Kraft Foods

Q2 2012 Results

August 2, 2012

Forward-looking statements

This slide presentation contains a number of forward-looking statements. The words “plan,” “will” and similar expressions are intended to identify our forward-looking statements. Examples of forward-looking statements include, but are not limited to, our momentum; creating two industry-leading companies; our 2012 guidance; timing of our separation; top-tier shareholder returns; Power Brands; momentum; product pruning; pension costs; operating effective tax rate; Spin-Off contingencies, next steps and first trading date; and our virtuous cycle. 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 global economic weakness, 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.

Maintaining strong momentum while creating two industry-leading companies

- H1 performance consistent with full-year guidance
  - Virtuous cycle operating in each region
  - Brand-building investments = resilience in weakening economic environment

- Solid global snacks growth driven by Biscuits and Chocolate
  - Biscuits +8%*, Chocolate +5%*, Gum & Candy was flat*
  - Pricing and Power Brands drove growth

- North American grocery performance delivered solid H1 top- and bottom-line growth
  - Revenue growth fueled by Power Brands and pricing
  - Pricing, productivity and negative overhead growth driving bottom-line

* Reflects June 2012 YTD Organic Net Revenue Growth. Reported June 2012 YTD Net Revenue growth was 3% for Biscuits, (2)% for Chocolate and (4)% for Gum & Candy. Global Biscuits includes snack nuts. See GAAP to Non-GAAP reconciliation at the end of this presentation.

Planning to separate on October 1

- ✓ Manufacturing, distribution, sales and IT systems on-track
- ✓ Leadership, personnel in place
- ✓ $10 billion debt migration essentially complete
- ✓ Each business well-positioned to drive top-tier shareholder returns consistent with its strategy

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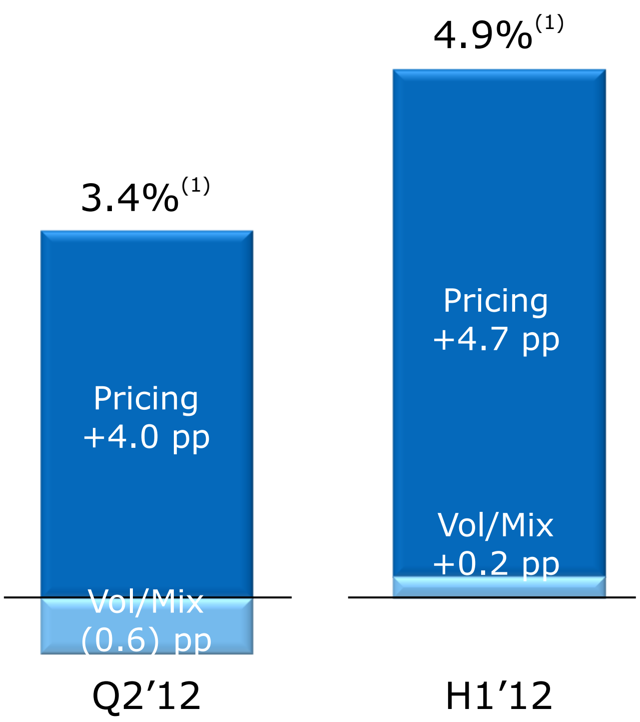
Kraft Foods: Organic Net Revenue Growth

Organic Net Revenue Growth[(1)]



