THE KRAFT HEINZ COMPANY

Q3 2016 Update

November 3, 2016

Safe Harbor Statement

This webcast presentation contains a number of forward-looking statements. Words such as “navigate,” “will,” “manage,” “improve,” “capture,” “impact,” “launch,” “make,” “impact,” “invest,” “build,” “expect,” “continue,” “plan,” “target,” “grow,” “set,” and variations of such words and similar expressions are intended to identify forward-looking statements. Examples of forward-looking statements include, but are not limited to, statements regarding Kraft Heinz’s plans, savings, investments, execution, growth, leverage, brands and integration. 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 Kraft Heinz’s control. Important factors that affect Kraft Heinz’s 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; Kraft Heinz’s ability to maintain, extend and expand its reputation and brand image; Kraft Heinz’s ability to differentiate its products from other brands; the consolidation of retail customers; Kraft Heinz’s ability to predict, identify and interpret changes in consumer preferences and demand; Kraft Heinz’s ability to drive revenue growth in its key product categories, increase its 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 Kraft Heinz’s management team or other key personnel; Kraft Heinz’s inability to realize the anticipated benefits from its cost savings initiatives; changes in relationships with significant customers and suppliers; execution of Kraft Heinz’s 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 the business and operations of Kraft Heinz in the expected time frame; Kraft Heinz’s 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 Kraft Heinz operates; 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 Kraft Heinz uses; exchange rate fluctuations; disruptions in information technology networks and systems; Kraft Heinz’s inability to protect intellectual property rights; impacts of natural events in the locations in which Kraft Heinz or its customers, suppliers or regulators operate; Kraft Heinz’s indebtedness and ability to pay such indebtedness; tax law changes or interpretations; and other factors. For additional information on these and other factors that could affect Kraft Heinz’s forward-looking statements, see Kraft Heinz’s risk factors, as they may be amended from time to time, set forth in its filings with the Securities and Exchange Commission, including our most recently filed Annual Report on Form 10-K. Kraft Heinz disclaims and does not undertake any obligation to update or revise any forward-looking statement in this presentation, except as required by applicable law or regulation.

<u>Non-GAAP Measures</u>

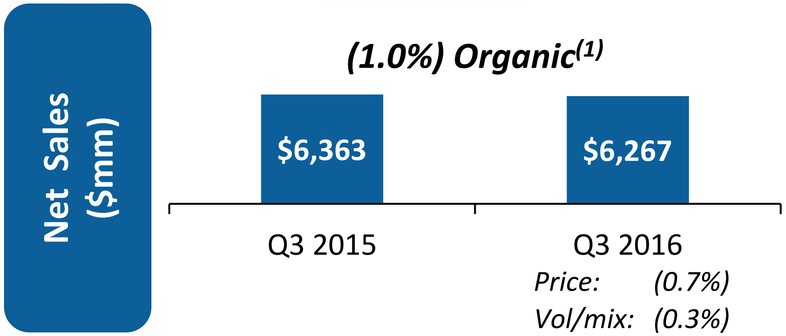
This webcast presentation also includes non-GAAP financial measures, including Organic Net Sales, Adjusted EBITDA and Adjusted EPS. These non-GAAP financial measures should not be considered replacements for, and should be read together with, the most comparable GAAP financial measures. A reconciliation of these non-GAAP financial measures to the most directly comparable GAAP financial measures can be found in the Appendix to this presentation.

Q3 Update

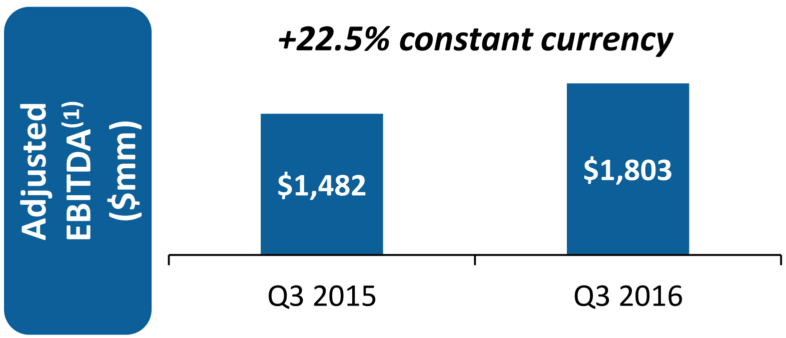
- **Successfully navigating a difficult environment**
  - Managing through commodity deflation, increased retail competition
  - Holding, improving market share in majority of portfolio
- **Bending trends, capturing whitespace through Big Bets**
  - Problem categories remain, more work to do
- **On track with cost savings, deleveraging**
  - Integration Program delivered $330 million net savings in Q3
- **Setting the table for 2017**
  - Focused on strong finish to 2016, momentum into 2017
  - Cascading MBOs, setting aggressive cost targets
  - Finalizing innovation pipeline, whitespace expansion plans

