

# KRAFT FOODS INC (KFT)

## 10-Q

Quarterly report pursuant to sections 13 or 15(d)

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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 June 30, 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)  
**Three Lakes Drive,**  
**Northfield, Illinois**  
(Address of principal executive offices)

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

**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 July 31, 2012, there were 1,774,648,852 shares of the registrant's Class A common stock outstanding.

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**Kraft Foods Inc.**

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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		For the Six Months Ended	
	June 30,		June 30,	
	2012	2011	2012	2011
Net revenues	\$ 13,286	\$ 13,878	\$ 26,379	\$ 26,451
Cost of sales	8,416	9,007	16,842	16,944
Gross profit	4,870	4,871	9,537	9,507
Selling, general and administrative expenses	2,854	3,008	5,676	5,941
Asset impairment and exit costs	84	–	182	–
Amortization of intangibles	53	57	109	114
Operating income	1,879	1,806	3,570	3,452
Interest and other expense, net	429	441	982	887
Earnings before income taxes	1,450	1,365	2,588	2,565
Provision for income taxes	416	389	735	787
Net earnings	1,034	976	1,853	1,778
Noncontrolling interest	5	–	11	3
Net earnings attributable to Kraft Foods	<u>\$ 1,029</u>	<u>\$ 976</u>	<u>\$ 1,842</u>	<u>\$ 1,775</u>
Per share data:				
Basic earnings per share attributable to Kraft Foods	<u>\$ 0.58</u>	<u>\$ 0.55</u>	<u>\$ 1.04</u>	<u>\$ 1.01</u>
Diluted earnings per share attributable to Kraft Foods	<u>\$ 0.58</u>	<u>\$ 0.55</u>	<u>\$ 1.03</u>	<u>\$ 1.01</u>
Dividends declared	\$ 0.29	\$ 0.29	\$ 0.58	\$ 0.58

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		For the Six Months Ended	
	June 30,		June 30,	
	2012	2011	2012	2011
Net earnings	\$ 1,034	\$ 976	\$ 1,853	\$ 1,778
Other comprehensive (losses) / earnings:				
Currency translation adjustment:				
Translation adjustment	(1,358)	718	(198)	1,724
Tax (expense) / benefit	(28)	36	9	126
Pension and other benefits:				
Net actuarial gain arising during period	80	68	109	68
Reclassification adjustment for losses / (gains) included in net earnings due to:				
Amortization of experience losses and prior service costs	117	90	249	180
Settlement losses	40	19	60	36
Tax expense	(87)	(65)	(140)	(99)
Derivatives accounted for as hedges:				
Net derivative losses	(390)	(176)	(356)	(152)
Reclassification adjustment for losses / (gains) included in net earnings	18	(19)	143	(41)
Tax benefit	151	73	71	58
Total other comprehensive (losses) / earnings	(1,457)	744	(53)	1,900
Comprehensive (losses) / earnings	(423)	1,720	1,800	3,678
less: Comprehensive (losses) / earnings attributable to noncontrolling interests	(10)	5	5	18
Comprehensive (losses) / earnings attributable to Kraft Foods	<u>\$ (413)</u>	<u>\$ 1,715</u>	<u>\$ 1,795</u>	<u>\$ 3,660</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)

	June 30, 2012	December 31, 2011
<b>ASSETS</b>		
Cash and cash equivalents	\$ 4,643	\$ 1,974
Receivables (net of allowances of \$136 in 2012 and \$143 in 2011)	6,642	6,361
Inventories, net	6,165	5,706
Deferred income taxes	1,245	912
Other current assets	1,136	1,249
<b>Total current assets</b>	<b>19,831</b>	<b>16,202</b>
Property, plant and equipment, net	13,757	13,813
Goodwill	37,147	37,297
Intangible assets, net	24,981	25,186
Prepaid pension assets	32	31
Other assets	1,366	1,308
<b>TOTAL ASSETS</b>	<b>\$ 97,114</b>	<b>\$ 93,837</b>
<b>LIABILITIES</b>		
Short-term borrowings	\$ 245	\$ 182
Current portion of long-term debt	1,923	3,654
Accounts payable	5,161	5,525
Accrued marketing	2,641	2,863
Accrued employment costs	1,085	1,365
Other current liabilities	4,999	4,856
<b>Total current liabilities</b>	<b>16,054</b>	<b>18,445</b>
Long-term debt	28,081	23,095
Deferred income taxes	6,807	6,738
Accrued pension costs	3,367	3,597
Accrued postretirement health care costs	3,239	3,238
Other liabilities	3,318	3,396
<b>TOTAL LIABILITIES</b>	<b>60,866</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	31,300	31,318
Retained earnings	18,800	18,012
Accumulated other comprehensive losses	(6,684)	(6,637)
Treasury stock, at cost	(7,283)	(7,476)
<b>Total Kraft Foods Shareholders' Equity</b>	<b>36,133</b>	<b>35,217</b>
Noncontrolling interest	115	111
<b>TOTAL EQUITY</b>	<b>36,248</b>	<b>35,328</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>\$ 97,114</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)

**Kraft Foods Shareholders' Equity**

	Common Stock	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Earnings / (Losses)	Treasury Stock	Noncontrolling Interest	Total Equity
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	-	-	1,842	-	-	11	1,853
Other comprehensive losses, net of income taxes	-	-	-	(47)	-	(6)	(53)
Exercise of stock options and issuance of other stock awards	-	(18)	(24)	-	193	-	151
Cash dividends declared (\$0.58 per share)	-	-	(1,030)	-	-	-	(1,030)
Other	-	-	-	-	-	(1)	(1)
Balances at June 30, 2012	\$ -	\$ 31,300	\$ 18,800	\$ (6,684)	\$ (7,283)	\$ 115	\$ 36,248

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 Six Months Ended	
	June 30,	
	2012	2011
<b>CASH PROVIDED BY / (USED IN) OPERATING ACTIVITIES</b>		
Net earnings	\$ 1,853	\$ 1,778
Adjustments to reconcile net earnings to operating cash flows:		
Depreciation and amortization	709	742
Stock-based compensation expense	93	89
Deferred income tax provision	(90)	(166)
Asset impairments	75	-
Other non-cash expense, net	14	8
Change in assets and liabilities:		
Receivables, net	(298)	(72)
Inventories, net	(514)	(947)
Accounts payable	(384)	(404)
Other current assets	(2)	(164)
Other current liabilities	(429)	(81)
Change in pension and postretirement assets and liabilities, net	181	(487)
Net cash provided by operating activities	<u>1,208</u>	<u>296</u>
<b>CASH PROVIDED BY / (USED IN) INVESTING ACTIVITIES</b>		
Capital expenditures	(740)	(655)
Proceeds from sale of property, plant and equipment and other	96	30
Net cash used in investing activities	<u>(644)</u>	<u>(625)</u>
<b>CASH PROVIDED BY / (USED IN) FINANCING ACTIVITIES</b>		
Net issuance of short-term borrowings	66	477
Long-term debt proceeds	6,772	25
Long-term debt repaid	(3,542)	(7)
Dividends paid	(1,025)	(1,017)
Other	(145)	562
Net cash provided by financing activities	<u>2,126</u>	<u>40</u>
Effect of exchange rate changes on cash and cash equivalents	<u>(21)</u>	<u>75</u>
<b>Cash and cash equivalents:</b>		
Increase / (Decrease)	2,669	(214)
Balance at beginning of period	1,974	2,481
Balance at end of period	<u>\$ 4,643</u>	<u>\$ 2,267</u>

See accompanying notes to the condensed consolidated financial statements.



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Kraft Foods Inc. and Subsidiaries  
Notes to Condensed Consolidated Financial Statements  
(Unaudited)

**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.

In the second quarter of 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. These changes resulted in a favorable impact to net revenues of approximately \$360 million and a favorable impact of approximately \$50 million to operating income in the second quarter of 2011.

*Subsequent Events:*

We evaluated subsequent events and have reflected accounting and disclosure requirements related to material subsequent events in our financial statements and related notes.

**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"). We expect to create these companies through a spin-off of the North American Grocery Business to our shareholders ("Spin-Off"). Following the Spin-Off, we will hold the Global Snacks Business and change our name to Mondelez International, Inc. ("Mondelez"). Mondelez 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. Our subsidiary, Kraft Foods Group, Inc. ("Kraft Foods Group") will hold the North American Grocery Business, which 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 have received a private letter ruling from the Internal Revenue Service ("IRS") confirming that, based on certain representations, assumptions and undertakings, the Spin-Off 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. (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 to \$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.

We refer to one-time Spin-Off transaction, transition and financing and related costs collectively as "Spin-Off Costs". During the three months ended June 30, 2012, we recorded Spin-Off Costs of \$100 million within selling, general and administrative expenses and \$28 million in interest and other expenses, net. During the six months ended June 30, 2012 we recorded Spin-Off Costs of \$139 million within selling, general and administrative expenses and \$162 million in interest and other expenses, net.

On April 2, 2012, Kraft Foods Group filed the initial registration statement on Form 10 with the U.S. Securities and Exchange Commission ("SEC"). On August 2, 2012, we announced that we expect to complete the Spin-Off at 5:00 p.m., Eastern Daylight Time, on October 1, 2012.

The Spin-Off transaction is subject to a number of conditions, including the continued validity of the private letter ruling that we received from the IRS, the receipt and continued validity of a ruling from the Canada Revenue Agency related to 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 on October 1, 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.

### **Note 3. Inventories**

Inventories at June 30, 2012 and December 31, 2011 were:

	<u>June 30,</u> <u>2012</u>	<u>December 31,</u> <u>2011</u>
	(in millions)	
Raw materials	\$ 1,981	\$ 1,800
Finished product	4,184	3,906
Inventories, net	<u>\$ 6,165</u>	<u>\$ 5,706</u>

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

Property, plant and equipment at June 30, 2012 and December 31, 2011 were:

	<u>June 30,</u> <u>2012</u>	<u>December 31,</u> <u>2011</u>
	(in millions)	
Land and land improvements	\$ 751	\$ 768
Buildings and building improvements	5,014	4,997
Machinery and equipment	17,212	16,934
Construction in progress	1,345	1,233
	<u>24,322</u>	<u>23,932</u>
Accumulated depreciation	(10,565)	(10,119)
Property, plant and equipment, net	<u>\$ 13,757</u>	<u>\$ 13,813</u>

**Note 5. Goodwill and Intangible Assets**

Goodwill by reportable segment at June 30, 2012 and December 31, 2011 was:

	<u>June 30, 2012</u>	<u>December 31, 2011</u>
(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	3,397	3,385
Kraft Foods Europe	8,904	9,003
Kraft Foods Developing Markets	7,400	7,463
Goodwill	<u>\$ 37,147</u>	<u>\$ 37,297</u>

Intangible assets at June 30, 2012 and December 31, 2011 were:

	<u>June 30, 2012</u>	<u>December 31, 2011</u>
(in millions)		
Non-amortizable intangible assets	\$ 22,784	\$ 22,859
Amortizable intangible assets	2,824	2,853
	25,608	25,712
Accumulated amortization	(627)	(526)
Intangible assets, net	<u>\$ 24,981</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 June 30, 2012, the weighted-average life of our amortizable intangible assets was 13.2 years.

The movements in goodwill and intangible assets were:

	<u>Goodwill</u>	<u>Intangible Assets, at Cost</u>
(in millions)		
Balance at January 1, 2012	\$ 37,297	\$ 25,712
Changes due to:		
Foreign currency	(150)	(91)
Asset impairments	-	(20)
Other	-	7
Balance at June 30, 2012	<u>\$ 37,147</u>	<u>\$ 25,608</u>

During the six months ended June 30, 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 \$53 million for the three months and \$109 million for the six months ended June 30, 2012 and \$57 million for the three months and \$114 million for the six months ended June 30, 2011. We currently estimate annual amortization expense for each of the next five years to be approximately \$215 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 primary objective of the restructuring and implementation activities is to ensure that both the North American Grocery Business and Global Snacks Business are set up to operate efficiently and execute their respective business strategies upon separation of the companies and prospectively. 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. We recorded one-time restructuring charges of \$83 million in the three months and \$161 million in the six months ended June 30, 2012 within asset impairment and exit costs. We also recorded a \$1 million final adjustment related to our former restructuring program in the quarter. We spent \$30 million in the three months and \$42 million in the six months ended June 30, 2012 in cash, and we also recognized non-cash asset write-downs totaling \$21 million in the three months and \$55 million in the six months ended June 30, 2012. At June 30, 2012, a \$45 million restructuring liability was recorded within other current liabilities.

	Severance and related costs	Asset Write-downs (in millions)	Total
Liability balance, January 1, 2012	\$ —	\$ —	\$ —
Charges	104	57	161
Cash spent	(42)	—	(42)
Non-cash settlements	(19)	(55)	(74)
Liability balance, June 30, 2012	<u>\$ 43</u>	<u>\$ 2</u>	<u>\$ 45</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. We believe the disclosure of 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. To date, we recorded implementation costs of \$7 million in the three months and \$8 million in the six months ended June 30, 2012 within cost of sales and selling, general and administrative expense across our North American segments. These costs primarily relate to reorganization costs related to our sales function and the optimization of information systems infrastructure.

### Restructuring and Implementation Costs by Segment:

During the three and six months ended June 30, 2012, we recorded restructuring and implementation costs within segment operating income as follows:

	For the Three Months Ended June 30, 2012		
	Restructuring Costs	Implementation Costs (in millions)	Total
Kraft Foods North America:			
U.S. Beverages	\$ 10	\$ 1	\$ 11
U.S. Cheese	25	1	26
U.S. Convenient Meals	5	1	6
U.S. Grocery	7	1	8
U.S. Snacks	17	2	19
Canada & N.A. Foodservice	14	1	15
Kraft Foods Europe	—	—	—
Kraft Foods Developing Markets	5	—	5
Total	<u>\$ 83</u>	<u>\$ 7</u>	<u>\$ 90</u>

	For the Six Months Ended June 30, 2012		
	Restructuring	Implementation	Total
	Costs	Costs	
	(in millions)		
Kraft Foods North America:			
U.S. Beverages	\$ 16	\$ 1	\$ 17
U.S. Cheese	44	1	45
U.S. Convenient Meals	11	1	12
U.S. Grocery	16	1	17
U.S. Snacks	43	3	46
Canada & N.A. Foodservice	26	1	27
Kraft Foods Europe	-	-	-
Kraft Foods Developing Markets	5	-	5
Total	<u>\$ 161</u>	<u>\$ 8</u>	<u>\$ 169</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 \$35 million for the three months and \$78 million for the six months ended June 30, 2012 and \$136 million for the three months and \$240 million for the six months ended June 30, 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 within general corporate expenses. Since the inception of the Integration Program, we have incurred \$1.3 billion of the \$1.5 billion in expected charges.

Liability activity for the Integration Program for the six months ended June 30, 2012 was (in millions):

	2012
Balance at January 1, 2012	\$ 346
Charges	78
Cash spent	(111)
Currency / other	(6)
Balance at June 30, 2012	<u>\$ 307</u>

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

##### *Borrowing Arrangements:*

On March 8, 2012, in connection with the Spin-Off, we, as a guarantor, with Kraft Foods Group, entered into a \$4.0 billion 364-day senior unsecured revolving credit facility that expires on March 7, 2013. On July 18, 2012, we effected a mandatory \$2.6 billion reduction of the unused commitment under the facility, leaving us with \$1.4 billion of borrowing capacity under the facility. We intend to use the proceeds of this facility, as necessary, to support working capital needs and for other general corporate purposes. As of June 30, 2012, no amounts were drawn on this credit facility.

On May 18, 2012, in connection with the Spin-Off, we, as a guarantor, with Kraft Foods Group, entered into a \$3.0 billion five-year senior unsecured revolving credit facility that expires on May 17, 2017. 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. The revolving credit agreement requires Kraft Foods Group to maintain a minimum total shareholders' equity (excluding accumulated other comprehensive income or losses and any income or losses recognized in connection with "mark-to-market" accounting in respect of pension and other retirement plans). The revolving credit agreement also contains customary representations, covenants and events of default. We intend to use the proceeds of this facility for general corporate purposes. As of June 30, 2012, no amounts were drawn on this credit facility.

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*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.

On June 1, 2012, \$900 million of our 6.25% notes matured. The notes were repaid using primarily commercial paper borrowings which were subsequently repaid on June 4, 2012 in connection with the Kraft Foods Group \$6.0 billion notes issuance.

On June 4, 2012, Kraft Foods Group issued \$6.0 billion of senior unsecured notes at a weighted-average effective rate of 3.938%. We received net proceeds of \$5.9 billion which we used to pay \$3.6 billion of outstanding commercial paper borrowings and expect to use the remaining cash proceeds to pay down additional debt over time or for general corporate purposes. We also recorded approximately \$260 million of deferred financing costs which will be recognized in interest expense over the life of the notes. The general terms of the \$6.0 billion notes are:

- \$1 billion notes due June 4, 2015 at a fixed, annual interest rate of 1.625%. Interest is payable semiannually beginning December 4, 2012.
- \$1 billion notes due June 5, 2017 at a fixed, annual interest rate of 2.250%. Interest is payable semiannually beginning December 5, 2012.
- \$2 billion notes due June 6, 2022 at a fixed, annual interest rate of 3.500%. Interest is payable semiannually beginning December 6, 2012.
- \$2 billion notes due June 4, 2042 at a fixed, annual interest rate of 5.000%. Interest is payable semiannually beginning December 4, 2012.

On July 18, 2012, we completed a debt exchange in which \$3.6 billion of our debt was exchanged for debt of Kraft Foods Group in connection with our Spin-Off capitalization plan. No cash was generated from the exchange. The debt exchange will be reflected in our consolidated financial statements next quarter. The general terms of the \$3.6 billion notes issued by Kraft Foods Group are:

- \$1,035 million notes due August 23, 2018 at a fixed, annual interest rate of 6.125%. Interest is payable semiannually beginning August 23, 2012. (This debt was issued in exchange for \$596 million of our 6.125% Notes due in February 2018 and \$439 million of our 6.125% Notes due in August 2018).
- \$900 million notes due February 10, 2020 at a fixed, annual interest rate of 5.375%. Interest is payable semiannually beginning August 10, 2012. (This debt was issued in exchange for an approximately equal principal amount of our 5.375% Notes due in February 2020).
- \$878 million notes due January 26, 2039 at a fixed, annual interest rate of 6.875%. Interest is payable semiannually beginning July 26, 2012. (This debt was issued in exchange for approximately \$233 million of our 6.875% Notes due in January 2039, approximately \$290 million of our 6.875% Notes due in February 2038, approximately \$185 million of our 7.000% Notes due in August 2037 and approximately \$170 million of our 6.500% Notes due in November 2031).
- \$787 million notes due February 9, 2040 at a fixed, annual interest rate of 6.500%. Interest is payable semiannually beginning August 9, 2012. (This debt was issued in exchange for an approximately equal principal amount of our 6.500% Notes due in 2040).

*Fair Value of Our Debt:*

The fair value of our short-term borrowings at June 30, 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 \$36,654 million as compared with the carrying value of \$30,249 million at June 30, 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 six months ended June 30, 2012, we issued 0.7 million shares of additional restricted and deferred shares with a weighted-average market value of \$30.91 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 4.2 million restricted and deferred shares during the six months ended June 30, 2012, including those issued as part of our long-term incentive plan, with a weighted-average market value per share of \$36.63. During the six months ended June 30, 2012, 4.8 million shares of restricted and deferred stock vested at a market value of \$183 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 six months ended June 30, 2012, we issued 0.6 million of additional stock options with a weighted-average exercise price of \$37.99 per share on the date of grant. In aggregate, we granted 13.4 million stock options during the six months ended June 30, 2012 at a weighted-average exercise price of \$37.99. During the six months ended June 30, 2012, there were 4.2 million stock options exercised with a total intrinsic value of \$46 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 and six months ended June 30, 2012 and 2011:

	U.S. Plans		Non-U.S. Plans	
	For the Three Months Ended		For the Three Months Ended	
	June 30,		June 30,	
	2012	2011	2012	2011
	(in millions)			
Service cost	\$ 37	\$ 33	\$ 45	\$ 46
Interest cost	87	91	110	118
Expected return on plan assets	(113)	(124)	(129)	(138)
Amortization:				
Net loss from experience differences	70	56	34	26
Prior service cost	2	1	–	1
Settlement losses <sup>(1)</sup>	40	19	–	–
Net periodic pension cost	<u>\$ 123</u>	<u>\$ 76</u>	<u>\$ 60</u>	<u>\$ 53</u>
	U.S. Plans		Non-U.S. Plans	
	For the Six Months Ended		For the Six Months Ended	
	June 30,		June 30,	
	2012	2011	2012	2011
	(in millions)			
Service cost	\$ 81	\$ 73	\$ 90	\$ 90
Interest cost	176	182	219	231
Expected return on plan assets	(228)	(248)	(257)	(270)
Amortization:				
Net loss from experience differences	154	112	68	50
Prior service cost	4	3	1	1
Settlement losses <sup>(1)</sup>	60	36	–	–
Net periodic pension cost	<u>\$ 247</u>	<u>\$ 158</u>	<u>\$ 121</u>	<u>\$ 102</u>

- (1) Includes approximately \$19 million of settlement losses related to employees who elected to take lump-sum payments during the three months ended June 30, 2012 in connection with our 2012-2014 Restructuring Program. These costs are reflected within asset impairments and exit costs on the condensed consolidated statement of earnings and within the charges related to severance and related costs in Note 6, 2012-2014 Restructuring Program.

**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 six months of 2012, we contributed \$22 million to our U.S. plans and \$182 million to our non-U.S. plans. Based on current tax law, we plan to make further contributions of approximately \$33 million to our U.S. plans and approximately \$243 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, significant differences between expected and actual pension asset performance or interest rates and considerations related to the Spin-Off. We may make additional contributions to primarily U.S. and Canadian pension plans in preparation for the separation of the Kraft Foods Group and Mondelez plans.

**Postretirement Benefit Plans**

Net postretirement health care costs during the three and six months ended June 30, 2012 and 2011 consisted of:

	For the Three Months Ended		For the Six Months Ended	
	June 30,		June 30,	
	2012	2011	2012	2011
	(in millions)		(in millions)	
Service cost	\$ 8	\$ 8	\$ 19	\$ 18
Interest cost	39	41	79	83
Amortization:				
Net loss from experience differences	21	15	40	31
Prior service credit	(10)	(8)	(18)	(16)
Net postretirement health care costs	<u>\$ 58</u>	<u>\$ 56</u>	<u>\$ 120</u>	<u>\$ 116</u>

**Postemployment Benefit Plans**

Net postemployment costs during the three and six months ended June 30, 2012 and 2011 consisted of:

	For the Three Months Ended		For the Six Months Ended	
	June 30,		June 30,	
	2012	2011	2012	2011
	(in millions)		(in millions)	
Service cost	\$ 4	\$ 3	\$ 7	\$ 5
Interest cost	2	2	4	5
Amortization of net gains	–	(1)	–	(1)
Net postemployment costs	<u>\$ 6</u>	<u>\$ 4</u>	<u>\$ 11</u>	<u>\$ 9</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 June 30, 2012 and December 31, 2011 as follows:

	June 30, 2012		December 31, 2011	
	Asset Derivatives	Liability Derivatives	Asset Derivatives	Liability Derivatives
	(in millions)			
<b>Derivatives designated as hedging instruments:</b>				
Foreign exchange contracts	\$ 25	\$ 6	\$ 76	\$ 5
Commodity contracts	24	34	14	27
Interest rate contracts	–	437	2	519
	<u>\$ 49</u>	<u>\$ 477</u>	<u>\$ 92</u>	<u>\$ 551</u>
<b>Derivatives not designated as hedging instruments:</b>				
Foreign exchange contracts	\$ 16	\$ 22	\$ 13	\$ 5
Commodity contracts	227	203	392	372
Interest rate contracts	89	56	86	51
	<u>\$ 332</u>	<u>\$ 281</u>	<u>\$ 491</u>	<u>\$ 428</u>
Total fair value	<u>\$ 381</u>	<u>\$ 758</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 June 30, 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	\$ 13	\$ –	\$ 13	\$ –
Commodity contracts	14	(30)	44	–
Interest rate contracts	(404)	–	(404)	–
Total derivatives	<u>\$ (377)</u>	<u>\$ (30)</u>	<u>\$ (347)</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 June 30, 2012 and December 31, 2011 were:

	Notional Amount	
	June 30, 2012	December 31, 2011
	(in millions)	
Foreign exchange contracts:		
Intercompany loans and forecasted interest payments	\$ 2,583	\$ 1,982
Forecasted transactions	1,350	1,181
Commodity contracts	1,443	1,287
Interest rate contracts	2,334	4,872
Net investment hedge – euro notes	1,077	3,694
Net investment hedge – pound sterling notes	1,021	1,010

*Cash Flow Hedges:*

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

	For the Three Months Ended		For the Six Months Ended	
	June 30,		June 30,	
	2012	2011	2012	2011
	(in millions)		(in millions)	
Accumulated gain / (loss) at beginning of period	\$ (218)	\$ 66	\$ (297)	\$ 79
Transfer of realized losses / (gains) in fair value to earnings	3	(3)	75	(17)
Unrealized gain / (loss) in fair value	(224)	(119)	(217)	(118)
Accumulated gain / (loss) at June 30	<u>\$ (439)</u>	<u>\$ (56)</u>	<u>\$ (439)</u>	<u>\$ (56)</u>

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

	For the Three Months Ended		For the Six Months Ended	
	June 30,		June 30,	
	2012	2011	2012	2011
	(in millions)		(in millions)	
Foreign exchange contracts – intercompany loans	\$ –	\$ –	\$ –	\$ 1
Foreign exchange contracts – forecasted transactions	25	(23)	–	(73)
Commodity contracts	8	(18)	(35)	(4)
Interest rate contracts	(257)	(78)	(182)	(42)
Total	<u>\$ (224)</u>	<u>\$ (119)</u>	<u>\$ (217)</u>	<u>\$ (118)</u>

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

	For the Three Months Ended		For the Six Months Ended	
	June 30,		June 30,	
	2012	2011	2012	2011
	(in millions)		(in millions)	
Foreign exchange contracts – forecasted transactions	\$ 27	\$ (28)	\$ 48	\$ (33)
Commodity contracts	(15)	31	(25)	51
Interest rate contracts	(15)	–	(98)	(1)
Total	\$ (3)	\$ 3	\$ (75)	\$ 17

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

	For the Three Months Ended		For the Six Months Ended	
	June 30,		June 30,	
	2012	2011	2012	2011
	(in millions)		(in millions)	
Foreign exchange contracts	\$ –	\$ –	\$ –	\$ –
Commodity contracts	(3)	–	(5)	4
Interest rate contracts	(23)	(5)	(23)	(6)
Total	\$ (26)	\$ (5)	\$ (28)	\$ (2)

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

	For the Three Months Ended		For the Six Months Ended	
	June 30,		June 30,	
	2012	2011	2012	2011
	(in millions)		(in millions)	
Foreign exchange contracts	\$ –	\$ –	\$ –	\$ –
Commodity contracts	–	–	–	–
Interest rate contracts	–	–	(130)	–
Total	\$ –	\$ –	\$ (130)	\$ –

In the first quarter of 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 \$29 million (net of taxes) for commodity cash flow hedges, unrealized gains of \$20 million (net of taxes) for foreign currency cash flow hedges and unrealized losses of \$13 million (net of taxes) for interest rate cash flow hedges to earnings during the next 12 months.

*Hedge Coverage:*

As of June 30, 2012, we had hedged forecasted transactions for the following durations:

- commodity transactions for periods not exceeding the next 15 months;
- interest rate transactions for periods not exceeding the next 30 years and 10 months; 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				For the Six Months Ended			
	June 30,				June 30,			
	2012		2011		2012		2011	
	(in millions)				(in millions)			
Derivatives	\$	(2)	\$	(3)	\$	(2)	\$	(3)
Borrowings		2		3		2		3

*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				For the Six Months Ended				Location of Gain / (Loss) Recognized in Earnings
	June 30,				June 30,				
	2012		2011		2012		2011		
	(in millions)				(in millions)				
Foreign exchange contracts:									
Intercompany loans and forecasted interest payments	\$	80	\$	(34)	\$	51	\$	(38)	Interest expense
Forecasted transactions		10		(7)		18		(6)	Cost of sales
Forecasted transactions		(8)		4		(17)		5	Interest expense
Interest rate contracts		–		1		–		(1)	Interest expense
Commodity contracts		34		108		66		155	Cost of sales
Total	\$	116	\$	72	\$	118	\$	115	

*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				For the Six Months Ended				Location of Gain / (Loss) Recorded in AOCI
	June 30,				June 30,				
	2012		2011		2012		2011		
	(in millions)				(in millions)				
Euro notes	\$	36	\$	(62)	\$	(13)	\$	(203)	Currency Translation Adjustment
Pound sterling notes		12		(1)		(7)		(18)	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.

A compliant and ethical corporate culture, which includes adhering to laws and industry regulations in all jurisdictions in which we do business, is integral to our success. Accordingly, after we acquired Cadbury in February 2010 we began reviewing and adjusting, as needed, Cadbury's operations in light of U.S. and international standards as well as our policies and practices. We initially focused on such high priority areas as food safety, the Foreign Corrupt Practices Act ("FCPA") and antitrust. Based upon Cadbury's pre-acquisition policies and compliance programs and our post-acquisition reviews, our preliminary findings indicated that Cadbury's overall state of compliance was sound. Nonetheless, through our reviews, we determined that in certain jurisdictions, including India, there appeared to be facts and circumstances warranting further investigation. We are continuing our investigations in certain jurisdictions, including in India, and we continue to cooperate with governmental authorities.

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As we previously disclosed, on February 1, 2011, we received a subpoena from the SEC in connection with an investigation under the FCPA, primarily related to a Cadbury facility in India that we acquired in the Cadbury acquisition. The subpoena primarily requests information regarding dealings with Indian governmental agencies and officials to obtain approvals related to the operation of that facility. We are cooperating with the U.S. and Indian governments in their investigations of these matters.

On March 1, 2011, the Starbucks Coffee Company ("Starbucks") took control of the Starbucks packaged coffee business ("Starbucks CPG business") in grocery stores and other channels. Starbucks did so without our authorization and in what we contend is a violation and breach of our license and supply agreement with Starbucks related to the Starbucks CPG business. The dispute is in arbitration in Chicago, Illinois. We are seeking appropriate remedies, including payment of the fair market value of the supply and license agreement, plus the premium this agreement specifies, prejudgment interest under New York law and attorney's fees. Starbucks has counterclaimed for damages. The arbitration proceeding began on July 11, 2012 and is ongoing. If the final determination of this dispute is not made prior to the date of the Spin-Off, Kraft Foods Group will continue prosecuting and defending the dispute. Kraft Foods Group will direct any recovery awarded in the arbitration proceeding to us. We will reimburse Kraft Foods Group for any costs and expenses it incurs in connection with the arbitration proceeding following the Spin-Off.

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 individually and in the aggregate 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 June 30, 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.

As of June 30, 2012, we and three of our indirect wholly owned subsidiaries are joint and several guarantors of \$1.0 billion of indebtedness issued by Cadbury Schweppes US Finance LLC and maturing on October 1, 2013. Following the Spin-Off, one of the guarantors of the indebtedness issued by Cadbury Schweppes US Finance LLC will become an indirect wholly owned subsidiary of Kraft Foods Group. We have agreed to indemnify Kraft Foods Group pursuant to a separation and distribution agreement, in the event its subsidiary is called upon to satisfy its obligation under the guarantee.

**Note 13. Earnings Per Share**

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

	For the Three Months Ended		For the Six Months Ended	
	June 30,		June 30,	
	2012	2011	2012	2011
	(in millions, except per share data)			
Net earnings	\$ 1,034	\$ 976	\$ 1,853	\$ 1,778
Noncontrolling interest	5	–	11	3
Net earnings attributable to Kraft Foods	\$ 1,029	\$ 976	\$ 1,842	\$ 1,775
Weighted-average shares for basic EPS	1,777	1,764	1,775	1,759
Plus incremental shares from assumed conversions of stock options and long-term incentive plan shares	9	7	10	7
Weighted-average shares for diluted EPS	1,786	1,771	1,785	1,766
Basic earnings per share attributable to Kraft Foods	\$ 0.58	\$ 0.55	\$ 1.04	\$ 1.01
Diluted earnings per share attributable to Kraft Foods	\$ 0.58	\$ 0.55	\$ 1.03	\$ 1.01

We exclude antidilutive Kraft Foods stock options from our calculation of weighted-average shares for diluted EPS. We excluded 13.3 million antidilutive stock options for the three months and 9.4 million antidilutive stock options for the six months ended June 30, 2012, and we excluded 16.0 million antidilutive stock options for the three months and 17.6 million antidilutive stock options for the six months ended June 30, 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.

We use 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		For the Six Months Ended	
	June 30,		June 30,	
	2012	2011	2012	2011
	(in millions)			
Net revenues:				
Kraft Foods North America:				
U.S. Beverages	\$ 778	\$ 779	\$ 1,486	\$ 1,600
U.S. Cheese	900	875	1,832	1,749
U.S. Convenient Meals	903	881	1,710	1,673
U.S. Grocery	989	973	1,841	1,767
U.S. Snacks	1,555	1,510	3,095	3,002
Canada & N.A. Foodservice	1,266	1,300	2,439	2,463
Kraft Foods Europe	3,004	3,525	6,155	6,541
Kraft Foods Developing Markets	3,891	4,035	7,821	7,656
Net revenues	<u>\$ 13,286</u>	<u>\$ 13,878</u>	<u>\$ 26,379</u>	<u>\$ 26,451</u>
Earnings before income taxes:				
Operating income:				
Kraft Foods North America:				
U.S. Beverages	\$ 134	\$ 138	\$ 232	\$ 299
U.S. Cheese	156	143	323	277
U.S. Convenient Meals	129	99	222	204
U.S. Grocery	381	379	690	671
U.S. Snacks	198	192	402	385
Canada & N.A. Foodservice	176	188	300	339
Kraft Foods Europe	396	415	780	723
Kraft Foods Developing Markets	544	518	1,069	923
Unrealized gains / (losses) on hedging activities	29	(100)	47	(38)
Certain U.S. pension plan costs	(67)	(44)	(147)	(86)
General corporate expenses	(144)	(65)	(239)	(131)
Amortization of intangibles	(53)	(57)	(109)	(114)
Operating income	<u>1,879</u>	<u>1,806</u>	<u>3,570</u>	<u>3,452</u>
Interest and other expense, net	429	441	982	887
Earnings before income taxes	<u>\$ 1,450</u>	<u>\$ 1,365</u>	<u>\$ 2,588</u>	<u>\$ 2,565</u>

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On March 1, 2011, Starbucks took control of the Starbucks CPG business in grocery stores and other channels. Starbucks did so without our authorization and in what we contend is a violation and breach of our license and supply agreement with Starbucks related to the Starbucks CPG business. The dispute is in arbitration in Chicago, Illinois. We are seeking appropriate remedies, including payment of the fair market value of the supply and license agreement, plus the premium this agreement specifies, prejudgment interest under New York law and attorney's fees. Starbucks has counterclaimed for damages. The arbitration proceeding began on July 11, 2012 and is ongoing. If the final determination of this dispute is not made prior to the date of the Spin-Off, Kraft Foods Group will continue prosecuting and defending the dispute. Kraft Foods Group will direct any recovery awarded in the arbitration proceeding to us. We will reimburse Kraft Foods Group for any costs and expenses it incurs in connection with the arbitration proceeding following the Spin-Off.

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.

Net changes in unrealized gains / (losses) on hedging activities were favorable, primarily related to gains on foreign currency contracts and commodity hedging activity of \$29 million for the three months ended June 30, 2012, and were unfavorable due to losses of \$100 million for the three months ended June 30, 2011. Net changes in unrealized gains / (losses) on hedging activities were favorable, primarily related to gains on foreign currency contracts and commodity hedging activity of \$47 million for the six months ended June 30, 2012, and were unfavorable due to losses of \$38 million for the six months ended June 30, 2011.

In connection with our 2012-2014 Restructuring Program, we recorded restructuring charges of \$83 million for the three months and \$161 million for the six months ended June 30, 2012. We also recorded implementation costs of \$7 million for the three months and \$8 million for the six months ended June 30, 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 cost of sales and selling, general and administrative expenses. These charges are recorded primarily within our Kraft Foods North America geographic unit.

We incurred charges under the Integration Program of \$35 million for the three months and \$78 million for the six months ended June 30, 2012 and \$136 million for the three months and \$240 million for the six months ended June 30, 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 within general corporate expenses.

The increase in general corporate expenses for the three months ended June 30, 2012 was due primarily to \$100 million of Spin-Off Costs incurred during the quarter, partially offset by lower Integration Program costs. The increase in general corporate expenses for the six months ended June 30, 2012 was due primarily to \$139 million of Spin-Off Costs incurred during the quarter, partially offset by lower Integration Program costs.

The decrease in interest and other expense, net for the three months ended June 30, 2012 was due primarily to lower average outstanding debt during the quarter, partially offset by Spin-Off Costs within interest expense of \$28 million. The increase in interest and other expense, net for the six months ended June 30, 2012 was due primarily to Spin-Off Costs within interest expense of \$162 million.



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:

For the Three Months Ended June 30, 2012				
	Kraft Foods North America	Kraft Foods Europe	Kraft Foods Developing Markets	Total
	(in millions)			
Biscuits	\$ 1,533	\$ 655	\$ 885	\$ 3,073
Confectionery	431	1,165	1,730	3,326
Beverages	931	740	799	2,470
Cheese	1,310	274	262	1,846
Grocery	889	89	184	1,162
Convenient Meals	1,297	81	31	1,409
Total net revenues	<u>\$ 6,391</u>	<u>\$ 3,004</u>	<u>\$ 3,891</u>	<u>\$ 13,286</u>

For the Three Months Ended June 30, 2011 <sup>(1)</sup>				
	Kraft Foods North America	Kraft Foods Europe	Kraft Foods Developing Markets	Total
	(in millions)			
Biscuits	\$ 1,457	\$ 745	\$ 876	\$ 3,078
Confectionery	456	1,351	1,881	3,688
Beverages	932	868	822	2,622
Cheese	1,294	343	250	1,887
Grocery	938	118	171	1,227
Convenient Meals	1,241	100	35	1,376
Total net revenues	<u>\$ 6,318</u>	<u>\$ 3,525</u>	<u>\$ 4,035</u>	<u>\$ 13,878</u>

For the Six Months Ended June 30, 2012				
	Kraft Foods North America	Kraft Foods Europe	Kraft Foods Developing Markets	Total
	(in millions)			
Biscuits	\$ 3,004	\$ 1,233	\$ 1,725	\$ 5,962
Confectionery	849	2,608	3,691	7,148
Beverages	1,769	1,480	1,496	4,745
Cheese	2,649	540	502	3,691
Grocery	1,642	160	345	2,147
Convenient Meals	2,490	134	62	2,686
Total net revenues	<u>\$ 12,403</u>	<u>\$ 6,155</u>	<u>\$ 7,821</u>	<u>\$ 26,379</u>

For the Six Months Ended June 30, 2011 <sup>(1)</sup>				
	Kraft Foods North America	Kraft Foods Europe	Kraft Foods Developing Markets	Total
	(in millions)			
Biscuits	\$ 2,855	\$ 1,311	\$ 1,604	\$ 5,770
Confectionery	881	2,756	3,756	7,393
Beverages	1,897	1,533	1,448	4,878
Cheese	2,563	602	475	3,640
Grocery	1,655	188	308	2,151
Convenient Meals	2,403	151	65	2,619
Total net revenues	<u>\$ 12,254</u>	<u>\$ 6,541</u>	<u>\$ 7,656</u>	<u>\$ 26,451</u>

(1) We reclassified certain sector net revenues for the three and six months ended June 30, 2011 to conform with the current year presentation.

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## 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"). We expect to create these companies through a spin-off of the North American Grocery Business to our shareholders ("Spin-Off"). Following the Spin-Off, we will hold the Global Snacks Business and change our name to Mondelez International, Inc. ("Mondelez"). Mondelez 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. Our subsidiary, Kraft Foods Group, Inc. ("Kraft Foods Group") will hold the North American Grocery Business, which 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 have received a private letter ruling from the Internal Revenue Service ("IRS") confirming that, based on certain representations, assumptions and undertakings, the Spin-Off will be tax-free to our U.S. shareholders for U.S. federal income tax purposes.

On April 2, 2012, Kraft Foods Group filed the initial registration statement on Form 10 with the U.S. Securities and Exchange Commission ("SEC"). On August 2, 2012, we announced that we expect to complete the Spin-Off at 5:00 p.m., Eastern Daylight Time, on October 1, 2012.

The Spin-Off transaction is subject to a number of conditions, including the continued validity of the private letter ruling that we received from the IRS, the receipt and continued validity of a ruling from the Canada Revenue Agency related to 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 on October 1, 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 decreased 4.3% to \$13.3 billion in the second quarter of 2012 and decreased 0.3% to \$26.4 billion in the first six months of 2012 as compared to the same period in the prior year. Our reported net revenues were significantly impacted by unfavorable foreign currency and the lapping of prior-year accounting calendar changes as noted in the Discussion and Analysis.
- 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 3.4% to \$14.0 billion in the second quarter of 2012 and increased 4.9% to \$27.3 billion in the first six months of 2012 as compared to the same period in prior year. Organic Net Revenues is on a constant currency basis and excludes the impact of accounting calendar changes and the cessation of the Starbucks CPG business in the prior year.
- Diluted EPS attributable to Kraft Foods increased 5.5% to \$0.58 in the second quarter of 2012 as compared to \$0.55 from the same period in the prior year. Diluted EPS attributable to Kraft Foods increased 2.0% to \$1.03 in the first six months of 2012 as compared to \$1.01 from the same period in the prior year.

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- 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 9.7% to \$0.68 in the second quarter of 2012 as compared to \$0.62 from the same period in the prior year. Operating EPS increased 9.6% to \$1.25 in the first six months of 2012 from the same period in the prior year. Operating EPS provides transparency of our underlying results and excludes Spin-Off Costs, 2012-2014 Restructuring Program costs and Cadbury Integration Program costs.
  - 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, as a guarantor, with Kraft Foods Group, entered into a \$4.0 billion 364-day senior unsecured revolving credit facility in connection with the Spin-Off. The facility expires on March 7, 2013. On July 18, 2012, we effected a mandatory \$2.6 billion reduction of the unused commitment under the facility, leaving us with \$1.4 billion of borrowing capacity under the facility. We intend to use the proceeds of this facility, as necessary, to support working capital needs and for other general corporate purposes.
  - On May 18, 2012, we, as a guarantor, with Kraft Foods Group, entered into a \$3.0 billion five-year senior unsecured revolving credit facility in connection with the Spin-Off. The agreement expires on May 17, 2017. We intend to use the proceeds for general corporate purposes.
  - On June 1, 2012, \$900 million of our 6.25% notes matured. The notes were repaid using primarily commercial paper borrowings which were subsequently repaid on June 4, 2012 in connection with the Kraft Foods Group \$6.0 billion notes issuance.
  - On June 4, 2012, Kraft Foods Group issued \$6.0 billion of senior unsecured notes with a weighted average interest rate of 3.938%. We received net proceeds of \$5.9 billion which we used to pay \$3.6 billion of outstanding commercial paper borrowings and expect to use the remaining cash proceeds to pay down additional debt over time or for general corporate purposes.
  - On July 18, 2012, we completed a debt exchange in which \$3.6 billion of our debt was exchanged for debt of Kraft Foods Group as part of our Spin-Off related capitalization plan. No cash was generated from the exchange. The debt exchange will be reflected in our consolidated financial statements in the third quarter. We also anticipate transferring approximately \$400 million of our 7.55% senior unsecured notes to Kraft Foods Group to complete the key elements of our debt migration plan in connection with the Spin-Off.

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## **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. (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 to \$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.

We refer to one-time Spin-Off transaction, transition and financing and related costs collectively as "Spin-Off Costs." During the three months ended June 30, 2012, we recorded Spin-Off Costs of \$100 million within selling, general and administrative expenses and \$28 million in interest and other expenses, net. During the six months ended June 30, 2012, we recorded Spin-Off Costs of \$139 million within selling, general and administrative expenses and \$162 million in interest and other expenses, net.

#### ***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 primary objective of the restructuring and implementation activities is to ensure that both the North American Grocery Business and Global Snacks Business are set up to operate efficiently and execute their respective business strategies upon separation of the companies and prospectively. The program is expected to be completed by the end of 2014, and we expect to fund the restructuring and implementation costs with cash from operations and financing activities.

We anticipate incurring approximately \$950 million of restructuring charges, of which approximately \$560 million are expected to be cash expenditures through 2014. We recorded one-time restructuring charges of \$83 million, or \$0.03 per diluted share, for the three months ended and \$161 million, or \$0.06 per diluted share, for the six months ended June 30, 2012 within asset impairment and exit costs. We spent \$30 million in the three months and \$42 million in the six months ended June 30, 2012 in cash, and we also recognized non-cash asset write-downs totaling \$21 million in the three months and \$55 million in the six months ended June 30, 2012. We also incurred implementation costs of \$7 million for the three months and \$8 million for the six months ended June 30, 2012, which had an immaterial impact per diluted share. These costs were recorded within cost of sales and 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 \$35 million for the three months and \$78 million for the six months ended June 30, 2012 and \$136 million for the three months and \$240 million for the six months ended June 30, 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 within general corporate expenses. Since the inception of the Integration Program, we have incurred \$1.3 billion of the \$1.5 billion in expected charges. At June 30, 2012, we had an accrual of \$307 million related to the Integration Program. Refer to Note 7, *Integration Program*, for further details of our Integration Program.

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### ***Accounting Calendar Changes in 2011***

In the second quarter of 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. These changes resulted in a favorable impact to net revenues of approximately \$360 million and a favorable impact of approximately \$50 million to operating income in the second quarter of 2011.

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

On March 1, 2011, the Starbucks Coffee Company ("Starbucks") took control of the Starbucks packaged coffee business ("Starbucks CPG business") in grocery stores and other channels. Starbucks did so without our authorization and in what we contend is a violation and breach of our license and supply agreement with Starbucks related to the Starbucks CPG business. The dispute is in arbitration in Chicago, Illinois. We are seeking appropriate remedies, including payment of the fair market value of the supply and license agreement, plus the premium this agreement specifies, prejudgment interest under New York law and attorney's fees. Starbucks has counterclaimed for damages. The arbitration proceeding began on July 11, 2012 and is ongoing. If the final determination of this dispute is not made prior to the date of the Spin-Off, Kraft Foods Group will continue prosecuting and defending the dispute. Kraft Foods Group will direct any recovery awarded in the arbitration proceeding to us. We will reimburse Kraft Foods Group for any costs and expenses it incurs in connection with the arbitration proceeding following the Spin-Off.

### ***Provision for Income Taxes***

Our effective tax rate was 28.7% in the second quarter of 2012 and 28.4% for the first six months of 2012. The 2012 second quarter effective tax rate was favorably impacted by net discrete items totaling \$19 million which primarily related to the resolution of outstanding tax matters, principally in foreign jurisdictions. For the first six months of 2012, our effective tax rate was favorably impacted by net discrete items totaling \$26 million which primarily related to the resolution of outstanding tax matters, principally in foreign jurisdictions, expiration of the statute of limitations in various foreign jurisdictions and net favorable foreign and state audit settlements.

Our effective tax rate was 28.5% in the second quarter of 2011 and 30.7% in the first six months of 2011. The 2011 second quarter effective tax rate was favorably impacted by net discrete items totaling \$52 million, arising principally from the favorable resolution with foreign tax authorities of several tax positions taken in prior years. For the first six months of 2011, our effective tax rate was favorably impacted by net discrete items totaling \$58 million, primarily from favorable resolutions reached with foreign tax authorities in the second quarter.

## Consolidated Results of Operations

The following discussion compares our consolidated results of operations for the three and six months ended June 30, 2012 and 2011.

### Three Months Ended June 30:

	For the Three Months Ended				
	June 30,				
	2012	2011	\$ change	% change	
	(in millions, except per share data)				
Net revenues	\$ 13,286	\$ 13,878	\$ (592)	(4.3%)	
Operating income	\$ 1,879	\$ 1,806	\$ 73	4.0%	
Net earnings attributable to Kraft Foods	\$ 1,029	\$ 976	\$ 53	5.4%	
Diluted earnings per share attributable to Kraft Foods	\$ 0.58	\$ 0.55	\$ 0.03	5.5%	

*Net Revenues* – Net revenues decreased \$592 million (4.3%) to \$13,286 million in the second quarter of 2012, and Organic Net Revenues<sup>(1)</sup> increased \$454 million (3.4%) to \$13,971 million as follows:

Change in net revenues (by percentage point)		
Higher net pricing		4.0pp
Unfavorable volume/mix		(0.6)pp
<b>Total change in Organic Net Revenues<sup>(1)</sup></b>		<b>3.4%</b>
Unfavorable foreign currency		(5.0)pp
Impact of accounting calendar changes		(2.7)pp
<b>Total change in net revenues</b>		<b>(4.3)%</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, partially offset by unfavorable volume/mix (including a detriment of approximately 1.2 pp due to the Easter shift which benefited the first quarter this year). Higher net pricing, primarily due to pricing actions taken in prior quarters, was realized across all reportable business segments, as we increased pricing to offset higher input costs. Unfavorable volume/mix was driven by lower shipments across all reportable business segments within Kraft Foods North America, except U.S. Cheese, and in Kraft Foods Europe, partially offset by higher shipments in Kraft Foods Developing Markets. Unfavorable foreign currency decreased net revenues by \$685 million, due primarily to the strength of the U.S. dollar relative to most foreign currencies, primarily the euro, Brazilian real, Canadian dollar, Indian rupee and Mexican peso. In addition, non-recurring accounting calendar changes made in the second quarter of 2011 resulted in a year-over-year decrease in net revenues of \$361 million.

Operating Income – Operating income increased \$73 million (4.0%) to \$1,879 million in the second quarter of 2012, and Adjusted Operating Income<sup>(1)</sup> increased \$162 million (8.3%) to \$2,104 million due to the following:

	Operating Income	Change
	(in millions)	(percentage point)
<b>Operating Income for the Three Months Ended June 30, 2011</b>	<b>\$ 1,806</b>	
Integration Program costs	136	8.1pp
<b>Adjusted Operating Income<sup>(1)</sup> for the Three Months Ended June 30, 2011</b>	<b>\$ 1,942</b>	
Higher net pricing	537	28.4pp
Higher input costs	(254)	(13.4)pp
Unfavorable volume/mix	(47)	(2.5)pp
Higher selling, general and administrative expenses	(72)	(3.8)pp
Change in unrealized gains / (losses) on hedging activities	129	6.8pp
Unfavorable foreign currency	(75)	(3.9)pp
Decreased operating income from prior year accounting calendar change	(51)	(3.0)pp
Other, net	(5)	(0.3)pp
<b>Total change in Adjusted Operating Income<sup>(1)</sup></b>	<b>\$ 162</b>	<b>8.3%</b>
<b>Adjusted Operating Income<sup>(1)</sup> for the Three Months Ended June 30, 2012</b>	<b>\$ 2,104</b>	
Spin-Off Costs	(100)	(5.6)pp
2012-2014 Restructuring Program costs	(90)	(5.0)pp
Integration Program costs	(35)	(1.8)pp
<b>Operating Income for the Three Months Ended June 30, 2012</b>	<b>\$ 1,879</b>	<b>4.0%</b>

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

Higher net pricing, which reflected primarily pricing actions taken in prior quarters, outpaced increased input costs during the quarter. The increase in input costs was driven by higher raw material costs, partially offset by lower manufacturing costs. Unfavorable volume/mix was driven by declines in all reportable segments in Kraft Foods North America, except U.S. Convenient Meals, and was partially offset by favorable contributions from Kraft Foods Developing Markets and Kraft Foods Europe. Total selling, general and administrative expenses decreased \$154 million from the second quarter of 2011, due primarily to benefits from a favorable impact of foreign currency on expenses, lower Integration Program costs, and higher expenses in the prior year related to accounting calendar changes, partially offset by the Spin-Off Costs and 2012-2014 Restructuring Program costs incurred in the second quarter of 2012. Excluding these factors, selling, general and administrative expenses increased \$72 million from the second 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 increased operating income by \$129 million, as we recognized gains of \$29 million in the second quarter of 2012, versus losses of \$100 million in the second quarter of 2011. Unfavorable foreign currency decreased operating income by \$75 million, due primarily to the strength of the U.S. dollar relative to most foreign currencies, primarily the euro, Brazilian real, Canadian dollar and Mexican peso. Accounting calendar changes made in the second quarter of 2011 resulted in a year-over-year decrease in operating income of \$51 million.

As a result of the net effect of these drivers, operating income margin increased, from 13.0% in the second quarter of 2011 to 14.1% in the second quarter of 2012. The margin increase was due primarily to the favorable change in unrealized gains, the impact of pricing actions taken in prior quarters net of increased input costs, and lower Integration Program costs, partially offset by 2012-2014 Restructuring Program costs and Spin-Off Costs.

*Net Earnings and Diluted Earnings per Share Attributable to Kraft Foods* – Net earnings attributable to Kraft Foods of \$1,029 million increased by \$53 million (5.4%) in the second quarter of 2012. Diluted EPS attributable to Kraft Foods was \$0.58 in the second quarter of 2012, up \$0.03 (5.5%) from \$0.55 in the second quarter of 2011. Operating EPS<sup>(1)</sup> was \$0.68 in the second quarter of 2012, up \$0.06 (9.7%) from \$0.62 in the second 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 June 30, 2011</b>	<b>\$ 0.55</b>
Integration Program costs	0.07
<b>Operating EPS<sup>(1)</sup> for the Three Months Ended June 30, 2011</b>	<b>\$ 0.62</b>
Increases in operations	0.06
Change in unrealized gains / (losses) on hedging activities	0.05
Impact from prior year accounting calendar change	(0.02)
Lower interest and other expense, net	0.01
Unfavorable foreign currency <sup>(2)</sup>	(0.03)
Changes in taxes	(0.01)
<b>Operating EPS<sup>(1)</sup> for the Three Months Ended June 30, 2012</b>	<b>\$ 0.68</b>
Spin-Off Costs <sup>(3)</sup>	(0.05)
2012-2014 Restructuring Program costs	(0.03)
Integration Program costs	(0.02)
<b>Diluted EPS Attributable to Kraft Foods for the Three Months Ended June 30, 2012</b>	<b>\$ 0.58</b>

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

(2) Includes the favorable foreign currency impact on interest expense related to our foreign denominated debt.

(3) Includes \$100 million of pre-tax Spin-Off Costs in selling, general and administrative expense and \$28 million in interest expense.



Six Months Ended June 30:

	For the Six Months Ended			
	June 30,		\$ change	% change
	2012	2011		
	(in millions, except per share data)			
Net revenues	\$ 26,379	\$ 26,451	\$ (72)	(0.3%)
Operating income	\$ 3,570	\$ 3,452	\$ 118	3.4%
Net earnings attributable to Kraft Foods	\$ 1,842	\$ 1,775	\$ 67	3.8%
Diluted earnings per share attributable to Kraft Foods	\$ 1.03	\$ 1.01	\$ 0.02	2.0%

Net Revenues – Net revenues decreased \$72 million (0.3%) to \$26,379 million in the first six months of 2012, and Organic Net Revenues<sup>(1)</sup> increased \$1,264 million (4.9%) to \$27,263 million as follows:

Change in net revenues (by percentage point)	
Higher net pricing	4.7pp
Favorable volume/mix	0.2pp
<b>Total change in Organic Net Revenues<sup>(1)</sup></b>	<b>4.9%</b>
Unfavorable foreign currency	(3.3)pp
Impact of accounting calendar changes	(1.5)pp
Impact of Starbucks CPG cessation	(0.4)pp
<b>Total change in net revenues</b>	<b>(0.3)%</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, including the impact of pricing from prior periods, was reflected across all reportable business segments as we increased pricing to offset higher input costs. Favorable volume/mix was driven by higher shipments in Kraft Foods Developing Markets and Kraft Foods Europe, mostly offset by lower shipments across all reportable business segments within Kraft Foods North America. Unfavorable foreign currency decreased net revenues by \$884 million, due primarily to the strength of the U.S. dollar relative to most foreign currencies, primarily the euro, Brazilian real and Indian rupee. In addition, non-recurring accounting calendar changes made in the second quarter of 2011 resulted in a year-over-year decrease in net revenues of \$361 million. The Starbucks CPG business cessation also decreased net revenues by \$91 million.

Operating Income – Operating income increased \$118 million (3.4%) to \$3,570 million in the first six months of 2012, and Adjusted Operating Income<sup>(1)</sup> increased \$264 million (7.2%) to \$3,956 million due to the following:

	Operating Income	Change
	(in millions)	(percentage point)
<b>Operating Income for the Six Months Ended June 30, 2011</b>	<b>\$ 3,452</b>	
Integration Program costs	240	7.3pp
<b>Adjusted Operating Income<sup>(1)</sup> for the Six Months Ended June 30, 2011</b>	<b>\$ 3,692</b>	
Higher net pricing	1,230	33.9pp
Higher input costs	(812)	(22.3)pp
Unfavorable volume/mix	(8)	(0.2)pp
Higher selling, general and administrative expenses	(113)	(3.1)pp
Gain on sale of property	55	1.5pp
Change in unrealized gains / (losses) on hedging activities	85	2.3pp
Unfavorable foreign currency	(84)	(2.2)pp
Decreased operating income from prior year accounting calendar change	(51)	(1.5)pp
Asset impairment charge	(20)	(0.6)pp
Decreased operating income from the Starbucks CPG business cessation	(15)	(0.5)pp
Other, net	(3)	(0.1)pp
<b>Total change in Adjusted Operating Income<sup>(1)</sup></b>	<b>\$ 264</b>	<b>7.2%</b>
<b>Adjusted Operating Income<sup>(1)</sup> for the Six Months Ended June 30, 2012</b>	<b>\$ 3,956</b>	
Spin-Off Costs	(139)	(4.0)pp
2012-2014 Restructuring Program costs	(169)	(4.9)pp
Integration Program costs	(78)	(2.2)pp
<b>Operating Income for the Six Months Ended June 30, 2012</b>	<b>\$ 3,570</b>	<b>3.4%</b>

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

Higher net pricing, including the impact of pricing actions taken in previous periods, outpaced increased input costs during the first six months of 2012. The increase in input costs was driven by higher raw material costs, partially offset by lower manufacturing costs. Unfavorable volume/mix was driven by declines in all reportable segments in Kraft Foods North America, except U.S. Convenient Meals, mostly offset by strong contributions from Kraft Foods Developing Markets and Kraft Foods Europe. Total selling, general and administrative expenses decreased \$265 million from the first six months of 2011, due primarily to benefits from a favorable impact of foreign currency on expenses, lower Integration Program costs, higher expenses in the prior year related to accounting calendar changes, a gain on the sale of property in Russia and the Starbucks CPG business cessation, partially offset by the Spin-Off Costs and 2012-2014 Restructuring Program costs incurred in the first six months of 2012. Excluding these factors, selling, general and administrative expenses increased \$113 million from the first six months of 2011, driven entirely by Kraft Foods Developing Markets in support of its business growth. The change in unrealized gains / (losses) on hedging activities increased operating income by \$85 million, as we recognized gains of \$47 million in the first six months of 2012, versus losses of \$38 million in the first six months of 2011. Unfavorable foreign currency decreased operating income by \$84 million, due primarily to the strength of the U.S. dollar relative to most foreign currencies, primarily the euro, Brazilian real, partially offset by the impact of adjustments in the prior year related to the highly inflationary Venezuelan economy. Accounting calendar changes made in the second quarter of 2011 resulted in a decrease in operating income of \$51 million. During the first quarter of 2012, we recorded an asset impairment charge of \$20 million related to a trademark in Japan. The Starbucks CPG cessation, which occurred on March 1, 2011, decreased operating income by \$15 million.

As a result of the net effect of these drivers, operating income margin increased, from 13.1% in the first six months of 2011 to 13.5% in the first six months of 2012. The margin increase was due primarily to overhead leverage, lower Integration Program costs and the impact of pricing actions taken in prior quarters net of increased input costs, partially offset by 2012-2014 Restructuring Program costs and Spin-Off Costs.

*Net Earnings and Diluted Earnings per Share Attributable to Kraft Foods* – Net earnings attributable to Kraft Foods of \$1,842 million increased by \$67 million (3.8%) in the first six months of 2012. Diluted EPS attributable to Kraft Foods was \$1.03 in the first six months of 2012, up \$0.02 (2.0%) from \$1.01 in the first six months of 2011. Operating EPS<sup>(1)</sup> was \$1.25 in the first six months of 2012, up \$0.11 (9.6%) from \$1.14 in the first six months of 2011. These changes were due to the following:

	<b>Diluted EPS</b>
<b>Diluted EPS Attributable to Kraft Foods for the Six Months Ended June 30, 2011</b>	<b>\$ 1.01</b>
Integration Program costs	0.13
<b>Operating EPS<sup>(1)</sup> for the Six Months Ended June 30, 2011</b>	<b>\$ 1.14</b>
Increases in operations	0.12
Change in unrealized gains / (losses) on hedging activities	0.03
Gain on sale of property	0.02
Impact from prior year accounting calendar change	(0.02)
Asset impairment charge	(0.01)
Decreased operating income from the Starbucks CPG business cessation	(0.01)
Lower interest and other expense, net	0.02
Unfavorable foreign currency <sup>(2)</sup>	(0.02)
Changes in taxes	(0.01)
Higher shares outstanding	(0.01)
<b>Operating EPS<sup>(1)</sup> for the Six Months Ended June 30, 2012</b>	<b>\$ 1.25</b>
Spin-Off Costs <sup>(3)</sup>	(0.12)
2012-2014 Restructuring Program costs	(0.06)
Integration Program costs	(0.04)
<b>Diluted EPS Attributable to Kraft Foods for the Six Months Ended June 30, 2012</b>	<b>\$ 1.03</b>

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

(3) Includes the favorable foreign currency impact on interest expense related to our foreign denominated debt.

(4) Includes \$139 million of pre-tax Spin-Off Costs in selling, general and administrative expense and \$162 million in interest expense.

## 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 and six months ended June 30, 2012 and 2011.

	For the Three Months Ended		For the Six Months Ended	
	June 30,		June 30,	
	2012	2011	2012	2011
	(in millions)			
Net revenues:				
Kraft Foods North America:				
U.S. Beverages	\$ 778	\$ 779	\$ 1,486	\$ 1,600
U.S. Cheese	900	875	1,832	1,749
U.S. Convenient Meals	903	881	1,710	1,673
U.S. Grocery	989	973	1,841	1,767
U.S. Snacks	1,555	1,510	3,095	3,002
Canada & N.A. Foodservice	1,266	1,300	2,439	2,463
Kraft Foods Europe	3,004	3,525	6,155	6,541
Kraft Foods Developing Markets	3,891	4,035	7,821	7,656
Net revenues	<u>\$ 13,286</u>	<u>\$ 13,878</u>	<u>\$ 26,379</u>	<u>\$ 26,451</u>
Earnings before income taxes:				
Operating income:				
Kraft Foods North America:				
U.S. Beverages	\$ 134	\$ 138	\$ 232	\$ 299
U.S. Cheese	156	143	323	277
U.S. Convenient Meals	129	99	222	204
U.S. Grocery	381	379	690	671
U.S. Snacks	198	192	402	385
Canada & N.A. Foodservice	176	188	300	339
Kraft Foods Europe	396	415	780	723
Kraft Foods Developing Markets	544	518	1,069	923
Unrealized gains / (losses) on hedging activities	29	(100)	47	(38)
Certain U.S. pension plan costs	(67)	(44)	(147)	(86)
General corporate expenses	(144)	(65)	(239)	(131)
Amortization of intangibles	(53)	(57)	(109)	(114)
Operating income	<u>1,879</u>	<u>1,806</u>	<u>3,570</u>	<u>3,452</u>
Interest and other expense, net	429	441	982	887
Earnings before income taxes	<u>\$ 1,450</u>	<u>\$ 1,365</u>	<u>\$ 2,588</u>	<u>\$ 2,565</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.

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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 took control of the Starbucks CPG business in grocery stores and other channels. Starbucks did so without our authorization and in what we contend is a violation and breach of our license and supply agreement with Starbucks related to the Starbucks CPG business. The dispute is in arbitration in Chicago, Illinois. We are seeking appropriate remedies, including payment of the fair market value of the supply and license agreement, plus the premium this agreement specifies, prejudgment interest under New York law and attorney's fees. Starbucks has counterclaimed for damages. The arbitration proceeding began on July 11, 2012 and is ongoing. If the final determination of this dispute is not made prior to the date of the Spin-Off, Kraft Foods Group will continue prosecuting and defending the dispute. Kraft Foods Group will direct any recovery awarded in the arbitration proceeding to us. We will reimburse Kraft Foods Group for any costs and expenses it incurs in connection with the arbitration proceeding following the Spin-Off.

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.

Net changes in unrealized gains / (losses) on hedging activities were favorable, primarily related to gains on foreign currency contracts and commodity hedging activity of \$29 million for the three months ended June 30, 2012, and were unfavorable due to losses of \$100 million for the three months ended June 30, 2011. Net changes in unrealized gains / (losses) on hedging activities were favorable, primarily related to gains on foreign currency contracts and commodity hedging activity of \$47 million for the six months ended June 30, 2012, and were unfavorable due to losses of \$38 million for the six months ended June 30, 2011.

In connection with our 2012-2014 Restructuring Program, we recorded restructuring charges of \$83 million for the three months and \$161 million for the six months ended June 30, 2012. We also recorded implementation costs of \$7 million for the three months and \$8 million for the six months ended June 30, 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 cost of sales and selling, general and administrative expenses. These charges are recorded primarily within our Kraft Foods North America geographic unit.

We incurred charges under the Integration Program of \$35 million for the three months and \$78 million for the six months ended June 30, 2012 and \$136 million for the three months and \$240 million for the six months ended June 30, 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 within general corporate expenses.

The increase in general corporate expenses for the three months ended June 30, 2012 was due primarily to \$100 million of Spin-Off Costs incurred during the quarter, partially offset by lower Integration Program costs. The increase in general corporate expenses for the six months ended June 30, 2012 was due primarily to \$139 million of Spin-Off Costs incurred during the quarter, partially offset by lower Integration Program costs.

The decrease in interest and other expense, net for the three months ended June 30, 2012 was due primarily to lower average outstanding debt during the quarter, partially offset by Spin-Off Costs within interest expense of \$28 million. The increase in interest and other expense, net for the six months ended June 30, 2012 was due primarily to Spin-Off Costs within interest expense of \$162 million.

*U.S. Beverages*

	For the Three Months Ended			
	June 30,		\$ change	% change
	2012	2011		
	(in millions)			
Net revenues	\$ 778	\$ 779	\$ (1)	(0.1%)
Segment operating income	134	138	(4)	(2.9%)
	For the Six Months Ended			
	June 30,		\$ change	% change
	2012	2011		
	(in millions)			
Net revenues	\$ 1,486	\$ 1,600	\$ (114)	(7.1%)
Segment operating income	232	299	(67)	(22.4%)

**Three Months Ended June 30:**

Net revenues decreased \$1 million (0.1%), due to unfavorable volume/mix (0.9 pp, including a detriment of approximately 0.6 pp due to the Easter shift), partially offset by higher net pricing (0.8 pp). Unfavorable volume/mix was driven primarily by lower shipments in *Capri Sun* ready-to-drink beverages and powdered beverages, partially offset by higher shipments in *Kool-Aid* ready-to-drink beverages and *MiO* liquid concentrate. Higher net pricing was due primarily to higher input cost-driven pricing in ready-to-drink and powdered beverages, partially offset by lower input cost-driven pricing in coffee.

Segment operating income decreased \$4 million (2.9%), due primarily to unfavorable volume/mix, costs incurred for the 2012-2014 Restructuring Program and higher raw material costs. These unfavorable drivers were mostly offset by lower manufacturing costs and higher net pricing.

**Six Months Ended June 30:**

Net revenues decreased \$114 million (7.1%), due to the impact of the Starbucks CPG business cessation (5.3 pp) and unfavorable volume/mix (3.6 pp), partially offset by higher net pricing (1.8 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 higher shipments in *Kool-Aid* ready-to-drink beverages, *Gevalia* coffee due to its introduction into the retail market and *MiO* liquid concentrate. Higher net pricing was due primarily to higher input cost-driven pricing in ready-to-drink and powdered beverages, partially offset by lower input cost-driven pricing in coffee.

Segment operating income decreased \$67 million (22.4%), due primarily to higher raw material costs, unfavorable volume/mix, costs incurred for the 2012-2014 Restructuring Program and the impact of the Starbucks CPG business cessation. These unfavorable drivers were partially offset by higher net pricing, lower advertising and consumer promotion costs and lower manufacturing costs.

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*U.S. Cheese*

	For the Three Months Ended			
	June 30,		\$ change	% change
2012	2011			
	(in millions)			
Net revenues	\$ 900	\$ 875	\$ 25	2.9%
Segment operating income	156	143	13	9.1%
For the Six Months Ended				
June 30,				
2012	2011	\$ change	% change	
	(in millions)			
Net revenues	\$ 1,832	\$ 1,749	\$ 83	4.7%
Segment operating income	323	277	46	16.6%

***Three Months Ended June 30:***

Net revenues increased \$25 million (2.9%), due to higher net pricing (2.9 pp), as volume/mix was flat (including detriments of approximately 3.2 pp due to the Easter shift and approximately 1.0 pp due to product pruning). Higher net pricing across all major cheese categories, except natural cheese, was due to input cost-driven pricing actions. Volume/mix was flat driven primarily by lower shipments in cultured and cream cheese categories, offset by higher shipments in natural and processed cheese categories.

Segment operating income increased \$13 million (9.1%), due primarily to higher net pricing, lower manufacturing costs and lower other selling, general and administrative expenses (excluding advertising and consumer promotion costs), partially offset by costs incurred for the 2012-2014 Restructuring Program, higher advertising and consumer promotion costs and unfavorable volume/mix.

***Six Months Ended June 30:***

Net revenues increased \$83 million (4.7%), due to higher net pricing (7.9 pp), partially offset by unfavorable volume/mix (3.2 pp, including a detriment of approximately 0.7 pp due to product pruning). 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 cultured, natural cheese, processed cheese and cream cheese categories, partially offset by higher shipments in snacking cheeses.

Segment operating income increased \$46 million (16.6%), due primarily to higher net pricing, lower manufacturing costs and lower other selling, general and administrative expenses (excluding advertising and consumer promotion costs), partially offset by higher raw material costs (primarily higher dairy costs), costs incurred for the 2012-2014 Restructuring Program, unfavorable volume/mix and higher advertising and consumer promotion costs.

