

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

FORM 10-Q

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the quarterly period ended April 3, 2016

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 001-37482

KraftHeinz

The Kraft Heinz Company

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of incorporation or organization)
One PPG Place, Pittsburgh, Pennsylvania
(Address of Principal Executive Offices)

46-2078182
(I.R.S. Employer Identification No.)
15222
(Zip Code)

Registrant's telephone number, including area code: **(412) 456-5700**

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 website, 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 <input type="checkbox"/>	Accelerated filer <input type="checkbox"/>
Non-accelerated filer <input checked="" type="checkbox"/>	Smaller reporting company <input type="checkbox"/>
(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 Act). Yes ☐ No ☒

As of May 1, 2016, there were 1,215,955,228 shares of the registrant's common stock outstanding.

The Kraft Heinz Company
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Unless the context otherwise requires, the terms “we,” “us,” “our,” “Kraft Heinz,” and the “Company” each refer to The Kraft Heinz Company.

PART I — FINANCIAL INFORMATION

Item 1. Financial Statements and Supplementary Data.

The Kraft Heinz Company
Condensed Consolidated Statements of Income
(in millions, except per share data)
(Unaudited)

	For the Three Months Ended	
	April 3, 2016	March 29, 2015
Net sales	\$ 6,570	\$ 2,478
Cost of products sold	4,192	1,631
Gross profit	2,378	847
Selling, general and administrative expenses	865	338
Operating income	1,513	509
Interest expense	249	201
Other expense/(income), net	(8)	(39)
Income/(loss) before income taxes	1,272	347
Provision for/(benefit from) income taxes	372	68
Net income/(loss)	900	279
Net income/(loss) attributable to noncontrolling interest	4	3
Net income/(loss) attributable to Kraft Heinz	896	276
Preferred dividends	—	180
Net income/(loss) attributable to common shareholders	\$ 896	\$ 96
Per share data applicable to common shareholders:		
Basic earnings/(loss)	\$ 0.74	\$ 0.26
Diluted earnings/(loss)	0.73	0.24
Dividends declared	0.575	—

See accompanying notes to the condensed consolidated financial statements.

The Kraft Heinz Company
Condensed Consolidated Statements of Comprehensive Income
(in millions)
(Unaudited)

	For the Three Months Ended	
	April 3, 2016	March 29, 2015
Net income/(loss)	\$ 900	\$ 279
Other comprehensive income/(loss), net of tax:		
Foreign currency translation adjustments	272	(794)
Net deferred gains/(losses) on net investment hedges	(60)	432
Net postemployment benefit gains/(losses)	—	(1)
Reclassification of net postemployment benefit losses/(gains)	(54)	—
Net deferred gains/(losses) on cash flow hedges	(18)	(67)
Net deferred losses/(gains) on cash flow hedges reclassified to net income	(22)	1
Total other comprehensive income/(loss)	118	(429)
Total comprehensive income/(loss)	1,018	(150)
Comprehensive income/(loss) attributable to noncontrolling interest	11	(11)
Comprehensive income/(loss) attributable to Kraft Heinz	\$ 1,007	\$ (139)

See accompanying notes to the condensed consolidated financial statements.

The Kraft Heinz Company
Condensed Consolidated Balance Sheets
(in millions of dollars)
(Unaudited)

	April 3, 2016	January 3, 2016
ASSETS		
Cash and cash equivalents	\$ 4,199	\$ 4,837
Trade receivables (net of allowances of \$32 at April 3, 2016 and at January 3, 2016)	939	871
Sold receivables	805	583
Inventories	2,892	2,618
Other current assets	977	871
Total current assets	9,812	9,780
Property, plant and equipment, net	6,434	6,524
Goodwill	43,542	43,051
Intangible assets, net	62,049	62,120
Other assets	1,436	1,498
TOTAL ASSETS	\$ 123,273	\$ 122,973
LIABILITIES AND EQUITY		
Trade payables	\$ 2,773	\$ 2,844
Accrued marketing	867	856
Accrued postemployment costs	164	328
Income taxes payable	575	417
Interest payable	266	401
Dividends payable	794	762
Other current liabilities	1,291	1,324
Total current liabilities	6,730	6,932
Long-term debt	25,167	25,151
Deferred income taxes	21,659	21,497
Accrued postemployment costs	2,380	2,405
Other liabilities	737	752
TOTAL LIABILITIES	56,673	56,737
Commitments and Contingencies (Note 12)		
Redeemable noncontrolling interest	21	23
9.00% Series A cumulative compounding redeemable preferred stock, 80,000 authorized and issued shares at April 3, 2016 and January 3, 2016, \$.01 par value	8,320	8,320
Equity:		
Common stock, \$.01 par value (5,000,000,000 shares authorized at April 3, 2016 and January 3, 2016; 1,216,075,938 shares issued and 1,215,541,052 shares outstanding at April 3, 2016; 1,214,391,614 shares issued and 1,213,978,752 shares outstanding at January 3, 2016)	12	12
Additional paid-in capital	58,438	58,375
Retained earnings/(deficit)	193	—
Accumulated other comprehensive income/(losses)	(560)	(671)
Treasury stock, at cost	(40)	(31)
Total shareholders' equity	58,043	57,685
Noncontrolling interest	216	208
TOTAL EQUITY	58,259	57,893
TOTAL LIABILITIES AND EQUITY	\$ 123,273	\$ 122,973

See accompanying notes to the condensed consolidated financial statements.

The Kraft Heinz Company
Condensed Consolidated Statement of Equity
(in millions)
(Unaudited)

	Common Stock	Additional Paid-in Capital	Retained Earnings/ (Deficit)	Accumulated Other Comprehensive Income/(Losses)	Treasury Stock	Noncontrolling Interest	Total Equity
Balance at January 3, 2016	\$ 12	\$ 58,375	\$ —	\$ (671)	\$ (31)	\$ 208	\$ 57,893
Net income/(loss) excluding redeemable noncontrolling interest	—	—	896	—	—	4	900
Other comprehensive income/(loss) excluding redeemable noncontrolling interest	—	—	—	111	—	4	115
Dividends declared-common stock	—	—	(699)	—	—	—	(699)
Exercise of stock options, issuance of other stock awards, and other	—	63	(4)	—	(9)	—	50
Balance at April 3, 2016	<u>\$ 12</u>	<u>\$ 58,438</u>	<u>\$ 193</u>	<u>\$ (560)</u>	<u>\$ (40)</u>	<u>\$ 216</u>	<u>\$ 58,259</u>

See accompanying notes to the condensed consolidated financial statements.

The Kraft Heinz Company
Condensed Consolidated Statements of Cash Flows
(in millions)
(Unaudited)

	For the Three Months Ended	
	April 3, 2016	March 29, 2015
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income/(loss)	\$ 900	\$ 279
Adjustments to reconcile net income/(loss) to operating cash flows:		
Depreciation and amortization	363	90
Amortization of postretirement benefit plans prior service credits	(50)	(1)
Equity award compensation expense	13	2
Deferred income tax provision	27	(48)
Pension contributions	(169)	(15)
Other items, net	(111)	31
Changes in current assets and liabilities:		
Trade receivables	(38)	(29)
Sold receivables	(222)	9
Inventories	(273)	(96)
Accounts payable	59	(63)
Other current assets	(45)	(41)
Other current liabilities	(184)	(201)
Net cash provided by/(used for) operating activities	270	(83)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Capital expenditures	(303)	(53)
Other investing activities, net	(22)	4
Net cash provided by/(used for) investing activities	(325)	(49)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Repayments of long-term debt	(6)	(1,962)
Proceeds from issuance of long-term debt	—	2,000
Dividends paid-Series A Preferred Stock	—	(180)
Dividends paid-common stock	(667)	—
Other financing activities, net	46	(72)
Net cash provided by/(used for) financing activities	(627)	(214)
Effect of exchange rate changes on cash and cash equivalents	44	(53)
Cash and cash equivalents:		
Net increase/(decrease)	(638)	(399)
Balance at beginning of period	4,837	2,298
Balance at end of period	\$ 4,199	\$ 1,899

See accompanying notes to the condensed consolidated financial statements.

The Kraft Heinz Company
Notes to Condensed Consolidated Financial Statements

Note 1. Background and Basis of Presentation

Basis of Presentation:

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, in accordance with the rules of the Securities and Exchange Commission (the "SEC"). In management's opinion, these interim financial statements include all adjustments (consisting only of normal recurring adjustments) and accruals necessary to present fairly our results for the periods presented.

The condensed consolidated balance sheet data at January 3, 2016 was derived from audited financial statements, but does not include all disclosures required by U.S. GAAP. You should read these statements in conjunction with our audited consolidated financial statements and related notes in our Annual Report on Form 10-K for the year ended January 3, 2016. The results for interim periods are not necessarily indicative of future or annual results.

Organization:

On July 2, 2015 (the "2015 Merger Date"), through a series of transactions, we consummated the merger of Kraft Foods Group, Inc. ("Kraft") with and into a wholly-owned subsidiary of H.J. Heinz Holding Corporation ("Heinz") (the "2015 Merger"). At the closing of the 2015 Merger, Heinz was renamed The Kraft Heinz Company ("Kraft Heinz").

Before the consummation of the 2015 Merger, Heinz was controlled by Berkshire Hathaway Inc. ("Berkshire Hathaway") and 3G Global Food Holdings, L.P. ("3G Capital," and together with Berkshire Hathaway, the "Sponsors") following their acquisition of H. J. Heinz Company (the "2013 Merger") on June 7, 2013 (the "2013 Merger Date").

Immediately prior to the consummation of the 2015 Merger, each share of Heinz issued and outstanding common stock was reclassified and changed into 0.443332 of a share of Kraft Heinz common stock. All share and per share amounts in the condensed consolidated financial statements and related notes have been retroactively adjusted for the historical period presented to give effect to this conversion, including reclassifying an amount equal to the change in value of common stock to additional paid-in capital. In the 2015 Merger, all outstanding shares of Kraft common stock were converted into the right to receive, on a one-for-one basis, shares of Kraft Heinz common stock. Deferred shares and restricted shares of Kraft were converted to deferred shares and restricted shares of Kraft Heinz, as applicable.

Changes in Accounting and Reporting:

In the third quarter of 2015, we made the following changes in accounting and reporting to harmonize our accounting and reporting as Kraft Heinz:

- We made a voluntary change in accounting policy to classify certain warehouse and distribution costs (including shipping and handling costs) associated with the distribution of finished product to our customers as cost of products sold, which were previously recorded in selling, general and administrative expenses ("SG&A"). We made this voluntary change in accounting policy because we believe this presentation is preferable, as the classification in cost of products sold better reflects the cost of producing and distributing products. Additionally, this presentation enhances the comparability of our financial statements with industry peers and aligns with how we now internally manage and review costs. As required by U.S. GAAP, the change has been reflected in the condensed consolidated statements of income through retrospective application of the change in accounting policy. The impact of this change resulted in an increase in cost of products sold and a decrease in SG&A of \$151 million for the three months ended March 29, 2015.
- We made a voluntary change in accounting policy to classify our trademark and license intangible asset impairments and amortization in SG&A, which were previously recorded in cost of products sold. We made this voluntary change in accounting policy because we believe this presentation is preferable, as removing these expenses from cost of products sold better aligns cost of products sold with costs directly associated with generating revenue. Additionally, this presentation enhances the comparability of our financial statements with industry peers and aligns with how we now internally manage and review costs. As required by U.S. GAAP, the change has been reflected in the condensed consolidated statements of income through retrospective application of the change in accounting policy. The impact of this change was an increase in SG&A and a decrease in cost of products sold by \$5 million for the three months ended March 29, 2015.

- We determined that we had previously misclassified customer related intangible asset amortization. Such costs were previously included in cost of products sold but should have been included in SG&A. We have revised the classification to report these expenses in SG&A in the condensed consolidated statements of income for the applicable prior period presented. The impact of this revision was to increase SG&A and decrease cost of products sold by \$16 million for the three months ended March 29, 2015. This misstatement was not material to any prior period financial statements.

Consistent with our consolidated financial statements in our Annual Report on Form 10-K for the year ended January 3, 2016, we separately presented sold receivables on our consolidated balance sheets and consolidated statements of cash flows. Our prior period cash flow balances have been reclassified to conform with the current period presentation.

Recently Issued Accounting Standards:

In May 2014, the Financial Accounting Standards Board (the “FASB”) issued an accounting standards update (“ASU”) that superseded previously existing revenue recognition guidance. Under this ASU, companies will apply a principles-based five step model to recognize revenue upon the transfer of promised goods or services to customers and in an amount that reflects the consideration for which the company expects to be entitled in exchange for those goods or services. This ASU will be effective beginning in the first quarter of our fiscal year 2018. The ASU may be applied retrospectively to historical periods presented or as a cumulative-effect adjustment as of the date of adoption. We are currently evaluating the impact that this ASU will have on our financial statements and related disclosures.

In September 2015, the FASB issued an ASU intended to simplify the accounting for measurement period adjustments in a business combination. Measurement period adjustments are changes to provisional amounts recorded when the accounting for a business combination is incomplete as of the end of a reporting period. The measurement period can extend for up to a year following the transaction date. During the measurement period, companies may make adjustments to provisional amounts when information necessary to complete the measurement is received. The ASU requires companies to recognize these adjustments, including any related impacts to net income, in the reporting period in which the adjustments are determined. Companies are no longer required to retroactively apply measurement period adjustments to all periods presented. We early adopted this ASU in 2015. See Note 2, *Merger and Acquisition*, for additional information on measurement period adjustments.

In February 2016, the FASB issued an ASU that superseded previously existing leasing guidance. The ASU is intended to establish the principles that lessees and lessors shall apply to report useful information to users of financial statements about the amount, timing, and uncertainty of cash flows arising from a lease. The new guidance requires lessees to reflect most leases on their balance sheet as assets and obligations. This ASU will be effective beginning in the first quarter of our fiscal year 2019. Early adoption is permitted. The new guidance must be adopted using a modified retrospective transition, and provides for certain practical expedients. We are currently evaluating the impact that this ASU will have on our financial statements and related disclosures.

In March 2016, the FASB issued an ASU intended to simplify equity-based award accounting and presentation. The ASU impacts income tax accounting related to equity-based awards, the classification of awards as either equity or liabilities, and the classification on the statement of cash flows. This ASU will be effective beginning in the first quarter of our fiscal year 2017. Early adoption is permitted. We are currently evaluating the impact that this ASU will have on our financial statements and related disclosures.

Note 2. Merger and Acquisition

Transaction Overview:

The 2015 Merger was accounted for under the acquisition method of accounting for business combinations and Heinz was considered to be the acquiring company. Under the acquisition method of accounting, total consideration exchanged was (in millions):

Aggregate fair value of Kraft common stock	\$	42,502
\$16.50 per share special cash dividend		9,782
Fair value of replacement equity awards		353
Total consideration exchanged	\$	<u>52,637</u>

Valuation Assumptions and Preliminary Purchase Price Allocation:

We utilized estimated fair values at the 2015 Merger Date for the preliminary allocation of consideration to the net tangible and intangible assets acquired and liabilities assumed. Our purchase price allocation is substantially complete with the exception of identifiable intangible assets and certain income tax accounts. As we continue to integrate Kraft businesses, we may obtain additional information on the acquired identifiable intangible assets which, if significant, could require revisions to preliminary valuation assumptions, estimates and resulting fair values. Amounts for certain income tax accounts are also subject to change pending the filing of Kraft's pre-acquisition tax returns and the receipt of information from taxing authorities, which, if significant, could require revisions to preliminary assumptions and estimates. If we determine that any measurement period adjustments are significant, we will recognize those adjustments, including any related impacts to deferred tax positions, goodwill or net income, in the reporting period in which the adjustments are determined.

The preliminary purchase price allocation to assets acquired and liabilities assumed in the transaction was (in millions):

Cash	\$	314
Other current assets		3,423
Property, plant and equipment		4,193
Identifiable intangible assets		49,749
Other non-current assets		214
Trade and other payables		(3,011)
Long-term debt		(9,286)
Net postemployment benefits and other non-current liabilities		(4,734)
Deferred income tax liabilities		(17,416)
Net assets acquired		23,446
Goodwill on acquisition		29,191
Total consideration		52,637
Fair value of shares exchanged and equity awards		42,855
Total cash consideration paid to Kraft shareholders		9,782
Cash and cash equivalents of Kraft at the 2015 Merger Date		314
Acquisition of business, net of cash on hand	\$	9,468

During the first quarter of 2016, we updated the 2015 Merger purchase price allocation to adjust deferred and current income tax liabilities as of the 2015 Merger Date for pre-merger Kraft federal income tax returns and revised estimates. This measurement period adjustment was reflected in the table above as an increase to goodwill of \$162 million, with corresponding adjustments to deferred income tax liabilities and trade and other payables. This measurement period adjustment is also reflected in our goodwill table in Note 5, *Goodwill and Intangible Assets*.

The 2015 Merger preliminarily resulted in \$29.2 billion of non tax deductible goodwill relating principally to synergies expected to be achieved from the combined operations and planned growth in new markets. Goodwill has preliminarily been allocated to our segments as shown in Note 5, *Goodwill and Intangible Assets*.

Pro Forma Results:

The following table provides unaudited pro forma results, prepared in accordance with ASC 805, for the three months ended March 29, 2015, as if Kraft had been acquired as of December 30, 2013.

	For the Three Months Ended	
	March 29, 2015	
	(in millions, except per share data)	
Net sales	\$	6,830
Net income		738
Basic earnings per share		0.47
Diluted earnings per share		0.46

The unaudited pro forma results include certain preliminary purchase accounting adjustments. We have made pro forma adjustments to exclude deal costs (“Deal Costs”) of \$24 million (\$15 million net of tax) for the three months ended March 29, 2015, because such costs are nonrecurring and are directly attributable to the 2015 Merger.

The unaudited pro forma results do not include any anticipated cost savings or other effects of future integration efforts. Unaudited pro forma amounts are not necessarily indicative of results had the 2015 Merger occurred on December 30, 2013 or of future results.

Note 3. Integration and Restructuring Expenses

Following the 2015 Merger, we announced a multi-year program (the “Integration Program”) designed to reduce costs, integrate, and optimize the combined organization. As part of these activities, we incur expenses (primarily employee separations, lease terminations and other direct exit costs) that qualify as exit and disposal costs under U.S. GAAP. We also incur expenses that are an integral component of, and directly attributable to, our restructuring activities, which do not qualify as exit and disposal costs (primarily accelerated depreciation, asset impairments, implementation costs such as new facility relocation and start-up costs, and other incremental costs).

Employee severance and other termination benefit packages are primarily determined based on established benefit arrangements, local statutory requirements or historical benefit practices. We recognize the contractual component of these benefits when payment is probable and estimable; additional elements of severance and termination benefits associated with non-recurring benefits are recognized ratably over each employee’s required future service period. Asset-related costs consist primarily of accelerated depreciation, and to a lesser degree asset impairments. Charges for accelerated depreciation are recognized on long-lived assets that will be taken out of service before the end of their normal service, in which case depreciation estimates are revised to reflect the use of the asset over its shortened useful life. Asset impairments establish a new fair value basis for assets held for disposal or sale and those assets are written down to expected net realizable if carrying value exceeds fair value. All other costs are recognized as incurred.

Integration Program:

We currently expect the Integration Program will result in \$1.9 billion of pre-tax costs, with approximately 60% reflected in cost of products sold, comprised of the following categories:

- Organization costs (\$650 million) associated with our plans to streamline and simplify our operating structure, resulting in workforce reduction. These costs will primarily include: severance and employee benefits (cash severance, non-cash severance, including accelerated equity award compensation expense, and pension and other termination benefits). Beginning in August 2015, we announced a new, streamlined structure for our businesses in the United States and Canada segments. This resulted in the reduction of salaried positions across the United States and Canada. We currently expect to eliminate 2,650 positions in connection with this reduction.
- Footprint costs (\$1.1 billion) associated with our plans to optimize our production and supply chain network, resulting in facility closures and consolidations. These costs will primarily include: asset-related costs (accelerated depreciation and asset impairment charges), costs to exit facilities, relocation and start-up costs of new facilities, and severance and employee benefits. On November 4, 2015, we announced the closure of seven factories and began consolidation of our distribution network. In a staged process, production in these locations will shift to other existing factories in the United States and Canada. Overall, we expect to eliminate 2,600 positions in connection with these activities.
- Other costs (\$150 million) incurred as a direct result of restructuring activities, primarily including: contract and lease terminations, professional fees, and other incremental third-party fees.

As of April 3, 2016, we have incurred \$1.1 billion of cumulative costs under the Integration Program, including: \$590 million of severance and employee benefit costs, \$292 million of non-cash asset-related costs, \$125 million of other implementation costs, and \$63 million of other exit costs. We expect that approximately 60% of the Integration Program expenses will be cash expenditures. Our Integration Program costs during the three months ended April 3, 2016 were (in millions):

	For the Three Months Ended	
	April 3, 2016	
Severance and employee benefit costs	\$	28
Asset-related costs		156
Other exit costs		8
Other implementation costs		49
	\$	241

At April 3, 2016, the total Integration Program liability related primarily to the elimination of general salaried and footprint-related positions across the United States and Canada, 2,650 of whom have left the company by April 3, 2016. The liability balance associated with the Integration Program, which qualifies as U.S. GAAP exit and disposal costs, was (in millions):

	Severance and Employee Benefit Costs	Other Exit Costs^(a)	Total
Balance at January 3, 2016	\$ 185	\$ 23	\$ 208
Charges	28	8	36
Cash payments	(48)	(22)	(70)
Non-cash utilization	(9)	—	(9)
Balance at April 3, 2016	\$ 156	\$ 9	\$ 165

^(a) Other exit costs primarily represent contract and lease terminations.

We expect that a substantial portion of the April 3, 2016 Integration Program liability will be paid in 2016.

Restructuring Activities:

Prior to the 2015 Merger, we executed a number of other restructuring activities focused primarily on work force reduction and factory closure and consolidation. Those programs, which are substantially complete, resulted in the elimination of 8,100 positions and cumulative \$560 million severance and employee benefit costs, \$340 million non-cash asset-related costs, and \$360 million other exit costs through April 3, 2016. Related to these restructuring activities, we incurred expenses of \$19 million for the three months ended April 3, 2016.

As of April 3, 2016, the liability balance associated with active restructuring projects, which qualifies as U.S. GAAP exit and disposal costs, was (in millions):

	Severance and Employee Benefit Costs	Other Exit Costs^(a)	Total
Balance at January 3, 2016	\$ 25	\$ 30	\$ 55
Charges	10	1	11
Cash payments	(20)	(1)	(21)
Balance at April 3, 2016	\$ 15	\$ 30	\$ 45

^(a) Other exit costs primarily represent contract and lease terminations.

Total Integration and Restructuring:

Our total Integration Program and restructuring expenses were (in millions):

	For the Three Months Ended	
	April 3, 2016	March 29, 2015
Severance and employee benefit costs - COGS	\$ 6	\$ 10
Severance and employee benefit costs - SG&A	32	2
Asset-related costs - COGS	142	3
Asset-related costs - SG&A	14	—
Other exit costs - COGS	33	17
Other exit costs - SG&A	33	11
	<u>\$ 260</u>	<u>\$ 43</u>

We do not include Integration Program and restructuring expenses within Segment Adjusted EBITDA. See Note 14, *Segment Reporting*, for additional information on our segment structure. The pre-tax impact of allocating such expenses to our segments would have been (in millions):

	For the Three Months Ended	
	April 3, 2016	March 29, 2015
United States	\$ 199	\$ 9
Canada	18	1
Europe	15	25
Rest of World	—	4
Non-Operating	28	4
	<u>\$ 260</u>	<u>\$ 43</u>

Note 4. Inventories

Inventories at April 3, 2016 and January 3, 2016 were (in millions):

	April 3, 2016	January 3, 2016
Packaging and ingredients	\$ 624	\$ 563
Work in process	411	393
Finished product	1,857	1,662
Inventories	<u>\$ 2,892</u>	<u>\$ 2,618</u>

The increase in inventories in the first quarter of 2016 is primarily due to an increase in inventory production ahead of planned facility closures and consolidations under our Integration Program, combined with the impact of seasonality. See Note 3, *Integration and Restructuring Expenses*, for additional information on the Integration Program.

Note 5. Goodwill and Intangible Assets**Goodwill:**

In the first quarter of 2016, we moved certain of our export businesses and their related goodwill balances from our United States segment to our Rest of World and Europe segments. We have reflected this change in all historical periods presented. Accordingly, the segment goodwill balances at January 3, 2016 reflect a decrease of \$2.5 billion in the United States, an increase of \$2.5 billion in Rest of World, and an increase of \$57 million in Europe.

Changes in the carrying amount of goodwill from January 3, 2016 to April 3, 2016, by segment, were (in millions):

	United States	Canada	Europe	Rest of World	Total
Balance at January 3, 2016	\$ 31,227	\$ 4,796	\$ 3,209	\$ 3,819	\$ 43,051
2015 Merger measurement period adjustments	162	—	—	—	162
Translation adjustments	—	297	(74)	106	329
Balance at April 3, 2016	<u>\$ 31,389</u>	<u>\$ 5,093</u>	<u>\$ 3,135</u>	<u>\$ 3,925</u>	<u>\$ 43,542</u>

In connection with the 2015 Merger, we recorded \$29.2 billion of goodwill in purchase accounting, representing the preliminary fair value as of the 2015 Merger Date. As of the issuance date of this report, the assignment of goodwill to reporting units was also preliminary. During the first quarter of 2016, we updated the 2015 Merger purchase price allocation to adjust deferred and current income tax liabilities as of the 2015 Merger Date for pre-merger Kraft federal income tax returns and revised estimates. This measurement period adjustment was reflected in the table above as an increase of \$162 million to goodwill in the United States segment. See Note 2, *Merger and Acquisition*, for additional information on this measurement period adjustment.

We test goodwill for impairment at least annually in the second quarter or when a triggering event occurs. We performed our annual impairment testing in the second quarter of 2015, prior to the completion of the 2015 Merger. During our annual goodwill impairment test, we noted that the historical Heinz North America Consumer Products reporting unit had an estimated fair value in excess of its carrying value of less than 10%.

If our current expectations of future growth rates are not met or if valuation factors outside of our control, such as discount rates, change unfavorably, the estimated fair value of our goodwill could be adversely affected, leading to a potential impairment in the future. No events occurred during the three months ended April 3, 2016 that indicated it was more likely than not that our goodwill was impaired. Additionally, there were no accumulated impairment losses to goodwill as of April 3, 2016.

Indefinite-lived intangible assets:

In connection with the 2015 Merger, we recorded \$45.1 billion of indefinite-lived intangible assets in purchase accounting, representing the preliminary fair values as of the 2015 Merger Date.

Indefinite-lived intangible assets, which primarily consisted of trademarks, were \$55.8 billion at April 3, 2016 and at January 3, 2016.

We test indefinite-lived intangible assets for impairment at least annually in the second quarter or when a triggering event occurs. We performed our annual impairment testing in the second quarter of 2015, prior to the completion of the 2015 Merger. During our annual indefinite-lived intangible asset impairment testing, we noted that 21 brands had excess fair values over their carrying values of less than 10%. These brands had an aggregate carrying value of \$2.5 billion as of the date of our 2015 impairment test.

If our current expectations of future growth rates are not met or if valuation factors outside of our control, such as discount rates, change unfavorably, the estimated fair values of our indefinite-lived intangible assets could be adversely affected, leading to potential impairments in the future. No events occurred during the three months ended April 3, 2016 that indicated it was more likely than not that our indefinite-lived intangible assets were impaired.

Definite-lived intangible assets:

Definite-lived intangible assets at April 3, 2016 and January 3, 2016 were (in millions):

	April 3, 2016			January 3, 2016		
	Gross	Accumulated Amortization	Net	Gross	Accumulated Amortization	Net
Trademarks	\$ 2,362	\$ (97)	\$ 2,265	\$ 2,346	\$ (70)	\$ 2,276
Customer-related assets	4,231	(251)	3,980	4,218	(209)	4,009
Other	14	(3)	11	15	(4)	11
	<u>\$ 6,607</u>	<u>\$ (351)</u>	<u>\$ 6,256</u>	<u>\$ 6,579</u>	<u>\$ (283)</u>	<u>\$ 6,296</u>

Amortization expense for definite-lived intangible assets was \$66 million for the three months ended April 3, 2016 and \$23 million for the three months ended March 29, 2015. Aside from amortization expense, the changes in definite-lived intangible assets from January 3, 2016 to April 3, 2016 reflect the impact of foreign currency. We estimate that annual amortization expense for definite-lived intangible assets for each of the next five years will be approximately \$276 million.

Note 6. Income Taxes

The provision for income taxes consists of provisions for federal, state, and foreign income taxes. We operate in an international environment; accordingly, the consolidated income tax rate is a composite rate reflecting the earnings and applicable tax rates in various locations.

The effective tax rate for the three months ended April 3, 2016 was 29.2%, reflecting the favorable benefit of pre-tax income in non-U.S. jurisdictions and certain tax exempt income. Our effective tax rate increased in comparison to the effective tax rate of 19.5% for the three months ended March 29, 2015. The increase in our effective tax rate was driven by the 2015 Merger. With the 2015 Merger, our operations in the United States and Canada increased and resulted in higher blended statutory tax rates and a larger amount of tax exempt income.

Note 7. Employees' Stock Incentive Plans

Our annual equity award grants and vesting occurred in the first quarter of 2016. Other off-cycle equity grants may occur throughout the year.

Stock Options:

Our stock option activity and related information was:

	Number of Stock Options	Weighted Average Exercise Price (per share)
Outstanding at January 3, 2016	24,205,612	\$ 34.86
Options granted	1,139,620	77.66
Options forfeited	(303,636)	37.02
Options exercised	(1,295,303)	34.47
Outstanding at April 3, 2016	23,746,293	36.91

The aggregate intrinsic value of stock options exercised during the period was \$54 million for the three months ended April 3, 2016.

Restricted Stock Units:

Our restricted stock unit ("RSU") activity and related information was:

	Number of Units	Weighted Average Grant Date Fair Value (per share)
RSUs at January 3, 2016	968,444	\$ 70.14
Granted	481,767	77.51
Forfeited	(29,141)	73.02
Vested	(376,961)	72.96
RSUs at April 3, 2016	1,044,109	72.44

The aggregate fair value of RSUs that vested during the period was \$28 million for the three months ended April 3, 2016.

Total Equity Awards:

The compensation cost related to equity awards was primarily recognized in general corporate expenses within SG&A. Equity award compensation cost and the related tax benefit was (in millions):

	For the Three Months Ended	
	April 3, 2016	March 29, 2015
Pre-tax compensation cost	\$ 13	\$ 2
Tax benefit	(4)	(1)
After-tax compensation cost	\$ 9	\$ 1

Unrecognized compensation cost related to unvested equity awards was \$129 million at April 3, 2016 and is expected to be recognized over a weighted average period of three years.

Note 8. Postemployment Benefits

In the first quarter of 2016, we changed the method that we use to estimate the service cost and interest cost components of net pension cost/(benefit) and net postretirement cost/(benefit). We use a full yield curve approach to estimate service cost and interest cost by applying the specific spot rates along the yield curve used to determine the benefit obligation to the relevant projected cash flows. Previously, we estimated service cost and interest cost using a single weighted-average discount rate derived from the yield curve used to measure the benefit obligation at the beginning of the period. We made this change to provide a more precise measurement of service cost and interest cost by improving the correlation between projected benefit cash flows and the corresponding spot yield curve rates. The change resulted in a decrease of approximately \$20 million in service cost and interest cost in the first quarter of 2016 compared to what our costs would have been under the previous method. This change did not affect the measurement of our total benefit obligations. We have accounted for this change prospectively as a change in accounting estimate.

Pension Plans

Components of Net Pension Cost/(Benefit):

Net pension cost/(benefit) consisted of the following for the three months ended April 3, 2016 and March 29, 2015 (in millions):

	U.S. Plans		Non-U.S. Plans	
	For the Three Months Ended		For the Three Months Ended	
	April 3, 2016	March 29, 2015	April 3, 2016	March 29, 2015
Service cost	\$ 3	\$ 1	\$ 6	\$ 5
Interest cost	53	5	21	21
Expected return on plan assets	(74)	(5)	(46)	(43)
Amortization of unrecognized losses/(gains)	—	1	—	—
Settlements	(6)	—	—	—
Net pension cost/(benefit)	<u>\$ (24)</u>	<u>\$ 2</u>	<u>\$ (19)</u>	<u>\$ (17)</u>

We capitalized a portion of net pension costs/(benefits) into inventory based on our production activities. These amounts are included in the table above.

Employer Contributions:

During the three months ended April 3, 2016, we contributed \$161 million to our U.S. pension plans, which included contributions related to the settlement of our U.S. nonqualified pension plan that was terminated effective December 31, 2015. During the three months ended April 3, 2016, we contributed \$8 million to our non-U.S. pension plans. Based on our contribution strategy, we plan to make further contributions of up to approximately \$150 million to our U.S. plans and approximately \$25 million to our non-U.S. plans during the remainder of 2016. However, our actual contributions may differ due to many factors, including changes in tax, employee benefit, or other laws, tax deductibility, significant differences between expected and actual pension asset performance or interest rates, or other factors.

Postretirement Plans

Components of Net Postretirement Cost/(Benefit):

Net postretirement cost/(benefit) consisted of the following for the three months ended April 3, 2016 and March 29, 2015 (in millions):

	For the Three Months Ended	
	April 3, 2016	March 29, 2015
Service cost	\$ 4	\$ 1
Interest cost	16	2
Amortization of prior service costs/(credits)	(82)	(1)
Net postretirement cost/(benefit)	<u>\$ (62)</u>	<u>\$ 2</u>

We capitalized a portion of net postretirement costs/(benefits) into inventory based on our production activities. These amounts are included in the table above.

Note 9. Accumulated Other Comprehensive Income/(Losses).

The components of, and changes in, accumulated other comprehensive income/(losses) were as follows (net of tax):

	Foreign Currency Translation Adjustments	Net Postemployment Benefit Plan Adjustments	Net Cash Flow Hedge Adjustments	Total
(in millions)				
Balance as of January 3, 2016	\$ (1,646)	\$ 922	\$ 53	\$ (671)
Foreign currency translation adjustments	265	—	—	265
Net deferred gains/(losses) on net investment hedges	(60)	—	—	(60)
Reclassification of net postemployment benefit losses/(gains)	—	(54)	—	(54)
Net deferred gains/(losses) on cash flow hedges	—	—	(18)	(18)
Net deferred losses/(gains) on cash flow hedges reclassified to net income	—	—	(22)	(22)
Total other comprehensive income/(loss)	205	(54)	(40)	111
Balance as of April 3, 2016	<u>\$ (1,441)</u>	<u>\$ 868</u>	<u>\$ 13</u>	<u>\$ (560)</u>

Reclassification of net postemployment benefit losses/(gains) included amounts reclassified to net income and amounts reclassified to inventory (consistent with our capitalization policy).

The tax benefit/(expense) recorded in and associated with each component of other comprehensive income/(loss) for the three months ended April 3, 2016 and March 29, 2015 were as follows (in millions):

	For the Three Months Ended	
	April 3, 2016	March 29, 2015
Net deferred gains/(losses) on net investment hedges	\$ 24	\$ (319)
Net postemployment benefit gains/(losses)	—	1
Reclassification of net postemployment benefit losses/(gains)	34	—
Net deferred gains/(losses) on cash flow hedges	10	45
Net deferred losses/(gains) on cash flow hedges reclassified to net income	4	2

The amounts reclassified from accumulated other comprehensive income/(losses) in the three months ended April 3, 2016 and March 29, 2015 were as follows (in millions):

Accumulated Other Comprehensive Income/(Losses) Component	Reclassified from Accumulated Other Comprehensive Income/(Losses)		Affected Line Item in the Statement Where Net Income is Presented
	For the Three Months Ended		
	April 3, 2016	March 29, 2015	
Losses/(gains) on cash flow hedges:			
Foreign exchange contracts	\$ (1)	\$ 1	Net sales
Foreign exchange contracts	(29)	(5)	Cost of products sold
Foreign exchange contracts	3	(1)	Other expense/(income), net
Interest rate contracts	1	4	Interest expense
Losses/(gains) on cash flow hedges before income taxes	(26)	(1)	
Losses/(gains) on cash flow hedges income taxes	4	2	
Losses/(gains) on cash flow hedges	<u>\$ (22)</u>	<u>\$ 1</u>	
Losses/(gains) on postemployment benefits:			
Amortization of unrecognized losses/(gains)	\$ —	\$ 1	(a)
Amortization of prior service costs/(credits)	(82)	(1)	(a)
Settlement and curtailments losses/(gains)	(6)	—	(a)
Losses/(gains) on postemployment benefits before income taxes	(88)	—	
Losses/(gains) on postemployment benefits income taxes	34	—	
Losses/(gains) on postemployment benefits	<u>\$ (54)</u>	<u>\$ —</u>	

(a) These components are included in the computation of net periodic postemployment benefit costs. See Note 8, *Postemployment Benefits*, for additional information.

In this note we have excluded activity and balances related to noncontrolling interest (which was primarily comprised of foreign currency translation adjustments) due to its insignificance.

Note 10. Financial Instruments

See our consolidated financial statements and related notes in our Annual Report on Form 10-K for the year ended January 3, 2016 for additional information on our overall risk management strategies, our use of derivatives, and our related accounting policies.

Derivative Volume:

The notional values of our derivative instruments at April 3, 2016 and January 3, 2016 were (in millions):

	Notional Amount	
	April 3, 2016	January 3, 2016
Commodity contracts	\$ 667	\$ 787
Foreign exchange contracts	3,312	3,458
Cross-currency contracts	4,328	4,328

Fair Value of Derivative Instruments:

The fair values and the levels within the fair value hierarchy of derivative instruments recorded on the condensed consolidated balance sheets at April 3, 2016 and January 3, 2016 were (in millions):

April 3, 2016									
	Quoted Prices in Active Markets for Identical Assets (Level 1)		Significant Other Observable Inputs (Level 2)		Significant Unobservable Inputs (Level 3)		Total Fair Value		
	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities	
Derivatives designated as hedging instruments:									
Foreign exchange contracts	\$ —	\$ —	\$ 24	\$ 34	\$ —	\$ —	\$ 24	\$ 34	
Cross-currency contracts	—	—	531	—	—	—	531	—	
Derivatives not designated as hedging instruments:									
Commodity contracts	26	22	—	6	—	—	26	28	
Foreign exchange contracts	—	—	43	7	—	—	43	7	
Cross-currency contracts	—	—	40	—	—	—	40	—	
Total fair value	\$ 26	\$ 22	\$ 638	\$ 47	\$ —	\$ —	\$ 664	\$ 69	

January 3, 2016									
	Quoted Prices in Active Markets for Identical Assets (Level 1)		Significant Other Observable Inputs (Level 2)		Significant Unobservable Inputs (Level 3)		Total Fair Value		
	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities	
Derivatives designated as hedging instruments:									
Foreign exchange contracts	\$ —	\$ —	\$ 46	\$ 6	\$ —	\$ —	\$ 46	\$ 6	
Cross-currency contracts	—	—	605	—	—	—	605	—	
Derivatives not designated as hedging instruments:									
Commodity contracts	24	29	1	7	—	—	25	36	
Foreign exchange contracts	—	—	88	13	—	—	88	13	
Cross-currency contracts	—	—	47	—	—	—	47	—	
Total fair value	\$ 24	\$ 29	\$ 787	\$ 26	\$ —	\$ —	\$ 811	\$ 55	

Our derivative financial instruments are subject to master netting arrangements that allow for the offset of assets and liabilities in the event of default or early termination of the contract. We elect to record the gross assets and liabilities of our derivative financial instruments on the condensed consolidated balance sheets. If the derivative financial instruments had been netted on the condensed consolidated balance sheets, the asset and liability positions each would have been reduced by \$54 million at April 3, 2016 and \$44 million at January 3, 2016. No material amounts of collateral were received or posted on our derivative assets and liabilities at April 3, 2016.

Level 1 financial assets and liabilities consist of commodity future and options contracts and are valued using quoted prices in active markets for identical assets and liabilities.

Level 2 financial assets and liabilities consist of commodity forwards, foreign exchange forwards, and cross-currency swaps. Commodity forwards are valued using an income approach based on the observable market commodity index prices less the contract rate multiplied by the notional amount. Foreign exchange forwards are valued using an income approach based on observable market forward rates less the contract rate multiplied by the notional amount. Cross-currency swaps are valued based on observable market spot and swap rates.

Our calculation of the fair value of financial instruments takes into consideration the risk of nonperformance, including counterparty credit risk.

There have been no transfers between Levels 1, 2, and 3 in any period presented.

The fair values of our asset derivatives are recorded within other current assets and other assets. The fair values of our liability derivatives are recorded within other current liabilities and other liabilities.

Net Investment Hedging:

At April 3, 2016, the principal amounts of foreign denominated debt designated as net investment hedges totaled €750 million and £400 million.

At April 3, 2016, our cross-currency swaps consisted of:

Instrument		Notional (local) (in billions)	Notional (USD) (in billions)	Maturity
Cross-currency swap	£	0.8	\$ 1.4	October 2019
Cross-currency swap	€	0.9	1.1	October 2019
Cross-currency swap	C\$	1.8	1.6	December 2019

Hedge Coverage:

At April 3, 2016, we had entered into contracts designated as hedging instruments, which hedge transactions for the following durations:

- foreign currency contracts for periods not exceeding the next two years, and
- cross-currency contracts for periods not exceeding the next four years.

At April 3, 2016, we had entered into contracts not designated as hedging instruments, which hedge economic risks for the following durations:

- commodity contracts for periods not exceeding the next 12 months,
- foreign exchange contracts for periods not exceeding the next two years, and
- cross-currency contracts for periods not exceeding the next three years.

Hedge Ineffectiveness:

We record pre-tax gains or losses reclassified from accumulated other comprehensive income/(losses) due to ineffectiveness in:

- other expense/(income), net for foreign exchange contracts related to forecasted transactions.

Deferred Hedging Gains and Losses:

Based on our valuation at April 3, 2016 and assuming market rates remain constant through contract maturities, we expect to transfer unrealized gains of \$9 million (net of taxes) for foreign currency cash flow hedges to net income during the next 12 months. We expect transfers to net income of unrealized losses for interest rate cash flow hedges during the next 12 months to be insignificant.

