Kraft Foods

CAGNY Conference

February 21, 2012

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 our virtuous cycle of growth; our 5-10-10 strategy; Kraft Foods Developing Markets and Kraft Foods Europe growth in 2012; the 2012 environment; the three priorities for the grocery and snacks businesses' success; Power Brands and 2012 organic growth; product line pruning; factors that will drive 2012 results; 2012 top-line momentum; Cadbury revenue synergies; cost management; 2012 top-tier growth; one-time and refinancing costs; launching two investment grade companies; sustainable, top-tier performance; expectations for the North American grocery and Global snacks companies; next steps related to the spin-off; and what shareholders can expect from 2012. 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 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 developing markets, our failure to recognize the synergies from our combination with Cadbury; our failure to launch two successful 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.

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Agenda

- Driving sustainable, top-tier growth
- Building on success in North America
- 2012 guidance
- The path to separation

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Irene Rosenfeld

Chairman and CEO

Virtuous cycle of growth is paying off

Focus on Power Brands
+8% in 2011

Drive Top-Tier Growth
Organic Net Revenue
+6.6%[1]

(1) Reported Net Revenue growth was 10.5%. See GAAP to Non-GAAP reconciliation at the end of this presentation.

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Strong growth in global snacks portfolio

- Global Biscuits +9%[1]
  - Developing Markets up double-digits
  - Developed Markets up mid-single digits
- Global Chocolate +6%[1]
  - Developing Markets up double digits
  - Developed Markets up slightly
- Global Gum & Candy +1%[1]
  - Developing Markets up high-single digits
  - Developed Markets down mid-single digits

(1) Reflects FY 2011 Organic Net Revenue Growth. Reported FY 2011 Net Revenue growth was 11.5% for Biscuits, 16.1% for Chocolate and 11.8% for Gum & Candy. Global Biscuits includes snack nuts. See GAAP to Non-GAAP reconciliation at the end of this presentation.

Delivering top-tier organic growth

Organic Revenue Growth (Fiscal Year)*

2009			2010			2011		
1	General Mills	8.5%	1	Danone	6.9%	1	Danone	7.8%(2)
2	ConAgra	7.7%	2	Hershey	6.1%	2	Nestlé	7.5%(2)
3	Heinz	5.5%	3	Coca-Cola	6.0%	3	Hershey	6.9%(2)
4	Nestlé	4.1%	4	Nestlé	6.0%	**4**	**Kraft Foods**	**6.6%(3)**
5	Coca-Cola	4.0%	5	General Mills	4.0%	5	PepsiCo	5.0%(4)
6	Hershey	4.0%	6	PepsiCo	3.5%	6	Sara Lee	4.9%(2)
7	PepsiCo	4.0%	**7**	**Kraft Foods**	**3.1/3.2%(1)**	7	Kellogg	4.5%(2)
8	Danone	3.2%	8	Heinz	2.1%	8	Coca-Cola	4.0%(2)
9	Campbell	3.0%	9	ConAgra	(0.8)%	9	General Mills	2.0%(2)
10	Kellogg	3.0%	10	Kellogg	(1.3)%	10	Heinz	1.9%(2)
11	Sara Lee	2.7%	11	Campbell	(2.0)%	11	ConAgra	1.1%(2)
12	**Kraft Foods**	**1.5%**	12	Sara Lee	(2.8)%	12	Campbell	(1.0)%(2)

* Source: Thomson First Call.
(1) Reported Net Revenue growth was 27.0%; Combined Organic Net Revenue Growth was 3.1%; Kraft Foods Base Organic Net Revenue growth was 3.2%. See GAAP to Non-GAAP reconciliation at the end of this presentation.
(2) Per company reports.
(3) Reported net revenue growth was 10.5%. See GAAP to Non-GAAP reconciliation at the end of this presentation.
(4) Reflects Wall Street estimate.

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Virtuous cycle of growth is paying off

Focus on Power Brands
+8% in 2011

Drive Top-Tier Growth
Organic Net Revenue
+6.6%[1]

Reduce Costs
Productivity
>4%% COGS

(1) Reported Net Revenue growth was 10.5%. See GAAP to Non-GAAP reconciliation at the end of this presentation.

Virtuous cycle of growth is paying off

Focus on Power Brands
+8% in 2011

Drive Top-Tier Growth
Organic Net Revenue
+6.6%[1]

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Reduce Costs
Productivity
>4%% COGS

Leverage Overheads
% of NR down (60)bps[2]

(1) Reported Net Revenue growth was 10.5%. See GAAP to Non-GAAP reconciliation at the end of this presentation.
(2) Underlying overheads as a % of net revenue excludes Integration Program costs, acquisition-related costs and costs associated with the proposed spin-off of the North American grocery business. Reported overheads as a % of net revenue was down (130) bps versus 2010. See GAAP to Non-GAAP reconciliation at the end of this presentation.

Virtuous cycle of growth is paying off

Focus on Power Brands
+8% in 2011

Drive Top-Tier Growth
Organic Net Revenue
+6.6%[1]

Reduce Costs
Productivity
>4%% COGS

Leverage Overheads
% of NR down (60)bps[2]

Reinvest in Growth
A&C 8% of NR
NPD 10%+ of NR

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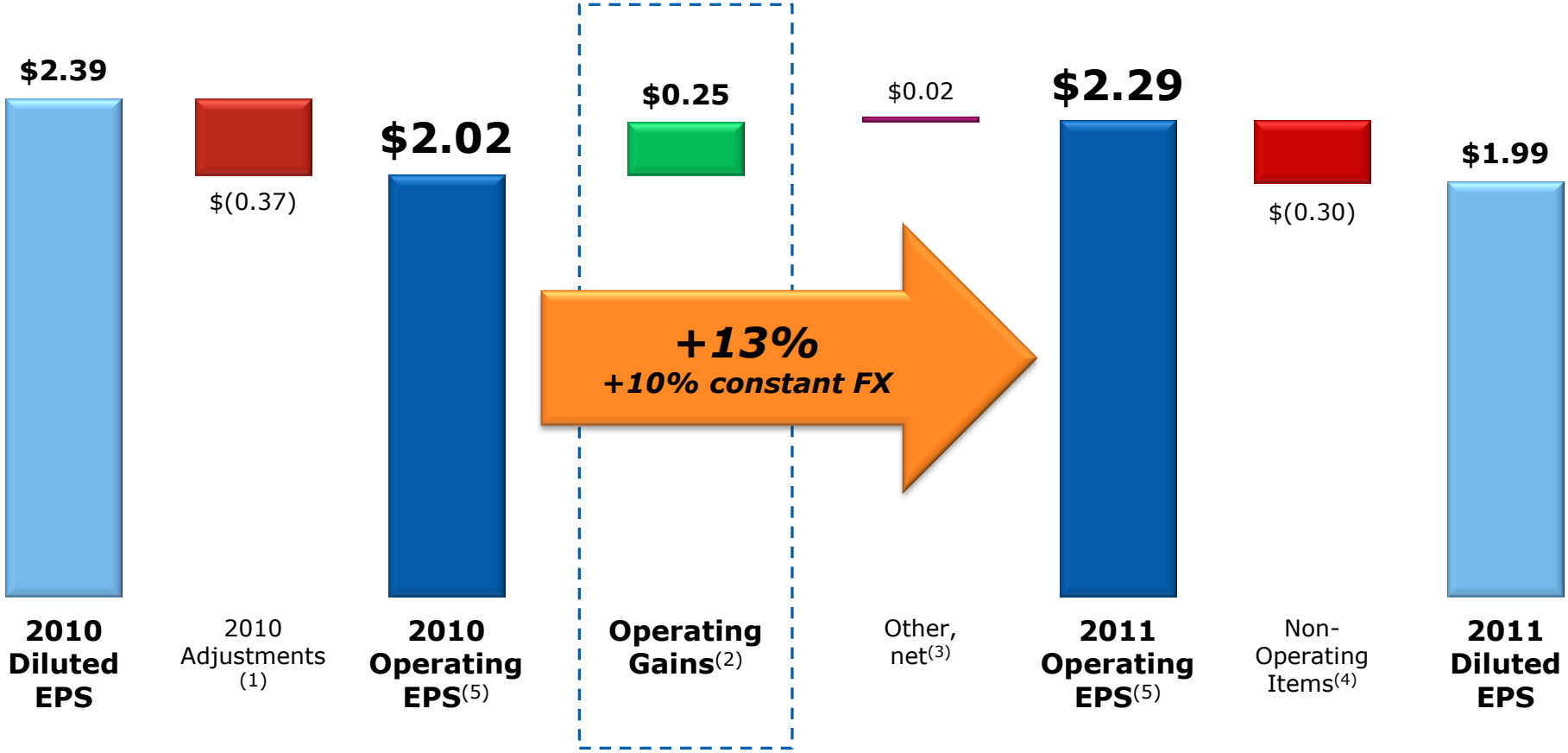
(1) Reported Net Revenue growth was 10.5%. See GAAP to Non-GAAP reconciliation at the end of this presentation.
(2) Underlying overheads as a % of net revenue excludes Integration Program costs, acquisition-related costs and costs associated with the proposed spin-off of the North American grocery business. Reported overheads as a % of net revenue was down (130) bps versus 2010. See GAAP to Non-GAAP reconciliation at the end of this presentation.

Operating gains fueling EPS growth



(1) 2010 Adjustments include earnings and gain from discontinued operations, acquisition-related costs, Integration Program costs and the U.S. Healthcare legislation impact on deferred taxes.
(2) Includes the benefit of accounting calendar changes (including the impact of the 53rd week of shipments).
(3) "Other, net" includes the impact of: decreases in operating income from divestitures, primarily the loss of the Starbucks CPG business; the increase in operations from one month of Cadbury; the change in restructuring accrual reversals and asset impairments; the change in unrealized gains/losses from hedging activities; favorable foreign currency; higher interest expense; changes in taxes; and changes in shares outstanding.
(4) Non-operating items include Integration Program costs and costs related to the proposed spin-off of the North American Grocery business.
(5) See GAAP to Non-GAAP reconciliation at the end of this presentation.

