
**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 15, 2010

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 7.01. Regulation FD Disclosure.

As disclosed in our press release dated September 8, 2010, Kraft Foods Inc. is hosting an Analyst Day in New York City on September 15, 2010. The presentations are scheduled to begin at 8:00 a.m. Eastern Daylight time. Members of management will be making presentations that may include material non-public information, including information related to our strategic business plans, goals, growth initiatives and outlook, and forecasts for future performance and industry development. We issued a press release summarizing the presentations, which is attached as Exhibit 99.1 to this Current Report on Form 8-K and is incorporated herein by reference.

The presentations will be available via a live audio webcast within the Investor Center section of our Web site, www.kraftfoodscompany.com. An archived rebroadcast and the presentation slides will be available for one year following the webcast. The presentation slides, including Regulation G reconciliations, used in the presentations are attached as Exhibit 99.2 to this Current Report on Form 8-K and are incorporated herein by reference.

Pursuant to General Instruction B.2., to Form 8-K, the information set forth in this Item 7.01, including the exhibits attached hereto relating to this Item 7.01, shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to the liabilities of that section.

Item 9.01. Financial Statements and Exhibits.

(d) The following exhibits are being furnished with this Current Report on Form 8-K.

<u>Exhibit Number</u>	<u>Description</u>
99.1	Kraft Foods Inc. Press Release, dated September 15, 2010.
99.2	Kraft Foods Inc. Presentation Slides, dated September 15, 2010.



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KRAFT FOODS LAYS OUT ITS NEW GLOBAL GROWTH STRATEGY

- *Building a Global Snacks Powerhouse and Unrivaled Portfolio of Brands People Love*
- *Top-Tier Financial Performance Driven By Unique Combination of Assets*
- *Cadbury Acquisition Yields \$1 Billion in Revenue Synergies By 2013*

NEW YORK – Sept. 15, 2010 – Kraft Foods Inc. (NYSE: KFT) presented its new global growth strategy at a meeting of analysts and investors in New York today. The comprehensive review of the company’s power brands, global categories and regional business units detailed the plan by which Kraft Foods will deliver organic revenue growth of 5 percent or more, margins in the mid- to high-teens and earnings per share (EPS) growth of 9 to 11 percent, making it a top-tier performer in the global food industry.

“Today’s Kraft Foods is a global snacks powerhouse with an unrivaled portfolio of leading regional and local brands,” said Irene Rosenfeld, Chairman and CEO. “This unique and complementary combination, together with our significant presence in high-growth developing markets, will deliver consistent growth in the top tier of our peer group.

“At Kraft Foods, we’re hitting our sweet spot,” she added. “We’ve built a solid foundation for growth. By leveraging our scale, making strategic investments in marketing, sales and innovation and establishing a world-class cost structure, we will take our performance to the next level.”

Unique Combination of Snacks and Heritage Brands

With the acquisition of Cadbury earlier this year, Kraft Foods became the undisputed world leader in Snacks, a high-growth, high-margin category that now accounts for more than half of the company’s total revenue.

The company has an exceptional portfolio of global Snacks power brands – led by *Milka* and *Cadbury* chocolates, *Oreo* and *LU* biscuits and *Trident* gum – with leading market shares in every major region, a full pipeline of innovation and a clear opportunity to grow its presence in the point-of-purchase “hot zone.”

Kraft Foods now offers dozens of brands of chocolate, gum, candy, and snack-size cookies, crackers and nuts through multiple distribution channels, from traditional groceries to convenience stores.

Complementing the company's Snacks portfolio are well-loved iconic regional and local brands in the beverage, grocery, cheese and convenient meals categories. Roughly 80 percent of these "heritage" brands hold No. 1 or No. 2 positions in their respective categories and are household names among consumers who tend to be extremely brand-loyal. They also carry high margins and generate strong cash flow.

Kraft Foods will continue to invest in marketing and innovation for the larger regional "power brands," including *Oscar Mayer* meats, *Jacobs* coffee and *Tang* powdered beverages. At the same time, the company will cultivate local brands, such as *A-1* steak sauce in North America, *Dairylea* cheese in the U.K. and *Vegemite* spreads in Australia, through flexible business models and nimble marketing.

This combination of global powerhouse snacks brands and iconic heritage brands provides Kraft Foods with a unique capability to invest profit from stable cash-generating businesses into high-margin categories and fast-growing Developing Markets.

Financial Transformation

The combination of Kraft Foods and Cadbury provides the scale necessary to grow sales and distribution in new and existing markets, delivering \$1 billion in incremental revenue synergies – in addition to \$750 million in cost synergies – by 2013.

More than half of Kraft Foods' revenue now comes from markets outside of North America, such as Brazil, China, India and Mexico, where GDP and demand growth are strongest. Accordingly, by 2013, the proportion of business in Developing Markets will increase from a quarter of total revenue to roughly one-third.

Additional savings over the next three years from procurement, manufacturing and logistics will drive productivity gains in excess of 4 percent of cost of goods sold. These productivity gains, combined with flat overhead growth and pricing to offset input costs, will contribute to the expansion of gross margin.

"This combination of factors gives us great confidence that our company will generate organic revenue growth of 5 percent or more, margins in the mid- to high-teens and EPS growth of 9 to 11 percent," said Tim McLevish, chief financial officer. "Delivering on these commitments will make Kraft Foods a sustainable top-tier performer in the global food industry."

A live audio webcast of the presentations, including slides, is available in the Investor Center section of company's web site, www.kraftfoodscompany.com, where it will be archived for one year following the webcast.

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; NYSE: KFT) is a member of the Dow Jones Industrial Average, Standard & Poor's 500, Dow Jones Sustainability Index and Ethibel Sustainability Index.

Forward-Looking Statements

This press release contains a number of forward-looking statements. The words "believe," "expect," "anticipate," "optimistic," "intend," "plan," "goals," "may," "aim," "will" and similar expressions are intended to identify our forward-looking statements. Examples of forward-looking statements include, but are not limited to, statements we make regarding revenue synergies, revenue growth, margins, earnings per share, expectations for top-tier performance, anticipated marketing and innovation, investments and savings and productivity gains. These forward-looking statements involve risks and uncertainties, many of which are beyond our control, and important factors that could cause actual results to differ materially from those in the forward-looking statements include, but are not limited to, increased competition, pricing actions, continued volatility of commodity prices, increased costs of sales, our failure to successfully integrate and recognize the synergies from our combination with Cadbury and tax law changes. For additional information on these and other factors that could affect our forward-looking statements, see our risk factors, as they may be amended from time to time, set forth in our filings with the SEC, including our registration statement on Form S-4, as amended from time to time, filed in connection with our Cadbury offer, our most recently filed Annual Report on Form 10-K and subsequent reports on Forms 10-Q and 8-K. We disclaim and do 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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Kraft Foods

Hitting Our Sweet Spot

September 15, 2010



Forward-looking statements

This slide presentation contains a number of forward-looking statements. The words “believe,” “expect,” “anticipate,” “optimistic,” “intend,” “plan,” “goals,” “may,” “aim,” “will” and similar expressions are intended to identify our forward-looking statements. Examples of forward-looking statements include, but are not limited to, statements we make regarding revenue growth, earnings per share, market share, portfolio mix, our strategies, margins, cost savings and synergies, brand equities, new products, growth strategies, future operating results, cash flows, pricing, anticipated marketing campaigns, the Cadbury integration and return on invested capital. These forward-looking statements involve risks and uncertainties, many of which are beyond our control, and important factors that could cause actual results to differ materially from those in the forward-looking statements include, but are not limited to, increased competition, pricing actions, continued volatility in commodity costs, increased costs of sales, our indebtedness and our ability to pay our indebtedness, risks from operating globally, our failure to successfully execute in emerging markets, our failure to integrate successfully and recognize the synergies from our combination with Cadbury and tax law changes. For additional information on these and other factors that could affect our forward-looking statements, see our risk factors, as they may be amended from time to time, set forth in our filings with the SEC, including our registration statement on Form S-4, as amended from time to time, filed in connection with our Cadbury offer, our most recently filed Annual Report on Form 10-K and subsequent reports on Forms 10-Q and 8-K. We disclaim and do not undertake any obligation to update or revise any forward-looking statement in this document, except as required by applicable law or regulation.

Agenda

- Hitting our sweet spot
- Seizing our global snacks opportunity
 - Biscuits
 - Chocolate
 - Gum and Candy
- Winning in each region
 - North America
 - Europe
 - Developing Markets
- Transforming our financial performance



<show video>

Irene Rosenfeld
Chairman and CEO

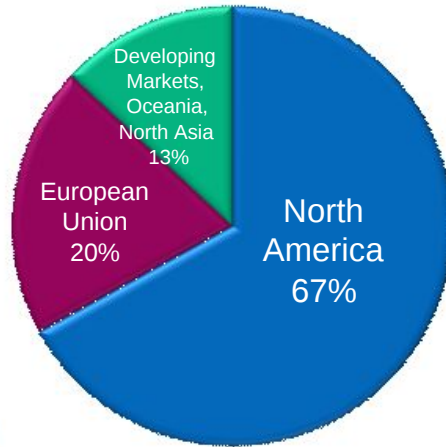


Welcome
to today's
Kraft Foods

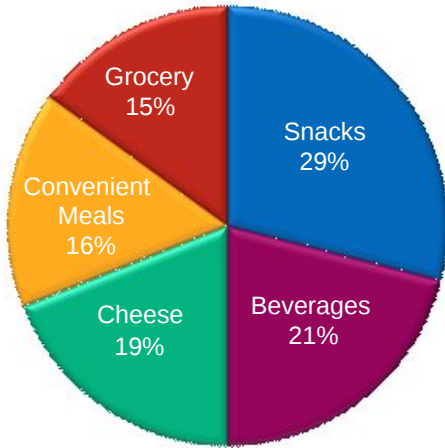


Kraft Foods in 2006

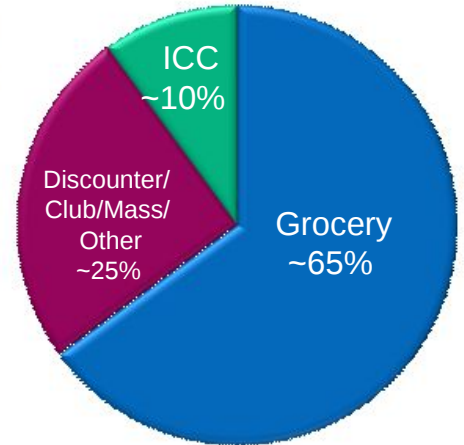
Geographic Mix (1)



Sector Mix (1)



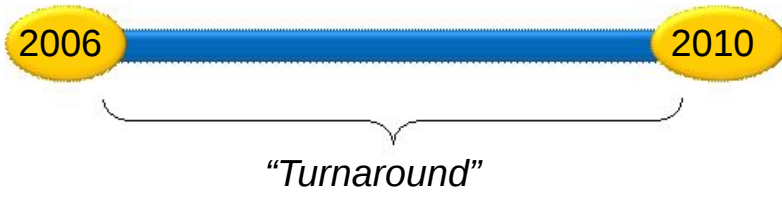
Channel Mix



(1) As reported originally in Kraft Foods 2006 Form 10-K filed with the SEC on March 1, 2007. Amounts have not been revised to reflect the current Kraft Foods structure and accordingly are not in line with current presentation.



Rebuilding the foundation



- Fix the base
- Improve portfolio mix
- Peer-average growth

Fixed the base

2006

- Limited exposure to outside ideas
- Centralized structure
- Inferior product quality, limited advertising support
- Overhead cost disadvantage



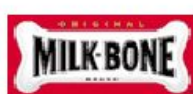
2009

- 80% of top leaders new to company or position
- Accountable Business Units
- ~2/3 of Base Kraft Foods revenue rated preferred/superior
- Base Kraft Foods A&C spending +\$600 million versus 2006
- Base Kraft Foods overheads held essentially flat as a percent of net revenue since 2006



Improved portfolio mix

Divestitures



Acquisitions



(European rights)



Started to deliver growth in line with peer averages

Operating EPS Growth ⁽¹⁾

2006		2007		2008		2009	
1	Danone 31.0%	1	Nestle 17.3%	1	ConAgra 32.9%	1	Hershey 15.4%
2	Nestle 15.0%	2	Coca-Cola 13.9%	2	Sara Lee 19.3%	2	General Mills 13.1%
3	PepsiCo 12.8%	3	PepsiCo 12.7%	3	Coca-Cola 16.7%	3	Heinz 10.3%
4	Coca-Cola 8.7%	4	Kellogg 10.0%	4	General Mills 10.7%	4	Kraft Foods 8.0%
5	Campbell 6.4%	5	Heinz 9.7%	5	Heinz 10.5%	5	Campbell 6.2%
6	Kellogg 6.4%	6	Campbell 7.1%	6	PepsiCo 8.9%	6	Kellogg 5.7%
7	Hershey 3.9%	7	Danone 6.2%	7	Kellogg 8.3%	7	PepsiCo 0.8%
8	Kraft Foods 3.2%	8	General Mills 6.0%	8	Campbell 7.2%	8	Nestle 0.7%
9	General Mills 2.7%	9	ConAgra 3.6%	9	Nestle 4.0%	9	Danone (0.8)%
10	ConAgra 2.2%	10	Kraft Foods (6.2)%	10	Kraft Foods 3.3%	10	Coca-Cola (2.9)%
11	Heinz (7.3)%	11	Hershey (12.2)%	11	Danone 1.2%	11	Sara Lee (15.2)%
12	Sara Lee (20.1)%	12	Sara Lee (30.3)%	12	Hershey (9.6)%	12	ConAgra (20.0)%

(1) Based on fiscal year. Source: Thomson First Call.

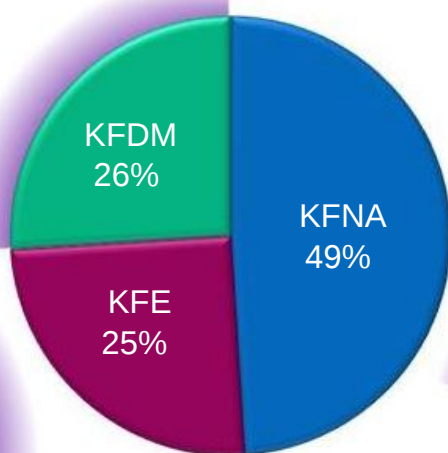


Cadbury was the final piece of the puzzle

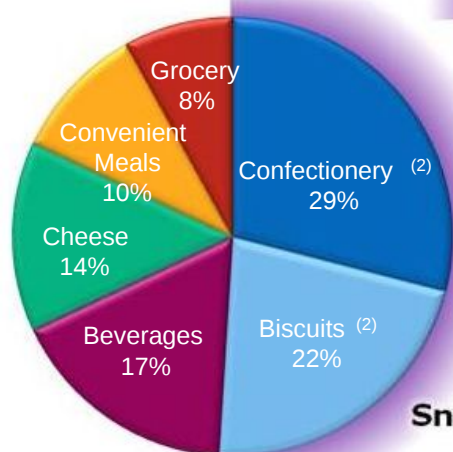


Today's Kraft Foods

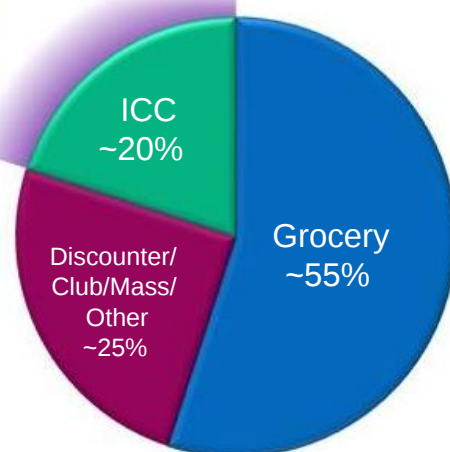
Geographic Mix⁽¹⁾



Sector Mix⁽¹⁾



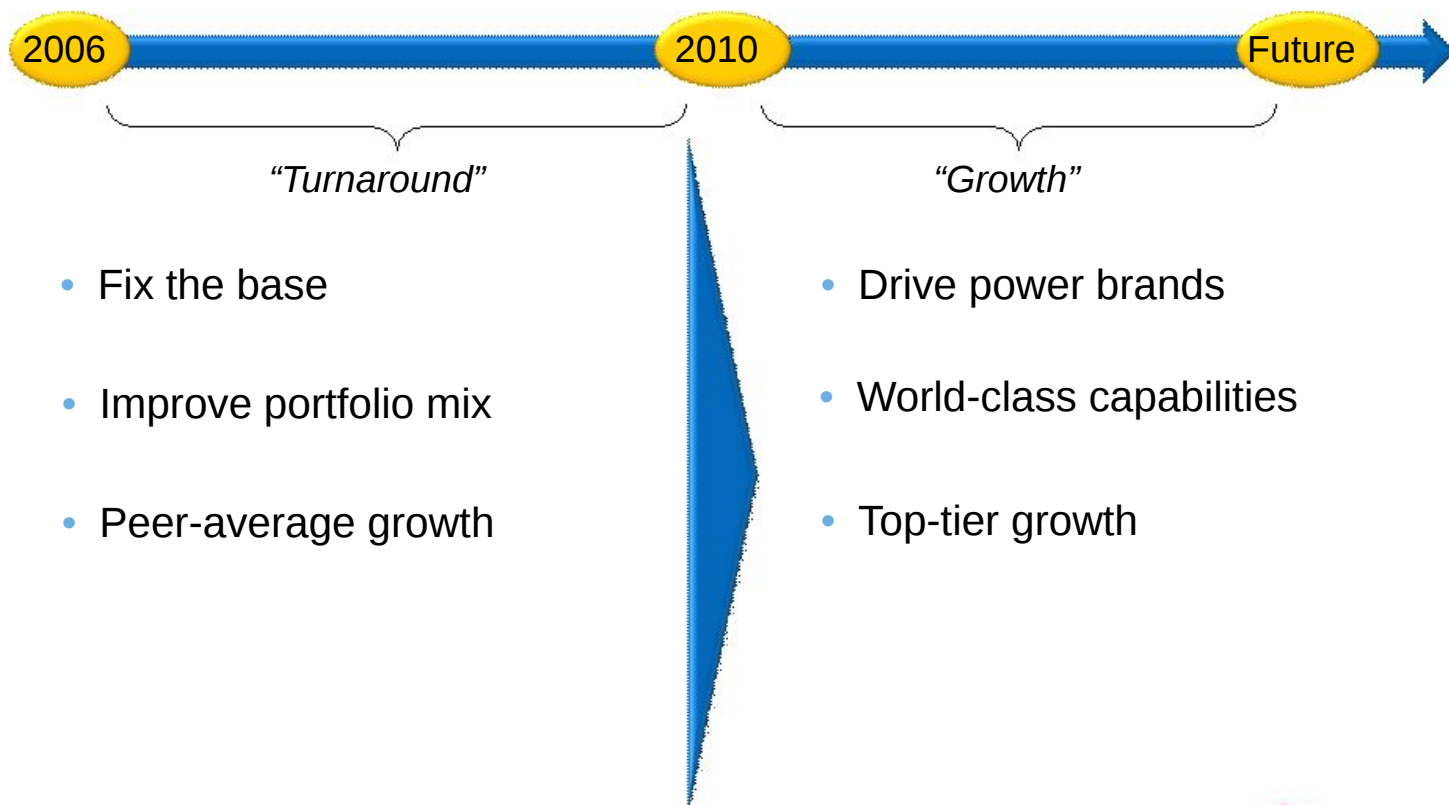
Channel Mix⁽¹⁾



- (1) 2009 Pro Forma amounts are based on the acquisition of Cadbury and the divestiture of the Pizza business.
 (2) Biscuits and Confectionery were previously reported combined and known as Snacks. With the Cadbury acquisition, the Biscuits and Confectionery sectors have been separately broken out. The Biscuits sector primarily includes cookies, crackers and nuts. The Confectionery sector includes chocolate, gum and candy.



