



Three Lakes Drive  
Northfield, IL 60093

T: 1-800-KRAFT-HR (572-3847)

July 27, 2012

Dear Colleague:

There have been many questions about what will happen to Kraft Foods current U.S. Benefits Program as a result of the Spin-Off. The purpose of this letter is to provide you with a general overview of the impact of the Spin-Off on your current Kraft Foods benefit plan coverage and let you know about further communication you can expect to receive in the future.

I encourage you to read the information contained with this letter very carefully and save it for future reference along with all other benefits communication you receive this year.

If you have any questions with respect to the information we are providing with this letter, please contact **1-800-KRAFT-HR** (1-800-572-3847) and select *Benefits*.

Sincerely,

Jill K. Youman

Vice President Human Resources, Benefits



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## U.S. Benefits Treatment as a Result of the Spin-Off (For Salaried and Non-Union Hourly Employees)

### Introduction

This communication contains important information regarding the treatment of your U.S. employee benefits as a result of the Spin-Off of Kraft Foods Group, Inc. ("Kraft Foods Group") to shareholders of Kraft Foods Inc. (the "Spin-Off"). Coincident with the Spin-Off, Kraft Foods Inc. will be renamed Mondelēz International, Inc. ("Mondelēz").

**Please read this entire communication carefully.** You will receive additional information over the next few months.

### Health & Welfare Plans

#### Medical (including prescription drug coverage) and Dental Plans

- **Overview**

- The medical and dental plans will not change as a result of the Spin-Off or for the remainder of 2012.
- Mondelēz will establish medical and dental plans that have the same coverage and plan provisions as the current Kraft Foods Medical Plan, Kaiser Permanente High Deductible Plan, Health Plan Hawaii and the Kraft Foods Dental Plans.
- Mondelēz employees who are enrolled in the Kraft Foods Group medical and dental plans immediately prior to the Spin-Off will be covered by the Mondelēz medical and dental plans immediately following the Spin-Off. Employees who remain with Kraft Foods Group will continue coverage under the current Kraft Foods Plans, if they are enrolled.

- **Employee Contributions (Premiums)**

- Employee contributions for both Kraft Foods Group and Mondelēz will not change for the remainder of 2012.

- **Deductibles, Out-Of-Pocket Limits and Maximums**

- The qualified expenses you and/or your family have accumulated year to date toward the 2012 **deductibles** will be carried over to the applicable plan.
- The qualified expenses you and/or your family have accumulated year to date toward the 2012 **out-of-pocket limits** will be carried over to the applicable plan.
- The qualified expenses you and/or your family have accumulated year to date toward the 2012 **annual maximums** and toward **lifetime maximums** will be carried over to the applicable plan.

- **Health Savings Account (HSA)**

- Both Kraft Foods Group and Mondelēz employees will continue to use their current Aetna Health Savings Account debit cards for 2012.

- **Flexible Spending Account (FSA)**

- Kraft Foods Group employees' 2012 FSA elections and balances will not be affected by the Spin-Off.
- Mondelēz employees' 2012 FSA elections and balances will be carried over to the newly-established Mondelēz FSA plan.

## Medical (including prescription drug coverage) and Dental Plans (continued)

### • ID Cards:

- Kraft Foods Group employees will continue to use their current Aetna ID card, their current Kaiser Permanente ID card, or their current HMSA (Health Plan Hawaii) ID card through 2012.
- Mondelēz employees will be issued new Aetna ID cards shortly before the Spin-Off and the new ID card should be used for any medical and dental services incurred or prescriptions filled after the Spin-Off. Employees enrolled in the Kaiser Permanente High Deductible Plan or in Health Plan Hawaii will continue to use their current ID cards through 2012.

## Life Insurance, Short-Term Disability, Long-Term Disability and Optional Protection Programs

- Coverage, employee contributions (if applicable) and plan provisions will not change as a result of the Spin-Off or for the remainder of 2012.
- Employees who remain with Kraft Foods Group will continue coverage under the current Kraft Foods Plans if enrolled.
- Mondelēz will establish life insurance and disability plans and make available optional protection programs that have the same coverage and plan provisions as the current Kraft Foods plans and programs.
- Mondelēz employees who are enrolled in the Kraft Foods Group plans or programs immediately prior to the Spin-Off will be covered by the corresponding Mondelēz plans or programs immediately following the Spin-Off.

## Retirement Plans

### Thrift 401(k) Savings Plan

- Plan provisions will not change as a result of the Spin-Off or for the remainder of 2012.
- All outstanding loan re-payments and terms will remain the same after the Spin-Off.
- Mondelēz will establish a Thrift 401(k) Savings Plan that has the same plan provisions as the Kraft Foods Group Thrift 401(k) Savings Plan, except for the stock fund provisions, as described below. The 401(k) Savings Plan account balances of all Mondelēz employees who participate in the Kraft Foods Thrift 401(k) Savings Plan will be transferred to the Mondelēz Global Thrift 401(k) Savings Plan.
- Employees who remain with Kraft Foods Group will continue to participate in the Kraft Foods Group Thrift 401(k) Savings Plan, if they are eligible.

### Stock Fund Provisions

- **Both the Kraft Foods Group and the Mondelēz Global Thrift Plans will maintain the Kraft Foods Inc. Stock Fund (which will be re-named the Mondelēz International Stock Fund) after the Spin-Off**
  - For Kraft Foods Group employees: the Mondelēz International Stock Fund will be frozen to new money (contributions and dividend reinvestment) as of the Spin-Off.
  - For Mondelēz employees: the Mondelēz International Stock Fund will remain an active investment fund under the Mondelēz Global Thrift 401(k) Savings Plan following the Spin-Off.
- **A new Kraft Foods Group, Inc. Stock Fund will be established under both the Kraft Foods Group and the Mondelēz Global Thrift Plans as of the Spin-Off:**
  - For Kraft Foods Group employees: the Kraft Foods Group, Inc. Stock Fund will remain an active investment fund under the Kraft Foods Group Thrift 401(k) Savings Plan following the Spin-Off.
  - For Mondelēz employees: the Kraft Foods Group, Inc. Stock Fund will be frozen to new money (contributions and dividend reinvestment) as of the Spin-Off.

