

Kraft Foods

Q1 2010 Results

May 6, 2010



Forward-looking statements

This slide presentation contains a number of forward-looking statements. Words such as “expects,” “goals,” “plans,” “believes,” “continues,” “may,” “will,” and variations of such words, and similar expressions, are intended to identify forward-looking statements. In addition, this presentation contains forward-looking statements, including but not limited to statements that the Kraft Foods Cadbury combination is about accelerating growth; our objectives for organic revenue growth, in particular, our focus on growth categories, expanding our footprint in developing markets and expanding our presence in growing trade channels, and our objectives for profit margin expansion, including leveraging our scale and improving our portfolio mix; that our Cadbury integration plans are progressing well; that momentum remains strong in both businesses; that organic revenue growth will accelerate as we integrate; our expectation for meaningful synergies, that we will focus investments on growth categories, increase our footprint in developing markets and expand our presence in growing trade channels; our expectation that organic revenue growth will accelerate as we integrate; our belief that a strong pipeline of cost-savings initiatives will accelerate margin expansion, including executing existing Kraft Foods and Cadbury programs and delivering at least \$675 million of additional pre-tax cost savings from integration; our belief that upfront spending will be followed by substantial cost savings in 2011 and 2012; our belief that driving growth, leveraging scale will accelerate margin expansion by focusing brand investments to improve portfolio mix, driving productivity savings through greater scale, leveraging overhead costs to further expand margins and reinvesting portion of savings in incremental brand support; that we are well positioned for sustainable, profitable, top-tier growth by driving high quality organic revenue growth, executing a strong pipeline of cost-savings initiatives and increasing investments in sales, R&D and brand equities; our targets for organic revenue growth, profit margins and EPS growth; that snacks, confectionary and beverages are driving growth on a global basis; that our financial momentum is continuing during integration; that we are targeting Kraft Foods’ base business EPS growth at the high end of our previous 7%-9% long-term EPS growth target; regarding the annual impact of the Pizza divestiture, including that it will lower our annual EPS for the first full year; regarding our expectation that financial momentum will continue as we integrate Cadbury; our 2010 operating and diluted EPS guidance; that our transformation will change our earnings trajectory to 9-11% operating EPS; that we are building a global powerhouse; and that we are laying a solid foundation to accelerate growth. These forward-looking statements are subject to a number of risks and uncertainties, many of which are beyond our control, which could cause our actual results to differ materially from those indicated in our forward-looking statements. Such factors, include, but are not limited to, continued volatility of input costs, pricing actions, increased competition, our ability to differentiate our products from private label products, risks from operating internationally, our indebtedness and our ability to pay our indebtedness, failure to realize the expected benefits of our combination with Cadbury, continued weakness in economic conditions and tax law changes. Please also see our risk factors, as they may be amended from time to time, set forth in our SEC filings, including our registration statement on Form S-4, as amended from time to time, filed in connection with our Cadbury offer, our most recently filed Annual Report on Form 10-K and subsequent reports on Forms 10-Q and 8-K. We disclaim and do not undertake any obligation to update or revise any forward-looking statement in this slide presentation, except as required by applicable law or regulation.

Agenda

- Kraft Foods + Cadbury: Progress Report
- Q1 Results
- Earnings Guidance

The Kraft Foods/Cadbury combination is about accelerating growth

Organic Revenue Growth

- Focus on growth categories
- Expand footprint in developing markets
- Expand presence in growing trade channels

Profit Margin Expansion

- Leverage scale
- Improve portfolio mix

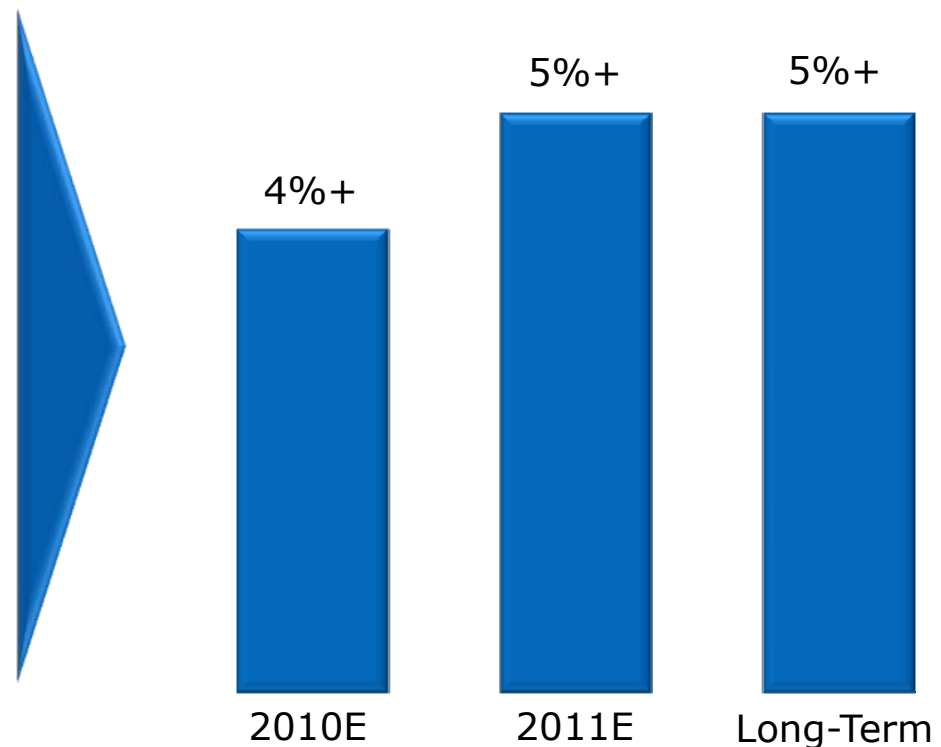
Integration plans progressing well

- Appointed all key senior leadership positions
 - About one-third of Top 50 Kraft Foods leaders from Cadbury
 - Hundreds of business unit, country manager, functional positions named to date
- Confirmed cost savings and synergy targets
 - Consolidating legacy plans with integration synergy programs
 - New targets for each business unit and corporate function
- Momentum remains strong in both businesses

Organic revenue growth to accelerate as we integrate

- Meaningful revenue synergies
- Focusing investments on growth categories
- Increasing footprint in developing markets
- Expanding presence in growing trade channels

Combined Organic Net Revenue Growth⁽¹⁾



(1) Includes the impacts of significant acquisitions, and excludes the impacts of other acquisitions, divestitures and currency.

