

## Corporate Governance Guidelines

### A. ROLE AND RESPONSIBILITY OF THE BOARD

The Board of Directors' (the "Board") primary responsibility is to foster Kraft Foods Inc.'s ("Kraft Foods") long-term success, consistent with the Board's fiduciary duty to shareholders. The Board establishes broad corporate policies, sets strategic direction and oversees management, which is responsible for Kraft Foods' day-to-day operations. Each director must exercise his or her good-faith business judgment with respect to Kraft Foods' best interests.

### B. BOARD COMPOSITION, STRUCTURE AND POLICIES

1. Board Size. The Nominating and Governance Committee makes recommendations to the Board concerning the appropriate size of the Board. The Board believes that the quality of the directors and the overall balance of the Board are more important than the number of directors, although the Board believes that a minimum of nine directors helps ensure the Board's proper functioning.

2. Independence of Directors. At least 75% of the directors shall meet the New York Stock Exchange ("NYSE") Listing Standards' "independence" requirements. At least annually, the Nominating and Governance Committee reviews all relevant information and makes recommendations to the Board concerning the independence of the directors. Based upon those recommendations, the Board makes an affirmative determination as to the independence of each director. The Board has established categorical standards to assist in making such determinations. Such standards are set forth in Annex A hereto.

3. Annual Election of Directors. Kraft Foods' shareholders elect all directors annually. The Nominating and Governance Committee recommends a slate of directors for shareholders to elect at the Annual Meeting of Shareholders. The Board then nominates a slate of directors for election. In an uncontested election, each director shall be elected by a vote of the majority of the votes cast with respect to that director-nominee's election at a meeting for the election of directors at which a quorum is present. If there are more nominees for election than the number of directors to be elected, one or more of whom are properly proposed by shareholders, a nominee for director shall be elected by a plurality of the votes cast in such election.

Any incumbent director nominated for re-election as director who is not re-elected in accordance with Article II, Section 4 of Kraft Foods' By-Laws shall tender his or her resignation to the Nominating and Governance Committee for its consideration following certification of the election results. Then, the Nominating and Governance Committee makes a recommendation to the Board as to whether to accept the resignation. The Board will consider all factors it deems relevant to the best interests of Kraft Foods, make a determination and publicly disclose its decision and rationale within 90 days after certification of the election results.

Any director who tenders his or her resignation pursuant to this provision shall not participate in the Nominating and Governance Committee's recommendation or the Board's action regarding whether to accept the resignation offer. However, if each member of the Nominating and Governance Committee fails to receive a sufficient vote for re-election, then the independent directors who did receive a sufficient vote shall appoint a committee amongst themselves to consider the resignation offers and recommend to the Board whether to accept them. However, if the only directors who receive a sufficient vote for re-election constitute three or fewer directors, then all directors may participate in the action regarding whether to accept the resignation offers. If a resignation offer is accepted or if a nominee for director is not elected and the nominee is not an incumbent director, then the Board may fill the resulting vacancy pursuant to Article II, Section 7 of Kraft Foods' By-Laws or decrease the size of the Board.

The Board may select directors to fill vacancies in existing or new director positions. Such directors serve until the next Annual Meeting of Shareholders when they must stand for re-election. Shareholders may recommend candidates for the Nominating and Governance Committee's consideration by submitting

their recommendations in writing to the Corporate Secretary at Kraft Foods Inc., Three Lakes Drive, Northfield, Illinois 60093. The Corporate Secretary provides such recommendations to the Nominating and Governance Committee. In evaluating candidates, the Nominating and Governance Committee does not distinguish between candidates recommended by shareholders and others. Kraft Foods' By-Laws set forth the procedures for a shareholder to nominate directors for election at an Annual Meeting of Shareholders. A summary of these procedures is included in Kraft Foods' annual Proxy Statement.

