Kraft Foods

Q1 2012 Results

May 3, 2012

Forward-looking statements

This slide presentation contains a number of forward-looking statements. The words “expect,” “will” and similar expressions are intended to identify our forward-looking statements. Examples of forward-looking statements include, but are not limited to, our business momentum; the separation of our Global snacks and North American grocery businesses; top-tier results; Organic Net Revenue growth; momentum in geographies; product pruning; Operating EPS growth; pension costs; and our effective tax rate. 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, our failure to successfully create two companies, continued volatility and increase in input costs, increased competition, pricing actions, our debt 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.

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Business momentum remains strong

- Focus on Power Brands, brand-building paying off
- Effectively managing input costs, delivering vol/mix gains and solid market shares
- Expect momentum to continue for the balance of 2012

Global snacks and North American grocery well-positioned for independence

- Broad-based growth continues across global snacks
  - Global Biscuits +8%*
  - Global Chocolate +10%*
  - Global Gum & Candy +1%*

- North American grocery delivered a solid quarter of revenue and underlying operating income growth
  - Growing organically through innovation and focused spending on key brands
  - Recovering higher input costs
  - Driving negative overhead growth

* Reflects March 2012 YTD Organic Net Revenue Growth. Reported March 2012 YTD Net Revenue growth was 7% for Biscuits, 7% for Chocolate and (2)% for Gum & Candy. Global Biscuits includes snack nuts. See GAAP to Non-GAAP reconciliation at the end of this presentation.

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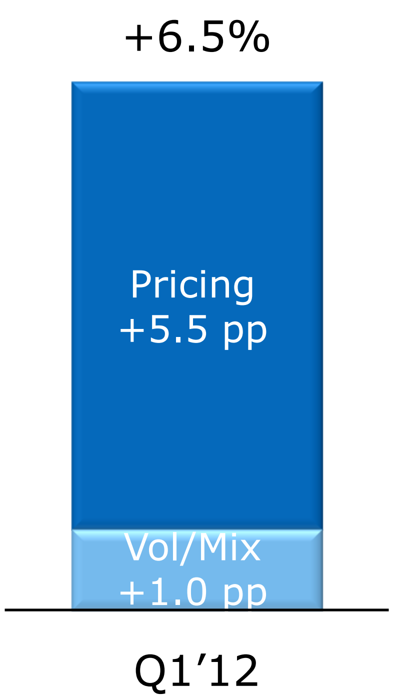
Kraft Foods: Q1 Organic Net Revenue Growth

Organic Net
Revenue Growth(1)

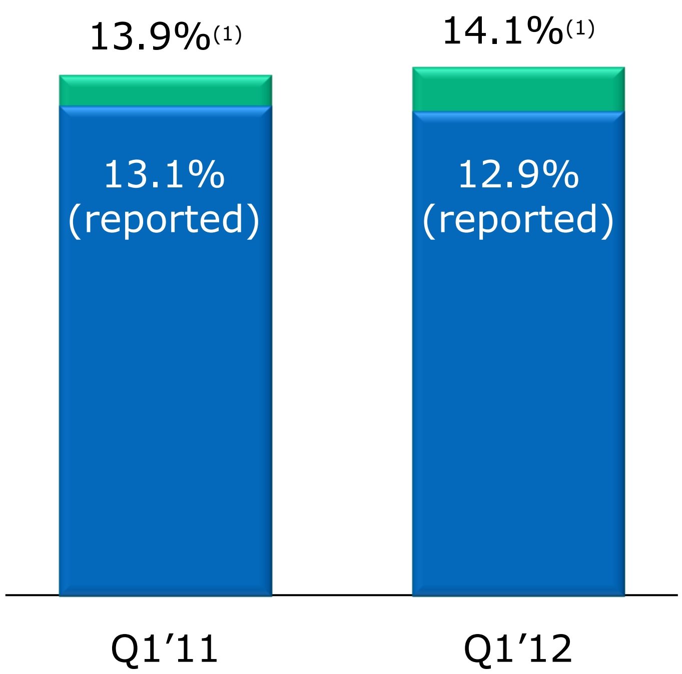


- Power Brands + 11%
- Significant contributions from new products in each geography
- Solid vol/mix gains in face of significant pricing
  - Easter shift benefit ~1.3pp
  - Product pruning impact ~(0.5)pp

(1) Reported Net Revenues increased 4.1%. See GAAP to Non-GAAP reconciliation at the end of this presentation.

