

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

**FORM 10-Q**

(Mark One)  
 **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended March 31, 2012

OR

**TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission file number 1-16483



**Kraft Foods Inc.**

(Exact name of registrant as specified in its charter)

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

**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**

**Not Applicable**

(Former name, former address and former fiscal year, if changed since last report)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes  No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes  No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer  Accelerated filer  Non-accelerated filer  Smaller reporting company   
(Do not check if a smaller reporting company)

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes  No

At April 30, 2012, there were 1,772,988,094 shares of the registrant's Class A common stock outstanding.

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In this report, “Kraft Foods,” “we,” “us” and “our” refers to Kraft Foods Inc. and subsidiaries, and “Common Stock” refers to Kraft Foods’ Class A common stock.

**PART I – FINANCIAL INFORMATION**

**Item 1. Financial Statements.**

Kraft Foods Inc. and Subsidiaries  
Condensed Consolidated Statements of Earnings  
(in millions of U.S. dollars, except per share data)  
(Unaudited)

	For the Three Months Ended March 31,	
	2012	2011
Net revenues	\$ 13,093	\$ 12,573
Cost of sales	8,426	7,937
Gross profit	4,667	4,636
Selling, general and administrative expenses	2,822	2,933
Asset impairment and exit costs	98	–
Amortization of intangibles	56	57
Operating income	1,691	1,646
Interest and other expense, net	553	446
Earnings before income taxes	1,138	1,200
Provision for income taxes	319	398
Net earnings	819	802
Noncontrolling interest	6	3
Net earnings attributable to Kraft Foods	<u>\$ 813</u>	<u>\$ 799</u>
Per share data:		
Basic earnings per share attributable to Kraft Foods	<u>\$ 0.46</u>	<u>\$ 0.46</u>
Diluted earnings per share attributable to Kraft Foods	<u>\$ 0.46</u>	<u>\$ 0.45</u>
Dividends declared	\$ 0.29	\$ 0.29

See accompanying notes to the condensed consolidated financial statements.

Kraft Foods Inc. and Subsidiaries  
Condensed Consolidated Statements of Comprehensive Earnings  
(in millions of U.S. dollars)  
(Unaudited)

	For the Three Months Ended March 31,	
	2012	2011
Net earnings	\$ 819	\$ 802
Other comprehensive earnings:		
Currency translation adjustment:		
Translation adjustment	1,160	1,006
Tax benefit	37	90
Pension and other benefits:		
Net actuarial gain arising during period	29	–
Reclassification adjustment for losses / (gains) included in net earnings due to:		
Amortization of experience losses and prior service costs	132	90
Settlement losses	20	17
Tax expense	(53)	(34)
Derivatives accounted for as hedges:		
Net derivative gains	34	24
Reclassification adjustment for (gains) / losses included in net earnings	125	(22)
Tax expense	(80)	(15)
Total other comprehensive earnings	1,404	1,156
Comprehensive earnings	2,223	1,958
less: Comprehensive earnings attributable to noncontrolling interests	15	13
Comprehensive earnings attributable to Kraft Foods	<u>\$ 2,208</u>	<u>\$ 1,945</u>

See accompanying notes to the condensed consolidated financial statements.

Kraft Foods Inc. and Subsidiaries  
Condensed Consolidated Balance Sheets  
(in millions of U.S. dollars, except share data)  
(Unaudited)

	March 31, 2012	December 31, 2011
<b>ASSETS</b>		
Cash and cash equivalents	\$ 1,852	\$ 1,974
Receivables (net of allowances of \$160 in 2012 and \$143 in 2011)	7,314	6,361
Inventories, net	6,286	5,706
Deferred income taxes	980	912
Other current assets	1,261	1,249
<b>Total current assets</b>	<b>17,693</b>	<b>16,202</b>
Property, plant and equipment, net	14,084	13,813
Goodwill	37,940	37,297
Intangible assets, net	25,602	25,186
Prepaid pension assets	33	31
Other assets	1,295	1,308
<b>TOTAL ASSETS</b>	<b>\$ 96,647</b>	<b>\$ 93,837</b>
<b>LIABILITIES</b>		
Short-term borrowings	\$ 3,320	\$ 182
Current portion of long-term debt	1,823	3,654
Accounts payable	5,545	5,525
Accrued marketing	2,925	2,863
Accrued employment costs	1,025	1,365
Other current liabilities	4,660	4,856
<b>Total current liabilities</b>	<b>19,298</b>	<b>18,445</b>
Long-term debt	23,198	23,095
Deferred income taxes	6,901	6,738
Accrued pension costs	3,540	3,597
Accrued postretirement health care costs	3,259	3,238
Other liabilities	3,360	3,396
<b>TOTAL LIABILITIES</b>	<b>59,556</b>	<b>58,509</b>
Commitments and Contingencies (Note 12)		
<b>EQUITY</b>		
Common Stock, no par value (1,996,537,778 shares issued in 2012 and 2011)	-	-
Additional paid-in capital	31,246	31,318
Retained earnings	18,298	18,012
Accumulated other comprehensive losses	(5,242)	(6,637)
Treasury stock, at cost	(7,337)	(7,476)
<b>Total Kraft Foods Shareholders' Equity</b>	<b>36,965</b>	<b>35,217</b>
Noncontrolling interest	126	111
<b>TOTAL EQUITY</b>	<b>37,091</b>	<b>35,328</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>\$ 96,647</b>	<b>\$ 93,837</b>

See accompanying notes to the condensed consolidated financial statements.

Kraft Foods Inc. and Subsidiaries  
Condensed Consolidated Statements of Equity  
(in millions of U.S. dollars, except per share data)  
(Unaudited)

<b>Kraft Foods Shareholders' Equity</b>							
	<b>Common Stock</b>	<b>Additional Paid-in Capital</b>	<b>Retained Earnings</b>	<b>Accumulated Other Comprehensive Earnings / (Losses)</b>	<b>Treasury Stock</b>	<b>Noncontrolling Interest</b>	<b>Total Equity</b>
Balances at January 1, 2011	\$ -	\$ 31,231	\$ 16,619	\$ (3,890)	\$ (8,126)	\$ 108	\$ 35,942
Comprehensive earnings / (losses):							
Net earnings	-	-	3,527	-	-	20	3,547
Other comprehensive losses, net of income taxes	-	-	-	(2,747)	-	(10)	(2,757)
Exercise of stock options and issuance of other stock awards	-	100	(86)	-	650	-	664
Cash dividends declared (\$1.16 per share)	-	-	(2,048)	-	-	-	(2,048)
Dividends paid on noncontrolling interest and other activities	-	(13)	-	-	-	(7)	(20)
Balances at December 31, 2011	\$ -	\$ 31,318	\$ 18,012	\$ (6,637)	\$ (7,476)	\$ 111	\$ 35,328
Comprehensive earnings / (losses):							
Net earnings	-	-	813	-	-	6	819
Other comprehensive earnings, net of income taxes	-	-	-	1,395	-	9	1,404
Exercise of stock options and issuance of other stock awards	-	(72)	(12)	-	139	-	55
Cash dividends declared (\$0.29 per share)	-	-	(515)	-	-	-	(515)
Balances at March 31, 2012	<u>\$ -</u>	<u>\$ 31,246</u>	<u>\$ 18,298</u>	<u>\$ (5,242)</u>	<u>\$ (7,337)</u>	<u>\$ 126</u>	<u>\$ 37,091</u>

See accompanying notes to the condensed consolidated financial statements.

Kraft Foods Inc. and Subsidiaries  
Condensed Consolidated Statements of Cash Flows  
(in millions of U.S. dollars)  
(Unaudited)

	For the Three Months Ended March 31,	
	2012	2011
<b>CASH PROVIDED BY / (USED IN) OPERATING ACTIVITIES</b>		
Net earnings	\$ 819	\$ 802
Adjustments to reconcile net earnings to operating cash flows:		
Depreciation and amortization	357	372
Stock-based compensation expense	49	44
Deferred income tax provision	(96)	(177)
Asset impairments	56	—
Other non-cash expense, net	1	30
Change in assets and liabilities:		
Receivables, net	(747)	(464)
Inventories, net	(482)	(694)
Accounts payable	(184)	(122)
Other current assets	(42)	(233)
Other current liabilities	(651)	(33)
Change in pension and postretirement assets and liabilities, net	69	(511)
Net cash used in operating activities	<u>(851)</u>	<u>(986)</u>
<b>CASH PROVIDED BY / (USED IN) INVESTING ACTIVITIES</b>		
Capital expenditures	(335)	(237)
Proceeds from sale of property, plant and equipment and other	91	(7)
Net cash used in investing activities	<u>(244)</u>	<u>(244)</u>
<b>CASH PROVIDED BY / (USED IN) FINANCING ACTIVITIES</b>		
Net issuance of short-term borrowings	3,134	1,054
Long-term debt proceeds	802	10
Long-term debt repaid	(2,639)	(3)
Dividends paid	(514)	(507)
Other	134	241
Net cash provided by financing activities	<u>917</u>	<u>795</u>
Effect of exchange rate changes on cash and cash equivalents	<u>56</u>	<u>42</u>
Cash and cash equivalents:		
(Decrease) / Increase	(122)	(393)
Balance at beginning of period	1,974	2,481
Balance at end of period	<u>\$ 1,852</u>	<u>\$ 2,088</u>

See accompanying notes to the condensed consolidated financial statements.

**Note 1. Basis of Presentation**

The condensed consolidated financial statements include Kraft Foods, as well as our wholly owned and majority owned subsidiaries.

Our interim condensed consolidated financial statements are unaudited. Certain information and footnote disclosures normally included in financial statements prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP") have been omitted. It is management's opinion that these financial statements include all normal and recurring adjustments necessary for a fair presentation of our financial position and operating results. Net revenues and net earnings for any interim period are not necessarily indicative of future or annual results.

The condensed consolidated balance sheet data as of December 31, 2011 were derived from audited financial statements, but do not include all disclosures required by U.S. GAAP. You should read these statements in conjunction with our consolidated financial statements and related notes in our Annual Report on Form 10-K for the year ended December 31, 2011.

The majority of our operating subsidiaries report results as of the last Saturday of the period. A portion of our international operating subsidiaries report results as of the last calendar day of the period.

During 2011, we changed the consolidation date for certain operations of our Kraft Foods Europe segment and in the Latin America, Central and Eastern Europe ("CEE") and Middle East and Africa ("MEA") regions within our Kraft Foods Developing Markets segment. Previously, these operations primarily reported results two weeks prior to the end of the period. Now, our Kraft Foods Europe segment reports results as of the last Saturday of each period. Certain operations within our Kraft Foods Developing Markets segment now report results as of the last calendar day of the period or the last Saturday of the period.

*New Accounting Pronouncements:*

In May 2011, the Financial Accounting Standards Board ("FASB") issued an amendment to revise certain fair value measurement and disclosure requirements. This amendment establishes common requirements for measuring fair value and for disclosing information about fair value measurements in accordance with U.S. GAAP and International Financial Reporting Standards. We adopted the guidance effective January 1, 2012 and incorporated the guidance into our financial statements and disclosures. The adoption of this guidance did not have a material impact on our financial statements.

*Subsequent Events:*

We evaluated subsequent events and included all accounting and disclosure requirements related to subsequent events in our financial statements.

**Note 2. Proposed Spin-Off Transaction**

On August 4, 2011, we announced that our Board of Directors intends to create two independent public companies: (i) a global snacks business (the "Global Snacks Business") and (ii) a North American grocery business (the "North American Grocery Business"). The Global Snacks Business will primarily consist of our current Kraft Foods Europe and Developing Markets segments as well as our North American snack and confectionery businesses and related categories in our Canada & N.A. Foodservice segment. The North American Grocery Business will primarily consist of our current U.S. Beverages, U.S. Cheese, U.S. Convenient Meals and U.S. Grocery segments, grocery-related categories in our Canada & N.A. Foodservice segment as well as the *Planters* and *Corn Nuts* brands and businesses. We expect to create these companies through a spin-off of the North American Grocery Business to our shareholders ("Spin-Off") that we expect will be tax-free to our U.S. shareholders for U.S. federal income tax purposes.



On March 14, 2012, our Board of Directors approved \$1.7 billion of one-time costs and \$0.4 billion in capital expenditures to facilitate the Spin-Off and optimize both the North American Grocery Business and Global Snacks Business. Of the \$1.7 billion of one-time costs, approximately \$0.6 billion relates to Spin-Off transaction and transition costs such as professional service fees within our finance, legal and information system functions. During the three months ended March 31, 2012, we recorded \$39 million of Spin-Off costs within selling, general and administrative expenses which primarily related to information system preparation for the upcoming separation. See Note 6, "2012 – 2014 Restructuring Program," for information on the \$1.1 billion of restructuring and related implementation costs.

In addition to Spin-Off transaction and transition costs, we also anticipate incurring an estimated \$400 million - \$800 million of Spin-Off financing and related costs to redistribute debt and secure investment grade credit ratings for both the North American Grocery Business and the Global Snacks Business. During the three months ended March 31, 2012, we recorded \$134 million in interest and other expenses, net, due to the Spin-Off and related debt capitalization plans. See Note 11, "Financial Instruments," regarding a \$130 million charge we recognized due to our Spin-Off debt capitalization plans related to a change in the timing of certain debt we expect to incur in connection with the Spin-Off. We refer to Spin-Off transaction, transition and financing and related costs collectively as "Spin-Off Costs."

On April 2, 2012, our subsidiary, Kraft Foods Group, Inc. ("Kraft Foods Group"), which will hold the North American Grocery Business upon consummation of the Spin-Off, filed a registration statement on Form 10 with the U.S. Securities and Exchange Commission ("SEC").

The Spin-Off transaction is subject to a number of conditions, including the receipt of a favorable ruling from the IRS regarding the U.S. tax-free status of the Spin-Off, the effectiveness of the registration statement on Form 10 that was filed with the SEC in connection with the Spin-Off, the execution of agreements between our Global Snacks Business and the North American Grocery Business related to the Spin-Off, further diligence as appropriate and final approval from our Board of Directors. While our current target is to complete the Spin-Off before the end of 2012, we cannot assure that the Spin-Off will be completed on the anticipated timeline, at all or that the terms of the Spin-Off will not change.

### **Note 3. Inventories**

Inventories at March 31, 2012 and December 31, 2011 were:

	March 31, 2012	December 31, 2011
	(in millions)	
Raw materials	\$ 1,929	\$ 1,800
Finished product	4,357	3,906
Inventories, net	<u>\$ 6,286</u>	<u>\$ 5,706</u>

### **Note 4. Property, Plant and Equipment**

Property, plant and equipment at March 31, 2012 and December 31, 2011 were:

	March 31, 2012	December 31, 2011
	(in millions)	
Land and land improvements	\$ 787	\$ 768
Buildings and building improvements	5,099	4,997
Machinery and equipment	17,417	16,934
Construction in progress	1,355	1,233
	<u>24,658</u>	<u>23,932</u>
Accumulated depreciation	(10,574)	(10,119)
Property, plant and equipment, net	<u>\$ 14,084</u>	<u>\$ 13,813</u>

**Note 5. Goodwill and Intangible Assets**

Goodwill by reportable segment at March 31, 2012 and December 31, 2011 was:

	March 31, 2012	December 31, 2011
	(in millions)	
Kraft Foods North America:		
U.S. Beverages	\$ 1,290	\$ 1,290
U.S. Cheese	3,000	3,000
U.S. Convenient Meals	985	985
U.S. Grocery	3,046	3,046
U.S. Snacks	9,125	9,125
Canada & N.A. Foodservice	3,446	3,385
Kraft Foods Europe	9,299	9,003
Kraft Foods Developing Markets	7,749	7,463
Goodwill	<u>\$ 37,940</u>	<u>\$ 37,297</u>

Intangible assets at March 31, 2012 and December 31, 2011 were:

	March 31, 2012	December 31, 2011
	(in millions)	
Non-amortizable intangible assets	\$ 23,278	\$ 22,859
Amortizable intangible assets	2,916	2,853
	<u>26,194</u>	<u>25,712</u>
Accumulated amortization	(592)	(526)
Intangible assets, net	<u>\$ 25,602</u>	<u>\$ 25,186</u>

Non-amortizable intangible assets consist substantially of brand names purchased through our acquisitions of Nabisco Holdings Corp., the Spanish and Portuguese operations of United Biscuits, the global *LU* biscuit business of Groupe Danone S.A. and Cadbury Limited ("Cadbury"). Amortizable intangible assets consist primarily of trademark licenses, customer-related intangibles, process technology and non-compete agreements. At March 31, 2012, the weighted-average life of our amortizable intangible assets was 13.2 years.

The movements in goodwill and intangible assets were:

	Goodwill	Intangible Assets, at Cost
	(in millions)	
Balance at January 1, 2012	\$ 37,297	\$ 25,712
Changes due to:		
Foreign currency	643	502
Asset impairments	—	(20)
Balance at March 31, 2012	<u>\$ 37,940</u>	<u>\$ 26,194</u>

During the three months ended March 31, 2012, we recorded an impairment charge of \$20 million within asset impairment and exit costs for the impairment of an intangible asset in Japan.

Amortization expense was \$56 million for the three months ended March 31, 2012 and \$57 million for the three months ended March 31, 2011. We currently estimate annual amortization expense for each of the next five years to be approximately \$220 million.

## Note 6. 2012-2014 Restructuring Program

On March 14, 2012, our Board of Directors approved \$1.1 billion of restructuring and related implementation costs ("2012-2014 Restructuring Program") reflecting primarily severance, asset disposals and other manufacturing-related one-time costs. The program is expected to be completed by the end of 2014.

### Restructuring Costs:

We anticipate incurring approximately \$950 million of restructuring charges, of which, approximately \$560 million are expected to be cash expenditures through 2014. During the three months ended March 31, 2012, we recorded \$78 million of one-time restructuring charges within asset impairment and exit costs, we spent \$12 million in cash and we also recognized non-cash asset write-downs totaling \$36 million. At March 31, 2012, a \$30 million restructuring liability was recorded within other current liabilities.

	Severance	Asset Write-downs (in millions)	Total
Liability balance, January 1, 2012	\$ —	\$ —	\$ —
Charges	42	36	78
Cash spent	(12)	—	(12)
Non-cash settlements	—	(36)	(36)
Liability balance, March 31, 2012	<u>\$ 30</u>	<u>\$ —</u>	<u>\$ 30</u>

### Implementation Costs:

Implementation costs are directly attributable to restructuring activities; however, they do not qualify for special accounting treatment as exit or disposal activities. Management believes the disclosure of the implementation costs provides readers of our financial statements greater transparency to the total costs of our 2012-2014 Restructuring Program. Through the end of 2014, we expect to incur approximately \$150 million of implementation costs. During the three months ended March 31, 2012, we recorded \$1 million of implementation costs within selling, general and administrative expense across all North American segments. These costs primarily related to the optimization of information systems infrastructure.

### Restructuring and Implementation Costs by Segment:

During the three months ended March 31, 2012, we recorded restructuring and implementation costs within segment operating income as follows:

	For the Three Months Ended March 31, 2012		
	Restructuring Costs	Implementation Costs (in millions)	Total
Kraft Foods North America:			
U.S. Beverages	\$ 6	\$ —	\$ 6
U.S. Cheese	19	—	19
U.S. Convenient Meals	6	—	6
U.S. Grocery	9	—	9
U.S. Snacks	26	1	27
Canada & N.A. Foodservice	12	—	12
Kraft Foods Europe	—	—	—
Kraft Foods Developing Markets	—	—	—
Total	<u>\$ 78</u>	<u>\$ 1</u>	<u>\$ 79</u>

## Note 7. Integration Program

Our combination with Cadbury continues to provide meaningful synergies and cost savings. We expect to realize annual cost savings of approximately \$800 million by the end of 2013. Additionally, we expect to create revenue synergies from investments in distribution, marketing and product development. In order to achieve these cost savings and synergies and combine and integrate the two businesses, we expect to incur total integration charges of approximately \$1.5 billion through the end of 2013 (the "Integration Program").

Integration Program costs include the costs associated with combining our operations with Cadbury's and are separate from the costs related to the acquisition. We incurred charges under the Integration Program of \$43 million for the three months ended March 31, 2012 and \$104 million for the three months ended March 31, 2011. We recorded these charges in operations, as a part of selling, general and administrative expenses primarily within our Kraft Foods Europe and Kraft Foods Developing Markets segments, as well as general corporate expenses. Since the inception of the Integration Program, we have incurred \$1.2 billion of the \$1.5 billion in expected charges.

Liability activity for the Integration Program for the three months ended March 31, 2012 was (in millions):

	2012
Balance at January 1, 2012	\$ 346
Charges	43
Cash spent	(55)
Currency / other	5
Balance at March 31, 2012	<u>\$ 339</u>

#### **Note 8. Debt**

##### *Short-Term Borrowings:*

At March 31, 2012 and December 31, 2011, our short-term borrowings and related weighted-average interest rates consisted of:

	March 31, 2012		December 31, 2011	
	Amount Outstanding (in millions)	Weighted-Average Rate	Amount Outstanding (in millions)	Weighted-Average Rate
Commercial paper	\$ 2,975	0.6%	\$ —	
Bank loans	345	8.3%	182	10.7%
Total short-term borrowings	<u>\$ 3,320</u>		<u>\$ 182</u>	

##### *Borrowing Arrangements:*

On March 8, 2012, in connection with the proposed Spin-Off, our subsidiary, Kraft Foods Group, which will hold the North American Grocery Business upon consummation of the Spin-Off, entered into a \$4.0 billion 364-day senior unsecured revolving credit facility that expires on March 7, 2013. All committed pro rata borrowings under the facility will bear interest at a variable annual rate based on the London Inter-Bank Offered Rate ("LIBOR") or a defined base rate, at the election of Kraft Foods Group, plus an applicable margin based on (i) for any date prior to the consummation of the Spin-Off, the ratings of our long-term senior unsecured indebtedness and (ii) for any date on or following the consummation of the Spin-Off, the ratings of Kraft Foods Group indebtedness. We intend to use the proceeds of this facility, as necessary, in connection with Kraft Foods Group's and our Spin-Off related debt capitalization plan, to support working capital needs, and for other general corporate purposes. As of March 31, 2012, no amounts were drawn on this credit facility.

##### *Long-Term Debt:*

On January 10, 2012, we issued \$800 million of floating rate notes which mature on July 10, 2013 and bear interest at a rate equal to the three-month LIBOR plus 0.875%. We received net proceeds of \$798.8 million from the issuance. The notes have a special mandatory redemption. Upon public announcement of the record date for the proposed Spin-Off, we will be required to issue a notice of redemption of all of the notes at a redemption price equal to 100% of the aggregate principal amount of the notes, plus accrued and unpaid interest through the day prior to the redemption date.

##### *Fair Value of Our Debt:*

The fair value of our short-term borrowings at March 31, 2012 and December 31, 2011, is based upon current market interest rates, and approximates the amounts recorded. The fair value of our long-term debt was determined using Level 1 quoted prices in active markets for the publicly traded debt obligations. The aggregate fair value of our total debt was \$32,123 million as compared with the carrying value of \$28,341 million at March 31, 2012, and \$31,113 million as compared with the carrying value of \$26,931 million at December 31, 2011.

## Note 9. Stock Plans

### Restricted and Deferred Stock:

In January 2012, we granted 1.3 million shares of stock in connection with our long-term incentive plan, and the market value per share was \$37.63 on the date of grant. In February 2012, as part of our annual equity program, we issued 2.2 million shares of restricted and deferred stock to eligible employees, and the market value per restricted or deferred share was \$38.00 on the date of grant. During the three months ended March 31, 2012, we issued 0.6 million shares of additional restricted and deferred shares with a weighted-average market value of \$30.13 per share primarily in connection with our long-term incentive plan and awards granted in 2009 which vested during the first quarter of 2012. In aggregate, we issued 4.1 million restricted and deferred shares during the three months ended March 31, 2012, including those issued as part of our long-term incentive plan, with a weighted-average market value per share of \$36.60. During the three months ended March 31, 2012, 4.7 million shares of restricted and deferred stock vested at a market value of \$181 million.

### Stock Options:

In February 2012, as part of our annual equity program, we granted 12.8 million stock options to eligible employees at an exercise price of \$38.00. During the three months ended March 31, 2012, we issued 0.6 million of additional stock options with a weighted-average exercise price of \$37.97 per share on the date of grant. In aggregate, we granted 13.4 million stock options during the three months ended March 31, 2012 at a weighted-average exercise price of \$37.99. During the three months ended March 31, 2012, there were 2.4 million stock options exercised with a total intrinsic value of \$25 million.

## Note 10. Pension, Postretirement and Postemployment Benefit Plans

### Pension Plans

#### Components of Net Periodic Pension Cost:

Net periodic pension cost consisted of the following for the three months ended March 31, 2012 and 2011:

	U.S. Plans		Non-U.S. Plans	
	For the Three Months Ended		For the Three Months Ended	
	March 31,		March 31,	
	2012	2011	2012	2011
	(in millions)			
Service cost	\$ 44	\$ 40	\$ 45	\$ 44
Interest cost	89	91	109	113
Expected return on plan assets	(115)	(124)	(128)	(132)
Amortization:				
Net loss from experience differences	84	56	34	24
Prior service cost	2	2	1	—
Settlement losses	20	17	—	—
Net periodic pension cost	<u>\$ 124</u>	<u>\$ 82</u>	<u>\$ 61</u>	<u>\$ 49</u>

#### Employer Contributions:

We make contributions to our U.S. and non-U.S. pension plans primarily to the extent that they are tax deductible and do not generate an excise tax liability. During the first quarter of 2012, we contributed \$15 million to our U.S. plans and \$118 million to our non-U.S. plans. Based on current tax law, we plan to make further contributions of approximately \$40 million to our U.S. plans and approximately \$307 million to our non-U.S. plans during the remainder of 2012. However, our actual contributions may differ due to many factors, including changes in tax and other benefit laws, considerations related to the Spin-Off, or significant differences between expected and actual pension asset performance or interest rates.

## Postretirement Benefit Plans

Net postretirement health care costs during the three months ended March 31, 2012 and 2011 consisted of:

	For the Three Months Ended March 31,	
	2012	2011
	(in millions)	
Service cost	\$ 11	\$ 10
Interest cost	40	42
Amortization:		
Net loss from experience differences	19	16
Prior service credit	(8)	(8)
Net postretirement health care costs	<u>\$ 62</u>	<u>\$ 60</u>

## Postemployment Benefit Plans

Net postemployment costs during the three months ended March 31, 2012 and 2011 consisted of:

	For the Three Months Ended March 31,	
	2012	2011
	(in millions)	
Service cost	\$ 3	\$ 2
Interest cost	2	3
Net postemployment costs	<u>\$ 5</u>	<u>\$ 5</u>

## Note 11. Financial Instruments

See our consolidated financial statements and related notes in our Annual Report on Form 10-K for the year ended December 31, 2011 for additional information on our accounting and purpose for entering into derivatives and our overall risk management strategies.

### Fair Value of Derivative Instruments:

Derivative instruments were recorded at fair value in the condensed consolidated balance sheets as of March 31, 2012 and December 31, 2011 as follows:

	March 31, 2012		December 31, 2011	
	Asset Derivatives	Liability Derivatives	Asset Derivatives	Liability Derivatives
(in millions)				
<b>Derivatives designated as hedging instruments:</b>				
Foreign exchange contracts	\$ 27	\$ 6	\$ 76	\$ 5
Commodity contracts	16	65	14	27
Interest rate contracts	24	291	2	519
	<u>\$ 67</u>	<u>\$ 362</u>	<u>\$ 92</u>	<u>\$ 551</u>
<b>Derivatives not designated as hedging instruments:</b>				
Foreign exchange contracts	\$ 18	\$ 11	\$ 13	\$ 5
Commodity contracts	306	289	392	372
Interest rate contracts	80	47	86	51
	<u>\$ 404</u>	<u>\$ 347</u>	<u>\$ 491</u>	<u>\$ 428</u>
Total fair value	<u>\$ 471</u>	<u>\$ 709</u>	<u>\$ 583</u>	<u>\$ 979</u>

The fair value of our asset derivatives is recorded within other current assets and the fair value of our liability derivatives is recorded within other current liabilities.

The fair value (asset / (liability)) of our derivative instruments at March 31, 2012 was determined using:

	Total Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
(in millions)				
Foreign exchange contracts	\$ 28	\$ –	\$ 28	\$ –
Commodity contracts	(32)	(83)	51	–
Interest rate contracts	(234)	–	(234)	–
Total derivatives	<u>\$ (238)</u>	<u>\$ (83)</u>	<u>\$ (155)</u>	<u>\$ –</u>

The fair value (asset / (liability)) of our derivative instruments at December 31, 2011 was determined using:

	Total Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
(in millions)				
Foreign exchange contracts	\$ 79	\$ –	\$ 79	\$ –
Commodity contracts	7	(41)	48	–
Interest rate contracts	(482)	–	(482)	–
Total derivatives	<u>\$ (396)</u>	<u>\$ (41)</u>	<u>\$ (355)</u>	<u>\$ –</u>

Level 2 financial assets and liabilities consist of commodity forwards and options; foreign exchange forwards; currency swaps; and interest rate swaps. Commodity derivatives are valued using an income approach based on the observable market commodity index prices less the contract rate multiplied by the notional amount or based on pricing models that rely on market observable inputs such as commodity prices. Foreign currency contracts are valued using an income approach based on observable market forward rates less the contract rate multiplied by the notional amount. Our calculation of the fair value of interest rate swaps is derived from a discounted cash flow analysis based on the terms of the contract and the observable market interest rate curve. Our calculation of the fair value of financial instruments takes into consideration the risk of nonperformance, including counterparty credit risk.

*Derivative Volume:*

The net notional values of our derivative instruments as of March 31, 2012 and December 31, 2011 were:

	Notional Amount	
	March 31, 2012	December 31, 2011
(in millions)		
Foreign exchange contracts:		
Intercompany loans and forecasted interest payments	\$ 2,722	\$ 1,982
Forecasted transactions	1,573	1,181
Commodity contracts	1,103	1,287
Interest rate contracts	4,598	4,872
Net investment hedge – euro notes	1,134	3,694
Net investment hedge – pound sterling notes	1,040	1,010

*Cash Flow Hedges:*

Cash flow hedge activity, net of taxes, within accumulated other comprehensive earnings / (losses) included:

	For the Three Months Ended	
	March 31,	
	2012	2011
	(in millions)	
Accumulated gain / (loss) at January 1	\$ (297)	\$ 79
Transfer of realized losses / (gains) in fair value to earnings	72	(14)
Unrealized gain in fair value	7	1
Accumulated gain / (loss) at March 31	<u>\$ (218)</u>	<u>\$ 66</u>

After-tax gains / (losses) recognized in other comprehensive earnings / (losses) were:

	For the Three Months Ended	
	March 31,	
	2012	2011
	(in millions)	
Foreign exchange contracts – intercompany loans	\$ –	\$ 1
Foreign exchange contracts – forecasted transactions	(25)	(51)
Commodity contracts	(43)	14
Interest rate contracts	75	37
Total	<u>\$ 7</u>	<u>\$ 1</u>

After-tax gains / (losses) reclassified from accumulated other comprehensive earnings / (losses) into net earnings were:

	For the Three Months Ended	
	March 31,	
	2012	2011
	(in millions)	
Foreign exchange contracts – forecasted transactions	\$ 21	\$ (5)
Commodity contracts	(10)	19
Interest rate contracts	(83)	–
Total	<u>\$ (72)</u>	<u>\$ 14</u>

Pre-tax gains / (losses) on ineffectiveness recognized in net earnings were:

	For the Three Months Ended	
	March 31,	
	2012	2011
	(in millions)	
Foreign exchange contracts	\$ –	\$ –
Commodity contracts	(3)	4
Interest rate contracts	–	(1)
Total	<u>\$ (3)</u>	<u>\$ 3</u>

Pre-tax gains / (losses) on amounts excluded from effectiveness testing recognized in net earnings were:

	For the Three Months Ended	
	March 31,	
	2012	2011
	(in millions)	
Foreign exchange contracts	\$ –	\$ –
Commodity contracts	–	–
Interest rate contracts	(130)	–
Total	<u>\$ (130)</u>	<u>\$ –</u>



In the three months ended March 31, 2012, we recognized a loss of \$130 million in interest and other expenses, net related to certain forward-starting interest rate swaps for which the planned timing of the related forecasted debt was changed in March 2012 in connection with our Spin-Off plans and related debt capitalization plans.

We record pre-tax (i) gains or losses reclassified from accumulated other comprehensive earnings / (losses) into earnings, (ii) gains or losses on ineffectiveness, and (iii) gains or losses on amounts excluded from effectiveness testing in:

- cost of sales for commodity contracts;
- cost of sales for foreign exchange contracts related to forecasted transactions; and
- interest and other expense, net for interest rate contracts and foreign exchange contracts related to intercompany loans.

We expect to transfer unrealized losses of \$52 million (net of taxes) for commodity cash flow hedges, unrealized gains of \$23 million (net of taxes) for foreign currency cash flow hedges and unrealized losses of \$2 million (net of taxes) for interest rate cash flow hedges to earnings during the next 12 months.

*Hedge Coverage:*

As of March 31, 2012, we had hedged forecasted transactions for the following durations:

- commodity transactions for periods not exceeding the next 18 months;
- interest rate transactions for periods not exceeding the next 31 years and 1 month; and
- foreign currency transactions for periods not exceeding the next 12 months.

*Fair Value Hedges:*

Pre-tax gains / (losses) due to changes in fair value of our interest rate swaps and related hedged long-term debt were recorded in interest and other expense, net:

	For the Three Months Ended	
	March 31,	
	2012	2011
	(in millions)	
Derivatives	\$ -	\$ 1
Borrowings	-	(1)

*Economic Hedges:*

Pre-tax gains / (losses) recorded in net earnings for economic hedges which are not designated as hedging instruments included:

	For the Three Months Ended		Location of Gain / (Loss) Recognized in Earnings
	March 31,		
	2012	2011	
	(in millions)		
Foreign exchange contracts:			
Intercompany loans and forecasted interest payments	\$ (29)	\$ (5)	Interest expense
Forecasted transactions	8	1	Cost of sales
Forecasted transactions	(9)	1	Interest expense
Interest rate contracts	-	(2)	Interest expense
Commodity contracts	32	48	Cost of sales
Total	\$ 2	\$ 43	

*Hedges of Net Investments in Foreign Operations:*

After-tax gains / (losses) related to hedges of net investments in foreign operations included:

	For the Three Months Ended March 31,		Location of Gain / (Loss) Recorded in AOCI
	2012	2011	
	(in millions)		
Euro notes	\$ (49)	\$ (141)	Currency Translation Adjustment
Pound sterling notes	(19)	(17)	Currency Translation Adjustment

**Note 12. Commitments and Contingencies**

*Legal Proceedings:*

We routinely are involved in legal proceedings, claims and governmental inspections or investigations (“Legal Matters”) arising in the ordinary course of our business.

While we cannot predict with certainty the results of any Legal Matters in which we are currently involved, we do not expect that the ultimate costs to resolve any of these Legal Matters will have a material adverse effect on our financial results.

*Third-Party Guarantees:*

We have third-party guarantees primarily covering the long-term obligations of our vendors. As part of those transactions, we guarantee that third parties will make contractual payments or achieve performance measures. At March 31, 2012, the carrying amount of our third-party guarantees on our condensed consolidated balance sheet and the maximum potential payment under these guarantees was \$21 million. Substantially all of these guarantees expire at various times through 2018.

**Note 13. Earnings Per Share**

Basic and diluted earnings per share (“EPS”) were calculated using the following:

	For the Three Months Ended March 31,	
	2012	2011
	(in millions, except per share data)	
Net earnings	\$ 819	\$ 802
Noncontrolling interest	6	3
Net earnings attributable to Kraft Foods	<u>\$ 813</u>	<u>\$ 799</u>
Weighted-average shares for basic EPS	1,773	1,754
Plus incremental shares from assumed conversions of stock options and long-term incentive plan shares	<u>10</u>	<u>6</u>
Weighted-average shares for diluted EPS	<u>1,783</u>	<u>1,760</u>
Basic earnings per share attributable to Kraft Foods	\$ 0.46	\$ 0.46
Diluted earnings per share attributable to Kraft Foods	\$ 0.46	\$ 0.45

We exclude antidilutive Kraft Foods stock options from our calculation of weighted-average shares for diluted EPS. We excluded 6 million antidilutive stock options for the three months ended March 31, 2012, and we excluded 18 million antidilutive stock options for the three months ended March 31, 2011.