A strong pipeline of cost-savings initiatives will accelerate margin expansion

- Executing existing Kraft Foods and Cadbury programs
 - End-to-End Productivity
 - Procurement
 - Manufacturing
 - Customer Service & Logistics
 - Overhead Cost Reset
 - North America: Zero Overhead Growth (ZOG)
 - Europe: Negative Overhead Growth (NOG)
 - Developing Markets: Half Overhead Growth (HOG)
 - Average annual spend of \$200-\$250 million
 - Embedded in earnings as ongoing cost of doing business

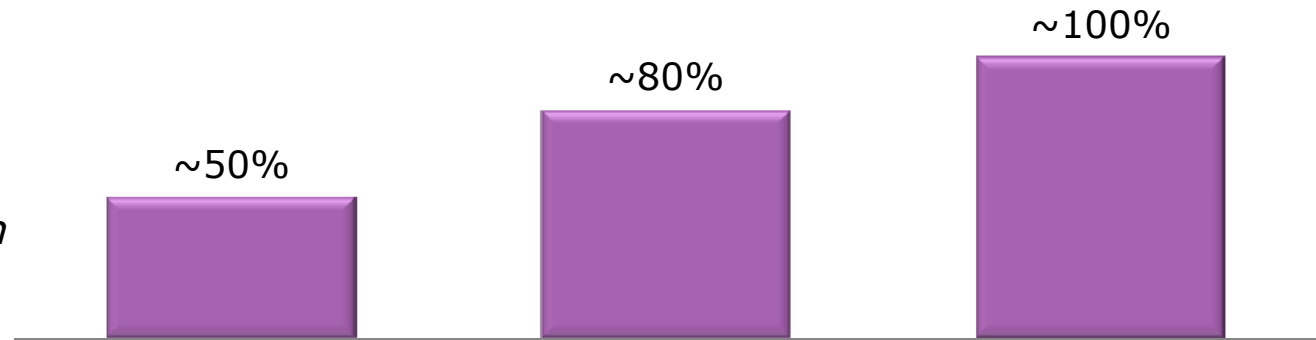
A strong pipeline of cost-savings initiatives will accelerate margin expansion

- Executing existing Kraft Foods and Cadbury programs
- Delivering at least \$675 million of additional pre-tax cost savings from integration
 - \$300 million of operational synergies
 - \$250 million of general and administrative synergies
 - \$125 million of marketing and selling synergies

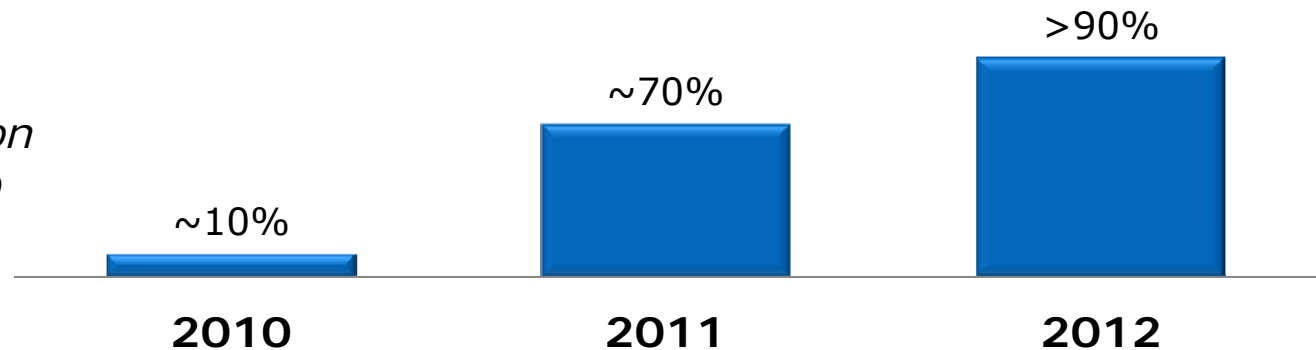
Upfront spending followed by substantial cost savings in 2011, 2012

Pre-Tax Integration Costs / Cost Synergies

Integration Costs
Total = \$1.3 billion
(Cumulative)



Cost Savings
Total = \$675 million
(Cumulative P&L Impact)

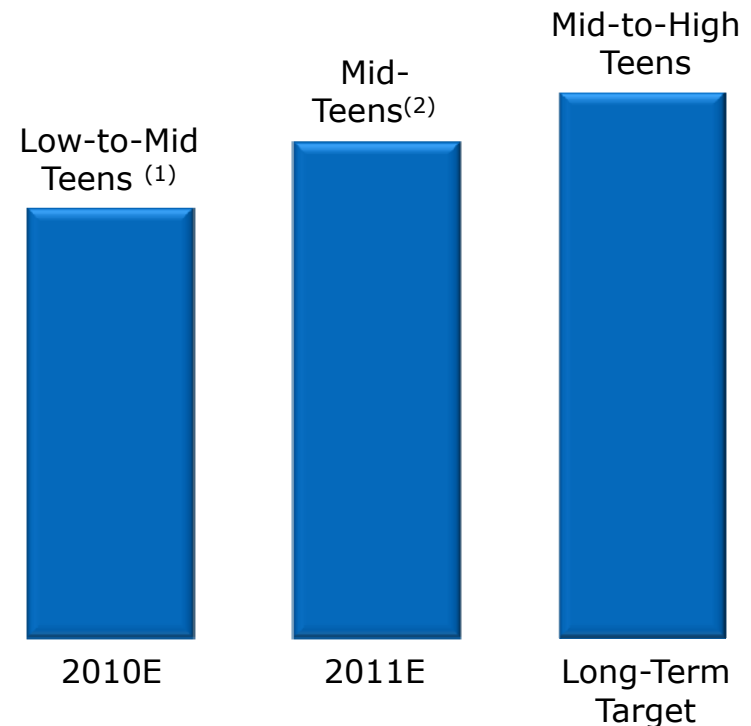


Driving growth, leveraging scale will accelerate margin expansion

- Focusing brand investments to improve portfolio mix
- Driving productivity savings through greater scale
- Leveraging overhead costs to further expand margins
- Reinvesting portion of savings in incremental brand support



Operating Income Margin



(1) Excludes costs related to: the integration of Cadbury; acquisition-related fees, including transaction advisory fees and stamp taxes; and the impact of the Cadbury inventory revaluation.

(2) Excludes costs related to the integration of Cadbury.

We are well positioned for sustainable, profitable, top-tier growth

- Driving high quality organic revenue growth
- Executing a strong pipeline of cost-savings initiatives
- Increasing investment in sales, R&D, brand equities



