

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

FORM 10-Q

(Mark One)

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the quarterly period ended September 28, 2019

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)

(412) 456-5700

(Registrant's telephone number, including area code)

Not Applicable

(Former name, former address and former fiscal year, if changed since last report)

Securities registered pursuant to Section 12(b) of the Act:

<u>Title of each class</u>	<u>Trading Symbol</u>	<u>Name of exchange on which registered</u>
Common stock, \$0.01 par value	KHC	The Nasdaq Stock Market LLC

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 every Interactive Data File required to be submitted 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 such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☒

Accelerated filer ☐

Non-accelerated filer ☐

Smaller reporting company ☐

Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

As of October 26, 2019, there were 1,221,160,646 shares of the registrant's common stock outstanding.

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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 and all of its consolidated subsidiaries.

Explanatory Note

As previously disclosed, we restated our audited consolidated financial statements at December 30, 2017 and for the years ended December 30, 2017 and December 31, 2016. The restatement of these periods was effective with the filing of our Annual Report on Form 10-K for the year ended December 29, 2018. See Note 2, *Restatement of Previously Issued Consolidated Financial Statements*, to the consolidated financial statements in our Annual Report on Form 10-K for additional information related to the restatement.

Additionally, as previously disclosed, we restated the relevant unaudited interim financial information for the quarterly periods ended September 29, 2018, June 30, 2018, March 31, 2018, December 30, 2017, September 30, 2017, July 1, 2017, and April 1, 2017. The 2018 quarterly restatements became effective with the filing of our 2019 unaudited interim condensed consolidated financial statement filings in Quarterly Reports on Form 10-Q, including the periods ended September 29, 2018, which are effective with the filing of this Quarterly Report on Form 10-Q. See Note 2, *Restatement of Previously Issued Condensed Consolidated Financial Statements*, in Item 1, *Financial Statements*, for additional information related to the restatement of our condensed consolidated financial statements for the periods ended September 29, 2018.

PART I - FINANCIAL INFORMATION

Item 1. Financial Statements.

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	
	September 28, 2019	September 29, 2018	September 28, 2019	September 29, 2018
		(As Restated)		(As Restated)
Net sales	\$ 6,076	\$ 6,383	\$ 18,441	\$ 19,377
Cost of products sold	4,129	4,289	12,401	12,672
Gross profit	1,947	2,094	6,040	6,705
Selling, general and administrative expenses, excluding impairment losses	762	803	2,341	2,323
Goodwill impairment losses	—	—	744	133
Intangible asset impairment losses	5	217	479	318
Selling, general and administrative expenses	767	1,020	3,564	2,774
Operating income/(loss)	1,180	1,074	2,476	3,931
Interest expense	398	326	1,035	959
Other expense/(income)	(380)	(71)	(893)	(181)
Income/(loss) before income taxes	1,162	819	2,334	3,153
Provision for/(benefit from) income taxes	264	201	584	779
Net income/(loss)	898	618	1,750	2,374
Net income/(loss) attributable to noncontrolling interest	(1)	(1)	(3)	(2)
Net income/(loss) attributable to common shareholders	\$ 899	\$ 619	\$ 1,753	\$ 2,376
Per share data applicable to common shareholders:				
Basic earnings/(loss)	\$ 0.74	\$ 0.51	\$ 1.44	\$ 1.95
Diluted earnings/(loss)	0.74	0.50	1.43	1.94

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		For the Nine Months Ended	
	September 28, 2019	September 29, 2018	September 28, 2019	September 29, 2018
		(As Restated)		(As Restated)
Net income/(loss)	\$ 898	\$ 618	\$ 1,750	\$ 2,374
Other comprehensive income/(loss), net of tax:				
Foreign currency translation adjustments	(407)	(144)	(257)	(809)
Net deferred gains/(losses) on net investment hedges	151	13	147	158
Amounts excluded from the effectiveness assessment of net investment hedges	6	3	16	3
Net deferred losses/(gains) on net investment hedges reclassified to net income/(loss)	(6)	(2)	(10)	(2)
Net deferred gains/(losses) on cash flow hedges	50	(16)	24	40
Amounts excluded from the effectiveness assessment of cash flow hedges	8	—	21	—
Net deferred losses/(gains) on cash flow hedges reclassified to net income/(loss)	(50)	12	(55)	(10)
Net actuarial gains/(losses) arising during the period	(9)	17	(14)	70
Net postemployment benefit losses/(gains) reclassified to net income/(loss)	(59)	(58)	(176)	(133)
Total other comprehensive income/(loss)	(316)	(175)	(304)	(683)
Total comprehensive income/(loss)	582	443	1,446	1,691
Comprehensive income/(loss) attributable to noncontrolling interest	2	(3)	12	(15)
Comprehensive income/(loss) attributable to common shareholders	\$ 580	\$ 446	\$ 1,434	\$ 1,706

See accompanying notes to the condensed consolidated financial statements.

The Kraft Heinz Company
Condensed Consolidated Balance Sheets
(in millions, except per share data)
(Unaudited)

	September 28, 2019	December 29, 2018
ASSETS		
Cash and cash equivalents	\$ 2,315	\$ 1,130
Trade receivables (net of allowances of \$35 at September 28, 2019 and \$24 at December 29, 2018)	1,959	2,129
Income taxes receivable	119	152
Inventories	3,158	2,667
Prepaid expenses	415	400
Other current assets	1,124	1,221
Assets held for sale	35	1,376
Total current assets	9,125	9,075
Property, plant and equipment, net	6,926	7,078
Goodwill	35,826	36,503
Intangible assets, net	48,714	49,468
Other non-current assets	2,231	1,337
TOTAL ASSETS	\$ 102,822	\$ 103,461
LIABILITIES AND EQUITY		
Commercial paper and other short-term debt	\$ 15	\$ 21
Current portion of long-term debt	2,545	377
Trade payables	4,156	4,153
Accrued marketing	458	722
Interest payable	278	408
Other current liabilities	1,658	1,767
Liabilities held for sale	2	55
Total current liabilities	9,112	7,503
Long-term debt	28,112	30,770
Deferred income taxes	12,010	12,202
Accrued postemployment costs	315	306
Other non-current liabilities	1,467	902
TOTAL LIABILITIES	51,016	51,683
Commitments and Contingencies (Note 17)		
Redeemable noncontrolling interest	2	3
Equity:		
Common stock, \$0.01 par value (5,000 shares authorized; 1,224 shares issued and 1,221 shares outstanding at September 28, 2019; 1,224 shares issued and 1,220 shares outstanding at December 29, 2018)	12	12
Additional paid-in capital	57,293	58,723
Retained earnings/(deficit)	(3,241)	(4,853)
Accumulated other comprehensive income/(losses)	(2,126)	(1,943)
Treasury stock, at cost (3 shares at September 28, 2019 and 4 shares at December 29, 2018)	(265)	(282)
Total shareholders' equity	51,673	51,657
Noncontrolling interest	131	118
TOTAL EQUITY	51,804	51,775
TOTAL LIABILITIES AND EQUITY	\$ 102,822	\$ 103,461

See accompanying notes to the condensed consolidated financial statements.

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

	Common Stock	Additional Paid-in Capital	Retained Earnings/(Deficit)	Accumulated Other Comprehensive Income/(Losses)	Treasury Stock, at Cost	Noncontrolling Interest	Total Equity
Balance at December 29, 2018	\$ 12	\$ 58,723	\$ (4,853)	\$ (1,943)	\$ (282)	\$ 118	\$ 51,775
Net income/(loss) excluding redeemable noncontrolling interest	—	—	405	—	—	—	405
Other comprehensive income/(loss)	—	—	—	123	—	12	135
Dividends declared-common stock (\$0.40 per share)	—	(488)	—	—	—	—	(488)
Cumulative effect of accounting standards adopted in the period	—	—	(136)	136	—	—	—
Exercise of stock options, issuance of other stock awards, and other	—	17	(2)	—	(9)	—	6
Balance at March 30, 2019	12	58,252	(4,586)	(1,684)	(291)	130	51,833
Net income/(loss) excluding redeemable noncontrolling interest	—	—	449	—	—	—	449
Other comprehensive income/(loss)	—	—	—	(123)	—	—	(123)
Dividends declared-common stock (\$0.40 per share)	—	(488)	—	—	—	—	(488)
Exercise of stock options, issuance of other stock awards, and other	—	5	(3)	—	—	2	4
Balance at June 29, 2019	12	57,769	(4,140)	(1,807)	(291)	132	51,675
Net income/(loss) excluding redeemable noncontrolling interest	—	—	899	—	—	(5)	894
Other comprehensive income/(loss)	—	—	—	(319)	—	3	(316)
Dividends declared-common stock (\$0.40 per share)	—	(491)	—	—	—	—	(491)
Exercise of stock options, issuance of other stock awards, and other	—	15	—	—	26	1	42
Balance at September 28, 2019	<u>\$ 12</u>	<u>\$ 57,293</u>	<u>\$ (3,241)</u>	<u>\$ (2,126)</u>	<u>\$ (265)</u>	<u>\$ 131</u>	<u>\$ 51,804</u>

	Common Stock	Additional Paid-in Capital	Retained Earnings/(Deficit)	Accumulated Other Comprehensive Income/(Losses)	Treasury Stock, at Cost	Noncontrolling Interest	Total Equity
Balance at December 30, 2017	\$ 12	\$ 58,634	\$ 8,495	\$ (1,054)	\$ (224)	\$ 207	\$ 66,070
Net income/(loss) excluding redeemable noncontrolling interest	—	—	1,003	—	—	5	1,008
Other comprehensive income/(loss)	—	—	—	79	—	(5)	74
Dividends declared-common stock (\$0.625 per share)	—	—	(762)	—	—	—	(762)
Cumulative effect of accounting standards adopted in the period	—	—	(95)	—	—	—	(95)
Exercise of stock options, issuance of other stock awards, and other	—	22	(7)	—	(16)	—	(1)
Balance at March 31, 2018 (As Restated)	12	58,656	8,634	(975)	(240)	207	66,294
Net income/(loss) excluding redeemable noncontrolling interest	—	—	754	—	—	—	754
Other comprehensive income/(loss)	—	—	—	(576)	—	(6)	(582)
Dividends declared-common stock (\$0.625 per share)	—	—	(762)	—	—	—	(762)
Exercise of stock options, issuance of other stock awards, and other	—	33	(2)	—	(14)	(13)	4
Balance at June 30, 2018 (As Restated)	12	58,689	8,624	(1,551)	(254)	188	65,708
Net income/(loss) excluding redeemable noncontrolling interest	—	—	619	—	—	2	621
Other comprehensive income/(loss)	—	—	—	(173)	—	(2)	(175)
Dividends declared-common stock (\$0.625 per share)	—	—	(762)	—	—	—	(762)
Cumulative effect of accounting standards adopted in the period	—	—	(2)	—	—	—	(2)
Exercise of stock options, issuance of other stock awards, and other	—	27	—	—	(10)	—	17
Balance at September 29, 2018 (As Restated)	<u>\$ 12</u>	<u>\$ 58,716</u>	<u>\$ 8,479</u>	<u>\$ (1,724)</u>	<u>\$ (264)</u>	<u>\$ 188</u>	<u>\$ 65,407</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 Nine Months Ended	
	September 28, 2019	September 29, 2018 (As Restated)
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income/(loss)	\$ 1,750	\$ 2,374
Adjustments to reconcile net income/(loss) to operating cash flows:		
Depreciation and amortization	737	712
Amortization of postretirement benefit plans prior service costs/(credits)	(229)	(261)
Equity award compensation expense	26	44
Deferred income tax provision/(benefit)	(140)	104
Postemployment benefit plan contributions	(23)	(64)
Goodwill and intangible asset impairment losses	1,223	451
Nonmonetary currency devaluation	10	131
Loss/(gain) on sale of business	(490)	15
Other items, net	(34)	20
Changes in current assets and liabilities:		
Trade receivables	138	(2,154)
Inventories	(637)	(645)
Accounts payable	113	130
Other current assets	(73)	(103)
Other current liabilities	(381)	124
Net cash provided by/(used for) operating activities	1,990	878
CASH FLOWS FROM INVESTING ACTIVITIES:		
Cash receipts on sold receivables	—	1,296
Capital expenditures	(581)	(594)
Payments to acquire business, net of cash acquired	(199)	(248)
Proceeds from sale of business, net of cash disposed	1,875	18
Other investing activities, net	16	13
Net cash provided by/(used for) investing activities	1,111	485
CASH FLOWS FROM FINANCING ACTIVITIES:		
Repayments of long-term debt	(3,272)	(2,706)
Proceeds from issuance of long-term debt	2,967	2,990
Debt prepayment and extinguishment costs	(91)	—
Proceeds from issuance of commercial paper	377	2,485
Repayments of commercial paper	(377)	(1,950)
Dividends paid	(1,464)	(2,421)
Other financing activities, net	(21)	(35)
Net cash provided by/(used for) financing activities	(1,881)	(1,637)
Effect of exchange rate changes on cash, cash equivalents, and restricted cash	(40)	(128)
Cash, cash equivalents, and restricted cash		
Net increase/(decrease)	1,180	(402)
Balance at beginning of period	1,136	1,769
Balance at end of period	\$ 2,316	\$ 1,367
NON-CASH INVESTING ACTIVITIES:		
Beneficial interest obtained in exchange for securitized trade receivables	\$ —	\$ 938

See accompanying notes to the condensed consolidated financial statements.

The Kraft Heinz Company
Notes to Condensed Consolidated Financial Statements

Note 1. Basis of Presentation

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 fairly state our results for the periods presented.

The condensed consolidated balance sheet data at December 29, 2018 was derived from audited financial statements, but does not include all disclosures required by U.S. GAAP. These statements should be read in conjunction with our audited consolidated financial statements and related notes in our Annual Report on Form 10-K for the year ended December 29, 2018. The results for interim periods are not necessarily indicative of future or annual results.

Principles of Consolidation

The consolidated financial statements include Kraft Heinz and all of our controlled subsidiaries. All intercompany transactions are eliminated.

Reportable Segments

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

During the third quarter of 2019, certain organizational changes were announced that will likely impact our internal reporting in 2020 and, as a result, will require us to evaluate the potential impact on our reportable segments. We continue to assess the potential impact of these announced organizational changes and will consider the impact of any further changes that may be announced. We expect that any change to our reportable segments would be effective in the first quarter of 2020.

Use of Estimates

We prepare our condensed consolidated financial statements in accordance with U.S. GAAP, which requires us to make accounting policy elections, estimates, and assumptions that affect the reported amount of assets, liabilities, reserves, and expenses. These accounting policy elections, estimates, and assumptions are based on our best estimates and judgments. We evaluate our policy elections, estimates, and assumptions on an ongoing basis using historical experience and other factors, including the current economic environment. We believe these estimates to be reasonable given the current facts available. We adjust our policy elections, estimates, and assumptions when facts and circumstances dictate. Market volatility, including foreign currency exchange rates, increases the uncertainty inherent in our estimates and assumptions. As future events and their effects cannot be determined with precision, actual results could differ significantly from estimates. If actual amounts differ from estimates, we include the revisions in our consolidated results of operations in the period the actual amounts become known. Historically, the aggregate differences, if any, between our estimates and actual amounts in any year have not had a material effect on our condensed consolidated financial statements.

Reclassifications

We made reclassifications to certain previously reported financial information to conform to our current period presentation.

Held for Sale

At December 29, 2018, we had classified certain assets and liabilities as held for sale in our condensed consolidated balance sheet primarily relating to the previously announced divestiture of our equity interests in a subsidiary in India and our divestiture of certain assets and operations in Canada, which closed in January and July 2019, respectively. At September 28, 2019, the assets and liabilities identified as held for sale in our condensed consolidated balance sheet reflect the closing of these two transactions and the remaining balances represent certain assets globally that are held for sale. See Note 5, *Acquisitions and Divestitures*, for additional information.

Note 2. Restatement of Previously Issued Condensed Consolidated Financial Statements

We have restated herein our condensed consolidated financial statements at September 29, 2018 and for the three and nine months ended September 29, 2018. We have also restated impacted amounts within the accompanying footnotes to the condensed consolidated financial statements.

Restatement Background

As previously disclosed on February 21, 2019, we received a subpoena from the SEC in October 2018 related to our procurement area, specifically the accounting policies, procedures, and internal controls related to our procurement function, including, but not limited to, agreements, side agreements, and changes or modifications to agreements with our suppliers. Following the receipt of this subpoena, we, together with external counsel and forensic accountants, and subsequently, under the oversight of the Audit Committee of our Board of Directors (the "Audit Committee"), conducted an internal investigation into the procurement area and related matters. As a result of the findings from this internal investigation, which was completed prior to the filing of our Annual Report on Form 10-K for the year ended December 29, 2018 on June 7, 2019 and which identified that multiple employees in the procurement area engaged in misconduct, we corrected prior period misstatements that generally increased the total cost of products sold in prior financial periods. These misstatements principally related to the incorrect timing of when certain cost and rebate elements associated with supplier contracts and related arrangements were initially recognized.

In connection with the internal investigation, we also conducted a comprehensive review of supplier contracts and related arrangements to identify other potential misstatements in the timing of the recognition of supplier rebates, incentive payments, and pricing arrangements. The review identified further misstatements, which we also investigated and have been unable to conclude if they resulted from the misconduct described above. These misstatements are described in more detail in restatement reference (a) below.

Our internal investigation and review identified adjustments that resulted in an understatement of cost of products sold totaling \$208 million, including misstatements of \$175 million relating to the periods up through September 29, 2018 that were restated in our Annual Report on Form 10-K for the year ended December 29, 2018. The misstatements of cost of products sold related to our internal investigation and review were \$22 million for the nine months ended September 29, 2018, including a \$4 million overstatement for the first quarter and understatements of \$13 million for the second quarter and \$13 million for the third quarter. We do not believe that the misstatements are quantitatively material to any period presented in our prior financial statements. However, due to the qualitative nature of the matters identified in our internal investigation, including the number of years over which the misconduct occurred and the number of transactions, suppliers, and procurement employees involved, we determined that it would be appropriate to correct the misstatements in our previously issued annual and interim consolidated financial statements by restating such financial statements. The restatement also included corrections for additional identified out-of-period and uncorrected misstatements in the impacted periods.

Accordingly, we have restated herein our unaudited condensed consolidated financial statements at September 29, 2018 and for the three and nine months ended September 29, 2018, in accordance with Accounting Standards Codification ("ASC") Topic 250, *Accounting Changes and Error Corrections*. In addition to the misstatements related to the supplier contracts and related arrangements, including the misstatements related to lease classification described in restatement reference (b) below, we corrected additional identified out-of-period and uncorrected misstatements that were not material, individually or in the aggregate, to our condensed consolidated financial statements. These misstatements were related to balance sheet misclassifications, income taxes, impairments, and other misstatements, all of which are described in more detail in restatement references (c) through (f) below.

Description of Misstatements

Misstatements Associated with Supplier Contracts and Related Arrangements

(a) Supplier Rebates

We recorded adjustments to correct the misstatements found as a result of the internal investigation related to procurement described above. In connection with the internal investigation, we also conducted a comprehensive review of supplier contracts and related arrangements to identify other potential misstatements in the timing of the recognition of supplier rebates, incentive payments, and pricing arrangements. The review identified further misstatements, which we also investigated and have been unable to conclude if they resulted from the misconduct described above. These misstatements were primarily related to certain supplier contracts and related arrangements where the allocation of value of all or a portion of rebates and up-front payments to contractual elements in the current period should have been deferred and recognized over an applicable contractual period. We corrected these misstatements to defer the up-front consideration from suppliers when the retention or receipt of that consideration was contingent upon future events and to correctly recognize the consideration as a reduction of cost of products sold over the terms of the arrangements with the suppliers. The impacts of the supplier rebate misstatements are discussed in restatement reference (a) throughout this note.

(b) Capital Leases

As part of our review of supplier contracts and related arrangements in connection with the internal investigation, we evaluated additional elements of such arrangements, including the classification of embedded lease provisions as capital or operating. We had initially classified certain embedded lease provisions as capital leases and allocated their fixed consideration to the lease components. As a result of our analysis, and also taking into consideration, among other elements, the total value of supplier contracts and related arrangements, we determined that the classification of the embedded lease element for certain contracts should have been classified as an operating lease instead of a capital lease. In addition, we identified certain arrangements that were improperly accounted for as embedded capital leases. The impacts of the capital lease misstatements are discussed in restatement reference (b) throughout this note.

Additional Misstatements

(c) Balance Sheet Misclassifications

We recorded adjustments to recognize certain balance sheet misclassifications in the correct period. These adjustments primarily related to the classification of products held at co-packer locations. The impacts of the balance sheet misclassifications are discussed in restatement reference (c) throughout this note.

(d) Income Taxes

We recorded adjustments to recognize certain income tax items in the correct period, primarily deferred tax adjustments related to a Brazilian subsidiary, as well as return-to-provision adjustments and various other misclassifications. The income tax impacts of all misstatements outside of this category are included in their respective misstatement categories. The impacts of income tax misstatements are discussed in restatement reference (d) throughout this note.

(e) Impairments

We recorded adjustments to recognize certain non-cash impairment losses in the correct period. In 2018, we had determined that a definite-lived intangible asset had been impaired in the fourth quarter of 2016 due to a license termination in that period and recorded an out-of-period correction to recognize the non-cash impairment loss. In addition, we recorded an adjustment to correct goodwill impairment losses related to our Australia and New Zealand reporting unit, which had been overstated in the second quarter of 2018. The impacts of the impairment misstatements are discussed in restatement reference (e) throughout this note.

(f) Other

We recorded adjustments to correct other identified out-of-period and uncorrected misstatements that were not material, individually or in the aggregate, to our condensed consolidated financial statements. These other misstatements were primarily related to structured payable and product financing arrangements, inventory write-offs, certain accrued liabilities, and other misstatements within net sales and certain income tax and balance sheet accounts. The impacts of the other misstatements are discussed in restatement reference (f) throughout this note.

Description of Restatement Tables

Below, we have presented a reconciliation from the as previously reported to the restated values for each of our condensed consolidated financial statements at September 29, 2018 and for the three and nine months ended September 29, 2018. The values as previously reported were derived from our Quarterly Report on Form 10-Q for the quarter ended September 29, 2018 filed on November 2, 2018.

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

	For the Three Months Ended September 29, 2018			
	As Previously Reported	Restatement Impacts	Restatement Reference	As Restated
Net sales	\$ 6,378	\$ 5	(f)	\$ 6,383
Cost of products sold	4,271	18	(a)(b)(f)	4,289
Gross profit	2,107	(13)		2,094
Selling, general and administrative expenses, excluding impairment losses	803	—	(f)	803
Goodwill impairment losses	—	—		—
Intangible asset impairment losses	234	(17)	(e)	217
Selling, general and administrative expenses	1,037	(17)		1,020
Operating income/(loss)	1,070	4		1,074
Interest expense	327	(1)	(b)(f)	326
Other expense/(income)	(71)	—		(71)
Income/(loss) before income taxes	814	5		819
Provision for/(benefit from) income taxes	186	15	(a)(b)(d)(e)(f)	201
Net income/(loss)	628	(10)		618
Net income/(loss) attributable to noncontrolling interest	(2)	1	(f)	(1)
Net income/(loss) attributable to common shareholders	\$ 630	\$ (11)		\$ 619
Per share data applicable to common shareholders:				
Basic earnings/(loss)	\$ 0.52	\$ (0.01)		\$ 0.51
Diluted earnings/(loss)	0.51	(0.01)		0.50

(a) Supplier Rebates—The correction of these misstatements resulted in an increase to cost of products sold of \$13 million and a decrease to provision for income taxes of \$2 million for the three months ended September 29, 2018.

(b) Capital Leases—The correction of these misstatements resulted in an increase to cost of products sold of less than \$1 million, a decrease to interest expense of \$1 million, and an increase to provision for income taxes of less than \$1 million for the three months ended September 29, 2018.

(c) Balance Sheet Misclassifications—None.

(d) Income Taxes—The correction of these misstatements resulted in an increase to provision for income taxes of \$14 million for the three months ended September 29, 2018.

(e) Impairments—The correction of these misstatements resulted in a decrease to SG&A of \$17 million and an increase to provision for income taxes of \$4 million for the three months ended September 29, 2018.

(f) Other—The correction of these misstatements resulted in an increase to net sales of \$5 million, an increase to cost of products sold of \$5 million, an increase to SG&A of less than \$1 million, a decrease to interest expense of less than \$1 million, a decrease to provision for income taxes of \$1 million, and a decrease to net loss attributable to noncontrolling interest of \$1 million for the three months ended September 29, 2018.

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

	For the Nine Months Ended September 29, 2018			
	As Previously Reported	Restatement Impacts ⁽¹⁾	Restatement Reference	As Restated
Net sales	\$ 19,368	\$ 9	(f)	\$ 19,377
Cost of products sold	12,651	21	(a)(b)(f)	12,672
Gross profit	6,717	(12)		6,705
Selling, general and administrative expenses, excluding impairment losses	2,338	(15)	(f)	2,323
Goodwill impairment losses	164	(31)	(e)	133
Intangible asset impairment losses	335	(17)	(e)	318
Selling, general and administrative expenses	2,837	(63)		2,774
Operating income/(loss)	3,880	51		3,931
Interest expense	962	(3)	(b)(f)	959
Other expense/(income)	(196)	15		(181)
Income/(loss) before income taxes	3,114	39		3,153
Provision for/(benefit from) income taxes	738	41	(a)(b)(d)(e)(f)	779
Net income/(loss)	2,376	(2)		2,374
Net income/(loss) attributable to noncontrolling interest	(3)	1	(f)	(2)
Net income/(loss) attributable to common shareholders	\$ 2,379	\$ (3)		\$ 2,376
Per share data applicable to common shareholders:				
Basic earnings/(loss)	\$ 1.95	\$ —		\$ 1.95
Diluted earnings/(loss)	1.94	—		1.94

(1) We have reclassified our \$15 million pre-tax loss on the sale of our South African business from SG&A to other expense/(income) in order to conform with current period presentation. This reclassification has been included in the restatement impacts column above.

(a) Supplier Rebates—The correction of these misstatements resulted in an increase to cost of products sold of \$22 million and a decrease to provision for income taxes of \$3 million for the nine months ended September 29, 2018.

(b) Capital Leases—The correction of these misstatements resulted in an increase to cost of products sold of \$1 million, a decrease to interest expense of \$3 million, and an increase to provision for income taxes of less than \$1 million for the nine months ended September 29, 2018.

(c) Balance Sheet Misclassifications—None.

(d) Income Taxes—The correction of these misstatements resulted in an increase to provision for income taxes of \$40 million for the nine months ended September 29, 2018.

(e) Impairments—The correction of these misstatements resulted in a decrease to SG&A of \$48 million and an increase to provision for income taxes of \$4 million for the nine months ended September 29, 2018.

(f) Other—The correction of these misstatements resulted in an increase to net sales of \$9 million, a decrease to cost of products sold of \$2 million, an increase to SG&A of less than \$1 million, a decrease to interest expense of less than \$1 million, an increase to provision for income taxes of less than \$1 million, and a decrease to net loss attributable to noncontrolling interest of \$1 million for the nine months ended September 29, 2018.

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

	For the Three Months Ended September 29, 2018			
	As Previously Reported	Restatement Impacts	Restatement Reference	As Restated
Net income/(loss)	\$ 628	\$ (10)	(a)(b)(d)(e)(f)	\$ 618
Other comprehensive income/(loss), net of tax:				
Foreign currency translation adjustments	(146)	2	(b)(d)(e)	(144)
Net deferred gains/(losses) on net investment hedges	13	—		13
Amounts excluded from the effectiveness assessment of net investment hedges	3	—		3
Net deferred losses/(gains) on net investment hedges reclassified to net income/(loss)	(2)	—		(2)
Net deferred gains/(losses) on cash flow hedges	(16)	—		(16)
Net deferred losses/(gains) on cash flow hedges reclassified to net income/(loss)	12	—		12
Net actuarial gains/(losses) arising during the period	17	—		17
Net postemployment benefit losses/(gains) reclassified to net income/(loss)	(58)	—		(58)
Total other comprehensive income/(loss)	(177)	2		(175)
Total comprehensive income/(loss)	451	(8)		443
Comprehensive income/(loss) attributable to noncontrolling interest	(4)	1	(f)	(3)
Comprehensive income/(loss) attributable to Kraft Heinz	\$ 455	\$ (9)		\$ 446

The \$10 million decrease to net income was primarily driven by misstatements in the income taxes and supplier rebates categories, partially offset by misstatements in the impairments, capital leases, and other categories. See additional descriptions of the net income impacts in the consolidated statement of income for the three months ended September 29, 2018 section above.

The \$2 million change to foreign currency translation adjustments is the result of misstatements in the income taxes, capital leases, and impairments categories.

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

	For the Nine Months Ended September 29, 2018			
	As Previously Reported	Restatement Impacts	Restatement Reference	As Restated
Net income/(loss)	\$ 2,376	\$ (2)	(a)(b)(d)(e)(f)	\$ 2,374
Other comprehensive income/(loss), net of tax:				
Foreign currency translation adjustments	(817)	8	(b)(d)(e)	(809)
Net deferred gains/(losses) on net investment hedges	158	—		158
Amounts excluded from the effectiveness assessment of net investment hedges	3	—		3
Net deferred losses/(gains) on net investment hedges reclassified to net income/(loss)	(2)	—		(2)
Net deferred gains/(losses) on cash flow hedges	40	—		40
Net deferred losses/(gains) on cash flow hedges reclassified to net income/(loss)	(10)	—		(10)
Net actuarial gains/(losses) arising during the period	70	—		70
Net postemployment benefit losses/(gains) reclassified to net income/(loss)	(133)	—		(133)
Total other comprehensive income/(loss)	(691)	8		(683)
Total comprehensive income/(loss)	1,685	6		1,691
Comprehensive income/(loss) attributable to noncontrolling interest	(16)	1	(f)	(15)
Comprehensive income/(loss) attributable to Kraft Heinz	\$ 1,701	\$ 5		\$ 1,706

The \$2 million decrease to net income was primarily driven by misstatements in the income taxes and supplier rebates categories, partially offset by misstatements in the impairments, other, and capital leases categories. See additional descriptions of the net income impacts in the consolidated statement of income for the nine months ended September 29, 2018 section above.

The \$8 million change in foreign currency translation adjustments is the result of misstatements in the income taxes, capital leases, and impairments categories.

The Kraft Heinz Company
Condensed Consolidated Balance Sheet
(in millions, except per share data)

	September 29, 2018			
	As Previously Reported	Restatement Impacts	Restatement Reference	As Restated
ASSETS				
Cash and cash equivalents	\$ 1,366	\$ —		\$ 1,366
Trade receivables (net of allowances of \$24 at September 29, 2018)	2,032	—		2,032
Sold receivables	—	—		—
Income taxes receivable	195	8	(a)(b)(d)(f)	203
Inventories	3,287	(73)	(c)(f)	3,214
Prepaid expenses	389	—		389
Other current assets	321	31	(a)(c)	352
Total current assets	7,590	(34)		7,556
Property, plant and equipment, net	7,216	(142)	(b)(f)	7,074
Goodwill	44,308	31	(e)(f)	44,339
Intangible assets, net	58,727	—		58,727
Other non-current assets	1,889	(10)	(d)	1,879
TOTAL ASSETS	\$ 119,730	\$ (155)		\$ 119,575
LIABILITIES AND EQUITY				
Commercial paper and other short-term debt	\$ 973	\$ —		\$ 973
Current portion of long-term debt	405	(34)	(b)(f)	371
Trade payables	4,312	(74)	(f)	4,238
Accrued marketing	494	—		494
Interest payable	315	—		315
Other current liabilities	1,082	149	(a)(f)	1,231
Total current liabilities	7,581	41		7,622
Long-term debt	30,998	(111)	(b)(f)	30,887
Deferred income taxes	14,215	9	(a)(d)(f)	14,224
Accrued postemployment costs	394	—		394
Other non-current liabilities	964	71	(a)	1,035
TOTAL LIABILITIES	54,152	10		54,162
Commitments and Contingencies				
Redeemable noncontrolling interest	6	—		6
Equity:				
Common stock, \$0.01 par value (5,000 shares authorized; 1,222 shares issued and 1,219 shares outstanding at September 29, 2018)	12	—		12
Additional paid-in capital	58,793	(77)	(c)	58,716
Retained earnings/(deficit)	8,576	(97)	(a)(b)(c)(d)(e)(f)	8,479
Accumulated other comprehensive income/(losses)	(1,732)	8	(b)(d)(e)	(1,724)
Treasury stock, at cost (3 shares at September 29, 2018)	(264)	—		(264)
Total shareholders' equity	65,385	(166)		65,219
Noncontrolling interest	187	1	(f)	188
TOTAL EQUITY	65,572	(165)		65,407
TOTAL LIABILITIES AND EQUITY	\$ 119,730	\$ (155)		\$ 119,575

(a) Supplier Rebates—The correction of these misstatements resulted in an increase to income taxes receivable of \$1 million, a decrease to other current assets of \$36 million, an increase to other current liabilities of \$66 million, a decrease to deferred income taxes of \$40 million, an increase to other non-current liabilities of \$71 million, and a decrease to retained earnings of \$132 million at September 29, 2018.

(b) Capital Leases—The correction of these misstatements resulted in a decrease to income taxes receivable of less than \$1 million, a decrease to property, plant and equipment, net, of \$141 million, a decrease to current portion of long-term debt of \$32 million, a decrease to long-term debt of \$111 million, an increase to retained earnings of \$2 million, and a decrease to accumulated other comprehensive losses of less than \$1 million at September 29, 2018.

(c) Balance Sheet Misclassifications—The correction of these misstatements resulted in a decrease to inventories of \$67 million, an increase to other current assets of \$67 million, a decrease to additional paid-in capital of \$77 million, and an increase to retained earnings of \$77 million at September 29, 2018.

(d) Income Taxes—The correction of these misstatements resulted in an increase to income taxes receivable of \$3 million, a decrease to other non-current assets of \$10 million, an increase to deferred income taxes of \$50 million, a decrease to retained earnings of \$66 million, and a decrease to accumulated other comprehensive losses of \$9 million at September 29, 2018.

(e) Impairments—The correction of these misstatements resulted in an increase to goodwill of \$30 million, an increase to retained earnings of \$31 million, and an increase to accumulated other comprehensive losses of \$1 million at September 29, 2018.

(f) Other—The correction of these misstatements resulted in an increase to income taxes receivable of \$4 million, a decrease to inventories of \$6 million, a decrease to property, plant and equipment, net of \$1 million, an increase to goodwill of \$1 million, a decrease to current portion of long-term debt of \$2 million, a decrease to trade payables of \$74 million, an increase to other current liabilities of \$83 million, an increase to long-term debt of less than \$1 million, a decrease to deferred income taxes of \$1 million, and a decrease to retained earnings of \$9 million, and an increase to noncontrolling interest of \$1 million at September 29, 2018.

The cumulative effect of misstatements corrected in periods prior to December 31, 2017 resulted in a reduction to retained earnings of \$94 million. The correction of misstatements in the nine months ended September 29, 2018 resulted in a decrease to retained earnings of \$3 million. See Note 2, *Restatement of Previously Issued Consolidated Financial Statements*, in our Annual Report on Form 10-K for the year ended December 29, 2018 for additional information.

The Kraft Heinz Company
Condensed Consolidated Statement of Equity
For the Three Months Ended March 31, 2018, June 30, 2018, and September 29, 2018
(in millions, except per share data)

	As Previously Reported						
	Common Stock	Additional Paid-in Capital	Retained Earnings/(Deficit)	Accumulated Other Comprehensive Income/(Losses)	Treasury Stock, at Cost	Noncontrolling Interest	Total Equity
Balance at December 30, 2017	\$ 12	\$ 58,711	\$ 8,589	\$ (1,054)	\$ (224)	\$ 207	\$ 66,241
Net income/(loss) excluding redeemable noncontrolling interest	—	—	993	—	—	5	998
Other comprehensive income/(loss) excluding redeemable noncontrolling interest	—	—	—	79	—	(5)	74
Dividends declared-common stock (\$0.625 per share)	—	—	(762)	—	—	—	(762)
Cumulative effect of accounting standards adopted in the period	—	—	(95)	—	—	—	(95)
Exercise of stock options, issuance of other stock awards, and other	—	22	(7)	—	(16)	—	(1)
Balance at March 31, 2018	12	58,733	8,718	(975)	(240)	207	66,455
Net income/(loss) excluding redeemable noncontrolling interest	—	—	756	—	—	—	756
Other comprehensive income/(loss) excluding redeemable noncontrolling interest	—	—	—	(582)	—	(6)	(588)
Dividends declared-common stock (\$0.625 per share)	—	—	(762)	—	—	—	(762)
Exercise of stock options, issuance of other stock awards, and other	—	33	(2)	—	(14)	(13)	4
Balance at June 30, 2018	12	58,766	8,710	(1,557)	(254)	188	65,865
Net income/(loss) excluding redeemable noncontrolling interest	—	—	630	—	—	1	631
Other comprehensive income/(loss) excluding redeemable noncontrolling interest	—	—	—	(175)	—	(2)	(177)
Dividends declared-common stock (\$0.625 per share)	—	—	(762)	—	—	—	(762)
Cumulative effect of accounting standards adopted in the period	—	—	(2)	—	—	—	(2)
Exercise of stock options, issuance of other stock awards, and other	—	27	—	—	(10)	—	17
Balance at September 29, 2018	<u>\$ 12</u>	<u>\$ 58,793</u>	<u>\$ 8,576</u>	<u>\$ (1,732)</u>	<u>\$ (264)</u>	<u>\$ 187</u>	<u>\$ 65,572</u>

	Restatement Impacts							
	Restatement Reference	Common Stock	Additional Paid-in Capital	Retained Earnings/(Deficit)	Accumulated Other Comprehensive Income/(Losses)	Treasury Stock, at Cost	Noncontrolling Interest	Total Equity
Balance at December 30, 2017		\$ —	\$ (77)	\$ (94)	\$ —	\$ —	\$ —	\$ (171)
Net income/(loss) excluding redeemable noncontrolling interest	(a)(b)(d)(e)(f)	—	—	10	—	—	—	10
Other comprehensive income/(loss) excluding redeemable noncontrolling interest	(b)(d)	—	—	—	—	—	—	—
Dividends declared-common stock (\$0.625 per share)		—	—	—	—	—	—	—
Cumulative effect of accounting standards adopted in the period		—	—	—	—	—	—	—
Exercise of stock options, issuance of other stock awards, and other		—	—	—	—	—	—	—
Balance at March 31, 2018		—	(77)	(84)	\$ —	—	—	(161)
Net income/(loss) excluding redeemable noncontrolling interest	(a)(b)(d)(e)(f)	—	—	(2)	—	—	—	(2)
Other comprehensive income/(loss) excluding redeemable noncontrolling interest	(b)(d)(e)	—	—	—	6	—	—	6
Dividends declared-common stock (\$0.625 per share)		—	—	—	—	—	—	—
Exercise of stock options, issuance of other stock awards, and other		—	—	—	—	—	—	—
Balance at June 30, 2018		—	(77)	(86)	6	—	—	(157)
Net income/(loss) excluding redeemable noncontrolling interest	(a)(b)(d)(e)(f)	—	—	(11)	—	—	1	(10)
Other comprehensive income/(loss) excluding redeemable noncontrolling interest	(b)(d)(e)	—	—	—	2	—	—	2
Dividends declared-common stock (\$0.625 per share)		—	—	—	—	—	—	—
Cumulative effect of accounting standards adopted in the period		—	—	—	—	—	—	—
Exercise of stock options, issuance of other stock awards, and other		—	—	—	—	—	—	—
Balance at September 29, 2018		<u>\$ —</u>	<u>\$ (77)</u>	<u>\$ (97)</u>	<u>\$ 8</u>	<u>\$ —</u>	<u>\$ 1</u>	<u>\$ (165)</u>

	As Restated						
	Common Stock	Additional Paid-in Capital	Retained Earnings/(Deficit)	Accumulated Other Comprehensive Income/(Losses)	Treasury Stock, at Cost	Noncontrolling Interest	Total Equity
Balance at December 30, 2017	\$ 12	\$ 58,634	\$ 8,495	\$ (1,054)	\$ (224)	\$ 207	\$ 66,070
Net income/(loss) excluding redeemable noncontrolling interest	—	—	1,003	—	—	5	1,008
Other comprehensive income/(loss) excluding redeemable noncontrolling interest	—	—	—	79	—	(5)	74
Dividends declared-common stock (\$0.625 per share)	—	—	(762)	—	—	—	(762)
Cumulative effect of accounting standards adopted in the period	—	—	(95)	—	—	—	(95)
Exercise of stock options, issuance of other stock awards, and other	—	22	(7)	—	(16)	—	(1)
Balance at March 31, 2018	12	58,656	8,634	(975)	(240)	207	66,294
Net income/(loss) excluding redeemable noncontrolling interest	—	—	754	—	—	—	754
Other comprehensive income/(loss) excluding redeemable noncontrolling interest	—	—	—	(576)	—	(6)	(582)
Dividends declared-common stock (\$0.625 per share)	—	—	(762)	—	—	—	(762)
Exercise of stock options, issuance of other stock awards, and other	—	33	(2)	—	(14)	(13)	4
Balance at June 30, 2018	12	58,689	8,624	(1,551)	(254)	188	65,708
Net income/(loss) excluding redeemable noncontrolling interest	—	—	619	—	—	2	621
Other comprehensive income/(loss) excluding redeemable noncontrolling interest	—	—	—	(173)	—	(2)	(175)
Dividends declared-common stock (\$0.625 per share)	—	—	(762)	—	—	—	(762)
Cumulative effect of accounting standards adopted in the period	—	—	(2)	—	—	—	(2)
Exercise of stock options, issuance of other stock awards, and other	—	27	—	—	(10)	—	17
Balance at September 29, 2018	<u>\$ 12</u>	<u>\$ 58,716</u>	<u>\$ 8,479</u>	<u>\$ (1,724)</u>	<u>\$ (264)</u>	<u>\$ 188</u>	<u>\$ 65,407</u>

See descriptions of the net income and other comprehensive income impacts in the consolidated statement of income and consolidated statement of comprehensive income for the three and nine months ended September 29, 2018 sections above.

