

Kraft Foods

Hitting Our Sweet Spot

... in Europe

Citi/Deutsche European Consumer Trip

March 10, 2011



Forward-looking statements

This 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 our portfolio; market share; the virtuous cycle; the economy, consumer and customer environment; our 2011 priorities; our strategies, including those related to our power brands; cross category sales leverage; cost management; input costs; how we plan on building a winning organization; and long-term growth targets. 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, increased costs of sales, our indebtedness and our ability to pay our indebtedness, risks from operating globally, our failure to integrate successfully and recognize the synergies from our combination with Cadbury 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.

Michael Clarke

President, Kraft Foods Europe

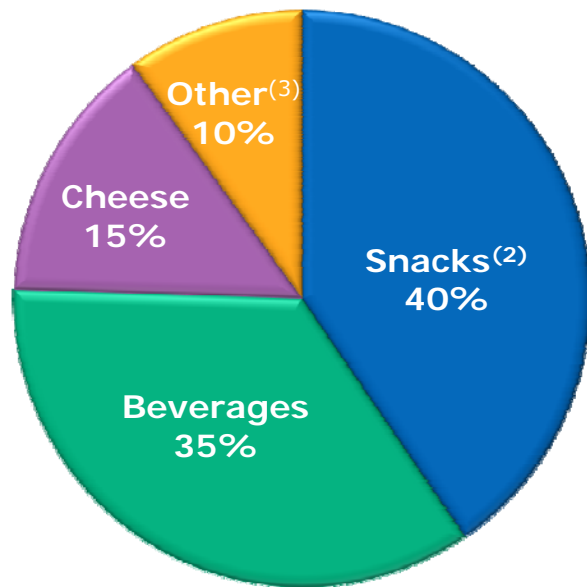


Becoming Europe's favorite snacking company

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

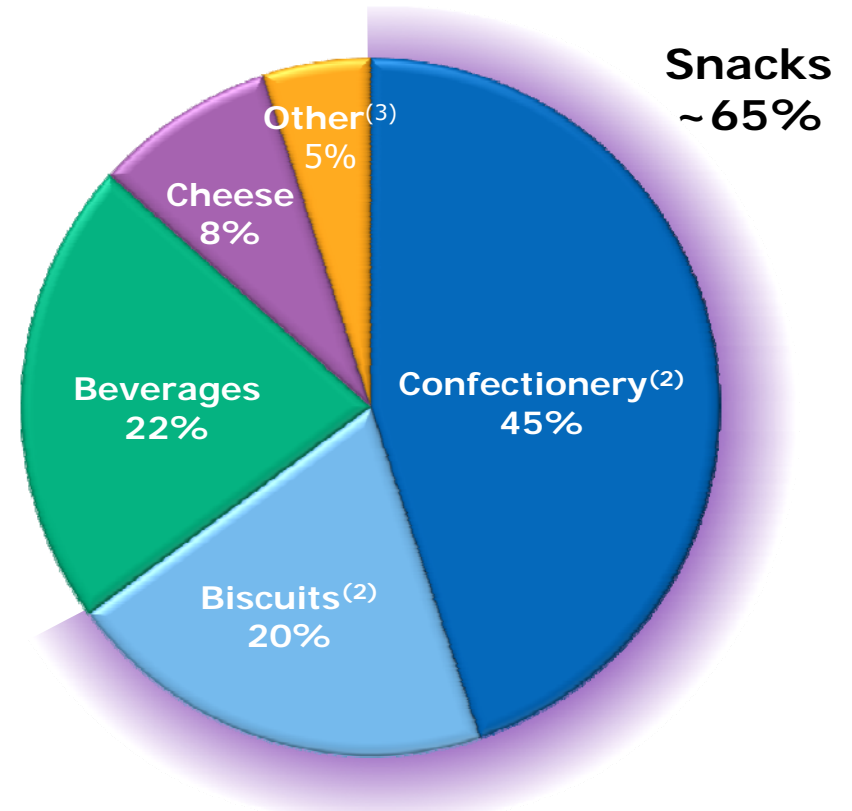
Today's Kraft Foods Europe

Kraft Foods Europe - 2007⁽¹⁾



**Net Revenues
\$7.0 billion**

Kraft Foods Europe – 2010⁽¹⁾



**Net Revenues
\$11.6 billion**

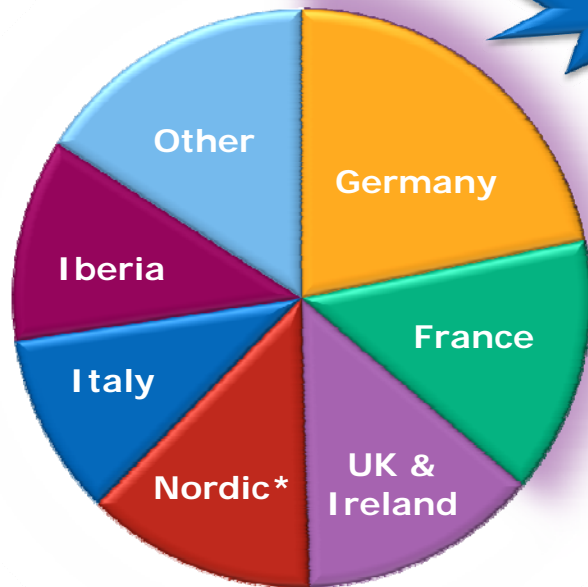
(1) 2007 results are as reported in Kraft Foods 2009 Form 10-K filed with the SEC on February 25, 2010. 2010 results are as reported in Kraft Foods 2010 Form 10-K filed with the SEC on February 25, 2011.

(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.

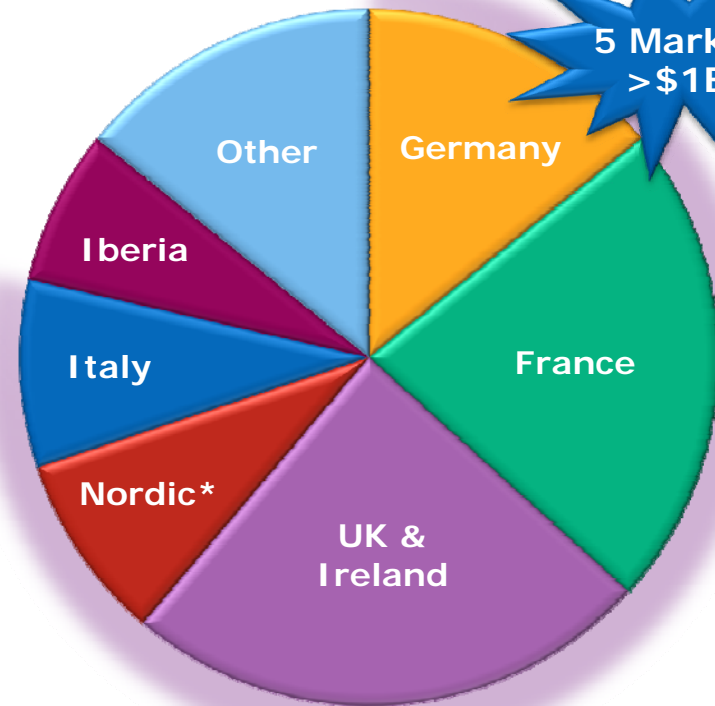
Today's Kraft Foods Europe

Kraft Foods Europe – 2007



**Net Revenues
\$7.0 billion**






Kraft Foods Europe - 2010



**Net Revenues
\$11.6 billion**

* Includes Norway, Sweden, Denmark and Finland.

