
**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 19, 2008

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 8.01. Other Events.

On August 4, 2008, we completed the split-off of the *Post* cereals business, which was in connection with our November 15, 2007 agreement to distribute and merge the *Post* cereals business into Ralcorp Holdings, Inc. after a tax-free exchange with our shareholders. Please refer to our press releases on August 1, 6 and 8, 2008 for additional information on this split-off transaction.

Beginning in the third quarter of 2008 we will reflect the *Post* cereals business operating results as discontinued operations net of taxes on our condensed consolidated statement of earnings and we will restate prior period operating results in a consistent manner. As a result, our U.S. Snacks & Cereals reportable segment is now known as U.S. Snacks. Attached as Exhibit 99.1 to this Form 8-K, are unaudited financial schedules for 2008, 2007, and 2006, reconciling net revenues, operating income and segment operating income, based on this restatement.

Management uses segment operating income to evaluate segment performance and allocate resources. In the second quarter of 2008, we began excluding unrealized gains and losses on hedging activities from segment operating income in order to provide better transparency of our segment operating results. Segment operating income excludes unrealized gains and losses on hedging activities (which is a component of cost of sales), general corporate expenses and amortization of intangibles for all periods presented.

The attached schedules include non-GAAP financial measures because our management uses this information to monitor and evaluate our operating results and trends on an on-going basis and to facilitate internal comparison to historical operating results. Our management uses non-GAAP financial information and measures internally for operating, budgeting and financial planning purposes.

Our management believes the non-GAAP information is useful for investors by offering them the ability to facilitate comparisons to historical operating results, better identify trends in our business, and better understand how management evaluates our business. These non-GAAP measures have limitations, however, because they do not include all items of income and expense that affect us. See the schedules attached as Exhibit 99.1 to this Current Report for corresponding reconciliations to GAAP financial measures for the years ended December 31, 2007, 2006 and 2005, and for the quarters in 2008, 2007 and 2006. Non-GAAP financial measures should be viewed in addition to, and not as an alternative for each of our results which are prepared in accordance with GAAP. In addition, the non-GAAP measures we use may differ from non-GAAP measures used by other companies.

Item 9.01. Financial Statements and Exhibits.

(d) The following exhibit is being filed with this Current Report on Form 8-K.

<u>Exhibit Number</u>	<u>Description</u>
99.1	Financial Schedules

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 19, 2008

/s/ Timothy R. McLevish

Name: Timothy R. McLevish

Title: Executive Vice President and Chief
Financial Officer

Kraft Foods Inc. and Subsidiaries
Restatement for Discontinued Operations - Net Revenues
Full Year 2006 and Quarterly 2007
(\$ in millions)
(Unaudited)

	2006	2007				Year
	Year	Q1	Q2	Q3	Q4	
Net Revenues - As Reported						
U.S. Beverages	\$ 2,886	\$ 777	\$ 788	\$ 712	\$ 713	\$ 2,990
U.S. Cheese	3,544	880	884	859	1,122	3,745
U.S. Convenient Meals	3,697	960	1,012	995	938	3,905
U.S. Grocery	3,225	781	873	757	866	3,277
U.S. Snacks & Cereals	5,810	1,396	1,464	1,475	1,519	5,854
Canada & N.A. Foodservice	3,956	908	1,041	1,080	1,139	4,168
North America	23,118	5,702	6,062	5,878	6,297	23,939
European Union	6,672	1,750	1,841	1,855	2,508	7,954
Developing Markets	4,566	1,134	1,302	1,321	1,591	5,348
International	11,238	2,884	3,143	3,176	4,099	13,302
Net Revenues - As Reported	\$ 34,356	\$ 8,586	\$ 9,205	\$ 9,054	\$ 10,396	\$ 37,241
Impact of Discontinued Operations						
U.S. Snacks & Cereals	(976)	(237)	(262)	(255)	(221)	(975)
Canada & N.A. Foodservice	(82)	(20)	(20)	(27)	(21)	(88)
European Union	(3)	(1)	(1)	—	(1)	(3)
Developing Markets	(39)	(8)	(11)	(12)	(10)	(41)
Net Revenues - As Restated						
U.S. Beverages	\$ 2,886	\$ 777	\$ 788	\$ 712	\$ 713	\$ 2,990
U.S. Cheese	3,544	880	884	859	1,122	3,745
U.S. Convenient Meals	3,697	960	1,012	995	938	3,905
U.S. Grocery	3,225	781	873	757	866	3,277
U.S. Snacks	4,834	1,159	1,202	1,220	1,298	4,879
Canada & N.A. Foodservice	3,874	888	1,021	1,053	1,118	4,080
North America	22,060	5,445	5,780	5,596	6,055	22,876
European Union	6,669	1,749	1,840	1,855	2,507	7,951
Developing Markets	4,527	1,126	1,291	1,309	1,581	5,307
International	11,196	2,875	3,131	3,164	4,088	13,258
Net Revenues - As Restated	\$ 33,256	\$ 8,320	\$ 8,911	\$ 8,760	\$ 10,143	\$ 36,134