The Kraft Heinz Company
Consolidated Statement of Cash Flows
(in millions)

	For the Nine Months Ended September 29, 2018			
	As Previously Reported	Restatement Impacts	Restatement Reference	As Restated
CASH FLOWS FROM OPERATING ACTIVITIES:				
Net income/(loss)	\$ 2,376	\$ (2)	(a)(b)(d)(e)(f)	\$ 2,374
Adjustments to reconcile net income/(loss) to operating cash flows:				
Depreciation and amortization	736	(24)	(b)(f)	712
Amortization of postretirement benefit plans prior service costs/(credits)	(261)	—		(261)
Equity award compensation expense	44	—		44
Deferred income tax provision/(benefit)	96	8	(a)(d)(e)(f)	104
Postemployment benefit plan contributions	(64)	—		(64)
Goodwill and intangible asset impairment losses	499	(48)	(e)	451
Nonmonetary currency devaluation	131	—		131
Loss/(gain) on sale of business	15	—		15
Other items, net	21	(1)	(a)(f)	20
Changes in current assets and liabilities:				
Trade receivables	(2,154)	—		(2,154)
Inventories	(663)	18	(c)(f)	(645)
Accounts payable	145	(15)	(f)	130
Other current assets	(105)	2	(a)(c)	(103)
Other current liabilities	83	41	(a)(b)(d)(f)	124
Net cash provided by/(used for) operating activities	899	(21)		878
CASH FLOWS FROM INVESTING ACTIVITIES:				
Cash receipts on sold receivables	1,296	—		1,296
Capital expenditures	(594)	—		(594)
Payments to acquire business, net of cash acquired	(248)	—		(248)
Proceeds from sale of business	18	—		18
Other investing activities, net	13	—		13
Net cash provided by/(used for) investing activities	485	—		485
CASH FLOWS FROM FINANCING ACTIVITIES:				
Repayments of long-term debt	(2,727)	21	(b)(f)	(2,706)
Proceeds from issuance of long-term debt	2,990	—		2,990
Proceeds from issuance of commercial paper	2,485	—		2,485
Repayments of commercial paper	(1,950)	—		(1,950)
Dividends paid - common stock	(2,421)	—		(2,421)
Other financing activities, net	(35)	—		(35)
Net cash provided by/(used for) financing activities	(1,658)	21		(1,637)
Effect of exchange rate changes on cash, cash equivalents, and restricted cash	(128)	—		(128)
Cash, cash equivalents, and restricted cash				
Net increase/(decrease)	(402)	—		(402)
Balance at beginning of period	1,769	—		1,769
Balance at end of period	\$ 1,367	\$ —		\$ 1,367
NON-CASH INVESTING ACTIVITIES:				
Beneficial interest obtained in exchange for securitized trade receivables	\$ 938	\$ —		\$ 938

See descriptions of the net income impacts in the condensed consolidated statement of income for the nine months ended September 29, 2018 section above.

The misstatements in the capital leases misclassifications category resulted in a decrease to net cash flows provided by operating activities of \$21 million and a decrease to net cash flows used for financing activities of \$21 million for the nine months ended September 29, 2018.

The misstatements in the other misclassifications category resulted in a decrease to net cash flows provided by operating activities of less than \$1 million and a decrease to net cash flows used for financing activities of less than \$1 million for the nine months ended September 29, 2018.

No other misstatements impacted the classifications between net operating, net investing, or net financing cash flow activities for the nine months ended September 29, 2018.

Note 3. Significant Accounting Policies

The following significant accounting policy was updated in the first quarter of 2019 to reflect changes upon adoption of ASU 2016-02. There were no other changes to our accounting policies from those disclosed in our Annual Report on Form 10-K for the year ended December 29, 2018.

Leases:

We determine whether a contract is or contains a lease at contract inception based on the presence of identified assets and our right to obtain substantially all of the economic benefit from or to direct the use of such assets. When we determine a lease exists, we record a right-of-use (“ROU”) asset and corresponding lease liability on our consolidated balance sheets. ROU assets represent our right to use an underlying asset for the lease term. Lease liabilities represent our obligation to make lease payments arising from the lease. ROU assets are recognized at commencement date at the value of the lease liability and are adjusted for any prepayments, lease incentives received, and initial direct costs incurred. Lease liabilities are recognized at lease commencement date based on the present value of remaining lease payments over the lease term. As the discount rate implicit in the lease is not readily determinable in most of our leases, we use our incremental borrowing rate based on the information available at commencement date in determining the present value of lease payments. Our lease terms include options to extend or terminate the lease when it is reasonably certain that we will exercise that option.

We do not record lease contracts with a term of 12 months or less on our consolidated balance sheets.

We recognize fixed lease expense for operating leases on a straight-line basis over the lease term. For finance leases, we recognize amortization expense on the ROU asset and interest expense on the lease liability over the lease term.

We have lease agreements with non-lease components that relate to the lease components (e.g., common area maintenance such as cleaning or landscaping, insurance, etc.). We account for each lease and any non-lease components associated with that lease as a single lease component for all underlying asset classes. Accordingly, all costs associated with a lease contract are accounted for as lease costs.

Certain leasing arrangements require variable payments that are dependent on usage or output or may vary for other reasons, such as insurance and tax payments. Variable lease payments that do not depend on an index or rate are excluded from lease payments in the measurement of the ROU asset and lease liability and are recognized as expense in the period in which the payment occurs.

Our lease agreements do not include significant restrictions or covenants, and residual value guarantees are generally not included within our operating leases.

Note 4. New Accounting Standards

Accounting Standards Adopted in the Current Year

Leases:

In February 2016, the Financial Accounting Standards Board (the “FASB”) issued accounting standards update (“ASU”) 2016-02 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 updated guidance requires lessees to reflect the majority of leases on their balance sheets as assets and obligations. This ASU became effective beginning in the first quarter of our fiscal year 2019. We adopted this ASU in the first quarter of 2019 using a modified retrospective transition method and elected the following practical expedients: (i) the optional transition method that allows us to apply the guidance at the adoption date and recognize any adjustments that result from applying Accounting Standards Codification (“ASC”) Topic 842, *Leases*, to existing leases as a cumulative-effect adjustment to the opening balance of retained earnings/(deficit) in the period of adoption (i.e., the effective date); (ii) the package of practical expedients that allows us to carry forward our determination of whether a lease exists, the classification of a lease, and whether initial direct lease costs exist for purposes of transition to the new standard; (iii) the land easement option, which allows us to continue to use prior accounting conclusions reached in our accounting for land easements; and (iv) the short-term lease exemption whereby we will not record an asset or liability for short-term leases. The most significant impact of adoption on our condensed consolidated financial statements was the recognition of ROU assets and lease liabilities for operating leases. Our accounting for finance leases remained substantially unchanged. Upon adoption, we had total lease assets of \$821 million and total lease liabilities of \$887 million. The adoption of this ASU did not result in a cumulative-effect adjustment to the opening balance of retained earnings/(deficit) and did not impact our condensed consolidated statements of income or our cash flows. See Note 3, *Significant Accounting Policies*, for our lease accounting policy and Note 18, *Leases*, for additional information related to our lease arrangements.

Reclassification of Certain Tax Effects from Accumulated Other Comprehensive Income:

In February 2018, the FASB issued ASU 2018-02 related to reclassifying tax effects stranded in accumulated other comprehensive income/(losses) because of the Tax Cuts and Jobs Act (“U.S. Tax Reform”) enacted on December 22, 2017. U.S. Tax Reform reduced the U.S. federal corporate tax rate from 35.0% to 21.0%. ASC Topic 740, *Income Taxes*, requires the remeasurement of deferred tax assets and liabilities as a result of such changes in tax laws or rates to be presented in net income/(loss) from continuing operations. However, the related tax effects of such deferred tax assets and liabilities may have been originally recorded in other comprehensive income/(loss). This ASU allows companies to reclassify such stranded tax effects from accumulated other comprehensive income/(losses) to retained earnings/(deficit). This reclassification adjustment is optional, and if elected, may be applied either to the period of adoption or retrospectively to the period(s) impacted by U.S. Tax Reform. Additionally, this ASU requires companies to disclose the policy election for stranded tax effects as well as the general accounting policy for releasing income tax effects from accumulated other comprehensive income/(losses). This ASU became effective beginning in the first quarter of our fiscal year 2019. We adopted this ASU on the first day of our fiscal year 2019 and made the policy election to reclassify stranded tax effects from accumulated other comprehensive income/(losses) to retained earnings/(deficit) in the period of adoption. The impact of this policy election was an increase to retained earnings/(deficit) and a corresponding decrease to accumulated other comprehensive income/(losses) of \$136 million. We generally release income tax effects from accumulated other comprehensive income/(losses) when the entire portfolio of the item giving rise to the tax effect is disposed of, liquidated, or terminated.

Accounting Standards Not Yet Adopted

Measurement of Current Expected Credit Losses:

In June 2016, the FASB issued ASU 2016-13 to update the methodology used to measure current expected credit losses (“CECL”). This ASU applies to financial assets measured at amortized cost, including loans, held-to-maturity debt securities, net investments in leases, and trade accounts receivable as well as certain off-balance sheet credit exposures, such as loan commitments. This ASU replaces the current incurred loss impairment methodology with a methodology to reflect CECL and requires consideration of a broader range of reasonable and supportable information to explain credit loss estimates. The guidance must be adopted using a modified retrospective transition method through a cumulative-effect adjustment to retained earnings/(deficit) in the period of adoption. This ASU will be effective beginning in the first quarter of our fiscal year 2020. We are currently evaluating the impact this ASU will have on our financial statements and related disclosures.

Fair Value Measurement Disclosures:

In August 2018, the FASB issued ASU 2018-13 related to fair value measurement disclosures. This ASU removes the requirement to disclose the amount of and reasons for transfers between Levels 1 and 2 of the fair value hierarchy, the policy for determining that a transfer has occurred, and valuation processes for Level 3 fair value measurements. Additionally, this ASU modifies the disclosures related to the measurement uncertainty for recurring Level 3 fair value measurements (by removing the requirement to disclose sensitivity to future changes) and the timing of liquidation of investee assets (by removing the timing requirement in certain instances). The guidance also requires new disclosures for Level 3 financial assets and liabilities, including the amount and location of unrealized gains and losses recognized in other comprehensive income/(loss) and additional information related to significant unobservable inputs used in determining Level 3 fair value measurements. This ASU will be effective beginning in the first quarter of our fiscal year 2020. Early adoption of the guidance in whole is permitted. Alternatively, companies may early adopt removed or modified disclosures and delay adoption of the additional disclosures until their effective date. Certain of the amendments in this ASU must be applied prospectively upon adoption, while other amendments must be applied retrospectively upon adoption. We elected to early adopt the provisions related to removing disclosures in the fourth quarter of our fiscal year 2018 on a retrospective basis. Accordingly, we removed certain disclosures from Note 12, *Postemployment Benefits* and Note 13, *Financial Instruments*, in our Annual Report on Form 10-K for the year ended December 29, 2018. There was no other impact to our financial statement disclosures as a result of early adopting the provisions related to removing disclosures. We are currently evaluating the disclosure impact of the provisions related to modifying and adding disclosures.

Disclosure Requirements for Certain Employer-Sponsored Benefit Plans:

In August 2018, the FASB issued ASU 2018-14 related to the disclosure requirements for employers that sponsor defined benefit pension and other postretirement benefit plans. The guidance requires sponsors of these plans to provide additional disclosures, including weighted-average interest rates used in the company's cash balance plans and a narrative description of reasons for any significant gains or losses impacting the benefit obligation for the period. Additionally, this guidance eliminates certain previous disclosure requirements. This ASU will be effective beginning in the first quarter of our fiscal year 2020. This guidance must be applied on a retrospective basis to all periods presented. We are currently evaluating the impact this ASU will have on our financial statements and related disclosures.

Implementation Costs Incurred in Hosted Cloud Computing Service Arrangements:

In August 2018, the FASB issued ASU 2018-15 related to accounting for implementation costs incurred in hosted cloud computing service arrangements. Under the new guidance, implementation costs incurred in a hosting arrangement that is a service contract should be expensed or capitalized based on the nature of the costs and the project stage during which such costs are incurred. If the implementation costs qualify for capitalization, they must be amortized over the term of the hosting arrangement and assessed for impairment. Companies must disclose the nature of any hosted cloud computing service arrangements. This ASU also provides guidance for balance sheet and income statement presentation of capitalized implementation costs and statement of cash flows presentation for the related payments. This ASU will be effective beginning in the first quarter of our fiscal year 2020. This guidance may be adopted either retrospectively or prospectively to all implementation costs incurred after the date of adoption. We are currently evaluating the impact this ASU will have on our financial statements and related disclosures as well as the application method.

Note 5. Acquisitions and Divestitures**Acquisitions*****Primal Acquisition:***

On January 3, 2019 (the "Primal Acquisition Date"), we acquired 100% of the outstanding equity interests in Primal Nutrition, LLC ("Primal Nutrition") (the "Primal Acquisition"), a better-for-you brand primarily focused on condiments, sauces, and dressings, with growing product lines in healthy snacks and other categories. The *Primal Kitchen* brand holds leading positions in the e-commerce and natural channels. The results of Primal Nutrition have been included in our condensed consolidated financial statements for the three and nine months ended September 28, 2019. We have not included unaudited pro forma results as it would not yield significantly different results.

The Primal Acquisition was accounted for under the acquisition method of accounting for business combinations. The total cash consideration paid for Primal Nutrition was \$201 million. We utilized estimated fair values at the Primal Acquisition Date to allocate the total consideration exchanged to the net tangible and intangible assets acquired and liabilities assumed. The fair value estimates of the assets acquired and liabilities assumed were subject to adjustment during the measurement period (up to one year from the Primal Acquisition Date). The purchase price allocation for the Primal Acquisition was final as of September 28, 2019.

The final purchase price allocation to assets acquired and liabilities assumed in the Primal Acquisition was (in millions):

Cash	\$	2
Other current assets		15
Identifiable intangible assets		66
Current liabilities		(6)
Net assets acquired		77
Goodwill on acquisition		124
Total consideration	\$	201

The Primal Acquisition resulted in \$124 million of non tax deductible goodwill relating principally to planned expansion of the *Primal Kitchen* brand into new channels and categories. This goodwill was allocated to the United States segment as shown in Note 9, *Goodwill and Intangible Assets*.

The purchase price allocation to identifiable intangible assets acquired in the Primal Acquisition was:

	Fair Value (in millions of dollars)	Weighted Average Life (in years)
Definite-lived trademarks	\$ 52.5	15
Customer-related assets	13.5	20
Total	\$ 66.0	

We valued trademarks using the relief from royalty method and customer-related assets using the distributor method. Some of the more significant assumptions inherent in developing the valuations included the estimated annual net cash flows for each definite-lived intangible asset (including net sales, cost of products sold, selling and marketing costs, and working capital/contributory asset charges), the discount rate that appropriately reflects the risk inherent in each future cash flow stream, the assessment of each asset's life cycle, and competitive trends, as well as other factors. We determined the assumptions used in the financial forecasts using historical data, supplemented by current and anticipated market conditions, estimated product category growth rates, management plans, and market comparables.

We used carrying values as of the Primal Acquisition Date to value certain current and non-current assets and liabilities, as we determined that they represented the fair value of those items at the Primal Acquisition Date.

Cerebos Acquisition:

On March 9, 2018 (the "Cerebos Acquisition Date"), we acquired 100% of the outstanding equity interests in Cerebos Pacific Limited ("Cerebos") (the "Cerebos Acquisition"), an Australian food and beverage company.

The Cerebos Acquisition was accounted for under the acquisition method of accounting for business combinations. The total cash consideration paid for Cerebos was \$244 million. We utilized estimated fair values at the Cerebos Acquisition Date to allocate the total consideration exchanged to the net tangible and intangible assets acquired and liabilities assumed. Such allocation was final as of December 29, 2018.

See Note 5, *Acquisitions and Divestitures*, to the consolidated financial statements in our Annual Report on Form 10-K for the year ended December 29, 2018 for the final purchase price allocation, valuation methodology, and other information related to the Cerebos Acquisition.

Other Acquisitions

In the third quarter of 2018, we had two additional acquisitions of businesses, including The Ethical Bean Coffee Company Ltd., a Canadian-based coffee roaster, and Wellio, Inc., a full-service meal planning and preparation technology start-up in the U.S. The aggregate consideration paid related to these acquisitions was \$27 million.

Related to our acquisitions, we incurred aggregate deal costs of \$2 million for the nine months ended September 28, 2019 and \$3 million for the three months and \$19 million for the nine months ended September 29, 2018. There were no deal costs related to acquisitions for the three months ended September 28, 2019. We recognized these deal costs in SG&A.

Divestitures

Heinz India Transaction:

In October 2018, we entered into a definitive agreement with two third-parties, Zydus Wellness Limited and Cadila Healthcare Limited (collectively, the “Buyers”), to sell 100% of our equity interests in Heinz India Private Limited (“Heinz India”) for approximately 46 billion Indian rupees (approximately \$655 million at January 30, 2019) (the “Heinz India Transaction”). In connection with the Heinz India Transaction, we transferred to the Buyers, among other assets and operations, our global intellectual property rights to several brands, including *Complan*, *Glucon-D*, *Nycil*, and *Sampriti*. Our core brands (i.e., *Heinz* and *Kraft*) were not transferred. The Heinz India Transaction closed on January 30, 2019 (the “Heinz India Closing Date”). We recognized a pre-tax gain of \$246 million in the first quarter of 2019. Additionally, in the third quarter of 2019, we recognized a recovery of local India taxes of \$3 million, which was classified as gain on sale of business. As a result, we recognized pre-tax gains of \$3 million for the three months and \$249 million for the nine months ended September 28, 2019. These pre-tax gains were included in other expense/(income).

The components of the pre-tax gain were as follows (in millions):

Proceeds	\$	655
Less investment in Heinz India		(355)
Recognition of tax indemnification		(48)
Other		(3)
Pre-tax gain on sale of Heinz India	\$	249

In connection with the Heinz India Transaction we agreed to indemnify the Buyers from and against any tax losses for any taxable period prior to the Heinz India Closing Date, including taxes for which we are liable as a result of any transaction that occurred on or before such date. To determine the fair value of our tax indemnity we made various assumptions, including the range of potential dates the tax matters will be resolved, the range of potential future cash flows, the probabilities associated with potential resolution dates and potential future cash flows, and the discount rate. We recorded tax indemnity liabilities related to the Heinz India Transaction totaling approximately \$48 million, including \$18 million in other current liabilities and \$30 million in other non-current liabilities on our condensed consolidated balance sheet as of the Heinz India Closing Date. We also recorded a corresponding \$48 million reduction of the gain on the Heinz India Transaction within other expense/(income) in our condensed consolidated statement of income in the first quarter of 2019. Future changes to the fair value of these tax indemnity liabilities will continue to impact other expense/(income) throughout the life of the exposures as a component of the gain on sale for the Heinz India Transaction.

The other component of the pre-tax gain on the sale of Heinz India in the table above primarily related to losses on net investment hedges of our investment in Heinz India, which were settled in the first quarter of 2019, and were partially offset by the local India tax recovery in the third quarter of 2019.

Canada Natural Cheese Transaction:

In November 2018, we entered into a definitive agreement with a third-party, Parmalat SpA (“Parmalat”), to sell certain assets in our natural cheese business in Canada for approximately 1.6 billion Canadian dollars (approximately \$1.2 billion at July 2, 2019) (the “Canada Natural Cheese Transaction”). In connection with the Canada Natural Cheese Transaction, we transferred certain assets to Parmalat, including the intellectual property rights to *Cracker Barrel* in Canada and *P’Tit Quebec* globally. The Canada Natural Cheese Transaction closed on July 2, 2019. We recognized a pre-tax gain of \$241 million, which was included in other expense/(income) for the three and nine months ended September 28, 2019.

The components of the pre-tax gain were as follows (in millions):

Proceeds	\$	1,236
Less carrying value of Canada Natural Cheese net assets		(996)
Other		1
Pre-tax gain resulting from Canada Natural Cheese Transaction	\$	241

South Africa Transaction:

On May 31, 2018, we sold our 50.1% interest in our South African subsidiary to our minority interest partner. This transaction included proceeds of \$18 million. We recorded a pre-tax loss on the sale of a business of approximately \$15 million, which was included in other expense/(income) on the condensed consolidated statements of income for the nine months ended September 29, 2018.

We incurred aggregate deal costs related to our divestitures of \$6 million for the three months and \$17 million for the nine months ended September 28, 2019. We recognized these deal costs in SG&A.

Held for Sale

Our assets and liabilities held for sale, by major class, were (in millions):

	September 28, 2019	December 29, 2018
ASSETS		
Inventories	\$ —	\$ 92
Property, plant and equipment, net	26	139
Goodwill	—	669
Intangible assets, net	9	437
Other	—	39
Total assets held for sale	\$ 35	\$ 1,376
LIABILITIES		
Total liabilities held for sale	\$ 2	\$ 55

The change in assets and liabilities held for sale during the nine months ended September 28, 2019 was primarily related to the Heinz India Transaction closing on January 30, 2019 and the Canada Natural Cheese Transaction closing on July 2, 2019. The balances held for sale at September 28, 2019 primarily relate to land and manufacturing equipment.

Note 6. Restructuring Activities

As part of our restructuring activities, we incur expenses that qualify as exit and disposal costs under U.S. GAAP. These include severance and employee benefit costs and other exit costs. Severance and employee benefit costs primarily relate to cash severance, non-cash severance, including accelerated equity award compensation expense, and pension and other termination benefits. Other exit costs primarily relate to lease and contract terminations. 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 under U.S. GAAP. These include asset-related costs and other implementation costs. Asset-related costs primarily relate to accelerated depreciation and asset impairment charges. Other implementation costs primarily relate to start-up costs of new facilities, professional fees, asset relocation costs, costs to exit facilities, and costs associated with restructuring benefit plans.

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. 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 value if carrying value exceeds fair value. All other costs are recognized as incurred.

Restructuring Activities:

We have restructuring programs globally, which are focused primarily on workforce reduction and factory closure and consolidation. As of September 28, 2019, related to these programs, we expect to eliminate approximately 450 positions, primarily outside the U.S. Of these expected reductions, 300 positions were eliminated during the nine months ended September 28, 2019. These programs resulted in expenses of \$56 million during the nine months ended September 28, 2019, including \$5 million of credits in severance and employee benefit costs, \$20 million of non-cash asset-related costs, and \$41 million of other implementation costs. Restructuring expenses during the three months ended September 28, 2019 were \$15 million, including \$2 million of credits in severance and employee benefit costs, \$8 million of non-cash asset-related costs, and \$9 million of other implementation costs. Restructuring expenses totaled \$21 million for the three months and \$188 million for the nine months ended September 29, 2018.

Our net liability balance for restructuring project costs that qualify as exit and disposal costs under U.S. GAAP (i.e., severance and employee benefit costs and other exit costs) was (in millions):

	Severance and Employee Benefit Costs	Other Exit Costs	Total
Balance at December 29, 2018	\$ 32	\$ 33	\$ 65
Charges/(credits)	(5)	—	(5)
Cash payments	(16)	(7)	(23)
Balance at September 28, 2019	<u>\$ 11</u>	<u>\$ 26</u>	<u>\$ 37</u>

We expect the liability for severance and employee benefit costs as of September 28, 2019 to be paid by the end of 2020. The liability for other exit costs primarily relates to lease obligations. The cash impact of these obligations will continue for the duration of the lease terms, which expire between 2019 and 2026.

Integration Program:

At the end of 2017, we had substantially completed our multi-year program announced following the merger of Kraft Foods Group, Inc. with and into a wholly-owned subsidiary of H. J. Heinz Holding Corporation (“Heinz”) (the “2015 Merger”) (the “Integration Program”), which was designed to reduce costs and integrate and optimize our combined organization, primarily in the U.S. and Canada reportable segments.

We incurred pre-tax costs related to the Integration Program of \$10 million during the three months and \$90 million during the nine months ended September 29, 2018. No such expenses were incurred during the three or nine months ended September 28, 2019.

Total Expenses:

Total expense/(income) related to restructuring activities, including the Integration Program, by income statement caption, were (in millions):

	For the Three Months Ended		For the Nine Months Ended	
	September 28, 2019	September 29, 2018	September 28, 2019	September 29, 2018
Severance and employee benefit costs - COGS	\$ (1)	\$ (8)	\$ (4)	\$ 17
Severance and employee benefit costs - SG&A	(1)	2	(1)	12
Severance and employee benefit costs - Other expense/(income)	—	(1)	—	5
Asset-related costs - COGS	8	8	11	33
Asset-related costs - SG&A	—	6	9	7
Other costs - COGS	5	18	20	125
Other costs - SG&A	4	6	21	21
Other costs - Other expense/(income)	—	—	—	58
	<u>\$ 15</u>	<u>\$ 31</u>	<u>\$ 56</u>	<u>\$ 278</u>

We do not include our restructuring activities, including the Integration Program, within Segment Adjusted EBITDA (as defined in Note 20, *Segment Reporting*). The pre-tax impact of allocating such expenses to our segments would have been (in millions):

	For the Three Months Ended		For the Nine Months Ended	
	September 28, 2019	September 29, 2018	September 28, 2019	September 29, 2018
United States	\$ 8	\$ 23	\$ 34	\$ 144
Canada	4	4	10	70
EMEA	—	(11)	4	17
Rest of World	2	5	3	14
General corporate expenses	1	10	5	33
	<u>\$ 15</u>	<u>\$ 31</u>	<u>\$ 56</u>	<u>\$ 278</u>

Note 7. Restricted Cash

The following table provides a reconciliation of cash and cash equivalents, as reported on our condensed consolidated balance sheets, to cash, cash equivalents, and restricted cash, as reported on our condensed consolidated statements of cash flows (in millions):

	September 28, 2019	December 29, 2018
Cash and cash equivalents	\$ 2,315	\$ 1,130
Restricted cash included in other current assets	1	1
Restricted cash included in other non-current assets	—	5
Cash, cash equivalents, and restricted cash	<u>\$ 2,316</u>	<u>\$ 1,136</u>

Note 8. Inventories

Inventories consisted of the following (in millions):

	September 28, 2019	December 29, 2018
Packaging and ingredients	\$ 634	\$ 510
Work in process	367	343
Finished product	2,157	1,814
Inventories	<u>\$ 3,158</u>	<u>\$ 2,667</u>

At December 29, 2018, inventories excluded amounts classified as held for sale. See Note 5, *Acquisitions and Divestitures*, for additional information.

Note 9. Goodwill and Intangible Assets

Goodwill:

Changes in the carrying amount of goodwill, by segment, were (in millions):

	United States	Canada	EMEA	Rest of World	Total
Balance at December 29, 2018	\$ 29,597	\$ 2,438	\$ 3,074	\$ 1,394	\$ 36,503
Impairment losses	(118)	—	(292)	(334)	(744)
Acquisitions	124	—	6	—	130
Translation adjustments and other	(2)	73	(109)	(25)	(63)
Balance at September 28, 2019	<u>\$ 29,601</u>	<u>\$ 2,511</u>	<u>\$ 2,679</u>	<u>\$ 1,035</u>	<u>\$ 35,826</u>

In the first quarter of 2019, we completed the acquisition of Primal Nutrition. Additionally, at December 29, 2018, goodwill excluded amounts classified as held for sale. See Note 5, *Acquisitions and Divestitures*, for additional information related to this acquisition, as well as amounts held for sale.

We maintain 19 reporting units, 12 of which comprise our goodwill balance. These 12 reporting units had an aggregate carrying amount of \$35.8 billion as of September 28, 2019. We test our reporting units for impairment annually as of the first day of our second quarter, or more frequently if events or circumstances indicate it is more likely than not that the fair value of a reporting unit is less than its carrying amount.

In connection with the preparation of the first quarter financial statements, which occurred concurrently with the preparation of the second quarter financial statements due to the delay in the filing of our Annual Report on Form 10-K for the year ended December 29, 2018, we concluded that it was more likely than not that the fair values of three of our 19 reporting units (EMEA East, Brazil and Latin America Exports) were below their carrying amounts. The factors that led to this conclusion included: (i) changes in management structure which triggered the reorganization of the EMEA East and Latin America Exports reporting units in the first quarter; (ii) new management in certain of these reporting units coupled with the development of our five-year operating plan assumptions for each of these reporting units in the first quarter, which established revised expectations and priorities for the coming years in response to current market factors, such as lower revenue growth and margin expectations; (iii) increases in discount rates used to value reporting units in these regions due to expectations of increased risk in these emerging markets; and (iv) fluctuations in forecasted foreign exchange rates in certain countries.

We recognized a non-cash impairment loss of \$620 million in SG&A in the first quarter of 2019 related to the three reporting units noted above that are contained within our EMEA and Rest of World segments. We determined the factors contributing to the impairment loss were the result of circumstances that arose during the first quarter of 2019.

We recognized a \$286 million impairment loss in our EMEA East reporting unit within our EMEA segment. In the first quarter of 2019, we reorganized our reporting units to combine Russia, Poland, Middle East, and Distributors operations into the EMEA East reporting unit as a result of changing our management structure. Following this reorganization, we established a new management team in the region at the beginning of 2019 that developed a new five-year operating plan for the region, which established a revised downward outlook for net sales, margin, and cash flows in response to lower expectations for margin and revenue growth opportunities in the region. As a result of this planning process, management revised its expectations downward in relation to the anticipated long-term impact of white space growth opportunities in MEA and the impact of discounter store growth in Russia. Additionally, there were declines in forecasted foreign exchange rates in the region. After the impairment, the goodwill carrying amount of the EMEA East reporting unit was approximately \$144 million.

We recognized a \$205 million impairment loss in our Brazil reporting unit within our Rest of World segment. During the first quarter, we observed lower than expected performance in launches of new products coupled with the de-listing of certain existing products as well as higher costs due to changes in our sourcing approach to support revenue growth plans. We developed a new five-year operating plan for the region in the first quarter of 2019, which produced a revised outlook for net sales and margins in contemplation of these events and after considering their potential long-term impacts. Additionally, there were declines in forecasted foreign exchange rates in the region. The impairment of the Brazil reporting unit represents all of the goodwill of that reporting unit.

We recognized a \$129 million impairment loss in our Latin America Exports reporting unit within our Rest of World segment. In the first quarter of 2019, we reorganized our reporting units to combine Puerto Rico and our Other Latin America Exports business with Costa Rica, Panama, Colombia, Argentina, and Andinos operations (which were part of the previously fully impaired Other Latin America reporting unit and thus had previously been identified as having a fair value less than carrying amount) into the Latin America Exports reporting unit as a result of changing our management structure. We developed a new five-year operating plan for the region in the first quarter of 2019, which produced a revised downward outlook for net sales and margins and adjusted cash flow forecasts to reflect lower expectations in the market, higher costs associated with changes in our sourcing approach, and increased investments in the business to support growth in these emerging markets. After the impairment, the goodwill carrying amount of the Latin America Exports reporting unit was approximately \$297 million.

We performed our 2019 annual impairment test as of March 31, 2019, which is the first day of our second quarter in 2019 (this was performed concurrently with the preparation of the first and second quarter 2019 financial statements due to the delay in the filing of our Annual Report on Form 10-K for the year ended December 29, 2018). We utilized the discounted cash flow method under the income approach to estimate the fair value of our reporting units. Through the performance of the 2019 annual impairment test, we identified an impairment related to the U.S. Refrigerated reporting unit. This impairment was primarily due to an increase in the discount rate assumption used for the fair value estimation. The increase in the discount rate was applied to reflect a market participants' perceived risk in the valuation implied by the sustained reduction in our stock price and, hence, market capitalization (which decreased approximately 25% from December 29, 2018 to the March 31, 2019 annual impairment test date and sustained this decline through June 29, 2019). Since this valuation assumption change was made in connection with the annual impairment test in the second quarter of 2019 and was not indicative of events or conditions that would have constituted a triggering event during the first quarter of 2019, we recorded a non-cash impairment loss of \$118 million in SG&A in the second quarter of 2019 within our United States segment. The goodwill carrying amount of this reporting unit was \$7.0 billion after the impairment.

The goodwill carrying amounts associated with an additional six reporting units, which each had excess fair value over its carrying amount of 10% or less based on the results of our 2019 annual impairment assessment, were \$18.6 billion for U.S. Grocery, \$3.9 billion for U.S. Foodservice, \$2.1 billion for Canada Retail, \$370 million for Australia and New Zealand, \$368 million for Canada Foodservice, and \$83 million for Northeast Asia as of the annual impairment test date. The goodwill carrying amount associated with one additional reporting unit, which had excess fair value over its carrying amount between 10-20%, was \$593 million for Continental Europe as of the annual impairment test date. The aggregate goodwill carrying amount of reporting units with fair value over carrying amount between 20-50% was \$2.4 billion as of the annual impairment test date, and there were no reporting units with fair value over carrying amount in excess of 50%.

As a result of our 2018 annual impairment test, we recognized a non-cash impairment loss of \$133 million in SG&A related to our Australia and New Zealand reporting unit in the second quarter of 2018. This impairment loss was primarily due to margin declines in the region.

Accumulated impairment losses to goodwill were \$7.8 billion at September 28, 2019.

Fair value determinations require considerable judgment and are sensitive to changes in underlying assumptions, estimates, and market factors. Estimating the fair value of individual reporting units requires us to make assumptions and estimates regarding our future plans, as well as industry, economic, and regulatory conditions. These assumptions and estimates include estimated future annual net cash flows, income tax rates, discount rates, growth rates, and other market factors. If current expectations of future growth rates and margins are not met, if market factors outside of our control, such as discount rates, change, or if management's expectations or plans otherwise change, including as a result of updates to our global five-year operating plan, then one or more of our reporting units might become impaired in the future. Our reporting units that were impaired in 2018 and 2019 were written down to their respective fair values resulting in zero excess fair value over carrying amount as of the applicable impairment test dates. Accordingly, these and other individual reporting units that have 20% or less excess fair value over carrying amount as of the 2019 annual impairment test date have a heightened risk of future impairments if any assumptions, estimates, or market factors change in the future. Although the remaining reporting units have more than 20% excess fair value over carrying amount as of the 2019 annual impairment test date, these amounts are also associated with the 2013 Heinz acquisition and the 2015 Merger and are recorded on the balance sheet at their estimated acquisition date fair values. Therefore, if any assumptions, estimates, or market factors change in the future, these amounts are also susceptible to impairments.

Indefinite-lived intangible assets:

Changes in the carrying amount of indefinite-lived intangible assets, which primarily consisted of trademarks, were (in millions):

Balance at December 29, 2018	\$	43,966
Impairment losses		(474)
Reclassified to assets held for sale		(9)
Translation adjustments		(89)
Balance at September 28, 2019	\$	43,394

At September 28, 2019 and December 29, 2018, indefinite-lived intangible assets excluded amounts classified as held for sale. See Note 5, *Acquisitions and Divestitures*, for additional information on amounts held for sale.

Our indefinite-lived intangible asset balance primarily consists of a number of individual brands, which had an aggregate carrying amount of \$43.4 billion as of September 28, 2019. We test our brands for impairment annually as of the first day of our second quarter, or more frequently if events or circumstances indicate it is more likely than not that the fair value of a brand is less than its carrying amount.

We performed our 2019 annual impairment test as of March 31, 2019, which is the first day of our second quarter in 2019. As a result of our 2019 annual impairment test, we recognized a non-cash impairment loss of \$474 million in SG&A in the second quarter of 2019 primarily related to six brands (*Miracle Whip*, *Velveeta*, *Lunchables*, *Maxwell House*, *Philadelphia*, and *Cool Whip*). This impairment loss was recorded in our United States segment, consistent with the ownership of the trademarks. The impairment for these brands was largely due to an increase in the discount rate assumptions used for the fair value estimations. The increase in the discount rate was applied to reflect a market participants' perceived risk in the valuation implied by the sustained reduction in our stock price and, hence, market capitalization (which decreased approximately 25% from December 29, 2018 to the March 31, 2019 annual impairment test date and sustained this decline through June 29, 2019).

For *Miracle Whip* and *Maxwell House*, the reduction in fair value was also driven by lower expectations of near and long-term net sales growth that were adjusted in the second quarter of 2019 due to anticipated trends in consumer preferences. For *Lunchables*, the reduction in fair value was also due to lower forecasted net sales and royalty rate assumptions associated with lower profit margin expectations driven by pricing actions at certain customers. For *Velveeta*, *Philadelphia*, and *Cool Whip*, no assumption changes other than the discount rate had a meaningful impact on the estimated fair value of brands. Since these valuation assumption changes were made in connection with the annual impairment test in the second quarter of 2019 and were not indicative of events or conditions that would have constituted a triggering event during the first quarter of 2019, we recorded the non-cash impairment loss in the second quarter of 2019. These brands had an aggregate carrying value of \$13.5 billion prior to this impairment and \$13.0 billion after impairment.

The aggregate carrying amount associated with an additional three brands (*Kraft*, *Planters*, and *ABC*), which each had excess fair value over its carrying amount of 10% or less, was \$13.4 billion as of the annual impairment test date. The aggregate carrying amount of an additional three brands (*Oscar Mayer*, *Jet Puffed*, and *Quero*), which each had fair value over its carrying amount of between 10-20%, was \$3.6 billion as of the annual impairment test date. The aggregate carrying amount of brands with fair value over carrying amount between 20-50% was \$4.2 billion, and the aggregate carrying amount of brands with fair value over carrying amount in excess of 50% was \$9.3 billion as of the annual impairment test date.

As a result of our 2018 annual impairment test, we recognized a non-cash impairment loss of \$101 million in SG&A in the second quarter of 2018. This impairment loss was due to net sales and margin declines related to the *Quero* brand in Brazil.

In the third quarter of 2018, we recognized a non-cash impairment loss of \$215 million in SG&A related to the *Smart Ones* brand. This impairment loss was primarily due to reduced future investment expectations and continued sales declines in the third quarter of 2018. We transferred the remaining carrying value of *Smart Ones* to definite-lived intangible assets.

Fair value determinations require considerable judgment and are sensitive to changes in underlying assumptions, estimates, and market factors. Estimating the fair value of individual brands requires us to make assumptions and estimates regarding our future plans, as well as industry, economic, and regulatory conditions. These assumptions and estimates include estimated future annual net cash flows, income tax considerations, discount rates, growth rates, royalty rates, contributory asset charges, and other market factors. If current expectations of future growth rates and margins are not met, if market factors outside of our control, such as discount rates, change, or if management's expectations or plans otherwise change, including as a result of updates to our global five-year operating plan, then one or more of our brands might become impaired in the future. Our brands that were impaired in 2018 and 2019 were written down to their respective fair values resulting in zero excess fair value over carrying amount as of the applicable impairment test dates. Accordingly, these and other individual brands that have 20% or less excess fair value over carrying amount as of the 2019 annual impairment test date have a heightened risk of future impairments if any assumptions, estimates, or market factors change in the future. Although the remaining brands have more than 20% excess fair value over carrying amount as of the 2019 annual impairment test date, these amounts are also associated with the 2013 Heinz acquisition and the 2015 Merger and are recorded on the balance sheet at their estimated acquisition date fair values. Therefore, if any assumptions, estimates, or market factors change in the future, these amounts are also susceptible to impairments.

