

Kraft Foods

Hitting Our Sweet Spot ... in Europe

Deutsche Bank
Global Consumer Conference

June 15, 2011



Forward-looking statements

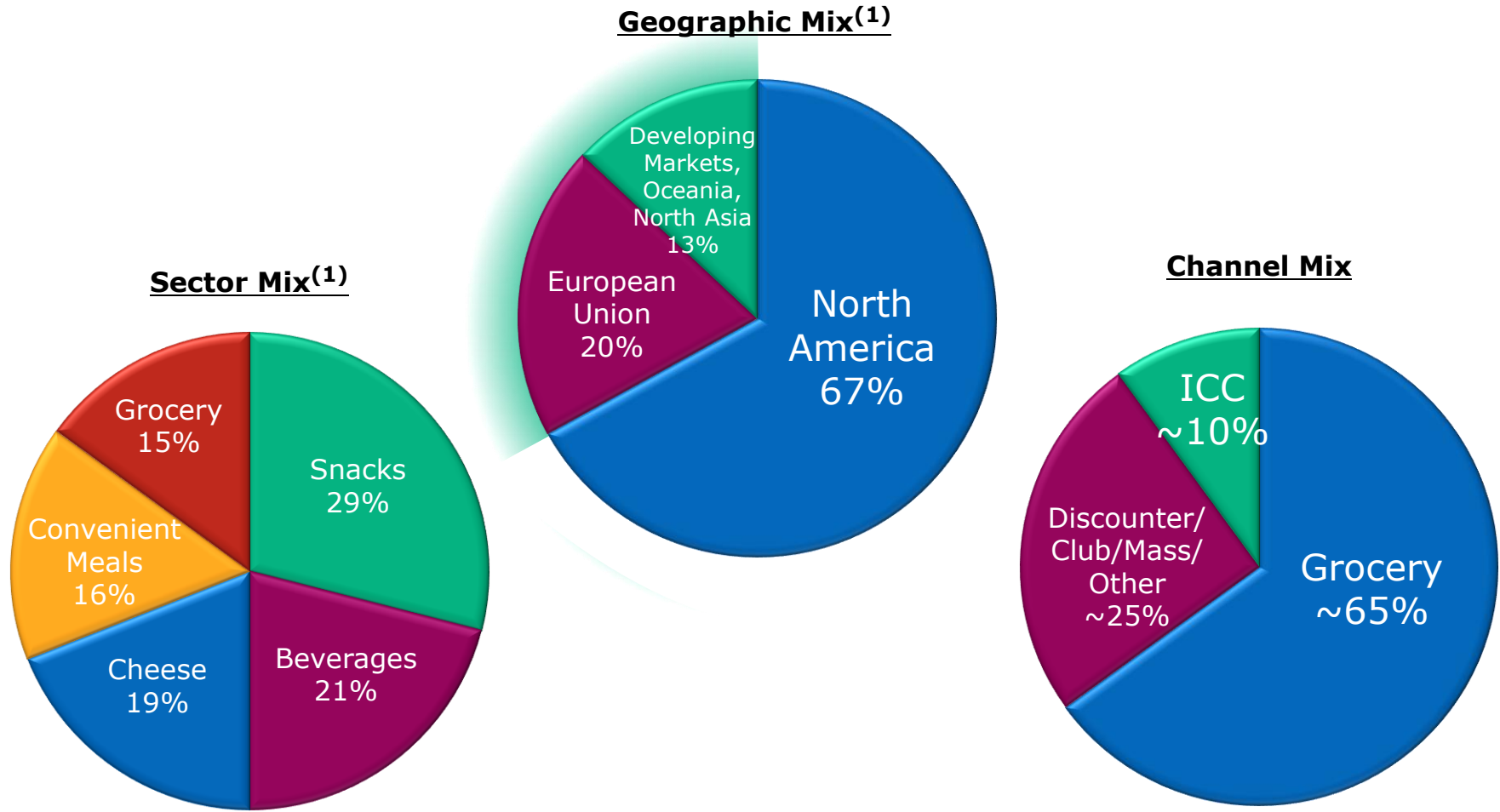
This presentation contains a number of forward-looking statements. The words “believe,” “expect,” “anticipate,” “intend,” “plan,” “goals,” “may,” “aim,” “will” and similar expressions are intended to identify our forward-looking statements. Examples of forward-looking statements include, but are not limited to, statements we make regarding our portfolio; the virtuous cycle; top-tier growth; long-term targets; our strategies; delivering guidance; margin goals; well positioned to succeed; five key priorities in 2011; productivity growth; overheads; pricing; cost management; and top-tier performance. 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 in and increase in commodity costs, risks from operating globally 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 presentation, except as required by applicable law or regulation.

Chris Jakubik

Vice President, Investor Relations



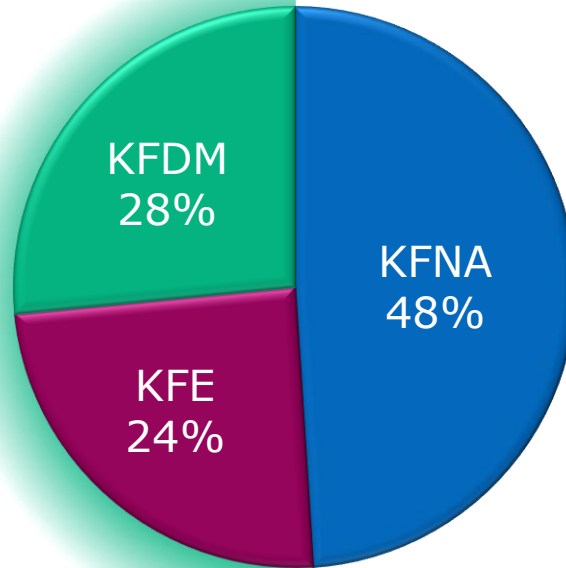
Began our transformation in 2007



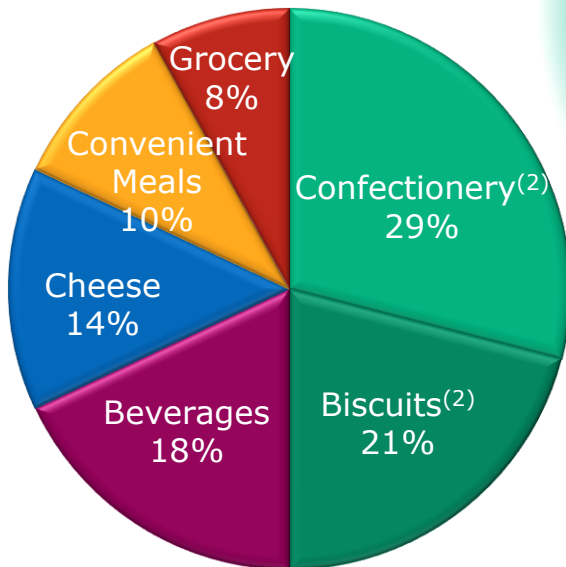
(1) As reported originally in Kraft Foods 2006 Form 10-K filed with the SEC on March 1, 2007. Amounts have not been revised to reflect the current Kraft Foods structure and accordingly are not in line with current presentation.

