

**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): February 20, 2007**

**KRAFT FOODS INC.**

(Exact name of registrant as specified in its charter)

**Virginia**  
(State or other jurisdiction  
of incorporation)

**001-16483**  
(Commission  
File Number)

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

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

**60093-2753**  
(Zip Code)

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

(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:

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

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**Item 7.01. Regulation FD Disclosure.**

On February 20, 2007, Kraft Foods Inc. (the "Company") provided a presentation at the Consumer Analyst Group of New York 2007 Conference. As previously announced, the webcast and slides of the presentation will be archived on the Company's website, [www.kraft.com](http://www.kraft.com). The Company issued a press release outlining the Company's three-year growth strategy, 2007 earning guidance and the Company's long-term financial outlook on February 20, 2007.

The company's four strategies are:

- **Rewire the organization for growth** – This includes instilling a mindset of candor, courage and action throughout the company; putting operating decisions in the hands of local-market leaders; and focusing the organization on those goals that will truly drive business growth and shareholder value.
- **Reframe Kraft's categories** – The essence of this strategy is to leverage the power of the portfolio to expand the company's share of larger, higher-growth markets. For example, by broadening the company's frame of reference in light of how consumers eat cheese, including cheeses for snacking, for dipping, for sandwiches and for quick meals, the company expects to increase its share of the large and growing \$14 billion cheese market. More specifically:
  - The processed cheese slices category is declining 2%, while sandwich cheese is growing at 2%.
  - Natural chunks are growing at 4%, but the broader category of snacking cheese is growing at 6%.
  - The premium cheese segment is growing at a healthy double-digit rate.

In addition, the company will move beyond meal components to creating complete meal solutions. One example is the company's new *Oscar Mayer Deli-Creations*, which combine a number of leading brands, like *Oscar Mayer Deli-Shaved* meats, *Kraft* cheese, *A.1.* steak sauce, and *Grey Poupon*

mustard, to create convenient, ready-to-heat sandwiches with fresh-baked taste.

Mirroring the approach Kraft took with its successful \$250 million *South Beach Diet* line, the company also will expand its efforts to use its broad portfolio to meet the needs of specific consumer groups for weight management, health and wellness and other benefits.

- **Exploiting Kraft's sales capabilities** – Kraft will use its scale to combine the executional benefits of direct store delivery with the economics of warehouse delivery to drive faster growth in North America. Internationally, the company will expand its reach to the traditional trade in key developing markets. The company plans to build profitable scale by expanding its distribution reach in countries with rapidly growing demand, as it has done in Russia and Ukraine. Going forward, the focus will be on developing markets where Kraft has sufficient scale, including Brazil and Mexico.
- **Driving down costs without compromising quality** – The fourth strategy calls for the company to contain overhead costs, while investing in quality, R&D, marketing, sales and other capabilities that drive or support growth. The company plans to complete its \$3 billion restructuring program in 2008, with total annualized savings of \$1 billion. Thereafter, Kraft will spend at a more consistent level each year to provide a steady stream of savings and more predictable earnings.

The full text of the press release is attached hereto as Exhibit 99.1 and incorporated by reference into this Item 7.01.

Pursuant to General Instruction B.2., the information set forth in this Item 7.01, including the exhibit attached hereto relating to this Item 7.01, shall not be deemed "filed" for purposes of Section 18 of the Exchange Act or otherwise subject to the liabilities of that section.

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#### Item 8.01. Other Events.

On February 20, 2007, the Company announced that the Board of Directors authorized a stock repurchase plan pursuant to which the Company may repurchase shares of the Company's Class A common stock having an aggregate value up to \$5 billion through March 2009. The repurchase program will become effective immediately following the distribution of the approximately 89% of the Company's outstanding shares owned by Altria Group Inc. The program does not obligate the Company to acquire any particular amount of Class A common stock and it may be suspended at any time at the Company's discretion.

The Company issued a press release announcing the stock repurchase plan on February 20, 2007. The full text of the press release is attached hereto as Exhibit 99.2 and incorporated by reference into this Item 8.01.