Shifting from Turnaround to Growth



A global snacks powerhouse and unrivaled portfolio of brands people love



Three strategies drive growth

**Delight Global
Snacks Consumers**

**Unleash the
Power of Our
Iconic Heritage
Brands**

**Create a Performance-Driven,
Values-Led Organization**

Being a global snacks powerhouse accelerates long-term growth

Delight Global Snacks Consumers

- Snacks is an advantaged growth category
- Snacks carry inherently higher margins
- We are ideally positioned to capitalize on these advantages

Snacks is an advantaged growth category

- Aligned with consumer trends

- On-the-go consumption
- Simple indulgences
- Health & Wellness (Crackers, Gum)



Snacks is an advantaged growth category

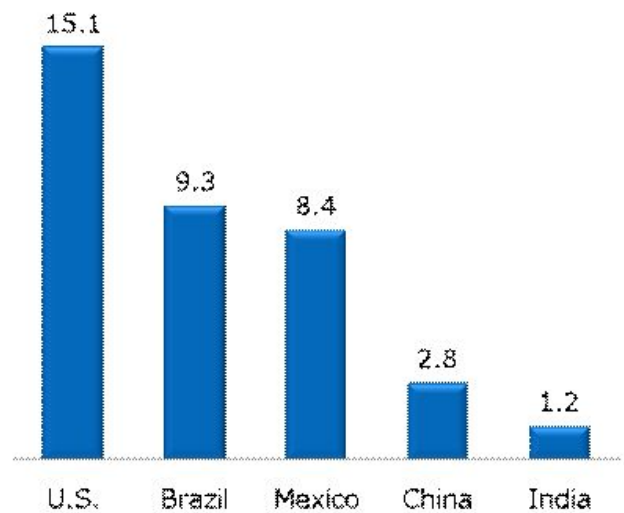
- Aligned with consumer trends
- Sales are expandable
 - Highly responsive to merchandising
 - Multiple channels of distribution
 - Flexible pack sizes



Snacks is an advantaged growth category

- Aligned with consumer trends
- Sales are expandable
- Consumption in developing markets likely to rise with GDP growth

Snacks kg per capita*



Snacks carry inherently higher margins

- Lower levels of private label penetration

% Private Label ⁽¹⁾				
	Packaged Food	Gum	Chocolate	Biscuits
Global	12%	1%	4%	9%
U.S.	18%	<1%	1%	9%

*Source: For Gum, Chocolate and Biscuits, Euromonitor 2009. For Packaged Good, Euromonitor 2008.



Snacks carry inherently higher margins

- Lower levels of private label penetration
- Greater percentage of sales in Immediate Consumption Channels

% Revenue from ICC	
Total Confectionery (1)	KFNA U.S. (2)
<hr/> 34%	<hr/> 5%

(1) Source: IRI

(2) Source: Nielsen

Snacks carry inherently higher margins

- Lower levels of private label penetration
- Greater percentage of sales in Immediate Consumption Channels
- Extensive distribution infrastructure



Snacks carry inherently higher margins

- Lower levels of private label penetration
- Greater percentage of sales in Immediate Consumption Channels
- Extensive distribution infrastructure
- Consistent global consumer behavior enables marketing and innovation scale



Today's Kraft Foods is uniquely positioned to capitalize on these advantages

Share of Global Snacking ⁽¹⁾

	<u>% Global Share</u>
Kraft Foods ⁽²⁾	10.1%
PepsiCo	7.6
Mars-Wrigley	6.1
Nestlé	3.9
Hershey	2.1
Ferraro	2.0
Kellogg	1.4

(1) "Snacking" includes Sweet and Savory Snacks, Snack Bars, Confectionery, Biscuits, Packaged/Industrial Cakes and Packaged/Industrial Pastries.

(2) Includes Kraft Foods and Cadbury.

Source: Euromonitor 2009



Today's Kraft Foods is uniquely positioned to capitalize on these advantages

Market Share Position

	Developing Markets						Global
	North America	Europe	Latin America	Asia Pacific	Eastern Europe	Middle East & Africa	
Biscuits	#1	#1	#1	#1	#1	#1	#1
Chocolate	NM	#1	#2	#1	#1	#1	#1
Gum	#2	#2	#1	#3	#2	#1	#2
Candy	#3	#2	#2	#2	#1	#2	#1
Nuts	#1	NM	NM	NM	NM	NM	#1

Source: Euromonitor 2009, Kraft Foods analysis



Undisputed leader of global snacks

Delight Global Snacks Consumers

- Skew investments to Snacks Power Brands
- Drive growth through global innovation platforms
- Become the world's leader in "Hot Zone"

Diversified portfolio of Snacks Power Brands will drive sustainable growth

Biscuits & Nuts



Chocolate



Gum & Candy



Mid-to-high single-digit top-line growth
Mid-teens margins

Iconic brands outside of Snacks are integral to our strategy

Unleash the Power of Our Iconic Heritage Brands

- Category-leading, “must-have” brands for retail customers
- High margin, strong cash flow businesses
- Enables scale advantage versus competition

Driving success in two ways

**Unleash the
Power of Our
Iconic Heritage
Brands**

- Invest strategically in Regional Power Brands
- Apply entrepreneurial mindset to Local Brands

Invest strategically in regional Power Brands

North America



Europe



Developing Markets



Mid
single-digit
top-line
growth

High-teens
margins



Apply entrepreneurial mindset to Local Brands

North America



Europe



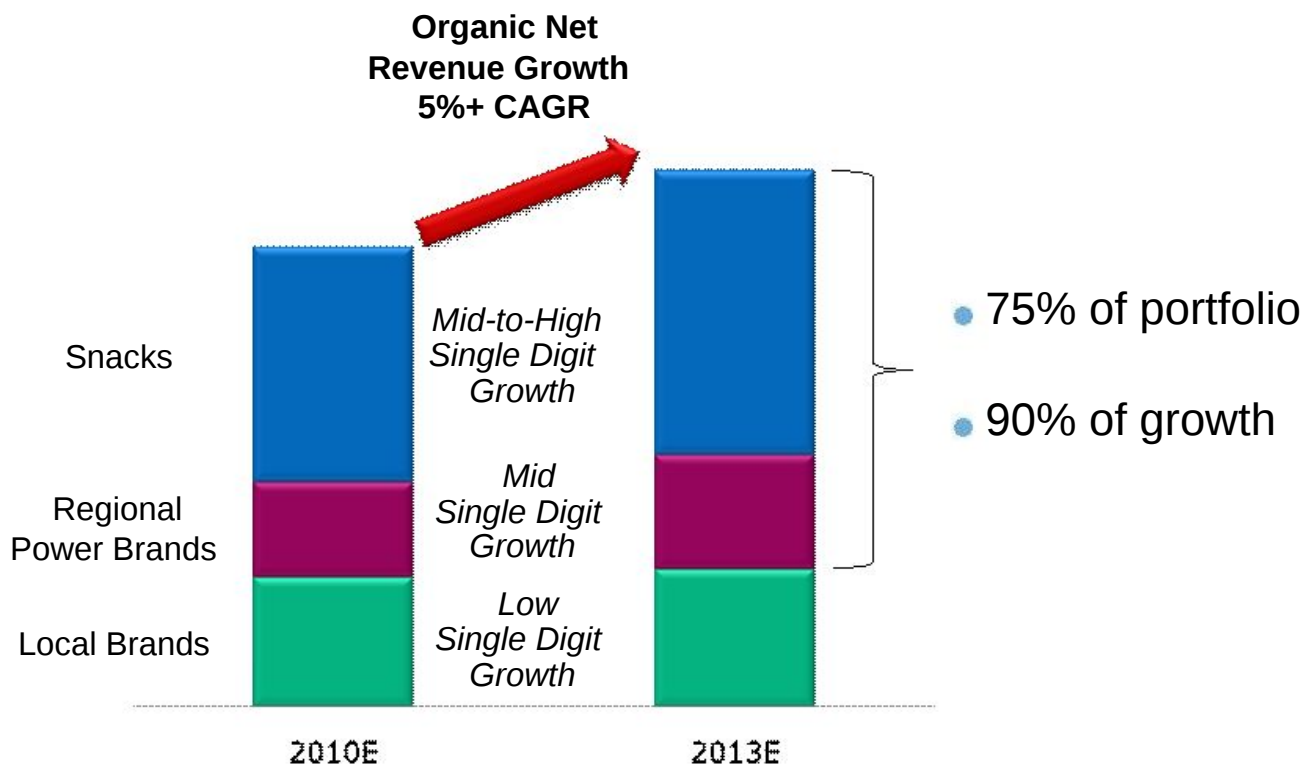
Developing Markets



Low single-digit top-line growth
High-teens margins



Snacks and Regional Power Brands will drive top-tier organic revenue growth



Note: 2010 includes 12 months of Cadbury results. Snacks includes other Kraft Foods Snacks businesses beyond core categories (e.g., Handi-Snacks, Marshmallows, etc.).

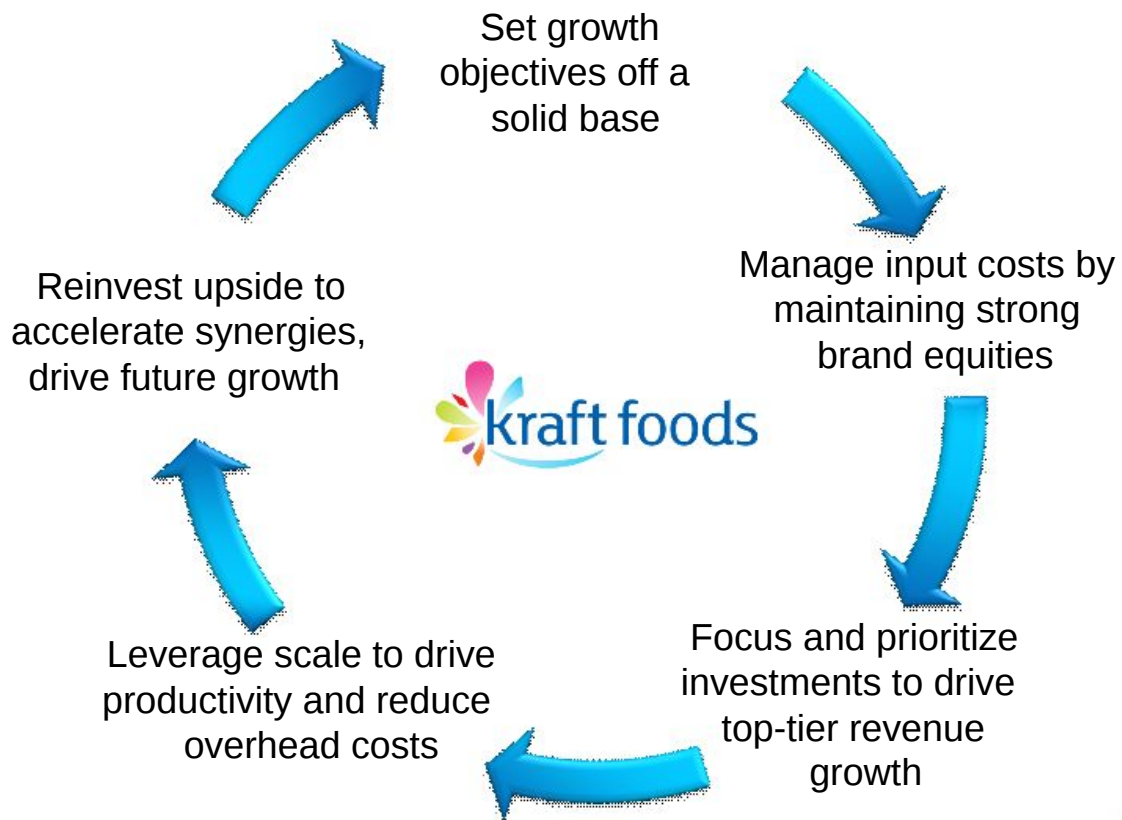


Seizing growth opportunities with world-class execution

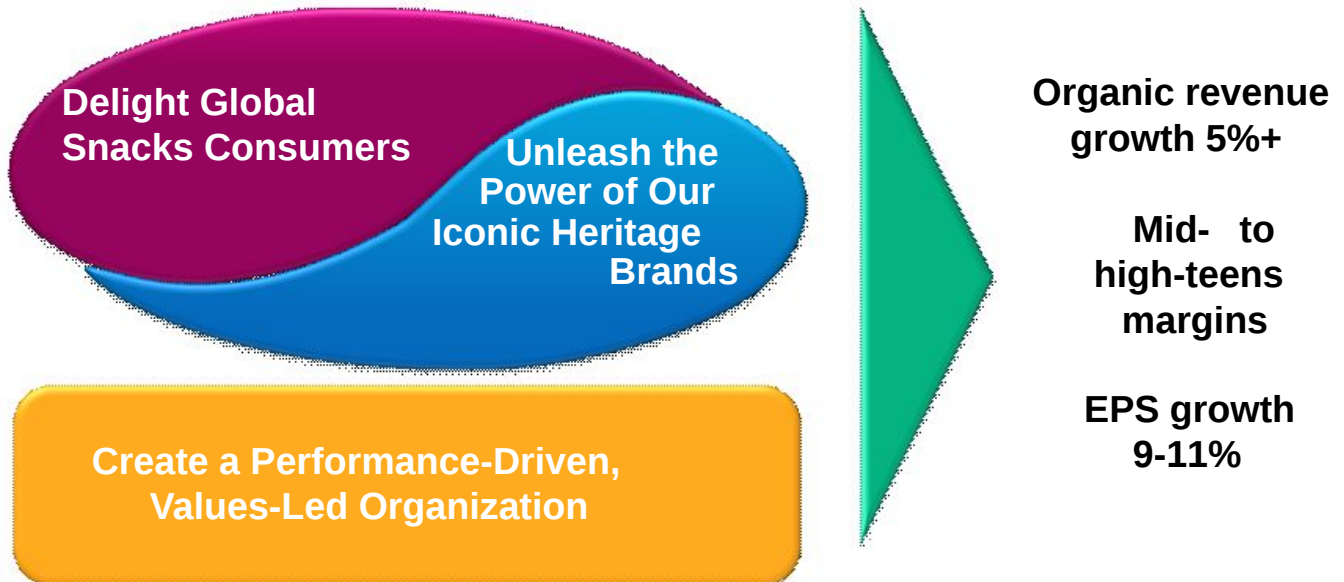
- Unmatched consumer connections
- Strong leadership, deep bench
- Business-relevant societal issues
- World-class cost structure

**Create a Performance-Driven,
Values-Led Organization**

Business positioned to benefit from a virtuous cycle



Our strategies will deliver sustainable, top-tier growth



Agenda

- Hitting our sweet spot
- **Seizing our global snacks opportunity**
 - Biscuits
 - Chocolate
 - Gum and Candy
- Winning in each region
 - North America
 - Europe
 - Developing Markets
- Transforming our financial performance

Global Category Teams (GCTs) accelerate Snacks growth

- Approach based on experience and benchmarking
 - Best of Kraft Foods
 - Best of Cadbury
 - Lessons learned from benchmarking other companies
- Cornerstone of competitive advantage
 - Facilitates sharing of best practices
 - Enables rapid deployment of ideas globally

GCTs focused on Power Brands, world-class capabilities and innovation

Grow Snacks Power Brands

- Deliver effective brand equity management within a “glocal” framework

Leverage Capabilities

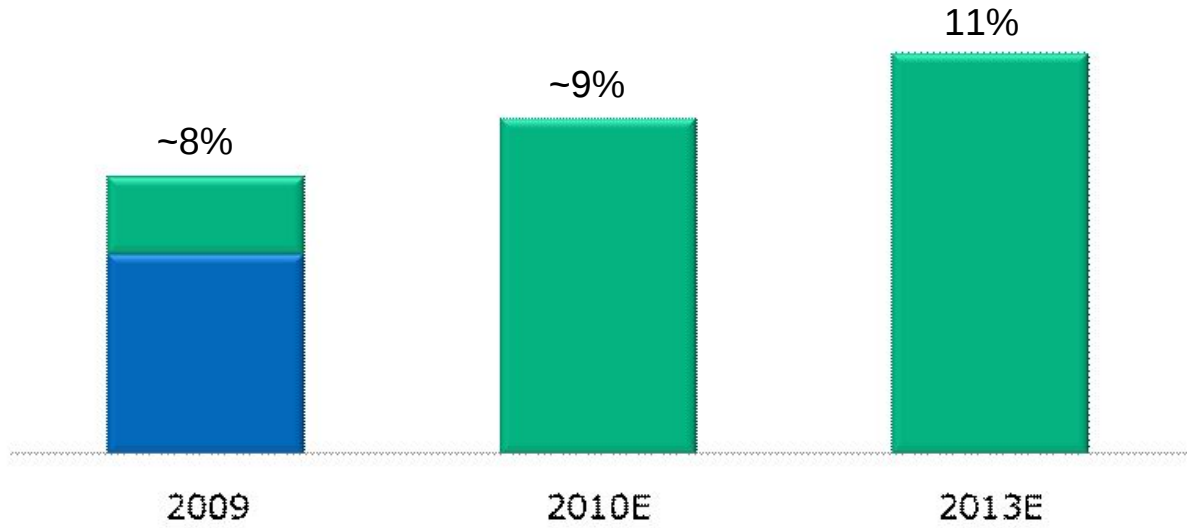
- Drive best practices across markets

Drive Innovation Platforms

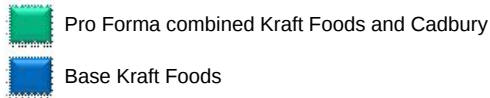
- Build the innovation pipeline to drive growth

GCT structure key to stepping up growth from new products

New Product Development as % of Total Revenue ⁽¹⁾



(1) 3-year trailing basis.



Striking the right balance between global and local

- Business Units retain P&L authority
- GCTs compensated based on global category growth
- BUs and GCTs work together to drive “glocal” behavior

Together, GCTs and Business Units will drive meaningful revenue synergies

- Targeting \$1 billion of revenue synergies over next three years
 - ~85% of revenue synergies to come from Snacks
 - Key driver of 5%+ organic net revenue growth
- Multiple areas of opportunity
 - White space within newly expanded geographic footprint
 - Highly complementary sales and distribution capabilities
 - Brand extensions / packaging innovations

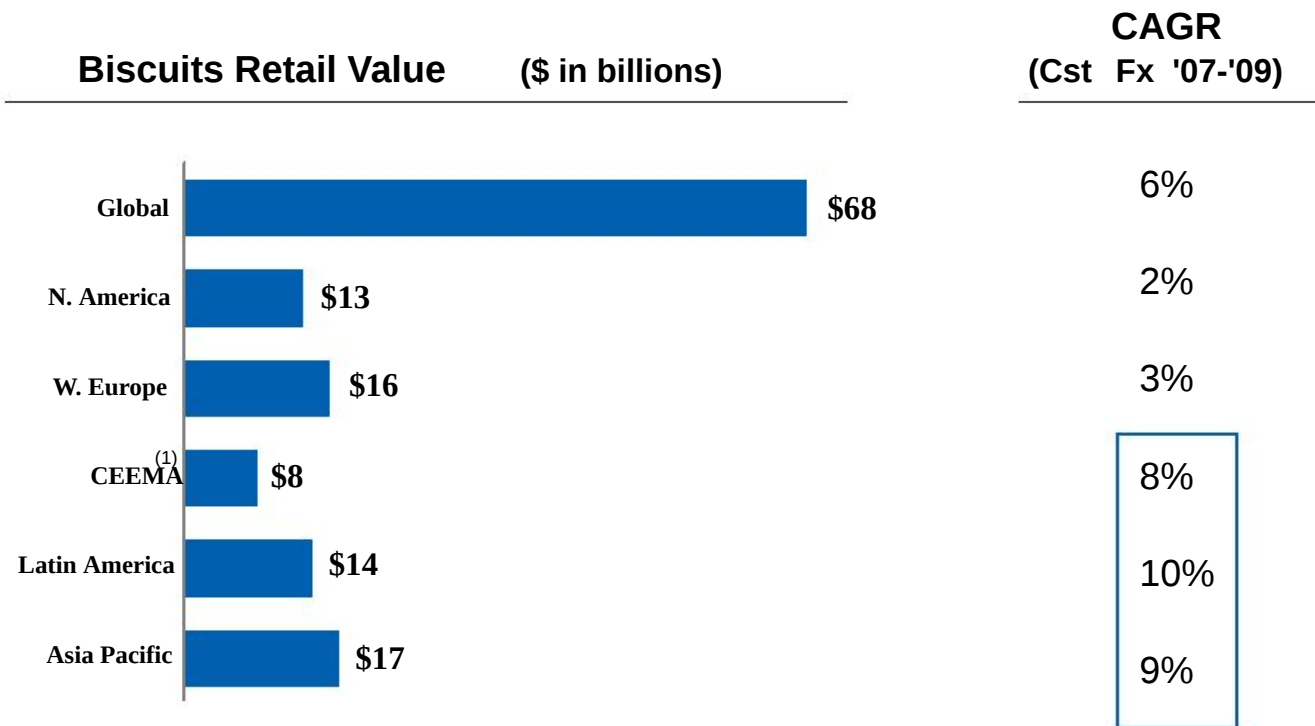


Mark Clouse

Senior Vice President and
Global Biscuits Category
Team Leader



Global Biscuits is a \$68B category with strong growth, especially in developing markets















(1) Central and Eastern Europe, Middle East and Africa.
Source: Euromonitor 2009 based on fixed USD exchange rates



We're the undisputed global leader in Biscuits, more than the next five players combined

(2009 \$ in billions)

	Kraft Foods	Kellogg	Campbell	United Biscuit	Nestlé	PepsiCo	Retailer Brands
Total Biscuits							
Net Revenues	\$9.1 ⁽¹⁾	\$2.0	\$1.4	\$1.3	\$1.0	\$0.8	\$3.8
Global Share	19%	4%	3%	3%	2%	1%	9%
Key Brands	  	  	  	  	  	  	

(1) 2009 Pro Forma net revenues based on the Cadbury acquisition.

