

Kraft Foods

Q4 and Full Year 2010 Results

February 10, 2011



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, Cadbury EPS accretive in 2011; Power Brands growth; Kraft Foods North America market share, pricing and base business; Kraft Foods Developing Markets marketing and CEEMA markets; deleveraging and Debt-to-EBITDA ratio; 2011 momentum; challenging operating environment; 2011 Organic Net Revenue growth and Operating EPS growth; and business fundamentals, investments and our expectation for top-tier results. 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 commodities’ costs, increased competition, pricing actions, our failure to successfully execute in developing markets, 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 registration statement on Form S-4, as amended from time to time, filed in connection with our Cadbury offer, 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 finish to the year

- Good balance between vol/mix and pricing
- Significant step-up in brand-building activities
- Substantial benefits from cost savings initiatives
- Robust contribution from every geography
 - KFDM: Strong Latin America, Asia Pacific; CEEMA improving
 - KFE: Solid growth and margin gains
 - KFNA: Sequential top-line improvement

Cadbury ahead of investment case

- Revenue somewhat below expectations
 - Completed trade inventory normalization
 - Gum and candy weaker, chocolate stronger
 - Investments, synergies to accelerate growth
- EPS dilution less in 2010, to turn accretive in 2011
 - Favorable operating earnings despite higher brand support
 - Lower cost of financing
- Cash flow strong
- Infusion of top talent

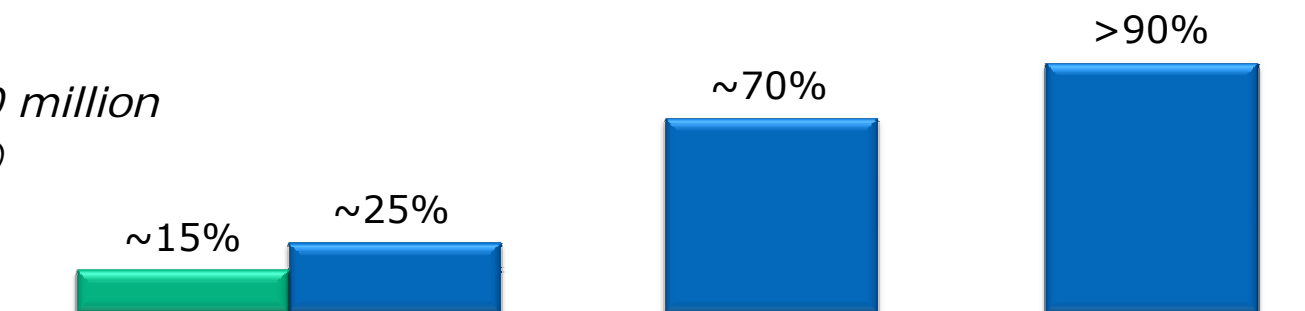
Earlier delivery of cost synergies

Cost Synergies / Pre-Tax Integration Costs

Cost Synergies

Total at least \$750 million

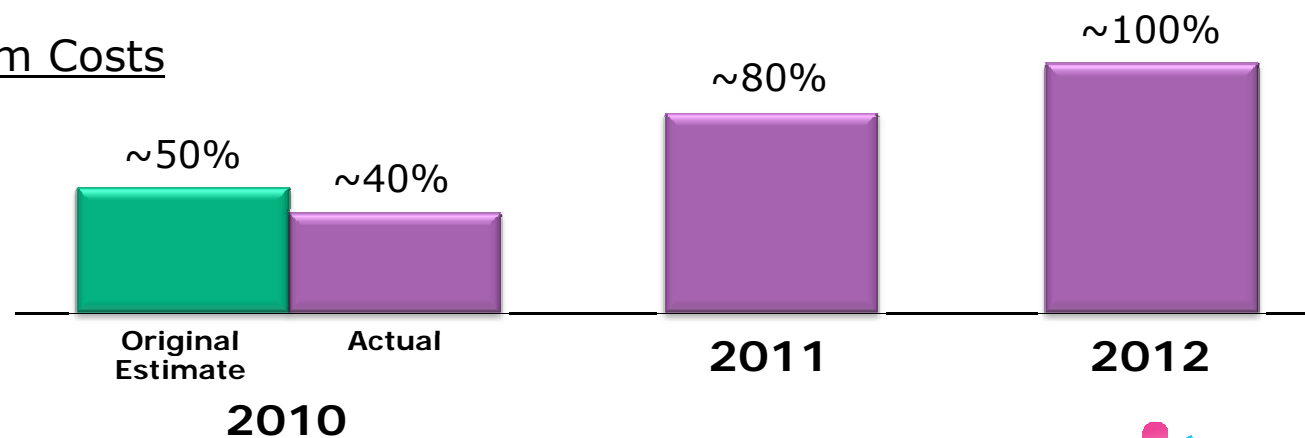
(Cumulative P&L Impact)



