

# Kraft Foods

Barclays Capital  
Back-to-School Conference

September 7, 2011



Irene Rosenfeld  
Chairman and CEO



# Forward-looking statements

This slide presentation contains a number of forward-looking statements. The words “believe,” “expect,” “anticipate,” “optimistic,” “intend,” “plan,” “goals,” “may,” “aim,” “will” and similar expressions are intended to identify our forward-looking statements. Examples of forward-looking statements include, but are not limited to, statements we make regarding being well-positioned for sustainable growth; two distinct portfolios poised for peak performance; top-line growth; 2011 guidance; top-tier organic revenue growth; EPS growth; North America Grocery business description and performance; position within the new reality of the U.S. food industry; Global Snacks business description, ranking, geographic profile and performance; benefits from creating two independent entities; and what’s next. These forward-looking statements involve risks and uncertainties, many of which are beyond our control, and important factors that could cause actual results to differ materially from those in the forward-looking statements include, but are not limited to, increased competition, pricing actions, continued volatility and increases in commodity costs, increased costs of sales, our indebtedness and our ability to pay our indebtedness, risks from operating globally, our failure to successfully execute in emerging markets, our failure to create two success independent companies and tax law changes. For additional information on these and other factors that could affect our forward-looking statements, see our risk factors, as they may be amended from time to time, set forth in our filings with the SEC, including 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.

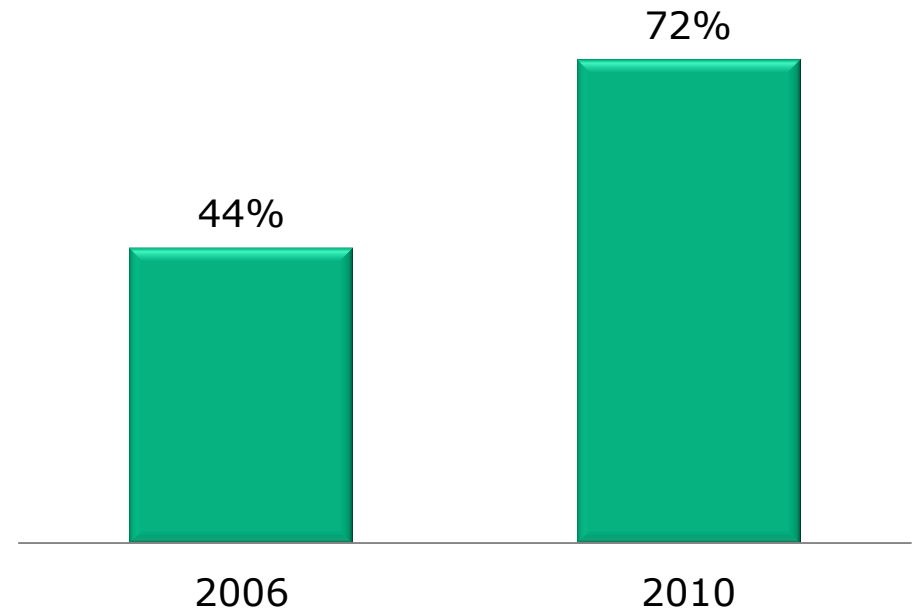
# Why now?

- Well-Positioned for Sustainable Growth
- Two Distinct Portfolios Poised for Peak Performance

# Three key ingredients to sustainable growth

- Fix our base
  - Rewire the organization
  - Rejuvenate our brands

**Kraft Foods Base Business<sup>(1)</sup>**  
**% of Products Preferred to Competition**



(1) Excludes Cadbury.  
Source: Kraft Foods.

# Three key ingredients to sustainable growth

- Fix our base
- Transform the portfolio
  - Strengthen North American business
  - Build a global snacks powerhouse