Q3 Financial Summary

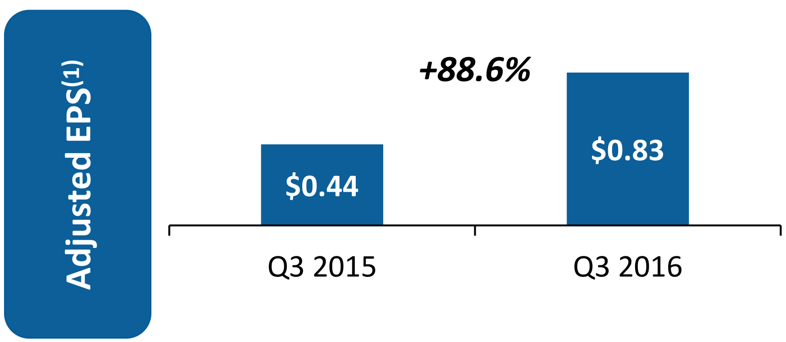
KraftHeinz



- Significantly less currency headwind than H1
- Lower pricing driven by key commodity[2] deflation in U.S. and Canada
- Gains from innovation, condiments globally offset by lower shipments in most developed markets



- Growth and margin expansion primarily driven by cost savings initiatives[3] in North America

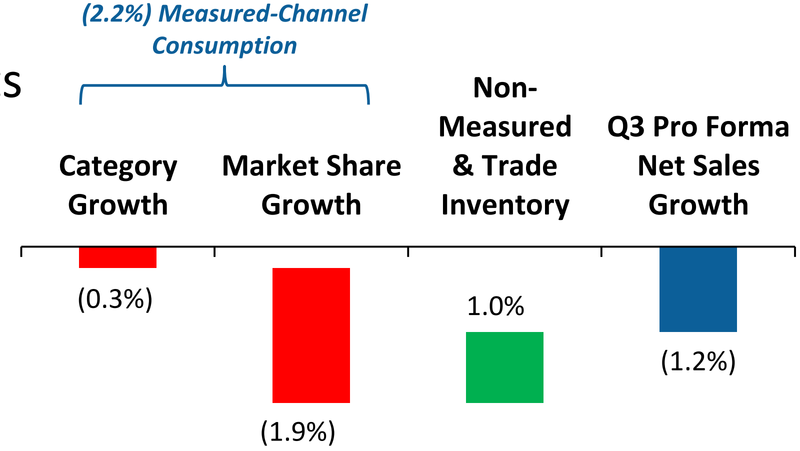


- Growth primarily driven by Adjusted EBITDA gains and refinancing of Preferred Stock
- Lower 3Q16 tax rate versus prior year period due to non-cash, discrete items
  - Continue to think ~30% effective rate representative of ongoing run rate

(1) Non-GAAP financial measure, see GAAP to Non-GAAP reconciliations at the end of this presentation.
(2) The Company's key commodities in the United States and Canada are dairy, meat, coffee and nuts.
(3) Cost savings initiatives include the Company's integration, restructuring and ongoing productivity efforts.

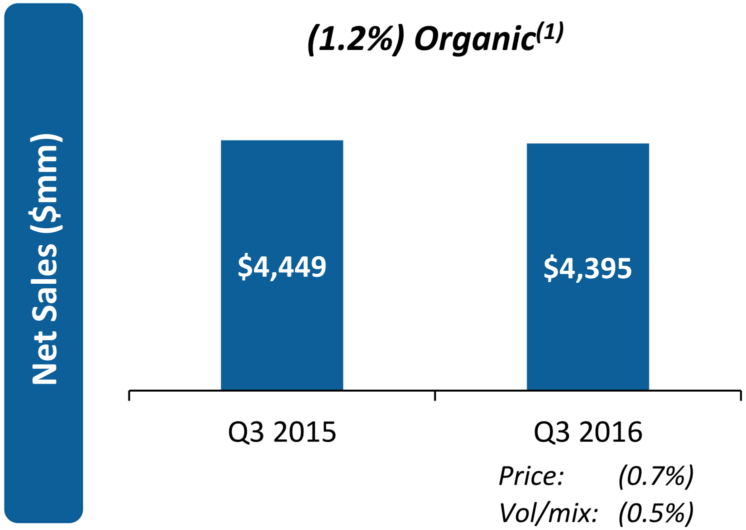
U.S. Update

- **Big Bets now having a measurable impact**
  - Mac & Cheese portfolio, *Devour*, *Capri Sun* Organic, *Heinz* BBQ
  - Advertising about to launch on *Velveeta* mini blocks, *Jell-O* Simply Good
- **Consumption challenges isolated**
  - 80%+ due to cold cuts, R&G coffee, nuts
  - Improving trends with fixes either now in the marketplace or planned
  - Non-measured whitespace gains, new product pipeline benefit in Q3

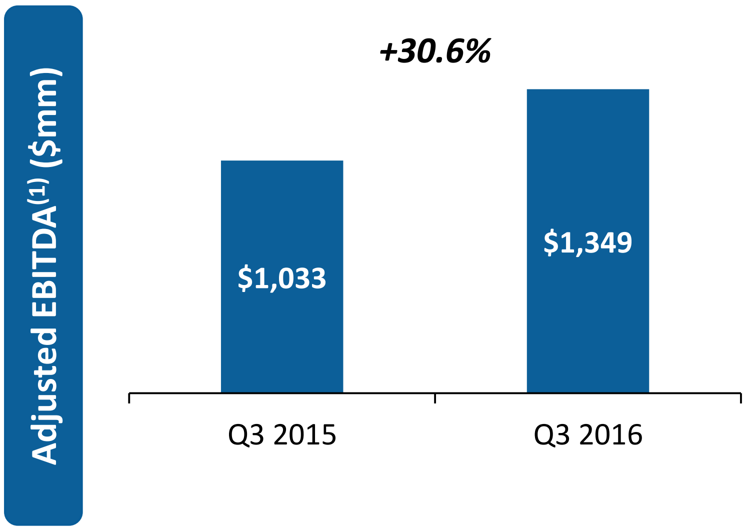


- **Footprint initiative well underway, on plan**
  - Service issues impacting cold cuts, *Lunchables* improving in Q4
  - Investment to make us more competitive across portfolio