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*U.S. Convenient Meals*

	For the Three Months Ended			
	June 30,		\$ change	% change
2012	2011			
	(in millions)			
Net revenues	\$ 903	\$ 881	\$ 22	2.5%
Segment operating income	129	99	30	30.3%
For the Six Months Ended				
June 30,				
2012	2011	\$ change	% change	
	(in millions)			
Net revenues	\$ 1,710	\$ 1,673	\$ 37	2.2%
Segment operating income	222	204	18	8.8%

***Three Months Ended June 30:***

Net revenues increased \$22 million (2.5%), due to favorable volume/mix (1.3 pp, including detriments of approximately 2.0 pp due to product pruning and approximately 0.9 pp due to the Easter shift) and higher net pricing (1.2 pp). Higher net pricing was due to input cost-driven pricing actions primarily related to *Lunchables* and hot dogs. Favorable volume/mix was driven primarily by higher shipments in lunch meats and bacon, partially offset by lower shipments in hot dogs and *Lunchables*.

Segment operating income increased \$30 million (30.3%), due to higher net pricing, lower manufacturing costs, lower other selling, general and administrative expenses (excluding advertising and consumer promotion costs) and favorable volume/mix, partially offset by costs incurred for the 2012-2014 Restructuring Program.

***Six Months Ended June 30:***

Net revenues increased \$37 million (2.2%), due to higher net pricing (2.0 pp) and favorable volume/mix (0.2 pp, including a detriment of approximately 2.0 pp due to product pruning). Higher net pricing was due to input cost-driven pricing actions primarily related to hot dogs and *Lunchables*. Favorable volume/mix was primarily driven by higher shipments in lunch meats and bacon, partially offset by lower shipments in hot dogs.

Segment operating income increased \$18 million (8.8%), due primarily to higher net pricing, lower manufacturing costs and lower other selling, general and administrative expenses (excluding advertising and consumer promotion costs), partially offset by higher raw material costs and costs incurred for the 2012-2014 Restructuring Program.



*U.S. Grocery*

	For the Three Months Ended			
	June 30,		\$ change	% change
	2012	2011		
	(in millions)			
Net revenues	\$ 989	\$ 973	\$ 16	1.6%
Segment operating income	381	379	2	0.5%
	For the Six Months Ended			
	June 30,		\$ change	% change
	2012	2011		
	(in millions)			
Net revenues	\$ 1,841	\$ 1,767	\$ 74	4.2%
Segment operating income	690	671	19	2.8%

**Three Months Ended June 30:**

Net revenues increased \$16 million (1.6%), due to higher net pricing (4.9 pp), partially offset by unfavorable volume/mix (3.3 pp, including a detriment of approximately 2.9 pp due to the Easter shift). Higher net pricing was realized across most key categories, including *Kraft* macaroni and cheese dinners, pourable dressings and spoonable dressings. Unfavorable volume/mix was driven by lower shipments in pourable dressings, barbecue sauce, dessert toppings, spoonable dressings and ready-to-eat desserts, partially offset by higher shipments in *Kraft* macaroni and cheese dinners and *Planters* peanut butter.

Segment operating income increased \$2 million (0.5%), due to higher net pricing, lower advertising and consumer promotion costs and lower other selling, general and administrative expenses, partially offset by unfavorable volume/mix, higher raw material costs and costs incurred for the 2012-2014 Restructuring Program.

**Six Months Ended June 30:**

Net revenues increased \$74 million (4.2%), due to higher net pricing (3.9 pp) and favorable volume/mix (0.3 pp). Higher net pricing was realized across most key categories, including *Kraft* macaroni and cheese dinners, pourable dressings, spoonable dressings and ready-to-eat desserts. Favorable volume/mix was driven by higher shipments in *Kraft* macaroni and cheese dinners, *Planters* peanut butter and dry packaged desserts, mostly offset by lower shipments in barbecue sauce, ready-to-eat desserts and pourable dressings.

Segment operating income increased \$19 million (2.8%), due to higher net pricing, lower advertising and consumer promotion costs and lower other selling, general and administrative expenses, partially offset by higher raw material costs, unfavorable volume/mix and costs incurred for the 2012-2014 Restructuring Program.

*U.S. Snacks*

	For the Three Months Ended			
	June 30,			
	2012	2011	\$ change	% change
	(in millions)			
Net revenues	\$ 1,555	\$ 1,510	\$ 45	3.0%
Segment operating income	198	192	6	3.1%
	For the Six Months Ended			
	June 30,			
	2012	2011	\$ change	% change
	(in millions)			
Net revenues	\$ 3,095	\$ 3,002	\$ 93	3.1%
Segment operating income	402	385	17	4.4%

**Three Months Ended June 30:**

Net revenues increased \$45 million (3.0%), due to higher net pricing (7.4 pp), partially offset by unfavorable volume/mix (4.4 pp, including a detriment of approximately 0.3 pp due to product pruning). 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 cookies, primarily *Chips Ahoy!*, *100 Calorie Packs* and *Oreo*, partially offset by the introduction of *belVita* and higher shipments in crackers, primarily *Honey Maid* and *Triscuits*. Snack nuts net revenues decreased slightly, due to unfavorable volume/mix, mostly offset by higher net pricing. Confectionery net revenues decreased, due to unfavorable volume/mix and lower net pricing.

Segment operating income increased \$6 million (3.1%), due to higher net pricing, lower advertising and consumer promotion costs, lower Integration Program costs and lower manufacturing 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.

**Six Months Ended June 30:**

Net revenues increased \$93 million (3.1%), due to higher net pricing (7.4 pp), partially offset by unfavorable volume/mix (4.3 pp, including a detriment of approximately 0.3 pp due to product pruning). 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*, *100 Calorie Packs* and *Wheat Thins*, and cookies, primarily *Chips Ahoy!*, partially offset by higher shipments due to the introduction of *belVita* and volume gains in *Newtons* and *Oreo*. Snack nuts net revenues increased, due to higher net pricing, partially offset by unfavorable volume/mix. Confectionery net revenues decreased, due to unfavorable volume/mix, partially offset by higher net pricing.

Segment operating income increased \$17 million (4.4%), due to higher net pricing, lower advertising and consumer promotion costs, lower Integration Program costs and lower manufacturing 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.

	For the Three Months Ended			
	June 30,		\$ change	% change
	2012	2011		
	(in millions)			
Net revenues	\$ 1,266	\$ 1,300	\$ (34)	(2.6%)
Segment operating income	176	188	(12)	(6.4%)
	For the Six Months Ended			
	June 30,		\$ change	% change
	2012	2011		
	(in millions)			
Net revenues	\$ 2,439	\$ 2,463	\$ (24)	(1.0%)
Segment operating income	300	339	(39)	(11.5%)

**Three Months Ended June 30:**

Net revenues decreased \$34 million (2.6%), due to unfavorable foreign currency (2.8 pp) and unfavorable volume/mix (2.0 pp including a detriment of 3.2 pp due to product pruning), partially offset by higher net pricing (2.2 pp). In Canada, net revenues decreased driven by unfavorable foreign currency and unfavorable volume/mix, partially offset by higher net pricing. Unfavorable volume/mix was due primarily to the completion of a co-manufacturing agreement from a previous divestiture, the *Del Monte* ready-to-drink product exit and lower shipments in grocery and confections, partially offset by higher shipments in beverages, biscuits and cheese. In N.A. Foodservice, net revenues decreased driven by unfavorable volume/mix and unfavorable foreign currency.

Segment operating income decreased \$12 million (6.4%), due primarily to costs incurred for the 2012-2014 Restructuring Program, unfavorable volume/mix, higher other selling, general and administrative expenses (excluding advertising and consumer promotion costs) and higher raw material costs, partially offset by higher net pricing, lower Integration Program costs and lower manufacturing costs.

**Six Months Ended June 30:**

Net revenues decreased \$24 million (1.0%), due to unfavorable volume/mix (2.3 pp, including a detriment of 2.9 pp due to product pruning), unfavorable foreign currency (1.8 pp) and the impact of the Starbucks CPG business cessation (0.2 pp), partially offset by higher net pricing (3.3 pp). In Canada, net revenues decreased driven by unfavorable foreign currency, unfavorable volume/mix 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, the *Del Monte* ready-to-drink product exit and lower shipments in grocery, beverages and confections, partially offset by higher shipments in biscuits and cheese. In N.A. Foodservice, net revenues decreased driven by unfavorable volume/mix and unfavorable foreign currency, mostly offset by higher net pricing.

Segment operating income decreased \$39 million (11.5%), due to higher raw material costs, costs incurred for the 2012-2014 Restructuring Program, higher other selling, general and administrative expenses (excluding advertising and consumer promotion costs), unfavorable volume/mix and unfavorable foreign currency, partially offset by higher net pricing and lower Integration Program costs.

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**Kraft Foods Europe**

	For the Three Months Ended			
	June 30,		\$ change	% change
	2012	2011		
	(in millions)			
Net revenues	\$ 3,004	\$ 3,525	\$ (521)	(14.8%)
Segment operating income	396	415	(19)	(4.6%)
	For the Six Months Ended			
	June 30,		\$ change	% change
	2012	2011		
	(in millions)			
Net revenues	\$ 6,155	\$ 6,541	\$ (386)	(5.9%)
Segment operating income	780	723	57	7.9%

**Three Months Ended June 30:**

Net revenues decreased \$521 million (14.8%), due to unfavorable foreign currency (8.4 pp), the impact of prior year's accounting calendar changes (7.8 pp) and unfavorable volume/mix (1.1 pp, including a detriment of approximately 1.8 pp due to the Easter shift), partially offset by higher net pricing (2.5 pp). Unfavorable foreign currency primarily reflected the strength of the U.S. dollar relative to the euro, British pound and Swedish krona. Unfavorable volume/mix was driven primarily by lower shipments in coffee and gum & candy, partially offset by higher shipments in biscuits. Higher net pricing was reflected across all categories except chocolate.

Segment operating income decreased \$19 million (4.6%), due primarily to higher raw material costs, the impact of prior year's accounting calendar changes, unfavorable foreign currency and higher advertising and consumer promotion costs, partially offset by higher net pricing, lower Integration Program costs and lower manufacturing costs.

**Six Months Ended June 30:**

Net revenues decreased \$386 million (5.9%), due to unfavorable foreign currency (5.8 pp) and the impact of prior year's accounting calendar changes (4.3 pp), partially offset by higher net pricing (2.6 pp) and favorable volume/mix (1.6 pp). Unfavorable foreign currency primarily reflected the strength of the U.S. dollar relative to the euro, pounds sterling and Swedish krona. Favorable volume/mix was driven primarily by higher shipments in chocolate and biscuits, partially offset by lower shipments in gum & candy. Higher net pricing was reflected across all categories except chocolate and gum & candy.

Segment operating income increased \$57 million (7.9%), due to higher net pricing, lower manufacturing costs, lower Integration Program costs, favorable volume/mix and lower other selling, general and administrative expenses, partially offset by higher raw material costs, higher advertising and consumer promotion costs, unfavorable foreign currency and the impact of prior year's accounting calendar changes.

**Kraft Foods Developing Markets**

	For the Three Months Ended			
	June 30,		\$ change	% change
	2012	2011		
	(in millions)			
Net revenues	\$ 3,891	\$ 4,035	\$ (144)	(3.6%)
Segment operating income	544	518	26	5.0%
	For the Six Months Ended			
	June 30,		\$ change	% change
	2012	2011		
	(in millions)			
Net revenues	\$ 7,821	\$ 7,656	\$ 165	2.2%
Segment operating income	1,069	923	146	15.8%

**Three Months Ended June 30:**

Net revenues decreased \$144 million (3.6%), due to unfavorable foreign currency (8.7 pp) and the impact of prior year's accounting calendar changes (2.5 pp), partially offset by higher net pricing (5.7 pp) and favorable volume/mix (1.9 pp, net of a detriment of approximately 0.9 pp due to the Easter shift). In Central and Eastern Europe, net revenues decreased driven by unfavorable foreign currency, the impact of prior year's accounting calendar changes and unfavorable volume/mix, primarily in Southeast Europe and Russia, partially offset by higher net pricing across most of the region. In Middle East and Africa, net revenues were flat, as favorable volume/mix and higher net pricing across most of the region were offset by unfavorable foreign currency and the impact of prior year's accounting calendar changes. In Latin America, net revenues decreased driven by unfavorable foreign currency, the impact of prior year's accounting calendar changes and unfavorable volume/mix, primarily in Brazil and Argentina, partially offset by higher net pricing across the region. In Asia Pacific, net revenues increased due to favorable volume/mix, primarily in Australia/New Zealand, China and Southeast Asia, higher net pricing across most of the region, partially offset by unfavorable foreign currency.

Segment operating income increased \$26 million (5.0%), due primarily to higher net pricing, lower Integration Program costs, favorable volume/mix and lower manufacturing costs, partially offset by higher raw material costs, unfavorable foreign currency, higher advertising and consumer promotion costs, higher other selling, general and administrative expenses, the impact from prior year's accounting calendar changes and costs incurred for the 2012-2014 Restructuring Program.

**Six Months Ended June 30:**

Net revenues increased \$165 million (2.2%), due to higher net pricing (6.5 pp) and favorable volume/mix (3.0 pp), partially offset by unfavorable currency (6.0 pp) and the impact of prior year's accounting calendar changes (1.3 pp). In Central and Eastern Europe, net revenues decreased driven by unfavorable foreign currency, the impact of prior year's accounting calendar changes and unfavorable volume/mix, primarily in Ukraine and Turkey, partially offset by higher net pricing across the region. 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 and the impact of prior year's accounting calendar changes. 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 and the impact of prior year's accounting calendar changes. In Asia Pacific, net revenues increased due to favorable volume/mix, primarily in China, Southeast Asia and Australia/New Zealand, higher net pricing across most of the region, partially offset by unfavorable foreign currency.

Segment operating income increased \$146 million (15.8%), due primarily to higher net pricing, favorable volume/mix, a gain on the sale of property in Russia, lower Integration Program costs and lower manufacturing costs, partially offset by higher raw material costs, higher advertising and consumer promotion costs, higher other selling, general and administrative expenses, unfavorable foreign currency, an asset impairment charge related to a trademark in Japan, the impact from prior year's accounting calendar changes and costs incurred for the 2012-2014 Restructuring Program.

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## **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 six months of 2012, our aggregate commodity costs increased over the comparable prior year period, primarily as a result of packaging material costs, coffee beans, grain and oil costs, cocoa and sugar, nuts and dairy costs. 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 \$3.0 billion and \$1.4 billion Kraft Foods Group revolving credit facilities 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 Provided by Operating Activities:*

During the first six months of 2012, net cash provided by operating activities was \$1,208 million, compared with \$296 million provided in the first six months of 2011. The increase in cash provided by operating cash flows primarily relates to lower contributions in the current year to our pension plans and increased earnings, partially offset by higher other working capital costs (mainly due to increased receivables offset by lower cash expended on building inventory in the first half of the current year than in the first half of the prior year).

During the first six months of 2012, we contributed \$22 million to our U.S. pension plans and \$182 million to our non-U.S. pension plans. We plan to make further contributions of approximately \$33 million to our U.S. plans and approximately \$243 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, significant differences between expected and actual pension asset performance or interest rates, or considerations related to the Spin-Off. We may make additional contributions to primarily U.S. and Canadian pension plans in preparation for the separation of the Kraft Foods Group and Mondelez plans.

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

During the first six months of 2012, net cash used in investing activities was \$644 million, compared with \$625 million in the first six months of 2011. Higher capital expenditures in the first six months of 2012 were primarily offset by proceeds received from the sale of property, plant and equipment in the first six months of 2012.

Capital expenditures, which were funded by operating activities, were \$740 million in the first six months of 2012. We expect full-year capital expenditures to be approximately \$2.1 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 six months of 2012, net cash provided by financing activities was \$2,126 million, compared with \$40 million in the first six months of 2011. The increase in net cash provided by financing activities was primarily due to higher proceeds from the issuance of long-term debt during the first six months of 2012, partially offset by an increase in long-term debt repayments in the first six months of 2012, a decrease in the issuance of short-term borrowings, a decrease in proceeds from stock option exercises and higher cash expenditures for debt issuance costs.

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*Borrowing Arrangements:*

We maintain 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 June 30, 2012, our total shareholders' equity, excluding accumulated other comprehensive earnings / (losses), was \$42.8 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 June 30, 2012, no amounts were drawn on this credit facility.

On March 8, 2012, in connection with the Spin-Off, we, as a guarantor, with Kraft Foods Group, entered into a \$4.0 billion 364-day senior unsecured revolving credit facility that expires on March 7, 2013. On July 18, 2012, we effected a mandatory \$2.6 billion reduction of the unused commitment under the facility, leaving us with \$1.4 billion of borrowing capacity under the facility. We intend to use the proceeds of this facility, as necessary, to support working capital needs and for other general corporate purposes. As of June 30, 2012, no amounts were drawn on this credit facility.

On May 18, 2012, in connection with the Spin-Off, we, as a guarantor, with Kraft Foods Group, entered into a \$3.0 billion five-year senior unsecured revolving credit facility that expires on May 17, 2017. 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. The revolving credit agreement requires Kraft Foods Group to maintain a minimum total shareholders' equity (excluding accumulated other comprehensive income or losses and any income or losses recognized in connection with "mark-to-market" accounting in respect of pension and other retirement plans). The revolving credit agreement also contains customary representations, covenants and events of default. We intend to use the proceeds of this facility for general corporate purposes. As of June 30, 2012, no amounts were drawn on this credit facility.

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 June 30, 2012. In the aggregate, borrowings on these lines were \$245 million at June 30, 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 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.

On June 1, 2012, \$900 million of our 6.25% notes matured. The notes were repaid using primarily commercial paper borrowings which were subsequently repaid on June 4, 2012 in connection with the Kraft Foods Group \$6.0 billion notes issuance.

On June 4, 2012, Kraft Foods Group issued \$6.0 billion of senior unsecured notes at a weighted-average effective rate of 3.938%. We received net proceeds of \$5.9 billion which we used to pay \$3.6 billion of outstanding commercial paper borrowings and expect to use the remaining cash proceeds to pay down additional debt over time or for general corporate purposes. We also recorded approximately \$260 million of deferred financing costs which will be recognized in interest expense over the life of the notes. The general terms of the \$6.0 billion notes are:

- \$1 billion notes due June 4, 2015 at a fixed, annual interest rate of 1.625%. Interest is payable semiannually beginning December 4, 2012.

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- \$1 billion notes due June 5, 2017 at a fixed, annual interest rate of 2.250%. Interest is payable semiannually beginning December 5, 2012.
  - \$2 billion notes due June 6, 2022 at a fixed, annual interest rate of 3.500%. Interest is payable semiannually beginning December 6, 2012.
  - \$2 billion notes due June 4, 2042 at a fixed, annual interest rate of 5.000%. Interest is payable semiannually beginning December 4, 2012.

On July 18, 2012, we completed a debt exchange in which \$3.6 billion of our debt was exchanged for debt of Kraft Foods Group in connection with our Spin-Off capitalization plans. No cash was generated from the exchange. The debt exchange will be reflected in our consolidated financial statements next quarter. The general terms of the \$3.6 billion notes issued by Kraft Foods Group are:

- \$1,035 million notes due August 23, 2018 at a fixed, annual interest rate of 6.125%. Interest is payable semiannually beginning August 23, 2012. (This debt was issued in exchange for \$596 million of our 6.125% Notes due in February 2018 and \$439 million of our 6.125% Notes due in August 2018).
- \$900 million notes due February 10, 2020 at a fixed, annual interest rate of 5.375%. Interest is payable semiannually beginning August 10, 2012. (This debt was issued in exchange for an approximately equal principal amount of our 5.375% Notes due in February 2020).
- \$878 million notes due January 26, 2039 at a fixed, annual interest rate of 6.875%. Interest is payable semiannually beginning July 26, 2012. (This debt was issued in exchange for approximately \$233 million of our 6.875% Notes due in January 2039, approximately \$290 million of our 6.875% Notes due in February 2038, approximately \$185 million of our 7.000% Notes due in August 2037 and approximately \$170 million of our 6.500% Notes due in November 2031).
- \$787 million notes due February 9, 2040 at a fixed, annual interest rate of 6.500%. Interest is payable semiannually beginning August 9, 2012. (This debt was issued in exchange for an approximately equal principal amount of our 6.500% Notes due in 2040).

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 \$30.2 billion at June 30, 2012 and \$26.9 billion at December 31, 2011. Our debt-to-capitalization ratio was 0.46 at June 30, 2012 and 0.43 at December 31, 2011. At June 30, 2012, the weighted-average term of our outstanding long-term debt was 10.8 years.

In the next 12 months, \$1.9 billion of long-term debt will mature as follows: C\$150 million (approximately \$148 million) in August 2012, \$750 million in February 2013 and \$1.0 billion in May 2013. We expect to fund these repayments with the remaining proceeds from the Kraft Foods Group's \$6.0 billion debt issuance in June 2012, 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 June 30, 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 have been redistributing our debt such that both Kraft Foods Group and we may obtain investment grade credit ratings as independent standalone companies following the Spin-Off. Kraft Foods Group is expected to incur an estimated \$10 billion of debt through a combination of long-term debt issuances 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 so that we may reduce our debt while Kraft Foods Group increases its debt to the planned capital structure. Through June 30, 2012, Kraft Foods Group has issued \$6.0 billion of notes and distributed the related proceeds to us. In July, they incurred \$3.6 billion of debt in a debt exchange with our noteholders. We also anticipate transferring approximately \$400 million of 7.55% long-term debt to Kraft Foods Group to complete the key elements of our debt migration plan in connection with the Spin-Off. None of the \$4 billion of debt migrated to Kraft Foods Group after June 30, 2012 will generate cash for Kraft Foods Group. Kraft Foods Group will continue to distribute cash from operations to us through the Spin-Off date.



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

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

During the first six months of 2012 our long-term debt and expected interest payments increased as we issued \$6.8 billion of long-term debt, which includes \$6.0 billion of senior unsecured notes issued by Kraft Foods Group and \$800 million of our floating rate notes. See Note 8, *Debt*, for additional information on the long-term debt issuances and related terms.

The following table summarizes our contractual obligations at June 30, 2012 for our total long-term debt and interest expense for the periods presented and as adjusted for the changes in our long-term debt through June 30, 2012 and the related impact on our interest expense.

	Payments Due for the 12-Month Period Ended June 30,				
	Total	2013	2014-15 (in millions)	2016-17	2018 and Thereafter
Long-term debt <sup>(1)</sup>	\$ 30,035	\$ 1,914	\$ 6,051	\$ 2,770	\$ 19,300
Interest expense <sup>(2)</sup>	19,348	1,557	2,785	2,366	12,640
Total	\$ 49,383	\$ 3,471	\$ 8,836	\$ 5,136	\$ 31,940

(1) Amounts represent the expected cash payments of our long-term debt and do not include unamortized bond premiums or discounts.

(2) Amounts represent the expected cash payments of our interest expense on our long-term debt. Interest calculated on our euro notes was forecasted using the euro to U.S. dollar exchange rate as of June 30, 2012. Interest on our pound sterling notes was forecasted using the pound sterling to U.S. dollar exchange rate as of June 30, 2012. An insignificant amount of interest expense was excluded from the table for a portion of our other foreign currency obligations due to the complexities involved in forecasting expected interest payments.

There were no other material changes to our 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 our Liquidity section for a discussion of the impacts of our long-term debt issuance on our liquidity position. 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 six months ended June 30, 2012, we issued 0.7 million shares of additional restricted and deferred shares with a weighted-average market value of \$30.91 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 4.2 million restricted and deferred shares during the six months ended June 30, 2012, including those issued as part of our long-term incentive plan, with a weighted-average market value per share of \$36.63.

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 six months ended June 30, 2012, we issued 0.6 million of additional stock options with a weighted-average exercise price of \$37.99 per share on the date of grant. In aggregate, we granted 13.4 million stock options during the six months ended June 30, 2012 with a weighted-average market value per share of \$37.99.

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*Dividends:*

We paid dividends of \$1,025 million in the first six months of 2012 and \$1,017 million in the first six months 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 refer to 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.

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## **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 53<sup>rd</sup> 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.)
- "Adjusted 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. Previously, we referred to this non-GAAP financial measure as "Underlying Operating Income." We have conformed all prior period references to be consistent with our new term, Adjusted Operating Income.
- "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," "Adjusted 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 and six months ended June 30, 2012 were to exclude the impact of the Starbucks CPG business cessation, the impact of the accounting calendar change in 2011 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			
	June 30,		\$ Change	% Change
	2012	2011		
	(in millions)			
<b>Organic Net Revenues</b>	<b>\$ 13,971</b>	<b>\$ 13,517</b>	<b>\$ 454</b>	<b>3.4%</b>
Impact of foreign currency	(685)	–	(685)	(5.0)pp
Impact of accounting calendar changes	–	361	(361)	(2.7)pp
<b>Net revenues</b>	<b>\$ 13,286</b>	<b>\$ 13,878</b>	<b>\$ (592)</b>	<b>(4.3)%</b>

	For the Six Months Ended			
	June 30,		\$ Change	% Change
	2012	2011		
	(in millions)			
<b>Organic Net Revenues</b>	<b>\$ 27,263</b>	<b>\$ 25,999</b>	<b>\$ 1,264</b>	<b>4.9%</b>
Impact of foreign currency	(884)	–	(884)	(3.3)pp
Impact of accounting calendar changes	–	361	(361)	(1.5)pp
Impact of the Starbucks CPG business cessation	–	91	(91)	(0.4)pp
<b>Net revenues</b>	<b>\$ 26,379</b>	<b>\$ 26,451</b>	<b>\$ (72)</b>	<b>(0.3)%</b>

## Adjusted Operating Income

Using the definition of "Adjusted Operating Income" above, the only adjustments made to "operating income" (the most comparable U.S. GAAP financial measure) during the three and six months ended June 30, 2012 were to exclude Integration Program costs, 2012-2014 Restructuring Program costs and Spin-Off Costs. We believe that Adjusted Operating Income provides improved comparability of operating results.

	For the Three Months Ended			
	June 30,		\$ Change	% Change
	2012	2011		
	(in millions)			
<b>Adjusted Operating Income</b>	<b>\$ 2,104</b>	<b>\$ 1,942</b>	<b>\$ 162</b>	<b>8.3%</b>
Spin-Off Costs	(100)	–	(100)	(5.6)pp
2012-2014 Restructuring Program	(90)	–	(90)	(5.0)pp
Integration Program	(35)	(136)	101	6.3 pp
<b>Operating income</b>	<b>\$ 1,879</b>	<b>\$ 1,806</b>	<b>\$ 73</b>	<b>4.0%</b>

	For the Six Months Ended			
	June 30,		\$ Change	% Change
	2012	2011		
	(in millions)			
<b>Adjusted Operating Income</b>	<b>\$ 3,956</b>	<b>\$ 3,692</b>	<b>\$ 264</b>	<b>7.2%</b>
Spin-Off Costs	(139)	–	(139)	(4.0)pp
2012-2014 Restructuring Program	(169)	–	(169)	(4.9)pp
Integration Program	(78)	(240)	162	5.1 pp
<b>Operating income</b>	<b>\$ 3,570</b>	<b>\$ 3,452</b>	<b>\$ 118</b>	<b>3.4%</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 and six months ended June 30, 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				\$ Change	% Change
	June 30,					
	2012	2011				
<b>Operating EPS</b>	\$ 0.68	\$ 0.62	\$ 0.06	9.7%		
Spin-Off Costs <sup>(1)</sup>	(0.05)	–	(0.05)	(9.0)pp		
2012-2014 Restructuring Program	(0.03)	–	(0.03)	(5.5)pp		
Integration Program	(0.02)	(0.07)	0.05	10.3 pp		
<b>Diluted EPS attributable to Kraft Foods</b>	<b>\$ 0.58</b>	<b>\$ 0.55</b>	<b>\$ 0.03</b>	<b>5.5%</b>		

	For the Six Months Ended				\$ Change	% Change
	June 30,					
	2012	2011				
<b>Operating EPS</b>	\$ 1.25	\$ 1.14	\$ 0.11	9.6%		
Spin-Off Costs <sup>(1)</sup>	(0.12)	–	(0.12)	(11.9)pp		
2012-2014 Restructuring Program	(0.06)	–	(0.06)	(5.9)pp		
Integration Program	(0.04)	(0.13)	0.09	10.2pp		
<b>Diluted EPS attributable to Kraft Foods</b>	<b>\$ 1.03</b>	<b>\$ 1.01</b>	<b>\$ 0.02</b>	<b>2.0%</b>		

- (1) Spin-Off Costs for the three months ended June 30, 2012 include \$100 million of pre-tax costs in selling, general and administrative expense and \$28 million in interest expense. Spin-Off Costs for the six months ended June 30, 2012 include \$139 million of pre-tax costs in selling, general and administrative expense and \$162 million in interest expense.

## 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 our proposed Spin-Off transaction, including its completion and timing; our Spin-Off Costs; our 2012-2014 Restructuring Program; our Integration Program; commodity costs; unrealized losses on hedging activities; results of Legal Matters; the Starbucks arbitration; price volatility and cost environment; our liquidity; our funding sources; expected pension contributions; capital expenditures and funding; our financial covenants; our revolving credit facilities; repayments of debts, including funding; cash distribution from Kraft Foods Group; off-balance sheet arrangements and contractual obligations; dividend expectations; 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 two successful companies, continued volatility and increase in commodity costs, pricing actions, increased competition, the continuing weak economic environment, in particular in certain developing markets and parts of Europe, 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.

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**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 during the first six months of 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 June 30, 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 June 30, 2012. We determined that there were no changes in our internal control over financial reporting during the quarter ended June 30, 2012 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

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## 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.

A compliant and ethical corporate culture, which includes adhering to laws and industry regulations in all jurisdictions in which we do business, is integral to our success. Accordingly, after we acquired Cadbury in February 2010 we began reviewing and adjusting, as needed, Cadbury's operations in light of U.S. and international standards as well as our policies and practices. We initially focused on such high priority areas as food safety, the Foreign Corrupt Practices Act ("FCPA") and antitrust. Based upon Cadbury's pre-acquisition policies and compliance programs and our post-acquisition reviews, our preliminary findings indicated that Cadbury's overall state of compliance was sound. Nonetheless, through our reviews, we determined that in certain jurisdictions, including India, there appeared to be facts and circumstances warranting further investigation. We are continuing our investigations in certain jurisdictions, including in India, and we continue to cooperate with governmental authorities.

As we previously disclosed, on February 1, 2011, we received a subpoena from the SEC in connection with an investigation under the FCPA, primarily related to a Cadbury facility in India that we acquired in the Cadbury acquisition. The subpoena primarily requests information regarding dealings with Indian governmental agencies and officials to obtain approvals related to the operation of that facility. We are cooperating with the U.S. and Indian governments in their investigations of these matters.

On March 1, 2011, the Starbucks Coffee Company ("Starbucks") took control of the Starbucks packaged coffee business ("Starbucks CPG business") in grocery stores and other channels. Starbucks did so without our authorization and in what we contend is a violation and breach of our license and supply agreement with Starbucks related to the Starbucks CPG business. The dispute is in arbitration in Chicago, Illinois. We are seeking appropriate remedies, including payment of the fair market value of the supply and license agreement, plus the premium this agreement specifies, prejudgment interest under New York law and attorney's fees. Starbucks has counterclaimed for damages. The arbitration proceeding began on July 11, 2012 and is ongoing. If the final determination of this dispute is not made prior to the date of the Spin-Off, Kraft Foods Group will continue prosecuting and defending the dispute. Kraft Foods Group will direct any recovery awarded in the arbitration proceeding to us. We will reimburse Kraft Foods Group for any costs and expenses it incurs in connection with the arbitration proceeding following the Spin-Off.

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 individually and in the aggregate will have a material adverse effect on our financial results.

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**Item 1A. Risk Factors.****The proposed spin-off may not be completed on the terms or timeline currently contemplated, if at all.**

In August 2011, we announced our intention to become two independent publicly traded companies through a U.S. tax-free spin-off of our North American Grocery Business to existing shareholders. While our current target is to complete the spin-off on October 1, unanticipated developments could delay, prevent or otherwise adversely affect the proposed spin-off of the North American Grocery Business, including possible problems or delays in obtaining various regulatory and tax approvals or clearances and disruptions in the capital and other financial markets, among other things. In addition, consummation of the proposed spin-off will require final approval from our Board of Directors. Therefore, we cannot assure that we will be able to complete the spin-off on the terms or on the timeline that we announced, if at all.

In order to position ourselves for the proposed spin-off, we are actively pursuing strategic, structural and process realignment and restructuring actions within our North American operations. These actions could lead to disruption of our operations, loss of, or inability to recruit, key personnel needed to operate and grow our businesses and complete the proposed spin-off, weakening of our internal standards, controls or procedures, and impairment of our relationship with key customers and suppliers. We have and will continue to incur significant expenses in connection with the proposed spin-off. In addition, completion of the proposed spin-off will require significant amounts of our management's time and effort which may divert management's attention from operating and growing our businesses and could adversely affect our business, results of operations or financial condition.

There were no other 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.

	Total Number of Shares	Average Price per Share
April 1 – 30, 2012	196,166	\$ 38.29
May 1 – 31, 2012	1,677	38.63
June 1 – 30, 2012	5,771	38.66
For the Quarter Ended June 30, 2012	<u>203,614</u>	38.31



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**Item 6. Exhibits.**

<u>Exhibit Number</u>	<u>Description</u>
10.1	\$3,000,000,000 Five-Year Revolving Credit Agreement, by and among Kraft Foods Group, Inc., the Registrant, as guarantor, the initial lenders named therein, JPMorgan Chase Bank, N.A. and Barclays Bank plc, as co-administrative agents, JPMorgan Chase Bank, N.A., as paying agent, Citibank, N.A. and The Royal Bank of Scotland plc, as co-syndication agents, and Credit Suisse Securities (USA) LLC, Deutsche Bank Securities Inc., HSBC Securities (USA) Inc. and Wells Fargo Bank, National Association, as co-documentation agents, dated as of May 18, 2012.
10.2	Indenture by and between Kraft Foods Group, Inc. and Deutsche Bank Trust Company Americas, as trustee, dated as of June 4, 2012.
10.3	Supplemental Indenture No. 1 by and between Kraft Foods Group, Inc., Kraft Foods Inc., as guarantor, and Deutsche Bank Trust Company Americas, as trustee, dated as of June 4, 2012.
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 June 30, 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.

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Signature

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

KRAFT FOODS INC.  
/S/ DAVID A. BREARTON

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David A. Brearton  
Executive Vice President and  
Chief Financial Officer  
August 3, 2012

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U.S. \$3,000,000,000  
FIVE-YEAR REVOLVING CREDIT AGREEMENT

Dated as of May 18, 2012

Among

KRAFT FOODS GROUP, INC.,

and

KRAFT FOODS INC., as Guarantor,

and

THE INITIAL LENDERS NAMED HEREIN

and

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

and

JPMORGAN CHASE BANK, N.A.,  
as Paying Agent

and

CITIBANK, N.A.  
and  
THE ROYAL BANK OF SCOTLAND plc,  
as Co-Syndication Agents

and

CREDIT SUISSE SECURITIES (USA) LLC,  
DEUTSCHE BANK SECURITIES INC.,  
HSBC SECURITIES (USA) INC.,  
and  
WELLS FARGO BANK, NATIONAL ASSOCIATION,  
as Co-Documentation Agents

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J.P. MORGAN SECURITIES LLC  
BARCLAYS BANK PLC,  
CITIGROUP GLOBAL MARKETS INC.,  
and  
RBS SECURITIES INC.,  
as Joint Bookrunners

and

J.P. MORGAN SECURITIES LLC  
BARCLAYS BANK PLC,  
CITIGROUP GLOBAL MARKETS INC.,  
RBS SECURITIES INC.  
CREDIT SUISSE SECURITIES (USA) LLC,  
DEUTSCHE BANK SECURITIES INC.,  
HSBC SECURITIES (USA) INC.,

and

WELLS FARGO SECURITIES, LLC,  
as Joint Lead Arrangers

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FIVE-YEAR REVOLVING CREDIT AGREEMENT (as amended, restated, amended and restated, supplemented or otherwise modified from time to time, this "Agreement") dated as of May 18, 2012, among KRAFT FOODS GROUP, INC., a Virginia corporation ("Kraft Foods Group"), as a borrower and a guarantor; KRAFT FOODS INC., a Virginia corporation ("Kraft Foods"), as a guarantor; the banks, financial institutions and other institutional lenders listed on the signature pages hereof (the "Initial Lenders"); JPMORGAN CHASE BANK, N.A. and BARCLAYS BANK PLC, as co-administrative agents (each, in such capacity, a "Co-Administrative Agent"); JPMORGAN CHASE BANK, N.A., as paying agent (in such capacity, the "Paying Agent"); CITIBANK, N.A. and THE ROYAL BANK OF SCOTLAND plc, as co-syndication agents (each, in such capacity, a "Co-Syndication Agent"); and CREDIT SUISSE SECURITIES (USA) LLC, DEUTSCHE BANK SECURITIES INC., HSBC SECURITIES (USA) INC., and WELLS FARGO BANK, NATIONAL ASSOCIATION, as co-documentation agents (each, in such capacity, a "Co-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 JPMorgan Chase Bank, N.A., JPMorgan Loan Services, 1111 Fannin Street, 10th Floor, Houston, Texas 77002, Attention: Lisa A. McCants, lisa.a.mccants@jpmorgan.com, 713-750-2956 (facsimile), 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 Group 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, each Co-Syndication Agent, each Co-Documentation Agent and each Joint Bookrunner.

"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 rating 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 rating 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 Group'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 Group, the long-term company, issuer or similar rating established by Standard & Poor's for Kraft Foods Group) and (B) the rating of Kraft Foods Group'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 Group, the long-term company, issuer or similar rating established by Moody's for Kraft Foods Group), in each case on such date:

<b>Long-Term Senior Unsecured Debt Rating</b>	<b>Base Rate Spread</b>	<b>LIBO Rate Spread</b>
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; (y) no rating is available from either of Standard & Poor's or Moody's, the Applicable Interest Rate Margin shall be determined by reference to the rating of any other nationally recognized statistical rating organization designated by Kraft Foods Group and approved in writing by the Required Lenders; and (z) no rating is available from any of Standard & Poor's, Moody's or any other nationally recognized statistical rating organization designated by Kraft Foods Group 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.



"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 rating 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 rating 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 Group'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 Group, the long-term company, issuer or similar rating established by Standard & Poor's for Kraft Foods Group) and (ii) the rating of Kraft Foods Group'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 Group, the long-term company, issuer or similar rating established by Moody's for Kraft Foods Group), in each case on such date:

<b>Long-Term Senior Unsecured Debt Rating</b>	<b>Applicable Unused Line Fee Rate</b>
A or higher by Standard & Poor's	
A2 or higher by Moody's	0.0850%
A- by Standard & Poor's	
A3 by Moody's	0.100%
BBB+ by Standard & Poor's	
Baa1 by Moody's	0.125%
BBB by Standard & Poor's	
Baa2 by Moody's	0.150%
BBB- by Standard & Poor's	
Baa3 by Moody's	0.225%
Lower than BBB- by Standard & Poor's	
Lower than Baa3 by Moody's	0.275%

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; (y) no rating is available from either of Standard & Poor's or Moody's, the Applicable Unused Line Fees Rate shall be determined by reference to the rating of any other nationally recognized statistical rating organization designated by Kraft Foods Group and approved in writing by the Required Lenders; and (z) no rating is available from any of Standard & Poor's, Moody's or any other nationally recognized statistical rating organization designated by Kraft Foods Group and approved in writing by the Required Lenders, the Applicable Unused Line Fees Rate shall be 0.275%.

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"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.

"Augmenting Lender" has the meaning assigned to such term in Section 2.18(a).

"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).

"Borrowers" means, collectively, Kraft Foods Group and each Designated Subsidiary that shall become a party to this Agreement pursuant to Section 9.08.

"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.

"Co-Administrative Agent" has the meaning specified in the preamble.

"Co-Documentation Agent" has the meaning specified in the preamble.

"Co-Syndication Agent" has the meaning specified in the preamble.

"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, (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), or (iii) if such Lender becomes a Lender pursuant to a Commitment Increase Amendment, the Dollar amount set forth for such Lender in such Commitment Increase Amendment, in each case as such amount may be increased pursuant to Section 2.18 or reduced pursuant to Section 2.10.

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"Commitment Increase" has the meaning assigned to such term in Section 2.18(a).

"Commitment Increase Amendment" has the meaning assigned to such term in Section 2.18(a).

"Competitive Bid Advance" means an advance by a Lender to any Borrower 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 any Borrower payable to the order of any Lender, in substantially the form of Exhibit A-2 hereto, evidencing the indebtedness of such Borrower to such Lender resulting from a Competitive Bid Advance made by such Lender to such Borrower.

"Competitive Bid Reduction" has the meaning specified in Section 2.01.

"Consolidated Tangible Assets" means the total assets appearing on a consolidated balance sheet of Kraft Foods Group 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.

"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 any Borrower, the

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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.

"Designated Subsidiary" means any wholly-owned Subsidiary of Kraft Foods Group designated for borrowing privileges under this Agreement pursuant to Section 9.08.

"Designated Subsidiary Obligations" has the meaning specified in Section 8.01.

"Designation Agreement" means, with respect to any Designated Subsidiary, an agreement in the form of Exhibit D hereto signed by such Designated Subsidiary and Kraft Foods Group.

"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 Group 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)

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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 Group (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.

"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 any Borrower's controlled group, or under common control with any Borrower, 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 any Borrower or any of their ERISA Affiliates in the circumstances described in Section 4062(e) of ERISA; (e) the withdrawal by any Borrower or any of their 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 any Borrower or any of their 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 Group 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.

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"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.

"Extending Lender" has the meaning specified in Section 2.10(b).

"Extension Date" has the meaning specified in Section 2.10(b).

"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 April 20, 2012, among Kraft Foods Group, the Paying Agent and J. P. Morgan Securities LLC.

"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.

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"Foreign Subsidiary" means, with respect to any Person, each Subsidiary of such Person that is not organized under the laws of the United States of America or any political subdivision or any territory thereof.

"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 Non-U.S. Withholding Taxes" means in the case of a Designated Subsidiary that is not a "United States person" within the meaning of Section 7701(a)(30) of the Internal Revenue Code, withholding taxes imposed by the jurisdiction under the laws of which such Designated Subsidiary is organized, resident or doing business or any political subdivision thereof.

"Home Jurisdiction U.S. Withholding Taxes" means, in the case of Kraft Foods Group and a Designated Subsidiary that is a "United States person" within the meaning of Section 7701(a)(30) of the Internal Revenue Code, withholding for United States federal income taxes and United States federal back-up withholding taxes.

"Initial Filing Date" means the date of the first filing with the Commission by Kraft Foods Group following the Spin-Off of a Quarterly Report on Form 10-Q or an Annual Report on Form 10-K, whichever shall be filed earlier.

"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 the Borrower 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 or, if available to all Lenders, nine or twelve months, as such Borrower 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) such Borrower may not select any Interest Period that ends after the Termination Date, subject to Section 2.10(b);

(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

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(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 Bank PLC, Citigroup Global Markets Inc., J.P. Morgan Securities LLC and RBS Securities Inc.

"Joint Lead Arrangers" means Barclays Bank PLC, Citigroup Global Markets Inc., Credit Suisse Securities (USA) LLC, Deutsche Bank Securities Inc., HSBC Securities (USA) Inc., J.P. Morgan Securities LLC, RBS Securities Inc., and Wells Fargo Securities, LLC.

"Kraft Foods" has the meaning specified in the preamble.

"Kraft Foods Group" has the meaning specified in the preamble.

"Kraft Foods Group Guaranty" has the meaning specified in Section 8.01(b)

"Kraft Foods Guaranty" has the meaning specified in Section 8.01(a).

"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, any New Lender, any Augmenting Lender 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.



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"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 Subsidiary" means any Subsidiary of Kraft Foods Group (a) more than 50% of the voting securities of which is owned directly or indirectly by Kraft Foods Group, (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.

"Minimum Shareholders' Equity" means Total Shareholders' Equity of not less than (a) for all periods ending prior to the Initial Filing Date, \$4,200,000,000, and (b) for all periods ending on or after the Initial Filing Date, 60% of Total Shareholders' Equity as reflected in the latest consolidated balance sheet of Kraft Foods Group and its Subsidiaries contained in the Quarterly Report on Form 10-Q or Annual Report on Form 10-K, as applicable, filed by Kraft Foods Group with the Commission on the Initial Filing Date.

"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 any Borrower 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 any Borrower or any ERISA Affiliate and at least one Person other than such Borrower and the ERISA Affiliates or (b) was so maintained and in respect of which such Borrower 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.

"New Lender" has the meaning specified in Section 2.10(b).

"Non-Extending Lender" has the meaning specified in Section 2.10(b).

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

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"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 9.14.

"Paying Agent" has the meaning specified in the preamble.

"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.

"Process Agent" has the meaning specified in Section 9.11(a).

"Pro Rata Advance" means an advance by a Lender to any Borrower 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 any Borrower 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 such Borrower to such Lender resulting from the Pro Rata Advances made by such Lender to such Borrower.

"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.

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"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.

"Single Employer Plan" means a single employer plan, as defined in Section 4001(a)(15) of ERISA, that (a) is maintained for employees of any Borrower or any ERISA Affiliate and no Person other than such Borrower and the ERISA Affiliates or (b) was so maintained and in respect of which such Borrower 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 Group holding substantially all of the North American Grocery Business and becoming a public company following the spin-off of Kraft Foods Group 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 earliest of (a) May 17, 2017, subject to the extension thereof pursuant to Section 2.10(b), (b) the date of termination in whole of the Commitments pursuant to Section 2.10(a) or 6.02, and (c) March 29, 2013, if the Spin-Off has not been consummated on or prior to such date.

"Total Shareholders' Equity" means total shareholders' equity, as reflected on the consolidated balance sheet of Kraft Foods Group and its Subsidiaries (excluding (a) accumulated other comprehensive income or losses, (b) the cumulative effects of any changes in accounting principles, including the adoption of "mark-to-market" accounting in respect of pension and other retirement plans of Kraft Foods Group and its Subsidiaries and (c) any income or losses recognized in connection with the ongoing application of "mark-to-market" accounting in respect of such pension and other retirement plans).

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

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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 most recent financial statements of Kraft Foods Group as of and for the year ended December 31, 2011 contained in the Form 10 filed by Kraft Foods Group with the Commission on April 2, 2012, as amended, 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 any Borrower 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, any Borrower 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

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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 the Borrower 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, no Borrower may 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 relevant Borrower at the address of the Administrative Agent referred to in Section 9.02.

(c) Irrevocable Notice. Each Notice of Pro Rata Borrowing of any Borrower shall be irrevocable and binding on such Borrower. 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, the Borrower requesting such Pro Rata Borrowing 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 the Borrower proposing such Pro Rata Borrowing on such date a corresponding amount. If and to the extent that such Lender shall not

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have so made such ratable portion available to the Administrative Agent, such Lender and such Borrower 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 such Borrower until the date such amount is repaid to the Administrative Agent, at:

- (i) in the case of such Borrower, 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. Each Borrower 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. Each Borrower shall pay interest on the unpaid principal amount of each Pro Rata Advance owing by such Borrower 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.

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(b) Default Interest. Upon the occurrence and during the continuance of an Event of Default, each Borrower shall pay interest on the unpaid principal amount of each Pro Rata Advance owing by such Borrower 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. Each Borrower 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 such Borrower, 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 Group through the Administrative Agent.

SECTION 2.06 Conversion of Pro Rata Advances.

(a) Conversion upon Absence of Interest Period. If any Borrower (or Kraft Foods Group on behalf of any other Borrower) 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 such Borrower 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, any Borrower 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

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(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 any Borrower 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. Any Borrower 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 such Borrower's account to which funds are to be advanced; and

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

A Borrower requesting a Competitive Bid Borrowing 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 such Borrower 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 such Borrower shall specify in the Notice of



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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 such Borrower. The Administrative Agent shall in turn promptly notify each Lender of each request for a Competitive Bid Borrowing received by it from such Borrower 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 the applicable Borrower 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 such Borrower), 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 such Borrower 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. The Borrower proposing the Competitive Bid Borrowing 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

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(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 such Borrower 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. Such Borrower 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 the Borrower proposing such Competitive Bid Borrowing notifies the Administrative Agent that such Competitive Bid Borrowing is canceled pursuant to Section 2.07(d)(i), or if such Borrower 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 the Borrower proposing such Competitive Bid Borrowing 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 such Borrower;

(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 such Borrower at the location specified by such Borrower 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.

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(f) Irrevocable Notice. If the Borrower proposing such Competitive Bid Borrowing 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 such Borrower. Such Borrower 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, any Borrower 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 any Borrower resulting from each Competitive Bid Advance made to such Borrower as part of a Competitive Bid Borrowing shall be evidenced by a separate Competitive Bid Note of such Borrower 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, the Borrower 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. No Borrower shall 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. Each Borrower that has borrowed through a Competitive Bid Borrowing 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, such Borrower 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.

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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 Group and the applicable Borrowers 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 Group 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 the Borrower 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 Group and the Lenders that the circumstances causing such suspension no longer exist.

The Administrative Agent shall give prompt notice to Kraft Foods Group 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 Group and the Lenders, whereupon (A) the Borrower of such LIBO Rate Advances will, on the last day of

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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 Group 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 Group 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 Group 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 Group 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 Group and the Administrative Agent or the Joint Lead Arrangers.

SECTION 2.10 Optional Termination or Reduction of Commitments and Extension of Termination Date. (a) Optional Termination or Reduction of Commitments. Kraft Foods Group 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) Extension of Termination Date. (i) At least 30 days but not more than 60 days prior to each anniversary of the Effective Date (any such applicable anniversary of the Effective Date, the "Extension Date"), Kraft Foods Group, by written notice to the Administrative Agent, may request that each Lender extend the Termination Date for such Lender's Commitment for an additional one-year period.

(ii) The Administrative Agent shall promptly notify each Lender of such request and each Lender shall then, in its sole discretion, notify Kraft Foods Group and the Administrative Agent in writing no later than 20 days prior to the Extension Date whether such Lender will consent to the extension (each such Lender consenting to the extension, an "Extending Lender"). The failure of any Lender to notify the Administrative Agent of its intent to consent to any extension shall be deemed a rejection by such Lender.

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(iii) Subject to satisfaction of the conditions in Section 3.03(a) and (b) as of the Extension Date, the Termination Date in effect at such time shall be extended for an additional one-year period; provided, however, that (A) no such extension shall be effective (1) unless the Required Lenders agree thereto and (2) as to any Lender that does not agree to such extension (any such Lender, a "Non-Extending Lender") and (B) Kraft Foods Group may only request an extension of the Termination Date on two anniversaries of the Effective Date.

(iv) To the extent that there are Non-Extending Lenders, the Administrative Agent shall promptly so notify the Extending Lenders, and each Extending Lender may, in its sole discretion, give written notice to Kraft Foods Group and the Administrative Agent no later than 15 days prior to the Extension Date of the amount of the Commitments of the Non-Extending Lenders that it is willing to assume.

(v) Kraft Foods Group shall be permitted to replace any Lender that is a Non-Extending Lender with a replacement financial institution or other entity (each, a "New Lender"); provided that (A) the New Lender shall purchase, at par, all Advances and other amounts owing to such replaced Lender on or prior to the date of replacement, (B) the Borrower shall be liable to such replaced Lender under Section 9.04(b) if any LIBO Rate Advance or Floating Rate Bid Advance owing to such replaced Lender shall be purchased other than on the last day of the Interest Period relating thereto, (C) the replaced Lender shall be obligated to assign its Commitment and Advances to the applicable replacement Lender or Lenders in accordance with the provisions of Section 9.07 (provided that Kraft Foods Group shall be obligated to pay the processing and recordation fee referred to therein), (D) until such time as such replacement shall be consummated, the Borrower shall pay all additional amounts (if any) required pursuant to Section 2.12 or 2.15(a), as the case may be and (E) any such replacement shall not be deemed to be a waiver of any rights that Kraft Foods Group, the Borrower, the Administrative Agent or any other Lender shall have against the replaced Lender.

(vi) If the Extending Lenders and the New Lenders are willing to commit amounts that, in an aggregate, exceed the amount of the Commitments of the Non-Extending Lenders, Kraft Foods Group and the Administrative Agent shall allocate the Commitments of the Non-Extending Lenders among them.

(vii) If any financial institution or other entity becomes a New Lender or any Extending Lender's Commitment is increased pursuant to this Section 2.10(b), Pro Rata Advances made on or after the applicable Extension Date shall be made in accordance with the pro rata provisions of Section 2.01 based on the respective Commitments in effect on and after the applicable Extension Date.

(viii) In connection herewith, the Administrative Agent shall enter in the Register (A) the names of any New Lenders, (B) the respective allocations of any Extending Lenders and New Lenders effective as of each Extension Date and (C) the Termination Date applicable to each Lender.

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SECTION 2.11 Optional Prepayments of Pro Rata Advances. Each Borrower 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 such Borrower 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, such Borrower shall be obligated to reimburse the Lenders in respect thereof pursuant to Section 9.04(b).

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 the Borrower of the affected Advances shall within twenty (20) Business Days after receipt by the Borrower 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 Group, such Borrower 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

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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 Group 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 Group 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.



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SECTION 2.14 Payments and Computations.

(a) Time and Distribution of Payments. Kraft Foods Group and each Borrower 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 the applicable Lender, on the basis of a year of 360 days. 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 in the case of Fixed Rate Bid Advances, as specified in the applicable Notice of Competitive Bid Notice. Computations of interest or Unused Line Fees shall in each case be made 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 any Borrower prior to the date on which any payment is due to the Lenders hereunder that such Borrower will not make such payment in full, the Administrative Agent may assume that such Borrower 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 such Borrower has not made such payment in full to the

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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 each Borrower 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 Group (all such taxes, levies, imposts, deductions, charges, withholdings and liabilities in respect of payments by each Borrower 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 the applicable Borrower 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, each Borrower or Kraft Foods Group shall pay any present or future stamp or documentary taxes or any other excise or property taxes, charges, irrecoverable

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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) Each Borrower 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, each Borrower and Kraft Foods Group 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 any Borrower or Kraft Foods Group determines that no Taxes are payable in respect thereof, such Borrower or Kraft Foods Group 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, Kraft Foods Group and each applicable Borrower 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 Group, the applicable Borrower 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 Group or the Administrative Agent or such Borrower 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 Group or such Borrower of its inability to do so. Unless such Borrower, Kraft Foods Group 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

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reduced by an applicable tax treaty, such Borrower, Kraft Foods Group 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 such Borrower or Kraft Foods Group 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, Kraft Foods Group and each applicable Borrower, at the time or times prescribed by law and as reasonably requested by the Administrative Agent, Kraft Foods Group or the applicable Borrower, 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, Kraft Foods Group or the applicable Borrower as may be necessary for the Administrative Agent, Kraft Foods Group or the applicable Borrower 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, Kraft Foods Group or the applicable Borrower.

(g) In the event that a Designated Subsidiary is a Foreign Subsidiary of Kraft Foods Group, each Lender shall promptly complete and deliver to such Borrower and the Administrative Agent, or, at their request, to the applicable taxing authority, so long as such Lender is legally eligible to do so, any certificate or form reasonably requested in writing by such Borrower or the Administrative Agent and required by applicable law in order to secure any applicable exemption from, or reduction in the rate of, deduction or withholding of the applicable Home Jurisdiction Non-U.S. Withholding Taxes for which such Borrower is required to pay additional amounts pursuant to this Section 2.15.

(h) 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.

(i) 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), (f) or (g) of this Section 2.15 as applicable.

(j) 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

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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 the applicable Borrower to the extent payment has been made in full by such Borrower 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. Each Borrower 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 such Borrower 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 each Borrower 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. Each Borrower shall, upon notice by any Lender to such Borrower (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;

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(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 each Borrower to each Lender hereunder and the Termination Date applicable thereto; and

(iv) the amount of any sum received by the Administrative Agent from the Borrowers 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 each Borrower 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 any Borrower under this Agreement.

#### SECTION 2.18 Commitment Increases.

(a) Kraft Foods Group may from time to time (but not more than three times in any calendar year), by written notice to the Administrative Agent (which shall promptly deliver a copy to each of the Lenders), executed by Kraft Foods Group and one or more financial institutions (any such financial institution referred to in this Section 2.18 being called an "Augmenting Lender"), which may include any Lender, cause new Commitments to be extended by the Augmenting Lenders or cause the existing Commitments of the Augmenting Lenders to be increased, as the case may be (the aggregate amount of such increase for all Augmenting Lenders on any single occasion being referred to as a "Commitment Increase"), in an amount for each Augmenting Lender set forth in such notice; provided that (i) the amount of each Commitment Increase shall be not less than \$25,000,000, except to the extent necessary to utilize the remaining unused amount of increase permitted under this Section 2.18(a), and (ii) the aggregate amount of the Commitment Increases shall not exceed \$500,000,000. Each Augmenting Lender (if not then a Lender) shall be subject to the approval of the Administrative Agent (which approval shall not be unreasonably withheld or delayed) and shall not be subject to the approval of any other Lenders, and Kraft Foods Group and each Augmenting Lender shall execute all such documentation as the Administrative Agent shall reasonably specify to evidence the Commitment of such Augmenting Lender and/or its status as a Lender hereunder (such documentation in respect of any Commitment Increase together with the notice of such Commitment Increase being referred to collectively as the "Commitment Increase Amendment" in respect of such Commitment Increase). The Commitment Increase Amendment may, without the consent of any other Lenders, effect such amendments to this Agreement as may be necessary or appropriate, in the reasonable opinion of the Administrative Agent, to effect the provisions of this Section 2.18.

(b) Upon each Commitment Increase pursuant to this Section 2.18, if, on the date of such Commitment Increase, there are any Pro Rata Advances outstanding, such Pro Rata

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Advances shall on or prior to the effectiveness of such Commitment Increase be prepaid from the proceeds of new Pro Rata Advances made hereunder (reflecting such Commitment Increase), which prepayment shall be accompanied by accrued interest on the Pro Rata Advances being prepaid and any costs incurred by any Lender in accordance with Section 9.04(b). The Administrative Agent and the Lenders hereby agree that the minimum borrowing, pro rata borrowing and pro rata payment requirements contained elsewhere in this Agreement shall not apply to the transactions effected pursuant to the immediately preceding sentence.

(c) Commitment Increases and new Commitments created pursuant to this Section 2.18 shall become effective on the date specified in the notice delivered by Kraft Foods Group pursuant to the first sentence of paragraph (a) above or on such other date as shall be agreed upon by Kraft Foods Group, the Administrative Agent and the applicable Augmenting Lenders.

(d) Notwithstanding the foregoing, no increase in the Commitments (or in any Commitment of any Lender) or addition of an Augmenting Lender shall become effective under this Section 2.18 unless on the date of such increase, the conditions set forth in Section 3.03 shall be satisfied as of such date (as though the effectiveness of such increase were a Borrowing) and the Administrative Agent shall have received a certificate of Kraft Foods Group to that effect dated such date.

SECTION 2.19 Use of Proceeds. The proceeds of the Advances shall be available (and each Borrower agrees that it shall use such proceeds) for general corporate purposes of Kraft Foods Group and its Subsidiaries and, prior to the Spin-Off, Kraft Foods and its Subsidiaries.

SECTION 2.20 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 Group 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.

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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 Group, 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 Group 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 Group and Kraft Foods certifying the names and true signatures of the officers of Kraft Foods Group 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 Group, substantially in the form of Exhibit E-1 hereto, (B) Hunton & Williams LLP, special Virginia counsel to Kraft Foods and Kraft Foods Group, substantially in the form of Exhibit E-2 hereto and (C) internal counsel for Kraft Foods, substantially in the form of Exhibit E-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.



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

(e) The Agents and the Lenders shall have received payment in full in cash of all fees and expenses due to them pursuant to the Fee Letter on or prior to the Effective Date.

The Administrative Agent shall notify Kraft Foods Group 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 Group, by notice to the Lenders, designates as the proposed Effective Date, specifying its objection thereto.

**SECTION 3.02 Initial Advance to Each Designated Subsidiary.** The obligation of each Lender to make an initial Advance to each Designated Subsidiary following any designation of such Designated Subsidiary as a Borrower hereunder pursuant to Section 9.08 is subject to the receipt by the Administrative Agent on or before the date of such initial Advance of each of the following, in form and substance satisfactory to the Administrative Agent and dated such date, and in sufficient copies for each Lender:

(a) Certified copies of the resolutions of the Board of Directors of such Designated Subsidiary (with a certified English translation if the original thereof is not in English) approving this Agreement, and of all documents evidencing other necessary corporate action and governmental approvals, if any, with respect to this Agreement.

(b) A certificate of a proper officer of such Designated Subsidiary certifying the names and true signatures of the officers of such Designated Subsidiary authorized to sign this Agreement and the other documents to be delivered hereunder.

(c) A certificate signed by a duly authorized officer of the Designated Subsidiary, dated as of the date of such initial Advance, certifying that such Designated Subsidiary shall have obtained all governmental and third party authorizations, consents, approvals (including exchange control approvals) and licenses required under applicable laws and regulations necessary for such Designated Subsidiary to execute and deliver this Agreement and to perform its obligations thereunder.

(d) The Designation Agreement of such Designated Subsidiary, substantially in the form of Exhibit D hereto.

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(e) A favorable opinion of counsel (which may be in-house counsel) to such Designated Subsidiary, dated the date of such initial Advance, covering, to the extent customary and appropriate for the relevant jurisdiction, the opinions outlined on Exhibit F hereto.

(f) All information relating to any such Designated Subsidiary reasonably requested by any Lender through the Administrative Agent not later than two Business Days after such Lender shall have been notified of the designation of such Designated Subsidiary under Section 9.08 in order to allow such Lender to comply with "know your customer" regulations or any similar rules or regulations under applicable foreign laws.

(g) Such other approvals, opinions or documents as any Lender, through the Administrative Agent, may reasonably request.

**SECTION 3.03 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 shall, except as otherwise provided in Section 9.15, be 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 the Borrower of the proceeds of such Pro Rata Borrowing shall be a representation by the applicable Borrower 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, if such Pro Rata Borrowing shall have been requested by a Designated Subsidiary, the representations and warranties of such Designated Subsidiary contained in its Designation Agreement 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 the Borrower 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 3.04 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 shall, except as otherwise provided in Section 9.15, be 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

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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 the Borrower of the proceeds of such Competitive Bid Borrowing shall be a representation by such Borrower, 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, if such Competitive Bid Borrowing shall have been requested by a Designated Subsidiary, the representations and warranties of such Designated Subsidiary contained in its Designation Agreement 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 the Borrower 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 Group. Each of Kraft Foods and Kraft Foods Group, as applicable, represents and warrants as to itself and its Subsidiaries as follows:

(a) Each of Kraft Foods Group 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 incorporation.

(b) The execution, delivery and performance of this Agreement and, in the case of Kraft Foods Group, the Notes to be delivered by it are within the corporate powers of each of Kraft Foods Group and Kraft Foods, as applicable, have been duly authorized by all necessary corporate action on the part of each of Kraft Foods Group and Kraft Foods, as applicable, and do not contravene (i) the charter or by-laws of Kraft Foods Group 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 Group 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 Kraft Foods Group 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 Group when delivered hereunder will be, a legal, valid and binding obligation of Kraft

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Foods Group 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 May 18, 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 Group and its Subsidiaries taken as a whole).

(f) There is no pending or threatened action or proceeding affecting Kraft Foods Group 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 May 18, 2012, or, with respect to Proceedings commenced after the date of the most recent such document but prior to May 18, 2012, a certificate delivered to the Lenders, that may materially adversely affect the financial position or results of operations of Kraft Foods Group and its Subsidiaries taken as a whole (or, prior to the Spin-Off, Kraft Foods and its Subsidiaries taken as a whole).

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

(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.

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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 Group and the other Borrowers, (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 Group 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 Group and its Subsidiaries taken as a whole.

(b) Maintenance of Total Shareholders' Equity. Maintain Total Shareholders' Equity of not less than the Minimum Shareholders' Equity.

(c) 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 Group to have filed its Quarterly Report on Form 10-Q with

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the Commission for the first three quarters of each fiscal year, an unaudited interim condensed consolidated balance sheet of Kraft Foods Group 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 Group 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 Group;

(ii) as soon as available and in any event within 15 days after the due date for Kraft Foods Group 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 Group 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 Group 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 Group 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 Group setting forth details of such Event of Default or event and the action which Kraft Foods Group 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 Group 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 Group may make such items available on the Internet at a website identified by Kraft Foods Group 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.

(d) **Ranking.** Each Advance made to Kraft Foods Group and each Guaranty by Kraft Foods Group of an Advance made to another Borrower hereunder shall at all times constitute senior Debt of Kraft Foods Group ranking equally in right of payment with all existing and future senior Debt of Kraft Foods Group and senior in right of payment to all existing and future subordinated Debt of Kraft Foods Group.

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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 Group 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 Group 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 Group or any Major Subsidiary;

(ix) precautionary Liens provided by Kraft Foods Group or any Major Subsidiary in connection with the sale, assignment, transfer or other disposition of assets by Kraft Foods Group or such Major Subsidiary which transaction is determined by the Board of Directors of Kraft Foods Group 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.

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(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 Group 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 Group 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 Group'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.

## ARTICLE VI

### Events of Default

SECTION 6.01 Events of Default. Except as otherwise provided in Section 9.15 following the consummation of the Spin-Off, each of the following events (each an "Event of Default") shall constitute an Event of Default:

(a) Any Borrower shall fail to pay any principal of any Advance when the same becomes due and payable; or any Borrower shall fail to pay interest on any Advance, or Kraft Foods Group 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 any Borrower (prior to and following the Spin-Off) or by Kraft Foods (prior to the Spin-Off only) herein or by any Borrower (prior to and following the Spin-Off) or by Kraft Foods (prior to the Spin-Off only) (or any of their respective 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) Any Borrower (or, prior to the Spin-Off, Kraft Foods) shall fail to perform or observe (i) any term, covenant or agreement contained in Section 5.02(b) or 5.03(b) 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 Group 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 Group by the Administrative Agent or any Lender; or



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(d) Any Borrower 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 (but excluding Debt arising under this Agreement) of such Borrower, 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 any Borrower 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 (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 such Borrower, 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) Any Borrower 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 any Borrower 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 Group 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 any Borrower 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 shall be rendered against any Borrower 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

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(g) Any Borrower 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 any Borrower 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 such Borrower 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) So long as any Subsidiary of Kraft Foods Group is a Designated Subsidiary, the Guaranty provided by Kraft Foods Group (prior to and following the Spin-Off) or Kraft Foods (prior to the Spin Off only) under Article VIII hereof in respect of such Designated Subsidiary shall for any reason cease (other than in accordance with the provisions of Article VIII) to be valid and binding on Kraft Foods Group or Kraft Foods, as applicable, or Kraft Foods Group or Kraft Foods shall so state in writing; or

(i) Prior to the Spin-Off, the Guaranty provided by Kraft Foods under Article VIII hereof in respect of Kraft Foods Group 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.

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 Group:

(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 the Borrowers; provided, however, that in the event of an actual or deemed entry of an order for relief with respect to any Borrower (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 the Borrowers.

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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 or any Borrower as required by the terms of this Agreement or at the request of Kraft Foods or such Borrower, and any notice provided pursuant to Section 5.02(c)(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 any Borrower 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 any Borrower or Kraft Foods;

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(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 any Borrower or Kraft Foods or to inspect the property (including the books and records) of any Borrower 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, any Borrower, any of their respective Subsidiaries and any Person who may do business with or own securities of Kraft Foods Group, Kraft Foods, any Borrower 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, any Co-Syndication Agent, any Co-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, any Co-Syndication Agent, any Co-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 the Borrowers 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,

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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 Group, the Borrowers 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 Group 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 Group 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 Group 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) a Lender and (b) 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, Co-Syndication Agents, Co-Documentation Agents, Joint Bookrunners and Joint Lead Arrangers. (i) JPMorgan Chase Bank, N.A. and Barclays Bank PLC have been designated as Co-Administrative Agents, (ii) Citibank, N.A. and The Royal Bank of Scotland plc have been designated as Co-Syndication Agents,

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(iii) Credit Suisse Securities (USA) LLC, Deutsche Bank Securities Inc., HSBC Securities (USA) Inc. and Wells Fargo Bank, National Association have been designated as Co-Documentation Agents, (iv) J.P. Morgan Securities LLC, Barclays Bank PLC, Citigroup Global Markets Inc. and RBS Securities Inc. have been designated as Joint Bookrunners under this Agreement and (v) J.P. Morgan Securities LLC, Barclays Bank PLC, Citigroup Global Markets Inc., RBS Securities Inc., Credit Suisse Securities (USA) LLC, Deutsche Bank Securities Inc., HSBC Securities LLC and Wells Fargo Securities, LLC 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. (a) Kraft Foods hereby unconditionally and irrevocably guarantees (the undertaking of Kraft Foods contained in this Article VIII being the "Kraft Foods Guaranty") the punctual payment when due, whether at stated maturity, by acceleration or otherwise, of all obligations of Kraft Foods Group and each other Borrower 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 Kraft Foods Guaranty.

(b) Kraft Foods Group hereby unconditionally and irrevocably guarantees (the undertaking of Kraft Foods Group contained in this Article VIII being the "Kraft Foods Group Guaranty" and together with the Kraft Foods Guaranty, the "Guaranty") the punctual payment

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when due, whether at stated maturity, by acceleration or otherwise, of all obligations of each Designated Subsidiary now or hereafter existing under this Agreement, whether for principal, interest, fees, expenses or otherwise (such obligations being the "Designated Subsidiary 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 Kraft Foods Group Guaranty.

SECTION 8.02 Guaranty Absolute. Each of Kraft Foods and Kraft Foods Group guarantees that the Obligations or the Designated Subsidiary Obligations, as applicable, 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 the Kraft Foods Guaranty and Kraft Foods Group under the Kraft Foods Group Guaranty, as the case may be, 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 the Designated Subsidiary Obligations, as applicable, 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 the Designated Subsidiary Obligations, as applicable;
- (d) any law or regulation of any jurisdiction or any other event affecting any term of a guaranteed Obligation or Designated Subsidiary Obligation; or
- (e) any other circumstance which might otherwise constitute a defense available to, or a discharge of, Kraft Foods Group, any other Borrower or Kraft Foods.

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

SECTION 8.03 Waivers.

(a) Each of Kraft Foods and Kraft Foods Group hereby waives promptness, diligence, notice of acceptance and any other notice with respect to any of the Obligations or the Designated Subsidiary Obligations, as applicable, 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 Group, a Borrower or any other Person or any collateral.

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(b) Kraft Foods hereby irrevocably waives any claims or other rights that it may now or hereafter acquire against any Borrower that arise from the existence, payment, performance or enforcement of the obligations of Kraft Foods, under the Kraft Foods 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 such Borrower 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 such Borrower, 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 the Kraft Foods 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 the Kraft Foods Guaranty, whether matured or unmatured, in accordance with the terms of this Agreement and the Kraft Foods Guaranty, or to be held as collateral for any Obligations or other amounts payable under the Kraft Foods Guaranty thereafter arising. Kraft Foods acknowledges that it will receive direct and indirect benefits from the financing arrangements contemplated by this Agreement and the Kraft Foods Guaranty and that the waiver set forth in this Section 8.03(b) is knowingly made in contemplation of such benefits.

