Frequently Asked Questions Regarding the Tax Consequences of the Kraft-Heinz Transaction

The following frequently asked questions are not tax advice, and are directed only at holders of common stock of The Kraft Heinz Company (such stock, "Kraft Heinz common stock") that held common stock of Kraft Foods Group, Inc. ("Kraft") (such stock, "Kraft common stock") as a capital asset for investment purposes prior to the merger. Former holders of Kraft common stock who are not U.S. persons may have different tax consequences than those described below and are urged to consult their own tax advisors regarding the tax treatment to them under U.S. and non-U.S. laws. Further, this discussion is not a complete description of all of the consequences of the merger, the subsequent merger and the special cash dividend of $16.50 per share of Kraft common stock received by the holders of record of the issued and outstanding shares of Kraft common stock as of immediately prior to the effective time of the merger (the "special dividend") relevant to a particular holder and, in particular, may not address U.S. federal income tax considerations applicable to former holders of Kraft common stock subject to special treatment under U.S. federal income tax law. Former holders of Kraft common stock should also review the discussion under the heading "*Material U.S. Federal Income Tax Consequences*" in the registration statement filed on Form S-4. The terms "merger" and "subsequent merger" have the respective meanings ascribed to them in the registration statement filed on Form S-4.

Tax matters are complicated, and the tax consequences of the transaction depend on each shareholder's particular tax situation.

Former holders of Kraft common stock are strongly urged to consult with their own tax advisors regarding the tax consequences of the merger, the subsequent merger and the special dividend to them, including the effects of U.S. federal, state and local, foreign and other tax laws.

QUESTIONS

Q: Was the transaction a so-called "tax-free" reorganization?

A: Kraft and H.J. Heinz Holding Corporation ("Heinz") received written opinions from their respective counsel, each to the effect that for U.S. federal income tax purposes, the merger and the subsequent merger will be treated as a single integrated transaction that will qualify as a "reorganization" within the meaning of Section 368(a) of the Code. As a consequence, it is expected that for U.S. federal income tax purposes, the special dividend, the merger and the subsequent merger will be treated as a single integrated transaction that will qualify as a "reorganization" within the meaning of Section 368(a) of the Code.

Q: Was the special dividend a dividend for U.S. federal income tax purposes?

A: Generally, no. As a result of the expected tax treatment as a reorganization described above, both the Kraft Heinz common stock and the special dividend are expected to be treated as received in exchange for shares of Kraft common stock pursuant to a transaction qualifying as a reorganization (and not as a dividend) for U.S. federal income tax purposes.

Q: Did former holders of Kraft common stock recognize gain or loss in the transaction?

A: A former holder of Kraft common stock who exchanged shares of Kraft common stock for shares of Kraft Heinz common stock pursuant to the merger and received the special dividend recognized gain, but did not recognize any loss, for U.S. federal income tax purposes.

Q: How is the amount of gain calculated?

A: The amount of gain recognized equals the smaller of:

(i) the amount of cash received in the special dividend, and

(ii) the excess, if any, of

(x) the amount of cash received in the special dividend and the fair market value of the Kraft Heinz common stock received in the merger (determined at the effective time of the merger) over

(y) the former holder's tax basis in the shares of Kraft common stock surrendered in the merger.

One method for calculating the fair market value of one share of Kraft Heinz common stock at the effective time of the merger would be to take the average of the high and low trading prices of Kraft Heinz common stock on July 6, 2015, its first day of trading. Other reasonable methods may exist, however. We urge you to consult your tax advisor regarding the calculation of gain in the merger.

See the examples below for sample calculations of gain recognized in the merger.

Q: How is gain or non-recognized loss calculated for former holders of multiple blocks of Kraft common stock?

A: The amount of gain (or non-recognized loss) is computed separately for each block of Kraft common stock if those blocks were purchased at different prices or at different times, and a loss realized on one block of stock may not be used to offset a gain realized on another block of stock.

Q: Is gain long-term capital gain?

A: Any recognized gain is generally long-term capital gain if the former holder's holding period for the shares of Kraft common stock surrendered was more than one year at the effective time of the merger.

Q: How is the tax basis of the Kraft Heinz common stock received in the merger calculated?

