
**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**
Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

**Pursuant to Section 13 or 15(d) of the
Securities Exchange Act of 1934**

Date of Report (Date of earliest event reported): March 25, 2009

KRAFT FOODS INC.

(Exact name of registrant as specified in its charter)

Virginia
(State or other jurisdiction
of incorporation)

1-16483
(Commission File Number)

52-2284372
(I.R.S. Employer
Identification No.)

Three Lakes Drive, Northfield, Illinois
(Address of Principal executive offices)

60093-2753
(Zip Code)

Registrant's Telephone number, including area code: (847) 646-2000

Not Applicable
(Former name or former address, if changed since last report.)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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Item 7.01. Regulation FD Disclosure.

As we disclosed in our Annual Report on Form 10-K for the year ended December 31, 2008, which was filed with the SEC on February 27, 2009, we have announced changes in our operating structure. Effective January 2009, we began implementing changes built on our Kraft Foods Europe Reorganization and our *Organizing For Growth* initiative. In line with our strategies, we have evolved how we work in Europe in two key ways:

- We transitioned our European Biscuit, Chocolate, Coffee and Cheese categories to fully integrated business units, further strengthening our focus on these core categories. To ensure decisions are made faster and closer to our customers and consumers, each category is fully accountable for their results of operations, including marketing, manufacturing and R&D. Category leadership, based in Zurich, Switzerland, will report to the Kraft Foods Europe President, and the country organizations are aligned with the category structure under our Kraft Foods Europe Reorganization and report directly to category management. These business units now comprise the Kraft Foods Europe segment.
- We have aligned the reporting of our Central Europe operations into our Kraft Foods Developing Markets segment to help build critical scale in these countries. We intend to operate a country-led model in these markets and, as a result, we have no plans to implement the Kraft Foods Europe Reorganization in Central Europe. This change also will keep Kraft Foods Europe management fully focused on implementing their new structure and growing the business.

In addition to this segment realignment in Europe, we have also implemented further changes in our reporting as part of our *Organizing For Growth* initiative, effective January 1, 2009. Accordingly, we have restated prior period results.

- We changed our method of valuing our U.S. inventories to the average cost method, whereas in prior years principally all U.S. inventories were valued using the last-in, first-out (“LIFO”) method. With this change all of our inventories will be valued using the average cost method. The change was made to better match revenues and expenses to current costs, to better align our external reporting with our competitors, and to align with our tax basis of accounting. Prior years’ financial statements have been restated to conform to our change in accounting policy. This change did not have a material impact on our inventories, deferred tax assets, nor results from operations.
- We changed the classification of excise taxes to a net presentation in cost of sales, whereas in prior years excise taxes were classified gross within net revenues and cost of sales. With this change all of our excise and similar taxes will be reported using the net presentation method. The change was made better align our net revenues between various countries and to provide better clarity to net revenues and margins. Prior years’ financial statements have been restated to conform to this change. This change did not have a material impact on our net revenues nor cost of sales.
- We have revised our cost assignment methodology for headquarter functional costs across our operating structure. This change entailed reclassifying certain costs from marketing, administration and research costs, to cost of sales, and did not have an impact on net earnings.

Effective January 1, 2009, we also adopted the provisions of the following new accounting pronouncements.

- In December 2007, the Financial Accounting Standards Board (“FASB”) issued Statement of Financial Accounting Standards (“SFAS”) No. 160, *Noncontrolling Interests in Consolidated Financial Statements – an amendment of Accounting Research Bulletin No. 51*. This statement required us to classify noncontrolling interests in subsidiaries as a separate component of equity instead of within accrued liabilities. Additionally, transactions between an entity and noncontrolling interests are required to be treated as equity transactions. Therefore, they no longer are removed from net income, but rather are accounted for as equity. The adoption of this statement did not have a significant impact on our financial statements.
- In June 2008, the FASB issued FASB Staff Position Emerging Issues Task Force 03-6-1, *Determining Whether Instruments Granted in Share-Based Payment Transactions are Participating Securities*, (“FSP EITF 03-6-1”). FSP EITF 03-6-1 considers unvested share-based payment awards with the right to receive nonforfeitable dividends, or their equivalents, as participating securities that should be included in the calculation of EPS under the two-class method. Accordingly, following the adoption of FSP EITF 03-6-1, our restricted and deferred stock awards are considered participating units in our calculation of EPS. The adoption of this statement did not have a significant impact on our financial statements.

Beginning in the first quarter of 2009, we will report our results of operations under the changes in our operating structure, the change in our valuation methodology for U.S. inventories, the change in our classification of excise taxes, the change from revising our cost assignment methodology, and the adoption of the new accounting pronouncements noted above. These changes do not impact the 2009 earnings guidance we updated in February.

Attached as Exhibit 99.1 to this Form 8-K are unaudited financial schedules which provide information regarding restated consolidated statements of earnings, consolidated balance sheets, net revenues, segment operating income, organic revenue, and

segment operating income ex-items as of and for the three, six, nine and twelve month periods ended 2008, 2007, and as of and for the twelve month period ended 2006. Exhibit 99.1 also contains unaudited schedules reconciling the prior reported results to the newly restated results for net revenues and operating income.

The attached schedules include non-GAAP financial measures because our management uses this information to monitor and evaluate our operating results and trends on an on-going basis and to facilitate internal comparison to historical operating results. Our management uses non-GAAP financial information and measures internally for operating, budgeting and financial planning purposes.

Our top-line measure is organic net revenues, which excludes the impact of acquisitions, divestitures and currency. Management believes this non-GAAP measure better reflects revenues on a going-forward basis and provides improved comparability of results.

Management uses segment operating income to evaluate segment performance and allocate resources. We believe it is appropriate to disclose this measure to help investors analyze segment performance and trends. Segment operating income excludes unrealized gains and losses on hedging activities (which is a component of cost of sales), certain components of our U.S. pension plan cost (which is a component of cost of sales and marketing, administration and research cost), general corporate expenses and amortization of intangibles for all periods presented. In 2009, we will begin excluding certain components of our U.S. pension plan cost from segment operating income as they are managed centrally. We centrally manage pension plan funding decisions, and determine discount rate, expected rate of return on plan assets and other actuarial assumptions for our U.S. pension plans. Therefore we will allocate only the service cost component of our U.S. pension plan expense to segment operating income. We exclude the unrealized gains and losses on hedging activities from segment operating income in order to provide better transparency of our segment operating results. Once realized, the gains and losses on hedging activities are recorded within segment operating results. We centrally manage interest and other expense and the provision for income taxes. Accordingly, we do not present these items by segment because they are excluded from the segment profitability measure that management reviews.

Operating income, excluding items is considered a non-GAAP financial measure. The term "items" includes asset impairment, exit and implementation costs primarily related to a restructuring program that began in the first quarter of 2004 (the "Restructuring Program"). These restructuring charges include separation-related costs, asset write-downs, and other costs related to the implementation of the Restructuring Program. Other excluded items pertain to asset impairment charges on certain long-lived assets, gains and losses on divestitures, interest from tax reserve transfers from Altria Group, Inc., the favorable resolution of Altria Group, Inc.'s 1996-1999 IRS Tax Audit in 2006, other one-time costs related to our Kraft Foods Europe Reorganization, charges from certain legal matters, and a deferred tax reconciliation item.

Our management believes the non-GAAP information is useful for investors by offering them the ability to facilitate comparisons to historical operating results, better identify trends in our business, and better understand how management evaluates our business. These non-GAAP measures have limitations, however, because they do not include all items of income and expense that affect us. See the schedules attached as Exhibit 99.1 to this Current Report for corresponding reconciliations to GAAP financial measures for the years ended December 31, 2008, 2007 and 2006, and for the quarters in 2008 and 2007. Non-GAAP financial measures should be viewed in addition to, and not as an alternative for each of our results which are prepared in accordance with GAAP. In addition, the non-GAAP measures we use may differ from non-GAAP measures used by other companies.

Safe-Harbor for Forward-Looking Statements

This Report contains forward-looking statements regarding changes we made to further strengthen our focus on core categories and to ensure decisions are made faster and closer to our customers and consumers; our belief that aligning the reporting of our Central Europe operations will build critical scale in those countries and help focus management on implementing their new structure and growing the business; our intent not to implement the Kraft Foods Europe Reorganization in Central Europe; and our belief that these changes will not have a material impact on our financial statements. These forward-looking statements involve risks and uncertainties that could cause actual results to differ materially from those predicted in any such forward-looking statements. Such factors, include, but are not limited to, increased competition, continued volatility in commodity prices, failure to grow our business in developing markets, risks from operating internationally and changes in tax laws. For additional information on these and other factors that could affect our forward-looking statements, see 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 Report.

Item 8.01. Other Events.

The information described above under “Item 7.01. Regulation FD Disclosure” is hereby incorporated by reference into this Item 8.01.

Item 9.01. Financial Statements and Exhibits.

(d) The following exhibit is being filed with this Current Report on Form 8-K.

<u>Exhibit Number</u>	<u>Description</u>
99.1	Financial Schedules.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Date: March 25, 2009

KRAFT FOODS INC.