Kraft Foods: Q1 Operating Income Margin

Operating Income Margin



- Underlying OI grew 6%[(2)]
  - Pricing fully covered ~$550 million raw material inflation
  - Solid vol/mix contribution
- Modest margin expansion
  - ~70 bps headwind from denominator effect of pricing
  - Strong contribution from overhead leverage

(1) Underlying Operating Income margin excludes Integration Program costs, Restructuring Program costs and Spin-Off Costs. See GAAP to Non-GAAP reconciliation at the end of this presentation.
(2) Reported Operating Income increased 2.7%. See GAAP to Non-GAAP reconciliation at the end of this presentation.

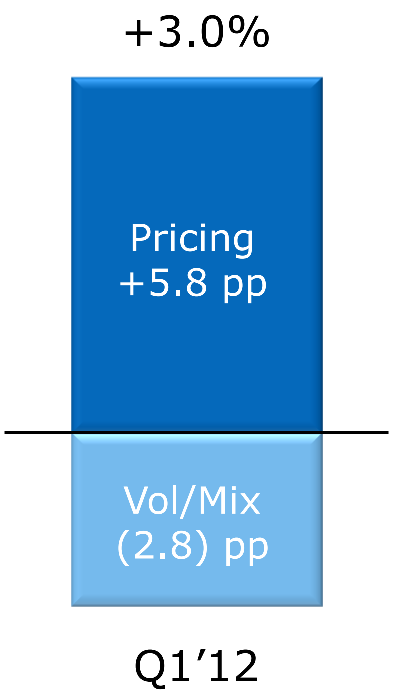
Operating gains drove Operating EPS growth*

	Q1
2011 Diluted EPS	**$0.45**
Integration Program Costs(1)	0.07
2011 Operating EPS	**$0.52**
Operating Earnings	0.06
Gain on Sale of Property	0.02
Asset Impairment Charge	(0.01)
Loss of Starbucks CPG business(2)	(0.01)
Change in Unrealized Gains/Losses from Hedging Activities	(0.02)
Change in Foreign Currency(3)	0.01
Lower Interest Expense	0.01
Change in Taxes	--
Higher Shares Outstanding	(0.01)
2012 Operating EPS	**$0.57**
Integration Program Costs(1)	(0.02)
Spin-Off Costs(4)	(0.06)
Restructuring Program Costs(5)	(0.03)
2012 Diluted EPS	**$0.46**

* Please see corresponding footnotes on page 18 of this presentation.

Kraft Foods North America: Q1 Organic Net Revenue Growth

Organic Net Revenue Growth[1]

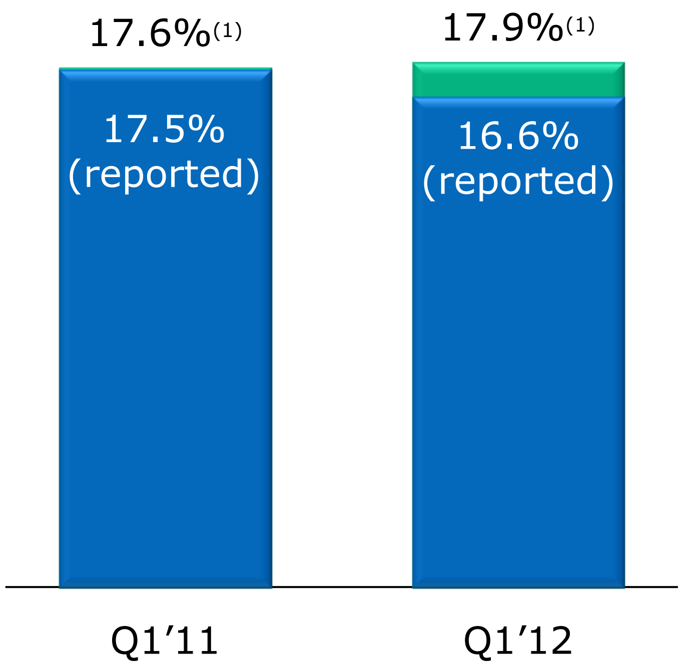


- Power Brands +6%
- Pricing higher across every business unit
- Vol/mix performance reflects price elasticity and program timing
  - Easter shift benefit of ~1pp offset by product pruning of ~(1)pp
  - ~(0.7)pp impact from trade inventory reduction in U.S. Beverages

(1) Reported Net Revenues increased 1.3%. See GAAP to Non-GAAP reconciliation at the end of this presentation.