(c) Kraft Foods Group hereby irrevocably waives any claims or other rights that it may now or hereafter acquire against any Designated Subsidiary that arise from the existence, payment, performance or enforcement of the obligations of Kraft Foods Group, under the Kraft Foods Group 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 such Designated Subsidiary 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 such Designated Subsidiary, 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 Group in violation of the preceding sentence at any time prior to the later of the cash payment in full of the Designated Subsidiary Obligations and all other amounts payable under the Kraft Foods Group 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 Designated Subsidiary Obligations and all other amounts payable under the Kraft Foods Group Guaranty, whether matured or unmatured, in accordance with the terms of this Agreement and the Kraft Foods Group Guaranty, or to be held as collateral for any Designated Subsidiary Obligations or other amounts payable under the Kraft Foods Group Guaranty thereafter arising. Kraft Foods Group acknowledges that it will receive direct and indirect benefits from the financing arrangements contemplated by this Agreement and the Kraft Foods Group Guaranty and that the waiver set forth in this Section 8.03(c) is knowingly made in contemplation of such benefits.

SECTION 8.04 Continuing Guaranty. (a) Subject to Section 8.05, the Kraft Foods Guaranty is a continuing guaranty and shall (i) remain in full force and effect until



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payment in full of the Obligations (including any and all Obligations which remain outstanding after the Termination Date) and all other amounts payable under the Kraft Foods Guaranty, (ii) be binding upon each of Kraft Foods and its successors and assigns, and (iii) inure to the benefit of and be enforceable by the Lenders, the Administrative Agent and their respective successors, transferees and assigns.

(b) The Kraft Foods Group Guaranty is a continuing guaranty and shall (i) remain in full force and effect until payment in full of the Designated Subsidiary Obligations (including any and all Designated Subsidiary Obligations which remain outstanding after the Termination Date) and all other amounts payable under the Kraft Foods Group Guaranty, (ii) be binding upon each of Kraft Foods Group and its successors and assigns, and (iii) 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 Kraft Foods Guaranty. Notwithstanding anything to the contrary contained herein, upon consummation of the Spin-Off, the Kraft Foods Guaranty shall automatically terminate and Kraft Foods shall automatically be released from the Kraft Foods Guaranty and from all claims, liabilities or obligations thereunder or in respect thereof. The Administrative Agent, at the request of Kraft Foods Group or Kraft Foods and at the sole expense of Kraft Foods Group, shall execute and deliver to Kraft Foods Group 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 any Borrower 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 Group, 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 Group, do any of the following: (a) waive any of the conditions specified in Sections 3.01, 3.02 or 3.03 (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, 3.02 or 3.03 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 Group or, except as provided in Article VIII and in Section 9.15, 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

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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 3.04 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, (y) this Agreement may be amended with the written consent of the Administrative Agent, Kraft Foods Group and the Augmenting Lenders pursuant to Section 2.18 and (z) 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 Group or any other Borrower:

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

with a copy to:

c/o Kraft Foods Group, 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;

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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 :

c/o JPMorgan Chase Bank, N.A.  
383 Madison Avenue  
24th Floor  
New York, NY 10179  
Attention: Jocelyn T. Shields  
Email: [Jocelyn.t.shields@jpmorgan.com](mailto:Jocelyn.t.shields@jpmorgan.com)  
Fax number: (212) 270-6637

with a copy to:

JPMorgan Loan Services  
1111 Fannin Street  
10th Floor  
Houston, Texas 77002  
Attention: Lisa A. McCants  
Email: [lisa.a.mccants@jpmorgan.com](mailto:lisa.a.mccants@jpmorgan.com)  
Fax number: 713-750-2956;

or, as to any Borrower, 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 Group 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, or if the date of receipt is not a Business Day, as of 9:00 a.m. (New York City time) on the next succeeding Business Day. 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.

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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 Group 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 Group pursuant to Section 9.07(a) or for any other reason, Kraft Foods Group 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 any Borrower or Kraft Foods Group hereunder, the agreements and obligations of each Borrower and Kraft Foods Group 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. Each Borrower jointly and severally 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

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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 any Borrower, whether or not such Indemnified Party is a party to such transaction, or (ii) related to any Borrower'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 Borrower 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 any Borrower, Kraft Foods or any other Person; provided, however, that no Borrower shall 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 Group or any other Borrower (or, prior to the Spin-Off, Kraft Foods) against any and all of the obligations of any Borrower or Kraft Foods Group (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 the appropriate Borrower 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 each of the Borrowers, Kraft Foods, the Administrative Agent and each Lender and their respective successors and assigns, except that none of any Borrower or 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 Kraft Foods; provided, that Kraft Foods shall continue to have the benefit of Sections 8.05 and 9.15.

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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 Group, 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 Group (such consents not to be unreasonably withheld or delayed and such consents by Kraft Foods Group shall be deemed given if no objection is received by the assigning Lender and the Administrative Agent from Kraft Foods Group within ten (10) Business Days after notice of such proposed assignment has been delivered to Kraft Foods Group); provided, that no consent of the Administrative Agent or Kraft Foods Group 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 Group 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 9.12.

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(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 any Borrower or Kraft Foods or the performance or observance by any Borrower 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 Group.

(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 the Borrowers, 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

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Agreement. The Register shall be available for inspection by any Borrower 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 Group 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 Group, the other Borrowers, 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), (f) or (g)) 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 any Borrower 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 Group's or the relevant Borrower'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 relevant Borrower, 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.



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(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 any Borrower or Kraft Foods furnished to such Lender by or on behalf of any Borrower 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 any Borrower 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) any Borrower 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 Group 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 Group 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) the Borrowers 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 Group 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 Group to require such termination or assignment cease to apply. Each Lender agrees that, if Kraft Foods Group 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.

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SECTION 9.08 Designated Subsidiaries.

(a) Designation. Kraft Foods Group may at any time, and from time to time after the Effective Date, by delivery to the Administrative Agent of a Designation Agreement duly executed by Kraft Foods Group and the respective Subsidiary and substantially in the form of Exhibit D hereto, designate such Subsidiary as a "Designated Subsidiary" for purposes of this Agreement and such Subsidiary shall thereupon become a "Designated Subsidiary" for purposes of this Agreement and, as such, shall have all of the rights and obligations of a Borrower hereunder. The Administrative Agent shall promptly notify each Lender of each such designation by Kraft Foods Group and the identity of the respective Subsidiary.

Notwithstanding the foregoing, no Lender shall be required to make Advances to a Designated Subsidiary in the event that the making of such Advances would or could reasonably be expected to breach, violate or otherwise be inconsistent with any internal policy (other than with respect to Designated Subsidiaries formed under the laws of any nation that is a member of the Organization for Economic Cooperation and Development as of the date hereof), law or regulation to which such Lender is, or would be upon the making of such Advance, subject. In addition, each Lender shall have the right to make any Advances to any Designated Subsidiary that is a Foreign Subsidiary of Kraft Foods Group through an affiliate or non-U.S. branch of such Lender designated by such Lender at its sole option; provided such designation and Advance does not, in and of itself, subject the Borrowers to greater costs pursuant to Section 2.12 or 2.15 than would have been payable if such Lender made such Advance directly.

(b) Termination. Upon the payment and performance in full of all of the indebtedness, liabilities and obligations under this Agreement of any Designated Subsidiary then, so long as at the time no Notice of Pro Rata Borrowing or Notice of Competitive Bid Borrowing in respect of such Designated Subsidiary is outstanding, such Subsidiary's status as a "Designated Subsidiary" shall terminate upon notice to such effect from the Administrative Agent to the Lenders (which notice the Administrative Agent shall give promptly, upon and only upon its receipt of a request therefor from Kraft Foods Group). Thereafter, the Lenders shall be under no further obligation to make any Advance hereunder to such former Designated Subsidiary until such time as it has been redesignated a Designated Subsidiary by Kraft Foods Group pursuant to Section 9.08(a).

SECTION 9.09 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 9.10 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.

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SECTION 9.11 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 and each Borrower hereby agrees that service of process in any such action or proceeding brought in any such court may be made upon the process agent appointed pursuant to Section 9.11(b) (the "Process Agent") and each Designated Subsidiary hereby irrevocably appoints the Process Agent its authorized agent to accept such service of process, and agrees that the failure of the Process Agent to give any notice of any such service shall not impair or affect the validity of such service or of any judgment rendered in any action or proceeding based thereon. Each Borrower and Kraft Foods further 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 such Borrower 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) Appointment of Process Agent. Kraft Foods Group agrees to appoint a Process Agent from the Effective Date through the repayment in full of all Obligations hereunder (i) to receive on behalf of Kraft Foods (prior to the Spin-Off only), each Borrower and each Designated Subsidiary and their respective property service of copies of the summons and complaint and any other process which may be served in any action or proceeding in any New York State or Federal court sitting in New York City arising out of or relating to this Agreement and (ii) to forward forthwith to Kraft Foods (prior to the Spin-Off only), each Borrower and each Designated Subsidiary at their respective addresses copies of any summons, complaint and other process which such Process Agent receives in connection with its appointment. Kraft Foods Group will give the Administrative Agent prompt notice of such Process Agent's address.

(c) 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.

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(ii) To the extent permitted by applicable law, each of the Borrowers, Kraft Foods 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 each Borrower and Kraft Foods 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 9.11(C) 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 9.12 Confidentiality. None of the Agents nor any Lender shall disclose any confidential information relating to Kraft Foods Group, any other Borrower or Kraft Foods to any other Person without the consent of Kraft Foods Group, other than (a) to such

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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 9.12 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 9.13 Integration. This Agreement and the Notes represent the agreement of Kraft Foods Group, the other Borrowers, 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 Group, the other Borrowers, 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 Group 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 9.14 USA Patriot Act Notice. The Administrative Agent and each Lender hereby notifies the Borrowers 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 the Borrowers, which information includes the name and address of each Borrower and other information that will allow such Lender to identify such Borrower in accordance with the Patriot Act.

SECTION 9.15 Status of Kraft Foods Following Spin-Off. Notwithstanding any other provision contained in this Agreement, (a) upon the consummation of the Spin-Off, all obligations and liabilities of Kraft Foods under or in connection with this Agreement and the transactions contemplated hereby, whether as a guarantor, pursuant to any representation, covenant, indemnity or other undertaking or otherwise, and whether based on contract or any other theory, shall terminate and be of no further force or effect and (b) following the consummation of the Spin-Off, no event, representation, agreement or circumstance (including any of the foregoing that would but for this Section constitute a Default or Event of Default) relating to Kraft Foods or its Subsidiaries (other than Kraft Foods Group and such other Subsidiaries of Kraft Foods on the date hereof as shall be Subsidiaries of Kraft Foods Group following the Spin-Off) or to their respective obligations or liabilities under or in connection with this Agreement prior to the Spin-Off shall constitute or be deemed to constitute a Default or Event of Default hereunder, or shall result in any failure of a condition to borrowing under Article III, or shall result in any liability on the part of Kraft Foods Group or its Subsidiaries, whether based on contract or any other theory.

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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 GROUP, 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

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

By: /s/ Tony Yung

Name: Tony Yung

Title: Executive Director

---

BARCLAYS BANK PLC, as Co-Administrative Agent and Lender

By: /s/ Ritam Bhalla  
Name: Ritam Bhalla  
Title: Director

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CITIBANK, N.A., as Co-Documentation Agent and Lender,

By: /s/ Carolyn Kee

Name: Carolyn Kee

Title: Vice President

---

CREDIT SUISSE AG, CAYMAN ISLANDS BRANCH, as Co-Documentation Agent and Lender

By: /s/ Karl Studer  
Name: Karl Studer  
Title: Director

By: /s/ Stephan Brectbuel  
Name: Stephan Brectbuel  
Title: Assistant Vice President

---

DEUTSCHE BANK AG NEW YORK BRANCH, as Lender

By: /s/ Ming K. Chu  
Name: Ming K. Chu  
Title: Vice President

By: /s/ Heidi Sandquist  
Name: Heidi Sandquist  
Title: Director

DEUTSCHE BANK SECURITIES INC., as  
Co-Documentation Agent

By: /s/ Ming K. Chu  
Name: Ming K. Chu  
Title: Vice President

By: /s/ Heidi Sandquist  
Name: Heidi Sandquist  
Title: Director

---

HSBC BANK USA, National Association, as  
Co-Documentation Agent and Lender

By: /s/ Robert J. Devir  
Name: Robert J. Devir  
Title: Managing Director

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THE ROYAL BANK OF SCOTLAND plc, as  
Co-Documentation Agent, Co-Syndication Agent and Lender

By: /s/ Michaela V. Galluzzo  
Name: Michaela V. Galluzzo  
Title: Director

---

RBS Securities Inc., as Joint Bookrunner and Joint Lead Arranger

By: /s/ Peter Klein  
Name: Peter Klein  
Title: Managing Director

---

---

WELLS FARGO BANK, NATIONAL ASSOCIATION, as Co-Documentation Agent and Lender

By: /s/ Daniel R. Van Aken

Name: Daniel R. Van Aken

Title: Director

---

BANK OF AMERICA, N.A., as a Lender  
By: /s/ William F. Sweeney

Name: William F. Sweeney  
Title: Managing Director

---

BNP Paribas, as a Lender

By: /s/ Mike Shryock

Name: Mike Shryock

Title: Managing Director

By: /s/ Fik Durmus

Name: Fik Durmus

Title: Director



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COMPASS BANK, as a Lender

By: /s/ Ramon Garcia

Name: Ramon Garcia

Title: Vice President

---

CREDIT AGRICOLE CORPORATE AND  
INVESTMENT BANK, as a Lender

By: /s/ Mattias Guillet

Name: Mattias Guillet

Title: Director

By: /s/ Blake Wright

Name: Blake Wright

Title: Managing Director

---

GOLDMAN SACHS BANK USA, as a Lender

By: /s/ Mark Walton

Name: Mark Walton

Title: Authorized Signatory

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MIZUHO CORPORATE BANK, LTD., as a Lender

By: /s/ Raymond Ventura

Name: Raymond Ventura

Title: Deputy General Manager

---

---

ROYAL BANK OF CANADA, as a Lender

By: /s/ David Cole

Name: David Cole

Title: Authorized Signatory

---

THE BANK OF TOKYO-MITSUBISHI UFJ, LTD., as a Lender

By: /s/ Christine Howatt

Name: Christine Howatt

Title: Authorized Signatory

---

U.S. BANK NATIONAL ASSOCIATION, as a Lender

By: /s/ Navneet Khanna

Name: Navneet Khanna

Title: Vice President

---

UBS LOAN FINANCE LLC, as a Lender

By: /s/ Mary E. Evans

Name: Mary E. Evans

Title: Associate Director

By: /s/ Irja R. Otsa

Name: Irja R. Otsa

Title: Associate Director



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CoBank, ACB, as a Lender

By: /s/ Rick Metzger

Name: Rick Metzger

Title: Vice President

---

FIFTH THIRD BANK, as a Lender

By: /s/ James P. Byrnes

Name: James P. Byrnes

Title: Senior Vice President

---

---

PNC BANK, NATIONAL ASSOCIATION, as a Lender

By: /s/ Jon R. Hinard

Name: Jon R. Hinard

Title: Senior Vice President

---

STATE STREET BANK AND TRUST COMPANY, as a Lender

By: /s/ Andrei Bourdine

Name: Andrei Bourdine

Title: Assistant Vice President

---

THE NORTHERN TRUST COMPANY, as a Lender

By: /s/ Karen Czys

Name: Karen Czys

Title: Officer

EXECUTION VERSION

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KRAFT FOODS GROUP, INC.

and

DEUTSCHE BANK TRUST COMPANY AMERICAS,

Trustee

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INDENTURE

Dated as of June 4, 2012

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Debt Securities

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**KRAFT FOODS GROUP, INC.**

Reconciliation and tie showing the location in the Indenture dated as of June 4, 2012 of the provisions inserted pursuant to Sections 310 to 318(a), inclusive, of the Trust Indenture Act of 1939, as amended.

<u>Trust Indenture Act Section</u>		<u>Indenture Section</u>
SECTION 310	(a) (1)	609
	(a) (2)	609
	(a) (3)	Not Applicable
	(a) (4)	Not Applicable
	(b)	608, 610(d)
SECTION 311	(c)	Not Applicable
	(a)	613
	(b)	613
SECTION 312	(c)	Not Applicable
	(a)	701, 702 (a)
	(b)	702 (b)
SECTION 313	(c)	702 (c)
	(a)	703 (a)
	(b)	703 (b)
SECTION 314	(c)	703 (a)
	(d)	703 (b)
	(a)	704 and 1005
	(b)	Not Applicable
	(c)	102
SECTION 315	(c) (1)	102
	(c) (2)	102
	(c) (3)	Not Applicable
	(d)	Not Applicable
	(e)	102
	(a)	601 (a)
	(b)	602, 703 (a) and 106
	(c)	601 (b)
	(d)	601 (c)
(d) (1)	601 (a) (1)	
(d) (2)	601 (a) (2)	
(d) (3)	601 (c) (3)	
SECTION 316	(e)	514
	(a)	101
	(a) (1) (A)	502 and 512
	(a) (1) (B)	513
	(a) (2)	Not Applicable
	(b)	508
	(c)	Not Applicable

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SECTION 317	(a) (1)	503
	(a) (2)	504
	(b)	1003
SECTION 318	(a)	107

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NOTE: This reconciliation and tie shall not, for any purpose, be deemed to be a part of the Indenture.



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This is an INDENTURE dated as of June 4, 2012 between Kraft Foods Group, Inc., a corporation duly incorporated and existing under the laws of the Commonwealth of Virginia and having its principal office at Three Lakes Drive, Northfield, Illinois 60093 (hereinafter called the "Company"), and Deutsche Bank Trust Company Americas, a New York banking corporation organized and existing under the laws of the State of New York, as Trustee (hereinafter called the "Trustee").

#### RECITALS OF THE COMPANY

The Company deems it desirable to issue from time to time for its lawful purposes securities (hereinafter called the "Securities") evidencing its unsecured indebtedness and has duly authorized the execution and delivery of this Indenture to provide for the issuance from time to time of the Securities, unlimited as to principal amount, to have such titles, to bear such rates of interest, to mature at such time or times and to have such other provisions as shall be fixed as hereinafter provided.

All things necessary to make this Indenture a valid agreement of the Company, in accordance with its terms, have been done, and the Company proposes to do all things necessary to make the Securities, when executed by the Company and authenticated and delivered by the Trustee hereunder and duly issued by the Company, the valid obligations of the Company as hereinafter provided.

NOW, THEREFORE, THIS INDENTURE WITNESSETH:

For and in consideration of the premises and the purchase of the Securities by the Holders thereof, it is mutually covenanted and agreed, for the equal and proportionate benefit of all Holders of the Securities or series thereof, as follows:

#### Article One

#### DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

##### SECTION 101. Definitions.

For all purposes of this Indenture and all Securities issued hereunder, except as otherwise expressly provided or unless the context otherwise requires:

- (1) the terms defined in this Article have the meanings assigned to them in this Article and include the plural as well as the singular;
- (2) all other terms used herein which are defined in the Trust Indenture Act, either directly or by reference therein, have the meanings assigned to them therein;
- (3) all accounting terms not otherwise defined herein have the meanings assigned to them in accordance with generally accepted accounting principles in the United States, and the term "generally accepted accounting principles" with respect to

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any computation required or permitted hereunder shall mean such accounting principles as are generally accepted in the United States at the date or time of such computation; and

(4) the words "herein", "hereof" and "hereunder" and other words of similar import refer to this Indenture as a whole and not to any particular Article, Section or other subdivision.

Certain terms, used principally in Article Three and Article Six, are defined in those Articles.

"Act", when used with respect to any Holder, has the meaning specified in Section 104.

"Affected Security" has the meaning specified Section 1108.

"Affiliate" of any specified Person means any other Person directly or indirectly controlling or controlled by or under direct or indirect common control with such specified Person. For the purposes of this definition, "control", when used with respect to any specified Person, means the power to direct the management and policies of such Person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise; and the terms "controlling" and "controlled" have meanings correlative to the foregoing.

"Authenticating Agent" means any Person authorized to authenticate and deliver Securities on behalf of the Trustee for the Securities of any series pursuant to Section 614.

"Authorized Newspapers" means a newspaper customarily published in an official language of the country of publication or in the English language at least once a day for at least five days in each calendar week and of general circulation in The City of New York and in London and, to the extent the Securities are listed on the Luxembourg Stock Exchange and the Luxembourg Stock Exchange shall so require, in Luxembourg or, if it shall be impracticable in the opinion of the Trustee for the Securities of the appropriate series to make such publication, in another capital city in Western Europe, as defined herein. Such publication (which may be in different newspapers) is expected to be made in the Eastern edition of The Wall Street Journal, in the London edition of the Financial Times and, if applicable, in the Luxemburger Wort.

"Bearer Security" means any Security established pursuant to Section 201 which is payable to bearer.

"Board of Directors" means the board of directors of the Company or any duly authorized committee of that board or any director or directors and/or officer or officers of the Company to whom that board or committee shall have duly delegated its authority.

"Board Resolution" means (1) a copy of a resolution certified by the Secretary or an Assistant Secretary of the Company to have been duly adopted by the Board of Directors and to be in full force and effect on the date of such certification, or (2) a certificate signed by the director or directors or officer or officers to whom the Board of Directors shall have duly delegated its authority, and delivered to the Trustee for the Securities of any series.



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"Business Day" means any day, other than a Saturday or Sunday, that is neither a legal holiday nor a day on which commercial banks are authorized or required by law, regulation or executive order to close in The City of New York; provided, however, that, with respect to Securities not denominated in Dollars, the day is also not a day on which commercial banks are authorized or required by law, regulation or executive order to close in the Principal Financial Center of the country issuing the Foreign Currency or currency unit or, if the Foreign Currency or currency unit is Euro, the day is also a day on which the Trans-European Automated Real-time Gross Settlement Express Transfer (TARGET) System is open; provided, further, that, with respect to LIBOR Securities, the day is also a London Business Day.

"Capital Stock" of any Person means shares, interests, rights to purchase, warrants, options, participations or other equivalents of or interests in (however designated) the equity of such Person, including any preferred stock, but excluding any debt securities convertible into such equity.

"Certificate of a Firm of Independent Public Accountants" means a certificate signed by any firm of independent public accountants of recognized standing selected by the Company. The term "independent" when used with respect to any specified firm of public accountants means such a firm which (1) is in fact independent within the meaning of the Securities Act of 1933, as amended, and the applicable published rules and regulations thereunder, (2) does not have any direct financial interest or any material indirect financial interest in the Company or in any other obligor upon the Securities of any series or in any Affiliate of the Company or of such other obligor, and (3) is not connected with the Company or such other obligor or any Affiliate of the Company or of such other obligor, as an officer, employee, promoter, underwriter, trustee, partner, director or person performing similar functions, but such firm may be the regular independent accountants employed by the Company. Whenever it is herein provided that any Certificate of a Firm of Independent Public Accountants shall be furnished to the Trustee for Securities of any series, such Certificate shall state that the signer has read this definition and that the signer is independent within the meaning hereof.

"Clearstream" means Clearstream Banking societe anonyme, Luxembourg.

"Code" means the Internal Revenue Code of 1986, as amended, and the regulations thereunder.

"Commission" means the Securities and Exchange Commission, as from time to time constituted, created under the Securities Exchange Act of 1934, or if at any time after the execution of this instrument such Commission is not existing and performing the duties now assigned to it under the Trust Indenture Act, then the body performing such duties on such date.

"Company" means the Person named as the "Company" in the first paragraph of this instrument until a successor Person shall have become such pursuant to the applicable provisions of this Indenture, and thereafter "Company" shall mean such successor Person.

"Company Request" and "Company Order" mean, respectively, a written request or order signed in the name of the Company by (1) a Chairman of the Board, a Vice Chairman of the Board, a President or a Vice President and by the Treasurer, an Assistant Treasurer, the

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Controller, an Assistant Controller, the Secretary or an Assistant Secretary of the Company, or (2) by any two Persons designated in a Company Order previously delivered to the Trustee for Securities of any series by any two of the foregoing officers and delivered to the Trustee for Securities of any series.

"Component Currency" has the meaning specified in Section 311(e).

"Consolidated Capitalization" means the total of all of the assets appearing on the most recent quarterly or annual consolidated balance sheet of the Company and its consolidated Subsidiaries, less the following:

(a) current liabilities, including liabilities for indebtedness maturing more than 12 months from the date of the original creation thereof, but maturing within 12 months from the date of such consolidated balance sheet; and

(b) deferred income tax liabilities appearing on such consolidated balance sheet.

"Consolidated Net Tangible Assets" means the excess over current liabilities of all assets appearing on the most recent quarterly or annual consolidated balance sheet of the Company and its consolidated Subsidiaries less goodwill and other intangible assets and the minority interests of others in Subsidiaries, all as appearing on such balance sheet.

"Conversion Event" means the unavailability of any Foreign Currency or currency unit due to the imposition of exchange controls or other circumstances beyond the Company's control.

"Corporate Trust Office" means the office of the Trustee for Securities of any series at which at any particular time its corporate trust business shall be principally administered, which office of Deutsche Bank Trust Company Americas, at the date of the execution of this Indenture, is located at Deutsche Bank Trust Company Americas, 60 Wall Street, 27th Floor, MS: NYC60-2710 New York NY 10005, Attention: Corporates Team/ Kraft Foods Group, Inc. (in addition, copies of correspondence are to be sent to Deutsche Bank National Trust Company for Deutsche Bank Trust Company Americas, Trust & Securities Services, 100 Plaza One, 6th Floor – MS JCY03-0699, Jersey City, NJ 07311-3901, Attention: Corporates Team/ Kraft Foods Group, Inc.), or such other address as the Trustee may designate from time to time by notice to the Holders and the Company, or the principal corporate trust office of any successor Trustee (or such other address as such successor Trustee may designate from time to time by notice to the Holders and the Company).

"corporation" includes corporations, limited liability companies, companies and business trusts.

"coupon" means any interest coupon appertaining to a Bearer Security.

"Currency Determination Agent", with respect to Securities of any series, means, unless otherwise specified in the Securities of any series, a New York Clearing House bank designated pursuant to Section 301 or Section 312.

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"Defaulted Interest" has the meaning specified in Section 307.

"Depository" means, with respect to the Securities of any series issuable or issued in the form of a Global Security, the Person designated as Depository by the Company pursuant to Section 301 until a successor Depository shall have become such pursuant to the applicable provisions of this Indenture, and thereafter "Depository" shall mean or include each Person who is then a Depository hereunder, and if at any time there is more than one such Person, "Depository" as used with respect to the Securities of any such series shall mean the Depository with respect to the Securities of that series.

"Determination Notice" has the meaning specified in Section 1108(b).

"Dollars" and the sign "\$" mean the currency of the United States of America as at the time of payment is legal tender for the payment of public and private debts.

"Election Date" has the meaning specified in Section 311(e).

"Euro" means the single currency of the participating member states of the European Union as defined under EC Regulation 1103/97 adopted under Article 235 of the Treaty on European Union and under EC Regulation 974/98 adopted under Article 1091(4) of the Treaty on European Union or any successor European legislation from time to time.

"Euroclear" means Euroclear Bank S.A./N.A., as operator of the Euroclear System.

"Event of Default" has the meaning specified in Section 501.

"Exchange Date" has the meaning specified in Section 304.

"Foreign Currency" means a currency issued and actively maintained as a country's recognized unit of domestic exchange by the government of any country other than the United States, and such term shall include the Euro.

"Global Exchange Agent" has the meaning specified in Section 304.

"Global Securities" means Securities in global form.

"Government Obligations" means securities which are (i) direct obligations of the government which issued the currency in which the Securities of a particular series are payable (except as provided in Section 311(b) and 311(d) in which case with respect to Securities for which an election has occurred pursuant to Section 311(b), or a Conversion Event has occurred as provided in Section 311(d), such obligations shall be issued in the currency or currency unit in which such Securities are payable as a result of such election or Conversion Event) or (ii) obligations of a Person controlled or supervised by or acting as an agency or instrumentality of the government which issued the currency in which the Securities of such series are payable (except as provided in Section 311(b) and 311(d), in which case with respect to Securities for which an election has occurred pursuant to Section 311(b), or a Conversion Event has occurred as provided in Section 311(d), such obligations shall be issued in the currency or currency unit in which such Securities are payable as a result of such election or Conversion Event), the payment

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of which is unconditionally guaranteed by such government, which, in either case, are full faith and credit obligations of such government payable in such currency and are not callable or redeemable at the option of the issuer thereof.

"Guarantee" means any obligation, contingent or otherwise, of any Person directly or indirectly guaranteeing any Securities of any other Person and any obligation, direct or indirect, contingent or otherwise, of such Person:

(1) to purchase or pay (or advance or supply funds for the purchase or payment of) such Securities of such other Person (whether arising by virtue of partnership arrangements, or by agreement to keep-well, to purchase assets, goods, securities or services, to take-or-pay, or to maintain financial statement conditions or otherwise), or

(2) entered into for purposes of assuring in any other manner the obligee of such Securities of the payment thereof or to protect such obligee against loss in respect thereof (in whole or in part);

provided, however, that the term "Guarantee" shall not include endorsements for collection or deposit in the ordinary course of business. The term "Guarantee" used as a verb has a corresponding meaning. The term "Guarantor" shall mean any Person Guaranteeing any obligation.

"Holder", when used with respect to any Security, means in the case of a Registered Security the Person in whose name a Security is registered in the Security Register, and in the case of a Bearer Security the bearer thereof and, when used with respect to any coupon, means any bearer thereof.

"Indenture" means this instrument as it may from time to time be supplemented or amended by one or more indentures supplemental hereto entered into pursuant to the applicable provisions hereof and shall include the terms of a particular series of Securities established as contemplated by Section 301.

"Indexed Security" means any Security as to which the amount of payments of principal, premium, if any, and/or interest, if any, due thereon is determined with reference to the rate of exchange between the currency or currency unit in which the Security is denominated and any other specified currency or currency unit, to the relationship between two or more currencies or currency units, to the price of one or more specified securities or commodities, to one or more securities or commodities exchange indices or other indices or by other similar methods or formulas, all as specified in accordance with Section 301.

"interest", when used with respect to any Security which by its terms bears interest only after Maturity, means interest payable after Maturity.

"Interest Payment Date", when used with respect to any Security, means the Stated Maturity of an installment of interest on such Security.

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"Issue Date" means the date on which the Securities of a particular series are originally issued under this Indenture.

"Judgment Date" has the meaning specified in Section 516.

"LIBOR" means, with respect to any LIBOR Security, the rate specified as LIBOR for such series of Securities in accordance with Section 301.

"LIBOR Currency" means the currency specified pursuant to Section 301 as to which LIBOR will be calculated or, if no currency is specified pursuant to Section 301, Dollars.

"LIBOR Security" means any Security which bears interest at a floating rate calculated with reference to LIBOR.

"London Business Day" means, with respect to any LIBOR Security, a day on which commercial banks are open for business, including dealings in the LIBOR Currency, in London.

"Luxembourg Stock Exchange", unless specified with respect to any particular series of Securities, means the Luxembourg Stock Exchange.

"Market Exchange Rate" with respect to any Foreign Currency or currency unit on any date means, unless otherwise specified in accordance with Section 301, the noon buying rate in The City of New York for cable transfers in such Foreign Currency or currency unit as certified for customs purposes by the Federal Reserve Bank of New York for such Foreign Currency or currency unit.

"Maturity", when used with respect to any Security, means the date on which the principal (or, if the context so requires, in the case of an OID Security, a lesser amount or, in the case of an Indexed Security, an amount determined in accordance with the specified terms of that Security) of that Security becomes due and payable as therein or herein provided, whether at the Stated Maturity or by declaration of acceleration, call for redemption, request for redemption, repayment at the option of the holder, pursuant to any sinking fund or otherwise.

"Notice of Default" has the meaning specified in Section 501(3).

"Officers' Certificate" means a certificate signed by any Chairman of the Board, Vice Chairman of the Board, Chief Executive Officer, President or Vice President (any reference to a Vice President of the Company herein shall be deemed to include any Vice President of the Company whether or not designated by a number or a word or words added before or after the title "Vice President"), and by the Treasurer, an Assistant Treasurer, the Controller, an Assistant Controller, the Secretary or an Assistant Secretary of the Company, and delivered to the Trustee for the Securities of any series.

"OID Security" means a Security which provides for an amount (excluding any amounts attributable to accrued but unpaid interest thereon) less than the principal amount thereof to be due and payable upon a declaration of acceleration of the Maturity thereof pursuant to Section 502.

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"Opinion of Counsel" means, for purposes of Section 1108, a written opinion of independent legal counsel of recognized standing and, for all other purposes hereof, means a written opinion of counsel, who may be an employee of or counsel to the Company.

"Outstanding", when used with respect to Securities, means, as of the date of determination, all Securities theretofore authenticated and delivered under this Indenture, except:

(1) Securities theretofore canceled by the Trustee for such Securities or delivered to such Trustee for cancellation;

(2) Securities or portions thereof for whose payment or redemption money in the necessary amount and in the required currency or currency unit has been theretofore deposited with the Trustee for such Securities or any Paying Agent (other than the Company or any other obligor upon the Securities) in trust or set aside and segregated in trust by the Company or any other obligor upon the Securities (if the Company or any other obligor upon the Securities shall act as its own Paying Agent) for the Holders of such Securities; provided, however, that, if such Securities or portions thereof are to be redeemed, notice of such redemption has been duly given pursuant to this Indenture, or provision therefor satisfactory to such Trustee has been made; and

(3) Securities which have been paid pursuant to Section 306 or in exchange for or in lieu of which other Securities have been authenticated and delivered pursuant to this Indenture, other than any such Securities in respect of which there shall have been presented proof satisfactory to the Trustee for such Securities that any such Securities are held by bona fide holders in due course;

provided, however, that in determining whether the Holders of the requisite principal amount of Outstanding Securities have given any request, demand, authorization, direction, notice, consent or waiver hereunder, (a) Securities owned by the Company or any other obligor upon the Securities or any Affiliate of the Company or such other obligor shall be disregarded and deemed not to be Outstanding, except that, in determining whether the Trustee for such Securities shall be protected in relying upon any such request, demand, authorization, direction, notice, consent or waiver, only Securities which a Responsible Officer of such Trustee actually knows to be so owned shall be so disregarded; Securities so owned which have been pledged in good faith may be regarded as Outstanding if the pledgee establishes to the satisfaction of such Trustee the pledgee's right so to act with respect to such Securities and that the pledgee is not the Company or any other obligor upon the Securities or any Affiliate of the Company or of such other obligor; (b) the principal amount of an OID Security that shall be deemed to be Outstanding for such purposes shall be the amount of the principal thereof that would be due and payable as of the date of such determination upon a declaration of acceleration pursuant to Section 502; and (c) the principal amount of a Security denominated in a Foreign Currency or currency unit that shall be deemed to be outstanding for such purposes shall be determined in accordance with Section 115.

"Paying Agent" means the Trustee or any other Person authorized by the Company to pay the principal of, and premium, if any, and interest, if any, on any Securities of any series on behalf of the Company.

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"Person" means any individual, firm, corporation, partnership, association, joint venture, tribunal, trust, government or political subdivision or agency or instrumentality thereof, or any other entity or organization.

"Place of Payment", when used with respect to the Securities of any particular series, means the place or places where the principal of, premium, if any, and interest, if any, on the Securities of that series are payable, as contemplated by Section 301.

"Predecessor Security" of any particular Security means every previous Security evidencing all or a portion of the same debt as that evidenced by that particular Security, and, for the purposes of this definition, any Security authenticated and delivered under Section 306 in lieu of a mutilated, destroyed, lost or stolen Security or a Security to which a mutilated, destroyed, lost or stolen coupon appertains shall be deemed to evidence the same debt as the mutilated, lost, destroyed or stolen Security or the Security to which the mutilated, destroyed, lost or stolen coupon appertains, as the case may be.

"Principal Facility" has the meaning specified in Section 1007.

"Principal Financial Center" means, unless otherwise specified in accordance with Section 301:

(1) the capital city of the country issuing the Foreign Currency or currency unit, except that with respect to Dollars, Australian dollars, Canadian dollars, South African rand and Swiss francs, the "Principal Financial Center" will be The City of New York, Sydney and Melbourne, Toronto, Johannesburg and Zurich, respectively; or

(2) the capital city of the country to which the LIBOR Currency relates, except that with respect to Dollars, Canadian dollars, South African rand and Swiss francs, the "Principal Financial Center" will be The City of New York, Toronto, Johannesburg and Zurich, respectively.

"Redemption Date", when used with respect to any Security to be redeemed in whole or in part, means the date fixed for such redemption by or pursuant to this Indenture.

"Redemption Price", when used with respect to any Security to be redeemed, means, unless otherwise specified in such Security an amount, in the currency or currency unit in which such Security is denominated or which is otherwise provided for pursuant hereto, equal to the principal amount thereof and premium, if any, thereon, together with accrued interest, if any, to the Redemption Date.

"Registered Security" means any Security established pursuant to Section 201 which is registered in the Security Register.

"Regular Record Date" for the interest payable on any Interest Payment Date on the Registered Securities of any series, means the date, if any, specified for that purpose as contemplated by Section 301.

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"Responsible Officer", when used with respect to the Trustee for any series of Securities, means any officer within the corporate trust department of the Trustee, including any vice president, assistant vice president, assistance secretary, assistant treasurer, trust officer or any other officer of the Trustee who customarily performs functions similar to those performed by the Persons who at the time shall be such officers, respectively, or to whom any corporate trust matter is referred because of such person's knowledge of and familiarity with the particular subject and who shall have direct responsibility for the administration of this Indenture.

"Securities" means securities evidencing unsecured indebtedness of the Company authenticated and delivered under this Indenture.

"Security Register" and "Security Registrar" have the respective meanings specified in Section 305.

A "series" of Securities means all Securities denoted as part of the same series authorized by or pursuant to a particular Board Resolution.

"Special Record Date" for the payment of any Defaulted Interest on the Registered Securities of any series means a date fixed by the Trustee for such series pursuant to Section 307.

"Stated Maturity", when used with respect to any Security or any installment of principal thereof or interest thereon, means the date specified in such Security or a coupon representing such installment of interest as the fixed date on which the principal of such Security or such installment of principal or interest is due and payable.

"Subsidiary" means any corporation of which at least a majority of all outstanding stock or other interests having ordinary voting power in the election of directors, managers or trustees (without regard to the occurrence of any contingency) thereof is at the time, directly or indirectly, owned or controlled by the Company or by one or more Subsidiaries or by the Company and one or more Subsidiaries.

"Substitute Date" has the meaning specified in Section 516.

"Trust Indenture Act" means the Trust Indenture Act of 1939, as amended by the Trust Indenture Reform Act of 1990, as in force at the date as of which this Indenture was executed, provided, however, that in the event the Trust Indenture Act is amended after such date, "Trust Indenture Act" means, to the extent required by any such amendment, the Trust Indenture Act of 1939 as so amended.

"Trustee" means the Person named as the "Trustee" in the first paragraph of this instrument and, subject to the provisions of Article Six hereof, shall also include its successors and assigns as Trustee hereunder. If there shall be at one time more than one Trustee hereunder, "Trustee" shall mean each such Trustee and shall apply to each such Trustee only with respect to those series of Securities with respect to which it is serving as Trustee.

"United States" means, unless otherwise specified with respect to Securities of any series, the United States of America (including the States and the District of Columbia), its territories, its possessions and other areas subject to its jurisdiction (including the Commonwealth of Puerto Rico).



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"United States Alien" has the meaning specified in Section 1010.

"Western Europe" means, unless otherwise specified with respect to Securities of any series, any of the member states of the European Union as of the date hereof and Switzerland, Norway, Poland, Hungary, the Czech Republic and the Slovak Republic (and "Western European" shall have a meaning correlative to the foregoing).

"Yield to Maturity", when used with respect to any OID Security, means the yield to maturity, if any, set forth on the face thereof.

#### **SECTION 102. Compliance Certificates and Opinions.**

Upon any application or request by the Company to the Trustee for any series of Securities to take any action under any provision of this Indenture, the Company shall furnish to such Trustee an Officers' Certificate stating that all conditions precedent, if any, provided for in this Indenture relating to the proposed action have been complied with, and an Opinion of Counsel stating that in the opinion of such counsel such action is authorized or permitted by this Indenture and that all such conditions precedent, if any, have been complied with, except that in the case of any such application or request as to which the furnishing of such documents is specifically required by any provision of this Indenture relating to such particular application or request, no additional certificate or opinion need be furnished.

Every certificate (other than certificates provided pursuant to Section 1005) or opinion with respect to compliance with a condition or covenant provided for in this Indenture shall include:

- (1) a statement that each individual signing such certificate or opinion has read such condition or covenant and the definitions herein relating thereto;
- (2) a brief statement as to the nature and scope of the examination or investigation upon which the statements or opinions contained in such certificate or opinion are based;
- (3) a statement that, in the opinion of each such individual, he has made such examination or investigation as is necessary to enable him to express an informed opinion as to whether or not such condition or covenant has been complied with; and
- (4) a statement as to whether, in the opinion of each such individual, such condition or covenant has been complied with.

#### **SECTION 103. Form of Documents Delivered to Trustee.**

In any case where several matters are required to be certified by, or covered by an opinion of, any specified Person, it is not necessary that all such matters be certified by, or covered by the opinion of, only one such Person, or that they be so certified or covered by only

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one document, but one such Person may certify or give an opinion with respect to some matters and one or more other such Persons as to other matters, and any such Person may certify or give an opinion as to such matters in one or several documents.

Any certificate or opinion of an officer of the Company may be based, insofar as it relates to legal matters, upon a certificate or opinion of, or representations by, counsel, unless such officer knows, or in the exercise of reasonable care should know, that the certificate or opinion or representations with respect to matters upon which his certificate or opinion is based are erroneous.

Any such certificate or Opinion of Counsel may be based, insofar as it relates to factual matters, upon a certificate or opinion of, or representations by, an officer or officers of the Company stating that the information with respect to such factual matters is in the possession of the Company, unless such counsel knows, or in the exercise of reasonable care should know, that the certificate or opinion or representations with respect to such matters are erroneous.

Where any Person is required to make, give or execute two or more applications, requests, consents, certificates, statements, opinions or other instruments under this Indenture, they may, but need not, be consolidated and form one instrument.

#### **SECTION 104. Acts of Holders.**

(a) Any request, demand, authorization, direction, notice, consent, waiver or other action provided by this Indenture to be given or taken by Holders may be embodied in and evidenced by one or more instruments of substantially similar tenor signed by such Holders in person or by one or more agents duly appointed in writing. If Securities of a series are issuable as Bearer Securities, any request, demand, authorization, direction, notice, consent, waiver or other action provided by this Indenture to be given by Holders of such series may, alternatively, be embodied in and evidenced by the record of Holders of Securities of such series voting in favor thereof, either in person or by proxies duly appointed in writing, at any meeting of Holders of Securities of such series duly called and held in accordance with the provisions of Article Thirteen, or a combination of such instruments and any such record. Except as herein otherwise expressly provided, such action shall become effective when such instrument or instruments or record or both are delivered to the Trustee for the appropriate series of Securities and, where it is hereby expressly required, to the Company. Such instrument or instruments and any such record (and the action embodied therein and evidenced thereby) are herein sometimes referred to as the "Act" of the Holders signing such instrument or instruments or so voting at any such meeting. Proof of execution of any such instrument or of a writing appointing any such agent, or of the holding by any Person of a Security, shall be sufficient for any purpose of this Indenture and (subject to Section 601) conclusive in favor of the Trustee for the appropriate series of Securities and the Company and any agent of such Trustee or the Company, if made in the manner provided in this Section. The record of any meeting of Holders of Securities shall be proved in the manner provided in Section 1306.

The Company may at its discretion set a record date for purposes of determining the identity of Holders of Registered Securities entitled to vote or consent to any action by vote or consent authorized or permitted under this Indenture, but the Company shall have no obligation

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to do so. If not set by the Company prior to the first solicitation of Holders of Registered Securities of a particular series made by any Person in respect of any such action or, in the case of any such vote, prior to such vote, the record date for any such action or vote shall be 30 days prior to the first solicitation of such vote or consent. Upon the fixing of such a record date those Persons who were Holders of Registered Securities at such record date (or their duly designated proxies), and only those Persons, shall be entitled with respect to such Registered Securities to take such action by vote or consent or to revoke any vote or consent previously given, whether or not such Persons continue to be Holders after such record date.

(b) The fact and date of the execution by any Person of any such instrument or writing may be proved by the affidavit of a witness of such execution or by the certificate of any notary public or other officer authorized by law to take acknowledgments of deeds, certifying that the individual signing such instrument or writing acknowledged to him the execution thereof. Where such execution is by an officer of a corporation or association or a member of a partnership, or an official of a public or governmental body, on behalf of such corporation, association, partnership or public or governmental body or by a fiduciary, such certificate or affidavit shall also constitute sufficient proof of his authority.

(c) The fact and date of the execution by any Person of any such instrument or writing, or the authority of the Person executing the same, may also be proved in any other manner which the Trustee for the appropriate series of Securities deems sufficient.

(d) The principal amount and serial numbers of Registered Securities held by any Person, and the date of holding the same, shall be proved by the Security Register.

(e) The principal amount and serial numbers of Bearer Securities held by any Person, and the date of holding the same, may be proved by the production of such Bearer Securities or by a certificate executed, as depository, by any trust company, bank, banker or other depository, wherever situated, if such certificate shall be deemed by the Trustee for such Securities to be satisfactory, showing that at the date therein mentioned such Person had on deposit with such depository, or exhibited to it, the Bearer Securities therein described; or such facts may be proved by the certificate or affidavit of the Person holding such Bearer Securities, if such certificate or affidavit is deemed by such Trustee to be satisfactory. The Trustee for such Securities and the Company may assume that such ownership of any Bearer Security continues until (1) another certificate or affidavit bearing a later date issued in respect of the same Bearer Security is produced, (2) such Bearer Security is produced to such Trustee by some other Person, (3) such Bearer Security is surrendered in exchange for a Registered Security, or (4) such Bearer Security is no longer Outstanding. The principal amount and serial numbers of Bearer Securities held by any Person, and the date of holding the same, may also be proved in any other manner which the Company and the Trustee for such Securities deem sufficient.

(f) Subject to Section 115, in determining whether the Holders of the requisite principal amount of Outstanding Securities have given any request, demand, authorization, direction, notice, consent or waiver under this Indenture, the principal amount of an OID Security that may be counted in making such determination and that shall be deemed to be Outstanding for such purposes shall be equal to the amount of the principal thereof that would be due and payable upon a declaration of acceleration of the Maturity thereof pursuant to Section 502 at the time the taking of such action by the Holders of such requisite principal amount is evidenced to the Trustee for such Securities.

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(g) Any request, demand, authorization, direction, notice, consent, waiver or other action by the Holder of any Security shall bind every future Holder of the same Security and the Holder of every Security issued upon the registration of transfer thereof or in exchange therefor or in lieu thereof in respect of anything done, omitted or suffered to be done by the Trustee for such Securities, the Security Registrar, any Paying Agent or the Company in reliance thereon, whether or not notation of such action is made upon such Security.

**SECTION 105. Notices, Etc., to Trustee and the Company.**

Any request, demand, authorization, direction, notice, consent, waiver or Act of Holders or other documents provided or permitted by this Indenture to be made upon, given or furnished to, or filed with,

(a) the Trustee for a series of Securities by any Holder or by the Company shall be sufficient for every purpose hereunder if made, given, furnished or filed in writing, to or with such Trustee at its Corporate Trust Office, Attention: Corporates Team/ Kraft Foods Group, Inc., or if sent by facsimile transmission or email in PDF format, to a facsimile number or email address, as the case may be, provided by the Trustee, with a copy sent, first class postage prepaid, to the Trustee addressed to it as provided above, or

(b) the Company by such Trustee or by any Holder shall be sufficient for every purpose hereunder (except as provided in paragraphs (3), (4) and (5) of Section 501) if furnished in writing and sent, first class postage prepaid, addressed to the Company at the address of its principal office specified in the first paragraph of this instrument or at any other address previously furnished in writing to such Trustee by the Company, or if sent by facsimile transmission or email in PDF format, to a facsimile number or email address, as the case may be, provided to the Trustee by the Company, with a copy sent, first class postage prepaid, to the Company addressed to it as provided above.

**SECTION 106. Notice to Holders; Waiver.**

Where this Indenture provides for notice to Holders of any event, (1) such notice shall be sufficiently given (unless otherwise herein expressly provided) to Holders of Registered Securities if in writing and sent, first class postage prepaid, or by email in PDF format to each Holder affected by such event, at his physical address or email address as it appears in the Security Register, not later than the latest date, and not earlier than the earliest date, prescribed for the giving of such notice; and (2) such notice shall be sufficiently given (unless otherwise herein expressly provided) to Holders of Bearer Securities who have filed their names and addresses with the Trustee for such purpose within the previous two years if in writing and sent, first class postage prepaid, or by email to each such Holder at his physical address or email address as so filed not later than the latest date and not earlier than the earliest date prescribed for the giving of such notice, or to all other Holders of Bearer Securities if published in an Authorized Newspaper on a Business Day at least twice, the first such publication to be not earlier than the earliest date, and the second such publication to be not later than the latest date, prescribed herein for the giving of such notice.

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In any case where notice to Holders of Registered Securities is given by mail, neither the failure to send such notice, nor any defect in any notice so mailed, to any particular Holder of a Registered Security shall affect the sufficiency of such notice with respect to other Holders of Registered Securities or the sufficiency of any notice to Holders of Bearer Securities given as provided herein. Any notice sent in the manner prescribed by this Indenture shall be deemed to have been given whether or not received by any particular Holder. In case by reason of the suspension of regular mail service or by reason of any other cause it shall be impracticable to give such notice to Holders of Registered Securities by mail, then such notification as shall be made with the approval of the Trustee for such Securities shall constitute sufficient notice to such Holders.

In case by reason of the suspension of publication of any Authorized Newspaper or Authorized Newspapers or by reason of any other cause it shall be impracticable to publish any notice to Holders of Bearer Securities as provided above, then such notification to Holders of Bearer Securities as shall be made with the approval of the Trustee for such Securities shall constitute sufficient notice to such Holders for every purpose hereunder. Neither the failure to give notice by publication to Holders of Bearer Securities as provided above, nor any defect in any notice so published, shall affect the sufficiency of any notice to Holders of Registered Securities given as provided herein.

Where this Indenture provides for notice in any manner, such notice may be waived in writing by the Person entitled to receive such notice, either before or after the event, and such waiver shall be the equivalent of such notice. Waivers of notice by Holders shall be filed with the Trustee for such Securities, but such filing shall not be a condition precedent to the validity of any action taken in reliance upon such waiver.

**SECTION 107. Conflict with Trust Indenture Act.**

If any provision hereof limits, qualifies or conflicts with the duties imposed by any of Sections 310 through 317, inclusive, of the Trust Indenture Act through the operation of Section 318(c) thereof, such imposed duties shall control.

**SECTION 108. Effect of Headings and Table of Contents.**

The Article and Section headings herein and the Table of Contents are for convenience only and shall not affect the construction hereof.

**SECTION 109. Successors and Assigns.**

All covenants and agreements in this Indenture by the Company shall bind its successors and assigns, whether so expressed or not.

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**SECTION 110. Separability Clause.**

If any provision in this Indenture or in the Securities or coupons shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

**SECTION 111. Benefits of Indenture.**

Nothing in this Indenture or in the Securities or in any coupons appertaining thereto, expressed or implied, shall give to any Person, other than the parties hereto, any Paying Agent, any Security Registrar and their successors hereunder and the Holders of Securities or coupons, any benefit or any legal or equitable right, remedy or claim under this Indenture.

**SECTION 112. Governing Law, Waiver of Jury Trial.**

This Indenture and the Securities shall be governed by and construed in accordance with the laws of the State of New York.

EACH OF THE COMPANY AND THE TRUSTEE HEREBY IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY AND ALL RIGHT TO TRIAL BY JURY IN ANY LEGAL PROCEEDING ARISING OUT OF OR RELATING TO THIS INDENTURE, THE SECURITIES OR THE TRANSACTION CONTEMPLATED HEREBY.

**SECTION 113. Non-Business Day.**

Unless otherwise stated with respect to Securities of any series, in any case where any Interest Payment Date, Redemption Date or Stated Maturity of a Security of any particular series shall not be a Business Day at any Place of Payment with respect to Securities of that series, then (notwithstanding any other provision of this Indenture or of the Securities or coupons) payment of principal, and premium, if any, and interest, if any, with respect to such Security need not be made at such Place of Payment on such date, but may be made on the next succeeding Business Day at such Place of Payment with the same force and effect as if made on the Interest Payment Date or Redemption Date, or at the Stated Maturity, provided that no interest shall accrue with respect to such payment for the period from and after such Interest Payment Date, Redemption Date or Stated Maturity, as the case may be.

**SECTION 114. Immunity of Incorporators, Stockholders, Officers and Directors.**

No recourse shall be had for the payment of principal of, or premium, if any, or interest, if any, on any Security or coupon of any series, or for any claim based thereon, or upon any obligation, covenant or agreement of this Indenture, against any incorporator, stockholder, officer or director, as such, past, present or future, of the Company or of any successor corporation, either directly or indirectly through the Company or any successor corporation, whether by virtue of any constitution, statute or rule of law or by the enforcement of any assessment of penalty or otherwise; it being expressly agreed and understood that this Indenture and all the Securities and coupons of each series are solely corporate obligations, and that no personal liability whatever shall attach to, or is incurred by, any incorporator, stockholder,

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officer or director, past, present or future, of the Company or of any successor corporation, either directly or indirectly through the Company or any successor corporation, because of the incurring of the indebtedness hereby authorized or under or by reason of any of the obligations, covenants or agreements contained in this Indenture or in any of the Securities or coupons of any series, or to be implied herefrom or therefrom; and that all such personal liability is hereby expressly released and waived as a condition of, and as part of the consideration for, the execution of this Indenture and the issuance of the Securities and coupons of each series.

**SECTION 115. Certain Matters Relating to Currencies.**

Subject to Section 311, each reference to any currency or currency unit in any Security, or in the Board Resolution or supplemental indenture relating thereto, shall mean only the referenced currency or currency unit and no other currency or currency unit. The Trustee shall segregate moneys, funds and accounts held by the Trustee in one currency or currency unit from any moneys, funds or accounts held in any other currencies or currency units, notwithstanding any provision herein which would otherwise permit the Trustee to commingle such amounts. Whenever any action or Act is to be taken hereunder by the Holders of Securities denominated in a Foreign Currency or currency unit, then for purposes of determining the principal amount of Securities held by such Holders, the aggregate principal amount of the Securities denominated in a Foreign Currency or currency unit shall be deemed to be that amount of Dollars that could be obtained for such principal amount on the basis of a spot rate of exchange specified to the Trustee for such series in an Officers' Certificate for such Foreign Currency or currency unit into Dollars as of the date the taking of such action or Act by the Holders of the requisite percentage in principal amount of the Securities is evidenced to such Trustee.

**SECTION 116. Language of Notices, Etc.**

Any request, demand, authorization, direction, notice, consent or waiver required or permitted under this Indenture shall be in the English language, and any published notice may also be in an official language of the country of publication.

**SECTION 117. Force Majeure.**

The Trustee, Security Registrar and Paying Agent shall not incur any liability for not performing any act or fulfilling any duty, obligation or responsibility hereunder by reason of any occurrence beyond the control of the Trustee, Security Registrar or Paying Agent (including but not limited to any act or provision of any present or future law or regulation or governmental authority, any act of God or war, civil unrest, local or national disturbance or disaster, any act of terrorism, or the unavailability of the Federal Reserve Bank wire or facsimile or other wire or communication facility).

**SECTION 118. U.S.A. Patriot Act.**

The parties hereto acknowledge that in order to help the United States government fight the funding of terrorism and money laundering activities, pursuant to Federal regulations that became effective on October 1, 2003 (Section 326 of the USA PATRIOT Act) requires all financial institutions to obtain, verify, record and update information that identifies each person establishing a relationship or opening an account. The parties to this Agreement agree that they

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will provide to Deutsche Bank Trust Company Americas such information as it may request, from time to time, in order for Deutsche Bank Trust Company Americas to satisfy the requirements of the USA PATRIOT Act, including but not limited to the name, address, tax identification number and other information that will allow it to identify the individual or entity who is establishing the relationship or opening the account and may also ask for formation documents such as articles of incorporation or other identifying documents to be provided.

**SECTION 119. Execution in Counterparts.**

This Indenture may be executed in two or more counterparts, which when so executed shall constitute one and the same agreement. The exchange of copies of this Indenture and of signature pages by facsimile or PDF transmission shall constitute effective execution and delivery of this Indenture as to the parties hereto and may be used in lieu of the original Indenture for all purposes. Signatures of the parties hereto transmitted by facsimile or PDF shall be deemed to be their original signatures for all purposes.

Article Two

**SECURITY FORMS**

**SECTION 201. Forms of Securities.**

The Registered Securities, if any, of each series and the Bearer Securities, if any, of each series and related coupons shall be in such form or forms (including global form) as shall be established by or pursuant to a Board Resolution, in each case with such appropriate insertions, omissions, substitutions and other variations as are required or permitted by this Indenture or any indenture supplemental hereto and may have such letters, numbers or other marks of identification and such legends or endorsements placed thereon as may be required to comply with any law, with any rule or regulation made pursuant thereto, with any rules of any securities exchange, automated quotation system or clearing agency or to conform to usage, as may, consistently herewith, be determined by the officers executing such Securities or coupons, as evidenced by their execution of such Securities or coupons. If temporary Securities of any series are issued in global form as permitted by Section 304, the form thereof shall be established as provided in the preceding sentence.

Unless otherwise specified as contemplated by Section 301, Bearer Securities shall have interest coupons attached.

Prior to the delivery of a Security of any series in any such form to the Trustee for the Securities of such series for authentication, the Company shall deliver to such Trustee the following:

(a) The Board Resolution by or pursuant to which such form of Security has been approved and, if applicable, the supplemental indenture by or pursuant to which such form of Security has been approved;



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(b) An Officers' Certificate dated the date such Certificate is delivered to such Trustee stating that all conditions precedent provided for in this Indenture relating to the authentication and delivery of Securities in such form have been complied with; and

(c) An Opinion of Counsel stating that (A), the Securities in such form have been established by a supplemental indenture or by or pursuant to a resolution of the Board of Directors in accordance with this Article 2 and in conformity with the provisions of this Indenture; (B) that the terms of such Securities have been established in accordance with Article 2 and in conformity with the other provisions of this Indenture; (C) that all laws and requirements in respect of the execution and delivery by the Company of such Securities have been complied with; and (D) Securities in such form, together with any coupons appertaining thereto, when (i) completed by appropriate insertions and executed and delivered by the Company to such Trustee for authentication in accordance with this Indenture, (ii) authenticated and delivered by such Trustee in accordance with this Indenture within the authorization as to aggregate principal amount established from time to time by the Board of Directors, and (iii) sold in the manner specified in such Opinion of Counsel, will be the legal, valid and binding obligations of the Company enforceable in accordance with their terms, subject to the effects of applicable bankruptcy, reorganization, fraudulent conveyance, moratorium, insolvency and other similar laws generally affecting creditors' rights, to general equitable principles, to an implied covenant of good faith and fair dealing and to such other qualifications as such counsel shall conclude do not materially affect the rights of Holders of such Securities. The definitive Securities and coupons, if any, shall be printed, lithographed or engraved or produced by any combination of these methods on a steel engraved border or steel engraved borders or may be produced in any other manner, all as determined by the officers executing such Securities or coupons, as evidenced by their execution thereof.

(d) The Trustee shall have the right to decline to authenticate and deliver any Securities under this Section 201 if the Trustee, being advised by counsel, determines that such action may not lawfully be taken or if the Trustee in good faith shall determine that such action would expose the Trustee to personal liability to existing Holders.

**SECTION 202. Form of Trustee's Certificate of Authentication.**

The Certificate of Authentication on all Securities shall be in substantially the following form: "This is one of the Securities of the series designated therein described in the within-mentioned Indenture.

DEUTSCHE BANK TRUST COMPANY AMERICAS, as Trustee

By: \_\_\_\_\_  
Authorized Signatory"

**SECTION 203. Securities in Global Form.**

If any Security of a series is issuable in global form, such Security may provide that it shall represent the aggregate amount of Outstanding Securities from time to time endorsed thereon and may also provide that the aggregate amount of Outstanding Securities represented

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thereby may from time to time be reduced to reflect exchanges. Any endorsement of a Security in global form to reflect the amount, or any increase or decrease in the amount, of Outstanding Securities represented thereby shall be made by the Trustee and in such manner as shall be specified in such Security. Any instructions by the Company with respect to a Security in global form, after its initial issuance, shall be in writing but need not comply with Section 102. Global Securities may be issued in either registered or bearer form and in either temporary or permanent form.

Article Three

**THE SECURITIES**

**SECTION 301. Title; Payment and Terms.**

The aggregate principal amount of Securities which may be authenticated and delivered and Outstanding under this Indenture is unlimited. The Securities may be issued up to the aggregate principal amount of Securities from time to time authorized by or pursuant to a Board Resolution.

The Securities may be issued in one or more series, each of which shall be issued pursuant to a Board Resolution or pursuant to a supplemental indenture hereto. There shall be established in one or more Board Resolutions or pursuant to one or more Board Resolutions or in one or more supplemental indentures or pursuant to one or more supplemental indentures and, subject to Section 303, set forth in, or determined in the manner provided in an Officers' Certificate of the Company, prior to the issuance of Securities of any series all or any of the following, as applicable (each of which, if so provided, may be determined from time to time by the Company with respect to unissued Securities of that series and set forth in the Securities of that series when issued from time to time):

- (1) the title of the Securities of that series (which shall distinguish the Securities of that series from all other series of Securities);
- (2) any limit upon the aggregate principal amount of the Securities of that series which may be authenticated and delivered under this Indenture (except for Securities authenticated and delivered upon registration of transfer of, or in exchange for, or in lieu of, other Securities of that series pursuant to Sections 304, 305, 306, 906 or 1107);
- (3) whether Securities of that series are to be issuable as Registered Securities, Bearer Securities or both and any restrictions on the exchange of one form of Securities for another and on the offer, sale and delivery of the Securities in either form;
- (4) the date or dates (or manner of determining the same) on which the principal of the Securities of that series is payable (which, if so provided in such Board Resolution, may be determined by the Company from time to time and set forth in the Securities of the series issued from time to time);

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(5) the rate or rates (or the manner of calculation thereof) at which the Securities of that series shall bear interest (if any), the date or dates from which such interest shall accrue, the Interest Payment Dates on which such interest shall be payable (or manner of determining the same) and the Regular Record Date for the interest payable on any Registered Securities on any Interest Payment Date and the extent to which, or the manner in which, any interest payable on a temporary Global Security on an Interest Payment Date will be paid if other than in the manner provided in Section 307;

(6) the place or places where, subject to the provisions of Section 1002, the principal of, and premium, if any, and interest, if any, on Securities of that series shall be payable, any Registered Securities of that series may be surrendered for registration of transfer, any Securities of that series may be surrendered for exchange, and notices and demands to or upon the Company in respect of the Securities of that series and this Indenture may be served;

(7) the period or periods within which (or manner of determining the same), the price or prices at which (or manner of determining the same), the currency or currency unit in which, and the terms and conditions upon which Securities of that series may be redeemed, in whole or in part, at the option of the Company, and any remarketing arrangements with respect to the Securities of that series;

(8) the obligation, if any, of the Company to redeem, repay or purchase Securities of that series pursuant to any sinking fund or analogous provisions or at the option of a Holder thereof, and the period or periods within which (or manner of determining the same), the price or prices at which (or manner of determining the same), the currency or currency unit in which, and the terms and conditions upon which, Securities of that series shall be redeemed or purchased, in whole or in part, pursuant to such obligation;

(9) if the currency in which the Securities of that series shall be issuable is Dollars, the denominations in which any Registered Securities of that series shall be issuable, if other than denominations of \$1,000 and any integral multiple thereof, and the denominations in which any Bearer Securities of that series shall be issuable, if other than the denomination of \$5,000;

(10) if other than the principal amount thereof, the portion of the principal amount of Securities of that series which shall be payable upon a declaration of acceleration of the Maturity thereof pursuant to Section 502;

(11) any Events of Default and covenants of the Company with respect to the Securities of that series, whether or not such Events of Default or covenants are consistent with the Events of Default or covenants set forth herein;

(12) if a Person other than Deutsche Bank Trust Company Americas is to act as Trustee for the Securities of that series, the name and location of the Corporate Trust Office of such Trustee;

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(13) if other than Dollars, the currency or currency unit in which payment of the principal of, and premium, if any, and interest, if any, on the Securities of that series shall be made or in which the Securities of that series shall be denominated and the particular provisions applicable thereto in accordance with, in addition to or in lieu of the provisions of Section 311;

(14) if the principal of, and premium, if any, and interest, if any, on the Securities of that series are to be payable, at the election of the Company or a Holder thereof, in a currency or currency unit other than that in which such Securities are denominated or stated to be payable, in accordance with provisions in addition to or in lieu of, or in accordance with, the provisions of Section 311, the period or periods within which (including the Election Date), and the terms and conditions upon which, such election may be made, and the time and manner of determining the exchange rate between the currency or currency unit in which such Securities are denominated or stated to be payable and the currency or currency unit in which such Securities are to be so payable;

(15) the designation of the original Currency Determination Agent, if any;

(16) if the Securities of such series are issuable as Indexed Securities, the manner in which the amount of payments of principal of, and premium, if any, and interest, if any, on that series shall be determined;

(17) if the Securities of that series do not bear interest, the applicable dates for purposes of Section 701;

(18) if other than as set forth in Article Four, provisions for the satisfaction and discharge of this Indenture with respect to the Securities of that series;

(19) the date as of which any Bearer Securities of that series and any Global Security representing Outstanding Securities of that series shall be dated if other than the date of original issuance of the first Security of that series to be issued;

(20) the application, if any, of Section 1010 to the Securities of that series;

(21) whether the Securities of the series shall be issued in whole or in part in the form of a Global Security or Securities and, in such case, the Depositary and Global Exchange Agent, if any, for such Global Security or Securities, whether such global form shall be permanent or temporary and, if applicable, the Exchange Date;

(22) if Securities of the series are to be issuable initially in the form of a temporary Global Security, the circumstances under which the temporary Global Security can be exchanged for definitive Securities and whether the definitive Securities will be Registered Securities and/or Bearer Securities and will be in global form and whether interest in respect of any portion of such Global Security payable in respect of an Interest Payment Date prior to the Exchange Date shall be paid to any clearing organization with respect to a portion of such Global Security held for its account and, in such event, the terms and conditions (including any certification requirements) upon

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which any such interest payment received by a clearing organization will be credited to the Persons entitled to interest payable on such Interest Payment Date if other than as provided in this Article Three;

(23) whether the Securities of the series will be convertible or exchangeable into other securities of the Company or another Person, and if so, the terms and conditions upon which such Securities will be so convertible or exchangeable, including the conversion price or exchange rate and the conversion or exchange period, and any additions or changes to the Indenture with respect to the Securities of such series to permit or facilitate such conversion or exchange;

(24) the form of the Securities of the series;

(25) whether the Securities shall be issued with Guarantees and, if so, the terms, if any, of any Guarantee of the payment of principal and interest, if any, with respect to Securities of the Series and any corresponding changes to the provisions of this Indenture as then in effect; and

(26) any other terms of that series (which terms shall not be inconsistent with the provisions of this Indenture).

All Securities of any particular series and the coupons appertaining to any Bearer Securities of such series shall be substantially identical except as to denomination, rate of interest, Stated Maturity and the date from which interest, if any, shall accrue, and except as may otherwise be provided in or pursuant to such Board Resolution relating thereto. The terms of such Securities, as set forth above, may be determined by the Company from time to time if so provided in or established pursuant to the authority granted in a Board Resolution. All Securities of any one series need not be issued at the same time, and unless otherwise provided, a series may be reopened for issuance of additional Securities of such series.

### **SECTION 302. Denominations and Currencies.**

Unless otherwise provided with respect to any series of Securities as contemplated by Section 301, any Registered Securities of a series shall be issuable in denominations of \$1,000 and any integral multiple thereof, and any Bearer Securities of a series shall be issuable in the denomination of \$5,000, or the equivalent amounts thereof in the case of Registered Securities and Bearer Securities denominated in a Foreign Currency or currency unit.

### **SECTION 303. Execution, Authentication, Delivery and Dating.**

The Securities and any related coupons shall be executed on behalf of the Company by its Chairman of the Board, a Vice Chairman of the Board, or one or more of its Presidents or Vice Presidents. The Securities shall be so executed under the corporate seal of the Company reproduced thereon and attested to by its Secretary or any one of its Assistant Secretaries. The signature of any of these officers on the Securities may be manual or facsimile.

Securities and coupons bearing the manual or facsimile signatures of individuals who were at any time the proper officers of the Company shall bind the Company, notwithstanding that such individuals or any of them have ceased to hold such offices prior to the authentication and delivery of such Securities or did not hold such offices at the date of such Securities.

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At any time and from time to time after the execution and delivery of this Indenture, the Company may deliver Securities of any series together with any coupons appertaining thereto, executed by the Company to the Trustee for the Securities of such series for authentication, together with a Company Order for the authentication and delivery of such Securities, and such Trustee, in accordance with the Company Order, shall authenticate and deliver such Securities; provided, however, that, during the "restricted period" (as defined in Section 1.163-5(c)(2)(i)(D)(7) of the United States Treasury Regulations), no Bearer Security shall be mailed or otherwise delivered to any location in the United States; and provided, further, that a Bearer Security may be delivered outside the United States in connection with its original issuance only if the Person entitled to receive such Bearer Security shall have furnished to the Trustee for the Securities of such series a certificate substantially in the form set forth in Exhibit A to this Indenture. If any Security shall be represented by a permanent Global Security, then, for purposes of this Section and Section 304, the notation of a beneficial owner's interest therein upon original issuance of such Security or upon exchange of a portion of a temporary Global Security shall be deemed to be delivery in connection with the original issuance of such beneficial owner's interest in such permanent Global Security. Except as permitted by Section 306 or 307, the Trustee for the Securities of a series shall not authenticate and deliver any Bearer Security unless all appurtenant coupons for interest then matured other than matured coupons in default have been detached and canceled. If all the Securities of any one series are not to be issued at one time and if a Board Resolution relating to such Securities shall so permit, such Company Order may set forth procedures acceptable to the Trustee for the issuance of such Securities, including, without limitation, procedures with respect to interest rate, Stated Maturity, date of issuance and date from which interest, if any, shall accrue.

Notwithstanding any contrary provision herein, if all Securities of a series are not to be originally issued at one time, it shall not be necessary to deliver the Board Resolution, Officers' Certificate and Opinion of Counsel otherwise required pursuant to Sections 102 and 201 at or prior to the time of authentication of each Security of such series if such documents are delivered at or prior to the authentication upon original issuance of the first Security of such series to be issued.

Each Registered Security shall be dated the date of its authentication, and, unless otherwise specified as contemplated by Section 301, each Bearer Security shall be dated as of the date of original issuance of the first Security of such series to be issued. No Security or coupon appertaining thereto shall be entitled to any benefit under this Indenture or be valid or obligatory for any purpose unless there appears on such Security a certificate of authentication substantially in the form provided for herein manually executed by the Trustee for such Security or on its behalf pursuant to Section 614, and such certificate upon any Security shall be conclusive evidence, and the only evidence, that such Security has been duly authenticated and delivered hereunder.

