEEN****ALTRIA GROUP, INC.****AND****KRAFT FOODS INC.****DATED AS OF MARCH 30, 2007****TABLE OF CONTENTS**

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EMPLOYEE MATTERS AGREEMENT

THIS EMPLOYEE MATTERS AGREEMENT, dated as of March 30, 2007 (as amended and supplemented pursuant to the terms hereof, this “Agreement”), is entered into by and between Altria Group, Inc., a Virginia corporation (“Altria”), and Kraft Foods Inc., a Virginia corporation (“Kraft”).

WITNESSETH:

WHEREAS, Altria and Kraft have entered into a Distribution Agreement, dated as of January 31, 2007 (the “Distribution Agreement”), providing for, among other things, the distribution by Altria of its entire ownership interest in Kraft through a pro-rata distribution of all of the outstanding shares of Class A Common Stock of Kraft owned by Altria on the Distribution Date to the holders of Altria Common Stock pursuant to the terms and subject to the conditions of the Distribution Agreement (the “Distribution”); and

WHEREAS, Altria and Kraft wish to set forth their agreement as to certain matters regarding the treatment of, and the compensation and employee benefits provided to, employees of Altria and Kraft and their subsidiaries (as hereinafter defined).

NOW, THEREFORE, in consideration of the premises and the mutual covenants herein contained and intending to be legally bound hereby, the parties hereto agree as follows:

**ARTICLE I
DEFINITIONS**

1.1 General. As used in this Agreement, the following terms shall have the following meanings (such meanings to be equally applicable to both the singular and plural forms of the terms defined):

Adjusted Altria Option: an Altria Option as adjusted pursuant to Section 4.1 hereof.

Affiliate: with respect to any specified Person, a Person that directly, or indirectly through one or more intermediaries, controls, is controlled by, or is under common control with, such specified Person; provided, however, that for purposes of this Agreement, no member of either Group and no officer or director of any member of either Group shall be deemed to be an Affiliate of any member of the other Group.

Altria: as defined in the preamble to this Agreement.

Altria Benefit Liabilities: as defined in Section 2.1 hereof.

Altria Common Stock: the common stock, par value \$0.33 1/3 per share, of Altria.

Altria Excess Severance Payment: as defined in Section 3.1(g)(ii) hereof.

Altria Deferred Stock: a deferred stock obligation relating to Altria Common Stock granted by Altria before the Distribution Date under an Altria Performance Incentive Plan, but not including any deferred stock granted by Altria after January 1, 2007 that is held on the Distribution Date by an employee of the Altria Group.

Altria Group: Altria and the Subsidiaries of Altria other than members of the Kraft Group.

Altria Group Employee: any individual who (i), as of the close of business on the Distribution Date, is either employed by, or on a leave of absence (as defined by the personnel policies of the Altria Group) from, a member of the Altria Group; (ii) is a Former Altria Group Employee; or (iii) is or becomes an Altria Transferee.

Altria Group Plans:

- (i) the Altria Pension Plans;
- (ii) the Altria Profit-Sharing Plans;
- (iii) the Altria Welfare and Other Plans; and
- (iv) the Altria Performance Incentive Plans.

Altria-Kraft Option: an option to acquire Class A Common Stock, granted by Altria, as of June 12, 2001.

Altria Option: an option to acquire Altria Common Stock granted by Altria under an Altria Performance Incentive Plan before the Distribution Date.

Altria Pension Plans: any of the Retirement Plan for Salaried Employees, the Retirement Plan for Hourly Employees, the Benefit Equalization Plan, the Supplemental Management Employees’ Retirement Plan and any other qualified or non-qualified defined benefit plan or program that is identified by Altria before the Distribution Date as providing retirement income to Altria Group Employees, all as in effect as of the time relevant to the applicable provisions of this Agreement.

Altria Performance Incentive Plans: any of the 1992 Incentive Compensation and Stock Option Plan, the 1997 Performance Incentive Plan, the 2000 Performance Incentive Plan or the 2005 Performance Incentive Plan, or any stock-based or other incentive plan for Altria Group Employees that is identified by Altria before the Distribution Date, all as in effect as of the time relevant to the applicable provisions of this Agreement.

Altria Post-Adjustment Price: the difference between (i) the Altria Pre-Adjustment Price and (ii) the Kraft Price multiplied by the Distribution Ratio.

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Altria Pre-Adjustment Price: the closing price of Altria Common Stock on the NYSE on the Distribution Date (as traded on the “regular way” market).

Altria Profit-Sharing Plan: any of the Deferred Profit-Sharing Plan for Salaried Employees, the Deferred Profit-Sharing Plan for Tobacco Workers, the Deferred Profit-Sharing Plan for Craft Employees, the Benefit Equalization Plan, the Supplemental Management Employees’ Retirement Plan and any other qualified or non-qualified defined contribution plan or program for Altria Group Employees that is identified by Altria before the Distribution Date, all as in effect as of the time relevant to the applicable provisions of this Agreement.

Altria Restricted Stock: restricted Altria Common Stock granted by Altria before the Distribution Date under an Altria Performance Incentive Plan.

Altria Stock Fund: as defined in Section 5.1(a) hereof.

Altria Transferee: as defined in Section 3.2 hereof.

Altria Welfare and Other Plans: any plan, fund or program that provides health, medical, surgical, hospital or dental care or other welfare benefits or benefits in the event of sickness, accident or disability, or death benefits to Altria Group Employees, all as in effect as of the time relevant to the applicable provisions of this Agreement.

Arbitration Act: the United States Arbitration Act, 9 U.S.C. §§ 1-16, as the same may be amended from time to time.

Assumed Altria Pension Plan Liability: as defined in Section 3.1(c) hereof.

Assumed Kraft Pension Plan Liability: as defined in Section 3.2(c) hereof.

Auditing Party: as defined in Section 7.3(a) hereof.

Business Day: any day other than a Saturday, a Sunday or a day on which banking institutions located in the Commonwealth of Virginia or the State of New York are authorized or obligated by law or executive order to close.

Class A Common Stock: the Class A common stock, no par value, of Kraft.

Class B Common Stock: the Class B common stock, no par value, of Kraft.

Code: the Internal Revenue Code of 1986, as amended.

Distribution: as defined in the recitals to this Agreement.

Distribution Date: the date on which the Distribution becomes effective.

Distribution Ratio: the fraction determined under Section 2.04(b) of the Distribution Agreement.

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Equity Compensation: Altria Options, Adjusted Altria Options, Kraft Options, Altria-Kraft Options, Altria Restricted Stock, Kraft Restricted Stock, Altria Deferred Stock and Kraft Deferred Stock.

ERISA: Employee Retirement Income Security Act of 1974, as amended.

Existing Kraft Options: an option to acquire Class A Common Stock, granted by Kraft before the Distribution Date under a Kraft Performance Incentive Plan.

Existing Kraft Deferred Stock: a deferred stock obligation relating to Class A Common Stock granted by Kraft before the Distribution Date under a Kraft Performance Incentive Plan.

Existing Kraft Restricted Stock: restricted Class A Common Stock granted by Kraft before the Distribution Date under a Kraft Performance Incentive Plan.

Fair Value: the anticipated value of the Kraft Options, Adjusted Altria Options, Altria-Kraft Options or Existing Kraft Options, as applicable, determined using the Modified Black-Scholes option pricing model used by Altria and Kraft in the preparation of their most recent respective annual or quarterly financial reporting prepared before the Distribution Date. Variables used in the pricing model will be determined as follows:

Expected Life: the lesser of two and one-half years or one-half of the remaining contractual term for each option grant.

Volatility: the annualized volatilities of Altria or Kraft stock, as applicable, utilizing daily closing stock prices for the period prior to January 31, 2007 that represents the Expected Life of each option grant.

Adjusted Altria Dividend Yield: the percentage that results from dividing (i) the annualized quarterly dividend per share of Altria common stock as of the Distribution Date less the value per Altria share of annualized quarterly dividends on Kraft common stock as of the Distribution Date by (ii) the Altria Post-Adjustment Price.

Risk-Free Interest Rate: the rate available on the day before the Distribution for zero-coupon U.S. government securities with terms that approximate the Expected Life of each option grant.

Current Altria and Kraft Stock Prices: the Altria Post-Adjustment Price with respect to Altria Common Stock, and the Kraft Price with respect to Class A Common Stock.

Former Altria Group Employee: any individual who: (i) before the Distribution Date has retired from or otherwise separated from service from a member of the Altria Group; and (ii) still participates in, or otherwise receives, or is entitled to receive, benefits

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under, any Altria Group Plan; provided, however, that a “Former Altria Group Employee” shall not include a Kraft Transferee.

Former Kraft Group Employee: any individual who: (i) before the Distribution Date has retired from or otherwise separated from service from a member of the Kraft Group; and (ii) still participates in, or otherwise receives, or is entitled to receive, benefits under, any Kraft Group Plan; provided, however, that a “Former Kraft Group Employee” shall not include an Altria Transferee.

Governmental Authority: any federal, state, local, foreign or international court, government, department, commission, board, bureau or agency, authority (including, but not limited to, any central bank or taxing authority) or instrumentality (including, but not limited to, any court, tribunal or grand jury) exercising executive, prosecutorial, legislative, judicial, regulatory or administrative functions of or pertaining to government or any other regulatory, administrative or governmental authority, including the NYSE.

Group: the Altria Group or the Kraft Group, as the context requires.

Information: all records, books, contracts, instruments, computer data and other data and information.

Initial Altria Calculation Date: as defined in Section 3.1(c) hereof.

Initial Kraft Calculation Date: as defined in Section 3.2(c) hereof.

Intrinsic Value: with respect to the relevant options, the product of (i) the number of such options and (ii) the difference between the exercise price of such options and, for Altria Options, the Altria Pre-Adjustment Price, for Altria Adjusted Options, the Altria Post-Adjustment Price, and for Kraft Options, the Kraft Price, as applicable.

Kraft: as defined in the preamble to this Agreement.

Kraft Benefit Liabilities: as defined in Section 2.2 hereof.

Kraft Common Stock: the Class A Common Stock and the Class B Common Stock.

Kraft Deferred Stock: a deferred stock obligation relating to Class A Common Stock granted by Kraft as of the Distribution Date under a Kraft Performance Incentive Plan pursuant to Section 4.4(b) hereof.

Kraft Group: Kraft and the Kraft Subsidiaries.

Kraft Group Employee: any individual who (i), as of the close of business on the Distribution Date, is either employed by, or on leave of absence (as defined by the personnel policies of the Kraft Group) from, a member of the Kraft Group; (ii) is a Former Kraft Group Employee; or (iii) is or becomes a Kraft Transferee.

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Kraft Group Plans:

- (i) the Kraft Pension Plans;
- (ii) the Kraft Savings Plans;
- (iii) the Kraft Welfare and Other Plans; and
- (iv) the Kraft Performance Incentive Plans.

Kraft Option: an option to acquire Class A Common Stock granted by Kraft under the Kraft Performance Incentive Plan in partial substitution for the Altria Options.

Kraft Pension Plans: any of the Kraft Foods Global, Inc. Retirement Plan, the Kraft Foods Global, Inc. Hourly Retirement Plan, Kraft Foods Global, Inc. Supplemental Benefits Plan I, Kraft Foods Global, Inc. Supplemental Benefits Plan II, and any other qualified or non-qualified defined benefit plan or program that is identified by Kraft before the Distribution Date as providing retirement income to Kraft Group Employees, all as in effect as of the time relevant to the applicable provisions of this Agreement.

Kraft Performance Incentive Plans: any of the Kraft Foods Inc. 2001 Performance Incentive Plan, the Kraft Foods Inc. 2005 Performance Incentive Plan and any stock-based or other incentive plan identified by Kraft before the Distribution Date, all as in effect as of the time relevant to the applicable provisions of this Agreement.

Kraft Price: the closing price of Class A Common Stock on the NYSE on the Distribution Date.

Kraft Restricted Stock: restricted Class A Common Stock distributed as of the Distribution Date and subject to terms and conditions pursuant to Section 4.3(a) hereof.

Kraft Restricted Stock Forfeiture Value: the anticipated value of the Kraft Restricted Stock that may be forfeited by holders and returned to Kraft, determined using the Kraft Price and the forfeiture assumptions used for Statement of Financial Accounting Standards 123(R) purposes in Altria's most recent quarterly or annual financial reporting prepared before the Distribution Date for Altria Group employees (with respect to Altria Restricted Stock held by Altria Group employees).

Kraft Savings Plans: any of the Kraft Foods Global Inc. Thrift Plan, the Kraft Foods Global, Inc. Employee TIP Plan, Kraft Canada Inc. Employee Savings Plan and any other qualified or non-qualified defined contribution plan or program for Kraft Group Employees that is identified by Kraft before the Distribution Date, all as in effect as of the time relevant to the applicable provisions of this Agreement.