Kraft Foods Inc. and Subsidiaries
Restatement for Discontinued Operations - Net Revenues

2008

(\$ in millions)

(Unaudited)

	<u>Q1</u>	<u>Q2</u>	<u>First Half</u>
Net Revenues - As Reported			
U.S. Beverages	\$ 772	\$ 789	\$ 1,561
U.S. Cheese	957	972	1,929
U.S. Convenient Meals	1,032	1,089	2,121
U.S. Grocery	792	912	1,704
U.S. Snacks & Cereals	1,430	1,539	2,969
Canada & N.A. Foodservice	<u>1,050</u>	<u>1,170</u>	<u>2,220</u>
North America	6,033	6,471	12,504
European Union	2,719	2,915	5,634
Developing Markets	<u>1,620</u>	<u>1,790</u>	<u>3,410</u>
International	4,339	4,705	9,044
Net Revenues - As Reported	\$10,372	\$11,176	\$21,548
Impact of Discontinued Operations			
U.S. Snacks & Cereals	(240)	(267)	(507)
Canada & N.A. Foodservice	(21)	(29)	(50)
European Union	(1)	(1)	(2)
Developing Markets	(8)	(9)	(17)
Net Revenues - As Restated			
U.S. Beverages	\$ 772	\$ 789	\$ 1,561
U.S. Cheese	957	972	1,929
U.S. Convenient Meals	1,032	1,089	2,121
U.S. Grocery	792	912	1,704
U.S. Snacks	1,190	1,272	2,462
Canada & N.A. Foodservice	<u>1,029</u>	<u>1,141</u>	<u>2,170</u>
North America	5,772	6,175	11,947
European Union	2,718	2,914	5,632
Developing Markets	<u>1,612</u>	<u>1,781</u>	<u>3,393</u>
International	4,330	4,695	9,025
Net Revenues - As Restated	\$10,102	\$10,870	\$20,972

Kraft Foods Inc. and Subsidiaries
Restatement for Discontinued Operations - Operating Income
Full Year 2006 and Quarterly 2007
(\$ in millions)
(Unaudited)

	2006 Year	2007				Year
		Q1	Q2	Q3	Q4	
Operating Income						
Segment Operating Income:						
U.S. Beverages	\$ 204	\$ 138	\$ 132	\$ (12)	\$ 58	\$ 316
U.S. Cheese	660	149	83	91	77	400
U.S. Convenient Meals	412	107	113	93	74	387
U.S. Grocery	1,254	247	276	219	270	1,012
U.S. Snacks & Cereals	774	231	251	240	217	939
Canada & N.A. Foodservice	449	83	115	139	81	418
North America	3,753	955	970	770	777	3,472
European Union	548	118	125	129	199	571
Developing Markets	416	93	136	137	125	491
International	964	211	261	266	324	1,062
Unrealized G/(L) on Hedging Activity	—	8	4	(6)	10	16
General Corporate Expenses	(189)	(50)	(43)	(46)	(67)	(206)
Amortization of Intangibles	(7)	(2)	(4)	(3)	(4)	(13)
Operating Income	\$4,521	\$1,122	\$1,188	\$981	\$1,040	\$4,331
Impact of Discontinued Operations						
U.S. Snacks & Cereals	(330)	(76)	(96)	(83)	(77)	(332)
Canada & N.A. Foodservice	(23)	(4)	(5)	(8)	3	(14)
European Union	(1)	—	(1)	—	(1)	(2)
Developing Markets	(13)	(3)	(4)	(5)	(5)	(17)
Operating Income - As Restated						
Segment Operating Income:						
U.S. Beverages	\$ 204	\$ 138	\$ 132	\$ (12)	\$ 58	\$ 316
U.S. Cheese	660	149	83	91	77	400
U.S. Convenient Meals	412	107	113	93	74	387
U.S. Grocery	1,254	247	276	219	270	1,012
U.S. Snacks	444	155	155	157	140	607
Canada & N.A. Foodservice	426	79	110	131	84	404
North America	3,400	875	869	679	703	3,126
European Union	547	118	124	129	198	569
Developing Markets	403	90	132	132	120	474
International	950	208	256	261	318	1,043
Unrealized G/(L) on Hedging Activity	—	8	4	(6)	10	16
General Corporate Expenses	(189)	(50)	(43)	(46)	(67)	(206)
Amortization of Intangibles	(7)	(2)	(4)	(3)	(4)	(13)
Operating Income - As Restated	\$4,154	\$1,039	\$1,082	\$885	\$ 960	\$3,966

