
**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): September 7, 2012

KRAFT FOODS INC.

(Exact name of registrant as specified in its charter)

Virginia
(State or Other Jurisdiction
of Incorporation)

1-16483
(Commission
File Number)

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

Three Lakes Drive, Northfield, Illinois
(Address of Principal Executive Offices)

60093-2753
(Zip Code)

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

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

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

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

This information will 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, or the Exchange Act, except as expressly set forth by specific reference in such a filing.

On September 7, 2012, Kraft Foods Inc. issued a press release relating to Kraft Foods Group, Inc.’s presentation to analysts and investors at SeaPort Boston World Trade Center regarding Kraft Foods Group’s North American grocery business following its spin-off from Kraft Foods Inc. A copy of the press release is being furnished as Exhibit 99.1 to this Current Report on Form 8-K.

The presentation will be available via a live audio webcast at www.kraftfoodsgroup.com. An archived rebroadcast and the presentation slides will be available for one year following the webcast. The presentation slides, including Regulation G reconciliations, used in the presentation are being furnished as Exhibit 99.2 to this Current Report on Form 8-K.

NON-GAAP FINANCIAL MEASURES

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

Kraft Foods Group’s top-line measure is organic revenue, which excludes the impacts of related party transactions, divestitures, currency and accounting calendar changes. The company uses organic revenue and corresponding metrics as non-GAAP financial measures. Management believes organic revenue better reflects the underlying growth from the ongoing activities of Kraft Foods Group’s business and provides improved comparability of results.

The company also uses free cash flow as a non-GAAP financial measure. Free cash flow is defined as net cash provided by operating activities less capital expenditures. Management believes free cash flow shows the financial health of, and how efficiently we are running, the company.

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 the non-GAAP measures used by other companies.

Item 9.01. Financial Statements and Exhibits.

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

<u>Exhibit No.</u>	<u>Description</u>
99.1	Kraft Foods Inc. Press Release, dated September 7, 2012.
99.2	Kraft Foods Group, Inc. Slide Presentation, dated September 7, 2012.

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: September 7, 2012

By: /s/ Carol J. Ward

Name: Carol J. Ward

Title: Vice President and Corporate Secretary



Contacts: Leslie Sutton (media)
847-646-4538
news@kraftfoods.com

Chris Jakubik (investors)
847-646-5494
ir@kraftfoods.com

BUILDING "NORTH AMERICA'S BEST FOOD & BEVERAGE COMPANY"

Kraft Foods Outlines Growth Plans for North American Grocery Business

- *Plans to Deliver Profitable Top-Line Growth, Consistent Bottom-Line Growth and Superior Dividend Payout*
- *Issues 2013 GAAP EPS Guidance of Approximately \$2.60*

BOSTON – Sept. 7, 2012 – The future leadership team of Kraft Foods Inc.'s North American grocery business presented its growth plans and financial outlook at a meeting of analysts and investors today in Boston. The business, which will become an independent public company in October, expects to deliver steady and profitable top-line growth, consistent bottom-line growth and a superior dividend payout.

As previously announced, Kraft Foods Inc. plans to spin-off Kraft Foods Group, Inc., which will hold Kraft Foods' North American grocery business, at 5 p.m. EDT on Oct. 1, 2012. Kraft Foods Group will trade on the NASDAQ stock exchange under the ticker symbol "KRFT." Following the spin-off, Kraft Foods Inc. will be renamed Mondelez International, Inc. Mondelez International will trade on the NASDAQ stock exchange under the ticker symbol "MDLZ."

"Today, I have the honor to introduce a new Kraft, one with the spirit of a startup and the soul of a powerhouse," said Tony Vernon, President of Kraft Foods North America and future Chief Executive Officer of Kraft Foods Group. "Our aim is to be North America's best food and beverage company, and we'll get there by continuing to offer products consumers love, creating a performance-based culture that motivates and excites employees and becoming the best investment in the industry."

"Tony and his team have a clear mission and are ready to deliver," said John Cahill, future Executive Chairman of Kraft Foods Group. "I'm confident we have the right plans and people in place to unlock the value of the North American grocery business after its spin-off."

Unleashing the Power of an Unparalleled Portfolio

Kraft Foods Group offers a diverse, unrivaled portfolio of admired brands with products in the beverages, cheese, convenient meals and grocery categories. Led by iconic brands like *Kraft*, *Oscar Mayer* and *Maxwell House*, Kraft Foods Group will be North America's fourth largest consumer packaged food and beverage company out of the gate, with revenues of approximately \$19 billion in 2011. Ten of the company's brands achieved sales of \$500 million or more in 2011, while an additional 17 brands posted sales of \$100 million or more in 2011. Approximately 80 percent of Kraft Foods Group's revenue comes from categories in which the company holds the No. 1 or No. 2 market position.

Growth Plans

Kraft Foods Group's future growth will be driven by a four-part strategic plan: making its people its competitive edge, executing with excellence, "turbocharging" its iconic brands and redefining efficiency.

To *make its people its competitive edge*, Kraft Foods Group plans to create a more nimble, less-layered organization and unleash the skills and creativity of its people by breaking down walls — literally and figuratively — at the company. Incentive plans will be redesigned to incorporate stock ownership more broadly to reinforce the alignment between employee and shareholder interests. Stepped-up investment in talent acquisition and a newly created "Kraft University" will help create the next generation of Kraft leaders.

Second, Kraft Foods Group will *execute with excellence* by strategically allocating resources to best leverage the breadth of the company's portfolio, sales and warehouse distribution system. In April 2012, Kraft Foods Group's highly regarded sales organization teamed up with Acosta, a leading sales agency, which has helped expand in-store merchandising coverage by 30 percent and grow the company's presence on store shelves with a 5 percent increase in total distribution points. The sales organization has also realigned its incentives to focus on net revenue growth and profit dollars.

The third step in the company's plan is to *"turbocharge" its iconic brands* so they can grow faster than the market and key competitors. This means delivering the right products at the right price points, introducing "big bet" innovations like *MiO*, which created an entirely new product category of liquid beverage enhancers, addressing health & wellness needs through the reformulation of existing products and introduction of new products, and investing in world-class marketing. Increased advertising in brands like *Velveeta*, *Philadelphia*, *Kraft Mayo* and *Capri Sun* has already resulted in significant sales increases.

Lastly, Kraft Foods Group will *redefine efficiency* to free up cash, in order to make these important investments in people, innovation and marketing. The company will employ several tools such as Lean Six Sigma, supply chain simplification and strategic sourcing, with the goal of becoming the lowest cost producer in its categories. Success will be measured through external benchmarking to reinforce a results-driven culture.

Long-term Outlook

Kraft Foods Group expects to be well-positioned over the long term to deliver steady, reliable growth with a strong focus on cash flow to fund a highly competitive dividend and reinvestment in people, innovation and brand-building. The company will consistently aim to accomplish:

- Organic revenue growth¹ at or above the North American food and beverage market rate of growth;
- Mid-single digit Operating Income growth;
- Mid-to-high single digit EPS growth;
- Mid-single digit dividend growth; and
- Free Cash Flow¹ of at least 85% of Net Income.

“Cash will be king at Kraft,” said Tim McLevish, Chief Financial Officer of Kraft Foods Group. “What matters to shareholders is total return and dollars in their pockets. And cash will be the fuel to grow our business.”