Kraft Severance Payment: as defined in Section 3.1(g)(i) hereof.

Kraft Stock Fund: as defined in Section 5.1(b) hereof.

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Kraft Subsidiaries: all of the Subsidiaries of Kraft.

Kraft Transferee: as defined in Section 3.1 hereof

Kraft Welfare and Other Plans: any plan, fund or program that provides health, medical, surgical, hospital or dental care or other welfare benefits or benefits in the event of sickness, accident or disability, or death benefits to Kraft Group Employees, all as in effect as of the time relevant to the applicable provisions of this Agreement.

Law: any federal, state or local statute, ordinance, regulation, code, license, permit, authorization, approval, consent, common law, legal doctrine, order, judgment, decree, injunction or requirement of any Governmental Authority or any order or award of any arbitrator, now or hereafter in effect.

Liabilities: means any and all claims, debts, liabilities, assessments, guarantees, assurances, commitments, obligations, fines, penalties, damages (whether compensatory, punitive, consequential, multiple or other), losses, disgorgements and obligations, of any kind, character or description (whether absolute, contingent, matured, not matured, liquidated, unliquidated, accrued, known, unknown, direct, indirect, derivative or otherwise) whenever arising, including, but not limited to, those arising under or in connection with any Law, and those arising under any contract, guarantee, commitment or undertaking, whether sought to be imposed by any Governmental Authority or arbitrator, whether based in contract, tort, implied or express warranty, strict liability, criminal or civil statute, or otherwise, and including all costs, expenses and interest relating thereto (including, but not limited to, all expenses of investigation, all attorneys' fees and all out-of-pocket expenses in connection with any Action or threatened Action).

Losses: with respect to any Person, all losses, Liabilities, damages, claims, demands, judgments or settlements of any nature or kind, known or unknown, fixed, accrued, absolute or contingent, liquidated or unliquidated, including all costs and expenses (legal, accounting or otherwise as such costs are incurred) relating thereto, including punitive damages and criminal fines and penalties, but excluding damages in respect of actual or alleged lost profits, suffered by such Person, regardless of whether any such losses, Liabilities, damages, claims, demands, judgments, settlements, costs, expenses, fines and penalties relate to or arise out of such Person's own alleged or actual negligent, grossly negligent, reckless or intentional misconduct or the capacity in which such Person was acting.

Non-parties: as defined in Section 7.3(b) hereof.

NYSE: the New York Stock Exchange, Inc.

Option Conversion Ratio: the ratio of the pre-adjustment exercise price of the Altria Options being adjusted to the Altria Pre-Adjustment Price.

Person: an individual, a committee, a partnership, a joint venture, a corporation, a trust, a limited liability company, an unincorporated organization, or a government or any department or agency thereof.

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Personal Data: as defined in Section 7.1 hereof.

Record Date: the close of business on the date to be determined by Altria's Board of Directors as the record date for determining the holders of Altria Common Stock entitled to receive shares of Class A Common Stock pursuant to the Distribution.

Retained Altria Pension Plan Liability: as defined in Section 3.1(c) hereof.

Retained Kraft Pension Plan Liability: as defined in Section 3.2(c) hereof.

SABMiller Group: SABMiller PLC, a public limited company incorporated in England and Wales under the Companies Act (1985), and the Subsidiaries of SABMiller PLC.

SEC: the United States Securities and Exchange Commission.

Securities Act: the Securities Act of 1933, as amended, or any successor statute.

Securities Exchange Act: the Securities Exchange Act of 1934, as amended, or any successor statute.

Subsidiary: with respect to any specified Person, any corporation or other legal entity of which such Person or any of its Subsidiaries controls or owns, directly or indirectly, more than 50% of the stock or other equity interest entitled to vote on the election of members to the board of directors or similar governing body; provided, however, that for purposes of this Agreement, (1) the Kraft Subsidiaries shall be deemed to be Subsidiaries of Kraft and (2) no member of the Kraft Group shall be deemed to be a Subsidiary of any member of the Altria Group.

1.2 References to Time. All references in this Agreement to times of the day shall be to Richmond, Virginia time, except as otherwise specifically provided herein.

ARTICLE II GENERAL PRINCIPLES

2.1 Altria Group Employees. Except as specifically provided in this Agreement, to the exclusion of the Kraft Group, the appropriate member of the Altria Group shall continue to be responsible for and pay, perform and discharge each and every of the employment, compensation and employee benefits Liabilities relating to the Altria Group Employees that arise from employment with the Altria Group before, on or after the Distribution Date, including each and every Liability arising under an Altria Group Plan or assumed pursuant to the terms of this Agreement (collectively, the "Altria Benefit Liabilities").

2.2 Kraft Group Employees. Except as specifically provided in this Agreement, to the exclusion of the Altria Group, the appropriate member of the Kraft Group shall continue to be responsible for and pay, perform and discharge each and every of the employment, compensation and employee benefits Liabilities relating to Kraft

Group Employees that arise from employment with the Kraft Group before, on or after the Distribution Date, including each and every Liability arising under a Kraft Group Plan or assumed pursuant to the terms of this Agreement (collectively, the "Kraft Benefit Liabilities").

ARTICLE III EMPLOYEE TRANSFERS

3.1 Kraft Transferees. The following principles shall apply to any employee of a member of the Altria Group who has transferred or will transfer employment to a member of the Kraft Group on or prior to September 30, 2007 (each, a "Kraft Transferee"). Except as specifically noted in this Agreement or as otherwise agreed in writing by the parties, each Kraft Transferee will become, or continue to be, eligible upon transfer for the rights and benefits of similarly situated Kraft Group Employees.

(a) Credit. No later than as of the Distribution Date, each Kraft Group Plan shall provide that each Kraft Transferee shall be credited with eligibility and vesting service that is not less than the eligibility and vesting service that the Kraft Transferee had earned under the comparable or equivalent Altria Group Plan, including periods of service with the Altria Group prior to December 1, 1988; provided, however, that in no event shall a member of the Kraft Group be required to provide any service credit to any Kraft Transferee to the extent that the provision of such credit would result in the payment of any duplicate benefits except as may arise by application of Section 3.1(c) hereof.

(b) Amendments. No member of the Kraft Group shall cause any amendments to be made to the Kraft Group Plans or any policies regarding the Kraft Group Plans to be implemented that have the direct or indirect effect of treating the Kraft Transferees less favorably than the other Kraft Group Employees similarly situated in seniority and job responsibilities.

(c) Pension Benefits. No transfer of assets between the Kraft Group Plans and Altria Group Plans shall be needed in order to effectuate the purpose of this Section 3.1(c).

Each Kraft Transferee shall remain entitled to all benefits under the appropriate Altria Pension Plan to which he or she is or would be entitled if he or she had separated from service with the Altria Group as of the later of (i) the date of his or her transfer to the Kraft Group or (ii) the Distribution Date (the later of which is referred to herein as the "Initial Altria Calculation Date"), and the appropriate Altria Pension Plan shall retain all Liability for such benefits (each, a "Retained Altria Pension Plan Liability"). For purposes of calculating benefits under this Section 3.1(c), the Retained Altria Pension Plan Liability and the Assumed Altria Pension Plan Liability of any Kraft Transferee who has received target payments from Altria and accordingly did not participate in non-qualified Altria Pension Plans for periods after December 31, 2004, and before the Initial Altria Calculation Date shall be calculated as if he or she participated in such Plans with respect to such periods. A Kraft Transferee shall be considered as separated from the

service of the Altria Group as of the Initial Altria Calculation Date and may elect to commence receiving his or her benefit in accordance with the terms of the applicable Altria Pension Plan and any individual agreements that alter such terms.

The appropriate Kraft Pension Plan will also assume the Retained Altria Pension Plan Liability with respect to each Kraft Transferee (whether or not vested) to the Initial Altria Calculation Date (as to each Kraft Transferee an "Assumed Altria Pension Plan Liability") subject to the offset described later in this paragraph. As of such date, the Assumed Altria Pension Plan Liability should be equal to the Retained Altria Pension Plan Liability. The appropriate Kraft Pension Plan is not required to credit the Kraft Transferee with benefit service in determining the Assumed Altria Pension Plan Liability for periods of employment with the Kraft Group on and after the Initial Altria Calculation Date, but shall credit the Kraft Transferee with vesting and eligibility service on and after such date for purposes of determining whether the Kraft Transferee's Assumed Altria Pension Plan Liability is vested and whether the Kraft Transferee has completed the requisite years of service in order to be eligible for an early retirement benefit and accompanying early retirement subsidies (which must be no less favorable than the eligibility requirements and other terms of the Altria Pension Plan in which the Kraft Transferee participated on his or her date of transfer) with respect to the Assumed Altria Pension Plan Liability. In computing the benefit determined pursuant to the Assumed Altria Pension Plan Liability (and determined in accordance with the applicable Altria Pension Plan) as of any date, the Kraft Pension Plan shall use the same methodology as the relevant Altria Pension Plan (as in effect on the Distribution Date) in determining the Kraft Transferee's "five-year average compensation" and "social security integration level" (as such terms are defined in the Altria Pension Plan) as of the Kraft Transferee's retirement or other separation from service of the Kraft Group, but taking into account compensation paid by the Kraft Group through the date of the Kraft Transferee's retirement or other separation from service. The benefit determined pursuant to the Assumed Altria Pension Plan Liability, as adjusted pursuant to the provisions of the preceding two sentences and payable from the appropriate Kraft Pension Plan shall be offset by the benefit determined pursuant to the Retained Altria Pension Plan Liability (and determined in accordance with the applicable Altria Pension Plan) payable from the relevant Altria Pension Plan as of the age at which the offset is applied. The early or late retirement factors used to determine the amount of the Retained Altria Pension Plan Liability that will be used as an offset to the Assumed Altria Pension Plan Liability shall be based on the entitlement of the Kraft Transferee as of the Initial Altria Calculation Date to a vested, early, full or deferred retirement allowance, as applicable, under the appropriate Altria Pension Plan.

Altria will calculate and notify Kraft in writing of the amount of the Retained Altria Pension Plan Liability for each Kraft Transferee as soon as practicable following the Distribution Date.

These principles shall remain in effect so long as the Kraft Transferee continues to be employed by a member of the Kraft Group irrespective of whether or when the Kraft Transferee elects to begin receiving a benefit under an Altria Pension Plan.

(d) Non-qualified Deferred Compensation.

As soon as practicable following the Initial Altria Calculation Date, Altria will cause the appropriate member of the Altria Group to pay to each Kraft Transferee in cash the full amount of any non-qualified deferred compensation account or accounts under any Altria Pension Plan or Altria Profit-Sharing Plan held by such Kraft Transferee or as otherwise required by the terms of the applicable non-qualified deferred compensation plan or by individual agreements; provided, however, that such payments may be deferred to the extent doing so is, in the judgment of Altria, appropriate to avoid potential violations of Code Section 409A.

(e) Performance Incentive Compensation.

(i) *Long Term Incentive Compensation.* Each Kraft Transferee who is a participant in the 2007-2009 long-term incentive performance cycle under an Altria Performance Incentive Plan will be eligible to participate in the most similar program under the appropriate Kraft Performance Incentive Plan, without proration for any period between January 1, 2007, and the date the individual becomes a Kraft Transferee.

(ii) *Annual Incentive Compensation.* Each Kraft Transferee will receive an annual incentive target under the appropriate Kraft Performance Incentive Plan that is equivalent to his or her annual incentive target under an Altria Performance Incentive Plan at the time of transfer, without proration for any period between January 1, 2007, and the date the individual becomes a Kraft Transferee.

(f) Savings Plan. As soon as administratively practicable following the date on which the Kraft Transferee transfers and in no event later than 30 days following the date of transfer, the Kraft Transferee shall be eligible to commence participation in the appropriate Kraft Savings Plan. Any service requirements contained in such Kraft Savings Plan with respect to eligibility to participate generally or eligibility to share in any employer contributions thereunder shall be waived for the Kraft Transferee. If a Kraft Transferee is transferred to the Kraft Group in the same calendar year as the Distribution Date and would otherwise be eligible for a company contribution (within the meaning of the Altria Profit-Sharing Plan) for that calendar year, the appropriate member of the Altria Group will contribute to each such Kraft Transferee's account in the appropriate Altria Profit-Sharing Plan the pro-rated amount of any employer contribution to which the Kraft Transferee is entitled based on his compensation (as defined in the Altria Profit-Sharing Plan) received from a Participating Company (as defined in the Altria Profit-Sharing Plan) through the date of transfer and irrespective of whether such Kraft Transferee is employed by the Kraft Group on the last day of the calendar year in which he transferred. Any Kraft Transferee who has an outstanding loan from an Altria Profit-Sharing Plan as of the Initial Altria Calculation Date may continue to repay such loan in accordance with the terms of such Altria Profit-Sharing Plan.