Integration Program Costs

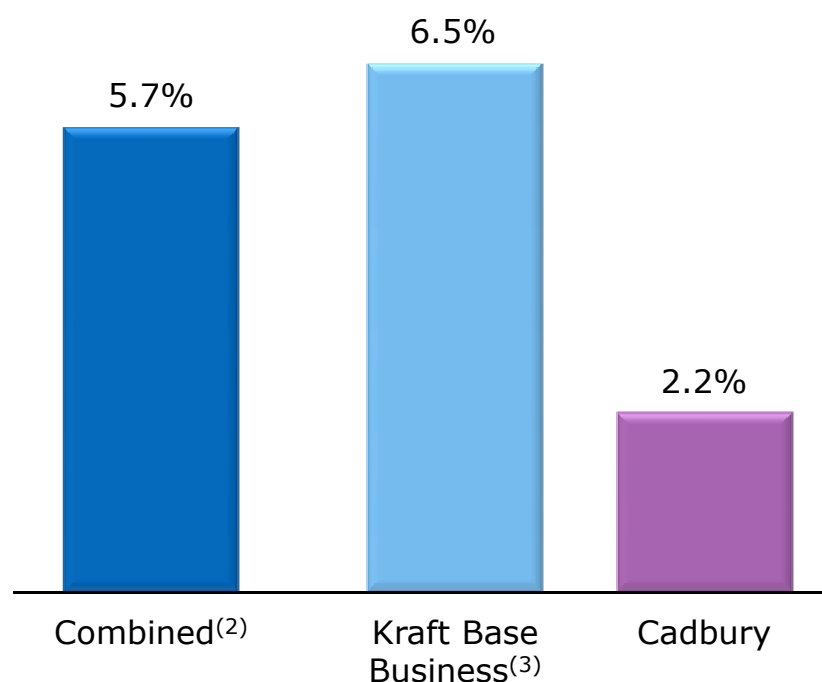
Total ~\$1.5 billion

(Cumulative)



Kraft Foods: Q4 Organic Net Revenue Growth

Organic Net Revenue Growth⁽¹⁾



- Power Brands +8%
 - Driving growth in every region
- Strong vol/mix gains despite pricing
- Cadbury growth mixed
 - ~0.6pp negative impact from normalizing trade inventories
 - Gum, candy disproportionately hit by weak consumer
 - Solid gains in Chocolate

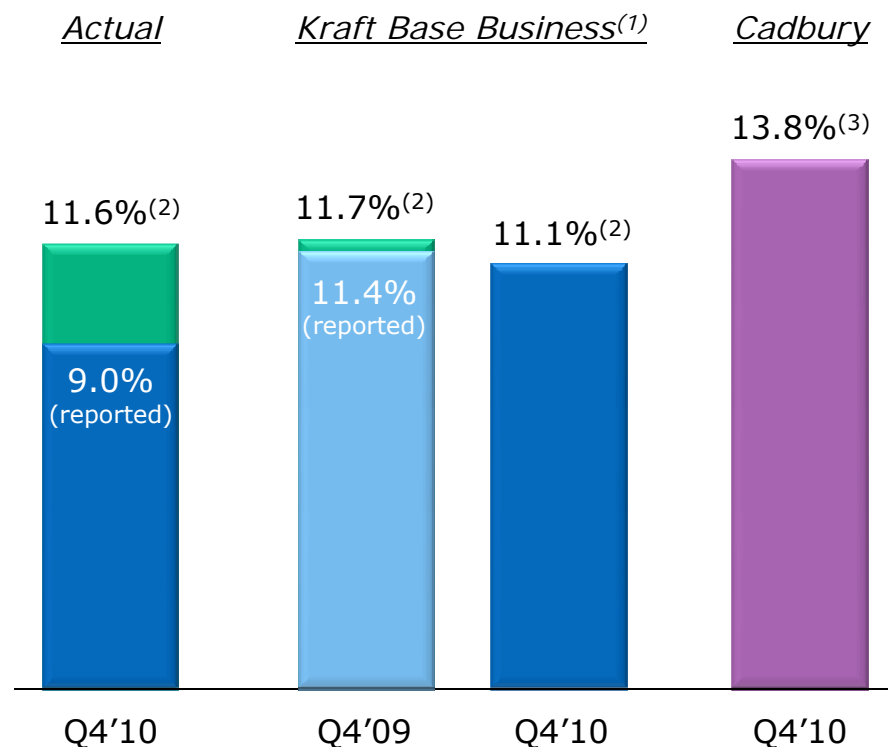
(1) See GAAP to Non-GAAP reconciliation at the end of this presentation.

(2) Reported Net Revenues increased 30.0%.

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

Kraft Foods: Q4 Operating Income Margin

Operating Income Margin



- Stepped-up contribution from overhead cost initiatives
- Strong advertising spending levels in every region
- Pricing and productivity lagged spike in input costs

