

KRAFT FOODS INC  
Form S-4/A  
January 20, 2010  
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As filed with the Securities and Exchange Commission on January 19, 2010

Registration No. 333-163483

**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

**Amendment No. 2**

to

**Form S-4**

**REGISTRATION STATEMENT**

*UNDER*

*THE SECURITIES ACT OF 1933*

**KRAFT FOODS INC.**

(Exact name of registrant as specified in its charter)

**Virginia**  
(State or other jurisdiction of  
incorporation or organization)

**2000**  
(Primary Standard Industrial  
Classification Code Number)  
**Three Lakes Drive**

**52-2284372**  
(I.R.S. Employer  
Identification Number)

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Northfield, Illinois 60093

(847) 646-2000

(Address, including zip code, and telephone number,

including area code, of registrant's principal executive offices)

Marc S. Firestone

Executive Vice President, Corporate & Legal Affairs and General Counsel

Kraft Foods Inc.

Three Lakes Drive

Northfield, Illinois 60093

(847) 646-2000

(Name, address, including zip code, and telephone number

including area code, of agent for service)

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<b>(212) 351-4000</b>		

**Approximate date of commencement of proposed sale of the securities to the public:** As soon as practicable after the effective date of this Registration Statement.

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If the securities being registered on this Form are being offered in connection with the formation of a holding company and there is compliance with General Instruction G, check the following box. "

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. "

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. "

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of large accelerated filer, accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer       Accelerated filer       Non-accelerated filer       Smaller reporting company   
(Do not check if a smaller reporting company)

**The Registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the Registrant shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933, as amended, or until the Registration Statement shall become effective on such date as the Commission, acting pursuant to Section 8(a), may determine.**

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**The information in this prospectus/offer to exchange is not complete and may be changed. Kraft Foods Inc. may not complete the offer to exchange and issue these securities until the registration statement filed with the Securities and Exchange Commission is effective. This prospectus/offer to exchange is not an offer to sell these securities and Kraft Foods Inc. is not soliciting an offer to buy these securities in any state or jurisdiction where the offer or sale is not permitted.**

**SUBJECT TO COMPLETION, DATED JANUARY 19, 2010**

**Offer to Exchange**

**Each Outstanding Ordinary Share**

**(Including Ordinary Shares Represented by American Depositary Shares)**

**of**

**Cadbury plc**

**by**

**Kraft Foods Inc.**

Kraft Foods Inc., a Virginia corporation, is offering to acquire all of the issued and outstanding ordinary shares of 10 pence each of Cadbury plc, including Cadbury ordinary shares represented by American Depositary Shares, or Cadbury ADSs. Each Cadbury ADS represents four Cadbury ordinary shares. In this prospectus/offer to exchange, we refer to holders of Cadbury ordinary shares as Cadbury shareholders, and we refer to Cadbury shareholders and holders of Cadbury ADSs together as Cadbury securityholders. References in this prospectus/offer to exchange to Cadbury ADSs include the underlying Cadbury ordinary shares.

This prospectus/offer to exchange sets forth the terms of our recommended increased and final\* offer for Cadbury, which we refer to as the offer. Cadbury securityholders who accept the offer are entitled to receive:

500 pence in cash and 0.1874 shares of Kraft Foods Class A common stock, without par value, which we refer to as Kraft Foods common stock, in exchange for each outstanding Cadbury ordinary share validly tendered and not withdrawn; and

2,000 pence in cash and 0.7496 shares of Kraft Foods common stock, in exchange for each outstanding Cadbury ADS validly tendered and not withdrawn.

**Based on the closing share price of \$29.58 per share of Kraft Foods common stock on the NYSE on January 15, 2010, and an exchange rate of \$1.63 to £1.00 (as quoted by WM/Reuters on January 18, 2010), the offer has a value, in aggregate, of 840 pence per Cadbury ordinary share and \$54.77 per Cadbury ADS.**

If you accept the offer, you may request to vary the proportion of shares of Kraft Foods common stock and cash you will receive pursuant to a mix and match facility, including by electing to receive only cash or only shares of Kraft Foods common stock. However, your mix and match election will only be satisfied to the extent that other Cadbury securityholders make off-setting elections in the offer.

If you tender your Cadbury ordinary shares in the offer, you will receive the cash portion of the offer consideration for your Cadbury ordinary shares in pounds sterling, unless you specifically elect to receive U.S. dollars. If you tender your Cadbury ADSs in the offer, you will receive the cash portion of the offer consideration for your Cadbury ADSs in U.S. dollars, unless you specifically elect to receive pounds sterling. Please see the section of this prospectus/offer to exchange entitled "The Offer Payment of Cash and Stock Consideration Currency."

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Our obligation to accept for exchange, and to exchange, shares of Kraft Foods common stock for Cadbury ordinary shares, including those represented by Cadbury ADSs, is subject to a number of conditions that are described in paragraph 1 (*Conditions of the Offer*) of Part A of Appendix A to this prospectus/offer to exchange.

**This prospectus/offer to exchange amends and supersedes information included in the prospectus/offer to exchange we filed with the Securities and Exchange Commission on December 4, 2009, which we refer to as the original prospectus/offer to exchange, as amended on December 23, 2009.**

THE OFFER AND THE WITHDRAWAL RIGHTS WILL EXPIRE AT 8:00 A.M. NEW YORK CITY TIME (1:00 P.M. LONDON TIME) ON FEBRUARY 2, 2010, UNLESS THE INITIAL OFFER PERIOD IS EXTENDED. CADBURY ORDINARY SHARES AND CADBURY ADSs TENDERED PURSUANT TO THE OFFER MAY BE WITHDRAWN AT ANY TIME PRIOR TO THE EXPIRATION OF THE INITIAL OFFER PERIOD, AS IT MAY BE EXTENDED.

All holders of Cadbury ordinary shares who are U.S. holders (within the meaning of Rule 14d-1(d) under the Securities Exchange Act of 1934, as amended (the Exchange Act ), or residents of Canada, and all holders of Cadbury ADSs, wherever located, will receive this prospectus/offer to exchange. All holders of Cadbury ordinary shares who are not U.S. holders or residents of Canada will receive separate offer documents. Cadbury securityholders will only receive the relevant offer documents if they are permitted by law to receive them.

Kraft Foods common stock trades on the New York Stock Exchange, or the NYSE, under the symbol KFT. Cadbury ordinary shares trade on the London Stock Exchange, or the LSE, under the symbol CBRY. Cadbury ADSs trade on the NYSE under the symbol CBY.

**FOR A DISCUSSION OF RISKS AND OTHER FACTORS THAT YOU SHOULD CONSIDER IN CONNECTION WITH THE OFFER, PLEASE CAREFULLY READ THE SECTION OF THIS PROSPECTUS/OFFER TO EXCHANGE ENTITLED RISK FACTORS BEGINNING ON PAGE 19.**

**Kraft Foods has not authorized any person to provide any information or to make any representation in connection with the offer other than the information contained or incorporated by reference in this prospectus/offer to exchange, and if any person provides any of this information or makes any representation of this kind, you should not rely upon that information or representation as having been authorized by Kraft Foods.**

**None of the Securities and Exchange Commission, any state securities commission or any other regulatory authority has approved or disapproved of these securities or passed upon the adequacy or accuracy of this prospectus/offer to exchange. Any representation to the contrary is a criminal offense.**

**THIS PROSPECTUS/OFFER TO EXCHANGE IS NOT AN OFFER TO SELL SECURITIES AND IT IS NOT A SOLICITATION OF AN OFFER TO BUY SECURITIES, NOR SHALL THERE BE ANY SALE OR PURCHASE OF SECURITIES PURSUANT HERETO, IN ANY JURISDICTION IN WHICH SUCH OFFER, SOLICITATION OR SALE IS NOT PERMITTED OR WOULD BE UNLAWFUL PRIOR TO REGISTRATION OR QUALIFICATION UNDER THE LAWS OF ANY SUCH JURISDICTION. IF YOU ARE IN ANY DOUBT AS TO YOUR ELIGIBILITY TO PARTICIPATE IN THE OFFER, YOU SHOULD CONTACT YOUR PROFESSIONAL ADVISER IMMEDIATELY.**

\*The offer is final and will not be increased, except that we reserve the right to increase the offer if there is an announcement on or after the date hereof of an offer or a possible offer for Cadbury by a third party offeror or potential offeror.

**The date of this prospectus/offer to exchange is January 19, 2010**

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**THIS PROSPECTUS/OFFER TO EXCHANGE INCORPORATES IMPORTANT BUSINESS AND FINANCIAL INFORMATION ABOUT KRAFT FOODS AND CADBURY FROM DOCUMENTS FILED WITH THE SECURITIES AND EXCHANGE COMMISSION, OR THE SEC, THAT HAVE NOT BEEN INCLUDED IN OR DELIVERED WITH THIS PROSPECTUS/OFFER TO EXCHANGE. THIS INFORMATION IS AVAILABLE AT THE INTERNET WEB SITE THE SEC MAINTAINS AT [WWW.SEC.GOV](http://WWW.SEC.GOV), AS WELL AS FROM OTHER SOURCES. PLEASE SEE THE SECTION OF THIS PROSPECTUS/OFFER TO EXCHANGE ENTITLED WHERE YOU CAN FIND MORE INFORMATION. YOU ALSO MAY REQUEST COPIES OF THESE DOCUMENTS FROM KRAFT FOODS, WITHOUT CHARGE, UPON WRITTEN OR ORAL REQUEST TO KRAFT FOODS INFORMATION AGENT AT ITS ADDRESS OR TELEPHONE NUMBER SET FORTH ON THE BACK COVER OF THIS PROSPECTUS/OFFER TO EXCHANGE. IN ORDER TO RECEIVE TIMELY DELIVERY OF THE DOCUMENTS, YOU MUST MAKE YOUR REQUEST NO LATER THAN JANUARY 26, 2010, OR FIVE BUSINESS DAYS PRIOR TO THE EXPIRATION DATE OF THE INITIAL OFFER PERIOD, AS IT MAY BE EXTENDED, WHICHEVER IS LATER.**

In making their decision whether or not to accept the offer, Cadbury securityholders who are South African residents will need to take into account the South African Exchange Control Regulations issued in terms of the Currency and Exchanges Act, 1933 (the Excon Regulations ), and consider whether or not their acceptance of the offer and their subsequent receipt of consideration for their Cadbury ADSs from Kraft Foods, whether in the form of cash and/or shares of Kraft Foods common stock, will be in compliance with the Excon Regulations.

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**NOTE ON CADBURY INFORMATION**

We have taken all information (other than certain information concerning Cadbury share options) concerning Cadbury, its business, management and operations presented or incorporated by reference in this prospectus/offer to exchange from publicly available information. This information may be examined and copies may be obtained at the places and in the manner set forth in the section of this prospectus/offer to exchange entitled Where You Can Find More Information. We have not had due diligence access to Cadbury or its business or management for the purposes of preparing this prospectus/offer to exchange. Therefore, non-public information concerning Cadbury's business and financial condition was not available to us for the purpose of preparing this prospectus/offer to exchange. Although we have no knowledge that would indicate that any information or statements relating to Cadbury contained or incorporated by reference in this prospectus/offer to exchange are inaccurate or incomplete, we were not involved in the preparation of the information or the statements.

We refer to Kraft Foods and its subsidiaries, including Cadbury and its subsidiaries, after completion of the offer, as the combined company. Any financial information regarding Cadbury that may be detrimental to the combined company and that has not been publicly disclosed by Cadbury, or errors in our estimates due to the lack of cooperation from Cadbury, may have an adverse effect on the benefits we expect to achieve through the consummation of the offer.

Pursuant to Rule 409 under the Securities Act of 1933, as amended (the Securities Act), and Rule 12b-21 under the Exchange Act, we have requested that Cadbury provide us with information required for complete disclosure regarding Cadbury's businesses, operations, financial condition and management. To date, we have not received such information. If we receive the information before the offer expires and we consider it to be material, reliable and appropriate, then we will amend or supplement this prospectus/offer to exchange to provide this information.

An auditor's report was issued on Cadbury's financial statements and included in Cadbury's filings with the SEC. Pursuant to Rule 439 under the Securities Act, we are required to obtain the consent of Cadbury's independent auditors to incorporate by reference their audit reports included in Cadbury's Annual Report on Form 20-F for the year ended December 31, 2008 into this prospectus/offer to exchange. We have requested that consent from Cadbury but have not received it to date. If and when we receive this consent, we will promptly file it as an exhibit to our registration statement of which this prospectus/offer to exchange forms a part. If we do not receive such consent, there is a risk that the SEC may not declare our registration statement effective.

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**CURRENCIES**

In this prospectus/offer to exchange, unless otherwise specified or the context otherwise requires:

pounds sterling, pounds, sterling, U.K. pounds, £, pence or p each refer to the lawful currency of the United Kingdom;

U.S. dollars, dollars or \$ each refer to the lawful currency of the United States; and

euro or each refer to the currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty establishing the European Community, as amended.

We publish our financial statements in U.S. dollars and Cadbury publishes its financial statements in pounds sterling. Certain Kraft Foods and Cadbury financial information included in this prospectus/offer to exchange was translated using company specific exchange rates. In preparing our financial statements, we translated the results of operations of our foreign subsidiaries into U.S. dollars using average exchange rates during each period indicated. We translated balance sheet accounts into U.S. dollars using exchange rates at the end of each period indicated. According to Cadbury's public filings, in preparing its financial statements, Cadbury translated the balance sheets of its non-U.K. subsidiaries into pounds sterling using exchange rates at the end of each period indicated. Cadbury translated the results of its non-U.K. subsidiary undertakings into pounds sterling at an average rate, calculated using the exchange rates prevailing at the end of each month during the applicable period presented. We are not making any representation to you regarding those translated amounts. Please see the section of this prospectus/offer to exchange entitled "Exchange Rate Information" for additional information regarding the exchange rates between pounds sterling and the U.S. dollar.

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**IMPORTANT DATES AND TIMES**

*You should take note of the dates and times set forth in the table below in connection with the offer. These dates and times may change in accordance with the terms and conditions of the offer, as described in this prospectus/offer to exchange.*

<b>Event</b>	<b>Time and/or date</b>
Latest time and date for Cadbury securityholders to accept the offer and end of the initial offer period (unless extended)	8:00 a.m. New York City time (1:00 p.m. London time) on February 2, 2010
Expected date on which the offer will become or be declared wholly unconditional	February 2, 2010
Payment of consideration to Cadbury securityholders who accept the offer during the initial offer period (the Settlement Date )	As soon as practicable after February 2, 2010 and by no later than February 16, 2010
Shares of Kraft Foods common stock to be issued in the offer begin trading on the NYSE	On or about the Settlement Date

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**QUESTIONS AND ANSWERS ABOUT THE OFFER**

*This section includes some of the questions that you, as a U.S. or Canadian Cadbury shareholder or as a holder of Cadbury ADSs, may have regarding the offer, along with answers to those questions. This section and the section of this prospectus/offer to exchange entitled Summary together provide a summary of the material terms of the offer. These sections highlight selected information from this prospectus/offer to exchange, but do not contain all of the information that may be important to you. To better understand the offer, you should read this entire prospectus/offer to exchange, including the appendices, carefully, as well as those additional documents incorporated by reference or referred to in this prospectus/offer to exchange. You may obtain the information incorporated by reference into this prospectus/offer to exchange by following the instructions in the section of this prospectus/offer to exchange entitled Incorporation by Reference.*

*Page numbers in parentheses refer to other places in this prospectus/offer to exchange that may contain more detailed information regarding the subject matter summarized, and we urge you to read carefully the remainder of this prospectus/offer to exchange and the accompanying Form of Acceptance or ADS Letter of Transmittal, as applicable.*

*References in this prospectus/offer to exchange to we, us and our refer to Kraft Foods Inc. and, where applicable, its subsidiaries. References in this prospectus/offer to exchange to numbers of days refer to calendar days, unless otherwise indicated.*

**1. What is Kraft Foods offering to acquire in the offer?**

In the offer, we are seeking to acquire all Cadbury ordinary shares, including those represented by Cadbury ADSs.

**2. How has Kraft Foods changed the offer?**

Under the basic terms of the offer, if you accept the offer you will now receive for each Cadbury ordinary share:

500 pence in cash; and

0.1874 shares of Kraft Foods common stock.

As each Cadbury ADS represents four Cadbury ordinary shares, if you accept the offer and elect to receive the basic terms of the offer, you will receive for each Cadbury ADS:

2,000 pence in cash; and

0.7496 shares of Kraft Foods common stock.

We will not pay any interest on the payments to which you are entitled under the offer.

If you tender your Cadbury ordinary shares in the offer, you will receive the cash portion of the offer consideration for your Cadbury ordinary shares in pounds sterling, unless you specifically elect to receive U.S. dollars. If you tender your Cadbury ADSs in the offer, you will receive the cash portion of the offer consideration for your Cadbury ADSs in U.S. dollars, unless you specifically elect to receive pounds sterling. Please see Question 10 and the section of this prospectus/offer to exchange entitled The Offer Payment of Cash and Stock Consideration Currency.

On January 19, 2010, we announced that we reserve the right to, and intend to, reduce the number of acceptances required to fulfill the minimum acceptance condition from 90% to 50% plus one Cadbury ordinary share (i.e., a majority) on or after January 26, 2010. We will further communicate this by placing an advertisement in the *Wall Street Journal*.



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Furthermore, the offer is subject to the condition that our shareholders shall have approved any proposals required under certain rules of the NYSE to approve the issuance of the Kraft Foods common stock in connection with the offer, as revised. However, the terms of the offer do *not* require the approval of our shareholders. Accordingly, the shareholder approval condition described in paragraph 1 (*Conditions of the Offer*) of Part A of Appendix A is treated as satisfied for the purposes of the offer.

### **3. Does the Cadbury board of directors support the offer?**

Yes. On January 19, 2010, the Cadbury board of directors made the following recommendation:

The board of Cadbury, which has been so advised by Goldman Sachs International, Morgan Stanley & Co. Limited and UBS Investment Bank considers the terms of the Final Offer to be fair and reasonable. In providing their financial advice to the board of Cadbury, Goldman Sachs International, Morgan Stanley & Co. Limited and UBS Investment Bank have taken into account the board's commercial assessments.

Accordingly, the board of Cadbury unanimously recommends Cadbury securityholders to accept the terms of the Final Offer.

Commenting on the offer, Roger Carr, Chairman of Cadbury, said:

*We believe the offer represents good value for Cadbury shareholders and are pleased with the commitment that Kraft Foods has made to our heritage, values and people throughout the world. We will now work with the Kraft Foods management to ensure the continued success and growth of the business for the benefit of our customers, consumers and employees.*

In addition, Cadbury has agreed to pay an inducement fee of £117.7 million, which is approximately 1% of the aggregate value of the offer subject to any adjustment for value added tax (VAT), in the circumstances where a competing offer is announced and either is recommended by Cadbury or that offer or another third party offer becomes unconditional and our offer lapses or is withdrawn, unless, prior to such announcement, Cadbury withdraws its recommendation for reasons demonstrably unrelated to such competing third party offer.

In addition, Cadbury has advised us that Cadbury shareholders will be receiving 10 pence per Cadbury ordinary share by way of a special dividend. This will, in effect, enable Cadbury shareholders to receive 10 pence out of the planned final dividend of 12.3 pence per share previously announced by Cadbury, subject to board and shareholder approval, which would otherwise not become payable.

### **4. What is the value of the offer as of the date of this prospectus/offer to exchange?**

Based on the closing share price of \$29.58 per share of Kraft Foods common stock on the NYSE on January 15, 2010, and an exchange rate of \$1.63 to £1.00 (as quoted by WM/Reuters on January 18, 2010), the offer has a value of approximately 840 pence per Cadbury ordinary share and \$54.77 per Cadbury ADS.

Because the value of the offer depends on the trading price of Kraft Foods common stock and the prevailing dollar to pound sterling currency exchange rate, it is subject to change. We urge you to obtain current market information regarding Kraft Foods common stock and current exchange rate information.

### **5. How does the offer compare to Cadbury ordinary share prices and Cadbury ADS prices prior to the announcement of the offer?**

Based on the closing share price of \$29.58 per share of Kraft Foods common stock on the NYSE on January 15, 2010 and an exchange rate of \$1.63 per £1.00 (as quoted by WM/Reuters on January 18, 2010) the offer represents a substantial premium to Cadbury's unaffected share price. This premium is approximately:

60.5% over the closing middle market price of 524 pence for Cadbury ordinary shares on the LSE on July 3, 2009, the last trading day prior to analyst suggestions regarding potential sector consolidation;



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58.0% over the closing share price of \$34.66 for Cadbury ADSs on the NYSE on July 2, 2009, the last trading day prior to analyst suggestions regarding potential sector consolidation;

51.3% over the average daily closing middle market price for Cadbury ordinary shares on the LSE during the 90-day period ended on September 4, 2009, the last full trading day before our first public announcement of a possible offer for Cadbury, which was 555 pence per Cadbury ordinary share;

49.1% over the average daily closing share price for Cadbury ADSs on the NYSE during the 90-day period ended on September 4, 2009, which was \$36.74 per Cadbury ADS;

47.9% over the closing middle market price of 568 pence for Cadbury ordinary shares on the LSE on September 4, 2009; and

46.2% over the closing share price of \$37.46 for Cadbury ADSs on the NYSE on September 4, 2009.

**6. Why is Kraft Foods making the offer? (See page 41)**

We are making the offer to acquire control of Cadbury. We believe the financial and strategic rationale for the offer is compelling and will provide short- and long-term benefits to Cadbury securityholders who accept the offer. In particular:

We believe that the offer represents a compelling opportunity for Cadbury securityholders, providing the ability to receive approximately 60% of their consideration in cash and long-term value creation potential through a continued shareholding in the combined company.

Kraft Foods believes a combination with Cadbury will provide the potential for meaningful cost savings and revenue synergies from which Cadbury securityholders will benefit.

The combination creates a global leader in the global foods and confectionery sector.

Kraft Foods believes a combination represents a strong and complementary strategic fit, creating a global confectionery leader with a portfolio of more than 40 confectionery brands each with annual sales in excess of \$100 million.

Kraft Foods and Cadbury have a highly complementary geographic footprint, providing the combined company with a leading presence in attractive global markets.

The combined company will have a leading position in developing markets, including in Brazil, Russia, India, China, and Mexico.

The company will benefit from important additional scale in the consolidating confectionery segments.

The combined company will have best-in-class infrastructure in both traditional and instant consumption routes to market.

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As with any investment decision, the anticipated benefits may not be realized. For a discussion of the risk factors that you should consider carefully, please see the section of this prospectus/offer to exchange entitled Risk Factors.

### **7. If I have already accepted the offer do I need to take any action?**

No. If you have already validly accepted the offer prior to the date of this prospectus/offer to exchange, you do not have to take any further action.

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**8. Why is Kraft Foods communicating the offer to certain Cadbury securityholders under this prospectus/offer to exchange and to other Cadbury securityholders under separate offering documents?**

We are communicating the offer under separate offer documentation to satisfy regulatory requirements. All holders of Cadbury ordinary shares who are U.S. holders (within the meaning of Rule 14d-1(d) under the Exchange Act) or residents of Canada and all holders of Cadbury ADSs, wherever located, will receive this prospectus/offer to exchange. All holders of Cadbury ordinary shares who are not U.S. holders or residents of Canada will receive separate offer documents. Cadbury securityholders will only receive the relevant offer documents if they are permitted by law to receive them. The terms of the offer are the same regardless of the offer documentation used.

**9. May I request to receive more cash or more Kraft Foods common stock than the basic terms of the offer described above? (See page A-22)**

Yes. There is a mix and match facility available to Cadbury securityholders. Under this facility, you may elect to vary the proportions in which you receive Kraft Foods common stock and cash consideration, subject to off-setting elections being made by the other Cadbury securityholders. As such, it might not be possible to satisfy every election under the facility. To the extent that elections cannot be satisfied in full, they will be reduced on a *pro rata* basis.

To the extent that valid elections under the mix and match facility can be satisfied, Cadbury securityholders will receive Kraft Foods common stock instead of cash due under the offer or *vice versa* on the basis of a fixed rate of £15.94 in cash for each share of Kraft Foods common stock. The price has been set using the closing share price of Kraft Foods common stock on the NYSE on December 1, 2009, and an exchange rate of \$1.6627 to £1.00 (as quoted by WM/Reuters on December 1, 2009).

Valid elections under the mix and match facility received during the initial offer period will be off-set against each other in one off-setting pool. At the time we made the offer on December 4, 2009, we reserved the right to extend the mix and match facility during the subsequent offer period. We have since determined that we will in fact make the mix and match facility available during the subsequent offer period. Assuming the subsequent offer period extends beyond 14 days, there will be multiple settlement dates on which we will settle the consideration for Cadbury ordinary shares, including those represented by Cadbury ADSs, tendered in the subsequent offer period. As a result, there will be separate off-setting pools for Cadbury ordinary shares, including those represented by Cadbury ADSs, tendered in the subsequent offer period and settled together on a particular settlement date. Accordingly, all mix and match calculations in respect of Cadbury securityholders who accept the offer during the subsequent offer period will be made by reference to the number of valid acceptances and elections we receive that are to be settled on each settlement date.

The number of shares of Kraft Foods common stock we will issue and the total cash consideration we will pay in the offer will not change as a result of elections under the mix and match facility.

You are not required to make an election. If you accept the offer and you choose not to make a mix and match election, or if you do not make a valid mix and match election, you will receive the basic terms of the offer. The invalidity of an election under the mix and match facility will not affect the validity of an acceptance of the offer.

The mix and match election procedure is described more fully in paragraph 6 (*The Mix and Match Facility*) of Part B of Appendix A to this prospectus/offer to exchange and the accompanying Form of Acceptance and ADS Letter of Transmittal. If you wish to make a mix and match election, you should carefully read and comply with the instructions in the accompanying Form of Acceptance or ADS Letter of Transmittal, as applicable.

Please see the section of this prospectus/offer to exchange entitled *Risk Factors* *Risk Factors Relating to the Offer*. If you elect to use the mix and match facility, you may not receive the consideration in the proportion of Kraft Foods common stock and cash requested.

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**10. In what currency will I receive the cash portion of the offer consideration? (See page 54)**

If you tender Cadbury ordinary shares in the offer, you will receive the cash portion of the offer consideration for your Cadbury ordinary shares in pounds sterling, unless you specifically elect to receive it in U.S. dollars. If you tender your Cadbury ADSs in the offer, you will receive the cash portion of the offer consideration for your Cadbury ADSs in U.S. dollars, unless you specifically elect to receive it in pounds sterling.

If you specifically elect to receive the cash portion of your consideration in U.S. dollars, the cash amount payable in pounds sterling to which you would otherwise be entitled pursuant to the offer will be paid (net of all relevant fees and expenses) in U.S. dollars, based on the exchange rate obtainable on the spot market in London on the date the cash consideration is made available by Kraft Foods to Computershare Investor Services PLC (the Ordinary Share Exchange Agent ) or Computershare Trust Company, N.A. (the ADS Exchange Agent ) for delivery in respect of your Cadbury ordinary shares or Cadbury ADSs.

**11. How will I receive the share portion of the offer consideration?**

The manner in which you will receive any shares of Kraft Foods common stock that you are entitled to receive in the offer will vary depending on a number of factors, including whether you hold Cadbury ordinary shares or Cadbury ADSs, whether you possess physical certificates or hold your Cadbury ordinary shares, including those represented by Cadbury ADSs, in uncertificated or book-entry form and whether you hold them through an intermediary, such as a stockbroker, custodian bank or clearing system. We will not issue actual stock certificates.

If you hold Cadbury ordinary shares or Cadbury ADSs in certificated form, a book-entry account statement reflecting your ownership of shares of Kraft Foods common stock will be mailed to you.

If you hold your Cadbury ordinary shares in uncertificated form (that is, in CREST, the U.K. paperless settlement system) you will receive CREST Depository Interests, or CDIs, representing entitlements to your shares of Kraft Foods common stock, which will be credited to your CREST account. CDIs are depository interests in non-U.K. securities, in this case, shares of Kraft Foods common stock. The CDIs will be treated as shares of Kraft Foods common stock for the purposes of determining, for example, eligibility for any dividends. We intend to establish, in accordance with applicable law and to the extent possible, arrangements under which holders of CDIs will be able to receive notices of shareholder meetings, annual reports and any other documents we send to our shareholders. In addition, we intend to establish arrangements under which holders of CDIs will be able to give voting directions at meetings of our shareholders in a generally equivalent way to the holders of Kraft Foods common stock. Further details of the CDIs are set forth in the section of this prospectus/offer to exchange entitled Description of Kraft Foods Capital Stock Information on CREST Depository Interests. Except where the context otherwise requires, references in this prospectus/offer to exchange to Kraft Foods common stock include, where applicable, the CDIs.

If you hold your Cadbury ADSs through an intermediary in book-entry form (that is, you hold your Cadbury ADSs in a brokerage or custodian account and through a clearing system), your brokerage account will be credited for the shares of Kraft Foods common stock.

**12. How long will the offer remain open? (See page A-13)**

Unless we extend the offer, the offer will expire at 8:00 a.m. New York City time (1:00 p.m. London time) on February 2, 2010.

**13. What is the minimum acceptance condition ? (See page A-1)**

The minimum acceptance condition initially required that holders of at least 90% of the outstanding Cadbury ordinary shares, including those represented by Cadbury ADSs, validly accept the offer. On January 19, 2010, we

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announced that we reserve the right to, and intend to, reduce the number of acceptances required to fulfill the minimum acceptance condition from 90% to 50% plus one Cadbury ordinary share (i.e., a majority) on or after January 26, 2010. We will further communicate this by placing an advertisement in the *Wall Street Journal*. If you have already accepted the offer, but your willingness to accept the offer would be affected by the reduction of the minimum acceptance condition, you may wish to consider withdrawing your acceptance with respect to such Cadbury ordinary shares, including those represented by Cadbury ADSs, from the offer.

With the consent of the U.K. Panel on Takeovers and Mergers (the U.K. Takeover Panel), in determining whether the minimum acceptance condition has been satisfied, we may be permitted to exclude certain Cadbury ordinary shares issued after the time agreed with the U.K. Takeover Panel and prior to the expiration of the initial offer period.

**14. What does it mean for the offer to become or be declared wholly unconditional ?**

The offer will become or be declared wholly unconditional when all of the conditions of the offer described in paragraph 1 (*Conditions of the Offer*) of Part A of Appendix A to this prospectus/offer to exchange have been satisfied or waived by us. The minimum acceptance condition cannot become or be declared satisfied until all of the other conditions have been satisfied, fulfilled or to the extent permitted, waived. We cannot acquire your Cadbury ordinary shares, including those represented by Cadbury ADSs, pursuant to the offer until the offer becomes or is declared wholly unconditional. You will not have withdrawal rights after the offer becomes or is declared wholly unconditional except in certain limited circumstances (for example, if we have failed to make certain announcements required by the U.K. City Code on Takeovers and Mergers (the U.K. Takeover Code) or if we withdraw an announcement that the offer will not be increased or further extended after a particular date). These circumstances are described in paragraph 4 (*Rights of Withdrawal*) of Part B of Appendix A to this prospectus/offer to exchange.

**15. What is the last day the offer could become or be declared wholly unconditional? (See page A-13)**

If the conditions of the offer have not been satisfied or waived by us by 8:00 a.m. New York City time (1:00 p.m. London time) on February 2, 2010 (or such earlier time or date that we state), the offer will lapse. We may extend the offer beyond this time if:

a competing bid has been made for Cadbury; or

the U.K. Takeover Code permits; or

the U.K. Takeover Panel agrees, and we comply with the applicable U.S. tender offer rules. If we do not complete the offer, we will not purchase your Cadbury ordinary shares, including those represented by Cadbury ADSs, and we will return any Cadbury ordinary shares or Cadbury ADSs you tender.

**16. How will Kraft Foods let me know if it extends the initial offer period or if the offer has become or is declared wholly unconditional? (See page A-16)**

If we extend the initial offer period, we will issue a press release on, among others, PR Newswire, by 3:00 a.m. New York City time (8:00 a.m. London time) on the following U.S. business day or U.K. business day (whichever is earlier), or at such later time or date as the U.K. Takeover Panel agrees and in accordance with U.S. tender offer rules. This announcement will include the new expiration date and time of the initial offer period. It will also inform you that you may tender, or withdraw your tendered, Cadbury ordinary shares and Cadbury ADSs, at any time until this expiration time and date, unless the offer becomes or is declared wholly unconditional prior to this time and date.

If the offer becomes or is declared wholly unconditional prior to February 2, 2010, we will issue a press release on, among others, PR Newswire, by 3:00 a.m. New York City time (8:00 a.m. London time) on the



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following U.S. business day or U.K. business day (whichever is earlier), or at a later time or date that the U.K. Takeover Panel agrees and in accordance with U.S. tender offer rules. If the offer becomes or is declared wholly unconditional on February 2, 2010, we will issue a press release on, among others, PR Newswire, by 12:00 p.m. New York City time (5:00 p.m. London time) on the following U.S. business day or U.K. business day (whichever is earlier), or at a later time or date that the U.K. Takeover Panel agrees and in accordance with U.S. tender offer rules. This announcement will also state that the initial offer period has closed and that a subsequent offer period has commenced.

We will also post these announcements on our web site at [www.transactioninfo.com/kraftfoods](http://www.transactioninfo.com/kraftfoods).

**17. Will there be a subsequent offer period?**

If the offer becomes or is declared wholly unconditional, a subsequent offer period will start immediately. The subsequent offer period will be open for at least 14 days. We may extend the subsequent offer period until a later specified date or until further notice.

**18. What is the difference between the initial offer period and the subsequent offer period?**

The initial offer period is the period during which the offer remains conditional, which commenced on December 4, 2009 and expires on the earliest of (a) the offer lapsing, (b) the offer becoming or being declared wholly unconditional in accordance with its terms and (c) 8:00 a.m. New York City time (1:00 p.m. London time) on February 2, 2010 or such later time and date as agreed with the U.K. Takeover Panel and in accordance with U.S. tender offer rules. If the offer has not become or been declared wholly unconditional by 8:00 a.m. New York City time (1:00 p.m. London time) on February 2, 2010, or such later time and date as we may extend the initial offer period, and we do not further extend the initial offer period, the offer will lapse.

You will have withdrawal rights throughout the initial offer period. You will not have withdrawal rights in the subsequent offer period except in certain limited circumstances (for example, if we have failed to make certain announcements required by the U.K. Takeover Code or if we withdraw an announcement that the offer will not be increased or further extended after a particular date). These circumstances are described in paragraph 4 (*Rights of Withdrawal*) of Part B of Appendix A to this prospectus/offer to exchange.

**19. Will I receive the same consideration if I accept the offer during the subsequent offer period?**

Yes. However, because the exchange ratio is fixed, the market value of each share of Kraft Foods common stock you receive in the subsequent offer period may be more or less than the market value at the time the initial offer period ends. Furthermore, as described in Question 9, there will be separate off-setting pools for Cadbury ordinary shares, including those represented by Cadbury ADSs, tendered in the subsequent offer period and settled together on a particular settlement date. Accordingly, all mix and match calculations in respect of Cadbury securityholders who accept the offer during the subsequent offer period will be made by reference to the number of valid acceptances and elections we receive that are to be settled on each settlement date. As a result, Cadbury securityholders who tender their Cadbury ordinary shares or Cadbury ADSs during the subsequent offer period and elect for more cash or more shares of Kraft Foods common stock under the mix and match facility may receive a different proportion of their preferred consideration than those who accept during the initial offer period or those who accept earlier or later during the subsequent offer period.

**20. How do I accept the offer? (See page 47)**

You may accept the offer as follows:

*If you hold your Cadbury ordinary shares in certificated form.* To accept the offer, you must complete the Form of Acceptance in accordance with the instructions on it as soon as possible. These

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documents must be received by the Ordinary Share Exchange Agent at the address listed in the Form of Acceptance or on the back cover of this prospectus/offer to exchange, by 8:00 a.m. New York City time (1:00 p.m. London time) on February 2, 2010, or such later time and date to which the offer may be extended.

***If you hold your Cadbury ordinary shares in uncertificated form.*** To accept the offer, you must take (or cause the taking of) the action set out below to transfer the Cadbury ordinary shares in respect of which you wish to accept the offer to the appropriate escrow balance(s), specifying the Ordinary Share Exchange Agent as the escrow agent as soon as possible. In any event, the TTE Instruction must settle by 8:00 a.m. New York City time (1:00 p.m. London time) on February 2, 2010, or such later time or date to which the offer may be extended. The input and settlement of a TTE Instruction will (subject to satisfying the requirements set out in Part B (*Further Terms of the Offer*) and Part D (*Electronic Acceptance for Cadbury ordinary shares in uncertificated form*) of Appendix A to this prospectus/offer to exchange) constitute an acceptance of the offer in respect of the number of Cadbury ordinary shares so transferred to escrow. If you are a CREST sponsored member, you should refer to your CREST sponsor before taking any action. Only your CREST sponsor will be able to send the required TTE Instruction to Euroclear in relation to your Cadbury ordinary shares.

***If you hold your Cadbury ADSs in certificated form (that is, you hold one or more Cadbury American Depositary Receipts (ADRs)).*** To accept the offer, you should complete, sign and send the ADS Letter of Transmittal (or a manually signed facsimile thereof) with any required signature guarantees, together with your Cadbury ADRs and any other documents required by the ADS Letter of Transmittal, to the ADS Exchange Agent at the address listed on the back cover of this prospectus/offer to exchange as soon as possible. The ADS Exchange Agent must receive these documents by 8:00 a.m. New York City time (1:00 p.m. London time) on February 2, 2010, or such later time or date to which the offer may be extended.

***If you hold your Cadbury ADSs in direct registered (DRS) form.*** To accept the offer, you should convert your direct registration Cadbury ADSs into certificated Cadbury ADSs and follow the acceptance procedures for certificated Cadbury ADSs (or Cadbury ADRs) described above as soon as possible and, in any event, so as to be received by the ADS Exchange Agent at the address listed on the back cover of this prospectus/offer to exchange by 8:00 a.m. New York City time (1:00 p.m. London time) on February 2, 2010, or such later time or date to which the offer may be extended. Alternatively, you should arrange for your direct registration Cadbury ADSs to be transferred to a brokerage or custodian account and follow the instructions for acceptance provided by your broker or other institution as soon as possible and, in any event, by the deadline set by your broker or other institution. The conversion of direct registration Cadbury ADSs into certificated Cadbury ADSs and the transfer of direct registration Cadbury ADSs to a brokerage or custodian account may be subject to processing delays. Cadbury ADS holders transferring DRS Cadbury ADSs to a brokerage or custodian account may also incur fees charged by JPMorgan Chase Bank, N.A. or its successor, as Depository for the Cadbury ADSs (the ADS Depository) pursuant to the ADS deposit agreement or by their broker or custodian. You are encouraged to inquire with the ADS Depository and your broker or custodian regarding the amount and applicability of any such fees. JPMorgan Chase Bank, N.A. can be reached directly at (800) 990-1135, or, from outside the United States at (651) 453-2128, or, by contacting Global Invest Direct at (800) 428-4237.

***If you hold your Cadbury ordinary shares or Cadbury ADSs through one or more intermediaries, such as a stockbroker, custodian bank or clearing system.*** You should accept the offer by following the instructions that your applicable intermediary has established to accept the offer on your behalf. The custodian bank or stockbroker may set an earlier deadline for receiving instructions from Cadbury securityholders in order to permit the custodian bank or stockbroker to communicate acceptances to the Ordinary Share Exchange Agent or the ADS Exchange Agent in a timely manner. In order for your acceptance to count toward the minimum acceptance condition, you may have to act prior to the announced deadline for acceptance.

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Please see the section of this prospectus/offer to exchange entitled "The Offer Procedures for Accepting the Offer" for a detailed description of the procedures for accepting the offer.

**21. When will I receive the offer consideration for my tendered Cadbury ordinary shares or Cadbury ADSs? (See page 54)**

The timing of payment of the offer consideration will be consistent with U.K. practice, which differs from U.S. domestic tender offer procedures. If you accept the offer during the initial offer period and the offer becomes or is declared wholly unconditional, you will receive your consideration within 14 days after the end of the initial offer period. If you accept during the subsequent offer period, you will receive your consideration within 14 days after we receive your valid acceptance.

**22. Will I receive fractional shares of Kraft Foods common stock?**

No. We will not allot or issue fractional shares of Kraft Foods common stock to Cadbury securityholders who accept the offer (including such holders who are deemed to accept the offer). To the extent that you would be entitled to fractional shares, those fractional entitlements will be aggregated and sold in the market and the net proceeds of such sale (following conversion from U.S. dollars to pounds sterling, if applicable) distributed *pro rata* to the Cadbury securityholders entitled to them.

**23. Will I have to pay any brokerage commissions or transaction fees?**

If you tender your Cadbury ADSs in the offer, and the offer becomes or is declared wholly unconditional, the ADS Exchange Agent, as your representative, will, upon the request of Kraft Foods, instruct the ADS Depository on your behalf to withdraw the Cadbury ordinary shares represented by your tendered Cadbury ADSs and to deliver those Cadbury ordinary shares to the account or accounts designated by the ADS Exchange Agent. At such time, the ADS Depository will assess you a withdrawal fee of \$0.05 per Cadbury ADS. This fee will be deducted from the cash consideration payable to you. If you elect to receive additional shares of Kraft Foods common stock under the mix and match facility and, as a result, the cash consideration otherwise payable to you is not sufficient to cover this fee, your mix and match election will be adjusted to the extent necessary such that the cash consideration payable to you is sufficient to cover the amount of the fee. If the offer lapses or does not become or is not declared wholly unconditional, you will not be assessed any such fee.

If you are the record owner of your Cadbury ordinary shares or Cadbury ADSs, you will not have to pay any brokerage fees or similar expenses (other than the withdrawal fee of \$0.05 per Cadbury ADS described above, if applicable) to accept the offer. If you hold your Cadbury ordinary shares or Cadbury ADSs through an intermediary such as a stockbroker, custodian bank or other nominee, and the intermediary accepts the offer on your behalf, the intermediary may charge you a fee for doing so. You should consult your stockbroker, custodian bank or nominee to determine whether any charges will apply. We will reimburse brokers, dealers, commercial banks and trust companies and other nominees, upon request, for customary clerical and mailing expenses incurred by them in forwarding offering materials to their customers.

**24. After I accept the offer, may I change my mind and withdraw my acceptance? (See page A-17)**

You may withdraw your acceptance of the offer at any time until 8:00 a.m. New York City time (1:00 p.m. London time) on February 2, 2010, unless we extend the initial offer period. If we extend the initial offer period, you may withdraw your acceptance of the offer at any time prior to the new expiration time and date or until the offer becomes or is declared wholly unconditional, whichever is earlier.

In order to withdraw your Cadbury ordinary shares or Cadbury ADSs once you have accepted the offer, you must generally provide a written notice of withdrawal and follow the procedures set forth in paragraph 4 (*Rights of Withdrawal*) of Part B of Appendix A to this prospectus/offer to exchange while you still have the right to withdraw your acceptance.

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You will generally not be able to withdraw previously tendered Cadbury ordinary shares, including those represented by Cadbury ADSs, during the subsequent offer period. For more information on the circumstances in which you will have withdrawal rights in the subsequent offer period, please see paragraph 4 (*Rights of Withdrawal*) of Part B of Appendix A to this prospectus/offer to exchange.

### **25. Will I be taxed on the Kraft Foods common stock and cash that I receive? (See page 55)**

Yes. Your receipt of Kraft Foods common stock and cash, whether paid in pounds sterling or U.S. dollars, will be a taxable exchange for U.S. federal income tax purposes. For more information on the material U.S. federal income tax consequences of the offer, please see the section of this prospectus/offer to exchange entitled *The Offer Certain Material U.S. Federal Income and Estate Tax Consequences*.

WE URGE YOU TO CONTACT YOUR OWN TAX ADVISOR TO DETERMINE THE PARTICULAR TAX CONSEQUENCES TO YOU OF THE OFFER.

### **26. May I accept the offer with respect to my Cadbury share options?**

If you hold exercisable Cadbury share options and you would like to participate in the offer, you must first exercise the options and then tender the underlying Cadbury ordinary shares in accordance with the terms of the offer. The Cadbury ordinary shares received as a result of exercising Cadbury share options will be subject to the offer (provided they are issued prior to the expiration of the offer, or such later date and/or time as we may, with the consent of the U.K. Takeover Panel, determine).

### **27. What will happen to my Cadbury share options if the offer becomes or is declared wholly unconditional?**

We will make appropriate proposals to holders of Cadbury ordinary share options in due course.