Definite-lived intangible assets:

Definite-lived intangible assets were (in millions):

	September 28, 2019			December 29, 2018		
	Gross	Accumulated Amortization	Net	Gross	Accumulated Amortization	Net
Trademarks	\$ 2,456	\$ (443)	\$ 2,013	\$ 2,474	\$ (402)	\$ 2,072
Customer-related assets	4,094	(799)	3,295	4,097	(681)	3,416
Other	14	(2)	12	18	(4)	14
	<u>\$ 6,564</u>	<u>\$ (1,244)</u>	<u>\$ 5,320</u>	<u>\$ 6,589</u>	<u>\$ (1,087)</u>	<u>\$ 5,502</u>

Amortization expense for definite-lived intangible assets was \$66 million for the three months and \$214 million for the nine months ended September 28, 2019 and \$75 million for the three months and \$214 million for the nine months ended September 29, 2018. Aside from amortization expense, the changes in definite-lived intangible assets from December 29, 2018 to September 28, 2019 primarily reflect additions of \$66 million related to purchase accounting for Primal Nutrition, impairment losses of \$5 million, and foreign currency. Definite-lived intangible assets at December 29, 2018 excluded amounts classified as held for sale. See Note 5, *Acquisitions and Divestitures*, for additional information related to our acquisition of Primal Nutrition, as well as amounts held for sale.

We estimate that amortization expense related to definite-lived intangible assets will be approximately \$273 million for the next year and approximately \$273 million for each of the four years thereafter.

Note 10. 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 effective tax rate is a composite rate reflecting the earnings in various locations and the applicable tax rates. Additionally, small movements in tax rates due to a change in tax law or a change in tax rates that causes us to revalue our deferred tax balances produces volatility in our effective tax rate. Our quarterly income tax provision is determined based on our estimated full year effective tax rate, adjusted for tax attributable to infrequent or unusual items, which are recognized on a discrete period basis in the income tax provision for the period in which they occur.

Our effective tax rate was 22.6% for the three months ended September 28, 2019 compared to 24.6% for the three months ended September 29, 2018. The decrease in our effective tax rate was primarily driven by a decrease in unfavorable net discrete items. Current year unfavorable impacts from net discrete items were primarily related to tax impacts for divestitures, specifically related to the Canada Natural Cheese Transaction, the impact of which was partially offset by the reversal of certain deferred withholding tax liabilities resulting from the ratification of the U.S. tax treaty with Spain. In the prior year, we had unfavorable impacts from net discrete items primarily related to the revaluation of our deferred tax balances due to changes in state tax laws, non-deductible currency devaluation losses, and non-deductible goodwill impairments, which were partially offset by the favorable impact of reversal of uncertain tax position reserves in the U.S. and certain state jurisdictions and changes in estimates of certain 2017 U.S. income and deductions.

Our effective tax rate was 25.0% for the nine months ended September 28, 2019 compared to 24.7% for the nine months ended September 29, 2018. The increase in our effective tax rate was primarily driven by the less favorable geographic mix of pre-tax income in various non-U.S. jurisdictions, partially offset by a decrease in unfavorable net discrete items. Current year unfavorable impacts from net discrete items primarily related to non-deductible goodwill impairment and the tax impacts from the Heinz India and Canada Natural Cheese Transactions, the impacts of which were partially offset by the reversal of uncertain tax position reserves in the U.S. and certain state jurisdictions and changes in estimates of certain 2018 U.S. income and deductions. In the prior year, we had an unfavorable impact from net discrete items, primarily related to the revaluation of our deferred tax balances due to changes in state tax laws, non-deductible currency devaluation losses, and non-deductible goodwill impairments, which were partially offset by the reversal of uncertain tax position reserves in the U.S. and certain state jurisdictions and changes in estimates of certain 2017 U.S. income and deductions.

Note 11. Employees' Stock Incentive Plans

Stock Options:

Our stock option activity and related information was:

	Number of Stock Options	Weighted Average Exercise Price (per share)
Outstanding at December 29, 2018	18,259,965	\$ 44.64
Granted	1,880,648	25.41
Forfeited	(1,279,549)	66.59
Exercised	(469,687)	23.19
Outstanding at September 28, 2019	18,391,377	41.70

The aggregate intrinsic value of stock options exercised during the period was \$8 million for the nine months ended September 28, 2019.

Restricted Stock Units:

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

	Number of Units	Weighted Average Grant Date Fair Value (per share)
Outstanding at December 29, 2018	2,338,958	\$ 68.49
Granted	7,867,566	25.64
Forfeited	(695,969)	54.66
Vested	(58,152)	84.95
Outstanding at September 28, 2019	9,452,403	33.74

The aggregate fair value of RSUs that vested during the period was \$2 million for the nine months ended September 28, 2019.

Performance Share Units:

Our performance share unit ("PSU") activity and related information was:

	Number of Units	Weighted Average Grant Date Fair Value (per share)
Outstanding at December 29, 2018	3,252,056	\$ 59.24
Forfeited	(955,880)	58.10
Outstanding at September 28, 2019	2,296,176	59.72

Note 12. Postemployment Benefits

We capitalize a portion of net pension and postretirement cost/(benefit) into inventory based on our production activities. Beginning January 1, 2018, only the service cost component of net pension and postretirement cost/(benefit) is capitalized into inventory. As part of the adoption of ASU 2017-07 in the first quarter of 2018, we recognized a one-time favorable credit of \$42 million within cost of products sold related to amounts that were previously capitalized into inventory. Included in this credit was \$28 million related to prior service credits that were previously capitalized to inventory.

Pension Plans**Components of Net Pension Cost/(Benefit):**

Net pension cost/(benefit) consisted of the following (in millions):

	For the Three Months Ended			
	U.S. Plans		Non-U.S. Plans	
	September 28, 2019	September 29, 2018	September 28, 2019	September 29, 2018
Service cost	\$ 2	\$ 2	\$ 4	\$ 4
Interest cost	41	41	12	16
Expected return on plan assets	(58)	(60)	(34)	(42)
Amortization of prior service costs/(credits)	—	—	1	—
Amortization of unrecognized losses/(gains)	—	—	—	1
Settlements	—	(1)	—	—
Special/contractual termination benefits	—	—	1	—
Other	—	—	2	—
Net pension cost/(benefit)	\$ (15)	\$ (18)	\$ (14)	\$ (21)

	For the Nine Months Ended			
	U.S. Plans		Non-U.S. Plans	
	September 28, 2019	September 29, 2018	September 28, 2019	September 29, 2018
Service cost	\$ 6	\$ 7	\$ 12	\$ 14
Interest cost	122	118	38	52
Expected return on plan assets	(172)	(187)	(107)	(134)
Amortization of prior service costs/(credits)	—	—	1	—
Amortization of unrecognized losses/(gains)	—	—	—	2
Settlements	—	(3)	—	58
Curtailments	—	—	—	(1)
Special/contractual termination benefits	—	—	1	6
Other	—	—	3	—
Net pension cost/(benefit)	\$ (44)	\$ (65)	\$ (52)	\$ (3)

We present all non-service cost components of net pension cost/(benefit) within other expense/(income) on our condensed consolidated statements of income.

Employer Contributions:

Related to our non-U.S. pension plans, we contributed \$15 million during the nine months ended September 28, 2019 and plan to make further contributions of approximately \$4 million during the remainder of 2019. Related to our U.S. pension plans, we did not contribute during the nine months ended September 28, 2019 and do not plan to make contributions during the remainder of 2019. Our actual contributions and plans may change due to many factors, including changes in tax, employee benefit, or other laws and regulations, 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 (in millions):

	For the Three Months Ended		For the Nine Months Ended	
	September 28, 2019	September 29, 2018	September 28, 2019	September 29, 2018
Service cost	\$ 1	\$ 2	\$ 4	\$ 6
Interest cost	12	11	35	33
Expected return on plan assets	(13)	(12)	(40)	(37)
Amortization of prior service costs/(credits)	(77)	(77)	(230)	(233)
Amortization of unrecognized losses/(gains)	(2)	—	(6)	—
Curtailments	(4)	—	(4)	—
Net postretirement cost/(benefit)	<u>\$ (83)</u>	<u>\$ (76)</u>	<u>\$ (241)</u>	<u>\$ (231)</u>

We present all non-service cost components of net postretirement cost/(benefit) within other expense/(income) on our condensed consolidated statements of income.

Employer Contributions:

During the nine months ended September 28, 2019, we contributed \$8 million to our postretirement benefit plans. We plan to make further contributions of approximately \$4 million to our postretirement benefit plans during the remainder of 2019. Our actual contributions and plans may change due to many factors, including changes in tax, employee benefit, or other laws and regulations, tax deductibility, significant differences between expected and actual postretirement plan asset performance or interest rates, or other factors.

Note 13. Financial Instruments

See our consolidated financial statements and related notes in our Annual Report on Form 10-K for the year ended December 29, 2018 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 outstanding derivative instruments were (in millions):

	Notional Amount	
	September 28, 2019	December 29, 2018
Commodity contracts	\$ 587	\$ 478
Foreign exchange contracts	2,602	3,263
Cross-currency contracts	10,146	10,146

Fair Value of Derivative Instruments:

The fair values and the levels within the fair value hierarchy of derivative instruments recorded on the consolidated balance sheets were (in millions):

	September 28, 2019					
	Quoted Prices in Active Markets for Identical Assets and Liabilities (Level 1)		Significant Other Observable Inputs (Level 2)		Total Fair Value	
	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities
Derivatives designated as hedging instruments:						
Foreign exchange contracts ^(a)	\$ —	\$ —	\$ 23	\$ 12	\$ 23	\$ 12
Cross-currency contracts ^(b)	—	—	348	98	348	98
Derivatives not designated as hedging instruments:						
Commodity contracts ^(c)	17	11	1	1	18	12
Foreign exchange contracts ^(a)	—	—	4	25	4	25
Cross-currency contracts ^(b)	—	—	593	144	593	144
Total fair value	\$ 17	\$ 11	\$ 969	\$ 280	\$ 986	\$ 291

(a) At September 28, 2019, the fair value of our derivative assets was recorded in other current assets (\$23 million) and other non-current assets (\$4 million) the fair value of our derivative liabilities was recorded in other current liabilities (\$35 million) and other non-current liabilities (\$2 million).

(b) At September 28, 2019, the fair value of our derivative assets was recorded in other current assets (\$593 million) and other non-current assets (\$348 million), and the fair value of our derivative liabilities was recorded in other current liabilities (\$144 million) and other non-current liabilities (\$98 million).

(c) At September 28, 2019, the fair value of our derivative assets was recorded in other current assets (\$17 million) and other non-current assets (\$1 million) and the fair value of derivative liabilities was recorded in other current liabilities.

	December 29, 2018					
	Quoted Prices in Active Markets for Identical Assets and Liabilities (Level 1)		Significant Other Observable Inputs (Level 2)		Total Fair Value	
	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities
Derivatives designated as hedging instruments:						
Foreign exchange contracts ^(a)	\$ —	\$ —	\$ 51	\$ 26	\$ 51	\$ 26
Cross-currency contracts ^(b)	—	—	139	3	139	3
Derivatives not designated as hedging instruments:						
Commodity contracts ^(a)	5	27	—	2	5	29
Foreign exchange contracts ^(a)	—	—	5	42	5	42
Cross-currency contracts ^(b)	—	—	557	119	557	119
Total fair value	\$ 5	\$ 27	\$ 752	\$ 192	\$ 757	\$ 219

(a) The fair value of derivative assets was recorded in other current assets and the fair value of derivative liabilities was recorded in other current liabilities.

(b) The fair value of derivative assets was recorded in other current assets (\$557 million) and other non-current assets (\$139 million), and the fair value of derivative liabilities was recorded within other current liabilities (\$119 million) and other non-current liabilities (\$3 million).

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 consolidated balance sheets. If the derivative financial instruments had been netted on the consolidated balance sheets, the asset and liability positions each would have been reduced by \$221 million at September 28, 2019 and \$124 million at December 29, 2018. No significant amounts of collateral were received or posted on our derivative assets and liabilities at September 28, 2019.

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 swaps, foreign exchange forwards, options, and swaps, and cross-currency swaps. Commodity swaps 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 and swaps are valued using an income approach based on observable market forward rates less the contract rate multiplied by the notional amount. Foreign exchange options are valued using an income approach based on a Black-Scholes-Merton formula. This formula uses present value techniques and reflects the time value and intrinsic value based on observable market rates. Cross-currency swaps are valued based on observable market spot and swap rates.

We did not have any Level 3 financial assets or liabilities in any period presented.

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

Net Investment Hedging:

At September 28, 2019, we had the following items designated as net investment hedges:

- Non-derivative foreign denominated debt with principal amounts of €2,550 million and £400 million;
- Cross-currency contracts with notional amounts of £1.0 billion (\$1.4 billion), C\$2.1 billion (\$1.6 billion), and ¥9.6 billion (\$85 million); and
- Foreign exchange contracts denominated in Chinese renminbi with an aggregate notional amount of \$161 million.

We periodically use non-derivative instruments such as non-U.S. dollar financing transactions or non-U.S. dollar assets or liabilities, including intercompany loans, to hedge the exposure of changes in underlying foreign currency denominated subsidiary net assets, and they are designated as net investment hedges. At September 28, 2019, we had a euro intercompany loan with aggregate notional amount of \$120 million.

The component of the gains and losses on our net investment in these designated foreign operations, driven by changes in foreign exchange rates, are economically offset by fair value movements on the effective portion of our cross-currency contracts and foreign exchange contracts and remeasurements of our foreign denominated debt.

Cash Flow Hedge Coverage:

At September 28, 2019, we had entered into foreign exchange contracts designated as cash flow hedges for periods not exceeding the next two years and into cross-currency contracts designated as cash flow hedges for periods not exceeding the next five years.

Deferred Hedging Gains and Losses on Cash Flow Hedges:

Based on our valuation at September 28, 2019 and assuming market rates remain constant through contract maturities, we expect transfers to net income/(loss) of unrealized gains on foreign currency cash flow hedges and cross-currency cash flow hedges during the next 12 months to be insignificant. Additionally, we expect transfers to net income/(loss) of unrealized losses on interest rate cash flow hedges during the next 12 months to be insignificant.

Derivative Impact on the Statements of Comprehensive Income:

The following table presents the pre-tax amounts of derivative gains/(losses) deferred into accumulated other comprehensive income/(losses) and the income statement line item that will be affected when reclassified to net income/(loss) (in millions):

Accumulated Other Comprehensive Income/(Losses) Component	Gains/(Losses) Recognized in Other Comprehensive Income/(Losses) Related to Derivatives Designated as Hedging Instruments				Location of Gains/(Losses) When Reclassified to Net Income/(Loss)				
	For the Three Months Ended		For the Nine Months Ended						
	September 28, 2019	September 29, 2018	September 28, 2019	September 29, 2018					
Cash flow hedges:									
Foreign exchange contracts	\$	—	\$	—	\$	(1)	\$	—	Net sales
Foreign exchange contracts		8		(5)		(19)		27	Cost of products sold
Foreign exchange contracts (excluded component)		1		(2)		1		(2)	Cost of products sold
Foreign exchange contracts		—		(12)		(22)		19	Other expense/(income)
Foreign exchange contracts (excluded component)		—		2		—		2	Other expense/(income)
Cross-currency contracts		43		—		62		—	Other expense/(income)
Cross-currency contracts (excluded component)		7		—		21		—	Other expense/(income)
Net investment hedges:									
Foreign exchange contracts		5		8		18		10	Other expense/(income)
Foreign exchange contracts (excluded component)		—		1		(1)		1	Interest expense
Cross-currency contracts		66		(18)		28		78	Other expense/(income)
Cross-currency contracts (excluded component)		8		6		22		6	Interest expense
Total gains/(losses) recognized in statements of comprehensive income	\$	138	\$	(20)	\$	109	\$	141	

Derivative Impact on the Statements of Income:

The following tables present the pre-tax amounts of derivative gains/(losses) reclassified from accumulated other comprehensive income/(losses) to net income/(loss) and the affected income statement line items (in millions):

	For the Three Months Ended					
	September 28, 2019			September 29, 2018		
				(As Restated)		
	Cost of products sold	Interest expense	Other expense/(income)	Cost of products sold	Interest expense	Other expense/(income)
Total amounts presented in the consolidated statements of income in which the following effects were recorded	\$ 4,129	\$ 398	\$ (380)	\$ 4,289	\$ 326	\$ (71)
Gains/(losses) related to derivatives designated as hedging instruments:						
Cash flow hedges:						
Foreign exchange contracts	\$ 5	\$ —	\$ —	\$ 1	\$ —	\$ (12)
Foreign exchange contracts (excluded component)	1	—	—	(1)	—	2
Interest rate contracts	—	(1)	—	—	(1)	—
Cross-currency contracts	—	—	38	—	—	—
Cross-currency contracts (excluded component)	—	—	7	—	—	—
Net investment hedges:						
Cross-currency contracts (excluded component)	—	8	—	—	6	—
Gains/(losses) related to derivatives not designated as hedging instruments:						
Commodity contracts	(13)	—	—	(17)	—	—
Foreign exchange contracts	—	—	(10)	—	—	(12)
Cross-currency contracts	—	—	3	—	—	2
Total gains/(losses) recognized in statements of income	\$ (7)	\$ 7	\$ 38	\$ (17)	\$ 5	\$ (20)

	For the Nine Months Ended					
	September 28, 2019			September 29, 2018		
	Cost of products sold	Interest expense	Other expense/ (income)	Cost of products sold	Interest expense	Other expense/ (income)
Total amounts presented in the consolidated statements of income in which the following effects were recorded	\$ 12,401	\$ 1,035	\$ (893)	\$ 12,672	\$ 959	\$ (181)
Gains/(losses) related to derivatives designated as hedging instruments:						
Cash flow hedges:						
Foreign exchange contracts	\$ 22	\$ —	\$ (22)	\$ (8)	\$ —	\$ 19
Foreign exchange contracts (excluded component)	(1)	—	—	(1)	—	2
Interest rate contracts	—	(3)	—	—	(3)	—
Cross-currency contracts	—	—	44	—	—	—
Cross-currency contracts (excluded component)	—	—	21	—	—	—
Net investment hedges:						
Foreign exchange contracts	—	—	(6)	—	—	—
Foreign exchange contracts (excluded component)	—	(1)	—	—	—	—
Cross-currency contracts (excluded component)	—	22	—	—	6	—
Gains/(losses) related to derivatives not designated as hedging instruments:						
Commodity contracts	13	—	—	(32)	—	—
Foreign exchange contracts	—	—	(16)	—	—	(56)
Cross-currency contracts	—	—	10	—	—	1
Total gains/(losses) recognized in statements of income	\$ 34	\$ 18	\$ 31	\$ (41)	\$ 3	\$ (34)

Non-Derivative Impact on Statements of Comprehensive Income:

Related to our non-derivative, foreign denominated debt instruments designated as net investment hedges, we recognized pre-tax gains of \$128 million for the three months and \$147 million for the nine months ended September 28, 2019 and \$26 million for the three months and \$118 million for the nine months ended September 29, 2018. These amounts were recognized in other comprehensive income/(loss).

Note 14. Accumulated Other Comprehensive Income/(Losses)

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

	Foreign Currency Translation Adjustments	Net Postemployment Benefit Plan Adjustments	Net Cash Flow Hedge Adjustments	Total
Balance as of December 29, 2018	\$ (2,476)	\$ 492	\$ 41	\$ (1,943)
Foreign currency translation adjustments	(272)	—	—	(272)
Net deferred gains/(losses) on net investment hedges	147	—	—	147
Amounts excluded from the effectiveness assessment of net investment hedges	16	—	—	16
Net deferred losses/(gains) on net investment hedges reclassified to net income/(loss)	(10)	—	—	(10)
Net deferred gains/(losses) on cash flow hedges	—	—	24	24
Amounts excluded from the effectiveness assessment of cash flow hedges	—	—	21	21
Net deferred losses/(gains) on cash flow hedges reclassified to net income/(loss)	—	—	(55)	(55)
Net postemployment benefit gains/(losses) arising during the period	—	(14)	—	(14)
Net postemployment benefit losses/(gains) reclassified to net income/(loss)	—	(176)	—	(176)
Cumulative effect of accounting standards adopted in the period ^(a)	—	114	22	136
Total other comprehensive income/(loss)	(119)	(76)	12	(183)
Balance as of September 28, 2019	<u>\$ (2,595)</u>	<u>\$ 416</u>	<u>\$ 53</u>	<u>\$ (2,126)</u>

(a) In the first quarter of 2019, we adopted ASU 2018-02 related to reclassifying tax effects stranded in accumulated other comprehensive income/(losses). See Note 4, *New Accounting Standards*, for additional information.

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

The gross amount and related tax benefit/(expense) recorded in, and associated with, each component of other comprehensive income/(loss) were as follows (in millions):

	For the Three Months Ended					
	September 28, 2019			September 29, 2018		
				(As Restated)		
	Before Tax Amount	Tax	Net of Tax Amount	Before Tax Amount	Tax	Net of Tax Amount
Foreign currency translation adjustments	\$ (410)	\$ —	\$ (410)	\$ (142)	\$ —	\$ (142)
Net deferred gains/(losses) on net investment hedges	199	(48)	151	16	(3)	13
Amounts excluded from the effectiveness assessment of net investment hedges	8	(2)	6	7	(4)	3
Net deferred losses/(gains) on net investment hedges reclassified to net income/(loss)	(8)	2	(6)	(6)	4	(2)
Net deferred gains/(losses) on cash flow hedges	51	(1)	50	(17)	1	(16)
Amounts excluded from the effectiveness assessment of cash flow hedges	8	—	8	—	—	—
Net deferred losses/(gains) on cash flow hedges reclassified to net income/(loss)	(50)	—	(50)	11	1	12
Net actuarial gains/(losses) arising during the period	(13)	4	(9)	22	(5)	17
Net postemployment benefit losses/(gains) reclassified to net income/(loss)	(79)	20	(59)	(77)	19	(58)

	For the Nine Months Ended					
	September 28, 2019			September 29, 2018		
				(As Restated)		
	Before Tax Amount	Tax	Net of Tax Amount	Before Tax Amount	Tax	Net of Tax Amount
Foreign currency translation adjustments	\$ (272)	\$ —	\$ (272)	\$ (796)	\$ —	\$ (796)
Net deferred gains/(losses) on net investment hedges	193	(46)	147	206	(48)	158
Amounts excluded from the effectiveness assessment of net investment hedges	21	(5)	16	7	(4)	3
Net deferred losses/(gains) on net investment hedges reclassified to net income/(loss)	(15)	5	(10)	(6)	4	(2)
Net deferred gains/(losses) on cash flow hedges	20	4	24	46	(6)	40
Amounts excluded from the effectiveness assessment of cash flow hedges	22	(1)	21	—	—	—
Net deferred losses/(gains) on cash flow hedges reclassified to net income/(loss)	(61)	6	(55)	(9)	(1)	(10)
Net actuarial gains/(losses) arising during the period	(14)	—	(14)	93	(23)	70
Net postemployment benefit losses/(gains) reclassified to net income/(loss)	(235)	59	(176)	(177)	44	(133)

The amounts reclassified from accumulated other comprehensive income/(losses) were as follows (in millions):

Accumulated Other Comprehensive Income/(Losses) Component	Reclassified from Accumulated Other Comprehensive Income/(Losses) to Net Income/(Loss)				Affected Line Item in the Statements of Income
	For the Three Months Ended		For the Nine Months Ended		
	September 28, 2019	September 29, 2018	September 28, 2019	September 29, 2018	
Losses/(gains) on net investment hedges:					
Foreign exchange contracts(a)	\$ —	\$ —	\$ 6	\$ —	Other expense/(income)
Foreign exchange contracts(b)	—	—	1	—	Interest expense
Cross-currency contracts(b)	(8)	(6)	(22)	(6)	Interest expense
Losses/(gains) on cash flow hedges:					
Foreign exchange contracts(c)	(6)	—	(21)	9	Cost of products sold
Foreign exchange contracts(c)	—	10	22	(21)	Other expense/(income)
Cross-currency contracts(c)	(45)	—	(65)	—	Other expense/(income)
Interest rate contracts(d)	1	1	3	3	Interest expense
Losses/(gains) on hedges before income taxes	(58)	5	(76)	(15)	
Losses/(gains) on hedges, income taxes	2	5	11	3	
Losses/(gains) on hedges	<u>\$ (56)</u>	<u>\$ 10</u>	<u>\$ (65)</u>	<u>\$ (12)</u>	
Losses/(gains) on postemployment benefits:					
Amortization of unrecognized losses/(gains)	\$ (2)	\$ 1	\$ (6)	\$ 2	(e)
Amortization of prior service costs/(credits)	(76)	(77)	(229)	(233)	(e)
Settlement and curtailment losses/(gains)	(1)	(1)	(1)	54	(e)
Other losses/(gains) on postemployment benefits	—	—	1	—	
Losses/(gains) on postemployment benefits before income taxes	(79)	(77)	(235)	(177)	
Losses/(gains) on postemployment benefits, income taxes	20	19	59	44	
Losses/(gains) on postemployment benefits	<u>\$ (59)</u>	<u>\$ (58)</u>	<u>\$ (176)</u>	<u>\$ (133)</u>	

(a) Represents the reclassification of hedge losses/(gains) resulting from the complete or substantially complete liquidation of our investment in the underlying foreign operations.

(b) Represents recognition of the excluded component in net income/(loss).

(c) Includes amortization of the excluded component and the effective portion of the related hedges.

(d) Represents amortization of realized hedge losses that were deferred into accumulated other comprehensive income/(losses) through the maturity of the related long-term debt instruments.

(e) These components are included in the computation of net periodic postemployment benefit costs. See Note 12, *Postemployment Benefits*, for additional information.

In this note we have excluded activity and balances related to noncontrolling interest due to its insignificance. This activity was primarily related to foreign currency translation adjustments.

Note 15. Venezuela - Foreign Currency and Inflation

We have a subsidiary in Venezuela that manufactures and sells a variety of products, primarily in the condiments and sauces and infant and nutrition categories. We apply highly inflationary accounting to the results of our Venezuelan subsidiary and include these results in our condensed consolidated financial statements. Under highly inflationary accounting, the functional currency of our Venezuelan subsidiary is the U.S. dollar (the reporting currency of Kraft Heinz), although the majority of its transactions are in Venezuelan bolivars. As a result, we must revalue the results of our Venezuelan subsidiary to U.S. dollars.

As of September 28, 2019, companies and individuals are allowed to use an auction-based system at private and public banks to obtain foreign currency. This is the only foreign currency exchange mechanism legally available to us for converting Venezuelan bolivars to U.S. dollars. Published daily by the Banco Central de Venezuela, the exchange rate ("BCV Rate") is calculated as the weighted average rate of participating banking institutions with active exchange operations. We believe the BCV Rate is the most appropriate legally available rate at which to translate the results of our Venezuelan subsidiary. Therefore, we revalue the income statement using the weighted average BCV Rates, and we revalue the bolivar-denominated monetary assets and liabilities at the period-end BCV Rate. The resulting revaluation gains and losses are recorded in current net income/(loss), rather than accumulated other comprehensive income/(losses). These gains and losses are classified within other expense/(income) as nonmonetary currency devaluation on our condensed consolidated statements of income.

The BCV Rate at September 28, 2019 was Bs\$21,028.08 per U.S. dollar compared to Bs\$638.18 at December 29, 2018. The weighted average rate was Bs\$14,919.84 for the three months and Bs\$7,460.73 for the nine months ended September 28, 2019 and Bs\$6.10 for the three months and Bs\$2.46 for the nine months ended September 29, 2018. Remeasurements of the bolivar-denominated monetary assets and liabilities and operating results of our Venezuelan subsidiary at BCV Rates resulted in nonmonetary currency devaluation losses of \$4 million for the three months and \$10 million for the nine months ended September 28, 2019 and \$64 million for the three months and \$131 million for the nine months ended September 29, 2018. These losses were recorded in other expense/(income) in the consolidated statements of income.

Our Venezuelan subsidiary obtains U.S. dollars through private and public bank auctions, royalty payments, and exports. These U.S. dollars are primarily used for purchases of tomato paste and spare parts for manufacturing, as well as a limited amount of other operating costs. As of September 28, 2019, our Venezuelan subsidiary had sufficient U.S. dollars to fund these operational needs in the foreseeable future. However, further deterioration of the economic environment or regulation changes could jeopardize our export business.

In addition to the bank auctions described above, there is an unofficial market for obtaining U.S. dollars with Venezuelan bolivars. The exact exchange rate is widely debated but is generally accepted to be substantially higher than the latest published BCV Rate. We have not transacted at any unofficial market rates and have no plans to transact at unofficial market rates in the foreseeable future.

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 along with further deterioration of the economic environment could impact our ability to control our Venezuelan operations and could lead us to deconsolidate our Venezuelan subsidiary in the future.

Note 16. Financing Arrangements

We have utilized accounts receivable securitization and factoring programs (the "Programs") globally for our working capital needs and to provide efficient liquidity. During 2018, we had Programs in place in various countries across the globe. In the second quarter of 2018, we unwound our U.S. securitization program, which represented the majority of our Programs, using proceeds from the issuance of long-term debt in June 2018. As of December 29, 2018, we had unwound all of our Programs.

We operated the Programs such that we generally utilized the majority of the available aggregate cash consideration limits. We accounted for transfers of receivables pursuant to the Programs as a sale and removed them from our consolidated balance sheets. Under the Programs, we generally received cash consideration up to a certain limit and recorded a non-cash exchange for sold receivables for the remainder of the purchase price. We maintained a "beneficial interest," or a right to collect cash, in the sold receivables. Cash receipts from the payments on sold receivables (which are cash receipts on the underlying trade receivables that have already been securitized in these Programs) are classified as investing activities and presented as cash receipts on sold receivables on our consolidated statements of cash flows.

As all of the Programs were unwound as of December 29, 2018, there were no related amounts on our condensed consolidated balance sheets at September 28, 2019 or December 29, 2018.

Our U.S. securitization program utilized a bankruptcy-remote special-purpose entity ("SPE"). The SPE was wholly-owned by a subsidiary of Kraft Heinz, and its sole business consisted of the purchase or acceptance, through capital contributions, of receivables and related assets from a Kraft Heinz subsidiary and the subsequent transfer of such receivables and related assets to a bank. Although the SPE is included in our consolidated financial statements, it was a separate legal entity with separate creditors who were entitled, upon its liquidation in the second quarter of 2018, to be satisfied out of the SPE's assets prior to any assets or value in the SPE becoming available to Kraft Heinz or its subsidiaries.

We enter into various structured payable and product financing arrangements to facilitate supply from our vendors. Balance sheet classification is based on the nature of the agreements. For certain arrangements, we classify amounts outstanding within other current liabilities on our consolidated balance sheets. We had approximately \$146 million on our consolidated balance sheets at September 28, 2019 and approximately \$267 million at December 29, 2018 related to these arrangements.

Note 17. Commitments, Contingencies and Debt

Legal Proceedings

We are involved in legal proceedings, claims, and governmental inquiries, inspections, or investigations (“Legal Matters”) arising in the ordinary course of our business. 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 the Legal Matters that are currently pending will have a material adverse effect on our financial condition, results of operations, or cash flows.

Class Actions and Stockholder Derivative Actions:

We and certain of our current and former officers and directors are currently defendants in three securities class action lawsuits filed in February, March, and April 2019. The first filed action, *Hedick v. The Kraft Heinz Company*, was filed on February 24, 2019 against the Company and three of its officers (the “Hedick Action”). The second filed action, *Iron Workers District Council (Philadelphia and Vicinity) Retirement and Pension Plan v. The Kraft Heinz Company*, was filed on March 15, 2019 against, among others, the Company and six of its current and former officers (the “Iron Workers Action”). The third filed action, *Timber Hill LLC v. The Kraft Heinz Company*, was filed on April 25, 2019 against, among others, the Company and seven of its current and former officers and directors (the “Timber Hill Action”). All of these securities class action lawsuits were filed in the United States District Court for the Northern District of Illinois. Another securities class action lawsuit, *Walling v. Kraft Heinz Company*, was filed on February 26, 2019 in the United States District Court for the Western District of Pennsylvania against, among others, the Company and six of its current and former officers (the “Walling Action”). Plaintiff in the Walling Action filed a notice of voluntary dismissal of his complaint, without prejudice, on April 26, 2019.

Plaintiffs in these lawsuits purport to represent a class of all individuals and entities who purchased, sold, or otherwise acquired or disposed of publicly traded securities of the Company (including in the Timber Hill Action, the purchase of call options on Company common stock, the sale of put options on Company common stock, and the purchase of futures on the Company’s common stock) from May 4, 2017 through February 21, 2019, in the case of the Hedick Action and the Walling Action, and from July 6, 2015 through February 21, 2019, in the case of the Iron Workers Action and the Timber Hill Action. The complaints assert claims under Sections 10(b) and 20(a) of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), and Rule 10b-5 promulgated thereunder, based on allegedly materially false or misleading statements and omissions in public statements, press releases, investor presentations, earnings calls, and SEC filings regarding the Company’s business, financial results, and internal controls. The plaintiffs seek damages in an unspecified amount, attorneys’ fees and other relief. On October 8, 2019, the court entered an order consolidating these lawsuits into one proceeding and appointing lead plaintiffs and lead plaintiffs’ counsel.

In addition, our Employee Benefits Administration Board and certain of our current and former officers and employees are currently defendants in one class action lawsuit, *Osborne v. Employee Benefits Administration Board of Kraft Heinz*, which was filed on March 19, 2019 in the United States District Court for the Western District of Pennsylvania. Plaintiffs in the lawsuit purport to represent a class of current and former employees who were participants in and beneficiaries of various retirement plans which were co-invested in a commingled investment fund known as the Kraft Foods Savings Plan Master Trust (the “Master Trust”) during the period of May 4, 2017 through February 21, 2019. An amended complaint was filed on June 28, 2019. The amended complaint alleges violations of Section 502 of the Employee Retirement Income Security Act (“ERISA”) based on alleged breaches of obligations as fiduciaries subject to ERISA by allowing the Master Trust to continue investing in our common stock, and alleges additional breaches of fiduciary duties by current and former officers for their purported failure to monitor Master Trust fiduciaries. The plaintiffs seek damages in an unspecified amount, attorneys’ fees, and other relief.

Certain of our current and former officers and directors, among others, were also named as defendants in three stockholder derivative actions pending in the United States District Court for the Western District of Pennsylvania: *Vladimir Gusinsky Revocable Trust v. Hees* filed on May 8, 2019, *Silverman v. Behring* filed on May 15, 2019, and *Green v. Behring* filed on May 23, 2019, with the Company named as a nominal defendant. On June 14, 2019, plaintiffs in two other stockholder derivative actions, *DeFabiis v. Hees* and *Kailas v. Hees*, which were filed on April 16, 2019 and May 13, 2019, respectively, in the United States District Court for the Western District of Pennsylvania, filed notices of voluntary dismissal of their complaints, without prejudice. The three remaining lawsuits were consolidated, styled as *In re Kraft Heinz Shareholder Derivative Litigation*, and a consolidated amended complaint was filed on July 31, 2019. The consolidated amended complaint asserts claims under the common law and statutory law of Delaware for alleged breaches of fiduciary duties, unjust enrichment, and contribution for alleged violations of Sections 10(b) and 21D of the Exchange Act and Rule 10b-5 promulgated thereunder, based on allegedly materially false or misleading statements and omissions in public statements and SEC filings, and for implementing cost cutting measures that allegedly damaged the company. The plaintiffs seek damages in an unspecified amount, attorneys' fees, and other relief.

The two plaintiffs who voluntarily dismissed their derivative lawsuits against certain of the Company's current and former directors have filed new derivative actions in the Delaware Court of Chancery against 3G Capital, Inc. and several of its subsidiaries and affiliates (the "3G Entities"), with the Company named as a nominal defendant. The first action, *DeFabiis v. 3G Capital, Inc.*, was filed on June 14, 2019, and the second action, *Kailas v. 3G Capital, Inc.*, was filed on October 9, 2019. The complaints allege that the defendant 3G Entities were controlling shareholders who owed fiduciary duties to the Company, and that they breached those duties by allegedly engaging in insider trading and misappropriating the Company's material, non-public information. The complaints seek relief against the 3G Entities in the form of disgorgement of all profits obtained from alleged insider trading plus an award of attorneys' fees and costs.

A third derivative lawsuit, *Mary Nell Legg Family Trust v. 3G Capital Inc.*, was filed on October 29, 2019 in the Delaware Court of Chancery against certain of the Company's current and former officers and directors, in addition to the 3G Entities, with the Company named as a nominal defendant. The complaint alleges that the defendant 3G Entities were controlling shareholders who owed fiduciary duties to the Company, and that they breached those duties by allegedly engaging in insider trading and misappropriating the Company's material, non-public information. The complaint alleges the remaining defendants breached their fiduciary duties to the Company by purportedly making materially misleading statements and omissions regarding the Company's financial performance and the impairment of its goodwill and intangible assets. The complaint seeks relief against the defendants in the form of damages, disgorgement of all profits the 3G Entities obtained from alleged insider trading, and an award of attorneys' fees and costs.

We intend to vigorously defend against these lawsuits; however, we cannot reasonably estimate the potential range of loss, if any, due to the early stage of these proceedings.

Securities and Exchange Commission Investigation:

As previously disclosed on February 21, 2019, we received a subpoena in October 2018 from the SEC related to our procurement area, specifically the accounting policies, procedures, and internal controls related to our procurement function, including, but not limited to, agreements, side agreements, and changes or modifications to agreements with our suppliers. Following the receipt of this subpoena, we, together with external counsel and forensic accountants, and subsequently, under the oversight of the Audit Committee, conducted an internal investigation into our procurement area and related matters. The SEC has also issued additional subpoenas seeking information related to our financial reporting, internal controls, and disclosures, our assessment of goodwill and intangible asset impairments, our communications with certain shareholders, and other procurement-related information and materials in connection with its investigation. It is our understanding that the United States Attorney's Office for the Northern District of Illinois also is reviewing this matter, working with the SEC and receiving materials from it. We cannot predict the eventual scope, duration or outcome of any potential SEC legal action or other action or whether it could have a material impact on our financial condition, results of operations, or cash flows. We have been responsive to the ongoing subpoenas and other document requests and will continue to cooperate fully with any governmental or regulatory inquiries or investigations.

Other Commitments and Contingencies

Redeemable Noncontrolling Interest:

We have a joint venture with a minority partner to manufacture, package, market, and distribute food products. We control operations and include this business in our consolidated results. Our minority partner has put options that, if it chooses to exercise, would require us to purchase portions of its equity interest at a future date. These put options will become exercisable beginning in 2025 (on the eighth anniversary of the product launch date) at a price to be determined at that time based upon an independent third party valuation. The minority partner's put options are reflected on our consolidated balance sheets as a redeemable noncontrolling interest. We accrete the redeemable noncontrolling interest to its estimated redemption value over the term of the put options. At September 28, 2019, we estimate the redemption value to be approximately \$38 million.

Debt

Borrowing Arrangements:

We obtain funding through our U.S. and European commercial paper programs. We had no commercial paper outstanding at September 28, 2019 or at December 29, 2018. The maximum amount of commercial paper outstanding during the nine months ended September 28, 2019 was \$200 million.

See Note 19, *Debt*, to our consolidated financial statements for the year ended December 29, 2018 in our Annual Report on Form 10-K for additional information on our borrowing arrangements.

Tender Offers:

On September 3, 2019, Kraft Heinz Foods Company (“KHFC”), our 100% owned subsidiary, commenced an offer to purchase for cash any and all of its outstanding 5.375% senior notes due February 2020 (the “First Tender Offer”). The First Tender Offer expired on September 9, 2019 with a settlement date of September 10, 2019. Additionally, on September 11, 2019, KHFC commenced an offer to purchase for cash up to the maximum combined aggregate purchase price of \$2.5 billion, excluding accrued and unpaid interest, of its outstanding 3.500% senior notes due June 2022, 3.500% senior notes due July 2022, 4.000% senior notes due June 2023, and 4.875% second lien senior secured notes due February 2025 (the “Second Tender Offer”) (collectively with the First Tender Offer, the “Tender Offers”). The Second Tender Offer settled on September 26, 2019.