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Delivering top-tier earnings growth

Operating EPS Growth[1]

2009			2010			2011		
1	Hershey	15.4%	1	Hershey	17.5%	**1**	**Kraft Foods**	**13.4%** [3]
2	General Mills	13.1%	2	General Mills	15.6%	2	Hershey	10.6% [4]
3	Heinz	10.3%	3	ConAgra	14.5%	3	Coca-Cola	10.0% [4]
4	**Kraft Foods**	**8.0%**	4	Coca-Cola	14.1%	4	General Mills	7.8% [4]
5	Campbell	6.2%	5	PepsiCo	11.3%	5	Heinz	7.3% [4]
6	Kellogg	5.7%	6	Campbell	11.3%	6	Danone	6.6% [4]
7	PepsiCo	0.8%	7	Nestlé	7.4%	7	PepsiCo	6.5% [4]
8	Nestlé	0.7%	8	Danone	5.4%	8	Campbell	2.8% [4]
9	Danone	(0.8)%	**9**	**Kraft Foods**	**4.7%** [2]	9	Sara Lee	2.6% [4]
10	Coca-Cola	(2.9)%	10	Kellogg	4.4%	10	Kellogg	2.4% [4]
11	Sara Lee	(15.2)%	11	Heinz	(1.0)%	11	ConAgra	0.6% [4]
12	ConAgra	(20.0)%	12	Sara Lee	(9.5)%	12	Nestlé	(7.2)% [4]

(1) Source: Thomson First Call.
(2) Represents Operating EPS. Diluted EPS declined 17.7%. See GAAP to Non-GAAP reconciliation at the end of this presentation.
(3) Diluted EPS declined 16.7%. See GAAP to Non-GAAP reconciliation at the end of this presentation.
(4) Per company reports.

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Kraft Foods Developing Markets

Sanjay Khosla

President
Kraft Foods Developing Markets

Kraft Foods Developing Markets is driving a virtuous cycle

Focus on Power Brands
+17% in 2011

Drive Top-Tier Growth
Organic Net Revenue
+11.2%[1]

(1) Reported Net Revenue growth was 16.2%. See GAAP to Non-GAAP reconciliation at the end of this presentation.

5-10-10 strategy drives revenue growth

5 Categories

+12%

India Chocolate

+30%

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5-10-10 strategy drives revenue growth

5 Categories

+12%

India Chocolate

+30%

Cadbury

10 Power Brands

+17%

OREO

+50%

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5-10-10 strategy drives revenue growth

5 Categories

+12%

India Chocolate

+30%

10 Power Brands

+17%

OREO +50%

CLUB SOCIAL TUC +35%

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5-10-10 strategy drives revenue growth

5 Categories

+12%

India Chocolate

+30%

10 Power Brands

+17%

+50%

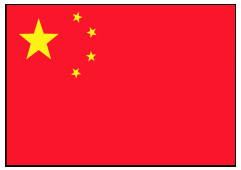
+35%

10 Priority Markets

+12%

Brazil

+15%
To $2B+



China

+30%
to $800M+

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Kraft Foods Developing Markets is driving a virtuous cycle

Focus on Power Brands
+17% in 2011

Drive Top-Tier Growth
Organic Net Revenue
+11.2%[1]

Reduce Costs
Productivity
4% COGS

Leverage Overheads
% of NR down (20) bps[2]

(1) Reported Net Revenue growth was 16.2%. See GAAP to Non-GAAP reconciliation at the end of this presentation.
(2) Underlying overheads as a % of net revenue excludes Integration Program costs, acquisition-related costs and costs associated with the proposed spin-off of the North American grocery business. Reported overheads as a % of net revenue was down (40) bps versus 2010. See GAAP to Non-GAAP reconciliation at the end of this presentation.

Kraft Foods Developing Markets is driving a virtuous cycle

Focus on Power Brands
+17% in 2011

Drive Top-Tier Growth
Organic Net Revenue
+11.2%[1]

Reduce Costs
Productivity
4% COGS

Leverage Overheads
% of NR down (20) bps[2]

Reinvest in Growth
A&C 10% of NR
NPD 12% of NR

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(1) Reported Net Revenue growth was 16.2%. See GAAP to Non-GAAP reconciliation at the end of this presentation.
(2) Underlying overheads as a % of net revenue excludes Integration Program costs, acquisition-related costs and costs associated with the proposed spin-off of the North American grocery business. Reported overheads as a % of net revenue was down (40) bps versus 2010. See GAAP to Non-GAAP reconciliation at the end of this presentation.

Kraft Foods Developing Markets will continue to drive strong growth in 2012

- Relentless focus behind 5-10-10 strategy
- Capture Cadbury synergies
- Expand margins through productivity and overhead leverage

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Kraft Foods Europe

Tim Cofer

President
Kraft Foods Europe

Kraft Foods Europe is driving a virtuous cycle

Focus on Power Brands
+7% in 2011

Drive Top-Tier Growth
Organic Net Revenue
+4.6%[1]

(1) Reported Net Revenue growth was 14.9%. See GAAP to Non-GAAP reconciliation at the end of this presentation.

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Power Brands, innovation and geographic expansion driving growth

Choco-Bakery

+29%

+25%

+25%

+18%

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Kraft Foods Europe is driving a virtuous cycle

Focus on Power Brands
+7% in 2011

Drive Top-Tier Growth
Organic Net Revenue
+4.6%[1]

Reduce Costs
Productivity
>4% COGS

(1) Reported Net Revenue growth was 14.9%. See GAAP to Non-GAAP reconciliation at the end of this presentation.

Kraft Foods Europe is driving a virtuous cycle

Focus on Power Brands
+7% in 2011

Drive Top-Tier Growth
Organic Net Revenue
+4.6%[1]

Reduce Costs
Productivity
>4% COGS

Leverage Overheads
% of NR down (150)bps[2]

(1) Reported Net Revenue growth was 14.9%. See GAAP to Non-GAAP reconciliation at the end of this presentation.
(2) Underlying overheads as a % of net revenue excludes Integration Program costs, acquisition-related costs and costs associated with the proposed spin-off of the North American grocery business. Reported overheads as a % of net revenue was down (200) bps versus 2010. See GAAP to Non-GAAP reconciliation at the end of this presentation.

Kraft Foods Europe is driving a virtuous cycle

Focus on Power Brands
+7% in 2011

Drive Top-Tier Growth
Organic Net Revenue
+4.6%[1]

Reduce Costs
Productivity
>4% COGS

Leverage Overheads
% of NR down (150)bps[2]

Reinvest in Growth
A&C 8% of NR
NPD 12% of NR

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(1) Reported Net Revenue growth was 14.9%. See GAAP to Non-GAAP reconciliation at the end of this presentation.
(2) Underlying overheads as a % of net revenue excludes Integration Program costs, acquisition-related costs and costs associated with the proposed spin-off of the North American grocery business. Reported overheads as a % of net revenue was down (200) bps versus 2010. See GAAP to Non-GAAP reconciliation at the end of this presentation.

Kraft Foods Europe will continue to drive a growth agenda in 2012

- Top-line momentum
  - Distort investments towards Power Brands
  - Step up innovation
  - Excellent sales execution
  - Enter "white space" markets
- Expand margins and fund investments through relentless cost management
  - Lower overheads
  - Increase productivity

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Building on Success in North America

Tony Vernon

President
Kraft Foods North America

2011 Priorities

- Revitalize our brands
- Increase marketing and sales excellence
- Deliver record cost savings

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Kraft Foods North America is driving a virtuous cycle

Focus on Power Brands
+4.5% in 2011

Drive Top-Tier Growth
Organic Net Revenue
+4.8%[1]

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(1) Reported Net Revenue growth was 5.1%. See GAAP to Non-GAAP reconciliation at the end of this presentation.

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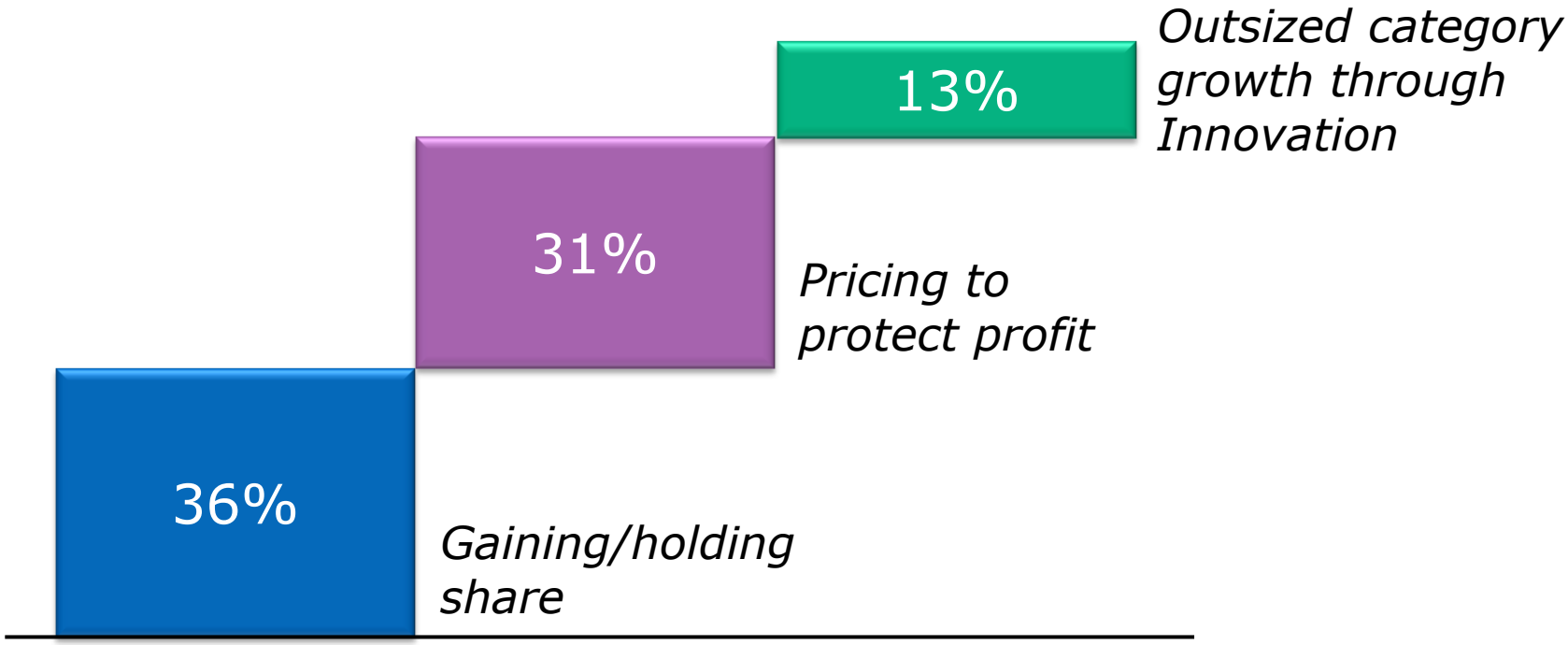
Solid market share performance in an unprecedented environment

Percent of 2011 U.S. Retail Revenue



Source: 52-weeks ending Dec. 24, 2011. 4-outlet data, Nielsen.