### **28. Will the offer be followed by a compulsory acquisition?**

If the offer becomes or is declared wholly unconditional and we acquire 90% or more of the Cadbury ordinary shares, including those represented by Cadbury ADSs, during the initial offer period and the subsequent offer period, we intend to acquire any outstanding Cadbury ordinary shares, including those represented by Cadbury ADSs, through a compulsory acquisition procedure under the United Kingdom Companies Act 2006, as amended (the U.K. Companies Act ). In a compulsory acquisition, Cadbury securityholders who do not accept the offer will receive the same consideration received by any accepting Cadbury securityholder in the offer, which includes the opportunity to elect, subject to availability, to participate in a mix and match facility. If we do not achieve the 90% threshold, the compulsory acquisition procedure will not be available. However, the Cadbury ordinary shares may still be delisted as described in Question 30 below. Please see the section of this prospectus/offer to exchange entitled *Risk Factors Risk Factors Relating to the Offer Failure to acquire 100% of the Cadbury ordinary shares*, including Cadbury ADSs, may affect our ability to complete any post-closing restructuring of Cadbury and its subsidiaries. This could reduce or delay the cost savings or revenue benefits to the combined company.

### **29. Will I have dissenters or appraisal rights in the offer? (See page 60)**

No dissenters or appraisal rights are available in connection with the offer. However, in the event that we implement the compulsory acquisition procedures described in Question 28, Cadbury shareholders who have not participated in the offer and whose Cadbury ordinary shares are to be compulsorily acquired will have certain rights under the U.K. Companies Act to object to the U.K. court to Kraft Foods compulsorily acquiring their Cadbury ordinary shares.

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**30. If I decide not to accept the offer, how will the offer affect my Cadbury ordinary shares or Cadbury ADSs? (See page 61)**

If we complete the offer, but we do not acquire your Cadbury ordinary shares, including those represented by your Cadbury ADSs, under the compulsory acquisition procedures described in Question 28, you will remain a Cadbury shareholder or a holder of Cadbury ADSs (unless we terminate Cadbury's ADS program, in which case you will be a Cadbury shareholder), and will, therefore, become a minority shareholder in a subsidiary of Kraft Foods. If we do not complete the offer, your status as a Cadbury shareholder or holder of Cadbury ADSs will not be affected.

If we acquire 75% of the voting rights of Cadbury, we intend to cause Cadbury to apply for cancellation of the listing of the Cadbury ordinary shares on the Official List maintained by the United Kingdom Financial Services Authority (the U.K. Official List) and the trading of the Cadbury ordinary shares on the LSE's main market for listed securities. If we complete the offer, we intend, subject to the rules of the NYSE, to cause Cadbury to apply for the delisting of the Cadbury ADSs from the NYSE and terminate Cadbury's ADS program. We may also seek to have Cadbury terminate the registration of the Cadbury ordinary shares and the Cadbury ADSs under the Exchange Act. This would substantially reduce the information Cadbury is required to furnish to shareholders and to the SEC and would also make certain provisions of the Exchange Act no longer applicable to Cadbury. Please see the section of this prospectus/offer to exchange entitled "The Offer - Certain Effects of the Offer."

**31. Does Kraft Foods have the financial resources to complete the transactions contemplated by the offer? (See page 62)**

Yes. We expect to use the borrowings from the bridge facility described in the section of this prospectus/offer to exchange entitled "The Offer - Financing of the Offer; Source and Amount of Funds," to finance the acquisition of Cadbury pursuant to the offer and to refinance certain indebtedness of Cadbury and its subsidiaries to the extent that the cash consideration under the offer is not funded from our own resources and/or alternative funding sources.

**32. Is Kraft Foods' financial condition relevant to my decision to accept the offer?**

Yes. Because we will issue shares of Kraft Foods common stock to Cadbury securityholders who accept the offer (subject to elections under the mix and match facility), you should consider our financial condition before you decide to accept the offer. You also should consider the possible effect that our acquisition of Cadbury will have on our financial condition. For a discussion of the possible impact of the offer and any compulsory acquisition on our financial condition, please see the sections of this prospectus/offer to exchange entitled "Risk Factors - Risk Factors Relating to the Offer."

**33. Does Kraft Foods or any of its respective directors or executive officers own any Cadbury ordinary shares or Cadbury ADSs?**

No, neither Kraft Foods nor any of our directors or executive officers beneficially own any Cadbury ordinary shares or Cadbury ADSs.

**34. Where can I find more information on Kraft Foods and Cadbury? (See page 99)**

You can find more information about Kraft Foods and Cadbury from various sources described in the section of this prospectus/offer to exchange entitled "Where You Can Find More Information."

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**35. Who can I talk to if I have questions about the offer?**

You can call the information agent for the offer Monday through Friday between 9:00 a.m. and 11:00 p.m. New York City time or between 10:00 a.m. and 4:00 p.m. New York City time on Saturday at the numbers listed below.

*The information agent for the offer is:*

199 Water Street, 26<sup>th</sup> Floor

New York, NY 10038-3560

Banks and Brokers Call (212) 440-9800

Toll-Free in the United States (800) 868-1391

Outside the United States (212) 806-6859

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**SUMMARY**

**The Companies (See page 32)**

***Kraft Foods***

Kraft Foods is the world's second largest food company, with revenues of \$41.9 billion and earnings from continuing operations before income taxes of \$2.6 billion in 2008. Kraft Foods has approximately 100,000 employees worldwide and manufactures and markets packaged food products, including snacks, beverages, cheese, convenient meals and various packaged grocery products. Kraft Foods generated approximately half of its revenues from outside the United States in 2008 and sells its products to consumers in approximately 150 countries around the world. At December 31, 2008, Kraft Foods had operations in more than 70 countries and made its products at 168 manufacturing and processing facilities worldwide. At September 30, 2009, Kraft Foods had net assets of \$25.2 billion and gross assets of \$66.7 billion. Kraft Foods is a member of the Dow Jones Industrial Average, the Standard & Poor's 500, the Dow Jones Sustainability Index and the Ethibel Sustainability Index.

Kraft Foods is a Virginia corporation with principal executive offices at Three Lakes Drive, Northfield, IL 60093. Its telephone number is (847) 646-2000 and its Internet address is [www.kraftfoodscompany.com](http://www.kraftfoodscompany.com). Information contained on Kraft Foods' web site does not constitute a part of this prospectus/offer to exchange.

***Cadbury***

Cadbury is an international confectionery business that generated £5.4 billion in total revenue from its global operations in 2008. At December 31, 2008, Cadbury operated in over 60 countries and had over 45,000 employees. Cadbury's principal product segments are: chocolate, which contributed 46% of Cadbury's revenue in 2008; gum, which contributed 33% of Cadbury's revenue in 2008; and candy, which contributed 21% of Cadbury's revenue in 2008 (in each case, excluding the revenues of Reading Scientific Services Limited).

Cadbury is registered under the laws of England and Wales as a public limited company with its registered office (principal executive office) at Cadbury House, Sanderson Road, Uxbridge, England, UB8 1DH. Its telephone number is +44 1895 615000 and its Internet address is [www.cadbury.com](http://www.cadbury.com). Information contained on Cadbury's web site does not constitute a part of this prospectus/offer to exchange.

**Terms of the Offer (See page 46)**

The offer is a single offer for all of the issued and outstanding Cadbury ordinary shares, including those represented by Cadbury ADSs, and is being communicated by separate offer documentation to satisfy regulatory requirements. All holders of Cadbury ordinary shares who are U.S. holders (within the meaning of Rule 14d-1(d) under the Exchange Act) or residents of Canada and all holders of Cadbury ADSs, wherever located, will receive this prospectus/offer to exchange and all holders of Cadbury ordinary shares who are not U.S. holders or residents of Canada will receive separate offer documents, in each case if, pursuant to the local laws and regulations applicable to such holders, they are permitted to receive the relevant documents. The terms of the offer are the same regardless of the offer documentation used.

Under the basic terms of the offer, Cadbury securityholders who accept the offer will be entitled to receive:

500 pence in cash and 0.1874 shares of Kraft Foods common stock for each outstanding Cadbury ordinary share validly tendered and not withdrawn; and

2,000 pence in cash and 0.7496 shares of Kraft Foods common stock for each outstanding Cadbury ADS validly tendered and not withdrawn.

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### **Initial Offer Period; Extension of the Initial Offer Period; Subsequent Offer Period (See page A-13)**

The initial offer period is the period during which the offer remains conditional, which commenced on December 4, 2009 and expires on the earliest of (a) the offer lapsing, (b) the offer becoming or being declared wholly unconditional in accordance with its terms and (c) 8:00 a.m. New York City time (1:00 p.m. London time) on February 2, 2010 or such later time and date as agreed with the U.K. Takeover Panel and in accordance with U.S. tender offer rules. We reserve the right at any time or from time to time to extend the offer beyond such time. If the offer has not become or been declared wholly unconditional by February 2, 2010 or such later time and date as we may extend the initial offer period and we do not further extend the initial offer period, the offer will lapse. The offer will become or be declared wholly unconditional when all of the conditions of the offer have been satisfied, fulfilled or waived by us.

If we make a material change in the terms of the offer or if we waive a material condition of the offer, we will disseminate additional offer materials and extend the offer to the extent required by Rules 14d-4(d), 14d-6(c) and 14e-1 under the Exchange Act. The minimum period during which an offer must remain open following material changes in the terms of the offer, other than a change in price, will depend upon the facts and circumstances then existing, including the materiality of the changes. With respect to a change in price, a minimum of ten U.S. business days is generally required to allow for adequate dissemination of information to Cadbury securityholders.

If we extend the initial offer period, we will issue a press release on, among others, PR Newswire, by 3:00 a.m. New York City time (8:00 a.m. London time) on the following U.S. business day or U.K. business day (whichever is earlier), or such later time or date as the U.K. Takeover Panel may agree and in accordance with U.S. tender offer rules. This announcement will include the new expiration date and time of the initial offer period. This announcement will also inform Cadbury securityholders that they may tender, or withdraw their tendered, Cadbury ordinary shares or Cadbury ADSs at any time until this expiration time and date, unless the offer becomes or is declared wholly unconditional prior to this time and date.

If the offer becomes or is declared wholly unconditional on or after February 2, 2010, a subsequent offer period will start immediately. The subsequent offer period will be open for at least 14 days from the expiration of the initial offer period. We may extend it beyond that time until a further specified date or until further notice.

### **Conditions of the Offer (See page A-1)**

The offer is subject to the fulfillment of the conditions described below and other conditions that are customary for a comparable offer for a U.K. company. The offer will lapse unless these conditions have been and remain satisfied, fulfilled or, if capable of waiver, waived prior to the expiration of the offer. We cannot waive the minimum acceptance condition, the shareholder approval condition or the NYSE listing condition described below. We reserve the right to waive, in whole or in part, any or all of the other conditions of the offer, subject to applicable laws and regulations.

*Minimum acceptance condition* On January 19, 2010, we reserved the right to, and intend to, revise the minimum acceptance condition to require that, effective on or after January 26, 2010, we shall have received valid acceptances prior to expiration of the offer in respect of not less than 50% plus one Cadbury ordinary share (i.e., a majority) of the Cadbury ordinary shares to which the offer relates, including those represented by Cadbury ADSs, and of the voting rights attached to those shares. The minimum acceptance condition cannot become or be declared satisfied until all of the other conditions have been satisfied, fulfilled or to the extent permitted, waived. If you have already accepted the offer, but your willingness to accept the offer would be affected by the reduction of the minimum acceptance condition, you may wish to consider withdrawing your acceptance with respect to such Cadbury ordinary shares, including those represented by Cadbury ADSs, from the offer.

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*Shareholder approval condition* The offer is subject to the condition that our shareholders shall have approved any proposals required under certain rules of the NYSE to approve the issuance of the Kraft Foods common stock in connection with the offer. However, the terms of the offer, as revised, do not require the approval of our shareholders. Accordingly, the shareholder approval condition described in paragraph 1 (*Conditions of the Offer*) of Part A of Appendix A is treated as satisfied for the purposes of the offer.

*NYSE listing condition* The shares of Kraft Foods common stock to be issued in connection with the offer shall have been approved for listing on the NYSE and the registration statement of which this prospectus/offer to exchange forms a part shall have been declared effective by the SEC and no stop order shall have been issued or proceedings for suspension of the effectiveness of the registration statement shall have been initiated by the SEC.

*Antitrust approval conditions* We shall have received all applicable competition and antitrust approvals, including those from the European Commission and all applicable waiting periods under applicable competition or antitrust laws, including under the Hart-Scott-Rodino Antitrust Improvements Act of 1976 (the HSR Act), shall have expired or terminated. On December 14, 2009, the required waiting period under the HSR Act expired. On January 6, 2010, the European Commission announced that it had cleared the offer subject to the commitments that Kraft Foods has offered in relation to the divestiture of Cadbury's chocolate businesses in Poland and Romania. Accordingly, both the U.S. and European Commission antitrust approval conditions have been satisfied.

In addition, no antitrust regulator or body shall have instituted any action or proceeding that would or might:

make the offer void or illegal;

require, prevent or delay the divestiture by any of Kraft Foods, Cadbury or their respective subsidiaries of all or part of its business or impose any limitation on its ability to conduct its business; or

impose any limitation on the ability of any of Kraft Foods, Cadbury or their respective subsidiaries to conduct, integrate or coordinate its business.

***The U.K. Takeover Code requires us to obtain the consent of the U.K. Takeover Panel before we can invoke any condition to the offer (other than the minimum acceptance condition and conditions in respect of European Commission merger approval). In practice, even if a condition has not been satisfied by its terms, the U.K. Takeover Panel will only give such consent where the circumstances underlying the failure of the condition are of material significance to us in the context of the offer.***

If we amend or waive a condition that constitutes a material change to the offer, in accordance with U.S. tender offer rules, we will disseminate such material change in a manner reasonably calculated to inform you of such change and with sufficient time for you to consider such new information.

If the offer becomes or is declared wholly unconditional prior to February 2, 2010, we will issue a press release on, among others, PR Newswire, by 3:00 a.m. New York City time (8:00 a.m. London time) on the following U.S. business day or U.K. business day (whichever is earlier), or at a later time or date that the U.K. Takeover Panel agrees and in accordance with U.S. tender offer rules. If the offer becomes or is declared wholly unconditional on February 2, 2010, we will issue a press release on, among others, PR Newswire, by 12:00 p.m. New York City time (5:00 p.m. London time) on the following U.S. business day or U.K. business day (whichever is earlier), or at a later time or date that the U.K. Takeover Panel agrees and in accordance with U.S. tender offer rules. This announcement will also state that the initial offer period has closed and that a subsequent offer period has commenced.

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### **Ownership of Kraft Foods After Completion of the Offer (See page 55)**

We estimate that, if all Cadbury ordinary shares, including those represented by Cadbury ADSs, are exchanged pursuant to the offer and any compulsory acquisition, former Cadbury securityholders would own, in the aggregate, approximately 15.2% of the outstanding shares of Kraft Foods common stock at the date of the exchange. For a discussion of the assumptions on which this estimate is based, please see the section of this prospectus/offer to exchange entitled "The Offer - Ownership of Kraft Foods After Completion of the Offer."

### **Accounting Treatment (See page 66)**

In accordance with accounting principles generally accepted in the United States ( "U.S. GAAP" ), we will account for the acquisition of Cadbury pursuant to the offer using the acquisition method of accounting for business combinations.

### **Regulatory Approvals (See page 64)**

The offer is conditioned on, among other things, the receipt of regulatory approvals from the European Commission and the expiration or termination of the applicable waiting period under the HSR Act. On December 14, 2009, the required waiting period under the HSR Act expired.

### **Financing of the Offer (See page 62)**

We expect to use the borrowings from the bridge facility described in the section of this prospectus/offer to exchange entitled "The Offer - Financing of the Offer; Source and Amount of Funds" to finance the acquisition of Cadbury pursuant to the offer and to refinance certain indebtedness of Cadbury and its subsidiaries to the extent that the cash consideration under the offer is not funded from our own resources and/or alternative funding sources.

### **Listing of Kraft Foods Common Stock to be Issued in Connection with the Offer and any Compulsory Acquisition (See page 67)**

We will submit the necessary applications to cause the shares of Kraft Foods common stock to be issued in connection with the offer and any compulsory acquisition to be approved for listing on the NYSE. Approval of this listing is a condition of the offer.

### **Comparison of Shareholders' Rights (See page 71)**

Unless you successfully elect to receive all cash under the mix and match facility, you will receive shares of Kraft Foods common stock as part of the offer consideration in exchange for any Cadbury ordinary shares or Cadbury ADSs you tender. As Kraft Foods is incorporated under Virginia law and Cadbury is incorporated under the laws of England and Wales, there are a number of differences between the rights of a holder of Cadbury ordinary shares, including those represented by Cadbury ADSs, and the rights of a shareholder of Kraft Foods common stock. We urge you to review the section of this prospectus/offer to exchange entitled "Comparison of Shareholders' Rights" for a summary of these differences.

### **Risk Factors (See page 19)**

The offer is, and upon the consummation of the offer, the combined company will be, subject to a number of risks. In deciding whether to tender your Cadbury ordinary shares or your Cadbury ADSs, you should carefully read and consider the risk factors contained in the section of this prospectus/offer to exchange entitled "Risk Factors."

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**FORWARD-LOOKING STATEMENTS**

Certain statements contained or incorporated by reference in this prospectus/offer to exchange may constitute forward-looking statements. All statements in this prospectus/offer to exchange, other than those relating to historical information or current condition, are forward-looking statements. These forward-looking statements are subject to a number of risks and uncertainties, many of which are beyond our control, that could cause our actual results to differ materially from those indicated in any such statements. Such factors include, but are not limited to, continued volatility of input costs, pricing actions, increased competition, our ability to differentiate our products from retailer brands, unanticipated expenses in connection with litigation, settlement of legal disputes, regulatory investigations or enforcement actions, our indebtedness and ability to pay our indebtedness, the shift in consumer preference to lower priced products, risks from operating outside the United States, tax law changes, failure to obtain necessary regulatory approvals or required financing or to satisfy any of the other conditions of the offer, adverse effects on the market price of the Kraft Foods common stock and on our operating results because of a failure to complete the proposed acquisition, failure to realize the expected benefits of the proposed acquisition, significant transaction costs and/or unknown liabilities and general economic and business conditions that affect the combined company following the completion of the proposed acquisition. For more information on these and other factors that could affect our forward-looking statements, please also see the section of this prospectus/offer to exchange entitled *Risk Factors* and the risk factors in our filings with the SEC, including our most recently filed Annual Report on Form 10-K and subsequent reports on Forms 10-Q and 8-K incorporated by reference herein. We disclaim and do not undertake any obligation to update or revise any forward-looking statement in this prospectus/offer to exchange except as required by applicable law or regulation.

**NOTICE REQUIRED UNDER THE U.K. TAKEOVER CODE**

Nothing in this prospectus/offer to exchange is intended to be a profit forecast, as defined by the U.K. Takeover Code. For purposes of the U.K. Takeover Code, no statement in this prospectus/offer to exchange should be interpreted to mean that earnings per share of Kraft Foods common stock for the current or future financial periods will necessarily be greater than those for the relevant preceding financial period.

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**RECENT DEVELOPMENTS**

On November 3, 2009, we released our third quarter results, in which we reported strong continued momentum in our underlying business. For the three months ended September 30, 2009, net revenues declined 5.7% and organic revenue grew 0.5%. For the nine months ended September 30, 2009, net revenues declined 6.0% and organic revenue grew 1.9%. This growth was driven by higher net pricing and continuing improvements in volume/mix, despite the dampening impact of several strategic decisions made to improve the long-term prospects of our business. Organic net revenues is a non-U.S. GAAP measure; see below for a discussion of limitations on the usefulness of non-U.S. GAAP measures. For the three months ended September 30, 2009, this volume/mix trend underpinned strong gains in margins and earnings per share, with a 470 basis point improvement in operating margins and a 62% rise in earnings per share from continuing operations, including a \$0.09, or 26%, gain from operational sources. For the nine months ended September 30, 2009, operating margin improved 320 basis points and earnings per share from continuing operations increased 36.8%.

On January 4, 2010, each our subsidiaries, Kraft Foods Global, Inc., Kraft Foods Global Brands LLC, Kraft Pizza Company and Kraft Canada Inc., and Nestlé USA, Inc. ( Nestlé ), entered into an Asset Purchase Agreement. Pursuant to this agreement, we agreed to sell the assets of our frozen pizza products and certain related frozen food products businesses to Nestlé for \$3.7 billion in cash, subject to a post-closing adjustment for inventory of the business at closing.

On January 12, 2010, we increased our guidance for 2009 diluted earnings per share to at least \$2.00 versus our previous expectation of at least \$1.97. This increased guidance reflects strong operating gains as well as a significant increase in marketing investments versus the prior year. We expect to achieve this guidance while continuing to increase investment behind our brands, with advertising and consumer marketing spending expected to grow to approximately 7% of sales in 2009 from 6.7% of sales in 2008.

Since September 30, 2009, the end of the last financial period for which we have published interim financial information, based on the most recent available information, our overall trading and financial performance has continued in line with recent performance.

We use the non-U.S. GAAP financial measure organic net revenues and corresponding growth ratios. The difference between organic net revenues and net revenues, which is the most comparable U.S. GAAP financial measure, is that organic net revenues excludes the impact of acquisitions, divestitures and currency. Organic net revenues is used by our management to budget, make operating and strategic decisions and evaluate our performance. We have disclosed this measure so that you have the same financial data that management uses with the intention of assisting you in making comparisons to our historical operating results and analyzing our underlying performance. Our management believes that organic net revenues better reflect the underlying growth from the ongoing activities of our business and provide improved comparability of results because they exclude the impact of fluctuations in foreign currency exchange rates, which are not under our control, and also exclude the one-time impacts of acquisitions and divestitures on net revenues. The limitation of this measure is that it excludes items that have an impact on net revenues. The best way that this limitation can be addressed is by using organic net revenues in combination with our U.S. GAAP reported net revenues. Our management believes that the presentation of this non-U.S. GAAP financial measure, when considered together with our U.S. GAAP financial measures and the reconciliations to the corresponding U.S. GAAP financial measures, provides you with a more complete understanding of the factors and trends affecting Kraft Foods than could be obtained absent these disclosures. Because organic net revenues calculations may vary among other companies, the organic net revenues figures presented in this prospectus/offer to exchange may not be comparable with similarly titled measures of other companies. Organic net revenues are not meant to be considered in isolation or as a substitute for U.S. GAAP financial measures. You should carefully evaluate the following table reconciling U.S. GAAP reported net revenues to organic net revenues.

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The table below reconciles organic net revenues to reported net revenues for the periods stated.

	Three months ended September 30,			Nine months ended September 30,		
	2009	2008	% change	2009	2008	% change
	(in millions)			(in millions)		
Organic net revenues (non-U.S. GAAP)	\$ 10,380	\$ 10,333	0.5%	\$ 31,567	\$ 30,984	1.9%
Impact of divestitures	1	68	(0.6)%	29	267	(0.7)%
Unfavorable foreign currency	(578)		(5.6)%	(2,235)		(7.2)%
Reported net revenues (U.S. GAAP)	\$ 9,803	\$ 10,401	(5.7)%	\$ 29,361	\$ 31,251	(6.0)%

**Table of Contents****SELECTED HISTORICAL CONSOLIDATED FINANCIAL DATA OF KRAFT FOODS**

The following table sets forth the selected historical consolidated financial and operating data of Kraft Foods for the nine-month periods ended September 30, 2009 and 2008 and for each of the years in the five-year period ended December 31, 2008. The following data have been derived from the annual audited consolidated financial statements, including the consolidated balance sheets at December 31, 2008 and 2007 and the related consolidated statements of income and of cash flows for each of the three years in the period ended December 31, 2008 and notes thereto; and the unaudited Selected Financial Data Summary contained in Kraft Foods' Current Report on Form 8-K filed with the SEC on November 3, 2009. The data for the nine months ended September 30, 2009 and 2008 have been derived from unaudited consolidated financial statements of Kraft Foods contained in Kraft Foods' Quarterly Report on Form 10-Q for the quarter ended September 30, 2009, and which, in the opinion of management, include all adjustments, consisting only of normal recurring adjustments, necessary for a fair statement of the results for the unaudited interim periods. All historical financial information presented with respect to Kraft Foods is prepared in accordance with U.S. GAAP, which differs from International Financial Reporting Standards (IFRS) in a number of significant respects. For a general discussion of the significant differences between IFRS and U.S. GAAP, please see the section of this prospectus/offer to exchange entitled "Summary of Significant Differences Between IFRS and U.S. GAAP." Historical results are not indicative of the results to be expected in the future and results of interim periods are not necessarily indicative of results for the entire year.

This summary information is derived from and should be read in conjunction with the financial statements and related notes incorporated by reference into this prospectus/offer to exchange, as described in the section of this prospectus/offer to exchange entitled "Incorporation by Reference."

	Nine months ended September 30,		Year ended December 31,				
	2009	2008	2008	2007	2006	2005	2004
(in millions, except for per share and employee data)							
<b>Summary of Operations:</b>							
Net revenues	\$ 29,361	\$ 31,251	\$ 41,932	\$ 35,858	\$ 33,018	\$ 32,779	\$ 30,859
Cost of sales	18,890	20,777	28,088	23,656	21,190	21,115	19,474
Operating income	4,218	3,513	3,843	4,176	4,158	4,373	4,327
Operating margin	14.4%	11.2%	9.2%	11.6%	12.6%	13.3%	14.0%
Interest and other expense, net	915	934	1,240	604	510	635	666
Earnings from continuing operations before income taxes	3,303	2,579	2,603	3,572	3,648	3,738	3,661
Provision for income taxes	986	834	755	1,080	816	1,066	1,165
Earnings / (loss) from discontinued operations, net of income taxes		968	1,045	232	233	(33)	219
Net earnings	2,317	2,713	2,893	2,724	3,065	2,639	2,715
Noncontrolling interest	6	7	9	3	5	3	3
Net earnings attributable to Kraft Foods	2,311	2,706	2,884	2,721	3,060	2,636	2,712
<b>Basic EPS attributable to Kraft Foods:</b>							
Continuing operations	1.56	1.15	1.22	1.56	1.70	1.57	1.45
Discontinued operations		0.63	0.70	0.15	0.14	(0.02)	0.13
Net earnings attributable to Kraft Foods	1.56	1.78	1.92	1.71	1.84	1.55	1.58
<b>Diluted EPS attributable to Kraft Foods:</b>							
Continuing operations	1.56	1.14	1.21	1.56	1.70	1.57	1.45
Discontinued operations		0.63	0.69	0.14	0.14	(0.02)	0.13
Net earnings attributable to Kraft Foods	1.56	1.77	1.90	1.70	1.84	1.55	1.58
Dividends declared per share	0.87	0.83	1.12	1.04	0.96	0.87	0.77
Dividends declared as a % of Basic EPS	55.8%	46.6%	58.3%	60.8%	52.2%	56.1%	48.7%

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Dividends declared as a % of Diluted EPS	55.8%	46.9%	58.9%	61.2%	52.2%	56.1%	48.7%
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**Table of Contents****SELECTED HISTORICAL CONSOLIDATED FINANCIAL DATA OF KRAFT FOODS (con t)**

	Nine months ended September 30,		Year ended December 31,				2004
	2009	2008	2008	2007	2006	2005	
	(in millions, except for per share and employee data)						
Weighted-average shares Basic	1,477	1,516	1,505	1,591	1,659	1,699	1,720
Weighted-average shares Diluted	1,485	1,527	1,515	1,600	1,661	1,699	1,720
Net cash provided by operating activities	3,269	2,529	4,141	3,571	3,720	3,464	4,008
Capital expenditures	749	901	1,367	1,241	1,169	1,171	1,006
Depreciation	644	734	963	873	884	869	868
Property, plant and equipment, net	10,409	10,638	9,917	10,778	9,693	9,817	9,985
Inventories, net	4,073	4,792	3,881	4,238	3,436	3,272	3,365
Total assets	66,669	67,029	63,173	68,132	55,548	57,597	59,905
Long-term debt	18,108	18,874	18,589	12,902	7,081	8,475	9,723
Total debt	20,725	20,593	20,251	21,009	10,821	11,200	12,518
Total long-term liabilities	29,402	30,176	29,773	23,574	16,520	19,285	20,903
Total Kraft Foods Shareholders Equity	25,125	26,554	22,295	27,407	28,536	29,574	29,888
Total Equity	25,211	26,554	22,356	27,445	28,562	29,600	29,924
Book value per common share outstanding	17.02	18.08	15.18	17.87	17.44	17.71	17.53
Market price per common share high / low	29.84/20.81	34.97/28.04	34.97/24.75	37.20/29.95	36.67/27.44	35.65/27.88	36.06/29.45
Closing price of common share at period end	26.27	32.75	26.85	32.63	35.70	28.17	35.61
Price / earnings ratio at period end Basic	17	18	14	19	19	18	23
Price / earnings ratio at period end Diluted	17	19	14	19	19	18	23
Number of common shares outstanding at period end	1,476	1,469	1,469	1,534	1,636	1,670	1,705
Number of employees	N/A	N/A	98,000	103,000	90,000	94,000	98,000

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**SELECTED HISTORICAL CONSOLIDATED FINANCIAL DATA OF CADBURY**

The following table sets forth the selected historical consolidated financial and operating data of Cadbury for the six-month periods ended June 30, 2009 and 2008 and for each of the years in the five-year period ended December 31, 2008.

We have not had due diligence access to Cadbury or its business or management for the purposes of preparing this prospectus/offer to exchange. Therefore, non-public information concerning Cadbury's business and financial condition was not available to us for the purpose of including selected historical consolidated financial data of Cadbury for the nine-month period ended September 30, 2009. We have requested current financial information from Cadbury, including financial information for the nine-month period ended September 30, 2009. Our legal advisors received a letter dated December 15, 2009 in which Cadbury rejected our request. We have since made a subsequent request. If we receive such information prior to the effectiveness of our registration statement of which this prospectus/offer to exchange forms a part, we would be required to include selected historical consolidated financial data of Cadbury for the nine-month period ended September 30, 2009 in this prospectus/offer to exchange prior to the effectiveness of our registration statement.

The information with respect to the six months ended June 30, 2009 and 2008 has been derived from the unaudited consolidated financial statements of Cadbury contained in Cadbury's Report on Form 6-K furnished to the SEC on July 29, 2009. The following data, insofar as it relates to each of the years 2004 through 2008, have been derived from annual consolidated financial statements, including the consolidated balance sheets at December 31, 2008 and 2007 and the related consolidated statements of income and of cash flows for each of the three years in the period ended December 31, 2008 and notes thereto contained in Cadbury's Annual Report on Form 20-F for the year ended December 31, 2008. All historical financial information presented with respect to Cadbury is prepared in accordance with IFRS. Cadbury's consolidated financial statements were prepared in pounds sterling and in accordance with IFRS, which differs from U.S. GAAP in a number of significant respects. For a general discussion of the significant differences between IFRS and U.S. GAAP, please see the section of this prospectus/offer to exchange entitled "Summary of Significant Differences Between IFRS and U.S. GAAP." Historical results are not indicative of the results to be expected in the future and results of interim periods are not necessarily indicative of results for the entire year.

This summary information is derived from and should be read in conjunction with the financial statements and related notes incorporated by reference into this prospectus/offer to exchange, as described in the section of this prospectus/offer to exchange entitled "Incorporation by Reference."

**Table of Contents****SELECTED HISTORICAL CONSOLIDATED FINANCIAL DATA OF CADBURY (con t)**

	Six months ended June 30,		Year ended December 31,				2004
	2009	2008	2008	2007	2006	2005	
(in millions of pounds sterling, except for per share data)							
<b>Continuing Operations</b>							
Revenue	2,767	2,440	5,384	4,699	4,483	4,295	3,990
Trading costs	(2,462)	(2,226)	(4,803)	(4,258)	(4,071)	(3,799)	(3,576)
Restructuring costs	(105)	(70)	(194)	(165)	(107)	(62)	(110)
Non-trading items	1	(6)	1	2	23	5	17
Profit from Operations	201	138	388	278	328	439	321
Share of result in associates	3	4	10	8	(15)	13	11
Profit before financing and taxation	204	142	398	286	313	452	332
Investment revenue	18	28	52	56	50	45	51
Finance costs	(110)	(36)	(50)	(88)	(119)	(174)	(196)
Profit before taxation	112	134	400	254	244	323	187
Taxation	(33)	26	(30)	(105)	(68)	24	11
Profit for the period from continuing operations	79	160	370	149	176	347	198
Discontinued operations(1)							
(Loss)/profit for the period from discontinued operations	234	(47)	(4)	258	989	429	349
Profit for the period	313	113	366	407	1,165	776	547
Attributable to:							
Equity holders of the parent	313	113	364	405	1,169	765	525
Minority interests			2	2	(4)	11	22
	313	113	366	407	1,165	776	547
<b>Earnings per share</b>							
From continuing and discontinued operations							
Basic	23.1p	6.0p	22.6p	19.4p	56.4p	37.3p	25.9p
Diluted	23.1p	6.0p	22.6p	19.2p	55.9p	36.9p	25.7p
From continuing operations							
Basic	5.8p	8.5p	22.8p	7.0p	8.7p	16.4p	8.7p
Diluted	5.8p	8.5p	22.8p	7.0p	8.6p	16.2p	8.6p
Earnings per ADR(2)							
From continuing and discontinued operations							
Basic	92.4p	24.0p	90.4p	77.6p	225.6p	149.2p	103.6p
Diluted	92.4p	24.0p	90.4p	76.8p	223.6p	147.6p	102.8p
From continuing operations							
Basic	23.2p	34.0p	91.2p	28.0p	34.8p	65.6p	34.8p
Diluted	23.2p	34.0p	91.2p	28.0p	34.4p	64.8p	34.4p

(1) Cadbury's beverage businesses in Europe and South Africa were sold in 2006. In 2008, Cadbury completed the demerger of its Americas Beverages business and announced it had entered into a conditional agreement to sell the Australia Beverages business. On March 12, 2009, Cadbury entered into a definitive sale and purchase agreement for the sale of Australia Beverages. All of these businesses have been

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classified as discontinued operations and the 2004 to 2007 financial information has been re-presented accordingly.

- (2) Each Cadbury ADR (i.e., Cadbury ADS) represents four ordinary shares.

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The following table shows, for the periods indicated, information concerning the exchange rate between U.S. dollars and pounds sterling. The information in the following table is expressed in U.S. dollars per pound sterling and is based on the noon buying rate in New York City for cable transfers in pounds sterling as certified for customs purposes by the Federal Reserve Bank of New York. The average rates for the monthly periods presented in these tables were calculated by taking the simple average of the daily noon buying rates. The average rates for the interim periods and annual periods presented in these tables were calculated by taking the simple average of the noon buying rates on the last day of each month during the relevant period.

On January 15, 2010, the latest practicable date for which such information was available prior to the date of this prospectus/offer to exchange, the noon buying rate was \$1.624 per £1.00. These translations should not be construed as a representation that the U.S. dollar amounts actually represent, or could be converted into, pounds sterling at the rates indicated.

	<b>Period- end Rate</b>	<b>Average Rate</b>	<b>High</b>	<b>Low</b>
<b>Recent Monthly Data</b>				
December 2009	\$ 1.617	\$ 1.623	\$ 1.664	\$ 1.589
November 2009	1.641	1.660	1.680	1.638
October 2009	1.648	1.621	1.661	1.588
September 2009	1.600	1.632	1.670	1.591
August 2009	1.631	1.653	1.698	1.621
July 2009	1.671	1.638	1.671	1.603
June 2009	1.645	1.637	1.655	1.598
May 2009	1.616	1.542	1.616	1.488
April 2009	1.480	1.471	1.499	1.440
March 2009	1.430	1.417	1.473	1.376
February 2009	1.428	1.442	1.494	1.422
January 2009	1.441	1.446	1.525	1.366
December 2008	1.462	1.485	1.546	1.440
November 2008	1.535	1.533	1.616	1.479
<b>Interim Period Data</b>				
Nine months ended September 30, 2009	\$ 1.600	\$ 1.544	\$ 1.698	\$ 1.366
Six months ended June 30, 2009	1.645	1.494	1.655	1.366
Nine months ended September 30, 2008	1.780	1.947	2.031	1.750
Six months ended June 30, 2008	1.991	1.975	2.031	1.941
<b>Annual Data (Year ended December 31,)</b>				
2009	\$ 1.617	\$ 1.571	\$ 1.698	\$ 1.366
2008	1.462	1.854	2.031	1.440
2007	1.984	2.002	2.110	1.924
2006	1.959	1.843	1.979	1.726
2005	1.719	1.815	1.929	1.714
2004	1.916	1.836	1.948	1.754

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**SELECTED UNAUDITED PRO FORMA COMBINED FINANCIAL DATA**

The following selected unaudited pro forma financial data for the year ended December 31, 2008 and for the six-month period ended June 30, 2009, the date of the latest publicly available financial information of Cadbury, show the effect of the acquisition of Cadbury by Kraft Foods on Kraft Foods' results of operations as if it had occurred on January 1, 2008. The following unaudited pro forma balance sheet data at June 30, 2009 show the effect of (a) the disposal of the Kraft Foods pizza business announced on January 5, 2010 and (b) the acquisition of Cadbury by Kraft Foods on Kraft Foods' financial position as if it had occurred on that date.

We have not had due diligence access to Cadbury or its business or management for the purposes of preparing this prospectus/offer to exchange. Therefore, non-public information concerning Cadbury's business and financial condition was not available to us for the purpose of presenting pro forma combined financial data for the nine-month period ended September 30, 2009. We have requested current financial information from Cadbury, including financial information for the nine-month period ended September 30, 2009. If we receive such information sufficiently in advance of the effectiveness of our registration statement of which this prospectus/offer to exchange forms a part, we would be required to compile pro forma combined financial data for the nine-month period ended September 30, 2009 and include it in this prospectus/offer to exchange prior to the effective date of our registration statement.

The unaudited pro forma financial data included herein are based on the historical financial statements of Kraft Foods and Cadbury, and on publicly available information and certain assumptions that we believe are reasonable, which are described in the notes to the Unaudited U.S. GAAP Pro Forma Financial Information included in this prospectus/offer to exchange. Significantly, we have not performed any due diligence or detailed valuation analysis necessary to determine the fair market values of the Cadbury assets to be acquired and liabilities to be assumed. Accordingly, the pro forma financial statements do not include an allocation of the purchase price, unless specified otherwise.

The information in the following table has been derived from the unaudited consolidated financial statements of Kraft Foods contained in Kraft Foods' Quarterly Report on Form 10-Q for the quarter ended June 30, 2009, the audited consolidated financial statements of Kraft Foods contained in Kraft Foods' Current Report on Form 8-K filed with the SEC on November 3, 2009, the unaudited consolidated financial statements of Cadbury contained in Cadbury's Report on Form 6-K furnished to the SEC on July 29, 2009 and the audited consolidated financial statements of Cadbury contained in Cadbury's Annual Report on Form 20-F for the year ended December 31, 2008.

We have translated the Cadbury figures in this section from pounds sterling into U.S. dollars using average exchange rates applicable during the periods presented for the unaudited pro forma consolidated statements of earnings and the period end exchange rate for the unaudited pro forma consolidated balance sheet, as described in the section of this prospectus/offer to exchange entitled Unaudited U.S. GAAP Pro Forma Financial Information.

Cadbury's consolidated financial statements are prepared in accordance with IFRS, which differs in a number of significant respects from U.S. GAAP. For a general discussion of the significant differences between IFRS and U.S. GAAP, please see the section of this prospectus/offer to exchange entitled Summary of Significant Differences Between IFRS and U.S. GAAP.

The following should be read in connection with the section of this prospectus/offer to exchange entitled Unaudited U.S. GAAP Pro Forma Financial Information, and other information included in or incorporated by reference into this prospectus/offer to exchange.

**Table of Contents****SELECTED UNAUDITED PRO FORMA COMBINED FINANCIAL DATA (con t)**

The following pro forma financial information is presented for illustrative purposes only and is not necessarily indicative of the results of operations and financial position that would have been achieved had the consummation of the offer taken place on the date indicated or of the future operations of the combined company. The following table should be relied on only for the limited purpose of presenting what the results of operations and financial position of the combined businesses of Kraft Foods and Cadbury might have looked like had the offer been consummated at an earlier date. For a discussion of the assumptions and adjustments made in the preparation of the pro forma financial information presented in this prospectus/offer to exchange, please see the section of this prospectus/offer to exchange entitled Unaudited U.S. GAAP Pro Forma Financial Information.

	For the six months ended June 30, 2009	For the year ended December 31, 2008
	Pro Forma Combined (in millions, except percentages and per share data)	
<b>Statement of Operations</b>		
Net revenues	\$ 22,858	\$ 50,591
Cost of sales	14,339	32,554
Operating income	2,859	4,200
Operating margin	12.5%	8.3%
Interest and other expense, net	832	1,497
Earnings from continuing operations before income taxes	2,027	2,703
Provision for income taxes	656	610
Earnings from continuing operations attributable to shareholders	1,367	2,080
Basic earnings per share from continuing operations	0.79	1.18
Diluted earnings per share from continuing operations	0.78	1.17
Weighted-average shares Basic	1,741	1,770
Weighted-average shares Diluted	1,749	1,780

	As of June 30, 2009 Pro Forma Combined (in millions, except per share data)
<b>Balance Sheet Data</b>	
Property, plant and equipment, net	\$ 12,794
Inventories, net	5,322
Total assets	91,659
Long-term debt	29,512
Total debt	32,325
Total long-term liabilities	43,345
Total Shareholders Equity	33,441
Total Equity	33,537
Book value per share outstanding	19.22
Number of shares outstanding at period end	1,740

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**HISTORICAL AND PRO FORMA PER SHARE DATA**

The table set forth below depicts the basic and diluted earnings per share, cash dividends declared per share and book value per share for (a) Kraft Foods and Cadbury on a historical basis, (b) the combination of Kraft Foods and Cadbury on a pro forma combined basis and (c) Cadbury in comparison with the equivalent pro forma net income and book value per share attributable to 0.1874 of a share of Kraft Foods common stock that will be received for each Cadbury ordinary share, including each share represented by a Cadbury ADS, exchanged in the offer, based on the average exchange rate for the period. The pro forma data of the combined company were derived by combining the historical consolidated financial information of Kraft Foods and using the acquisition method of accounting for business combinations as described in the section of this prospectus/offer to exchange entitled *The Offer Accounting Treatment*. For a discussion of the assumptions and adjustments made in the preparation of the pro forma financial information presented in this prospectus/offer to exchange, please see the section of this prospectus/offer to exchange entitled *Unaudited U.S. GAAP Pro Forma Financial Information*.

We have not had due diligence access to Cadbury or its business or management for the purposes of preparing this prospectus/offer to exchange. Therefore, non-public information concerning Cadbury's business and financial condition was not available to us for the purpose of presenting historical and pro forma per share data for the nine-month period ended September 30, 2009. We have requested current financial information from Cadbury, including financial information for the nine-month period ended September 30, 2009. If we receive such information sufficiently in advance of the effectiveness of our registration statement of which this prospectus/offer to exchange forms a part, we would be required to compile historical and pro forma per share data for the nine-month period ended September 30, 2009 and include it in this prospectus/offer to exchange prior to the effectiveness of our registration statement.

Cadbury's consolidated financial statements are prepared in accordance with IFRS, which differs in a number of significant respects from U.S. GAAP. For a general discussion of the significant differences between IFRS and U.S. GAAP, please see the section of this prospectus/offer to exchange entitled *Summary of Significant Differences Between IFRS and U.S. GAAP*.

You should read the information presented in the table below together with the historical financial statements of Kraft Foods and Cadbury and the related notes and the Unaudited U.S. GAAP Pro Forma Financial Information appearing elsewhere in this prospectus/offer to exchange or incorporated herein by reference. The pro forma data are unaudited and for illustrative purposes only. The companies may have performed differently had they always been combined. You should not rely on this information as being indicative of the historical results that would have been achieved had the companies always been combined or the future results that the combined company will achieve after the consummation of the offer.