Derivative Impact on the Statements of Income and Statements of Comprehensive Income:

The following tables present the pre-tax effect of derivative instruments on the condensed consolidated statements of income and statements of comprehensive income for the three months ended April 3, 2016 and March 29, 2015 (in millions):

	For the Three Months Ended							
	April 3, 2016				March 29, 2015			
	Commodity Contracts	Foreign Exchange Contracts	Cross-Currency Contracts	Interest Rate Contracts	Commodity Contracts	Foreign Exchange Contracts	Cross-Currency Contracts	Interest Rate Contracts
Derivatives designated as hedging instruments:								
Cash flow hedges:								
Gains/(losses) recognized in other comprehensive income (effective portion)	\$ —	\$ (27)	\$ —	\$ —	\$ —	\$ 8	\$ —	\$ (120)
Net investment hedges:								
Gains/(losses) recognized in other comprehensive income (effective portion)	—	—	(65)	—	—	—	751	—
Total gains/(losses) recognized in other comprehensive income (effective portion)	\$ —	\$ (27)	\$ (65)	\$ —	\$ —	\$ 8	\$ 751	\$ (120)
Cash flow hedges reclassified to net income/(loss):								
Net sales	\$ —	\$ 1	\$ —	\$ —	\$ —	\$ (1)	\$ —	\$ —
Cost of products sold (effective portion)	—	29	—	—	—	5	—	—
Other expense/(income), net	—	(3)	—	—	—	1	—	—
Interest expense	—	—	—	(1)	—	—	—	(4)
	—	27	—	(1)	—	5	—	(4)
Derivatives not designated as hedging instruments:								
Gains/(losses) on derivatives recognized in cost of products sold	(18)	—	—	—	—	—	—	—
Gains/(losses) on derivatives recognized in other expense/(income), net	—	(75)	(7)	—	—	49	—	11
	(18)	(75)	(7)	—	—	49	—	11
Total gains/(losses) recognized in statements of income	\$ (18)	\$ (48)	\$ (7)	\$ (1)	\$ —	\$ 54	\$ —	\$ 7

Related to our non-derivative, foreign denominated debt instruments designated as net investment hedges, we recognized a \$19 million pre-tax loss in other comprehensive income/(loss) for the three months ended April 3, 2016.

Note 11. Venezuela - Foreign Currency and Inflation

In February 2016, the Venezuela government announced the following changes to its foreign currency exchange mechanisms, which were effective on March 10, 2016:

- the official exchange rate of BsF6.30 per U.S. dollar, which was available through the government-operated National Center of Foreign Commerce (“CENCOEX”), was devalued to BsF10 per U.S. dollar;
- the CENCOEX was replaced with the Sistema de Divisa Protegida (“DIPRO”), which is available for purchases and sales of essential items, including food products;
- the Complimentary System of Foreign Currency Acquisition (“SICAD”) was eliminated; and
- the Marginal Currency System (“SIMADI”) was replaced with the Sistema de Divisa Complementaria (“DICOM”), which is available for all transactions not covered by DIPRO and is a free-floating exchange format.

At April 3, 2016, there were two exchange rates legally available to us for converting Venezuelan bolivars to U.S. dollars, including:

- the official exchange rate of BsF10 per U.S. dollar available through DIPRO; and
- the DICOM rate, which has averaged approximately BsF201 per U.S. dollar since commencement of trading, and was BsF276 per U.S. dollar at April 3, 2016.

We have had limited access to, and settlements at, the official exchange rate of BsF6.30 and no settlements at the official exchange rate of BsF10 per U.S. dollar during the three months ended April 3, 2016. We had outstanding requests of \$26 million at April 3, 2016 for payment of invoices for the purchase of ingredients and packaging materials for the years from 2012 through 2015, all of which were requested for payment at the BsF6.30 per U.S. dollar rate.

Due to the continued lack of liquidity and increasing economic uncertainty, as of April 3, 2016, we continue to believe that the DICOM rate (formerly SIMADI) is the most appropriate legally available rate.

Our Venezuelan subsidiary recognized net sales of \$18 million and operating income of \$7 million for the three months ended April 3, 2016. Our results of operations in Venezuela reflect a controlled subsidiary. However, the continuing economic uncertainty, strict labor laws, and evolving government controls over imports, prices, currency exchange and payments present a challenging operating environment. Increased restrictions imposed by the Venezuelan government could impact our ability to control our Venezuelan operations and could lead us to deconsolidate our Venezuelan subsidiary in the future.

Note 12. Commitments, Contingencies and Debt

Legal Proceedings:

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

On April 1, 2015, the Commodity Futures Trading Commission (“CFTC”) filed a formal complaint against Mondelēz International and Kraft in the U.S. District Court for the Northern District of Illinois, Eastern Division, related to activities involving the trading of December 2011 wheat futures contracts. The complaint alleges that Mondelēz International and Kraft (1) manipulated or attempted to manipulate the wheat markets during the fall of 2011, (2) violated position limit levels for wheat futures, and (3) engaged in non-competitive trades by trading both sides of exchange-for-physical Chicago Board of Trade wheat contracts. As previously disclosed by Kraft, these activities arose prior to the October 1, 2012 spin-off of Kraft by Mondelēz International to its shareholders and involve the business now owned and operated by Mondelēz International or its affiliates. The Separation and Distribution Agreement between Kraft and Mondelēz International, dated as of September 27, 2012, governs the allocation of liabilities between Mondelēz International and Kraft and, accordingly, Mondelēz International will predominantly bear the costs of this matter and any monetary penalties or other payments that the CFTC may impose. We do not expect this matter to have a material adverse effect on our financial condition, results of operations, or business.

As previously disclosed, six lawsuits were filed in connection with the 2015 Merger against Kraft, members of its board of directors, Heinz, Kite Merger Sub Corp., and Kite Merger Sub LLC. The plaintiffs in these matters alleged, among other things, that (i) the Registration Statement on Form S-4 relating to the 2015 Merger contained material omissions and misleading statements, and (ii) the members of the Kraft board of directors breached their fiduciary duties in connection with the 2015 Merger. The plaintiffs sought, among other things, injunctive relief and damages. As disclosed in Kraft’s Form 8-K filed on June 24, 2015, on June 23, 2015, Kraft entered into a memorandum of understanding with the plaintiffs providing for the settlement of all of these lawsuits. On October 28, 2015, we executed a stipulation of settlement with the plaintiffs formalizing the terms of the memorandum of understanding. On November 10, 2015, the U.S. District Court for the Eastern District of Virginia issued an order preliminarily approving the settlement and providing for notice to Kraft’s shareholders regarding the proposed settlement. On March 10, 2016, the Court issued a final order approving the settlement. In accordance with the Stipulation of Settlement and final order, all claims against defendants in these matters have been dismissed with prejudice.

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

Fair Value of Debt:

At April 3, 2016, the aggregate fair value of our total debt was \$27.0 billion as compared with the carrying value of \$25.3 billion. We determined the fair value of our long-term debt using Level 2 inputs. Fair values are generally estimated based on quoted market prices for identical or similar instruments.

Series A Preferred Stock:

We currently intend to redeem the 9.00% Series A Cumulative Compounding Redeemable Preferred Stock (“Series A Preferred Stock”) during the second quarter of 2016. We expect to fund this redemption primarily through the issuance of new debt securities, as well as other sources of liquidity, including our commercial paper program, U.S. securitization program, and cash on hand.

Note 13. Earnings Per Share

As a result of the stock conversion prior to the 2015 Merger, all historical per share data, numbers of shares, and numbers of equity awards outstanding were retroactively adjusted. See Note 1, *Background and Basis of Presentation*, for additional information.

Our earnings per common share (“EPS”) for the three months ended April 3, 2016 and March 29, 2015 were:

	For the Three Months Ended	
	April 3, 2016	March 29, 2015
	(in millions, except per share amounts)	
Basic Earnings Per Common Share:		
Net income/(loss) attributable to common shareholders	\$ 896	\$ 96
Weighted average shares of common stock outstanding	1,215	377
Net earnings/(loss)	\$ 0.74	\$ 0.26
Diluted Earnings Per Common Share:		
Net income/(loss) attributable to common shareholders	\$ 896	\$ 96
Weighted average shares of common stock outstanding	1,215	377
Effect of dilutive securities:		
Warrants	—	21
Equity awards	10	1
Weighted average shares of common stock outstanding, including dilutive effect	1,225	399
Net earnings/(loss)	\$ 0.73	\$ 0.24

We use the treasury stock method to calculate the dilutive effect of outstanding warrants and equity awards in the denominator for diluted earnings per common share. Anti-dilutive shares were 3 million for the three months ended April 3, 2016. There were no anti-dilutive shares for the three months ended March 29, 2015.

Note 14. Segment Reporting

We manufacture and market food and beverage products, including condiments and sauces, cheese and dairy, meals, meats, refreshment beverages, coffee, and other grocery products, throughout the world.

We manage and report our operating results through four segments. We have three reportable segments defined by geographic region: United States, Canada, and Europe. Our remaining businesses are combined and disclosed as “Rest of World”. Rest of World is comprised of three operating segments: Asia Pacific, Latin America, and Russia, India, the Middle East and Africa (“RIMEA”).

Management evaluates segment performance based on several factors including net sales and segment adjusted earnings before interest, tax, depreciation, and amortization (“Segment Adjusted EBITDA”). Management uses Segment Adjusted EBITDA to evaluate segment performance and allocate resources. Segment Adjusted EBITDA assists management in comparing our performance on a consistent basis for purposes of business decision-making by removing the impact of certain items that management believes do not directly reflect our core operations. These items include depreciation and amortization (including amortization of postretirement benefit plans prior service credits), equity award compensation expense, integration and restructuring expenses, merger costs, unrealized gains and losses on commodity hedges (the unrealized gains and losses are recorded in general corporate expenses until realized; once realized, the gains and losses are recorded in the applicable segment operating results), impairment losses, gains/(losses) associated with the sale of a business, nonmonetary currency devaluation, and certain general corporate expenses. In addition, consistent with the manner in which management evaluates segment performance and allocates resources, Segment Adjusted EBITDA includes the operating results of Kraft on a pro forma basis, as if Kraft had been acquired as of December 30, 2013. There are no pro forma adjustments to any of the numbers disclosed in this note to the condensed consolidated financial statements except for the Segment Adjusted EBITDA reconciliation.

In the first quarter of 2016, we moved certain historical Kraft export businesses from our United States segment to our Rest of World and Europe segments to align with our long-term go-to-market strategies. We began to manage and report our results reflecting this change in the first quarter of 2016 and have reflected this change in all pro forma historical information presented. The impact of this change is not material to current or prior period results. This change did not impact our Integration Program and restructuring expenses disclosed by segment in Note 3, *Integration and Restructuring Expenses*.

Management does not use assets by segment to evaluate performance or allocate resources and therefore, we do not disclose assets by segment.

Our net sales by segment and Segment Adjusted EBITDA were:

	For the Three Months Ended	
	April 3, 2016	March 29, 2015
	(in millions)	
Net sales:		
United States	\$ 4,715	\$ 868
Canada	504	121
Europe	553	626
Rest of World	798	863
Total net sales	<u>\$ 6,570</u>	<u>\$ 2,478</u>
	For the Three Months Ended	
	April 3, 2016	March 29, 2015
	(in millions)	
Segment Adjusted EBITDA:		
United States	\$ 1,493	\$ 1,123
Canada	151	113
Europe	177	214
Rest of World	167	190
General corporate expenses	(37)	(31)
Depreciation and amortization (excluding integration and restructuring expenses)	(161)	(216)
Integration and restructuring expenses	(260)	(81)
Merger costs	(15)	(13)
Unrealized gains/(losses) on commodity hedges	8	2
Nonmonetary currency devaluation	(1)	—
Equity award compensation expense (excluding integration and restructuring expenses)	(9)	(19)
Other pro forma adjustments	—	(773)
Operating income	<u>1,513</u>	<u>509</u>
Interest expense	249	201
Other expense/(income), net	(8)	(39)
Income/(loss) before income taxes	<u>\$ 1,272</u>	<u>\$ 347</u>

Our net sales by product category were:

	For the Three Months Ended	
	April 3, 2016	March 29, 2015
	(in millions)	
Condiments and sauces	\$ 1,576	\$ 1,230
Cheese and dairy	1,384	—
Ambient meals	586	334
Frozen and chilled meals	620	471
Meats and seafood	705	44
Refreshment beverages	407	—
Coffee	392	—
Infant and nutrition	191	253
Desserts, toppings and baking	206	—
Nuts and salted snacks	264	—
Other	239	146
Total net sales	<u>\$ 6,570</u>	<u>\$ 2,478</u>

Note 15. Supplemental Financial Information

We fully and unconditionally guarantee the notes issued by our 100% owned operating subsidiary, Kraft Heinz Foods Company. See Note 12, *Debt*, in our Annual Report on Form 10-K, for additional descriptions of these guarantees. None of our other subsidiaries guarantee these notes.

Set forth below are the condensed consolidating financial statements presenting the results of operations, financial position and cash flows of The Kraft Heinz Company (as parent guarantor), Kraft Heinz Foods Company (as subsidiary issuer of the notes), and the non-guarantor subsidiaries on a combined basis and eliminations necessary to arrive at the total reported information on a consolidated basis. This condensed consolidating financial information has been prepared and presented pursuant to SEC Regulation S-X Rule 3-10, “Financial Statements of Guarantors and Issuers of Guaranteed Securities Registered or being Registered.” This information is not intended to present the financial position, results of operations, and cash flows of the individual companies or groups of companies in accordance with U.S. GAAP. Eliminations represent adjustments to eliminate investments in subsidiaries and intercompany balances and transactions between or among the parent guarantor, subsidiary issuer, and the non-guarantor subsidiaries.

The Kraft Heinz Company
Condensed Consolidating Statements of Income
For the Three Months Ended April 3, 2016
(in millions)
(Unaudited)

	Parent Guarantor	Subsidiary Issuer	Non-Guarantor Subsidiaries	Eliminations	Consolidated
Net sales	\$ —	\$ 4,471	\$ 2,241	\$ (142)	\$ 6,570
Cost of products sold	—	2,832	1,502	(142)	4,192
Gross profit	—	1,639	739	—	2,378
Selling, general and administrative expenses	—	277	588	—	865
Intercompany service fees and other recharges	—	1,214	(1,214)	—	—
Operating income	—	148	1,365	—	1,513
Interest expense	—	235	14	—	249
Other expense/(income), net	—	31	(39)	—	(8)
Income/(loss) before income taxes	—	(118)	1,390	—	1,272
Equity in earnings of subsidiaries	896	956	—	(1,852)	—
Provision for/(benefit from) income taxes	—	(58)	430	—	372
Net income/(loss)	896	896	960	(1,852)	900
Net income/(loss) attributable to noncontrolling interest	—	—	4	—	4
Net income/(loss) excluding noncontrolling interest	<u>\$ 896</u>	<u>\$ 896</u>	<u>\$ 956</u>	<u>\$ (1,852)</u>	<u>\$ 896</u>
Comprehensive income/(loss) excluding noncontrolling interest	\$ 1,007	\$ 1,007	\$ 1,149	\$ (2,156)	\$ 1,007

The Kraft Heinz Company
Condensed Consolidating Statements of Income
For the Three Months Ended March 29, 2015
(in millions)
(Unaudited)

	Parent Guarantor	Subsidiary Issuer	Non-Guarantor Subsidiaries	Eliminations	Consolidated
Net sales	\$ —	\$ 925	\$ 1,612	\$ (59)	\$ 2,478
Cost of products sold	—	618	1,072	(59)	1,631
Gross profit	—	307	540	—	847
Selling, general and administrative expenses	—	136	202	—	338
Intercompany service fees and other recharges	—	(11)	11	—	—
Operating income	—	182	327	—	509
Interest expense	—	166	35	—	201
Other expense/(income), net	—	(3)	(36)	—	(39)
Income/(loss) before income taxes	—	19	328	—	347
Equity in earnings of subsidiaries	276	257	—	(533)	—
Provision for/(benefit from) income taxes	—	—	68	—	68
Net income/(loss)	276	276	260	(533)	279
Net income/(loss) attributable to noncontrolling interest	—	—	3	—	3
Net income/(loss) excluding noncontrolling interest	<u>\$ 276</u>	<u>\$ 276</u>	<u>\$ 257</u>	<u>\$ (533)</u>	<u>\$ 276</u>
Comprehensive income/(loss) excluding noncontrolling interest	\$ (139)	\$ (139)	\$ (544)	\$ 683	\$ (139)

The Kraft Heinz Company
Condensed Consolidating Balance Sheets
As of April 3, 2016
(in millions)
(Unaudited)

	Parent Guarantor	Subsidiary Issuer	Non-Guarantor Subsidiaries	Eliminations	Consolidated
ASSETS					
Cash and cash equivalents	\$ —	\$ 2,561	\$ 1,638	\$ —	\$ 4,199
Trade receivables	—	66	873	—	939
Receivables due from affiliates	—	386	106	(492)	—
Sold receivables	—	767	38	—	805
Inventories	—	1,943	949	—	2,892
Short-term lending due from affiliates	—	3,594	4,038	(7,632)	—
Other current assets	—	452	877	(352)	977
Total current assets	—	9,769	8,519	(8,476)	9,812
Property, plant and equipment, net	—	4,409	2,025	—	6,434
Goodwill	—	10,966	32,576	—	43,542
Investments in subsidiaries	66,363	74,406	—	(140,769)	—
Intangible assets, net	—	3,803	58,246	—	62,049
Long-term lending due from affiliates	—	1,484	2,000	(3,484)	—
Other assets	—	529	907	—	1,436
TOTAL ASSETS	\$ 66,363	\$ 105,366	\$ 104,273	\$ (152,729)	\$ 123,273
LIABILITIES AND EQUITY					
Short-term lending due to affiliates	\$ —	\$ 4,038	\$ 3,594	\$ (7,632)	\$ —
Trade payables	—	1,566	1,207	—	2,773
Payables due to affiliates	—	106	386	(492)	—
Accrued marketing	—	312	555	—	867
Accrued postemployment costs	—	150	14	—	164
Income taxes payable	—	837	90	(352)	575
Interest payable	—	261	5	—	266
Dividends payable	—	794	—	—	794
Other current liabilities	—	1,030	261	—	1,291
Total current liabilities	—	9,094	6,112	(8,476)	6,730
Long-term debt	—	24,127	1,040	—	25,167
Long-term borrowings due to affiliates	—	2,000	1,700	(3,700)	—
Deferred income taxes	—	1,255	20,404	—	21,659
Accrued postemployment costs	—	2,106	274	—	2,380
Other liabilities	—	421	316	—	737
TOTAL LIABILITIES	—	39,003	29,846	(12,176)	56,673
Redeemable noncontrolling interest	—	—	21	—	21
9.00% Series A cumulative compounding redeemable preferred stock	8,320	—	—	—	8,320
Total shareholders' equity	58,043	66,363	74,190	(140,553)	58,043
Noncontrolling interest	—	—	216	—	216
TOTAL EQUITY	58,043	66,363	74,406	(140,553)	58,259
TOTAL LIABILITIES AND EQUITY	\$ 66,363	\$ 105,366	\$ 104,273	\$ (152,729)	\$ 123,273

The Kraft Heinz Company
Condensed Consolidating Balance Sheets
As of January 3, 2016
(in millions)
(Unaudited)

	Parent Guarantor	Subsidiary Issuer	Non-Guarantor Subsidiaries	Eliminations	Consolidated
ASSETS					
Cash and cash equivalents	\$ —	\$ 3,189	\$ 1,648	\$ —	\$ 4,837
Trade receivables	—	62	809	—	871
Receivables due from affiliates	—	555	319	(874)	—
Sold receivables	—	554	29	—	583
Inventories	—	1,741	877	—	2,618
Short-term lending due from affiliates	—	3,657	4,353	(8,010)	—
Other current assets	—	645	443	(217)	871
Total current assets	—	10,403	8,478	(9,101)	9,780
Property, plant and equipment, net	—	4,518	2,006	—	6,524
Goodwill	—	10,976	32,075	—	43,051
Investments in subsidiaries	66,005	73,105	—	(139,110)	—
Intangible assets, net	—	3,838	58,282	—	62,120
Long-term lending due from affiliates	—	1,700	2,000	(3,700)	—
Other assets	—	534	964	—	1,498
TOTAL ASSETS	\$ 66,005	\$ 105,074	\$ 103,805	\$ (151,911)	\$ 122,973
LIABILITIES AND EQUITY					
Short-term lending due to affiliates	\$ —	\$ 4,353	\$ 3,657	\$ (8,010)	\$ —
Trade payables	—	1,612	1,232	—	2,844
Payables due to affiliates	—	319	555	(874)	—
Accrued marketing	—	359	497	—	856
Accrued postemployment costs	—	316	12	—	328
Income taxes payable	—	71	563	(217)	417
Interest payable	—	386	15	—	401
Dividends payable	—	762	—	—	762
Other current liabilities	—	1,053	271	—	1,324
Total current liabilities	—	9,231	6,802	(9,101)	6,932
Long-term debt	—	24,143	1,008	—	25,151
Long-term borrowings due to affiliates	—	2,000	1,905	(3,905)	—
Deferred income taxes	—	1,278	20,219	—	21,497
Accrued postemployment costs	—	2,147	258	—	2,405
Other liabilities	—	270	482	—	752
TOTAL LIABILITIES	—	39,069	30,674	(13,006)	56,737
Redeemable noncontrolling interest	—	—	23	—	23
9.00% Series A cumulative compounding redeemable preferred stock	8,320	—	—	—	8,320
Total shareholders' equity	57,685	66,005	72,900	(138,905)	57,685
Noncontrolling interest	—	—	208	—	208
TOTAL EQUITY	57,685	66,005	73,108	(138,905)	57,893
TOTAL LIABILITIES AND EQUITY	\$ 66,005	\$ 105,074	\$ 103,805	\$ (151,911)	\$ 122,973

The Kraft Heinz Company
Condensed Consolidating Statements of Cash Flows
For the Three Months Ended April 3, 2016
(in millions)
(Unaudited)

	Parent Guarantor	Subsidiary Issuer	Non-Guarantor Subsidiaries	Eliminations	Consolidated
CASH FLOWS FROM OPERATING ACTIVITIES					
Net cash provided by/(used for) operating activities	\$ —	\$ 166	\$ 104	\$ —	\$ 270
CASH FLOWS FROM INVESTING ACTIVITIES					
Capital expenditures	—	(242)	(61)	—	(303)
Net proceeds from/(payments on) intercompany lending activities	—	423	314	(737)	—
Return of capital	667	—	—	(667)	—
Other investing activities, net	—	(19)	(3)	—	(22)
Net cash provided by/(used for) investing activities	667	162	250	(1,404)	(325)
CASH FLOWS FROM FINANCING ACTIVITIES					
Repayments of long-term debt	—	(4)	(2)	—	(6)
Net proceeds from/(payments on) intercompany borrowing activities	—	(314)	(423)	737	—
Dividends paid-Series A Preferred Stock	—	—	—	—	—
Dividends paid-common stock	(667)	(667)	—	667	(667)
Other financing activities, net	—	29	17	—	46
Net cash provided by/(used for) financing activities	(667)	(956)	(408)	1,404	(627)
Effect of exchange rate changes on cash and cash equivalents	—	—	44	—	44
Cash and cash equivalents:					
Net increase/(decrease)	—	(628)	(10)	—	(638)
Balance at beginning of period	—	3,189	1,648	—	4,837
Balance at end of period	<u>\$ —</u>	<u>\$ 2,561</u>	<u>\$ 1,638</u>	<u>\$ —</u>	<u>\$ 4,199</u>

The Kraft Heinz Company
Condensed Consolidating Statements of Cash Flows
For the Three Months Ended March 29, 2015
(in millions)
(Unaudited)

	Parent Guarantor	Subsidiary Issuer	Non-Guarantor Subsidiaries	Eliminations	Consolidated
CASH FLOWS FROM OPERATING ACTIVITIES					
Net cash provided by/(used for) operating activities	\$ 180	\$ (103)	\$ 20	\$ (180)	\$ (83)
CASH FLOWS FROM INVESTING ACTIVITIES					
Capital expenditures	—	(26)	(27)	—	(53)
Net proceeds from/(payments on) intercompany lending activities	—	(609)	(747)	1,356	—
Return of capital	—	5	—	(5)	—
Other investing activities, net	—	(1)	5	—	4
Net cash provided by/(used for) investing activities	—	(631)	(769)	1,351	(49)
CASH FLOWS FROM FINANCING ACTIVITIES					
Repayments of long-term debt	—	(1,960)	(2)	—	(1,962)
Proceeds from issuance of long-term debt	—	2,000	—	—	2,000
Net proceeds from/(payments on) intercompany borrowing activities	—	747	609	(1,356)	—
Dividends paid-Series A Preferred Stock	(180)	—	—	—	(180)
Dividends paid-common stock	—	(180)	—	180	—
Other intercompany capital stock transactions	—	—	(5)	5	—
Other financing activities, net	—	(16)	(56)	—	(72)
Net cash provided by/(used for) financing activities	(180)	591	546	(1,171)	(214)
Effect of exchange rate changes on cash and cash equivalents	—	—	(53)	—	(53)
Cash and cash equivalents:					
Net increase/(decrease)	—	(143)	(256)	—	(399)
Balance at beginning of period	—	541	1,757	—	2,298
Balance at end of period	\$ —	\$ 398	\$ 1,501	\$ —	\$ 1,899

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

Overview

Description of the Company

We manufacture and market food and beverage products, including condiments and sauces, cheese and dairy, meals, meats, refreshment beverages, coffee, and other grocery products, throughout the world.

In the first quarter of 2016, we moved certain historical Kraft export businesses from our United States segment to our Rest of World and Europe segments to align with our long-term go-to-market strategies. We began to manage and report our results reflecting this change in the first quarter of 2016 and have reflected this change in all pro forma historical information presented. The impact of this change is not material to current or prior period results.

Items Affecting Comparability of Financial Results

The 2015 Merger

We completed the 2015 Merger on July 2, 2015. See Note 1, *Background and Basis of Presentation*, and Note 2, *Merger and Acquisition*, to the condensed consolidated financial statements for additional information.

Integration and Restructuring Expenses

We recorded expenses of \$260 million for the three months ended April 3, 2016 and \$43 million for the three months ended March 29, 2015 related to the Integration Program and restructuring activities. These expenses include our multi-year \$1.9 billion Integration Program, which we announced following the 2015 Merger. The Integration Program costs primarily include organization costs, including cash and non-cash severance, footprint costs to exit facilities, and other costs incurred as a direct result of restructuring activities related to the 2015 Merger. Additionally, we anticipate capital expenditures of approximately \$1.1 billion related to the Integration Program, and as of April 3, 2016, we have recognized \$318 million in capital expenditures since the inception of the program. The Integration Program is designed to reduce costs, integrate, and optimize our combined organization and is expected to achieve \$1.5 billion of pre-tax savings by 2017, primarily benefiting the United States and Canada segments. During the three months ended April 3, 2016, we realized approximately \$225 million of pre-tax savings. Since the inception of the program, our cumulative savings achieved are approximately \$350 million. See Note 3, *Integration and Restructuring Expenses*, to the condensed consolidated financial statements for additional information.

Results of Operations

Due to the size of Kraft's business relative to the size of Heinz's business prior to the 2015 Merger, and for purposes of comparability, the *Results of Operations* include certain unaudited pro forma condensed combined financial information (the "pro forma financial information") adjusted to assume that Kraft and Heinz were a combined company for the first quarter of 2015. This pro forma financial information reflects combined historical results, preliminary purchase accounting adjustments, and adjustments to align accounting policies for the three months ended March 29, 2015. Pro forma adjustments are only reflected for the three months ended March 29, 2015, as Kraft and Heinz were a combined company for the entire three months ended April 3, 2016. For more information see *Supplemental Unaudited Pro Forma Condensed Combined Financial Information*.

In addition, we include certain non-GAAP financial measures, which, for the three months ended March 29, 2015, are derived from these unaudited pro forma results. These non-GAAP financial measures assist management in comparing our performance on a consistent basis for purposes of business decision-making by removing the impact of certain items that management believes do not directly reflect our core operations. For additional information see *Non-GAAP Financial Measures*.

Consolidated Results of Operations

Three Months Ended April 3, 2016 compared to the Three Months Ended March 29, 2015:

Summary of Results

	For the Three Months Ended		
	April 3, 2016	March 29, 2015	% Change
(in millions, except per share data)			
Net sales	\$ 6,570	\$ 2,478	165.1%
Operating income	1,513	509	197.2%
Net income/(loss) attributable to common shareholders	896	96	833.3%
Diluted earnings/(loss) per share	0.73	0.24	204.2%

Net Sales

	For the Three Months Ended		
	April 3, 2016	March 29, 2015	% Change
	(in millions)		
Net sales	\$ 6,570	\$ 2,478	165.1 %
Pro forma net sales ^(a)	6,570	6,830	(3.8)%
Organic Net Sales ^(b)	6,720	6,644	1.1 %

^(a) There are no pro forma adjustments in the three months ended April 3, 2016 as Kraft and Heinz were a combined company for the entire period.

^(b) Organic Net Sales is a non-GAAP financial measure. See the *Non-GAAP Financial Measures* section at the end of this item.

Net sales increased 165.1% to \$6.6 billion for the three months ended April 3, 2016 compared to the three months ended March 29, 2015, primarily driven by the 2015 Merger.

Pro forma net sales decreased 3.8% reflecting the unfavorable impacts of foreign currency (4.5 pp) and divestitures (0.4 pp). Organic Net Sales increased 1.1% driven by favorable volume/mix (0.8 pp) and higher pricing (0.3 pp). Favorable volume/mix was primarily driven by growth in condiments and sauces globally, refrigerated meal combinations and foodservice in the United States, partially offset by lower shipments of ready-to-drink beverages in the United States. Pricing was higher despite deflation in key commodity costs (which we define as dairy, meat, coffee and nuts) in the United States and Canada, primarily dairy and coffee.

Operating Income

	For the Three Months Ended		
	April 3, 2016	March 29, 2015	% Change
	(in millions)		
Operating income	\$ 1,513	\$ 509	197.2%
Adjusted EBITDA ^(c)	1,951	1,609	21.3%

^(c) Adjusted EBITDA is a non-GAAP financial measure. See the *Non-GAAP Financial Measures* section at the end of this item.

Operating income increased 197.2% to \$1.5 billion for the three months ended April 3, 2016 compared to the three months ended March 29, 2015, primarily driven by the 2015 Merger. The benefit realized from the 2015 Merger was partially offset by higher Integration Program and restructuring expenses, higher depreciation and amortization expense, as well as the unfavorable impact of foreign currency.

Adjusted EBITDA increased 21.3% to \$2.0 billion for the three months ended April 3, 2016 compared to the three months ended March 29, 2015, primarily driven by savings from Integration Program and restructuring activities and favorable pricing net of commodity costs, partially offset by the unfavorable impact of foreign currency (6.0 pp).

Net Income and Diluted EPS

	For the Three Months Ended		
	April 3, 2016	March 29, 2015	% Change
	(in millions, except per share data)		
Net income/(loss) attributable to common shareholders	\$ 896	\$ 96	833.3%
Diluted earnings per share	0.73	0.24	204.2%
Adjusted EPS ^(d)	0.73	0.53	37.7%

^(d) Adjusted EPS is a non-GAAP financial measure. See the *Non-GAAP Financial Measures* section at the end of this item.

Net income/(loss) attributable to common shareholders increased \$800 million to \$896 million for the three months ended April 3, 2016 compared to the three months ended March 29, 2015. The increase was due to the increase in operating income discussed above, as well as the absence of a preferred dividend payment in the current period, partially offset by higher interest expense, lower other expense/(income), net and a higher effective tax rate as follows:

- Interest expense increased to \$249 million for the three months ended April 3, 2016, compared to \$201 million in the prior year period. This increase was primarily due to the assumption of \$8.6 billion of Kraft's long-term debt obligations in the 2015 Merger, partially offset by interest savings following our 2015 refinancing activities, as well as a write-off of debt issuance costs associated with 2015 refinancing activities in the prior period.
- Other expense/(income), net decreased to \$8 million of income for the three months ended April 3, 2016, compared to \$39 million of income in the prior year period. The decrease was primarily due to gains in the prior period from the termination of interest rate swaps associated with the 2015 debt refinancing as well as other derivative gains.
- The effective tax rate was 29.2% for the three months ended April 3, 2016 compared to 19.5% for the three months ended March 29, 2015. The increase in our effective tax rate was driven by the 2015 Merger. With the 2015 Merger, our operations in the United States and Canada increased and resulted in higher blended statutory tax rates and a larger amount of tax exempt income. See Note 6, *Income Taxes*, to the condensed consolidated financial statements for a discussion of income tax rates.
- The Series A Preferred Stock entitles holders to a 9.00% annual dividend, to be paid in four dividends, in arrears on each March 7, June 7, September 7, and December 7, in cash. While the Series A Preferred Stock remains outstanding, if we declare or pay a common stock dividend, we must also declare and pay in full the Series A Preferred Stock dividend for the then-current period. In connection with the declaration of our common stock dividend on December 8, 2015, we also declared and paid the Series A Preferred Stock dividend that would otherwise have been payable on March 7, 2016. Accordingly, there were no cash distributions related to our Series A Preferred Stock in the first quarter of 2016.

	For the Three Months Ended			
	April 3, 2016	March 29, 2015	\$ Change	% Change
Diluted earnings per share	0.73	0.24	0.49	204.2%
Impact of the Kraft acquisition and pro forma adjustments, net	—	0.22	(0.22)	
Integration and restructuring expenses	0.14	0.05	0.09	
Merger costs	0.01	0.02	(0.01)	
Additional preferred dividend in 2015	(0.15)	—	(0.15)	
Adjusted EPS ^(d)	0.73	0.53	0.20	37.7%
Key drivers of Adjusted EPS ^(d) :				
Results of operations			0.24	
Change in interest expense			0.01	
Change in other expense/(income), net			(0.03)	
Change in effective income tax rate and other			(0.02)	
			0.20	

^(d) Adjusted EPS is a non-GAAP financial measure. See the *Non-GAAP Financial Measures* section at the end of this item.

Diluted earnings per share increased 204.2% to \$0.73 for the three months ended April 3, 2016. The increase in diluted earnings per share was driven primarily by the net income factors discussed above, partially offset by the effect of an increase in the weighted average shares of common stock outstanding following the 2015 Merger.

Adjusted EPS increased 37.7% to \$0.73 for the three months ended April 3, 2016 compared to \$0.53 for the three months ended March 29, 2015, primarily driven by Adjusted EBITDA growth and lower interest expense, which were partially offset by the unfavorable impact of foreign currency, lower other expense/(income), net, and a higher effective tax rate.

Results of Operations by Segment

Three Months Ended April 3, 2016 compared to the Three Months Ended March 29, 2015:

Following the 2015 Merger, we revised our segment structure and began to manage and report our operating results through four segments. We have three reportable segments defined by geographic region: United States, Canada, and Europe. Our remaining businesses are combined and disclosed as “Rest of World”. Rest of World is comprised of three operating segments: Asia Pacific, Latin America, and RIMEA. We began to report on our reorganized segment structure during the third quarter of 2015 and have reflected this structure for all historical periods presented.

Management evaluates segment performance based on several factors including net sales and Segment Adjusted EBITDA. Management uses Segment Adjusted EBITDA to evaluate segment performance and allocate resources. Segment Adjusted EBITDA assists management in comparing our performance on a consistent basis for purposes of business decision-making by removing the impact of certain items that management believes do not directly reflect our core operations. These items include depreciation and amortization (including amortization of postretirement benefit plans prior service credits), equity award compensation expense, integration and restructuring expenses, merger costs, unrealized gains and losses on commodity hedges (the unrealized gains and losses are recorded in general corporate expenses until realized; once realized, the gains and losses are recorded in the applicable segment operating results), impairment losses, gain/(loss) associated with the sale of a business, nonmonetary currency devaluation, and certain general corporate expenses. In addition, consistent with the manner in which management evaluates segment performance and allocates resources, Segment Adjusted EBITDA includes the operating results of Kraft on a pro forma basis, as if Kraft had been acquired as of December 30, 2013.

	For the Three Months Ended	
	April 3, 2016	March 29, 2015
	(in millions)	
Net sales:		
United States	\$ 4,715	\$ 868
Canada	504	121
Europe	553	626
Rest of World	798	863
Total net sales	<u>\$ 6,570</u>	<u>\$ 2,478</u>

	For the Three Months Ended	
	April 3, 2016	March 29, 2015
	(in millions)	
Pro forma net sales ^(a) :		
United States	\$ 4,715	\$ 4,707
Canada	504	551
Europe	553	626
Rest of World	798	946
Total pro forma net sales	<u>\$ 6,570</u>	<u>\$ 6,830</u>

^(a) There are no pro forma adjustments in the three months ended April 3, 2016 as Kraft and Heinz were a combined company for the entire period.

	For the Three Months Ended	
	April 3, 2016	March 29, 2015
	(in millions)	
Organic Net Sales ^(b) :		
United States	\$ 4,715	\$ 4,707
Canada	559	551
Europe	577	599
Rest of World	869	787
Total Organic Net Sales	<u>\$ 6,720</u>	<u>\$ 6,644</u>

^(b) Organic Net Sales is a non-GAAP financial measure. See the *Non-GAAP Financial Measures* section at the end of this item.

Drivers of the changes in pro forma net sales and Organic Net Sales for the three months ended April 3, 2016 compared to the three months ended March 29, 2015 were:

	Pro Forma Net Sales	Currency	Divestitures	Organic Net Sales	Price	Volume/Mix
United States	0.2 %	0.0 pp	0.0 pp	0.2 %	0.1 pp	0.1 pp
Canada	(8.5)%	(10.0) pp	0.0 pp	1.5 %	3.7 pp	(2.2) pp
Europe	(11.7)%	(3.9) pp	(4.1) pp	(3.7)%	(2.9) pp	(0.8) pp
Rest of World	(15.6)%	(26.0) pp	0.0 pp	10.4 %	2.1 pp	8.3 pp
	(3.8)%	(4.5) pp	(0.4) pp	1.1 %	0.3 pp	0.8 pp

	For the Three Months Ended	
	April 3, 2016	March 29, 2015
	(in millions)	
Segment Adjusted EBITDA:		
United States	\$ 1,493	\$ 1,123
Canada	151	113
Europe	177	214
Rest of World	167	190
General corporate expenses	(37)	(31)
Depreciation and amortization (excluding integration and restructuring expenses)	(161)	(216)
Integration and restructuring expenses	(260)	(81)
Merger costs	(15)	(13)
Unrealized gains/(losses) on commodity hedges	8	2
Nonmonetary currency devaluation	(1)	—
Equity award compensation expense (excluding integration and restructuring expenses)	(9)	(19)
Other pro forma adjustments ^(c)	—	(773)
Operating income	1,513	509
Interest expense	249	201
Other expense/(income), net	(8)	(39)
Income/(loss) before income taxes	\$ 1,272	\$ 347

^(c) See Supplemental Unaudited Pro Forma Condensed Combined Financial Information for additional information.

United States

	For the Three Months Ended		
	April 3, 2016	March 29, 2015	% Change
	(in millions)		
Net sales	\$ 4,715	\$ 868	443.2%
Pro forma net sales ^(a)	4,715	4,707	0.2%
Organic Net Sales ^(b)	4,715	4,707	0.2%
Segment Adjusted EBITDA	1,493	1,123	32.9%

^(a) There are no pro forma adjustments in the three months ended April 3, 2016 as Kraft and Heinz were a combined company for the entire period.

^(b) Organic Net Sales is a non-GAAP financial measure. See the *Non-GAAP Financial Measures* section at the end of this item.

Net sales increased 443.2% to \$4.7 billion, primarily driven by the 2015 Merger. Pro forma net sales and Organic Net Sales increased 0.2%, driven by relatively neutral volume/mix (0.1 pp) and neutral pricing (0.1 pp). Neutral volume/mix was primarily driven by innovation-related gains in refrigerated meal combinations, as well as higher shipments in foodservice and coffee that were substantially offset by declines in ready-to-drink beverages, bacon, and frozen nutritional meals. Pricing was neutral despite deflation in key commodities, primarily dairy and coffee.

Segment Adjusted EBITDA increased 32.9%, primarily due to gains from the Integration Program and favorable pricing net of commodity costs, partially offset by volume declines in ready-to-drink beverages and frozen nutritional meals. Integration Program savings were driven by zero-based budgeting initiatives, as well as corporate overhead reductions implemented after the 2015 Merger.

Canada

	For the Three Months Ended		
	April 3, 2016	March 29, 2015	% Change
	(in millions)		
Net sales	\$ 504	\$ 121	316.5 %
Pro forma net sales ^(a)	504	551	(8.5)%
Organic Net Sales ^(b)	559	551	1.5 %
Segment Adjusted EBITDA	151	113	33.6 %

^(a) There are no pro forma adjustments in the three months ended April 3, 2016 as Kraft and Heinz were a combined company for the entire period.

^(b) Organic Net Sales is a non-GAAP financial measure. See the *Non-GAAP Financial Measures* section at the end of this item.

Net sales increased 316.5% to \$504 million, primarily driven by the 2015 Merger. Pro forma net sales decreased by 8.5% reflecting the unfavorable impact of foreign currency (10.0 pp). Organic Net Sales increased 1.5% driven by higher pricing (3.7 pp) that was partially offset by unfavorable volume/mix (2.2 pp). Pricing increased from significant pricing actions to offset higher input costs in local currency, despite deflation in key commodity costs. Unfavorable volume/mix reflected the volume impact of reduced promotional activity in cheese versus the prior year, as well as lower shipments of coffee and foodservice, partially offset by higher shipments of condiments and sauces.

Segment Adjusted EBITDA increased 33.6% despite the unfavorable impact of foreign currency (14.2 pp). This increase was driven primarily by Integration Program savings and favorable pricing net of higher local input costs that were partially offset by unfavorable volume/mix.

