



February 25, 2011

## **U.S. Appellate Court Upholds District Court Ruling; Denies Kraft Foods' Request For Reversal**

NORTHFIELD, Ill., Feb. 25, 2011 /PRNewswire via COMTEX/ -- Kraft Foods (NYSE: KFT) announced today that the U.S. Court of Appeals for the Second Circuit upheld a lower court's ruling denying Kraft's request for a preliminary injunction against Starbucks Coffee Company.

The injunction would have stopped Starbucks from unilaterally ending its strategic partnership with Kraft before a mandatory arbitration proceeding decides the core issues in this dispute. The arbitration process is already underway and will continue over the next several months. Today's Court decision does not affect Kraft Foods' vigorous defense of its rights in arbitration.

After the ruling, Marc Firestone, Executive Vice President, Corporate and Legal Affairs and General Counsel, stated:

While disappointed in the outcome, we respect the U.S. Court of Appeals' decision.

The Second Circuit did not rule on the fundamental issue of whether Starbucks can exit our contract without paying the fair market value, plus a premium. That question will be decided in arbitration. Having now seen Starbucks inability to substantiate its claims of material breach, we certainly intend to press our case aggressively and look forward to a favorable decision.

We also expect to prevail in the marketplace, given the strength of our \$5 billion global coffee business. Kraft is committed to competing in all coffee segments, including premium and on-demand. Our future plans are as robust as our coffee products, and we look forward to sharing them at the appropriate time.

Kraft Foods is a global snacks powerhouse with an unrivaled portfolio of brands people love. Proudly marketing delicious biscuits, confectionery, beverages, cheese, grocery products and convenient meals in approximately 170 countries, Kraft Foods had 2010 revenue of \$49.2 billion, more than half of which was earned outside North America. Eleven of the company's iconic brands -- including *Cadbury*, *Jacobs*, *Kraft*, *LU*, *Maxwell House*, *Milka*, *Nabisco*, *Oreo*, *Oscar Mayer*, *Philadelphia* and *Trident* -- generate revenue of more than \$1 billion annually, and 40 have been loved for more than a century. A leader in innovation, marketing, health & wellness and sustainability, Kraft Foods is a member of the Dow Jones Industrial Average, Standard & Poor's 500, Dow Jones Sustainability Index and Ethibel Sustainability Index. For more information, visit <http://www.kraftfoodscompany.com/> and [www.facebook.com/kraftfoodscorporate](http://www.facebook.com/kraftfoodscorporate).

### **Forward-Looking Statements**

This press release contains a number of forward-looking statements. The words "expect," "intend," "plan," and similar expressions are intended to identify our forward-looking statements. Examples of forward-looking statements include, but are not limited to, those related to our arbitration proceeding; the marketplace; and our future plans. 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, volatile and increasing input costs and pricing actions. 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, 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 press release, except as required by applicable law or regulation.

SOURCE: Kraft Foods