2013 Outlook

Kraft Foods Group will launch from a position of strength, having delivered four consecutive quarters of top- and bottom-line growth. In 2013, the company expects to continue that momentum with organic revenue growth in line with market growth, despite a negative impact of 1 point due to product pruning.

Productivity improvements and overhead savings are expected to drive 2013 EPS of approximately \$2.60 on a GAAP basis. This outlook assumes interest expense of approximately \$520 million and an effective tax rate of 35 percent. The results for the year also include restructuring costs of about \$240 million (or 26 cents per share), compared to expected ongoing costs of about \$125 million (or 14 cents per share) in a typical year. Free cash flow is expected to be about 70 percent of GAAP net income – below the long-term target of at least 85 percent due to an extra tax payment in 2013 of approximately \$200 million.

The management team expects to recommend to the Board an annual dividend of \$2.00 per share.

A live audio webcast of today’s presentations, including slides, is available at www.kraftfoodsgroup.com.

¹ Please see discussion of Non-GAAP financial measures at the end of this press release.

ABOUT KRAFT FOODS GROUP

On Oct. 1, 2012, Kraft Foods Group, Inc. will spin-off from its parent, Kraft Foods Inc. (NASDAQ: KFT). A major player in grocery, cheese, convenient meals, beverages and foodservice, Kraft Foods Group will be one of the largest consumer packaged food and beverage companies in North America. With a broad portfolio of iconic brands including *Kraft*, *Maxwell House*, *Oscar Mayer*, *Planters* and *JELL-O*, Kraft Foods Group had 2011 revenue of \$18.7 billion. Kraft Foods Group will trade on the NASDAQ stock exchange under the ticker symbol “KRFT.”

Also on Oct. 1, Kraft Foods Inc. will change its name to Mondelez International, Inc., which will be a high-growth global snacks company with annual revenue of approximately \$36 billion and leading brands including *Cadbury*, *Jacobs*, *LU*, *Milka*, *Nabisco*, *Oreo*, *Tang* and *Trident*. Mondelez International will trade on the NASDAQ stock exchange under the ticker symbol “MDLZ.” Visit www.kraftfoodscompany.com and www.facebook.com/kraftfoodscorporate.

FORWARD-LOOKING STATEMENTS

This press release contains a number of forward-looking statements. The words “plan,” “drive,” “build,” “can,” “will,” “expect,” “aim” and similar expressions are intended to identify forward-looking statements. Examples of forward-looking statements include, but are not limited to, statements regarding Kraft Foods Group’s strategic plans, financial targets and long-term guidance, including revenue and operating income growth, EPS and margins; Kraft Foods Group’s future dividends; Kraft Foods Group’s opportunities to improve profitability and generate cash; Kraft Foods Group’s restructuring costs; the timing and completion of the spin-off of Kraft Foods Group; and Kraft Foods Group’s expectations and goals for efficiency and productivity, resource allocation, reinvestment in our business, sales execution, cash management, free cash flow, innovation and employee recruitment, compensation and investment. These forward-looking statements involve risks and uncertainties, many of which are beyond Kraft Foods Group’s control, which could cause Kraft Foods Group’s actual results to differ materially from those indicated in the forward-looking statements. Please see Kraft Foods Group’s risk factors, as they may be amended from time to time, set forth in its filings with the SEC, including Kraft Foods Group’s Registration Statement on Form 10 filed with the SEC and subsequent reports on Form 8-K. Kraft Foods Inc. and Kraft Foods Group each disclaims and does not undertake any obligation to update or revise any forward-looking statement in this press release, except as required by applicable law or regulation.