Europe

	For the Three Months Ended		
	April 3, 2016	March 29, 2015	% Change
	(in millions)		
Net sales	\$ 553	\$ 626	(11.7)%
Pro forma net sales ^(a)	553	626	(11.7)%
Organic Net Sales ^(b)	577	599	(3.7)%
Segment Adjusted EBITDA	177	214	(17.3)%

^(a) There are no pro forma adjustments in the three months ended April 3, 2016 as Kraft and Heinz were a combined company for the entire period.

^(b) Organic Net Sales is a non-GAAP financial measure. See the *Non-GAAP Financial Measures* section at the end of this item.

Net sales and pro forma net sales decreased 11.7% partially due to the unfavorable impacts of divestitures (4.1 pp) and foreign currency (3.9 pp). Organic Net Sales decreased 3.7% due to lower pricing (2.9 pp) and unfavorable volume/mix (0.8 pp). Lower pricing was primarily due to increased promotional activity in soup and beans in the UK versus the prior year period. Unfavorable volume/mix was primarily due to declines in infant nutrition in the UK and Italy, as well as soup in the UK, partially offset by growth of beans in the UK as well as condiments and sauces across Europe.

Segment Adjusted EBITDA decreased 17.3%, partially due to the unfavorable impact of foreign currency (3.7 pp). Excluding currency, the Segment Adjusted EBITDA decline was primarily due to lower pricing and an increase in marketing investments.

Rest of World

	For the Three Months Ended		
	April 3, 2016	March 29, 2015	% Change
	(in millions)		
Net sales	\$ 798	\$ 863	(7.5)%
Pro forma net sales ^(a)	798	946	(15.6)%
Organic Net Sales ^(b)	869	787	10.4 %
Segment Adjusted EBITDA	167	190	(12.1)%

^(a) There are no pro forma adjustments in the three months ended April 3, 2016 as Kraft and Heinz were a combined company for the entire period.

^(b) Organic Net Sales is a non-GAAP financial measure. See the *Non-GAAP Financial Measures* section at the end of this item.

Net sales decreased 7.5%, reflecting the unfavorable impact of foreign currency, which was partially offset by the inclusion of Kraft in the current period. Pro forma net sales decreased 15.6% due to the unfavorable impact of foreign currency (26.0 pp, including 17.0 pp from the devaluation of the Venezuelan bolivar). Organic Net Sales increased 10.4%, driven by favorable volume/mix (8.3 pp) and higher pricing (2.1 pp). Favorable volume/mix was driven by growth in condiments and sauces across all regions, as well as beverages in Indonesia. Higher pricing was driven by pricing actions to offset higher input costs in local currency in Latin America.

Segment Adjusted EBITDA decreased 12.1%, primarily due to the unfavorable impact of foreign currency (38.2 pp, including 29.5 pp from the devaluation of the Venezuelan bolivar). Excluding currency, Segment Adjusted EBITDA growth was primarily driven by favorable volume/mix.

Liquidity and Capital Resources

We believe that cash generated from our operating activities, our Revolving Credit Facility (as defined below), and our commercial paper program, will provide sufficient liquidity to meet our working capital needs, expected Integration Program and restructuring expenditures, planned capital expenditures and contributions to our postemployment benefit plans, future contractual obligations, and payment of our anticipated quarterly dividends. We intend to use our cash on hand and our Revolving Credit Facility for daily funding requirements. Overall, we do not expect any negative effects on our funding sources that would have a material effect on our short-term or long-term liquidity.

Net Cash Provided by/Used for Operating Activities:

Cash provided by operating activities was \$270 million in the three months ended April 3, 2016 compared to net cash used of \$83 million in the three months ended March 29, 2015. The increase in cash provided by operating activities was primarily due to an increase in operating income as a result of the 2015 Merger partially offset by working capital increases that were more unfavorable than the prior year, an increase of cash spent on the Integration Program and restructuring activities, and an increase in pension contributions. See Note 8, *Postemployment Benefits*, for further discussion of our pension contributions, including the amount that we expect to pay in the current year.

Net Cash Provided by/Used for Investing Activities:

Net cash used in investing activities was \$325 million in the three months ended April 3, 2016 compared to \$49 million in the three months ended March 29, 2015. The increase in cash used in investing activities was primarily driven by an increase in capital expenditures. We expect 2016 capital expenditures to be approximately \$1.6 billion, including capital expenditures required for our ongoing integration and restructuring activities.

Net Cash Provided by/Used for Financing Activities:

Net cash used for financing activities was \$627 million in the three months ended April 3, 2016 compared to net cash used of \$214 million in the three months ended March 29, 2015. The increase in cash used for financing activities was primarily driven by the payment of our quarterly common stock cash dividend, which commenced in the third quarter of 2015. Additionally, in the prior year we had a benefit from proceeds from the issuance of long-term debt, which were largely offset by repayments of long-term debt. Our cash used for financing activities for the three months ended April 3, 2016 also reflected the positive impact of there being no cash distribution related to our Series A Preferred Stock in the three months ended April 3, 2016 compared to cash distributions of \$180 million in the three months ended March 29, 2015. See *Equity and Dividends* for further information on our cash distributions related to our Series A Preferred Stock.

Cash held by international subsidiaries:

At April 3, 2016, approximately \$1.6 billion of cash and short-term investments were held by international subsidiaries.

We have provided a deferred tax liability of \$22 million for undistributed earnings not considered to be indefinitely reinvested.

We consider the unremitted earnings of our international subsidiaries that have not been previously taxed in the United States to be indefinitely reinvested. For those undistributed earnings considered to be indefinitely reinvested, our intent is to reinvest these funds in our international operations, and our current plans do not demonstrate a need to repatriate the accumulated earnings to fund our United States cash requirements. If we decide at a later date to repatriate these funds to the United States, we would be required to pay taxes on these amounts based on the applicable United States tax rates net of credits for foreign taxes already paid.

Further, certain previously taxed earnings have not yet been remitted and certain intercompany loans have not been repaid. As a result, in future periods, we believe that we could remit approximately \$4.3 billion of cash to the United States without incurring any additional material tax expense.

Total Debt:

Our long-term debt was \$25.3 billion at April 3, 2016 and \$25.2 billion at January 3, 2016. Our long-term debt contains customary representations, covenants, and events of default. We were in compliance with all covenants as of April 3, 2016.

We maintain our Senior Credit Facilities comprised of our \$4.0 billion senior unsecured revolving credit facility (the “Revolving Credit Facility”) and a \$600 million Term Loan Facility (together with the Revolving Credit Facility, the “Senior Credit Facilities”). Subject to certain conditions, we may increase the amount of revolving commitments and/or add additional tranches of term loans in a combined aggregate amount of up to \$1.0 billion. Our Senior Credit Facilities contain customary representations, covenants, and events of default. At April 3, 2016, \$600 million aggregate principal amount of our Term Loan Facility was outstanding. No amounts were drawn on our Revolving Credit Facility at April 3, 2016 or during the three months ended April 3, 2016. Effective May 4, 2016, we amended the Revolving Credit Facility to increase the letter of credit sub-facility from \$150 million to \$300 million. In addition, we extended the maturity of the Senior Credit Facilities from July 6, 2020 to July 6, 2021. See our consolidated financial statements and related notes on Form 10-K for the year ended January 3, 2016, for additional information on our Senior Credit Facilities, including covenant information related to our Revolving Credit Facility, interest rates on borrowings, maturity dates, and other general terms.

Series A Preferred Stock:

We currently intend to redeem the Series A Preferred Stock during the second quarter of 2016. We expect to fund this redemption primarily through the issuance of new debt securities, as well as other sources of liquidity, including our commercial paper program, U.S. securitization program, and cash on hand. The amount, nature, and timing of any issuances of debt will depend on the economic environment, current interest rates, and overall market conditions.

Commodity Trends

We purchase and use large quantities of commodities, including dairy products, meat products, coffee beans, nuts, tomatoes, potatoes, soybean and vegetable oils, sugar and other sweeteners, corn products, and wheat to manufacture our products. In addition, we purchase and use significant quantities of resins, metals, and cardboard to package our products and natural gas to operate our facilities. We continuously monitor worldwide supply and cost trends of these commodities.

Markets for our key commodities were volatile for the quarter ended April 3, 2016. We expect commodity cost volatility to continue over the remainder of the year. We manage commodity cost volatility primarily through pricing and risk management strategies. As a result of these risk management strategies, our commodity costs may not immediately correlate with market price trends.

Off-Balance Sheet Arrangements and Aggregate Contractual Obligations

There were no material changes to our off-balance sheet arrangements and aggregate contractual obligations from those disclosed in our Annual Report on Form 10-K for the year ended January 3, 2016.

Equity and Dividends

Common Stock Dividends:

We paid common stock dividends of \$667 million in the first quarter of 2016. No common stock dividends were paid in the first quarter of 2015. On February 25, 2016, our Board of Directors declared a cash dividend of \$0.575 per share of common stock, which was paid on April 8, 2016, to shareholders of record on March 18, 2016. We accrued dividends payable related to this dividend as of April 3, 2016. Additionally, on May 4, 2016, our Board of Directors declared a cash dividend of \$0.575 per share of common stock, which is payable on July 8, 2016 to shareholders of record on May 27, 2016. The present annualized dividend rate is \$2.30 per share of common stock. The declaration of dividends is subject to the discretion of our Board of Directors and depends on various factors, including our net income, financial condition, cash requirements, future prospects, and other factors that our Board of Directors deems relevant to its analysis and decision making.

Series A Preferred Stock:

Our Series A Preferred Stock entitles holders to a 9.00% annual dividend, to be paid in four dividends, in arrears on each March 7, June 7, September 7, and December 7, in cash. While the Series A Preferred Stock remains outstanding, if we declare or pay a common stock dividend, we must also declare and pay in full the Series A Preferred Stock dividend for the then-current period. In connection with the declaration of our common stock dividend on December 8, 2015, we also declared and paid the Series A Preferred Stock dividend that would otherwise have been payable on March 7, 2016. Accordingly, there were no cash distributions related to our Series A Preferred Stock in the first quarter of 2016. We made cash distributions of \$180 million related to our Series A Preferred Stock in the first quarter of 2015. Additionally, our payment of our common stock dividend on April 8, 2016 resulted in a corresponding payment of the Series A Preferred Stock dividend that would have otherwise been payable on June 7, 2016.

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. Our significant accounting policies are described in Note 1 to our consolidated financial statements for the year ended January 3, 2016 in our Annual Report on Form 10-K. Our significant accounting estimates are described in our Management's Discussion and Analysis of Financial Condition and Results of Operations for the year ended January 3, 2016 in our Annual Report on Form 10-K.

We changed the method that we use to estimate the service cost and interest cost components of net pension cost/(benefit) and net postretirement cost/(benefit). We use a full yield curve approach to estimate service cost and interest cost by applying the specific spot rates along the yield curve used to determine the benefit obligation to the relevant projected cash flows. Previously, we estimated service cost and interest cost using a single weighted-average discount rate derived from the yield curve used to measure the benefit obligation at the beginning of the period. We made this change to provide a more precise measurement of service cost and interest cost by improving the correlation between projected benefit cash flows and the corresponding spot yield curve rates. The new method will result in a decrease in service cost and interest cost compared to what our costs would have been under the previous method. This change did not affect the measurement of our total benefit obligations. We have accounted for this change prospectively as a change in accounting estimate.

New Accounting Pronouncements

See Note 1, *Background and Basis of Presentation*, to the condensed consolidated financial statements for a discussion of new accounting pronouncements.

Contingencies

See Note 12, *Commitments, Contingencies and Debt*, to the condensed consolidated financial statements for a discussion of contingencies.

Supplemental Unaudited Pro Forma Condensed Combined Financial Information

The following unaudited pro forma condensed combined financial information is presented to illustrate the estimated effects of the 2015 Merger, which was consummated on July 2, 2015, and the related equity investments, based on the historical results of operations of Heinz and Kraft. See Note 1, *Background and Basis of Presentation*, and Note 2, *Merger and Acquisition*, to the condensed consolidated financial statements for additional information on the 2015 Merger.

The following unaudited pro forma condensed combined statements of income for the three months ended March 29, 2015 are based on the historical financial statements of Heinz and Kraft after giving effect to the 2015 Merger, related equity investments, and the assumptions and adjustments described in the accompanying notes to these unaudited pro forma condensed combined statements of income.

The Heinz statement of income information for the three months ended March 29, 2015 was derived from the unaudited condensed consolidated financial statements included elsewhere in this Form 10-Q. The Kraft statement of income information for the three months ended March 29, 2015 was derived from its unaudited condensed consolidated financial statements included in Kraft's Quarterly Report on Form 10-Q for the first quarter of 2015.

The unaudited pro forma condensed combined statements of income are presented as if the 2015 Merger had been consummated on December 30, 2013, the first business day of our 2014 fiscal year, and combine the historical results of Heinz and Kraft. This is consistent with internal management reporting. The unaudited pro forma condensed combined statements of income set forth below primarily give effect to the following assumptions and adjustments:

- Application of the acquisition method of accounting;

- The issuance of Heinz common stock to the Sponsors in connection with the equity investments;
- The pre-closing Heinz share conversion;
- The exchange of one share of Kraft Heinz common stock for each share of Kraft common stock; and
- Conformance of accounting policies.

The unaudited pro forma condensed combined financial information was prepared using the acquisition method of accounting, which requires, among other things, that assets acquired and liabilities assumed in a business combination be recognized at their fair values as of the completion of the acquisition. We utilized estimated fair values at the 2015 Merger Date for the preliminary allocation of consideration to the net tangible and intangible assets acquired and liabilities assumed. Our purchase price allocation is substantially complete with the exception of identifiable intangible assets and certain income tax accounts. During the measurement period, we will continue to obtain information to assist in determining the fair value of net assets acquired, which may differ materially from our preliminary estimates.

The unaudited pro forma condensed combined financial information has been prepared in accordance with SEC Regulation S-X Article 11 and is not necessarily indicative of the results of operations that would have been realized had the transactions been completed as of the dates indicated, nor are they meant to be indicative of our anticipated combined future results. In addition, the accompanying unaudited pro forma condensed combined statements of income do not reflect any additional anticipated synergies, operating efficiencies, cost savings, or any integration costs that may result from the 2015 Merger.

The historical consolidated financial information has been adjusted in the accompanying unaudited pro forma condensed combined statements of income to give effect to unaudited pro forma events that are (1) directly attributable to the transaction, (2) factually supportable and (3) are expected to have a continuing impact on the results of operations of the combined company. As a result, under SEC Regulation S-X Article 11, certain expenses such as Deal Costs and the fair value step-up of Kraft's inventory ("Inventory Step-up Costs"), if applicable, are eliminated from pro forma results in the period presented. In contrast, under the ASC 805 presentation in Note 2, *Merger and Acquisition*, to the condensed consolidated financial statements, these expenses are required to be included in prior year pro forma results.

The unaudited pro forma condensed combined financial information, including the related notes, should be read in conjunction with the historical consolidated financial statements and related notes of Kraft, and with our unaudited condensed consolidated financial statements included elsewhere in this Form 10-Q. The historical SEC filings of Kraft are available to the public at the SEC website at www.sec.gov.

The Kraft Heinz Company
Pro Forma Condensed Combined Statement of Income
For the Three Months Ended March 29, 2015
(in millions, except per share data)
(Unaudited)

	Historical Heinz	Historical Kraft	Pro Forma Adjustments	Pro Forma
Net sales	\$ 2,478	\$ 4,352	\$ —	\$ 6,830
Cost of products sold	1,631	2,989	(64)	4,556
Gross profit	847	1,363	64	2,274
Selling, general and administrative expenses	338	622	32	992
Operating income	509	741	32	1,282
Interest expense	201	124	(20)	305
Other expense/(income), net	(39)	(17)	—	(56)
Income/(loss) before income taxes	347	634	52	1,033
Provision for/(benefit from) income taxes	68	204	20	292
Net income/(loss)	279	430	32	741
Net income/(loss) attributable to noncontrolling interest	3	—	—	3
Net income/(loss) attributable to Kraft Heinz	276	430	32	738
Preferred dividends	180	—	—	180
Net income/(loss) attributable to common shareholders	\$ 96	\$ 430	\$ 32	\$ 558
Basic common shares outstanding	377	588	222	1,187
Diluted common shares outstanding	399	593	226	1,218
Per share data applicable to common shareholders:				
Basic earnings/(loss)	\$ 0.26	\$ 0.73	\$ (0.52)	\$ 0.47
Diluted earnings/(loss)	0.24	0.72	(0.50)	0.46

The Kraft Heinz Company
Summary of Pro Forma Adjustments
(in millions)
(Unaudited)

	For the Three Months Ended
	March 29, 2015
Impact to cost of products sold:	
Postemployment benefit costs ^(a)	\$ (64)
Impact to cost of products sold	\$ (64)
Impact to selling, general and administrative expenses:	
Depreciation and amortization ^(b)	\$ 42
Compensation expense ^(c)	13
Postemployment benefit costs ^(a)	1
Deal costs ^(d)	(24)
Impact to selling, general and administrative expenses	\$ 32
Impact to interest expense:	
Interest expense ^(e)	\$ (20)
Impact to interest expense	\$ (20)

Adjustments included in the accompanying unaudited pro forma condensed combined statements of income are as follows:

- (a) Represents the change to align Kraft's accounting policy to our accounting policy for postemployment benefit plans. Kraft historically elected a mark-to-market accounting policy and recognized net actuarial gains or losses and changes in the fair value of plan assets immediately in earnings upon remeasurement. Our policy is to initially record such items in other comprehensive income/(loss). Also represents the elimination of Kraft's historical amortization of postemployment benefit plan prior service credits.
- (b) Represents incremental amortization resulting from the fair value adjustment of Kraft's definite-lived intangible assets in connection with the 2015 Merger. The net change in depreciation expense resulting from the fair value adjustment of property, plant, and equipment was insignificant. See our consolidated financial statements and related notes on Form 10-K for the year ended January 3, 2016, for additional information on the determination of fair values.
- (c) Represents the incremental compensation expense due to the fair value remeasurement of certain of Kraft's equity awards in connection with the 2015 Merger. See our consolidated financial statements and related notes on Form 10-K for the year ended January 3, 2016, for additional information on the conversion of Kraft's equity awards in connection with the 2015 Merger.
- (d) Represents the elimination of nonrecurring deal costs incurred in connection with the 2015 Merger.
- (e) Represents the incremental change in interest expense resulting from the fair value adjustment of Kraft's long-term debt in connection with the 2015 Merger, including the elimination of the historical amortization of deferred financing fees and amortization of original issuance discount.

We calculated the income tax effect of the pro forma adjustments using a 38.5% weighted average statutory tax rate for the period presented.

Additionally, we calculated the unaudited pro forma weighted average number of basic shares outstanding by adding Heinz's historical weighted average number of basic shares outstanding, the 500 million shares issued to the Sponsors in connection with their equity investments (after giving effect to the pre-closing Heinz conversion ratio of 0.443332) and the historical weighted average number of basic shares of Kraft, which were converted on a 1:1 basis into shares of Kraft Heinz. We calculated the unaudited pro forma weighted average number of diluted shares outstanding by adding the effect of dilutive securities to the unaudited pro forma weighted average number of basic shares outstanding, including dilutive securities related to historical Heinz.

Non-GAAP Financial Measures

Our non-GAAP financial measures provided should be viewed in addition to, and not as an alternative for, results prepared in accordance with U.S. GAAP.

To supplement the condensed consolidated financial statements prepared in accordance with U.S. GAAP, we have presented Organic Net Sales, Adjusted EBITDA, and Adjusted EPS, which are considered non-GAAP financial measures. The non-GAAP financial measures presented may differ from similarly titled non-GAAP financial measures presented by other companies, and other companies may not define these non-GAAP financial measures in the same way. These measures are not substitutes for their comparable U.S. GAAP financial measures, such as net sales, operating income, diluted earnings per share, or other measures prescribed by U.S. GAAP, and there are limitations to using non-GAAP financial measures.

Management uses these non-GAAP financial measures to assist in comparing our performance on a consistent basis for purposes of business decision making by removing the impact of certain items that management believes do not directly reflect our core operations. Management believes that presenting our non-GAAP financial measures is useful to investors because it (i) provides investors with meaningful supplemental information regarding financial performance by excluding certain items, (ii) permits investors to view performance using the same tools that management uses to budget, make operating and strategic decisions, and evaluate historical performance, and (iii) otherwise provides supplemental information that may be useful to investors in evaluating our results. We believe that the presentation of these non-GAAP financial measures, when considered together with the corresponding U.S. GAAP financial measures and the reconciliations to those measures, provides investors with additional understanding of the factors and trends affecting our business than could be obtained absent these disclosures.

Organic Net Sales is defined as net sales excluding, when they occur, the impact of acquisitions, currency, divestitures, and a 53rd week of shipments. We calculate the impact of currency on net sales by holding exchange rates constant at the previous year's exchange rate, with the exception of Venezuela following our June 28, 2015 currency devaluation, for which we calculate the previous year's results using the current year's exchange rate. Organic Net Sales for any period prior to the 2015 Merger Date includes the operating results of Kraft on a pro forma basis, as if Kraft had been acquired as of December 30, 2013. Organic Net Sales is a tool intended to assist management in comparing our performance on a consistent basis for purposes of business decision making by removing the impact of certain items that management believes do not directly reflect our core operations.

Adjusted EBITDA is defined as net income/(loss) from continuing operations before interest expense, other expense/(income), net, provision for/(benefit from) income taxes, depreciation and amortization (excluding integration and restructuring expenses) (including amortization of postretirement benefit plans prior service credits); excluding, when they occur, the impacts of integration and restructuring expenses, merger costs, unrealized losses/(gains) on commodity hedges, nonmonetary currency devaluation, equity award compensation expense (excluding integration and restructuring expenses), impairment losses, and losses/(gains) on the sale of a business. Adjusted EBITDA for any period prior to the 2015 Merger Date includes the operating results of Kraft on a pro forma basis, as if Kraft had been acquired as of December 30, 2013. Adjusted EBITDA is a tool intended to assist management in comparing our performance on a consistent basis for purposes of business decision making by removing the impact of certain items that management believes do not directly reflect our core operations.

Adjusted EPS is defined as diluted earnings per share excluding, when they occur, the impacts of integration and restructuring expenses, merger costs, unrealized losses/(gains) on commodity hedges, impairment losses, losses/(gains) on the sale of a business, nonmonetary currency devaluation and timing impacts of preferred stock dividends. Adjusted EPS for any period prior to the 2015 Merger Date includes the operating results of Kraft on a pro forma basis, as if Kraft had been acquired as of December 30, 2013. Management uses Adjusted EPS to assess operating performance on a consistent basis.

The Kraft Heinz Company
Reconciliation of Pro Forma Net Sales to Organic Net Sales
For the Three Months Ended April 3, 2016 and March 29, 2015
(dollars in millions)
(Unaudited)

	Pro Forma Net Sales	Impact of Currency	Impact of Divestitures	Organic Net Sales	Price	Volume/Mix
April 3, 2016*						
United States	\$ 4,715	\$ —	\$ —	\$ 4,715		
Canada	504	(55)	—	559		
Europe	553	(24)	—	577		
Rest of World	798	(71)	—	869		
	<u>\$ 6,570</u>	<u>\$ (150)</u>	<u>\$ —</u>	<u>\$ 6,720</u>		
March 29, 2015						
United States	\$ 4,707	\$ —	\$ —	\$ 4,707		
Canada	551	—	—	551		
Europe	626	—	27	599		
Rest of World	946	159	—	787		
	<u>\$ 6,830</u>	<u>\$ 159</u>	<u>\$ 27</u>	<u>\$ 6,644</u>		
Year-over-year growth rates						
United States	0.2%	0.0 pp	0.0 pp	0.2%	0.1 pp	0.1 pp
Canada	(8.5)%	(10.0) pp	0.0 pp	1.5%	3.7 pp	(2.2) pp
Europe	(11.7)%	(3.9) pp	(4.1) pp	(3.7)%	(2.9) pp	(0.8) pp
Rest of World	(15.6)%	(26.0) pp	0.0 pp	10.4%	2.1 pp	8.3 pp
	<u>(3.8)%</u>	<u>(4.5) pp</u>	<u>(0.4) pp</u>	<u>1.1%</u>	<u>0.3 pp</u>	<u>0.8 pp</u>

*There are no pro forma adjustments in the three months ended April 3, 2016 as Kraft and Heinz were a combined company for the entire period.

The Kraft Heinz Company
Reconciliation of Pro Forma Operating Income to Adjusted EBITDA
(in millions)
(Unaudited)

	For the Three Months Ended	
	April 3, 2016*	March 29, 2015
Pro forma operating income	\$ 1,513	\$ 1,282
Depreciation and amortization (excluding integration and restructuring expenses)	161	216
Integration and restructuring expenses	260	81
Merger costs	15	13
Unrealized losses/(gains) on commodity hedges	(8)	(2)
Nonmonetary currency devaluation	1	—
Equity award compensation expense (excluding integration and restructuring expenses)	9	19
Adjusted EBITDA	<u>\$ 1,951</u>	<u>\$ 1,609</u>

*There are no pro forma adjustments in the three months ended April 3, 2016 as Kraft and Heinz were a combined company for the entire period.

The Kraft Heinz Company
Reconciliation of Pro Forma Diluted EPS to Adjusted EPS
(Unaudited)

	For the Three Months Ended	
	April 3, 2016*	March 29, 2015
Pro forma diluted EPS	\$ 0.73	\$ 0.46
Integration and restructuring expenses	0.14	0.05
Merger costs	0.01	0.02
Additional preferred dividend in 2015	(0.15)	—
Adjusted EPS	<u>\$ 0.73</u>	<u>\$ 0.53</u>

*There are no pro forma adjustments in the three months ended April 3, 2016 as Kraft and Heinz were a combined company for the entire period.

Forward-Looking Statements

This Quarterly Report on Form 10-Q contains a number of forward-looking statements. Words such as “expect,” “improve,” “reassess,” “remain,” “will,” and variations of such words and similar expressions are intended to identify forward-looking statements. These forward-looking statements include, but are not limited to, statements regarding our plans, the 2015 Merger, taxes, integration, and dividends. These forward-looking statements are not guarantees of future performance and are subject to a number of risks and uncertainties, many of which are difficult to predict and beyond our control.

Important factors that affect our business and operations and that may cause actual results to differ materially from those in the forward-looking statements include, but are not limited to, increased competition; our ability to maintain, extend and expand our reputation and brand image; our ability to differentiate our products from other brands; the consolidation of retail customers; our ability to predict, identify and interpret changes in consumer preferences and demand; our ability to drive revenue growth in our key product categories, increase our market share, or add products; an impairment of the carrying value of goodwill or other indefinite-lived intangible assets; volatility in commodity, energy and other input costs; changes in our management team or other key personnel; our inability to realize the anticipated benefits from our cost savings initiatives; changes in relationships with significant customers and suppliers; execution of our international expansion strategy; changes in laws and regulations; legal claims or other regulatory enforcement actions; product recalls or product liability claims; unanticipated business disruptions; failure to successfully integrate Kraft Heinz; our ability to complete or realize the benefits from potential and completed acquisitions, alliances, divestitures or joint ventures; economic and political conditions in the nations in which we operate; the volatility of capital markets; increased pension, labor and people-related expenses; volatility in the market value of all or a portion of the derivatives we use; exchange rate fluctuations; disruptions in information technology networks and systems; our inability to protect intellectual property rights; impacts of natural events in the locations in which we or our customers, suppliers or regulators operate; our indebtedness and ability to pay such indebtedness; our dividend payments on our Series A Preferred Stock; tax law changes or interpretations; and other factors. For additional information on these and other factors that could affect our forward-looking statements, see “Risk Factors” below in this Quarterly Report on Form 10-Q. We disclaim and do not undertake any obligation to update or revise any forward-looking statement in this report, except as required by applicable law or regulation.

Item 3. Quantitative and Qualitative Disclosures about Market Risk.

There have been no material changes to our market risk during the three months ended April 3, 2016. For additional information, refer to our Annual Report on Form 10-K for the year ended January 3, 2016.

Item 4. Controls and Procedures.**Evaluation of Disclosure Controls and Procedures**

Our management, with the participation of our Chief Executive Officer and Chief Financial Officer, evaluated the effectiveness of our disclosure controls and procedures as of the end of the period covered by this report. Based on that evaluation, the Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures, as of the end of the period covered by this report, were effective and provided reasonable assurance that the information required to be disclosed by us in reports filed under the Securities Exchange Act of 1934 (the “Exchange Act”) is (i) recorded, processed, summarized, and reported within the time periods specified in the SEC’s rules and forms, and (ii) accumulated and communicated to our management, including the Chief Executive Officer and Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosure.

PART II — OTHER INFORMATION**Item 1. Legal Proceedings.**

See Note 12, *Commitments, Contingencies and Debt*, to the condensed consolidated financial statements for a discussion of legal proceedings.

Item 1A. Risk Factors.

There were no material changes to the risk factors disclosed in our Annual Report on Form 10-K for the year ended January 3, 2016.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds.**Issuer Purchases of Equity Securities during the Quarter ended April 3, 2016**

Our share repurchase activity for the three months ended April 3, 2016 was:

	Total Number of Shares ^(a)	Average Price Paid Per Share	Total Number of Shares Purchased as Part of Publicly Announced Plan or Program	Dollar Value of Shares that May Yet be Purchased Under the Plan or Program
1/4/2016 - 2/7/2016	50,664	\$ 73.11	—	
2/8/2016 - 3/6/2016	244,384	76.75	—	
3/7/2016 - 4/3/2016	—	—	—	\$ —
For the Quarter Ended April 3, 2016	295,048		—	

(a) Includes shares tendered by individuals who used shares to pay the related taxes for grants of RSUs that vested and shares repurchased related to employee benefit programs (including our 2016 bonus swap program).

Item 6. Exhibits.

Exhibit No.	Descriptions
10.1	The Kraft Heinz Company 2016 Omnibus Incentive Plan. +
10.2	Form of Non-Qualified Stock Option Award Agreement. +
10.3	Form of Matching Restricted Stock Unit Award Agreement. +
31.1	Certification of Chief Executive Officer pursuant to Rule 13a 14(a)/15d 14(a) of the Securities Exchange Act of 1934.
31.2	Certification of Chief Financial Officer pursuant to Rule 13a 14(a)/15d 14(a) of the Securities Exchange Act of 1934.
32.1	Certification of Chief Executive Officer pursuant to 18 U.S.C. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2	Certification of 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 The Kraft Heinz Company's Quarterly Report on Form 10-Q for the period ended April 3, 2016 formatted in XBRL (eXtensible Business Reporting Language): (i) the Condensed Consolidated Statements of Income, (ii) the Condensed Consolidated Statements of Comprehensive Income, (iii) the Condensed Consolidated Statements of Equity, (iv) the Condensed Consolidated Balance Sheets, (v) the Condensed Consolidated Statements of Cash Flows, (vi) Notes to Condensed Consolidated Financial Statements, and (vii) document and entity information.

+ Indicates a management contract or compensatory plan or arrangement.

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.

The Kraft Heinz Company

Date: May 5, 2016

By: /s/ Paulo Basilio

Paulo Basilio

Executive Vice President and Chief Financial Officer

(Principal Financial Officer)

The Kraft Heinz Company

Date: May 5, 2016

By: /s/ Christopher R. Skinger

Christopher R. Skinger

Vice President, Global Controller

(Principal Accounting Officer)

THE KRAFT HEINZ COMPANY 2016 OMNIBUS INCENTIVE PLAN

SECTION 1. Purpose. The purpose of The Kraft Heinz Company 2016 Omnibus Incentive Plan is to attract, retain and reward those employees, directors and other individuals who are expected to contribute significantly to the success of the Company and its Subsidiaries, to incentivize such individuals to perform at the highest level, to strengthen the mutuality of interests between such individuals and the Company's stockholders and, in general, to further the best interests of the Company and its stockholders.

SECTION 2. Definitions. As used in the Plan, the following terms shall have the meanings set forth below:

"3G" shall mean 3G Global Food Holdings, LP and its Affiliates.

"Act" shall mean the Securities Exchange Act of 1934. Reference to a specific section of the Act or regulation thereunder shall include such section or regulation, any valid regulation or interpretation promulgated under such section, and any comparable provision of any future legislation or regulation amending, supplementing or superseding such section or regulation.

"Affiliate" shall mean, as to any person or entity, any other person or entity that, directly or indirectly, controls, is controlled by or is under common control with, such person or entity, or any person or entity in which any other person or entity has a significant equity interest, in either case as determined by the Committee.

"Applicable Exchange" means NASDAQ or any other national stock exchange or quotation system on which the Shares may be listed or quoted.

"Award" shall mean any Option, SAR, award of Restricted Stock, Restricted Stock Units, Deferred Stock, annual or long-term Performance Award, Investment Rights, Other Stock-Based Award or Cash-Based Award granted under the Plan, which may be denominated or settled in Shares, cash or in such other forms as provided for herein or determined by the Committee from time to time in its sole discretion.

"Award Agreement" shall mean an agreement (whether in written or electronic form) or other instrument or document evidencing any Award granted under the Plan, which may, but need not, be executed or acknowledged by a Participant.

"Berkshire" shall mean Berkshire Hathaway Inc. and its Affiliates.

"Blackout Period" means a period when a Participant is prohibited from trading in the Company's securities pursuant to securities regulatory requirements or the Company's insider trading policy or other applicable policy or requirement of the Company.

"Board" shall mean the Board of Directors of the Company.

"Cause" shall mean, for any Participant, the meaning given to such term in an employment agreement or Award Agreement, or in the absence of an employment agreement or Award Agreement (or if an employment agreement or Award Agreement does not define such term or a similar term) it shall mean with respect to such Participant any of the following: (i) the continued failure of such Participant to perform any portion of his or her duties, (ii) intentional misconduct by such Participant which is or is likely to be injurious to the Company or any of its Subsidiaries, monetarily or otherwise, (iii) such Participant's indictment for, or conviction of, a felony (including a plea of nolo contendere), (iv) such Participant's negligent performance of his or her duties, (v) any material breach by such Participant of the terms of this Plan, an Award Agreement, an employment agreement or any other agreement with the Company or any of its Subsidiaries to which such Participant is a party, (vi) a violation of the Company's written policies regarding ethical business practices or any other serious violation of any written policy of the Company or any of its Subsidiaries; provided that in all instances "Cause" shall include a Participant's resignation in circumstances where Cause (as defined herein or if applicable, in an employment agreement or Award Agreement) exists.

"Cash-Based Award" means an Award granted pursuant to Section 12(b) of the Plan and payable in cash at such time or times and subject to such terms and conditions as determined by the Committee in its sole discretion.

“Change in Control” shall mean the occurrence of:

(i) any “person” (as defined in Section 13(d) of the Act) (other than 3G, Berkshire, the Company, its Affiliates or an employee benefit plan or trust maintained by the Company or its Affiliates, or any company owned, directly or indirectly, by the stockholders of the Company in substantially the same proportions as their ownership of Shares of the Company) becoming the “beneficial owner” (as defined in Rule 13d-3 under the Act), directly or indirectly, of more than 50% of the combined voting power of the Company’s then outstanding securities (excluding any “person” who becomes such a beneficial owner (x) in connection with a transaction described in paragraph (ii) below or (y) in connection with a distribution to them in their capacity as a member or partner (whether general or limited partners) in an investment fund sponsored by 3G);

(ii) the consummation of a merger or consolidation of the Company or any direct or indirect subsidiary of the Company with any other corporation, other than a merger or consolidation which would result in the voting securities of the Company outstanding immediately prior to such merger or consolidation continuing to represent (either by remaining outstanding or being converted into voting securities of the surviving entity or any parent thereof) more than

20% of the combined voting power or the total fair market value of the securities of the Company or such surviving entity or any parent thereof outstanding immediately after such merger or consolidation; provided, however, that a merger or consolidation effected to implement a recapitalization of the Company (or similar transaction) in which no person (other than those covered by the exceptions in paragraph (i) of this definition) acquires more than 50% of the combined voting power of the Company’s then outstanding securities shall not constitute a Change in Control of the Company; or

(iii) during any period of 24 consecutive calendar months, individuals who were directors of the Company on the first day of such period (the “Incumbent Directors”) cease for any reason to constitute a majority of the Board; provided, however, that any individual becoming a director subsequent to the first day of such period whose election, or nomination for election, by the Company’s stockholders was approved by a vote of at least a majority of the Incumbent Directors shall be considered as though such individual were an Incumbent Director, but excluding, for purposes of this proviso, any such individual whose initial assumption of office occurs as a result of an actual or threatened proxy contest with respect to election or removal of directors or other actual or threatened solicitation of proxies or consents by or on behalf of a “person” (as used in Section 13(d) of the Act), in each case other than the Board;

(iv) a complete liquidation or dissolution of the Company or the consummation of any sale, lease, exchange or other transfer (in one transaction or a series of transactions) of all or substantially all of the assets of the Company; other than such liquidation, sale or disposition to a person or persons who beneficially own, directly or indirectly, more than 20% of the combined voting power of the outstanding voting securities of the Company at the time of the sale.

Notwithstanding the foregoing, with respect to any Award that is characterized as “nonqualified deferred compensation” within the meaning of Section 409A of the Code, an event shall not be considered to be a Change in Control under the Plan for purposes of payment of such Award unless such event is also a “change in ownership,” a “change in effective control” or a “change in the ownership of a substantial portion of the assets” of the Company within the meaning of Section 409A of the Code.

“Code” shall mean the Internal Revenue Code of 1986. Any reference to any section of the Code shall also be a reference to any successor provision and any treasury regulation promulgated thereunder.

“Committee” shall mean the Compensation Committee of the Board or such other committee as may be designated by the Board. If the Board does not designate the Committee, references herein to the “Committee” shall refer to the Board.

“Company” shall mean The Kraft Heinz Company.

“Consultant” means a person or corporation engaged by the Company to provide services for an initial, renewable or extended period of 12 months or more.

“Covered Employee” means an individual who is (i) a “covered employee” within the meaning of Section 162(m) of the Code, or any successor provision thereto, and (ii) any individual who is designated by the Committee, in its discretion, at the time of any Award or at any subsequent time, as reasonably expected to be a “covered employee” with respect to the taxable year of the Company in which any applicable Award will be paid.

“Deferred Stock” shall mean a right to receive Shares or other Awards or a combination thereof at the end of a specified deferral period granted under Section 9.

“Dividend Equivalent” means a right, granted to a Participant under the Plan, to receive cash, shares, other Awards or other property equal in value to dividends paid with respect to Shares.

“Effective Date” shall mean the date of the Plan’s approval by the Board, subject to the approval of the Plan by the stockholders of the Company.

“Fair Market Value” means, except as otherwise provided in the applicable Award Agreement, (i) with respect to any property other than Shares, the fair market value of such property determined by such methods or procedures as shall be established from time to time by the Committee and (ii) with respect to Shares, as of any date, (A) the closing per-share sales price of Shares as reported by the Applicable Exchange for such stock exchange for such date or the prior trading day or, if there were no sales on such dates, on the closest preceding date on which there were sales of Shares or (B) in the event there shall be no public market for the Shares on such date, the fair market value of the Shares as determined in good faith by the Committee.

“Incentive Stock Option” shall mean an option representing the right to purchase Shares from the Company, granted under and in accordance with the terms of Section 6, that is intended to be and is designated as an “Incentive Stock Option” within the meaning of Section 422 of the Code.

“Investment Rights” shall mean an Award granted pursuant to Section 11 of the Plan.

“Investment Rights Notice” shall mean the document(s) provided to a Participant evidencing an Award of Investment Rights to such Participant and setting forth the terms and conditions thereof, including the number Shares covered by such award, the per Share and aggregate purchase price for such Shares and the period during which the Participant may exercise the right to purchase such Shares.

“NASDAQ” means the National Association of Securities Dealers Automatic Quotation System.

“Non-Qualified Stock Option” shall mean an option representing the right to purchase Shares from the Company, granted under and in accordance with the terms of Section 6, that is not an Incentive Stock Option.

“Option” shall mean an Incentive Stock Option or a Non-Qualified Stock Option.

“Other Stock-Based Award” means an Award granted pursuant to Section 12(a) of the Plan.

“Participant” shall mean the recipient of an Award granted under the Plan.

“Performance Award” means an Award granted pursuant to Section 10 of the Plan.

“Performance Formula” means, for a Performance Period, one or more objective formula(e) applied against the relevant Performance Goal to determine, with regard to the Performance Award of a particular Participant, whether all, some portion but less than all, or none of such Award has been earned for the Performance Period.

“Performance Goals” means goals established by the Committee as contingencies for Awards to vest and/or become exercisable or distributable based on one or more of the performance goals set forth in Exhibit A hereto.

“Performance Period” means the period established by the Committee at the time any Performance Award is granted or at any time thereafter during which any Performance Goals specified by the Committee with respect to such Award are measured or must be satisfied.

“Plan” shall mean The Kraft Heinz Company 2016 Omnibus Incentive Plan, as the same may be amended from time to time.

“Restricted Stock” shall mean any Share granted under Section 8.

“**Restricted Stock Unit**” shall mean a contractual right granted under Section 8 that is denominated in Shares. Each Restricted Stock Unit represents a right to receive one Share or the value of one Share upon the terms and conditions set forth in the Plan and the applicable Award Agreement.

“**Rule 16b -3**” means Rule 16b -3 under Section 16(b) of the Act as then in effect or any successor provision.

“**SAR**” or “**Stock Appreciation Right**” shall mean any right granted to a Participant pursuant to Section 7 to receive, upon exercise by the Participant, the excess of (i) the Fair Market Value of one Share on the date of exercise over (ii) the grant price of the right on the date of grant, or if granted in connection with an outstanding Option on the date of grant of the related Option, as specified by the Committee in its sole discretion, which, except in the case of Substitute Awards or in connection with an adjustment provided in Section 5(d), shall not be less than the Fair Market Value of one Share on such date of grant of the right or the related Option, as the case may be.

“**Securities Act**” means the Securities Act of 1933 and all rules and regulations promulgated thereunder. Reference to a specific section of the Securities Act or regulation thereunder shall include such section or regulation, any valid regulation or interpretation promulgated under such section, and any comparable provision of any future legislation or regulation amending, supplementing or superseding such section or regulation.