Targets

Organic revenue growth of 5%+

Profit margins to the mid-to-high teens

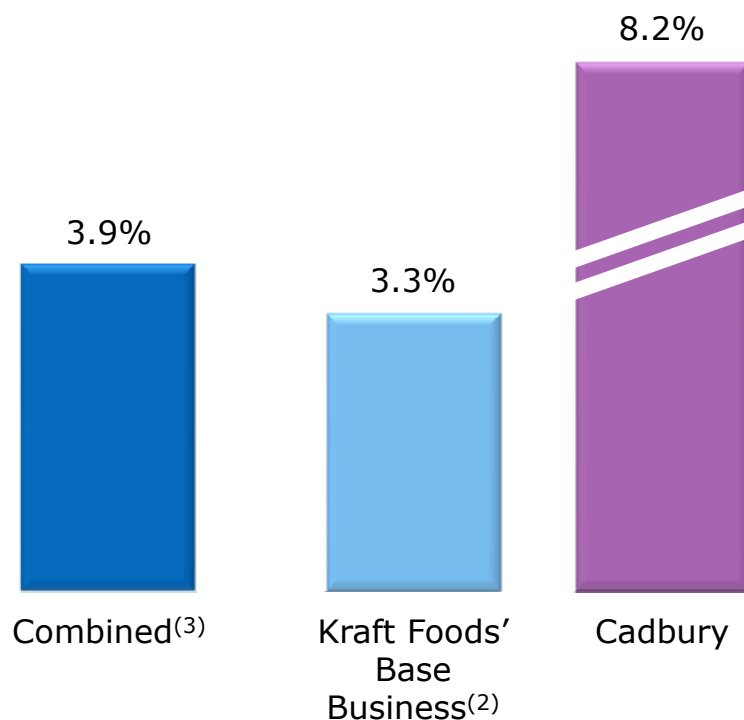
EPS growth of 9%-11%

Agenda

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Kraft Foods: Q1 Organic Net Revenue Growth

Organic Net Revenue Growth⁽¹⁾



- Kraft Foods' base business driven by focused investments in priority brands, categories and markets
 - Vol/mix growth 3.1 pp; pricing 0.2 pp
 - Follow through of stepped-up brand investments in Q4
 - Favorable Easter shift benefit
- Cadbury posted strong growth in February/March period
 - New products fueling strong gum performance in North America, Latin America
 - Solid chocolate gains in UK, Asia
 - Favorable Easter shift benefit

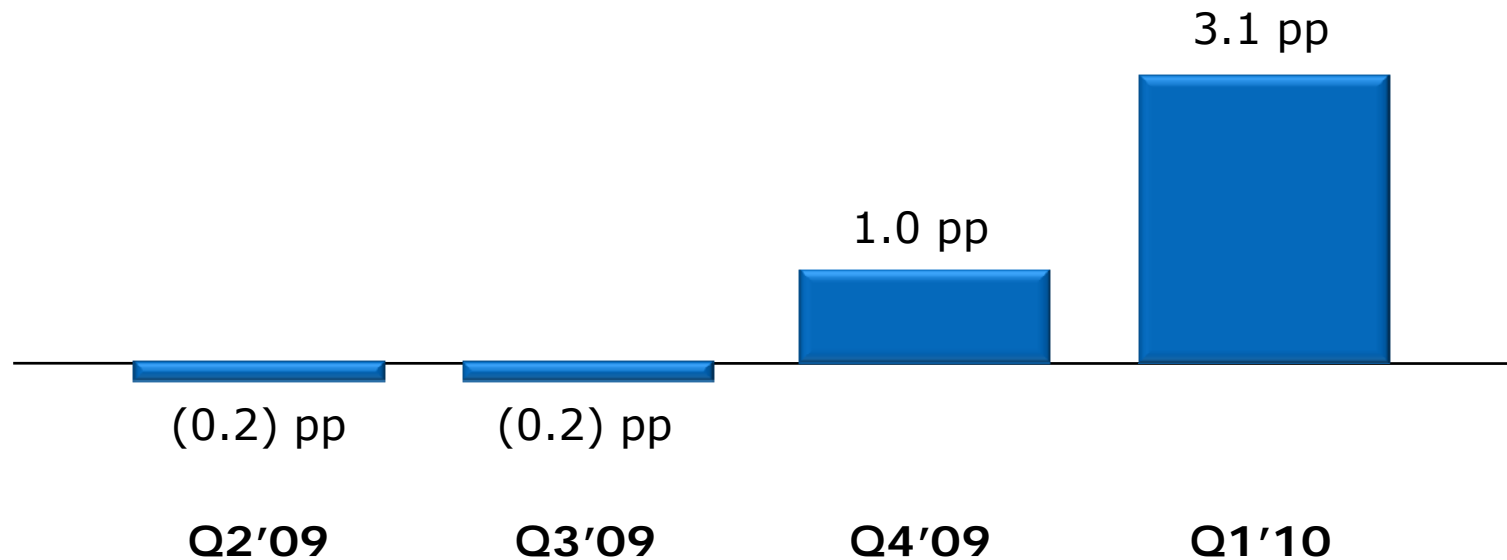
(1) See GAAP to Non-GAAP reconciliation at the end of this presentation.

(2) Kraft Foods' base business is defined as the continuing operations of Kraft Foods, excluding the financial results of Cadbury.

(3) Reported Net Revenue increased 26.0%.

Improvement in volume/mix

Kraft Foods' Base Business Volume/Mix



Snacks, confectionery and beverages driving growth on a global basis

	% of Pro Forma 2009 Net Revenues	Q1 2010 Net Revenues	Q1 Combined Organic Net Revenue Growth ⁽¹⁾
Confectionery ⁽²⁾	28.5%	\$2.9	7.4%
Snacks ⁽²⁾	21.7%	\$2.5	3.2%
Beverages	17.2%	\$2.1	8.5%
Cheese	14.1%	\$1.7	(1.1)%
Convenient Meals	10.0%	\$1.2	2.8%
Grocery	8.5%	\$0.9	(2.1)%
Total	100.0%	\$11.3	3.9%

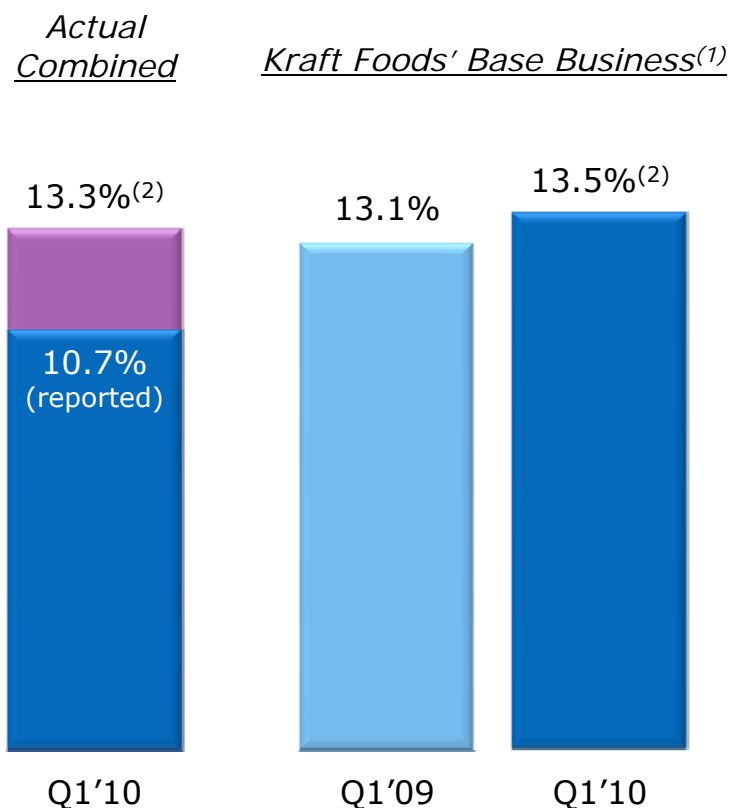
(1) Reported net revenues growth were as follows: Confectionery, 100.0%+; Snacks, 5.7%; Beverages, 14.8%; Cheese, 2.7%; Convenient Meals, 3.5%; Grocery, 0.9%; and Total, 26.0%. See GAAP to Non-GAAP reconciliation at the end of this presentation.