(g) Severance. Each Kraft Transferee who is involuntarily separated from a member of the Kraft Group within two years after his or her transfer date (each such two year period, a "Protection Period"), shall be eligible to receive a payment equal to the sum of:

- (i) any severance or other amounts payable by such member of the Kraft Group to such Kraft Transferee, which severance or other amount shall be no less than that paid to any employee of that member similarly situated in age, seniority or job responsibility (each, a "Kraft Severance Payment"); and
- (ii) the excess, if any, of: (A) any severance or other amounts that would have been payable by the member of the Altria Group from which the Kraft Transferee transferred if the Kraft Transferee had remained in the employ of such member of the Altria Group through the date of his or her involuntary separation (determined based on the Altria workforce reduction practices in effect on the date of the involuntary separation, which practices shall in no event be less favorable than the practices in effect on the date of transfer); over (B) the Kraft Severance Payment (each, an "Altria Excess Severance Payment");

provided that a Kraft Transferee shall not be entitled to any benefit under this Section 3.1(g) if: (A) the Kraft Transferee is involuntarily separated because of misconduct or violation of any Kraft Group policy or procedure as determined by the appropriate member of the Kraft Group; or (B) the Kraft Transferee voluntarily terminates his or her employment with a member of the Kraft Group.

The member of the Kraft Group from which the Kraft Transferee is involuntarily separated shall be solely responsible for the payment of the Kraft Severance Payment. The member of the Altria Group from which the Kraft Transferee transferred shall be solely responsible for the payment of the Altria Excess Severance Payment. Kraft will calculate and notify Altria in writing of the amount of the Kraft Severance Payment and Altria will calculate and notify Kraft in writing of the amount of the Altria Excess Severance Payment as soon as practicable following such Kraft Transferee's involuntary termination. In order to receive the payment of his or her Altria Excess Severance Payment the Kraft Transferee must execute a general release agreement provided by Altria.

(h) Retiree Medical Benefits. Any salaried Kraft Transferee who has an aggregate of five years of service with a member of the Altria Group and the Kraft Group and becomes eligible for a severance payment pursuant to subsection (g) of this Section 3.1 and attains his or her fiftieth birthday before the end of the period of time for which he or she is entitled to receive severance payments, shall also be eligible to receive retiree medical benefits under the Kraft Foods Salaried Retiree Medical Plan upon retirement or other separation from service from the Kraft Group.

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(i) Welfare and Other Plans. Kraft Transferees will be entitled to participate immediately upon transfer in the Kraft Welfare and Other Plans in accordance with the Altria-Kraft practices in effect as of the Distribution Date.

3.2 Altria Transferees. The following principles shall apply to any employee of a member of the Kraft Group who has transferred or will transfer employment to a member of the Altria Group on or prior to September 30, 2007 (each, an "Altria Transferee"). Except as specifically noted in this Agreement as otherwise agreed in writing by the parties, each Altria Transferee will become, or continue to be, eligible upon transfer for the rights and benefits of similarly situated Altria Group Employees.

(a) Credit. No later than as of the Distribution Date, each Altria Group Plan shall provide that each Altria Transferee shall be credited with eligibility and vesting service that is not less than the eligibility and vesting service that the Altria Transferee had earned under the comparable or equivalent Kraft Group Plan, including periods of service with the Kraft Group prior to December 1, 1988, but subject to the terms and limitations on the crediting of such service of the Altria Pension Plan in effect on the date of the execution of this Agreement; provided, however, that in no event shall a member of the Altria Group be required to provide any service credit to any Altria Transferee to the extent that the provision of such credit would result in the payment of any duplicate benefits except as expressly set forth in Section 3.2(c) hereof.

(b) Amendments. No member of the Altria Group shall cause any amendments to be made to the Altria Group Plans or any policies regarding the Altria Group Plans to be implemented that have the direct or indirect effect of treating the Altria Transferees less favorably than the other Altria Group Employees similarly situated in seniority and job responsibilities.

(c) Pension Benefits. No transfer of assets between the Altria Group Plans and Kraft Group Plans shall be needed in order to effectuate the purpose of this Section 3.2(c).

Each Altria Transferee shall remain entitled to all benefits under the appropriate Kraft Pension Plan to which he or she is or would be entitled if he or she had separated from service with the Kraft Group as of the later of (i) the date of his or her transfer to the Altria Group or (ii) the Distribution Date (the later of which is referred to herein as the "Initial Kraft Calculation Date"), and the appropriate Kraft Pension Plan shall retain all Liability for such benefits (each, a "Retained Kraft Pension Plan Liability"). An Altria Transferee shall be considered as separated from the service of the Kraft Group as of the Initial Kraft Calculation Date and may elect to commence receiving his or her benefit in accordance with the terms of the applicable Kraft Pension Plan and any individual agreements that alter such terms.

The appropriate Altria Pension Plan will also assume the Retained Kraft Pension Plan Liability with respect to each Altria Transferee (whether or not vested) to the Initial Kraft Calculation Date, (as to each Altria Transferee an "Assumed Kraft Pension Plan Liability"), subject to the offset described later in this paragraph. As of such date, the

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Assumed Kraft Pension Plan Liability should be equal to the Retained Kraft Pension Plan Liability. The appropriate Altria Pension Plan is not required to credit the Altria Transferee with benefit service in determining the Assumed Kraft Pension Plan Liability for periods of employment with the Altria Group on and after the Initial Kraft Calculation Date, but shall credit the Altria Transferee with vesting and eligibility service on and after such date for purposes of determining whether the Altria Transferee's Assumed Kraft Pension Plan Liability is vested and whether the Altria Transferee has completed the requisite years of service in order to be eligible for an early retirement benefit and accompanying early retirement subsidies (which must be no less favorable than the eligibility requirements and other terms of the Kraft Pension Plan in which the Altria Transferee participated on his or her date of transfer) with respect to the Assumed Kraft Pension Plan Liability. In computing the benefit determined pursuant to the Assumed Kraft Pension Plan Liability (as determined in

accordance with the applicable Kraft Pension Plan) as of any date, the Altria Pension Plan shall use the same methodology as the relevant Kraft Pension Plan (as in effect on the Distribution Date) in determining the Altria Transferee's "final average pay" and "social security integration level/covered compensation" (as such terms are defined in the Kraft Pension Plan) as of the Kraft Transferee's retirement or other separation from service from the Altria Group, but taking into account compensation paid by the Altria Group through the date of the Altria Transferee's retirement or other separation from service. The benefit determined pursuant to the Assumed Kraft Pension Plan Liability, as adjusted pursuant to the provisions of the preceding two sentences and payable from the appropriate Altria Pension Plan shall be offset by the benefit determined pursuant to the Retained Kraft Pension Plan Liability (as determined in accordance with the applicable Kraft Pension Plan) payable from the relevant Kraft Pension Plan as of the age at which the offset is applied. The early or late retirement factors used to determine the amount of the Retained Kraft Pension Plan Liability that will be used as an offset to the Assumed Kraft Pension Plan Liability shall be based on the entitlement of the Altria Transferee as of the Initial Kraft Calculation Date to a vested, early, full or deferred retirement benefit, as applicable, under the appropriate Kraft Pension Plan.

Kraft will calculate and notify Altria in writing of the amount of the Retained Kraft Pension Plan Liability for each Altria Transferee as soon as practicable following the Distribution Date.

These principles shall remain in effect so long as the Altria Transferee continues to be employed by a member of the Altria Group irrespective of whether or when the Altria Transferee elects to begin receiving a benefit under a Kraft Pension Plan.

(d) General Foods Management Performance Awards Plan.

As soon as practicable following each Altria Transferee's Initial Kraft Calculation Date, Kraft will cause the appropriate member of the Kraft Group to pay to such Altria Transferee in cash the full amount of any non-qualified deferred compensation account or accounts under the terms of the General Foods Management Performance Awards Plan held by such Altria Transferee.

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(e) Performance Incentive Compensation.

(i) *Long Term Incentive Compensation.* Each Altria Transferee who is a participant in the 2007-2009 long-term incentive performance cycle under a Kraft Performance Incentive Plan will be eligible to participate in the most similar program under the appropriate Altria Performance Incentive Plan without proration for any period between January 1, 2007, and the date the individual becomes an Altria Transferee.

(ii) *Annual Incentive Compensation.* Each Altria Transferee will receive an annual incentive target under the appropriate Altria Performance Incentive Plan that is equivalent to his or her annual incentive target under a Kraft Performance Incentive Plan at the time of transfer without proration for any period between January 1, 2007, and the date the individual becomes an Altria Transferee.

(f) Profit-Sharing Plan. As soon as administratively practicable following the date on which the Altria Transferee transfers, the Altria Transferee shall be eligible to commence participation in the appropriate Altria Profit-Sharing Plan. Any service requirements contained in such Altria Profit-Sharing Plan with respect to eligibility to participate generally or eligibility to share in any employer contributions thereunder shall be waived for the Altria Transferee. Any Altria Transferee who has an outstanding loan from a Kraft Savings Plan as of the Initial Kraft Calculation Date may continue to repay such loan in accordance with the terms of such Kraft Savings Plan.

(g) Severance. Each Altria Transferee who is involuntarily separated from a member of the Altria Group shall be eligible to receive a payment equal to any severance or other amounts payable by such member of the Altria Group to such Altria Transferee, which severance or other amount shall be no less than that paid to any employee of that member similarly situated in age, seniority or job responsibility.

The member of the Altria Group from which the Altria Transferee is involuntarily separated shall be solely responsible for the payment of such amounts.

(h) Welfare and Other Plans. Altria Transferees will be entitled to participate immediately upon transfer in the Altria Welfare and Other Plans in accordance with Altria-Kraft practices in effect as of the Distribution Date.

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ARTICLE IV EQUITY COMPENSATION

4.1 Altria Options.

(a) Adjustment Methodology. Each Altria Option shall be adjusted in the manner described below, effective as of the time of the Distribution, so that each Altria Option holder shall hold Adjusted Altria Options and Kraft Options in lieu of the Altria Options previously held. The following procedure shall be applied to each grant of Altria Options with the same grant date and exercise price held by each Altria Option holder. For the avoidance of doubt, the term "exercise price" refers to the amount payable by an option holder in order to acquire shares pursuant to a stock option award.

(i) The Adjusted Altria Options shall have an exercise price equal to the Altria Post-Adjustment Price multiplied by the Option Conversion Ratio. The number of Adjusted Altria Options shall equal the number of Altria Options.

(ii) The Kraft Options shall have an exercise price equal to the Kraft Price multiplied by the Option Conversion Ratio. The number of Kraft Options shall equal the number of Altria Options multiplied by the Distribution Ratio, rounded down to the nearest whole option. If the resulting aggregate Intrinsic Value of the Adjusted Altria Options and Kraft Options is less than the Intrinsic Value of the Altria Options, then the

difference shall be paid to the option holder in cash as soon as practicable following the Distribution Date. If the resulting aggregate Intrinsic Value of the Adjusted Altria Options and Kraft Options is greater than the Intrinsic Value of the Altria Options, then the number of Kraft Options shall be reduced until the aggregate Intrinsic Value of the Adjusted Altria Options and Kraft Options is less than or equal to the Intrinsic Value of the Altria Options, and any difference shall be paid to the option holder in cash as soon as practicable following the Distribution Date. Notwithstanding the foregoing, if the Intrinsic Value of the Altria Options is negative, only the first two sentences of this Section 4.1(a)(ii) shall be applied. The cash payment described above shall be made by Altria to individuals who are Altria Group employees on the Distribution Date (or individuals no longer performing services for the Altria Group or the Kraft Group but whose last employment was with the Altria Group), and by Kraft to individuals who are Kraft Group employees on the Distribution Date (or individuals no longer performing services for the Altria Group or the Kraft Group but whose last employment was with the Kraft Group).

(iii) The calculation described in the preceding sentence shall be applied using the rounding conventions determined by Altria to carry out the purpose of this [Section 4.1](#).

(b) **Issuing Entity and Settlement.** Altria will adjust the exercise price of the Altria Options to become Adjusted Altria Options pursuant to the Altria Performance Incentive Plan. After the Distribution Date, Adjusted Altria Options, regardless of by

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whom held, shall be settled by Altria pursuant to the Altria Performance Incentive Plan. Kraft will issue the Kraft Options pursuant to the Kraft Performance Incentive Plan. After the Distribution Date, Kraft Options, regardless of by whom held, shall be settled by Kraft pursuant to the Kraft Performance Incentive Plan.