“**Service**” shall mean the active performance of services for the Company or a Subsidiary by a person who is an employee or director of the Company or a Subsidiary. Notwithstanding the foregoing, with respect to any Award that is characterized as “nonqualified deferred compensation” within the meaning of Section 409A of the Code, an event shall not be considered to be a termination of “Service” under the Plan for purposes of payment of such Award unless such event is also a “separation from service” within the meaning of Section 409A of the Code.

“**Shares**” shall mean shares of the common stock of the Company.

“**Subsidiary**” shall mean any corporation of which stock representing at least 50% of the ordinary voting power is owned, directly or indirectly, by the Company.

“**Substitute Awards**” shall mean Awards granted in assumption of, or in substitution for, outstanding awards previously granted by a company acquired by the Company or with which the Company combines.

“**Transfer**” means: (i) when used as a noun, any direct or indirect transfer, sale, assignment, pledge, hypothecation, encumbrance or other disposition (including the issuance of equity in any entity), whether for value or no value and whether voluntary or involuntary (including by operation of law), and (ii) when used as a verb, to directly or indirectly transfer, sell, assign, pledge, encumber, charge, hypothecate or otherwise dispose of (including the issuance of equity in any entity) whether for value or for no value and whether voluntarily or involuntarily (including by operation of law). “Transferred” and “Transferable” shall have a correlative meaning.

“**Unrestricted Pool**” means a number of Shares equal to 5% of the total number of Shares available for issuance set forth in Section 5.

SECTION 3. Eligibility.

(a) Any employee, director, Consultant or other advisor of, or any other individual who provides services to, the Company or any Subsidiary, shall be eligible to be selected to receive an Award under the Plan. Notwithstanding the foregoing, only eligible employees of the Company, its subsidiaries and its parent (as determined in accordance with Section 422(b) of the Code) are eligible to be granted Incentive Stock Options under the Plan. Eligibility for the grant of Awards and actual participation in the Plan shall be determined by the Committee in its sole discretion.

(b) An individual who has agreed to accept employment by the Company or a Subsidiary shall be deemed to be eligible for Awards hereunder as of the date of such acceptance; provided that vesting and exercise of Awards granted to such individual are conditioned upon such individual actually becoming an employee of the Company or a Subsidiary.

(c) Holders of Options and other types of Awards granted by a company acquired by the Company or with which the Company combines are eligible for grant of Substitute Awards hereunder.

SECTION 4. Administration.

(a) The Plan shall be administered by the Committee. The Committee shall be appointed by the Board and shall consist of three or more non-employee directors. To the extent required by applicable law, rule or regulation, it is intended that each member of the Committee shall (i) qualify as a “non- employee director” under Rule 16b -3, (ii) qualify as an “outside director” under Section 162(m) of the Code (or, alternatively, the Committee may designate a subcommittee or establish other procedures for purposes of satisfying the requirements of such section) and (iii) meet the independence requirements of the Applicable Exchange. The Board may designate one or more directors as alternate members of the Committee who may replace any absent or disqualified member at any meeting of the Committee. The Committee may delegate to one or more officers of the Company the authority to grant Awards except that such delegation shall not be applicable to any Award for a person then covered by Section 16 of the Act or a Covered Employee. The Committee may issue rules and regulations for administration of the Plan. It shall meet at such times and places as it may determine.

(b) Subject to Section 16 of the Plan, the Committee shall have the authority to adopt, alter and repeal such administrative rules, guidelines and practices governing the Plan and perform all acts, including the delegation of its responsibilities (to the extent permitted by applicable law and the rules of the Applicable Exchange), as it shall, from time to time, deem advisable; to construe and interpret the terms and provisions of the Plan and any Award issued under the Plan (and any agreements relating thereto); and to otherwise supervise the administration of the Plan. The Committee may correct any defect, supply any omission or reconcile any inconsistency in the Plan or in any agreement relating thereto in the manner and to the extent it shall deem necessary to effectuate the purpose and intent of the Plan. The Committee may adopt special guidelines and provisions for persons who are residing in or employed in, or subject to, the taxes of, any domestic or foreign jurisdictions to comply with applicable tax and securities laws of such domestic or foreign jurisdictions. To the extent applicable, the Plan is intended to comply with the applicable requirements of Rule 16b-3, and with respect to Awards intended to be “performance-based,” the applicable provisions of Section 162(m) of the Code, and the Plan shall be limited, construed and interpreted in a manner so as to comply therewith.

(c) Subject to the terms of the Plan and applicable law and the rules of the Applicable Exchange and in addition to those authorities provided in Section 4(b), the Committee (or its delegate) shall have full power and authority to: (i) designate Participants; (ii) determine the type or types of Awards (including Substitute Awards) to be granted to each Participant under the Plan; (iii) determine the number of Shares to be covered by (or with respect to which payments, rights, or other matters are to be calculated in connection with) Awards; (iv) determine the terms and conditions, not inconsistent with the terms of the Plan, of any Award granted hereunder, including, but not limited to, (A) the exercise or purchase price (if any), (B) any restriction or limitation, (C) any vesting schedule (which for Awards to employees of the Company and its Subsidiaries, except for Awards (1) relating to a number of Shares not to exceed the Unrestricted Pool, (2) Cash-Based Awards, (3) relating to Shares acquired for consideration and (4) Awards subject to vesting in whole or part based on performance criteria, shall provide for full vesting no earlier than 12 months after the applicable grant date, subject to any accelerated vesting and/or exercisability, as applicable, determined by the Committee in an Award Agreement, the Plan or any other applicable arrangement to apply upon the occurrence of a specified event) or (D) any forfeiture restrictions or waiver thereof, regarding any Award and the Shares relating thereto, based on such factors, if any, as the Committee shall determine, in its sole discretion; (v) determine whether, to what extent, and under what circumstances Awards may be settled or exercised in cash, Shares, other securities, or other Awards, or canceled, forfeited or suspended, and the method or methods by which Awards may be settled, exercised, canceled, forfeited or suspended; (vi) determine whether, to what extent, and under what circumstances cash, Shares, other securities, other Awards, and other amounts payable with respect to an Award under the Plan shall be deferred either automatically or at the election of the holder thereof or of the Committee, taking into consideration the requirements of Section 409A of the Code; (vii) determine whether to require a Participant, as a condition of the granting of any Award, to not sell or otherwise dispose of shares acquired pursuant to the exercise of an Award for a period of time as determined by the Committee, in its sole discretion, following the date of the acquisition of such Award; (viii) to determine whether an Option is an Incentive Stock Option or Non-Qualified Stock Option; (ix) to modify, extend or renew an Award; provided, however, that such action does not subject the Award to Section 409A of the Code without the consent of the Participant; (x) interpret and administer the Plan and any instrument or agreement relating to, or Award made under, the Plan; (xi) establish, amend, suspend or waive such rules and regulations and appoint such agents as it shall deem appropriate for the proper administration of the Plan; (xii) solely to the extent permitted by applicable law and the rules of the Applicable Exchange, to determine whether, to what extent and under what circumstances to provide loans (which may be on a recourse basis and shall bear interest at the rate the Committee shall provide) to Participants in order to exercise Options or acquire Shares under the Plan; (xiii) accelerate the vesting or exercisability of, or lapse of restrictions on, any Award at any time; (xiv) amend an outstanding Award or grant a replacement Award for an Award previously granted under the Plan if, in its sole discretion, the Committee determines that (A) the tax consequences of such Award to the Company or the Participant differ from those consequences that were expected

to occur on the date the Award was granted or (B) clarifications or interpretations of, or changes to, tax law or regulations permit Awards to be granted that have more favorable tax consequences than initially anticipated; and (xv) make any other determination and take any other action that the Committee deems necessary or desirable for the administration of the Plan.

(d) All decisions of the Committee shall be final, conclusive and binding upon all parties, including the Company, the stockholders and the Participants.

SECTION 5. Shares Available for Awards; Per Person Limitations.

(a) Subject to adjustment as provided below, the maximum number of Shares available for issuance under the Plan is 18,000,000 Shares (“**Plan Share Limit**”). The maximum number of these reserved Shares with respect to which Incentive Stock Options may be granted under the Plan shall be 18,000,000 (“**Plan ISO Limit**”). Each Share with respect to which an Option or stock-settled SAR is granted under the Plan shall reduce the aggregate number of Shares that may be delivered under the Plan by one Share and each Share with respect to which any other Award denominated in Shares is granted under the Plan shall reduce the aggregate number of Shares that may be delivered under the Plan by one Share. With respect to Stock Appreciation Rights settled in Shares, each Share with respect to which such stock-settled SAR is exercised shall be counted as one Share against the maximum aggregate number of Shares that may be delivered pursuant to Awards granted under the Plan as provided above, regardless of the number of Shares actually delivered upon settlement of such stock-settled SAR. If any Option, Stock Appreciation Right, Restricted Stock Unit or Other Stock-Based Award granted under the Plan expires, terminates or is canceled for any reason without having been exercised in full, the number of Shares subject to such Award that were not issued with respect to such Award shall again be available for the purpose of Awards under the Plan without reducing the number of Shares that remain available for issuance. If any shares of Restricted Stock, Performance Awards or Other Stock-Based Awards denominated in Shares awarded under the Plan to a Participant are forfeited for any reason, the number of forfeited shares of Restricted Stock, Performance Awards or Other Stock-Based Awards denominated in Shares shall again be available for purposes of Awards under the Plan. Any Award under the Plan settled in cash shall not be counted against the foregoing maximum share limitations. For the avoidance of doubt, no Shares that are surrendered, withheld or tendered to the Company in payment of the exercise price of an Option or any taxes required to be withheld in respect of any Award shall again become available to be delivered pursuant to Awards granted under the Plan.

(b) Any Shares delivered pursuant to an Award may consist, in whole or in part, of authorized and unissued Shares or Shares acquired by the Company.

(c) The following individual Participant limitations shall apply:

(i) The maximum number of Shares subject to (x) any Award of Options or Stock Appreciation Rights or (y) any Award of Restricted Stock, Restricted Stock Units or Other Stock-Based Awards for which the grant of such Award or the lapse of the relevant restriction period is subject to the attainment of Performance Goals in accordance with Section 10 which may be granted under the Plan during any fiscal year of the Company to any Participant shall be 2,000,000 Shares individually for any such type or in the aggregate (the “**Annual Individual Plan Share Limit**”). If a Stock Appreciation Right is granted in tandem with an Option, it shall apply against the Participant’s individual share limitations for both Stock Appreciation Rights and Options.

(ii) There are no annual individual share limitations applicable to Participants on Restricted Stock, Restricted Stock Units or Other Stock-Based Awards for which the grant, vesting or payment (as applicable) of any such Award is not subject to the attainment of Performance Goals.

(iii) In the case of Awards that are subject to the attainment of Performance Goals in accordance with Section 10 and that are settled in cash based on the Fair Market Value of a Share, the maximum aggregate amount of cash that may be paid pursuant to Awards granted in any fiscal year of the Company under the Plan shall be equal to the per-Share Fair Market Value as of the relevant vesting, payment or settlement date multiplied by the Annual Individual Plan Share Limit.

(iv) The maximum value of a cash payment made under a Performance Award (other than an award based on the Fair Market Value of a Share) which may be granted under the Plan with respect to any fiscal year of the Company to any Participant shall be \$10,000,000.

(d) Changes

(i) The existence of the Plan and the Awards granted hereunder shall not affect in any way the right or power of the Board or the stockholders of the Company to make or authorize (A) any adjustment, recapitalization, reorganization or other change in the Company's capital structure or its business, (B) any merger or consolidation of the Company or any Affiliate, (C) any issuance of bonds, debentures, preferred or prior preference stock ahead of or affecting the Shares, (D) the dissolution or liquidation of the Company or any Affiliate, (E) any sale or transfer of all or part of the assets or business of the Company or any Affiliate or (F) any other corporate act or proceeding.

(ii) Subject to the provisions of Section 5(d)(iv), if there shall occur any such change in the capital structure of the Company by reason of any stock split, reverse stock split, stock dividend, extraordinary dividend, subdivision, combination or reclassification of shares that may be issued under the Plan, any recapitalization, any merger, any consolidation, any spin off, any reorganization or any partial or complete liquidation, or any other corporate transaction or event having an effect similar to any of the foregoing (a "**Corporate Event**"), then the Committee shall appropriately adjust (A) the number and/or kind of shares that thereafter may be issued under the Plan, (B) the number and/or kind of shares or other property (including cash) to be issued upon exercise of an outstanding Award granted under the Plan, and/or (C) the purchase price thereof. In addition, subject to Section 5(d)(iv), if there shall occur any change in the capital structure or the business of the Company that is not a Corporate Event (an "**Other Extraordinary Event**"), including by reason of any ordinary dividend (whether cash or stock), any conversion, any adjustment, any issuance of any class of securities convertible or exercisable into, or exercisable for, any class of stock, or any sale or transfer of all or substantially all of the Company's assets or business, then the Committee, in its sole discretion, may adjust any Award and make such other adjustments to the Plan. Any adjustment pursuant to this Section 5(d) shall be consistent with the applicable Corporate Event or the applicable Other Extraordinary Event, as the case may be, and in such manner as the Committee may, in its sole discretion, deem appropriate and equitable to prevent substantial dilution or enlargement of the rights granted to, or available for, Participants under the Plan. Any such adjustment determined by the Committee shall be final, binding and conclusive on the Company and all Participants and their respective heirs, executors, administrators, successors and permitted assigns. Except as expressly provided in this Section 5(d) or in the applicable Award Agreement, a Participant shall have no rights by reason of any Corporate Event or any Other Extraordinary Event.

(iii) Fractional shares of Shares resulting from any adjustment in Awards pursuant to Section 5(d)(i) or Section 5(d)(ii) shall be aggregated until, and eliminated at, the time of exercise by rounding-down for fractions less than one-half and rounding-up for fractions equal to or greater than one-half. No cash settlements shall be made with respect to fractional shares eliminated by rounding. Notice of any adjustment shall be given by the Committee to each Participant whose Award has been adjusted and such adjustment (whether or not such notice is given) shall be effective and binding for all purposes of the Plan.

(iv) In the event of a merger or consolidation of the Company or in the event of any transaction that results in the acquisition of substantially all of the Company's outstanding Shares by a single person or entity or by a group of persons and/or entities acting in concert, or in the event of the sale or transfer of all or substantially all of the Company's assets (all of the foregoing being referred to as an "**Acquisition Event**"), then the Committee may, in its sole discretion, terminate all outstanding and unexercised Options, Stock Appreciation Rights, or any Other Stock-Based Award that provides for a Participant elected exercise, effective as of the date of the Acquisition Event, by (A) cashing-out such Awards upon the date of consummation of the Acquisition Event by providing for a cash payment to the holder of such Awards, including in the case of an outstanding Option or SAR, a cash payment to the holder of such Option or SAR in consideration for the cancellation of such Option or SAR in an amount equal to the excess, if any, of the Fair Market Value (as of a date specified by the Committee) of the Shares subject to such Option or SAR over the aggregate exercise price of such Option or SAR, (B) cancelling or terminating any Option or SAR having a per-Share exercise price equal to, or in excess of, the Fair Market Value of a share subject to such Option or SAR without any payment or consideration therefor or (C) providing for a substitution or assumption of Awards, accelerating the exercisability of, lapse of restrictions on, or termination of, Awards, or delivering notice of termination to each Participant at least 5 days prior to the date of consummation of the Acquisition Event, in which case during the period from the date on which such notice of termination is delivered to the consummation of the Acquisition Event, each such Participant shall have the right to exercise in full all of such Participant's Awards that are then outstanding (without regard to any limitations on exercisability otherwise contained in the Award Agreements), but any such exercise shall be contingent on the occurrence of the Acquisition Event, and, provided that, if the Acquisition

Event does not take place within a specified period after giving such notice for any reason whatsoever, the notice and exercise pursuant thereto shall be null and void. If an Acquisition Event occurs but the Committee does not terminate the outstanding Awards pursuant to this Section 5(d)(iv), then the provisions of Section 5(d)(ii) and Section 14 shall apply.

(e) Shares underlying Substitute Awards and Shares underlying awards that can only be settled in cash shall not reduce the number of Shares remaining available for issuance under the Plan.

(f) Notwithstanding any provision of the Plan to the contrary, if authorized but previously unissued Shares are issued under the Plan, such shares shall not be issued for a consideration that is less than as permitted under applicable law and the rules of the Applicable Exchange.

(g) The aggregate fair market value of Awards that may be granted under the Plan to non-employee members of the Board for service in such capacity in any fiscal year shall not exceed \$750,000 (which, in the case of Options, shall be determined based on the grant date fair value of such stock options and, in the case of other stock-based awards, shall be determined based on the Fair Market Value of the underlying Shares on the grant date), subject to adjustment as provided in Section 5(d).

SECTION 6. Options. The Committee is hereby authorized to grant Options to Participants with the following terms and conditions and with such additional terms and conditions, in either case not inconsistent with the provisions of the Plan, as the Committee shall determine:

(a) The purchase price per Share under an Option shall be determined by the Committee; provided, however, that, except in the case of Substitute Awards, such purchase price shall not be less than the 100% (or 110% in the case of an Incentive Stock Option granted to a person owning stock possessing more than ten percent (10%) of the total combined voting power of all classes of stock of the Company, its subsidiaries or its parent, determined in accordance with Section 422 of the Code) of the Fair Market Value of a Share on the date of grant of such Option.

(b) The term of each Option shall be fixed by the Committee but shall not exceed 10 years from the date of grant thereof. Notwithstanding the foregoing, if the term of an Option (other than an Incentive Stock Option) held by any Participant not subject to Section 409A of the Code would otherwise expire during, or within ten business days of the expiration of a Blackout Period applicable to such Participant, then the term of such Option shall be extended to the close of business on the tenth business day following the expiration of the Blackout Period.

(c) The Committee shall determine the time or times at which an Option may be exercised in whole or in part.

(d) To the extent vested and exercisable, Options may be exercised in whole or in part at any time during the Option term, by giving written notice of exercise to the Company specifying the number of Shares to be purchased. The partial exercise of an Option shall not cause the expiration, termination or cancellation of the remaining portion thereof. Such notice shall be accompanied by payment in full of the purchase price as follows: (i) in cash or by check, bank draft or money order payable to the order of the Company; (ii) solely to the extent permitted by applicable law, if the Shares are traded on a national securities exchange, and the Committee authorizes, through a procedure whereby the Participant delivers irrevocable instructions to a broker reasonably acceptable to the Committee to deliver promptly to the Company an amount equal to the purchase price; or (iii) on such other terms and conditions as may be acceptable to the Committee (including, without limitation, having the Company withhold Shares issuable upon exercise of the Option, or by payment in full or in part in the form of Shares owned by the Participant, based on the Fair Market Value of the Shares on the payment date as determined by the Committee). No Shares shall be issued until payment therefor, as provided herein, has been made or provided for.

(e) The terms of any Incentive Stock Option granted under the Plan shall comply in all respects with the provisions of Section 422 of the Code, or any successor provision thereto, and any regulations promulgated thereunder. To the extent that the aggregate Fair Market Value (determined as of the time of grant) of the Shares with respect to which Incentive Stock Options are exercisable for the first time by a Participant during any calendar year under the Plan and/or any other stock option plan of the Company, any subsidiary or any parent exceeds \$100,000, such Options shall be treated as Non-Qualified Stock Options. Should any provision of the Plan not be necessary in order for the Options to qualify as Incentive Stock Options, or should any additional provisions be required, the Committee may amend the Plan accordingly, without the necessity of obtaining the approval of the stockholders of the Company, subject to the rules of the Applicable Exchange. To the extent that any such Option does not qualify as an Incentive Stock Option (whether because of its provisions or the time or manner of its exercise or otherwise), such Option or the portion thereof which does not so qualify shall constitute a separate Non-Qualified Stock Option.

SECTION 7. Stock Appreciation Rights.

- (a) The Committee is hereby authorized to grant Stock Appreciation Rights (“SARs”) to Participants with terms and conditions as the Committee shall determine not inconsistent with the provisions of the Plan.
- (b) SARs may be granted hereunder to Participants either alone (“freestanding”) or in addition to other Awards granted under the Plan (“tandem”) and may, but need not, relate to specific Options granted under Section 6.
- (c) Any tandem SAR related to an Option may be granted at the same time such Option is granted to the Participant. In the case of any tandem SAR related to any Option, the SAR or applicable portion thereof shall not be exercisable until the related Option or applicable portion thereof is exercisable and shall terminate and no longer be exercisable upon the termination or exercise of the related Option, except that a SAR granted with respect to less than the full number of Shares covered by a related Option shall not be reduced until the exercise or termination of the related Option exceeds the number of Shares not covered by the SAR. Any Option related to any tandem SAR shall no longer be exercisable to the extent the related SAR has been exercised.
- (d) A freestanding SAR shall not have a term of greater than 10 years or, unless it is a Substitute Award, an exercise price less than 100% of Fair Market Value of the Share on the date of grant. Notwithstanding the foregoing, if the term of a SAR held by any Participant not subject to Section 409A of the Code would otherwise expire during, or within ten business days of the expiration of a Blackout Period applicable to such Participant, then the term of such SAR shall be extended to the close of business on the tenth business day following the expiration of the Blackout Period.

SECTION 8. Restricted Stock and Restricted Stock Units.

- (a) The Committee is hereby authorized to grant Awards of Restricted Stock and Restricted Stock Units to Participants.
- (b) Shares of Restricted Stock and Restricted Stock Units shall be subject to such restrictions as the Committee may impose (including, without limitation, any limitation on the right to vote a Share of Restricted Stock or the right to receive any dividend or Dividend Equivalent or other right), which restrictions may lapse separately or in combination at such time or times, in such installments or otherwise, as the Committee may deem appropriate.
- (c) Any share of Restricted Stock granted under the Plan may be evidenced in such manner as the Committee may deem appropriate including, without limitation, book-entry registration or issuance of a stock certificate or certificates. In the event any stock certificate is issued in respect of shares of Restricted Stock granted under the Plan, such certificate shall be registered in the name of the Participant and shall bear an appropriate legend referring to the terms, conditions, and restrictions applicable to such Restricted Stock. If stock certificates are issued in respect of shares of Restricted Stock, the Committee may require that any stock certificates evidencing such Shares be held in custody by the Company until the restrictions thereon shall have lapsed, and that, as a condition of any grant of Restricted Stock, the Participant shall have delivered a duly signed stock power or other of signature if deemed necessary or appropriate by the Company, which would permit transfer to the Company of all or a portion of the shares subject to the Restricted Stock Award in the event that such Award is forfeited in whole or part.
- (d) The Committee, in its discretion, may award Dividend Equivalents with respect to Awards of Restricted Stock Units. The entitlements on such Dividend Equivalents will not be available until the vesting of the Award of Restricted Stock Units.
- (e) If the Committee intends that an Award under this Section 8 shall constitute or give rise to “qualified performance-based compensation” under Section 162(m) of the Code, such Award may be structured in accordance with the requirements of Section 10, including without limitation, the Performance Goals and the Award limitation set forth therein, and any such Award shall be considered a Performance Award for purposes of the Plan.

SECTION 9. Deferred Stock. The Committee is authorized to grant Deferred Stock to Participants, subject to the following terms and conditions:

- (a) Deferred Stock shall be settled upon expiration of the deferral period specified for an Award of Deferred Stock by the

Committee (or, if permitted by the Committee, as elected by the Participant). In addition, Deferred Stock shall be subject to such restrictions on transferability, risk of forfeiture and other restrictions, if any, as the Committee may impose, which restrictions may lapse at the expiration of the deferral period or at earlier specified times (including based on achievement of performance goals and/or future service requirements), separately or in combination, in installments or otherwise, and under such other circumstances as the Committee may determine at the date of grant or thereafter. Deferred Stock may be satisfied by delivery of Shares, other Awards, or a combination thereof, as determined by the Committee at the date of grant or thereafter.

(b) The Committee, in its discretion, may award Dividend Equivalents with respect to Awards of Deferred Stock. The entitlements on such Dividend Equivalents will not be available until the expiration of the deferral period for the Award of Deferred Stock.

SECTION 10. Performance Awards.

(a) The Committee may grant a Performance Award to a Participant payable upon the attainment of specific Performance Goals. The Committee shall, in its sole discretion, designate within the first 90 days of a Performance Period (or, if shorter, within the maximum period allowed under Section 162(m) of the Code) which Participants shall be eligible to receive Performance Awards in respect of such Performance Period. The Committee may grant Performance Awards that are intended to qualify as “performance-based compensation” under Section 162(m) of the Code, as well as Performance Awards that are not intended to qualify as “performance-based compensation” under Section 162(m) of the Code. If the Performance Award is a Restricted Stock Unit or is payable in shares of Restricted Stock, such shares shall be transferable to the Participant or such Restricted Stock Unit shall vest only upon attainment of the relevant Performance Goal in accordance with Section 8. If the Performance Award is payable in cash, it may be paid upon the attainment of the relevant Performance Goals either in cash or in shares of Restricted Stock (based on the then current Fair Market Value of such shares), as determined by the Committee, in its sole and absolute discretion. Each Performance Award shall be evidenced by an Award Agreement in such form that is not inconsistent with the Plan and that the Committee may from time to time approve. With respect to Performance Awards that are intended to qualify as “performance-based compensation” under Section 162(m) of the Code, the Committee shall condition the right to payment of any Performance Award upon the attainment of objective Performance Goals established pursuant to Section 10(b)(iv).

(b) Terms and Conditions. Performance Awards awarded pursuant to this Section 10 shall be subject to the following terms and conditions:

(i) Earning of Performance Award. At the expiration of the applicable Performance Period, the Committee shall determine the extent to which the Performance Goals established pursuant earned. The Committee shall calculate and certify in writing that amount of the Performance Awards earned for the Performance Period based upon the Performance Formula applied against the relevant Performance Goal(s). The Committee shall then determine the actual amount of each Participant’s Performance Award for the Performance Period and, in so doing, may apply negative discretion as authorized by Section 10(b)(ii).

(ii) Negative Discretion. In determining the actual amount of an individual Performance Award for a Performance Period, the Committee may, in its sole and plenary discretion, reduce or eliminate the amount of the Award earned in the Performance Period, even if applicable Performance Goals have been attained and without regard to any employment agreement between the Company and a Participant.

(iii) Non-Transferability. Subject to the applicable provisions of the Award Agreement and the Plan, Performance Awards may not be Transferred during the Performance Period.

(iv) Objective Performance Goals, Formulae or Standards. With respect to Performance Awards that are intended to qualify as “performance-based compensation” under Section 162(m) of the Code, the Committee shall establish the objective Performance Goals for the earning of Performance Awards based on a Performance Period applicable to each Participant or class of Participants in writing prior to the beginning of the applicable Performance Period or at such later date as permitted under Section 162(m) of the Code and while the outcome of the Performance Goals are substantially uncertain. Such Performance Goals may incorporate, if and only to the extent permitted under Section 162(m) of the Code, provisions for disregarding (or adjusting for) the impact of any of the following that the Committee determines to be appropriate: (A) corporate transactions (including, without limitation, dispositions and acquisitions) and other similar type events or circumstances, (B) restructurings, discontinued operations, extraordinary items or events, and other unusual or non-recurring charges as described in Accounting Principles Board Opinion No. 30 and/or

management's discussion and analysis of financial condition and results of operations appearing or incorporated by reference in the Company's Form 10-K for the applicable year; (C) an event either not directly related to the operations of the Company or any of its Affiliates or not within the reasonable control of the Company's management, (D) a change in tax law or accounting standards required by generally accepted accounting principles, or (E) such other exclusions or adjustments as the Committee specifies at the time the Award is granted. To the extent that any such provision would create impermissible discretion under Section 162(m) of the Code or otherwise violate Section 162(m) of the Code, such provision shall be of no force or effect, with respect to Performance Awards that are intended to qualify as "performance-based compensation" under Section 162(m) of the Code.

(c) Dividends/Dividend Equivalents. Unless otherwise determined by the Committee in an Award Agreement, amounts equal to dividends declared during the Performance Period with respect to the number of Shares covered by a Performance Award or any Dividend Equivalents will not be paid to the Participant. In all cases, such dividends or Dividend Equivalents would not become payable until the expiration of the applicable Performance Period. A Participant shall be eligible to receive dividends or Dividend Equivalents in respect of any Performance Award that is payable upon the achievement of Performance Goals only to the extent that the Performance Goals for the relevant Performance Period are achieved.

(d) Payment. Following the Committee's determination in accordance with Section 10(b)(i), the Company shall settle Performance Awards, in such form (including, without limitation, in Shares or in cash) as determined by the Committee, in an amount equal to such Participant's earned Performance Awards. Notwithstanding the foregoing, the Committee may, in its sole discretion, award an amount less than the earned Performance Awards and/or subject the payment of all or part of any Performance Award to additional vesting, forfeiture and deferral conditions as it deems appropriate.

(e) Termination. Subject to the applicable provisions of the Award Agreement and the Plan, upon a Participant's termination of Service for any reason during the Performance Period for a given Performance Award, the Performance Award in question will vest or be forfeited in accordance with the terms and conditions established by the Committee at grant.

SECTION 11. Investment Rights.

(a) The Committee is hereby authorized to grant Awards of Investment Rights to Participants subject to the terms and conditions as the Committee shall determine not inconsistent with the provisions of the Plan.

(b) An Award of Investment Rights entitles a Participant to purchase for cash a stated number of Shares, at a stated purchase price that is not less than the Fair Market Value of a Share on the date of grant of the Award, subject to the conditions referenced in Section 11(c). A Participant shall be entitled to exercise the right to purchase such Shares during the period specified in the Investment Rights Notice.

(c) A Participant's right to exercise Investment Rights covered by an Award granted to such Participant is subject to satisfaction of any and all of the conditions in the Investment Rights Notice (and any such other conditions as may be specified by the Committee).

SECTION 12. Other Stock-Based and Cash-Based Awards.

(a) The Committee is authorized, subject to limitations under applicable law and the rules of the Applicable Exchange, to grant to Participants such other Awards that may be denominated or payable in, valued in whole or in part by reference to, or otherwise based on, or related to, Shares or factors that may influence the value of Shares, including, without limitation, convertible or exchangeable debt securities, other rights convertible or exchangeable into Shares, purchase rights for Shares, Awards with value and payment contingent upon performance of the Company or business units thereof, Shares awarded purely as a bonus or in lieu of cash compensation and not subject to restrictions or conditions, equity interests in any entity with respect to which the Company holds, directly or indirectly, a controlling interest, whether such entity is a corporation, partnership or other entity, or any other factors designated by the Committee. The Committee shall determine the terms and conditions of such Awards. Shares delivered pursuant to an Award in the nature of a purchase right granted under this Section 12 shall be purchased for such consideration, paid for at such times, by such methods, and in such forms, including, without limitation, cash, Shares, other Awards, notes, or other property, as the Committee shall determine. Unless otherwise determined by the Committee in an Award Agreement, the recipient of an Award under this Section 12 shall not be entitled to receive, currently or on a deferred basis, dividends or Dividend Equivalents in respect of the number of Shares covered by the Award. In all cases, such dividends or Dividend Equivalents would not become payable until the expiration of any applicable performance period. An Other Stock-Based Award that is in the form of a grant of an equity interest in any entity with respect to which the Company holds, directly or indirectly, a controlling interest, may be granted in exchange for,

replacement of, or substitution for an Award previously granted under the Plan (or any predecessor plan) or Substitute Award; provided that, if such Award or Substitute Award is a stock option or a stock appreciation right, then the Other Stock-Based Award granted in exchange, replacement, or substitution thereof, may not have the economic effect of reducing the exercise price or term of such Award or Substitute Award.

(b) The Committee may from time to time grant Cash-Based Awards to Participants in such amounts, on such terms and conditions, and for such consideration, including no consideration or such minimum consideration as may be required by applicable law, as it shall determine in its sole discretion. Cash-Based Awards may be granted subject to the satisfaction of vesting conditions or may be awarded purely as a bonus and not subject to restrictions or conditions, and if subject to vesting conditions, the Committee may accelerate the vesting of such Awards at any time in its sole discretion. The grant of a Cash-Based Award shall not require a segregation of any of the Company's assets for satisfaction of the Company's payment obligation thereunder.

(c) Notwithstanding any other provision of the Plan, when an Award with an exercise price is granted under the Plan and the exercise of the Award by the Participant may result in the issuance of Shares to the Participant, the exercise price (taking into account any conversion, exchange or other substitutions) of the Award may not be less than the Fair Market Value of a Share on the date of grant of the Award.

SECTION 13. Effect of Termination of Service on Awards. The Committee may provide, by rule or regulation or in any Award Agreement, or may determine in any individual case, the circumstances in which Awards shall be exercised, vested, paid or forfeited in the event a Participant ceases to provide Service to the Company or any Subsidiary prior to the end of a performance period or exercise or settlement of such Award.

SECTION 14. Change in Control Provisions. In the event of a Change in Control, and except as otherwise provided by the Committee in an Award Agreement, a Participant's unvested Award shall be treated in accordance with one of the following methods as determined by the Committee:

(a) Awards, whether or not then vested, shall be continued, assumed, have new rights substituted therefor or be treated in accordance with Section 5(d) hereof, as determined by the Committee, and restrictions to which shares of Restricted Stock or any other Award granted prior to the Change in Control are subject shall not lapse upon a Change in Control and the Restricted Stock or other Award shall, where appropriate in the sole discretion of the Committee, receive the same distribution as other Shares on such terms as determined by the Committee; provided that the Committee may decide to award additional Restricted Stock or other Awards in lieu of any cash distribution. Notwithstanding anything to the contrary herein, for purposes of Incentive Stock Options, any assumed or substituted Option shall comply with the requirements of Treasury Regulation Section 1.424-1 (and any amendment thereto).

(b) The Committee, in its sole discretion, may provide for the purchase of any Awards by the Company or an Affiliate for an amount of cash (either on a current basis or, to the extent such right does not subject the Award to the excise tax under Section 409A of the Code, a deferred basis) equal to the excess of the Change in Control Price (as defined below) of the Shares covered by such Awards, over the aggregate exercise price of such Awards. For purposes of this Section 14, "Change in Control Price" shall mean the highest price per Share paid in any transaction related to a Change in Control of the Company.

(c) If and to the extent that the approach chosen by the Committee results in an acceleration or potential acceleration of the exercisability, vesting or settlement of any Award, the Committee may impose such conditions upon the exercise, vesting and/or settlement of the Award (including without limitation a requirement that some or all of the proceeds from the accelerated portion of the Award be held in escrow and/or remain subject to risks of forfeiture or other conditions) as it shall determine; provided that those risks of forfeiture or other conditions are not in the good faith judgment of the Committee more restrictive than those under the original terms of the Award Agreement and do not result in any violation of Section 409A of the Code. The Committee shall give written notice of any proposed transaction referred to in this Section 14 at a reasonable period of time prior to the closing date for such transaction (which notice may be given either before or after the approval of such transaction), in order that Participants may have a reasonable period of time prior to the closing date of such transaction within which to exercise any Awards that are then exercisable (including any Awards that may become exercisable upon the closing date of such transaction). A Participant may condition his or her exercise of any Awards upon the consummation of the transaction.

SECTION 15. General Provisions Applicable to Awards.

(a) Awards may be granted for no cash consideration or for such minimal cash consideration as may be required by applicable law.

(b) Awards may, in the discretion of the Committee, be granted either alone or in addition to or in tandem with any other Award or any award granted under any other plan of the Company. Awards granted in addition to or in tandem with other Awards, or in addition to or in tandem with awards granted under any other plan of the Company, may be granted either at the same time as or at a different time from the grant of such other Awards or awards.

(c) Subject to the terms of the Plan, payments or transfers to be made by the Company upon the grant, exercise or payment of an Award may be made in the form of cash, Shares, other securities or other Awards, or any combination thereof, as determined by the Committee in its discretion at the time of grant, and may be made in a single payment or transfer, in installments, or on a deferred basis, in each case in accordance with rules and procedures established by the Committee and in compliance with Section 409A of the Code. Such rules and procedures may include, without limitation, provisions for the payment or crediting of reasonable interest (or no interest) on installment or deferred payments or the grant or crediting of Dividend Equivalents in respect of installment or deferred payments.

(d) Except as may be permitted by the Committee or as specifically provided in an Award Agreement, (i) no Award or other benefit payable under the Plan shall, except as otherwise specifically provided by law or permitted by the Committee, be Transferable in any manner other than by will or the law of descent, and any attempt to Transfer any such benefit shall be void, and any such benefit shall not in any manner be liable for or subject to the debts, contracts, liabilities, engagements or torts of any person who shall be entitled to such benefit, nor shall it be subject to attachment or legal process for or against such person, and (ii) each Award, and each right under any Award, shall be exercisable during the Participant's lifetime only by the Participant or, if permissible under applicable law, by the Participant's guardian or legal representative. The provisions of this paragraph shall not apply to any Award which has been fully exercised, earned or paid, as the case may be, and shall not preclude forfeiture of an Award in accordance with the terms thereof.

(e) A Participant may designate a beneficiary or change a previous beneficiary designation at such times prescribed by the Committee by using forms and following procedures approved or accepted by the Committee for that purpose. If no beneficiary designated by the Participant is eligible to receive payments or other benefits or exercise rights that are available under the Plan at the Participant's death, the beneficiary shall be the Participant's estate.

(f) All certificates for Shares and/or Shares or other securities delivered under the Plan pursuant to any Award or the exercise thereof shall be subject to such stop transfer orders and other restrictions as the Committee may deem advisable under the Plan or the rules, regulations, and other requirements of the Securities and Exchange Commission, any stock exchange upon which such Shares or other securities are then listed, and any applicable Federal or state securities laws, and the Committee may cause a legend or legends to be put on any such certificates to make appropriate reference to such restrictions. Without limiting the generality of the foregoing, no Award granted hereunder shall be construed as an offer to sell securities of the Company, and no such offer shall be outstanding, unless and until the Committee in its sole and plenary discretion has determined that any such offer, if made, would be in compliance with all applicable requirements of the U.S. Federal and any other applicable securities laws.

(g) The Committee may impose restrictions on any Award with respect to non-competition, confidentiality and other restrictive covenants, as it deems necessary in its sole discretion and/or for the clawing back of any rights or benefits under any Awards as a result of any breaches of any of the foregoing covenants and/or for any reasons specified in the Award Agreement or in any employment or other agreement between the Company or any Subsidiary and the Participant. Notwithstanding anything to the contrary contained herein, an Award Agreement may provide that an Award granted thereunder shall be canceled if the Participant, without the consent of the Company, while employed by or providing services to the Company or any Subsidiary or after termination of such employment or service, (i) violates a non-competition, non-solicitation or non-disclosure covenant or agreement, (ii) otherwise engages in activity that is in conflict with or adverse to the interest of the Company or any Subsidiary, including fraud or conduct contributing to any financial restatements or irregularities, as determined by the Committee in its sole discretion or (iii) to the extent applicable to the Participant, otherwise violates any policy adopted by the Company or any of its Subsidiaries relating to the recovery of compensation granted, paid, delivered, awarded or otherwise provided to any Participant by the Company or any of its Subsidiaries as such policy is in effect on the date of grant of the applicable Award or, to the extent necessary to address the requirements of applicable law (including Section 954 of the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010, as codified in Section 10D of the Act, Section 304 of the Sarbanes-Oxley Act of 2002 or any other applicable law), as may be amended from time to time. The Committee may also provide in an Award Agreement that (A) a Participant will forfeit any

gain realized on the vesting or exercise of such Award if the Participant engages in any activity referred to in the preceding sentence, or (B) a Participant must repay the gain to the Company realized under a previously paid Performance Award or any other Award that vested or was earned with respect to performance objectives if a financial restatement reduces the amount that would have been earned under such Award. Notwithstanding the foregoing, none of the non-disclosure restrictions in this Section 15(g) or in any Award Agreement shall, or shall be interpreted to, impair the Participant from exercising any legally protected whistleblower rights (including under Rule 21F under the Act).

SECTION 16. Amendments and Termination.

(a) The Board may amend, alter, suspend, discontinue or terminate the Plan and any outstanding Awards granted hereunder, in whole or in part, at any time without notice to or approval by the stockholders of the Company, for any purpose whatsoever; provided that all material amendments to the Plan shall require the prior approval of the stockholders of the Company and must comply with the rules of the Applicable Exchange. Examples of the types of amendments that are not material that the Board is entitled to make without stockholder approval include, without limitation, the following:

(i) ensuring continuing compliance with applicable law, the rules of the Applicable Exchange or other applicable stock exchange rules and regulations or accounting or tax rules and regulations;

(ii) amendments of a “housekeeping” nature, which include amendments to correct any defect, supply any omission, or reconcile any inconsistency in the Plan or any Award Agreement in the manner and to the extent it shall deem desirable to carry the Plan into effect;

(iii) changing the vesting provision of the Plan or any Award (subject to the limitations for Awards subject to Section 10(b));

(iv) waiving any conditions or rights under any Award (subject to the limitations for Awards subject to Section 10(b));

(v) changing the termination provisions of any Award that does not entail an extension beyond the original expiration date thereof;

(vi) adding a cashless exercise feature payable in securities, where such feature provides for a full deduction of the number of underlying securities from the Plan reserve, and any amendment to a cashless exercise provision;

(vii) adding a form of financial assistance and any amendment to a financial assistance provision which is adopted;

(viii) changing the process by which a Participant who wishes to exercise his or her Award can do so, including the required form of payment for the Shares being purchased, the form of written notice of exercise provided to the Company and the place where such payments and notices must be delivered; and

(ix) delegating any or all of the powers of the Committee to administer the Plan to officers of the Company.

