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): November 3, 2009

KRAFT FOODS INC.
(Exact name of registrant as specified in its charter)

Virginia	1-16483	52-2284372
(State or other jurisdiction of incorporation)	(Commission File Number)	(I.R.S. Employer Identification No.)

Three Lakes Drive, Northfield, Illinois	60093-2753
(Address of Principal executive offices)	(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))

Item 2.02. Results of Operations and Financial Condition.

This information shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), or incorporated by reference in any filing under the Securities Act of 1933, as amended (the "Securities Act"), or the Exchange Act, except as shall be expressly set forth by specific reference in that filing.

On November 3, 2009, Kraft Foods Inc., a Virginia corporation, issued a press release announcing earnings for the third quarter ended September 30, 2009. A copy of the earnings press release is furnished as Exhibit 99.1 to this report.

We report our financial results in accordance with accounting principles generally accepted in the United States ("GAAP").
Our top-line guidance measure is organic net revenues, which excludes the impact of acquisitions, divestitures and currency. We use organic net revenues and corresponding growth ratios as non-GAAP financial measures. Management believes this measure better reflects revenues on a going-forward basis and provides improved comparability of results because it excludes the volatility of currency, and the one-time impacts of acquisitions and divestitures from net revenues.

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 are 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 costs), general corporate expenses (which are a component of marketing, administration and research costs) and amortization of intangibles for all periods presented. In 2009, we began excluding certain components of our U.S. pension plan cost from segment operating income because we centrally manage pension plan funding decisions and determination of discount rate, expected rate of return on plan assets and other actuarial assumptions. Therefore, we 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 to provide better transparency of our segment operating results. Once realized, the gains and losses on hedging activities are recorded within segment operating results. Accordingly, we do not present these items by segment because they are excluded from the segment profitability measure that management reviews.

Our five-year Restructuring Program, which ended in 2008, included asset impairment, exit and implementation costs. However, even though implementation costs are directly attributable to exit costs, they do not qualify for exit cost treatment under U.S. GAAP. Management believes this disclosure of implementation costs provides better transparency into the total costs of our Restructuring Program.

We use discretionary cash flow as our primary cash flow metric because it represents the controllable cash flows from operations. We define discretionary cash flow as cash flow from operations less capital expenditures plus voluntary pension contributions. Management believes discretionary cash flow shows the financial health of, and how efficiently we are running, the company.

See the schedules attached to our earnings release for supplemental financial data and corresponding reconciliations of the non-GAAP financial measures referred to above to the most comparable GAAP financial measures for the quarters ended September 30, 2009 and 2008. You should view non-GAAP financial measures in addition to, and not as an alternative for, our results prepared in accordance with GAAP. In addition, the non-GAAP measures we use may differ from non-GAAP measures used by other companies. Because GAAP financial measures on a forward-looking basis are neither accessible nor deemed to be significantly different from the non-GAAP financial measures, and reconciling information is not available without unreasonable effort, with regard to the non-GAAP financial measures in our 2009 Outlook, we have not provided that information.

Item 7.01 Regulation FD Disclosure

This information shall not be deemed "filed" for purposes of Section 18 of the Exchange Act, or incorporated by reference in any filing under the Securities Act or the Exchange Act, except as shall be expressly set forth by specific reference in that filing.

On November 3, 2009, our independent registered accounting firm, PricewaterhouseCoopers LLP, delivered to us an interim results report in respect of the condensed consolidated financial statements for the three and nine month periods ended September 30, 2009 and a report on our profit forecasts. These reports were prepared at our request to meet our obligations under The City Code on Takeovers and Mergers (the "Takeover Code") issued by The Panel on Takeovers and Mergers in connection with our possible combination with Cadbury plc. Copies of the interim results report and the related financial information for the three and nine month periods ended September 30, 2009 are furnished as Exhibits 99.2 and 99.3 to this report. A copy of our profit forecasts, the bases and assumptions for the profit forecasts and the report delivered by PricewaterhouseCoopers LLP are furnished as Exhibits 99.5 and 99.6 to this report.

On November 3, 2009, Lazard & Co., Limited, Centerview Partners UK LLP, Citigroup Global Markets Limited and Deutsche Bank AG, London Branch (together, the "Financial Advisors") delivered to us a report on our profit forecasts and a report on the unaudited profit figures, contained within the condensed consolidated financial statements for the three and nine month periods ended September 30, 2009. These reports were prepared at our request to enable us to meet our obligations under the Takeover Code in connection with the possible combination with Cadbury plc. Copies of the Financial Advisors' reports are furnished as Exhibits 99.4 and 99.7 to this report.

Item 9.01. Financial Statements and Exhibits.

(d) The following exhibits are being furnished with this Current Report on Form 8-K.

Exhibit Number	Description
99.1	Kraft Foods Inc. Press Release, dated November 3, 2009.
99.2	Condensed Consolidated Financial Statements for the Three and Nine Month Periods Ended September 30, 2009.
99.3	Independent Review Report to Kraft Foods Inc. of PricewaterhouseCoopers LLP dated November 3, 2009.
99.4	Report by the Financial Advisers to Kraft Foods Inc. in connection with the unaudited profit figures contained within the unaudited condensed consolidated financial statements for the three and nine months ended 30 September 2009, dated November 3, 2009.
99.5	Profit Forecast including Bases and Assumptions.
99.6	Report of Reporting Accountant, PricewaterhouseCoopers LLP, dated November 3, 2009.
99.7	Report on profit forecasts by Kraft Foods Inc. of the Financial Advisors dated November 3, 2009.

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: November 3, 2009	KRAFT FOODS INC.
	/S/ TIMOTHY R. MCLEVISH
	Name: Timothy R. McLevish
	Title: Executive Vice President and Chief Financial Officer

Exhibit 99.1

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KRAFT FOODS REPORTS Q3 EPS FROM CONTINUING OPERATIONS UP 62% TO $0.55; RAISES 2009 EPS AND CASH FLOW GUIDANCE

- *Net revenues declined 5.7% due to currency; organic net revenues[1] up 0.5%*
- *Operating income increased 38.7%; margin expanded 470 basis points*
- *2009 diluted EPS guidance raised to at least $1.97 from at least $1.93[2]*
- *Discretionary cash flow[1] outlook raised to at least $3 billion from $2.6 billion[2]*

NORTHFIELD, Ill. – Nov. 3, 2009 – Kraft Foods Inc. (NYSE: KFT) today reported solid third quarter 2009 results fueled by strong profit performance across all geographies. Volume/mix, which improved sequentially from the second quarter 2009, was the key driver of organic net revenue growth and a significant contributor to income growth and margin expansion versus the prior year.

"We continue to build our operating and financial momentum despite the difficult consumer environment," said Irene Rosenfeld, Chairman and CEO. "Our volume/mix, profit margin and cash flow trends are strengthening as we successfully execute our growth plan. As a result, we expect to deliver higher earnings and cash flow in 2009 [2], while further increasing our brand investments to drive future growth."

Regarding the company's possible offer for Cadbury plc, Rosenfeld commented, "We remain interested but will maintain a disciplined approach. Our criteria include accretion to cash EPS in the second year, delivering a return on investment well in excess of our cost of capital, and maintaining both our investment grade credit rating and our dividend."

Rosenfeld concluded, "We remain focused on driving sustainable top-line growth, while implementing our strong cost-savings pipeline. We are making good progress toward our goal to be at or above industry margins in the next two years, and are well-positioned to deliver top-tier performance."

[1] Please see discussion of Non-GAAP Financial Measures at the end of this press release.
[2] Please see section entitled "Outlook" later in this press release for important information about these forecasts.

- **Net revenues** declined 5.7 percent to $9.8 billion, including the unfavorable impact of 5.6 percentage points from currency and 0.6 percentage points from divestitures.

  Organic net revenues grew 0.5 percent driven by 0.7 percentage points from volume/mix, partially offset by negative 0.2 percentage points from pricing. Volume/mix gains were negatively impacted by approximately 0.8 percentage points due to the planned discontinuation of less profitable product lines over the past year. The pricing decline included the unfavorable impact of approximately 1.6 percentage points in response to lower dairy costs, consistent with the company's adaptive pricing model for its cheese business in the U.S. Pricing was also negatively impacted by 0.2 percentage points due to the absence of a value added tax credit in Brazil that benefited prior year results.

- **Operating income** increased 38.7 percent from the prior year to $1,419 million. This increase included a negative 7.9 percentage point impact due to currency.

  Operating income margin increased 470 basis points year-over-year to 14.5 percent. Approximately 70 basis points of the margin increase were attributable to improved volume/mix. The remainder of the margin increase largely reflected an improved alignment of prices with input costs, the year-over-year change in unrealized gains and losses on hedging activities, lower costs due to the completion of the Restructuring Program and the absence of asset impairment charges incurred in the prior year. These gains were partially offset by higher overhead costs, including incremental investments in systems, increased marketing investments and the absence of the value added tax credit in Brazil.

- The **tax rate** of 24.6 percent was down from 28.3 percent in the prior year period. The tax rate in each year reflected the timing of discrete items, primarily the settlement of tax audits.

- **Earnings per share** from continuing operations were $0.55, up from $0.34 in third quarter 2008.

	Diluted EPS
Third Quarter 2008 Diluted EPS	**$ 0.91**
Earnings and Gain from Discontinued Operations	$ (0.57)
Third Quarter 2008 Diluted EPS from Continuing Operations	**$ 0.34**
Operating Gains	0.09
Lower Restructuring Program Costs and Asset Impairment Charges	0.07
Change in Unrealized Gains/Losses from Hedging Activities	0.07
Absence of Brazilian VAT Credit	(0.01)
Unfavorable Foreign Currency	(0.04)
Higher Interest Expense	(0.01)
Changes in Taxes, Including Tax Settlements	0.03
Fewer Shares Outstanding	0.01
Third Quarter 2009 Diluted EPS	**$ 0.55**

Operating gains of $0.09 versus the prior year include the unfavorable impact of approximately $0.01 from incremental pension costs.

- **Discretionary cash flow**[1] for the first nine months of 2009 was approximately $2.7 billion, up 67 percent from the prior year. The increase primarily reflects improved gains from working capital efficiency programs and lower capital expenditures.

[1] Please see discussion of Non-GAAP Financial Measures at the end of this press release.

THIRD QUARTER 2009 RESULTS, DISCUSSION BY SEGMENT[3]

	Q3 2009 (percent growth)		
	Net Revenues	Organic Net Revenues[1]	Operating Income[4]
Total Kraft Foods	**(5.7)%**	**0.5%**	**38.7%**
Kraft Foods North America	**(2.5)**	**(1.8)**	**16.5**
U.S. Beverages	1.5	1.5	60.2
U.S. Cheese	(10.3)	(10.3)	12.2
U.S. Convenient Meals	5.0	5.0	60.8
U.S. Grocery	(3.0)	(3.0)	9.3
U.S. Snacks	(3.3)	(3.3)	3.2
Canada & N.A. Foodservice	(4.9)	(1.0)	2.0
Kraft Foods Europe	**(11.5)**	**(0.8)**	**83.5**
Kraft Foods Developing Markets	**(8.4)**	**8.1**	**2.2**

U.S. Beverages

Organic net revenues increased 1.5 percent as higher price levels were partially offset by unfavorable volume/mix. The increase in net revenue was driven by solid growth in *Capri Sun* ready-to-drink beverages, *Kool-Aid* and *Country Time* powdered beverages as well as *Starbucks* and *Maxwell House* coffees. Volume/mix was negatively impacted by the planned discontinuation of a less-profitable product line, management’s decision to forego unprofitable volume, and the timing of a merchandising program versus the prior year.

Segment operating income increased 60.2 percent as lower costs due to the completion of the Restructuring Program and an improved alignment of prices with input costs were partially offset by incremental marketing investments.

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1 Please see discussion of Non-GAAP Financial Measures at the end of this press release.

3 Please refer to the company’s Form 8-K filed March 26, 2009, for discussion of changes to reportable segments.

4 Represents operating income for Kraft Foods and segment operating income for each of the reportable segments.

U.S. Cheese

Organic net revenues declined 10.3 percent as a 6.8 percentage point gain in volume/mix was more than offset by a 17.1 percentage point reduction from lower price levels. This price decline was in response to significantly lower dairy costs, consistent with the company's adaptive pricing model. Incremental marketing investments behind *Kraft Singles* processed slices and *Philadelphia* cream cheese drove volume/mix and market share gains.

Segment operating income grew 12.2 percent as the benefits of improved volume/mix more than offset lower pricing net of input costs and increased marketing investments.

U.S. Convenient Meals

Organic net revenues increased 5.0 percent as strong volume/mix gains were partially offset by lower price levels in response to lower input costs. Pizza generated double-digit growth behind further gains in market share. Incremental investments in value-oriented consumer programs drove more than 20 percent growth in *DiGiorno* pizza. *Oscar Mayer Deli Fresh* meats also delivered double-digit growth. The planned discontinuation of less-profitable product lines slowed growth by approximately one percentage point.

Segment operating income increased 60.8 percent as improved alignment of prices with input costs, strong volume/mix gains and lower costs due to the completion of the Restructuring Program more than offset increased marketing investments.

U.S. Grocery

Organic net revenues declined 3.0 percent reflecting the planned discontinuation of less-profitable product lines, which accounted for about one-half of the revenue decline, as well as the timing of a merchandising program versus the prior year. These factors more than offset solid growth from investments behind *Kraft* mayonnaise and *Miracle Whip* spoonable dressings and *Jell-O* dry packaged desserts.

Segment operating income increased 9.3 percent as the benefits of improved alignment of prices with input costs more than offset incremental investments in marketing.