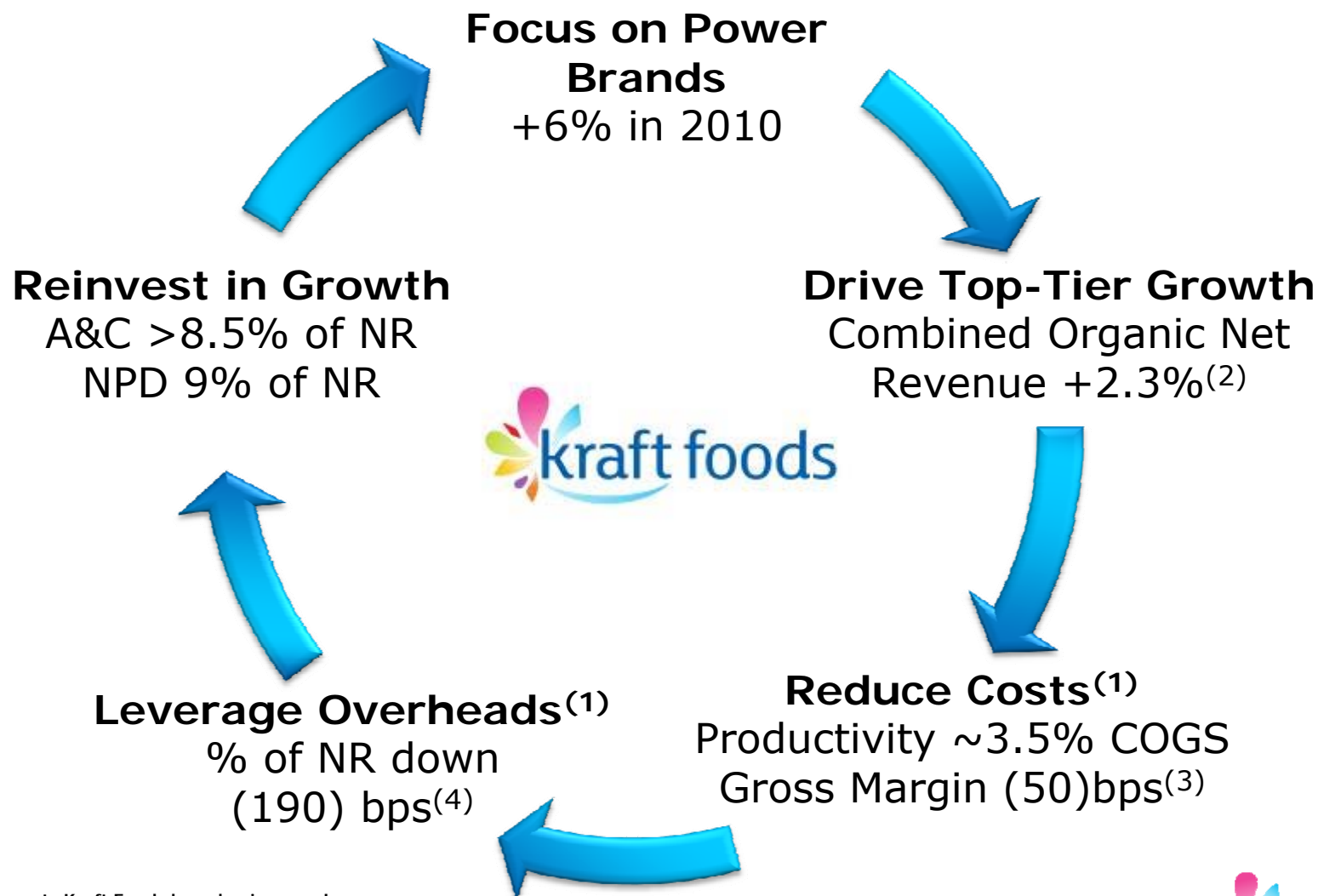
Unrivaed portfolio with leadership positions

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 Nielsen data and include countries in which Kraft Foods competes. Total Snacks position based on Euromonitor.

Kraft Foods Europe is driving a virtuous cycle



(1) Represents Kraft Foods base business only.

(2) Reported Net Revenue growth was 32.6%. See GAAP to Non-GAAP reconciliation at the end of this presentation.

