

Additional Information about the Treatment of Outstanding Stock Options and Deferred Stock Units as a Result of the Spin-Off for Employees in Japan

This is a follow-up communication to the one you received on or around July 16, 2012 and contains *additional* detailed information regarding the treatment of outstanding and unexercised stock options and unvested and not forfeited deferred stock unit (“DSU”) awards (collectively referred to as “Awards”)¹ following the Spin-Off of the North American grocery business (as defined below) for employees in Japan. Please read this carefully. If you would like to review the initial communication from July 16, 2012, click [here](#).

Information covered in this communication includes:

1. Overview of outstanding Award treatment
2. Information on conversion calculations
3. Information on the tax consequences of the Spin-Off on the Awards
4. Key dates, including the UBS blackout period September 19 through October 7, 2012
5. Where to find additional information

Overview of outstanding Award treatment

What’s happening?

On August 4, 2011, Kraft Foods Inc. (“KFT or the “Company”) announced plans to create two independent public companies: a global snacks business and a North American grocery business. The global snacks business will have the name Mondelez International, Inc. The North American grocery business will be spun off as an independent company and will be called Kraft Foods Group, Inc. The separation into two independent public companies is known as a “Spin-Off.”

What does this mean for the treatment of my KFT Awards?

In the Spin-Off, the Company has chosen to follow the *Shareholder Approach* for the treatment of any outstanding (unvested and vested but not yet exercised) stock options and/ or unvested and not forfeited DSU awards that you hold. This approach is similar to the treatment of the common stock held by KFT shareholders. It means that regardless of the company by which you will be employed following the Spin-Off, your outstanding KFT Awards will be cancelled and will be adjusted and converted into new Awards over shares in both Mondelez International (“MDLZ”) and Kraft Foods Group (“KRFT”). The adjusted Awards will generally retain the same terms and conditions as your existing Awards. Due to the name and trading symbol change of KFT to MDLZ, we will retire the KFT trading symbol after the Spin-Off. As such, in the future, your UBS account will reflect Awards of MDLZ and KRFT shares. For administrative purposes, as of the effective time of the Spin-Off, the KFT shares will no longer be reflected as active in your UBS account.

Information on conversion calculations

Can you explain how the equity award adjustment and conversion will work under the *Shareholder Approach*?

The main idea of the *Shareholder Approach* is that, similar to shareholders, in the Spin-Off, your outstanding KFT Awards will be converted into Awards over MDLZ and KRFT shares.² In doing so, we will adjust and convert your stock option awards so that they have an equivalent “intrinsic value” immediately before and immediately after the Spin-Off. Your DSU awards will be adjusted and converted using a similar method which will be applied to KFT shares held by external shareholders. Please see below for further details.

¹ Granted under the Kraft Foods Inc. 2005 Performance Incentive Plan and/or the Kraft Foods Inc. Amended and Restated 2005 Performance Incentive Plan (collectively, the “Plans”).

² Subject to restrictions in certain jurisdictions to avoid negative tax treatment or to comply with local law, including tax and securities laws.

DSU awards

Unvested and not forfeited DSU awards will be treated generally consistent with the treatment applied to common stock owned by KFT shareholders.

Each holder of KFT DSU awards will retain the same number of MDLZ shares and receive KRFT shares based on the Distribution Ratio.

The Distribution Ratio for KFT shareholders is 1:3 (you will receive 1 KRFT share and 3 MDLZ shares for every 3 KFT shares you hold).

Example: If you hold 1000 KFT DSUs, these will generally be adjusted and converted to: 333 KRFT DSUs and 1000 MDLZ DSUs.

Since we are applying the 1:3 distribution ratio and rounding down to the nearest whole share, the conversion may result in a fractional share (less than 1 whole KRFT share). These fractional shares will be paid out to you in cash, using the closing stock price of KRFT on the effective date of the Spin-Off, as traded on the “when-issued” market.

Note: the adjusted and converted awards will, generally, retain the same terms and conditions as your existing awards (*i.e.*, vesting conditions, consequences of termination of employment, etc.) as indicated in the original award agreement related to your KFT awards.

