

Kraft Foods

Q1 2011 Results

May 5, 2011



Forward-looking statements

This slide presentation contains a number of forward-looking statements. The words “expect,” “anticipate,” “intend,” “plan,” “goals,” “may,” “will” and similar expressions are intended to identify our forward-looking statements. Examples of forward-looking statements include, but are not limited to, our investments; cost management; pricing; new products; and our 2011 Guidance Update, in particular, Organic Net Revenue and Operating EPS. 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, continued volatility and increase in input costs, increased competition, pricing actions, our failure to successfully execute in developing markets 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.



Strong start to 2011

- Marketing and innovation investments delivering good returns
- End-to-End Cost Management contributing
- Early benefits from executing as “one company”

Kraft Foods: Q1 Organic Net Revenue Growth

Organic Net Revenue Growth⁽¹⁾

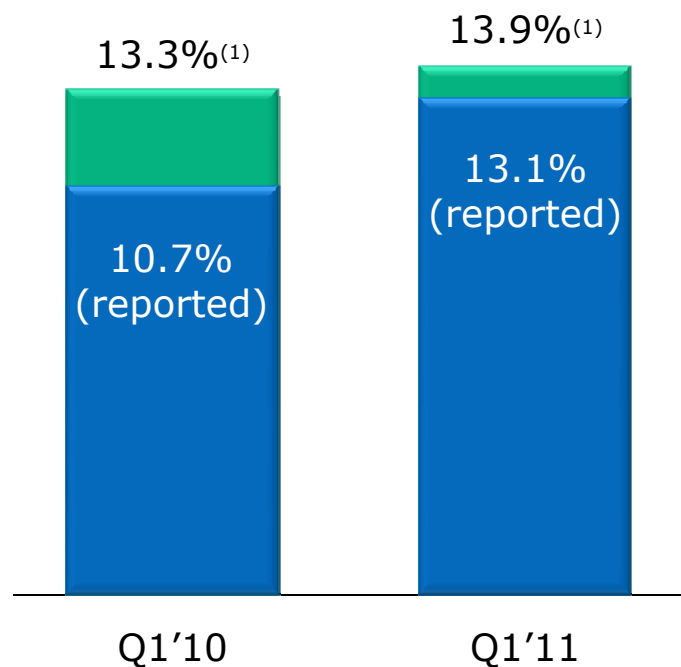


- Pricing to offset higher input costs
- Power Brands +7%, driving growth in each region
- Positive vol/mix with higher pricing
 - Easter shift tempered vol/mix growth by $\sim(1.5)$ pp

(1) Reported Net Revenues increased 11.1%. See GAAP to Non-GAAP reconciliation at the end of this presentation.

Kraft Foods: Q1 Operating Income Margin

Operating Income Margin



- Pricing catching up to higher raw material costs
- End-to-End Cost Management funding A&C investments, driving margin gains

(1) Underlying Operating Income margin excludes acquisition-related and integration program costs. See GAAP to Non-GAAP reconciliation at the end of this presentation.

Better-than-expected Q1 EPS

2010 Diluted EPS **\$1.16**

Earnings from Discontinued Operations	(1.01)
Integration Program ⁽¹⁾ , Acquisition-Related Costs ⁽²⁾ and Financing Fees ⁽³⁾	0.26
U.S. Healthcare Legislation Impact on Deferred Taxes ⁽⁴⁾	0.08

2010 Operating EPS⁽⁵⁾ **\$0.49**

Operating Earnings	0.03
Operating Earnings from the Cadbury Acquisition ⁽⁶⁾	0.04
Divestitures (Including the Starbucks CPG business)	(0.01)
Change in Unrealized Gains/Losses from Hedging Activities	0.04
Change in Foreign Currency	--

Higher Interest Expense ⁽⁷⁾	(0.03)
Change in Shares Outstanding	(0.04)
Changes in Taxes ⁽⁸⁾	--

2011 Operating EPS **\$0.52**

Integration Program Costs	(0.07)
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2011 Diluted EPS **\$0.45**

(1) Integration Program costs to combine the Kraft Foods and Cadbury businesses.

(2) Includes transaction advisory fees, UK stamp taxes and the impact of the Cadbury inventory revaluation.

