

In re Kraft Heinz Securities Litigation

COURT: United States District Court for the Northern District of Illinois
CASE NUMBER: 1:19-cv-01339
CLASS PERIOD: 11/06/2015 - 08/07/2019
CASE LEADERS: Salvatore J. Graziano, Katherine M. Sinderson
CASE TEAM: Erika Connolly

This is a securities fraud class action filed on behalf of a class of persons and entities who purchased or otherwise acquired the common stock of The Kraft Heinz Company ("Kraft" or the "Company") or call options on Kraft Heinz common stock, or sold put options on Kraft Heinz common stock, from November 6, 2015 through August 7, 2019, inclusive (the "Class Period").

Plaintiffs Have Settled the Action for \$450 Million

The Court-appointed Lead Plaintiffs Sjunde AP-Fonden and Union Asset Management Holding AG, and additional named Plaintiff Booker Enterprises Pty Ltd. (collectively, "Plaintiffs"), on behalf of themselves and the Settlement Class, have settled the Action for **\$450,000,000** in cash (the "Settlement"). The Settlement resolves all claims in the Action.

On September 12, 2023, the Court held a hearing to consider final approval of the Settlement and other matters. At the hearing, the Court approved the Settlement and Plan of Allocation and Lead Counsel's motion for attorneys' fees and litigation expenses. The same day, the Court entered a Judgment Approving Class Action Settlement and an Order Approving Plan of Allocation of Net Settlement Fund. On September 19, 2023, the Court entered an Order Awarding Attorneys' Fees and Litigation Expenses.

If you are a member of the Settlement Class, your rights will be affected and you may be eligible for a payment from the Settlement. The Settlement Class consists of:

all persons or entities who purchased or otherwise acquired Kraft Heinz common stock or call options on Kraft Heinz common stock, or sold put options on Kraft Heinz common stock, from November 6, 2015 through August 7, 2019, inclusive, and were damaged thereby.

Certain persons and entities are excluded from the Settlement Class by definition (see paragraph 18 of the Notice) or by request.

Please read the Notice to fully understand your rights. The Notice can be found in the Case Documents list on the right of this page. You may also visit the case website, [KraftHeinzSecuritiesLitigation.com](https://www.KraftHeinzSecuritiesLitigation.com), for more information about the Settlement.

Settlement claims administration has been completed. On January 27, 2025, a Motion for Approval of Distribution Plan was filed. The Court approved the Motion on March 3, 2025. The initial distribution of funds occurred in May 2025. Additional distributions will occur on a rolling basis, provided that net settlement funds are available.

History of the Litigation

Plaintiffs allege violations of the federal securities laws under Sections 10(b), 20(a), and 20A of the Securities Exchange Act of 1934 (the "Exchange Act") against Kraft, 3G Capital Partners, former Kraft CEO Bernardo Hees,

former Kraft CFO Paulo Basilio, former Kraft CFO David A. Knopf, Kraft Board Chairman Alexandre Behring, former Kraft COO George Zoghbi, and Kraft International Zone President Rafael Oliveira (“Defendants”). These claims arise from the Defendants’ misstatements regarding the Company’s financial position, including the carrying value of Kraft’s assets, the sustainability of Kraft’s margins, and the success of recent cost-cutting strategies by the Company.

On October 8, 2019, the Honorable Robert M. Dow, Jr. appointed Union Asset Management as Co-Lead Plaintiff, BLB&G as Lead Counsel, for the class in the consolidated action. The Amended Class Action Complaint was filed on January 6, 2020. Defendants filed their motions to dismiss on March 6, 2020. Plaintiffs moved to amend their complaint based on new information regarding Kraft’s internal EBITDA projections, and filed their amended complaint on August 14, 2020. Defendants filed their renewed motions to dismiss on September 28, 2020. Plaintiffs filed their opposition on November 12, 2020, and Defendants filed their replies on December 3, 2020.

Judge Dow sustained the Complaint over Defendants’ motions to dismiss on August 11, 2021. The Court entered a schedule for the case on November 10, 2021 and modified it on August 12, 2022. Plaintiffs filed their motion for class certification on March 28, 2022; Defendants filed their opposition on May 20, 2022; and Plaintiffs filed their reply on July 19, 2022. On December 6, 2022, the Court denied Defendants’ motion to compel additional class certification discovery from Union and request to hold open the class certification record, ruling that the class certification record is closed. During the course of discovery, Plaintiffs prepared and served multiple sets of requests for production of documents and interrogatories on Defendants, and prepared and served document subpoenas on 23 third parties. Defendants and third parties produced a total of over 14.7 million pages of documents to Plaintiffs. In addition, Plaintiffs produced over 53,000 pages of documents to Defendants in response to their discovery requests. In addition, three representatives of Plaintiffs sat for depositions in connection with the motion for class certification.