## Divestitures



## Acquisitions

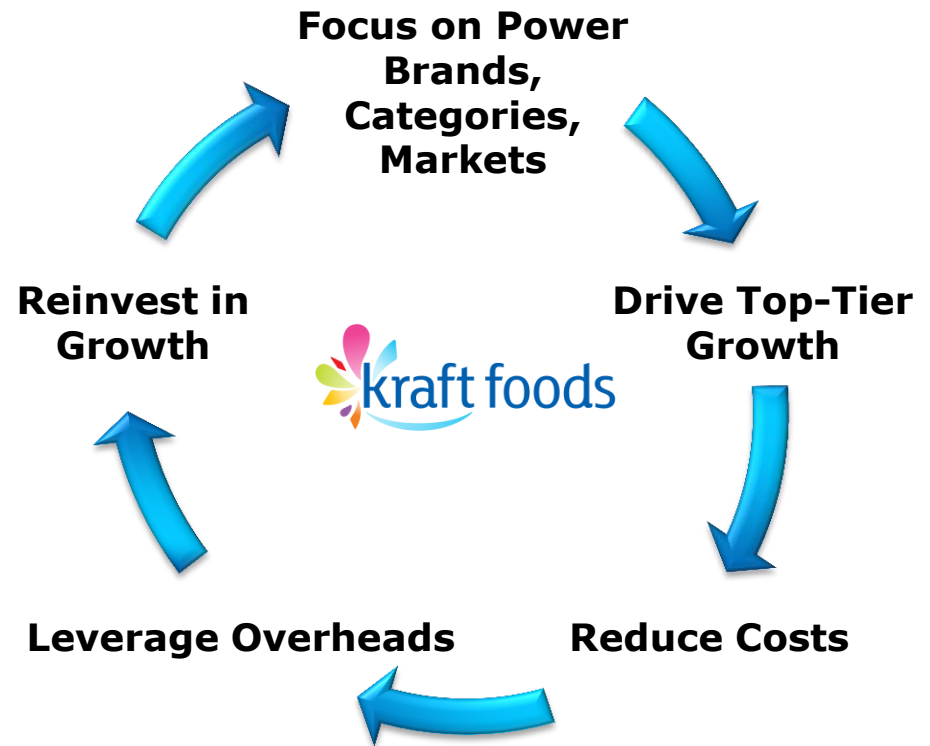


*(European rights)*



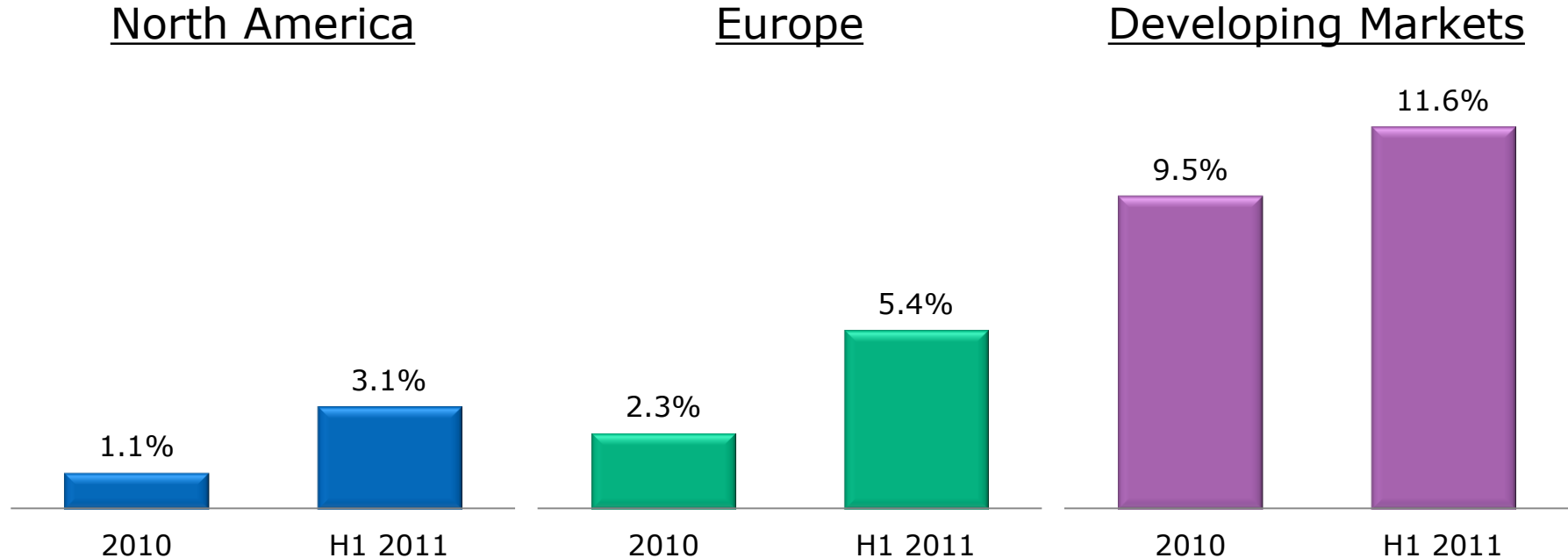
# Three key ingredients to sustainable growth

- Fix our base
- Transform the portfolio
- Make Virtuous Cycle work in each region
  - Sustainable, top-tier growth



# Top-line growth accelerating in each region

## Organic Net Revenue Growth\*



\* For 2010, reflects Combined Organic Net Revenue growth. Reported Net Revenue growth for 2010 were as follows: North America, 8.8%; Europe, 32.6%; Developing Markets, 71.1%. Reported Net Revenue growth for H1 2011 were as follows: North America, 3.4%; Europe, 18.9%; Developing Markets, 23.1%. See GAAP to Non-GAAP reconciliation at the end of this presentation.



# Strong H1 operating momentum in each geography

- Executed necessary pricing
  - Quickly responded to higher input costs
- Winning with consumers
  - Focused brand investments, innovation and improved marketing
  - Solid share performance while pricing earlier than competition
- Grew profit dollars versus difficult comparisons
  - Driving End-to-End Cost Management
  - Funding strong increase in A&C

# Snacks portfolio up more than 6% in H1\*

- Global Biscuits +7% through H1\*
  - Developing Markets up strong double-digits
  - *Oreo* +22%, *Chips Ahoy!* +18%, *Club Social* +35%
- Global Chocolate +9% through H1\*
  - Developing Markets up low-to-mid teens
  - *Cadbury Dairy Milk* +13%, *Lacta* +18%, *Cadbury Flake* +13%
- Global Gum & Candy +2% through H1\*
  - Developing Markets up high single-digits
  - Fixing developed markets through advertising, innovation and price points

\* Reflects H1 2011 Organic Net Revenue Growth. Reported H1 2011 Net Revenue growth was 16.7% for Snacks, 10% for Biscuits and 22.5% for Confectionery, which is comprised of 26.2% for Chocolate, 24.3% for Gum & Candy and (37.1)% for Other Confectionery. See GAAP to Non-GAAP reconciliation at the end of this presentation.