The aggregate principal amounts of senior notes and second lien senior secured notes before and after the Tender Offers and the amounts validly tendered pursuant to the Tender Offers were (in millions):

	Aggregate Principal Amount Outstanding Before Tender Offers	Amount Validly Tendered	Aggregate Principal Amount Outstanding After Tender Offers
5.375% senior notes due February 2020	\$ 900	\$ 495	\$ 405
3.500% senior notes due June 2022	2,000	881	1,119
3.500% senior notes due July 2022	1,000	554	446
4.000% senior notes due June 2023	1,600	762	838
4.875% second lien senior secured notes due February 2025	1,200	224	976

In connection with the Tender Offers, we recognized a loss on extinguishment of debt of \$88 million. This loss primarily reflects the payment of early tender premiums and fees associated with the Tender Offers as well as the write-off of unamortized debt issuance costs, premiums, and discounts. We recognized this loss on extinguishment of debt within interest expense on the condensed consolidated statement of income. The cash payments related to the debt extinguishment are classified as cash outflows from financing activities on the condensed consolidated statement of cash flows. For the nine months ended September 28, 2019, debt prepayment and extinguishment costs per the condensed consolidated statement of cash flows were \$91 million, which reflect the \$88 million loss on extinguishment of debt adjusted for the non-cash write-off of unamortized premiums of \$10 million, unamortized debt issuance costs of \$5 million, and unamortized discounts of \$2 million.

Debt Redemptions:

Concurrently with the commencement of the First Tender Offer, we issued a notice of redemption by Kraft Heinz Canada ULC, our 100% owned subsidiary, of all of Kraft Heinz Canada ULC’s outstanding 2.700% Canadian dollar senior notes due July 2020, of which 300 million Canadian dollar aggregate principal amount was outstanding, and a notice of partial redemption by KHFC of \$800 million of KHFC’s 2.800% senior notes due July 2020, of which \$1.5 billion aggregate principal amount was outstanding. The effective date of these redemptions was October 3, 2019.

Concurrently with the commencement of the Second Tender Offer, we issued a second notice of partial redemption providing for the redemption of \$500 million aggregate principal amount of KHFC’s remaining 2.800% senior notes due July 2020. The effective date of this redemption was October 11, 2019.

The aggregate principal amounts of senior notes before and after the debt redemptions in October 2019 were (in millions):

	Aggregate Principal Amount Outstanding Before Redemptions		Amount Redeemed		Aggregate Principal Amount Outstanding After Redemption
2.700% Canadian dollar senior notes due July 2020	C\$	300	C\$	300	C\$ —
2.800% senior notes due July 2020	\$	1,500	\$	1,300	\$ 200

Our condensed consolidated financial statements as of September 28, 2019 do not reflect the extinguishment of these notes as they occurred in the fourth quarter of 2019.

Debt Issuances:

In September 2019, KHFC issued \$1.0 billion aggregate principal amount of 3.750% senior notes due April 2030, \$500 million aggregate principal amount of 4.625% senior notes due October 2039, and \$1.5 billion aggregate principal amount of 4.875% senior notes due October 2049 (collectively, the “2019 Notes”). The 2019 Notes are fully and unconditionally guaranteed by Kraft Heinz as to payment of principal, premium, and interest on a senior unsecured basis. We used the proceeds from the 2019 Notes to fund the Second Tender Offer and to pay fees and expenses in connection therewith and to fund the partial redemption of \$500 million aggregate principal amount of our 2.800% senior notes due July 2020, described above. A tabular summary of the 2019 Notes is included below.

	Aggregate Principal Amount (in millions)	
3.750% senior notes due April 2030	\$	1,000
4.625% senior notes due October 2039		500
4.875% senior notes due October 2049		1,500
Total senior notes issued	\$	3,000

In June 2018, KHFC issued \$300 million aggregate principal amount of 3.375% senior notes due June 2021, \$1.6 billion aggregate principal amount of 4.000% senior notes due June 2023, and \$1.1 billion aggregate principal amount of 4.625% senior notes due January 2029 (collectively, the “2018 Notes”). The 2018 Notes are fully and unconditionally guaranteed by Kraft Heinz as to payment of principal, premium, and interest on a senior unsecured basis. We used approximately \$500 million of the proceeds from the 2018 Notes in connection with the wind-down of our U.S. securitization program in the second quarter of 2018. We also used proceeds from the 2018 Notes to refinance a portion of our commercial paper borrowings in the second quarter of 2018, to repay certain notes that matured in July and August 2018, and for other general corporate purposes.

Debt Issuance Costs:

Debt issuance costs related to the 2019 Notes were \$25 million with \$23 million paid as of September 28, 2019.

Debt issuance costs related to the 2018 Notes were \$15 million.

Debt Repayments:

In August 2019, we repaid \$350 million aggregate principal amount of senior notes that matured in the period.

In July and August 2018, we repaid \$2.7 billion aggregate principal amount of senior notes that matured in the period. We funded these long-term debt repayments primarily with proceeds from the 2018 Notes issued in June 2018.

Fair Value of Debt:

At September 28, 2019, the aggregate fair value of our total debt was \$31.8 billion as compared with a carrying value of \$30.7 billion. At December 29, 2018, the aggregate fair value of our total debt was \$30.1 billion as compared with a carrying value of \$31.2 billion. Our short-term debt had carrying value that approximated its fair value at September 28, 2019 and December 29, 2018. 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.

Note 18. Leases

We have operating and finance leases, primarily for warehouse, production, and office facilities and equipment. Our lease contracts have remaining contractual lease terms of up to 14 years, some of which include options to extend the term by up to 10 years. We include renewal options that are reasonably certain to be exercised as part of the lease term. Additionally, some lease contracts include termination options. We do not expect to exercise the majority of our termination options and generally exclude such options when determining the term of our leases. See Note 3, *Significant Accounting Policies*, for our lease accounting policy.

The components of our lease costs were (in millions):

	For the Three Months Ended	For the Nine Months Ended
	September 28, 2019	
Operating lease costs	\$ 49	\$ 145
Finance lease costs:		
Amortization of right-of-use assets	6	19
Interest on lease liabilities	2	5
Short-term lease costs	3	9
Variable lease costs	325	976
Sublease income	(4)	(11)
Total lease costs	\$ 381	\$ 1,143

Our variable lease costs primarily consist of inventory related costs, such as materials, labor, and overhead components in our manufacturing and distribution arrangements that also contain a fixed component related to an embedded lease. These variable lease costs are determined based on usage or output or may vary for other reasons such as changes in materials prices, taxes, or insurance. Certain of our variable lease costs are based on fluctuating indices or rates. These leases are included in our ROU assets and lease liabilities based on the index or rate at the lease commencement date. The future variability in these indices and rates is unknown; therefore, it is excluded from our future minimum lease payments and is not a component of our ROU assets or lease liabilities.

Losses/(gains) on sale and leaseback transactions, net, were insignificant for the three months and nine months ended September 28, 2019.

Supplemental balance sheet information related to our leases was (in millions, except lease term and discount rate):

	September 28, 2019	
	Operating Leases	Finance Leases
Right-of-use assets	\$ 557	\$ 183
Lease liabilities (current)	153	28
Lease liabilities (non-current)	467	157
Weighted average remaining lease term	6 years	9 years
Weighted average discount rate	4.1%	3.4%

Operating lease ROU assets are included in other non-current assets and finance lease ROU assets are included in property, plant and equipment, net, on our condensed consolidated balance sheets. The current portion of operating lease liabilities is included in other current liabilities, and the current portion of finance lease liabilities is included in the current portion of long-term debt on our condensed consolidated balance sheets. The non-current portion of operating lease liabilities is included in other non-current liabilities, and the non-current portion of finance lease liabilities is included in long-term debt on our condensed consolidated balance sheets.

Cash flows arising from lease transactions were (in millions):

	For the Three Months Ended	For the Nine Months Ended
	September 28, 2019	
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash inflows/(outflows) from operating leases	\$ (48)	\$ (146)
Operating cash inflows/(outflows) from finance leases	(2)	(5)
Financing cash inflows/(outflows) from finance leases	(7)	(20)
Right-of-use assets obtained in exchange for lease liabilities:		
Operating leases	4	31
Finance leases	8	8

Future minimum lease payments for leases in effect at September 28, 2019 were (in millions):

	Operating Leases	Finance Leases
2019 (excluding the nine months ended September 28, 2019)	\$ 49	\$ 9
2020	165	32
2021	128	70
2022	93	21
2023	66	9
Thereafter	206	85
Total future undiscounted lease payments	707	226
Less imputed interest	(87)	(41)
Total lease liability	\$ 620	\$ 185

Minimum rental commitments under non-cancelable operating leases in effect at December 29, 2018 under the previous lease standard, ASC 840, were (in millions):

2019	\$ 185
2020	137
2021	105
2022	70
2023	49
Thereafter	148
Total	\$ 694

At September 28, 2019, our operating and finance leases that had not yet commenced were insignificant.

Note 19. Earnings Per Share

Our earnings per common share ("EPS") were:

	For the Three Months Ended		For the Nine Months Ended	
	September 28, 2019	September 29, 2018	September 28, 2019	September 29, 2018
	(As Restated)		(As Restated)	
(in millions, except per share data)				
Basic Earnings Per Common Share:				
Net income/(loss) attributable to common shareholders	\$ 899	\$ 619	\$ 1,753	\$ 2,376
Weighted average shares of common stock outstanding	1,221	1,219	1,220	1,219
Net earnings/(loss)	\$ 0.74	\$ 0.51	\$ 1.44	\$ 1.95
Diluted Earnings Per Common Share:				
Net income/(loss) attributable to common shareholders	\$ 899	\$ 619	\$ 1,753	\$ 2,376
Weighted average shares of common stock outstanding	1,221	1,219	1,220	1,219
Effect of dilutive equity awards	2	7	3	8
Weighted average shares of common stock outstanding, including dilutive effect	1,223	1,226	1,223	1,227
Net earnings/(loss)	\$ 0.74	\$ 0.50	\$ 1.43	\$ 1.94

We use the treasury stock method to calculate the dilutive effect of outstanding equity awards in the denominator for diluted EPS. Anti-dilutive shares were 13 million for the three months and 11 million for the nine months ended September 28, 2019 and 6 million for the three months and 5 million for the nine months ended September 29, 2018.

Note 20. Segment Reporting

Management evaluates segment performance based on several factors, including net sales and Segment Adjusted EBITDA. Segment Adjusted EBITDA is defined as net income/(loss) from continuing operations before interest expense, other expense/(income), provision for/(benefit from) income taxes, and depreciation and amortization (excluding integration and restructuring expenses); in addition to these adjustments, we exclude, when they occur, the impacts of integration and restructuring expenses, deal costs, unrealized gains/(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's operating results), impairment losses, and equity award compensation expense (excluding integration and restructuring expenses). Segment Adjusted EBITDA is a tool that can assist management and investors in comparing our performance on a consistent basis by removing the impact of certain items that management believes do not directly reflect our underlying operations. Management uses Segment Adjusted EBITDA to evaluate segment performance and allocate resources.

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

Net sales by segment were (in millions):

	For the Three Months Ended		For the Nine Months Ended	
	September 28, 2019	September 29, 2018	September 28, 2019	September 29, 2018
		(As Restated)		(As Restated)
Net sales:				
United States	\$ 4,361	\$ 4,431	\$ 13,074	\$ 13,312
Canada	415	525	1,425	1,573
EMEA	612	634	1,862	2,026
Rest of World	688	793	2,080	2,466
Total net sales	\$ 6,076	\$ 6,383	\$ 18,441	\$ 19,377

Segment Adjusted EBITDA was (in millions):

	For the Three Months Ended		For the Nine Months Ended	
	September 28, 2019	September 29, 2018	September 28, 2019	September 29, 2018
		(As Restated)		(As Restated)
Segment Adjusted EBITDA:				
United States	\$ 1,155	\$ 1,176	\$ 3,539	\$ 3,969
Canada	107	144	371	451
EMEA	165	165	479	553
Rest of World	100	148	303	505
General corporate expenses	(58)	(39)	(192)	(128)
Depreciation and amortization (excluding integration and restructuring expenses)	(243)	(245)	(730)	(679)
Integration and restructuring expenses	(15)	(32)	(56)	(215)
Deal costs	(6)	(3)	(19)	(19)
Unrealized gains/(losses) on commodity hedges	(9)	(6)	30	(11)
Impairment losses	(5)	(217)	(1,223)	(451)
Equity award compensation expense (excluding integration and restructuring expenses)	(11)	(17)	(26)	(44)
Operating income/(loss)	1,180	1,074	2,476	3,931
Interest expense	398	326	1,035	959
Other expense/(income)	(380)	(71)	(893)	(181)
Income/(loss) before income taxes	\$ 1,162	\$ 819	\$ 2,334	\$ 3,153

In the fourth quarter of 2018, we reorganized the products within our product categories to reflect how we manage our business. We have reflected this change for all historical periods presented. Net sales by product category were (in millions):

	For the Three Months Ended		For the Nine Months Ended	
	September 28, 2019	September 29, 2018	September 28, 2019	September 29, 2018
		(As Restated)		(As Restated)
Condiments and sauces	\$ 1,611	\$ 1,629	\$ 4,850	\$ 5,113
Cheese and dairy	1,104	1,236	3,552	3,727
Ambient foods	623	612	1,782	1,866
Frozen and chilled foods	643	685	1,847	1,900
Meats and seafood	612	645	1,852	1,893
Refreshment beverages	397	387	1,190	1,197
Coffee	296	342	932	1,041
Infant and nutrition	120	172	387	596
Desserts, toppings and baking	246	244	693	714
Nuts and salted snacks	233	229	687	650
Other	191	202	669	680
Total net sales	\$ 6,076	\$ 6,383	\$ 18,441	\$ 19,377

Note 21. Supplemental Guarantor Information

Kraft Heinz fully and unconditionally guarantees the notes issued by our 100% owned operating subsidiary, Kraft Heinz Foods Company. See Note 19, *Debt*, to our consolidated financial statements for the year ended December 29, 2018 in our Annual Report on Form 10-K for additional descriptions of these guarantees. None of our other subsidiaries guarantee such notes.

Set forth below are the condensed consolidating financial statements presenting the results of operations, financial position, and cash flows of Kraft Heinz (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 the 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 September 28, 2019
(in millions)
(Unaudited)

	Parent Guarantor	Subsidiary Issuer	Non-Guarantor Subsidiaries	Eliminations	Consolidated
Net sales	\$ —	\$ 4,118	\$ 2,070	\$ (112)	\$ 6,076
Cost of products sold	—	2,742	1,499	(112)	4,129
Gross profit	—	1,376	571	—	1,947
Selling, general and administrative expenses, excluding impairment losses	—	195	567	—	762
Goodwill impairment losses	—	—	—	—	—
Intangible asset impairment losses	—	—	5	—	5
Selling, general and administrative expenses	—	195	572	—	767
Intercompany service fees and other recharges	—	719	(719)	—	—
Operating income/(loss)	—	462	718	—	1,180
Interest expense	—	384	14	—	398
Other expense/(income)	—	12	(392)	—	(380)
Income/(loss) before income taxes	—	66	1,096	—	1,162
Provision for/(benefit from) income taxes	—	31	233	—	264
Equity in earnings/(losses) of subsidiaries	899	864	—	(1,763)	—
Net income/(loss)	899	899	863	(1,763)	898
Net income/(loss) attributable to noncontrolling interest	—	—	(1)	—	(1)
Net income/(loss) excluding noncontrolling interest	\$ 899	\$ 899	\$ 864	\$ (1,763)	\$ 899
Comprehensive income/(loss) excluding noncontrolling interest	\$ 580	\$ 580	\$ (258)	\$ (322)	\$ 580

The Kraft Heinz Company
Condensed Consolidating Statements of Income
For the Three Months Ended September 29, 2018
(in millions)
(Unaudited)

	As Restated				
	Parent Guarantor	Subsidiary Issuer	Non-Guarantor Subsidiaries	Eliminations	Consolidated
Net sales	\$ —	\$ 4,226	\$ 2,295	\$ (138)	\$ 6,383
Cost of products sold	—	2,819	1,608	(138)	4,289
Gross profit	—	1,407	687	—	2,094
Selling, general and administrative expenses, excluding impairment losses	—	205	598	—	803
Goodwill impairment losses	—	—	—	—	—
Intangible asset impairment losses	—	—	217	—	217
Selling, general and administrative expenses	—	205	815	—	1,020
Intercompany service fees and other recharges	—	975	(975)	—	—
Operating income/(loss)	—	227	847	—	1,074
Interest expense	—	310	16	—	326
Other expense/(income)	—	(60)	(11)	—	(71)
Income/(loss) before income taxes	—	(23)	842	—	819
Provision for/(benefit from) income taxes	—	(41)	242	—	201
Equity in earnings/(losses) of subsidiaries	619	600	—	(1,219)	—
Net income/(loss)	619	618	600	(1,219)	618
Net income/(loss) attributable to noncontrolling interest	—	—	(1)	—	(1)
Net income/(loss) excluding noncontrolling interest	\$ 619	\$ 618	\$ 601	\$ (1,219)	\$ 619
Comprehensive income/(loss) excluding noncontrolling interest	\$ 446	\$ 446	\$ 441	\$ (887)	\$ 446

The Kraft Heinz Company
Condensed Consolidating Statements of Income
For the Three Months Ended September 29, 2018
(in millions)
(Unaudited)

	As Previously Reported				
	Parent Guarantor	Subsidiary Issuer	Non-Guarantor Subsidiaries	Eliminations	Consolidated
Net sales	\$ —	\$ 4,226	\$ 2,289	\$ (137)	\$ 6,378
Cost of products sold	—	2,800	1,608	(137)	4,271
Gross profit	—	1,426	681	—	2,107
Selling, general and administrative expenses, excluding impairment losses	—	205	598	—	803
Goodwill impairment losses	—	—	—	—	—
Intangible asset impairment losses	—	—	234	—	234
Selling, general and administrative expenses	—	205	832	—	1,037
Intercompany service fees and other recharges	—	975	(975)	—	—
Operating income/(loss)	—	246	824	—	1,070
Interest expense	—	311	16	—	327
Other expense/(income)	—	(59)	(12)	—	(71)
Income/(loss) before income taxes	—	(6)	820	—	814
Provision for/(benefit from) income taxes	—	(52)	238	—	186
Equity in earnings/(losses) of subsidiaries	630	584	—	(1,214)	—
Net income/(loss)	630	630	582	(1,214)	628
Net income/(loss) attributable to noncontrolling interest	—	—	(2)	—	(2)
Net income/(loss) excluding noncontrolling interest	\$ 630	\$ 630	\$ 584	\$ (1,214)	\$ 630
					—
Comprehensive income/(loss) excluding noncontrolling interest	\$ 455	\$ 455	\$ 423	\$ (878)	\$ 455

The Kraft Heinz Company
Condensed Consolidating Statements of Income
For the Nine Months Ended September 28, 2019
(in millions)
(Unaudited)

	Parent Guarantor	Subsidiary Issuer	Non-Guarantor Subsidiaries	Eliminations	Consolidated
Net sales	\$ —	\$ 12,398	\$ 6,384	\$ (341)	\$ 18,441
Cost of products sold	—	8,130	4,612	(341)	12,401
Gross profit	—	4,268	1,772	—	6,040
Selling, general and administrative expenses, excluding impairment losses	—	609	1,732	—	2,341
Goodwill impairment losses	—	—	744	—	744
Intangible asset impairment losses	—	—	479	—	479
Selling, general and administrative expenses	—	609	2,955	—	3,564
Intercompany service fees and other recharges	—	2,459	(2,459)	—	—
Operating income/(loss)	—	1,200	1,276	—	2,476
Interest expense	—	982	53	—	1,035
Other expense/(income)	—	(53)	(840)	—	(893)
Income/(loss) before income taxes	—	271	2,063	—	2,334
Provision for/(benefit from) income taxes	—	102	482	—	584
Equity in earnings/(losses) of subsidiaries	1,753	1,584	—	(3,337)	—
Net income/(loss)	1,753	1,753	1,581	(3,337)	1,750
Net income/(loss) attributable to noncontrolling interest	—	—	(3)	—	(3)
Net income/(loss) excluding noncontrolling interest	\$ 1,753	\$ 1,753	\$ 1,584	\$ (3,337)	\$ 1,753
Comprehensive income/(loss) excluding noncontrolling interest	\$ 1,434	\$ 1,434	\$ 1,210	\$ (2,644)	\$ 1,434

The Kraft Heinz Company
Condensed Consolidating Statements of Income
For the Nine Months Ended September 29, 2018
(in millions)
(Unaudited)

	As Restated				
	Parent Guarantor	Subsidiary Issuer	Non-Guarantor Subsidiaries	Eliminations	Consolidated
Net sales	\$ —	\$ 12,693	\$ 7,091	\$ (407)	\$ 19,377
Cost of products sold	—	8,157	4,922	(407)	12,672
Gross profit	—	4,536	2,169	—	6,705
Selling, general and administrative expenses, excluding impairment losses	—	589	1,734	—	2,323
Goodwill impairment losses	—	—	133	—	133
Intangible asset impairment losses	—	—	318	—	318
Selling, general and administrative expenses	—	589	2,185	—	2,774
Intercompany service fees and other recharges	—	3,253	(3,253)	—	—
Operating income/(loss)	—	694	3,237	—	3,931
Interest expense	—	908	51	—	959
Other expense/(income)	—	(236)	55	—	(181)
Income/(loss) before income taxes	—	22	3,131	—	3,153
Provision for/(benefit from) income taxes	—	(23)	802	—	779
Equity in earnings/(losses) of subsidiaries	2,376	2,331	—	(4,707)	—
Net income/(loss)	2,376	2,376	2,329	(4,707)	2,374
Net income/(loss) attributable to noncontrolling interest	—	—	(2)	—	(2)
Net income/(loss) excluding noncontrolling interest	\$ 2,376	\$ 2,376	\$ 2,331	\$ (4,707)	\$ 2,376
Comprehensive income/(loss) excluding noncontrolling interest	\$ 1,706	\$ 1,706	\$ 1,630	\$ (3,336)	\$ 1,706

The Kraft Heinz Company
Condensed Consolidating Statements of Income
For the Nine Months Ended September 29, 2018
(in millions)
(Unaudited)

	As Previously Reported				
	Parent Guarantor	Subsidiary Issuer	Non-Guarantor Subsidiaries	Eliminations	Consolidated
Net sales	\$ —	\$ 12,693	\$ 7,082	\$ (407)	\$ 19,368
Cost of products sold	—	8,130	4,928	(407)	12,651
Gross profit	—	4,563	2,154	—	6,717
Selling, general and administrative expenses, excluding impairment losses	—	589	1,749	—	2,338
Goodwill impairment losses	—	—	164	—	164
Intangible asset impairment losses	—	—	335	—	335
Selling, general and administrative expenses	—	589	2,248	—	2,837
Intercompany service fees and other recharges	—	3,253	(3,253)	—	—
Operating income/(loss)	—	721	3,159	—	3,880
Interest expense	—	911	51	—	962
Other expense/(income)	—	(234)	38	—	(196)
Income/(loss) before income taxes	—	44	3,070	—	3,114
Provision for/(benefit from) income taxes	—	(36)	774	—	738
Equity in earnings/(losses) of subsidiaries	2,379	2,299	—	(4,678)	—
Net income/(loss)	2,379	2,379	2,296	(4,678)	2,376
Net income/(loss) attributable to noncontrolling interest	—	—	(3)	—	(3)
Net income/(loss) excluding noncontrolling interest	\$ 2,379	\$ 2,379	\$ 2,299	\$ (4,678)	\$ 2,379
					—
Comprehensive income/(loss) excluding noncontrolling interest	\$ 1,701	\$ 1,701	\$ 1,588	\$ (3,289)	\$ 1,701

The Kraft Heinz Company
Condensed Consolidating Balance Sheets
As of September 28, 2019
(in millions)
(Unaudited)

	Parent Guarantor	Subsidiary Issuer	Non-Guarantor Subsidiaries	Eliminations	Consolidated
ASSETS					
Cash and cash equivalents	\$ —	\$ 834	\$ 1,481	\$ —	\$ 2,315
Trade receivables, net	—	867	1,092	—	1,959
Receivables due from affiliates	—	1,437	854	(2,291)	—
Dividends due from affiliates	—	—	—	—	—
Income taxes receivable	—	38	81	—	119
Inventories	—	2,179	979	—	3,158
Short-term lending due from affiliates	—	1,357	4,242	(5,599)	—
Prepaid expenses	—	216	199	—	415
Other current assets	—	669	455	—	1,124
Assets held for sale	—	23	12	—	35
Total current assets	—	7,620	9,395	(7,890)	9,125
Property, plant and equipment, net	—	4,392	2,534	—	6,926
Goodwill	—	11,066	24,760	—	35,826
Investments in subsidiaries	50,788	66,986	—	(117,774)	—
Intangible assets, net	—	2,895	45,819	—	48,714
Long-term lending due from affiliates	—	207	2,000	(2,207)	—
Other non-current assets	—	825	1,406	—	2,231
TOTAL ASSETS	\$ 50,788	\$ 93,991	\$ 85,914	\$ (127,871)	\$ 102,822
LIABILITIES AND EQUITY					
Commercial paper and other short-term debt	\$ —	\$ 14	\$ 1	\$ —	\$ 15
Current portion of long-term debt	—	1,928	617	—	2,545
Short-term lending due to affiliates	—	4,242	1,357	(5,599)	—
Trade payables	—	2,602	1,554	—	4,156
Payables due to affiliates	—	854	1,437	(2,291)	—
Accrued marketing	—	121	337	—	458
Interest payable	—	267	11	—	278
Dividends due to affiliates	—	—	—	—	—
Other current liabilities	—	1,019	639	—	1,658
Liabilities held for sale	—	—	2	—	2
Total current liabilities	—	11,047	5,955	(7,890)	9,112
Long-term debt	—	27,822	290	—	28,112
Long-term borrowings due to affiliates	—	2,000	207	(2,207)	—
Deferred income taxes	—	1,415	10,595	—	12,010
Accrued postemployment costs	—	82	233	—	315
Other non-current liabilities	—	837	630	—	1,467
TOTAL LIABILITIES	—	43,203	17,910	(10,097)	51,016
Redeemable noncontrolling interest	—	—	2	—	2
Total shareholders' equity	50,788	50,788	67,871	(117,774)	51,673
Noncontrolling interest	—	—	131	—	131
TOTAL EQUITY	50,788	50,788	68,002	(117,774)	51,804
TOTAL LIABILITIES AND EQUITY	\$ 50,788	\$ 93,991	\$ 85,914	\$ (127,871)	\$ 102,822

The Kraft Heinz Company
Condensed Consolidating Balance Sheets
As of December 29, 2018
(in millions)
(Unaudited)

	Parent Guarantor	Subsidiary Issuer	Non-Guarantor Subsidiaries	Eliminations	Consolidated
ASSETS					
Cash and cash equivalents	\$ —	\$ 202	\$ 928	\$ —	\$ 1,130
Trade receivables, net	—	933	1,196	—	2,129
Receivables due from affiliates	—	870	341	(1,211)	—
Income taxes receivable	—	701	9	(558)	152
Inventories	—	1,783	884	—	2,667
Short-term lending due from affiliates	—	1,787	3,753	(5,540)	—
Prepaid expenses	—	198	202	—	400
Other current assets	—	776	445	—	1,221
Assets held for sale	—	75	1,301	—	1,376
Total current assets	—	7,325	9,059	(7,309)	9,075
Property, plant and equipment, net	—	4,524	2,554	—	7,078
Goodwill	—	11,067	25,436	—	36,503
Investments in subsidiaries	51,657	67,867	—	(119,524)	—
Intangible assets, net	—	3,010	46,458	—	49,468
Long-term lending due from affiliates	—	—	2,000	(2,000)	—
Other non-current assets	—	316	1,021	—	1,337
TOTAL ASSETS	\$ 51,657	\$ 94,109	\$ 86,528	\$ (128,833)	\$ 103,461
LIABILITIES AND EQUITY					
Commercial paper and other short-term debt	\$ —	\$ —	\$ 21	\$ —	\$ 21
Current portion of long-term debt	—	363	14	—	377
Short-term lending due to affiliates	—	3,753	1,787	(5,540)	—
Trade payables	—	2,563	1,590	—	4,153
Payables due to affiliates	—	341	870	(1,211)	—
Accrued marketing	—	282	440	—	722
Interest payable	—	394	14	—	408
Other current liabilities	—	888	1,437	(558)	1,767
Liabilities held for sale	—	—	55	—	55
Total current liabilities	—	8,584	6,228	(7,309)	7,503
Long-term debt	—	29,872	898	—	30,770
Long-term borrowings due to affiliates	—	2,000	12	(2,012)	—
Deferred income taxes	—	1,314	10,888	—	12,202
Accrued postemployment costs	—	89	217	—	306
Other non-current liabilities	—	593	309	—	902
TOTAL LIABILITIES	—	42,452	18,552	(9,321)	51,683
Redeemable noncontrolling interest	—	—	3	—	3
Total shareholders' equity	51,657	51,657	67,855	(119,512)	51,657
Noncontrolling interest	—	—	118	—	118
TOTAL EQUITY	51,657	51,657	67,973	(119,512)	51,775
TOTAL LIABILITIES AND EQUITY	\$ 51,657	\$ 94,109	\$ 86,528	\$ (128,833)	\$ 103,461

The Kraft Heinz Company
Condensed Consolidating Statements of Cash Flows
For the Nine Months Ended September 28, 2019
(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	\$ 1,464	\$ 1,715	\$ 275	\$ (1,464)	\$ 1,990
CASH FLOWS FROM INVESTING ACTIVITIES					
Capital expenditures	—	(293)	(288)	—	(581)
Payments to acquire business, net of cash acquired	—	(201)	2	—	(199)
Net proceeds from/(payments on) intercompany lending activities	—	1,620	373	(1,993)	—
Additional investments in subsidiaries	(19)	(36)	—	55	—
Return of capital	—	—	—	—	—
Proceeds from sale of business, net of cash disposed	—	—	1,875	—	1,875
Other investing activities, net	—	60	(44)	—	16
Net cash provided by/(used for) investing activities	(19)	1,150	1,918	(1,938)	1,111
CASH FLOWS FROM FINANCING ACTIVITIES					
Repayments of long-term debt	—	(3,267)	(5)	—	(3,272)
Proceeds from issuance of long-term debt	—	2,968	(1)	—	2,967
Debt prepayment and extinguishment costs	—	(91)	—	—	(91)
Proceeds from issuance of commercial paper	—	377	—	—	377
Repayments of commercial paper	—	(377)	—	—	(377)
Net proceeds from/(payments on) intercompany borrowing activities	—	(373)	(1,620)	1,993	—
Dividends paid	(1,464)	(1,464)	—	1,464	(1,464)
Other intercompany capital stock transactions	—	19	36	(55)	—
Other financing activities, net	19	(23)	(17)	—	(21)
Net cash provided by/(used for) financing activities	(1,445)	(2,231)	(1,607)	3,402	(1,881)
Effect of exchange rate changes on cash, cash equivalents, and restricted cash	—	(2)	(38)	—	(40)
Cash, cash equivalents, and restricted cash:					
Net increase/(decrease)	—	632	548	—	1,180
Balance at beginning of period	—	202	934	—	1,136
Balance at end of period	\$ —	\$ 834	\$ 1,482	\$ —	\$ 2,316

The Kraft Heinz Company
Condensed Consolidating Statements of Cash Flows
For the Nine Months Ended September 29, 2018
(in millions)
(Unaudited)

	As Restated				
	Parent Guarantor	Subsidiary Issuer	Non-Guarantor Subsidiaries	Eliminations	Consolidated
CASH FLOWS FROM OPERATING ACTIVITIES					
Net cash provided by/(used for) operating activities	\$ 2,421	\$ 825	\$ 63	\$ (2,431)	\$ 878
CASH FLOWS FROM INVESTING ACTIVITIES					
Cash receipts on sold receivables	—	—	1,296	—	1,296
Capital expenditures	—	(251)	(343)	—	(594)
Payments to acquire business, net of cash acquired	—	(245)	(3)	—	(248)
Net proceeds from/(payments on) intercompany lending activities	—	1,074	185	(1,259)	—
Additional investments in subsidiaries	—	(41)	—	41	—
Return of capital	7	—	—	(7)	—
Proceeds from sale of business, net of cash disposed	—	—	18	—	18
Other investing activities, net	—	14	(1)	—	13
Net cash provided by/(used for) investing activities	7	551	1,152	(1,225)	485
CASH FLOWS FROM FINANCING ACTIVITIES					
Repayments of long-term debt	—	(2,546)	(160)	—	(2,706)
Proceeds from issuance of long-term debt	—	2,990	—	—	2,990
Proceeds from issuance of commercial paper	—	2,485	—	—	2,485
Repayments of commercial paper	—	(1,950)	—	—	(1,950)
Net proceeds from/(payments on) intercompany borrowing activities	—	(185)	(1,074)	1,259	—
Dividends paid	(2,421)	(2,421)	(10)	2,431	(2,421)
Other intercompany capital stock transactions	—	(7)	41	(34)	—
Other financing activities, net	(7)	(17)	(11)	—	(35)
Net cash provided by/(used for) financing activities	(2,428)	(1,651)	(1,214)	3,656	(1,637)
Effect of exchange rate changes on cash, cash equivalents, and restricted cash	—	—	(128)	—	(128)
Cash, cash equivalents, and restricted cash:					
Net increase/(decrease)	—	(275)	(127)	—	(402)
Balance at beginning of period	—	644	1,125	—	1,769
Balance at end of period	\$ —	\$ 369	\$ 998	\$ —	\$ 1,367

The Kraft Heinz Company
Condensed Consolidating Statements of Cash Flows
For the Nine Months Ended September 29, 2018
(in millions)
(Unaudited)

	As Previously Reported				
	Parent Guarantor	Subsidiary Issuer	Non-Guarantor Subsidiaries	Eliminations	Consolidated
CASH FLOWS FROM OPERATING ACTIVITIES					
Net cash provided by/(used for) operating activities	\$ 2,421	\$ 844	\$ 65	\$ (2,431)	\$ 899
CASH FLOWS FROM INVESTING ACTIVITIES					
Cash receipts on sold receivables	—	—	1,296	—	1,296
Capital expenditures	—	(251)	(343)	—	(594)
Payments to acquire business, net of cash acquired	—	(244)	(4)	—	(248)
Net proceeds from/(payments on) intercompany lending activities	—	1,074	185	(1,259)	—
Additional investments in subsidiaries	—	(41)	—	41	—
Return of capital	7	—	—	(7)	—
Proceeds from sale of business, net of cash disposed	—	—	18	—	18
Other investing activities, net	—	13	—	—	13
Net cash provided by/(used for) investing activities	7	551	1,152	(1,225)	485
CASH FLOWS FROM FINANCING ACTIVITIES					
Repayments of long-term debt	—	(2,565)	(162)	—	(2,727)
Proceeds from issuance of long-term debt	—	2,990	—	—	2,990
Proceeds from issuance of commercial paper	—	2,485	—	—	2,485
Repayments of commercial paper	—	(1,950)	—	—	(1,950)
Net proceeds from/(payments on) intercompany borrowing activities	—	(185)	(1,074)	1,259	—
Dividends paid	(2,421)	(2,421)	(10)	2,431	(2,421)
Other intercompany capital stock transactions	—	(7)	41	(34)	—
Other financing activities, net	(7)	(16)	(12)	—	(35)
Net cash provided by/(used for) financing activities	(2,428)	(1,669)	(1,217)	3,656	(1,658)
Effect of exchange rate changes on cash, cash equivalents, and restricted cash	—	—	(128)	—	(128)
Cash, cash equivalents, and restricted cash:					
Net increase/(decrease)	—	(274)	(128)	—	(402)
Balance at beginning of period	—	644	1,125	—	1,769
Balance at end of period	\$ —	\$ 370	\$ 997	\$ —	\$ 1,367

The following tables provide a reconciliation of cash and cash equivalents, as reported on our condensed consolidating balance sheets, to cash, cash equivalents, and restricted cash, as reported on our condensed consolidating statements of cash flows (in millions):

September 28, 2019					
	Parent Guarantor	Subsidiary Issuer	Non-Guarantor Subsidiaries	Eliminations	Consolidated
Cash and cash equivalents	\$ —	\$ 834	\$ 1,481	\$ —	\$ 2,315
Restricted cash included in other current assets	—	—	1	—	1
Restricted cash included in other non-current assets	—	—	—	—	—
Cash, cash equivalents, and restricted cash	<u>\$ —</u>	<u>\$ 834</u>	<u>\$ 1,482</u>	<u>\$ —</u>	<u>\$ 2,316</u>
December 29, 2018					
	Parent Guarantor	Subsidiary Issuer	Non-Guarantor Subsidiaries	Eliminations	Consolidated
Cash and cash equivalents	\$ —	\$ 202	\$ 928	\$ —	\$ 1,130
Restricted cash included in other current assets	—	—	1	—	1
Restricted cash included in other non-current assets	—	—	5	—	5
Cash, cash equivalents, and restricted cash	<u>\$ —</u>	<u>\$ 202</u>	<u>\$ 934</u>	<u>\$ —</u>	<u>\$ 1,136</u>

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

Overview

Restatement of Previously Issued Condensed Consolidated Financial Statements:

We have restated certain previously reported financial information for the three and nine months ended September 29, 2018 in this Item 2, *Management's Discussion and Analysis of Financial Condition and Results of Operations*, including but not limited to information within the *Consolidated Results of Operations*, *Results of Operations by Segment*, and *Non-GAAP Financial Measures* sections.

See Note 2, *Restatement of Previously Issued Condensed Consolidated Financial Statements*, in Item 1, *Financial Statements*, for additional information related to the restatement, including descriptions of the misstatements and the impacts on our condensed consolidated financial statements.

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.

We manage and report our operating results through four segments. We have three reportable segments defined by geographic region: United States, Canada, and EMEA. Our remaining businesses are combined and disclosed as "Rest of World." Rest of World comprises two operating segments: Latin America and APAC.

During the third quarter of 2019, certain organizational changes were announced that will likely impact our internal reporting in 2020 and, as a result, will require us to evaluate the potential impact on our reportable segments. We continue to assess the potential impact of these announced organizational changes and will consider the impact of any further changes that may be announced. We expect that any change to our reportable segments would be effective in the first quarter of 2020.

See Note 20, *Segment Reporting*, in Item 1, *Financial Statements*, for our financial information by segment.

Items Affecting Comparability of Financial Results

Impairment Losses:

Our results of operations reflect goodwill impairment losses of \$744 million and intangible asset impairment losses of \$479 million for the nine months ended September 28, 2019 compared to goodwill impairment losses of \$133 million and intangible asset impairment losses of \$318 million for the nine months ended September 29, 2018. See Note 9, *Goodwill and Intangible Assets*, in Item 1, *Financial Statements*, for additional information on these impairment losses.

Results of Operations

We disclose in this report certain non-GAAP financial measures. 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 underlying operations. For additional information and reconciliations from our consolidated financial statements see *Non-GAAP Financial Measures*.

Consolidated Results of Operations

Summary of Results:

	For the Three Months Ended			For the Nine Months Ended		
	September 28, 2019	September 29, 2018	% Change	September 28, 2019	September 29, 2018	% Change
	(As Restated)			(As Restated)		
	(in millions, except per share data)			(in millions, except per share data)		
Net sales	\$ 6,076	\$ 6,383	(4.8)%	\$ 18,441	\$ 19,377	(4.8)%
Operating income/(loss)	1,180	1,074	9.8 %	2,476	3,931	(37.0)%
Net income/(loss) attributable to common shareholders	899	619	45.4 %	1,753	2,376	(26.2)%
Diluted EPS	0.74	0.50	48.0 %	1.43	1.94	(26.3)%

Net Sales:

	For the Three Months Ended			For the Nine Months Ended		
	September 28, 2019	September 29, 2018	% Change	September 28, 2019	September 29, 2018	% Change
	(As Restated)			(As Restated)		
	(in millions, except per share data)			(in millions, except per share data)		
Net sales	\$ 6,076	\$ 6,383	(4.8)%	\$ 18,441	\$ 19,377	(4.8)%
Organic Net Sales ^(a)	6,116	6,185	(1.1)%	18,409	18,693	(1.5)%

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

Three Months Ended September 28, 2019 Compared to the Three Months Ended September 29, 2018:

Net sales decreased 4.8% to \$6.1 billion for the three months ended September 28, 2019 compared to \$6.4 billion for the three months ended September 29, 2018 primarily due to the unfavorable impacts of acquisitions and divestitures (2.0 pp) and foreign currency (1.7 pp). Organic Net Sales decreased 1.1% to \$6.1 billion for the three months ended September 28, 2019 compared to \$6.2 billion for the three months ended September 29, 2018 due to unfavorable volume/mix (2.1 pp), partially offset by higher pricing (1.0 pp). Volume/mix was unfavorable in the United States and Rest of World, partially offset by growth in Canada and EMEA. Higher pricing in the United States, Rest of World, and EMEA was partially offset by lower pricing in Canada.