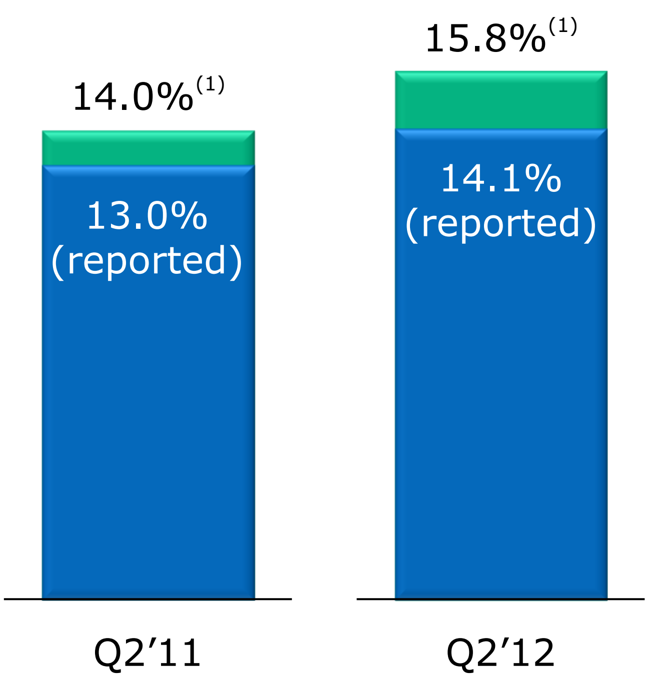
- Modest vol/mix growth despite substantial pricing versus prior year
  - Q2 Easter shift headwind ~(1.2)pp
  - Product pruning ~(0.5)pp in Q2 and H1

- Power Brands +8% H1, driving gains in each region

(1) Reported Net Revenues decreased (4.3)% in Q2 2012 and (0.3)% in H1 2012. See GAAP to Non-GAAP reconciliation at the end of this presentation.

Kraft Foods: Operating Income Margin

Operating Income Margin



- Adjusted OI +8%[2]
  - Pricing and productivity gains more than offset higher input costs
- A&C spending in line with revenue growth
- Adjusted OI Margin +180 bps

(1) Adjusted Operating Income (formerly known as 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 4.0%. See GAAP to Non-GAAP reconciliation at the end of this presentation.

Operating gains drove earnings growth

	Q2	June YTD
2011 Diluted EPS	**$0.55**	**$1.01**
Integration Program Costs[1]	0.07	0.13
2011 Operating EPS	**$0.62**	**$1.14**
Operating Earnings	0.06	0.12
Gain on Sale of Property	--	0.02
Asset Impairment Charge	--	(0.01)
Loss of Starbucks CPG business[2]	--	(0.01)
Accounting Calendar Changes	(0.02)	(0.02)
Change in Unrealized Gains/Losses from Hedging Activities	0.05	0.03
Change in Foreign Currency[3]	(0.03)	(0.02)
Lower Interest Expense	0.01	0.02
Change in Taxes	(0.01)	(0.01)
Higher Shares Outstanding	--	(0.01)
2012 Operating EPS	**$0.68**	**$1.25**
Integration Program Costs[1]	(0.02)	(0.04)
Spin-Off Costs[4]	(0.05)	(0.12)
Restructuring Program Costs[5]	(0.03)	(0.06)
2012 Diluted EPS	**$0.58**	**$1.03**

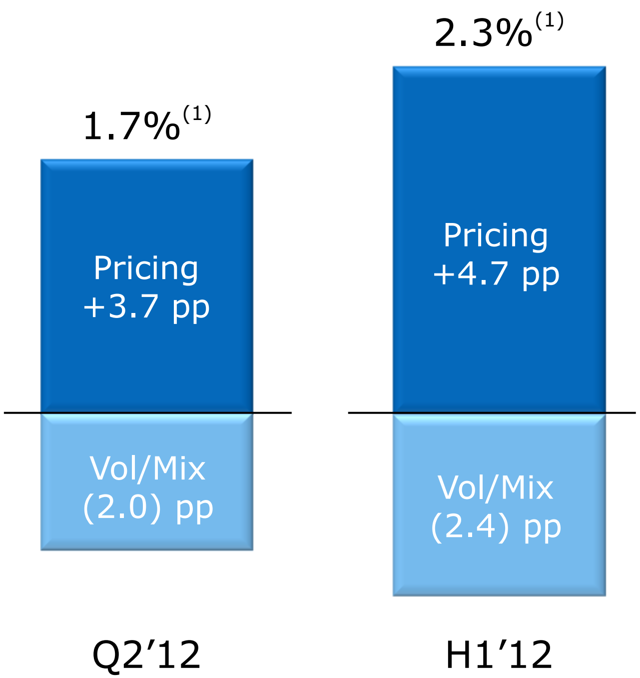
% Growth*

	Q2	June YTD
Oper. EPS	9.7%	9.6%
Oper. EPS @ Constant FX	12.9%	11.4%

Please see corresponding footnotes on page 18 of this presentation.
*See GAAP to Non-GAAP Reconciliation at the end of this presentation.

