

Treatment of Outstanding Stock Options and Deferred Stock as a Result of the Spin-Off**

Note: this communication only applies to individuals located in Australia, Australian inbound/outbound expatriates, nationals of China, individuals located in Thailand, and Thailand inbound/outbound expatriates

This communication contains important information regarding the treatment of outstanding (unvested and vested but not yet exercised) stock options and unvested restricted stock and/or deferred stock unit (“DSU”) awards (collectively referred to as “Awards”)¹ as a result of the Spin-Off of the North American Grocery business (as defined below). Please read it carefully.

A follow-up to this communication containing additional details regarding the treatment of your Awards as a result of the Spin-Off will be distributed shortly after Kraft Foods Inc. (“KFT” or the “Company”) communicates the record date for the distribution to shareholders (the “Distribution”). If you participate in any other KFT stock-based plans, such as the Long-Term Incentive Plan (“LTIP”), you will receive a separate communication in relation to those plans.

Key messages from this communication:

- At the Spin-Off, your outstanding Awards will be converted to awards of Mondelēz International, Inc. (“Mondelēz”) only.² This is different to the approach applied to other Mondelēz employees, who will receive Awards in both Kraft Foods Group and Mondelēz. This different approach is due to specific tax, securities legislation or other regulatory requirements applicable to your country. We are doing this to ensure you are not disadvantaged and that all employees are treated fairly.
- Your outstanding Awards will also be adjusted so that their intrinsic value will be maintained before and after the Spin-Off.
- The adjusted awards will retain the same terms and conditions as your existing Awards.
- Your equity award brokerage account will continue to be managed by UBS Financial Services, Inc. (“UBS”) following the Spin-Off.
- **Action Item:** Access your UBS account as soon as possible to make sure your contact information is up-to-date with KFT or directly with UBS (if you are no longer an employee of KFT after the Spin-Off). We will rely primarily on email for future equity communications. These communications will also be accessible through the [compensation and benefits page of the KFT corporate internet site](#).
- More details regarding the treatment of your Awards will be shared in an upcoming communication, including sample calculations. The next communication on this topic will be shortly after the Company communicates the record date for the distribution to shareholders (this is the date established by KFT for the purpose of determining which shareholders will be eligible to participate in the Spin-Off).

¹ Granted under the Kraft Foods Inc. 2001 Performance Incentive Plan and/or the Kraft Foods Inc. 2005 Amended and Restated Performance Incentive Plan (collectively, the “Plans”)

² Please note that we have applied for tax rulings in certain countries and are awaiting for the tax authorities' rulings. The outcome of those rulings may affect the treatment of your awards. In that case, we will notify you.

What's happening?

On August 4, 2011, KFT announced plans to create two independent public companies: a Global Snacks Business and a North American Grocery Business. KFT will spin-off its current wholly owned subsidiary, Kraft Foods Group, Inc. ("Kraft Foods Group") by distributing all of Kraft Foods Group common stock pro rata to KFT's shareholders. This transaction is known as a "Spin-Off." Following the Spin-Off, Kraft Foods Group will hold the North American Grocery Business and be an independent, publicly traded company. KFT will continue to hold the Global Snacks Business and be renamed Mondelēz International, Inc. Immediately following the Spin-Off, KFT shareholders will hold common stock in both Mondelēz and Kraft Foods Group. We expect that the Spin-Off will occur by the end of 2012; however the exact timing of the transaction is still to be confirmed. New shares of Mondelēz will trade under the symbol MDLZ and Kraft Foods Group shares will trade under the symbol KRFT.

More details about the Spin-Off can be found in the Information Statement filed as Exhibit 99.1 to the Form 10 Registration Statement, as amended, filed by Kraft Foods Group with the U.S. Securities and Exchange Commission. The Information Statement can be accessed via the company's website: www.kraftfoodscompany.com/Investor under the "SEC filings and Annual Reports – SEC Filings." After opening the link, click on "See SEC filings for Kraft Foods Group, Inc." located in the introductory paragraph of the web page. This link will take you to the latest version of the Kraft Foods Group Form 10 Registration Statement.

How will the Spin-Off impact my outstanding KFT Awards?

KFT has chosen to follow what's called the *Employer Approach* for the treatment of outstanding Awards for employees in Australia, including inbound and outbound Australian expatriates, all nationals of China, and all individuals located in Thailand or Thailand inbound/outbound expatriates. This means that you will be granted new awards in Mondelēz only, as you will be employed by Mondelēz or one of its subsidiaries following the Spin-Off.²

Here is how your Awards will be treated under the Employer Approach:

- Stock Options – All of your outstanding unexercised KFT stock options (vested and unvested) will be adjusted and converted into stock options of Mondelēz only.
- Restricted stock/ DSUs - All of your unvested KFT restricted stock and/or DSU awards will be adjusted and converted into restricted stock and/or DSU awards over shares of Mondelēz only.

Examples of the adjustment and conversion, as well as additional details, will be provided in a later communication. The next communication on this topic will be shortly after the Company communicates the record date for the distribution to shareholders.

What are the benefits of the Employer Approach for the treatment of my Awards?

The Employer Approach for the treatment of equity awards:

- Incentivizes employees to work towards the success of their employing company following the Spin-Off.
- Allows KFT to preserve intrinsic value of the Awards, as much as possible, while taking into account country-specific, legal and securities restrictions.
- Avoids any potential negative tax, securities or other regulatory consequences in Australia, Thailand and China.

How will the value of my KFT stock options be preserved?