United States: Q3 Results



- Pricing driven by key commodity deflation
  - Increased promotional activity versus prior year in select categories
- Vol/mix gains led by *Lunchables*, Mac & Cheese innovation and gains in coffee more than offset by lower shipments in cold cuts, Foodservice and nuts



- Strong growth driven by cost savings initiatives[2] and, to lesser extent, favorable pricing relative to key commodity costs versus prior year period
- Gains partially offset by impact of lower shipments versus prior year

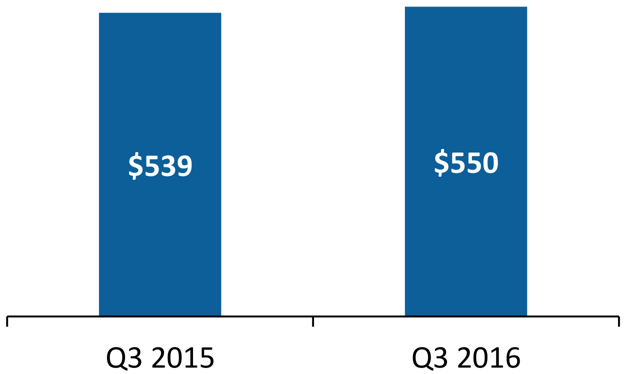
(1) *Non-GAAP financial measure, see GAAP to Non-GAAP reconciliations at the end of this presentation*
(2) *Cost savings initiatives include the Company's integration, restructuring and ongoing productivity efforts.*

Canada: Q3 Results

KraftHeinz

Net Sales ($mm)

+2.0 % Organic[1]

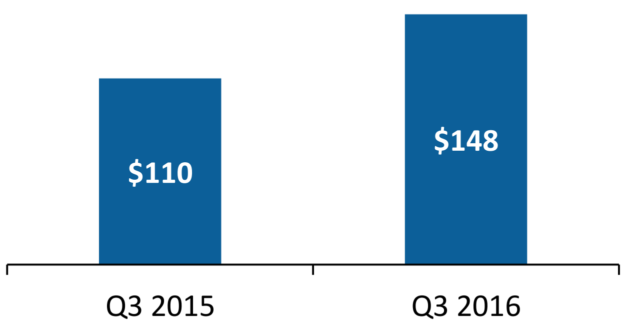


Price: (1.4%)
Vol/mix: 3.4%

- Lower pricing reflected commodity-driven pricing actions in coffee
- Vol/mix growth reflected combination of early event-related shipments versus prior year and gains in foodservice

Adjusted EBITDA[1] ($mm)

+32.7% constant currency



- Strong growth driven by cost savings initiatives[2] and favorable vol/mix

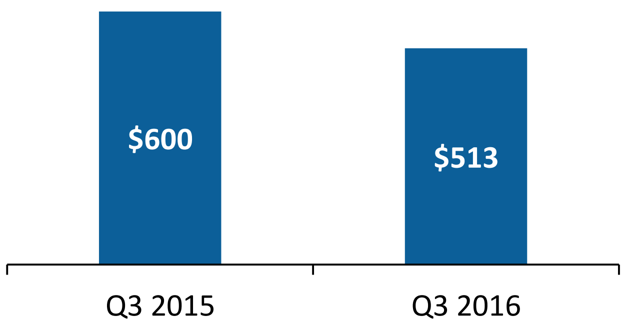
(1) Non-GAAP financial measure, see GAAP to Non-GAAP reconciliations at the end of this presentation.
(2) Cost savings initiatives include the Company's integration, restructuring and ongoing productivity efforts.

Europe: Q3 Results

Kraft Heinz

Net Sales ($mm)

(7.8%) Organic[1]

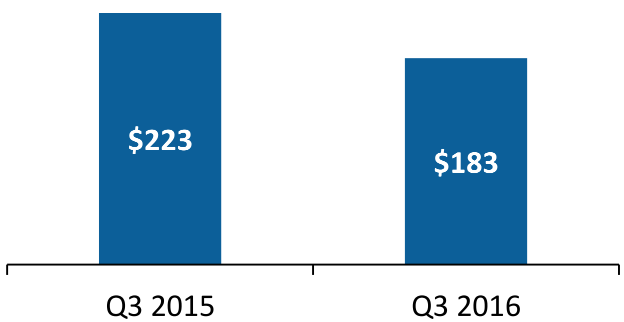


Price: *(2.9%)*
Vol/mix: *(4.9%)*

- Currency headwind stepped up from H1
- Pricing decline primarily driven by timing of promotional expenses versus prior period
- Vol/mix decline reflected combination of shipment timing versus prior year and ongoing category weakness in UK and Netherlands

Adjusted EBITDA[1] ($mm)

(9.4%) constant currency



- Benefits from manufacturing savings more than offset by unfavorable volume/mix, lower pricing and increased marketing investments

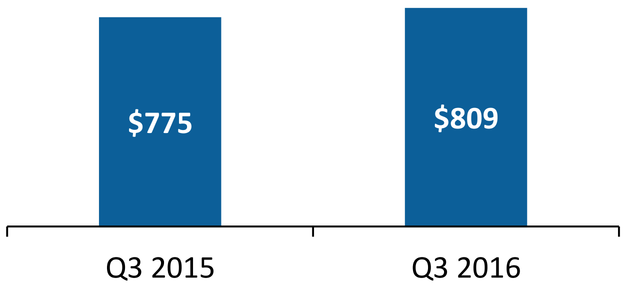
(1) Non-GAAP financial measure, see GAAP to Non-GAAP reconciliations at the end of this presentation.