A: For each former holder of Kraft common stock, the aggregate tax basis in the shares of Kraft Heinz common stock received in the merger equals:

(i) his or her aggregate tax basis in the Kraft common stock surrendered in the merger,

(ii) increased by the amount of gain recognized, and

(iii) decreased by the amount of cash received in the special dividend.

The Kraft Heinz Company has posted an Internal Revenue Service Form 8937 (Report of Organizational Actions Affecting Basis of Securities) on The Kraft Heinz Company website (available here) to assist shareholders and their tax advisors. See the examples below for sample calculations of basis in Kraft Heinz common stock received in the merger.

Q: What is the holding period in the Kraft Heinz common stock received in the merger?

A: The holding period of the shares of Kraft Heinz common stock received in the merger by a former holder of Kraft common stock includes the holding period of the shares of Kraft common stock that he or she surrendered.

EXAMPLES

For illustrative purposes, the following examples assume that:

- The former holder of Kraft common stock (the "shareholder") held 10 shares of Kraft common stock immediately before the merger;
- The shareholder's basis in these shares of Kraft common stock was his or her cost basis (*i.e.*, the amount the shareholder paid for the shares); and
- The fair market value at the effective time of the merger of one share of Kraft Heinz common stock (received for each share of Kraft common stock surrendered in the merger) was $72.645, the average of the high and low trading prices of Kraft Heinz common stock on July 6, 2015, its first day of trading.

Example 1:

The shareholder bought 10 shares of Kraft common stock on January 2, 2014, at a price of $53.73 per share. The shareholder's aggregate basis in these shares is the price paid for the shares, which is $537.30. In the merger, the shareholder received Kraft Heinz common stock with a fair market value of $726.45 and a special dividend of $165, for total consideration of $891.45.

Gain Recognized	The amount of gain recognized equals the smaller of: • $165 (the special dividend); and • $354.15 (the excess of $891.45 over $537.30) **As a result, the shareholder is required to recognize $165 of gain** This gain is long-term capital gain because the shareholder held the shares of Kraft common stock for more than one year.
Basis	The shareholder’s basis in the shares of Kraft Heinz common stock equals: • $537.30 (the basis in the shares of Kraft common stock surrendered) • <u>Plus</u> $165 (the amount of gain recognized), • <u>Minus</u> $165 (the special dividend) **As a result, the shareholder’s basis in the shares of Kraft Heinz common stock is the same as his or her basis in the shares of Kraft common stock surrendered, or $537.30**

Example 2

The shareholder bought 10 shares of Kraft common stock on January 2, 2015, at a price of $62.64 per share. The shareholder’s aggregate basis in these shares is the price paid for the shares, which is $626.40. In the merger, the shareholder received Kraft Heinz common stock with a fair market value of $726.45 and a special dividend of $165, for total consideration of $891.45.

Gain Recognized	The amount of gain recognized equals the smaller of: • $165 (the special dividend); and • $265.05 (the excess of $891.45 over $626.40) **As a result, the shareholder is required to recognize $165 of gain** This gain is short-term capital gain because the shareholder held the shares of Kraft common stock for

	one year or less.
Basis	The shareholder's basis in the shares of Kraft Heinz common stock equals: • $626.40 (the basis in the shares of Kraft common stock surrendered) • <u>Plus</u> $165 (the amount of gain recognized), • <u>Minus</u> $165 (the special dividend) **As a result, the shareholder's basis in the shares of Kraft Heinz common stock is the same as his or her basis in the shares of Kraft common stock surrendered, or $626.40**

Example 3:

The shareholder bought 10 shares of Kraft common stock on March 25, 2015, at a price of $83.17 per share. The shareholder's aggregate basis in these shares is the price paid for the shares, which is $831.70. In the merger, the shareholder received Kraft Heinz common stock with a fair market value of $726.45 and a special dividend of $165, for total consideration of $891.45.