(3) Includes hedging and foreign currency impacts associated with the Cadbury acquisition and other fees associated with the Cadbury bridge facility.

(4) Reflects the impact of a deferred tax charge of approximately \$0.08 per share resulting from U.S. health care legislation enacted in March 2010.

(5) See GAAP to Non-GAAP reconciliation at the end of this presentation.

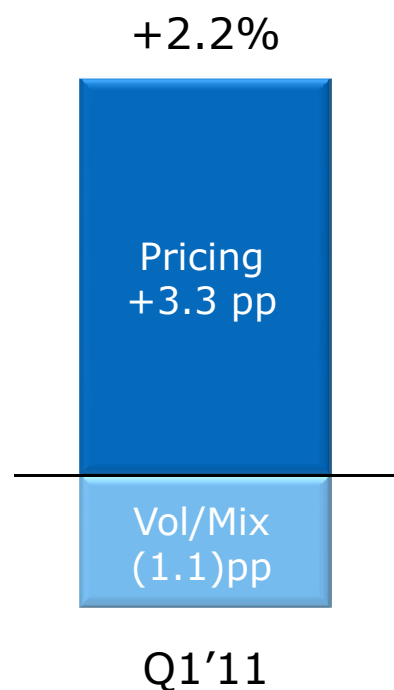
(6) Reflects the incremental January 2011 operating results from the Cadbury acquisition.

(7) Excludes hedging and foreign currency impacts associated with the Cadbury acquisition and other fees associated with the Cadbury bridge facility in Q1 2010.

(8) Excludes the impact of a deferred tax charge of approximately \$0.08 per share resulting from U.S. health care legislation enacted in March 2010.

Kraft Foods North America: Q1 Organic Net Revenue Growth

Organic Net Revenue Growth⁽¹⁾

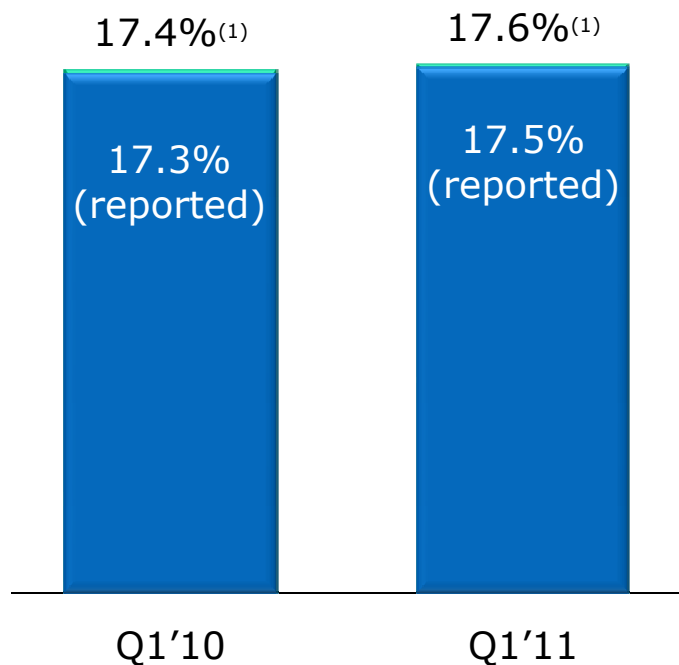


- Easter shift tempered vol/mix growth by $\sim(1.5)$ pp
- Power Brands +4%
- New products contributing to growth
- Investments driving strong pricing

(1) Reported Net Revenues increased 4.4%. See GAAP to Non-GAAP reconciliation at the end of this presentation.

Kraft Foods North America: Q1 Segment Operating Income Margin

Segment Operating Income Margin



- OI margin up in a difficult environment
- Pricing catching up to higher input costs
- End-to-End Cost Management enabled strong A&C increase

(1) Excludes acquisition-related and integration program costs. See GAAP to Non-GAAP reconciliation at the end of this presentation.