# Increased 2011 guidance with Q2 results

- Organic Net Revenue growth of at least 5%
  - Taking additional pricing to address climbing input costs
- Operating EPS of at least \$2.25
  - Delivering strong operating results
  - Reflecting year-to-date currency benefit

# Delivering top-tier organic revenue growth

## Organic Revenue Growth (Fiscal Year)\*

2008		2009		2010		2011E <sup>(2)</sup>	
1	ConAgra 9.5%	1	General Mills 8.5%	1	Danone 6.9%	1	Danone 6%-8%
2	Danone 8.4%	2	ConAgra 7.7%	2	Hershey 6.1%	2	PepsiCo 6%-8% <sup>(3)</sup>
3	Nestlé 8.3%	3	Heinz 5.5%	3	Coca-Cola 6.0%	3	Nestlé 6%
4	General Mills 8.2%	4	Nestlé 4.1%	4	Nestlé 6.0%	4	Hershey ~6%
5	Heinz 6.9%	5	Coca-Cola 4.0%	5	General Mills 4.0%	5	Coca-Cola 5%-6% <sup>(3)</sup>
6	<b>Kraft Foods 6.7%</b>	6	Hershey 4.0%	6	<b>Kraft Foods 3.5/3.7%</b> <sup>(1)</sup>	6	<b>Kraft Foods 5%+</b>
7	PepsiCo 6.6%	7	PepsiCo 4.0%	7	PepsiCo 3.5%	7	Sara Lee 4.9% <sup>(4)</sup>
8	Coca-Cola 5.7%	8	Danone 3.2%	8	Heinz 2.1%	8	Kellogg 4%-5%
9	Kellogg 5.4%	9	Campbell 3.0%	9	ConAgra (0.8)%	9	General Mills 2.0% <sup>(4)</sup>
10	Sara Lee 4.6%	10	Kellogg 3.0%	10	Kellogg (1.3)%	10	Heinz 1.9% <sup>(4)</sup>
11	Hershey 3.4%	11	Sara Lee 2.7%	11	Campbell (2.0)%	11	ConAgra 1.1% <sup>(4)</sup>
12	Campbell 3.0%	12	<b>Kraft Foods 1.5%</b>	12	Sara Lee (2.8)%	12	Campbell (2.0)%

\* Source: Thomson First Call.

(1) Reported Net Revenue growth was 27.0%; Combined Organic Net Revenue Growth was 3.5%; Kraft Foods Base Organic Net Revenue growth was 3.7%. See GAAP to Non-GAAP reconciliation at the end of this presentation.

(2) Per company reports.

(3) PepsiCo reflects the company's medium-term target. Coca-Cola reflects the company's long-term target.

(4) As reported.



# Poised to improve EPS growth versus peers

## Operating EPS Growth<sup>(1)</sup>

2008		2009		2010		2011E	
1	ConAgra 32.9%	1	Hershey 15.4%	1	Hershey 17.5%	<b>1 Kraft Foods 11.4%+</b>	<sup>(3)</sup>
2	Sara Lee 19.3%	2	General Mills 13.1%	2	General Mills 15.6%	2	Coca-Cola 11.2%
3	Coca-Cola 16.7%	3	Heinz 10.3%	3	ConAgra 14.5%	3	Hershey 11.0%
4	General Mills 10.7%	<b>4 Kraft Foods 8.0%</b>			Coca-Cola 14.1%	4	Danone 10.3%
5	Heinz 10.5%	5	Campbell 6.2%	5	PepsiCo 11.3%	5	General Mills 7.8% <sup>(4)</sup>
6	PepsiCo 8.9%	6	Kellogg 5.7%	6	Campbell 11.3%	6	PepsiCo 7.7%
7	Kellogg 8.3%	7	PepsiCo 0.8%	7	Nestlé 7.4%	7	Heinz 7.3% <sup>(4)</sup>
8	Campbell 7.2%	8	Nestlé 0.7%	8	Danone 5.4%	8	Kellogg 5.8%
9	Nestlé 4.0%	9	Danone (0.8)%	<b>9 Kraft Foods 4.7%</b>	<sup>(2)</sup>	9	Sara Lee 2.6% <sup>(4)</sup>
<b>10 Kraft Foods 3.3%</b>		10	Coca-Cola (2.9)%	10	Kellogg 4.4%	10	Campbell 0.8%
11	Danone 1.2%	11	Sara Lee (15.2)%	11	Heinz (1.0)%	11	ConAgra 0.6% <sup>(4)</sup>
12	Hershey (9.6)%	12	ConAgra (20.0)%	12	Sara Lee (9.5)%	12	Nestlé (7.8)%

(1) Source: Thomson First Call.