(b) Notwithstanding anything contained herein to the contrary, no amendment to the Plan requiring the approval of the stockholders of the Company under any applicable securities laws or requirements or the rules of the Applicable Exchange shall become effective until such approval is obtained. In addition to the foregoing, the approval of the holders of a majority of the Shares present and voting in person or by proxy at a meeting of stockholders shall be required for:

(i) an increase in the Plan Share Limit or the Plan ISO Limit;

(ii) any adjustment (other than in connection with a stock dividend, recapitalization or other transaction where an adjustment is permitted or required under Section 5(d)(i) or Section 5(d)(ii)) or amendment that reduces or would have the effect of reducing the exercise price of an Option or SAR previously granted under the Plan or that would be treated, for accounting purposes, as a “repricing” of such Option or SAR, whether through amendment, cancellation or replacement grants, or other means (provided that, in such a case, insiders of the Company who benefit from such amendment are not eligible to vote their Shares in respect of the approval);

(iii) an increase in the limits on Awards that may be granted to any Participant under Section 5;

- (iv) an extension of the term of an outstanding Option or Stock Appreciation Right beyond the expiration date thereof;
- (v) permitting Options granted under the Plan to be Transferrable other than for normal estate settlement purposes;
- (vi) any amendment to the plan amendment provisions set forth in this Section 16 which is not an amendment within the nature of Section 16(a)(i) or Section 16(a)(ii), unless the change results from application of Section 5(d)(i) or Section 5(d)(ii); and
- (vii) change the class of employees or other individuals eligible to participate in the Plan. Furthermore, except as otherwise permitted under the Plan, no change to an outstanding Award that will adversely impair the rights of a Participant may be made without the consent of the Participant except to the extent that such change is required to comply with applicable law, the rules and regulations of the Applicable Exchange or accounting or tax rules and regulations.

SECTION 17. Miscellaneous.

- (a) The Plan is intended to constitute an “unfunded” plan for incentive and deferred compensation. With respect to any payment as to which a Participant has a fixed and vested interest but which are not yet made to a Participant by the Company, nothing contained herein shall give any such Participant any right that is greater than those of a general unsecured creditor of the Company.
- (b) No employee, Participant or other person shall have any claim to be granted any Award under the Plan, and there is no obligation for uniformity of treatment of employees, Participants, or holders or beneficiaries of Awards under the Plan. The terms and conditions of Awards need not be the same with respect to each recipient. Any Award granted under the Plan shall be a one-time Award which does not constitute a promise of future grants. The Company, in its sole discretion, maintains the right to make available future grants hereunder.
- (c) The Company shall have the right to deduct from any payment to be made pursuant to the Plan, or to otherwise require, prior to the issuance or delivery of Shares or the payment of any cash hereunder, payment by the Participant of, any Federal, state or local taxes required by law to be withheld. Upon the vesting of Restricted Stock (or other Award that is taxable upon vesting), or upon making an election under Section 83(b) of the Code, a Participant shall pay all required withholding to the Company. Any required withholding obligation with regard to any Participant may be satisfied, subject to the consent of the Committee, by reducing the number of Shares otherwise deliverable or by delivering Shares already owned. Any fraction of a Share required to satisfy such tax obligations shall be disregarded and the amount due shall be paid instead in cash by the Participant.
- (d) Without limiting the generality of Section 17(c), subject to the Committee’s discretion, a Participant may satisfy, in whole or in part, the foregoing withholding liability by delivery of Shares owned by the Participant (which are not subject to any pledge or other security interest) having a Fair Market Value equal to such withholding liability or by having the Company withhold from the number of Shares otherwise issuable pursuant to the exercise of the Option or SAR, or the lapse of the restrictions on any other Award (in the case of SARs and other Awards, if such SARs and other Awards are settled in Shares), a number of Shares having a Fair Market Value equal to such withholding liability.
- (e) If any Participant shall make any disposition of Shares delivered pursuant to the exercise of an Incentive Stock Option under the circumstances described in Section 421(b) of the Code (relating to certain disqualifying dispositions) or any successor provision of the Code, such Participant shall notify the Company of such disposition within ten days of such disposition.
- (f) Nothing contained in the Plan shall prevent the Company from adopting or continuing in effect other or additional compensation arrangements, and such arrangements may be either generally applicable or applicable only in specific cases.
- (g) The grant of an Award shall not be construed as giving a Participant the right to be retained in the employ of, or to continue to provide services to, the Company or any Subsidiary. Further, the Company or the applicable Subsidiary may at any time dismiss a Participant, free from any liability, or any claim under the Plan, unless otherwise expressly provided in the Plan or in any Award Agreement or in any other agreement binding the parties. The receipt of any Award under the Plan is not intended to confer any rights on the receiving Participant except as set forth in such Award.

(h) If any provision of the Plan or any Award is or becomes or is deemed to be invalid, illegal, or unenforceable in any jurisdiction, or as to any person or Award, or would disqualify the Plan or any Award under any law deemed applicable by the Committee, such provision shall be construed or deemed amended to conform to applicable laws, or if it cannot be so construed or deemed amended without, in the determination of the Committee, materially altering the intent of the Plan or the Award, such provision shall be stricken as to such jurisdiction, person or Award, and the remainder of the Plan and any such Award shall remain in full force and effect.

(i) Neither the Plan nor any Award shall create or be construed to create a trust or separate fund of any kind or a fiduciary relationship between the Company and a Participant or any other person. To the extent that any person acquires a right to receive payments from the Company pursuant to an Award, such right shall be no greater than the right of any unsecured general creditor of the Company.

(j) No fractional Shares shall be issued or delivered pursuant to the Plan or any Award, and the Committee shall determine whether cash or other securities shall be paid or transferred in lieu of any fractional Shares, or whether such fractional Shares or any rights thereto shall be canceled, terminated or otherwise eliminated.

(k) No Award or other benefit payable under the Plan shall, except as otherwise specifically provided by law or permitted by the Committee, be Transferable in any manner, and any attempt to Transfer any such benefit shall be void, and any such benefit shall not in any manner be liable for or subject to the debts, contracts, liabilities, engagements or torts of any person who shall be entitled to such benefit, nor shall it be subject to attachment or legal process for or against such person.

(l) Unless otherwise determined by the Committee, as long as the Shares are listed on a national securities exchange including the Applicable Exchange or system sponsored by a national securities association, the issuance of Shares pursuant to an Award shall be conditioned upon such shares being listed on such exchange or system. The Company shall have no obligation to issue such Shares unless and until such Shares are so listed, and the right to exercise any Option or other Award with respect to such Shares shall be suspended until such listing has been effected. If at any time counsel to the Company shall be of the opinion that any sale or delivery of Shares pursuant to an Option or other Award is or may in the circumstances be unlawful or result in the imposition of excise taxes on the Company under the statutes, rules or regulations of any applicable jurisdiction, the Company shall have no obligation to make such sale or delivery, or to make any application or to effect or to maintain any qualification or registration under the Securities Act or otherwise, with respect to Shares or Awards, and the right to exercise any Option or other Award shall be suspended until, in the opinion of said counsel, such sale or delivery shall be lawful or will not result in the imposition of excise taxes on the Company. A Participant shall be required to supply the Company with certificates, representations and information that the Company requests and otherwise cooperate with the Company in obtaining any listing, registration, qualification, exemption, consent or approval the Company deems necessary or appropriate.

(m) No Award granted or paid out under the Plan shall be deemed compensation for purposes of computing benefits under any retirement plan of the Company or its Affiliates nor affect any benefit under any other benefit plan now or subsequently in effect under which the availability or amount of benefits is related to the level of compensation. The provisions of Awards need not be the same with respect to each Participant, and such Awards to individual Participants need not be the same in subsequent years.

(n) All elections and transactions under the Plan by persons subject to Section 16 of the Act involving Shares are intended to comply with any applicable exemptive condition under Rule 16b-3. The Committee may establish and adopt written administrative guidelines, designed to facilitate compliance with Section 16(b) of the Act, as it may deem necessary or proper for the administration and operation of the Plan and the transaction of business thereunder.

(o) The Plan and each Award Agreement shall be binding on all successors and permitted assigns of a Participant, including, without limitation, the estate of such Participant and the executor, administrator or trustee of such estate. Any benefit payable to or for the benefit of a minor, an incompetent person or other person incapable of receipt thereof shall be deemed paid when paid to such person's guardian or to the party providing or reasonably appearing to provide for the care of such person, and such payment shall fully discharge the Committee, the Board, the Company, its Affiliates and their employees, agents and representatives with respect thereto.

SECTION 18. Effective Date of the Plan. The Plan shall be effective as of the Effective Date, which is the date of adoption by the Board, subject to the approval of the Plan by the stockholders of the Company.

SECTION 19. Term of the Plan. No Award shall be granted under the Plan after ten years from the Effective Date.

However, unless otherwise expressly provided in the Plan or in an applicable Award Agreement, any Award theretofore granted may extend beyond such date, and the authority of the Committee to amend, alter, adjust, suspend, discontinue, or terminate any such Award, or to waive any conditions or rights under any such Award, and the authority of the Board to amend the Plan, shall extend beyond such date.

SECTION 20. Section 409A of the Code.

(a) The Plan is intended to comply with the applicable requirements of Section 409A of the Code and shall be limited, construed and interpreted in accordance with such intent. To the extent that any Award is subject to Section 409A of the Code, it shall be paid in a manner that will comply with Section 409A of the Code, including proposed, temporary or final regulations or any other guidance issued by the Secretary of the Treasury and the Internal Revenue Service with respect thereto. Notwithstanding anything herein to the contrary, any provision in the Plan that is inconsistent with Section 409A of the Code shall be deemed to be amended to comply with Section 409A of the Code and to the extent such provision cannot be amended to comply therewith, such provision shall be null and void. The Company shall have no liability to a Participant, or any other party, if an Award that is intended to be exempt from, or compliant with, Section 409A of the Code is not so exempt or compliant or for any action taken by the Committee or the Company and, in the event that any amount or benefit under the Plan becomes subject to penalties under Section 409A of the Code, responsibility for payment of such penalties shall rest solely with the affected Participants and not with the Company. Notwithstanding any contrary provision in the Plan or Award Agreement, any payment(s) of “nonqualified deferred compensation” (within the meaning of Section 409A of the Code) that are otherwise required to be made under the Plan to a “specified employee” (as defined under Section 409A of the Code) as a result of such employee’s separation from service (other than a payment that is not subject to Section 409A of the Code) shall be delayed for the first six (6) months following such separation from service (or, if earlier, the date of death of the specified employee) and shall instead be paid (in a manner set forth in the Award Agreement) upon expiration of such delay period.

(b) Notwithstanding the foregoing, the Company does not make any representation to any Participant or beneficiary as to the tax consequences of any Awards made pursuant to this Plan, and the Company shall have no liability or other obligation to indemnify or hold harmless the Participant or any beneficiary for any tax, additional tax, interest or penalties that the Participant or any beneficiary may incur as a result of the grant, vesting, exercise or settlement of an Award under this Plan.

SECTION 21. Governing Law. This Plan shall be governed by and construed in accordance with the laws of the State of Delaware, without giving effect to the conflict of laws provisions thereof.

Performance Goals

Exhibit A

Performance goals established for purposes of Awards intended to be “performance-based compensation” under Section 162(m) of the Code, shall be based on the attainment of certain target levels of, or a specified increase or decrease (as applicable) in one or more of the following performance goals, which may include performance relative to the Company’s peers or those of the Company’s Affiliates or to the industry or industries in which the Company and/or its Affiliates operates:

- earnings per share;
- net earnings;
- operating income;
- gross income;
- net income (before or after taxes);
- cash flow (including free cash flow, operating cash flow and cash flow return on investment);
- gross profit;
- profit before taxes;
- operating profit;
- gross profit return on investment;
- gross margin return on investment;
- gross margin;
- operating margin;
- working capital;
- earnings before interest and taxes;
- earnings before interest, tax, depreciation and amortization (EBITDA);
- adjusted EBITDA;
- net income before depreciation and amortization, interest expense, net, loss on early extinguishment of debt, and income tax expense, and excluding the impact of share-based compensation, other operating income (expense), net, and any other identified costs associated with nonrecurring projects.
- earnings ratios;
- return on equity;
- return on assets or net assets;
- return on capital;
- return on invested capital;
- net revenues;

- gross revenues;
- revenue growth or product revenue growth;
- annual recurring revenues;
- recurring revenues;
- license revenues;
- sales, net sales, or market share (in the aggregate or by segment);
- reduction in costs;
- total shareholder return;
- economic value added;
- customers or customer growth;
- inventory turnover;
- receivable turnover;
- financial return ratios;
- customer satisfaction surveys;
- productivity;
- specified objectives with regard to limiting the level of increase in all or a portion of the Company's bank debt or that of any of its Affiliates or other long-term or short-term public or private debt or other similar financial obligations of the Company or any of its Affiliates, which may be calculated net of cash balances and/or other offsets and adjustments as may be established by the Committee in its sole discretion;
- improvement in or attainment of expense levels or working capital levels;
- the fair market value of a Share;
- Share price (including, but not limited to, growth in Share price);
- comparisons with various stock market indices;
- product unit and pricing targets;
- level or amount of acquisitions;
- enterprise value;
- book, economic book or intrinsic book value (including book value per share);
- leverage ratio;
- credit rating;
- implementation or completion of critical projects;

- the growth in the value of an investment in the Share assuming the reinvestment of dividends;
- reduction in operating and/or other expenses;
- days sales outstanding;
- operational, safety and/or quality metrics measured by the Company or any of its Affiliates; or
- Product innovation.

With respect to Awards that are intended to qualify as “performance-based compensation” under Section 162(m) of the Code, to the extent permitted under Section 162(m) of the Code, the Committee may, in its sole discretion, also exclude, or adjust to reflect, the impact of an event or occurrence, or of any item, reflected in Section 10(b)(iv) of the Plan that the Committee determines should be appropriately excluded or adjusted.

Performance goals may also be based upon individual participant performance goals, as determined by the Committee, in its sole discretion. In addition, Awards that are not intended to qualify as “performance-based compensation” under Section 162(m) of the Code may be based on the performance goals set forth herein or on such other performance goals as determined by the Committee in its sole discretion.

In addition, such performance goals may be based upon the attainment of specified levels of Company (or subsidiary, other Affiliate, division, other operational unit, administrative department or product category of the Company or any of its Affiliates) performance under one or more of the measures described above relative to the performance of other corporations. With respect to Awards that are intended to qualify as “performance-based compensation” under Section 162(m) of the Code, to the extent permitted under Section 162(m) of the Code, but only to the extent permitted under Section 162(m) of the Code (including, without limitation, compliance with any requirements for stockholder approval), the Committee may also designate additional business criteria on which the performance goals may be based or adjust, modify or amend the aforementioned business criteria.

**THE KRAFT HEINZ COMPANY
OMNIBUS INCENTIVE PLAN**

FORM OF NON-QUALIFIED STOCK OPTION AWARD AGREEMENT

Unless defined in this award agreement (together with all exhibits and appendices attached thereto, this “**Award Agreement**”), capitalized terms will have the same meanings ascribed to them in the [The Kraft Heinz Company 2016 Omnibus Incentive Plan] [H.J. Heinz Holding Corporation 2013 Omnibus Incentive Plan, as amended] (as may be amended from time to time, the “**Plan**”).

Subject to your acceptance of this Award Agreement, you are hereby being granted a Non-Qualified Stock Option (the “**Option**”) as of the Grant Date set forth below (the “**Grant Date**”). The Option entitles you to exercise up to the aggregate number of shares of the Company’s Common Stock set forth below, at the Exercise Price per share set forth below (the “**Exercise Price**”) on the following terms and subject to the provisions of the Plan, which is incorporated herein by reference. In the event of a conflict between the provisions of the Plan and this Award Agreement, the provisions of the Plan will govern.

Total Number of Shares Underlying Options: _____ Shares

Current Grant Value of Shares Underlying Options: \$_____ per Share

Exercise Price per Share: \$_____ per Share

Grant Date: _____

Expiration Date: 10-year anniversary of Grant Date

Vesting Date: [5]-year anniversary of Grant Date (subject to the terms of the Award Agreement)

By agreeing to this Award Agreement, you agree that this Option is granted under and governed by the terms and conditions of this Award Agreement (including, without limitation, the terms and conditions set forth on Exhibit A, the Restrictive Covenants Agreement attached as Exhibit B and the terms and conditions set forth on Appendix I) and the Plan.

THE KRAFT HEINZ COMPANY

EXHIBIT A

TERMS AND CONDITIONS OF THE OPTION AWARD AGREEMENT

Vesting

This Option will vest and become exercisable on the “Vesting Date” set forth in this Award Agreement. Any portion of this Option that becomes exercisable in accordance with the foregoing will remain exercisable until the Expiration Date, unless earlier terminated pursuant to the Plan or this Award Agreement (including, without limitation, the section below entitled “Termination”).

Exercisability

Subject to the section below entitled “Termination,” this Option may be exercised only while you are employed by the Company or any of its Subsidiaries or Affiliates. Prior to the exercise of this Option, you will not have any rights of a shareholder with respect to this Option or the Shares subject thereto.

This Option will be exercisable pursuant to procedures approved by the Committee and communicated to you. No Shares will be delivered pursuant to the exercise of this Option unless (i) you have complied with your obligations under this Award Agreement and the Plan, (ii) the exercise of this Option and the delivery of such Shares complies with applicable law and (iii) full payment (or satisfactory provision therefor) of the aggregate exercise price of the Option and any Tax-Related Items (as defined below) have been received by the Company. Until such time as the Shares are delivered to you, you will have no right to vote or receive dividends or any other rights as a shareholder with respect to such Shares, notwithstanding the exercise of this Option.

Unless otherwise determined by the Company or Committee, this Option may only be exercised on a day on which the NASDAQ National Market (the “Exchange”) is open. Accordingly, if the Expiration Date is a day on which the Exchange is closed, the Expiration Date shall be the immediately preceding day on which the Exchange is open.

Termination

Effect of a Termination of Service on Vesting and Exercisability

Other than as set forth below, upon a termination of your Service for any reason prior to the Vesting Date, you will forfeit this Option without any consideration due to you.

If the Company terminates your Service prior to the Vesting Date Without Cause (as defined below) or your Service terminates by reason of your death, Retirement or Disability (as defined below), your Option shall be vested in the number of Shares as if 20% of the Shares subject to the Option vested on each annual anniversary of the Grant Date, and you (or, if applicable, such other person who is entitled to exercise this Option) may exercise such portion of the Option that has vested based on the completed numbers of full years from the Vesting Date as set forth in the table below.

To the extent this Option is or becomes exercisable on the date of termination of your Service, then, if you (or, if applicable, such other person who is entitled to exercise this Option) do not exercise this Option on or prior to the expiration of the Option Exercise Period (as set forth below), this Option will terminate; provided that in no event may you exercise this Option after the Expiration Date.

<u>Type of Termination</u>	<u>Option Exercise Period</u>
Without Cause	90 day period beginning on the date of termination
Resignation*	None, the Option expires immediately
Retirement	One year period beginning on the date of termination
Disability	One year period beginning on the date of termination
Death	One year period beginning on the date of termination
For Cause	None, the Option expires immediately

*except for a resignation that falls within the definition of “Without Cause.”

Applicable Definitions

For purposes of this Award Agreement, the following terms shall have the following meanings:

“**Disability**” means (i) a physical or mental condition entitling you to benefits under the long-term disability policy of the Company covering you or (ii) in the absence of any such policy, a physical or mental condition rendering you unable to perform your duties for the Company or any of its Subsidiaries or Affiliates for a period of six (6) consecutive months or longer; *provided* that if you are a party to an Employment Agreement at the time of termination of your Service and such Employment Agreement contains a different definition of “disability” (or any derivation thereof), the definition in such Employment Agreement will control for purposes of this Award Agreement.

“**Retirement**” means a termination of Service by you on or after the later of (i) your 65th birthday and (ii) your completion of five years of Service with the Company, its Subsidiaries or its Affiliates.

“**Without Cause**” means (i) a termination of your Service by the Company or its Subsidiaries or Affiliates other than for Cause (as defined in the Plan) and other than due to your death, Disability or Retirement or (ii) (A) if you are a party to an Employment Agreement, (B) such Employment Agreement is in effect upon the date of your termination of Service and (C) such Employment Agreement defines “Good Reason”, then “Without Cause” shall also include resignation of your Service for “Good Reason” in accordance with such Employment Agreement.

Special Termination Provisions

In the event that there is a conflict between the terms of this Award Agreement regarding the effect of a termination of your Service on this Option and the terms of any Employment Agreement, the terms of this Award Agreement will govern.

If you are terminated Without Cause or due to your resignation and, within the twelve (12) month period subsequent to such termination of your Service, the Company determines that your Service could have been terminated for Cause, subject to anything to the contrary that may be contained in your Employment Agreement at the time of termination of your Service, your Service will, at the election of the Company, be deemed to have been terminated for Cause for purposes of this Award Agreement and the Plan, effective as of the date the events giving rise to Cause occurred and any consequences following from a termination for Cause shall be retroactively applied (including your obligation to repay gains that would not have been realized had your Service been terminated for Cause).

Effect of a Company Sale

The treatment of the Options upon a Company Sale shall be governed by the Plan. In the event that there is a conflict between the terms of this Award Agreement regarding the effect of a Company Sale on this Option and the terms of any Employment Agreement, the terms of this Award Agreement will govern.

Restrictive Covenants

Your Service will provide you with specialized training and unique knowledge and access to confidential information and key business relationships, which, if used in competition with the Company, its Subsidiaries and/or its Affiliates, would cause harm to such entities. As such, in partial consideration of the Option granted under this Award Agreement, you agree to comply with the Company's Restrictive Covenants Agreement, attached (and incorporated into this Award Agreement) as Exhibit B. The restrictions and obligations contained in the Restrictive Covenants Agreement are in addition to any restrictions imposed by, or obligations you may have to, the Company, its Subsidiaries or Affiliates under any Employment Agreement or otherwise.

Taxes

Regardless of any action the Company takes with respect to any or all income tax, social security or insurance, payroll tax, fringe benefits tax, payment on account or other tax-related withholding ("**Tax-Related Items**"), you acknowledge that the ultimate liability for all Tax-Related Items legally due by you is and remains your responsibility and that the Company and/or its Subsidiaries or Affiliates (i) make no representations or undertakings regarding the treatment of any Tax-Related Items in connection with any aspect of the Option grant, including the grant, vesting or exercise of this Option, the subsequent sale of Shares acquired pursuant to such exercise and the receipt of any dividends and (ii) do not commit to structure the terms of the grant or any aspect of this Option to reduce or eliminate your liability for Tax-Related Items.

Prior to exercise of this Option, you will pay or make adequate arrangements satisfactory to the Committee to satisfy all Tax-Related Items. In this regard, you authorize the withholding of all applicable Tax-Related Items legally payable by you from your wages or other cash compensation paid to you by the Company and/or its Subsidiaries or from proceeds of the sale of Shares. Alternatively, or in addition, if permissible under local law, the Company may in its sole and absolute discretion sell or arrange for the sale of Shares that you acquire to meet the obligation for Tax-Related Items. Finally, you will pay to the Company and/or its Subsidiaries any amount of Tax-Related Items that the Company or its Subsidiaries may be required to withhold as a result of your participation in the Plan or your purchase of Shares that cannot be satisfied by the means previously described. The Company may refuse to honor the exercise and refuse to deliver the Shares if you fail to comply with your obligations in connection with the Tax-Related Items as described in this section.

No Guarantee of Continued Service.

You acknowledge and agree that the vesting of this Option on the Vesting Date (or such earlier date as set forth in the section above titled "Termination") is earned only by performing continuing Service (not through the act of being hired or being granted this Award). You further acknowledge and agree that this Award Agreement, the transactions contemplated hereunder and the Vesting Date shall not be construed as giving you the right to be retained in the employ of, or to continue to provide Service to, the Company, its Subsidiaries or any Affiliate. Further, the Company, its Subsidiaries or the applicable Affiliate may at any time dismiss you, free from any liability, or any claim under the Plan, unless otherwise expressly provided in any other agreement binding you, the Company, its Subsidiaries or the applicable Affiliate. The receipt of this Award is not intended to confer any rights on you except as set forth in this Award Agreement.

Company's Right of Offset

If you become entitled to a distribution of benefits under this Award, and if at such time you have any outstanding debt, obligation, or other liability representing an amount owing to the Company, its Subsidiaries or any of its Affiliates, then the Company, its Subsidiaries or its Affiliates, upon a determination by the Committee, and to the extent permitted by applicable law and it would not cause a violation of Section 409A of the Code, may offset such amount so owing against the amount of benefits otherwise distributable. Such determination shall be made by the Committee.

Acknowledgment of Nature of Award

In accepting this Option, you understand, acknowledge and agree that:

- (a) the Plan is established voluntarily by the Company, it is discretionary in nature and may be modified, amended, suspended or terminated by the Company at any time, as provided in the Plan and this Award Agreement;
- (b) the Option award is voluntary, occasional and discretionary and does not create any contractual or other right to receive future Option awards, or benefits in lieu of Options even if Options have been awarded in the past;
- (c) all decisions with respect to future awards, if any, will be at the sole discretion of the Company;

(d) your participation in the Plan is voluntary;

(e) this Option is an extraordinary item that does not constitute compensation of any kind for services of any kind rendered to the Company or its Subsidiaries or Affiliates;

(f) this Option, any Shares acquired under the Plan, and the income and value of same are not part of normal or expected compensation or salary for purposes of calculating any severance, resignation, termination, redundancy, end of service payments, bonuses, long-service awards, pension or retirement benefits or similar payments;

(g) the future value of the underlying Shares is unknown, indeterminable, and cannot be predicted with certainty;

(h) if the underlying Shares do not increase in value, this Option will have no value;

(i) if you receive Shares, the value of such Shares acquired upon exercise may increase or decrease in value, even below the Exercise Price per Share;

(j) unless otherwise agreed with the Company in writing, the Options, any Shares acquired under the Plan, and the income and value of same, are not granted as consideration for, or in connection with, any Service you may provide as a director of a Subsidiary or Affiliate;

(k) no claim or entitlement to compensation or damages shall arise from forfeiture of the Option resulting from termination of your Service (for any reason whatsoever, whether or not later found to be invalid or in breach of employment laws in the jurisdiction where you provide Service or the terms of your Employment Agreement, if any), and in consideration of the grant of the Option to which you are otherwise not entitled, you irrevocably agree never to institute any claim against the Company, any of its Subsidiaries or Affiliates, waive your ability, if any, to bring any such claim, and release the Company, and its Subsidiaries and Affiliates from any such claim; if, notwithstanding the foregoing, any such claim is allowed by a court of competent jurisdiction, then, by participating in the Plan, you shall be deemed irrevocably to have agreed not to pursue such claim and agree to execute any and all documents necessary to request dismissal or withdrawal of such claim; and

(l) this Option is subject to the terms of the Plan (including, without limitation, certain provisions regarding Adjustments, Repurchases and Transfers).

Securities Laws

By accepting this Option, you acknowledge that U.S. federal, state or foreign securities laws and/or the Company's policies regarding trading in its securities may limit or restrict your right to buy or sell Shares, including, without limitation, sales of Shares acquired in connection with this Option. You agree to comply with such securities law requirements and Company policies, as such laws and policies are amended from time to time.

Data Privacy

You hereby explicitly and unambiguously consent to the collection, use and transfer, in electronic or other form, of your personal data as described in this Award Agreement by and among, as applicable, the Company, its Subsidiaries and its Affiliates or any third party administrator as designated by the Committee or its designee in its sole and absolute discretion for the exclusive purpose of implementing, administering and managing your participation in the Plan.

You understand that the Company, its Subsidiaries and its Affiliates and/or any other third party administrator as designated by the Committee or its designee in its sole and absolute discretion may hold certain personal information about you, including, but not limited to, your name, home address and telephone number, date of birth, social insurance or social security number or other identification number, salary, nationality, job title, any shares of stock or directorships held in the Company, details of this Option or any other entitlement to Shares awarded, canceled, vested, unvested or outstanding in your favor ("Data"), for the purpose of implementing, administering and managing the Plan. You understand that Data may be transferred to any third parties assisting in the implementation, administration and management of the Plan, that these recipients may be located in your country, or elsewhere, and that the recipient's country may have different data privacy laws and protections than your country. You understand that if you reside outside the United States, you may request a list with the names and addresses of any potential recipients of the Data by contacting your local human resources representative. You authorize the recipients to receive, possess, use, retain and transfer the Data, in electronic or other form, for the purposes of implementing, administering and managing your participation in the Plan, including any requisite transfer of such Data as may be required to a broker, escrow agent or other third party with whom the Shares received upon exercise of this Option may be deposited. You understand that Data will be held only as long as is necessary to implement, administer and manage your participation in the Plan. You understand that if you reside outside the United States you may, at any time, view Data, request additional information about the storage and processing of Data, require any necessary amendments to Data or refuse or withdraw the consents herein, in any case without cost, by contacting in writing your local human resources representative. You understand that refusal or withdrawal of consent may affect your ability to participate in the Plan. Further, you understand that you are providing the consents herein on a purely voluntary basis. If you do not consent, or if you later seek to revoke your consent, your employment status or Service will not be adversely affected; the only consequence of refusing or withdrawing your consent is that the Company would not be able to grant you Options or other Awards or administer or maintain such Awards. For more information on the consequences of your refusal to consent or withdrawal of consent, you understand that you may contact your local human resources representative.

Limits on Transferability; Beneficiaries

This Option shall not be pledged, hypothecated or otherwise encumbered or subject to any lien, obligation or liability to any party, or Transferred, otherwise than by your will or the laws of descent and distribution or to a Beneficiary upon your death, and this Option shall be exercised during your lifetime only by you or your guardian or legal representative, except that this Option may be Transferred to one or more Beneficiaries or other Transferees during your lifetime with the consent of the Committee, and may be exercised by such Transferees in accordance with the terms of this Award Agreement. A Beneficiary, Transferee, or other person claiming any rights under this Award Agreement shall be subject to all terms and conditions of the Plan and this Award Agreement, except as otherwise determined by the Committee, and to any additional terms and conditions deemed necessary or appropriate by the Committee.

No Transfer to any executor or administrator of your estate or to any Beneficiary by will or the laws of descent and distribution of any rights in respect of this Option shall be effective to bind the Company unless the Committee shall have been furnished with (i) written notice thereof and with a copy of the will and/or such evidence as the Committee may deem necessary to establish the validity of the Transfer and (ii) the written agreement of the Transferee to comply with all the terms and conditions applicable to this Option and any Shares purchased upon exercise of this Option that are or would have been applicable to you.

Section 409A

It is intended that the Option awarded pursuant to this Award Agreement be exempt from Section 409A of the Code (“**Section 409A**”) because it is believed that (i) the Exercise Price per Share may never be less than the Fair Market Value of a Share on the Grant Date and the number of Shares subject to the Option is fixed on the original Grant Date, (ii) the Transfer or exercise of the Option is subject to taxation under Section 83 of the Code and Treasury Regulation 1.83-7, and (iii) the Option does not include any feature for the deferral of compensation other than the deferral of recognition of income until the exercise of the Option. The provisions of this Award Agreement shall be interpreted in a manner consistent with this intention. In the event that the Company believes, at any time, that any benefit or right under this Award Agreement is subject to Section 409A, then the Committee may (acting alone and without any required consent by you) amend this Award Agreement in such manner as the Committee deems necessary or appropriate to be exempt from or otherwise comply with the requirements of Section 409A (including without limitation, amending the Award Agreement to increase the Exercise Price per Share to such amount as may be required in order for the Option to be exempt from Section 409A).

Notwithstanding the foregoing, the Company, its Subsidiaries and Affiliates do not make any representation to you that the Option awarded pursuant to this Award Agreement shall be exempt from or satisfy the requirements of Section 409A, and the Company, its Subsidiaries and Affiliates shall have no liability or other obligation to indemnify or hold harmless you or any Beneficiary, Transferee or other party for any tax, additional tax, interest or penalties that you or any Beneficiary, Transferee or other party may incur in the event that any provision of this Agreement, or any amendment or modification thereof or any other action taken with respect thereto, is deemed to violate any of the requirements of Section 409A.

Entire Agreement; Modification

The Plan, this Award Agreement and, to the extent applicable, your Employment Agreement or any separation agreement constitute the entire agreement of the parties with respect to the subject matter hereof and supersede in their entirety all prior undertakings, representations and agreements (whether oral or written) of the Company, its Subsidiaries and/or Affiliates and you with respect to the subject matter hereof. This Award Agreement may not be modified in a manner that adversely affects your rights heretofore granted under the Plan, except with your consent or to comply with applicable law or to the extent permitted under other provisions of the Plan.

Governing Law; Jurisdiction; Waiver of Jury Trial

This Award Agreement (together with all exhibits and appendices attached thereto) is governed by the laws of the State of Delaware, without regard to its principles of conflict of laws, and any disputes shall be settled in accordance with the Plan.

To the extent not prohibited by applicable law, each of the parties hereto waives any right it may have to trial by jury in respect of any litigation based on, arising out of, under or in connection with this Award Agreement (together with all exhibits and appendices attached thereto) or the Plan.

Electronic Signatures and Delivery and Acceptance

The Company may, in its sole discretion, decide to deliver any documents related to current or future participation in the Plan, including this Agreement, by electronic means or request your consent to participate in the Plan by electronic means. You hereby consent to receive such documents by electronic delivery and agree to participate in the Plan through an on-line or electronic system established and maintained by the Company or a third party designated by the Company. The Agreement if delivered by electronic means with electronic signatures shall be treated in all manner and respects as an original executed document and shall be considered to have the same binding legal effect as if it were the original signed versions thereof delivered in person.

Agreement Severable

In the event that any provision in this Award Agreement will be held invalid or unenforceable, such provision will be severable from, and such invalidity or unenforceability will not be construed to have any effect on, the remaining provisions of this Award Agreement.

Interpretation

The Committee shall have the right to resolve all questions that may arise in connection with the Award or this Award Agreement, including whether you are actively employed. Any interpretation, determination or other action made or taken by the Committee regarding the Plan or this Award Agreement shall be final, binding and conclusive. This Award Agreement shall be binding upon and inure to the benefit of any successor or successors of the Company and any person or persons who shall acquire any rights hereunder in accordance with this Award Agreement or the Plan.

Language

If you have received this Award Agreement or any other document related to the Plan translated into a language other than English and if the meaning of the translated version is different than the English version, the English version will control.

Acknowledgments

By signing this Award Agreement, you acknowledge receipt of a copy of the Plan and represent that you are familiar with the terms and conditions of the Plan, and hereby accept this Option subject to all provisions in this Award Agreement and in the Plan. You hereby agree to accept as final, conclusive and binding all decisions or interpretations of the Committee upon any questions arising under the Plan or this Award Agreement.

Appendix I

Notwithstanding any provision in this Award Agreement, if you work or reside outside the U.S., this Option grant shall be subject to the general non-U.S. terms and conditions and the special terms and conditions for your country set forth in Appendix I. Moreover, if you relocate from the U.S. to one of the countries included in Appendix I or you move between countries included in Appendix I, the general non-U.S. terms and conditions and the special terms and conditions for such country will apply to you, to the extent the Company determines that the application of such terms and conditions is necessary or advisable for legal or administrative reasons. The Appendix I constitutes part of this Award Agreement.

EXHIBIT B

RESTRICTIVE COVENANTS AGREEMENT

*I understand that I am or will be an employee to or other service-provider of The Kraft Heinz Company and/or its Subsidiaries and/or its Affiliates (collectively the “**Company**”), and will learn and have access to the Company’s confidential, trade secret and proprietary information and key business relationships. I understand that the products and services that the Company develops, provides and markets are unique. Further, I know that my promises in this Restrictive Covenants Agreement (the “**Agreement**”) are an important way for the Company to protect its proprietary interests and that The Kraft Heinz Company would not have granted me a stock option or other equity grant unless I made such promises.*

*In addition to other good and valuable consideration, I am expressly being given a stock option or other equity grant in exchange for my agreeing to the terms of this Agreement. In consideration of the foregoing, I (the “**Executive**”) agree as follows:*

1. **NON-DISCLOSURE OF CONFIDENTIAL INFORMATION.** During the course of Executive's Service, Executive will have access to Confidential Information. For purposes of this Agreement, "**Confidential Information**" means all data, information, ideas, concepts, discoveries, trade secrets, inventions (whether or not patentable or reduced to practice), innovations, improvements, know-how, developments, techniques, methods, processes, treatments, drawings, sketches, specifications, designs, plans, patterns, models, plans and strategies, and all other confidential or proprietary information or trade secrets in any form or medium (whether merely remembered or embodied in a tangible or intangible form or medium) whether now or hereafter existing, relating to or arising from the past, current or potential business, activities and/or operations of the Company, including, without limitation, any such information relating to or concerning finances, sales, marketing, advertising, transition, promotions, pricing, personnel, customers, suppliers, vendors, raw partners and/or competitors of the Company. Executive agrees that Executive shall not, directly or indirectly, use, make available, sell, disclose or otherwise communicate to any person, other than in the course of Executive's assigned duties and for the benefit of the Company, either during the period of Executive's Service or at any time thereafter, any Confidential Information or other confidential or proprietary information received from third parties subject to a duty on the Company's part to maintain the confidentiality of such information, and to use such information only for certain limited purposes, in each case, which shall have been obtained by Executive during Executive's Service. The foregoing shall not apply to information that (i) was known to the public prior to its disclosure to Executive; (ii) becomes generally known to the public subsequent to disclosure to Executive through no wrongful act of Executive or any representative of Executive; or (iii) Executive is required to disclose by applicable law, regulation or legal process (provided that, to the extent permitted by law, Executive provides the Company with prior notice of the contemplated disclosure and cooperates with the Company at its expense in seeking a protective order or other appropriate protection of such information).
2. **NON-COMPETITION.** Executive acknowledges that (i) Executive performs services of a unique nature for the Company that are irreplaceable, and that Executive's performance of such services to a competing business will result in irreparable harm to the Company, (ii) Executive has had and will continue to have access to Confidential Information which, if disclosed, would unfairly and inappropriately assist in competition against the Company, (iii) in the course of Executive's employment by or service to a competitor, Executive would inevitably use or disclose such Confidential Information, (iv) the Company has substantial relationships with its customers and Executive has had and will continue to have access to these customers, (v) Executive has received and will receive specialized training from the Company, and (vi) Executive has generated and will continue to generate goodwill for the Company in the course of Executive's Service. Accordingly, during Executive's Service and for eighteen (18) months following a termination of Executive's Service for any reason (the "**Restricted Period**"), Executive will not engage in any business activities, directly or indirectly (whether as an employee, consultant, officer, director, partner, joint venturer, manager, member, principal, agent, or independent contractor, individually, in concert with others, or in any other manner) within the same line or lines of business for which the Executive performed services for the Company and in a capacity that is similar to the capacity in which the Executive was employed by the Company with any person or entity that competes with the Company in the consumer packaged food and beverage industry ("**Competitive Business**") anywhere within the same geographic territory(ies) for which the Executive performed services for the Company (the "**Restricted Territory**"). Notwithstanding the foregoing, nothing herein shall prohibit Executive from being a passive owner of not more than three percent (3%) of the equity securities of a publicly traded corporation

engaged in a business that is in competition with the Company, so long as Executive has no active participation in the business of such corporation.

3. **NON-SOLICITATION.** During the Restricted Period, Executive agrees that Executive shall not, except in the furtherance of Executive's duties to the Company, directly or indirectly, individually or on behalf of any other person, firm, corporation or other entity, solicit, aid, induce, assist in the solicitation of, or accept any business (other than on behalf of the Company) from, any customer or potential customer of the Company to purchase goods or services then sold by the Company from another person, firm, corporation or other entity or, directly or indirectly, in any way request, suggest or advise any such customer to withdraw or cancel any of their business or refuse to continue to do business with the Company. This restriction shall apply to customers or potential customers who, during the two (2) years immediately preceding the Executive's termination, had been assigned to the Executive by the Company, or with which the Executive had contact on behalf of the Company while an Executive of the Company, or about which the Executive had access to confidential information by virtue of Executive's employment with the Company.
4. **NON-INTERFERENCE.** During the Restricted Period, Executive agrees that Executive shall not, except in the furtherance of Executive's duties to the Company, directly or indirectly, individually or on behalf of any other person, firm, corporation or other entity, (A) solicit, aid or induce any employee, representative or agent of the Company to leave such employment or retention or to accept employment with or render services to or with any other person, firm, corporation or other entity unaffiliated with the Company or hire or retain any such employee, representative or agent, or take any action to materially assist or aid any other person, firm, corporation or other entity in identifying, hiring or soliciting any such employee, representative or agent, or (B) interfere, or aid or induce any other person or entity in interfering, with the relationship between the Company and its vendors, suppliers or customers. As used herein, the term "solicit, aid or induce" includes, but is not limited to, (i) initiating communications with a Company employee relating to possible employment, (ii) offering bonuses or other compensation to encourage a Company employee to terminate his or her employment with the Company and accept employment with any entity, (iii) recommending a Company employee to any entity, and (iv) aiding an entity in recruitment of a Company employee. An employee, representative or agent shall be deemed covered by this Section 4 while so employed or retained and for a period of six (6) months thereafter.
5. **NON-DISPARAGEMENT.** Executive agrees not to make negative comments or otherwise disparage the Company or its officers, directors, employees, shareholders, agents or products or services. The foregoing shall not be violated by truthful statements made in (a) response to legal process, required governmental testimony or filings, or administrative or arbitral proceedings (including, without limitation, depositions in connection with such proceedings) or (b) the good faith performance of Executive's duties to the Company.
6. **INVENTIONS.**
 - a. Executive acknowledges and agrees that all ideas, methods, inventions, discoveries, improvements, work products, developments, software, know-how, processes, techniques, methods, works of authorship and other work product ("**Inventions**"), whether patentable or unpatentable, (A) that are reduced to practice, created, invented,

designed, developed, contributed to, or improved with the use of any Company resources and/or within the scope of Executive's work with the Company or that relate to the business, operations or actual or demonstrably anticipated research or development of the Company, and that are made or conceived by Executive, solely or jointly with others, during Executive's Service, or (B) suggested by any work that Executive performs in connection with the Company, either while performing Executive's duties with the Company or on Executive's own time, but only insofar as the Inventions are related to Executive's work as an employee or other service provider to the Company, shall belong exclusively to the Company (or its designee), whether or not patent or other applications for intellectual property protection are filed thereon. Executive will keep full and complete written records (the "**Records**"), in the manner prescribed by the Company, of all Inventions, and will promptly disclose all Inventions completely and in writing to the Company. The Records shall be the sole and exclusive property of the Company, and Executive will surrender them upon the termination of Service, or upon the Company's request. Executive irrevocably conveys, transfers and assigns to the Company the Inventions and all patents or other intellectual property rights that may issue thereon in any and all countries, whether during or subsequent to Executive's Service, together with the right to file, in Executive's name or in the name of the Company (or its designee), applications for patents and equivalent rights (the "**Applications**"). Executive will, at any time during and subsequent to Executive's Service, make such applications, sign such papers, take all rightful oaths, and perform all other acts as may be requested from time to time by the Company to perfect, record, enforce, protect, patent or register the Company's rights in the Inventions, all without additional compensation to Executive from the Company. Executive will also execute assignments to the Company (or its designee) of the Applications, and give the Company and its attorneys all reasonable assistance (including the giving of testimony) to obtain the Inventions for the Company's benefit, all without additional compensation to Executive from the Company, but entirely at the Company's expense.