Today's portfolio positioned for sustainable, top-tier growth

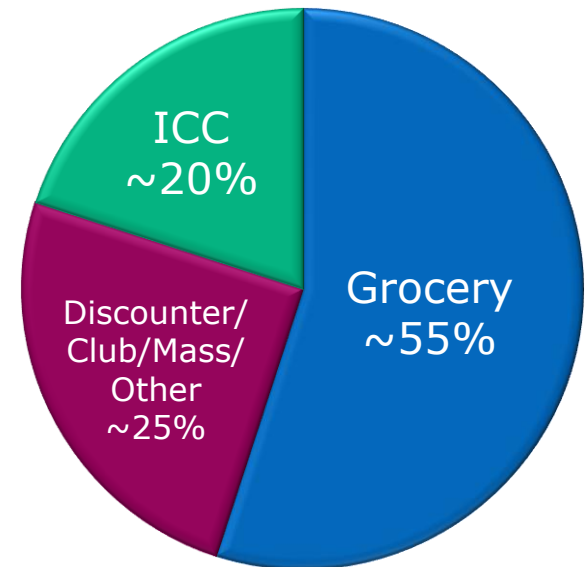
Geographic Mix⁽¹⁾



Sector Mix⁽¹⁾



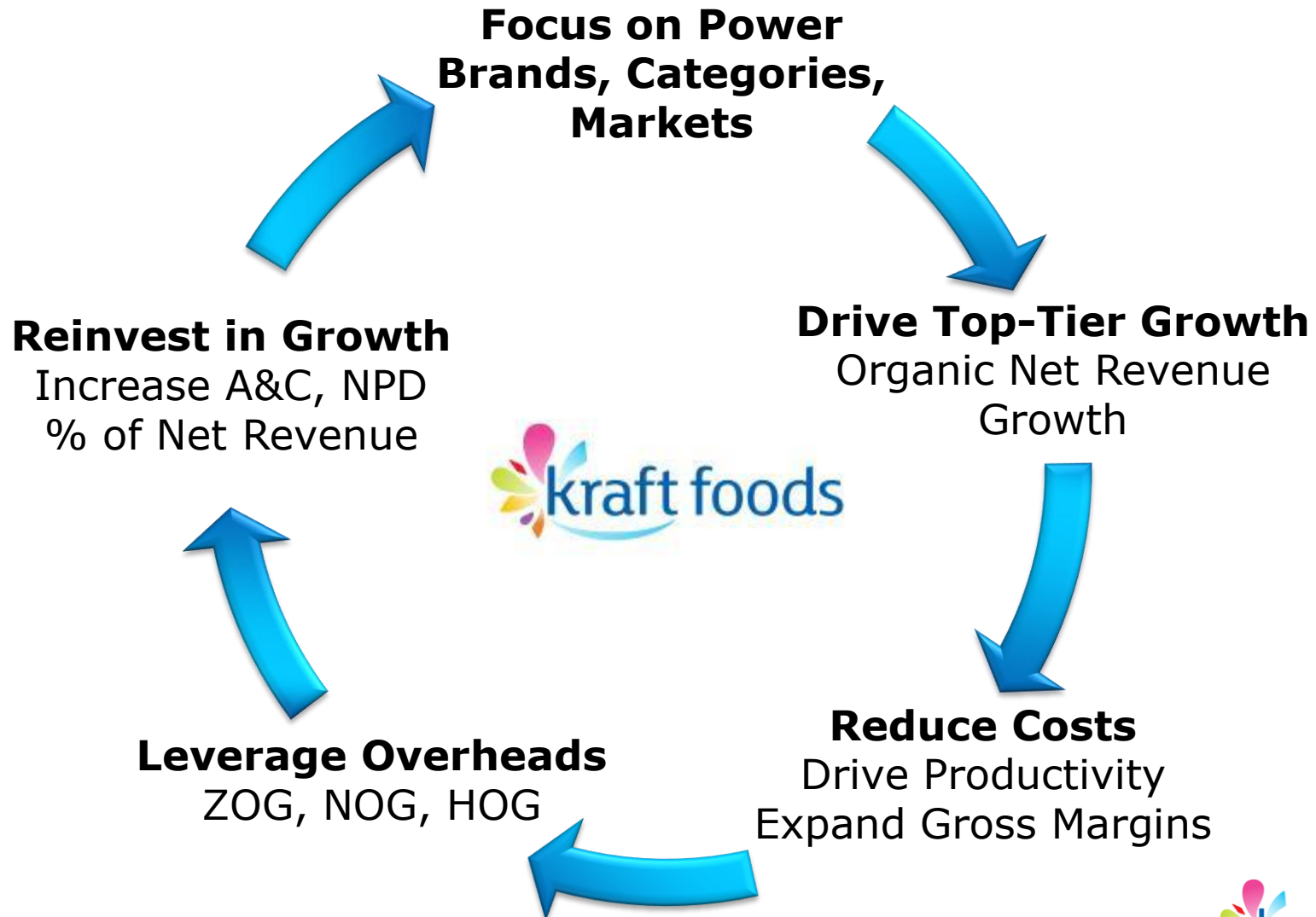
Channel Mix⁽¹⁾



(1) 2010 Pro Forma amounts reflect the acquisition of Cadbury on a full-year basis.

(2) Biscuits and Confectionery were previously reported combined and known as Snacks. With the Cadbury acquisition, the Biscuits and Confectionery sectors have been separately broken out. The Biscuits sector primarily includes cookies, crackers and nuts. The Confectionery sector includes chocolate, gum and candy.