U.S. Snacks

Organic net revenues declined 3.3 percent due to lower price levels. Solid volume/mix gains in core biscuit brands and snack nuts were offset by a decline in bars and the timing of a merchandising program versus the prior year. Lower price levels reflected lower input costs and investments to better manage price gaps in snack nuts. Net revenue of the top five biscuit brands grew approximately 5 percent.

Segment operating income increased 3.2 percent as lower investments in marketing and improved alignment of prices with input costs more than offset an increase in overhead costs.

Canada & North America Foodservice

Organic net revenues declined 1.0 percent as strong volume/mix gains and higher price levels in Canada were more than offset by lower revenues in North America Foodservice. Continued marketing investments and successful customer programs drove strong growth in Canada. North America Foodservice declined due to unfavorable volume/mix, reflecting an industry-wide decrease in casual dining traffic, lower pricing in response to significantly lower dairy prices and the planned discontinuation of a less-profitable product line.

Segment operating income increased 2.0 percent including an unfavorable currency impact of approximately 6.0 percentage points. Excluding the impact of currency, the increase in segment operating income was driven by the improved alignment of prices with input costs and lower costs due to the completion of the Restructuring Program. Increased marketing investments, higher overhead costs and the impact of unfavorable volume/mix partially offset these gains.

Kraft Foods Europe

Organic net revenues declined 0.8 percent as higher price levels were more than offset by lower volume/mix. Management’s decision to forego unprofitable volume and the planned discontinuation of less-profitable product lines slowed growth by approximately 1.7 percentage points.

- Coffee was flat as growth in retail, including strong performances by *Kenco* and *Carte Noire*, offset a decline in revenue from foodservice channels. New products and incremental marketing investments drove *Tassimo* growth of more than 25 percent.
- Chocolate declined in response to weakening economic conditions in Iberia, France and Belgium as well as from the discontinuation of less-profitable product lines. These factors more than offset solid revenue growth and market share gains by *Milka*, *Marabou* and *Freia*.

- Biscuits declined as the impact of weakening economic conditions, particularly in Iberia, were partially offset by growth in key brands such as *Tuc*, *Mikado* and *Ourson*.
- Cheese declined despite growth in *Philadelphia* cream cheese, which increased due to the introduction of new packaging and successful new product launches.

Segment operating income increased 83.5 percent including an unfavorable impact from currency of more than 11 percentage points. Lower costs due to the completion of the Restructuring Program and the absence of an asset impairment charge recognized in the prior year quarter accounted for approximately 80 percentage points of the increase. Excluding these factors, segment operating income grew due to an improved alignment of prices with input costs and favorable volume/mix. Higher investments in cost-savings initiatives and marketing partially offset these gains.

Kraft Foods Developing Markets

Organic net revenues increased 8.1 percent driven by solid gains from each region’s priority brands.

- In Latin America, the priority brands, which collectively grew nearly 20 percent, drove strong organic revenue growth. *Tang* powdered beverages increased over 45 percent.
- In Asia Pacific, higher price levels and volume/mix gains drove revenue growth. The priority brands collectively grew more than 20 percent, led by *Oreo* cookies and *Tang* powdered beverages.
- In Central and Eastern Europe, Middle East & Africa, organic revenue increased largely due to higher price levels and strong mix. However, volume/mix declined due to weakening economic conditions. The priority brands collectively increased more than 9 percent, including more than 20 percent growth in *Jacobs* coffee.

Organic revenue growth in the quarter was negatively impacted by approximately one percentage point due to the absence of a value added tax credit in Brazil that benefited the prior year quarter.

Segment operating income increased 2.2 percent including an unfavorable currency impact of approximately 22 percentage points. Excluding currency, a combination of volume/mix gains, improved alignment of prices with input costs and lower costs due to the completion of the Restructuring Program more than offset the impact of the absence of the Brazilian value added tax credit in the prior year and increased investments in marketing.

OUTLOOK

Kraft Foods increased its guidance for 2009 diluted earnings per share to at least $1.97 versus the previous expectation of at least $1.93.* This guidance reflects strong year-to-date profit performance and a reduction in its full-year effective tax rate to approximately 30.0 percent versus the previous expectation of approximately 31.5 percent.

The new guidance also reflects further investments in marketing to drive future growth as well as an estimate for certain costs in connection with the company's possible combination with Cadbury plc.

The company also revised its forecast for 2009 organic net revenue growth to be approximately 2 percent versus a prior expectation of approximately 3 percent. The change in outlook primarily reflects a lower contribution from pricing as a result of lower-than-expected input costs. It also reflects management's decision to forego unprofitable volume as well as weakening economic conditions in certain countries in Western and Eastern Europe.

As a result of its increased profit guidance, as well as the benefit of improved working capital management, the company raised its outlook for full-year discretionary cash flow to at least $3.0 billion versus its previous estimate of $2.6 billion.*

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* The above diluted earnings per share and discretionary cash flow guidance constitutes profit forecasts which must be reported on under Rule 28 of the U.K. City Code on Takeovers and Mergers (the "Takeover Code"). Please refer to Exhibits 99.6 and 99.7, which includes the report of our reporting accountant on those profit forecasts and the accompanying report of our financial advisers. In accordance with Rule 28.8 of the U.K. Takeover Code, please also refer to our Form 10-Q filed with the SEC on May 5, 2009, containing our first quarter 2009 results and our Form 10-Q filed with the SEC on August 5, 2009, containing our second quarter 2009 results.

CONFERENCE CALL

Kraft Foods will host a conference call for investors with accompanying slides to review its results at 5 p.m. EST today. Access to a live audio webcast with accompanying slides is available at www.kraftfoodscompany.com, and a replay of the event will also be available on the company's web site.

ABOUT KRAFT FOODS INC.

Kraft Foods (www.kraftfoodscompany.com) makes today delicious in 150 countries around the globe. Our 100,000 employees work tirelessly to make delicious foods consumers can feel good about. From American brand icons like *Kraft* cheeses, dinners and dressings, *Maxwell House* coffees and *Oscar Mayer* meats, to global powerhouse brands like *Oreo* and *LU* biscuits, *Philadelphia* cream cheeses, *Jacobs* and *Carte Noire* coffees, *Tang* powdered beverages and *Milka*, *Côte d'Or*, *Lacta* and *Toblerone* chocolates, our brands deliver millions of smiles every day. Kraft Foods (NYSE: KFT) is the world's second largest food company with 2008 annual revenues of $42 billion. The company is a member of the Dow Jones Industrial Average, Standard & Poor's 500, the Dow Jones Sustainability Index and the Ethibel Sustainability Index.

FORWARD-LOOKING STATEMENTS

This press release contains a number of forward-looking statements. Words such as "expects," "goals," "plans," "believes," "continues," "may," "will," and variations of such words and similar expressions are intended to identify such forward-looking statements. In addition, this release contains forward-looking statements regarding our guidance for 2009 diluted EPS and discretionary cash flow; that we continue to build our operating and financial momentum; that our volume/mix, profit margin and cash flow trends are strengthening as we successfully execute our growth plan; our expectation to deliver higher earnings and cash flow in 2009, while further increasing our brand investments to drive future growth; statements regarding our possible offer for Cadbury plc, including that we remain interested but will maintain a disciplined approach; that our criteria include accretion to cash EPS in the second year, delivering a return on investment well in excess of our cost of capital and maintaining both our investment-grade credit rating and our dividend; that we remain focused on driving sustainable top-line growth while implementing our strong cost-savings pipeline; that we are making good progress toward our goal to be at or above industry margins in the next two years; that we are well-positioned to deliver top-tier performance; and our outlook for 2009, specifically that diluted EPS includes a reduction in our full-year effective tax rate, further investments in marketing to drive future growth and certain costs in connection with our possible combination with Cadbury plc, our revised forecast for 2009 organic net revenue growth based on our expectation for lower contribution from pricing, management's decision to forego unprofitable volume and weakening economic conditions in certain countries. 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, continued volatility of input costs, pricing actions, increased competition, our ability to differentiate our products from private label products, our indebtedness and ability to pay our indebtedness, the shift in our product mix to lower margin offerings, risks from operating internationally, tax law changes, the possibility that our possible combination with Cadbury plc will not be pursued, failure to obtain necessary regulatory approvals or required financing or to satisfy any of the other conditions to the possible combination, adverse effects on the market price of our common stock and on our operating results because of a failure to complete the possible combination, failure to realize the expected benefits of the possible combination, negative effects of announcement or consummation of the possible combination on the market price of our common stock, significant transaction costs and/or unknown liabilities and general economic and business conditions that affect the combined companies following the possible combination. 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 press release except as required by applicable law or regulation.

FURTHER INFORMATION

This press release is not intended to, and does not, constitute or form part of any offer, invitation or the solicitation of an offer to purchase, otherwise acquire, subscribe for, sell or otherwise dispose of, any securities, or the solicitation of any vote or approval in any jurisdiction, pursuant to this press release or otherwise. Any possible offer for or combination with Cadbury plc will be made solely by certain offer documentation, which will contain the full terms and conditions of any offer, including details of how it may be accepted.

ADDITIONAL U.S.-RELATED INFORMATION

This press release is provided for informational purposes only and is neither an offer to purchase nor a solicitation of an offer to sell shares of Cadbury plc or Kraft Foods. Subject to future developments, we may file a registration statement and/or tender offer documents with the SEC in connection with the proposed combination with Cadbury plc. Cadbury plc shareholders should read those filings and any other filings made by us with the SEC in connection with the proposed combination, as they will contain important information. Those documents, if and when filed, as well as our other public filings with the SEC may be obtained without charge at the SEC’s website at www.sec.gov and at our website at www.kraftfoodscompany.com.

UNAUDITED FIGURES

This press release contains unaudited profit figures which must be reported on under Rule 28 of the U.K. Takeover Code. Please refer to Exhibits 99.2, 99.3 and 99.4, which includes our condensed consolidated financial statements as of and for the three and nine month periods ended September 30, 2009, and the accompanying report of our reporting accountant and financial advisers.

NON-GAAP FINANCIAL MEASURES

The company reports its financial results in accordance with accounting principles generally accepted in the United States (“GAAP”).

The company’s top-line guidance measure is organic net revenues, which excludes the impact of acquisitions, divestitures and currency. The company uses organic net revenues and corresponding growth ratios as non-GAAP financial measures. Management believes this measure better reflects revenues on a going-forward basis and provides improved comparability of results because it excludes the volatility of currency, and the one-time impacts of acquisitions and divestitures from net revenues.

Management uses segment operating income to evaluate segment performance and allocate resources. The company believes 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 are a component of cost of sales), certain components of its U.S. pension plan cost (which is a component of cost of sales and marketing, administration and research costs), general corporate expenses (which are a component of marketing, administration and research costs) and amortization of intangibles for all periods presented. In 2009, the company began excluding certain components of its U.S. pension plan cost from segment operating income because the company centrally manages pension plan funding decisions and determination of discount rate, expected rate of return on plan assets and other actuarial assumptions. Therefore, the company allocates only the service cost component of its U.S. pension plan expense to segment operating income. The company excludes the unrealized gains and losses on hedging activities from segment operating income to provide better transparency of its segment operating results. Once realized, the gains and losses on hedging activities are recorded within segment operating results. Accordingly, the company does not present these items by segment because they are excluded from the segment profitability measure that management reviews.

The company’s five-year Restructuring Program, which ended in 2008, included asset impairment, exit and implementation costs. However, even though implementation costs are directly attributable to exit costs, they do not qualify for exit cost treatment under U.S. GAAP. Management believes this disclosure of implementation costs provides better transparency into the total costs of our Restructuring Program.

The company uses discretionary cash flow as its primary cash flow metric as it represents the controllable cash flows from operations. Discretionary cash flow is defined as cash flow from operations less capital expenditures plus voluntary pension contributions. Management believes discretionary cash flow shows the financial health of, and how efficiently we are running, the company.

See the attached schedules for supplemental financial data and corresponding reconciliations of the non-GAAP financial measures referred to above to the most comparable GAAP financial measures for the quarters ended September 30, 2009 and 2008. Non-GAAP financial measures should be viewed in addition to, and not as an alternative for, the company's results prepared in accordance with GAAP. In addition, the non-GAAP measures the company is using may differ from non-GAAP measures used by other companies. Because GAAP financial measures on a forward-looking basis are neither accessible nor deemed to be significantly different from the non-GAAP financial measures, and reconciling information is not available without unreasonable effort, with regard to the non-GAAP financial measures in its 2009 Outlook, the company has not provided that information.

WEB SITE

This press release will be available on the company's web site (www.kraftfoodscompany.com) by no later than 12 noon (London time) on November 4, 2009.