### Stock Fund Provisions (continued)

#### • Sun-setting of all frozen company stock funds under both the Kraft Foods Group and the Mondelēz Global Thrift 401(k) Savings Plans as of June 30, 2014

- As of June 30, 2014 all three of the frozen company stock funds will be removed as an investment option under both the Kraft Foods Group Thrift 401(k) Savings Plan and the Mondelēz Global Thrift 401(k) Savings Plan.
- For Kraft Foods Group Thrift 401(k) Savings Plan participants: this means that the Mondelēz International Stock Fund, the Altria Stock Fund and the PMI Stock Fund will be removed as investment options under the Kraft Foods Group Thrift 401(k) Savings Plan as of June 30, 2014.
- For Mondelēz Global Thrift 401(k) Savings Plan participants: this means that the Kraft Foods Group, Inc. Stock Fund, the Altria Stock Fund and the PMI Stock Fund will be removed as investment options under the Mondelēz Global Thrift 401(k) Savings Plan as of June 30, 2014.
- If you have a balance in any of these frozen funds, you can stay invested in these frozen company stock funds **until June 30, 2014**.
- If you have a balance in any of these frozen company stock funds, you will be asked to make a new investment election before June 30, 2014 or your money will be invested in the default fund, currently the Target Date Fund with the target retirement year closest to the year you turn age 65. However, you can make investment election changes any time prior to June 30, 2014.

More detailed information regarding the impact of the Spin-Off on your Thrift 401(k) Savings Account will be provided in late August.

### Retirement (Pension Plan) for Employees Hired Before 2009

- The pension plan formulas and features of the Kraft Foods Group and Mondelēz Global retirement plans will not change as a result of the Spin-Off.
- Mondelēz will establish a pension plan that has the same plan provisions as the Kraft Foods Group Retirement Plan.
- The pension benefits of all Mondelēz employees who are eligible to participate in the Kraft Foods Group Retirement Plan will be provided under the Mondelēz Global Retirement Plan. Employees who remain with Kraft Foods Group will continue to participate in the Kraft Foods Group Retirement Plan, if they are eligible.
- As previously announced, pension accruals under both the Kraft Foods Group and Mondelēz Global retirement plans for all salaried and non-union hourly employees who are currently earning pension benefits will end on December 31, 2019.

**Please Note:** Legacy Cadbury retirement plan benefits were merged into the Kraft Foods Retirement Plan effective January 1, 2012. Any benefit earned under the Cadbury retirement plan (pension) benefit formulas was transitioned to the Kraft Foods Retirement Plan and those who were earning benefits under the Cadbury Personal Pension Account (PPA) Plan will continue to earn retirement plan benefits using the PPA formula through 2019 (as previously announced). Any benefits accrued under a grandfathered plan – such as the Cadbury Adams Retirement Plan or benefits from prior plans that were transferred to the PPA after December 31, 1991 – will continue to be available.

## Retiree Medical (if eligible)

- Mondelēz will establish a retiree medical plan that mirrors the terms and conditions of the Kraft Foods Group retiree medical plan.
- The coverage and plan provisions of the Kraft Foods Group and Mondelēz Global retiree medical plans will not change as a result of the Spin-Off.
- **Retiree Medical Plan Offerings**
  - 2012 plan offerings for both Kraft Foods Group and Mondelēz will not change.
  - 2013 plan offerings for both Kraft Foods Group and Mondelēz will generally be unchanged from 2012.
- **Retiree Contributions (Premiums)**
  - 2012 retiree contributions and company subsidies for both Kraft Foods Group and Mondelēz will not change.
  - 2013 retiree contributions and company subsidies for Kraft Foods Group and Mondelēz may change based on plan experience and federal legislation.

**Please Note:** Legacy Cadbury employees eligible for the Cadbury Retiree Medical Plan are not eligible for the Kraft Foods Group Retiree Medical Plan and will not be eligible for the Mondelēz Retiree Medical Plan, when established.

## Beneficiaries

All beneficiary designations that are in effect under all applicable Kraft Foods Group benefit plans prior to the Spin-Off will remain in effect after the Spin-Off under the applicable Kraft Foods Group or the Mondelēz benefit plan.

## Other Benefit Plans/Policies

Mondelēz will establish the following benefit plans and policies that mirror the terms and conditions of the current Kraft Foods Group plans and programs and will not change as a result of the Spin-Off:

- Paid Time Off (PTO)/Vacation Policies
- Bonus Week/Service Awards Policies
- Severance Plans
- Tuition Reimbursement Policy

## Future Communication

- Late Summer – Thrift 401(k) Savings Plan Bulletin with detailed information regarding the impact of the Spin-Off on your Thrift 401(k) Savings Plan account if you are invested in the Kraft Foods Inc. Stock Fund (and the creation of a new Kraft Foods Group, Inc. Stock Fund).
- Early Fall – Benefits Transition Overview Brochure with more detail about future contacts, websites and important dates.
- Fall – 2013 Annual Enrollment materials.

*This communication is intended to provide only basic plan information – not all the details. Both Kraft Foods Group and Mondelēz retain the right to amend, modify, change the terms of their benefit plans or terminate the benefits plan at any time for any reason.*