**Note 14. Segment Reporting**

We manufacture and market packaged food products, including snacks, beverages, cheese, convenient meals and various packaged grocery products. We manage and report operating results through three geographic units: Kraft Foods North America, Kraft Foods Europe and Kraft Foods Developing Markets. We manage the operations of Kraft Foods North America and Kraft Foods Europe by product category and we manage the operations of Kraft Foods Developing Markets by location. Our reportable segments are U.S. Beverages, U.S. Cheese, U.S. Convenient Meals, U.S. Grocery, U.S. Snacks, Canada & N.A. Foodservice, Kraft Foods Europe and Kraft Foods Developing Markets.

Management uses segment operating income to evaluate segment performance and allocate resources. We believe it is appropriate to disclose this measure to help investors analyze segment performance and trends. Segment operating income excludes unrealized gains and losses on hedging activities (which are a component of cost of sales), certain components of our U.S. pension plan cost (which is a component of cost of sales and selling, general and administrative expenses), general corporate expenses (which are a component of selling, general and administrative expenses) and amortization of intangibles for all periods presented. We exclude certain components of our U.S. pension plan cost from segment operating income because we centrally manage pension plan funding decisions and the determination of discount rate, expected rate of return on plan assets and other actuarial assumptions. Therefore, we allocate only the service cost component of our U.S. pension plan expense to segment operating income. We exclude the unrealized gains and losses on hedging activities from segment operating income in order to provide better transparency of our segment operating results. Once realized, the gains and losses on hedging activities are recorded within segment operating results. Furthermore, we centrally manage interest and other expense, net. Accordingly, we do not present these items by segment because they are excluded from the segment profitability measure that management reviews.

Our segment net revenues and earnings consisted of:

	For the Three Months Ended	
	March 31,	
	2012	2011
	(in millions)	
Net revenues:		
Kraft Foods North America:		
U.S. Beverages	\$ 708	\$ 821
U.S. Cheese	932	874
U.S. Convenient Meals	807	792
U.S. Grocery	852	794
U.S. Snacks	1,540	1,492
Canada & N.A. Foodservice	1,173	1,163
Kraft Foods Europe	3,151	3,016
Kraft Foods Developing Markets	3,930	3,621
Net revenues	<u>\$ 13,093</u>	<u>\$ 12,573</u>

For the Three Months Ended  
March 31,  
2012                      2011  
(in millions)

Earnings before income taxes:		
Operating income:		
Kraft Foods North America:		
U.S. Beverages	\$ 98	\$ 161
U.S. Cheese	167	134
U.S. Convenient Meals	93	105
U.S. Grocery	309	292
U.S. Snacks	204	193
Canada & N.A. Foodservice	124	151
Kraft Foods Europe	384	308
Kraft Foods Developing Markets	525	405
Unrealized gains / (losses) on hedging activities	18	62
Certain U.S. pension plan costs	(80)	(42)
General corporate expenses	(95)	(66)
Amortization of intangibles	(56)	(57)
Operating income	<u>1,691</u>	<u>1,646</u>
Interest and other expense, net	553	446
Earnings before income taxes	<u>\$ 1,138</u>	<u>\$ 1,200</u>

On March 1, 2011, the Starbucks Coffee Company ("Starbucks"), without our authorization and in what we contend is a violation and breach of our agreements with Starbucks, took control of the Starbucks packaged coffee business ("Starbucks CPG business") in grocery stores and other channels. The dispute is pending arbitration in Chicago, Illinois. We are seeking appropriate remedies, including but not limited to payment of the fair market value of the supply and license agreement with Starbucks related to the Starbucks CPG business, plus the premium this agreement specifies. Starbucks has counterclaimed for unspecified damages. The arbitration proceeding is set to begin on July 11, 2012. The results of the Starbucks CPG Business were included primarily in our U.S. Beverage and Canada & N.A. Foodservice segments through March 1, 2011.

In March 2012, we divested property of a Kraft Foods Developing Markets subsidiary located in Russia for approximately \$72 million in net proceeds and recorded a \$55 million pre-tax gain within selling, general and administrative expenses.

Favorable net changes in unrealized gains / (losses) on hedging activities primarily related to gains on foreign currency contracts and commodity hedging activity of \$18 million for the three months ended March 31, 2012 and \$62 million for the three months ended March 31, 2011.

In connection with our 2012-2014 Restructuring Program, we recorded \$78 million of restructuring charges and \$1 million of implementation costs during the three months ended March 31, 2012. We recorded the restructuring charges in operations, as a part of asset impairment and exit costs, and recorded the implementation costs in operations, as a part of selling, general and administrative expenses. These charges are recorded primarily in general corporate expenses and within our Kraft Foods North America geographic unit.

We incurred charges under the Integration Program of \$43 million for the three months ended March 31, 2012 and \$104 million for the three months ended March 31, 2011. We recorded these charges in operations, as a part of selling, general and administrative expenses primarily within our Kraft Foods Europe and Kraft Foods Developing Markets segments, as well as general corporate expenses.

The increase in general corporate expenses for the three months ended March 31, 2012 was primarily due to \$39 million of Spin-Off Costs incurred during the quarter, partially offset by lower Integration Program costs.

The increase in interest and other expense, net for the three months ended March 31, 2012 was primarily due to Spin-Off financing and related costs of \$134 million incurred in the first quarter of 2012.

Net revenues by consumer sector, which includes *Kraft* macaroni and cheese dinners in the Convenient Meals sector and the separation of Canada & N.A. Foodservice, Kraft Foods Europe and Kraft Foods Developing Markets into sector components, were:

	<b>For the Three Months Ended March 31, 2012</b>			
	<b>Kraft Foods North America</b>	<b>Kraft Foods Europe</b>	<b>Kraft Foods Developing Markets</b>	<b>Total</b>
	(in millions)			
Biscuits	\$ 1,472	\$ 578	\$ 840	\$ 2,890
Confectionery	418	1,443	1,961	3,822
Beverages	838	739	697	2,274
Cheese	1,339	266	240	1,845
Grocery	752	72	161	985
Convenient Meals	1,193	53	31	1,277
<b>Total net revenues</b>	<b>\$ 6,012</b>	<b>\$ 3,151</b>	<b>\$ 3,930</b>	<b>\$ 13,093</b>

	<b>For the Three Months Ended March 31, 2011 <sup>(1)</sup></b>			
	<b>Kraft Foods North America</b>	<b>Kraft Foods Europe</b>	<b>Kraft Foods Developing Markets</b>	<b>Total</b>
	(in millions)			
Biscuits	\$ 1,398	\$ 566	\$ 728	\$ 2,692
Confectionery	425	1,406	1,875	3,706
Beverages	965	665	626	2,256
Cheese	1,269	260	225	1,754
Grocery	717	69	137	923
Convenient Meals	1,162	50	30	1,242
<b>Total net revenues</b>	<b>\$ 5,936</b>	<b>\$ 3,016</b>	<b>\$ 3,621</b>	<b>\$ 12,573</b>

(1) We reclassified certain sector net revenues for the three months ended March 31, 2011 to conform with the current year presentation.

## Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

### Description of the Company

We manufacture and market packaged food products, including snacks, beverages, cheese, convenient meals and various packaged grocery products. We have operations in more than 80 countries and sell our products in approximately 170 countries.

### Proposed Spin-Off Transaction

On August 4, 2011, we announced that our Board of Directors intends to create two independent public companies: (i) a global snacks business (the "Global Snacks Business") and (ii) a North American grocery business (the "North American Grocery Business"). The Global Snacks Business will primarily consist of our current Kraft Foods Europe and Developing Markets segments as well as our North American snack and confectionery businesses and related categories in our Canada & N.A. Foodservice segment. The North American Grocery Business will primarily consist of our current U.S. Beverages, U.S. Cheese, U.S. Convenient Meals and U.S. Grocery segments, grocery-related categories in our Canada & N.A. Foodservice segment as well as the *Planters* and *Corn Nuts* brands and businesses. We expect to create these companies through a spin-off of the North American Grocery Business to our shareholders ("Spin-Off") that we expect will be tax-free to our U.S. shareholders for U.S. federal income tax purposes.

On April 2, 2012, our subsidiary, Kraft Foods Group, Inc. ("Kraft Foods Group"), which will hold the North American Grocery Business upon consummation of the Spin-Off, filed a registration statement on Form 10 with the U.S. Securities and Exchange Commission ("SEC").

The Spin-Off transaction is subject to a number of conditions, including the receipt of a favorable ruling from the IRS regarding the U.S. tax-free status of the Spin-Off, the effectiveness of the registration statement on Form 10 that was filed with the SEC in connection with the Spin-Off, the execution of agreements between our Global Snacks Business and the North American Grocery Business related to the Spin-Off, further diligence as appropriate and final approval from our Board of Directors. While our current target is to complete the Spin-Off before the end of 2012, we cannot assure that the Spin-Off will be completed on the anticipated timeline or at all or that the terms of the Spin-Off will not change.

### Summary of Results and Other Highlights

This summary provides highlights of the Discussion and Analysis that follows.

- Net revenues increased 4.1% to \$13.1 billion in the first quarter of 2012 as compared to the same period in the prior year.
- Organic net revenues, a non-GAAP financial measure we use to evaluate our underlying results (see our reconciliation with net revenues and a discussion of our non-GAAP financial measures later in this section), increased 6.5% to \$13.3 billion in the first quarter of 2012 as compared to the same period in prior year.
- Diluted EPS attributable to Kraft Foods increased 2.2% to \$0.46 in the first quarter of 2012 as compared to \$0.45 from the same period in the prior year.
- Operating EPS, a non-GAAP financial measure we use to evaluate our underlying results (see our reconciliation with diluted EPS attributable to Kraft Foods and a discussion of our non-GAAP financial measures later in this section), increased 9.6% to \$0.57 in the first quarter of 2012 as compared to \$0.52 from the same period in the prior year.
- On January 10, 2012, we issued \$800 million of floating rate notes maturing in 2013 that bear interest at a rate equal to the three-month London Inter-Bank Offered Rate ("LIBOR") plus 0.875%. We received net proceeds of \$798.8 million from the issuance.
- On March 8, 2012, we entered into a \$4.0 billion 364-day senior unsecured revolving credit facility that expires on March 7, 2013 in connection with the Spin-Off. We intend to use the proceeds of this facility, as necessary, in connection with Kraft Foods Group's and our Spin-Off related debt capitalization plan, to support working capital needs, and for other general corporate purposes.

## **Discussion and Analysis**

### **Items Affecting Comparability of Financial Results**

#### ***Spin-Off Costs***

On March 14, 2012, our Board of Directors approved \$1.7 billion of one-time costs and \$0.4 billion in capital expenditures to facilitate the Spin-Off and optimize both the North American Grocery Business and Global Snacks Business. Of the \$1.7 billion of one-time costs, approximately \$0.6 billion relates to Spin-Off transaction and transition costs such as professional service fees within our finance, legal and information system functions. During the three months ended March 31, 2012, we recorded \$39 million of Spin-Off costs within selling, general and administrative expenses which primarily related to information system preparation for the upcoming separation. (See “2012 – 2014 Restructuring Program” below for information on the \$1.1 billion of restructuring and related implementation costs.)

In addition to Spin-Off transaction and transition costs, we also anticipate incurring an estimated \$400 million - \$800 million of Spin-Off financing and related costs to redistribute debt and secure investment grade credit ratings for both the North American Grocery Business and the Global Snacks Business. During the three months ended March 31, 2012, we recorded \$134 million in interest and other expenses, net, due to the Spin-Off and related debt capitalization plans. See Note 11, “Financial Instruments,” regarding a \$130 million charge we recognized due to our Spin-Off debt capitalization plans related to a change in the timing of certain debt we expect to incur in connection with the Spin-Off. We refer to Spin-Off transaction, transition and financing and related costs collectively as “Spin-Off Costs.”

#### ***2012-2014 Restructuring Program***

On March 14, 2012, our Board of Directors approved \$1.1 billion of restructuring and related implementation costs (“2012-2014 Restructuring Program”) reflecting primarily severance, asset disposals and other manufacturing-related one-time costs. The program is expected to be completed by the end of 2014.

During the three months ended March 31, 2012, we incurred restructuring costs of \$78 million, or \$0.03 per diluted share, within asset impairment and exit costs. We also incurred implementation costs of \$1 million, with an immaterial impact per diluted share, within selling, general and administrative expenses. See Note 6, “2012-2014 Restructuring Program,” for additional information.

#### ***Integration Program***

Our combination with Cadbury continues to provide meaningful synergies and cost savings. We expect to realize annual cost savings of approximately \$800 million by the end of 2013. Additionally, we expect to create revenue synergies from investments in distribution, marketing and product development. In order to achieve these cost savings and synergies and combine and integrate the two businesses, we expect to incur total integration charges of approximately \$1.5 billion through the end of 2013 (the “Integration Program”).

Integration Program costs include the costs associated with combining our operations with Cadbury’s and are separate from the costs related to the acquisition. We incurred charges under the Integration Program of \$43 million for the three months ended March 31, 2012 and \$104 million for the three months ended March 31, 2011. We recorded these charges in operations, as a part of selling, general and administrative expenses primarily within our Kraft Foods Europe and Kraft Foods Developing Markets segments, as well as general corporate expenses. Since the inception of the Integration Program, we have incurred \$1.2 billion of the \$1.5 billion in expected charges. At March 31, 2012, we had an accrual of \$339 million related to the Integration Program. Refer to Note 7, *Integration Program*, for further details of our Integration Program.

#### ***Starbucks CPG Business***

On March 1, 2011, the Starbucks Coffee Company (“Starbucks”), without our authorization and in what we contend is a violation and breach of our agreements with Starbucks, took control of the Starbucks packaged coffee business (“Starbucks CPG business”) in grocery stores and other channels. The dispute is pending arbitration in Chicago, Illinois. We are seeking appropriate remedies, including but not limited to payment of the fair market value of the supply and license agreement with Starbucks related to the Starbucks CPG business, plus the premium this agreement specifies. Starbucks has counterclaimed for unspecified damages. The arbitration proceeding is set to begin on July 11, 2012. The results of the Starbucks CPG Business were included primarily in our U.S. Beverage and Canada & N.A. Foodservice segments through March 1, 2011.

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**Provision for Income Taxes**

Our effective tax rate was 28.0% for the first quarter of 2012 and 33.2% for the first quarter of 2011. The 2012 first quarter tax provision reflects a lower full-year projected tax rate due to a greater percentage of earnings growth expected in lower taxed countries in 2012, whereas the tax rate for the first of 2011 had a lower projected tax benefit from foreign earnings. The 2012 first quarter and the 2011 first quarter were both affected by net favorable discrete items arising principally from the expiration of the statute of limitations in various foreign jurisdictions and net favorable foreign and state audit settlements.



## Consolidated Results of Operations

The following discussion compares our consolidated results of operations for the three months ended March 31, 2012 and 2011.

### Three Months Ended March 31:

	For the Three Months Ended March 31,		\$ change	% change
	2012	2011		
	(in millions, except per share data)			
Net revenues	\$ 13,093	\$ 12,573	\$ 520	4.1%
Operating income	1,691	1,646	45	2.7%
Net earnings attributable to Kraft Foods	813	799	14	1.8%
Diluted earnings per share attributable to Kraft Foods	0.46	0.45	0.01	2.2%

*Net Revenues* – Net revenues increased \$520 million (4.1%) to \$13,093 million in the first quarter of 2012, and organic net revenues increased \$810 million (6.5%) to \$13,292 million as follows.

Change in net revenues (by percentage point)		
Higher net pricing		5.5pp
Favorable volume/mix		1.0pp
<b>Total change in organic net revenues <sup>(1)</sup></b>		<b>6.5%</b>
Unfavorable foreign currency		(1.6)pp
Impact of Starbucks CPG business cessation		(0.8)pp
<b>Total change in net revenues</b>		<b>4.1%</b>

(1) Please see the *Non-GAAP Financial Measures* section at the end of this item.

Organic net revenues growth was driven by higher net pricing and favorable volume/mix. Higher net pricing was reflected across all reportable business segments as we increased pricing to offset higher input costs. Favorable volume/mix, which includes a benefit of approximately 1.3 pp due to the Easter shift, was driven by higher shipments in Kraft Foods Developing Markets and Kraft Foods Europe, partially offset by lower shipments across all reportable business segments within Kraft Foods North America, except U.S. Grocery. Unfavorable foreign currency decreased net revenues by \$199 million, due primarily to the strength of the U.S. dollar, relative to the euro, Brazilian real, Indian rupee, Argentine peso, Mexican peso and Polish zloty, partially offset by the strength of the Australian dollar and Chinese yuan relative to the U.S. dollar. In addition, the Starbucks CPG business cessation decreased net revenues by \$91 million.

Operating Income – Operating income increased \$45 million (2.7%) to \$1,691 million in the first quarter of 2012, due to the following:

	Operating Income (in millions)	Change (percentage point)
<b>Operating Income for the Three Months Ended March 31, 2011</b>	<b>\$ 1,646</b>	
Integration Program costs	104	6.5pp
<b>Underlying Operating Income for the Three Months Ended March 31, 2011 <sup>(1)</sup></b>	<b>\$ 1,750</b>	
Higher net pricing	692	39.9pp
Higher input costs	(556)	(32.1)pp
Favorable volume/mix	38	2.2pp
Higher selling, general and administrative expenses	(42)	(2.4)pp
Gain on sale of property	55	3.2pp
Change in unrealized gains on hedging activities	(44)	(2.5)pp
Asset impairment charge	(20)	(1.2)pp
Decreased operating income from the Starbucks CPG business cessation	(15)	(0.9)pp
Unfavorable foreign currency	(8)	(0.5)pp
Other, net	2	0.1pp
<b>Total change in underlying operating income</b>	<b>\$ 102</b>	<b>5.8%</b>
<b>Underlying Operating Income for the Three Months Ended March 31, 2012 <sup>(1)</sup></b>	<b>\$ 1,852</b>	
Integration Program costs	(43)	(2.4)pp
Spin-Off Costs	(39)	(2.4)pp
2012-2014 Restructuring Program costs	(79)	(4.8)pp
<b>Operating Income for the Three Months Ended March 31, 2012</b>	<b>\$ 1,691</b>	<b>2.7%</b>

(1) Please see the *Non-GAAP Financial Measures* section at the end of this item.

Higher pricing outpaced increased input costs during the quarter. The increase in input costs was driven by significantly higher raw material costs and to a lesser extent higher manufacturing costs. Favorable volume/mix was driven primarily by strong contributions from Kraft Foods Developing Markets and Kraft Foods Europe, partially offset by declines in all reportable segments in Kraft Foods North America, except U.S. Grocery. Total selling, general and administrative expenses decreased \$111 million from the first quarter of 2011, due primarily to benefits from the impact of foreign currency, a gain on the sale of property in Russia, lower Integration Program costs and the Starbucks CPG business cessation, partially offset by the Spin-Off Costs incurred in the first quarter of 2012. Excluding these factors, selling, general and administrative expenses increased \$42 million from the first quarter of 2011, driven primarily by Kraft Foods Developing Markets in support of its business growth. The change in unrealized gains/losses on hedging activities decreased operating income by \$44 million, as we recognized gains of \$18 million in the first quarter of 2012, versus gains of \$62 million in the first quarter of 2011. During the first quarter of 2012, we recorded an asset impairment charge of \$20 million related to a trademark in Japan. The Starbucks CPG business cessation, which occurred on March 1, 2011, decreased operating income by \$15 million. Unfavorable foreign currency decreased operating income by \$8 million, due primarily to the strength of the U.S. dollar relative to the euro, Brazilian real, Indian rupee, Argentine peso, Polish zloty, British pound and Mexican peso, partially offset by the impact of the highly inflationary Venezuelan economy and the strength of the Australian dollar and Chinese yuan relative to the U.S. dollar. As a result of the net effect of these drivers, operating income margin decreased, from 13.1% in the first quarter of 2011 to 12.9% in the first quarter of 2012. The margin decrease was due primarily to the impact of the higher revenue base on the margin calculation, 2012-2014 Restructuring Program costs and Spin-Off Costs, partially offset by overhead leverage and lower Integration Program costs.

*Net Earnings and Diluted Earnings per Share Attributable to Kraft Foods* – Net earnings attributable to Kraft Foods of \$813 million increased by \$14 million (1.8%) in the first quarter of 2012. Diluted EPS attributable to Kraft Foods was \$0.46 in the first quarter of 2012, up \$0.01 (2.2%) from \$0.45 in the first quarter of 2011. These changes were due to the following:

	<u>Diluted EPS</u>
<b>Diluted EPS Attributable to Kraft Foods for the Three Months Ended March 31, 2011</b>	<b>\$ 0.45</b>
Integration Program costs	0.07
<b>Operating EPS<sup>(1)</sup> for the Three Months Ended March 31, 2011</b>	<b>\$ 0.52</b>
Increases in operations	0.06
Gain on sale of property	0.02
Change in unrealized gains on hedging activities	(0.02)
Asset impairment charge	(0.01)
Decreased operating income from the Starbucks CPG business cessation	(0.01)
Lower interest and other expense, net	0.01
Favorable foreign currency <sup>(2)</sup>	0.01
Changes in taxes	–
Higher shares outstanding	(0.01)
<b>Operating EPS<sup>(1)</sup> for the Three Months Ended March 31, 2012</b>	<b>\$ 0.57</b>
Integration Program costs	(0.02)
Spin-Off Costs <sup>(3)</sup>	(0.06)
2012-2014 Restructuring Program costs	(0.03)
<b>Diluted EPS Attributable to Kraft Foods for the Three Months Ended March 31, 2012</b>	<b>\$ 0.46</b>

(1) Please see the *Non-GAAP Financial Measures* section at the end of this item.

(2) Includes the favorable foreign currency impact on Kraft Foods foreign denominated debt and interest expense due to the strength of the U.S. dollar.

(3) Includes \$39 million of pre-tax Spin-Off transition and transaction costs and a pre-tax loss of \$130 million related to certain interest rate swaps recognized in interest and other expenses, net, as a result of a change in the planned timing of certain debt due to our planned Spin-Off and related debt capitalization plans.

## Results of Operations by Reportable Segment

We manage and report operating results through three geographic units: Kraft Foods North America, Kraft Foods Europe and Kraft Foods Developing Markets. We manage the operations of Kraft Foods North America and Kraft Foods Europe by product category and we manage the operations of Kraft Foods Developing Markets by location. Our reportable segments are U.S. Beverages, U.S. Cheese, U.S. Convenient Meals, U.S. Grocery, U.S. Snacks, Canada & N.A. Foodservice, Kraft Foods Europe and Kraft Foods Developing Markets.

The following discussion compares the net revenues and earnings of each of our reportable segments for the three months ended March 31, 2012 and 2011.

	For the Three Months Ended March 31,	
	2012	2011
	(in millions)	
Net revenues:		
Kraft Foods North America:		
U.S. Beverages	\$ 708	\$ 821
U.S. Cheese	932	874
U.S. Convenient Meals	807	792
U.S. Grocery	852	794
U.S. Snacks	1,540	1,492
Canada & N.A. Foodservice	1,173	1,163
Kraft Foods Europe	3,151	3,016
Kraft Foods Developing Markets	3,930	3,621
Net revenues	<u>\$ 13,093</u>	<u>\$ 12,573</u>

	For the Three Months Ended March 31,	
	2012	2011
	(in millions)	
Operating income:		
Kraft Foods North America:		
U.S. Beverages	\$ 98	\$ 161
U.S. Cheese	167	134
U.S. Convenient Meals	93	105
U.S. Grocery	309	292
U.S. Snacks	204	193
Canada & N.A. Foodservice	124	151
Kraft Foods Europe	384	308
Kraft Foods Developing Markets	525	405
Unrealized gains / (losses) on hedging activities	18	62
Certain U.S. pension plan costs	(80)	(42)
General corporate expenses	(95)	(66)
Amortization of intangibles	(56)	(57)
Operating income	<u>\$ 1,691</u>	<u>\$ 1,646</u>

As discussed in Note 14, *Segment Reporting*, management uses segment operating income to evaluate segment performance and allocate resources. We believe it is appropriate to disclose this measure to help investors analyze segment performance and trends. Segment operating income excludes unrealized gains and losses on hedging activities (which are a component of cost of sales), certain components of our U.S. pension plan cost (which are a component of cost of sales and selling, general and administrative expenses), general corporate expenses (which are a component of selling, general and administrative expenses) and amortization of intangibles for all periods presented. We exclude the unrealized gains and losses on hedging activities from segment operating income in order to provide better transparency of our segment operating results. Once realized, we record the gains and losses on hedging activities within segment operating results. We exclude certain components of our U.S. pension plan cost from segment operating income because we centrally manage pension plan funding decisions and the determination of discount rate, expected rate of return on plan assets and other actuarial assumptions. Therefore, we allocate only the service cost component of our U.S. pension plan expense to segment operating income.

On March 1, 2011, Starbucks, without our authorization and in what we contend is a violation and breach of our agreements with Starbucks, took control of the Starbucks CPG business in grocery stores and other channels. The dispute is pending arbitration in Chicago, Illinois. We are seeking appropriate remedies, including but not limited to payment of the fair market value of the supply and license agreement with Starbucks related to the Starbucks CPG business, plus the premium this agreement specifies. Starbucks has counterclaimed for unspecified damages. The arbitration proceeding is set to begin on July 11, 2012. The results of the Starbucks CPG Business were included primarily in our U.S. Beverage and Canada & N.A. Foodservice segments through March 1, 2011.

In March 2012, we divested property of a Kraft Foods Developing Markets subsidiary located in Russia for approximately \$72 million in net proceeds and recorded a \$55 million pre-tax gain within selling, general and administrative expenses.

Favorable net changes in unrealized gains / (losses) on hedging activities primarily related to gains on foreign currency contracts and commodity hedging activity of \$18 million for the three months ended March 31, 2012 and \$62 million for the three months ended March 31, 2011.

In connection with our 2012-2014 Restructuring Program, we recorded \$78 million of restructuring charges and \$1 million of implementation costs during the three months ended March 31, 2012. We recorded the restructuring charges in operations, as a part of asset impairment and exit costs, and recorded the implementation costs in operations, as a part of selling, general and administrative expenses. These charges are recorded primarily in general corporate expenses and within our Kraft Foods North America geographic unit.

We incurred charges under the Integration Program of \$43 million for the three months ended March 31, 2012 and \$104 million for the three months ended March 31, 2011. We recorded these charges in operations, as a part of selling, general and administrative expenses primarily within our Kraft Foods Europe and Kraft Foods Developing Markets segments, as well as in general corporate expenses.

The increase in general corporate expenses for the three months ended March 31, 2012 was primarily due to \$39 million of Spin-Off Costs incurred during the quarter, partially offset by lower Integration Program costs.

## U.S. Beverages

	For the Three Months Ended		<u>\$ change</u>	<u>% change</u>
	March 31,			
	<u>2012</u>	<u>2011</u>		
	(in millions)			
Net revenues	\$ 708	\$ 821	\$ (113)	(13.8%)
Segment operating income	98	161	(63)	(39.1%)

Net revenues decreased \$113 million (13.8%), due to the impact of the Starbucks CPG business cessation (10.3 pp) and unfavorable volume/mix (6.4 pp, net of a benefit of approximately 0.7 pp due to the Easter shift), partially offset by higher net pricing (2.9 pp). Unfavorable volume/mix was driven primarily by lower shipments in *Capri Sun* ready-to-drink beverages due to higher sales in the fourth quarter of 2011 in advance of an announced increase in list prices, *Maxwell House* coffee and powdered beverages, which was partially offset by the introduction of *MiO* liquid concentrate and higher shipments in *Gevalia* coffee due to its introduction into the retail market. Higher net pricing was due primarily to input cost-driven pricing in coffee and ready-to-drink beverages.

Segment operating income decreased \$63 million (39.1%), due primarily to higher raw material costs, unfavorable volume/mix, the impact of the Starbucks CPG business cessation, higher manufacturing costs and costs incurred for the 2012-2014 Restructuring Program. These unfavorable drivers were partially offset by higher net pricing and lower advertising and consumer promotion costs.

## U.S. Cheese

	For the Three Months Ended		<u>\$ change</u>	<u>% change</u>
	March 31,			
	<u>2012</u>	<u>2011</u>		
	(in millions)			
Net revenues	\$ 932	\$ 874	\$ 58	6.6%
Segment operating income	167	134	33	24.6%

Net revenues increased \$58 million (6.6%), due to higher net pricing (12.9 pp), partially offset by unfavorable volume/mix (6.3 pp, net of a benefit of approximately 3.2 pp due to the Easter shift). Higher net pricing, across all major cheese categories, was due to input cost-driven pricing actions. Unfavorable volume/mix was driven primarily by lower shipments in natural and process cheeses, partially offset by higher shipments in cream and snacking cheeses driven by new products including *Philadelphia Cooking Creme*, *Philadelphia Indulgence* and *Kraft Fresh Take*.

Segment operating income increased \$33 million (24.6%), due primarily to higher net pricing as well as lower other selling, general and administrative expenses, partially offset by higher raw material costs (primarily higher dairy costs), unfavorable volume/mix and costs incurred for the 2012-2014 Restructuring Program.

## U.S. Convenient Meals

	For the Three Months Ended		<u>\$ change</u>	<u>% change</u>
	March 31,			
	<u>2012</u>	<u>2011</u>		
	(in millions)			
Net revenues	\$ 807	\$ 792	\$ 15	1.9%
Segment operating income	93	105	(12)	(11.4%)

Net revenues increased \$15 million (1.9%), due to higher net pricing (2.9 pp), partially offset by unfavorable volume/mix (1.0 pp, including a negative impact of approximately 2.0 pp due to product pruning and a benefit of approximately 1.0 pp due to the Easter shift). Higher net pricing was due to input cost-driven pricing actions primarily related to hot dogs, bacon and lunch meats. Unfavorable volume/mix was primarily driven by lower shipments in hot dogs and bacon, partially offset by higher shipments in lunch meats.

Segment operating income decreased \$12 million (11.4%), due primarily to higher raw material costs, costs incurred for the 2012-2014 Restructuring Program and unfavorable volume/mix, partially offset by higher net pricing and lower other selling, general and administrative expenses.

## U.S. Grocery

	For the Three Months Ended March 31,		\$ change	% change
	2012	2011		
	(in millions)			
Net revenues	\$ 852	\$ 794	\$ 58	7.3%
Segment operating income	309	292	17	5.8%

Net revenues increased \$58 million (7.3%), due to favorable volume/mix (4.6 pp, which includes a benefit of approximately 3.5 pp due to the Easter shift) and higher net pricing (2.7 pp). Favorable volume/mix was driven by the introduction of *Planters* peanut butter and higher shipments, primarily *Cool Whip* whipped topping, *Kraft* macaroni and cheese dinners, spoonable dressings, pourable dressings and dry packaged desserts. Higher net pricing was realized across most key categories, including *Kraft* macaroni and cheese dinners, ready-to-eat desserts, spoonable dressings and pourable dressings.

Segment operating income increased \$17 million (5.8%), due primarily to lower advertising and consumer promotion costs, higher net pricing and lower other selling, general and administrative expenses, partially offset by higher raw material costs and costs incurred for the 2012-2014 Restructuring Program.

## U.S. Snacks

	For the Three Months Ended March 31,		\$ change	% change
	2012	2011		
	(in millions)			
Net revenues	\$ 1,540	\$ 1,492	\$ 48	3.2%
Segment operating income	204	193	11	5.7%

Net revenues increased \$48 million (3.2%), due to higher net pricing (7.3 pp), partially offset by unfavorable volume/mix (4.1 pp). Biscuits net revenues increased due to higher net pricing across most key products, partially offset by unfavorable volume/mix including the impact of package size changes across certain products. Biscuits unfavorable volume/mix was due primarily to lower shipments in crackers, primarily *Premium* and *Ritz* crackers, partially offset by higher shipments in cookies, reflecting the introduction of *be/Vita* and volume gains in *Oreo*, partially offset by volume declines in *Chips Ahoy!*. Snack nuts net revenues and Confectionery net revenues increased, due to higher net pricing, partially offset by unfavorable volume/mix.

Segment operating income increased \$11 million (5.7%), due to higher net pricing, lower advertising and consumer promotion costs and lower Integration Program costs, partially offset by higher raw material costs, unfavorable volume/mix, costs incurred for the 2012-2014 Restructuring Program and higher other selling, general and administrative expenses.

## Canada & N.A. Foodservice

	For the Three Months Ended March 31,		\$ change	% change
	2012	2011		
	(in millions)			
Net revenues	\$ 1,173	\$ 1,163	\$ 10	0.9%
Segment operating income	124	151	(27)	(17.9%)

Net revenues increased \$10 million (0.9%), due to higher net pricing (4.5 pp), partially offset by unfavorable volume/mix (2.6 pp including a negative impact of 2.5 pp due to product pruning), unfavorable foreign currency (0.7 pp) and the impact of the Starbucks CPG business cessation (0.3 pp). In Canada, net revenues decreased driven by unfavorable volume/mix, unfavorable foreign currency and the impact of the Starbucks CPG business cessation, partially offset by higher net pricing. Unfavorable volume/mix was due primarily to the completion of a co-manufacturing agreement from a previous divestiture, and lower shipments in beverages and grocery, partially offset by higher shipments in snacks and cheese. In N.A. Foodservice, net revenues increased driven by higher net pricing, partially offset by unfavorable volume/mix and unfavorable foreign currency.

Segment operating income decreased \$27 million (17.9%), due primarily to higher raw material costs, costs incurred for the 2012-2014 Restructuring Program, higher other selling, general and administrative expenses and higher manufacturing costs, partially offset by higher net pricing.

### **Kraft Foods Europe**

	For the Three Months Ended		<u>\$ change</u>	<u>% change</u>
	March 31,			
	<u>2012</u>	<u>2011</u>		
	(in millions)			
Net revenues	\$ 3,151	\$ 3,016	\$ 135	4.5%
Segment operating income	384	308	76	24.7%

Net revenues increased \$135 million (4.5%), due to favorable volume/mix (4.4 pp, which includes a benefit of approximately 2.0 pp due to the Easter shift) and higher net pricing (2.8 pp), partially offset by the impact of unfavorable foreign currency (2.7 pp). Favorable volume/mix was driven primarily by higher shipments in chocolate and coffee, partially offset by lower shipments in gum & candy. Higher net pricing was reflected across all categories except chocolate and gum & candy. Unfavorable foreign currency primarily reflected the strength of the U.S. dollar relative to the euro, British pound and Swedish krona.

Segment operating income increased \$76 million (24.7%), due primarily to higher net pricing, lower manufacturing costs, favorable volume/mix, lower Integration Program costs and lower other selling, general and administrative expenses, partially offset by higher raw material costs, higher advertising and consumer support costs and unfavorable foreign currency.

### **Kraft Foods Developing Markets**

	For the Three Months Ended		<u>\$ change</u>	<u>% change</u>
	March 31,			
	<u>2012</u>	<u>2011</u>		
	(in millions)			
Net revenues	\$ 3,930	\$ 3,621	\$ 309	8.5%
Segment operating income	525	405	120	29.6%

Net revenues increased \$309 million (8.5%), due to higher net pricing (7.4 pp) and favorable volume/mix (4.1 pp, which includes a benefit of approximately 1.0 pp due to the Easter shift), partially offset by unfavorable currency (3.0 pp). In Central and Eastern Europe, net revenues increased driven by higher net pricing across the region, partially offset by unfavorable foreign currency. In Middle East and Africa, net revenues increased driven by favorable volume mix and higher net pricing across most of the region, partially offset by unfavorable foreign currency. In Latin America, net revenues increased driven by higher net pricing across the region and favorable volume/mix, primarily in Brazil, partially offset by unfavorable foreign currency. In Asia Pacific, net revenues increased due to favorable volume/mix, primarily in China and Southeast Asia, higher net pricing across most of the region and favorable foreign currency.

Segment operating income increased \$120 million (29.6%), due primarily to higher net pricing, favorable volume/mix, a gain on the sale of property in Russia and lower Integration Program costs, partially offset by higher raw material costs, higher advertising and consumer promotion costs, higher other selling, general and expenses, an asset impairment charge related to a trademark in Japan and higher manufacturing costs.



## Commodity Trends

We purchase large quantities of commodities, including dairy products, coffee beans, cocoa, wheat, corn products, soybean and vegetable oils, nuts, meat products, and sugar and other sweeteners. In addition, we use significant quantities of resins and cardboard to package our products, and natural gas for our factories and warehouses. We continuously monitor worldwide supply and cost trends of these commodities so we can act quickly to procure ingredients and packaging materials needed for production.

During the first quarter of 2012, our aggregate commodity costs increased over the comparable prior year period, primarily as a result of coffee beans, packaging material costs, dairy products, grain and oil costs and nuts. We expect the price volatility and higher cost environment to continue over the remainder of the year. As noted earlier in our discussion of our operating results, we have addressed higher commodity costs primarily through higher pricing, lower manufacturing costs due to our end-to-end cost management program and overhead cost control. We expect to continue to use these measures to address further commodity cost increases.