Kraft Foods Inc. and Subsidiaries
Restatement for Discontinued Operations - Operating Income

2008
(\$ in millions)
(Unaudited)

	<u>Q1</u>	<u>Q2</u>	<u>First Half</u>
Operating Income			
Segment Operating Income:			
U.S. Beverages	\$ 137	\$ 141	\$ 278
U.S. Cheese	115	125	240
U.S. Convenient Meals	105	122	227
U.S. Grocery	240	304	544
U.S. Snacks & Cereals	174	292	466
Canada & N.A. Foodservice	111	140	251
North America	<u>882</u>	<u>1,124</u>	<u>2,006</u>
European Union	170	164	334
Developing Markets	148	196	344
International	318	360	678
Unrealized G/(L) on Hedging Activity	25	78	103
General Corporate Expenses	(53)	(48)	(101)
Amortization of Intangibles	(7)	(4)	(11)
Operating Income	\$1,165	\$1,510	\$ 2,675
Impact of Discontinued Operations			
U.S. Snacks & Cereals	(78)	(94)	(172)
Canada & N.A. Foodservice	(4)	(11)	(15)
European Union	—	(1)	(1)
Developing Markets	(4)	(4)	(8)
Operating Income - As Restated			
Segment Operating Income:			
U.S. Beverages	\$ 137	\$ 141	\$ 278
U.S. Cheese	115	125	240
U.S. Convenient Meals	105	122	227
U.S. Grocery	240	304	544
U.S. Snacks	96	198	294
Canada & N.A. Foodservice	107	129	236
North America	<u>800</u>	<u>1,019</u>	<u>1,819</u>
European Union	170	163	333
Developing Markets	144	192	336
International	314	355	669
Unrealized G/(L) on Hedging Activity	25	78	103
General Corporate Expenses	(53)	(48)	(101)
Amortization of Intangibles	(7)	(4)	(11)
Operating Income - As Restated	\$1,079	\$1,400	\$ 2,479

Kraft Foods Inc. and Subsidiaries
Reconciliation of GAAP and Non-GAAP Information
Net Revenues

For the Twelve Months Ended December 31,
(\$ in millions) (Unaudited)

	As Restated (GAAP)	Impact of Divestitures	Impact of Acquisitions	Impact of Currency	Organic (Non- GAAP)	% Change		Organic Growth Drivers		
						As Restated (GAAP)	Organic (Non- GAAP)	Volume	Mix	Price
2007 Reconciliation										
U.S. Beverages	\$ 2,990	\$ (72)	\$ —	\$ —	\$ 2,918	3.6%	5.2%	1.8pp	2.5pp	0.9pp
U.S. Cheese	3,745	—	—	—	3,745	5.7%	5.7%	0.2	0.8	4.7
U.S. Convenient Meals	3,905	—	—	—	3,905	5.6%	5.6%	3.4	1.6	0.6
U.S. Grocery	3,277	—	—	—	3,277	1.6%	3.5%	(0.6)	2.1	2.0
U.S. Snacks	4,879	(9)	—	—	4,870	0.9%	3.5%	1.6	2.0	(0.1)
Canada & N.A. Foodservice	4,080	(15)	—	(113)	3,952	5.3%	3.9%	(0.3)	0.3	3.9
North America	\$ 22,876	\$ (96)	\$ —	\$ (113)	\$22,667	3.7%	4.5%	1.0	1.6	1.9
European Union	7,951	(177)	(226)	(696)	6,852	19.2%	3.8%	3.5	1.9	(1.6)
Developing Markets	5,307	—	(7)	(250)	5,050	17.2%	11.6%	4.0	2.5	5.1
International	\$ 13,258	\$ (177)	\$ (233)	\$ (946)	\$11,902	18.4%	6.9%	3.8	1.9	1.2
Kraft Foods	\$ 36,134	\$ (273)	\$ (233)	\$ (1,059)	\$34,569	8.7%	5.3%	1.8pp	1.8pp	1.7pp
2006 Reconciliation										
U.S. Beverages	\$ 2,886	\$ (112)	\$ —	\$ —	\$ 2,774					
U.S. Cheese	3,544	—	—	—	3,544					
U.S. Convenient Meals	3,697	—	—	—	3,697					
U.S. Grocery	3,225	(59)	—	—	3,166					
U.S. Snacks	4,834	(127)	—	—	4,707					
Canada & N.A. Foodservice	3,874	(71)	—	—	3,803					
North America	\$ 22,060	\$ (369)	\$ —	\$ —	\$21,691					
European Union	6,669	(66)	—	—	6,603					
Developing Markets	4,527	—	—	—	4,527					
International	\$ 11,196	\$ (66)	\$ —	\$ —	\$11,130					
Kraft Foods	\$ 33,256	\$ (435)	\$ —	\$ —	\$32,821					