# # #

Schedule 1

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

	As Reported (GAAP)		
	2009	2008	% Change
Net revenues	$9,803	$10,401	(5.7)%
Cost of sales	6,262	7,096	11.8%
Gross profit	3,541	3,305	7.1%
Gross profit margin	*36.1%*	*31.8%*	
Marketing, administration & research costs	2,116	2,151	1.6%
Asset impairment and exit costs	—	123	100.0%
(Gains) / losses on divestitures, net	—	1	100.0%
Amortization of intangibles	6	7	14.3%
Operating income	1,419	1,023	38.7%
Operating income margin	*14.5%*	*9.8%*	
Interest & other expense, net	323	298	(8.4)%
Earnings from continuing operations before income taxes	1,096	725	51.2%
Provision for income taxes	270	205	(31.7)%
Effective tax rate	*24.6%*	*28.3%*	
Earnings from continuing operations	$ 826	$ 520	58.8%
Loss from discontinued operations, net of income taxes	—	(4)	100.0%
Gain on divestiture of discontinued operations, net of income taxes	—	849	(100.0)%
Net earnings	$ 826	$ 1,365	(39.5)%
Noncontrolling interest	2	3	33.3%
Net earnings attributable to Kraft Foods	$ 824	$ 1,362	(39.5)%
Per share data:			
Basic earnings per share attributable to Kraft Foods:			
- Continuing operations	$ 0.56	$ 0.34	64.7%
- Discontinued operations	—	0.57	(100.0)%
- Net earnings attributable to Kraft Foods	$ 0.56	$ 0.91	(38.5)%
Diluted earnings per share attributable to Kraft Foods:			
- Continuing operations	$ 0.55	$ 0.34	61.8%
- Discontinued operations	—	0.57	(100.0)%
- Net earnings attributable to Kraft Foods	$ 0.55	$ 0.91	(39.6)%
Average shares outstanding:			
Basic	1,479	1,493	0.9%
Diluted	1,487	1,503	1.1%

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 Reported (GAAP)	Impact of Divestitures	Impact of Currency	Organic (Non-GAAP)	% Change As Reported (GAAP)	% Change Organic (Non-GAAP)	Organic Growth Drivers Vol / Mix	Organic Growth Drivers Price
2009								
U.S. Beverages	$ 754	$ —	$ —	$ 754	1.5%	1.5%	(1.1)pp	2.6pp
U.S. Cheese	824	—	—	824	(10.3)%	(10.3)%	6.8	(17.1)
U.S. Convenient Meals	1,135	—	—	1,135	5.0%	5.0%	5.9	(0.9)
U.S. Grocery	778	—	—	778	(3.0)%	(3.0)%	(2.3)	(0.7)
U.S. Snacks	1,232	—	—	1,232	(3.3)%	(3.3)%	0.0	(3.3)
Canada & N.A. Foodservice	1,055	—	43	1,098	(4.9)%	(1.0)%	0.4	(1.4)
North America	**$ 5,778**	**$ —**	**$ 43**	**$ 5,821**	**(2.5)%**	**(1.8)%**	**1.7**	**(3.5)**
Europe	**2,070**	**(1)**	**199**	**2,268**	**(11.5)%**	**(0.8)%**	**(2.4)**	**1.6**
Developing Markets	**1,955**	**—**	**336**	**2,291**	**(8.4)%**	**8.1%**	**0.7**	**7.4**
Kraft Foods	**$ 9,803**	**$ (1)**	**$ 578**	**$ 10,380**	**(5.7)%**	**0.5%**	**0.7pp**	**(0.2)pp**
2008 (As Revised)								
U.S. Beverages	$ 743	$ —	$ —	$ 743				
U.S. Cheese	919	—	—	919				
U.S. Convenient Meals	1,081	—	—	1,081				
U.S. Grocery	802	—	—	802				
U.S. Snacks	1,274	—	—	1,274				
Canada & N.A. Foodservice	1,109	—	—	1,109				
North America	**$ 5,928**	**$ —**	**$ —**	**$ 5,928**				
Europe	**2,338**	**(52)**	**—**	**2,286**				
Developing Markets	**2,135**	**(16)**	**—**	**2,119**				
Kraft Foods	**$ 10,401**	**$ (68)**	**$ —**	**$ 10,333**				

Kraft Foods Inc. and Subsidiaries
Operating Income by Reportable Segments
For the Three Months Ended September 30,
($ in millions) (Unaudited)

		2008 Impacts			2009 Impacts				
	2008 Operating Income - As Revised (GAAP)	Restructuring Program Costs	Asset Impairment Costs	(Gains) / Losses on Divestitures, Net	Impact of Currency	Impact of Divestitures	Operations	2009 Operating Income - As Reported (GAAP)	% Change
Segment Operating Income:									
U.S. Beverages	$ 83	$ 26	$ —	$ 1	$ —	$ —	$ 23	$ 133	60.2%
U.S. Cheese	148	1	—	—	—	—	17	166	12.2%
U.S. Convenient Meals	79	7	—	—	—	—	41	127	60.8%
U.S. Grocery	236	(2)	—	—	—	—	24	258	9.3%
U.S. Snacks	190	2	—	—	—	—	4	196	3.2%
Canada & N.A. Foodservice	153	12	—	—	(10)	—	1	156	2.0%
North America	**889**	**46**	**—**	**1**	**(10)**	**—**	**110**	**1,036**	**16.5%**
Europe	**115**	**35**	**55**	**—**	**(24)**	**1**	**29**	**211**	**83.5%**
Developing Markets	**279**	**9**	**—**	**—**	**(63)**	**(2)**	**62**	**285**	**2.2%**
Unrealized G/(L) on Hedging Activities	(141)	—	—	—	—	—	160	19	
HQ Pension	—	—	—	—	—	—	(27)	(27)	
General Corporate Expenses	(112)	—	—	—	2	—	11	(99)	
Amortization of Intangibles	(7)	—	—	—	(1)	—	2	(6)	
Kraft Foods	**$ 1,023**	**$ 90**	**$ 55**	**$ 1**	**$ (96)**	**$ (1)**	**$ 347**	**$ 1,419**	**38.7%**

Schedule 4

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

	As Reported (GAAP)		
	2009	2008	% Change
Net revenues	$29,361	$31,251	(6.0)%
Cost of sales	18,890	20,777	9.1%
Gross profit	10,471	10,474	—
Gross profit margin	*35.7%*	*33.5%*	
Marketing, administration & research costs	6,247	6,544	4.5%
Asset impairment and exit costs	(26)	306	100.0+%
(Gains) / losses on divestitures, net	17	93	81.7%
Amortization of intangibles	15	18	16.7%
Operating income	4,218	3,513	20.1%
Operating income margin	*14.4%*	*11.2%*	
Interest & other expense, net	915	934	2.0%
Earnings from continuing operations before income taxes	3,303	2,579	28.1%
Provision for income taxes	986	834	(18.2)%
Effective tax rate	*29.9%*	*32.3%*	
Earnings from continuing operations	$ 2,317	$ 1,745	32.8%
Earnings from discontinued operations, net of income taxes	—	119	(100.0)%
Gain on divestiture of discontinued operations, net of income taxes	—	849	(100.0)%
Net earnings	$ 2,317	$ 2,713	(14.6)%
Noncontrolling interest	6	7	14.3%
Net earnings attributable to Kraft Foods	$ 2,311	$ 2,706	(14.6)%
Per share data:			
Basic earnings per share attributable to Kraft Foods:			
- Continuing operations	$ 1.56	$ 1.15	35.7%
- Discontinued operations	—	0.63	(100.0)%
- Net earnings attributable to Kraft Foods	$ 1.56	$ 1.78	(12.4)%
Diluted earnings per share attributable to Kraft Foods:			
- Continuing operations	$ 1.56	$ 1.14	36.8%
- Discontinued operations	—	0.63	(100.0)%
- Net earnings attributable to Kraft Foods	$ 1.56	$ 1.77	(11.9)%
Average shares outstanding:			
Basic	1,477	1,516	2.6%
Diluted	1,485	1,527	2.8%

Schedule 5

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

	As Reported (GAAP)	Impact of Divestitures	Impact of Currency	Organic (Non-GAAP)	% Change As Reported (GAAP)	% Change Organic (Non-GAAP)	Organic Growth Drivers Vol / Mix	Organic Growth Drivers Price
2009								
U.S. Beverages	$ 2,373	$ —	$ —	$ 2,373	3.0%	3.0%	2.6pp	0.4pp
U.S. Cheese	2,605	—	—	2,605	(8.5)%	(8.5)%	(1.3)	(7.2)
U.S. Convenient Meals	3,418	—	—	3,418	6.7%	6.7%	3.5	3.2
U.S. Grocery	2,569	—	—	2,569	2.5%	2.5%	(1.8)	4.3
U.S. Snacks	3,717	—	—	3,717	(0.5)%	(0.5)%	(2.2)	1.7
Canada & N.A. Foodservice	2,989	—	281	3,270	(8.8)%	(0.3)%	(1.1)	0.8
North America	**$ 17,671**	**$ —**	**$ 281**	**$ 17,952**	**(1.1)%**	**0.4%**	**(0.2)**	**0.6**
Europe	**6,081**	**(15)**	**865**	**6,931**	**(16.0)%**	**(1.2)%**	**(3.7)**	**2.5**
Developing Markets	**5,609**	**(14)**	**1,089**	**6,684**	**(8.6)%**	**9.7%**	**0.5**	**9.2**
Kraft Foods	**$ 29,361**	**$ (29)**	**$ 2,235**	**$ 31,567**	**(6.0)%**	**1.9%**	**(0.8)pp**	**2.7pp**
2008 (As Revised)								
U.S. Beverages	$ 2,304	$ —	$ —	$ 2,304				
U.S. Cheese	2,848	—	—	2,848				
U.S. Convenient Meals	3,202	—	—	3,202				
U.S. Grocery	2,506	—	—	2,506				
U.S. Snacks	3,736	—	—	3,736				
Canada & N.A. Foodservice	3,279	—	—	3,279				
North America	**$ 17,875**	**$ —**	**$ —**	**$ 17,875**				
Europe	**7,239**	**(223)**	**—**	**7,016**				
Developing Markets	**6,137**	**(44)**	**—**	**6,093**				
Kraft Foods	**$ 31,251**	**$ (267)**	**$ —**	**$ 30,984**				

Kraft Foods Inc. and Subsidiaries
Operating Income by Reportable Segments
For the Nine Months Ended September 30,
($ in millions) (Unaudited)

		2008 Impacts			2009 Impacts						
	2008 Operating Income - As Revised (GAAP)	**Restructuring Program Costs**	**Asset Impairment Costs**	**(Gains) / Losses on Divestitures, Net**	**Impact of Currency**	**Asset Impairment & Exit Costs ***	**(Gains) / Losses on Divestitures, Net**	**Impact of Divestitures**	**Operations**	**2009 Operating Income - As Reported (GAAP)**	**% Change**
Segment Operating Income:											
U.S. Beverages	$ 363	$ 42	$ —	$ 1	$ —	$ —	$ —	$ —	$ 37	$ 443	22.0%
U.S. Cheese	373	15	—	—	—	—	—	—	75	463	24.1%
U.S. Convenient Meals	275	17	—	—	—	—	—	—	117	409	48.7%
U.S. Grocery	781	7	—	—	—	—	—	—	71	859	10.0%
U.S. Snacks	532	11	—	—	—	—	—	—	(13)	530	(0.4)%
Canada & N.A. Foodservice	391	52	—	—	(50)	—	—	—	(7)	386	(1.3)%
North America	**2,715**	**144**	**—**	**1**	**(50)**	**—**	**—**	**—**	**280**	**3,090**	**13.8%**
Europe	**348**	**116**	**55**	**92**	**(130)**	**26**	**17**	**(12)**	**53**	**565**	**62.4%**
Developing Markets	**715**	**49**	**—**	**—**	**(173)**	**—**	**—**	**(5)**	**159**	**745**	**4.2%**
Unrealized G/(L) on Hedging Activities	(38)	—	—	—	—	—	—	—	178	140	
HQ Pension	—	—	—	—	—	—	—	—	(121)	(121)	
General Corporate Expenses	(209)	—	—	—	1	—	—	—	22	(186)	
Amortization of Intangibles	(18)	—	—	—	2	—	—	—	1	(15)	
Kraft Foods	**$ 3,513**	**$ 309**	**$ 55**	**$ 93**	**$ (350)**	**$ 26**	**$ 17**	**$ (17)**	**$ 572**	**$ 4,218**	**20.1%**

* Includes $35 million reversal of 2008 Restructuring Program costs.

Kraft Foods Inc. and Subsidiaries
Cash Flows
For the Nine Months Ended September 30,
($ in millions) (Unaudited)

	2009	2008
Net Cash Provided by Operating Activities (GAAP)	$3,269	$2,529
Capital Expenditures	(749)	(901)
Voluntary Pension Contribution	200	—
Discretionary Cash Flow (Non-GAAP)	$2,720	$1,628

Kraft Foods Inc. and Subsidiaries
Condensed Balance Sheets
($ in millions) (Unaudited)

	September 30, 2009	December 31, 2008	September 30, 2008
Assets			
Cash and cash equivalents	$ 2,996	$ 1,244	$ 737
Receivables, net	4,720	4,704	4,709
Inventories, net	4,073	3,881	4,792
Other current assets	1,229	1,632	1,103
Property, plant and equipment, net	10,409	9,917	10,638
Goodwill	28,617	27,581	28,573
Intangible assets, net	13,319	12,926	13,496
Other assets	1,306	1,288	2,981
Total assets	$ 66,669	$ 63,173	$ 67,029
Liabilities and Equity			
Short-term borrowings	$ 1,359	$ 897	$ 1,000
Current portion of long-term debt	1,258	765	719
Accounts payable	3,264	3,373	3,439
Other current liabilities	6,175	6,009	5,141
Long-term debt	18,108	18,589	18,874
Deferred income taxes	4,314	4,064	5,439
Accrued pension costs	2,204	2,367	771
Accrued postretirement health care costs	2,682	2,678	2,890
Other long-term liabilities	2,094	2,075	2,202
Total liabilities	41,458	40,817	40,475
Total equity	25,211	22,356	26,554
Total liabilities and equity	$ 66,669	$ 63,173	$ 67,029

Condensed Consolidated Financial Statements for the Three and Nine Month Periods Ended September 30, 2009

PART I – FINANCIAL INFORMATION

Item 1. Financial Statements.