(2) Snacks included confectionery prior to Cadbury acquisition. Confectionery includes chocolate, gum and candy.



Kraft Foods: Q1 Operating Income Margin

Operating Income Margin



- Kraft Foods' base business driven by volume/mix gains and productivity improvements
 - Operating gains delivered 170 bps improvement
 - Partial offset from negative 130 bps impact due to change in unrealized gains/losses from hedging activities
- Solid profit contribution from Cadbury in February/March
 - Reflects good revenue growth
 - Additional benefit from phasing of advertising, new product launches

(1) Kraft Foods' base business is defined as the continuing operations of Kraft Foods, excluding the financial results of Cadbury.

(2) Excludes acquisition-related and integration costs. See GAAP to Non-GAAP reconciliation at the end of this presentation.

Financial momentum continuing during integration

Q1 2009 Diluted EPS	\$0.45
Earnings from Discontinued Operations	(0.04)
Q1 2009 Diluted EPS from Continuing Operations	\$0.41
Operating Gains – Kraft Foods’ Base Business	0.08
Change in Unrealized Gains/Losses from Hedging Activities	(0.05)
Change in Foreign Currency	0.03
Cadbury Operating Earnings (2 months)	0.07
Higher Interest Expense ⁽¹⁾	(0.04)
Changes in Taxes ⁽²⁾	0.03
Change in Shares Outstanding	(0.04)
Q1 2010 Operating EPS⁽³⁾	\$0.49
Integration Costs ⁽⁴⁾	(0.02)
Acquisition-Related Costs ⁽⁵⁾ and Financing Fees ⁽⁶⁾	(0.24)
U.S. Health Care Legislation Impact on Deferred Taxes	(0.08)
Q1 2010 Diluted EPS from Continuing Operations	\$0.15
Earnings and Gain from Discontinued Operations	1.01
Q1 2010 Diluted EPS	\$1.16

(1) Excludes a negative \$0.10 per share impact from financing fees related to the Cadbury acquisition.

(2) Excludes the impact of a deferred tax charge of approximately \$0.08 per share, resulting from recently enacted U.S. health care legislation.

(3) See GAAP to Non-GAAP reconciliation at the end of this presentation.

(4) Reflects costs to integrate the Kraft Foods and Cadbury businesses.

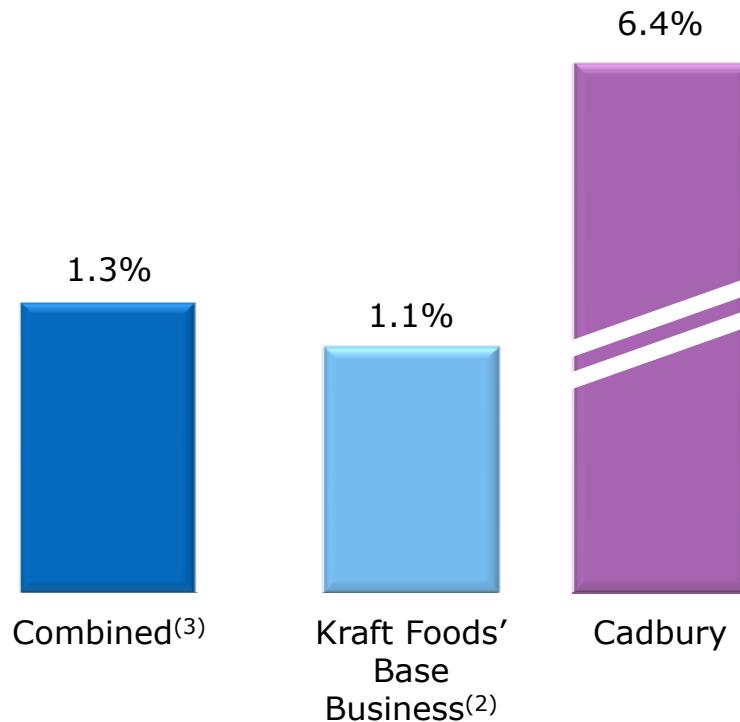
(5) Includes transaction advisory fees, UK stamp taxes and the impact of the Cadbury inventory revaluation.

(6) Includes hedging and foreign currency impacts associated with the Cadbury acquisition and other fees associated with the Cadbury bridge facility.



Kraft Foods North America: Q1 Organic Net Revenue Growth

Organic Net Revenue Growth⁽¹⁾



- Kraft Foods' base business delivered 1.5 pp vol/mix
 - Tempered by natural cheese and merchandising declines at key North American customer
- Marketing, innovation driving consumption growth in ~80% of base U.S. business
 - New advertising behind *Maxwell House* coffee, *Capri Sun* ready-to-drink beverages, *Oreo* cookies, *Ritz* and *Wheat Thin* Crackers
 - New advertising, new products for *Philadelphia* and *Kraft Singles*
 - Integrated marketing campaign driving growth across *Oscar Mayer* franchise
 - New products, distribution fueling rebound in *Planters* snack nuts
- Cadbury posted strong growth in Feb/March
 - Gum gains behind success of *Trident Layers*, *Stride Shift* and *Dentyne Pure*

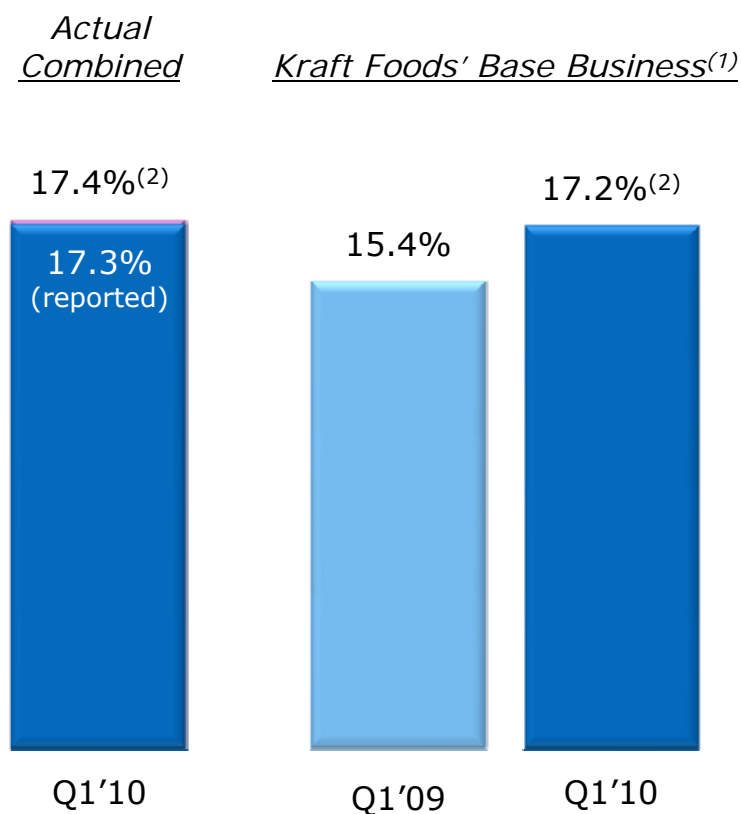
(1) See GAAP to Non-GAAP reconciliation at the end of this presentation.