4. Board Membership Criteria. The Nominating and Governance Committee works with the Board to determine the appropriate mix of characteristics, skills and experience for the Board as a whole and for individual directors. In evaluating the suitability of individuals for Board membership, the Nominating and Governance Committee takes into account many factors. Those include whether the individual meets various independence requirements; the individual's general understanding of the varied disciplines relevant to the success of a large, publicly traded company in today's global business environment, understanding of Kraft Foods' global businesses and markets, professional expertise and educational background; and other factors that promote diversity of views and experience. The Nominating and Governance Committee evaluates each individual in the context of the Board as a whole, with the objective of recruiting and recommending a slate of directors that can best perpetuate Kraft Foods' success and represent shareholder interests through the exercise of sound judgment, using its diversity of experience. In determining whether to recommend a director for renomination, the Nominating and Governance Committee also considers the director's attendance at, participation in, and contributions to Board and committee activities.

5. Limitation on Management Directors. The Board generally believes that the Chairman and Chief Executive Officer should be the only member of management to serve as a director. From time to time, the Board may determine that it is appropriate to nominate additional members of management to the Board.

6. Chairman of the Board. The Board generally believes that the Chief Executive Officer should also serve as the Chairman of the Board.

7. Lead Director. The Board selects a Lead Director from among the independent directors. The Lead Director has the following specific duties and responsibilities. In consultation with the independent directors, the Lead Director:

- Advises the Chairman as to an appropriate schedule of Board meetings;
- Reviews and provides the Chairman with input regarding the agendas and materials for the Board meetings;
- Presides at all meetings at which the Chairman is not present, including executive sessions of the non-employee directors and, as appropriate, apprises the Chairman of the issues considered;
- Will be available for consultation and direct communication with Kraft Foods' shareholders;
- Calls meetings of the non-employee directors when necessary and appropriate; and
- Performs such other duties as the Board may from time to time delegate.

8. Change in Primary Employment. An independent director who retires from or changes his or her primary employment tenders a resignation to the Nominating and Governance Committee. Then, the Nominating and Governance Committee evaluates the appropriateness of continued Board membership under the new circumstances and makes a recommendation to the Board as to whether to accept the resignation.

9. Conflicts of Interest. If a director develops an actual, apparent or potential conflict of interest, the director reports the matter promptly to the Nominating and Governance Committee for evaluation and appropriate resolution. If a director has a direct or indirect personal interest in a matter before the Board, the director discloses the interest to the Board and recuses himself or herself from participation in the deliberations and decisions on the matter. Approval of the matter requires the affirmative vote of a majority of the directors or the appropriate committee members who have no direct or indirect personal interest in the matter.

10. No Specific Limitations on Other Board Service. The Board does not believe that it should prohibit directors from serving on other organizations' boards and committees. The Board expects each director to ensure that his or her commitments do not interfere with his or her duties as a Kraft Foods director. Directors consult with the Chairman and the Chair of the Nominating and Governance Committee before accepting the offer of another public company directorship or a request to serve as a member of the audit committee of any other public company. The Nominating and Governance Committee and the Board will take into account the nature and extent of the director's other commitments when determining whether it is appropriate to nominate that individual for re-election. Service on boards and committees of other organizations should be consistent with Kraft Foods' conflict of interest policies. If a member of Kraft Foods' Audit Committee serves on more than three public company audit committees, the Board determines whether such simultaneous service impairs the director's ability to serve effectively on Kraft Foods' Audit Committee.

11. No Limitations on Terms. The Board does not believe in term limits for directors because they would deprive the Board of the service of directors who have developed, through valuable experience over time, an increasing insight into Kraft Foods and its operations.

12. Retirement Age for Directors. Generally, the Board will not re-nominate an independent director after he or she has reached age 75. However, from time to time, the Committee may recommend that and a majority of the Board may re-nominate the independent director for another annual term if the Board determines that re-nominating the independent director is necessary due to their unique capabilities and/or special circumstances. The Board may re-nominate the independent director for up to two annual terms following the directors' 75th birthday. Prior to any re-nomination, the Board must again determine that re-nomination is in the shareholders' best interest.

An employee director must resign from the Board upon ceasing to be a Kraft officer, and in any event, must resign from the Board upon reaching age 65.

13. Director Orientation and Continuing Education. Kraft Foods provides an orientation process for new directors, including a review of Kraft Foods background materials, a briefing on key issues facing Kraft Foods and meetings with senior management. The Board and its committees receive regular presentations on Kraft Foods' strategic and business plans, financial performance, legal and regulatory matters, Code of Conduct and compliance programs, as well as other matters. Periodically, the Board meets with senior management and visits Kraft Foods' operating subsidiaries' facilities. Directors are encouraged to take advantage of continuing education opportunities that enhance their ability to fulfill their responsibilities. Kraft Foods reimburses directors for reasonable costs incurred in connection with such continuing education.