Kraft Foods Inc. and Subsidiaries
Condensed Consolidated Statements of Earnings
(in millions of dollars, except per share data)
(Unaudited)

	For the Three Months Ended September 30, 2009	For the Three Months Ended September 30, 2008	For the Nine Months Ended September 30, 2009	For the Nine Months Ended September 30, 2008
Net revenues	$ 9,803	$ 10,401	$ 29,361	$ 31,251
Cost of sales	6,262	7,096	18,890	20,777
Gross profit	3,541	3,305	10,471	10,474
Marketing, administration and research costs	2,116	2,151	6,247	6,544
Asset impairment and exit costs	–	123	(26)	306
Losses on divestitures, net	–	1	17	93
Amortization of intangibles	6	7	15	18
Operating income	1,419	1,023	4,218	3,513
Interest and other expense, net	323	298	915	934
Earnings from continuing operations before income taxes	1,096	725	3,303	2,579
Provision for income taxes	270	205	986	834
Earnings from continuing operations	826	520	2,317	1,745
Earnings and gain from discontinued operations, net of income taxes (Note 2)	–	845	–	968
Net earnings	826	1,365	2,317	2,713
Noncontrolling interest	2	3	6	7
Net earnings attributable to Kraft Foods	$ 824	$ 1,362	$ 2,311	$ 2,706
Per share data:				
Basic earnings per share attributable to Kraft Foods:				
Continuing operations	$ 0.56	$ 0.34	$ 1.56	$ 1.15
Discontinued operations	–	0.57	–	0.63
Net earnings attributable to Kraft Foods	$ 0.56	$ 0.91	$ 1.56	$ 1.78
Diluted earnings per share attributable to Kraft Foods:				
Continuing operations	$ 0.55	$ 0.34	$ 1.56	$ 1.14
Discontinued operations	–	0.57	–	0.63
Net earnings attributable to Kraft Foods	$ 0.55	$ 0.91	$ 1.56	$ 1.77
Dividends declared	$ 0.29	$ 0.29	$ 0.87	$ 0.83

See notes to condensed consolidated financial statements.

Kraft Foods Inc. and Subsidiaries
Condensed Consolidated Balance Sheets
(in millions of dollars)
(Unaudited)

	September 30, 2009	December 31, 2008
ASSETS		
Cash and cash equivalents	$ 2,996	$ 1,244
Receivables (less allowances of $137 in 2009 and $129 in 2008)	4,720	4,704
Inventories, net	4,073	3,881
Deferred income taxes	654	804
Other current assets	575	828
Total current assets	13,018	11,461
Property, plant and equipment, net	10,409	9,917
Goodwill	28,617	27,581
Intangible assets, net	13,319	12,926
Prepaid pension assets	122	56
Other assets	1,184	1,232
TOTAL ASSETS	$ 66,669	$ 63,173
LIABILITIES		
Short-term borrowings	$ 1,359	$ 897
Current portion of long-term debt	1,258	765
Accounts payable	3,264	3,373
Accrued marketing	1,967	1,803
Accrued employment costs	1,020	951
Other current liabilities	3,188	3,255
Total current liabilities	12,056	11,044
Long-term debt	18,108	18,589
Deferred income taxes	4,314	4,064
Accrued pension costs	2,204	2,367
Accrued postretirement health care costs	2,682	2,678
Other liabilities	2,094	2,075
TOTAL LIABILITIES	41,458	40,817
Contingencies (Note 11)		
EQUITY		
Common Stock, no par value (1,735,000,000 shares issued in 2009 and 2008)	–	–
Additional paid-in capital	23,570	23,563
Retained earnings	14,394	13,440
Accumulated other comprehensive losses	(4,355)	(5,994)
Treasury stock, at cost	(8,484)	(8,714)
Total Kraft Foods Shareholders' Equity	25,125	22,295
Noncontrolling interest	86	61
TOTAL EQUITY	25,211	22,356
TOTAL LIABILITIES AND EQUITY	$ 66,669	$ 63,173

See notes to condensed consolidated financial statements.

Kraft Foods Inc. and Subsidiaries
Condensed Consolidated Statements of Equity
(in millions of dollars, except per share data)
(Unaudited)

	Kraft Foods Shareholders' Equity						
	Common Stock	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Earnings / (Losses)	Treasury Stock	Noncontrolling Interest	Total Equity
Balances at January 1, 2008	$ –	$ 23,445	$ 12,321	$ (1,835)	$ (6,524)	$ 38	$ 27,445
Comprehensive earnings / (losses):							
Net earnings	–	–	2,884	–	–	9	2,893
Other comprehensive losses, net of income taxes	–	–	–	(4,159)	–	(9)	(4,168)
Total comprehensive losses *						–	(1,275)
Adoption of new benefit plan guidance	–	–	(8)	–	–	–	(8)
Exercise of stock options and issuance of other stock awards	–	118	(81)	–	231	–	268
Cash dividends declared ($1.12 per share)	–	–	(1,676)	–	–	–	(1,676)
Acquisitions of noncontrolling interest and other activities	–	–	–	–	–	23	23
Common Stock repurchased	–	–	–	–	(777)	–	(777)
Common Stock tendered	–	–	–	–	(1,644)	–	(1,644)
Balances at December 31, 2008	$ –	$ 23,563	$ 13,440	$ (5,994)	$ (8,714)	$ 61	$ 22,356
Comprehensive earnings / (losses):							
Net earnings	–	–	2,311	–	–	6	2,317
Other comprehensive earnings, net of income taxes	–	–	–	1,639	–	25	1,664
Total comprehensive earnings *						31	3,981
Exercise of stock options and issuance of other stock awards	–	8	(71)	–	230	–	167
Cash dividends declared ($0.87 per share)	–	–	(1,286)	–	–	–	(1,286)
Dividends paid on noncontrolling interest and other activities	–	(1)	–	–	–	(6)	(7)
Balances at September 30, 2009	$ –	$ 23,570	$ 14,394	$ (4,355)	$ (8,484)	$ 86	$ 25,211

* Total comprehensive earnings / (losses) were $1,197 million for the quarter ended and $3,981 million for the nine months ended September 30, 2009, as compared to $531 million for the quarter ended and $2,543 million for the nine months ended September 30, 2008. Comprehensive earnings / (losses) attributable to Kraft Foods were $1,192 million for the quarter ended and $3,950 million for the nine months ended September 30, 2009, as compared to $531 million for the quarter ended and $2,536 million for the nine months ended September 30, 2008.

See notes to condensed consolidated financial statements.

Kraft Foods Inc. and Subsidiaries
Condensed Consolidated Statements of Cash Flows
(in millions of dollars)
(Unaudited)

	For the Nine Months Ended September 30, 2009	2008
CASH PROVIDED BY / (USED IN) OPERATING ACTIVITIES		
Net earnings	$ 2,317	$ 2,713
Adjustments to reconcile net earnings to operating cash flows:		
Depreciation and amortization	659	752
Stock-based compensation expense	123	135
Deferred income tax provision / (benefit)	127	(77)
Losses on divestitures, net	17	93
Gain on discontinued operations (Note 2)	–	(849)
Asset impairment and exit costs, net of cash paid	9	167
Other non-cash expense, net	189	75
Change in assets and liabilities, excluding the effects of acquisitions and divestitures:		
Receivables, net	410	373
Inventories, net	(27)	(814)
Accounts payable	(351)	(216)
Other current assets	233	(134)
Other current liabilities	(363)	283
Change in pension and postretirement assets and liabilities, net	(74)	28
Net cash provided by operating activities	3,269	2,529
CASH PROVIDED BY / (USED IN) INVESTING ACTIVITIES		
Capital expenditures	(749)	(901)
Acquisitions, net of cash received	–	(99)
Proceeds from divestitures	6	38
Other	43	38
Net cash used in investing activities	(700)	(924)
CASH PROVIDED BY / (USED IN) FINANCING ACTIVITIES		
Net issuance / (repayment) of short-term borrowings	461	(5,834)
Long-term debt proceeds	2	6,477
Long-term debt repaid	(215)	(65)
Repurchase of Common Stock	–	(777)
Dividends paid	(1,284)	(1,236)
Other	75	32
Net cash used in financing activities	(961)	(1,403)
Effect of exchange rate changes on cash and cash equivalents	144	(32)
Cash and cash equivalents:		
Increase	1,752	170
Balance at beginning of period	1,244	567
Balance at end of period	$ 2,996	$ 737

See notes to condensed consolidated financial statements.

Note 1. Summary of Significant Accounting Policies:

Basis of Presentation:
Our interim condensed consolidated financial statements are unaudited. We prepared the condensed consolidated financial statements following SEC rules for interim reporting. As permitted under those rules, we have condensed or omitted a number of footnotes or other financial information that are normally required by accounting principles generally accepted in the United States of America. It is management's opinion that these financial statements include all normal and recurring adjustments necessary for a fair presentation of our financial position and operating results. Net revenues and net earnings for any interim period are not necessarily indicative of future or annual results.

You should read these statements in conjunction with our revised consolidated financial statements and related notes for the year ended December 31, 2008 in the Form 8-K we filed with the SEC on November 3, 2009.

Inventories:
Effective January 1, 2009, we changed our method of valuing our U.S. inventories to the average cost method. In prior years, principally all U.S. inventories were valued using the last-in, first-out ("LIFO") method. With this change, we value all of our inventories using the average cost method. We used the LIFO method to determine the cost of 35% of inventories at December 31, 2008. We believe that the average cost method of accounting for U.S. inventories is preferable and will improve financial reporting by better matching revenues and expenses to current costs, by better aligning our external reporting with our competitors, and by aligning our external reporting with our tax basis of accounting. We revised prior years' financial statements to conform to the change in accounting policy.

The following line items within the statements of earnings were affected by the change in accounting policy:

	For the Three Months Ended September 30, 2009		
	As Computed under LIFO	As Reported under Average Cost	Favorable / (Unfavorable)
	(in millions, except per share data)		
Cost of sales	$ 6,253	$ 6,262	$ (9)
Provision for income taxes	273	270	3
Earnings from continuing operations	832	826	(6)
Net earnings attributable to Kraft Foods	830	824	(6)
Basic earnings per share attributable to Kraft Foods:			
Continuing operations	$ 0.56	$ 0.56	$ –
Discontinued operations	–	–	–
Net earnings attributable to Kraft Foods	$ 0.56	$ 0.56	$ –
Diluted earnings per share attributable to Kraft Foods:			
Continuing operations	$ 0.56	$ 0.55	$ (0.01)
Discontinued operations	–	–	–
Net earnings attributable to Kraft Foods	$ 0.56	$ 0.55	$ (0.01)

	For the Three Months Ended September 30, 2008		
	As Computed under LIFO	As Reported under Average Cost	Favorable / (Unfavorable)
	(in millions, except per share data)		
Cost of sales	$ 7,079	$ 7,096	$ (17)
Provision for income taxes	192	205	(13)
Earnings from continuing operations	550	520	(30)
Earnings and gain from discontinued operations, net of income taxes	852	845	(7)
Net earnings attributable to Kraft Foods	1,399	1,362	(37)
Basic earnings per share attributable to Kraft Foods:			
Continuing operations	$ 0.37	$ 0.34	$ (0.03)
Discontinued operations	0.57	0.57	–
Net earnings attributable to Kraft Foods	$ 0.94	$ 0.91	$ (0.03)
Diluted earnings per share attributable to Kraft Foods:			
Continuing operations	$ 0.36	$ 0.34	$ (0.02)
Discontinued operations	0.57	0.57	–
Net earnings attributable to Kraft Foods	$ 0.93	$ 0.91	$ (0.02)

	For the Nine Months Ended September 30, 2009		
	As Computed under LIFO	As Reported under Average Cost	Favorable / (Unfavorable)
	(in millions, except per share data)		
Cost of sales	$ 18,826	$ 18,890	$ (64)
Provision for income taxes	1,009	986	23
Earnings from continuing operations	2,358	2,317	(41)
Net earnings attributable to Kraft Foods	2,352	2,311	(41)
Basic earnings per share attributable to Kraft Foods:			
Continuing operations	$ 1.59	$ 1.56	$ (0.03)
Discontinued operations	–	–	–
Net earnings attributable to Kraft Foods	$ 1.59	$ 1.56	$ (0.03)
Diluted earnings per share attributable to Kraft Foods:			
Continuing operations	$ 1.58	$ 1.56	$ (0.02)
Discontinued operations	–	–	–
Net earnings attributable to Kraft Foods	$ 1.58	$ 1.56	$ (0.02)

	For the Nine Months Ended September 30, 2008		
	As Computed under LIFO	As Reported under Average Cost	Favorable / (Unfavorable)
		(in millions, except per share data)	
Cost of sales	$ 20,769	$ 20,777	$ (8)
Provision for income taxes	818	834	(16)
Earnings from continuing operations	1,769	1,745	(24)
Earnings and gain from discontinued operations, net of income taxes	975	968	(7)
Net earnings attributable to Kraft Foods	2,737	2,706	(31)
Basic earnings per share attributable to Kraft Foods:			
Continuing operations	$ 1.16	$ 1.15	$ (0.01)
Discontinued operations	0.65	0.63	(0.02)
Net earnings attributable to Kraft Foods	$ 1.81	$ 1.78	$ (0.03)
Diluted earnings per share attributable to Kraft Foods:			
Continuing operations	$ 1.15	$ 1.14	$ (0.01)
Discontinued operations	0.64	0.63	(0.01)
Net earnings attributable to Kraft Foods	$ 1.79	$ 1.77	$ (0.02)

The following line items within the balance sheets were affected by the change in accounting policy:

	September 30, 2009		
	As Computed under LIFO	As Reported under Average Cost	Favorable / (Unfavorable)
		(in millions)	
Inventories, net	$ 3,985	$ 4,073	$ (88)
Deferred income tax asset	688	654	34
Retained earnings	14,340	14,394	54

	December 31, 2008		
	As Computed under LIFO	As Reported under Average Cost	Favorable / (Unfavorable)
		(in millions)	
Inventories, net	$ 3,729	$ 3,881	$ (152)
Deferred income tax asset	861	804	57
Retained earnings	13,345	13,440	95

As a result of the accounting change, retained earnings as of January 1, 2008, increased from $12,209 million, as computed using the LIFO method, to $12,321 million using the average cost method.