/s/ Timothy R. McLevish

Name: Timothy R. McLevish

Title: Executive Vice President and Chief Financial Officer

Kraft Foods Inc. and Subsidiaries
Segment Realignment and Excise Tax Reclassification
Quarterly 2008 and Full Year 2008
(\$ in millions) (Unaudited)

	2008				
	Q1	Q2	Q3	Q4	Year
Net Revenues - As Reported					
U.S. Beverages	\$ 772	\$ 789	\$ 743	\$ 697	\$ 3,001
U.S. Cheese	957	972	919	1,159	4,007
U.S. Convenient Meals	1,032	1,089	1,081	1,038	4,240
U.S. Grocery	792	912	802	883	3,389
U.S. Snacks	1,190	1,272	1,274	1,289	5,025
Canada & N.A. Foodservice	1,029	1,141	1,109	1,015	4,294
North America	5,772	6,175	5,928	6,081	23,956
Europe*	2,718	2,914	2,725	2,902	11,259
Developing Markets	1,612	1,781	1,809	1,784	6,986
Net Revenues - As Reported	\$10,102	\$10,870	\$10,462	\$10,767	\$42,201
<i>Segment Realignment</i>					
<i>Europe (to Developing Markets)</i>	(282)	(327)	(326)	(327)	(1,262)
<i>Developing Markets (from Europe)</i>	282	327	326	327	1,262
<i>Excise Tax Reclassification</i>					
<i>Europe (from Net Revenues to Cost of Sales)</i>	(56)	(66)	(61)	(86)	(269)
Net Revenues - As Restated					
U.S. Beverages	\$ 772	\$ 789	\$ 743	\$ 697	\$ 3,001
U.S. Cheese	957	972	919	1,159	4,007
U.S. Convenient Meals	1,032	1,089	1,081	1,038	4,240
U.S. Grocery	792	912	802	883	3,389
U.S. Snacks	1,190	1,272	1,274	1,289	5,025
Canada & N.A. Foodservice	1,029	1,141	1,109	1,015	4,294
North America	5,772	6,175	5,928	6,081	23,956
Europe	2,380	2,521	2,338	2,489	9,728
Developing Markets	1,894	2,108	2,135	2,111	8,248
Net Revenues - As Restated	\$10,046	\$10,804	\$10,401	\$10,681	\$41,932

* This segment was formerly known as European Union.

Kraft Foods Inc. and Subsidiaries
Segment Realignment and Excise Tax Reclassification
Full Year 2006 and Quarterly 2007
(\$ in millions) (Unaudited)

	2006	2007				
	Year	Q1	Q2	Q3	Q4	
Net Revenues - As Reported						
U.S. Beverages	\$ 2,886	\$ 777	\$ 788	\$ 712	\$ 713	\$ 2,990
U.S. Cheese	3,544	880	884	859	1,122	3,745
U.S. Convenient Meals	3,697	960	1,012	995	938	3,905
U.S. Grocery	3,225	781	873	757	866	3,277
U.S. Snacks	4,834	1,159	1,202	1,220	1,298	4,879
Canada & N.A. Foodservice	3,874	888	1,021	1,053	1,118	4,080
North America	22,060	5,445	5,780	5,596	6,055	22,876
Europe*	6,669	1,749	1,840	1,855	2,507	7,951
Developing Markets	4,527	1,126	1,291	1,309	1,581	5,307
Net Revenues - As Reported	\$33,256	\$8,320	\$8,911	\$8,760	\$10,143	\$36,134
<i>Segment Realignment</i>						
<i>Europe (to Developing Markets)</i>	(537)	(142)	(151)	(156)	(219)	(668)
<i>Developing Markets (from Europe)</i>	537	142	151	156	219	668
<i>Excise Tax Reclassification</i>						
<i>Europe (from Net Revenues to Cost of Sales)</i>	(238)	(54)	(63)	(57)	(102)	(276)
Net Revenues - As Restated						
U.S. Beverages	\$ 2,886	\$ 777	\$ 788	\$ 712	\$ 713	\$ 2,990
U.S. Cheese	3,544	880	884	859	1,122	3,745
U.S. Convenient Meals	3,697	960	1,012	995	938	3,905
U.S. Grocery	3,225	781	873	757	866	3,277
U.S. Snacks	4,834	1,159	1,202	1,220	1,298	4,879
Canada & N.A. Foodservice	3,874	888	1,021	1,053	1,118	4,080
North America	22,060	5,445	5,780	5,596	6,055	22,876
Europe	5,894	1,553	1,626	1,642	2,186	7,007
Developing Markets	5,064	1,268	1,442	1,465	1,800	5,975
Net Revenues - As Restated	\$33,018	\$8,266	\$8,848	\$8,703	\$10,041	\$35,858

* This segment was formerly known as European Union.

Kraft Foods Inc. and Subsidiaries
Segment Realignment and Other Restatements
Quarterly 2008 and Full Year 2008
(\$ in millions) (Unaudited)

	2008				
	Q1	Q2	Q3	Q4	Year
Operating Income - As Reported					
U.S. Beverages	\$ 137	\$ 141	\$ 81	\$ 11	\$ 370
U.S. Cheese	115	125	179	203	622
U.S. Convenient Meals	105	122	91	81	399
U.S. Grocery	240	304	233	225	1,002
U.S. Snacks	96	198	170	66	530
Canada & N.A. Foodservice	107	129	151	51	438
North America	800	1,019	905	637	3,361
Europe*	170	163	178	(99)	412
Developing Markets	144	192	216	33	585
Unrealized G/(L) on Hedging Activities	25	78	(141)	(167)	(205)
General Corporate Expenses	(53)	(48)	(115)	(97)	(313)
Amortization of Intangibles	(7)	(4)	(7)	(5)	(23)
Operating Income - As Reported	\$1,079	\$1,400	\$1,036	\$ 302	\$3,817
Segment Realignment					
Europe (to Developing Markets)	(46)	(54)	(63)	(67)	(230)
Developing Markets (from Europe)	46	54	63	67	230
LIFO Restatement					
U.S. Beverages	7	(6)	1	3	5
U.S. Cheese	(29)	22	(19)	1	(25)
U.S. Convenient Meals	7	2	2	1	12
U.S. Grocery	1	1	1	5	8
U.S. Snacks	2	—	4	12	18
Canada & N.A. Foodservice	(2)	2	(5)	4	(1)
Cost Assignment Methodology Change					
U.S. Beverages	1	—	1	4	6
U.S. Cheese	(4)	(4)	(12)	(14)	(34)
U.S. Convenient Meals	(19)	(21)	(14)	(18)	(72)
U.S. Grocery	(2)	1	2	(2)	(1)
U.S. Snacks	22	24	16	28	90
Canada & N.A. Foodservice	2	—	7	2	11
Adoption of FAS No. 160					
General Corporate Expenses (to Noncontrolling Interest)	2	2	3	2	9
Operating Income - As Restated					
U.S. Beverages	\$ 145	\$ 135	\$ 83	\$ 18	\$ 381
U.S. Cheese	82	143	148	190	563
U.S. Convenient Meals	93	103	79	64	339
U.S. Grocery	239	306	236	228	1,009
U.S. Snacks	120	222	190	106	638
Canada & N.A. Foodservice	107	131	153	57	448
North America	786	1,040	889	663	3,378
Europe	124	109	115	(166)	182
Developing Markets	190	246	279	100	815
Unrealized G/(L) on Hedging Activities	25	78	(141)	(167)	(205)
General Corporate Expenses	(51)	(46)	(112)	(95)	(304)
Amortization of Intangibles	(7)	(4)	(7)	(5)	(23)
Operating Income - As Restated	\$1,067	\$1,423	\$1,023	\$ 330	\$3,843

* This segment was formerly known as European Union.

Kraft Foods Inc. and Subsidiaries
Segment Realignment and Other Restatements
Full Year 2006 and Quarterly 2007
(\$ in millions) (Unaudited)