Kraft Foods Europe: Q1 Organic Net Revenue Growth

Organic Net Revenue Growth⁽¹⁾

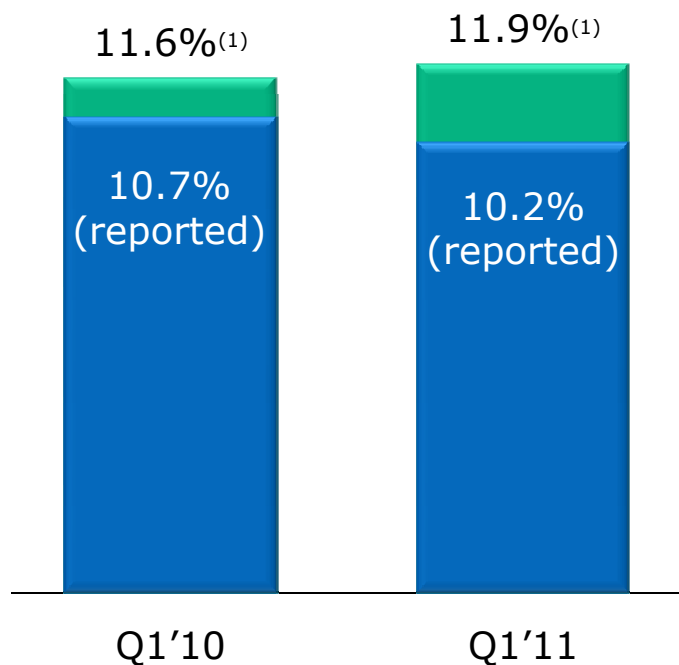


- Power Brands +6%
- Good balance of vol/mix, pricing
 - Priced earlier than competitors
 - Easter shift impact to vol/mix ~ (2.5)pp, primarily in Chocolate
- Coffee, Biscuits, Cheese drove growth

(1) Reported Net Revenues increased 11.3%. See GAAP to Non-GAAP reconciliation at the end of this presentation.

Kraft Foods Europe: Q1 Segment Operating Income Margin

Segment Operating Income Margin



- Lower overheads drove margin expansion
- Pricing lagged higher input costs

(1) Excludes acquisition-related and integration program costs. See GAAP to Non-GAAP reconciliation at the end of this presentation.

Kraft Foods Developing Markets: Q1 Organic Net Revenue Growth

Organic Net Revenue Growth⁽¹⁾

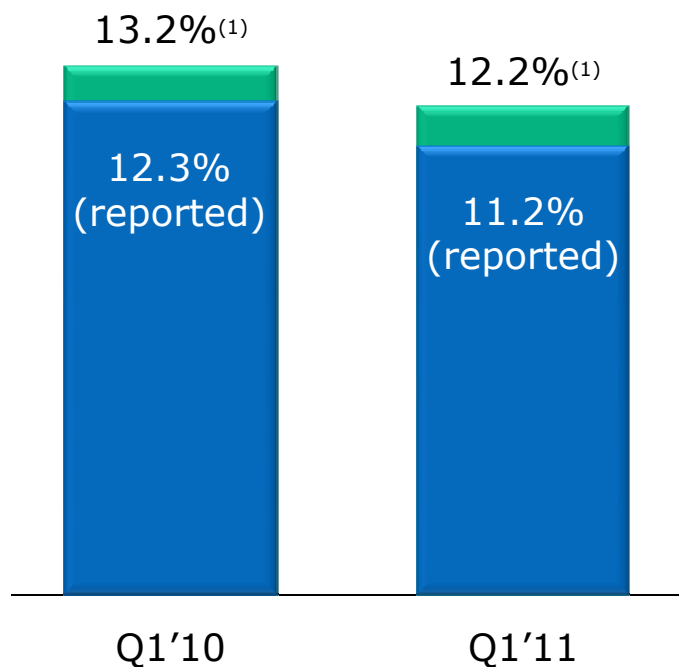


- Good balance between pricing and volume/mix
- Power Brands +16%
- Asia Pacific, Latin America up double digits
- CEEMA up mid-single digit despite weak economic conditions, Easter shift

(1) Reported Net Revenues increased 24.0%. See GAAP to Non-GAAP reconciliation at the end of this presentation.

Kraft Foods Developing Markets: Q1 Segment Operating Income Margin

Segment Operating Income Margin



- Substantial increase in A&C
- Pricing, End-to-End Cost Management savings and favorable vol/mix more than offset higher input costs

(1) Excludes acquisition-related and integration program costs. See GAAP to Non-GAAP reconciliation at the end of this presentation.