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

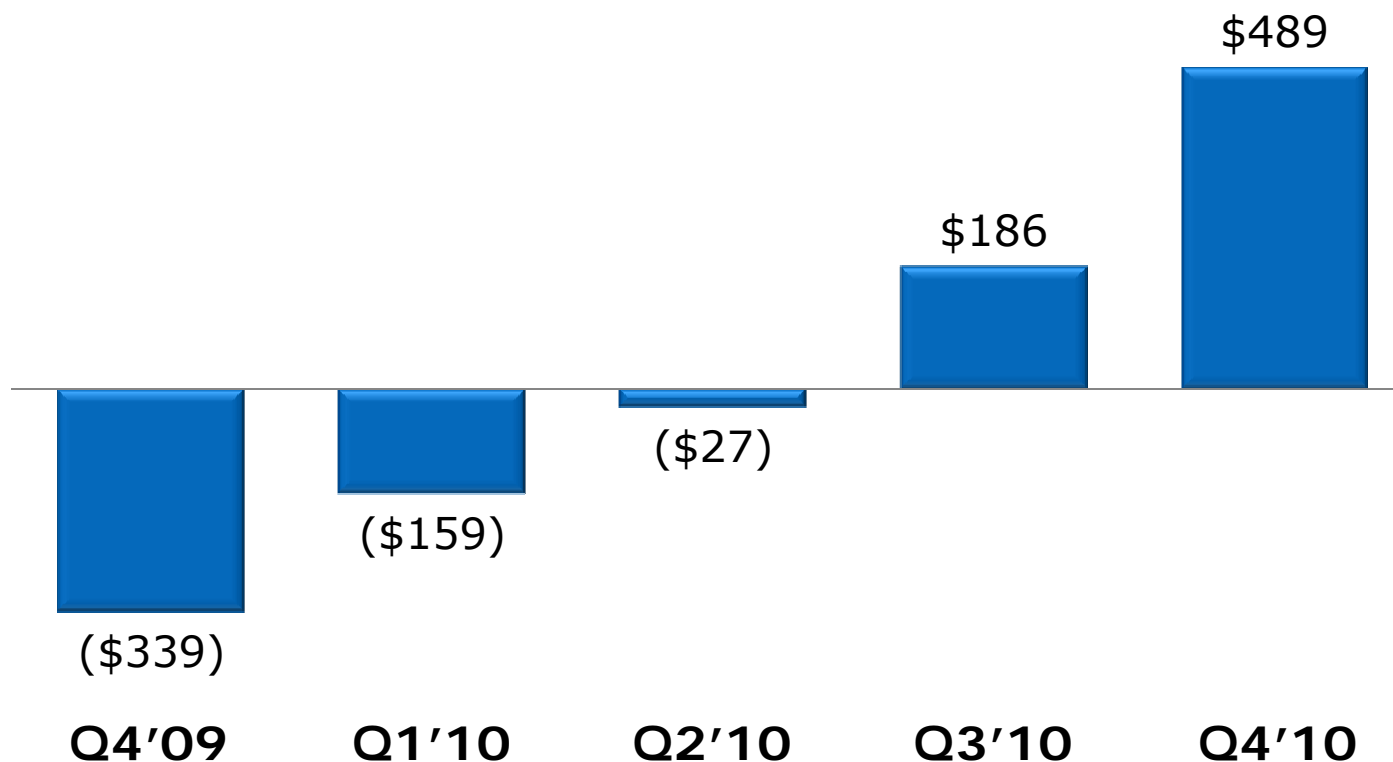
(2) Excludes acquisition-related and integration program costs. See GAAP to Non-GAAP reconciliation at the end of this presentation.

(3) Recorded operating income margin was 8.7%. See GAAP to Non-GAAP reconciliation at the end of this presentation.

Rapid escalation of input costs tempered Q4 margins

(\$ in millions)

Kraft Base Business **Year-Over-Year Change in Input Costs** **Increase/(Decrease)**



Strong operating gains in Q4 and Full Year

	Q4	Full Year
2009 Diluted EPS	\$0.48	\$2.03
Earnings from Discontinued Operations	(0.04)	(0.14)
Acquisition-Related Costs ⁽¹⁾ and Financing Fees ⁽²⁾	0.03	0.04
2009 Operating EPS	\$0.47	\$1.93
Operating Gains – Kraft Base Business	0.06	0.22
Change in Unrealized Gains/Losses from Hedging Activities	--	(0.06)
Higher Net Asset Impairments and Exit Costs	(0.03)	(0.04)
Lower Gains on Divestitures	(0.05)	(0.04)
Change in Foreign Currency	(0.02)	--
Operating Earnings - Cadbury	0.15	0.45
Higher Interest Expense ⁽³⁾	(0.11)	(0.25)
Change in Shares Outstanding	(0.07)	(0.24)
Changes in Taxes ⁽⁴⁾	0.06	0.05
2010 Operating EPS⁽⁵⁾	\$0.46	\$2.02
Integration Program Costs ⁽⁶⁾	(0.15)	(0.29)
Acquisition-Related Costs and Financing Fees	--	(0.21)
U.S. Health Care Legislation Impact on Deferred Taxes	--	(0.08)
Earnings and Gain from Discontinued Operations	--	\$0.95
2010 Diluted EPS	\$0.31	\$2.39

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

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

(3) Excludes a negative \$0.09 per share impact (full year) from financing fees, which include hedging and foreign currency impacts associated with the Cadbury acquisition and other fees associated with the Cadbury bridge facility.