(c) **Option Agreement Terms.** The Adjusted Altria Options and the Kraft Options shall have terms that are substantially identical to the terms of the Altria Options, provided, however, that (i) the options shall not permit further Executive Ownership Stock Options to be granted on or after the Distribution Date, (ii) the options shall provide that individuals who are employees of the Kraft Group shall continue while employed by the Kraft Group to be treated as employees of an Altria affiliate solely for purposes of determining the exercise period under the option agreements, provided, however, that this treatment shall apply only to individuals who are employees of the Kraft Group on the Distribution Date or who are Kraft Transferees, and (iii) the Kraft Options shall refer to both Kraft and Altria as appropriate to effectuate the intent of this [Section 4.1](#) including references to the Altria disability and retirement plans. Furthermore, individuals who are employees of the SABMiller Group shall be treated as employees of an Altria affiliate for purposes of determining the exercise period under the Adjusted Altria Options and Kraft Options.

(d) **Consideration.** As soon as practicable following the Distribution Date, Altria shall pay to Kraft the Fair Value of the Kraft Options held by individuals who are Altria Group employees on the Distribution Date (or individuals no longer performing services for the Altria Group or the Kraft Group but whose last employment was with the Altria Group) and Kraft shall pay to Altria the Fair Value of the Adjusted Altria Options held by individuals who are Kraft Group employees on the Distribution Date (or individuals no longer performing services for the Altria Group or the Kraft Group but whose last employment was with the Kraft Group). The parties shall settle the obligations of the preceding sentence in cash on a net basis such that the party required to pay the greater amount to the other shall pay the difference between the two amounts to the other.

4.2 Kraft Options Issued by Altria. Kraft has agreed to purchase from Altria, at a time mutually agreed between the parties but no later than three Business Days before the Record Date, the Class A Common Stock held by Altria in connection with the Altria-Kraft Options. Altria has sold and Kraft has purchased such shares at a per-share price equal to the average of the high and low trading price of Class A Common Stock on the NYSE on the day before day of the purchase. Effective as of the date of such purchase, holders of the Altria-Kraft Options became entitled to receive from Altria upon exercise of such options cash in the amount equal to the difference between the exercise price of such options and the then-current fair market value of Class A Common Stock determined pursuant to the terms of such options. As soon as practicable following the Distribution Date, Kraft shall pay to Altria the Fair Value of the Altria-Kraft Options held by individuals who are Kraft Group employees on the Distribution Date (or individuals no longer performing services for the Altria Group or the Kraft Group but whose last employment was with the Kraft Group).

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4.3 Restricted Stock.

(a) **Adjustment.** Pursuant to the Distribution, each holder of Altria Restricted Stock will receive from Altria as of the time of the Distribution shares of Class A Common Stock in the same manner and based on the same ratio as other shareholders of Altria Common Stock. Such Class A Common Stock shall be subject to the same vesting requirements and dates and other terms and conditions as the Altria Restricted Stock to which it relates (including the right to receive all dividends or other distributions paid on Class A Common Stock); provided that any fractional shares of Kraft Restricted Stock shall be paid to the holder by Altria in cash as soon as practicable following the Distribution Date in accordance with the Distribution Agreement.

(b) **Restricted Stock Agreement Terms.** The Kraft Restricted Stock shall have terms that are substantially identical to the terms of the Altria Restricted Stock, provided, however, that (i) the Altria Restricted Stock and the Kraft Restricted Stock shall provide that individuals who are employees of the Kraft Group shall continue to be treated as employees of an Altria affiliate for purposes of continued vesting in the restricted stock, provided, however, that this treatment shall apply only to individuals who are employees of the Kraft Group on the Distribution Date or who are Kraft Transferees; and (ii) the Kraft Restricted Stock shall refer to both Kraft and Altria as appropriate to effectuate the intent of this [Section 4.3](#).

(c) **Forfeiture of Kraft Stock and Consideration.** If a holder of Kraft Restricted Stock forfeits such stock under the terms of the Kraft Restricted Stock, the forfeited stock shall be returned to Kraft, not Altria. In consideration of the anticipated receipt of such forfeitures, Kraft shall pay in cash to Altria as soon as practicable following the Distribution Date the Kraft Restricted Stock Forfeiture Value attributable to Kraft Restricted Stock held by individuals who are Altria Group employees on the Distribution Date. In addition, Kraft shall pay in cash to Altria as soon as practicable following the Distribution Date the value of the Altria Restricted Stock held by the Kraft Group employees on the Distribution Date. The value of the Altria Restricted Stock shall be equal to the Altria Pre-Adjustment Price of the underlying Altria shares, reduced by assumed forfeitures based on the assumptions used for Statement of Financial

Accounting Standards 123(R) purposes in Altria's most recent quarterly or annual financial reporting prepared before the Distribution Date for forfeitures by Kraft Group employees (with respect to Kraft restricted stock held by Kraft Group employees).

4.4 Deferred Stock.

(a) Adjustment. Effective at the time of the Distribution, each holder of Altria Deferred Stock shall receive a number of Kraft Deferred Stock shares equal to the number of Altria Deferred Stock shares held by such individual multiplied by the Distribution Ratio. Any fractional shares of Kraft Deferred Stock shall be paid to such individual in cash as soon as practicable following the Distribution Date; provided, however, that with respect to any individual (i) who is subject to U.S. federal income tax on the deferred stock and (ii) who has attained normal retirement age (within the meaning of the Altria Deferred Stock agreement) or who will attain normal retirement age before

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the Altria and Kraft Deferred Stock becomes payable (and any other individual who holds Deferred Stock that is subject to Code Section 409A), any fractional shares of Kraft Deferred Stock shall instead be rounded up to a whole share of Kraft Deferred Stock. The cash payment described above shall be made by Altria to individuals who are Altria Group employees on the Distribution Date, and by Kraft to individuals who are Kraft Group employees on the Distribution Date.

(b) Issuing Entity and Settlement. After the Distribution Date, Altria shall be responsible for any cash payments in lieu of dividends required pursuant to the terms of the Altria Deferred Stock, and such Altria Deferred Stock, regardless of by whom held, shall be settled by Altria pursuant to the Altria Performance Incentive Plan. Kraft will issue Kraft Deferred Stock pursuant to the Kraft Performance Incentive Plan. After the Distribution Date, Kraft shall be responsible for any cash payments in lieu of dividends required pursuant to the terms of the Kraft Deferred Stock, and such deferred stock, regardless of by whom held, shall be settled by Kraft pursuant to the Kraft Performance Incentive Plan.

(c) Deferred Stock Agreement Terms. The Kraft Deferred Stock shall have terms that are substantially identical to the terms of the Altria Deferred Stock, provided, however, that (i) the Altria Deferred Stock and the Kraft Deferred Stock shall provide that individuals who are employees of the Kraft Group shall continue to be treated as employees of an Altria affiliate for purposes of continued vesting in the deferred stock, provided, however, that this treatment shall apply only to individuals who are employees of the Kraft Group on the Distribution Date or who are Kraft Transferees, and (ii) the Kraft Deferred Stock shall refer to both Kraft and Altria as appropriate to effectuate the intent of this Section 4.4.

(d) Consideration. As soon as practicable following the Distribution Date, Altria shall pay to Kraft the value of the Kraft Deferred Stock held by individuals who are Altria Group employees on the Distribution Date and Kraft shall pay to Altria the value of the Altria Deferred Stock held by Kraft Group employees. The parties shall settle the obligations of the preceding sentence in cash on a net basis such that the party required to pay the greater amount to the other shall pay the difference between the two amounts to the other. For purposes of this Section 4.4(d), the value of the Altria Deferred Stock or Kraft Deferred Stock shall be equal to the closing price on the NYSE of the underlying Altria or Kraft shares on the Distribution Date, reduced by assumed forfeitures based on the assumptions used for Statement of Financial Accounting Standards 123(R) purposes in Altria's most recent quarterly or annual financial reporting prepared before the Distribution Date for forfeitures by Altria Group employees (with respect to Kraft Deferred Stock held by Altria Group employees) and by Kraft Group employees (with respect to Altria Deferred Stock held by Kraft Group employees).

(e) Taxes. Altria shall reimburse any Altria Group employee, and Kraft shall reimburse any Kraft Group employee, who becomes liable for income taxes earlier or in an amount greater than would have been the case absent the implementation of Section 4.4(a) in an amount equal to the excess of (i) any income taxes to which such employee becomes liable over (ii) the present value of such income taxes had such income taxes

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been paid at such time as the Altria or Kraft Deferred Stock would otherwise have been subject to income taxes, assuming, for purposes of determining present value, the same value for Deferred Stock used for purposes of clause (i) of this sentence and a discount rate equal to the weighted average discount rate used for Altria's domestic pension plans at December 31, 2006, which was 5.9%. Any such reimbursement shall be further adjusted to hold the employee harmless from all additional taxes on the reimbursement payment itself. The amounts payable pursuant to this Section 4.4(e) shall be calculated using reasonable assumptions (in addition to those specified above) as may be determined by the third-party accounting firm or firms selected by the party responsible for the reimbursement.

4.5 Existing Kraft Equity Compensation.

(a) Consideration. As soon as practicable following the Distribution Date, Altria shall pay to Kraft the Fair Value of the Existing Kraft Options held by individuals who transferred employment from the Kraft Group to the Altria Group before the Distribution Date. As soon as practicable following the Distribution Date, Altria shall also pay to Kraft the value of the Existing Kraft Restricted Stock and Existing Kraft Deferred Stock held by individuals who transferred employment from the Kraft Group to the Altria Group before the Distribution Date. The value of the Existing Kraft Restricted Stock and Existing Kraft Deferred Stock shall be equal to the closing price on the NYSE of the underlying Kraft shares on the Distribution Date, reduced by assumed forfeitures based on the assumptions used for Statement of Financial Accounting Standards 123(R) purposes in Altria's most recent quarterly or annual financial reporting prepared before the Distribution Date for Altria Group employees (with respect to the relevant Altria equity compensation held by Altria Group employees).

(b) Employment Treatment. Equity compensation issued by Kraft before the Distribution Date shall provide that individuals who are Altria Transferees shall continue while employed by Altria to be treated as employees of a member of the Kraft Group for purposes of determining the exercise period of Kraft options and continued vesting in Kraft restricted stock and deferred stock.

4.6 Other.

(a) **Administration and Withholding.** Altria and Kraft agree that UBS Financial Services Inc. shall be the administrator and recordkeeper for the Adjusted Altria Options, Kraft Options, Altria-Kraft Options, Altria Restricted Stock, Kraft Restricted Stock, Altria Deferred Stock, and Kraft Deferred Stock for the life of the options, restricted stock and deferred stock, unless the parties mutually agree otherwise. Altria will be responsible for all payroll taxes, withholding, and reporting with respect to Equity Compensation of Altria Group employees (or individuals no longer performing services for the Altria Group or the Kraft Group but whose last employment was with the Altria Group). Kraft will be responsible for all payroll taxes, withholding, and reporting with respect to Equity Compensation of Kraft Group employees (or individuals no longer performing services for the Altria Group or the Kraft Group but whose last employment was with the Kraft Group). Altria and Kraft agree to designate the other party as an agent

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for withholding pursuant to IRS Revenue Procedure 70-6 and to accept such designation to effectuate the intent of this [Section 4.6\(a\)](#). Upon the exercise of an Adjusted Altria Option, Kraft Option, or Altria-Kraft Option, the exercise price shall be remitted by the option administrator to the issuer of the option (Altria or Kraft, as applicable) and the applicable withholding shall be remitted by the option administrator to the entity (Altria or Kraft, as applicable) responsible for payroll taxes, withholding, and reporting with respect to the option. Upon vesting or payment, as applicable, of Altria and Kraft Restricted Stock and Altria and Kraft Deferred Stock, the applicable withholding shall be remitted by the administrator to the entity (Altria or Kraft, as applicable) responsible for payroll taxes, withholding, and reporting with respect to the Restricted or Deferred Stock. With respect to dividends on Kraft Restricted Stock or dividend equivalents on Kraft Deferred Stock payable by Kraft to an Altria Group employee (or to an individual no longer performing services for the Altria Group or Kraft Group but whose last employment was with the Altria Group), Kraft shall make such payments to Altria, and Altria, as an agent for Kraft, shall make such payments to its employees and former employees and shall be responsible for payroll taxes, withholding, and reporting in accordance with this [Section 4.6\(a\)](#). With respect to dividends on Altria Restricted Stock or dividend equivalents on Altria Deferred Stock payable by Altria to a Kraft Group employee (or to an individual no longer performing services for the Altria Group or Kraft Group but whose last employment was with the Kraft Group), Altria shall make such payments to Kraft, and Kraft, as an agent for Altria, shall make such payments to its employees and former employees and shall be responsible for payroll taxes, withholding, and reporting in accordance with this [Section 4.6\(a\)](#). With respect to fractional shares of Kraft Restricted Stock payable by Altria to a Kraft Group employee (or to an individual no longer performing services for the Altria Group or Kraft Group but whose last employment was with the Kraft Group), Altria shall make such payments to Kraft, and Kraft, as an agent for Altria, shall make such payments to its employees and former employees and shall be responsible for payroll taxes, withholding, and reporting in accordance with this [Section 4.6\(a\)](#).