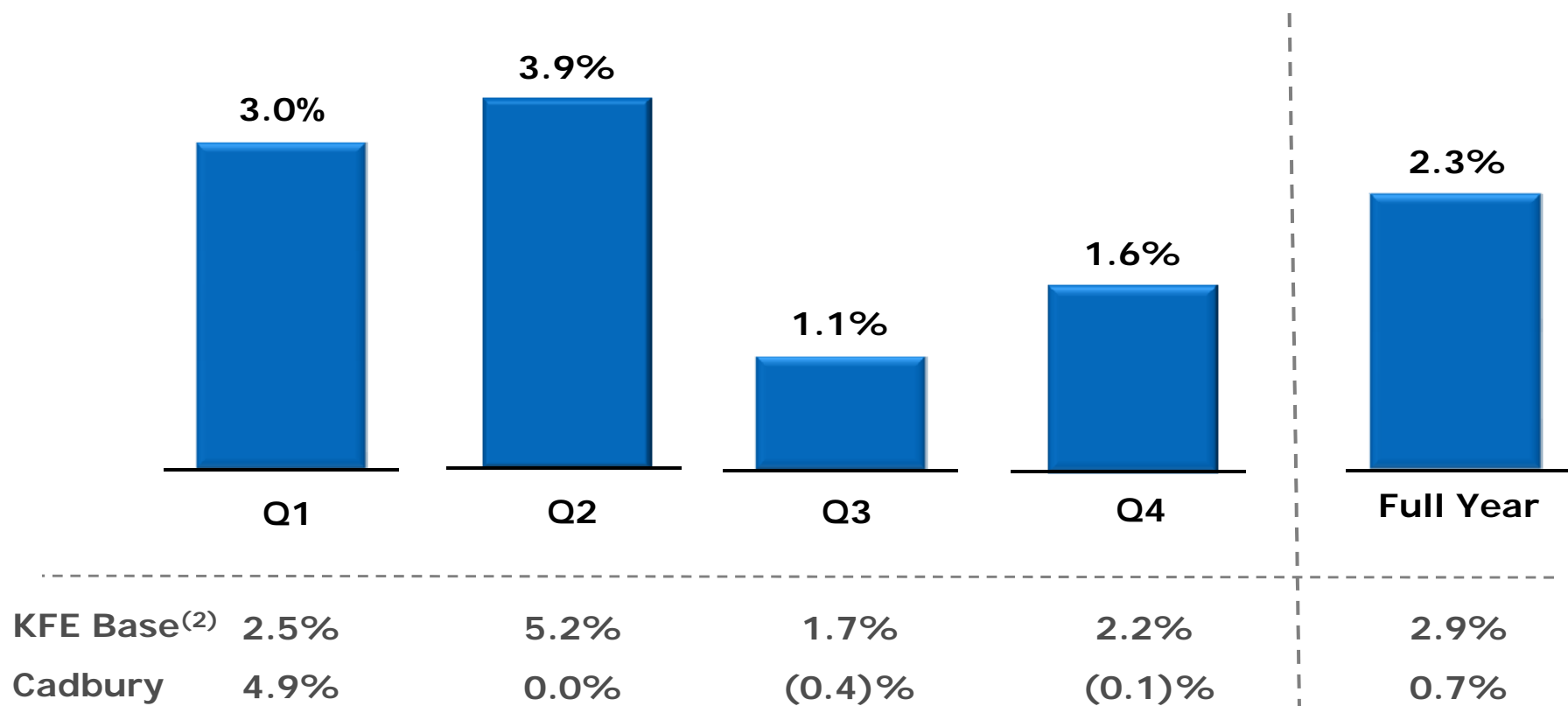
(3) Reported Gross Margin declined 60 bps. See GAAP to Non-GAAP reconciliation at the end of this presentation.

(4) Reported Overheads as a % of Net Revenues decreased 20 bps. See GAAP to Non-GAAP reconciliation at the end of this presentation.