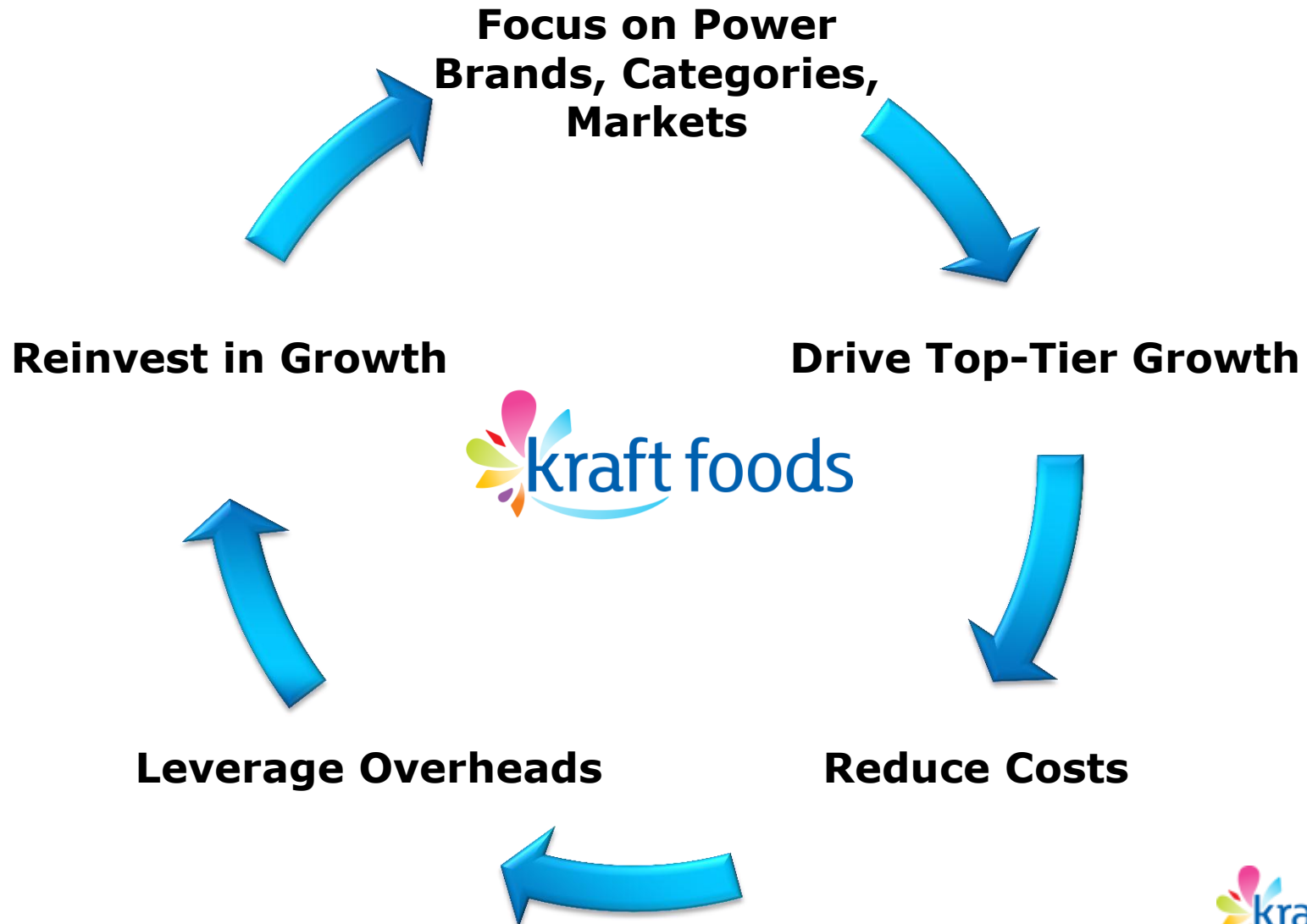
(2) Represents Operating EPS. Reported Diluted EPS declined 23.8%. See GAAP to Non-GAAP reconciliation at the end of this presentation.

(3) Based on Operating EPS guidance of at least \$2.25.

(4) As reported.



# Well-positioned to deliver top-tier growth



# Why now?

- Well-Positioned for Sustainable Growth
- Two Distinct Portfolios Poised for Peak Performance

# Significant differences in operating models of NA Grocery and Global Snacks

## North American Grocery

## Global Snacks

### Categories/Brands

Regional

Global

### Products

Everyday Staples

Ubiquitous,  
Discretionary

### Store Presence

Center of Store

Snacking Aisle,  
End Caps, Hot Zone

### Sales & Distribution

Warehouse

DSD, High Touch

### Cost Structure

Low, Variable

High, Fixed

### Selling Costs

Modest

High



# Two strong portfolios with unique drivers of success

## North American Grocery



Maxwell  
House



JELL-O



Miracle  
Whip

## Global Snacks



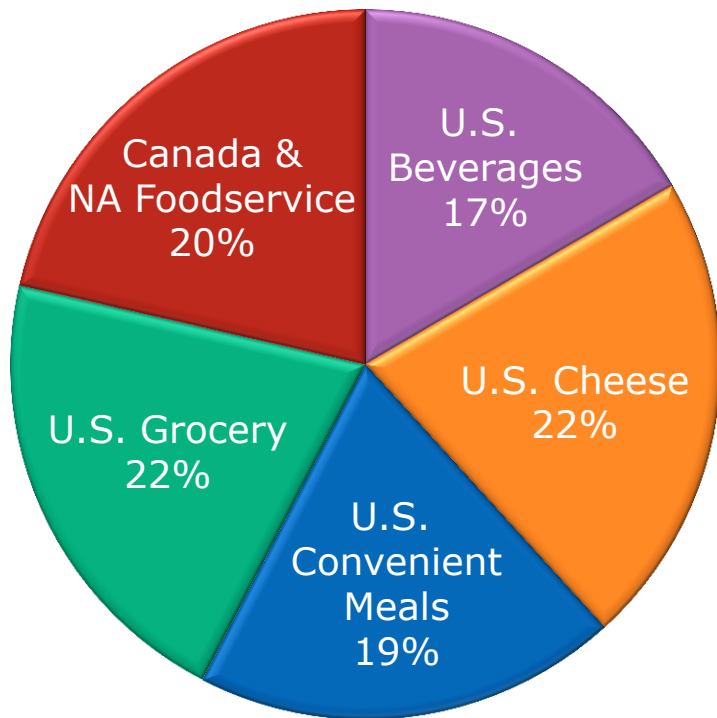
Cadbury



Trident



# North American Grocery will be a major force in the industry



**\$16 Billion in Revenues\***

- Significant scale across categories
  - #3 in size to Nestlé and PepsiCo
- #1 in ~80% of categories
  - Four \$1B+ brands... *Kraft, Maxwell House, Oscar Mayer, Philadelphia*
  - Three \$500MM-\$1B brands
  - Fourteen \$100MM-\$500MM brands
- Biggest and best grocery sales force in U.S.
  - Highest rated in Cannondale and Kantar
  - Gaining share with key customers