(2) Kraft Foods' base business is defined as the continuing operations of Kraft Foods, excluding the financial results of Cadbury.

(3) Reported Net Revenue increased 7.3%.

Kraft Foods North America: Q1 Segment Operating Income Margin

Segment Operating Income Margin



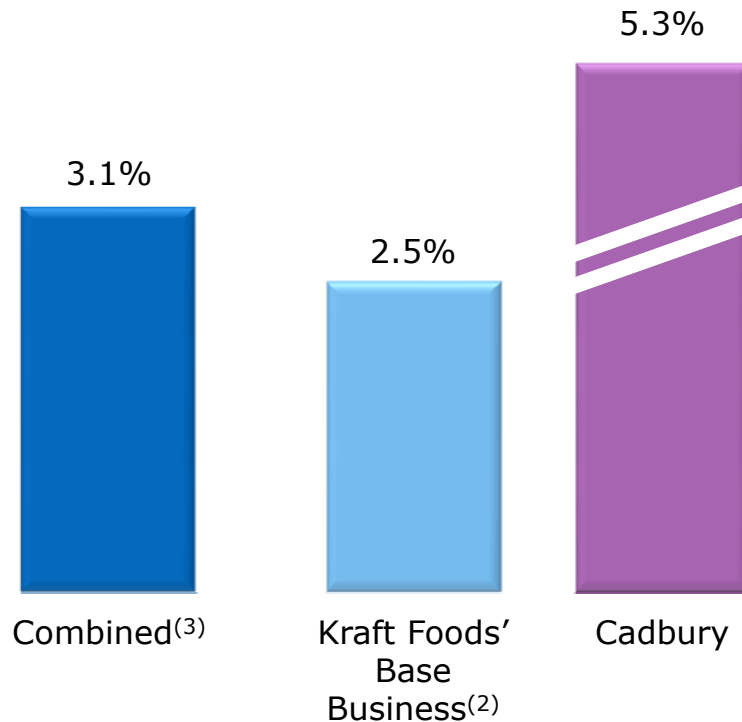
- Strong margin gains in Kraft Foods' base business
 - Leveraging vol/mix growth
 - Lowering costs from productivity gains
 - Increasing investments in A&C
- Solid Cadbury profit performance in February/March
 - Favorable product costs, overhead cost savings
 - Benefit from timing of marketing

(1) Kraft Foods' base business is defined as the continuing operations of Kraft Foods, excluding the Cadbury financial results.

(2) Excludes acquisition-related and integration costs. See GAAP to Non-GAAP reconciliation at the end of this presentation.

Kraft Foods Europe: Q1 Organic Net Revenue Growth

Organic Net Revenue Growth⁽¹⁾



- Solid growth of Kraft Foods' base business
 - Vol/mix 4.8 pp from gains across all categories
 - Pricing down (2.3)pp reflecting lower manufacturing costs
- New products, increased brand support drove Chocolate, Coffee and Cheese
 - Chocolate grew due to strength in *Milka*, *Toblerone*, *Freia* and *Marabou*
 - Coffee grew behind *Kenco* in the UK and double-digit increase in *Tassimo*
 - Cheese grew from strength in *Philadelphia*
- Cadbury Feb/March performance reflects double-digit *CDM* chocolate growth in UK and Ireland

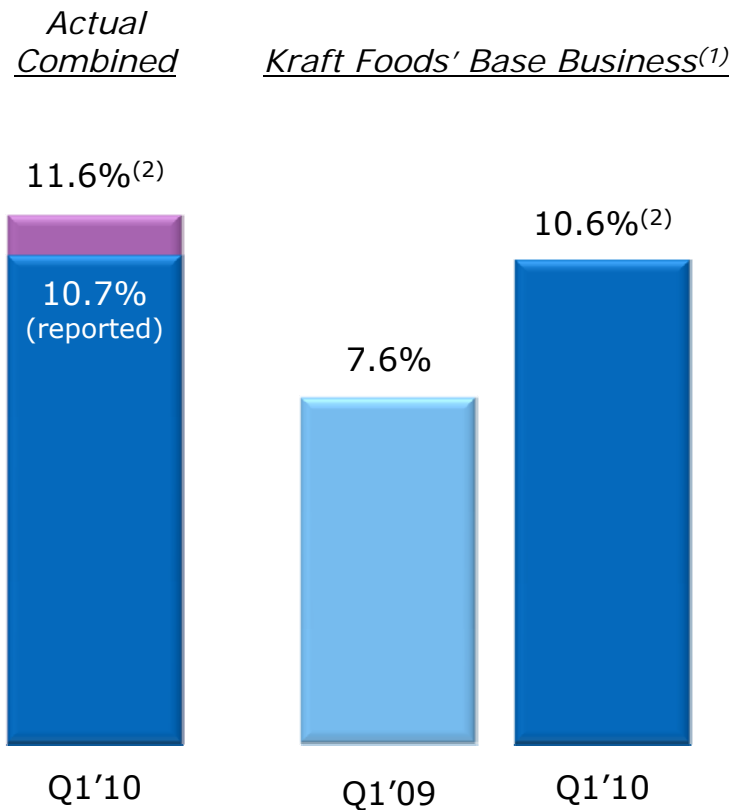
(1) See GAAP to Non-GAAP reconciliation at the end of this presentation.

(2) Kraft Foods' base business is defined as the continuing operations of Kraft Foods, excluding the Cadbury financial results.

(3) Reported Net Revenue increased 40.5%.