Delivering strong top line growth in 2010

2010 KFE – Combined Organic Net Revenue Growth⁽¹⁾

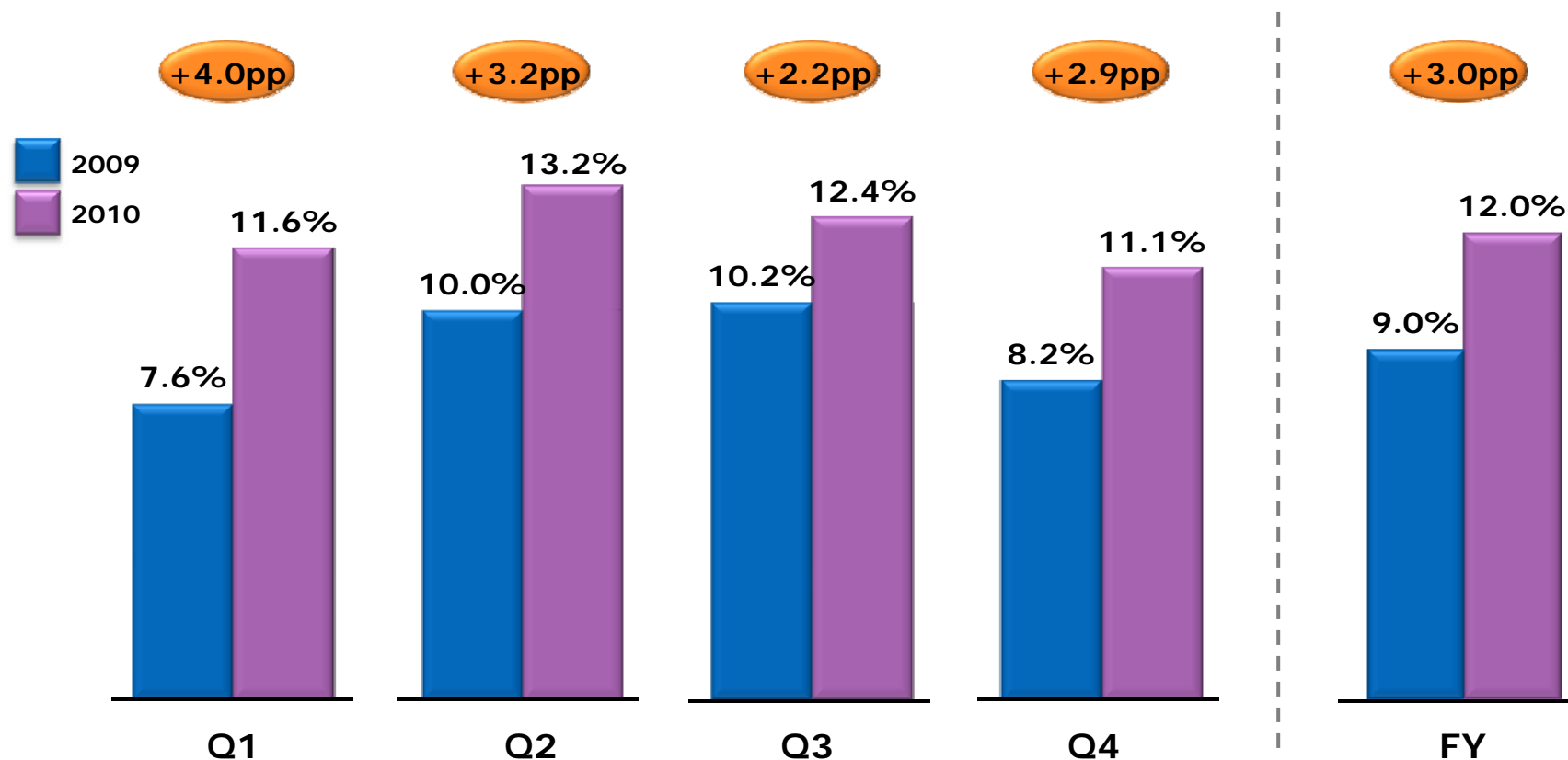


(1) Reported net revenue growth for Q1, Q2, Q3, Q4 and FY 2010 was 40.5%, 34.1%, 29.0%, 28.6% and 32.6%, respectively. See GAAP to Non-GAAP Reconciliation at the end of this presentation.