Source: Euromonitor 2009 for global shares and Kraft Foods internal analysis



No. 1 in 8 of Top 10 markets, representing 75% of global revenues

(\$ in billions)

Kraft Foods Biscuits Top Ten Country Share Performance

Country	Kraft Foods			Leading Branded Competitor	
	Revenue ⁽¹⁾	Position	Share	Name	Share
USA	\$4.1	1	45%	Kellogg	23%
France	1.2	1	27	United Biscuit	6
Canada	0.5	1	51	Dare	13
China	0.4	1	24	Ting Hsin	8
Venezuela	0.3	1	49	Puig	17
Italy	0.3	2	11	Barilla	36
Spain	0.2	1	28	Cuetara	10
Brazil	0.2	3	12	M. Dias Branco SA	17
Belgium	0.2	1	37	United Biscuit	12
Czech Republic	0.2	1	50	IDC Holdings	12

(1) 2009 Pro Forma net revenues based on the Cadbury acquisition.
Source: Nielsen



Biscuits will continue to fuel Kraft Foods' leadership in Snacks

- Global scale as competitive advantage
- Combined Snacking scale with Cadbury market access and chocolate brands
- Strong Health and Wellness bundles
- Talent with “Biscuits in their blood”

Focus on Power Brands, world-class capabilities and innovation

Grow Snacks
Power Brands



Spotlight: Oreo is the No. 1 cookie in the world



“Glocal”: The best of local and global



Global Appeal

The Product



The Ritual: Twist, Lick, and Dunk



The Moment

“Glocal” Model

Global Innovation Bundles



Local Flavors and Formats



Global Package and Product Equities




Local IMC and Activation

Global Impact



Over 100 Countries, growing over 15%



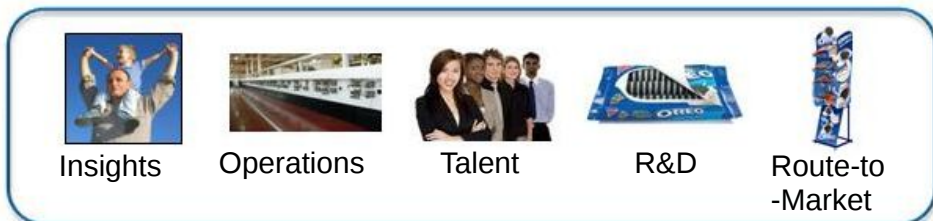
9 Million Fans #1 Snack

Focus on Power Brands, world-class capabilities and innovation

Grow Snacks
Power Brands



Leverage
Capabilities



Building global operations capabilities as a tangible competitive advantage



Operations

- Key challenge is the complex and broad range of offerings in Biscuits
- Unmatched global scale enables unique opportunities for Kraft Foods' advantage
 - Develop efficient and sustainable manufacturing technology
 - Global network to fast adapt quality and cost savings processes
 - Scale investments to create efficiency smaller players can not match



Focus on Power Brands, world-class capabilities and innovation

Grow Snacks
Power Brands



Leverage
Capabilities



Drive Innovation
Platforms



Innovation platforms allow us to win in multiple markets

Platforms	Growth Strategy	Focus Brands
Sweet Treats	<ul style="list-style-type: none"> Expand largest global cookie brands to snacking icons 	
Hunger Satisfaction	<ul style="list-style-type: none"> Provide compelling savory snacking alternatives to address hunger needs anytime and anywhere 	
Wholesome Snacking	<ul style="list-style-type: none"> Create unique wholesome bundles with great taste and benefits for adults and kids 	
Chocolate Bakery	<ul style="list-style-type: none"> Leverage iconic chocolate brands to new chocolate and biscuit products 	



Spotlight: On-the-go crackers going global



Two Brands / One Global Platform



Harmonized Bundle

Harmonized Target and Communication

World-Class Activation



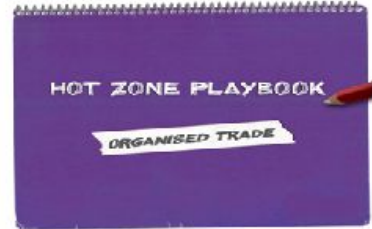
Significant revenue synergies



**Choco-Bakery
Technology**



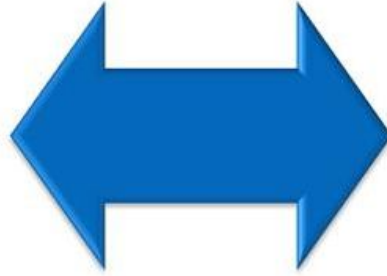
**White Space
Opportunities**



Route to Market

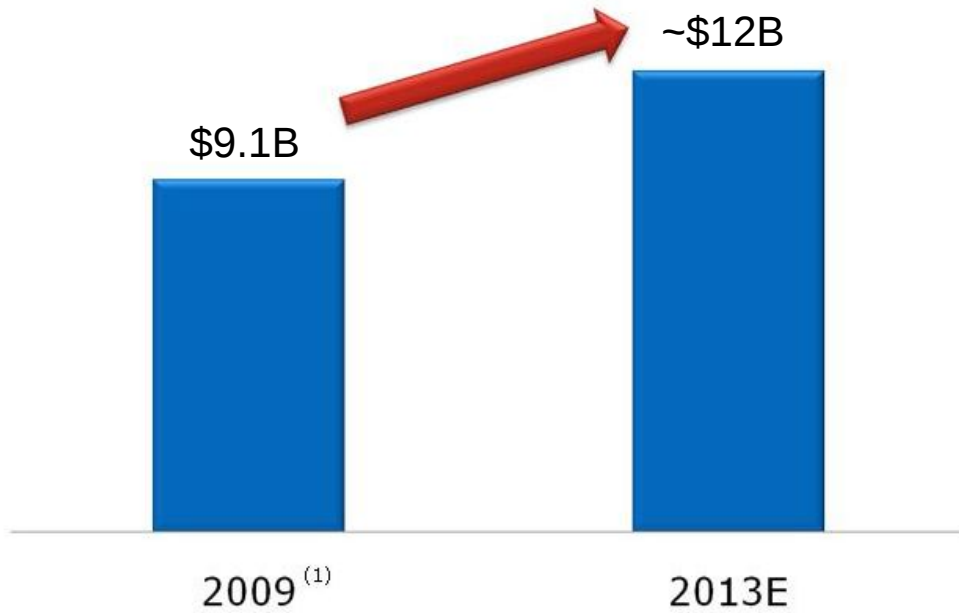


**White Space
Opportunities**



Accelerating growth to build ~\$12B Biscuits business

Biscuit Platforms – Net Revenue Growth



(1) 2009 Pro Forma net revenues based on the Cadbury acquisition.

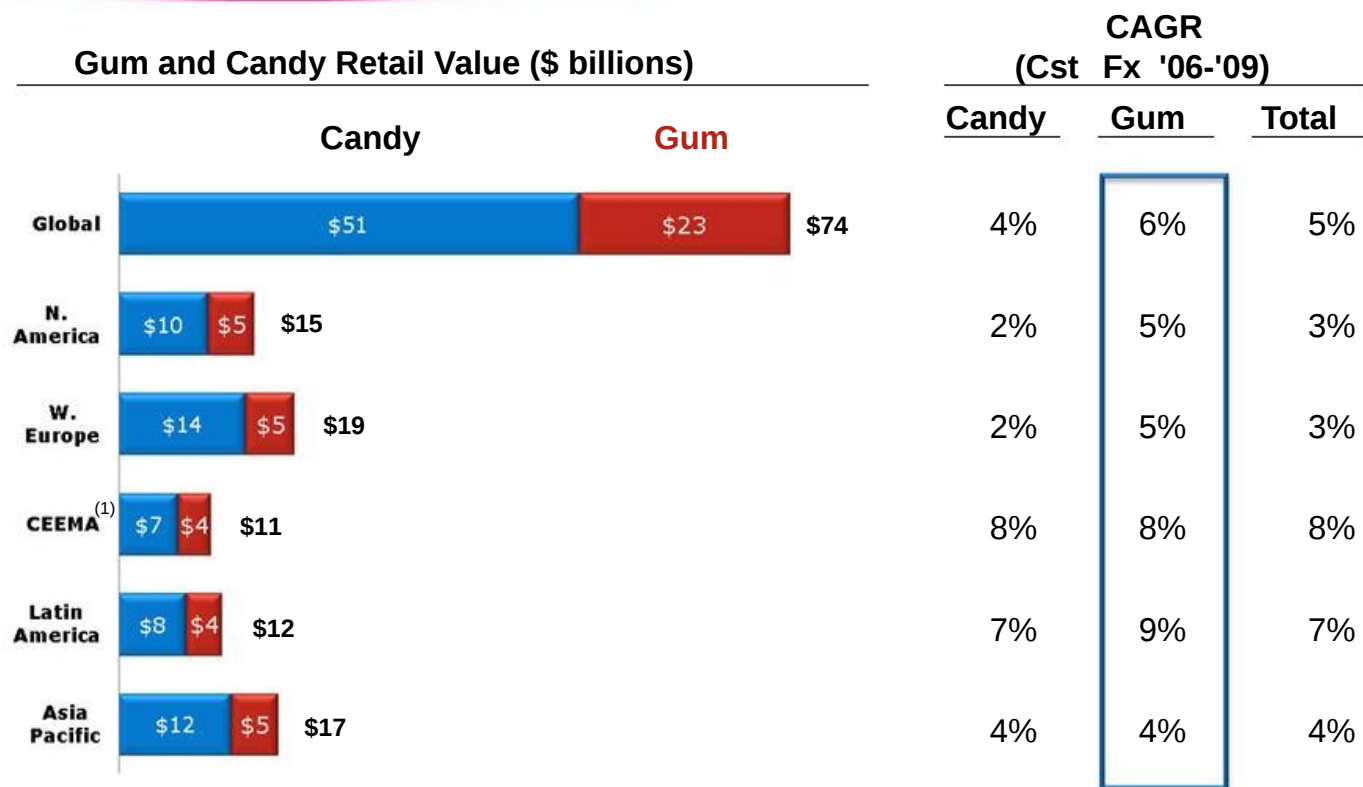


Jim Cali

Senior Vice President and
Global Gum and Candy
Category Team Leader



Global Gum and Candy is a \$74B category with strong growth, especially in gum



(1) Central and Eastern Europe, Middle East and Africa.
Source: Euromonitor 2009 based on fixed USD exchange rates



Challenging for leadership in gum and candy globally

(2009 \$ in billions)

	Kraft Foods ⁽¹⁾	Mars-Wrigley	Perfetti Van Melle	Lotte	Hershey	Haribo	Nestlé
Total Gum & Candy							
Net Revenues	\$5.2 ⁽¹⁾	\$5.6	\$3.1	\$1.4	\$0.8	\$0.7	\$0.6
Global Share	14%	14%	7%	3%	2%	2%	2%

Key Brands



(1) 2009 Pro Forma net revenues based on the Cadbury acquisition.
Source: Euromonitor 2009 for global shares and Kraft Foods internal analysis



No. 1 or No. 2 in all Top 10 gum markets, representing 75% of global revenue

(\$ in billions)

Kraft Foods Gum Top Ten Country Share Performance ⁽²⁾

Country	Kraft Foods			Leading Branded Competitor	
	Revenue ⁽¹⁾	Position	Share	Name	Share
USA	\$0.7	2	37%	Mars-Wrigley	56%
Mexico	0.3	1	87%	Mars-Wrigley	3%
Brazil	0.3	1	71%	Arcor	11%
Japan	0.2	2	26%	Lotte	52%
France	0.2	1	50%	Mars-Wrigley	33%
Russia	0.1	2	21%	Mars-Wrigley	73%
Canada	0.1	2	45%	Mars-Wrigley	51%
Turkey	0.1	1	59%	Perfetti VM	31%
Spain	0.1	1	44%	Mars-Wrigley	42%
Argentina	0.1	1	67%	Arcor	32%

(1) 2009 Pro Forma net revenues based on the Cadbury acquisition.

(2) Latest 4-week market share based on local Nielsen / IRI reports, May/June 2010.



Become the world's leading gum and candy company

- Highly attractive category fundamentals
- Leverage global scale and growth momentum
- Strong Developing Market position and potential
- Advantaged route-to-market scale with total Snacks portfolio

Focus on Power Brands, world-class capabilities and innovation

Grow Snacks
Power Brands



Spotlight: *Trident* – World's #1 brand, growing double-digits

Base Renovation



Functional Extension



Permissible Pleasure



Wellness



	Brazil	Mexico	USA	Spain
2009 Revenues	\$230	\$180	\$420	\$100
Share ⁽¹⁾	48%	46%	20%	44%
Chg ('05-'09)	+910 bps	+1,570 bps	+570 bps	+250 bps

(1) Source: Nielsen / IRI

Spotlight: *Halls* – World's #1 brand, growing across both high and low development markets

Low Brand Maturity: India

- Product centric advertising and core flavor



Net Revenue 20%+ July '10 YTD
Share +510 bps since 2007 ⁽¹⁾

High Brand Maturity: Mexico

- Emotional communication and innovation builds new occasion



Net Revenue up nearly 30% July '10 YTD
Share +1,630 bps since 2005 ⁽¹⁾

⁽¹⁾ Source: Nielsen

Focus on Power Brands, world-class capabilities and innovation

Grow Snacks
Power Brands



Leverage
Capabilities



Insights



Operations



Talent



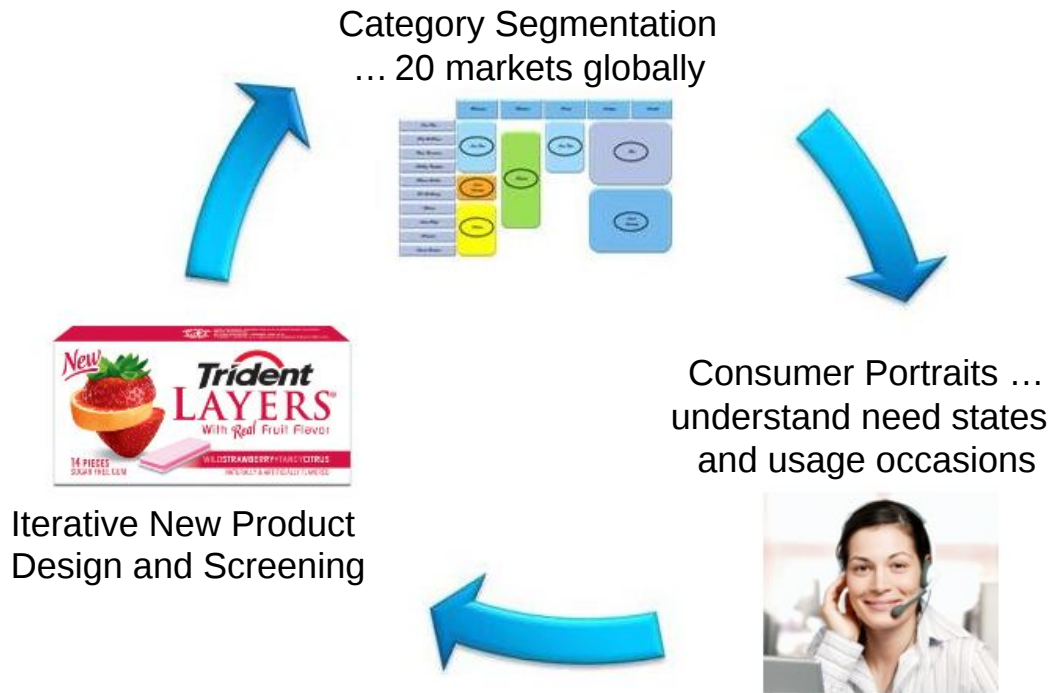
R&D



Route-to-Market

Building global insights as a tangible competitive advantage

- Globally led insight platforms drive multi-market learning, accelerate innovation and drive total category



Focus on Power Brands, world-class capabilities and innovation

Grow Snacks
Power Brands



Leverage
Capabilities



Insights



Operations



Talent



R&D



Route-to-
Market

Drive Innovation
Platforms



Pleasure



Freshness



Oral Care









Wellness



Halls



Driving growth across 7 Gum and Candy innovation platforms

Innovation Platforms	Growth Strategy	Focus Brands
Freshness	<ul style="list-style-type: none"> • Grow share - mouth freshness and confidence • Example : <i>Dentyne Pure</i> (US), <i>Fresh n' Clean</i> (EU) 	
Oral Care	<ul style="list-style-type: none"> • Grow occasions - mouth and cosmetic care • Example: <i>Trident White</i>, <i>Trident Extra Care</i> 	
Wellness	<ul style="list-style-type: none"> • Create new Gum occasions and adult penetration • Example: <i>Trident Vitality</i> 	
Pleasure / Sweet Snacking	<ul style="list-style-type: none"> • Capture greater share of "sweet" occasions • Example: <i>Trident Layers</i>, <i>Stride Shift</i>, <i>Chiclets</i> 	
Halls	<ul style="list-style-type: none"> • Increase occasions supporting global position • Example: <i>Halls Aqua</i> 	
Indulgent Candy	<ul style="list-style-type: none"> • Capture affordable indulgence moments • Example: <i>Cadbury Eclairs</i> 	

Consumer Insights Provide Base for Innovation

Driving Advantage

Impact



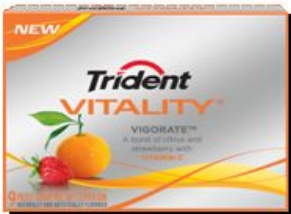
- New Format

- U.S. Launch Q4 2009
- Year 1 sales \$130 MM
- Rollout 2011



- Ingredient Technology

- U.S. Launch Q2 2010
- *Stride* Growth +200 bps
- Rollout 2010 -11



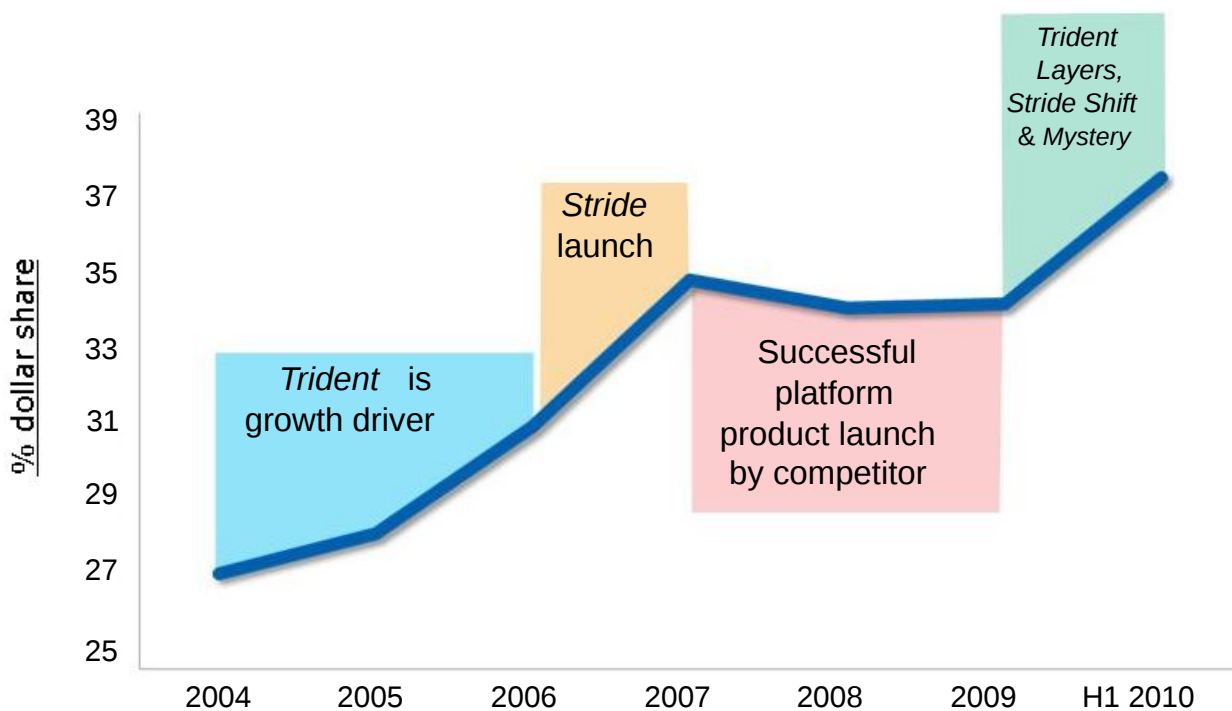
- Unlock New Need State

- U.S. Launch Q1 2011



Innovation supported 10 share points of growth in U.S. Gum category

U.S. Market Share (1)



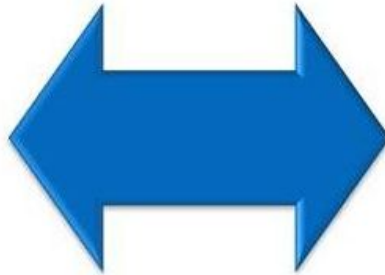
(1) Includes food, drug, mass merchants (excluding Wal-Mart) and convenience stores.