	2006	2007				Year
	Year	Q1	Q2	Q3	Q4	
Operating Income - As Reported						
U.S. Beverages	\$ 204	\$ 138	\$ 132	\$ (12)	\$ 58	\$ 316
U.S. Cheese	660	149	83	91	77	400
U.S. Convenient Meals	412	107	113	93	74	387
U.S. Grocery	1,254	247	276	219	270	1,012
U.S. Snacks	444	155	155	157	140	607
Canada & N.A. Foodservice	426	79	110	131	84	404
North America	3,400	875	869	679	703	3,126
Europe*	547	118	124	129	198	569
Developing Markets	403	90	132	132	120	474
Unrealized G/(L) on Hedging Activities	—	8	4	(6)	10	16
General Corporate Expenses	(189)	(50)	(43)	(46)	(67)	(206)
Amortization of Intangibles	(7)	(2)	(4)	(3)	(4)	(13)
Operating Income - As Reported	\$4,154	\$1,039	\$1,082	\$885	\$ 960	\$3,966
Segment Realignment						
Europe (to Developing Markets)	(85)	(22)	(24)	(26)	(42)	(114)
Developing Markets (from Europe)	85	22	24	26	42	114
LIFO Restatement						
U.S. Beverages	16	7	(3)	4	16	24
U.S. Cheese	(22)	8	28	15	70	121
U.S. Convenient Meals	13	3	—	—	1	4
U.S. Grocery	7	1	1	1	8	11
U.S. Snacks	(13)	2	—	—	17	19
Canada & N.A. Foodservice	(2)	4	5	3	16	28
Cost Assignment Methodology Change						
U.S. Beverages	6	—	3	—	3	6
U.S. Cheese	(34)	(6)	(7)	(13)	(8)	(34)
U.S. Convenient Meals	(72)	(18)	(19)	(15)	(20)	(72)
U.S. Grocery	(1)	(1)	(1)	2	(1)	(1)
U.S. Snacks	90	22	21	26	21	90
Canada & N.A. Foodservice	11	3	3	—	5	11
Adoption of FAS No. 160						
General Corporate Expenses (to Noncontrolling Interest)	5	1	1	—	1	3
Operating Income - As Restated						
U.S. Beverages	\$ 226	\$ 145	\$ 132	\$ (8)	\$ 77	\$ 346
U.S. Cheese	604	151	104	93	139	487
U.S. Convenient Meals	353	92	94	78	55	319
U.S. Grocery	1,260	247	276	222	277	1,022
U.S. Snacks	521	179	176	183	178	716
Canada & N.A. Foodservice	435	86	118	134	105	443
North America	3,399	900	900	702	831	3,333
Europe	462	96	100	103	156	455
Developing Markets	488	112	156	158	162	588
Unrealized G/(L) on Hedging Activities	—	8	4	(6)	10	16
General Corporate Expenses	(184)	(49)	(42)	(46)	(66)	(203)
Amortization of Intangibles	(7)	(2)	(4)	(3)	(4)	(13)
Operating Income - As Restated	\$4,158	\$1,065	\$1,114	\$908	\$1,089	\$4,176

* This segment was formerly known as European Union.

Kraft Foods Inc. and Subsidiaries
Reconciliation of GAAP to Non-GAAP Information
Net Revenues
For the Twelve Months Ended December 31,
(\$ in millions) (Unaudited)

	As Restated (GAAP)	Impact of Divestitures	Impact of Acquisitions	Impact of Currency	Organic (Non- GAAP)	% Change		Organic Growth Drivers		
						As Restated (GAAP)	Organic (Non- GAAP)	Volume	Mix	Price
2008 Reconciliation										
U.S. Beverages	\$ 3,001	\$ —	\$ —	\$ —	\$ 3,001	0.4%	2.8%	(3.8)pp	1.7pp	4.9pp
U.S. Cheese	4,007	—	—	—	4,007	7.0%	7.0%	(6.7)	(0.4)	14.1
U.S. Convenient Meals	4,240	—	—	—	4,240	8.6%	8.6%	0.8	2.2	5.6
U.S. Grocery	3,389	—	—	—	3,389	3.4%	3.4%	(3.5)	0.7	6.2
U.S. Snacks	5,025	—	(17)	—	5,008	3.0%	2.8%	(3.1)	(2.5)	8.4
Canada & N.A. Foodservice	4,294	—	(3)	(56)	4,235	5.2%	4.2%	1.2	(0.9)	3.9
North America	\$ 23,956	\$ —	\$ (20)	\$ (56)	\$ 23,880	4.7%	4.8%	(2.5)	0.0	7.3
Europe	9,728	(214)	(2,216)	(387)	6,911	38.8%	3.4%	(1.8)	0.5	4.7
Developing Markets	8,248	(16)	(943)	(272)	7,017	38.0%	17.7%	0.9	4.7	12.1
Kraft Foods	\$ 41,932	\$ (230)	\$ (3,179)	\$ (715)	\$ 37,808	16.9%	6.7%	(1.8)pp	0.9pp	7.6pp
2007 Reconciliation										
U.S. Beverages	\$ 2,990	\$ (72)	\$ —	\$ —	\$ 2,918					
U.S. Cheese	3,745	—	—	—	3,745					
U.S. Convenient Meals	3,905	—	—	—	3,905					
U.S. Grocery	3,277	—	—	—	3,277					
U.S. Snacks	4,879	(9)	—	—	4,870					
Canada & N.A. Foodservice	4,080	(15)	—	—	4,065					
North America	\$ 22,876	\$ (96)	\$ —	\$ —	\$ 22,780					
Europe	7,007	(323)	—	—	6,684					
Developing Markets	5,975	(15)	—	—	5,960					
Kraft Foods	\$ 35,858	\$ (434)	\$ —	\$ —	\$ 35,424					

Kraft Foods Inc. and Subsidiaries
Reconciliation of GAAP to Non-GAAP Information
Net Revenues

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

	As Restated (GAAP)	Impact of Divestitures	Impact of Acquisitions	Impact of Currency	Organic (Non- GAAP)	% Change		Organic Growth Drivers		
						As Restated (GAAP)	Organic (Non- GAAP)	Volume	Mix	Price
2008 Reconciliation										
U.S. Beverages	\$ 697	\$ —	\$ —	\$ —	\$ 697	(2.2)%	(1.7)%	(1.4)pp	(4.5)pp	4.2pp
U.S. Cheese	1,159	—	—	—	1,159	3.3%	3.3%	(11.0)	0.0	14.3
U.S. Convenient Meals	1,038	—	—	—	1,038	10.7%	10.7%	(1.2)	1.5	10.4
U.S. Grocery	883	—	—	—	883	2.0%	2.0%	(7.9)	2.0	7.9
U.S. Snacks	1,289	—	(7)	—	1,282	(0.7)%	(1.2)%	(8.2)	(4.2)	11.2
Canada & N.A. Foodservice	1,015	—	(2)	125	1,138	(9.2)%	2.0%	(3.9)	0.2	5.7
North America	\$ 6,081	\$ —	\$ (9)	\$ 125	\$ 6,197	0.4%	2.4%	(5.6)	(1.4)	9.4
Europe	2,489	(13)	(545)	195	2,126	13.9%	1.4%	(3.9)	(1.5)	6.8
Developing Markets	2,111	(2)	(242)	186	2,053	17.3%	14.3%	(4.7)	3.6	15.4
Kraft Foods	\$ 10,681	\$ (15)	\$ (796)	\$ 506	\$ 10,376	6.4%	4.4%	(5.2)pp	(0.3)pp	9.9pp
2007 Reconciliation										
U.S. Beverages	\$ 713	\$ (4)	\$ —	\$ —	\$ 709					
U.S. Cheese	1,122	—	—	—	1,122					
U.S. Convenient Meals	938	—	—	—	938					
U.S. Grocery	866	—	—	—	866					
U.S. Snacks	1,298	—	—	—	1,298					
Canada & N.A. Foodservice	1,118	(2)	—	—	1,116					
North America	\$ 6,055	\$ (6)	\$ —	\$ —	\$ 6,049					
Europe	2,186	(90)	—	—	2,096					
Developing Markets	1,800	(4)	—	—	1,796					
Kraft Foods	\$ 10,041	\$ (100)	\$ —	\$ —	\$ 9,941					

Kraft Foods Inc. and Subsidiaries
Reconciliation of GAAP to Non-GAAP Information
Net Revenues
For the Three Months Ended September 30,
(\$ in millions) (Unaudited)

	As Restated (GAAP)	Impact of Divestitures	Impact of Acquisitions	Impact of Currency	Organic (Non- GAAP)	% Change		Organic Growth Drivers		
						As Restated (GAAP)	Organic (Non- GAAP)	Volume	Mix	Price
2008 Reconciliation										
U.S. Beverages	\$ 743	\$ —	\$ —	\$ —	\$ 743	4.4%	7.4%	3.5pp	(0.3)pp	4.2pp
U.S. Cheese	919	—	—	—	919	7.0%	7.0%	(8.9)	(1.8)	17.7
U.S. Convenient Meals	1,081	—	—	—	1,081	8.6%	8.6%	0.0	1.0	7.6
U.S. Grocery	802	—	—	—	802	5.9%	5.9%	0.2	0.5	5.2
U.S. Snacks	1,274	—	(4)	—	1,270	4.4%	4.1%	(4.1)	(2.9)	11.1
Canada & N.A. Foodservice	1,109	—	(1)	(12)	1,096	5.3%	4.5%	1.8	(0.7)	3.4
North America	\$ 5,928	\$ —	\$ (5)	\$ (12)	\$ 5,911	5.9%	6.1%	(0.6)	(1.7)	8.4
Europe	2,338	(44)	(554)	(160)	1,580	42.4%	1.3%	(4.1)	0.1	5.3
Developing Markets	2,135	(5)	(249)	(150)	1,731	45.7%	18.5%	(0.2)	6.6	12.1
Kraft Foods	\$ 10,401	\$ (49)	\$ (808)	\$ (322)	\$ 9,222	19.5%	7.3%	(1.0)pp	(0.1)pp	8.4pp
2007 Reconciliation										
U.S. Beverages	\$ 712	\$ (20)	\$ —	\$ —	\$ 692					
U.S. Cheese	859	—	—	—	859					
U.S. Convenient Meals	995	—	—	—	995					
U.S. Grocery	757	—	—	—	757					
U.S. Snacks	1,220	—	—	—	1,220					
Canada & N.A. Foodservice	1,053	(4)	—	—	1,049					
North America	\$ 5,596	\$ (24)	\$ —	\$ —	\$ 5,572					
Europe	1,642	(82)	—	—	1,560					
Developing Markets	1,465	(4)	—	—	1,461					
Kraft Foods	\$ 8,703	\$ (110)	\$ —	\$ —	\$ 8,593					