**Table of Contents****HISTORICAL AND PRO FORMA PER SHARE DATA (con t)**

	<b>For the six months ended June 30, 2009</b>	<b>Year ended December 31, 2008</b>
<b>Kraft Foods historical data</b>		
Earnings per share from continuing operations		
Basic	\$ 1.01	\$ 1.22
Diluted	1.00	1.21
Cash dividends declared per share	0.58	1.12
Book value per share	16.47	
<b>Cadbury historical data</b>		
Earnings per share from continuing operations		
Basic	5.8p	22.8p
Diluted	5.8p	22.8p
Cash dividends declared per share	5.7p	16.4p
Book value per share	227.0p	
<b>Unaudited pro forma combined</b>		
Earnings per share		
Basic	\$ 0.79	\$ 1.18
Diluted	0.78	1.17
Cash dividends declared per share(1)	0.58	1.12
Book value per share	19.22	
<b>Equivalent basis unaudited pro forma combined</b>		
Earnings per share		
Basic	9.9p	11.7p
Diluted	9.9p	11.7p
Cash dividends declared per share(1)	7.3p	11.2p
Book value per share	219.1p	

(1) Same as historical since no change in dividend policy is expected as a result of the offer.

**Table of Contents****COMPARATIVE MARKET PRICE AND DIVIDEND INFORMATION**

Kraft Foods common stock is traded on the NYSE under the symbol KFT. Cadbury ordinary shares are traded on the LSE under the symbol CBRY, and Cadbury ADSs are traded on the NYSE under the symbol CBY.

The following table sets forth, for the periods indicated, the per share high and low sales prices of Kraft Foods common stock and Cadbury ADSs on the NYSE, and Cadbury ordinary shares on the LSE, as well as the dividends declared thereon. The share prices in the table have been obtained from FactSet. Cadbury ordinary share and Cadbury ADS dividend numbers have been obtained from publicly available information published by Cadbury.

	Kraft Foods common stock (\$)			Cadbury ordinary shares (p)			Cadbury ADSs (\$)			
	High	Low	Dividend	High	Low	Dividend	High	Low	Dividend	
<b>2007, quarter ended</b>										
March 31	35.91	30.20	0.25	656.50	529.00	9.90	51.41	40.74	0.772	
June 30	36.74	30.33	0.25	723.50	652.00	5.00	57.30	51.37	N/A	
September 30	36.33	31.15	0.27	680.00	534.50	N/A	54.30	42.78	0.406	
December 31	35.20	32.30	0.27	641.00	570.00	N/A	53.24	46.90	N/A	
<b>2008, quarter ended</b>										
March 31	32.70	28.81	0.27	625.00	539.50	10.50	49.56	43.43	N/A	
June 30(1)	32.82	28.39	0.27	N/A	N/A	N/A	N/A	N/A	N/A	
April 1 May 1	N/A	N/A	N/A	586.50	556.50	N/A	46.61	43.86	0.844	
May 2 June 30	N/A	N/A	N/A	704.50	609.50	N/A	56.01	48.55	N/A	
September 30	34.97	28.40	0.29	661.50	565.50	5.30	50.94	40.32	0.4195	
December 31	33.54	24.87	0.29	605.50	453.25	N/A	40.09	29.65	N/A	
<b>2009, quarter ended</b>										
March 31	29.57	21.00	0.29	619.00	497.25	11.10	37.18	28.06	0.6394	
June 30	27.04	22.05	0.29	554.50	486.50	N/A	35.99	28.78	N/A	
September 30	28.81	25.70	0.29	805.00	520.00	5.70	52.53	33.91	0.376	
December 31	27.64	25.95	0.29	814.00	758.00	N/A	54.00	49.72	N/A	
<b>2010</b>										
January 1 January 15(2)	29.58	27.43	N/A	805.00	772.00	N/A	51.90	49.60	N/A	

- (1) On May 2, 2008, Cadbury plc was inserted as a new holding company above Cadbury Schweppes plc, trading on the LSE with a secondary listing on the NYSE via an American Depositary Receipt program and began trading as a stand-alone confectionery company. On May 7, 2008, Cadbury completed the demerger of its Americas Beverages business as Dr. Pepper Snapple Group. The market prices for Cadbury in the table above include the value of the Americas Beverages business through such date. On May 1, 2008, the last trading day prior to Cadbury trading as a stand-alone confectionery company, the closing price per Cadbury Schweppes ordinary share was 574.50p and the closing price per Cadbury Schweppes ADS was \$45.46. On May 2, 2008, the first day that Cadbury traded as a stand-alone company, the closing price per Cadbury ordinary share was 640.00p and the closing price per Cadbury ADS was \$51.60.
- (2) On January 18, 2010, the closing price per Cadbury ordinary share on the LSE was 807.50 pence. Cadbury ADSs and Kraft Foods common stock did not trade on January 18, 2010, due to a federal holiday.

The following table shows, as of September 4, 2009, the last full trading day before we publicly announced a possible offer for a combination with Cadbury, November 6, 2009, the last full trading day before we publicly announced a firm intention to make an offer to acquire Cadbury, and January 15, 2010, the closing price per

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share of Kraft Foods common stock and Cadbury ADS on the NYSE and the closing price per Cadbury ordinary share on the LSE. This table also presents the implied equivalent value per security tendered into the offer (assuming no mix and match election is made). The implied equivalent value of a Cadbury ordinary share was calculated by multiplying the closing price per share of our common stock on the NYSE by 0.1874, the exchange ratio for each Cadbury ordinary share tendered in the offer, and then adding to that amount the cash portion of the exchange consideration of 500 pence payable for each Cadbury ordinary share tendered in the offer. The implied equivalent value of a Cadbury ADS was calculated by multiplying the closing prices per share of Kraft Foods common stock by 0.7496, the implied exchange ratio for each Cadbury ADS tendered in the offer, and then adding to that amount an amount in U.S. dollars equal to the cash portion of the exchange consideration of 2,000 pence payable for each Cadbury ADS tendered in the offer.

In calculating the implied equivalent values below, amounts in U.S. dollars have been translated into pounds sterling, in the case of Cadbury ordinary shares, and amounts in pounds sterling have been translated into U.S. dollars, in the case of Cadbury ADSs, in each case at the applicable exchange rate on each date as follows:

at a rate of £1.00 = \$1.6346, as quoted by WM/Reuters on September 4, 2009;

at a rate of £1.00 = \$1.6609, as quoted by WM/Reuters on November 6, 2009; and

at a rate of £1.00 = \$1.63, as quoted by WM/Reuters on January 18, 2010.

	Kraft Foods Common Stock (\$)	Cadbury Security		Implied Equivalent Value per Cadbury Security	
		Ordinary Shares (p)	ADSs \$(1)	Ordinary Share (p)(2)	ADS \$(2)
September 4, 2009	28.10	568.00	37.46	822.15	53.76
November 6, 2009	26.78	758.00	50.50	802.16	53.29
January 18, 2010(3)	29.58	807.50	51.90	840.08	54.77

- (1) Each Cadbury ADS represents four Cadbury ordinary shares.
- (2) Unless you elect to receive all cash or all shares under the mix and match facility, you will receive the offer consideration in a mixture of cash and shares of Kraft Foods common stock on the terms described in this prospectus/offer to exchange.
- (3) Cadbury ADS and Kraft Foods common stock prices are as of January 15, 2010 as they did not trade on January 18, 2010 due to a federal holiday.

The market prices of Kraft Foods common stock, Cadbury ordinary shares and Cadbury ADSs are likely to fluctuate prior to the expiration date of the offer and cannot be predicted. We urge you to obtain current market information regarding Kraft Foods common stock, Cadbury ordinary shares and Cadbury ADSs.

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**RISK FACTORS**

*By accepting the offer, Cadbury securityholders will be choosing to invest in Kraft Foods common stock. In considering whether to accept the offer, you should consider carefully the following risk factors, and the other risks and information contained in this prospectus/offer to exchange and in documents incorporated herein by reference. Please see the section of this prospectus/offer to exchange entitled "Where You Can Find More Information" for information on where you can find additional risk factors and other information incorporated by reference in this prospectus/offer to exchange.*

**Risk Factors Relating to Our Business and the Business of the Combined Company**

**We operate in a highly competitive industry, which may affect our profitability.**

The food industry is highly competitive. We compete based on price, product innovation, product quality, brand recognition and loyalty, effectiveness of marketing, promotional activity and the ability to identify and satisfy consumer preferences.

From time to time, we may need to reduce our prices in response to competitive and customer pressures and to maintain our market share. Competition and customer pressures may also restrict our ability to increase prices in response to commodity and other input cost increases. Our results of operations will suffer if profit margins decrease, as a result of a reduction in prices, increased input costs or other factors, and if we are unable to increase sales volumes to offset those profit margin decreases.

Retailers are increasingly offering retailer brands that compete with some of our products. It is important that our products provide higher value and/or quality to our consumers than less expensive alternatives. If the difference in value or quality between our products and those of retailer brands narrows, or if such difference in quality is perceived to have narrowed, then consumers may not buy our products. Furthermore, during periods of economic uncertainty, such as have been experienced in the recent past and may be experienced in the future, consumers tend to purchase more retailer brands or other economy brands, which could reduce sales volumes of our products or shift our product mix to our lower margin offerings. If we are not able to maintain or improve our brand image or value proposition, it could have a material effect on our market share and our profitability.

We may also need to increase spending on marketing, advertising and new product innovation to protect existing market share or increase market share. The success of our investments is subject to risks, including uncertainties about trade and consumer acceptance. As a result, our increased expenditures may not maintain or enhance market share and could result in lower profitability.

**The consolidation of retail customers, the loss of a significant customer or a material reduction in sales to a significant customer could affect our operating margins, our profitability, our sales and our results of operations.**

Retail customers, such as supermarkets, warehouse clubs and food distributors in the United States, the European Union and our other major markets, continue to consolidate. These consolidations have produced large, sophisticated customers with increased buying power. These larger retailers, capable of operating with reduced inventories, can resist price increases and demand lower pricing, increased promotional programs and specifically tailored products. They also may use shelf space currently used for our products for their own retailer brands. The consolidation of retail customers also increases the risk that a severe adverse impact on their business operations could have a corresponding material adverse effect on us. Also, our retail customers may be affected by recent economic conditions. For example, they may not have access to funds or financing and that could cause them to delay, decrease or cancel purchases of our products, or to not pay us or to delay paying us for previous purchases.

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During 2008, our five largest customers accounted for approximately 27% of our net revenues, with our largest customer, Wal-Mart Stores, Inc., accounting for approximately 16% of our net revenues. There can be no assurance that all significant customers will continue to purchase our products in the same quantities that they have in the past. The loss of any one of our significant customers or a material reduction in sales to a significant customer could have a material adverse effect on our sales and results of operations.

### **Increased price volatility for commodities we purchase may affect our profitability.**

We are a major purchaser of commodities, including dairy, coffee, cocoa, wheat, corn products, soybean and vegetable oils, nuts, meat products, and sugar and other sweeteners. We also use significant quantities of plastic, glass and cardboard to package our products, and natural gas for our factories and warehouses. Price volatility for commodities we purchase has increased due to conditions outside of our control, including recent economic conditions, currency fluctuations, availability of supply, weather, consumer demand and changes in governmental agricultural programs. Although we monitor our exposure to commodity prices as an integral part of our overall risk management program, continued volatility in the prices of commodities we purchase could increase the costs of our products and services, and our profitability could suffer.

### **Our product sales depend on our ability to predict, identify and interpret changes in consumer preferences and demand, and on our ability to develop and offer new products rapidly enough to meet those changes.**

Consumer preferences for food products change continually. Our success depends on our ability to predict, identify and interpret the tastes and dietary habits of consumers and to offer products that appeal to those preferences.

If we do not succeed in offering products that appeal to consumers, our sales and market share will decrease, and our profitability could suffer. We must be able to distinguish among short-term fads, mid-term trends and long-term changes in consumer preferences. If we are unable accurately to predict which shifts in consumer preferences will be long-term, or if we fail to introduce new and improved products to satisfy those preferences, our sales could decline. In addition, because of our varied consumer base, we must offer a sufficient array of products to satisfy the broad spectrum of consumer preferences. If we fail to expand our product offerings successfully across product categories or if we do not rapidly develop products in faster growing and more profitable categories, demand for our products will decrease and our profitability could suffer.

Prolonged negative perceptions concerning the health implications of certain food products could influence consumer preferences and acceptance of some of our products and marketing programs. For example, recently, consumers have been increasingly focused on health and wellness, including weight management and sodium consumption. Although we strive to respond to consumer preferences and social expectations, we may not be successful in these efforts. Continued negative perceptions and failure to satisfy consumer preferences could decrease demand for our products and adversely affect our profitability.

### **Legal claims or other regulatory enforcement actions could affect our sales, reputation and profitability.**

As a large food company that operates in a highly regulated, highly competitive environment with growing retailer power and a constantly evolving legal and regulatory framework around the world, we are subject to heightened risk of legal claims or other regulatory enforcement actions. Legal claims or regulatory enforcement actions arising out of our failure or alleged failure to comply with applicable laws and regulations could adversely affect our sales, reputation and profitability.

Further, selling products for human consumption involves inherent risks. We could be required to recall products due to product contamination, spoilage or other adulteration, product misbranding or product tampering.

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We may also suffer losses if our products or operations violate applicable laws or regulations, or if our products cause injury, illness or death. In addition, our marketing could be the target of claims of false or deceptive advertising or other criticism. A significant product liability or other legal judgment or a related regulatory enforcement action against us, or a widespread product recall, may adversely affect our profitability. Moreover, even if a product liability or consumer fraud claim is unsuccessful, has no merit or is not pursued, the negative publicity surrounding assertions against our products or processes could adversely affect our sales, reputation and profitability.

### **Increased regulation could increase our costs and affect our profitability.**

Food production and marketing are highly regulated by a variety of federal, state, local and foreign agencies. New regulations and changes to existing regulations are issued regularly. Increased governmental regulation of the food industry, such as proposed requirements designed to enhance food safety or to regulate imported ingredients, could increase our costs and adversely affect our profitability.

### **As a multinational corporation, our operations are subject to additional risks.**

We generated approximately half of our 2008 sales, 43% of our 2007 sales and 40% of our 2006 sales outside the United States. If the offer is successful, the percentage of the combined company's sales generated outside of the United States will increase. With operations in over 70 countries, our operations are subject to risks inherent in multinational operations, including:

fluctuations in currency values,

unpredictability of foreign currency exchange controls,

discriminatory fiscal policies,

compliance with a variety of local regulations and laws,

changes in tax laws and the interpretation of such laws,

difficulties enforcing intellectual property and contractual rights in certain jurisdictions, and

greater risk of uncollectible accounts and longer collection cycles.

In addition, certain jurisdictions could impose tariffs, quotas, trade barriers, and other similar restrictions on our sales. Moreover, our business operations could be interrupted and negatively affected by economic changes, geopolitical regional conflicts, terrorist activity, political unrest, civil strife, acts of war, and other economic or political uncertainties. All of these risks could result in increased costs or decreased revenues, either of which could adversely affect our profitability.

### **If we are unable to expand our operations in certain emerging markets, our growth rate could be negatively affected.**

In 2007, we unveiled our strategies to grow our operations with increased focus on emerging markets, especially Brazil, Russia, China and other regions of Southeast Asia. The success of our operations depends in part on our ability to grow our business in these and other emerging markets. In some cases, emerging markets have greater political and economic volatility and greater vulnerability to infrastructure and labor disruptions. In addition, emerging markets are becoming more competitive as other companies grow globally and local, low cost manufacturers expand their production capacities. If we are unable to increase our business in emerging markets, our market share and profitability could be adversely affected.



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### **We may not be able to consummate proposed acquisitions or divestitures successfully or integrate acquired businesses successfully.**

From time to time, we may evaluate additional acquisition candidates in the future that would strategically fit our business objectives. If we are unable to complete acquisitions, or integrate successfully and develop these businesses to realize revenue growth and cost savings, our financial results could be adversely affected. In addition, from time to time, we divest businesses that do not meet our strategic objectives, or do not meet our growth or profitability targets. Our profitability may be affected by either gains or losses on the sales of, or lost operating income from those businesses. Also, we may not be able to complete desired or proposed divestitures on terms favorable to us. Moreover, we may incur asset impairment charges related to acquisitions or divestitures, which may reduce our profitability. Finally, our acquisition or divestiture activities may present financial, managerial and operational risks, including diversion of management attention from existing core businesses, difficulties integrating or separating personnel and financial and other systems, adverse effects on existing business relationships with suppliers and customers, inaccurate estimates of fair value made in the accounting for acquisitions and amortization of acquired intangible assets which would reduce future reported earnings, potential loss of customers or key employees of acquired businesses, and indemnities and potential disputes with the buyers or sellers. Any of these activities could affect our product sales, financial condition and results of operations.

For information on other risks that relate to the offer, please see the section of this prospectus/offer to exchange entitled Risk Factors Relating to the Offer.

### **Business process improvement initiatives to harmonize our systems and processes may fail to operate as designed and intended.**

We regularly implement business process improvement initiatives to harmonize our systems and processes and to optimize our performance. Our current business process initiatives include, but are not limited to, our reorganization of our European operations, the delivery of a SAP enterprise resource planning application, and the outsourcing of certain administrative functions. If our business process improvement initiatives fail, our ability to improve existing operations, achieve anticipated cost savings and support future growth could be delayed.

### **Changes in our credit ratings and the effects of volatile economic conditions on the credit market could adversely affect our borrowing costs and liquidity.**

Our credit ratings depend generally on the amount of our debt and our ability to service our debt. A downgrade in our credit ratings, including as a result of incurring additional debt, would, and disruptions in the commercial paper market or the effects of other volatile economic conditions on the credit market could, reduce the amount of commercial paper that we could issue, and could raise our borrowing costs for both short-term and long-term debt offerings.

### **Volatility in the equity markets or interest rates could substantially increase our pension costs and have a negative impact on our operating results and profitability.**

At the end of 2008, the projected benefit obligation of our defined benefit pension plans was \$9.3 billion and assets were \$7.0 billion. The difference between plan obligations and assets, or the funded status of the plans, significantly affects the net periodic benefit costs of our pension plans and the ongoing funding requirements of those plans. Among other factors, changes in interest rates, mortality rates, early retirement rates, investment returns and the market value of plan assets can (a) affect the level of plan funding, (b) cause volatility in the net periodic pension cost and (c) increase our future funding requirements. In addition, if we divest certain businesses, we may be required to increase future contributions to the benefit plans and the related net periodic pension cost could increase.

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We expect to make approximately \$410 million in contributions to our pension plans in 2009, which is approximately \$190 million more than we made in 2008. We also expect that our net pension cost will increase by approximately \$175 million to approximately \$415 million in 2009. Volatile economic conditions increase the risk that we may be required to make additional cash contributions to the pension plans and recognize further increases in our net pension cost beyond 2009.

**Cadbury operates occupational defined benefit pension schemes and the combined company may be required to fund an increase in the cost of future benefits and/or meet funding shortfalls in respect of these schemes.**

According to its publicly available information, Cadbury has various pension schemes throughout the world and these cover a significant proportion of its current employees. The principal schemes are of the funded defined benefit type, with benefits accruing based on salary and length of service. The net retirement benefit obligation, recognized in the balance sheet at June 30, 2009 was £482 million versus £258 million at December 31, 2008. The actuarial loss on post retirement benefit obligations for the six months ended June 30, 2009 was £254 million (£190 million net of tax) and £388 million (£291 million net of tax) for the 12 months ended December 31, 2008. Regular assessments are carried out by independent actuaries and the long-term contribution rates decided on the basis of their guidance after discussions with trustees and the plan sponsor. According to Cadbury's Annual Report on Form 20-F for the year ended December 31, 2008, which has been filed by Cadbury with the SEC and which is also incorporated by reference into this prospectus/offer to exchange, Cadbury expects to contribute approximately £56 million to its defined benefit schemes in 2009, with additional scheduled recovery contributions of approximately £4 million in 2009 to further fund its defined benefit obligation in the United Kingdom. For more information on the funding status of these plans, please refer to Cadbury's unaudited financial statements for the six months ended June 30, 2009 included in Cadbury's Report on Form 6-K filed with the SEC on July 29, 2009 and note 25 in Cadbury's audited consolidated financial statements for the year ended December 31, 2008 included in Cadbury's Annual Report on Form 20-F for the year ended December 31, 2008, both of which are incorporated by reference into this prospectus/offer to exchange.

Because we have not had due diligence access to Cadbury or its business or management for the purposes of preparing this prospectus/offer to exchange, we do not have enough information to assess the extent to which Cadbury's defined benefit pension schemes are adequately funded in relation to benefits accrued to date, or whether costs for benefits accruing in the future are likely to increase materially from previous experience. Increases in the value of the liabilities of the defined benefit pension schemes and/or a reduction in the value of the assets supporting funded schemes can lead to a need to record increased deficits in the balance sheet. An increase in the value of the net liabilities of such schemes may negatively affect the combined company's balance sheet and distributable reserves, which could have a material adverse effect on the combined company's business, operating or financial results or financial position. Further demands for materially increased contributions from Cadbury employees to meet past service deficits or future service costs would impact the cash flows of the combined company.

There may also be pension arrangements or pension-like programs in relation to Cadbury's non-U.K. employees that are not reflected in Cadbury's financial statements, such as mandatory termination indemnities in favor of Cadbury employees or U.S. industry based multi-employer pension programs in which Cadbury employees participate. Because we have only had very limited access to Cadbury's non-public business or financial information, we do not have the information to assess whether any such programs or arrangements exist, and, if so, whether the combined company could have significant obligations under these programs or arrangements.

In relation to Cadbury's U.K. pension arrangements, the Cadbury Pension Fund is a funded defined benefit pension scheme, which according to Cadbury's Annual Report on Form 20-F for the year ended December 31, 2008, which has been filed by Cadbury with the SEC and which is also incorporated by reference into this

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prospectus/offer to exchange, represents about 65% of Cadbury and its subsidiaries' post retirement liabilities. Its assets are held by trustees separate from the assets of Cadbury. U.K. pension law requires employers to pay periodic contributions and lump sums to these types of pension schemes.

While the Cadbury Pension Fund is ongoing (as opposed to if the Cadbury Pension Fund is wound up, which is described below) contributions are paid by employers over time to meet the cost of future service benefits and any past service deficits. Because we do not have access to the trust deed and rules of the Cadbury Pension Fund, we do not know whether the contributions to be paid are set by agreement between the employer and trustees or by the trustees alone. U.K. law requires a degree of prudence in the calculation process used to set the level of contributions and depending on the situation, at the next valuation date, there could be a material increase in the cash demands placed on Cadbury and its subsidiaries who are employers for the purposes of the Cadbury Pension Fund, which may have a material adverse effect on the combined company's business, operating or financial results or financial position.

If the Cadbury Pension Fund trustees have the power to wind up the Cadbury Pension Fund and elect to exercise this power, Cadbury and its subsidiaries who are employers for the purposes of the Cadbury Pension Fund would be required to pay an amount equal to the shortfall or deficit at that time between the Cadbury Pension Fund's assets and its liabilities assessed on the so called buy out basis. This is the cost of purchasing annuities to cover all the Cadbury Pension Fund benefits with a buy out provider. We estimate that such an amount may be significant and could be in excess of £1.0 billion. Buy out deficits are volatile and depend on, among other things, market conditions and the appetite of buy-out providers from time to time. In the event the Cadbury Pension Fund trustees were to wind up the fund, the amount of the deficit may be greater or less than this amount and the requirement to meet this deficit in very short order may have a material adverse effect on the combined company's business, operating or financial results or financial position.

Cadbury's pension liabilities are calculated using the accounting valuation basis for the purposes of determining the provision to be included in the balance sheet in its financial statements. According to Cadbury's Annual Report on Form 20-F for the year ended December 31, 2008, the Cadbury Pension Fund was broadly in balance on an accounting basis at December 31, 2008. The level of the deficit calculated using the accounting valuation basis is volatile and depends on, among other things, market conditions from time to time. We estimate that, as at August 31, 2009, the accounting deficit would have been approximately £400 million. Following completion of the offer, depending on the circumstances at the time the next balance sheet is prepared for the combined company, Cadbury's pension liabilities may have a material adverse effect on the combined company's business, operating or financial results or financial position.

Upon completion of the offer, the U.K. Pensions Regulator will have power in certain circumstances to require us and our subsidiaries (including those subsidiaries outside the U.K.) to make substantial payments into or otherwise provide financial support to the Cadbury Pension Fund, for amounts up to the buy-out deficit from time to time. Thus, upon completion of the offer, liability to support the Cadbury Pension Fund will not necessarily be limited to Cadbury and its subsidiaries.

**Cadbury's Vision into Action initiative to deliver improvements in business performance may fail and the implementation of the plan may disrupt the combined company's business.**

On June 19, 2007, Cadbury announced a new strategy for its confectionery business called Vision into Action, which includes a plan to improve its margin performance to achieve a mid-teens operating margin by 2011. According to publicly available information published by Cadbury, this plan includes reductions in the number of factories and employees, material changes to Cadbury's supply chain configuration and to the structure and operation of Cadbury's business.

To the extent that we continue to implement the Vision into Action plan following completion of the offer, these reductions and changes increase the risk of disruption to the combined company's business, which may occur, for example, through a failure to successfully implement the Vision into Action plan, unforeseen events or workforce actions.

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Cadbury has publicly indicated that it expects to incur a restructuring charge of £550 million (of which around £50 million is non-cash) and invest £200 million of capital expenditure behind the Vision into Action plan. If we continue to implement this plan following completion of the offer, there can be no guarantee that this plan, or any of Cadbury's other plans or investments, will deliver the anticipated improvements in business performance, which could adversely affect the business of the combined company. In addition, the implementation of the plan may not give rise to a sustained improvement in Cadbury's revenues or profitability or reach the level of projected improvement.

### **Risk Factors Relating to Kraft Foods Common Stock**

#### **There will be material differences between your current rights as a holder of Cadbury ordinary shares, including those represented by Cadbury ADSs, and the rights you can expect as a shareholder of Kraft Foods.**

Under the terms of the offer (subject to the mix and match facility), Cadbury securityholders will receive a combination of Kraft Foods common stock and cash consideration if the offer becomes or is declared unconditional, and will consequently become holders of Kraft Foods common stock. Kraft Foods is governed by the laws of the United States, the Commonwealth of Virginia, its articles of incorporation, and its by-laws. There will be material differences between the current rights of Cadbury securityholders and the rights they can expect to have as holders of Kraft Foods common stock. For example, holders of Kraft Foods common stock do not have the benefit of statutory pre-emption rights under the Virginia Stock Corporation Act. In addition, under Virginia law, the Kraft Foods board of directors may elect to adopt certain provisions that have the effect of discouraging a third party from acquiring control of Kraft Foods, which could limit the price that some investors might be willing to pay in the future for Kraft Foods common stock. Provisions of the Virginia Stock Corporation Act and Kraft Foods' articles of incorporation may also have the effect of discouraging or preventing certain types of transactions involving an actual or a threatened change in control of Kraft Foods, including unsolicited takeover attempts, even though such a transaction may offer Kraft Foods shareholders the opportunity to sell their Kraft Foods common stock at a price above the prevailing market price. For a detailed discussion of the material differences between the current rights of Cadbury shareholders, and the rights you can expect as a holder of Kraft Foods common stock, please see our discussion in the section of this prospectus/offer to exchange entitled "Comparison of Shareholders' Rights."

#### **Cadbury securityholders will own a smaller percentage of the combined company than they currently own of Cadbury.**

After completion of the offer, Cadbury securityholders will own a smaller percentage of the combined company than they currently own of Cadbury. Assuming exercise of all share options and vesting of all share awards held under the Cadbury share schemes over Cadbury ordinary shares and full acceptance of the offer, former Cadbury securityholders and existing Kraft Foods shareholders will own approximately 15.2% and 84.8%, respectively, of the outstanding shares of the combined company immediately after completion of the offer. Please see the section of this prospectus/offer to exchange entitled "The Offer: Ownership of Kraft Foods After Completion of the Offer" for a discussion of the assumptions on which these ownership percentages are based.

#### **Risks of executing the offer could cause the market price of Kraft Foods common stock to decline.**

The market price of Kraft Foods common stock may decline as a result of the offer, among other reasons, if:

the integration of Cadbury's business is delayed or unsuccessful;

we do not achieve the expected benefits of our acquisition of Cadbury as rapidly or to the extent anticipated by us, financial analysts or investors or at all;

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the effect of our acquisition of Cadbury on our financial results is not consistent with the expectations of financial analysts or investors;

former Cadbury securityholders sell a significant number of shares of Kraft Foods common stock after completion of the offer; or

we fail to acquire 100% of the Cadbury ordinary shares, including those represented by Cadbury ADSs, in the offer or through the compulsory acquisition process.

Assuming exercise of all share options and vesting of all share awards held under the Cadbury share schemes over Cadbury ordinary shares and full acceptance of the offer, the number of shares of Kraft Foods common stock we will issue to Cadbury securityholders pursuant to the offer will be not more than approximately 265 million, representing approximately 15.2% of the issued and outstanding shares of Kraft Foods common stock, as increased as a result of the offer, calculated at January 15, 2010. If a significant proportion of Cadbury securityholders who receive Kraft Foods common stock in the offer seek to sell those shares within a short period after completion of the offer, this could create selling pressure in the market for Kraft Foods common stock or a perception that such selling pressure may develop, either of which may adversely affect the market for, and the market price of, Kraft Foods common stock.

**The market price of Kraft Foods common stock may be affected by factors different from those affecting the price of Cadbury ordinary shares and Cadbury ADSs.**

If the offer is successfully completed, Cadbury securityholders will become holders of Kraft Foods common stock. Our business differs from that of Cadbury, and our results of operations, as well as the price of Kraft Foods common stock, may be affected by factors different from those affecting Cadbury's results of operations and the price of Cadbury ordinary shares and Cadbury ADSs.

**The level of any dividend paid in respect of the Kraft Foods common stock is subject to a number of factors.**

The level of any dividend paid in respect of Kraft Foods common stock is within the discretion of our board of directors and is subject to a number of factors, including the business and financial conditions, earnings and cash flow of, and other factors affecting us and our subsidiaries (and following completion of the offer, the combined company), as well as the availability of funds from which dividends can be legally paid. The level of any dividend in respect of the Kraft Foods common stock is also subject to the extent to which we receive funds, directly or indirectly, from our operating subsidiaries and divisions in a manner which creates funds from which dividends can be legally paid. Any reduction in dividends paid on Kraft Foods common stock from those historically paid, or the failure to pay dividends in any financial year, could adversely affect the market price of Kraft Foods common stock.

### **Risk Factors Relating to the Offer**

**If you elect to use the mix and match facility, you may not receive the consideration in the proportion of Kraft Foods common stock and cash requested.**

There is a mix and match facility available to Cadbury securityholders. Under the mix and match facility, accepting Cadbury securityholders may elect to vary the proportions in which they receive shares of Kraft Foods common stock and cash consideration, subject to off-setting elections made by other Cadbury securityholders. Satisfaction of elections under the mix and match facility will be effected on the basis of £15.94 in cash (the closing price of a share of Kraft Foods common stock derived from the NYSE on December 1, 2009, converted to pounds sterling at an exchange rate of \$1.6627 per £1.00, as quoted by WM/Reuters on December 1, 2009) for each share of Kraft Foods common stock (and *vice versa*). To the extent that elections cannot be satisfied in full, they will be reduced on a *pro rata* basis.

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As a result, if you make an election under the mix and match facility, you may not have your election satisfied in full or at all, and you will not know the exact number of shares of Kraft Foods common stock or the amount of cash you will receive until settlement of the consideration under the offer.

Furthermore, during the subsequent offer period, there will be separate off-setting pools for Cadbury ordinary shares, including those represented by Cadbury ADSs, tendered in the subsequent offer period and settled together on a particular settlement date. As a result, Cadbury securityholders who tender their Cadbury ordinary shares or Cadbury ADSs during the subsequent offer period and elect for more cash or more shares of Kraft Foods common stock under the mix and match facility may receive a different proportion of their preferred consideration than those who accept during the initial offer period or those who accept earlier or later during the subsequent offer period.

We describe our procedures for election and proration in paragraph 6 (*The Mix and Match Facility*) of Part B of Appendix A to this prospectus/offer to exchange.

### **The offer may adversely affect the liquidity and value of non-tendered Cadbury ordinary shares and Cadbury ADSs.**

If the offer is successfully completed, the number of Cadbury securityholders and the number of non-tendered Cadbury ordinary shares and Cadbury ADSs held by individual holders may be greatly reduced. As a result, the successful completion of the offer could adversely affect the liquidity and may adversely affect the market value of the remaining non-tendered Cadbury ordinary shares and Cadbury ADSs held by the public. If the offer becomes or is declared wholly unconditional and we acquire 75% of the voting rights of Cadbury, we intend to cause Cadbury to apply for the cancellation of the listing of the Cadbury ordinary shares on the U.K. Official List and the cancellation of trading of the Cadbury ordinary shares on the LSE's main market for listed securities. If we complete the offer, we intend, subject to the rules of the NYSE, to cause Cadbury to apply for the delisting of the Cadbury ADSs from the NYSE and terminate Cadbury's ADS program. As a result of any delisting and cancellation of trading, Cadbury ordinary shares and Cadbury ADSs not acquired pursuant to the offer may become less liquid and may have a reduced value.

### **Failure to acquire 100% of the Cadbury ordinary shares, including Cadbury ADSs, may affect our ability to complete any post-closing restructuring of Cadbury and its subsidiaries. This could reduce or delay the cost savings or revenue benefits to the combined company.**

To effect a compulsory acquisition of the remaining Cadbury ordinary shares, including those represented by Cadbury ADSs, we will need to first obtain at least 90% of the Cadbury ordinary shares to which the offer relates, including those represented by Cadbury ADSs. Unlike domestic U.S. corporations, English corporations cannot merge with another corporation with the approval of a majority shareholder vote. The offer is conditional upon valid acceptances being received (and not, where permitted, withdrawn) in respect of not less than 90% of Cadbury ordinary shares, including those represented by Cadbury ADSs, but this percentage may be reduced by Kraft Foods to any percentage above 50%. On January 19, 2010, we announced that we reserve the right to, and intend to, reduce the number of acceptances required to fulfill the minimum acceptance condition from 90% to 50% plus one Cadbury ordinary share (i.e., a majority) on or after January 26, 2010. Therefore, we could complete the offer without being able to acquire compulsorily the remaining Cadbury ordinary shares, including those represented by Cadbury ADSs, we do not own. We would then be entitled to exercise control of Cadbury and affect the composition of the Cadbury board of directors. However, depending on the level of acceptances received, we may not control sufficient voting rights to delist Cadbury from the U.K. Official List and from trading on the LSE; it may take longer and be more difficult to effect any post-closing restructuring; and the full amount of the cost synergies and revenue benefits identified for the combined company may not be obtained or may only be obtained over a longer period of time. In addition, if we own less than 100% of Cadbury after completion of the offer, we may not be able to carry out joint cash pooling or other intra-company transactions with Cadbury and its subsidiaries on favorable terms or at all. This may adversely affect our ability to achieve the expected amount of cost synergies and revenue benefits after the offer is completed.

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**If we fail to acquire 100% of the Cadbury ordinary shares, including those represented by Cadbury ADSs, but we are able to effect any post-closing restructuring, the consideration that Cadbury securityholders who do not tender in the offer may receive in any post-closing restructuring may be substantially lower and/or different in form than the consideration they would have received had they tendered in the offer (and they may also be subject to different tax consequences).**

If we fail to acquire in the offer and in a compulsory acquisition 100% of the Cadbury ordinary shares, including those represented by Cadbury ADSs, but are able to complete any post-closing restructuring we may decide to undertake, the consideration that Cadbury securityholders who do not tender their Cadbury ordinary shares, including those represented by Cadbury ADSs, in the offer may receive in any post-closing restructuring may be lower and/or different in form than the consideration that they would have received had they tendered their Cadbury ordinary shares, including those represented by Cadbury ADSs, in the offer. Such differences could result from the fact that:

if any post-closing restructuring is the subject of litigation, we may be required to change the consideration offered to Cadbury securityholders in response to any court order;

the tax consequences to Cadbury securityholders of receiving payment in any post-closing restructuring may be different from what they would have been if they had tendered their Cadbury ordinary shares, including those represented by Cadbury ADSs, in the offer; and

any Kraft Foods common stock received as part of the consideration may have a different value at the time of completion of any post-closing restructuring than at the time of the completion of the offer.

Moreover, if any post-closing restructuring is the subject of litigation, a court could delay or prohibit the restructuring from occurring on its proposed terms, or at all. Accordingly, Cadbury securityholders who do not tender their Cadbury ordinary shares or Cadbury ADSs in the offer may not receive consideration for such shares promptly after the closing of the offer, or at all.

**We must obtain governmental and regulatory consents to complete the offer, which, if delayed, not granted or granted with onerous conditions, may jeopardize or delay the offer, result in additional expenditures of money and resources and/or reduce the anticipated benefits of the acquisition.**

The offer is conditional on, among other things, the receipt of regulatory approvals from regulators with jurisdiction over the operations of Kraft Foods and Cadbury. On December 14, 2009, the required waiting period under the HSR Act expired. On January 6, 2010, the European Commission announced that it had cleared the offer subject to the commitments that we have offered in relation to the divestiture of Cadbury's chocolate businesses in Poland and Romania. Accordingly, both the U.S. and European Commission antitrust conditions to the offer have been satisfied. The governmental agencies from which Kraft Foods seeks these approvals have discretion in administering the governing regulations. As a condition to their approval of the transactions contemplated by the offer, agencies may impose requirements, limitations or costs or require divestitures or place restrictions on the conduct of the combined company's business. These requirements, limitations, costs, divestitures or restrictions could jeopardize or delay the consummation of the offer or may reduce the anticipated benefits of the acquisition of Cadbury to the combined company. Furthermore, we may not be able to obtain the required consents and approvals and, if so, the required conditions of the offer may not be satisfied. Even if all of the required consents and approvals are obtained and the conditions to the consummation of the offer are satisfied, we will not necessarily be able to control the terms, conditions and timing of the approvals. If we agree to any material requirements, limitations, costs, divestitures or restrictions in order to obtain any approvals required to consummate the offer, these requirements, limitations, additional costs or restrictions could adversely affect the two companies' ability to integrate their operations or reduce the anticipated benefits of the proposed acquisition of Cadbury to the combined company. This could result in a delay in completion of, or a decision not to complete, the offer or have a material adverse effect on the business and results of operations of the combined

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company. Please see paragraph 1 (*Conditions of the Offer*) of Part A of Appendix A to this prospectus/offer to exchange for a discussion of the conditions of the offer and the section of this prospectus/offer to exchange entitled "The Offer Regulatory Approvals" for a description of the material regulatory approvals necessary in connection with the offer.

**Even if a material adverse change to Cadbury's business or prospects were to occur, in certain circumstances we may not be able to invoke the offer conditions and terminate the offer, which could reduce the value of the Kraft Foods common stock we issue in the offer.**

Completion of the offer is subject to a number of conditions, including that there is no material adverse change affecting Cadbury before the offer becomes, or is declared, wholly unconditional. Under the U.K. Takeover Code, and except for the minimum acceptance condition and the conditions relating to the European Commission antitrust approval (as described in the section of this prospectus/offer to exchange entitled "The Offer Regulatory Approvals"), we may invoke a condition to the offer to cause the offer not to proceed only if the U.K. Takeover Panel is satisfied that the circumstances giving rise to that condition not being satisfied are of material significance to us in the context of the offer.

If a material adverse change affecting Cadbury were to occur and the U.K. Takeover Panel does not allow us to invoke a condition to cause the offer not to proceed, the market price of the Kraft Foods common stock may decline or our business or our financial condition may be materially adversely affected. As a result, the value of the Kraft Foods common stock received by Cadbury securityholders may be reduced.

**We have not had due diligence access to Cadbury or its business or management for the purposes of preparing this prospectus/offer to exchange.**

We have not had due diligence access to Cadbury or its business or management for the purposes of preparing this prospectus/offer to exchange. Accordingly, we have prepared the information in, or incorporated by reference into, this prospectus/offer to exchange based only on publicly available information regarding Cadbury and such information has not been subject to comment or verification by Cadbury, Kraft Foods or their respective directors.

We have no knowledge that any information or statements relating to Cadbury contained in, or incorporated by reference into, this prospectus/offer to exchange are inaccurate or incomplete. However, we were not involved in the preparation of such information and statements and, therefore, cannot verify the accuracy, completeness or truth of such information or any failure by Cadbury to disclose events that may have occurred, but that are unknown to us, that may affect the significance or accuracy of any such information.

In addition, we have made certain assumptions relating to the forecast level of cost savings, synergies and associated costs of the offer based only on publicly available information regarding Cadbury. Our assumptions relating to the forecast level of cost savings, synergies and associated costs of the offer may be inaccurate.

Further, the completion of the offer may give rise to the right of contractual counterparties to terminate material supply and other contracts with Cadbury or result in other consequences as a result of matters unknown to us. As such, there may be other matters relating to Cadbury that are unknown by us and that may have an adverse effect on the combined company's financial condition and results of operations and/or result in substantial additional costs or liabilities.

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**Whether or not the offer is completed, the announcement and prospect of the successful completion of the offer could cause disruptions in the businesses of Kraft Foods and/or Cadbury, which could have material adverse effects on their businesses and financial results, as well as on the business prospects and financial results of the combined company.**

Whether or not the offer is completed, the announcement and prospect of the successful completion of the offer could cause disruptions in the businesses of Kraft Foods and/or Cadbury. Specifically if the offer succeeds, some current and prospective employees may experience uncertainty about their future roles within the combined company, which may adversely affect Kraft Foods' and Cadbury's abilities to retain or recruit key managers and other employees. If Kraft Foods and Cadbury fail to manage these risks effectively, the business and financial results of Kraft Foods, Cadbury and the combined company could be adversely affected.

**If there are significant, unforeseen difficulties integrating the business operations of Kraft Foods and Cadbury, they could adversely affect the business of the combined company.**

We intend, to the extent possible, to integrate our operations with those of Cadbury. Our goal in integrating these operations is to increase revenues through enhanced growth opportunities and achieve cost savings by taking advantage of the significant anticipated synergies of consolidation. However, we may encounter difficulties integrating our operations with Cadbury's operations, resulting in a delay or the failure to achieve the anticipated synergies, including the expected increases in earnings and cost savings. If such difficulties are significant, this could adversely affect the business of the combined company.

**We may incur higher than expected integration, transaction and offer-related costs.**

We expect to incur a number of non-recurring costs associated with combining the operations of the two companies, including implementation cash costs estimated to be approximately \$1.2 billion in the first three years following completion of the offer. In addition, we will incur legal, accounting and transaction fees and other costs related to the offer. Some of these costs are payable regardless of whether the offer is completed and such costs may be higher than anticipated.

Although we believe that the elimination of duplicative costs, as well as the realization of other efficiencies related to the integration of the businesses, will offset these implementation and offer costs over time, this net benefit may not be achieved within the expected timetable. In addition, some of these costs could be higher than we anticipate, which could reduce the net benefits of the transaction and impact our results of operations.

Please see the section of this prospectus/offer to exchange entitled "Failure to acquire 100% of the Cadbury ordinary shares, including Cadbury ADSs, may affect our ability to complete any post-closing restructuring of Cadbury and its subsidiaries. This could reduce or delay the cost savings or revenue benefits to the combined company."

### **Risk Factors Relating to Market and Currency Fluctuation**

**Market fluctuations may reduce the overall value of the consideration in the offer.**

Unless you make a successful mix and match election, each Cadbury ordinary share, including each Cadbury ordinary share represented by a Cadbury ADS, you tender in the offer will be exchanged for 500 pence in cash and 0.1874 shares of Kraft Foods common stock. As one Cadbury ADS represents four Cadbury ordinary shares, for each Cadbury ADS you tender in the offer you will receive 2,000 pence in cash and 0.7496 shares of Kraft Foods common stock. Any fluctuation in the market price of Kraft Foods common stock or the pound sterling/U.S. dollar exchange rate between now and the consummation of the offer will increase or decrease the cash value of the Kraft Foods common stock that you will receive.

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Kraft Foods common stock and any dividends to be paid in respect of it will be denominated in U.S. dollars. An investment in Kraft Foods common stock by an investor whose principal currency is not U.S. dollars exposes the investor to foreign exchange rate risk. Any depreciation of the U.S. dollar in relation to such other currency will reduce the value of the investment in Kraft Foods common stock, and any dividends to be paid in respect of it, in terms of such other currency, and any appreciation of the U.S. dollar will increase the value in terms of such other currency.