Stock Options under the Shareholder Approach

Your outstanding KFT stock options will be adjusted to maintain the equivalent “Pre-Spin-Off” intrinsic value at the time of the Spin-Off.² Through this conversion, the number of shares subject to your outstanding stock options will be adjusted and the grant price of each stock option will also be adjusted to account for any change in stock price of both companies at the time of the Spin-Off.

The **Pre-Spin-Off intrinsic value** for a stock option is calculated by taking the number of option shares outstanding multiplied by the difference between the grant price and the closing stock price of KFT on the effective date of the Spin-Off.

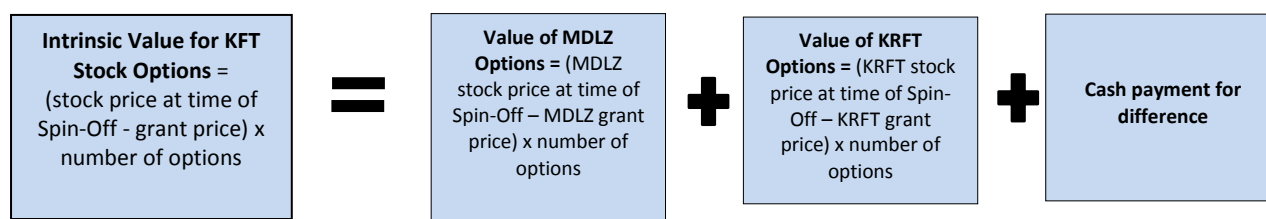
**Pre-Spin-Off Intrinsic value for stock option award =
(Closing stock price on the date of the Spin-Off minus grant price)
multiplied by number of options**

1. Adjusted and converted grant prices: to adjust the grant price, the ratio of the KFT grant price to the KFT closing stock price on the date of the Spin-Off will be applied to the MDLZ and KRFT stock prices on the effective day of the Spin-Off to determine the new MDLZ and KRFT grant prices.

KFT grant price		
<u>KFT closing stock price at Spin-Off⁵</u>	X	MDLZ ³ or KRFT ⁴ stock price
		=
		New MDLZ or KRFT grant price

2. Adjusted and converted **number of options**: you will retain the same number of MDLZ stock options. The number of new adjusted and converted KRFT options will be determined based on the distribution ratio, rounded down to the nearest whole option. If the intrinsic value of the combined MDLZ/KRFT adjusted and converted awards is above the KFT Pre-Spin-Off intrinsic value at the time of the Spin-Off, then the number of KRFT options will be reduced until the intrinsic value is equal to or less than the KFT Pre-Spin-Off intrinsic value.

If the gain of the combined adjusted and converted awards is lower than original gain of your stock options before the Spin-Off, you generally will receive a cash payment for the difference to keep the pre- and post-Spin-Off intrinsic value equal.



Note: the adjusted and converted awards will, generally, retain the same terms and conditions as your existing awards (*i.e.*, vesting conditions, consequences of termination of employment, etc.) as indicated in the original award agreements related to your KFT Awards.

Helpful Tools

Please click [here](#) to access an E-learning module which will explain further how the adjustment and conversion will work.

Please click [here](#) to access an online calculator which you can use to model how your Awards will be adjusted and converted, based on example stock prices

What happens if my stock options are “underwater”?

If an option is underwater it means that the current market price of the stock is lower than the grant price of your options set at the time of grant. If this is the case, the conversion will still occur using the same methodology as noted above.

³ The Kraft Foods Pre-Adjustment Price multiplied by a fraction, (a) the numerator of which is the closing price of MDLZ Common Stock on the NASDAQ Global Select Market on the Distribution Date (as traded on the “when issued” market) and (b) the denominator of which is (i) the numerator plus (ii) the closing price of KRFT Common Stock on the NASDAQ Global Select Market on the Distribution Date (as traded on the “when issued” market) multiplied by the Distribution Ratio.

⁴ The Kraft Foods Pre-Adjustment Price multiplied by a fraction, (a) the numerator of which is the closing price of KRFT Common Stock on the NASDAQ Global Select Market on the Distribution Date (as traded on the “when issued” market) and (b) the denominator of which is the sum of the numerator multiplied by the Distribution Ratio plus the closing price of MDLZ Common Stock on the NASDAQ Global Select Market on the Distribution Date (as traded on the “when issued” market).