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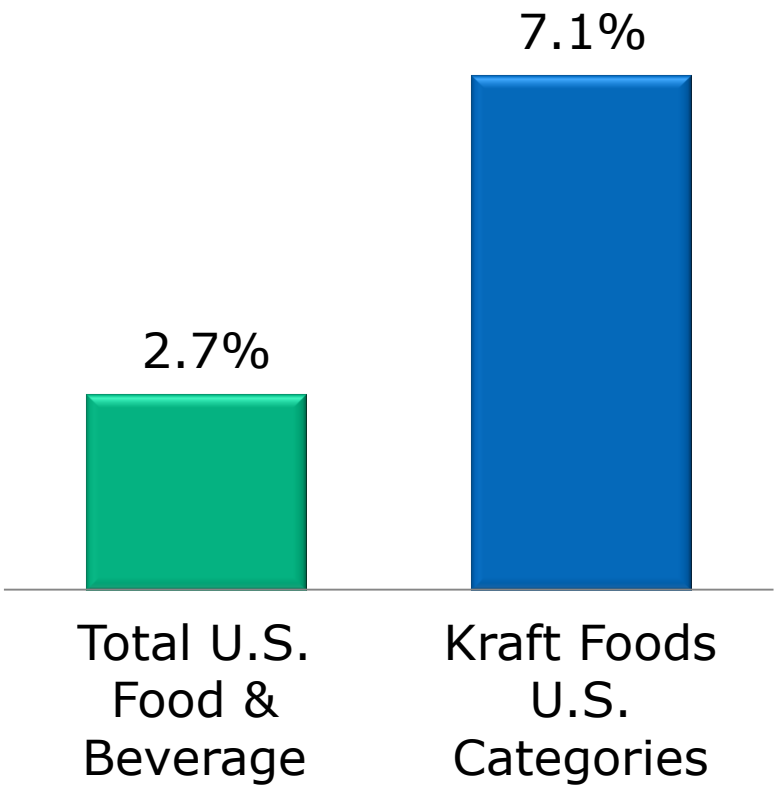
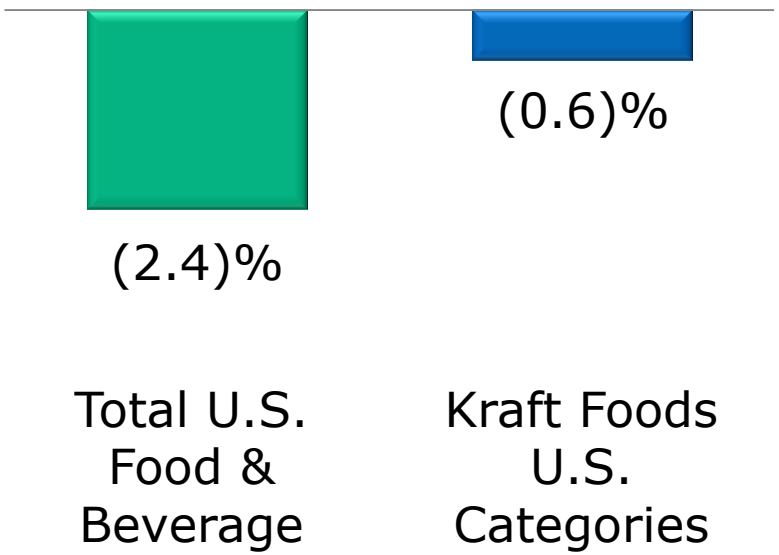
Drove our U.S. retail categories faster than the industry

2011 $ Growth



2011 Equivalent Units Growth



Source: 52-weeks ending Dec. 24, 2011. 4-outlet data, Nielsen.

Kraft Foods North America is driving a virtuous cycle

Focus on Power Brands
+4.5% in 2011

Drive Top-Tier Growth
Organic Net Revenue
+4.8%[1]

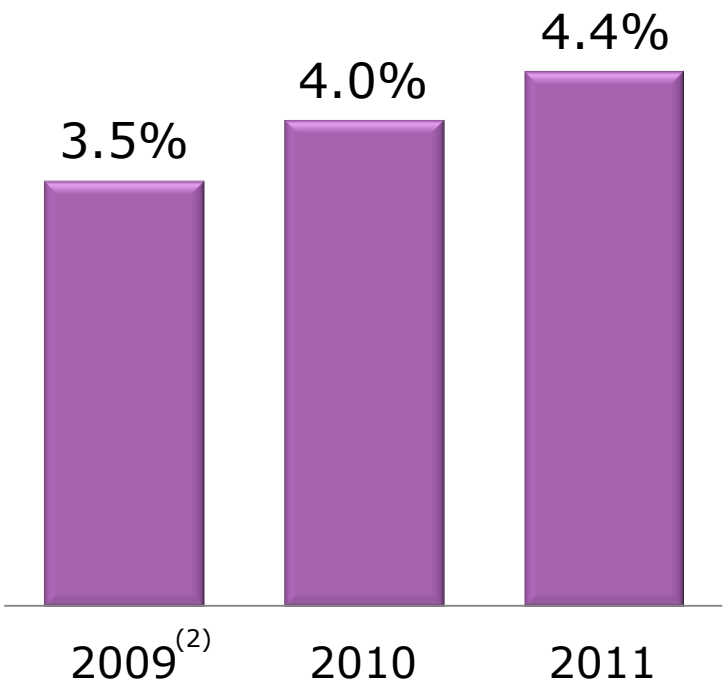
Reduce Costs
Productivity
>4% COGS

Leverage Overheads
% of NR down (60)bps[2]

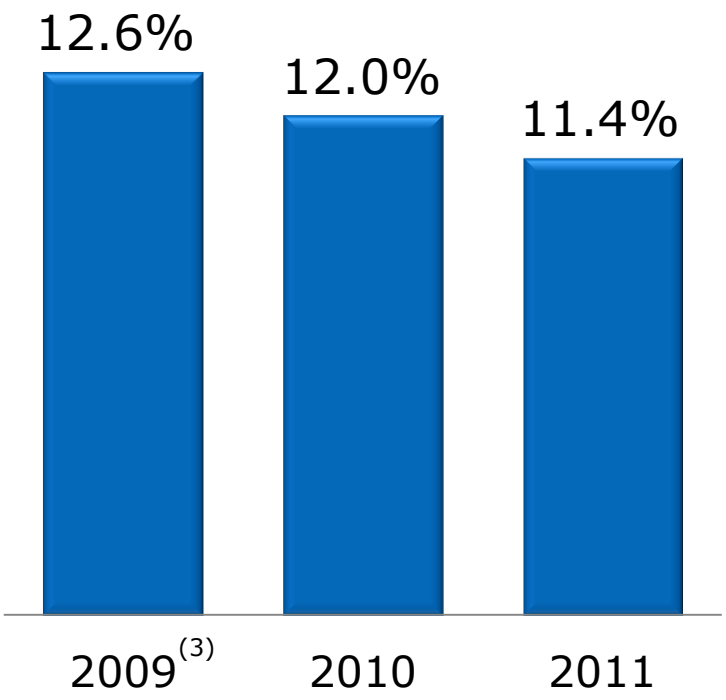
(1) Reported Net Revenue growth was 5.1%. See GAAP to Non-GAAP reconciliation at the end of this presentation.
(2) Reflects underlying overheads as a % of net revenue, which excludes Integration Program costs, acquisition-related costs and costs associated with the proposed spin-off of the North American grocery business. Reported overheads as a % of net revenue was down (60) bps versus 2010. See GAAP to Non-GAAP reconciliation at the end of this presentation.

Focus on cost reduction is paying off

Productivity as % of Cost of Goods Sold



Overheads as % of Net Revenue(1)



(1) Reflects underlying overheads as a % of net revenue, which excludes Integration Program costs, acquisition-related costs and costs associated with the proposed spin-off of the North American grocery business. Reported overheads as a % of net revenue were 12.2% and 11.6% in 2010 and 2011, respectively. See GAAP to Non-GAAP reconciliation at the end of this presentation.
(2) Reflects Kraft Foods base business only.
(3) Pro forma combined Kraft Foods base business and Cadbury.

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Kraft Foods North America is driving a virtuous cycle

Focus on Power Brands
+4.5% in 2011

Drive Top-Tier Growth
Organic Net Revenue
+4.8%[1]

Reduce Costs
Productivity
4.4% COGS

Leverage Overheads
% of NR down (60)bps[2]