### **Cadbury securityholders who tender their Cadbury ordinary shares and Cadbury ADSs in the offer will be subject to exchange rate risk.**

The cash portion of the consideration that you will receive for your Cadbury ordinary shares is payable in pounds sterling, unless you elect to receive it in U.S. dollars. The cash portion of the consideration that you will receive for your Cadbury ADSs is payable in U.S. dollars, unless you elect to receive it in pounds sterling. As a result, the value of this consideration in any currency relevant to a Cadbury securityholder will vary depending on the exchange rate between that currency and pounds sterling or U.S. dollars, as applicable, which is likely to fluctuate between the date of this prospectus/offer to exchange and the date on which cash consideration is paid to Cadbury securityholders. Fluctuations in the exchange rate between other currencies and U.S. dollars, as applicable, will also affect the pound sterling equivalent of the price of the Kraft Foods common stock.

Furthermore, if you receive the cash portion of your consideration in U.S. dollars, the cash amount payable in pounds sterling to which you would otherwise be entitled pursuant to the terms of the offer will be paid (net of all relevant fees and expenses) in U.S. dollars, based on the exchange rate obtainable on the spot market in London on the date the cash consideration is made available by Kraft Foods to the Ordinary Share Exchange Agent or ADS Exchange Agent for delivery in respect of your Cadbury ordinary shares or Cadbury ADSs. In this case, the actual amount of U.S. dollars you receive will depend on this, so you will be subject to the risk that exchange rate fluctuations could change the amount of U.S. dollars you receive.

### **Shareholders in the combined company will be more exposed to currency exchange rate fluctuations as, following completion of the offer, there will be an increased proportion of assets, liabilities and earnings denominated in foreign currencies.**

As a result of the successful completion of the offer, the financial results of the combined company will be more exposed to currency exchange rate fluctuations and an increased proportion of assets, liabilities and earnings will be denominated in non-U.S. dollar currencies.

The combined company will present its financial statements in U.S. dollars and will have a significant proportion of net assets and income in non-U.S. dollar currencies, primarily pounds sterling and the euro as well as a range of emerging market currencies. The combined company's financial results and capital ratios will therefore be sensitive to movements in foreign exchange rates. A depreciation of non-U.S. dollar currencies relative to the U.S. dollar could have an adverse impact on the combined company's financial results.

### **Risk Factors Relating to Cadbury's Business**

Additionally, we encourage you to read and consider other risk factors specific to Cadbury's businesses (that may also affect the combined company after consummation of the offer) described in the section entitled "Risk Factors" in Cadbury's Annual Report on Form 20-F for the year ended December 31, 2008, which Cadbury has filed with the SEC and which we have also incorporated by reference into this prospectus/offer to exchange. Please see the section of this prospectus/offer to exchange entitled "Incorporation by Reference."

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**THE COMPANIES**

**Kraft Foods**

We are the world's second largest food company, with revenues of \$41.9 billion and earnings from continuing operations before income taxes of \$2.6 billion in 2008. We have approximately 100,000 employees worldwide and we manufacture and market packaged food products, including snacks, beverages, cheese, convenient meals and various packaged grocery products. We generated approximately half of our revenues from outside the United States in 2008 and sell our products to consumers in approximately 150 countries. At December 31, 2008, we had operations in more than 70 countries and made our products at 168 manufacturing and processing facilities worldwide. At September 30, 2009, we had net assets of \$25.2 billion and gross assets of \$66.7 billion. We are a member of the Dow Jones Industrial Average, Standard & Poor's 500, the Dow Jones Sustainability Index and the Ethibel Sustainability Index.

We have a proven track record of successfully completing and integrating strategic combinations to build and grow iconic brands and multi-national businesses. These acquisitions include *LU* Biscuit in 2007 and Nabisco in 2000.

Our portfolio includes nine brands with annual revenues exceeding \$1.0 billion each, including *Kraft* cheeses, dinners and dressings; *Oscar Mayer* meats; *Philadelphia* cream cheese; *Maxwell House* and *Jacobs* coffee; *Nabisco* cookies and crackers; *Oreo* cookies; *Milka* chocolates; and *LU* biscuits. Our portfolio also includes more than 50 brands which each generate annual revenues of more than \$100 million, including *Côte d'Or*, *Toblerone*, *Marabou* and *Alpen Gold* chocolates; *Royal* biscuits; and *Kenco*, *Carte Noire* and *Grand Mère* coffees.

Our strategy is centered on marketing and developing leading consumer brands and pursuing growth opportunities consistent with consumer trends in order to deliver shareholder value. Our increasing investment in snacks and quick meals and our portfolio of iconic brands aligns with growing consumer interest in convenience products and premium brands. Our focus on snacks and confectionery products fits well within our strategy of growth in instant consumption channels.

Four priorities have shaped our long-term strategy:

focusing on growth categories to transform into a leading snack, confectionery and quick meals company. This is being achieved through exiting lower growth and/or lower margin businesses and reinvigorating high cash flow businesses to fund growth;

expanding our footprint in rapidly growing developing markets to benefit from trading up by consumers and achieving the scale to establish cost-efficient infrastructure in key geographies;

increasing our presence in instant consumption channels as they continue to gain share versus grocery channels in the U.S. and European Union; and

enhancing margins by improving our portfolio mix and reducing costs while investing in quality.

We believe our key competitive strengths include:

our global scale;

our portfolio of leading brands;

a leading sales and distribution system;



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a proven track record of acquiring and integrating large-scale new businesses; and

an experienced management team.

We are a Virginia corporation with principal executive offices at Three Lakes Drive, Northfield, IL 60093. Our telephone number is (847) 646-2000 and our Internet address is [www.kraftfoodscompany.com](http://www.kraftfoodscompany.com).

**Cadbury**

Cadbury is an international confectionery business that generated £5.4 billion in total revenue from its global operations in 2008. At December 31, 2008, Cadbury operated in over 60 countries and had over 45,000 employees. Cadbury's principal product segments are: chocolate, which contributed 46% of Cadbury's revenue in 2008; gum, which contributed 33% of Cadbury's revenue in 2008; and candy, which contributed 21% of Cadbury's revenue in 2008 (in each case, excluding the revenues of Reading Scientific Services Limited).

Cadbury's major brands by segment include:

Chocolate *Cadbury Dairy Milk, Cadbury Creme Egg, Flake and Green & Black's*;

Gum *Trident, Hollywood, Stimorol, Dentyne, Clorets and Bubbaloos*; and

Candy *Halls, Maynards, The Natural Confectionery Co. and Cadbury Eclairs*.

Cadbury is registered under the laws of England and Wales as a public limited company with its registered office (principal executive office) at Cadbury House, Sanderson Road, Uxbridge, England, UB8 1DH. Its telephone number is +44 1895 615000 and its Internet address is [www.cadbury.com](http://www.cadbury.com).

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**BACKGROUND AND REASONS FOR THE OFFER**

**Background of the Offer**

We continually review our strategic alternatives. In the summer of 2009, we gave serious consideration to whether or not a business combination with Cadbury could be accomplished on favorable terms.

On August 20, 2009, our board of directors met with members of senior management and certain of our financial advisors. Our board of directors authorized Ms. Irene Rosenfeld, our Chairman and Chief Executive Officer, to approach Cadbury to ascertain its interest in a business combination.

On August 28, 2009, Ms. Rosenfeld met with Mr. Roger Carr, the Chairman of Cadbury, in London to express our interest in pursuing a business combination with Cadbury. Ms. Rosenfeld informed Mr. Carr that our board of directors had authorized her to make a proposal to acquire all of the outstanding Cadbury ordinary shares for 300 pence in cash and 0.2589 new shares of Kraft Foods common stock per Cadbury ordinary share. That same day, Ms. Rosenfeld sent Mr. Carr the following letter confirming their conversation and the proposal put forth by Ms. Rosenfeld at the meeting (footnotes omitted):

*28 August 2009*

*Mr. R. Carr*

*Cadbury plc*

*Cadbury House*

*Sanderson Road*

*Uxbridge*

*UB8 1DH*

*Dear Roger,*

*I very much enjoyed meeting you this morning. As I explained, we believe that the combination of our companies would provide a compelling value proposition for both our shareholders. As analysts and industry observers have long speculated, our two great companies are highly complementary and a combination makes a great deal of strategic and financial sense. We believe that now is the time to pursue a transaction as a result of the significant opportunities available to both of us. We look forward to engaging in constructive, friendly discussions and working toward a positive outcome on a recommended basis.*

*We have great respect and admiration for Cadbury plc ( Cadbury ), its employees, its leadership and its proud heritage. We have also taken note of your recent performance and the successful ongoing implementation of your Vision Into Action programme. However, we believe that Cadbury's prospects, ability to fully realise operational efficiencies and capacity to invest are necessarily constrained given its limited scale and scope relative to larger global competitors. We see few catalysts for sustained future value creation for Cadbury as a standalone entity. In contrast, we have concluded that we can strengthen both our companies by bringing them together, enhancing our worldwide scale and scope, and capitalising on significant opportunities to build a global leader in the food and snacking industry for the benefit of all of our respective stakeholders. In so doing, we are eager to build upon the success of your iconic brands and strong British heritage through increased investment and innovation.*

*Accordingly, I am writing to set out the details of a possible offer to combine Cadbury and Kraft Foods Inc. ( Kraft Foods ) (a Possible Offer ), as approved by the Board of Directors of Kraft Foods. Subject to the pre-conditions set out below, Kraft Foods is prepared to offer 300 pence in cash and 0.2589 new Kraft Foods shares per Cadbury share, which values each Cadbury share at 755 pence*

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*(based on yesterday's closing price of \$28.42 for a Kraft Foods share and an exchange rate of 1.617 \$/£). This price represents an attractive premium to any measure of the standalone value of Cadbury and fully reflects your recent performance and prospects. Specifically, this price represents a premium of:*

*44% over Cadbury's share price of 524 pence on 3 July 2009, prior to recent analyst suggestions regarding potential sector consolidation;*

*37% over Cadbury's 90-day average share price of 553 pence in the period up to 27 August 2009, the last business day preceding this letter; and*

*31% over Cadbury's share price of 578 pence at close yesterday.*

*We would also point out that this price is beyond any price at which Cadbury's shares have traded since the demerger.*

*The Possible Offer would provide your shareholders with both value certainty and the opportunity to enjoy the significant value upside in the combined entity's attractive growth prospects and considerable synergies. Kraft Foods would also offer a mix and match facility under which Cadbury shareholders could elect, subject to availability, to vary the proportions in which they would receive cash and new Kraft Foods shares.*

*I believe that the strategic and financial rationale for this transaction is compelling. The transaction would create:*

*a company with approximately \$50 billion in revenues, with leading shares in snacking and an exceptional portfolio of confectionery and biscuit brands around the world;*

*a geographically diversified combined business, with leading positions and significant scale in key developing markets including India, Mexico, Brazil, China and Russia;*

*a strong presence in instant consumption channels in both developed and developing markets, expanding the reach and margin potential of the combined business; and*

*the potential for meaningful revenue synergies over time from investments in distribution, marketing and product development, as well as a significant opportunity to realise pre-tax cost savings of at least \$625 million annually through increased operational efficiencies.*

*Kraft Foods has a proven track record of successfully completing and integrating strategic combinations to build iconic brands and multi-national businesses, including the acquisitions of LU in 2007 and Nabisco in 2000.*

*A combination with Cadbury is consistent with Kraft Foods' stated strategic objective to build a high-performing global company by reframing our categories, capitalising on our established sales capabilities and driving down costs without compromising our commitment to high quality. Over the past three years, we have successfully positioned Kraft Foods for sustainable, profitable growth. A combination with Cadbury would mark a logical next step in our transformation as we shape the company into a more global, higher-growth and higher-margin entity.*

*Together, we would draw on the collective strengths of our two organisations and create a stronger, more competitive global company for the benefit of all stakeholders. We believe that the growth prospects and global scope of the enlarged entity should lead to increased opportunities for talented employees and managers of both companies. In addition, we confirm that the existing contractual employment rights, including pension rights, of all employees of Cadbury would be fully safeguarded.*



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*The consideration required for the Possible Offer would be provided from a combination of Kraft Foods' existing funds, new debt and the issuance of equity. Financing would be on the basis that Kraft Foods would maintain an investment-grade credit rating. The significant cash flow of the enlarged entity following a combination would allow for rapid debt paydown and the continued funding of growth initiatives.*

*We, together with our legal advisers, have undertaken an analysis in relation to anti-trust matters. The complementary nature of our two businesses means that any antitrust concerns will be few, and limited in scope: we are confident that any issues can be appropriately addressed within the envisaged implementation timeframe. In this regard, we would suggest that our respective legal advisers meet at your earliest convenience, in order for our advisers to explain their analysis, and for next steps to be identified.*

*We believe it is in all parties' interests to progress this transaction as swiftly as possible. Our senior management and advisers have already completed extensive analysis and due diligence based on publicly available information. Accordingly, our due diligence requirements are limited, confirmatory in nature and capable of being addressed within a compressed timeframe. Lazard is acting as our lead financial adviser. We have also retained Centerview Partners, Citigroup and Deutsche Bank as financial advisers. Our legal advisers are Clifford Chance; Cravath, Swaine & Moore; Gibson, Dunn & Crutcher; and Arnold & Porter.*

*It is Kraft Foods' preference to implement any offer by means of a scheme of arrangement but we reserve the right to change this to a general offer. Any offer, if made, would be subject to the terms and conditions usually attaching to a scheme of arrangement, or offer, involving a UK public company.*

*The making of any offer would be subject to the following pre-conditions:*

*satisfactory completion of a limited due diligence review by Kraft Foods, including access to Cadbury's internal plan and projections;*

*Kraft Foods obtaining satisfactory financing; and*

*a unanimous recommendation by the directors of Cadbury to vote in favour of the scheme, or if relevant, to accept the offer.*

*For the avoidance of doubt, this letter should not be construed in any regard as constituting an offer or evincing an intention to make an offer or inviting an offer or imposing an obligation to make an offer for Cadbury and any of its securities or otherwise giving rise to legal relations (save for the obligation to keep its terms confidential) and, in particular, does not constitute a firm intention to make an offer for the purposes of Rule 2.5 of The City Code on Takeovers and Mergers. This proposal is made on a strictly private and confidential basis. This letter shall be governed by and construed in accordance with English law.*

*We trust that our proposal makes clear our level of seriousness and enthusiasm for pursuing this opportunity. We are willing to commit substantial time and financial resources to do so. This matter has the highest priority for Kraft Foods and we are keen to have our advisers and executive team engage with yours so that we can progress this proposal in an expeditious manner.*

*Per our conversation, I look forward to hearing from you shortly.*

*Yours sincerely,*

*Irene B. Rosenfeld*

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On August 31, 2009, Ms. Rosenfeld received the following letter from Mr. Carr stating that the Cadbury board of directors was not interested in the proposed business combination with Kraft Foods:

*August 31, 2009*

*Ms. Irene B. Rosenfeld*

*Chairman & Chief Executive Officer Kraft Foods*

*Three Lakes Drive*

*Northfield, Illinois*

*60093*

*Dear Irene,*

*I have discussed your letter of 28 August with the Board of Directors of Cadbury plc.*

*The Board believes strongly in both the strategy and prospects of Cadbury as an independent company. The Cadbury business is unique in both category and geographical scope and we are confident in our standalone growth prospects.*

*As you will no doubt have seen, we are delivering against our Vision into Action plan as clearly demonstrated by our performance and we have the strength in our brands, together with the necessary scale in our categories and the management capacity to deliver substantial value to our shareholders.*

*Your proposal is unsolicited, unattractive and fundamentally undervalues Cadbury. Accordingly the Board, with the unqualified support of its advisers (Goldman Sachs, Morgan Stanley and UBS), unanimously rejects your proposal and confirms its commitment to its independent strategy.*

*Yours sincerely,*

*Roger Carr*

*Chairman, Cadbury plc*

On September 7, 2009, concurrently with our public announcement of our proposal to acquire Cadbury, Ms. Rosenfeld sent Mr. Carr the following letter:

*7 September 2009*

*Mr. R. Carr*

*Cadbury plc*

*Cadbury House*

*Sanderson Road*

*Uxbridge*

*UB8 1DH*

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*Dear Roger,*

*Thank you for your letter in response to our discussion on 28 August and the letter I sent to you as a follow-up outlining our possible offer (a Possible Offer ) for Cadbury plc ( Cadbury ). I have given careful consideration to your response.*

*Although I am disappointed that you rejected unequivocally our proposal, I remain committed to working toward a recommended offer and to maintaining a constructive dialogue. We are therefore disclosing publicly our Possible Offer as a means to encourage and further that process.*

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*I continue to believe strongly in the strategic rationale for combining our two companies and that our Possible Offer represents an attractive premium and a compelling value proposition for your shareholders.*

*As I outlined during our meeting, I believe we can strengthen both of our companies by bringing them together, enhancing their worldwide scale and scope, and capitalising on significant opportunities, building on the position of Kraft Foods Inc. ( Kraft Foods ) as a global powerhouse in snacks, confectionery and quick meals for the benefit of all of our respective stakeholders.*

*We understand the great sense of pride that you and your team have for Cadbury and its brands. We also have a long history of respecting and building iconic brands like Oreo, LU, Milka, Toblerone, Kenco, Philadelphia and DairyLea to name just a few. Kraft Foods is committed to building upon Cadbury's success and strong British heritage through increased investment and innovation.*

*Our extensive combined global business network would create opportunities for talented Cadbury employees and managers across all areas of the combined enterprise. We would augment Kraft Foods' and Cadbury's world-class capabilities by employing a best of both focus, from sales and marketing to distribution and manufacturing. For example, we believe we would be in a position to continue to operate the Somerdale facility, which is currently planned to be closed, and invest in Bournville, thereby preserving UK manufacturing jobs.*

*I also want to reiterate that our Possible Offer represents a compelling value proposition for your shareholders. Given the proposed consideration mix of cash and shares, they would enjoy both value certainty and significant potential upside in the combined entity's attractive growth prospects and meaningful synergies. As we discussed, and as I noted in my previous letter to you, we commend you on your successful ongoing implementation of Vision Into Action ( VIA ). I believe Cadbury's share price already reflects its prospects as a standalone entity and the benefits of VIA. Our Possible Offer therefore not only takes into account these factors, but also provides a significant premium and, I believe, significantly more value for your shareholders than Cadbury could create independently.*

*Together, we can draw on the collective strengths of our two organisations to create a stronger, more competitive global company for the benefit of all our stakeholders. I would ask you to reconsider your rejection of our Possible Offer and would welcome a constructive dialogue.*

*Yours sincerely,*

*Irene B. Rosenfeld*

*For the avoidance of doubt, this letter should not be construed in any regard as constituting an offer or evincing an intention to make an offer or inviting an offer or imposing an obligation to make an offer for Cadbury and any of its securities or otherwise giving rise to legal relations and, in particular, does not constitute a firm intention to make an offer for the purposes of Rule 2.5 of The City Code on Takeovers and Mergers. This letter shall be governed by and construed in accordance with English law.*

On September 7, 2009, we issued a press release setting forth the terms of this proposal, which we refer to as the September 7 proposal, and the text of our August 28, 2009 and September 7, 2009 letters.

On the same day, September 7, 2009, the Cadbury board of directors rejected the September 7 proposal in the following statement issued via press release:

*In response to the announcement by Kraft Foods Inc. ( Kraft Foods ), Cadbury plc ( Cadbury or the Group ) confirms that it recently received an unsolicited proposal from Kraft Foods regarding a possible share and cash offer for the Group which is conditional on, inter alia, financing and due diligence. The Board of Cadbury reviewed the proposal with its advisers and rejected it.*

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*The Board is confident in Cadbury's standalone strategy and growth prospects as a result of its strong brands, unique category and geographic scope and the continued successful delivery of its Vision into Action plan. The Board believes that the proposal fundamentally undervalues the Group and its prospects.*

On September 12, 2009, Ms. Rosenfeld received the following letter from Mr. Carr reiterating Cadbury's opposition to our proposal and Cadbury's commitment to remaining an independent company.

*Dear Irene,*

*In my letter of 31st August, I informed you that the Board had rejected your unsolicited proposal on the grounds that it is unattractive and fundamentally undervalues Cadbury. Under your proposal, Cadbury would be absorbed into Kraft Foods' low growth, conglomerate business model, an unappealing prospect which contrasts sharply with our strategy to be a pure play confectionery company. I also re-affirmed the Board's confidence in our future prospects as an independent company. There is nothing in your letter dated 7th September, or your various announcements on and since that date, to change our view.*

*I would like to take the opportunity to expand on some points I made in my letter.*

*Over the past few years, Cadbury has completed a major corporate transformation through the acquisition of Adams and the demerger and sale of our beverage businesses. The disposal of Beverages provides the clear business focus we believe essential to achieve outstanding performance.*

*We have created a pure play confectionery business with strong brands occupying leading market positions in both developed markets and high growth emerging economies – a business of considerable inherent value, impossible to replicate and with a unique position in the global confectionery market. We have a clear set of targets, a track record of delivery accepted by the market and value enhancing plans to further exploit our proven growth platforms.*

*We have demonstrated through our performance to date that we have the scale, capabilities and resource to deliver on our commitments to shareholders. Since the Adams acquisition, our confectionery business has delivered top line growth of over 6%, we have increased our global market share by over 100 bps and generated comparable margin growth of over 200 bps, all while materially increasing spend on marketing and science and technology to drive innovation.*

*We have been able to demonstrate both organic and inorganic growth. The acquisition of Adams, together with more recent acquisitions, including Intergum and Sansei, provided scale and new growth opportunities in attractive product areas of gum and candy together with exposure to emerging markets that complemented our powerful British Commonwealth heritage.*

*Our integration of Adams achieved combined cost and revenue synergies of 14% by the end of 2006. We achieved this performance by reinvigorating sales growth, re-stimulating the acquired brands through increased marketing investment and widening the product range through greater commitment to product innovation.*

*We understand the attraction of our business and fully appreciate the value and benefits it would offer to those looking for superior growth and exposure to our attractive product segments and markets. Equally, the quality of our management, the momentum of our business, the power of our brands, the strength of our market positions and the spread of our global footprint continue to underpin our belief in the business and its prospects as an independent entity.*

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*Finally, I would emphasise that the delivery of value to our shareholders remains at the top of our agenda. Your proposal is for Cadbury shareholders to exchange shares in a pure-play confectionery business for cash and shares in Kraft Foods, a company with a considerably less focused business mix and historically lower growth. In addition, the proposal is of uncertain value for Cadbury shareholders as underlined by the movement in the Cadbury share price since your announcement. Your proposal fundamentally fails to reflect the current value of Cadbury as a standalone business, its growth prospects and the potential synergies of a combined entity.*

*We are committed to the delivery of optimum value to our shareholders and our Board remains convinced that this is achieved through continuing to deliver our standalone pure play confectionery strategy.*

*Yours sincerely,*

*Roger Carr*

*Chairman, Cadbury plc*

During October 2009, our board of directors met on several occasions with management and certain of our financial advisors to discuss the due diligence investigation conducted to date with respect to Cadbury by certain of our legal and other advisors, to discuss the terms of the offer and to approve the bridge facility described in the section of the original prospectus/offer to exchange entitled "The Offer Financing of the Offer; Source and Amount of Funds."

On November 6, 2009, our board of directors met with management and certain of our financial advisors. At this meeting, our board of directors approved the offer on the financial terms set forth in the September 7 proposal, including issuing shares of Kraft Foods common stock in connection with the offer.

On November 9, 2009, we announced a firm intention to make an offer to acquire all of the outstanding Cadbury ordinary shares, including those represented by Cadbury ADSs.

On that same day, November 9, 2009, the Cadbury board of directors issued a statement recommending that Cadbury shareholders reject our offer.

Between November 9, 2009 and December 4, 2009, our board of directors met several times with management to discuss the terms of the offer and to approve the offer documentation.

On December 4, 2009, we commenced the offer on the financial terms set forth in the September 7 proposal by filing the registration statement of which this prospectus/offer to exchange forms a part with the SEC, issuing a press release and summary advertisement regarding the commencement of the offer and mailing the other offer documentation. On December 7, 2009, we published a further summary advertisement and a formal notice regarding the offer.

On December 14, 2009, Cadbury filed a Solicitation/Recommendation Statement on Schedule 14D-9 with the SEC and published a U.K. defense document, reporting that the Cadbury board of directors unanimously rejected the offer on the terms set forth in the original prospectus/offer to exchange, which we refer to as the December 4 offer, and recommended that Cadbury shareholders take no action in relation to the December 4 offer.

On December 15, 2009, we issued a response to Cadbury's defense document.

On January 5, 2010, we extended the offer until 8:00 a.m. New York City time (1:00 p.m. London time) on February 2, 2010.

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On January 12, 2010, Cadbury amended its Solicitation/Recommendation Statement on Schedule 14D-9 and published a U.K. defense document, reiterating its recommendation that Cadbury securityholders should reject the December 4 offer and take no action in relation to that offer.

On January 16, 2010, our board of directors met with members of senior management and certain of our financial advisors. Our board of directors authorized Ms. Rosenfeld to proceed with an increased offer within a range of valuations and to approach Cadbury regarding the possibility of a recommended offer.

On the morning of January 18, 2010, Ms. Rosenfeld met with Mr. Carr and certain of their respective advisors in London to discuss an increased offer. Ms. Rosenfeld and Mr. Carr and their advisors met several times throughout the day and negotiated the terms of our revised offer as set forth in this prospectus/offer to exchange.

On January 19, 2010, we publicly announced the terms of the revised offer and the unanimous recommendation by the Cadbury board of directors that Cadbury securityholders accept the terms of our revised offer on the terms set forth in this prospectus/offer to exchange.

### **Reasons for the Offer**

#### ***Creation of a Global Leader in the Food and Confectionery Industry***

We believe that a combination of Kraft Foods and Cadbury represents a strong and complementary strategic fit, creating a global confectionery leader, with a portfolio including more than 40 confectionery brands, each with annual sales in excess of \$100 million.

Globally, the combined Company would be number one in the chocolate and sugar confectionery segments and a strong number two in the high growth gum segment. Cadbury's leading brands, such as *Cadbury*, *Trident* and *Halls*, are highly complementary to our portfolio and would benefit from our global scope, scale and array of proprietary technologies and processes. In addition, the acquisition of Cadbury will significantly enhance the strength of our presence in the confectionery sector, enabling us to leverage Cadbury's product development capabilities.

We believe that confectionery markets are consolidating and scale is becoming increasingly important, in part due to retailers' increasing bargaining power, control of the supply chain and growing portfolio of their own retailer brands, which have benefited from the global economic climate. The combination of Kraft Foods and Cadbury provides the combined company with important additional scale to compete even more effectively in the confectionery sector.

Kraft Foods and Cadbury have highly complementary geographic footprints. Importantly, a combination would increase scale for both companies in developing markets such as Brazil, Russia and China, where Kraft Foods has a stronger presence, and India, Mexico and South Africa, where Cadbury holds leading positions. The company would also benefit from an improved position across Europe, including in France and Spain.

Kraft Foods' and Cadbury's routes to market are also highly complementary. Kraft Foods is particularly strong in the grocery channel in North America and Western Europe, while Cadbury is well positioned in instant consumption channels, which have become increasingly important in both developed and developing markets. A combination provides an enhanced platform for the Combined Group to distribute both Cadbury's and Kraft Foods' products through both channels, creating an attractive opportunity for higher growth and margins.

#### ***Attractive Investment Opportunity for Cadbury Securityholders***

The offer equates to an enterprise value multiple of 13.0 times Cadbury's underlying 2009 EBITDA based on the closing share price of \$29.58 per share of Kraft Foods common stock on January 15, 2010 and an exchange rate of \$1.63 per £1.00 (as quoted by WM/Reuters on January 18, 2010). The enterprise value multiple is calculated assuming the exercise of all share options and vesting of all share awards held under Cadbury's share schemes.

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We have presented the offer by referring to a multiple of Cadbury's underlying EBITDA under IFRS. We believe that EBITDA facilitates operating performance comparisons from period to period and company to company by eliminating potential differences caused by variations in capital structures (affecting interest expense), tax positions (such as the impact on periods or companies of changes in effective tax rates or net operating losses) and the age and book depreciation of tangible assets (affecting relative depreciation expense). We have presented the offer by referring to an enterprise multiple of Cadbury's underlying EBITDA because we believe securities analysts, investors and other interested parties frequently use it to evaluate similar issuers. EBITDA is a non-U.S. GAAP measure for IFRS purposes. EBITDA has limitations as an analytical tool, including:

it does not reflect Cadbury's cash expenditures, or future requirements for, capital expenditures or contractual commitments;

it does not reflect changes in, or cash requirements for, Cadbury's working capital needs;

it does not reflect the interest expense, or the cash requirements necessary to service interest or principal payments, on Cadbury's debt;

although depreciation and amortization are non-cash charges, the assets being depreciated and amortized will often have to be replaced in the future, and EBITDA measures do not reflect any cash requirements for such replacements;

it is not adjusted for all non-cash income or expense items that are reflected in Cadbury's statements of cash flows; and

other companies in the food industry may calculate this measure differently therefore limiting its usefulness as a comparative measure.

Because of these limitations, you should not consider EBITDA as a measure of discretionary cash available to Cadbury, and you should not consider it in isolation from, or as a substitute for, analysis of Cadbury's results of operations, including its cash flows, as reported under IFRS. In addition, the criteria and accounting principles upon which EBITDA is based can vary from company to company. Underlying EBITDA and diluted underlying earnings per share are calculated based on Cadbury's definitions for those terms and include adjustments for restructuring costs, certain discrete items outside Cadbury's core trading activities (non-trading items), amortization and impairment of acquisition intangibles, and derivative accounting and any associated tax effect. Cadbury defines underlying to mean adjusted for restructuring costs, non-trading items, amortization and impairment of acquisition intangibles, and derivative accounting and any associated tax effect. The offer is presented as an enterprise multiple of Cadbury's EBITDA as a supplemental measure that is not required by, or presented in accordance with, U.S. GAAP or IFRS. EBITDA is not a measure of Cadbury's financial performance or liquidity under IFRS and should not be considered as an alternative to gross profit, operating profit or any other performance measure derived in accordance with IFRS or as an alternative to cash flow from operating activities as a measure of Cadbury's liquidity.

We caution you that there can be no assurance about future results, including results considered or expected as described in this section, such as assumptions regarding potential synergies. The information presented in this section is forward looking in nature and, therefore, you should read it in light of the factors discussed in the section of this prospectus/offer to exchange entitled "Forward-Looking Statements."

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### ***Substantial Synergy Benefits***

Although no assurance can be given that any particular level of cost savings will be achieved, the Kraft Foods and Cadbury combination is expected to provide the potential for meaningful revenue synergies over time from investments in distribution, marketing and product development. In addition, it is expected that pre-tax cost savings of at least \$675 million annually can be realized by the end of the third year following completion. Total one-off implementation cash costs of approximately \$1.3 billion are expected to be incurred in the first three years following completion.

Both we and Cadbury have implemented extensive cost saving and operating efficiency programs in recent years and have already delivered significant margin improvement and revenue growth improvements. These annual cost savings are still expected to be achieved over and above the current performance improvement plans at each of Kraft Foods and Cadbury (including Cadbury's updated Vision into Action program). While it is anticipated that these targeted savings will continue to be delivered, we believe that the combined company would be capable of achieving substantial further cost savings through economies of scale and procurement benefits, general and administrative cost savings and marketing and selling costs savings.

Following completion of the acquisition, Cadbury securityholders will be able to share in the synergies resulting from the combination of Kraft Foods and Cadbury through the share component of the offer.

The expected sources of the expected annual pre-tax cost savings of at least \$675 million are:

potential operational cost savings of \$300 million per annum resulting from efficiencies and economies of scale in the areas of procurement, manufacturing, customer service, logistics and research and development;

potential general and administrative cost savings of \$250 million resulting from efficiencies in the areas of central, regional and country level administrative expenses; and

potential marketing and selling cost savings of \$125 million resulting from efficiencies and economies of scale in the areas of marketing, media and selling expenses.

When evaluating the cost savings we have assumed the following:

that Kraft Foods will acquire 100% of the shares in Cadbury following completion of the offer, without undue delay;

that there will be no material unanticipated impact on the combined company arising from any decisions made by competition authorities;

that there will be no material change to the market dynamics affecting Kraft Foods and/or Cadbury following completion of the offer; and

that there will be no material change to exchange rates following completion of the offer.

In establishing the estimate of cost savings, we have assumed that Cadbury's operations, processes and procedures are comparable to those of our own related operations, except where publicly available information clearly indicates otherwise. Kraft Foods' management, aided by its previous integration experience and through an understanding of Cadbury's cost structure based on their own market intelligence and experience, has determined the source and scale of realizable cost savings. The cost savings and the one-off implementation cash costs of achieving the cost savings are incremental to Kraft Foods' and, to the best of our knowledge, Cadbury's existing plans. In addition to information from Kraft Foods management, the sources of information that we have used to arrive at the estimate of cost savings include:

Cadbury's Annual Report and Accounts for the year ended December 31, 2008;

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Cadbury's presentations to analysts;

Cadbury's web site;

analysts' research;

other public information;

Kraft Foods' knowledge of the industry and of Cadbury; and

Kraft Foods' experience of cost savings from previous transactions, in particular, its acquisitions of *LU* Biscuit and Nabisco. We have not had discussions with Cadbury's management nor had access to Cadbury's books and records to confirm the reasonableness of the assumptions we set out above to support our estimate of cost savings. Therefore, there remains an inherent risk in this forward-looking estimate. Please see the section of this prospectus/offer to exchange entitled "Risk Factors - Risk Factors Relating to the Offer - Failure to acquire 100% of the Cadbury ordinary shares, including Cadbury ADSs, may affect our ability to complete any post-closing restructuring of Cadbury and its subsidiaries. This could reduce or delay the cost savings or revenue benefits to the combined company.

***Financial Effects of the Transaction***

We believe that the offer will deliver the following key benefits:

accretion to earnings per share in 2011 of approximately \$0.05 on a cash basis; and

a mid-teens return on investment, well in excess of our cost of capital.

We believe that the offer is consistent with our commitment to maintain a financially disciplined approach and is well within the key criteria outlined in our announcement of a possible offer for Cadbury on September 7, 2009:

accretion to earnings in the second year following completion on a cash basis (which excludes the one-time costs to achieve synergies and expenses related to the transaction and the impact of non-cash items such as the amortization of intangibles after acquisition);

a return on investment in excess of our cost of capital within an acceptable timeframe;

retention of our investment-grade credit rating; and

maintenance of our dividend.

Following the combination with Cadbury, we expect to revise our long-term growth targets to approximately 5% for revenue and 9-11% for earnings per share, from our previously announced 4+% and 7-9% respectively.

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In addition, the acquisition is expected to enhance the quality of the combined company's earnings, and create a business with strong discretionary cash flow generation and attractive revenue growth prospects across a diversified portfolio of brands and product groups worldwide.

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### ***Excellent Investment Opportunity***

*We believe that scale is important in the global food industry*

As the world's second largest food company, with 2008 revenues of \$41.9 billion, we have significant global scale, with operations in more than 70 countries. While the United States is a key market and we are the number one food company there based on retail sales, we generated approximately half of our revenues from outside the United States in 2008 and sell our products in approximately 150 countries around the world.

We believe that our portfolio of leading brands is one of the strongest in the global food industry, with nine of our brands generating annual revenues exceeding \$1 billion each. Our objective is to be the category leader in our principal markets and we generate 80% of our revenues from categories in which we hold the number one position.

Over the past three years, our management has successfully repositioned us for sustainable, profitable growth by reframing our categories, capitalizing on our established sales capabilities and driving down costs without compromising our commitment to high quality. Our strategy is centered on marketing and developing leading consumer brands and pursuing growth opportunities to deliver shareholder value. We remain confident in meeting our long-term performance targets.

*We have upgraded our EPS guidance*

On January 12, 2010, we increased our guidance for 2009 diluted earnings per share, to at least \$2.00 (up approximately five percent from 2008) versus the previous expectation of at least \$1.97. This increased guidance reflects strong operating gains as well as a significant increase in marketing investments versus the prior year.

We expect to achieve this level of diluted earnings per share while continuing to increase investment behind our brands, with advertising and consumer marketing spending expected to grow to approximately 7% of sales in 2009 from 6.7% of sales in 2008.

*Our share price*

Since the announcement of our possible offer for Cadbury on September 7, 2009, we believe our share price performance has been adversely affected by a number of factors of a short-term nature, including: (i) concern that we will not maintain financial discipline regarding an acquisition of Cadbury; (ii) concern that the issuance of Kraft Foods common stock to certain Cadbury securityholders may result in a flowback of such shares; and (iii) short selling activity. We believe that, following completion of our acquisition of Cadbury, these short-term pressures on our share price should dissipate.

By way of illustration, we note the following:

Kraft Foods common stock has historically traded on a current year price earnings multiple broadly in line with that of the S&P 500 Index. Based on Kraft Foods' own guidance for its 2009 diluted earnings per share of at least \$2.00, Kraft Foods' historical 2009 price earnings multiple is 14.8 times as at January 15, 2010 (the last trading day prior to the filing of this prospectus/offer to exchange). The historical 2009 price earnings multiple of the S&P 500 Index is 24.4 times as at the same date;

between September 4, 2009 (the last U.K. business day preceding the announcement of our possible offer for Cadbury) and January 15, 2010 (the last trading day prior to the filing of this prospectus/offer to exchange), the share price for Kraft Foods common stock has increased by approximately 5.3% from \$28.10 to \$29.58. However, the S&P 500 Index has increased by approximately 11.8% over the same period;

analysts' consensus price target for Kraft Foods common stock is \$32.67 per share and 92% of Kraft Foods' current analyst recommendations are either a buy or a hold; and

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Kraft Foods common stock currently has a dividend yield of approximately four percent.

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**THE OFFER**

**Terms of the Offer**

Upon the terms and subject to the conditions set forth in this prospectus/offer to exchange, we are offering to acquire all of the issued and outstanding Cadbury ordinary shares, including those represented by Cadbury ADSs. Under the basic terms of the offer, Cadbury securityholders who accept the offer will be entitled to receive:

500 pence in cash and 0.1874 shares of Kraft Foods common stock for each outstanding Cadbury ordinary share validly tendered and not withdrawn; and

2,000 pence in cash and 0.7496 shares of Kraft Foods common stock for each outstanding Cadbury ADS validly tendered and not withdrawn.

If you tender Cadbury ordinary shares in the offer, you will receive the cash portion of the offer consideration for your Cadbury ordinary shares in pounds sterling, unless you specifically elect to receive it in U.S. dollars. If you tender your Cadbury ADSs in the offer, you will receive the cash portion of the offer consideration for your Cadbury ADSs in U.S. dollars, unless you specifically elect to receive it in pounds sterling.

We will not allot or issue fractions of shares of Kraft Foods common stock. To the extent that Cadbury securityholders are entitled to fractional shares, those fractional entitlements will be aggregated and sold in the market and the net proceeds of such sale (following conversion from U.S. dollars to pounds sterling, if applicable) distributed *pro rata* to the Cadbury securityholders entitled thereto.

The shares of Kraft Foods common stock that will be issued in the offer and in any compulsory acquisition will be listed on the NYSE.

The offer is a single offer for all of the issued and outstanding Cadbury ordinary shares, including those represented by Cadbury ADSs, and is being communicated by separate offer documentation to satisfy regulatory requirements. All holders of Cadbury ordinary shares who are U.S. holders (within the meaning of Rule 14d-1(d) under the Exchange Act) or residents of Canada and all holders of Cadbury ADSs, wherever located, will receive this prospectus/offer to exchange. All holders of Cadbury ordinary shares who are not U.S. holders or residents of Canada will receive separate offer documents. Cadbury securityholders will only receive the relevant offer documents if they are permitted by law to receive them. The terms of the offer are the same regardless of the offer documentation used.

We reserve the right to elect, with the agreement of Cadbury and the consent of the U.K. Takeover Panel, where necessary, to implement the acquisition of Cadbury by way of a court-approved scheme of arrangement in accordance with Part 26 of the U.K. Companies Act. In such event, the acquisition will be implemented on substantially the same terms, subject to appropriate amendments, as those which apply to the offer. A scheme of arrangement is a U.K. statutory, court-sanctioned procedure that may be used as an alternative to the offer if proposed by Cadbury to its shareholders with the agreement of Kraft Foods. In order to be implemented, a scheme of arrangement must be approved by the holders of Cadbury ordinary shares, including those represented by Cadbury ADSs, at a special meeting convened at the direction of the High Court of Justice in England and Wales. At the meeting, the scheme of arrangement must be approved by a majority in number of holders of Cadbury ordinary shares, including those represented by Cadbury ADSs, representing at least 75% in value of the Cadbury ordinary shares, including those represented by Cadbury ADSs, of those voting, whether in person or by proxy. After such approval, the court's sanction of the scheme of arrangement will be sought and, if given, a copy of the court's order must be filed with the U.K. Registrar of Companies, at which time the scheme of arrangement becomes effective. Once the court has sanctioned a scheme of arrangement, all holders of Cadbury ordinary shares, including those represented by Cadbury ADSs, are bound by it, whether or not they have voted in favor of it.

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The offer is also subject to the conditions and other terms of Appendix A to this prospectus/offer to exchange. You should read Appendix A carefully as it contains important information about the offer.

We have obtained from the SEC certain exemptive and no-action relief from applicable statutes and rules to allow the offer to proceed in the manner described in this prospectus/offer to exchange. In particular we have obtained no-action relief from:

the provisions of Rule 14e-5 under the Exchange Act to permit purchases of Cadbury ordinary shares outside of the offer; and exemptive relief from:

Rule 14d-7(a)(1) and Section 14(d)(5) of the Exchange Act to permit withdrawal rights to terminate at the end of the initial offer period and before the expiration of a voluntary extension thereof;

Rules 14d-11(c) and (e) and 14e-1(c) under the Exchange Act to permit the payment for or return of tendered securities in the manner described in this prospectus/offer to exchange; and

Rules 14d-10(a)(2) and (c) and 14d-11(b) and (f) under the Exchange Act to permit the conduct of the mix and match facility in the manner described in this prospectus/offer to exchange.

### **Procedures for Accepting the Offer**

The procedure for tendering Cadbury ordinary shares, including those represented by Cadbury ADSs, into the offer varies depending on a number of factors, including whether you hold Cadbury ordinary shares or Cadbury ADSs, whether you possess physical certificates or hold your Cadbury ordinary shares, including those represented by Cadbury ADSs, in uncertificated or book-entry form and whether you hold them through an intermediary, such as a stockbroker, custodian bank or clearing system.

#### ***If you have already validly accepted the offer***

If you have already validly accepted the offer and you do not wish to withdraw your acceptance, you do not have to take any further action. Cadbury ordinary shares and Cadbury ADSs validly tendered prior to the date hereof that are not validly withdrawn will constitute valid acceptances of the offer on the terms and conditions set forth in this prospectus/offer to exchange.

#### ***If you hold your Cadbury ordinary shares in certificated form (that is, not in CREST)***

To accept the offer, you must complete the Form of Acceptance in accordance with the instructions set out below and on the Form of Acceptance. The Form of Acceptance should be returned as soon as possible and must be received by the Ordinary Share Exchange Agent at the address listed in the Form of Acceptance by 8:00 a.m. New York City time (1:00 p.m. London time) on February 2, 2010, or such later time and date to which the initial offer period may be extended. Further details on the procedures for acceptance, including representations and warranties you are making by accepting the offer, if you hold your Cadbury ordinary shares in certificated form, are set out in the Form of Acceptance and Part C (*Form of Acceptance for Cadbury ordinary shares in certificated form*) of Appendix A to this prospectus/offer to exchange. If you have any questions as to how to complete the Form of Acceptance, please call the information agent between 9:00 a.m. and 11:00 p.m. New York City time Monday to Friday or between 10:00 a.m. and 4:00 p.m. New York City time on Saturdays at the numbers listed on the back cover of this prospectus/offer to exchange. Additional Forms of Acceptance are available from the information agent upon request.

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*To accept the offer on its basic terms*

You must complete Box 1 of the Form of Acceptance by inserting the total number of Cadbury ordinary shares held by you in respect of which you wish to accept the offer whether or not you wish to make an election under the mix and match facility. In addition:

an individual must sign Box 4A on the Form of Acceptance in the presence of a witness, who should also sign in accordance with the instructions printed on it; and

a company must execute Box 4B on the Form of Acceptance in accordance with the instructions printed on it.

If you do not insert a number in Box 1 of the Form of Acceptance, or if you insert in Box 1 a number that is greater than the number of Cadbury ordinary shares that you hold and you have signed Box 4A or 4B, you will be deemed to have accepted the basic terms of the offer in respect of your entire holding of Cadbury ordinary shares held in certificated form.

