

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): 11/29/2010

Kraft Foods Inc.

(Exact name of registrant as specified in its charter)

Commission File Number: 1-16483

Virginia
(State or other jurisdiction of
incorporation)

52-2284372
(IRS Employer
Identification No.)

Three Lakes Drive, Northfield, IL 60093-2753
(Address of principal executive offices, including zip code)

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

(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))
-

Item 8.01. Other Events

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 that filing.

On November 29, 2010, Kraft Foods Inc. issued a press release regarding initiation of an arbitration proceeding in connection with our agreement with Starbucks Coffee Company.

A copy of this press release is furnished as Exhibit 99.1 to this Current Report on Form 8-K.

Item 9.01. Financial Statements and Exhibits

(d) Please see Exhibit Index for a complete list of exhibits being furnished with this Current Report on Form 8-K.

SIGNATURES

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: November 30, 2010

By: /s/ Carol J. Ward

Carol J. Ward
Vice President and Corporate Secretary

EXHIBIT INDEX

Exhibit No.	Description
EX-99.1	Kraft Foods Inc. Press Release, dated November 29, 2010.

Contacts: Michael Mitchell (Media) Christopher M. Jakubik (Investors)
+1-847-646-4538 +1-847-646-5494
news@kraft.com ir@kraft.com

KRAFT FOODS CHALLENGES STARBUCKS ATTEMPT TO TERMINATE STRATEGIC PARTNERSHIP

Initiates Arbitration Under Agreement

NORTHFIELD, Ill. – Nov. 29, 2010 – Kraft Foods Inc. (NYSE: KFT) announced today that it initiated an arbitration proceeding to challenge Starbucks Coffee Company's attempt to end the agreement under which Kraft Foods has successfully built Starbucks retail grocery coffee business.

The strategic partnership between Kraft and Starbucks dates back to 1998, when Starbucks retail grocery coffee business was generating less than \$50 million in annual revenues. Since then, Kraft has grown the business to approximately \$500 million in annual revenues through its considerable expertise and resources. Over the years, Starbucks has recognized and acknowledged Kraft's role in building Starbucks presence in grocery stores.

Kraft and Starbucks entered into a contract that remains in effect indefinitely, subject to certain limitations and protections. Notably, the companies agreed to a straightforward basis under which Starbucks could take over the business in order to pursue a different arrangement. Under the agreement, there needs to be sufficient time for Kraft to execute an orderly transition and Starbucks must compensate Kraft for the fair market value of the business plus, under most circumstances, a premium of up to 35 percent of that value.

"Starbucks unilaterally and unjustifiably declared in public statements the agreement's termination, needlessly risking confusion among customers about the agreement's status," said Marc Firestone, Executive Vice President, Corporate and Legal Affairs and General Counsel. "In effect, Starbucks is trying to walk away from a 12-year strategic partnership, from which it has greatly benefited, without abiding by contractual conditions. Kraft reasonably expected Starbucks to honor the contract. We are confident in our position and look forward to presenting the facts before the arbitrator." Kraft is continuing to conduct business under the terms of its contractual arrangements with Starbucks.

About Kraft Foods

Kraft Foods is building a global snacks powerhouse and an unrivaled portfolio of brands people love. With annual revenues of approximately \$48 billion, the company is the world's second largest food company, making delicious products for billions of consumers in approximately 170 countries. The portfolio includes 11 iconic brands with revenues exceeding \$1 billion – *Oreo*, *Nabisco* and *LU* biscuits; *Milka* and *Cadbury* chocolates; *Trident* gum; *Jacobs* and *Maxwell House* coffees; *Philadelphia* cream cheeses; *Kraft* cheeses, dinners and dressings; and *Oscar Mayer* meats. Approximately 70 brands generate annual revenues of more than \$100 million. Kraft Foods (www.kraftfoodscompany.com) is a member of the Dow Jones Industrial Average, Standard & Poor's 500, Dow Jones Sustainability Index and Ethibel Sustainability Index.

###