- b. In addition, the Inventions will be deemed Work for Hire, as such term is defined under the copyright laws of the United States, on behalf of the Company and Executive agrees that the Company will be the sole owner of the Inventions, and all underlying rights therein, in all media now known or hereinafter devised, throughout the universe and in perpetuity without any further obligations to Executive. If the Inventions, or any portion thereof, are deemed not to be Work for Hire, or the rights in such Inventions do not otherwise automatically vest in the Company, Executive hereby irrevocably conveys, transfers and assigns to the Company, all rights, in all media now known or hereinafter devised, throughout the universe and in perpetuity, in and to the Inventions, including, without limitation, all of Executive's right, title and interest in the copyrights (and all renewals, revivals and extensions thereof) to the Inventions, including, without limitation, all rights of any kind or any nature now or hereafter recognized, including, without limitation, the unrestricted right to make modifications, adaptations and revisions to the Inventions, to exploit and allow others to exploit the Inventions and all rights to sue at law or in equity for any infringement, or other unauthorized use or conduct in derogation of the Inventions, known or unknown, prior to the date hereof, including, without limitation, the right to receive all proceeds and damages therefrom. In addition, Executive hereby waives any so-called "moral rights" with respect to the Inventions. To the extent that Executive has any rights in the results and proceeds of Executive's service to the Company that cannot be assigned in the manner described

herein, Executive agrees to unconditionally waive the enforcement of such rights. Executive hereby waives any and all currently existing and future monetary rights in and to the Inventions and all patents and other registrations for intellectual property that may issue thereon, including, without limitation, any rights that would otherwise accrue to Executive's benefit by virtue of Executive being an employee of or other service provider to the Company.

- 7. RETURN OF COMPANY PROPERTY.** On the date of Executive's termination of Service with the Company for any reason (or at any time prior thereto at the Company's request), Executive shall return all property belonging to the Company (including, but not limited to, any Company-provided laptops, computers, cell phones, wireless electronic mail devices or other equipment, or documents and property belonging to the Company).
- 8. REASONABLENESS OF COVENANTS.** In signing this Agreement, including by electronic means, Executive gives the Company assurance that Executive has carefully read and considered all of the terms and conditions of this Agreement, including the restraints imposed by it. Executive agrees that these restraints are necessary for the reasonable and proper protection of the Company and its Confidential Information and that each and every one of the restraints is reasonable in respect to subject matter, length of time and geographic area, and that these restraints, individually or in the aggregate, will not prevent Executive from obtaining other suitable employment during the period in which Executive is bound by the restraints. Executive acknowledges that each of these covenants has a unique, very substantial and immeasurable value to the Company and that Executive has sufficient assets and skills to provide a livelihood while such covenants remain in force. Executive further covenants that Executive will not challenge the reasonableness or enforceability of any of the covenants set forth in this Agreement, and that Executive will reimburse the Company for all costs (including reasonable attorneys' fees) incurred in connection with any action to enforce any of the provisions of this Agreement if either the Company prevails on any material issue involved in such dispute or if Executive challenges the reasonableness or enforceability of any of the provisions of this Agreement. **It is also agreed that the "Company" as used in this Agreement refers to each of the Company's Subsidiaries and Affiliates and that each of the Company's Subsidiaries and Affiliates will have the right to enforce all of Executive's obligations to that Subsidiary or Affiliate under this Agreement, as applicable, subject to any limitation or restriction on such rights of the Subsidiary or Affiliate under applicable law.**
- 9. REFORMATION.** If it is determined by a court of competent jurisdiction in any state or country that any restriction in this Agreement is excessive in duration or scope or is unreasonable or unenforceable under applicable law, it is the intention of the parties that such restriction may be modified or amended by the court to render it enforceable to the maximum extent permitted by the laws of that state or country.

- 10. REMEDIES.** Executive acknowledges and agrees that the Company's remedies at law for a breach or threatened breach of any of the provisions of Agreement would be inadequate and, in recognition of this fact, Executive agrees that, in the event of such a breach or threatened breach, in addition to any remedies at law, the Company, without posting any bond or other security, shall be entitled to obtain equitable relief in the form of specific performance, a temporary restraining order, a temporary or permanent injunction or any other equitable remedy which may then be available, without the necessity of showing actual monetary damages, in addition to any other equitable relief (including without limitation an accounting and/or disgorgement) and/or any other damages as a matter of law.
- 11. REPURCHASE.** Executive acknowledges and agrees that a breach of this Agreement would constitute a "Covenant Breach" as such term is used in the Plan and therefore, in the event of a Covenant Breach, Executive's Option and the Award Stock issued therefor (as such terms are defined in the Plan) shall be subject to repurchase by The Kraft Heinz Company in accordance with the terms of the Plan.
- 12. TOLLING.** In the event of any violation of the provisions of this Agreement, Executive acknowledges and agrees that the post-termination restrictions contained in this Agreement shall be extended by a period of time equal to the period of such violation, it being the intention of the parties hereto that the running of the applicable post-termination restriction period shall be tolled during any period of such violation.
- 13. SURVIVAL OF PROVISIONS.** The obligations contained in this Agreement hereof shall survive the termination or expiration of the Executive's Service with the Company and shall be fully enforceable thereafter.
- 14. VENUE, PERSONAL JURISDICTION, AND COVENANT NOT TO SUE.** Executive expressly agrees to submit to the exclusive jurisdiction and exclusive venue of courts located in the State of Delaware in connection with any litigation which may be brought with respect to a dispute between the Company and Executive in relation to this Restrictive Covenants Agreement, regardless of where Executive resides or where Executive performs services for the Company. Executive hereby irrevocably waives Executive's rights, if any, to have any disputes between the Company and Executive related to this Restrictive Covenants Agreement decided in any jurisdiction or venue other than a court in the State of Delaware. Executive hereby waives, to the fullest extent permitted by applicable law, any objection which Executive now or hereafter may have to personal jurisdiction or to the laying of venue of any such suit, action or proceeding, and Executive agrees not to plead or claim the same. Executive further irrevocably covenants not to sue the Company related to this Restrictive Covenants Agreement in any jurisdiction or venue other than a court in the State of Delaware. All matters relating to the interpretation, construction, application, validity, and enforcement of this Agreement, and any disputes or controversies arising hereunder, will be governed by the laws of the State of Delaware without giving effect to any choice or conflict of law provision or rule, whether of the State of Delaware or any other jurisdiction, that would cause the application of laws of any jurisdiction other than the State of Delaware.

APPENDIX I

ADDITIONAL TERMS AND CONDITIONS OF THE KRAFT HEINZ COMPANY 2013 OMNIBUS INCENTIVE PLAN

NON-QUALIFIED STOCK OPTION AWARD AGREEMENT FOR NON-U.S. PARTICIPANTS

TERMS AND CONDITIONS

This Appendix I includes additional terms and conditions that govern this Option granted to you under the Plan if you work or reside outside the U.S. and/or in one of the countries listed below. These terms and conditions are in addition to, or if so indicated, in place of the terms and conditions set forth in the Award Agreement. Certain capitalized terms used but not defined in this Appendix I have the meanings set forth in the Plan and/or the Award Agreement.

If you are a citizen or resident of a country other than the one in which you are currently working, transfer employment and/or residency to another country after this Option is granted to you, or are considered a resident of another country for local law purposes, the terms and conditions contained herein may not be applicable to you, and the Company shall, in its discretion, determine to what extent the terms and conditions contained herein shall apply to you.

NOTIFICATIONS

This Appendix I also includes information regarding exchange controls and certain other issues of which you should be aware with respect to participation in the Plan. The information is based on the securities, exchange control, and other laws in effect in the respective countries as of January 2016. Such laws are often complex and change frequently. As a result, the Company strongly recommends that you not rely on the information in this Appendix I as the only source of information relating to the consequences of your participation in the Plan because the information may be out of date at the time you vest in or exercise this Option or sell Shares acquired under the Plan.

In addition, the information contained herein is general in nature and may not apply to your particular situation, and the Company is not in a position to assure you of a particular result. Accordingly, you should seek appropriate professional advice as to how the relevant laws in your country may apply to your situation.

Finally, if you are a citizen or resident of a country other than the one in which you are currently working, transfer employment and/or residency after this Option is granted or are considered a resident of another country for local law purposes, the notifications contained herein may not be applicable to you in the same manner.

GENERAL NON-U.S. TERMS AND CONDITIONS

TERMS AND CONDITIONS

The following terms and conditions apply to you if you are located outside of the U.S.

Entire Agreement.

The following provisions supplement the entire Award Agreement, generally:

If you are located outside the U.S., in no event will any aspect of this Option be determined in accordance with your Employment Agreement (or other Service contract). The terms and conditions of this Option will be solely determined in accordance with the provisions of the Plan and the Award Agreement, including this Appendix I, which supersede and replace any prior agreement, either written or verbal (including your Employment Agreement, if applicable) in relation to this Option.

Termination.

The following provisions supplement the *Termination* section of the Award Agreement:

For purposes of the Option, your employment or Service relationship will be considered terminated as of the date you are no longer actively providing Services to the Company or one of its Subsidiaries or Affiliates (regardless of the reason for such termination and whether or not later found to be invalid or in breach of employment laws in the jurisdiction where you provide Service or the terms of your Employment Agreement, if any), and unless otherwise expressly provided in this Award Agreement or determined by the Company, (i) your right to vest in the Option under the Plan, if any, will terminate as of such date and will not be extended by any notice period (e.g., your period of Service would not include any contractual notice period or any period of “garden leave” or similar period mandated under employment laws in the jurisdiction where you provide Service or the terms of your Employment Agreement, if any); and (ii) the period (if any) during which you may exercise the Option after such termination of your employment or Service relationship will commence as of such date and will not be extended by any notice period mandated under employment laws in the jurisdiction where you provide Service or the terms of your Employment Agreement, if any; the Committee shall have the exclusive discretion to determine when you are no longer actively providing Service for purposes of this Option (including whether you may still be considered to be providing Service while on a leave of absence).

Notwithstanding the provisions governing the treatment of this Option upon termination due to Retirement set forth in the Termination section of the Award Agreement, if the Company receives an opinion of counsel that there has been a legal judgment and/or legal development in a particular jurisdiction that would likely result in the treatment in case of a termination due to Retirement as set forth in the Award Agreement being deemed unlawful and/or discriminatory, then the Company will not apply the provisions for termination due to Retirement at the time you cease to provide Services and this Option will be treated as it would under the rules that apply if your Service ends for resignation.

Termination for Cause.

The implications upon a termination for Cause as set forth in the Award Agreement and Plan shall only be enforced, to the extent deemed permissible under applicable local law, as determined in the sole discretion of the Committee.

Taxes.

The following provisions supplement the *Taxes* section of the Award Agreement:

You acknowledge that your liability for Tax-Related Items may exceed the amount withheld by the Company, its Subsidiaries and/or its Affiliates (as applicable).

If you have become subject to tax in more than one jurisdiction, you acknowledge that the Company, its Subsidiaries and Affiliates may be required to withhold or account for Tax-Related Items in more than one jurisdiction.

Depending on the withholding method, the Company may withhold or account for Tax-Related Items by considering applicable minimum statutory withholding amounts or other applicable withholding rates, including maximum applicable rates, in which case you will receive a refund of any over-withheld amount in cash and will have no entitlement to the Share equivalent. If the obligation for Tax-Related Items is satisfied by withholding in Shares, for tax purposes, you are deemed to have been issued the full number of Shares subject to the exercised Option, notwithstanding that a number of Shares are held back solely for the purpose of paying the Tax-Related Items due as a result of any aspect of your participation in the Plan.

Limits on Transferability; Beneficiaries.

The following provision supplements the *Limits on Transferability; Beneficiaries* section of the Award Agreement:

If you are located outside the U.S., this Option may not be Transferred to a designated Beneficiary and may only be Transferred upon your death to your legal heirs in accordance with applicable laws of descent and distribution. In no case may this Option be Transferred to another individual during your lifetime.

Acknowledgment of Nature of Award.

The following provisions supplement the *Acknowledgment of Nature of Award* section of the Award Agreement:

You acknowledge the following with respect to this Option:

(a) This Option and any Shares acquired under the Plan, and the income and value of same, are not intended to replace any pension rights or compensation.

(b) In no event should this Option, any Shares acquired under the Plan, and the income and value of same, be considered as compensation for, or relating in any way to, past services for the Company, its Subsidiaries or any Affiliate.

(c) The Option, any Shares acquired under the Plan and the income and value of same are not part of normal or expected compensation or salary for any purpose.

(d) Neither the Company, its Subsidiaries nor any Affiliate shall be liable for any foreign exchange rate fluctuation between your local currency and the United States Dollar that may affect the value of this Option or of any amounts due to you pursuant to exercise of this Option or the subsequent sale of any Shares acquired upon exercise.

No Advice Regarding Award.

The Company is not providing any tax, legal or financial advice, nor is the Company making any recommendations regarding your participation in the Plan, or your acquisition or sale of the underlying Shares. You are hereby advised to consult with your own personal tax, legal and financial advisors regarding your participation in the Plan before taking any action related to the Plan.

Not a Public Offering in Non-U.S. Jurisdictions.

If you are resident or employed outside of the United States, neither the grant of the Options under the Plan nor the issuance of the underlying Shares upon exercise of the Options is intended to be a public offering of securities in your country of residence (and country of employment, if different). The Company has not submitted any registration statement, prospectus or other filings to the local securities authorities in jurisdictions outside of the United States unless otherwise required under local law.

Language Consent.

If you are resident or employed outside of the United States, you acknowledge and agree that it is your express intent that this Award Agreement, the Plan and all other documents, notices and legal proceedings entered into, given or instituted pursuant to the Options, be drawn up in English.

Insider Trading and Market Abuse Laws.

Depending on your country, you may be subject to insider trading restrictions and/or market abuse laws, which may affect your ability to acquire or sell Shares or rights to Shares under the Plan during such times as you are considered to have “inside information” regarding the Company (as defined by the laws in your country). Any restrictions under these laws or regulations are separate from and in addition to any restrictions that may be imposed under any applicable Company insider trading policy. You acknowledge that it is your responsibility to comply with any applicable restrictions, and you should speak to your personal advisor on this matter.

Foreign Asset/Account, Exchange Control and Tax Reporting.

You may be subject to foreign asset/account, exchange control and/or tax reporting requirements as a result of the acquisition, holding and/or transfer of Shares or cash (including dividends and the proceeds arising from the sale of Shares) derived from your participation in the Plan, to and/or from a brokerage/bank account or legal entity located outside your country. The applicable laws of your country may require that you report such accounts, assets, the balances therein, the value thereof and/or the transactions related thereto to the applicable authorities in such country. You acknowledge that you are responsible for ensuring compliance with any applicable foreign asset/account, exchange control and tax reporting requirements and should consult your personal legal advisor on this matter.

Imposition of Other Requirements.

The Company reserves the right to impose other requirements on your participation in the Plan, on this Option and on any Shares purchased upon exercise of this Option, to the extent the Company determines it is necessary or advisable for legal or administrative reasons, and to require you to sign any additional agreements or undertakings that may be necessary to accomplish the foregoing.

Waiver.

You acknowledge that a waiver by the Company or breach of any provision of the Award Agreement shall not operate or be construed as a waiver of any other provision of the Award Agreement, or of any subsequent breach of the Award Agreement.

COUNTRY-SPECIFIC TERMS AND CONDITIONS/NOTIFICATIONS

AUSTRALIA

NOTIFICATIONS

Securities Law Information.

If you acquire Shares under the Plan and offer such Shares for sale to a person or entity resident in Australia, the offer may be subject to disclosure requirements under Australian law. You should obtain legal advice regarding your disclosure obligations prior to making any such offer.

BRAZIL

TERMS AND CONDITIONS

Compliance with Law.

By accepting this Option you acknowledge that you agree to comply with applicable Brazilian laws and pay any and all applicable taxes legally due by you associated with the exercise of this Option, the receipt of any dividends, and the sale of Shares acquired under the Plan. You further agree that, for all legal purposes, (a) the benefits provided to you under the Plan are the result of commercial transactions unrelated to your employment or Service relationship; (b) the Plan is not a part of the terms and conditions of your employment or Service relationship; and (c) the income from the Award, if any, is not part of your remuneration from employment or Service.

NOTIFICATIONS

Exchange Control Information.

If you are resident or domiciled in Brazil, you will be required to submit annually a declaration of assets and rights held outside of Brazil to the Central Bank of Brazil if the aggregate value of such assets and rights is equal to or greater than US\$100,000. Assets and rights that must be reported include Shares.

CANADA

TERMS AND CONDITIONS

Exercisability.

The following provision supplements the *Exercisability* section of the Award Agreement:

Notwithstanding any provision in the Plan or the Award Agreement to the contrary, you are prohibited from surrendering Shares that you already own or attesting to the ownership of Shares to pay the Exercise Price per Share or any Tax-Related Items in connection with this Option.

Plan Document Acknowledgment.

In accepting the grant of Options, you acknowledge that you have received a copy of the Plan, have reviewed the Plan and the Award Agreement in their entirety and fully understand and accept all provisions of the Plan and the Award Agreement.

Termination.

The following provision replaces the first paragraph of the *Termination* section of the General Non-U.S. Terms and Conditions section of this Appendix I:

In the event of your termination of Service (whether or not later found to be invalid or in breach of employment laws in the jurisdiction where you provide Service or the terms of your Employment Agreement, if any), unless provided otherwise by the Company: (i) your right to vest in this Option (if any) will terminate effective, and (ii) the period (if any) during which you may exercise the vested Option will commence, as of the earlier of (1) the date the you receive notice of termination, or (2) the date you are no longer actively providing Service, regardless of any notice period or period of pay in lieu of such notice required under applicable Canadian employment laws (including, but not limited to statutory law, regulatory law and/or common law).

The Committee shall have the exclusive discretion to determine when you are no longer actively providing Service for purposes of this Option (including whether you may still be considered to be providing Service while on a leave of absence).

The following terms and conditions apply if you are a resident of Quebec:**Data Privacy.**

This provision supplements the *Data Privacy* section of the Award Agreement:

You hereby authorize the Company and the Company's representatives to discuss with and obtain all relevant information from all personnel, professional or not, involved in the administration and operation of the Plan. You further authorize the Company and any Subsidiary or Affiliate and the administrator of the Plan to disclose and discuss the Plan with their advisors. You further authorize the Company and any Subsidiary or Affiliate to record such information and to keep such information in your employee file.

Language Consent.

The parties acknowledge that it is their express wish that the Award Agreement, as well as all documents, notices and legal proceedings entered into, given or instituted pursuant hereto or relating directly or indirectly hereto, be drawn up in English.

Consentement relatif à la langue.

Les parties reconnaissent avoir expressément exigé la rédaction en anglais de la Convention d'Attribution, ainsi que de tous documents, avis et procédures judiciaires, exécutés, donnés ou intentés en vertu de, ou liés directement ou indirectement à, la présente convention.

NOTIFICATIONS**Securities Law Information.**

You are permitted to sell Shares acquired under the Plan through the designated broker appointed under the Plan, if any, provided the sale of the Shares takes place outside of Canada through the facilities of a stock exchange on which the Shares are listed (i.e., NASDAQ).

Foreign Assets/Account Reporting Information.

Canadian residents are required to report any foreign property (including Shares and Options) on form T1135 (Foreign Income Verification Statement) if the total cost of the foreign property exceeds C\$100,000 at any time in the year. The form must be filed by April 30 of the following year. Foreign property includes Shares acquired under the Plan and may include the Options. The Options must be reported - generally at a nil cost - if the C\$100,000 cost threshold is exceeded because of other foreign property you hold. If Shares are acquired, their cost generally is the adjusted cost base ("ACB") of the Shares. The ACB would normally equal the fair market value of the Shares at vesting, but if you own other shares, this ACB may have to be averaged with the ACB of the other shares. You should speak with a personal tax advisor to determine the scope of foreign property that must be considered for purposes of this requirement.

CHINA***TERMS AND CONDITIONS***

The following provisions apply if you are a citizen of the People's Republic of China ("China") and reside in mainland China, as determined by the Company in its sole discretion:

Vesting and Exercisability.

The following provisions replace the Vesting Date, Vesting, Exercisability, and Termination sections of the Award Agreement:

Notwithstanding anything to the contrary in the Award Agreement, due to legal restrictions in China, your Option will not vest and become exercisable until the Company has obtained necessary exchange control approvals to operate the Plan in China. Further, if and when this Option vests and becomes exercisable, you will be required to pay the Exercise Price per Share by a cashless exercise through a licensed securities broker acceptable to the Company, such that all Shares subject to the exercised Option will be sold immediately upon exercise and the proceeds of sale, less the Exercise Price per Share, any Tax-Related Items and broker's fees or commissions, will be remitted to you in accordance with any applicable exchange control laws and regulations. The Company reserves the right to lift the exercise restrictions herein depending on the development of local law.

Expiration Date.

Notwithstanding anything to the contrary in the Award Agreement, in the event of your termination of Service, you shall be permitted to exercise this Option to the extent vested and exercisable for the shorter of the post-termination Option Exercise Period (if any) set forth in the Award Agreement and six months (or such other period as may be required by the State Administration of Foreign Exchange ("SAFE")) after the date of termination of your active Service. At the end of the post-termination Option Exercise Period specified by SAFE, any unexercised portion of this Option will be forfeited without any consideration to you.

Exchange Control Restriction.

You understand and agree that, due to exchange control laws in China, you will be required to immediately repatriate to China the cash proceeds from the cashless exercise of this Option. You further understand that, under local law, such repatriation of the cash proceeds may need to be effected through a special exchange control account established by the Company or any Subsidiary or Affiliate of the Company and you hereby consent and agree that the proceeds from the cashless exercise of this Option may be transferred to such special account prior to being delivered to you.

Further, if the proceeds from your participation in the Plan are converted to local currency, you acknowledge that the Company (including its Subsidiaries and Affiliates) is under no obligation to secure any currency conversion rate, and may face delays in converting the proceeds to local currency due to exchange control restrictions in China. You agree to bear the risk of any currency conversion rate fluctuation between the date that your proceeds are delivered to such special exchange control account and the date of conversion of the proceeds to local currency.

You further agree to comply with any other requirements that may be imposed by the Company in the future in order to facilitate compliance with exchange control requirements in China.

FRANCE

TERMS AND CONDITIONS

Language Consent.

By accepting the Option, you confirm having read and understood the documents relating to the grant of the Option (the Plan and the Award Agreement), which were provided in the English language, and you accept the terms of such documents accordingly.

Consentement relatif à la langue.

En acceptant l'Option, vous confirmez ainsi avoir lu et compris les documents relatifs à l'attribution de l'Option (le Plan et le Contrat d'Attribution) qui vous ont été communiqués en langue anglaise, et vous en acceptez les termes et conditions en connaissance de cause.

NOTIFICATIONS

Foreign Assets/Account Reporting Information.

If you are a French resident and you hold securities (including Shares) or cash outside of France, you must declare all foreign bank and brokerage accounts (including the accounts that were opened and closed during the tax year) on an annual basis on a special form n°3916, together with your income tax return. If you fail to complete this reporting, you may be subject to penalties.

INDIA

TERMS AND CONDITIONS

Exercisability.

The following provision supplements the *Exercisability* section of the Award Agreement:

Due to legal restrictions in India, should the Shares be listed on a recognized national securities exchange at the time of exercise, you may not exercise this Option using a cashless sell-to-cover exercise, whereby you direct a broker or transfer agent to sell some (but not all) of the Shares subject to the exercised Option and deliver to the Company the amount of the sale proceeds to pay the Exercise Price per Share and any Tax-Related Items. However, payment of the Exercise Price per Share may be made by any of the other methods of payment acceptable to the Company. The Company reserves the right to provide you with this method of payment depending on the development of local law.

Labor Law Acknowledgment.

The Options and the Shares underlying the Options, and the income and value of same, are extraordinary items that are not part of your annual gross salary.

NOTIFICATIONS

Exchange Control Information.

You are required to repatriate the proceeds from the sale of Shares and any dividends received in relation to the Shares to India within a reasonable amount of time (i.e., within 90 days after receipt for sale proceeds and 180 days of receipt for dividends). You must maintain the foreign inward remittance certificate received from the bank where the foreign currency is deposited in the event that the Reserve Bank of India or your employer requests proof of repatriation. It is your responsibility to comply with applicable exchange control laws in India.

Foreign Assets/Account Reporting Information.

If you are an Indian resident, you are required to report all bank accounts or investments (including the Option and any Shares) that you hold outside of India. You should consult with a personal tax advisor to ensure that you are properly complying with applicable reporting requirements.

INDONESIA

NOTIFICATIONS

Exchange Control Information.

Indonesian residents must provide the Bank of Indonesia with information on foreign exchange activities in an online monthly report no later than the fifteenth day of the month following the activity. In addition, if you remit funds into Indonesia (e.g., proceeds from the sale of Shares), the Indonesian bank through which the transaction is made will submit a report of the transaction to the Bank of Indonesia for statistical reporting purposes. For transactions of US\$10,000 or more, a more detailed description of the transaction must be included in the report and you may be required to provide information about the transaction (e.g., the relationship between you and the transferor of the funds, the source of the funds, etc.) to the bank in order for the bank to complete the report.

ITALY

TERMS AND CONDITIONS

Exercisability.

The following provision supplements the *Exercisability* section of the Award Agreement:

The Company reserves the right to restrict the methods and timing of the exercise of the Option at any time to comply with the applicable securities law restrictions in Italy. You may be required to consult with a financial intermediary prior to the exercise of the Option and to exercise the option solely by a “cashless” means as the Company so requires.

Data Privacy.

This provision replaces the *Data Privacy* section of the Award Agreement in its entirety:

You understand that the Company and its Subsidiaries or Affiliates may hold certain personal information about you, including, but not limited to, your name, home address and telephone number, date of birth, social security number (or any other social or national identification number), salary, nationality, job title, number of shares held and the details of any Options or any other entitlement to Shares awarded, cancelled, exercised, vested, unvested or outstanding (“Data”) for the purpose of implementing, administering and managing your participation in the Plan. You are aware that providing the Company with your Data is necessary for the performance of the Award Agreement and that your refusal to provide such Data would make it impossible for the Company to perform its contractual obligations and may affect your ability to participate in the Plan.

The Controller of personal Data processing is The Kraft Heinz Company, One PPG Place, Pittsburgh, Pennsylvania 15222, U.S.A. Heinz Italia S.p.A., is the Company’s Representative for privacy purposes pursuant to Legislative Decree no. 196/2003. You understand that the Data may be transferred to the Company or its Subsidiaries or Affiliates, or to any third party assisting with the implementation, administration and management of the Plan, including any transfer required to the broker or any other third party with whom the Shares or cash from the sale of Shares acquired under the Plan may be deposited. Furthermore, the recipients that may receive, possess, use, retain and transfer such Data for the above mentioned purposes may be located in Italy or elsewhere, including outside of the European Union, and a recipient’s country (e.g., the United States) may have different data privacy laws and protections from Italy. The processing activity, including the transfer of your Data abroad, outside of the European Union, as herein specified and pursuant to applicable Italian data privacy laws and regulations, does not require your consent thereto as the processing is necessary for the performance of contractual obligations related to the implementation, administration and management of the Plan. You understand that Data processing relating to the purposes above specified shall take place under automated or non-automated conditions, anonymously when possible, that comply with the purposes for which Data is collected and with confidentiality and security provisions as set forth by applicable Italian data privacy laws and regulations, with specific reference to D.lgs. 196/2003.

You understand that Data will be held only as long as is required by law or as necessary to implement, administer and manage your participation in the Plan. You understand that pursuant to art.7 of D.lgs 196/2003, you have the right, including but not limited to, access, delete, update, request the rectification of your Data and cease, for legitimate reasons, the Data processing. Furthermore, you are aware that your Data will not be used for direct marketing purposes. In addition, the Data provided can be reviewed and questions or complaints can be addressed by contacting your local human resources representative.

Plan Document Acknowledgment.

By accepting the Option, you acknowledge that you have received a copy of the Plan and the Award Agreement, have reviewed each of these documents in their entirety and fully understand and accept all terms of such documents. In this regard, you acknowledge having read and specifically approve the following sections of the Award Agreement and this Appendix I, as applicable: (i) Vesting; (ii) Exercisability; (iii) Termination; (iv) Taxes; (v) No Guarantee of Continued Service; (vi) Acknowledgment of Nature of Award; (vii) Governing Law; Jurisdiction; Waiver of Jury Trial; and (viii) the terms and conditions set forth immediately above in this section of Appendix I for Italy.

NOTIFICATIONS

Foreign Assets/Account Reporting Information.

Italian residents who, during the fiscal year, hold investments abroad or foreign financial assets (*e.g.*, cash, Shares and Options) which may generate income taxable in Italy are required to report such on their annual tax returns (UNICO Form, RW Schedule) or on a special form if no tax return is due. The same reporting obligations apply to Italian residents who, even if they do not directly hold investments abroad or foreign financial assets (*e.g.*, cash, Shares and Options), are beneficial owners of the investment pursuant to Italian money laundering provisions.

Tax on Foreign Financial Assets.

A tax on the value of financial assets held outside of Italy by individuals resident in Italy has been introduced. Beginning in 2014, such tax is levied at an annual rate of 2 per thousand (0.2%). The taxable amount will be the fair market value of the financial assets (including Shares) assessed at the end of the calendar year.

MEXICO

TERMS AND CONDITIONS

No Entitlement or Claims for Compensation.

These provisions supplement the *Acknowledgment of Nature of Award* section of the Award Agreement including this Appendix I:

Modification.

By accepting this Option, you understand and agree that any modification of the Plan or the Award Agreement or its termination shall not constitute a change or impairment of the terms and conditions of your employment.

Policy Statement.

The Award of Options the Company is making under the Plan is unilateral and discretionary and, therefore, the Company reserves the absolute right to amend it and discontinue it at any time without any liability.

The Company, with offices at One PPG Place, Pittsburgh, Pennsylvania 15222, U.S.A. is solely responsible for the administration of the Plan and participation in the Plan and the acquisition of Shares does not, in any way, establish an employment relationship between you and the Company since you are participating in the Plan on a wholly commercial basis and the sole employer is Delimex de Mexico, S.A. de C.V., located at Monte Pelvoux #220, Piso 6, Col. Lomas de Chapultepec, Delegacion Miquel Hidalgo C.P. 11000 Mexico, nor does it establish any rights between you and the Company, its Subsidiaries or its Affiliates.

Plan Document Acknowledgment.

By accepting this Option, you acknowledge that you have received copies of the Plan, have reviewed the Plan and the Award Agreement in their entirety and fully understand and accept all provisions of the Plan and the Award Agreement.

In addition, by accepting the Award Agreement, you further acknowledge that you have read and specifically and expressly approve the terms and conditions in the Award Agreement, in which the following is clearly described and established: (i) participation in the Plan does not constitute an acquired right; (ii) the Plan and participation in the Plan is offered by the Company on a wholly discretionary basis; (iii) participation in the Plan is voluntary; and (iv) the Company and any Subsidiary or Affiliates are not responsible for any decrease in the value of the Shares underlying this Option.

Finally, you hereby declare that you do not reserve any action or right to bring any claim against the Company for any compensation or damages as a result of your participation in the Plan and therefore grant a full and broad release to the Company and any Subsidiary or Affiliate with respect to any claim that may arise under the Plan.

TÉRMINOS Y CONDICIONES

No existirá derecho o demanda por daños y perjuicios.

Estas disposiciones son complementarias de la sección de Reconocimiento de la Naturaleza del Contrato, incluyendo el presente Apéndice I:

Modificación.

Al aceptar esta Opción, usted entiende y acuerda que cualquier modificación al Plan o al Contrato, o su terminación no constituirá un cambio o impedimento a los términos y condiciones de su empleo.

Declaración de Política.

La Entrega de Opciones que la Compañía hace mediante el Plan, es unilateral y discrecional y, por lo tanto, la Compañía se reserva el derecho absoluto de modificarlo o suspenderlo en cualquier momento, sin asumir ninguna responsabilidad.

La Compañía, con oficinas en One PPG Place, Pittsburgh, Pennsylvania 15222, U.S.A. es únicamente responsable de la administración del Plan. La participación en el Plan y la adquisición de Acciones no establece, en ninguna forma, una relación laboral entre usted y la Compañía, toda vez que usted está participando en el Plan en un plano meramente comercial y su único patrón es Administración de Comidas Rápidas S.A. de C.V., localizado en Delimex de Mexico, S.A. de C.V., located at Monte Pelvoux #220, Piso 6, Col. Lomas de Chapultepec, Delegación Miguel Hidalgo C.P. 11000 Mexico, y tampoco establece ningún derecho entre usted y la Compañía, sus Subsidiarias o Afiliadas.

Reconocimiento del Documento del Plan.

Al aceptar esta Opción, usted reconoce que ha recibido copias de dicho Plan, ha revisado el Plan y el Contrato en su integridad y comprende y acepta plenamente todas las disposiciones del Plan y del Contrato.

Asimismo, al aceptar el Contrato, usted reconoce que ha leído y especifica y expresamente aprueba los términos y condiciones en el Contrato, en el cual se establece y describe lo siguiente: (i) la participación en el Plan no constituye un derecho adquirido; (ii) el Plan, y su participación en él es ofrecido por la Compañía sobre una base plenamente discrecional; (iii) la participación en el

Plan es voluntaria; y (iv) la Compañía y cualquier Subsidiaria o Afiliada no son responsables por cualquier disminución en el valor de las Acciones implícitas en esta Opción.

Finalmente, por medio del presente usted declara que no se reserva ninguna acción o derecho a presentar cualquier reclamo en contra de la Compañía por cualquier compensación o daño como resultado de su participación en el Plan y por lo tanto otorga la liberación más amplia que en derecho proceda a la Compañía y cualquier Subsidiaria o Afiliada con respecto a cualquier reclamo que pueda surgir en torno al Plan.

NETHERLANDS

There are no country-specific provisions.

NEW ZEALAND

Securities Law Information.

WARNING - You are being offered Options (which, upon exercise in accordance with the terms of the grant of the Options, will be converted into Shares) in The Kraft Heinz Company.

New Zealand law normally requires people who offer financial products to give information to investors before they invest. This requires those offering financial products to have disclosed information that is important for investors to make an informed decision.

The usual rules do not apply to this offer because it is a small offer. As a result, you may not be given all the information usually required. You will also have fewer other legal protections for this investment.

Ask questions, read all documents carefully, and seek independent financial advice before committing yourself.

RUSSIA

TERMS AND CONDITIONS

Acceptance of Option.

For options granted after January 1, 2011, you may be taxed at grant and at exercise of the Option. You will not receive a credit for tax paid at grant against tax payable at exercise, if any. In accepting the grant of the Option, you acknowledge that you agree to pay any and all applicable tax associated with the grant and exercise of the Option and with the sale of the Shares acquired under the Plan. If you wish to accept the Option, you must sign and return the Award Agreement within 90 days of the Grant Date; otherwise, your Option will be cancelled.

Data Privacy Acknowledgment.

You hereby acknowledge that you have read and understood the terms regarding collection, processing and transfer of Data contained in the Data Privacy Section of the Award Agreement and by participating in the Plan, you agree to such terms. In this regard, upon request of the Company or your employer, you agree to provide an executed data privacy consent form to your employer or the Company (or any other agreements or consents that may be required by your employer or the Company) that the Company and/or your employer may deem necessary to obtain under the data privacy laws in your country, either now or in the future. You understand that you will not be able to participate in the Plan if you fail to execute any such consent or agreement.

U.S. Transaction.

You understand that your acceptance of the Option results in a contract between you and the Company that is completed in the United States and that the Award Agreement is governed by the laws of the State of Delaware, without giving effect to the conflict of laws principles thereof. You are not permitted to sell the Shares directly to other Russian legal entities or individuals.

NOTIFICATIONS**Securities Law Information.**

Your employer is not in any way involved with the offer of the Options or administration of the Plan. This Award Agreement, the Plan and all other materials you may receive regarding participation in the Plan do not constitute advertising or an offering of securities in Russia. Absent any requirement under local law, the issuance of securities pursuant to the Plan has not and will not be registered in Russia; hence, the securities described in any Plan-related documents may not be used for offering or public circulation in Russia. In no event will Shares issued upon exercise of the Option be delivered to you in Russia; all Shares will be maintained on your behalf in the United States of America.

Exchange Control Information.

In order to perform a cash exercise of the Option, you must remit the funds from a foreign currency account at an authorized bank in Russia. This requirement does not apply if the Shares are publicly traded, quoted or listed on a recognized exchange or national securities market and you use a cashless method of exercise such that there is no remittance of funds out of Russia.

Under current exchange control regulations, within a reasonably short time after sale of the Shares acquired under the Plan or receipt of dividends on the Shares, you must repatriate the sale proceeds or dividends to Russia. Such funds must be initially credited to you through a foreign currency account at an authorized bank in Russia. After the funds are initially received in Russia, they may be further remitted to foreign banks in accordance with Russian exchange control laws.

You are encouraged to contact your personal advisor before remitting your sale proceeds or any dividends to Russia as exchange control requirements may change and significant penalties apply in the case of non-compliance with the exchange control requirements.

Anti-Corruption Notice.

Anti-corruption laws prohibit certain public servants, their spouses and their dependent children from owning any foreign source financial instruments (e.g., shares of foreign companies such as the Company). Accordingly, you should inform the Company if you are covered by these laws because you should not hold Shares acquired under the Plan.

SINGAPORE

NOTIFICATIONS

Securities Law Information.

The grant of this Option is being made pursuant to the “Qualifying Person” exemption under section 273(1)(f) of the Securities and Futures Act (Chapter 289, 2006 Ed.) (“SFA”) and is exempt from the prospectus and registration requirements under the SFA. The Plan has not been lodged or registered as a prospectus with the Monetary Authority of Singapore and the grant is not made with a view to the Options or Shares being subsequently offered to another party. You should note that this Option is subject to section 257 of the SFA and you should not make (i) any subsequent sale of Shares in Singapore or (ii) any offer of such subsequent sale of Shares subject to the awards in Singapore, unless such sale or offer is made: (a) more than six months after the Grant Date or (b) pursuant to the exemptions under Part XIII Division (1) Subdivision (4) (other than section 280) of the SFA.

Chief Executive Officer / Director Notification Requirement.

If you are the Chief Executive Officer (“CEO”), a director, associate director or shadow director of the Company’s Singapore Subsidiary or Affiliate, you are subject to certain notification requirements under the Singapore Companies Act. Among these requirements is an obligation to notify the Singapore Subsidiary or Affiliate in writing when you receive an interest (*e.g.*, Options, Shares) in the Company, a Subsidiary or Affiliate. In addition, you must notify the Singapore Subsidiary or Affiliate when you sell Shares (including when you sell Shares issued upon exercise of this Option). These notifications must be made within two business days of acquiring or disposing of any interest in the Company or any Subsidiary or Affiliate. In addition, a notification of your interests in the Company, Subsidiary or Affiliate must be made within two business days of becoming CEO or a director.

SWEDEN

There are no country-specific provisions.

UNITED KINGDOM

TERMS & CONDITIONS

Taxes.

The following provisions supplement the *Taxes* section of the Award Agreement and the General Non-U.S. Terms and Conditions section of this Appendix I:

You shall pay to the Company or its Subsidiaries or Affiliates the amount of income tax that such entity may be required to account to HM Revenue & Customs (“HMRC”) with respect to the event giving rise to the income tax (the “**Taxable Event**”) that cannot be satisfied by the means described in the Award Agreement. If payment or withholding of the income tax is not made within ninety (90) days of the end of the U.K. tax year in which the Taxable Event occurs or such other period specified in Section 222(1)(c) of the ITEPA 2003 (the “**Due Date**”), then the amount that should have been withheld shall constitute a loan owed by you to the Company or its Subsidiaries or Affiliates, effective on the Due Date. You agree that the loan will bear interest at the HMRC official

rate and will be immediately due and repayable by you, and the Company and/or its Subsidiaries or Affiliates may recover it at any time thereafter by any of the means set forth in the Award Agreement.

Notwithstanding the foregoing, if you are an executive officer or director (as within the meaning of Section 13(k) of the U.S. Securities Exchange Act of 1934, as amended), the terms of the immediately foregoing provision will not apply. In the event that you are an executive officer or director, as defined above, and income tax due is not collected from or paid by you by the Due Date, the amount of any uncollected income tax may constitute a benefit to you on which additional income tax and National Insurance contributions may be payable. You will be responsible for reporting and paying any income tax due on this additional benefit directly to HMRC under the self-assessment regime and for reimbursing the Company or its Subsidiaries or Affiliates, as applicable, for the value of any employee National Insurance contributions due on this additional benefit, which the Company or its Subsidiaries or Affiliates, as applicable, may recover from you by any of the means set forth in the Award Agreement.

VENEZUELA

TERMS AND CONDITIONS

Exchange Control Restrictions.

Exchange control restrictions may limit the ability to remit funds out of Venezuela to exercise the Option or to remit funds into Venezuela following the sale of Shares acquired upon exercise of the Option under the Plan. The Company reserves the right to further restrict the exercise of the Option or to amend or cancel the Option at any time in order to comply with the applicable exchange control laws in Venezuela. However, ultimately, you are responsible for complying with exchange control laws in Venezuela and the Company will not be liable for any fines or penalties resulting from your failure to comply with applicable laws. You should consult your personal advisor prior to accepting the Option to ensure compliance with current regulations. You are solely responsible for ensuring compliance with all exchange control laws in Venezuela.

Investment Representation.

As a condition of the grant of the Option, you acknowledge and agree that any Shares you may acquire upon exercise of the Option are acquired as and intended to be an investment rather than for the resale of the Shares and conversion of the Shares into foreign currency.