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The New Kraft Foods Group

Investor Day



September 7, 2012

Chris Jakubik

Vice President, Investor Relations



Forward-Looking Statements

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The New Kraft Foods Group

- Who we are
- What we'll do
- What to expect
- Meet our team

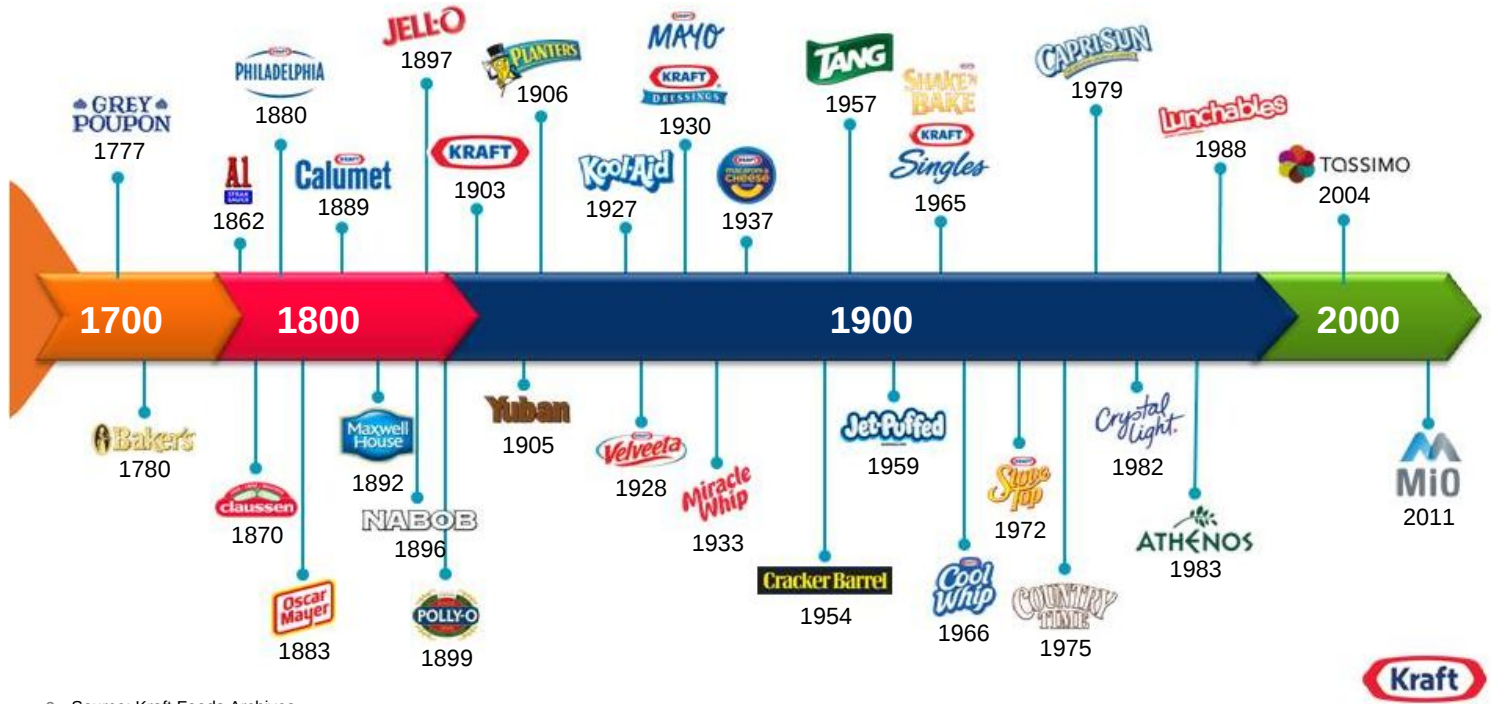


John Cahill

Executive Chairman



Our Heritage and Our Legacy Lie with Our Iconic Brands



6 Source: Kraft Foods Archives

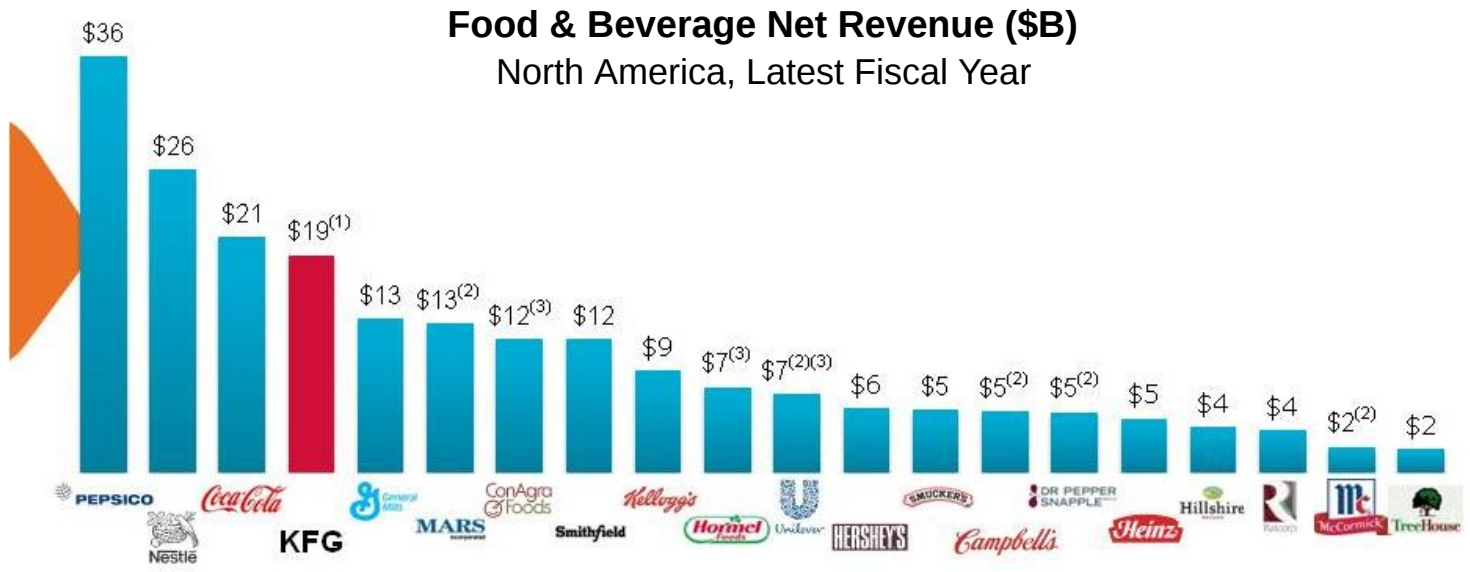


We have Unparalleled Strength with Our Portfolio

- Household penetration 98% in U.S., 99% in Canada
- 10 brands with more than \$500MM in 2011 annual sales
- Another 17 brands with 2011 annual sales over \$100MM
- Average of 2x the share of the nearest branded competitor



We are the 4th Largest Player in North American Food and Beverages



(1) Per Kraft Foods Group Form 10 filing

(2) Estimates

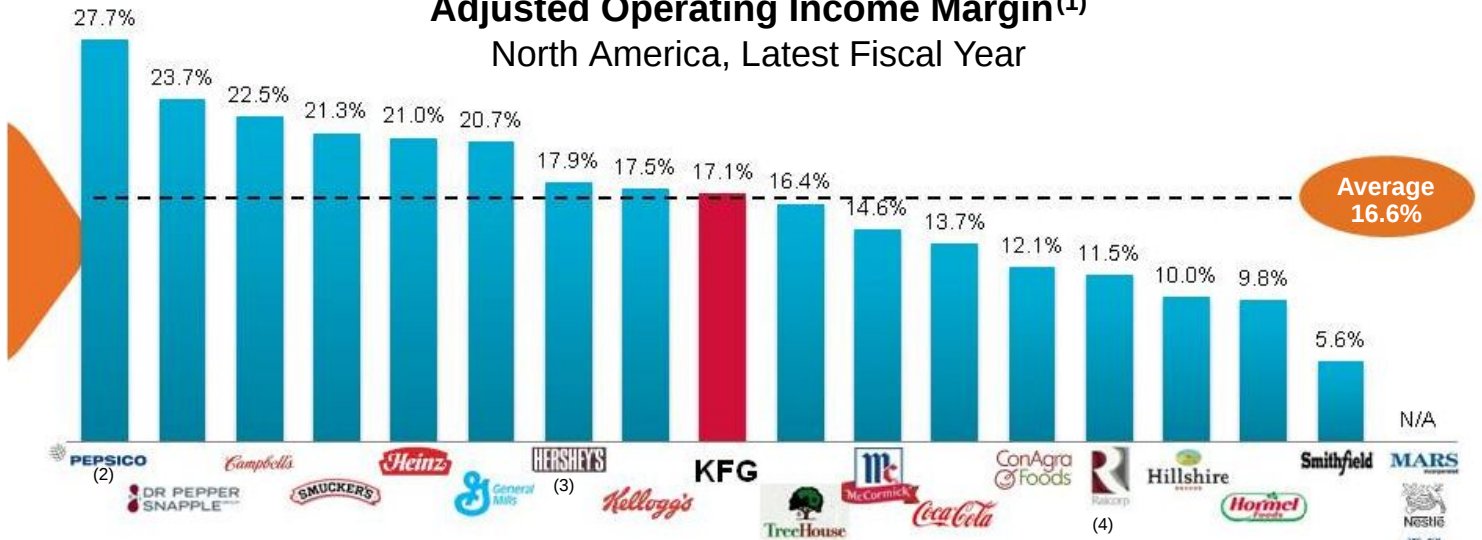
(3) U.S. figures

8 Source: Public disclosures in press releases or SEC filings, Kraft Foods Group analysis as of August 30, 2012



A Huge Opportunity to Improve Profitability

Adjusted Operating Income Margin⁽¹⁾
North America, Latest Fiscal Year



(1) Reported Operating Income Margin for the 12 months ended December 31, 2011 was 15.7%. See GAAP to Non-GAAP reconciliation at the end of the presentation.

(2) Excludes PepsiCo Americas Beverages business (21.3% with PAB business); (3) includes Corporate Expenses; (4) ex-Post Cereal business

Note: Adjusted Operating Income Margins exclude Corp Allocations (unless otherwise noted) and are on an "ex one-time items" basis

9 Source: Public disclosures in press releases or SEC filings, Kraft Foods Group analysis as of August 30, 2012

An Experienced and Diverse Team with the Right Skills

- CEO: 23 years Johnson & Johnson, 3 years private equity
- Leadership Team
 - Evenly split between proven Kraft personnel and external hires
 - 195 years of combined Kraft experience
 - 350 years of combined CPG/Industry experience
 - Drawing experience from other venerable CPG companies including Procter & Gamble, Swift & Company, Fonterra Brands, PepsiCo, S.C. Johnson
- Board expertise covering consumer products, retail, supply chain, international, social media



Our Mission

Make Kraft **THE** North American
Food & Beverage Company



THE Best Investment in the Industry



Tony Vernon

Chief Executive Officer



The New Kraft Foods Group

- Who we are
- What we'll do
- What to expect
- Meet our team



The Journey of a \$19 Billion Startup

From

“Post Office” culture
Limited investment in people and training
“Peanut-butter spread” resource allocation
Inconsistent innovation
High-cost producer
High overheads
Cash as output of business model

To

20-70-10 performance model
Best recruiter and developer of industry talent
Strategic resource allocation based on margin, materiality, momentum
Best-in-class innovation
Lowest-cost producer leveraging best brands and scale
Leanest overheads
Cash as lifeblood of business model



We've Made Good Progress...