Kraft Foods Europe: Q1 Segment Operating Income Margin

Segment Operating Income Margin



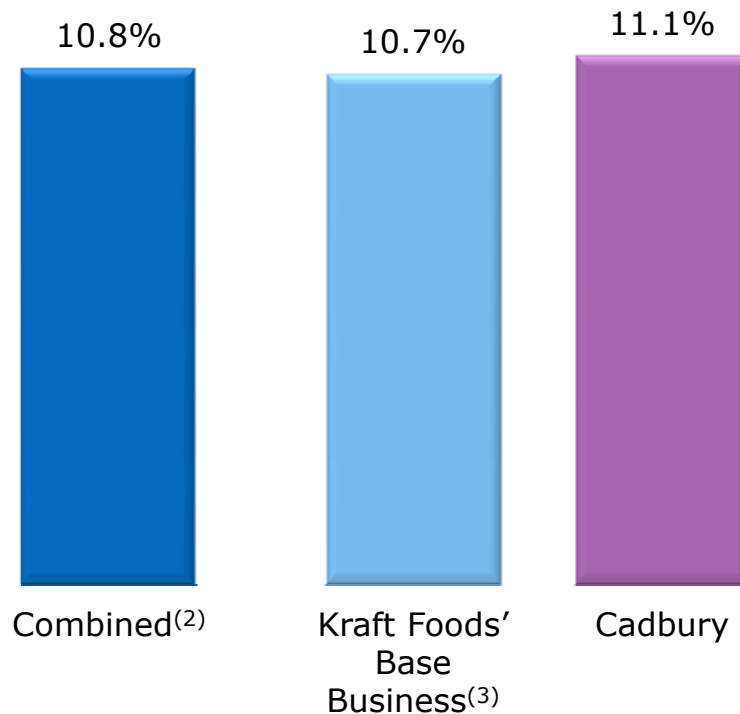
- Strong margin gains in Kraft Foods' base business
 - Leveraging vol/mix growth
 - Increasing investments in marketing, cost savings initiatives
- Cadbury profit performance in February/March reflects benefits of strong vol/mix

(1) Kraft Foods' base business is defined as the continuing operations of Kraft Foods, excluding the Cadbury financial results

(2) Excludes acquisition-related and integration costs. See GAAP to Non-GAAP reconciliation at the end of this presentation.

Kraft Foods Developing Markets: Q1 Organic Net Revenue Growth

Organic Net Revenue Growth⁽¹⁾



- Strong growth of Kraft Foods' base business driven by follow-through of Q4'09 investments in priority brands, markets
 - Asia priority brands +30%, led by *Oreo* cookies and *Tang* powdered beverages
 - Latin America priority brands +22%, driven by *Tang* powdered beverages
 - CEEMA priority brands +10%, led by *Jacobs* coffee
- Cadbury strong in Latin America, Asia
 - Double-digit growth in Latin America from new products, improved distribution of gum
 - Growth in Asia driven by chocolate gains in India, Australia
- Continued weak economic conditions and poor category trends in Central and Southeast Europe

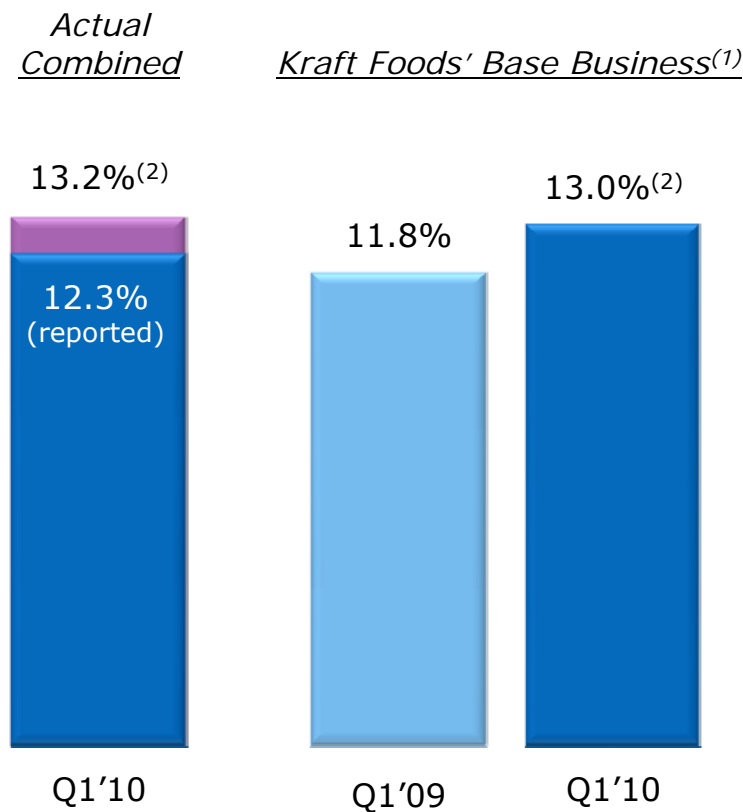
(1) See GAAP to Non-GAAP reconciliation at the end of this presentation.

(2) Reported Net Revenue increased 66.7%.

(3) Kraft Foods' base business is defined as the continuing operations of Kraft Foods, excluding the financial results of Cadbury.

Kraft Foods Developing Markets: Q1 Segment Operating Income Margin

Segment Operating Income Margin



- Vol/mix gains and improved alignment of pricing with costs drove margin gains in Kraft Foods' base business
 - Increasing investments in marketing
 - Higher overhead costs
- Cadbury profit performance in February/March primarily reflects better alignment of pricing and costs
 - Improved product mix in Latin America, Asia also contributed

(1) Kraft Foods' base business is defined as the continuing operations of Kraft Foods, excluding the financial results of Cadbury.

(2) Excludes acquisition-related and integration costs. See GAAP to Non-GAAP reconciliation at the end of this presentation.

Agenda

- Kraft Foods + Cadbury: Progress Report
- Q1 Results
- Earnings Guidance

A number of factors affecting our 2010 earnings profile

- Targeting Kraft Foods' base business EPS growth at the high end of our previous 7%-9% long-term EPS growth target
- Consolidating Cadbury results from February 2, 2010, onwards
- Pizza divestiture closed on March 1, 2010
 - Lowers annual EPS in first full year
 - Generates one-time gain, earnings from discontinued operations

Expect financial momentum to continue as we integrate Cadbury

2009 Diluted EPS

\$2.03

Growth at High-End of 7-9% Long-Term Target
Annual Impact of Pizza Divestiture

At least 0.18

(0.05)

Pizza Impact

Earnings (0.14)
Use of Proceeds 0.09

2010 Kraft Foods' Base Business Diluted EPS

At least \$2.16

Impact of Cadbury Acquisition

~(0.16)

2010 Operating EPS Guidance

At least \$2.00

Integration Costs

~(0.30)

Acquisition-Related Costs and Financing Fees

~(0.22)

U.S. Healthcare Legislation Charge

(0.08)