Kraft Foods Inc. and Subsidiaries
Reconciliation of GAAP and Non-GAAP Information
Net Revenues

For the Three Months Ended March 31,
(\$ in millions) (Unaudited)

	As Restated (GAAP)	Impact of Divestitures	Impact of Acquisitions	Impact of Currency	Organic (Non- GAAP)	% Change		Organic Growth Drivers		
						As Restated (GAAP)	Organic (Non- GAAP)	Volume	Mix	Price
2008 Reconciliation										
U.S. Beverages	\$ 772	\$ —	\$ —	\$ —	\$ 772	(0.6)%	2.4%	(12.6)pp	10.1pp	4.9pp
U.S. Cheese	957	—	—	—	957	8.8%	8.8%	(1.3)	1.2	8.9
U.S. Convenient Meals	1,032	—	—	—	1,032	7.5%	7.5%	2.7	2.9	1.9
U.S. Grocery	792	—	—	—	792	1.4%	1.4%	(4.3)	1.5	4.2
U.S. Snacks	1,190	—	(5)	—	1,185	2.7%	3.0%	1.1	(0.3)	2.2
Canada & N.A. Foodservice	1,029	—	—	(86)	943	15.9%	6.8%	3.0	(0.1)	3.9
North America	\$ 5,772	\$ —	\$ (5)	\$ (86)	\$5,681	6.0%	5.0%	(2.6)	3.4	4.2
European Union	2,718	(44)	(573)	(228)	1,873	55.4%	9.5%	5.8	2.1	1.6
Developing Markets	1,612	—	(128)	(112)	1,372	43.2%	21.8%	8.5	4.2	9.1
International	\$ 4,330	\$ (44)	\$ (701)	\$ (340)	\$3,245	50.6%	14.4%	7.2	2.6	4.6
Kraft Foods	\$ 10,102	\$ (44)	\$ (706)	\$ (426)	\$8,926	21.4%	8.3%	0.2pp	3.8pp	4.3pp
2007 Reconciliation										
U.S. Beverages	\$ 777	\$ (23)	\$ —	\$ —	\$ 754					
U.S. Cheese	880	—	—	—	880					
U.S. Convenient Meals	960	—	—	—	960					
U.S. Grocery	781	—	—	—	781					
U.S. Snacks	1,159	(9)	—	—	1,150					
Canada & N.A. Foodservice	888	(5)	—	—	883					
North America	\$ 5,445	\$ (37)	\$ —	\$ —	\$5,408					
European Union	1,749	(39)	—	—	1,710					
Developing Markets	1,126	—	—	—	1,126					
International	\$ 2,875	\$ (39)	\$ —	\$ —	\$2,836					
Kraft Foods	\$ 8,320	\$ (76)	\$ —	\$ —	\$8,244					

Kraft Foods Inc. and Subsidiaries
Reconciliation of GAAP and Non-GAAP Information
Net Revenues
For the Three Months Ended June 30,
(\$ in millions) (Unaudited)

	As Restated (GAAP)	Impact of Divestitures	Impact of Acquisitions	Impact of Currency	Organic (Non- GAAP)	% Change		Organic Growth Drivers		
						As Restated (GAAP)	Organic (Non- GAAP)	Volume	Mix	Price
2008 Reconciliation										
U.S. Beverages	\$ 789	\$ —	\$ —	\$ —	\$ 789	0.1%	3.4%	(4.6)pp	2.0pp	6.0pp
U.S. Cheese	972	—	—	—	972	10.0%	10.0%	(5.1)	(0.3)	15.4
U.S. Convenient Meals	1,089	—	—	—	1,089	7.6%	7.6%	1.7	3.4	2.5
U.S. Grocery	912	—	—	—	912	4.5%	4.5%	(1.8)	(1.0)	7.3
U.S. Snacks	1,272	—	(1)	—	1,271	5.8%	5.7%	(0.7)	(2.3)	8.7
Canada & N.A. Foodservice	1,141	—	—	(83)	1,058	11.8%	4.0%	4.0	(2.6)	2.6
North America	\$ 6,175	\$ —	\$ (1)	\$ (83)	\$6,091	6.8%	5.9%	(1.2)	0.1	7.0
European Union	2,914	(28)	(731)	(298)	1,857	58.4%	3.4%	(2.2)	1.5	4.1
Developing Markets	1,781	—	(137)	(128)	1,516	38.0%	17.4%	1.2	3.7	12.5
International	\$ 4,695	\$ (28)	\$ (868)	\$ (426)	\$3,373	50.0%	9.3%	(0.3)	2.0	7.6
Kraft Foods	\$ 10,870	\$ (28)	\$ (869)	\$ (509)	\$9,464	22.0%	7.1%	(1.0)pp	0.9pp	7.2pp
2007 Reconciliation										
U.S. Beverages	\$ 788	\$ (25)	\$ —	\$ —	\$ 763					
U.S. Cheese	884	—	—	—	884					
U.S. Convenient Meals	1,012	—	—	—	1,012					
U.S. Grocery	873	—	—	—	873					
U.S. Snacks	1,202	—	—	—	1,202					
Canada & N.A. Foodservice	1,021	(4)	—	—	1,017					
North America	\$ 5,780	\$ (29)	\$ —	\$ —	\$5,751					
European Union	1,840	(44)	—	—	1,796					
Developing Markets	1,291	—	—	—	1,291					
International	\$ 3,131	\$ (44)	\$ —	\$ —	\$3,087					
Kraft Foods	\$ 8,911	\$ (73)	\$ —	\$ —	\$8,838					