NOTIFICATIONS

Securities Law Information.

The Option granted under the Plan and the Shares issued under the Plan are offered as a personal, private, exclusive transaction and are not subject to Venezuelan government securities regulations.

**THE KRAFT HEINZ COMPANY
OMNIBUS INCENTIVE PLAN**

FORM OF MATCHING RESTRICTED STOCK UNIT AWARD AGREEMENT

Unless defined in this award agreement (together with all exhibits and appendices attached thereto, this "**Award Agreement**"), capitalized terms will have the same meanings ascribed to them in [The Kraft Heinz Company 2016 Omnibus Incentive Plan] [the H.J. Heinz Holding Corporation 2013 Omnibus Incentive Plan, as amended] (as may be amended from time to time, the "**Plan**").

Subject to your acceptance of this Award Agreement, you are hereby being granted an award of Restricted Stock Units (the "**RSUs**") as of the Grant Date set forth below (the "**Grant Date**"). The RSUs are granted in connection with your purchase of Shares in the Company's 2016 Bonus Swap Program (the "**Related Shares**"). Each RSU is a bookkeeping entry representing the right to receive one (1) share of The Kraft Heinz Company's (the "**Company**") common stock on the following terms and subject to the provisions of the Plan, which is incorporated herein by reference. In the event of a conflict between the provisions of the Plan and this Award Agreement, the provisions of the Plan will govern.

Grant Date:

Vesting Date:

5-year anniversary of Grant Date (subject to the terms of the Award Agreement)

By agreeing to this Award Agreement, you agree that the RSUs are granted under and governed by the terms and conditions of this Award Agreement (including, without limitation, the terms and conditions set forth on Exhibit A, the Restrictive Covenants Agreement attached as Exhibit B and the terms and conditions set forth on Appendix I) and the Plan.

THE KRAFT HEINZ COMPANY

EXHIBIT A

TERMS AND CONDITIONS OF THE MATCHING RESTRICTED STOCK UNITS

Vesting

The RSUs will vest on the "Vesting Date" set forth in this Award Agreement provided that you remain employed by the Company or one of its Subsidiaries, except as otherwise set forth in the Plan or this Award Agreement (including, without limitation, the section below titled "Termination"), and subject to forfeiture as set forth in the section below titled "Forfeiture of Unvested RSUs upon the Transfer of Related Shares." Prior to the vesting and settlement of the RSUs, you will not have any rights of a shareholder with respect to the RSUs or the Shares subject thereto.

Shares due to you upon vesting and settlement of the RSUs will be delivered in accordance with the provisions of the section below titled "Settlement of Vested RSUs." However, no Shares will be delivered pursuant to the vesting of the RSUs unless (i) you have complied with your obligations under this Award Agreement and the Plan, (ii) the vesting of the RSUs and the delivery of such Shares complies with applicable law and (iii) full payment (or satisfactory provision therefor) of any Tax-Related Items (as defined below) has been received by the Company or its Subsidiary or Affiliate, as applicable. Until such time as the Shares are delivered to you (as evidenced by the appropriate entry on the books of the Company or of a duly authorized transfer agent of the Company), you will have no right to vote or receive dividends or any other rights as a shareholder with respect to such Shares, notwithstanding the vesting of the RSUs.

Dividend Equivalents

If while the RSUs are outstanding the Board declares a cash dividend on the Company's common stock, you will be entitled to Dividend Equivalents on the dividend payment date established by the Company equal to the cash dividends payable on the same number of Shares as the number of unvested RSUs subject to this award on the dividend record date established by the Company. Any such Dividend Equivalents will be in the form of additional RSUs, will be subject to the same terms and vesting dates as the underlying RSUs, and will be delivered at the same time and in the same manner as the underlying RSUs originally subject to this award. The number of additional RSUs credited as Dividend Equivalents on the dividend payment date will be determined by dividing (i) the product of (A) the number of your unvested RSUs as of the corresponding dividend record date (including any unvested Restricted Stock Units previously credited as a result of prior payments of Dividend Equivalents) and (B) the per-Share cash dividend paid on the dividend payment date, by (ii) the per-share Fair Market Value of the Shares on the dividend payment date, rounded down to the nearest whole RSU.

Termination

Effect of a Termination of Service on Vesting

Other than as set forth below, upon a termination of your Service for any reason prior to the Vesting Date, you will forfeit the RSUs, including any accrued Dividend Equivalents, without any consideration due to you.

If prior to the Vesting Date, but more than two years after the Grant Date, the Company terminates your Service Without Cause (as defined below) or your Service terminates by reason of your death, Retirement or Disability (as defined below), your RSUs (plus any Dividend Equivalents accrued with respect to such RSUs) shall be vested as if 20% of the RSUs had previously vested on each annual anniversary of the Grant Date on which you were providing Service.

Settlement of Vested RSUs

To the extent the RSUs become vested pursuant to the terms of this Award Agreement, the Company will issue and deliver to you, or, as applicable, your Beneficiary or the personal representative of your estate, the number of Shares equal to the number of vested RSUs. Such delivery of Shares will occur within the settlement period set forth in the table below, which will vary depending on the applicable vesting event.

<u>Vesting Event</u>	<u>Settlement Period</u>
Vesting Date	As soon as practicable and no later than 60 days following the Vesting Date
Termination of Service Without Cause	Within 60 days of your termination date*
Retirement	Within 60 days of your termination date*
Disability	Within 60 days of your termination date*
Death	Within 60 days of the date of death

*If you are subject to U.S. federal income tax and the RSUs constitute an item of non-qualified deferred compensation as determined by the Company ("**Deferred Compensation**"), settlement will occur within this period only if your termination of Service constitutes a "separation from service" within the meaning of Section 409A of the Code ("**Separation from Service**"); otherwise, settlement will occur in accordance with the original vesting schedule (i.e., as soon as practicable and no later than sixty (60) days following the Vesting Date).

Notwithstanding the foregoing, if you are subject to U.S. federal income tax and the Company determines that you are a "specified employee" within the meaning of Section 409A of the Code, any RSUs that are subject to settlement upon your Separation from Service will instead be settled on the date that is the first business day following the six (6) month anniversary of such Separation from Service, or, if earlier, upon your death, to the extent required pursuant to Section 409A of the Code.

Applicable Definitions

For purposes of this Award Agreement, the following terms shall have the following meanings:

"Disability" means (i) a physical or mental condition entitling you to benefits under the long-term disability policy of the Company covering you or (ii) in the absence of any such policy, a physical or mental condition rendering you unable to perform your duties for the Company or any of its Subsidiaries or Affiliates for a period of six (6) consecutive months or longer; *provided* that if you are a party to an Employment Agreement at the time of termination of your Service and such Employment Agreement contains a different definition of "disability" (or any derivation thereof), the definition in such Employment Agreement will control for purposes of this Award Agreement.

"Retirement" means a termination of Service by you on or after the later of (i) your 65th birthday and (ii) your completion of five (5) years of Service with the Company, its Subsidiaries or its Affiliates.

"Without Cause" means (i) a termination of your Service by the Company or its Subsidiaries or Affiliates other than for Cause (as defined in the Plan) and other than due to your death, Disability or Retirement or (ii) (A) if you are a party to an Employment Agreement, (B) such Employment Agreement is in effect upon the date of your termination of Service and (C) such Employment Agreement defines "Good Reason", then "Without Cause" shall also include resignation of your Service for "Good Reason" in accordance with such Employment Agreement.

Special Termination Provisions

In the event that there is a conflict between the terms of this Award Agreement regarding the effect of a termination of your Service on the RSUs and the terms of any Employment Agreement, the terms of this Award Agreement will govern.

If you are terminated Without Cause or due to your resignation and, within the twelve (12) month period subsequent to such termination of your Service, the Company determines that your Service could have been terminated for Cause, subject to anything to the contrary that may be contained in your Employment Agreement at the time of termination of your Service, your Service will, at the election of the Company, be deemed to have been terminated for Cause for purposes of this Award Agreement and the Plan, effective as of the date the events giving rise to Cause occurred and any consequences following from a termination for Cause shall be retroactively applied (including your obligation to repay gains that would not have been realized had your Service been terminated for Cause).

Effect of a Company Sale

The treatment of the RSUs upon a Company Sale shall be governed by the Plan, provided, however, that to the extent that the RSUs constitute Deferred Compensation, settlement of any portion of the RSUs that may vest in connection with a Company Sale will occur within sixty (60) days following the Vesting Date. In the event that there is a conflict between the terms of this Award Agreement regarding the effect of a Company Sale on the RSUs and the terms of any Employment Agreement, the terms of this Award Agreement will govern.

Restrictive Covenants

Your Service will provide you with specialized training and unique knowledge and access to confidential information and key business relationships, which, if used in competition with the Company, its Subsidiaries and/or its Affiliates, would cause harm to such entities. As such, in partial consideration of the RSUs granted under this Award Agreement, you agree to comply with the Company's Restrictive Covenants Agreement, attached (and incorporated into this Award Agreement) as Exhibit B. The restrictions and obligations contained in the Restrictive Covenants Agreement are in addition to any restrictions imposed by, or obligations you may have to, the Company, its Subsidiaries or Affiliates under any Employment Agreement or otherwise.

Forfeiture of Unvested RSUs upon the Transfer of Related Shares

Transfer (other than pursuant to the laws of descent) of the Related Shares before the RSUs vest (whether on the Vesting Date or such earlier date set forth in the section above titled "Termination" or elsewhere in the Award Agreement), will result in immediate forfeiture of all or a portion of the unvested RSUs granted under this Award Agreement as set forth below:

(i) If you Transfer more than 50% of the Related Shares, you will forfeit all unvested RSUs, including any accrued Dividend Equivalents.

(ii) If you Transfer 50% or less of the Related Shares (the "**Transferred Percentage**"), you will forfeit a portion of the unvested RSUs equal to twice the Transferred Percentage, plus any Dividend Equivalents accrued with respect to such RSUs.

Taxes

You acknowledge that, regardless of any action the Company takes with respect to any or all income tax, social security or insurance, payroll tax, fringe benefits tax, payment on account or other tax-related withholding ("**Tax-Related Items**"), the ultimate liability for all Tax-Related Items legally due by you is and remains your responsibility and that the Company and/or its Subsidiaries or Affiliates (i) make no representations or undertakings regarding the treatment of any Tax-Related Items in connection with any aspect of the RSU grant, including the grant, vesting or settlement of the RSUs, the subsequent sale of Shares acquired pursuant to such settlement and the receipt of any dividends or Dividend Equivalents and (ii) do not commit to structure the terms of the grant or any aspect of the RSUs to reduce or eliminate your liability for Tax-Related Items.

Prior to vesting of the RSUs, you will pay or make adequate arrangements satisfactory to the Committee to satisfy all Tax-Related Items. In this regard, you authorize the withholding of all applicable Tax-Related Items legally payable by you from your wages or other cash compensation paid to you by the Company and/or its Subsidiaries or Affiliates or from proceeds of the sale of Shares. Alternatively, or in addition, if permissible under local law, the Company may in its sole and absolute discretion (A) sell or arrange for the sale of Shares that you acquire to meet the obligation for Tax-Related Items, and/or (B) withhold the amount of Shares necessary to satisfy the minimum withholding amount, or to the extent permitted by applicable accounting principles, withhold Shares based on a rate of up to the maximum applicable withholding rate. Notwithstanding the foregoing, if you are subject to the short-swing profit rules of Section 16(b) of the Securities Exchange Act of 1934, the Company will withhold in Shares upon the relevant tax withholding event, unless the use of such withholding method is prevented by applicable law or has materially adverse accounting or tax consequences, in which case, the Tax-Related Items obligation may be satisfied by one or a combination of the other methods set forth above.

Further, the Company may cause the RSUs to vest prior to the Vesting Date to the extent necessary to satisfy any liability for Tax-Related Items that arises prior to settlement of the RSUs by means of method (A) or (B) above, provided that to avoid a prohibited acceleration under Section 409A of the Code for any RSUs that constitute Deferred Compensation, the number of RSUs so vested will not exceed the number necessary to satisfy the liability for Tax-Related Items.

Finally, you will pay to the Company and/or its Subsidiaries or Affiliates any amount of Tax-Related Items that the Company or its Subsidiaries or Affiliates may be required to withhold as a result of your participation in the Plan that cannot be satisfied by the means previously described. The Company may refuse to deliver the Shares if you fail to comply with your obligations in connection with the Tax-Related Items as described in this section.

No Guarantee of Continued Service

You acknowledge and agree that the vesting of the RSUs on the Vesting Date (or such earlier date as set forth in the section above titled "Termination") is earned only by performing continuing Service (not through the act of being hired or being granted this Award). You further acknowledge and agree that this Award Agreement, the transactions contemplated hereunder and the Vesting Date shall not be construed as giving you the right to be retained in the employ of, or to continue to provide Service to, the Company or its Subsidiaries. Further, the Company or the applicable Subsidiary may at any time dismiss you, free from any liability, or any claim under the Plan, unless otherwise expressly provided in any other agreement binding you, the Company or the applicable Subsidiary. The receipt of this Award is not intended to confer any rights on you except as set forth in this Award Agreement.

Company's Right of Offset

If you become entitled to a distribution of benefits under this Award, and if at such time you have any outstanding debt, obligation, or other liability representing an amount owing to the Company, its Subsidiaries or any of its Affiliates, then the Company, its Subsidiaries or its Affiliates, upon a determination by the Committee, and to the extent permitted by applicable law and it would not cause a violation of Section 409A of the Code, may offset such amount so owing against the amount of benefits otherwise distributable. Such determination shall be made by the Committee.

Acknowledgment of Nature of Award

In accepting the RSUs, you understand, acknowledge and agree that:

- (a) the Plan is established voluntarily by the Company, it is discretionary in nature and may be modified, amended, suspended or terminated by the Company at any time, as provided in the Plan and this Award Agreement;
- (b) the award of the RSUs is voluntary, occasional and discretionary and does not create any contractual or other right to receive future RSU awards, or benefits in lieu of RSUs even if RSUs have been awarded in the past;
- (c) all decisions with respect to future awards, if any, will be at the sole discretion of the Company, including, but not limited to, the form and timing of the RSUs, the number of Shares subject to the RSUs, and the vesting provisions applicable to the RSUs;
- (d) your participation in the Plan is voluntary;
- (e) the RSUs are an extraordinary item that does not constitute compensation of any kind for services of any kind rendered to the Company or its Subsidiaries;
- (f) the RSUs, any Shares acquired under the Plan, and the income and value of same are not part of normal or expected compensation or salary for purposes of calculating any severance, resignation, termination, redundancy, end of service payments, bonuses, long-service awards, pension or retirement benefits or similar payments;
- (g) the future value of the underlying Shares is unknown, indeterminable, and cannot be predicted with certainty;
- (h) unless otherwise agreed with the Company in writing, the RSUs, any Shares acquired under the Plan, and the income and value of same, are not granted as consideration for, or in connection with, any Service you may provide as a director of a Subsidiary or Affiliate;
- (i) no claim or entitlement to compensation or damages shall arise from forfeiture of the RSU resulting from termination of your Service (for any reason whatsoever, whether or not later found to be invalid or in breach of employment laws in the jurisdiction where you provide Service or the terms of your Employment Agreement, if any), and in consideration of the grant of the RSU to which you are otherwise not entitled, you irrevocably agree never to institute any claim against the Company, any of its Subsidiaries or Affiliates, waive your ability, if any, to bring any such claim, and release the Company, and its Subsidiaries and Affiliates from any such claim; if, notwithstanding the foregoing, any such claim is allowed by a court of competent jurisdiction, then, by participating in the Plan, you shall be deemed irrevocably to have agreed not to pursue such claim and agree to execute any and all documents necessary to request dismissal or withdrawal of such claim; and
- (j) the RSUs are subject to the terms of the Plan (including, without limitation, certain provisions regarding Adjustments, Repurchases and Transfers).

Securities Laws

By accepting the RSUs, you acknowledge that U.S. federal, state or foreign securities laws and/or the Company's policies regarding trading in its securities may limit or restrict your right to buy or sell Shares, including, without limitation, sales of Shares acquired in connection with the RSUs. You agree to comply with such securities law requirements and Company policies, as such laws and policies are amended from time to time.

Data Privacy

You hereby explicitly and unambiguously consent to the collection, use and transfer, in electronic or other form, of your personal data as described in this Award Agreement by and among, as applicable, the Company, its Subsidiaries and its Affiliates or any third party administrator as designated by the Committee or its designee in its sole and absolute discretion for the exclusive purpose of implementing, administering and managing your participation in the Plan.

You understand that the Company, its Subsidiaries and its Affiliates and/or any other third party administrator as designated by the Committee or its designee in its sole and absolute discretion may hold certain personal information about you, including, but not limited to, your name, home address and telephone number, date of birth, social insurance or social security number or other identification number, salary, nationality, job title, any shares of stock or directorships held in the Company, details of the RSUs or any other entitlement to Shares awarded, canceled, vested, unvested or outstanding in your favor ("Data"), for the purpose of implementing, administering and managing the Plan. You understand that Data may be transferred to any third parties assisting in the implementation, administration and management of the Plan, that these recipients may be located in your country, or elsewhere, and that the recipient's country may have different data privacy laws and protections than your country. You understand that if you reside outside the United States, you may request a list with the names and addresses of any potential recipients of the Data by contacting your local human resources representative. You authorize the recipients to receive, possess, use, retain and transfer the Data, in electronic or other form, for the purposes of implementing, administering and managing your participation in the Plan, including any requisite transfer of such Data as may be required to a broker, escrow agent or other third party with whom the Shares received upon settlement of the RSUs may be deposited. You understand that Data will be held only as long as is necessary to implement, administer and manage your participation in the Plan. You understand that if you reside outside the United States you may, at any time, view Data, request additional information about the storage and processing of Data, require any necessary amendments to Data or refuse or withdraw the consents herein, in any case without cost, by contacting in writing your local human resources representative. You understand that refusal or withdrawal of consent may affect your ability to participate in the Plan. Further, you understand that you are providing the consents herein on a purely voluntary basis. If you do not consent, or if you later seek to revoke your consent, your employment status or Service will not be adversely affected; the only consequence of refusing or withdrawing your consent is that the Company would not be able to grant you RSUs or other Awards or administer or maintain such Awards. For more information on the consequences of your refusal to consent or withdrawal of consent, you understand that you may contact your local human resources representative.

Limits on Transferability; Beneficiaries

The RSUs shall not be pledged, hypothecated or otherwise encumbered or subject to any lien, obligation or liability to any party, or Transferred, otherwise than by your will or the laws of descent and distribution or to a Beneficiary upon your death. A Beneficiary or other person claiming any rights under this Award Agreement shall be subject to all terms and conditions of the Plan and this Award Agreement, except as otherwise determined by the Committee, and to any additional terms and conditions deemed necessary or appropriate by the Committee.

No Transfer to any executor or administrator of your estate or to any Beneficiary by will or the laws of descent and distribution of any rights in respect of the RSUs shall be effective to bind the Company unless the Committee shall have been furnished with (i) written notice thereof and with a copy of the will and/or such evidence as the Committee may deem necessary to establish the validity of the Transfer and (ii) the written agreement of the Transferee to comply with the terms and conditions of this Award Agreement, to the extent applicable, as determined by the Company.

Repayment/Forfeiture

As an additional condition of receiving the RSUs and without prejudice to the terms of the Company's Restrictive Covenants Agreement (attached as Exhibit B), you agree that the RSUs and any proceeds or other benefits you may receive hereunder shall be subject to forfeiture and/or repayment to the Company to the extent required (i) under the terms of any policy adopted by the Company as may be amended from time to time (and such requirements shall be deemed incorporated into this Award Agreement without your consent) or (ii) to comply with any requirements imposed under applicable laws and/or the rules and regulations of the securities exchange or inter-dealer quotation system on which the Shares are listed or quoted, including, without limitation, pursuant to Section 954 of the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010. Further, if you receive any amount in excess of what you should have received under the terms of the RSUs for any reason (including without limitation by reason of a financial restatement, mistake in calculations or administrative error), all as determined by the Committee, then you shall be required to promptly repay any such excess amount to the Company.

Section 409A

It is intended that the RSUs awarded pursuant to this Award Agreement be exempt from or compliant with Section 409A of the Code ("**Section 409A**") and the Award Agreement shall be interpreted, construed and operated to reflect this intent. Notwithstanding the foregoing, this Award Agreement and the Plan may be amended at any time, without the consent of any party, to the extent that is necessary or desirable to exempt the RSUs from Section 409A or satisfy any of the requirements under Section 409A, but the Company shall not be under any obligation to make any such amendment. Further, the Company, its Subsidiaries and Affiliates do not make any representation to you that the RSUs awarded pursuant to this Award Agreement shall be exempt from or satisfy the requirements of Section 409A, and the Company, its Subsidiaries and Affiliates shall have no liability or other obligation to indemnify or hold harmless you or any Beneficiary, Transferee or other party for any tax, additional tax, interest or penalties that you or any Beneficiary, Transferee or other party may incur in the event that any provision of this Award Agreement, or any amendment or modification thereof or any other action taken with respect thereto, is deemed to violate any of the requirements of Section 409A.

Entire Agreement; Modification

The Plan, this Award Agreement and, to the extent applicable, your Employment Agreement or any separation agreement constitute the entire agreement of the parties with respect to the subject matter hereof and supersede in their entirety all prior undertakings, representations and agreements (whether oral or written) of the Company, its Subsidiaries and/or Affiliates and you with respect to the subject matter hereof. This Award Agreement may not be modified in a manner that adversely affects your rights heretofore granted under the Plan, except with your consent or to comply with applicable law or to the extent permitted under other provisions of the Plan.

Governing Law; Jurisdiction; Waiver of Jury Trial

This Award Agreement (together with all exhibits and appendices attached thereto) is governed by the laws of the State of Delaware, without regard to its principles of conflict of laws, and any disputes shall be settled in accordance with the Plan.

To the extent not prohibited by applicable law, each of the parties hereto waives any right it may have to trial by jury in respect of any litigation based on, arising out of, under or in connection with this Award Agreement (together with all exhibits and appendices attached thereto) or the Plan.

Electronic Signatures and Delivery and Acceptance

The Company may, in its sole discretion, decide to deliver any documents related to current or future participation in the Plan, including this Award Agreement, by electronic means or request your consent to participate in the Plan by electronic means. You hereby consent to receive such documents by electronic delivery and agree to participate in the Plan through an on-line or electronic system established and maintained by the Company or a third party designated by the Company. The Award Agreement if delivered by electronic means with electronic signatures shall be treated in all manner and respects as an original executed document and shall be considered to have the same binding legal effect as if it were the original signed versions thereof delivered in person.

Agreement Severable

This Award Agreement shall be enforceable to the fullest extent allowed by law. In the event that any provision of this Award Agreement is determined to be invalid, illegal or unenforceable in any respect under any applicable law or rule in any jurisdiction, then that provision shall be reduced, modified or otherwise conformed to the relevant law, judgment or determination to the degree necessary to render it valid and enforceable without affecting the validity, legality or enforceability of any other provision of this Award Agreement or the validity, legality or enforceability of such provision in any other jurisdiction. Any provision of this Award Agreement that is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be deemed severable from the remainder of this Award Agreement, and the remaining provisions contained in this Award Agreement shall be construed to preserve to the maximum permissible extent the intent and purposes of this Award Agreement.

Interpretation

The Committee shall have the right to resolve all questions that may arise in connection with the Award or this Award Agreement, including whether you are actively employed. Any interpretation, determination or other action made or taken by the Committee regarding the Plan or this Award Agreement shall be final, binding and conclusive. This Award Agreement shall be binding upon and inure to the benefit of any successor or successors of the Company and any person or persons who shall acquire any rights hereunder in accordance with this Award Agreement or the Plan.

Language

If you have received this Award Agreement or any other document related to the Plan translated into a language other than English and if the meaning of the translated version is different than the English version, the English version will control.

Acknowledgments

By signing this Award Agreement, you acknowledge receipt of a copy of the Plan and represent that you are familiar with the terms and conditions of the Plan, and hereby accept the RSUs subject to all provisions in this Award Agreement and in the Plan. You hereby agree to accept as final, conclusive and binding all decisions or interpretations of the Committee upon any questions arising under the Plan or this Award Agreement.

Appendix I

Notwithstanding any provision in this Award Agreement, if you work or reside outside the U.S., the RSUs shall be subject to the general non-U.S. terms and conditions and the special terms and conditions for your country set forth in Appendix I. Moreover, if you relocate from the U.S. to one of the countries included in Appendix I or you move between countries included in Appendix I, the general non-U.S. terms and conditions and the special terms and conditions for such country will apply to you, to the extent the Company determines that the application of such terms and conditions is necessary or advisable for legal or administrative reasons. The Appendix I constitutes part of this Award Agreement.

EXHIBIT B

RESTRICTIVE COVENANTS AGREEMENT

*I understand that I am or will be an employee to or other service-provider of The Kraft Heinz Company and/or its Subsidiaries and/or its Affiliates (collectively the "**Company**"), and will learn and have access to the Company's confidential, trade secret and proprietary information and key business relationships. I understand that the products and services that the Company develops, provides and markets are unique. Further, I know that my promises in this Restrictive Covenants Agreement (the "**Agreement**") are an important way for the Company to protect its proprietary interests and that The Kraft Heinz Company would not have granted me RSUs or other equity grants unless I made such promises.*

*In addition to other good and valuable consideration, I am expressly being given RSUs or other equity grants in exchange for my agreeing to the terms of this Agreement. In consideration of the foregoing, I (the "**Executive**") agree as follows:*

1. **NON-DISCLOSURE OF CONFIDENTIAL INFORMATION.** During the course of Executive's Service, Executive will have access to Confidential Information. For purposes of this Agreement, "**Confidential Information**" means all data, information, ideas, concepts, discoveries, trade secrets, inventions (whether or not patentable or reduced to practice), innovations, improvements, know-how, developments, techniques, methods, processes, treatments, drawings, sketches, specifications, designs, plans, patterns, models, plans and strategies, and all other confidential or proprietary information or trade secrets in any form or medium (whether merely remembered or embodied in a tangible or intangible form or medium) whether now or hereafter existing, relating to or arising from the past, current or potential business, activities and/or operations of the Company, including, without limitation, any such information relating to or concerning finances, sales, marketing, advertising, transition, promotions, pricing, personnel, customers, suppliers, vendors, raw partners and/or competitors of the Company. Executive agrees that Executive shall not, directly or indirectly, use, make available, sell, disclose or otherwise communicate to any person, other than in the course of Executive's assigned duties and for the benefit of the Company, either during the period of Executive's Service or at any time thereafter, any Confidential Information or other confidential or proprietary information received from third parties subject to a duty on the Company's part to maintain the confidentiality of such information, and to use such information only for certain limited purposes, in each case, which shall have been obtained by Executive during Executive's Service. The foregoing shall not apply to information that (i) was known to the public prior to its disclosure to Executive; (ii) becomes generally known to the public subsequent to disclosure to Executive through no wrongful act of Executive or any representative of Executive; or (iii) Executive is required to disclose by applicable law, regulation or legal process (provided that, to the extent permitted by law, Executive provides the Company with prior notice of the contemplated disclosure and cooperates with the Company at its expense in seeking a protective order or other appropriate protection of such information).

2. **NON-COMPETITION.** Executive acknowledges that (i) Executive performs services of a unique nature for the Company that are irreplaceable, and that Executive's performance of such services to a competing business will result in irreparable harm to the Company, (ii) Executive has had and will continue to have access to Confidential Information which, if disclosed, would unfairly and inappropriately assist in competition against the Company, (iii) in the course of Executive's employment by or service to a competitor, Executive would inevitably use or disclose such Confidential Information, (iv) the Company has substantial relationships with its customers and Executive has had and will continue to have access to these customers, (v) Executive has received and will receive specialized training from the Company, and (vi) Executive has generated and will continue to generate goodwill for the Company in the course of Executive's Service. Accordingly, during Executive's Service and for eighteen (18) months following a termination of Executive's Service for any reason (the "**Restricted Period**"), Executive will not engage in any business activities, directly or indirectly (whether as an employee, consultant, officer, director, partner, joint venturer, manager, member, principal, agent, or independent contractor, individually, in concert with others, or in any other manner) within the same line or lines of business for which the Executive performed services for the Company and in a capacity that is similar to the capacity in which the Executive was employed by the Company with any person or entity that competes with the Company in the consumer packaged food and beverage industry ("**Competitive Business**") anywhere within the same geographic territory(ies) for which the Executive performed services for the Company (the "**Restricted Territory**"). Notwithstanding the foregoing, nothing herein shall prohibit Executive from being a passive owner of not more than three percent (3%) of the equity securities of a publicly traded corporation engaged in a business that is in competition with the Company, so long as Executive has no active participation in the business of such corporation.
3. **NON-SOLICITATION.** During the Restricted Period, Executive agrees that Executive shall not, except in the furtherance of Executive's duties to the Company, directly or indirectly, individually or on behalf of any other person, firm, corporation or other entity, solicit, aid, induce, assist in the solicitation of, or accept any business (other than on behalf of the Company) from, any customer or potential customer of the Company to purchase goods or services then sold by the Company from another person, firm, corporation or other entity or, directly or indirectly, in any way request, suggest or advise any such customer to withdraw or cancel any of their business or refuse to continue to do business with the Company. This restriction shall apply to customers or potential customers who, during the two (2) years immediately preceding the Executive's termination, had been assigned to the Executive by the Company, or with which the Executive had contact on behalf of the Company while an Executive of the Company, or about which the Executive had access to confidential information by virtue of Executive's employment with the Company.

4. **NON-INTERFERENCE.** During the Restricted Period, Executive agrees that Executive shall not, except in the furtherance of Executive's duties to the Company, directly or indirectly, individually or on behalf of any other person, firm, corporation or other entity, (A) solicit, aid or induce any employee, representative or agent of the Company to leave such employment or retention or to accept employment with or render services to or with any other person, firm, corporation or other entity unaffiliated with the Company or hire or retain any such employee, representative or agent, or take any action to materially assist or aid any other person, firm, corporation or other entity in identifying, hiring or soliciting any such employee, representative or agent, or (B) interfere, or aid or induce any other person or entity in interfering, with the relationship between the Company and its vendors, suppliers or customers. As used herein, the term "solicit, aid or induce" includes, but is not limited to, (i) initiating communications with a Company employee relating to possible employment, (ii) offering bonuses or other compensation to encourage a Company employee to terminate his or her employment with the Company and accept employment with any entity, (iii) recommending a Company employee to any entity, and (iv) aiding an entity in recruitment of a Company employee. An employee, representative or agent shall be deemed covered by this Section 4 while so employed or retained and for a period of six (6) months thereafter.
5. **NON-DISPARAGEMENT.** Executive agrees not to make negative comments or otherwise disparage the Company or its officers, directors, employees, shareholders, agents or products or services. The foregoing shall not be violated by truthful statements made in (a) response to legal process, required governmental testimony or filings, or administrative or arbitral proceedings (including, without limitation, depositions in connection with such proceedings) or (b) the good faith performance of Executive's duties to the Company.

6. INVENTIONS.

- a. Executive acknowledges and agrees that all ideas, methods, inventions, discoveries, improvements, work products, developments, software, know-how, processes, techniques, methods, works of authorship and other work product ("**Inventions**"), whether patentable or unpatentable, (A) that are reduced to practice, created, invented, designed, developed, contributed to, or improved with the use of any Company resources and/or within the scope of Executive's work with the Company or that relate to the business, operations or actual or demonstrably anticipated research or development of the Company, and that are made or conceived by Executive, solely or jointly with others, during Executive's Service, or (B) suggested by any work that Executive performs in connection with the Company, either while performing Executive's duties with the Company or on Executive's own time, but only insofar as the Inventions are related to Executive's work as an employee or other service provider to the Company, shall belong exclusively to the Company (or its designee), whether or not patent or other applications for intellectual property protection are filed thereon. Executive will keep full and complete written records (the "**Records**"), in the manner prescribed by the Company, of all Inventions, and will promptly disclose all Inventions completely and in writing to the Company. The Records shall be the sole and exclusive property of the Company, and Executive will surrender them upon the termination of Service, or upon the Company's request. Executive irrevocably conveys, transfers and assigns to the Company the Inventions and all patents or other intellectual property rights that may issue thereon in any and all countries, whether during or subsequent to Executive's Service, together with the right to file, in Executive's name or in the name of the Company (or its designee), applications for patents and equivalent rights (the "**Applications**"). Executive will, at any time during and subsequent to Executive's Service, make such applications, sign such papers, take all rightful oaths, and perform all other acts as may be requested from time to time by the Company to perfect, record, enforce, protect, patent or register the Company's rights in the Inventions, all without additional compensation to Executive from the Company. Executive will also execute assignments to the Company (or its designee) of the Applications, and give the Company and its attorneys all reasonable assistance (including the giving of testimony) to obtain the Inventions for the Company's benefit, all without additional compensation to Executive from the Company, but entirely at the Company's expense.

- b. In addition, the Inventions will be deemed Work for Hire, as such term is defined under the copyright laws of the United States, on behalf of the Company and Executive agrees that the Company will be the sole owner of the Inventions, and all underlying rights therein, in all media now known or hereinafter devised, throughout the universe and in perpetuity without any further obligations to Executive. If the Inventions, or any portion thereof, are deemed not to be Work for Hire, or the rights in such Inventions do not otherwise automatically vest in the Company, Executive hereby irrevocably conveys, transfers and assigns to the Company, all rights, in all media now known or hereinafter devised, throughout the universe and in perpetuity, in and to the Inventions, including, without limitation, all of Executive's right, title and interest in the copyrights (and all renewals, revivals and extensions thereof) to the Inventions, including, without limitation, all rights of any kind or any nature now or hereafter recognized, including, without limitation, the unrestricted right to make modifications, adaptations and revisions to the Inventions, to exploit and allow others to exploit the Inventions and all rights to sue at law or in equity for any infringement, or other unauthorized use or conduct in derogation of the Inventions, known or unknown, prior to the date hereof, including, without limitation, the right to receive all proceeds and damages therefrom. In addition, Executive hereby waives any so-called "moral rights" with respect to the Inventions. To the extent that Executive has any rights in the results and proceeds of Executive's service to the Company that cannot be assigned in the manner described herein, Executive agrees to unconditionally waive the enforcement of such rights. Executive hereby waives any and all currently existing and future monetary rights in and to the Inventions and all patents and other registrations for intellectual property that may issue thereon, including, without limitation, any rights that would otherwise accrue to Executive's benefit by virtue of Executive being an employee of or other service provider to the Company.

- 7. RETURN OF COMPANY PROPERTY.** On the date of Executive's termination of Service with the Company for any reason (or at any time prior thereto at the Company's request), Executive shall return all property belonging to the Company (including, but not limited to, any Company-provided laptops, computers, cell phones, wireless electronic mail devices or other equipment, or documents and property belonging to the Company).

- 8. REASONABLENESS OF COVENANTS.** In signing this Agreement, including by electronic means, Executive gives the Company assurance that Executive has carefully read and considered all of the terms and conditions of this Agreement, including the restraints imposed by it. Executive agrees that these restraints are necessary for the reasonable and proper protection of the Company and its Confidential Information and that each and every one of the restraints is reasonable in respect to subject matter, length of time and geographic area, and that these restraints, individually or in the aggregate, will not prevent Executive from obtaining other suitable employment during the period in which Executive is bound by the restraints. Executive acknowledges that each of these covenants has a unique, very substantial and immeasurable value to the Company and that Executive has sufficient assets and skills to provide a livelihood while such covenants remain in force. Executive further covenants that Executive will not challenge the reasonableness or enforceability of any of the covenants set forth in this Agreement, and that Executive will reimburse the Company for all costs (including reasonable attorneys' fees) incurred in connection with any action to enforce any of the provisions of this Agreement if either the Company prevails on any material issue involved in such dispute or if Executive challenges the reasonableness or enforceability of any of the provisions of this Agreement. **It is also agreed that the "Company" as used in this Agreement refers to each of the Company's Subsidiaries and Affiliates and that each of the Company's Subsidiaries and Affiliates will have the right to enforce all of Executive's obligations to that Subsidiary or Affiliate under this Agreement, as applicable, subject to any limitation or restriction on such rights of the Subsidiary or Affiliate under applicable law.**
- 9. REFORMATION.** If it is determined by a court of competent jurisdiction in any state or country that any restriction in this Agreement is excessive in duration or scope or is unreasonable or unenforceable under applicable law, it is the intention of the parties that such restriction may be modified or amended by the court to render it enforceable to the maximum extent permitted by the laws of that state or country.
- 10. REMEDIES.** Executive acknowledges and agrees that the Company's remedies at law for a breach or threatened breach of any of the provisions of Agreement would be inadequate and, in recognition of this fact, Executive agrees that, in the event of such a breach or threatened breach, in addition to any remedies at law, the Company, without posting any bond or other security, shall be entitled to obtain equitable relief in the form of specific performance, a temporary restraining order, a temporary or permanent injunction or any other equitable remedy which may then be available, without the necessity of showing actual monetary damages, in addition to any other equitable relief (including without limitation an accounting and/or disgorgement) and/or any other damages as a matter of law.
- 11. REPURCHASE.** Executive acknowledges and agrees that a breach of this Agreement would constitute a "Covenant Breach" as such term is used in the Plan and therefore, in the event of a Covenant Breach, Executive's RSU and the Award Stock issued therefor (as such terms are defined in the Plan) shall be subject to repurchase by The Kraft Heinz Company in accordance with the terms of the Plan.

- 12. TOLLING.** In the event of any violation of the provisions of this Agreement, Executive acknowledges and agrees that the post-termination restrictions contained in this Agreement shall be extended by a period of time equal to the period of such violation, it being the intention of the parties hereto that the running of the applicable post-termination restriction period shall be tolled during any period of such violation.
- 13. SURVIVAL OF PROVISIONS.** The obligations contained in this Agreement hereof shall survive the termination or expiration of the Executive's Service with the Company and shall be fully enforceable thereafter.
- 14. VENUE, PERSONAL JURISDICTION, AND COVENANT NOT TO SUE.** Executive expressly agrees to submit to the exclusive jurisdiction and exclusive venue of courts located in the State of Delaware in connection with any litigation which may be brought with respect to a dispute between the Company and Executive in relation to this Restrictive Covenants Agreement, regardless of where Executive resides or where Executive performs services for the Company. Executive hereby irrevocably waives Executive's rights, if any, to have any disputes between the Company and Executive related to this Restrictive Covenants Agreement decided in any jurisdiction or venue other than a court in the State of Delaware. Executive hereby waives, to the fullest extent permitted by applicable law, any objection which Executive now or hereafter may have to personal jurisdiction or to the laying of venue of any such suit, action or proceeding, and Executive agrees not to plead or claim the same. Executive further irrevocably covenants not to sue the Company related to this Restrictive Covenants Agreement in any jurisdiction or venue other than a court in the State of Delaware. All matters relating to the interpretation, construction, application, validity, and enforcement of this Agreement, and any disputes or controversies arising hereunder, will be governed by the laws of the State of Delaware without giving effect to any choice or conflict of law provision or rule, whether of the State of Delaware or any other jurisdiction, that would cause the application of laws of any jurisdiction other than the State of Delaware.

APPENDIX I

ADDITIONAL TERMS AND CONDITIONS OF THE KRAFT HEINZ COMPANY OMNIBUS INCENTIVE PLAN

MATCHING RESTRICTED STOCK UNIT AWARD AGREEMENT FOR NON-U.S. PARTICIPANTS

TERMS AND CONDITIONS

This Appendix I includes additional terms and conditions that govern the RSUs granted to you under the Plan if you work or reside outside the U.S. and/or in one of the countries listed below. These terms and conditions are in addition to, or if so indicated, in place of the terms and conditions set forth in the Award Agreement. Certain capitalized terms used but not defined in this Appendix I have the meanings set forth in the Plan and/or the Award Agreement.

If you are a citizen or resident of a country other than the one in which you are currently working, transfer employment and/or residency to another country after the RSUs are granted to you, or are considered a resident of another country for local law purposes, the terms and conditions contained herein may not be applicable to you, and the Company shall, in its discretion, determine to what extent the terms and conditions contained herein shall apply to you.

NOTIFICATIONS

This Appendix I also includes information regarding exchange controls and certain other issues of which you should be aware with respect to participation in the Plan. The information is based on the securities, exchange control, and other laws in effect in the respective countries as of January 2016. Such laws are often complex and change frequently. As a result, the Company strongly recommends that you not rely on the information in this Appendix I as the only source of information relating to the consequences of your participation in the Plan because the information may be out of date at the time you vest in the RSUs or sell Shares acquired under the Plan.

In addition, the information contained herein is general in nature and may not apply to your particular situation, and the Company is not in a position to assure you of a particular result. Accordingly, you should seek appropriate professional advice as to how the relevant laws in your country may apply to your situation.

Finally, if you are a citizen or resident of a country other than the one in which you are currently working, transfer employment and/or residency after the RSUs are granted or are considered a resident of another country for local law purposes, the notifications contained herein may not be applicable to you in the same manner.

GENERAL NON-U.S. TERMS AND CONDITIONS

TERMS AND CONDITIONS

The following terms and conditions apply to you if you are located outside of the U.S.

Entire Agreement.

The following provisions supplement the entire Award Agreement, generally:

If you are located outside the U.S., in no event will any aspect of the RSUs be determined in accordance with your Employment Agreement (or other Service contract). The terms and conditions of the RSUs will be solely determined in accordance with the provisions of the Plan and the Award Agreement, including this Appendix I, which supersede and replace any prior agreement, either written or verbal (including your Employment Agreement, if applicable) in relation to the RSUs.

Vesting.

If you are resident or employed outside of the United States, the Company may, in its sole discretion, settle the RSUs in the form of a cash payment to the extent settlement in Shares: (i) is prohibited under local law, (ii) would require you, the Company or one of its Subsidiaries or Affiliates to obtain the approval of any governmental or regulatory body in your country of residence (or your country of employment, if different), (iii) would result in adverse tax consequences for you, the Company or one of its Subsidiaries or Affiliates, or (iv) is administratively burdensome. Alternatively, the Company may, in its sole discretion settle the RSUs in the form of Shares but require you to sell such Shares immediately or within a specified period following your termination of Service (in which case, this Award Agreement shall give the Company the authority to issue sales instructions on your behalf).