Source: IRI

Significant revenue synergies



Scale to strengthen position vs. competition

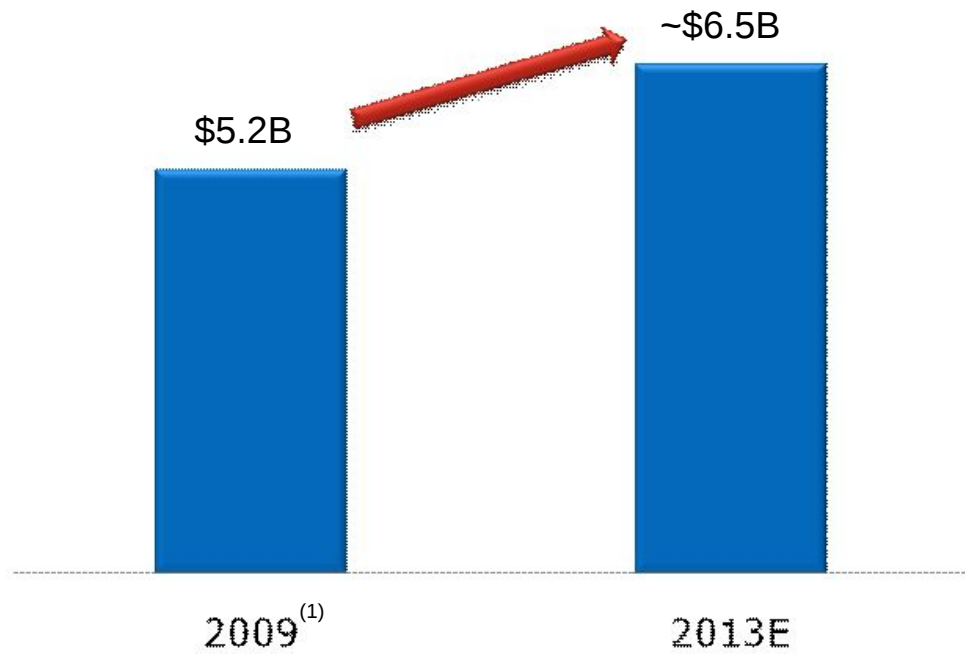


Route-to-Market:
Leverage Cadbury
"Hot Zone" expertise



Accelerate growth to build \$6.5 billion gum and candy business

Gum and Candy Platforms – Net Revenue Growth



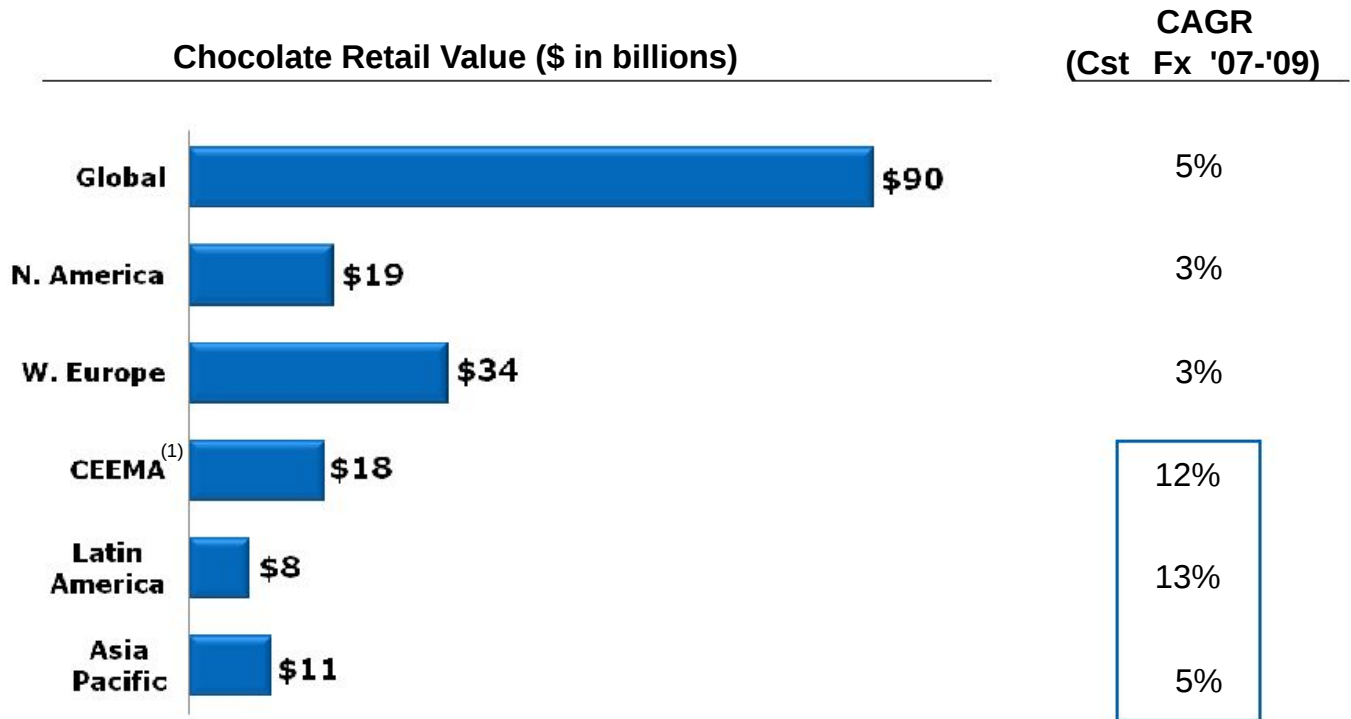
(1) 2009 Pro Forma net revenues based on the Cadbury acquisition.

Tim Cofer

Senior Vice President and
Global Chocolate Category
Team Leader



Global Chocolate is an \$90B category with strong growth, especially in developing markets



(1) Central and Eastern Europe, Middle East and Africa.
 Source: Euromonitor 2009 based on fixed USD exchange rates



We are a global leader in Chocolate

(2009 \$ in billions)

<u>Total Chocolate</u>	<u>Kraft Foods</u> ⁽¹⁾	<u>Mars-Wrigley</u>	<u>Nestlé</u>	<u>Ferrero</u>	<u>Hershey</u>	<u>Lindt</u>	<u>Retailer Brands</u>
Net Revenues	\$8.2 ⁽¹⁾	\$8.0	\$6.4	\$3.9	\$3.8	\$2.2	\$2.0
Global Share	15%	15%	13%	7%	7%	3%	4%

Key Brands



(1) 2009 Pro Forma net revenues based on the Cadbury acquisition.
Source: Euromonitor 2009 for global shares and Kraft Foods internal analysis



No. 1 or No. 2 in all Top 10 markets,
representing 60% of global revenue

(\$ in billions)

Kraft Foods Chocolate Top Ten Country Share Performance

<u>Country</u>	<u>Kraft Foods</u>			<u>Leading Branded Competitor</u>	
	<u>Revenue</u> ⁽¹⁾	<u>Position</u>	<u>Share</u>	<u>Name</u>	<u>Share</u>
United Kingdom	\$1.6	1	36%	Mars-Wrigley	24%
Germany	0.6	2 ⁽²⁾	12%	Ferrero	21%
Australia	0.6	1	49%	Mars-Wrigley	17%
Brazil	0.6	2	36%	Nestlé ⁽³⁾	45%
Russia	0.4	2	20%	Mars-Wrigley	22%
France	0.4	2	16%	Ferrero	22%
Canada	0.3	2	18%	Nestlé	20%
India	0.2	1	70%	Nestlé	25%
Ireland	0.2	1	46%	Mars-Wrigley	20%
South Africa	0.2	1	45%	Nestlé	27%

(1) 2009 Pro forma net revenues based on the Cadbury acquisition.

(2) Ranked #2 excluding Retailer brands.

(3) Includes Garoto business.

4 Source: Nielsen 2009



Become the world's most loved, fastest-growing chocolate company

- Global scale as competitive advantage
- Strong emerging market position
- “Fabric of the nation” power brands
- Strong innovation pipeline, RD&Q and marketing capabilities
- Route-to-market scale of total Snacks
- Talent with “chocolate in their veins”

Focus on Power Brands, world-class capabilities and innovation

**Grow Snacks
Power Brands**



Spotlight: *Milka* is a proven growth engine, up 46% to \$1.6 billion in last 3 years

Iconic Brand Image



Brand Values

Innocence,
Naturalness, Joyful
and Confident

Recent Innovation

Flowpack



Big Foot



Premium








Say it with Milka



Spotlight: Cadbury is a Power Brand beyond compare



Country	Share	Market Position	Brand Comments
	34%	#1	<ul style="list-style-type: none"> British icon beyond compare; Top 3 Consumer "Power Brand" status above BBC, Facebook, Marks & Spencer and Coca-Cola Continued robust growth +5% (latest 52 Weeks)
	47%	#1	<ul style="list-style-type: none"> Australia's most trusted brand again in 2009 (Reader's Digest)
	70%	#1	<ul style="list-style-type: none"> Explosive growth continues +28% (latest 52 weeks) 3 out of every 4 chocolate bars purchased are Cadbury
	44%	#1	<ul style="list-style-type: none"> Voted #1 Favorite Confectionery brand 3 years running (2007-2009 Sunday Times)
	43%	#1	<ul style="list-style-type: none"> Top 10 Consumer Brand in Ireland in 2010 (Irish Times)

Source: Nielsen
MAT June 2010 (Aus, India, RSA, IE), MAT July (UK)



Focus on Power Brands, world-class capabilities and innovation

Grow Snacks
Power Brands



Leverage
Capabilities



Building global R&D capabilities as a tangible competitive advantage

Modernize Core Classics

Special Indulgence



Unique Tastes & Textures

Multi-Texture



New Formats

Bitesize



Permissibility

Wafer



Modern Convenience



Multi-Flavour Fusions



Pocket Pack



Aeration



Best Chocolate



Magical Experience



Choco-Bakery



Fewer Calories



Focus on Power Brands, world-class capabilities and innovation

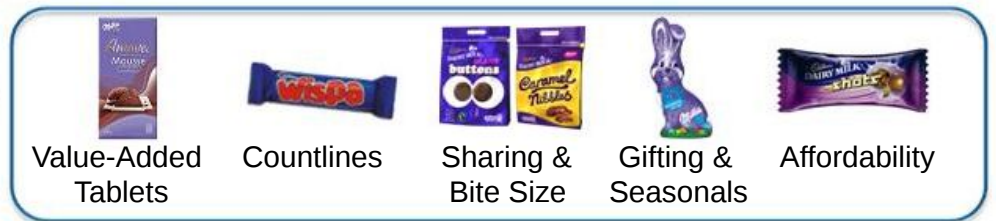
Grow Snacks
Power Brands



Leverage
Capabilities



Drive Innovation
Platforms



Innovation platforms allow us to win in multiple markets and counter competitive threats

Platforms

Growth Strategy

Tablets

- Strengthen leadership position
- Drive category growth via expansion into new textures, occasions and segments



Countlines

- Leverage our strong brands and advantaged RTM capability across new geographies



Sharing & Bite Size

- Rapidly expand across markets, brands and more sharable formats



Gifting & Seasonals

- Bring novelty to the seasons
- Re-ignite locally loved year-round gifting brands



Affordability

- Expand consumption in high growth developing markets
- Offer iconic brands at more affordable prices



Kraft Foods continues to extend leadership in Tablets via consistent innovation success

Rejuvenate the Core

Break the rules in packaging



Modernise and extend through new formats



More Special

More indulgent, multi-layer, mousse texture



More generous inclusions



Lighter Feel

Lighter textures



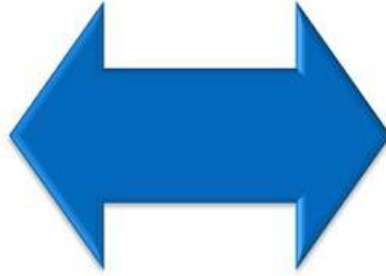
Significant revenue synergies



**Tablets
Fast-Adapts**



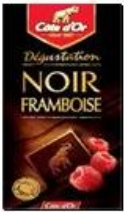
**Gifting
Fast-Adapts**



**Countlines
Expansion**



**Affordability
Expansion**



**Premium
Expansion**

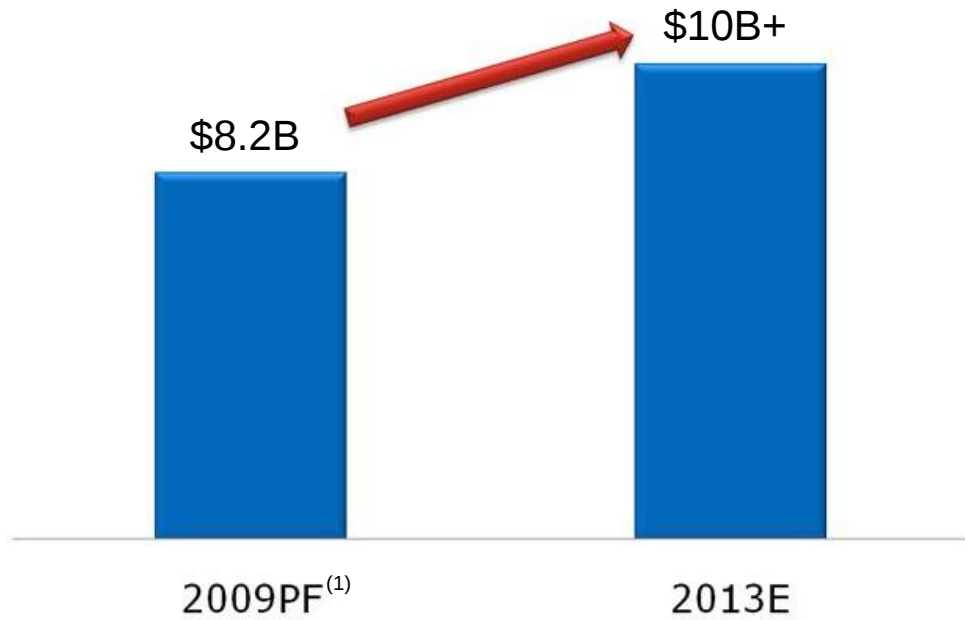


**Bite Size
Expansion**



Accelerate growth to build \$10 billion global chocolate business

Chocolate Platforms – Net Revenue Growth



(1) 2009 Pro Forma net revenues based on the Cadbury acquisition.



Irene Rosenfeld
Chairman and CEO



Agenda

- Hitting our sweet spot
- Seizing our global snacks opportunity
 - Biscuits
 - Chocolate
 - Gum and Candy
- **Winning in each region**
 - North America
 - Europe
 - Developing Markets
- Transforming our financial performance

Winning in each region

Focus Resources

- Focus on Power Brands to drive growth
- Local Brands provide scale and cash flow

Leverage Sales

- Strengthen capabilities in both grocery and ICC channels
- Leverage consumer insights for collaborative marketing programs

Expand Margins

- Drive End-to-End productivity
- Manage overheads



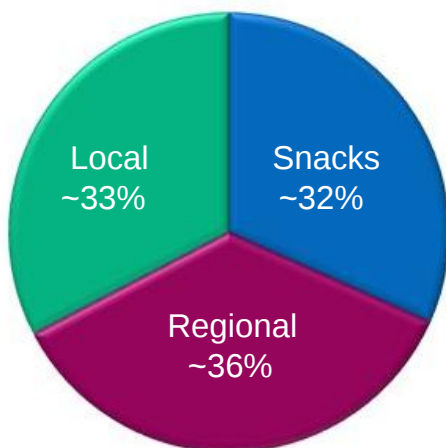
Portfolio composition varies by region

Category Portfolio Composition

2009 Pro Forma ⁽¹⁾

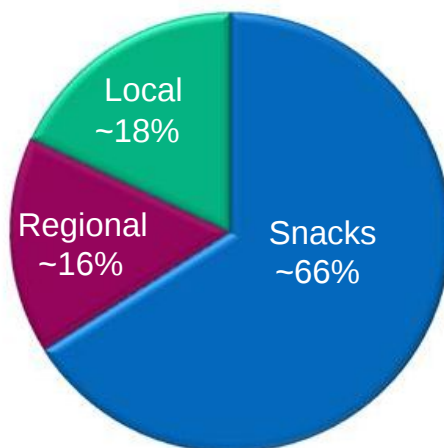
North America

\$23.6B Revenue



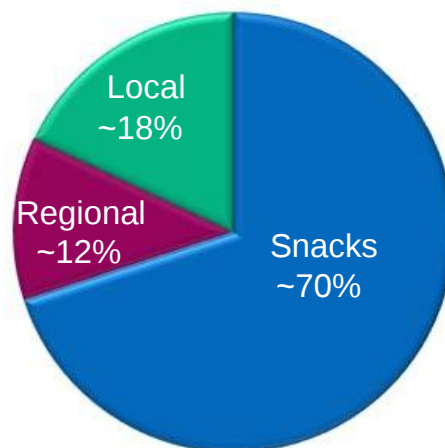
Europe

\$11.9B Revenue



Developing Markets

\$12.6B Revenue



(1) 2009 Pro Forma amounts are based on the Cadbury acquisition and the divestiture of the Pizza business.