Kraft Foods Inc. and Subsidiaries
Reconciliation of GAAP and Non-GAAP Information
Net Revenues
For the Six Months Ended June 30,
(\$ in millions) (Unaudited)

	As Restated (GAAP)	Impact of Divestitures	Impact of Acquisitions	Impact of Currency	Organic (Non- GAAP)	% Change		Organic Growth Drivers		
						As Restated (GAAP)	Organic (Non- GAAP)	Volume	Mix	Price
2008 Reconciliation										
U.S. Beverages	\$ 1,561	\$ —	\$ —	\$ —	\$ 1,561	(0.3)%	2.9%	(8.4)pp	5.8pp	5.5pp
U.S. Cheese	1,929	—	—	—	1,929	9.4%	9.4%	(3.2)	0.5	12.1
U.S. Convenient Meals	2,121	—	—	—	2,121	7.6%	7.6%	2.2	3.2	2.2
U.S. Grocery	1,704	—	—	—	1,704	3.0%	3.0%	(3.0)	0.1	5.9
U.S. Snacks	2,462	—	(6)	—	2,456	4.3%	4.4%	0.2	(1.3)	5.5
Canada & N.A. Foodservice	2,170	—	—	(169)	2,001	13.7%	5.3%	3.5	(1.4)	3.2
North America	\$ 11,947	\$ —	\$ (6)	\$ (169)	\$ 11,772	6.4%	5.5%	(1.9)	1.8	5.6
European Union	5,632	(72)	(1,304)	(526)	3,730	56.9%	6.4%	1.7	1.8	2.9
Developing Markets	3,393	—	(265)	(240)	2,888	40.4%	19.5%	4.5	4.0	11.0
International	\$ 9,025	\$ (72)	\$ (1,569)	\$ (766)	\$ 6,618	50.3%	11.7%	3.2	2.3	6.2
Kraft Foods	\$ 20,972	\$ (72)	\$ (1,575)	\$ (935)	\$ 18,390	21.7%	7.7%	(0.4)pp	2.3pp	5.8pp

2007 Reconciliation

U.S. Beverages	\$ 1,565	\$ (48)	\$ —	\$ —	\$ 1,517
U.S. Cheese	1,764	—	—	—	1,764
U.S. Convenient Meals	1,972	—	—	—	1,972
U.S. Grocery	1,654	—	—	—	1,654
U.S. Snacks	2,361	(9)	—	—	2,352
Canada & N.A. Foodservice	1,909	(9)	—	—	1,900
North America	\$ 11,225	\$ (66)	\$ —	\$ —	\$ 11,159
European Union	3,589	(83)	—	—	3,506
Developing Markets	2,417	—	—	—	2,417
International	\$ 6,006	\$ (83)	\$ —	\$ —	\$ 5,923
Kraft Foods	\$ 17,231	\$ (149)	\$ —	\$ —	\$ 17,082

Kraft Foods Inc. and Subsidiaries
Reconciliation of GAAP and Non-GAAP Information
Net Revenues

For the Three Months Ended:

(\$ in millions) (Unaudited)