Reinvest in Growth
A&C 6% of NR
NPD 9% of NR

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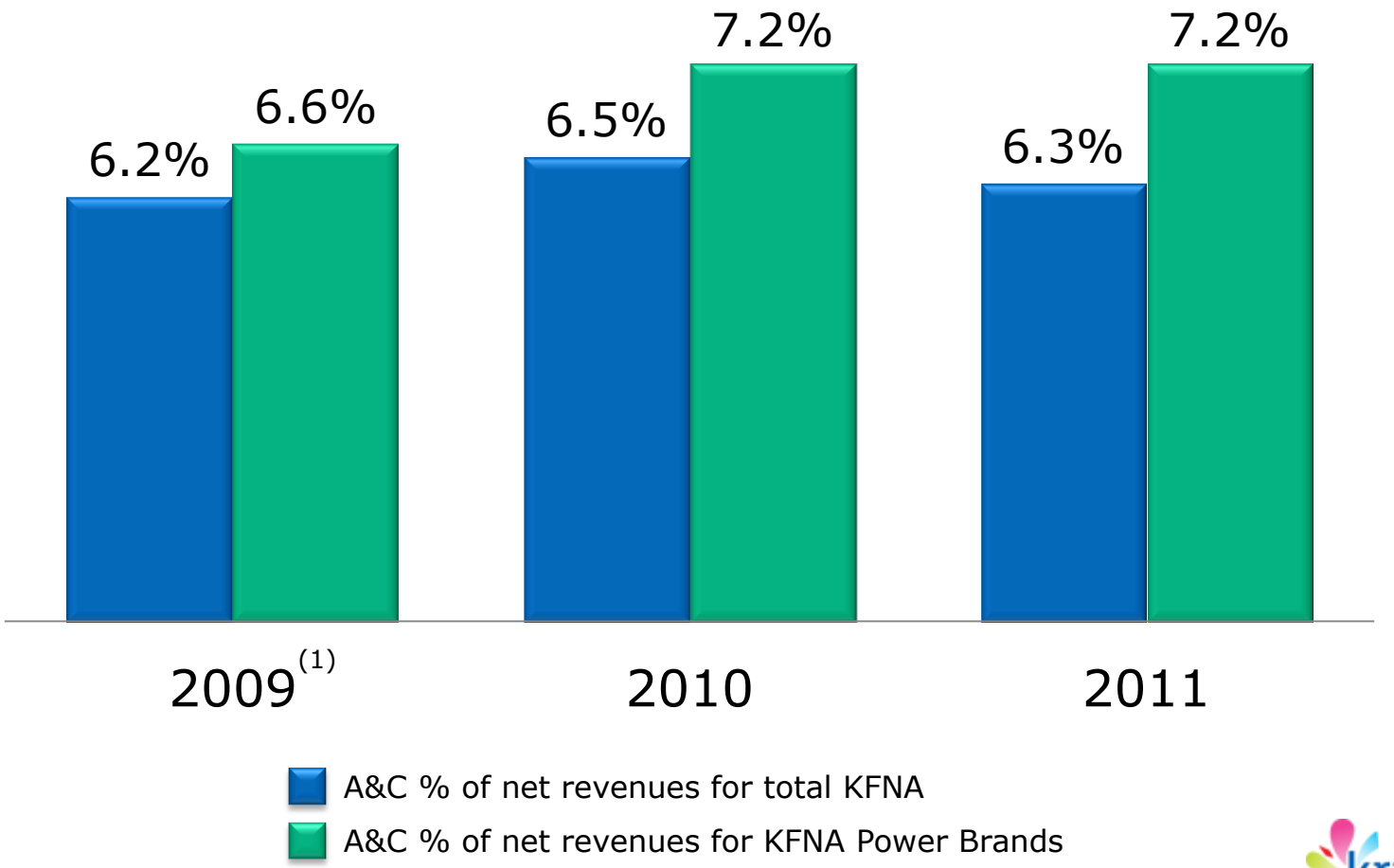
(1) Reported Net Revenue growth was 5.1%. See GAAP to Non-GAAP reconciliation at the end of this presentation.
(2) Reflects underlying overheads as a % of net revenue, which excludes Integration Program costs, acquisition-related costs and costs associated with the proposed spin-off of the North American grocery business. Reported overheads as a % of net revenue was down (60) bps versus 2010. See GAAP to Non-GAAP reconciliation at the end of this presentation.

Distorting brand building investments to Power Brands

KFNA A&C as a Percentage of Net Revenues



(1) Pro forma for Cadbury acquisition.

Driving growth in our iconic brands

Miracle Whip	Oscar Mayer	Wheat Thins	Planters	Chips Ahoy!
+5%	+5%	+6%	+7%	+8%
Capri Sun (No Artificial Colors or Flavors)	Kraft Philadelphia	Oreo	Kraft Velveeta Shells & Cheese	Newtons
+9%	+11%	+12%	+20%	+44%

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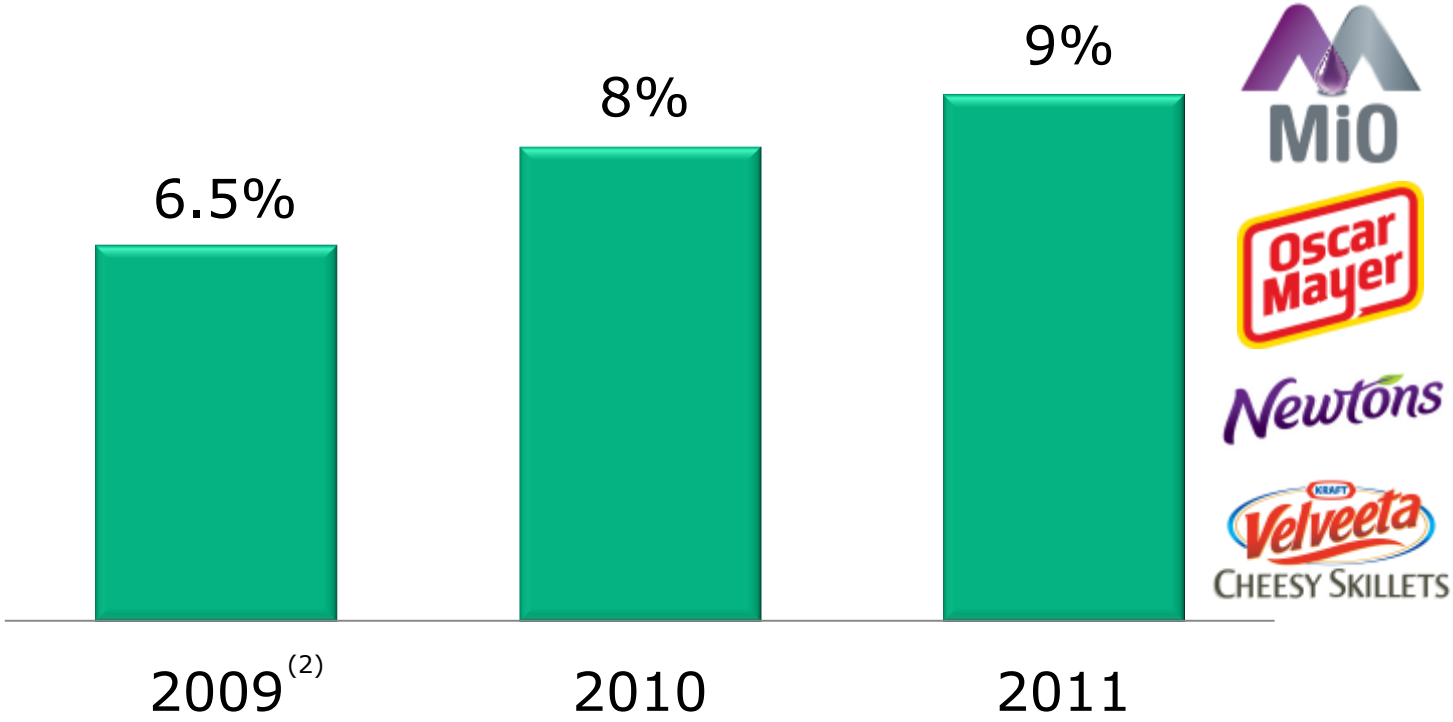
Showing Commercials

Stepping up growth from new products

New Product Development as % of Net Revenue[1]



(1) Reflects percentage of net revenue derived from products introduced within the prior 3 years.
(2) Reflects Kraft Foods base business only.

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2012 environment will remain difficult

Economy

- Weak GDP rebound
- High unemployment
- Commodity costs expected to remain high / volatile

Consumer

- Low consumer confidence, but improving
- F&B demand recovering, but remains weak
- Value focus will remain; more than just low price

Customer

- Rising prices driving dollar growth but volume softness
- Dynamic retail environment
- Customers looking for Kraft to bring category leadership, innovation, value and H&W

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Three priorities will position both grocery and snacks businesses for success

1. Strategically distort portfolio
   - Drive break-through innovation
   - Skew A&C investments to Power Brands
   - Discontinue products with low profitability

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2012 Innovation

Showing Commercials

A&C investments skewed to 21 Power Brands will drive 2012 organic growth

- Higher-than-average gross margins
- Vibrant categories
- Outsized investments behind product news

Selective product line pruning will improve mix

- Eliminating product lines with low profitability
  - 40% from North America Foodservice
  - 60% from other business units
- Impacts organic net revenue growth
  - Up to 2 percentage points in North America
  - Up to 1 percentage point for total Kraft
- Manageable impact to operating income

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Three priorities will position both grocery and snacks businesses for success

1. Strategically distort portfolio
2. Drive towards best-in-class costs
   - Deliver productivity of 4%+
   - Streamline manufacturing and distribution networks
   - Reduce overhead

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Realigning U.S. Sales organization

	HQ Sales	Retail Execution
Snacks Business	kraft foods	kraft foods
Grocery Business	kraft foods	ACOSTA SALES & MARKETING CROSSMARK

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Three priorities will position both grocery and snacks businesses for success

1. Strategically distort portfolio
2. Drive towards best-in-class costs
3. Reignite a winning culture
   - Spirit of a start up, soul of a powerhouse
   - Recruit the best talent
   - Reinvest in our employees

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Summary

- Kraft Foods North America is driving a virtuous cycle
- We will continue to deliver industry-leading results
- We will launch two businesses positioned for success

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2012 Guidance

Dave Brearton

Executive Vice President
and CFO

2012 results will be driven by multiple factors

- Strong organic growth from Power Brands
- Full Cadbury synergies
- Further gains from End-to-End Cost Management
- One-time costs to achieve peak performance
- Financing costs to execute the separation

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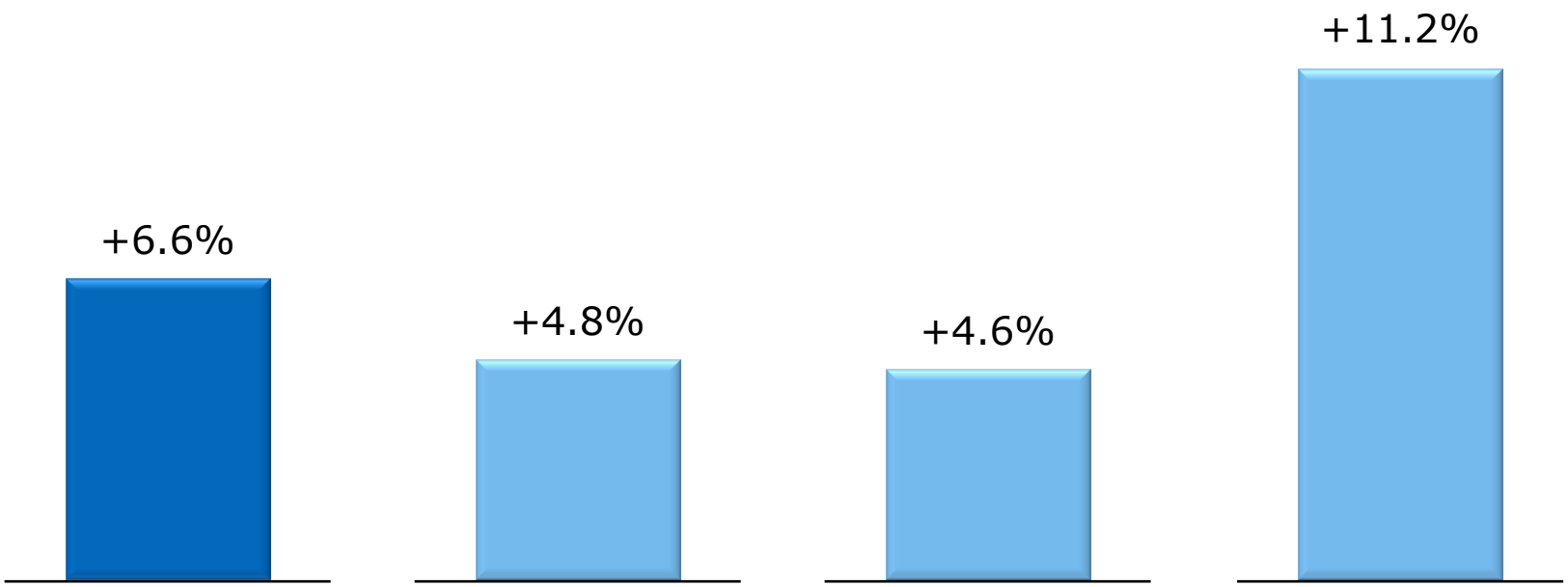
2012 will benefit from the tailwind of top-line momentum in each region