Kraft Foods North America: Q1 Segment Operating Income Margin

Segment Operating Income Margin

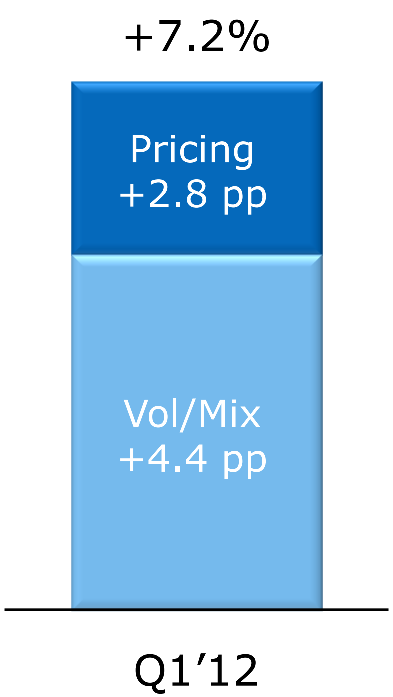


- Underlying Segment OI grew 3%[2]
  - (1.5)pp impact from loss of Starbucks CPG business
  - Pricing, productivity offset raw material inflation, lower vol/mix
  - Lower SG&A drove gains
- Margin upside tempered by denominator effect of pricing

(1) Underlying Segment Operating Income margin excludes Integration Program costs, Restructuring Program costs and Spin-Off Costs. See GAAP to Non-GAAP reconciliation at the end of this presentation.
(2) Reported Segment Operating Income declined 4.0%. 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)

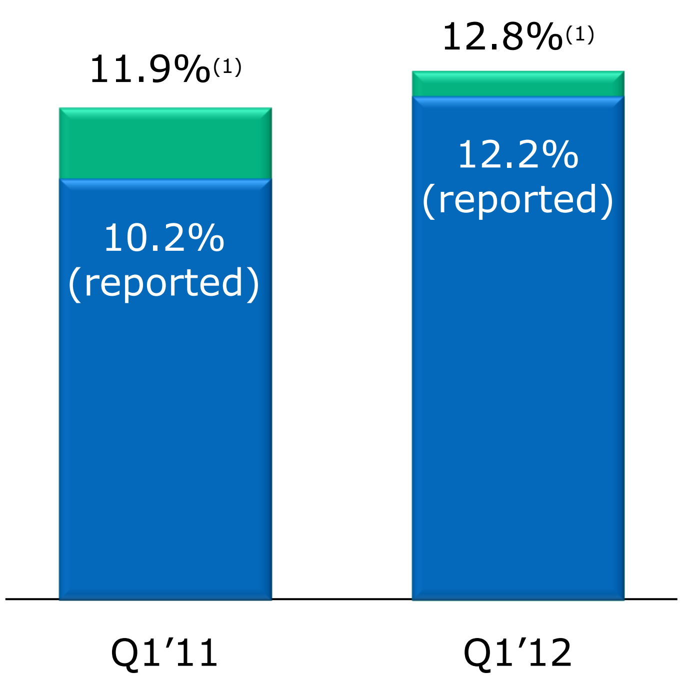


- Power Brands +11%
- Balanced growth profile in challenging environment
  - Strong pricing in response to higher input costs
  - Solid vol/mix performance even excluding +2pp Easter shift benefit
- Broad-based growth across categories

(1) Reported Net Revenues increased 4.5%. See GAAP to Non-GAAP reconciliation at the end of this presentation.