There was no impact to net cash provided by operating activities as a result of this change in accounting policy.

Excise Taxes:

Effective January 1, 2009, we changed our classification of certain excise taxes to a net presentation within cost of sales. In prior years, excise taxes were classified gross within net revenues and cost of sales. With this change, we report all of our excise and similar taxes using the net presentation method. We made this change to better align our net revenues between various countries and to provide better clarity to net revenues and margins. We revised prior years' financial statements to conform to this change. As a result, we removed $61 million for the three months and $183 million for the nine months ended September 30, 2008 from net revenues, and netted the amounts within cost of sales. If we had not made this change, during the three months ended September 30, 2009, net revenues of $9,803 million would have been $9,859 million, and cost of sales of $6,262 million would have been $6,318 million; and during the nine months ended September 30, 2009, net revenues of $29,361 million would have been $29,513 million, and cost of sales of $18,890 million would have been $19,042 million. This change did not have a material impact on our net revenues or cost of sales.

Reclassification:
Effective January 1, 2009, we changed our cost assignment methodology for headquarter functional costs across our operating structure. As a result, we reclassified $44 million for the three months and $139 million for the nine months ended September 30, 2008 from marketing, administration and research costs to cost of sales. This change did not have an impact on net earnings.

Financial Instruments:
Interest rate cash flow and fair value hedges – We manage interest rate volatility by modifying the repricing or maturity characteristics of certain liabilities so that the net interest margin is not, on a material basis, adversely affected by movements in interest rates. As a result of interest rate fluctuations, hedged fixed-rate liabilities appreciate or depreciate in market value. The effect of this unrealized appreciation or depreciation is expected to be substantially offset by our gains or losses on the derivative instruments that are linked to these hedged liabilities.

We use derivative instruments, including interest rate swaps that have indices related to the pricing of specific liabilities as part of our interest rate risk management strategy. As a matter of policy, we do not use highly leveraged derivative instruments for interest rate risk management. We use interest rate swaps to economically convert a portion of our nonprepayable fixed-rate debt into variable rate debt. Under the interest rate swap contracts, we agree with other parties to exchange, at specified intervals, the difference between fixed-rate and floating-rate interest amounts, which is calculated based on an agreed-upon notional amount. We also use interest rate swaps to hedge the variability of interest payment cash flows on a portion of our future debt obligations. Substantially all of these derivative instruments are highly effective and qualify for hedge accounting treatment.

For those derivative instruments that are highly effective and qualify for hedge accounting treatment, we either record the impacts in current period earnings or defer the effective portion of unrealized gains and losses as a component of accumulated other comprehensive earnings / (losses), depending on whether the hedging relationship satisfies the criteria for a fair value or cash flow hedge. For fair value hedges, we record both (i) the gains or losses on interest rate swaps and (ii) the corresponding changes in fair value of the hedged long-term debt directly as a component of interest and other expense, net. For cash flow hedges, we recognize the deferred portion as a component of interest and other expense, net when we incur the interest expense. The ineffective portion is directly recorded as a component of interest and other expense, net. For the derivative instruments that we consider economic hedges but do not designate for hedge accounting treatment, we recognize gains and losses directly as a component of interest and other expense, net.

Refer to our revised consolidated financial statements for the year ended December 31, 2008 for information on all other types of financial instruments we use to hedge exposures.

New Accounting Pronouncements:
In September 2006, new guidance was issued on fair value measurements. The guidance defines fair value, establishes a framework for measuring fair value and expands disclosures about fair value measurements. The effective date of the guidance for items recognized or disclosed at fair value on an annual or more frequently recurring basis was January 1, 2008. The effective date of the guidance for all other nonfinancial assets and liabilities was January 1, 2009. As such, we partially adopted the guidance effective January 1, 2008. The partial adoption of this guidance did not have a material impact on our financial statements. We adopted the remaining provisions effective January 1, 2009. This adoption affects the way that we calculate fair value for our annual impairment review of goodwill and non-amortizable intangible assets, and when conditions exist that require us to calculate the fair value of long-lived assets; however, this adoption did not have a material impact on our financial statements.

In December 2007, new guidance was issued on business combinations. We adopted the guidance effective January 1, 2009. The guidance requires the acquiring entity in a business combination to recognize all assets acquired and liabilities assumed in the transaction; establishes the acquisition-date fair value as the measurement objective for all assets acquired and liabilities assumed; and requires the acquirer to disclose all information needed by investors to understand the nature and financial effect of the business combination. The adoption of this guidance did not have a material impact on our financial statements.

In December 2007, new guidance was also issued on noncontrolling interests in consolidated financial statements. We adopted the guidance effective January 1, 2009. The guidance requires us to classify noncontrolling interests in subsidiaries as a separate component of equity instead of within other liabilities. Additionally, transactions between an entity and noncontrolling interests must 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 guidance did not have a material impact on our financial statements.

In March 2008, new guidance was issued on required disclosures for derivative instruments and hedging activities. We adopted the guidance effective January 1, 2009. The guidance requires enhanced disclosures about (i) how and why we use derivative instruments, (ii) how we account for derivative instruments and related hedged items, and (iii) how derivative instruments and related hedged items affect our financial results. The adoption of this guidance did not have an impact on our financial statements.

In June 2008, new guidance was issued to assist in determining whether instruments granted in share-based payment transactions are participating securities. We adopted the guidance effective January 1, 2009. The guidance considers unvested share-based payment awards with the right to receive nonforfeitable dividends or their equivalents participating securities that should be included in the calculation of EPS under the two-class method. Accordingly, our restricted and deferred stock awards are now considered participating units in our calculation of EPS. The adoption of this guidance did not have a material impact on our financial statements.

In December 2008, new guidance was issued on employers' disclosures for postretirement benefit plan assets, which is effective for fiscal years ending after December 15, 2009. The literature provides guidance on an employer's disclosures about plan assets of a defined benefit pension or other postretirement plan. We do not expect our adoption of this guidance to have a material impact on our financial statements.

In May 2009, new guidance was issued on subsequent events that requires management to evaluate subsequent events through the date the financial statements are either issued or available to be issued, depending on the company's expectation of whether it will widely distribute its financial statements to its shareholders and other financial statement users. Companies are required to disclose the date through which subsequent events have been evaluated. We adopted the guidance effective June 30, 2009.

Note 2. Divestitures:

Post Cereals Split-off:
On August 4, 2008, we completed the split-off of the *Post* cereals business into Ralcorp Holdings, Inc., after an exchange with our shareholders. Accordingly, the prior period results of the *Post* cereals business were reflected as discontinued operations on the condensed consolidated statement of earnings.

Summary results of operations for the *Post* cereals business for the three and nine months ended September 30, 2008 were as follows:

	For the Three Months Ended September 30, 2008	For the Nine Months Ended September 30, 2008
	(in millions; as revised)	
Net revenues	$ 90	$ 666
(Loss) / earnings before income taxes	(7)	189
Benefit / (provision) for income taxes	3	(70)
Gain on discontinued operations, net of income taxes	849	849
Earnings and gain from discontinued operations, net of income taxes	$ 845	$ 968

During the fourth quarter of 2008, we increased our gain on discontinued operations by $77 million to correct for a deferred tax liability related to the split-off of the *Post* cereals business. As such, our gain from the split-off of the *Post* cereal business was $926 million. Refer to our revised consolidated financial statements for the year ended December 31, 2008 for further details of this transaction.

Other Divestitures:
In September 2009, we reached an agreement to divest a snack bars operation in the U.S. The transaction is subject to customary closing conditions, including regulatory approvals, and we expect it to close in the fourth quarter of 2009 at a small gain.

For the nine months ended September 30, 2009, we received $6 million in proceeds and recorded pre-tax losses of $17 million on the divestitures of a juice operation in Brazil and a plant in Spain.

Note 3. Inventories:

Inventories at September 30, 2009 and December 31, 2008 were:

	September 30, 2009	December 31, 2008
	(in millions; 2008 revised)	
Raw materials	$ 1,587	$ 1,568
Finished product	2,486	2,313
Inventories, net	$ 4,073	$ 3,881

Refer to Note 1, *Summary of Significant Accounting Policies*, for information on the change in our valuation method for U.S. inventories to the average cost method.

Note 4. Goodwill and Intangible Assets:

Goodwill by reportable segment was:

	September 30, 2009	December 31, 2008
	(in millions; 2008 revised)	
Kraft Foods North America:		
U.S. Beverages	$ 1,290	$ 1,290
U.S. Cheese	3,000	3,000
U.S. Convenient Meals	1,460	1,460
U.S. Grocery	3,046	3,046
U.S. Snacks	6,965	6,965
Canada & N.A. Foodservice	2,336	2,306
Kraft Foods Europe (1)	6,626	5,893
Kraft Foods Developing Markets	3,894	3,621
Total goodwill	$ 28,617	$ 27,581

(1) This segment was formerly known as European Union.

As discussed in Note 14, *Segment Reporting*, we implemented changes to our operating structure in 2009. As a result of these changes, we aligned the reporting of our Central Europe operations into our Kraft Foods Developing Markets segment and moved $1,534 million of goodwill from Kraft Foods Europe to Kraft Foods Developing Markets as of January 1, 2009. We revised prior period segment results in a consistent manner.

Intangible assets were:

	September 30, 2009	December 31, 2008
	(in millions)	
Non-amortizable intangible assets	$ 13,145	$ 12,758
Amortizable intangible assets	273	254
	13,418	13,012
Accumulated amortization	(99)	(86)
Intangible assets, net	$ 13,319	$ 12,926

Non-amortizable intangible assets consist substantially of brand names purchased through our acquisitions of Nabisco Holdings Corp., the global *LU* biscuit business of Groupe Danone S.A. and the Spanish and Portuguese operations of United Biscuits. Amortizable intangible assets consist primarily of trademark licenses, customer-related intangibles and non-compete agreements.

The movements in goodwill and intangible assets were:

	Goodwill	Intangible Assets, at Cost
	(in millions)	
Balance at December 31, 2008	$ 27,581	$ 13,012
Changes due to:		
Foreign currency	1,036	411
Other	–	(5)
Balance at September 30, 2009	$ 28,617	$ 13,418

Amortization expense for intangible assets was $6 million for the three months and $15 million for the nine months ended September 30, 2009. We currently estimate amortization expense for each of the next five years to be approximately $21 million or less.

Note 5. Restructuring Costs:

2004 – 2008 Restructuring Program:
In 2008, we completed our five-year restructuring program (the "Restructuring Program"). The Restructuring Program's objectives were to leverage our global scale, realign and lower our cost structure, and optimize capacity. As part of the Restructuring Program, we:

- incurred $3.0 billion in pre-tax charges reflecting asset disposals, severance and implementation costs;
- announced the closure of 35 facilities and announced the elimination of approximately 18,800 positions; and
- will use cash to pay for $2.0 billion of the $3.0 billion in charges.

In the second quarter of 2009, we sold a plant in Spain that we previously announced we would close under our Restructuring Program. Accordingly, we reversed $35 million in Restructuring Program charges, primarily related to severance, and recorded a $17 million loss on the divestiture of the plant in the second quarter of 2009. The reversal of the Restructuring Program costs, which affected the segment operating income of the Kraft Foods Europe segment, was recorded within asset impairment and exit costs. Since the inception of the Restructuring Program, we have paid cash for $1.6 billion of the $2.0 billion in expected cash payments, including $123 million paid in the first nine months of 2009. At September 30, 2009, we had an accrual of $366 million, and we had eliminated approximately 16,500 positions under the Restructuring Program.

Restructuring liability activity for the nine months ended September 30, 2009 was:

	Severance	Other	Total
		(in millions)	
Liability balance, January 1, 2009	$ 444	$ 45	$ 489
Reversal of charges	(32)	(3)	(35)
Cash spent	(117)	(6)	(123)
Currency	36	(1)	35
Liability balance, September 30, 2009	$ 331	$ 35	$ 366

Our 2009 activity was related to the aforementioned reversal of $35 million and cash outflows on prior year Restructuring Program charges. Our prior year severance charges included the cost of benefits received by terminated employees. Other prior year costs related primarily to the renegotiation of supplier contract costs, workforce reductions associated with facility closings and the termination of leasing agreements.

Note 6. Debt:

On September 3, 2009, we redeemed our November 2011, 7% $200 million debenture at par value. Upon redemption, we recorded a loss of $14 million within interest and other expense, net which represented the write-off of the remaining discount.

Note 7. Accumulated Other Comprehensive Losses:

The components of accumulated other comprehensive earnings / (losses) were:

	Currency Translation Adjustments	Pension and Other Benefits	Derivatives Accounted for as Hedges	Total
	(in millions)			
Balances at December 31, 2008	$ (2,399)	$ (3,572)	$ (23)	$ (5,994)
Other comprehensive earnings / (losses), net of income taxes:				
Currency translation adjustments	1,598	(116)	–	1,482
Amortization of experience losses and prior service costs	–	96	–	96
Settlement losses	–	50	–	50
Net actuarial loss arising during period	–	(12)	–	(12)
Change in fair value of cash flow hedges	–	–	23	23
Total other comprehensive earnings				1,639
Balances at September 30, 2009	$ (801)	$ (3,554)	$ –	$ (4,355)

Note 8. Stock Plans:

At our annual meeting of shareholders held on May 20, 2009, our shareholders approved the Kraft Foods Inc. Amended and Restated 2005 Performance Incentive Plan. The amended plan includes, among other provisions, a limit on the number of shares that may be granted under the plan, vesting restrictions and a prohibition on stock option repricing. Under the amended plan, we are authorized to issue a maximum of 168.0 million shares of our Common Stock. As of the effective date of the amendment, there were 92.1 million shares available to be granted under the plan, of which no more than 27.5 million shares may be awarded as restricted or deferred stock.