Peer Comparison – Trailing 4 Quarters

	<u>Vol/Mix</u>	<u>Price</u>	<u>Organic Revenue Growth</u>	<u>Adjusted Operating Inc Growth</u>	<u>Margin Change</u>
Kraft Foods Group⁽¹⁾	(1.3)pp	6.2 pp	4.9 %	6.3 %	0.4 pp
Center-of-Store Peers					
Campbell	(3.6)	2.3	(1.3)	(3.8)	(0.5)
Heinz	(1.5)	2.4	0.9	(2.4)	(0.3)
ConAgra	(2.8)	4.8	2.0	(1.6)	(0.8)
Kellogg	(1.0)	5.0	4.0	0.1	(0.7)
General Mills	(4.7)	8.7	4.0	(2.8)	(1.4)
Smuckers	(4.0)	13.3	9.4	(0.5)	(2.7)
Center-of-Store Average	(3.1)pp	6.3 pp	3.2 %	(1.9)%	(0.9)pp
Nestle			2.0 ⁽²⁾		
PepsiCo	(0.8)	4.3	3.5	3.4	(0.3)
Hormel	(3.2)	5.3	2.1	(4.1)	(0.7)
Hershey	(0.6) ⁽²⁾	6.6 ⁽²⁾	6.0 ⁽²⁾	12.5 ⁽³⁾	1.0 ⁽³⁾
Total Peer Average	(2.4)pp	5.4 pp	3.0 %	0.7 %	(0.7)pp

(1) Reported net revenue growth was 3.8%, reported operating income growth was 1.2%, reported operating income margin change was (0.4)pp, all on a trailing four quarter basis ending June 30, 2012, see GAAP to Non-GAAP reconciliation at the end of the presentation; (2) Estimated; (3) Total Company
 Source: Public disclosures in press releases or SEC filings. Kraft Foods Group analysis as of August 30, 2012;
 Peer Company financials based on North America operating segments only.



... Despite an Operating Environment that Promises to Remain the Most Difficult in a Generation

- The North American food and beverage market is large, highly profitable but mature and slow growing
- A weak economy with relatively high commodity volatility is the “new normal”
- Private label has achieved a sustained increase across the market since the 2008 recession
- Mutual dependence with our largest retail food customers
- Several major demographic shifts and changing consumer preferences are transforming the market



Our Plan will Sustain Our Momentum and Take Our Performance to the Next Level



Our Plan

Make Our People Our Competitive Edge



Execute with Excellence



Turbocharge Our Iconic Brands



Redefine Efficiency



- Aggressively compensate for performance
- Invest in our people
- Create a lean, horizontal organization



Aggressively Compensate for Performance

We'll put more of our pay "at risk"



- Increasing variable component in compensation programs
- Adopting 20/70/10 performance model
- Driving broader, deeper stock compensation and ownership



Invest in Our People

Our next generation managers will lead the industry



- Building Talent Acquisition, University Relations as a competitive advantage
- Establishing integrated succession planning process to develop next generation of general managers
- Creating “Kraft University” to assemble world-class capabilities



Invest in Our People



Kraft University

Career Experiences

ISC Academy

- Intro to Supply Chain
- Supply Chain Fundamentals
- Advanced Supply Chain
- Procurement Excellence

Marketing Academy

- Intro to Marketing & CIS
- Marketing/CIS Fundamentals
- Advanced Marketing & CIS
- Innovation & New Products

Sales Academy

- Intro to Sales
- Sales Fundamentals
- Advanced Sales

RDQ&I Academy

- Intro to RDQ&I
- RDQ&I Fundamentals
- Advanced RDQ&I

Functional Academies

- Finance/Business Acumen
- Information Systems
- Corporate Affairs & Legal
- Human Resources

Career Experiences

Leadership Development/Management/Diversity & Inclusion
Accreditation required for all managers

Business Skill Building:
 Cash Management, Organizational Agility, Compliance, New Hire, etc.



Create a Lean, Horizontal Organization

We're changing how we work and where we work



- Revamping organizational structure to become nimble and non-hierarchical
- Pushing accountability down to the right levels
- Transforming headquarters



Our Plan

Make Our
People Our
Competitive
Edge



Execute with
Excellence



Turbocharge
Our Iconic
Brands



Redefine
Efficiency



- Strategically allocate resources
- Leverage our leading sales capability
- Relentlessly focus on cash generation



Strategically Allocate Resources

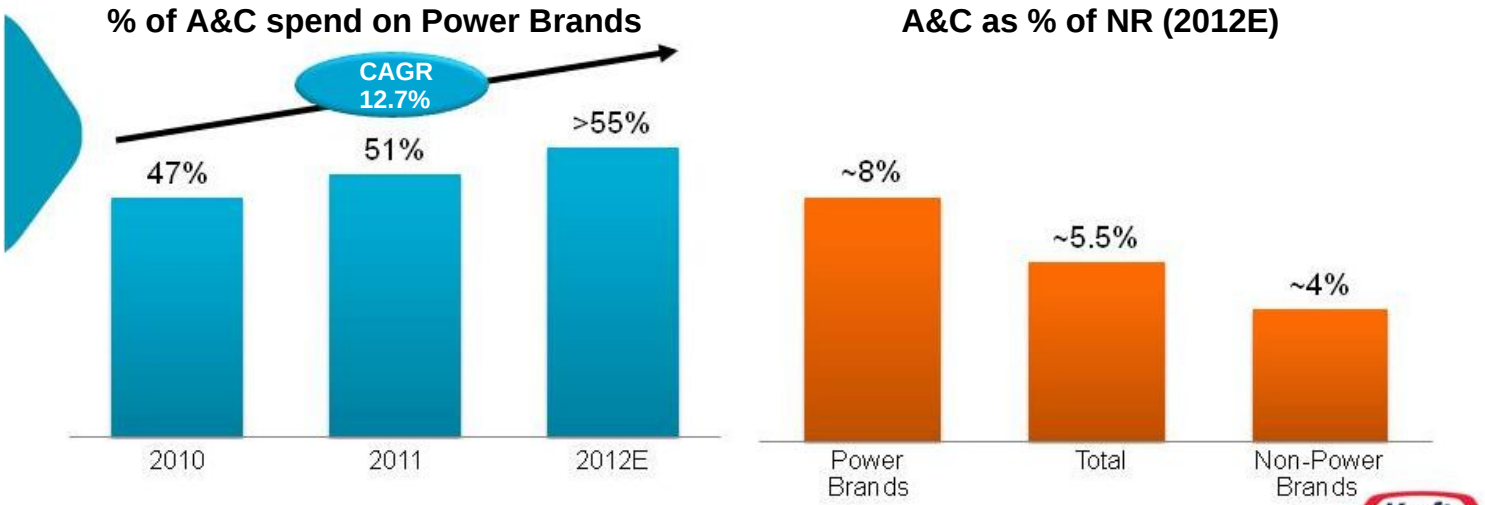
Each of our brands can deliver outstanding returns...
but not all need the same resources to reach their potential