⁵ The closing price of KFT Common Stock on the NASDAQ Global Select Market on the Distribution Date (as traded on the “regular way” market).

How will the fractional share payments, as a result of the conversion of my Awards, generally be made?

If there are any fractional share payments, these generally will be paid to you in cash via your payroll in yen, as soon as is administratively feasible following the Spin-Off. These payments will, generally, be subject to the usual tax and/ or social security deductions as apply to normal cash income.

Information regarding tax consequences of the Spin-Off on the Awards

The following is a discussion of the material tax consequences of the adjustment and conversion of the KFT Awards into Awards over MDLZ and KRFT shares for employees subject to tax in Japan. This discussion is based on the law in effect in Japan as of August 2012. This discussion is general in nature and does not discuss all of the tax consequences that may be relevant to you in light of your particular circumstances, nor is it intended to be applicable in all respects to all categories of employees. Please note that tax laws change frequently and occasionally on a retroactive basis. As a result, the information contained in this discussion may be out of date by the time the Spin-Off is effective, you exercise stock options, vest in DSUs or sell shares acquired pursuant to the Awards.

If you are a citizen or resident of more than one country, transferred employment to another country since the date your KFT Awards were granted or are considered a resident of more than one country for local law purposes, the information contained in this discussion may not be applicable to you and/or you may experience tax and/or social insurance consequences in more than one country. You are strongly advised to seek appropriate professional advice as to how the tax or other laws in Japan apply to your specific situation.

Adjustment and Conversion of Awards

You likely will not be subject to tax upon the cancellation of the KFT Awards and grant of the adjusted and converted Awards over KRFT and MDLZ shares. However, you should confirm the tax treatment of the cancellation of your KFT Awards and grant of new awards with a personal tax advisor.

Stock Options

Assuming you are not taxed upon the cancellation of the KFT Awards and grant of the adjusted and converted Awards, the Spin-Off should not have any tax consequences for the exercise of your stock options that occurs after the Spin-off is completed. Thus, when you exercise your MDLZ stock options or your KRFT stock options, you will be subject to income tax on the difference (or "spread") between the fair market value of the shares at exercise and the exercise price. This amount likely will be characterized as "remuneration income" and taxed at your progressive rate. You will not be subject to social insurance contributions on this amount.

DSUs

Assuming you are not taxed upon the cancellation of the KFT Awards and grant of the adjusted and converted Awards, the Spin-Off should not have any tax consequences for the vesting of your DSUs that occurs after the Spin-off is completed. Thus, you will be subject to income tax when your MDLZ DSUs or KRFT DSUs vest on the fair market value of the shares acquired at vesting. This amount likely will be characterized as "remuneration income" and taxed at your progressive rate. You will not be subject to social insurance contributions on this amount.

Sale of Shares

When you sell the shares acquired pursuant to your MDLZ or KRFT Awards you will be subject to capital gains tax on any gain you realize. The gain will generally be taxed at a flat tax rate of 20%. However, a temporary capital gains tax rate of 10% may be available for capital gains you realize through 2013 (up to ¥5 million) if you have held the shares for one year or more and the shares are sold to or through a licensed stockbroker in Japan. *Please consult with a personal tax advisor to determine if you are eligible for this reduced rate.*

Withholding/Reporting

Your employer will generally not be required to withhold income tax due upon the exercise of your MDLZ or KRFT stock options or the vesting of the MDLZ or KRFT DSUs.

Historically, your employer was not required to report income tax at exercise of stock options or vesting of DSUs. However, as long as MDLZ has at least a 50% ownership stake in your employer, starting with vestings

occurring in 2012, your employer will report information on the income you receive from the exercise of the MDLZ stock options or the vesting of MDLZ DSUs to the Japanese tax authorities on an annual basis, by March 31st of the year following the year in which the taxable event occurred. KRFT will not be required to report the exercise of your stock options or vesting of your DSUs over KRFT shares.

Offshore Asset Reporting

Pursuant to a new law (the “Offshore Remittance, etc. Reporting Requirement Law”), you are required to report details of any assets you hold outside of Japan as of December 31, including shares of MDLZ or KRFT, to the extent such assets have a total net fair market value exceeding ¥50 million. Such report will be due from you by March 15th each year. *Please check with your personal tax advisor as to whether this reporting obligation applies to you.*

Key dates including the UBS blackout period

Spin-Off Date

The Spin-Off will take effect at 5 p.m., New York City time, on **October 1, 2012**.