(b) **Tax Deductions.** With respect to the Equity Compensation held by individuals who are employees of the Altria Group at the time the Equity Compensation becomes taxable and individuals who are not employees of the Altria Group or Kraft Group at such time but were last employees of the Altria Group, Altria shall claim any federal, state, and/or local tax deductions after the Distribution Date, and Kraft shall not claim such deductions. With respect to the Equity Compensation held by individuals who are employees of the Kraft Group at the time the Equity Compensation becomes taxable and individuals who are not employees of the Altria Group or Kraft Group at such time but were last employees of the Kraft Group, Kraft shall claim any federal, state, and/or local tax deductions after the Distribution Date, and Altria shall not claim such deductions. If either Altria or Kraft determines in its reasonable judgment that there is a substantial likelihood that a tax deduction that was assigned to Altria or Kraft pursuant to this [Section 4.6\(b\)](#) will instead be available only to the other party (whether as a result of a determination by the Internal Revenue Service, a change in the Code or the regulations or guidance thereunder, or otherwise), it will notify the other party and both parties will negotiate in good faith to resolve the issue in accordance with the following principle: the party entitled to the deduction shall pay to the other party an amount that puts the

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other party in a financial position equivalent to the financial position the party would have been in had the party received the deduction as intended under this [Section 4.6\(b\)](#). Such amount shall be paid within 90 days of filing the last tax return necessary to make the determination described in the preceding sentence.

(c) **Intended Results; Tax Benefit.** If Altria determines in its reasonable judgment that any action required under this Article IV will not achieve the intended tax, accounting and legal results, including, without limitation, the intended results under Code Section 409A and Statement of Financial Accounting Standards 123(R), then at the request of Altria, Kraft and Altria shall mutually cooperate in taking such actions as are necessary or appropriate to achieve such results, or most nearly achieve such results if the originally-intended results are not fully attainable.

(d) **Registration.** Kraft shall register the Class A Common Stock relating to the Kraft Options and Kraft Deferred Stock and make any necessary filings with the appropriate governmental authorities as required under U.S. and foreign securities Laws.

ARTICLE V SAVINGS PLANS

5.1 **Maintenance of Stock Funds.**

(a) **Kraft.** The Kraft Savings Plans will be amended as of the Distribution Date to provide that no new amounts may be contributed to any fund in such Plans whose value is based on the value of Altria Common Stock (each, an "Altria Stock Fund") whether through employee contribution, employer contribution, dividend payment or intra-plan transfers. Kraft further will cause the Altria Stock Fund in each of the Kraft Savings Plans to be maintained until the fiduciary for the Plan, in exercise of its obligations under applicable Law, determines that the maintenance of such Altria Stock Fund is no longer consistent with ERISA.

(b) **Altria.** Each of the Altria Profit-Sharing Plans will be amended as of the Distribution Date: (A) to create a new fund whose value is based on the value of Class A Common Stock (each, a "Kraft Stock Fund"); (B) to enable the Kraft Stock Fund to receive shares of Class A Common Stock to be distributed in the Distribution on behalf of Plan participants; and (C) to provide that, following the Distribution, no new amounts may be contributed to a Kraft Stock Fund whether through employee contribution, employer contribution, dividend payment or intra-plan transfer. Altria further will cause the Kraft Stock Fund in each of the Altria Profit-Sharing Plans to be maintained until the fiduciary for the Plan, in exercise of its obligations under applicable Law, determines that the maintenance of such Kraft Stock Fund is no longer consistent with ERISA.

**ARTICLE VI
ALTRIA STOCK PURCHASE PLAN**

6.1 Termination of Participation. As of the Distribution Date, the Kraft Group Employees shall cease to be eligible to participate in the Altria Stock Purchase Plan, in accordance with the terms of such Plan.

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**ARTICLE VII
GENERAL AND ADMINISTRATIVE**

7.1 Sharing of Participant Information. Altria and Kraft shall share, Altria shall cause each applicable member of the Altria Group to share, and Kraft shall cause each applicable member of the Kraft Group to share, with each other and their respective agents and vendors (without obtaining releases), all participant information necessary for the efficient and accurate administration of each of the Altria Plans and the Kraft Plans, as well as the performance of their respective obligations under this Agreement. Altria and Kraft and their respective authorized agents shall, subject to applicable Laws on confidentiality, data protection and labor, be given reasonable and timely access to, and may make copies of, all information relating to the subjects of this Agreement in the custody of the other party, to the extent necessary for such administration. All participant information shall be provided in a manner and medium that is compatible with the data processing systems of Altria as in effect as of the Distribution Date, unless otherwise agreed to by Altria and Kraft. Altria and Kraft shall ensure that they each have in place appropriate technical and organizational security measures to protect the personal data of the transferring participants ("Personal Data"). Each of Altria and Kraft shall comply fully with its obligations under applicable Laws as controller of any Personal Data and shall do all such things as may be necessary to discharge such obligations.

7.2 No Third-Party Beneficiaries. No provision of this Agreement or the Distribution Agreement shall be construed to create any right, or accelerate entitlement, to any compensation or benefit whatsoever on the part of any Kraft Transferee, any Altria Transferee or other future, present, or former employee of Altria, a member of the Altria Group, Kraft or a member of the Kraft Group under any Altria Group Plan or Kraft Group Plan or otherwise. Without limiting the generality of the foregoing: (i) except as expressly provided in this Agreement, nothing in this Agreement shall preclude Kraft or any member of the Kraft Group, at any time after the Distribution Date, from amending, merging, modifying, terminating, eliminating, reducing, or otherwise altering in any respect any Kraft Group Plan, any benefit under any Plan or any trust, insurance policy or funding vehicle related to any Kraft Group Plan; and (ii) except as expressly provided in this Agreement, nothing in this Agreement shall preclude Altria or any member of the Altria Group, at any time after the Distribution Date, from amending, merging, modifying, terminating, eliminating, reducing, or otherwise altering in any respect any Altria Group Plan, any benefit under any Plan or any trust, insurance policy or funding vehicle related to any Altria Plan. In no event shall any provision of this Agreement be deemed to amend any Altria Group Plan or Kraft Group Plan.

7.3 Audit Rights with Respect to Information Provided.

(a) Each of Altria and Kraft, and their duly authorized representatives, shall have the right to conduct audits with respect to all information provided to it by the other party. The party conducting the audit (the "Auditing Party") shall have the sole discretion to determine the procedures and guidelines for conducting audits and the selection of audit representatives under this Section 7.3(a). The Auditing Party shall have

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the right to make copies of any records at its expense, subject to the confidentiality provisions set forth in the Distribution Agreement, which are incorporated by reference herein. The party being audited shall provide the Auditing Party's representatives with reasonable access during normal business hours to its operations, computer systems and paper and electronic files, and provide workspace to its representatives. After any audit is completed, the party being audited shall have the right to review a draft of the audit findings and to comment on those findings in writing within five business days after receiving such draft.

(b) The Auditing Party's audit rights under this Section 7.3(b) shall include the right to audit, or participate in an audit facilitated by the party being audited, of any Subsidiaries and Affiliates of the party being audited and of any benefit providers and third parties with whom the party being audited has a relationship, or agents of such party, to the extent any such persons are affected by or addressed in this Agreement (collectively, the "Non-parties"). The party being audited shall, upon written request from the Auditing Party, provide an individual (at the Auditing Party's expense) to supervise any audit of a Non-party. The Auditing Party shall be responsible for supplying, at the Auditing Party's expense, additional personnel sufficient to complete the audit in a reasonably timely manner. The responsibility of the party being audited shall be limited to providing, at the Auditing Party's expense, a single individual at each audited site for purposes of facilitating the audit.

7.4 Fiduciary Matters. Altria and Kraft each acknowledge that actions required to be taken pursuant to this Agreement may be subject to fiduciary duties or standards of conduct under ERISA or other applicable law, and no party shall be deemed to be in violation of this Agreement if it fails to comply with any provisions hereof based upon its good faith determination that to do so would violate such a fiduciary duty or standard. Each party shall be responsible for taking such actions as are deemed necessary and appropriate to comply with its own fiduciary responsibilities.

7.5 Collective Bargaining. To the extent any provision of this Agreement is contrary to the provisions of any collective bargaining agreement to which Altria or Kraft or their respective Affiliates is a party, the terms of such collective bargaining agreement shall prevail. Should any provisions of this Agreement be deemed to relate to a topic determined by an appropriate authority to be a mandatory subject of collective bargaining, Altria or Kraft may be obligated to bargain with the union representing affected employees concerning those subjects.

7.6 Consent of Third Parties. If any provision of this Agreement is dependent on the consent of any third party (such as a vendor or a union) and such consent is withheld, Altria and Kraft shall use their reasonable best efforts to implement the applicable provisions of this Agreement to the full extent practicable. If any provision of this Agreement cannot be implemented due to the failure of such third party to consent, Altria and Kraft shall negotiate

in good faith to implement the provision in a mutually satisfactory manner. The phrase “reasonable best efforts” as used herein shall not be construed to require the incurrence of any non-routine or unreasonable expense or Liability or the waiver of any right.

**ARTICLE VIII
INDEMNIFICATION**

8.1 Indemnification. All Liabilities retained or assumed by or allocated to Altria or the Altria Group pursuant to this Agreement shall be deemed to be Altria Group Liabilities for purposes of Article III of the Distribution Agreement, and all Liabilities retained or assumed by or allocated to Kraft or the Kraft Group pursuant to this Agreement shall be deemed to be Kraft Group Liabilities for the purposes of Article III of the Distribution Agreement.

**ARTICLE IX
MISCELLANEOUS**

9.1 Relationship of Parties. Nothing in this Agreement shall be deemed or construed by the parties or any third party as creating the relationship of principal and agent, partnership or joint venture between or among the parties, it being understood and agreed that no provision contained herein, and no act of the parties, shall be deemed to create any relationship between the parties other than the relationship set forth herein.

9.2 Affiliates. Each of Altria and Kraft shall cause to be performed, and hereby guarantees the performance of, all actions, agreements and obligations set forth in this Agreement to be performed by a member of the Altria Group or a member of the Kraft Group.

9.3 Employee Communications. Kraft will coordinate with Altria all written and electronic communications to the Kraft Group employees regarding the terms of this Employee Matters Agreement to assure that all such communications are uniform, consistent and accurate.

9.4 Incorporation of Distribution Agreement Provisions. The following provisions of the Distribution Agreement are hereby incorporated herein by reference, and unless otherwise expressly specified herein, such provisions shall apply as if fully set forth herein (references in this Section 9.4 to an “Article” or “Section” shall mean Articles or Sections of the Distribution Agreement, and, except as expressly set forth below, references in the material incorporated herein by reference shall be references to the Distribution Agreement): Article III (relating to Mutual Releases and Indemnification); Article IV (relating to certain Additional Covenants); Article V (relating to Access to Information); Article VI (relating to Dispute Resolution); and Article IX (relating to Miscellaneous).

9.5 Governing Law. To the extent not preempted by applicable federal law, this Agreement shall be governed by, construed and interpreted in accordance with the laws of the Commonwealth of Virginia (other than the laws regarding the choice of laws and conflict of laws as to all matters), including matters of validity, construction, effect, performance and remedies provided, however, that the Arbitration Act shall govern the matter described in Article VIII.

9.6 References. Except as provided in Section 9.4 hereof, all references to Sections, Articles or Schedules contained herein mean Sections, Articles or Schedules of or to this Agreement, as the case may be, unless otherwise stated.

IN WITNESS WHEREOF, the parties have caused this Employee Matters Agreement to be duly executed as of the day and year first above written.

ALTRIA GROUP, INC.

By: /s/ Louis C. Camilleri
Name: Louis C. Camilleri
Title: Chairman and Chief Executive Officer

KRAFT FOODS INC.

By: /s/ Irene B. Rosenfeld
Name: Irene B. Rosenfeld
Title: Chief Executive Officer

TAX SHARING AGREEMENT

BY AND BETWEEN

ALTRIA GROUP, INC.

AND

KRAFT FOODS INC.

DATED AS OF MARCH 30, 2007

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TAX SHARING AGREEMENT

THIS TAX SHARING AGREEMENT dated as of March 30, 2007 (the “Agreement”) is between Altria Group, Inc., a Virginia corporation (“Altria”), and Kraft Foods Inc., a Virginia corporation (“Kraft”) (sometimes referred to herein individually as “Party”, or together, as “Parties”).