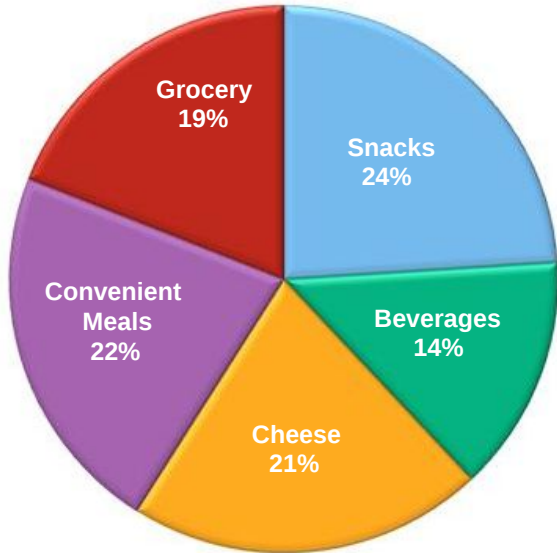
Tony Vernon

Executive Vice President and
President, Kraft Foods
North America



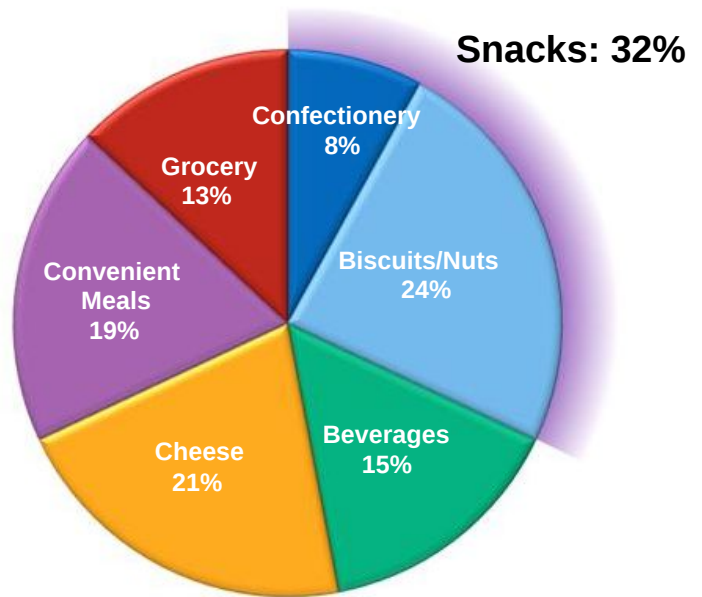
Improved portfolio mix

KFNA 2006 (1)



2006 Net Revenues
\$23.1 billion

KFNA Today (2)



2009 Net Revenues
\$23.6 billion

(1) As originally reported in Kraft Foods 2006 Form 10-K filed with the SEC on March 1, 2007. Amounts have not been revised to reflect the current Kraft Foods structure and accordingly are not in line with current presentation.
 (2) 2009 Pro Forma amounts are based on the acquisition of Cadbury and the divestiture of the Pizza business.



Unrivaled collection of iconic brands

Snacks



Beverages



Convenient Meals



Cheese



Grocery



Strong positions in snack categories

	<u>Position</u>	<u>Kraft Foods % Share</u>	<u>Relative to Nearest Branded Competitor</u>	<u>Private Label % Share</u>
Cookies	#1	45%	2.7x	2%
Crackers	#1	46%	1.6x	9%
Gum	#2	35%	0.6x	4%
Nuts	#1	27%	4.5x	37%

Source: Nielsen



Strong market shares with below-average private label exposure

	Position	Kraft Foods % Share	Relative to Nearest Branded Competitor	Private Label % Share
<u>Beverages</u>				
• Powdered Soft Drinks	#1	50%	7.0x	23%
• Aseptic	#1	65%	4.6x	2%
• Coffee	#2	27%	0.8x	10%
<u>Cheese</u>				
• Cream Cheese	#1	66%	66.1x	30%
• Processed Slices	#1	53%	5.7x	31%
• Natural Cheese	#1	18%	2.9x	45%
<u>Convenient Meals</u>				
• Lunch Combinations	#1	88%	7.2x	0%
• Cold Cuts	#1	35%	2.6x	16%
• Hot Dogs	#2	22%	0.9x	5%
• Bacon	#1	25%	1.6x	22%
<u>Grocery</u>				
• Dinners	#1	82%	21.4x	14%
• Dry Packaged Desserts	#1	80%	32.1x	12%
• Refrigerated Desserts	#1	62%	3.5x	6%
• Spoonable Dressings	#2	38%	0.9x	11%
• Salad Dressings	#1	23%	1.2x	12%

Source: Nielsen



Environment will remain difficult

Economy

- GDP slowly rebounding
- Recovery remains jobless
- Commodities expected to rise

Consumer

- Consumer confidence remains low
- Continued focus on value
- Away-from-home traffic improving, but below historical levels

Customer

- “Loss leaders” used to drive traffic / differentiation
- Recent promotional tactics creating market disruption
- Value-focused retailers winning



Solid operating momentum ... but work to do

- Solid base volume trend improvements
 - Product quality advantages
 - Advertising improvements ... both quality and spending levels
- Organization refocused from category managers to accountable **brand advocates**
- Heightened cost management focus delivering results
- Clear room for improvement on revenue trends
 - Broaden advertising improvements across Power Brands
 - More entrepreneurial marketing of our Local Brands
 - Focus innovation against bigger ideas with more support



Profitably grow our brands

Focus Resources

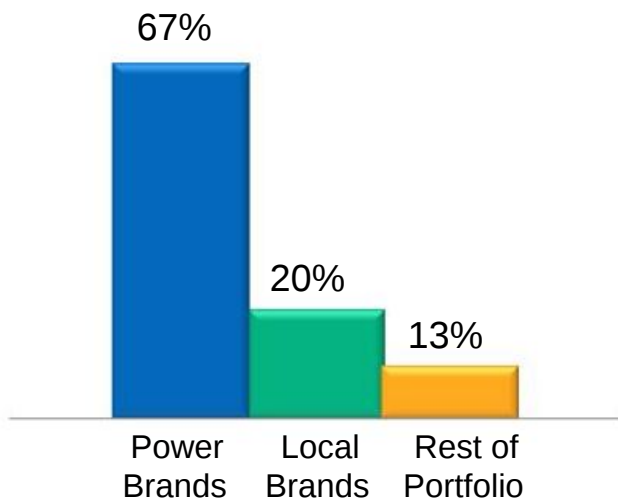
- 20 Power Brands
- 20 Local Brands
- Win with people

40 Brands drive North America

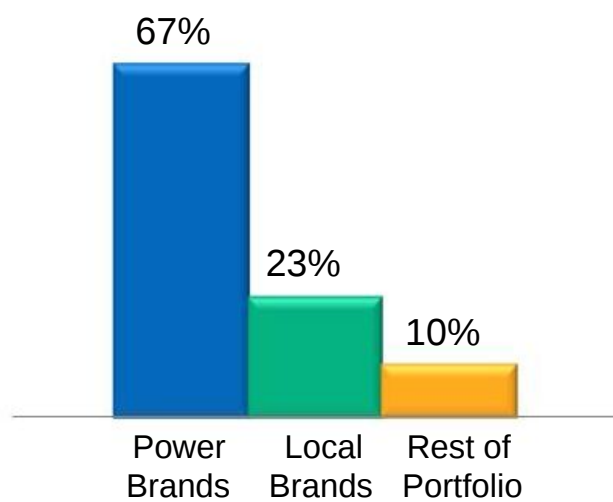
U.S. Retail Portfolio

2010E - Percentage of Net Revenue and Operating Income

Net Revenue



Operating Income



Marketing & Innovation focused on 20 Power Brands

Snacks



Beverages



Convenient Meals



Cheese



Grocery



15 new Power Brand advertising campaigns in the last year

New Advertising

<u>Q2-Q3 '09</u>	<u>Q4 '09</u>	<u>Q1 '10</u>	<u>Q2 '10</u>	<u>To Come H2 '10</u>
				
				
				
				

Power Brand Base Volume trend improvement 200+ bps ⁽¹⁾

(1) August 2010 YTD base dollar volume growth versus full year 2009.



Big innovation focused on Power Brands

Jell-O Mousse



- Launched Q4 '09
- New consumer usage occasion: "Permissible Indulgence"
- Top SKU ranked #1 in category velocity

Ritz Crackerfuls



- Launched Q2 '09
- Targets significant 'meal bridge' consumer need
- Strong repeat and incrementality
- Extendable platform

Oscar Mayer Deli Carved



- Launching Q3 '10
- Builds on *Deli Shaved* platform ... with next generation quality in packaged meat
- Very favorable retailer response / distribution
- Extendable platform

A television screen is shown at an angle, displaying a technical test chart. The chart features a central circular area with horizontal and vertical lines, surrounded by four circular patterns resembling CD-ROMs. The text "And now A word from our sponsor" is overlaid in a large, bold, white font with a black outline. At the bottom of the screen, the text "EIA RESOLUTION + CHART 1956" is visible.

**And now
A word from
our sponsor**

EIA RESOLUTION + CHART 1956

Ritz Crackers marketing



- “Open For Fun” campaign
- Brand contemporization
- Marketing spending +25% August YTD
- *Crackerfuls* innovation expanding user base
- Strong base dollar volume results ⁽¹⁾
 - August YTD +13%
- August YTD revenues +12%

(1) Nielsen, August 21, 2010.



Oscar Mayer marketing



- Unifying brand campaign across categories leveraging scale
- “It doesn’t get better than this” campaign
- Marketing spending +20% August YTD
- *Deli Carved* innovation driving quality trade-up
- Solid base dollar volume results ⁽¹⁾
 - August YTD +2%
- August YTD revenues +4%

(1) Nielsen, August 21, 2010.





- Complementary “I can respect that” Mom and “Disrespectoids” Kid campaigns
- Integrated Sustainability marketing with Pouch Brigades
- Marketing halo working for subline innovations (Sunrise and Roaring Waters)
- Strong base dollar volume results ⁽¹⁾
 - August YTD +8%
 - August YTD revenues +11%

(1) Nielsen, August 21, 2010.



Kraft/Velveeta Mac & Cheese marketing



You know you love it.

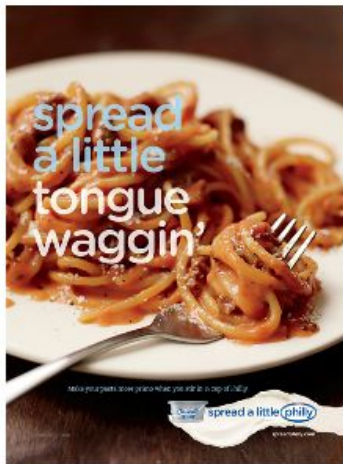


- “You Know You Love It” Kraft campaign
- Integrated ‘Noodle’ marketing: Iconic brand at Iconic places
- Focused Velveeta “Ultimate Get Together” campaign
- Marketing spending +45% August YTD
- Kraft Homestyle innovation driving quality trade-up
- Strong base dollar volume ⁽¹⁾
 - August YTD +5%
 - August YTD revenues + 5%

(1) Nielsen, August 21, 2010.



Philadelphia Cream Cheese marketing



- “Spread a little Philly” campaign
- Broadened recipe usage campaign
- Integrated plan with significant digital elements (e.g., Paula Dean)
- Marketing spending +30% August YTD
- Usage-based innovation pipeline
- Solid base dollar volume results August YTD +2% (1)
- August YTD revenues +5%

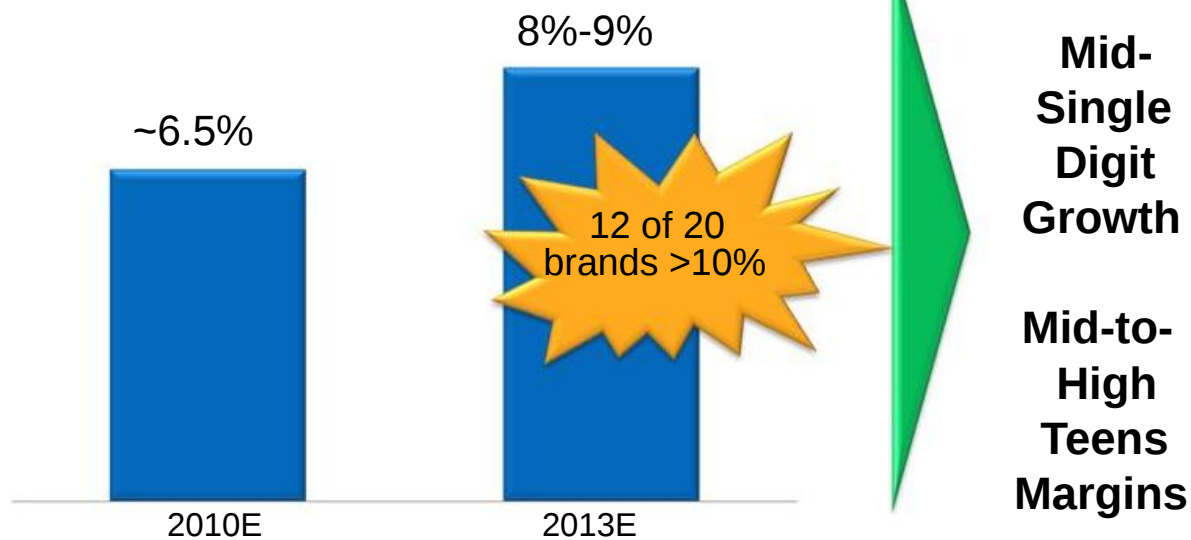
(1) Nielsen, August 21, 2010.



Increased Power Brand advertising spending driving mid-single digit growth

Power Brand A&C Spending

(% of Net Revenue)



20 Local Brands managed smartly for profitable growth

Snacks



Beverages



Convenient Meals



Cheese



Grocery



Entrepreneurial Local Brands approach

- Focused “one-idea” marketing
- Non-traditional media
- Scale-enabled customer relationship marketing
- Focused Wall-to-Wall Sales utilization
- High-potential brand managers with ownership, entrepreneurial spirit



**Low
Single
Digit
Growth**

**High
Teens
Margins**



Jet Puffed Marshmallows marketing



MORE S'MORES.
MORE S'MILES.



- “One idea” marketing focus on S’mores
- Branded partnership pooling resources
- Traditional and non-traditional vehicles
- Bundled marketing in Kraft Food & Family
- Wall-To-Wall in-store leverage for displays
- Trajectory-changing impact

Show ad spots for:
Premium Crackers (Canada)
Stride

Winning with our people in North America

- Performance-driven, values-led culture
- Strong, diverse talent base ... but supplementing with proven, external leaders
- Broader best practice sharing and implementation
- Significantly reduced internal processes



- Marketers focused on Marketing!
- Sales focused on Customers!
- Grow faster than market, key competitors

Profitably grow our brands

Focus Resources

- 20 Power Brands
- 20 Local Brands
- Win with people

Leverage Sales

- Win in store
- Customer team transformation
- Trade spending efficiency

Win every account, every store, every household, your Mom

Grocery / Wall-to-Wall

To Date

- Coverage in 16,600 stores
- Automated and customer-specific in-store agenda
- Margin accretive investment based on better merchandising

Refinements to Come

- Top-down in-store agenda prioritization
- Power SKU distribution focus
- Greater linkage of performance and compensation

ICC / Hot Zone

- Significant convenience store synergies
- “Hot Zone” opportunities
- Strong channel margins
- Best practices from Cadbury and around the world



Customer team transformation

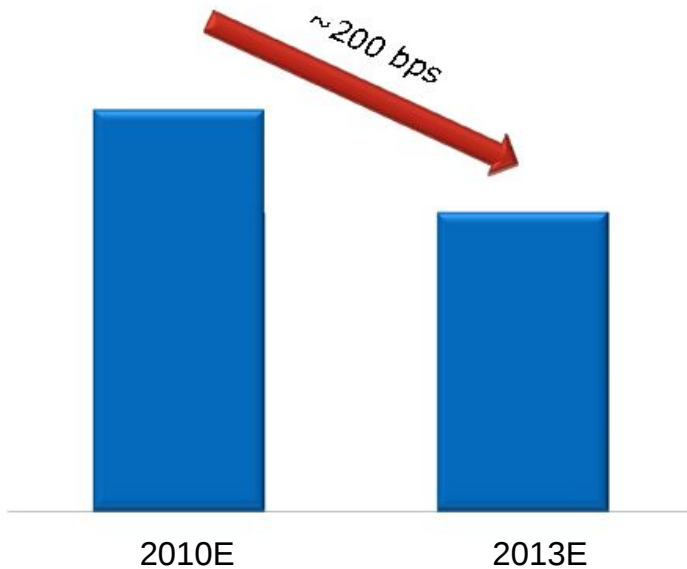
- Further customer segmentation
- Centralization of administrative tasks
- Aligned “One Number” planning approach



**Outcome: Increased Effectiveness
AND Lower Cost**

Trade spending efficiencies

Trade Spending as
% of Gross Revenue



- Rolled out new system and tools
- Driving efficiency:
 - Optimizing low return events
 - Price-deal realignments to reduce promoted price variability
- Changing sales incentive to improve customer team alignment with brands
- Reinvesting efficiencies into advertising

Profitably grow our brands

Focus Resources

- 20 Power Brands
- 20 Local Brands
- Win with people

Leverage Sales

- Store coverage optimization
- Customer team transformation
- Trade spending efficiency

Expand Margins

- Productivity step-up
- Zero overhead growth
- Cost synergies

Cadbury integration update

The Trident logo features the word "Trident" in a bold, black, sans-serif font. Above the letter "i" is a red arc, and the entire logo is set against a light blue background with a sunburst effect.The Stride logo is written in a blue, cursive script font.The Dentyne logo features the word "Dentyne" in a blue, italicized, sans-serif font. Below the text is a blue starburst graphic.The HALLS logo is written in a bold, blue, sans-serif font with a yellow outline.

- Integration progressing very well
- Base business strong
 - H1'10 revenues up mid-single digits
 - H1'10 YTD U.S. gum share +2.4 pp
 - U.S. gum share up 8+ pp in 6 years
- Distinct innovation culture
 - *Trident Layers*
 - *Stride Mega Mystery*
 - *Dentyne Pure*
- Retained key management / marketers
- Bringing innovation mindset and processes back to base Kraft Foods businesses

Profitably grow our brands

- “Big marketing” on our Power Brands
- Entrepreneurial management of our Local Brands
- Leverage Sales scale
- Relentless focus on cost improvements across the business



**Organic
Revenue
growth of
3%-4%**

**High-teens
Operating
Income
Margins**

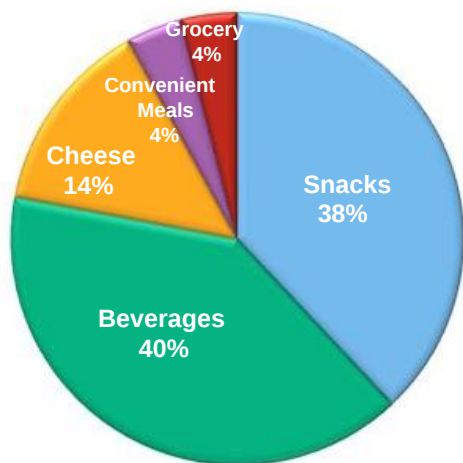
Michael Clarke

Executive Vice President and
President, Kraft Foods Europe



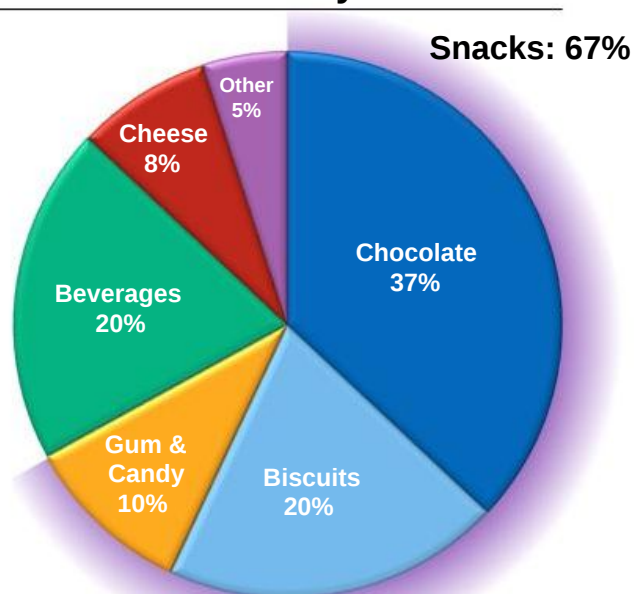
Today's Kraft Foods Europe

KFE 2006 (1)



2006 Net Revenues
\$6.7 billion

KFE Today (2)



2009 Net Revenues
\$11.9 billion

(1) As originally reported in Kraft Foods 2006 Form 10-K filed with the SEC on March 1, 2007. Amounts have not been revised to reflect the current Kraft Foods structure and accordingly are not in line with current presentation.

(2) 2009 Pro Forma amounts are based on the acquisition of Cadbury.



An unrivaled collection of global, regional and local brands

Chocolate



Biscuits



Gum & Candy



Coffee



Cheese & Grocery



Leadership positions in key categories ...

