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Developing Markets' Growth Rockets Tang To "Billion-Dollar" Status

NORTHFIELD, Ill. – June 16, 2011 – Tamarind. Lemon pepper. Soursop. These are just a few exotic flavors that helped rocket *Tang* to its new billion-dollar status. The world's favorite powdered beverage brings Kraft Foods' menu of "billion dollar" brands to an even dozen and joins the ranks of *Oreo* cookies, *Milka* and *Cadbury* chocolates and *Trident* gum.

Tang attributes its entry into this elite pack to its growth in the company's Developing Markets of about 20 percent in each of the last two years.

"In 2006, *Tang* was just over a \$500 million brand. And over the past four years alone, we've nearly doubled that, making *Tang* Kraft Foods 12th billion-dollar icon," said Sanjay Khosla, President, Kraft Foods Developing Markets.

Khosla's Winning through Focus strategy and emphasis on five categories, 10 power brands and 10 markets has helped boost revenues in Kraft Foods Developing Markets from \$6.0 billion in 2007 to \$13.6 billion in 2010. *Tang*, one of the 10 power brands, has been an important part of this profitable growth. Markets like Brazil, Argentina, Mexico, the Philippines and the GCC countries were the rocket fuel behind the brand.

"Our business model in Developing Markets of giving local leaders freedom within a framework to act like entrepreneurs has been tremendously successful -- *Tang* is no exception," said Khosla. "With an entrepreneurial spirit, our *Tang* teams across the world connected virtually to harness our global powdered beverage technology and expertise. They used a glocal approach, combining the best of global and local to transform *Tang*."

"*Tang* is right on trend with what consumers thirst for – affordability, convenience, nutrition and great fruit taste," said Gustavo Abelenda, President, Kraft Foods Latin America. "In Latin America, which is a major growth engine for *Tang*, we developed exciting flavors, new packaging innovations and breakthrough marketing to help propel the brand's growth."

At more than three times the size of its nearest competitor (Euromonitor 2010), *Tang* quenched the world's thirst with more than 20 billion servings in 2010 across 90 countries.

Tasty Nutrition Customized for Local Markets

A key to unlocking growth was the introduction of local fruit flavors. Orange flavor tops the sales charts worldwide, but local flavors like mango in the Philippines, soursop in Brazil, horchata in Mexico and pineapple in the Middle East now make up about 25 percent of *Tang* sales in developing markets.

While taste is king, kids' diets in developing markets are often deficient in vitamins and minerals. And, *Tang* is a delicious source of key nutrients.

"True to its heritage as a source of Vitamin C, *Tang* is fortified with vitamins and minerals," said Khosla. "We take the global idea of fortification and localize it to meet regional nutrition needs. For example, we fortify *Tang* with Vitamin C in all geographies, but in Brazil and the Philippines where kids are iron deficient, we fortify with iron as well as other vitamins and minerals."

Affordable, Convenient Packaging Unlocks Growth

Size matters. The *Tang* team learned that in many markets, traditional canisters of *Tang* were too big. So they designed smaller, more affordable sizes, such as two-liter packs in Mexico priced below \$0.50 USD and a single-serve pack in the Middle East. They also invented a new, cost-effective sampling technique.

"Our team developed a new package that could give consumers a free sample of a new flavor, alongside their traditional favorite," said Khosla. "We took this innovation across borders, which led to a record 75 million samplings in Mexico alone. Today, this proprietary packaging runs on 28 *Tang* lines around the world."

Tang Goes Green

This traditionally orange beverage is getting greener. The company standardized its powdered beverage pouch size and structure across Latin America to eliminate 3 million pounds of packaging annually.

Tang also uses less packaging per serving than bottled beverages. And because it's a lightweight powdered beverage it

requires less energy to transport. The result: a carbon footprint that's a fraction of heavier ready-to-drink beverages.

Building on its "green advantage", *Tang* encourages kids to make a difference with its "Prep, Drink, Do" campaign in Brazil which has inspired 90,000 kids to join *Tang* "Green Brigades" dedicated to package recycling. A similar campaign recently launched in Mexico. Ogilvy & Mather, the global agency for *Tang*, developed these campaigns.

A Billion Reasons to Celebrate

To commemorate the news, in the coming weeks, 15 *Tang* markets will host special employee celebrations, including samplings of the brand's exotic fruit flavors.

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ABOUT KRAFT FOODS

Northfield, Ill.-based 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 2010 revenue of \$49.2 billion, more than half of which was earned outside North America. Twelve of the company's iconic brands -- including *Cadbury*, *Jacobs*, *Kraft*, *LU*, *Maxwell House*, *Milka*, *Nabisco*, *Oreo*, *Oscar Mayer*, *Philadelphia*, *Trident* and *Tang* -- generate revenue of more than \$1 billion annually, and 40 have been loved for more than a century. 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. For more information, visit www.kraftfoodscompany.com and www.facebook.com/kraftfoodscorporate.