Each Depositary designated pursuant to Section 301 for a Global Security in registered form must, at the time of its designation and at all times while it serves as Depositary, be a clearing agency registered under the Securities Exchange Act of 1934, as amended, and any other applicable statute or regulation.

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In case any Securities shall have been authenticated, but not delivered, by the Trustee or the Authenticating Agent for such series then in office, any successor by merger, conversion or consolidation to such Trustee, or any successor Authenticating Agent, as the case may be, may adopt such authentication and deliver the Securities so authenticated with the same effect as if such successor Trustee or successor Authentication Agent had itself authenticated such Securities.

**SECTION 304. Temporary Securities and Exchange of Securities.**

Pending the preparation of definitive Securities of any particular series, the Company may execute, and upon Company Order the Trustee for the Securities of such series shall authenticate and deliver, in the manner specified in Section 303, temporary Securities which are printed, lithographed, typewritten, photocopied or otherwise produced, in any denomination, with like terms and conditions as the definitive Securities of like series in lieu of which they are issued in registered form or, if authorized, in bearer form with one or more coupons or without coupons, and with such appropriate insertions, omissions, substitutions and other variations as the officers executing such Securities may determine, as evidenced by their execution of such Securities. Any such temporary Securities may be in global form, representing such of the Outstanding Securities of such series as shall be specified therein.

Except in the case of temporary Securities in global form (which shall be exchanged only in accordance with the provisions of the following paragraphs), if temporary Securities of any particular series are issued, the Company will cause definitive Securities of that series to be prepared without unreasonable delay. After the preparation of such definitive Securities, the temporary Securities of such series shall be exchangeable for such definitive Securities and of a like Stated Maturity and with like terms and provisions upon surrender of the temporary Securities of such series, together with all unmatured and matured coupons in default, if any, at the office or agency of the Company in a Place of Payment for that series, without charge to the Holder. Upon surrender for cancellation of any one or more temporary Securities of any particular series, the Company shall execute and (in accordance with a Company Order delivered at or prior to the authentication of the first definitive Security of such series) the Trustee for the Securities of such series or the Global Exchange Agent shall authenticate and deliver in exchange therefor a like principal amount of definitive Securities of authorized denominations of the same series and of a like Stated Maturity and with like terms and provisions; provided, however, unless otherwise specified pursuant to Section 301, no definitive Bearer Security shall be delivered in exchange for a temporary Registered Security; and provided, further, that a definitive Bearer Security shall be delivered in exchange for a temporary Bearer Security only in compliance with the conditions set forth in Section 303. Until exchanged as hereinabove provided, the temporary Securities of any series shall in all respects be entitled to the same benefits under this Indenture as definitive Securities of the same series and with like terms and conditions, except as to payment of interest, if any, authenticated and delivered hereunder.

Any temporary Global Security and any permanent Global Security shall, unless otherwise provided therein, be delivered to a Depository designated pursuant to Section 301.

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Without unnecessary delay but in any event not later than the date specified in or determined pursuant to the terms of any such temporary Global Security (the "Exchange Date"), the Securities represented by any temporary Global Security of a series of Securities issuable in bearer form may be exchanged for definitive Securities (subject to the second succeeding paragraph) or Securities to be represented thereafter by one or more permanent Global Securities, without interest coupons. On or after the Exchange Date such temporary Global Security shall be surrendered by the Depository to the Trustee for such Security, as the Company's agent for such purpose, or the agent appointed by the Company pursuant to Section 301 to effect the exchange of the temporary Global Security for definitive Securities (the "Global Exchange Agent"), and following such surrender, such Trustee or the Global Exchange Agent (as appointed by the Trustee as an Authenticating Agent pursuant to Section 614) shall (1) endorse the temporary Global Security to reflect the reduction of its principal amount by an equal aggregate principal amount of such Security, (2) endorse the applicable permanent Global Security, if any, to reflect the initial amount, or an increase in the amount of Securities represented thereby, (3) manually authenticate such definitive Securities or such permanent Global Security, as the case may be, (4) subject to Section 303, deliver such definitive Securities to the Holder thereof or, as the case may be, deliver such permanent Global Security to the Depository to be held outside the United States for the accounts of Euroclear and Clearstream, for credit to the respective accounts at Euroclear and Clearstream, designated by or on behalf of the beneficial owners of such Securities (or to such other accounts as they may direct) and (5) redeliver such temporary Global Security to the Depository, unless such temporary Global Security shall have been canceled in accordance with Section 309 hereof; provided, however, that, unless otherwise specified in such temporary Global Security, upon such presentation by the Depository, such temporary Global Security shall be accompanied by a certificate dated the Exchange Date or a subsequent date and signed by Euroclear as to the portion of such temporary Global Security held for its account then to be exchanged for definitive Securities or one or more permanent Global Securities, as the case may be, and a certificate dated the Exchange Date or a subsequent date and signed by Clearstream, as to the portion of such temporary Global Security held for its account then to be exchanged for definitive Securities or one or more permanent Global Securities, as the case may be, each substantially in the form set forth in Exhibit B to this Indenture. Each certificate substantially in the form of Exhibit B hereto of Euroclear or Clearstream, as the case may be, shall be based on certificates of the account holders listed in the records of Euroclear or Clearstream, as the case may be, as being entitled to all or any portion of the applicable temporary Global Security. An account holder of Euroclear or Clearstream, as the case may be, desiring to effect the exchange of interest in a temporary Global Security for an interest in definitive Securities or one or more permanent Global Securities shall instruct Euroclear or Clearstream, as the case may be, to request such exchange on its behalf and shall deliver to Euroclear or Clearstream, as the case may be, a certificate substantially in the form of Exhibit A hereto and dated no earlier than 15 days prior to the Exchange Date. Until so exchanged, temporary Global Securities shall in all respects be entitled to the same benefits under this Indenture as definitive Securities and permanent Global Securities of the same series authenticated and delivered hereunder, except as provided in the fourth succeeding paragraph.

The delivery to the Trustee for the Securities of the appropriate series or the Global Exchange Agent by Euroclear or Clearstream of any certificate substantially in the form of Exhibit B hereto may be relied upon by the Company and such Trustee or the Global Exchange Agent as conclusive evidence that a corresponding certificate or certificates has or have been delivered to Euroclear or to Clearstream, as the case may be, pursuant to the terms of this Indenture.



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On or prior to the Exchange Date, the Company shall deliver to the Trustee for the Securities of the appropriate series or the Global Exchange Agent definitive Securities in aggregate principal amount equal to the principal amount of such temporary Global Security, executed by the Company. At any time, on or after the Exchange Date, upon 30 days' notice to the Trustee for the Securities of the appropriate series or the Global Exchange Agent by Euroclear or Clearstream, as the case may be, acting at the request of or on behalf of the beneficial owner, a Security represented by a temporary Global Security or a permanent Global Security, as the case may be, may be exchanged, in whole or from time to time in part, for definitive Securities without charge and such Trustee or the Global Exchange Agent shall authenticate and deliver, in exchange for each portion of such temporary Global Security or such permanent Global Security, an equal aggregate principal amount of definitive Securities of the same series of authorized denominations and with like terms and provisions as the portion of such temporary Global Security or such permanent Global Security to be exchanged, which, unless the Securities of the series are not issuable both as Bearer Securities and as Registered Securities, as contemplated by Section 301, shall be in the form of Bearer Securities or Registered Securities, or any combination thereof, as shall be specified by the beneficial owner thereof; provided, however, that definitive Bearer Securities shall be delivered in exchange for a portion of the temporary Global Security or the permanent Global Security only in compliance with the requirements of the second preceding paragraph. On or prior to the thirtieth day following receipt by the Trustee for the Securities of the appropriate series or the Global Exchange Agent of such notice with respect to a Security, or, if such day is not a Business Day, the next succeeding Business Day, the temporary Global Security or the permanent Global Security, as the case may be, shall be surrendered by the Depository to such Trustee, as the Company's agent for such purpose, or the Global Exchange Agent to be exchanged in whole, or from time to time in part, for definitive Securities without charge following such surrender, upon the request of Euroclear or Clearstream, as the case may be, and such Trustee or the Global Exchange Agent shall (1) endorse the applicable temporary Global Security or the permanent Global Security to reflect the reduction of its principal amount by the aggregate principal amount of such Security, (2) in accordance with procedures acceptable to the Trustee cause the terms of such Security and coupons, if any, to be entered on a definitive Security, (3) manually authenticate such definitive Security and (4) if a Bearer Security is to be delivered, deliver such definitive Security outside the United States to Euroclear or Clearstream, as the case may be, for or on behalf of the beneficial owner thereof, in exchange for a portion of such permanent Global Security.

Unless otherwise specified in such temporary Global Security or permanent Global Security, any such exchange shall be made free of charge to the beneficial owners of such temporary Global Security or permanent Global Security, except that a Person receiving definitive Securities must bear the cost of insurance, postage, transportation and the like in the event that such Person does not take delivery of such definitive Securities in person at the offices of Euroclear or Clearstream. Definitive Securities in bearer form to be delivered in exchange for any portion of a temporary Global Security or a permanent Global Security shall be delivered only outside the United States.

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Until exchanged in full as hereinabove provided, any temporary Global Security or permanent Global Security shall in all respects be entitled to the same benefits under this Indenture as definitive Securities of the same series and with like terms and conditions, except as to payment of interest, if any, authenticated and delivered hereunder. Unless otherwise specified as contemplated by Section 301, interest payable on such temporary Global Security on an Interest Payment Date for Securities of such series shall be payable to Euroclear and Clearstream on such Interest Payment Date upon delivery by Euroclear and Clearstream to the Trustee for the Securities of the appropriate series or the Global Exchange Agent in the case of payment of interest on a temporary Global Security with respect to an Interest Payment Date occurring prior to the applicable Exchange Date of a certificate or certificates substantially in the form set forth in Exhibit C to this Indenture, for credit without further interest on or after such Interest Payment Date to the respective accounts of the Persons who are the beneficial owners of such Global Security on such Interest Payment Date and who have, in the case of payment of interest on a temporary Global Security with respect to an Interest Payment Date occurring prior to the applicable Exchange Date, each delivered to Euroclear or Clearstream, as the case may be, a certificate substantially in the form set forth in Exhibit D to this Indenture.

Any definitive Bearer Security authenticated and delivered by the Trustee for the Securities of the appropriate series or the Global Exchange Agent in exchange for a portion of a temporary Global Security or a permanent Global Security shall not bear a coupon for any interest which shall theretofore have been duly paid by such Trustee to Euroclear or Clearstream or by the Company to such Trustee in accordance with the provisions of this Section 304.

With respect to Exhibits A, B, C and D to this Indenture, the Company may, in its discretion and if required or desirable under applicable law, substitute one or more other forms of such exhibits for such exhibits, eliminate the requirement that any or all certificates be provided, or change the time that any certificate may be required, provided that such substitute form or forms or notice of elimination or change of such certification requirement have theretofore been delivered to the Trustee with a Company Request and such form or forms, elimination or change is reasonably acceptable to the Trustee.

**SECTION 305. Registration, Registration of Transfer and Exchange.**

The Company shall cause to be kept at the Corporate Trust Office of the Trustee for the Securities of each series a register (the register maintained in such office being herein sometimes referred to as the "Security Register") in which, subject to such reasonable regulations as it may prescribe, the Company shall provide for the registration of Registered Securities and of transfers of Registered Securities. The Trustee for the Securities of each series is hereby initially appointed "Security Registrar" for the purpose of registering Registered Securities and transfers of Registered Securities of such series as herein provided.

Upon surrender for registration of transfer of any Registered Security of any particular series at the office or agency of the Company in a Place of Payment for that series, the Company shall execute, and the Trustee for the Securities of each series shall authenticate and deliver, in the name of the designated transferee or transferees, one or more new Registered Securities of any authorized denominations, and of a like Stated Maturity and of a like series and aggregate principal amount and with like terms and conditions.

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Except as set forth below, at the option of the Holder, Registered Securities of any particular series may be exchanged for other Registered Securities of any authorized denominations, and of a like Stated Maturity and of a like series and aggregate principal amount and with like terms and conditions, upon surrender of the Registered Securities to be exchanged at such office or agency. Whenever any Securities are so surrendered for exchange, the Company shall execute, and the Trustee for such Securities shall authenticate and deliver, the Securities which the Holder making the exchange is entitled to receive. Except as otherwise specified pursuant to Section 301, Registered Securities may not be exchanged for Bearer Securities.

Notwithstanding any other provision of this Section or Section 304, unless and until it is exchanged in whole or in part for Registered Securities in definitive form, a Global Security representing all or a portion of the Registered Securities of a series may not be transferred except as a whole by the Depository for such series to a nominee of such Depository or by a nominee of such Depository to such Depository or another nominee of such Depository or by such Depository or any such nominee to a successor Depository for such series or a nominee of such successor Depository. Neither the Trustee nor any Agent shall have any responsibility or liability for any actions taken or not taken by the Depository.

At the option of the Holder, Bearer Securities of any series may be exchanged for Registered Securities of the same series of any authorized denominations and of a like aggregate principal amount and with like terms and provisions upon surrender of the Bearer Securities to be exchanged at any office or agency of the Company in a Place of Payment for that series, with all unmatured coupons and all matured coupons in default thereto appertaining. If the Holder of a Bearer Security is unable to produce any such unmatured coupon or coupons or matured coupon or coupons in default, such exchange may be effected if the Bearer Securities are accompanied by payment in funds acceptable to the Company (or to the Trustee for the Security in case of matured coupons in default) in an amount equal to the face amount of such missing coupon or coupons, or the surrender of such missing coupon or coupons may be waived by the Company and such Trustee if there is furnished to them such security or indemnity as they may require to save each of them and any Paying Agent harmless. If thereafter the Holder of such Security shall surrender to any Paying Agent any such missing coupon in respect of which such a payment shall have been made, such Holder shall be entitled to receive the amount of such payment; provided, however, that, except as otherwise provided in Section 1002, interest represented by coupons shall be payable only upon presentation and surrender of those coupons at an office or agency of the Company in a Place of Payment for that series located outside the United States. Notwithstanding the foregoing, in case a Bearer Security of any series is surrendered at any such office or agency in exchange for a Registered Security of the same series and with like terms and conditions after the close of business at such office or agency on or after (i) any Regular Record Date and before the opening of business at such office or agency on the relevant Interest Payment Date, or (ii) any Special Record Date and before the opening of business at such office or agency on the related proposed date for payment of Defaulted Interest, such Bearer Security shall be surrendered without the coupon relating to such Interest Payment Date or proposed date for payment, as the case may be (or, if such coupon is so surrendered with such Bearer Security, such coupon shall be returned to the person so surrendering the Bearer Security), and interest or Defaulted Interest, as the case may be, will not be payable on such Interest Payment Date or proposed date for payment, as the case may be, in respect of the Registered Security issued in exchange for such Bearer Security, but will be payable only to the Holder of such coupon when due in accordance with the provisions of this Indenture.

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Whenever any Securities are so surrendered for exchange, the Company shall execute, and the Trustee for such Securities shall authenticate and deliver, the Securities which the Holder making the exchange is entitled to receive.

If at any time the Depositary for Securities of a series in registered form notifies the Company that it is unwilling or unable to continue as Depositary for the Securities of such series or if at any time the Depositary for the Securities of such series shall no longer be eligible under Section 303, the Company shall appoint a successor Depositary with respect to the Securities for such series. If (i) a successor Depositary for the Securities of such series is not appointed by the Company within 90 days after the Company receives such notice or becomes aware of such ineligibility, (ii) the Company delivers to the Trustee for Securities of such series in registered form a Company Order stating that the Securities of such series shall be exchangeable, or (iii) an Event of Default under Section 501 hereof has occurred and is continuing with respect to the Securities of such series, the Company's election pursuant to Section 301 shall no longer be effective with respect to the Securities for such series and the Company will execute, and the Trustee, upon receipt of a Company Order for the authentication and delivery of definitive Securities of such series, will authenticate and deliver Securities of such series in definitive form in an aggregate principal amount equal to the principal amount of the Global Security or Securities representing such series in exchange for such Global Security or Securities.

The Company may at any time and in its sole discretion determine that the Registered Securities of any series issued in the form of one or more Global Securities shall no longer be represented by such Global Security or Securities. In such event the Company will execute, and the Trustee, upon receipt of a Company Order for the authentication and delivery of definitive Registered Securities of such series, will authenticate and deliver, Registered Securities of such series in definitive form and in an aggregate principal amount equal to the principal amount of the Global Security or Securities representing such series in exchange for such Global Security or Securities. If specified by the Company pursuant to Section 301 with respect to a series of Securities in registered form, the Depositary for such series of Securities may surrender a Global Security for such series of Securities in exchange in whole or in part for Securities of such series of like tenor and terms and in definitive form on such terms as are acceptable to the Company and such Depositary. Thereupon the Company shall execute, and the Trustee shall authenticate and deliver, without service charge, (i) to each Person specified by such Depositary a new Security or Securities of the same series, of like tenor and terms and of any authorized denomination as requested by such Person in aggregate principal amount equal to and in exchange for such Person's beneficial interest in the Global Security; and (ii) to such Depositary a new Global Security of like tenor and terms and in a denomination equal to the difference, if any, between the principal amount of the surrendered Global Security and the aggregate principal amount of Securities delivered to Holders thereof.

Upon the exchange of a Global Security for Securities in definitive form, such Global Security shall be canceled by the Trustee. Registered Securities issued in exchange for a Global Security pursuant to this Section shall be registered in such names and in such authorized denominations as the Depositary for such Global Security, pursuant to instructions from its direct or indirect participants or otherwise, shall instruct the Trustee in writing. The Trustee shall deliver such Registered Security to the persons in whose names such Securities are so registered.

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All Securities issued upon any registration of transfer or exchange of Securities shall be the valid obligations of the Company, evidencing the same debt, and entitled to the same benefits under this Indenture, as the Securities surrendered upon such registration of transfer or exchange.

Every Security presented or surrendered for registration of transfer or exchange shall (if so required by the Company or the Trustee for such Security) be duly endorsed, or be accompanied by a written instrument of transfer in form satisfactory to the Company and the Security Registrar for such series duly executed, by the Holder thereof or his attorney duly authorized in writing.

No service charge shall be made for any registration of transfer or exchange of Securities, but the Company may require payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in connection with any registration of transfer or exchange of Securities, other than exchanges pursuant to Section 304, 906 or 1107 not involving any transfer.

The Company shall not be required (i) to issue, register the transfer of or exchange Securities of any series during a period beginning at the opening of business 15 days before the day of the mailing of a notice of redemption of Securities of that series selected for redemption under Section 1104 and ending at the close of business on (A) if Securities of the series are issuable only as Registered Securities, the day of the mailing of the relevant notice of redemption and (B) if Securities of the series are issuable as Bearer Securities, the day of the first publication of the relevant notice of redemption or, if Securities of the series are also issuable as Registered Securities and there is no publication, the mailing of the relevant notice of redemption, or (ii) to register the transfer of or exchange any Registered Security so selected for redemption as a whole or in part, except the unredeemed portion of any Security being redeemed in part, or (iii) to exchange any Bearer Security so selected for redemption except that such a Bearer Security may be exchanged for a Registered Security of that series and like tenor; provided, however, that such Registered Security shall be simultaneously surrendered for redemption.

Furthermore, notwithstanding any other provision of this Section 305, the Company will not be required to exchange any Securities if, as a result of the exchange, the Company would suffer adverse consequences under any United States law or regulation.

**SECTION 306. Mutilated, Destroyed, Lost and Stolen Securities and Coupons.**

If (i) any mutilated Security or a Security with a mutilated coupon appertaining thereto is surrendered to the Trustee for such Security or the Company and the Trustee for a Security receive evidence to their satisfaction of the destruction, loss or theft of any Security or coupon and (ii) there is delivered to the Company and such Trustee such security or indemnity as may be required by them to save each of them and any agent of either of them harmless, then, in the absence of written notice to the Company or such Trustee that such Security or coupon has been acquired by a protected purchaser (as defined in Article 8 of the New York Uniform Commercial Code), the Company shall execute and upon its written request such Trustee shall authenticate

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and deliver, in lieu of any such destroyed, lost or stolen Security or in exchange for such mutilated Security, or in exchange for the Security to which a mutilated, destroyed, lost or stolen coupon appertains (with all appurtenant coupons not mutilated, destroyed, lost or stolen) a new Security of the same series and in a like principal amount and of a like Stated Maturity and with like terms and conditions and bearing a number not contemporaneously outstanding with coupons corresponding to the coupons, if any, appertaining to such mutilated, destroyed, lost or stolen Security or to the Security to which such mutilated, destroyed, lost or stolen coupon appertains.

In case any such mutilated, destroyed, lost or stolen Security or coupon has become or is about to become due and payable, the Company in its discretion may, instead of issuing a new Security, pay such Security or coupon (without surrender thereof except in the case of a mutilated Security or coupon) if the applicant for such payment shall furnish to the Company and the Trustee for such Security such security or indemnity as may be required by them to save each of them harmless, and in case of destruction, loss or theft, evidence satisfactory to the Company and such Trustee and any agent of either of them of the destruction, loss or theft of such Security and the ownership thereof; provided, however, that principal of, and premium, if any, and interest, if any, on Bearer Securities shall, except as otherwise provided in Section 1002, be payable only at an office or agency located outside the United States and, unless otherwise specified as contemplated by Section 301, any interest on Bearer Securities shall be payable only upon presentation and surrender of the coupons appertaining thereto.

Upon the issuance of any new Security under this Section, the Company may require the payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in relation thereto and any other expenses (including all fees and expenses of the Trustee for such Security) connected therewith.

Every new Security of any series, with its coupons, if any, issued pursuant to this Section in lieu of any destroyed, lost or stolen Security or in exchange for any mutilated Security, or in exchange for a Security to which a mutilated, destroyed, lost or stolen coupon appertains shall constitute an original additional contractual obligation of the Company, whether or not the destroyed, lost or stolen Security and its coupons, if any, or the destroyed, lost or stolen coupon shall be at any time enforceable by anyone, and each such new Security shall be at any time enforceable by anyone, and each such new Security shall be entitled to all the benefits of this Indenture equally and proportionately with any and all other Securities of the same series and their coupons, if any, duly issued hereunder.

The provisions of this Section are exclusive and shall preclude (to the extent lawful) all other rights and remedies with respect to the replacement or payment of mutilated, destroyed, lost or stolen Securities or coupons.

**SECTION 307. Payment of Interest; Interest Rights Preserved.**

Interest on any Registered Security which is payable, and is punctually paid or duly provided for, on any Interest Payment Date shall, if so provided in such Security, be paid to the Person in whose name that Security (or one or more Predecessor Securities) is registered at the close of business on the Regular Record Date for such interest payment.

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Unless otherwise provided with respect to the Securities of any series, payment of interest may be made at the option of the Company (i) in the case of Registered Securities, by check mailed or delivered to the address of the Person entitled thereto as such address shall appear in the Security Register or by transfer to an account maintained by the payee with a bank located inside the United States, or (ii) in the case of Bearer Securities, upon presentation and surrender of the appropriate coupon appertaining thereto or by transfer to an account maintained by the payee with a bank located outside the United States.

Notwithstanding the foregoing, a Holder of \$1,000,000 or more in aggregate principal amount of Securities of any series in definitive form, whether having identical or different terms and provisions, having the same Interest Payment Dates will, at the option of the Company, be entitled to receive interest payments, other than at Maturity, by wire transfer of immediately available funds if appropriate wire transfer instructions have been received in writing by the Trustee for the Securities of such series at least 15 days prior to the applicable Interest Payment Date. Any wire instructions received by the Trustee for the Securities of such series shall remain in effect until revoked by the Holder.

Unless otherwise provided or contemplated by Section 301, every permanent Global Security will provide that interest, if any, payable on any Interest Payment Date will be paid to each of Euroclear and Clearstream with respect to that portion of such permanent Global Security held for its account by the Depository. Each of Euroclear and Clearstream will in such circumstances credit the interest received by it in respect of such permanent Global Security to the accounts of the beneficial owners thereof.

Any interest on any Registered Security of any particular series which is payable, but is not punctually paid or duly provided for, on any Interest Payment Date (herein called "Defaulted Interest") shall forthwith cease to be payable to the registered Holder on the relevant Regular Record Date by virtue of having been such Holder; and such Defaulted Interest may be paid by the Company, at its election in each case, as provided in clause (1) or (2) below:

(1) The Company may elect to make payment of any Defaulted Interest to the Persons in whose names the Registered Securities of that series (or their respective Predecessor Securities) are registered at the close of business on a Special Record Date for the payment of such Defaulted Interest, which shall be fixed in the following manner. The Company shall notify the Trustee for the Registered Securities of such series in writing of the amount of Defaulted Interest proposed to be paid on each Registered Security of that series and the date of the proposed payment, and at the same time the Company shall deposit with such Trustee an amount of money in the currency or currency unit in which the Securities of such series are payable (except as otherwise specified pursuant to Section 301 for the Securities of such series and except as provided in Sections 311(b) and 311(d)), equal to the aggregate amount proposed to be paid in respect of such Defaulted Interest or shall make arrangements satisfactory to such Trustee for such deposit prior to the date of the proposed payment, such money when deposited to be held in trust for the benefit of the Persons entitled to such Defaulted Interest as in this clause provided. Thereupon such Trustee shall fix a Special Record Date for the payment of such Defaulted Interest which shall not be more than 15 days and not less than 10 days prior to the date of the proposed payment and not less than 10 days after the receipt by

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such Trustee of the written notice of the proposed payment. Such Trustee shall promptly notify the Company of such Special Record Date and, in the name and at the expense of the Company, shall cause notice of the proposed payment of such Defaulted Interest and the Special Record Date therefor to be mailed, first-class postage prepaid, to each Holder of Registered Securities of that series at his address as it appears in the Security Register not less than 10 days prior to such Special Record Date. Such Trustee may, in its discretion, in the name and at the expense of the Company, cause a similar notice to be published at least once in an Authorized Newspaper published in The City of New York and London, but such publication shall not be a condition precedent to the establishment of such Special Record Date. Notice of the proposed payment of such Defaulted Interest and the Special Record Date therefor having been mailed as aforesaid, such Defaulted Interest shall be paid to the Persons in whose names the Registered Securities of that series (or their respective Predecessor Securities) are registered on such Special Record Date and shall no longer be payable pursuant to the following clause (2);

(2) The Company may make payment of any Defaulted Interest on Registered Securities of any particular series in any other lawful manner not inconsistent with the requirements of any securities exchange on which the Registered Securities may be listed, and upon such notice as may be required by such exchange, if, after written notice is given by the Company to the Trustee for the Securities of such series of the proposed manner of payment pursuant to this clause, such manner of payment shall be deemed practicable by such Trustee. Subject to the foregoing provisions of this Section and Section 305, each Security delivered under this Indenture upon registration of transfer of or in exchange for or in lieu of any other Security shall carry the rights to interest accrued and unpaid, and to accrue, which were carried by such other Security.

#### **SECTION 308. Persons Deemed Owners.**

Prior to due presentment of a Registered Security for registration of transfer, the Company, the Trustee for such Security and any agent of the Company or such Trustee may treat the Person in whose name any such Security is registered as the owner of such Security for the purpose of receiving payment of principal of, and premium, if any, and (subject to Section 307) interest, if any, on such Security and for all other purposes whatsoever, whether or not such Security be overdue, and none of the Company, such Trustee or any agent of the Company or such Trustee shall be affected by notice to the contrary.

Title to any Bearer Security and any coupons appertaining thereto shall pass by delivery. The Company, the Trustee for such Security and any agent of the Company or such Trustee may treat the bearer of any Bearer Security and the bearer of any coupon as the absolute owner of such Bearer Security or coupon for the purpose of receiving payment thereof or on account thereof and for all other purposes whatsoever, whether or not such Security or coupon be overdue, and none of the Company, such Trustee or any agent of the Company or such Trustee shall be affected by notice to the contrary.

None of the Company, the Trustee, any Paying Agent or the Security Registrar will have any responsibility or liability for any aspect of the records relating to or payments made on account of beneficial ownership interests of a Global Security or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.



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**SECTION 309. Cancellation.**

All Securities and coupons surrendered for payment, redemption, registration of transfer or exchange, or delivered in satisfaction of any sinking fund payment, shall, if surrendered to any Person other than the Trustee for such Securities, be delivered to such Trustee and, in the case of Registered Securities and matured coupons, shall be promptly canceled by it. All Bearer Securities and unmatured coupons so delivered to the Trustee for such Securities shall be canceled by such Trustee. The Company may at any time deliver to the Trustee for Securities of a series for cancellation any Securities previously authenticated and delivered hereunder which the Company may have acquired in any manner whatsoever, and all Securities so delivered shall be promptly canceled by such Trustee. Notwithstanding any other provision of this Indenture to the contrary, in the case of a series, all the Securities of which are not to be originally issued at one time, a Security of such series shall not be deemed to have been Outstanding at any time hereunder if and to the extent that, subsequent to the authentication and delivery thereof, such Security is delivered to the Trustee for such Security for cancellation by the Company or any agent thereof upon the failure of the original purchaser thereof to make payment therefor against delivery thereof, and any Security so delivered to such Trustee shall be promptly canceled by it. No Securities shall be authenticated in lieu of or in exchange for any Securities canceled as provided in this Section, except as expressly permitted by this Indenture. All canceled Securities and coupons held by the Trustee for such Securities shall be disposed of by such Trustee in accordance with its standard procedures and, upon the Company's written request, a certificate of disposition evidencing such disposition of Securities and coupons shall be provided to the Company by such Trustee. In the case of any temporary Global Security, which shall be disposed of if the entire aggregate principal amount of the Securities represented thereby has been exchanged, the certificate of disposition shall state that all certificates required pursuant to Section 304 hereof, substantially in the form of Exhibit B hereto (or in the form of any substitute exhibit as provided in the last paragraph of Section 304), to be given by Euroclear or Clearstream, have been duly presented to the Trustee for such Securities by Euroclear or Clearstream, as the case may be. Permanent Global Securities shall not be disposed of until exchanged in full for definitive Securities or until payment thereon is made in full.

**SECTION 310. Computation of Interest.**

Except as otherwise specified as contemplated by Section 301 for Securities of any particular series, interest on the Securities of each series shall be computed on the basis of a 360-day year of twelve 30-day months.

**SECTION 311. Currency and Manner of Payments in Respect of Securities.**

Unless otherwise specified in accordance with Section 301 with respect to any series of Securities, the following provisions shall apply:

(a) Except as provided in paragraphs (b) and (d) below, principal of, and premium, if any, and interest on Securities of any series denominated in a Foreign Currency or currency unit will be payable by the Company in Dollars based on the equivalent of that Foreign Currency or currency unit converted into Dollars in the manner described in paragraph (c) below.

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(b) It may be provided pursuant to Section 301 with respect to Registered Securities of any series denominated in a Foreign Currency or currency unit that Holders shall have the option, subject to paragraph (d) below, to receive payments of principal of, and premium, if any, and interest on such Registered Securities in such Foreign Currency or currency unit by delivering to the Trustee (or to any duly appointed Paying Agent) for the Registered Securities of that series a written election, to be in form and substance satisfactory to such Trustee (or to any such Paying Agent), not later than the close of business on the Election Date immediately preceding the applicable payment date. If a Holder so elects to receive such payments in such Foreign Currency or currency unit, such election will remain in effect for such Holder until changed by such Holder by written notice to the Trustee (or to any such Paying Agent) for the Registered Securities of that series; provided, however, that any such change must be made not later than the close of business on the Election Date immediately preceding the next payment date to be effective for the payment to be made on such payment date; and provided, further, that no such change or election may be made with respect to payments to be made on any Registered Security of such series with respect to which an Event of Default has occurred, the Company has exercised any defeasance, satisfaction or discharge options pursuant to Article Four or notice of redemption has been given by the Company pursuant to Article Eleven. If any Holder makes any such election, such election will not be effective as to any transferee of such Holder and such transferee shall be paid in Dollars unless such transferee makes an election as specified above; provided, however, that such election, if in effect while funds are on deposit with respect to the Registered Securities of such series as described in Section 404 or 405, will be effective on any transferee of such Holder unless otherwise specified pursuant to Section 301 for such Registered Securities. Any Holder of any such Registered Security who shall not have delivered any such election to the Trustee (or to any duly appointed Paying Agent) for the Registered Securities of such series not later than the close of business on the applicable Election Date will be paid the amount due on the applicable payment date in Dollars.

(c) With respect to any Registered Securities of any series denominated in a Foreign Currency or currency unit and payable in Dollars, the amount of Dollars so payable will be determined by the Currency Determination Agent based on the indicative quotation in The City of New York selected by the Currency Determination Agent at approximately 11:00 a.m., New York City time, on the second Business Day preceding the applicable payment date that yields the largest number of Dollars on conversion of Foreign Currency or currency units. Such selection shall be made from among the quotations appearing on the bank composite or multi-contributor pages of the Reuters Monitor Foreign Exchange Service or, if not available, the Bridge Telerate Monitor Foreign Exchange Service, for three (or two if three are not available) major banks in The City of New York. The first three (or two) such banks selected by the Currency Determination Agent which are offering quotes on the Reuters Foreign Exchange Service, as the case may be, shall be used. If such quotations are unavailable from either such foreign exchange service, such selection shall be made from the quotations received by the Currency Determination Agent from no more than three nor less than two recognized foreign exchange dealers in The City of New York selected by the Currency Determination Agent and approved by the Company (one of which may be the Currency Determination Agent) for the purchase by the quoting dealer, for settlement on such payment date, of the aggregate amount of

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the Foreign Currency or currency unit payable on such payment date in respect of all Registered Securities denominated in such Foreign Currency or currency unit and for which the applicable dealer commits to execute a contract. If fewer than two such bid quotations are available at 11:00 a.m., New York City time, on the second Business Day preceding the applicable payment date, such payment will be based on the Market Exchange Rate as of the second Business Day preceding the applicable payment date. If the Market Exchange Rate for such date is not then available, payments shall be made in the Foreign Currency or currency unit.

(d) If a Conversion Event occurs with respect to a Foreign Currency or currency unit in which Registered Securities of any series are payable, then with respect to each date for the payment of principal of, and premium, if any, and interest on the Registered Securities of that series occurring after the last date on which such Foreign Currency or currency unit was used, the Company may make such payment in Dollars. The Dollar amount to be paid by the Company to the Trustee for the Registered Securities of such series and by such Trustee or any Paying Agent for the Registered Securities of such series to the Holders of such Registered Securities with respect to such payment date shall be determined by the Currency Determination Agent on the basis of the Market Exchange Rate as of the second Business Day preceding the applicable payment date or, if such Market Exchange Rate is not then available, on the basis of the most recently available Market Exchange Rate, or as otherwise established pursuant to Section 301 with respect to such Notes. Any payment in respect of such Registered Security made under such circumstances in Dollars will not constitute an Event of Default hereunder.

(e) For purposes of this Indenture the following terms shall have the following meanings:

A "Component Currency" shall mean any currency which is a component of any unit.

"Election Date" shall mean, for the Registered Securities of any series, the date specified pursuant to Section 301(14).

(f) Notwithstanding any other provisions of this Section 311, the following shall apply: (i) if the official unit of any Component Currency is altered by way of combination or subdivision, the number of units of that currency as a component shall be divided or multiplied in the same proportion, (ii) if two or more Component Currencies are consolidated into a single currency, the amounts of those currencies as components shall be replaced by an amount in such single currency equal to the sum of the amounts of the consolidated Component Currencies expressed in such a single currency, (iii) if any Component Currency is divided into two or more currencies, the amount of that original Component Currency as a component shall be replaced by the amounts of such two or more currencies having an aggregate value on the date of division equal to the amount of the former Component Currency immediately before such division and (iv) in the event of an official redenomination of any currency (including, without limitation, a currency unit), the obligations of the Company to make payments in or with reference to such currency on the Registered Securities of any series shall, in all cases, be deemed immediately following such redenomination to be obligations to make payments in or with reference to that amount of redenominated currency representing the amount of such currency immediately before such redenomination.

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(g) All determinations referred to in this Section 311 made by the Currency Determination Agent shall be in its sole discretion and shall, in the absence of manifest error, be conclusive for all purposes and irrevocably binding upon the Holders of the applicable Securities. The Currency Determination Agent shall promptly give written notice to the Trustee for the Securities of such series of any such decision or determination. The Currency Determination Agent shall promptly give written notice to the Trustee of any such decision or determination. The Currency Determination Agent shall have no liability for any determinations referred to in this Section 311 made by it in the absence of willful misconduct, bad faith or gross negligence.

(h) The Trustee for the Securities of a particular series shall be fully justified and protected in relying and acting upon information received by it from the Company and the Currency Determination Agent with respect to any of the matters addressed in or contemplated by this Section 311 and shall not otherwise have any duty or obligation to determine such information independently.

**SECTION 312. Appointment and Resignation of Currency Determination Agent.**

(a) If and so long as the Securities of any series (i) are denominated in a currency unit or a currency other than Dollars or (ii) may be payable in a currency unit or a currency other than Dollars, or so long as it is required under any other provision of this Indenture, then the Company shall maintain with respect to each such series of Securities, or as so required, a Currency Determination Agent. The Company shall cause the Currency Determination Agent to make the necessary foreign exchange determinations at the time and in the manner specified pursuant to Section 301 for the purpose of determining the applicable rate of exchange and for the purpose of converting the issued currency or currency unit into the applicable payment currency or currency unit for the payment of principal, and premium, if any, and interest, if any, pursuant to Section 311.

(b) No resignation of the Currency Determination Agent and no appointment of a successor Currency Determination Agent pursuant to this Section shall become effective until the acceptance of appointment by the successor Currency Determination Agent as evidenced by a written instrument delivered to the Company and the Trustee of the appropriate series of Securities accepting such appointment executed by the successor Currency Determination Agent.

(c) If the Currency Determination Agent shall resign, be removed or become incapable of acting, or if a vacancy shall occur in the office of the Currency Determination Agent for any cause, with respect to the Securities of one or more series, the Company, by a Board Resolution, shall promptly appoint a successor Currency Determination Agent or Currency Determination Agents with respect to the Securities of that or those series (it being understood that any such successor Currency Determination Agent may be appointed with respect to the Securities of one or more or all of such series and that at any time there shall only be one Currency Determination Agent with respect to the Securities of any particular series).

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**SECTION 313. CUSIP Numbers.**

The Company in issuing the Securities may use "CUSIP" numbers (if then generally in use), and, if so, the Trustee shall use "CUSIP" numbers in notices of redemption as a convenience to Holders; provided that any such notice may state that no representation is made as to the correctness of such numbers either as printed on the Securities or as contained in any notice of a redemption and that reliance may be placed only on the other identification numbers printed on the Securities, and any such redemption shall not be affected by any defect in or omission of such numbers. The Company will promptly notify the Trustee in writing of any change in the "CUSIP" numbers.

Article Four

**SATISFACTION AND DISCHARGE**

**SECTION 401. Option to Effect Legal Defeasance or Covenant Defeasance.**

The Company may, at the option of its Board of Directors evidenced by a Board Resolution, at any time, with respect to the Securities of any series, unless otherwise specified pursuant to Section 301 with respect to a particular series of Securities, elect to have either Section 402 or 403 be applied to all of the Outstanding Securities of that series upon compliance with the conditions set forth below in this Article Four.

**SECTION 402. Legal Defeasance and Discharge.**

Upon the Company's exercise under Section 401 of the option applicable to this Section 402, the Company shall be deemed to have been discharged from its obligations with respect to all Outstanding Securities of the particular series on the date the conditions set forth below are satisfied (hereinafter, "Legal Defeasance"). For this purpose, such Legal Defeasance means that the Company shall be deemed to have paid and discharged all the obligations relating to the Outstanding Securities of that series and the Securities of that series shall thereafter be deemed to be "outstanding" only for the purposes of Section 406, Section 408 and the other Sections of this Indenture referred to below in this Section 402, and to have satisfied all of its other obligations under such Securities and this Indenture and cured all then existing Events of Default (and the Trustee, on demand of and at the expense of the Company, shall execute proper instruments acknowledging the same), except for the following which shall survive until otherwise terminated or discharged hereunder: (a) the rights of Holders of outstanding Securities of the particular series and coupons, if any, of such series to receive payments in respect of principal of, and premium, if any, and interest, if any, on such Securities when such payments are due or on the Redemption Date solely out of the trust created pursuant to this Indenture; (b) the Company's obligations with respect to such Securities concerning issuing temporary Securities of that series, or, where relevant, registration of such Securities, mutilated, destroyed, lost or stolen Securities of that series and the maintenance of an office or agency for payment and money for Security payments held in trust; (c) the rights, powers, trusts, duties and immunities of the Trustee for the Securities of that series, and the Company's obligations in connection therewith; and (d) this Article Four and the obligations set forth in Section 406 hereof. Subject to compliance with this Article Four, the Company may exercise its option under Section 402 notwithstanding the prior exercise of its option under Section 403 with respect to the Securities of a particular series.

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**SECTION 403. Covenant Defeasance.**

Upon the Company's exercise under Section 401 of the option applicable to this Section 403, the Company shall be released from any obligations under the covenants contained in Sections 704, 801, 1007 and 1008 hereof with respect to the Outstanding Securities of the particular series on and after the date the conditions set forth below are satisfied (hereinafter, "Covenant Defeasance"), and the Securities of that series shall thereafter be deemed not "Outstanding" for the purposes of any direction, waiver, consent or declaration or act of Holders (and the consequences of any thereof) in connection with such covenants, but shall continue to be deemed "Outstanding" for all other purposes hereunder (it being understood that such Securities shall not be deemed outstanding for accounting purposes). For this purpose, such Covenant Defeasance means that, with respect to the Outstanding Securities of that series, the Company may omit to comply with and shall have no liability in respect of any term, condition or limitation set forth in any such covenant, whether directly or indirectly, by reason of any reference elsewhere herein to any such covenant or by reason of any reference in any such covenant to any other provision herein or in any other document and such omission to comply shall not constitute a default or Event of Default under subsection 501(3) but, except as specified above, the remainder of this Indenture and the Securities of that series shall be unaffected thereby.

**SECTION 404. Conditions to Legal or Covenant Defeasance.**

The following shall be the conditions to the application of either Section 402 or Section 403 to the outstanding Securities of a particular series:

(a) the Company must irrevocably deposit, or cause to be irrevocably deposited, with the Trustee for the Securities of that series, in trust, for the benefit of the Holders of the Securities of that series, cash in the currency or currency unit in which the Securities of that series are payable (except as otherwise specified pursuant to Section 301 for the Securities of that series and except as provided in Sections 311(b) and 311(d), in which case the deposit to be made with respect to Securities for which an election has occurred pursuant to Section 311(b), or a Conversion Event has occurred as provided in Section 311(d), shall be made in the currency or currency unit in which the Securities of that series are payable as a result of such election or Conversion Event), Government Obligations or a combination thereof in such amounts as will be sufficient, in the opinion of an internationally recognized firm of independent public accountants, to pay principal, and premium, if any, and interest, if any, due on the outstanding Securities of that series and any related coupons at the Stated Maturity, or on the applicable Redemption Date, as the case may be, with respect to the outstanding Securities of that series and any related coupons;

(b) in the case of Legal Defeasance, the Company shall have delivered to the Trustee for the Securities of that series an Opinion of Counsel in the United States reasonably acceptable to such Trustee confirming that, subject to customary assumptions and exclusions, (1) the Company has received from, or there has been published by, the U.S. Internal Revenue

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Service a ruling or (2) since the Issue Date, there has been a change in the applicable U.S. federal income tax law, in either case to the effect that, and based thereon such Opinion of Counsel in the United States shall confirm that, subject to customary assumptions and exclusions, the Holders of the Outstanding Securities of that series will not recognize income, gain or loss for U.S. federal income tax purposes as a result of such Legal Defeasance and will be subject to U.S. federal income tax on the same amounts, in the same manner and at the same times as would have been the case if such Legal Defeasance had not occurred;

(c) in the case of Covenant Defeasance, the Company shall have delivered to the Trustee for the Securities of that series an Opinion of Counsel in the United States reasonably acceptable to such Trustee confirming that, subject to customary assumptions and exclusions, the Holders of the Outstanding Securities of that series will not recognize income, gain or loss for U.S. federal income tax purposes as a result of such Covenant Defeasance and will be subject to such tax on the same amounts, in the same manner and at the same times as would have been the case if such Covenant Defeasance had not occurred;

(d) no Event of Default or event which with the giving of notice or the lapse of time, or both, would become an Event of Default with respect to the Securities of that series shall have occurred and be continuing on the date of such deposit after giving effect to such Legal Defeasance or Covenant Defeasance and no Event of Default under Section 501(4) or Section 501(5) shall have occurred and be continuing on the 123rd day after such date;

(e) such Legal Defeasance or Covenant Defeasance shall not result in a breach or violation of, or constitute a default under any material agreement or instrument to which the Company is a party or by which the Company is bound; and

(f) the Company shall have delivered to the Trustee for the Securities of that series an Officers' Certificate and an Opinion of Counsel in the United States (which Opinion of Counsel may be subject to customary assumptions and exclusions) each stating that all conditions precedent provided for or relating to the Legal Defeasance or the Covenant Defeasance, as the case may be, have been complied with.

#### **SECTION 405. Satisfaction and Discharge of Indenture.**

This Indenture will be discharged and will cease to be of further effect as to all Securities of any particular series issued hereunder when either (i) all Securities of that series theretofore authenticated and delivered and all coupons, if any, appertaining thereto (except (A) coupons appertaining to Bearer Securities surrendered for exchange for Registered Securities and maturing after such exchange, whose surrender is not required or has been waived as provided in Section 305, (B) lost, stolen or destroyed Securities or coupons of such series which have been replaced or paid as provided in Section 306, (C) coupons appertaining to Securities called for redemption and maturing after the relevant Redemption Date, whose surrender is not required as provided in Section 1106 and (D) Securities and coupons of such series for whose payment money has theretofore been deposited in trust and thereafter repaid to the Company or discharged from such trust, as provided in the last paragraph of Section 1003) have been delivered to the Trustee for the Securities of that series for cancellation or (ii) (A) all Securities of that series and any coupons appertaining thereto not theretofore delivered to Trustee for

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cancellation are due and payable by their terms within one year or have become due and payable by reason of the making of a notice of redemption and the Company has irrevocably deposited or caused to be deposited with such Trustee as trust funds in trust an amount of cash in any combination of currency or currency unit in which the Securities of such series are payable (except as otherwise specified pursuant to Section 301 for the Securities of such series and except as provided in Sections 311(b) and 311(d), in which case the deposit to be made with respect to Securities for which an election has occurred pursuant to Section 311(b) or a Conversion Event has occurred as provided in Section 311(d), shall be made in the currency or currency unit in which such Securities are payable as a result of such election or Conversion Event) sufficient to pay and discharge the entire indebtedness on such Securities and coupons not theretofore delivered to the Trustee for the Securities of that series for cancellation of principal, and premium, if any, and accrued and unpaid interest, if any, to the Stated Maturity or Redemption Date, as the case may be; (B) no Event of Default or event which with the giving of notice or the lapse of time, or both, would become an Event of Default shall have occurred and be continuing on the date of such deposit after giving effect thereto and no Event of Default under Section 501(4) or Section 501(5) shall have occurred and be continuing on the 123rd day after such date; (C) the Company has paid, or caused to be paid, all sums payable by it under this Indenture; and (D) the Company has delivered irrevocable instructions to the Trustee for the Securities of that series under this Indenture to apply the deposited money toward the payment of such Securities and coupons at the Stated Maturity or the Redemption Date, as the case may be. In addition, the Company must deliver an Officers' Certificate and an Opinion of Counsel to the Trustee for the Securities of that series stating that all conditions precedent to satisfaction and discharge have been satisfied.

**SECTION 406. Survival of Certain Obligations.**

Notwithstanding the satisfaction and discharge of this Indenture and of the Securities of a particular series referred to in Sections 401, 402, 404, or 405, the respective obligations of the Company and the Trustee for the Securities of a particular series under Sections 303, 304, 305, 307, 309, 407, 408, 409, 410, and 508, Article Six, and Sections 701, 702, 1002, 1003, 1004 and 1006, shall survive with respect to Securities of that series until the Securities of that series are no longer outstanding, and thereafter the obligations of the Company and the Trustee for the Securities of a particular series with respect to that series under Sections 407, 408, 409, 410 and 607 shall survive. Nothing contained in this Article Four shall abrogate any of the obligations or duties of the Trustee of any series of Securities under this Indenture.

Notwithstanding the satisfaction of the conditions set forth in Sections 404 or 405 with respect to all the Securities of any series not payable in Dollars, upon the happening of any Conversion Event the Company shall be obligated to make the payments in Dollars required by Section 311(d) to the extent that the Trustee is unable to convert any Foreign Currency or currency unit or currency unit in its possession pursuant to Sections 404 or 405 into the Dollar equivalent of such Foreign Currency or currency unit, as the case may be. If, after the deposits referred to in Sections 404 or 405 have been made, (x) the Holder of a Security is entitled to, and does, elect pursuant to Section 311(b) to receive payment in a currency or currency unit other than that in which the deposit pursuant to Sections 404 or 405 was made, or (y) a Conversion Event occurs as contemplated in Section 311(d), then the indebtedness represented by such Security shall be fully discharged to the extent that the deposit made with respect to such



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Security shall be converted into the currency or currency unit in which such Security is payable. The Trustee shall return to the Company any non-converted funds or securities in its possession after such payments have been made.

**SECTION 407. Acknowledgment of Discharge by Trustee.**

Subject to Section 410, after (i) the conditions of Section 404 or 405 have been satisfied with respect to the Securities of a particular series, (ii) the Company has paid or caused to be paid all other sums payable hereunder by the Company and (iii) the Company has delivered to the Trustee for the Securities of that series an Officers' Certificate and an Opinion of Counsel, each stating that all conditions precedent referred to in clause (i) above relating to the satisfaction and discharge of this Indenture have been complied with, the Trustee for the Securities of that series upon written request shall acknowledge in writing the discharge of all of the Company's obligations under this Indenture except for those surviving obligations specified in this Article Four.

**SECTION 408. Application of Trust Moneys.**

All money and Government Obligations deposited with the Trustee for the Securities of a particular series pursuant to Section 404 or 405 in respect of the Securities of that series shall be held in trust and applied by it, in accordance with the provisions of such Securities and this Indenture, to the payment, either directly or through any Paying Agent as the Trustee may determine, to the Holders of the Securities and all related coupons of all sums due and to become due thereon for principal, and premium, if any, and interest, if any, but such money need not be segregated from other funds except to the extent required by law. The Company shall pay and indemnify the Trustee for the Securities of a particular series against any tax, fee or other charge imposed on or assessed against the Government Obligations deposited pursuant to Section 404 or 405 with respect to the Securities of that series or the principal and interest received in respect thereof other than any such tax, fee or other charge which by law is for the account of the Holders of outstanding Securities of that series.

**SECTION 409. Repayment to the Company; Unclaimed Money.**

The Trustee and any Paying Agent for a series of Securities shall promptly pay or return to the Company upon Company Order any cash or Government Obligations held by them at any time that are not required for the payment of principal of, and premium, if any, and interest, if any, on the Securities and all related coupons for Securities of that series for which cash or Government Obligations have been deposited pursuant to Section 404 or 405. Any money deposited with the Trustee or any Paying Agent for the Securities of any series, or then held by the Company, in trust for the payment of principal of, and premium, if any, and interest, if any, on any Security of any particular series and all related coupons appertaining thereto and remaining unclaimed for two years after such principal and premium, if any, and interest, if any, has become due and payable shall, unless otherwise required by mandatory provisions of applicable escheat, or abandoned or unclaimed property law, be paid to the Company on Company Request or (if then held by the Company) shall be discharged from such trusts; and the Holder of such Security and all related coupons shall, thereafter, as an unsecured general creditor, look only to the Company for payment thereof, and all liability of such Trustee or such

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Paying Agent with respect to such trust money, and all liability of the Company as trustee thereof, shall thereupon cease; provided, however, that such Trustee or such Paying Agent, before being required to make any such repayment may give written notice to the Holder of such Security in the manner set forth in Section 106, that such money remains unclaimed and that, after a date specified therein, which shall not be less than 30 days from the date of such publication, any unclaimed balance of such money then remaining will, unless otherwise required by mandatory provisions of applicable escheat, or abandoned or unclaimed property law, be repaid to the Company, as the case may be.

**SECTION 410. Reinstatement.**

If the Trustee or Paying Agent for a series of Securities is unable to apply any cash or Government Obligations, as applicable, in accordance with Section 402, 403, 404 or 405 by reason of any legal proceeding or by reason of any order or judgment of any court or governmental authority enjoining, restraining or otherwise prohibiting such application, the Company's obligations under this Indenture and the Securities of that series shall be revived and reinstated as though no deposit had occurred pursuant to Section 402, 403, 404 or 405 until such time as the Trustee or Paying Agent for that series is permitted to apply all such cash or Government Obligations in accordance with Section 402, 403, 404 or 405; provided, however, that if the Company has made any payment of principal of, and premium, if any, and interest, if any, on any Securities and any related coupons because of the reinstatement of its obligations, the Company shall be subrogated to the rights of the Holders of such Securities and such coupons to receive such payment from the cash or Government Obligations, as applicable, held by such Trustee or Paying Agent.

Article Five

**REMEDIES**

**SECTION 501. Events of Default.**

"Event of Default" wherever used herein with respect to any particular series of Securities means any one of the following events and such other events as may be established with respect to the Securities of such series as contemplated by Section 301 (whatever the reason for such Event of Default and whether it shall be voluntary or involuntary or be effected by operation of law pursuant to any judgment, decree or order of any court or any order, rule or regulation of any administrative or governmental body):

- (1) default in the payment of any installment of interest upon any Security of that series and any related coupon when it becomes due and payable, and continuance of such default for a period of 30 days; or
- (2) default in the payment of principal of, or premium, if any, on any Security of that series at its Maturity or default in the deposit of any sinking fund payment when and as due by the terms of any Security of that series; or
- (3) default in the performance of, or breach of, any covenant or warranty of the Company in respect of any Security of that series contained in this Indenture or in such Securities (other than a covenant or warranty default in whose performance or

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whose breach is elsewhere in this Section specifically dealt with) or in the applicable Board Resolution under which such series is issued as contemplated by Section 301 and continuance of such default or breach for a period of 90 days after there has been given, by registered or certified mail, to the Company by the Trustee for the Securities of such series or to the Company and such Trustee by the Holders of at least 25% in principal amount of the Outstanding Securities of that series a written notice specifying such default or breach and requiring it to be remedied and stating that such notice is a "Notice of Default" hereunder; or

(4) the Company shall commence any case or proceeding seeking to have an order for relief entered on its behalf as debtor or to adjudicate it as bankrupt or insolvent or seeking reorganization, liquidation, dissolution, winding-up, arrangement, composition or readjustment of its debts or any other relief under any bankruptcy, insolvency, reorganization, liquidation, dissolution, arrangement, composition, readjustment of debt or other similar act or law of any jurisdiction, domestic or foreign, now or hereafter existing; or the Company shall apply for a receiver, custodian or trustee (other than any trustee appointed as a mortgagee or secured party in connection with the issuance of indebtedness for borrowed money of the Company) of it or for all or a substantial part of its property; or the Company shall make a general assignment for the benefit of creditors; or the Company shall take any corporate action in furtherance of any of the foregoing; or

(5) an involuntary case or other proceeding shall be commenced against the Company with respect to it or its debts under any bankruptcy, insolvency or other similar law now or hereafter in effect seeking the appointment of a trustee, receiver, liquidator, custodian or similar official of it or any substantial part of its property; and such case or other proceeding (A) results in the entry of an order for relief or a similar order against it or (B) shall continue unstayed and in effect for a period of 60 consecutive days; or

(6) any other Event of Default provided in the Security or the Board Resolution with respect to Securities of that series.

#### **SECTION 502. Acceleration of Maturity; Rescission and Annulment.**

If an Event of Default with respect to any particular series of Securities and any related coupons occurs and is continuing (other than an Event of Default described in Section 501(4) or 501(5)), then and in every such case either the Trustee for the Securities of such series or the Holders of not less than 25% in principal amount of the Outstanding Securities of that series may declare the entire principal amount (or, in the case of (i) OID Securities, such lesser amount as may be provided for in the terms of that series or (ii) Indexed Securities, the amount determined in accordance with the specified terms of those Securities) of all the Securities of that series to be due and payable immediately, by a notice in writing to the Company (and to such Trustee if given by Holders), and upon any such declaration of acceleration such principal or such lesser amount, as the case may be, together with accrued interest and all other amounts owing hereunder, shall become immediately due and payable, without presentment, demand, protest or notice of any kind, all of which are hereby expressly waived.

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If any Event of Default specified in Section 501(4) or 501(5) occurs with respect to the Company, all of the unpaid principal amount (or, if the Securities of any series then outstanding are (i) OID Securities, such lesser amount as may be provided for in the terms of that series or (ii) Indexed Securities, the amount determined in accordance with the specified terms of those Securities) and accrued interest on all Securities of each series then outstanding shall ipso facto become and be immediately due and payable without any declaration or other act by the Trustee or any Holder.

At any time after such a declaration of acceleration has been made and before a judgment or decree for payment of the money due has been obtained by the Trustee for the Securities of any series as hereinafter in this Article provided, the Holders of a majority in principal amount of the Outstanding Securities of that series, by written notice to the Company and such Trustee, may rescind and annul such declaration and its consequences if:

(1) the Company has paid or deposited with such Trustee a sum sufficient to pay in the currency or currency unit in which the Securities of such series are payable (except as otherwise specified pursuant to Section 301 for the Securities of such series and except as provided in Sections 311(b) and 311(d)): 33

(A) all overdue interest on all Securities of that series and any related coupons;

(B) the principal of, and premium, if any, on any Securities of that series which have become due otherwise than by such declaration of acceleration and interest thereon from the date such principal became due at a rate per annum equal to the rate borne by the Securities of such series (or, in the case of (i) OID Securities, the Securities' Yield to Maturity or (ii) Indexed Securities, the rate determined in accordance with the specified terms of those Securities), to the extent that the payment of such interest shall be legally enforceable;

(C) to the extent that payment of such interest is lawful, interest upon overdue interest at a rate per annum equal to the rate borne by the Securities of such series (or, in the case of (i) OID Securities, the Securities' Yield to Maturity or (ii) Indexed Securities, the rate determined in accordance with the specified terms of those Securities); and

(D) all sums paid or advanced by such Trustee hereunder and the reasonable compensation, expenses, disbursements and advances of such Trustee, its agents and counsel and all other amounts due to such Trustee under Section 607;

and

(2) all Events of Default with respect to the Securities of such series, other than the nonpayment of the principal of Securities of that series which has become due solely by such acceleration, have been cured or waived as provided in Section 513.

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No such rescission shall affect any subsequent default or impair any right consequent thereon.

**SECTION 503. Collection of Indebtedness and Suits for Enforcement by Trustee.**

The Company covenants that if:

(1) default is made in the payment of any interest upon any Security of any series and any related coupons when such interest becomes due and payable and such default continues for a period of 30 days; or

(2) default is made in the payment of principal of, or premium, if any, on any Security of any series at its Maturity;

the Company will, upon demand of the Trustee for the Securities of such series, pay to it, for the benefit of the Holders of such Securities and coupons, the whole amount then due and payable on such Securities and coupons for principal, premium, if any, and interest, if any, with interest upon the overdue principal and premium, if any, and, to the extent that payment of such interest shall be legally enforceable, upon any overdue installments of interest at a rate per annum equal to the rate borne by such Securities (or, in the case of (i) OID Securities, the Securities' Yield to Maturity or (ii) Indexed Securities, the rate determined in accordance with the specified terms of those Securities); and, in addition thereto, such further amount as shall be sufficient to cover the costs and expenses of collection, including the reasonable compensation, expenses, disbursements and advances of such Trustee, its agents and counsel and all other amounts due to such Trustee under Section 607.

If the Company fails to pay such amounts forthwith upon such demand, such Trustee, in its own name and as trustee of an express trust, may institute a judicial proceeding against the Company for the collection of the sums so due and unpaid, and may prosecute such proceedings to judgment or final decree, and may enforce the same against the Company or any other obligor upon the Securities and collect the moneys adjudged or decreed to be payable in the manner provided by law out of the property of the Company or any other obligor upon the Securities, wherever situated.

If an Event of Default with respect to Securities of any particular series occurs and is continuing, the Trustee for the Securities of such series may in its discretion proceed to protect and enforce its rights and the rights of the Holders of Securities of that series by such appropriate judicial proceedings as such Trustee shall deem most effectual to protect and enforce any such rights, whether for the specific enforcement of any covenant or agreement in this Indenture or in aid of the exercise of any power granted herein, or to enforce any other proper remedy.

**SECTION 504. Trustee May File Proofs of Claim.**

In case of any judicial proceeding relative to the Company (or any other obligor upon the Securities of any series), its property or its creditors, the Trustee for the Securities of such series irrespective of whether the principal (or, if the Securities of such series are (i) OID Securities or (ii) Indexed Securities, such amount as may be due and payable with respect to such Securities pursuant to a declaration in accordance with Section 502) on any Security of such series shall then be due and payable as therein expressed or by declaration or otherwise and irrespective of

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whether such Trustee shall have made any demand on the Company for the payment of overdue principal or interest shall be entitled and empowered, by intervention in such proceeding or otherwise:

(i) to file and prove a claim for the whole amount of principal (or, if the Securities of such series are (i) OID Securities or (ii) Indexed Securities, such amount as may be due and payable with respect to such Securities pursuant to a declaration in accordance with Section 502), premium, if any, and interest, if any, owing and unpaid in respect of the Securities of such series and any related coupons and to file such other papers or documents as may be necessary or advisable in order to have the claims of such Trustee (including any claim for the reasonable compensation, expenses, disbursements and advances of such Trustee, its agents and counsel and all other amounts due to such Trustee under Section 607) and of the Holders of the Securities of such series and any related coupons allowed in such judicial proceeding;

(ii) to collect and receive any moneys or other property payable or deliverable on any such claims and to distribute the same; and

(iii) unless prohibited by law or applicable regulations, to vote on behalf of the Holders of the Securities of such series in any election of a trustee in bankruptcy or other person performing similar functions;

and any receiver, assignee, trustee, liquidator, sequestrator (or other similar official) in any such judicial proceeding is hereby authorized by each Holder of Securities and coupons to make such payments to such Trustee, and in the event that such Trustee shall consent to the making of such payments directly to the Holders of Securities and coupons, to pay to such Trustee any amount due to it for the reasonable compensation, expenses, disbursements and advances of such Trustee, its agents and counsel, and any other amounts due such Trustee under Section 607. Nothing herein contained shall be deemed to authorize the Trustee for the Securities of any series to authorize or consent to or accept or adopt on behalf of any Holder of a Security or coupon any plan of reorganization, arrangement, adjustment or composition affecting the Securities of such series or the rights of any Holder thereof, or to authorize the Trustee for the Securities or coupons of any series to vote in respect of the claim of any Holder in any such proceeding, except as aforesaid, for the election of a trustee in bankruptcy or other person performing similar functions.

**SECTION 505. Trustee May Enforce Claims Without Possession of Securities or Coupons.**

All rights of action and claims under this Indenture or the Securities or coupons of any series may be prosecuted and enforced by the Trustee for the Securities of any series without the possession of any of the Securities or coupons of such series or the production thereof in any proceeding relating thereto, and any such proceeding instituted by such Trustee shall be brought in its own name as trustee of an express trust, and any recovery of judgment shall, after provision for the payment of the reasonable compensation, expenses, disbursements and advances of such Trustee, its agents and counsel and all other amounts due to such Trustee under Section 607, be for the ratable benefit of the Holders of the Securities and coupons of such series in respect of which such judgment has been recovered.

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**SECTION 506. Application of Money Collected.**

Any money collected by the Trustee for the Securities of any series pursuant to this Article with respect to the Securities or coupons of such series shall be applied in the following order, at the date or dates fixed by such Trustee and, in case of the distribution of such money on account of principal or premium, if any, or interest, if any, upon presentation of the Securities or coupons of such series, or both, as the case may be, and the notation thereon of the payment if only partially paid and upon surrender thereof if fully paid:

First: to the payment of all amounts due such Trustee under Section 607;

Second: to the payment of the amounts then due and unpaid upon the Securities and coupons of such series for principal of, and premium, if any, and interest, if any, on such Securities in respect of which or for the benefit of which such money has been collected, ratably, without preference or priority of any kind, according to the amounts due and payable on such Securities and coupons for principal, and premium, if any, and interest, if any, respectively; and

Third: the balance, if any, to the Person or Persons entitled thereto.

**SECTION 507. Limitation on Suits.**

No Holder of any Security of any particular series or any related coupons shall have any right to institute any proceeding, judicial or otherwise, with respect to this Indenture, or for the appointment of a receiver or trustee, or for any other remedy hereunder, unless:

(1) an Event of Default with respect to that series shall have occurred and be continuing and such Holder shall have previously given written notice to the Trustee for the Securities of such series of such default and the continuance thereof;

(2) the Holders of not less than 25% in principal amount of the Outstanding Securities of that series shall have made written request to the Trustee for the Securities of such series to institute proceedings in respect of such Event of Default in its own name as Trustee hereunder;

(3) such Holder or Holders have offered to such Trustee indemnity satisfactory to it against the costs, expenses and liabilities to be incurred in compliance with such request;

(4) such Trustee for 60 days after its receipt of such notice, request and offer of indemnity has failed to institute any such proceeding; and

(5) no direction inconsistent with such written request has been given to such Trustee during such 60-day period by the Holders of a majority in principal amount of the Outstanding Securities of that series; it being understood and intended and being expressly covenanted by the taker and holder of every Security, with every other taker

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and holder with the Trustee that no one or more Holders of Securities of that series shall have any right in any manner whatever by virtue of, or by availing of, any provision of this Indenture to affect, disturb or prejudice the rights of any other Holders of Securities of that series, or to enforce any right under this Indenture, except in the manner herein provided and for the equal and ratable benefit of all the Holders of Securities of that series (it being understood that the Trustee does not have an affirmative duty to ascertain whether or not such actions or forbearances are unduly prejudicial to such Holders).

**SECTION 508. Unconditional Right of Holders to Receive Principal, Premium, if any, and Interest, if any.**

Notwithstanding any other provision in this Indenture, the Holder of any Security or coupon shall have the right which is absolute and unconditional to receive payment of principal of, and premium, if any, and (subject to Section 307) interest, if any, on such Security on the respective Stated Maturities expressed in such Security or coupon (or, in the case of redemption, on the Redemption Date) and to institute suit for the enforcement of any such payment, and such right shall not be impaired without the consent of such Holder.

**SECTION 509. Restoration of Rights and Remedies.**

If the Trustee for the Securities of any series or any Holder of a Security or coupon has instituted any proceeding to enforce any right or remedy under this Indenture and such proceeding has been discontinued or abandoned for any reason, or has been determined adversely to such Trustee or to such Holder, then and in every such case the Company, such Trustee and the Holders of Securities or coupons shall, subject to any determination in such proceeding, be restored severally and respectively to their former positions hereunder, and thereafter all rights and remedies of such Trustee and such Holders shall continue as though no such proceeding had been instituted.

**SECTION 510. Rights and Remedies Cumulative.**

Except as otherwise provided with respect to the replacement or payment of mutilated, destroyed, lost or stolen Securities or coupons in the last paragraph of Section 306, no right or remedy herein conferred upon or reserved to the Trustee for the Securities of any series or to the Holders of Securities or coupons is intended to be exclusive of any other right or remedy, and every right and remedy shall, to the extent permitted by law, be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other appropriate right or remedy.

**SECTION 511. Delay or Omission Not Waiver.**

No delay or omission of the Trustee for the Securities of any series or of any Holder of any Security of such series to exercise any right or remedy accruing upon any Event of Default with respect to the Securities of such series shall impair any such right or remedy or constitute a waiver of any such Event of Default or an acquiescence therein. Every right and remedy given by this Article or by law to such Trustee for the Securities or coupons of any series or to the Holders may be exercised from time to time, and as often as may be deemed expedient, by such Trustee or by the Holders, as the case may be.



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**SECTION 512. Control by Holders.**

The Holders of not less than a majority in principal amount of the Outstanding Securities of any particular series shall have the right to direct the time, method and place of conducting any proceeding for any remedy available to the Trustee for the Securities of such series with respect to the Securities of that series or exercising any trust or power conferred on such Trustee with respect to such Securities, provided that:

- (1) such direction shall not be in conflict with any rule of law or with this Indenture and could not involve the Trustee in personal liability; and
- (2) such Trustee may take any other action deemed proper by such Trustee which is not inconsistent with such direction.

**SECTION 513. Waiver of Past Defaults.**

The Holders of not less than a majority in principal amount of the Outstanding Securities of any particular series and any related coupons may on behalf of the Holders of all the Securities of that series waive any past default hereunder with respect to that series and its consequences, except:

- (1) a default in the payment of principal of, or premium, if any, or interest, if any, on any Security of that series; or
- (2) a default with respect to a covenant or provision hereof which under Article Nine cannot be modified or amended without the consent of the Holder of each Outstanding Security of that series affected.

Upon any such waiver, such default shall cease to exist, and any Event of Default arising therefrom shall be deemed to have been cured, for every purpose of this Indenture; but no such waiver shall extend to any subsequent or other default or impair any right consequent thereon.

**SECTION 514. Undertaking for Costs.**

All parties to this Indenture agree, and each Holder of any Security or coupon by his acceptance thereof shall be deemed to have agreed, that any court may in its discretion require, in any suit for the enforcement of any right or remedy under this Indenture or in any suit against the Trustee for the Securities or coupons of any series for any action taken or omitted by it as Trustee, the filing by any party litigant in such suit of an undertaking to pay the costs of such suit, and that such court may in its discretion assess reasonable costs, including reasonable attorneys' fees and expenses, against any party litigant in such suit, having due regard to the merits and good faith of the claims or defenses made by such party litigant; but the provisions of this Section shall not apply to any suit instituted by the Trustee for the Securities of any series, to any suit instituted by any Holder, or group of Holders, holding in the aggregate more than 10% in principal amount of the Outstanding Securities of any particular series or to any suit instituted

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by any Holder of any Security or coupon for the enforcement of the payment of principal of, or premium, if any, or interest, if any, on any Security of such series or the payment of any coupon on or after the respective Stated Maturities expressed in such Security or coupon (or, in the case of redemption, on or after the Redemption Date).

**SECTION 515. Waiver of Stay or Extension Laws.**

The Company covenants (to the extent that it may lawfully do so) that it will not at any time insist upon, or plead, or in any manner whatsoever claim or take the benefit or advantage of, any stay or extension law wherever enacted, now or at any time hereafter in force, which may affect the covenants or the performance of this Indenture; and the Company (to the extent that it may lawfully do so) hereby expressly waives all benefit or advantage of any such law, and covenants that it will not hinder, delay or impede the execution of any power herein granted to the Trustee for any series of Securities, but will suffer and permit the execution of every such power as though no such law had been enacted.