## Liquidity

We believe that cash generated from our operating activities, our existing \$4.5 billion revolving credit facility (which supports our commercial paper program), the \$4.0 billion Kraft Foods Group revolving credit facility and our authorized long-term financing will provide sufficient liquidity to meet our working capital needs, planned capital expenditures, future contractual obligations and payment of our anticipated quarterly dividends. We continue to use our commercial paper program and primarily uncommitted international credit lines for daily funding requirements. We also use short-term intercompany loans from foreign subsidiaries to improve financial flexibility. Overall, we do not expect any negative effects to our funding sources that would have a material effect on our short-term or long-term liquidity.

### *Net Cash Used in Operating Activities:*

During the first quarter of 2012, net cash used in operating activities was \$851 million, compared with \$986 million in the first quarter of 2011. The decrease in cash used in operating cash flows primarily relates to lower contributions to our pension plans and increased cash earnings, partially offset by higher spending on trade accruals and other incentives, higher payments of income taxes and higher other working capital costs (mainly due to increased receivables offset by a lower level of increased inventory levels ahead of the earlier Easter holiday in April 2012). *The Easter holiday fell on April 8, 2012 and on April 24, 2011.*

During the first quarter of 2012, we contributed \$15 million to our U.S. pension plans and \$118 million to our non-U.S. pension plans. We plan to make further contributions of approximately \$40 million to our U.S. plans and approximately \$307 million to our non-U.S. plans during the remainder of 2012. We expect to fund these contributions from operations. Our actual contributions may differ due to many factors, including changes in tax and other benefit laws, considerations related to the Spin-Off, or significant differences between expected and actual pension asset performance or interest rates.

### *Net Cash Used in Investing Activities:*

During the first quarter of 2012, net cash used in investing activities was \$244 million, compared with \$244 million in the first quarter of 2011. Higher capital expenditures in the first quarter of 2012 were offset primarily due to proceeds received from the sale of property, plant and equipment in the first quarter of 2012.

Capital expenditures, which were funded by operating activities, were \$335 million in the first quarter of 2012. We expect full-year capital expenditures to be approximately \$2 billion, including capital expenditures required for the 2012-2014 Restructuring Program and the Integration Program. We expect to fund these expenditures from operations.

### *Net Cash Provided by Financing Activities:*

During the first quarter of 2012, net cash provided by financing activities was \$917 million, compared with \$795 million in the first quarter of 2011. The increase in net cash provided by financing activities was primarily due to higher proceeds from the issuance of short-term commercial paper and a long-term debt issuance during the first quarter of 2012, partially offset by \$2.6 billion in long-term debt repayments in the first quarter of 2012.

*Borrowing Arrangements:*

On April 1, 2011, we entered into a \$4.5 billion four-year senior unsecured revolving credit facility agreement which expires in April 2015. This facility includes a covenant that we maintain a minimum total shareholders' equity, excluding accumulated other comprehensive earnings / (losses), of at least \$28.6 billion. At March 31, 2012, our total shareholders' equity, excluding accumulated other comprehensive earnings / (losses), was \$42.2 billion. We expect to continue to meet this covenant. The revolving credit facility agreement also contains customary representations, covenants and events of default. However, there are no other financial covenants, credit rating triggers or provisions that could require us to post collateral as security. We intend to use the revolving credit facility for general corporate purposes, including for working capital purposes and to support our commercial paper issuances. As of March 31, 2012, no amounts were drawn on this credit facility.

On March 8, 2012, in connection with the proposed Spin-Off, our subsidiary, Kraft Foods Group, entered into a \$4.0 billion 364-day senior unsecured revolving credit facility that expires on March 7, 2013. All committed pro rata borrowings under the facility will bear interest at a variable annual rate based on the London Inter-Bank Offered Rate ("LIBOR") or a defined base rate, at the election of Kraft Foods Group, plus an applicable margin based on (i) for any date prior to the consummation of the Spin-Off, the ratings of our long-term senior unsecured indebtedness and (ii) for any date on or following the consummation of the Spin-Off, the ratings of Kraft Foods Group indebtedness. We intend to use the proceeds of this facility, as necessary, in connection with Kraft Foods Group's and our Spin-Off related debt capitalization plan, to support working capital needs and for other general corporate purposes. As of March 31, 2012, no amounts were drawn on this credit facility.

In addition to the above, some of our international subsidiaries maintain primarily uncommitted credit lines to meet short-term working capital needs. Collectively, these credit lines amounted to \$2.3 billion at March 31, 2012. In the aggregate, borrowings on these lines were \$345 million at March 31, 2012 and \$182 million at December 31, 2011.

*Long-Term Debt:*

On January 10, 2012, we issued \$800 million of floating rate notes which mature on July 10, 2013 and bear interest at a rate equal to the three-month LIBOR plus 0.875%. We received net cash proceeds of \$798.8 million. The notes have a special mandatory redemption. Upon public announcement of the record date for the proposed Spin-Off, we will be required to issue a notice of redemption of all of the notes at a redemption price equal to 100% of the aggregate principal amount of the notes, plus accrued and unpaid interest through the day prior to the redemption date.

We expect to continue to comply with our long-term debt covenants. Refer to our Annual Report on Form 10-K for the year ended December 31, 2011 for further details of our debt covenants.

*Total Debt:*

Our total debt was \$28.3 billion at March 31, 2012 and \$26.9 billion at December 31, 2011. Our debt-to-capitalization ratio was 0.43 at March 31, 2012 and at December 31, 2011. At March 31, 2012, the weighted-average term of our outstanding long-term debt was 9.7 years.

In the next 12 months, \$1.8 billion of long-term debt comes due as follows: \$900 million in June 2012, C\$150 million (approximately \$151 million) in August 2012 and \$750 million in February 2013. We expect to fund these repayments with cash from operations, the issuance of commercial paper and the issuance of additional debt. From time to time we refinance long-term and short-term debt. The nature and amount of our long-term and short-term debt and the proportionate amount of each will vary as a result of future business requirements, market conditions and other factors, including our plans in connection with the Spin-Off. As of March 31, 2012, we had \$11.2 billion remaining in long-term financing authority from our Board of Directors.

In connection with the proposed Spin-Off, we intend to redistribute debt such that both Kraft Foods Group and we may obtain investment grade credit ratings as independent standalone companies following the Spin-Off. To effect this redistribution, Kraft Foods Group is expected to incur an estimated \$10 billion of debt through a combination of some or all of the following: long-term and short-term debt issuances, borrowings under bank credit facilities, including the 364-day unsecured revolving credit facility described above, and debt exchanges with respect to certain of our existing debt obligations. In addition, Kraft Foods Group is expected to distribute cash to us prior to the Spin-Off, including proceeds from any debt Kraft Foods Group incurs, so that we may reduce our debt while Kraft Foods Group increases their debt to the planned capital structure.

## **Off-Balance Sheet Arrangements and Aggregate Contractual Obligations**

There were no material changes to our off-balance sheet arrangements and aggregate contractual obligations disclosed in our Annual Report on Form 10-K for the year ended December 31, 2011. We also do not expect a material change in the effect these arrangements and obligations will have on our liquidity. See Note 12, *Commitments and Contingencies*, for a discussion of guarantees.

## **Equity and Dividends**

### *Stock Plans:*

In January 2012, we granted 1.3 million shares of stock in connection with our long-term incentive plan, and the market value per share was \$37.63 on the date of grant. In February 2012, as part of our annual equity program, we issued 2.2 million shares of restricted and deferred stock to eligible employees, and the market value per restricted or deferred share was \$38.00 on the date of grant. During the three months ended March 31, 2012, we issued 0.6 million shares of additional restricted and deferred shares with a weighted-average market value of \$30.13 per share primarily in connection with our long-term incentive plan and awards granted in 2009 which vested during the first quarter of 2012. In aggregate, we issued 4.1 million restricted and deferred shares during the three months ended March 31, 2012, including those issued as part of our long-term incentive plan, with a weighted-average market value per share of \$36.60.

As part of our annual equity program, we also granted 12.8 million stock options to eligible employees in February 2012 at an exercise price of \$38.00. During the three months ended March 31, 2012, we issued 0.6 million of additional stock options with a weighted-average exercise price of \$37.97 per share on the date of grant. In aggregate, we granted 13.4 million stock options during the three months ended March 31, 2012 with a weighted-average market value per share of \$37.99.

### *Dividends:*

We paid dividends of \$514 million in the first quarter of 2012 and \$507 million in the first quarter of 2011. The present annualized dividend rate is \$1.16 per common share. The declaration of dividends is subject to the discretion of our Board of Directors and depends on various factors, including our net earnings, financial condition, cash requirements, future prospects and other factors that our Board of Directors deems relevant to its analysis and decision making.

## **Outlook**

Our outlook for 2012 reflects confidence in continuing our strong business momentum in a challenging environment of weak consumer and category growth as well as input cost inflation.

We continue to expect 2012 Organic Net Revenue growth of approximately 5 percent and Operating EPS growth of at least 9 percent on a constant currency basis.

Please see the *Non-GAAP Financial Measures* section below.

## **Significant Accounting Estimates**

We prepare our condensed consolidated financial statements in conformity with U.S. GAAP. The preparation of these financial statements requires the use of estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the periods presented. Actual results could differ from those estimates and assumptions. Our significant accounting policies are described in Note 1 to our consolidated financial statements in our Annual Report on Form 10-K for the year ended December 31, 2011. Our significant accounting estimates are described in our Management's Discussion and Analysis of Financial Condition and Results of Operations in our Annual Report on Form 10-K for the year ended December 31, 2011. See Note 1, *Basis of Presentation*, for a discussion of the impact of new accounting standards. There were no changes in our accounting policies in the current period that had a material impact on our financial statements.

## **New Accounting Guidance**

See Note 1, *Basis of Presentation*, for a discussion of new accounting guidance.

## **Contingencies**

See Note 12, *Commitments and Contingencies*, and Part II, Item 1. *Legal Proceedings* for a discussion of contingencies.

## **Non-GAAP Financial Measures**

We use certain non-GAAP financial measures to budget, make operating and strategic decisions and evaluate our performance. We disclose non-GAAP financial measures so that you have the same financial data that we use to assist you in making comparisons to our historical operating results and analyzing our underlying performance.

Our non-GAAP financial measures reflect how we evaluate our operating results currently. As new events or circumstances arise, these definitions could change over time:

- “Organic net revenues” which is defined as net revenues excluding the impact of acquisitions, divestitures (including for reporting purposes, the cessation of the Starbucks CPG business), accounting calendar changes (including a 53rd week in 2011), Integration Program costs and foreign currency rate fluctuations. (Integration Program costs are associated with integrating the Cadbury business. Certain of the costs may impact and reduce the amount of reported “net” revenues.)
- “Underlying operating income” which is defined as operating income excluding the impact of the 2012-2014 Restructuring Program, Spin-Off Costs, Integration Program and Cadbury-related acquisition costs in prior periods.
- “Operating EPS” which is defined as Diluted EPS attributable to Kraft Foods excluding the impact of the 2012-2014 Restructuring Program, Spin-Off Costs, Integration Program, Cadbury-related acquisition and financing costs and the 2010 U.S. healthcare legislation change in prior periods.

We use the following non-GAAP financial measures in this quarterly report on Form 10-Q: “organic net revenues,” “underlying operating income” and “operating EPS.” We believe that the presentation of these non-GAAP financial measures, when considered together with our U.S. GAAP financial measures and the reconciliations to the corresponding U.S. GAAP financial measures, provides you with a more complete understanding of the factors and trends affecting our business than could be obtained absent these disclosures. Because non-GAAP financial measures may vary among other companies, the non-GAAP financial measures presented in the Consolidated Results of Operations section may not be comparable to similarly titled measures used by other companies. Our use of these non-GAAP financial measures is not meant to be considered in isolation or as a substitute for any U.S. GAAP financial measure. A limitation of these non-GAAP financial measures is they exclude items detailed below which have an impact on our U.S. GAAP reported results. The best way this limitation can be addressed is by evaluating our non-GAAP financial measures in combination with our U.S. GAAP reported results and carefully evaluating the following tables which reconcile U.S. GAAP reported figures to the non-GAAP financial measures in this Form 10-Q.

### Organic Net Revenues

Using the definition of “organic net revenues” above, the only adjustments made to “net revenues” (the most comparable U.S. GAAP financial measure) during the three months ended March 31, 2012 were to exclude the impact of the Starbucks CPG business cessation and the impact of foreign currency. We believe that organic net revenues better reflect the underlying growth from the ongoing activities of our business and provide improved comparability of results.

	For the Three Months Ended March 31,		\$ Change	% Change
	2012	2011		
	(in millions)			
<b>Organic net revenues</b>	<b>\$ 13,292</b>	<b>\$ 12,482</b>	<b>\$ 810</b>	<b>6.5%</b>
Impact of the Starbucks CPG business cessation	–	91	(91)	(0.8)pp
Impact of foreign currency	(199)	–	(199)	(1.6)pp
<b>Net revenues</b>	<b>\$ 13,093</b>	<b>\$ 12,573</b>	<b>\$ 520</b>	<b>4.1%</b>

### Underlying Operating Income

Using the definition of “underlying operating income” above, the only adjustments made to “operating income” (the most comparable U.S. GAAP financial measure) during the three months ended March 31, 2012 were to exclude Integration Program costs, 2012-2014 Restructuring Program costs and Spin-Off Costs. We believe that underlying operating income provides improved comparability of operating results.

	For the Three Months Ended March 31,		\$ Change	% Change
	2012	2011		
	(in millions)			
<b>Underlying operating income</b>	<b>\$ 1,852</b>	<b>\$ 1,750</b>	<b>\$ 102</b>	<b>5.8%</b>
Integration Program	(43)	(104)	61	4.1pp
2012-2014 Restructuring Program	(79)	–	(79)	(4.8)pp
Spin-Off Costs	(39)	–	(39)	(2.4)pp
<b>Operating income</b>	<b>\$ 1,691</b>	<b>\$ 1,646</b>	<b>\$ 45</b>	<b>2.7%</b>

### Operating EPS

Using the definition of “Operating EPS” above, the only adjustments made to “diluted EPS attributable to Kraft Foods” (the most comparable U.S. GAAP financial measure) during the three months ended March 31, 2012 were to exclude Integration Program costs, 2012-2014 Restructuring Program costs and Spin-Off Costs. We believe Operating EPS provides improved comparability of operating results.

	For the Three Months Ended March 31,		\$ Change	% Change
	2012	2011		
<b>Operating EPS</b>	<b>\$ 0.57</b>	<b>\$ 0.52</b>	<b>\$ 0.05</b>	<b>9.6%</b>
Integration Program	(0.02)	(0.07)	0.05	12.6pp
2012-2014 Restructuring Program	(0.03)	–	(0.03)	(6.6)pp
Spin-Off Costs <sup>(1)</sup>	(0.06)	–	(0.06)	(13.4)pp
<b>Diluted EPS attributable to Kraft Foods</b>	<b>\$ 0.46</b>	<b>\$ 0.45</b>	<b>\$ 0.01</b>	<b>2.2%</b>

(1) Includes \$39 million of pre-tax Spin-Off transition and transaction costs and a pre-tax loss of \$130 million related to certain interest rate swaps recognized in interest and other expenses, net, as a result of a change in the planned timing of certain debt due to our planned Spin-Off and related debt capitalization plans.

## **Forward-Looking Statements**

This report contains a number of forward-looking statements. Words such as “expects,” “goals,” “plans,” “believes,” “continues,” “may,” “will,” and variations of those words and similar expressions are intended to identify our forward-looking statements. The forward-looking statements contained in this report include, but are not limited to, our beliefs and expectations regarding the impact of new accounting standards; our proposed Spin-Off transaction; our Spin-Off Costs; our 2012-2014 Restructuring Program; our Integration Program; unrealized losses on hedging activities; results of Legal Matters; our amortizable intangible assets; expectations for the North American Grocery Business and for the Global Snacks Business; the Starbucks arbitration; our effective tax rate; price volatility and cost environment; our liquidity; our funding sources; expected pension contributions; capital expenditures and funding; our financial covenants; repayments of debts; the redistribution of debt due to the Spin-Off; off-balance sheet arrangements and contractual obligations; our Outlook; and our accounting policies. These forward-looking statements involve risks and uncertainties, many of which are beyond our control, and important factors that could cause actual results to differ materially from those in the forward-looking statements include, but are not limited to, our ability to launch to successful companies, continued volatility and increase in commodity costs, pricing actions, increased competition, the continuing weak economic environment, our indebtedness and our ability to pay our indebtedness, risks from operating globally and tax law changes. For additional information on these and other factors that could affect our forward-looking statements, see our risk factors, as they may be amended from time to time, set forth in our filings with the SEC, including our most recently filed Annual Report on Form 10-K and subsequent reports on Forms 10-Q and 8-K. We disclaim and do not undertake any obligation to update or revise any forward-looking statement in this report, except as required by applicable law or regulation.

### **Item 3. Quantitative and Qualitative Disclosures about Market Risk.**

As a global operation, we use certain financial instruments to manage our foreign currency exchange rate, commodity price and interest rate risks. We monitor and manage these exposures as part of our overall risk management program. Our risk management program focuses on the unpredictability of financial markets and seeks to reduce the potentially adverse effects that the volatility of these markets may have on our operating results. We maintain foreign currency, commodity price and interest rate risk management policies that principally use derivative instruments to reduce significant, unanticipated earnings fluctuations that may arise from volatility in foreign currency exchange rates, commodity prices and interest rates. We also sell commodity futures to unprice future purchase commitments, and we occasionally use related futures to cross-hedge a commodity exposure. We are not a party to leveraged derivatives and, by policy, do not use financial instruments for speculative purposes. There were no significant changes in the types of derivative instruments we use to hedge our exposures since December 31, 2011. Refer to Note 11, *Financial Instruments*, for further information on our derivative activity in 2012 and the types of derivative instruments we used to hedge our exposures.

### **Item 4. Controls and Procedures.**

#### **a) Evaluation of Disclosure Controls and Procedures**

Management, together with our CEO and CFO, evaluated the effectiveness of our disclosure controls and procedures (as defined in Securities Exchange Act of 1934 Rule 13a-15(e)) as of the end of the period covered by this report. Based upon that evaluation, the CEO and CFO concluded that our disclosure controls and procedures were effective as of March 31, 2012.

#### **b) Changes in Internal Control Over Financial Reporting**

Management, together with our CEO and CFO, evaluated the changes in our internal control over financial reporting during the quarter ended March 31, 2012. We determined that there were no changes in our internal control over financial reporting during the quarter ended March 31, 2012 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

## PART II – OTHER INFORMATION

### Item 1. Legal Proceedings.

We routinely are involved in legal proceedings, claims and governmental inspections or investigations (“Legal Matters”) arising in the ordinary course of our business.

On March 1, 2011, the Starbucks Coffee Company (“Starbucks”), without our authorization and in what we contend is a violation and breach of our License and Supply agreement with Starbucks, took control of the Starbucks packaged coffee business (“Starbucks CPG business”) in grocery stores and other channels. The dispute is pending arbitration in Chicago, Illinois. We are seeking appropriate remedies, including payment of the fair market value of our supply and license agreement with Starbucks related to the Starbucks CPG business, plus the premium this agreement specifies, prejudgment interest under New York law and attorney’s fees. Starbucks has counterclaimed for damages. On April 2, 2012, we and Starbucks exchanged expert reports regarding alleged damages on our respective claims. While the arbitration proceedings are subject to confidentiality, Starbucks has now publicly disclosed that they seek damages of up to \$62.9 million plus attorney’s fees. Starbucks also publicly stated that our expert valued the agreement at \$1.9 billion and that applying the 35% premium and 9% interest provided for in the agreement, we would claim damages of up to \$2.9 billion plus attorney’s fees. We continue to believe those amounts were confidential. The arbitration proceeding is set to begin on July 11, 2012.

Other information regarding Legal Matters is available in the Legal Proceedings discussions in our Annual Report on Form 10-K for the year ended December 31, 2011, and is incorporated by reference into this report.

While we cannot predict with certainty the results of any Legal Matters in which we are currently involved, we do not expect that the ultimate costs to resolve any of these Legal Matters will have a material adverse effect on our financial results.

### Item 1A. Risk Factors.

There were no material changes to the risk factors disclosed in our Annual Report on Form 10-K for the year ended December 31, 2011.

### Item 2. Unregistered Sales of Equity Securities and Use of Proceeds.

The following activity represents shares tendered to us by employees who used shares to exercise options, and who used shares to pay the related taxes for grants of restricted and deferred stock that vested. Accordingly, these are non-cash transactions.

	<u>Total Number of Shares</u>	<u>Average Price per Share</u>
January 1 – 31, 2012	2,827	\$ 36.34
February 1 – 29, 2012	998,724	38.08
March 1 – 31, 2012	525,089	38.04
For the Quarter Ended March 31, 2012	<u>1,526,640</u>	38.07

### Item 5. Other Information.

In our Report on Form 8-K dated March 14, 2012, and filed on March 20, 2012, we reported that our Board of Directors approved \$1.1 billion of non-recurring restructuring and implementation costs (“2012-2014 Restructuring Program”) and \$600 million of non-recurring transaction and transition costs in connection with the proposed Spin-Off transaction (“Spin-Off Costs”). Refer to Note 2, *Proposed Spin-Off Transaction*, and Note 6, *2012-2014 Restructuring Program*, for additional information.

**Item 6. Exhibits.**

<u>Exhibit Number</u>	<u>Description</u>
10.1	\$4,000,000,000 364-Day Revolving Credit Agreement, by and among Kraft Foods Group, Inc. (formerly Kraft Foods Global, Inc.), the Registrant, as guarantor, the initial lenders named therein, Barclays Bank plc and JPMorgan Chase Bank, N.A., as co-administrative agents, Barclays Bank plc, as paying agent, Citibank, N.A., as syndication agent and The Royal Bank of Scotland plc, as documentation agent, dated as of March 8, 2012.
10.2	Form of Kraft Foods Inc. Amended and Restated 2005 Performance Incentive Plan Restricted Stock Agreement.
10.3	Form of Kraft Foods Inc. Amended and Restated 2005 Performance Incentive Plan Non-Qualified U.S. Stock Option Award Agreement.
11	Computation of Per Share Earnings.*
12	Statement regarding computation of ratios of earnings to fixed charges.
31.1	Certification of Chief Executive Officer pursuant to Rule 13a-14(a)/15d-14(a) of the Securities Exchange Act of 1934, as amended.
31.2	Certification of Chief Financial Officer pursuant to Rule 13a-14(a)/15d-14(a) of the Securities Exchange Act of 1934, as amended.
32.1	Certifications of Chief Executive Officer and Chief Financial Officer pursuant to 18 U.S.C. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101.1	The following materials from Kraft Foods' Quarterly Report on Form 10-Q for the quarter ended March 31, 2012 are formatted in XBRL (eXtensible Business Reporting Language): (i) the Condensed Consolidated Statements of Earnings, (ii) the Condensed Consolidated Statements of Equity, (iii) the Condensed Consolidated Balance Sheets, (iv) the Condensed Consolidated Statements of Cash Flows, (v) Notes to Condensed Consolidated Financial Statements, tagged as blocks of text, and (vi) document and entity information.

\* Data required by Item 601(b)(11) of Regulation S-K is provided in Note 13 to the condensed consolidated financial statements in this Report.



Signature

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

KRAFT FOODS INC.

/s/ DAVID A. BREARTON

David A. Brearton  
Executive Vice President and  
Chief Financial Officer

May 4, 2012

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U.S. \$4,000,000,000  
364-DAY REVOLVING CREDIT AGREEMENT

Dated as of March 8, 2012

Among

KRAFT FOODS GLOBAL, INC.,  
KRAFT FOODS INC., as Guarantor,

and

THE INITIAL LENDERS NAMED HEREIN

and

BARCLAYS BANK PLC and JPMORGAN CHASE BANK, N.A.,  
as Co-Administrative Agents

and

BARCLAYS BANK PLC,  
as Paying Agent

and

CITIBANK, N.A.,  
as Syndication Agent

and

THE ROYAL BANK OF SCOTLAND plc,  
as Documentation Agent

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BARCLAYS CAPITAL,  
CITIGROUP GLOBAL MARKETS INC.  
J.P. MORGAN SECURITIES LLC,  
and  
RBS SECURITIES INC.,  
as Joint Lead Arrangers and Joint Bookrunners

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Exhibit D-1	—	Form of Opinion of Special Counsel for Kraft Foods and Kraft Foods Global
Exhibit D-2	—	Form of Opinion of Special Local Counsel for Kraft Foods
Exhibit D-3	—	Form of Opinion of Internal Counsel for Kraft Foods

364-DAY REVOLVING CREDIT AGREEMENT (as amended from time to time, this “Agreement”) dated as of March 8, 2012, among KRAFT FOODS GLOBAL, INC., a Delaware corporation (“Kraft Foods Global”); KRAFT FOODS INC., a Virginia corporation (“Kraft Foods”), as guarantor; the banks, financial institutions and other institutional lenders listed on the signature pages hereof (the “Initial Lenders”); BARCLAYS BANK PLC and JPMORGAN CHASE BANK, N.A., as co-administrative agents (each, in such capacity, a “Co-Administrative Agent”); BARCLAYS BANK PLC, as paying agent (in such capacity, the “Paying Agent”); CITIBANK, N.A., as syndication agent (in such capacity, the “Syndication Agent”); and THE ROYAL BANK OF SCOTLAND plc, as documentation agent (in such capacity, the “Documentation Agent”) for the Lenders (as hereinafter defined).

The parties hereto agree as follows:

## ARTICLE I

### Definitions and Accounting Terms

SECTION 1.01 Certain Defined Terms. 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):

“Administrative Agent” means the Co-Administrative Agent responsible for performing the functions of the Administrative Agent under this Agreement, which shall be the Paying Agent, and unless the context otherwise requires, all singular references to “the Administrative Agent” in this Agreement shall be deemed to refer to the Paying Agent.

“Administrative Agent Account” means (a) the account of the Administrative Agent, maintained by the Administrative Agent, at its office at Barclays Bank PLC, Bank Debt Management Group, Attention: Kraft Portfolio Manager: Noam Azachi, noam.azachi@barcap.com (email), (212) 526-5115 (facsimile), (212) 526-1957 (telephone), or (b) such other account of the Administrative Agent as is designated in writing from time to time by the Administrative Agent to Kraft Foods Global and the Lenders for such purpose.

“Advance” means a Pro Rata Advance or a Competitive Bid Advance.

“Agents” means each Co-Administrative Agent, the Paying Agent, the Syndication Agent, the Documentation Agent and each Joint Bookrunner.

“Applicable Unused Line Fee Rate” means (a) for any date prior to the date of the Spin-Off, a percentage per annum equal to the percentage set forth below determined by reference to the higher of (i) the rating of Kraft Foods’ long-term senior unsecured Debt from Standard & Poor’s (or, if there shall be no outstanding rated long-term senior unsecured Debt of Kraft Foods, the long-term company, issuer or similar ratings established by Standard & Poor’s for Kraft Foods) and (ii) the rating of Kraft Foods’ long-term senior unsecured Debt from Moody’s, in each case on such date (or, if there shall be no outstanding rated long-term senior unsecured Debt of Kraft Foods, the long-term company, issuer or similar ratings established by Moody’s for Kraft Foods), and (b) for any date on or following the date of the Spin-Off, a

percentage per annum equal to the percentage set forth below determined by reference to the higher of (i) the rating of Kraft Foods Global's long-term senior unsecured Debt from Standard & Poor's (or, if there shall be no outstanding rated long-term senior unsecured Debt of Kraft Foods Global, the long-term company, issuer or similar ratings established by Standard & Poor's for Kraft Foods Global) and (ii) the rating of Kraft Foods Global's long-term senior unsecured Debt from Moody's (or, if there shall be no outstanding rated long-term senior unsecured Debt of Kraft Foods Global, the long-term company, issuer or similar ratings established by Moody's for Kraft Foods Global), in each case on such date:

<u>Long-Term Senior Unsecured Debt Rating</u>	<u>Applicable Unused Line Fee Rate</u>
A or higher by Standard & Poor's	
A2 or higher by Moody's	0.060%
A- by Standard & Poor's	
A3 by Moody's	0.075%
BBB+ by Standard & Poor's	
Baa1 by Moody's	0.100%
BBB by Standard & Poor's	
Baa2 by Moody's	0.125%
BBB- by Standard & Poor's	
Baa3 by Moody's	0.150%
Lower than BBB- by Standard & Poor's	
Lower than Baa3 by Moody's	0.200%

provided that if on any date of determination (x) a rating is available on such date from only one of Standard & Poor's and Moody's but not the other, the Applicable Unused Line Fees Rate shall be determined by reference to the then available rating; and (y) no rating is available from any of Standard & Poor's, Moody's or any other nationally recognized statistical rating organization designated by Kraft Foods Global and approved in writing by the Required Lenders, the Applicable Unused Line Fees Rate shall be 0.200%.

"Applicable Interest Rate Margin" means (a) for any date prior to the date of the Spin-Off (i) as to any Base Rate Advance, the applicable rate per annum set forth below under the caption "Base Rate Spread" and (ii) as to any LIBO Rate Advance, the applicable rate per annum set forth below under the caption "LIBO Rate Spread", determined by reference to the higher of (A) the rating of Kraft Foods' long-term senior unsecured Debt from Standard & Poor's (or, if there shall be no outstanding rated long-term senior unsecured Debt of Kraft Foods, the long-term company, issuer or similar ratings established by Standard & Poor's for Kraft Foods) and (B) the rating of Kraft Foods' long-term senior unsecured Debt from Moody's (or, if there shall be no outstanding rated long-term senior unsecured Debt of Kraft Foods, the long-term company, issuer or similar ratings established by Moody's for Kraft Foods), in each case on such date, and (b) for any date on or following the date of the Spin-Off (i) as to any Base Rate Advance, the applicable rate per annum set forth below under the caption "Base Rate Spread" and (ii) as to any LIBO Rate Advance, the applicable rate per annum set forth below under the caption "LIBO Rate Spread", determined by reference to the higher of (A) the rating of Kraft Foods Global's long-term senior unsecured Debt from Standard & Poor's (or, if there shall be no

outstanding rated long-term senior unsecured Debt of Kraft Foods Global, the long-term company, issuer or similar ratings established by Standard & Poor's for Kraft Foods Global) and (B) the rating of Kraft Foods Global's long-term senior unsecured Debt from Moody's (or, if there shall be no outstanding rated long-term senior unsecured Debt of Kraft Foods Global, the long-term company, issuer or similar ratings established by Moody's for Kraft Foods Global), in each case on such date:

<u>Long-Term Senior Unsecured Debt Rating</u>	<u>Base Rate Spread</u>	<u>LIBO Rate Spread</u>
A or higher by Standard & Poor's		
A2 or higher by Moody's	0.000%	0.875%
A- by Standard & Poor's		
A3 by Moody's	0.000%	1.000%
BBB+ by Standard & Poor's		
Baa1 by Moody's	0.125%	1.125%
BBB by Standard & Poor's		
Baa2 by Moody's	0.250%	1.250%
BBB- by Standard & Poor's		
Baa3 by Moody's	0.500%	1.500%
Lower than BBB- by Standard & Poor's		
Lower than Baa3 by Moody's	0.750%	1.750%

provided that if on any date of determination pursuant to clause (a) or (b) above (x) a rating is available on such date from only one of Standard & Poor's and Moody's but not the other, the Applicable Interest Rate Margin for purposes of such clause shall be determined by reference to the then available rating; and (y) no rating is available from any of Standard & Poor's, Moody's or any other nationally recognized statistical rating organization designated by Kraft Foods Global and approved in writing by the Required Lenders, the Applicable Interest Rate Margin shall be 0.750% as to any Base Rate Advance and 1.750% as to any LIBO Rate Advance.

"Applicable Lending Office" means, with respect to each Lender, such Lender's Domestic Lending Office in the case of a Pro Rata Advance and, in the case of a Competitive Bid Advance, the office of such Lender notified by such Lender to the Administrative Agent as its Applicable Lending Office with respect to such Competitive Bid Advance.

"Asset Sale" means the sale, transfer or other disposition of any property by Kraft Foods Global or any Major Domestic Subsidiary (including any sale and leaseback transaction and any sale of capital stock, but excluding any issuance by Kraft Foods Global of its own capital stock), including any sale, assignment, transfer or other disposal, with or without recourse, of any notes or accounts receivable or any rights and claims associated therewith.

"Assignment and Acceptance" means an assignment and acceptance entered into by a Lender and an Eligible Assignee, and accepted by the Administrative Agent in substantially the form of Exhibit C hereto.

"Barclays Capital" means Barclays Capital, the investment banking division of Barclays Bank PLC.



“Base Rate” means a fluctuating interest rate per annum in effect from time to time, which rate per annum shall at all times be equal to the highest of:

- (i) the rate of interest announced publicly by the Administrative Agent in New York, New York, from time to time, as the Administrative Agent’s prime rate;
- (ii) 1/2 of one percent per annum above the Federal Funds Effective Rate; and
- (iii) the LIBO Rate for Dollars for a one month Interest Period appearing on Reuters Screen LIBOR01 on such day (or if such day is not a Business Day, the immediately preceding Business Day) plus 1% per annum.

“Base Rate Advance” means a Pro Rata Advance that bears interest as provided in Section 2.04(a)(i).

“Board” means the Board of Governors of the Federal Reserve System of the United States (or any successor).

“Borrowing” means a Pro Rata Borrowing or a Competitive Bid Borrowing.

“Business Day” means a day of the year on which banks are not required or authorized by law to close in New York City and, if the applicable Business Day relates to any LIBO Rate Advances or Floating Rate Bid Advances, on which dealings are carried on in the London interbank market and banks are open for business in London.

“Casualty” means any casualty, damage, destruction or other similar loss with respect to real or personal property or improvements of Kraft Foods Global or any of its Major Domestic Subsidiaries.

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

“Commitment” means as to any Lender (i) the Dollar amount set forth opposite such Lender’s name on Schedule I hereto or (ii) if such Lender has entered into an Assignment and Acceptance, the Dollar amount set forth for such Lender in the Register maintained by the Administrative Agent, pursuant to Section 9.07(d), in each case as such amount may be reduced pursuant to Section 2.10.

“Competitive Bid Advance” means an advance by a Lender to Kraft Foods Global as part of a Competitive Bid Borrowing resulting from the competitive bidding procedure described in Section 2.07 and refers to a Fixed Rate Bid Advance or a Floating Rate Bid Advance.

“Competitive Bid Borrowing” means a borrowing consisting of simultaneous Competitive Bid Advances from each of the Lenders whose offer to make one or more Competitive Bid Advances as part of such borrowing has been accepted under the competitive bidding procedure described in Section 2.07.

“Competitive Bid Note” means a promissory note of Kraft Foods Global payable to the order of any Lender, in substantially the form of Exhibit A-2 hereto, evidencing the indebtedness of Kraft Foods Global to such Lender resulting from a Competitive Bid Advance made by such Lender to Kraft Foods Global.

“Competitive Bid Reduction” has the meaning specified in Section 2.01.

“Condemnation” means any taking by a governmental authority of property or assets, or any part thereof or interest therein, of Kraft Foods Global or any of its Major Domestic Subsidiaries for public or quasi-public use under the power of eminent domain, by reason of any public improvement or condemnation or in any other manner.

“Consolidated Tangible Assets” means the total assets appearing on a consolidated balance sheet of Kraft Foods Global and its Subsidiaries, less goodwill and other intangible assets and the minority interests of other Persons in such Subsidiaries, all as determined in accordance with GAAP.

“Convert,” “Conversion” and “Converted” each refers to a conversion of Pro Rata Advances of one Type into Pro Rata Advances of the other Type pursuant to Section 2.06, 2.08 or 2.13.

“Debt” means (i) indebtedness for borrowed money or for the deferred purchase price of property or services, whether or not evidenced by bonds, debentures, notes or similar instruments, (ii) obligations as lessee under leases that, in accordance with accounting principles generally accepted in the United States, are recorded as capital leases, and (iii) obligations under direct or indirect guaranties in respect of, and obligations (contingent or otherwise) to purchase or otherwise acquire, or otherwise to assure a creditor against loss in respect of, indebtedness or obligations of any other Person of the kinds referred to in clause (i) or (ii) above.