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

... on an improved margin structure

KFE – Segment Operating Income Margins⁽¹⁾⁽²⁾



(1) 2009 reflects as reported results for the Kraft Foods Europe base business.

(2) Reported segment operating income margins for Q1, Q2, Q3, Q4 and full year 2010 were 10.7%, 12.0%, 12.4%, 4.6% and 9.6%, respectively. See GAAP to Non-GAAP reconciliation at the end of this presentation.

Strategies are working

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

Well positioned to succeed despite a challenging environment

Economy

- GDP back to growth
 - 1.0% to 1.5%
- High unemployment
 - 9% to 10%
- EU financial austerity measures
- Commodities spike, Euro volatility

Consumer

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

Customer

- Retailer consolidation continues
- Retailer brands with 30% share
- Discounter channel with 17%+ share
- Retailers need for greater differentiation

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, 10 of which are in Snacks

Chocolate



TOBLERONE

Biscuits



belVita

Choco-Bakery



Gum & Candy

Trident
Platform



Coffee



JACOBS



Cheese & Grocery



Expand from pure Chocolate to Snacking

- Power Brand focus



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



Reframe Biscuits into Snacking

- Power Brand focus



Choco-Bakery



- Leverage umbrella branding, differentiate local heritage brands
- Exploit snacking occasions
- Expand in white space markets



Grow Gum and expand *Halls*

- Power Brand focus



- Grow Gum on a pan-EU platform via innovation and 360° communication
- Expand usage of *Halls* via range re-launch and new products
- Leverage Kraft Foods scale in snacking



Leverage proprietary positions in Coffee and Cheese

Coffee

- Power Brands focus



- Expand *Tassimo* in on-demand



- Reframe Soluble



Cheese & Grocery

- Focus on *Philadelphia*



- Leverage versatility strategy and proprietary propositions



All Power Brands playing a role in Snacking consumption occasions

Morning
Start

Wholesome
Munchies

Routine
Break

Spontaneous
Munching

Social
Sharing

Personal
Indulgence

Chocolate



TOBLERONE

Biscuits



belVita

Choco-Bakery



Gum &
Candy

Trident
Platform

HALLS

Coffee



JACOBS



Cheese &
Grocery



Cross category sales leverage

- Leverage 'Kraftness'
 - Play cross-category
 - Leverage shopper insights
 - Invest in feet on the street
- Drive availability
- Win at point of buying
 - Own events & cross category promotions
 - Own the Hot Zone, multi-touch points
- Effective customer collaboration
 - Joint business planning
 - Tailored initiatives