Nine Months Ended September 28, 2019 compared to the Nine Months Ended September 29, 2018:

Net sales decreased 4.8% to \$18.4 billion for the nine months ended September 28, 2019 compared to \$19.4 billion for the nine months ended September 29, 2018 primarily due to the unfavorable impacts of foreign currency (2.3 pp) and acquisitions and divestitures (1.0 pp). Organic Net Sales decreased 1.5% to \$18.4 billion for the nine months ended September 28, 2019 compared to \$18.7 billion for the nine months ended September 29, 2018 due to unfavorable volume/mix (1.0 pp) and lower pricing (0.5 pp). Volume/mix was unfavorable in the United States, EMEA, and Rest of World, partially offset by growth in Canada. Lower pricing in the United States and Canada was partially offset by higher pricing in Rest of World, while pricing in EMEA was flat.

Net Income/(Loss):

	For the Three Months Ended			For the Nine Months Ended		
	September 28, 2019	September 29, 2018	% Change	September 28, 2019	September 29, 2018	% Change
	(As Restated)			(As Restated)		
	(in millions)			(in millions)		
Operating income/(loss)	\$ 1,180	\$ 1,074	9.8 %	\$ 2,476	\$ 3,931	(37.0)%
Net income/(loss) attributable to common shareholders	899	619	45.4 %	1,753	2,376	(26.2)%
Adjusted EBITDA ^(a)	1,469	1,594	(7.8)%	4,500	5,350	(15.9)%

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

Three Months Ended September 28, 2019 Compared to the Three Months Ended September 29, 2018:

Operating income/(loss) increased 9.8% to \$1.2 billion for the three months ended September 28, 2019 compared to \$1.1 billion for the three months ended September 29, 2018. This increase was driven by higher impairment losses in the prior year. Impairment losses were \$5 million for the three months ended September 28, 2019 compared to \$217 million for the three months ended September 29, 2018. Excluding the impact of these impairment losses, operating income/(loss) decreased \$106 million primarily due to the unfavorable impact of foreign currency (5.5 pp), higher supply chain costs, higher general corporate expenses, and lower Organic Net Sales, partially offset by lower restructuring expenses in the current period. See Note 9, *Goodwill and Intangible Assets*, in Item 1, *Financial Statements*, for additional information on our impairment losses.

Net income/(loss) attributable to common shareholders increased 45.4% to \$899 million for the three months ended September 28, 2019 compared to \$619 million for the three months ended September 29, 2018. The increase was primarily driven by favorable changes in other expense/(income), the operating income/(loss) factors described above, and a lower effective tax rate, partially offset by higher interest expense, detailed as follows.

- Other expense/(income) was \$380 million of income for the three months ended September 28, 2019 compared to \$71 million of income for the three months ended September 29, 2018. This increase was primarily driven by a \$241 million gain on the Canada Natural Cheese Transaction in the current period and a \$60 million decrease to nonmonetary currency devaluation losses related to our Venezuelan operations.
- The effective tax rate was 22.6% for the three months ended September 28, 2019 compared to 24.6% for the three months ended September 29, 2018. The decrease in our effective tax rate was primarily driven by a decrease in unfavorable net discrete items. Current year unfavorable impacts from net discrete items were primarily related to tax impacts for divestitures, specifically related to the Canada Natural Cheese Transaction, the impact of which was partially offset by the reversal of certain deferred withholding tax liabilities resulting from the ratification of the U.S. tax treaty with Spain. In the prior year, we had unfavorable impacts from net discrete items primarily related to the revaluation of our deferred tax balances due to changes in state tax laws, non-deductible currency devaluation losses, and non-deductible goodwill impairments, which were partially offset by the favorable impact of reversal of uncertain tax position reserves in the U.S. and certain state jurisdictions and changes in estimates of certain 2017 U.S. income and deductions.
- Interest expense was \$398 million for the three months ended September 28, 2019 compared to \$326 million for the three months ended September 29, 2018. This increase was primarily driven by the \$88 million loss on extinguishment of debt recognized in connection with the Tender Offers, partially offset by lower debt balances in 2019.

Adjusted EBITDA decreased 7.8% to \$1.5 billion for the three months ended September 28, 2019 compared to \$1.6 billion for the three months ended September 29, 2018. This decrease was primarily due to the unfavorable impact of foreign currency (3.2 pp), higher supply chain costs, higher general corporate expenses, and lower Organic Net Sales.

Nine Months Ended September 28, 2019 compared to the Nine Months Ended September 29, 2018:

Operating income/(loss) decreased 37.0% to \$2.5 billion for the nine months ended September 28, 2019 compared to \$3.9 billion for the nine months ended September 29, 2018. This decrease was primarily due to higher impairment losses in 2019. Impairment losses were \$1.2 billion in 2019 compared to \$451 million in 2018. The remaining \$683 million decrease in operating income/(loss) was primarily due to lower Organic Net Sales, the unfavorable impact of foreign currency (2.0 pp), and higher supply chain costs, partially offset by lower restructuring expenses in the current period. See Note 9, *Goodwill and Intangible Assets*, in Item 1, *Financial Statements*, for additional information on our impairment losses.

Net income/(loss) attributable to common shareholders decreased 26.2% to \$1.8 billion for the nine months ended September 28, 2019 compared to \$2.4 billion for the nine months ended September 29, 2018. The decrease was primarily due to the operating income/(loss) factors described above (primarily higher impairment losses in the current period), higher interest expense, and a higher effective tax rate, partially offset by favorable changes in other expense/(income), detailed as follows.

- Interest expense was \$1.0 billion for the nine months ended September 28, 2019 compared to \$959 million for the nine months ended September 29, 2018. This increase was primarily driven by the \$88 million loss on extinguishment of debt recognized in connection with the Tender Offers, partially offset by lower debt balances in 2019.
- The effective tax rate was 25.0% for the nine months ended September 28, 2019 compared to 24.7% for the nine months ended September 29, 2018. The increase in our effective tax rate was primarily driven by the less favorable geographic mix of pre-tax income in various non-U.S. jurisdictions, partially offset by a decrease in unfavorable net discrete items. Current year unfavorable impacts from net discrete items primarily related to non-deductible goodwill impairment and the tax impacts from the Heinz India and Canada Natural Cheese Transactions, the impacts of which were partially offset by the reversal of uncertain tax position reserves in the U.S. and certain state jurisdictions and changes in estimates of certain 2018 U.S. income and deductions. In the prior year, we had an unfavorable impact from net discrete items, primarily related to the revaluation of our deferred tax balances due to changes in state tax laws, non-deductible currency devaluation losses, and non-deductible goodwill impairments, which were partially offset by the reversal of uncertain tax position reserves in the U.S. and certain state jurisdictions and changes in estimates of certain 2017 U.S. income and deductions.
- Other expense/(income) was \$893 million of income for the nine months ended September 28, 2019 compared to \$181 million of income for the nine months ended September 29, 2018. This increase was primarily due to a \$249 million gain on the Heinz India Transaction and a \$241 million gain on the Canada Natural Cheese Transaction in the current period compared to a \$15 million loss on our South Africa divestiture in the prior year, a \$121 million decrease to nonmonetary currency devaluation losses related to our Venezuelan operations, and a \$58 million non-cash settlement charge in the prior year related to the wind-up of a non-U.S. pension plan.

Adjusted EBITDA decreased 15.9% to \$4.5 billion for the nine months ended September 28, 2019 compared to \$5.4 billion for the nine months ended September 29, 2018. This decrease was primarily due to lower Organic Net Sales, higher supply chain costs, the unfavorable impact of foreign currency (3.3 pp), higher general corporate expenses, and investments in strategic initiatives.

Diluted EPS:

	For the Three Months Ended			For the Nine Months Ended		
	September 28, 2019	September 29, 2018	% Change	September 28, 2019	September 29, 2018	% Change
	(As Restated)			(As Restated)		
	(in millions, except per share data)			(in millions, except per share data)		
Diluted EPS	\$ 0.74	\$ 0.50	48.0 %	\$ 1.43	\$ 1.94	(26.3)%
Adjusted EPS(a)	0.69	0.76	(9.2)%	2.13	2.66	(19.9)%

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

Three Months Ended September 28, 2019 Compared to the Three Months Ended September 29, 2018:

Diluted EPS increased 48.0% to \$0.74 for the three months ended September 28, 2019 compared to \$0.50 for the three months ended September 29, 2018 primarily due to the net income/(loss) attributable to common shareholders factors discussed above.

	For the Three Months Ended			
	September 28, 2019	September 29, 2018	\$ Change	% Change
	(As Restated)			
Diluted EPS	\$ 0.74	\$ 0.50	\$ 0.24	48.0 %
Integration and restructuring expenses	0.01	0.03	(0.02)	
Deal costs	0.01	—	0.01	
Unrealized losses/(gains) on commodity hedges	0.01	—	0.01	
Impairment losses	—	0.13	(0.13)	
Losses/(gains) on sale of business	(0.13)	—	(0.13)	
Nonmonetary currency devaluation	—	0.05	(0.05)	
Debt prepayment and extinguishment costs	0.05	—	0.05	
U.S. Tax Reform discrete income tax expense/(benefit)	—	0.05	(0.05)	
Adjusted EPS(a)	\$ 0.69	\$ 0.76	\$ (0.07)	(9.2)%

Key drivers of change in Adjusted EPS(a):

Results of operations	\$ (0.06)
Results of divested operations	(0.02)
Interest expense	0.01
Other expense/(income)	0.01
Effective tax rate	(0.01)
	\$ (0.07)

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

Adjusted EPS decreased 9.2% to \$0.69 for the three months ended September 28, 2019 compared to \$0.76 for the three months ended September 29, 2018 primarily due to lower Adjusted EBITDA and higher taxes on adjusted earnings in the current period, partially offset by lower interest expense, lower equity award compensation expense, and favorable changes in other expense/(income).

Nine Months Ended September 28, 2019 compared to the Nine Months Ended September 29, 2018:

Diluted EPS decreased 26.3% to \$1.43 for the nine months ended September 28, 2019 compared to \$1.94 for the nine months ended September 29, 2018 primarily due to the net income/(loss) attributable to common shareholders factors discussed above.

	For the Nine Months Ended			
	September 28, 2019	September 29, 2018 (As Restated)	\$ Change	% Change
Diluted EPS	\$ 1.43	\$ 1.94	\$ (0.51)	(26.3)%
Integration and restructuring expenses	0.04	0.19	(0.15)	
Deal costs	0.01	0.01	—	
Unrealized losses/(gains) on commodity hedges	(0.02)	0.01	(0.03)	
Impairment losses	0.90	0.30	0.60	
Losses/(gains) on sale of business	(0.29)	0.01	(0.30)	
Nonmonetary currency devaluation	0.01	0.11	(0.10)	
Debt prepayment and extinguishment costs	0.05	—	0.05	
U.S. Tax Reform discrete income tax expense/(benefit)	—	0.09	(0.09)	
Adjusted EPS ^(a)	\$ 2.13	\$ 2.66	\$ (0.53)	(19.9)%
Key drivers of change in Adjusted EPS ^(a) :				
Results of operations			\$ (0.55)	
Results of divested operations			(0.03)	
Interest expense			0.01	
Other expense/(income)			0.01	
Effective tax rate			0.03	
			\$ (0.53)	

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

Adjusted EPS decreased 19.9% to \$2.13 for the nine months ended September 28, 2019 compared to \$2.66 for the nine months ended September 29, 2018 primarily due to lower Adjusted EBITDA and higher depreciation and amortization expenses, partially offset by lower taxes on adjusted earnings in the current period, lower equity award compensation expense, favorable changes in other expense/(income), and lower interest expense.

Results of Operations by Segment

Management evaluates segment performance based on several factors, including net sales, Organic Net Sales, and Segment Adjusted EBITDA. Segment Adjusted EBITDA is defined as net income/(loss) from continuing operations before interest expense, other expense/(income), provision for/(benefit from) income taxes, and depreciation and amortization (excluding integration and restructuring expenses); in addition to these adjustments, we exclude, when they occur, the impacts of integration and restructuring expenses, deal costs, unrealized gains/(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's operating results), impairment losses, and equity award compensation expense (excluding integration and restructuring expenses). Segment Adjusted EBITDA is a tool that can assist management and investors in comparing our performance on a consistent basis by removing the impact of certain items that management believes do not directly reflect our underlying operations.

Under highly inflationary accounting, the financial statements of a subsidiary are remeasured into our reporting currency (U.S. dollars) based on the legally available exchange rate at which we expect to settle the underlying transactions. Exchange gains and losses from the remeasurement of monetary assets and liabilities are reflected in net income/(loss), rather than accumulated other comprehensive income/(losses) on the balance sheet, until such time as the economy is no longer considered highly inflationary. The exchange gains and losses from remeasurement are recorded in current net income and are classified within other expense/(income), as nonmonetary currency devaluation. See Note 15, *Venezuela - Foreign Currency and Inflation*, in Item 1, *Financial Statements*, and Note 3, *Significant Accounting Policies*, in our Annual Report on Form 10-K for the year ended December 29, 2018, for additional information.

Net Sales:

	For the Three Months Ended		For the Nine Months Ended	
	September 28, 2019	September 29, 2018	September 28, 2019	September 29, 2018
	(As Restated)		(As Restated)	
	(in millions)			
Net sales:				
United States	\$ 4,361	\$ 4,431	\$ 13,074	\$ 13,312
Canada	415	525	1,425	1,573
EMEA	612	634	1,862	2,026
Rest of World	688	793	2,080	2,466
Total net sales	\$ 6,076	\$ 6,383	\$ 18,441	\$ 19,377

Organic Net Sales:

	For the Three Months Ended		For the Nine Months Ended	
	September 28, 2019	September 29, 2018	September 28, 2019	September 29, 2018
	(As Restated)		(As Restated)	
	(in millions)			
Organic Net Sales(a):				
United States	\$ 4,361	\$ 4,431	\$ 13,074	\$ 13,312
Canada	418	421	1,244	1,265
EMEA	636	634	1,971	2,005
Rest of World	701	699	2,120	2,111
Total Organic Net Sales	\$ 6,116	\$ 6,185	\$ 18,409	\$ 18,693

(a) 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 net sales and Organic Net Sales for the three and nine months ended September 28, 2019 compared to the three and nine months ended September 29, 2018 were:

	Net Sales	Currency	Acquisitions and Divestitures	Organic Net Sales	Price	Volume/Mix
For the Three Months Ended						
United States	(1.6)%	0.0 pp	0.0 pp	(1.6)%	1.5 pp	(3.1) pp
Canada	(21.1)%	(0.8) pp	(19.8) pp	(0.5)%	(2.6) pp	2.1 pp
EMEA	(3.5)%	(3.9) pp	0.0 pp	0.4 %	0.2 pp	0.2 pp
Rest of World	(13.3)%	(10.2) pp	(3.3) pp	0.2 %	0.9 pp	(0.7) pp
Kraft Heinz	(4.8)%	(1.7) pp	(2.0) pp	(1.1)%	1.0 pp	(2.1) pp
For the Nine Months Ended						
United States	(1.8)%	0.0 pp	0.0 pp	(1.8)%	(0.7) pp	(1.1) pp
Canada	(9.5)%	(3.0) pp	(4.8) pp	(1.7)%	(2.8) pp	1.1 pp
EMEA	(8.1)%	(5.4) pp	(1.0) pp	(1.7)%	0.0 pp	(1.7) pp
Rest of World	(15.7)%	(11.9) pp	(4.2) pp	0.4 %	1.3 pp	(0.9) pp
Kraft Heinz	(4.8)%	(2.3) pp	(1.0) pp	(1.5)%	(0.5) pp	(1.0) pp

Adjusted EBITDA:

	For the Three Months Ended		For the Nine Months Ended	
	September 28, 2019	September 29, 2018	September 28, 2019	September 29, 2018
	(As Restated)		(As Restated)	
	(in millions)			
Segment Adjusted EBITDA:				
United States	\$ 1,155	\$ 1,176	\$ 3,539	\$ 3,969
Canada	107	144	371	451
EMEA	165	165	479	553
Rest of World	100	148	303	505
General corporate expenses	(58)	(39)	(192)	(128)
Depreciation and amortization (excluding integration and restructuring expenses)	(243)	(245)	(730)	(679)
Integration and restructuring expenses	(15)	(32)	(56)	(215)
Deal costs	(6)	(3)	(19)	(19)
Unrealized gains/(losses) on commodity hedges	(9)	(6)	30	(11)
Impairment losses	(5)	(217)	(1,223)	(451)
Equity award compensation expense (excluding integration and restructuring expenses)	(11)	(17)	(26)	(44)
Operating income/(loss)	1,180	1,074	2,476	3,931
Interest expense	398	326	1,035	959
Other expense/(income)	(380)	(71)	(893)	(181)
Income/(loss) before income taxes	\$ 1,162	\$ 819	\$ 2,334	\$ 3,153

United States:

	For the Three Months Ended			For the Nine Months Ended		
	September 28, 2019	September 29, 2018	% Change	September 28, 2019	September 29, 2018	% Change
	(As Restated)			(As Restated)		
	(in millions)			(in millions)		
Net sales	\$ 4,361	\$ 4,431	(1.6)%	\$ 13,074	\$ 13,312	(1.8)%
Organic Net Sales ^(a)	4,361	4,431	(1.6)%	13,074	13,312	(1.8)%
Segment Adjusted EBITDA	1,155	1,176	(1.8)%	3,539	3,969	(10.8)%

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

Three Months Ended September 28, 2019 Compared to the Three Months Ended September 29, 2018:

Net sales and Organic Net Sales both decreased 1.6% to \$4.4 billion for the three months ended September 28, 2019 compared to \$4.4 billion for the three months ended September 29, 2018. This decrease was primarily due to the unfavorable volume/mix (3.1 pp), partially offset by higher pricing (1.5 pp). Unfavorable volume/mix was due to lower retail takeaway in meat, refrigerated meal combinations, and cheese, as well as unfavorable changes in retail inventory levels versus the prior year. This was partially offset by consumption led growth in condiments and sauces and nuts. Pricing was higher across most categories, primarily meat, condiments and sauces, and cheese, partially offset by lower key commodity driven pricing (which we define as dairy, meat, coffee, and nuts), primarily coffee and nuts.

Segment Adjusted EBITDA decreased 1.8% to \$1.2 billion for the three months ended September 28, 2019 compared to \$1.2 billion for the three months ended September 29, 2018. This decrease was primarily due to the unfavorable volume/mix, partially offset by higher pricing and favorable timing of marketing expenses versus prior year.

Nine Months Ended September 28, 2019 compared to the Nine Months Ended September 29, 2018:

Net sales and Organic Net Sales both decreased 1.8% to \$13.1 billion for the nine months ended September 28, 2019 compared to \$13.3 billion for the nine months ended September 29, 2018 due to the unfavorable volume/mix (1.1 pp) and lower pricing (0.7 pp). Unfavorable volume/mix was primarily due to unfavorable changes in retail inventory levels versus the prior year and lower foodservice shipments, partially offset by growth in nuts and frozen. Pricing was lower across most categories due to higher promotional costs versus the prior year, increased in-store activity, and pricing related to favorable key commodity costs, primarily coffee and nuts. This was partially offset by higher pricing in meat.

Segment Adjusted EBITDA decreased 10.8% to \$3.5 billion for the nine months ended September 28, 2019 compared to \$4.0 billion for the nine months ended September 29, 2018. This decrease was primarily due to lower Organic Net Sales, cost inflation in procurement, logistics, and manufacturing, and strategic investments.

Canada:

	For the Three Months Ended			For the Nine Months Ended		
	September 28, 2019	September 29, 2018	% Change	September 28, 2019	September 29, 2018	% Change
	(As Restated)			(As Restated)		
	(in millions)			(in millions)		
Net sales	\$ 415	\$ 525	(21.1)%	\$ 1,425	\$ 1,573	(9.5)%
Organic Net Sales(a)	418	421	(0.5)%	1,244	1,265	(1.7)%
Segment Adjusted EBITDA	107	144	(25.7)%	371	451	(17.8)%

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

Three Months Ended September 28, 2019 Compared to the Three Months Ended September 29, 2018:

Net sales decreased 21.1% to \$415 million for the three months ended September 28, 2019 compared to \$525 million for the three months ended September 29, 2018 primarily due to the unfavorable impacts of acquisitions and divestitures (19.8 pp) and foreign currency (0.8 pp). Organic Net Sales decreased 0.5% to \$418 million for the three months ended September 28, 2019 compared to \$421 million for the three months ended September 29, 2018 due to lower pricing (2.6 pp), partially offset by favorable volume/mix (2.1 pp). Pricing was lower primarily due to increased promotional activity and higher trade expense in cheese versus the prior year, partially offset by higher pricing in boxed dinners. Favorable volume/mix was driven by growth from increased promotional support in condiments and sauces and cheese, as well as a partial recovery of inventory levels at retail. This was partially offset by declines in boxed dinners due to reduced promotional activity and lower coffee shipments.

Segment Adjusted EBITDA decreased 25.7% to \$107 million for the three months ended September 28, 2019 compared to \$144 million for the three months ended September 29, 2018 partially due to the unfavorable impact of foreign currency (0.8 pp). Excluding the currency impact, Segment Adjusted EBITDA decreased primarily due to the Canada Natural Cheese Transaction, lower pricing, and higher input costs, partially offset by favorable volume/mix.

Nine Months Ended September 28, 2019 compared to the Nine Months Ended September 29, 2018:

Net sales decreased 9.5% to \$1.4 billion for the nine months ended September 28, 2019 compared to \$1.6 billion for the nine months ended September 29, 2018 primarily due to the unfavorable impacts of acquisition and divestitures (4.8 pp) and foreign currency (3.0 pp). Organic Net Sales decreased 1.7% to \$1.2 billion for the nine months ended September 28, 2019 compared to \$1.3 billion for the nine months ended September 29, 2018 due to lower pricing (2.8 pp), partially offset by favorable volume/mix (1.1 pp). Pricing was lower across most categories primarily due to higher promotional costs versus the prior year and increased in-store activity. Favorable volume/mix was primarily driven by growth in cheese and condiments and sauces.

Segment Adjusted EBITDA decreased 17.8% to \$371 million for the nine months ended September 28, 2019 compared to \$451 million for the nine months ended September 29, 2018 partially due to the unfavorable impact of foreign currency (2.7 pp). Excluding the currency impact, Segment Adjusted EBITDA decreased primarily due to lower pricing, higher input costs, and the Canada Natural Cheese Transaction, partially offset by favorable volume/mix.

EMEA:

	For the Three Months Ended			For the Nine Months Ended		
	September 28, 2019	September 29, 2018	% Change	September 28, 2019	September 29, 2018	% Change
	(As Restated)			(As Restated)		
	(in millions)			(in millions)		
Net sales	\$ 612	\$ 634	(3.5)%	\$ 1,862	\$ 2,026	(8.1)%
Organic Net Sales(a)	636	634	0.4 %	1,971	2,005	(1.7)%
Segment Adjusted EBITDA	165	165	0.3 %	479	553	(13.3)%

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

Three Months Ended September 28, 2019 Compared to the Three Months Ended September 29, 2018:

Net sales decreased 3.5% to \$612 million for the three months ended September 28, 2019 compared to \$634 million for the three months ended September 29, 2018 driven by the unfavorable impact of foreign currency (3.9 pp). Organic Net Sales increased 0.4% to \$636 million for the three months ended September 28, 2019 compared to \$634 million for the three months ended September 29, 2018 due to higher pricing (0.2 pp) and favorable volume/mix (0.2 pp). Higher pricing in the United Kingdom was partially offset by lower pricing in other regions. Favorable volume/mix was primarily driven by favorable shipment timing versus prior year in Russia and foodservice growth across most of the regions, partially offset by ongoing weakness in infant nutrition.

Segment Adjusted EBITDA increased 0.3% to \$165 million for the three months ended September 28, 2019 compared to \$165 million for the three months ended September 29, 2018, including the unfavorable impact of foreign currency (4.4 pp). Excluding the currency impact, the increase was primarily driven by lower supply chain costs.

Nine Months Ended September 28, 2019 compared to the Nine Months Ended September 29, 2018:

Net sales decreased 8.1% to \$1.9 billion for the nine months ended September 28, 2019 compared to \$2.0 billion for the nine months ended September 29, 2018 driven by the unfavorable impacts of foreign currency (5.4 pp) and acquisitions and divestitures (1.0 pp). Organic Net Sales decreased 1.7% to \$2.0 billion for the nine months ended September 28, 2019 compared to \$2.0 billion for the nine months ended September 29, 2018 due to unfavorable volume/mix (1.7 pp) while pricing remained flat. Unfavorable volume/mix was primarily due to the adverse impact of extended negotiations with key retailers and lower shipments of soup, partially offset by foodservice growth. Pricing was flat primarily due to lower pricing in Italy infant nutrition and Russia, partially offset by price increases in the United Kingdom.

Segment Adjusted EBITDA decreased 13.3% to \$479 million for the nine months ended September 28, 2019 compared to \$553 million for the nine months ended September 29, 2018, including the unfavorable impact of foreign currency (5.0 pp). Excluding the currency impact, the decrease was primarily due to higher supply chain costs, lower Organic Net Sales, the benefit from the postemployment benefits accounting change in the prior year, and investments in marketing and people.

Rest of World:

	For the Three Months Ended			For the Nine Months Ended		
	September 28, 2019	September 29, 2018	% Change	September 28, 2019	September 29, 2018	% Change
	(As Restated)			(As Restated)		
	(in millions)			(in millions)		
Net sales	\$ 688	\$ 793	(13.3)%	\$ 2,080	\$ 2,466	(15.7)%
Organic Net Sales(a)	701	699	0.2 %	2,120	2,111	0.4 %
Segment Adjusted EBITDA	100	148	(32.7)%	303	505	(40.0)%

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

Three Months Ended September 28, 2019 Compared to the Three Months Ended September 29, 2018:

Net sales decreased 13.3% to \$688 million for the three months ended September 28, 2019 compared to \$793 million for the three months ended September 29, 2018 due to the unfavorable impact of foreign currency (10.2 pp, including 8.5 pp from the devaluation of the Venezuelan bolivar) and the unfavorable impact of acquisitions and divestitures (3.3 pp). Organic Net Sales increased 0.2% to \$701 million for the three months ended September 28, 2019 compared to \$699 million for the three months ended September 29, 2018 primarily driven by higher pricing (0.9 pp), partially offset by unfavorable volume/mix (0.7 pp). Pricing was higher primarily driven by pricing actions in Latin America, partially offset by lower pricing in Asia Pacific. Unfavorable volume/mix was due to ongoing weakness in China infant nutrition, partially offset by growth in condiments and sauces, foodservice, and Indonesia beverages.

Segment Adjusted EBITDA decreased 32.7% to \$100 million for the three months ended September 28, 2019 compared to \$148 million for the three months ended September 29, 2018 including the unfavorable impact of foreign currency (31.1 pp, including 30.4 pp from the devaluation of the Venezuelan bolivar). Excluding the currency impact, the decrease in Segment Adjusted EBITDA was primarily due to higher supply chain costs and lower Organic Net Sales in Asia Pacific.

Nine Months Ended September 28, 2019 compared to the Nine Months Ended September 29, 2018:

Net sales decreased 15.7% to \$2.1 billion for the nine months ended September 28, 2019 compared to \$2.5 billion for the nine months ended September 29, 2018 due to the unfavorable impact of foreign currency (11.9 pp, including 7.9 pp from the devaluation of the Venezuelan bolivar) and the unfavorable impact of acquisitions and divestitures (4.2 pp). Organic Net Sales increased 0.4% to \$2.1 billion for the nine months ended September 28, 2019 compared to \$2.1 billion for the nine months ended September 29, 2018 driven by higher pricing (1.3 pp), partially offset by the unfavorable volume/mix (0.9 pp). Higher pricing was primarily driven by price increases in Brazil. Unfavorable volume/mix was due to ongoing weakness in China infant nutrition, partially offset by growth in condiments and sauces.

Segment Adjusted EBITDA decreased 40.0% to \$303 million for the nine months ended September 28, 2019 compared to \$505 million for the nine months ended September 29, 2018, despite the unfavorable impact of foreign currency (27.5 pp, including 24.7 pp from the devaluation of the Venezuelan bolivar). Excluding the currency impact, the decrease in Segment Adjusted EBITDA was primarily due to higher supply chain costs, the sale of Heinz India, and lower Organic Net Sales in Asia Pacific.

Liquidity and Capital Resources

We believe that cash generated from our operating activities, commercial paper programs, and senior unsecured revolving credit facility (the “Senior Credit Facility”) will provide sufficient liquidity to meet our working capital needs, future contractual obligations (including repayments of long-term debt), payment of our anticipated quarterly dividends, planned capital expenditures, restructuring expenditures, and contributions to our postemployment benefit plans. An additional potential source of liquidity is access to capital markets. We intend to use our cash on hand and our commercial paper programs for daily funding requirements. Overall, while we are not currently eligible to use a registration statement on Form S-3 for any public offerings of registered debt or equity securities to raise capital, 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.

Cash Flow Activity For the Nine Months Ended September 28, 2019 Compared to the Nine Months Ended September 29, 2018:

Net Cash Provided by/Used for Operating Activities:

Net cash provided by operating activities was \$2.0 billion for the nine months ended September 28, 2019 compared to \$878 million for the nine months ended September 29, 2018. This increase was primarily driven by higher collections on trade receivables resulting from the reduction of receivables non-cash exchanged for sold receivables as we unwound all of our Programs in 2018 and as our trade receivables balance was higher at the end of 2018 compared to the end of 2017. This increase was partially offset by a federal tax refund received in the prior year, tax payments associated with the Heinz India Transaction, and increased cash payments for employee bonuses in 2019. See Note 16, *Financing Arrangements*, in Item 1, *Financial Statements*, for additional information on our Programs.

Net Cash Provided by/Used for Investing Activities:

Net cash provided by investing activities was \$1.1 billion for the nine months ended September 28, 2019 compared to \$485 million for the nine months ended September 29, 2018. This increase was primarily driven by proceeds from our Canada Natural Cheese Transaction and Heinz India Transaction, along with lower cash payments to acquire businesses year over year. These increases to cash provided by investing activities were partially offset by lower cash collections on previously sold receivables, as we unwound all of our Programs in 2018. Additionally, capital expenditures were mostly flat year over year. We expect 2019 capital expenditures to be approximately \$750 million. See Note 5, *Acquisitions and Divestitures*, in Item 1, *Financial Statements*, for additional information on the Canada Natural Cheese Transaction, the Heinz India Transaction, and our acquisitions.

Net Cash Provided by/Used for Financing Activities:

Net cash used for financing activities was \$1.9 billion for the nine months ended September 28, 2019 compared to \$1.6 billion for the nine months ended September 29, 2018. This increase was primarily driven by higher repayments of long-term debt, lower net proceeds from the issuance of commercial paper, and higher debt prepayment and extinguishment costs, primarily related to the Tender Offers. These increases to net cash used for financing activities were partially offset by decreased cash distributions related to our dividends. Proceeds from long-term debt issuances were mostly flat year over year. See Note 17, *Commitments, Contingencies and Debt*, in Item 1, *Financial Statements*, for additional information on the Tender Offers and *Equity and Dividends* in this item for additional information on our dividends.

Cash Held by International Subsidiaries:

Of the \$2.3 billion cash and cash equivalents on our condensed consolidated balance sheet at September 28, 2019, \$1.5 billion was held by international subsidiaries.

As of January 1, 2018, we consider the unremitted earnings of certain international subsidiaries that impose local country taxes on dividends 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 U.S. cash requirements. The amount of unrecognized deferred tax liabilities for local country withholding taxes that would be owed related to our 2018 and 2019 accumulated earnings of certain international subsidiaries is approximately \$50 million.

Our undistributed historic earnings in foreign subsidiaries through December 30, 2017 are currently not considered to be indefinitely reinvested. As of September 28, 2019, we have recorded a deferred tax liability of \$30 million on approximately \$430 million of historic earnings related to local withholding taxes that will be owed when this cash is distributed. As of December 29, 2018, we had recorded a deferred tax liability of \$78 million on \$1.2 billion of historic earnings. The decreases are primarily due to the distribution of proceeds from the sale of Heinz India into Canada, which reduced our historic earnings related to Canada by approximately \$600 million. Related to this distribution, we recorded tax expenses of approximately \$30 million and reduced the deferred tax liability accordingly. Additionally, we reduced our historic earnings by approximately \$100 million following the ratification of the U.S. tax treaty with Spain. This reduction resulted in a tax benefit of approximately \$11 million and a corresponding decrease in our deferred tax liability.

Borrowing Arrangements:

We obtain funding through our U.S. and European commercial paper programs. We had no commercial paper outstanding at September 28, 2019 or at December 29, 2018. The maximum amount of commercial paper outstanding during the nine months ended September 28, 2019 was \$200 million.

We maintain our \$4.0 billion Senior Credit Facility, and 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. No amounts were drawn on our Senior Credit Facility at September 28, 2019 or during the nine months ended September 28, 2019. The Senior Credit Facility contains representations, warranties, and covenants that are typical for these types of facilities and could upon the occurrence of certain events of default restrict our ability to access our Senior Credit Facility. We were in compliance with all financial covenants during the three months ended September 28, 2019.

Long-Term Debt:

Our long-term debt, including the current portion, was \$30.7 billion at September 28, 2019 and \$31.1 billion at December 29, 2018. This decrease was primarily related to the \$2.9 billion aggregate principal amount of certain senior notes and second lien senior secured notes that were validly tendered pursuant to the Tender Offers and the repayment of \$350 million aggregate principal amount of senior notes that matured in August 2019. These decreases to long-term debt were partially offset by the \$3.0 billion aggregate principal amount of the 2019 Notes issued in September 2019. We used the proceeds from the 2019 Notes, together with cash on hand, to fund the Tender Offers and to pay fees and expenses in connection therewith. Additionally, in October 2019, we used proceeds from the 2019 Notes to fund the partial redemption of \$1.3 billion aggregate principal amount of our 2.800% senior notes due July 2020 and 300 million Canadian dollar senior notes due July 2020.

Following the issuance of the 2019 Notes, settlement of the Tender Offers, and the redemptions in October 2019, our long-term debt decreased by approximately \$1.4 billion. This decrease includes the extinguishment of approximately \$2.0 billion aggregate principal amount of senior notes that were due to mature in 2020.

After the redemptions in October 2019, we have aggregate principal amount of senior notes of approximately \$405 million maturing in February 2020 and approximately 500 million Canadian dollars and \$200 million maturing in July 2020. We expect to fund these long-term debt repayments primarily with cash on hand and cash generated from our operating activities.

Our long-term debt contains customary representations, covenants, and events of default. We were in compliance with all financial covenants during the three months ended September 28, 2019.

See Note 17, *Commitments, Contingencies and Debt*, in Item 1, *Financial Statements*, for additional information on our long-term debt activity in 2019 and Note 19, *Debt*, to the consolidated financial statements in our Annual Report on Form 10-K for the year ended December 29, 2018 for additional information on our borrowing arrangements and long-term debt.

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 products 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.

We define our key commodities in the United States and Canada as dairy, meat, coffee, and nuts. During the nine months ended September 28, 2019, we experienced cost decreases for nuts and coffee, while costs for meat and dairy increased. 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.

See our Annual Report on Form 10-K for the year ended December 29, 2018 for additional information on how we manage commodity costs.

Off-Balance Sheet Arrangements and Aggregate Contractual Obligations

There were no material changes to our off-balance sheet arrangements or aggregate contractual obligations from those disclosed in our Annual Report on Form 10-K for the year ended December 29, 2018.

Equity and Dividends

We paid common stock dividends of \$1.5 billion for the nine months ended September 28, 2019 and \$2.4 billion for the nine months ended September 29, 2018. Additionally, on October 31, 2019, our Board of Directors declared a cash dividend of \$0.40 per share of common stock, which is payable on December 13, 2019 to shareholders of record on November 15, 2019.

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.

Critical Accounting Estimates

Our significant accounting policies are described in Note 3, *Significant Accounting Policies*, in Item 8, *Financial Statements and Supplementary Data*, of our consolidated financial statements for the year ended December 29, 2018 in our Annual Report on Form 10-K. See Note 3, *Significant Accounting Policies*, in Item 1, *Financial Statements*, for updates to our significant accounting policies during the nine months ended September 28, 2019.

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 critical accounting estimates and assumptions related to goodwill and intangible assets are described below. See Item 7, *Management's Discussion and Analysis of Financial Condition and Results of Operations*, in our Annual Report on Form 10-K for the year ended December 29, 2018 for a discussion of our other critical accounting estimates and assumptions.

Goodwill and Intangible Assets:

We maintain 19 reporting units, 12 of which comprise our goodwill balance. These 12 reporting units had an aggregate carrying amount of \$35.8 billion as of September 28, 2019. Our indefinite-lived intangible asset balance primarily consists of a number of individual brands, which had an aggregate carrying amount of \$43.4 billion as of September 28, 2019.

We test our reporting units and brands for impairment annually as of the first day of our second quarter, or more frequently if events or circumstances indicate it is more likely than not that the fair value of a reporting unit or brand is less than its carrying amount. Such events and circumstances could include a sustained decrease in our market capitalization, increased competition or unexpected loss of market share, increased input costs beyond projections (for example due to regulatory or industry changes), disposals of significant brands or components of our business, unexpected business disruptions (for example due to a natural disaster or loss of a customer, supplier, or other significant business relationship), unexpected significant declines in operating results, significant adverse changes in the markets in which we operate, or changes in management strategy. We test reporting units for impairment by comparing the estimated fair value of each reporting unit with its carrying amount. We test brands for impairment by comparing the estimated fair value of each brand with its carrying amount. If the carrying amount of a reporting unit or brand exceeds its estimated fair value, we record an impairment loss based on the difference between fair value and carrying amount, in the case of reporting units, not to exceed to the associated carrying amount of goodwill.

Fair value determinations require considerable judgment and are sensitive to changes in underlying assumptions, estimates, and market factors. Estimating the fair value of individual reporting units and brands requires us to make assumptions and estimates regarding our future plans, as well as industry, economic, and regulatory conditions. These assumptions and estimates include estimated future annual net cash flows, income tax considerations, discount rates, growth rates, royalty rates, contributory asset charges, and other market factors. If current expectations of future growth rates and margins are not met, if market factors outside of our control, such as discount rates, change, or if management's expectations or plans otherwise change, including as a result of updates to our global five-year operating plan, then one or more of our reporting units or brands might become impaired in the future.