W I T N E S S E T H:

WHEREAS, Altria is the common parent corporation of an affiliated group of corporations (the “Altria Consolidated Return Group”) within the meaning of Section 1504(a) of the Internal Revenue Code of 1986, as amended (the “Code”);

WHEREAS, Kraft is a member of the affiliated group of corporations with respect to which Altria is the common parent corporation;

WHEREAS, as set forth in the Distribution Agreement by and between Altria and Kraft, dated as of January 31, 2007 (the “Distribution Agreement”), and subject to the terms and conditions thereof, Altria will distribute on a pro rata basis to the holders of Altria common stock all of the outstanding shares of Kraft common stock then owned by Altria (the “Distribution”);

WHEREAS, the Distribution is intended to qualify as a tax-free distribution to Altria and its shareholders under Section 355 of the Code; and

WHEREAS, in contemplation of the Distribution, pursuant to which Kraft (and its direct and indirect Subsidiaries) will cease to be a member of the Altria Consolidated Return Group, the Parties hereto have determined to enter into this Agreement, setting forth their agreement with respect to certain tax matters;

NOW, THEREFORE in consideration of the premises and mutual covenants herein contained, the Parties hereby agree as follows:

ARTICLE I

DEFINITIONS

1.01 General. For the purposes of this Agreement, the terms set forth below shall have the following meanings.

“Altria Non-Food Group” means Altria and any direct or indirect Subsidiary of Altria that is not also a member of the Kraft Group or otherwise a direct or indirect Subsidiary of Kraft and that would be eligible, from time to time, to join with Altria, with respect to Federal Income Taxes, in the filing of a consolidated United States Federal Income Tax return and, with respect to Combined State Taxes, in the filing of a consolidated, combined or unitary income or franchise tax return.

“Altria Non-Food Group Tax” means (i) the Federal Income Tax liability of the Altria Consolidated Return Group less the Kraft Federal Income Tax Liability; (ii) the Altria Combined State Tax liability less the Kraft Combined State Tax Liability; (iii) any other Tax imposed on any member of the Altria Non-Food Group or, with respect to any taxable year, any other Tax imposed on any direct or indirect Subsidiary of Altria (excluding, however, the Kraft Group and any direct or indirect Subsidiary of Kraft) that is not a member of the Altria Non-Food Group; and (iv) liability of any member of the Altria Non-Food Group for the payment of any amounts of the type described in (i), (ii) or (iii) as a result of any express or implied obligation to indemnify any other person.

“Combined State Tax” means, with respect to each state or local taxing jurisdiction, any income or franchise tax payable to such state or local taxing jurisdiction in which a member of the Kraft Group files tax returns with a member of the Altria Consolidated Return Group that is not also a member of the Kraft Group on a consolidated, combined or unitary basis for purposes of such income or franchise tax.

“Distribution Date” shall mean the date on which the Distribution becomes effective.

“Distribution Taxes” shall mean any Taxes imposed on, increase in Taxes incurred by, or reduction of a Tax Asset of Altria, and any Taxes of an Altria shareholder that are paid or reimbursed by Altria, together with any fines or penalties, pursuant to a Final Determination resulting from, or arising in

connection with, the failure of the Distribution to qualify as a tax-free transaction under Section 355 of the Code (including, without limitation, any Tax resulting from the application of Section 355(d) or Section 355(e) to the Distribution) or corresponding provisions of the laws of any other jurisdictions. Any Tax referred to in the immediately preceding sentence shall be determined using the highest applicable statutory corporate income tax rate for the relevant taxable period (or portion thereof).

“Effective Realization” (and the correlative term “Effectively Realized”) means, with respect to a tax saving or tax benefit, including from the use of any Tax Asset, the earliest to occur of (i) the receipt by Altria or Kraft (or any other member of Altria Non-Food Group or Kraft Group) of cash from a Taxing Authority reflecting such tax saving or tax benefit, or (ii) the application of such tax saving or tax benefit to reduce any payments, including estimated tax payments, with respect to (A) the tax liability on a return of any of such entities or of any consolidated group of which any of such entities is

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a member, or (B) any other outstanding tax liability of any of such entities or of any such consolidated group, provided that any reference in this definition to tax shall include, without limitation, a reference to a recovery of statutory interest.

“Federal Income Tax” means any Tax imposed under Subtitle A of the Code and any related interest and any penalties, additions to such Tax, or additional amounts imposed with respect thereto.

“Final Determination” shall mean (i) with respect to Federal Income Taxes, a “determination” as defined in Section 1313(a) of the Code or execution of an Internal Revenue Service Form 870-AD and, with respect to taxes other than Federal Income Taxes, any decision, judgment, decree or other order by a court of competent jurisdiction that, under applicable law, is not subject to further appeal, review or modification through proceedings or otherwise; (ii) a closing agreement or accepted offer in compromise under Sections 7121 or 7122 of the Code, or a comparable agreement under the laws of a State, local, or foreign taxing jurisdiction; (iii) the payment of tax by any member of the Altria Consolidated Return Group with respect to any item disallowed or adjusted by a Taxing Authority, provided that Altria determines that no action should be taken to recoup such payment; or (iv) any other final disposition, by mutual agreement of the Parties or by reason of the expiration of a statute of limitations or period for the filing of claims for refunds, amended returns, or appeals from adverse determinations.

“Kraft Combined State Tax Liability” shall mean, with respect to any taxable period (or portion thereof) in the Pre-Distribution Period, an amount of Combined State Taxes, including any interest, penalties and other additions to such taxes for such taxable year except to the extent attributable to Altria’s negligence, determined by taking the total separately computed state income or franchise tax liabilities of the Kraft Group over the total separately computed state income or franchise tax liabilities of the Altria Consolidated Return Group multiplied by the combined state income or franchise tax liability of the Altria Consolidated Return Group.

“Kraft Current Federal Income Tax Provision” shall mean, with respect to any financial statement year (or portion thereof) in the Pre-Distribution Period, the sum of the Kraft Group’s current federal income tax provision determined in accordance with U.S. Generally Accepted Accounting Principles (“GAAP”) recorded on the Kraft Group’s books and records and reported in the Kraft Group’s published financial statements.

“Kraft Federal Income Tax Liability” shall mean, with respect to any taxable period (or portion thereof) in the Pre-Distribution Period, the sum of the Kraft Group’s Federal Income Tax liability and other additions to such Taxes except to the extent attributable to Altria’s negligence (as determined under the applicable principles of agency law rather than Section 6662 of the Code) for such taxable period (or portion thereof), computed as if the Kraft Group were not and never were part of the Altria

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Consolidated Return Group, but rather were a separate affiliated group of corporations filing a consolidated United States Federal Income Tax return pursuant to Section 1501 of the Code (provided, however, that transactions with members of the Altria Non-Food Group or between members of the Kraft Group shall be reflected according to the provisions of the consolidated return regulations promulgated under the Code governing intercompany transactions). Such computation shall be made: (A) without regard to the income, deductions (including net operating loss and capital loss deductions) and credits in any year of any member of the Altria Consolidated Return Group that is not a member of the Kraft Group, (B) by taking account of any Tax Asset of the Kraft Group in accordance with Section 2.02(e) hereof, (C) with regard to net operating loss and capital loss carryforwards and carrybacks and minimum tax credits from earlier years of the Kraft Group, (D) as though the highest rate of tax specified in Section 11(b) of the Code were the only rate set forth in that subsection, and (E) reflecting the positions, elections and accounting methods and periods used with respect to the Kraft Group in preparing the Altria consolidated Federal Income Tax return.

“Kraft Group” shall mean Kraft and any direct or indirect Subsidiary of Kraft that would be eligible, from time to time, to join with Kraft, with respect to Federal Income Taxes, in the filing of a consolidated United States Federal Income Tax return and, with respect to Combined State Taxes, in the filing of a consolidated, combined or unitary income or franchise tax return if Kraft were not a member of the Altria Consolidated Return Group.

“Kraft Group Tax” means (i) Kraft Federal Income Tax Liability; (ii) Kraft Combined State Tax Liability; (iii) any other Tax imposed on any member of the Kraft Group with respect to any taxable year, or, with respect to any taxable year, any other Tax imposed on any direct or indirect Subsidiary of Kraft that is not a member of the Kraft Group; and (iv) liability of any member of the Kraft Group for the payment of any amounts of the type described in (i), (ii) or (iii) as a result of any express or implied obligation to indemnify any other person.

“Kraft Pro Forma Combined State Return” means, for each state in which a combined state income tax return may be filed, either a formal combined state income tax return, or, in the alternative, a schedule on which the Kraft Combined State Tax Liability is reflected.

“Kraft Pro Forma Federal Return” means either a formal Form 1120, or, in the alternative, a schedule on which the Kraft Federal Income Tax Liability is reflected.

“Post-Distribution Period” means any taxable period (or portion thereof) beginning after the close of business on the Distribution Date.

“Pre-Distribution Period” means any taxable period (or portion thereof) ending on or before the close of business on the Distribution Date.

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“Subsidiary” means any corporation or other legal entity (or any successor thereto) directly or indirectly “controlled”, where “control” means the ownership of 50% or more of the ownership interests (by vote or value) of such corporation or other legal entity (or any successor thereto) or the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of such corporation or other legal entity.

“Tax” or “Taxes” shall mean all national, federal, state (including, but not limited to the Ohio Commercial Activities tax or the Texas Margin tax), county, local, foreign or other taxes, levies, or imposts, including any net income, alternative or add-on minimum tax, gross income, gross receipts, sales, use, ad valorem, value added, transfer, franchise, profits, license, withholding, payroll, employment, excise, severance, stamp, capital stock, occupation, property, real property gains, social security or disability, environmental or windfall profit tax, premium, custom duty or other tax, governmental fee, or other like assessment or charge of any kind whatsoever, together with any interest, penalty, addition to tax or additional amount imposed by any Taxing Authority responsible for the imposition of any such tax (United States or non-United States).

“Tax Asset” means any federal or state net operating loss, net capital loss, general business credit, foreign tax credit, charitable deduction, or any other loss, credit, deduction, or tax attribute which could reduce any Tax (including, without limitation, deductions, credits, alternative minimum net operating loss carryforwards related to alternative minimum taxes or additions to the basis of property).

“Taxing Authority” means any governmental authority (whether United States or non-United States, and including, without limitation, any state, municipality, political subdivision or governmental agency) responsible for the imposition of any Tax.

“Tax Contest” means any audit, review, examination, assessment, notice of deficiency or any other administrative or judicial proceeding with the purpose or effect of redetermining any Taxes (including any administrative or judicial review of any claim for refund).

“Tax-Free Status” means qualification of the Distribution as tax-free under Section 355 of the Code.

“Tax Opinion Document” means the tax opinion related to the Distribution delivered by Sutherland Asbill & Brennan LLP (“Tax Advisor”) and including all exhibits thereto, which contain, inter alia, information and representations provided by Altria and Kraft in connection with the Distribution.

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ARTICLE II

TAX SHARING

2.01 General. For each taxable year of the Altria Consolidated Return Group for which a United States consolidated Federal Income Tax return is filed that includes any Pre-Distribution Period of the Kraft Group, Kraft shall pay to Altria an amount equal to the sum of the Kraft Federal Income Tax Liability for such taxable year as shown on a Kraft Pro Forma Federal Return. For each taxable year of the Altria Consolidated Return Group for which a Combined State Tax return is filed that includes any Pre-Distribution Period of the Kraft Group, Kraft shall pay to Altria an amount equal to the Kraft Combined State Tax Liability for such taxable year as shown on a Kraft Pro Forma Combined State Return.

2.02 Payment of Taxes.

(a) Estimated Payments. Not later than thirty days after the Distribution Date, Kraft shall identify on its books the Kraft Current Federal Income Tax Provision for that portion of the current quarter that ends on the Distribution Date, determined in accordance with United States GAAP, and shall transfer such amount to Altria within thirty days after the Distribution Date.

(b) Preparation and Delivery of Estimated Pro Formas. On a date that is at least thirty days prior to the due date for the Altria Consolidated Return Group’s consolidated Federal Income Tax return for a taxable year to which Section 2.01 of this Agreement applies, Kraft shall deliver to Altria a Kraft Pro Forma Federal Return reflecting the Kraft Federal Income Tax Liability on an estimated basis. On a date that is at least ten days prior to the due date for each Combined State Tax return for a taxable year to which Section 2.01 of this Agreement applies, Kraft shall deliver to Altria a Kraft Pro Forma Combined State Return (together with the Kraft Pro Forma Federal Return, the “Kraft Pro Forma Returns”) reflecting the relevant Kraft Combined State Tax Liability on an estimated basis. Kraft’s preparation and delivery of the Kraft Pro Forma Federal Return shall include related schedules and returns, including, but not limited to, preparation of Form 1118 or in the alternative, a schedule reflecting what is on Form 1118, for purposes of computing any separate foreign tax credit limitation under Section 904(d) of the Code.

(c) Preparation and Delivery of Final Pro Formas. On or before November 1 following the end of any taxable year to which Section 2.01 of this Agreement applies, Altria shall deliver to Kraft a Kraft Pro Forma Federal Return reflecting the Kraft Federal Income Tax Liability. On or before December 15 following the end of any taxable year to which Section 2.01 of this Agreement applies, Altria shall deliver to Kraft a Kraft Pro Forma Combined State Return reflecting the relevant Kraft

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Combined State Tax Liability. Altria's preparation and delivery of the Kraft Pro Forma Federal Return hereunder shall include related schedules and returns, including, but not limited to, preparation of Form 1118 or in the alternative, a schedule reflecting what is on Form 1118, for purposes of computing any separate foreign tax credit limitation under Section 904(d) of the Code.