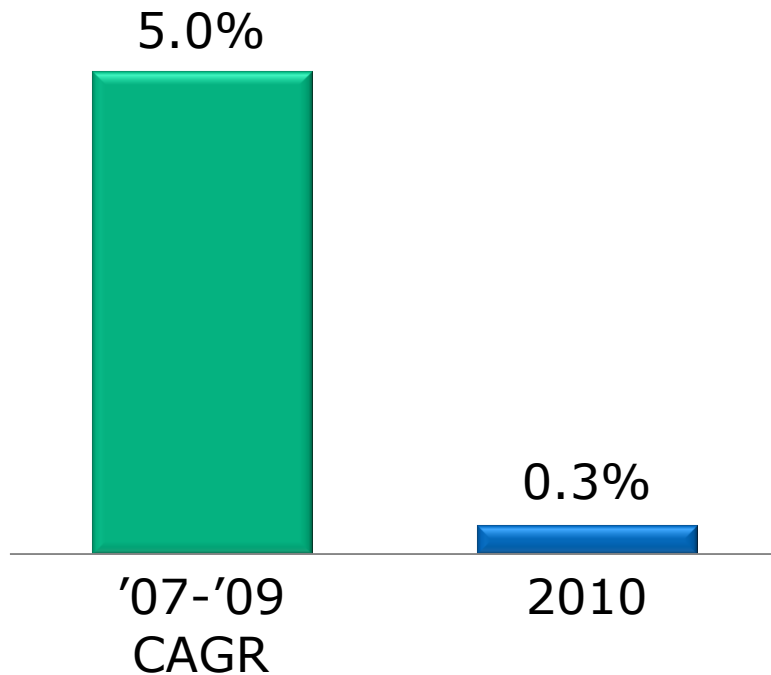


Maxwell  
House

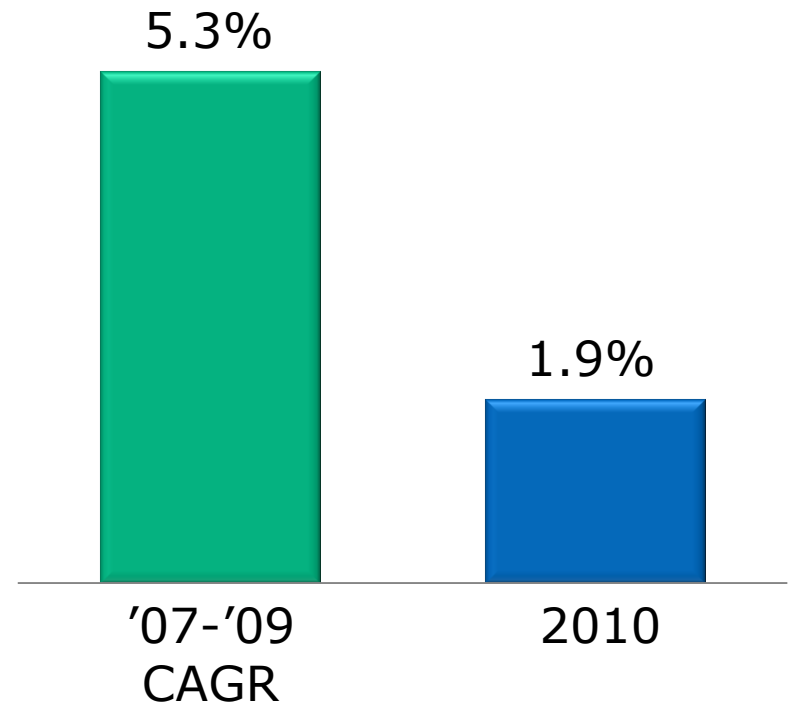


# Well-positioned within the new reality of the U.S. food industry

## Total U.S. Food & Beverage



## Kraft Foods Categories\*

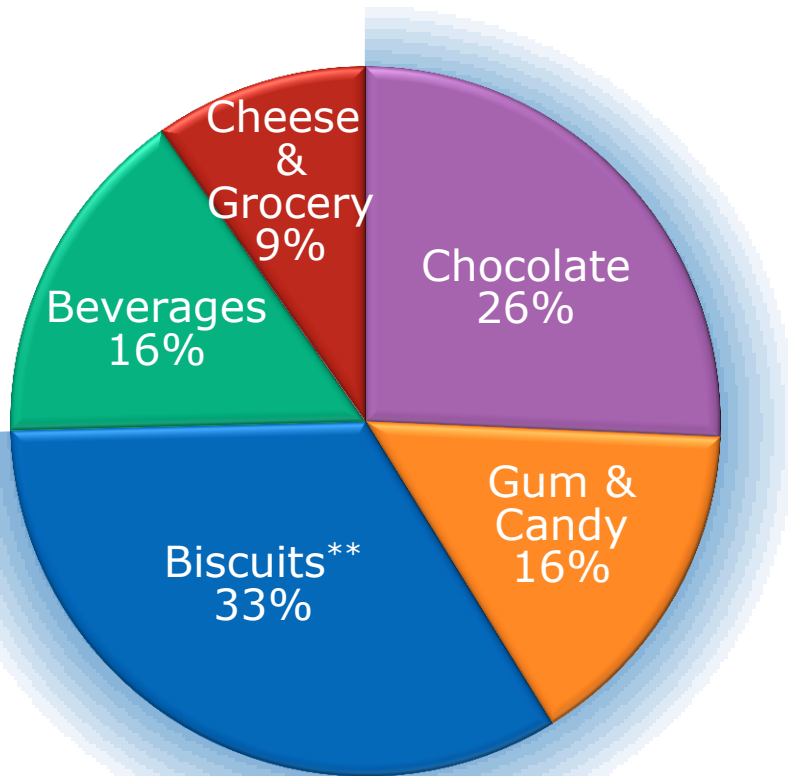


\* Excludes Cookies, Crackers and Snack Nuts  
Source: Nielsen.