Virtuous cycle will deliver sustainable top-tier growth



Michael Clarke

President, Kraft Foods Europe

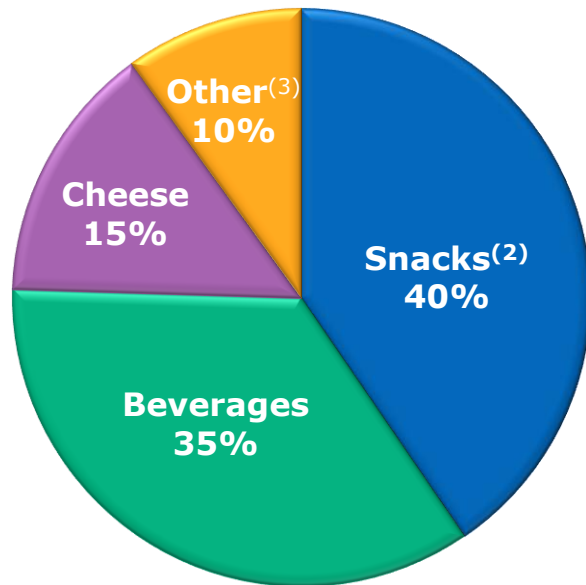


Becoming Europe's favorite snacking company

- Kraft Foods Europe has transformed
- Strategies are working, building momentum
- Well positioned to deliver within guidance

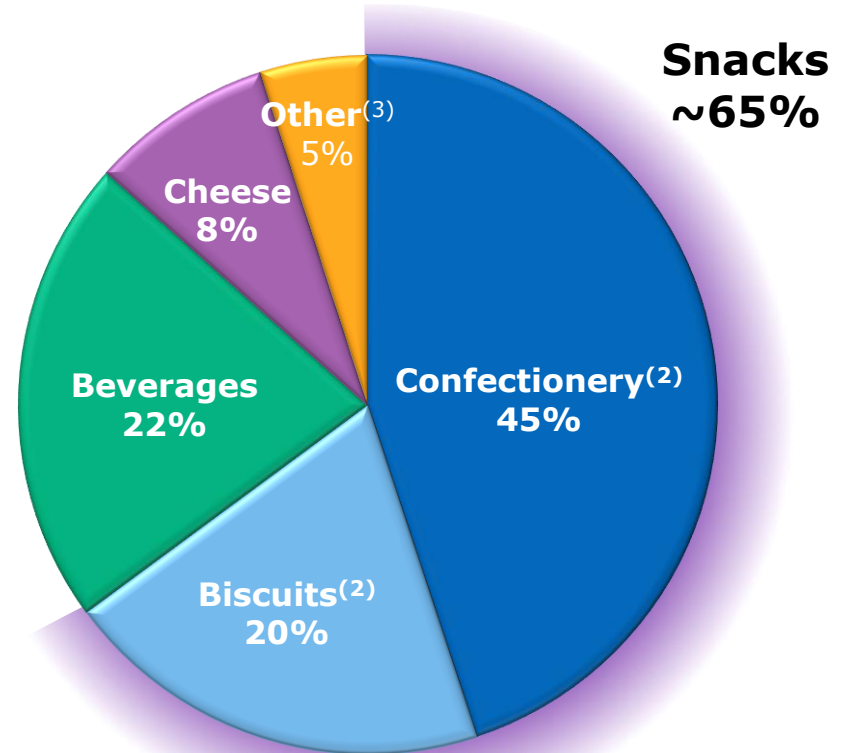
Today's Kraft Foods Europe

Kraft Foods Europe - 2007⁽¹⁾



**Net Revenues
\$7.0 billion**

Kraft Foods Europe – 2010⁽¹⁾



**Net Revenues
\$11.6 billion**

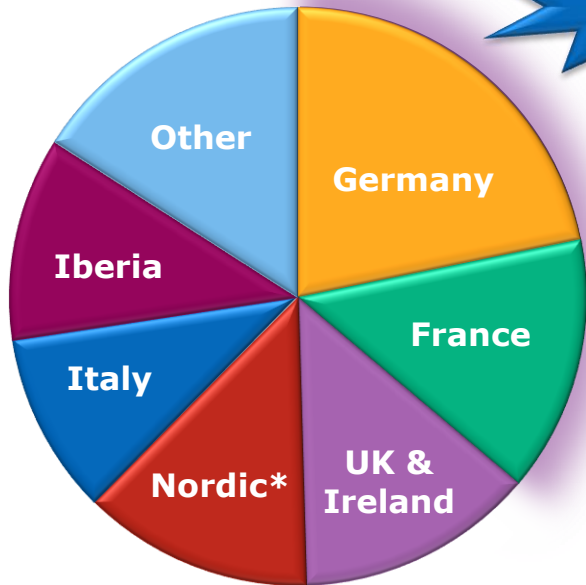
(1) 2007 results are as reported in Kraft Foods 2009 Form 10-K filed with the SEC on February 25, 2010. 2010 results are as reported in Kraft Foods 2010 Form 10-K filed with the SEC on February 25, 2011.

(2) Biscuits and Confectionery were previously reported combined and known as Snacks. With the Cadbury acquisition, the Biscuits and Confectionery sectors have been separately broken out. The Biscuits sector primarily includes cookies, crackers and nuts. The Confectionery sector includes chocolate, gum and candy.

(3) Includes the Grocery and Convenient Meals sectors.