Rest of World: Q3 Results

KraftHeinz

Net Sales ($mm)

+3.6% Organic[1]

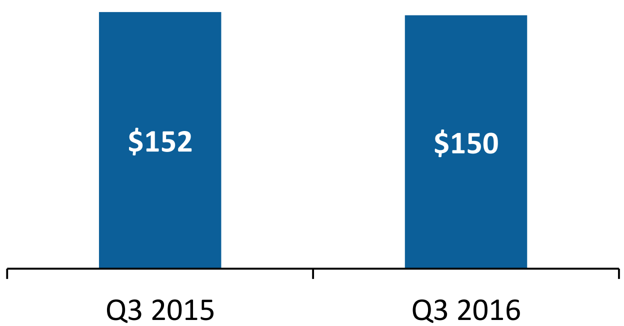


Price: 1.9%
Vol/mix: 1.7%

- Currency translation impact turns positive
- Pricing driven by price increases to offset higher local-currency input costs
  - Increased promotional spending to support new product, whitespace initiatives
- Vol/mix gains driven by condiments and sauces in all regions

Adjusted EBITDA[1] ($mm)

(3.9%) constant currency



- Benefit from organic sales growth more than offset by combination of higher input costs in local currency and investments behind new product initiatives

(1) Non-GAAP financial measure, see GAAP to Non-GAAP reconciliations at the end of this presentation.

Outlook

- **53rd week of shipments in 2015 to impact Q4 comparisons**
- **Still targeting $1.5 billion savings net of inflation from Integration Program by 2017**
  - Expect input cost inflation (ex. key commodities) to partially offset savings
  - Firming up 2017 plans, cost and net savings expectations
- **Investing to drive profitable growth**
  - Finalizing Big Bet and whitespace pipeline for 2017
  - Stepping-up brand-building, working media
- **On track to reduce leverage[1] to < 3x over medium term**
  - Continue to expect $2 billion of debt paydown by July 2017

(1) Leverage defined as Net Debt (including Preferred Equity) divided by Adjusted EBITDA.

Appendix

Schedule 1

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

	For the Three Months Ended		For the Nine Months Ended	
	October 2, 2016	September 27, 2015	October 2, 2016	September 27, 2015
Net sales	$ 6,267	$ 6,120	$ 19,630	$ 11,214
Cost of products sold	4,049	4,492	12,503	7,857
Gross profit	2,218	1,628	7,127	3,357
Selling, general and administrative expenses	805	1,229	2,565	2,005
Operating income	1,413	399	4,562	1,352
Interest expense	311	460	824	1,055
Other expense/(income), net	(3)	108	(5)	314
Income/(loss) before income taxes	1,105	(169)	3,743	(17)
Provision for/(benefit from) income taxes	262	(49)	1,045	(16)
Net income/(loss)	843	(120)	2,698	(1)
Net income/(loss) attributable to noncontrolling interest	1	3	10	10
Net income/(loss) attributable to Kraft Heinz	842	(123)	2,688	(11)
Preferred dividends[(a)]	—	180	180	540
Net income/(loss) attributable to common shareholders	$ 842	$ (303)	$ 2,508	$ (551)
Basic shares outstanding	1,218	1,142	1,216	633
Diluted shares outstanding	1,228	1,142	1,226	633
Per share data applicable to common shareholders:				
Basic earnings/(loss) per share	$ 0.69	$ (0.27)	$ 2.06	$ (0.87)
Diluted earnings/(loss) per share	0.69	(0.27)	2.05	(0.87)

*The consolidated statements of income for the three and nine months ended September 27, 2015 reflect the results for Heinz and the results of Kraft Heinz for the period after the 2015 Merger occurred on July 2, 2015.

(a) In connection with the December 8, 2015 Common Stock dividend declaration, the Company was required to accelerate payment of the Series A Preferred Stock dividend from March 7, 2016 to December 8, 2015. Accordingly, there were no cash distributions related to the Company's Series A Preferred Stock in the first quarter of 2016. Additionally, as the Series A Preferred Stock was redeemed on June 7, 2016, there were no cash distributions in the third quarter of 2016, resulting in cash distributions of $180 million in the nine months ended October 2, 2016 compared to $540 million in the nine months ended September 27, 2015.