2011 Organic Net Revenue Growth



	Kraft Foods[1]	North America[1]	Europe[1]	Developing Markets[1]
Pricing	6.0 pp	6.1 pp	4.4 pp	7.3 pp
Vol/Mix	0.6 pp	(1.3) pp	0.2 pp	3.9 pp

(1) Reported Net Revenues in FY 2011 increased 10.5%, 5.1%, 14.9% and 16.2% for Kraft Foods, North America, Europe and Developing Markets, respectively. See GAAP to Non-GAAP reconciliation at the end of this presentation.

Cadbury revenue synergies will escalate

- Achieved $400 million revenue run-rate
  - Drove 2011 revenue synergies of $300+ million
  - ~60 bps of growth
- On-track to reach $1 billion target
  - Roughly two-thirds from Developing Markets
  - 50-100 bps of growth in 2012

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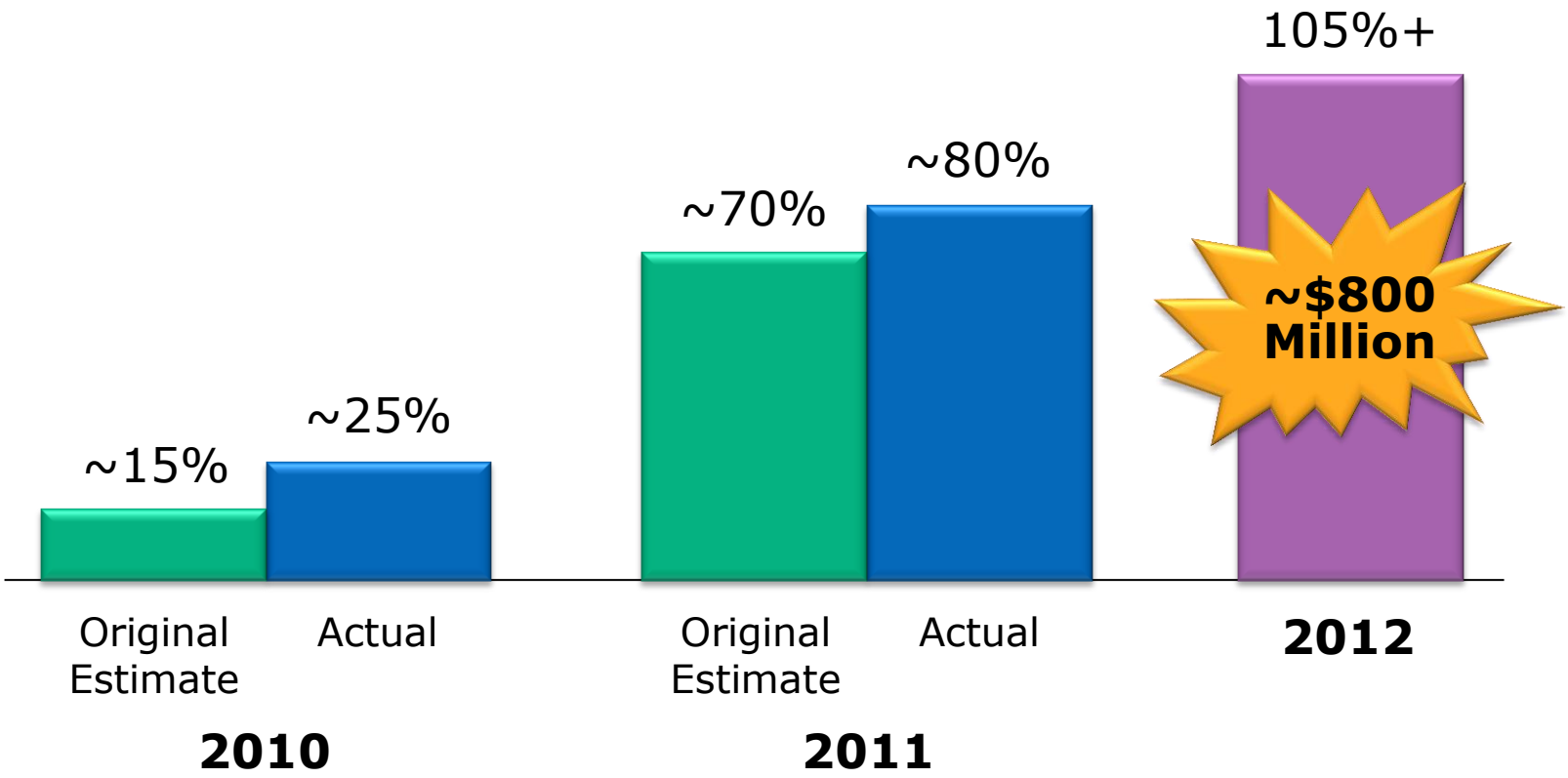
Exceeding Cadbury cost synergy targets

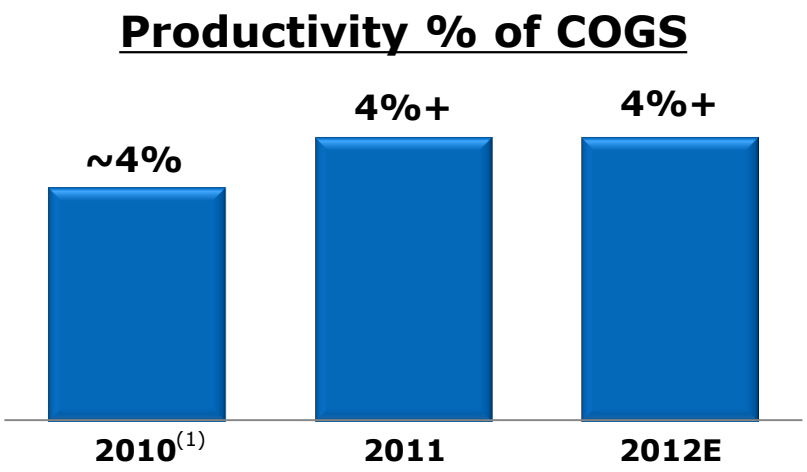
Cost Synergies

(Cumulative P&L Impact, % of Original $750 Million Target)

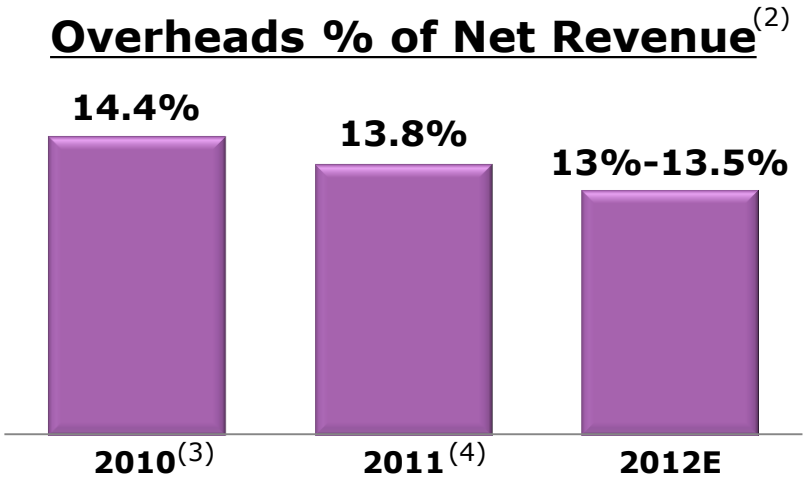


End-to-End Cost Management will drive further gains

- Productivity
  - Procurement
  - Manufacturing
  - Customer Service & Logistics



- Overhead Cost Reset
  - North America: NOG
  - Europe: NOG
  - Developing Markets: HOG



(1) Kraft Foods Base Business only
(2) Excludes integration and acquisition-related costs associated with the Cadbury acquisition, and costs associated with the proposed spin-off of the North American grocery business.
(3) Reported Overheads as a % of Net revenues for FY 2010 was 16.0%. See GAAP to Non-GAAP reconciliation at the end of this presentation.
(4) Reported Overheads as a % of Net revenues for FY 2011 was 14.7%. See GAAP to Non-GAAP reconciliation at the end of this presentation.