Today's Kraft Foods Europe

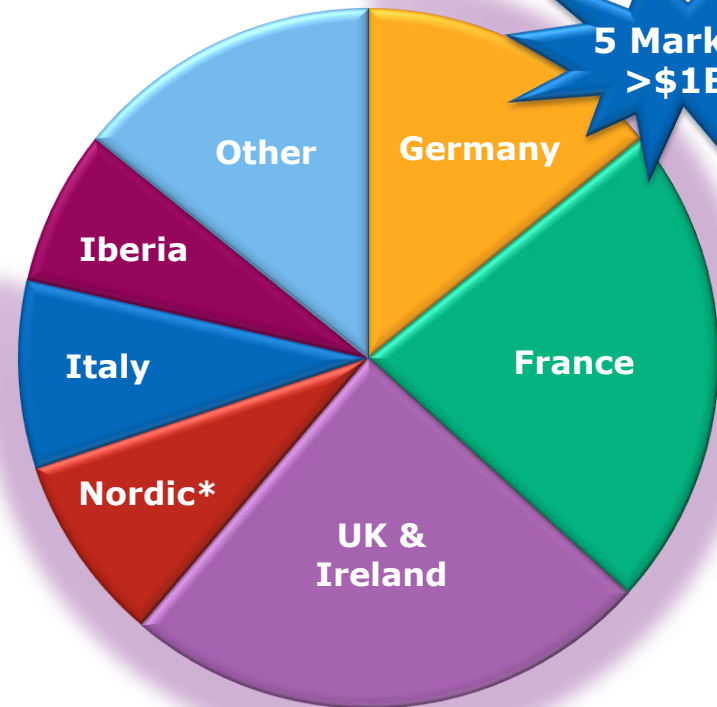
Kraft Foods Europe – 2007



**Net Revenues
\$7.0 billion**

**2 Markets
>\$1Bn**

Kraft Foods Europe - 2010



**Net Revenues
\$11.6 billion**

**5 Markets
>\$1Bn**

* Includes Norway, Sweden, Denmark and Finland.

Unrivalled portfolio with leadership positions

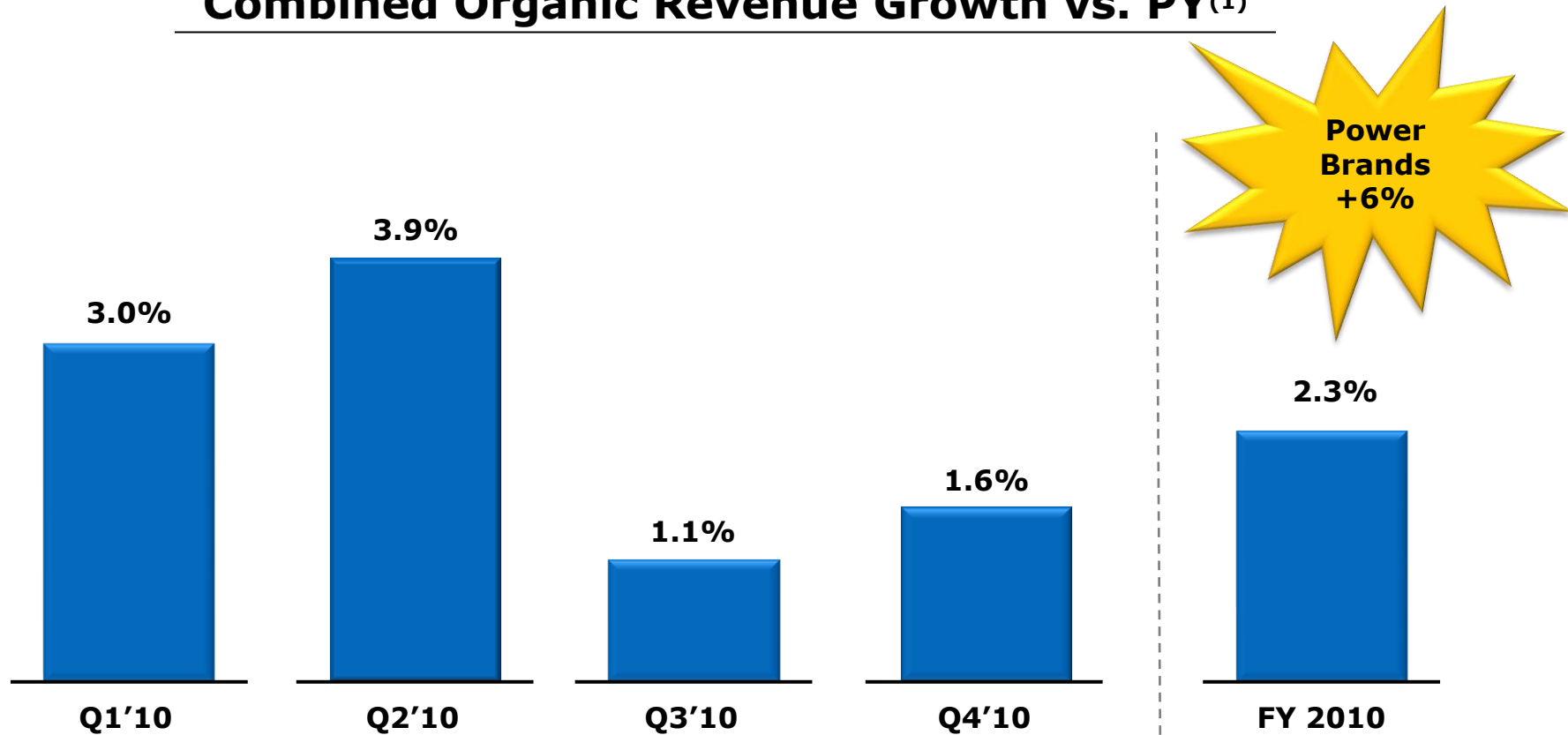
Category	Portfolio	Position in market ⁽¹⁾
Chocolate		# 1
Biscuits		# 1
Gum & Candy		# 1
Coffee		# 1
Cheese & Grocery		# 1

1 in Snacks

(1) Category positions based on 2010 Nielsen data and include countries in which Kraft Foods competes. Total Snacks position based on 2010 Euromonitor.

KFE good momentum resulting in consistent delivery of top line growth in 2010

Combined Organic Revenue Growth vs. PY⁽¹⁾



(1) Reported net revenue growth for Q1'10, Q2'10, Q3'10, Q4'10 and Q1'11 was 40.5%, 34.1%, 29.0%, 28.6% and 11.3%, respectively. See GAAP to Non-GAAP Reconciliation at the end of this presentation.