Kraft Foods North America: Organic Net Revenue Growth

Organic Net Revenue Growth[1]

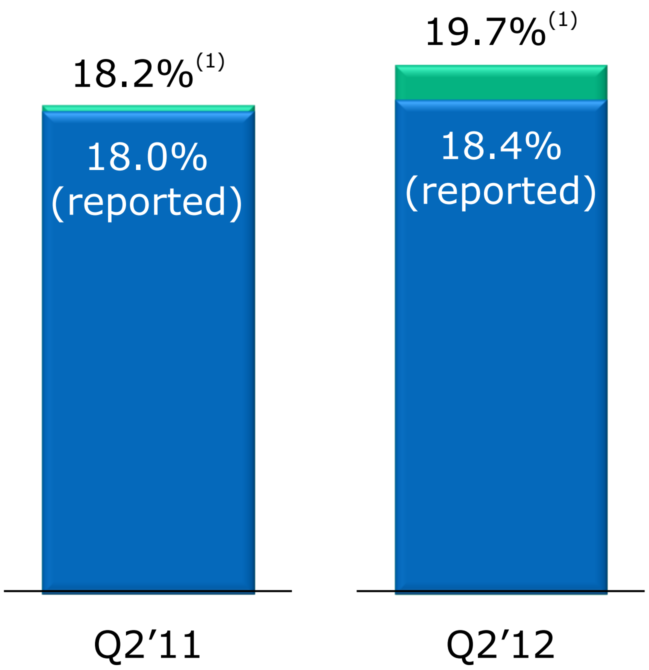


- Solid vol/mix in light of significant year-on-year pricing and product pruning
  - Higher pricing across all business segments
  - Q2 Easter shift headwind >(1)pp
  - Product pruning ~(1)pp in Q2 and H1
- Power Brands +6% H1
- Strong contribution from new products

(1) Reported Net Revenues increased 1.2% in Q2 2012 and 1.2% in H1 2012. See GAAP to Non-GAAP reconciliation at the end of this presentation.

Kraft Foods North America: Segment Operating Income Margin

Segment Operating Income Margin

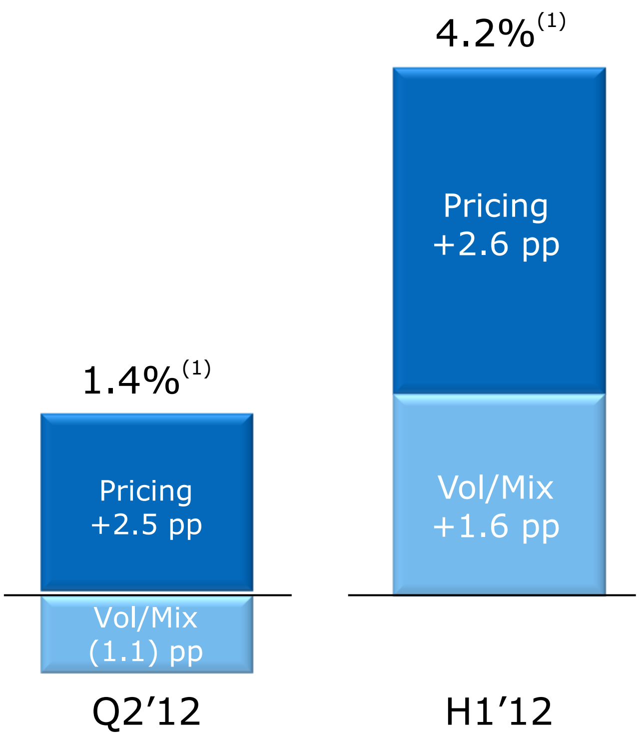


- Adjusted Segment OI +9%(2)
- Strong margin gains
  - Pricing and productivity more than offset raw material inflation
  - Lower SG&A
  - Partially offset by lower vol/mix

(1) Adjusted 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 3.1% in Q2. See GAAP to Non-GAAP reconciliation at the end of this presentation.