Earnings and Gain on Sale of Pizza Business

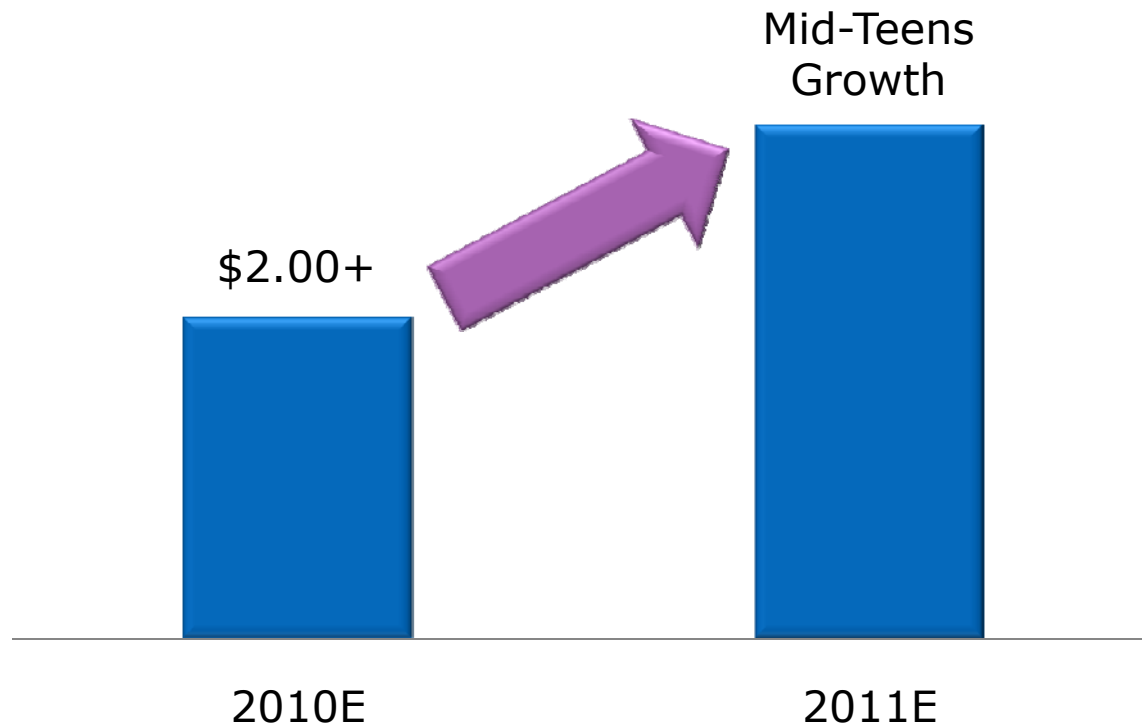
0.95

2010 Diluted EPS Guidance

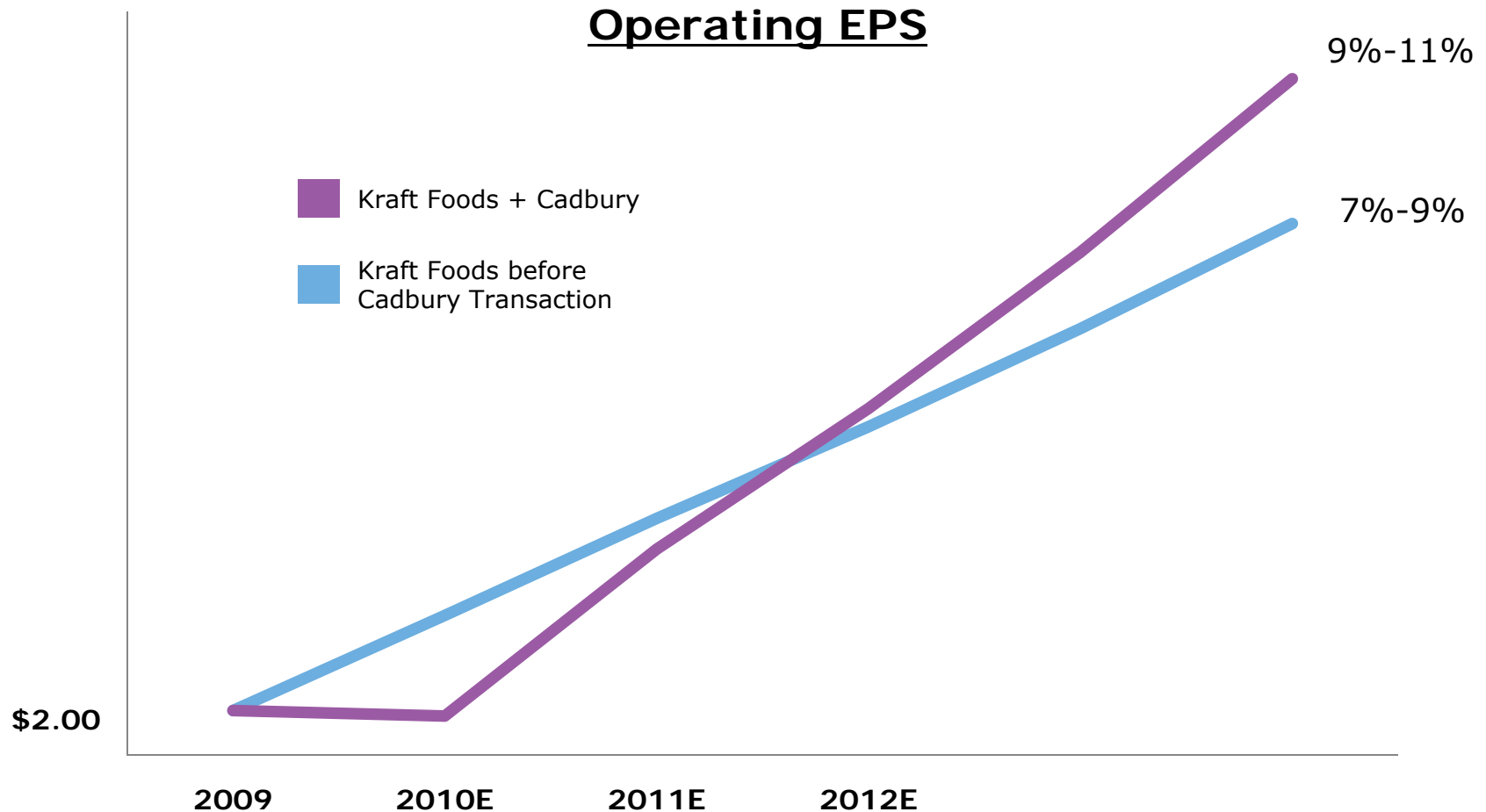
At least \$2.35

Expect strong earnings momentum in 2011

Operating EPS Guidance



Our transformation will change our earnings trajectory



Building a global powerhouse

- Integration plans progressing well
- Momentum remains strong in both businesses
- Laying solid foundation to accelerate growth



GAAP to Non-GAAP Reconciliation

Net Revenues For the Three Months Ended March 31, (\$ in millions, except percentages) (Unaudited)