Growth accelerated in Q1 2011

Organic Net Revenue Growth⁽¹⁾



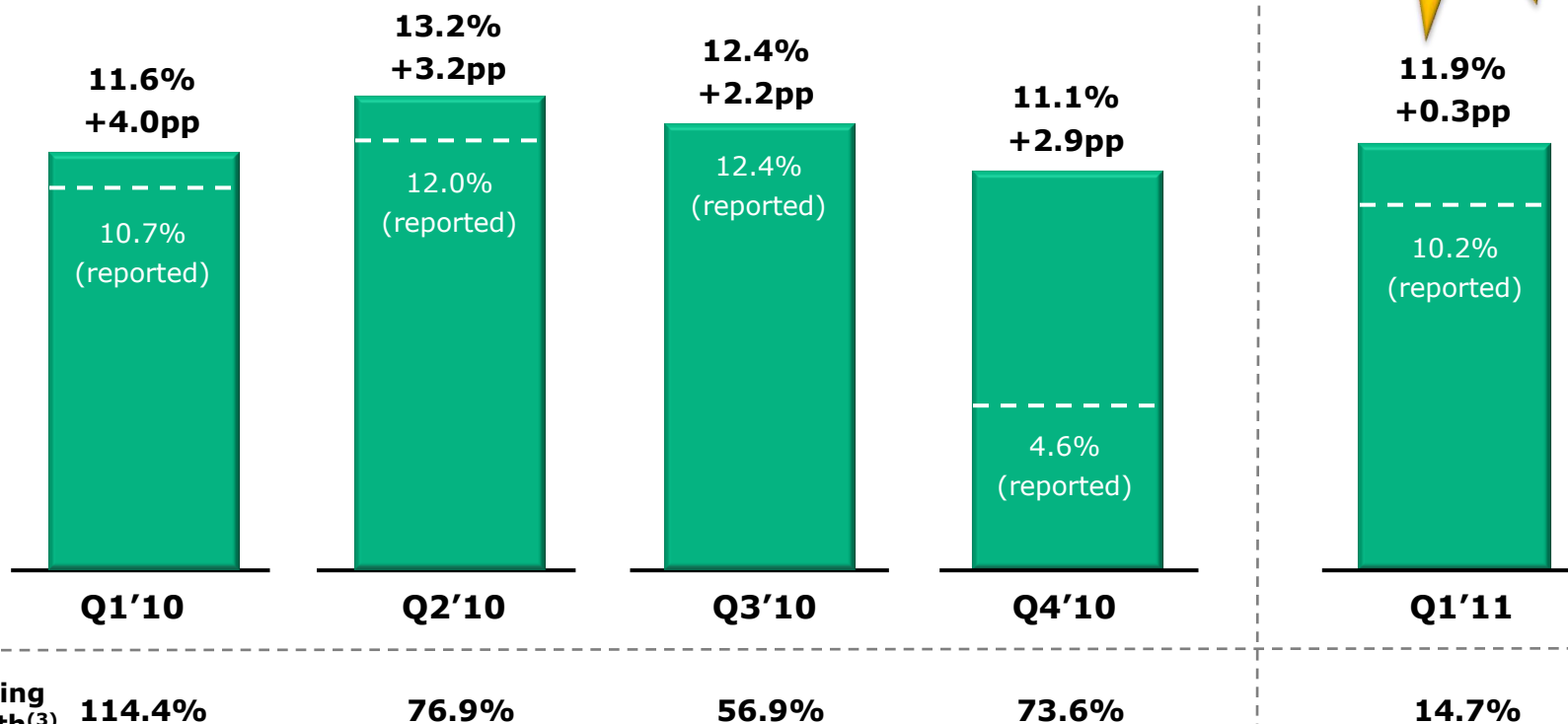
5th
consecutive
quarter of top
line growth

- Power Brands +6%
- Good balance of vol/mix, pricing
 - Priced earlier than competitors
 - Easter shift impact to vol/mix ~ (2.5)pp, primarily in Chocolate

Quality of results is reflected in sustainable margin/OI growth

Segment Operating Income Margins⁽¹⁾⁽²⁾

**9th
consecutive
quarter of bottom
line growth**



(1) Reflects underlying segment operating income margins, which is defined as segment operating income excluding costs related to: the Integration Program; and acquisition-related costs, including transaction advisory fees, UK stamp taxes and the impact of the Cadbury inventory revaluation. See GAAP to Non-GAAP reconciliation at the end of this presentation.

(2) Percentage point variance vs. prior year, valid for all periods.

(3) Reported OI growth for Q1'10, Q2'10, Q3'10, Q4'10 and FY'10 were 97.9%, 61.1%, 57.3%, (27.7)% and 42.0%, respectively.

Strategies are working

- Stepping-up top-line growth
- On-track to deliver margin goals
- LU and Cadbury integration progressing well

Well positioned to succeed in a challenging environment

Economy

- GDP back to growth
 - ~+1.5%
- High unemployment
 - ~+9%
- EU financial austerity measures
- Commodities at historic highs, Euro volatility

Consumer

- Consumer confidence recovering, remaining fragile
- Consumer focus on:
 - Snacking and Convenience
 - Sustainability and Health & Wellness

Customer

- Retailer brands with ~ 31% share
- Discounter channel with ~17% share
- Retailer fighting for shoppers
 - Need for greater differentiation
 - Sourcing margin improvement from suppliers

Five key priorities in 2011

- Power Brands driving sustainable growth
- Cross category sales leverage
- World-class Cost Management
- Pricing to cover cost inflation
- Building a winning organization

Focus resources on 15 Power Brands

Chocolate



TOBLERONE

Biscuits



belVita

Choco-Bakery



Gum & Candy

Trident

HALLS

Coffee



Cheese & Grocery



Chocolate expanding into broader Snacking

- Power Brand focus



- Differentiate via innovation and integrated marketing communications
- Capture revenue synergies
- Lever snacking propositions