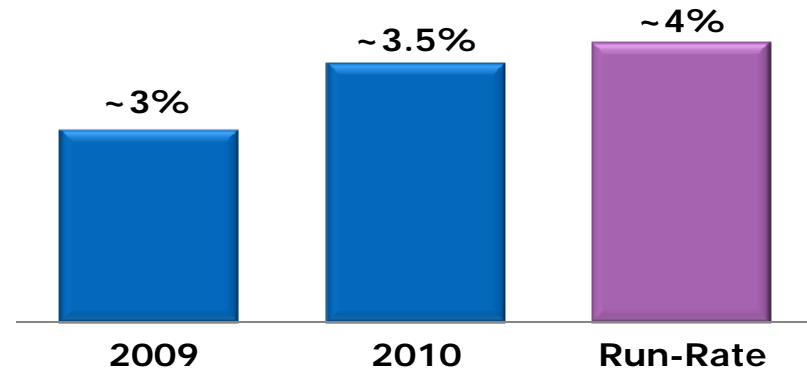


Continue with world class cost management

- End to End Productivity Growth

- Procurement
- Manufacturing
- Customer Service & Logistics
- Synergies

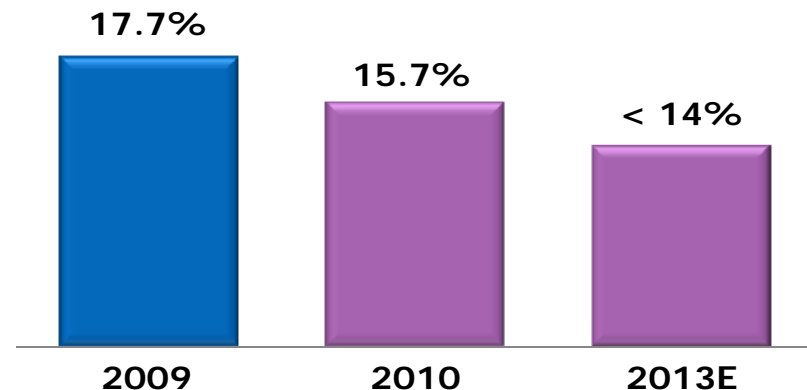
Productivity % of COGS




- Negative Overhead Growth

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

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

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

Europe's favorite Snacking company

- Unrivaled portfolio, #1 position in Snacks
- Strategies are working, building momentum
- Growth roadmap defined
- Significant synergy potential



**Organic
Revenue
growth of
2%-3%**

**Mid-teens
Operating
Income
Margins**



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 (Non-GAAP)		As Reported (GAAP)	Base Kraft Foods Organic (Non-GAAP)	Cadbury Organic (Non-GAAP) ⁽¹⁾	Combined Organic (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.

GAAP to Non-GAAP Reconciliation

Segment Operating Income Margin

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

	Kraft Foods Europe			
	As Reported (GAAP)	Integration Program Costs ⁽¹⁾	Acquisition- Related Costs ⁽²⁾	As Adjusted (Non-GAAP)
Q1 2010				
Net Revenues	\$ 2,709	\$ -	\$ -	\$ 2,709
Segment Operating Income	\$ 289	\$ 1	\$ 23	\$ 313
Segment Operating Income Margin	10.7%			11.6%
Q2 2010				
Net Revenues	\$ 2,793	\$ -	\$ -	\$ 2,793
Segment Operating Income	\$ 335	\$ 33	\$ -	\$ 368
Segment Operating Income Margin	12.0%			13.2%
Q3 2010				
Net Revenues	\$ 2,670	\$ -	\$ -	\$ 2,670
Segment Operating Income	\$ 332	\$ (1)	\$ -	\$ 331
Segment Operating Income Margin	12.4%			12.4%
Q4 2010				
Net Revenues	\$ 3,456	\$ -	\$ -	\$ 3,456
Segment Operating Income	\$ 159	\$ 223	\$ -	\$ 382
Segment Operating Income Margin	4.6%			11.1%
Full Year 2010				
Net Revenues	\$ 11,628	\$ -	\$ -	\$ 11,628
Segment Operating Income	\$ 1,115	\$ 256	\$ 23	\$ 1,394
Segment Operating Income Margin	9.6%			12.0%

⁽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

Gross Profit Margin

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

	2010						2009	Increase/(Decrease)	
	As Reported (GAAP)	Integration Program Costs ⁽¹⁾	Acquisition- Related Costs ⁽²⁾	Cadbury	Currency	Base Kraft Foods (Non-GAAP)	As Reported (GAAP)	As Reported (GAAP)	Base Kraft Foods (Non-GAAP)
Kraft Foods Europe									
Net Revenues	\$ 11,628	\$ -	\$ -	\$ (2,892)	\$ 267	\$ 9,003	\$ 8,768		
Gross Profit	\$ 4,169	\$ 42	\$ 23	\$ (1,093)	\$ 98	\$ 3,239	\$ 3,196		
Gross Profit Margin	35.9%					36.0%	36.5%	(0.6)pp	(0.5)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, UK 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.