Appendix

Schedule 2

The Kraft Heinz Company
Pro Forma Condensed Combined Statements of Income[(a)]
(in millions, except per share data)
(Unaudited)

	For the Three Months Ended		For the Nine Months Ended	
	October 2, 2016	September 27, 2015	October 2, 2016	September 27, 2015
Net sales	$ 6,267	$ 6,363	$ 19,630	$ 20,323
Cost of products sold[(b)]	4,049	4,314	12,503	13,579
Gross profit	2,218	2,049	7,127	6,744
Selling, general and administrative expenses[(c)]	805	1,397	2,565	3,496
Operating income	1,413	652	4,562	3,248
Interest expense	311	460	824	1,262
Other expense/(income), net	(3)	108	(5)	298
Income/(loss) before income taxes	1,105	84	3,743	1,688
Provision for/(benefit from) income taxes	262	69	1,045	562
Net income/(loss)	843	15	2,698	1,126
Net income/(loss) attributable to noncontrolling interest	1	3	10	10
Net income/(loss) attributable to Kraft Heinz	842	12	2,688	1,116
Preferred dividends[(d)]	—	180	180	540
Net income/(loss) attributable to common shareholders	$ 842	$ (168)	$ 2,508	$ 576
Basic common shares outstanding	1,218	1,213	1,216	1,198
Diluted common shares outstanding	1,228	1,213	1,226	1,222
Per share data applicable to common shareholders:				
Basic earnings per share	$ 0.69	$ (0.14)	$ 2.06	$ 0.48
Diluted earnings per share	0.69	(0.14)	2.05	0.47

[(a)] There are no pro forma adjustments in the three and nine months ended October 2, 2016 as Kraft and Heinz were a combined company for the entire period. Refer to Schedules 10 and 11 for additional information on the pro forma adjustments for the three and nine months ended September 27, 2015.

[(b)] Integration and restructuring expenses in cost of products sold were as follows: $152 million in the three months ended October 2, 2016 ($102 million after-tax), $161 million in the three months ended September 27, 2015 ($104 million after-tax), $532 million in the nine months ended October 2, 2016 ($361 million after-tax), and $301 million in the nine months ended September 27, 2015 ($203 million after-tax).

[(c)] Integration and restructuring expenses in selling, general and administrative expenses were as follows: $85 million in the three months ended October 2, 2016 ($57 million after-tax), $321 million in the three months ended September 27, 2015 ($214 million after-tax), $249 million in the nine months ended October 2, 2016 ($169 million after-tax), and $380 million in the nine months ended September 27, 2015 ($256 million after-tax).

[(d)] In connection with the December 8, 2015 Common Stock dividend declaration, the Company was required to accelerate payment of the Series A Preferred Stock dividend from March 7, 2016 to December 8, 2015. Accordingly, there were no cash distributions related to the Company's Series A Preferred Stock in the first quarter of 2016. Additionally, as the Series A Preferred Stock was redeemed on June 7, 2016, there were no cash distributions in the third quarter of 2016, resulting in cash distributions of $180 million in the nine months ended October 2, 2016 compared to $540 million in the nine months ended September 27, 2015.

Appendix

Schedule 3

The Kraft Heinz Company
Reconciliation of Pro Forma Net Sales to Organic Net Sales
For the Three Months Ended
(dollars in millions)
(Unaudited)

	Pro Forma Net Sales[a]	Impact of Currency	Impact of Divestitures	Organic Net Sales	Price	Volume/Mix
October 2, 2016						
United States	$ 4,395	$ —	$ —	$ 4,395		
Canada	550	—	—	550		
Europe	513	(40)	—	553		
Rest of World	809	8	—	801		
	$ 6,267	$ (32)	$ —	$ 6,299		
September 27, 2015						
United States[b]	$ 4,449	$ —	$ —	$ 4,449		
Canada	539	—	—	539		
Europe[b]	600	—	—	600		
Rest of World[b]	775	2	—	773		
	$ 6,363	$ 2	$ —	$ 6,361		
Year-over-year growth rates						
United States[b]	(1.2)%	—	—	(1.2)%	(0.7) pp	(0.5) pp
Canada	2.0 %	—	—	2.0 %	(1.4) pp	3.4 pp
Europe[b]	(14.5)%	(6.7) pp	—	(7.8)%	(2.9) pp	(4.9) pp
Rest of World[b]	4.4 %	0.8 pp	—	3.6 %	1.9 pp	1.7 pp
Kraft Heinz	(1.5)%	(0.5) pp	—	(1.0)%	(0.7) pp	(0.3) pp

[a] There are no pro forma adjustments in the three and nine months ended October 2, 2016 as Kraft and Heinz were a combined company for the entire period.

[b] In the first quarter of 2016, the Company moved certain of the historical Kraft export businesses from the Company's United States segment to its Rest of World and Europe segments to align with its long-term go-to-market strategies. This change resulted in the reclassification of $92 million of pro forma net sales for the three months ended September 27, 2015 from the United States segment to the Rest of World segment ($91 million) and Europe segment ($1 million).

Appendix

Schedule 4

The Kraft Heinz Company
Reconciliation of Pro Forma Net Sales to Organic Net Sales
For the Nine Months Ended
(dollars in millions)
(Unaudited)

	Pro Forma Net Sales[a]	Impact of Currency	Impact of Divestitures	Organic Net Sales	Price	Volume/Mix
October 2, 2016						
United States	$ 13,802	$ —	$ —	$ 13,802		
Canada	1,692	(89)	—	1,781		
Europe	1,644	(77)	—	1,721		
Rest of World	2,492	(117)	—	2,609		
	$ 19,630	$ (283)	$ —	$ 19,913		
September 27, 2015						
United States[b]	$ 13,939	$ —	$ —	$ 13,939		
Canada	1,754	—	—	1,754		
Europe[b,c]	1,847	—	43	1,804		
Rest of World[b]	2,783	346	—	2,437		
	$ 20,323	$ 346	$ 43	$ 19,934		
Year-over-year growth rates						
United States[b]	(1.0)%	—	—	(1.0)%	0.2 pp	(1.2) pp
Canada	(3.5)%	(5.0) pp	—	1.5 %	1.9 pp	(0.4) pp
Europe[b,c]	(11.0)%	(4.2) pp	(2.2) pp	(4.6)%	(2.7) pp	(1.9) pp
Rest of World[b]	(10.5)%	(17.6) pp	—	7.1 %	3.1 pp	4.0 pp
Kraft Heinz	(3.4)%	(3.1) pp	(0.2) pp	(0.1)%	0.5 pp	(0.6) pp

[a] There are no pro forma adjustments in the nine months ended October 2, 2016 as Kraft and Heinz were a combined company for the entire period.