#### Item 9.01. Financial Statements and Exhibits.

(d) Exhibits.

<u>Exhibit Number</u>	<u>Description</u>
99.1	Press Release dated February 20, 2007.
99.2	Press Release dated February 20, 2007.

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#### 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.

KRAFT FOODS INC.

Date: February 20, 2007

/s/ CAROL J. WARD

Name: Carol J. Ward

Title: Vice President and Corporate Secretary

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**EXHIBIT INDEX**

<u>Exhibit Number</u>	<u>Description</u>
99.1	Press Release dated February 20, 2007.
99.2	Press Release dated February 20, 2007.

**Contacts: Media**  
**Donna Sitkiewicz**  
**847-646-4538**

**Investors**  
**Chris Jakubik**  
**847-646-5494**

**Taking a Great Portfolio in New Directions:  
 Kraft Foods Announces Growth Strategy at CAGNY Conference**

*Provides 2007 Earnings Guidance, Long-Term Outlook*

NORTHFIELD, IL, February 20, 2007 — Irene Rosenfeld, CEO of Kraft Foods Inc. (NYSE: KFT), today is announcing a comprehensive strategy to accelerate the company's growth at the Consumer Analyst Group of New York conference in Scottsdale, Arizona. The company also provided 2007 earnings guidance and its long-term financial outlook.

"This is a pivotal time in Kraft's history, and while there are things we have to fix, our organization is energized about pursuing a number of trajectory-changing initiatives," said Rosenfeld. "I am confident that our new strategies will return Kraft to predictable and consistent growth."

The company's four strategies are:

- Rewire the organization for growth
- Reframe Kraft's categories to make them more relevant to consumers
- Exploit Kraft's sales capabilities
- Drive down costs without compromising quality

The company expects a return to consistent growth in three stages. In 2007, Kraft expects to:

- Grow its top line 3% to 4% organically;
- Invest all of its growth, as well as restructuring savings, back into the first wave of trajectory-changing growth initiatives. This represents an incremental \$300 million to \$400 million investment in quality, marketing, R&D and capability-building.

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As a result of this investment, a higher tax rate, spin-related dilution and divestitures (included in Kraft's fourth quarter 2006 earnings release), in 2007, Kraft expects earnings per share of \$1.50 to \$1.55, or \$1.75 to \$1.80, excluding 25 cents of restructuring costs.

In 2008, the company expects its operational turnaround to gain momentum. Kraft will again grow revenue 3% to 4% organically, with operating income exceeding revenue growth. The company will invest a portion of its growth back into the business, including further marketing spending, toward a long-term target of 8% to 9% of net revenue.

"By 2009, we'll hit our stride," Rosenfeld said. "We'll fully realize the financial benefits of our investments and deliver our long-term targets of at least 4% organic net revenue growth and 7% to 9% EPS growth."

Kraft Foods (NYSE:KFT) is one of the world's largest food and beverage companies. For more than 100 years, we've offered consumers delicious and wholesome foods that fit the way they live. Millions of times a day, in more than 150 countries, consumers reach for their favorite Kraft brands. Whether it's breakfast, lunch, dinner or a snack, consumers at home and on the go choose: *Kraft* cheeses, dinners and dressings; *Oscar Mayer* meats, *DiGiorno* pizzas, *Oreo* cookies, *Ritz* crackers and chips, *Philadelphia* cream cheese, *Milka* and *Cote d'Or* chocolates, *Planters* nuts, *Honey Bunches of Oats* cereals, *Jacobs*, *Gevalia* and *Maxwell House* coffees; *Capri Sun*, *Crystal Light* and *Tang* refreshment beverages; and a growing range of *South Beach Diet* and better-for-you *Sensible Solution* options.