Kraft Foods Europe:
Q1 Segment Operating Income Margin

<u>Segment Operating Income Margin</u>



- Underlying Segment OI grew 12%[2]
  - (3)pp impact from currency
  - Driven by vol/mix gains and lower overheads
  - Pricing and productivity more than offset impact of higher input costs and a double-digit A&C increase
- Margin expansion driven by lower overheads, cost synergies

(1) Underlying Segment Operating Income margin excludes Integration Program costs, Restructuring Program costs and Spin-Off Costs. See GAAP to Non-GAAP reconciliation at the end of this presentation.
(2) Reported Segment Operating Income increased 24.7%. See GAAP to Non-GAAP reconciliation at the end of this presentation.

Kraft Foods Developing Markets: Q1 Organic Net Revenue Growth

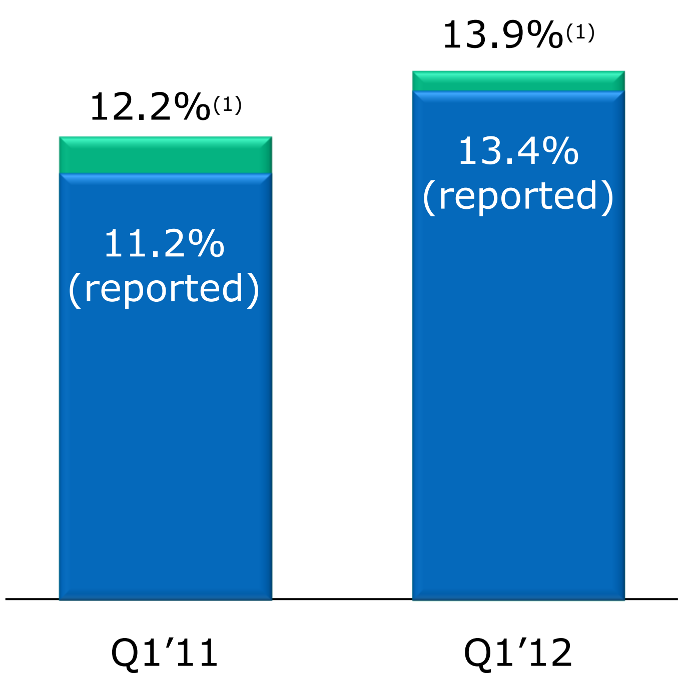
Organic Net Revenue Growth[1]

- Power Brands +18%
- Strong contributions from pricing and vol/mix
  - Easter shift benefit of +1pp
- Growth across all four regions
  - Latin America and MEA up double-digits
  - Asia Pacific and CEE up high single-digits

(1) Reported Net Revenues increased 8.5%. See GAAP to Non-GAAP reconciliation at the end of this presentation.

Kraft Foods Developing Markets: Q1 Segment Operating Income Margin

Segment Operating Income Margin



- Underlying Segment OI grew 24%[2]
  - ~8pp net benefit from asset sale gain less impairment charge
  - +1pp impact from currency
  - Vol/mix, effective input cost management more than offset double-digit A&C increase and investments in sales force
- Margin expansion driven by vol/mix and overhead leverage
  - ~0.8pp net benefit from asset sale gain less impairment charge

(1) Underlying Operating Income margin excludes Integration Program costs, Restructuring Program costs and Spin-Off Costs. See GAAP to Non-GAAP reconciliation at the end of this presentation.
(2) Reported Segment Operating Income grew 29.6%. See GAAP to Non-GAAP reconciliation at the end of this presentation.

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Expect top-tier results in 2012

- Organic Net Revenue growth of approximately 5%
  - Strong momentum in each geography
  - Up to (1)pp impact from product pruning in North America
- Operating EPS growth at low end of 9%-11% range on a constant currency basis
  - Pension cost headwind of ~(4)pp versus 2011
  - Increase in operating effective tax rate to ~28% from 24% in 2011

Making significant progress in separation process

- Filed applications with tax authorities in January
  - Expect rulings around mid-year
- Filed initial Form 10 on April 2
  - Amended Form 10 to be filed within next few weeks
- Making good progress on IT infrastructure work and debt migration plan
- Continuing to advance personnel decisions
- Complete separation no later than Dec. 31, 2012
  - Presentations by management teams in advance of separation

Creating two industry-leading companies

- Business momentum remains strong
- Separation process on track
- Expect to deliver top-tier results in 2012

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make today delicious

EPS Footnotes

(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. Integration Program costs were $43 million, or $40 million after-tax including certain tax costs associated with the integration of Cadbury, for the three months ended March 31, 2012, as compared to $104 million, or $114 million after-tax for the three months ended March 31, 2011.