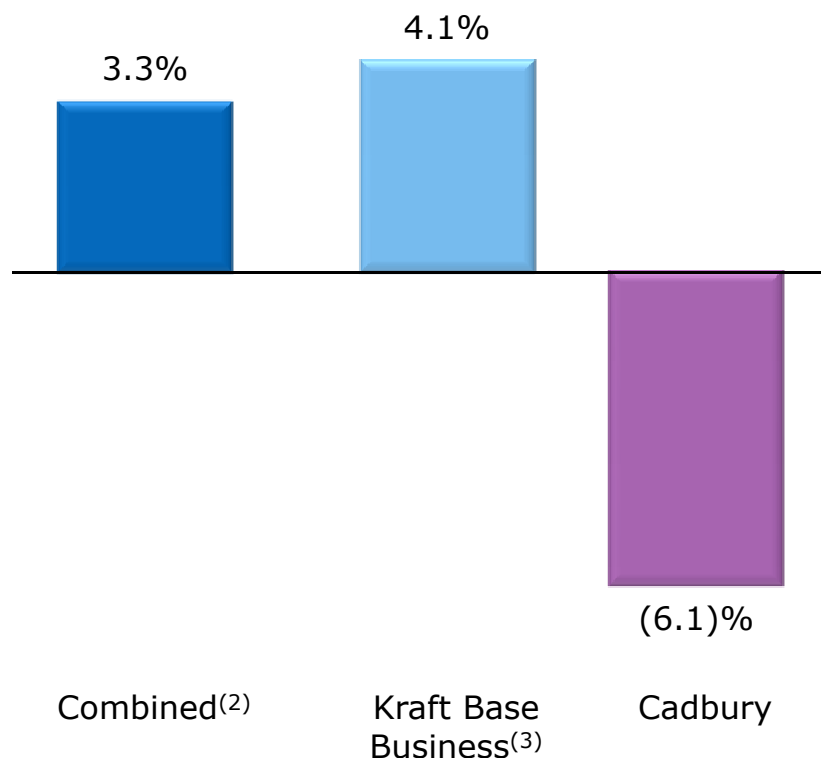
(4) Excludes the impact of a deferred tax charge of approximately \$0.08 per share (full year), resulting from U.S. health care legislation enacted in March 2010.

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

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

Kraft Foods North America: Q4 Organic Net Revenue Growth

Organic Net Revenue Growth⁽¹⁾



- Power Brands +5%
- Rejuvenating Kraft base
 - Higher merchandising vs. Q4'09
 - Successful *Huddle to Fight Hunger* scale program
 - Strengthening market share
- Cadbury suffered multiple Q4 headwinds
 - 2009 *Trident* and *Stride* product launches
 - 2009 H1N1 boost to *Halls*

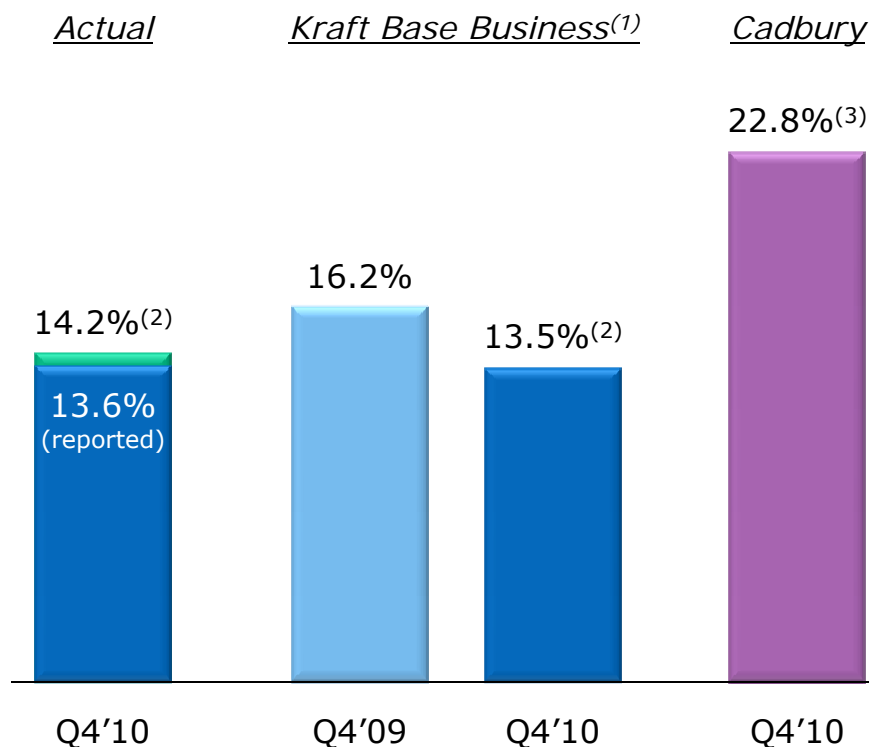
(1) See GAAP to Non-GAAP reconciliation at the end of this presentation.

(2) Reported Net Revenues increased 12.2%.

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

Kraft Foods North America: Q4 Segment Operating Income Margin

Segment Operating Income Margin



- Margin driven by timing
 - Input cost increases exceeded higher pricing and productivity
 - Significantly higher merchandising activity, promotional programming versus prior year
- Implementing another round of price increases

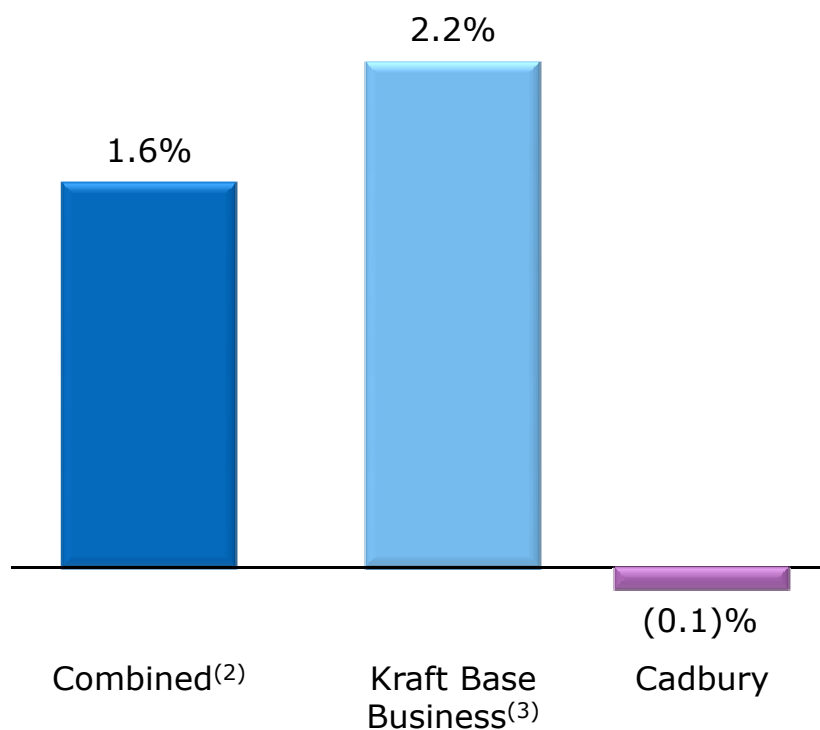
(1) Kraft base business is defined as the continuing operations of Kraft Foods, excluding the Cadbury financial results.