“Debt Issuance” means the issuance or incurrence by Kraft Foods Global or any of its wholly owned Subsidiaries of any Debt for borrowed money (other than any equity-linked securities that are accorded any level of equity treatment by Standard & Poor’s or Moody’s) in each case in excess of \$100,000,000 per issuance or incurrence or related series of issuances or incurrences as part of the same transaction (and in the case of any such issuance or incurrence comprising a revolving credit facility, only to the extent any such related series of incurrences or issuances as part of the same transaction results in outstanding Debt under such revolving credit facility in excess of \$100,000,000), other than (a) Debt incurred under the Kraft Foods Global Revolving Credit Agreement in an aggregate principal amount not to exceed \$3,000,000,000 at any time outstanding, (b) Debt incurred under credit facilities of Kraft Foods Global and its Subsidiaries in effect prior to the Effective Date, or any extension or refinancing or replacement facilities in respect thereof, without giving effect to any increases in the aggregate principal amount thereof as of such date, (c) Debt issued or incurred under commercial paper programs of Kraft Foods Global or any of its Subsidiaries, (d) intercompany Debt owed to Kraft Foods Global or any of its Subsidiaries (or, in the case of any issuance prior to consummation of the Spin-Off, Kraft Foods) and (e) Debt incurred under this Agreement and/ or the Notes in an aggregate amount not to exceed the aggregate Commitments as of the Effective Date.

“Default” means any event specified in Section 6.01 that would constitute an Event of Default but for the requirement that notice be given or time elapse or both.

“Defaulting Lender” means any Lender, as reasonably determined by the Administrative Agent, that has (a) failed to fund any portion of its Advances within three Business Days of the date required to be funded by it hereunder, (b) notified Kraft Foods Global, the Administrative Agent or any Lender in writing that it does not intend to comply with any of its funding obligations under this Agreement or has made a public statement to the effect that it does not intend to comply with its funding obligations under this Agreement or generally under other agreements in which it commits to extend credit, (c) failed, within three Business Days after written request by the Administrative Agent, to confirm that it will comply with the terms of this Agreement relating to its obligations to fund prospective Advances, (d) otherwise failed to pay over to the Administrative Agent or any other Lender any other amount required to be paid by it hereunder within three Business Days of the date when due, or (e) become the subject of a bankruptcy or insolvency proceeding, or has had a receiver, conservator, trustee or custodian appointed for it, or has taken any action in furtherance of, or indicating its consent to, approval of or acquiescence in any such proceeding or appointment or has a parent company that has become the subject of a bankruptcy or insolvency proceeding, or has had a receiver, conservator, trustee or custodian appointed for it, or has taken any action in furtherance of, or indicating its consent to, approval of or acquiescence in any such proceeding or appointment, in the case of clauses (a) through (d) unless the subject of a good faith dispute and such Lender has notified the Administrative Agent in writing of such; provided that a Lender shall not be a Defaulting Lender solely by virtue of the ownership or acquisition of any ownership interest in such Lender or a parent company thereof or the exercise of control over a Lender or parent company thereof by a Governmental Authority or instrumentality thereof.

“Dollars” and the “\$” sign each means lawful currency of the United States of America.

“Domestic Lending Office” means, with respect to any Lender, the office of such Lender specified as its “Domestic Lending Office” opposite its name on Schedule II hereto or in the Assignment and Acceptance pursuant to which it became a Lender, or such other office of such Lender as such Lender may from time to time specify to Kraft Foods Global and the Administrative Agent.

“Effective Date” has the meaning specified in Section 3.01.

“Eligible Assignee” means (i) a commercial bank organized under the laws of the United States, or any State thereof, and having total assets in excess of \$5,000,000,000; (ii) a commercial bank organized under the laws of any other country which is a member of the Organization for Economic Cooperation and Development (or any successor) (“OECD”), or a political subdivision of any such country, and having total assets in excess of \$5,000,000,000, provided that such bank is acting through a branch or agency located in the country in which it is organized or another country which is also a member of the OECD or the Cayman Islands; (iii) the central bank of any country which is a member of the OECD; (iv) a commercial finance company or finance Subsidiary of a corporation organized under the laws of the United States, or any State thereof, and having total assets in excess of \$3,000,000,000; (v) an insurance company

organized under the laws of the United States, or any State thereof, and having total assets in excess of \$5,000,000,000; (vi) any Lender; (vii) an affiliate of any Lender; and (viii) any other bank, commercial finance company, insurance company or other Person approved in writing by Kraft Foods Global (such approval not to be unreasonably withheld, delayed or conditioned), which approval shall be notified to the Administrative Agent; provided, that no Defaulting Lender shall be permitted to be an Eligible Assignee.

“Equity Capital Markets Transaction” means the issuance or sale in a registered public offering, Rule 144A/Regulation S transaction or private placement of capital stock, or any equity-linked securities that are accorded any level of equity treatment by Standard & Poor’s or Moody’s, of Kraft Foods Global (or, prior to consummation of the Spin-Off, Kraft Foods), other than issuances (a) in connection with consummation of the Spin-Off, (b) pursuant to employee benefit plans of Kraft Foods Global (or, prior to consummation of the Spin-Off, Kraft Foods) and (c) to Kraft Foods Global or any of its Subsidiaries (or, prior to consummation of the Spin-Off, Kraft Foods).

“ERISA” means the Employee Retirement Income Security Act of 1974, as amended from time to time, and the regulations promulgated and rulings issued thereunder.

“ERISA Affiliate” means any Person that for purposes of Title IV of ERISA is a member of Kraft Foods Global’s controlled group, or under common control with Kraft Foods Global, within the meaning of Section 414 of the Internal Revenue Code.

“ERISA Event” means (a) (i) the occurrence with respect to a Plan of a reportable event, within the meaning of Section 4043 of ERISA, unless the 30-day notice requirement with respect thereto has been waived by the Pension Benefit Guaranty Corporation (or any successor) (“PBGC”), or (ii) the requirements of subsection (1) of Section 4043(b) of ERISA (without regard to subsection (2) of such section) are met with respect to a contributing sponsor, as defined in Section 4001(a)(13) of ERISA, of a Plan, and an event described in paragraph (9), (10), (11), (12) or (13) of Section 4043(c) of ERISA is reasonably expected to occur with respect to such Plan within the following 30 days; (b) the application for a minimum funding waiver with respect to a Plan; (c) the provision by the administrator of any Plan of a notice of intent to terminate such Plan, pursuant to Section 4041(a)(2) of ERISA (including any such notice with respect to a plan amendment referred to in Section 4041(e) of ERISA); (d) the cessation of operations at a facility of Kraft Foods Global or any of its ERISA Affiliates in the circumstances described in Section 4062(e) of ERISA; (e) the withdrawal by Kraft Foods Global or any of its ERISA Affiliates from a Multiple Employer Plan during a plan year for which it was a substantial employer, as defined in Section 4001(a)(2) of ERISA; (f) the conditions set forth in Section 303(k)(1)(A) and (B) of ERISA to the creation of a lien upon property or rights to property of Kraft Foods Global or any of its ERISA Affiliates for failure to make a required payment to a Plan are satisfied; or (g) the termination of a Plan by the PBGC pursuant to Section 4042 of ERISA, or the occurrence of any event or condition described in Section 4042 of ERISA that constitutes grounds for the termination of, or the appointment of a trustee to administer, a Plan.

“Eurocurrency Lending Office” means, with respect to any Lender, the office of such Lender specified as its “Eurocurrency Lending Office” opposite its name on Schedule II hereto or in the Assignment and Acceptance pursuant to which it became a Lender (or, if no such office is specified, its Domestic Lending Office), or such other office of such Lender as such Lender may from time to time specify to Kraft Foods Global and the Administrative Agent.

“Eurocurrency Liabilities” has the meaning assigned to that term in Regulation D of the Board, as in effect from time to time.

“Eurocurrency Rate Reserve Percentage” for any Interest Period, for all LIBO Rate Advances or Floating Rate Bid Advances comprising part of the same Borrowing owing to a Lender which is a member of the Federal Reserve System, means the reserve percentage applicable for such Lender two Business Days before the first day of such Interest Period under regulations issued from time to time by the Board for determining the maximum reserve requirement (including, without limitation, any emergency, supplemental or other marginal reserve requirement) for a member bank of the Federal Reserve System in New York City with respect to liabilities or assets consisting of or including Eurocurrency Liabilities (or with respect to any other category of liabilities that includes deposits by reference to which the interest rate on LIBO Rate Advances or Floating Rate Bid Advances is determined) having a term equal to such Interest Period.

“Event of Default” has the meaning specified in Section 6.01.

“Exempted Asset Sale” means an Asset Sale (a) comprising a sale, transfer or other disposition of properties or assets by Kraft Foods Global or any of its Subsidiaries to Kraft Foods Global or any of its Subsidiaries, (b) comprising a sale, transfer or other disposition of inventory, plant, equipment or other property (including cash and cash equivalents) in the ordinary course of business, (c) comprising a transfer of properties or assets by Kraft Foods Global or any of its Major Domestic Subsidiaries in which the consideration received by the transferor consists of properties or assets (other than cash or credit) of substantially equivalent or greater fair market value (as determined in good faith by Kraft Foods Global) that will be used in a line of business similar to the business of Kraft Foods Global or any of such Major Domestic Subsidiaries or reasonably related, ancillary or complementary thereto, (d) comprising a sale, transfer or other disposition of properties or assets by Kraft Foods Global or any of its Subsidiaries to Kraft Foods or any of its Subsidiaries, in each case to the extent necessary to consummate the Spin-Off, or (e) the Net Cash Proceeds of which do not exceed \$50,000,000 per Asset Sale or related series of Asset Sales.

“FATCA” means Sections 1471 through 1474 of the Internal Revenue Code as enacted as of the date hereof (without regard to the delayed effective date) or any amended or successor version that is substantively comparable and, in each case, regulations promulgated thereunder or official interpretations thereof.

“Federal Bankruptcy Code” means the Bankruptcy Reform Act of 1978, as amended from time to time.

“Federal Funds Effective Rate” means, for any day, the weighted average (rounded upwards, if necessary, to the next 1/100 of 1%) of the rates on overnight Federal funds transactions with members of the Federal Reserve System arranged by Federal funds brokers, as

published on the next succeeding Business Day by the Federal Reserve Bank of New York, or, if such rate is not so published for any day that is a Business Day, the average (rounded upwards, if necessary, to the next 1/100 of 1%) of the quotations for such day for such transactions received by the Administrative Agent from three Federal funds brokers of recognized standing selected by it.

“Fee Letter” means the fee letter, dated as of the date hereof, among Kraft Foods Global and the Administrative Agent.

“Fixed Rate Bid Advance” means a Competitive Bid Advance bearing interest based on a fixed rate per annum as specified in the relevant Notice of Competitive Bid Borrowing.

“Floating Rate Bid Advance” means a Competitive Bid Advance bearing interest at a rate of interest quoted as a margin over the LIBO Rate as specified in the relevant Notice of Competitive Bid Borrowing.

“GAAP” has the meaning specified in Section 1.03.

“Governmental Authority” means any nation or government, any state or other political subdivision thereof, any agency, authority, instrumentality, regulatory body, court, administrative tribunal, central bank or other entity exercising executive, legislative, judicial, taxing, regulatory or administrative powers or functions of or pertaining to government.

“Guaranty” has the meaning specified in Section 8.01.

“Home Jurisdiction U.S. Withholding Taxes” means withholding for United States federal income taxes and United States federal back-up withholding taxes.

“Interest Period” means, for each LIBO Rate Advance comprising part of the same Pro Rata Borrowing and each Floating Rate Bid Advance comprising part of the same Competitive Bid Borrowing, the period commencing on the date of such LIBO Rate Advance or Floating Rate Bid Advance or the date of Conversion of any Base Rate Advance into such LIBO Rate Advance and ending on the last day of the period selected by Kraft Foods Global requesting such Borrowing pursuant to the provisions below. The duration of each such Interest Period shall be one (or less than one month if available to all Lenders), two, three or six months, as Kraft Foods Global may select upon notice received by the Administrative Agent not later than 11:00 a.m. (New York City time) on the third Business Day prior to the first day of such Interest Period; provided, however, that:

(a) Kraft Foods Global may not select any Interest Period that ends after the Termination Date;

(b) whenever the last day of any Interest Period would otherwise occur on a day other than a Business Day, the last day of such Interest Period shall be extended to occur on the next succeeding Business Day, provided that if such extension would cause the last day of such Interest Period to occur in the next following calendar month, the last day of such Interest Period shall occur on the immediately preceding Business Day; and

(c) whenever the first day of any Interest Period occurs on a day of an initial calendar month for which there is no numerically corresponding day in the calendar month that succeeds such initial calendar month by the number of months equal to the number of months in such Interest Period, such Interest Period shall end on the last Business Day of such succeeding calendar month.

“Internal Revenue Code” means the Internal Revenue Code of 1986, as amended from time to time, and the regulations promulgated and the rulings issued thereunder.

“Joint Bookrunners” means Barclays Capital, Citigroup Global Markets Inc., J.P. Morgan Securities LLC and RBS Securities Inc.

“Joint Lead Arrangers” means Barclays Capital, Citigroup Global Markets Inc., J.P. Morgan Securities LLC and RBS Securities Inc.

“Kraft Foods Global Revolving Credit Agreement” means a multi-year revolving credit facility to be entered into by Kraft Foods Global.

“Kraft Foods Revolving Credit Agreement” means Kraft Foods’ existing U.S.\$4,500,000,000 4-Year Revolving Credit Agreement dated as of April 1, 2011, as amended, restated, supplemented or otherwise modified in accordance with its terms.

“Lenders” means the Initial Lenders and their respective successors and permitted assignees.

“LIBO Rate” means, with respect to any LIBO Rate Advance or Floating Rate Bid Advance for any Interest Period, an interest rate per annum equal to either:

(a) the offered rate per annum at which deposits in Dollars appear on Reuters Screen LIBOR01 (or any successor page) as of 11:00 a.m. (London time) two Business Days before the first day of such Interest Period, or

(b) if the LIBO Rate does not appear on Reuters Screen LIBOR01 (or any successor page), then the LIBO Rate will be determined by taking the average (rounded upward to the nearest whole multiple of 1/16 of 1% per annum, if such average is not such a multiple) of the rates per annum at which deposits in Dollars are offered by the principal office of each of the Reference Banks in London, England to prime banks in the London interbank market at 11:00 a.m. (London time) two Business Days before the first day of such Interest Period for an amount substantially equal to the amount that would be the Reference Banks’ respective ratable shares of such Borrowing outstanding during such Interest Period and for a period equal to such Interest Period, as determined by the Administrative Agent, subject, however, to the provisions of Section 2.08.

“LIBO Rate Advance” means a Pro Rata Advance that bears interest as provided in Section 2.04(a)(ii).

“Lien” has the meaning specified in Section 5.03(a).

“Major Domestic Subsidiary” means any Major Subsidiary of Kraft Foods Global that is incorporated or organized under the laws of the United States of America, any State thereof or the District of Columbia.

“Major Subsidiary” means any Subsidiary of Kraft Foods Global (a) more than 50% of the voting securities of which is owned directly or indirectly by Kraft Foods Global, (b) which is organized and existing under, or has its principal place of business in, the United States or any political subdivision thereof, Canada or any political subdivision thereof, any country which is a member of the European Union on the date hereof or any political subdivision thereof, or Switzerland, Norway or Australia or any of their respective political subdivisions, and (c) which has at any time total assets (after intercompany eliminations) exceeding \$1,000,000,000.

“Margin Stock” means margin stock, as defined in Regulation U.

“Moody’s” means Moody’s Investors Service, Inc.

“Multiemployer Plan” means a multiemployer plan, as defined in Section 4001(a)(3) of ERISA, to which Kraft Foods Global or any ERISA Affiliate is making or accruing an obligation to make contributions, or has within any of the preceding five plan years made or accrued an obligation to make contributions, such plan being maintained pursuant to one or more collective bargaining agreements.

“Multiple Employer Plan” means a single employer plan, as defined in Section 4001(a)(15) of ERISA, that (a) is maintained for employees of Kraft Foods Global or any ERISA Affiliate and at least one Person other than Kraft Foods Global and the ERISA Affiliates or (b) was so maintained and in respect of which Kraft Foods Global or any ERISA Affiliate could have liability under Section 4064 or 4069 of ERISA in the event such plan has been or were to be terminated.

“Net Cash Proceeds” means:

(a) with respect to any Asset Sale, Casualty or Condemnation (i) the gross amount of all cash proceeds actually received by Kraft Foods Global or one or more of its Major Domestic Subsidiaries in respect of such Asset Sale, Casualty or Condemnation (including any cash proceeds received as proceeds of any non-cash proceeds of any Asset Sale, Casualty or Condemnation as and when received), less (ii) the sum of (A) the amount, if any, of all taxes (other than income taxes) and all income taxes (as estimated in good faith by a senior financial or senior accounting officer of Kraft Foods Global giving effect to the overall tax position of Kraft Foods Global and its Subsidiaries), and customary fees, brokerage fees, commissions, costs and other expenses (other than those payable to Kraft Foods Global or one or more of its Major Domestic Subsidiaries) that are incurred in connection with such Asset Sale, Casualty or Condemnation and are payable by Kraft Foods Global or one or more of its Major Domestic Subsidiaries, but only to the extent not already deducted in arriving at the amount referred to in clause (i) above, (B) appropriate amounts that must be reserved in accordance with GAAP for any liabilities associated with such Asset Sale, Casualty or Condemnation, (C) if applicable, the principal amount, prepayment premium or penalty, if any, and accrued but unpaid interest on any



Debt secured by a Lien permitted under this Agreement that has been repaid or refinanced in accordance with its terms with the proceeds of such Asset Sale, Casualty or Condemnation, and (D) any payments to be made by Kraft Foods Global or one or more of its Major Domestic Subsidiaries as agreed between Kraft Foods Global or such Major Domestic Subsidiaries, as applicable, and the purchaser of any assets subject to such Asset Sale, Casualty or Condemnation in connection therewith; and

(b) with respect to any Equity Capital Markets Transaction or Debt Issuance, the gross amount of cash proceeds paid to or received by Kraft Foods Global (or, prior to consummation of the Spin-Off, Kraft Foods) in respect of such Equity Capital Markets Transaction or by Kraft Foods Global or one or more of its wholly owned Subsidiaries in respect of such Debt Issuance, as the case may be (including cash proceeds as and when subsequently received at any time in respect of such Equity Capital Markets Transaction or Debt Issuance from non-cash consideration initially received or otherwise), net of underwriting discounts and commissions or placement fees, investment banking fees, legal fees, consulting fees, accounting fees and other customary fees and expenses directly incurred by the applicable recipient in connection therewith (other than those payable to Kraft Foods or Kraft Foods Global or one or more of its wholly owned Subsidiaries).

“Non-U.S. Lender” means, with respect to Kraft Foods Global, any Lender that is not a “United States person” within the meaning of Section 7701(a)(30) of the Internal Revenue Code.

“North American Grocery Business” means any group of businesses that primarily consists of Kraft Foods’ current U.S. Beverages, Cheese, Convenient Meals and Grocery segments, grocery-related categories in Kraft Foods’ Canada & N.A. Foodservice segment as well as the *Planters* and *Corn Nuts* brands and businesses.

“Note” means a Pro Rata Note or a Competitive Bid Note.

“Notice of Competitive Bid Borrowing” has the meaning specified in Section 2.07(b).

“Notice of Pro Rata Borrowing” has the meaning specified in Section 2.02(a).

“Obligations” has the meaning specified in Section 8.01.

“Other Taxes” has the meaning specified in Section 2.15(b).

“Participant Register” has the meaning specified in Section 9.07(e).

“Patriot Act” has the meaning specified in Section 9.13.

“Person” means an individual, partnership, corporation (including a business trust), joint stock company, trust, unincorporated association, joint venture, limited liability company or other entity, or a government or any political subdivision or agency thereof.

“Plan” means a Single Employer Plan or a Multiple Employer Plan.

“Prepayment Threshold Amount” means \$7,000,000,000.

“Pro Rata Advance” means an advance by a Lender to Kraft Foods Global as part of a Pro Rata Borrowing and refers to a Base Rate Advance or a LIBO Rate Advance (each of which shall be a “Type” of Pro Rata Advance).

“Pro Rata Borrowing” means a borrowing consisting of simultaneous Pro Rata Advances of the same Type made by each of the Lenders pursuant to Section 2.01.

“Pro Rata Note” means a promissory note of Kraft Foods Global payable to the order of any Lender, delivered pursuant to a request made under Section 2.17 in substantially the form of Exhibit A-1 hereto, evidencing the aggregate indebtedness of Kraft Foods Global to such Lender resulting from the Pro Rata Advances made by such Lender to Kraft Foods Global.

“Reference Banks” means the Joint Bookrunners.

“Register” has the meaning specified in Section 9.07(d).

“Regulation A” means Regulation A of the Board, as in effect from time to time.

“Regulation U” means Regulation U of the Board, as in effect from time to time.

“Required Lenders” means at any time Lenders having Pro Rata Advances representing more than 50% of the aggregate outstanding Pro Rata Advances at such time, or, if no Pro Rata Advances are then outstanding, Lenders having Commitments representing more than 50% of the aggregate Commitments at such time.

“Required Prepayment Amount” has the meaning specified in Section 2.10(b).

“Single Employer Plan” means a single employer plan, as defined in Section 4001(a)(15) of ERISA, that (a) is maintained for employees of Kraft Foods Global or any ERISA Affiliate and no Person other than Kraft Foods Global and the ERISA Affiliates or (b) was so maintained and in respect of which Kraft Foods Global or any ERISA Affiliate could have liability under Section 4069 of ERISA in the event such plan has been or were to be terminated.

“Spin-Off” means a transaction or series of related transactions, substantially consistent in all material respects with the descriptions thereof in any public disclosures made by Kraft Foods on or prior to the date hereof, pursuant to which Kraft Foods shall separate substantially all of its North American Grocery Business and the remainder of its businesses into two separate public companies, with Kraft Foods Global holding substantially all of the North American Grocery Business and becoming a public company following the spin-off of Kraft Foods Global to the shareholders of Kraft Foods.

“Standard & Poor’s” means Standard & Poor’s Ratings Services, a division of The McGraw-Hill Companies, Inc.

“Subsidiary” of any Person means any Person of which (or in which) more than 50% of the outstanding capital stock having voting power to elect a majority of the Board of Directors of such Person (irrespective of whether at the time capital stock of any other class or classes of such corporation shall or might have voting power upon the occurrence of any contingency) is at the time directly or indirectly owned or controlled by such Person, by such Person and one or more of its other Subsidiaries or by one or more of such Person’s other Subsidiaries.

“Taxes” has the meaning specified in Section 2.15(a).

“Termination Date” means the earlier of March 7, 2013 and the date of termination in whole of the Commitments pursuant to Section 2.10 or 6.02.

“Unapplied Amount” means an amount equal to the sum of (a) the aggregate Net Cash Proceeds received by Kraft Foods Global and its wholly owned Subsidiaries from Debt Issuances after the Effective Date, (b) the aggregate principal amount of debt securities issued by Kraft Foods Global after the Effective Date but prior to consummation of the Spin-Off in exchange for existing Debt of Kraft Foods or any of its Subsidiaries and (c) the aggregate Net Cash Proceeds received by Kraft Foods Global (and, prior to consummation of the Spin-Off, Kraft Foods) from Equity Capital Markets Transactions after the Effective Date, in each case to the extent such Net Cash Proceeds (or, in the case of clause (b), an amount equal to the principal amount of such debt securities) have not been applied to prepay Pro Rata Advances in accordance with Section 2.11(b).

“Unused Line Fee” has the meaning specified in Section 2.09(a).

SECTION 1.02 Computation of Time Periods. In this Agreement in the computation of periods of time from a specified date to a later specified date, the word “from” means “from and including” and the words “to” and “until” each mean “to but excluding.”

SECTION 1.03 Accounting Terms. All accounting terms not specifically defined herein shall be construed in accordance with accounting principles generally accepted in the United States of America (subject to the exceptions set forth in this Section 1.03, “GAAP”), except that if there has been a material change in an accounting principle affecting the definition of an accounting term as compared to that applied in the preparation of the financial statements of Kraft Foods as of and for the year ended December 31, 2011, then such new accounting principle shall not be used in the determination of the amount associated with that accounting term. A material change in an accounting principle is one that, in the year of its adoption, changes the amount associated with the relevant accounting term for any quarter in such year by more than 10%.

ARTICLE II

Amounts and Terms of the Advances

SECTION 2.01 The Pro Rata Advances.

(a) Obligation To Make Pro Rata Advances. Each Lender severally agrees, on the terms and conditions hereinafter set forth, to make Pro Rata Advances to Kraft Foods Global in Dollars from time to time on any Business Day during the period from the Effective Date until the Termination Date in an aggregate amount not to exceed at any time outstanding such Lender's Commitment; provided, however, that the aggregate amount of the Commitments of the Lenders shall be deemed used from time to time to the extent of the aggregate amount of the Competitive Bid Advances then outstanding and such deemed use of the aggregate amount of the Commitments shall be allocated among the Lenders ratably according to their respective Commitments (such deemed use of the aggregate amount of the Commitments being a "Competitive Bid Reduction").

(b) Amount of Pro Rata Borrowings. Each Pro Rata Borrowing shall be in an aggregate amount of no less than \$50,000,000 or an integral multiple of \$1,000,000 in excess thereof.

(c) Type of Pro Rata Advances. Each Pro Rata Borrowing shall consist of Pro Rata Advances of the same Type made on the same day by the Lenders ratably according to their respective Commitments. Within the limits of each Lender's Commitment and subject to this Section 2.01, Kraft Foods Global may borrow under this Section 2.01, prepay pursuant to Section 2.11 or repay pursuant to Section 2.03 and reborrow under this Section 2.01.

SECTION 2.02 Making the Pro Rata Advances.

(a) Notice of Pro Rata Borrowing. Each Pro Rata Borrowing shall be made on notice, given not later than (x) 11:00 a.m. (New York City time) on the third Business Day prior to the date of the proposed Pro Rata Borrowing in the case of a Pro Rata Borrowing consisting of LIBO Rate Advances, or (y) 9:00 a.m. (New York City time) on the Business Day of the proposed Pro Rata Borrowing in the case of a Pro Rata Borrowing consisting of Base Rate Advances, by Kraft Foods Global to the Administrative Agent, which shall give to each Lender prompt notice thereof by telecopier. Each such notice of a Pro Rata Borrowing (a "Notice of Pro Rata Borrowing") shall be by telephone, confirmed immediately in writing, by registered mail, email or telecopier in substantially the form of Exhibit B-1 hereto, specifying therein the requested:

- (i) date of such Pro Rata Borrowing,
- (ii) Type of Advances comprising such Pro Rata Borrowing,
- (iii) aggregate amount of such Pro Rata Borrowing, and

(iv) in the case of a Pro Rata Borrowing consisting of LIBO Rate Advances, the initial Interest Period for each such Pro Rata Advance. Notwithstanding anything herein to the contrary, Kraft Foods Global may not select LIBO Rate Advances for any Pro Rata Borrowing if the obligation of the Lenders to make LIBO Rate Advances shall then be suspended pursuant to Section 2.06(b), 2.08(c) or 2.13.

(b) Funding Pro Rata Advances. Each Lender shall, before 11:00 a.m. (New York City time) on the date of such Pro Rata Borrowing, make available for the account of its Applicable Lending Office to the Administrative Agent at the Administrative Agent Account, in same day funds, such Lender's ratable portion of such Pro Rata Borrowing. Promptly after receipt of such funds by the Administrative Agent, and upon fulfillment of the applicable conditions set forth in Article III, the Administrative Agent will make such funds available to the Kraft Foods Global at the address of the Administrative Agent referred to in Section 9.02.

(c) Irrevocable Notice. Each Notice of Pro Rata Borrowing of Kraft Foods Global shall be irrevocable and binding on Kraft Foods Global. In the case of any Pro Rata Borrowing that the related Notice of Pro Rata Borrowing specifies is to be comprised of LIBO Rate Advances, Kraft Foods Global shall indemnify each Lender against any loss, cost or expense incurred by such Lender as a result of any failure to fulfill on or before the date specified in such Notice of Pro Rata Borrowing for such Pro Rata Borrowing the applicable conditions set forth in Article III, including, without limitation, any loss (excluding loss of anticipated profits), cost or expense incurred by reason of the liquidation or reemployment of deposits or other funds acquired by such Lender to fund the Pro Rata Advance to be made by such Lender as part of such Pro Rata Borrowing when such Pro Rata Advance, as a result of such failure, is not made on such date.

(d) Lender's Ratable Portion. Unless the Administrative Agent shall have received notice from a Lender prior to 11:00 a.m. (New York City time) on the day of any Pro Rata Borrowing that such Lender will not make available to the Administrative Agent such Lender's ratable portion of such Pro Rata Borrowing, the Administrative Agent may assume that such Lender has made such portion available to the Administrative Agent on the date of such Pro Rata Borrowing in accordance with Section 2.02(b) and the Administrative Agent may, in reliance upon such assumption, make available to Kraft Foods Global on such date a corresponding amount. If and to the extent that such Lender shall not have so made such ratable portion available to the Administrative Agent, such Lender and Kraft Foods Global severally agree to repay to the Administrative Agent, forthwith on demand such corresponding amount together with interest thereon, for each day from the date such amount is made available to Kraft Foods Global until the date such amount is repaid to the Administrative Agent, at:

(i) in the case of Kraft Foods Global, the higher of (A) the interest rate applicable at the time to Pro Rata Advances comprising such Pro Rata Borrowing and (B) the cost of funds incurred by the Administrative Agent, in respect of such amount, and

(ii) in the case of such Lender, the Federal Funds Effective Rate.

If such Lender shall repay to the Administrative Agent such corresponding amount, such amount so repaid shall constitute such Lender's Pro Rata Advance as part of such Pro Rata Borrowing for purposes of this Agreement.

(e) Independent Lender Obligations. The failure of any Lender to make the Pro Rata Advance to be made by it as part of any Pro Rata Borrowing shall not relieve any other Lender of its obligation, if any, hereunder to make its Pro Rata Advance on the date of such Pro Rata Borrowing, but no Lender shall be responsible for the failure of any other Lender to make the Pro Rata Advance to be made by such other Lender on the date of any Pro Rata Borrowing.

SECTION 2.03 Repayment of Pro Rata Advances. Kraft Foods Global shall repay to the Administrative Agent for the ratable account of each Lender on the Termination Date applicable to such Lender the unpaid principal amount of the Pro Rata Advances of such Lender then outstanding.

SECTION 2.04 Interest on Pro Rata Advances.

(a) Scheduled Interest. Kraft Foods Global shall pay interest on the unpaid principal amount of each Pro Rata Advance owing by Kraft Foods Global to each Lender from the date of such Pro Rata Advance until such principal amount shall be paid in full, at the following rates per annum:

(i) Base Rate Advances. During such periods as such Pro Rata Advance is a Base Rate Advance, a rate per annum equal at all times to the sum of (1) the Base Rate in effect from time to time plus (2) the Applicable Interest Rate Margin in effect from time to time, payable in arrears quarterly on the last Business Day of each March, June, September and December, and on the date such Base Rate Advance shall be Converted or paid in full either prior to or on the Termination Date.

(ii) LIBO Rate Advances. During such periods as such Pro Rata Advance is a LIBO Rate Advance, a rate per annum equal at all times during each Interest Period for such Pro Rata Advance to the sum of (x) the LIBO Rate for such Interest Period for such Pro Rata Advance plus (y) the Applicable Interest Rate Margin in effect from time to time, payable in arrears on the last day of such Interest Period and, if such Interest Period has a duration of more than three months, on each day that occurs during such Interest Period every three months from the first day of such Interest Period, and on the date such LIBO Rate Advance shall be Converted or paid in full either prior to or on the Termination Date.

(b) Default Interest. Upon the occurrence and during the continuance of an Event of Default, Kraft Foods Global shall pay interest on the unpaid principal amount of each Pro Rata Advance owing to each Lender, payable in arrears on the dates referred to in Section 2.04(a)(i) or Section 2.04(a)(ii), as applicable, at a rate per annum equal at all times to 1% per annum above the rate per annum required to be paid on such Pro Rata Advance.

SECTION 2.05 Additional Interest on LIBO Rate Advances. Kraft Foods Global shall pay to each Lender, so long as such Lender shall be required under regulations of the Board to maintain reserves with respect to liabilities or assets consisting of or including Eurocurrency Liabilities, additional interest on the unpaid principal amount of each LIBO Rate Advance of such Lender to Kraft Foods Global, from the date of such Advance until such principal amount is paid in full, at an interest rate per annum equal at all times to the remainder

obtained by subtracting (i) the LIBO Rate for the Interest Period for such Advance from (ii) the rate obtained by dividing such LIBO Rate by a percentage equal to 100% minus the Eurocurrency Rate Reserve Percentage of such Lender for such Interest Period, payable on each date on which interest is payable on such Advance. Such additional interest shall be determined by such Lender and notified to Kraft Foods Global through the Administrative Agent.

SECTION 2.06 Conversion of Pro Rata Advances.

(a) Conversion upon Absence of Interest Period. If Kraft Foods Global shall fail to select the duration of any Interest Period for any LIBO Rate Advances in accordance with the provisions contained in the definition of the term "Interest Period," the Administrative Agent will forthwith so notify Kraft Foods Global and the Lenders and such Advances will automatically, on the last day of the then existing Interest Period therefor, Convert into Base Rate Advances.

(b) Conversion upon Event of Default. Upon the occurrence and during the continuance of any Event of Default under Section 6.01(a), the Administrative Agent or the Required Lenders may elect that (i) each LIBO Rate Advance be, on the last day of the then existing Interest Period therefor, Converted into Base Rate Advances and (ii) the obligation of the Lenders to make, or to Convert Advances into LIBO Rate Advances be suspended.

(c) Voluntary Conversion. Subject to the provisions of Sections 2.06(b), 2.08(c) and 2.13, Kraft Foods Global may Convert all of its Pro Rata Advances of one Type constituting the same Pro Rata Borrowing into Advances of the other Type on any Business Day, upon notice given to the Administrative Agent not later than 11:00 a.m. (New York City time) on the third Business Day prior to the date of the proposed Conversion; provided, however, that the Conversion of a LIBO Rate Advance into a Base Rate Advance may be made on, and only on, the last day of an Interest Period for such LIBO Rate Advance. Each such notice of a Conversion shall, within the restrictions specified above, specify

- (i) the date of such Conversion;
- (ii) the Pro Rata Advances to be Converted; and
- (iii) if such Conversion is into LIBO Rate Advances, the duration of the Interest Period for each such Pro Rata Advance.

SECTION 2.07 The Competitive Bid Advances.

(a) Competitive Bid Advances' Impact on Commitments. Each Lender severally agrees that Kraft Foods Global may make Competitive Bid Borrowings under this Section 2.07 from time to time on any Business Day during the period from the Effective Date until the Termination Date in the manner set forth below; provided that, following the making of each Competitive Bid Borrowing, the aggregate amount of the Advances then outstanding shall not exceed the aggregate amount of the Commitments of the Lenders. As provided in Section 2.01, the aggregate amount of the Commitments of the Lenders shall be deemed used from time to time to the extent of the aggregate amount of the Competitive Bid Advances then outstanding, and such deemed use of the aggregate amount of the Commitments shall be applied

to the Lenders ratably according to their respective Commitments; provided, however, that any Lender's Competitive Bid Advances shall not otherwise reduce that Lender's obligation to lend its pro rata share of the remaining available Commitments.

(b) Notice of Competitive Bid Borrowing. Kraft Foods Global may request a Competitive Bid Borrowing under this Section 2.07 by delivering to the Administrative Agent, by email or telecopier, a notice of a Competitive Bid Borrowing (a "Notice of Competitive Bid Borrowing"), in substantially the form of Exhibit B-2 hereto, specifying therein the following:

(i) date of such proposed Competitive Bid Borrowing;

(ii) aggregate amount of such proposed Competitive Bid Borrowing;

(iii) interest rate basis and day count convention to be offered by the Lenders;

(iv) in the case of a Competitive Bid Borrowing consisting of Floating Rate Bid Advances, Interest Period, or in the case of a Competitive Bid Borrowing consisting of Fixed Rate Bid Advances, maturity date for repayment of each Fixed Rate Bid Advance to be made as part of such Competitive Bid Borrowing (which maturity date may not be earlier than the date occurring seven days after the date of such Competitive Bid Borrowing or later than the earlier of (A) 360 days after the date of such Competitive Bid Borrowing and (B) the Termination Date);

(v) interest payment date or dates relating thereto; location of Kraft Foods Global's account to which funds are to be advanced; and

(vi) other terms (if any) to be applicable to such Competitive Bid Borrowing.

Kraft Foods Global shall deliver a Notice of Competitive Bid Borrowing to the Administrative Agent not later than 10:00 a.m. (New York City time) (x) at least two Business Days prior to the date of the proposed Competitive Bid Borrowing, if Kraft Foods Global shall specify in the Notice of Competitive Bid Borrowing that the Competitive Bid Borrowing shall be Fixed Rate Bid Advances, or (y) at least four Business Days prior to the date of the proposed Competitive Bid Borrowing, if Kraft Foods Global shall specify in the Notice of Competitive Bid Borrowing that the Competitive Bid Borrowing shall be Floating Rate Bid Advances. Each Notice of Competitive Bid Borrowing shall be irrevocable and binding on Kraft Foods Global. The Administrative Agent shall in turn promptly notify each Lender of each request for a Competitive Bid Borrowing received by it from Kraft Foods Global by sending such Lender a copy of the related Notice of Competitive Bid Borrowing.