As detailed in Note 9, *Goodwill and Intangible Assets*, in Item 1, *Financial Statements*, we recorded impairment losses related to goodwill and indefinite-lived intangible assets in the current year and in the prior year. Our reporting units and brands that were impaired in 2018 and 2019 were written down to their respective fair values resulting in zero excess fair value over carrying amount as of the applicable impairment test dates. Accordingly, these and other individual reporting units and brands that have 20% or less excess fair value over carrying amount as of the 2019 annual impairment test date have a heightened risk of future impairments if any assumptions, estimates, or market factors change in the future. Reporting units with 10% or less fair value over carrying amount had an aggregate goodwill carrying amount of \$33.0 billion as of the 2019 annual impairment test date and included: U.S. Grocery, U.S. Refrigerated, U.S. Foodservice, Canada Retail, Canada Foodservice, Latin America Exports, EMEA East, Australia and New Zealand, and Northeast Asia. We had one reporting unit, Continental Europe, with 10-20% fair value over carrying amount. Continental Europe had a goodwill carrying amount of \$593 million as of the 2019 annual impairment test date. The aggregate goodwill carrying amount of reporting units with fair value over carrying amount between 20-50% was \$2.4 billion and there were no reporting units with fair value over carrying amount in excess of 50% as of the 2019 annual impairment test date. Brands with 10% or less fair value over carrying amount had an aggregate carrying amount after impairment of \$26.4 billion as of the 2019 annual impairment test date and included: *Kraft*, *Philadelphia*, *Velveeta*, *Lunchables*, *Miracle Whip*, *Planters*, *Maxwell House*, *Cool Whip*, and *ABC*. Brands with 10-20% fair value over carrying amount had an aggregate carrying amount of \$3.6 billion as of the 2019 annual impairment test date and included *Oscar Mayer*, *Jet Puffed*, and *Quero*. The aggregate carrying amount of brands with fair value over carrying amount between 20-50% was \$4.2 billion as of the 2019 annual impairment test date. Although the remaining brands, with a carrying value of \$9.3 billion, have more than 50% excess fair value over carrying amount as of the 2019 annual impairment test date, these amounts are also associated with the 2013 Heinz acquisition and the 2015 Merger and are recorded on the balance sheet at their estimated acquisition date fair values. Therefore, if any assumptions, estimates, or market factors change in the future, these amounts are also susceptible to impairments.

We generally utilize the discounted cash flow method under the income approach to estimate the fair value of our reporting units. Some of the more significant assumptions inherent in estimating the fair values include the estimated future annual net cash flows for each reporting unit (including net sales, cost of products sold, SG&A, depreciation and amortization, working capital, and capital expenditures), income tax rates, long-term growth rates, and a discount rate that appropriately reflects the risks inherent in each future cash flow stream. We selected the assumptions used in the financial forecasts using historical data, supplemented by current and anticipated market conditions, estimated product category growth rates, management's plans, and guideline companies.

We utilize the excess earnings method under the income approach to estimate the fair value of certain of our largest brands. Some of the more significant assumptions inherent in estimating the fair values include the estimated future annual net cash flows for each brand (including net sales, cost of products sold, and SG&A), contributory asset charges, income tax considerations, long-term growth rates, a discount rate that reflects the level of risk associated with the future earnings attributable to the brand, and management's intent to invest in the brand indefinitely. We selected the assumptions used in the financial forecasts using historical data, supplemented by current and anticipated market conditions, estimated product category growth rates, management plans, and guideline companies.

We utilize the relief from royalty method under the income approach to estimate the fair value of our remaining brands. Some of the more significant assumptions inherent in estimating the fair values include the estimated future annual net sales for each brand, royalty rates (as a percentage of net sales that would hypothetically be charged by a licensor of the brand to an unrelated licensee), income tax considerations, long-term growth rates, a discount rate that reflects the level of risk associated with the future cost savings attributable to the brand, and management's intent to invest in the brand indefinitely. We selected the assumptions used in the financial forecasts using historical data, supplemented by current and anticipated market conditions, estimated product category growth rates, management's plans, and guideline companies.

The discount rates, long-term growth rates, and royalty rates used to estimate the fair values of our reporting units and brands with 10% or less excess fair value over carrying amount, as well as the goodwill or brand carrying amounts, as of the 2019 annual impairment test date for each reporting unit or brand, were as follows:

	Goodwill or Brand Carrying Amount (in billions)	Discount Rate		Long-Term Growth Rate		Royalty Rate	
		Minimum	Maximum	Minimum	Maximum	Minimum	Maximum
Reporting units	\$ 33.0	7.0%	10.3%	1.5%	4.0%		
Brands (excess earnings method)	19.4	7.7%	7.8%	0.8%	2.0%		
Brands (relief from royalty method)	7.0	7.7%	10.7%	0.5%	3.5%	7.0%	20.0%

The discount rates, long-term growth rates, and royalty rates used to estimate the fair values of our reporting units and brands with 10-20% excess fair value over carry amount, as well as the goodwill or brand carrying amounts, as of the 2019 annual impairment test date for each reporting unit or brand, were as follows:

	Goodwill or Brand Carrying Amount (in billions)	Discount Rate		Long-Term Growth Rate		Royalty Rate	
		Minimum	Maximum	Minimum	Maximum	Minimum	Maximum
Reporting units	\$ 0.6	9.0%	11.3%	2.5%	3.5%		
Brands (excess earnings method)	3.3	7.8%	7.8%	1.0%	1.0%		
Brands (relief from royalty method)	0.3	7.8%	10.3%	1.5%	4.0%	1.0%	17.0%

Assumptions used in impairment testing are made at a point in time and require significant judgment; therefore, they are subject to change based on the facts and circumstances present at each annual and interim impairment test date. Additionally, these assumptions are generally interdependent and do not change in isolation. However, as it is reasonably possible that changes in assumptions could occur, as a sensitivity measure, we have presented the estimated effects of isolated changes in discount rates, long-term growth rates, and royalty rates on the fair values of our reporting units and brands with 10% or less excess fair value over carrying amount and 10-20% excess fair value over carrying amount. Note that these estimated changes in fair value are not necessarily representative of the actual impairment that would be recorded in the event of a fair value decline.

If we had changed the assumptions used to estimate the fair value of our reporting units and brands with 10% or less excess fair value over carrying amount, as of the 2019 annual impairment test date for each of these reporting units and brands, these isolated changes, which are reasonably possible to occur, would have led to the following increase/(decrease) in the aggregate fair value of these reporting units and brands (in billions):

	Discount Rate		Long-Term Growth Rate		Royalty Rate	
	50-Basis-Point		25-Basis-Point		100-Basis-Point	
	Increase	Decrease	Increase	Decrease	Increase	Decrease
Reporting units	\$ (5.6)	\$ 6.7	\$ 2.7	\$ (2.5)		
Brands (excess earnings method)	(1.4)	1.7	0.6	(0.6)		
Brands (relief from royalty method)	(0.5)	0.6	0.2	(0.2)	\$ 0.6	\$ (0.6)

If we had changed the assumptions used to estimate the fair value of our reporting units and brands with 10-20% excess fair value over carrying amount, as of the 2019 annual impairment test date for each of these reporting units and brands, these isolated changes, which are reasonably possible to occur, would have led to the following increase/(decrease) in the aggregate fair value of these reporting units and brands (in billions):

	Discount Rate		Long-Term Growth Rate		Royalty Rate	
	50-Basis-Point				100-Basis-Point	
	Increase	Decrease	Increase	Decrease	Increase	Decrease
Reporting units	\$ (0.1)	\$ 0.1	\$ 0.1	\$ —		
Brands (excess earnings method)	(0.3)	0.3	0.1	(0.1)		
Brands (relief from royalty method)	—	—	—	—	\$ —	\$ —

Definite-lived intangible assets are amortized on a straight-line basis over the estimated periods benefited. We review definite-lived intangible assets for impairment when conditions exist that indicate the carrying amount of the assets may not be recoverable. Such conditions could include significant adverse changes in the business climate, current-period operating or cash flow losses, significant declines in forecasted operations, or a current expectation that an asset group will be disposed of before the end of its useful life. We perform undiscounted operating cash flow analyses to determine if an impairment exists. When testing for impairment of definite-lived intangible assets held for use, we group assets at the lowest level for which cash flows are separately identifiable. If an impairment is determined to exist, the loss is calculated based on estimated fair value. Impairment losses on definite-lived intangible assets to be disposed of, if any, are based on the estimated proceeds to be received, less costs of disposal.

See Note 9, *Goodwill and Intangible Assets*, in Item 1, *Financial Statements*, for our impairment testing results.

New Accounting Pronouncements

See Note 4, *New Accounting Standards*, in Item 1, *Financial Statements*, for a discussion of new accounting pronouncements.

Contingencies

See Note 17, *Commitments, Contingencies and Debt*, in Item 1, *Financial Statements*, for a discussion of our contingencies.

Non-GAAP Financial Measures

The non-GAAP financial measures we provide in this report should be viewed in addition to, and not as an alternative for, results prepared in accordance with U.S. GAAP.

To supplement the 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, net income/(loss), diluted EPS, 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 underlying operations. Management believes that presenting our non-GAAP financial measures (i.e., Organic Net Sales, Adjusted EBITDA, and Adjusted EPS) 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 currency, acquisitions and 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 highly inflationary subsidiaries, for which we calculate the previous year's results using the current year's exchange rate. Organic Net Sales is a tool that can assist management and investors in comparing our performance on a consistent basis by removing the impact of certain items that management believes do not directly reflect our underlying operations.

Adjusted EBITDA is defined as net income/(loss) from continuing operations before interest expense, other expense/(income), provision for/(benefit from) income taxes, and depreciation and amortization (excluding integration and restructuring expenses); in addition to these adjustments, we exclude, when they occur, the impacts of integration and restructuring expenses, deal costs, unrealized losses/(gains) on commodity hedges, impairment losses, and equity award compensation expense (excluding integration and restructuring expenses). Adjusted EBITDA is a tool that can assist management and investors in comparing our performance on a consistent basis by removing the impact of certain items that management believes do not directly reflect our underlying operations.

Adjusted EPS is defined as diluted earnings per share excluding, when they occur, the impacts of integration and restructuring expenses, deal costs, unrealized losses/(gains) on commodity hedges, impairment losses, losses/(gains) on the sale of a business, other losses/(gains) related to acquisitions and divestitures (e.g., tax and hedging impacts), nonmonetary currency devaluation (e.g., remeasurement gains and losses), debt prepayment and extinguishment costs, and U.S. Tax Reform discrete income tax expense/(benefit), and including, when they occur, adjustments to reflect preferred stock dividend payments on an accrual basis. We believe Adjusted EPS provides important comparability of underlying operating results, allowing investors and management to assess operating performance on a consistent basis.

The Kraft Heinz Company
Reconciliation of Net Sales to Organic Net Sales
(dollars in millions)
(Unaudited)

	Net Sales	Currency	Acquisitions and Divestitures	Organic Net Sales	Price	Volume/Mix
Three Months Ended September 28, 2019						
United States	\$ 4,361	\$ —	\$ —	\$ 4,361		
Canada	415	(4)	1	418		
EMEA	612	(24)	—	636		
Rest of World	688	(13)	—	701		
Kraft Heinz	<u>\$ 6,076</u>	<u>\$ (41)</u>	<u>\$ 1</u>	<u>\$ 6,116</u>		
Three Months Ended September 29, 2018 (As Restated)						
United States	\$ 4,431	\$ —	\$ —	\$ 4,431		
Canada	525	—	104	421		
EMEA	634	—	—	634		
Rest of World	793	71	23	699		
Kraft Heinz	<u>\$ 6,383</u>	<u>\$ 71</u>	<u>\$ 127</u>	<u>\$ 6,185</u>		
Year-over-year growth rates						
United States	(1.6)%	0.0 pp	0.0 pp	(1.6)%	1.5 pp	(3.1) pp
Canada	(21.1)%	(0.8) pp	(19.8) pp	(0.5)%	(2.6) pp	2.1 pp
EMEA	(3.5)%	(3.9) pp	0.0 pp	0.4 %	0.2 pp	0.2 pp
Rest of World	(13.3)%	(10.2) pp	(3.3) pp	0.2 %	0.9 pp	(0.7) pp
Kraft Heinz	(4.8)%	(1.7) pp	(2.0) pp	(1.1)%	1.0 pp	(2.1) pp

The Kraft Heinz Company
Reconciliation of Net Sales to Organic Net Sales
(dollars in millions)
(Unaudited)

	Net Sales	Currency	Acquisitions and Divestitures	Organic Net Sales	Price	Volume/Mix
Nine Months Ended September 28, 2019						
United States	\$ 13,074	\$ —	\$ —	\$ 13,074		
Canada	1,425	(46)	227	1,244		
EMEA	1,862	(109)	—	1,971		
Rest of World	2,080	(91)	51	2,120		
Kraft Heinz	<u>\$ 18,441</u>	<u>\$ (246)</u>	<u>\$ 278</u>	<u>\$ 18,409</u>		
Nine Months Ended September 29, 2018 (As Restated)						
United States	\$ 13,312	\$ —	\$ —	\$ 13,312		
Canada	1,573	—	308	1,265		
EMEA	2,026	—	21	2,005		
Rest of World	2,466	211	144	2,111		
Kraft Heinz	<u>\$ 19,377</u>	<u>\$ 211</u>	<u>\$ 473</u>	<u>\$ 18,693</u>		
Year-over-year growth rates						
United States	(1.8)%	0.0 pp	0.0 pp	(1.8)%	(0.7) pp	(1.1) pp
Canada	(9.5)%	(3.0) pp	(4.8) pp	(1.7)%	(2.8) pp	1.1 pp
EMEA	(8.1)%	(5.4) pp	(1.0) pp	(1.7)%	0.0 pp	(1.7) pp
Rest of World	(15.7)%	(11.9) pp	(4.2) pp	0.4 %	1.3 pp	(0.9) pp
Kraft Heinz	(4.8)%	(2.3) pp	(1.0) pp	(1.5)%	(0.5) pp	(1.0) pp

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

	For the Three Months Ended		For the Nine Months Ended	
	September 28, 2019	September 29, 2018	September 28, 2019	September 29, 2018
		(As Restated)		(As Restated)
Net income/(loss)	\$ 898	\$ 618	\$ 1,750	\$ 2,374
Interest expense	398	326	1,035	959
Other expense/(income)	(380)	(71)	(893)	(181)
Provision for/(benefit from) income taxes	264	201	584	779
Operating income/(loss)	1,180	1,074	2,476	3,931
Depreciation and amortization (excluding integration and restructuring expenses)	243	245	730	679
Integration and restructuring expenses	15	32	56	215
Deal costs	6	3	19	19
Unrealized losses/(gains) on commodity hedges	9	6	(30)	11
Impairment losses	5	217	1,223	451
Equity award compensation expense (excluding integration and restructuring expenses)	11	17	26	44
Adjusted EBITDA	\$ 1,469	\$ 1,594	\$ 4,500	\$ 5,350

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

	For the Three Months Ended		For the Nine Months Ended	
	September 28, 2019	September 29, 2018	September 28, 2019	September 29, 2018
		(As Restated)		(As Restated)
Diluted EPS	\$ 0.74	\$ 0.50	\$ 1.43	\$ 1.94
Integration and restructuring expenses(a)	0.01	0.03	0.04	0.19
Deal costs(b)	0.01	—	0.01	0.01
Unrealized losses/(gains) on commodity hedges(c)	0.01	—	(0.02)	0.01
Impairment losses(d)	—	0.13	0.90	0.30
Losses/(gains) on sale of business(e)	(0.13)	—	(0.29)	0.01
Nonmonetary currency devaluation(f)	—	0.05	0.01	0.11
Debt prepayment and extinguishment costs(g)	0.05	—	0.05	—
U.S. Tax Reform discrete income tax expense/(benefit)(h)	—	0.05	—	0.09
Adjusted EPS	\$ 0.69	\$ 0.76	\$ 2.13	\$ 2.66

(a) Gross expenses included in integration and restructuring expenses were \$15 million (\$15 million after-tax) for the three months and \$56 million (\$44 million after-tax) for the nine months ended September 28, 2019 and \$31 million (\$31 million after-tax) for the three months and \$278 million (\$238 million after-tax) for the nine months ended September 29, 2018 and were recorded in the following income statement line items:

- Cost of products sold included \$12 million for the three months and \$27 million for the nine months ended September 28, 2019 and \$18 million for the three months and \$175 million for the nine months ended September 29, 2018;
- SG&A included \$3 million for the three months and \$29 million for the nine months ended September 28, 2019 and \$14 million for the three months and \$40 million for the nine months ended September 29, 2018; and
- Other expense/(income) included income of \$1 million for the three months and expenses of \$63 million for the nine months ended September 29, 2018.

(b) Gross expenses included in deal costs were \$6 million (\$7 million after-tax) for the three months and \$19 million (\$18 million after-tax) for the nine months ended September 28, 2019 and \$3 million (\$2 million after-tax) for the three months and \$19 million (\$15 million after-tax) for the nine months ended September 29, 2018 and were recorded in the following income statement line items:

- Cost of products sold included \$4 million for the nine months ended September 29, 2018; and
- SG&A included \$6 million for the three months and \$19 million for the nine months ended September 28, 2019 and \$3 million for the three months and \$15 million for the nine months ended September 29, 2018.

(c) Gross expenses/(income) included in unrealized losses/(gains) on commodity hedges were expenses of \$9 million (\$7 million after-tax) for the three months and income of \$30 million (\$22 million after-tax) for the nine months ended September 28, 2019 and expenses of \$6 million (\$5 million after-tax) for the three months and \$11 million (\$9 million after-tax) for the nine months ended September 29, 2018 and were recorded in cost of products sold.

(d) Gross impairment losses, which were recorded in SG&A, included the following:

- Goodwill impairment losses of \$744 million (\$717 million after-tax) for the nine months ended September 28, 2019 and \$133 million (\$133 million after-tax) for the nine months ended September 29, 2018; and
- Intangible asset impairment losses of \$5 million (\$7 million after-tax) for the three months and \$479 million (\$381 million after-tax) for the nine months ended September 28, 2019 and \$217 million (\$153 million after-tax) for the three months and \$318 million (\$233 million after-tax) for the nine months ended September 29, 2018.

(e) Gross expenses/(income) included in losses/(gains) on sale of business were income of \$244 million (\$158 million after-tax) for the three months and \$490 million (\$348 million after-tax) for the nine months ended September 28, 2019 and expenses of \$15 million (\$15 million after-tax) for the nine months ended September 29, 2018 and were recorded in other expense/(income).

(f) Gross expenses included in nonmonetary currency devaluation were \$4 million (\$4 million after-tax) for the three months and \$10 million (\$10 million after-tax) for the nine months ended September 28, 2019 and \$64 million (\$64 million after-tax) for the three months and \$131 million (\$131 million after-tax) for the nine months ended September 29, 2018 and were recorded in other expense/(income).

(g) Gross expenses included in debt prepayment and extinguishment costs were \$88 million (\$62 million after-tax) for the three and nine months ended September 28, 2019 and were recorded in interest expense.

(h) U.S. Tax Reform discrete income tax expense/(benefit) included expenses of \$62 million for the three months and \$106 million for the nine months ended September 29, 2018.

Forward-Looking Statements

This Quarterly Report on Form 10-Q contains a number of forward-looking statements. Words such as “anticipate,” “reflect,” “invest,” “see,” “make,” “expect,” “give,” “deliver,” “drive,” “believe,” “improve,” “assess,” “reassess,” “remain,” “evaluate,” “grow,” “will,” “plan,” “intend,” and variations of such words and similar future or conditional expressions are intended to identify forward-looking statements. These forward-looking statements include, but are not limited to, statements regarding our plans, impacts of accounting standards and guidance, growth, legal matters, taxes, costs and cost savings, impairments, 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 may 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, operating in a highly competitive industry; our ability to correctly predict, identify, and interpret changes in consumer preferences and demand, to offer new products to meet those changes, and to respond to competitive innovation; changes in the retail landscape or the loss of key retail customers; changes in our relationships with significant customers, suppliers, and other business relationships; our ability to maintain, extend, and expand our reputation and brand image; our ability to leverage our brand value to compete against private label products; our ability to drive revenue growth in our key product categories, increase our market share, or add products that are in faster-growing and more profitable categories; product recalls or product liability claims; unanticipated business disruptions; our ability to identify, complete, or realize the benefits from strategic acquisitions, alliances, divestitures, joint ventures, or other investments; our ability to realize the anticipated benefits from prior or future streamlining actions to reduce fixed costs, simplify or improve processes, and improve our competitiveness; our ability to successfully execute our strategic initiatives; the impacts of our international operations; economic and political conditions in the United States and in various other nations where we do business; changes in our management team or other key personnel and our ability to hire or retain key personnel or a highly skilled and diverse global workforce; risks associated with information technology and systems, including service interruptions, misappropriation of data, or breaches of security; impacts of natural events in the locations in which we or our customers, suppliers, distributors, or regulators operate; our ownership structure; our indebtedness and ability to pay such indebtedness; additional impairments of the carrying amounts of goodwill or other indefinite-lived intangible assets; exchange rate fluctuations; volatility in commodity, energy, and other input costs; volatility in the market value of all or a portion of the derivatives we use; increased pension, labor and people-related expenses; compliance with laws, regulations, and related interpretations and related legal claims or other regulatory enforcement actions, including additional risks and uncertainties related to our restatement and any potential actions resulting from the SEC’s ongoing investigation, as well as potential additional subpoenas, litigation, and regulatory proceedings; an inability to remediate the material weaknesses in our internal control over financial reporting or additional material weaknesses or other deficiencies in the future or the failure to maintain an effective system of internal controls; our failure to prepare and timely file our periodic reports; the restatement of certain of our previously issued consolidated financial statements, which resulted in unanticipated costs and may affect investor confidence and raise reputational issues; our ability to protect intellectual property rights; tax law changes or interpretations; the impact of future sales of our common stock in the public markets; our ability to continue to pay a regular dividend and the amounts of any such dividends; volatility of capital markets and other macroeconomic factors. For additional information on these and other factors that could affect our forward-looking statements, see Item 1A, *Risk Factors*, in our Annual Report on Form 10-K for the year ended December 29, 2018. 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 nine months ended September 28, 2019. For additional information, refer to Item 7A, *Quantitative and Qualitative Disclosures about Market Risk*, in our Annual Report on Form 10-K for the year ended December 29, 2018.

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, has evaluated the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act) as of September 28, 2019. Based on that evaluation, our Chief Executive Officer and Chief Financial Officer have concluded that as of September 28, 2019, due to the existence of the material weaknesses in our internal control over financial reporting described below, our disclosure controls and procedures were not effective to provide reasonable assurance that the information required to be disclosed in the reports that we file or submit under the Exchange Act is recorded, processed, summarized, and reported within the time periods specified in the SEC's rules and forms, and that such information is accumulated and communicated to management as appropriate to allow timely decisions regarding required disclosure.

Material Weaknesses in Internal Control Over Financial Reporting

A material weakness is a deficiency, or combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of our annual or interim financial statements will not be prevented or detected on a timely basis. Additionally, the material weaknesses described below could result in a misstatement of the aforementioned account balances or disclosures that would result in a material misstatement of the annual or interim consolidated financial statements that would not be prevented or detected.

As previously disclosed in our Annual Report on Form 10-K for the year ended December 29, 2018, we identified a material weakness in the risk assessment component of internal control as we did not appropriately design controls in response to the risk of misstatement due to changes in our business environment. This material weakness in risk assessment gave rise to the specific control deficiencies described below, which we also determined to be material weaknesses:

- *Supplier Contracts and Related Arrangements:* We did not design and maintain effective controls over the accounting for supplier contracts and related arrangements. Specifically, certain employees in our procurement organization engaged in misconduct and circumvented controls that included withholding information or directing others to withhold information related to supplier contracts that affected the accounting for certain supplier rebates, incentives, and pricing arrangements, in an attempt to influence the achievement of internal financial targets that became or were perceived to have become increasingly difficult to attain due to changes in our business environment. Additionally, in certain instances, we did not have a sufficient understanding or maintain sufficient documentation of the transaction to determine the appropriate accounting for certain cost and rebate elements and embedded leases. This material weakness resulted in misstatements that were corrected in the restatement included in our Annual Report on Form 10-K for the year ended December 29, 2018.
- *Goodwill and Indefinite-lived Intangible Asset Impairment Testing:* We did not design and maintain effective controls to reassess the level of precision used to review the impairment assessments related to goodwill and indefinite-lived intangible assets as changes in our business environment occurred. Specifically, we did not design and maintain effective controls to reassess the level of precision used in the review of the allocation of cash flow projections to certain brands used as a basis for performing our fourth quarter 2018 interim impairment assessments in response to the significant reduction in, and in certain instances elimination of, the excess fair value over carrying amount of certain brands that resulted from changes in our business environment.

Remediation Plan

Our management, with oversight from our Audit Committee, has initiated a plan to remediate the material weaknesses previously identified in the Annual Report on Form 10-K for the period ended December 29, 2018. These plans include the implementation of additional controls and procedures to strengthen our internal controls related to our risk assessment component of internal control over financial reporting, supplier contracts and related arrangements, and the level of precision applied to the goodwill and indefinite-lived intangible asset impairment testing process. The remaining actions outlined in the remediation plan from what had been previously communicated in the Annual Report on Form 10-K include the following:

- **Performance Targets**—We have identified and will be implementing several performance-based target enhancements as follows: (i) implementing checkpoints to evaluate significant changes in the environment that could adversely impact the attainability of management goals and targets; (ii) reassessing and adjusting the overall balance of performance measures provided to employees to help drive challenging but attainable targets; (iii) enhancing our training and overall communication specific to the Management by Objective (“MBO”) process, including a focus on the process to request relief from previously established MBOs, to help ensure all eligible employees are aware of and understand the overall MBO waiver and relief process; (iv) reinforcing the importance of adherence to established internal controls and company policies and procedures through other formal communications, town hall meetings, and other employee trainings; and (v) reassessing certain employees’ key performance indicators.
- **Procurement Practices**—We have evaluated our procurement practices and are in the process of implementing improvements to those practices, including: (i) developing more comprehensive contract approval policies and processes; (ii) enhancing required communication protocols among all functions involved in the procurement process (e.g., procurement, legal, accounting, and finance) to ensure all relevant parties are involved in the contract review process; (iii) standardizing contract documentation and analyses; and (iv) developing a more comprehensive accounting review process and monitoring controls over supplier contracts and related arrangements to ensure transactions are recorded in accordance with generally accepted accounting principles.
- **Training Practices**—We are in the process of developing a comprehensive global procurement training program that will cover supplier contracts and related arrangements, including potential accounting implications.
- **Procurement Management Software**—We have started to evaluate potential solutions to implement or upgrade the existing procurement management software to enhance the identification, tracking, and monitoring of supplier contracts and related arrangements.

To date, the following actions have been taken towards our remediation plan:

- **Personnel Actions**—A comprehensive disciplinary plan has been implemented for all employees found to have engaged in misconduct, including termination, written warnings, and appropriate training depending on the severity of the misconduct.
- **Organizational Enhancements**—We have implemented the following organizational enhancements: (i) augmented our procurement finance teams with additional professionals with the appropriate levels of accounting and controls knowledge, experience, and training in the area of supplier contracts and related arrangements; and (ii) realigned reporting lines whereby procurement finance now report directly to the finance organization.
- **Level of Precision Applied to Impairment Testing**—We have enhanced the level of precision at which our internal controls over financial reporting relating to goodwill and indefinite-lived intangible asset impairment assessments are performed. Specifically, we implemented and executed additional procedures to (i) enhance our analysis of forecasted cash flows used in the impairment assessment and (ii) test the accuracy of forecasted cash flow allocations to specific brands.

We have begun and expect to continue implementing various changes in our internal control over financial reporting to remediate the material weaknesses described above. We continue to make progress on our remediation and our goal is to implement the remaining control improvements related to these material weaknesses by early 2020. We will also continue to review, optimize, and enhance our financial reporting controls and procedures. As we continue to evaluate and work to improve our internal control over financial reporting, we may take additional measures to address control deficiencies or we may modify certain of the remediation measures described above.

Changes in Internal Control Over Financial Reporting

There were no changes in our internal control over financial reporting during the three months ended September 28, 2019 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II - OTHER INFORMATION

Item 1. Legal Proceedings.

See Note 17, *Commitments, Contingencies and Debt*, in Item 1, *Financial Statements*.

Item 1A. Risk Factors.

Additional impairments of the carrying amounts of goodwill or other indefinite-lived intangible assets could negatively affect our financial condition and results of operations.

We maintain 19 reporting units, 12 of which comprise our goodwill balance. Our indefinite-lived intangible asset balance primarily consists of a number of individual brands. We test our reporting units and brands for impairment annually as of the first day of our second quarter, or more frequently if events or circumstances indicate it is more likely than not that the fair value of a reporting unit or brand is less than its carrying amount. Such events and circumstances could include a sustained decrease in our market capitalization, increased competition or unexpected loss of market share, increased input costs beyond projections (for example due to regulatory or industry changes), disposals of significant brands or components of our business, unexpected business disruptions (for example due to a natural disaster or loss of a customer, supplier, or other significant business relationship), unexpected significant declines in operating results, or significant adverse changes in the markets in which we operate. We test reporting units for impairment by comparing the estimated fair value of each reporting unit with its carrying amount. We test brands for impairment by comparing the estimated fair value of each brand with its carrying amount. If the carrying amount of a reporting unit or brand exceeds its estimated fair value, we record an impairment loss based on the difference between fair value and carrying amount, in the case of reporting units, not to exceed to the associated carrying amount of goodwill.

Fair value determinations require considerable judgment and are sensitive to changes in underlying assumptions, estimates, and market factors. Estimating the fair value of individual reporting units and brands requires us to make assumptions and estimates regarding our future plans, as well as industry, economic, and regulatory conditions. These assumptions and estimates include estimated future annual net cash flows, income tax considerations, discount rates, growth rates, royalty rates, contributory asset charges, and other market factors. If current expectations of future growth rates and margins are not met, if market factors outside of our control, such as discount rates, change, or if management's expectations or plans otherwise change, including as a result of updates to our global five-year operating plan, then one or more of our reporting units or brands might become impaired in the future.

As a result of our annual and interim impairment tests, we have recognized historical goodwill impairment losses of \$7.0 billion and indefinite-lived intangible asset impairment losses of \$8.9 billion in 2018, and goodwill impairment losses of \$744 million and indefinite-lived intangible asset impairment losses of \$474 million in the first nine months of 2019. Our reporting units and brands that were impaired in 2018 and 2019 were written down to their respective fair values resulting in zero excess fair value over carrying amount as of the applicable impairment test dates. Accordingly, these and other individual reporting units and brands that have 20% or less excess fair value over carrying amount as of the 2019 annual impairment test date have a heightened risk of future impairments if any assumptions, estimates, or market factors change in the future. Reporting units with 10% or less fair value over carrying amount had an aggregate goodwill carrying amount of \$33.0 billion as of the 2019 annual impairment test date and included: U.S. Grocery, U.S. Refrigerated, U.S. Foodservice, Canada Retail, Canada Foodservice, Latin America Exports, EMEA East, Australia and New Zealand, and Northeast Asia. We had one reporting unit, Continental Europe, with 10-20% fair value over carrying amount. Continental Europe had a goodwill carrying amount of \$593 million as of the 2019 annual impairment test date. The aggregate goodwill carrying amount of reporting units with fair value over carrying amount between 20-50% was \$2.4 billion and there were no reporting units with fair value over carrying amount in excess of 50% as of the 2019 annual impairment test date. Brands with 10% or less fair value over carrying amount had an aggregate carrying amount after impairment of \$26.4 billion as of the 2019 annual impairment test date and included: *Kraft*, *Philadelphia*, *Velveeta*, *Lunchables*, *Miracle Whip*, *Planters*, *Maxwell House*, *Cool Whip*, and *ABC*. Brands with 10-20% fair value over carrying amount had an aggregate carrying amount of \$3.6 billion as of the 2019 annual impairment test date and included *Oscar Mayer*, *Jet Puffed*, and *Quero*. The aggregate carrying amount of brands with fair value over carrying amount between 20-50% was \$4.2 billion as of the 2019 annual impairment test date. Although the remaining reporting units and brands have more than 50% excess fair value over carrying amount as of the 2019 annual impairment test date, these amounts are also associated with the 2013 Heinz acquisition and the 2015 Merger and are recorded on the balance sheet at their estimated acquisition date fair values. Therefore, if any assumptions, estimates, or market factors change in the future, these amounts are also susceptible to impairments.

There have been no other material changes to the risk factors disclosed in our Annual Report on Form 10-K for the year ended December 29, 2018.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds.

Our share repurchase activity in the three months ended September 28, 2019 was:

	Total Number of Shares Purchased^(a)	Average Price Paid Per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs^(b)	Approximate Dollar Value of Shares that May Yet Be Purchased Under the Plans or Programs
6/30/2019 - 8/3/2019	—	\$ —	—	\$ —
8/4/2019 - 8/31/2019	27,169	28.79	—	—
9/1/2019 - 9/28/2019	83,920	28.91	—	—
Total	111,089		—	

^(a) Includes the following types of share repurchase activity, when they occur: (1) shares repurchased in connection with the exercise of stock options (including periodic repurchases using option exercise proceeds), (2) shares withheld for tax liabilities associated with the vesting of restricted stock units, and (3) shares repurchased related to employee benefit programs (including our annual bonus swap program) or to offset the dilutive effect of equity issuances.

^(b) We do not have any publicly announced share repurchase plans or programs.

Item 6. Exhibits.

Exhibit No.	Descriptions
4.1	<u>Eighth Supplemental Indenture, dated as of September 25, 2019, governing the 3.750% senior notes due 2030, the 4.625% senior notes due 2039 and the 4.875% senior notes due 2049, by and among Kraft Heinz Foods Company, as issuer, The Kraft Heinz Company, as guarantor, and Deutsche Bank Trust Company Americas, as trustee (incorporated by reference to Exhibit 4.1 of the Company's Current Report on Form 8-K (File No. 1-37482), filed on September 25, 2019).</u>
4.2	<u>Form of Note (incorporated by reference to Exhibit 4.2 of the Company's Current Report on Form 8-K (File No. 1-37482), filed on September 25, 2019).</u>
4.3	<u>Registration Rights Agreement, dated as of September 25, 2019, by and among Kraft Heinz Foods Company, a Pennsylvania limited liability company, The Kraft Heinz Company, a Delaware corporation, as guarantor, and BofA Securities, Inc., Citigroup Global Markets Inc. and Wells Fargo Securities, LLC, as representatives of the Initial Purchasers (incorporated by reference to Exhibit 4.3 of the Company's Current Report on Form 8-K (File No. 1-37482), filed on September 25, 2019).</u>
10.1	<u>Waiver and Consent No. 3 to Credit Agreement, dated as of July 29, 2019, to the Credit Agreement dated as of July 6, 2015, by and among The Kraft Heinz Company, Kraft Heinz Foods Company, the Lenders party thereto, JPMorgan Chase Bank, N.A., as Administrative Agent, and J.P. Morgan Europe Limited, as London agent for the Lenders (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K (File No. 1-37482), filed on July 31, 2019).</u>
10.2	<u>Offer of Continued Employment Letter, dated as of September 6, 2019, by and between The Kraft Heinz Company and George Zoghbi.</u>
10.3	<u>Form of Amended and Restated The Kraft Heinz Company 2016 Omnibus Incentive Plan Non-Qualified Stock Option Agreement.</u>
10.4	<u>Form of Amended and Restated The Kraft Heinz Company 2016 Omnibus Incentive Plan Restricted Stock Unit Award Agreement.</u>
10.5	<u>Form of Amended and Restated The Kraft Heinz Company 2016 Omnibus Incentive Plan 2019 Performance Share Award Notice.</u>
31.1	<u>Certification of Chief Executive Officer pursuant to Rule 13a 14(a)/15d 14(a) of the Securities Exchange Act of 1934.</u>
31.2	<u>Certification of Chief Financial Officer pursuant to Rule 13a 14(a)/15d 14(a) of the Securities Exchange Act of 1934.</u>
32.1	<u>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.</u>
32.2	<u>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.</u>
101.1	The following materials from The Kraft Heinz Company's Quarterly Report on Form 10-Q for the period ended September 28, 2019 formatted in iXBRL (Inline 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.
104.1	The cover page from The Kraft Heinz Company's Quarterly Report on Form 10-Q for the quarter ended September 28, 2019, formatted in iXBRL.

SIGNATURES

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: October 31, 2019

By: /s/ Paulo Basilio

Paulo Basilio

Executive Vice President and Chief Financial Officer

(Duly Authorized Officer and Principal Financial Officer)

The Kraft Heinz Company

Date: October 31, 2019

By: /s/ Vince Garlati

Vince Garlati

Vice President, Global Controller

(Principal Accounting Officer)

September 6, 2019

Mr. George Zoghbi:

I am very pleased to confirm your continued employment with the Kraft Heinz Company (“Kraft Heinz” or the “Company”) as Advisor to Kraft Heinz’s Chief Executive Officer, effective July 1, 2019 (“Effective Date”). This letter supersedes the December 16, 2016 Offer Letter and all other understandings or instruments regarding the subject hereof and sets forth the terms and conditions of your current employment relationship with the Company.

Annual Base Salary

As of the Effective Date, you will convert from full-time to part-time employment status, and will be paid a base salary at the rate of \$400,000 USD per annum (“Annual Base Salary”), payable in periodic installments according to the Company’s normal payroll practice. Your Annual Base Salary will be subject to periodic review by the Company.

Equity Incentive

You will be eligible for a one-time discretionary Kraft Heinz stock option award of 200,000 shares to be issued at the end of the current black-out period on the company designated Grant Date or August 15, 2019, whichever occurs later, based on the closing price for Kraft Heinz stock on that date. The terms and conditions of this Award will be outlined in the award agreement that you will receive on or shortly after the Grant Date.

In addition, and subject to your continued service with Kraft Heinz through December 31, 2019, you will remain eligible for 100% of the Restricted Stock Units that you were granted on January 1, 2017, pursuant to the applicable Award Agreement and the Company’s 2016 Omnibus Incentive Plan.

Board of Directors Compensation

You will be eligible for an annual equity grant of Restricted Stock Units with a \$125,000 USD nominal value, to be issued after each Annual Stockholders meeting in each year of your continued service pursuant to this Agreement. You also will be eligible for an annual cash retainer of \$110,000 USD, to be paid quarterly in arrears, deferred quarterly and invested or converted to deferred Kraft Heinz shares annually in arrears, to be determined by the Head of Global Rewards and to be separately confirmed by your election.

Other Benefits

Your offer includes the Company’s comprehensive benefits package available to part-time similarly situated salaried employees (except that you will not participate in the Company’s severance plans or programs). The benefits provided to you hereunder are subject to the specific terms of each plan as set forth in the governing plan documents, as may be amended or terminated from time to time.

Separation from the Company

You will be a U.S. employee of the Company and your employment status will be governed by and shall be construed in accordance with the laws of the United States. As such, your status will be that of an “at will” employee. Your employment with the Company hereunder shall terminate upon the earliest to occur of (i) your death, (ii) an involuntary termination by the Company with or without cause, in either case to be effective immediately upon delivery of reasonable notice to you, (iii) a voluntary resignation by you with or without good reason, upon delivery of reasonable notice to the Company, or (iv) the three-year anniversary of the Effective Date. If the Company involuntarily terminates your employment prior to the three-year anniversary of the Effective Date (July 1, 2022), you will receive a lump sum payment (less applicable deductions) equal to the pay you would have received had you remained employed through the three-year anniversary of the Effective Date. Except as required by law or as otherwise set forth expressly herein, your participation in, and eligibility for participation in, the benefit plans and programs of the Company shall cease as of the effective date of any termination of employment with the Company.

Non-Competition and Non-Solicitation Obligations

By signing below, you acknowledge and agree that the services to be rendered by you to the Company will be of a special character having a unique value to the Company, and that, as a result of your new role and position within the Company, you will be given access to (i) some of the Company's most sensitive and valuable Company Confidential Information, (ii) the Company's business habits, needs, pricing policies, purchasing policies, profit structures, and margins, (iii) the Company's relationship with its customers, their buying habits, special needs, and purchasing policies, (iv) the Company's relationship with its suppliers, licensees, licensors, vendors, consultants, and independent contractors, their pricing habits, and purchasing policies, (v) the Company's pricing policies, purchasing policies, profit structures, and margin needs, (vi) the skills, capabilities and other employment-related information relating to the Company employees, and/or (vii) and other matters of which you would not otherwise know and that is not otherwise readily available.

Therefore, in consideration for the role being offered to you and the salary, benefits and incentives you will receive, each of which you agree is sufficient consideration for your assent to these covenants, by signing below, you agree that, during your employment and for a period of twelve (12) months following the termination of your employment with the Company for any reason, including termination by the Company with or without cause, you will not, either as an employee, employer, consultant, agent, principal, partner, stockholder, corporate officer, director, or in any other individual or representative capacity, directly or indirectly:

- Engage in any business or other activities with any person or entity about which you gained access to confidential information through your performance of services for the Company, or which are in the same line or lines of business as the Company in the consumer packaged food and beverage industry ("Competitive Business") anywhere within North America (the "Restricted Territory").
- Solicit, assist in the solicitation of, or accept any business (other than on behalf of the Company) from any customer about which you had access to confidential information by virtue of your employment with the Company; or disclose to any person, firm, association, corporation or business entity of any kind the names or addresses of any such customer; or directly or indirectly in any way request, suggest or advise any such customer or any suppliers, licensees, licensors, vendors, consultants, and independent contractors with which you had access to confidential information by virtue of your employment with the Company to withdraw or cancel any of their business or refuse to continue to do business with the Company. This paragraph shall apply only where the customer is solicited to purchase a service or product that competes with the services or products offered by the Company.
- Cause, solicit, induce, or encourage any individual who was an employee of the Company at the time of, or within six (6) months prior to, your termination, to terminate or reject their employment with the Company or to seek or accept employment with any other entity, including but not limited to a competitor, supplier, or client of the Company, nor shall you cooperate with any others in doing or attempting to do so. As used herein, the term "solicit, induce, or encourage" 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.