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

(3) Recorded operating income margin was 21.2%. See GAAP to Non-GAAP reconciliation at the end of this presentation.

Kraft Foods Europe: Q4 Organic Net Revenue Growth

Organic Net Revenue Growth⁽¹⁾



- Power Brands +6%
- Base Kraft momentum continued
 - All key categories growing
 - Strong mix gains, pricing
- Cadbury results mixed
 - Solid growth in UK
 - Gum, candy hit by economic weakness in Southern Europe

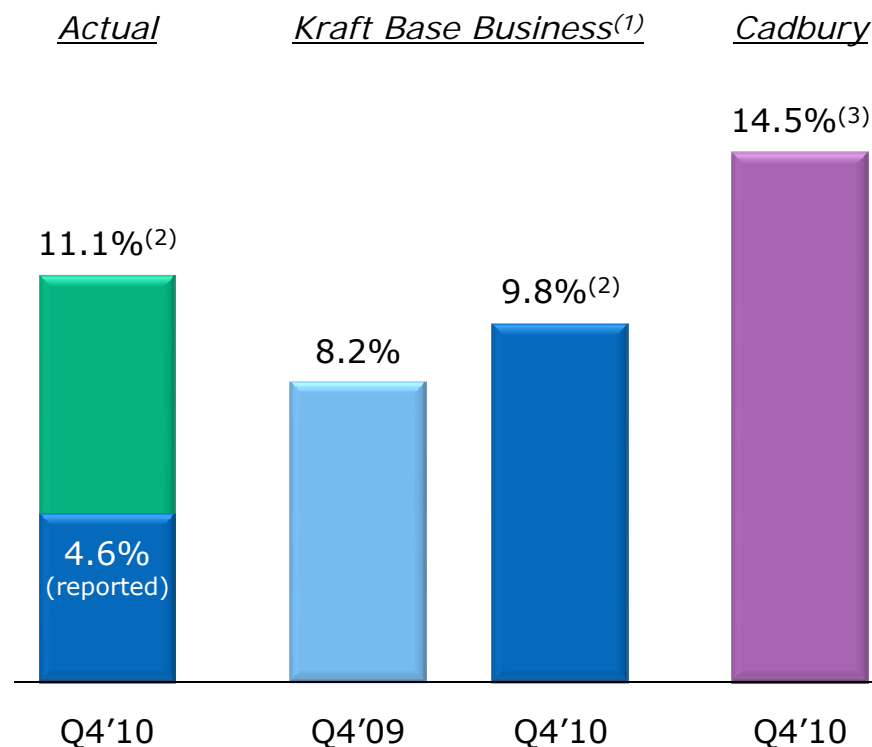
(1) See GAAP to Non-GAAP reconciliation at the end of this presentation.

(2) Reported Net Revenues increased 28.6%.

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

Kraft Foods Europe: Q4 Segment Operating Income Margin

Segment Operating Income Margin

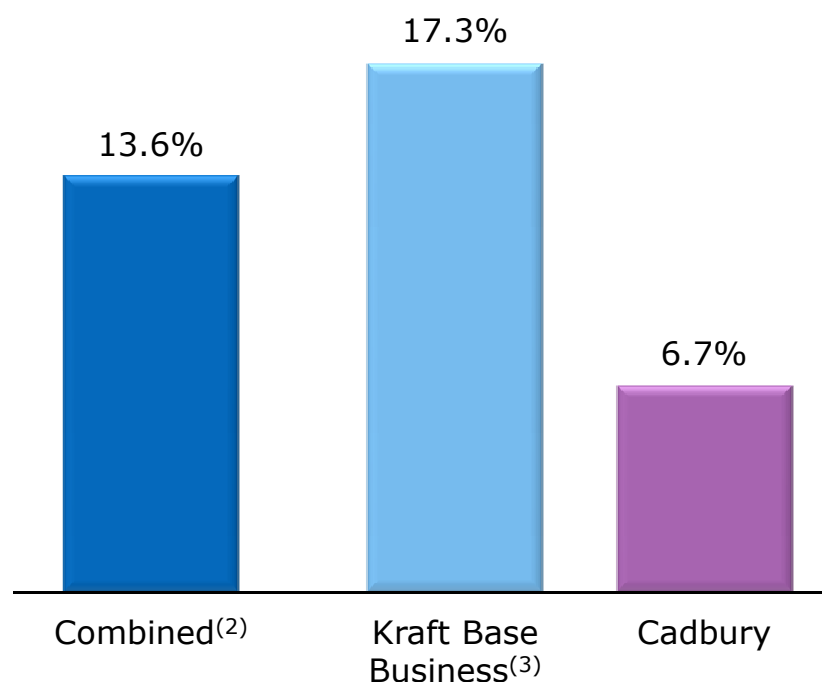


- Pricing lagged input cost increases
 - Implemented or announced price increases in large majority of portfolio
- Continued margin expansion from gains on several fronts
 - Productivity and overhead efficiencies
 - Improved product mix

(1) Kraft base business is defined as the continuing operations of Kraft Foods, excluding the Cadbury financial results
(2) Excludes acquisition-related and integration program costs. See GAAP to Non-GAAP reconciliation at the end of this presentation.
(3) Recorded operating income margin was 6.8%. See GAAP to Non-GAAP reconciliation at the end of this presentation.