2011 Guidance Update

- Organic Net Revenue growth of at least 4%
 - Excludes the Starbucks CPG business and the favorable year-over-year impact of accounting calendar changes
- Operating EPS of at least \$2.20
 - Adjusted to reflect \$0.05-\$0.07 impact from changes in U.S. premium coffee business
 - Consistent with previous guidance of 11-13% growth on balance of the business



GAAP to Non-GAAP Reconciliation

Net Revenues to Organic Net Revenues

For the Three Months Ended March 31,
(\$ in millions, except percentages) (Unaudited)

							% Change	
	As Reported (GAAP)	Impact of Divestitures ⁽¹⁾	Impact of Acquisitions ⁽²⁾	Impact of Accounting Calendar Changes	Impact of Currency	Organic (Non-GAAP)	As Reported (GAAP)	Organic (Non-GAAP)
2011								
Kraft Foods North America	\$ 5,936	\$ (91)	\$ (117)	\$ -	\$ (41)	\$ 5,687	4.4%	2.2%
Kraft Foods Europe	3,016	-	(201)	-	12	2,827	11.3%	4.4%
Kraft Foods Developing Markets	3,621	-	(379)	-	(92)	3,150	24.0%	9.6%
Kraft Foods	\$ 12,573	\$ (91)	\$ (697)	\$ -	\$ (121)	\$ 11,664	11.1%	4.6%
2010								
Kraft Foods North America	\$ 5,688	\$ (125)	\$ -	\$ -	\$ -	\$ 5,563		
Kraft Foods Europe	2,709	-	-	-	-	2,709		
Kraft Foods Developing Markets	2,921	(42)	-	(4)	-	2,875		
Kraft Foods	\$ 11,318	\$ (167)	\$ -	\$ (4)	\$ -	\$ 11,147		

⁽¹⁾ Impact of divestitures includes Starbucks CPG business.

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



GAAP to Non-GAAP Reconciliation

Operating Income To Underlying Operating Income

For the Three Months Ended March 31,
(\$ in millions, except percentages) (Unaudited)

	2011				2010			
	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)
Kraft Foods								
Operating Income	\$ 1,646	\$ 104	\$ -	\$ 1,750	\$ 1,206	\$ 43	\$ 260	\$ 1,509
Operating Income Margin	13.1%			13.9%	10.7%			13.3%
Kraft Foods North America								
Segment Operating Income	\$ 1,036	\$ 8	\$ -	\$ 1,044	\$ 983	\$ (1)	\$ 7	\$ 989
Segment Operating Income Margin	17.5%			17.6%	17.3%			17.4%
Kraft Foods Europe								
Segment Operating Income	\$ 308	\$ 51	\$ -	\$ 359	\$ 289	\$ 1	\$ 23	\$ 313
Segment Operating Income Margin	10.2%			11.9%	10.7%			11.6%
Kraft Foods Developing Markets								
Segment Operating Income	\$ 405	\$ 35	\$ -	\$ 440	\$ 359	\$ -	\$ 27	\$ 386
Segment Operating Income Margin	11.2%			12.2%	12.3%			13.2%

⁽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⁾ Acquisition-related costs include transaction advisory fees, UK stamp taxes and the impact of the Cadbury inventory revaluation.



GAAP to Non-GAAP Reconciliation

Diluted Earnings per Share to Operating EPS

For the Three Months Ended March 31,
(Unaudited)

						% Growth	
	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)	As Reported EPS Growth (GAAP)	Operating EPS Growth (Non- GAAP)
2011							
Diluted EPS							
- Continuing operations	\$ 0.45	\$ 0.07	\$ -	\$ -	\$ 0.52	100.0%+	6.1%
- Discontinued operations	-						
- Net earnings attributable to Kraft Foods	\$ 0.45						
2010							
Diluted EPS							
- Continuing operations	\$ 0.15	\$ 0.02	\$ 0.24	\$ 0.08	\$ 0.49		
- Discontinued operations	1.01						
- Net earnings attributable to Kraft Foods	\$ 1.16						

⁽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.

⁽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.