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Targeting top-tier growth in 2012

- Organic revenue growth consistent with 5%+ long-term guidance
  - + Strong momentum, Power Brands in each region
  - + Revenue synergies from Cadbury
  - + Low/mid-single-digit benefit from pricing
  - – Macroeconomic environment
  - – Product pruning in North America of up to 1 pp

Organic Net Revenue growth of approximately 5%

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Targeting top-tier growth in 2012

- Organic revenue growth consistent with 5%+ long-term guidance
- Operating EPS growth consistent with 9%-11% constant-currency, long-term guidance
  - + Strong operating momentum
  - + Further gains from End-to-End Cost Management, synergies
  - – Pension cost headwind ~4 pp
  - – Higher effective tax rate (~28%)

Constant Currency Operating EPS growth at low end of 9%-11% range

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Setting up each company for future success

- "Clean sheet" approach
  - Lean corporate structures
  - Tailoring support functions to needs of each company
  - Streamlining manufacturing and distribution infrastructures
- Transition and transaction costs to execute separation
- $1.6-$1.8 billion of one-time costs
  - Approximately two-thirds in cash
  - Most expected to be booked in 2012
- Key enabler to achieving peak performance for each company

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Refinancing costs to be incurred to set up capital structures

- Debt breakage and financing fees from migrating debt to North American grocery
- $400 million to $800 million cost

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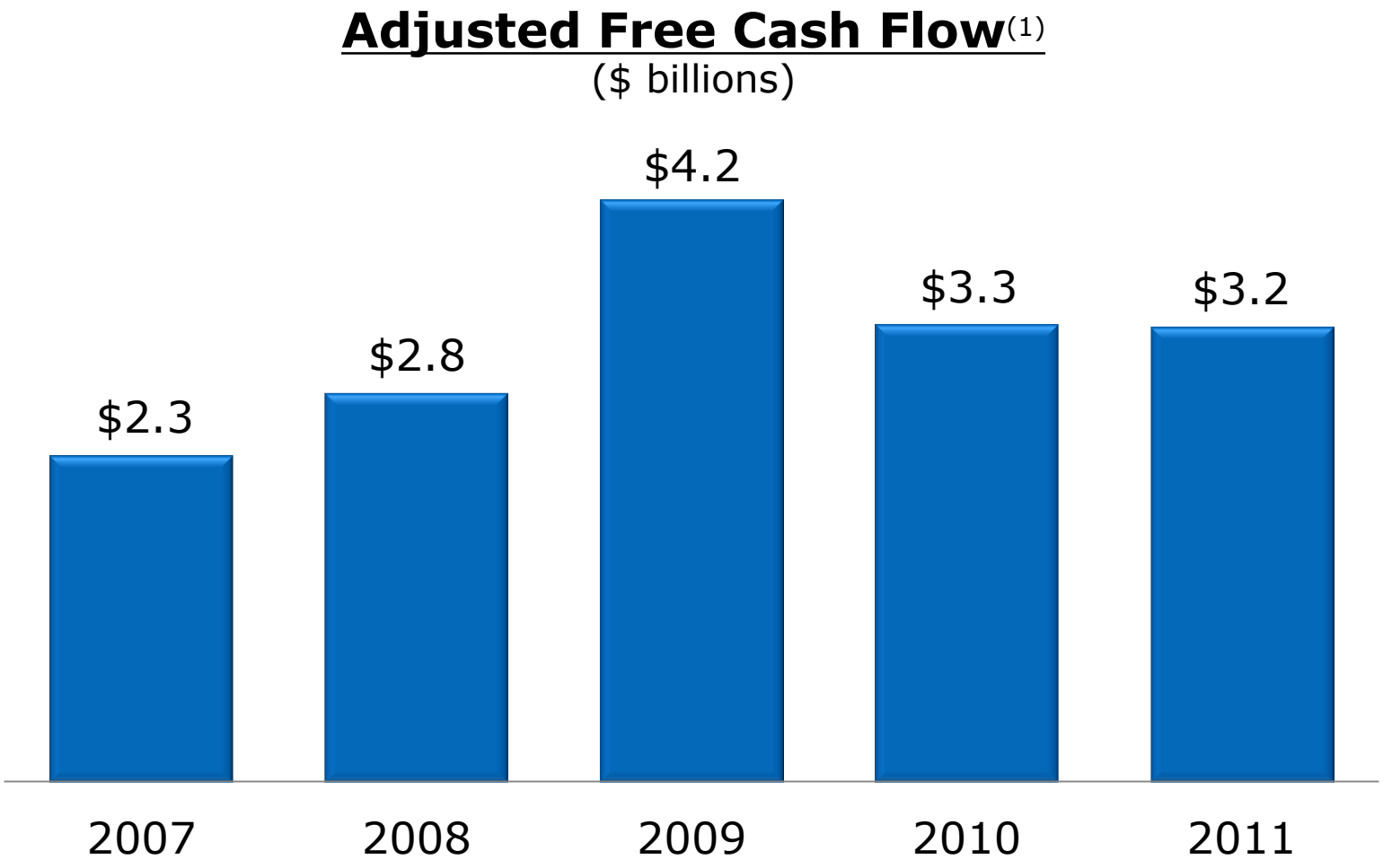
Generating strong free cash flow



(1) Adjusted free cash flow is defined as net cash from operating activities less capital expenditures plus voluntary pension contributions and taxes paid on the gain on the 2010 sale of North America pizza business. See GAAP to Non-GAAP reconciliation at the end of this presentation.

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Well-positioned to launch two investment grade companies with access to CP

- Successfully delevered from Cadbury acquisition
  - Gross debt-to-underlying EBITDA of 3.1x
  - Total debt down $4+ billion since March 2010
- Taking actions to create space, flexibility
  - Issued $800 million floating rate notes in Jan. 2012
  - More to come
- Several options to migrate debt to North American grocery company

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Driving sustainable, top-tier performance for the long term

- Top-tier operating performance on both top and bottom lines
- Setting stage for strong, future gains through a clean-sheet approach
- On track to launch two investment-grade entities with low-cost debt

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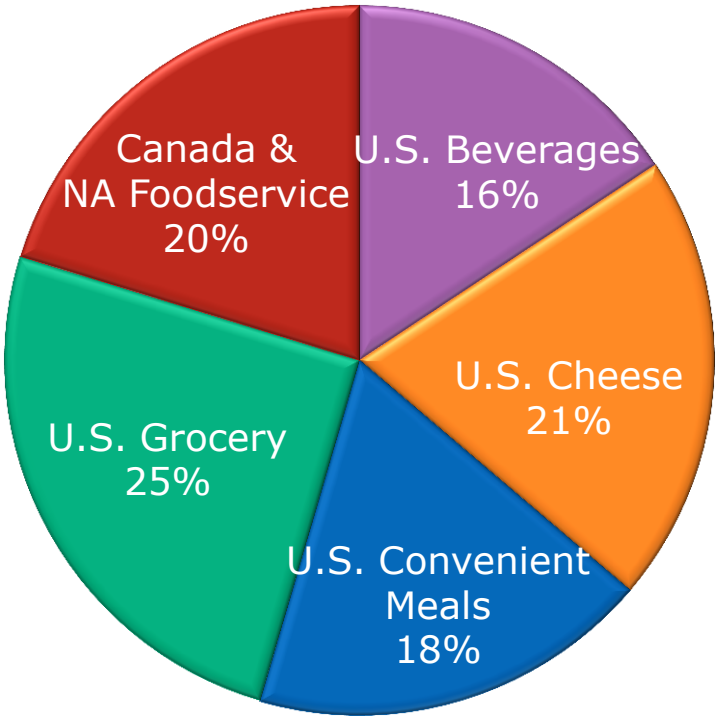
The Path to Separation

Irene Rosenfeld

Chairman and CEO

North American grocery will be a major force in the industry

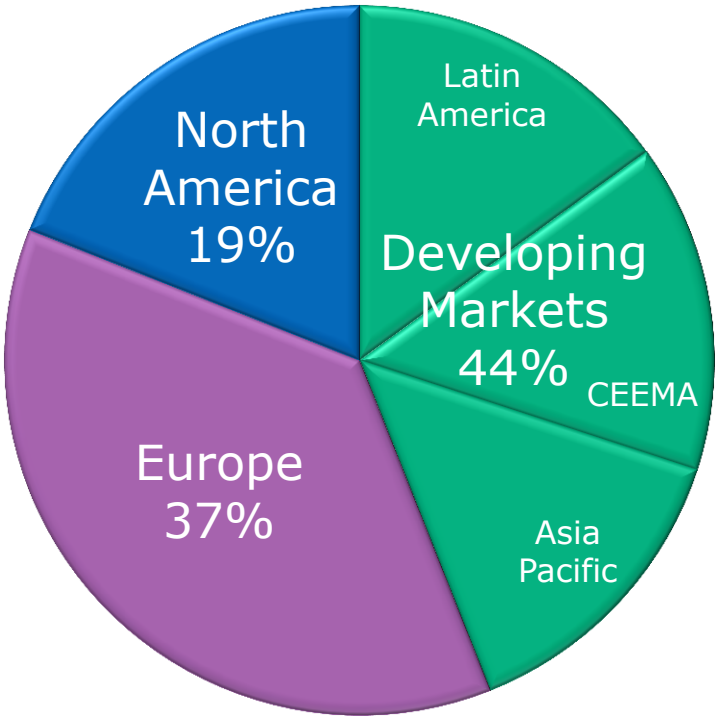


$18 Billion in Revenues*

- Growth in line with categories
- Strong margins with upside opportunity
- Highly competitive dividend payout

* Based on 2011 reported net revenues adjusted for the 53rd week of shipments and divestitures, including the Starbucks CPG business. Includes *Planters*. All figures are unaudited.

Global snacks' geographic profile is unique within consumer products



$35 Billion in Revenues*

- Industry-leading growth
- Drive margin gains through revenue growth and cost containment
- Invest to support future growth
- Top-tier EPS growth plus a modest dividend

* Based on 2011 reported net revenues adjusted for accounting calendar changes, the 53rd week of shipments and divestitures. Excludes *Planters*. All figures are unaudited.

What's next

- Continue to report as one company
- Initial Form 10 filing, carve-out financials in Q2
- Tax Rulings around mid-year
- Management structures and personnel decisions finalized by mid-year
- Complete separation no later than Dec. 31, 2012
- Investor events close to separation date

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2012 will be an exciting year for Kraft Foods and our shareholders

- Strong operating momentum
- Executing separation from position of strength
- The best is yet to come!