**SECTION 516. Judgment Currency.**

If, for the purpose of obtaining a judgment in any court with respect to any obligation of the Company hereunder or under any Security or any related coupon, it shall become necessary to convert any amount in the currency or currency unit due hereunder or under such Security or coupon into any other currency or currency unit, then such conversion shall be made by the Currency Determination Agent at the Market Exchange Rate as in effect on the date of entry of the judgment (the "Judgment Date"). If pursuant to any such judgment, conversion shall be made on a date (the "Substitute Date") other than the Judgment Date and there shall occur a change between the Market Exchange Rate as in effect on the Judgment Date and the Market Exchange Rate as in effect on the Substitute Date, the Company agrees to pay such additional amounts (if any) as may be necessary to ensure that the amount paid is equal to the amount in such other currency or currency unit which, when converted at the Market Exchange Rate as in effect on the Judgment Date, is the amount due hereunder or under such Security or coupon. Any amount due from the Company under this Section 516 shall be due as a separate debt and is not to be affected by or merged into any judgment being obtained for any other sums due hereunder or in respect of any Security or coupon. In no event, however, shall the Company be required to pay more in the currency or currency unit due hereunder or under such Security or coupon at the Market Exchange Rate as in effect on the Judgment Date than the amount of currency or currency unit stated to be due hereunder or under such Security or coupon so that in any event the Company's obligations hereunder or under such Security or coupon will be effectively maintained as obligations in such currency or currency unit, and the Company shall be entitled to withhold (or be reimbursed for, as the case may be) any excess of the amount actually realized upon any such conversion on the Substitute Date over the amount due and payable on the Judgment Date.

**THE TRUSTEE**

**SECTION 601. Certain Duties and Responsibilities.**

(a) Except during the continuance of an Event of Default with respect to the Securities of any series for which the Trustee is serving as such,

(1) such Trustee undertakes to perform such duties and only such duties as are specifically set forth in this Indenture, and no implied covenants or obligations shall be read into this Indenture against such Trustee; and

(2) in the absence of willful misconduct on its part, such Trustee may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon certificates or opinions furnished to such Trustee and conforming to the requirements of this Indenture; but in the case of any such certificates or opinions which by any provisions hereof are specifically required to be furnished to such Trustee, such Trustee shall be under a duty to examine the same to determine whether or not they conform to the requirements of this Indenture (but need not confirm or investigate the accuracy of mathematical calculations or other facts stated therein).

(b) In case an Event of Default with respect to a series of Securities has occurred and is continuing, the Trustee for the Securities of such series shall exercise such of the rights and powers vested in it by this Indenture, and use the same degree of care and skill in their exercise, as a prudent person would exercise or use under the circumstances in the conduct of such person's own affairs.

(c) No provision of this Indenture shall be construed to relieve the Trustee for Securities of any series from liability for its own negligent action, its own negligent failure to act, or its own willful misconduct, except that:

(1) this Subsection shall not be construed to limit the effect of Subsection (a) of this Section;

(2) such Trustee shall not be liable for any error of judgment made in good faith by a Responsible Officer, unless it shall be proved that the Trustee was negligent in ascertaining the pertinent facts;

(3) such Trustee shall not be liable with respect to any action taken, suffered or omitted to be taken by it in good faith in accordance with the direction of the Holders of not less than a majority in principal amount of the Outstanding Securities of any particular series, determined as provided in Sections 104 and 512, relating to the time, method and place of conducting any proceeding for any remedy available to such Trustee, or exercising any trust or power conferred upon such Trustee, under this Indenture with respect to the Securities of that series; and

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(4) no provision of this Indenture shall require the Trustee for any series of Securities to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties hereunder or in the exercise of any of its rights or powers, if it shall have reasonable grounds for believing that repayment of such funds or adequate indemnity against such risk or liability is not reasonably assured to it.

(d) Whether or not therein expressly so provided, every provision of this Indenture relating to the conduct or affecting the liability of or affording protection to the Trustee for any series of Securities shall be subject to the provisions of this Section.

**SECTION 602. Notice of Defaults.**

Within 90 days after the occurrence of any default hereunder with respect to Securities of any particular series, the Trustee for the Securities of such series shall give to Holders of Securities of that series, in the manner set forth in Section 106, notice of such default actually known to a Responsible Officer of such Trustee, unless such default shall have been cured or waived; provided, however, that, except in the case of a default in the payment of principal of, or premium, if any, or interest, if any, on any Security of that series, or in the deposit of any sinking fund payment with respect to Securities of that series, such Trustee shall be protected in withholding such notice if and so long as the board of directors, the executive committee or a trust committee of directors or Responsible Officers of such Trustee in good faith determines that the withholding of such notice is in the interest of the Holders of Securities of that series and related coupons; and provided, further, that in the case of any default of the character specified in Section 501(3) with respect to Securities of that series no such notice to Holders shall be given until at least 30 days after the occurrence thereof. For the purpose of this Section, the term "default" means any event which is, or after notice or lapse of time or both would become, an Event of Default with respect to Securities of that series.

**SECTION 603. Certain Rights of Trustee.**

Except as otherwise provided in Section 601:

(a) the Trustee for any series of Security may conclusively rely and shall be protected in acting or refraining from acting upon any resolution, certificate, statement, instrument, opinion, report, notice, request, discretion, consent, order, bond, debenture or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or parties;

(b) any request or direction of the Company mentioned herein shall be sufficiently evidenced by a Company Request or Company Order and any resolution of the Board of Directors may be sufficiently evidenced by a Board Resolution;

(c) whenever in the administration of this Indenture such Trustee shall deem it desirable that a matter be proved or established prior to taking, suffering or omitting any action hereunder, such Trustee (unless other evidence be herein specifically prescribed) may, in the absence of willful misconduct on its part, conclusively rely upon an Officers' Certificate;

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(d) such Trustee may consult with counsel of its selection and the advice of such counsel or any Opinion of Counsel shall be full and complete authorization and protection in respect of any action taken, suffered or omitted by it hereunder in good faith and in reliance thereon;

(e) such Trustee shall be under no obligation to exercise any of the rights or powers vested in it by this Indenture at the request or direction of any of the Holders of Securities of any series pursuant to this Indenture for which it is acting as Trustee, unless such Holders shall have offered to such Trustee security or indemnity satisfactory to it against the costs, expenses and liabilities which might be incurred by it in compliance with such request or direction;

(f) such Trustee shall not be bound to make any investigation into the facts or matters stated in any resolution, certificate, statement, instrument, opinion, report, notice, request, discretion, consent, order, bond, debenture, note, other evidence of indebtedness or other paper or document, but such Trustee, in its discretion, may make such further inquiry or investigation into such facts or matters at it may see fit, and, if such Trustee shall determine to make such further inquiry or investigation, it shall be entitled to examine the books, records and premises of the Company, personally or by agent or attorney at the sole cost of the Company and shall incur no liability or additional liability of any kind by reason of such inquiry or investigation;

(g) such Trustee may execute any of the trusts or powers hereunder or perform any duties hereunder either directly or by or through agents or attorneys and such Trustee shall not be responsible for any misconduct or negligence on the part of any agent or attorney appointed with due care by it hereunder;

(h) the Trustee shall not be charged with knowledge of any default or Event of Default with respect to the Securities unless either (1) a Responsible Officer shall have actual knowledge of such default or Event of Default or (2) written notice of such default or Event of Default shall have been given to the Trustee, at the Corporate Trust Office of the Trustee, by the Company or by any Holder of the Securities, and such notice references the Securities and the Indenture. Notwithstanding the foregoing, the Trustee should be deemed to have knowledge of any default or Event of Default with respect to matters set forth in Sections 501(1) and 501(2).

(i) the Trustee shall not be liable for any action taken, suffered, or omitted to be taken by it in good faith and reasonably believed by it to be authorized or within the discretion or rights or powers conferred upon it by this Indenture;

(j) in no event shall the Trustee be responsible or liable for special, indirect, punitive or consequential loss or damage of any kind whatsoever (including, but not limited to, loss of profit) irrespective of whether the Trustee has been advised of the likelihood of such loss or damage and regardless of the form of action;

(k) the rights, privileges, protections, immunities and benefits given to the Trustee, including, without limitation, its right to be indemnified, are extended to, and shall be enforceable by, the Trustee in each of its capacities hereunder, and each agent, custodian and other Person employed to act hereunder;

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(l) the Trustee shall not be required to give any bond or surety in respect of the performance of its powers and duties hereunder; and

(m) the Trustee may request that the Company deliver a certificate setting forth the names of individuals and/or titles of officers authorized at such time to take specified actions pursuant to this Indenture.

**SECTION 604. Not Responsible for Recitals or Issuance of Securities.**

The recitals contained herein and in the Securities, except the Trustee's certificates of authentication thereof, and in any coupons shall be taken as the statements of the Company, and neither the Trustee for any series of Securities, nor any Authenticating Agent assumes any responsibility for their correctness. The Trustee for any series of Securities makes no representations as to the validity or sufficiency of this Indenture or of the Securities of any series or coupons. Neither the Trustee for any series of Securities nor any Authenticating Agent shall be accountable for the use or application by the Company of Securities or the proceeds thereof.

**SECTION 605. May Hold Securities.**

The Trustee for any series of Securities, any Authenticating Agent, Paying Agent, Security Registrar or any other agent of the Company or such Trustee, in its individual or any other capacity, may become the owner or pledgee of Securities and, subject to Sections 608 and 613, may otherwise deal with the Company with the same rights it would have if it were not such Trustee, Authenticating Agent, Paying Agent, Security Registrar or such other agent.

**SECTION 606. Money Held in Trust.**

Money held by the Trustee for any series of Securities in trust hereunder need not be segregated from other funds except as provided in Section 115 and except to the extent required by law. The Trustee for any series of Securities shall be under no liability for interest on any money received by it hereunder except as otherwise agreed in writing with the Company.

**SECTION 607. Compensation and Reimbursement.**

The Company agrees:

(1) to pay to the Trustee for any series of Securities from time to time such compensation as the Company and the Trustee shall from time to time agree in writing for all services rendered by it hereunder (which compensation shall not be limited by any provision of law in regard to the compensation of a trustee of an express trust);

(2) except as otherwise expressly provided herein, to reimburse the Trustee for any series of Securities in Dollars upon its request for all reasonable expenses, disbursements and advances incurred or made by such Trustee in accordance with any provision of this Indenture (including the compensation and the expenses and disbursements of its agents and counsel), except any such expense, disbursement or advance as may be attributable to its gross negligence or bad faith; and

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(3) to indemnify such Trustee or any predecessor Trustee and their agents in Dollars for, and to hold them harmless against, any loss, damage, claims, liability or expense, including taxes (other than taxes based upon, measured by or determined by the income of the Trustee) incurred without gross negligence or bad faith on their part, arising out of or in connection with the acceptance or administration of this trust, including the costs and expenses of defending themselves against any claim (whether or not asserted by the Company, or any Holder or any other Person) or liability in connection with the exercise or performance of any of their powers or duties hereunder; or in connection with enforcing the provisions of this Section.

As security for the performance of the obligations of the Company under this Section the Trustee for any series of Securities shall have a lien prior to the Securities upon all property and funds held or collected by such Trustee as such, except funds held in trust for the payment of principal of, or premium, if any, or interest, if any, on particular Securities.

When the Trustee incurs expenses or renders services in connection with an Event of Default specified in Section 501(4) or (5), the expenses (including the reasonable charges and expenses of its counsel) and the compensation for the services are intended to constitute expenses of administration under any bankruptcy law.

The Company's obligations under this Section 607 and any lien arising hereunder shall survive the resignation or removal of the Trustee, the discharge of the Company's obligations pursuant to Article Four of this Indenture and/or the termination of this Indenture.

**SECTION 608. Disqualification; Conflicting Interests.**

The Trustee for the Securities shall be subject to the provisions of Section 310(b) of the Trust Indenture Act during the period of time required thereby. Nothing herein shall prevent the Trustee from filing with the Commission the application referred to in the penultimate paragraph of Section 310(b) of the Trust Indenture Act. In determining whether the Trustee has a conflicting interest as defined in Section 310(b) of the Trust Indenture Act with respect to the Securities of any series, there shall be excluded Securities of any particular series of Securities other than that series.

**SECTION 609. Corporate Trustee Required; Different Trustees for Different Series; Eligibility.**

There shall at all times be a Trustee hereunder which shall be

(i) a corporation organized and doing business under the laws of the United States of America, any State thereof, or the District of Columbia, authorized under such laws to exercise corporate trust powers, and subject to supervision or examination by federal or State authority, or

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(ii) a corporation or other Person organized and doing business under the laws of a foreign government that is permitted to act as Trustee pursuant to a rule, regulation, or other order of the Commission, authorized under such laws to exercise corporate trust powers, and subject to supervision or examination by authority of such foreign government or a political subdivision thereof substantially equivalent to supervision or examination applicable to United States institutional trustees,

having a combined capital and surplus of at least \$50,000,000. If such corporation publishes reports of condition at least annually, pursuant to law or to requirements of the aforesaid supervising or examining authority, then for the purposes of this Section, the combined capital and surplus of such corporation shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published. Neither the Company nor any Person directly or indirectly controlling, controlled by, or under the common control with the Company shall serve as Trustee for the Securities. If at any time the Trustee shall cease to be eligible in accordance with the provisions of this Section, it shall resign immediately in the manner and with the effect hereunder specified in this Article.

A different Trustee may be appointed by the Company for each series of Securities prior to the issuance of such Securities. If the initial Trustee for any series of Securities is to be other than Deutsche Bank Trust Company Americas, the Company and such Trustee shall, prior to the issuance of such Securities, execute and deliver an indenture supplemental hereto, which shall provide for the appointment of such Trustee as Trustee for the Securities of such series and shall add to or change any of the provisions of this Indenture as shall be necessary to facilitate the administration of the trusts hereunder by more than one Trustee, it being understood that nothing herein or in such supplemental indenture shall constitute such Trustees co-trustees of the same trust and that each such Trustee shall be trustee of a trust or trusts hereunder separate and apart from any trust or trusts hereunder administered by any other such Trustee.

**SECTION 610. Resignation and Removal; Appointment of Successor.**

(a) No resignation or removal of the Trustee for the Securities of any series and no appointment of a successor Trustee pursuant to this Article shall become effective until the acceptance of appointment by the successor Trustee in accordance with the applicable requirements of Section 611.

(b) The Trustee for the Securities of any series may resign at any time with respect to the Securities of such series by giving written notice thereof to the Company. If the instrument of acceptance by a successor Trustee required by Section 611 shall not have been delivered to the Trustee for the Securities of such series within 30 days after the giving of such notice of resignation, the resigning Trustee may petition any court of competent jurisdiction, at the expense of the Company, for the appointment of a successor Trustee with respect to the Securities of such series.

(c) The Trustee for the Securities of any series may be removed at any time with respect to the Securities of such series by Act of the Holders of a majority in principal amount of the Outstanding Securities of such series, delivered to such Trustee and to the Company. If the instrument of acceptance by a successor Trustee required by Section 611 shall not have been



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delivered to the Trustee for the Securities of such series within 30 days after the giving of such notice of removal, the Trustee being removed may petition any court of competent jurisdiction, at the expense of the Company, for the appointment of a successor Trustee with respect to the Securities of such series.

(d) If at any time:

(1) the Trustee for the Securities of any series shall fail to comply with Section 310(b) of the Trust Indenture Act pursuant to Section 608 hereof after written request therefor by the Company or by any Holder who has been a bona fide Holder of a Security of such series for at least six months, unless the Trustee's duty to resign is stayed in accordance with the provisions of Section 310(b) of the Trust Indenture Act, or

(2) such Trustee shall cease to be eligible under Section 609 and shall fail to resign after written request therefor by the Company or by any such Holder, or

(3) such Trustee shall become incapable of acting or shall be adjudged a bankrupt or insolvent or a receiver of such Trustee or of its property shall be appointed or any public officer shall take charge or control of such Trustee or of its property or affairs for the purpose of rehabilitation, conservation or liquidation,

then, in any such case, (i) the Company by a Board Resolution may remove such Trustee or (ii) subject to Section 514, any Holder who has been a bona fide Holder of a Security of such series for at least six months may, on behalf of himself and all others similarly situated, petition any court of competent jurisdiction for the removal of such Trustee and the appointment of a successor Trustee.

(e) If the Trustee for the Securities of any series shall resign, be removed or become incapable of acting, or if a vacancy shall occur in the office of Trustee for the Securities of any series for any cause, the Company, by a Board Resolution, shall promptly appoint a successor Trustee with respect to the Securities of such series and shall comply with the applicable requirements of Section 611. If, within one year after such resignation, removal or incapability, or the occurrence of such vacancy, a successor Trustee with respect to the Securities of such series shall be appointed by Act of the Holders of a majority in principal amount of the Outstanding Securities of such series delivered to the Company and the retiring Trustee, the successor Trustee so appointed shall, forthwith upon its acceptance of such appointment in accordance with the applicable requirements of Section 611, become the successor Trustee for the Securities of such series and supersede the successor Trustee appointed by the Company. If no successor Trustee for the Securities of such series shall have been so appointed by the Company or the Holders and shall have accepted appointment in the manner required by Section 611, and if such Trustee is still incapable of acting, any Holder who has been a bona fide Holder of a Security of such series for at least six months may, on behalf of himself and all others similarly situated, petition any court of competent jurisdiction for the appointment of a successor Trustee with respect to the Securities of such series.

(f) The Company shall give notice of each resignation and each removal of the Trustee with respect to the Securities of any series and each appointment of a successor Trustee

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with respect to the Securities of any series in the manner and to the extent provided in Section 106. Each notice shall include the name of the successor Trustee with respect to the Securities of that series and the address of its Corporate Trust Office.

**SECTION 611. Acceptance of Appointment by Successor.**

(a) Every such successor Trustee appointed hereunder with respect to the Securities of any series shall execute, acknowledge and deliver to the Company and to the retiring Trustee an instrument accepting such appointment, and thereupon the resignation or removal of the retiring Trustee shall become effective and such successor Trustee without any further act, deed or conveyance, shall become vested with all the rights, powers, trusts and duties of the retiring Trustee; but, on the written request of the Company or the successor Trustee, such retiring Trustee shall, upon payment of its charges, execute and deliver an instrument transferring to such successor Trustee all the rights, powers and trusts of the retiring Trustee and shall duly assign, transfer and deliver to such successor Trustee all property and money held by such retiring Trustee hereunder.

(b) In case of the appointment hereunder of a successor Trustee with respect to the Securities of one or more (but not all) series, the Company, the retiring Trustee and each successor Trustee with respect to the Securities of one or more series shall execute and deliver an indenture supplemental hereto wherein each successor Trustee shall accept such appointment and which (1) shall contain such provisions as shall be necessary or desirable to transfer and confirm to, and to vest in, each successor Trustee all the rights, powers, trusts and duties of the retiring Trustee with respect to the Securities of that or those series to which the appointment of such successor Trustee relates, (2) if the retiring Trustee is not retiring with respect to all Securities, shall contain such provisions as shall be deemed necessary or desirable to confirm that all the rights, powers, trusts and duties of the retiring Trustee with respect to the Securities of that or those series as to which the retiring Trustee is not retiring shall continue to be vested in the retiring Trustee and (3) shall add to or change any of the provisions of this Indenture as shall be necessary to provide for or facilitate the administration of the trusts hereunder by more than one Trustee, it being understood that nothing herein or in such supplemental indenture shall constitute such Trustees co-trustees of the same trust and each such Trustee shall be trustee of a trust or trusts hereunder separate and apart from any trust or trusts hereunder administered by any other such Trustee; and upon the execution and delivery of such supplemental indenture the resignation or removal of the retiring Trustee shall become effective to the extent provided therein and each such successor Trustee, without any further act, deed or conveyance, shall become vested with all the rights, powers, trusts and duties of the retiring Trustee with respect to the Securities of that or those series to which the appointment of such successor Trustee relates; but, on written request of the Company or any successor Trustee, such retiring Trustee shall duly assign, transfer and deliver to such successor Trustee all property and money held by such retiring Trustee hereunder with respect to the Securities of that or those series to which the appointment of such successor Trustee relates.

(c) Upon request of any such successor Trustee, the Company shall execute any and all instruments for more fully and certainly vesting in and confirming to such successor Trustee all such rights, powers and trusts referred to in Subsections (a) or (b) of this Section, as the case may be.

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(d) No successor Trustee shall accept its appointment unless at the time of such acceptance such successor Trustee for the Securities of any series shall be qualified and eligible under this Article.

**SECTION 612. Merger, Conversion, Consolidation or Succession to Business.**

Any corporation into which the Trustee for the Securities of any series may be merged or converted or with which it may be consolidated, or any corporation resulting from any merger, conversion or consolidation to which such Trustee shall be a party, or any corporation succeeding to all or substantially all of the corporate trust business of such Trustee, shall be the successor of such Trustee hereunder, provided such corporation shall be otherwise qualified and eligible under this Article, without the execution or filing of any paper or any further act on the part of any of the parties hereto. In case any Securities shall have been authenticated, but not delivered, by the Trustee or the Authenticating Agent for such series then in office, any successor by merger, conversion or consolidation to such authenticating Trustee or Authenticating Agent, as the case may be, may adopt such authentication and deliver the Securities so authenticated with the same effect as if such successor Trustee or successor Authenticating Agent had itself authenticated such Securities.

**SECTION 613. Preferential Collection of Claims Against Company.**

If and when the Trustee shall be or shall become a creditor, directly or indirectly, secured or unsecured, of the Company (or any other obligor upon the Debt Securities), the Trustee shall be subject to the provisions of the Trust Indenture Act regarding collection of claims against the Company (or any such other obligor). A Trustee who has resigned or been removed shall be subject to Section 311(a) of the Trust Indenture Act to the extent indicated.

**SECTION 614. Authenticating Agents.**

From time to time the Trustee for the Securities of any series may, subject to its sole discretion, appoint one or more Authenticating Agents with respect to the Securities of such series, which may include the Company or any Affiliate of the Company, with power to act on the Trustee's behalf and subject to its discretion in the authentication and delivery of Securities of such series in connection with transfers and exchanges under Sections 304, 305 and 1107 as fully to all intents and purposes as though such Authenticating Agent had been expressly authorized by those Sections of this Indenture to authenticate and deliver Securities of such series. For all purposes of this Indenture, the authentication and delivery of Securities of such series by an Authenticating Agent for such Securities pursuant to this Section shall be deemed to be authentication and delivery of such Securities "by the Trustee" for the Securities of such series. Any such Authenticating Agent shall at all times be a corporation organized and doing business under the laws of the United States or of any State, authorized under such laws to exercise corporate trust powers, having a combined capital and surplus of at least \$50,000,000 and subject to supervision or examination by federal or State authority. If such Authenticating Agent publishes reports of condition at least annually pursuant to law or the requirements of such supervising or examining authority, then for the purposes of this Section the combined capital and surplus of such corporation shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published. If at any time an Authenticating Agent

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for any series of Securities shall cease to be eligible in accordance with the provisions of this Section, such Authenticating Agent shall resign immediately in the manner and with the effect specified in this Section.

Any corporation into which any Authenticating Agent may be merged or converted or with which it may be consolidated, or any corporation resulting from any merger, consolidation or conversion to which any Authenticating Agent shall be a party, or any corporation succeeding to all or substantially all of the corporate trust business of any Authenticating Agent, shall be the successor of such Authenticating Agent hereunder, if such successor corporation is otherwise eligible under this Section, without the execution or filing of any paper or any further act on the part of the parties hereto or the Authenticating Agent or such successor corporation.

Any Authenticating Agent for any series of Securities may resign at any time by giving written notice of resignation to the Trustee for such series and to the Company. The Trustee for any series of Securities may at any time terminate the agency of any Authenticating Agent by giving written notice of termination to such Authenticating Agent and to the Company in the manner set forth in Section 105. Upon receiving such a notice of resignation or upon such a termination, or in case at any time any Authenticating Agent for any series of Securities shall cease to be eligible under this Section, the Trustee for such series may appoint a successor Authenticating Agent, shall give written notice of such appointment to the Company and shall give written notice of such appointment to all Holders of Securities of such series in the manner set forth in Section 106. Any successor Authenticating Agent, upon acceptance of its appointment hereunder, shall become vested with all the rights, powers and duties of its predecessor hereunder, with like effect as if originally named as an Authenticating Agent. No successor Authenticating Agent shall be appointed unless eligible under the provisions of this Section.

The Company agrees to pay to any Authenticating Agent for such series from time to time reasonable compensation for its services. If an appointment with respect to one or more series of Securities is made pursuant to this Section, the Securities of such series may have endorsed thereon, in addition to the Trustee's certification of authentication, an alternate certificate of authentication in the following form:

"This is one of the Securities of the series designated therein described in the within-mentioned Indenture.

DEUTSCHE BANK TRUST COMPANY AMERICAS, as Trustee

By: \_\_\_\_\_  
As Authenticating Agent

By: \_\_\_\_\_  
[Authorized Signatory]

**HOLDERS' LISTS AND REPORTS BY TRUSTEE AND COMPANY**

**SECTION 701. Company to Furnish Trustee Names and Addresses of Holders.**

With respect to each particular series of Securities, the Company will furnish or cause to be furnished to the Trustee for the Securities of such series,

(a) semiannually, not more than 15 days after each Regular Record Date relating to that series (or, if there is no Regular Record Date relating to that series, on June 30 and December 31), a list, in such form as such Trustee may reasonably require, containing all the information in the possession or control of the Company or any of its Paying Agents other than such Trustee as to the names and addresses of the Holders of that series as of such dates,

(b) on semi-annual dates on each year to be determined pursuant to Section 301 if the Securities of such series do not bear interest, a list of similar form and content, and

(c) at such other times as such Trustee may request in writing, within 30 days after the receipt by the Company of any such request, a list of similar form and content as of a date not more than 15 days prior to the time such list is furnished,

excluding from any such list names and addresses received by such Trustee in its capacity as Security Registrar for the Securities of such series, if so acting.

**SECTION 702. Preservation of Information; Communications to Holders.**

(a) The Trustee for each series of Securities shall preserve, in as current a form as is reasonably practicable, the names and addresses of Holders of the Securities of such series contained in the most recent lists furnished to such Trustee as provided in Section 701 and the names and addresses of Holders of the Securities of such series received by such Trustee in its capacity as Security Registrar for such series, if so acting. The Trustee for each series of Securities may destroy any list relating to such series of Securities furnished to it as provided in Section 701 upon receipt of a new list relating to such series so furnished.

(b) If three or more Holders of Securities of any particular series (hereinafter referred to as "applicants") apply in writing to the Trustee for the Securities of any such series, and furnish to such Trustee reasonable proof that each such applicant has owned a Security of that series for a period of at least six months preceding the date of such application, and such application states that the applicants desire to communicate with other Holders of Securities of that series with respect to their rights under this Indenture or under the Securities of that series and is accompanied by a copy of the form of proxy or other communication which such applicants propose to transmit, then such Trustee shall, within five Business Days after the receipt of such application, at its election, either

(i) afford such applicants access to the information preserved at the time by such Trustee in accordance with Section 702(a), or

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(ii) inform such applicants as to the approximate number of Holders of Securities of that series whose names and addresses appear in the information preserved at the time by such Trustee in accordance with Section 702(a), and as to the approximate cost of mailing to such Holders the form of proxy or other communication, if any, specified in such application.

If any such Trustee shall elect not to afford such applicants access to that information, such Trustee shall, upon the written request of such applicants, mail to each Holder of Securities of that series whose name and address appears in the information preserved at the time by such Trustee in accordance with Section 702(a), a copy of the form of proxy or other communication which is specified in such request, with reasonable promptness after a tender to such Trustee of the material to be mailed and of payment, or provision for the payment, of the reasonable expenses of mailing, unless within five days after such tender, such Trustee shall mail to such applicants and file with the Commission, together with a copy of the material to be mailed, a written statement to the effect that, in the opinion of such Trustee, such mailing would be contrary to the best interests of the Holders of Securities of that series or would be in violation of applicable law. Such written statement shall specify the basis of such opinion. If the Commission, after opportunity for a hearing upon the objections specified in the written statement so filed, shall enter an order refusing to sustain any of such objections or if, after the entry of an order sustaining one or more of such objections, the Commission shall find, after notice and opportunity for hearing, that all the objections so sustained have been met and shall enter an order so declaring, such Trustee shall mail copies of such material to all such Holders with reasonable promptness after the entry of such order and the renewal of such tender; otherwise such Trustee shall be relieved of any obligation or duty to such applicants respecting their application.

(c) Every Holder of Securities of each series or coupons, by receiving and holding the same, agrees with the Company and the Trustee for the Securities of such series that neither the Company nor such Trustee, nor any agent of either of them shall be held accountable by reason of the disclosure of any such information as to the names and addresses of the Holders of the Securities of such series in accordance with Section 702(b), regardless of the source from which such information was derived, and that the Trustee shall not be held accountable by reason of mailing any material pursuant to a request made under Section 702(b).

### **SECTION 703. Reports by Trustee.**

(a) Within 60 days after May 15 of each year, the Trustee for the Securities of each series shall send to each Holder of the Securities of such series entitled to receive reports pursuant to Section 704(3), a brief report dated as of such date that complies with Section 313(a) of the Trust Indenture Act. The Trustee for the Securities of each series shall also comply with Sections 313(b), 313(c) and 313(d) of the Trust Indenture Act.

(b) At the time that the Trustee for the Securities of each series mails such a report to the Holders of Securities of such series, each such Trustee shall file a copy of that report with the Commission and with each stock exchange on which the Securities of that series are listed. The Company shall provide prompt written notice to the appropriate Trustee when the Securities of any series are listed on any stock exchange and of any delisting thereof.

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**SECTION 704. Reports by Company.**

The Company will:

(1) file with the Trustee for the Securities of such series, within 15 days after the Company is required to file the same with the Commission, copies of the annual reports and of the information, documents and other reports (or copies of such portions of any of the foregoing as the Commission may from time to time by rules and regulations prescribe) which the Company may be required to file with the Commission pursuant to Section 13 or Section 15(d) of the Securities Exchange Act of 1934; or, if the Company is not required to file information, documents or reports pursuant to either of said Sections, then it will file with such Trustee and the Commission, in accordance with rules and regulations prescribed from time to time by the Commission, such of the supplementary and periodic information, documents and reports which may be required pursuant to Section 13 of the Securities Exchange Act of 1934 in respect of a security listed and registered on a national securities exchange as may be prescribed from time to time in such rules and regulations;

(2) file with the Trustee for the Securities of such series and the Commission, in accordance with rules and regulations prescribed from time to time by the Commission, such additional information, documents, and reports with respect to compliance by the Company with the conditions and covenants of this Indenture as may be required from time to time by such rules and regulations; and

(3) transmit by mail to all Holders of Securities of each series, as provided in Section 703(a), within 30 days after the filing thereof with the Trustee for the Securities of such series, such summaries of any information, documents and reports required to be filed by the Company pursuant to paragraphs (1) and (2) of this Section as may be required by rules and regulations prescribed from time to time by the Commission.

With respect to the foregoing clauses (1) and (2), the Company may file all information, documents and reports required by this Section 704 by email in PDF format; provided, however, that upon the Trustee's written request, the Company shall provide the Trustee with physical copies of such information, documents or reports.

Delivery of such reports, information and documents to the Trustee is for informational purposes only and the Trustee's receipt of such shall not constitute constructive notice of any information contained therein or determinable from information contained therein, including the Company's compliance with any of its covenants hereunder (as to which the Trustee is entitled to rely exclusively on Officers' Certificates).

**CONSOLIDATION, MERGER, CONVEYANCE OR TRANSFER**

**SECTION 801. Company May Consolidate, Etc., Only on Certain Terms.**

The Company shall not consolidate with or merge into any other corporation or convey or transfer its properties and assets substantially as an entirety to any Person unless:

(1) the corporation formed by such consolidation or into which the Company is merged or the Person which acquires by conveyance or transfer the properties and assets of the Company substantially as an entirety shall be a corporation organized and existing under the laws of the United States of America, any State thereof or the District of Columbia, and shall expressly assume, by an indenture supplemental hereto, executed and delivered to the Trustee for each series of Securities, in form satisfactory to each such Trustee, the due and punctual payment of principal of, and premium, if any, and interest, if any, (including all additional amounts, if any, payable pursuant to Sections 516 or 1010) on all the Securities and any related coupons and the performance of every covenant of this Indenture on the part of the Company to be performed or observed;

(2) immediately after giving effect to such transaction, no Event of Default with respect to any series of Securities, and no event which, after notice or lapse of time, or both, would become an Event of Default with respect to any series of Securities, shall have happened and be continuing; and

(3) the Company has delivered to the Trustee for each series of Securities an Officers' Certificate and an Opinion of Counsel each stating that such consolidation, merger, conveyance or transfer and such supplemental indenture comply with this Article and that all conditions precedent herein provided for relating to such transaction have been complied with.

**SECTION 802. Successor Corporation Substituted.**

Upon any consolidation or merger, or any conveyance or transfer of the properties and assets of the Company substantially as an entirety in accordance with Section 801, the successor corporation formed by such consolidation or into which the Company is merged or to which such conveyance or transfer is made shall succeed to, and be substituted for, and may exercise every right and power of, the Company under this Indenture with the same effect as if such successor corporation had been named as the Company herein and thereafter the predecessor corporation shall be relieved of all obligations and covenants under this Indenture, the Securities and any related coupons and, in the event of any such consolidation, merger, conveyance or transfer, the Company as the predecessor corporation may thereupon or at any time thereafter be dissolved, wound up, or liquidated.



**SUPPLEMENTAL INDENTURES**

**SECTION 901. Supplemental Indentures Without Consent of Holders.**

Without the consent of any Holders of Securities or coupons, the Company, when authorized by a Board Resolution, and the Trustee for the Securities of any or all series, at any time and from time to time, may enter into one or more indentures supplemental hereto, in form satisfactory to such Trustee, for any of the following purposes:

- (1) to evidence the succession of another corporation to the Company, and the assumption by any such successor of the covenants of the Company herein and in the Securities; or
- (2) to add to the covenants of the Company, for the benefit of the Holders of all or any particular series of Securities and any related coupons (and, if such covenants are to be for the benefit of fewer than all series of Securities, stating that such covenants are being included solely for the benefit of such series), or to surrender any right or power herein conferred upon the Company; or
- (3) to add any additional Events of Default with respect to any or all series of Securities (and, if any such Event of Default applies to fewer than all series of Securities, stating each series to which such Event of Default applies); or
- (4) to add to or to change any of the provisions of this Indenture to provide that Bearer Securities may be registrable as to principal, to change or eliminate any restrictions on the payment of principal of, or any premium or interest on Bearer Securities, to permit Bearer Securities to be issued in exchange for Registered Securities, to permit Bearer Securities to be issued in exchange for Bearer Securities of other authorized denominations, to provide for the issuance of uncertificated Securities of any series in addition to or in place of any certificated Securities and to make all appropriate changes for such purposes; provided, however, that any such action shall not adversely affect the interests of the Holders of Securities of any series or any related coupons in any material respect; or
- (5) to change or eliminate any of the provisions of this Indenture; provided, however, that any such change or elimination shall become effective only when there is no Security Outstanding of any series created prior to the execution of such supplemental indenture which is entitled to the benefit of such provision; or
- (6) to evidence and provide for the acceptance of appointment hereunder of a Trustee other than Deutsche Bank Trust Company Americas as Trustee for a series of Securities and to add to or change any of the provisions of this Indenture as shall be necessary to provide for or facilitate the administration of the trusts hereunder by more than one Trustee, pursuant to the requirements of Section 609; or

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(7) to evidence and provide for the acceptance of appointment hereunder by a successor Trustee with respect to the Securities of one or more series and to add to or change any of the provisions of this Indenture as shall be necessary to provide for or facilitate the administration of the trusts hereunder by more than one Trustee, pursuant to the requirements of Section 611(b); or

(8) to add to the conditions, limitations and restrictions on the authorized amount, form, terms or purposes of issue, authentication and delivery of Securities, as herein set forth, other conditions, limitations and restrictions thereafter to be observed; or

(9) to supplement any of the provisions of this Indenture to such extent as shall be necessary to permit or facilitate the defeasance and discharge of any series of Securities pursuant to Section 401; provided, however, that any such action shall not adversely affect the interests of the Holders of Securities of such series and any related coupons or any other series of Securities in any material respect; or

(10) to add to or change or eliminate any provisions of this Indenture as shall be necessary or desirable in accordance with any amendments to the Trust Indenture Act; or

(11) to establish the form and terms of any series of Securities;

(12) to add Guarantees with respect to the Securities of such series or to confirm and evidence the release, termination or discharge of any such Guarantee when such release, termination or discharge is permitted under this Indenture; or

(13) to cure any ambiguity, to correct or supplement any provision herein which may be inconsistent with any other provision herein, to convey, transfer, assign, mortgage or pledge any property to or with the Trustee for the Securities of any series or to surrender any right or power herein conferred upon the Company, or to make any other provisions with respect to matters or questions arising under this Indenture, provided such action shall not adversely affect the interests of the Holders of Securities of any particular series in any material respect.

## **SECTION 902. Supplemental Indentures With Consent of Holders.**

The Company, when authorized by a Board Resolution, and the Trustee for the Securities of any or all series may enter into an indenture or indentures supplemental hereto for the purpose of adding any provisions to or changing in any manner or eliminating any of the provisions of this Indenture or of modifying in any manner the rights of the Holders of such Securities and any related coupons under this Indenture, but only with the consent of the Holders of more than 50% in aggregate principal amount of the Outstanding Securities of each series of Securities then Outstanding affected thereby, in each case by Act of said Holders of Securities of each such series delivered to the Company and the Trustee for Securities of each such series; provided, however, that no such supplemental indenture shall, without the consent of the Holder of each Outstanding Security affected thereby:

(1) change the Stated Maturity of the principal of, or any installment of principal of or interest on, any Security, or reduce the principal amount thereof or the rate of interest thereon, if any (or, in the case of OID Securities, reduce the rate of accretion of original issue discount), or any premium payable upon the redemption thereof, or change any obligation of the Company to pay additional amounts pursuant to Section 1010 (except as contemplated by Section 801(1) and permitted by Section 901(1)) or reduce the amount of the principal of an OID Security that would be due and payable upon a declaration of acceleration of the Maturity thereof, or provable in bankruptcy, or, in the case of Indexed Securities, reduce the amount payable in accordance with the terms of those Securities upon a declaration of acceleration of the Maturity thereof, or provable in bankruptcy, pursuant to Section 502, or change the Place of Payment, or the currency or currency unit in which any Security or the principal or interest thereon is payable, or impair the right to institute suit for the enforcement of any such payment on or after the Stated Maturity thereof (or, in the case of redemption, on or after the Redemption Date); or impair any right of Holders of Securities hereunder to repay or purchase Securities at their option; reduce or alter the method of computation of any amount payable upon redemption, repayment or purchase of any Securities by the Issuer (or the time when such redemption, repayment or purchase may be made) or adversely affect the right to convert or exchange any Security into other securities of the Company or another Person as may be provided pursuant to Section 301;

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(2) reduce the percentage in principal amount of the Outstanding Securities of any particular series, the consent of whose Holders is required for any such supplemental indenture, or the consent of whose Holders is required for any waiver (of compliance with certain provisions of this Indenture or certain defaults hereunder and their consequences) provided for in this Indenture; or

(3) modify any of the provisions of this Section or Section 513 or 1009, except to increase any such percentage or to provide that certain other provisions of this Indenture cannot be modified or waived without the consent of the Holder of each Security affected thereby; provided, however, that this clause shall not be deemed to require the consent of any Holder of a Security or coupon with respect to changes in the references to "the Trustee" and concomitant changes in this Section and Section 1009, or the deletion of this proviso, in accordance with the requirements of Sections 609, 611(b), 901(6) and 901(7).

A supplemental indenture which changes or eliminates any covenant or other provision of this Indenture which has expressly been included solely for the benefit of one or more particular series of Securities, or which modifies the rights of the Holders of Securities of such series with respect to such covenant or other provision, shall be deemed not to affect the rights under this Indenture of the Holders of Securities of any other series.

It shall not be necessary for any Act of Holders under this Section to approve the particular form of any proposed supplemental indenture, but it shall be sufficient if such Act shall approve the substance thereof.

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**SECTION 903. Execution of Supplemental Indentures.**

In executing, or accepting the additional trusts created by, any supplemental indenture permitted by this Article or the modifications thereby of the trusts created by this Indenture, the Trustee for any series of Securities shall receive, and (subject to Section 601) shall be fully protected in conclusively relying upon, an Officers' Certificate and an Opinion of Counsel stating that the execution of such supplemental indenture is authorized or permitted by this Indenture and that such supplemental indenture is the legal, valid and binding obligation of the Company, enforceable against the Company in accordance with its terms. The Trustee for any series of Securities may, but shall not be obligated to, enter into any such supplemental indenture which affects such Trustee's own rights, liabilities, duties or immunities under this Indenture or otherwise.

**SECTION 904. Effect of Supplemental Indentures.**

Upon the execution of any supplemental indenture under this Article, this Indenture shall be modified in accordance therewith and such supplemental indenture shall form a part of this Indenture for all purposes; and every Holder of Securities theretofore or thereafter authenticated and delivered hereunder and of any coupons appertaining thereto shall be bound thereby.

**SECTION 905. Conformity With Trust Indenture Act.**

Every supplemental indenture executed pursuant to this Article shall conform to the requirements of the Trust Indenture Act as then in effect.

**SECTION 906. Reference in Securities to Supplemental Indentures.**

Securities of any particular series authenticated and delivered after the execution of any supplemental indenture pursuant to this Article may, and shall if required by the Trustee for the Securities of such series, bear a notation in form approved by such Trustee as to any matter provided for in such supplemental indenture. If the Company shall so determine, new Securities of any series and any related coupons so modified as to conform, in the opinion of the Trustee for the Securities of such series and the Board of Directors, to any such supplemental indenture may be prepared and executed by the Company and such Securities may be authenticated and delivered by such Trustee in exchange for Outstanding Securities of such series and any related coupons.

Article Ten

**COVENANTS**

**SECTION 1001. Payment of Principal, Premium, if any, and Interest, if any.**

The Company agrees, for the benefit of each particular series of Securities, that it will duly and punctually pay in the currency or currency unit in which the Securities of such series are payable (except as otherwise specified pursuant to Section 301 for the Securities of such series and except as provided in Sections 311(b) and 311(d)) principal of, and premium, if any, and interest, if any, on that series of Securities in accordance with the terms of the Securities of

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such series, any coupons appertaining thereto and this Indenture. On or before 10:00 a.m., New York City time, on the applicable payment date, the Company shall deposit with the Paying Agent money sufficient to pay the principal of and interest, if any, on the Securities of each Series in accordance with the terms of such Securities and this Indenture. Unless otherwise specified as contemplated by Section 301 with respect to any series of Securities, any interest due on Bearer Securities on or before Maturity shall be payable only upon presentation and surrender of the several coupons for such interest installments as are evidenced thereby as they severally mature. The interest, if any, due in respect of any temporary or permanent Global Security, together with any additional amounts payable in respect thereof, as provided in the terms and conditions of such Security, shall be payable, subject to the conditions set forth in Section 1010, only upon presentation of such Security to the Trustee thereof for notation thereon of the payment of such interest.

**SECTION 1002. Maintenance of Office or Agency.**

If Securities of a series are issuable only as Registered Securities the Company will maintain in each Place of Payment for that series an office or agency where Securities of that series may be presented or surrendered for payment, an office or agency where Securities of that series may be surrendered for registration of transfer or exchange and where notices and demands to or upon the Company with respect to the Securities of that series and this Indenture may be served. If Securities of a series are issuable as Bearer Securities, the Company will maintain (A) an office or agency (which may be the same office or agency) in a Place of Payment for that series in the United States where any Registered Securities of that series may be presented or surrendered for payment, where any Registered Securities of that series may be surrendered for registration of transfer, where Securities of that series may be surrendered for exchange, where notices and demands to or upon the Company in respect of the Securities of that series and this Indenture may be served and where Bearer Securities of that series and related coupons may be presented or surrendered for payment in the circumstances described in the following paragraph (and not otherwise), (B) subject to any laws or regulations applicable thereto, in a Place of Payment for that series which is located outside the United States, an office or agency where Securities of that series and related coupons may be presented and surrendered for payment; provided, however, that if the Securities of that series are listed on the Luxembourg Stock Exchange or any other stock exchange located outside the United States and such stock exchange shall so require, the Company will maintain a Paying Agent for the Securities of that series in Luxembourg or in any other required city located outside the United States, so long as the Securities of that series are listed on such exchange, and (C) subject to any laws or regulations applicable thereto, in a Place of Payment for that series located outside the United States an office or agency where any Registered Securities of that series may be surrendered for registration of transfer, where Securities of that series may be surrendered for exchange and where notices and demands to or upon the Company in respect of the Securities of that series and this Indenture may be served. The Company will give prompt written notice to the Trustee for the Securities of that series of the location, and any change in the location, of any such office or agency. If at any time the Company shall fail to maintain any such required office or agency in respect of any series of Securities or shall fail to furnish the Trustee for the Securities of that series with the address thereof, such presentations (to the extent permitted by law), and surrenders of Securities of that series may be made and notices and demands may be made or served at the Corporate Trust Office of such Trustee, except that Bearer Securities of that series

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and the related coupons may be presented and surrendered for payment at the offices specified in the Security, and the Company hereby appoints the same as its agent to receive such respective presentations, surrenders, notices and demands.

No payment of principal of, or premium, if any, or interest, if any, on Bearer Securities shall be made at any office or agency of the Company in the United States or by check mailed to any address in the United States or by transfer to an account maintained with a bank located in the United States. Payments will not be made in respect of Bearer Securities or coupons appertaining thereto pursuant to presentation to the Company or its designated Paying Agents within the United States. Notwithstanding the foregoing, payment of principal of, and premium, if any, and interest, if any, on any Bearer Security denominated and payable in Dollars will be made at the office of the Company's Paying Agent in the United States, if, and only if, payment in Dollars of the full amount of such principal, premium or interest, as the case may be, at all offices or agencies outside the United States maintained for that purpose by the Company in accordance with this Indenture is illegal or effectively precluded by exchange controls or other similar restrictions and the Company has delivered to the Trustee an Opinion of Counsel to that effect.

The Company may also from time to time designate one or more other offices or agencies (in or outside the Place of Payment) where the Securities of one or more series may be presented or surrendered for any or all of the purposes specified above in this Section and may from time to time rescind such designations; provided, however, that no such designation or rescission shall in any manner relieve the Company of its obligation to maintain an office or agency in each Place of Payment for such purpose. The Company will give prompt written notice to the Trustee for the Securities of each series so affected of any such designation or rescission and of any change in the location of any such office or agency.

If and so long as the Securities of any series (i) are denominated in a currency other than Dollars or (ii) may be payable in a currency other than Dollars, or so long as it is required under any other provision of the Indenture, then the Company will maintain with respect to each such series of Securities, or as so required, a Currency Determination Agent.

### **SECTION 1003. Money for Securities Payments To Be Held in Trust.**

If the Company shall at any time act as its own Paying Agent with respect to any particular series of Securities and any related coupons, it will, on or before each due date of principal of, and premium, if any, or interest, if any, on any of the Securities of that series, segregate and hold in trust for the benefit of the Persons entitled thereto a sum in the currency or currency unit in which the Securities of such series are payable (except as otherwise specified pursuant to Section 301 for the Securities of such series and except as provided in Sections 311(b) and 311(d)) sufficient to pay the principal, premium, if any, and interest, if any, so becoming due until such sums shall be paid to such Persons or otherwise disposed of as herein provided, and will promptly notify the Trustee for the Securities of such series in writing of its action or failure so to act.

Whenever the Company shall have one or more Paying Agents for any particular series of Securities and any related coupons, it will, on or before each due date of principal of, or

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premium, if any, or interest, if any, on any such Securities, deposit with a Paying Agent for the Securities of such series a sum (in the currency or currency unit described in the preceding paragraph) sufficient to pay the principal, premium, if any, and interest, if any, so becoming due, such sum to be held in trust for the benefit of the Persons entitled thereto, and (unless such Paying Agent is the Trustee for the Securities of such series) the Company will promptly notify such Trustee in writing of its action or failure so to act.

The Company will cause each Paying Agent for any particular series of Securities other than the Trustee for the Securities of such series to execute and deliver to such Trustee an instrument in which such Paying Agent shall agree with such Trustee, subject to the provisions of this Section, that such Paying Agent will:

- (1) hold all sums held by it for the payment of principal of, or premium, if any, or interest, if any, on Securities of that series in trust for the benefit of the Persons entitled thereto until such sums shall be paid to such Persons or otherwise disposed of as herein provided;
- (2) give such Trustee written notice of any default by the Company (or any other obligor upon the Securities) in the making of any payment of principal of, and premium, if any, and interest, if any, on Securities of that series; and
- (3) at any time during the continuation of any such default, upon the written request of such Trustee, forthwith pay to such Trustee all sums so held in trust by such Paying Agent.

The Company may at any time, for the purpose of obtaining the satisfaction and discharge of this Indenture or for any other purpose, pay, or by Company Order direct any Paying Agent to pay, to the Trustee for the Securities of any series all sums held in trust by the Company or such Paying Agent, such sums to be held by such Trustee upon the same trusts as those upon which such sums were held by the Company or such Paying Agent; and, upon such payment by any Paying Agent to such Trustee, such Paying Agent shall be released from all further liability with respect to such money.

#### **SECTION 1004. Payment of Taxes and Other Claims.**

The Company will pay or discharge or cause to be paid or discharged, before the same shall become delinquent, (1) all taxes, assessments and governmental charges levied or imposed upon it or upon its income, profits or property, and (2) all lawful claims for labor, materials and supplies which, if unpaid, might by law become a lien upon its property; provided, however, that the Company shall not be required to pay or discharge or cause to be paid or discharged any such tax, assessment, charge or claim whose amount, applicability or validity is being contested in good faith by appropriate proceedings.

#### **SECTION 1005. Statements as to Compliance.**

The Company will deliver to the Trustee for each series of Securities, within 120 days after the end of each fiscal year of the Company, a written statement signed by the principal executive officer, principal financial officer or principal accounting officer of the Company complying with Section 314(a) (4) of the Trust Indenture Act stating that:

- (1) a review of the activities of the Company during such year and of performance under this Indenture has been made under his supervision; and
- (2) to the best of his knowledge, based on such review, the Company is in compliance with all conditions and covenants under this Indenture.

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For purposes of this Section, such compliance shall be determined without regard to any period of grace or requirement of notice provided under this Indenture.

**SECTION 1006. Corporate Existence.**

Subject to Article Eight, the Company will do or cause to be done all things necessary to preserve and keep in full force and effect its corporate existence, rights (charter and statutory) and franchises; provided, however, that the Company shall not be required to preserve any right or franchise if the Board of Directors shall determine that the preservation thereof is no longer desirable in the conduct of the business of the Company and that the loss thereof is not disadvantageous in any material respect to the Holders.

**SECTION 1007. Limitations on Liens.**

(a) Except as expressly provided in Subsection (b) of this Section 1007, the Company will not, and will not permit any Subsidiary to, create, assume, incur or suffer to be created, assumed or incurred, any mortgage, pledge, lien, security interest, charge or encumbrance (all of the foregoing being hereinafter referred to as "liens") to secure any indebtedness for borrowed money (i) upon any shares of Capital Stock issued by any Subsidiary that owns any Principal Facility (as hereinafter defined) to the extent such shares are owned by the Company or one or more Subsidiaries, or (ii) upon any Principal Facility, in either case without making effective provision whereby all the Securities shall be directly secured equally and ratably with the indebtedness secured by such lien, so long as any such indebtedness shall be so secured; provided, however, that this Section 1007 shall not be applicable to the following:

(1) in the case of a Principal Facility, liens incurred in connection with the issuance by a state or political subdivision thereof of any securities the interest on which is exempt from federal income taxes by virtue of Section 103 of the Code or any other laws or regulations in effect at the time of such issuance;

(2) liens existing on the date hereof;

(3) liens on property or shares of Capital Stock existing when acquired by the Company or any Subsidiary (including acquisition through merger, share exchange or consolidation) or securing the payment of all or part of the purchase price, construction or improvement thereof incurred prior to, at the time of, or within 180 days after the later of the acquisition, completion of construction or improvement or commencement of full operation of such property for the purpose of financing all or a portion of such purchase or construction or improvement; or



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(4) liens for the sole purpose of extending, renewing or replacing in whole or in part the indebtedness secured by any lien referred to in the foregoing clauses (1) through (3) or in this clause (4); provided, however, that the principal amount of indebtedness secured thereby shall not exceed the principal amount of indebtedness so secured at the time of such extension, renewal or replacement, and that such extension, renewal or replacement shall be limited to all or a part of the property which secured the lien so extended, renewed or replaced (plus improvements on such property).

(b) The Company and/or any Subsidiary may create, assume or incur, or suffer to be created, assumed or incurred, liens which would otherwise be prohibited by Subsection (a) of this Section 1007, provided that the indebtedness secured thereby, plus the aggregate value of the Sale and Leaseback Transactions permitted by the provisions of Subsection (b) of Section 1008, does not at the time exceed the greater of 10% of Consolidated Capitalization or 10% of Consolidated Net Tangible Assets.

(c) The term "Principal Facility" shall mean all real property located within the United States and constituting part of any manufacturing plant or distribution facility owned and operated by the Company or any Subsidiary, together with such manufacturing plant or distribution facility, including all plumbing, electrical, ventilating, heating, cooling, lighting and other utility systems, ducts and pipes attached to or constituting a part thereof; provided, however, that such term shall not include trade fixtures (unless such trade fixtures are attached to the manufacturing plant or distribution facility in a manner that does not permit removal therefrom without causing substantial damage thereto), business machinery, equipment, motorized vehicles, tools, supplies and materials, security systems, cameras, inventory and other personal property and materials, and provided further, however, that such term shall not include any particular manufacturing plant or distribution facility as of any particular date unless the net book value thereof included in the most recent quarterly or annual consolidated balance sheet of the Company and its consolidated Subsidiaries exceeds 0.25% of Consolidated Capitalization.

(d) The Certificate of a Firm of Independent Public Accountants shall be conclusive evidence as to the amount, at the date specified in such Certificate, of net book value of any particular manufacturing plant or distribution facility, Consolidated Net Tangible Assets or Consolidated Capitalization, as the case may be.

**SECTION 1008. Sale and Leaseback Transactions.**

(a) Neither the Company nor any Subsidiary will sell or transfer a Principal Facility now owned or hereafter acquired with the intention of taking back a lease of such property, except a lease for a temporary period of less than 3 years, including renewals, with the intent that the use by the Company or a Subsidiary will be discontinued on or before the expiration of such period (any transaction subject to the provisions of this Section 1008 being herein referred to as a "Sale and Leaseback Transaction") unless the Company shall apply an amount equal to the value of the property so leased to the retirement (other than any mandatory retirement), within 180 days of the effective date of any such arrangement, of non-subordinated indebtedness for money borrowed by the Company which had a stated maturity of more than one year from the date of its creation.

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(b) The Company or a Subsidiary may enter into a Sale and Leaseback Transaction which would otherwise be prohibited by Subsection (a) of this Section 1008, provided that the value thereof plus the aggregate indebtedness permitted to be secured under the provisions of Subsection (b) of Section 1007 does not at the time exceed the greater of 10% of Consolidated Capitalization or 10% of Consolidated Net Tangible Assets.

(c) The term "value" shall, for the purpose of this Section 1008 and Section 1007(b), mean, with respect to a Sale and Leaseback Transaction, as of any particular time, the amount equal to the greater of (i) the net proceeds of the sale of the property leased pursuant to such Sale and Leaseback Transaction or (ii) the fair value of such property at the time of entering into such Sale and Leaseback Transaction, as determined by the Board of Directors, in each such case divided first by the number of full years of the term of the lease and then multiplied by the number of full years of such term remaining at the time of determination, without regard to any renewal or extension options contained in the lease.

(d) The Certificate of a Firm of Independent Public Accountants shall be conclusive evidence as to the amount, at the date specified in such Certificate, of the net book value of any particular manufacturing plant or distribution facility, Consolidated Net Tangible Assets or Consolidated Capitalization, as the case may be.

**SECTION 1009. Waiver of Certain Covenants.**

The Company may omit in any particular instance to comply with any covenant or condition set forth in Sections 1004 to 1008, inclusive, if before or after the time for such compliance the Holders of more than 50% in principal amount of the Outstanding Securities of each series of Securities affected by the omission shall, in each case by Act of such Holders, either waive such compliance in such instance or generally waive compliance with such covenant or condition, but no such waiver shall extend to or affect such covenant or condition except to the extent so expressly waived, and, until such waiver shall become effective, the obligations of the Company and the duties of the Trustee for the Securities of each series with respect to any such covenant or condition shall remain in full force and effect.

**SECTION 1010. Payment of Additional Amounts.**

If specified pursuant to Section 301, the provisions of this Section 1010 shall be applicable to Securities of any series.

The Company will, subject to the exceptions and limitations set forth below, pay to the Holder of any Security or coupon who is a United States Alien such additional amounts as may be necessary so that every net payment on such Security or coupon, after deduction or withholding by the Company or any of its Paying Agents for or on account of any present or future tax, assessment or other governmental charge imposed upon or as a result of such payment by the United States (or any political subdivision or taxing authority thereof or therein), will not be less than the amount provided in such Security or in such coupon to be then due and payable. However, the Company will not make any payment of additional amounts if the Holder is subject to taxation solely for reasons other than its ownership of the Security or coupon, nor will the Company make any payment of additional amounts for or on account of:

(a) any tax, assessment or other governmental charge that is imposed or withheld solely by reason of the existence of any present or former connection (other than the mere fact of being a Holder of a Security or coupon) between such Holder (or between a fiduciary, settlor, beneficiary or person holding a power over such Holder, if such Holder is an estate or trust, or a member or shareholder of such Holder, if such Holder is a partnership or corporation) and the United States, including, without limitation, such Holder (or such fiduciary, settlor, beneficiary, person holding a power, member or shareholder) being or having been a citizen, resident of the United States or treated as a resident thereof;

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(b) any tax, assessment or other governmental charge that is imposed or withheld solely by reason of the Holder (or a fiduciary, settlor, beneficiary or person holding a power over such Holder, if such Holder is an estate or trust, or a member or shareholder of such Holder, if such Holder is a partnership or corporation) (i) being or having been present in, or engaged in a trade or business in, the United States, (ii) being treated as having been present in, or engaged in a trade or business in, the United States, or (iii) having or having had a permanent establishment in the United States;

(c) any tax, assessment or other governmental charge that is imposed or withheld solely by reason of the Holder (or a fiduciary, settlor, beneficiary or person holding a power over such Holder, if such Holder is an estate or trust, or a member or shareholder of such Holder, if such Holder is a partnership or corporation) being or having been with respect to the United States a personal holding company, a controlled foreign corporation, a foreign personal holding company, a passive foreign investment company, or a foreign private foundation or other foreign tax-exempt organization, or being a corporation that accumulates earnings to avoid United States federal income tax;

(d) any tax, assessment or other governmental charge imposed on a Holder that actually or constructively owns 10% or more of the total combined voting power of all classes of stock of the Company entitled to vote within the meaning of Section 871(h)(3) of the Code;

(e) any tax, assessment or other governmental charge which would not have been so imposed but for the presentation by the Holder for payment on a date more than 30 days after the date on which such payment became due and payable or the date on which payment thereof is duly provided for, whichever occurs later;

(f) any tax, assessment or other governmental charge that is payable by any method other than withholding or deduction by the Company or any Paying Agent from payments in respect of such Security or coupon;

(g) any gift, estate, inheritance, sales, transfer, personal property or excise tax or any similar tax, assessment or other governmental charge;

(h) any tax, assessment or other governmental charge required to be withheld by any Paying Agent from any payment in respect of any Security or coupon if such payment can be made without such withholding by at least one other Paying Agent;

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(i) any tax, assessment or other governmental charge that is imposed or withheld by reason of a change in law, regulation or administrative or judicial interpretation that becomes effective more than 15 days after the payment becomes due or is duly provided for, whichever occurs later;

(j) any tax, assessment or other governmental charge imposed as a result of the failure to comply with applicable certification, information, documentation or other reporting requirements concerning the nationality, residence, identity or connection with the United States of the Holder or beneficial owner of a Security or coupon, if such compliance is required by statute or by regulation of the United States, as a precondition to relief or exemption from such tax, assessment or other governmental charge;

(k) any tax, assessment or other governmental charge imposed with respect to payments on any Registered Security by reason of the failure of the Holder to fulfill the statement requirement of Sections 871(h) or 881(c) of the Code; or

(l) any combination of items (a), (b), (c), (d), (e), (f), (g), (h), (i), (j) and (k).

In addition, the Company will not pay additional amounts to a beneficial owner of a Security or coupon that is a fiduciary, partnership, limited liability company or other fiscally transparent entity, or to a beneficial owner of a Security or coupon that is not the sole beneficial owner of such Security or coupon, as the case may be. This exception, however, will apply only to the extent that a beneficiary or settlor with respect to the fiduciary, or a beneficial owner or member of the partnership, limited liability company or other fiscally transparent entity, would not have been entitled to the payment of an additional amount had the beneficiary, settlor, beneficial owner or member received directly its beneficial or distributive share of the payment.

As used herein, the term "United States Alien" means a person that is not a United States person. The term "United States person" means a citizen or resident of the United States or a corporation or partnership created or organized in or under the laws of the United States or any political subdivision thereof, an estate the income of which is subject to United States federal income taxation regardless of its source, a trust subject to the supervision of a court within the United States and the control of the United States person as described in Section 7701(a)(30) of the Code, or a trust that existed on August 20, 1996, and elected to continue its treatment as a domestic trust. "United States" means the United States of America (including the States and the District of Columbia), its territories, its possessions and other areas subject to its jurisdiction (including the Commonwealth of Puerto Rico).

Whenever in this Indenture there is mentioned, in any context, the payment of principal of, and premium, if any, and interest, if any, on any Security or payment with respect to any coupon of any series, such mention shall be deemed to include mention of the payment of additional amounts provided for in the terms of such Securities and this Section to the extent that, in such context, additional amounts are, were or would be payable in respect thereof pursuant to the provisions of this Section and express mention of the payment of additional amounts (if applicable) in any provisions hereof shall not be construed as excluding additional amounts in those provisions hereof where such express mention is not made.

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If the Securities of a series provide for the payment of additional amounts as contemplated by Section 301(20), at least 10 days prior to the first Interest Payment Date with respect to that series of Securities (or if the Securities of that series will not bear interest prior to maturity, the first day on which a payment of principal and any premium is made), and at least 10 days prior to each date of payment of principal, premium, if any, and interest, if any, if there has been any change with respect to the matters set forth in the below mentioned Officers' Certificate, the Company will furnish the Trustee for that series of Securities and the Company's principal Paying Agent or Paying Agents, if other than such Trustee, with an Officers' Certificate instructing such Trustee and such Paying Agent or Paying Agents whether such payment of principal of, and premium, if any, and interest, if any, on the Securities of that series shall be made to Holders of Securities of that series or any related coupons who are United States Aliens without withholding for or on account of any tax, assessment or other governmental charge referred to above or described in the Securities of that series. If any such withholding shall be required, then such Officers' Certificate shall specify by country the amount, if any, required to be withheld on such payments to such Holders of Securities or coupons and the Company will pay to the Trustee for such series of Securities or such Paying Agent such additional amounts as may be required pursuant to the terms applicable to such series. The Company covenants to indemnify the Trustee for such series of Securities and any Paying Agent for, and to hold them harmless against, any loss, liability or expense reasonably incurred without gross negligence or bad faith on their part arising out of or in connection with actions taken or omitted by any of them in reliance on any Officers' Certificate furnished pursuant to this Section 1010.

**SECTION 1011. Calculation of Original Issue Discount.**

The Company shall file with the Trustee promptly at the end of each calendar year (i) a written notice specifying the amount of original issue discount (including daily rates and accrual periods) accrued on Outstanding Securities as of the end of such year and (ii) such other specific information relating to such original issue discount as may then be relevant under the Internal Revenue Code of 1986, as amended from time to time.

Article Eleven

**REDEMPTION OF SECURITIES**

**SECTION 1101. Applicability of This Article.**

Redemption of Securities of any series (whether by operation of a sinking fund or otherwise) as permitted or required by any form of Security issued pursuant to this Indenture shall be made in accordance with such form of Security and this Article; provided, however, that if any provision of any such form of Security shall conflict with any provision of this Article, the provision of such form of Security shall govern.

**SECTION 1102. Election to Redeem; Notice to Trustee.**

The election of the Company to redeem any Securities of any series shall be evidenced by or pursuant to a Board Resolution. In case of any redemption at the election of the Company of the Securities of any particular series, the Company shall, at least 60 days prior to the

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Redemption Date fixed by the Company (unless a shorter notice shall be satisfactory to the Trustee for the Securities of such series) notify such Trustee by Company Request of such Redemption Date and of the principal amount of Securities of that series to be redeemed and shall deliver to such Trustee such documentation and records as shall enable such Trustee to select the Securities to be redeemed pursuant to Section 1103. In the case of any redemption of Securities of any series prior to the expiration of any restriction on such redemption provided in the terms of such Securities or elsewhere in this Indenture, the Company shall furnish the Trustee for Securities of such series with an Officers' Certificate evidencing compliance with such restriction.

**SECTION 1103. Selection by Trustee of Securities to Be Redeemed.**

If less than all the Securities are to be redeemed, the Company may select the series to be redeemed, and if less than all the Securities of any series are to be redeemed, the particular Securities of that series to be redeemed shall be selected not more than 60 days prior to the Redemption Date by the Trustee for the Securities of such series, from the Outstanding Securities of that series not previously called for redemption, by such method as such Trustee shall deem fair and appropriate and which may provide for the selection for redemption of portions (equal to the minimum authorized denomination for Securities of that series, or any integral multiple thereof) of the principal amount of Securities of that series of a denomination larger than the minimum authorized denomination for Securities of that series pursuant to Section 302 in the currency or currency unit in which the Securities of such series are denominated.

The Trustee for the Securities of any series to be redeemed shall promptly notify the Company in writing of the Securities of such series selected for redemption and, in the case of any Securities selected for partial redemption, the principal amount thereof to be redeemed.

For all purposes of this Indenture, unless the context otherwise requires, all provisions relating to the redemption of Securities shall relate, in the case of any Security redeemed or to be redeemed only in part, to the portion of the principal amount of such Securities which has been or is to be redeemed.

**SECTION 1104. Notice of Redemption.**

Notice of redemption shall be given in the manner provided in Section 106 not later than the thirtieth day and not earlier than the sixtieth day prior to the Redemption Date, to each Holder of Securities to be redeemed.

All notices of redemption shall identify the Securities (including the CUSIP numbers) and shall state:

- (1) the Redemption Date,
- (2) the Redemption Price,
- (3) if less than all Outstanding Securities of a particular series are to be redeemed, the identification (and, in the case of partial redemption, the respective principal amounts) of the particular Securities to be redeemed, including the CUSIP number of such Securities,

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(4) that on the Redemption Date the Redemption Price will become due and payable upon each such Security or portion thereof, and that interest thereon, if any (or in the case of OID Securities, original issue discount), shall cease to accrue on and after said date,

(5) the place or places where such Securities, together in the case of Bearer Securities with all coupons appertaining thereto, if any, maturing after the Redemption Date are to be surrendered for payment of the Redemption Price,

(6) that the redemption is for a sinking fund, if such is the case,

(7) that, unless otherwise specified in such notice, Bearer Securities of any series, if any, surrendered for redemption must be accompanied by all coupons maturing subsequent to the date fixed for redemption or the amount of any such missing coupon or coupons will be deducted from the Redemption Price or security or indemnity satisfactory to the Company, the Trustee for such series and any Paying Agent is furnished, and

(8) if Bearer Securities of any series are to be redeemed and any Registered Securities of such series are not to be redeemed, and if such Bearer Securities may be exchanged for Registered Securities not subject to redemption on this Redemption Date pursuant to Section 305 or otherwise, the last date, as determined by the Company, on which such exchanges may be made.

Notice of redemption of Securities to be redeemed at the election of the Company shall be given by the Company or, at the Company's written request, by the Trustee for such Securities in the name and at the expense of the Company.

**SECTION 1105. Deposit of Redemption Price.**

Prior to 10:00am New York City time, on any Redemption Date, the Company shall deposit with the Trustee for the Securities to be redeemed or with a Paying Agent for such Securities (or, if the Company is acting as its own Paying Agent for such Securities, segregate and hold in trust as provided in Section 1003) an amount of money in the currency or currency unit in which the Securities of such series are payable (except as otherwise specified pursuant to Section 301 for the Securities of such Series and except as provided in Sections 311(b) and 311(d) sufficient to pay the principal of, and premium, if any, thereon), and (except if the Redemption Date shall be an Interest Payment Date) any accrued interest on, all the Securities which are to be redeemed on that date.

**SECTION 1106. Securities Payable on Redemption Date.**

Notice of redemption having been given as aforesaid, the Securities so to be redeemed shall, on the Redemption Date, become due and payable at the Redemption Price therein specified in the currency or currency unit in which the Securities of such series are payable

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(except as otherwise provided pursuant to Section 301 for the Securities of such series and except as provided in Sections 311(b) and 311(d)) and from and after such date (unless the Company shall default in the payment of the Redemption Price) such Securities shall cease to bear interest and the coupons for such interest appertaining to any Bearer Securities so to be redeemed, except to the extent provided below, shall be void. Upon surrender of such Security for redemption in accordance with said notice together with all coupons, if any, appertaining thereto maturing after the Redemption Date, such Security or specified portions thereof shall be paid by the Company at the Redemption Price; provided, however, that installments of interest on Bearer Securities whose Stated Maturity is on or prior to the Redemption Date shall be payable only at an office or agency located outside the United States (except as otherwise provided in Section 1002) and, unless otherwise specified as contemplated by Section 301, only upon presentation and surrender of coupons for such interest, and provided, further, that unless otherwise specified as contemplated by Section 301, installments of interest on Registered Securities whose Stated Maturity is on or prior to the Redemption Date shall be payable to the Holders of such Securities, or one or more Predecessor Securities, registered as such at the close of business on the relevant record dates according to their terms and the provisions of Section 307.

If any Bearer Security surrendered for redemption shall not be accompanied by all coupons appertaining thereto maturing after the Redemption Date, such Security may be paid after deducting from the Redemption Price an amount equal to the face amount of all such missing coupons or the surrender of such missing coupon or coupons may be waived by the Company if there is furnished to the Company, the Trustee for such Security and any Paying Agent such security or indemnity as they may require to save the Company, such Trustee and any Paying Agent harmless. If thereafter the Holder of such Security shall surrender to such Trustee or any Paying Agent any such missing coupon in respect of which a deduction shall have been made from the Redemption Price, such Holder shall be entitled to receive the amount so deducted; provided, however, that interest represented by coupons shall be payable only at an office or agency located outside the United States (except as otherwise provided in Section 1002) and, unless otherwise specified as contemplated by Section 301, only upon presentation and surrender of those coupons. If any Security called for redemption shall not be so paid upon surrender thereof for redemption, the principal thereof and premium, if any, thereon shall, until paid, bear interest from the Redemption Date at a rate per annum equal to the rate borne by the Security (or, in the case of (i) OID Securities, the Security's Yield to Maturity or (ii) Indexed Securities, the rate determined in accordance with the specified terms of those Securities).