In January 2009, we granted 1.4 million shares of stock in connection with our long-term incentive plan. The market value per share was $27.00 on the date of grant. The unvested shares have no voting rights and do not pay dividends.

In February 2009, as part of our annual incentive program, we issued 4.1 million shares of restricted and deferred stock to eligible U.S. and non-U.S. employees. The market value per restricted or deferred share was $23.64 on the date of grant. Also, as part of our annual incentive program, we granted 16.3 million stock options to eligible U.S. and non-U.S. employees at an exercise price of $23.64.

We also issued 0.2 million off-cycle shares of restricted and deferred stock during the first nine months of 2009. The weighted-average market value per restricted or deferred share was $25.45 on the date of grant. In aggregate, we issued 5.7 million restricted and deferred shares during the first nine months of 2009, including those issued as part of our long-term incentive plan.

During the first nine months of 2009, 5.4 million shares of restricted and deferred stock vested at a market value of $136 million. There were 4.0 million stock options exercised during the first nine months of 2009 with a total intrinsic value of $44 million.

Note 9. Benefit Plans:

Pension Plans

Components of Net Periodic Pension Cost:
Net periodic pension cost consisted of the following for the three and nine months ended September 30, 2009 and 2008:

	U.S. Plans For the Three Months Ended September 30,		Non-U.S. Plans For the Three Months Ended September 30,	
	2009	2008	2009	2008
	(in millions)			
Service cost	$ 36	$ 37	$ 15	$ 23
Interest cost	92	93	54	56
Expected return on plan assets	(122)	(131)	(60)	(73)
Amortization:				
Net loss from experience differences	41	21	6	7
Prior service cost	2	2	1	2
Settlement losses	15	20	–	1
Net periodic pension cost	$ 64	$ 42	$ 16	$ 16

	U.S. Plans For the Nine Months Ended September 30,		Non-U.S. Plans For the Nine Months Ended September 30,	
	2009	2008	2009	2008
	(in millions)			
Service cost	$ 114	$ 112	$ 45	$ 70
Interest cost	276	279	156	169
Expected return on plan assets	(364)	(394)	(175)	(219)
Amortization:				
Net loss from experience differences	120	64	17	22
Prior service cost	5	5	4	6
Settlement losses	81	41	–	1
Net periodic pension cost	$ 232	$ 107	$ 47	$ 49

The following costs are included within settlement losses above. Severance payments from our cost savings initiatives and retired employees who elected lump-sum payments resulted in settlement losses for our U.S. plans of $15 million for the three months and $81 million for the nine months ended September 30, 2009, and $20 million for the three months and $41 million for the nine months ended September 30, 2008. Our non-U.S. plans also incurred a $1 million curtailment charge in the third quarter of 2008 related to the split-off of the *Post* cereals business.

Employer Contributions:
We make contributions to our U.S. and non-U.S. pension plans, primarily to the extent that they are tax deductible and do not generate an excise tax liability. During the first nine months of 2009, we contributed $225 million to our U.S. plans (including a $200 million contribution made on May 1, 2009) and $124 million to our non-U.S. plans. Based on current tax law, we plan to make further contributions of approximately $15 million to our U.S. plans and approximately $45 million to our non-U.S. plans during the remainder of 2009. However, our actual contributions may differ due to many factors, including changes in tax and other benefit laws, or significant differences between expected and actual pension asset performance or interest rates.

Postretirement Benefit Plans

Net postretirement health care costs consisted of the following for the three and nine months ended September 30, 2009 and 2008:

	For the Three Months Ended September 30, 2009	For the Three Months Ended September 30, 2008	For the Nine Months Ended September 30, 2009	For the Nine Months Ended September 30, 2008
	(in millions)			
Service cost	$ 7	$ 11	$ 26	$ 33
Interest cost	43	46	130	137
Amortization:				
Net loss from experience differences	11	14	33	42
Prior service credit	(8)	(7)	(24)	(21)
Net postretirement health care costs	$ 53	$ 64	$ 165	$ 191

Postemployment Benefit Plans

Net postemployment costs consisted of the following for the three and nine months ended September 30, 2009 and 2008:

	For the Three Months Ended September 30, 2009	For the Three Months Ended September 30, 2008	For the Nine Months Ended September 30, 2009	For the Nine Months Ended September 30, 2008
	(in millions)			
Service cost	$ 2	$ 1	$ 6	$ 3
Interest cost	3	2	6	5
Amortization of net (gains) / losses	(1)	–	2	(1)
Other (credits) / costs	–	22	(7)	145
Net postemployment costs	$ 4	$ 25	$ 7	$ 152

The following costs are included within other (credits) / costs above. We incurred severance charges of $25 million during the second quarter of 2009 related to our Kraft Foods Europe Reorganization. We also reversed $32 million in severance charges in the second quarter of 2009 related to our Restructuring Program as we sold a plant in Spain that we previously announced we would close under the program. Additionally, the postemployment cost of workforce reduction initiatives announced under the Restructuring Program was $22 million during the three months and $145 million during the nine months ended September 30, 2008.

Note 10. Financial Instruments:

Fair Value of Derivative Instruments:
The fair values of derivative instruments recorded in the condensed consolidated balance sheet as of September 30, 2009 were:

	September 30, 2009	
	Asset Derivatives	Liability Derivatives
	(in millions)	
Derivatives designated as hedging instruments:		
Foreign exchange contracts	$ 7	$ 239
Commodity contracts	12	64
Interest rate contracts	29	–
	$ 48	$ 303
Derivatives not designated as hedging instruments:		
Foreign exchange contracts	$ 1	$ 4
Commodity contracts	83	134
	$ 84	$ 138
Total fair value	$ 132	$ 441

We include the fair value of our asset derivatives within other current assets and the fair value of our liability derivatives within other current liabilities.

The fair values (asset / (liability)) of our derivative instruments at September 30, 2009 were determined using:

	Total Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
	(in millions)			
Foreign exchange contracts	$ (235)	$ –	$ (235)	$ –
Commodity contracts	(103)	(106)	3	–
Interest rate contracts	29	–	29	–
Total derivatives	$ (309)	$ (106)	$ (203)	$ –

Cash Flow Hedges:
Cash flow hedges affected accumulated other comprehensive earnings / (losses), net of income taxes, as follows:

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2009	2008	2009	2008
	(in millions)			
Accumulated gain / (loss) at beginning of period	$ 29	$ 48	$ (23)	$ 27
Transfer of realized (gains) / losses in fair value to earnings	(2)	(2)	87	(4)
Unrealized loss in fair value	(27)	(30)	(64)	(7)
Accumulated gain at September 30	$ –	$ 16	$ –	$ 16

The effect of cash flow hedges for the three and nine months ended September 30, 2009 was:

	For the Three Months Ended September 30, 2009		For the Nine Months Ended September 30, 2009	
	Gain / (Loss) Recognized in OCI	(Gain) / Loss Reclassified from AOCI into Earnings	Gain / (Loss) Recognized in OCI	(Gain) / Loss Reclassified from AOCI into Earnings
	(in millions)			
Foreign exchange contracts – intercompany loans	$ 4	$ –	$ 5	$ –
Foreign exchange contracts – forecasted transactions	(13)	(11)	(36)	(39)
Commodity contracts	(11)	9	(47)	126
Interest rate contracts	(7)	–	14	–
Total	$ (27)	$ (2)	$ (64)	$ 87

	Gain /(Loss) on Ineffectiveness Recognized in Earnings		Gain / (Loss) on Amount Excluded from Effectiveness Testing Recognized in Earnings	
	For the Three Months Ended September 30, 2009	For the Nine Months Ended September 30, 2009	For the Three Months Ended September 30, 2009	For the Nine Months Ended September 30, 2009
	(in millions)			
Foreign exchange contracts – intercompany loans	$ –	$ –	$ –	$ –
Foreign exchange contracts – forecasted transactions	–	–	–	–
Commodity contracts	–	2	1	1
Interest rate contracts	–	–	–	–
Total	$ –	$ 2	$ 1	$ 1

We record (i) the gain or loss reclassified from accumulated other comprehensive earnings / (losses) into earnings, (ii) the gain or loss on ineffectiveness, and (iii) the gain or loss on the amount excluded from effectiveness testing in:

- cost of sales for commodity contracts;
- cost of sales or marketing, administration and research costs for foreign exchange contracts related to forecasted transactions, depending on the type of transaction; and
- interest and other expense, net for interest rate contracts and foreign exchange contracts related to intercompany loans.

We expect to transfer unrealized losses of $35 million (net of taxes) for commodity cash flow hedges and unrealized gains of $3 million (net of taxes) for foreign currency cash flow hedges to earnings during the next 12 months. As of September 30, 2009, we had hedged forecasted:

- commodity transactions for periods not exceeding the next 15 months;
- interest rate transactions for periods not exceeding the next 145 months; and
- foreign currency transactions for periods not exceeding the next 27 months, and excluding intercompany loans, we had hedged forecasted foreign currency transactions for periods not exceeding the next 9 months.

Fair Value Hedges:

The effect of fair value hedges for the three and nine months ended September 30, 2009 was:

	For the Three Months Ended September 30, 2009		For the Nine Months Ended September 30, 2009	
	Gain / (Loss) Recognized in Income on Derivatives	Gain / (Loss) Recognized in Income on Borrowings	Gain / (Loss) Recognized in Income on Derivatives	Gain / (Loss) Recognized in Income on Borrowings
	(in millions)			
Interest rate contracts	$ 8	$ (8)	$ 7	$ (7)

We include the gain or loss on hedged long-term debt and the offsetting loss or gain on the related interest rate swap in interest and other expense, net.

Hedges of Net Investments in Foreign Operations:

The effect of hedges of net investments in foreign operations for the three and nine months ended September 30, 2009 was:

	Gain / (Loss) Recognized in OCI		
	For the Three Months Ended September 30, 2009	For the Nine Months Ended September 30, 2009	Location of Gain / (Loss) Recorded in AOCI
	(in millions)		
Euro notes	$ (110)	$ (122)	Currency Translation Adjustment

Economic Hedges:

The effect of economic hedges, derivatives that are not designated as hedging instruments, for the three and nine months ended September 30, 2009 was:

	Gain / (Loss) Recognized in Earnings		
	For the Three Months Ended September 30, 2009	For the Nine Months Ended September 30, 2009	Location of Gain / (Loss) Recognized in Earnings
	(in millions)		
Foreign exchange contracts – intercompany loans and forecasted interest payments	$ (4)	$ (12)	Interest expense
Foreign exchange contracts – forecasted transactions	(2)	(8)	Cost of sales
Commodity contracts	(7)	9	Cost of sales
Total	$ (13)	$ (11)	

For commodity contracts not designated as hedging instruments, we recognized net losses of approximately $128 million during the three months and net gains of approximately $149 million during the nine months ended September 30, 2008, directly as a component of cost of sales. See our revised consolidated financial statements for the year ended December 31, 2008 for additional information on our purpose for entering into derivatives not designated as hedging instruments and our overall risk management strategies.

Volume:
As of September 30, 2009, we had the following outstanding hedges:

	Notional Amount (in millions)
Foreign exchange contracts – intercompany loans	$ 2,238
Foreign exchange contracts – forecasted transactions	642
Commodity contracts	1,820
Interest rate contracts	1,150
Net investment hedge – euro notes	4,172

Note 11. Commitments and Contingencies:

Legal Proceedings:
We are involved, from time to time, in legal proceedings, claims, and governmental inspections or investigations, arising in the ordinary course of our business. While we cannot predict with certainty the results of these matters, we do not expect that the ultimate costs to resolve these matters will have a material effect on our financial results.

Third-Party Guarantees:
We have third-party guarantees primarily covering the long-term obligations of our vendors. As part of those transactions, we guarantee that third parties will make contractual payments or achieve performance measures. At September 30, 2009, the carrying amount of our third-party guarantees on our condensed consolidated balance sheet and the maximum potential payment under these guarantees was $30 million. Substantially all of these guarantees expire at various times through 2018.

Note 12. Income Taxes:

As of January 1, 2009, our unrecognized tax benefits were $807 million. If we had recognized all of these benefits, the net impact on our income tax provision would have been $612 million. During the nine months ended September 30, 2009, we recognized $173 million of previously unrecognized tax benefits due to an agreement we reached with the IRS on specific matters, settlements with various foreign and state tax authorities, and the expiration of the statute of limitations in various jurisdictions. In addition, unrecognized tax benefits increased $110 million during the nine months ended September 30, 2009 for additions based on current year tax positions, prior year tax positions and adjustments for currency. As a result, our net unrecognized tax benefits decreased $63 million during the nine months ended September 30, 2009. We expect that the amount of unrecognized tax benefits will decrease by $60 million during the next 12 months due to various audit settlements and the expiration of statutes of limitations. We include accrued interest and penalties related to uncertain tax positions in our tax provision. As of January 1, 2009, we had $239 million of accrued interest and penalties. The decrease in accrued interest and penalties during the nine months ended September 30, 2009 was $53 million.