*To make an election under the mix and match facility*

To make an election under the mix and match facility you must first accept the offer in accordance with the instructions set out in the section of this prospectus/offer to exchange entitled *To accept the offer on its basic terms*. Having done so, you must then complete EITHER Box 2A OR Box 2B of the Form of Acceptance. Under the mix and match facility, you may, subject to availability, elect to receive either additional shares of Kraft Foods common stock only or additional cash only in respect of some or all of your Cadbury ordinary shares. **YOU MUST NOT THEREFORE COMPLETE BOTH BOX 2A AND BOX 2B.** If you do so, you will be deemed not to have made a valid election under the mix and match facility and you will be deemed to have accepted the basic terms of the offer in respect of the number of Cadbury ordinary shares inserted or deemed to be inserted in Box 1.

If you wish to receive *additional shares* of Kraft Foods common stock in place of cash to which you would be entitled under the basic terms of the offer, you must put either *All* or the relevant number of Cadbury ordinary shares (which must be a whole number) in respect of which you wish to receive additional Kraft Foods common stock in Box 2A. If you wish to receive *additional cash* in place of the shares of Kraft Foods common stock to which you would otherwise be entitled under the basic terms of the offer, you must put either *All* or the relevant number of Cadbury ordinary shares (which must be a whole number) in respect of which you wish to receive additional cash in Box 2B.

If you make a mix and match election in respect of some, but not all of your Cadbury ordinary shares, you will be deemed to have accepted the basic terms of the offer in respect of the balance of your Cadbury ordinary shares.

The invalidity of an election under the mix and match facility will not affect the validity of an acceptance of the offer.

*To make an election for U.S. dollars*

To make an election to receive all of your cash consideration in U.S. dollars instead of pounds sterling, you must first accept the offer in accordance with the instructions set out in the section of this prospectus/offer to exchange entitled *To accept the offer on its basic terms*. Having done so, you must then put *YES* in Box 3. You may not elect to receive payment of your cash consideration in a mixture of U.S. dollars and pounds sterling. If you put *YES* in Box 3 you will receive the whole of your cash consideration (including any additional cash to which you may become entitled under the mix and match facility) in U.S. dollars. Please note that any fluctuation in the U.S. dollar/pound sterling exchange rate will be at your own risk.

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The invalidity of a U.S. dollar election will not affect the validity of an acceptance of the offer or of an election under the mix and match facility.

*Cadbury ordinary share certificates not readily available or lost*

A completed, signed and, where required, witnessed Form of Acceptance should be accompanied by the relevant share certificates or other documents of title. If, for any reason, any of your share certificates or any other documents of title are not readily available or are lost, you should nevertheless complete, sign and return the Form of Acceptance as stated above so as to be received by the Ordinary Exchange Agent by mail or by hand (during normal business hours) at the address listed on the back cover of this prospectus/offer to exchange not later than 8:00 a.m. New York City time (1:00 p.m. London time) on February 2, 2010, or such later time or date to which the offer may be extended. You should send with the Form of Acceptance any share certificates and any other documents of title that you may have available, accompanied by a letter stating that the remaining documents will follow as soon as possible or that you have lost one or more of your share certificates or other documents of title. You should then arrange for the relevant share certificates or other documents of title to be forwarded to the Ordinary Share Exchange Agent as soon as possible.

If you have lost any of your share certificates or other documents of title, you should write as soon as possible to Cadbury's registrars, Computershare Investor Services PLC at The Pavilions, Bridgwater Road, Bristol, BS99 6ZZ, England, requesting a letter of indemnity for the lost share certificates or other documents of title that, when completed in accordance with the instructions given, should be returned by mail or by hand (during normal business hours) to the Ordinary Share Exchange Agent at the address listed on the back cover of this prospectus/offer to exchange.

***If you hold your Cadbury ordinary shares in uncertificated form (that is, in CREST)***

To accept the offer, you must take (or cause the taking of) the action set out below to transfer the Cadbury ordinary shares in respect of which you wish to accept the offer to the appropriate escrow balance(s), specifying the Ordinary Share Exchange Agent as the escrow agent as soon as possible. In any event, the TTE Instruction must settle by 8:00 a.m. New York City time (1:00 p.m. London time) on February 2, 2010, or such later time or date to which the offer may be extended. The input and settlement of a TTE Instruction will (subject to satisfying the requirements set out in Part B (*Further Terms of the Offer*) and Part D (*Electronic Acceptance for Cadbury ordinary shares in uncertificated form*) of Appendix A to this prospectus/offer to exchange) constitute an acceptance of the offer in respect of the number of Cadbury ordinary shares so transferred to escrow. If you are a CREST sponsored member, you should refer to your CREST sponsor before taking any action. Only your CREST sponsor will be able to send the required TTE Instruction to Euroclear in relation to your Cadbury ordinary shares. Further details of the procedures for acceptance if you hold your Cadbury ordinary shares in uncertificated form, including representations and warranties you are making by accepting the offer, are set out in Part D (*Electronic Acceptance for Cadbury ordinary shares in uncertificated form*) of Appendix A to this prospectus/offer to exchange.

*To accept the offer on its basic terms*

To accept the offer on its basic terms in respect of some or all of your Cadbury ordinary shares, you must send (or, if you are a CREST sponsored member, cause your CREST sponsor to send) to Euroclear a Basic Offer TTE Instruction (as defined below) in relation to such shares. A Basic Offer TTE Instruction to Euroclear must be properly authenticated in accordance with Euroclear's specifications for transfers to escrow and must contain the following details:

the ISIN number for the Cadbury ordinary shares, which is GB00B2PF6M70;

the number of Cadbury ordinary shares in respect of which you wish to accept the offer (i.e., the number of Cadbury ordinary shares to be transferred to escrow);

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your member account ID;

your participant ID;

the participant ID of the Ordinary Share Exchange Agent in its capacity as escrow agent (as described in the CREST Manual issued by Euroclear) (the Escrow Agent ), which is 3RA34;

the member account ID of the Escrow Agent for the offer on its basic terms, which is CADGBP01 (or CADUS01 if you are making a specific election in U.S. dollars);

the intended settlement date. This should be as soon as possible and, in any event, not later than 8:00 a.m. New York City time (1:00 p.m. London time) on February 2, 2010, or such later time or date to which the offer may be extended;

the corporate action number of the offer. This is allocated by Euroclear and will be available on screen from Euroclear;

input with a standard delivery instruction priority of 80; and

a contact name and telephone number in the shared note field.

A Basic Offer TTE Instruction is a Transfer to Escrow instruction (as described in the CREST manual issued by Euroclear) in relation to Cadbury ordinary shares in uncertificated form meeting the requirements set out in this section of the prospectus/offer to exchange entitled To accept the offer on its basic terms.

*To make an election under the mix and match facility*

To accept the offer and make an election under the mix and match facility, you should send (or if you are a CREST sponsored member, cause your CREST sponsor to send) a Mix and Match TTE Instruction (but not a Basic Offer TTE Instruction) to Euroclear in relation to such shares, in accordance with EITHER of the following two paragraphs. Mix and Match TTE Instruction means a Transfer to Escrow instruction (as described in the CREST manual issued by Euroclear) in relation to Cadbury ordinary shares in uncertificated form meeting the requirements set out in this section of the prospectus/offer to exchange entitled To make an election under the mix and match facility.

If you wish to receive *additional shares* of Kraft Foods common stock, you should adopt the same procedures as apply in respect of a Basic Offer TTE Instruction, but with the following variations:

in the field relating to the number of Cadbury ordinary shares to be transferred to escrow, you should insert the number of shares in respect of which you wish to make an election under the mix and match facility for Kraft Foods common stock only; and

the member account ID of the Escrow Agent for such election is CADGBP02 (or CADUSD02 if you are making a specific election to receive any cash consideration (as a result of your election for shares of Kraft Foods common stock only not being satisfied in full) in U.S. dollars).

If you wish to receive *additional cash* in place of the shares of Kraft Foods common stock to which you would otherwise be entitled under the basic terms of the offer, you should adopt the same procedures as apply in respect of a Basic Offer TTE Instruction, but with the following variations:

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in the field relating to the number of Cadbury ordinary shares to be transferred to escrow, you should insert the number of shares in respect of which you wish to make an election under the mix and match facility for cash only; and

the member account ID of the Escrow Agent for such election is CADGBP03 (or CADUSD03 if you are making a specific election to receive any cash consideration in U.S. dollars).

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If you make a mix and match election in respect of some, but not all, of your Cadbury ordinary shares, you will receive the basic terms of the offer in respect of the balance of your Cadbury ordinary shares.

You cannot elect to receive additional Kraft Foods common stock and additional cash. If you do so, you will be deemed not to have made a valid election under the mix and match facility.

*Validity of acceptances*

Holders of Cadbury ordinary shares in uncertificated form who wish to accept the offer should note that a TTE instruction will only be a valid acceptance of that offer as at the relevant closing date if it has settled on or before 8:00 a.m. New York City time (1:00 p.m. London time) on February 2, 2010.

*Deposits of Cadbury ordinary shares into, and withdrawals of Cadbury ordinary shares from, CREST*

Normal CREST procedures (including timings) apply in relation to any Cadbury ordinary shares that are, or are to be, converted from uncertificated to certificated form, or from certificated to uncertificated form, during the course of the offer (whether any such conversion arises as a result of a transfer of Cadbury ordinary shares or otherwise). Cadbury shareholders who are proposing to so convert any such shares should ensure that the conversion procedures are implemented in sufficient time to enable the person holding or acquiring the Cadbury ordinary shares as a result of the conversion to take all necessary steps in connection with an acceptance of the offer (in particular, as regards delivery of share certificates and any other documents of title or transfers to an escrow balance as described above) prior to 8:00 a.m. New York City time (1:00 p.m. London time) on February 2, 2010.

***If you hold your Cadbury ADSs in certificated form (that is, you hold a Cadbury ADR)***

To accept the offer, you should complete, sign and send the ADS Letter of Transmittal (or a manually signed facsimile thereof), with any required signature guarantees, together with your Cadbury ADRs and any other documents required by the ADS Letter of Transmittal, to the ADS Exchange Agent at the address listed on the back cover of this prospectus/offer to exchange as soon as possible. The ADS Exchange Agent must receive these documents by 8:00 a.m. New York City time (1:00 p.m. London time) on February 2, 2010, or such later time or date to which the offer may be extended. Further details on the procedures for acceptance, including representations and warranties you are making by accepting the offer are set out in the ADS Letter of Transmittal and Part E (*Acceptance for Cadbury ordinary shares represented by Cadbury ADSs*) of Appendix A to this prospectus/offer to exchange.

In general, signatures on letters of transmittal must be guaranteed by a financial institution (including most banks, savings and loan associations and brokerage houses) that is a participant in the Securities Transfer Association Medallion Program, the New York Stock Exchange Medallion Program or the Stock Exchange Medallion Program (an Eligible Institution). However, no signature guarantee is required on the ADS Letter of Transmittal if (a) the ADS Letter of Transmittal is signed by the registered holder(s) of the Cadbury ADSs evidenced by Cadbury ADRs in respect of which the offer is being accepted and such holder(s) has not completed either the box entitled *Special Payment Instructions* or the box entitled *Special Delivery Instructions* on the ADS Letter of Transmittal or (b) the offer is being accepted in respect of such Cadbury ADSs for the account of an Eligible Institution.

If the Cadbury ADSs are registered in the name of a person other than the person who signs the ADS Letter of Transmittal, then the tendered Cadbury ADRs must be endorsed or accompanied by appropriate stock powers, signed exactly as the name of the registered holder or holders appear(s) on Cadbury ADRs evidencing such Cadbury ADSs, with the signatures on such Cadbury ADRs or stock powers to be guaranteed as described above.

If you wish to tender fewer than all of the Cadbury ADSs evidenced by Cadbury ADRs delivered to the ADS Exchange Agent, you must indicate this in the ADS Letter of Transmittal by completing the box entitled

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Description of Cadbury ADSs Tendered. In such case, except as otherwise provided in the ADS Letter of Transmittal, a new Cadbury ADR for the untendered Cadbury ADSs will be sent to you, unless otherwise provided in the appropriate box entitled "Special Delivery Instructions" on the ADS Letter of Transmittal, as promptly as practicable following the date on which the offer becomes or is declared wholly unconditional. All Cadbury ADSs delivered to the ADS Exchange Agent will be deemed to have been tendered unless otherwise indicated.

If any Cadbury ADR evidencing Cadbury ADSs has been lost, destroyed or stolen you should contact the ADS Depository to obtain the proper paperwork required in order to replace your ADS certificate(s). JPMorgan Chase Bank, N.A. can be reached directly at (800) 990-1135, or from outside the United States at (651) 453-2128, or by contacting Global Invest Direct at (800) 428-4237.

***If you hold your Cadbury ADSs through an intermediary in book-entry form (that is, you hold your Cadbury ADSs in a brokerage or custodian account and through a clearing system)***

If you hold your Cadbury ADSs through a broker, dealer, commercial bank, trust company or similar institution, you should follow the instructions sent to you by that institution. To accept the offer, your intermediary should deliver your Cadbury ADSs by book-entry transfer made to the account maintained by the ADS Exchange Agent at the Depository Trust Company, which we refer to as DTC or the Book-Entry Transfer Facility, and deliver an Agent's Message. These steps should be completed by 8:00 a.m. New York City time (1:00 p.m. London time) on February 2, 2010, or such later time or date to which the offer may be extended.

The ADS Exchange Agent has established an account at the Book-Entry Transfer Facility with respect to Cadbury ADSs for the purposes of the offer. Any financial institution that is a participant in the Book-Entry Transfer Facility's systems may make book-entry delivery of Cadbury ADSs by causing the Book-Entry Transfer Facility to transfer such Cadbury ADSs into the ADS Exchange Agent's account at the Book-Entry Transfer Facility's Automated Tender Offer Program (ATOP) in accordance with applicable ATOP procedures for the transfer. An Agent's Message delivered in lieu of the ADS Letter of Transmittal is a message transmitted by the Book-Entry Transfer Facility to, and received by, the ADS Exchange Agent as part of a confirmation of a book-entry transfer. The message states that the Book-Entry Transfer Facility has received an express acknowledgement from the Book-Entry Transfer Facility participant tendering the Cadbury ADSs that such participant has received and agrees to be bound by the terms of the ADS Letter of Transmittal and the offer. Further details on the procedures for acceptance, including representations and warranties you are making by accepting the offer, are set out in the ADS Letter of Transmittal and Part E (*Acceptance for Cadbury ordinary shares represented by Cadbury ADSs*) of Appendix A to this prospectus/offer to exchange.

***If you hold your Cadbury ADSs through direct registration on the books and records of the ADS Depository (that is, you hold your Cadbury ADSs in uncertificated form in an ADS holder account at the ADS Depository)***

To accept the offer, you should convert your direct registration Cadbury ADSs into certificated Cadbury ADSs and follow the acceptance procedures for certificated Cadbury ADSs described above, or arrange for your direct registration Cadbury ADSs to be transferred to a brokerage or custodian account and follow the acceptance procedures for book-entry transfer described above, in each case, as soon as possible and, in any event, so as to be received by the ADS Exchange Agent (in the case of certificated Cadbury ADSs, at the address listed on the back cover of this prospectus/offer to exchange) by 8:00 a.m. New York City time (1:00 p.m. London time) on February 2, 2010, or such later time or date to which the offer may be extended. The conversion of direct registration Cadbury ADSs into certificated Cadbury ADSs and the transfer of direct registration Cadbury ADSs to a brokerage or custodian account may be subject to processing delays.

Cadbury ADS holders transferring direct registration Cadbury ADSs to a brokerage or custodian account may also incur fees charged by the ADS Depository pursuant to the ADS deposit agreement or by their broker or

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custodian. You are encouraged to inquire with the ADS Depository and your broker or custodian regarding the amount and applicability of any such fees. JPMorgan Chase Bank, N.A. can be reached directly at (800) 990-1135, or from outside the United States at (651) 453-2128, or by contacting Global Invest Direct at (800) 428-4237.

### ***Effects of tendering Cadbury ADSs***

The method of delivery of Cadbury ADSs evidenced by Cadbury ADRs and all other required documents is at the option and risk of the tendering holder of Cadbury ADSs. If delivery is by mail, registered mail with return receipt requested, properly insured, is recommended. In all cases, sufficient time should be allowed to ensure timely delivery.

No alternative, conditional or contingent acceptance will be accepted and no fractional Cadbury ADSs will be purchased. All accepting holders of Cadbury ADSs, by execution of the ADS Letter of Transmittal (or a manually signed facsimile thereof) (or, in the case of a book-entry transfer, an Agent's Message), waive any right to receive any notice of the acceptance of their Cadbury ADSs for payment.

The offer in respect of Cadbury ADSs evidenced by Cadbury ADRs shall be deemed (without any further action by the ADS Depository or the ADS Exchange Agent) accepted upon delivery of the ADS Letter of Transmittal (or a manually signed facsimile thereof), Cadbury ADRs evidencing tendered Cadbury ADSs and any other required documents to the ADS Exchange Agent, or, in the case of a book-entry holder, book-entry transfer of Cadbury ADSs to the account maintained by the ADS Exchange Agent at the Book-Entry Transfer Facility and delivery of an Agent's Message. The acceptance of the offer by a tendering holder of Cadbury ADSs pursuant to the procedures described above, subject to the withdrawal rights described below, will constitute a binding agreement between the tendering holder of Cadbury ADSs and Kraft Foods upon the terms and subject to the conditions of the offer. Accordingly, references in this prospectus/offer to exchange and in the ADS Letter of Transmittal to a tender of Cadbury ADSs shall be construed to mean acceptance of the offer in respect of the shares underlying such Cadbury ADSs upon the terms and subject to the conditions of the offer. If acceptance has been made in respect of the Cadbury ADSs, then a separate acceptance in respect of the Cadbury ordinary shares represented by such Cadbury ADSs may not be made.

### ***Conversion of Cadbury ADSs***

If you tender your Cadbury ADSs in the offer, and the offer becomes or is declared wholly unconditional, the ADS Exchange Agent, as your representative, will, upon the request of Kraft Foods, instruct the ADS Depository on your behalf to withdraw the Cadbury ordinary shares represented by your tendered Cadbury ADSs and to deliver these Cadbury ordinary shares to the account or accounts designated by the ADS Exchange Agent. At such time, the ADS Depository will assess you a withdrawal fee of \$0.05 per Cadbury ADS. This fee will be deducted from the cash consideration payable to you. If you elect to receive additional shares of Kraft Foods common stock under the mix and match facility and, as a result, the cash consideration otherwise payable to you is not sufficient to cover this fee, your mix and match election will be adjusted to the extent necessary such that the cash consideration payable to you is sufficient to cover the amount of the fee. If the offer lapses or does not become or is not declared wholly unconditional, you will not be assessed any such fee.

### ***Additional information***

***If you hold your Cadbury ordinary shares or Cadbury ADSs through one or more intermediaries, such as a stockbroker, custodian bank or clearing system, you should accept the offer by following the instructions that your applicable intermediary has established to accept the offer on your behalf. The custodian bank or stockbroker may set an earlier deadline for receiving instructions from Cadbury securityholders in order to permit the custodian bank or stockbroker to communicate acceptances to the Ordinary Share Exchange Agent or the ADS Exchange Agent in a timely manner. In order for your acceptance to count toward the minimum acceptance condition, you may have to act prior to the announced deadline for acceptance.***

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*If you are in any doubt as to the procedure for acceptance or if you require additional Forms of Acceptance or ADS Letters of Transmittal, please call the information agent toll-free in the United States at (800) 868-1391, or from outside the United States at (212) 806-6859. Please note that, for legal reasons, the information agent will be unable to give advice on the merits of the offer or to provide legal, financial or taxation advice on the contents of this prospectus/offer to exchange.*

**Payment of Cash and Stock Consideration**

***Currency***

If you tender your Cadbury ordinary shares in the offer, you will receive the cash portion of the offer consideration for your Cadbury ordinary shares in pounds sterling, unless you specifically elect to receive it in U.S. dollars. If you tender your Cadbury ADSs in the offer, you will receive the cash portion of the offer consideration for your Cadbury ADSs in U.S. dollars, unless you specifically elect to receive it in pounds sterling. Holders of Cadbury ADSs who want to receive the cash consideration into their brokerage account must not elect to receive pounds sterling.

If you receive the cash portion of your consideration in U.S. dollars, the cash amount payable in pounds sterling to which you would otherwise be entitled pursuant to the offer will be paid (net of all relevant fees and expenses) in U.S. dollars based on the exchange rate obtainable on the spot market in London on the date the cash consideration is made available by Kraft Foods to the Ordinary Share Exchange Agent or the ADS Exchange Agent for delivery in respect of your Cadbury ordinary shares or Cadbury ADSs. The actual amount of U.S. dollars received will depend on this exchange rate.

***Timing of Consideration***

The settlement with respect to the offer will be consistent with U.K. practice, which differs from U.S. domestic tender offer procedures in certain material respects, particularly with regard to the date of payment.

Subject to the offer becoming or being declared wholly unconditional, the settlement of the consideration to which any Cadbury securityholder is entitled will be effected by the issuance of checks, book-entry account statements, crediting of CREST accounts and/or transfer through DTC:

in the case of complete acceptances received by the date on which the offer becomes or is declared wholly unconditional, within 14 calendar days of such date; and

in the case of complete acceptances received after such date but while the offer remains open for acceptance, within 14 calendar days of receipt.

***Cadbury Ordinary Shares and Cadbury ADSs in Certificated Form***

A book-entry account statement reflecting ownership of shares of Kraft Foods common stock and a check representing the cash consideration, as applicable, will be mailed by first class mail (or such other method as may be approved by the U.K. Takeover Panel) to Cadbury securityholders who accept the offer with respect to Cadbury ordinary shares in certificated form and Cadbury ADSs.

***Cadbury Ordinary Shares in Uncertificated Form (that is, in CREST)***

Cash consideration to which the accepting Cadbury shareholder is entitled will be paid by means of a CREST payment in favor of an accepting Cadbury shareholder's payment bank, in accordance with CREST payment arrangements to each Cadbury shareholder who accepts the offer with respect to Cadbury ordinary shares held in CREST. In addition, we will instruct our transfer agent to credit each such Cadbury shareholder's shares of Kraft Foods common stock through DTC to the securities deposit account of CREST International

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Nominee, as nominee for CREST Depository Limited. CREST Depository Limited will then issue such Cadbury shareholder's CDIs through CREST to the Ordinary Share Exchange Agent to deliver to the securities deposit account in CREST in which such Cadbury shareholder previously held his or her Cadbury ordinary shares. We reserve the right to settle all or any part of the consideration in the manner described in the section of this prospectus/offer to exchange entitled "Cadbury Ordinary Shares and Cadbury ADSs in Certificated Form" above, if, for any reason, we wish to do so.

If a Cadbury shareholder elects to receive his or her cash consideration in U.S. dollars and CREST rejects the U.S. dollar payment because the shareholder does not have a U.S. dollar bank account linked to his or her participant ID or holding of Cadbury ordinary shares or for any other reason, that shareholder will receive the cash payment by check.

### ***Cadbury ADSs Tendered by Means of Book-Entry Transfer***

If a Cadbury ADS holder tenders his or her Cadbury ADSs in the offer to the ADS Exchange Agent by means of DTC book-entry confirmation, the ADS Exchange Agent will deliver the applicable whole number of shares of Kraft Foods common stock and cash consideration to the Book-Entry Transfer Facility for delivery to the accounts of the applicable Book-Entry Transfer Facility participant who accepted the offer and tendered the Cadbury ADSs on the tendering Cadbury ADS holder's behalf.

### **Ownership of Kraft Foods After Completion of the Offer**

We estimate that upon consummation of the offer and any compulsory acquisition, former Cadbury securityholders and existing Kraft Foods shareholders will own approximately 15.2% and 84.8%, respectively, of the shares of Kraft Foods common stock outstanding immediately after the offer is completed. Our estimate assumes that:

all of the outstanding Cadbury ordinary shares, including those represented by Cadbury ADSs, the total number of which is 1,373,872,386 as of January 18, 2010 (as publicly reported by Cadbury), are exchanged for shares of Kraft Foods common stock pursuant to the terms of the offer set forth in this prospectus/offer to exchange and that no Kraft Foods shareholders hold Cadbury ordinary shares (including those represented by Cadbury ADSs); and

all 39,478,935 Cadbury ordinary shares that could be issued to satisfy the exercise and vesting of options and awards under Cadbury share schemes (assuming exercise and vesting of such options and awards in full) as at the close of business on January 14, 2010 (as disclosed in Cadbury's second defense document filed with the SEC on January 12, 2010, as updated by figures disclosed on behalf of Cadbury to our financial advisors on January 15, 2010 for the purposes of Note 3 on Rule 10 of the U.K. Takeover Code), are exercised for Cadbury ordinary shares and are exchanged for shares of Kraft Foods common stock pursuant to the terms of the offer described in this prospectus/offer to exchange.

### **Certain Material U.S. Federal Income and Estate Tax Consequences**

The following is a summary of certain material U.S. federal income and estate tax consequences of the offer. This summary is for general information purposes only and applies only to holders that hold their Cadbury ordinary shares or Cadbury ADSs as capital assets as defined for U.S. federal income tax purposes. This summary does not address all aspects of U.S. federal income taxation that may be relevant to a particular person in light of its individual circumstances, or the U.S. federal income tax consequences applicable to a person that is subject to special rules, such as:

a broker or dealer in securities or currencies;

a bank or other financial institution;

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an insurance company;

a tax-exempt organization;

a person that holds or will hold their Cadbury ordinary shares, Cadbury ADSs or Kraft Foods common stock or pounds sterling received, as part of a straddle, hedge, integrated or conversion transaction;

a controlled foreign corporation;

a passive foreign investment company;

a corporation that accumulates earnings to avoid U.S. federal income tax;

a U.S. holder (as defined below) whose functional currency is not the U.S. dollar;

a real estate investment trust or regulated investment company;

a United States expatriate;

a person that owns or has owned (or that is deemed to have owned) 10% or more (by voting power or value) of the stock of Cadbury;  
or

a person who acquired Cadbury ordinary shares or Cadbury ADSs upon the exercise of an employee share option, employee share purchase right or otherwise in connection with the provision of services.

This discussion is based on the U.S. Internal Revenue Code of 1986, as amended (the Code), its legislative history, existing and proposed Treasury regulations under the Code, published rulings and court decisions, all as currently in effect. These authorities are subject to change, possibly on a retroactive basis. Except as specifically set forth herein, this summary does not describe any U.S. state, local or foreign income or other tax consequences of the offer.

For purposes of this section of this prospectus/offer to exchange entitled Certain Material U.S. Federal Income and Estate Tax Consequences, a U.S. holder is a beneficial owner of Cadbury ordinary shares or Cadbury ADSs (other than an entity, including a partnership or arrangement classified as a partnership for U.S. federal income tax purposes) that is, for U.S. federal income tax purposes:

an individual citizen or resident of the United States;

a corporation created or organized in or under the laws of the United States or any state thereof or the District of Columbia;

an estate the income of which is subject to U.S. federal income tax regardless of its source; or

a trust, if (a) a court within the United States can exercise primary supervision over its administration and one or more U.S. persons are authorized to control all of the substantial decisions of that trust, or (b) the trust was in existence on August 20, 1996, and validly elected to continue to be treated as a United States person (as defined under the Code).

For purposes of this discussion, a non-U.S. holder is a beneficial owner of Cadbury ADSs that is not a U.S. holder or an entity, including a partnership, or arrangement classified as a partnership for U.S. federal income tax purposes.

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If an entity or arrangement that is treated as a partnership for U.S. federal income tax purposes holds Cadbury ordinary shares or Cadbury ADSs, the U.S. federal income tax treatment of a partner in such partnership will generally depend on the status of the partner and the activities of the partnership. A partner in such an entity or arrangement holding Cadbury ordinary shares or Cadbury ADSs should consult its tax advisor with regard to the U.S. federal income tax treatment of the offer.

CADBURY SECURITYHOLDERS ARE URGED TO CONSULT THEIR OWN TAX ADVISORS WITH RESPECT TO THE PARTICULAR U.S. FEDERAL INCOME AND ESTATE TAX CONSEQUENCES TO THEM OF THE OFFER AND OF THE OWNERSHIP AND DISPOSITION OF KRAFT FOODS COMMON STOCK, AND THE TAX CONSEQUENCES UNDER THE LAWS OF ANY OTHER TAXING JURISDICTION.

***Consequences to U.S. Holders***

*Consequences of Participation in the Offer*

A U.S. holder will generally recognize gain or loss upon the receipt of Kraft Foods common stock and cash, whether paid in pounds sterling or U.S. dollars, in exchange for such U.S. holder's Cadbury ordinary shares or Cadbury ADSs pursuant to the offer in an amount equal to the difference between: (a) the sum of (i) the fair market value of such Kraft Foods common stock received; and (ii) the amount of U.S. dollars, if any, received, or, in the case of cash received in pounds sterling, the U.S. dollar value of such determined based on the spot rate on the date payment is received; and (b) the U.S. holder's adjusted tax basis in the Cadbury ordinary shares or Cadbury ADSs exchanged.

Gain or loss must be calculated separately for each block of Cadbury ordinary shares or Cadbury ADSs (i.e., shares acquired at the same cost in a single transaction) exchanged pursuant to the offer. Such gain or loss will generally be capital gain or loss. Any such gain or loss will generally be long-term capital gain or loss if the U.S. holder's holding period for such Cadbury ordinary shares or Cadbury ADSs exceeds one year at the time of the exchange. Long-term capital gains of non-corporate U.S. holders are currently subject to reduced rates of taxation. The deductibility of capital losses is subject to limitations. Gain or loss, if any, recognized by a U.S. holder will generally be treated as U.S.-source income or loss for U.S. foreign tax credit purposes. U.S. holders should consult their own tax advisors regarding the potential applicability of special sourcing rules to them.

The discussion set forth in the preceding paragraph assumes that Cadbury does not constitute, and has not in the past constituted, a passive foreign investment company for U.S. federal income tax purposes. If this assumption is incorrect, the U.S. federal income tax consequences to a U.S. holder of participation in the offer will differ from those set forth above.

A U.S. holder's tax basis in any pounds sterling received will equal the U.S. dollar value of those pounds sterling using the same spot rate used to determine the amount of gain or loss recognized. A U.S. holder's initial tax basis in the Kraft Foods common stock will be the fair market value of such Kraft Foods common stock on the date of receipt. The holding period for the Kraft Foods common stock will begin on the day following the day the offer closes.

*Conversion of Pounds Sterling into U.S. Dollars*

A U.S. holder that subsequently converts pounds sterling received pursuant to the offer into U.S. dollars will generally recognize exchange gain or loss equal to the difference between the U.S. holder's basis in the pounds sterling (as described above) and the U.S. dollars received in exchange therefor. Exchange gain or loss will generally be treated as U.S.-source ordinary income or loss.

*Ownership of Kraft Foods Common Stock*

Distributions made by us on the Kraft Foods common stock will be treated as dividends for U.S. federal income tax purposes to the extent paid out of our current or accumulated earnings and profits, as determined for

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U.S. federal tax purposes. The gross amount of any distributions treated as dividends for U.S. federal income tax purposes will be included in a U.S. holder's income as ordinary dividend income. With respect to dividends received by non-corporate U.S. holders, for taxable years beginning before January 1, 2011, such dividends are generally subject to tax at a maximum U.S. federal income tax rate of 15%, provided certain holding period requirements are satisfied. Dividends received by a corporation may be eligible for the dividends-received deduction, subject to applicable limitations.

To the extent that a distribution made by us exceeds our current or accumulated earnings and profits, the distribution will be treated first as a return of basis, and, thereafter, as gain from the sale or exchange of Kraft Foods common stock. For more information please see the section of this prospectus/offer to exchange entitled *Sale, Exchange or Other Taxable Dispositions of Kraft Foods Common Stock*.

### *Sale, Exchange or Other Taxable Dispositions of Kraft Foods Common Stock*

Upon the sale, exchange or other taxable disposition of Kraft Foods common stock, a U.S. holder will generally recognize capital gain or loss equal to the difference between (a) the amount of cash and the fair market value of any property received upon such sale, exchange or disposition and (b) such U.S. holder's adjusted tax basis in its Kraft Foods common stock. Such capital gain or loss will be long-term capital gain or loss if the U.S. holder's holding period in the Kraft Foods common stock exceeds one year at the time of the disposition. Long-term capital gains recognized by certain non-corporate U.S. holders are currently subject to reduced rates of taxation. The deductibility of capital losses is subject to limitations.

### *Information Reporting and Backup Withholding*

In general, in the case of a non-corporate U.S. holder, Kraft Foods and other payors must report to the Internal Revenue Service (the "IRS") amounts paid pursuant to the offer, dividends paid on the Kraft Foods common stock and proceeds received from a disposition of Kraft Foods common stock. Backup withholding may also apply to any payments if the recipient of the payment fails to supply an accurate taxpayer identification number or otherwise fails to comply with applicable U.S. information reporting or certification requirements. Backup withholding is not an additional tax. Any amounts withheld under the backup withholding rules may be allowed as a refund or credit against a U.S. holder's U.S. federal income tax liability, provided the required information is timely furnished to the IRS.

### *Consequences to Non-U.S. Holders*

#### *Consequences of Participation in the Offer*

A non-U.S. holder will not generally be subject to U.S. federal income tax on the exchange of his or her Cadbury ADSs pursuant to the offer unless:

the gain is effectively connected with a trade or business of the non-U.S. holder in the United States and, if certain tax treaties apply, is attributable to a permanent establishment in the United States maintained by such non-U.S. holder (in which case, the gain will generally be subject to U.S. federal income tax on a net income basis in the manner applicable to a United States person (as defined under the Code), and, if such non-U.S. holder is a foreign corporation, a branch profits tax equal to 30% (or lower applicable treaty rate) on its effectively connected earnings and profits, as determined under the Code may also apply); or

in the case of an individual non-U.S. holder, the individual is present in the United States for 183 or more days in the taxable year of the disposition and certain other conditions are met (in which case, the gain will be subject to a flat 30% tax, which may be offset by U.S. source capital losses, even though the individual is not considered a resident of the United States).

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A non-U.S. holder that is subject to U.S. federal income tax on the exchange of its Cadbury ADSs under the rules set forth above and receives cash in the form of U.S. dollars should consult his or her own tax advisor regarding the U.S. federal income tax consequences of the receipt of U.S. dollars.

*Ownership of Kraft Foods Common Stock*

Dividends paid by us will generally be subject to U.S. federal withholding tax at a rate of 30%, or such lower rate provided by an applicable income tax treaty, of the gross amount of the dividend.

Dividends that are effectively connected with the conduct of a trade or business by a non-U.S. holder in the United States and, if an income tax treaty applies, attributable to a permanent establishment in the United States, are subject to tax on a net income basis at applicable U.S. federal graduated income tax rates. In such case, we will not have to withhold U.S. federal withholding tax on dividends paid to a non-U.S. holder if such non-U.S. holder complies with applicable certification and disclosure requirements. In addition, a non-U.S. holder that is a foreign corporation may be subject to a branch profits tax at a rate of 30%, or such lower rate provided by an applicable income tax treaty.

A non-U.S. holder that wishes to claim the benefit of an applicable treaty rate and avoid backup withholding, as discussed below, for dividends will be required (a) to complete IRS Form W-8BEN (or other applicable form) and certify under penalties of perjury that such shareholder is not a U.S. person as defined under the Code and is eligible for treaty benefits or (b) if the Kraft Foods common stock is held through certain foreign intermediaries, to satisfy the relevant certification requirements of applicable Treasury regulations. Special certification and other requirements apply to non-U.S. holders that are pass-through entities rather than corporations or individuals. A non-U.S. holder eligible for a reduced rate of U.S. withholding tax pursuant to an income tax treaty may obtain a refund of any excess amounts withheld by filing an appropriate claim for refund with the IRS.

*Sale, Exchange or Other Taxable Disposition of Kraft Foods Common Stock*

A non-U.S. holder will recognize gain or loss on the sale, exchange or other taxable disposition of Kraft Foods common stock equal to the difference between (a) the amount of cash plus the fair market value of other property received in exchange for Kraft Foods common stock and (b) the non-U.S. holder's tax basis in the Kraft Foods common stock. A non-U.S. holder that obtained its Kraft Foods common stock in the offer will have a tax basis in the Kraft Foods common stock equal to the fair market value of the Kraft Foods common stock on the date of receipt. A non-U.S. holder will not generally be subject to U.S. federal income tax on gain recognized on the sale, exchange or other taxable disposition of Kraft Foods common stock unless any one or more of the following is true:

the gain is effectively connected with a trade or business of the non-U.S. holder in the United States and, if certain tax treaties apply, is attributable to a permanent establishment in the United States maintained by such non-U.S. holder (in which case, the gain will generally be subject to U.S. federal income tax on a net income basis in the manner applicable to a United States person, and, if such non-U.S. holder is a foreign corporation, the branch profits tax described above may also apply);

in the case of an individual non-U.S. holder, the individual is present in the United States for 183 or more days in the taxable year of the disposition and certain other conditions are met (in which case, the gain will be subject to a flat 30% tax, which may be offset by U.S. source capital losses, even though the individual is not considered a resident of the United States); or

we are or have been a United States real property holding corporation for U.S. federal income tax purposes and certain other requirements are met. We believe that we are not currently, and do not anticipate becoming in the future, a United States real property holding corporation.













































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	<b>Kraft Foods</b>	<b>Cadbury</b>
<i>Lien and Call</i>	No similar provisions.	Under the Cadbury articles of association, the company has a lien on all partly paid shares, which has priority over other claims to the shares. The Cadbury directors may make calls on Cadbury shareholders to pay any money outstanding on their shares (including outstanding amounts of nominal value). In the event that a call is not complied with within at least 14 clear days of the call (or any longer period in the notice of call), the Cadbury shareholder may forfeit the shares and the Cadbury directors may sell them as they see fit.













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Total Shareholders Equity	24,296	3,080	5,063	1,896	2,186	33,441
Noncontrolling interest	84	7	12			96
<b>TOTAL EQUITY</b>	<b>24,380</b>	<b>3,087</b>	<b>5,075</b>	<b>1,896</b>	<b>2,186</b>	<b>33,537</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>\$ 64,654</b>	<b>£ 7,899</b>	<b>\$ 12,985</b>	<b>\$ 1,838</b>	<b>\$ 12,182</b>	<b>\$ 91,659</b>

See notes to pro forma financial statements.

























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**LEGAL MATTERS**

Hunton & Williams LLP has provided an opinion regarding the validity of the shares of Kraft Foods common stock to be issued pursuant to the offer.

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**EXPERTS**

The financial statements and management's assessment of the effectiveness of internal control over financial reporting (which is included in Management's Report on Internal Control over Financial Reporting) incorporated in this prospectus/offer to exchange by reference to the Current Report on Form 8-K, dated November 3, 2009, and the financial statement schedule incorporated in this prospectus/offer to exchange by reference to the Annual Report on Form 10-K for the year ended December 31, 2008 have been so incorporated in reliance on the reports of PricewaterhouseCoopers LLP, an independent registered public accounting firm, given on the authority of said firm as experts in auditing and accounting.

Cadbury's consolidated financial statements appearing in its Annual Report on Form 20-F for the year ended December 31, 2008 (including schedules appearing therein), and Cadbury management's assessment of the effectiveness of internal control over financial reporting as of December 31, 2008 included therein, have been audited by an independent registered public accounting firm, as set forth in their reports thereon, included therein, and included and/or incorporated herein by reference. An auditor's report was issued on Cadbury's financial statements and included in Cadbury's filings with the SEC. Pursuant to Rule 439 under the Securities Act, we are required to obtain the consent of Cadbury's independent auditors to incorporate by reference their audit reports included in Cadbury's Annual Report on Form 20-F for the year ended December 31, 2008 into this prospectus/offer to exchange. We have requested that consent from Cadbury but have not received it to date. If and when we receive this consent, we will promptly file it as an exhibit to our registration statement of which this prospectus/offer to exchange forms a part. If we do not receive such consent, there is a risk that the SEC may not declare our registration statement effective.























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The term Intellectual Property means all industrial and intellectual property rights, whether registered or not, including pending applications for registration of such rights and the right to apply for registration or

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- (iv) made, authorized, proposed or announced an intention to propose any change in its loan capital;

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(xvi) made any alteration to its memorandum or articles of association or other incorporation documents;

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- (I) which would be likely to lead to any Third Party instituting; or
  
- (II) whereby any member of the Wider Kraft Foods Group or any present or past member of the Wider Cadbury Group would be likely to be required to institute,

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The term **Restricted Jurisdiction** means any jurisdiction where the extension or acceptance of the offer or where sending or making available information concerning the offer to Cadbury securityholders in such jurisdictions would violate the laws of that jurisdiction or would require registration of the new shares of Kraft Foods common stock (except the United States).

The term **U.K. Business Day** means any day on which banks are generally open in London for the transaction of general banking business, other than Saturday or Sunday or a public holiday.

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- (d) Kraft Foods, the Ordinary Share Exchange Agent, the ADS Exchange Agent and the Financial Advisers reserve the right to treat an executed Acceptance Form, TTE Instruction or Agent's Message relating to the

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Jurisdiction or otherwise dispatched from such a jurisdiction and all acceptors must provide an address outside a Restricted Jurisdiction for the receipt of the consideration to which they are entitled under the offer or for the return of the Acceptance Forms or any documents of title; otherwise, any purported acceptance may be rendered invalid.

- (f) Subject to the provisions of this paragraph 8 (*Overseas Shareholders*) of Part B of Appendix A and applicable laws, a Cadbury shareholder may be deemed NOT to have accepted the offer (or, where the context requires not to have validly elected for the mix and match facility) if:
  - (i) he puts No in Box 5 of the Form of Acceptance and thereby does not make the representations and warranties set out in paragraph (b) of Part C (*Form of Acceptance for Cadbury ordinary shares in certificated form*) of this Appendix A;
  - (ii) he completes Box 6A of the Form of Acceptance with an address in a Restricted Jurisdiction or has a registered address in a Restricted Jurisdiction and in any such case does not insert in Box 6B of the Form of Acceptance the name and address of a person or agent outside a Restricted Jurisdiction to whom he wishes the consideration to which he is entitled under the offer to be sent;
  - (iii) he inserts in Box 6B of the Form of Acceptance the name and address of a person or agent in a Restricted Jurisdiction to whom he wishes the consideration to which he is entitled under the offer to be sent;
  - (iv) in any case, the Form of Acceptance received from him is in an envelope postmarked in, or which otherwise appears to Kraft Foods or its agents to have been sent from, a Restricted Jurisdiction; or
  - (v) he makes a Restricted Escrow Transfer pursuant to paragraph 8(h) (*Overseas Shareholders*) of Part B of this Appendix A below unless he also makes a related Restricted ESA Instruction which is accepted by the Escrow Agent.
  
- (g) Subject to the provisions of this paragraph 8 (*Overseas Shareholders*) of Part B of this Appendix A and applicable laws, a Cadbury ADS holder may be deemed NOT to have accepted the offer if:
  - (i) he cannot give the representations and warranties set out in paragraph (d) of Part E (*Acceptance for Cadbury ordinary shares represented by Cadbury ADSs*) of this Appendix A subject to paragraph 8(i) (*Overseas Shareholders*) of Part B of this Appendix A below;
  - (ii) he has a registered address in a Restricted Jurisdiction and in any such case does not insert in the relevant part of the ADS Letter of Transmittal the name and address of a person or agent outside a Restricted Jurisdiction to whom he wishes the consideration to which he is entitled under the offer to be sent;
  - (iii) he inserts in the relevant part of the ADS Letter of Transmittal the name and address of a person or agent in a Restricted Jurisdiction to whom he wishes the consideration to which he is entitled under the offer to be sent; or
  - (iv) in any case, the ADS Letter of Transmittal received from him is in an envelope postmarked in, or which otherwise appears to Kraft Foods or its agents to have been sent from, a Restricted Jurisdiction.

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- (h) If a holder of Cadbury ordinary shares in uncertificated form is unable to give the representations and warranties set out in paragraph (b) of Part D (*Electronic Acceptance for Cadbury ordinary shares in uncertificated form*) of this Appendix A, but nevertheless can provide evidence satisfactory to Kraft Foods

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receive cash consideration in U.S. dollars for additional new shares of Kraft Foods common stock under the mix and match facility and CADGBP03 (or CADUSD03 if the Cadbury shareholder makes a specific election to receive cash consideration in U.S. dollars for additional cash under the mix and match facility;

the transaction reference number of the Restricted Escrow Transfer to which the Restricted ESA Instruction relates; and

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any such Cadbury securityholder to receive or see that notice. A reference in the prospectus/offer to exchange to a notice or the provision of information in writing by or on behalf of Kraft Foods is to be construed accordingly. No such document will be sent to an address in a Restricted Jurisdiction.