#### **SECTION 1107. Securities Redeemed in Part.**

Any Registered Security which is to be redeemed only in part shall be surrendered at the Place of Payment (with, if the Company or the Trustee for such Security so requires, due endorsement by, or a written instrument of transfer in form satisfactory to the Company and the Security Registrar for such Security duly executed by, the Holder thereof or his attorney duly authorized in writing), and the Company shall execute and such Trustee shall authenticate and deliver to the Holder of such Security without service charge, a new Registered Security or Securities, of any authorized denomination as requested by such Holder, of the same series and having the same terms and provisions and in an aggregate principal amount equal to and in exchange for the unredeemed portion of the principal of the Registered Security so surrendered.



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**SECTION 1108. Tax Redemption; Special Tax Redemption.**

(a) Unless otherwise specified pursuant to Section 301, Securities of any series may be redeemed at the option of the Company in whole, but not in part, on not more than 60 days' and not less than 30 days' notice, on any Redemption Date at the Redemption Price specified pursuant to Section 301, if the Company determines that (A) as a result of any change in or amendment to the laws (or any regulations or rulings promulgated thereunder) of the United States or of any political subdivision or taxing authority thereof or therein affecting taxation, or any change in official position regarding application or interpretation of such laws, regulations or rulings (including a holding by a court of competent jurisdiction in the United States), which change or amendment is announced or becomes effective on or after a date specified in Section 301 with respect to any Security of such series, the Company has or will become obligated to pay additional amounts pursuant to Section 1010 with respect to any Security of such series or (B) on or after a date specified in Section 301 with respect to any Security of such series, any action has been taken by any taxing authority of, or any decision has been rendered by a court of competent jurisdiction in, the United States or any political subdivision or taxing authority thereof or therein, including any of those actions specified in (A) above, whether or not such action was taken or decision was rendered with respect to the Company, or any change, amendment, application or interpretation shall be officially proposed, which, in any such case, in the Opinion of Counsel to the Company will result in a material probability that the Company will become obligated to pay additional amounts with respect to any Security of such series, and (C) in any such case specified in (A) or (B) above the Company, in its business judgment, determines that such obligation cannot be avoided by the use of reasonable measures available to the Company.

(b) Unless otherwise specified pursuant to Section 301, if the Company shall determine that any payment made outside the United States by the Company or any of its Paying Agents of principal or interest due in respect of any Bearer Security (an "Affected Security") of such series or any coupon appertaining thereto would, under any present or future laws or regulations of the United States, be subject to any certification, information or other reporting requirement of any kind, the effect of which requirement is the disclosure to the Company, any Paying Agent or any governmental authority of the nationality, residence or identity (as distinguished from, for example, status as a United States Alien) of a beneficial owner of such Affected Security of such series or coupon that is a United States Alien (other than such a requirement that (i) would not be applicable to a payment made by the Company or any one of its Paying Agents (A) directly to the beneficial owner or (B) to a custodian, nominee or other agent of the beneficial owner, (ii) can be satisfied by such custodian, nominee or other agent certifying to the effect that such beneficial owner is a United States Alien; provided that, in each case referred to in clause (i)(B) or (ii), payment by such custodian, nominee or other agent to such beneficial owner is not otherwise subject to any such requirement (other than a requirement which is imposed on a custodian, nominee or other agent described in item (iv) of this sentence), (iii) would not be applicable to a payment made by at least one other Paying Agent or (iv) is applicable to a payment to a custodian, nominee or other agent of the beneficial owner of such Security who is (A) a United States person (as hereinafter defined), (B) a controlled foreign corporation for United States tax purposes, (C) a foreign person 50% or more of the gross income of which for the three-year period ending with the close of its taxable year preceding the year of payment is effectively connected with a United States trade or business, (D) is a foreign partnership, if at any time during its tax year, one or more of its partners are United States

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persons who in the aggregate hold more than 50% of the income or capital interest in the partnership or if, at any time during its tax year, it is engaged in the conduct of a trade or business in the United States, (E) a U.S. branch of a foreign bank or a foreign insurance company for United States tax purposes or (F) is otherwise related to the United States), the Company shall elect by notice to the Trustee for such series of Securities either (x) to redeem the Affected Securities of such series, as a whole, at a redemption price equal to the principal amount thereof, together with interest accrued to the date fixed for redemption, or (y) if the conditions of the next succeeding paragraph are satisfied, to pay the additional amounts specified in such paragraph. The Company shall make such determination and election as soon as practicable and give prompt notice thereof (the "Determination Notice") in the manner described in Section 106 stating the effective date of such certification, information or reporting requirement, whether the Company has elected to redeem the Affected Securities of such series or to pay the additional amounts specified in the next succeeding paragraph, and (if applicable) the last date by which the redemption of the Affected Securities of such series must take place, as provided in the next succeeding sentence. If the Company elects to redeem the Affected Securities of such series, such redemption shall take place on such date, not later than one year after the giving of the Determination Notice, as the Company shall specify by notice to such Trustee given not less than 45 nor more than 75 days before the Redemption Date. Notice of such redemption of the Affected Securities of such series shall be given to the Holders thereof not less than 30 days nor more than 60 days prior to the Redemption Date. Notwithstanding the foregoing, the Company shall not so redeem the Affected Securities of such series if the Company shall subsequently determine by notice to the Trustee, not less than 30 days prior to the Redemption Date, that subsequent payments on the Affected Securities of such series would not be subject to any such certification, information or other reporting requirement, in which case the Company shall give prompt notice of such subsequent determination in the manner specified in Section 106 and any earlier redemption notice shall be revoked and be of no further effect. The right of the Holders of Affected Securities called for redemption to exchange such Affected Securities for Registered Securities (which Registered Securities will remain Outstanding following such redemption) will terminate on the fifteenth day prior to the Redemption Date, and no further exchanges of Affected Securities for Registered Securities shall be permitted unless the Company shall have made the subsequent determination and given the notice referred to in the preceding sentence.

If and so long as the certification, information or other reporting requirement referred to in the preceding paragraph would be fully satisfied by payment of a withholding tax, backup withholding tax or similar charge, the Company may elect by notice to the Trustee to pay such additional amounts as may be necessary so that every net payment made outside the United States following the effective date of such requirement by the Company or any of its Paying Agents of principal, premium, if any, or interest, if any, due in respect of any Affected Security of such series or any coupon appertaining thereto to a Holder who certifies that the beneficial owner is a United States Alien (but without any requirement that the nationality, residence or identity of such beneficial owner be disclosed to the Company, any Paying Agent or any governmental authority), after deduction or withholding for or on account of such withholding tax, backup withholding tax or similar charge (other than a withholding tax, backup withholding tax or similar charge that (i) is the result of a certification, information or other reporting requirement described in the third parenthetical clause of the first sentence of the preceding paragraph or (ii) is imposed as a result of presentation of any such Affected Security or such

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coupon for payment more than 10 days after the date on which such payment becomes due and payable or on which payment thereof was duly provided for, whichever occurs later), will not be less than the amount provided in such Affected Security or such coupon to be then due and payable. In the event the Company elects to pay such additional amounts, (the Company's election to exercise such right to be evidenced by prompt notice to the Trustee for the Securities of the appropriate series), the Company will have the right, at its sole option, at any time, to redeem the Affected Securities of such series as a whole, but not in part, at the Redemption Price, subject to the provisions of the last four sentences of the immediately preceding paragraph. If the Company has made the determination described in the preceding paragraph with respect to certification, information or other reporting requirements applicable only to interest and subsequently makes a determination in the manner and of the nature referred to in such preceding paragraph with respect to such requirements applicable to principal, the Company will redeem the Affected Securities of such series in the manner and on the terms described in the preceding paragraph unless the Company elects to have the provisions of this paragraph apply rather than the provisions of the immediately preceding paragraph. If in such circumstances the Affected Securities of such series are to be redeemed, the Company shall have no obligation to pay additional amounts pursuant to this paragraph with respect to principal, premium, if any, or interest accrued and unpaid after the date of the notice of such determination indicating such redemption, but will be obligated to pay such additional amounts with respect to interest accrued and unpaid to the date of such determination. If the Company elects to pay additional amounts pursuant to this paragraph and the condition specified in the first sentence of this paragraph should no longer be satisfied, then the Company shall promptly redeem the Affected Securities of such series in whole, but not in part, at the Redemption Price subject to the provisions of the last four sentences of the immediately preceding paragraph. If the Company elects to, or is required to, redeem the Affected Securities of such series pursuant to this paragraph, it shall publish in the manner and to the extent provided in Section 106 prompt notice thereof. If the Affected Securities of such series are to be redeemed pursuant to this paragraph, the redemption shall take place on such date, not later than one year after publication of the notice of redemption, as the Company shall specify by notice to the Trustee for such series of Securities at least 60 days prior to the Redemption Date. Any redemption payments made by the Company pursuant to this paragraph shall be subject to the continuing obligation of the Company to pay additional amounts pursuant to this paragraph.

## Article Twelve

### **SINKING FUNDS**

#### **SECTION 1201. Applicability of This Article.**

Redemption of Securities through operation of a sinking fund as permitted or required by any form of Security issued pursuant to this Indenture shall be made in accordance with such form of Security and this Article; provided, however, that if any provision of any such form of Security shall conflict with any provision of this Article, the provision of such form of Security shall govern.

The minimum amount of any sinking fund payment provided for by the terms of Securities of any particular series is herein referred to as a "mandatory sinking fund payment",

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and any payment in excess of such minimum amount provided for by the terms of Securities of any particular series is herein referred to as an "optional sinking fund payment". If provided for by the terms of Securities of any particular series, the cash amount of any sinking fund payment may be subject to reduction as provided in Section 1202. Each sinking fund payment shall be applied to the redemption of Securities of any particular series as provided for by the terms of Securities of that series.

**SECTION 1202. Satisfaction of Sinking Fund Payments With Securities.**

The Company (1) may deliver Outstanding Securities of a series (other than any previously called for redemption), together in the case of any Bearer Securities of such series with all unmatured coupons appertaining thereto, and (2) may apply as a credit Securities of a series which have been redeemed either at the election of the Company pursuant to the terms of such Securities or through the application of permitted optional sinking fund payments pursuant to the terms of such Securities, in each case in satisfaction of all or any part of any sinking fund payment with respect to the Securities of such series required to be made pursuant to the terms of such Securities as provided for by the terms of such series; provided, however, that such Securities have not been previously so credited. Such Securities shall be received and credited for such purpose by the Trustee for such Securities at the principal amount thereof and the amount of such sinking fund payment shall be reduced accordingly.

**SECTION 1203. Redemption of Securities for Sinking Fund.**

Not less than 60 days prior to each sinking fund payment date for any particular series of Securities, the Company will deliver to the Trustee for the Securities of such series an Officers' Certificate specifying the amount of the next ensuing mandatory sinking fund payment for that series pursuant to the terms of that series, the portion thereof, if any, which is to be satisfied by payment of cash in the currency or currency unit in which the Securities of that series are payable (except as otherwise specified pursuant to Section 301 for the Securities of that series and except as provided in Sections 311(b) and 311(d)) and the portion thereof, if any, which is to be satisfied by delivering and crediting Securities of that series pursuant to Section 1202 and shall state the basis for such credit and that such Securities have not previously been so credited and will also deliver to such Trustee any Securities to be so delivered. Such Trustee shall select the Securities to be redeemed upon such sinking fund payment date in the manner specified in Section 1103 and cause notice of the redemption thereof to be given in the name of and at the expense of the Company in the manner provided in Section 1104. Such notice having been duly given, the redemption of such Securities shall be made upon the terms and in the manner stated in Sections 1106 and 1107.

Article Thirteen

**MEETINGS OF HOLDERS OF SECURITIES**

**SECTION 1301. Purposes for Which Meetings May Be Called.**

If Securities of a series are issuable as Bearer Securities, a meeting of Holders of Securities of such series may be called at any time and from time to time pursuant to this Article

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to make, give or take any request, demand, authorization, direction, notice, consent, waiver or other action provided by this Indenture to be made, given or taken by Holders of Securities of such series.

**SECTION 1302. Call, Notice and Place of Meetings.**

(a) The Trustee for any series of Securities that includes Bearer Securities, may at any time call a meeting of the Holders of Securities of such series for any purpose specified in Section 1301, to be held at such time and at such place in the Borough of Manhattan, The City of New York, or in London, as such Trustee shall determine. Notice of every meeting of Holders of Securities of such series, setting forth the time and the place of such meeting and in general terms the action proposed to be taken at such meeting, shall be given, in the manner provided in Section 106, not less than 20 nor more than 180 days prior to the date fixed for the meeting.

(b) In case at any time the Company, pursuant to a Board Resolution, or the Holders of at least 10% in principal amount of the Outstanding Securities of any such series shall have requested the Trustee for any such series to call a meeting of the Holders of Securities of such series for any purpose specified in Section 1301, by written request setting forth in reasonable detail the action proposed to be taken at the meeting, and such Trustee shall not have made the first publication of the notice of such meeting within 30 days after receipt of such request or shall not thereafter proceed to cause the meeting to be held as provided herein, then the Company or the Holders of Securities of such series in the amount above specified, as the case may be, may determine the time and the place in the Borough of Manhattan, The City of New York, or in London, for such meeting and may call such meeting for such purposes by giving notice thereof as provided in subsection (a) of this Section.

**SECTION 1303. Persons Entitled to Vote at Meetings.**

To be entitled to vote at any meeting of Holders of Securities of any series, a Person shall be (1) a Holder of one or more Outstanding Securities of such series, or (2) a Person appointed by an instrument in writing as proxy for a Holder or Holders of one or more Outstanding Securities of such series by such Holder or Holders. The only Persons who shall be entitled to be present or to speak at any meeting of Holders of Securities of any series shall be the Persons entitled to vote at such meeting and their counsel, any representatives of the Trustee for such series and its counsel and any representatives of the Company and its counsel.

**SECTION 1304. Quorum; Action.**

The Persons entitled to vote a majority in principal amount of the Outstanding Securities of a series shall constitute a quorum for a meeting of Holders of Securities of such series. In the absence of a quorum within 30 minutes of the time appointed for any such meeting, the meeting shall, if convened at the request of Holders of Securities of such series, be dissolved. In any other case the meeting may be adjourned for a period of not less than 10 days as determined by the chairman of the meeting prior to the adjournment of such meeting. In the absence of a quorum at any such adjourned meeting, such adjourned meeting may be further adjourned for a period of not less than 10 days as determined by the chairman of the meeting prior to the adjournment of such adjourned meeting. Subject to Section 1305(d), notice of the reconvening

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of any adjourned meeting shall be given as provided in Section 1302(a), except that such notice need be given only once not less than five days prior to the date on which the meeting is scheduled to be reconvened. Notice of the reconvening of an adjourned meeting shall state expressly that Persons entitled to vote a majority in principal amount of the Outstanding Securities of such series shall constitute a quorum.

Except as limited by the proviso to Section 902, any resolution presented to a meeting or adjourned meeting duly reconvened at which a quorum is present as aforesaid may be adopted by the affirmative vote of the Holders of a majority in principal amount of the Outstanding Securities of that series; provided, however, that except as limited by the proviso to Section 902, any resolution with respect to any request, demand, authorization, direction, notice, consent, waiver or other action which this Indenture expressly provides may be made, given or taken by the Holders of a specified percentage which is less than a majority in principal amount of the Outstanding Securities of a series may be adopted at a meeting or an adjourned meeting duly reconvened and at which a quorum is present as aforesaid by the affirmative vote of the Holders of such specified percentage in principal amount of the Outstanding Securities of that series. Any resolution passed or decision taken at any meeting of Holders of Securities of any series duly held in accordance with this Section shall be binding on all the Holders of Securities of such series and the related coupons, whether or not present or represented at the meeting.

**SECTION 1305. Determination of Voting Rights; Conduct and Adjournment of Meetings.**

(a) Notwithstanding any other provision of this Indenture, the Trustee for any series of Securities that includes Bearer Securities may make such reasonable regulations as it may deem advisable for any meeting of Holders of Securities of such series in regard to proof of the holding of Securities of such series and of the appointment of proxies and in regard to the appointment and duties of inspectors of votes, the submission and examination of proxies, certificates and other evidence of the right to vote, and such other matters concerning the conduct of the meeting as it shall deem appropriate. Except as otherwise permitted or required by any such regulations, the holding of Securities shall be proved in the manner specified in Section 104 and the appointment of any proxy shall be proved in the manner specified in Section 104 or by having the signature of the person executing the proxy witnessed or guaranteed by any trust company, bank or banker authorized by Section 104 to certify to the holding of Bearer Securities. Such regulations may provide that written instruments appointing proxies, regular on their face, may be presumed valid and genuine without the proof specified in Section 104 or other proof.

(b) The Trustee for any series of Securities that includes Bearer Securities shall, by an instrument in writing, appoint a temporary chairman of the meeting, unless the meeting shall have been called by the Company or by Holders of Securities as provided in Section 1302(b), in which case the Company or the Holders of Securities of the series calling the meeting, as the case may be, shall in like manner appoint a temporary chairman. A permanent chairman and a permanent secretary of the meeting shall be elected by vote of the Persons entitled to vote a majority in principal amount of the Outstanding Securities of such series represented at the meeting.

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(c) At any meeting each Holder of a Security of such series or proxy shall be entitled to one vote for each \$1,000 principal amount of Securities of such series held or represented by him as determined in accordance with Section 115; provided, however, that no vote shall be cast or counted at any meeting in respect of any Security challenged as not Outstanding and ruled by the chairman of the meeting to be not Outstanding. The chairman of the meeting shall have no right to vote, except as a Holder of a Security of such series or proxy.

(d) Any meeting of Holders of Securities of any series duly called pursuant to Section 1302 at which a quorum is present may be adjourned from time to time by Persons entitled to vote a majority in principal amount of the Outstanding Securities of such series represented at the meeting; and the meeting may be held as so adjourned without further notice.

**SECTION 1306. Counting Votes and Recording Action of Meetings.**

The vote upon any resolution submitted to any meeting of Holders of Securities of any series shall be by written ballots on which shall be subscribed the signatures of the Holders of Securities of such series or of their representatives by proxy and the principal amounts and serial numbers of the Outstanding Securities of such series held or represented by them. The permanent chairman of the meeting shall appoint two inspectors of votes who shall count all votes cast at the meeting for or against any resolution and who shall make and file with the secretary of the meeting their verified written reports in triplicate of all votes cast at the meeting. A record, at least in duplicate, of the proceedings of each meeting of Holders of Securities of any series shall be prepared by the secretary of the meeting and there shall be attached to said record the original reports of the inspectors of votes on any vote by ballot taken thereat and affidavits by one or more persons having knowledge of the facts setting forth a copy of the notice of the meeting and showing that said notice was given as provided in Section 1302 and, if applicable, Section 1304. Each copy shall be signed and verified by the affidavits of the permanent chairman and secretary of the meeting and one such copy shall be delivered to the Company, and another to the Trustee for such series of Securities to be preserved by such Trustee, the latter to have attached thereto the ballots voted at the meeting. Any record so signed and verified shall be conclusive evidence of the matters therein stated.

Article Fourteen

**GUARANTEES**

**SECTION 1401. Guarantee**

(a) Subject to this Article 14, to the extent provided for in any series of Securities under the Indenture, each of the Guarantors hereby will, jointly and severally, irrevocably and unconditionally guarantee, on a senior unsecured basis, to each Holder and to the Trustee and its successors and assigns, irrespective of the validity and enforceability of this Indenture, such series of Securities or the obligations of the Company hereunder or thereunder, that: (1) the principal, premium, if any, and interest on the Security shall be promptly paid in full when due, whether at Stated Maturity, by acceleration, redemption or otherwise, and interest on the overdue principal and interest on the Securities, if any, if lawful, and all other obligations of the Company to the Holders or the Trustee hereunder or under the Securities shall be promptly paid in full or

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performed, all in accordance with the terms hereof and thereof; and (2) in case of any extension of time of payment or renewal of any Securities or any of such other obligations, that same shall be promptly paid in full when due or performed in accordance with the terms of the extension or renewal, whether at Stated Maturity, by acceleration or otherwise. Failing payment by the Company when due of any amount so guaranteed or any performance so guaranteed for whatever reason, the Guarantors shall be jointly and severally obligated to pay the same immediately. Each Guarantor agrees that this is a guarantee of payment and not a guarantee of collection.

(b) The Guarantors hereby agree that their obligations hereunder shall be unconditional, irrespective of the validity, regularity or enforceability of the Securities or this Indenture, the absence of any action to enforce the same, any waiver or consent by any Holder with respect to any provisions hereof or thereof, the recovery of any judgment against the Company, any action to enforce the same or any other circumstance which might otherwise constitute a legal or equitable discharge or defense of a guarantor. Each Guarantor hereby waives diligence, presentment, demand of payment, filing of claims with a court in the event of insolvency or bankruptcy of the Company, any right to require a proceeding first against the Company, protest, notice and all demands whatsoever and covenants that this Guarantee shall not be discharged except by complete performance of the obligations contained in the Securities and this Indenture, or pursuant to Section 1406.

(c) Each of the Guarantors also agrees, jointly and severally, to pay any and all costs and expenses (including reasonable attorneys' fees and expenses) incurred by the Trustee or any Holder in enforcing any rights under this Section 1401.

(d) If any Holder or the Trustee is required by any court or otherwise to return to the Company, the Guarantors or any custodian, trustee, liquidator or other similar official acting in relation to the Company or the Guarantors, any amount paid either to the Trustee or such Holder, this Guarantee, to the extent theretofore discharged, shall be reinstated in full force and effect.

(e) Each Guarantor agrees that it shall not be entitled to any right of subrogation in relation to the Holders in respect of any obligations guaranteed hereby until payment in full of all obligations guaranteed hereby. Each Guarantor further agrees that, as between the Guarantors, on the one hand, and the Holders and the Trustee, on the other hand, (1) the maturity of the obligations guaranteed hereby may be accelerated as provided in Article 5 for the purposes of this Guarantee, notwithstanding any stay, injunction or other prohibition preventing such acceleration in respect of the obligations guaranteed hereby, and (2) in the event of any declaration of acceleration of such obligations as provided in Article 5, such obligations (whether or not due and payable) shall forthwith become due and payable by the Guarantors for the purpose of this Guarantee. The Guarantors shall have the right to seek contribution from any non-paying Guarantor so long as the exercise of such right does not impair the rights of the Holders under the Guarantees.

(f) Each Guarantee shall remain in full force and effect and continue to be effective should any petition be filed by or against the Company for liquidation or reorganization, should the Company become insolvent or make an assignment for the benefit of creditors or should a receiver or trustee be appointed for all or any significant part of the Company's assets, and shall, to the fullest extent permitted by law, continue to be effective or be reinstated, as the case may



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be, if at any time payment and performance of the Securities are, pursuant to applicable law, rescinded or reduced in amount, or must otherwise be restored or returned by any obligee on the Securities or the Guarantees, whether as a "voidable preference," "fraudulent transfer" or otherwise, all as though such payment or performance had not been made. In the event that any payment or any part thereof, is rescinded, reduced, restored or returned, the Securities shall, to the fullest extent permitted by law, be reinstated and deemed reduced only by such amount paid and not so rescinded, reduced, restored or returned.

(g) In case any provision of any Guarantee shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

(h) Each payment to be made by a Guarantor in respect of its Guarantee shall be made without set-off, counterclaim, reduction or diminution of any kind or nature.

#### **SECTION 1402. Limitation on Guarantor Liability**

Each Guarantor, and by its acceptance of Securities, each Holder, hereby confirms that it is the intention of all such parties that the Guarantee of such Guarantor not constitute a fraudulent conveyance or a fraudulent transfer for purposes of bankruptcy law in the United States, the Uniform Fraudulent Conveyance Act, the Uniform Fraudulent Transfer Act or any similar federal or state law to the extent applicable to any Guarantee. To effectuate the foregoing intention, the Trustee, the Holders and the Guarantors hereby irrevocably agree that the obligations of each Guarantor shall be limited to the maximum amount as will, after giving effect to such maximum amount and all other contingent and fixed liabilities of such Guarantor that are relevant under such laws and after giving effect to any collections from, rights to receive contribution from or payments made by or on behalf of any other Guarantor in respect of the obligations of such other Guarantor under this Article 14, result in the obligations of such Guarantor under its Guarantee not constituting a fraudulent conveyance or fraudulent transfer under applicable law. Each Guarantor that makes a payment under its Guarantee shall be entitled upon payment in full of all Guaranteed obligations under this Indenture to a contribution from each other Guarantor in an amount equal to such other Guarantor's pro rata portion of such payment based on the respective net assets of all the Guarantors at the time of such payment determined in accordance with generally accepted accounting principles in the United States.

#### **SECTION 1403. Execution and Delivery**

(a) To evidence its Guarantee set forth in Section 1401, each Guarantor hereby agrees that a supplemental indenture to this Indenture shall be executed on behalf of such Guarantor by an Officer or person holding an equivalent title.

(b) Each Guarantor shall in such supplemental indenture agree that its Guarantee set forth in Section 14.01 shall remain in full force and effect notwithstanding the absence of the endorsement of any notation of such Guarantee on the Securities.

(c) If an Officer whose signature is on this Indenture or a supplemental indenture no longer holds that office at the time the Trustee authenticates the Security, the Guarantees shall be valid nevertheless.

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(d) The delivery of any Security by the Trustee, after the authentication thereof hereunder, shall constitute due delivery of the Guarantee set forth in this Indenture or supplemental indenture on behalf of the Guarantors.

**SECTION 1404. Subrogation**

Each Guarantor shall be subrogated to all rights of Holders against the Company in respect of any amounts paid by any Guarantor pursuant to the provisions of Section 1401; provided that, if an Event of Default has occurred and is continuing, no Guarantor shall be entitled to enforce or receive any payments arising out of, or based upon, such right of subrogation until all amounts then due and payable by the Company under this Indenture or the Securities shall have been paid in full.

**SECTION 1405. Benefits Acknowledged**

Each Guarantor acknowledges that it will receive direct and indirect benefits from the financing arrangements contemplated by this Indenture and that the guarantee and waivers made by it pursuant to its Guarantee are knowingly made in contemplation of such benefits.

**SECTION 1406. Release of Guarantees**

(a) A Guarantee by a Guarantor shall be automatically and unconditionally released and discharged, and no further action by such Guarantor, the Company or the trustee shall be required for the release of such Guarantor's Guarantee, upon:

- (1) (A) the Company's exercise of its Legal Defeasance option or, except in the case of a Guarantee of any direct or indirect parent of the Company, Covenant Defeasance option in accordance with Article 4 or the Company's obligations under this Indenture being discharged in accordance with the terms of this Indenture; or  
(B) as specified in a supplemental indenture to this Indenture; and

(2) such Guarantor delivering to the Trustee an Officers' Certificate and an Opinion of Counsel, each stating that all conditions precedent provided for in this Indenture relating to such transaction and/or release have been complied with.

At the written request of the Company, the Trustee shall execute and deliver any documents reasonably required in order to evidence such release, discharge and termination in respect of the applicable Guarantee.

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IN WITNESS WHEREOF, the parties hereto have caused this Indenture to be duly executed, all as of the day and year first above written.

KRAFT FOODS GROUP, INC.

By: /s/ Barbara L. Brasier

Name: Barbara L. Brasier

Title: Senior Vice President and Treasurer

DEUTSCHE BANK TRUST COMPANY AMERICAS,

as Trustee

By: Deutsche Bank National Trust Company

By: /s/ Jacqueline Bartnick

Name: Jacqueline Bartnick

Title: Director

By: /s/ Linda Reale

Name: Linda Reale

Title: Vice President

[FORM OF CERTIFICATE TO BE DELIVERED TO  
EUROCLEAR OR CLEARSTREAM BY A  
BENEFICIAL OWNER OF SECURITIES, IN ORDER TO  
RECEIVE A DEFINITIVE BEARER SECURITY IN EXCHANGE  
FOR AN INTEREST IN A TEMPORARY GLOBAL SECURITY OR TO  
EXCHANGE AN INTEREST IN A TEMPORARY GLOBAL SECURITY  
FOR AN INTEREST IN A PERMANENT GLOBAL SECURITY]

Kraft Foods Group, Inc.

[Insert title or description of Securities]

Reference is hereby made to the Indenture, dated as of June 4, 2012 (the "Indenture") between Kraft Foods Group, Inc. (the "Company") and Deutsche Bank Trust Company Americas, as Trustee. Terms used herein unless otherwise defined shall have the meanings ascribed to them in the Indenture.

This is to certify that as of the date hereof [and except as provided in the fourth paragraph hereof]\*, \$ principal amount of the above-captioned Securities represented by a temporary Global Security (the "temporary Global Security") held by you for our account is:

(i) beneficially owned by persons that are not United States persons (as defined below);

(ii) owned by United States person(s) that are (a) foreign branches of United States financial institutions (as defined in United States Treasury Regulation Section 1.165-12(c)(1)(iv) ("financial institutions")) purchasing for their own account or for resale, or (b) United States person(s) who acquired the beneficial interest in the temporary Global Security through foreign branches of United States financial institutions and who hold the beneficial interest in the temporary Global Security through such United States financial institutions on the date hereof (and in either case (a) or (b), each such United States financial institution hereby agrees, for the benefit of the Company, that it will comply with the requirements of Section 165(j)(3)(A), (B) or (C) of the United States Internal Revenue Code of 1986, as amended, and the regulations thereunder); or

(iii) owned by financial institution(s) for the purpose of resale during the restricted period (as defined in United States Treasury Regulation Section 1.163-5(c)(2)(i)(D)(7)) and, in addition, financial institution(s) described in this clause (iii) (whether or not also described in clause (i) or (ii)), further certify that they have not acquired the beneficial interest in the temporary Global Security for the purpose of resale directly or indirectly to a United States person or to a person within the United States.

"United States person" means a citizen or resident of the United States or a corporation or partnership created or organized under the laws of the United States or any

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political subdivision thereof, an estate the income of which is subject to United States federal income taxation regardless of its source, a trust subject to the supervision of a court within the United States and the control of a United States person as described in Section 7701(a)(30) of the Code, or a trust that existed on August 20, 1996, and elected to continue its treatment as a domestic trust. "United States" means the United States of America (including the States and the District of Columbia), its territories, its possessions and other areas subject to its jurisdiction (including the Commonwealth of Puerto Rico).

[This certificate excepts and does not relate to \$            principal amount of the temporary Global Security held by you for our account as to which we are not able to provide a certificate in this form. We understand that exchange of such portion of the temporary Global Security for [definitive Bearer Securities] [interests in a permanent Global Security] cannot be made until we are able to provide a certificate in this form.]\*

We undertake to advise you promptly by tested telex, in writing or electronically on or prior to the date on which you intend to submit your certification relating to the above-captioned Securities held by you for our account if any applicable statement herein is not correct on such date, and in the absence of any such notification it may be assumed that this certification applies as of such date.

We understand that this certificate is required in connection with certain tax laws and regulations in the United States. If administrative or legal proceedings are commenced or threatened in connection with which this certificate is or would be relevant, we irrevocably authorize you to produce this certificate or a copy thereof to any interested party in such proceedings.

Dated:

[Name of Person Making Certification]

By:

\* Delete if inappropriate.

[FORM OF CERTIFICATE TO BE GIVEN TO THE APPROPRIATE  
TRUSTEE BY EUROCLEAR OR CLEARSTREAM REGARDING THE EXCHANGE  
OF A TEMPORARY GLOBAL SECURITY FOR DEFINITIVE SECURITIES OR  
FOR A PORTION OF A PERMANENT GLOBAL SECURITY]

Kraft Foods Group, Inc.

[Insert title or description of Securities]

Reference is hereby made to the Indenture, dated as of June 4, 2012 (the "Indenture") between Kraft Foods Group, Inc. (the "Company") and Deutsche Bank Trust Company Americas, as Trustee. Terms used herein unless otherwise defined shall have the meanings ascribed to them in the Indenture.

We refer to that portion of the temporary Global Security in respect of the above-captioned Securities which is herewith submitted to be exchanged for [definitive Bearer Securities] [interests in a permanent Global Security] (the "Submitted Portion") as provided in the Prospectus Supplement dated [insert date of Prospectus Supplement] in respect of such issue. This is to certify that (i) we have received in writing or by tested telex or electronically (in accordance with the requirements of United States Treasury Regulation Section 1.163-5(c)(2)(i)(D)(3)(ii)) a certificate or certificates with respect to the entire Submitted Portion, substantially in the form of Exhibit A to the Indenture, and (ii) the Submitted Portion includes no part of the temporary Global Security excepted in such certificates.

We further certify that as of the date hereof we have not received any notification from any of the persons giving such certificates to the effect that the statements made by them with respect to any part of the Submitted Portion are no longer true and cannot be relied on as of the date thereof.

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We understand that this certificate is required in connection with certain tax laws and regulations in the United States of America. If administrative or legal proceedings are commenced or threatened in connection with which this certificate is or would be relevant, we irrevocably authorize you to produce this certificate or a copy thereof to any interested party in such proceedings.

Submitted Portion:

U.S. \$

Dated:

[[ ], as operator of the Euroclear System]\*  
[Clearstream]\*

By:

\* Delete if inappropriate.

[FORM OF CERTIFICATE TO BE DELIVERED TO  
EUROCLEAR OR CLEARSTREAM BY A  
BENEFICIAL OWNER OF SECURITIES, IN ORDER TO  
RECEIVE PAYMENT ON A TEMPORARY GLOBAL SECURITY]

Kraft Foods Group, Inc.

[Insert title or description of Securities]

Reference is hereby made to the Indenture, dated as of June 4, 2012 (the "Indenture") between Kraft Foods Group, Inc. (the "Company") and Deutsche Bank Trust Company Americas, as Trustee. Terms used herein unless otherwise defined shall have the meanings ascribed to them in the Indenture.

This is to certify that as of the date hereof [and except as provided in the fourth paragraph hereof]\*, \$ principal amount of the above-captioned Securities represented by a temporary Global Security (the "temporary Global Security") held by you for our account is:

(i) beneficially owned by persons that are not United States persons (as defined below);

(ii) owned by United States person(s) that are (a) foreign branches of United States financial institutions (as defined in United States Treasury Regulation Section 1.165-12(c)(1)(iv) ("financial institutions")) purchasing for their own account or for resale, or (b) United States person(s) who acquired the beneficial interest in the temporary Global Security through foreign branches of United States financial institutions and who hold the beneficial interest in the temporary Global Security through such United States financial institutions on the date hereof (and in either case (a) or (b), each such United States financial institution hereby agrees, for the benefit of the Company, that it will comply with the requirements of Section 165(j)(3)(A), (B) or (C) of the United States Internal Revenue Code of 1986, as amended, and the regulations thereunder); or

(iii) owned by financial institution(s) for the purpose of resale during the restricted period (as defined in United States Treasury Regulation Section 1.163-5(c)(2)(i)(D)(7)) and, in addition, financial institution(s) described in this clause (iii) (whether or not also described in clause (i) or (ii)), further certify that they have not acquired the beneficial interest in the temporary Global Security for the purpose of resale directly or indirectly to a United States person or to a person within the United States.

"United States person" means a citizen or resident of the United States or a corporation or partnership created or organized under the laws of the United States or any political subdivision thereof, an estate the income of which is subject to United States federal income taxation regardless of its source, a trust subject to the supervision of a court within the United States and the control of a United States person as described in Section 7701(a)(30) of the Code, or a trust



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that existed on August 20, 1996, and elected to continue its treatment as a domestic trust. "United States" means the United States of America (including the States and the District of Columbia), its territories, its possessions and other areas subject to its jurisdiction (including the Commonwealth of Puerto Rico).

[This certificate excepts and does not relate to \$        principal amount of the temporary Global Security held by you for our account as to which we are not able to provide a certificate in this form. We understand that payments, if any, due with respect to such portion of the temporary Global Security cannot be made until we are able to provide a certificate in this form.]\*

We undertake to advise you promptly by tested telex, in writing or electronically on or prior to the date on which you intend to submit your certification relating to the above-captioned Securities held by you for our account if any applicable statement herein is not correct on such date, and in the absence of any such notification it may be assumed that this certification applies as of such date.

We understand that this certificate is required in connection with certain tax laws and regulations in the United States. If administrative or legal proceedings are commenced or threatened in connection with which this certificate is or would be relevant, we irrevocably authorize you to produce this certificate or a copy thereof to any interested party in such proceedings.

Dated:

[Name of Person Making Certification]

By:

\* Delete if inappropriate.

[FORM OF CERTIFICATE TO BE GIVEN TO THE APPROPRIATE  
TRUSTEE BY EUROCLEAR OR CLEARSTREAM REGARDING PAYMENT  
ON A TEMPORARY GLOBAL SECURITY]

Kraft Foods Group, Inc.

[Insert title or description of Securities]

Reference is hereby made to the Indenture, dated as of June 4, 2012 (the "Indenture") between Kraft Foods Group, Inc. (the "Company") and Deutsche Bank Trust Company Americas, as Trustee. Terms used herein unless otherwise defined shall have the meanings ascribed to them in the Indenture.

We refer to that portion of the temporary Global Security in respect of the above-captioned Securities for which we hereby request that you make payment to us of the amounts payable on the relevant payment date (the "Submitted Portion") as provided in the Prospectus Supplement dated [insert date of Prospectus Supplement] in respect of such issue. This is to certify that (i) we have received in writing or by tested telex or electronically (in accordance with the requirements of United States Treasury Regulation Section 1.163-5(c)(2)(i)(D)(3)(ii)) a certificate or certificates with respect to the entire Submitted Portion, substantially in the form of Exhibit C to the Indenture, and (ii) the Submitted Portion includes no part of the temporary Global Security excepted in such certificates.

We further certify that as of the date hereof we have not received any notification from any of the persons giving such certificates to the effect that the statements made by them with respect to any part of the Submitted Portion are no longer true and cannot be relied on as of the date thereof.

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We understand that this certificate is required in connection with certain tax laws and regulations in the United States of America. If administrative or legal proceedings are commenced or threatened in connection with which this certificate is or would be relevant, we irrevocably authorize you to produce this certificate or a copy thereof to any interested party in such proceedings.

Submitted Portion:

U.S. \$

Dated:

[[ ], as operator of the Euroclear System]\*  
[Clearstream]\*

By:

\* Delete if inappropriate.

**KRAFT FOODS GROUP, INC.,**  
as the Company,

**KRAFT FOODS INC.,**  
as the Guarantor

and

**DEUTSCHE BANK TRUST COMPANY AMERICAS,**  
as the Trustee

**SUPPLEMENTAL INDENTURE NO. 1**

**DATED AS OF JUNE 4, 2012**

**TO INDENTURE**

**DATED AS OF JUNE 4, 2012**

**Relating To**

**\$1,000,000,000 1.625% Notes due 2015**

**\$1,000,000,000 2.250% Notes due 2017**

**\$2,000,000,000 3.500% Notes due 2022**

**\$2,000,000,000 5.000% Notes due 2042**

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## SUPPLEMENTAL INDENTURE NO. 1

**SUPPLEMENTAL INDENTURE NO. 1**, dated as of June 4, 2012 (the "Supplemental Indenture"), among Kraft Foods Group, Inc. (the "Company"), a Virginia corporation, Kraft Foods Inc. (the "Guarantor") and Deutsche Bank Trust Company Americas, a New York banking corporation organized and existing under the laws of the State of New York, as trustee (the "Trustee"), to the Base Indenture (as defined below).

### RECITALS

**WHEREAS**, the Company has heretofore executed and delivered to the Trustee an Indenture, dated as of June 4, 2012 (the "Base Indenture"), providing for the issuance from time to time of its notes and other evidences of senior debt securities, to be issued in one or more series as therein provided;

**WHEREAS**, pursuant to the terms of the Base Indenture, the Company desires to provide for the establishment of four series of notes to be known respectively as its 1.625% Senior Notes due 2015 (the "2015 Notes"), its 2.250% Senior Notes due 2017 (the "2017 Notes"), its 3.500% Senior Notes due 2022 (the "2022 Notes") and its 5.000% Senior Notes due 2042 (the "2042 Notes" and, together with the 2015 Notes, the 2017 Notes and the 2022 Notes, the "Notes"), the form and substance of such Notes and the terms, provisions and conditions thereof to be set forth as provided in the Base Indenture and this Supplemental Indenture (together, the "Indenture");

**WHEREAS**, the Notes initially will be fully and unconditionally guaranteed as to payment of principal, premium, if any, and interest on a senior unsecured basis (the "Guarantee") by the Guarantor; and

**WHEREAS**, the Company and the Guarantor have requested that the Trustee execute and deliver this Supplemental Indenture, and all requirements necessary to make this Supplemental Indenture a legal, valid and binding instrument in accordance with its terms, to make the Notes, when executed by the Company and authenticated and delivered by the Trustee, the legal, valid and binding obligations of the Company, and to make the Guarantee included herein, the legal, valid and binding obligation of the Guarantor, and all acts and things necessary have been done and performed to make this Supplemental Indenture enforceable in accordance with its terms, and the execution and delivery of this Supplemental Indenture has been duly authorized in all respects.

### WITNESSETH:

**NOW, THEREFORE**, for and in consideration of the premises contained herein, each party agrees for the benefit of each other party and for the equal and ratable benefit of the Holders of the Notes, as follows:

### ARTICLE ONE

#### DEFINITIONS

Section 1.01. Capitalized terms used but not defined in this Supplemental Indenture shall have the meanings ascribed to them in the Base Indenture.

Section 1.02. References in this Supplemental Indenture to article and section numbers shall be deemed to be references to article and section numbers of this Supplemental Indenture unless otherwise specified.

Section 1.03. For purposes of this Supplemental Indenture, the following terms have the meanings ascribed to them as follows:

"Additional Notes" means any additional Notes that may be issued from time to time pursuant to the second paragraph of Section 2.01.

"Base Indenture" has the meaning provided in the recitals.

"Depository" has the meaning provided in Section 2.03.

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"Distribution" has the meaning provided in the definition of "Spin-Off."

"Exchange Notes" means notes issued in a registered exchange offer pursuant to the Registration Rights Agreement.

"Global Snacks Business" means the Guarantor's U.S. and Canadian snacks and confectionery business, including the related foodservice operations, but excluding the *Planters* and *Corn Nuts* businesses, and all of its current businesses conducted outside of the United States and Canada, except for the North American Grocery Export Business.

"Grocery Business Lines" means the Guarantor's current (as of the date hereof) U.S. and Canadian grocery, beverages, cheese, convenient meals, *Planters* and *Corn Nuts* businesses, including the related foodservice operations and the grocery business operations in Puerto Rico (excluding the powdered and liquid concentrate beverages businesses in Puerto Rico).

"Indenture" has the meaning provided in the recitals.

"Initial Notes" means the aggregate principal amount of each series of Notes issued on the date hereof, as specified on the first paragraph of Section 2.01.

"Interest Payment Date" has the meaning provided in Section 2.04.

"Internal Reorganization" means the series of transactions described in clause (i) in the definition of "Spin-Off."

"New Snacks Company" has the meaning provided in the definition of "Spin-Off."

"North American Grocery Export Business" means the Guarantor's export operations related to the Grocery Business Lines in the United States and Canada, except for the *Philadelphia* cream cheese, and certain powdered and liquid concentrate beverage businesses in a number of jurisdictions and the businesses related to certain branded products that the Guarantor will market and sell in a limited number of countries outside of the United States and Canada.

"Notes" has the meaning provided in the recitals. For the avoidance of doubt, "Notes" shall include the Additional Notes, if any.

"Registration Rights Agreement" means (i) the registration rights agreement, dated as of June 4, 2012 among the Company, the Guarantor, and the representatives of the initial purchasers party thereto and (ii) with respect to any Additional Notes, one or more substantially similar registration rights agreements among the Company and the other parties thereto, as such agreements may be amended from time to time.

"Spin-Off" means the series of transactions pursuant to which (i) (A) the Company will allocate, transfer and assign, or cause to be allocated, transferred and assigned, the assets and liabilities of the Guarantor's Global Snacks Business to a new wholly owned Subsidiary being a Delaware limited liability company (the "New Snacks Company") in exchange for 100% of the outstanding shares of New Snacks Company and (B) the Company will distribute all of the outstanding shares of New Snacks Company to the Guarantor and (ii) the Guarantor's distribution to its shareholders of 100% of the outstanding shares of the Company (the "Distribution").

"Supplemental Indenture" has the meaning provided in the preamble.

"Trustee" has the meaning provided in the preamble.

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## ARTICLE TWO

### GENERAL TERMS AND CONDITIONS OF THE NOTES

#### Section 2.01. Designation and Principal Amount.

The Notes are hereby authorized and are respectively designated the 1.625% Notes due 2015, the 2.250% Notes due 2017, the 3.500% Notes due 2022 and the 5.000% Notes due 2042, each unlimited in aggregate principal amount. The 2015 Notes issued on the date hereof pursuant to the terms of the Indenture shall be in an aggregate principal amount of \$1,000,000,000, the 2017 Notes issued on the date hereof pursuant to the terms of the Indenture shall be in an aggregate principal amount of \$1,000,000,000, the 2022 Notes issued on the date hereof pursuant to the terms of the Indenture shall be in an aggregate principal amount of \$2,000,000,000 and the 2042 Notes issued on the date hereof pursuant to the terms of the Indenture shall be in an aggregate principal amount of \$2,000,000,000, which amounts shall be set forth in the written order of the Company for the authentication and delivery of the Notes pursuant to Section 301 of the Base Indenture.

In addition, without the consent of the holders of an applicable series of Notes, the Company may issue, from time to time in accordance with the provisions of the Indenture, additional Notes having the same ranking and the same interest rate, maturity and other terms as such series of Notes (except for the issue date, issue price, and, in some cases, the first payment of interest or interest accruing prior to the issue date of such additional Notes); *provided* that if such additional Notes are not fungible with such Notes issued on the date hereof for U.S. federal income tax purposes, the additional Notes will be issued under a separate CUSIP number. Any additional Notes having such similar terms, together with the applicable series of Notes issued on the date hereof, shall constitute a single series of notes under the Indenture. No additional Notes may be issued if an Event of Default has occurred with respect to the applicable series of Notes.

#### Section 2.02. Maturity.

(a) Unless an earlier redemption has occurred, the principal amount of the 2015 Notes shall mature and be due and payable, together with any accrued interest thereon, on June 4, 2015.

(b) Unless an earlier redemption has occurred, the principal amount of the 2017 Notes shall mature and be due and payable, together with any accrued interest thereon, on June 5, 2017.

(c) Unless an earlier redemption has occurred, the principal amount of the 2022 Notes shall mature and be due and payable, together with any accrued interest thereon, on June 6, 2022.

(d) Unless an earlier redemption has occurred, the principal amount of the 2042 Notes shall mature and be due and payable, together with any accrued interest thereon, on June 4, 2042.

#### Section 2.03. Form and Payment.

The Notes shall be issued as global notes, in fully registered book-entry form without coupons in denominations of \$2,000 and integral multiples of \$1,000 in excess thereof.

The Notes and the Trustee's Certificates of Authentication to be endorsed thereon are to be substantially in the form of Exhibit A-1, Exhibit A-2, Exhibit A-3 and Exhibit A-4, respectively, which forms are hereby incorporated in and made a part of this Supplemental Indenture.

The terms and provisions contained in the Notes shall constitute, and are hereby expressly made, a part of this Supplemental Indenture, and the Company, the Guarantor and the Trustee, by their execution and delivery of this Supplemental Indenture, expressly agree to such terms and provisions and to be bound thereby.

Principal, premium, if any, and/or interest, if any, on the global notes representing the Notes shall be made to The Depository Trust Company (together with any successor thereto, the "Depository").

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The global notes representing the Notes shall be deposited with, or on behalf of, the Depositary and shall be registered in the name of the Depositary or a nominee of the Depositary. No global note may be transferred except as a whole by a nominee of the Depositary to the Depositary or to another nominee of the Depositary, or by the Depositary or such nominee to a successor of the Depositary or a nominee of such successor.

Additional provisions relating to the Initial Notes, Additional Notes, Exchange Notes and any other Notes issued under this Supplemental Indenture are set forth in Appendix A, which is hereby incorporated in and made a part of this Supplemental Indenture.

Section 2.04. Interest.

Interest on the 2015 Notes shall accrue at the rate of 1.625% per annum, interest on the 2017 Notes shall accrue at the rate of 2.250% per annum, interest on the 2022 Notes shall accrue at the rate of 3.500% per annum and interest on the 2042 Notes shall accrue at the rate of 5.000% per annum. Interest on the Notes shall accrue from June 4, 2012 or the most recent interest payment date on which interest was paid. Interest on the 2015 Notes shall be payable semi-annually in arrears on June 4 and December 4 of each year, beginning on December 4, 2012; interest on the 2017 Notes shall be payable semi-annually in arrears on June 5 and December 5 of each year, beginning on December 5, 2012; interest on the 2022 Notes shall be payable semi-annually in arrears on June 6 and December 6 of each year, beginning on December 6, 2012; and interest on the 2042 Notes shall be payable semi-annually in arrears on June 4 and December 4 of each year, beginning on December 4, 2012 (with respect to the applicable series of Notes, each an "Interest Payment Date"). Interest on the 2015 Notes shall be payable to the Holders in whose names the 2015 Notes are registered at the close of business on the preceding May 19 and November 19; interest on the 2017 Notes shall be payable to the Holders in whose names the 2017 Notes are registered at the close of business on the preceding May 20 and November 20; interest on the 2022 Notes shall be payable to the Holders in whose names the 2022 Notes are registered at the close of business on the preceding May 21 and November 21; and interest on the 2042 Notes shall be payable to the Holders in whose names the 2042 Notes are registered at the close of business on the preceding May 19 and November 19 (with respect to the applicable series of Notes, each a "Record Date"). Interest on the Notes shall be computed on the basis of a 360-day year comprising twelve 30-day months.

### **ARTICLE THREE**

#### GUARANTEE

Section 3.01. Guarantee of Kraft Foods Inc.

Pursuant to Article Fourteen of the Base Indenture, as of the date hereof, the obligations of the Company pursuant to the Notes, including any repurchase obligations resulting from a Change of Control (as defined in the Notes), will be fully and unconditionally guaranteed, on an unsecured basis, by the Guarantor.

Section 3.02. Release of the Guarantee.

The Guarantor shall be automatically and unconditionally released and discharged from all obligations under the Indenture and the Guarantee without any action required on the part of the Trustee or any Holder upon the occurrence of the Distribution (so long as the other transactions constituting the Spin-Off have occurred). The Guarantor's Guarantee shall also terminate upon defeasance or discharge of the Notes, as provided in "Defeasance."



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## ARTICLE FOUR

### MISCELLANEOUS

#### Section 4.01. Application of Supplemental Indenture.

The Indenture, as supplemented by this Supplemental Indenture, is in all respects ratified and confirmed. This Supplemental Indenture shall be deemed part of the Base Indenture in the manner and to the extent herein and therein provided.

#### Section 4.02. Trust Indenture Act Controls.

If any provision hereof limits, qualifies or conflicts with the duties imposed by Sections 310 through 317 of the Trust Indenture Act, the imposed duties shall control.

#### Section 4.03. Conflict with Base Indenture.

To the extent not expressly amended or modified by this Supplemental Indenture, the Base Indenture shall remain in full force and effect. If any provision of this Supplemental Indenture relating to the Notes is inconsistent with any provision of the Base Indenture, the provision of this Supplemental Indenture shall control.

#### Section 4.04. Governing Law; Waiver of Jury Trial

THIS SUPPLEMENTAL INDENTURE SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK.

EACH OF THE COMPANY AND THE TRUSTEE HEREBY IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY AND ALL RIGHT TO TRIAL BY JURY IN ANY LEGAL PROCEEDING ARISING OUT OF OR RELATING TO THIS SUPPLEMENTAL INDENTURE OR THE TRANSACTION CONTEMPLATED HEREBY.

#### Section 4.05. Successors.

All agreements of the Company in the Base Indenture, this Supplemental Indenture and the Notes shall bind its successors. All agreements of the Guarantor in this Supplemental Indenture and the Notes shall bind its successors. All agreements of the Trustee in the Base Indenture and this Supplemental Indenture shall bind its successors.

#### Section 4.06. Counterparts.

This instrument may be executed in any number of counterparts, each of which so executed shall be deemed to be an original, but all such counterparts shall together constitute but one and the same instrument.

#### Section 4.07. Trustee Disclaimer.

The Trustee makes no representation as to the validity or sufficiency of this Supplemental Indenture and the Notes other than as to the validity of its execution and delivery by the Trustee. The recitals and statements herein and in the Notes are deemed to be those of the Company and not the Trustee and the Trustee assumes no responsibility for the same. The Trustee or any Authenticating Agent shall not be accountable for the use or application by the Company of Notes or the proceeds thereof.

*[Remainder of page intentionally left blank]*

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IN WITNESS WHEREOF, the parties to this Supplemental Indenture have caused it to be duly executed as of the day and year first above written.

KRAFT FOODS GROUP, INC.

By: /s/ Barbara L. Brasier  
Name: Barbara L. Brasier  
Title: Senior Vice President and Treasurer

KRAFT FOODS INC., as Guarantor

By: /s/ David A. Brearton  
Name: David A. Brearton  
Title: Executive Vice President and CFO

DEUTSCHE BANK TRUST COMPANY AMERICAS, as Trustee

By: Deutsche Bank National Trust Company

By: /s/ Jacqueline Bartnick  
Name: Jacqueline Bartnick  
Title: Director

By: /s/ Linda Reale  
Name: Linda Reale  
Title: Vice President

[Signature Page to Supplemental Indenture No. 1]

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Appendix A

PROVISIONS RELATING TO INITIAL NOTES,  
ADDITIONAL NOTES AND EXCHANGE NOTES

Section 1.1 Definitions.

(a) Capitalized Terms.

Capitalized terms used but not defined in this Appendix A have the meanings given to them in this Indenture. The following capitalized terms have the following meanings:

"*Applicable Procedures*" means, with respect to any transfer or transaction involving a Global Note or beneficial interest therein, the rules and procedures of the Depository for such Global Note, Euroclear or Clearstream, in each case to the extent applicable to such transaction and as in effect from time to time.

"*Clearstream*" means Clearstream Banking, Société Anonyme, or any successor securities clearing agency.

"*Custodian*" means the Trustee, as custodian with respect to the Notes in global form, or any successor entity thereto.

"*Definitive Note*" means a certificated Initial Note, Additional Note or Exchange Note issued pursuant to the Indenture (bearing the Restricted Notes Legend if the transfer of such Note is restricted by applicable law) that does not include the Global Notes Legend.

"*Distribution Compliance Period*," with respect to any Note, means the period of 40 consecutive days beginning on and including the later of (a) the day on which such Note is first offered to persons other than distributors (as defined in Regulation S) in reliance on Regulation S, notice of which day shall be promptly given by the Company to the Trustee, and (b) the date of issuance with respect to such Note or any predecessor of such Note.

"*Euroclear*" means Euroclear Bank S.A./N.Y., as operator of Euroclear systems Clearance System or any successor securities clearing agency.

"*Exchange Offer*" has the meaning set forth in the Registration Rights Agreement.

"*IAI*" means an institution that is an "accredited investor" as described in Rule 501(a)(1), (2), (3) or (7) under the Securities Act and is not a QIB.

"*QIB*" means a "qualified institutional buyer" as defined in Rule 144A.

"*Regulation S*" means Regulation S promulgated under the Securities Act.

"*Rule 144*" means Rule 144 promulgated under the Securities Act.

"*Rule 144A*" means Rule 144A promulgated under the Securities Act.

"*Transfer Restricted Notes*" means Definitive Notes and any Notes in global form that bear or are required to bear the Restricted Notes Legend.

"*Unrestricted Global Note*" means any Note in global form that does not bear or is not required to bear the Restricted Notes Legend.

"*U.S. person*" means a "U.S. person" as defined in Regulation S.

(b) Other Definitions.

<b>Term:</b>	<b>Defined in Section:</b>
"Agent Members"	2.1(c)
"Definitive Notes Legend"	2.2(e)
"ERISA Legend"	2.2(b)
"Global Note"	2.1(b)
"Global Notes Legend"	2.2(e)
"IAI Global Note"	2.1(b)
"Regulation S Global Note"	2.1(b)
"Regulation S Notes"	2.1(a)
"Restricted Notes Legend"	2.3(e)
"Rule 144A Global Note"	2.1(b)
"Rule 144A Notes"	2.1(a)

Section 2.1 Form and Dating

(a) The Initial Notes issued on the date hereof shall be (i) offered and sold by the Company to the initial purchasers thereof and (ii) resold, initially only to (1) QIBs in reliance on Rule 144A ("*Rule 144A Notes*") and (2) Persons other than U.S. persons in reliance on Regulation S ("*Regulation S Notes*"). Additional Notes may also be considered to be Rule 144A Notes or Regulation S Notes, as applicable.

(b) *Global Notes.* Rule 144A Notes shall be issued initially in the form of one or more permanent global Notes in definitive, fully registered form, numbered RA-1 upward (collectively, the "*Rule 144A Global Note*") and Regulation S Notes shall be issued initially in the form of one or more global Notes, numbered RS-1 upward (collectively, the "*Regulation S Global Note*"), in each case without interest coupons and bearing the Global Notes Legend and Restricted Notes Legend, which shall be deposited on behalf of the purchasers of the Notes represented thereby with the Custodian, and registered in the name of the Depository or a nominee of the Depository, duly executed by the Company and authenticated by the Trustee as provided in the Indenture. One or more global Notes in definitive, fully registered form without interest coupons and bearing the Global Notes Legend and the Restricted Notes Legend, numbered RIAI-1 upward (collectively, the "*IAI Global Note*") shall also be issued at the request of the Trustee, deposited with the Custodian, and registered in the name of the Depository or a nominee of the Depository, duly executed by the Company and authenticated by the Trustee as provided in this Indenture to accommodate transfers of beneficial interests in the Notes to IAIs subsequent to the initial distribution. The Rule 144A Global Note, the IAI Global Note, the Regulation S Global Note and any Unrestricted Global Note are each referred to herein as a "*Global Note*" and are collectively referred to herein as "*Global Notes*." Each Global Note shall represent such of the outstanding Notes as shall be specified in the "Schedule of Exchanges of Interests in the Global Note" attached thereto and each shall provide that it shall represent the aggregate principal amount of Notes from time to time endorsed thereon and that the aggregate principal amount of outstanding Notes represented thereby may from time to time be reduced or increased, as applicable, to reflect exchanges and redemptions. Any endorsement of a Global Note to reflect the amount of any increase or decrease in the aggregate principal amount of outstanding Notes represented thereby shall be made by the Trustee or the Custodian, at the direction of the Trustee, in accordance with instructions given by the Holder thereof as required by Sections 304 and 305 of this Indenture and Section 2.2(c) of this Appendix A.

(c) *Book-Entry Provisions.* This Section 2.1(c) shall apply only to a Global Note deposited with or on behalf of the Depository.

The Company shall execute and the Trustee shall, in accordance with this Section 2.1(c) and Section 303 of this Indenture and pursuant to a Company Order signed by one authorized officer of the Company, authenticate and deliver initially one or more Global Notes that (i) shall be registered in the name of the Depository for such Global Note or Global Notes or the nominee of such Depository and (ii) shall be delivered by the Trustee to such Depository or pursuant to such Depository's instructions or held by the Trustee as Custodian.

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Members of, or participants in, the Depository ("*Agent Members*") shall have no rights under the Indenture with respect to any Global Note held on their behalf by the Depository or by the Trustee as Custodian or under such Global Note, and the Depository may be treated by the Company, the Trustee and any agent of the Company or the Trustee as the absolute owner of such Global Note for all purposes whatsoever. Notwithstanding the foregoing, nothing herein shall prevent the Company, the Trustee or any agent of the Company or the Trustee from giving effect to any written certification, proxy or other authorization furnished by the Depository or impair, as between the Depository and its Agent Members, the operation of customary practices of such Depository governing the exercise of the rights of a holder of a beneficial interest in any Global Note.

(d) *Definitive Notes*. Except as provided in Section 2.2 or Section 2.3 of this Appendix A, owners of beneficial interests in Global Notes shall not be entitled to receive physical delivery of Definitive Notes.

Section 2.2 Transfer and Exchange.

(a) *Transfer and Exchange of Definitive Notes for Definitive Notes*. When Definitive Notes are presented to the Security Registrar with a written request:

- (i) to register the transfer of such Definitive Notes; or
- (ii) to exchange such Definitive Notes for an equal principal amount of Definitive Notes of other authorized denominations,

the Security Registrar shall register the transfer or make the exchange as requested if its reasonable requirements for such transaction are met; *provided, however*, that the Definitive Notes surrendered for transfer or exchange:

(1) shall be duly endorsed or accompanied by a written instrument of transfer in form reasonably satisfactory to the Company and the Security Registrar, duly executed by the Holder thereof or his attorney duly authorized in writing; and

(2) in the case of Transfer Restricted Notes, they are being transferred or exchanged pursuant to an effective registration statement under the Securities Act or pursuant to Section 2.2(b) of this Appendix A or otherwise in accordance with the Restricted Notes Legend, and are accompanied by a certification from the transferor in the form provided on the reverse side of the Form of Note in Exhibit A to the Supplemental Indenture for exchange or registration of transfers and, as applicable, delivery of such legal opinions, certifications and other information as may be requested pursuant thereto.

(b) *Restrictions on Transfer of a Definitive Note for a Beneficial Interest in a Global Note*. A Definitive Note may not be exchanged for a beneficial interest in a Global Note except upon satisfaction of the requirements set forth below. Upon receipt by the Trustee of a Definitive Note, duly endorsed or accompanied by a written instrument of transfer in form reasonably satisfactory to the Company and the Security Registrar, together with:

(i) a certification from the transferor in the form provided on the reverse side of the Form of Note in Exhibit A to the Supplemental Indenture for exchange or registration of transfers and, as applicable, delivery of such legal opinions, certifications and other information as may be requested pursuant thereto; and

(ii) written instructions directing the Trustee to make, or to direct the Custodian to make, an adjustment on its books and records with respect to such Global Note to reflect an increase in the aggregate principal amount of the Notes represented by the Global Note, such instructions to contain information regarding the Depository account to be credited with such increase,

the Trustee shall cancel such Definitive Note and cause, or direct the Custodian to cause, in accordance with the standing instructions and procedures existing between the Depository and the Custodian, the aggregate principal amount of Notes represented by the Global Note to be increased by the aggregate principal amount of the Definitive Note to be exchanged and shall credit or cause to be credited to the account of the Person specified in such

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instructions a beneficial interest in the Global Note equal to the principal amount of the Definitive Note so canceled. If the applicable Global Note is not then outstanding, the Company shall issue and the Trustee shall authenticate, upon written order of the Company in the form of an Officers' Certificate, a new applicable Global Note in the appropriate principal amount.

*(c) Transfer and Exchange of Global Notes.*

(i) The transfer and exchange of Global Notes or beneficial interests therein shall be effected through the Depository, in accordance with the Indenture (including applicable restrictions on transfer set forth in Section 2.2(d) of this Appendix A, if any) and the procedures of the Depository therefor. A transferor of a beneficial interest in a Global Note shall deliver to the Security Registrar a written order given in accordance with the Depository's procedures containing information regarding the participant account of the Depository to be credited with a beneficial interest in such Global Note, or another Global Note, and such account shall be credited in accordance with such order with a beneficial interest in the applicable Global Note and the account of the Person making the transfer shall be debited by an amount equal to the beneficial interest in the Global Note being transferred.

(ii) If the proposed transfer is a transfer of a beneficial interest in one Global Note to a beneficial interest in another Global Note, the Security Registrar shall reflect on its books and records the date and an increase in the principal amount of the Global Note to which such interest is being transferred in an amount equal to the principal amount of the interest to be so transferred, and the Security Registrar shall reflect on its books and records the date and a corresponding decrease in the principal amount of the Global Note from which such interest is being transferred.

(iii) Notwithstanding any other provisions of this Appendix A (other than the provisions set forth in Section 2.3 of this Appendix A), a Global Note may not be transferred except as a whole and not in part if the transfer is by the Depository to a nominee of the Depository or by a nominee of the Depository to the Depository or another nominee of the Depository or by the Depository or any such nominee to a successor Depository or a nominee of such successor Depository.

*(d) Restrictions on Transfer of Global Notes; Voluntary Exchange of Interests in Transfer Restricted Global Notes for Interests in Unrestricted Global Notes.*

(i) Transfers by an owner of a beneficial interest in a Rule 144A Global Note or an IAI Global Note to a transferee who takes delivery of such interest through another Transfer Restricted Global Note shall be made in accordance with the Applicable Procedures and the Restricted Notes Legend and only upon receipt by the Trustee of a certification from the transferor in the form provided on the reverse side of the Form of Note in Exhibit A to the Supplemental Indenture for exchange or registration of transfers and, as applicable, delivery of such legal opinions, certifications and other information as may be requested pursuant thereto. In addition, in the case of a transfer of a beneficial interest in either a Rule 144A Global Note or an interest in an IAI Global Note, the transferee must furnish a certification or a signed letter in the form provided on the reverse side of the Form of Note in Exhibit A to the Supplemental Indenture to the Trustee.

(ii) During the Distribution Compliance Period, beneficial ownership interests in the Regulation S Global Note may only be sold, pledged or transferred through Euroclear or Clearstream in accordance with the Applicable Procedures, the Restricted Notes Legend on such Regulation S Global Note and any applicable securities laws of any state of the United States of America. Prior to the expiration of the Distribution Compliance Period, transfers by an owner of a beneficial interest in the Regulation S Global Note shall be made only in accordance with the Applicable Procedures and the Restricted Notes Legend and upon receipt by the Trustee of a written certification from the transferor of the beneficial interest in the form provided on the reverse side of the Form of Note in Exhibit A to the Supplemental Indenture for exchange or registration of transfers and, in the case of a transfer to a transferee who takes delivery of such interest through a Rule 144A Global Note or an IAI Global Note, the transferee must furnish a certification or a signed letter in the form provided on the reverse side of the Form of Note in Exhibit A to the Supplemental Indenture to the Trustee. Such written certifications or letter shall no longer be required after

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the expiration of the Distribution Compliance Period. Upon the expiration of the Distribution Compliance Period, beneficial ownership interests in the Regulation S Global Note shall be transferable in accordance with applicable law and the other terms of the Indenture.

(iii) Upon the expiration of the Distribution Compliance Period, beneficial interests in the Regulation S Global Note may be exchanged for beneficial interests in an Unrestricted Global Note upon certification in the form provided on the reverse side of the Form of Note in Exhibit A to the Supplemental Indenture for an exchange from a Regulation S Global Note to an Unrestricted Global Note.

(iv) Beneficial interests in a Transfer Restricted Note that is a Rule 144A Global Note or an IAI Global Note may be exchanged for beneficial interests in an Unrestricted Global Note if the Holder certifies in writing to the Security Registrar that its request for such exchange is in respect of a transfer made in reliance on Rule 144 (such certification to be in the form set forth on the reverse side of the Form of Note in Exhibit A to the Supplemental Indenture) and/or upon delivery of such legal opinions, certifications and other information as the Company or the Trustee may reasonably request.

(v) If no Unrestricted Global Note is outstanding at the time of a transfer contemplated by the preceding clauses (iii) and (iv), the Company shall issue and the Trustee shall authenticate, upon written order of the Company in the form of an Officers' Certificate, a new Unrestricted Global Note in the appropriate principal amount.

(e) *Legends.*

(i) Except as permitted by Section 2.2(d), this Section 2.2(e), Section 2.2(i) and Section 2.2(j) of this Appendix A, each Note certificate evidencing the Global Notes and the Definitive Notes (and all Notes issued in exchange therefor or in substitution thereof) shall bear a legend in substantially the following form (each defined term in the legend being defined as such for purposes of the legend only) ("*Restricted Notes Legend*"):

THIS NOTE HAS NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), AND MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED EXCEPT IN ACCORDANCE WITH THE FOLLOWING SENTENCE. BY ITS ACQUISITION HEREOF OR OF A BENEFICIAL INTEREST HEREIN, THE ACQUIRER

(1) REPRESENTS THAT

[(A) IT AND ANY ACCOUNT FOR WHICH IT IS ACTING IS A "QUALIFIED INSTITUTIONAL BUYER" (WITHIN THE MEANING OF RULE 144A UNDER THE SECURITIES ACT) AND THAT IT EXERCISES SOLE INVESTMENT DISCRETION WITH RESPECT TO EACH SUCH ACCOUNT, OR

(B) IT IS NOT A U.S. PERSON (WITHIN THE MEANING OF REGULATION S UNDER THE SECURITIES ACT) AND][IN THE CASE OF RULE 144A AND REGULATION S NOTES]

[IT IS AN INSTITUTIONAL "ACCREDITED INVESTOR" WITHIN THE MEANING OF RULE 501(a)(1), (2), (3) OR (7) UNDER THE SECURITIES ACT THAT IS NOT A QUALIFIED INSTITUTIONAL BUYER AND THAT IS PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF ANOTHER INSTITUTIONAL ACCREDITED INVESTOR, IN EACH CASE IN A MINIMUM PRINCIPAL AMOUNT OF SECURITIES OF \$250,000, AND][IN THE CASE IAI GLOBAL NOTES]

(2) AGREES FOR THE BENEFIT OF KRAFT FOODS GROUP, INC. THAT IT WILL NOT OFFER, SELL, PLEDGE OR OTHERWISE TRANSFER THIS NOTE OR ANY BENEFICIAL INTEREST HEREIN, EXCEPT IN ACCORDANCE WITH THE SECURITIES ACT AND ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES AND ONLY

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- (A) TO KRAFT FOODS GROUP, INC.,
- (B) PURSUANT TO A REGISTRATION STATEMENT WHICH HAS BECOME EFFECTIVE UNDER THE SECURITIES ACT,
- (C) TO A QUALIFIED INSTITUTIONAL BUYER IN COMPLIANCE WITH RULE 144A UNDER THE SECURITIES ACT,
- (D) IN AN OFFSHORE TRANSACTION IN COMPLIANCE WITH RULE 904 OF REGULATION S UNDER THE SECURITIES ACT,
- (E) TO AN INSTITUTIONAL "ACCREDITED INVESTOR" WITHIN THE MEANING OF RULE 501(a)(1), (2), (3) OR (7) UNDER THE SECURITIES ACT THAT IS NOT A QUALIFIED INSTITUTIONAL BUYER AND THAT IS PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF ANOTHER INSTITUTIONAL ACCREDITED INVESTOR, IN EACH CASE IN A MINIMUM PRINCIPAL AMOUNT OF SECURITIES OF \$250,000, OR
- (F) PURSUANT TO AN EXEMPTION FROM REGISTRATION PROVIDED BY RULE 144 UNDER THE SECURITIES ACT OR ANY OTHER AVAILABLE EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT.