	As Restated (GAAP)	Impact of Divestitures	Impact of Acquisitions	Impact of Currency	Organic (Non- GAAP)
September 30, 2007 Reconciliation					
U.S. Beverages	\$ 712	\$ (20)	\$ —	\$ —	\$ 692
U.S. Cheese	859	—	—	—	859
U.S. Convenient Meals	995	—	—	—	995
U.S. Grocery	757	—	—	—	757
U.S. Snacks	1,220	—	—	—	1,220
Canada & N.A. Foodservice	1,053	(4)	—	(33)	1,016
North America	\$ 5,596	\$ (24)	\$ —	\$ (33)	\$5,539
European Union	1,855	(47)	(126)	(110)	1,572
Developing Markets	1,309	—	(3)	(67)	1,239
International	\$ 3,164	\$ (47)	\$ (129)	\$ (177)	\$ 2,811
Kraft Foods	\$ 8,760	\$ (71)	\$ (129)	\$ (210)	\$8,350
December 31, 2007 Reconciliation					
U.S. Beverages	\$ 713	\$ (4)	\$ —	\$ —	\$ 709
U.S. Cheese	1,122	—	—	—	1,122
U.S. Convenient Meals	938	—	—	—	938
U.S. Grocery	866	—	—	—	866
U.S. Snacks	1,298	—	—	—	1,298
Canada & N.A. Foodservice	1,118	(2)	—	(83)	1,033
North America	\$ 6,055	\$ (6)	\$ —	\$ (83)	\$5,966
European Union	2,507	(47)	—	(287)	2,173
Developing Markets	1,581	—	—	(119)	1,462
International	\$ 4,088	\$ (47)	\$ —	\$ (406)	\$3,635
Kraft Foods	\$10,143	\$ (53)	\$ —	\$ (489)	\$9,601

Kraft Foods Inc. and Subsidiaries
Reconciliation of GAAP and Non-GAAP Information
Operating Income
For the Twelve Months Ended December 31,
(\$ in millions) (Unaudited)

	As Restated (GAAP)	Asset Impairment, Exit and Implementation Costs - Restructuring	Asset Impairments / Other Expenses - Non- Restructuring	(Gains) / Losses on Divestitures, net	Excluding Items (Non- GAAP)	% Change	
						As Restated (GAAP)	Excluding Items (Non- GAAP)
2007 Reconciliation							
U.S. Beverages	\$ 316	\$ 19	\$ 120	\$ 5	\$ 460	54.9%	14.7%
U.S. Cheese	400	75	—	—	475	(39.4)%	(36.6)%
U.S. Convenient Meals	387	35	—	—	422	(6.1)%	(15.8)%
U.S. Grocery	1,012	32	—	—	1,044	(19.3)%	(3.0)%
U.S. Snacks	607	32	—	(12)	627	36.7%	(6.1)%
Canada & N.A. Foodservice	404	52	—	—	456	(5.2)%	(2.1)%
North America	\$ 3,126	\$ 245	\$ 120	\$ (7)	\$ 3,484	(8.1)%	(9.8)%
European Union	569	152	10	—	731	4.0%	1.7%
Developing Markets	474	50	—	(8)	516	17.6%	4.0%
International	\$ 1,043	\$ 202	\$ 10	\$ (8)	\$ 1,247	9.8%	2.6%
Unrealized G/(L) on Hedging Activity	16	—	—	—	16	100.0%	100.0%
Corporate Items	(219)	—	—	—	(219)	(11.7)%	(11.7)%
Kraft Foods	\$ 3,966	\$ 447	\$ 130	\$ (15)	\$ 4,528	(4.5)%	(7.2)%
2006 Reconciliation							
U.S. Beverages	\$ 204	\$ 27	\$ 75	\$ 95	\$ 401		
U.S. Cheese	660	89	—	—	749		
U.S. Convenient Meals	412	89	—	—	501		
U.S. Grocery	1,254	48	—	(226)	1,076		
U.S. Snacks	444	51	168	5	668		
Canada & N.A. Foodservice	426	31	—	9	466		
North America	\$ 3,400	\$ 335	\$ 243	\$ (117)	\$ 3,861		
European Union	547	253	170	(251)	719		
Developing Markets	403	82	11	—	496		
International	\$ 950	\$ 335	\$ 181	\$ (251)	\$ 1,215		
Unrealized G/(L) on Hedging Activity	—	—	—	—	—		
Corporate Items	(196)	—	—	—	(196)		
Kraft Foods	\$ 4,154	\$ 670	\$ 424	\$ (368)	\$ 4,880		

Kraft Foods Inc. and Subsidiaries
Reconciliation of GAAP and Non-GAAP Information
Operating Income
For the Three Months Ended March 31,
(\$ in millions) (Unaudited)