We are regularly examined by various federal, state and foreign tax authorities. The U.S. federal statute of limitations remains open for the year 2000 and onward. Years 2000 through 2003 are currently under examination by the IRS, and during the third quarter of 2009, we reached an agreement with the IRS on specific matters relating to those tax years. We expect the years under audit by the IRS to close during 2010. We are also currently under examination by taxing authorities in various U.S. state and foreign jurisdictions. U.S. state and foreign jurisdictions have statutes of limitations generally ranging from three to five years. Years still open to examination by foreign tax authorities in major jurisdictions include Germany (1999 onward), Brazil (2002 onward), Canada (2003 onward), Spain (2002 onward) and France (2006 onward).

Note 13. Earnings Per Share:

Basic and diluted EPS were calculated using the following:

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2009	2008	2009	2008
	(in millions, except per share data; 2008 revised)			
Earnings from continuing operations	$ 826	$ 520	$ 2,317	$ 1,745
Earnings and gain from discontinued operations, net of income taxes	–	845	–	968
Net earnings	826	1,365	2,317	2,713
Noncontrolling interest	2	3	6	7
Net earnings attributable to Kraft Foods	$ 824	$ 1,362	$ 2,311	$ 2,706
Weighted-average shares for basic EPS	1,479	1,493	1,477	1,516
Plus incremental shares from assumed conversions of stock options and long-term incentive plan shares	8	10	8	11
Weighted-average shares for diluted EPS	1,487	1,503	1,485	1,527
Basic earnings per share attributable to Kraft Foods:				
Continuing operations	$ 0.56	$ 0.34	$ 1.56	$ 1.15
Discontinued operations	–	0.57	–	0.63
Net earnings attributable to Kraft Foods	$ 0.56	$ 0.91	$ 1.56	$ 1.78
Diluted earnings per share attributable to Kraft Foods:				
Continuing operations	$ 0.55	$ 0.34	$ 1.56	$ 1.14
Discontinued operations	–	0.57	–	0.63
Net earnings attributable to Kraft Foods	$ 0.55	$ 0.91	$ 1.56	$ 1.77

We exclude antidilutive Kraft Foods stock options from our calculation of weighted-average shares for diluted EPS. We excluded 23.2 million antidilutive options for the three months and 23.3 million antidilutive options for the nine months ended September 30, 2009, and we excluded 0.3 million antidilutive options for the three months and 0.6 million antidilutive options for the nine months ended September 30, 2008.

Note 14. Segment Reporting:

Effective January 2009, we began implementing changes to our operating structure based on our *Organizing For Growth* initiative and the Kraft Foods Europe Reorganization. In line with our strategies, we are reorganizing our European operations to function on a pan-European centralized category management and value chain model, and we changed 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 its financial results, including marketing, manufacturing and R&D. Category leadership, based in Zurich, Switzerland, reports to the Kraft Foods Europe President. These business units now comprise the Kraft Foods Europe segment.
- We aligned the reporting of our Central Europe operations into our Kraft Foods Developing Markets segment to help build critical scale in these countries. We operate a country-led model in these markets.

We manufacture and market packaged food products, including snacks, beverages, cheese, convenient meals and various packaged grocery products. We manage and report operating results through three commercial units: Kraft Foods North America, Kraft Foods Europe and Kraft Foods Developing Markets. We manage the operations of Kraft Foods North America and Kraft Foods Europe by product category, and we manage the operations of Kraft Foods Developing Markets by geographic location. Our reportable segments are U.S. Beverages, U.S. Cheese, U.S. Convenient Meals, U.S. Grocery, U.S. Snacks, Canada & North America Foodservice, Kraft Foods Europe (formerly known as European Union) and Kraft Foods Developing Markets.

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 are 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 costs), general corporate expenses (which are a component of marketing, administration and research costs) and amortization of intangibles for all periods presented. In 2009, we began excluding certain components of our U.S. pension plan cost from segment operating income because we centrally manage pension plan funding decisions and the determination of discount rate, expected rate of return on plan assets and other actuarial assumptions. Therefore, we 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. Furthermore, we centrally manage interest and other expense, net. Accordingly, we do not present these items by segment because they are excluded from the segment profitability measure that management reviews.

Segment data were:

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2009	2008	2009	2008
	(in millions; 2008 revised)			
Net revenues:				
Kraft Foods North America:				
U.S. Beverages	$ 754	$ 743	$ 2,373	$ 2,304
U.S. Cheese	824	919	2,605	2,848
U.S. Convenient Meals	1,135	1,081	3,418	3,202
U.S. Grocery	778	802	2,569	2,506
U.S. Snacks	1,232	1,274	3,717	3,736
Canada & N.A. Foodservice	1,055	1,109	2,989	3,279
Kraft Foods Europe	2,070	2,338	6,081	7,239
Kraft Foods Developing Markets	1,955	2,135	5,609	6,137
Net revenues	$ 9,803	$ 10,401	$ 29,361	$ 31,251

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2009	2008	2009	2008
	(in millions; 2008 revised)			
Earnings from continuing operations before income taxes:				
Operating income:				
Segment Operating Income:				
Kraft Foods North America:				
U.S. Beverages	$ 133	$ 83	$ 443	$ 363
U.S. Cheese	166	148	463	373
U.S. Convenient Meals	127	79	409	275
U.S. Grocery	258	236	859	781
U.S. Snacks	196	190	530	532
Canada & N.A. Foodservice	156	153	386	391
Kraft Foods Europe	211	115	565	348
Kraft Foods Developing Markets	285	279	745	715
Unrealized gains / (losses) on hedging activities	19	(141)	140	(38)
Certain U.S. pension plan costs	(27)	–	(121)	–
General corporate expenses	(99)	(112)	(186)	(209)
Amortization of intangibles	(6)	(7)	(15)	(18)
Operating income	1,419	1,023	4,218	3,513
Interest and other expense, net	323	298	915	934
Earnings from continuing operations before income taxes	$ 1,096	$ 725	$ 3,303	$ 2,579

Asset Impairment Charges – In the second quarter of 2009, we recorded a $9 million asset impairment charge to write-off an investment in Norway. The charge was recorded within asset impairment and exit costs within the segment operating income of Kraft Foods Europe.

Unrealized Gains / (Losses) on Hedging Activities – We recognized gains on the change in unrealized hedging positions of $19 million for the three months and $140 million for the nine months ended September 30, 2009, and losses of $141 million for the three months and $38 million for the nine months ended September 30, 2008.

Net revenues by consumer sector, which includes *Kraft* macaroni and cheese dinners in the Convenient Meals sector and the separation of Canada & N.A. Foodservice, and Kraft Foods Europe and Kraft Foods Developing Markets into sector components, were:

	For the Three Months Ended September 30, 2009			
	Kraft Foods North America	Kraft Foods Europe	Kraft Foods Developing Markets	Total
	(in millions)			
Snacks	$ 1,486	$ 1,077	$ 1,051	$ 3,614
Beverages	881	572	518	1,971
Cheese	1,174	244	216	1,634
Grocery	706	96	140	942
Convenient Meals	1,531	81	30	1,642
Total net revenues	$ 5,778	$ 2,070	$ 1,955	$ 9,803

	For the Three Months Ended September 30, 2008			
	Kraft Foods North America	Kraft Foods Europe	Kraft Foods Developing Markets	Total
	(in millions; as revised)			
Snacks	$ 1,525	$ 1,233	$ 1,205	$ 3,963
Beverages	871	629	547	2,047
Cheese	1,298	280	207	1,785
Grocery	748	106	149	1,003
Convenient Meals	1,486	90	27	1,603
Total net revenues	$ 5,928	$ 2,338	$ 2,135	$ 10,401

	For the Nine Months Ended September 30, 2009			
	Kraft Foods North America	Kraft Foods Europe	Kraft Foods Developing Markets	Total
	(in millions)			
Snacks	$ 4,379	$ 3,213	$ 3,043	$ 10,635
Beverages	2,727	1,676	1,476	5,879
Cheese	3,593	706	604	4,903
Grocery	2,408	271	400	3,079
Convenient Meals	4,564	215	86	4,865
Total net revenues	$ 17,671	$ 6,081	$ 5,609	$ 29,361

	For the Nine Months Ended September 30, 2008			
	Kraft Foods North America	Kraft Foods Europe	Kraft Foods Developing Markets	Total
	(in millions; as revised)			
Snacks	$ 4,414	$ 3,858	$ 3,466	$ 11,738
Beverages	2,688	1,943	1,564	6,195
Cheese	3,999	865	614	5,478
Grocery	2,450	307	416	3,173
Convenient Meals	4,324	266	77	4,667
Total net revenues	$ 17,875	$ 7,239	$ 6,137	$ 31,251

Note 15. Subsequent Events:

On September 7, 2009, we disclosed that we approached the Board of Cadbury plc (“Cadbury”) with a proposal to combine the two companies. The Board of Cadbury has rejected this proposal. We remain interested in working toward a recommended transaction. We proposed an offer for Cadbury (the “Possible Offer”) of 300 pence in cash and 0.2589 new Kraft Foods shares per Cadbury share. This valued each Cadbury share at 745 pence (based on the closing price of $28.10 for a Kraft Foods share on September 4, 2009 and an exchange rate of 1.6346 $/£) and valued the entire issued share capital of Cadbury at £10.2 billion (approximately $16.7 billion). The combination would build on Kraft Foods’ position as a global powerhouse in snacks, confectionery and quick meals with a rich portfolio of iconic brands.

The Possible Offer contained several criteria, including our ability to obtain satisfactory financing, that we would maintain an investment-grade credit rating, and the right to change our offer at any time.

Pursuant to the U.K. City Code on Takeovers and Mergers, the U.K. Takeover Panel set a deadline of November 9, 2009 for us to formally make an offer for Cadbury, or walk away.

We evaluated subsequent events through November 3, 2009 and included all accounting and disclosure requirements related to subsequent events in our financial statements.

Independent Review Report to Kraft Foods Inc.

Introduction

We have been engaged by the company to review the condensed consolidated financial statements for the three and nine months ended 30 September 2009, which comprises the condensed consolidated balance sheet, the condensed consolidated statements of earnings, of equity and of cash flows and related notes included at Exhibit 99.2.

Management's responsibilities

The condensed consolidated financial statements are the responsibility of the company's management. As disclosed in note 1, the annual financial statements of the company are prepared in accordance with accounting principles generally accepted in the United States of America. The condensed consolidated financial statements included in this report have been prepared in accordance with US Securities and Exchange Commission rules for interim financial reporting.

Our responsibility

Our responsibility is to express to the company a conclusion on the condensed consolidated financial statements based on our review. This report, including the conclusion, has been prepared for and only for the company to satisfy Rule 28.3(b) of the City Code on Takeovers and Mergers and for no other purpose. We do not, in producing this report, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' issued by the Auditing Practices Board for use in the United Kingdom. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) or auditing standards generally accepted in the United States of America, and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated financial statements for the three and nine months ended 30 September 2009 are not prepared, in all material respects, in accordance with accounting principles generally accepted in the United States of America and the US Securities and Exchange Commission rules for interim reporting.

/s/ PricewaterhouseCoopers LLP
Chicago, Illinois
3 November 2009

PricewaterhouseCoopers LLP has given and not withdrawn its consent to the publication of the condensed consolidated financial statements for the three and nine months ended 30 September 2009 included at Exhibit 99.2 as set out in this Form 8-K dated 3 November 2009 with the inclusion of its report in the form and context in which it appears. This is not a consent pursuant to or as contemplated or referenced by the US Securities Act of 1933 or any other US law, rule or regulation.

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Citigroup Centre
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United Kingdom

Deutsche Bank AG, London Branch
Winchester House
1 Great Winchester Street
London
EC2N 2DB
United Kingdom

To: The Directors
Kraft Foods Inc.
Three Lakes Drive
Northfield
Illinois
60093
United States of America

3 November 2009

Dear Sirs

Report by the financial advisers to Kraft Foods Inc. in connection with the unaudited profit figures contained within the unaudited condensed consolidated financial statements for the three and nine months ended 30 September 2009

We refer to the unaudited profit figures (the "Unaudited Profit Figures") contained within the announcement dated 3 November 2009 of the unaudited condensed consolidated financial statements for Kraft Foods Inc. ("Kraft Foods") for the three and nine months ended 30 September 2009 ("Third Quarter Financial Information").

We have read the Third Quarter Financial Information including the independent review report of the Third Quarter Financial Information ("Independent Review Report") prepared for Kraft Foods by PricewaterhouseCoopers LLP, auditors to Kraft Foods. We have discussed the Third Quarter Financial Information and the Independent Review Report with the executive officers of Kraft Foods. We have relied upon the accuracy and completeness of all the financial and other information provided by Kraft Foods in the Third Quarter Financial Information and have assumed such accuracy and completeness for the purposes of delivering this letter.

This letter to you is solely in connection with Rule 28.3(b) of the City Code on Takeovers and Mergers and for no other purpose. Accordingly, save for any responsibility that we may have to those persons to whom this letter is expressly addressed, to the fullest extent permitted by law we do not assume any responsibility and will not accept any liability to any person for any loss suffered by any such person as a result of, or in connection with, this letter.

On the basis of the foregoing, we consider that the Unaudited Profit Figures, for which you in your capacity as directors are solely responsible, for the purposes of the City Code on Takeovers and Mergers, have been prepared with due care and consideration by the directors.

Each of Lazard & Co., Limited, Centerview Partners UK LLP, Citigroup Global Markets Limited and Deutsche Bank AG, London Branch has given and not withdrawn its consent to the publication of the Third Quarter Financial Information dated 3 November 2009 with the inclusion of this letter and the references to its name in the form and context in which they appear.

Yours faithfully,

for and on behalf of

Lazard & Co., Limited

Centerview Partners UK LLP

Citigroup Global Markets Limited

Deutsche Bank AG, London Branch

Lazard & Co., Limited, which is authorised and regulated by the Financial Services Authority in the United Kingdom, is acting as financial adviser to Kraft Foods and no one else in connection with the possible offer by Kraft Foods for Cadbury plc (the "Possible Offer") and will not be responsible to anyone other than Kraft Foods for providing the protections afforded to clients of Lazard or for providing advice in relation to the Possible Offer or for any other matter referred to herein.