Execute with
Excellence



Strategically Allocate Resources

We've already begun to make progress re-allocating advertising spend within businesses



25 Power Brands currently include *Lunchables*, *Planters*, *Velveeta Shells & Cheese*, *Capri Sun*, *Jell-O*, *Philadelphia*, *Kraft Macaroni & Cheese*, *Kool-Aid*, *Miracle Whip*, *Snacking Cheese*, *MiO*, and *Gevalia*



Vernon_BTS_MainStream Reel.wmv

Strategically Allocate Resources

We've managed and marketed our "jewels" more entrepreneurially



- Leveraged non-traditional vehicles to create buzz
- Focused on strategic partnerships
- Tactically innovated to expand category, generate in-store excitement

2011 Net
Revenue
Growth



10%



9%



7%



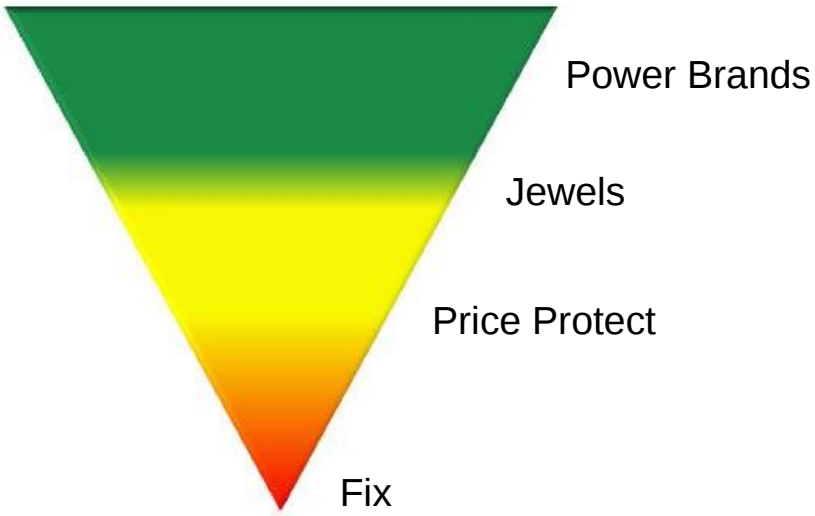
Vernon_BTS_Entrepreneurial Reel v2.wmv

Strategically Allocate Resources

Our leadership team now will evaluate the collective needs of our brands and franchises



Margin, Materiality, Momentum

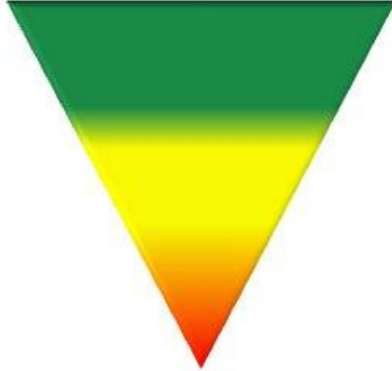


Strategically Allocate Resources

We will strategically allocate a broad set of key resources to brands and franchises



**Margin, Materiality,
Momentum**



Brand Building

Advertising
Growth R&D & Capex
Brand Management & Sales
Resources

Higher

Lower

Low Cost

Productivity R&D & Capex
Supply Chain & Procurement
Resources
Overhead Reductions

Lower

Higher



Leverage Our Leading Sales Capability

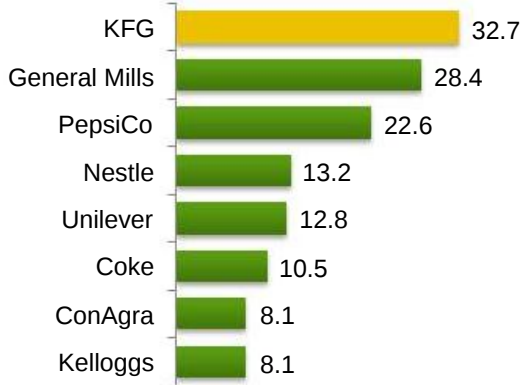
Partnering with Acosta will make us even stronger

Execute with
Excellence



Kantar 2011 Power Rankings

2011 Overall Rankings



Key Sales Force Attributes Rank

- Best Sales Force #1
- Best Shopper Marketing #2
- Best Supply Chain Management #2
- Most Helpful Shopper Insights #2



Leverage Our Leading Sales Capability

Several initiatives will generate higher returns on our investment in sales

Execute with
Excellence



- Employing a relentless focus on ROI
- Bringing world-class category leadership to Center Store
- Building strong, sustainable relationships with our customers



Relentlessly Focus on Cash Generation

We're putting the tools and processes in place to make cash "king" at Kraft

Execute with
Excellence



- Building free-cash flow, return-on-capital metrics and targets into business-unit plans
- Appointed a "Cash Czar," establish monthly cash reviews by leadership team
- Institutionalizing disciplined business-process execution and education



Our Plan

Make Our
People Our
Competitive
Edge



Execute with
Excellence



Turbocharge
Our Iconic
Brands



Redefine
Efficiency



- Delight the changing consumer
- Drive “premium-ness” through innovation platforms
- Differentiate with world-class marketing



Delight the Changing Consumer

We can delight the consumers more ways, on more brands, in more places than any competitor



Beverages



Cheese



Enhancers



Convenient Meals



Desserts & Snacks



Delight the Changing Consumer

Delivering the right product at the right price points

Turbocharge
Our Iconic
Brands



Good, Better, Best

Ready-to-Drink Beverages



\$1.79



\$2.49



\$2.99

Cold Cuts



\$1.99



\$2.99



\$3.99

Sandwich Cheese



\$1.99



\$2.99



\$3.99



Convenient Meals



\$0.99



\$1.99



\$3.49



Delight the Changing Consumer

Targeted price points for alternate channels

- Economically challenged consumer segment
- Dollar stores, drug stores, club

Turbocharge
Our Iconic
Brands



Drive “Premium-ness” Through Innovation Platforms



Liquid Concentrates



“Aging Up”
Capri Sun



Fresh Take



Convenient Meals



Lunchables “With”



Premium/One Cup



Jell-O Reinvention



Oscar Mayer Selects

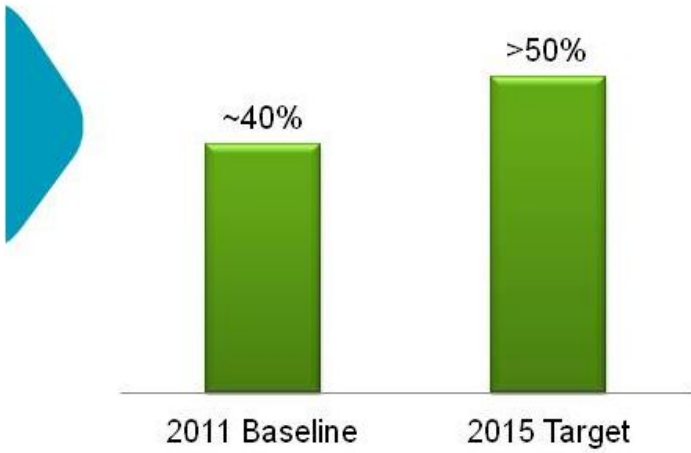


Drive "Premium-ness" Through Innovation Platforms

Health & Wellness



% Revenue from Products That Meet "Better Choices" Criteria



Improved Nutritional Profiles



Sodium Reduction

Beneficial Ingredients



Fruits & Vegetables

Vitamin Fortified

Simplification



No Artificial Colors, Preservatives, "Road to Real"