Kraft Foods Developing Markets: Q4 Organic Net Revenue Growth

Organic Net Revenue Growth⁽¹⁾



- Power Brands +18%
- Increased marketing driving Kraft base business
 - Strong share performance in priority markets
 - Key CEEMA markets improving
 - ~5.6 pp benefit from accounting calendar changes (~3.7 pp for Combined results)
- Solid Cadbury growth tempered by normalizing trade inventories
 - ~(1.4)pp to Cadbury
 - ~(0.5)pp to Combined results

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

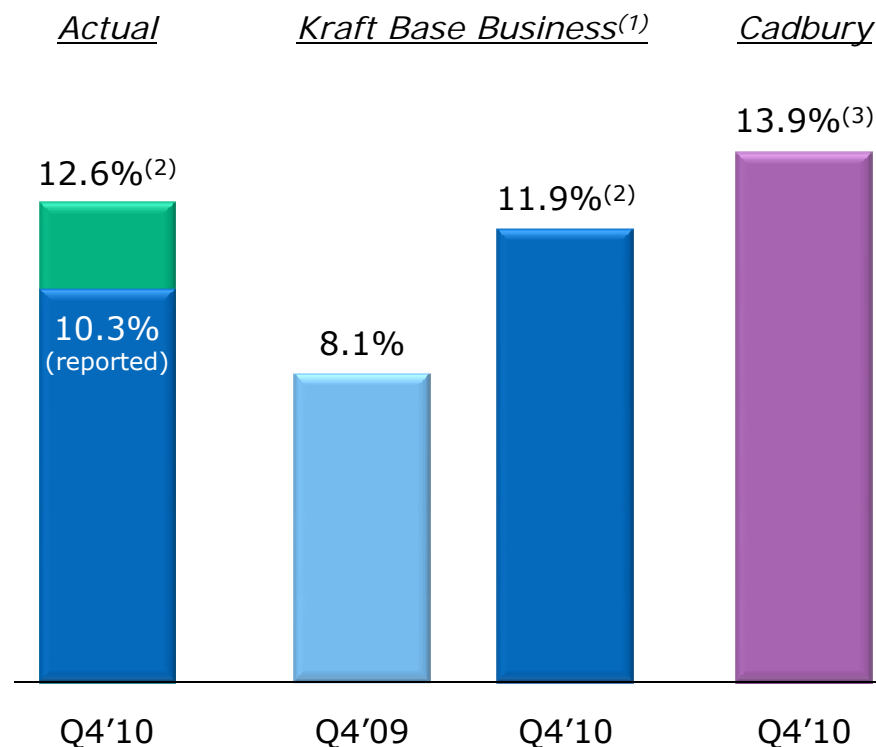
(2) Reported Net Revenues increased 73.5%.

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



Kraft Foods Developing Markets: Q4 Segment Operating Income Margin

Segment Operating Income Margin



- Top line growth, cost savings initiatives drove margin expansion
- Pricing lagged sharply higher input costs

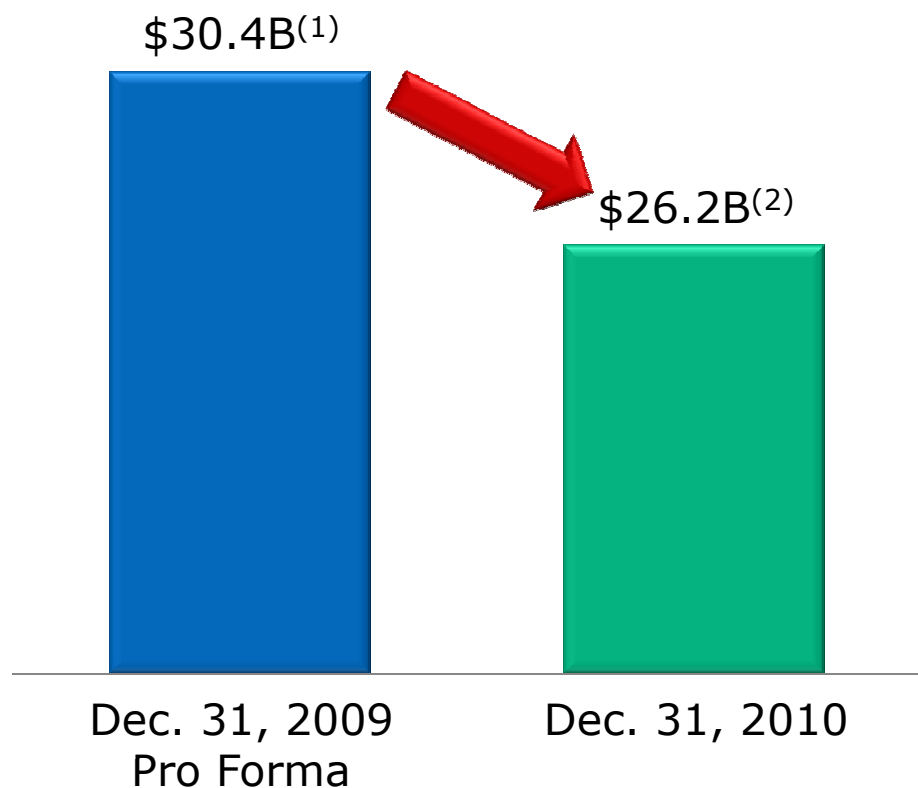
(1) Kraft base business is defined as the continuing operations of Kraft Foods, excluding the Cadbury financial results.