Kraft Foods Europe: Organic Net Revenue Growth

Organic Net Revenue Growth[1]

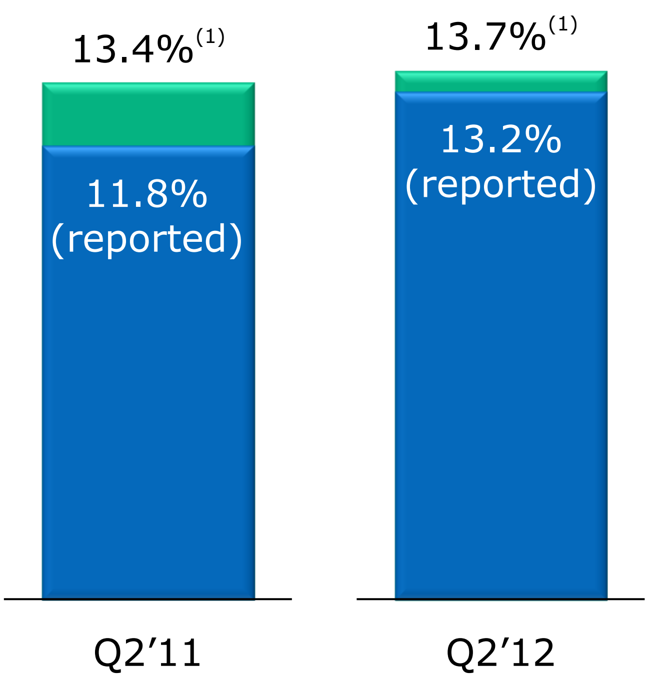


- Q2 Easter shift impact ~(2)pp
- Power Brands +7% H1
- Strong H1 vol/mix despite difficult macroeconomic environment and significant pricing

(1) Reported Net Revenues decreased (14.8)% in Q2 2012 and (5.9)% in H1 2012. See GAAP to Non-GAAP reconciliation at the end of this presentation.

Kraft Foods Europe: Segment Operating Income Margin

Segment Operating Income Margin

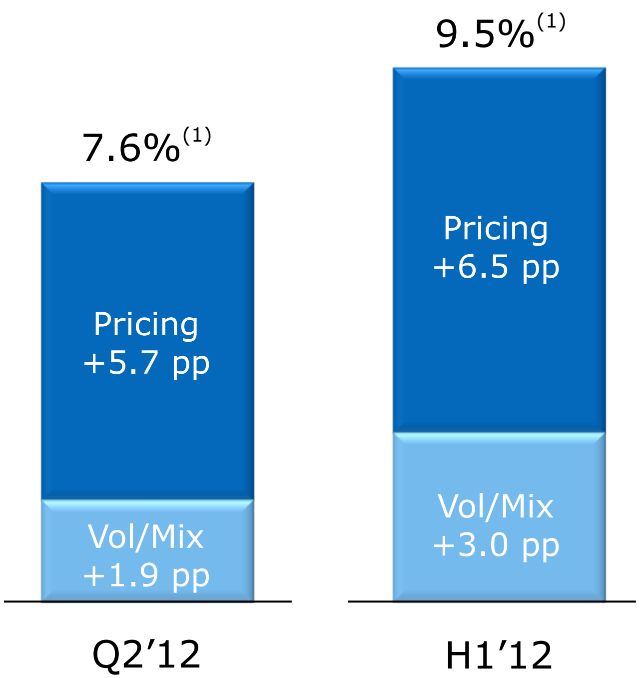


- Adjusted Segment OI (13)%[(2)]
  - (8)pp impact from FX
  - (9)pp impact from prior year accounting calendar changes
- Margin expansion driven by
  - Carryover pricing net of higher raw material costs
  - Substantial productivity
  - Overhead leverage
  - Partially offset by significantly higher A&C investments behind Power Brands

(1) Adjusted 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 decreased (4.6)%. See GAAP to Non-GAAP reconciliation at the end of this presentation.