Centerview Partners UK LLP, which is authorised and regulated by the Financial Services Authority in the United Kingdom, is acting as financial adviser to Kraft Foods and no one else in connection with the Possible Offer and will not be responsible to anyone other than Kraft Foods for providing the protections afforded to clients of Centerview Partners UK LLP or for providing advice in relation to the Possible Offer or for any other matter referred to herein.

Citigroup Global Markets Limited, which is authorised and regulated in the United Kingdom by the Financial Services Authority, is acting as financial adviser and corporate broker to Kraft Foods and no one else in connection with the contents of this announcement and the Possible Offer and will not be responsible to any person other than Kraft Foods for providing the protections afforded to clients of Citigroup Global Markets Limited, nor for providing advice in relation to the Possible Offer or any matter referred to herein.

Deutsche Bank AG is authorised under German Banking Law (competent authority: BaFin—Federal Financial Supervisory Authority) and authorised and subject to limited regulation by the Financial Services Authority. Details about the extent of Deutsche Bank AG's authorisation and regulation by the Financial Services Authority are available on request. Deutsche Bank AG is acting as financial adviser and corporate broker to Kraft Foods and no one else in connection with the Possible Offer and will not be responsible to anyone other than Kraft Foods for providing the protections afforded to the clients of Deutsche Bank AG nor for providing advice in relation to the Possible Offer or any other matter referred to herein.

Profit Forecast including Bases and Assumptions

Kraft Foods made the following public statement on 3 November 2009 within its third quarter earnings release: "Kraft Foods increased its guidance for 2009 diluted earnings per share to at least $1.97 versus the previous expectation of at least $1.93."

Diluted earnings per share is defined as net earnings attributable to Kraft Foods divided by weighted average diluted shares. Weighted average shares for diluted earnings per share adds back incremental shares from assumed conversions of stock options, net of assumed share repurchases and long term incentive plan ("LTIP") shares to the weighted average shares of basic earnings per share.

In addition, Kraft Foods made the following statement in its third quarter earnings release: "… the company raised its outlook for full-year discretionary cash flow to at least $3.0 billion versus its previous estimate of $2.6 billion."

Discretionary cash flow is defined as net cash provided by operating activities less capital expenditures plus voluntary pension contributions.

Both statements regarding diluted earnings per share and discretionary cash flow for the year ended 31 December 2009 constitute profit forecasts (together, the "Profit Forecast") for the purposes of the Takeover Code.

The Profit Forecast includes an estimate for certain costs in connection with the company's possible combination with Cadbury plc that are recognizable under US GAAP and assumes that the possible combination with Cadbury plc will not close or be abandoned on or before 31 December 2009.

The Profit Forecast comprises diluted earnings per share and discretionary cash flow rather than statutory earnings from continuing operations before income taxes, as diluted earnings per share and discretionary cash flow are the primary profit measures historically used by Kraft Foods in their external reporting.

Basis of preparation

The Profit Forecast has been prepared on a basis consistent with the accounting policies of Kraft Foods, which are in accordance with US GAAP and those which Kraft Foods anticipates will be applicable for the full year ending 31 December 2009.

The Kraft Foods Directors have prepared the Profit Forecast based on the unaudited interim condensed consolidated financial statements for the nine months ended 30 September 2009, and a forecast of the results and cash flows for Kraft Foods for the three month period ending 31 December 2009.

Assumptions

The Kraft Foods Directors have prepared the Profit Forecast on the basis of the following assumptions:

Factors outside the influence or control of the Kraft Foods Directors

There will be no further change to existing prevailing worldwide macroeconomic conditions during the year ending 31 December 2009.

There will be no material adverse events which will have a significant impact on Kraft Foods' financial results.

There will be no changes in exchange rates, interest rates, bases of taxes, legislation or regulatory requirements that would have a material impact on Kraft Foods.

There will be no material change in the price of raw materials.

There will be no material changes to freight and energy prices including electricity and gas.

There will be no material change in labour costs, including medical and pension and other post-retirement benefits.

There will be no material change to the competitive environment leading to an adverse impact on consumer preferences or the capacity of the business to penetrate new markets.

There will be no material change to the Kraft Foods' customers' obligations or their ability or willingness to meet their obligations to Kraft Foods from that currently anticipated by the Directors.

Factors within the influence or control of the Kraft Foods Directors

The company does not expect the profit forecast to be materially impacted by acquisitions or disposals of businesses not previously disclosed.

Report of Reporting Accountant

The accounting policies and calculations underlying the Profit Forecast included in Exhibit 99.5 have been reported upon by the U.S. firm of PricewaterhouseCoopers LLP, our independent registered public accounting firm. PricewaterhouseCoopers LLP's report (the "PwC Report") is set forth below.

PricewaterhouseCoopers LLP has prepared the PwC Report at our request solely to enable us to meet certain of our obligations pursuant to Rule 28.3(b) of The City Code on Takeovers and Mergers (the "Takeover Code") in the United Kingdom. The Takeover Code applies to the possible combination with Cadbury plc (the "Possible Offer") because Cadbury plc has its registered office in the United Kingdom and its securities are admitted to trading on the London Stock Exchange. Rule 28.4 of the Takeover Code requires that documents published in connection with the Possible Offer (including this Form 8-K) include an accountants' report on the Profit Forecast because we published the Profit Forecast during the offer period (as defined in the Takeover Code).

We are not required to provide the PwC Report by the U.S. securities laws, the rules of the SEC, or any other applicable U.S. law. Accordingly, the PwC Report is intended to be relied upon only by those persons to whom it is expressly addressed and the Cadbury plc shareholders to which the Possible Offer is made and should not be relied upon by any other person.

The PwC Report was prepared in accordance with the Standards for Investment Reporting issued by the Auditing Practices Board in the United Kingdom. It was not prepared in accordance with auditing or other standards and practices generally accepted in the United States of America, or other jurisdictions, nor the auditing standards and practices of the Public Company Accounting Oversight Board (United States), nor does it constitute an examination, compilation or review under those standards and practices. Accordingly, it should not be relied upon as if it had been carried out in accordance with those U.S. standards and practices or any standards other than the U.K. standards mentioned above. Additionally, to the extent permitted by law and as set forth in the PwC Report, PricewaterhouseCoopers LLP's liability for the PwC Report, which is addressed to our Board of Directors and our financial advisers, is limited to any responsibility PricewaterhouseCoopers LLP may have to the addressees of the Report and Cadbury plc's shareholders as a result of inclusion of this report in this Form 8-K.

Cadbury plc shareholders should review the PwC Report in its entirety, and the foregoing statements are qualified by reference to the full PwC Report.

The Directors
Kraft Foods Inc.
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3 November 2009

Dear Sirs

Kraft Foods Inc.

We report on the profit forecasts comprising the statements by Kraft Foods Inc. ("Kraft Foods") in respect of diluted earnings per share and discretionary cash flow of Kraft Foods and its consolidated subsidiaries (together the "Kraft Foods Group") for the year ending 31 December 2009 (together, the "Profit Forecast"). The Profit Forecast and the material assumptions upon which it is based, are set out in Exhibit 99.5 of this Form 8-K furnished by Kraft Foods dated 3 November 2009 (the "Form 8-K").

This report is required by Rule 28.3(b) of the City Code on Takeovers and Mergers issued by the Panel on Takeovers and Mergers (the "Takeover Code") and is given for the purpose of complying with that rule and for no other purpose.

Responsibilities

It is the responsibility of the directors of Kraft Foods (the "Kraft Foods Directors") to prepare the Profit Forecast in accordance with the requirements of the Takeover Code.

It is our responsibility to form an opinion as required by Rule 28.3(b) of the Takeover Code as to the proper compilation of the Profit Forecast and to report that opinion to you.

Save for any responsibility which we may have to those persons to whom this report is expressly addressed or to the shareholders of Cadbury plc as a result of the inclusion of this report in the Form 8-K under Rule 28.3(b) of the Takeover Code, to the fullest extent permitted by law we do not assume any responsibility and will not accept any liability to any other person for any loss suffered by any such other person as a result of, arising out of, or in connection with this report or our statement, required by and given solely for the purposes of complying with Rule 28.4 of the Takeover Code, consenting to its inclusion in this Form 8-K.

Basis of Preparation of the Profit Forecast

The Profit Forecast has been prepared on the basis stated in Exhibit 99.5 of this Form 8-K and is based on the unaudited interim financial results for the nine months ended 30 September 2009 and a forecast to 31 December 2009. The Profit Forecast is required to be presented on a basis consistent with the accounting policies of the Kraft Foods Group.

Basis of Opinion

We conducted our work in accordance with the Standards for Investment Reporting issued by the Auditing Practices Board in the United Kingdom. Our work included evaluating the basis on which the historical financial information included in the Profit Forecast has been prepared and considering whether the Profit Forecast has been accurately computed based upon the disclosed assumptions and the accounting policies of the Kraft Foods Group. Whilst the assumptions upon which the Profit Forecast are based are solely the responsibility of the Kraft Foods Directors, we considered whether anything came to our attention to indicate that any of the assumptions adopted by the Kraft Foods Directors which, in our opinion, are necessary for a proper understanding of the Profit Forecast have not been disclosed or if any material assumption made by the Kraft Foods Directors appears to us to be unrealistic.

We planned and performed our work so as to obtain the information and explanations we considered necessary in order to provide us with reasonable assurance that the Profit Forecast has been properly compiled on the basis stated.

Since the Profit Forecast and the assumptions on which it is based relate to the future and may therefore be affected by unforeseen events, we can express no opinion as to whether the actual results reported will correspond to those shown in the Profit Forecast and differences may be material.

Our work on the Profit Forecast does not constitute an audit. Our work has not been carried out in accordance with auditing or other standards and practices generally accepted in the United States of America, or other jurisdictions (other than in the United Kingdom), nor the auditing standards and practices of the Public Company Accounting Oversight Board (United States), nor does it constitute an examination, compilation or review under those standards and practices. Accordingly, it should not be relied upon as if it had been carried out in accordance with those standards and practices.

Opinion

In our opinion, the Profit Forecast has been properly compiled on the basis of the assumptions made by the Kraft Foods Directors and the basis of accounting used is consistent with the accounting policies of the Kraft Foods Group.

Yours faithfully

/s/ PricewaterhouseCoopers LLP
Chicago, Illinois

PricewaterhouseCoopers LLP has given and not withdrawn its consent to the publication of this Form 8-K dated 3 November 2009 with the inclusion of its report in the form and context in which it appears. This is not a consent pursuant to or as contemplated or referenced by the U.S. Securities Act of 1933 or any other U.S. law, rule or regulation.

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To: The Directors
Kraft Foods Inc.
Three Lakes Drive
Northfield
Illinois
60093
United States of America

3 November 2009

Dear Sirs

Report on profit forecasts by Kraft Foods Inc.

We refer to the profit forecasts comprising the statements by Kraft Foods Inc. ("Kraft Foods") in respect of the diluted earnings per share and discretionary cash flow of Kraft Foods and its consolidated subsidiaries (together the "Kraft Foods Group") for the year ending 31 December 2009 (together, the "Profit Forecast").

We have discussed the Profit Forecast and the bases and assumptions on which it has been prepared with the executive officers of Kraft Foods and with PricewaterhouseCoopers LLP. Kraft Foods has confirmed to us that all information relevant to the Profit Forecast has been disclosed to us. We have relied upon the accuracy and completeness of all such information and have assumed such accuracy and completeness for the purposes of providing this letter to you. We have also discussed the accounting policies and basis of calculation for the Profit Forecast with the executive officers of Kraft Foods and with PricewaterhouseCoopers LLP and we have considered PricewaterhouseCoopers LLP's letter dated 3 November 2009 addressed to you and us on this matter.

This letter to you is solely in connection with Rule 28.3(b) of the City Code on Takeovers and Mergers and for no other purpose. Accordingly, save for any responsibility that we may have to those persons to whom this letter is expressly addressed, to the fullest extent permitted by law we do not assume any responsibility and will not accept any liability to any person for any loss suffered by any such person as a result of, or in connection with, this letter.

On the basis of the foregoing, we consider that the Profit Forecast, for which you in your capacity as directors are solely responsible, for the purposes of the City Code on Takeovers and Mergers, has been prepared with due care and consideration by the directors.

Each of Lazard & Co., Limited, Centerview Partners UK LLP, Citigroup Global Markets Limited and Deutsche Bank AG, London Branch has given and not withdrawn its consent to the publication of the Profit Forecast with the inclusion of this letter and the references to its name in the form and context in which they appear.

Yours faithfully,

for and on behalf of

Lazard & Co., Limited	Centerview Partners UK LLP
Citigroup Global Markets Limited	Deutsche Bank AG, London Branch

Lazard & Co., Limited, which is authorised and regulated by the Financial Services Authority in the United Kingdom, is acting as financial adviser to Kraft Foods and no one else in connection with the possible offer by Kraft Foods for Cadbury plc (the "Possible Offer") and will not be responsible to anyone other than Kraft Foods for providing the protections afforded to clients of Lazard or for providing advice in relation to the Possible Offer or for any other matter referred to herein.

Centerview Partners UK LLP, which is authorised and regulated by the Financial Services Authority in the United Kingdom, is acting as financial adviser to Kraft Foods and no one else in connection with the Possible Offer and will not be responsible to anyone other than Kraft Foods for providing the protections afforded to clients of Centerview Partners UK LLP or for providing advice in relation to the Possible Offer or for any other matter referred to herein.

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