Your outstanding KFT stock option awards will be adjusted to maintain the equivalent “pre-Spin-Off” intrinsic value at the time of the conversion. The number of shares subject to your outstanding stock options will be adjusted and the exercise price of each stock option grant will also be adjusted to account for the potential change in stock price of Mondelēz at the time of the Spin-Off so that the options have an equivalent intrinsic value prior to and after the Spin-Off. In addition, the converted options will, generally, retain the same terms and conditions as your existing Awards (i.e., term, vesting conditions, consequences of termination of employment, etc.). Sample calculations as well as the specific details about the adjustment/conversion calculation of your individual stock option awards will be explained in upcoming communications.

How will the value of my KFT restricted stock and/or DSU awards be preserved?

Your outstanding restricted stock and/or DSU awards will be adjusted to maintain the equivalent “pre-Spin-Off” value at the time of the conversion. The number of shares subject to your restricted stock and/or DSU awards will be adjusted so that the Awards have an equivalent intrinsic value prior to and after the Spin-Off. In addition, the converted awards will, generally, retain the same terms and conditions as your existing Awards (i.e., vesting conditions, consequences of termination of employment, etc.). Sample calculations, as well as the specific details about the calculation of your individual restricted stock/ DSU awards, will be confirmed in upcoming communications.

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

Any KFT shares which are already vested and are still being held in UBS as a result of previous transactions (such as a prior restricted stock and/or DSU vesting or a stock option exercise), 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 (TBA), following the Spin-Off you will automatically receive Kraft Foods Group shares, based on the distribution ratio (i.e. the number of Kraft Foods Group shares shareholders will receive for a specified number (TBA) of KFT shares). These shares will remain with UBS.

Where will I find information regarding my converted Awards following the Spin-Off?

Following the Spin-Off, both companies (Kraft Foods Group and Mondelēz) will continue to use UBS as their equity plan administrator. More detailed information about how you will be able to view and transact upon your Awards will be provided before the Spin-Off, in a follow-up communication.

Will there be a blackout period?

For administrative purposes, in order to convert your KFT Awards into the Mondelēz Awards, KFT will impose a blackout period during which you will not be able to access your UBS account or perform any transactions upon the Awards in your account. The specific dates and terms of the blackout period will be confirmed in a follow-up communication well in advance of the blackout period. The blackout period will be for as short a period of time as necessary to address all administration changes. We do not anticipate this period being longer than 2 weeks.

What are the tax implications of the Spin-Off on my Awards?

We will not provide you with tax advice regarding the tax implications of the Spin-Off on your Awards. However, we will provide some general information regarding the potential tax consequences of the Spin-Off on your Awards in a follow-up communication. You should consult with your own personal tax advisor regarding the tax implications of the Spin-Off on your Awards.

How can I find out how many stock options, restricted stock and/ or DSU awards I currently hold?

Your unexercised and unvested options and your unvested restricted stock/ DSU awards, as well as any shares you acquired under the Plans, are currently being held in an account with UBS OneSource. You can view these Awards or any shares acquired under the Plans at any time by accessing your account online.

To access your account, log onto: www.ubs.com/onesource/kft. You will need your UBS Employee ID Number and Personal Identification Number (or “PIN”). Please see “*Further Information & Support – Who to Contact*” at the end of this communication for details about how to access your UBS account.

What further action do I need to take?

You do not need to take any immediate action regarding your Awards. If you hold outstanding unexercised or unvested KFT stock options or unvested KFT restricted stock/ DSU Awards on the record date (TBA), these Awards will be adjusted and automatically converted to Awards over Mondelēz shares following the Spin-Off. The record date will be set by the KFT Board of Directors and will be confirmed to you in a follow-up communication.

WHAT YOU CAN DO NOW

- Please check that you can access your UBS OneSource account. See “*Further Information & Support – Who to Contact*” section for details of how to login and obtain your UBS Participant ID and PIN.
- Also verify that your home address and email information in UBS is correct. If updates are needed:
 - *Current KFT Employees in Australia (Including Australian outbound/ inbound expats, nationals of China and individuals located in Thailand and Thailand outbound/inbound expats):* please contact your local HR team and ask them to update your details in the Kraft HR system on your behalf. The information should automatically update your UBS OneSource information within 10 days.
 - *Former KFT Employees:* you should update your address and contact details, including a personal email address, directly with UBS. **It is very important to update your email address as the primary distribution future outstanding equity communications will be email and the KFT corporate internet site at:**
<http://snacks.kraftfoodscompany.com/Investor/CompensationBenefitsEN.aspx>.

Additional Support

We will provide more detailed information and examples in upcoming communications. Please refer to the “*Further Information & Support – Who to Contact*” section below for information about who to contact in relation to your KFT Equity Awards.

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.

FURTHER INFORMATION & SUPPORT – WHO TO CONTACT

KFT Corporate Internet Site

For copies of all of the equity communications and support materials

We have created a special section on our corporate internet site for both *current* and *former KFT* employees who have unexercised and/or unvested Awards. Here you'll find useful information, such as this communication and, in the future, materials that will help you further understand how Awards will be impacted by the Spin-Off. The site address is:

<http://snacks.kraftfoodscompany.com/Investor/CompensationBenefitsEN.aspx>.

UBS

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

UBS OneSource Call Center:

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

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

Logging in - You will need your UBS Participant ID and your Personal Identification Number (“PIN”) to log in to UBS: www.ubs.com/onesource/kft. 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:

All current & former KFT Employees from Australia, including inbound and outbound expatriates; nationals of China; and individuals located in Thailand and Thailand inbound and outbound expatriates, should contact their local Kraft HR Department to obtain their UBS Participant ID number.