Kraft Foods Developing Markets: Organic Net Revenue Growth

Organic Net Revenue Growth[1]

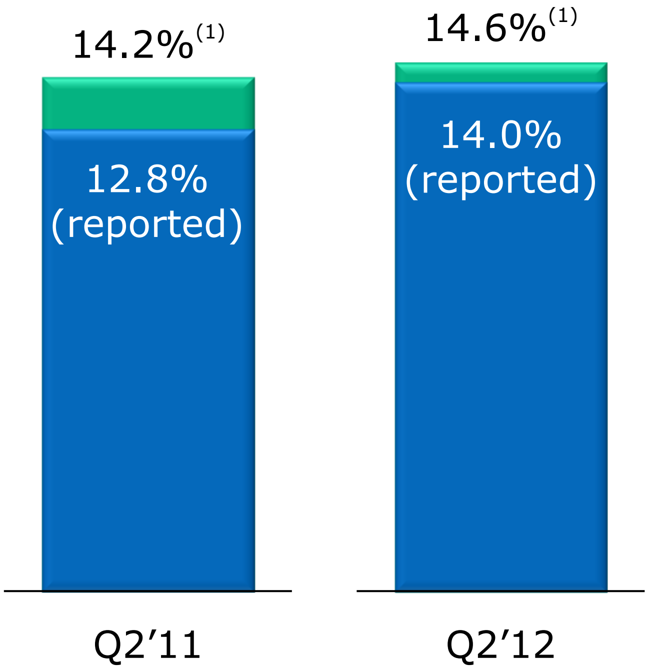


- Good balance between pricing and vol/mix
  - Q2 Easter shift impact of ~(1)pp
- Power Brands +13% H1
- Leveraging geographic diversity
- Broad-based growth in H1
  - LA and MEA up double-digits
  - AP up high-single digits
  - CEE up mid-single digits

(1) Reported Net Revenues decreased (3.6)% in Q2 2012 and increased 2.2% in H1 2012. See GAAP to Non-GAAP reconciliation at the end of this presentation.

Kraft Foods Developing Markets: Segment Operating Income Margin

Segment Operating Income Margin



- Adjusted Segment OI (1)%[2]
  - ~(8)pp impact from FX
  - ~(2)pp impact from prior year accounting calendar changes
  - Effective input cost management and vol/mix gains more than offset strong investments in A&C and overheads
- Margin expansion driven by volume/mix gains

(1) Adjusted 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 5.0%. See GAAP to Non-GAAP reconciliation at the end of this presentation.

2012 guidance remains unchanged

- 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

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Targeting October 1st Spin-Off

- Timing subject to receipt of tax ruling in Canada and final approval from Board of Directors

- Key Next Steps
  - Form 10 expected to become effective in mid-August
  - Mondelēz International and Kraft Foods Group investor presentations on September 6 and 7, respectively, in Boston
  - Separate roadshows for each company mid- to late-September

- Trading for MDLZ and KRFT to begin October 2
  - KFT ticker to be retired

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Creating two industry-leading companies

Focus on Power Brands, Categories, Markets

Drive Top-Tier Growth

Reduce Costs

Leverage Overheads

Reinvest in Growth

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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 $35 million, or $33 million after-tax including certain tax costs associated with the integration of Cadbury, for the three months ended June 30, 2012, as compared to $136 million, or $120 million after-tax for the three months ended June 30, 2011. Integration Program costs were $78 million, or $73 million after-tax including certain tax costs associated with the integration of Cadbury, for the six months ended June 30, 2012, as compared to $240 million, or $234 million after-tax for the six months ended June 30, 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 June 30, 2012 were $128 million, or $89 million after-tax, and includes $28 million of pre-tax financing and related costs recorded in interest and other expense, net. Spin-Off costs for the six months ended June 30, 2012 were $301 million, or $202 million after-tax, and includes $162 million of pre-tax financing and related costs recorded in interest and other expense, net.