PRIOR TO THE REGISTRATION OF ANY TRANSFER IN ACCORDANCE WITH (2)(C) ABOVE OR (2)(D) ABOVE, A DULY COMPLETED AND SIGNED CERTIFICATE (THE FORM OF WHICH MAY BE OBTAINED FROM THE TRUSTEE) MUST BE DELIVERED TO THE TRUSTEE. PRIOR TO THE REGISTRATION OF ANY TRANSFER IN ACCORDANCE WITH (F) ABOVE, KRAFT FOODS GROUP, INC. RESERVES THE RIGHT TO REQUIRE THE DELIVERY OF SUCH LEGAL OPINIONS, CERTIFICATIONS OR OTHER EVIDENCE AS MAY REASONABLY BE REQUIRED IN ORDER TO DETERMINE THAT THE PROPOSED TRANSFER IS BEING MADE IN COMPLIANCE WITH THE SECURITIES ACT AND APPLICABLE STATE SECURITIES LAWS. NO REPRESENTATION IS MADE AS TO THE AVAILABILITY OF ANY RULE 144 EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT.

Each Definitive Note shall bear the following additional legend ("*Definitive Notes Legend*"):

IN CONNECTION WITH ANY TRANSFER, THE HOLDER WILL DELIVER TO THE SECURITY REGISTRAR AND TRANSFER AGENT SUCH CERTIFICATES AND OTHER INFORMATION AS SUCH SECURITY REGISTRAR AND TRANSFER AGENT MAY REASONABLY REQUIRE TO CONFIRM THAT THE TRANSFER COMPLIES WITH THE FOREGOING RESTRICTIONS.

Each Global Note shall bear the following additional legend ("*Global Notes Legend*"):

UNLESS THIS CERTIFICATE IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY TRUST COMPANY, A NEW YORK CORPORATION ("DTC"), NEW YORK, NEW YORK, TO THE COMPANY OR ITS AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT, AND ANY CERTIFICATE ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC (AND ANY PAYMENT IS MADE TO CEDE & CO., OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL INASMUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.

TRANSFERS OF THIS GLOBAL SECURITY SHALL BE LIMITED TO TRANSFERS IN WHOLE, BUT NOT IN PART, TO DTC, TO NOMINEES OF DTC OR TO A SUCCESSOR THEREOF OR SUCH SUCCESSOR'S NOMINEE AND TRANSFERS OF PORTIONS OF THIS GLOBAL SECURITY SHALL BE LIMITED TO TRANSFERS MADE IN ACCORDANCE WITH THE RESTRICTIONS SET



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FORTH IN THE INDENTURE REFERRED TO ON THE REVERSE HEREOF.

Each Note shall bear the following additional legend ("*ERISA Legend*"):

BY ITS ACQUISITION OF THIS SECURITY OR ANY INTEREST HEREIN, THE HOLDER THEREOF WILL BE DEEMED TO HAVE REPRESENTED AND WARRANTED THAT EITHER (1) NO PORTION OF THE ASSETS USED BY SUCH HOLDER TO ACQUIRE OR HOLD THIS SECURITY CONSTITUTES THE ASSETS OF AN EMPLOYEE BENEFIT PLAN THAT IS SUBJECT TO TITLE I OF THE U.S. EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, AS AMENDED ("*ERISA*"), OF A PLAN, INDIVIDUAL RETIREMENT ACCOUNT OR OTHER ARRANGEMENT THAT IS SUBJECT TO SECTION 4975 OF THE U.S. INTERNAL REVENUE CODE OF 1986, AS AMENDED (THE "*CODE*") OR PROVISIONS UNDER ANY OTHER FEDERAL, STATE, LOCAL, NON-U.S. OR OTHER LAWS OR REGULATIONS THAT ARE SIMILAR TO SUCH PROVISIONS OF *ERISA* OR THE *CODE* ("*SIMILAR LAWS*"), OR OF AN ENTITY WHOSE UNDERLYING ASSETS ARE CONSIDERED TO INCLUDE "PLAN ASSETS" OF ANY SUCH PLAN, ACCOUNT OR ARRANGEMENT, OR (2) THE ACQUISITION AND HOLDING OF THIS SECURITY OR ANY INTEREST HEREIN WILL NOT CONSTITUTE A NON-EXEMPT PROHIBITED TRANSACTION UNDER SECTION 406 OF *ERISA* OR SECTION 4975 OF THE *CODE* OR A SIMILAR VIOLATION UNDER ANY APPLICABLE SIMILAR LAWS.

(ii) Upon any sale or transfer of a Transfer Restricted Note that is a Definitive Note, the Security Registrar shall permit the Holder thereof to exchange such Transfer Restricted Note for a Definitive Note that does not bear the Restricted Notes Legend and the Definitive Notes Legend and rescind any restriction on the transfer of such Transfer Restricted Note if the Holder certifies in writing to the Security Registrar that its request for such exchange is in respect of a transfer made in reliance on Rule 144 (such certification to be in the form set forth on the reverse side of the Form of Note in Exhibit A to the Supplemental Indenture) and provides such legal opinions, certifications and other information as the Company or the Trustee may reasonably request.

(iii) After a transfer of any Initial Notes or Additional Notes during the period of the effectiveness of a Shelf Registration Statement (as defined in the Registration Rights Agreement) with respect to such Initial Notes or Additional Notes, as the case may be, all requirements pertaining to the Restricted Notes Legend on such Initial Notes or Additional Notes shall cease to apply and the requirements that any such Initial Notes or Additional Notes be issued in global form shall continue to apply.

(iv) Upon the consummation of an Exchange Offer with respect to the Initial Notes or Additional Notes pursuant to which Holders of such Initial Notes or Additional Notes are offered Exchange Notes in exchange for their Initial Notes or Additional Notes, all requirements pertaining to Initial Notes or Additional Notes that Initial Notes or Additional Notes be issued in global form shall continue to apply, and Exchange Notes in global form without the Restricted Notes Legend shall be available to Holders that exchange such Initial Notes or Additional Notes in such Exchange Offer.

(v) Any Additional Notes sold in a registered offering shall not be required to bear the Restricted Notes Legend.

(f) *Cancellation or Adjustment of Global Note.* At such time as all beneficial interests in a Global Note have either been exchanged for Definitive Notes, transferred in exchange for an interest in another Global Note, redeemed, repurchased or canceled, such Global Note shall be returned by the Depository to the Trustee for cancellation or retained and canceled by the Trustee. At any time prior to such cancellation, if any beneficial interest in a Global Note is exchanged for Definitive Notes, transferred in exchange for an interest in another Global Note, redeemed, repurchased or canceled, the principal amount of Notes represented by such Global Note shall be reduced and an adjustment shall be made on the books and records of the Trustee (if it is then the Custodian for such Global Note) with respect to such Global Note, by the Trustee or the Custodian, to reflect such reduction.

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(g) *Obligations with Respect to Transfers and Exchanges of Notes.*

(i) To permit registrations of transfers and exchanges, the Company shall execute and the Trustee shall authenticate, Definitive Notes and Global Notes at the Security Registrar's request.

(ii) No service charge shall be made for any registration of transfer or exchange, but the Company may require payment of a sum sufficient to cover any transfer tax, assessments, or similar governmental charge payable in connection therewith (other than any such transfer taxes, assessments or similar governmental charge payable upon exchanges pursuant to Sections 304, 305, 306, 906 and 1107 of this Indenture).

(iii) Prior to the due presentation for registration of transfer of any Note, the Company, the Trustee, the Paying Agent or the Security Registrar may deem and treat the person in whose name a Note is registered as the absolute owner of such Note for the purpose of receiving payment of principal, premium, if any, and interest on such Note and for all other purposes whatsoever, whether or not such Note is overdue, and none of the Company, the Trustee, the Paying Agent or the Security Registrar shall be affected by notice to the contrary.

(iv) All Notes issued upon any transfer or exchange pursuant to the terms of this Indenture shall evidence the same debt and shall be entitled to the same benefits under this Indenture as the Notes surrendered upon such transfer or exchange.

(v) In order to effect any transfer or exchange of an interest in any Transfer Restricted Note for an interest in a Note that does not bear the Restricted Notes Legend and has not been registered under the Securities Act, if the Security Registrar so requests or if the Applicable Procedures so require, an Opinion of Counsel, in form reasonably acceptable to the Security Registrar to the effect that no registration under the Securities Act is required in respect of such exchange or transfer or the re-sale of such interest by the beneficial holder thereof, shall be required to be delivered to the Security Registrar and the Trustee.

(h) *No Obligation of the Trustee.*

(i) The Trustee shall have no responsibility or obligation to any beneficial owner of a Global Note, a member of, or a participant in the Depository or any other Person with respect to the accuracy of the records of the Depository or its nominee or of any participant or member thereof, with respect to any ownership interest in the Notes or with respect to the delivery to any participant, member, beneficial owner or other Person (other than the Depository) of any notice (including any notice of redemption or repurchase) or the payment of any amount, under or with respect to such Notes. All notices and communications to be given to the Holders and all payments to be made to Holders under the Notes shall be given or made only to the registered Holders (which shall be the Depository or its nominee in the case of a Global Note). The rights of beneficial owners in any Global Note shall be exercised only through the Depository subject to the applicable rules and procedures of the Depository. The Trustee may conclusively rely and shall be fully protected in conclusively relying upon information furnished by the Depository with respect to its members, participants and any beneficial owners.

(ii) The Trustee shall have no obligation or duty to monitor, determine or inquire as to compliance with any restrictions on transfer imposed under this Indenture or under applicable law with respect to any transfer of any interest in any Note (including any transfers between or among Depository participants, members or beneficial owners in any Global Note) other than to require delivery of such certificates and other documentation or evidence as are expressly required by, and to do so if and when expressly required by, the terms of this Indenture, and to examine the same to determine substantial compliance as to form with the express requirements hereof.

(iii) Neither the Trustee nor any Agent shall have any responsibility or liability for any actions taken or not taken by the Depository.

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(i) *Exchange Offer*. Upon the occurrence of the Exchange Offer in accordance with the Registration Rights Agreement, the Company shall issue and, upon receipt of a Company Order in accordance with Section 303 of the Base Indenture, the Trustee shall authenticate (i) one or more Global Notes without the Restricted Notes Legend in an aggregate principal amount equal to the principal amounts of the beneficial interests in the Global Notes tendered for acceptance by Persons that provide in the applicable letters of transmittal such certifications as are required by the Registration Rights Agreement and applicable law, and accepted for exchange in the Exchange Offer and (ii) Definitive Notes without the Restricted Notes Legend in an aggregate principal amount equal to the principal amount of the Definitive Notes tendered for acceptance by Persons that provide in the applicable letters of transmittal such certification as are required by the Registration Rights Agreement and applicable law, and accepted for exchange in the Exchange Offer. Concurrently with the issuance of such Notes, the Trustee shall cause the aggregate principal amount of the applicable Global Notes with the Restricted Notes Legend to be reduced accordingly, and the Company shall execute and the Trustee shall authenticate and mail to the Persons designated by the Holders of the Definitive Notes so accepted Definitive Notes without the Restricted Notes Legend in the applicable principal amount. Any Notes that remain outstanding after the consummation of the Exchange Offer, and Exchange Notes issued in connection with the Exchange Offer, shall be treated as a single class of securities under this Indenture.

### Section 2.3 Definitive Notes.

(a) A Global Note deposited with the Depository or with the Trustee as Custodian pursuant to Section 2.1 or issued in connection with an Exchange Offer may be transferred to the beneficial owners thereof in the form of Definitive Notes in an aggregate principal amount equal to the principal amount of such Global Note, in exchange for such Global Note, only if such transfer complies with Section 2.2 of this Appendix A and (i) the Depository notifies the Company that it is unwilling or unable to continue as a Depository for such Global Note or if at any time the Depository ceases to be a "clearing agency" registered under the Exchange Act and, in each case, a successor depository is not appointed by the Company within 90 days of such notice or after the Company becomes aware of such cessation, or (ii) an Event of Default has occurred and is continuing and the Security Registrar has received a request from the Depository. In addition, any Affiliate of the Company or any Guarantor that is a beneficial owner of all or part of a Global Note may have such Affiliate's beneficial interest transferred to such Affiliate in the form of a Definitive Note by providing a written request to the Company and the Trustee and such Opinions of Counsel, certificates or other information as may be required by this Indenture or the Company or Trustee.

(b) Any Global Note that is transferable to the beneficial owners thereof pursuant to this Section 2.3 shall be surrendered by the Depository to the Trustee, to be so transferred, in whole or from time to time in part, without charge, and the Trustee shall authenticate and deliver, upon such transfer of each portion of such Global Note, an equal aggregate principal amount of Definitive Notes of authorized denominations. Any portion of a Global Note transferred pursuant to this Section 2.3 shall be executed, authenticated and delivered only in denominations of \$2,000 and integral multiples of \$1,000 in excess thereof and registered in such names as the Depository shall direct. Any Definitive Note delivered in exchange for an interest in a Global Note that is a Transfer Restricted Note shall, except as otherwise provided by Section 2.2(e) of this Appendix A, bear the Restricted Notes Legend.

(c) The registered Holder of a Global Note may grant proxies and otherwise authorize any Person, including Agent Members and Persons that may hold interests through Agent Members, to take any action which a Holder is entitled to take under this Indenture or the Notes.

(d) In the event of the occurrence of any of the events specified in Section 2.3(a) of this Appendix A, the Company shall promptly make available to the Trustee a reasonable supply of Definitive Notes in fully registered form without interest coupons.

**Exhibit A-1**

**Form of Global Note representing the 2015 Notes**

No. RA-[ ]

KRAFT FOODS GROUP, INC.

1.625% NOTE DUE 2015

representing

\$

CUSIP No.

THIS NOTE HAS NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), AND MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED EXCEPT IN ACCORDANCE WITH THE FOLLOWING SENTENCE. BY ITS ACQUISITION HEREOF OR OF A BENEFICIAL INTEREST HEREIN, THE ACQUIRER

(1) REPRESENTS THAT

(A) IT AND ANY ACCOUNT FOR WHICH IT IS ACTING IS A "QUALIFIED INSTITUTIONAL BUYER" (WITHIN THE MEANING OF RULE 144A UNDER THE SECURITIES ACT) AND THAT IT EXERCISES SOLE INVESTMENT DISCRETION WITH RESPECT TO EACH SUCH ACCOUNT, OR

(B) IT IS NOT A U.S. PERSON (WITHIN THE MEANING OF REGULATION S UNDER THE SECURITIES ACT) AND

(2) AGREES FOR THE BENEFIT OF KRAFT FOODS GROUP, INC. THAT IT WILL NOT OFFER, SELL, PLEDGE OR OTHERWISE TRANSFER THIS NOTE OR ANY BENEFICIAL INTEREST HEREIN, EXCEPT IN ACCORDANCE WITH THE SECURITIES ACT AND ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES AND ONLY

(A) TO KRAFT FOODS GROUP, INC.,

(B) PURSUANT TO A REGISTRATION STATEMENT WHICH HAS BECOME EFFECTIVE UNDER THE SECURITIES ACT,

(C) TO A QUALIFIED INSTITUTIONAL BUYER IN COMPLIANCE WITH RULE 144A UNDER THE SECURITIES ACT,

(D) IN AN OFFSHORE TRANSACTION IN COMPLIANCE WITH RULE 904 OF REGULATION S UNDER THE SECURITIES ACT,

(E) TO AN INSTITUTIONAL "ACCREDITED INVESTOR" WITHIN THE MEANING OF RULE 501(a)(1), (2), (3) OR (7) UNDER THE SECURITIES ACT THAT IS NOT A QUALIFIED INSTITUTIONAL BUYER AND THAT IS PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF ANOTHER INSTITUTIONAL ACCREDITED INVESTOR, IN EACH CASE IN A MINIMUM PRINCIPAL AMOUNT OF SECURITIES OF \$250,000, OR

(F) PURSUANT TO AN EXEMPTION FROM REGISTRATION PROVIDED BY RULE 144 UNDER THE SECURITIES ACT OR ANY OTHER AVAILABLE EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT.

PRIOR TO THE REGISTRATION OF ANY TRANSFER IN ACCORDANCE WITH (2)(C) ABOVE OR (2)(D) ABOVE, A DULY COMPLETED AND SIGNED CERTIFICATE (THE FORM OF WHICH MAY BE OBTAINED FROM THE TRUSTEE) MUST BE DELIVERED TO THE TRUSTEE. PRIOR TO THE REGISTRATION OF ANY TRANSFER IN ACCORDANCE WITH (F) ABOVE, KRAFT FOODS GROUP, INC. RESERVES THE RIGHT TO REQUIRE THE DELIVERY OF SUCH LEGAL OPINIONS, CERTIFICATIONS OR OTHER EVIDENCE AS MAY REASONABLY BE REQUIRED IN ORDER TO DETERMINE THAT THE PROPOSED TRANSFER IS BEING MADE IN COMPLIANCE WITH THE SECURITIES ACT AND APPLICABLE STATE SECURITIES LAWS. NO REPRESENTATION IS MADE AS TO THE AVAILABILITY OF ANY RULE 144 EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT.

UNLESS THIS CERTIFICATE IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY TRUST COMPANY, A NEW YORK CORPORATION ("DTC"), NEW YORK, NEW YORK, TO THE COMPANY OR ITS AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT, AND ANY CERTIFICATE ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC (AND ANY PAYMENT IS MADE TO CEDE & CO., OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL INASMUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.

TRANSFERS OF THIS GLOBAL SECURITY SHALL BE LIMITED TO TRANSFERS IN WHOLE, BUT NOT IN PART, TO DTC, TO NOMINEES OF DTC OR TO A SUCCESSOR THEREOF OR SUCH SUCCESSOR'S NOMINEE AND TRANSFERS OF PORTIONS OF THIS GLOBAL SECURITY SHALL BE LIMITED TO TRANSFERS MADE IN ACCORDANCE WITH THE RESTRICTIONS SET FORTH IN THE INDENTURE REFERRED TO ON THE REVERSE HEREOF.

BY ITS ACQUISITION OF THIS SECURITY OR ANY INTEREST HEREIN, THE HOLDER THEREOF WILL BE DEEMED TO HAVE REPRESENTED AND WARRANTED THAT EITHER (1) NO PORTION OF THE ASSETS USED BY SUCH HOLDER TO ACQUIRE OR HOLD THIS SECURITY OR ANY INTEREST HEREIN CONSTITUTES THE ASSETS OF AN EMPLOYEE BENEFIT PLAN THAT IS SUBJECT TO TITLE I OF THE U.S. EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, AS AMENDED ("ERISA"), OF A PLAN, INDIVIDUAL RETIREMENT ACCOUNT OR OTHER ARRANGEMENT THAT IS SUBJECT TO SECTION 4975 OF THE U.S. INTERNAL REVENUE CODE OF 1986, AS AMENDED (THE "CODE") OR PROVISIONS UNDER ANY OTHER FEDERAL, STATE, LOCAL, NON-U.S. OR OTHER LAWS OR REGULATIONS THAT ARE SIMILAR TO SUCH PROVISIONS OF ERISA OR THE CODE ("SIMILAR LAWS"), OR OF AN ENTITY WHOSE UNDERLYING ASSETS ARE CONSIDERED TO INCLUDE "PLAN ASSETS" OF ANY SUCH PLAN, ACCOUNT OR ARRANGEMENT, OR (2) THE ACQUISITION AND HOLDING OF THIS SECURITY OR ANY INTEREST HEREIN WILL NOT CONSTITUTE A NON-EXEMPT PROHIBITED TRANSACTION UNDER SECTION 406 OF ERISA OR SECTION 4975 OF THE CODE OR A SIMILAR VIOLATION UNDER ANY APPLICABLE SIMILAR LAWS.

KRAFT FOODS GROUP, INC., a Virginia corporation (hereinafter called the "Company", which term includes any successor corporation under the Indenture hereinafter referred to), for value received, hereby promises to pay to Cede & Co. or registered assigns, the principal sum of \$ \_\_\_\_\_ on June 4, 2015, and to pay interest thereon from June 4, 2012 or from the most recent Interest Payment Date to which interest has been paid or duly provided for, semiannually on June 4 and December 4, in each year, commencing December 4, 2012, at the rate of 1.625% per annum until the principal hereof is paid or made available for payment.

The interest so payable, and punctually paid or duly provided for, on any Interest Payment Date will, as provided in the Indenture, be paid to the Person in whose name this Note (or one or more Predecessor Securities) is registered at the close of business on the Regular Record Date for such interest, which shall be May 19 or November 19 (whether or not a Business Day), as the case may be, next preceding such Interest Payment Date. Any such interest not so punctually paid or duly provided for shall forthwith cease to be payable to the Holders on such

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Regular Record Date and may be paid to the Person in whose name this Note (or one or more Predecessor Securities) is registered at the close of business on a Special Record Date for the payment of such Defaulted Interest to be fixed by the Trustee for the Notes, notice whereof shall be given to Holders of Notes not less than 10 days prior to such Special Record Date, or may be paid at any time in any other lawful manner not inconsistent with the requirements of any securities exchange on which the Notes may be listed, and upon such notice as may be required by such exchange, all as more fully provided in said Indenture.

Payment of the principal of and interest on this Note will be made at the office or agency of the Company maintained for that purpose in the Borough of Manhattan, The City of New York, in such coin or currency of the United States of America as at the time of payment is legal tender for payment of public and private debts; provided, however, that at the option of the Company payment of interest may be made by check mailed to the address of the Person entitled thereto as such address shall appear on the Securities Register or by wire transfer to an account maintained by the payee at a bank located in the United States. All payments of principal and interest in respect of this Note will be made by the Company in immediately available funds.

Additional provisions of this Note are contained on the reverse hereof, and such provisions shall have the same effect as though fully set forth in this place.

Unless the certificate of authentication hereon has been executed by or on behalf of the Trustee for the Notes by manual signature, this Note shall not be entitled to any benefit under the Indenture, or be valid or obligatory for any purpose.

*Signature Page Follows*

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IN WITNESS WHEREOF, KRAFT FOODS GROUP, INC. has caused this instrument to be duly executed under its corporate seal.

KRAFT FOODS GROUP, INC.

By: \_\_\_\_\_  
Name: Barbara L. Brasier  
Title: Senior Vice President and Treasurer

Attest:  
By: \_\_\_\_\_  
Name: David A. Brearton  
Title: Executive Vice President and CFO

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CERTIFICATE OF AUTHENTICATION

This is one of the Securities of the series designated therein described in the within-mentioned Indenture.

Dated: June 4, 2012.

DEUTSCHE BANK TRUST COMPANY  
AMERICAS, as Trustee

By:  
Name:  
Title:

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(Reverse of Note)

KRAFT FOODS GROUP, INC.

This Note is one of a duly authorized issue of debentures, notes or other evidences of indebtedness (hereinafter called the "Securities") of the Company of the series hereinafter specified, which series is limited in aggregate principal amount to \$1,000,000,000 (except as provided in the Indenture hereinafter mentioned), all such Securities issued and to be issued under an Indenture dated as of June 4, 2012 between the Company and Deutsche Bank Trust Company Americas, as Trustee (the "Base Indenture"), as supplemented by Supplemental Indenture No. 1, dated as of June 4, 2012, among the Company, Kraft Foods Inc. (the "Guarantor") and the Trustee (the "Supplemental Indenture" and together with the Base Indenture, herein called the "Indenture"), to which Indenture and all other indentures supplemental thereto reference is hereby made for a statement of the rights and limitations of rights thereunder of the Holders of the Securities and of the rights, obligations, duties and immunities of the Trustee for each series of Securities and of the Company, and the terms upon which the Securities are and are to be authenticated and delivered. As provided in the Indenture, the Securities may be issued in one or more series, which different series may be issued in various aggregate principal amounts, may mature at different times, may bear interest, if any, at different rates, may be subject to different redemption provisions, if any, may be subject to different sinking, purchase or analogous funds, if any, may be subject to different covenants and Events of Default and may otherwise vary as in the Indenture provided or permitted. This Note is one of a series of the Securities designated therein as 1.625% Notes due 2015 (the "Notes").

The Company may, without the consent of the Holders of the Notes, issue additional notes having the same ranking and the same interest rate, maturity and other terms as the Notes, except for the issue price, issue date and, in some cases, the first payment of interest or interest accruing prior to the issue date of such additional notes. Any additional notes having such similar terms, together with the Notes, shall constitute a single series of notes under the Indenture. No additional notes may be issued if an Event of Default has occurred with respect to the Notes.

**Guarantee**

Pursuant to Article Fourteen of the Base Indenture, the Guarantor hereby agrees that it shall provide a Guarantee on a senior unsecured basis of the Company's obligations under the Indenture with respect to the Notes. The Guarantor shall be automatically and unconditionally released and discharged from all obligations under the Indenture and the Guarantee without any action required on the part of the Trustee or any Holder pursuant to Section 3.02 of the Supplemental Indenture.

**Change of Control**

If a Change of Control Triggering Event (as defined below) occurs, unless the Company has exercised its right to redeem the Notes, Holders may require the Company to repurchase all or any part (equal to \$2,000 or an integral multiple of \$1,000 in excess thereof) of their Notes pursuant to an offer (the "Change of Control Offer") of payment in cash equal to 101% of the aggregate principal amount of Notes repurchased plus accrued and unpaid interest, if any, on the Notes repurchased, to the date of purchase (the "Change of Control Payment"). Within 30 days following any Change of Control Triggering Event, the Company will mail a notice to Holders describing the transaction or transactions that constitute the Change of Control Triggering Event and offering to repurchase the Notes on the date specified in the notice, which date will be no earlier than 30 days and no later than 60 days from the date such notice is mailed (the "Change of Control Payment Date"), pursuant to the procedures described in such notice. The Company must comply with the requirements of Rule 14e-1 under the Securities Exchange Act of 1934 (the "Exchange Act") and any other securities laws and regulations thereunder to the extent those laws and regulations are applicable in connection with the repurchase of the Notes as a result of a Change of Control Triggering Event. To the extent that the provisions of any securities laws or regulations conflict with the Change of Control provisions of the Notes, the Company will comply with the applicable securities laws and regulations and will not be deemed to have breached its obligations under the Change of Control provisions of the Notes by virtue of such conflicts.

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On the Change of Control Payment Date, the Company will, to the extent lawful:

accept for payment all Notes or portions of Notes properly tendered pursuant to the Change of Control Offer;

deposit with the paying agent an amount equal to the Change of Control Payment in respect of all Notes or portions of Notes properly tendered; and

deliver or cause to be delivered to the Trustee the Notes properly accepted together with an officers' certificate stating the aggregate principal amount of Notes or portions of Notes being purchased.

The paying agent will promptly mail to each Holder of notes properly tendered the purchase price for the Notes, and the Trustee will promptly authenticate and mail (or cause to be transferred by book-entry) to each Holder a new note equal in principal amount to any unpurchased portion of any Notes surrendered; *provided* that each new note will be in a principal amount of \$2,000 or an integral multiple of \$1,000 in excess thereof.

The Company will not be required to make an offer to repurchase the Notes upon a Change of Control Triggering Event if a third party makes such an offer in the manner, at the times and otherwise in compliance with the requirements for an offer made by the Company and such third party purchases all Notes properly tendered and not withdrawn under its offer.

For purposes of the foregoing discussion of a repurchase at the option of Holders, the following definitions are applicable:

"Below Investment Grade Rating Event" means the Notes are rated below an Investment Grade Rating by each of the Rating Agencies (as defined below) on any date from the date of the public notice of an arrangement that could result in a Change of Control until the end of the 60-day period following public notice of the occurrence of the Change of Control (which 60-day period shall be extended so long as the rating of the Notes is under publicly announced consideration for possible downgrade by any of the Rating Agencies); *provided* that a below investment grade rating event otherwise arising by virtue of a particular reduction in rating shall not be deemed to have occurred in respect to a particular Change of Control (and thus shall not be deemed a below investment grade rating event for purposes of the definition of Change of Control Triggering Event hereunder) if the rating agencies making the reduction in rating to which this definition would otherwise apply do not announce or publicly confirm or inform the Trustee in writing at its request that the reduction was the result, in whole or in part, of any event or circumstance comprising or arising as a result of, or in respect of, the applicable Change of Control (whether or not the applicable Change of Control shall have occurred at the time of the below investment grade rating event).

"Change of Control" means the occurrence of any of the following: (1) the direct or indirect sale, transfer, conveyance or other disposition (other than by way of merger or consolidation), in one or a series of related transactions, of all or substantially all of the properties or assets of the Company and its subsidiaries taken as a whole to any Person or group of related persons for purposes of Section 13(d) of the Exchange Act (a "Group") other than the Company or one of its subsidiaries, and other than the Internal Reorganization; (2) the approval by the holders of the Company's common stock of any plan or proposal for the liquidation or dissolution of the Company (whether or not otherwise in compliance with the provisions of the indenture); (3) the consummation of any transaction (including, without limitation, any merger or consolidation) the result of which is that any Person or Group becomes the beneficial owner, directly or indirectly, of more than 50% of the then outstanding number of shares of the Company's voting stock; or (4) the first day on which a majority of the members of the Company's Board of Directors are not Continuing Directors.

"Change of Control Triggering Event" means the occurrence of both a Change of Control and a Below Investment Grade Rating Event.

"Continuing Directors" means, as of any date of determination, any member of the Board of Directors of the Company who (1) was a member of such Board of Directors on the date of the issuance of

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the Notes; or (2) was nominated for election or elected to such Board of Directors with the approval of a majority of the Continuing Directors who were members of such Board of Directors at the time of such nomination or election (either by a specific vote or by approval of the Company's proxy statement in which such member was named as a nominee for election as a director, without objection to such nomination).

"Investment Grade Rating" means a rating equal to or higher than Baa3 (or the equivalent) by Moody's and BBB- (or the equivalent) by S&P, respectively.

"Moody's" means Moody's Investors Service, Inc.

"Person" has the meaning set forth in the indenture and includes a "person" as used in Section 13(d)(3) of the Exchange Act.

"Rating Agencies" means (1) each of Moody's and S&P and (2) if any of Moody's or S&P ceases to rate the Notes or fails to make a rating of the Notes publicly available for reasons outside of the Company's control, a "nationally recognized statistical rating organization" within the meaning of Rule 15c3-1(c)(2)(vi)(F) under the Exchange Act, selected by the Company (as certified by a resolution of the Company's Board of Directors) as a replacement agency for Moody's or S&P, or both of them, as the case may be.

"S&P" means Standard & Poor's Ratings Services, a division of The McGraw-Hill Companies, Inc.

#### **Payment of Additional Amounts**

Section 1010 of the Indenture shall be applicable to the Notes, except that the term "Holder," when used in Section 1010 of the Indenture, shall mean the beneficial owner of a Note or any person holding on behalf or for the account of the beneficial owner of a Note.

#### **Redemption for Tax Reasons**

The Company may redeem the Notes prior to maturity in whole, but not in part, on not more than 60 days' notice and not less than 30 days' notice at a redemption price equal to the principal amount of such Notes plus any accrued interest and additional amounts to the date fixed for redemption if:

as a result of a change in or amendment to the tax laws, regulations or rulings of the United States or any political subdivision or taxing authority of or in the United States or any change in official position regarding the application or interpretation of such laws, regulations or rulings (including a holding by a court of competent jurisdiction in the United States) that is announced or becomes effective on or after June 4, 2012, the Company has or will become obligated to pay additional amounts with respect to such series of Notes as described in Section 1010 of the Indenture, or

on or after June 4, 2012, any action is taken by a taxing authority of, or any decision has been rendered by a court of competent jurisdiction in, the United States or any political subdivision of or in the United States, including any of those actions specified above, whether or not such action was taken or decision was rendered with respect to the Company, or any change, amendment, application or interpretation is officially proposed, which, in any such case, in the written opinion of independent legal counsel of recognized standing, will result in a material probability that the Company will become obligated to pay additional amounts with respect to such series of Notes, and the Company in its business judgment determine that such obligations cannot be avoided by the use of reasonable measures available to the Company.

If the Company exercises its option to redeem the Notes, the Company will deliver to the Trustee a certificate signed by an authorized officer stating that it is entitled to redeem the Notes and an opinion of independent tax counsel to the effect that the circumstances described in the above bullets exist.

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### **Payment of Additional Interest**

The Company shall pay all Additional Interest, if any, in the same manner and on the same dates as interest at the rate stated herein and in the amounts set forth in the Registration Rights Agreement.

For purposes of the foregoing discussion of additional interest, the following definitions are applicable:

"Additional Interest" means all interest payable as a consequence of the failure to effectuate in a timely manner the exchange offer and/or shelf registration procedures set for in the Registration Rights Agreement.

"Registration Rights Agreement" means (i) the registration rights agreement, dated as of June 4, 2012 among the Company, the Guarantor, and the representatives of the initial purchasers party thereto and (ii) with respect to any additional Notes, one or more substantially similar registration rights agreements among the Company and the other parties thereto, as such agreements may be amended from time to time.

### **Reports**

For so long as any Notes are outstanding, the Company will furnish to Holders and prospective purchasers of the Notes, upon their request, the information required to be delivered pursuant to Rule 144A(d)(4) under the Securities Act of 1933, as amended (the "Securities Act"). The requirements set forth in this paragraph may be satisfied by delivering such information to the Trustee and posting copies of such information on a website (which may be nonpublic and may be maintained by the Company or a third party, *provided*, that the Trustee will have no responsibility to determine if such posting has occurred) to which access will be given to Holders and prospective purchasers of the Notes (which prospective purchasers will be limited to "qualified institutional buyers" within the meaning of Rule 144A of the Securities Act or non-U.S. persons (as defined in Regulation S under the Securities Act) that certify their status as such to the reasonable satisfaction of the Company.

### **Defeasance**

The Indenture contains provisions for defeasance at any time of the entire principal of all the Securities of any series upon compliance by the Company with certain conditions set forth therein.

Certain of the Company's obligations under the Indenture with respect to Notes, may be terminated if the Company irrevocably deposits with the Trustee money or Government Obligations sufficient to pay and discharge the entire indebtedness on a the Indenture.

### **Events of Default**

If an Event of Default (other than an Event of Default described in Section 501(4) or 501(5) of the Indenture) with respect to the Notes shall occur and be continuing, then either the Trustee or the Holders of not less than 25% in principal amount of the Notes of this series then Outstanding may declare the entire principal amount of the Notes of this series due and payable in the manner and with effect provided in the Indenture. If an Event of Default specified in Section 501(4) or 501(5) occurs with respect to the Company, all of the unpaid principal amount and accrued interest then outstanding shall *ipso facto* become and be immediately due and payable in the manner and with the effect provided in the Indenture without any declaration or other act by the Trustee or any Holder.

### **Amendments**

The Indenture permits, with certain exceptions as therein provided, the amendment thereof and the modification of the rights and obligations of the Company and the rights of the Holders of the Securities under the Indenture at any time by the Company with the consent of the Holders of more than 50% in aggregate principal amount of the Securities at the time Outstanding of each series issued under the Indenture to be affected thereby. The Indenture also contains provisions permitting the Holders of specified percentages in aggregate principal amount of the Securities of that series at the time Outstanding, on behalf of the Holders of all the Securities of such

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.series, to waive compliance by the Company with certain provisions of the Indenture and certain past defaults under the Indenture and their consequences with respect to such series. Any such consent or waiver by the Holder of this Note shall be conclusive and binding upon such Holder and upon all future Holders of this Note and of any Note issued upon the transfer hereof or in exchange or in lieu hereof whether or not notation of such consent or waiver is made upon this Note.

### **Payment**

No reference herein to the Indenture and no provision of this Note or of the Indenture shall alter or impair the obligation of the Company, which is absolute and unconditional, to pay the principal of and interest on this Note at the times, place and rate, and in the coin or currency, herein and in the Indenture prescribed.

### **Transfer, Registration and Exchange**

As provided in the Indenture and subject to certain limitations therein set forth, this Note is transferable on the Security Register of the Company, upon surrender of this Note for registration of transfer at the office or agency of the Company to be maintained for that purpose in the Borough of Manhattan, The City of New York, or at any other office or agency of the Company maintained for that purpose, duly endorsed by, or accompanied by a written instrument of transfer in form satisfactory to the Company and the Security Registrar duly executed by the Holder hereof or his attorney duly authorized in writing, and thereupon due or one or more new notes, of authorized denominations and for the same aggregate principal amount, will be issued to the designated transferee or transferees.

The Notes are issuable only in registered form without coupons in denominations of \$2,000 and any multiple of \$1,000 in excess thereof. As provided in the Indenture and subject to certain limitations therein set forth, Notes are exchangeable for a like aggregate principal amount of Notes of a like tenor and of a different authorized denomination, as requested by the Holder surrendering the same.

No service charge shall be made for any such registration of transfer or exchange, but the Company may require payment of a sum sufficient to cover any tax or other governmental charge payable in connection therewith.

The Company, the Trustee for the Notes and any agent of the Company or such Trustee may treat the Person in whose name this Note is registered as the owner hereof for the purpose of receiving payment as herein provided and for all other purposes, whether or not this Note be overdue, and neither the Company, such Trustee nor any such agent shall be affected by notice to the contrary.

The Notes are not subject to a sinking fund.

**This Note shall for all purposes be governed by, and construed in accordance with, the laws of the State of New York.**

Certain terms used in this Note which are defined in the Indenture have the meanings set forth therein.

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ASSIGNMENT FORM

FOR VALUE RECEIVED, the undersigned hereby sells, assigns and transfers unto:

PLEASE INSERT SOCIAL SECURITY NUMBER OR OTHER IDENTIFYING NUMBER OF ASSIGNEE

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(Name and address of Assignee, including zip code, must be printed or typewritten)

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the within Note, and all rights thereunder, hereby irrevocably, constituting and appointing

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to transfer the said Note on the books of Kraft Foods Group, Inc. with full power of substitution in the premises.

Dated: \_\_\_\_\_

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NOTICE: The signature to this assignment must correspond with the name as it appears upon the face of the within Note in every particular, without alteration or enlargement or any change whatever.

CERTIFICATE TO BE DELIVERED UPON EXCHANGE OR  
REGISTRATION OF TRANSFERS OF TRANSFER RESTRICTED NOTES

This certificate relates to \$ \_\_\_\_\_ principal amount of Notes held in (check applicable space) \_\_\_\_\_ book-entry or \_\_\_\_\_ definitive form by the undersigned.

The undersigned (check one box below):

- has requested the Trustee by written order to deliver in exchange for its beneficial interest in a Global Note held by the Depositary a Note or Notes in definitive, registered form of authorized denominations and an aggregate principal amount equal to its beneficial interest in such Global Note (or the portion thereof indicated above) in accordance with the Indenture; or
- has requested the Trustee by written order to exchange or register the transfer of a Note or Notes.

In connection with any transfer of any of the Notes evidenced by this certificate, the undersigned confirms that such Notes are being transferred in accordance with its terms:

CHECK ONE BOX BELOW

- (1)  to the Company or subsidiary thereof; or
- (2)  to the Registrar for registration in the name of the Holder, without transfer; or
- (3)  pursuant to an effective registration statement under the Securities Act of 1933, as amended (the "*Securities Act*"); or
- (4)  to a Person that the undersigned reasonably believes is a "qualified institutional buyer" (as defined in Rule 144A under the Securities Act ("*Rule 144A*")) that purchases for its own account or for the account of a qualified institutional buyer and to whom notice is given that such transfer is being made in reliance on Rule 144A, in each case pursuant to and in compliance with Rule 144A; or
- (5)  pursuant to offers and sales to non-U.S. persons that occur outside the United States of America within the meaning of Regulation S under the Securities Act (and if the transfer is being made prior to the expiration of the Distribution Compliance Period, the Notes shall be held immediately thereafter through Euroclear or Clearstream); or
- (6)  to an institutional "accredited investor" (as defined in Rule 501(a)(1), (2), (3) or (7) under the Securities Act) that has furnished to the Trustee a signed letter in the form provided on the reverse side of such Notes; or
- (7)  pursuant to Rule 144 under the Securities Act; or
- (8)  pursuant to another available exemption from registration under the Securities Act.

Unless one of the boxes is checked, the Trustee will refuse to register any of the Notes evidenced by this certificate in the name of any Person other than the registered Holder thereof; *provided, however*, that if box (7) or (8) is checked, the Company or the Trustee may require, prior to registering any such transfer of

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the Notes, such legal opinions, certifications and other information as the Company or the Trustee has reasonably requested to confirm that such transfer is being made pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act.

Date: \_\_\_\_\_

\_\_\_\_\_  
Your Signature

\_\_\_\_\_  
Signature of Signature Guarantor

TO BE COMPLETED BY PURCHASER IF (4) ABOVE IS CHECKED.

The undersigned represents and warrants that it is purchasing this Note for its own account or an account with respect to which it exercises sole investment discretion and that it and any such account is a "qualified institutional buyer" within the meaning of Rule 144A, and is aware that the sale to it is being made in reliance on Rule 144A and acknowledges that it has received such information regarding the Company as the undersigned has requested pursuant to Rule 144A or has determined not to request such information and that it is aware that the transferor is relying upon the undersigned's foregoing representations in order to claim the exemption from registration provided by Rule 144A.

Dated: \_\_\_\_\_

\_\_\_\_\_  
NOTICE: To be executed by an executive officer

Name:

Title:

Signature Guarantee\*: \_\_\_\_\_

\* Participant in a recognized Signature Guarantee Medallion Program (or other signature guarantor acceptable to the Trustee).



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OPTION OF HOLDER TO ELECT PURCHASE

If you want to elect to have all or part of this Note purchased by the Company pursuant to Change of Control, state the amount you elect to have purchased:

\$ \_\_\_\_\_

(integral multiples of \$1,000, *provided* that the unpurchased portion must be in a minimum principal amount of \$2,000)

Date: \_\_\_\_\_

Your Signature: \_\_\_\_\_

(Sign exactly as your name appears on the face of this Note)

Tax Identification No.: \_\_\_\_\_

Signature Guarantee\*: \_\_\_\_\_

\* Participant in a recognized Signature Guarantee Medallion Program (or other signature guarantor acceptable to the Trustee).

SCHEDULE OF EXCHANGES OF INTERESTS IN THE GLOBAL NOTE

The initial outstanding principal amount of this Global Note is \$ \_\_\_\_\_ . The following exchanges of a part of this Global Note for an interest in another Global Note or for a Definitive Note, or exchanges of a part of another Global Note or Definitive Note for an interest in this Global Note, have been made:

Date of Exchange	Amount of decrease in Principal Amount of this Global Note	Amount of increase in Principal Amount of this Global Note	Principal Amount of this Global Note following such decrease or increase	Signature of authorized signatory of Trustee, Depository or Custodian
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FORM OF  
TRANSFEREE LETTER OF REPRESENTATION

Kraft Foods Group, Inc.  
Three Lakes Drive  
Northfield, IL 60093  
Fax No.: (847) 646-3173  
Email: Darin.Aprati@kraftfoods.com  
Attention: Treasurer

Ladies and Gentlemen:

This certificate is delivered to request a transfer of \$[\_\_\_\_\_] principal amount of the 1.625% Senior Notes due 2015 (the "Notes") of Kraft Foods Group, Inc. (the "Company").

Upon transfer, the Notes would be registered in the name of the new beneficial owner as follows:

Name: \_\_\_\_\_

Address: \_\_\_\_\_

Taxpayer ID Number: \_\_\_\_\_

The undersigned represents and warrants to you that:

1. We are an institutional "accredited investor" (as defined in Rule 501(a)(1), (2), (3) or (7) under the Securities Act of 1933, as amended (the "Securities Act")), purchasing for our own account or for the account of such an institutional "accredited investor" at least \$250,000 principal amount of the Notes, and we are acquiring the Notes, for investment purposes and not with a view to, or for offer or sale in connection with, any distribution in violation of the Securities Act. We have such knowledge and experience in financial and business matters as to be capable of evaluating the merits and risks of our investment in the Notes, and we invest in or purchase securities similar to the Notes in the normal course of our business. We, and any accounts for which we are acting, are each able to bear the economic risk of our or its investment.

2. We understand that the Notes have not been registered under the Securities Act and, unless so registered, may not be sold except as permitted in the following sentence. We agree on our own behalf and on behalf of any investor account for which we are purchasing Notes to offer, sell or otherwise transfer such Notes prior to the date that is one year after the later of the date of original issue and the last date on which the Company or any affiliate of the Company was the owner of such Notes (or any predecessor thereto) (the "Resale Restriction Termination Date") only in accordance with the Restricted Notes Legend (as such term is defined in the supplemental indenture under which the Notes were issued) on the Notes and any applicable securities laws of any state of the United States of America. The foregoing restrictions on resale will not apply subsequent to the Resale Restriction Termination Date. If any resale or other transfer of the Notes is proposed to be made pursuant to clause 2.2(d)(ii) of Appendix A to the supplemental indenture under which the Notes were issued prior to the Resale Restriction Termination Date, the transferor shall deliver a letter from the transferee substantially in the form of this letter to the Company and the Trustee, which shall provide, among other things, that the transferee is an institutional "accredited investor" within the meaning of Rule 501(a)(1), (2), (3) or (7) under the Securities Act and that it is acquiring such Notes for investment purposes and not for distribution in violation of the Securities Act. Each purchaser acknowledges that the Company and the Trustee reserve the right prior to the offer, sale or other transfer prior to the Resale Restriction Termination Date of the Notes with respect to applicable transfers described in the Restricted Notes Legend to require the delivery of an opinion of counsel, certifications and/or other information satisfactory to the Company and the Trustee.

TRANSFEREE: \_\_\_\_\_

by: \_\_\_\_\_

**Exhibit A-2**

**Form of Global Note representing 2017 Notes**

No. RA-[ ]

KRAFT FOODS GROUP, INC.

2.250% NOTE DUE 2017

representing

\$

CUSIP No.

THIS NOTE HAS NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), AND MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED EXCEPT IN ACCORDANCE WITH THE FOLLOWING SENTENCE. BY ITS ACQUISITION HEREOF OR OF A BENEFICIAL INTEREST HEREIN, THE ACQUIRER

(1) REPRESENTS THAT

(A) IT AND ANY ACCOUNT FOR WHICH IT IS ACTING IS A "QUALIFIED INSTITUTIONAL BUYER" (WITHIN THE MEANING OF RULE 144A UNDER THE SECURITIES ACT) AND THAT IT EXERCISES SOLE INVESTMENT DISCRETION WITH RESPECT TO EACH SUCH ACCOUNT, OR

(B) IT IS NOT A U.S. PERSON (WITHIN THE MEANING OF REGULATION S UNDER THE SECURITIES ACT) AND

(2) AGREES FOR THE BENEFIT OF KRAFT FOODS GROUP, INC. THAT IT WILL NOT OFFER, SELL, PLEDGE OR OTHERWISE TRANSFER THIS NOTE OR ANY BENEFICIAL INTEREST HEREIN, EXCEPT IN ACCORDANCE WITH THE SECURITIES ACT AND ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES AND ONLY

(A) TO KRAFT FOODS GROUP, INC.,

(B) PURSUANT TO A REGISTRATION STATEMENT WHICH HAS BECOME EFFECTIVE UNDER THE SECURITIES ACT,

(C) TO A QUALIFIED INSTITUTIONAL BUYER IN COMPLIANCE WITH RULE 144A UNDER THE SECURITIES ACT,

(D) IN AN OFFSHORE TRANSACTION IN COMPLIANCE WITH RULE 904 OF REGULATION S UNDER THE SECURITIES ACT,

(E) TO AN INSTITUTIONAL "ACCREDITED INVESTOR" WITHIN THE MEANING OF RULE 501(a)(1), (2), (3) OR (7) UNDER THE SECURITIES ACT THAT IS NOT A QUALIFIED INSTITUTIONAL BUYER AND THAT IS PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF ANOTHER INSTITUTIONAL ACCREDITED INVESTOR, IN EACH CASE IN A MINIMUM PRINCIPAL AMOUNT OF SECURITIES OF \$250,000, OR

(F) PURSUANT TO AN EXEMPTION FROM REGISTRATION PROVIDED BY RULE 144 UNDER THE SECURITIES ACT OR ANY OTHER AVAILABLE EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT.

PRIOR TO THE REGISTRATION OF ANY TRANSFER IN ACCORDANCE WITH (2)(C) ABOVE OR (2)(D) ABOVE, A DULY COMPLETED AND SIGNED CERTIFICATE (THE FORM OF WHICH MAY BE OBTAINED FROM THE TRUSTEE) MUST BE DELIVERED TO THE TRUSTEE. PRIOR TO THE REGISTRATION OF ANY TRANSFER IN ACCORDANCE WITH (F) ABOVE, KRAFT FOODS GROUP, INC. RESERVES THE RIGHT TO REQUIRE THE DELIVERY OF SUCH LEGAL OPINIONS, CERTIFICATIONS OR OTHER EVIDENCE AS MAY REASONABLY BE REQUIRED IN ORDER TO DETERMINE THAT THE PROPOSED TRANSFER IS BEING MADE IN COMPLIANCE WITH THE SECURITIES ACT AND APPLICABLE STATE SECURITIES LAWS. NO REPRESENTATION IS MADE AS TO THE AVAILABILITY OF ANY RULE 144 EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT.

UNLESS THIS CERTIFICATE IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY TRUST COMPANY, A NEW YORK CORPORATION ("DTC"), NEW YORK, NEW YORK, TO THE COMPANY OR ITS AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT, AND ANY CERTIFICATE ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC (AND ANY PAYMENT IS MADE TO CEDE & CO., OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL INASMUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.

TRANSFERS OF THIS GLOBAL SECURITY SHALL BE LIMITED TO TRANSFERS IN WHOLE, BUT NOT IN PART, TO DTC, TO NOMINEES OF DTC OR TO A SUCCESSOR THEREOF OR SUCH SUCCESSOR'S NOMINEE AND TRANSFERS OF PORTIONS OF THIS GLOBAL SECURITY SHALL BE LIMITED TO TRANSFERS MADE IN ACCORDANCE WITH THE RESTRICTIONS SET FORTH IN THE INDENTURE REFERRED TO ON THE REVERSE HEREOF.

BY ITS ACQUISITION OF THIS SECURITY OR ANY INTEREST HEREIN, THE HOLDER THEREOF WILL BE DEEMED TO HAVE REPRESENTED AND WARRANTED THAT EITHER (1) NO PORTION OF THE ASSETS USED BY SUCH HOLDER TO ACQUIRE OR HOLD THIS SECURITY OR ANY INTEREST HEREIN CONSTITUTES THE ASSETS OF AN EMPLOYEE BENEFIT PLAN THAT IS SUBJECT TO TITLE I OF THE U.S. EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, AS AMENDED ("ERISA"), OF A PLAN, INDIVIDUAL RETIREMENT ACCOUNT OR OTHER ARRANGEMENT THAT IS SUBJECT TO SECTION 4975 OF THE U.S. INTERNAL REVENUE CODE OF 1986, AS AMENDED (THE "CODE") OR PROVISIONS UNDER ANY OTHER FEDERAL, STATE, LOCAL, NON-U.S. OR OTHER LAWS OR REGULATIONS THAT ARE SIMILAR TO SUCH PROVISIONS OF ERISA OR THE CODE ("SIMILAR LAWS"), OR OF AN ENTITY WHOSE UNDERLYING ASSETS ARE CONSIDERED TO INCLUDE "PLAN ASSETS" OF ANY SUCH PLAN, ACCOUNT OR ARRANGEMENT, OR (2) THE ACQUISITION AND HOLDING OF THIS SECURITY OR ANY INTEREST HEREIN WILL NOT CONSTITUTE A NON-EXEMPT PROHIBITED TRANSACTION UNDER SECTION 406 OF ERISA OR SECTION 4975 OF THE CODE OR A SIMILAR VIOLATION UNDER ANY APPLICABLE SIMILAR LAWS.

KRAFT FOODS GROUP, INC., a Virginia corporation (hereinafter called the "Company", which term includes any successor corporation under the Indenture hereinafter referred to), for value received, hereby promises to pay to Cede & Co. or registered assigns, the principal sum of \$ \_\_\_\_\_ on June 5, 2017, and to pay interest thereon from June 4, 2012 or from the most recent Interest Payment Date to which interest has been paid or duly provided for, semiannually on June 5 and December 5, in each year, commencing December 5, 2012, at the rate of 2.250% per annum until the principal hereof is paid or made available for payment.

The interest so payable, and punctually paid or duly provided for, on any Interest Payment Date will, as provided in the Indenture, be paid to the Person in whose name this Note (or one or more Predecessor Securities) is registered at the close of business on the Regular Record Date for such interest, which shall be May 20 or November 20 (whether or not a Business Day), as the case may be, next preceding such Interest Payment Date. Any such

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interest not so punctually paid or duly provided for shall forthwith cease to be payable to the Holders on such Regular Record Date and may be paid to the Person in whose name this Note (or one or more Predecessor Securities) is registered at the close of business on a Special Record Date for the payment of such Defaulted Interest to be fixed by the Trustee for the Notes, notice whereof shall be given to Holders of Notes not less than 10 days prior to such Special Record Date, or may be paid at any time in any other lawful manner not inconsistent with the requirements of any securities exchange on which the Notes may be listed, and upon such notice as may be required by such exchange, all as more fully provided in said Indenture.

Payment of the principal of and interest on this Note will be made at the office or agency of the Company maintained for that purpose in the Borough of Manhattan, The City of New York, in such coin or currency of the United States of America as at the time of payment is legal tender for payment of public and private debts; provided, however, that at the option of the Company payment of interest may be made by check mailed to the address of the Person entitled thereto as such address shall appear on the Securities Register or by wire transfer to an account maintained by the payee at a bank located in the United States. All payments of principal and interest in respect of this Note will be made by the Company in immediately available funds.

Additional provisions of this Note are contained on the reverse hereof, and such provisions shall have the same effect as though fully set forth in this place.

Unless the certificate of authentication hereon has been executed by or on behalf of the Trustee for the Notes by manual signature, this Note shall not be entitled to any benefit under the Indenture, or be valid or obligatory for any purpose.

*Signature Page Follows*

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IN WITNESS WHEREOF, KRAFT FOODS GROUP, INC. has caused this instrument to be duly executed under its corporate seal.

KRAFT FOODS GROUP, INC.

By: \_\_\_\_\_  
Name: Barbara L. Brasier  
Title: Senior Vice President and Treasurer

Attest:  
By: \_\_\_\_\_  
Name: David A. Brearton  
Title: Executive Vice President and CFO

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CERTIFICATE OF AUTHENTICATION

This is one of the Securities of the series designated therein described in the within-mentioned Indenture.

Dated: June 4, 2012.

DEUTSCHE BANK TRUST COMPANY  
AMERICAS, as Trustee

By:

Name:

Title:

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(Reverse of Note)

KRAFT FOODS GROUP, INC.

This Note is one of a duly authorized issue of debentures, notes or other evidences of indebtedness (hereinafter called the "Securities") of the Company of the series hereinafter specified, which series is limited in aggregate principal amount to \$1,000,000,000 (except as provided in the Indenture hereinafter mentioned), all such Securities issued and to be issued under an Indenture dated as of June 4, 2012 between the Company and Deutsche Bank Trust Company Americas, as Trustee (the "Base Indenture"), as supplemented by Supplemental Indenture No. 1, dated as of June 4, 2012, among the Company, Kraft Foods Inc. (the "Guarantor") and the Trustee (the "Supplemental Indenture" and together with the Base Indenture, herein called the "Indenture"), to which Indenture and all other indentures supplemental thereto reference is hereby made for a statement of the rights and limitations of rights thereunder of the Holders of the Securities and of the rights, obligations, duties and immunities of the Trustee for each series of Securities and of the Company, and the terms upon which the Securities are and are to be authenticated and delivered. As provided in the Indenture, the Securities may be issued in one or more series, which different series may be issued in various aggregate principal amounts, may mature at different times, may bear interest, if any, at different rates, may be subject to different redemption provisions, if any, may be subject to different sinking, purchase or analogous funds, if any, may be subject to different covenants and Events of Default and may otherwise vary as in the Indenture provided or permitted. This Note is one of a series of the Securities designated therein as 2.250% Notes due 2017 (the "Notes").

The Company may, without the consent of the Holders of the Notes, issue additional notes having the same ranking and the same interest rate, maturity and other terms as the Notes, except for the issue price, issue date and, in some cases, the first payment of interest or interest accruing prior to the issue date of such additional notes. Any additional notes having such similar terms, together with the Notes, shall constitute a single series of notes under the Indenture. No additional notes may be issued if an Event of Default has occurred with respect to the Notes.

**Guarantee**

Pursuant to Article Fourteen of the Base Indenture, the Guarantor hereby agrees that it shall provide a Guarantee on a senior unsecured basis of the Company's obligations under the Indenture with respect to the Notes. The Guarantor shall be automatically and unconditionally released and discharged from all obligations under the Indenture and the Guarantee without any action required on the part of the Trustee or any Holder pursuant to Section 3.02 of the Supplemental Indenture.

**Change of Control**

If a Change of Control Triggering Event (as defined below) occurs, unless the Company has exercised its right to redeem the Notes, Holders may require the Company to repurchase all or any part (equal to \$2,000 or an integral multiple of \$1,000 in excess thereof) of their Notes pursuant to an offer (the "Change of Control Offer") of payment in cash equal to 101% of the aggregate principal amount of Notes repurchased plus accrued and unpaid interest, if any, on the Notes repurchased, to the date of purchase (the "Change of Control Payment"). Within 30 days following any Change of Control Triggering Event, the Company will mail a notice to Holders describing the transaction or transactions that constitute the Change of Control Triggering Event and offering to repurchase the Notes on the date specified in the notice, which date will be no earlier than 30 days and no later than 60 days from the date such notice is mailed (the "Change of Control Payment Date"), pursuant to the procedures described in such notice. The Company must comply with the requirements of Rule 14e-1 under the Securities Exchange Act of 1934 (the "Exchange Act") and any other securities laws and regulations thereunder to the extent those laws and regulations are applicable in connection with the repurchase of the Notes as a result of a Change of Control Triggering Event. To the extent that the provisions of any securities laws or regulations conflict with the Change of Control provisions of the Notes, the Company will comply with the applicable securities laws and regulations and will not be deemed to have breached its obligations under the Change of Control provisions of the Notes by virtue of such conflicts.

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On the Change of Control Payment Date, the Company will, to the extent lawful:

- accept for payment all Notes or portions of Notes properly tendered pursuant to the Change of Control Offer;
- deposit with the paying agent an amount equal to the Change of Control Payment in respect of all Notes or portions of Notes properly tendered; and
- deliver or cause to be delivered to the Trustee the Notes properly accepted together with an officers' certificate stating the aggregate principal amount of Notes or portions of Notes being purchased.

The paying agent will promptly mail to each Holder of notes properly tendered the purchase price for the Notes, and the Trustee will promptly authenticate and mail (or cause to be transferred by book-entry) to each Holder a new note equal in principal amount to any unpurchased portion of any Notes surrendered; *provided* that each new note will be in a principal amount of \$2,000 or an integral multiple of \$1,000 in excess thereof.

The Company will not be required to make an offer to repurchase the Notes upon a Change of Control Triggering Event if a third party makes such an offer in the manner, at the times and otherwise in compliance with the requirements for an offer made by the Company and such third party purchases all Notes properly tendered and not withdrawn under its offer.

For purposes of the foregoing discussion of a repurchase at the option of Holders, the following definitions are applicable:

"Below Investment Grade Rating Event" means the Notes are rated below an Investment Grade Rating by each of the Rating Agencies (as defined below) on any date from the date of the public notice of an arrangement that could result in a Change of Control until the end of the 60-day period following public notice of the occurrence of the Change of Control (which 60-day period shall be extended so long as the rating of the Notes is under publicly announced consideration for possible downgrade by any of the Rating Agencies); *provided* that a below investment grade rating event otherwise arising by virtue of a particular reduction in rating shall not be deemed to have occurred in respect to a particular Change of Control (and thus shall not be deemed a below investment grade rating event for purposes of the definition of Change of Control Triggering Event hereunder) if the rating agencies making the reduction in rating to which this definition would otherwise apply do not announce or publicly confirm or inform the Trustee in writing at its request that the reduction was the result, in whole or in part, of any event or circumstance comprising or arising as a result of, or in respect of, the applicable Change of Control (whether or not the applicable Change of Control shall have occurred at the time of the below investment grade rating event).

"Change of Control" means the occurrence of any of the following: (1) the direct or indirect sale, transfer, conveyance or other disposition (other than by way of merger or consolidation), in one or a series of related transactions, of all or substantially all of the properties or assets of the Company and its subsidiaries taken as a whole to any Person or group of related persons for purposes of Section 13(d) of the Exchange Act (a "Group") other than the Company or one of its subsidiaries, and other than the Internal Reorganization; (2) the approval by the holders of the Company's common stock of any plan or proposal for the liquidation or dissolution of the Company (whether or not otherwise in compliance with the provisions of the indenture); (3) the consummation of any transaction (including, without limitation, any merger or consolidation) the result of which is that any Person or Group becomes the beneficial owner, directly or indirectly, of more than 50% of the then outstanding number of shares of the Company's voting stock; or (4) the first day on which a majority of the members of the Company's Board of Directors are not Continuing Directors.

"Change of Control Triggering Event" means the occurrence of both a Change of Control and a Below Investment Grade Rating Event.

"Continuing Directors" means, as of any date of determination, any member of the Board of Directors of the Company who (1) was a member of such Board of Directors on the date of the issuance of

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the Notes; or (2) was nominated for election or elected to such Board of Directors with the approval of a majority of the Continuing Directors who were members of such Board of Directors at the time of such nomination or election (either by a specific vote or by approval of the Company's proxy statement in which such member was named as a nominee for election as a director, without objection to such nomination).

"Investment Grade Rating" means a rating equal to or higher than Baa3 (or the equivalent) by Moody's and BBB- (or the equivalent) by S&P, respectively.

"Moody's" means Moody's Investors Service, Inc.

"Person" has the meaning set forth in the indenture and includes a "person" as used in Section 13(d)(3) of the Exchange Act.

"Rating Agencies" means (1) each of Moody's and S&P and (2) if any of Moody's or S&P ceases to rate the Notes or fails to make a rating of the Notes publicly available for reasons outside of the Company's control, a "nationally recognized statistical rating organization" within the meaning of Rule 15c3-1(c)(2)(vi)(F) under the Exchange Act, selected by the Company (as certified by a resolution of the Company's Board of Directors) as a replacement agency for Moody's or S&P, or both of them, as the case may be.

"S&P" means Standard & Poor's Ratings Services, a division of The McGraw-Hill Companies, Inc.

#### **Payment of Additional Amounts**

Section 1010 of the Indenture shall be applicable to the Notes, except that the term "Holder," when used in Section 1010 of the Indenture, shall mean the beneficial owner of a Note or any person holding on behalf or for the account of the beneficial owner of a Note.

#### **Redemption for Tax Reasons**

The Company may redeem the Notes prior to maturity in whole, but not in part, on not more than 60 days' notice and not less than 30 days' notice at a redemption price equal to the principal amount of such Notes plus any accrued interest and additional amounts to the date fixed for redemption if:

- as a result of a change in or amendment to the tax laws, regulations or rulings of the United States or any political subdivision or taxing authority of or in the United States or any change in official position regarding the application or interpretation of such laws, regulations or rulings (including a holding by a court of competent jurisdiction in the United States) that is announced or becomes effective on or after June 4, 2012, the Company has or will become obligated to pay additional amounts with respect to such series of Notes as described in Section 1010 of the Indenture, or
- on or after June 4, 2012, any action is taken by a taxing authority of, or any decision has been rendered by a court of competent jurisdiction in, the United States or any political subdivision of or in the United States, including any of those actions specified above, whether or not such action was taken or decision was rendered with respect to the Company, or any change, amendment, application or interpretation is officially proposed, which, in any such case, in the written opinion of independent legal counsel of recognized standing, will result in a material probability that the Company will become obligated to pay additional amounts with respect to such series of Notes, and the Company in its business judgment determine that such obligations cannot be avoided by the use of reasonable measures available to the Company.

If the Company exercises its option to redeem the Notes, the Company will deliver to the Trustee a certificate signed by an authorized officer stating that it is entitled to redeem the Notes and an opinion of independent tax counsel to the effect that the circumstances described in the above bullets exist.

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### **Payment of Additional Interest**

The Company shall pay all Additional Interest, if any, in the same manner and on the same dates as interest at the rate stated herein and in the amounts set forth in the Registration Rights Agreement.

For purposes of the foregoing discussion of additional interest, the following definitions are applicable:

"Additional Interest" means all interest payable as a consequence of the failure to effectuate in a timely manner the exchange offer and/or shelf registration procedures set for in the Registration Rights Agreement.

"Registration Rights Agreement" means (i) the registration rights agreement, dated as of June 4, 2012 among the Company, the Guarantor, and the representatives of the initial purchasers party thereto and (ii) with respect to any additional Notes, one or more substantially similar registration rights agreements among the Company and the other parties thereto, as such agreements may be amended from time to time.

### **Reports**

For so long as any Notes are outstanding, the Company will furnish to Holders and prospective purchasers of the Notes, upon their request, the information required to be delivered pursuant to Rule 144A(d)(4) under the Securities Act of 1933, as amended (the "Securities Act"). The requirements set forth in this paragraph may be satisfied by delivering such information to the Trustee and posting copies of such information on a website (which may be nonpublic and may be maintained by the Company or a third party, *provided*, that the Trustee will have no responsibility to determine if such posting has occurred) to which access will be given to Holders and prospective purchasers of the Notes (which prospective purchasers will be limited to "qualified institutional buyers" within the meaning of Rule 144A of the Securities Act or non-U.S. persons (as defined in Regulation S under the Securities Act) that certify their status as such to the reasonable satisfaction of the Company.

### **Defeasance**

The Indenture contains provisions for defeasance at any time of the entire principal of all the Securities of any series upon compliance by the Company with certain conditions set forth therein.

Certain of the Company's obligations under the Indenture with respect to Notes, may be terminated if the Company irrevocably deposits with the Trustee money or Government Obligations sufficient to pay and discharge the entire indebtedness on a the Indenture.

### **Events of Default**

If an Event of Default (other than an Event of Default described in Section 501(4) or 501(5) of the Indenture) with respect to the Notes shall occur and be continuing, then either the Trustee or the Holders of not less than 25% in principal amount of the Notes of this series then Outstanding may declare the entire principal amount of the Notes of this series due and payable in the manner and with effect provided in the Indenture. If an Event of Default specified in Section 501(4) or 501(5) occurs with respect to the Company, all of the unpaid principal amount and accrued interest then outstanding shall *ipso facto* become and be immediately due and payable in the manner and with the effect provided in the Indenture without any declaration or other act by the Trustee or any Holder.

### **Amendments**

The Indenture permits, with certain exceptions as therein provided, the amendment thereof and the modification of the rights and obligations of the Company and the rights of the Holders of the Securities under the Indenture at any time by the Company with the consent of the Holders of more than 50% in aggregate principal amount of the Securities at the time Outstanding of each series issued under the Indenture to be affected thereby. The Indenture also contains provisions permitting the Holders of specified percentages in aggregate principal amount of the Securities of that series at the time Outstanding, on behalf of the Holders of all the Securities of such

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series, to waive compliance by the Company with certain provisions of the Indenture and certain past defaults under the Indenture and their consequences with respect to such series. Any such consent or waiver by the Holder of this Note shall be conclusive and binding upon such Holder and upon all future Holders of this Note and of any Note issued upon the transfer hereof or in exchange or in lieu hereof whether or not notation of such consent or waiver is made upon this Note.

#### **Payment**

No reference herein to the Indenture and no provision of this Note or of the Indenture shall alter or impair the obligation of the Company, which is absolute and unconditional, to pay the principal of and interest on this Note at the times, place and rate, and in the coin or currency, herein and in the Indenture prescribed.

#### **Transfer, Registration and Exchange**

As provided in the Indenture and subject to certain limitations therein set forth, this Note is transferable on the Security Register of the Company, upon surrender of this Note for registration of transfer at the office or agency of the Company to be maintained for that purpose in the Borough of Manhattan, The City of New York, or at any other office or agency of the Company maintained for that purpose, duly endorsed by, or accompanied by a written instrument of transfer in form satisfactory to the Company and the Security Registrar duly executed by the Holder hereof or his attorney duly authorized in writing, and thereupon due or one or more new notes, of authorized denominations and for the same aggregate principal amount, will be issued to the designated transferee or transferees.

The Notes are issuable only in registered form without coupons in denominations of \$2,000 and any multiple of \$1,000 in excess thereof. As provided in the Indenture and subject to certain limitations therein set forth, Notes are exchangeable for a like aggregate principal amount of Notes of a like tenor and of a different authorized denomination, as requested by the Holder surrendering the same.

No service charge shall be made for any such registration of transfer or exchange, but the Company may require payment of a sum sufficient to cover any tax or other governmental charge payable in connection therewith.

The Company, the Trustee for the Notes and any agent of the Company or such Trustee may treat the Person in whose name this Note is registered as the owner hereof for the purpose of receiving payment as herein provided and for all other purposes, whether or not this Note be overdue, and neither the Company, such Trustee nor any such agent shall be affected by notice to the contrary.

The Notes are not subject to a sinking fund.

**This Note shall for all purposes be governed by, and construed in accordance with, the laws of the State of New York.**

Certain terms used in this Note which are defined in the Indenture have the meanings set forth therein.

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ASSIGNMENT FORM

FOR VALUE RECEIVED, the undersigned hereby sells, assigns and transfers unto:

PLEASE INSERT SOCIAL SECURITY NUMBER OR OTHER IDENTIFYING NUMBER OF ASSIGNEE

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(Name and address of Assignee, including zip code, must be printed or typewritten)

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the within Note, and all rights thereunder, hereby irrevocably, constituting and appointing

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to transfer the said Note on the books of Kraft Foods Group, Inc. with full power of substitution in the premises.

Dated: \_\_\_\_\_

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NOTICE: The signature to this assignment must correspond with the name as it appears upon the face of the within Note in every particular, without alteration or enlargement or any change whatever.

CERTIFICATE TO BE DELIVERED UPON EXCHANGE OR  
REGISTRATION OF TRANSFERS OF TRANSFER RESTRICTED NOTES

This certificate relates to \$ \_\_\_\_\_ principal amount of Notes held in (check applicable space) \_\_\_\_\_ book-entry or \_\_\_\_\_ definitive form by the undersigned.

The undersigned (check one box below):

- has requested the Trustee by written order to deliver in exchange for its beneficial interest in a Global Note held by the Depositary a Note or Notes in definitive, registered form of authorized denominations and an aggregate principal amount equal to its beneficial interest in such Global Note (or the portion thereof indicated above) in accordance with the Indenture; or
- has requested the Trustee by written order to exchange or register the transfer of a Note or Notes.

In connection with any transfer of any of the Notes evidenced by this certificate, the undersigned confirms that such Notes are being transferred in accordance with its terms:

CHECK ONE BOX BELOW

- (1)  to the Company or subsidiary thereof; or
- (2)  to the Registrar for registration in the name of the Holder, without transfer; or
- (3)  pursuant to an effective registration statement under the Securities Act of 1933, as amended (the "*Securities Act*"); or
- (4)  to a Person that the undersigned reasonably believes is a "qualified institutional buyer" (as defined in Rule 144A under the Securities Act ("*Rule 144A*")) that purchases for its own account or for the account of a qualified institutional buyer and to whom notice is given that such transfer is being made in reliance on Rule 144A, in each case pursuant to and in compliance with Rule 144A; or
- (5)  pursuant to offers and sales to non-U.S. persons that occur outside the United States of America within the meaning of Regulation S under the Securities Act (and if the transfer is being made prior to the expiration of the Distribution Compliance Period, the Notes shall be held immediately thereafter through Euroclear or Clearstream); or
- (6)  to an institutional "accredited investor" (as defined in Rule 501(a)(1), (2), (3) or (7) under the Securities Act) that has furnished to the Trustee a signed letter in the form provided on the reverse side of such Notes; or
- (7)  pursuant to Rule 144 under the Securities Act; or
- (8)  pursuant to another available exemption from registration under the Securities Act.