**Forward-Looking Statements**

This press release contains projections of future results and other forward-looking statements. One can identify these forward-looking statements by use of words such as "strategy," "expects," "plans," "anticipates," "believes," "will," "continues," "estimates," "intends," "projects," "goals," "targets" and other words of similar meaning. One can also identify them by the fact that they do not relate strictly to historical or current facts. These statements are based on the Company's current assumptions and estimates and are subject to risks and uncertainties. In connection with the "safe harbor" provisions of the

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Private Securities Litigation Reform Act of 1995, the Company is hereby identifying important factors that could cause actual results and outcomes to differ materially from those contained in any forward looking statement made by or on behalf of the Company. These factors include: (a) the effect on the Company of competition in its markets, changes in consumer preferences and demand for its products, including diet trends, changing prices for its raw materials and local economic and market conditions; (b) the Company's continued ability to promote brand equity successfully, to anticipate and respond to new consumer trends, to develop new products and markets, to broaden brand portfolios, to compete effectively with lower priced products in a consolidating environment at the retail and manufacturing levels and to improve productivity; (c) the Company's ability to consummate and successfully integrate acquisitions and to realize the cost savings and improved asset utilization contemplated by its restructuring program; (d) the impact of gains or losses, or lost operating income, from the sales of businesses that are less of a strategic fit within the Company's portfolio; (e) the effects of foreign economies, changes in tax requirements and currency movements; (f) fluctuations in levels of customer inventories and credit and other business risks related to the operations of the Company's customers; (g) the Company's access to credit markets, borrowing costs and credit ratings; (h) the Company's benefit expense, which is subject to the investment performance of pension plan assets, interest rates and cost increases for medical benefits offered to employees and retirees; (i) the impact of recalls if products become adulterated or misbranded, liability if product consumption causes injury, ingredient disclosure and labeling laws and regulations, potential claims relating to false or deceptive advertising under consumer protection or other laws and the possibility that consumers could lose confidence in the safety and quality of certain food products; (j) consumer concerns regarding genetically modified organisms and the health implications of obesity and trans fatty acids; and (k) potential short-term volatility in the trading volume and market price of the Company's stock as a result of the spin-off of the Company from Altria Group, Inc. Developments in any of these areas could cause the Company's results to differ materially from results that have been or may be projected by or on behalf of the Company. The Company cautions that the foregoing list of important factors is not exclusive. For additional information on these and other factors that could affect the Company's forward-looking statements, see the Company's filings with the Securities and Exchange Commission, including the Company's most recently filed Annual Report on Form 10-K and subsequent reports on Form 10-Q and 8-K. Any forward looking statements in this press release are made as of the date hereof. The Company does not undertake to update any forward looking statement.

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### **Kraft Foods Announces Stock Repurchase Program**

NORTHFIELD, IL, February 20, 2007 — Irene Rosenfeld, CEO of Kraft Foods Inc. (NYSE: KFT), today announced that Kraft's Board of Directors has approved a \$5 billion share repurchase program. The share repurchase program will replace the current repurchase authority.

The repurchase program will become effective immediately following the distribution of the approximately 89% of Kraft's outstanding shares owned by Altria. The distribution will be made on March 30, 2007, to Altria shareholders of record as of 5:00 p.m. Eastern Time on March 16, 2007 (the "record date"). The repurchase program will end in March, 2009.

"This program will give us the capacity to repurchase a significant amount of stock over the next two years," Rosenfeld said. "And, it will help to support shareholder returns until we fully achieve our growth targets." Rosenfeld announced the program during her presentation today at the Consumer Analyst Group of New York Conference.

Kraft Foods (NYSE:KFT) is one of the world's largest food and beverage companies. For more than 100 years, we've offered consumers delicious and wholesome foods that fit the way they live. Millions of times a day, in more than 150 countries, consumers reach for their favorite Kraft brands. Whether it's breakfast, lunch, dinner or a snack, consumers at home and on the go choose: *Kraft* cheeses, dinners and dressings; *Oscar Mayer* meats, *DiGiorno* pizzas, *Oreo* cookies, *Ritz* crackers and chips, *Philadelphia* cream cheese, *Milka* and *Cote d'Or* chocolates, *Planters* nuts, *Honey Bunches of Oats* cereals, *Jacobs*, *Gevalia* and *Maxwell House* coffees; *Capri Sun*, *Crystal Light* and *Tang* refreshment beverages; and a growing range of *South Beach Diet* and better-for-you *Sensible Solution* options.

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