(c) Discretion as to Competitive Bid Advances. Each Lender may, in its sole discretion, elect to irrevocably offer to make one or more Competitive Bid Advances to Kraft Foods Global as part of such proposed Competitive Bid Borrowing at a rate or rates of interest specified by such Lender in its sole discretion, by notifying the Administrative Agent (which shall give prompt notice thereof to Kraft Foods Global), before 9:30 a.m. (New York City time) (A) on the Business Day prior to the date of such proposed Competitive Bid Borrowing, in the case of a Competitive Bid Borrowing consisting of Fixed Rate Bid Advances, and (B) on the third Business Day prior to the date of such proposed Competitive Bid Borrowing, in the case of



a Competitive Bid Borrowing consisting of Floating Rate Bid Advances; provided that, if the Administrative Agent in its capacity as a Lender shall, in its sole discretion, elect to make any such offer, it shall notify Kraft Foods Global of such offer at least 30 minutes before the time and on the date on which notice of such election is to be given by any other Lender to the Administrative Agent. In such notice, the Lender shall specify the following:

- (i) the minimum amount and maximum amount of each Competitive Bid Advance which such Lender would be willing to make as part of such proposed Competitive Bid Borrowing (which amounts may, subject to the proviso to the first sentence of Section 2.07(a), exceed such Lender's Commitment);
- (ii) the rate or rates of interest therefor; and
- (iii) such Lender's Applicable Lending Office with respect to such Competitive Bid Advance.

If any Lender shall elect not to make such an offer, such Lender shall so notify the Administrative Agent before 9:30 a.m. (New York City time) on the date on which notice of such election is to be given to the Administrative Agent by the other Lenders, and such Lender shall not be obligated to, and shall not, make any Competitive Bid Advance as part of such Competitive Bid Borrowing; provided further that the failure by any Lender to give such notice shall not cause such Lender to be obligated to make any Competitive Bid Advance as part of such proposed Competitive Bid Borrowing.

(d) Selection of Lender Bids. Kraft Foods Global shall, in turn, (A) before 12:00 noon (New York City time) on the Business Day prior to the date of such proposed Competitive Bid Borrowing, in the case of a Competitive Bid Borrowing consisting of Fixed Rate Bid Advances and (B) before 12:00 noon (New York City time) on the third Business Day prior to the date of such proposed Competitive Bid Borrowing, in the case of a Competitive Bid Borrowing consisting of Floating Rate Bid Advances, either:

- (i) cancel such Competitive Bid Borrowing by giving the Administrative Agent notice to that effect, or
- (ii) accept, in its sole discretion, one or more of the offers made by any Lender or Lenders pursuant to Section 2.07(c), by giving notice to the Administrative Agent of the amount of each Competitive Bid Advance (which amount shall be equal to or greater than the minimum amount, and equal to or less than the maximum amount, notified to Kraft Foods Global by the Administrative Agent on behalf of such Lender, for such Competitive Bid Advance pursuant to Section 2.07(c) to be made by each Lender as part of such Competitive Bid Borrowing) and reject any remaining offers made by Lenders pursuant to Section 2.07(c) by giving the Administrative Agent notice to that effect. Kraft Foods Global shall accept the offers made by any Lender or Lenders to make Competitive Bid Advances in order of the lowest to the highest rates of interest offered by such Lenders. If two or more Lenders have offered the same interest rate, the amount to be borrowed at such interest rate will be allocated among such Lenders in proportion to the maximum amount that each such Lender offered at such interest rate.

If Kraft Foods Global notifies the Administrative Agent that such Competitive Bid Borrowing is canceled pursuant to Section 2.07(d)(i), or if Kraft Foods Global fails to give timely notice in accordance with Section 2.07(d), the Administrative Agent shall give prompt notice thereof to the Lenders and such Competitive Bid Borrowing shall not be made.

(e) Competitive Bid Borrowing. If Kraft Foods Global accepts one or more of the offers made by any Lender or Lenders pursuant to Section 2.07(d)(ii), the Administrative Agent shall in turn promptly notify:

(i) each Lender that has made an offer as described in Section 2.07(c), whether or not any offer or offers made by such Lender pursuant to Section 2.07(c) have been accepted by Kraft Foods Global;

(ii) each Lender that is to make a Competitive Bid Advance as part of such Competitive Bid Borrowing, of the date and amount of each Competitive Bid Advance to be made by such Lender as part of such Competitive Bid Borrowing; and

(iii) each Lender that is to make a Competitive Bid Advance as part of such Competitive Bid Borrowing, upon receipt, that the Administrative Agent has received forms of documents appearing to fulfill the applicable conditions set forth in Article III.

When each Lender that is to make a Competitive Bid Advance as part of such Competitive Bid Borrowing has received notice pursuant to Section 2.07(e)(iii), such Lender shall, before 11:00 a.m. (New York City time), on the date of such Competitive Bid Borrowing specified in the notice received from the Administrative Agent pursuant to Section 2.07(e)(i), make available for the account of its Applicable Lending Office to the Administrative Agent, at its address referred to in Section 9.02, in same day funds, such Lender's portion of such Competitive Bid Borrowing. Upon fulfillment of the applicable conditions set forth in Article III and after receipt by the Administrative Agent of such funds, the Administrative Agent will make such funds available to Kraft Foods Global at the location specified by Kraft Foods Global in its Notice of Competitive Bid Borrowing. Promptly after each Competitive Bid Borrowing, the Administrative Agent will notify each Lender of the amount of the Competitive Bid Borrowing, the consequent Competitive Bid Reduction and the dates upon which such Competitive Bid Reduction commenced and will terminate.

(f) Irrevocable Notice. If Kraft Foods Global notifies the Administrative Agent that it accepts one or more of the offers made by any Lender or Lenders pursuant to Section 2.07(c), such notice of acceptance shall be irrevocable and binding on Kraft Foods Global. Kraft Foods Global shall indemnify each Lender against any loss, cost or expense incurred by such Lender as a result of any failure to fulfill on or before the date specified in the related Notice of Competitive Bid Borrowing for such Competitive Bid Borrowing the applicable conditions set forth in Article III, including, without limitation, any loss (excluding loss of anticipated profits), cost or expense incurred by reason of the liquidation or reemployment of deposits or other funds acquired by such Lender to fund the Competitive Bid Advance to be made by such Lender as part of such Competitive Bid Borrowing when such Competitive Bid Advance, as a result of such failure, is not made on such date.

(g) Amount of Competitive Bid Borrowings; Competitive Bid Notes. Each Competitive Bid Borrowing shall be in an aggregate amount of \$50,000,000 or an integral multiple of \$1,000,000 in excess thereof and, following the making of each Competitive Bid Borrowing, the aggregate amount of Advances then outstanding shall not exceed the aggregate amount of the Commitments of the Lenders. Within the limits and on the conditions set forth in this Section 2.07, Kraft Foods Global may from time to time borrow under this Section 2.07, prepay pursuant to Section 2.11 or repay pursuant to Section 2.07(h), and reborrow under this Section 2.07; provided that a Competitive Bid Borrowing shall not be made within two Business Days of the date of any other Competitive Bid Borrowing. The indebtedness of Kraft Foods Global resulting from each Competitive Bid Advance made to Kraft Foods Global as part of a Competitive Bid Borrowing shall be evidenced by a separate Competitive Bid Note of Kraft Foods Global payable to the order of the Lender making such Competitive Bid Advance.

(h) Repayment of Competitive Bid Advances. On the maturity date of each Competitive Bid Advance provided in the Competitive Bid Note evidencing such Competitive Bid Advance, Kraft Foods Global shall repay to the Administrative Agent for the account of each Lender that has made a Competitive Bid Advance the then unpaid principal amount of such Competitive Bid Advance. Kraft Foods Global shall not have any right to prepay any principal amount of any Competitive Bid Advance unless, and then only on the terms set forth in the Competitive Bid Note evidencing such Competitive Bid Advance.

(i) Interest on Competitive Bid Advances. Kraft Foods Global shall pay interest on the unpaid principal amount of each Competitive Bid Advance from the date of such Competitive Bid Advance to the date the principal amount of such Competitive Bid Advance is repaid in full, at the rate of interest for such Competitive Bid Advance and on the interest payment date or dates set forth in the Competitive Bid Note evidencing such Competitive Bid Advance. Upon the occurrence and during the continuance of an Event of Default, Kraft Foods Global shall pay interest on the amount of unpaid principal of each Competitive Bid Advance owing to a Lender, payable in arrears on the date or dates interest is payable thereon, at a rate per annum equal at all times to 1% per annum above the rate per annum required to be paid on such Competitive Bid Advance under the terms of the Competitive Bid Note evidencing such Competitive Bid Advance unless otherwise agreed in such Competitive Bid Note.

#### SECTION 2.08 LIBO Rate Determination.

(a) Methods to Determine LIBO Rate. The Administrative Agent shall determine the LIBO Rate by using the methods described in the definition of the term "LIBO Rate," and shall give prompt notice to Kraft Foods Global and Lenders of each such LIBO Rate.

(b) Role of Reference Banks. In the event that the LIBO Rate cannot be determined by the method described in clause (a) of the definition of "LIBO Rate," each Reference Bank agrees to furnish to the Administrative Agent timely information for the purpose of determining the LIBO Rate in accordance with the method described in clause (b) of the definition thereof. If any one or more of the Reference Banks shall not furnish such timely information to the Administrative Agent for the purpose of determining a LIBO Rate, the Administrative Agent shall determine such interest rate on the basis of timely information furnished by the remaining Reference Banks. If fewer than two Reference Banks furnish timely information to the Administrative Agent for determining the LIBO Rate for any LIBO Rate Advances or Floating Rate Bid Advances, as the case may be, then:

(i) the Administrative Agent shall forthwith notify Kraft Foods Global and the Lenders that the interest rate cannot be determined for such LIBO Rate Advance or Floating Rate Bid Advances, as the case may be;

(ii) with respect to each LIBO Rate Advance, such Advance will, on the last day of the then existing Interest Period therefor, be prepaid by Kraft Foods Global or be automatically Converted into a Base Rate Advance; and

(iii) the obligation of the Lenders to make LIBO Rate Advances or Floating Rate Bid Advances or to Convert Base Rate Advances into LIBO Rate Advances shall be suspended until the Administrative Agent shall notify Kraft Foods Global and the Lenders that the circumstances causing such suspension no longer exist.

The Administrative Agent shall give prompt notice to Kraft Foods Global and the Lenders of the applicable interest rate determined by the Administrative Agent for purposes of Section 2.04(a)(i) or (ii) and the rate, if any, furnished by each Reference Bank for the purpose of determining the interest rate under Section 2.04(a)(ii) or the applicable LIBO Rate.

(c) Inadequate LIBO Rate. If, with respect to any LIBO Rate Advances, the Required Lenders notify the Administrative Agent that (i) they are unable to obtain matching deposits in the London interbank market at or about 11:00 a.m. (London time) on the second Business Day before the making of a Borrowing in sufficient amounts to fund their respective LIBO Rate Advances as a part of such Borrowing during the Interest Period therefor or (ii) the LIBO Rate for any Interest Period for such Advances will not adequately reflect the cost to such Required Lenders of making, funding or maintaining their respective LIBO Rate Advances for such Interest Period, the Administrative Agent shall forthwith so notify Kraft Foods Global and the Lenders, whereupon (A) Kraft Foods Global will, on the last day of the then existing Interest Period therefor, either (x) prepay such Advances or (y) Convert such Advances into Base Rate Advances and (B) the obligation of the Lenders to make, or to Convert Base Rate Advances into, LIBO Rate Advances shall be suspended until the Administrative Agent shall notify Kraft Foods Global and the Lenders that the circumstances causing such suspension no longer exist. In the case of clause (ii) above, each such Lender shall certify its cost of funds for each Interest Period to the Administrative Agent and Kraft Foods Global as soon as practicable but in any event not later than 10 Business Days after the last day of such Interest Period.

#### SECTION 2.09 Fees.

(a) Unused Line Fee. Kraft Foods Global agrees to pay to the Administrative Agent for the account of each Lender an unused line fee (the "Unused Line Fee") on the aggregate amount of such Lender's undrawn Commitment (without giving effect to any Competitive Bid Reduction) from the date hereof in the case of each Initial Lender and from the effective date specified in the Assignment and Acceptance pursuant to which it became a Lender in the case of each other Lender until the Termination Date at the Applicable Unused Line Fee Rate, in each case payable on the last Business Day of each March, June, September and December until the Termination Date and on the Termination Date.

(b) Other Fees. Kraft Foods Global shall pay to the Administrative Agent for its own account or for the accounts of the Joint Lead Arrangers or Lenders, as applicable, such fees, and at such times, as shall have been separately agreed between Kraft Foods Global and the Administrative Agent or the Joint Lead Arrangers.

SECTION 2.10 Optional and Mandatory Termination or Reduction of Commitments.

(a) Optional Termination or Reduction of Commitments. Kraft Foods Global shall have the right, upon at least three Business Days' notice to the Administrative Agent, to terminate in whole or reduce ratably in part the unused portions of the respective Commitments of the Lenders; provided that each partial reduction shall be in the aggregate amount of no less than \$50,000,000 or the remaining balance if less than \$50,000,000; and provided further that the aggregate amount of the Commitments of the Lenders shall not be reduced to an amount that is less than the aggregate principal amount of the Competitive Bid Advances then outstanding.

(b) Mandatory Termination or Reduction of Commitments. If (i) Kraft Foods Global or any of its wholly owned Subsidiaries receives Net Cash Proceeds from any Debt Issuance, (ii) prior to consummation of the Spin-Off, Kraft Foods Global issues debt securities in exchange for existing Debt of Kraft Foods or any of its Subsidiaries, (iii) Kraft Foods Global (or, prior to consummation of the Spin-Off, Kraft Foods) receives Net Cash Proceeds from any Equity Capital Markets Transaction or (iv) Kraft Foods Global or any of its Major Domestic Subsidiaries receives Net Cash Proceeds from any Asset Sale, Casualty or Condemnation, in each case that would be required to be applied to prepay Pro Rata Advances pursuant to Section 2.11(b) (the amount of such Net Cash Proceeds (or, in the case of clause (ii), the amount equal to the aggregate principal amount of such debt securities) required to be so applied being called the "Required Prepayment Amount"), Kraft Foods Global shall by notice to the Administrative Agent reduce, on a pro rata basis, the unused Commitments of the Lenders by an aggregate amount equal to such Required Prepayment Amount.

SECTION 2.11 Optional and Mandatory Prepayments of Pro Rata Advances.

(a) Optional Prepayments. Kraft Foods Global may, in the case of any LIBO Rate Advance, upon at least three Business Days' notice to the Administrative Agent or, in the case of any Base Rate Advance, upon notice given to the Administrative Agent not later than 9:00 a.m. (New York City time) on the date of the proposed prepayment, in each case stating the proposed date and aggregate principal amount of the prepayment, and if such notice is given Kraft Foods Global shall, prepay the outstanding principal amount of the Pro Rata Advances comprising part of the same Pro Rata Borrowing in whole or ratably in part, together with accrued interest to the date of such prepayment on the principal amount prepaid; provided, however, that (x) each partial prepayment shall be in an aggregate principal amount of no less than \$50,000,000 or the remaining balance if less than \$50,000,000 and (y) in the event of any such prepayment of a LIBO Rate Advance, Kraft Foods Global shall be obligated to reimburse the Lenders in respect thereof pursuant to Section 9.04(b).

(b) Mandatory Prepayment Events. Within five Business Days after:

(i) the receipt by Kraft Foods Global or any of its wholly owned Subsidiaries of Net Cash Proceeds from any Debt Issuance, Kraft Foods Global shall permanently prepay the Pro Rata Advances in an aggregate amount equal to 100% of such Net Cash Proceeds; provided that, at the election of Kraft Foods Global, no prepayment of the Pro Rata Advances shall be required pursuant to this clause (i) until the Unapplied Amount exceeds the Prepayment Threshold Amount and then only to the extent of such excess; or

(ii) the issuance, prior to consummation of the Spin-Off, by Kraft Foods Global or any of its Subsidiaries of debt securities in exchange for existing Debt of Kraft Foods or any of its Subsidiaries, Kraft Foods Global shall permanently prepay the Pro Rata Advances in an aggregate amount equal to 100% of the aggregate principal amount of such debt securities issued by Kraft Foods Global or any of its Subsidiaries; provided that, at the election of Kraft Foods Global, no prepayment of the Pro Rata Advances shall be required pursuant to this clause (ii) until the Unapplied Amount exceeds the Prepayment Threshold Amount and then only to the extent of such excess; or

(iii) the receipt by Kraft Foods Global (or, prior to consummation of the Spin-Off, Kraft Foods) of Net Cash Proceeds from any Equity Capital Markets Transaction, Kraft Foods Global shall permanently prepay the Pro Rata Advances in an aggregate amount equal to 100% of such Net Cash Proceeds; provided that, at the election of Kraft Foods Global, no prepayment of the Pro Rata Advances shall be required pursuant to this clause (iii) until the Unapplied Amount exceeds the Prepayment Threshold Amount and then only to the extent of such excess; or

(iv) the receipt by Kraft Foods Global or any of its Major Domestic Subsidiaries of Net Cash Proceeds from any Asset Sale (other than (A) Net Cash Proceeds of any Exempted Asset Sale and (B) up to \$1,000,000,000 in the aggregate of Net Cash Proceeds from other Asset Sales), Casualty or Condemnation, Kraft Foods Global shall permanently prepay the Pro Rata Advances in an aggregate amount equal to 100% of such Net Cash Proceeds, provided that, so long as no Default shall have occurred and be continuing, in lieu of such prepayment, Kraft Foods Global or such Major Domestic Subsidiary may reinvest all or any portion of such Net Cash Proceeds from any Asset Sale, Casualty or Condemnation in long-term assets useful to the business of Kraft Foods Global or any of its Subsidiaries, provided that such reinvestment is consummated within 12 months of the date of receipt of such Net Cash Proceeds,

and each prepayment of outstanding Pro Rata Advances pursuant to this Section 2.11(b) shall be without penalty or premium (other than any obligation to reimburse the Lenders pursuant to Section 9.04(b)). Kraft Foods Global may determine to which Borrowing or Borrowings each prepayment of outstanding Pro Rata Advances pursuant to this Section 2.11(b) shall be allocated, provided that any such allocated prepayment shall be applied on a pro rata basis among the Lenders having made any of such Pro Rata Advances.

(c) Mandatory Prepayment if Advances Exceed Commitments. In the event and on each occasion that the aggregate principal amount of outstanding Advances exceeds the aggregate amount of the Commitments, Kraft Foods Global shall prepay Advances in an aggregate amount equal to such excess. Each prepayment of outstanding Advances pursuant to

this Section 2.11(c) shall be without penalty or premium (other than any obligation to reimburse the Lenders pursuant to Section 9.04(b)). Kraft Foods Global may determine to which Borrowing or Borrowings each prepayment of outstanding Advances pursuant to this Section 2.11(c) shall be allocated, provided that any such prepayment allocated to Pro Rata Advances shall be applied on a pro rata basis among the Lenders having made any of such Pro Rata Advances.

SECTION 2.12 Increased Costs.

(a) Costs from Change in Law or Authorities. If, due to either (i) the introduction of or any change (other than any change by way of imposition or increase of reserve requirements to the extent such change is included in the Eurocurrency Rate Reserve Percentage) in or in the interpretation, application or administration of any law or regulation or (ii) the compliance with any guideline or request from any central bank or other governmental authority (whether or not having the force of law), there shall be any increase in the cost to any Lender of agreeing to make or making, funding or maintaining LIBO Rate Advances or Floating Rate Bid Advances (excluding for purposes of this Section 2.12 any such increased costs resulting from (i) Taxes or Other Taxes (as to which Section 2.15 shall govern) and (ii) changes in the basis of taxation of overall net income or overall gross income by the United States or by the foreign jurisdiction or state under the laws of which such Lender is organized or has its Applicable Lending Office or any political subdivision thereof), then Kraft Foods Global shall within twenty (20) Business Days after receipt by Kraft Foods Global of demand by such Lender (with a copy of such demand to the Administrative Agent), pay to the Administrative Agent for the account of such Lender additional amounts sufficient to compensate such Lender for such increased cost; provided, however, that before making any such demand, each Lender agrees to use reasonable efforts (consistent with its internal policy and legal and regulatory restrictions) to designate a different Applicable Lending Office if the making of such a designation would avoid the need for, or reduce the amount of, such increased cost and would not, in the reasonable judgment of such Lender be otherwise disadvantageous to such Lender. A certificate as to the amount of such increased cost, submitted to Kraft Foods Global and the Administrative Agent by such Lender shall be conclusive and binding upon all parties hereto for all purposes, absent manifest error.

(b) Reduction in Lender's Rate of Return. In the event that, after the date hereof, the implementation of or any change in any law or regulation, or any guideline or directive (whether or not having the force of law) or the interpretation, application or administration thereof by any central bank or other authority charged with the administration thereof, imposes, modifies or deems applicable any capital adequacy or similar requirement (including, without limitation, a request or requirement which affects the manner in which any Lender or its parent company allocates capital resources to its Commitments, including its obligations hereunder) and as a result thereof, in the sole opinion of such Lender, the rate of return on such Lender's or its parent company's capital as a consequence of its obligations hereunder is reduced to a level below that which such Lender could have achieved but for such circumstances, but reduced to the extent that Borrowings are outstanding from time to time, then in each such case, upon demand from time to time Kraft Foods Global shall pay to such Lender such additional amount or amounts as shall compensate such Lender for such reduction in rate of return. A certificate of such Lender as to any such additional amount or amounts shall be

conclusive and binding for all purposes, absent manifest error. Except as provided below, in determining any such amount or amounts each Lender may use any reasonable averaging and attribution methods. Notwithstanding the foregoing, each Lender shall take all reasonable actions to avoid the imposition of, or reduce the amounts of, such increased costs, provided that such actions, in the reasonable judgment of such Lender will not be otherwise disadvantageous to such Lender and, to the extent possible, each Lender will calculate such increased costs based upon the capital requirements for its Advances and unused Commitment hereunder and not upon the average or general capital requirements imposed upon such Lender.

(c) Dodd-Frank Wall Street Reform and Consumer Protection Act; Basel III. Notwithstanding anything herein to the contrary, (i) the Dodd-Frank Wall Street Reform and Consumer Protection Act and all requests, rules, guidelines or directives thereunder or issued in connection therewith and (ii) all requests, rules, guidelines or directives promulgated by the Bank for International Settlements, the Basel Committee on Banking Supervision (or any successor or similar authority) or the United States or foreign regulatory authorities, in each case pursuant to Basel III, shall, in each case be deemed to be a change in law or regulation regardless of the date enacted, adopted or issued.

SECTION 2.13 Illegality. Notwithstanding any other provision of this Agreement, if any Lender shall notify the Administrative Agent that the introduction of or any change in, or in the interpretation of, any law or regulation makes it unlawful, or any central bank or other governmental authority asserts that it is unlawful, for any Lender or its Eurocurrency Lending Office to perform its obligations hereunder to make LIBO Rate Advances or Floating Rate Bid Advances or to fund or maintain LIBO Rate Advances or Floating Rate Bid Advances, (a) each LIBO Rate Advance or Floating Rate Bid Advances, as the case may be, of such Lender will automatically, upon such demand, be Converted into a Base Rate Advance or an Advance that bears interest at the rate set forth in Section 2.04(a)(i), as the case may be, and (b) the obligation of the Lenders to make LIBO Rate Advances or Floating Rate Bid Advances or to Convert Base Rate Advances into LIBO Rate Advances shall be suspended, in each case, until the Administrative Agent shall notify Kraft Foods Global and the Lenders that the circumstances causing such suspension no longer exist, in each case, subject to Section 9.04(b) hereof; provided, however, that before making any such demand, each Lender agrees to use reasonable efforts (consistent with its internal policy and legal and regulatory restrictions) to designate a different Eurocurrency Lending Office if the making of such a designation would allow such Lender or its Eurocurrency Lending Office to continue to perform its obligations to make LIBO Rate Advances or Floating Rate Bid Advances or to continue to fund or maintain LIBO Rate Advances or Floating Rate Bid Advances, as the case may be, and would not, in the judgment of such Lender, be otherwise disadvantageous to such Lender.

SECTION 2.14 Payments and Computations.

(a) Time and Distribution of Payments. Kraft Foods Global shall make each payment hereunder, without set-off or counterclaim, not later than 11:00 a.m. (New York City time) on the day when due to the Administrative Agent at the Administrative Agent Account in same day funds. The Administrative Agent will promptly thereafter cause to be distributed like funds relating to the payment of principal or interest or Unused Line Fees ratably (other than amounts payable pursuant to Section 2.07, 2.12, 2.15 or 9.04(b)) to the Lenders for the accounts



of their respective Applicable Lending Offices, and like funds relating to the payment of any other amount payable to any Lender to such Lender for the account of its Applicable Lending Office, in each case to be applied in accordance with the terms of this Agreement. From and after the effective date of an Assignment and Acceptance pursuant to Section 9.07, the Administrative Agent shall make all payments hereunder in respect of the interest assigned thereby to the Lender assignee thereunder, and the parties to such Assignment and Acceptance shall make all appropriate adjustments in such payments for periods prior to such effective date directly between themselves.

(b) Computation of Interest and Fees. All computations of interest based on the Administrative Agent's prime rate shall be made by the Administrative Agent on the basis of a year of 365 or 366 days, as the case may be. All computations of interest based on the LIBO Rate or the Federal Funds Effective Rate and of Unused Line Fees shall be made by the Administrative Agent and all computations of interest pursuant to Section 2.05 shall be made by a Lender, on the basis of a year of 360 days, and all computations of interest in respect of Competitive Bid Advances shall be made by the Administrative Agent on the basis of a year of 360 days in the case of Floating Rate Bid Advances and on the basis of a year of 365 or 366 days, as the case may be, as specified in the applicable Notice of Competitive Bid Notice, in each case for the actual number of days (including the first day but excluding the last day) occurring in the period for which such interest or Unused Line Fees are payable. Each determination by the Administrative Agent (or, in the case of Section 2.05 by a Lender), of an interest rate hereunder shall be conclusive and binding for all purposes, absent manifest error.

(c) Payment Due Dates. Whenever any payment hereunder shall be stated to be due on a day other than a Business Day, such payment shall be made on the next succeeding Business Day, and such extension of time shall in such case be included in the computation of payment of interest or Unused Line Fees, as the case may be; provided, however, that if such extension would cause payment of interest on or principal of LIBO Rate Advances or Floating Rate Bid Advances to be made in the next following calendar month, such payment shall be made on the immediately preceding Business Day.

(d) Presumption of Borrower Payment. Unless the Administrative Agent receives notice from Kraft Foods Global prior to the date on which any payment is due to the Lenders hereunder that Kraft Foods Global will not make such payment in full, the Administrative Agent may assume that Kraft Foods Global has made such payment in full to the Administrative Agent on such date and the Administrative Agent may, in reliance upon such assumption, cause to be distributed to each Lender on such due date an amount equal to the amount then due such Lender. If and to the extent Kraft Foods Global has not made such payment in full to the Administrative Agent, each Lender shall repay to the Administrative Agent forthwith on demand such amount distributed to such Lender together with interest thereon, for each day from the date such amount is distributed to such Lender until the date such Lender repays such amount to the Administrative Agent at the Federal Funds Effective Rate.

SECTION 2.15 Taxes.

(a) Any and all payments by Kraft Foods Global and Kraft Foods hereunder or under any Note shall be made, in accordance with Section 2.14, free and clear of and without deduction for any and all present or future taxes, levies, imposts, deductions, charges or withholdings, and all liabilities (including penalties, interest, additions to taxes and expenses) with respect thereto, excluding, (i) in the case of each Lender and the Administrative Agent, taxes imposed on its net income, and franchise taxes imposed on it, by the jurisdiction under the laws of which such Lender or the Administrative Agent (as the case may be) is organized or any political subdivision thereof, (ii) in the case of each Lender, taxes imposed on its net income, and franchise taxes imposed on it, by the jurisdiction of such Lender's Applicable Lending Office or any political subdivision thereof, (iii) in the case of each Lender and the Administrative Agent, taxes imposed on its net income, franchise taxes imposed on it, and any tax imposed by means of withholding to the extent such tax is imposed solely as a result of a present or former connection (other than a connection arising from such Lender or the Administrative Agent having executed, delivered, enforced, become a party to, performed its obligations, received payments, received or perfected a security interest under, and/or engaged in any other transaction pursuant to this Agreement or a Note) between the Lender or the Administrative Agent, as the case may be, and the taxing jurisdiction, (iv) in the case of each Lender and the Administrative Agent, any U.S. federal withholding taxes imposed pursuant to FATCA, and (v) in the case of each Lender and the Administrative Agent, any Home Jurisdiction U.S. Withholding Tax to the extent that such tax is imposed with respect to any payments pursuant to any law in effect at the time such Lender becomes a party hereto (or changes its Applicable Lending Office), except (A) to the extent of the additional amounts in respect of such taxes under this Section 2.15 to which such Lender's assignor (if any) or such Lender's prior Applicable Lending Office (if any) was entitled, immediately prior to such assignment or change in its Applicable Lending Office or (B) if such Lender becomes a party hereto pursuant to an Assignment and Acceptance upon the demand of Kraft Foods Global (all such taxes, levies, imposts, deductions, charges, withholdings and liabilities in respect of payments by Kraft Foods Global and Kraft Foods hereunder or under any Note, other than taxes referred to in this Section 2.15(a)(i), (ii), (iii), (iv) or (v), are referred to herein as "Taxes"). If any applicable withholding agent shall be required by law to deduct any Taxes from or in respect of any sum payable hereunder or under any Note to any Lender or the Administrative Agent, (i) the sum payable by Kraft Foods Global or Kraft Foods shall be increased as may be necessary so that after all required deductions (including deductions applicable to additional sums payable under this Section 2.15) have been made, such Lender or the Administrative Agent (as the case may be) receives an amount equal to the sum it would have received had no such deductions been made, (ii) the applicable withholding agent shall make such deductions and (iii) the applicable withholding agent shall pay the full amount deducted to the relevant taxation authority or other authority in accordance with applicable law.

(b) In addition, Kraft Foods Global shall pay any present or future stamp or documentary taxes or any other excise or property taxes, charges, irrecoverable value-added tax or similar levies (other than Taxes, or taxes referred to in Section 2.15(a)(i) to (iv)) that arise from any payment made hereunder or from the execution, delivery or registration of, performing under, or otherwise with respect to, this Agreement or a Note other than any such taxes imposed by reason of an Assignment and Acceptance (hereinafter referred to as "Other Taxes").

(c) Kraft Foods Global shall indemnify each Lender and the Administrative Agent for and hold it harmless against the full amount of Taxes or Other Taxes (including, without limitation, Taxes and Other Taxes imposed by any jurisdiction on amounts payable under this Section 2.15) payable by such Lender or the Administrative Agent (as the case may

be), and any liability (including penalties, interest, additions to taxes and expenses) arising therefrom or with respect thereto, whether or not such Taxes or Other Taxes were correctly or legally asserted. This indemnification shall be made within 30 days from the date such Lender or the Administrative Agent (as the case may be), makes written demand therefor.

(d) Within 30 days after the date of any payment of Taxes or Other Taxes, Kraft Foods Global shall furnish to the Administrative Agent, at its address referred to in Section 9.02, the original or a certified copy of a receipt evidencing such payment. If Kraft Foods Global determines that no Taxes are payable in respect thereof, Kraft Foods Global shall, at the request of the Administrative Agent, furnish or cause the payor to furnish, the Administrative Agent and each Lender an opinion of counsel reasonably acceptable to the Administrative Agent, stating that such payment is exempt from Taxes.

(e) Each Lender, on or prior to the date of its execution and delivery of this Agreement in the case of each Initial Lender and on the date of the Assignment and Acceptance pursuant to which it becomes a Lender in the case of each other Lender, shall provide each of the Administrative Agent and Kraft Foods Global with any form or certificate that is required by any United States federal taxing authority to certify such Lender's entitlement to any applicable exemption from or reduction in, Home Jurisdiction U.S. Withholding Tax in respect of any payments hereunder or under any Note (including, if applicable, two original Internal Revenue Service Forms W-9, W-8BEN or W-8ECI, as appropriate, or any successor or other form prescribed by the Internal Revenue Service or to the extent a Non-U.S. Lender is not the beneficial owner (for example, where the Non-U.S. Lender is a partnership or participating Lender granting a typical participation), two original Internal Revenue Service Form W-8IMY, accompanied by any applicable certification documents from each beneficial owner) and any other documentation reasonably requested by Kraft Foods Global or the Administrative Agent. Thereafter, each such Lender shall provide additional forms or certificates (i) to the extent a form or certificate previously provided has become inaccurate or invalid or has otherwise ceased to be effective or (ii) as requested in writing by Kraft Foods Global or the Administrative Agent or, if such Lender no longer qualifies for the applicable exemption from or reduction in, Home Jurisdiction U.S. Withholding Tax, promptly notify the Administrative Agent and Kraft Foods Global of its inability to do so. Unless Kraft Foods Global and the Administrative Agent have received forms or other documents from each Lender satisfactory to them indicating that payments hereunder or under any Note are not subject to Home Jurisdiction U.S. Withholding Taxes or are subject to Home Jurisdiction U.S. Withholding Taxes at a rate reduced by an applicable tax treaty, Kraft Foods Global or the Administrative Agent shall withhold such taxes from such payments at the applicable statutory rate in the case of payments to or for such Lender and Kraft Foods Global shall pay additional amounts to the extent required by paragraph (a) of this Section 2.15 (subject to the exceptions contained in this Section 2.15).

(f) If a payment made to a Lender hereunder or under any Note would be subject to U.S. Federal withholding tax imposed pursuant to FATCA if such Lender were to fail to comply with the applicable reporting requirements of FATCA (including those contained in Sections 1471(b) or 1472(b) of the Internal Revenue Code, applicable), such Lender shall provide each of the Administrative Agent and Kraft Foods Global, at the time or times prescribed by law and as reasonably requested by the Administrative Agent or Kraft Foods Global, such documentation prescribed by applicable law (including as prescribed by Section 1471(b)(3)(C)(i)

of the Internal Revenue Code) and such additional documentation reasonably requested by the Administrative Agent or Kraft Foods Global as may be necessary for the Administrative Agent or Kraft Foods Global to comply with their obligations under FATCA and to determine whether such Lender has complied with such Lender's obligations under FATCA and the amount, if any, to deduct and withhold from such payment. Thereafter, each such Lender shall provide additional documentation (i) to the extent documentation previously provided has become inaccurate or invalid or has otherwise ceased to be effective or (ii) as reasonably requested by the Administrative Agent or Kraft Foods Global.

(g) Any Lender claiming any additional amounts payable pursuant to this Section 2.15 agrees to use reasonable efforts (consistent with its internal policy and legal and regulatory restrictions) to select or change the jurisdiction of its Applicable Lending Office if the making of such a selection or change would avoid the need for, or reduce the amount of, any such additional amounts that may thereafter accrue and would not, in the reasonable judgment of such Lender be otherwise materially economically disadvantageous to such Lender.

(h) No additional amounts will be payable pursuant to this Section 2.15 with respect to any Tax to the extent such Tax would not have been payable had the Lender fulfilled its obligations under paragraph (e) or (f) of this Section 2.15 as applicable.

(i) If any Lender or the Administrative Agent, as the case may be, obtains a refund of any Tax for which payment has been made pursuant to this Section 2.15, or, in lieu of obtaining such refund, such Lender or the Administrative Agent applies the amount that would otherwise have been refunded as a credit against payment of a liability in respect of Taxes, which refund or credit in the good faith judgment of such Lender or the Administrative Agent, as the case may be, (and without any obligation to disclose its tax records) is allocable to such payment made under this Section 2.15, the amount of such refund or credit (together with any interest received thereon and reduced by reasonable out-of-pocket costs incurred in obtaining such refund or credit) promptly shall be paid to Kraft Foods Global to the extent payment has been made in full by Kraft Foods Global pursuant to this Section 2.15.