	As Restated (GAAP)	Asset Impairment, Exit and Implementation Costs - Restructuring	Asset Impairments / Other Expenses - - Non- Restructuring	(Gains) / Losses on Divestitures, net	Excluding Items (Non- GAAP)	% Change	
						As Restated (GAAP)	Excluding Items (Non- GAAP)
2008 Reconciliation							
U.S. Beverages	\$ 137	\$ 9	\$ —	\$ —	\$ 146	(0.7)%	2.8%
U.S. Cheese	115	8	—	—	123	(22.8)%	(22.6)%
U.S. Convenient Meals	105	9	—	—	114	(1.9)%	(3.4)%
U.S. Grocery	240	5	—	—	245	(2.8)%	(3.5)%
U.S. Snacks	96	10	—	—	106	(38.1)%	(29.8)%
Canada & N.A. Foodservice	107	10	—	—	117	35.4%	41.0%
North America	\$ 800	\$ 51	\$ —	\$ —	\$ 851	(8.6)%	(6.2)%
European Union	170	38	3	18	229	44.1%	47.7%
Developing Markets	144	9	—	—	153	60.0%	57.7%
International	\$ 314	\$ 47	\$ 3	\$ 18	\$ 382	51.0%	51.6%
Unrealized G/(L) on Hedging Activity	25	—	—	—	25	100.0%+	100.0%+
Corporate Items	(60)	—	—	—	(60)	(15.4)%	(15.4)%
Kraft Foods	\$ 1,079	\$ 98	\$ 3	\$ 18	\$ 1,198	3.8%	7.4%

2007 Reconciliation

U.S. Beverages	\$ 138	\$ 4	\$ —	\$ —	\$ 142		
U.S. Cheese	149	10	—	—	159		
U.S. Convenient Meals	107	11	—	—	118		
U.S. Grocery	247	7	—	—	254		
U.S. Snacks	155	8	—	(12)	151		
Canada & N.A. Foodservice	79	4	—	—	83		
North America	\$ 875	\$ 44	\$ —	\$ (12)	\$ 907		
European Union	118	37	—	—	155		
Developing Markets	90	7	—	—	97		
International	\$ 208	\$ 44	\$ —	\$ —	\$ 252		
Unrealized G/(L) on Hedging Activity	8	—	—	—	8		
Corporate Items	(52)	—	—	—	(52)		
Kraft Foods	\$ 1,039	\$ 88	\$ —	\$ (12)	\$ 1,115		

Kraft Foods Inc. and Subsidiaries
Reconciliation of GAAP and Non-GAAP Information
Operating Income
For the Three Months Ended June 30,
(\$ in millions) (Unaudited)

	As Restated (GAAP)	Asset Impairment, Exit and Implementation Costs - Restructuring	Asset Impairments / Other Expenses - Non-Restructuring	(Gains) / Losses on Divestitures, net	Excluding Items (Non-GAAP)	% Change	
						As Restated (GAAP)	Excluding Items (Non-GAAP)
2008 Reconciliation							
U.S. Beverages	\$ 141	\$ 7	\$ —	\$ —	\$ 148	6.8%	7.2%
U.S. Cheese	125	7	—	—	132	50.6%	6.5%
U.S. Convenient Meals	122	(1)	—	—	121	8.0%	3.4%
U.S. Grocery	304	2	—	—	306	10.1%	5.5%
U.S. Snacks	198	3	—	—	201	27.7%	22.6%
Canada & N.A. Foodservice	129	29	—	—	158	17.3%	36.2%
North America	\$ 1,019	\$ 47	\$ —	\$ —	\$ 1,066	17.3%	12.3%
European Union	163	43	1	74	281	31.5%	51.1%
Developing Markets	192	31	—	—	223	45.5%	60.4%
International	\$ 355	\$ 74	\$ 1	\$ 74	\$ 504	38.7%	55.1%
Unrealized G/(L) on Hedging Activity	78	—	—	—	78	100.0%+	100.0%+
Corporate Items	(52)	—	—	—	(52)	(10.6)%	(10.6)%
Kraft Foods	\$ 1,400	\$ 121	\$ 1	\$ 74	\$ 1,596	29.4%	29.7%
2007 Reconciliation							
U.S. Beverages	\$ 132	\$ 6	\$ —	\$ —	\$ 138		
U.S. Cheese	83	41	—	—	124		
U.S. Convenient Meals	113	4	—	—	117		
U.S. Grocery	276	14	—	—	290		
U.S. Snacks	155	9	—	—	164		
Canada & N.A. Foodservice	110	6	—	—	116		
North America	\$ 869	\$ 80	\$ —	\$ —	\$ 949		
European Union	124	62	—	—	186		
Developing Markets	132	15	—	(8)	139		
International	\$ 256	\$ 77	\$ —	\$ (8)	\$ 325		
Unrealized G/(L) on Hedging Activity	4	—	—	—	4		
Corporate Items	(47)	—	—	—	(47)		
Kraft Foods	\$ 1,082	\$ 157	\$ —	\$ (8)	\$ 1,231		