Gain Recognized	The amount of gain recognized equals the smaller of: • $165 (the special dividend); and • $59.75 (the excess of $891.45 over $831.70) **As a result, the shareholder is required to recognize $59.75 of gain** This gain is short-term capital gain because the shareholder held the shares of Kraft common stock for one year or less.
Basis	The shareholder's basis in the shares of Kraft Heinz common stock equals: • $831.70 (the basis in the shares of Kraft common stock surrendered) • <u>Plus</u> $59.75 (the amount of gain recognized), • <u>Minus</u> $165 (the special dividend)

	As a result, the shareholder's basis in the shares of Kraft Heinz common stock ($726.45) is lower than his or her basis in the shares of Kraft common stock surrendered. This is because the special dividend exceeded the built-in gain in the shares of Kraft common stock surrendered. Therefore, the shareholder's basis in the shares of Kraft Heinz common stock equals the fair market value of such shares at the effective time of the merger

Example 4:

The shareholder bought:

- 5 shares of Kraft common stock on March 27, 2015, at a price of $89.10 per share (and therefore has an aggregate basis of $445.50 in these shares), and

- 5 shares of Kraft common stock on April 1, 2015, at a price of $90.70 per share (and therefore has an aggregate basis of $453.50 in these shares).

In the merger, the shareholder received Kraft Heinz common stock with a fair market value of $726.45 and a special dividend of $165, for total consideration of $891.45.

Fifty percent of the Kraft Heinz common stock received and fifty percent of the special dividend received (*i.e.*, Kraft Heinz common stock with a fair market value of $363.225 and a special dividend of $82.50, for total consideration of $445.725) are allocable to each block of the Kraft common stock, respectively.

	March 27 Block	**April 1 Block**
Gain or Loss	The amount of gain recognized equals the smaller of: • $82.50 (the special dividend); and • $0.225 (the excess of $445.725 over $445.50) **As a result, the shareholder is required to recognize $0.225 of gain** This gain is short-term capital gain because the shareholder held the shares of Kraft common stock for one year or less.	The shareholder's aggregate basis in the block of shares purchased on April 1 exceeds the value of the consideration attributable to those shares: • Loss of $7.775 (the difference between $445.725 and $453.50) Losses cannot be recognized as a result of the merger. **As a result, the shareholder does not recognize a loss**
	No offset permitted	

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<td colspan="2">Even though the shareholder realized a net loss as a result of the merger (the $0.225 gain from the shares purchased on March 27 was less than the $7.775 loss from the shares purchased on April 1), losses in one block of shares may not be used to offset gains in another.

The shareholder must still recognize the gain on the shares of Kraft common stock purchased on March 27, as described above
Although no offset is permitted between the blocks of stock exchanged in the merger, the gain on the March 27 block may nevertheless be offset by other losses that the shareholder may recognize in 2015

The shareholder’s basis in the shares of Kraft Heinz common stock must also be computed separately for each block of shares surrendered.</td>
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<td>March 27 Block</td>
<td>April 1 Block</td>
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<td>Basis</td>
<td>The shareholder’s basis in the 5 shares of Kraft Heinz common stock received in exchange for the March 27 block of Kraft common stock equals:

$445.50 (the basis in the shares of Kraft common stock surrendered)
<u>Plus</u> $0.225 (the amount of gain recognized),
<u>Minus</u> $82.50 (the special dividend)

As a result, the shareholder’s basis in the shares of Kraft Heinz common stock allocable to the block of Kraft common stock purchased on March 27 ($363.225) equals the fair market value of the shares of Kraft Heinz common stock at the effective time of the merger</td>
<td>The shareholder’s basis in the 5 shares of Kraft Heinz common stock received in exchange for the April 1 block of Kraft common stock equals:

$453.50 (the basis in the shares of Kraft common stock surrendered)
<u>Minus</u> $82.50 (the special dividend),

As a result, the shareholder’s basis in the shares of Kraft Heinz common stock allocable to the block of Kraft common stock purchased on April 1 ($371.00) reflects the $7.775 of unrecognized loss</td>
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The discussion of the U.S. federal income tax consequences set forth above is not intended to be a complete analysis or description of all potential U.S. federal income tax consequences of the merger, the subsequent merger and the special dividend. Moreover, the discussion set forth above does not address tax consequences that may vary with, or are dependent on, individual circumstances. In addition, the discussion set forth above does not address any non-income tax or any foreign, state or local tax consequences of the merger, the subsequent merger or the special dividend and does not address the tax consequences of any transaction other than the merger, the subsequent merger and the special dividend.