(2) Effective March 1, 2011, Starbucks unilaterally took control of the sale and distribution of the packaged coffee business in grocery stores and other channels by terminating its agreements with Kraft Foods and in a manner that Kraft Foods believes violates the terms of those agreements.

(3) Includes the favorable foreign currency impact of Kraft Foods foreign denominated debt and interest expense due to the strength of the U.S. dollar.

(4) Spin-Off Costs represent non-recurring transaction and transition costs associated with preparing the businesses for independent operations consisting primarily of financial advisory fees, legal fees, accounting fees, tax services and information systems infrastructure duplication, and financing and related costs to redistribute debt and secure investment grade ratings for both the North American Grocery Business and the Global Snacks Business. Spin-Off costs for the three months ended March 31, 2012 were $173 million, or $113 million after-tax, and include a pre-tax loss of $130 million related to interest rate swaps recognized in interest and other expenses net as a result of a change in the planned timing of certain forecasted debt due to our planned Spin-Off and related debt capitalization plans.

(5) Restructuring Program costs represent non-recurring restructuring and related implementation costs reflecting primarily severance, asset disposals and other manufacturing related non-recurring costs.

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GAAP to Non-GAAP Reconciliation

Net Revenues to Organic Net Revenues by Consumer Sector

For the Three Months Ended March 31,

($ in millions, except percentages) (Unaudited)

Kraft Foods

	As Reported (GAAP)	Impact of Currency	Organic (Non-GAAP)	% Change As Reported (GAAP)	% Change Organic (Non-GAAP)
2012					
Biscuits	$ 2,890	$ 30	$ 2,920	7.4%	8.5%
Confectionery					
Chocolate	2,511	69	2,580	6.6%	9.6%
Gum & Candy	1,274	31	1,305	(1.8)%	0.5%
Other Confectionery	37	-	37	(30.2)%	(30.2)%
	3,822	100	3,922	3.1%	5.8%
Snacks (1)	**$ 6,712**	**$ 130**	**$ 6,842**	**4.9%**	**6.9%**
2011					
Biscuits	$ 2,692	$ -	$ 2,692		
Confectionery					
Chocolate	2,355	-	2,355		
Gum & Candy	1,298	-	1,298		
Other Confectionery	53	-	53		
	3,706	-	3,706		
Snacks (1)	**$ 6,398**	**$ -**	**$ 6,398**		

(1) 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.

GAAP to Non-GAAP Reconciliation

Net Revenues to Organic Net Revenues

For the Three Months Ended March 31,

($ in millions, except percentages) (Unaudited)

	As Reported (GAAP)	Impact of Divestitures [1]	Impact of Currency	Organic (Non-GAAP)	% Change As Reported (GAAP)	% Change Organic (Non-GAAP)
2012						
Kraft Foods North America	$ 6,012	$ -	$ 8	$ 6,020	1.3%	3.0%
Kraft Foods Europe	3,151	-	83	3,234	4.5%	7.2%
Kraft Foods Developing Markets	3,930	-	108	4,038	8.5%	11.5%
Kraft Foods	**$ 13,093**	**$ -**	**$ 199**	**$ 13,292**	**4.1%**	**6.5%**
2011						
Kraft Foods North America	$ 5,936	$ (91)	$ -	$ 5,845		
Kraft Foods Europe	3,016	-	-	3,016		
Kraft Foods Developing Markets	3,621	-	-	3,621		
Kraft Foods	**$ 12,573**	**$ (91)**	**$ -**	**$ 12,482**		

[1] Impact of divestitures includes for reporting purposes Starbucks CPG business.