# North American Grocery will deliver consistent growth, significant free cash flow

- Moderate growth in line with categories
  - Innovation and marketing excellence
  - Disciplined portfolio management
  - Grocery channel scale
- Strong margins with upside opportunity
  - Trade spend optimization
  - Lean Six Sigma
  - Negative overhead growth
- Substantial free cash generation
  - High dividend payout, growing dividend over time

# Global Snacks will be the pre-eminent player in snacking worldwide



**\$32 Billion in Revenues\***

- #1 player in global snacks
  - #1 in Biscuits
  - #1 in Chocolate
  - #2 in Gum
- Strong stable of global and local icons
  - Eight \$1B+ brands ... *Cadbury, Jacobs, LU, Milka, Nabisco, Oreo, Tang, Trident*
  - Six \$500MM-\$1B brands
  - Nearly 40 \$100MM-\$500MM brands
- Beverages to drive strong growth with high margins

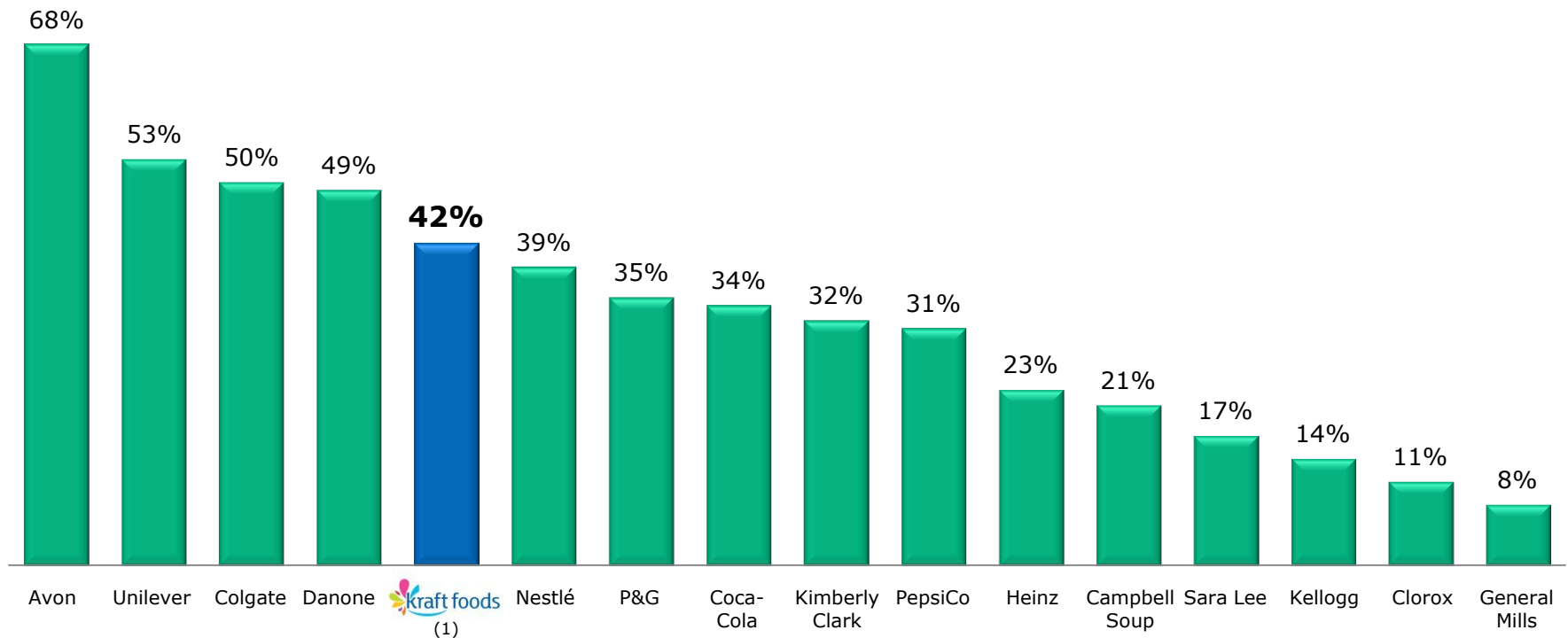


\* Based on 2010 reported net revenues adjusted for accounting calendar changes and divestitures.

\*\* Includes salted snacks

# Global Snacks will rank among the leading CPG players in developing markets

## Percentage of Revenues from Developing Markets

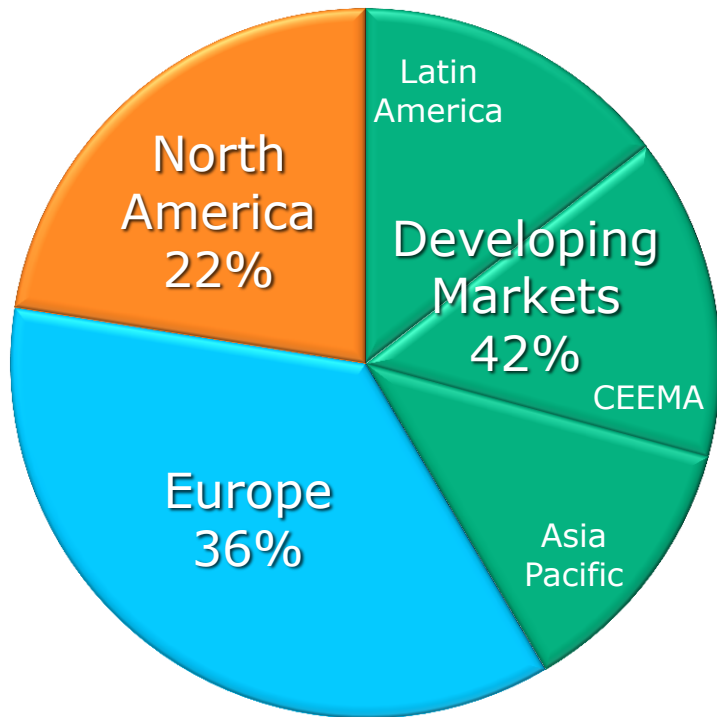


(1) Reflects the percentage of revenues from Developing Markets of the proposed Global Snacks company.