	Add back:									% Change			
	As Reported (GAAP)	Impact of Divestitures	Impact of Acquisitions	Impact of Currency	Base Kraft Foods Organic (Non-GAAP)	Impact of Acquisitions - Cadbury ⁽¹⁾	Impact of Currency - Cadbury ⁽¹⁾	Cadbury Organic (Non-GAAP) ⁽¹⁾	Combined Organic (Non-GAAP)	As Reported (GAAP)	Base Kraft Foods Organic (Non-GAAP)	Cadbury Organic (Non-GAAP) ⁽¹⁾	Combined Organic (Non-GAAP)
2010													
Kraft Foods North America	\$ 5,688	\$ -	\$ (246)	\$ (98)	\$ 5,344	\$ 246	\$ (12)	\$ 234	\$ 5,578	7.3%	1.1%	6.4%	1.3%
Kraft Foods Europe	2,709	-	(589)	(151)	1,969	589	(37)	552	2,521	40.5%	2.5%	5.3%	3.1%
Kraft Foods Developing Markets	2,921	-	(858)	(134)	1,929	858	(120)	738	2,667	66.7%	10.7%	11.1%	10.8%
Kraft Foods	\$ 11,318	\$ -	\$ (1,693)	\$ (383)	\$ 9,242	\$ 1,693	\$ (169)	\$ 1,524	\$ 10,766	26.0%	3.3%	8.2%	3.9%
2009 (As Revised)													
Kraft Foods North America	\$ 5,299	\$ (12)	\$ -	\$ -	\$ 5,287	\$ 220	\$ -	\$ 220	\$ 5,507				
Kraft Foods Europe	1,928	(7)	-	-	1,921	524	-	524	2,445				
Kraft Foods Developing Markets	1,752	(9)	-	-	1,743	664	-	664	2,407				
Kraft Foods	\$ 8,979	\$ (28)	\$ -	\$ -	\$ 8,951	\$ 1,408	\$ -	\$ 1,408	\$ 10,359				

(1) Kraft Foods acquired Cadbury plc on February 2, 2010. Cadbury pro forma data, shown above, is for February and March 2010 and 2009, adjusted from IFRS to U.S. GAAP and translated to US\$ from local countries' currencies.

GAAP to Non-GAAP Reconciliation

Net Revenues By Consumer Sector

For the Three Months Ended March 31,
(\$ in millions, except percentages) (Unaudited)

	Add back:									% Change			
	As Reported (GAAP)	Impact of Divestitures	Impact of Acquisitions	Impact of Currency	Base Kraft Foods Organic (Non-GAAP)	Impact of Acquisitions - Cadbury ⁽¹⁾	Impact of Currency - Cadbury ⁽¹⁾	Cadbury Organic (Non-GAAP) ⁽¹⁾	Combined Organic (Non-GAAP)	As Reported (GAAP)	Base Kraft Foods Organic (Non-GAAP)	Cadbury Organic (Non-GAAP) ⁽¹⁾	Combined Organic (Non-GAAP)
2010													
Confectionery	\$ 2,886	\$ -	\$ (1,643)	\$ (130)	\$ 1,113	\$ 1,643	\$ (166)	\$ 1,477	\$ 2,590	100.0+%	6.3%	8.2%	7.4%
Snacks	2,528	-	(4)	(67)	2,457	4	(1)	3	2,460	5.7%	3.2%	0.0%	3.2%
Beverages	2,098	-	(46)	(82)	1,970	46	(2)	44	2,014	14.8%	8.4%	12.8%	8.5%
Cheese	1,662	-	-	(68)	1,594	-	-	-	1,594	2.7%	(1.1)%	-	(1.1)%
Convenient Meals	1,196	-	-	(9)	1,187	-	-	-	1,187	3.5%	2.8%	-	2.8%
Grocery	948	-	-	(27)	921	-	-	-	921	0.9%	(2.0)%	(100.0)%	(2.1)%
Kraft Foods	<u>\$ 11,318</u>	<u>\$ -</u>	<u>\$ (1,693)</u>	<u>\$ (383)</u>	<u>\$ 9,242</u>	<u>\$ 1,693</u>	<u>\$ (169)</u>	<u>\$ 1,524</u>	<u>\$ 10,766</u>	<u>26.0%</u>	<u>3.3%</u>	<u>8.2%</u>	<u>3.9%</u>
2009 (As Revised)													
Confectionery	\$ 1,047	\$ -			\$ 1,047	\$ 1,365	\$ -	\$ 1,365	\$ 2,412				
Snacks	2,392	(12)	-	-	2,380	3	-	3	2,383				
Beverages	1,827	(9)			1,818	39	-	39	1,857				
Cheese	1,618	(7)			1,611	-	-	-	1,611				
Convenient Meals	1,155	-	-	-	1,155	-	-	-	1,155				
Grocery	940	-	-	-	940	1	-	1	941				
Kraft Foods	<u>\$ 8,979</u>	<u>\$ (28)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,951</u>	<u>\$ 1,408</u>	<u>\$ -</u>	<u>\$ 1,408</u>	<u>\$ 10,359</u>				

(1) Kraft Foods acquired Cadbury plc on February 2, 2010. Cadbury pro forma data, shown above, is for February and March 2010 and 2009, adjusted from IFRS to U.S. GAAP and translated to US\$ from local countries' currencies.



GAAP to Non-GAAP Reconciliation

Operating Income Margins

For the Three Months Ended March 31, 2010
(\$ in millions, except percentages) (Unaudited)

	As Reported (GAAP)	Integration Costs	Acquisition- Related Costs ⁽¹⁾	Combined Operating (Non-GAAP)	Cadbury	Base Kraft Foods (Non-GAAP)
Kraft Foods						
Net revenues	\$ 11,318	\$ -	\$ -	\$ 11,318	\$ 1,693	\$ 9,625
Operating Income	\$ 1,206	\$ (43)	\$ (259)	\$ 1,508	\$ 213	\$ 1,295
Operating Income Margin	10.7%			13.3%		13.5%
Kraft Foods North America						
Net revenues	\$ 5,688	\$ -	\$ -	\$ 5,688	\$ 246	\$ 5,442
Operating Income	\$ 983	\$ 1	\$ (7)	\$ 989	\$ 52	\$ 937
Operating Income Margin	17.3%			17.4%		17.2%
Kraft Foods Europe						
Net revenues	\$ 2,709	\$ -	\$ -	\$ 2,709	\$ 589	\$ 2,120
Operating Income	\$ 289	\$ (1)	\$ (23)	\$ 313	\$ 88	\$ 225
Operating Income Margin	10.7%			11.6%		10.6%
Kraft Foods Developing Markets						
Net revenues	\$ 2,921	\$ -	\$ -	\$ 2,921	\$ 858	\$ 2,063
Operating Income	\$ 359	\$ -	\$ (26)	\$ 385	\$ 117	\$ 268
Operating Income Margin	12.3%			13.2%		13.0%

(1) Acquisition-related costs include transaction advisory fees, U.K. stamp taxes and the impact of the Cadbury inventory revaluation.



GAAP to Non-GAAP Reconciliation

Diluted Earnings per Share

For the Three Months Ended March 31, 2010
(Unaudited)

	2010				
	As Reported (GAAP)	Integration Costs	Related Costs (⁽¹⁾) and Financing Fees (⁽²⁾)	U.S. Health Care Legislation Impact on Deferred Taxes	Operating (Non-GAAP)
Diluted					
- Continuing operations	\$ 0.15	\$ (0.02)	\$ (0.24)	\$ (0.08)	\$ 0.49
- Discontinued operations	1.01				
- Net earnings	\$ 1.16				

(1) Acquisition-related costs include transaction advisory fees, U.K. stamp taxes and the impact of the Cadbury inventory revaluation.

(2) Acquisition-related financing fees include hedging and foreign currency impacts associated with the Cadbury acquisition and other fees associated with the Cadbury Bridge Facility.