GAAP to Non-GAAP Reconciliation

Operating Income To Underlying Operating Income

For the Three Months Ended March 31,

($ in millions, except percentages) (Unaudited)

	2012					2011		
	As Reported (GAAP)	Integration Program Costs [1]	Spin-Off Costs [2]	2012 - 2014 Restructuring Program Costs [3]	**Underlying (Non-GAAP)**	**As Reported (GAAP)**	Integration Program Costs [1]	**Underlying (Non-GAAP)**
Kraft Foods								
Operating Income	$ 1,691	$ 43	$ 39	$ 79	$ 1,852	$ 1,646	$ 104	$ 1,750
Growth vs. Prior Year	2.7%				5.8%			
Operating Income Margin	12.9%				14.1%	13.1%		13.9%
Kraft Foods North America								
Segment Operating Income	$ 995	$ 3	$ -	$ 79	$ 1,077	$ 1,036	$ 8	$ 1,044
Growth vs. Prior Year	(4.0)%				3.2%			
Segment Operating Income Margin	16.6%				17.9%	17.5%		17.6%
Kraft Foods Europe								
Segment Operating Income	$ 384	$ 19	$ -	$ -	$ 403	$ 308	$ 51	$ 359
Growth vs. Prior Year	24.7%				12.3%			
Segment Operating Income Margin	12.2%				12.8%	10.2%		11.9%
Kraft Foods Developing Markets								
Segment Operating Income	$ 525	$ 21	$ -	$ -	$ 546	$ 405	$ 35	$ 440
Growth vs. Prior Year	29.6%				24.1%			
Segment Operating Income Margin	13.4%				13.9%	11.2%		12.2%

(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) Spin-Off Costs represent non-recurring transaction and transition costs associated with preparing the businesses for independent operations consisting primarily of financial advisory fees, legal fees, accounting fees, tax services and information systems infrastructure duplication.

(3) Restructuring Program costs represent non-recurring restructuring and related implementation costs reflecting primarily severance, asset disposals and other manufacturing related non-recurring costs.

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GAAP to Non-GAAP Reconciliation

Diluted Earnings per Share to Operating EPS

For the Three Months Ended March 31,

(Unaudited)

															% Growth	
2012	**As Reported (GAAP)**		Integration Program Costs [1]		Spin-Off Costs [2]		2012 - 2014 Restructuring Program Costs [3]		**Operating (Non-GAAP)**		Currency [4]		**Operating Constant FX (Non-GAAP)**	**As Reported EPS Growth (GAAP)**	**Operating EPS Growth (Non-GAAP)**	**Operating Constant FX EPS Growth (Non-GAAP)**
Diluted EPS attributable to Kraft Foods	**$**	**0.46**	$	0.02	$	0.06	$	0.03	**$**	**0.57**	$	(0.01)	**$ 0.56**	**2.2%**	**9.6%**	**7.7%**
2011																
Diluted EPS attributable to Kraft Foods	**$**	**0.45**	$	0.07	$	-	$	-	**$**	**0.52**	$	-	**$ 0.52**			

(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. Integration Program costs were $43 million, or $40 million after-tax including certain tax costs associated with the integration of Cadbury, for the three months ended March 31, 2012, as compared to $104 million, or $114 million after-tax for the three months ended March 31, 2011.

(2) Spin-Off Costs represent non-recurring transaction and transition costs associated with preparing the businesses for independent operations consisting primarily of financial advisory fees, legal fees, accounting fees, tax services and information systems infrastructure duplication, and financing and related costs to redistribute debt and secure investment grade ratings for both the North American Grocery Business and the Global Snacks Business. Spin-Off costs for the three months ended March 31, 2012 were $173 million, or $113 million after-tax and include a pre-tax loss of $130 million related to interest rate swaps recognized in interest and other expenses, net as a result of a change in the planned timing of certain forecasted debt due to our planned Spin-Off and related debt capitalization plans.

(3) Restructuring Program costs for the three months ended March 31, 2012 were $79 million, or $49 million after-tax and represent non-recurring restructuring and related implementation costs reflecting primarily severance, asset disposals and other manufacturing related non-recurring costs.

(4) Includes the favorable foreign currency impact on Kraft Foods foreign denominated debt and interest expense due to the strength of the U.S. dollar.

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