SECTION 2.16 Sharing of Payments, Etc. If any Lender shall obtain any payment (whether voluntary, involuntary, through the exercise of any right of set-off, or otherwise) on account of the Pro Rata Advances owing to it (other than pursuant to Section 2.12, 2.15 or 9.04(b) or (c)) in excess of its ratable share of payments on account of the Pro Rata Advances obtained by all the Lenders, such Lender shall forthwith purchase from the other Lenders such participations in the Pro Rata Advances made by them as shall be necessary to cause such purchasing Lender to share the excess payment ratably with each of them; provided, however, that if all or any portion of such excess payment is thereafter recovered from such purchasing Lender, such purchase from each Lender shall be rescinded and such Lender shall repay to the purchasing Lender the purchase price to the extent of such recovery together with an amount equal to such Lender's ratable share (according to the proportion of (i) the amount of such Lender's required repayment to (ii) the total amount so recovered from the purchasing Lender) of any interest or other amount paid or payable by the purchasing Lender in respect of the total amount so recovered. Kraft Foods Global agrees that any Lender so purchasing a participation from another Lender pursuant to this Section 2.16 may, to the fullest extent permitted by law, exercise all its rights of payment (including the right of set-off) with respect to such participation as fully as if such Lender were the direct creditor of Kraft Foods Global in the amount of such participation.

SECTION 2.17 Evidence of Debt.

(a) Lender Records; Pro Rata Notes. Each Lender shall maintain in accordance with its usual practice an account or accounts evidencing the indebtedness of Kraft Foods Global to such Lender resulting from each Pro Rata Advance owing to such Lender from time to time, including the amounts of principal and interest payable and paid to such Lender from time to time hereunder in respect of Pro Rata Advances. Kraft Foods Global shall, upon notice by any Lender to Kraft Foods Global (with a copy of such notice to the Administrative Agent) to the effect that a Pro Rata Note is required or appropriate in order for such Lender to evidence (whether for purposes of pledge, enforcement or otherwise) the Pro Rata Advances owing to, or to be made by, such Lender, promptly execute and deliver to such Lender a Pro Rata Note payable to the order of such Lender in a principal amount up to the Commitment of such Lender.

(b) Record of Borrowings, Payables and Payments. The Register maintained by the Administrative Agent pursuant to Section 9.07(d) shall include a control account, and a subsidiary account for each Lender, in which accounts (taken together) shall be recorded as follows:

(i) the date and amount of each Borrowing made hereunder, the Type of Advances comprising such Borrowing and, if appropriate, the Interest Period applicable thereto;

(ii) the terms of each Assignment and Acceptance delivered to and accepted by it;

(iii) the amount of any principal or interest due and payable or to become due and payable from Kraft Foods Global to each Lender hereunder and the Termination Date applicable thereto; and

(iv) the amount of any sum received by the Administrative Agent from Kraft Foods Global hereunder and each Lender's share thereof.

(c) Evidence of Payment Obligations. Entries made in good faith by the Administrative Agent in the Register pursuant to Section 2.17(b), and by each Lender in its account or accounts pursuant to Section 2.17(a), shall be prima facie evidence of the amount of principal and interest due and payable or to become due and payable from Kraft Foods Global to, in the case of the Register, each Lender and, in the case of such account or accounts, such Lender, under this Agreement, absent manifest error; provided, however, that the failure of the Administrative Agent or such Lender to make an entry, or any finding that an entry is incorrect, in the Register or such account or accounts shall not limit or otherwise affect the obligations of Kraft Foods Global under this Agreement.

SECTION 2.18 Use of Proceeds. The proceeds of the Advances shall be available (and Kraft Foods Global agrees that it shall use such proceeds) for general corporate purposes of Kraft Foods Global and its Subsidiaries and, prior to the Spin-Off, Kraft Foods and its Subsidiaries.

SECTION 2.19 Defaulting Lenders. Notwithstanding any provision of this Agreement to the contrary, if any Lender becomes a Defaulting Lender, then the following provisions shall apply:

(a) fees shall cease to accrue on the Commitment of such Defaulting Lender pursuant to Section 2.09(a); and

(b) the Commitment and Advances of such Defaulting Lender shall not be included in determining whether the Required Lenders have taken or may take any action hereunder (including any consent to any amendment, waiver or modification of this Agreement pursuant to Section 9.01); provided that any amendment, waiver or modification requiring the consent of all Lenders or each affected Lender shall require the consent of such Defaulting Lender.

In the event that each of the Administrative Agent and Kraft Foods Global agree that a Defaulting Lender has adequately remedied all matters that caused such Lender to be a Defaulting Lender, then such Lender shall purchase at par such of the Pro Rata Advances of the other Lenders as the Administrative Agent shall determine may be necessary in order for such Lender to hold such Pro Rata Advances in accordance with its pro rata portion of the total Commitments and clauses (a) and (b) above shall cease to apply.

### ARTICLE III

#### Conditions to Effectiveness and Lending

SECTION 3.01 Conditions Precedent to Effectiveness. This Agreement shall become effective on and as of the first date (the "Effective Date") on which the following conditions precedent have been satisfied, or waived in accordance with Section 9.01:

(a) On the Effective Date, the following statements shall be true and the Administrative Agent shall have received for the account of each Lender a certificate signed by a duly authorized officer of Kraft Foods Global, dated the Effective Date, stating that:

(i) the representations and warranties contained in Section 4.01 are correct on and as of the Effective Date, and

(ii) no event has occurred and is continuing on and as of the Effective Date that constitutes a Default or Event of Default.

(b) The Administrative Agent shall have received on or before the Effective Date the following, each dated such day, in form and substance satisfactory to the Administrative Agent:

(i) Certified copies of the resolutions of the Board of Directors of each of Kraft Foods Global and Kraft Foods approving this Agreement, and of all documents evidencing other necessary corporate action and governmental approvals, if any, with respect to this Agreement.

(ii) Certificates of the Secretary or an Assistant Secretary of each of Kraft Foods Global and Kraft Foods certifying the names and true signatures of the officers of Kraft Foods Global and Kraft Foods, as the case may be, authorized to sign this Agreement and the other documents to be delivered hereunder.

(iii) Favorable opinions of (A) Cravath, Swaine & Moore LLP, special New York counsel to Kraft Foods and Kraft Foods Global, substantially in the form of Exhibit D-1 hereto, (B) Hunton & Williams LLP, special Virginia counsel to Kraft Foods, substantially in the form of Exhibit D-2 hereto and (C) internal counsel for Kraft Foods, substantially in the form of Exhibit D-3 hereto.

(iv) A certificate of the chief financial officer or treasurer of Kraft Foods certifying that as of December 31, 2011, (A) the aggregate amount of Debt, payment of which is secured by any Lien referred to in clause (iii) of Section 5.02(a) of the Kraft Foods Revolving Credit Agreement, does not exceed \$400,000,000, and (B) the aggregate amount of Debt, payment of which is secured by any Lien referred to in clause (iv) of Section 5.02(a) of the Kraft Foods Revolving Credit Agreement, does not exceed \$200,000,000.

(c) Kraft Foods Global shall have notified each Lender and the Administrative Agent in writing as to the proposed Effective Date.

(d) This Agreement shall have been executed by Kraft Foods Global, Kraft Foods, the Co-Administrative Agents, Paying Agent, Syndication Agent and Documentation Agent and the Administrative Agent shall have been notified by each Initial Lender that such Initial Lender has executed this Agreement.

The Administrative Agent shall notify Kraft Foods Global and the Initial Lenders of the date which is the Effective Date upon satisfaction or waiver of all of the conditions precedent set forth in this Section 3.01. For purposes of determining compliance with the conditions specified in this Section 3.01, each Lender shall be deemed to have consented to, approved or accepted or to be satisfied with each document or other matter required thereunder to be consented to or approved by or acceptable or satisfactory to the Lenders unless an officer of the Administrative Agent responsible for the transactions contemplated by this Agreement shall have received notice from such Lender prior to the date that Kraft Foods Global, by notice to the Lenders, designates as the proposed Effective Date, specifying its objection thereto.

SECTION 3.02 Conditions Precedent to Each Pro Rata Borrowing. The obligation of each Lender to make a Pro Rata Advance on the occasion of each Pro Rata Borrowing is subject to the conditions precedent that the Effective Date shall have occurred and on the date of such Pro Rata Borrowing the following statements shall be true, and the acceptance by Kraft Foods Global of the proceeds of such Pro Rata Borrowing shall be a representation by Kraft Foods Global that:

(a) the representations and warranties contained in Section 4.01 (except the representations set forth in the last sentence of subsection (e) and in subsection (f) thereof (other than clause (i) thereof)) are correct on and as of the date of such Pro Rata Borrowing, before and after giving effect to such Pro Rata Borrowing and to the application of the proceeds therefrom, as though made on and as of such date; and

(b) before and after giving effect to the application of the proceeds of all Borrowings on such date (together with any other resources of Kraft Foods Global applied together therewith), no event has occurred and is continuing, or would result from such Pro Rata Borrowing, that constitutes a Default or Event of Default.

SECTION 3.03 Conditions Precedent to Each Competitive Bid Borrowing. The obligation of each Lender that is to make a Competitive Bid Advance on the occasion of a Competitive Bid Borrowing is subject to the conditions precedent that (i) the Administrative Agent shall have received the written confirmatory Notice of Competitive Bid Borrowing with respect thereto, (ii) on or before the date of such Competitive Bid Borrowing, but prior to such Competitive Bid Borrowing, the Administrative Agent shall have received a Competitive Bid Note payable to the order of such Lender for each of the one or more Competitive Bid Advances to be made by such Lender as part of such Competitive Bid Borrowing, in a principal amount equal to the principal amount of the Competitive Bid Advance to be evidenced thereby and otherwise on such terms as were agreed to for such Competitive Bid Advance in accordance with Section 2.07, and (iii) on the date of such Competitive Bid Borrowing the following statements shall be true, and the acceptance by Kraft Foods Global of the proceeds of such Competitive Bid Borrowing shall be a representation by Kraft Foods Global that:

(a) the representations and warranties contained in Section 4.01 are correct on and as of the date of such Competitive Bid Borrowing, before and after giving effect to such Competitive Bid Borrowing and to the application of the proceeds therefrom, as though made on and as of such date; and

(b) after giving effect to the application of the proceeds of all Borrowings on such date (together with any other resources of Kraft Foods Global applied together therewith), no event has occurred and is continuing, or would result from such Competitive Bid Borrowing that constitutes a Default or Event of Default.

#### ARTICLE IV

##### Representations and Warranties

SECTION 4.01 Representations and Warranties of Kraft Foods Global. Each of Kraft Foods and Kraft Foods Global, as applicable, represents and warrants as follows:

(a) Each of Kraft Foods Global and, prior to the Spin-Off, Kraft Foods is a corporation duly organized, validly existing and in good standing under the laws of its jurisdiction of formation.



(b) The execution, delivery and performance of this Agreement and, in the case of Kraft Foods Global, the Notes to be delivered by it are within the corporate powers of each of Kraft Foods Global and Kraft Foods, as applicable, have been duly authorized by all necessary corporate action on the part of each of Kraft Foods Global and Kraft Foods, as applicable, and do not contravene (i) the charter or by-laws of Kraft Foods Global or Kraft Foods, as applicable, or (ii) in any material respect, any law, rule, regulation or order of any court or governmental agency or any contractual restriction binding on or affecting Kraft Foods Global or Kraft Foods, as applicable.

(c) No authorization or approval or other action by, and no notice to or filing with, any governmental authority or regulatory body is required for the due execution, delivery and performance by each of Kraft Foods Global and Kraft Foods, as applicable, of this Agreement or the Notes to be delivered by it.

(d) This Agreement is, and each of the Notes to be delivered by Kraft Foods Global when delivered hereunder will be, a legal, valid and binding obligation of each of Kraft Foods Global and Kraft Foods, as applicable, enforceable against such Person in accordance with its terms, subject to the effect of any applicable bankruptcy, insolvency, fraudulent conveyance, reorganization, moratorium and other laws affecting creditors' rights generally and subject, as to enforceability, to general principles of equity (regardless of whether enforcement is sought in a proceeding in equity or at law) and an implied covenant of good faith and fair dealing.

(e) As reported in Kraft Foods' Annual Report on Form 10-K for the year ended December 31, 2011, the consolidated balance sheets of Kraft Foods and its Subsidiaries as of December 31, 2011 and the consolidated statements of earnings of Kraft Foods and its Subsidiaries for the year then ended fairly present, in all material respects, the consolidated financial position of Kraft Foods and its Subsidiaries as at such date and the consolidated results of the operations of Kraft Foods and its Subsidiaries for the year ended on such date, all in accordance with accounting principles generally accepted in the United States. Except as disclosed in Kraft Foods' Annual Report on Form 10-K for the year ended December 31, 2011, or in any Current Report on Form 8-K or Quarterly Report on Form 10-Q filed subsequent to December 31, 2011, but prior to March 8, 2012, since December 31, 2011, other than as a result of the Spin-Off, (i) there has been no material adverse change in such position or operations and (ii) there has been no material adverse change in such position or operations of the North American Grocery Business (and following the Spin-Off, Kraft Foods Global and its Subsidiaries taken as a whole).

(f) There is no pending or threatened action or proceeding affecting Kraft Foods Global or any of its Subsidiaries (or, prior to the Spin-Off, Kraft Foods or any of its Subsidiaries) before any court, governmental agency or arbitrator (a "Proceeding") (i) that purports to affect the legality, validity or enforceability of this Agreement or (ii) except for Proceedings disclosed in Kraft Foods' Annual Report on Form 10-K for the year ended December 31, 2011, or in any Current Report on Form 8-K or Quarterly Report on Form 10-Q filed subsequent to December 31, 2011, but prior to March 8, 2012, or, with respect to Proceedings commenced after the date of the most recent such

document but prior to March 8, 2012, a certificate delivered to the Lenders, that may materially adversely affect the financial position or results of operations of Kraft Foods Global and its Subsidiaries taken as a whole (or, prior to the Spin-Off, Kraft Foods and its Subsidiaries taken as a whole).

(g) Prior to the Spin-Off, Kraft Foods owns directly or indirectly 100% of the capital stock of Kraft Foods Global.

(h) None of the proceeds of any Advance will be used, directly or indirectly, for any purpose that would result in a violation of Regulation U.

## ARTICLE V

### Covenants

SECTION 5.01 Incorporation of Kraft Foods Covenants by Reference. The provisions of, and related definitions used in, Article V of the Kraft Foods Revolving Credit Agreement are incorporated herein by reference in their entirety, but with the definitions used therein being construed in accordance with the remaining provisions of this Section. All references in the provisions incorporated herein by reference to Article V of the Kraft Foods Revolving Credit Agreement to (a) the "Lenders" shall be deemed to be references to the Lenders party to this Agreement, (b) a "Borrower" shall be deemed to be references to Kraft Foods Global, (c) the "Administrative Agent", an "Advance", a "Commitment", an "Event of Default", a "Guaranty" or "Required Lenders" shall be deemed to be references to the Administrative Agent, an Advance, a Commitment, an Event of Default, a Guaranty or the Required Lenders, respectively, as each such term is defined herein, (d) "the date hereof" or "the date of this Agreement" shall be deemed to be references to the date of this Agreement, (e) "hereafter" shall be deemed to be references to after the date of this Agreement and (f) "this Agreement", "hereof" or "hereunder" shall be deemed to be references to this Agreement. All references herein to any Section of the Kraft Foods Revolving Credit Agreement incorporated by reference herein shall be deemed to be a reference to such Section as so incorporated. The provisions of the Sections of the Kraft Foods Revolving Credit Agreement incorporated by reference herein shall remain in effect as incorporated on the date hereof (or as amended in accordance with the terms of this Agreement) notwithstanding the termination of or any amendment to the Kraft Foods Revolving Credit Agreement. Notwithstanding anything to the contrary contained herein, upon consummation of the Spin-Off, the provisions incorporated by reference pursuant to this Section 5.01 shall automatically cease to be a part of this Agreement and shall be of no further force and effect for any purpose hereunder.

SECTION 5.02 Affirmative Covenants. Commencing on the date of the Spin-Off and for long as any Advance shall remain unpaid or any Lender shall have any Commitment hereunder, Kraft Foods Global will:

(a) Compliance with Laws, Etc. Comply, and cause each Major Subsidiary to comply, in all material respects, with all applicable laws, rules, regulations and orders (such compliance to include, without limitation, complying with ERISA and paying before the same become delinquent all taxes, assessments and governmental charges

imposed upon it or upon its property except to the extent contested in good faith), noncompliance with which would materially adversely affect the financial condition or operations of Kraft Foods Global and its Subsidiaries taken as a whole.

(b) Reporting Requirements. Furnish to the Lenders:

(i) as soon as available and in any event within 5 days after the due date for Kraft Foods Global to have filed its Quarterly Report on Form 10-Q with the Commission for the first three quarters of each fiscal year, an unaudited interim condensed consolidated balance sheet of Kraft Foods Global and its Subsidiaries as of the end of such quarter and unaudited interim condensed consolidated statements of earnings (or, for any period prior to the Spin-Off, an unaudited interim condensed combined balance sheet and statement of earnings) of Kraft Foods Global and its Subsidiaries for the period commencing at the end of the previous fiscal year and ending with the end of such quarter, certified by the chief financial officer of Kraft Foods Global;

(ii) as soon as available and in any event within 15 days after the due date for Kraft Foods Global to have filed its Annual Report on Form 10-K with the Commission for each fiscal year, a copy of the consolidated financial statements for such year for Kraft Foods Global and its Subsidiaries, audited by PricewaterhouseCoopers LLP (or other independent auditors which, as of the date of this Agreement, are one of the "big four" accounting firms);

(iii) all reports which Kraft Foods Global sends to any of its shareholders, and copies of all reports on Form 8-K (or any successor forms adopted by the Commission) which Kraft Foods Global files with the Commission;

(iv) as soon as possible and in any event within five days after the occurrence of each Event of Default and each event which, with the giving of notice or lapse of time, or both, would constitute an Event of Default, continuing on the date of such statement, a statement of the chief financial officer or treasurer of Kraft Foods Global setting forth details of such Event of Default or event and the action which Kraft Foods Global has taken and proposes to take with respect thereto; and

(v) such other information respecting the condition or operations, financial or otherwise, of Kraft Foods Global or any Major Subsidiary as any Lender through the Administrative Agent may from time to time reasonably request.

In lieu of furnishing the Lenders the items referred to in clauses (i), (ii) and (iii) above, Kraft Foods Global may make such items available on the Internet at a website identified by Kraft Foods Global to the Administrative Agent (which website includes an option to subscribe to a free service alerting subscribers by e-mail of new Commission filings) or any successor or replacement website thereof, or by similar electronic means.

(c) Ranking. Each Advance made to Kraft Foods Global hereunder shall at all times constitute senior Debt of Kraft Foods Global ranking equally in right of payment with all existing and future senior Debt of Kraft Foods Global and senior in right of payment to all existing and future subordinated Debt of Kraft Foods Global.

SECTION 5.03 Negative Covenants. Commencing on the date of the Spin-Off and for so long as any Advance shall remain unpaid or any Lender shall have any Commitment hereunder, Kraft Foods Global will not:

(a) Liens, Etc. Create or suffer to exist, or permit any Major Subsidiary to create or suffer to exist, any lien, security interest or other charge or encumbrance (other than operating leases and licensed intellectual property), or any other type of preferential arrangement ("Liens"), upon or with respect to any of its properties, whether now owned or hereafter acquired, or assign, or permit any Major Subsidiary to assign, any right to receive income, in each case to secure or provide for the payment of any Debt of any Person, other than:

(i) Liens upon or in property acquired or held by it or any Major Subsidiary in the ordinary course of business to secure the purchase price of such property or to secure indebtedness incurred solely for the purpose of financing the acquisition of such property;

(ii) Liens existing on property at the time of its acquisition (other than any such lien or security interest created in contemplation of such acquisition);

(iii) Liens existing on the date hereof securing Debt;

(iv) Liens on property financed through the issuance of industrial revenue bonds in favor of the holders of such bonds or any agent or trustee therefor;

(v) Liens existing on property of any Person acquired by Kraft Foods Global or any Major Subsidiary;

(vi) Liens securing Debt in an aggregate amount not in excess of 15% of Consolidated Tangible Assets;

(vii) Liens upon or with respect to Margin Stock;

(viii) Liens in favor of Kraft Foods Global or any Major Subsidiary;

(ix) precautionary Liens provided by Kraft Foods Global or any Major Subsidiary in connection with the sale, assignment, transfer or other disposition of assets by Kraft Foods Global or such Major Subsidiary which transaction is determined by the Board of Directors of Kraft Foods Global or such Major Subsidiary to constitute a "sale" under accounting principles generally accepted in the United States; and

(x) any extension, renewal or replacement of the foregoing, provided that (A) such Lien does not extend to any additional assets (other than a substitution of like assets), and (B) the amount of Debt secured by any such Lien is not increased.

(b) Mergers, Etc. Consolidate with or merge into, or, except to the extent necessary to implement the Spin-Off, convey or transfer, or permit one or more of its Subsidiaries to convey or transfer, the properties and assets of Kraft Foods Global and its Subsidiaries substantially as an entirety to, any Person unless, immediately before and after giving effect thereto, no Default or Event of Default would exist and, in the case of any merger or consolidation to which Kraft Foods Global is a party, the surviving corporation is organized and existing under the laws of the United States of America or any State thereof or the District of Columbia and assumes all of Kraft Foods Global's obligations under this Agreement (including without limitation the covenants set forth in Article V) by the execution and delivery of an instrument in form and substance satisfactory to the Required Lenders.

SECTION 5.04 Incorporation of Financial Covenant by Reference. Commencing on the date of the Spin-Off and for so long as any Advance shall remain unpaid or any Lender shall have any Commitment hereunder, the provisions of, and related definitions used in, any financial maintenance covenant contained in any credit agreement of Kraft Foods Global (including, for the avoidance of doubt, the Kraft Foods Global Revolving Credit Agreement) with a maturity of longer than one year shall be incorporated herein by reference in their entirety, but with the definitions used therein being construed in accordance with the remaining provisions of this Section. All references in the provisions incorporated herein by reference to any such financial maintenance covenant to a "Borrower" or "Subsidiaries" shall be deemed to be references to Kraft Foods Global or any Subsidiary, respectively, as each such term is defined herein. The provisions of any such financial maintenance covenant incorporated by reference herein shall remain in effect as first so incorporated herein (or as amended in accordance with the terms of this Agreement) notwithstanding any termination or waiver of, or amendment to, such financial maintenance covenant in any other credit agreement of Kraft Foods Global (including, for the avoidance of doubt, the Kraft Foods Global Revolving Credit Agreement).

## ARTICLE VI

### Events of Default

SECTION 6.01 Events of Default. Each of the following events (each an "Event of Default") shall constitute an Event of Default:

(a) Kraft Foods Global shall fail to pay any principal of any Advance when the same becomes due and payable; or Kraft Foods Global shall fail to pay interest on any Advance, or Kraft Foods Global shall fail to pay any fees payable under Section 2.09, within ten days after the same becomes due and payable (or after notice from the Administrative Agent in the case of fees referred to in Section 2.09(b)); or

(b) Any representation or warranty made or deemed to have been made by Kraft Foods Global herein or by Kraft Foods Global (or any of its officers) in connection with this Agreement shall prove to have been incorrect in any material respect when made or deemed to have been made; or

(c) Kraft Foods Global (or, prior to the Spin-Off, Kraft Foods) shall fail to perform or observe (i) any term, covenant or agreement contained in Section 5.03(b) hereof, incorporated by reference herein pursuant to Section 5.04 hereof or, prior to the Spin-Off, contained in Section 5.01(b) or 5.02(b) of the Kraft Foods Revolving Credit Agreement as incorporated by reference herein pursuant to Section 5.01 hereof, (ii) any term, covenant or agreement contained in Section 5.03(a) hereof or, prior to the Spin-Off, contained in Section 5.02(a) of the Kraft Foods Revolving Credit Agreement as incorporated by reference herein pursuant to Section 5.01 hereof, if such failure shall remain unremedied for 15 days after written notice thereof shall have been given to Kraft Foods Global by the Administrative Agent or any Lender or (iii) any other term, covenant or agreement contained in this Agreement on its part to be performed or observed if such failure shall remain unremedied for 30 days after written notice thereof shall have been given to Kraft Foods Global by the Administrative Agent or any Lender; or

(d) Kraft Foods Global or any Major Subsidiary (or, prior to the Spin-Off, Kraft Foods) shall fail to pay any principal of or premium or interest on any Debt which is outstanding in a principal amount of at least \$100,000,000 in the aggregate (or, if lower, the corresponding amount set forth in the Kraft Foods Global Revolving Credit Agreement) (but excluding Debt arising under this Agreement) of Kraft Foods Global, such Major Subsidiary or Kraft Foods (as the case may be), when the same becomes due and payable (whether by scheduled maturity, required prepayment, acceleration, demand or otherwise), and such failure shall continue after the applicable grace period, if any, specified in the agreement or instrument relating to such Debt unless adequate provision for any such payment has been made in form and substance satisfactory to the Required Lenders; or any Debt of Kraft Foods Global or any Major Subsidiary (or, prior to the Spin-Off, Kraft Foods) which is outstanding in a principal amount of at least \$100,000,000 in the aggregate (or, if lower, the corresponding amount set forth in the Kraft Foods Global Revolving Credit Agreement) (but excluding Debt arising under this Agreement) shall be declared to be due and payable, or required to be prepaid (other than by a scheduled required prepayment), redeemed, purchased or defeased, or an offer to prepay, redeem, purchase or defease such Debt shall be required to be made, in each case prior to the stated maturity thereof as a result of a breach by Kraft Foods Global, such Major Subsidiary or Kraft Foods (as the case may be) of the agreement or instrument relating to such Debt unless adequate provision for the payment of such Debt has been made in form and substance satisfactory to the Required Lenders; or

(e) Kraft Foods Global or any Major Subsidiary (or, prior to the Spin-Off, Kraft Foods) shall generally not pay its debts as such debts become due, or shall admit in writing its inability to pay its debts generally, or shall make a general assignment for the benefit of creditors; or any proceeding shall be instituted by or against Kraft Foods Global or any Major Subsidiary (or, prior to the Spin-Off, Kraft Foods) seeking to adjudicate it a bankrupt or insolvent, or seeking liquidation, winding up, reorganization,

arrangement, adjustment, protection, relief, or composition of it or its debts under any law relating to bankruptcy, insolvency or reorganization or relief of debtors, or seeking the entry of an order for relief or the appointment of a receiver, trustee, or other similar official for it or for any substantial part of its property, and, in the case of any such proceeding instituted against it (but not instituted by it), either such proceeding shall remain undismissed or unstayed for a period of 60 days or any of the actions sought in such proceeding (including, without limitation, the entry of an order for relief against it or the appointment of a receiver, trustee, custodian or other similar official for it or for any of its property constituting a substantial part of the property of Kraft Foods Global and its Subsidiaries taken as a whole (or, prior to the Spin-Off, Kraft Foods and its Subsidiaries taken as a whole) shall occur; or Kraft Foods Global or any Major Subsidiary (or, prior to the Spin-Off, Kraft Foods) shall take any corporate action to authorize any of the actions set forth above in this subsection (e); or

(f) Any judgment or order for the payment of money in excess of \$100,000,000 (or, if lower, the corresponding amount set forth in the Kraft Foods Global Revolving Credit Agreement) shall be rendered against Kraft Foods Global or any Major Subsidiary (or, prior to the Spin-Off, Kraft Foods) and there shall be any period of 60 consecutive days during which a stay of enforcement of such unsatisfied judgment or order, by reason of a pending appeal or otherwise, shall not be in effect; or

(g) Kraft Foods Global or any ERISA Affiliate (or, prior to the Spin-Off, Kraft Foods) shall incur, or shall be reasonably likely to incur, liability in excess of \$500,000,000 in the aggregate as a result of one or more of the following: (i) the occurrence of any ERISA Event; (ii) the partial or complete withdrawal of Kraft Foods Global or any ERISA Affiliate (or, prior to the Spin-Off, Kraft Foods) from a Multiemployer Plan; or (iii) the reorganization or termination of a Multiemployer Plan; provided, however, that no Default or Event of Default under this Section 6.01(g) shall be deemed to have occurred if Kraft Foods Global, any ERISA Affiliate or Kraft Foods shall have made arrangements satisfactory to the PBGC or the Required Lenders to discharge or otherwise satisfy such liability (including the posting of a bond or other security); or

(h) Prior to the Spin-Off, the Guaranty provided by Kraft Foods under Article VIII hereof in respect of Kraft Foods Global shall for any reason cease (other than in accordance with the provisions of Article VIII) to be valid and binding on Kraft Foods or Kraft Foods shall so state in writing;

provided, however, that following consummation of the Spin-Off, no event or circumstance relating to Kraft Foods or its Subsidiaries (other than Kraft Foods Global and such other Subsidiaries of Kraft Foods as are Subsidiaries of Kraft Foods Global immediately following the Spin-Off) or their respective obligations prior to the Spin-Off under this Agreement, the Notes or any other agreement entered into in connection with this Agreement shall constitute or be deemed to constitute a Default or Event of Default hereunder.

SECTION 6.02 Lenders' Rights upon Event of Default. If an Event of Default occurs and is continuing, then the Administrative Agent shall at the request, or may with the consent, of the Required Lenders, by notice to Kraft Foods Global:

(a) declare the obligation of each Lender to make further Advances to be terminated, whereupon the same shall forthwith terminate, and

(b) declare all the Advances then outstanding, all interest thereon and all other amounts payable under this Agreement to be forthwith due and payable, whereupon the Advances then outstanding, all such interest and all such amounts shall become and be forthwith due and payable, without presentment, demand, protest or further notice of any kind, all of which are hereby expressly waived by Kraft Foods Global; provided, however, that in the event of an actual or deemed entry of an order for relief with respect to Kraft Foods Global (or, prior to the Spin-Off, Kraft Foods) under the Federal Bankruptcy Code or any equivalent bankruptcy or insolvency laws of any state or foreign jurisdiction, (i) the obligation of each Lender to make Advances shall automatically be terminated and (ii) the Advances then outstanding, all such interest and all such amounts shall automatically become and be due and payable, without presentment, demand, protest or any notice of any kind, all of which are hereby expressly waived by Kraft Foods Global.

## ARTICLE VII

### The Administrative Agent

SECTION 7.01 Authorization and Action. Each Lender hereby appoints and authorizes the Administrative Agent to take such action as agent on its behalf and to exercise such powers and discretion under this Agreement as are delegated to the Administrative Agent by the terms hereof, together with such powers and discretion as are reasonably incidental thereto. As to any matters not expressly provided for by this Agreement (including, without limitation, enforcement or collection of the Notes), the Administrative Agent shall not be required to exercise any discretion or take any action, but shall be required to act or to refrain from acting (and shall be fully protected in so acting or refraining from acting) upon the instructions of the Required Lenders, and such instructions shall be binding upon all Lenders and all holders of Notes; provided, however, that the Administrative Agent shall not be required to take any action that exposes the Administrative Agent to personal liability or that is contrary to this Agreement or applicable law. The Administrative Agent agrees to give to each Lender prompt notice of each notice given to it by Kraft Foods Global as required by the terms of this Agreement or at the request of Kraft Foods Global, and any notice provided pursuant to Section 5.02(b)(iv). Notwithstanding any provision to the contrary contained elsewhere herein, no Agent shall have any duties or responsibilities, except those expressly set forth herein, nor shall any Agent have or be deemed to have any fiduciary relationship with any Lender or participant, and no implied covenants, functions, responsibilities, duties, obligations or liabilities shall be read into this Agreement or otherwise exist against any Agent. Without limiting the generality of the foregoing sentence, the use of the term "agent" herein with reference to any Agent is not intended to connote any fiduciary or other implied (or express) obligations arising under agency doctrine of any applicable law. Instead, such term is used merely as a matter of market custom, and is intended to create or reflect only an administrative relationship between independent contracting parties.



SECTION 7.02 Administrative Agent's Reliance, Etc. Neither the Administrative Agent nor any of its directors, officers, agents or employees shall be liable for any action taken or omitted to be taken by it or them under or in connection with this Agreement, except for its or their own gross negligence or willful misconduct. Without limitation of the generality of the foregoing, the Administrative Agent:

(a) may treat the Lender that made any Advance as the holder of the Debt resulting therefrom until the Administrative Agent receives and accepts an Assignment and Acceptance entered into by such Lender, as assignor, and an Eligible Assignee, as assignee, as provided in Section 9.07;

(b) may consult with legal counsel (including counsel for Kraft Foods Global or Kraft Foods), independent public accountants and other experts selected by it and shall not be liable for any action taken or omitted to be taken in good faith by it in accordance with the advice of such counsel, accountants or experts;

(c) makes no warranty or representation to any Lender and shall not be responsible to any Lender for any statements, warranties or representations (whether written or oral) made in or in connection with this Agreement by Kraft Foods Global or Kraft Foods;

(d) shall not have any duty to ascertain or to inquire as to the performance or observance of any of the terms, covenants or conditions of this Agreement on the part of Kraft Foods Global or Kraft Foods or to inspect the property (including the books and records) of Kraft Foods Global or Kraft Foods;

(e) shall not be responsible to any Lender for the due execution, legality, validity, enforceability, genuineness, sufficiency or value of this Agreement or any other instrument or document furnished pursuant hereto; and

(f) shall incur no liability under or in respect of this Agreement by acting upon any notice, consent, certificate or other instrument or writing (which may be by telecopier, telegram, telex, registered mail or, for the purposes of Section 2.02(a) or 2.07(b), email) believed by it to be genuine and signed or sent by the proper party or parties.

SECTION 7.03 The Administrative Agent and Affiliates. With respect to its Commitment and the Advances made by it, the Administrative Agent shall have the same rights and powers under this Agreement as any other Lender and may exercise the same as though it were not the Administrative Agent; and the term "Lender" or "Lenders" shall, unless otherwise expressly indicated, include the Administrative Agent in its individual capacity. The Administrative Agent and its affiliates may accept deposits from, lend money to, act as trustee under indentures of, accept investment banking engagements from and generally engage in any kind of business with, Kraft Foods Global, Kraft Foods, any of their respective Subsidiaries and any Person who may do business with or own securities of Kraft Foods Global, Kraft Foods or any such Subsidiary, all as if the Administrative Agent were not the Administrative Agent and without any duty to account therefor to the Lenders.

SECTION 7.04 Lender Credit Decision. Each Lender acknowledges that it has, independently and without reliance upon any Co-Administrative Agent, the Paying Agent, the Syndication Agent, the Documentation Agent, any Joint Bookrunner or Joint Lead Arranger, or any other Lender and based on the financial statements referred to in Section 4.01 and such other documents and information as it has deemed appropriate, made its own credit analysis and decision to enter into this Agreement. Each Lender also acknowledges that it will, independently and without reliance upon any Co-Administrative Agent, the Paying Agent, the Syndication Agent, the Documentation Agent, any Joint Bookrunner or Joint Lead Arranger, or any other Lender and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit decisions in taking or not taking action under this Agreement.

SECTION 7.05 Indemnification. The Lenders agree to indemnify the Administrative Agent (to the extent not reimbursed by Kraft Foods Global or Kraft Foods), ratably according to the respective principal amounts of the Pro Rata Advances then owing to each of them (or if no Pro Rata Advances are at the time outstanding, ratably according to the respective amounts of their Commitments), from and against any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements of any kind or nature whatsoever that may be imposed on, incurred by, or asserted against the Administrative Agent in any way relating to or arising out of this Agreement or any action taken or omitted by the Administrative Agent under this Agreement, in each case, to the extent relating to the Administrative Agent in its capacity as such (collectively, the "Indemnified Costs"), provided that no Lender shall be liable for any portion of the Indemnified Costs resulting from the Administrative Agent's gross negligence or willful misconduct. Without limitation of the foregoing, each Lender agrees to reimburse the Administrative Agent promptly upon demand for its ratable share of any out-of-pocket expenses (including counsel fees) incurred by the Administrative Agent in connection with the preparation, execution, delivery, administration, modification, amendment or enforcement (whether through negotiations, legal proceedings or otherwise) of, or legal advice in respect of rights or responsibilities under, this Agreement, to the extent that the Administrative Agent is not reimbursed for such expenses by Kraft Foods Global or Kraft Foods. In the case of any investigation, litigation or proceeding giving rise to any Indemnified Costs, this Section 7.05 applies whether any such investigation, litigation or proceeding is brought by the Administrative Agent, any Lender or a third party.