Kraft Foods Inc. and Subsidiaries
Reconciliation of GAAP to Non-GAAP Information
Net Revenues

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

	As Restated (GAAP)	Impact of Divestitures	Impact of Acquisitions	Impact of Currency	Organic (Non- GAAP)	% Change		Organic Growth Drivers		
						As Restated (GAAP)	Organic (Non- GAAP)	Volume	Mix	Price
2008 Reconciliation										
U.S. Beverages	\$ 789	\$ —	\$ —	\$ —	\$ 789	0.1%	3.4%	(4.6)pp	2.0pp	6.0pp
U.S. Cheese	972	—	—	—	972	10.0%	10.0%	(5.1)	(0.3)	15.4
U.S. Convenient Meals	1,089	—	—	—	1,089	7.6%	7.6%	1.7	3.4	2.5
U.S. Grocery	912	—	—	—	912	4.5%	4.5%	(1.8)	(1.0)	7.3
U.S. Snacks	1,272	—	(1)	—	1,271	5.8%	5.7%	(0.7)	(2.3)	8.7
Canada & N.A. Foodservice	1,141	—	—	(83)	1,058	11.8%	4.0%	4.0	(2.6)	2.6
North America	\$ 6,175	\$ —	\$ (1)	\$ (83)	\$ 6,091	6.8%	5.9%	(1.2)	0.1	7.0
Europe	2,521	(72)	(624)	(236)	1,589	55.0%	2.8%	(3.4)	1.9	4.3
Developing Markets	2,108	(5)	(244)	(169)	1,690	46.2%	17.5%	1.7	4.2	11.6
Kraft Foods	\$ 10,804	\$ (77)	\$ (869)	\$ (488)	\$ 9,370	22.1%	7.3%	(1.0)pp	1.1pp	7.2pp
2007 Reconciliation										
U.S. Beverages	\$ 788	\$ (25)	\$ —	\$ —	\$ 763					
U.S. Cheese	884	—	—	—	884					
U.S. Convenient Meals	1,012	—	—	—	1,012					
U.S. Grocery	873	—	—	—	873					
U.S. Snacks	1,202	—	—	—	1,202					
Canada & N.A. Foodservice	1,021	(4)	—	—	1,017					
North America	\$ 5,780	\$ (29)	\$ —	\$ —	\$ 5,751					
Europe	1,626	(81)	—	—	1,545					
Developing Markets	1,442	(4)	—	—	1,438					
Kraft Foods	\$ 8,848	\$ (114)	\$ —	\$ —	\$ 8,734					

Kraft Foods Inc. and Subsidiaries
Reconciliation of GAAP to Non-GAAP Information
Net Revenues

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

	As Restated (GAAP)	Impact of Divestitures	Impact of Acquisitions	Impact of Currency	Organic (Non- GAAP)	% Change		Organic Growth Drivers		
						As Restated (GAAP)	Organic (Non- GAAP)	Volume	Mix	Price
2008 Reconciliation										
U.S. Beverages	\$ 772	\$ —	\$ —	\$ —	\$ 772	(0.6)%	2.4%	(12.6)pp	10.1pp	4.9pp
U.S. Cheese	957	—	—	—	957	8.8%	8.8%	(1.3)	1.2	8.9
U.S. Convenient Meals	1,032	—	—	—	1,032	7.5%	7.5%	2.7	2.9	1.9
U.S. Grocery	792	—	—	—	792	1.4%	1.4%	(4.3)	1.5	4.2
U.S. Snacks	1,190	—	(5)	—	1,185	2.7%	3.0%	1.1	(0.3)	2.2
Canada & N.A. Foodservice	1,029	—	—	(86)	943	15.9%	6.8%	3.0	(0.1)	3.9
North America	\$ 5,772	\$ —	\$ (5)	\$ (86)	\$ 5,681	6.0%	5.0%	(2.6)	3.4	4.2
Europe	2,380	(85)	(493)	(186)	1,616	53.3%	9.0%	5.1	2.1	1.8
Developing Markets	1,894	(4)	(208)	(139)	1,543	49.4%	22.0%	8.6	5.3	8.1
Kraft Foods	\$ 10,046	\$ (89)	\$ (706)	\$ (411)	\$ 8,840	21.5%	8.4%	0.2pp	3.9pp	4.3pp
2007 Reconciliation										
U.S. Beverages	\$ 777	\$ (23)	\$ —	\$ —	\$ 754					
U.S. Cheese	880	—	—	—	880					
U.S. Convenient Meals	960	—	—	—	960					
U.S. Grocery	781	—	—	—	781					
U.S. Snacks	1,159	(9)	—	—	1,150					
Canada & N.A. Foodservice	888	(5)	—	—	883					
North America	\$ 5,445	\$ (37)	\$ —	\$ —	\$ 5,408					
Europe	1,553	(70)	—	—	1,483					
Developing Markets	1,268	(3)	—	—	1,265					
Kraft Foods	\$ 8,266	\$ (110)	\$ —	\$ —	\$ 8,156					

Kraft Foods Inc. and Subsidiaries
Reconciliation of GAAP to Non-GAAP Information
Net Revenues

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

	As Restated (GAAP)	Impact of Divestitures	Impact of Acquisitions	Impact of Currency	Organic (Non- GAAP)	% Change		Organic Growth Drivers		
						As Restated (GAAP)	Organic (Non- GAAP)	Volume	Mix	Price
2007 Reconciliation										
U.S. Beverages	\$ 2,990	\$ (72)	\$ —	\$ —	\$ 2,918	3.6%	5.2%	1.8pp	2.5pp	0.9pp
U.S. Cheese	3,745	—	—	—	3,745	5.7%	5.7%	0.2	0.8	4.7
U.S. Convenient Meals	3,905	—	—	—	3,905	5.6%	5.6%	3.4	1.6	0.6
U.S. Grocery	3,277	—	—	—	3,277	1.6%	3.5%	(0.6)	2.1	2.0
U.S. Snacks	4,879	(9)	—	—	4,870	0.9%	3.5%	1.6	2.0	(0.1)
Canada & N.A. Foodservice	4,080	(15)	—	(113)	3,952	5.3%	3.9%	(0.3)	0.3	3.9
North America	\$ 22,876	\$ (96)	\$ —	\$ (113)	\$ 22,667	3.7%	4.5%	1.0	1.6	1.9
Europe	7,007	(323)	(226)	(571)	5,887	18.9%	3.3%	3.1	2.0	(1.8)
Developing Markets	5,975	(15)	(7)	(330)	5,623	18.0%	11.3%	4.2	2.6	4.5
Kraft Foods	\$ 35,858	\$ (434)	\$ (233)	\$ (1,014)	\$ 34,177	8.6%	5.4%	1.8pp	1.9pp	1.7pp
2006 Reconciliation										
U.S. Beverages	\$ 2,886	\$ (112)	\$ —	\$ —	\$ 2,774					
U.S. Cheese	3,544	—	—	—	3,544					
U.S. Convenient Meals	3,697	—	—	—	3,697					
U.S. Grocery	3,225	(59)	—	—	3,166					
U.S. Snacks	4,834	(127)	—	—	4,707					
Canada & N.A. Foodservice	3,874	(71)	—	—	3,803					
North America	\$ 22,060	\$ (369)	\$ —	\$ —	\$ 21,691					
Europe	5,894	(196)	—	—	5,698					
Developing Markets	5,064	(13)	—	—	5,051					
Kraft Foods	\$ 33,018	\$ (578)	\$ —	\$ —	\$ 32,440					

Kraft Foods Inc. and Subsidiaries
Reconciliation of GAAP to Non-GAAP Information
Operating Income
For the Twelve Months Ended December 31,
(\$ in millions) (Unaudited)

	As Restated (GAAP)	Asset Impairment, Exit and Implementation Costs - Restructuring	Asset Impairments / Other Expenses - Non-Restructuring	(Gains) / Losses on Divestitures, net	Excluding Items (Non- GAAP)	% Change	
						As Restated (GAAP)	Excluding Items (Non- GAAP)
2008 Reconciliation							
U.S. Beverages	\$ 381	\$ 65	\$ —	\$ 1	\$ 447	10.1%	(8.6)%
U.S. Cheese	563	36	—	—	599	15.6%	5.8%
U.S. Convenient Meals	339	40	—	—	379	6.3%	7.7%
U.S. Grocery	1,009	46	—	—	1,055	(1.3)%	(0.1)%
U.S. Snacks	638	75	—	—	713	(10.9)%	(2.2)%
Canada & N.A. Foodservice	448	113	—	—	561	1.1%	12.2%
North America	\$ 3,378	\$ 375	\$ —	\$ 1	\$ 3,754	1.4%	1.7%
Europe	182	474	100	91	847	(60.0)%	37.3%
Developing Markets	815	140	51	—	1,006	38.6%	59.7%
Unrealized G/(L) on Hedging Activities	(205)	—	—	—	(205)	(100.0+)%	(100.0+)%
Corporate Items	(327)	—	72	—	(255)	(51.4)%	(18.1)%
Kraft Foods	\$ 3,843	\$ 989	\$ 223	\$ 92	\$ 5,147	(8.0)%	8.6%
2007 Reconciliation							
U.S. Beverages	\$ 346	\$ 17	\$ 120	\$ 6	\$ 489		
U.S. Cheese	487	79	—	—	566		
U.S. Convenient Meals	319	33	—	—	352		
U.S. Grocery	1,022	34	—	—	1,056		
U.S. Snacks	716	25	—	(12)	729		
Canada & N.A. Foodservice	443	57	—	—	500		
North America	\$ 3,333	\$ 245	\$ 120	\$ (6)	\$ 3,692		
Europe	455	152	10	—	617		
Developing Markets	588	50	—	(8)	630		
Unrealized G/(L) on Hedging Activities	16	—	—	—	16		
Corporate Items	(216)	—	—	—	(216)		
Kraft Foods	\$ 4,176	\$ 447	\$ 130	\$ (14)	\$ 4,739		

