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Developing Markets Power Brand, Lacta, Celebrates 100th Birthday

NORTHFIELD, Ill. – January 30, 2012 – A century ago in São Paulo, Achilles Izella, the Swiss Consul in Brazil, introduced a locally-made, Swiss-inspired chocolate brand to Brazilians: *Lacta*. This month, *Lacta* celebrates its 100th birthday, reigning as the undisputed top-selling chocolate brand in Brazil with about 37 percent of the market. Part of Kraft Foods, the world's largest chocolate maker, *Lacta* joins the company's 40 other centenarians, including *Cadbury Dairy Milk*, *Halls*, *Jacobs*, *Kraft*, *LU*, *Maxwell House*, *Philadelphia* -- and soon *Oreo*, which turns 100 in March.

"*Lacta* is one of 10 power brands that play a big role in our Developing Markets Winning through Focus / 5-10-10 strategy," said Sanjay Khosla, President, Developing Markets. "Because of our increased focus and the disproportionate resources we've put behind *Lacta*, from 2006 through 2010 *Lacta* revenues more than doubled and the brand grew more than 22 percent on average annually."

Lacta, Brazil's leading chocolate brand, makes up over one-third of the roughly \$2 billion in 2010 annual revenues for Kraft Foods Brazil. And more than one-third of the company's nearly 11,000 employees in Brazil manufacture *Lacta* branded products.

Investing Big in *Lacta* and Brazil

To expand the brand's presence, the company previously announced an \$80 million investment in a new 270,000-square-foot manufacturing facility that will bring *Lacta*, and other products, to the fast growing north-northeast region of Brazil. Combining the new plant and other planned expansions, the company committed to invest approximately \$200 million in Brazil over 2010 and 2012 – the largest investment in the country in a decade.

Kraft Foods also boosted marketing investments with its 2011 "Entregue-se" or "Surrender Yourself" *Lacta* campaign. And *Lacta* remains as innovative today as in its formative years with new resealable packaging across its chocolate tablet line and its *Sonho de Valsa* brand.

A Brazilian Icon

Brazilian consumers enjoy *Lacta* in many forms and textures from *Lacta* tablets, to *Bis* wafer bites to *Sonho de Valsa* bonbons to Laka white chocolate to *Diamante Negro* milk chocolate. *Lacta* is a sought-after treat, shared among family and friends. It's also given as a gift. In fact, *Sonho de Valsa*, "waltz dream," has been exchanged among Brazilians as a symbol of love for generations. And selling 26 million chocolate Easter eggs in 2011 alone, *Lacta* is synonymous with Easter in Brazil.

Lacta is such a cultural icon in Brazil that even its sub-brands are market leaders. *Bis* is the top-selling chocolate brand and the *Sonho de Valsa* bonbon is twice as large as its nearest competitor .

A Rich History

Today, *Lacta* is thriving. But the road to 100 was not easy. The brand survived a plant fire in 1925. It endured a bankruptcy of its former holding company in 1937. And in 1995, its important Easter season was threatened with extinction.

"We knew *Lacta* was a beloved Brazilian brand with tremendous potential," said Gustavo Abelenda, President, Latin America. "But when we acquired it, the brand was days away from shutting down its Easter operations because it couldn't afford the production costs. We immediately invested behind this important selling season and made Easter a success for *Lacta*. By 2010, Easter made up nearly 20 percent of the brand's annual sales and today we're the top selling chocolate at Easter and year-round in Brazil."

Over the years, *Lacta* has had many highlights:

- 1912 – *Lacta* is introduced.
- 1938 - For the first time, Brazilians taste *Sonho de Valsa* bonbon – chocolate and a thin wafer layer holding a creamy cashew filling. And *Diamante Negro* ("black diamond") milk chocolate is introduced.
- 1942 - *Bis* wafer is introduced and becomes a leader in its segment.
- 1947 - *Lacta* produces its first batch of chocolate Easter eggs.
- 1960 - *Ouro Branco* is introduced as the first Brazilian chocolate product coated in white chocolate.
- 1962 - Laka white chocolate tablet is introduced, becoming the first white chocolate bar in Brazil.
- 1998 - *Pascoal*, the *Lacta* Easter rabbit, is "born" and becomes the *Lacta* mascot.
- 2009 - *Mini Bis* chocolate covered wafer bites are launched under the *Lacta* brand.
- 2010 - *Delice*, a mousse-filled chocolate tablet, is introduced.
- 2011 - Inauguration of the Pernambuco facility in northeast Brazil.

100 Reasons to Celebrate

Don't be fooled by the many candles on its birthday cake. *Lacta* really knows how to throw a party. In fact, nearly 11,000 employees in Brazil participated in birthday parties for *Lacta*.

"To celebrate the 100 years of *Lacta*, we'll delight consumers with even more new product innovations and breakthrough marketing," said Marcos Grasso, President, Brazil. "And we're on track to bring *Lacta* to an additional 100,000 retail outlets, so even more people can enjoy this Brazilian icon."

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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 2010 revenue of \$49.2 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 will take at least 12 months to complete, during which time plans regarding the structure, management, governance and other matters will be announced. 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 www.kraftfoodscompany.com and www.facebook.com/kraftfoodscorporate.