14. Director Communications with Third Parties. The Board believes that management speaks for Kraft Foods and should communicate about Kraft Foods with shareholders, analysts, the press, media and other constituencies. From time to time, an individual director, usually the Lead Director, may meet with or communicate with various Kraft Foods' constituencies, doing so with management's knowledge and, absent unusual circumstances, only at management's request.

15. Shareholder and Interested Party Communications with the Board. Shareholders and other interested parties may write to independent directors at Board of Directors, Kraft Foods Inc., Three Lakes Drive, Northfield, Illinois 60093 or via e-mail at Kraft-Board@kraft.com. The independent directors established procedures for handling such communications and directed the Corporate Secretary to act as their agent

in processing such communications. The Corporate Secretary forwards communications relating to matters within the Board's purview to the independent directors, communications relating to matters within a Board committee's area of responsibility to the chair of the appropriate committee, and communications relating to ordinary business matters, such as suggestions, inquiries and consumer complaints, to the appropriate Kraft Foods' executive. The Corporate Secretary does not forward solicitations, junk mail and obviously frivolous or inappropriate communications, but makes them available to any independent director who requests them.

## **C. BOARD MEETINGS**

1. Frequency of Meetings. The Board meets no less than seven (7) times per year, as required to attend to the business of the Corporation, with in-person meetings being supplemented by teleconference meetings as required. At the Board's annual organizational meeting, the Board appoints Board committee members and committee chairs as well as Kraft Foods' officers.

2. Strategic Plan Review. The Board devotes several days each year to reviewing Kraft Foods' strategic plan.

3. Attendance at Meetings. Directors are expected to prepare themselves for and to attend all Board meetings, the Annual Meeting of Shareholders, and all meetings of the committees on which they serve. It is understood that, on occasion, a director may be unable to attend a meeting.

4. Information Flow and Distribution of Meeting Materials. To facilitate active and informed discussion at Board and committee meetings, directors receive background materials in advance of meetings. Through these materials and presentations at meetings, the Board and its committees keep abreast of Kraft Foods' performance and businesses, plans (including acquisitions, divestitures and capital expenditures), various issues (including regulatory updates), and new developments. In addition to meeting-related materials, directors receive other regular and special reports throughout the year.

5. Selection of Board Agenda Items. For planning purposes, the Corporate Secretary prepares an annual Board planning calendar covering recurring and special agenda items. In determining the agenda for each Board meeting, the Lead Director and Chairman also take into account input from other directors and senior management.

6. Access to Management and Independent Advisors. Board members have unrestricted access to management. The Board and each Board committee have the authority and funding to retain and utilize independent legal, accounting and other experts and consultants as they may deem appropriate.

7. Executive Sessions. The independent directors meet regularly without any members of management being present. At least once each year, directors qualifying under the NYSE's independence standards meet in executive session. The Lead Director presides over the executive sessions of the independent directors.

## **D. COMMITTEES OF THE BOARD**

1. Committees and Responsibilities. Pursuant to Kraft Foods' By-Laws, the Board may establish committees from time to time to assist it in the performance of its responsibilities: There are currently five Board committees:

Audit Committee:

The committee monitors Kraft Foods' financial reporting processes and systems of internal accounting control, the independence and the performance of the independent auditors, and the performance of the internal auditors.

#### Finance Committee:

The committee is responsible for considering and making recommendations to the Board on the management of Kraft Foods' financial resources and on major financial strategies and transactions.

#### Human Resources and Compensation Committee:

The committee oversees Kraft Foods' executive compensation, including determining the compensation of the Chief Executive Officer, producing an annual Compensation Committee report on executive compensation to be included in Kraft Foods' Proxy Statement in accordance with applicable rules and regulations of the Securities and Exchange Commission ("SEC"), and reviewing the succession plans for the Chief Executive Officer and other senior executives.