Biscuits and Coffee leverage snacking propositions

Biscuits

- Power Brands focus



- Differentiate heritage brands, leverage umbrella branding



- Exploit snacking occasions, expand in white space markets

Coffee

- Power Brands focus



- Expand *Tassimo* in on-demand



- Reframe Soluble



Cheese and Gum & Candy accelerate power brand growth

Cheese & Grocery

- Focus on *Philadelphia*



- Drive versatility strategy and expand into Snacking



Gum & Candy

- Power Brands focus

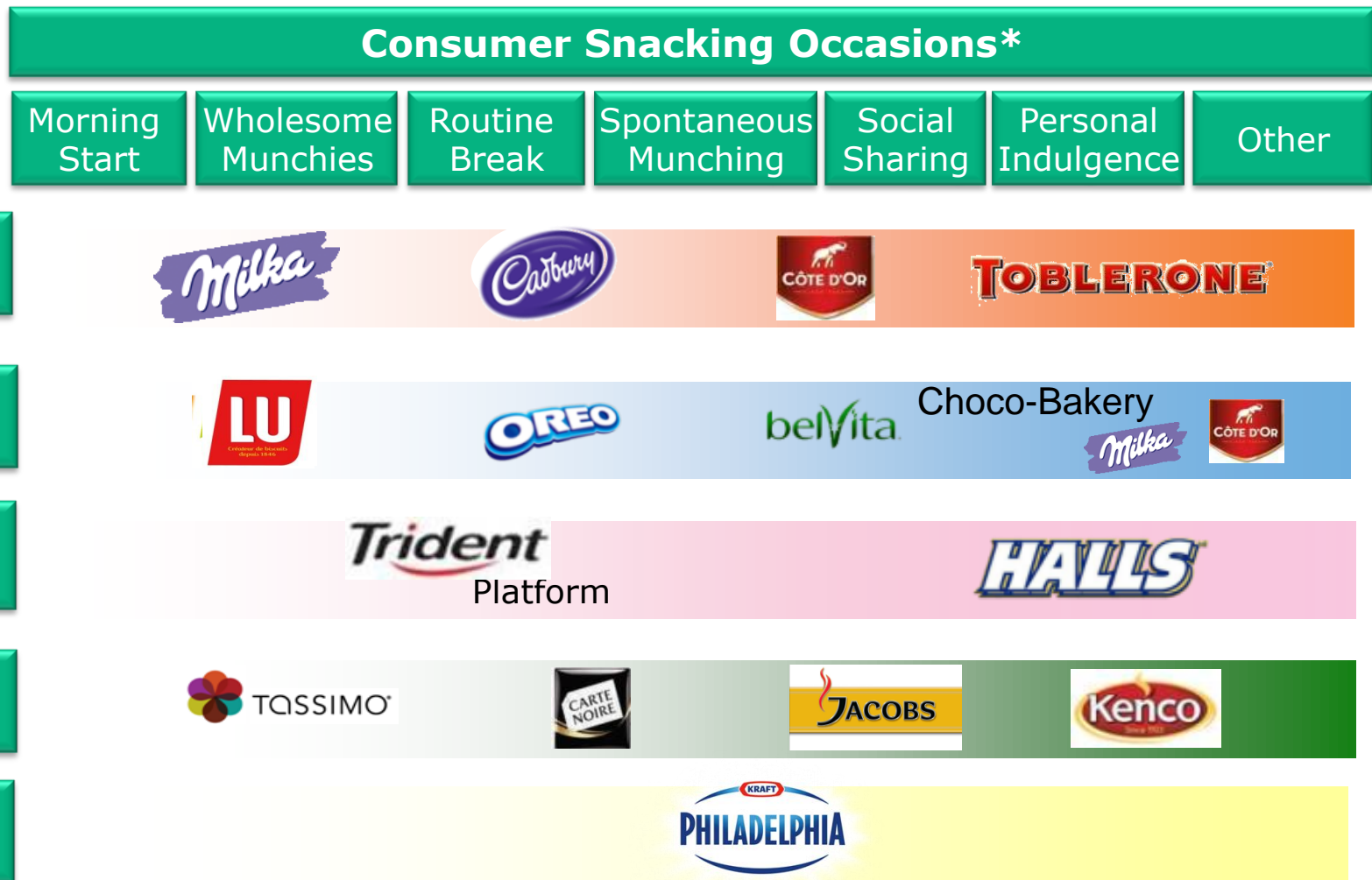


- Grow pan-EU Gum platform via NPD & 360% communication



- Expand usage of *Halls* via range re-launch and NPD

All Power Brands playing a role in Snacking



Cross category sales leverage

- Leverage 'Kraftness'
 - Driving Pan-EU bets
 - Leveraging cross-category scale
 - Focused on shoppers & customers
- Drive availability
- Win at point of buying
 - Own events, cross-category promotions
 - Own Hot Zone, multi-touch points
- Effective customer collaboration
 - Joint business planning
 - Tailored initiatives



Continue with world class cost management

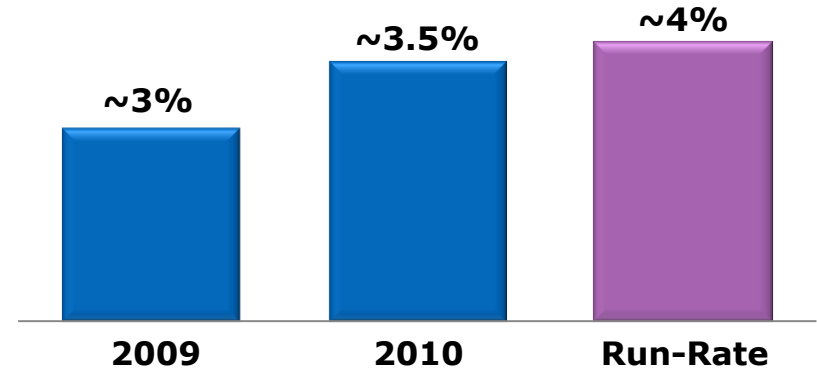
- End to End Productivity Growth

- Procurement
- Manufacturing
- Customer Service & Logistics
- Synergies

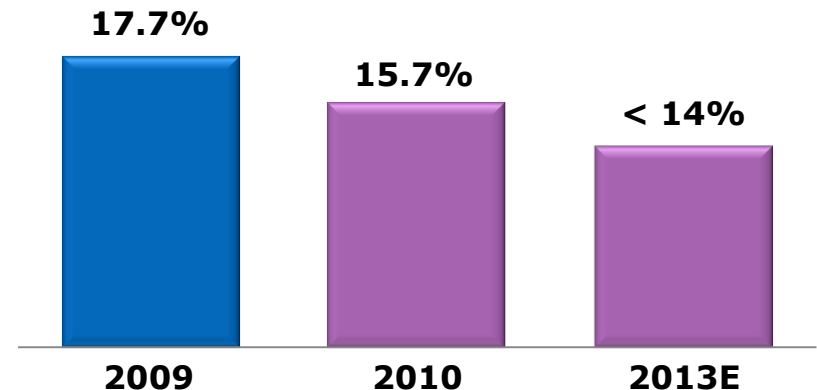
- Negative Overhead Growth

- Pan-EU Category Model
- Simplified processes
- Function transformation
- Integration synergies

Productivity % of COGS



Overheads % of Net Revenue⁽¹⁾



Kraft Foods Europe Base Business



Including Cadbury

(1) Excludes acquisition-related and integration program costs. Reported Overheads as a % of Net Revenues for FY 2010 was 17.5%. See GAAP to Non-GAAP Reconciliation at the end of this presentation.