Unless one of the boxes is checked, the Trustee will refuse to register any of the Notes evidenced by this certificate in the name of any Person other than the registered Holder thereof; *provided, however*, that if box (7) or (8) is checked, the Company or the Trustee may require, prior to registering any such transfer of

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the Notes, such legal opinions, certifications and other information as the Company or the Trustee has reasonably requested to confirm that such transfer is being made pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act.

Date: \_\_\_\_\_

\_\_\_\_\_  
Your Signature

\_\_\_\_\_  
Signature of Signature Guarantor

TO BE COMPLETED BY PURCHASER IF (4) ABOVE IS CHECKED.

The undersigned represents and warrants that it is purchasing this Note for its own account or an account with respect to which it exercises sole investment discretion and that it and any such account is a "qualified institutional buyer" within the meaning of Rule 144A, and is aware that the sale to it is being made in reliance on Rule 144A and acknowledges that it has received such information regarding the Company as the undersigned has requested pursuant to Rule 144A or has determined not to request such information and that it is aware that the transferor is relying upon the undersigned's foregoing representations in order to claim the exemption from registration provided by Rule 144A.

Dated: \_\_\_\_\_

\_\_\_\_\_  
NOTICE: To be executed by an executive officer

Name:

Title:

Signature Guarantee\*: \_\_\_\_\_

\* Participant in a recognized Signature Guarantee Medallion Program (or other signature guarantor acceptable to the Trustee).



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OPTION OF HOLDER TO ELECT PURCHASE

If you want to elect to have all or part of this Note purchased by the Company pursuant to Change of Control, state the amount you elect to have purchased:

\$ \_\_\_\_\_

(integral multiples of \$1,000, *provided* that the unpurchased portion must be in a minimum principal amount of \$2,000)

Date: \_\_\_\_\_

Your Signature:

\_\_\_\_\_  
(Sign exactly as your name appears on the face of this Note)

Tax Identification No.:

Signature Guarantee\*: \_\_\_\_\_

\* Participant in a recognized Signature Guarantee Medallion Program (or other signature guarantor acceptable to the Trustee).

SCHEDULE OF EXCHANGES OF INTERESTS IN THE GLOBAL NOTE

The initial outstanding principal amount of this Global Note is \$ \_\_\_\_\_ . The following exchanges of a part of this Global Note for an interest in another Global Note or for a Definitive Note, or exchanges of a part of another Global Note or Definitive Note for an interest in this Global Note, have been made:

Date of Exchange	Amount of decrease in Principal Amount of this Global Note	Amount of increase in Principal Amount of this Global Note	Principal Amount of this Global Note following such decrease or increase	Signature of authorized signatory of Trustee, Depository or Custodian
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FORM OF  
TRANSFEREE LETTER OF REPRESENTATION

Kraft Foods Group, Inc.  
Three Lakes Drive  
Northfield, IL 60093  
Fax No.: (847) 646-3173  
Email: Darin.Aprati@kraftfoods.com  
Attention: Treasurer

Ladies and Gentlemen:

This certificate is delivered to request a transfer of \$[\_\_\_\_\_] principal amount of the 2.250% Senior Notes due 2017 (the "Notes") of Kraft Foods Group, Inc. (the "Company").

Upon transfer, the Notes would be registered in the name of the new beneficial owner as follows:

Name: \_\_\_\_\_

Address: \_\_\_\_\_

Taxpayer ID Number: \_\_\_\_\_

The undersigned represents and warrants to you that:

1. We are an institutional "accredited investor" (as defined in Rule 501(a)(1), (2), (3) or (7) under the Securities Act of 1933, as amended (the "Securities Act")), purchasing for our own account or for the account of such an institutional "accredited investor" at least \$250,000 principal amount of the Notes, and we are acquiring the Notes, for investment purposes and not with a view to, or for offer or sale in connection with, any distribution in violation of the Securities Act. We have such knowledge and experience in financial and business matters as to be capable of evaluating the merits and risks of our investment in the Notes, and we invest in or purchase securities similar to the Notes in the normal course of our business. We, and any accounts for which we are acting, are each able to bear the economic risk of our or its investment.

2. We understand that the Notes have not been registered under the Securities Act and, unless so registered, may not be sold except as permitted in the following sentence. We agree on our own behalf and on behalf of any investor account for which we are purchasing Notes to offer, sell or otherwise transfer such Notes prior to the date that is one year after the later of the date of original issue and the last date on which the Company or any affiliate of the Company was the owner of such Notes (or any predecessor thereto) (the "Resale Restriction Termination Date") only in accordance with the Restricted Notes Legend (as such term is defined in the supplemental indenture under which the Notes were issued) on the Notes and any applicable securities laws of any state of the United States of America. The foregoing restrictions on resale will not apply subsequent to the Resale Restriction Termination Date. If any resale or other transfer of the Notes is proposed to be made pursuant to clause 2.2(d)(ii) of Appendix A to the supplemental indenture under which the Notes were issued prior to the Resale Restriction Termination Date, the transferor shall deliver a letter from the transferee substantially in the form of this letter to the Company and the Trustee, which shall provide, among other things, that the transferee is an institutional "accredited investor" within the meaning of Rule 501(a)(1), (2), (3) or (7) under the Securities Act and that it is acquiring such Notes for investment purposes and not for distribution in violation of the Securities Act. Each purchaser acknowledges that the Company and the Trustee reserve the right prior to the offer, sale or other transfer prior to the Resale Restriction Termination Date of the Notes with respect to applicable transfers described in the Restricted Notes Legend to require the delivery of an opinion of counsel, certifications and/or other information satisfactory to the Company and the Trustee.

TRANSFEREE: \_\_\_\_\_

by: \_\_\_\_\_

**Exhibit A-3**

**Form of Global Note representing the 2022 Notes**

No. RA-[ ]

KRAFT FOODS GROUP, INC.

3.500% NOTE DUE 2022

representing

\$

CUSIP No.

THIS NOTE HAS NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), AND MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED EXCEPT IN ACCORDANCE WITH THE FOLLOWING SENTENCE. BY ITS ACQUISITION HEREOF OR OF A BENEFICIAL INTEREST HEREIN, THE ACQUIRER

(1) REPRESENTS THAT

(A) IT AND ANY ACCOUNT FOR WHICH IT IS ACTING IS A "QUALIFIED INSTITUTIONAL BUYER" (WITHIN THE MEANING OF RULE 144A UNDER THE SECURITIES ACT) AND THAT IT EXERCISES SOLE INVESTMENT DISCRETION WITH RESPECT TO EACH SUCH ACCOUNT, OR

(B) IT IS NOT A U.S. PERSON (WITHIN THE MEANING OF REGULATION S UNDER THE SECURITIES ACT) AND

(2) AGREES FOR THE BENEFIT OF KRAFT FOODS GROUP, INC. THAT IT WILL NOT OFFER, SELL, PLEDGE OR OTHERWISE TRANSFER THIS NOTE OR ANY BENEFICIAL INTEREST HEREIN, EXCEPT IN ACCORDANCE WITH THE SECURITIES ACT AND ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES AND ONLY

(A) TO KRAFT FOODS GROUP, INC.,

(B) PURSUANT TO A REGISTRATION STATEMENT WHICH HAS BECOME EFFECTIVE UNDER THE SECURITIES ACT,

(C) TO A QUALIFIED INSTITUTIONAL BUYER IN COMPLIANCE WITH RULE 144A UNDER THE SECURITIES ACT,

(D) IN AN OFFSHORE TRANSACTION IN COMPLIANCE WITH RULE 904 OF REGULATION S UNDER THE SECURITIES ACT,

(E) TO AN INSTITUTIONAL "ACCREDITED INVESTOR" WITHIN THE MEANING OF RULE 501(a)(1), (2), (3) OR (7) UNDER THE SECURITIES ACT THAT IS NOT A QUALIFIED INSTITUTIONAL BUYER AND THAT IS PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF ANOTHER INSTITUTIONAL ACCREDITED INVESTOR, IN EACH CASE IN A MINIMUM PRINCIPAL AMOUNT OF SECURITIES OF \$250,000, OR

(F) PURSUANT TO AN EXEMPTION FROM REGISTRATION PROVIDED BY RULE 144 UNDER THE SECURITIES ACT OR ANY OTHER AVAILABLE EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT.

PRIOR TO THE REGISTRATION OF ANY TRANSFER IN ACCORDANCE WITH (2)(C) ABOVE OR (2)(D) ABOVE, A DULY COMPLETED AND SIGNED CERTIFICATE (THE FORM OF WHICH MAY BE OBTAINED FROM THE TRUSTEE) MUST BE DELIVERED TO THE TRUSTEE. PRIOR TO THE REGISTRATION OF ANY TRANSFER IN ACCORDANCE WITH (F) ABOVE, KRAFT FOODS GROUP, INC. RESERVES THE RIGHT TO REQUIRE THE DELIVERY OF SUCH LEGAL OPINIONS, CERTIFICATIONS OR OTHER EVIDENCE AS MAY REASONABLY BE REQUIRED IN ORDER TO DETERMINE THAT THE PROPOSED TRANSFER IS BEING MADE IN COMPLIANCE WITH THE SECURITIES ACT AND APPLICABLE STATE SECURITIES LAWS. NO REPRESENTATION IS MADE AS TO THE AVAILABILITY OF ANY RULE 144 EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT.

UNLESS THIS CERTIFICATE IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY TRUST COMPANY, A NEW YORK CORPORATION ("DTC"), NEW YORK, NEW YORK, TO THE COMPANY OR ITS AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT, AND ANY CERTIFICATE ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC (AND ANY PAYMENT IS MADE TO CEDE & CO., OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL INASMUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.

TRANSFERS OF THIS GLOBAL SECURITY SHALL BE LIMITED TO TRANSFERS IN WHOLE, BUT NOT IN PART, TO DTC, TO NOMINEES OF DTC OR TO A SUCCESSOR THEREOF OR SUCH SUCCESSOR'S NOMINEE AND TRANSFERS OF PORTIONS OF THIS GLOBAL SECURITY SHALL BE LIMITED TO TRANSFERS MADE IN ACCORDANCE WITH THE RESTRICTIONS SET FORTH IN THE INDENTURE REFERRED TO ON THE REVERSE HEREOF.

BY ITS ACQUISITION OF THIS SECURITY OR ANY INTEREST HEREIN, THE HOLDER THEREOF WILL BE DEEMED TO HAVE REPRESENTED AND WARRANTED THAT EITHER (1) NO PORTION OF THE ASSETS USED BY SUCH HOLDER TO ACQUIRE OR HOLD THIS SECURITY OR ANY INTEREST HEREIN CONSTITUTES THE ASSETS OF AN EMPLOYEE BENEFIT PLAN THAT IS SUBJECT TO TITLE I OF THE U.S. EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, AS AMENDED ("ERISA"), OF A PLAN, INDIVIDUAL RETIREMENT ACCOUNT OR OTHER ARRANGEMENT THAT IS SUBJECT TO SECTION 4975 OF THE U.S. INTERNAL REVENUE CODE OF 1986, AS AMENDED (THE "CODE") OR PROVISIONS UNDER ANY OTHER FEDERAL, STATE, LOCAL, NON-U.S. OR OTHER LAWS OR REGULATIONS THAT ARE SIMILAR TO SUCH PROVISIONS OF ERISA OR THE CODE ("SIMILAR LAWS"), OR OF AN ENTITY WHOSE UNDERLYING ASSETS ARE CONSIDERED TO INCLUDE "PLAN ASSETS" OF ANY SUCH PLAN, ACCOUNT OR ARRANGEMENT, OR (2) THE ACQUISITION AND HOLDING OF THIS SECURITY OR ANY INTEREST HEREIN WILL NOT CONSTITUTE A NON-EXEMPT PROHIBITED TRANSACTION UNDER SECTION 406 OF ERISA OR SECTION 4975 OF THE CODE OR A SIMILAR VIOLATION UNDER ANY APPLICABLE SIMILAR LAWS.

KRAFT FOODS GROUP, INC., a Virginia corporation (hereinafter called the "Company", which term includes any successor corporation under the Indenture hereinafter referred to), for value received, hereby promises to pay to Cede & Co. or registered assigns, the principal sum of \$ \_\_\_\_\_ on June 6, 2022, and to pay interest thereon from June 4, 2012 or from the most recent Interest Payment Date to which interest has been paid or duly provided for, semiannually on June 6 and December 6, in each year, commencing December 6, 2012, at the rate of 3.500% per annum until the principal hereof is paid or made available for payment.

The interest so payable, and punctually paid or duly provided for, on any Interest Payment Date will, as provided in the Indenture, be paid to the Person in whose name this Note (or one or more Predecessor Securities) is registered at the close of business on the Regular Record Date for such interest, which shall be May 21 or November 21 (whether or not a Business Day), as the case may be, next preceding such Interest Payment Date. Any such interest not so punctually paid or duly provided for shall forthwith cease to be payable to the Holders on such

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Regular Record Date and may be paid to the Person in whose name this Note (or one or more Predecessor Securities) is registered at the close of business on a Special Record Date for the payment of such Defaulted Interest to be fixed by the Trustee for the Notes, notice whereof shall be given to Holders of Notes not less than 10 days prior to such Special Record Date, or may be paid at any time in any other lawful manner not inconsistent with the requirements of any securities exchange on which the Notes may be listed, and upon such notice as may be required by such exchange, all as more fully provided in said Indenture.

Payment of the principal of and interest on this Note will be made at the office or agency of the Company maintained for that purpose in the Borough of Manhattan, The City of New York, in such coin or currency of the United States of America as at the time of payment is legal tender for payment of public and private debts; provided, however, that at the option of the Company payment of interest may be made by check mailed to the address of the Person entitled thereto as such address shall appear on the Securities Register or by wire transfer to an account maintained by the payee at a bank located in the United States. All payments of principal and interest in respect of this Note will be made by the Company in immediately available funds.

Additional provisions of this Note are contained on the reverse hereof, and such provisions shall have the same effect as though fully set forth in this place.

Unless the certificate of authentication hereon has been executed by or on behalf of the Trustee for the Notes by manual signature, this Note shall not be entitled to any benefit under the Indenture, or be valid or obligatory for any purpose.

*Signature Page Follows*

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IN WITNESS WHEREOF, KRAFT FOODS GROUP, INC. has caused this instrument to be duly executed under its corporate seal.

KRAFT FOODS GROUP, INC.

By:

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Name: Barbara L. Brasier  
Title: Senior Vice President and Treasurer

Attest:

By:

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Name: David A. Brearton  
Title: Executive Vice President and CFO

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CERTIFICATE OF AUTHENTICATION

This is one of the Securities of the series designated therein described in the within-mentioned Indenture.

Dated: June 4, 2012.

DEUTSCHE BANK TRUST COMPANY  
AMERICAS, as Trustee

By:

Name:

Title:

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(Reverse of Note)

KRAFT FOODS GROUP, INC.

This Note is one of a duly authorized issue of debentures, notes or other evidences of indebtedness (hereinafter called the "Securities") of the Company of the series hereinafter specified, which series is limited in aggregate principal amount to \$2,000,000,000 (except as provided in the Indenture hereinafter mentioned), all such Securities issued and to be issued under an Indenture dated as of June 4, 2012 between the Company and Deutsche Bank Trust Company Americas, as Trustee (the "Base Indenture"), as supplemented by Supplemental Indenture No. 1, dated as of June 4, 2012, among the Company, Kraft Foods Inc. (the "Guarantor") and the Trustee (the "Supplemental Indenture" and together with the Base Indenture, herein called the "Indenture"), to which Indenture and all other indentures supplemental thereto reference is hereby made for a statement of the rights and limitations of rights thereunder of the Holders of the Securities and of the rights, obligations, duties and immunities of the Trustee for each series of Securities and of the Company, and the terms upon which the Securities are and are to be authenticated and delivered. As provided in the Indenture, the Securities may be issued in one or more series, which different series may be issued in various aggregate principal amounts, may mature at different times, may bear interest, if any, at different rates, may be subject to different redemption provisions, if any, may be subject to different sinking, purchase or analogous funds, if any, may be subject to different covenants and Events of Default and may otherwise vary as in the Indenture provided or permitted. This Note is one of a series of the Securities designated therein as 3.500% Notes due 2022 (the "Notes").

The Company may, without the consent of the Holders of the Notes, issue additional notes having the same ranking and the same interest rate, maturity and other terms as the Notes, except for the issue price, issue date and, in some cases, the first payment of interest or interest accruing prior to the issue date of such additional notes. Any additional notes having such similar terms, together with the Notes, shall constitute a single series of notes under the Indenture. No additional notes may be issued if an Event of Default has occurred with respect to the Notes.

**Guarantee**

Pursuant to Article Fourteen of the Base Indenture, the Guarantor hereby agrees that it shall provide a Guarantee on a senior unsecured basis of the Company's obligations under the Indenture with respect to the Notes. The Guarantor shall be automatically and unconditionally released and discharged from all obligations under the Indenture and the Guarantee without any action required on the part of the Trustee or any Holder pursuant to Section 3.02 of the Supplemental Indenture.

**Change of Control**

If a Change of Control Triggering Event (as defined below) occurs, unless the Company has exercised its right to redeem the Notes, Holders may require the Company to repurchase all or any part (equal to \$2,000 or an integral multiple of \$1,000 in excess thereof) of their Notes pursuant to an offer (the "Change of Control Offer") of payment in cash equal to 101% of the aggregate principal amount of Notes repurchased plus accrued and unpaid interest, if any, on the Notes repurchased, to the date of purchase (the "Change of Control Payment"). Within 30 days following any Change of Control Triggering Event, the Company will mail a notice to Holders describing the transaction or transactions that constitute the Change of Control Triggering Event and offering to repurchase the Notes on the date specified in the notice, which date will be no earlier than 30 days and no later than 60 days from the date such notice is mailed (the "Change of Control Payment Date"), pursuant to the procedures described in such notice. The Company must comply with the requirements of Rule 14e-1 under the Securities Exchange Act of 1934 (the "Exchange Act") and any other securities laws and regulations thereunder to the extent those laws and regulations are applicable in connection with the repurchase of the Notes as a result of a Change of Control Triggering Event. To the extent that the provisions of any securities laws or regulations conflict with the Change of Control provisions of the Notes, the Company will comply with the applicable securities laws and regulations and will not be deemed to have breached its obligations under the Change of Control provisions of the Notes by virtue of such conflicts.

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On the Change of Control Payment Date, the Company will, to the extent lawful:

- accept for payment all Notes or portions of Notes properly tendered pursuant to the Change of Control Offer;
- deposit with the paying agent an amount equal to the Change of Control Payment in respect of all Notes or portions of Notes properly tendered; and
- deliver or cause to be delivered to the Trustee the Notes properly accepted together with an officers' certificate stating the aggregate principal amount of Notes or portions of Notes being purchased.

The paying agent will promptly mail to each Holder of notes properly tendered the purchase price for the Notes, and the Trustee will promptly authenticate and mail (or cause to be transferred by book-entry) to each Holder a new note equal in principal amount to any unpurchased portion of any Notes surrendered; *provided* that each new note will be in a principal amount of \$2,000 or an integral multiple of \$1,000 in excess thereof.

The Company will not be required to make an offer to repurchase the Notes upon a Change of Control Triggering Event if a third party makes such an offer in the manner, at the times and otherwise in compliance with the requirements for an offer made by the Company and such third party purchases all Notes properly tendered and not withdrawn under its offer.

For purposes of the foregoing discussion of a repurchase at the option of Holders, the following definitions are applicable:

"Below Investment Grade Rating Event" means the Notes are rated below an Investment Grade Rating by each of the Rating Agencies (as defined below) on any date from the date of the public notice of an arrangement that could result in a Change of Control until the end of the 60-day period following public notice of the occurrence of the Change of Control (which 60-day period shall be extended so long as the rating of the Notes is under publicly announced consideration for possible downgrade by any of the Rating Agencies); *provided* that a below investment grade rating event otherwise arising by virtue of a particular reduction in rating shall not be deemed to have occurred in respect to a particular Change of Control (and thus shall not be deemed a below investment grade rating event for purposes of the definition of Change of Control Triggering Event hereunder) if the rating agencies making the reduction in rating to which this definition would otherwise apply do not announce or publicly confirm or inform the Trustee in writing at its request that the reduction was the result, in whole or in part, of any event or circumstance comprising or arising as a result of, or in respect of, the applicable Change of Control (whether or not the applicable Change of Control shall have occurred at the time of the below investment grade rating event).

"Change of Control" means the occurrence of any of the following: (1) the direct or indirect sale, transfer, conveyance or other disposition (other than by way of merger or consolidation), in one or a series of related transactions, of all or substantially all of the properties or assets of the Company and its subsidiaries taken as a whole to any Person or group of related persons for purposes of Section 13(d) of the Exchange Act (a "Group") other than the Company or one of its subsidiaries, and other than the Internal Reorganization; (2) the approval by the holders of the Company's common stock of any plan or proposal for the liquidation or dissolution of the Company (whether or not otherwise in compliance with the provisions of the indenture); (3) the consummation of any transaction (including, without limitation, any merger or consolidation) the result of which is that any Person or Group becomes the beneficial owner, directly or indirectly, of more than 50% of the then outstanding number of shares of the Company's voting stock; or (4) the first day on which a majority of the members of the Company's Board of Directors are not Continuing Directors.

"Change of Control Triggering Event" means the occurrence of both a Change of Control and a Below Investment Grade Rating Event.

"Continuing Directors" means, as of any date of determination, any member of the Board of Directors of the Company who (1) was a member of such Board of Directors on the date of the issuance of

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the Notes; or (2) was nominated for election or elected to such Board of Directors with the approval of a majority of the Continuing Directors who were members of such Board of Directors at the time of such nomination or election (either by a specific vote or by approval of the Company's proxy statement in which such member was named as a nominee for election as a director, without objection to such nomination).

"Investment Grade Rating" means a rating equal to or higher than Baa3 (or the equivalent) by Moody's and BBB- (or the equivalent) by S&P, respectively.

"Moody's" means Moody's Investors Service, Inc.

"Person" has the meaning set forth in the indenture and includes a "person" as used in Section 13(d)(3) of the Exchange Act.

"Rating Agencies" means (1) each of Moody's and S&P and (2) if any of Moody's or S&P ceases to rate the Notes or fails to make a rating of the Notes publicly available for reasons outside of the Company's control, a "nationally recognized statistical rating organization" within the meaning of Rule 15c3-1(c)(2)(vi)(F) under the Exchange Act, selected by the Company (as certified by a resolution of the Company's Board of Directors) as a replacement agency for Moody's or S&P, or both of them, as the case may be.

"S&P" means Standard & Poor's Ratings Services, a division of The McGraw-Hill Companies, Inc.

#### **Payment of Additional Amounts**

Section 1010 of the Indenture shall be applicable to the Notes, except that the term "Holder," when used in Section 1010 of the Indenture, shall mean the beneficial owner of a Note or any person holding on behalf or for the account of the beneficial owner of a Note.

#### **Redemption for Tax Reasons**

The Company may redeem the Notes prior to maturity in whole, but not in part, on not more than 60 days' notice and not less than 30 days' notice at a redemption price equal to the principal amount of such Notes plus any accrued interest and additional amounts to the date fixed for redemption if:

- as a result of a change in or amendment to the tax laws, regulations or rulings of the United States or any political subdivision or taxing authority of or in the United States or any change in official position regarding the application or interpretation of such laws, regulations or rulings (including a holding by a court of competent jurisdiction in the United States) that is announced or becomes effective on or after June 4, 2012, the Company has or will become obligated to pay additional amounts with respect to such series of Notes as described in Section 1010 of the Indenture, or
- on or after June 4, 2012, any action is taken by a taxing authority of, or any decision has been rendered by a court of competent jurisdiction in, the United States or any political subdivision of or in the United States, including any of those actions specified above, whether or not such action was taken or decision was rendered with respect to the Company, or any change, amendment, application or interpretation is officially proposed, which, in any such case, in the written opinion of independent legal counsel of recognized standing, will result in a material probability that the Company will become obligated to pay additional amounts with respect to such series of Notes, and the Company in its business judgment determine that such obligations cannot be avoided by the use of reasonable measures available to the Company.

If the Company exercises its option to redeem the Notes, the Company will deliver to the Trustee a certificate signed by an authorized officer stating that it is entitled to redeem the Notes and an opinion of independent tax counsel to the effect that the circumstances described in the above bullets exist.

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### **Payment of Additional Interest**

The Company shall pay all Additional Interest, if any, in the same manner and on the same dates as interest at the rate stated herein and in the amounts set forth in the Registration Rights Agreement.

For purposes of the foregoing discussion of additional interest, the following definitions are applicable:

"Additional Interest" means all interest payable as a consequence of the failure to effectuate in a timely manner the exchange offer and/or shelf registration procedures set for in the Registration Rights Agreement.

"Registration Rights Agreement" means (i) the registration rights agreement, dated as of June 4, 2012 among the Company, the Guarantor, and the representatives of the initial purchasers party thereto and (ii) with respect to any additional Notes, one or more substantially similar registration rights agreements among the Company and the other parties thereto, as such agreements may be amended from time to time.

### **Reports**

For so long as any Notes are outstanding, the Company will furnish to Holders and prospective purchasers of the Notes, upon their request, the information required to be delivered pursuant to Rule 144A(d)(4) under the Securities Act of 1933, as amended (the "Securities Act"). The requirements set forth in this paragraph may be satisfied by delivering such information to the Trustee and posting copies of such information on a website (which may be nonpublic and may be maintained by the Company or a third party, *provided*, that the Trustee will have no responsibility to determine if such posting has occurred) to which access will be given to Holders and prospective purchasers of the Notes (which prospective purchasers will be limited to "qualified institutional buyers" within the meaning of Rule 144A of the Securities Act or non-U.S. persons (as defined in Regulation S under the Securities Act) that certify their status as such to the reasonable satisfaction of the Company.

### **Defeasance**

The Indenture contains provisions for defeasance at any time of the entire principal of all the Securities of any series upon compliance by the Company with certain conditions set forth therein.

Certain of the Company's obligations under the Indenture with respect to Notes, may be terminated if the Company irrevocably deposits with the Trustee money or Government Obligations sufficient to pay and discharge the entire indebtedness on a the Indenture.

### **Events of Default**

If an Event of Default (other than an Event of Default described in Section 501(4) or 501(5) of the Indenture) with respect to the Notes shall occur and be continuing, then either the Trustee or the Holders of not less than 25% in principal amount of the Notes of this series then Outstanding may declare the entire principal amount of the Notes of this series due and payable in the manner and with effect provided in the Indenture. If an Event of Default specified in Section 501(4) or 501(5) occurs with respect to the Company, all of the unpaid principal amount and accrued interest then outstanding shall *ipso facto* become and be immediately due and payable in the manner and with the effect provided in the Indenture without any declaration or other act by the Trustee or any Holder.

### **Amendments**

The Indenture permits, with certain exceptions as therein provided, the amendment thereof and the modification of the rights and obligations of the Company and the rights of the Holders of the Securities under the Indenture at any time by the Company with the consent of the Holders of more than 50% in aggregate principal amount of the Securities at the time Outstanding of each series issued under the Indenture to be affected thereby. The Indenture also contains provisions permitting the Holders of specified percentages in aggregate principal amount of the Securities of that series at the time Outstanding, on behalf of the Holders of all the Securities of such

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series, to waive compliance by the Company with certain provisions of the Indenture and certain past defaults under the Indenture and their consequences with respect to such series. Any such consent or waiver by the Holder of this Note shall be conclusive and binding upon such Holder and upon all future Holders of this Note and of any Note issued upon the transfer hereof or in exchange or in lieu hereof whether or not notation of such consent or waiver is made upon this Note.

#### **Payment**

No reference herein to the Indenture and no provision of this Note or of the Indenture shall alter or impair the obligation of the Company, which is absolute and unconditional, to pay the principal of and interest on this Note at the times, place and rate, and in the coin or currency, herein and in the Indenture prescribed.

#### **Transfer, Registration and Exchange**

As provided in the Indenture and subject to certain limitations therein set forth, this Note is transferable on the Security Register of the Company, upon surrender of this Note for registration of transfer at the office or agency of the Company to be maintained for that purpose in the Borough of Manhattan, The City of New York, or at any other office or agency of the Company maintained for that purpose, duly endorsed by, or accompanied by a written instrument of transfer in form satisfactory to the Company and the Security Registrar duly executed by the Holder hereof or his attorney duly authorized in writing, and thereupon due or one or more new notes, of authorized denominations and for the same aggregate principal amount, will be issued to the designated transferee or transferees.

The Notes are issuable only in registered form without coupons in denominations of \$2,000 and any multiple of \$1,000 in excess thereof. As provided in the Indenture and subject to certain limitations therein set forth, Notes are exchangeable for a like aggregate principal amount of Notes of a like tenor and of a different authorized denomination, as requested by the Holder surrendering the same.

No service charge shall be made for any such registration of transfer or exchange, but the Company may require payment of a sum sufficient to cover any tax or other governmental charge payable in connection therewith.

The Company, the Trustee for the Notes and any agent of the Company or such Trustee may treat the Person in whose name this Note is registered as the owner hereof for the purpose of receiving payment as herein provided and for all other purposes, whether or not this Note be overdue, and neither the Company, such Trustee nor any such agent shall be affected by notice to the contrary.

The Notes are not subject to a sinking fund.

**This Note shall for all purposes be governed by, and construed in accordance with, the laws of the State of New York.**

Certain terms used in this Note which are defined in the Indenture have the meanings set forth therein.

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ASSIGNMENT FORM

FOR VALUE RECEIVED, the undersigned hereby sells, assigns and transfers unto:

PLEASE INSERT SOCIAL SECURITY NUMBER OR OTHER IDENTIFYING NUMBER OF ASSIGNEE

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(Name and address of Assignee, including zip code, must be printed or typewritten)

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the within Note, and all rights thereunder, hereby irrevocably, constituting and appointing

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to transfer the said Note on the books of Kraft Foods Group, Inc. with full power of substitution in the premises.

Dated: \_\_\_\_\_

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NOTICE: The signature to this assignment must correspond with the name as it appears upon the face of the within Note in every particular, without alteration or enlargement or any change whatever.

CERTIFICATE TO BE DELIVERED UPON EXCHANGE OR  
REGISTRATION OF TRANSFERS OF TRANSFER RESTRICTED NOTES

This certificate relates to \$ \_\_\_\_\_ principal amount of Notes held in (check applicable space) \_\_\_\_\_ book-entry or \_\_\_\_\_ definitive form by the undersigned.

The undersigned (check one box below):

- has requested the Trustee by written order to deliver in exchange for its beneficial interest in a Global Note held by the Depositary a Note or Notes in definitive, registered form of authorized denominations and an aggregate principal amount equal to its beneficial interest in such Global Note (or the portion thereof indicated above) in accordance with the Indenture; or
- has requested the Trustee by written order to exchange or register the transfer of a Note or Notes.

In connection with any transfer of any of the Notes evidenced by this certificate, the undersigned confirms that such Notes are being transferred in accordance with its terms:

CHECK ONE BOX BELOW

- (1)  to the Company or subsidiary thereof; or
- (2)  to the Registrar for registration in the name of the Holder, without transfer; or
- (3)  pursuant to an effective registration statement under the Securities Act of 1933, as amended (the "*Securities Act*"); or
- (4)  to a Person that the undersigned reasonably believes is a "qualified institutional buyer" (as defined in Rule 144A under the Securities Act ("*Rule 144A*")) that purchases for its own account or for the account of a qualified institutional buyer and to whom notice is given that such transfer is being made in reliance on Rule 144A, in each case pursuant to and in compliance with Rule 144A; or
- (5)  pursuant to offers and sales to non-U.S. persons that occur outside the United States of America within the meaning of Regulation S under the Securities Act (and if the transfer is being made prior to the expiration of the Distribution Compliance Period, the Notes shall be held immediately thereafter through Euroclear or Clearstream); or
- (6)  to an institutional "accredited investor" (as defined in Rule 501(a)(1), (2), (3) or (7) under the Securities Act) that has furnished to the Trustee a signed letter in the form provided on the reverse side of such Notes; or
- (7)  pursuant to Rule 144 under the Securities Act; or
- (8)  pursuant to another available exemption from registration under the Securities Act.

Unless one of the boxes is checked, the Trustee will refuse to register any of the Notes evidenced by this certificate in the name of any Person other than the registered Holder thereof; *provided, however*, that if box (7) or (8) is checked, the Company or the Trustee may require, prior to registering any such transfer of

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the Notes, such legal opinions, certifications and other information as the Company or the Trustee has reasonably requested to confirm that such transfer is being made pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act.

Date: \_\_\_\_\_

\_\_\_\_\_  
Your Signature

\_\_\_\_\_  
Signature of Signature Guarantor

TO BE COMPLETED BY PURCHASER IF (4) ABOVE IS CHECKED.

The undersigned represents and warrants that it is purchasing this Note for its own account or an account with respect to which it exercises sole investment discretion and that it and any such account is a "qualified institutional buyer" within the meaning of Rule 144A, and is aware that the sale to it is being made in reliance on Rule 144A and acknowledges that it has received such information regarding the Company as the undersigned has requested pursuant to Rule 144A or has determined not to request such information and that it is aware that the transferor is relying upon the undersigned's foregoing representations in order to claim the exemption from registration provided by Rule 144A.

Dated: \_\_\_\_\_

\_\_\_\_\_  
NOTICE: To be executed by an executive officer

Name:

Title:

Signature Guarantee\*: \_\_\_\_\_

\* Participant in a recognized Signature Guarantee Medallion Program (or other signature guarantor acceptable to the Trustee).



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OPTION OF HOLDER TO ELECT PURCHASE

If you want to elect to have all or part of this Note purchased by the Company pursuant to Change of Control, state the amount you elect to have purchased:

\$ \_\_\_\_\_

(integral multiples of \$1,000, *provided* that the unpurchased portion must be in a minimum principal amount of \$2,000)

Date: \_\_\_\_\_

Your Signature:

\_\_\_\_\_  
(Sign exactly as your name appears on the face of this Note)

Tax Identification No.:

Signature Guarantee\*: \_\_\_\_\_

\* Participant in a recognized Signature Guarantee Medallion Program (or other signature guarantor acceptable to the Trustee).

SCHEDULE OF EXCHANGES OF INTERESTS IN THE GLOBAL NOTE

The initial outstanding principal amount of this Global Note is \$ \_\_\_\_\_ . The following exchanges of a part of this Global Note for an interest in another Global Note or for a Definitive Note, or exchanges of a part of another Global Note or Definitive Note for an interest in this Global Note, have been made:

Date of Exchange	Amount of decrease in Principal Amount of this Global Note	Amount of increase in Principal Amount of this Global Note	Principal Amount of this Global Note following such decrease or increase	Signature of authorized signatory of Trustee, Depository or Custodian
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FORM OF  
TRANSFEREE LETTER OF REPRESENTATION

Kraft Foods Group, Inc.  
Three Lakes Drive  
Northfield, IL 60093  
Fax No.: (847) 646-3173  
Email: Darin.Aprati@kraftfoods.com  
Attention: Treasurer

Ladies and Gentlemen:

This certificate is delivered to request a transfer of \$[\_\_\_\_\_] principal amount of the 3.500% Senior Notes due 2022 (the "Notes") of Kraft Foods Group, Inc. (the "Company").

Upon transfer, the Notes would be registered in the name of the new beneficial owner as follows:

Name: \_\_\_\_\_

Address: \_\_\_\_\_

Taxpayer ID Number: \_\_\_\_\_

The undersigned represents and warrants to you that:

1. We are an institutional "accredited investor" (as defined in Rule 501(a)(1), (2), (3) or (7) under the Securities Act of 1933, as amended (the "Securities Act")), purchasing for our own account or for the account of such an institutional "accredited investor" at least \$250,000 principal amount of the Notes, and we are acquiring the Notes, for investment purposes and not with a view to, or for offer or sale in connection with, any distribution in violation of the Securities Act. We have such knowledge and experience in financial and business matters as to be capable of evaluating the merits and risks of our investment in the Notes, and we invest in or purchase securities similar to the Notes in the normal course of our business. We, and any accounts for which we are acting, are each able to bear the economic risk of our or its investment.

2. We understand that the Notes have not been registered under the Securities Act and, unless so registered, may not be sold except as permitted in the following sentence. We agree on our own behalf and on behalf of any investor account for which we are purchasing Notes to offer, sell or otherwise transfer such Notes prior to the date that is one year after the later of the date of original issue and the last date on which the Company or any affiliate of the Company was the owner of such Notes (or any predecessor thereto) (the "Resale Restriction Termination Date") only in accordance with the Restricted Notes Legend (as such term is defined in the supplemental indenture under which the Notes were issued) on the Notes and any applicable securities laws of any state of the United States of America. The foregoing restrictions on resale will not apply subsequent to the Resale Restriction Termination Date. If any resale or other transfer of the Notes is proposed to be made pursuant to clause 2.2(d)(ii) of Appendix A to the supplemental indenture under which the Notes were issued prior to the Resale Restriction Termination Date, the transferor shall deliver a letter from the transferee substantially in the form of this letter to the Company and the Trustee, which shall provide, among other things, that the transferee is an institutional "accredited investor" within the meaning of Rule 501(a)(1), (2), (3) or (7) under the Securities Act and that it is acquiring such Notes for investment purposes and not for distribution in violation of the Securities Act. Each purchaser acknowledges that the Company and the Trustee reserve the right prior to the offer, sale or other transfer prior to the Resale Restriction Termination Date of the Notes with respect to applicable transfers described in the Restricted Notes Legend to require the delivery of an opinion of counsel, certifications and/or other information satisfactory to the Company and the Trustee.

TRANSFEREE: \_\_\_\_\_

by: \_\_\_\_\_

**Exhibit A-4**

**Form of Global Note representing the 2042 Notes**

No. RA-[ ]

KRAFT FOODS GROUP, INC.

5.000% NOTE DUE 2042

representing

\$

CUSIP No.

THIS NOTE HAS NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), AND MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED EXCEPT IN ACCORDANCE WITH THE FOLLOWING SENTENCE. BY ITS ACQUISITION HEREOF OR OF A BENEFICIAL INTEREST HEREIN, THE ACQUIRER

(1) REPRESENTS THAT

(A) IT AND ANY ACCOUNT FOR WHICH IT IS ACTING IS A "QUALIFIED INSTITUTIONAL BUYER" (WITHIN THE MEANING OF RULE 144A UNDER THE SECURITIES ACT) AND THAT IT EXERCISES SOLE INVESTMENT DISCRETION WITH RESPECT TO EACH SUCH ACCOUNT, OR

(B) IT IS NOT A U.S. PERSON (WITHIN THE MEANING OF REGULATION S UNDER THE SECURITIES ACT) AND

(2) AGREES FOR THE BENEFIT OF KRAFT FOODS GROUP, INC. THAT IT WILL NOT OFFER, SELL, PLEDGE OR OTHERWISE TRANSFER THIS NOTE OR ANY BENEFICIAL INTEREST HEREIN, EXCEPT IN ACCORDANCE WITH THE SECURITIES ACT AND ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES AND ONLY

(A) TO KRAFT FOODS GROUP, INC.,

(B) PURSUANT TO A REGISTRATION STATEMENT WHICH HAS BECOME EFFECTIVE UNDER THE SECURITIES ACT,

(C) TO A QUALIFIED INSTITUTIONAL BUYER IN COMPLIANCE WITH RULE 144A UNDER THE SECURITIES ACT,

(D) IN AN OFFSHORE TRANSACTION IN COMPLIANCE WITH RULE 904 OF REGULATION S UNDER THE SECURITIES ACT,

(E) TO AN INSTITUTIONAL "ACCREDITED INVESTOR" WITHIN THE MEANING OF RULE 501(a)(1), (2), (3) OR (7) UNDER THE SECURITIES ACT THAT IS NOT A QUALIFIED INSTITUTIONAL BUYER AND THAT IS PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF ANOTHER INSTITUTIONAL ACCREDITED INVESTOR, IN EACH CASE IN A MINIMUM PRINCIPAL AMOUNT OF SECURITIES OF \$250,000, OR

(F) PURSUANT TO AN EXEMPTION FROM REGISTRATION PROVIDED BY RULE 144 UNDER THE SECURITIES ACT OR ANY OTHER AVAILABLE EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT.

PRIOR TO THE REGISTRATION OF ANY TRANSFER IN ACCORDANCE WITH (2)(C) ABOVE OR (2)(D) ABOVE, A DULY COMPLETED AND SIGNED CERTIFICATE (THE FORM OF WHICH MAY BE OBTAINED FROM THE TRUSTEE) MUST BE DELIVERED TO THE TRUSTEE. PRIOR TO THE REGISTRATION OF ANY TRANSFER IN ACCORDANCE WITH (F) ABOVE, KRAFT FOODS GROUP, INC. RESERVES THE RIGHT TO REQUIRE THE DELIVERY OF SUCH LEGAL OPINIONS, CERTIFICATIONS OR OTHER EVIDENCE AS MAY REASONABLY BE REQUIRED IN ORDER TO DETERMINE THAT THE PROPOSED TRANSFER IS BEING MADE IN COMPLIANCE WITH THE SECURITIES ACT AND APPLICABLE STATE SECURITIES LAWS. NO REPRESENTATION IS MADE AS TO THE AVAILABILITY OF ANY RULE 144 EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT.

UNLESS THIS CERTIFICATE IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY TRUST COMPANY, A NEW YORK CORPORATION ("DTC"), NEW YORK, NEW YORK, TO THE COMPANY OR ITS AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT, AND ANY CERTIFICATE ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC (AND ANY PAYMENT IS MADE TO CEDE & CO., OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL INASMUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.

TRANSFERS OF THIS GLOBAL SECURITY SHALL BE LIMITED TO TRANSFERS IN WHOLE, BUT NOT IN PART, TO DTC, TO NOMINEES OF DTC OR TO A SUCCESSOR THEREOF OR SUCH SUCCESSOR'S NOMINEE AND TRANSFERS OF PORTIONS OF THIS GLOBAL SECURITY SHALL BE LIMITED TO TRANSFERS MADE IN ACCORDANCE WITH THE RESTRICTIONS SET FORTH IN THE INDENTURE REFERRED TO ON THE REVERSE HEREOF.

BY ITS ACQUISITION OF THIS SECURITY OR ANY INTEREST HEREIN, THE HOLDER THEREOF WILL BE DEEMED TO HAVE REPRESENTED AND WARRANTED THAT EITHER (1) NO PORTION OF THE ASSETS USED BY SUCH HOLDER TO ACQUIRE OR HOLD THIS SECURITY OR ANY INTEREST HEREIN CONSTITUTES THE ASSETS OF AN EMPLOYEE BENEFIT PLAN THAT IS SUBJECT TO TITLE I OF THE U.S. EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, AS AMENDED ("ERISA"), OF A PLAN, INDIVIDUAL RETIREMENT ACCOUNT OR OTHER ARRANGEMENT THAT IS SUBJECT TO SECTION 4975 OF THE U.S. INTERNAL REVENUE CODE OF 1986, AS AMENDED (THE "CODE") OR PROVISIONS UNDER ANY OTHER FEDERAL, STATE, LOCAL, NON-U.S. OR OTHER LAWS OR REGULATIONS THAT ARE SIMILAR TO SUCH PROVISIONS OF ERISA OR THE CODE ("SIMILAR LAWS"), OR OF AN ENTITY WHOSE UNDERLYING ASSETS ARE CONSIDERED TO INCLUDE "PLAN ASSETS" OF ANY SUCH PLAN, ACCOUNT OR ARRANGEMENT, OR (2) THE ACQUISITION AND HOLDING OF THIS SECURITY OR ANY INTEREST HEREIN WILL NOT CONSTITUTE A NON-EXEMPT PROHIBITED TRANSACTION UNDER SECTION 406 OF ERISA OR SECTION 4975 OF THE CODE OR A SIMILAR VIOLATION UNDER ANY APPLICABLE SIMILAR LAWS.

KRAFT FOODS GROUP, INC., a Virginia corporation (hereinafter called the "Company", which term includes any successor corporation under the Indenture hereinafter referred to), for value received, hereby promises to pay to Cede & Co. or registered assigns, the principal sum of \$ \_\_\_\_\_ on June 4, 2042, and to pay interest thereon from June 4, 2012 or from the most recent Interest Payment Date to which interest has been paid or duly provided for, semiannually on June 4 and December 4, in each year, commencing December 4, 2012, at the rate of 5.000% per annum until the principal hereof is paid or made available for payment.

The interest so payable, and punctually paid or duly provided for, on any Interest Payment Date will, as provided in the Indenture, be paid to the Person in whose name this Note (or one or more Predecessor Securities) is registered at the close of business on the Regular Record Date for such interest, which shall be May 19 or November 19 (whether or not a Business Day), as the case may be, next preceding such Interest Payment Date. Any such

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interest not so punctually paid or duly provided for shall forthwith cease to be payable to the Holders on such Regular Record Date and may be paid to the Person in whose name this Note (or one or more Predecessor Securities) is registered at the close of business on a Special Record Date for the payment of such Defaulted Interest to be fixed by the Trustee for the Notes, notice whereof shall be given to Holders of Notes not less than 10 days prior to such Special Record Date, or may be paid at any time in any other lawful manner not inconsistent with the requirements of any securities exchange on which the Notes may be listed, and upon such notice as may be required by such exchange, all as more fully provided in said Indenture.

Payment of the principal of and interest on this Note will be made at the office or agency of the Company maintained for that purpose in the Borough of Manhattan, The City of New York, in such coin or currency of the United States of America as at the time of payment is legal tender for payment of public and private debts; provided, however, that at the option of the Company payment of interest may be made by check mailed to the address of the Person entitled thereto as such address shall appear on the Securities Register or by wire transfer to an account maintained by the payee at a bank located in the United States. All payments of principal and interest in respect of this Note will be made by the Company in immediately available funds.

Additional provisions of this Note are contained on the reverse hereof, and such provisions shall have the same effect as though fully set forth in this place.

Unless the certificate of authentication hereon has been executed by or on behalf of the Trustee for the Notes by manual signature, this Note shall not be entitled to any benefit under the Indenture, or be valid or obligatory for any purpose.

*Signature Page Follows*

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IN WITNESS WHEREOF, KRAFT FOODS GROUP, INC. has caused this instrument to be duly executed under its corporate seal.

KRAFT FOODS GROUP, INC.

By: \_\_\_\_\_  
Name: Barbara L. Brasier  
Title: Senior Vice President and Treasurer

Attest:  
By: \_\_\_\_\_  
Name: David A. Brearton  
Title: Executive Vice President and CFO

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CERTIFICATE OF AUTHENTICATION

This is one of the Securities of the series designated therein described in the within-mentioned Indenture.

Dated: June 4, 2012.

DEUTSCHE BANK TRUST COMPANY  
AMERICAS, as Trustee

By:  
Name:  
Title:

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(Reverse of Note)

KRAFT FOODS GROUP, INC.

This Note is one of a duly authorized issue of debentures, notes or other evidences of indebtedness (hereinafter called the "Securities") of the Company of the series hereinafter specified, which series is limited in aggregate principal amount to \$2,000,000,000 (except as provided in the Indenture hereinafter mentioned), all such Securities issued and to be issued under an Indenture dated as of June 4, 2012 between the Company and Deutsche Bank Trust Company Americas, as Trustee (the "Base Indenture"), as supplemented by Supplemental Indenture No. 1, dated as of June 4, 2012, among the Company, Kraft Foods Inc. (the "Guarantor") and the Trustee (the "Supplemental Indenture" and together with the Base Indenture, herein called the "Indenture"), to which Indenture and all other indentures supplemental thereto reference is hereby made for a statement of the rights and limitations of rights thereunder of the Holders of the Securities and of the rights, obligations, duties and immunities of the Trustee for each series of Securities and of the Company, and the terms upon which the Securities are and are to be authenticated and delivered. As provided in the Indenture, the Securities may be issued in one or more series, which different series may be issued in various aggregate principal amounts, may mature at different times, may bear interest, if any, at different rates, may be subject to different redemption provisions, if any, may be subject to different sinking, purchase or analogous funds, if any, may be subject to different covenants and Events of Default and may otherwise vary as in the Indenture provided or permitted. This Note is one of a series of the Securities designated therein as 5.000% Notes due 2042 (the "Notes").

The Company may, without the consent of the Holders of the Notes, issue additional notes having the same ranking and the same interest rate, maturity and other terms as the Notes, except for the issue price, issue date and, in some cases, the first payment of interest or interest accruing prior to the issue date of such additional notes. Any additional notes having such similar terms, together with the Notes, shall constitute a single series of notes under the Indenture. No additional notes may be issued if an Event of Default has occurred with respect to the Notes.

**Guarantee**

Pursuant to Article Fourteen of the Base Indenture, the Guarantor hereby agrees that it shall provide a Guarantee on a senior unsecured basis of the Company's obligations under the Indenture with respect to the Notes. The Guarantor shall be automatically and unconditionally released and discharged from all obligations under the Indenture and the Guarantee without any action required on the part of the Trustee or any Holder pursuant to Section 3.02 of the Supplemental Indenture.

**Change of Control**

If a Change of Control Triggering Event (as defined below) occurs, unless the Company has exercised its right to redeem the Notes, Holders may require the Company to repurchase all or any part (equal to \$2,000 or an integral multiple of \$1,000 in excess thereof) of their Notes pursuant to an offer (the "Change of Control Offer") of payment in cash equal to 101% of the aggregate principal amount of Notes repurchased plus accrued and unpaid interest, if any, on the Notes repurchased, to the date of purchase (the "Change of Control Payment"). Within 30 days following any Change of Control Triggering Event, the Company will mail a notice to Holders describing the transaction or transactions that constitute the Change of Control Triggering Event and offering to repurchase the Notes on the date specified in the notice, which date will be no earlier than 30 days and no later than 60 days from the date such notice is mailed (the "Change of Control Payment Date"), pursuant to the procedures described in such notice. The Company must comply with the requirements of Rule 14e-1 under the Securities Exchange Act of 1934 (the "Exchange Act") and any other securities laws and regulations thereunder to the extent those laws and regulations are applicable in connection with the repurchase of the Notes as a result of a Change of Control Triggering Event. To the extent that the provisions of any securities laws or regulations conflict with the Change of Control provisions of the Notes, the Company will comply with the applicable securities laws and regulations and will not be deemed to have breached its obligations under the Change of Control provisions of the Notes by virtue of such conflicts.

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On the Change of Control Payment Date, the Company will, to the extent lawful:

- accept for payment all Notes or portions of Notes properly tendered pursuant to the Change of Control Offer;
- deposit with the paying agent an amount equal to the Change of Control Payment in respect of all Notes or portions of Notes properly tendered; and
- deliver or cause to be delivered to the Trustee the Notes properly accepted together with an officers' certificate stating the aggregate principal amount of Notes or portions of Notes being purchased.

The paying agent will promptly mail to each Holder of notes properly tendered the purchase price for the Notes, and the Trustee will promptly authenticate and mail (or cause to be transferred by book-entry) to each Holder a new note equal in principal amount to any unpurchased portion of any Notes surrendered; *provided* that each new note will be in a principal amount of \$2,000 or an integral multiple of \$1,000 in excess thereof.

The Company will not be required to make an offer to repurchase the Notes upon a Change of Control Triggering Event if a third party makes such an offer in the manner, at the times and otherwise in compliance with the requirements for an offer made by the Company and such third party purchases all Notes properly tendered and not withdrawn under its offer.

For purposes of the foregoing discussion of a repurchase at the option of Holders, the following definitions are applicable:

"Below Investment Grade Rating Event" means the Notes are rated below an Investment Grade Rating by each of the Rating Agencies (as defined below) on any date from the date of the public notice of an arrangement that could result in a Change of Control until the end of the 60-day period following public notice of the occurrence of the Change of Control (which 60-day period shall be extended so long as the rating of the Notes is under publicly announced consideration for possible downgrade by any of the Rating Agencies); *provided* that a below investment grade rating event otherwise arising by virtue of a particular reduction in rating shall not be deemed to have occurred in respect to a particular Change of Control (and thus shall not be deemed a below investment grade rating event for purposes of the definition of Change of Control Triggering Event hereunder) if the rating agencies making the reduction in rating to which this definition would otherwise apply do not announce or publicly confirm or inform the Trustee in writing at its request that the reduction was the result, in whole or in part, of any event or circumstance comprising or arising as a result of, or in respect of, the applicable Change of Control (whether or not the applicable Change of Control shall have occurred at the time of the below investment grade rating event).

"Change of Control" means the occurrence of any of the following: (1) the direct or indirect sale, transfer, conveyance or other disposition (other than by way of merger or consolidation), in one or a series of related transactions, of all or substantially all of the properties or assets of the Company and its subsidiaries taken as a whole to any Person or group of related persons for purposes of Section 13(d) of the Exchange Act (a "Group") other than the Company or one of its subsidiaries, and other than the Internal Reorganization; (2) the approval by the holders of the Company's common stock of any plan or proposal for the liquidation or dissolution of the Company (whether or not otherwise in compliance with the provisions of the indenture); (3) the consummation of any transaction (including, without limitation, any merger or consolidation) the result of which is that any Person or Group becomes the beneficial owner, directly or indirectly, of more than 50% of the then outstanding number of shares of the Company's voting stock; or (4) the first day on which a majority of the members of the Company's Board of Directors are not Continuing Directors.

"Change of Control Triggering Event" means the occurrence of both a Change of Control and a Below Investment Grade Rating Event.

"Continuing Directors" means, as of any date of determination, any member of the Board of Directors of the Company who (1) was a member of such Board of Directors on the date of the issuance of

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the Notes; or (2) was nominated for election or elected to such Board of Directors with the approval of a majority of the Continuing Directors who were members of such Board of Directors at the time of such nomination or election (either by a specific vote or by approval of the Company's proxy statement in which such member was named as a nominee for election as a director, without objection to such nomination).

"Investment Grade Rating" means a rating equal to or higher than Baa3 (or the equivalent) by Moody's and BBB- (or the equivalent) by S&P, respectively.

"Moody's" means Moody's Investors Service, Inc.

"Person" has the meaning set forth in the indenture and includes a "person" as used in Section 13(d)(3) of the Exchange Act.

"Rating Agencies" means (1) each of Moody's and S&P and (2) if any of Moody's or S&P ceases to rate the Notes or fails to make a rating of the Notes publicly available for reasons outside of the Company's control, a "nationally recognized statistical rating organization" within the meaning of Rule 15c3-1(c)(2)(vi)(F) under the Exchange Act, selected by the Company (as certified by a resolution of the Company's Board of Directors) as a replacement agency for Moody's or S&P, or both of them, as the case may be.

"S&P" means Standard & Poor's Ratings Services, a division of The McGraw-Hill Companies, Inc.

#### **Payment of Additional Amounts**

Section 1010 of the Indenture shall be applicable to the Notes, except that the term "Holder," when used in Section 1010 of the Indenture, shall mean the beneficial owner of a Note or any person holding on behalf or for the account of the beneficial owner of a Note.

#### **Redemption for Tax Reasons**

The Company may redeem the Notes prior to maturity in whole, but not in part, on not more than 60 days' notice and not less than 30 days' notice at a redemption price equal to the principal amount of such Notes plus any accrued interest and additional amounts to the date fixed for redemption if:

- as a result of a change in or amendment to the tax laws, regulations or rulings of the United States or any political subdivision or taxing authority of or in the United States or any change in official position regarding the application or interpretation of such laws, regulations or rulings (including a holding by a court of competent jurisdiction in the United States) that is announced or becomes effective on or after June 4, 2012, the Company has or will become obligated to pay additional amounts with respect to such series of Notes as described in Section 1010 of the Indenture, or
- on or after June 4, 2012, any action is taken by a taxing authority of, or any decision has been rendered by a court of competent jurisdiction in, the United States or any political subdivision of or in the United States, including any of those actions specified above, whether or not such action was taken or decision was rendered with respect to the Company, or any change, amendment, application or interpretation is officially proposed, which, in any such case, in the written opinion of independent legal counsel of recognized standing, will result in a material probability that the Company will become obligated to pay additional amounts with respect to such series of Notes, and the Company in its business judgment determine that such obligations cannot be avoided by the use of reasonable measures available to the Company.

If the Company exercises its option to redeem the Notes, the Company will deliver to the Trustee a certificate signed by an authorized officer stating that it is entitled to redeem the Notes and an opinion of independent tax counsel to the effect that the circumstances described in the above bullets exist.

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### **Payment of Additional Interest**

The Company shall pay all Additional Interest, if any, in the same manner and on the same dates as interest at the rate stated herein and in the amounts set forth in the Registration Rights Agreement.

For purposes of the foregoing discussion of additional interest, the following definitions are applicable:

"Additional Interest" means all interest payable as a consequence of the failure to effectuate in a timely manner the exchange offer and/or shelf registration procedures set for in the Registration Rights Agreement.

"Registration Rights Agreement" means (i) the registration rights agreement, dated as of June 4, 2012 among the Company, the Guarantor, and the representatives of the initial purchasers party thereto and (ii) with respect to any additional Notes, one or more substantially similar registration rights agreements among the Company and the other parties thereto, as such agreements may be amended from time to time.

### **Reports**

For so long as any Notes are outstanding, the Company will furnish to Holders and prospective purchasers of the Notes, upon their request, the information required to be delivered pursuant to Rule 144A(d)(4) under the Securities Act of 1933, as amended (the "Securities Act"). The requirements set forth in this paragraph may be satisfied by delivering such information to the Trustee and posting copies of such information on a website (which may be nonpublic and may be maintained by the Company or a third party, *provided*, that the Trustee will have no responsibility to determine if such posting has occurred) to which access will be given to Holders and prospective purchasers of the Notes (which prospective purchasers will be limited to "qualified institutional buyers" within the meaning of Rule 144A of the Securities Act or non-U.S. persons (as defined in Regulation S under the Securities Act) that certify their status as such to the reasonable satisfaction of the Company.

### **Defeasance**

The Indenture contains provisions for defeasance at any time of the entire principal of all the Securities of any series upon compliance by the Company with certain conditions set forth therein.

Certain of the Company's obligations under the Indenture with respect to Notes, may be terminated if the Company irrevocably deposits with the Trustee money or Government Obligations sufficient to pay and discharge the entire indebtedness on a the Indenture.

### **Events of Default**

If an Event of Default (other than an Event of Default described in Section 501(4) or 501(5) of the Indenture) with respect to the Notes shall occur and be continuing, then either the Trustee or the Holders of not less than 25% in principal amount of the Notes of this series then Outstanding may declare the entire principal amount of the Notes of this series due and payable in the manner and with effect provided in the Indenture. If an Event of Default specified in Section 501(4) or 501(5) occurs with respect to the Company, all of the unpaid principal amount and accrued interest then outstanding shall *ipso facto* become and be immediately due and payable in the manner and with the effect provided in the Indenture without any declaration or other act by the Trustee or any Holder.

### **Amendments**

The Indenture permits, with certain exceptions as therein provided, the amendment thereof and the modification of the rights and obligations of the Company and the rights of the Holders of the Securities under the Indenture at any time by the Company with the consent of the Holders of more than 50% in aggregate principal amount of the Securities at the time Outstanding of each series issued under the Indenture to be affected thereby. The Indenture also contains provisions permitting the Holders of specified percentages in aggregate principal amount of the Securities of that series at the time Outstanding, on behalf of the Holders of all the Securities of such

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series, to waive compliance by the Company with certain provisions of the Indenture and certain past defaults under the Indenture and their consequences with respect to such series. Any such consent or waiver by the Holder of this Note shall be conclusive and binding upon such Holder and upon all future Holders of this Note and of any Note issued upon the transfer hereof or in exchange or in lieu hereof whether or not notation of such consent or waiver is made upon this Note.

### **Payment**

No reference herein to the Indenture and no provision of this Note or of the Indenture shall alter or impair the obligation of the Company, which is absolute and unconditional, to pay the principal of and interest on this Note at the times, place and rate, and in the coin or currency, herein and in the Indenture prescribed.

### **Transfer, Registration and Exchange**

As provided in the Indenture and subject to certain limitations therein set forth, this Note is transferable on the Security Register of the Company, upon surrender of this Note for registration of transfer at the office or agency of the Company to be maintained for that purpose in the Borough of Manhattan, The City of New York, or at any other office or agency of the Company maintained for that purpose, duly endorsed by, or accompanied by a written instrument of transfer in form satisfactory to the Company and the Security Registrar duly executed by the Holder hereof or his attorney duly authorized in writing, and thereupon due or one or more new notes, of authorized denominations and for the same aggregate principal amount, will be issued to the designated transferee or transferees.

The Notes are issuable only in registered form without coupons in denominations of \$2,000 and any multiple of \$1,000 in excess thereof. As provided in the Indenture and subject to certain limitations therein set forth, Notes are exchangeable for a like aggregate principal amount of Notes of a like tenor and of a different authorized denomination, as requested by the Holder surrendering the same.

No service charge shall be made for any such registration of transfer or exchange, but the Company may require payment of a sum sufficient to cover any tax or other governmental charge payable in connection therewith.

The Company, the Trustee for the Notes and any agent of the Company or such Trustee may treat the Person in whose name this Note is registered as the owner hereof for the purpose of receiving payment as herein provided and for all other purposes, whether or not this Note be overdue, and neither the Company, such Trustee nor any such agent shall be affected by notice to the contrary.

The Notes are not subject to a sinking fund.

**This Note shall for all purposes be governed by, and construed in accordance with, the laws of the State of New York.**

Certain terms used in this Note which are defined in the Indenture have the meanings set forth therein.

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ASSIGNMENT FORM

FOR VALUE RECEIVED, the undersigned hereby sells, assigns and transfers unto:

PLEASE INSERT SOCIAL SECURITY NUMBER OR OTHER IDENTIFYING NUMBER OF ASSIGNEE

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(Name and address of Assignee, including zip code, must be printed or typewritten)

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the within Note, and all rights thereunder, hereby irrevocably, constituting and appointing

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to transfer the said Note on the books of Kraft Foods Group, Inc. with full power of substitution in the premises.

Dated: \_\_\_\_\_

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NOTICE: The signature to this assignment must correspond with the name as it appears upon the face of the within Note in every particular, without alteration or enlargement or any change whatever.

CERTIFICATE TO BE DELIVERED UPON EXCHANGE OR  
REGISTRATION OF TRANSFERS OF TRANSFER RESTRICTED NOTES

This certificate relates to \$ \_\_\_\_\_ principal amount of Notes held in (check applicable space) \_\_\_\_\_ book-entry or \_\_\_\_\_ definitive form by the undersigned.

The undersigned (check one box below):

- has requested the Trustee by written order to deliver in exchange for its beneficial interest in a Global Note held by the Depositary a Note or Notes in definitive, registered form of authorized denominations and an aggregate principal amount equal to its beneficial interest in such Global Note (or the portion thereof indicated above) in accordance with the Indenture; or
- has requested the Trustee by written order to exchange or register the transfer of a Note or Notes.

In connection with any transfer of any of the Notes evidenced by this certificate, the undersigned confirms that such Notes are being transferred in accordance with its terms:

CHECK ONE BOX BELOW

- (1)  to the Company or subsidiary thereof; or
- (2)  to the Registrar for registration in the name of the Holder, without transfer; or
- (3)  pursuant to an effective registration statement under the Securities Act of 1933, as amended (the "*Securities Act*"); or
- (4)  to a Person that the undersigned reasonably believes is a "qualified institutional buyer" (as defined in Rule 144A under the Securities Act ("*Rule 144A*")) that purchases for its own account or for the account of a qualified institutional buyer and to whom notice is given that such transfer is being made in reliance on Rule 144A, in each case pursuant to and in compliance with Rule 144A; or
- (5)  pursuant to offers and sales to non-U.S. persons that occur outside the United States of America within the meaning of Regulation S under the Securities Act (and if the transfer is being made prior to the expiration of the Distribution Compliance Period, the Notes shall be held immediately thereafter through Euroclear or Clearstream); or
- (6)  to an institutional "accredited investor" (as defined in Rule 501(a)(1), (2), (3) or (7) under the Securities Act) that has furnished to the Trustee a signed letter in the form provided on the reverse side of such Notes; or
- (7)  pursuant to Rule 144 under the Securities Act; or
- (8)  pursuant to another available exemption from registration under the Securities Act.

Unless one of the boxes is checked, the Trustee will refuse to register any of the Notes evidenced by this certificate in the name of any Person other than the registered Holder thereof; *provided, however*, that if box (7) or (8) is checked, the Company or the Trustee may require, prior to registering any such transfer of

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the Notes, such legal opinions, certifications and other information as the Company or the Trustee has reasonably requested to confirm that such transfer is being made pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act.

Date: \_\_\_\_\_

\_\_\_\_\_  
Your Signature

\_\_\_\_\_  
Signature of Signature Guarantor

TO BE COMPLETED BY PURCHASER IF (4) ABOVE IS CHECKED.

The undersigned represents and warrants that it is purchasing this Note for its own account or an account with respect to which it exercises sole investment discretion and that it and any such account is a "qualified institutional buyer" within the meaning of Rule 144A, and is aware that the sale to it is being made in reliance on Rule 144A and acknowledges that it has received such information regarding the Company as the undersigned has requested pursuant to Rule 144A or has determined not to request such information and that it is aware that the transferor is relying upon the undersigned's foregoing representations in order to claim the exemption from registration provided by Rule 144A.

Dated: \_\_\_\_\_

\_\_\_\_\_  
NOTICE: To be executed by an executive officer

Name:

Title:

Signature Guarantee\*: \_\_\_\_\_

\* Participant in a recognized Signature Guarantee Medallion Program (or other signature guarantor acceptable to the Trustee).



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OPTION OF HOLDER TO ELECT PURCHASE

If you want to elect to have all or part of this Note purchased by the Company pursuant to Change of Control, state the amount you elect to have purchased:

\$ \_\_\_\_\_

(integral multiples of \$1,000, *provided* that the unpurchased portion must be in a minimum principal amount of \$2,000)

Date: \_\_\_\_\_

Your Signature:

\_\_\_\_\_  
(Sign exactly as your name appears on the face of this Note)

Tax Identification No.:

Signature Guarantee\*: \_\_\_\_\_

\* Participant in a recognized Signature Guarantee Medallion Program (or other signature guarantor acceptable to the Trustee).

SCHEDULE OF EXCHANGES OF INTERESTS IN THE GLOBAL NOTE

The initial outstanding principal amount of this Global Note is \$ \_\_\_\_\_ . The following exchanges of a part of this Global Note for an interest in another Global Note or for a Definitive Note, or exchanges of a part of another Global Note or Definitive Note for an interest in this Global Note, have been made:

Date of Exchange	Amount of decrease in Principal Amount of this Global Note	Amount of increase in Principal Amount of this Global Note	Principal Amount of this Global Note following such decrease or increase	Signature of authorized signatory of Trustee, Depository or Custodian
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FORM OF  
TRANSFEREE LETTER OF REPRESENTATION

Kraft Foods Group, Inc.  
Three Lakes Drive  
Northfield, IL 60093  
Fax No.: (847) 646-3173  
Email: Darin.Aprati@kraftfoods.com  
Attention: Treasurer

Ladies and Gentlemen:

This certificate is delivered to request a transfer of \$[\_\_\_\_\_] principal amount of the 5.000% Senior Notes due 2042 (the "Notes") of Kraft Foods Group, Inc. (the "Company").

Upon transfer, the Notes would be registered in the name of the new beneficial owner as follows:

Name: \_\_\_\_\_

Address: \_\_\_\_\_

Taxpayer ID Number: \_\_\_\_\_

The undersigned represents and warrants to you that:

1. We are an institutional "accredited investor" (as defined in Rule 501(a)(1), (2), (3) or (7) under the Securities Act of 1933, as amended (the "Securities Act")), purchasing for our own account or for the account of such an institutional "accredited investor" at least \$250,000 principal amount of the Notes, and we are acquiring the Notes, for investment purposes and not with a view to, or for offer or sale in connection with, any distribution in violation of the Securities Act. We have such knowledge and experience in financial and business matters as to be capable of evaluating the merits and risks of our investment in the Notes, and we invest in or purchase securities similar to the Notes in the normal course of our business. We, and any accounts for which we are acting, are each able to bear the economic risk of our or its investment.

2. We understand that the Notes have not been registered under the Securities Act and, unless so registered, may not be sold except as permitted in the following sentence. We agree on our own behalf and on behalf of any investor account for which we are purchasing Notes to offer, sell or otherwise transfer such Notes prior to the date that is one year after the later of the date of original issue and the last date on which the Company or any affiliate of the Company was the owner of such Notes (or any predecessor thereto) (the "Resale Restriction Termination Date") only in accordance with the Restricted Notes Legend (as such term is defined in the supplemental indenture under which the Notes were issued) on the Notes and any applicable securities laws of any state of the United States of America. The foregoing restrictions on resale will not apply subsequent to the Resale Restriction Termination Date. If any resale or other transfer of the Notes is proposed to be made pursuant to clause 2.2(d)(ii) of Appendix A to the supplemental indenture under which the Notes were issued prior to the Resale Restriction Termination Date, the transferor shall deliver a letter from the transferee substantially in the form of this letter to the Company and the Trustee, which shall provide, among other things, that the transferee is an institutional "accredited investor" within the meaning of Rule 501(a)(1), (2), (3) or (7) under the Securities Act and that it is acquiring such Notes for investment purposes and not for distribution in violation of the Securities Act. Each purchaser acknowledges that the Company and the Trustee reserve the right prior to the offer, sale or other transfer prior to the Resale Restriction Termination Date of the Notes with respect to applicable transfers described in the Restricted Notes Legend to require the delivery of an opinion of counsel, certifications and/or other information satisfactory to the Company and the Trustee.

TRANSFEREE: \_\_\_\_\_

by: \_\_\_\_\_

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

	For the Three Months Ended June 30, 2012	For the Six Months Ended June 30, 2012
Earnings before income taxes	\$ 1,450	\$ 2,588
Add / (Deduct):		
Equity in net earnings of less than 50% owned affiliates	(20)	(50)
Dividends from less than 50% owned affiliates	55	55
Fixed charges	475	1,072
Interest capitalized, net of amortization	(1)	-
Earnings available for fixed charges	<u>\$ 1,959</u>	<u>\$ 3,665</u>
Fixed charges:		
Interest incurred:		
Interest expense	\$ 445	\$ 1,013
Capitalized interest	<u>1</u>	<u>1</u>
	446	1,014
Portion of rent expense deemed to represent interest factor	<u>29</u>	<u>58</u>
Fixed charges	<u>\$ 475</u>	<u>\$ 1,072</u>
Ratio of earnings to fixed charges	<u>4.1</u>	<u>3.4</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: August 3, 2012

/s/ Irene B. Rosenfeld

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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: August 3, 2012

/s/ David A. Brearton

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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 June 30, 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  
August 3, 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 June 30, 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  
August 3, 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.*