SECTION 7.06 Successor Administrative Agent. The Administrative Agent may resign at any time by giving written notice thereof to the Lenders and Kraft Foods Global and may be removed at any time with or without cause by the Required Lenders. Upon the resignation or removal of the Administrative Agent, the Required Lenders shall have the right to appoint a successor Administrative Agent (with the consent of Kraft Foods Global so long as no Event of Default shall have occurred and be continuing). If no successor Administrative Agent shall have been so appointed by the Required Lenders, and shall have accepted such appointment, within 30 days after the retiring Administrative Agent's giving of notice of resignation or the Required Lenders' removal of the retiring Administrative Agent, then the retiring Administrative Agent may (with the consent of Kraft Foods Global so long as no Event of Default shall have occurred and be continuing), on behalf of the Lenders, appoint a successor Administrative Agent, which shall be a commercial bank organized under the laws of the United States of America or of any State thereof and having a combined capital and surplus of at least

\$500,000,000. Upon the acceptance of any appointment as Administrative Agent hereunder by a successor Administrative Agent, such successor Administrative Agent shall thereupon succeed to and become vested with all the rights, powers, discretion, privileges and duties of the retiring Administrative Agent, and the retiring Administrative Agent shall be discharged from its duties and obligations under this Agreement; provided that should the Administrative Agent for any reason not appoint a successor Administrative Agent, which it is under no obligation to do, then the rights, powers, discretion, privileges and duties referred to in this Section 7.06 shall be vested in the Required Lenders until a successor Administrative Agent has been appointed. After any retiring Administrative Agent's resignation or removal hereunder as Administrative Agent, the provisions of this Article VII shall inure to its benefit as to any actions taken or omitted to be taken by it while it was Administrative Agent under this Agreement.

SECTION 7.07 Co-Administrative Agents, Syndication Agent, Documentation Agent, Joint Bookrunners and Joint Lead Arrangers. (i) Barclays Bank PLC and JPMorgan Chase Bank, N.A. have been designated as Co-Administrative Agents, (ii) Citibank, N.A. has been designated as Syndication Agent, (iii) The Royal Bank of Scotland plc has been designated as Documentation Agent, (iv) Barclays Capital, Citigroup Global Markets Inc., J.P. Morgan Securities LLC and RBS Securities Inc. have been designated as Joint Bookrunners under this Agreement and (v) Barclays Capital, Citigroup Global Markets Inc., J.P. Morgan Securities LLC and RBS Securities Inc. have been designated as Joint Lead Arrangers under this Agreement, but the use of the aforementioned titles does not impose on any of them any duties or obligations greater than those of any other Lender.

SECTION 7.08 Withholding Tax. To the extent required by any applicable law, the Administrative Agent may withhold from any payment to any Lender an amount equivalent to any applicable withholding tax. Without limiting or expanding the provisions of Section 2.15(a) or (c), each Lender shall, and does hereby, indemnify the Administrative Agent against, and shall make payable in respect thereof within 30 days after demand therefor, any and all Taxes and any and all related losses, claims, liabilities and expenses (including fees, charges and disbursements of any counsel for the Administrative Agent) incurred by or asserted against the Administrative Agent by the Internal Revenue Service or any other governmental authority as a result of the failure of the Administrative Agent to properly withhold tax from amounts paid to or for the account of such Lender for any reason (including, without limitation, because the appropriate form was not delivered or not properly executed, or because such Lender failed to notify the Administrative Agent of a change in circumstance that rendered the exemption from, or reduction of withholding tax ineffective). A certificate as to the amount of such payment or liability delivered to any Lender by the Administrative Agent shall be conclusive absent manifest error. Each Lender hereby authorizes the Administrative Agent to set off and apply any and all amounts at any time owing to such Lender under this Agreement or any Note against any amount due the Administrative Agent under this Section 7.08. The agreements in this Section 7.08 shall survive the resignation and/or replacement of the Administrative Agent, any assignment of rights by, or the replacement of, a Lender, the termination of the Agreement and the repayment, satisfaction or discharge of all other Obligations.

ARTICLE VIII

Guaranty

SECTION 8.01 Guaranty. Kraft Foods hereby unconditionally and irrevocably guarantees (the undertaking of Kraft Foods contained in this Article VIII being the "Guaranty") the punctual payment when due, whether at stated maturity, by acceleration or otherwise, of all obligations of Kraft Foods Global now or hereafter existing under this Agreement, whether for principal, interest, fees, expenses or otherwise (such obligations being the "Obligations"), and any and all expenses (including counsel fees and expenses) incurred by the Administrative Agent or the Lenders in enforcing any rights under the Guaranty.

SECTION 8.02 Guaranty Absolute. Kraft Foods guarantees that the Obligations will be paid strictly in accordance with the terms of this Agreement, regardless of any law, regulation or order now or hereafter in effect in any jurisdiction affecting any of such terms or the rights of the Administrative Agent or the Lenders with respect thereto. The liability of Kraft Foods under this Guaranty shall be absolute and unconditional irrespective of:

- (a) any lack of validity, enforceability or genuineness of any provision of this Agreement or any other agreement or instrument relating thereto;
- (b) any change in the time, manner or place of payment of, or in any other term of, all or any of the Obligations, or any other amendment or waiver of or any consent to departure from this Agreement;
- (c) any exchange, release or non-perfection of any collateral, or any release or amendment or waiver of or consent to departure from any other guaranty, for all or any of the Obligations; or
- (d) any other circumstance which might otherwise constitute a defense available to, or a discharge of, Kraft Foods Global or Kraft Foods.

This Guaranty shall continue to be effective or be reinstated, as the case may be, if at any time any payment of any of the Obligations is rescinded or must otherwise be returned by the Administrative Agent or any Lender upon the insolvency, bankruptcy or reorganization of Kraft Foods Global or otherwise, all as though such payment had not been made.

SECTION 8.03 Waivers.

(a) Kraft Foods hereby waives promptness, diligence, notice of acceptance and any other notice with respect to any of the Obligations and this Guaranty and any requirement that the Administrative Agent or any Lender protect, secure, perfect or insure any security interest or lien or any property subject thereto or exhaust any right or take any action against Kraft Foods Global or any other Person or any collateral.

(b) Kraft Foods hereby irrevocably waives any claims or other rights that it may now or hereafter acquire against Kraft Foods Global that arise from the existence, payment, performance or enforcement of the obligations of Kraft Foods, under this Guaranty or this

Agreement, including, without limitation, any right of subrogation, reimbursement, exoneration, contribution or indemnification and any right to participate in any claim or remedy of the Administrative Agent or any Lender against Kraft Foods Global or any collateral, whether or not such claim, remedy or right arises in equity or under contract, statute or common law, including, without limitation, the right to take or receive from Kraft Foods Global, directly or indirectly, in cash or other property or by set-off or in any other manner, payment or security on account of such claim, remedy or right. If any amount shall be paid to Kraft Foods in violation of the preceding sentence at any time prior to the later of the cash payment in full of the Obligations and all other amounts payable under this Guaranty and the Termination Date, such amount shall be held in trust for the benefit of the Administrative Agent and the Lenders and shall forthwith be paid to the Administrative Agent to be credited and applied to the Obligations and all other amounts payable under this Guaranty, whether matured or unmatured, in accordance with the terms of this Agreement and this Guaranty, or to be held as collateral for any Obligations or other amounts payable under this Guaranty thereafter arising. Kraft Foods acknowledges that it will receive direct and indirect benefits from the financing arrangements contemplated by this Agreement and this Guaranty and that the waiver set forth in this Section 8.03(b) is knowingly made in contemplation of such benefits.

SECTION 8.04 Continuing Guaranty. This Guaranty is a continuing guaranty and shall (a) remain in full force and effect until payment in full of the Obligations (including any and all Obligations which remain outstanding after the Termination Date) and all other amounts payable under this Guaranty, (b) be binding upon each of Kraft Foods and its successors and assigns, and (c) inure to the benefit of and be enforceable by the Lenders, the Administrative Agent and their respective successors, transferees and assigns.

SECTION 8.05 Termination of Guaranty. Notwithstanding anything to the contrary contained herein, upon consummation of the Spin-Off, the Guaranty provided by Kraft Foods pursuant to this Article VIII shall automatically terminate and Kraft Foods shall automatically be released from the Guaranty and from all other claims or obligations under or in respect of this Agreement and the Notes and any other agreement entered into in connection herewith. The Administrative Agent, at the request of Kraft Foods Global or Kraft Foods and at the sole expense of Kraft Foods Global, shall execute and deliver to Kraft Foods Global and Kraft Foods all releases or other documents reasonably requested to evidence such termination and release.

## ARTICLE IX

### Miscellaneous

SECTION 9.01 Amendments, Etc. No amendment or waiver of any provision of this Agreement, nor consent to any departure by Kraft Foods Global or Kraft Foods therefrom, shall in any event be effective unless the same shall be in writing and signed by the Required Lenders and Kraft Foods Global, and then such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given; provided, however, that no amendment, waiver or consent shall, unless in writing and signed by all the Lenders (including Defaulting Lenders) affected thereby and Kraft Foods Global, do any of the following: (a) waive any of the conditions specified in Sections 3.01 and 3.02 (it being understood and agreed that

any waiver or amendment of a representation, warranty, covenant, Default or Event of Default shall not constitute a waiver of any condition specified in Section 3.01 or 3.02 unless the amendment or waiver so provides), (b) increase the Commitments of the Lenders or subject the Lenders to any additional obligations, (c) reduce the principal of, or the amount or rate of interest on, the Pro Rata Advances or any fees or other amounts payable hereunder, (d) postpone any date fixed for any payment of principal of, or interest on, the Pro Rata Advances or any fees or other amounts payable hereunder, (e) change the percentage of the Commitments or of the aggregate unpaid principal amount of the Pro Rata Advances, or the number of Lenders, that shall be required for the Lenders or any of them to take any action hereunder, (f) release Kraft Foods Global or, except as provided in Article VIII, Kraft Foods from any of its obligations under Article VIII, (g) change Section 2.16 in a manner that would alter the pro rata sharing of payments required thereby (other than to extend the Termination Date applicable to the Advances and Commitments of consenting Lenders and to compensate such Lenders for consenting to such extension; provided that (i) no amendment permitted by this parenthetical shall reduce the amount of or defer any payment of principal, interest or fees to non-extending Lenders or otherwise adversely affect the rights of non-extending Lenders under this Agreement and (ii) the opportunity to agree to such extension and receive such compensation shall be offered on equal terms to all the Lenders) or (h) amend this Section 9.01; provided further that no waiver of the conditions specified in Section 3.03 in connection with any Competitive Bid Borrowing shall be effective unless consented to by all Lenders making Competitive Bid Advances as part of such Competitive Bid Borrowing; and provided further that (x) no amendment, waiver or consent shall, unless in writing and signed by the Administrative Agent in addition to the Lenders required above to take such action, affect the rights or duties of the Administrative Agent under this Agreement and (y) no amendment, waiver or consent shall, unless in writing and signed by Kraft Foods in addition to the Lenders required above to take such action, affect the rights or obligations of Kraft Foods hereunder.

SECTION 9.02 Notices, Etc.

(a) Addresses. All notices and other communications provided for hereunder shall be in writing (including telecopier communication) and mailed, telecopied, or delivered (or in the case of any Notice of Borrowing or Notice of Competitive Bid Borrowing, emailed), as follows:

if to Kraft Foods Global:

c/o Kraft Foods Global, Inc.  
Three Lakes Drive  
Northfield, Illinois 60093  
Attention: Treasurer, NF667  
Fax number: (847) 646-7612;

with a copy to:

c/o Kraft Foods Global, Inc.  
Three Lakes Drive  
Northfield, Illinois 60093  
Attention: Vice President and Corporate Secretary, NF583  
Fax number: (847) 646-2753;

and, for any notice or other communication delivered prior to the Spin-Off,

c/o Kraft Foods Inc.  
Three Lakes Drive  
Northfield, Illinois 60093  
Attention: Treasurer, NF667  
Fax number: (847) 646-7612;

if to Kraft Foods, as guarantor:

Kraft Foods Inc.  
Three Lakes Drive  
Northfield, Illinois 60093  
Attention: Vice President and Corporate Secretary, NF583  
Fax number: (847) 646-2753;

if to any Initial Lender, at its Domestic Lending Office specified opposite its name on Schedule II hereto;

if to any other Lender, at its Domestic Lending Office specified in the Assignment and Acceptance pursuant to which it became a Lender;

if to the Administrative Agent for any notice (other than Payments and Requests for Extensions of Credit):

Barclays Bank PLC  
Bank Debt Management Group  
745 Seventh Avenue New York, New York 10019  
Attention: Kraft Portfolio Manager: Noam Azachi / Nicholas Versandi  
Email: [noam.azachi@barcap.com](mailto:noam.azachi@barcap.com) / [nicholas.versandi@barcap.com](mailto:nicholas.versandi@barcap.com)  
Telephone Number: (212) 526-1957 / (212) 526-9799  
Fax Number: (212) 526-5115;

if to the Administrative Agent for Payments and Requests for Extensions of Credit:

Barclays Bank PLC  
Loan Operations  
1301 Avenue of the Americas  
New York, New York 10019  
Attention: Agency Services - Kraft: Maria Sherry  
Email: [xrausloanops5@barclayscapital.com](mailto:xrausloanops5@barclayscapital.com)  
Telephone Number: (212) 320-6209  
Fax Number: (917) 522-0569;

or, as to Kraft Foods Global, Kraft Foods or the Administrative Agent, at such other address as shall be designated by such party in a written notice to the other parties and, as to each other party, at such other address as shall be designated by such party in a written notice to Kraft Foods Global and the Administrative Agent.

(b) Effectiveness of Notices. All such notices and communications shall, when mailed, telecopied or emailed, be effective when deposited in the mail, telecopied or emailed, respectively, except that notices and communications to the Administrative Agent, pursuant to Article II, III or VII shall not be effective until received by the Administrative Agent. Delivery by telecopier or email of an executed counterpart of any amendment or waiver of any provision of this Agreement or of any Exhibit hereto to be executed and delivered hereunder shall be effective as delivery of a manually executed counterpart thereof.

SECTION 9.03 No Waiver; Remedies. No failure on the part of any Lender or the Administrative Agent to exercise, and no delay in exercising, any right hereunder or under any Note shall operate as a waiver thereof; nor shall any single or partial exercise of any such right preclude any other or further exercise thereof or the exercise of any other right. The remedies herein provided are cumulative and not exclusive of any remedies provided by law.

SECTION 9.04 Costs and Expenses.

(a) Administrative Agent; Enforcement. Kraft Foods Global agrees to pay on demand all reasonable costs and expenses in connection with the preparation, execution, delivery, administration (excluding any cost or expenses for administration related to the overhead of the Administrative Agent), modification and amendment of this Agreement and the documents to be delivered hereunder, including, without limitation, the reasonable fees and out-of-pocket expenses of counsel for the Administrative Agent and the Joint Bookrunners with respect thereto and with respect to advising the Administrative Agent as to its rights and responsibilities under this Agreement (which, insofar as such costs and expenses relate to the preparation, execution and delivery of this Agreement and the closing hereunder, shall be limited to the reasonable fees and expenses of Cahill, Gordon & Reindel LLP), and all costs and expenses of the Lenders and the Administrative Agent, if any (including, without limitation, reasonable counsel fees and expenses of the Lenders and the Administrative Agent), in connection with the enforcement (whether through negotiations, legal proceedings or otherwise) of this Agreement and the other documents to be delivered hereunder.

(b) Prepayment of LIBO Rate Advances or Floating Rate Bid Advances. If any payment of principal of LIBO Rate Advance or Floating Rate Bid Advance is made other than on the last day of the Interest Period for such Advance or at its maturity, as a result of a payment pursuant to Section 2.11, acceleration of the maturity of the Advances pursuant to Section 6.02, an assignment made as a result of a demand by Kraft Foods Global pursuant to Section 9.07(a) or for any other reason, Kraft Foods Global shall, upon demand by any Lender (with a copy of such demand to the Administrative Agent), pay to the Administrative Agent for the account of such Lender any amounts required to compensate such Lender for any additional losses, costs or expenses which it may reasonably incur as a result of such payment, including,



without limitation, any loss (excluding loss of anticipated profits), cost or expense incurred by reason of the liquidation or reemployment of deposits or other funds acquired by any Lender to fund or maintain such Advance. Without prejudice to the survival of any other agreement of Kraft Foods Global hereunder, the agreements and obligations of Kraft Foods Global contained in Section 2.02(c), 2.05, 2.12, 2.15, this Section 9.04(b) and Section 9.04(c) shall survive the payment in full of principal and interest hereunder.

(c) Indemnification. Kraft Foods Global agrees to indemnify and hold harmless each Agent, each Joint Lead Arranger and each Lender and each of their respective affiliates, control persons, directors, officers, employees, attorneys and agents (each, an “Indemnified Party”) from and against any and all claims, damages, losses, liabilities and expenses (including, without limitation, reasonable fees and disbursements of counsel) which may be incurred by or asserted against any Indemnified Party, in each case in connection with or arising out of, or in connection with the preparation for or defense of, any investigation, litigation, or proceeding (i) related to this Agreement or any of the other documents delivered hereunder, the Advances or any transaction or proposed transaction (whether or not consummated) in which any proceeds of any Borrowing are applied or proposed to be applied, directly or indirectly, by Kraft Foods Global, whether or not such Indemnified Party is a party to such transaction, or (ii) related to Kraft Foods Global’s or Kraft Foods’ consummation of any transaction or proposed transaction contemplated hereby (whether or not consummated) or entering into this Agreement, or to any actions or omissions of any Kraft Foods Global or Kraft Foods, any of their respective Subsidiaries or affiliates or any of its or their respective officers, directors, employees or agents in connection therewith, in each case whether or not an Indemnified Party is a party thereto and whether or not such investigation, litigation or proceeding is brought by Kraft Foods Global, Kraft Foods or any other Person; provided, however, that Kraft Foods Global shall not be required to indemnify an Indemnified Party from or against any portion of such claims, damages, losses, liabilities or expenses that is found in a final, non-appealable judgment by a court of competent jurisdiction to have resulted from the gross negligence or willful misconduct of such Indemnified Party.

SECTION 9.05 Right of Set-Off. Upon (i) the occurrence and during the continuance of any Event of Default and (ii) the making of the request or the granting of the consent specified by Section 6.02 to authorize the Administrative Agent to declare the Advances due and payable pursuant to the provisions of Section 6.02, each Lender is hereby authorized at any time and from time to time after providing written notice to the Administrative Agent of its intention to do so, to the fullest extent permitted by law, to set off and apply any and all deposits (general or special, time or demand, provisional or final) at any time held and other indebtedness at any time owing by such Lender or any of its affiliates to or for the credit or the account of Kraft Foods Global (or, prior to the Spin-Off, Kraft Foods) against any and all of the obligations of Kraft Foods Global (or, prior to the Spin-Off, Kraft Foods) now or hereafter existing under this Agreement, whether or not such Lender shall have made any demand under this Agreement and although such obligations may be unmatured. Each Lender shall promptly notify Kraft Foods Global or Kraft Foods, as the case may be, after any such set-off and application, provided that the failure to give such notice shall not affect the validity of such set-off and application. The rights of each Lender and its affiliates under this Section 9.05 are in addition to other rights and remedies (including, without limitation, other rights of set-off) that such Lender and its affiliates may have.

SECTION 9.06 Binding Effect. (a) This Agreement shall be binding upon and inure to the benefit of Kraft Foods Global, Kraft Foods, the Administrative Agent and each Lender and their respective successors and assigns, except that neither Kraft Foods Global nor Kraft Foods shall have the right to assign its rights hereunder or any interest herein without the prior written consent of each of the Lenders.

(b) Notwithstanding anything to the contrary contained herein, upon consummation of the Spin-Off, Kraft Foods shall automatically cease to be a party to this Agreement and this Agreement shall no longer be binding upon or inure to the benefit of Kraft Foods.

SECTION 9.07 Assignments and Participations.

(a) Assignment of Lender Obligations. Each Lender may assign to one or more Persons all or a portion of its rights and obligations under this Agreement (including, without limitation, all or a portion of its Commitment and the Pro Rata Advances owing to it), subject to the following:

(i) each such assignment shall be of a constant, and not a varying, percentage of all rights and obligations under this Agreement (other than, except in the case of an assignment made pursuant to Section 9.07(h), any Competitive Bid Advances owing to such Lender or any Competitive Bid Notes held by it);

(ii) the amount of the Commitment of the assigning Lender being assigned pursuant to each such assignment (determined as of the date of the Assignment and Acceptance with respect to such assignment) shall in no event, other than with respect to assignments to other Lenders, or affiliates of Lenders, be less than \$10,000,000, subject in each case to reduction at the sole discretion of Kraft Foods Global, and shall be an integral multiple of \$1,000,000;

(iii) each such assignment shall be to an Eligible Assignee;

(iv) each such assignment shall require the prior written consent of (x) the Administrative Agent, and (y) unless an Event of Default under Sections 6.01(a) or (e) has occurred and is continuing, Kraft Foods Global (such consents not to be unreasonably withheld or delayed and such consents by Kraft Foods Global shall be deemed given if no objection is received by the assigning Lender and the Administrative Agent from Kraft Foods Global within ten (10) Business Days after notice of such proposed assignment has been delivered to Kraft Foods Global); provided, that no consent of the Administrative Agent or Kraft Foods Global shall be required for an assignment to another Lender or an affiliate of a Lender; and

(v) the parties to each such assignment shall execute and deliver to the Administrative Agent for its acceptance and recording in the Register, an Assignment and Acceptance, together with a processing and recordation fee of \$3,500 (unless such assignment is made to an affiliate of the transferring Lender) provided, that, if such assignment is made pursuant to Section 9.07(h), Kraft Foods Global shall pay or cause to be paid such \$3,500 fee.

Upon such execution, delivery, acceptance and recording, from and after the effective date specified in each Assignment and Acceptance, (x) the assignee thereunder shall be a party hereto and, to the extent that rights and obligations hereunder have been assigned to it pursuant to such Assignment and Acceptance, have the rights and obligations of a Lender hereunder and (y) the assigning Lender thereunder shall, to the extent that rights and obligations hereunder have been assigned by it pursuant to such Assignment and Acceptance, relinquish its rights (other than those provided under Section 9.04 and, with respect to the period during which it is a Lender, Sections 2.12 and 2.15) and be released from its obligations under this Agreement (and, in the case of an Assignment and Acceptance covering all or the remaining portion of an assigning Lender's rights and obligations under this Agreement, such Lender shall cease to be a party hereto), other than Section 9.11.

(b) Assignment and Acceptance. By executing and delivering an Assignment and Acceptance, the assigning Lender thereunder and the assignee thereunder confirm to and agree with each other and the other parties hereto as follows: (i) other than as provided in such Assignment and Acceptance, such assigning Lender makes no representation or warranty and assumes no responsibility with respect to any statements, warranties or representations made in or in connection with this Agreement or the execution, legality, validity, enforceability, genuineness, sufficiency or value of this Agreement or any other instrument or document furnished pursuant hereto; (ii) such assigning Lender makes no representation or warranty and assumes no responsibility with respect to the financial condition of Kraft Foods Global or Kraft Foods or the performance or observance by Kraft Foods Global or Kraft Foods of any of its obligations under this Agreement or any other instrument or document furnished pursuant hereto; (iii) such assignee confirms that it has received a copy of this Agreement, together with copies of the financial statements referred to in Section 4.01 and such other documents and information as it has deemed appropriate to make its own credit analysis and decision to enter into such Assignment and Acceptance; (iv) such assignee will, independently and without reliance upon the Administrative Agent such assigning Lender or any other Lender and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit decisions in taking or not taking action under this Agreement; (v) such assignee confirms that it is an Eligible Assignee; (vi) such assignee represents that (A) the source of any funds it is using to acquire the assigning Lender's interest or to make any Advance is not and will not be plan assets as defined under the regulations of the Department of Labor of any Plan subject to Title I of ERISA or Section 4975 of the Internal Revenue Code or (B) the assignment or Advance is not and will not be a non-exempt prohibited transaction as defined in Section 406 of ERISA; (vii) such assignee appoints and authorizes the Administrative Agent to take such action as agent on its behalf and to exercise such powers and discretion under this Agreement as are delegated to the Administrative Agent by the terms hereof, together with such powers and discretion as are reasonably incidental thereto; and (viii) such assignee agrees that it will perform in accordance with their terms all of the obligations that by the terms of this Agreement are required to be performed by it as a Lender.

(c) Agent's Acceptance. Upon its receipt of an Assignment and Acceptance executed by an assigning Lender and an assignee representing that it is an Eligible Assignee, together with any Pro Rata Note or Notes subject to such assignment, the Administrative Agent shall, if such Assignment and Acceptance has been completed and is in substantially the form of Exhibit C hereto, (i) accept such Assignment and Acceptance, (ii) record the information contained therein in the Register and (iii) give prompt notice thereof to Kraft Foods Global.

(d) Register. The Administrative Agent shall maintain at its address referred to in Section 9.02 a copy of each Assignment and Acceptance delivered to and accepted by it and a register for the recordation of the names and addresses of the Lenders and the Commitment of, and principal amount of the Advances owing to, each Lender from time to time (the "Register"). The entries in the Register shall be conclusive and binding for all purposes, absent manifest error, and Kraft Foods Global, Kraft Foods, the Administrative Agent and the Lenders shall treat each Person whose name is recorded in the Register as a Lender hereunder for all purposes of this Agreement. The Register shall be available for inspection by Kraft Foods Global or any Lender (or, prior to the Spin-Off, Kraft Foods) at any reasonable time and from time to time upon reasonable prior notice.

(e) Sale of Participation. Each Lender may sell participations to one or more banks or other entities in or to all or a portion of its rights and obligations under this Agreement (including, without limitation, all or a portion of its Commitment, the Advances owing to it and any Note or Notes held by it), subject to the following:

(i) such Lender's obligations under this Agreement (including, without limitation, its Commitment to Kraft Foods Global hereunder) shall remain unchanged,

(ii) such Lender shall remain solely responsible to the other parties hereto for the performance of such obligations,

(iii) Kraft Foods Global, Kraft Foods, the Administrative Agent and the other Lenders shall continue to deal solely and directly with such Lender in connection with such Lender's rights and obligations under this Agreement,

(iv) each participant shall be entitled to the benefits of Sections 2.12 and 2.15 (subject to the limitations and requirements of those Sections, including the requirements to provide forms and/or certificates pursuant to Section 2.15(e) or (f)) to the same extent as if it were a Lender and had acquired its interest by assignment pursuant to paragraph (e) of this Section,

(v) no participant under any such participation shall have any right to approve any amendment or waiver of any provision of this Agreement, or any consent to any departure by Kraft Foods Global or Kraft Foods therefrom, except to the extent that such amendment, waiver or consent would reduce the principal of, or interest on, the Advances or any fees or other amounts payable hereunder, in each case to the extent subject to such participation, or postpone any date fixed for any payment of principal of, or interest on, the Advances or any fees or other amounts payable hereunder, in each case to the extent subject to such participation, and

(vi) a participant shall not be entitled to receive any greater payment under Sections 2.12 and 2.15 than the applicable Lender would have been entitled to receive with respect to the participation sold to such participant, unless the sale of the participation to such participant is made with Kraft Foods Global's prior written consent (not to be unreasonably withheld or delayed).

Each Lender that sells a participation shall, acting solely for this purpose as a non-fiduciary agent of the Kraft Foods Global, maintain a register on which it enters the name and address of each participant and the principal amounts (and stated interest) of each participant's interest in the Advances or other obligations under this Agreement (the "Participant Register"). The entries in the Participant Register shall be conclusive absent manifest error, and such Lender shall treat each person whose name is recorded in the Participant Register as the owner of such participation for all purposes of this Agreement notwithstanding any notice to the contrary.

(f) Disclosure of Information. Any Lender may, in connection with any assignment or participation or proposed assignment or participation pursuant to this Section 9.07, disclose to the assignee or participant or proposed assignee or participant, any information relating to Kraft Foods Global or Kraft Foods furnished to such Lender by or on behalf of Kraft Foods Global or Kraft Foods; provided that, prior to any such disclosure, the assignee or participant or proposed assignee or participant shall agree to preserve the confidentiality of any confidential information relating to Kraft Foods Global or Kraft Foods or any of their respective Subsidiaries received by it from such Lender.

(g) Regulation A Security Interest. Notwithstanding any other provision set forth in this Agreement, any Lender may at any time create a security interest in all or any portion of its rights under this Agreement (including, without limitation, the Advances owing to it and any Note or Notes held by it) in favor of any Federal Reserve Bank or central bank performing similar functions in accordance with Regulation A.

(h) Replacement of Lenders. In the event that (i) any Lender shall have delivered a notice pursuant to Section 2.13, (ii) Kraft Foods Global shall be required to make additional payments to or for the account of any Lender under Section 2.12 or 2.15, (iii) any Lender (a "Non-Consenting Lender") shall withhold its consent to any amendment that requires the consent of all the Lenders and that has been consented to by the Required Lenders or (iv) any Lender shall become a Defaulting Lender, Kraft Foods Global shall have the right, at its own expense, upon notice to such Lender and the Administrative Agent, (A) to terminate the Commitment of such Lender or (B) to require such Lender to transfer and assign at par and without recourse (in accordance with and subject to the restrictions contained in Section 9.07) all its interests, rights and obligations under this Agreement to one or more other financial institutions acceptable to Kraft Foods Global and approved by the Administrative Agent (such approval not to be unreasonably withheld or delayed), which shall assume such obligations; provided, that (x) in the case of any replacement of a Non-Consenting Lender, each assignee shall have consented to the relevant amendment, (y) no such termination or assignment shall conflict with any law or any rule, regulation or order of any governmental authority and (z) Kraft Foods Global or the assignee (or assignees), as the case may be, shall pay to each affected Lender in immediately available funds on the date of such termination or assignment the principal of and interest accrued to the date of payment on the Advances made by it hereunder and all other amounts accrued for its account or owed to it hereunder. Kraft Foods Global will not have the right to terminate the commitment of any Lender, or to require any Lender to assign its rights and interests hereunder, if, prior to such termination or assignment, as a result of a

waiver by such Lender or otherwise, the circumstances entitling Kraft Foods Global to require such termination or assignment cease to apply. Each Lender agrees that, if Kraft Foods Global elects to replace such Lender in accordance with this Section 9.07, it shall promptly execute and deliver to the Administrative Agent an Assignment and Acceptance to evidence the assignment and shall deliver to the Administrative Agent any Note (if Notes have been issued in respect of such Lender's Advances) subject to such Assignment and Acceptance; provided that the failure of any such Lender to execute an Assignment and Acceptance shall not render such assignment invalid and such assignment shall be recorded in the Register.

SECTION 9.08 Governing Law. This Agreement and the Notes shall be governed by, and construed in accordance with, the substantive laws of the State of New York without regard to choice of law doctrines.

SECTION 9.09 Execution in Counterparts. This Agreement may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which when so executed shall be deemed to be an original and all of which taken together shall constitute one and the same agreement. Delivery of an executed counterpart of a signature page to this Agreement by telecopier or email shall be effective as delivery of a manually executed counterpart of this Agreement.

SECTION 9.10 Jurisdiction, Etc.

(a) Submission to Jurisdiction; Service of Process. Each of the parties hereto hereby irrevocably and unconditionally submits, for itself and its property, to the nonexclusive jurisdiction of the United States District Court of the Southern District of New York, and any appellate court thereof, in any action or proceeding arising out of or relating to this Agreement, or for recognition or enforcement of any judgment, and each of the parties hereto hereby irrevocably and unconditionally agrees that all claims in respect of any such action or proceeding may be heard and determined in any such court. Each of Kraft Foods Global and Kraft Foods hereby irrevocably consents to the service of process in any such action or proceeding in any such court by the mailing thereof by any parties hereto by registered or certified mail, postage prepaid, to Kraft Foods Global or Kraft Foods, as applicable, at its address specified pursuant to Section 9.02. Each of the parties hereto agrees that a final judgment in any such action or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law. Nothing in this Agreement shall affect any right that any party may otherwise have to serve legal process in any other manner permitted by law or to bring any action or proceeding relating to this Agreement or the Notes in the courts of any jurisdiction.

(b) Waivers.

(i) Each of the parties hereto irrevocably and unconditionally waives, to the fullest extent it may legally and effectively do so, any objection that it may now or hereafter have to the laying of venue of any suit, action or proceeding arising out of or relating to this Agreement or the Notes in any New York state or Federal court. Each of the parties hereto hereby irrevocably waives, to the fullest extent permitted by law, the defense of an inconvenient forum to the maintenance of such action or proceeding in any such court.

(ii) To the extent permitted by applicable law, each of Kraft Foods Global and the Lenders shall not assert and hereby waives, any claim against any other party hereto or any of their respective affiliates, on any theory of liability, for special, indirect, consequential or punitive damages (as opposed to direct or actual damages) (whether or not the claim therefor is based on contract, tort or duty imposed by any applicable legal requirement) arising out of, in connection with, as a result of, or in any way related to this Agreement or any related document or any agreement or instrument contemplated hereby or thereby or referred to herein or therein, the transactions contemplated hereby or thereby, any Advance or the use of the proceeds thereof or any act or omission or event occurring in connection therewith, and each of the parties hereto hereby waives, releases and agrees not to sue upon any such claim or any such damages, whether or not accrued and whether or not known or suspected to exist in its favor. For the avoidance of doubt, the waiver of claims for such damages against Kraft Foods Global shall not limit the indemnity obligations set forth in Section 9.04(c).

(iii) WAIVER OF JURY TRIAL. EACH OF THE PARTIES HERETO HEREBY AGREES TO WAIVE ITS RESPECTIVE RIGHTS TO A JURY TRIAL OF ANY CLAIM OR CAUSE OF ACTION BASED UPON OR ARISING HEREUNDER OR ANY DEALINGS BETWEEN THEM RELATING TO THE SUBJECT MATTER OF THIS LOAN TRANSACTION OR THE LENDER/BORROWER RELATIONSHIP THAT IS BEING ESTABLISHED. THE SCOPE OF THIS WAIVER IS INTENDED TO BE ALL-ENCOMPASSING OF ANY AND ALL DISPUTES THAT MAY BE FILED IN ANY COURT AND THAT RELATE TO THE SUBJECT MATTER OF THIS TRANSACTION, INCLUDING CONTRACT CLAIMS, TORT CLAIMS, BREACH OF DUTY CLAIMS AND ALL OTHER COMMON LAW AND STATUTORY CLAIMS. EACH PARTY HERETO ACKNOWLEDGES THAT THIS WAIVER IS A MATERIAL INDUCEMENT TO ENTER INTO A BUSINESS RELATIONSHIP, THAT EACH HAS ALREADY RELIED ON THIS WAIVER IN ENTERING INTO THIS AGREEMENT, AND THAT EACH WILL CONTINUE TO RELY ON THIS WAIVER IN ITS RELATED FUTURE DEALINGS. EACH PARTY HERETO FURTHER WARRANTS AND REPRESENTS THAT IT HAS REVIEWED THIS WAIVER WITH ITS LEGAL COUNSEL AND THAT IT KNOWINGLY AND VOLUNTARILY WAIVES ITS JURY TRIAL RIGHTS FOLLOWING CONSULTATION WITH LEGAL COUNSEL. THIS WAIVER IS IRREVOCABLE, MEANING THAT IT MAY NOT BE MODIFIED EITHER ORALLY OR IN WRITING (OTHER THAN BY A MUTUAL WRITTEN WAIVER SPECIFICALLY REFERRING TO THIS SECTION 9.10(B) AND EXECUTED BY EACH OF THE PARTIES HERETO), AND THIS WAIVER SHALL APPLY TO ANY SUBSEQUENT AMENDMENTS, RENEWALS, SUPPLEMENTS OR MODIFICATIONS HERETO OR ANY OF THE OTHER CREDIT DOCUMENTS OR TO ANY OTHER DOCUMENTS OR AGREEMENTS RELATING TO THE ADVANCES MADE HEREUNDER. IN THE EVENT OF LITIGATION, THIS AGREEMENT MAY BE FILED AS A WRITTEN CONSENT TO A TRIAL BY THE COURT.

SECTION 9.11 Confidentiality. None of the Agents nor any Lender shall disclose any confidential information relating to Kraft Foods Global or Kraft Foods to any other Person without the consent of Kraft Foods Global, other than (a) to such Agent's or such Lender's affiliates and their officers, directors, employees, agents and advisors and, as contemplated by Section 9.07(f), to actual or prospective assignees and participants, and then, in each such case, only on a confidential basis; provided, however, that such actual or prospective assignee or participant shall have been made aware of this Section 9.11 and shall have agreed to be bound by its provisions as if it were a party to this Agreement, (b) as required by any law, rule or regulation or judicial process, and (c) as requested or required by any state, federal or foreign authority or examiner regulating banks or banking or other financial institutions.

SECTION 9.12 Integration. This Agreement and the Notes represent the agreement of Kraft Foods Global, Kraft Foods, the Administrative Agent and the Lenders with respect to the subject matter hereof, and there are no promises, undertakings, representations or warranties by the Administrative Agent, Kraft Foods Global, Kraft Foods or any Lender relative to the subject matter hereof not expressly set forth or referred to herein or in the Notes other than the matters referred to in Sections 2.09(b) and 9.04(a), the Fee Letter and any other fee letters entered into among Kraft Foods Global and the Joint Bookrunners, if any, and except for any confidentiality agreements entered into by Lenders in connection with this Agreement or the transactions contemplated hereby.