(5) Restructuring Program costs represent non-recurring restructuring and related implementation costs reflecting primarily severance, asset disposals and other manufacturing related non-recurring costs. Restructuring Program costs for the three months ended June 30, 2012 were $90 million, or $58 million after-tax. Restructuring Program costs for the six months ended June 30, 2012 were $169 million, or $107 million after-tax.

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 Accounting Calendar Changes	Impact of Currency	Organic (Non-GAAP)	% Change As Reported (GAAP)	% Change Organic (Non-GAAP)
2012						
Biscuits	$ 5,962	$ -	$ 169	$ 6,131	3.3%	8.4%
Confectionery						
Chocolate	4,421	-	268	4,689	(1.9)%	5.3%
Gum & Candy	2,629	-	133	2,762	(4.1)%	0.1%
Other Confectionery	98	-	-	98	(32.9)%	(32.4)%
	7,148	-	401	7,549	(3.3)%	2.6%
Snacks [1]	**$ 13,110**	**$ -**	**$ 570**	**$ 13,680**	**(0.4)%**	**5.1%**
2011 [2]						
Biscuits	$ 5,770	$ (113)	$ -	$ 5,657		
Confectionery						
Chocolate	4,505	(54)	-	4,451		
Gum & Candy	2,742	17	-	2,759		
Other Confectionery	146	(1)	-	145		
	7,393	(38)	-	7,355		
Snacks [1]	**$ 13,163**	**$ (151)**	**$ -**	**$ 13,012**		

[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.

[2] We reclassified certain sector net revenues for the six months ended June 30, 2011 to conform with the current year presentation.

GAAP to Non-GAAP Reconciliation

Net Revenues to Organic Net Revenues

For the Three Months Ended June 30,

($ in millions, except percentages) (Unaudited)

	As Reported (GAAP)	Impact of Accounting Calendar Changes	Impact of Currency	Organic (Non-GAAP)	% Change As Reported (GAAP)	% Change Organic (Non-GAAP)
2012						
Kraft Foods North America	$ 6,391	$ -	$ 37	$ 6,428	1.2%	1.7%
Kraft Foods Europe	3,004	-	297	3,301	(14.8)%	1.4%
Kraft Foods Developing Markets	3,891	-	351	4,242	(3.6)%	7.6%
Kraft Foods	**$ 13,286**	**$ -**	**$ 685**	**$ 13,971**	**(4.3)%**	**3.4%**
2011						
Kraft Foods North America	$ 6,318	$ -	$ -	$ 6,318		
Kraft Foods Europe	3,525	(269)	-	3,256		
Kraft Foods Developing Markets	4,035	(92)	-	3,943		
Kraft Foods	**$ 13,878**	**$ (361)**	**$ -**	**$ 13,517**		

GAAP to Non-GAAP Reconciliation

Net Revenues to Organic Net Revenues

For the Six Months Ended June 30,

($ in millions, except percentages) (Unaudited)

	As Reported (GAAP)	Impact of Divestitures [1]	Impact of Accounting Calendar Changes	Impact of Currency	Organic (Non-GAAP)	% Change As Reported (GAAP)	% Change Organic (Non-GAAP)
2012							
Kraft Foods North America	$ 12,403	$ -	$ -	$ 45	$ 12,448	1.2%	2.3%
Kraft Foods Europe	6,155	-	-	380	6,535	(5.9)%	4.2%
Kraft Foods Developing Markets	7,821	-	-	459	8,280	2.2%	9.5%
Kraft Foods	**$ 26,379**	**$ -**	**$ -**	**$ 884**	**$ 27,263**	**(0.3)%**	**4.9%**
2011							
Kraft Foods North America	$ 12,254	$ (91)	$ -	$ -	$ 12,163		
Kraft Foods Europe	6,541	-	(269)	-	6,272		
Kraft Foods Developing Markets	7,656	-	(92)	-	7,564		
Kraft Foods	**$ 26,451**	**$ (91)**	**$ (361)**	**$ -**	**$ 25,999**		