(d) Reconciliation of Payments. On or before November 1 following the end of any taxable year to which Section 2.01 of this Agreement applies, Kraft shall pay to Altria, or Altria shall pay to Kraft, as appropriate, an amount equal to the difference, if any, between: (x) the Kraft Federal Income Tax Liability reflected on the Kraft Pro Forma Federal Return for such year; and (y) the aggregate amount of the payments of the Kraft Current Federal Income Tax Provision for such year made pursuant to Section 2.02(a) of this Agreement or Section 2(b)(i) of the prior tax sharing agreement entered into by the Parties on April 11, 2001 ("Prior Agreement"). On or before December 15 following the end of any taxable year to which Section 2.01 of this Agreement applies, Kraft shall pay to Altria the Kraft Combined State Tax Liability as reflected on the Kraft Pro Forma Combined State Return.

(e) Use of Tax Assets. If a Kraft Pro Forma Return reflects a Tax Asset that may under applicable law be used to reduce a Federal Income Tax or Combined State Tax liability of the Altria Non-Food Group for any taxable period, Altria shall pay to Kraft, or shall reduce the amount owed by Kraft to Altria by, an amount equal to the actual tax saving produced by such Tax Asset within thirty days after such tax saving has been Effectively Realized by the Altria Non-Food Group. The amount of any such tax saving for any taxable period shall be the amount of the reduction in Taxes payable to a Taxing Authority with respect to such tax period, including with respect to any estimated Tax payments, as compared to the Taxes that would have been payable to a Taxing Authority by the Altria Non-Food Group with respect to such tax period in the absence of such Tax Asset. To the extent Kraft has been compensated for any Tax Asset prior to the filing of a final tax return for any year, including with respect to any estimated payments for such year, Altria shall pay to Kraft, or Kraft shall pay to Altria, as appropriate, the difference between the amount Effectively Realized with respect to each Tax Asset with respect to such interim payments and the amount Effectively Realized with respect to the filing of the final tax return.

2.03 Carrybacks from Post-Distribution Period.

(a) Within thirty days after Effective Realization by the Altria Consolidated Return Group, Altria agrees to pay to Kraft the actual tax benefit from the carryback of any Tax Asset of the Kraft Group from a Post-Distribution Period. Such benefit shall be equal to the excess of (i) the amount of Federal Income Taxes or Combined State Taxes, as the case may be, that would have been payable (or of the Federal Income Tax or Combined State Tax refund actually receivable) by the Altria Consolidated Group for such period in the absence of such carryback, over (ii) the

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amount of Federal Income Taxes or Combined State Taxes, as the case may be, actually payable for such period (or of the Federal Income Tax or Combined State Tax refund that would have been receivable) by the Altria Consolidated Return Group.

(b) If, subsequent to the payment by Altria to Kraft of any amount pursuant to (or in accordance with the principles of) Section 2.03(a), there shall be a Final Determination that results in a disallowance or a reduction of the Tax Asset of the Kraft Group so carried back, Kraft shall repay to Altria, within thirty days after such Final Determination, any amount that would not have been payable to Kraft pursuant to (or in accordance with the principles of) Section 2.03(a) of this Agreement had the amount of the tax benefit been determined in light of the Final Determination. In addition, Kraft shall hold each member of the Altria Non-Food Group harmless from any penalty or interest payable by any member of the Altria Non-Food Group as a result of any such Final Determination. Any such amount shall be paid by Kraft within thirty days of the payment by the Altria Non-Food Group of any such penalty or interest.

2.04 Preparation of Returns.

(a) For each taxable year to which Section 2.01 of this Agreement applies that the Altria Consolidated Return Group elects to file a consolidated Federal Income Tax return as permitted by Section 1501 of the Code or any Combined State Tax return, Altria shall prepare and file such return and any other returns, documents or statements required to be filed with the Internal Revenue Service with respect to the determination of the Federal Income Tax liability of the Altria Consolidated Return Group and with the appropriate Taxing Authorities with respect to the determination of the Combined State Tax liability of the Altria Consolidated Return Group. With respect to such return preparation, Altria shall not discriminate among any members of the Altria Consolidated Return Group. Altria shall have the right with respect to any consolidated Federal Income Tax returns or Combined State Tax returns that it has filed or will file to determine (i) the manner in which such returns, documents or statements shall be prepared and filed, including, without limitation, the manner in which any item of income, gain, loss, deduction or credit shall be reported; (ii) whether any extensions should be requested; and (iii) the elections that will be made by any member of the Altria Consolidated Return Group. Each member of the Kraft Group hereby irrevocably appoints Altria as its agent and attorney-in-fact to take any action (including the execution of documents) Altria may deem necessary or appropriate to implement this Section 2.04.

(b) With respect to any Tax return other than a United States consolidated Federal Income Tax return that includes any Pre-Distribution Period of the Kraft Group or any Combined State Tax return, the Party that bears indemnification responsibility under Article IV of this Agreement shall be responsible for the preparation and filing of such Tax return; provided, however, that in the preparation and filing of such Tax return, such Party shall not take any position (or make any election) that is

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inconsistent with any position or election made by Altria in connection with the preparation and filing of any United States consolidated Federal Income Tax return that includes any Pre-Distribution Period of the Kraft Group or any Combined State Tax return.

ARTICLE III

REFUNDS

3.01 Refunds.

(a) If, with respect to any Kraft Group Tax, Altria receives a refund, offset or credit, Altria shall remit to Kraft within thirty days of Effective Realization the amount of such refund, offset or credit, together with any interest received thereon.

(b) If, with respect to any Altria Non-Food Group Tax, Kraft receives a refund, offset or credit, Kraft shall remit to Altria within thirty days of Effective Realization the amount of such refund, offset or credit, together with any interest received thereon.

(c) Any payments required to be made by Sections 3.01(a) or 3.01(b) of this Agreement shall be paid net of any Tax liability to a Party resulting from such Party's receipt of such refund from the Taxing Authority.

ARTICLE IV

INDEMNIFICATION

4.01 General Indemnification.

(a) Altria will indemnify each member of the Kraft Group or any other direct or indirect Subsidiary of Kraft against and hold it harmless from (1) any Altria Non-Food Group Tax or any adjustments made by a Taxing Authority that would result in an increase in any Altria Non-Food Group Tax (including, but not limited to, any Taxes or adjustments attributable to taxable years ending prior to January 1, 2001); and (2) all liabilities, costs, expenses (including, without limitation, reasonable expenses of investigation and attorney's fees and expenses), losses, damages, assessments, settlements or judgments arising out of or incident to the imposition, assessment or assertion of any Tax or adjustment described in this subsection. Notwithstanding any other provision of this Agreement to the contrary, Altria's indemnification responsibility for Distribution Taxes, if any, shall be determined solely under Section 4.02(a) of this Agreement.

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(b) Kraft will indemnify each member of the Altria Non-Food Group or any other direct or indirect Subsidiary of Altria other than a member of the Kraft Group or any other direct or indirect Subsidiary of Kraft against and hold it harmless from (1) any Kraft Group Tax, or any adjustments made by a Taxing Authority that would result in an increase in any Kraft Group Tax (including, but not limited to, any Taxes or adjustments attributable to taxable years ending prior to January 1, 2001), or any adjustments by a Taxing Authority that result in a disallowance or reduction of any Tax Asset of the Kraft Group that was used to reduce any Altria Non-Food Group Tax; and (2) all liabilities, costs, expenses (including, without limitation, reasonable expenses of investigation and attorney's fees and expenses), losses, damages, assessments, settlements or judgments arising out of or incident to the imposition, assessment or assertion of any Tax or adjustment described in this subsection. Notwithstanding any other provision of this Agreement to the contrary, Kraft's indemnification responsibility for Distribution Taxes, if any, shall be determined solely under Section 4.02(b) of this Agreement.

4.02 Indemnification for Distribution Taxes.

(a) Notwithstanding any other provision of this Agreement to the contrary, Altria shall indemnify and hold harmless each member of the Kraft Group or any other direct or indirect Subsidiary of Kraft from and against (1) any and all Distribution Taxes that are not the responsibility of Kraft pursuant to Section 4.02(b) of this Agreement and (2) all liabilities, costs, expenses (including, without limitation, reasonable expenses of investigation and attorney's fees and expenses), losses, damages, assessments, settlements or judgments arising out of or incident to the imposition, assessment or assertion of any Tax or adjustment described in this subsection.

(b) Notwithstanding any other provision of this Agreement to the contrary, Kraft agrees to indemnify and hold harmless each member of the Altria Non-Food Group or any other direct or indirect Subsidiary of Altria other than a member of the Kraft Group or any other direct or indirect Subsidiary of Kraft from and against (1) any and all Distribution Taxes resulting from or attributable to (i) any act or failure to act on the part of Kraft (or any member of the Kraft Group or any other direct or indirect Subsidiary of Kraft) following the Distribution; or (ii) any breach by Kraft (or any other member of Kraft Group or any other direct or indirect Subsidiary of Kraft) of any of the representations or covenants set forth in Articles V and VI of this Agreement or any representations or covenants made by Kraft in the Tax Opinion Document and (2) all liabilities, costs, expenses (including, without limitation, reasonable expenses of investigation and attorney's fees and expenses), losses, damages, assessments, settlements or judgments arising out of or incident to the imposition, assessment or assertion of any Tax or adjustment described in this subsection.

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4.03 Indemnification Payments. In the event that a Party is entitled to receive indemnification under this Article IV with respect to any Tax for which there has been a Final Determination, such Party ("Indemnified Party") shall send to the other Party ("Indemnifying Party") an invoice requesting payment accompanied by a statement describing in reasonable detail the amount owed and the particulars relating thereto. The Indemnifying Party shall pay to the Indemnified Party any payment owed under this Article IV within thirty days (or within another time period mutually agreed to by the Parties) after the receipt of the invoice for such payment.

ARTICLE V

REPRESENTATIONS

5.01 Altria and Kraft Representations. Altria and Kraft each represent that the information and representations furnished by Altria or Kraft, as the case may be, in any Tax Opinion Document are accurate and complete as of the date hereof.

ARTICLE VI

COVENANTS

6.01 Altria and Kraft Covenants. Altria and Kraft each covenant (1) to use its best efforts to verify that the foregoing representations made by it in Article V are accurate and complete as of the Distribution Date and (2) if, after the date hereof, it obtains information indicating, or otherwise becomes aware, that any such representations are or may be inaccurate or incomplete, promptly to inform Altria or Kraft, as the case may be.

6.02 Specific Kraft Covenants. Kraft may take actions inconsistent with the representations in Section 5.01 of this Agreement and covenants in this Section 6.02 only if, prior to taking such action, Kraft (1) provides notification, upon determining that it shall pursue such action, to Altria of its plans with respect to such action, and promptly responds to any inquiries made by Altria following such notification, and (2) obtains Altria's written consent to such action (such consent not to be unreasonably withheld). Notwithstanding the foregoing, any Altria consent shall not relieve Kraft of any of its liabilities or obligations under this Agreement, including, but not limited to, any Kraft indemnity obligation arising under Section 4.02(b) of this Agreement. Kraft covenants to Altria that:

(a) During the two-year period following the Distribution Date, Kraft will not liquidate or merge or consolidate with any other person in one or more transactions pursuant to which the shareholders of the other person(s) in such

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transaction(s) hold directly or indirectly a forty percent or greater interest (by vote or value) in the combined company.

(b) During the two-year period following the Distribution Date, Kraft and each of its Subsidiaries will not transfer all or substantially all of its assets in a transaction, including all or substantially all of the assets of Kraft's active trade or business used to satisfy Section 355(b) of the Code.

(c) During the two-year period following the Distribution Date, Kraft will continue the active conduct of its trade or business used to satisfy Section 355(b) of the Code.

(d) Kraft will not redeem or repurchase Kraft stock in a manner contrary to the requirements of Revenue Procedure 96-30 or in any other manner contrary to the representations made in the Tax Opinion Document.

(e) During the two-year period following the Distribution Date, Kraft will not issue, in one or more transactions, Kraft stock (or any instrument that is convertible or exchangeable into such Kraft stock) that in the aggregate represents more than a forty percent interest (by vote or value) of Kraft.

(f) During the two-year period following the Distribution Date, Kraft will not enter into any negotiations, agreements, understandings, or arrangements with respect to transactions or events (including, without limitation, stock issuances, pursuant to the exercise of options or otherwise, option grants, capital contributions or acquisitions or a series of such transactions or events, but excluding the Distribution) that may alone or in the aggregate cause the Distribution to be treated as part of a plan (i) pursuant to which one or more persons would acquire directly or indirectly stock of Kraft representing a forty percent or greater interest (by vote or value); or (ii) which would result in a transaction described in Section 6.02(a) above.