Kraft Foods Inc. and Subsidiaries
Reconciliation of GAAP and Non-GAAP Information
Operating Income
For the Six Months Ended June 30,
(\$ in millions) (Unaudited)

	As Restated (GAAP)	Asset Impairment, Exit and Implementation Costs - Restructuring	Asset Impairments / Other Expenses - Non-Restructuring	(Gains) / Losses on Divestitures, net	Excluding Items (Non-GAAP)	% Change	
						As Restated (GAAP)	Excluding Items (Non-GAAP)
2008 Reconciliation							
U.S. Beverages	\$ 278	\$ 16	\$ —	\$ —	\$ 294	3.0%	5.0%
U.S. Cheese	240	15	—	—	255	3.4%	(9.9)%
U.S. Convenient Meals	227	8	—	—	235	3.2%	0.0%
U.S. Grocery	544	7	—	—	551	4.0%	1.3%
U.S. Snacks	294	13	—	—	307	(5.2)%	(2.5)%
Canada & N.A. Foodservice	236	39	—	—	275	24.9%	38.2%
North America	\$ 1,819	\$ 98	\$ —	\$ —	\$ 1,917	4.3%	3.3%
European Union	333	81	4	92	510	37.6%	49.6%
Developing Markets	336	40	—	—	376	51.4%	59.3%
International	\$ 669	\$ 121	\$ 4	\$ 92	\$ 886	44.2%	53.6%
Unrealized G/(L) on Hedging Activity	103	—	—	—	103	100.0%+	100.0%+
Corporate Items	(112)	—	—	—	(112)	(13.1)%	(13.1)%
Kraft Foods	\$ 2,479	\$ 219	\$ 4	\$ 92	\$ 2,794	16.9%	19.1%
2007 Reconciliation							
U.S. Beverages	\$ 270	\$ 10	\$ —	\$ —	\$ 280		
U.S. Cheese	232	51	—	—	283		
U.S. Convenient Meals	220	15	—	—	235		
U.S. Grocery	523	21	—	—	544		
U.S. Snacks	310	17	—	(12)	315		
Canada & N.A. Foodservice	189	10	—	—	199		
North America	\$ 1,744	\$ 124	\$ —	\$ (12)	\$ 1,856		
European Union	242	99	—	—	341		
Developing Markets	222	22	—	(8)	236		
International	\$ 464	\$ 121	\$ —	\$ (8)	\$ 577		
Unrealized G/(L) on Hedging Activity	12	—	—	—	12		
Corporate Items	(99)	—	—	—	(99)		
Kraft Foods	\$ 2,121	\$ 245	\$ —	\$ (20)	\$ 2,346		

Kraft Foods Inc. and Subsidiaries
Reconciliation of GAAP and Non-GAAP Information
Operating Income
For the Three Months Ended:
(\$ in millions) (Unaudited)

	As Restated (GAAP)	Asset Impairment, Exit and Implementation Costs - Restructuring	Asset Impairments / Other Expenses - Non- Restructuring	(Gains) / Losses on Divestitures, net	Excluding Items (Non- GAAP)
September 30, 2007 Reconciliation					
U.S. Beverages	\$ (12)	\$ 3	\$ 120	\$ —	\$ 111
U.S. Cheese	91	15	—	—	106
U.S. Convenient Meals	93	11	—	—	104
U.S. Grocery	219	3	—	—	222
U.S. Snacks	157	8	—	—	165
Canada & N.A. Foodservice	131	3	—	—	134
North America	\$ 679	\$ 43	\$ 120	\$ —	\$ 842
European Union	129	24	—	—	153
Developing Markets	132	13	—	—	145
International	\$ 261	\$ 37	\$ —	\$ —	\$ 298
Unrealized G/(L) on Hedging Activity	(6)	—	—	—	(6)
Corporate Items	(49)	—	—	—	(49)
Kraft Foods	\$ 885	\$ 80	\$ 120	\$ —	\$ 1,085
December 31, 2007 Reconciliation					
U.S. Beverages	\$ 58	\$ 6	\$ —	\$ 5	\$ 69
U.S. Cheese	77	9	—	—	86
U.S. Convenient Meals	74	9	—	—	83
U.S. Grocery	270	8	—	—	278
U.S. Snacks	140	7	—	—	147
Canada & N.A. Foodservice	84	39	—	—	123
North America	\$ 703	\$ 78	\$ —	\$ 5	\$ 786
European Union	198	29	10	—	237
Developing Markets	120	15	—	—	135
International	\$ 318	\$ 44	\$ 10	\$ —	\$ 372
Unrealized G/(L) on Hedging Activity	10	—	—	—	10
Corporate Items	(71)	—	—	—	(71)
Kraft Foods	\$ 960	\$ 122	\$ 10	\$ 5	\$ 1,097