Record date

The record date for the distribution to shareholders (“the Distribution”) will be **September 19, 2012**. The Company is using the same date for its KFT equity Award holders who will be affected by the conversion, therefore if you hold outstanding KFT stock options and/ or unvested DSU stock awards on this date, following the Spin-Off your outstanding Awards will be converted into Awards over both MDLZ and KRFT shares.

UBS Blackout Dates

The UBS administrative blackout period will start on September 19, 2012 and will last through October 7, 2012 (inclusive). During this period, you will not be able to perform any transactions upon the Awards in your UBS account. The last day on which you can access UBS OneSource and trade on any Awards in your UBS account before the Spin-Off will be September 18, 2012. You must complete a transaction prior to the close of the NASDAQ Stock Market on this day.

If you have vested (common) shares in your UBS OneSource account, (from previous stock option exercises or prior DSU vestings) you will be unable to access your online OneSource account to trade on these during the UBS administrative blackout. During this period if you wish to trade on the vested (common) shares in your UBS OneSource account, you should contact the UBS call center to submit a sale order request (see UBS Section for details of the UBS call center numbers).

What will happen to my UBS account?

Following the Spin-Off, both companies (KRFT and MDLZ) will continue to use UBS as their equity award plan administrator. However, your current account will be converted into two new UBS accounts – one for MDLZ Awards/shares and one for KRFT Awards/shares. Each account will have a separate link which you will need to use to access the converted MDLZ and KRFT Awards. All cash existing in your KFT account at the time of the Spin-Off will be automatically transferred to your MDLZ account.

The new UBS links are detailed below. Please note that these links will not be active until 9.30 am New York Time on October 8, 2012, when the currently planned UBS administrative blackout period ends.

Links to access your MDLZ and KRFT Awards and the KFT old account: (effective October 8, 2012)

MDLZ: www.ubs.com/onesource/mdlz

KRFT: www.ubs.com/onesource/krft

KFT OLD: www.ubs.com/onesource/kftold (for historical purposes only)

You will be able to continue to access the “old” KFT account after the Spin-Off via the following web link www.ubs.com/onesource/kftold, for historical purposes only, until December 31, 2014. We recommend that you run any reports you may need and retain for your own record. On December 31, 2014 the site will permanently expire and will no longer be accessible. The current link to use to access your UBS account (before 19 September 2012) is: www.ubs.com/onesource/kft.

UBS OneSource – What is changing following the Spin-Off? (effective October 8, 2012)

- There will be separate links to access your outstanding Awards for MDLZ and KRFT (see above for more details)
- There will be a different link to access the KFT OLD account (for historical reporting purposes only)
- KRFT employees will use a different phone number to contact the UBS Call Center (see UBS section at the end of this communication).
- All unexecuted orders (e.g. Limit Sell Order) which have been placed in the KFT UBS account before the blackout begins will be cancelled. **You** will need to re-issue these orders for the adjusted and converted Awards in the new UBS accounts. No exceptions can be made.
- Any cash held in your KFT UBS account will be transferred to the MDLZ UBS account, following the Spin-Off.

UBS OneSource - What is staying the same following the Spin-Off?

- Your UBS Participant ID (for both new accounts)
- Your UBS PIN/Password (for both new accounts)
- W8-Ben and W9 US Tax Forms (including original expiration date) - If you have completed this for KFT it will be copied to both accounts.
- MDLZ employees will continue to use the current phone number to contact the UBS Call Center.

I have vested KFT common shares held in UBS from previous transactions. How will these shares be impacted by the Spin-Off?

Any KFT shares received pursuant to the vesting and/or exercise of previously outstanding Awards held in UBS will be treated the same as shares held by other KFT shareholders. This means that if you are a KFT shareholder on the record date for the distribution (September 19, 2012), following the Spin-Off you will automatically receive KRFT shares, based on the distribution ratio of 1:3 (i.e. you will receive 1 KRFT share for every 3 KFT/MDLZ shares you hold). These shares will remain in your UBS account and be accessible via the same links that will be used to access your MDLZ and KRFT Awards. (see the “What will happen to my UBS Account?” section above).