[b] In the first quarter of 2016, the Company moved certain of the historical Kraft export businesses from the Company's United States segment to its Rest of World and Europe segments to align with its long-term go-to-market strategies. This change resulted in the reclassification of $263 million of pro forma net sales for the nine months ended September 27, 2015 from the United States segment to the Rest of World segment ($261 million) and Europe segment ($2 million).

[c] The Company increased Europe Organic Net Sales by $2 million from the amount previously published for the nine months ended September 27, 2015 to reflect a correction to the Impact of Divestitures.

Appendix

Schedule 5

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

	For the Three Months Ended		For the Nine Months Ended	
	October 2, 2016	September 27, 2015	October 2, 2016	September 27, 2015
Pro forma net income/(loss)[a]	$ 843	$ 15	$ 2,698	$ 1,126
Interest expense	311	460	824	1,262
Other expense/(income), net	(3)	108	(5)	298
Provision for/(benefit from) income taxes	262	69	1,045	562
Operating income	1,413	652	4,562	3,248
Depreciation and amortization (excluding integration and restructuring expenses)	116	193	401	619
Integration and restructuring expenses	237	482	781	681
Merger costs	4	139	33	193
Unrealized losses/(gains) on commodity hedges	22	—	(23)	(23)
Impairment losses	—	—	53	58
Losses/(gains) on sale of business	—	—	—	(21)
Nonmonetary currency devaluation	1	—	4	49
Equity award compensation expense (excluding integration and restructuring expenses)	10	16	30	60
Adjusted EBITDA	$ 1,803	$ 1,482	$ 5,841	$ 4,864
Segment Adjusted EBITDA:				
United States[b]	$ 1,349	$ 1,033	$ 4,360	$ 3,364
Canada	148	110	491	374
Europe[b]	183	223	572	662
Rest of World[b]	150	152	525	570
General corporate expenses	(27)	(36)	(107)	(106)
Adjusted EBITDA	$ 1,803	$ 1,482	$ 5,841	$ 4,864

[a] There are no pro forma adjustments in the nine months ended October 2, 2016 as Kraft and Heinz were a combined company for the entire period.

[b] In the first quarter of 2016, the Company moved certain historical Kraft export businesses from the Company's United States segment to its Rest of World and Europe segments to align with its long-term go-to-market strategies. For the three months ended September 27, 2015, this change resulted in the reclassification of $28 million of Segment Adjusted EBITDA from the United States segment to the Rest of World segment ($27 million) and Europe segment ($1 million). For the nine months ended September 27, 2015, this change resulted in the reclassification of $73 million of Segment Adjusted EBITDA from the United States segment to the Rest of World segment ($72 million) and Europe segment ($1 million).

Appendix

Schedule 6

The Kraft Heinz Company
Reconciliation of Adjusted EBITDA to Constant Currency Adjusted EBITDA
For the Three Months Ended
(dollars in millions)
(Unaudited)

	Adjusted EBITDA[a]	Impact of Currency	Constant Currency Adjusted EBITDA
October 2, 2016			
United States	$ 1,349	$ —	$ 1,349
Canada	148	2	146
Europe	183	(19)	202
Rest of World	150	2	148
General corporate expenses	(27)	—	(27)
	$ 1,803	$ (15)	$ 1,818
September 27, 2015			
United States[b]	$ 1,033	$ —	$ 1,033
Canada	110	—	110
Europe[b]	223	—	223
Rest of World[b]	152	(2)	154
General corporate expenses	(36)	—	(36)
	$ 1,482	$ (2)	$ 1,484
Year-over-year growth rates			
United States[b]	30.6 %	—	30.6 %
Canada	34.5 %	1.8 pp	32.7 %
Europe[b]	(17.9)%	(8.5) pp	(9.4)%
Rest of World[b]	(1.3)%	2.6 pp	(3.9)%
General corporate expenses	(25.0)%	—	(25.0)%
Kraft Heinz	21.7 %	(0.8) pp	22.5 %

[a] There are no pro forma adjustments in the three and nine months ended October 2, 2016 as Kraft and Heinz were a combined company for the entire period.

[b] In the first quarter of 2016, the Company moved certain historical Kraft export businesses from the Company's United States segment to its Rest of World and Europe segments to align with its long-term go-to-market strategies. For the three months ended September 27, 2015, this change resulted in the reclassification of $28 million of Segment Adjusted EBITDA from the United States segment to the Rest of World segment ($27 million) and Europe segment ($1 million).