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

(3) Recorded operating income margin was 10.0%. See GAAP to Non-GAAP reconciliation at the end of this presentation.

Deleveraging plan on track

Net Debt



- Strong cash flow generation
- Major actions taken
 - Paid back Bridge Loan with Pizza proceeds
 - Settled \$0.5B August maturity with cash from operations
 - Repurchased \$1.5B debt with cash from operations, CP
- Debt-to-EBITDA⁽³⁾ ratio approaching 3x within 12 months

(1) Pro forma net debt at December 31, 2009 consisted of Kraft Foods net debt of \$16.9 billion, plus the Cadbury net debt acquired of \$2.6 billion, plus the net debt of \$10.9 billion used to acquire Cadbury.

(2) For December 31, 2010, total debt was \$28.7 billion and cash and cash equivalents was \$2.5 billion.

(3) Excludes acquisition-related and integration program costs.

Broad-based momentum entering 2011

- Further investment in Power Brands
- Capitalizing on Developing Markets growth
- Ramping up productivity, integration synergies

Challenging operating environment

- Continued escalation in input costs
- Additional pricing required into a weak consumer environment

Cautiously optimistic on 2011

- Organic Net Revenue growth of 5%+
 - ~4% excluding year-over-year impact of accounting calendar changes
- Operating EPS growth of 11-13%

Summary

- Strong business fundamentals
- Investing behind Power Brands, key categories to drive growth
- Cadbury on-track to be accretive in Year 2
- Delivering top-tier results in a challenging consumer environment



GAAP to Non-GAAP Reconciliation

Net Revenues to Organic Net Revenues

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

	As Reported (GAAP)	Impact of Divestitures	Impact of Acquisitions	Impact of Integration Program	Impact of Currency	Base Kraft Foods Organic (Non-GAAP)	Add back:				Combined Organic (Non-GAAP)	% Change				
							Impact of Acquisitions - Cadbury ⁽¹⁾	Divestitures - Cadbury's Poland and Romania Operations ⁽¹⁾	Impact of Currency - Cadbury ⁽¹⁾	Cadbury Organic (Non-GAAP) ⁽¹⁾		As Reported (GAAP)	Base Kraft Foods Organic (Non-GAAP)	Cadbury Organic (Non-GAAP) ⁽¹⁾	Combined Organic (Non-GAAP)	
2010																
Kraft Foods North America	\$ 6,244	\$ (3)	\$ (438)	\$ -	\$ (29)	\$ 5,774	\$ 438	\$ -	\$ (5)	\$ 433	\$ 6,207	12.2%	4.1%	(6.1)%	3.3%	
Kraft Foods Europe	3,456	-	(895)	-	186	2,747	895	-	42	937	3,684	28.6%	2.2%	(0.1)%	1.6%	
Kraft Foods Developing Markets	4,073	-	(1,434)	1	114	2,754	1,434	-	(57)	1,377	4,131	73.5%	17.3%	6.7%	13.6%	
Kraft Foods	\$ 13,773	\$ (3)	\$ (2,767)	\$ 1	\$ 271	\$ 11,275	\$ 2,767	\$ -	\$ (20)	\$ 2,747	\$ 14,022	30.0%	6.5%	2.2%	5.7%	
2009 (As Revised) ⁽²⁾																
Kraft Foods North America	\$ 5,563	\$ (14)	\$ -	\$ -	\$ -	\$ 5,549	\$ 461	\$ -	\$ -	\$ 461	\$ 6,010					
Kraft Foods Europe	2,687	-	-	-	-	2,687	938	-	-	938	3,625					
Kraft Foods Developing Markets	2,347	-	-	-	-	2,347	1,372	(82)	-	1,290	3,637					
Kraft Foods	\$ 10,597	\$ (14)	\$ -	\$ -	\$ -	\$ 10,583	\$ 2,771	\$ (82)	\$ -	\$ 2,689	\$ 13,272					

⁽¹⁾ Kraft Foods acquired Cadbury plc on February 2, 2010. Cadbury data, shown above, is for Q4 2010 and 2009, adjusted from IFRS to U.S. GAAP and translated to US\$ from local countries' currencies. Cadbury 2009 data is presented on a combined company, pro forma basis.

⁽²⁾ As revised to reflect Frozen Pizza as a discontinued operation.