We are excited about your continued role with the Company!

If you have any question regarding this Offer Letter, please do not hesitate to contact me.

Sincerely,

Shirley Weinstein

Shirley Weinstein
Global Head of Rewards

By my signature below I confirm that I understand and agree to the terms and conditions of employment as outlined above.

/s/ George Zoghbi
George Zoghbi

September 8, 2019
Date

**THE KRAFT HEINZ COMPANY
OMNIBUS INCENTIVE PLAN**

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 (as may be amended from time to time, the “**Plan**”).

Subject to your acceptance of this Award Agreement and shareholder approval of the underlying shares at the 2020 annual meeting, you are hereby being granted a Non-Qualified Stock Option (the “**Option**”) as of the Grant Date set forth below (the “**Grant Date**”). In the event the underlying shares are not approved by the shareholders within a year of the Grant Date, this Award Agreement shall automatically terminate. 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: 3-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 subject to your continued Service (including, for the avoidance of doubt, service as a board of director member, consultant or advisor) with the Company or one of its Subsidiaries or Affiliates. 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 or providing Service to 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), your Option shall be vested in the number of Shares as if 33.33% of the Shares subject to the Option vested on each annual anniversary of the Grant Date. If your Service terminates by reason of your death, Retirement or Disability (as defined below) after the first anniversary of the Grant Date of the award, your Option shall be fully vested and exercisable. 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	One year 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 either (a) the later of (i) your 60th birthday and (ii) your completion of five years of Service with the Company, its Subsidiaries or its Affiliates; or (b) the later of (i) your 55th birthday and (ii) your completion of ten 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 Change in Control

The treatment of the Options upon a Change in Control 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 Change in Control 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 exceptional, 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

(a) **Data Collection and Usage.** *The Company collects, processes and uses personal data about you, including but not limited to, your name, home address and telephone number, email address, date of birth, social insurance number, employee identification number, hire date, termination date, gross earnings, tax rate, account identification number for the independent stock plan service provider account, any shares of stock or directorships held in the Company, details of all Options or any other entitlement to shares or equivalent benefits awarded, canceled, exercised, vested, unvested or outstanding in your favor, which the Company receives from you or your employer (“Data”) for the purposes of implementing, administering and managing the Plan. The legal basis, where required, for the processing of Data is the legitimate interests of the Company in administering the Plan, where our interests are not overridden by your data protection rights.*

(b) **Stock Plan Administration Service Providers.** *The Company may transfer Data to one or more independent stock plan service providers, which may assist the Company with the implementation, administration and management of the Plan. Such service provider(s) may open an account for you or ask you to receive and trade shares of common stock. You may be asked to acknowledge, or agree to, separate terms and data processing practices with the service provider(s) with such agreement being a condition of participation in the Plan. Please review these terms and data processing practices carefully. If you do not agree to the independent stock plan service provider’s terms and/or data processing practices, you will not be able to participate in the Plan.*

(c) **International Data Transfers.** *Please note that Data processed in connection with the Plan will be transferred from your country to the United States, where the Company and its service providers are based. Your country or jurisdiction may have different data privacy laws and protections than the United States. The Company will ensure that appropriate measures are in place for compliance with applicable data protection laws in relation to transfer of Data to the United States.*

(d) **Data Retention.** *The Company will use your personal data only as long as necessary to implement, administer and manage your participation in the Plan and as required to comply with legal or regulatory obligations, including under tax and securities laws. When the Company no longer needs your personal data for any of the above purposes, the Company will remove it from its systems.*

(e) **Data Subject Rights.** *You understand that you may have a number of rights under data privacy laws in your jurisdiction. Depending on where you are based, such rights may include the right to (i) request access or copies of personal data processed by the Company, (ii) rectification of incorrect data, (iii) deletion of personal data, (iv) restrictions on processing of personal data, (v) portability of personal data, (vi) lodge complaints with competent data protection authorities in your jurisdiction, and/or (vii) receive a list with the names and addresses of any potential recipients of your personal data. To receive clarification regarding these rights or to exercise these rights, you can contact the Company’s Data Privacy Team at gdpr@kraftheinz.com.*

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.

Repayment/Forfeiture

As an additional condition of receiving the Options and without prejudice to the terms of the Company's Restrictive Covenants Agreement (attached as Exhibit B), you agree that the Options 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 Options 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. Nothing in or about this Award Agreement prohibits you from: (i) filing and, as provided for under Section 21F of the Act, maintaining the confidentiality of a claim with the Commission, (ii) providing the Commission with information that would otherwise violate the non-disclosure restrictions in this Award Agreement, to the extent permitted by Section 21F of the Act; (iii) cooperating, participating or assisting in a Commission investigation or proceeding without notifying the Company; or (iv) receiving a monetary award as set forth in Section 21F of the Act. Furthermore, you are advised that you shall not be held criminally or civilly liable under any federal or state trade secret law for the disclosure of any Confidential Information (as defined in Exhibit B) that constitutes a trade secret to which the Defend Trade Secrets Act (18 U.S.C. Section 1833(b)) applies that is made (i) in confidence to a federal, state or local government official, either directly or indirectly, or to an attorney, in each case, solely for the purpose of reporting or investigating a suspected violation of law; or (ii) in a complaint or other document filed in a lawsuit or proceeding, if such filings are made under seal.

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 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 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).

Pursuant to the U.S. Defend Trade Secrets Act of 2016, Executive shall not be held criminally, or civilly, liable under any Federal or State Trade secret law for the disclosure of a trade secret that is made in confidence either directly or indirectly to a Federal, State, or local government official, or an attorney, for the sole purpose of reporting, or investigating, a violation of law. Moreover, Executive may disclose trade secrets in a complaint, or other document, filed in a lawsuit, or other proceeding, if such filing is made under seal. Finally, if Executive files a lawsuit alleging retaliation by the Company for reporting a suspected violation of the law, Executive may disclose the trade secret to Executive’s attorney and use the trade secret in the court proceeding, if Executive files any document containing the trade secret under seal and does not disclose the trade secret, except pursuant to court order.

No Company policies or practices, including this Non-Disclosure of Confidential Information provision, is intended to or shall limit, prevent, impede or interfere in any way with Executive’s right, without prior notice to the Company, to provide information to the government, participate in investigations, testify in proceedings regarding the Company’s past or future conduct, or engage in any activities protected under whistle blower statutes.

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 twelve (12) 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 2016 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 February 2019. 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, if any, 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 your jurisdiction(s), in which case you may 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.

You may be subject to insider trading restrictions and/or market abuse laws based on the exchange on which the Shares are listed and in applicable jurisdictions including the United States and your country or your broker's country, if

different, which may affect your ability to accept, acquire, sell or otherwise dispose of Shares, rights to Shares or rights linked to the value of Shares under the Plan during such times as you are considered to have "inside information" regarding the Company (as defined by the laws in the applicable jurisdictions). Local insider trading laws and regulations may prohibit the cancellation or amendment of orders you placed before you possessed inside information. Furthermore, you could be prohibited from (a) disclosing the inside information to any third party and (b) "tipping" third parties or causing them otherwise to buy or sell securities (third parties include fellow employees). 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 of 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.

Deferred Taxation.

Subdivision 83A-C of the Income Tax Assessment Act, 1997, applies to Options granted under the Plan, such that the Options are intended to be subject to deferred taxation.

BELGIUM

NOTIFICATIONS

Foreign Assets/Account Reporting Information.

If you are a resident of Belgium, you will be required to report any security (*e.g.*, Shares acquired under the Plan) or bank account (including brokerage accounts) established outside of Belgium on your annual tax return. In a separate report, you will be required to provide the National Bank of Belgium with details regarding such foreign accounts (including the account number, bank name and country in which any such account was opened).

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:**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 specified foreign property (including Shares and Options) on form T1135 (Foreign Income Verification Statement) if the total cost of such specified foreign property exceeds C\$100,000 at any time in the year. The form must be filed by April 30 of the following year. Specified 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 subject to the exchange control regulations or restrictions in the People's Republic of China ("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, 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.

COSTA RICA

There are no country-specific provisions.

EGYPT

NOTIFICATIONS

Exchange Control Information.

If you transfer funds into Egypt in connection with the Options (including proceeds from the sale of Shares or the receipt of any dividends) you are required to transfer the funds through a bank registered in Egypt.

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.

GERMANY**NOTIFICATIONS****Exchange Control Information.**

Cross-border payments in excess of €12,500 must be reported monthly to the German Federal Bank (Bundesbank). The report must be filed electronically using the "General Statistics Reporting Portal" (*Allgemeines Meldeportal Statistik*) available via Bundesbank's website (www.bundesbank.de).

Foreign Assets/Account Reporting Information.

If your acquisition of Shares under the Plan leads to a so-called qualified participation at any point during the calendar year, you will need to report the acquisition when you file your tax return for the relevant year. A qualified participation is attained if (i) the value of the Shares acquired exceeds €150,000 or (ii) in the unlikely event you hold Shares exceeding 10% of the Company's total common stock.

HONG KONG**Sale Restriction.**

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

Any Shares received at exercise of Options are a personal investment. If, for any reason, the Options are exercised and Shares are issued to you within six months of the Grant Date, you agree that you will not offer the Shares to the public in Hong Kong or otherwise dispose of the Shares prior to the six-month anniversary of the Grant Date.

NOTIFICATIONS**Securities Law Information.**

WARNING: The contents of this document have not been reviewed by any regulatory authority in Hong Kong. You are advised to exercise caution in relation to the offer. If you are in any doubt about any of the contents of this document, you should obtain independent professional advice. Neither the grant of the Options nor the issuance of Shares upon exercise of the Options constitutes a public offering of securities under Hong Kong law. The grant is available only to employees of the Company and its Subsidiaries. The Award Agreement, the Plan and other incidental communication materials distributed in connection with the Options (i) have not been prepared in accordance with and are not intended to constitute a "prospectus" for a public offering of securities under the applicable securities legislation in Hong Kong and (ii) are intended only for the personal use of each eligible employee of the Company or its Subsidiaries and may not be distributed to any other person.

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 ninety (90) days after receipt for sale proceeds and 180 days of receipt for dividends or within any other time frame prescribed under applicable Indian exchange control laws as may be amended from time to time). 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.

ireland

There are no country-specific provisions.

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.

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) Data Privacy; and (viii) Governing Law; Jurisdiction; Waiver of Jury Trial.

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.

Italian residents may be subject to tax on the value of financial assets held outside of Italy. The taxable amount will be the fair market value of the financial assets (including Shares) assessed at the end of the calendar year. If you are subject to this foreign financial assets tax, you will need to report the value of your financial assets held abroad in your annual tax return. You are encouraged to consult your personal legal advisor for additional information about the foreign financial assets tax.

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, Options or cash held by you in the report.

KOREA

NOTIFICATIONS

Foreign Assets/Account Reporting Information.

You must declare all of your foreign financial accounts (*i.e.*, non-Korean bank accounts, brokerage accounts, etc.) to the Korean tax authorities and file a report with respect to such accounts if the value of such accounts exceeds KRW 500 million (or an equivalent amount in foreign currency) on any month-end date during the 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

**Attention! This investment falls outside AFM supervision.
No prospectus required for this activity.**



NEW ZEALAND

Notifications

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 Company. Shares give you a stake in the ownership of the Company. You may receive a return if dividends are paid. Shares are quoted on the Nasdaq. This means you may be able to sell them on the Nasdaq if there are interested buyers. You may get less than you invested. The price will depend on the demand for the Shares.

If the Company runs into financial difficulties and is wound up, you will be paid only after all creditors have been paid. You may lose some or all of your investment.

New Zealand law normally requires people who offer financial products to give information to investors before they invest. This information is designed to help investors to make an informed decision. The usual rules do not apply to this offer because it is made under an employee share scheme. As a result, you may not be given all the information usually required. You will also have fewer other legal protections for this investment.

In compliance with applicable New Zealand securities laws, you are entitled to receive, in electronic or other form and free of cost, copies of the Company's latest annual report, relevant financial statements and the auditor's report on said financial statements (if any).

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

POLAND

Notifications

Exchange Control Information.

If you transfer funds in excess of a certain threshold (currently €15,000) into or out of Poland, the funds must be transferred via a Polish bank account or financial institution. You are required to retain the documents connected with a foreign exchange transaction for a period of five (5) years, as measured from the end of the year in which such transaction occurred.

Foreign Assets/Account Reporting Information.

Polish residents holding foreign securities (*e.g.*, Shares) and/or maintaining accounts abroad must report information to the National Bank of Poland on transactions and balances of the securities and cash deposited in such accounts if the value of such securities and cash (when combined with all other assets possessed abroad) exceeds PLN 7 million. If required, the reports must be filed on a quarterly basis on special forms that are available on the website of the National Bank of Poland.

PUERTO RICO

Notifications

Securities Law Information.

The offer of the Plan is subject exclusively to United States securities laws, including the United States Securities Exchange Act of 1934, as amended.

RUSSIA

TERMS AND CONDITIONS

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.

You are responsible for complying with any applicable Russian exchange control regulations and rulings. Because Russian exchange control regulations and rulings change frequently and without notice, you should consult with a legal advisor to ensure compliance applicable to any aspect of your participation in the Plan, including the grant, vesting and exercise of the Options, issuance of any Shares at exercise, receipt of any proceeds from the sale of Shares and/or receipt of any payments in connection with any Dividend Equivalents or dividends.

Foreign Assets/Account Reporting Information.

Russian residents are required to notify Russian tax authorities within one (1) month of opening, closing or changing the details of a foreign account. Russian residents also are required to report (i) the beginning and ending balances in such a foreign bank account each year and (ii) transactions related to such a foreign account during the year to the Russian tax authorities, on or before June 1 of the following year. The tax authorities can require you to provide appropriate supporting documents related to transactions in a foreign bank account.

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.

SPAIN

TERMS AND CONDITIONS

Acknowledgment of Nature of Award.

The following provisions supplement 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 Options, 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 Options 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 Options are granted on the assumption and condition that the Options or the Shares acquired upon exercise 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 Options shall be null and void.

You understand and agree that, unless otherwise provided in the Award Agreement, the vesting and settlement of the Options is expressly conditioned on your continuous Service such that if your employment or rendering of Services terminates for any reason whatsoever, your Options will cease vesting immediately effective as of the date of such termination for any reason including, but not limited to, resignation, 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 your 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 Options granted to you that were unvested on the date of termination, as described in the Award Agreement.

NOTIFICATIONS

Securities Law Information.

The Options and the Shares issued pursuant to the exercise of the Options 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

Exchange Control Information. If you receive funds in connection with the Plan (e.g., dividends, sale proceeds) with a value equal to or greater than US\$50,000, you are required to immediately repatriate such funds to Thailand. Any foreign currency repatriated to Thailand must be converted to Thai Baht or deposited into a foreign currency deposit account opened with any commercial bank in Thailand acting as the authorized agent within 360 days from the date the funds are repatriated to Thailand. You are also required to inform the authorized agent of the details of the foreign currency transaction, including your identification information and the purpose of the transaction.

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 Options) 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 advisor.

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:

Without limitation to the *Taxes* section of the Award Agreement and the General Non-U.S. Terms and Conditions section of this Appendix I, you agree that you are liable for all Tax-Related Items and hereby covenant to pay all such Tax-Related Items as and when requested by the Company or your employer or by Her Majesty's Revenue and Customs ("**HMRC**") (or any other tax authority or any other relevant authority). You also agree to indemnify and keep indemnified the Company and your employer against any Tax-Related Items that they are required to pay or withhold or have paid or will pay on your behalf to HMRC (or any other tax authority or any other relevant authority).

Notwithstanding the foregoing, if you are a director or executive officer (as within the meaning of the Act), the terms of the immediately foregoing provision will not apply. In the event that you are a director or executive officer and income tax due is not collected from or paid by you by within ninety (90) days of the U.K. tax year in which an event giving rise to the indemnification described above occurs, the amount of any uncollected tax may constitute a benefit to you on which additional income tax and national insurance contributions may be payable. You acknowledge that

you ultimately 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 the Employer (as applicable) for the value of any employee national insurance contributions due on this additional benefit, which the Company and/or the Employer may recover from you by any of the means referred to in the *Taxes* section of the Award Agreement and the General Non-U.S. Terms and Conditions section of this Appendix I.

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**

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 (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**"). 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.

Number of RSUs:

Grant Date:

Vesting Date:

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 RESTRICTED STOCK UNITS

Vesting

The RSUs will vest on the "Vesting Date" set forth in this Award Agreement subject to your continued Service (including, for the avoidance of doubt, service as a consultant or advisor) with 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"). 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 prior to the fulfillment of all of the following conditions: (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, (iii) full payment (or satisfactory provision therefor) of any Tax-Related Items (as defined below), (iv) the admission of the Shares to listing on all stock exchanges on which the Shares are then listed, (v) the completion of any registration or other qualification of the Shares under any state or federal law or under rulings or regulations of the Securities and Exchange Commission (the "**Commission**") or other governmental regulatory body, which the Committee shall, in its sole and absolute discretion, deem necessary and advisable, or if the offering of the Shares is not so registered, a determination by the Company that the issuance of the Shares would be exempt from any such registration or qualification requirements, (vi) the obtaining of any approval or other clearance from any state, federal or foreign governmental agency that the Committee shall, in its absolute discretion, determine to be necessary or advisable and (vii) the lapse of any such reasonable period of time following the date the RSUs become payable as the Committee may from time to time establish for reasons of administrative convenience, subject to compliance with Section 409A of the Code.

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, without any consideration due to you.

If your Service terminates by reason of your death, Retirement or Disability (as defined below) after the second anniversary of the Grant Date of the award, your RSUs shall be fully vested and exercisable.

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
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, within the meaning of Section 409A of the Code, 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 Deferred Compensation and 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

All capitalized terms used in this Agreement without definition shall have the meanings ascribed in the Plan. 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.

"**Employment Agreement**" means an individual written employment agreement between you and the Company or any of its Affiliates, including an offer letter.

"**Retirement**" means a termination of Service by you on or after either (a) the later of (i) your 60th birthday and (ii) your completion of five years of Service with the Company, its Subsidiaries or its Affiliates; or (b) the later of (i) your 55th birthday and (ii) your completion of ten 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 Change in Control

The treatment of the RSUs upon a Change in Control 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 Change in Control 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 Change in Control 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.

Taxes

You acknowledge that, regardless of any action the Company or your employer (the “**Employer**”) 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 Act, you may elect the form of withholding in advance of any Tax-Related Items withholding event, and in the absence of your election, the Company shall deduct the number of Shares having

an aggregate value equal to the amount of Tax-Related Items withholding due from the vesting of the RSUs, or the Committee may determine that a particular method be used to satisfy any Tax Related Items withholding.

Further, the Company is authorized to satisfy the withholding for any or all Tax-Related Items arising from the granting, vesting, or payment of the RSUs or sale of Shares issued in settlement of the RSUs, as the case may be, by deducting the number of Shares having an aggregate value equal to the amount of the Tax-Related Items withholding due or otherwise becoming subject to current taxation. If the Company satisfies the Tax-Related Items obligation by withholding a number of Shares as described herein, for tax purposes, you shall be deemed to have been issued the full number of Shares due to you at vesting, notwithstanding that a number of Shares is held back solely for the purpose of such Tax-Related Items withholding.

Furthermore, the Company and/or the Employer are authorized to satisfy the Tax-Related Items withholding arising from the granting, vesting, or payment of this Award, or sale of Shares issued pursuant to the Award, as the case may be, by withholding from the Participant's wages, or other cash compensation paid to you by the Company and/or the Employer.

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 exceptional, 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

(a) **Data Collection and Usage.** *The Company collects, processes and uses personal data about you, including but not limited to, your name, home address and telephone number, email address, date of birth, social insurance number, employee identification number, hire date, termination date, gross earnings, tax rate, account identification number for the independent stock plan service provider account, any shares of stock or directorships held in the Company, details of all RSUs or any other entitlement to shares or equivalent benefits awarded, canceled, exercised, vested, unvested or outstanding in your favor, which the Company receives from you or your employer ("Data") for the purposes of implementing, administering and managing the Plan. The legal basis, where required, for the processing of Data is the legitimate interests of the Company in administering the Plan, where our interests are not overridden by your data protection rights.*

(b) **Stock Plan Administration Service Providers.** *The Company may transfer Data to one or more independent stock plan service providers, which may assist the Company with the implementation, administration and management of the Plan. Such service provider(s) may open an account for you or ask you to receive and trade shares of common stock. You may be asked to acknowledge, or agree to, separate terms and data processing practices with the service provider(s) with such agreement being a condition of participation in the Plan. Please review these terms and data processing practices carefully. If you do not agree to the independent stock plan service provider's terms and/or data processing practices, you will not be able to participate in the Plan.*

(c) **International Data Transfers.** Please note that Data processed in connection with the Plan will be transferred from your country to the United States, where the Company and its service providers are based. Your country or jurisdiction may have different data privacy laws and protections than the United States. The Company will ensure that appropriate measures are in place for compliance with applicable data protection laws in relation to transfer of Data to the United States.

(d) **Data Retention.** The Company will use your personal data only as long as necessary to implement, administer and manage your participation in the Plan and as required to comply with legal or regulatory obligations, including under tax and securities laws. When the Company no longer needs your personal data for any of the above purposes, the Company will remove it from its systems.

(e) **Data Subject Rights.** You understand that you may have a number of rights under data privacy laws in your jurisdiction. Depending on where you are based, such rights may include the right to (i) request access or copies of personal data processed by the Company, (ii) rectification of incorrect data, (iii) deletion of personal data, (iv) restrictions on processing of personal data, (v) portability of personal data, (vi) lodge complaints with competent data protection authorities in your jurisdiction, and/or (vii) receive a list with the names and addresses of any potential recipients of your personal data. To receive clarification regarding these rights or to exercise these rights, you can contact the Company's Data Privacy Team at gdpr@kraftheinz.com.

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. Nothing in or about this Agreement prohibits you from: (i) filing and, as provided for under Section 21F of the Act, maintaining the confidentiality of a claim with the Commission, (ii) providing the Commission with information that would otherwise violate the non-disclosure restrictions in this Agreement, to the extent permitted by Section 21F of the Act; (iii) cooperating, participating or assisting in a Commission investigation or proceeding without notifying the Company; or (iv) receiving a monetary award as set forth in Section 21F of the Act. Furthermore, you are advised that you shall not be held criminally or civilly liable under any federal or state trade secret law for the disclosure of any Confidential Information (as defined in Exhibit B) that constitutes a trade secret to which the Defend Trade Secrets Act (18 U.S.C. Section 1833(b)) applies that is made (i) in confidence to a federal, state or local government official, either directly or indirectly,

or to an attorney, in each case, solely for the purpose of reporting or investigating a suspected violation of law; or (ii) in a complaint or other document filed in a lawsuit or proceeding, if such filings are made under seal.

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).

Pursuant to the U.S. Defend Trade Secrets Act of 2016, Executive shall not be held criminally, or civilly, liable under any Federal or State Trade secret law for the disclosure of a trade secret that is made in confidence either directly or indirectly to a Federal, State, or local government official, or an attorney, for the sole purpose of reporting, or investigating, a violation of law. Moreover, Executive may disclose trade secrets in a complaint, or other document, filed in a lawsuit, or other proceeding, if such filing is made under seal. Finally, if Executive files a lawsuit alleging retaliation by the Company for reporting a suspected violation of the law, Executive may disclose the trade secret to Executive's attorney and use the trade secret in the court proceeding, if Executive files any document containing the trade secret under seal and does not disclose the trade secret, except pursuant to court order.

No Company policies or practices, including this Non-Disclosure of Confidential Information provision, is intended to or shall limit, prevent, impede or interfere in any way with Executive's right, without prior notice to the Company, to provide information to the government, participate in investigations, testify in proceedings regarding the Company's past or future conduct, or engage in any activities protected under whistle blower statutes.

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 twelve (12) 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 2016 OMNIBUS INCENTIVE PLAN

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 2019. 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, if any, 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 your jurisdiction(s), in which case you may 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 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 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.

You may be subject to insider trading restrictions and/or market abuse laws based on the exchange on which the Shares are listed and in applicable jurisdictions including the United States and your country or your broker's country, if different, which may affect your ability to accept, acquire, sell or otherwise dispose of Shares, rights to Shares or rights linked to the value of Shares under the Plan during such times as you are considered to have "inside information" regarding the Company (as defined by the laws in the applicable jurisdictions). Local insider trading laws and regulations may prohibit the cancellation or amendment of orders you placed before you possessed inside information. Furthermore, you could be prohibited from (a) disclosing the inside information to any third party and (b) "tipping" third parties or causing them otherwise to buy or sell securities (third parties include fellow employees). 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 understand and acknowledge that you should 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 acquired 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 for 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 a copy of the Plan (the "**Additional Document**").

The Additional Document provides 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 Document 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 Document.

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.

More information about potential factors that could affect the Company's business and financial results is included in the Company's most recent Annual Report on Form 10-K and the Company's Quarterly Report on Form 10-Q. Copies of these reports are available at <http://www.sec.gov/>, on the Company's "Investor Relations" page at <http://ir.kraftheinzcompany.com/>, and upon request to the Company.

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.

Deferred Taxation.

Subdivision 83A-C of the Income Tax Assessment Act, 1997, applies to RSUs granted under the Plan, such that the RSUs are intended to be subject to deferred taxation.

BELGIUM

NOTIFICATIONS

Foreign Assets/Account Reporting Information.

If you are a resident of Belgium, you will be required to report any security (*e.g.*, Shares acquired under the Plan) or bank account (including brokerage accounts) established outside of Belgium on your annual tax return. In a separate report, you will be required to provide the National Bank of Belgium with details regarding such foreign accounts (including the account number, bank name and country in which any such account was opened).

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 its 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:

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 specified foreign property (including Shares and RSUs) on form T1135 (Foreign Income Verification Statement) if the total cost of such specified foreign property exceeds C\$100,000 at any time in the year. The form must be filed by April 30 of the following year. Specified 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 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 subject to the exchange control regulations or restrictions in the People's Republic of China ("**China**"), as determined by the Company in its sole discretion:

Vesting and Mandatory Sale Restriction.

The following provisions replace the Vesting, Termination and Settlement of Vested RSUs sections of the Award Agreement:

Notwithstanding anything to the contrary in the Award Agreement, due to legal restrictions in China, you agree that the Company may force the sale of any Shares (i) immediately upon vesting, (ii) following the termination of your Service, (iii) following your transfer to another Subsidiary or Affiliate outside of China, or (iv) within any other timeframe the Company determines to be necessary or advisable. You agree that you must maintain any Shares acquired under the Plan in an account at a broker designated by the Company ("**Designated Account**"). All Shares deposited in the Designated Account cannot be transferred out of that Designated Account. Within six (6) months after the termination of your Service for any reason (or such other period as determined by the Company in its sole discretion), you must sell all Shares acquired under the Plan. The Company will direct the automatic sale of any such Shares remaining in the Designated Account at the expiration of this six (6) month period (or such other period as determined by the Company in its sole discretion).

You agree that the Company is authorized to instruct its designated broker to assist with the mandatory sale of such Shares (on your behalf pursuant to this authorization) and you expressly authorize the Company's designated broker to complete the sale of such Shares. You acknowledge that the Company's designated broker is under no obligation to arrange for the sale of the Shares at any particular price. Upon the sale of the Shares, the Company agrees to pay you the cash proceeds from the sale, less any brokerage fees or commissions and subject to any obligation to satisfy Tax-Related Items. You agree that if you sell Shares that you acquire under the Plan, the repatriation requirements described below shall apply.

If you transfer to a Subsidiary or an Affiliate in China or transfer from an Affiliate or Subsidiary in China to another Affiliate outside of China, you may become or remain subject to the requirements set forth in this Appendix I, as determined by the Company in its sole discretion. The Company reserves the right to suspend your participation in the Plan or take such other measures as it deems necessary or advisable to comply with local regulations.

Exchange Control Restriction.

You understand and agree that, due to exchange control laws in China, you will be required to immediately repatriate to China any cash proceeds acquired under the Plan. 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 cash proceeds 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.

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.

GERMANY

NOTIFICATIONS

Exchange Control Information.

Cross-border payments in excess of €12,500 must be reported monthly to the German Federal Bank (Bundesbank). The report must be filed electronically using the "General Statistics Reporting Portal" (*Allgemeines Meldeportal Statistik*) available via Bundesbank's website (www.bundesbank.de).

Foreign Assets/Account Reporting Information.

If your acquisition of Shares under the Plan leads to a so-called qualified participation at any point during the calendar year, you will need to report the acquisition when you file your tax return for the relevant year. A qualified participation is attained if (i) the value of the Shares acquired exceeds €150,000 or (ii) in the unlikely event you hold Shares exceeding 10% of the Company's total common stock.

HONG KONG

TERMS AND CONDITIONS

Settlement.

The following supplements the *Settlement of Vested RSUs* section of the Terms and Conditions section of the Award Agreement including this Appendix I:

Any Shares received at settlement of RSUs are a personal investment. If, for any reason, the RSUs vest and become non-forfeitable and Shares are issued to you within six months of the date of grant, you agree that you will not offer the Shares to the public in Hong Kong or otherwise dispose of the Shares prior to the six-month anniversary of the date of grant.

NOTIFICATIONS

Securities Law Information.

WARNING: The contents of this document have not been reviewed by any regulatory authority in Hong Kong. You are advised to exercise caution in relation to the offer. If you are in any doubt about any of the contents of this document, you should obtain independent professional advice. Neither the grant of the RSUs nor the issuance of Shares upon vesting of the RSUs constitutes a public offering of securities under Hong Kong law. The grant is available only to employees of the Company and its Subsidiaries. The Agreement, the Plan and other incidental communication materials distributed in connection with the RSUs (i) have not been prepared in accordance with and are not intended to constitute a "prospectus" for a public offering of securities under the applicable securities legislation in Hong Kong and (ii) are intended only for the personal use of each eligible employee of the Company or its Subsidiaries and may not be distributed to any other person.

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 or within any other time frame prescribed under applicable Indian exchange control laws as may be amended from time to time). 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

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) Taxes; (v) No Guarantee of Continued Service; (vi) Acknowledgment of Nature of Award; (vii) Data Privacy; and (viii) Governing Law; Jurisdiction; Waiver of Jury Trial.

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.

Italian residents may be subject to tax on the value of financial assets held outside of Italy. The taxable amount will be the fair market value of the financial assets, including Shares assessed at the end of the calendar year. If you are subject to this foreign financial assets tax, you will need to report the value of your financial assets held abroad in your annual tax return. You are encouraged to consult your personal legal advisor for additional information about the foreign financial assets tax.

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.

KOREA

NOTIFICATIONS

Foreign Assets/Account Reporting Information.

You must declare all of your foreign financial accounts (*i.e.*, non-Korean bank accounts, brokerage accounts, etc.) to the Korean tax authorities and file a report with respect to such accounts if the value of such accounts exceeds KRW 500 million (or an equivalent amount in foreign currency) on any month-end date during the 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 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

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.

El Otorgamiento 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 discontinuarlo 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 y 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 completamente comercial y su único patrón es Delimex de Mexico, S.A. de C.V., ubicado en Monte Pelvoux #220, Piso 6, Col. Lomas de Chapultepec, Delegación Miquel Hidalgo C.P. 11000 México, 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.

Adicionalmente, 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 claramente 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 las 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

**Attention! This investment falls outside AFM supervision.
No prospectus required for this activity.**



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 Company. Shares give you a stake in the ownership of the Company. You may receive a return if dividends are paid. Shares are quoted on the Nasdaq. This means you may be able to sell them on the Nasdaq if there are interested buyers. You may get less than you invested. The price will depend on the demand for the Shares.

If the Company runs into financial difficulties and is wound up, you will be paid only after all creditors have been paid. You may lose some or all of your investment.

New Zealand law normally requires people who offer financial products to give information to investors before they invest. This information is designed to help investors to make an informed decision. The usual rules do not apply to this offer because it is made under an employee share scheme. As a result, you may not be given all the information usually required. You will also have fewer other legal protections for this investment.

In compliance with applicable New Zealand securities laws, you are entitled to receive, in electronic or other form and free of cost, copies of the Company's latest annual report, relevant financial statements and the auditor's report on said financial statements (if any).

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

POLAND

Notifications

Exchange Control Information.

If you transfer funds in excess of a certain threshold (currently €15,000) into or out of Poland, the funds must be transferred via a Polish bank account or financial institution. You are required to retain the documents connected with a foreign exchange transaction for a period of five (5) years, as measured from the end of the year in which such transaction occurred.

Foreign Assets/Account Reporting Information.

Polish residents holding foreign securities (e.g., Shares) and/or maintaining accounts abroad must report information to the National Bank of Poland on transactions and balances of the securities and cash deposited in such accounts if the value of such securities and cash (when combined with all other assets possessed abroad) exceeds PLN 7 million. If required, the reports must be filed on a quarterly basis on special forms that are available on the website of the National Bank of Poland.

PUERTO RICO

Notifications

Securities Law Information.

The offer of the Plan is subject exclusively to United States securities laws, including the United States Securities Exchange Act of 1934, as amended.

RUSSIA

TERMS AND CONDITIONS

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.

You are responsible for complying with any applicable Russian exchange control regulations and rulings. Because Russian exchange control regulations and rulings change frequently and without notice, you should consult with a legal advisor to ensure compliance applicable to any aspect of your participation in the Plan, including the grant and vesting of the RSUs, issuance of any Shares at vesting, receipt of any proceeds from the sale of Shares and/or receipt of any payments in connection with any Dividend Equivalents or dividends.

Foreign Assets/Account Reporting Information.

Russian residents are required to notify Russian tax authorities within one (1) month of opening, closing or changing the details of a foreign account. Russian residents also are required to report (i) the beginning and ending balances in such a foreign bank account each year and (ii) transactions related to such a foreign account during the year to the Russian tax authorities, on or before June 1 of the following year. The tax authorities can require you to provide appropriate supporting documents related to transactions in a foreign bank account.

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.

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 your 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.

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 advisor.

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:

Without limitation to the *Taxes* section of the Award Agreement and the General Non-U.S. Terms and Conditions section of this Appendix I, you agree that you are liable for all Tax-Related Items and hereby covenant to pay all such Tax-Related Items as and when requested by the Company or your employer or by Her Majesty's Revenue and Customs ("**HMRC**") (or any other tax authority or any other relevant authority). You also agree to indemnify and keep indemnified the Company and your employer against any Tax-Related Items that they are required to pay or withhold or have paid or will pay on your behalf to HMRC (or any other tax authority or any other relevant authority).

Notwithstanding the foregoing, if you are a director or executive officer (as within the meaning of the Act), the terms of the immediately foregoing provision will not apply. In the event that you are a director or executive officer and income tax due is not collected from or paid by you by within ninety (90) days of the U.K. tax year in which an event giving rise to the indemnification described above occurs, the amount of any uncollected tax may constitute a benefit to you on which additional income tax and national insurance contributions may be payable. You acknowledge that you ultimately 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 the Employer (as applicable) for the value of any employee national insurance contributions due on this additional benefit, which the Company and/or the Employer may recover from you by any of the means referred to in the *Taxes* section of the Award Agreement and the General Non-U.S. Terms and Conditions section of this Appendix I.

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.

THE KRAFT HEINZ COMPANY

OMNIBUS INCENTIVE PLAN

FORM OF PERFORMANCE SHARE AWARD NOTICE

Unless defined in this award notice (together with all exhibits and appendices attached thereto, this “**Award Notice**”), capitalized terms will have the same meanings ascribed to them in The Kraft Heinz Company Performance Share Award Agreement, which is included as Exhibit A (the “**Award Agreement**” or “**Agreement**”) and The Kraft Heinz Company 2016 Omnibus Incentive Plan (the “Omnibus Plan”), as may be amended from time to time (the “**Plan**”).

Subject to your acceptance of this Award Notice, you are hereby being granted an award of Performance Share Units (the “**PSUs**”) as of the Grant Date set forth below (the “**Grant Date**”). Each PSU 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 Omnibus Plan, which are incorporated herein by reference. In the event of a conflict between the provisions of the Omnibus Plan and this Award Notice, the provisions of the Omnibus Plan will govern.

Number of PSUs:

Grant Date:

Vesting Date:

Performance Period:

Performance Target/Payout:

Effect of a Termination of Service on Vesting:

Dividends:

Acknowledgments

By signing this Award Notice, you agree that the PSUs are granted under and governed by the terms and conditions of this Award Notice (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 Omnibus Plan.

EXHIBIT A

THE KRAFT HEINZ COMPANY

PERFORMANCE SHARE AWARD AGREEMENT

1. Grant of Performance Share Award.

(a) Performance Share Award. In consideration of your agreement to provide services to The Kraft Heinz Company, a corporation organized under the laws of Delaware (the “**Company**”), or any of its Affiliates, and, as applicable, in consideration for your agreement to the non-competition and non-solicitation covenants provided in the attached Exhibit B, and for other good and valuable consideration, the Company hereby grants as of the date set forth in the Performance Share Award Notice (referred to as the “**Notice**”) to you a Performance Share Award in the form of Performance Share Units (the “**PSUs**”) with respect to the Performance Period set forth in the Notice, subject to the terms and provisions of the Notice, this Performance Share Award Agreement, including any appendices (this “**Agreement**”), and the Company’s 2016 Omnibus Incentive Plan, as amended from time to time (the “**Omnibus Plan**”). Unless and until the Performance Share Award becomes payable in the manner set forth in Section 3 hereof, you shall have no right to payment of the Performance Share Award. Prior to payment of the Performance Share Award, the Performance Share Award shall represent an unsecured obligation of the Company, payable (if at all) from the general assets of the Company.

(b) Omnibus Plan.

(i) Incorporation of Terms and Conditions. The Performance Share Award and this Agreement are subject to the terms and conditions of the Omnibus Plan, which are incorporated herein by reference. In the event of any inconsistency between the Omnibus Plan and this Agreement, the terms of the Omnibus Plan shall control.

(ii) Performance Targets. The Committee, in its sole discretion, shall have the authority to determine, establish and adjust Performance Periods, establish the applicable Performance Targets, adjust the applicable Performance Targets and certify the attainment of Performance Targets.

2. Definitions. All capitalized terms used in this Agreement without definition shall have the meanings ascribed in the Omnibus Plan and the Notice. The following terms shall have the meanings specified below, unless the context clearly indicates otherwise. The singular pronoun shall include the plural where the context so indicates.

(a) “**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 shall control for purposes of this Agreement.

(b) “**Employment Agreement**” means an individual written employment agreement between you and the Company or any of its Affiliates, including an offer letter.

- (c) **“Performance Share Award Share Payout”** means an amount equal to the Payout or other calculation included in the Notice or Employment Agreement.
- (d) **“Performance Share Award Target”** shall mean the target number of Shares subject to this Performance Share Award set forth in the Notice or Employment Agreement.
- (e) **“Retirement”** means a termination of Service by you on or after either (a) the later of (i) your 60th birthday and (ii) your completion of five years of Service with the Company, its Subsidiaries or its Affiliates or (b) the later of (i) your 55th birthday and (ii) your completion of ten years of Service with the Company, its Subsidiaries or its Affiliates.
- (f) **“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 Omnibus 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.