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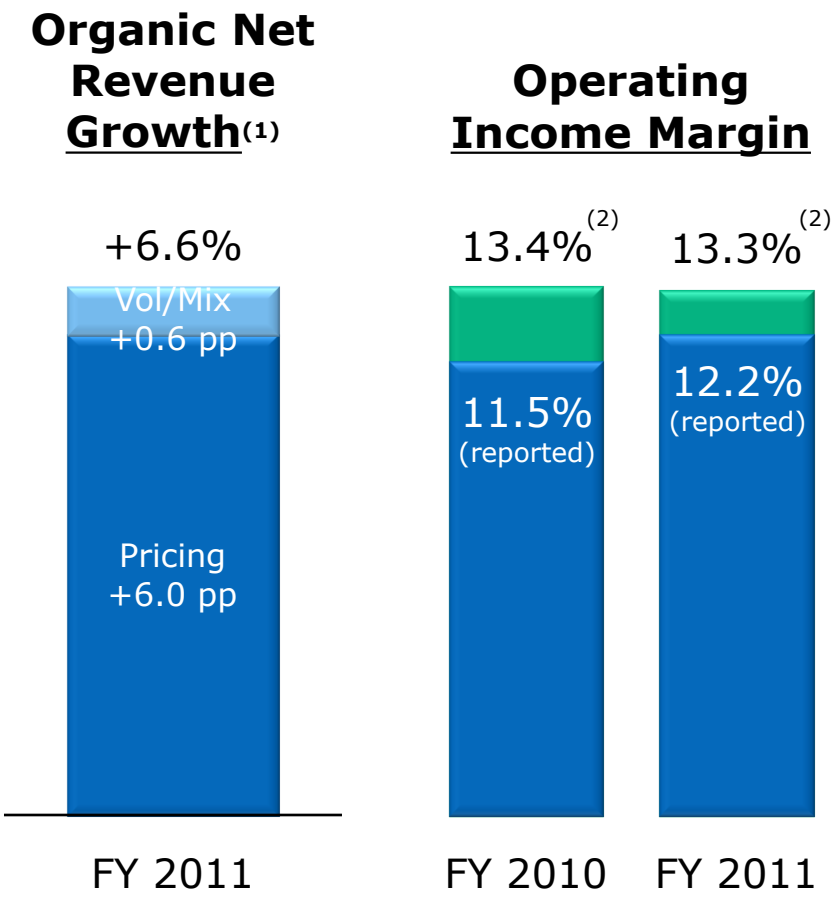
make today delicious

Kraft Foods



- Revenue growth in top-tier of peer group
  - Positive vol/mix despite significant pricing
- Power Brands +8%
- Underlying OI +10%(3)
  - Pricing fully covered $2.6 billion increase in raw material costs
- Underlying OI Margin essentially flat due to denominator effect of pricing

(1) Reported Net Revenues increased 10.5% in FY 2011. See GAAP to Non-GAAP reconciliation at the end of this presentation.
(2) Underlying Operating Income margin excludes Integration Program costs, acquisition-related costs and costs associated with the proposed spin-off of the North American grocery business. See GAAP to Non-GAAP reconciliation at the end of this presentation.
(3) Reported Operating Income increased 17.5%. See GAAP to Non-GAAP reconciliation at the end of this presentation.

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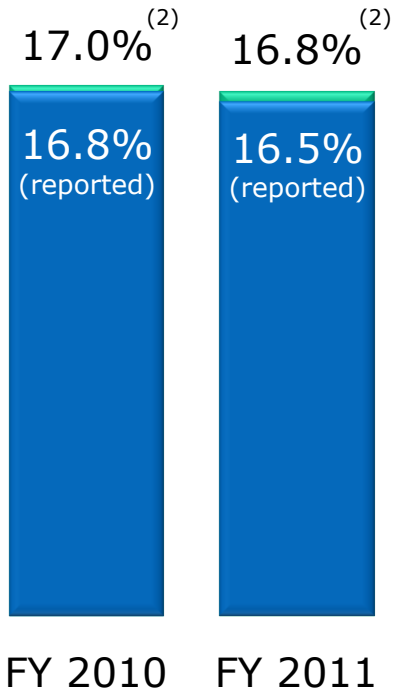
Kraft Foods North America

Organic Net Revenue Growth[1]

Segment Operating Income Margin



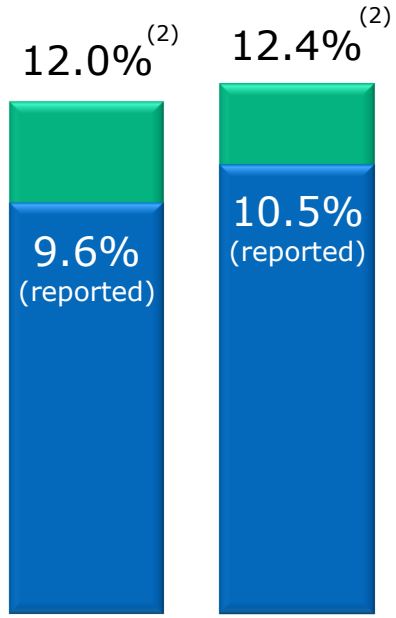
- Pricing and new products drove revenue growth
  - Vol/mix in line with expectations
  - Power Brands +6%
  - New products contributed 9%+ of revenue
- Underlying SOI +4%[3]
  - (3)pp impact from divestitures, primarily Starbucks CPG business
  - Pricing fully covered increase in raw material costs
- Underlying SOI Margin essentially flat due to denominator effect of pricing

(1) Reported Net Revenues increased 5.1% in FY 2011. See GAAP to Non-GAAP reconciliation at the end of this presentation.
(2) Underlying Operating Income margin excludes Integration Program costs, acquisition-related costs and costs associated with the proposed spin-off of the North American grocery business. See GAAP to Non-GAAP reconciliation at the end of this presentation.
(3) Reported Operating Income increased 3.6%. See GAAP to Non-GAAP reconciliation at the end of this presentation.

Kraft Foods Europe

Organic Net Revenue Growth[1]

Segment Operating Income Margin



- Strong performance in each quarter this year
  - 8 straight quarters of top- and bottom-line gains
  - Positive vol/mix despite significant pricing
- Power Brands +7%
- Underlying SOI +19%[3]
  - Pricing and productivity essentially covered increase in raw material costs

(1) Reported Net Revenues increased 14.9% in FY 2011. See GAAP to Non-GAAP reconciliation at the end of this presentation.
(2) Underlying Operating Income margin excludes Integration Program costs, acquisition-related costs and costs associated with the proposed spin-off of the North American grocery business. See GAAP to Non-GAAP reconciliation at the end of this presentation
(3) Reported Operating Income increased 26.1%. See GAAP to Non-GAAP reconciliation at the end of this presentation.

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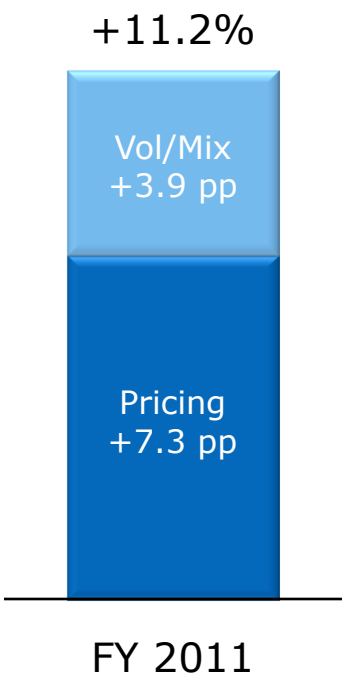
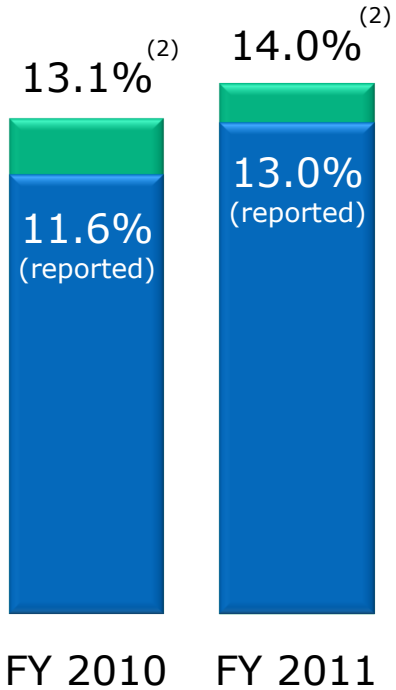
Kraft Foods Developing Markets

Organic Net Revenue Growth[1]



Segment Operating Income Margin



- Strong revenue performance in each region despite volatile market conditions
  - Latin America and Asia Pacific both up double-digits
  - CEEMA up high single-digits
- Power Brands +17%
- Underlying SOI +24%
  - Pricing fully covered increase in raw material costs
  - Vol/mix and overhead leverage drove margin expansion

(1) Reported Net Revenues increased 16.2% in FY 2011. See GAAP to Non-GAAP reconciliation at the end of this presentation.
(2) Underlying Operating Income margin excludes Integration Program costs, acquisition-related costs and costs associated with the proposed spin-off of the North American grocery business. See GAAP to Non-GAAP reconciliation at the end of this presentation
(3) Reported Operating Income increased 30.2%. See GAAP to Non-GAAP reconciliation at the end of this presentation.

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GAAP to Non-GAAP Reconciliation

Net Revenues to Organic Net Revenues by Consumer Sector

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

Kraft Foods

	As Reported (GAAP)	Impact of Divestitures	Impact of Acquisitions [2]	Impact of Integration Program	Impact of Accounting Calendar Changes [3]	Impact of Currency	Organic (Non-GAAP)	% Change: As Reported (GAAP)	% Change: Organic (Non-GAAP)
2011									
Biscuits	$ 12,010	$ -	$ -	$ -	$ (235)	$ (219)	$ 11,556	11.5%	8.7%
Confectionery									
Chocolate	9,607	-	(287)	-	(143)	(361)	8,816	16.1%	6.4%
Gum & Candy	5,575	-	(379)	1	(2)	(151)	5,044	11.6%	1.0%
Other Confectionery	293	-	(3)	-	(6)	(7)	277	(32.6)%	(12.9)%
	15,475	-	(669)	1	(151)	(519)	14,137	12.9%	4.0%
Snacks [1]	**$ 27,485**	**$ -**	**$ (669)**	**$ 1**	**$ (386)**	**$ (738)**	**$ 25,693**	**12.3%**	**6.1%**
2010									
Biscuits	$ 10,775	$ -	$ -	$ -	$ (147)	$ -	$ 10,628		
Confectionery									
Chocolate	8,276	11	-	1	(3)	-	8,285		
Gum & Candy	4,996	-	-	-	-	-	4,996		
Other Confectionery	435	(117)	-	-	-	-	318		
	13,707	(106)	-	1	(3)	-	13,599		
Snacks [1]	**$ 24,482**	**$ (106)**	**$ -**	**$ 1**	**$ (150)**	**$ -**	**$ 24,227**		

(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) Impact of acquisitions reflects the incremental January 2011 operating results from our Cadbury acquisition on February 2, 2010.

(3) Includes the impacts of accounting calendar changes and the 53rd week of shipments in 2011.