Kraft Foods Inc. and Subsidiaries
Reconciliation of GAAP to Non-GAAP Information
Operating Income
For the Three Months Ended December 31,
(\$ in millions) (Unaudited)

	As Restated (GAAP)	Asset Impairment, Exit and Implementation Costs - Restructuring	Asset Impairments / Other Expenses - Non-Restructuring	(Gains) / Losses on Divestitures, net	Excluding Items (Non- GAAP)	% Change	
						As Restated (GAAP)	Excluding Items (Non- GAAP)
2008 Reconciliation							
U.S. Beverages	\$ 18	\$ 23	\$ —	\$ —	\$ 41	(76.6)%	(52.9)%
U.S. Cheese	190	21	—	—	211	36.7%	37.0%
U.S. Convenient Meals	64	23	—	—	87	16.4%	38.1%
U.S. Grocery	228	39	—	—	267	(17.7)%	(5.7)%
U.S. Snacks	106	64	—	—	170	(40.4)%	(7.1)%
Canada & N.A. Foodservice	57	61	—	—	118	(45.7)%	(18.6)%
North America	\$ 663	\$ 231	\$ —	\$ —	\$ 894	(20.2)%	(2.3)%
Europe	(166)	358	39	(1)	230	(100.0+)%	17.9%
Developing Markets	100	91	51	—	242	(38.3)%	36.7%
Unrealized G/(L) on Hedging Activities	(167)	—	—	—	(167)	(100.0+)%	(100.0+)%
Corporate Items	(100)	—	17	—	(83)	(42.9)%	(18.6)%
Kraft Foods	\$ 330	\$ 680	\$ 107	\$ (1)	\$ 1,116	(69.7)%	(9.0)%
2007 Reconciliation							
U.S. Beverages	\$ 77	\$ 4	\$ —	\$ 6	\$ 87		
U.S. Cheese	139	15	—	—	154		
U.S. Convenient Meals	55	8	—	—	63		
U.S. Grocery	277	6	—	—	283		
U.S. Snacks	178	5	—	—	183		
Canada & N.A. Foodservice	105	40	—	—	145		
North America	\$ 831	\$ 78	\$ —	\$ 6	\$ 915		
Europe	156	29	10	—	195		
Developing Markets	162	15	—	—	177		
Unrealized G/(L) on Hedging Activities	10	—	—	—	10		
Corporate Items	(70)	—	—	—	(70)		
Kraft Foods	\$ 1,089	\$ 122	\$ 10	\$ 6	\$ 1,227		

Kraft Foods Inc. and Subsidiaries
Reconciliation of GAAP to Non-GAAP Information
Operating Income
For the Three Months Ended September 30,
(\$ in millions) (Unaudited)

	As Restated (GAAP)	Asset Impairment, Exit and Implementation Costs - Restructuring	Asset Impairments / Other Expenses - Non-Restructuring	(Gains) / Losses on Divestitures, net	Excluding Items (Non- GAAP)	% Change	
						As Restated (GAAP)	Excluding Items (Non- GAAP)
2008 Reconciliation							
U.S. Beverages	\$ 83	\$ 26	\$ —	\$ 1	\$ 110	100.0%	(6.0)%
U.S. Cheese	148	1	—	—	149	59.1%	44.7%
U.S. Convenient Meals	79	7	—	—	86	1.3%	(1.1)%
U.S. Grocery	236	(2)	—	—	234	6.3%	2.2%
U.S. Snacks	190	2	—	—	192	3.8%	1.1%
Canada & N.A. Foodservice	153	12	—	—	165	14.2%	18.7%
North America	\$ 889	\$ 46	\$ —	\$ 1	\$ 936	26.6%	8.2%
Europe	115	35	57	—	207	11.7%	63.0%
Developing Markets	279	9	—	—	288	76.6%	68.4%
Unrealized G/(L) on Hedging Activities	(141)	—	—	—	(141)	(100.0+)%	(100.0+)%
Corporate Items	(119)	—	55	—	(64)	(100.0+)%	(30.6)%
Kraft Foods	\$ 1,023	\$ 90	\$ 112	\$ 1	\$ 1,226	12.7%	10.6%
2007 Reconciliation							
U.S. Beverages	\$ (8)	\$ 5	\$ 120	\$ —	\$ 117		
U.S. Cheese	93	10	—	—	103		
U.S. Convenient Meals	78	9	—	—	87		
U.S. Grocery	222	7	—	—	229		
U.S. Snacks	183	7	—	—	190		
Canada & N.A. Foodservice	134	5	—	—	139		
North America	\$ 702	\$ 43	\$ 120	\$ —	\$ 865		
Europe	103	24	—	—	127		
Developing Markets	158	13	—	—	171		
Unrealized G/(L) on Hedging Activities	(6)	—	—	—	(6)		
Corporate Items	(49)	—	—	—	(49)		
Kraft Foods	\$ 908	\$ 80	\$ 120	\$ —	\$ 1,108		

Kraft Foods Inc. and Subsidiaries
Reconciliation of GAAP to Non-GAAP Information
Operating Income
For the Three Months Ended June 30,
(\$ in millions) (Unaudited)

	As Restated (GAAP)	Asset Impairment, Exit and Implementation Costs - Restructuring	Asset Impairments / Other Expenses - Non-Restructuring	(Gains) / Losses on Divestitures, net	Excluding Items (Non- GAAP)	% Change	
						As Restated (GAAP)	Excluding Items (Non- GAAP)
2008 Reconciliation							
U.S. Beverages	\$ 135	\$ 8	\$ —	\$ —	\$ 143	2.3%	5.1%
U.S. Cheese	143	2	—	—	145	37.5%	(2.0)%
U.S. Convenient Meals	103	1	—	—	104	9.6%	5.1%
U.S. Grocery	306	4	—	—	310	10.9%	6.5%
U.S. Snacks	222	3	—	—	225	26.1%	23.6%
Canada & N.A. Foodservice	131	29	—	—	160	11.0%	29.0%
North America	\$ 1,040	\$ 47	\$ —	\$ —	\$ 1,087	15.6%	10.9%
Europe	109	43	1	74	227	9.0%	40.1%
Developing Markets	246	31	—	—	277	57.7%	69.9%
Unrealized G/(L) on Hedging Activities	78	—	—	—	78	100.0+%	100.0+%
Corporate Items	(50)	—	—	—	(50)	(8.7)%	(8.7)%
Kraft Foods	\$ 1,423	\$ 121	\$ 1	\$ 74	\$ 1,619	27.7%	28.2%
2007 Reconciliation							
U.S. Beverages	\$ 132	\$ 4	\$ —	\$ —	\$ 136		
U.S. Cheese	104	44	—	—	148		
U.S. Convenient Meals	94	5	—	—	99		
U.S. Grocery	276	15	—	—	291		
U.S. Snacks	176	6	—	—	182		
Canada & N.A. Foodservice	118	6	—	—	124		
North America	\$ 900	\$ 80	\$ —	\$ —	\$ 980		
Europe	100	62	—	—	162		
Developing Markets	156	15	—	(8)	163		
Unrealized G/(L) on Hedging Activities	4	—	—	—	4		
Corporate Items	(46)	—	—	—	(46)		
Kraft Foods	\$ 1,114	\$ 157	\$ —	\$ (8)	\$ 1,263		

Kraft Foods Inc. and Subsidiaries
Reconciliation of GAAP to Non-GAAP Information
Operating Income
For the Three Months Ended March 31,
(\$ in millions) (Unaudited)