SECTION 9.13 USA Patriot Act Notice. The Administrative Agent and each Lender hereby notifies Kraft Foods Global that pursuant to the requirements of the USA Patriot Act (Title III of Pub. L. 107-56 (signed into law October 26, 2001)) (the "Patriot Act"), it is required to obtain, verify and record information that identifies Kraft Foods Global, which information includes the name and address of Kraft Foods Global and other information that will allow such Lender to identify Kraft Foods Global in accordance with the Patriot Act.



IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their respective officers thereunto duly authorized, as of the date first above written.

KRAFT FOODS GLOBAL, INC.

By: /s/ Barbara L. Brasier

Name: Barbara L. Brasier

Title: Senior Vice President and Treasurer

KRAFT FOODS INC., as Guarantor

By: /s/ Barbara L. Brasier

Name: Barbara L. Brasier

Title: Senior Vice President and Treasurer

BARCLAYS BANK PLC, as Co-Administrative Agent, Paying  
Agent and Lender

By Ritam Bhalla

Name: Ritam Bhalla

Title: Director

JPMORGAN CHASE BANK, N.A., as Co-Administrative  
Agent and Lender

By Tony Yung  
Name: Tony Yung  
Title: Executive Director

J.P. MORGAN SECURITIES LLC, as Joint Bookrunner and  
Joint Lead Arranger

By Thomas Delaney  
Name: Thomas Delaney  
Title: Executive Director

CITIGROUP GLOBAL MARKETS INC., as Joint Bookrunner  
and Joint Lead Arranger

By Carolyn A. Kee  
Name: Carolyn A. Kee  
Title: Managing Director

CITIBANK, N.A., as Syndication Agent and Lender

By Carolyn A. Kee  
Name: Carolyn A. Kee  
Title: Vice President

THE ROYAL BANK OF SCOTLAND PLC, as Documentation  
Agent and Lender

By Michaela V. Galluzzo

Name: Michaela V. Galluzzo

Title: Director

RBS SECURITIES INC., as Joint Bookrunner and Joint Lead  
Arranger

By Peter Klein

Name: Peter Klein

Title: Managing Director

KRAFT FOODS INC.  
AMENDED AND RESTATED 2005 PERFORMANCE INCENTIVE PLAN

RESTRICTED STOCK AGREEMENT  
FOR KRAFT FOODS COMMON STOCK

KRAFT FOODS INC., a Virginia corporation (the "Company"), hereby grants to the employee (the "Employee") named in the Award Statement (the "Award Statement") attached hereto, as of the date set forth in the Award Statement (the "Award Date") pursuant to the provisions of the Kraft Foods Inc. Amended and Restated 2005 Performance Incentive Plan (the "Plan"), a Restricted Stock Award (the "Award") with respect to the number of shares (the "Restricted Shares") of the Common Stock of the Company ("Common Stock") set forth in the Award Statement, upon and subject to the restrictions, terms and conditions set forth below, in the Award Statement and in the Plan. Capitalized terms not defined in this Restricted Stock Agreement (the "Agreement") shall have the meanings specified in the Plan.

1. Restrictions. Subject to paragraph 2 below, the restrictions on the Restricted Shares shall lapse and the Restricted Shares shall vest on the date set forth in the Restricted Stock Award section of the Award Statement (the "Vesting Date"), provided that the Employee remains an employee of the Kraft Foods Group (as defined below in paragraph 13) during the entire period (the "Restriction Period") commencing on the Award Date set forth in the Award Statement and ending on the Vesting Date.

2. Termination of Employment During Restriction Period. In the event of the termination of the Employee's employment with the Kraft Foods Group prior to the Vesting Date other than by death, Disability, or Normal Retirement (as defined below in paragraph 13) or unless it is otherwise determined by (or pursuant to authority granted by) the Committee administering the Plan (the "Committee"), the Restricted Shares shall not vest and the Employee shall forfeit all rights to the Restricted Shares. Any Restricted Shares that are forfeited shall be transferred directly to the Company. If death, Disability, or Normal Retirement of the Employee occurs prior to the Vesting Date, the restrictions on the Restricted Shares shall immediately lapse and the Restricted Shares shall become fully vested on such date of death, Disability, or Normal Retirement.

3. Voting and Dividend Rights. During the Restriction Period, the Employee shall have the right to vote the Restricted Shares and to receive any dividends and other distributions with respect to the Restricted Shares, as paid, less applicable withholding taxes (it being understood that such dividends will generally be taxable as ordinary compensation income during such Restriction Period) unless and until such Restricted Shares are forfeited pursuant to paragraph 2 hereof.

4. Custody and Delivery of Certificates Representing Shares. The shares of Common Stock subject to the Award may be held by a custodian in book entry form with the restrictions on such shares duly noted or, alternatively, the Company may hold the certificate or certificates representing such shares, in either case until the Award shall have vested, in whole or in part, pursuant to paragraphs 1 and 2 hereof. As soon as practicable after the Restricted Shares shall have vested pursuant to paragraphs 1 and 2 hereof, subject to paragraph 7 hereof, the restrictions shall be removed from those of such shares that are held in book entry form, and the Company shall deliver to the Employee any certificate or certificates representing those of such shares that are held by the Company and destroy or return to the Employee the stock power or powers relating to such shares. If such stock power or powers also relate to unvested shares, the Company may require, as a condition precedent to the delivery of any certificate pursuant to this paragraph 4, the execution and delivery to the Company of one or more irrevocable stock powers relating to such unvested shares.

5. Transfer Restrictions. This Award and the Restricted Shares (until they become unrestricted pursuant to the terms hereof) are non-transferable and may not be assigned, hypothecated or otherwise pledged and shall not be subject to execution, attachment or similar process. Upon any attempt to effect any such disposition, or upon the levy of any such process, the Award shall immediately become null and void and the Restricted Shares shall be forfeited.

6. Withholding Taxes. Regardless of any action the Company or the Employee's employer (the "Employer") takes with respect to any or all income tax, social security, payroll tax, payment on account or other tax-related withholding ("Tax-Related Items"), the Employee acknowledges that the ultimate liability for all Tax-Related Items legally due by the Employee is and remains his or her responsibility and may exceed the amount actually withheld by the Company or the Employer. Furthermore, the Employee acknowledges that the Company and/or the Employer (a) make no representations or undertakings regarding the treatment of any Tax-Related Items in connection with any aspect of the Restricted Shares, including the grant, vesting, or payment of this Award, the receipt of any dividends or the subsequent sale of shares of Common Stock; and (b) do not commit to and are under no obligation to structure the terms of the grant of the Restricted Shares or any aspect of the Employee's participation in the Plan to reduce or eliminate his or her liability for Tax-Related Items or achieve any particular tax result. If the Employee becomes subject to tax in more than one jurisdiction between the date of grant and the date of any relevant taxable event, the Employee acknowledges that the Company and/or the Employer (or former employer, as applicable) may be required to withhold or account for (including report) Tax-Related Items in more than one jurisdiction.

The Employee acknowledges and agrees that the Company shall not be required to lift the restrictions on the Restricted Shares unless it has received payment in a form acceptable to the Company for all applicable Tax-Related Items, as well as amounts due to the Company as "theoretical taxes", if applicable, pursuant to the then-current international assignment and tax and/or social insurance equalization policies and procedures of the Kraft Foods Group, or arrangements satisfactory to the Company for the payment thereof have been made.

In this regard, the Employee authorizes the Company and/or the Employer, in their sole discretion and without any notice or further authorization by the Employee, to withhold all applicable Tax-Related Items legally due by the Employee and any theoretical taxes from the Employee's wages or other cash compensation paid by the Company and/or the Employer. Alternatively, or in addition, the Company may (i) deduct the number of Restricted Shares having an aggregate value equal to the amount of Tax-Related Items and any theoretical taxes due from the total number of Restricted Shares awarded, vested, paid or otherwise becoming subject to current taxation; (ii) instruct the broker whom it has selected for this purpose (on the Employee's behalf and at the Employee's direction pursuant to this authorization) to sell the Restricted Shares to meet the Tax-Related Items withholding obligation and any theoretical taxes, except to the extent that such a sale would violate any Federal Securities law or other applicable law; and/or (iii) satisfy the Tax-Related Items and any theoretical taxes arising from the granting or vesting of this Award, as the case may be, through any other method established by the Company. Notwithstanding the foregoing, if the Employee is subject to the short-swing profit rules of Section 16(b) of the Exchange Act, the Employee may elect the form of withholding in advance of any Tax-Related Items withholding event and in the absence of the Employee's election, the Company will withhold in Restricted Shares upon the relevant withholding event or the Committee may determine that a particular method be used to satisfy any Tax Related Items withholding. Restricted Shares deducted from this Award in satisfaction of withholding tax requirements shall be valued at the Fair Market Value of the Common Stock received in payment of vested Restricted Shares on the date as of which the amount giving rise to the withholding requirement first became includible in the gross income of the Employee under applicable tax laws.

To avoid any negative accounting treatment, the Company may withhold or account for Tax-Related Items by considering applicable minimum statutory withholding amounts (in accordance with Section 13(d) of the Plan) or other applicable withholding rates. If the obligation for Tax-Related Items is satisfied by withholding in Restricted Shares, for tax purposes, the Employee is deemed to have been issued the full number of shares underlying the Award, notwithstanding that a number of Restricted Shares are held back solely for the purpose of paying the Tax-Related Items due as a result of any aspect of the Employee's participation in the Plan.

7. Death of Employee. If any of the Restricted Shares shall vest upon the death of the Employee, they shall be registered in the name of the estate of the Employee.

8. Original Issue or Transfer Taxes. The Company shall pay all original issue or transfer taxes and all fees and expenses incident to such delivery, except as otherwise provided in paragraph 6.

9. Successors. Whenever the word "Employee" is used herein under circumstances such that the provision should logically be construed to apply to the executors, the administrators, or the person or persons to whom the Restricted Shares may be transferred pursuant to this Agreement, it shall be deemed to include such person or persons. This Agreement shall be binding upon and inure to the benefit of any successor or successors of the Company and any person or persons who shall acquire any rights hereunder in accordance with this Agreement, the Award Statement or the Plan.

10. Award Confers No Rights to Continued Employment—Nature of the Grant. Nothing contained in the Plan or this Agreement shall give the Employee the right to be retained in the employment of any member of the Kraft Foods Group or affect the right of any such employer to terminate the Employee. The adoption and maintenance of the Plan shall not constitute an inducement to, or condition of, the employment of the Employee. Further, the Employee acknowledges and agrees that:

(a) the Plan is established voluntarily by the Company, it is discretionary in nature and it may be modified, amended, suspended or terminated by the Company at any time, unless otherwise provided in the Plan;

(b) the grant of Restricted Shares is voluntary and occasional and does not create any contractual or other right to receive future grants of Awards, or benefits in lieu of Awards, even if Awards have been granted repeatedly in the past;

(c) all decisions with respect to future awards, if any, will be at the sole discretion of the Board of Directors of the Company or the Committee;

(d) the Employee is voluntarily participating in the Plan;

(e) the Restricted Shares are extraordinary items that do not constitute compensation of any kind for services of any kind rendered to the Company or the Employer, are outside the scope of the Employee's employment contract, if any, and in no event should be considered as compensation for, or relating in any way to, past services for any member of the Kraft Foods Group;

(f) the Restricted Shares are not intended to replace any pension rights or compensation;

(g) the Restricted Shares are not part of normal or expected compensation or salary for any purposes, including, but not limited to, calculating any severance, resignation, termination, redundancy, dismissal, end of service payments, bonuses, long-service awards, pension, retirement or welfare benefits or similar payments and in no event should be considered as compensation for, or relating in any way to, past services for any member of the Kraft Foods Group;



(h) the Restricted Shares grant and the Employee's participation in the Plan will not be interpreted to form an employment contract or relationship with any member of the Kraft Foods Group;

(i) the future value of the underlying shares of Common Stock is unknown and cannot be predicted with certainty;

(j) no claim or entitlement to compensation or damages shall arise from forfeiture of the Restricted Shares resulting from the termination of the Employee's employment by the Company or the Employer, and in consideration of the award of the Restricted Shares to which the Employee is otherwise not entitled, the Employee irrevocably agrees never to institute any claim against the Company or the Employer, waives his or her ability, if any, to bring any such claim, and releases the Company and the Employer from any such claim; if, notwithstanding the foregoing, any such claim is allowed by a court of competent jurisdiction, then, by participating in the Plan, the Employee shall be deemed irrevocably to have agreed not to pursue such claim and agrees to execute any and all documents necessary to request dismissal or withdrawal of such claim;

(k) the Company is not providing any tax, legal or financial advice, nor is the Company making any recommendations regarding the Employee's participation in the Plan, or the Employee's acquisition or sale of the underlying shares of Common Stock;

(l) the Employee is hereby advised to consult with the Employee's own personal tax, legal and financial advisors regarding the Employee's participation in the Plan before taking any action related to the Plan; and

(m) the Restricted Shares and the benefits evidenced by this Agreement do not create any entitlement, not otherwise specifically provided for in the Plan or determined by the Company in its discretion, to have the Restricted Shares or any such benefits transferred to, or assumed by, another company, or to be exchanged, cashed out or substituted for, in connection with any corporate transaction affecting the Company's Common Stock.

11. Interpretation. The terms and provisions of the Plan (a copy of which will be furnished to the Employee upon written request to the Office of the Corporate Secretary, Kraft Foods Inc., Three Lakes Drive, Northfield, Illinois 60093) are incorporated herein by reference. To the extent any provision of this Agreement is inconsistent or in conflict with any term or provision of the Plan, the Plan shall govern. The Committee shall have the right to resolve all questions which may arise in connection with the Award or this Agreement. Any interpretation, determination or other action made or taken by the Committee regarding the Plan or this Agreement shall be final, binding and conclusive.

12. Governing Law. This Agreement shall be governed by the laws of the Commonwealth of Virginia, U.S.A., without regard to choice of laws principles thereof.

13. Miscellaneous Definitions. For purposes of this Agreement, (a) the term "Disability" means permanent and total disability as determined under procedures established by the Company for purposes of the Plan, and (b) the term "Normal Retirement" means retirement from active employment under a pension plan of the Kraft Foods Group or under an employment contract with any member of the Kraft Foods Group, on or after the date specified as the normal retirement age in the pension plan or employment contract, if any, under which the Employee is at that time accruing pension benefits for his

or her current service (or, in the absence of a specified normal retirement age, the age at which pension benefits under such plan or contract become payable without reduction for early commencement and without any requirement of a particular period of prior service). In any case in which (i) the meaning of "Normal Retirement" is uncertain under the definition contained in the prior sentence or (ii) a termination of employment at or after age 65 would not otherwise constitute "Normal Retirement," an Employee's termination of employment shall be treated as a "Normal Retirement" under such circumstances as the Committee, in its sole discretion, deems equivalent to retirement. "Kraft Foods Group" means Kraft Foods Inc. and each of its subsidiaries and affiliates. For purposes of this Agreement, (x) a "subsidiary" includes only any company in which the applicable entity, directly or indirectly, has a beneficial ownership interest of greater than 50 percent and (y) an "affiliate" includes only any company that (A) has a beneficial ownership interest, directly or indirectly, in the applicable entity of greater than 50 percent or (B) is under common control with the applicable entity through a parent company that, directly or indirectly, has a beneficial ownership interest of greater than 50 percent in both the applicable entity and the affiliate.

14. Adjustments. In the event of any merger, share exchange, reorganization, consolidation, recapitalization, reclassification, distribution, stock dividend, stock split, reverse stock split, split-up, spin-off, issuance of rights or warrants or other similar transaction or event affecting the Common Stock after the date of this Award, the Board of Directors of the Company or the Committee shall make adjustments to the number and kind of shares of stock subject to this Award, including, but not limited to, the substitution of equity interests in other entities involved in such transactions, to provide for cash payments in lieu of restricted or unrestricted shares, and to determine whether continued employment with any entity resulting from such a transaction will or will not be treated as continued employment by the Kraft Foods Group, in each case subject to any Board or Committee action specifically addressing any such adjustments, cash payments, or continued employment treatment.

15. Electronic Delivery. The Company may, in its sole discretion, decide to deliver any documents related to current or future participation in the Plan by electronic means or to request the Employee's consent to participate in the Plan by electronic means. The Employee hereby consents to receive such documents by electronic delivery and, if requested, to agree to participate in the Plan through any on-line or electronic system established and maintained by the Company or another third party designated by the Company.

16. Agreement Severable. The provisions of this Agreement are severable and if any one or more provisions are deemed to be illegal or otherwise unenforceable, in whole or in part, the remaining provisions shall nonetheless be binding and enforceable.

17. Headings. Headings of paragraphs and sections used in this Agreement are for convenience only and are not part of this Agreement, and must not be used in construing it.

18. Imposition of Other Requirements. The Company reserves the right to impose other requirements on the Employee's participation in the Plan and on the Restricted Shares to the extent the Company determines it is necessary or advisable in order to comply with applicable law or facilitate the administration of the Plan, and to require the Employee to sign any additional agreements or undertakings that may be necessary to accomplish the foregoing.

IN WITNESS WHEREOF, this Restricted Stock Agreement has been duly executed as of February 23, 2012.

KRAFT FOODS INC.

/s/ Carol J. Ward

Carol J. Ward

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Vice President and Corporate Secretary

**KRAFT FOODS INC.**  
**AMENDED AND RESTATED 2005 PERFORMANCE INCENTIVE PLAN**  
**NON-QUALIFIED U.S. STOCK OPTION AWARD AGREEMENT**

KRAFT FOODS INC., a Virginia corporation (the "Company"), hereby grants to the employee identified in the Award Statement (the "Optionee" identified in the "Award Statement") attached hereto under the Kraft Foods Inc. Amended and Restated 2005 Performance Incentive Plan (the "Plan") a non-qualified stock option (the "Option"). The Option entitles the Optionee to exercise up to the aggregate number of shares set forth in the Award Statement (the "Option Shares") of the Company's Common Stock, at the Grant Price per share set forth in the Award Statement (the "Grant Price"). Capitalized terms not otherwise defined in this Non-Qualified U.S. Stock Option Award Agreement (the "Agreement") shall have the meaning set forth in the Plan. The Option is subject to the following terms and conditions:

1. Vesting. Prior to the satisfaction of the Vesting Requirements set forth in the Schedule in the Award Statement (the "Schedule"), the Option Shares may not be exercised except as provided in paragraph 2 below.

2. Vesting Upon Termination of Employment. In the event of the termination of the Optionee's employment with the Kraft Foods Group (as defined below in paragraph 12) prior to satisfaction of the Vesting Requirements other than by reason of Early Retirement (as defined below in paragraph 12) occurring after December 31 of the same year as the date of grant of the Option, Normal Retirement (as defined below in paragraph 12), death or Disability (as defined below in paragraph 12), or as otherwise determined by (or pursuant to authority granted by) the Committee administering the Plan, this Option shall not be exercisable with respect to any of the Option Shares set forth in the Award Statement. If death or Disability of the Optionee occurs prior to satisfaction of the Vesting Requirements, this Option shall become immediately exercisable for 100% of the Option Shares set forth in the Award Statement. If the Optionee's employment with the Kraft Foods Group is terminated by reason of Normal Retirement, or by Early Retirement occurring after December 31 of the same year as the date of grant of the Option, the Option Shares shall continue to become exercisable as set forth on the Schedule as if such Optionee's employment had not terminated.

3. Exercisability Upon Termination of Employment. During the period commencing on the first date that the Vesting Requirements are satisfied (or, such earlier date determined in accordance with paragraph 2) until and including the Expiration Date set forth in the Schedule, this Option may be exercised in whole or in part with respect to such Option Shares, subject to the following provisions:

(a) In the event that the Optionee's employment is terminated by reason of Early Retirement occurring after December 31 of the same year as the date of grant of the Option, Normal Retirement, death or Disability, such Option Shares may be exercised on or prior to the Expiration Date;

(b) If employment is terminated by the Optionee (other than by Early Retirement occurring after December 31 of the same year as the date of grant of the Option, death, Disability or Normal Retirement), such Option Shares may be exercised for a period of 30 days from the effective date of termination;

(c) If, other than by death, Disability, Normal Retirement, or Early Retirement occurring after December 31 of the same year as the date of grant of the Option, the Optionee's employment is terminated by the Company, a subsidiary or affiliate without cause, such Option Shares may be exercised for a period of 12 months following such termination; provided, however, if the Optionee shall die within such 12-month period, such Option Shares may be exercised for a period of 12 months from the date of death of the Optionee; and

(d) If the Optionee's employment is involuntarily suspended or terminated for cause, no Option Shares may be exercised during the period of suspension, or following such termination of employment.

No provision of this paragraph 3 shall permit the exercise of any Option Shares after the Expiration Date. For purposes of this Agreement, the Optionee's employment shall be deemed to be terminated (i) when he or she is no longer actively employed by the Kraft Foods Group, and (ii) when he or she is no longer actively employed by a corporation, or a parent or subsidiary thereof, substituting a new option for this Option (or assuming this Option) in connection with a merger, consolidation, acquisition of property or stock, separation, split-up, reorganization, liquidation or similar transaction. The Optionee shall not be considered actively employed during any period for which he or she is receiving, or is eligible to receive, salary continuation, notice period or garden leave payments, or other benefits under the Kraft Foods Inc. Severance Pay Plan, or any similar plan maintained by the Kraft Foods Group or through other such arrangements that may be entered into that give rise to separation or notice pay, except in any case in which the Optionee is eligible for Normal Retirement or Early Retirement upon the expiration of salary continuation or other benefits. The Board of Directors and/or the Committee shall have the exclusive discretion to determine when the Optionee is no longer actively employed for purposes of the Option. Unless otherwise determined by the Committee, leaves of absence shall not constitute a termination of employment for purposes of this Agreement. Notwithstanding the foregoing provisions and unless otherwise determined by the Company, this Option may only be exercised on a day that the New York Stock Exchange (the "Exchange") is open. Accordingly, if the Expiration Date is a day the Exchange is closed, the Expiration Date shall be the immediately preceding day on which the Exchange is open.

4. Exercise of Option and Withholding Taxes. This Option may be exercised only in accordance with the procedures and limitations, set forth in the Company's Equity Awards Plan Guide, as amended from time to time (the "Methods of Exercise").

Regardless of any action the Company or the Optionee's employer (the "Employer") takes with respect to any or all income tax, social insurance, payroll tax, payment on account or other tax-related withholding ("Tax-Related Items"), the Optionee hereby acknowledges that the ultimate liability for all Tax-Related Items legally due by the Optionee is and remains the Optionee's responsibility and may exceed the amount actually withheld by the Company or the Employer. Furthermore, the Optionee acknowledges that the Company and/or the Employer (a) make no representations or undertakings regarding the treatment of any Tax-Related Items in connection with any aspect of the Option grant, including the grant, vesting or exercise of the Option, the subsequent sale of Option Shares acquired pursuant to such exercise and the receipt of any dividends; and (b) do not commit to and are under no obligation to structure the terms of the grant or any aspect of the Option to reduce or eliminate the Optionee's liability for Tax-Related Items or achieve any particular tax result. If the Optionee becomes subject to any Tax-Related Items in more than one jurisdiction (including jurisdictions outside the United States) between the date of grant and the date of any relevant taxable event, the Optionee acknowledges that the Company and/or the Employer (or former employer, as applicable) may be required to withhold or account for (including report) Tax-Related Items in more than one jurisdiction.

The Optionee acknowledges and agrees that the Company shall not be required to deliver the Option Shares being exercised upon any exercise of this Option unless it has received payment in a form acceptable to the Company for all applicable Tax-Related Items, as well as amounts due to the Company as "theoretical taxes" pursuant to the then-current international assignment and tax and/or social insurance equalization policies and procedures of the Kraft Foods Group, or arrangements satisfactory to the Company for the payment thereof have been made.

In this regard, the Optionee authorizes the Company and/or the Employer, in their sole discretion and without any notice or further authorization by the Optionee, to withhold all applicable Tax-Related Items legally due by the Optionee and any theoretical taxes from the Optionee's wages or other cash compensation paid by the Company and/or the Employer or from proceeds of the sale of Option Shares. Alternatively, or in addition, the Company may instruct the broker whom it has selected for this purpose (on the Optionee's behalf and at the Optionee's direction pursuant to this authorization) to sell the Option Shares that the Optionee acquires to meet the Tax-Related Items withholding obligation and any theoretical taxes. In addition, unless otherwise determined by the Committee, Tax-Related Items or theoretical taxes may be paid with outstanding shares of the Company's Common Stock, such shares to be valued at Fair Market Value on the exercise date. Finally, the Optionee shall pay to the Company or the Employer any amount of Tax-Related Items and theoretical taxes that the Company or the Employer may be required to withhold as a result of the Optionee's participation in the Plan or the Optionee's exercise of Option Shares that cannot be satisfied by the means previously described.

To avoid any negative accounting treatment, the Company may withhold or account for Tax-Related Items by considering applicable minimum statutory withholding amounts or other applicable withholding rates.

5. Cash-Out of Option. The Committee may elect to cash out all or a portion of the Option Shares to be exercised pursuant to any Method of Exercise by paying the Optionee an amount in cash or Common Stock, or both, equal to the Fair Market Value of such shares on the exercise date less the purchase price for such shares.

6. Transfer Restrictions. Unless otherwise required by law, this Option is not transferable by the Optionee in any manner other than by will or the laws of descent and distribution and is exercisable during the Optionee's lifetime only by the Optionee. The terms of the Plan and this Agreement shall be binding upon the executors, administrators, heirs, successors and assigns of the Optionee.

7. Adjustments. In the event of any merger, share exchange, reorganization, consolidation, recapitalization, reclassification, distribution, stock dividend, stock split, reverse stock split, split-up, spin-off, issuance of rights or warrants or other similar transaction or event affecting the Common Stock after the date of this Award, the Board of Directors of the Company or the Committee shall make adjustments to the terms and provisions of this Award (including, without limiting the generality of the foregoing, terms and provisions relating to the Grant Price and the number and kind of shares subject to this Option) including, but not limited to, the substitution of equity interests in other entities involved in such transactions, to provide for cash payments in lieu of the Option, and to determine whether continued employment with any entity resulting from such transaction or event will or will not be treated as a continued employment with the Kraft Foods Group, in each case, subject to any Board of Director or Committee action specifically addressing any such adjustments, cash payments or continued employment treatment.

8. Successors. Whenever the word "Optionee" is used herein under circumstances such that the provision should logically be construed to apply to the executors, the administrators, or the person or persons to whom this Option may be transferred pursuant to this Agreement, it shall be deemed to include such person or persons. This Agreement shall be binding upon and inure to the benefit of any successor or successors of the Company and any person or persons who shall acquire any rights hereunder in accordance with this Agreement, the Award Statement or the Plan.

9. Governing Law. This Agreement shall be governed by the laws of the Commonwealth of Virginia, U.S.A., without regard to choice of laws principles thereof.

10. Award Confers No Rights to Continued Employment—Nature of the Grant. Nothing contained in the Plan or this Agreement shall give any employee the right to be retained in the employment of any member of the Kraft Foods Group or affect the right of any such employer to terminate any employee. The adoption and maintenance of the Plan shall not constitute an inducement to, or condition of, the employment of any employee. Further, the Optionee acknowledges and agrees that:

(a) the Plan is established voluntarily by the Company, it is discretionary in nature and it may be modified, amended, suspended or terminated by the Company at any time, unless otherwise provided in the Plan;

(b) the grant of the Option is voluntary and occasional and does not create any contractual or other right to receive future grants of options, or benefits in lieu of options, even if options have been granted repeatedly in the past;

(c) all decisions with respect to future option grants, if any, will be at the sole discretion of the Board of Directors of the Company or the Committee;

(d) the Optionee is voluntarily participating in the Plan;

(e) the Option and the shares of Common Stock subject to the Option are extraordinary items that do not constitute compensation of any kind for services of any kind rendered to the Company or the Employer, and are outside the scope of the Optionee's employment contract, if any;

(f) the Option is not intended to replace any pension rights or compensation;

(g) the Option and the shares of Common Stock subject to the Option are not part of normal or expected compensation or salary for any purposes, including, but not limited to, calculating any severance, resignation, termination, redundancy, dismissal, end of service payments, bonuses, long-service awards, pension, retirement or welfare benefits or similar payments and in no event should be considered as compensation for, or relating in any way to, past services for any member of the Kraft Foods Group;

(h) the Option grant and the Optionee's participation in the Plan will not be interpreted to form an employment contract or relationship with any member of the Kraft Foods Group;

(i) the future value of the underlying shares of Common Stock is unknown and cannot be predicted with certainty;

(j) if the underlying shares of Common Stock do not increase in value, the Option will have no value;

(k) if the Optionee exercises the Option and obtains shares of Common Stock, the value of those shares of Common Stock acquired upon exercise may increase or decrease in value, even below the Grant Price;

(l) no claim or entitlement to compensation or damages shall arise from forfeiture of the Option resulting from the termination of the Optionee's employment by the Company or the Employer, and in consideration of the grant of the Option to which the Optionee is otherwise not entitled, the Optionee irrevocably agrees never to institute any claim against the Company or the Employer, waives his or her ability, if any, to bring any such claim, and releases the Company and the Employer from any such claim; if, notwithstanding the foregoing, any such claim is allowed by a court of competent jurisdiction, then, by participating in the Plan, the Optionee shall be deemed irrevocably to have agreed not to pursue such claim and agrees to execute any and all documents necessary to request dismissal or withdrawal of such claim;

(m) as further set forth in paragraph 3 above, in the event of termination of the Optionee's employment, the Optionee's right to exercise the Option after termination of employment, if any, will be measured by the date of termination of the Optionee's active employment and will not be extended by any notice period mandated under any employment law in the country where the Optionee resides;

(n) the Company is not providing any tax, legal or financial advice, nor is the Company making any recommendations regarding the Optionee's participation in the Plan, or the Optionee's acquisition or sale of the underlying shares of Common Stock;

(o) the Optionee is hereby advised to consult with the Optionee's own personal tax, legal and financial advisors regarding the Optionee's participation in the Plan before taking any action related to the Plan;

(p) the Option is designated as not constituting an Incentive Stock Option; this Agreement shall be interpreted and treated consistently with such designation; and

(q) the Option and the benefits evidenced by this Agreement do not create any entitlement, not otherwise specifically provided for in the Plan or determined by the Company in its discretion, to have the Option or any such benefits transferred to, or assumed by, another company, or to be exchanged, cashed out or substituted for, in connection with any corporate transaction affecting the Company's Common Stock.

11. Interpretation. The terms and provisions of the Plan (a copy of which will be furnished to the Optionee upon written request to the Office of the Corporate Secretary, Kraft Foods Inc., Three Lakes Drive, Northfield, Illinois 60093) are incorporated herein by reference. To the extent any provision in this Agreement is inconsistent or in conflict with any term or provision of the Plan, the Plan shall govern. The Committee shall have the right to resolve all questions which may arise in connection with the Award or this Agreement, including whether an Optionee is no longer actively employed and any interpretation, determination or other action made or taken by the Committee regarding the Plan or this Agreement shall be final, binding and conclusive.

12. Miscellaneous Definitions. For the purposes of this Agreement, the term "Disability," means permanent and total disability as determined under the procedures established by the Company for purposes of the Plan and the term "Normal Retirement" means retirement from active employment under a pension plan of the Kraft Foods Group, or under an employment contract with any member of the Kraft Foods Group, on or after the date specified as normal retirement age in the pension plan or employment contract, if any, under which the Optionee is at that time accruing pension benefits for his or her current service (or, in the absence of a specified normal retirement age, the age at which pension benefits under such plan or contract become payable without reduction for early commencement and without any requirement of a particular period of prior service). For the purposes of this Agreement, "Early Retirement" means retirement from active employment other than Normal Retirement, as determined by the Committee, in its sole discretion. As used herein, "Kraft Foods Group" means Kraft Foods Inc. and each of its subsidiaries and affiliates. For purposes of this Agreement, (x) a "subsidiary," includes only any company in which the applicable entity, directly or indirectly, has a beneficial ownership interest of greater than 50 percent and (y) an "affiliate" includes only any company that (A) has a beneficial ownership interest, directly or indirectly, in the applicable entity of greater than 50 percent or (B) is under common control with the applicable entity through a parent company that, directly or indirectly, has a beneficial ownership interest of greater than 50 percent in both the applicable entity and the affiliate.

13. Electronic Delivery. The Company may, in its sole discretion, decide to deliver any documents related to current or future participation in the Plan by electronic means or to request the Optionee's consent to participate in the Plan by electronic means. The Optionee hereby consents to receive such documents by electronic delivery and, if requested, to agree to participate in the Plan through any on-line or electronic system established and maintained by the Company or another third party designated by the Company.



14. Agreement Severable. The provisions of this Agreement are severable and if any one or more provisions are determined to be illegal or otherwise unenforceable, in whole or in part, the remaining provisions shall nevertheless be binding and enforceable.

15. Headings. Headings of paragraphs and sections used in this Agreement are for convenience only and are not part of this Agreement, and must not be used in construing it.

16. Imposition of Other Requirements. The Company reserves the right to impose other requirements on the Optionee's participation in the Plan, on the Option, and on any shares of Common Stock acquired under the Plan, to the extent the Company determines it is necessary or advisable in order to comply with applicable law or facilitate the administration of the Plan, and to require the Optionee to sign any additional agreements or undertakings that may be necessary to accomplish the foregoing.

17. Appendix. Notwithstanding any provisions in this Agreement, if the Optionee relocates to one of the countries included in Appendix A to the Company's Non-Qualified Non-U.S. Stock Option Award Agreement, the special terms for such country will apply to the Optionee, to the extent the Company determines that the application of such terms is necessary or advisable in order to comply with laws in the country where the Optionee resides regarding the issuance or sale of shares of Common Stock, or to facilitate the administration of the Plan. The Appendix constitutes part of this Agreement.

IN WITNESS WHEREOF, this Non-Qualified U.S. Stock Option Award Agreement has been granted as of February 23, 2012.

KRAFT FOODS INC.

/s/ Carol J. Ward

Carol J. Ward

Vice President and Corporate Secretary

Kraft Foods Inc. and Subsidiaries  
 Computation of Ratios of Earnings to Fixed Charges  
 (in millions of dollars, except ratio)

	<u>For the Three Months Ended March 31, 2012</u>
Earnings before income taxes	\$ 1,138
Add / (Deduct):	
Equity in net earnings of less than 50% owned affiliates	(30)
Dividends from less than 50% owned affiliates	-
Fixed charges	597
Interest capitalized, net of amortization	1
Earnings available for fixed charges	<u>\$ 1,706</u>
Fixed charges:	
Interest incurred:	
Interest expense	\$ 568
Capitalized interest	-
	<u>568</u>
Portion of rent expense deemed to represent interest factor	29
Fixed charges	<u>\$ 597</u>
Ratio of earnings to fixed charges	<u>2.9</u>

**Certifications**

I, Irene B. Rosenfeld, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Kraft Foods Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 4, 2012

/s/ Irene B. Rosenfeld  
Irene B. Rosenfeld  
Chairman and Chief Executive Officer

**Certifications**

I, David A. Brearton, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Kraft Foods Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 4, 2012

/s/ David A. Brearton  
David A. Brearton  
Executive Vice President and  
Chief Financial Officer

**CERTIFICATIONS OF  
CHIEF EXECUTIVE OFFICER AND CHIEF FINANCIAL OFFICER  
PURSUANT TO  
18 U.S.C. SECTION 1350,  
AS ADOPTED PURSUANT TO  
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

I, Irene B. Rosenfeld, Chairman and Chief Executive Officer of Kraft Foods Inc. ("Kraft Foods"), certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that Kraft Foods' Quarterly Report on Form 10-Q for the quarter ended March 31, 2012, fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and that the information contained in Kraft Foods' Quarterly Report on Form 10-Q fairly presents in all material respects Kraft Foods' financial condition and results of operations.

/s/ Irene B. Rosenfeld

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Irene B. Rosenfeld  
Chairman and Chief Executive Officer  
May 4, 2012

I, David A. Brearton, Executive Vice President and Chief Financial Officer of Kraft Foods Inc. ("Kraft Foods"), certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that Kraft Foods' Quarterly Report on Form 10-Q for the quarter ended March 31, 2012, fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and that the information contained in Kraft Foods' Quarterly Report on Form 10-Q fairly presents in all material respects Kraft Foods' financial condition and results of operations.

/s/ David A. Brearton

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David A. Brearton  
Executive Vice President and  
Chief Financial Officer  
May 4, 2012

*A signed original of these written statements required by Section 906, or other document authenticating, acknowledging, or otherwise adopting the signature that appears in typed form within the electronic version of this written statement required by Section 906, has been provided to Kraft Foods Inc. and will be retained by Kraft Foods Inc. and furnished to the Securities and Exchange Commission or its staff upon request.*