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GAAP to Non-GAAP Reconciliation

Net Revenues to Organic Net Revenues

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

	As Reported (GAAP)	Impact of Divestitures [1]	Impact of Acquisitions [2]	Impact of Integration Program	Impact of Accounting Calendar Changes [3]	Impact of Currency	Organic (Non-GAAP)	% Change As Reported (GAAP)	% Change Organic (Non-GAAP)
2011									
Kraft Foods North America	$ 25,188	$ (91)	$ (117)	$ -	$ (294)	$ (136)	$ 24,550	5.1%	4.8%
Kraft Foods Europe	13,356	-	(201)	-	(403)	(632)	12,120	14.9%	4.6%
Kraft Foods Developing Markets	15,821	-	(379)	1	(183)	(397)	14,863	16.2%	11.2%
Kraft Foods	**$ 54,365**	**$ (91)**	**$ (697)**	**$ 1**	**$ (880)**	**$ (1,165)**	**$ 51,533**	**10.5%**	**6.6%**
2010									
Kraft Foods North America	$ 23,966	$ (547)	$ -	$ -	$ -	$ -	$ 23,419		
Kraft Foods Europe	11,628	-	-	-	(45)	-	11,583		
Kraft Foods Developing Markets	13,613	(105)	-	1	(148)	-	13,361		
Kraft Foods	**$ 49,207**	**$ (652)**	**$ -**	**$ 1**	**$ (193)**	**$ -**	**$ 48,363**		

(1) Impact of divestitures includes for reporting purposes Starbucks CPG business.

(2) Impact of acquisitions reflects the incremental January 2011 operating results from our Cadbury acquisition on February 2, 2010.

(3) Includes the impacts of accounting calendar changes and the 53rd week of shipments in 2011.

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 [1]	Impact of Integration Programs	Impact of Accounting Calendar Changes	Impact of Currency	**Organic (Non-GAAP)**	Impact of Acquisitions - Cadbury [1]	Divestitures - Cadbury's Poland and Romania Operations [1]	Impact of Currency - Cadbury [1]	**Cadbury Organic (Non-GAAP) [1]**	**Combined Organic (Non-GAAP)**	**As Reported (GAAP)**	**Organic (Non-GAAP)**	**Cadbury Organic (Non-GAAP) [1]**	**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)	-	(51)	267	**8,952**	2,892	-	91	**2,983**	**11,935**	**32.6%**	**2.3%**	**0.7%**	**1.9%**
Kraft Foods Developing Markets	**13,613**	-	(4,753)	1	(150)	15	**8,726**	4,753	(105)	(302)	**4,346**	**13,072**	**71.1%**	**9.9%**	**5.1%**	**8.2%**
Kraft Foods	**$ 49,207**	**$ (21)**	**$ (9,143)**	**$ 1**	**$ (201)**	**$ 31**	**$ 39,874**	**$ 9,143**	**$ (105)**	**$ (246)**	**$ 8,792**	**$ 48,666**	**27.0%**	**3.2%**	**2.9%**	**3.1%**
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**				

[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.

GAAP to Non-GAAP Reconciliation

Operating Income To Underlying Operating Income

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

	2011					2010			
	As Reported (GAAP)	Integration Program Costs [1]	Acquisition-Related Costs [2]	Spin-off Costs [3]	**Underlying (Non-GAAP)**	**As Reported (GAAP)**	Integration Program Costs [1]	Acquisition-Related Costs [2]	**Underlying (Non-GAAP)**
Kraft Foods									
Operating Income	$ 6,657	$ 521	$ -	$ 46	$ 7,224	$ 5,666	$ 646	$ 273	$ 6,585
Growth vs. Prior Year	17.5%				9.7%				
Operating Income Margin	12.2%				13.3%	11.5%			13.4%
Kraft Foods North America									
Segment Operating Income	$ 4,167	$ 66	$ -	$ -	$ 4,233	$ 4,021	$ 54	$ 7	$ 4,082
Growth vs. Prior Year	3.6%				3.7%				
Segment Operating Income Margin	16.5%				16.8%	16.8%			17.0%
Kraft Foods Europe									
Segment Operating Income	$ 1,406	$ 256	$ -	$ -	$ 1,662	$ 1,115	$ 256	$ 23	$ 1,394
Growth vs. Prior Year	26.1%				19.2%				
Segment Operating Income Margin	10.5%				12.4%	9.6%			12.0%
Kraft Foods Developing Markets									
Segment Operating Income	$ 2,053	$ 161	$ -	$ -	$ 2,214	$ 1,577	$ 181	$ 25	$ 1,783
Growth vs. Prior Year	30.2%				24.2%				
Segment Operating Income Margin	13.0%				14.0%	11.6%			13.1%

(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.

(3) Spin-off costs include transaction fees and other costs associated with the proposed spin-off of the North American grocery business.

kraft foods

GAAP to Non-GAAP Reconciliation

Diluted Earnings per Share to Operating EPS

For the Twelve Months Ended December 31,

(Unaudited)

	As Reported (GAAP)	Integration Program Costs [1]	Acquisition-Related Costs [2] and Financing Fees [3]	U.S. Health Care Legislation Impact on Deferred Taxes	Spin-off Costs [4]	Operating (Non-GAAP)	Currency	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)
2011											
Diluted EPS											
- Continuing operations	**$ 1.99**	$ 0.28	$ -	$ -	$ 0.02	**$ 2.29**	$ (0.06)	**$ 2.23**	**38.2%**	**13.4%**	**10.4%**
- Discontinued operations	-										
- Net earnings attributable to Kraft Foods	$ 1.99								**(16.7)%**		
2010											
Diluted EPS											
- Continuing operations	**$ 1.44**	$ 0.29	$ 0.21	$ 0.08	$ -	**$ 2.02**	$ -	**$ 2.02**			
- Discontinued operations	0.95										
- Net earnings attributable to Kraft Foods	$ 2.39										

(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 $521 million, or $497 million after-tax including certain tax costs associated with the integration of Cadbury, for the twelve months ended December 31, 2011, as compared to $657 million, or $497 million after-tax for the twelve months ended December 31, 2010.

(2) Acquisition-related costs include transaction advisory fees, U.K. 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.

(4) Spin-off costs include transaction fees and other costs associated with the proposed spin-off of the North American grocery business.

GAAP to Non-GAAP Reconciliation

Diluted Earnings per Share to Operating EPS

For the Twelve Months Ended December 31,

(Unaudited)

	As Reported (GAAP)	Integration Program Costs [1]	Acquisition-Related Costs [2] and Financing Fees [3]	U.S. Health Care Legislation Impact on Deferred Taxes	Operating (Non-GAAP)	% Growth: As Reported EPS Growth (GAAP)	% Growth: Operating EPS Growth (Non-GAAP)
2010							
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					**17.7%**	
2009							
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, U.K. 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.

kraft foods

GAAP to Non-GAAP Reconciliation

Overheads

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

	2011							2010				Increase/(Decrease)		
	As Reported (GAAP)	Integration Program Costs [1]	Acquisition-Related Costs [2]	Spin-off Costs [3]	**Underlying (Non-GAAP)**	Currency	**Underlying Constant Fx (Non-GAAP)**	**As Reported (GAAP)**	Integration Program Costs [1]	Acquisition-Related Costs [2]	**Underlying (Non-GAAP)**	**As Reported (GAAP)**	**Underlying (Non-GAAP)**	**Underlying Constant Fx (Non-GAAP)**
Kraft Foods														
Net Revenues	$ 54,365	$ 1	$ -	$ -	$ 54,366	$ (1,165)	$ 53,201	$ 49,207	$ 1	$ -	$ 49,208			
Overheads	$ 7,980	$ (405)	$ -	$ (46)	$ 7,529	$ (174)	$ 7,355	$ 7,894	$ (574)	$ (218)	$ 7,102	1.1%	6.0%	3.6%
Overheads as % of Net Revenues	14.7%				13.8%		13.8%	16.0%			14.4%	(1.3)pp	(0.6)pp	(0.6)pp
Kraft Foods North America														
Net Revenues	$ 25,188	$ -	$ -	$ -	$ 25,188	$ (136)	$ 25,052	$ 23,966	$ -	$ -	$ 23,966			
Overheads	$ 2,932	$ (52)	$ -	$ -	$ 2,880	$ (14)	$ 2,866	$ 2,933	$ (51)	$ -	$ 2,882	-	(0.1%)	(0.6%)
Overheads as % of Net Revenues	11.6%				11.4%		11.4%	12.2%			12.0%	(0.6)pp	(0.6)pp	(0.6)pp
Kraft Foods Europe														
Net Revenues	$ 13,356	$ -	$ -	$ -	$ 13,356	$ (632)	$ 12,724	$ 11,628	$ -	$ -	$ 11,628			
Overheads	$ 2,072	$ (170)	$ -	$ -	$ 1,902	$ (93)	$ 1,809	$ 2,031	$ (209)	$ -	$ 1,822	2.0%	4.4%	(0.7%)
Overheads as % of Net Revenues	15.5%				14.2%		14.2%	17.5%			15.7%	(2.0)pp	(1.5)pp	(1.5)pp
Kraft Foods Developing Markets														
Net Revenues	$ 15,821	$ 1	$ -	$ -	$ 15,822	$ (397)	$ 15,425	$ 13,613	$ 1	$ -	$ 13,614			
Overheads	$ 2,476	$ (145)	$ -	$ -	$ 2,331	$ (65)	$ 2,266	$ 2,187	$ (158)	$ -	$ 2,029	13.2%	14.9%	11.7%
Overheads as % of Net Revenues	15.7%				14.7%		14.7%	16.1%			14.9%	(0.4)pp	(0.2)pp	(0.2)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.

[3] Spin-off costs include transaction fees and other costs associated with the proposed spin-off of the North American grocery business.

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GAAP to Non-GAAP Reconciliation

Net Cash Provided by Operating Activities to Adjusted Free Cash Flow

For the Twelve Months Ended December 31,

($ in billions) (Unaudited)

	2007	2008	2009	2010	2011
Net Cash Provided by Operating Activities (GAAP)	**$ 3.6**	**$ 4.1**	**$ 5.1**	**$ 3.7**	**$ 4.5**
Capital Expenditures	(1.2)	(1.4)	(1.3)	(1.7)	(1.8)
Free Cash Flow (Non-GAAP) [1]	**$ 2.3**	**$ 2.8**	**$ 3.8**	**$ 2.1**	**$ 2.7**
Taxes Paid on Frozen Pizza Business Divestiture	-	-	-	1.2	-
Voluntary Pension Contributions	-	-	0.4	-	0.5
Adjusted Free Cash Flow (Non-GAAP)	**$ 2.3**	**$ 2.8**	**$ 4.2**	**$ 3.3**	**$ 3.2**

[1] May not add due to rounding