Appendix

Schedule 7

The Kraft Heinz Company
Reconciliation of Adjusted EBITDA to Constant Currency Adjusted EBITDA
For the Nine Months Ended
(dollars in millions)
(Unaudited)

	Adjusted EBITDA[a]	Impact of Currency	Constant Currency Adjusted EBITDA
October 2, 2016			
United States	$ 4,360	$ —	$ 4,360
Canada	491	(25)	516
Europe	572	(34)	606
Rest of World	525	(22)	547
General corporate expenses	(107)	—	(107)
	$ 5,841	$ (81)	$ 5,922
September 27, 2015			
United States[b]	$ 3,364	$ —	$ 3,364
Canada	374	—	374
Europe[b]	662	—	662
Rest of World[b]	570	99	471
General corporate expenses	(106)	—	(106)
	$ 4,864	$ 99	$ 4,765
Year-over-year growth rates			
United States[b]	29.6 %	—	29.6 %
Canada	31.3 %	(6.7) pp	38.0 %
Europe[b]	(13.6)%	(5.1) pp	(8.5)%
Rest of World[b]	(7.9)%	(24.0) pp	16.1 %
General corporate expenses	0.9 %	—	0.9 %
Kraft Heinz	20.1 %	(4.2) pp	24.3 %

[a] There are no pro forma adjustments in the nine months ended October 2, 2016 as Kraft and Heinz were a combined company for the entire period.

[b] In the first quarter of 2016, the Company moved certain historical Kraft export businesses from the Company's United States segment to its Rest of World and Europe segments to align with its long-term go-to-market strategies. For the nine months ended September 27, 2015, this change resulted in the reclassification of $73 million of Segment Adjusted EBITDA from the United States segment to the Rest of World segment ($72 million) and Europe segment ($1 million).

Appendix

Kraft Heinz

Schedule 8

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

	For the Three Months Ended		For the Nine Months Ended	
	October 2, 2016	September 27, 2015	October 2, 2016	September 27, 2015
Pro forma diluted EPS[(a)]	$ 0.69	$ (0.14)	$ 2.05	$ 0.47
Integration and restructuring expenses[(b)(c)]	0.13	0.27	0.43	0.38
Merger costs[(b)(d)]	—	0.31	0.02	0.48
Unrealized losses/(gains) on commodity hedges[(b)(e)]	0.01	—	(0.02)	(0.01)
Impairment losses[(b)(e)]	—	—	0.03	0.03
Losses/(gains) on sale of business[(b)(e)]	—	—	—	(0.01)
Nonmonetary currency devaluation[(b)(f)]	—	—	—	0.23
Preferred dividend adjustment[(g)]	—	—	(0.10)	—
Adjusted EPS	$ 0.83	$ 0.44	$ 2.41	$ 1.57

(a) There are no pro forma adjustments in the three and nine months ended October 2, 2016, as Kraft and Heinz were a combined company for the entire period.

(b) Income tax expense associated with these items is based on applicable jurisdictional tax rates and deductibility assessment of individual items.

(c) Integration and restructuring expenses include the following gross expenses:
- Expenses recorded in cost of products sold were $152 million for the three months and $532 million for the nine months ended October 2, 2016 and $161 million for the three months and $301 million for the nine months ended September 27, 2015;
- Expenses recorded in SG&A were $85 million for the three months and $249 million for the nine months ended October 2, 2016 and $321 million for the three months and $380 million for the nine months ended September 27, 2015
- Expenses recorded in other expense/(income), net, were $2 million for the three and nine months ended October 2, 2016 (there were no such expenses for the three and nine months ended September 27, 2015).

(d) Merger costs include the following gross expenses:
- Expenses recorded in cost of products sold were $1 million for the three months and $2 million for the nine months ended October 2, 2016, and $4 million for the three and nine months ended September 27, 2015;
- Expenses recorded in SG&A were $3 million for the three months and $31 million for the nine months ended October 2, 2016 and $135 million for the three months and $189 million for the nine months ended September 27, 2015;
- Expenses recorded in interest expense were $207 million for the three months and $466 million for the nine months ended September 27, 2015 (there were no such expenses for the three and nine months ended October 2, 2016); and,
- Expenses recorded in other expense/(income), net, were $113 million for the three and $139 million for the nine months ended September 27, 2015 (there were no such expenses for the three and nine months ended October 2, 2016).

(e) Refer to the reconciliation of pro forma net income/(loss) to Adjusted EBITDA for the related gross expenses.

(f) Nonmonetary currency devaluation includes the following gross expenses/(income):
- Expenses recorded in cost of products sold of $1 million for the three months and $4 million for the nine months ended October 2, 2016 and $49 million the nine months ended September 27, 2015 (there were no such expenses for the three months ended September 27, 2015); and,
- Expenses/(income) recorded in other expense/(income), net, including income of $6 million for the three months and expense of $1 million for the nine months ended October 2, 2016 and expense of $234 million for the nine months ended September 27, 2015 (there were no such expenses for the three months ended September 27, 2015).

(g) For Adjusted EPS, the Company presents the impact of the Series A Preferred Stock dividend payments on an accrual basis. Accordingly, the Company includes adjustments to EPS to include $180 million of Series A Preferred Stock dividends during the first quarter of 2016 (to reflect the March 7, 2016 Series A Preferred Stock dividend that was paid in December 2015) and to exclude $51 million of Series A Preferred Stock dividends during the second quarter of 2016 (to reflect that it was redeemed on June 7, 2016).