Category	Position	Kraft Foods Share%	Relative to Nearest Branded Competitor
Chocolate	#1	20	1.2
Biscuits	#1	15	1.6
Gum & Candy	#1	30	1.5
Coffee	#1	22	1.4
Cream Cheese	#1	40	5.4

Source: Nielsen 2009, shares in categories in countries in which Kraft Foods competes



... and #1 in Snacks

<u>Company</u>	<u>Share in Snacks</u> ⁽¹⁾
Kraft Foods	14%
Mars-Wrigley	8%
Ferrero	6%
Nestlé	5%
PepsiCo	5%

(1) Source: Euromonitor 2009. Total \$89 billion Snacking market for Western Europe (all markets whether KFE competes or not) includes Confectionery (Chocolate, Gum, Candy), Biscuits, Snack Bars and Sweet / Savory Snacks.

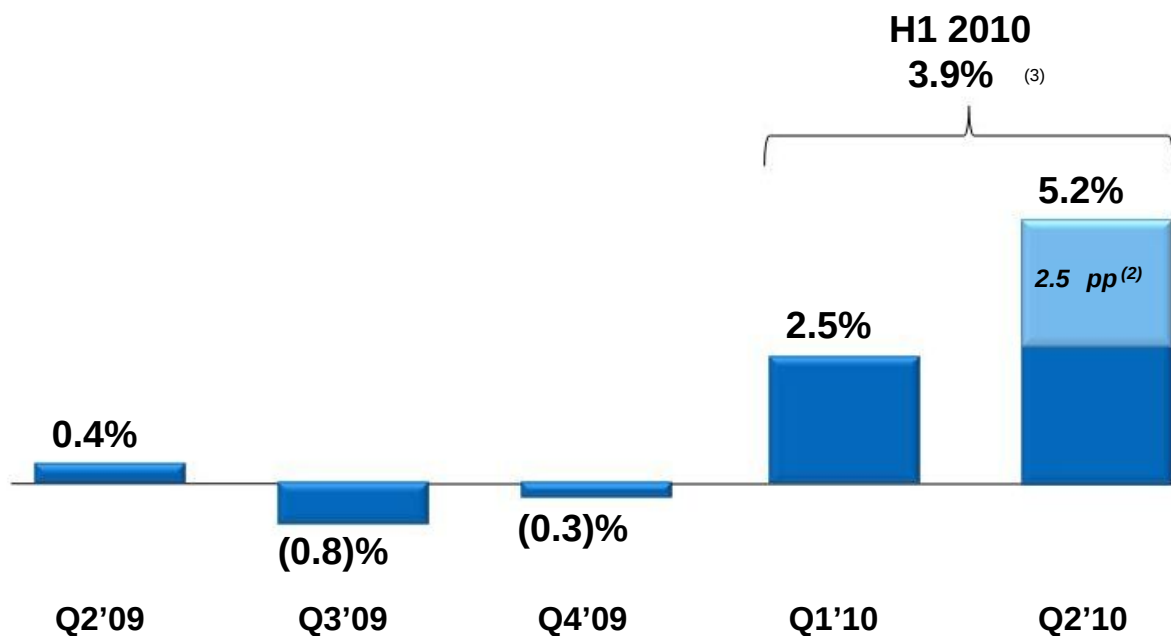


Transformed operations

- Established pan-European category business model
- Focusing on priority brands and opportunities
- Driving savings through End-to-End Productivity
- Reducing overhead costs

Top-line results are improving ...

Base Kraft Foods Europe Organic Net Revenue Growth ⁽¹⁾



(1) Reported net revenues for each period were the following: Q2'09, (17.4)%; Q3'09, (11.5)%; Q4'09, 8.0%; Q1'10, 40.5%; Q2'10, 34.1%. See GAAP to Non-GAAP Reconciliation at the end of this presentation.

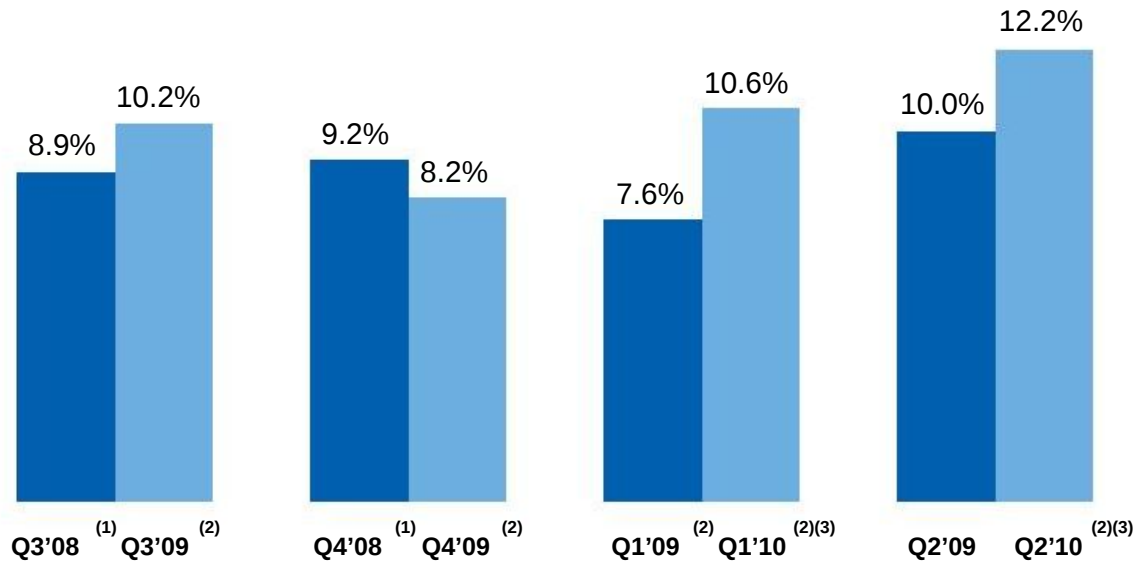
(2) Favorable impact of an accounting calendar change for certain biscuits operations.

(3) The accounting calendar change had a favorable impact to H1 2010 of 1.3 pp.



... and margins continue to expand

Base Kraft Foods Europe Operating Income Margin



(1) Reported Operating Income Margins were the following: 4.9% Q3'08; and (6.7)% Q4'08. See GAAP to Non-GAAP Reconciliation at the end of this presentation.

(2) Operating Income Margins were negatively impacted by expenses incurred in support of cost savings initiatives, resulting in the following percentage point impacts: (0.0)pp in Q1'09; (1.5)pp in Q2'09 ; (0.4)pp in Q3'09, (3.4)pp in Q4'09; (0.3)pp in Q1'10; and (0.7)pp in Q2'10.

(3) Reported Operating Income Margins were 10.7% in Q1'10 and 12.0% in Q2'10. See GAAP to Non-GAAP Reconciliation at the end of this presentation.



Positioned to succeed despite a slow economic recovery

Economy

- GDP back to growth
 - 1.0% to 1.5%
 - Pre-Recession: 2.5%
- High unemployment
 - 9% to 10%
 - Pre-Recession: 7.2%
- EU financial crisis and Euro devaluation
- Commodities remain at a high level

Consumer

- Consumer confidence slowly recovering
- Continued consumer focus on:
 - Convenience
 - Health & Wellness
 - Sustainability
- Trend turnaround
 - Trading up
 - Out-of-home consumption

Customer

- Retailer consolidation continues
- Retailer brands with 30% share, part of consumer repertoire
- Discounter channel with 17%+ share, continues to grow
- Retailers recognize need for greater differentiation



Europe's favorite Snacking company

Focus Resources

- 15 Power Brands
- Snacks platforms
- Proprietary propositions in Coffee and Cheese
- Local Brands
- Win with people

Focus resources on 15 Power Brands, 10 of which are in Snacks

Chocolate



TOBLERONE

Biscuits



belVita

Choco-Bakery



Gum & Candy

Trident
Platform

HALLS

Coffee



JACOBS



Cheese & Grocery



Expand from pure Chocolate to Snacking

- Power Brand focus



- Differentiate packaging and integrated marketing communications
- Leverage proprietary technologies to drive new product growth
- Capture revenue synergies



Grow Gum and expand *Halls*

- Power Brand focus



- Grow Gum via 360° communication and innovation

- Expand usage of *Halls* via range relaunch and new products



- Leverage Kraft Foods scale in snacks



Leverage proprietary propositions in Coffee and Cheese

Coffee

- Power Brands focus



- Expand *Tassimo* in on-demand



- Reframe Soluble and strengthen Roast & Ground

Cheese & Grocery

- Focus on *Philadelphia*



- Leverage versatility strategy and proprietary propositions



Local Brands contributing to growth

Nordic Chocolate

- Market leader in all segments



- Leverage EU growth platforms & co-branding opportunities



- Entrepreneurial spirit

H1 2010

**Net Revenue in H1'10 up
mid-single digits
+160 bps Gross Margin**

Kraft Process Cheese

- Market leader in Italy, UK, Spain



- Common asset base/platforms
- Invest in proprietary proposition



H1 2010

**Net Revenue in H1'10 up
mid-single digits
+200 bps Gross Margin**

Win with our people

- Build performance-driven, value-led culture
 - Pride in our brands
 - External focus
 - Winning spirit
- Leverage change management capability to integrate and restructure
- Strong, diverse talent
- Recognized leader in Sales and Marketing

Europe's favorite Snacking company

Focus Resources

- 15 Power Brands
- Snacks platforms
- Proprietary propositions in Coffee and Cheese
- Local Brands
- Win with people

Leverage Sales

- Drive availability
- Shopper insights
- Merchandising
- Customer collaboration

Leverage our Sales strength

- Drive availability
 - Leverage “best of both” to win in store and Instant Consumption
 - Invest in feet on the street
- Leverage shopper insights
- Win at point of sale
 - Own events, cross category promotions
 - Hot Zone, multi-touch points
- Effective customer collaboration
 - Joint business planning
 - Tailored initiatives



Europe's favorite Snacking company

Focus Resources

- 15 Power Brands
- Snacks platforms
- Proprietary propositions in Coffee and Cheese
- Local Brands
- Win with people

Leverage Sales

- Drive availability
- Shopper insights
- Merchandising
- Customer collaboration

Expand Margins

- Mix improvement
- End-to-End productivity savings
- Reduce overheads
- Integration synergies

Reduce costs and expand margins

- **Category model driving mix**
 - Resource allocation behind power brands
 - Geographic / portfolio mix improvement
- **End-to-End productivity savings**
 - Targeting COGS productivity of 4%
 - Procurement savings step-up (SAVOR)
 - Supply chain re-configuration
- **Continued negative overhead growth**
 - Functional transformation programs
 - Country restructuring
- **Synergies from LU & Cadbury acquisitions**

Driving growth, margins as Europe's favorite Snacking company

- Unrivaled portfolio, #1 position in Snacks
- Strategies are working, building momentum
- Growth roadmap defined
- Significant synergy potential



**Organic
Revenue
growth of
2%-3%**

**Mid-teens
Operating
Income
Margins**

Sanjay Khosla

Executive Vice President and
President, Kraft Foods
Developing Markets



Three years ago, laid out plan to turn around KFDM to sustainable long-term growth

- Winning through focus strategy has three pillars:
 - 5 Categories, 10 Power Brands and 10 Priority Markets (5-10-10)
 - Win locally, leverage globally
 - Build depth of international talent

KFDM has delivered excellent results

2006-2009 CAGR

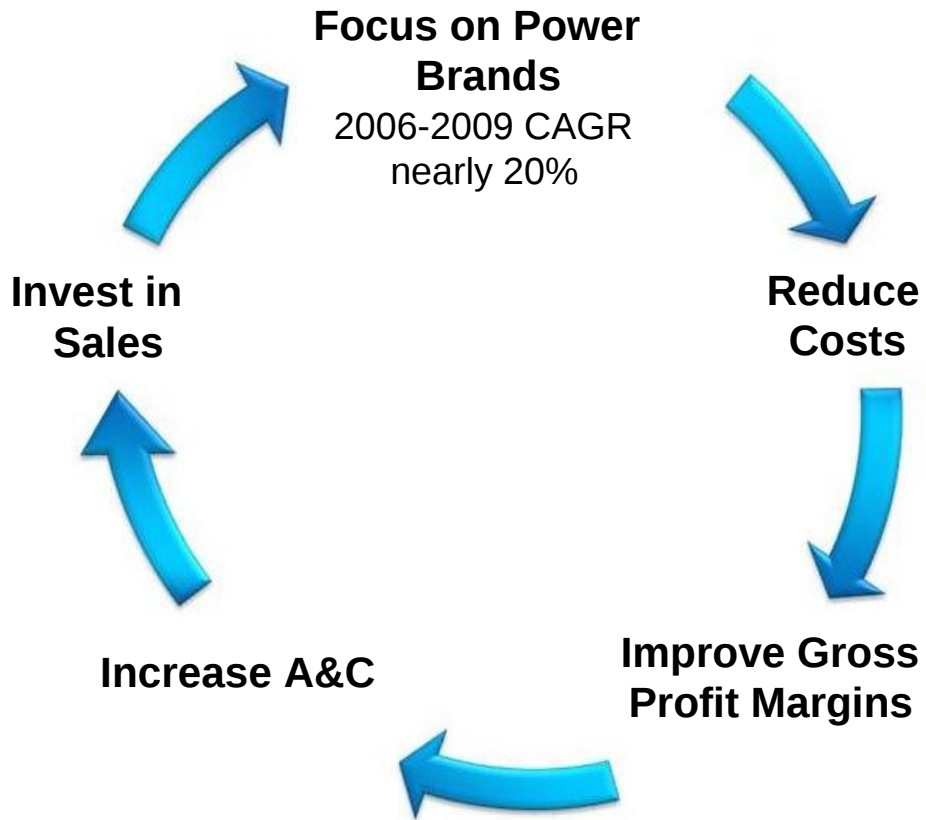
Organic Net Revenue: ⁽¹⁾ +13%

Operating Income: +24%

(1) Reported Net Revenue 2006-2009 CAGR was 16%. See GAAP to Non-GAAP Reconciliation at the end of this presentation.



Moved KFDM to a virtuous cycle



Favorable environment provides further opportunity

Economy

- Growing Asia-Pacific and Latin America markets
- Slow recovery in Central and Eastern Europe

Consumer

- Increasing purchasing power
- Rising demand for on-the-go snacks

Customer

- Both Modern and Traditional Trade are growing

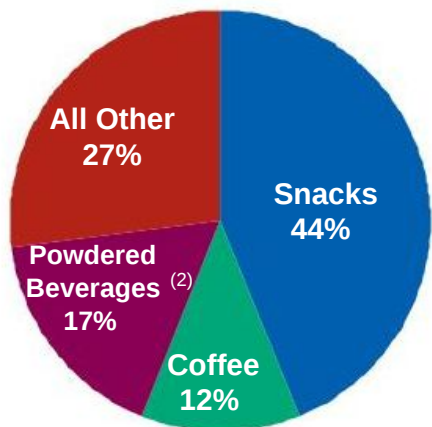
Win in Developing Markets through Snacks leadership

Focus Resources

- 5-10-10
 - 5 Categories
 - 10 Power Brands
 - 10 Priority Markets

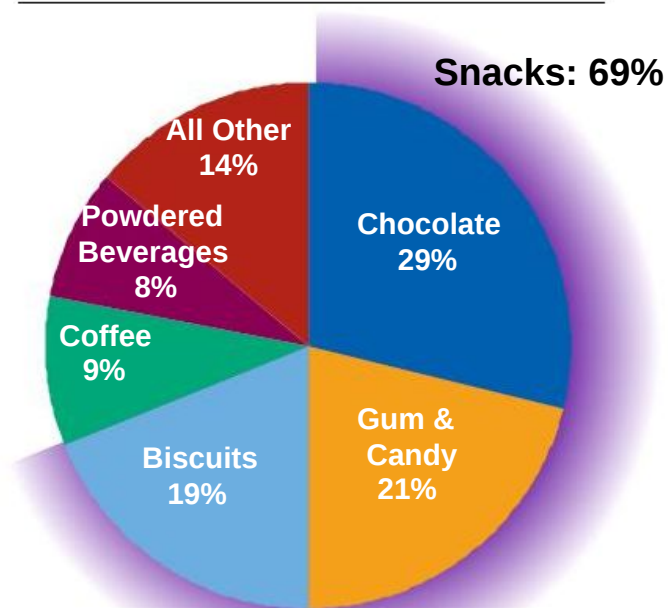
Today's Kraft Foods Developing Markets

KFDM 2006



2006 Net Revenues
\$4.6 billion

KFDM Today (1)



2009 Net Revenues
\$12.6 billion

(1) Pro Forma amounts are based on the acquisition of Cadbury.

(2) Includes certain ready-to-drink beverages that have since been divested or discontinued.



10 Power Brands will grow strong double-digit with high gross margins

Chocolate



Gum & Candy



Biscuits



Coffee



Powdered Beverages



Focus on ten priority markets

- Top 10 Priority Markets:

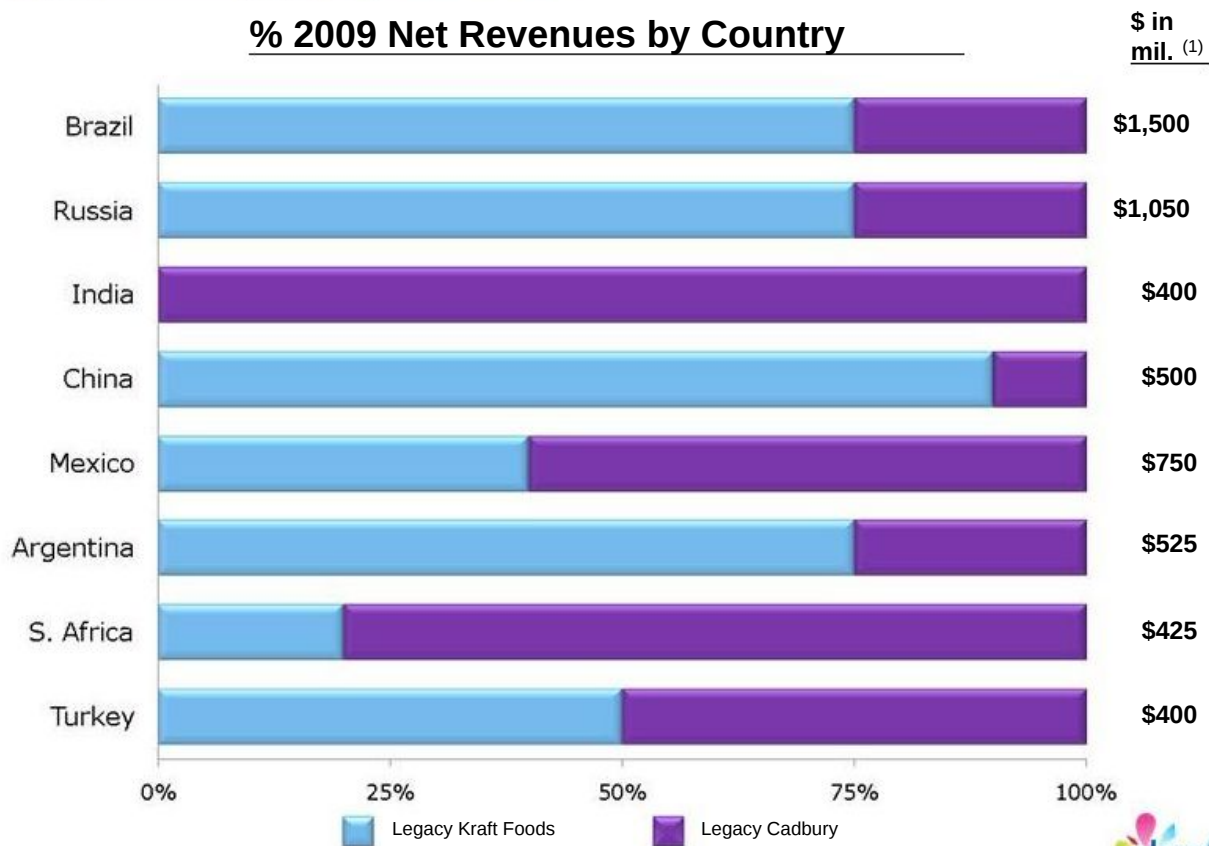
- Australia
- Brazil
- China
- India
- Indonesia
- Mexico
- Poland
- Russia
- South Africa
- Ukraine

- Priority Markets drive ~70% of total KFDM growth

- BRICM to grow strong double digit, delivering ~50% of KFDM growth



Terrific geographic fit with Cadbury



(1) 2009 Pro Forma net revenues based on the Cadbury acquisition.