- (n) The new shares of Kraft Foods common stock to be issued pursuant to the offer will be registered under the Securities Act but have not been, and it is not currently intended that new shares of Kraft Foods common stock will be listed on any stock exchange other than the NYSE. The new shares of Kraft Foods common stock have not been and it is not currently intended that they will be registered under the securities laws of Canada, Australia or Japan or any other jurisdiction. No clearances have been, nor will they be, obtained from the securities commission or similar authority of any province or territory of Canada and no prospectus has been, or will be, filed, or registration made, under any securities law of any province or territory of Canada, nor has a prospectus in relation to the new shares of Kraft Foods common stock been, nor will one be, lodged with, or registered by, the Australian Securities and Investments Commission, nor have any steps been taken, nor will any steps be taken, to enable the new shares of Kraft Foods common stock to be offered in compliance with applicable securities laws of Japan. It is not currently intended that any application will be made for the admission of the new shares of Kraft Foods common stock to the Official List or to trading on the London Stock Exchange.
- (o) If any written notice from a Cadbury securityholder withdrawing his acceptance in accordance with paragraph 4 (*Rights of Withdrawal*) of Part B of this Appendix A is received in an envelope postmarked in, or which otherwise appears to Kraft Foods or its agents to have been sent from, a Restricted Jurisdiction, Kraft Foods reserves the right, in its absolute discretion, to treat that notice as invalid.
- (p) The provisions of this paragraph 8 (*Overseas Shareholders*) of Part B of this Appendix A and/or any other terms of the offer relating to overseas Cadbury securityholders may be waived, varied or modified as regards specific Cadbury securityholders or on a general basis by Kraft Foods in its sole discretion. Subject to applicable regulatory requirements, Kraft Foods reserves the right to arrange for the sale or allotment of new shares of Kraft Foods common stock to which overseas shareholders would otherwise be entitled pursuant to the offer or pursuant to Chapter 3 of Part 38 of the U.K. Companies Act but for the fact that they are residents of Restricted Jurisdictions and to remit the cash proceeds of such sale or allotment, net of expenses (including as applicable and without limitation, any brokerage fees and commissions, wire transfer fees, stamp duty or other miscellaneous fees and expenses) in U.S. dollars or pounds sterling (following conversion from U.S. dollars to pounds sterling), to such shareholders instead. Cadbury ADS holders will receive such cash proceeds in U.S. dollars unless they specifically elect to receive them in pounds sterling whereas Cadbury shareholders will receive pounds sterling unless they specifically elect to receive them in U.S. dollars. Settlement of the net cash proceeds to which such Cadbury securityholders are entitled will be effected: (a) in the case of complete acceptances received by the date on which the offer becomes wholly unconditional, within 14 calendar days of such date; and (b) in the case of complete acceptances received after such date but while the offer remains open for acceptance, within 14 calendar days of receipt. Kraft Foods will be entitled to determine at its sole discretion and without liability, the timing of such sales or allotments, the price obtained or the pounds sterling/U.S. dollar exchange rate obtained and such sales or allotments may be made individually or together with other new shares of Kraft Foods common stock to which such provisions apply. Such sales or allotments have not been, and will not be underwritten and the net cash proceeds to be received as a result thereof is uncertain. Any Electronic Acceptance, Agent's Message or signed Acceptance Form received pursuant to the offer shall constitute the irrevocable appointment of Kraft Foods or the Financial Advisers or any of their respective directors to effect such sale or allotment as his agent with full powers of delegation to do all things as may be necessary for or ancillary to such purpose. References in this paragraph 8 (*Overseas Shareholders*) of Part B of this Appendix A to a Cadbury securityholder shall include the person or persons making an Electronic Acceptance or transmitting an Agent's Message and the person or persons executing an Acceptance Form and, in the event of more than one person executing the Acceptance Form, the provisions of this paragraph 8 (*Overseas Shareholders*) of Part B of this Appendix A apply to them jointly and severally.

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**Overseas Cadbury securityholders should inform themselves about and observe any applicable legal or regulatory requirements. If you are in any doubt about your position, you should consult your appropriate adviser in the relevant jurisdiction.**

**9. Currency of Cash Consideration**

- (a) Subject to the remainder of this paragraph 9(a), and to paragraph 9(b) (*Currency of Cash Consideration*) of Part B of this Appendix A, Cadbury shareholders will receive cash consideration in pounds sterling. Cash consideration payable to Cadbury shareholders who hold Cadbury ordinary shares in certificated form will be effected by the issue of checks. Cash consideration payable to Cadbury shareholders who hold Cadbury ordinary shares in uncertificated form will be credited to the relevant CREST accounts. Instead of receiving cash consideration in pounds sterling, Cadbury shareholders who so wish may elect to receive U.S. dollars on the basis that the cash amount payable in pounds sterling to which such Cadbury shareholders would otherwise be entitled pursuant to the offer will be paid (net of all relevant fees and expenses) in U.S. dollars based on the exchange rate obtainable by the Ordinary Share Exchange Agent on the spot market in London on the date the cash consideration is made available by Kraft Foods to the Ordinary Share Exchange Agent for delivery in respect of the relevant Cadbury ordinary shares. If Cadbury shareholders elect to receive cash consideration in U.S. dollars, payment to Cadbury shareholders who hold Cadbury ordinary shares in certificated form will be effected by the issue of checks and payment to Cadbury shareholders who hold Cadbury ordinary shares in uncertificated form will be credited to the relevant CREST accounts. If CREST rejects a U.S. dollar payment to a Cadbury shareholder because that Cadbury shareholder does not have a U.S. dollar bank account linked to his participant ID or holding of Cadbury ordinary shares or for any other reason, payment will be effected by the issue of checks. Cadbury shareholders may receive such amount in U.S. dollars on the basis set out above only in respect of the whole of their holding of Cadbury ordinary shares in respect of which they accept the offer. Cadbury shareholders may not elect to receive both pounds sterling and U.S. dollars.
- (b) The cash consideration available to Cadbury ADS holders is the same, per Cadbury ordinary share, as that offered to Cadbury shareholders. Cadbury ADS holders will, as their currency default position, receive cash consideration in U.S. dollars on the basis that the cash amount payable in pounds sterling to which such Cadbury ADS holders would otherwise be entitled pursuant to the terms of the offer will be paid (net of all relevant fees and expenses) in U.S. dollars based on the exchange rate obtainable by the ADS Exchange Agent on the spot market in London on the date the cash consideration is made available by Kraft Foods to the ADS Exchange Agent for delivery in respect of the relevant Cadbury ADSs. Cash consideration payable to Cadbury ADS holders whose Cadbury ADSs are held in certificated form will be effected by the issue of checks. Cash consideration payable to Cadbury ADS holders whose Cadbury ADSs are held in uncertificated form will be credited through DTC. Instead of receiving cash consideration in U.S. dollars, Cadbury ADS holders who so wish may elect to receive pounds sterling. If Cadbury ADS holders elect to receive cash consideration in pounds sterling, payment to all such Cadbury ADS holders will be effected by the issue of checks. Cadbury ADS holders may receive such amount in pounds sterling only in respect of the whole of their holding of Cadbury ADSs in respect of which they accept the offer. Cadbury ADS holders may not elect to receive both U.S. dollars and pounds sterling.
- (c) The actual amount of U.S. dollars received by any Cadbury securityholder receiving their cash consideration in U.S. dollars will depend upon the exchange rate prevailing on the day on which funds are made available by Kraft Foods to the Ordinary Share Exchange Agent or the ADS Exchange Agent (as the case may be). Cadbury securityholders should be aware that the pounds sterling/U.S. dollar exchange rate which is prevailing at the date on which any election is made to receive U.S. dollars and on the dates of dispatch and receipt of payment may be different from that prevailing on the date on which funds are made available by Kraft Foods to the Ordinary Share Exchange Agent or the ADS Exchange Agent (as the case may be). In all cases, fluctuations in the pounds sterling/U.S. dollar exchange rate are at the risk of accepting Cadbury securityholders who elect or are treated as having elected to receive their consideration

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in U.S. dollars. Any Cadbury ADS holder who wishes to receive instead a certain, fixed cash amount in pounds sterling should elect to receive pounds sterling.

**PART C: Form of Acceptance for Cadbury ordinary shares in certificated form**

**This Part C only applies to Cadbury ordinary shares in certificated form. If you hold all your Cadbury ordinary shares in uncertificated form you should ignore this Part C and instead read Part D. Relevant instructions for holders of Cadbury ordinary shares represented by Cadbury ADSs are set out in Part E.**

The following terms apply to the offer. These terms are as set out in the original prospectus/offer to exchange, except to the extent that they have been revised and supplemented to take into account the revision of the offer.

Under the terms of the offer as set forth in this prospectus/offer to exchange, valid acceptances of the original offer are deemed to be acceptances of the offer.

In this prospectus/offer to exchange, Form of Acceptance includes the blue final Form of Acceptance, and the white original Form of Acceptance.

Without prejudice to the terms of the Form of Acceptance and the provisions of Parts A (*Conditions of the Offer*) and B (*Further Terms of the Offer*) of this Appendix A, each Cadbury shareholder who executes and lodges, or who has executed and has had lodged on his behalf, a Form of Acceptance with the Ordinary Share Exchange Agent (subject to the rights of withdrawal set out in the prospectus/offer to exchange) irrevocably undertakes, represents, warrants and agrees to and with Kraft Foods, the Financial Advisers and the Ordinary Share Exchange Agent and so as to bind himself, his personal or legal representatives, heirs, successors and assigns to the following effect:

- (a) that the execution of the Form of Acceptance, whether or not any Boxes are completed, shall constitute:
- (i) an acceptance of the offer in respect of the number of Cadbury ordinary shares in certificated form inserted or deemed to be inserted in Box 1 of the Form of Acceptance as the case may be;
  - (ii) if Box 2A or Box 2B is completed, an election under the mix and match facility to receive, subject to availability as a result of offsetting elections, in the case of Box 2A additional new shares of Kraft Foods common stock instead of cash to which he would otherwise have been entitled under the basic terms of the offer, or, in the case of Box 2B, additional cash instead of the new shares of Kraft Foods common stock to which he would otherwise have been entitled under the basic terms of the offer, in each case in respect of the number of Cadbury ordinary shares in certificated form inserted, or deemed to be inserted, in Box 2A or Box 2B of the Form of Acceptance as the case may be; and
  - (iii) an undertaking to execute any further documents, take any further action and give any further assurances which may be required to enable Kraft Foods to obtain the full benefit of Part C (*Form of Acceptance for Cadbury ordinary shares in certificated form*) of this Appendix A and/or to perfect any of the authorities expressed to be given hereunder and otherwise in connection with his acceptance of the offer,

in each case on and subject to the terms and conditions set out in the prospectus/offer to exchange and in the Form of Acceptance and that, subject only to the rights of withdrawal set out in paragraph 4 (*Rights of Withdrawal*) of Part B of this Appendix A, each such acceptance, election and undertaking shall be irrevocable. If Box 1 is left blank or a number greater than such Cadbury shareholder's certificated holding appears in Box 1, or the Form of Acceptance is otherwise completed incorrectly, but the Form of

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Acceptance is signed, it will be deemed to be an acceptance by such Cadbury shareholder of the basic terms of the offer in respect of the total number of certificated Cadbury ordinary shares registered in his name; and if Box 2A or Box 2B is completed but Box 1 is not, there shall be deemed to be an acceptance of the offer with an election under the mix and match facility in respect of the number of Cadbury ordinary shares inserted in Box 2A or Box 2B as the case may be and an acceptance of the basic terms of the offer in respect of the remaining (if any) Cadbury ordinary shares comprised in the acceptance;

- (b) that, unless he has written "No" in Box 5 of the Form of Acceptance either: (I) he is a U.S. holder or resident of Canada; or (II):
- (i) he has not received or sent copies or originals of the prospectus/offer to exchange, the Form of Acceptance or any other offer-related documentation in, into, or from a Restricted Jurisdiction;
  - (ii) he has not, in connection with the offer or the execution or delivery of the Form of Acceptance, utilized, directly or indirectly, the mails or any means or instrumentality (including, without limitation, electronic mail, facsimile transmission, telex, telephone, internet or other forms of electronic communication) of interstate or foreign commerce of, or of any facilities of a national securities exchange of, any Restricted Jurisdiction;
  - (iii) he is accepting the offer from outside a Restricted Jurisdiction and was outside such jurisdictions when the Form of Acceptance was delivered;
  - (iv) he is not acting on a non-discretionary basis (as agent, nominee, custodian, trustee or otherwise) for or on behalf of a principal unless such principal has given any instructions with respect to the offer from outside a Restricted Jurisdiction;
  - (v) he has, if such Cadbury shareholder is a citizen, resident or national or subject to the laws of a jurisdiction outside the U.K., the U.S., Canada, France, Ireland or Spain, observed the laws of the relevant jurisdiction, obtained all requisite governmental, exchange control and other required consents, complied with all other necessary formalities and has not taken or omitted to take any action that will or may result in Kraft Foods, the Financial Advisers or any other person acting in breach of any legal or regulatory requirements of any such jurisdiction in connection with the offer or his acceptance thereof; and
  - (vi) he has paid any issue, transfer or other taxes or other requisite payments due in any such jurisdiction in connection with such acceptance (except for U.K. stamp duty or stamp duty reserve tax);
- (c) that he appoints Kraft Foods and the Financial Advisers and any of their respective directors as his agent and/or attorney (subject to the offer becoming wholly unconditional and his not having validly withdrawn his acceptance) with an irrevocable instruction and authorization to such attorney:
- (i) to complete and execute any form of transfer and/or renunciation and/or other document in relation to the Cadbury ordinary shares referred to in paragraph (a)(i) of this Part C (*Form of Acceptance for Cadbury ordinary shares in certificated form*) of this Appendix A and in respect of which the accepting Cadbury shareholder has not validly withdrawn the acceptance in accordance with paragraph 4 (*Rights of Withdrawal*) of Part B of this Appendix A in favor of Kraft Foods or as it may direct;
  - (ii) to deliver any form of transfer and/or renunciation and/or other document with any certificate or other document of title for registration within six months of the offer becoming wholly unconditional; and



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- (iii) to take any other action and do all such other acts and things as the agent and/or attorney may think necessary or expedient in connection with his acceptance of the offer including, if relevant, the mix and match facility and to vest in Kraft Foods (or as it may direct) the Cadbury ordinary shares referred to in paragraph (a)(i) of this Part C (*Form of Acceptance for Cadbury ordinary shares in certificated form*) of this Appendix A;
- (d) that the execution of the Form of Acceptance and its delivery to the Ordinary Share Exchange Agent constitutes (subject to the offer becoming wholly unconditional and to the accepting Cadbury shareholders not having validly withdrawn his acceptance), a separate and irrevocable authority and request:
- (i) to Cadbury or its agents to procure the registration of the transfer of those Cadbury ordinary shares referred to in paragraph (a)(i) of this Part C (*Form of Acceptance for Cadbury ordinary shares in certificated form*) of Appendix A and the delivery of the share certificate(s) and other document(s) of title in respect of the Cadbury ordinary shares to Kraft Foods or as it may direct;
- (ii) subject to the provisions in paragraph 8 (*Overseas Shareholders*) of Part B of this Appendix A, to Kraft Foods or its agents to procure the dispatch by post (or by such other method as may be approved by the U.K. Takeover Panel) of any cash consideration and/or any documents of title or statement of ownership in respect of any new shares of Kraft Foods common stock to which he is entitled under the offer at his risk to the person or agent whose name and address (outside a Restricted Jurisdiction) is set out in Box 6B of the Form of Acceptance or, if no person or agent's name and address (outside a Restricted Jurisdiction) is set out, to the first named holder at his registered address (outside a Restricted Jurisdiction);
- (iii) unless such Cadbury shareholder is resident in a CSN Restricted Jurisdiction, to Kraft Foods or its agents to issue any new shares of Kraft Foods common stock to which such Cadbury shareholder is entitled to Cede & Co (the nominee entity of DTC) as nominee for CREST International Nominees in consideration for the issue by CREST Depository Limited of CDIs representing such new shares of Kraft Foods common stock to the Corporate Nominee on behalf of such Cadbury shareholder provided that Kraft Foods may (if for any reason it wishes to do so) determine that all or any of such new shares of Kraft Foods common stock to which the Cadbury shareholder is entitled shall be issued under the DRS;
- (iv) subject to the provisions of paragraph 8 (*Overseas Shareholders*) of Part B of this Appendix A, to Kraft Foods or its agent to procure that Cede & Co is entered on the register of Kraft Foods in respect of any new shares of Kraft Foods common stock to which he is entitled under the offer in consideration of the issue by CREST Depository Limited of CDIs representing such new shares of Kraft Foods common stock to the Corporate Nominee on behalf of the relevant Cadbury shareholders (as described in the section of the prospectus/offer to exchange entitled 'The Offer Procedures for Accepting the Offer'); and
- (v) if such Cadbury shareholder has a registered address in a CSN Restricted Jurisdiction, and subject to the provisions of paragraph 8 (*Overseas Shareholders*) of Part B of this Appendix A, to Kraft Foods or its agents to procure that his name is entered on the register of Kraft Foods under the DRS in respect of any new shares of Kraft Foods common stock to which he is entitled under the offer.
- (e) that he gives authority to any of Kraft Foods, any executive officer of, or person authorized by, Kraft Foods or the Financial Advisers within the terms of paragraph 5 (*Revised Offer*) of Part B of this Appendix A subject to the offer becoming wholly unconditional and to the Cadbury shareholder not having validly withdrawn his acceptance;
- (f) that, subject to the offer becoming wholly unconditional and him not having validly withdrawn his acceptance (or if the offer would become or be declared unconditional or lapse immediately upon the

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outcome of the resolution in question or if the U.K. Takeover Panel otherwise gives its consent) and pending registration in the name of Kraft Foods or as it may direct, he:

- (i) authorizes Kraft Foods to direct the exercise of any votes and any other rights and privileges (including the right to requisition the convening of a general or separate class meeting of Cadbury) attaching to the Cadbury ordinary shares in respect of which the offer has been accepted or its deemed to have been accepted;
- (ii) authorizes Cadbury and/or its agents to send any notice, circular, warrant or other document or communication which may be required to be sent to him as a member of Cadbury to Kraft Foods at its registered office;
- (iii) authorizes any director of, or person authorized by, Kraft Foods to sign any document and do such things as may in the opinion of such person seem necessary or desirable in connection with the exercise of any votes or other rights or privileges attaching to the Cadbury ordinary shares held by him (including, without limitation, signing any consent to short notice of a general or separate class meeting as his agent and/or attorney and on his behalf and executing a form of proxy appointing any person nominated by Kraft Foods to attend general and separate class meetings of Cadbury and attending any such meeting (and any adjournment thereof) and exercising on his behalf, the votes attaching to the Cadbury ordinary shares in respect of which the offer has been accepted or deemed to have been accepted such votes to be cast so far as possible to satisfy any outstanding Condition of the offer); and
- (iv) agrees not to exercise any such rights without the consent of Kraft Foods and irrevocably undertakes not to appoint a proxy for or to attend such general or separate class meetings of Cadbury.

The authorities referred to in this paragraph (f) of this Part C (*Form of Acceptance for Cadbury ordinary shares in certificated form*) of Appendix A will cease to be valid if the acceptance is withdrawn in accordance with paragraph 4 (*Rights of Withdrawal*) of Part B of this Appendix A;

- (g) that he will deliver to, or procure the delivery to, the Ordinary Share Exchange Agent of his certificate(s) or other document(s) of title in respect of the Cadbury ordinary shares in respect of which the offer has been accepted or is deemed to have been accepted and not validly withdrawn, or a satisfactory indemnity, as soon as possible and in any event within six months of the offer becoming wholly unconditional;
- (h) that he will ratify everything which may be done or effected by any director of, or person authorized by, Kraft Foods or the Financial Advisers in the proper exercise of any of the powers and/or authorities under this Part C (*Form of Acceptance for Cadbury ordinary shares in certificated form*) of this Appendix A;
- (i) that, if any provision of Part B (*Further Terms of the Offer*) of this Appendix A or this Part C (*Form of Acceptance for Cadbury ordinary shares in certificated form*) of this Appendix A shall be unenforceable or invalid or shall not operate so as to afford Kraft Foods and the Financial Advisers or any of their respective directors or persons authorized by them, the benefit of the authorities and powers of attorney expressed to be given therein, he shall, as soon as practicable, do everything that may be required or desirable to enable Kraft Foods and the Financial Advisers and/or any of their respective directors or persons authorized by them to secure the full benefit of such authorities and powers of attorney;
- (j) that the terms and conditions of the offer are deemed to be incorporated in, and form part of, the Form of Acceptance;
- (k)

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that he has the right to dispose of the Cadbury ordinary shares comprised in the acceptance and that the Cadbury ordinary shares will be acquired by Kraft Foods pursuant to the offer fully paid and free from all

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liens, charges, equities, encumbrances, rights of pre-emption and other interests of any nature whatsoever and together with all rights attaching to them on or after November 9, 2009, including, without limitation, voting rights and the right to receive and retain in full all dividends and other distributions (if any) declared, made or paid, or any other return of capital (whether by reduction of share capital or share premium account or otherwise) made, on or after that date;

(l) that, on execution, the Form of Acceptance takes effect as a deed and that the execution of the Form of Acceptance constitutes his submission to the jurisdiction of the courts of England and the U.S. in relation to all matters arising in connection with the offer and the Form of Acceptance; and

(m) that he is not a client (as defined in the FSA Handbook) of any of the Financial Advisers in connection with the offer.

The term **Certificated Holder** means a Cadbury shareholder (other than those with a registered address in the U.S. or in any other CSN Restricted Jurisdiction) who holds his Cadbury ordinary shares in certificated form and accepts the offer by following the procedures set out in the offer documentation provided to holders of Cadbury ordinary shares who are not U.S. holders or Canadian residents.

The term **DRS** means Kraft Foods Direct Registration System.

The term **Corporate Nominee** means the Ordinary Share Exchange Agent or such wholly owned subsidiary of the Ordinary Share Exchange Agent as the Ordinary Share Exchange Agent may nominate to provide the CSN Facility.

The term **CSN Facility** means the facility under which the Corporate Nominee holds Kraft Foods CDIs on behalf of Certificated Holders and provides certain other services.

The term **CSN Permitted Jurisdiction** means each of Argentina, Austria, Belgium, Botswana, Brazil, Bulgaria, Chile, Cyprus, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Guinea, Hungary, Iceland, Indonesia, Ireland, Italy, Korea, Latvia, Liechtenstein, Lithuania, Luxembourg, Malta, Mexico, Namibia, Netherlands, Norway, Poland, Paraguay, Peru, Portugal, Romania, Slovakia, Slovenia, Spain, Sweden, Taiwan, and the United Kingdom (including the Channel Islands and the Isle of Man).

The term **CSN Restricted Jurisdiction** means any jurisdiction other than a CSN Permitted Jurisdiction.

A reference in this Part C (*Form of Acceptance for Cadbury ordinary shares in certificated form*) of this Appendix A to a Cadbury shareholder includes a reference to the person or persons executing the Form of Acceptance and in the event of more than one person executing a Form of Acceptance the provisions of this Part C (*Form of Acceptance for Cadbury ordinary shares in certificated form*) of this Appendix A shall apply to them jointly and to each of them.

**PART D: Electronic Acceptance for Cadbury ordinary shares in uncertificated form**

**This Part D only applies to Cadbury ordinary shares in uncertificated form. If you hold all your Cadbury ordinary shares in certificated form you should ignore this Part D and instead read Part C. Relevant instructions for acceptances in respect of Cadbury ordinary shares represented by Cadbury ADSs are set out in Part E.**

The following terms apply to the offer. These terms are as set out in the original prospectus/offer to exchange, except to the extent that they have been revised and supplemented to take into account the revision of the offer.

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Under the terms of the offer as set forth in this prospectus/offer to exchange, valid acceptances of the original offer are deemed to be acceptances of the offer.

For the purpose of Part D (*Electronic Acceptance for Cadbury ordinary shares in uncertificated form*) of this Appendix A, the phrase "Cadbury ordinary shares in uncertificated form comprised in the acceptance" shall mean the number of Cadbury ordinary shares which are transferred by the relevant Cadbury shareholder by Electronic Acceptance to an escrow account by means of a TTE Instruction.

Without prejudice to the provisions of Parts A and B of this Appendix A each Cadbury shareholder by whom, or on whose behalf, an Electronic Acceptance is made (subject to the rights of withdrawal set out in the prospectus/offer to exchange), irrevocably undertakes, represents, warrants and agrees to and with Kraft Foods, the Financial Advisers, and the Ordinary Share Exchange Agent and so as to bind himself, his personal or legal representatives, heirs, successors and assigns to the following effect:

(a) that the Electronic Acceptance shall constitute:

- (i) an acceptance of the offer in respect of the number of Cadbury ordinary shares in uncertificated form to which a Basic Offer TTE Instruction or Mix and Match TTE Instruction (as the case may be) relates;
- (ii) an election under the mix and match facility to receive, subject to availability as a result of offsetting elections, additional new shares of Kraft Foods common stock instead of cash, or additional cash instead of new shares of Kraft Foods common stock, in each case to which he would otherwise be entitled under the basic terms of the offer, in respect of the number of Cadbury ordinary shares in uncertificated form to which a Mix and Match TTE Instruction relates; and
- (iii) an undertaking to execute any documents, take any further action and give any further assurances which may be required to enable Kraft Foods to obtain the full benefit of Part D (*Electronic Acceptance for Cadbury ordinary shares in uncertificated form*) of this Appendix A and/or to perfect any of the authorities expressed to be given hereunder and otherwise in connection with his acceptance of the offer,

in each case on and subject to the terms and conditions set out or referred to in the prospectus/offer to exchange and that, subject only to the rights of withdrawal set out in paragraph 4 (*Rights of Withdrawal*) of Part B of this Appendix A, each such acceptance shall be irrevocable;

(b) that such Cadbury shareholder either: (I) is a U.S. holder or resident of Canada; or (II):

- (i) has not received or sent copies or originals of the prospectus/offer to exchange, the Form of Acceptance, or any other offer-related documentation in, into or from a Restricted Jurisdiction;
- (ii) has not, in connection with the offer, utilized, directly or indirectly, the mails of, or any means or instrumentality (including without limitation, electronic mail, facsimile transmission, telex, telephone, internet or other forms of electronic communication) of interstate or foreign commerce of, or of any facilities of a national securities exchange, of any Restricted Jurisdiction;
- (iii) is accepting the offer from outside a Restricted Jurisdiction and was outside such jurisdiction at the time of the input and settlement of the relevant TTE Instruction(s);

(iv)

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is not acting on a non-discretionary basis (as agent, nominee, custodian, trustee or otherwise) for or on behalf of a principal unless such principal has given any instructions with respect to the offer from outside a Restricted Jurisdiction; and

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- (v) has, if such Cadbury shareholder is a citizen, resident or national or subject to the laws of a jurisdiction outside the U.K., the U.S., Canada, France, Ireland or Spain, observed the laws of the relevant jurisdiction, obtained all requisite governmental, exchange control and other required consents, complied with all other necessary formalities and has not taken or omitted to take any action that will or may result in Kraft Foods, the Financial Advisers or any other person acting in breach of any legal or regulatory requirements of any such jurisdiction in connection with the offer or his acceptance thereof; and
- (vi) has paid any issue, transfer or other taxes or other requisite payments due in any jurisdiction in connection with such acceptance (except for U.K. stamp duty or stamp duty reserve tax);
- (c) that the Electronic Acceptance constitutes the irrevocable appointment of the Escrow Agent as such Cadbury shareholder's agent and/or attorney and an irrevocable instruction and authority to the Escrow Agent:
  - (i) subject to the offer becoming wholly unconditional and to the relevant Cadbury shareholder not having validly withdrawn his acceptance, to transfer to itself (or to such other person or persons as Kraft Foods or its agents may direct) by means of CREST all or any of the Cadbury ordinary shares in uncertificated form to which such Electronic Acceptance relates (but not exceeding the number of Cadbury ordinary shares in uncertificated form in respect of which the offer is accepted or deemed to be accepted); and
  - (ii) if the offer does not become unconditional, to give instructions to Euroclear, immediately after the lapsing of the offer (or within such longer period as the U.K. Takeover Panel may permit, not exceeding 14 calendar days following the lapsing of the offer), to transfer all such Cadbury ordinary shares to the original available balance of the accepting Cadbury shareholder;
- (d) that the Electronic Acceptance constitutes (subject to the offer becoming wholly unconditional and to the accepting Cadbury shareholder not having validly withdrawn his acceptance) a separate irrevocable authority and request:
  - (i) to Kraft Foods or its agents to procure the making of a CREST payment obligation in favor of the Cadbury shareholder's payment bank in accordance with the CREST payment arrangements in respect of any cash consideration to which such Cadbury shareholder is entitled pursuant to his acceptance of the offer, provided that:
    - (A) Kraft Foods may (if, for any reason, it wishes to do so) determine that all or any part of such cash consideration shall be paid by check dispatched by post (or by such other method as may be approved by the U.K. Takeover Panel); and
    - (B) if the Cadbury shareholder concerned is a CREST member whose registered address is in a Restricted Jurisdiction any cash consideration to which such Cadbury shareholder is entitled (following a determination that payment of such consideration would not constitute a breach of any securities or other legislation of such jurisdiction) shall be paid by cheque dispatched by post (or by such other method as may be approved by the U.K. Takeover Panel);
  - (ii) to Kraft Foods or its agents to issue any new shares of Kraft Foods common stock to which such Cadbury shareholder is entitled to Cede & Co (the nominee entity of DTC) as nominee for CREST International Nominees in consideration for the issue by CREST Depository Limited of CDIs representing such new shares of Kraft Foods common stock to such Cadbury shareholder provided that Kraft Foods may (if for any reason it wishes to do so) determine that all or any of such new

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shares of Kraft Foods common stock to which the Cadbury shareholder is entitled shall be issued under the DRS; and

- (iii) subject to the provisions of paragraph 8 (*Overseas Shareholders*) of Part B of this Appendix A, to Kraft Foods or its agents to procure that Cede & Co is entered on the register of Kraft Foods in respect of the new shares of Kraft Foods common stock in which he is entitled under the offer in consideration of the issue by CREST Depository Limited of CDIs representing such new shares of Kraft Foods common stock to the relevant Cadbury shareholder (as described in the section of the prospectus/offer to exchange entitled "The Offer Procedures for Accepting the Offer");
- (e) that he gives authority to any of Kraft Foods, any executive officer of, or person authorized by, Kraft Foods or the Financial Advisers within the terms of paragraph 5 (*Revised Offer*) of Part B of this Appendix A subject to the offer becoming wholly unconditional and to the Cadbury shareholder not having validly withdrawn his acceptance;
- (f) that, subject to the offer becoming wholly unconditional and him not having validly withdrawn his acceptance (or if the offer would become or be declared wholly unconditional or lapse immediately upon the outcome of the resolution in question or if the U.K. Takeover Panel otherwise gives its consent) and pending registration in the name of Kraft Foods or as it may direct, he:
  - (i) authorizes Kraft Foods to direct the exercise of any votes and any other rights and privileges (including the right to requisition the convening of a general or separate class meeting of Cadbury) attaching to the Cadbury ordinary shares in respect of which the offer has been accepted or is deemed to have been accepted;
  - (ii) authorizes Cadbury and/or its agents to send any notice, circular, warrant or other document or communication which may be required to be sent to him as a member of Cadbury to Kraft Foods at its registered office;
  - (iii) authorizes any director of, or person authorized by, Kraft Foods to sign any document and do such things as may in the opinion of such person seem necessary or desirable in connection with the exercise of any votes or other rights or privileges attaching to the Cadbury ordinary shares held by him (including, without limitation, signing any consent to short notice of a general or separate class meeting as his agent and/or attorney and on his behalf and executing a form of proxy appointing any person nominated by Kraft Foods to attend general and separate class meetings of Cadbury and attending any such meeting (and any adjournment thereof) and exercising on his behalf, the votes attaching to the Cadbury ordinary shares in respect of which the offer has been accepted or deemed to have been accepted such votes to be cast so far as possible to satisfy any outstanding condition of the offer); and
  - (iv) agrees not to exercise any such rights without the consent of Kraft Foods and irrevocably undertakes not to appoint a proxy for or to attend such general or separate class meetings of Cadbury.

The authorities referred to in this paragraph (f) of this Part D (*Electronic Acceptance for Cadbury ordinary shares in uncertificated form*) of this Appendix A will cease to be valid if the acceptance is withdrawn in accordance with paragraph 4 (*Rights of Withdrawal*) of Part B of this Appendix A;

- (g) that if, for any reason, any Cadbury ordinary shares in respect of which a transfer to escrow instruction has been effected in accordance with the section of the prospectus/offer to exchange entitled "The Offer Procedures for Accepting the Offer" are converted to certificated form, he will (without prejudice to paragraph (c)(i) of this Part D (*Electronic Acceptance for Cadbury ordinary shares in uncertificated form*) of this Appendix A) immediately deliver or procure the immediate delivery of the share certificate(s) or

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other document(s) of title in respect of all such Cadbury ordinary shares so converted to the Ordinary Share Exchange Agent at the address and in the manner referred to in paragraph 4(g) (*Rights of Withdrawal*) of Part B of this Appendix A or as Kraft Foods or its agents may direct and he shall be deemed upon conversion to undertake, represent, warrant and agree in the terms set out in Part C (*Form of Acceptance for Cadbury ordinary shares in certificated form*) of this Appendix A in relation to such Cadbury ordinary shares without prejudice to the application (to the extent deemed appropriate by Kraft Foods) of this Part D (*Electronic Acceptance for Cadbury ordinary shares in uncertificated form*) of this Appendix A;

- (h) that the creation of a CREST payment obligation in favor of his payment bank in accordance with CREST payment arrangements referred to in paragraph (d) of this Part D (*Electronic Acceptance for Cadbury ordinary shares in uncertificated form*) of this Appendix A shall discharge in full any obligation of Kraft Foods to pay to him the cash consideration to which he is entitled pursuant to the offer;
- (i) that he will ratify everything which may be done or effected by any director of, or person authorized by Kraft Foods or the Financial Advisers or the Ordinary Share Exchange Agent in the proper exercise of any of the powers and/or authorities under this Part D (*Electronic Acceptance for Cadbury ordinary shares in uncertificated form*) of this Appendix A;
- (j) that he will take (or procure to be taken) the action set out in the section of the prospectus/offer to exchange entitled *The Offer Procedures for Accepting the Offer* and to transfer all of the Cadbury ordinary shares held by him in uncertificated form and in respect of which the offer has been accepted or deemed to have been accepted and in respect of which such acceptance has not been validly withdrawn to an escrow balance as soon as possible and in any event so that the transfer to escrow settles within six months of the offer becoming wholly unconditional;
- (k) that, if any provision of Part B (*Further Terms of the Offer*) of this Appendix A or this Part D (*Electronic Acceptance for Cadbury ordinary shares in uncertificated form*) of this Appendix A shall be unenforceable or invalid or shall not operate so as to afford Kraft Foods, the Financial Advisers, the Ordinary Share Exchange Agent or any of their respective directors or persons authorized by them, the benefit of the authorities and powers of attorney expressed to be given therein, he shall, as soon as practicable, do everything that may be required or desirable to enable Kraft Foods, the Financial Advisers, the Ordinary Share Exchange Agent and/or any of their respective directors or persons authorized by them to secure the full benefit of such authorities and powers of attorney;
- (l) that the making of an Electronic Acceptance constitutes his submission to the jurisdiction of the courts of England and the U.S. in relation to all matters arising in connection with the offer and the Electronic Acceptance;
- (m) that he has the right to dispose of the Cadbury ordinary shares comprised in the acceptance and that the Cadbury ordinary shares will be acquired by Kraft Foods pursuant to the offer fully paid and free from all liens, charges, equities, encumbrances, rights of pre-emption and other interests of any nature whatsoever and together with all rights attaching to them on or after November 9, 2009, including, without limitation, voting rights and the right to receive and retain in full all dividends and other distributions (if any) declared, made or paid, or any other return of capital (whether by reduction of share capital or share premium account or otherwise) made, on or after that date; and
- (n) that he is not a client (as defined in the FSA Handbook) of any of the Financial Advisers in connection with the offer.  
A reference in this Part D (*Electronic Acceptance for Cadbury ordinary shares in uncertificated form*) of this Appendix A to a Cadbury shareholder shall include references to the person or persons making an

Electronic Acceptance and in the event of more than one person making an Electronic Acceptance the

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provisions of this Part D (*Electronic Acceptance for Cadbury ordinary shares in uncertificated form*) of this Appendix A shall apply to them jointly and to each of them.

**PART E: Acceptance for Cadbury ordinary shares represented by Cadbury ADSs**

**This Part E only applies to Cadbury ordinary shares represented by Cadbury ADSs. If none of your Cadbury ordinary shares are represented by Cadbury ADSs you should ignore this Part E and instead read Parts C or D.**

The following terms apply to the offer. These terms are as set out in the original prospectus/offer to exchange, except to the extent that they have been revised and supplemented to take into account the revision of the offer.

Under the terms of the offer as set forth in this prospectus/offer to exchange, valid acceptances of the original offer are deemed to be acceptances of the offer.

In this document, unless the context requires otherwise, ADS Letter of Transmittal includes the final ADS Letter of Transmittal, and the original ADS Letter of Transmittal.

Without prejudice to the terms of the ADS Letter of Transmittal and the provisions of Parts A and B of this Appendix A, by executing the ADS Letter of Transmittal or delivering an Agent's Message to the ADS Exchange Agent:

- (a) upon, and subject to, the Conditions to and terms of the offer, and effective on the offer becoming wholly unconditional (at which time Kraft Foods will give notice thereof to the ADS Exchange Agent), and if the tendering holder of Cadbury ADSs has not validly withdrawn his acceptance:
  - (i) such tendering holder of Cadbury ADSs sells, assigns and transfers to, or upon the order of, Kraft Foods all right, title and interest in and to all Cadbury ADSs with respect to which the offer is accepted; and
  - (ii) such tendering holder of Cadbury ADSs irrevocably constitutes and appoints Kraft Foods and its officers, directors and designated agents, including the ADS Exchange Agent, the true and lawful agent and attorney-in-fact of the tendering holder of Cadbury ADSs with respect to such Cadbury ADSs, with full power of substitution (such power of attorney being deemed to be an irrevocable power coupled with an interest), to, in Kraft Foods' sole discretion:
    - (A) have the Cadbury ADRs evidencing Cadbury ADSs delivered to the ADS Exchange Agent or, if tender is by book-entry transfer, transfer Cadbury ADSs to the account of the ADS Exchange Agent at the Book-Entry Transfer Facility, together in any such case, with all accompanying evidences of transfer and authenticity upon the order of, Kraft Foods;
    - (B) surrender, for the benefit of or upon the order of Kraft Foods, such Cadbury ADRs evidencing such Cadbury ADSs or such Cadbury ADSs maintained on the account books at the Book-Entry Transfer Facility to the ADS Depository, together with all accompanying evidences of transfer and authenticity, for withdrawal of the underlying Cadbury ordinary shares in accordance with the ADS deposit agreement;
    - (C) instruct the ADS Depository to transfer the Cadbury ordinary shares represented by such Cadbury ADSs to an account or accounts designated by the ADS Exchange Agent;
    - (D) present Cadbury ordinary shares represented by such Cadbury ADSs for transfer on the books of Cadbury; and/or



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- (E) receive all benefits and otherwise exercise all rights of beneficial ownership of such Cadbury ADSs or Cadbury ordinary shares represented by such Cadbury ADSs;
- (b) the tendering holder of Cadbury ADSs agrees that, effective from and after the date of such execution or, if later, the date on which all Conditions to the offer are satisfied, fulfilled or, where permitted, waived:
- (i) Kraft Foods or its agents shall be entitled to direct the exercise of any votes attaching to Cadbury ordinary shares represented by any Accepted ADSs and any other rights and privileges attaching to such Cadbury ordinary shares, including any right to requisition a general meeting of Cadbury or of any class of its securities;
  - (ii) such holder is granting the authority to any executive officer of, or person authorized by, Kraft Foods or its designated agents (including the Financial Advisers) within the terms of paragraph 5 (*Revised Offer*) of Part B of this Appendix A;
  - (iii) the execution of the ADS Letter of Transmittal by a holder of Cadbury ADSs (together with any signature guarantees) and its delivery to the ADS Exchange Agent, or, in the case of Cadbury ADSs in book-entry form, book-entry transfer of Cadbury ADSs to the account maintained by the ADS Exchange Agent at the Book-Entry Transfer Facility and delivery of an Agent's Message, shall constitute in respect of Accepted ADSs:
    - (A) an authority to Cadbury, the ADS Depository and/or their respective agents from the holder of Accepted ADSs to send any notice, circular, warrant, document or other communications that may be required to be sent to him as a holder of Cadbury ADSs to Kraft Foods at its registered office;
    - (B) an authority to Kraft Foods or its agent to sign any consent to short notice of a general meeting or separate class meeting on behalf of the holder of Accepted ADSs and/or to execute a form of proxy in respect of the Accepted ADSs appointing any person nominated by Kraft Foods to attend general meetings and separate class meetings of Cadbury or any adjournment thereof and to exercise the votes attaching to Cadbury ordinary shares represented by such Accepted ADSs on his behalf; and
    - (C) the agreement of the tendering holder of Accepted ADSs not to exercise any such rights without the consent of Kraft Foods and the irrevocable undertaking of such tendering holder of Accepted ADSs not to appoint a proxy for or to attend any such general meetings or separate class meetings; and
  - (iv) that, in the case of Cadbury ADSs in book-entry form, the creation of a DTC payment obligation in favor of his payment bank in accordance with DTC payment arrangements shall discharge in full any obligation of Kraft Foods to pay him the cash portion of the purchase price to which he is entitled pursuant to the offer;
- The term "Accepted ADSs" means Cadbury ADSs in respect of which the offer has been accepted or deemed to have been accepted.
- (c) the tendering holder of Cadbury ADSs represents and warrants that the tendering holder of Accepted ADSs has the full power and authority to accept the offer and to tender, sell, assign and transfer such holder's Cadbury ADSs tendered in the offer and that Kraft Foods will acquire good title thereto, free from all liens, charges, equitable interests, encumbrances, rights of pre-emption, other third party rights and other interests of any nature whatsoever and together with all rights attaching thereto on or after November 9, 2009, including, without limitation, voting rights and the right to receive and retain in full all dividends and



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other distributions (if any) declared, made or paid, or any other return of capital (whether by reduction of share capital or share premium account or otherwise) made, on or after that date with respect to Cadbury ordinary shares represented by Cadbury ADSs. The tendering holder of Accepted ADSs will, upon request, execute any additional documents and take all other such necessary actions as deemed by the ADS Exchange Agent or Kraft Foods to be necessary or desirable to complete the sale, assignment and transfer of Cadbury ADSs in respect of which the offer is being accepted and, for the avoidance of doubt, to perfect any of the authorities expressed to be given hereunder and/or secure the full benefit of the authorities and powers of attorney expressed to be granted by the ADS Letter of Transmittal or this Appendix A;

- (d) the tendering holder of Cadbury ADSs irrevocably undertakes, represents and warrants to and agrees with Kraft Foods to the effect that such tendering holder of Accepted ADSs:
- (i) has not received or sent copies or originals of the prospectus/offer to exchange or the ADS Letter of Transmittal or any related offering documentation in, into or from any jurisdiction where to do so would constitute a violation of the relevant laws of such jurisdiction;
  - (ii) has not used in connection with the offer or the execution or delivery of the ADS Letter of Transmittal, directly or indirectly, the mails of, or any means or instrumentality (including, without limitation, email, facsimile transmission, telex and telephone) of interstate or foreign commerce of, or any facilities of a national securities exchange of any jurisdiction where to do so would constitute a violation of the relevant laws of such jurisdiction;
  - (iii) is accepting the offer from outside any jurisdiction where to do so would constitute a violation of the relevant laws of such jurisdiction; and
  - (iv) is not an agent or fiduciary acting on a non-discretionary basis for a principal, unless such agent or fiduciary is an authorized employee of such principal or such principal has given all instructions with respect to the offer from outside any jurisdiction where to do so would constitute a violation of the relevant laws of such jurisdiction; and
- (e) subject to the offer becoming wholly unconditional, the ADS Exchange Agent, as his representative, will, upon the request of Kraft Foods, instruct the ADS Depositary on his behalf to withdraw the Cadbury ordinary shares represented by his tendered Cadbury ADSs and to deliver these Cadbury ordinary shares to the account or accounts designated by the ADS Exchange Agent. **At such time, the ADS Depositary will assess the Withdrawal Fee (i.e. \$0.05 per Cadbury ADS) which will be deducted from the cash consideration payable to the Cadbury ADS holder.**

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**APPENDIX B ADDITIONAL INFORMATION REQUIRED BY THE U.K. TAKEOVER CODE**

**I. General Information for Cadbury Securityholders**

If you are in any doubt about the offer, the contents of the prospectus/offer to exchange to which this Appendix B is attached, which we refer to as the prospectus/offer to exchange, or what action you should take, you are recommended to seek your own personal financial advice immediately from your stockbroker, bank manager, solicitor, accountant, fund manager or other independent financial adviser duly authorized under the U.K. Financial Services and Markets Act 2000, as amended from time to time, if you are resident in the United Kingdom or, if not, from another appropriately authorized independent financial adviser in the relevant jurisdiction.