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

GAAP to Non-GAAP Reconciliation

Operating Income To Adjusted Operating Income

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

	2012					2011		
	As Reported (GAAP)	Integration Program costs [1]	Spin-Off Costs [2]	2012 - 2014 Restructuring Program costs [3]	**Adjusted (Non-GAAP)**	**As Reported (GAAP)**	Integration Program costs [1]	**Adjusted (Non-GAAP)**
Kraft Foods								
Operating Income	$ 1,879	$ 35	$ 100	$ 90	$ 2,104	$ 1,806	$ 136	$ 1,942
Growth vs. Prior Year	4.0%				8.3%			
Operating Income Margin	14.1%				15.8%	13.0%		14.0%
Kraft Foods North America								
Segment Operating Income	$ 1,174	$ (2)	$ -	$ 85	$ 1,257	$ 1,139	$ 14	$ 1,153
Growth vs. Prior Year	3.1%				9.0%			
Segment Operating Income Margin	18.4%				19.7%	18.0%		18.2%
Kraft Foods Europe								
Segment Operating Income	$ 396	$ 17	$ -	$ -	$ 413	$ 415	$ 58	$ 473
Growth vs. Prior Year	(4.6)%				(12.7)%			
Segment Operating Income Margin	13.2%				13.7%	11.8%		13.4%
Kraft Foods Developing Markets								
Segment Operating Income	$ 544	$ 18	$ -	$ 5	$ 567	$ 518	$ 55	$ 573
Growth vs. Prior Year	5.0%				(1.0)%			
Segment Operating Income Margin	14.0%				14.6%	12.8%		14.2%

(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.

GAAP to Non-GAAP Reconciliation

Diluted Earnings per Share to Operating EPS

For the Three Months Ended June 30,
(Unaudited)

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)**	% Growth: **As Reported EPS Growth (GAAP)**	% Growth: **Operating EPS Growth (Non-GAAP)**	% Growth: **Operating Constant FX EPS Growth (Non-GAAP)**
Diluted EPS attributable to Kraft Foods	**$ 0.58**	$ 0.02	$ 0.05	$ 0.03	**$ 0.68**	$ 0.03	**$ 0.70** [5]	**5.5%**	**9.7%**	**12.9%**
2011										
Diluted EPS attributable to Kraft Foods	**$ 0.55**	$ 0.07	$ -	$ -	**$ 0.62**	$ -	**$ 0.62**			

(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 $35 million, or $33 million after-tax including certain tax costs associated with the integration of Cadbury, for the three months ended June 30, 2012, as compared to $136 million, or $120 million after-tax for the three months ended June 30, 2011.

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(3) Restructuring Program costs for the three months ended June 30, 2012 were $90 million, or $58 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.

(5) Does not cross-foot due to rounding.

GAAP to Non-GAAP Reconciliation

Diluted Earnings per Share to Operating EPS

For the Six Months Ended June 30,

(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	**$**	**1.03**	$	0.04	$	0.12	$	0.06	**$**	**1.25**	$	0.02	**$**	**1.27**	**2.0%**	**9.6%**	**11.4%**
2011																	
Diluted EPS attributable to Kraft Foods	**$**	**1.01**	$	0.13	$	-	$	-	**$**	**1.14**	$	-	**$**	**1.14**			

(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 $78 million, or $73 million after-tax including certain tax costs associated with the integration of Cadbury, for the six months ended June 30, 2012, as compared to $240 million, or $234 million after-tax for the six months ended June 30, 2011.

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(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.