	As Restated (GAAP)	Asset Impairment, Exit and Implementation Costs - Restructuring	Asset Impairments / Other Expenses - Non-Restructuring	(Gains) / Losses on Divestitures, net	Excluding Items (Non- GAAP)	% Change	
						As Restated (GAAP)	Excluding Items (Non- GAAP)
2008 Reconciliation							
U.S. Beverages	\$ 145	\$ 8	\$ —	\$ —	\$ 153	0.0%	2.7%
U.S. Cheese	82	12	—	—	94	(45.7)%	(41.6)%
U.S. Convenient Meals	93	9	—	—	102	1.1%	(1.0)%
U.S. Grocery	239	5	—	—	244	(3.2)%	(3.6)%
U.S. Snacks	120	6	—	—	126	(33.0)%	(27.6)%
Canada & N.A. Foodservice	107	11	—	—	118	24.4%	28.3%
North America	\$ 786	\$ 51	\$ —	\$ —	\$ 837	(12.7)%	(10.2)%
Europe	124	38	3	18	183	29.2%	37.6%
Developing Markets	190	9	—	—	199	69.6%	67.2%
Unrealized G/(L) on Hedging Activities	25	—	—	—	25	100.0+%	100.0+%
Corporate Items	(58)	—	—	—	(58)	(13.7)%	(13.7)%
Kraft Foods	\$ 1,067	\$ 98	\$ 3	\$ 18	\$ 1,186	0.2%	3.9%
2007 Reconciliation							
U.S. Beverages	\$ 145	\$ 4	\$ —	\$ —	\$ 149		
U.S. Cheese	151	10	—	—	161		
U.S. Convenient Meals	92	11	—	—	103		
U.S. Grocery	247	6	—	—	253		
U.S. Snacks	179	7	—	(12)	174		
Canada & N.A. Foodservice	86	6	—	—	92		
North America	\$ 900	\$ 44	\$ —	\$ (12)	\$ 932		
Europe	96	37	—	—	133		
Developing Markets	112	7	—	—	119		
Unrealized G/(L) on Hedging Activities	8	—	—	—	8		
Corporate Items	(51)	—	—	—	(51)		
Kraft Foods	\$ 1,065	\$ 88	\$ —	\$ (12)	\$ 1,141		

Kraft Foods Inc. and Subsidiaries
Reconciliation of GAAP to Non-GAAP Information
Operating Income
For the Twelve Months Ended December 31,
(\$ in millions) (Unaudited)

	As Restated (GAAP)	Asset Impairment, Exit and Implementation Costs - Restructuring	Asset Impairments / Other Expenses - Non-Restructuring	(Gains) / Losses on Divestitures, net	Excluding Items (Non- GAAP)	% Change	
						As Restated (GAAP)	Excluding Items (Non- GAAP)
2007 Reconciliation							
U.S. Beverages	\$ 346	\$ 17	\$ 120	\$ 6	\$ 489	53.1%	16.2%
U.S. Cheese	487	79	—	—	566	(19.4)%	(18.7)%
U.S. Convenient Meals	319	33	—	—	352	(9.6)%	(20.9)%
U.S. Grocery	1,022	34	—	—	1,056	(18.9)%	(2.4)%
U.S. Snacks	716	25	—	(12)	729	37.4%	(0.8)%
Canada & N.A. Foodservice	443	57	—	—	500	1.8%	4.0%
North America	\$ 3,333	\$ 245	\$ 120	\$ (6)	\$ 3,692	(1.9)%	(4.4)%
Europe	455	152	10	—	617	(1.5)%	(2.7)%
Developing Markets	588	50	—	(8)	630	20.5%	8.4%
Unrealized G/(L) on Hedging Activities	16	—	—	—	16	100.0%	100.0%
Corporate Items	(216)	—	—	—	(216)	(13.1)%	(13.1)%
Kraft Foods	\$ 4,176	\$ 447	\$ 130	\$ (14)	\$ 4,739	0.4%	(3.0)%
2006 Reconciliation							
U.S. Beverages	\$ 226	\$ 25	\$ 75	\$ 95	\$ 421		
U.S. Cheese	604	92	—	—	696		
U.S. Convenient Meals	353	92	—	—	445		
U.S. Grocery	1,260	49	—	(227)	1,082		
U.S. Snacks	521	40	168	6	735		
Canada & N.A. Foodservice	435	37	—	9	481		
North America	\$ 3,399	\$ 335	\$ 243	\$ (117)	\$ 3,860		
Europe	462	253	170	(251)	634		
Developing Markets	488	82	11	—	581		
Unrealized G/(L) on Hedging Activities	—	—	—	—	—		
Corporate Items	(191)	—	—	—	(191)		
Kraft Foods	\$ 4,158	\$ 670	\$ 424	\$ (368)	\$ 4,884		

Kraft Foods Inc. and Subsidiaries
Consolidated Statements of Earnings
For the Twelve Months Ended December 31, 2008
(in millions, except share data) (Unaudited)

	As Reported	Restatements					As Restated
		Excise Tax	LIFO	Cost Assignment Methodology Change	Adoption of FAS No. 160	Adoption of FSP EITF 03-6-1	
Net revenues	\$ 42,201	\$ (269)	\$—	\$ —	\$ —	\$ —	\$ 41,932
Cost of sales	28,186	(269)	(17)	188	—	—	28,088
Gross profit	14,015	—	17	(188)	—	—	13,844
Marketing, administration & research costs	9,059	—	—	(188)	(9)	—	8,862
Asset impairment and exit costs	1,024	—	—	—	—	—	1,024
Losses / (gains) on divestitures, net	92	—	—	—	—	—	92
Amortization of intangibles	23	—	—	—	—	—	23
Operating income	3,817	—	17	—	9	—	3,843
Interest & other expense, net	1,240	—	—	—	—	—	1,240
Earnings from continuing operations before income taxes	2,577	—	17	—	9	—	2,603
Provision for income taxes	728	—	27	—	—	—	755
Effective tax rate	28.2%						29.0%
Earnings from continuing operations	1,849	—	(10)	—	9	—	1,848
Earnings and gain from discontinued operations, net of income taxes	1,052	—	(7)	—	—	—	1,045
Net earnings	2,901	—	(17)	—	9	—	2,893
Noncontrolling interest	—	—	—	—	9	—	9
Net earnings attributable to Kraft Foods	<u>\$ 2,901</u>	<u>\$ —</u>	<u>\$ (17)</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 2,884</u>
Earnings share:							
Basic							
- Continuing operations	\$ 1.24						\$ 1.23
- Discontinued operations	0.71						0.69
- Noncontrolling interest	—						—
- Net earnings attributable to Kraft Foods	<u>\$ 1.95</u>						<u>\$ 1.92</u>
Diluted							
- Continuing operations	\$ 1.22						\$ 1.22
- Discontinued operations	0.70						0.69
- Noncontrolling interest	—						(0.01)
- Net earnings attributable to Kraft Foods	<u>\$ 1.92</u>						<u>\$ 1.90</u>
Average shares outstanding:							
Basic	1,491	—	—	—	—	14	1,505
Diluted	1,510	—	—	—	—	5	1,515

Kraft Foods Inc. and Subsidiaries
Consolidated Statements of Earnings
For the Three Months Ended December 31, 2008
(in millions, except share data) (Unaudited)

	As Reported	Restatements					As Restated*
		Excise Tax	LIFO	Cost Assignment Methodology Change	Adoption of FAS No. 160	Adoption of FSP EITF 03-6-1	
Net revenues	\$ 10,767	\$ (86)	\$—	\$ —	\$ —	\$ —	\$ 10,681
Cost of sales	7,373	(86)	(25)	49	—	—	7,311
Gross profit	3,394	—	25	(49)	—	—	3,370
Marketing, administration & research costs	2,370	—	—	(49)	(2)	—	2,318
Asset impairment and exit costs	718	—	—	—	—	—	718
Losses / (gains) on divestitures, net	(1)	—	—	—	—	—	(1)
Amortization of intangibles	5	—	—	—	—	—	5
Operating income	302	—	25	—	2	—	330
Interest & other expense, net	306	—	—	—	—	—	306
Earnings from continuing operations before income taxes	(4)	—	25	—	2	—	24
Provision for income taxes	(90)	—	11	—	—	—	(79)
Effective tax rate	n / m						n / m
Earnings from continuing operations	86	—	14	—	2	—	103
Earnings and gain from discontinued operations, net of income taxes	77	—	—	—	—	—	77
Net earnings	163	—	14	—	2	—	180
Noncontrolling interest	—	—	—	—	2	—	2
Net earnings attributable to Kraft Foods	\$ 163	\$ —	\$ 14	\$ —	\$ —	\$ —	\$ 178
Earnings share:							
Basic							
- Continuing operations	\$ 0.06						\$ 0.07
- Discontinued operations	0.05						0.05
- Noncontrolling interest	—						—
- Net earnings attributable to Kraft Foods	\$ 0.11						\$ 0.12
Diluted							
- Continuing operations	\$ 0.06						\$ 0.07
- Discontinued operations	0.05						0.05
- Noncontrolling interest	—						—
- Net earnings attributable to Kraft Foods	\$ 0.11						\$ 0.12
Average shares outstanding:							
Basic	1,460	—	—	—	—	14	1,474
Diluted	1,476	—	—	—	—	5	1,481

* Rows may not add across due to rounding.