Source: Company reports and presentations, reflecting the following: Avon - Emerging & developing markets per CAGNY 2011 presentation; Unilever - Emerging markets per 2010 annual report; Colgate - Emerging markets per CAGNY 2011 presentation; Danone - Emerging markets pro forma for Unimilk per 2010 results presentation; Nestle - Emerging markets approaching 40% of sales per full year 2010 results roadshow; P&G - Developing markets per fiscal 2011 10-K; Coca-Cola - Pacific, Latin America, Eurasia & Africa excluding Bottling Investments; Kimberly-Clark - Asia, Latin America and Other; PepsiCo - Emerging markets pro forma for Wimm-Bill-Dann per CAGNY 2011 presentation; Heinz - Emerging markets per Q1 2012 earnings release; Campbell - Australia/Asia Pacific, Other; Sara Lee - Other; Kellogg - Latin America, Asia Pacific; General Mills - Asia Pacific, Latin America.



# Global Snacks' geographic profile is unique within consumer products



**\$32 Billion in Revenues\***

- Well-balanced Developing Markets presence
  - Scale and profitable growth in key developing markets
- Strong presence, prospects in Europe
  - Significant synergies, whitespace opportunities
- Lower-than-average exposure to North America
  - Instant Consumption Channel expansion



# Global Snacks will deliver exceptional growth

- Industry-leading growth
  - Global product platforms
  - Developing Market presence
  - Instant Consumption Channels
  - Whitespace opportunities
- Leverage cost structure to drive margin gains
  - Volume growth and improved product mix
- Reinvest to support future growth
- Top-tier EPS growth plus a modest dividend



# Several important benefits from creating two independent entities

- Enable focus on distinct strategic priorities
  - Customize operating models, cultures, organizational structures
- Optimize resource allocation and capital deployment
  - North American Grocery resources dedicated to the Grocery business
- Increase transparency for shareholders
  - Value each business versus respective peer set
  - Expand shareholder base

# What's Next

- Continue to report as one company
- Tax Rulings by early Q2
- Initial Form 10 filing during Q2
- Complete transaction no later than Dec. 31, 2012

# Summary

- Strong business momentum
- Virtuous cycle at work in every region
- Taking next logical step in evolution of Kraft Foods



# GAAP to Non-GAAP Reconciliation

## Net Revenues to Combined Organic Net Revenues

For the Twelve Months Ended December 31,  
(\$ in millions, except percentages) (Unaudited)

	Add back:											% Change				
	As Reported (GAAP)	Impact of Divestitures	Impact of Acquisitions	Impact of Integration Program	Impact of Currency	Base Kraft Foods Organic (Non-GAAP)	Impact of Acquisitions - Cadbury <sup>(1)</sup>	Divestitures - Cadbury's Poland and Romania Operations <sup>(1)</sup>	Impact of Currency - Cadbury <sup>(1)</sup>	Cadbury Organic (Non-GAAP) <sup>(1)</sup>	Combined Organic (Non-GAAP)	As Reported (GAAP)	Base Kraft Foods Organic (Non-GAAP)	Cadbury Organic (Non-GAAP) <sup>(1)</sup>	Combined Organic (Non-GAAP)	
2010																
Kraft Foods North America	\$ 23,966	\$ (21)	\$ (1,498)	\$ -	\$ (251)	\$ 22,196	\$ 1,498	\$ -	\$ (35)	\$ 1,463	\$ 23,659	8.8%	1.1%	0.8%	1.1%	
Kraft Foods Europe	11,628	-	(2,892)	-	267	9,003	2,892	-	91	2,983	11,986	32.6%	2.9%	0.7%	2.3%	
Kraft Foods Developing Markets	13,613	-	(4,753)	1	15	8,876	4,753	(105)	(302)	4,346	13,222	71.1%	11.8%	5.1%	9.5%	
Kraft Foods	\$ 49,207	\$ (21)	\$ (9,143)	\$ 1	\$ 31	\$ 40,075	\$ 9,143	\$ (105)	\$ (246)	\$ 8,792	\$ 48,867	27.0%	3.7%	2.9%	3.5%	
2009																
Kraft Foods North America	\$ 22,030	\$ (80)	\$ -	\$ -	\$ -	\$ 21,950	\$ 1,452	\$ -	\$ -	\$ 1,452	\$ 23,402					
Kraft Foods Europe	8,768	(15)	-	-	-	8,753	2,961	-	-	2,961	11,714					
Kraft Foods Developing Markets	7,956	(14)	-	-	-	7,942	4,341	(207)	-	4,134	12,076					
Kraft Foods	\$ 38,754	\$ (109)	\$ -	\$ -	\$ -	\$ 38,645	\$ 8,754	\$ (207)	\$ -	\$ 8,547	\$ 47,192					

<sup>(1)</sup> Kraft Foods acquired Cadbury plc on February 2, 2010. Cadbury data, shown above, is for February through December 2010 and 2009, adjusted from IFRS to U.S. GAAP and translated to US\$ from local countries' currencies. Cadbury 2009 data is presented on a combined company, pro forma basis.