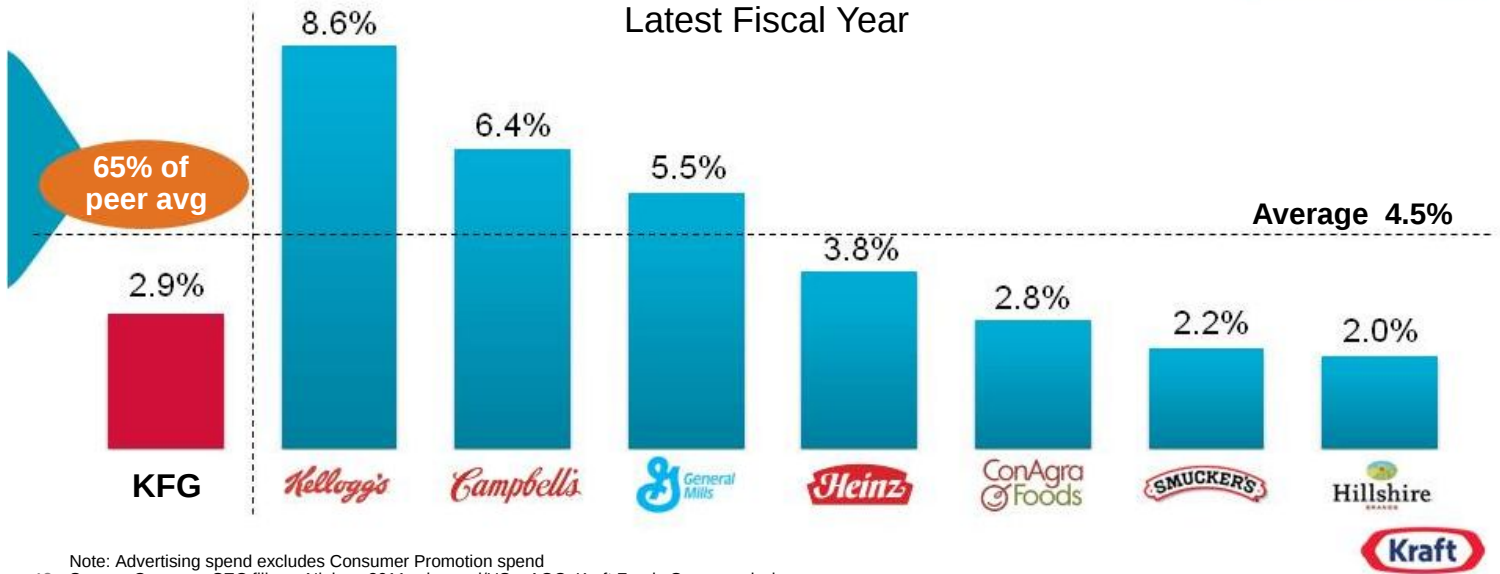


Differentiate with World-Class Marketing

We must do a better job supporting our brands



Advertising as % of Net Revenue Latest Fiscal Year

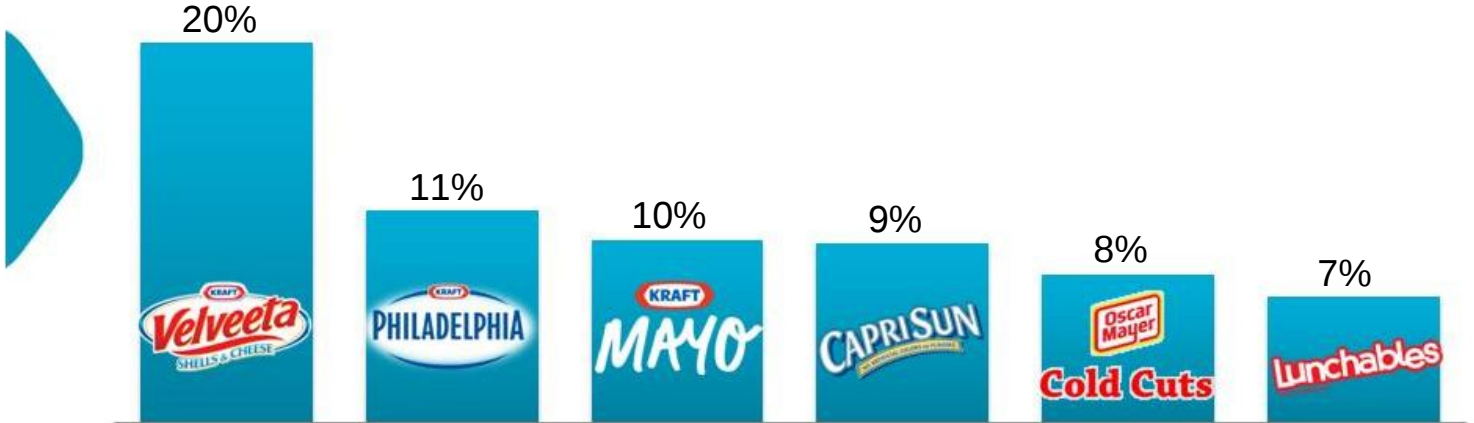


Differentiate with World-Class Marketing

Where we've spent, it's had an impact



2011 Net Revenue Growth



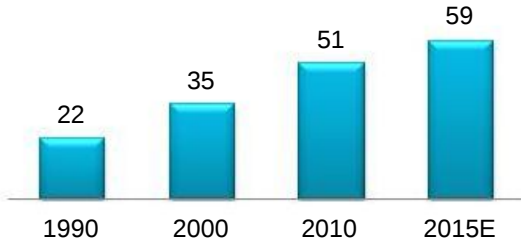
Differentiate with World-Class Marketing

Hispanic marketing is a huge opportunity

- Our portfolio of family brands are advantaged with Latina moms
- We have underspent in media and at point of purchase
- Will be major focus in new Kraft



U.S. Hispanic Population (MM)



KFG Hispanic A&C Index (2011=100)



Vernon_BTS_HispanicReel.wmv

Our Plan

Make Our
People Our
Competitive
Edge



Execute with
Excellence



Turbocharge
Our Iconic
Brands



Redefine
Efficiency



- Drive industry-leading productivity
- Realize lowest-cost overheads



Drive Industry-Leading Productivity

We're pulling all the levers of productivity to ensure we drop more to the bottom line

Redefine
Efficiency



- Lean Six Sigma
- Strategic-sourcing initiatives
- Maintenance optimization
- Simplification across supply chain
- Business-process excellence
- Manage labor-cost inflation
- Streamline and optimize manufacturing networks
- Raise the return bar for business investments



Drive Industry-Leading Productivity

We are targeting at least 2.5% net productivity



Productivity as a % of COGS



Realize Lowest-Cost Overheads

We're targeting best-in-class overhead costs



- “Clean sheet” approach to purge complex legacy structures, practices
 - Business decisions driven by commercial units
 - Small HQ with efficient shared-service model
 - Corporate function cost structures to live up to best-in-class external benchmarks
- Moving to standardize backroom business systems
- Savings expected to more than offset dis-synergies from becoming an independent public company