Kraft Foods Inc. and Subsidiaries
Consolidated Statements of Earnings
For the Three Months Ended September 30, 2008
(in millions, except share data) (Unaudited)

	<u>As Reported</u>	<u>Restatements</u>					<u>As Restated*</u>
		<u>Excise Tax</u>	<u>LIFO</u>	<u>Cost Assignment Methodology Change</u>	<u>Adoption of FAS No. 160</u>	<u>Adoption of FSP EITF 03-6-1</u>	
Net revenues	\$ 10,462	\$ (61)	\$—	\$ —	\$ —	\$ —	\$ 10,401
Cost of sales	7,096	(61)	17	44	—	—	7,096
Gross profit	3,366	—	(17)	(44)	—	—	3,305
Marketing, administration & research costs	2,199	—	—	(44)	(3)	—	2,151
Asset impairment and exit costs	123	—	—	—	—	—	123
Losses / (gains) on divestitures, net	1	—	—	—	—	—	1
Amortization of intangibles	7	—	—	—	—	—	7
Operating income	1,036	—	(17)	—	3	—	1,023
Interest & other expense, net	298	—	—	—	—	—	298
Earnings from continuing operations before income taxes	738	—	(17)	—	3	—	725
Provision for income taxes	192	—	13	—	—	—	205
Effective tax rate	26.0%						28.3%
Earnings from continuing operations	546	—	(30)	—	3	—	520
Earnings and gain from discontinued operations, net of income taxes	852	—	(7)	—	—	—	845
Net earnings	1,398	—	(37)	—	3	—	1,365
Noncontrolling interest	—	—	—	—	3	—	3
Net earnings attributable to Kraft Foods	<u>\$ 1,398</u>	<u>\$ —</u>	<u>\$ (37)</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 1,362</u>
Earnings share:							
Basic							
- Continuing operations	\$ 0.37						\$ 0.35
- Discontinued operations	0.58						0.57
- Noncontrolling interest	—						(0.01)
- Net earnings attributable to Kraft Foods	<u>\$ 0.95</u>						<u>\$ 0.91</u>
Diluted							
- Continuing operations	\$ 0.36						\$ 0.35
- Discontinued operations	0.57						0.56
- Noncontrolling interest	—						—
- Net earnings attributable to Kraft Foods	<u>\$ 0.93</u>						<u>\$ 0.91</u>
Average shares outstanding:							
Basic	1,479	—	—	—	—	14	1,493
Diluted	1,496	—	—	—	—	7	1,503

* Rows may not add across due to rounding.

Kraft Foods Inc. and Subsidiaries
Consolidated Statements of Earnings
For the Three Months Ended June 30, 2008
(in millions, except share data) (Unaudited)

	<u>As Reported</u>	<u>Restatements</u>					<u>As Restated*</u>
		<u>Excise Tax</u>	<u>LIFO</u>	<u>Cost Assignment Methodology Change</u>	<u>Adoption of FAS No. 160</u>	<u>Adoption of FSP EITF 03-6-1</u>	
Net revenues	\$ 10,870	\$ (66)	\$—	\$ —	\$ —	\$ —	\$ 10,804
Cost of sales	6,976	(66)	(22)	48	—	—	6,936
Gross profit	3,894	—	22	(48)	—	—	3,868
Marketing, administration & research costs	2,313	—	—	(48)	(2)	—	2,264
Asset impairment and exit costs	103	—	—	—	—	—	103
Losses / (gains) on divestitures, net	74	—	—	—	—	—	74
Amortization of intangibles	4	—	—	—	—	—	4
Operating income	1,400	—	22	—	2	—	1,423
Interest & other expense, net	331	—	—	—	—	—	331
Earnings from continuing operations before income taxes	1,069	—	22	—	2	—	1,092
Provision for income taxes	405	—	9	—	—	—	414
Effective tax rate	37.9%						37.9%
Earnings from continuing operations	664	—	13	—	2	—	678
Earnings and gain from discontinued operations, net of income taxes	68	—	1	—	—	—	69
Net earnings	732	—	14	—	2	—	747
Noncontrolling interest	—	—	—	—	2	—	2
Net earnings attributable to Kraft Foods	<u>\$ 732</u>	<u>\$ —</u>	<u>\$ 14</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 745</u>
Earnings share:							
Basic							
- Continuing operations	\$ 0.44						\$ 0.45
- Discontinued operations	0.05						0.05
- Noncontrolling interest	—						(0.01)
- Net earnings attributable to Kraft Foods	<u>\$ 0.49</u>						<u>\$ 0.49</u>
Diluted							
- Continuing operations	\$ 0.44						\$ 0.44
- Discontinued operations	0.04						0.05
- Noncontrolling interest	—						—
- Net earnings attributable to Kraft Foods	<u>\$ 0.48</u>						<u>\$ 0.49</u>
Average shares outstanding:							
Basic	1,508	—	—	—	—	14	1,522
Diluted	1,524	—	—	—	—	8	1,532

* Rows may not add across due to rounding.

Kraft Foods Inc. and Subsidiaries
Consolidated Statements of Earnings
For the Three Months Ended March 31, 2008
(in millions, except share data) (Unaudited)

	<u>As Reported</u>	<u>Restatements</u>					<u>As Restated*</u>
		<u>Excise Tax</u>	<u>LIFO</u>	<u>Cost Assignment Methodology Change</u>	<u>Adoption of FAS No. 160</u>	<u>Adoption of FSP EITF 03-6-1</u>	
Net revenues	\$ 10,102	\$ (56)	\$—	\$ —	\$ —	\$ —	\$ 10,046
Cost of sales	6,741	(56)	13	47	—	—	6,745
Gross profit	3,361	—	(13)	(47)	—	—	3,301
Marketing, administration & research costs	2,177	—	—	(47)	(2)	—	2,129
Asset impairment and exit costs	80	—	—	—	—	—	80
Losses / (gains) on divestitures, net	18	—	—	—	—	—	18
Amortization of intangibles	7	—	—	—	—	—	7
Operating income	1,079	—	(13)	—	2	—	1,067
Interest & other expense, net	305	—	—	—	—	—	305
Earnings from continuing operations before income taxes	774	—	(13)	—	2	—	762
Provision for income taxes	221	—	(6)	—	—	—	215
Effective tax rate	28.6%						28.2%
Earnings from continuing operations	553	—	(7)	—	2	—	547
Earnings and gain from discontinued operations, net of income taxes	55	—	(1)	—	—	—	54
Net earnings	608	—	(8)	—	2	—	601
Noncontrolling interest	—	—	—	—	2	—	2
Net earnings attributable to Kraft Foods	<u>\$ 608</u>	<u>\$ —</u>	<u>\$ (8)</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 599</u>
Earnings share:							
Basic							
- Continuing operations	\$ 0.36						\$ 0.36
- Discontinued operations	0.04						0.04
- Noncontrolling interest	—						(0.01)
- Net earnings attributable to Kraft Foods	<u>\$ 0.40</u>						<u>\$ 0.39</u>
Diluted							
- Continuing operations	\$ 0.36						\$ 0.35
- Discontinued operations	0.04						0.04
- Noncontrolling interest	—						—
- Net earnings attributable to Kraft Foods	<u>\$ 0.40</u>						<u>\$ 0.39</u>
Average shares outstanding:							
Basic	1,518	—	—	—	—	14	1,532
Diluted	1,534	—	—	—	—	8	1,542

* Rows may not add across due to rounding.

Kraft Foods Inc. and Subsidiaries
Consolidated Statements of Earnings
For the Twelve Months Ended December 31, 2007
(in millions, except share data) (Unaudited)

	As Reported	Restatements					As Restated
		Excise Tax	LIFO	Cost Assignment Methodology Change	Adoption of FAS No. 160	Adoption of FSP EITF 03-6-1	
Net revenues	\$ 36,134	\$ (276)	\$ —	\$ —	\$ —	\$ —	\$ 35,858
Cost of sales	24,057	(276)	(208)	83	—	—	23,656
Gross profit	12,077	—	208	(83)	—	—	12,202
Marketing, administration & research costs	7,673	—	—	(83)	(3)	—	7,587
Asset impairment and exit costs	440	—	—	—	—	—	440
Losses / (gains) on divestitures, net	(15)	—	1	—	—	—	(14)
Amortization of intangibles	13	—	—	—	—	—	13
Operating income	3,966	—	207	—	3	—	4,176
Interest & other expense, net	604	—	—	—	—	—	604
Earnings from continuing operations before income taxes	3,362	—	207	—	3	—	3,572
Provision for income taxes	1,002	—	78	—	—	—	1,080
Effective tax rate	29.8%						30.2%
Earnings from continuing operations	2,360	—	129	—	3	—	2,492
Earnings and gain from discontinued operations, net of income taxes	230	—	2	—	—	—	232
Net earnings	2,590	—	131	—	3	—	2,724
Noncontrolling interest	—	—	—	—	3	—	3
Net earnings attributable to Kraft Foods	<u>\$ 2,590</u>	<u>\$ —</u>	<u>\$ 131</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 2,721</u>
Earnings share:							
Basic							
- Continuing operations	\$ 1.50						\$ 1.57
- Discontinued operations	0.14						0.15
- Noncontrolling interest	—						(0.01)
- Net earnings attributable to Kraft Foods	<u>\$ 1.64</u>						<u>\$ 1.71</u>
Diluted							
- Continuing operations	\$ 1.48						\$ 1.56
- Discontinued operations	0.14						0.15
- Noncontrolling interest	—						(0.01)
- Net earnings attributable to Kraft Foods	<u>\$ 1.62</u>						<u>\$ 1.70</u>
Average shares outstanding:							
Basic	1,575	—	—	—	—	16	1,591
Diluted	1,594	—	—	—	—	6	1,600