Countering input cost inflation

- 2010

- Announced pricing actions on majority of portfolio
- Not fully recovering rising input costs
- Strong cost management

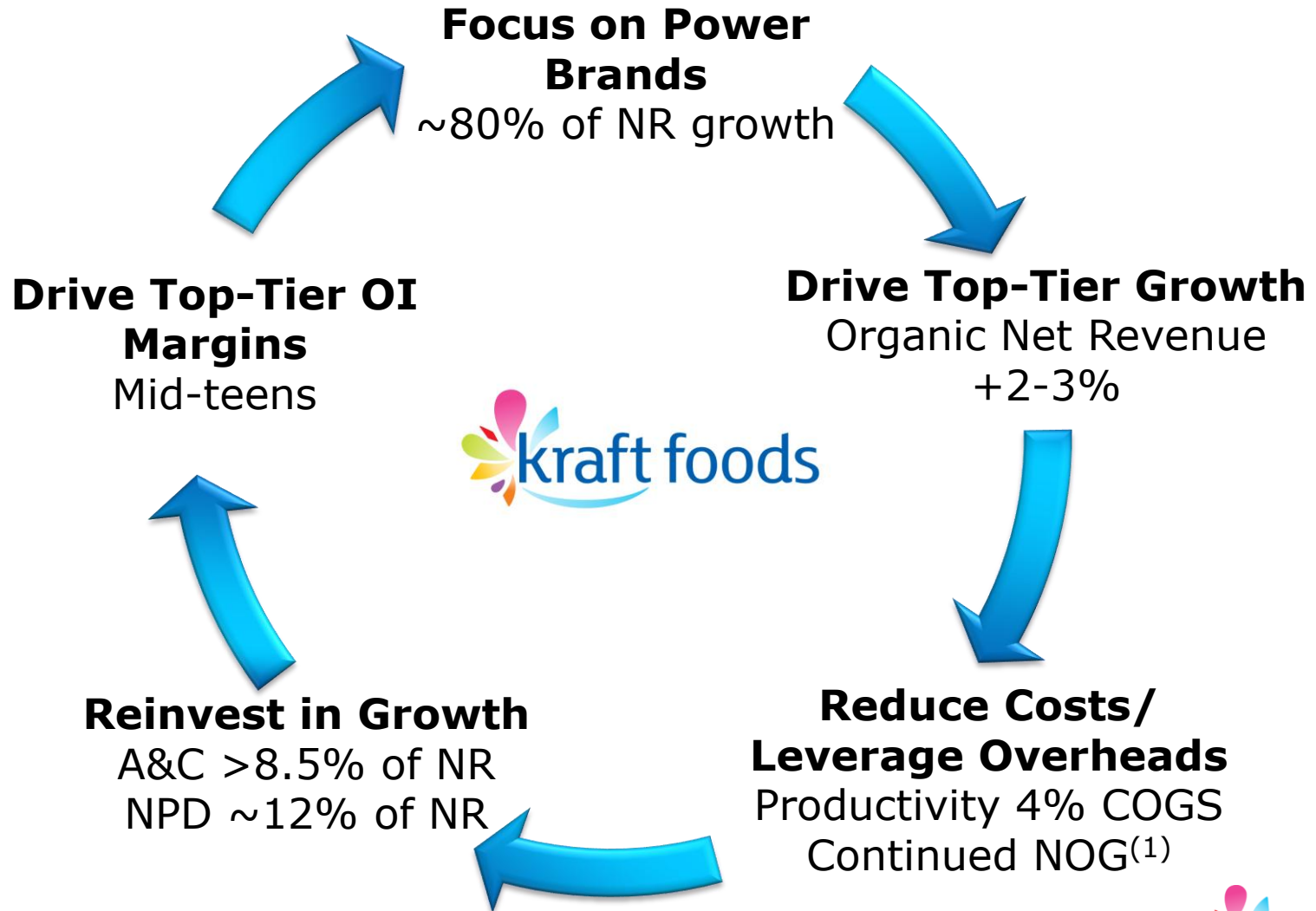
- 2011

- Commodities spikes continuing
- Additional pricing to cover majority of cost inflation
- Accelerated cost management and Cadbury integration synergies to deliver margin expansion
- Equity building paying off

Building a winning organization

- Our organization: 'Fit to Win'
 - Category model in place
 - Integration on-track
 - Pan-EU initiatives
- Our people: 'Passion to Win'
 - Build performance-driven, value-led culture
 - Pride in our brands, external orientation
 - Invest in Marketers and Sales teams

Kraft Foods Europe will continue driving a virtuous cycle



(1) NOG = **N**egative **O**verhead **G**rowth

Europe's favorite Snacking company

- Unrivaled portfolio
- Strategies are working, building momentum
- Growth roadmap defined
- Significant synergy potential



**Top Tier
Financial
Performance**



GAAP to Non-GAAP Reconciliation

Net Revenues to Organic Net Revenues

(\$ 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 ⁽²⁾ (Non-GAAP)		As Reported (GAAP)	Base Kraft Foods Organic (Non-GAAP)	Cadbury Organic (Non-GAAP) ⁽¹⁾	Combined Organic ⁽²⁾ (Non-GAAP)
Q1 2010														
Kraft Foods Europe	\$ 2,709	\$ -	\$ (589)	\$ (151)	\$ 1,969	\$ 589	\$ (37)	\$ 552	\$ 2,521		40.5%	2.5%	4.9%	3.0%
Q1 2009														
Kraft Foods Europe	\$ 1,928	\$ (7)	\$ -	\$ -	\$ 1,921	\$ 526	\$ -	\$ 526	\$ 2,447					
Q2 2010														
Kraft Foods Europe	\$ 2,793	\$ -	\$ (662)	\$ 52	\$ 2,183	\$ 662	\$ 34	\$ 696	\$ 2,879		34.1%	5.2%	0.0%	3.9%
Q2 2009														
Kraft Foods Europe	\$ 2,083	\$ (7)	\$ -	\$ -	\$ 2,076	\$ 696	\$ -	\$ 696	\$ 2,772					
Q3 2010														
Kraft Foods Europe	\$ 2,670	\$ -	\$ (746)	\$ 180	\$ 2,104	\$ 746	\$ 52	\$ 798	\$ 2,902		29.0%	1.7%	(0.4)%	1.1%
Q3 2009														
Kraft Foods Europe	\$ 2,070	\$ (1)	\$ -	\$ -	\$ 2,069	\$ 801	\$ -	\$ 801	\$ 2,870					
Q4 2010														
Kraft Foods Europe	\$ 3,456	\$ -	\$ (895)	\$ 186	\$ 2,747	\$ 895	\$ 42	\$ 937	\$ 3,684		28.6%	2.2%	(0.1)%	1.6%
Q4 2009														
Kraft Foods Europe	\$ 2,687	\$ -	\$ -	\$ -	\$ 2,687	\$ 938	\$ -	\$ 938	\$ 3,625					
Full Year 2010														
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%
Full Year 2009														
Kraft Foods Europe	\$ 8,768	\$ (15)	\$ -	\$ -	\$ 8,753	\$ 2,961	\$ -	\$ 2,961	\$ 11,714					