Termination.

The following provisions supplement the *Termination* section of the Award Agreement, provided, however, that for purposes of the section of the Award Agreement titled "Settlement of Vested RSUs," if you are subject to U.S. federal income tax and the RSUs constitute Deferred Compensation, your termination of Service date will be the date of your Separation from Service:

For purposes of the RSU, your employment or Service relationship will be considered terminated as of the date you are no longer actively providing Services to the Company or one of its Subsidiaries or Affiliates (regardless of the reason for such termination and whether or not later found to be invalid or in breach of employment laws in the jurisdiction where you provide Service or the terms of your Employment Agreement, if any), and unless otherwise expressly provided in this Award Agreement or determined by the Company, your right to vest in the RSU under the Plan, if any, will terminate as of such date and will not be extended by any notice period (e.g., your period of Service would not include any contractual notice period or any period of "garden leave" or similar period mandated under employment laws in the jurisdiction where you provide Service or the terms of your Employment Agreement, if any); the Committee shall have the exclusive discretion to determine when you are no longer actively providing Service for purposes of the RSUs (including whether you may still be considered to be providing Service while on a leave of absence).

Notwithstanding the provisions governing the treatment of the RSUs upon termination due to Retirement set forth in the *Termination* section of the Award Agreement, if the Company receives an opinion of counsel that there has been a legal judgment and/or legal development in a particular jurisdiction that would likely result in the treatment in case of a termination due to Retirement as set forth in the Award Agreement being deemed unlawful and/or discriminatory, then the Company will not apply the provisions for termination due to Retirement at the time you cease to provide Service and the RSUs will be treated as it would under the rules that apply if your Service ends for resignation.

Termination for Cause.

The implications upon a termination for Cause as set forth in the Award Agreement and Plan shall only be enforced, to the extent deemed permissible under applicable local law, as determined in the sole discretion of the Committee.

Taxes.

The following provisions supplement the *Taxes* section of the Award Agreement:

You acknowledge that your liability for Tax-Related Items may exceed the amount withheld by the Company, its Subsidiaries and/or its Affiliates (as applicable).

If you have become subject to tax in more than one jurisdiction, you acknowledge that the Company, its Subsidiaries and Affiliates may be required to withhold or account for Tax-Related Items in more than one jurisdiction.

Depending on the withholding method, the Company may withhold or account for Tax-Related Items by considering applicable minimum statutory withholding amounts or other applicable withholding rates, including maximum applicable rates, in which case you will receive a refund of any over-withheld amount in cash and will have no entitlement to the Share equivalent. If the obligation for Tax-Related Items is satisfied by withholding in Shares, for tax purposes, you are deemed to have been issued the full number of Shares subject to the vested RSUs, notwithstanding that a number of Shares are held back solely for the purpose of paying the Tax-Related Items due as a result of any aspect of your participation in the Plan.

Limits on Transferability; Beneficiaries.

The following provision supplements the *Limits on Transferability; Beneficiaries* section of the Award Agreement:

If you are located outside the U.S., the RSUs may not be Transferred to a designated Beneficiary and may only be Transferred upon your death to your legal heirs in accordance with applicable laws of descent and distribution. In no case may the RSUs be Transferred to another individual during your lifetime.

Acknowledgment of Nature of Award.

The following provisions supplement the *Acknowledgment of Nature of Award* section of the Award Agreement:

You acknowledge the following with respect to the RSUs:

(a) The RSUs, any Shares acquired under the Plan, and the income and value of same, are not intended to replace any pension rights or compensation.

(b) In no event should the RSUs, any Shares acquired under the Plan, and the income and value of same, be considered as compensation for, or relating in any way to, past services for the Company, its Subsidiaries or any Affiliate.

(c) The RSU, any Shares acquired under the Plan and the income and value of same are not part of normal or expected compensation or salary for any purpose.

(d) Neither the Company, its Subsidiaries nor any Affiliate shall be liable for any foreign exchange rate fluctuation between your local currency and the United States Dollar that may affect the value of the RSUs or of any amounts due to you pursuant to vesting of the RSUs or the subsequent sale of any Shares acquired upon vesting.

Not a Public Offering in Non-U.S. Jurisdictions.

If you are resident or employed outside of the United States, neither the grant of the RSUs under the Plan nor the issuance of the underlying Shares upon vesting of the RSUs is intended to be a public offering of securities in your country of residence (and country of employment, if different). The Company has not submitted any registration statement, prospectus or other filings to the local securities authorities in jurisdictions outside of the United States unless otherwise required under local law.

Language Consent.

If you are resident or employed outside of the United States, you acknowledge and agree that it is your express intent that this Award Agreement, the Plan and all other documents, notices and legal proceedings entered into, given or instituted pursuant to the RSUs, be drawn up in English.

Insider Trading and Market Abuse Laws.

Depending on your country, you may be subject to insider trading restrictions and/or market abuse laws, which may affect your ability to acquire or sell Shares or rights to Shares under the Plan during such times as you are considered to have “inside information” regarding the Company (as defined by the laws in your country). Any restrictions under these laws or regulations are separate from and in addition to any restrictions that may be imposed under any applicable Company insider trading policy. You acknowledge that it is your responsibility to comply with any applicable restrictions, and you should speak to your personal advisor on this matter.

Foreign Asset/Account, Exchange Control and Tax Reporting.

You may be subject to foreign asset/account, exchange control and/or tax reporting requirements as a result of the acquisition, holding and/or transfer of Shares or cash (including dividends, dividend equivalents and the proceeds arising from the sale of Shares) derived from your participation in the Plan, to and/or from a brokerage/bank account or legal entity located outside your country. The applicable laws of your country may require that you report such accounts, assets, the balances therein, the value thereof and/or the transactions related thereto to the applicable authorities in such country. You acknowledge that you are responsible for ensuring compliance with any applicable foreign asset/account, exchange control and tax reporting requirements and should consult your personal legal advisor on this matter.

No Advice Regarding Award.

The Company is not providing any tax, legal or financial advice, nor is the Company making any recommendations regarding your participation in the Plan, or your acquisition or sale of the underlying Shares. You are hereby advised to consult with your own personal tax, legal and financial advisors regarding your participation in the Plan before taking any action related to the Plan.

Imposition of Other Requirements.

The Company reserves the right to impose other requirements on your participation in the Plan, on the RSUs and on any Shares purchased upon vesting of the RSUs, to the extent the Company determines it is necessary or advisable for legal or administrative reasons, and to require you to sign any additional agreements or undertakings that may be necessary to accomplish the foregoing.

Waiver.

You acknowledge that a waiver by the Company or breach of any provision of the Award Agreement shall not operate or be construed as a waiver of any other provision of the Award Agreement, or of any subsequent breach of the Award Agreement.

COUNTRY-SPECIFIC TERMS AND CONDITIONS/NOTIFICATIONS**AUSTRALIA*****NOTIFICATIONS*****Offer Document.**

This offer document sets out information regarding the grant of RSUs to Australian resident employees of the Company and its Subsidiaries or Affiliates and is provided by the Company to ensure compliance of the Plan with the Australian Securities and Investments Commission's ("ASIC's") Class Order 14/1000 and relevant provisions of the Corporations Act 2001.

In addition to the information set out in the Award Agreement, you also are being provided with copies of the following documents:

- (a) the Plan;
- (b) the Bonus Election Form; and
- (c) the Bonus Election Form FAQs

(collectively, the "**Additional Documents**").

The Additional Documents provide further information to help you make an informed investment decision about participating in the Plan. The Plan is not a prospectus for the purposes of the *Corporations Act 2001*.

You should not rely upon any oral statements made in relation to this offer. You should rely only upon the statements contained in the Award Agreement and the Additional Documents when considering participation in the Plan.

Securities Law Notification

Investment in Shares involves a degree of risk. If you elect to participate in the Plan, you should monitor your participation and consider all risk factors relevant to the acquisition of Shares under the Plan as set out in the Award Agreement and the Additional Documents.

The information contained in this offer is general information only. It is not advice or information that takes into account your objectives, financial situation and needs.

You should consider obtaining your own financial product advice from an independent person who is licensed by ASIC to give advice about participation in the Plan.

Additional Risk Factors for Australian Residents

You should have regard to risk factors relevant to investment in securities generally and, in particular, to the holding of Shares. For example, the price at which Shares are quoted on the NASDAQ may increase or decrease due to a number of factors. There is no guarantee that the price of the Shares will increase. Factors which may affect the price of Shares include fluctuations in the domestic and international market for listed stocks, general economic conditions, including interest rates, inflation rates, commodity and oil prices, changes to government fiscal, monetary or regulatory policies, legislation or regulation, the nature of the markets in which the Company operates and general operational and business risks.

In addition, you should be aware that the Australian dollar value of any Shares acquired at vesting will be affected by the U.S. dollar/Australian dollar exchange rate. Participation in the Plan involves certain risks related to fluctuations in this rate of exchange.

Common Stock

Common stock of a U.S. corporation is analogous to ordinary shares of an Australian corporation.

Dividends may be paid on the Shares out of any funds of the Company legally available for dividends at the discretion of the Board.

The Shares are traded on the NASDAQ in the United States of America under the symbol "KHC".

The Shares are not liable to any further calls for payment of capital or for other assessment by the Company and have no sinking fund provisions, pre-emptive rights, conversion rights or redemption provisions.

Ascertaining the Market Price of Shares

You may ascertain the current market price of the Shares as traded on the NASDAQ at <http://www.nasdaq.com> under the symbol "KHC." The Australian dollar equivalent of that price can be obtained at: <http://www.rba.gov.au/statistics/frequency/exchange-rates.html>.

This will not be a prediction of what the market price per Share will be when the RSUs vest or when the Shares are issued or of the applicable exchange rate on the actual Vesting Date or date the Shares are issued.

BRAZIL

TERMS AND CONDITIONS

Compliance with Law.

By accepting the RSUs you acknowledge that you agree to comply with applicable Brazilian laws and pay any and all applicable taxes legally due by you associated with the vesting of the RSUs, the receipt of any dividends and/or Dividend Equivalents, and the sale of Shares acquired under the Plan. You further agree that, for all legal purposes, (i) the benefits provided to you under the Plan are the result of commercial transactions unrelated to your employment or Service relationship, (ii) the Plan is not a part of the terms and conditions of your employment or Service relationship, and (iii) the income from the Award, if any, is not part of your remuneration from employment or Service.

NOTIFICATIONS

Exchange Control Information.

If you are resident or domiciled in Brazil, you will be required to submit annually a declaration of assets and rights held outside of Brazil to the Central Bank of Brazil if the aggregate value of such assets and rights is equal to or greater than US\$100,000. Assets and rights that must be reported include Shares.

CANADA

TERMS AND CONDITIONS

Plan Document Acknowledgment.

In accepting the grant of RSUs, you acknowledge that you have received a copy of the Plan, have reviewed the Plan and the Award Agreement in their entirety and fully understand and accept all provisions of the Plan and the Award Agreement.

Payout of RSUs in Shares Only.

Pursuant to its discretion under the Settlement of Vested RSUs Section of the Plan, with respect to all employees residing in Canada, the Company will convert all vested RSUs only into an equivalent number of Shares. If you reside in Canada (or in the event of your death, your legal representative or estate) you will not receive an equivalent or fractional Share cash payment with respect to the vested RSUs.

Termination.

The following provision replaces the first paragraph of the *Termination* section of the General Non-U.S. Terms and Conditions section of this Appendix I:

In the event of your termination of Service (whether or not later found to be invalid or in breach of employment laws in the jurisdiction where you provide Service or the terms of your Employment Agreement, if any), unless provided otherwise by the Company: (i) your right to vest in the RSUs (if any) will terminate effective, as of the earlier of (1) the date the you receive notice of termination, or (2) the date you are no longer actively providing Service, regardless of any notice period or period of pay in lieu of such notice required under applicable Canadian employment laws (including, but not limited to statutory law, regulatory law and/or common law).

The Committee shall have the exclusive discretion to determine when you are no longer actively providing Service for purposes of the RSUs (including whether you may still be considered to be providing Service while on a leave of absence).

The following terms and conditions apply if you are a resident of Quebec:**Data Privacy.**

This provision supplements the *Data Privacy* section of the Award Agreement:

You hereby authorize the Company and the Company's representatives to discuss with and obtain all relevant information from all personnel, professional or not, involved in the administration and operation of the Plan. You further authorize the Company and any Subsidiary or Affiliate and the administrator of the Plan to disclose and discuss the Plan with their advisors. You further authorize the Company and any Subsidiary or Affiliate to record such information and to keep such information in your employee file.

Language Consent.

The parties acknowledge that it is their express wish that the Award Agreement, as well as all documents, notices and legal proceedings entered into, given or instituted pursuant hereto or relating directly or indirectly hereto, be drawn up in English.

Consentement relatif à la langue.

Les parties reconnaissent avoir expressément exigé la rédaction en anglais de la Convention d'Attribution, ainsi que de tous documents, avis et procédures judiciaires, exécutés, donnés ou intentés en vertu de, ou liés directement ou indirectement à, la présente convention.

NOTIFICATIONS**Securities Law Information.**

You are permitted to sell Shares acquired under the Plan through the designated broker appointed under the Plan, if any, provided the sale of the Shares takes place outside of Canada through the facilities of a stock exchange on which the Shares are listed (i.e., NASDAQ).

Foreign Assets/Account Reporting Information.

Canadian residents are required to report any foreign property (including Shares and RSUs) on form T1135 (Foreign Income Verification Statement) if the total cost of your foreign property exceeds C\$100,000 at any time in the year. The form must be filed by April 30 of the following year. Foreign property includes Shares acquired under the Plan and may include the RSUs. The RSUs must be reported - generally at a nil cost - if the \$100,000 cost threshold is exceeded because of other foreign property you hold. If Shares are acquired, their cost generally is the adjusted cost base ("ACB") of the Shares. The ACB would normally equal the fair market value of the Shares at vesting, but if you own other shares, this ACB may have to be averaged with the ACB of the other shares. You should speak with a personal tax advisor to determine the scope of foreign property that must be considered for purposes of this requirement.

CHINA

There are no country-specific provisions.

COSTA RICA

There are no country-specific provisions.

EGYPT***NOTIFICATIONS*****Exchange Control Information.**

If you transfer funds into Egypt in connection with the remittance of proceeds from the vesting of the RSUs, sale of Shares or the receipt of any dividends and/or Dividend Equivalents, you are required to transfer the funds through a bank registered in Egypt.

FRANCE***TERMS AND CONDITIONS*****Language Consent.**

By accepting the RSUs, you confirm having read and understood the documents relating to the grant of the RSUs (the Plan and the Award Agreement), which were provided in the English language, and you accept the terms of such documents accordingly.

Consentement relatif à la langue.

En acceptant l'RSUs, vous confirmez ainsi avoir lu et compris les documents relatifs à l'attribution de l'RSUs (le Plan et le Contrat d'Attribution) qui vous ont été communiqués en langue anglaise, et vous en acceptez les termes et conditions en connaissance de cause.

NOTIFICATIONS

Foreign Assets/Account Reporting Information.

If you are a French resident and you hold securities (including Shares) or cash outside of France, you must declare all foreign bank and brokerage accounts (including the accounts that were opened and closed during the tax year) on an annual basis on a special form n°3916, together with your income tax return. If you fail to complete this reporting, you may be subject to penalties.

INDIA

TERMS AND CONDITIONS

Labor Law Acknowledgment.

The RSUs and the Shares underlying the RSUs, and the income and value of same, are extraordinary items that are not part of your annual gross salary.

NOTIFICATIONS

Exchange Control Information.

You are required to repatriate the proceeds from the sale of Shares and any dividends received in relation to the Shares to India within a reasonable amount of time (*i.e.*, within ninety (90) days after receipt for sale proceeds and 180 days of receipt for dividends). You must maintain the foreign inward remittance certificate received from the bank where the foreign currency is deposited in the event that the Reserve Bank of India or your employer requests proof of repatriation. It is your responsibility to comply with applicable exchange control laws in India.

Foreign Assets/Account Reporting Information.

If you are an Indian resident, you are required to report all bank accounts or investments (including the RSUs and any Shares) that you hold outside of India. You should consult with a personal tax advisor to ensure that you are properly complying with applicable reporting requirements.

INDONESIA

NOTIFICATIONS

Exchange Control Information.

Indonesian residents must provide the Bank of Indonesia with information on foreign exchange activities in an online monthly report no later than the fifteenth day of the month following the activity. In addition, if you remit funds into Indonesia (*e.g.*, proceeds from the sale of Shares), the Indonesian bank through which the transaction is made will submit a report of the transaction to the Bank of Indonesia for statistical reporting purposes. For transactions of US\$10,000 or more, a more detailed description of the transaction must be included in the report and you may be required to provide information about the transaction (*e.g.*, the relationship between you and the transferor of the funds, the source of the funds, etc.) to the bank in order for the bank to complete the report.

ITALY

TERMS AND CONDITIONS

Data Privacy.

This provision replaces the *Data Privacy* section of the Award Agreement in its entirety:

You understand that the Company and its Subsidiaries or Affiliates may hold certain personal information about you, including, but not limited to, your name, home address and telephone number, date of birth, social security number (or any other social or national identification number), salary, nationality, job title, number of shares held and the details of any RSUs or any other entitlement to shares awarded, cancelled, exercised, vested, unvested or outstanding ("Data") for the purpose of implementing, administering and managing your participation in the Plan. You are aware that providing the Company with your Data is necessary for the performance of the Award Agreement and that your refusal to provide such Data would make it impossible for the Company to perform its contractual obligations and may affect your ability to participate in the Plan.

The Controller of personal Data processing is The Kraft Heinz Company, One PPG Place, Pittsburgh, Pennsylvania 15222, U.S.A. Heinz Italia S.p.A., is the Company's Representative for privacy purposes pursuant to Legislative Decree no. 196/2003. You understand that the Data may be transferred to the Company or its Subsidiaries or Affiliates, or to any third party assisting with the implementation, administration and management of the Plan, including any transfer required to the broker or any other third party with whom the Shares or cash from the sale of Shares acquired under the Plan may be deposited. Furthermore, the recipients that may receive, possess, use, retain and transfer such Data for the above mentioned purposes may be located in Italy or elsewhere, including outside of the European Union, and a recipient's country (e.g., the United States) may have different data privacy laws and protections from Italy. The processing activity, including the transfer of your Data abroad, outside of the European Union, as herein specified and pursuant to applicable Italian data privacy laws and regulations, does not require your consent thereto as the processing is necessary for the performance of contractual obligations related to the implementation, administration and management of the Plan. You understand that Data processing relating to the purposes above specified shall take place under automated or non-automated conditions, anonymously when possible, that comply with the purposes for which Data is collected and with confidentiality and security provisions as set forth by applicable Italian data privacy laws and regulations, with specific reference to D.lgs. 196/2003.

You understand that Data will be held only as long as is required by law or as necessary to implement, administer and manage your participation in the Plan. You understand that pursuant to art.7 of D.lgs 196/2003, you have the right, including but not limited to, access, delete, update, request the rectification of your Data and cease, for legitimate reasons, the Data processing. Furthermore, you are aware that your Data will not be used for direct marketing purposes. In addition, the Data provided can be reviewed and questions or complaints can be addressed by contacting your local human resources representative.

Plan Document Acknowledgment.

By accepting the RSUs, you acknowledge that you have received a copy of the Plan and the Award Agreement, have reviewed each of these documents in their entirety and fully understand and accept all terms of such documents. In this regard, you acknowledge having read and specifically approve the following sections of the Award Agreement and this Appendix I, as applicable: (i) Vesting; (ii) Termination; (iii) Settlement of Vested RSUs; (iv) Forfeiture of Unvested RSUs Upon the Transfer of Related Shares; (v) Taxes; (vi) No Guarantee of Continued Service; (vii) Acknowledgment of Nature of Award; (viii) Governing Law; Jurisdiction; Waiver of Jury Trial; and (ix) the terms and conditions set forth immediately above in this section of Appendix I for Italy.

NOTIFICATIONS**Foreign Assets/Account Reporting Information.**

Italian residents who, during the fiscal year, hold investments abroad or foreign financial assets (e.g., cash, Shares and RSUs) which may generate income taxable in Italy are required to report such on their annual tax returns (UNICO Form, RW Schedule) or on a special form if no tax return is due. The same reporting obligations apply to Italian residents who, even if they do not directly hold investments abroad or foreign financial assets (e.g., cash, Shares and RSUs), are beneficial owners of the investment pursuant to Italian money laundering provisions.

Tax on Foreign Financial Assets.

A tax on the value of financial assets held outside of Italy by individuals resident in Italy has been introduced. Beginning in 2014, such tax is levied at an annual rate of 2 per thousand (0.2%). The taxable amount will be the fair market value of the financial assets (including Shares) assessed at the end of the calendar year.

JAPAN**NOTIFICATIONS****Foreign Assets/Account Reporting Information.**

If you are a Japanese tax resident, you will be required to report details of any assets held outside of Japan as of December 31st (including any Shares or cash acquired under the Plan) to the extent such assets have a total net fair market value exceeding ¥50,000,000. Such report will be due by March 15th each year. You should consult with your personal tax advisor as to whether the reporting obligation applies to you and whether you will be required to include details of any outstanding Shares, RSUs or cash held by you in the report.

MEXICO**TERMS AND CONDITIONS****No Entitlement or Claims for Compensation.**

These provisions supplement the *Acknowledgment of Nature of Award* section of the Award Agreement including this Appendix I:

Modification.

By accepting the RSUs, you understand and agree that any modification of the Plan or the Award Agreement or its termination shall not constitute a change or impairment of the terms and conditions of your employment.

Policy Statement.

The Award of RSUs the Company is making under the Plan is unilateral and discretionary and, therefore, the Company reserves the absolute right to amend it and discontinue it at any time without any liability.

The Company, with offices at One PPG Place, Pittsburgh, Pennsylvania 15222, U.S.A. is solely responsible for the administration of the Plan and participation in the Plan and the acquisition of Shares does not, in any way, establish an employment relationship between you and the Company since you are participating in the Plan on a wholly commercial basis and the sole employer is Delimex de Mexico, S.A. de C.V., located at Monte Pelvoux #220, Piso 6, Col. Lomas de Chapultepec, Delegacion Miquel Hidalgo C.P. 11000 Mexico, nor does it establish any rights between you and the Company, its Subsidiaries or its Affiliates.

Plan Document Acknowledgment.

By accepting the RSUs, you acknowledge that you have received copies of the Plan, have reviewed the Plan and the Award Agreement in their entirety and fully understand and accept all provisions of the Plan and the Award Agreement.

In addition, by accepting the Award Agreement, you further acknowledge that you have read and specifically and expressly approve the terms and conditions in the Award Agreement, in which the following is clearly described and established: (i) participation in the Plan does not constitute an acquired right; (ii) the Plan and participation in the Plan is offered by the Company on a wholly discretionary basis; (iii) participation in the Plan is voluntary; and (iv) the Company and any Subsidiary or Affiliates are not responsible for any decrease in the value of the Shares underlying the RSUs.

Finally, you hereby declare that you do not reserve any action or right to bring any claim against the Company for any compensation or damages as a result of your participation in the Plan and therefore grant a full and broad release to the Company and any Subsidiary or Affiliate with respect to any claim that may arise under the Plan.

TÉRMINOS Y CONDICIONES [TO BE UPDATED BY B&M]

No existirá derecho o demanda por daños y perjuicios.

Estas disposiciones son complementarias de la sección de Reconocimiento de la Naturaleza del Contrato, incluyendo el presente Apéndice I:

Modificación.

Al aceptar esta RSUs, usted entiende y acuerda que cualquier modificación al Plan o al Contrato, o su terminación no constituirá un cambio o impedimento a los términos y condiciones de su empleo.

Declaración de Política.

La Entrega de RSUs que la Compañía hace mediante el Plan, es unilateral y discrecional y, por lo tanto, la Compañía se reserva el derecho absoluto de modificarlo o suspenderlo en cualquier momento, sin asumir ninguna responsabilidad.

La Compañía, con oficinas en One PPG Place, Pittsburgh, Pennsylvania 15222, U.S.A. es únicamente responsable de la administración del Plan. La participación en el Plan y la adquisición de Acciones no establece, en ninguna forma, una relación laboral entre usted y la Compañía, toda vez que usted está participando en el Plan en un plano meramente comercial y su único patrón es Administración de Comidas Rápidas S.A. de C.V., localizado en Delimex de Mexico, S.A. de C.V., located at Monte Pelvoux #220, Piso 6, Col. Lomas de Chapultepec, Delegación Miguel Hidalgo C.P. 11000 Mexico, y tampoco establece ningún derecho entre usted y la Compañía, sus Subsidiarias o Afiliadas.

Reconocimiento del Documento del Plan.

Al aceptar esta RSUs, usted reconoce que ha recibido copias de dicho Plan, ha revisado el Plan y el Contrato en su integridad y comprende y acepta plenamente todas las disposiciones del Plan y del Contrato.

Asimismo, al aceptar el Contrato, usted reconoce que ha leído y especifica y expresamente aprueba los términos y condiciones en el Contrato, en el cual se establece y describe lo siguiente: (i) la participación en el Plan no constituye un derecho adquirido; (ii) el Plan, y su participación en él es ofrecido por la Compañía sobre una base plenamente discrecional; (iii) la participación en el Plan es voluntaria; y (iv) la Compañía y cualquier Subsidiaria o Afiliada no son responsables por cualquier disminución en el valor de las Acciones implícitas en esta RSUs.

Finalmente, por medio del presente usted declara que no se reserva ninguna acción o derecho a presentar cualquier reclamo en contra de la Compañía por cualquier compensación o daño como resultado de su participación en el Plan y por lo tanto otorga la liberación más amplia que en derecho proceda a la Compañía y cualquier Subsidiaria o Afiliada con respecto a cualquier reclamo que pueda surgir en torno al Plan.

NETHERLANDS

There are no country-specific provisions.

NEW ZEALAND

NOTIFICATIONS

Securities Law Information.

WARNING - You are being offered RSUs (which, upon vesting in accordance with the terms of the grant of the RSUs, will be converted into Shares) in The Kraft Heinz Company.

New Zealand law normally requires people who offer financial products to give information to investors before they invest. This requires those offering financial products to have disclosed information that is important for investors to make an informed decision.

The usual rules do not apply to this offer because it is a small offer. As a result, you may not be given all the information usually required. You will also have fewer other legal protections for this investment.

Ask questions, read all documents carefully, and seek independent financial advice before committing yourself.

PAPUA NEW GUINEA

There are no country-specific provisions.

POLAND

There are no country-specific provisions.

RUSSIA

TERMS AND CONDITIONS

Data Privacy Acknowledgment.

You hereby acknowledge that you have read and understood the terms regarding collection, processing and transfer of Data contained in the Data Privacy Section of the Award Agreement and by participating in the Plan, you agree to such terms. In this regard, upon request of the Company or your employer, you agree to provide an executed data privacy consent form to your employer or the Company (or any other agreements or consents that may be required by your employer or the Company) that the Company and/or your employer may deem necessary to obtain under the data privacy laws in your country, either now or in the future. You understand that you will not be able to participate in the Plan if you fail to execute any such consent or agreement.

U.S. Transaction.

You understand that your acceptance of the RSUs results in a contract between you and the Company that is completed in the United States and that the Award Agreement is governed by the laws of the State of Delaware, without giving effect to the conflict of laws principles thereof. You are not permitted to sell the Shares directly to other Russian legal entities or individuals.

NOTIFICATIONS

Securities Law Information.

Your employer is not in any way involved with the offer of the RSUs or administration of the Plan. The Award Agreement, the Plan and all other materials you may receive regarding participation in the Plan do not constitute advertising or an offering of securities in Russia. Absent any requirement under local law, the issuance of securities pursuant to the Plan has not and will not be registered in Russia; hence, the securities described in any Plan-related documents may not be used for offering or public circulation in Russia. In no event will Shares issued upon vesting of the RSUs be delivered to you in Russia; all Shares will be maintained on your behalf in the United States of America.

Exchange Control Information.

Under current exchange control regulations, within a reasonably short time after sale of the Shares acquired under the Plan or receipt of dividends on the Shares, you must repatriate the sale proceeds or dividends to Russia. Such funds must be initially credited to you through a foreign currency account at an authorized bank in Russia. After the funds are initially received in Russia, they may be further remitted to foreign banks in accordance with Russian exchange control laws.

You are encouraged to contact your personal advisor before remitting your sale proceeds or any dividends to Russia as exchange control requirements may change and significant penalties apply in the case of non-compliance with the exchange control requirements.

Anti-Corruption Notice.

Anti-corruption laws prohibit certain public servants, their spouses and their dependent children from owning any foreign source financial instruments (*e.g.*, shares of foreign companies such as the Company). Accordingly, you should inform the Company if you are covered by these laws because you should not hold Shares acquired under the Plan.

SINGAPORE

NOTIFICATIONS

Securities Law Information.

The grant of the RSUs is being made pursuant to the "Qualifying Person" exemption under section 273(1)(f) of the Securities and Futures Act (Chapter 289, 2006 Ed.) ("**SFA**"), under which it is exempt from the prospectus and registration requirements under the SFA. The Plan has not been lodged or registered as a prospectus with the Monetary Authority of Singapore and the grant of the RSUs is not made with a view to the RSUs or Shares being subsequently offered to another party. You should note that the RSUs are subject to section 257 of the SFA and you should not make any subsequent sale of Shares in Singapore or any offer of such subsequent sale of Shares subject to the awards in Singapore, unless such sale or offer is made: (i) more than six (6) months from the Grant Date or (ii) pursuant to the exemptions under Part XIII Division (1) Subdivision (4) (other than section 280) of the SFA.

Chief Executive Officer / Director Notification Requirement.

If you are the Chief Executive Officer ("**CEO**"), a director, associate director or shadow director of the Company's Singapore Subsidiary or Affiliate, you are subject to certain notification requirements under the Singapore Companies Act. Among these requirements is an obligation to notify the Singapore Subsidiary or Affiliate in writing when you receive an interest (*e.g.*, RSUs, Shares) in the Company, a Subsidiary or Affiliate. In addition, you must notify the Singapore Subsidiary or Affiliate

when you sell Shares (including when you sell Shares issued upon vesting and settlement of the RSUs). These notifications must be made within two (2) business days of acquiring or disposing of any interest in the Company or any Subsidiary or Affiliate. In addition, a notification of your interests in the Company, Subsidiary or Affiliate must be made within two (2) business days of becoming CEO or a director.

SOUTH AFRICA

TERMS AND CONDITIONS

Tax Obligations.

The following provision supplements the *Taxes* section of the General Non-U.S. Terms and Conditions section of this Appendix I:

You are required to immediately notify your employer of the amount of any gain realized at vesting of the RSUs. If you fail to advise your employer of such gain, you may be liable for a fine.

Exchange Control Obligations.

You are solely responsible for complying with applicable exchange control regulations and rulings in South Africa. As the exchange control regulations change frequently and without notice, you should consult your legal advisor prior to the acquisition or sale of Shares under the Plan to ensure compliance with current exchange control regulations. Neither the Company nor any of its Subsidiaries or Affiliates will be liable for any fines or penalties resulting from your failure to comply with applicable laws.

SPAIN

TERMS AND CONDITIONS

Acknowledgment of Nature of Award.

The following provisions supplement the first paragraph of the *Acknowledgment of Nature of Award* section of the General Non-U.S. Terms and Conditions section of this Appendix I:

By accepting the grant of the RSUs, you acknowledge that you consent to participation in the Plan and have received a copy of the Plan.

You understand that the Company has unilaterally, gratuitously and discretionally decided to grant RSUs under the Plan to individuals who may be employees of the Company's Subsidiaries or Affiliates throughout the world. The decision is a limited decision that is entered into upon the express assumption and condition that any grant will not economically or otherwise bind the Company or its Subsidiaries or Affiliates on an ongoing basis except as provided in the Plan. Consequently, you understand that the RSUs are granted on the assumption and condition that the RSUs or the Shares acquired upon vesting shall not become a part of any employment contract with the Company and any of its Subsidiaries and shall not be considered a mandatory benefit, salary for any purposes (including severance compensation) or any other right whatsoever. In addition, you understand that this grant would not be made to you but for the assumptions and conditions referred to above; thus, you acknowledge and freely accept that should any or all of the assumptions be mistaken or should any of the conditions not be met for any reason, then the RSUs shall be null and void.

You understand and agree that, unless otherwise provided in the Award Agreement, the vesting and settlement of the RSUs is expressly conditioned on your continuous Service such that if your employment or rendering of Services terminates for any reason whatsoever, your RSUs will cease vesting immediately effective as of the date of such termination for any reason including, but not limited to, resignation, retirement, disciplinary dismissal adjudged to be with cause, disciplinary dismissal adjudged or recognized to be without cause (*i.e.*, subject to a "despido improcedente"), individual or collective dismissal on objective grounds, whether adjudged or recognized to be with or without cause, material modification of the terms of employment under Article 41 of the Workers' Statute, relocation under Article 40 of the Workers' Statute, and/or Article 50 of the Workers' Statute, unilateral withdrawal by the Employer and under Article 10.3 of the Royal Decree 1382/1985. Consequently, upon termination for any of the above reasons, you will automatically lose any rights to the RSUs granted to you that were unvested on the date of termination, as described in the Award Agreement.

NOTIFICATIONS

Securities Law Information.

The RSUs and the Shares issued pursuant to the vesting of the RSUs do not qualify under Spanish regulations as securities. No "offer of securities to the public," as defined under Spanish law, has taken place or will take place in the Spanish territory. The Award Agreement has not been nor will it be registered with the Comisión Nacional del Mercado de Valores, and does not constitute a public offering prospectus.

Foreign Assets/Account Reporting Information.

If you are a Spanish resident, you must declare the acquisition, ownership and disposition of Shares to the Dirección General de Comercial e Inversiones (the "DGCI") of the Ministerio de Economía for statistical purposes. This declaration must be made in January for any Shares owned as of December 31 of the prior year by filing a form D-6 with the DGCI; however, if the value of the Shares being reported exceeds €1,502,530 (or if you hold 10% or more of the share capital of the Company or such other amount that would entitle you to join the Board of Directors), the declaration must be filed within one (1) month of the acquisition or disposition of the Shares, as applicable. In addition, if you wish to import the ownership title of any Shares (*i.e.*, share certificates) into Spain, you must declare the importation of such securities to the DGCI.

You also are required to declare electronically to the Bank of Spain any foreign accounts (including brokerage accounts held abroad), any foreign instruments (including Shares) and any transactions with non-Spanish residents (including any payments of Shares made pursuant to the Plan) held in such accounts if the value of the transactions during the prior tax year or the balances in such accounts as of December 31 of the prior tax year exceeds €1,000,000.

To the extent that you hold rights or assets (*e.g.*, Shares acquired under the Plan or cash held in a bank or brokerage account) outside Spain with a value in excess of €50,000 per type of asset as of December 31 each year, you will be required to report information on such assets on your tax return (tax form 720) for such year. After such rights and/or assets are initially reported, the reporting obligation will apply for subsequent years only if the value of such right or asset increases by more than €20,000 or if you sell or otherwise dispose of previously reported rights or assets. The reporting must be completed by the following March 31.

You are solely responsible for complying with applicable reporting obligations. The laws are often complex and can change frequently. You should consult your personal legal and/or tax advisor to confirm the reporting requirements that will apply to you in connection with the Plan.

SWEDEN

There are no country-specific provisions.

THAILAND

NOTIFICATIONS

Exchange Control Information.

If you are a Thai resident, you may be required to immediately repatriate the proceeds from the sale of Shares or from any dividends paid on such Shares to Thailand if the funds received in a single transaction are US\$50,000 or more. You also may be required to either convert such repatriated proceeds to Thai Baht or deposit the proceeds into a foreign currency deposit account within 360 days of repatriation. The inward remittance must be specifically reported to the Bank of Thailand on a foreign exchange transaction form. If a Thai resident fails to comply with these obligations, they may be subject to penalties assessed by the Bank of Thailand. You should consult your personal legal advisor prior to taking any action with respect to remittance of proceeds related to the Plan into Thailand. You are responsible for ensuring compliance with all exchange control laws in Thailand.

UNITED ARAB EMIRATES

NOTIFICATIONS

Securities Law Information.

The Plan is being offered only to employees and is in the nature of providing equity incentives to employees of the Company or its Subsidiaries or Affiliates in the United Arab Emirates ("UAE"). Any documents related to the Plan, including the Plan, this Award Agreement, and other grant documents ("**Plan Documents**"), are intended for distribution only to such employees and must not be delivered to, or relied on by any other person. Prospective purchasers of the securities offered (*i.e.*, the RSUs) should conduct their own due diligence on the securities.

The Emirates Securities and Commodities Authority has no responsibility for reviewing or verifying any Plan Documents nor has it taken steps to verify the information set out in them, and thus, is not responsible for such documents. Further, neither the Ministry of Economy nor the Dubai Department of Economic Development has approved this statement nor taken steps to verify the information set out in it, and has no responsibility for it. If you do not understand the contents of the Plan Documents, you should consult an authorized financial adviser.

UNITED KINGDOM

TERMS & CONDITIONS

Taxes.

The following provisions supplement the *Taxes* section of the Award Agreement and the General Non-U.S. Terms and Conditions section of this Appendix I:

You shall pay to the Company or its Subsidiaries or Affiliates the amount of income tax that such entity may be required to account to HM Revenue & Customs ("**HMRC**") with respect to the event giving rise to the income tax (the "**Taxable Event**") that cannot be satisfied by the means described in the Award Agreement. If payment or withholding of the income tax is not made within ninety (90) days of the end of the U.K. tax year in which the Taxable Event occurs or such other period specified in Section 222(1)(c) of the ITEPA 2003 (the "**Due Date**"), then the amount that should have been withheld shall constitute a loan owed by you to the Company or its Subsidiaries or Affiliates, effective on the Due Date. You agree that the loan will bear interest at the HMRC official rate and will be immediately due and repayable by you, and the Company and/or its Subsidiaries or Affiliates may recover it at any time thereafter by any of the means set forth in the Award Agreement.

Notwithstanding the foregoing, if you are an executive officer or director (as within the meaning of Section 13(k) of the U.S. Securities Exchange Act of 1934, as amended), the terms of the immediately foregoing provision will not apply. In the event that you are an executive officer or director, as defined above, and income tax due is not collected from or paid by you by the Due Date, the amount of any uncollected income tax may constitute a benefit to you on which additional income tax and National Insurance contributions may be payable. You will be responsible for reporting and paying any income tax due on this additional benefit directly to HMRC under the self-assessment regime and for reimbursing the Company or its Subsidiaries or Affiliates, as applicable, for the value of any employee National Insurance contributions due on this additional benefit, which the Company or its Subsidiaries or Affiliates, as applicable, may recover from you by any of the means set forth in the Award Agreement.

VENEZUELA

TERMS AND CONDITIONS

Exchange Control Restrictions.

Exchange control restrictions may limit the ability to vest in the RSUs or to remit funds into Venezuela following the sale of Shares acquired under the Plan. The Company reserves the right to further restrict the settlement of the RSUs or to amend or cancel the RSUs at any time in order to comply with the applicable exchange control laws in Venezuela. However, ultimately, you are responsible for complying with exchange control laws in Venezuela and the Company will not be liable for any fines or penalties resulting from your failure to comply with applicable laws. You should consult your personal advisor prior to accepting the RSUs to ensure compliance with current regulations. You are solely responsible for ensuring compliance with all exchange control laws in Venezuela.

Investment Representation.

As a condition of the grant of the RSUs, you acknowledge and agree that any Shares you may acquire upon vesting of the RSUs are acquired as and intended to be an investment rather than for the resale of the Shares and conversion of the Shares into foreign currency.

NOTIFICATIONS

Securities Law Information.

The RSUs granted under the Plan and the Shares issued under the Plan are offered as a personal, private, exclusive transaction and are not subject to Venezuelan government securities regulations.

Award Agreement - Appendix I -21

I, Bernardo Hees, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q for the period ended April 3, 2016 of The Kraft Heinz Company;
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 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)) 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) 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
 - (c) 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 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.

By: /s/ Bernardo Hees

Bernardo Hees

Chief Executive Officer

Date: May 5, 2016

I, Paulo Basilio, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q for the period ended April 3, 2016 of The Kraft Heinz Company;
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 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)) 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) 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
 - (c) 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 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.

By: /s/ Paulo Basilio

Paulo Basilio

Executive Vice President and Chief Financial Officer

Date: May 5, 2016

18 U.S.C. SECTION 1350 CERTIFICATION

I, Bernardo Hees, Chief Executive Officer of The Kraft Heinz Company, a Delaware corporation (the “Company”), hereby certify that, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, 18 U.S.C. Section 1350, to my knowledge:

1. The Company’s Quarterly Report on Form 10-Q for the period ended April 3, 2016 (the “Form 10-Q”) fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
2. The information contained in the Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of the Company.

By: /s/ Bernardo Hees
Name: Bernardo Hees
Title: Chief Executive Officer

Date: May 5, 2016

The foregoing certification is being furnished solely pursuant to 18 U.S.C. Section 1350 and is not being filed as part of the Form 10-Q or as a separate disclosure document.

A signed original of this written statement 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 The Kraft Heinz Company and will be retained by The Kraft Heinz Company and furnished to the Securities and Exchange Commission or its staff upon request.

18 U.S.C. SECTION 1350 CERTIFICATION

I, Paulo Basilio, Executive Vice President and Chief Financial Officer of The Kraft Heinz Company, a Delaware corporation (the “Company”), hereby certify that, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, 18 U.S.C. Section 1350, to my knowledge:

1. The Company’s Quarterly Report on Form 10-Q for the period ended April 3, 2016 (the “Form 10-Q”) fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
2. The information contained in the Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of the Company.

By: /s/ Paulo Basilio

Name: Paulo Basilio

Title: Executive Vice President and Chief Financial Officer

Date: May 5, 2016

The foregoing certification is being furnished solely pursuant to 18 U.S.C. Section 1350 and is not being filed as part of the Form 10-Q or as a separate disclosure document.

A signed original of this written statement 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 The Kraft Heinz Company and will be retained by The Kraft Heinz Company and furnished to the Securities and Exchange Commission or its staff upon request.