GAAP to Non-GAAP Reconciliation

Operating Income Margins

For the Three Months Ended December 31, 2010

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

	As Reported (GAAP)	Integration Program Costs ⁽¹⁾	Acquisition- Related Costs ⁽²⁾	Excluding Acquisition- Related and Integration Program Costs (Non-GAAP)	Cadbury	Base Kraft Foods (Non-GAAP)
<u>Kraft Foods</u>						
Net revenues	\$ 13,773	\$ -	\$ 1	\$ 13,774	\$ (2,767)	\$ 11,007
Operating Income	\$ 1,240	\$ 362	\$ 1	\$ 1,603	\$ (381)	\$ 1,222
Operating Income Margin	9.0%			11.6%		11.1%
<u>Kraft Foods North America</u>						
Net revenues	\$ 6,244	\$ -	\$ -	\$ 6,244	\$ (438)	\$ 5,806
Operating Income	\$ 849	\$ 35	\$ -	\$ 884	\$ (100)	\$ 784
Operating Income Margin	13.6%			14.2%		13.5%
<u>Kraft Foods Europe</u>						
Net revenues	\$ 3,456	\$ -	\$ -	\$ 3,456	\$ (895)	\$ 2,561
Operating Income	\$ 159	\$ 223	\$ -	\$ 382	\$ (130)	\$ 252
Operating Income Margin	4.6%			11.1%		9.8%
<u>Kraft Foods Developing Markets</u>						
Net revenues	\$ 4,073	\$ -	\$ 1	\$ 4,074	\$ (1,434)	\$ 2,640
Operating Income	\$ 419	\$ 96	\$ -	\$ 515	\$ (200)	\$ 315
Operating Income Margin	10.3%			12.6%		11.9%

⁽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

Operating Income Margins

For the Three Months Ended December 31, 2009

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

	As Revised (GAAP) ⁽¹⁾	Acquisition- Related Costs ⁽²⁾	Excluding Acquisition- Related Costs (Non-GAAP)
Kraft Foods			
Net revenues	\$ 10,597	\$ -	\$ 10,597
Operating Income	\$ 1,213	\$ 29	\$ 1,242
Operating Income Margin	11.4%		11.7%

⁽¹⁾ As revised to reflect Frozen Pizza as a discontinued operation.

⁽²⁾ Acquisition-related costs include transaction advisory fees, UK stamp taxes and the impact of the Cadbury inventory revaluation.



GAAP to Non-GAAP Reconciliation

Operating Income Margins - Cadbury

For the Three Months Ended December 31, 2010

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

	As Recorded (GAAP) ⁽¹⁾	Integration Program Costs ⁽²⁾	Acquisition- Related Costs ⁽³⁾	Excluding Acquisition- Related and Integration Program Costs (Non-GAAP)
<u>Pro Forma Cadbury</u>				
Net revenues	\$ 2,767	\$ -	\$ -	\$ 2,767
Operating Income	\$ 242	\$ 139	\$ -	\$ 381
Operating Income Margin	8.7%			13.8%
<u>Pro Forma Cadbury North America</u>				
Net revenues	\$ 438	\$ -	\$ -	\$ 438
Operating Income	\$ 93	\$ 7	\$ -	\$ 100
Operating Income Margin	21.2%			22.8%
<u>Pro Forma Cadbury Europe</u>				
Net revenues	\$ 895	\$ -	\$ -	\$ 895
Operating Income	\$ 61	\$ 69	\$ -	\$ 130
Operating Income Margin	6.8%			14.5%
<u>Pro Forma Cadbury Developing Markets</u>				
Net revenues	\$ 1,434	\$ -	\$ -	\$ 1,434
Operating Income	\$ 143	\$ 57	\$ -	\$ 200
Operating Income Margin	10.0%			13.9%

⁽¹⁾ Pro Forma Cadbury results included Integration Program costs and acquisition-related costs as they were recorded in their re

⁽²⁾ 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.

⁽³⁾ Acquisition-related costs reflect the impact of the Cadbury inventory revaluation.



GAAP to Non-GAAP Reconciliation

Diluted Earnings per Share to Operating EPS

For the Three Months Ended December 31,
(Unaudited)

	As Reported (GAAP)	Integration Program Costs ⁽¹⁾	Acquisition- Related Costs ⁽²⁾ and Financing Fees ⁽³⁾	Operating (Non-GAAP)	% Growth	
					As Reported EPS Growth from Continuing Operations (GAAP)	Operating EPS Growth (Non- GAAP)
2010						
Diluted EPS						
- Continuing operations	\$ 0.31	\$ 0.15	\$ -	\$ 0.46	(29.5)%	(2.1)%
- Discontinued operations	-					
- Net earnings attributable to Kraft Foods	\$ 0.31					
2009 (As Revised) ⁽⁴⁾						
Diluted EPS						
- Continuing operations	\$ 0.44	\$ -	\$ 0.03	\$ 0.47		
- Discontinued operations	0.04					
- Net earnings attributable to Kraft Foods	\$ 0.48					

⁽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.

⁽⁴⁾ As revised to reflect Frozen Pizza as a discontinued operation.



GAAP to Non-GAAP Reconciliation

Diluted Earnings per Share to Operating EPS

For the Twelve Months Ended December 31,
(Unaudited)

						% Growth	
						As Reported EPS Growth from Continuing Operations (GAAP)	Operating EPS Growth (Non- GAAP)
	As Reported (GAAP)	Integration Program Costs ⁽¹⁾	Acquisition- Related Costs and Financing Fees ⁽³⁾	U.S. Health Care Legislation Impact on Deferred Taxes	Operating (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						
2009 (As Revised) ⁽⁴⁾							
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, 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.

⁽⁴⁾ As revised to reflect Frozen Pizza as a discontinued operation.