#### Nominating and Governance Committee:

The committee is responsible for identifying and vetting individuals qualified to become Board members, recommending a slate of nominees for election at each Annual Meeting of Shareholders, making recommendations to the Board concerning the appropriate size, function, needs and composition of the Board and its committees, developing and recommending to the Board Kraft Foods' corporate governance principles and overseeing the evaluation of the Board and its committees and management.

#### Public Affairs Committee:

The committee oversees Kraft Foods' attention to public policy and social trends affecting Kraft Foods; social accountability; business practices of special interest to policy-makers and the public at large; Kraft Foods' global communication, media relations and community relations; emergency preparedness and business continuity; Kraft Foods' Political Action Committee; the impact of business operations and business practices on communities where Kraft Foods does business; Kraft Foods' corporate citizenship programs and activities, including charitable contributions; and shareholder proposals related to public issues.

The committee charters are available at [www.kraftfoodscompany.com](http://www.kraftfoodscompany.com).

2. Membership and Chairs of Committees. Based upon the Nominating and Governance Committee's recommendation, the Board appoints the committee members and chairs. Audit Committee, Finance Committee, Human Resources and Compensation Committee, Nominating and Governance Committee and Public Affairs Committee members shall meet NYSE's independence requirements as well as the additional requirements for committee membership established by NYSE and any other applicable laws, rules and regulations and the applicable committee charter. At least one Audit Committee member shall be an "audit committee financial expert" as defined in the SEC's regulations. Generally, the Board does not favor mandatory rotation of committee assignments or chairs, believing that experience and continuity are more important. However, from time to time, as the Board composition changes, the Nominating and Governance Committee may recommend rotation of committee and committee chair assignments.

3. Committee Agendas, Meetings, and Reports to the Board. Each committee chair, in consultation with the other committee members and management, sets meeting agendas and determines the frequency and length of committee meetings. Each committee reports its actions and recommendations to the Board. All directors receive copies of all committee minutes.

## **E. PERFORMANCE EVALUATION AND SUCCESSION PLANNING**

1. Annual CEO Evaluation and CEO Compensation. The Human Resources and Compensation Committee establishes annual and long-term financial and strategic goals and objectives for the Chairman and Chief Executive Officer; annually evaluates the Chairman and Chief Executive Officer's performance against these goals and objectives; and based on this evaluation, determines and approves

the Chief Executive Officer's compensation. The Human Resources and Compensation Committee seeks input from and reports to the Board on its Chief Executive Officer evaluation and its compensation actions. The Chair of the Human Resources and Compensation Committee communicates this evaluation and compensation actions to the Chief Executive Officer.

2. Succession Planning. The Human Resources and Compensation Committee oversees and reviews the development of executive succession plans, evaluates and makes recommendations to the Board regarding potential Chief Executive Officer candidates, and reviews candidates to fill other senior executive positions. The Human Resources and Compensation Committee also recommends to the Board succession plans in the event of an emergency or the Chief Executive Officer's retirement.

3. Board and Committee Self-Evaluations. The Nominating and Governance Committee develops and recommends to the Board and then oversees an annual self-evaluation process for the Board and the Board's committees. The Board discusses the results of these self-evaluations to determine whether the Board and its committees are functioning effectively and what actions are needed to improve their effectiveness.

## **F. BOARD COMPENSATION**

The Human Resources and Compensation Committee periodically benchmarks non-employee director compensation against the Compensation Survey Group and general industry data, considers the appropriateness of the form and amount of non-employee director compensation, and makes recommendations to the Board concerning such compensation with a view toward attracting and retaining qualified directors. The Board believes that a substantial portion of non-employee director compensation should be equity based to assist in aligning directors' interests with shareholders' long-term interests.

Stock ownership guidelines further align the interests of directors with those of Kraft Foods' shareholders. Kraft Foods' independent directors are expected to hold Kraft Foods common stock in an amount equal to five times the annual Board retainer. Directors are expected to attain that ownership level within five years of becoming a director. Stock ownership is defined as direct ownership of Kraft Foods Inc. common stock, including sole ownership, direct purchase plan shares, restricted shares, restricted stock units, deferred shares and shares held in accounts over which the director has direct or indirect ownership control. If a director does not meet the guideline level within the required timeline, the Lead Director may take any further action as deemed appropriate depending on the circumstances of the director's situation and taking into consideration any potential financial hardship. The current annual Board retainer is \$70,000, making the expected ownership requirement \$350,000 after five years. To attain the expected ownership within five years, an independent Kraft Foods' director can:

- Retain shares or deferred shares granted annually under the 2006 Stock Compensation Plan for Non-Employee Directors (even allowing for tax-withholding upon vesting). The 2008 grant was valued at \$125,000.
- Defer the annual Board retainer into share equivalents.
- Purchase shares on the open market.