Under the provisions of Rule 8.3 of the U.K. Takeover Code, if any person is, or becomes, interested (directly or indirectly) in 1% or more of any class of relevant securities of Kraft Foods or of Cadbury, all dealings in any relevant securities of that company (including by means of an option in respect of, or a derivative referenced to, any such relevant securities) must be publicly disclosed by no later than 10:30 a.m. New York City time (3:30 p.m. London time) on the U.K. business day following the date of the relevant transaction. This requirement will continue until the date on which the offer becomes, or is declared, unconditional as to acceptances, lapses or is otherwise withdrawn or on which the offer period otherwise ends. If two or more persons act together pursuant to an agreement or understanding, whether formal or informal, to acquire an interest in relevant securities of Kraft Foods or of Cadbury, they will be deemed to be a single person for the purpose of Rule 8.3.

Under the provisions of Rule 8.1 of the U.K. Takeover Code, all dealings in relevant securities of Kraft Foods or of Cadbury by Kraft Foods or Cadbury, or by any of their respective associates, must be disclosed by no later than 7:00 a.m. New York City time (12:00 p.m. London time) on the business day following the date of the relevant transaction.

A disclosure table, giving details of the companies in whose relevant securities dealings should be disclosed, and the number of such securities in issue, can be found on the U.K. Takeover Panel's website at [www.thetakeoverpanel.org.uk/](http://www.thetakeoverpanel.org.uk/).

Interests in securities arise, in summary, when a person has long economic exposure, whether conditional or absolute, to changes in the price of securities. In particular, a person will be treated as having an interest by virtue of the ownership or control of securities, or by virtue of any option in respect of, or derivative referenced to, securities.

Terms in quotation marks are defined in the U.K. Takeover Code, which can also be found on the U.K. Takeover Panel's website. If you are in any doubt as to whether or not you are required to disclose a dealing under Rule 8, you should consult the U.K. Takeover Panel.

**II. Financial Effects of Acceptance of the Offer**

The following table shows certain financial effects for a holder of 100 Cadbury ordinary shares (or 25 Cadbury ADSs) accepting the offer in respect of all of those Cadbury ordinary shares or Cadbury ADSs. This table disregards tax. In particular, it disregards the tax consequences of holding Cadbury ordinary shares or Cadbury ADSs, new shares of Kraft Foods common stock and the investment of cash consideration, as well as the tax consequences of disposing of Cadbury ordinary shares or Cadbury ADSs under the offer. This table is for illustrative purposes only on the bases and assumptions set out in the notes below, assuming that the offer becomes or is declared wholly unconditional and no election is made under the mix and match facility and does not take account of the special dividend.

**Table of Contents****A. Capital value**

	Cadbury ordinary shares		Offer	Cadbury ADSs	
	Notes	£		Notes	\$
<b>Market value of 100 Cadbury ordinary shares (25 Cadbury ADSs)</b>	1	568.00		2	936.50
Cash consideration		500.00			815.00
Market value of 18.74 new shares of Kraft Foods common stock	3	340.08		3	554.33
Total value of consideration under the offer		840.08			1,369.33
Increase in capital value		272.08			432.83
This represents an increase of approximately		47.90%			46.2%

**B. Gross income**

	Cadbury ordinary shares		Offer	Cadbury ADSs	
	Notes	£		Notes	\$
<b>Gross dividend income from 100 Cadbury ordinary shares (25 Cadbury ADSs)</b>	4	18.00		5	26.47
Gross income from re-investment of cash consideration	6	19.69		6	32.11
Gross dividend income from 18.74 new shares of Kraft Foods common stock	7	13.34		7	20.99
Total gross income from consideration		33.02			53.10
Increase in gross income		15.02			26.63
This represents an increase of approximately		83.45%			100.6%

## Notes:

1. Based on the Closing Price of 568 pence per Cadbury ordinary share on September 4, 2009 (the last U.K. business day preceding the announcement by Kraft Foods of a possible offer for Cadbury).
2. Based on the NYSE Closing Price of \$37.46 per Cadbury ADS on September 4, 2009 (the last U.K. business day preceding the announcement by Kraft Foods of a possible offer for Cadbury).
3. Based on the NYSE Closing Price of \$29.58 per share of Kraft Foods common stock on January 15, 2010 and an exchange rate of \$1.63 to £1.00 as quoted from WM/Reuters on January 18, 2010.
4. The gross dividend income on Cadbury ordinary shares is based on Cadbury's planned 2009 total dividend of 18.0 pence per share (consisting of a 5.7 pence per share interim 2009 dividend and a planned 12.3 pence per share final dividend, which is subject to board and shareholder approval).
5. The gross dividend income on Cadbury ADSs is based on Cadbury's 2008 final dividend of \$1.0589 per Cadbury ADS (consisting of a \$0.4195 per Cadbury ADS interim 2008 dividend and \$0.6394 per Cadbury ADS final dividend).

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6. The gross interest income on the cash consideration under the offer is calculated on the assumption that the cash is re-invested to yield approximately 3.94% per annum, being the gross redemption yield on U.K. Government Securities with maturity of 10 years, as published by Bloomberg on January 15, 2010 (the last U.S. business day before printing of this prospectus/offer to exchange).
  
7. The gross dividend income from new shares of Kraft Foods common stock is based on Kraft Foods' declared 2009 total dividend of \$1.61 per share (consisting of a \$0.29 per share Q1 2009 dividend, a \$0.29 per share Q2 2009 dividend, a \$0.29 per share Q3 2009 dividend and a \$0.29 per share Q4 2009 dividend).

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The term **Closing Price** means the closing middle market price of a share as derived from the daily official list of the LSE on any particular date.

The term **NYSE Closing Price** means the closing price of a share on the NYSE on any particular date.

**III. Financing and Cash Confirmation**

Kraft Foods is providing the cash consideration payable by it under the offer from its own resources, funds available from an amended bridge facility that has been arranged by a syndicate of banks and/or proceeds from alternative financing sources. A summary of the amended bridge facility is included in the section of the prospectus/offer to exchange entitled **The Offer Financing of the Offer; Source and Amount of Funds**.

Lazard & Co., Limited, Centerview Partners UK LLP, Citigroup Global Markets Limited and Deutsche Bank AG, London Branch are satisfied that sufficient resources are available to Kraft Foods to satisfy in full the cash consideration payable by it as a result of full acceptance of the offer.

**IV. Cadbury Share Schemes**

The offer will extend to any Cadbury ordinary shares unconditionally allotted or issued before the offer closes (or such earlier time as we may, subject to the rules of the U.K. Takeover Code, decide), as a result of the exercise of options or vesting of awards granted under the Cadbury share schemes.

We will make appropriate proposals in due course to the holders of options and awards granted under the Cadbury share schemes.

**V. Financial Information Relating to Kraft Foods**

The information listed below relating to Kraft Foods and its subsidiaries is incorporated by reference pursuant to the U.K. Takeover Code into this Appendix B.

Please enter the web address stated below in your web browser to be brought to the relevant document.

<b>No.</b>	<b>Information</b>	<b>Source of Information</b>
1.	For the last 3 financial years for which the information has been published, turnover, net profits or loss before and after taxation, the charge for tax, the amount absorbed by dividends and earnings and dividends per share	consolidated statements of earnings for the years ended December 31, 2008, December 31, 2007 and December 31, 2006 on page 32 of Kraft Foods revised consolidated financial statements filed with the SEC on Form 8-K on November 3, 2009  <a href="http://www.corporate-ir.net/seccapsule/seccapsule.asp?m=f&amp;c=129070&amp;fid=6570610&amp;dc=">www.corporate-ir.net/seccapsule/seccapsule.asp?m=f&amp;c=129070&amp;fid=6570610&amp;dc=</a>
2.	A statement of the assets and liabilities shown in the last published audited accounts	consolidated balance sheet at December 31, 2008 on page 33 of Kraft Foods revised consolidated financial statements filed with the SEC on Form 8-K on November 3, 2009  <a href="http://www.corporate-ir.net/seccapsule/seccapsule.asp?m=f&amp;c=129070&amp;fid=6570610&amp;dc=">www.corporate-ir.net/seccapsule/seccapsule.asp?m=f&amp;c=129070&amp;fid=6570610&amp;dc=</a>

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No.	Information	Source of Information
3.	A cash flow statement provided in the last published audited accounts	consolidated statement of cash flows for the year ended December 31, 2008 on page 35 of Kraft Foods revised consolidated financial statements filed with to the SEC on Form 8-K on November 3, 2009  <a href="http://www.corporate-ir.net/seccapsule/seccapsule.asp?m=f&amp;c=129070&amp;fid=6570610&amp;dc=">www.corporate-ir.net/seccapsule/seccapsule.asp?m=f&amp;c=129070&amp;fid=6570610&amp;dc=</a>
4.	Notes to financial statements	notes to the consolidated financial statements on pages 36 to 75 of Kraft Foods revised consolidated financial statements filed with the SEC on Form 8-K on November 3, 2009  <a href="http://www.corporate-ir.net/seccapsule/seccapsule.asp?m=f&amp;c=129070&amp;fid=6570610&amp;dc=">www.corporate-ir.net/seccapsule/seccapsule.asp?m=f&amp;c=129070&amp;fid=6570610&amp;dc=</a>
5.	Details in respect of any interim statement made since the last published audited accounts	Kraft Foods interim results on pages 1-22 of Kraft Foods Quarterly Report on Form 10-Q for the period ending on September 30, 2009, filed with the SEC on November 3, 2009  <a href="http://phx.corporate-ir.net/preview/phoenix.zhtml?c=129070&amp;p=irol-SECText&amp;TEXT=aHR0cDovL2NjYm4uMTBrd2l6YXJkLmNvbS94bWwvZmlsaW5nLnhtbD9vZXBvPXRlbmsmaXBhZ2U9NjU4MTcxOCZhdHRhY2g9T04mc1hCUkw9MO%3d%3d">phx.corporate-ir.net/preview/phoenix.zhtml?c=129070&amp;p=irol-SECText&amp;TEXT=aHR0cDovL2NjYm4uMTBrd2l6YXJkLmNvbS94bWwvZmlsaW5nLnhtbD9vZXBvPXRlbmsmaXBhZ2U9NjU4MTcxOCZhdHRhY2g9T04mc1hCUkw9MO%3d%3d</a>

The financial information incorporated by reference is available on the relevant web site in read only format and can be printed from the web addresses detailed above.

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**VI. Financial Information Relating to Cadbury**

The information listed below relating to Cadbury and its subsidiaries is incorporated by reference pursuant to the U.K. Takeover Code into this Appendix B.

Please enter the web address stated below in your web browser to be brought to the relevant document.

No.	Information	Source of Information
1.	For the last 3 financial years for which the information has been published, turnover, net profit or loss before and after taxation, the charge for tax, the amount absorbed by dividends and earnings and dividends per share	consolidated income statement for the year ended December 31, 2008 on page F-3 to F-4 of Cadbury's Annual Report on Form 20-F for the year ended December 31, 2008  <a href="http://www.investis.com/cadbury/docs/20-F.pdf">www.investis.com/cadbury/docs/20-F.pdf</a>  consolidated income statement for the year ended December 31, 2007 on page F-3 to F-4 of Cadbury's Annual Report on Form 20-F for the year ended December 31, 2007  <a href="http://www.sec.gov/Archives/edgar/data/744473/000115697308000420/u55102e20vf.htm">www.sec.gov/Archives/edgar/data/744473/000115697308000420/u55102e20vf.htm</a>  consolidated income statement for the year ended December 31, 2006 on page F-3 to F-4 of Cadbury's Annual Report on Form 20-F for the year ended December 31, 2006  <a href="http://www.sec.gov/Archives/edgar/data/744473/000115697307000624/u52204e20vf.htm">www.sec.gov/Archives/edgar/data/744473/000115697307000624/u52204e20vf.htm</a>
2.	A statement of the assets and liabilities shown in the last published audited accounts	consolidated balance sheet at December 31, 2008 on page F-5 of Cadbury's Annual Report on Form 20-F for the year ended December 31, 2008  <a href="http://www.investis.com/cadbury/docs/20-F.pdf">www.investis.com/cadbury/docs/20-F.pdf</a>
3.	A cash flow statement provided in the last published audited accounts	consolidated statement of cash flows for the year ended December 31, 2008 on page F-6 of Cadbury's Annual Report on Form 20-F for the year ended December 31, 2008  <a href="http://www.investis.com/cadbury/docs/20-F.pdf">www.investis.com/cadbury/docs/20-F.pdf</a>

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<b>No.</b>	<b>Information</b>	<b>Source of Information</b>
4.	Notes to financial statements	<p>notes to the consolidated financial statements for the year ended December 31, 2008 on pages F-12 to F-72 of Cadbury's Annual Report on Form 20-F for the year ended December 31, 2008</p> <p><a href="http://www.investis.com/cadbury/docs/20-F.pdf">www.investis.com/cadbury/docs/20-F.pdf</a></p> <p>notes to the consolidated financial statements for the year ended December 31, 2007 on pages F-13 to F-70 of Cadbury's Annual Report on Form 20-F for the year ended December 31, 2007</p> <p><a href="http://www.sec.gov/Archives/edgar/data/744473/000115697308000420/u55102e20vf.htm">www.sec.gov/Archives/edgar/data/744473/000115697308000420/u55102e20vf.htm</a></p> <p>notes to the consolidated financial statements for the year ended December 31, 2006 on pages F-13 to F-80 of Cadbury's Annual Report on Form 20-F for the year ended December 31, 2006</p> <p><a href="http://www.sec.gov/Archives/edgar/data/744473/000115697307000624/u52204e20vf.htm">www.sec.gov/Archives/edgar/data/744473/000115697307000624/u52204e20vf.htm</a></p>
5.	Details in respect of any interim statement made since the last published audited accounts	<p>Cadbury's interim results contained in Cadbury's Report of Foreign Private Issuer on Form 6-K furnished to the SEC on July 29, 2009</p> <p><a href="http://www.cadburyinvestors.com/cadbury_ir/press_releases/2009press/2009-07-29/2009-07-29.pdf">www.cadburyinvestors.com/cadbury_ir/press_releases/2009press/2009-07-29/2009-07-29.pdf</a></p> <p>Cadbury's interim management statement dated October 21, 2009</p> <p><a href="http://www.cadburyinvestors.com/cadbury_ir/press_releases/2009press/2009-10-21/2009-10-21.pdf">www.cadburyinvestors.com/cadbury_ir/press_releases/2009press/2009-10-21/2009-10-21.pdf</a></p>

The financial information incorporated by reference is available on the relevant web site in read only format and can be printed from the web addresses detailed above.

**VII. Certain Information**

Kraft Foods refers you to its Forms 8-K (including the exhibits thereto) furnished to the SEC on December 4, 2009, January 12, 2010 and January 19, 2010, which contain certain profit forecast information and information relating to anticipated cost savings, each as required under the U.K. Takeover Code, and to its Form 8-K (including the exhibits thereto) furnished to the SEC on November 3, 2009, which contains certain profit forecast information and information relating to its financial results for the interim period ended September 30, 2009, each as required under the U.K. Takeover Code. Any information furnished with the SEC is not incorporated into the Form S-4 of which the prospectus/offer to exchange is a part.



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**VIII. Kraft Foods Information**

***A. Responsibility of Board of Directors***

The Kraft Foods Directors, whose names are set out in Schedule I to the prospectus/offer to exchange, accept responsibility for the information contained in this document, other than that contained in the following sections of the prospectus/offer to exchange: information in Section XI of this Appendix B relating to Cadbury, its subsidiaries and its concert parties; information relating to Cadbury material contracts set forth in Section XII of this Appendix B; additional information relating to Cadbury and its subsidiaries; certain interests and dealings by Cadbury in relevant securities of Kraft Foods and Cadbury; information set forth in Section XVII of this Appendix B relating to Cadbury and paragraph H of Section XVI of this Appendix B. To the best of the knowledge and belief of the directors of Kraft Foods (who have taken all reasonable care to ensure that such is the case), the information contained in this document for which they accept responsibility is in accordance with the facts and does not omit anything likely to affect the import of such information.

***B. Responsibility of Cadbury Board of Directors***

The directors of Cadbury whose names are set out below, accept responsibility for the information contained in the following sections of the prospectus/offer to exchange: the section entitled The Offer Inducement Fee ; information in Section XI of this Appendix B relating to Cadbury, its subsidiaries and its concert parties; information relating to Cadbury material contracts set forth in Section XII of this Appendix B; additional information relating to Cadbury and its subsidiaries; certain interests and dealings by Cadbury in relevant securities of Kraft Foods and Cadbury; information set forth in Section XVII of this Appendix B relating to Cadbury and paragraph H of Section XVI of this Appendix B. To the best of the knowledge and belief of the directors of Cadbury (who have taken all reasonable care to ensure that such is the case), the information for which they accept responsibility is in accordance with the facts and does not omit anything likely to affect the import of such information.

***C. Kraft Foods Additional Information***

The business address of the directors of Kraft Foods is: Three Lakes Drive, Northfield, Illinois 60093, United States of America.

The registered office of Kraft Foods and the business address of each of the directors of Kraft Foods is Three Lakes Drive, Northfield, Illinois 60093, United States of America.

Kraft Foods was incorporated on December 7, 2000 in the Commonwealth of Virginia, United States as a corporation under the Virginia Stock Corporation Act with a corporate identification number of 0550179-6.

**IX. Cadbury Board of Director Information**

The directors of Cadbury are as follows:

<b>Name</b>	<b>Position</b>
Roger Carr	Chairman
Todd Stitzer	Chief Executive Officer
Andrew Bonfield	Chief Financial Officer
Dr. Wolfgang Berndt	Non-Executive Director
Colin Day	Non-Executive Director
Baroness Hogg	Non-Executive Director
Lord Christopher Patten	Non-Executive Director
Raymond Viault	Non-Executive Director
Guy Elliot	Senior Independent Non-Executive Director

The business address of the directors of Cadbury is: Cadbury House, Sanderson Road, Uxbridge, UB81DH, United Kingdom.

**Table of Contents****X. Market Quotations****A. NYSE Closing Prices**

Set out below are the NYSE Closing Prices of a share of Kraft Foods common stock, the Closing Prices of a Cadbury ordinary share and a Cadbury ADS on:

- (i) the first trading day in each of the six months immediately before the date of the original prospectus/offer to exchange;
- (ii) September 4, 2009 (the last trading day before the commencement of the Offer Period);
- (iii) January 15, 2010 (the latest practicable date before the printing of this prospectus/offer to exchange).

<b>Date</b>	<b>Kraft Foods common stock (\$)</b>	<b>Cadbury ordinary shares (p)</b>	<b>Cadbury ADS (\$)</b>
August 3, 2009	28.20	587.5	39.98
September 1, 2009	28.07	577.0	37.26
September 4, 2009	28.10	568.0	37.46
October 1, 2009	25.99	803.5	50.85
November 2, 2009	27.64	781.0	50.91
December 1, 2009	26.50	806.0	53.24
January 1, 2010	27.43	805.0	51.39
January 15, 2010	29.58	793.5	51.90

**XI. Interests and Dealings****A. Certain Definitions**

For purposes of this Section XI of this Appendix B:

acting in concert with a party means acting or being deemed to be acting in concert with that party for the purposes of the U.K Takeover Code and/or the offer;

arrangement includes indemnity or option arrangements, and any agreement or understanding, formal or informal, of whatever nature relating to relevant securities which may be an inducement to deal or refrain from dealing;

associate of a company has the meaning given in the U.K. Takeover Code and includes:

- (a) the company's parent, subsidiaries and fellow subsidiaries and their associated companies and companies of which such companies are associated companies (each a relevant company);
- (b) connected advisers of the company and persons controlling, controlled by or under the same control as such connected advisers;
- (c) the directors (together in each case with their close relatives and related trusts) of the company and of any relevant company covered in (a) above;

- (d) the pension funds of the company or any relevant company covered in (a) above;
- (e) any investment company, unit trust or other person whose investments an associate manages on a discretionary basis, in respect of the relevant investment accounts;

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(f) an employee benefit trust of the company or any relevant company covered in (a) above; and

(g) a company having a material trading arrangement with the company.

Cadbury disclosure period means the period commencing on September 7, 2009 (being the date of commencement of the Offer Period) and ending on January 15, 2010 (the latest practicable date before printing of the prospectus/offer to exchange);

connected advisers includes an organization which (i) is advising Kraft Foods or Cadbury, as applicable in relation to the offer; (ii) is corporate broker to Kraft Foods or Cadbury, as applicable; (iii) is advising a person acting in concert with Kraft Foods or Cadbury, as applicable in relation to the offer or in relation to the matter which is the reason for that person being a member of the relevant concert party; or (iv) is advising a relevant company in relation to the offer;

dealing or dealt includes: (i) the acquisition or disposal of securities, of the right (whether conditional or absolute) to exercise or direct the exercise of the voting rights attaching to securities, or of general control of securities; (ii) the taking, granting, acquisition, disposal, entering into, closing out, termination, exercise (by either party) or variation of an option (including a traded option contract) in respect of any securities; (iii) subscribing or agreeing to subscribe for securities; (iv) the exercise or conversion, whether in respect of new or existing securities, of any securities carrying conversion or subscription rights; (v) the acquisition of, disposal of, entering into, closing out, exercise (by either party) of any rights under, or variation of, a derivative referenced, directly or indirectly, to securities; (vi) entering into, terminating or varying the terms of any agreement to purchase or sell securities; and (vii) any other action resulting, or which may result, in an increase or decrease in the number of securities in which a person is interested or in respect of which he has a short position;

derivative includes any financial product whose value in whole or in part is determined directly or indirectly by reference to the price of an underlying security;

exempt fund managers and exempt principal trader have the meanings given in the U.K. Takeover Code;

Group Directors means the directors of Kraft Foods subsidiary undertakings (but not the Kraft Foods directors);

A person has an interest or is interested in securities if he has a long economic exposure, whether absolute or conditional, to changes in the price of those securities and in particular a person will be treated as having an interest in securities if: (i) he has legal title and beneficial ownership (i.e. the ability to exercise, or control the exercise of, voting rights) of those securities; (ii) he has the right or option to acquire them or call for their delivery or is under an obligation to acquire them or call for their delivery, in each case, by virtue of any agreement, option or derivative; and he is a party to any (iii) derivative whose value is referenced to their price, or which results, or may result, in a long position in those securities;

Kraft Foods disclosure period means the period commencing on September 7, 2008 (the date twelve months prior to the commencement of the offer period) and ending on January 15, 2010 (the latest practicable date before the printing of this prospectus/offer to exchange) and (ii) in respect of Cadbury, the period commencing on September 7, 2009 (being the date of commencement of the Offer Period) and ending on January 15, 2010;

relevant securities includes (i) Cadbury ordinary shares and any other securities of Cadbury which carry voting rights; (ii) equity share capital of Cadbury or, as the context requires, Kraft Foods; (iii) securities of Kraft Foods which carry substantially the same rights as any to be issued as consideration for the offer; (iv) securities of Cadbury or, as the context requires, Kraft Foods carrying conversion or subscription rights into any of the foregoing;

Ownership or control of 20% or more of the equity share capital of a company is regarded as the test of associated company status and control means an interest, or interests, in shares carrying in aggregate 30% or

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more of the voting rights attributable to the capital of a company which are currently exercisable at a general meeting, irrespective of whether such interest or interests give de facto control.

**B. Interests and Dealings in Relevant Securities of Kraft Foods**

(i) *Interests, rights to subscribe and short positions of Kraft Foods directors and their immediate families.*

As at the close of business on January 14, 2010 (the latest practicable date before printing of this prospectus/offer to exchange), the interests in and rights to subscribe in respect of relevant securities of Kraft Foods held by the directors of Kraft Foods and their immediate families and related trusts and companies, all of which are beneficial unless otherwise stated, in relevant securities of Kraft Foods, were as follows:

Name	Relevant securities of Kraft Foods			Other interests in Kraft Foods common stock
	No. of shares of Kraft Foods common stock	No. of Restricted shares(1)	No. of Deferred shares(2)	
Irene B. Rosenfeld	100,996(3)	674,464(4)		
Ajaypal S. Banga			13,279	
Myra M. Hart	7,002		5,149	
Lois D. Juliber	2,309		9,452	
Mark D. Ketchum			13,279	
Richard A. Lerner, M.D.			21,283	1,874(5)
Mackey J. McDonald	3,145(6)			
John C. Pope	22,054(7)	4,989(8)		
Fredric G. Reynolds	30,000		9,452	
Jean-Francois M.L. van Boxmeer				
Deborah C. Wright	14,032		9,452	
Frank G. Zarb	8,102(9)	4,989(10)		

- (1) Restricted shares are shares of Kraft Foods common stock that have been awarded pursuant to a compensation plan but that have not vested. Restricted shares will vest and become transferable upon satisfaction of conditions under which they have been awarded, and are subject to forfeiture in the event that the director ceases to be a director of Kraft Foods prior to the end of the stated restriction period. Restricted shares carry voting rights and the right to receive dividends but cannot be traded until they vest.
- (2) Deferred shares are shares of Kraft Foods common stock that the director has elected to defer until a specified date or termination of service as a director. Deferred shares accumulate dividends, which are reinvested in Kraft Foods common stock.
- (3) Includes 100 shares of Kraft Foods common stock as to which Ms. Rosenfeld disclaims beneficial ownership, as the shares are held by her spouse.
- (4) Includes 225,884 shares of Kraft Foods common stock which will vest on July 1, 2011; 144,280 shares of Kraft Foods common stock which will vest on February 12, 2010; 131,000 shares of Kraft Foods common stock which will vest on February 4, 2011; and 173,300 shares of Kraft Foods common stock which will vest on February 17, 2012.
- (5) Share equivalents issued pursuant to the 2001 Compensation Plan for Non-Employee Directors and the 2006 Stock Compensation Plan for Non-Employee Directors. Each share is the economic equivalent of one share of Kraft Foods common stock and is payable in cash on a date chosen by the director or upon termination of service as a director of Kraft Foods. Balances reported are at January 14, 2010 and are based on the closing share price of Kraft Foods common stock (\$29.12) on January 14, 2010.

- (6) Mr. McDonald has a beneficial interest in these shares of Kraft Foods common stock which are held via a managed fund.

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- (7) Includes 300 shares of Kraft Foods common stock as to which Mr. Pope disclaims beneficial ownership, as the shares are held in trusts for his children's benefit.
- (8) Granted under the 2006 Stock Compensation Plan for Non-Employee Directors on May 20, 2009 and will vest on May 19, 2010 unless Mr. Pope leaves the office of a director before that date.
- (9) Includes 600 shares of Kraft Foods common stock held in trust for the benefit of Mr. Zarb's son and grandchildren and 1,500 shares of Kraft Foods common stock held by his spouse.
- (10) Granted under the 2006 Stock Compensation Plan for Non-Employee Directors on May 20, 2009 and will vest on May 19, 2010 unless Mr. Zarb leaves the office of a director before that date.

Name	Plan	Share Options			
		Maximum Number of shares of Kraft Foods common stock under option	Date of grant	Exercise price per share of Kraft Foods common stock (\$)	Exercise period
Irene B. Rosenfeld	2005 Performance	300,000(1)	May 3, 2007	33.14	Vesting date May 2, 2017
	Incentive Plan	172,920	Feb 4, 2008	29.485	Feb 4, 2007 Feb 4, 2018
		351,080(2)	Feb 4, 2008	29.485	Vesting date Feb 4, 2018
		693,200(3)	Feb 20, 2009	23.638	Vesting date Feb 20, 2019
John C. Pope	2001 Compensation Plan for Non-Employee Directors	2,285	July 12, 2001	30.54	Jan 12, 2002 July 12, 2011
		1,710	April 22, 2002	39.505	Oct 22, 2002 April 22, 2012
Deborah C. Wright	2001 Compensation Plan for Non-Employee Directors	2,285	July 12, 2001	30.54	Jan 12, 2002 July 12, 2011
		1,710	April 22, 2002	39.505	Oct 22, 2002 April 22, 2012

- (1) Granted in connection with Ms. Rosenfeld's appointment as Chairman and which have not yet vested. One-half of the shares under this performance contingent stock option will vest only if Kraft Foods common stock maintains a trading price of \$38.11 for at least ten trading days. The remaining one-half of the award will vest only if Kraft Foods common stock maintains a trading price of \$41.43 for at least ten trading days. The share options expire on May 2, 2017, and expire without vesting if the conditions are not met before this date.
- (2) Share options representing the unvested portion of the award made to Ms. Rosenfeld on February 4, 2008. One-half of these will vest on February 4, 2010, and the remaining half will vest on February 4, 2011.
- (3) Share options awarded to Ms. Rosenfeld on February 20, 2009 which have not yet vested. Of these, 33% vest on February 19, 2010; 33% vest on February 18, 2011; and 34% vest on February 17, 2012.



**Table of Contents***(ii) Interests, rights to subscribe and short positions of the Group Directors*

As at the close of business on January 14, 2010 (the latest practicable date before printing of this prospectus/offer to exchange), the interests in and rights to subscribe in respect of relevant securities of Kraft Foods held by Group Directors were as follows:

Name	No. of shares of Kraft Foods common stock	No. of Restricted shares(1)	No. of Restricted Stock Units(2)	No. of Exercisable Options	No. of Non-Exercisable Options(3)
Group Directors	427,592	477,332	844,973	865,018(4)	1,586,675

- (1) Restricted shares are shares of Kraft Foods common stock that have been awarded to Group Directors pursuant to a compensation plan but that have not yet vested. Restricted shares of Kraft Foods common stock will vest and become transferable upon satisfaction of the conditions on which they have been awarded and are subject to forfeiture in the event that a Group Director ceases to be an employee of Kraft Foods or its subsidiaries prior to the end of the stated restriction period.
- (2) Restricted Stock Units are granted to Group Directors as part of their compensation and represent the right to receive shares of Kraft Foods common stock at a later date, typically three years from the grant date. Restricted Stock Units do not carry voting rights but do carry cash dividend equivalent rights.
- (3) Non-Exercisable Options are options over shares of Kraft Foods common stock that are granted under employee incentive plans which have not yet vested, but which will vest on a future date.
- (4) Includes the grant of 100 options over shares of Kraft Foods common stock to Patrick Thomazeau, which have since been converted into cash settled stock appreciation rights.

Note: Aggregation has been carried out with the consent of the U.K. Takeover Panel. The Group Directors whose interests are aggregated above are: Jose Roberto Prado de Almeida, Rosanne Angotti, Gianluigi Arduini, Gustavo Armstrong, Gemini Aryanto, Silvia Bagliani, James Baur, Christine Bense, Dino J. Bianco, Luc Blommaert, Giampaolo Borghini, Werner Bossard, Thomas R. Boyd, Robert H. Bradish, Barbara L. Brasier, Peter Brunner, Jonas Bruzas, Peter Brydon, Nick Bunker, Maurizio Calenti, Piero Capizzi, Neil Chapman, Rainer Claussen, Jeff Currie, Derk De Vries, Franco Del Fabbro, Valerio Di Natale, Bernd Dreymueller, Ali Erdogan, Marc S. Firestone, Marco Gavazzi, Semsettin Gelgen, Philip D. Gregorcy, Cathy D. Heeley, Michael Heimburger, Robert L. Herst, Fernando Horman, Pierre Iweins, Patricio Jaramillo, Shinsuke Katayama, Johan Keerberg, Sanjay Khosla, Jana Kottasova, Herbert Kueng, Romeo Lacerda, May Lee, Pedro Luis Lopez Matheu, Alejandro Lorenzo, Bruno Luisetti, Rudi Madel, Mark Magnesen, Roseli Marinheiro, Willie J. Miller, Eduardo Monteagudo, Eduardo Montilla, Gerald Neumair, Luca Nobili, Johan Nystedt, Darren O'Brien, Emanuele Olivi, Pradeep Pant, Jean-Philippe Pare, Isabell Pehnke, Paul Petruccelli, Alberto Daniel Pizzi, Gerhard Pleuhs, Alison Posa, Reinhard Puchta, Jose Luis Ramirez, Michael Reinke, Gintaras Rimselis, Kjell Ruth, Hasim Salim, Ignacio Santurio, Chiara Scalzi, Synnøve Smedal, Franco Suardi, Ashvin Subramanyam, Andrea Szucsany, Claudia P. Temple, Patrick Thomazeau, Dina Rolstad Thune, Antonio Vazquez, Marc Pierre Vermeulen, W. Anthony Vernon, Irene Von der Recke, Carol J. Ward, Dieter Weber, Christoph Wenisch, Haluk Yildiz and Georges El-Zoghbi. A full list of all the interests aggregated above is available for inspection as set out in Section XVIII of this Appendix B.

*(iii) Interests in Restricted shares*

Including the 1,161,774 interests in Restricted shares disclosed in paragraphs (b)(i) and (b)(ii) above, as at January 14, 2010 (being the latest practicable date before printing of this prospectus/offer to exchange), Kraft Foods held a total of 6,470,995 Restricted shares in its Kraft Foods Inc. Stock Program Account in respect of Restricted share awards granted to other employees of Kraft Foods and its subsidiaries.



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(iv) *Interests, rights to subscribe and short positions of persons acting in concert with Kraft Foods.*

As at the close of business on January 14, 2010 (the latest practicable date before printing of this prospectus/offer to exchange), the interests in and short positions in relevant securities of Kraft Foods held by other person(s) acting in concert with Kraft Foods were as follows:

Name	Relevant securities of Kraft Foods		Number of shares of Kraft Foods
	Nature of Interest		common stock
Citigroup Global Markets Inc.	Long		1,500,550
	Short		11,155
Deutsche Bank Securities Inc.	Long		75,159
Walbrook Trustees (Jersey) Limited	Long		1,384

(v) *Interests in relevant securities of Kraft Foods held by connected advisers*

As at the close of business on January 15, 2010 (being the latest practicable date before the printing of the prospectus/offer to exchange), the interests in relevant securities of Kraft Foods held by person(s) who are connected advisers or persons controlling, controlled by or under the same control as a connected adviser (except exempt principal traders or exempt fund managers) to Cadbury were as follows:

Name	Type of interest	Purchased/written	Number of Kraft Shares
Goldman Sachs & Co.	Own	n/a	64,220 (short)
Goldman Sachs & Co. <sup>1</sup>	Call option	Purchased	16,149 contracts, each over 100 shares of Kraft Foods common stock
Goldman Sachs & Co. <sup>1</sup>	Call option	Written	8,856 contracts, each over 100 shares of Kraft Foods common stock
Goldman Sachs & Co. <sup>1</sup>	Put option	Purchased	26,302 contracts, each over 100 shares of Kraft Foods common stock
Goldman Sachs & Co. <sup>1</sup>	Put option	Written	6,516 contracts, each over 100 shares of Kraft Foods common stock
UBS Financial Services Inc.	Own	n/a	1,246,948

<sup>1</sup> These interests have been aggregated in accordance with the U.K. Takeover Code.

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(vi)(A) *Dealings in relevant securities of Kraft Foods (including exercise of options) by Kraft Foods directors, their immediate families and related trusts and companies.*

The following dealings in relevant securities of Kraft Foods by the directors of Kraft Foods, their immediate families and related trusts and companies have taken place during the Kraft Foods disclosure period through December 1, 2009:

Name	Date	Transaction	Number of shares of Kraft Foods common stock	Price (\$)
Irene B. Rosenfeld	Feb 20, 2009	Grant of Restricted shares	173,300	Nil
Irene B. Rosenfeld	Feb 20, 2009	Grant of Share Options(1)	693,200	Nil
Ajaypal S. Banga	Oct 8, 2008	Grant of deferred shares	72	Nil
Ajaypal S. Banga	Jan 13, 2009	Grant of deferred shares	78	Nil
Ajaypal S. Banga	April 8, 2009	Grant of deferred shares	100	Nil
Ajaypal S. Banga	May 20, 2009	Grant of deferred shares	4,989	Nil
Ajaypal S. Banga	July 14, 2009	Grant of deferred shares	138	Nil
Ajaypal S. Banga	Oct 14, 2009	Grant of deferred shares	145	Nil
Myra M. Hart	May 20, 2009	Grant of deferred shares	4,989	Nil
Myra M. Hart	July 14, 2009	Grant of deferred shares	54	Nil
Myra M. Hart	Oct 14, 2009	Grant of deferred shares	56	Nil
Lois D. Juliber	Oct 8, 2008	Grant of deferred shares	38	Nil
Lois D. Juliber	Jan 13, 2009	Grant of deferred shares	41	Nil
Lois D. Juliber	April 8, 2009	Grant of deferred shares	53	Nil
Lois D. Juliber	May 20, 2009	Grant of deferred shares	4,989	Nil
Lois D. Juliber	July 14, 2009	Grant of deferred shares	98	Nil
Lois D. Juliber	Oct 14, 2009	Grant of deferred shares	103	Nil
Mark D. Ketchum	Oct 8, 2008	Grant of deferred shares	72	Nil
Mark D. Ketchum	Jan 13, 2009	Grant of deferred shares	78	Nil
Mark D. Ketchum	April 8, 2009	Grant of deferred shares	100	Nil
Mark D. Ketchum	May 20, 2009	Grant of deferred shares	4,989	Nil
Mark D. Ketchum	July 14, 2009	Grant of deferred shares	138	Nil
Mark D. Ketchum	Oct 14, 2009	Grant of deferred shares	145	Nil
Richard A. Lerner, M.D.	Oct 8, 2008	Grant of deferred shares	142	Nil
Richard A. Lerner, M.D.	Jan 13, 2009	Grant of deferred shares	155	Nil
Richard A. Lerner, M.D.	April 8, 2009	Grant of deferred shares	198	Nil
Richard A. Lerner, M.D.	May 20, 2009	Grant of deferred shares	4,989	Nil
Richard A. Lerner, M.D.	July 14, 2009	Grant of deferred shares	221	Nil
Richard A. Lerner, M.D.	Oct 14, 2009	Grant of deferred shares	232	Nil
John C. Pope	May 20, 2009	Grant of Restricted shares	4,989	Nil
Frederic G. Reynolds	Oct 8, 2008	Grant of deferred shares	38	Nil
Frederic G. Reynolds	Jan 13, 2009	Grant of deferred shares	41	Nil
Frederic G. Reynolds	April 8, 2009	Grant of deferred shares	53	Nil
Frederic G. Reynolds	May 20, 2009	Grant of deferred shares	4,989	Nil
Frederic G. Reynolds	July 14, 2009	Grant of deferred shares	98	Nil
Frederic G. Reynolds	Oct 14, 2009	Grant of deferred shares	103	Nil
Deborah C. Wright	Oct 8, 2008	Grant of deferred shares	38	Nil
Deborah C. Wright	Jan 13, 2009	Grant of deferred shares	41	Nil
Deborah C. Wright	April 8, 2009	Grant of deferred shares	53	Nil
Deborah C. Wright	May 20, 2009	Grant of deferred shares	4,989	Nil
Deborah C. Wright	July 14, 2009	Grant of deferred shares	98	Nil
Deborah C. Wright	Oct 14, 2009	Grant of deferred shares	103	Nil
Frank G. Zarb	May 13, 2009	Purchase	2,000(2)	25.03
Frank G. Zarb	May 14, 2009	Purchase	500(3)	24.937-24.957(4)
Frank G. Zarb	May 20, 2009	Grant of Restricted shares	4,989	Nil



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- (1) Share options awarded to Ms. Rosenfeld under the 2005 Performance Incentive Plan.
- (2) Includes 1,000 shares of Kraft Foods common stock purchased by Mr. Zarb's spouse at the same price.
- (3) All of the 500 shares of Kraft Foods common stock were purchased by Mr. Zarb for the trust held for the benefit of his son and grandchildren.
- (4) 200 shares of Kraft Foods common stock were purchased at \$24.937 per share and 300 shares of Kraft Foods common stock were purchased at \$24.957 per share.
- (vi)(B) *Dealings in relevant securities of Kraft Foods (including exercise of options) by Kraft Foods directors, their immediate families and related trusts and companies.*

The following dealings in relevant securities of Kraft Foods by the directors of Kraft Foods, their immediate families and related trusts and companies and Group Directors have taken place during the Kraft Foods disclosure period from December 2, 2009 through January 15, 2010:

Name	Date	Transaction	Number of shares of Kraft Foods common stock	Price (\$)
Ajaypal S. Banga	January 13, 2010	Grant of deferred shares	128	Nil
Myra M. Hart	January 13, 2010	Grant of deferred shares	50	Nil
Lois D. Juliber	January 13, 2010	Grant of deferred shares	91	Nil
Mark D. Ketchum	January 13, 2010	Grant of deferred shares	128	Nil
Richard A. Lerner, M.D.	January 13, 2010	Grant of deferred shares	206	Nil
Mackey J. McDonald	October 9, 2008	Acquisition	740	29.57
Mackey J. McDonald	November 3, 2008	Acquisition	102	29.14
Mackey J. McDonald	June 12, 2009	Acquisition	1,292	26.03
Mackey J. McDonald	June 12, 2009	Acquisition	541	26.03
Mackey J. McDonald	August 21, 2009	Disposal	861	27.88
Mackey J. McDonald	September 9, 2009	Disposal	39	27.82
Fredric G. Reynolds	January 13, 2010	Grant of deferred shares	91	Nil
Deborah C. Wright	January 13, 2010	Grant of deferred shares	91	Nil
Gemini Aryanto	February 20, 2010	Grant of options	4,240	Nil
Gemini Aryanto	February 20, 2010	Grant of restricted shares	1,060	Nil

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(vii) *Dealings in relevant securities of Kraft Foods (including exercise of options) Group Directors.*

The following dealings in relevant securities of Kraft Foods by the Group Directors have taken place during the Kraft Foods disclosure period:

<b>Transaction</b>	<b>Date</b>		<b>No. of relevant securities</b>	<b>Price/Price Range (if applicable)(\$)</b>
Acquisition of shares of Kraft Foods common stock	09/07/08	12/06/08		
	12/07/08	03/06/09		
	03/07/09	06/06/09		
	06/07/09	07/06/09	600	25.80
	07/07/09	08/06/09		
	08/07/09	09/06/09		
	09/07/09	12/01/09	100	27.099
Disposal of shares of Kraft Foods common stock	09/07/08	12/06/08	8,550	29.29 -33.50
	12/07/08	03/06/09	20,729	22.21 -29.64
	03/07/09	06/06/09	14,066	23.87 -26.45
	06/07/09	07/06/09	3,307	25.49 -26.16
	07/07/09	08/06/09	1,318	25.26
	08/07/09	09/06/09	3,554	28.00 -28.40
	09/07/09	12/01/09		
Grant of Restricted shares(1)	09/07/08	12/06/08		
	12/07/08	03/06/09	219,880	
	03/07/09	06/06/09	11,160	
	06/07/09	07/06/09		
	07/07/09	08/06/09		
	08/07/09	09/06/09	35,910	
	09/07/09	12/01/09		
Grant of Restricted Stock Units(2)	09/07/08	12/06/08		
	12/07/08	03/06/09	316,910	
	03/07/09	06/06/09		
	06/07/09	07/06/09		
	07/07/09	08/06/09		
	08/07/09	09/06/09		
	09/07/09	12/01/09		
Grant of options over shares of Kraft Foods common stock	09/07/08	12/06/08	1,043,040	
	12/07/08	03/06/09		
	03/07/09	06/06/09		
	06/07/09	07/06/09		
	07/07/09	08/06/09		
	08/07/09	09/06/09		
	09/07/09	12/01/09		
Exercise of options over shares of Kraft Foods common stock	09/07/08	12/06/08	11,790	7.69 -14.42
	12/07/08	03/06/09	12,006	7.69 -14.42
	03/07/09	06/06/09	13,887	14.42 -17.68
	06/07/09	07/06/09	3,840	14.42
	07/07/09	08/06/09		
	08/07/09	09/06/09	4,414	7.69 -17.68
	09/07/09	12/01/09		

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- (1) Restricted shares are shares of Kraft Foods common stock that have been awarded to Group Directors pursuant to a compensation plan but that have not yet vested. Restricted shares will vest and become transferable upon satisfaction of the conditions on which they have been awarded and are subject to forfeiture in the event that a Group Director ceases to be an employee of Kraft Foods or its subsidiaries prior to the end of the stated restriction period.
  