Our Mission

Make Kraft **THE** North American Food & Beverage Company



Make Our People Our Competitive Edge


Execute with Excellence


Turbocharge Our Iconic Brands


Redefine Efficiency




Tim McLevish
Chief Financial Officer



The New Kraft Foods Group

- Who we are
- What we'll do
- What to expect
- Meet our team



We have All the Ingredients for Success

- A portfolio of the greatest brands in food & beverage
- Scale to achieve lowest delivered product costs and lowest overheads
- Strong and diverse management team
- Operational and financial momentum



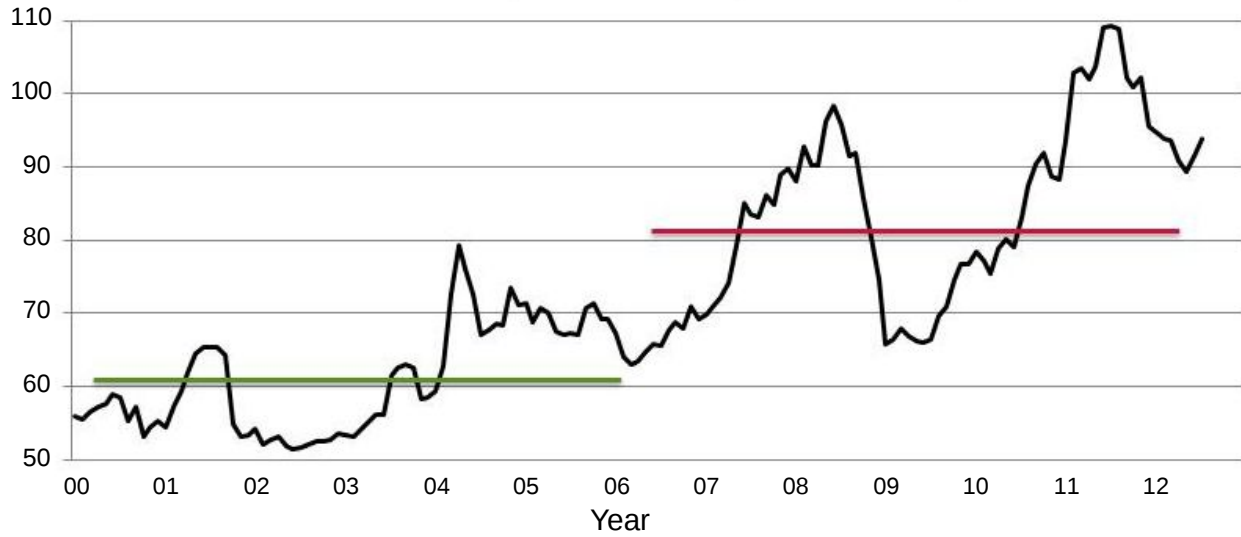
But Our Financial Targets Must Reflect Several Realities

- A volatile commodity-price environment is here to stay
- We must reinvest to deliver sustainable growth
- We put dollars in shareholders' pockets... not growth rates, not margins



A Volatile Commodity-Price Environment is Here to Stay

KFG Commodity Price Index (2012E = 100%)



Note: The index measures a basket of 23 commodities weighted to Kraft Foods Group volumes. Price multiplied by quantity equals total cost. This index holds quantity fixed at expected 2012 volumes and measures the theoretical effect on total cost due to changes in only price. Price is spot price only and does not include any effect from hedging.



We Must Reinvest to Deliver Sustainable Growth

- Many levers to deliver at least 2.5% net productivity
- Further opportunity from negative overhead growth (NOG) in the near-term, zero overhead growth (ZOG) long-term
- Need to be competitive and sustainable on several fronts
 - People
 - Brand building
 - Innovation



We Put Dollars in Shareholders' Pockets... Not Growth Rates, Not Margins

From

Inconsistent commitment

Revenue growth and OI margin focus

No capital charges

Functional silos, metrics and incentives

Information and reports

To

Key cultural priority

Balanced emphasis on both P&L and Balance Sheet


ROIC focus from strategic to operating decisions

End-to-end metrics

Decision tools that create bias for action



Our Long-Term Growth Algorithm is Built to Last



Metric	Long-Term Target
Organic Revenue	Profitable growth at or above market growth ⁽¹⁾
Operating Income	Consistent mid-single-digit growth
EPS	Consistent mid-to-high, single-digit growth
Free Cash Flow ⁽²⁾	At least 85% of Net Income
Dividends	Consistent mid-single-digit growth

(1) Market defined as the North American Food & Beverage market

56 (2) Free Cash Flow = Cash Flow from Operations, less Capital Expenditures



How We Think about Other Drivers

Driver	Expectation
Advertising Spend	We expect to hit our Long-Term Targets for consistent growth in Operating Income dollars and Earnings Per Share even as we increase our share of voice
Market Share	We expect to deliver profitable growth at or above market growth*
Operating Income Margins	We put dollars in shareholders' pockets, not margins Delivering against the targets we've laid out should lead to margin expansion
Restructuring Spend	No "ex items" reporting 2013 spin-off and restructuring related costs of ~\$240 million to fall to ~\$125 million of annual spending on cost-savings initiatives thereafter
ROIC	We're driving a return discipline down to lowest levels of our organization ROIC will expand moving forward...more to come



57 *Market defined as the North American Food & Beverage market

Our Ongoing Guidance Policy Will Help Us Focus on Sustainable Long-Term Shareholder Value

- Our long-term growth algorithm is our ongoing expectation
 - No point estimates on annual or quarterly P&L line items
- We will provide quantitative assessments
 - Material events (e.g., extraordinary pruning, acquisitions, etc.)
 - Financial implications of significant decisions (e.g., change in pension accounting)
- We will provide qualitative assessments
 - Business trends
 - Competitive dynamics
 - Material actions taken or decisions made



We Recognize that Using Our 2012 Reported Financials Will Make Projecting Future Results Difficult

- Expect solid top-line and underlying profit growth, consistent with previous KFT guidance
- Q1-Q3 presentation based on Form 10 requirements
 - Carve-out financials below revenue reflect ParentCo charges
 - Pro-forma interest based on assumed rate, excluding seasonal needs
- Q4 presentation will reflect standalone results
 - Potential headwind from required, spin-related pension revaluation
- Later-than-usual filing of Q4/FY 2012 results



Exceptional need for specific 2013 guidance



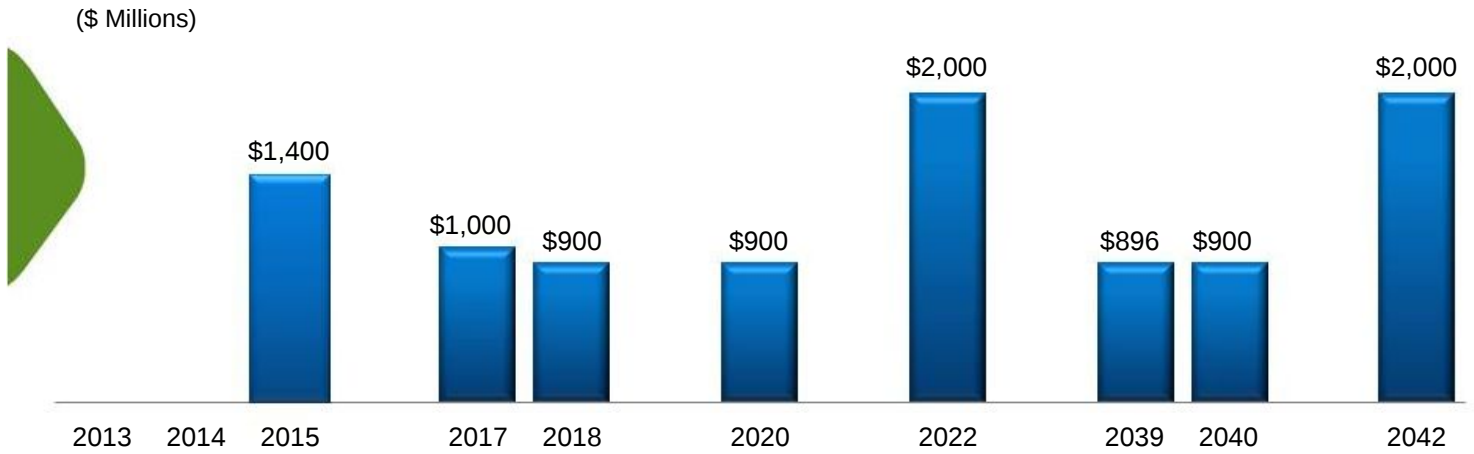
2013 Guidance: Continued Momentum, Clean Base