If the Board increases the annual retainer, the stock ownership guidelines would increase accordingly.

Employees of Kraft Foods or any of its subsidiaries who serve as directors receive no additional compensation for such service.

## **G. CONFIDENTIAL VOTING**

Kraft Foods holds the votes of each shareholder in confidence from directors, officers and employees except: (a) as necessary to meet applicable legal requirements and to assert or defend claims for or

against Kraft Foods, (b) in the case of a contested proxy solicitation, (c) if a shareholder makes a written comment on the proxy card or otherwise communicates his or her vote to management, or (d) to allow the independent inspectors of election to certify the results of the vote. Kraft Foods retains an independent tabulator to receive and tabulate the proxies. Kraft Foods retains an independent inspector of election to certify voting results.

#### **H. REVIEW OF THESE GUIDELINES**

The Board has the authority to amend these Guidelines. At least annually, the Nominating and Governance Committee reviews these Guidelines. It reports on its review and recommends any changes to the Board.

**Annex A to**  
**Kraft Foods Inc. Corporate Governance Guidelines**

Categorical Standards of Director Independence

A director is considered independent if the Board makes an affirmative determination after a review of all relevant information that the director has no material relationship with the Company or any of its subsidiaries. The Board has established the categorical standards set forth below to assist it in making such determinations. A director will not be considered independent if the director:

- is, or within the last three years has been, employed by the Company or any of its subsidiaries;
- has an immediate family member who is, or within the last three years has been, employed as an executive officer of the Company or any of its subsidiaries;
- receives, or during any 12-month period within the last three years has received, more than \$120,000 per year in direct compensation from the Company or its subsidiaries other than director and committee fees and pension or other forms of deferred compensation for prior service (provided such compensation is not contingent on continued service);
- has an immediate family member who receives, or during any 12-month period within the last three years has received, more than \$120,000 per year in direct compensation as an executive officer of the Company or any of its subsidiaries other than pension or other forms of deferred compensation (provided such compensation is not contingent on continued service);
- is a current partner or current employee of the independent auditors of the Company or any of its subsidiaries;
- has an immediate family member who is a current partner of the independent auditors of the Company or any of its subsidiaries, or is a current employee of such firm and personally works on the Company's audit;
- was within the last three years (but is no longer) a partner or employee of the independent auditors of the Company or any of its subsidiaries and personally worked on the audit of the Company or any of its subsidiaries within that time;
- has an immediate family member who was within the last three years (but is no longer) a partner or employee of the independent auditors of the Company or any of its subsidiaries and personally worked on the audit of the Company or any of its subsidiaries within that time;
- is, or within the last three years has been, employed as an executive officer of another company where any of the current executive officers of the Company or any of its subsidiaries serve, or within the last three years have served, on such other company's compensation committee;
- has an immediate family member who is, or within the last three years has been, employed as an executive officer of another company where any of the current executive officers of the Company or any of its subsidiaries serve, or within the last three years have served, on such other company's compensation committee;
- is a current employee of a company that makes payments to, or receives payments from, the Company or its subsidiaries in an amount which, in any single fiscal year for

the last three fiscal years, exceeds the greater of \$1 million or 2% of such other company's consolidated gross revenues; or

- has an immediate family member who is a current executive officer of a company that makes payments to, or receives payments from, the Company or its subsidiaries in an amount which, in any single fiscal year for the last three fiscal years, exceeds the greater of \$1 million or 2% of such other company's consolidated gross revenues.

The Board will consider the materiality of the following factor in making an independence determination but is not precluded from finding a director to be independent if the director:

- is, or within the last three years has been, an executive officer of a charitable organization that receives contributions from the Company or any of its subsidiaries in an amount which, in any single fiscal year, exceeds the greater of \$1 million or 2% of such charitable organization's consolidated gross revenues.

Amended as of December 17, 2009