- 2009 Net Revenue:
 - Pro Forma Combined ⁽¹⁾: \$1.5B
 - Base Kraft Foods '06-'09 CAGR up double-digits
- Strong leadership position in Gum and Powdered Beverages
- #1 brands in all priority categories
- H1 2010 revenue up high-teens ⁽¹⁾

Key Brands

The logo for LACTA, featuring the word "LACTA" in a bold, blue, sans-serif font with a blue underline.The logo for Trident, featuring the word "Trident" in a bold, black, sans-serif font with a red accent on the "i".

(1) 2009 Pro Forma based on the Cadbury acquisition.

- 2009 Net Revenue:
 - Pro Forma Combined ⁽¹⁾: \$0.5B
 - Base Kraft Foods '06-'09 CAGR up low-teens
- Strong leadership position in Biscuits
- H1 2010 revenue up 20%+ ⁽¹⁾

Key Brands



(1) 2009 Pro Forma based on the Cadbury acquisition.



- 2009 Net Revenue:
 - Pro Forma Combined ⁽¹⁾: \$0.4B
- Strong leadership position in Chocolate
- H1 2010 revenue up nearly 25% ⁽¹⁾
- Strong route-to-market capability

Key Brands



(1) 2009 Pro Forma based on the Cadbury acquisition.

Win in Developing Markets through Snacks Leadership

Focus Resources

- 5-10-10
 - 5 Categories
 - 10 Power Brands
 - 10 Priority Markets

Leverage Sales

- Empower local business units
- Drive best sales practices

Expand Margins

- Drive productivity
- Reduce overhead growth



Win Locally, Leverage Globally
Build Depth of International Talent

Spotlight: Oreo – World's #1 cookie delivers sustained high growth

Context

- Oreo flat in early 2000's
- Redefined business model based on key consumer insights

Results

- Net revenue CAGR 2006-2009 of 30%+
- H1 2010 revenue up 35%+
- Gross Profit Margin well above average



Building the Base



New Products



Spotlight: *Tang* – “Back to Basics” focus drives total turnaround

Context

- 2008: Brand not growing
- 2009: “Back to Basics” with broadened competitive frame
 - Product quality, flavor innovation, Kids “Movement”, new package formats, in-store activation
 - Broader frame of cold beverages, including water

Results

- Revenue grew nearly 30% in 2009 to ~\$700MM
- H1 2010 revenue up nearly 30%



Invest to drive best sales practices across markets

- Leverage combined company route-to-market strengths
- Expand distribution
- Sales Executive Teams

Build depth of international talent

- Moved with tremendous speed & quality in integrating organization
- Align top talent to key categories, brands, markets
- Drive towards a world-class diverse and inclusive organization

Driving growth and margins as Developing Markets' favorite snacking company

- 5-10-10 strategy has track record of success
- Win locally, leverage globally is working well
- Good progress in building depth of talent



**Organic
Revenue
growth of
10%+**

**Mid-teens
Operating
Income
Margins**

Tim McLevish

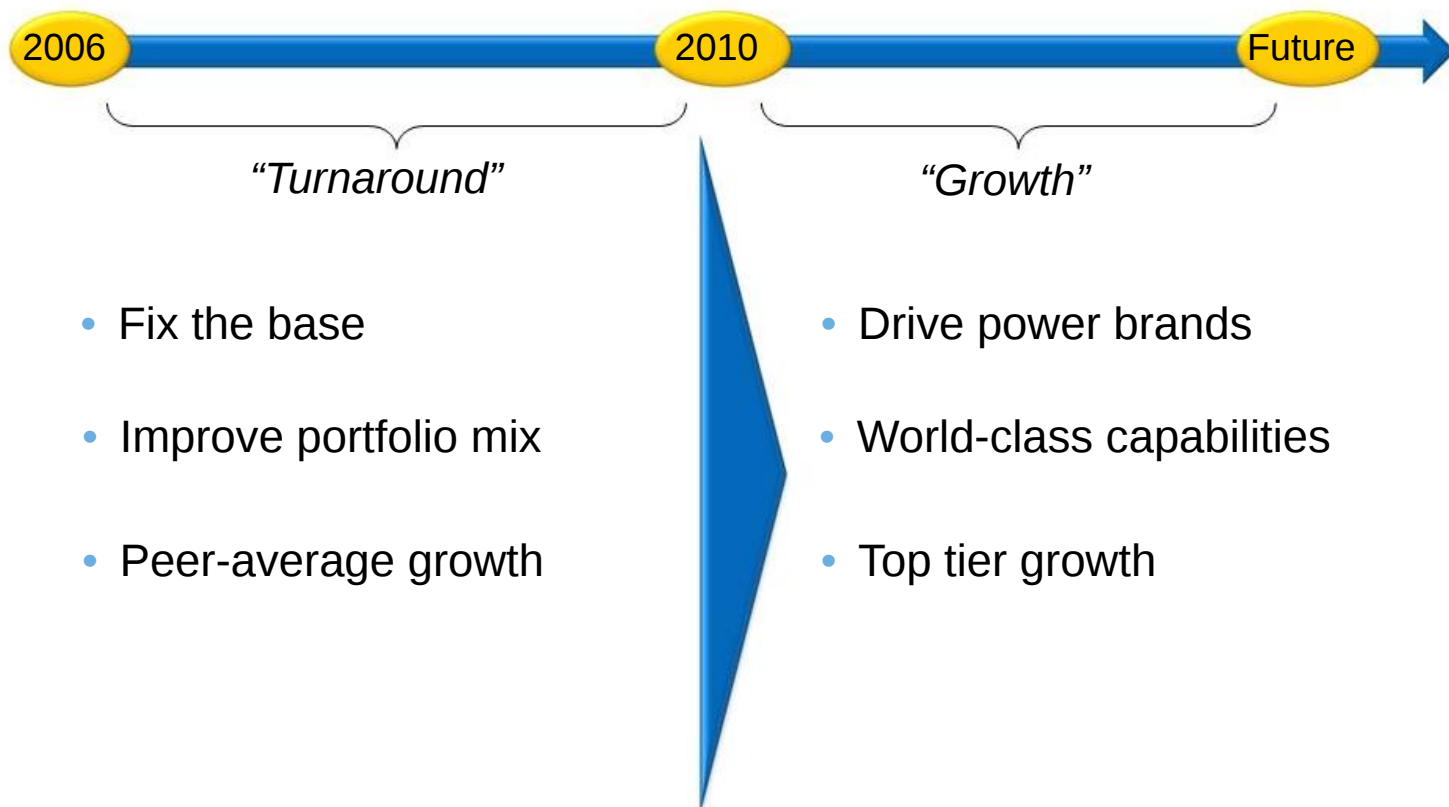
Executive Vice President
and CFO



Agenda

- Hitting our sweet spot
- Seizing our global snacks opportunity
 - Biscuits
 - Chocolate
 - Gum and Candy
- Winning in each region
 - North America
 - Europe
 - Developing Markets
- Transforming our financial performance

Shifting from Turnaround to Growth



Strategies will deliver a step-up in growth ...

Delight Global
Snacks Consumers

Unleash the
Power of Our
Iconic Heritage
Brands

Create a Performance-Driven,
Values-Led Organization

- **Organic Revenue growth 5%+**
- **Mid-to-High Teens Profit Margins**
- **EPS growth 9%-11%**

... based on an enhanced growth algorithm

- Organic Revenue growth
 - ~2/3 from volume/mix
 - ~1/3 from price
- Pricing primary lever to offset input cost inflation
- Volume/mix and productivity to expand gross margins
- Overhead leverage and cost synergies
 - Fuel increased A&C
 - Fund Sales and R&D investmentsAND
 - Drive higher Operating Income margins

- 
- **Organic Revenue growth 5%+**
 - **Mid-to-High Teens Profit Margins**
 - **EPS growth 9%-11%**

Enhanced growth algorithm builds on improved base business

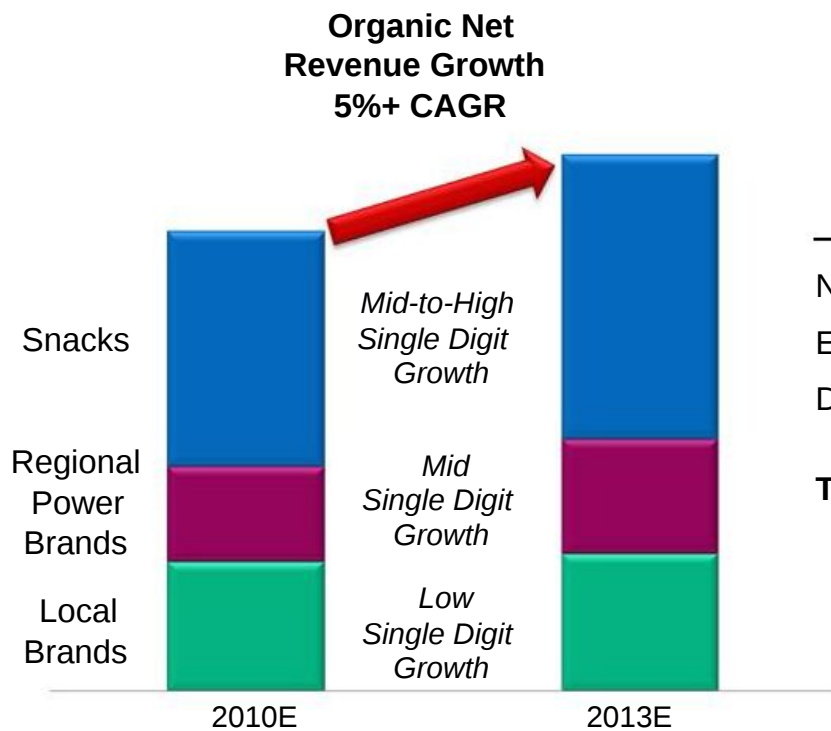
Base Kraft Foods Improvements

- Improved product quality
- Stronger brand equities
- Increased innovation pipeline

Enhancements

- Focus on higher growth snack categories
- Improved geographic mix
- Improved channel mix
- Leveraging new Global Category Team structure

Brands and Business Units will deliver 5%+ organic revenue growth



Long-Term Organic Revenue Growth Targets

North America	3-4%
Europe	2-3%
Developing Markets	10%+
Total Kraft Foods	5%+

Note: 2010 includes 12 months of Cadbury results. Snacks includes other Kraft Foods Snacks businesses beyond core categories (e.g., Handi-Snacks, Marshmallows, etc.).



5%+ revenue growth target benefits from synergies in the short-term

Short-Term

- Targeting \$1 billion of revenue synergies over next three years
- 70 bps of organic growth per year

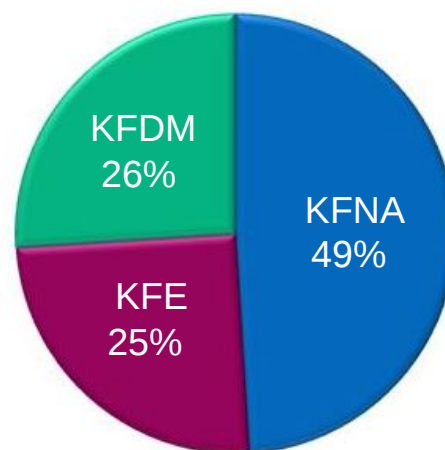
Long-term momentum benefits from shift to high-growth Developing Markets

Short-Term

- Targeting \$1 billion of revenue synergies over next three years
- 70 bps of organic growth per year

Long-Term

2009 ⁽¹⁾



(1) 2009 Pro Forma amounts based on the Cadbury acquisition and the divestiture of the Pizza business.



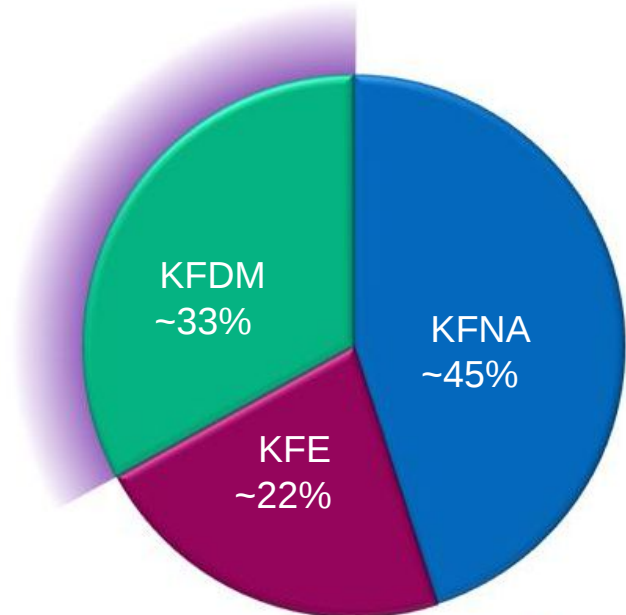
Long-term momentum benefits from shift to high-growth Developing Markets

Short-Term

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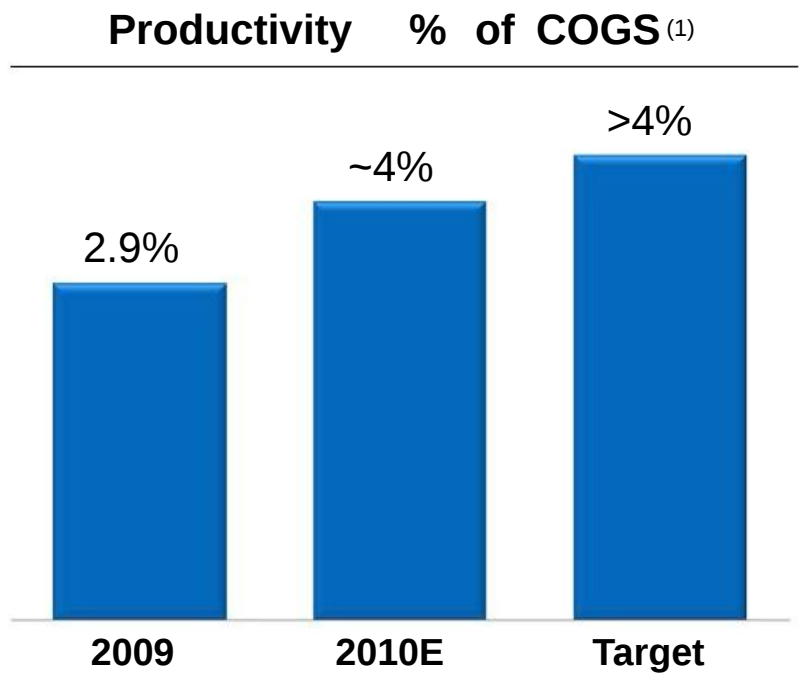
Long-Term

2013E



End-to-end productivity will drive gross margin gains

- Procurement (SAVOR)
- Manufacturing (Lean Six Sigma)
- Customer Service & Logistics

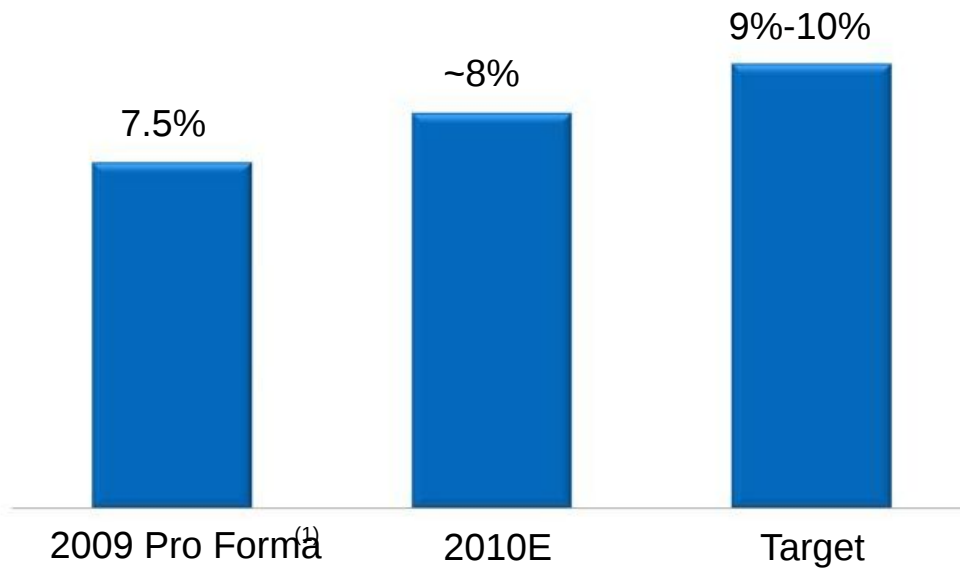


(1) Excludes Cadbury.



Investments in brand building will increase

A&C as a Percentage of Net Revenues

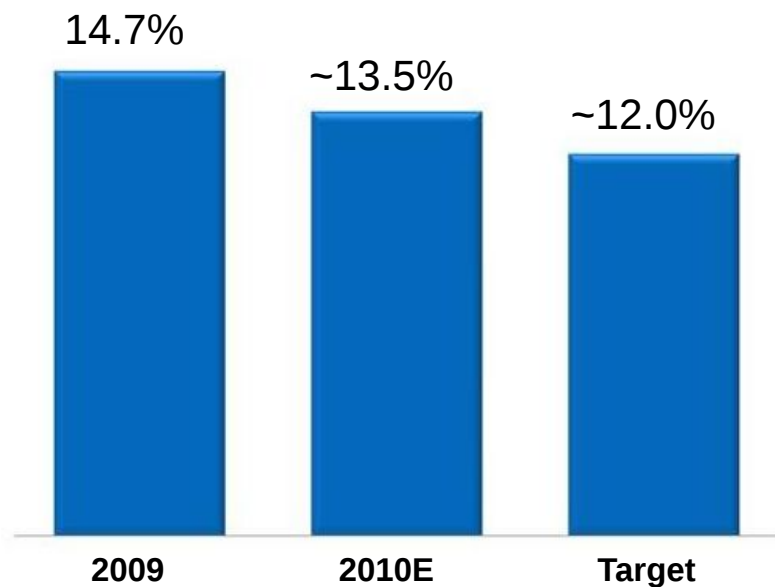


(1) Pro Forma for the Cadbury acquisition.

Resetting overhead costs will accelerate margin expansion

- Europe
 - Negative Overhead Growth (NOG)
- North America
 - Zero Overhead Growth (ZOG)
- Developing Markets
 - Half Overhead Growth (HOG)

Overheads % of Net Revenue ⁽¹⁾



(1) Excludes Cadbury.