Kraft Foods Inc. and Subsidiaries
Consolidated Statements of Earnings
For the Twelve Months Ended December 31, 2006
(in millions, except share data) (Unaudited)

	<u>As Reported</u>	<u>Restatements</u>					<u>As Restated</u>
		<u>Excise Tax</u>	<u>LIFO</u>	<u>Cost Assignment Methodology Change</u>	<u>Adoption of FAS No. 160</u>	<u>Adoption of FSP EITF 03-6-1</u>	
Net revenues	\$ 33,256	\$ (238)	\$—	\$ —	\$ —	\$ —	\$ 33,018
Cost of sales	21,344	(238)	1	83	—	—	21,190
Gross profit	11,912	—	(1)	(83)	—	—	11,828
Marketing, administration & research costs	7,120	—	—	(83)	(5)	—	7,032
Asset impairment and exit costs	999	—	—	—	—	—	999
Losses / (gains) on divestitures, net	(368)	—	—	—	—	—	(368)
Amortization of intangibles	7	—	—	—	—	—	7
Operating income	4,154	—	(1)	—	5	—	4,158
Interest & other expense, net	510	—	—	—	—	—	510
Earnings from continuing operations before income taxes	3,644	—	(1)	—	5	—	3,648
Provision for income taxes	816	—	—	—	—	—	816
Effective tax rate	22.4%						22.4%
Earnings from continuing operations	2,828	—	(1)	—	5	—	2,832
Earnings and gain from discontinued operations, net of income taxes	232	—	1	—	—	—	233
Net earnings	3,060	—	—	—	5	—	3,065
Noncontrolling interest	—	—	—	—	5	—	5
Net earnings attributable to Kraft Foods	<u>\$ 3,060</u>	<u>\$ —</u>	<u>\$—</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 3,060</u>
Earnings share:							
Basic							
- Continuing operations	\$ 1.72						\$ 1.71
- Discontinued operations	0.14						0.14
- Noncontrolling interest	—						(0.01)
- Net earnings attributable to Kraft Foods	<u>\$ 1.86</u>						<u>\$ 1.84</u>
Diluted							
- Continuing operations	\$ 1.71						\$ 1.70
- Discontinued operations	0.14						0.14
- Noncontrolling interest	—						—
- Net earnings attributable to Kraft Foods	<u>\$ 1.85</u>						<u>\$ 1.84</u>
Average shares outstanding:							
Basic	1,643	—	—	—	—	16	1,659
Diluted	1,655	—	—	—	—	6	1,661

Kraft Foods Inc. and Subsidiaries
Condensed Consolidated Balance Sheet
At December 31, 2008
(\$ in millions) (Unaudited)

	As Reported	Restatements		As Restated
		LIFO	Adoption of FAS No. 160	
ASSETS				
Cash and cash equivalents	\$ 1,244	\$ —	\$ —	\$ 1,244
Receivables, net	4,704	—	—	4,704
Inventories, net	3,729	152	—	3,881
Deferred income taxes	861	(57)	—	804
Other current assets	828	—	—	828
Total current assets	11,366	95	—	11,461
Property, plant & equipment, net	9,917	—	—	9,917
Goodwill	27,581	—	—	27,581
Intangible assets, net	12,926	—	—	12,926
Prepaid pension assets	56	—	—	56
Other assets	1,232	—	—	1,232
TOTAL ASSETS	\$ 63,078	\$ 95	\$ —	\$ 63,173
LIABILITIES				
Short-term borrowings	\$ 897	\$ —	\$ —	\$ 897
Current portion of long-term debt	765	—	—	765
Accounts payable	3,373	—	—	3,373
Accrued marketing	1,803	—	—	1,803
Accrued employment costs	951	—	—	951
Other current liabilities	3,255	26	—	3,281
Total current liabilities	11,044	26	—	11,070
Long-term debt	18,589	—	—	18,589
Deferred income taxes	4,064	—	—	4,064
Accrued pension costs	2,367	—	—	2,367
Accrued postretirement health care costs	2,678	—	—	2,678
Other liabilities	2,136	—	(61)	2,075
TOTAL LIABILITIES	40,878	26	(61)	40,843
SHAREHOLDERS' EQUITY				
Common stock, no par value	—	—	—	—
Additional paid-in capital	23,563	—	—	23,563
Retained earnings	13,345	69	—	13,414
Accumulated other comprehensive losses	(5,994)	—	—	(5,994)
Noncontrolling interest	—	—	61	61
Treasury stock, at cost	(8,714)	—	—	(8,714)
TOTAL SHAREHOLDERS' EQUITY	22,200	69	61	22,330
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	\$ 63,078	\$ 95	\$ —	\$ 63,173

Kraft Foods Inc. and Subsidiaries
Condensed Consolidated Balance Sheet
At December 31, 2007
(\$ in millions) (Unaudited)

	<u>As Reported</u>	<u>Restatements</u>		<u>As Restated</u>
		<u>LIFO</u>	<u>Adoption of FAS No. 160</u>	
<u>ASSETS</u>				
Cash and cash equivalents	\$ 567	\$ —	\$ —	\$ 567
Receivables, net	5,197	—	—	5,197
Inventories, net	4,096	142	—	4,238
Deferred income taxes	575	(3)	—	572
Other current assets	302	—	—	302
Total current assets	10,737	139	—	10,876
Property, plant & equipment, net	10,778	—	—	10,778
Goodwill	31,193	—	—	31,193
Intangible assets, net	12,200	—	—	12,200
Prepaid pension assets	1,648	—	—	1,648
Other assets	1,437	—	—	1,437
TOTAL ASSETS	\$ 67,993	\$ 139	\$ —	\$ 68,132
<u>LIABILITIES</u>				
Short-term borrowings	\$ 7,385	\$ —	\$ —	\$ 7,385
Current portion of long-term debt	722	—	—	722
Accounts payable	4,065	—	—	4,065
Accrued marketing	1,833	—	—	1,833
Accrued employment costs	913	—	—	913
Other current liabilities	2,168	53	—	2,221
Total current liabilities	17,086	53	—	17,139
Long-term debt	12,902	—	—	12,902
Deferred income taxes	4,876	—	—	4,876
Accrued pension costs	810	—	—	810
Accrued postretirement health care costs	2,846	—	—	2,846
Other liabilities	2,178	—	(38)	2,140
TOTAL LIABILITIES	40,698	53	(38)	40,713
<u>SHAREHOLDERS' EQUITY</u>				
Common stock, no par value	—	—	—	—
Additional paid-in capital	23,445	—	—	23,445
Retained earnings	12,209	86	—	12,295
Accumulated other comprehensive losses	(1,835)	—	—	(1,835)
Noncontrolling interest	—	—	38	38
Treasury stock, at cost	(6,524)	—	—	(6,524)
TOTAL SHAREHOLDERS' EQUITY	27,295	86	38	27,419
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	\$ 67,993	\$ 139	\$ —	\$ 68,132

Kraft Foods Inc. and Subsidiaries
Condensed Consolidated Balance Sheet
At December 31, 2006
(\$ in millions) (Unaudited)

	As Reported	Restatements		As Restated
		LIFO	Adoption of FAS No. 160	
ASSETS				
Cash and cash equivalents	\$ 239	\$ —	\$ —	\$ 239
Receivables, net	3,869	—	—	3,869
Inventories, net	3,506	(70)	—	3,436
Deferred income taxes	387	44	—	431
Other current assets	253	—	—	253
Total current assets	8,254	(26)	—	8,228
Property, plant & equipment, net	9,693	—	—	9,693
Goodwill	25,553	—	—	25,553
Intangible assets, net	10,177	—	—	10,177
Prepaid pension assets	1,168	—	—	1,168
Other assets	729	—	—	729
TOTAL ASSETS	\$ 55,574	\$ (26)	\$ —	\$ 55,548
LIABILITIES				
Short-term borrowings	\$ 1,715	\$ —	\$ —	\$ 1,715
Current portion of long-term debt	1,418	—	—	1,418
Due to Altria Group, Inc. and affiliates	607	—	—	607
Accounts payable	2,602	—	—	2,602
Accrued marketing	1,626	—	—	1,626
Accrued employment costs	750	—	—	750
Other current liabilities	1,755	19	—	1,774
Total current liabilities	10,473	19	—	10,492
Long-term debt	7,081	—	—	7,081
Deferred income taxes	3,930	—	—	3,930
Accrued pension costs	1,022	—	—	1,022
Accrued postretirement health care costs	3,014	—	—	3,014
Other liabilities	1,499	—	(26)	1,473
TOTAL LIABILITIES	27,019	19	(26)	27,012
SHAREHOLDERS' EQUITY				
Common stock, no par value	—	—	—	—
Additional paid-in capital	23,626	—	—	23,626
Retained earnings	11,128	(45)	—	11,083
Accumulated other comprehensive losses	(3,069)	—	—	(3,069)
Noncontrolling interest	—	—	26	26
Treasury stock, at cost	(3,130)	—	—	(3,130)
TOTAL SHAREHOLDERS' EQUITY	28,555	(45)	26	28,536
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	\$ 55,574	\$ (26)	\$ —	\$ 55,548