3. Payment.

- (a) Form and Time of Payment.
 - (i) Vesting. The Performance Share Award will vest on the “Vesting Date” set forth in the Notice subject to your continued Service with the Company or one of its Subsidiaries, except as otherwise set forth in the Omnibus Plan or this Agreement. Prior to the vesting and settlement of the Performance Share Award, you will not have any rights of a shareholder with respect to the Performance Share Award or the Shares subject thereto. No Shares will be delivered pursuant to the vesting of the Performance Share Award unless (i) you have complied with your obligations under this Agreement and the Omnibus Plan and (ii) the vesting of the Performance Share Award and the delivery of such Shares complies with applicable law. 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 Performance Share Award.
 - (ii) Performance Share Award Payment. Subject to the terms of the Omnibus Plan and this Agreement, any Performance Share Award that becomes payable shall be made in whole Shares, which shall be issued in book-entry form, registered in your name. In the event the Performance Share Award Share Payout is to be made in Shares results in less than a whole number of Shares, the Performance Share Award Share Payout shall be rounded up or down to the next whole Share (no fractional Shares shall be issued in payment of a Performance Share Award). Any Shares issued in respect of a Performance Share Award Share Payout shall be issued pursuant to the terms and conditions of the Omnibus Plan and shall reduce the number of Shares available for issuance thereunder.
 - (iii) Dividends. Any cash dividend the Board declares with respect to the Shares during the Performance Period shall be treated in accordance with the Notice.
 - (iv) Payment Timing. Except as otherwise provided in Section 21 hereof or in the Notice, as applicable, (A) the Performance Share Award payment shall be made as soon as practicable following the Vesting Date, but in any event no later than March 15 of the taxable year following such date and (B) a

Performance Share Award that becomes payable due to a termination due to your Retirement, death or Disability, shall be paid no later than 60 days after the Vesting Date.

- (v) Payout Upon Termination. The Notice shall set forth the effect of termination upon the Performance Share Award. 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 the Notice 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 Agreement and the Omnibus 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).

- (b) Conditions to Payment of Performance Share Award. Notwithstanding any other provision of this Agreement:

- (i) The Performance Share Award shall not become payable to you or your legal representative unless and until you or your legal representative shall have satisfied all applicable withholding obligations for Tax-Related Items (as defined in Section 5 below), if any, in accordance with Section 5 hereof.
- (ii) The Company shall not be required to issue or deliver any Shares in payment of the Performance Share Award prior to the fulfillment of all of the following conditions: (A) the admission of the Shares to listing on all stock exchanges on which the Shares are then listed, (B) the completion of any registration or other qualification of the Shares under any state or federal law or under rulings or regulations of the U.S. Securities and Exchange Commission (the “**Commission**”) or other governmental regulatory body, which the Committee shall, in its sole and absolute discretion, deem necessary and advisable, or if the offering of the Shares is not so registered, a determination by the Company that the issuance of the Shares would be exempt from any such registration or qualification requirements, (C) the obtaining of any approval or other clearance from any state, federal or foreign governmental agency that the Committee shall, in its absolute discretion, determine to be necessary or advisable and (D) the lapse of any such reasonable period of time following the date the Performance Share Award becomes payable as the Committee may from time to time establish for reasons of administrative convenience, subject to compliance with Section 409A of the Code.

- (c) Committee Discretion. Anything to the contrary in this Section 3 notwithstanding, the Committee may, in its sole discretion, provide for full or partial payment of the Performance Share Award upon termination of your active employment for any reason prior to the completion of a Performance Period to which a Performance Share Award relates; provided that the Committee shall not exercise such discretion if doing so would cause other Performance Share Awards that are intended to qualify as Qualified Performance-Based Compensation not to qualify.

- 4. Withholding Taxes. Regardless of any action the Company or, if different, your employer (the “**Employer**”) takes with respect to any or all income tax, social insurance, payroll tax, payment on account or other tax-related items related to your participation in the Omnibus Plan and legally applicable to you (“**Tax-Related Items**”), you acknowledge that the ultimate liability for all Tax-Related Items legally due by you is and remains your responsibility and may exceed the amount, if any, actually withheld by the Company or the Employer. Furthermore, you acknowledge that the Company and/or the Employer (a) make no representations or undertakings regarding the treatment of any Tax-Related Items in connection with any aspect of the Performance Share Award, including, but not limited to, the grant, vesting, or payment

of this Performance Share Award or the subsequent sale of Shares issued in payment of the Performance Share Award; and (b) do not commit to and are under no obligation to structure the terms of the grant of the Performance Share Award or any aspect of your participation in the Omnibus Plan to reduce or eliminate your liability for Tax-Related Items or achieve any particular tax result. If you are or become subject to Tax-Related Items in more than one jurisdiction, you acknowledge that the Company and/or the Employer (or former employer, as applicable) may be required to withhold or account for (including report) Tax-Related Items in more than one jurisdiction.

The Company is authorized to satisfy the withholding for any or all Tax-Related Items arising from the granting, vesting, or payment of the Performance Share Award or sale of Shares issued pursuant to the Performance Share Award, as the case may be, by deducting the number of Shares having an aggregate value equal to the amount of Tax-Related Items withholding due from a Performance Share Award Share Payout or otherwise becoming subject to current taxation. If the Company satisfies the Tax-Related Items obligation by withholding a number of Shares as described herein, for tax purposes, you shall be deemed to have been issued the full number of Shares due to you at vesting, notwithstanding that a number of Shares is held back solely for the purpose of such Tax-Related Items withholding.

The Company is also authorized to satisfy the actual Tax-Related Items withholding arising from the granting, vesting or payment of this Performance Share Award, the sale of Shares issued pursuant to the Performance Share Award or hypothetical withholding tax amounts if you are covered under a Company tax equalization policy, as the case may be, by the remittance of the required amounts from any proceeds realized upon the open-market sale of the Shares received in payment of the vested Performance Share Award by you. Such open-market sale is on your behalf and at your direction pursuant to this authorization.

Furthermore, the Company and/or the Employer are authorized to satisfy the Tax-Related Items withholding arising from the granting, vesting, or payment of this Performance Share Award, or sale of Shares issued pursuant to the Performance Share Award, as the case may be, by withholding from your wages, or other cash compensation paid to you by the Company and/or the Employer.

If you are subject to the short-swing profit rules of Section 16(b) of the Act, the Participant may elect the form of withholding in advance of any Tax-Related Items withholding event, and in the absence of the Participant's election, the Company shall deduct the number of Shares having an aggregate value equal to the amount of Tax-Related Items withholding due from the Performance Share Award Share Payout, or the Committee may determine that a particular method be used to satisfy any Tax Related Items withholding.

Shares deducted from the payment of this Performance Share Award in satisfaction of Tax-Related Items withholding shall be valued at the Fair Market Value of the Shares received in payment of the vested Performance Share Award on the date as of which the amount giving rise to the withholding requirement first became includible in your gross income under applicable tax laws. The Company may refuse to issue or deliver the Shares if you fail to comply with your Tax-Related Items obligations. 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 your jurisdiction(s).

You shall pay to the Company or the Employer any amount of Tax-Related Items that the Company or the Employer may be required to withhold that cannot be satisfied by the means previously described. If you are covered by a Company tax equalization policy, you also agree to pay to the Company any additional hypothetical tax obligation calculated and paid under the terms and conditions of such tax equalization policy.

5. Nature of Grant. By participating in the Omnibus Plan and in exchange for receiving the Performance Share Award, you acknowledge, understand and agree that:

- (a) the Omnibus Plan is established voluntarily by the Company, it is discretionary in nature and it may be modified, amended, suspended or terminated by the Company at any time, unless otherwise provided in the Omnibus Plan;
- (b) the grant of the Performance Share Award is exceptional, voluntary and occasional and does not create any contractual or other right to receive future grants of Performance Share Awards, or benefits in lieu of Performance Share Awards, even if Performance Share Awards have been granted in the past;
- (c) all decisions with respect to future Performance Share Award grants, if any, shall be at the sole discretion of the Board of Directors of the Company or the Committee;
- (d) the Participant is voluntarily participating in the Omnibus Plan;
- (e) the Performance Share Award and any Shares subject to the Performance Share Award are not part of or included in any calculation of severance, resignation, termination, redundancy, dismissal, end of service payments, bonuses, long-service awards, pension, retirement or welfare benefits or similar payments and in no event should be considered as compensation for, or relating in any way to, past services for the Company, the Employer, or any Affiliate;
- (f) the Performance Share Award grant shall not be interpreted to form or amend an employment or service contract or relationship with the Company or any Affiliate;
- (g) the future value of the underlying Shares is unknown, indeterminable and cannot be predicted with certainty;
- (h) the Performance Share Award and the benefits evidenced by this Agreement do not create any entitlement, not otherwise specifically determined by the Company in its discretion, to have the Performance Share Award or any such benefits transferred to, or assumed by, another company, or to be exchanged, cashed out or substituted for, in connection with any corporate transaction affecting the Shares; and

If you reside outside the U.S., the following additional provisions shall apply:

- (i) the Performance Share Award and the Shares subject to the Performance Share Award, and the income from and value of same, are not intended to replace any pension rights or compensation;
- (j) the Performance Share Award and the Shares subject to the Performance Share Award are extraordinary items that do not constitute compensation of any kind for services of any kind rendered to the Company or the Employer, and are outside the scope of your employment or service contract, if any;
- (k) the Performance Share Award and the Shares subject to the Performance Share Award are not part of normal compensation or salary from the Employer and in no event should be considered as compensation for, or relating in any way to, past services for the Company, the Employer or any Affiliate of the Company;
- (l) no claim or entitlement to compensation or damages shall arise from forfeiture of the Performance Share Award resulting from failure to reach Performance Goals or termination of your employment by the Company or the Employer (for any reason whatsoever and whether or not in breach of any employment laws in the country where you reside or later found to be invalid), and in consideration of the grant of the Performance Share Award to

which you are otherwise not entitled, you irrevocably agree never to institute any claim against the Company or the Employer, waive your ability, if any, to bring any such claim, and release the Company and the Employer from any such claim; if, notwithstanding the foregoing, any such claim is allowed by a court of competent jurisdiction, then, by participating in the Omnibus 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 claims; and

- (m) neither the Company, the Employer 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 Performance Share Award, any Shares paid to you or any proceeds resulting from your sale of such Shares.

6. Data Privacy.

- (a) **Data Collection and Usage.** *The Company collects, processes and uses personal data about you, including but not limited to, your name, home address and telephone number, email address, date of birth, social insurance number, employee identification number, hire date, termination date, gross earnings, tax rate, account identification number for the independent stock plan service provider account, any shares of stock or directorships held in the Company, details of all PSUs or any other entitlement to shares or equivalent benefits awarded, canceled, exercised, vested, unvested or outstanding in your favor, which the Company receives from you or your employer (“Data”) for the purposes of implementing, administering and managing the Plan. The legal basis, where required, for the processing of Data is the legitimate interests of the Company in administering the Plan, where our interests are not overridden by your data protection rights.*
- (b) **Stock Plan Administration Service Providers.** *The Company may transfer Data to one or more independent stock plan service providers, which may assist the Company with the implementation, administration and management of the Plan. Such service provider(s) may open an account for you or ask you to receive and trade shares of common stock. You may be asked to acknowledge, or agree to, separate terms and data processing practices with the service provider(s) with such agreement being a condition of participation in the Plan. Please review these terms and data processing practices carefully. If you do not agree to the independent stock plan service provider’s terms and/or data processing practices, you will not be able to participate in the Plan.*
- (c) **International Data Transfers.** *Please note that Data processed in connection with the Plan will be transferred from your country to the United States, where the Company and its service providers are based. Your country or jurisdiction may have different data privacy laws and protections than the United States. The Company will ensure that appropriate measures are in place for compliance with applicable data protection laws in relation to transfer of Data to the United States.*
- (d) **Data Retention.** *The Company will use your personal data only as long as necessary to implement, administer and manage your participation in the Plan and as required to comply with legal or regulatory obligations, including under tax and securities laws. When the Company no longer needs your personal data for any of the above purposes, the Company will remove it from its systems.*
- (e) **Data Subject Rights.** *You understand that you may have a number of rights under data privacy laws in your jurisdiction. Depending on where you are based, such rights may include the right to (i) request access or copies of personal data processed by the Company, (ii) rectification of incorrect data, (iii) deletion of personal data, (iv) restrictions on processing of personal data, (v) portability of personal data, (vi) lodge complaints with competent data protection authorities in your jurisdiction, and/or (vii) receive a list with the names and addresses of any potential recipients of your personal data. To receive clarification regarding these rights or to exercise these rights, you can contact the Company’s Data Privacy Team at gdp@kraftheinz.com.*

7. Nontransferability of Performance Share Award. The Performance Share Award or the interests or rights therein may not be transferred in any manner other than by will or by the laws of descent and distribution, and may not be assigned, hypothecated or otherwise pledged and shall not be subject to execution, attachment or similar process. Upon any attempt to effect any such disposition, or upon the levy of any such process, in violation of the provisions herein, the Performance Share Award shall immediately become null and void and any rights to receive a payment under the Performance Share Award shall be forfeited.

8. Rights as Shareholder. Neither you nor any person claiming under or through you shall have any of the rights or privileges of a shareholder of the Company in respect of any Shares issuable hereunder unless and until certificates representing

such Shares (which may be in uncertificated form) will have been issued and recorded on the books and records of the Company or its transfer agents or registrars, and delivered to you (including through electronic delivery to a brokerage account). After such issuance, recordation and delivery, you shall have all the rights of a shareholder of the Company, including with respect to the right to vote the Shares and the right to receive any cash or Share dividends or other distributions paid to or made with respect to the Shares.

9. Repayment/Forfeiture. The Award shall be canceled and forfeited, if, 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, you (i) violate a non-competition, non-solicitation or non-disclosure covenant or agreement, (ii) otherwise engage 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. In addition, any payments or benefits you may receive hereunder shall be subject to repayment or forfeiture as may be required to comply with the requirements under the Securities Act, the Act, rules promulgated by the Commission or any other applicable law, including the requirements of the Dodd-Frank Wall Street Reform and Consumer Protection Act, or any securities exchange on which the Shares are listed or traded, as may be in effect from time to time as well as any policy relating to the repayment or forfeiture of compensation that the Company may adopt from time-to-time. Further, if you receive any amount in excess of what you should have received under the terms of the Performance Share Award 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. Nothing in or about this Agreement prohibits you from: (i) filing and, as provided for under Section 21F of the Act, maintaining the confidentiality of a claim with the Commission, (ii) providing the Commission with information that would otherwise violate the non-disclosure restrictions in this Agreement, to the extent permitted by Section 21F of the Act; (iii) cooperating, participating or assisting in a Commission investigation or proceeding without notifying the Company; or (iv) receiving a monetary award as set forth in Section 21F of the Act. Furthermore, you are advised that you shall not be held criminally or civilly liable under any federal or state trade secret law for the disclosure of any Confidential Information (as defined in Exhibit B) that constitutes a trade secret to which the Defend Trade Secrets Act (18 U.S.C. Section 1833(b)) applies that is made (i) in confidence to a federal, state or local government official, either directly or indirectly, or to an attorney, in each case, solely for the purpose of reporting or investigating a suspected violation of law; or (ii) in a complaint or other document filed in a lawsuit or proceeding, if such filings are made under seal.
10. Restrictions on Resale. You hereby agree not to sell any Shares issued in payment of the Performance Share Award at a time when applicable laws or Company policies prohibit a sale. This restriction shall apply as long as your employment continues and for such period of time after the termination of your employment as the Company may specify.
11. Language. If you have received this Agreement or any other document related to the Omnibus 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.
12. Effect of a Change in Control. The treatment of a Performance Share Award upon a Change in Control shall be governed by the Omnibus Plan, provided, however, that to the extent that the Performance Share Award constitute Deferred Compensation, settlement of any portion of the Performance Share Award that may vest in connection with a Change in Control will occur within sixty (60) days following the Vesting Date. In the event that there is a conflict between the terms of this Agreement regarding the effect of a Change in Control on the Performance Share Award and the terms of any Employment Agreement, the terms of this Agreement will govern.

13. Securities Laws and Clawback. By accepting a Performance Share Award, 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 Performance Share Award. You agree to comply with such securities law requirements and Company policies, as such laws and policies are amended from time to time. You also acknowledge that the Performance Share Award may be forfeited if you engage 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 to the extent that you otherwise violate any policy adopted by the Company relating to the recovery of compensation granted, paid, delivered, awarded or otherwise provided to you by the Company 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.
14. Adjustments. The Performance Goals, as well as the manner in which the Performance Share Award payment is calculated is subject to adjustment in the Committee's sole discretion in accordance with Section 10(b) of the Omnibus Plan and the Notice. You shall be notified of such adjustment and such adjustment shall be binding upon the Company and you.
15. NO GUARANTEE OF CONTINUED EMPLOYMENT. YOU HEREBY ACKNOWLEDGE AND AGREE THAT THE VESTING OF THE PERFORMANCE SHARE AWARD PURSUANT TO THE PROVISIONS OF THIS AGREEMENT IS EARNED ONLY IF THE PERFORMANCE GOALS ARE ATTAINED AND THE OTHER TERMS AND CONDITIONS SET FORTH HEREIN ARE SATISFIED AND BY YOUR CONTINUED EMPLOYMENT (SUBJECT TO THE PROVISIONS OF SECTION 3(b) HEREOF) AT THE WILL OF THE COMPANY OR AN AFFILIATE (AND NOT THROUGH THE ACT OF BEING EMPLOYED BY THE COMPANY OR AN AFFILIATE, BEING GRANTED A PERFORMANCE SHARE AWARD, OR RECEIVING SHARES HEREUNDER). YOU FURTHER ACKNOWLEDGE AND AGREE THAT THIS AGREEMENT, THE TRANSACTIONS CONTEMPLATED HEREUNDER AND THE RIGHT TO EARN A PAYMENT UNDER THE PERFORMANCE SHARE AWARD SET FORTH HEREIN DO NOT CONSTITUTE AN EXPRESS OR IMPLIED PROMISE OF CONTINUED EMPLOYMENT DURING THE PERFORMANCE PERIOD, FOR ANY PERIOD, OR AT ALL, AND SHALL NOT INTERFERE WITH YOUR RIGHT OR THE RIGHT OF THE COMPANY OR AN AFFILIATE TO TERMINATE YOUR EMPLOYMENT AT ANY TIME, WITH OR WITHOUT CAUSE, AND IN ACCORDANCE WITH APPLICABLE EMPLOYMENT LAWS OF THE COUNTRY WHERE YOU RESIDE.
16. Entire Agreement: Governing Law. The Notice, the Omnibus Plan and this Agreement, including any appendices, constitute the entire agreement of the parties with respect to the subject matter hereof and supersede in their entirety all prior undertakings and agreements of the Company and you with respect to the subject matter hereof, and may not be modified adversely to your interest except as provided in the Notice, the Omnibus Plan or this Agreement or by means of a writing signed by the Company and you. Nothing in the Notice, the Omnibus Plan and this Agreement (except as expressly provided therein) is intended to confer any rights or remedies on any persons other than the parties. The Notice, the Omnibus Plan and this Agreement are to be construed in accordance with and governed by the substantive laws of Delaware, U.S.A., without giving effect to any choice of law rule that would cause the application of the laws of any jurisdiction other than the substantive laws of Delaware to the rights and duties of the parties. Unless otherwise provided in the Notice, the Omnibus Plan or this Agreement, you are deemed to submit to the exclusive jurisdiction of Delaware, U.S.A., and agree that such litigation shall be conducted in the courts of Wilmington County, Delaware, or the federal courts for the United States for the Eastern District of Delaware, where this grant is made and/or to be performed.

17. Conformity to Securities Laws. You acknowledge that the Notice, the Omnibus Plan and this Agreement are intended to conform to the extent necessary with all provisions of the Securities Act and the Act, and any and all regulations and rules promulgated thereunder by the Commission, including, without limitation, Rule 16b-3. Notwithstanding anything herein to the contrary, the Notice, the Omnibus Plan and this Agreement shall be administered, and the Performance Share Award is granted, only in such a manner as to conform to such laws, rules and regulations. To the extent permitted by applicable law, the Notice, the Omnibus Plan and this Agreement shall be deemed amended to the extent necessary to conform to such laws, rules and regulations.
18. Administration and Interpretation. The Performance Share Award, the vesting of the Performance Share Award and any payment of the Performance Share Award are subject to, and shall be administered in accordance with, the provisions of this Agreement, as the same may be amended from time to time. Any question or dispute regarding the administration or interpretation of the Notice, the Omnibus Plan and this Agreement shall be submitted by you or by the Company to the Committee. The resolution of such question or dispute by the Committee shall be final and binding on all persons.
19. Headings. The captions used in the Notice and this Agreement are inserted for convenience and shall not be deemed a part of the Performance Share Award for construction or interpretation.
20. Notices. Any notice required or permitted hereunder shall be given in writing and shall be deemed effectively given upon personal delivery, upon deposit for delivery by an internationally recognized express mail courier service or upon deposit in the United States mail by certified mail (if the parties are within the United States), with postage and fees prepaid, addressed to the other party at its address as shown in these instruments, or to such other address as such party may designate in writing from time to time to the other part.
21. Successors and Assigns. The Company may assign any of its rights under this Agreement to single or multiple assignees, and this Agreement shall inure to the benefit of the successors and assigns of the Company. Subject to the restrictions on transfer herein set forth, this Agreement shall be binding upon you and your heirs, executors, administrators, successors and assign.
22. Severability. Whenever feasible, each provision of the Notice, this Agreement, and the Omnibus Plan shall be interpreted in such manner as to be effective and valid under applicable law, but if any provision in the Notice, Omnibus Plan or this Agreement is held to be prohibited by or invalid under applicable law, such provision shall be ineffective only to the extent of such prohibition or invalidity, without invalidating the remainder of the Notice, the Omnibus Plan or this Agreement.
23. Waiver. You acknowledge that a waiver by the Company for breach of any provision of the 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 Agreement.
24. Code Section 409A. This Performance Share Award is intended to be exempt from or to comply with Section 409A of the Code and shall be interpreted, operated and administered in a manner consistent with such intent. To the extent this Agreement provides for the Performance Share Award to become vested and be settled upon your termination of employment, the applicable Shares shall be transferred to you or your beneficiary upon your "separation from service," within the meaning of Section 409A of the Code; provided that if you are a "specified employee," within the meaning of Section 409A of the Code, then to the extent the Performance Share Award constitutes nonqualified deferred compensation, within the meaning of Section 409A of the Code, such Shares shall be transferred to you or your beneficiary upon the earlier to occur of (i) the six-month anniversary of such separation from service and (ii) the date of your death.
- This Agreement may be amended at any time, without the consent of any party, to avoid the application of Section 409A of the Code in a particular circumstance or that is necessary or desirable to satisfy any of the requirements under Section 409A of the Code, but the Company shall not be under any obligation to make any such amendment. Nothing in the

Agreement shall provide a basis for any person to take action against the Company or any Affiliate based on matters covered by Section 409A of the Code, including the tax treatment of any amount paid under the Performance Share Award granted hereunder, and neither the Company nor any of its Affiliates shall under any circumstances have any liability to you or your estate or any other party for any taxes, penalties or interest due on amounts paid or payable under this Agreement, including taxes, penalties or interest imposed under Section 409A of the Code.

25. No Advice Regarding Performance Share Award. The Company is not providing any tax, legal or financial advice, nor is the Company making any recommendations regarding your acquisition or sale of any Shares issued in payment of the Performance Share Award. You acknowledge that you should consult with your own personal tax, legal and financial advisors before taking any action related to the Performance Share Award.
26. Language. If you have received this Agreement or any other document related to the Omnibus 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 shall control.
27. Appendix I. Notwithstanding any provisions in this Agreement, the Performance Share Award grant shall be subject to any special terms and conditions set forth in Appendix I to this Agreement for your country. Moreover, if you relocate to one of the countries included in Appendix I, the special terms and conditions for such country shall apply to you, to the extent the Company determines that the application of such terms and conditions is necessary or advisable in order to comply with laws in the country where you reside regarding the issuance of Shares, or to facilitate the administration of the Performance Share Award. Appendix I constitutes part of this Agreement.
28. Electronic Delivery and Acceptance. The Company may, in its sole discretion, decide to deliver any documents related to current or future Performance Share Awards by electronic means or to request your consent to participate in the Omnibus Plan by electronic means. You hereby consent to receive such documents by electronic delivery and agree to participate in the Omnibus Plan through an on-line or electronic system established and maintained by the Company or a third party designated by the Company.
29. Imposition of Other Requirements. The Company reserves the right to impose other requirements on your participation in the Omnibus Plan or on the Performance Share Award and on any Shares issued in payment of the Performance Share Award, to the extent the Company determines it is necessary or advisable in order to comply with laws in the country where you reside regarding the issuance of Shares, or to facilitate the administration of the Performance Share Award, and to require you to sign any additional agreements or undertakings that may be necessary to accomplish the foregoing.

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 Performance Share Units ("**PSUs**") or other equity grants unless I made such promises.*

*In addition to other good and valuable consideration, I am expressly being given PSUs 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).

Pursuant to the U.S. Defend Trade Secrets Act of 2016, Executive shall not be held criminally, or civilly, liable under any Federal or State Trade secret law for the disclosure of a trade secret that is made in confidence either directly or indirectly to a Federal, State, or local government official, or an attorney, for the sole purpose of reporting, or investigating, a violation of law. Moreover, Executive may disclose trade secrets in a complaint, or other document, filed in a lawsuit, or other proceeding, if such filing is made under seal. Finally, if Executive files a lawsuit alleging retaliation by the Company for reporting a suspected violation of the law, Executive may disclose the trade secret to Executive's attorney and use the trade secret in the

court proceeding, if Executive files any document containing the trade secret under seal and does not disclose the trade secret, except pursuant to court order.

No Company policies or practices, including this Non-Disclosure of Confidential Information provision, is intended to or shall limit, prevent, impede or interfere in any way with Executive's right, without prior notice to the Company, to provide information to the government, participate in investigations, testify in proceedings regarding the Company's past or future conduct, or engage in any activities protected under whistle blower statutes.

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 twelve (12) 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 Omnibus Plan and therefore, in the event of a Covenant Breach, Executive's PSUs and the Shares issued in payment thereof (as such terms are defined in the Omnibus Plan) shall be subject to repurchase by The Kraft Heinz Company in accordance with the terms of the Omnibus 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

PERFORMANCE SHARE AWARD AGREEMENT FOR NON-U.S. PARTICIPANTS

TERMS AND CONDITIONS

This Appendix I includes additional terms and conditions that govern the Performance Share Award (referred to herein as PSUs) granted to you under the Omnibus 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 Agreement. Certain capitalized terms used but not defined in this Appendix I have the meanings set forth in the Omnibus Plan and/or the 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 PSUs 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 Omnibus Plan. The information is based on the securities, exchange control, and other laws in effect in the respective countries as of February 2019. 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 Omnibus Plan because the information may be out of date at the time you vest in the PSUs or sell Shares acquired under the Omnibus 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 PSUs 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 Agreement, generally:

If you are located outside the U.S., in no event will any aspect of the PSUs be determined in accordance with your Employment Agreement (or other Service contract). The terms and conditions of the PSUs will be solely determined in accordance with the provisions of the Omnibus Plan and the 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 PSUs.

Performance Share Award Payment.

If you are resident or employed outside of the United States, the Company may, in its sole discretion, settle the PSUs 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 PSUs 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 Agreement shall give the Company the authority to issue sales instructions on your behalf).

Termination Without Cause, death and Disability / Payout Upon Termination.

The following provisions supplement the termination provisions of the Award Notice and Agreement, provided, however, that if you are subject to U.S. federal income tax and the PSUs constitute Deferred Compensation, your termination of Service date will be the date of your Separation from Service:

For purposes of the PSU, 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 Agreement or determined by the Company, your right to vest in the PSU under the Omnibus 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 PSUs (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 PSUs upon termination due to Retirement as set forth in the Award Notice and 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 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 PSUs 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 Agreement and Omnibus Plan shall only be enforced, to the extent deemed permissible under applicable local law, as determined in the sole discretion of the Committee.

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 PSUs under the Omnibus Plan nor the issuance of the underlying Shares upon vesting of the PSUs 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.

Insider Trading and Market Abuse Laws.

You may be subject to insider trading restrictions and/or market abuse laws based on the exchange on which the Shares are listed and in applicable jurisdictions including the United States and your country or your broker's country, if different, which may affect your ability to accept, acquire, sell or otherwise dispose of Shares, rights to Shares or rights linked to the value of Shares under

the Omnibus Plan during such times as you are considered to have "inside information" regarding the Company (as defined by the laws in the applicable jurisdictions). Local insider trading laws and regulations may prohibit the cancellation or amendment of orders you placed before you possessed inside information. Furthermore, you could be prohibited from (a) disclosing the inside information to any third party and (b) "tipping" third parties or causing them otherwise to buy or sell securities (third parties include fellow employees). 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 Omnibus 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.

COUNTRY-SPECIFIC TERMS AND CONDITIONS/NOTIFICATIONS

AUSTRALIA

NOTIFICATIONS

Offer Document.

This offer document sets out information regarding the grant of PSUs to Australian resident employees of the Company and its Subsidiaries or Affiliates and is provided by the Company to ensure compliance of the Omnibus 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 Agreement, you also are being provided with a copy of the Omnibus Plan, the prospectus and the employee information supplement (collectively, the "**Additional Documents**").

The Additional Documents provide further information to help you make an informed investment decision about participating in the Omnibus Plan. The Omnibus 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 Agreement and the Additional Documents when considering participation in the Omnibus Plan.

Securities Law Notification

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

More information about potential factors that could affect the Company's business and financial results is included in the Company's most recent Annual Report on Form 10-K and the Company's Quarterly Report on Form 10-Q. Copies of these reports are available at <http://www.sec.gov/>, on the Company's "Investor Relations" page at <http://ir.kraftheinzcompany.com/>, and upon request to the Company.

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 Omnibus 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 PSUs vest or when the Shares are issued or of the applicable exchange rate on the actual Vesting Date or date the Shares are issued.

Deferred Taxation.

Subdivision 83A-C of the Income Tax Assessment Act, 1997, applies to PSUs granted under the Omnibus Plan, such that the PSUs are intended to be subject to deferred taxation.

BELGIUM

NOTIFICATIONS

Foreign Assets/Account Reporting Information.

If you are a resident of Belgium, you will be required to report any security (e.g., Shares acquired under the Plan) or bank account (including brokerage accounts) established outside of Belgium on your annual tax return. In a separate report, you will be required to provide the National Bank of Belgium with details regarding such foreign accounts (including the account number, bank name and country in which any such account was opened).

BRAZIL

TERMS AND CONDITIONS

Compliance with Law.

By accepting the PSUs 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 PSUs, the receipt of any dividends and/or Dividend Equivalents, and the sale of Shares acquired or issued under the Omnibus Plan. You further agree that, for all legal purposes, (i) the benefits provided to you under the Omnibus Plan are the result of commercial transactions unrelated to your employment or Service relationship, (ii) the Omnibus 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 PSUs, you acknowledge that you have received a copy of the Omnibus Plan, have reviewed the Omnibus Plan and the Agreement in their entirety and fully understand and accept all provisions of the Omnibus Plan and the Agreement.

Payout of PSUs in Shares Only.

Pursuant to its discretion under Section 10(d) of the Omnibus Plan, with respect to all employees residing in Canada, the Company will convert all vested PSUs 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 PSUs.

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 PSUs (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 PSUs (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:

Language Consent.

The parties acknowledge that it is their express wish that the 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 Omnibus Plan through the designated broker appointed under the Omnibus 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 specified foreign property (including Shares and PSUs) on form T1135 (Foreign Income Verification Statement) if the total cost of such specified foreign property exceeds C\$100,000 at any time in the year. The form must be filed by April 30 of the following year. Specified foreign property includes Shares acquired under the Omnibus Plan and may include the PSUs. The PSUs 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 subject to the exchange control regulations or restrictions in the People's Republic of China ("**China**"), as determined by the Company in its sole discretion:

Vesting and Mandatory Sale Restriction.

The following provisions replace the *Payment* section of the Agreement:

Notwithstanding anything to the contrary in the Agreement, due to legal restrictions in China, you agree that the Company may force the sale of any Shares (i) immediately upon vesting, (ii) following the termination of your Service, (iii) following your transfer to another Subsidiary or Affiliate outside of China, or (iv) within any other timeframe the Company determines to be necessary or advisable. You agree that you must maintain any Shares acquired under the Omnibus Plan in an account at a broker designated by the Company ("**Designated Account**"). All Shares deposited in the Designated Account cannot be transferred out of that Designated Account. Within six (6) months after the termination of your Service for any reason (or such other period as determined by the Company in its sole discretion), you must sell all Shares acquired under the Omnibus Plan. The Company will direct the automatic sale of any such Shares remaining in the Designated Account at the expiration of this six (6) month period (or such other period as determined by the Company in its sole discretion).

You agree that the Company is authorized to instruct its designated broker to assist with the mandatory sale of such Shares (on your behalf pursuant to this authorization) and you expressly authorize the Company's designated broker to complete the sale of such Shares. You acknowledge that the Company's designated broker is under no obligation to arrange for the sale of the Shares at any particular price. Upon the sale of the Shares, the Company agrees to pay you the cash proceeds from the sale, less any brokerage fees or commissions and subject to any obligation to satisfy Tax-Related Items. You agree that if you sell Shares that you acquire under the Omnibus Plan, the repatriation requirements described below shall apply.

If you transfer to a Subsidiary or an Affiliate in China or transfer from an Affiliate or Subsidiary in China to another Affiliate outside of China, you may become or remain subject to the requirements set forth in this Appendix I, as determined by the Company in its sole discretion. The Company reserves the right to suspend your participation in the Omnibus Plan or take such other measures as it deems necessary or advisable to comply with local regulations.

Exchange Control Restriction.

You understand and agree that, due to exchange control laws in China, you will be required to immediately repatriate to China any cash proceeds acquired under the Omnibus Plan. 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 cash proceeds may be transferred to such special account prior to being delivered to you. Further, if the proceeds from your participation in the Omnibus 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.

COLOMBIA

TERMS AND CONDITIONS

Labor Law Acknowledgment.

You acknowledge that pursuant to Article 15 Law 50/1990 (Article 128 of the Colombian Labor Code) the Omnibus Plan, the PSUs, the underlying Shares, and any other amounts or payments granted or realized from participation in the Omnibus Plan do not constitute a component of your "salary" for any legal purpose. To this extent, they will not be included and/or considered for purposes of calculating any and all labor benefits, such as legal/fringe benefits, vacation pay, termination or other indemnities, payroll taxes, social insurance contributions or any other labor-related amount which may be payable.

NOTIFICATIONS

Securities Law Information.

The Shares are not and will not be registered with the Colombian registry of publicly traded securities (*Registro Nacional de Valores y Emisores*) and, therefore, the Shares may not be offered to the public in Colombia. Nothing in the Omnibus Plan, the Agreement or any other document evidencing the grant of the PSUs should be construed as making a public offer of securities in Colombia.

Exchange Control Information.

You are responsible for complying with any and all Colombian foreign exchange restrictions, approvals and reporting requirements in connection with the PSUs and the Shares you acquire or funds you receive under the Omnibus Plan. This may include reporting obligations to the Central Bank (*Banco de la República*). If applicable, you must determine whether you will treat your investments (*e.g.*, the Shares) as (a) a permanent investment or (b) a temporary investment as follows:

- a) Permanent Investment: If you determine that your investment will be permanent (*i.e.*, because you wish to remain a shareholder), you will be required to register such investment with the Central Bank, regardless of its value.
- b) Temporary / Financial Investment: If, on the other hand, you determine that your investment will be temporary (and therefore considered a "financial investment" under applicable regulations), you will be required to register such investment with the Central Bank only if the aggregate value of the investment (as of December 31 for each year) is equal to or greater than US\$500,000.

In either case, you must file the Central Bank's Form 11. Colombian law does not provide specific criteria to differentiate between treatment as a permanent investment or temporary / financial investment. You should consult with your personal or legal advisor regarding any obligations that you may have as a result of participating in the Omnibus Plan.

COSTA RICA

There are no country-specific provisions.

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

Plan Document Acknowledgment.

By accepting the PSUs, you acknowledge that you have received a copy of the Omnibus Plan and the 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 and provisions of the Agreement and this Appendix I, as applicable: (i) Vesting; (ii) Termination; (iii) Repayment/Forfeiture; (iv) Withholding Taxes; (v) No Guarantee of Continued Employment; (vi) Nature of Grant; (vii) Data Privacy; and (viii) Entire Agreement/Governing Law.

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 PSUs) 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 PSUs), are beneficial owners of the investment pursuant to Italian money laundering provisions.

Tax on Foreign Financial Assets.

Italian residents may be subject to tax on the value of financial assets held outside of Italy. The taxable amount will be the fair market value of the financial assets, including Shares assessed at the end of the calendar year. If you are subject to this foreign financial assets tax, you will need to report the value of your financial assets held abroad in your annual tax return. You are encouraged to consult your personal legal advisor for additional information about the foreign financial assets tax.

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 Omnibus 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, PSUs or cash held by you in the report.

NETHERLANDS

**Attention! This investment falls outside AFM supervision.
No prospectus required for this activity.**



NEW ZEALAND

Notifications

Securities Law Information.

WARNING - You are being offered PSUs (which, upon vesting in accordance with the terms of the grant of the PSUs, will be converted into Shares) in the Company. Shares give you a stake in the ownership of the Company. You may receive a return if dividends are paid. Shares are quoted on the Nasdaq. This means you may be able to sell them on the Nasdaq if there are interested buyers. You may get less than you invested. The price will depend on the demand for the Shares.

If the Company runs into financial difficulties and is wound up, you will be paid only after all creditors have been paid. You may lose some or all of your investment.

New Zealand law normally requires people who offer financial products to give information to investors before they invest. This information is designed to help investors to make an informed decision. The usual rules do not apply to this offer because it is made under an employee share scheme. As a result, you may not be given all the information usually required. You will also have fewer other legal protections for this investment.

In compliance with applicable New Zealand securities laws, you are entitled to receive, in electronic or other form and free of cost, copies of the Company's latest annual report, relevant financial statements and the auditor's report on said financial statements (if any).

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

SINGAPORE

NOTIFICATIONS

Securities Law Information.

The grant of the PSUs 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 Omnibus Plan has not been lodged or registered as a prospectus with the Monetary Authority of Singapore and the grant of the PSUs is not made with a view to the PSUs or Shares being subsequently offered to another party. You should note that the PSUs 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., PSUs, 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 PSUs). 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.

UNITED ARAB EMIRATES

NOTIFICATIONS

Securities Law Information.

The Omnibus 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 Omnibus Plan, including the Omnibus Plan, the Agreement, and other grant documents ("**Omnibus 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 PSUs) should conduct their own due diligence on the securities.

The Emirates Securities and Commodities Authority has no responsibility for reviewing or verifying any Omnibus 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 Omnibus Plan Documents, you should consult an authorized financial advisor.

UNITED KINGDOM

Terms & Conditions

Taxes.

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

Without limitation to the *Taxes* section of the Agreement, you agree that you are liable for all Tax-Related Items and hereby covenant to pay all such Tax-Related Items as and when requested by the Company or the Employer or by Her Majesty's Revenue and Customs ("**HMRC**") (or any other tax authority or any other relevant authority). You also agree to indemnify and keep indemnified the Company and the Employer against any Tax-Related Items that they are required to pay or withhold or have paid or will pay on your behalf to HMRC (or any other tax authority or any other relevant authority).

Notwithstanding the foregoing, if you are a director or an executive officer (as within the meaning of Section 13(k) of the Act), the terms of the immediately foregoing provision will not apply. In such case, if the amount of any income tax due is not collected from or paid by the you within ninety (90) days of the end of the U.K. tax year (April 6 - April 5) in which an event giving rise to the indemnification described above occurs, the amount of any uncollected income tax may constitute a benefit to you on which additional income tax and national insurance contributions ("**NICs**") may be payable. You understand and agree that 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 the Employer (as appropriate) for the value of any employee NICs due on this additional benefit, which the Company or the Employer may recover from you by any of the means referred to in the Plan or the Agreement.

I, Miguel Patricio, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q for the period ended September 28, 2019 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)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) 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) Designed such internal controls over financial reporting, or caused such internal controls over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) 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
 - (d) 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/ Miguel Patricio

Miguel Patricio
Chief Executive Officer

Date: October 31, 2019

I, Paulo Basilio, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q for the period ended September 28, 2019 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)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) 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) Designed such internal controls over financial reporting, or caused such internal controls over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) 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
 - (d) 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: October 31, 2019

18 U.S.C. SECTION 1350 CERTIFICATION

I, Miguel Patricio, Chief Executive Officer of The Kraft Heinz Company (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 September 28, 2019 (the “Form 10-Q”) fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; 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/ Miguel Patricio
Name: Miguel Patricio
Title: Chief Executive Officer

Date: October 31, 2019

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 (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 September 28, 2019 (the “Form 10-Q”) fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; 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: October 31, 2019

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.