(g) Kraft will not otherwise take any action or fail to take any other action, which action or failure to act may result in Distribution Taxes.

(h) For purposes of paragraphs (a), (e) and (f) of Section 6.02, whether a forty percent or greater ownership change is or would be involved in one or more transactions shall be determined under multiple methods that reflect the differing number of Kraft shares outstanding at various times (e.g., on the Distribution Date, immediately prior to each transaction, etc.) and the method chosen shall be the one that results in the largest potential ownership change.

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ARTICLE VII

TAX CONTESTS

7.01 Representation with Respect to Tax Contests. Altria shall have the right to (i) contest, compromise, or settle any adjustment or deficiency proposed, asserted or assessed as a result of any audit of any consolidated or combined return filed by the Altria Consolidated Return Group; (ii) file, prosecute, compromise or settle any claim for refund; and (iii) determine whether any refunds to which the Altria Consolidated Return Group may be entitled shall be received by way of refund or credited against the tax liability of the Altria Consolidated Return Group; provided, however, that Altria shall be obligated to act in good faith with respect to any Tax Contest of any consolidated or combined return filed by the Altria Consolidated Return Group which involves a Tax or adjustment for which Kraft is liable pursuant to this Agreement ("Kraft Tax Contest"). Specifically, Altria shall, in good faith, (i) consult with Kraft regarding its comments with respect to any such Kraft Tax Contest, including any correspondence or filings submitted in connection therewith; (ii) consult with Kraft as to strategy and settlement decisions with respect to any Kraft Tax Contest, including any correspondence or filings submitted in connection therewith; and (iii) use its best efforts to arrive at a settlement of any such Kraft Tax Contest that reflects the ultimate merits of the issues without taking into account the fact that Kraft is liable for the Tax or adjustment under this Agreement.

(a) With respect to any Kraft Tax Contest, Altria shall (i) keep Kraft informed in a timely manner of all actions taken or proposed to be taken by Altria and (ii) timely provide Kraft with copies of any correspondence or filings submitted to any Taxing Authority in connection with any contest, litigation, compromise or settlement relating to any such adjustment in any such Tax Contest. In addition, with respect to any Tax Contest in which a Taxing Authority has asserted a position that may result in a Kraft indemnification obligation arising under Section 4.02(b) of this Agreement, Kraft shall have the right, at its own expense, to attend and participate in any such Tax Contest.

(b) The failure of Altria timely to forward notification in accordance with Section 7.01(a) shall not relieve Kraft of any obligation to pay such Tax or adjustment or indemnify Altria, except to the extent Kraft was actually materially prejudiced by such failure, and in no event shall such failure relieve Kraft from any other liability or obligation which it may have to Altria.

ARTICLE VIII

PAYMENTS

8.01 Method of Payment. All payments required by this Agreement shall be made by (1) wire transfer to the appropriate bank account as may from time to time be designated by the Parties for such purpose, or (2) any other method agreed to by the

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Parties. All payments due under this Agreement shall be deemed to be paid when available funds are actually received by the payee.

8.02 Interest. Any payment required by this Agreement that is not made on or before the date required hereunder shall bear interest, from and after such date through the date of payment, calculated at the rate determined under Section 6621(a)(2) of the Code as modified by Section 6621(c) of the Code or as otherwise determined by any relevant Taxing Authority.

8.03 Characterization of Payments. For all Tax purposes, the Parties hereto agree to treat, and to cause their respective affiliates to treat, (1) any payment required by this Agreement (to the extent not otherwise treated as a payment in respect of an existing intercompany account) either as a contribution by Altria to Kraft or a distribution by Kraft to Altria, as the case may be, occurring immediately prior to the Distribution and (2) any payment of interest or non-Federal Income Taxes by or to a Tax Authority, as taxable or deductible, as the case may be, to the Parties entitled under this Agreement to retain such payment or required under this Agreement to make such payment, in either case, except as otherwise mandated by applicable law or a Final Determination; provided that in the event it is determined (i) pursuant to applicable law that it is more likely than not, or (ii) pursuant to a Final Determination, that any such treatment is not permissible (or that an Indemnified Party nevertheless suffers an income Tax or other Tax detriment as a result of such payment), the payment in question shall be adjusted to place the Indemnified Party in the same after-tax position it would have enjoyed absent such applicable law or Final Determination.

ARTICLE IX

MISCELLANEOUS

9.01 Allocation. Altria may, at its option, elect, and the Kraft Group shall join it in electing (if necessary), to ratably allocate items (other than extraordinary items) of the Kraft Group in accordance with relevant provisions of Treasury Regulations Section 1.1502-76. If Altria makes such an election, the members of the Kraft Group shall provide to Altria such statements as are required under the regulations and other appropriate assistance.

9.02 Payment of Reserves. Within thirty days after the Distribution Date, Altria shall pay to Kraft an amount equal to the Federal Income Tax reserve for uncertain Tax positions attributable to the Kraft Group and recorded on the books and records of Altria as of the Distribution Date. The amount paid by Altria to Kraft under this Section 9.02 shall include interest at the intercompany rate accruing on such reserve amounts from the later of January 1, 2001 or the various dates on which Kraft paid particular amounts to Altria with respect to such reserve, through the date that Altria pays the amount equal to the reserve to Kraft pursuant to this Section 9.02.

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9.03 Cooperation and Exchange of Information.

(a) Altria and Kraft shall each cooperate fully with all reasonable requests from the other Party in connection with the preparation and filing of Tax returns, claims for refund, and audits concerning issues or other matters covered by this Agreement (including, without limitation, cooperating in meeting those deadlines as established and reasonably determined by Altria to be necessary to facilitate the timely filing of any United States consolidated Federal Income Tax return of the Altria Consolidated Return Group). Such cooperation shall include, without limitation:

(i) the retention until the expiration of the applicable statute of limitations, and the provision upon request, of Tax returns, books, records (including information regarding ownership and Tax basis of property), documentation and other information relating to the Tax returns, including accompanying schedules, related work papers, and documents relating to rulings or other determinations by Taxing Authorities;

(ii) the execution of any document that may be necessary or reasonably helpful in connection with any audit, or the filing of a Tax return or refund claim by a member of the Altria Non-Food Group or the Kraft Group, including certification, to the best of a Party's knowledge, of the accuracy and completeness of the information it has supplied;

(iii) for each taxable year of the Altria Consolidated Return Group for which a United States consolidated Federal Income Tax return is filed that includes any Pre-Distribution Period of the Kraft Group, the use of the same tax preparation software required to facilitate the filing of the Altria Group Consolidated Return;

(iv) the use of the Party's best efforts to obtain any documentation that may be necessary or reasonably helpful in connection with any of the foregoing. Each Party shall make its employees and facilities available on a reasonable and mutually convenient basis in connection with the foregoing matters; and

(v) the participation in regularly scheduled meetings between the Parties to further the purposes of this Agreement.

(b) If a Party fails to comply with any of its obligations set forth in Section 9.03(a) of this Agreement upon reasonable request and notice by the other Party, and such failure results in the imposition of additional Taxes, the nonperforming Party shall be liable in full for such additional Taxes.

9.04 Retention of Records. A Party intending to dispose of documentation of Altria (or any other member of Altria Non-Food Group) or Kraft (or any other member of Kraft Group), including without limitation, books, records, Tax returns and all supporting schedules and information relating thereto (after the expiration of the

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applicable statute of limitations), which relates to Tax returns described in Section 2.04 (to the extent it affects the separate Tax liability of Kraft (or any other member of Kraft Group) or Altria (or any other member of Altria Non-Food Group) shall provide written notice to the other Party describing the documentation to be destroyed or disposed of at least sixty days prior to taking such action. The other Party may arrange to take delivery of the documentation described in the notice at its expense during the succeeding sixty day period. The documentation described in the notice will not be disposed of without the affirmative written consent of an officer of the notified Party.

9.05 Dispute Resolution. Any and all disputes between the Parties relating to this Agreement, including the interpretation or application thereof, shall be resolved through the procedures provided in Article VI of the Distribution Agreement.

9.06 Changes in Law. Any reference to a provision of the Code or a law of another jurisdiction shall include a reference to any applicable successor provision or law. If, due to any change in applicable law or regulations or their interpretation by any court of law or other governing body having jurisdiction subsequent to the date of this Agreement, performance of any provision of this Agreement or any transaction contemplated thereby shall become unlawful, impracticable or impossible, the Parties hereto shall use their commercially reasonable efforts to find and employ an alternative means to achieve the same or substantially the same result as that contemplated by such provision.

9.07 Confidentiality. Each Party shall hold and cause its directors, officers, employees, advisors and consultants to hold in strict confidence, unless compelled to disclose by judicial or administrative process or, in the opinion of its counsel, by other requirements of law, all information (other than any such information relating solely to the business or affairs of such Party) concerning the other Party hereto furnished to it by such other Party or its representatives pursuant to this Agreement (except to the extent that such information can be shown to have been (1) in the public domain through no fault of such Party, (2) later lawfully acquired from other sources not known to be under a duty of confidentiality by the Party to which it was furnished, or (3) independently developed), and each Party shall not release or disclose such information to any other person, except its directors, officers, employees, auditors, attorneys, financial advisors, bankers and other consultants who shall be advised of and agree to be bound by the provisions of this Section 9.07. Each Party shall be deemed to have satisfied its obligation to hold confidential information concerning or supplied by the other Party if it exercises the same care as it takes to preserve confidentiality for its own similar information.

9.08 Successors. This agreement shall be binding on and inure to the benefit of any successor, by merger, acquisition of assets or otherwise, to any of the Parties hereto (including, but not limited to, any successor of Altria and Kraft succeeding to the tax

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attributes of such Party under Section 381 of the Code), to the same extent as if such successor had been an original Party hereto.

9.09 Authorization, etc. Each of the Parties hereto hereby represents and warrants that it has the power and authority to execute, deliver and perform this Agreement; that this Agreement has been duly authorized by all necessary corporate action on the part of such Party; that this Agreement constitutes a legal, valid and binding obligation of each such Party; and that the execution, delivery and performance of this Agreement by such Party does not contravene or conflict with any provision of law or of its charter or bylaws or any agreement, instrument or order binding on such Party.

9.10 Notices. All notices, requests, and other communications to any Party hereunder shall be in writing (including electronic mail and facsimile transmission) and shall be given to:

If to Altria, to:

Altria Group, Inc.
120 Park Avenue
New York, New York 10017
Attn: Vice President, Taxes

If to Kraft, to:

Kraft Foods Inc.
Three Lakes Drive
Northfield, Illinois 60093
Attn: Vice President, Taxes

9.11 Entire Agreement. This Agreement contains the entire agreement among the Parties hereto with respect to the subject matter hereof and supersedes any prior tax sharing agreements, and such prior tax sharing agreements shall have no further force and effect; provided, however, that regardless of whether this Agreement specifically refers to any prior tax sharing agreement entered into by the Parties, that payments already made and actions already taken pursuant to any such prior tax sharing agreement shall be taken into account in determining the respective rights and obligations of the Parties pursuant to this Agreement. In addition, the provisions of any prior tax sharing agreement shall be taken into account to the extent necessary for the implementation

of this Agreement but only if not inconsistent with the provisions of this Agreement. If and to the extent that the provisions of this Agreement conflict with the Distribution Agreement or any other agreement entered into in connection with the Distribution, the provisions of this Agreement shall control.

9.12 Section Captions. Section captions used in this Agreement are for convenience and reference only and shall not affect the construction of this Agreement.

9.13 Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the Commonwealth of Virginia (other than the laws regarding choice of laws and conflicts of laws) as to all matters, including matters of validity, construction, effect, performance and remedies; provided, however, that the United States Arbitration Act, 9 U.S.C. §§ 1-16 (as may be amended from time to time) shall govern the matters described in Section 9.05 of this Agreement.

9.14 Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same Agreement.

9.15 Waivers and Amendments. This Agreement shall not be waived, amended or otherwise modified except in writing, duly executed by all of the Parties hereto.

9.16 Effective Date. This Agreement shall be effective as of the Distribution Date.

9.17 Termination. The Agreement shall remain in force and be binding so long as the applicable period of assessments (including extensions) remains unexpired for any taxes contemplated by the Agreement.

IN WITNESS WHEREOF, each of the Parties hereto has caused this agreement to be executed by a duly authorized officer as of the date first above written.

ALTRIA GROUP, INC.

By: /s/ Dinyar S. Devitre
Name: Dinyar S. Devitre
Title: Chief Financial Officer

KRAFT FOODS INC.

By: /s/ James P. Dollive
Name: James P. Dollive
Title: Chief Financial Officer