Divestitures

Potential Disposition:

As of December 28, 2019, we were in negotiations with a prospective buyer for 100% of the equity interests in a subsidiary within our Rest of World segment for cash of approximately $55 million. This subsidiary generated approximately $1 million of net income in 2019. The aggregate carrying value of net assets to be transferred and accumulated foreign currency losses to be released is expected to be approximately $126 million. As a result, we recorded a loss of approximately $71 million in 2019 related to this transaction. This loss was included in other expense/(income). In addition, we have classified the related assets and liabilities as held for sale on the consolidated balance sheet at December 28, 2019. We expect this transaction to close in the first half of 2020.

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 $249 million in 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 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 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 $242 million, which was included in other expense/(income) in 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	(995)
Other	1
Pre-tax gain resulting from Canada Natural Cheese Transaction	$ 242