⁽¹⁾ 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.

⁽²⁾ Combined Organic Net Revenues and corresponding growth ratios includes the impact of significant acquisitions, and excludes the impact of other acquisitions, divestitures and currency.

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 Acquisitions ⁽²⁾	Impact of Accounting Calendar Changes	Impact of Currency	Organic (Non- GAAP) ⁽³⁾	% Change	
							As Reported (GAAP)	Organic (Non- GAAP) ⁽³⁾
2011								
Kraft Foods Europe	<u>\$ 3,016</u>	<u>\$ -</u>	<u>\$ (201)</u>	<u>\$ -</u>	<u>\$ 12</u>	<u>\$ 2,827</u>	<u>11.3%</u>	<u>4.4%</u>
2010								
Kraft Foods Europe	<u>\$ 2,709</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,709</u>		

⁽¹⁾ Impact of divestitures includes Starbucks CPG business.

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

⁽³⁾ Organic net revenues and corresponding growth ratios exclude the impacts of acquisitions, divestitures (including the Starbucks CPG business), currency and accounting calendar changes.

GAAP to Non-GAAP Reconciliation

Segment Operating Income to Underlying Segment Operating Income

(\$ in millions, except percentages) (Unaudited)

	2010				2009				Year over Year Change	
	As Reported (GAAP)	Integration Program Costs ⁽¹⁾	Acquisition- Related Costs ⁽²⁾	Underlying (Non-GAAP)	As Reported (GAAP)	Integration Program Costs ⁽¹⁾	Acquisition- Related Costs ⁽²⁾	Underlying (Non-GAAP)	As Reported (GAAP)	Underlying (Non-GAAP)
Kraft Foods Europe										
<u>For the Three Months Ended March 31,</u>										
Segment Operating Income	\$ 289	\$ 1	\$ 23	\$ 313	\$ 146	\$ -	\$ -	\$ 146	97.9%	114.4%
Segment Operating Income Margin	10.7%			11.6%	7.6%			7.6%	3.1 pp	4.0 pp
<u>For the Three Months Ended June 30,</u>										
Segment Operating Income	\$ 335	\$ 33	\$ -	\$ 368	\$ 208	\$ -	\$ -	\$ 208	61.1%	76.9%
Segment Operating Income Margin	12.0%			13.2%	10.0%			10.0%	2.0 pp	3.2 pp
<u>For the Three Months Ended September 30,</u>										
Segment Operating Income	\$ 332	\$ (1)	\$ -	\$ 331	\$ 211	\$ -	\$ -	\$ 211	57.3%	56.9%
Segment Operating Income Margin	12.4%			12.4%	10.2%			10.2%	2.2 pp	2.2 pp
<u>For the Three Months Ended December 31,</u>										
Segment Operating Income	\$ 159	\$ 223	\$ -	\$ 382	\$ 220	\$ -	\$ -	\$ 220	(27.7)%	73.6%
Segment Operating Income Margin	4.6%			11.1%	8.2%			8.2%	(3.6)pp	2.9 pp
<u>For the Twelve Months Ended December 31,</u>										
Segment Operating Income	\$ 1,115	\$ 256	\$ 23	\$ 1,394	\$ 785	\$ -	\$ -	\$ 785	42.0%	77.6%
Segment Operating Income Margin	9.6%			12.0%	9.0%			9.0%	0.6 pp	3.0 pp

⁽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, U.K. stamp taxes and the impact of the Cadbury inventory revaluation.

GAAP to Non-GAAP Reconciliation

Segment Operating Income to Underlying Segment Operating Income

(\$ in millions, except percentages) (Unaudited)

Kraft Foods Europe										
	2011				2010				Year over Year Change	
	As Reported (GAAP)	Integration Program Costs ⁽¹⁾	Acquisition- Related Costs ⁽²⁾	Underlying (Non-GAAP)	As Reported (GAAP)	Integration Program Costs ⁽¹⁾	Acquisition- Related Costs ⁽²⁾	Underlying (Non-GAAP)	As Reported (GAAP)	Underlying (Non-GAAP)
For the Three Months Ended March 31,										
Segment Operating Income	\$ 308	\$ 51	\$ -	\$ 359	\$ 289	\$ 1	\$ 23	\$ 313	6.6%	14.7%
Segment Operating Income Margin	10.2%			11.9%	10.7%			11.6%	(0.5)pp	0.3 pp

⁽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, U.K. stamp taxes and the impact of the Cadbury inventory revaluation.

GAAP to Non-GAAP Reconciliation

Overheads

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

	2010					2009	Increase/(Decrease)	
	As Reported (GAAP)	Integration Program Costs ⁽¹⁾	As Adjusted (Non-GAAP)	Cadbury	Base Kraft Foods (Non-GAAP)	As Reported (GAAP)	As Reported (GAAP)	Base Kraft Foods (Non- GAAP)
Kraft Foods Europe								
Net Revenues	\$ 11,628	\$ -	\$ 11,628	\$ (2,892)	\$ 8,736	\$ 8,768		
Overheads	\$ 2,031	\$ (209)	\$ 1,822	\$ (443)	\$ 1,379	\$ 1,548	31.2%	(10.9)%
Overheads As % of Net Revenues	17.5%		15.7%		15.8%	17.7%	(0.2)pp	(1.9)pp

⁽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.