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Stepped Up Innovation Is Driving Business Momentum Globally At Kraft Foods

- **New products generated 10.5% of net revenue in 2011, up from 7.4% in 2009**
- **More than two-thirds of products preferred to competition up from about half in 2006**
- **Robust innovation pipeline has delivered more than 70 new products in past year**

NORTHFIELD, Ill., June 5, 2012 /PRNewswire/ -- Companies are continually challenged to find new ways to meet and anticipate emerging consumer demands, create innovative quality products and win in a fiercely competitive marketplace. Kraft Foods has been meeting, and beating, those challenges.

As a result, more than two-thirds of Kraft Foods' products are preferred to the competition -- compared to about half in 2006. And product innovation has boosted top-line growth. New products generated 10.5 percent of net revenue in 2011, up from just 7.4 percent in 2009. In fact, Kraft Foods has been stepping up its innovation investments for several years, which is helping drive business momentum.

"Research and Development is the fuel for our growth engine," said Jean Spence, Executive Vice President, Research, Development & Quality. "We're blending sharp consumer insights with advanced technologies to develop dozens of innovative new products that people want. This is the recipe that delivered a higher rate of revenue from new products last year than at any time in recent memory."

Kraft Foods' increased investments in its R&D centers, its people and its ways of working have led to new products that better seize upon emerging consumer trends. The company's R&D team recently has created entirely new product categories with *MiO* Liquid Water Enhancer, *Philadelphia Cooking Creme*, *Kraft MilkBite* Milk & Granola Bars and *Kenco Millicano* Wholebean Instant Coffee.

R&D team members created *belVita* breakfast biscuits using a unique baking technology to better deliver sustained energy from its ingredients, *Oscar Mayer Selects* meats that use natural ingredients such as celery juice in place of artificial preservatives, and *Cadbury Perk* chocolates that affordably sell for 5 rupees in India. And employees have played an important role in boosting the popularity of Kraft Foods' products by adapting recipes to fit local consumers' tastes, and improving foods' nutritional profiles. For example, since 2010, advanced research has resulted in the removal of more than 6,125 metric tons (more than 13.5 million pounds) of salt from nearly 1,000 of its products in North America, without sacrificing taste, texture or product quality.

As Kraft Foods plans to divide into two independent public companies by the end of 2012, the company's R&D team has a robust development pipeline that's already delivered more than 70 new products in the past year. Kraft Foods' R&D team is institutionalizing its wealth of technical knowledge to ensure both companies will have world-class innovation organizations on day one after separation. Scientists, chemists and engineers are better directed by consumer insights than ever before. And they're attuned to the company's "glocal" approach to new product development by quickly adapting global technology platforms to local markets.

For additional information on Kraft Foods' recent innovation investments around the world, including locations in Brazil, China, the Czech Republic, France, Mexico, Singapore, Switzerland, and the U.S., please visit http://www.kraftfoodscompany.com/SiteCollectionDocuments/pdf/KFT_RDQ_Innovation_Investments_FactSheet.pdf.

About Kraft Foods Research, Development & Quality Team

Kraft Foods' world-class network of approximately 3,300 food scientists, chemists and engineers invent delicious products at 15 major R&D Centers in Asia, Europe and North and South America with an R&D expenditure of more than \$700 million in 2011. The company seeks to be the partner of choice in the innovation community and recently launched its [new Open Innovation website](http://www.kfcollaborationkitchen.com/) (<http://www.kfcollaborationkitchen.com/>) for prospective partners to see how partnering with Kraft Foods means access to talented people, terrific brands and superior quality.

About Kraft Foods

Kraft Foods Inc. (NYSE: KFT) is a global snacks powerhouse with an unrivaled portfolio of brands people love. Proudly marketing delicious biscuits, confectionery, beverages, cheese, grocery products and convenient meals in approximately 170

countries, Kraft Foods had 2011 revenue of \$54.4 billion. Twelve of the company's iconic brands – *Cadbury, Jacobs, Kraft, LU, Maxwell House, Milka, Nabisco, Oreo, Oscar Mayer, Philadelphia, Tang* and *Trident* – generate revenue of more than \$1 billion annually. On Aug. 4, 2011, Kraft Foods announced plans to divide and create two independent public companies: a high-growth global snacks business and a high-margin North American grocery business. The transaction is expected to be completed before the end of 2012. A leader in innovation, marketing, health & wellness and sustainability, Kraft Foods is a member of the Dow Jones Industrial Average, Standard & Poor's 500, Dow Jones Sustainability Index and Ethibel Sustainability Index. Visit kraftfoodscompany.com and facebook.com/kraftfoodscorporate.

Forward-Looking Statements

This press release contains a number of forward-looking statements. Words, and variations of words such as "plans," "ensure" and similar expressions are intended to identify our forward-looking statements, including but not limited to, business momentum; research and development; our plans for two independent public companies; timing of the spin-off; and expectations for world-class innovation. These forward-looking statements are subject to a number of risks and uncertainties, many of which are beyond our control, which could cause our actual results to differ materially from those indicated in our forward-looking statements. Such factors include, but are not limited to, our failure to successfully separate the company, increased competition, continued economic and consumer weakness and tax law changes. Please also see our risk factors, as they may be amended from time to time, set forth in 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. Kraft Foods 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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