I have stock options which expire near the UBS administrative blackout period - what happens to these?

We will not be extending the blackout period for those who have an expiration date which falls near the blackout period. Please make a note of the expiration dates of all of your existing Awards and ensure you are familiar with all events which may change the expiration term of your options, such as terminating your employment. **This is your responsibility, not the Company’s to inform you.**

What further action do I need to take?

You do not need to do anything to effect the adjustment and conversion of your Awards to Awards of MDLZ and KRFT shares; this will happen automatically if you have outstanding Awards on the record date for the Distribution, September 19, 2012. If you wish to transact on any of your vested but unexercised stock options prior to the Spin-Off, you must make sure that you access the system and execute a transaction by the closing time of the NASDAQ Stock Market on Tuesday, September 18, 2012.

What happens next?

A few weeks after the Spin-Off has taken place, you will receive a combined statement from UBS via postal mail which contains all of the details about the Awards which have been adjusted and converted, including the stock prices for KFT, MDLZ and KRFT that were used in the conversion. We will also be updating the online calculator with the actual stock prices used so that you can check the conversion calculations, if you wish.

Additional support

We have posted a range of support materials (an e-learning module, online calculator, and copies of all of the employee communications) on a special [Compensation & Benefits section of the KFT corporate internet site](#) which will help you better understand how the conversion will impact your Awards. <http://www.kraftfoodscompany.com/Investor/CompensationBenefitsEN.aspx>.

Please click [here](#) to view the e-learning and [here to view the online calculator](#).

If you need help understanding the information contained in this letter, you can contact your HR representative or compensation leader or email: compensation@kraftfoods.com.

UBS

For general questions about logging in to UBS and/or viewing your UBS account

UBS OneSource Call Center

ALL participants before October 8, 2012 and MDLZ employees and terminated employees only, from October 8, 2012):

+1-800-230-2967 (from within the U.S.)

+1-201-272-7552 (outside the U.S.)

KRFT employees, only, from October 8, 2012:

+1-855-685-1317 (from within the U.S.)

+1-201-272-7515 (outside the U.S.)

Logging in - You will need your UBS Participant ID and your Personal Identification Number ("PIN") to log in to UBS. On or before September 18th, 2012 the address is: www.ubs.com/onesource/kft. From October 8, 2012 please use the separate weblinks for the MDLZ and KRFT UBS databases which are featured in the "What will happen to my UBS account" question above.

If you have not logged in before, or if you have forgotten your PIN, you can click the link for "First Time Login - No PIN/Password", which is located below the login pad when you click on the UBS website link above. UBS has a call center which can assist with you with all of your equity plan and technical questions. However please note, UBS cannot provide your Participant ID.

To access your UBS Participant ID Number:

Current KFT Employees	Former KFT Employees
<p>If you are located in Austria, Belgium, Canada, France, Germany, Switzerland, the U.K. or the U.S., you may contact your local Kraft HR Service Center to obtain your UBS Participant ID number. Below are the telephone numbers to use or you can also email the HR Service Center via the "Contact us" link in the top right-hand corner of MyHROnline.</p> <p><u>KFT HR Service Center:</u></p> <p>Austria: 0800 296 438 (01 206 091 329) Belgium: 0800 81044 (022008674) Canada*: 1-800-556-1313 (toll number) France: 0805 540 504 (01573 23476)</p>	<p>Please contact your local Kraft HR Department to obtain your UBS Participant ID number.</p>

Germany: 0800 589 0200 (06994 519 2259)

Switzerland: 0800 830 054 (0435 579 063)

U.K.: 0800 028 5518 (0203 450 1050)

U.S*.: 1-800-572-3847 (toll number)

Current Kraft employees in any other countries should contact their local HR Department.

*Following the Spin-Off, there will be a new telephone number for the MDLZ HR Service Center in US and Canada. See Below for details:

US – MDLZ employees effective October 1, 2012 – 800-887-8807

Canada – MDLZ employees effective October 1, 2012 – 800-641-1500

KRFT employees in US & Canada and all MDLZ employees outside US & Canada, will continue to use the numbers in the main list above to access the HR Service Center, following the Spin-Off.