# GAAP to Non-GAAP Reconciliation

## Net Revenues to Organic Net Revenues

For the Six Months Ended June 30,  
(\$ in millions, except percentages) (Unaudited)

							% Change	
	As Reported (GAAP)	Impact of Divestitures <sup>(1)</sup>	Impact of Acquisitions <sup>(2)</sup>	Impact of Accounting Calendar Changes	Impact of Currency	Organic (Non-GAAP)	As Reported (GAAP)	Organic (Non-GAAP)
<b>2011</b>								
Kraft Foods North America	\$ 12,254	\$ (91)	\$ (117)	\$ -	\$ (92)	\$ 11,954	3.4%	3.1%
Kraft Foods Europe	6,541	-	(201)	(226)	(364)	5,750	18.9%	5.4%
Kraft Foods Developing Markets	7,656	-	(379)	(90)	(352)	6,835	23.1%	11.6%
<b>Kraft Foods</b>	<b>\$ 26,451</b>	<b>\$ (91)</b>	<b>\$ (697)</b>	<b>\$ (316)</b>	<b>\$ (808)</b>	<b>\$ 24,539</b>	<b>12.2%</b>	<b>5.9%</b>
<b>2010</b>								
Kraft Foods North America	\$ 11,849	\$ (258)	\$ -	\$ -	\$ -	\$ 11,591		
Kraft Foods Europe	5,502	-	-	(45)	-	5,457		
Kraft Foods Developing Markets	6,220	(80)	-	(18)	-	6,122		
<b>Kraft Foods</b>	<b>\$ 23,571</b>	<b>\$ (338)</b>	<b>\$ -</b>	<b>\$ (63)</b>	<b>\$ -</b>	<b>\$ 23,170</b>		

(1) Impact of divestitures includes Starbucks CPG business.

(2) Impact of acquisitions reflects the incremental January 2011 operating results from our Cadbury acquisition.



# GAAP to Non-GAAP Reconciliation

## Net Revenues to Organic Net Revenues by Consumer Sector

For the Six Months Ended June 30,  
(\$ in millions, except percentages) (Unaudited)

### Kraft Foods

	As Reported (GAAP)	Impact of Divestitures	Impact of Acquisitions <sup>(2)</sup>	Impact of Accounting Calendar Changes	Impact of Currency	Organic (Non-GAAP)	% Change	
							As Reported (GAAP)	Organic (Non-GAAP)
<b>2011</b>								
Biscuits	\$ 5,776	\$ -	\$ -	\$ (99)	\$ (128)	\$ 5,549	10.0%	6.9%
Confectionery								
Chocolate	4,513	-	(285)	(43)	(259)	3,926	26.2%	9.4%
Gum & Candy	2,710	-	(379)	15	(131)	2,215	24.3%	1.6%
Other Confectionery	178	-	(5)	(3)	(6)	164	(37.1)%	(14.6)%
	7,401	-	(669)	(31)	(396)	6,305	22.5%	5.8%
<b>Snacks <sup>(1)</sup></b>	<b>\$ 13,177</b>	<b>\$ -</b>	<b>\$ (669)</b>	<b>\$ (130)</b>	<b>\$ (524)</b>	<b>\$ 11,854</b>	<b>16.7%</b>	<b>6.3%</b>
<b>2010</b>								
Biscuits	\$ 5,252	\$ -	\$ -	\$ (59)	\$ -	\$ 5,193		
Confectionery								
Chocolate	3,577	11	-	-	-	3,588		
Gum & Candy	2,180	-	-	-	-	2,180		
Other Confectionery	283	(91)	-	-	-	192		
	6,040	(80)	-	-	-	5,960		
<b>Snacks <sup>(1)</sup></b>	<b>\$ 11,292</b>	<b>\$ (80)</b>	<b>\$ -</b>	<b>\$ (59)</b>	<b>\$ -</b>	<b>\$ 11,153</b>		

<sup>(1)</sup> Snacks is defined as the combination of the Biscuits sector, which includes cookies, crackers and salted snacks, and the Confectionery sector, which includes chocolate, gum & candy and other confectionery.

<sup>(2)</sup> Impact of acquisitions reflects the incremental January 2011 operating results from our Cadbury acquisition.



# GAAP to Non-GAAP Reconciliation

## Diluted Earnings per Share to Operating EPS

For the Twelve Months Ended December 31,  
(Unaudited)

						% Growth	
						As Reported EPS Growth from Continuing Operations (GAAP)	Operating EPS Growth (Non-GAAP)
	As Reported (GAAP)	Integration Program Costs <sup>(1)</sup>	Acquisition- Related Costs <sup>(2)</sup> and Financing Fees <sup>(3)</sup>	U.S. Health Care Legislation Impact on Deferred Taxes	Operating (Non-GAAP)		
<b>2010</b>							
Diluted EPS							
- Continuing operations	\$ 1.44	\$ 0.29	\$ 0.21	\$ 0.08	\$ 2.02	(23.8)%	4.7%
- Discontinued operations	0.95						
- Net earnings attributable to Kraft Foods	\$ 2.39						
<b>2009</b>							
Diluted EPS							
- Continuing operations	\$ 1.89	\$ -	\$ 0.04		\$ 1.93		
- Discontinued operations	0.14						
- Net earnings attributable to Kraft Foods	\$ 2.03						

(1) Integration Program costs are defined as the costs associated with combining the Kraft Foods and Cadbury businesses, and are separate from those costs associated with the acquisition.

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

(3) Acquisition-related financing fees include hedging and foreign currency impacts associated with the Cadbury acquisition and other fees associated with the Cadbury bridge facility.