Appendix

Schedule 9

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

	October 2, 2016	January 3, 2016
ASSETS		
Cash and cash equivalents	$ 3,920	$ 4,837
Trade receivables	855	871
Sold receivables	208	583
Inventories	3,108	2,618
Other current assets	852	871
Total current assets	8,943	9,780
Property, plant and equipment, net	6,490	6,524
Goodwill	44,518	43,051
Intangible assets, net	59,620	62,120
Other assets	1,509	1,498
TOTAL ASSETS	$ 121,080	$ 122,973
LIABILITIES AND EQUITY		
Commercial paper and other short-term debt	$ 653	$ 4
Current portion of long-term debt	2,047	79
Trade payables	3,456	2,844
Accrued marketing	708	856
Accrued postemployment costs	164	328
Income taxes payable	142	417
Interest payable	311	401
Dividends payable	769	762
Other current liabilities	1,164	1,241
Total current liabilities	9,414	6,932
Long-term debt	29,980	25,151
Deferred income taxes	20,706	21,497
Accrued postemployment costs	2,367	2,405
Other liabilities	745	752
TOTAL LIABILITIES	63,212	56,737
Redeemable noncontrolling interest	—	23
9.00% cumulative compounding preferred stock, Series A	—	8,320
Equity:		
Common stock, $0.01 par value	12	12
Additional paid-in capital	58,567	58,375
Retained earnings/(deficit)	374	—
Accumulated other comprehensive income/(losses)	(1,229)	(671)
Treasury stock, at cost	(82)	(31)
Total shareholders' equity	57,642	57,685
Noncontrolling interest	226	208
TOTAL EQUITY	57,868	57,893
TOTAL LIABILITIES AND EQUITY	$ 121,080	$ 122,973

Appendix

Schedule 10

The Kraft Heinz Company
Pro Forma Condensed Combined Statement of Income
For the Three Months Ended September 27, 2015
(in millions, except per share data)
(Unaudited)

	Historical Heinz	Historical Kraft	Pro Forma Adjustments		Pro Forma
Net sales	$ 6,120	$ 243	$ —		$ 6,363
Cost of products sold	4,492	169	(347)	(a)	4,314
Gross profit	1,628	74	347		2,049
Selling, general and administrative expenses	1,229	264	(96)	(b)	1,397
Operating income	399	(190)	443		652
Interest expense	460	—	—		460
Other expense/(income), net	108	—	—		108
Income/(loss) before income taxes	(169)	(190)	443		84
Provision for/(benefit from) income taxes	(49)	(52)	170	(c)	69
Net income/(loss)	(120)	(138)	273		15
Net income/(loss) attributable to noncontrolling interest	3	—	—		3
Net income/(loss) attributable to Kraft Heinz	(123)	(138)	273		12
Preferred dividends	180	—	—		180
Net income/(loss) attributable to common shareholders	$ (303)	$ (138)	$ 273		$ (168)
Basic common shares outstanding					1,213
Diluted common shares outstanding					1,213
Per share data applicable to common shareholders:					
Basic earnings per share					$ (0.14)
Diluted earnings per share					(0.14)

(a) Represents the elimination of nonrecurring non-cash costs related to the fair value adjustment of Kraft's inventory.

(b) Reflects 2015 Merger-related adjustments including certain deal costs related to the 2015 Merger.

(c) Represents the income tax effect of pro forma adjustments utilizing a 38.5% weighted average statutory tax rate.

Appendix

Schedule 11

The Kraft Heinz Company
Pro Forma Condensed Combined Statement of Income
For the Nine Months Ended September 27, 2015
(in millions, except per share data)
(Unaudited)

	Historical Heinz	Historical Kraft	Pro Forma Adjustments		Pro Forma
Net sales	$ 11,214	$ 9,109	$ —		$ 20,323
Cost of products sold	7,857	6,103	(381)	(a)	13,579
Gross profit	3,357	3,006	381		6,744
Selling, general and administrative expenses	2,005	1,532	(41)	(b)	3,496
Operating income	1,352	1,474	422		3,248
Interest expense	1,055	247	(40)	(c)	1,262
Other expense/(income), net	314	(16)	—		298
Income/(loss) before income taxes	(17)	1,243	462		1,688
Provision for/(benefit from) income taxes	(16)	400	178	(d)	562
Net income/(loss)	(1)	843	284		1,126
Net income/(loss) attributable to noncontrolling interest	10	—	—		10
Net income/(loss) attributable to Kraft Heinz	(11)	843	284		1,116
Preferred dividends	540	—	—		540
Net income/(loss) attributable to common shareholders	$ (551)	$ 843	$ 284		$ 576
Basic common shares outstanding					1,198
Diluted common shares outstanding					1,222
Per share data applicable to common shareholders:					
Basic earnings per share					$ 0.48
Diluted earnings per share					0.47

(a) Represents the change to align Kraft to Kraft Heinz's accounting policy for postemployment benefit plans and the elimination of nonrecurring non-cash costs related to the fair value adjustment of Kraft's inventory.

(b) Reflects 2015 Merger-related adjustments including the change to align Kraft to Kraft Heinz's accounting policy for postemployment benefit plans; incremental amortization resulting from the fair value adjustment of Kraft's definite-lived intangible assets; incremental compensation expense due to the fair value remeasurement of certain Kraft's equity awards; and, certain deal costs related to the 2015 Merger.

(c) 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.

(d) Represents the income tax effect of pro forma adjustments utilizing a 38.5% weighted average statutory tax rate.