- Organic revenue growth in line with market growth
 - Including pruning impact of ~(-1)pp
- Productivity, overhead savings to drive ~\$2.60 GAAP EPS
 - Interest expense ~\$520MM
 - Tax rate ~35%
 - Includes restructuring costs of ~\$240MM or \$0.26 per share versus expected ongoing costs of ~\$125MM or \$0.14 per share per annum
- “Typical” seasonality of quarterly sales and earnings
 - Normally generate ~48% of earnings in H1, ~52% in H2
- Free Cash Flow ~70% of GAAP net income
 - Below long-term target of at least 85% due to fifth tax payment in 2013
- We expect to recommend an annual dividend of \$2.00 per share



Our Debt Profile is Relatively Fixed at an Average Rate of 5% and No Maturities Until June 2015

Debt Maturity Profile



Priorities for Free Cash Flow

Fund a highly competitive dividend



Reinvest in the business

Acquisitions that quickly achieve EPS accretion and an IRR > risk-adjusted hurdle rate

Share repurchase



We are Well-Positioned to Deliver Predictable Returns



Tony Vernon

Chief Executive Officer



Our Mission

Make Kraft **THE** North American Food & Beverage Company

THE
Innovator



THE
Strongest Portfolio



THE
Lowest Cost Producer



THE Best Investment in the Industry



The New Kraft Foods Group

- Who we are
- What we'll do
- What to expect
- Meet our team



Our Team



Dino Bianco
EVP and President,
National
Businesses and
Marketing Services



Deanie Elsner
EVP and
President,
Beverages



Nick Meriggioli
EVP and
President,
Oscar Mayer



Michael Osanloo
EVP and
President,
Grocery



George Zoghbi
EVP and
President,
Cheese & Dairy

*Effective when the spin-off occurs



Our Team



Tom Corley
EVP and President
US Sales



Chuck Davis
EVP, Research,
Development, Quality and
Innovation



Robert Gorski
EVP, Integrated
Supply Chain



Tom Sampson
EVP, Business
Transformation

*Effective when the spin-off occurs



Our Team



Diane Johnson May
EVP, Human Resources



Tim McLevish
EVP and Chief
Financial Officer



Sam Rovit
EVP, Strategy
President, Planters



Kim Rucker
EVP, Corporate &
Legal Affairs,
General Counsel and
Corporate Secretary

*Effective when the spin-off occurs




The image shows the Kraft logo, which consists of the word "Kraft" in a white, bold, sans-serif font. The text is contained within a white, rounded rectangular border that is tilted at an angle. The entire logo is set against a solid red background.

Kraft

GAAP to Non-GAAP Reconciliation

Kraft Foods Group, Inc.
Operating Income to Adjusted Operating Income
For the Twelve Months Ended December 31, 2011
(\$ in millions, except percentages) (Unaudited)



	<u>Reported (GAAP)</u>	<u>Unrealized G/(L) on Hedging Activities</u>	<u>Headquarter Pension Expense</u>	<u>General Corporate Expenses</u>	<u>Adjusted Operating Income (Non-GAAP)</u>
Net Revenue	\$ 18,655	\$ -	\$ -	\$ -	\$ 18,655
Operating Income	2,923	(63)	(155)	(55)	3,196
Operating Income Margin	15.7%				17.1%



GAAP to Non-GAAP Reconciliation

Kraft Foods Group, Inc.
Net Revenue to Organic Net Revenue
 For the Three Months Ended,
 (\$ in millions, except percentages) (Unaudited)

	Reported (GAAP)	Impact of Divestitures	Impact of the 53rd Week of Shipments	Impact of Currency	Organic (Non-GAAP)	Percent Change		Organic Growth Drivers	
						Reported (GAAP)	Organic (Non-GAAP)	Vol / Mix	Pricing
June 30, 2012	\$ 4,786	\$ -	\$ -	\$ 25	\$ 4,811	0.9%	1.5%	(1.4)pp	2.9pp
June 30, 2011	4,741	-	-	-	4,741				
March 31, 2012	4,453	-	-	6	4,459	1.1%	3.4%	(2.6)pp	6.0pp
March 31, 2011	4,405	(91)	-	-	4,314				
December 31, 2011	5,035	-	(225)	4	4,814	9.2%	8.1%	(0.2)pp	8.3pp
December 31, 2010	4,611	(159)	-	-	4,452				
September 30, 2011	4,474	-	-	(33)	4,441	4.1%	6.6%	(0.8)pp	7.4pp
September 30, 2010	4,297	(130)	-	-	4,167				
Trailing four quarter average						3.8%	4.9%	(1.3)pp	6.2pp

Note: Reported net revenues include intercompany sales with Kraft ParentCo subsidiaries which were \$54 million for the six months ended June 30, 2012 and \$100 million for the twelve months ended December 31, 2011.



GAAP to Non-GAAP Reconciliation

Kraft Foods Group, Inc.
Operating Income to Adjusted Operating Income
 For the Trailing Four Quarters Ended,
 (\$ in millions, except percentages) (Unaudited)

	<u>Reported (GAAP)</u>	<u>Restructuring Costs</u>	<u>Unrealized G/(L) on Hedging Activities</u>	<u>Headquarter Pension Expense</u>	<u>General Corporate Expenses</u>	<u>Adjusted Operating Income (Non-GAAP)</u>
June 30, 2012	\$ 2,963	\$ (116)	\$ (26)	\$ (194)	\$ (40)	\$ 3,339
June 30, 2011	2,929	-	15	(146)	(81)	3,141
Trailing four quarter growth	1.2%					6.3%



GAAP to Non-GAAP Reconciliation

Kraft Foods Group, Inc.
Operating Income Margin to Adjusted Operating Income Margin
 For the Trailing Four Quarters Ended,
 (Unaudited)

	<u>Reported (GAAP)</u>	<u>Restructuring Costs</u>	<u>Unrealized G/(L) on Hedging Activities</u>	<u>Headquarter Pension Expense</u>	<u>General Corporate Expenses</u>	<u>Adjusted Operating Income Margin (Non-GAAP)</u>
June 30, 2012	15.8%	(0.6)pp	(0.2)pp	(1.0)pp	(0.2)pp	17.8%
June 30, 2011	16.2%	0.0pp	0.1pp	(0.8)pp	(0.5)pp	17.4%
Trailing four quarter margin growth	(0.4)pp					0.4pp