While discovery was ongoing and Plaintiffs’ class certification motion was pending, the Parties engaged in private mediation before former United States District Court Judge Layn Phillips. In advance of the mediation, the Parties exchanged and also submitted to Judge Phillips detailed opening and reply mediation statements with numerous exhibits. Mediation sessions with Judge Phillips were held on January 31, 2023 and February 3, 2023. On February 7, 2023, Judge Phillips issued a mediator’s recommendation, which the Parties accepted on February 13, 2023. Thereafter, the Parties memorialized their agreement in principle to resolve the Action for \$450 million in a term sheet executed on March 14, 2023.

After additional negotiations regarding the specific terms of their agreement, the Parties entered into the Stipulation and Agreement of Settlement on May 2, 2023. On May 11, 2023, the Court preliminarily approved the Settlement, authorized notice of the Settlement to be provided to potential Settlement Class Members, and scheduled the Settlement Hearing to consider whether to grant final approval of the Settlement for September 12, 2023.

On September 12, 2023, the Court held a hearing to consider final approval of the Settlement and other matters. At the hearing, the Court approved the Settlement and Plan of Allocation and Lead Counsel’s motion for attorneys’ fees and litigation expenses. The Court entered a Judgment Approving Class Action Settlement and an Order Approving Plan of Allocation of Net Settlement Fund on September 12, 2023, and an Order Awarding Attorneys’ Fees and Litigation Expenses on September 19, 2023.

Background on the Alleged Fraud

Kraft Heinz was formed as the result of the 2015 merger between Kraft Foods Group, Inc. and H.J. Heinz Holding Corporation orchestrated by Brazilian private equity group 3G Capital. This securities class action arises from Kraft Heinz's February 2019 announcement that it was forced to take a goodwill charge of \$15.4 billion to write-down the value of the Kraft and Oscar Mayer brands—one of the largest goodwill impairment charges taken by any company since the financial crisis. The action alleges that, while Kraft Heinz's executives (mostly 3G Capital partners) claimed following the merger that Kraft Heinz was reporting significantly increased profits and profit margins due to cost cutting from "synergies" found in combining the two companies, in fact 3G Capital was imposing arbitrary and across-the-board cuts to costs, and that these cuts gutted the Company's ongoing investments in R&D, quality control, and its global supply chain.

Plaintiffs alleged that these undisclosed and misrepresented cost cuts led to a significant degradation in the brand value of Kraft Heinz's historic food brands and destroyed key customer relationships, which drove the massive \$15.4 billion goodwill impairment. In response to the goodwill impairment and related news, analysts criticized the Company for having concealed the "bad news" and characterized the company's industry-leading profit margins as a "façade."

Heightening investor concerns, Kraft also revealed that it received a subpoena from the SEC in the same quarter it determined to take this write-down and was conducting an internal investigation relating to the company's side-agreements with vendors in its procurement division. Because of this subpoena and internal investigation, Kraft was also forced to take a separate \$25 million charge relating to its accounting practices. Since then, the Company has settled with the SEC for these procurement-related allegations (which is just a part of the BLB&G suit) for \$62 million.

Plaintiffs alleged that because of the company's misrepresentations, the price of Kraft's shares traded at artificially-inflated levels during the Class Period.

Case Documents

- Notice of (I) Pendency of Class Action and Proposed Settlement; (II) Settlement Hearing; and (III) Motion for Attorneys' Fees and Litigation Expenses ("Notice")
- March 3, 2025 - Order Approving Distribution Plan
- January 27, 2025 - Motion for Approval of Distribution Plan
- September 19, 2023 - Order Awarding Attorneys' Fees And Litigation Expenses
- September 12, 2023 - Judgment Approving Class Action Settlement
- September 12, 2023 - Order Approving Plan of Allocation of Net Settlement Fund
- September 5, 2023 - Reply Memorandum in Further Support of (I) Plaintiffs' Motion for Final Approval of Settlement and Plan of Allocation; and (II) Lead Counsel's Motion for Attorneys' Fees and Litigation Expenses
- August 8, 2023 - Plaintiffs' Motion for Final Approval of Settlement and Plan of Allocation

- August 8, 2023 - Memorandum of Law in Support of Plaintiffs' Motion for Final Approval of Settlement and Plan of Allocation
- August 8, 2023 - Notice of Presentment of Plaintiffs' Motion for Final Approval of Settlement and Plan of Allocation
- August 8, 2023 - Lead Counsel's Motion for Attorneys' Fees and Litigation Expenses
- August 8, 2023 - Memorandum of Law in Support of Lead Counsel's Motion for Attorneys' Fees and Litigation Expenses
- August 8, 2023 - Notice of Presentment of Lead Counsel's Motion for Attorneys' Fees and Litigation Expenses
- August 8, 2023 - Joint Declaration of Sharan Nirmul and Salvatore J. Graziano in Support of (A) Plaintiffs' Motion for Final Approval of Settlement and Plan of Allocation; and (B) Lead Counsel's Motion for Attorneys' Fees and Litigation Expenses
- May 11, 2023 - Order Preliminarily Approving Settlement and Providing for Notice
- May 2, 2023 - Stipulation and Agreement of Settlement
- August 11, 2021 - Memorandum Opinion and Order
- August 14, 2020 - Amended Consolidated Class Action Complaint