Substantial change to continue across the organization

Change Management Initiatives

Pan-European
Category
Model

Functional
Transformation

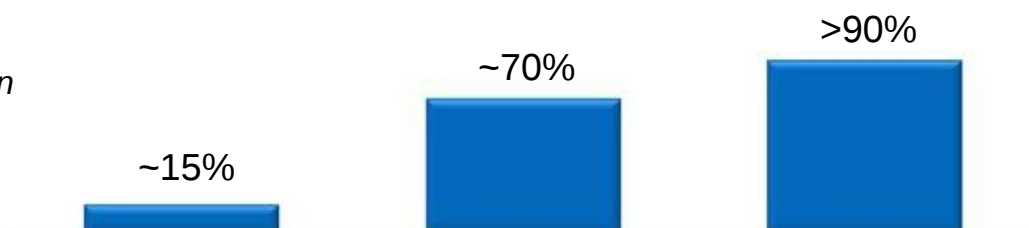
Catalyst
(SAP)

Cost synergies will further expand profit margins to mid-to-high teens

Cost Synergies / Pre-Tax Integration Costs

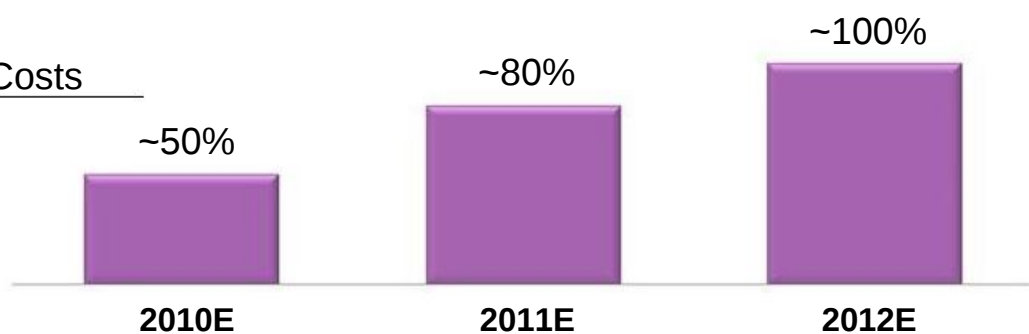
Cost Synergies

Total at least \$750 million
(Cumulative P&L Impact)



Integration Program Costs


Total ~\$1.5 billion
(Cumulative)



Targeting top-tier margins

2009 Operating Income Margins (Fiscal Year) ⁽¹⁾

1	Coca-Cola	27.6%
2	PepsiCo	18.8%
3	Campbell	16.8%
4	Hershey	16.2%
5	General Mills	16.0%
<hr style="border-top: 1px dashed #000;"/>		
6	Kellogg	15.9%
7	Danone	15.3%
8	Heinz	14.7%
9	Nestle	14.7%
10	Kraft Foods	13.7%
11	ConAgra	8.9%
12	Sara Lee	7.9%



(1) Source: Company reports.

Begun to deliver growth in line with peer averages

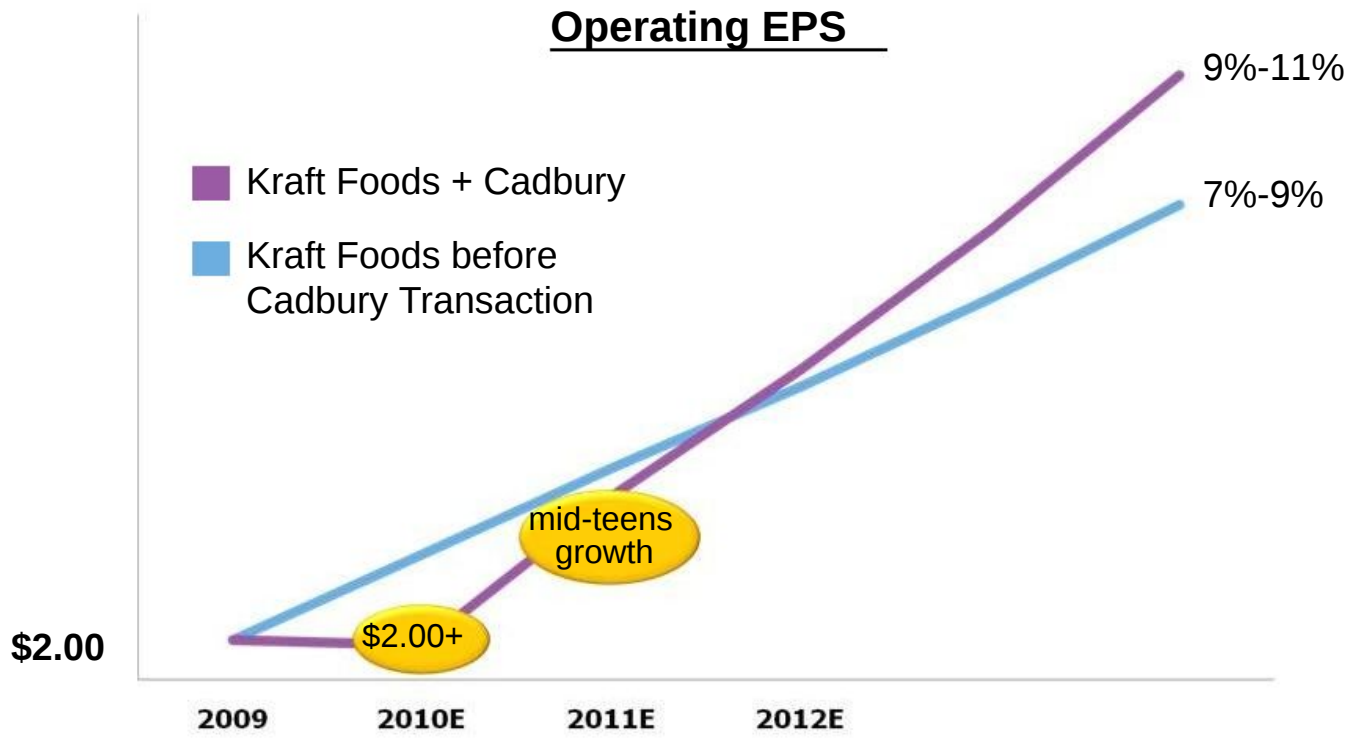
Operating EPS Growth ⁽¹⁾

2006		2007		2008		2009					
1	Danone	31.0%	1	Nestle	17.3%	1	ConAgra	32.9%	1	Hershey	15.4%
2	Nestle	15.0%	2	Coca-Cola	13.9%	2	Sara Lee	19.3%	2	General Mills	13.1%
3	PepsiCo	12.8%	3	PepsiCo	12.7%	3	Coca-Cola	16.7%	3	Heinz	10.3%
4	Coca-Cola	8.7%	4	Kellogg	10.0%	4	General Mills	10.7%	4	Kraft Foods	8.0%
5	Campbell	6.4%	5	Heinz	9.7%	5	Heinz	10.5%	5	Campbell	6.2%
6	Kellogg	6.4%	6	Campbell	7.1%	6	PepsiCo	8.9%	6	Kellogg	5.7%
7	Hershey	3.9%	7	Danone	6.2%	7	Kellogg	8.3%	7	PepsiCo	0.8%
8	Kraft Foods	3.2%	8	General Mills	6.0%	8	Campbell	7.2%	8	Nestle	0.7%
9	General Mills	2.7%	9	ConAgra	3.6%	9	Nestle	4.0%	9	Danone	(0.8)%
10	ConAgra	2.2%	10	Kraft Foods	(6.2)%	10	Kraft Foods	3.3%	10	Coca-Cola	(2.9)%
11	Heinz	(7.3)%	11	Hershey	(12.2)%	11	Danone	1.2%	11	Sara Lee	(15.2)%
12	Sara Lee	(20.1)%	12	Sara Lee	(30.3)%	12	Hershey	(9.6)%	12	ConAgra	(20.0)%

(1) Source: Thomson First Call.

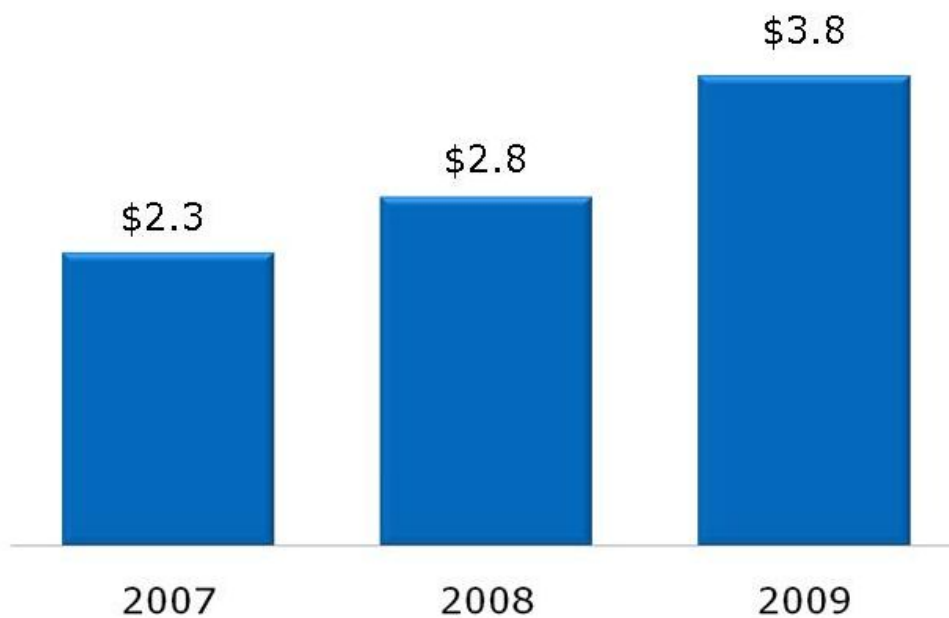


Earnings trajectory will significantly improve



Significantly stepped up free cash flow

Free Cash Flow ⁽¹⁾ (\$ billions)

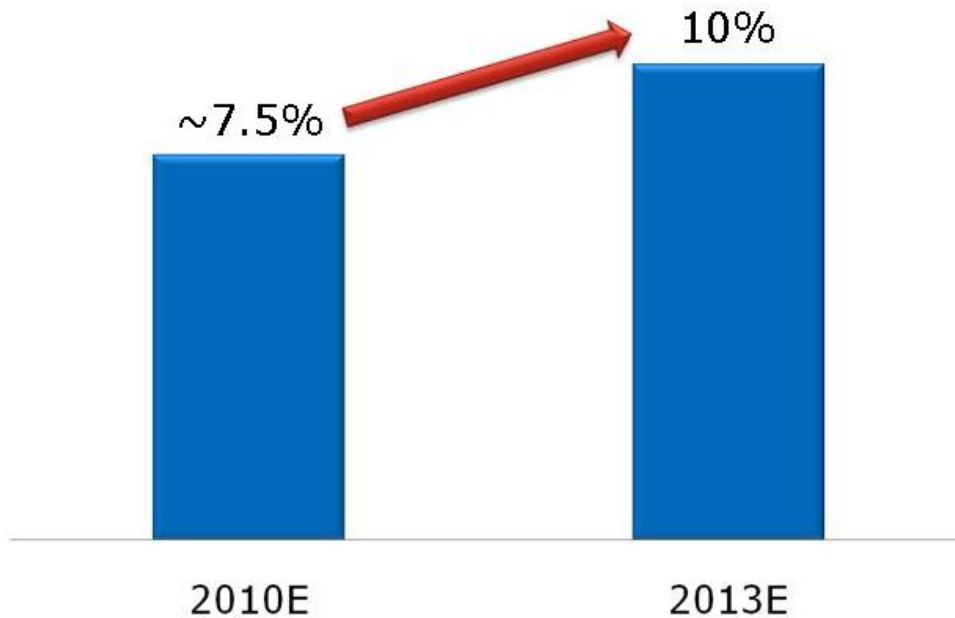


(1) Defined as cash flow from operations less capital expenditures. See GAAP to Non-GAAP reconciliation at the end of this presentation.



Will maintain strong capital discipline while supporting strong growth

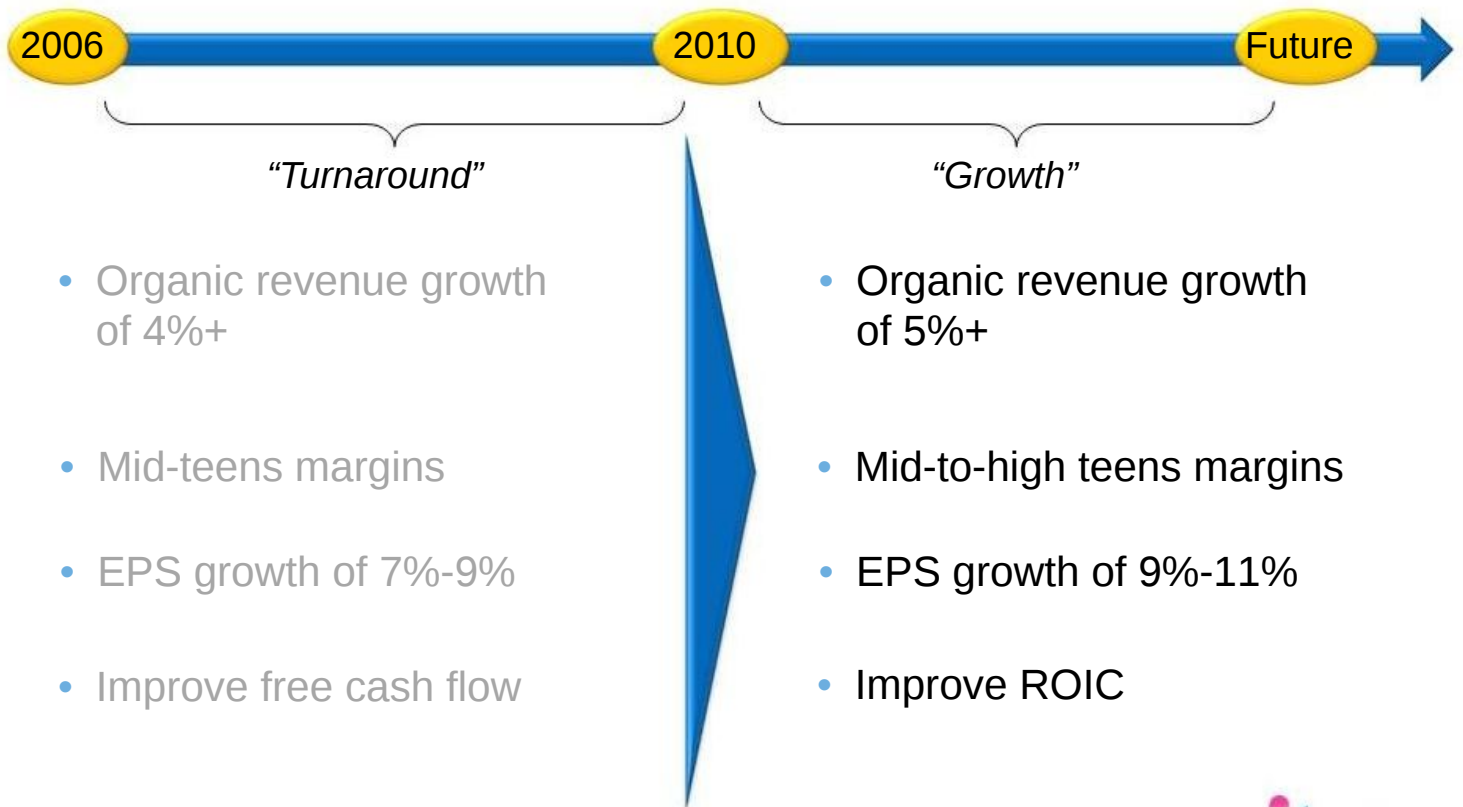
Return on Invested Capital ⁽¹⁾



(1) Defined as Operating Net Profit After Taxes divided by Invested Capital (average total net debt plus equity). Operating Net Profit After Taxes includes operating net income and adds back after-tax interest and amortization expenses, and the change in deferred taxes. Operating Net Profit After Taxes for 2010E excludes costs related to the Cadbury acquisition such as transaction advisory fees, UK stamp taxes, Cadbury inventory revaluation and financing fees, costs to integrate the businesses, as well as the deferred tax charge resulting from recently enacted U.S. health care legislation.



New metrics for success





GAAP to Non-GAAP Reconciliations



GAAP to Non-GAAP Reconciliation

Net Revenues to Organic Net Revenues

For the Three Months Ended
(\$ in millions, except percentages) (Unaudited)

	As Reported (GAAP)	Impact of Divestitures	Impact of Acquisitions	Impact of Currency	Organic (Non-GAAP)	% Change	
						As Reported (GAAP)	Organic (Non-GAAP)
June 30, 2010							
Kraft Foods Europe	2,793	-	(662)	52	2,183	34.1%	5.2%
June 30, 2009							
Kraft Foods Europe	2,083	(7)	-	-	2,076		
March 31, 2010							
Kraft Foods Europe	2,709	-	(589)	(151)	1,969	40.5%	2.5%
March 31, 2009							
Kraft Foods Europe	1,928	(7)	-	-	1,921		
December 31, 2009							
Kraft Foods Europe	2,687	-	-	(225)	2,462	8.0%	(0.3)%
December 31, 2008							
Kraft Foods Europe	2,489	(20)	-	-	2,469		
September 30, 2009							
Kraft Foods Europe	2,070	(1)	-	199	2,268	(11.5)%	(0.8)%
September 30, 2008							
Kraft Foods Europe	2,338	(52)	-	-	2,286		
June 30, 2009							
Kraft Foods Europe	2,083	(7)	-	376	2,452	(17.4)%	0.4%
June 30, 2008							
Kraft Foods Europe	2,521	(79)	-	-	2,442		



GAAP to Non-GAAP Reconciliation

Operating Income Margins

(\$ in millions, except percentages) (Unaudited)

	As Reported (GAAP)	Asset Impairment, Exit and Implementation Costs - Restructuring	Asset Impairments / Other Expenses - Non-Restructuring	(Gains) / Losses on Divestitures, net	Excluding Items (Non- GAAP)
For the Three Months Ended September 30, 2008					
<u>Kraft Foods Europe</u>					
Net Revenues	\$ 2,338	-	-	-	\$ 2,338
Operating Income	\$ 115	35	57	-	\$ 207
Operating Income Margin	4.9%				8.9%
For the Three Months Ended December 31, 2008					
<u>Kraft Foods Europe</u>					
Net Revenues	\$ 2,489	-	-	-	\$ 2,489
Operating Income	\$ (166)	358	39	(1)	\$ 230
Operating Income Margin	(6.7)%				9.2%

	As Reported (GAAP)	Integration Costs	Acquisition-Related Costs ⁽¹⁾	Cadbury	Base Kraft Foods (Non- GAAP)
For the Three Months Ended March 31, 2010					
<u>Kraft Foods Europe</u>					
Net revenues	\$ 2,709	\$ -	\$ -	\$ (589)	\$ 2,120
Operating Income	\$ 289	\$ 1	\$ 23	\$ (88)	\$ 225
Operating Income Margin	10.7%				10.6%
For the Three Months Ended June 30, 2010					
<u>Kraft Foods Europe</u>					
Net revenues	\$ 2,793	\$ -	\$ -	\$ (662)	\$ 2,131
Operating Income	\$ 335	\$ 33	\$ -	\$ (107)	\$ 261
Operating Income Margin	12.0%				12.2%

(1) Acquisition-related costs include transaction advisory fees, U.K. stamp taxes and the impact of the Cadbury inventory revaluation.



GAAP to Non-GAAP Reconciliation

Cash Flows For the Twelve Months Ending December 31,

(\$ in billions, Unaudited)

	Kraft Foods Inc.		
	2007	2008	2009
Net Cash Provided by Operating Activities (GAAP)	\$ 3.6	\$ 4.1	\$ 5.1
Capital Expenditures	(1.2)	(1.4)	(1.3)
Free Cash Flow (Non-GAAP) ⁽¹⁾	\$ 2.3	\$ 2.8	\$ 3.8

⁽¹⁾May not add due to rounding

GAAP to Non-GAAP Reconciliation

Net Revenues Growth (Unaudited)

Kraft Foods Inc.

	<u>As Reported (GAAP)⁽¹⁾</u>	<u>Impact of Divestitures / Other</u>	<u>Impact of Acquisitions</u>	<u>Impact of Currency</u>	<u>Organic (Non-GAAP)</u>
<u>For the Twelve Months Ended:</u>					
December 31, 2007	8.6%	(0.6)pp	0.8pp	3.1pp	5.3%
December 31, 2008	16.9%	(0.8)pp	8.9pp	2.0pp	6.8%
December 31, 2009	(3.7)%	(0.7)pp	0.0pp	(4.5)pp	1.5%
<hr/>					
Compound Annual Growth Rate, 2006 - 2009:	6.9%				4.5%

⁽¹⁾Includes the results of the frozen pizza business



GAAP to Non-GAAP Reconciliation

Net Revenues Growth (Unaudited)

	Kraft Foods Developing Markets				
	<u>As Reported (GAAP)</u>	<u>Impact of Divestitures / Other</u>	<u>Impact of Acquisitions</u>	<u>Impact of Currency</u>	<u>Organic (Non-GAAP)</u>
<u>For the Twelve Months Ended:</u>					
December 31, 2007	18.0%	0.0pp	0.2pp	6.5pp	11.3%
December 31, 2008	38.0%	(0.1)pp	4.7pp	15.9pp	17.5%
December 31, 2009	(3.5)%	(0.5)pp	0.0pp	(12.9)pp	9.9%
Compound Annual Growth Rate, 2006 - 2009:	16.3%				12.9%