- (2) Restricted Stock Units are granted to Group Directors as part of their compensation and represent the right to receive Kraft Foods common stock at a later date, typically three years from the grant date. Restricted Stock Units do not carry voting rights but do carry cash dividend equivalent rights.

Note: Aggregation of acquisitions and disposals of Kraft Foods common stock has been carried out in accordance with Note 2 on Rule 24.3 of the U.K. Takeover Code. All acquisitions and disposals are aggregated separately and have not been netted off. The highest and lowest price per share have been stated. Aggregation of other dealings has been carried out with the consent of the U.K. Takeover Panel. The Group Directors whose dealings are aggregate above are: Jose Roberto Prado de Almeida, Rosanne Angotti, Gianluigi Arduini, Gustavo Armstrong, Silvia Bagliani, James Baur, Christine Bense, Dino J. Bianco, Giampaolo Borghini, Werner Bossard, Thomas R. Boyd, Robert H. Bradish, Barbara L. Brasier, Peter Brunner, Jonas Bruzas, Peter Brydon, Nick Bunker, Maurizio Calenti, Piero Capizzi, Neil Chapman, Rainer Claussen, Jeff Currie, Derk De Vries, Franco Del Fabbro, Marc S. Firestone, Valerio Di Natale, Bernd Dreymueller, Ali Erdogan, Marco Gavazzi, Semsettin Gelgen, Philip D. Gregorcy, Cathy D. Heeley, Michael Heimbürger, Robert L. Herst, Fernando Horman, Pierre Iweins, Patricio Jaramillo, Shinsuke Katayama, Johan Keerberg, Sanjay Khosla, Jana Kottasova, Herbert Kueng, Romeo Lacerda, May Lee, Pedro Luis Lopez Matheu, Alejandro Lorenzo, Bruno Luisetti, Rudi Madel, Mark Magnesen, Roseli Marinheiro, Willie J. Miller, Eduardo Monteagudo, Eduardo Montilla, Gerald Neumair, Luca Nobili, Johan Nystedt, Darren O'Brien, Emanuele Olivi, Pradeep Pant, Jean-Philippe Pare, Isabell Pehnke, Paul Petruccelli, Alberto Daniel Pizzi, Gerhard Pleuhs, Alison Posa, Reinhard Puchta, Jose Luis Ramirez, Michael Reinke, Gintaras Rimselis, Kjell Ruth, Ignacio Santurio, Chiara Scalzi, Synnoeve Smedal, Franco Suardi, Ashvin Subramanyam, Andrea Szucsany, Claudia P. Temple, Dina Rolstad Thune, Antonio Vazquez, Marc Pierre Vermeulen, W. Anthony Vernon, Irene Von der Recke, Carol J. Ward, Dieter Weber, Christoph Wenisch, Haluk Yildiz and Georges El-Zoghbi. A full list of all dealings aggregated above is available for inspection as set out in Section XVIII of this Appendix B.

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(viii) *Dealings in relevant securities by persons acting in concert with Kraft Foods.*

The following dealings in relevant securities of Kraft Foods by other persons acting in concert with Kraft Foods have taken place during the Kraft Foods disclosure period:

Name	Date	Transaction	Number of shares of Kraft Foods common stock	Price/Price Range (\$)
Lazard Capital Markets LLC	10/07/08	Acquisition	1,000	30.91
	10/13/08	Disposal	1,000	28.63
	10/01/09	Acquisition	21,291	25.86
	10/01/09	Disposal	21,291	25.87
	10/06/09	Acquisition	35,392	26.13
	10/06/09	Disposal	35,392	26.13
	01/15/09	Acquisition	9,900	27.58
	01/15/09	Disposal	9,900	27.58
Citigroup Global Markets Inc.(1)	09/07/08		258,878	
	12/06/08	Acquisitions		26.8900-33.5538
		Disposals	450,323	25.5000-33.9000
	12/07/08		337,277	
	03/06/09	Acquisitions		24.9208-28.8500
		Disposals	880,184	24.9100-28.8500
	03/07/09		80,478	
	06/06/09	Acquisitions		22.1417-25.1300
		Disposals	58,328	22.1417-25.2000
	06/07/09		2,282	
	07/06/09	Acquisitions		25.2628-26.1049
		Disposals	2,282	25.2629-26.1050
	07/07/09		12,468	
	08/06/09	Acquisitions		27.4183-20.2400
		Disposals	29,600	25.7601-28.7100
	08/07/09		3,226	
	09/06/09	Acquisitions		27.8381-28.6138
		Disposals	15,604	27.8382-28.8301
09/07/09		2,782,254	25.79-30.07	
1/14/10	Acquisitions			
	Disposals	3,770,402	25.84-29.93	
Deutsche Bank Securities Inc.(1)	09/07/08		1,205,522	
	12/06/08	Acquisitions		24.8200-34.7900
		Disposals	1,249,037	25.2200-34.9700
	12/07/08		1,452,136	
	03/06/09	Acquisitions		21.3400-35.0000
		Disposals	1,069,255	21.1000-29.5700
	03/07/09		298,611	
	06/06/09	Acquisitions		21.2400-26.9800
		Disposals	393,411	21.2300-27.0000
	06/07/09		253,127	
	07/06/09	Acquisitions		24.8100-26.7300
		Disposals	447,659	24.9500-26.7400
			417,259	

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07/07/09	Acquisitions	126,309	27.000-28.7500
08/06/09	Disposals		26.0500-28.5000
08/07/09		93,400	
09/06/09	Acquisitions		28.1200-28.9700
	Disposals	21,000	28.6900-28.8100
09/07/09	Acquisitions		
1/14/10	Disposals		

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Name	Date	Transaction	Number of shares of Kraft Foods common stock	Price/Price Range (\$)
Barclays Group	09/07/08	Acquisitions		
	12/06/08	Disposals		
	12/07/08	Acquisitions		
	03/06/09	Disposals		
	03/07/09	Acquisitions		
	06/06/09	Disposals		
	06/07/09	Acquisitions		
	07/06/09	Disposals		
	07/07/09	Acquisitions		
	08/06/09	Disposals		
	08/07/09	Acquisitions	183,000	28.07-28.36
	09/06/09	Disposals	73,000	28.46
	09/07/09	Acquisitions	50,000,000	25.99-26.49
	1/14/10	Disposals	50,110,000	25.99-26.52
Barclays Global Investors(2)	09/07/08	Acquisitions	599,091	24.87-34.97
	12/06/08	Disposals	91,116	24.87-32.96
	12/07/08	Acquisitions	810,571	21.14-29.52
	03/06/09	Disposals	34,847	23.82-27.65
	03/07/09	Acquisitions	452,298	21.23-27.04
	06/06/09	Disposals	184,382	21.44-26.99
	06/07/09	Acquisitions	39,739	24.81-26.62
	07/06/09	Disposals	51,345	24.97-26.59
	07/07/09	Acquisitions	302,251	25.75-28.78
	08/06/09	Disposals	13,818	26.12-28.57
	08/07/09	Acquisitions	1,304,005	27.67-28.89
	09/06/09	Disposals	55,408	28.10-28.70
09/07/09	Acquisitions	196,766	25.95-27.62	
12/01/09(2)	Disposals	779,467	25.86-27.64	

(1) Aggregation of dealings has been carried out in accordance with Note 2 on Rule 24.3 of the U.K. Takeover Code. All acquisitions and disposals are aggregated separately and have not been netted off. The highest and lowest prices per share of Kraft Foods common stock have been stated. A full list of dealings is available for inspection as set out in Section XVIII of this Appendix B.

(2)

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Barclays Global Investors ceased to be a person controlling, controlled by, or under the same control as Barclays Capital Inc. as of December 1, 2009.

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**Table of Contents***(ix) Dealings in relevant securities of Kraft Foods by connected advisers*

Except as disclosed or referred to in this prospectus/offer to exchange or in Appendix I to the Cadbury U.K. defense document, published on December 14, 2009 or Appendix I to the Cadbury U.K. defense document, published on January 12, 2010 and updated on January 14, 2010, the following dealings in relevant securities of Kraft Foods by persons who are connected advisers or persons controlling, controlled by or under the same control as a connected adviser (except exempt principal traders or exempt fund managers) to Cadbury have taken place during the disclosure period:

Name	Date of dealing	Transaction	Number of shares of Kraft Foods common stock	Price in \$ (lowest-highest)
Goldman Sachs & Co.	January 8, 2010	Purchases	2,705,359	22.50 <sup>1</sup> 30.03
	January 15, 2010			
Goldman Sachs & Co.	January 8, 2010	Disposals	2,731,133	28.18 29.98
	January 15, 2010			
Spear Leeds & Kellogg Specialists, LLC	January 8, 2010	Purchases	136,600	28.24 30.06
	January 15, 2010			
Spear Leeds & Kellogg Specialists, LLC	January 8, 2010	Disposals	137,100	28.37 30.05
	January 15, 2010			
Goldman Sachs & Co.	January 8, 2010	Purchases of call options	12,405 option contracts, each over 100 shares of Kraft Foods common stock	0.05 9.30
	January 15, 2010			
Goldman Sachs & Co.	January 8, 2010	Sales of call options	7,900 option contracts, each over 100 shares of Kraft Foods common stock	0.04 6.90
	January 15, 2010			
Goldman Sachs & Co.	January 8, 2010	Purchases of put options	9,165 option contracts, each over 100 shares of Kraft Foods common stock	0.05 16.10
	January 15, 2010			
Goldman Sachs & Co.	January 8, 2010	Sales of put options	4,015 option contracts, each over 100 shares of Kraft Foods common stock	0.03 6.90
	January 15, 2010			
UBS Financial Services Inc.	January 8, 2010	Disposals	5,011	28.79 29.13
	January 15, 2010			

<sup>1</sup> Price from exercise of option transaction.

**C. Interests and Dealings in Relevant Securities of Cadbury***(i) Interests, rights to subscribe and short positions of Cadbury relevant securities held by persons acting in concert with Kraft Foods*

As at the close of business on January 14, 2010 (the latest practicable date before printing of this prospectus/offer to exchange), the interests in and short positions in respect of relevant securities of Cadbury held by person(s) acting in concert with Kraft Foods were as follows:

Name	Relevant securities of Cadbury	Number of Cadbury ordinary shares
Kraft Foods Global, Inc. Master Retirement Trust		314,686
Hasim Salim(1)		588
Michael Magee(2)		6,188

(1) Hasim Salim is a director of PT Kraft Foods Company Indonesia.

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- (2) Michael Magee's interests comprise 6,188 unvested Cadbury ordinary shares. Mr. Magee is a director of Kraft Foods (Australia) Limited, Kraft Foods Limited, Lanes Food (Australia) Pty Ltd, Lanes Biscuits Pty Ltd, General Foods Pty Ltd, Kraft Foods Suchard (Australia) Pty Ltd and Kraft Foods (New Zealand) Ltd.

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Name	Nature of Interest	Number of Cadbury ordinary shares	Number of Cadbury ADSs
Barclays Bank plc	Long	4,703,430	
Barclays Wealth Trustees (Jersey) Ltd	Long	1,440	
Citigroup Global Markets Inc.	Short	1,100	24,811

(ii) *Interests of employee benefit trusts in Cadbury relevant securities*

As at the close of business on January 15, 2010 (being the latest practicable date before the printing of the prospectus/offer to exchange), the following person (being an employee benefit trust of Cadbury) owned or controlled the following Cadbury relevant securities:

Name	Number of Cadbury ordinary shares
Cadbury Schweppes Employee Trust	1,455,314

(iii) *Dealings in relevant securities of Cadbury by Kraft Foods, Kraft Foods directors, their immediate families, persons acting in concert with Kraft Foods and persons with whom Kraft Foods or any person acting in concert with Kraft Foods has any arrangement.*

The following dealings in relevant securities of Cadbury by persons acting in concert with Kraft Foods have taken place during the disclosure period:

Name	Date	Transaction	Number of Cadbury ordinary shares / Cadbury ADRs	Price/Price Range
Kraft Foods Global, Inc.	May 5, 2009	Acquisition	24,398 Cadbury ordinary shares	\$7.87
Master Retirement Trust	May 18, 2009	Acquisition	58,900 Cadbury ordinary shares	\$8.35
Michael Magee	January 5, 2010	Disposal	1,912 Cadbury ordinary shares	£7.895
	January 5, 2010	Disposal	7,315 Cadbury ordinary shares	£7.895
	January 5, 2010	Disposal	1,207 Cadbury ordinary shares	£7.895
	January 5, 2010	Disposal	1 Cadbury ordinary share	£7.915
	January 5, 2010	Disposal	3,997 Cadbury ordinary shares	£7.920
	January 5, 2010	Disposal	500 Cadbury ordinary shares	£7.920
	January 5, 2010	Disposal	10,000 Cadbury ordinary shares	£7.920
	January 5, 2010	Disposal	500 Cadbury ordinary shares	£7.920
	January 5, 2010	Disposal	5,000 Cadbury ordinary shares	£7.920
	January 5, 2010	Disposal	1,100 Cadbury ordinary shares	£7.920
	January 5, 2010	Disposal	900 Cadbury ordinary shares	£7.920
	January 5, 2010	Disposal	1,165 Cadbury ordinary shares	£7.920
	January 5, 2010	Disposal	4,822 Cadbury ordinary shares	£7.920
	January 5, 2010	Disposal	274 Cadbury ordinary shares	£7.920
	January 5, 2010	Disposal	254 Cadbury ordinary shares	£7.920
	January 5, 2010	Disposal	2,010 Cadbury ordinary shares	£7.920
	January 5, 2010	Disposal	500 Cadbury ordinary shares	£7.915
	January 5, 2010	Disposal	22,965 Cadbury ordinary shares	£7.915
	January 5, 2010	Disposal	500 Cadbury ordinary shares	£7.915
	January 5, 2010	Disposal	500 Cadbury ordinary shares	£7.915
	January 5, 2010	Disposal	2,910 Cadbury ordinary shares	£7.915
	January 5, 2010	Disposal	1,100 Cadbury ordinary shares	£7.915
	January 5, 2010	Disposal	1,608 Cadbury ordinary shares	£7.915
	January 5, 2010	Disposal	1,429 Cadbury ordinary shares	£7.915
	January 5, 2010	Disposal	500 Cadbury ordinary shares	£7.915
	January 5, 2010	Disposal	5,464 Cadbury ordinary shares	£7.910
	January 5, 2010	Exercise of option to subscribe	10,772 Cadbury ordinary shares	£5.3138
	January 5, 2010	Exercise of option to subscribe	12,567 Cadbury ordinary shares	£5.3751



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Name	Date		Transaction	Number of Cadbury ordinary shares / Cadbury ADRs	Price/Price Range
	January 5, 2010		Exercise of option to subscribe	13,465 Cadbury ordinary shares	£3.9157
	January 5, 2010		Exercise of option to subscribe	14,587 Cadbury ordinary shares	£4.8960
	January 5, 2010		Exercise of option to subscribe	16,607 Cadbury ordinary shares	£5.8541
Citigroup Global Markets Inc.(1)	09/07/08	12/06/08	Acquisitions		
			Disposals		
	12/07/08	03/06/09	Acquisitions	814 Cadbury ordinary shares	£5.5100-5.5100
			Disposals	814 Cadbury ordinary shares	£5.5100-5.5100
	03/07/09	06/06/09	Acquisitions	247,800 Cadbury ADRs	\$29.000-31.9032
			Disposals	312,900 Cadbury ADRs	\$29.000-31.9032
	06/07/09	07/06/09	Acquisitions		
			Disposals		
	07/07/09	08/06/09	Acquisitions	807,130 Cadbury ADRs	\$33.8700-40.8025
			Disposals	807,130 Cadbury ADRs	\$33.8700-40.8025
	08/07/09	09/06/09	Acquisitions		
			Disposals		
	09/07/09	01/14/10	Acquisitions		
			Disposals		
Deutsche Bank AG, London Branch(1)	09/07/08	12/06/08	Acquisitions	56,800 Cadbury ordinary shares	£5.0192-5.7100
			Disposals	34,191 Cadbury ordinary shares	£5.4100-6.3668
	12/07/08	03/06/09	Acquisitions	221,800 Cadbury ordinary shares	£5.0541-6.0429
			Disposals	203,600 Cadbury ordinary shares	£5.1550-5.5722
	03/07/09	06/06/09	Acquisitions	80,200 Cadbury ordinary shares	£5.0432-5.1784
			Disposals	167,900 Cadbury ordinary shares	£4.9775-5.4484
	06/07/09	07/06/09	Acquisitions	86,047 Cadbury ordinary shares	£5.2050-5.3850
			Disposals	64,447 Cadbury ordinary shares	£5.1800-5.3150
	07/07/09	08/06/09	Acquisitions	7,335 Cadbury ordinary shares	£5.7900-5.7900
			Disposals	7,355 Cadbury ordinary shares	£5.7900-5.7900
	08/07/09	09/06/09	Acquisitions	7,455 Cadbury ordinary shares	£5.7450-5.7450
			Disposals	7,455 Cadbury ordinary shares	£5.7450-5.7450
	09/07/09	01/14/10	Acquisitions(2)	18,400 Cadbury ordinary shares	£7.8900-7.8900
			Disposals(2)	40,000 Cadbury ordinary shares	£7.8750-7.8750
Deutsche Bank Securities Inc.(1)	09/07/08	12/06/08	Acquisitions	89,744 Cadbury ADRs	\$29.6000-46.8700
			Disposals	126,084 Cadbury ADRs	\$29.9100-46.8600
	12/07/08	03/06/09	Acquisitions	117,134 Cadbury ADRs	\$28.2800-37.2700
			Disposals	124,363 Cadbury ADRs	\$28.3200-37.1900
	03/07/09	06/06/09	Acquisitions	175,503 Cadbury ADRs	\$28.0700-36.0900
			Disposals	204,751 Cadbury ADRs	\$28.0300-35.8600
	06/07/09	07/06/09	Acquisitions	21,806 Cadbury ADRs	\$34.3200-35.7000
			Disposals	76,931 Cadbury ADRs	\$34.2517-35.8000
	07/07/09	08/06/09	Acquisitions		
			Disposals		
	08/07/09	09/06/09	Acquisitions		
			Disposals		
	09/07/09	01/14/10	Acquisitions		
			Disposals		
Barclays Global Investors(2)	09/07/08	12/06/08	Acquisitions	512,912 Cadbury ordinary shares	£4.55-5.73
			Disposals	19,389 Cadbury ordinary shares	£4.77-5.68
	12/07/08	03/06/09	Acquisitions	270,963 Cadbury ordinary shares	£5.29-6.15
			Disposals	140,501 Cadbury ordinary shares	£5.02-5.29
	03/07/09	06/06/09	Acquisitions	166,811 Cadbury ordinary shares	£5.14-5.62
			Disposals	148,676 Cadbury ordinary shares	£5.04-5.39
	06/07/09	07/06/09	Acquisitions	16,631 Cadbury ordinary shares	£5.18
			Disposals	18,765 Cadbury ordinary shares	£5.18-5.22



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Name	Date	Transaction	Number of Cadbury ordinary shares / Cadbury ADRs	Price/Price Range
	07/07/09 08/06/09	Acquisitions		
		Disposals	15,281 Cadbury ordinary shares	£5.61-5.91
	08/07/09 09/06/09	Acquisitions	50,052 Cadbury ordinary shares	£5.71
		Disposals		
	09/07/09 12/01/09(3)	Acquisitions	71,296 Cadbury ordinary shares	£7.86-7.94
		Disposals	3,485 Cadbury ordinary shares	£7.89-7.96

(1) Aggregation of dealings has been carried out in accordance with Note 2 on Rule 24.3 of the U.K. Takeover Code. All acquisitions and disposals are aggregated separately and have not been netted off. The highest and lowest prices per Cadbury ordinary share or Cadbury ADR have been stated. A full list of dealings is available for inspection as set out in Section XVIII of this Appendix B.

(2) These transactions took place as a consequence of book flattening. The U.K. Takeover Panel informed Deutsche Bank AG, London Branch on an ex parte basis that such transactions were permissible and have no U.K. Takeover Code consequences.

(3) Barclays Global Investors ceased to be a person controlling, controlled by or under the same control as Barclays Capital Inc. as at December 1, 2009.

(iv) *Dealings in relevant securities of Cadbury by an employment benefit trust*

The following dealings for value in relevant securities of Cadbury by an employee benefit trust of Cadbury have taken place during the Cadbury disclosure period(1):

Name	Date of dealing	Transaction	Number of Cadbury ordinary shares	Price (lowest-highest)
Cadbury Schweppes Employee Trust	January 8, 2010	Disposals	10,279	£ 7.81 - £7.81
	January 15, 2010			

(1) These dealings have been aggregated in accordance with the U.K. Takeover Code.

**D. Other Interests in Kraft Foods**

(i) *Persons (excluding directors) who have a sufficient interest in Kraft Foods to have a potential 5% or greater interest in Cadbury following completion of the offer.*

As at the close of business on January 14, 2010 (being the latest practicable date before the printing of this prospectus/offer to exchange), the persons notified to Kraft Foods who had interests in Kraft Foods sufficient to have a potential indirect interest of 5% or more in the equity capital of Cadbury immediately following completion of the offer are:

Name	No. of shares of Kraft Foods common stock(1)	% of voting rights
Warren E. Buffett/Berkshire Hathaway Inc.(2)	138,272,500	9.4

(1) Pursuant to the requirements of the SEC and the Exchange Act, the Kraft Foods shareholders listed above are required to notify Kraft Foods of their interests in Kraft Foods as at December 31, 2009 within 45 days of that date, but have not made any further notifications to Kraft Foods since January 6, 2010.

- (2) Based on the Schedule 13G/A filed jointly by Mr. Buffett and his affiliates on January 6, 2010 with the SEC. Mr. Buffett and Berkshire Hathaway share voting and dispositive power over all reported shares, which include shares beneficially owned by certain subsidiaries of Berkshire Hathaway.

According to the 2008 Annual Report of Berkshire Hathaway, Berkshire Hathaway is a holding company owning subsidiaries that engage in a number of diverse business activities including property and casualty insurance and

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reinsurance, utilities and energy, finance, manufacturing, services and retailing. Mr. Warren Buffett is the Chairman of the Board of Directors of Berkshire Hathaway, and makes the investment decisions and all other asset allocation decisions of Berkshire, in consultation with Mr. Charles Munger who is the Vice Chairman of Berkshire Hathaway's Board of Directors. Apart from its interests in Kraft Foods Inc., Berkshire Hathaway also has interests in the following businesses which may be considered relevant to the business of Cadbury. Based on publicly available information, Berkshire Hathaway has controlling interests in International Dairy Queen and See's Candies and non-controlling interests in Wrigleys (non-equity) and Nestlé.

***E. Persons Acting in Concert******(i) Persons acting in concert with Kraft Foods.***

In addition to the Kraft Foods directors, Kraft Foods relevant companies, their directors and related pension funds, the persons who are acting in concert with Kraft Foods for the purposes of the offer are:

<b>Name</b>	<b>Entity Type</b>	<b>Registered Address</b>	<b>Relationship with Kraft Foods</b>
Lazard & Co., Limited	English private limited company	50 Stratton Street, London W1J 8LL, United Kingdom	Lead financial adviser
Centerview Partners UK LLP	English limited liability partnership	10 Norwich Street, London EC4A 1BD, United Kingdom	Financial adviser
Citigroup Global Markets Limited	English private limited company	Citigroup Centre, Canada Square, Canary Wharf, London E14 5LB, United Kingdom	Financial adviser and corporate broker
Deutsche Bank AG, London Branch (and its affiliates)	German public limited company	Deutsche Bank AG, London Branch address: 1 Great Winchester Street, London EC2N 2DB, United Kingdom	Financial adviser and corporate broker
Houlihan Lokey Howard & Zukin Financial Advisors, Inc.	California corporation	1930 Century Park West, Los Angeles, CA 90067 United States of America	Financial adviser
Barclays Capital Inc.	Connecticut corporation	745 Seventh Avenue New York, NY 10019 United States of America	Connected adviser
Credit Suisse Securities (Europe) Limited	English private limited company	1 Cabot Square London E14 4QJ	Connected adviser



**Table of Contents*****F. Persons Acting in Concert with Cadbury***

In addition to the directors of Cadbury, Cadbury's relevant companies, their directors and relation pension funds, the persons who are acting in concert with Cadbury for the purposes of the offer are:

<b>Name</b>	<b>Entity Type</b>	<b>Registered Address</b>	<b>Relationship with Cadbury</b>
Goldman Sachs International	English private unlimited company	Peterborough Court 133 Fleet Street London EC4A 2BB	Financial adviser and corporate broker
Morgan Stanley & Co. Limited	English private limited company	Legal Dept 25 Cabot Square Canary Wharf London E14 4QA	Financial adviser
UBS Limited	English private limited company	1 Finsbury Avenue London EC2M 2PP	Financial adviser and corporate broker

***G. General***

Except as disclosed above, none of Kraft Foods, any of Kraft Foods' relevant companies, any of the Kraft Foods directors, any other Group Directors, any members of such directors' immediate families or any related trusts or companies, and any other person acting in concert with Kraft Foods was interested, had any rights to subscribe or had any short positions in respect of any relevant securities of Cadbury or Kraft Foods on January 14, 2010 (the latest practicable date before printing of this prospectus/offer to exchange) nor has any such person dealt in any relevant securities of Cadbury or Kraft Foods during the disclosure period.

Neither Kraft Foods nor any person acting in concert with Kraft Foods has borrowed or lent any relevant securities of Cadbury or Kraft Foods during the disclosure period, except for any borrowed shares which have either been on-lent or sold.

None of Kraft Foods, any person acting in concert with Kraft Foods, and any associates (as defined in the U.K. Takeover Code) of Kraft Foods has any arrangements in relation to any relevant securities of the type referred to in Note 6(b) on Rule 8 of the U.K. Takeover Code.

Except as disclosed or referred to in the prospectus/offer to exchange or in Appendix I to Cadbury U.K. defense document, published December 14, 2009 and Cadbury's U.K. defense document, published January 12, 2010 and updated January 14, 2010, none of Cadbury, any of the Cadbury directors, any members of such directors' immediate families or any related trusts or companies was interested in, had any rights to subscribe or had any short positions in respect of any relevant securities of Cadbury or Kraft Foods on January 15, 2010 (being the latest practicable date before the printing of the prospectus/offer to exchange) nor has any such person dealt in any relevant securities of Cadbury or Kraft Foods during the Cadbury disclosure period.

Except as disclosed or referred to in this document or in Appendix I to Cadbury U.K. defense document, published December 14, 2009 and Cadbury's U.K. defense document, published January 12, 2010 and updated January 14, 2010, no Cadbury companies, nor any pension fund or employee benefit trust of Cadbury nor any Cadbury company was interested in, had any rights to subscribe or had any short positions in respect of any relevant securities of Cadbury or Kraft Foods on January 15, 2010 (being the latest practicable date before the printing of the prospectus/offer to exchange) nor has any such person dealt in any relevant securities of Cadbury or Kraft Foods during the Cadbury disclosure period.

Except as disclosed or referred to in this document or in Appendix I to Cadbury U.K. defense document, published December 14, 2009 and Cadbury's U.K. defense document, published January 12, 2010 and updated

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January 14, 2010, no connected adviser to Cadbury, Cadbury companies, or persons acting in concert with Cadbury or persons controlling, controlled by, or under the same control as, any such connected advisers (excluding exempt principal traders and exempt fund managers) was interested in, had any rights to subscribe or had any short positions in respect of any relevant securities of Cadbury or Kraft Foods on 15 January 2010 (being the latest practicable date before the printing of the prospectus/offer to exchange) nor has any such person dealt in any relevant securities of Cadbury or Kraft Foods during the Cadbury disclosure period.

Neither Cadbury nor any person acting in concert with Cadbury has borrowed or lent any relevant securities of Cadbury or Kraft Foods during the disclosure period, save for any borrowed shares which have either been on-lent or sold.

None of Cadbury nor any associates (as defined in the U.K. Takeover Code) of Cadbury has any arrangements in relation to any relevant securities of the type referred to in Note 6(b) on Rule 8 of the U.K. Takeover Code.

## **XII. Material Contracts**

### ***A. Kraft Foods Contracts***

#### *General*

Except as disclosed below, there have been no contracts entered into by Kraft Foods or any of its subsidiaries during the period commencing on September 7, 2007 (the date two years before the commencement of the Offer Period) and ending on January 15, 2010 (the latest practicable date before the printing of this prospectus/offer to exchange) which are outside the ordinary course of business and which are or may be considered material or which have been entered into at any time by Kraft Foods or any Kraft Foods subsidiary and contain provisions under which Kraft Foods or any Kraft Foods subsidiary has an obligation or entitlement which is, or may be, material to the business of Kraft Foods and its subsidiaries at the date of the prospectus/offer to exchange.

#### *(i) Indenture Agreement, dated October 17, 2001*

Kraft Foods is party to an Indenture, dated October 17, 2001 (the Indenture) with Deutsche Bank Trust Company Americas, as successor trustee. The Indenture does not limit the amount of debt that Kraft Foods may issue under the Indenture and provides that additional debt securities may be issued up to the aggregate principal amount authorized by a resolution of the board of directors of Kraft Foods. Kraft Foods may issue debt securities from time to time in one or more series with the same or various maturities, at par, at a discount or at a premium. There is no requirement that any other debt securities that Kraft Foods issues be under the Indenture. Thus, any other debt securities that Kraft Foods issues may be issued under other indentures or documentation containing provisions different from those included in the Indenture.

A default with respect to a single series of debt securities under the Indenture will not necessarily constitute a default with respect to any other series of debt securities issued under the Indenture. A default under Kraft Foods' other indebtedness will not be a default under the Indenture. If an event of default (as defined in the Indenture) for any series of debt securities occurs and continues (other than an event of default involving Kraft Foods' bankruptcy, insolvency or reorganization), either the trustee or the holders of at least 25% in aggregate principal amount of the outstanding debt securities of the affected series may require Kraft Foods upon notice in writing to Kraft Foods, to immediately repay the entire principal (or, in the case of (a) certain debt securities specified in the Indenture, a lesser amount as provided in those debt securities or (b) indexed debt securities, an amount determined by the terms of those indexed debt securities), of all the debt securities of such series together with accrued interest on the debt securities.

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The Indenture limits the amount of liens that Kraft Foods or its subsidiaries may incur or otherwise create in order to secure indebtedness for borrowed money. A sale and leaseback transaction is prohibited unless certain requirements are met. The Indenture does not require Kraft Foods to maintain any financial ratios, minimum levels of net worth or liquidity or restrict payment of dividends, the making of other distributions on Kraft Foods common stock or the redemption of Kraft Foods common stock.

*(ii) Tax Sharing Agreement between Kraft Foods and Altria, dated March 30, 2007*

On March 30, 2007, Kraft Foods entered into a tax sharing agreement with Altria Group Inc. ( Altria ) regarding post-spin-off rights and obligations related to pre-spin-off taxes. The agreement generally governs Altria's and Kraft Foods' respective rights, responsibilities and obligations after the distribution with respect to taxes attributable to Kraft Foods' business, as well as any taxes incurred by Altria or Kraft Foods as a result of the failure of the distribution to qualify for tax-free treatment under Section 355 of the U.S. Internal Revenue Code of 1986, as amended.

*(iii) Master Sale and Purchase Agreement between Kraft Foods and Groupe Danone S.A., dated October 29, 2007*

On November 30, 2007, Kraft Foods acquired LU Biscuit for \$5.1 billion in cash. The acquisition included 32 manufacturing facilities and approximately 14,000 employees. Kraft Foods acquired net assets consisting primarily of goodwill of \$4.052 billion (which will not be deductible for statutory tax purposes), intangible assets of \$3.546 billion (substantially all of which are indefinite-lived), receivables of \$757 million, property, plant and equipment of \$1.054 billion and inventories of \$204 million, and assumed liabilities of \$1.063 billion consisting primarily of accounts payable and accruals. These purchase price allocations were based upon appraisals that were finalized in the third quarter of 2008.

*(iv) Post Cereal Split-Off Agreements, dated November 15, 2007*

On August 4, 2008, Kraft Foods via a Reverse Morris Trust transaction agreement dated November 15, 2007 completed the split-off of the Post cereals business into Ralcorp Holdings Inc., after an exchange with its shareholders. The exchange was tax free to participating shareholders for U.S. federal income tax purposes.

In this split-off transaction, approximately 46.1 million shares of Kraft Foods common stock were tendered and were valued at \$1.644 billion. The Kraft Foods shareholders had the option to exchange some or all of their shares of Kraft Foods common stock and receive shares of common stock of Cable Holdco. Cable Holdco was Kraft Foods' wholly-owned subsidiary that owned certain assets and liabilities of the Post cereals business. In exchange for the contribution of the Post cereals business, Cable Holdco issued approximately \$665 million in debt securities, issued shares of its common stock and assumed a \$300 million credit facility. Following the merger of Cable Holdco and a Ralcorp subsidiary, the Cable Holdco common stock was exchanged for shares of Ralcorp common stock on a one-for-one basis. Upon closing, Kraft Foods used the cash equivalent net proceeds, approximately \$960 million, to repay debt. As a result of the split-off, Kraft Foods recorded a gain on discontinued operations of \$926 million, or \$0.61 per diluted share, in 2008. The results of the Post cereals business were reflected as discontinued operations on the consolidated statement of earnings and prior period results were revised in a consistent manner.

*(v) Bridge Facility Agreement, dated November 9, 2009*

Please see the section of the prospectus/offer to exchange entitled "The Offer Financing of the Offer; Source and Amount of Funds" for a description of this credit agreement.

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*(vi) Three-year revolving credit agreement dated November 30, 2009*

On November 30, 2009, Kraft Foods entered into a revolving credit agreement for a three-year senior unsecured revolving credit facility in an aggregate principal amount of \$4.5 billion with the lenders named therein and Deutsche Bank Securities Inc., Citigroup Global Markets Inc. and HSBC Securities (USA) Inc., as joint bookrunners, and Deutsche Bank AG New York Branch and Citibank, N.A., as co-administrative agents, Deutsche Bank AG New York Branch, as paying agent, HSBC Securities (USA) Inc., as syndication agent, Credit Suisse Securities (USA) LLC and JPMorgan Chase Bank, N.A., as co-documentation agents, and Deutsche Bank Securities Inc., Citigroup Global Markets Inc., HSBC Securities (USA) Inc., Banc of America Securities LLC, Barclays Capital, the investment banking division of Barclays Bank PLC, BBVA Securities Inc., BNP Paribas Securities Corp., Credit Suisse Securities (USA) LLC, J.P. Morgan Securities Inc., RBS Securities, Inc. and SG Americas Securities, LLC, as joint lead arrangers. The revolving credit agreement replaces Kraft Foods' existing \$4.5 billion five-year revolving credit agreement dated April 15, 2005 which was terminated on November 30, 2009. Kraft Foods expects to use the revolving credit facility for general corporate purposes (to the extent it is not used to support Kraft Foods' commercial paper issuances).

The revolving credit agreement provides for Kraft Foods and certain of its subsidiaries that it may designate to borrow up to the aggregate amount of the unused commitments under the revolving credit facility on or after November 30, 2009 and prior to the termination of the revolving credit agreement. Under the revolving credit agreement, Kraft Foods has guaranteed the obligations of any subsidiary borrower. At Kraft Foods' request, the amount of the revolving credit facility may be increased by up to \$500 million in the aggregate by agreement of Kraft Foods and the lenders providing the increased commitments. The revolving credit agreement terminates on November 30, 2012, provided that Kraft Foods may, on no more than three occasions, request that the lenders extend their commitments for successive one-year periods. All committed *pro rata* borrowings under the revolving facility will bear interest at a variable annual rate based on LIBOR or base rate, at Kraft Foods' election, plus an applicable margin based on its three-year credit default swap mid-rate spread (as determined pursuant to the revolving credit agreement).

The revolving credit agreement requires Kraft Foods to maintain a minimum total shareholders' equity (excluding accumulated other comprehensive income or losses) of not less than \$23.0 billion, which minimum level would be increased, if the proposed acquisition of Cadbury is consummated, by 75% of any increase in such total shareholders' equity as a direct result of the issuance by Kraft Foods of equity securities to finance the proposed acquisition of Cadbury or to refinance certain indebtedness. The revolving credit agreement also contains customary representations, covenants and events of default.

*(vii) Amended Bridge Facility Agreement*

On January 18, 2010, the agreement for a senior unsecured bridge facility described above was amended to increase the bridge facility amount by £1.6 billion to an aggregate of £7.1 billion. The other material terms of the bridge facility remain as summarized above.

As described in the section of the prospectus/offer to exchange entitled "The Offer - Financing of the Offer; Source and Amount of Funds," subject to market conditions, Kraft Foods expects to refinance or reduce advances under the amended bridge facility from proceeds of alternative financing sources. If advantageous to Kraft Foods, such alternative funding may be in the form of a bond issue.

***B. Cadbury Contracts***

Except as disclosed in paragraph 8 of Appendix 1 to Cadbury's U.K. defense document, published December 14, 2009, there have been no contracts entered into by Cadbury or any of its subsidiaries during the

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period commencing on September 7, 2007 (the date two years before the commencement of the Offer Period) and ending on January 15, 2010 (the latest practicable date before the date of the prospectus/offer to exchange) which are outside the ordinary course of business and which are or may be considered material or which have been entered into at any time by Cadbury or any of its subsidiaries and contain provisions under which any of Cadbury or its subsidiaries has an obligation or entitlement which is, or may be, material to the business of Cadbury and its subsidiaries at the date of the prospectus/offer to exchange.

### **XIII. No Agreements between Cadbury and Kraft Foods**

There is no agreement, arrangement or understanding (including any compensation arrangement) between Kraft Foods or any person acting in concert with Kraft Foods and any of the directors, recent directors, shareholders or recent shareholders of Cadbury or any person interested or recently interested in shares of Cadbury having any connection with or dependence on the offer.

### **XIV. Emoluments**

The emoluments of the Kraft Foods directors will be assessed by the Human Resources and Compensation Committee of Kraft Foods in the ordinary course of events which may take into account the successful completion of the offer. However, except as aforesaid, the emoluments of the Kraft Foods board of directors will not be affected by the acquisition of Cadbury or by any other associated transaction.

### **XV. Ultimate Owner of Cadbury securities**

There is no agreement, arrangement or understanding by which any securities acquired in pursuance of the offer will be transferred to any other person, but Kraft Foods reserves the right to transfer any such shares to any Kraft Foods subsidiary.

### **XVI. Consents**

- A. Lazard & Co. Limited has given and not withdrawn its written consent to the references to its name in this Appendix B in the form and context in which they appear. Lazard & Co., Limited, which is authorized and regulated in the U.K. by the FSA, is acting as financial adviser to Kraft Foods and no one else in connection with the contents of this document and the offer and will not be responsible to any person other than Kraft Foods for providing the protections afforded to clients of Lazard & Co., Limited, nor for providing advice in relation to the offer or any matters referred to herein.
- B. Centerview Partners UK LLP has given and not withdrawn its written consent to the references to its name in the form and context in which they appear.
- C. Citigroup Global Markets Limited has given and not withdrawn its written consent to the references to its name in the form and context in which they appear.
- D. Deutsche Bank AG, London Branch has given and not withdrawn its written consent to the references to its name (and that of its affiliates) in the form and context in which they appear. Deutsche Bank AG is authorised under German Banking Law (competent authority: BaFin Federal Financial Supervisory Authority) and authorised and subject to limited regulation by the FSA. Details about the extent of Deutsche Bank AG's authorisation and regulation by the FSA are available on request. Deutsche Bank AG, London Branch (and its affiliates) are acting as financial adviser and corporate broker to Kraft Foods and no one else in connection with the contents of this document and the offer and will not be responsible to any person other than Kraft Foods for providing the protections afforded to clients of Deutsche Bank AG, London Branch (or its affiliates), nor for providing advice in relation to the offer or any matters referred to herein.

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- E. Houlihan Lokey Howard & Zukin Financial Advisors, Inc. has given and not withdrawn its written consent to the references to its name in this Appendix B in the form and context in which they appear. Houlihan Lokey Howard & Zukin Financial Advisors, Inc. is acting as financial adviser to Kraft Foods and no one else in connection with the contents of this document and the offer and will not be responsible to any person other than Kraft Foods for providing the protections afforded to clients of Houlihan Lokey Howard & Zukin Financial Advisors, Inc., nor for providing advice in relation to the offer or any matters referred to herein.
- F. Barclays Capital Inc. is acting for Kraft Foods and no one else in connection with the contents of the prospectus/offer to exchange and the offer and will not be responsible to any person other than Kraft Foods for providing the protections afforded to clients of Barclays Capital Inc., nor for providing advice in relation to the offer or any matters referred to herein.
- G. Credit Suisse Securities (Europe) Limited, which is authorized and regulated in the U.K. by the FSA, is acting for Kraft Foods and no one else in connection with the contents of this document and the offer and will not be responsible to any person other than Kraft Foods for providing the protections afforded to clients of Credit Suisse Securities (Europe) Limited, nor for providing advice in relation to the offer or any matters referred to herein.
- H. Each of Goldman Sachs International, Morgan Stanley & Co. Limited and UBS Limited has given and not withdrawn its written consent to the references to their names in the form and context in which they appear.
- By giving such consent, none of the above parties admits that it is an expert with respect to any part of the Registration Statement on Form S-4 of Kraft Foods to which this Appendix B is attached within the meaning of the term "experts" as used in, or that it comes within the category of persons whose consent is required under, the Securities Act or the rules and regulations of the SEC promulgated thereunder.

**XVII. No Material Change**

***A. No material change in the financial or trading position of Kraft Foods or its Subsidiaries since December 31, 2008***

Except as disclosed in the prospectus/offer to exchange (including the documents incorporated by reference into the prospectus/offer to exchange and listed in the section of the prospectus/offer to exchange entitled "Incorporation by Reference"), there has been no material change in the financial or trading position of Kraft Foods or its subsidiaries which has occurred since December 31, 2008 (the date to which the latest audited accounts of Kraft Foods and its subsidiaries were prepared).

***B. No material change in the financial or trading position of Cadbury since December 31, 2008***

As far as Kraft Foods is aware and except as publicly announced by Cadbury, except as disclosed in the prospectus/offer to exchange or the documents incorporated by reference into the prospectus/offer to exchange (which are listed in the section of the prospectus/offer to exchange entitled "Incorporation by Reference"), there has been no material change in the financial or trading position of Cadbury which has occurred since December 31, 2008 (the date to which the latest audited accounts of Cadbury were prepared).

**XVIII. Documents Available for Inspection**

Copies of the following documents are available for inspection during normal business hours on any weekday (Saturdays, Sundays and public holidays excepted) at Clifford Chance LLP, 10 Upper Bank Street, London, E14 5JJ, England until the end of the Offer Period:

- A. the original prospectus/offer to exchange, this prospectus/offer to exchange (including any documents incorporated herein by reference), the original U.K. offer document, the final U.K. offer document, the U.K.

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- prospectus, the supplementary prospectuses to the U.K. prospectus, the Form of Acceptance, and the ADS Letter of Transmittal;
- B. Kraft Foods articles of incorporation, as amended from time to time, and Kraft Foods by-laws, as amended and restated from time to time;
- C. the revised audited consolidated financial statements of Kraft Foods for the year ended December 31, 2008 and December 31, 2007;
- D. the Form 8-K referred to in Section VII of this Appendix B;
- E. the full list of dealings that have been aggregated in Section XI of this Appendix B;
- F. the material contracts referred to in Section XII of this Appendix B (which include documents relating to the financing arrangements for the offer); and
- G. the written consents referred to in Section XVI of this Appendix B.

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*The ADS Exchange Agent for the offer is:*

**Computershare Trust Company, N.A**

*By Mail:*

Computershare Trust Company, N.A.

Attn: Corp Actions

P.O. Box 43011

Providence, RI 02940-3011

*By Overnight Delivery:*

Computershare Trust Company, N.A.

Attn: Corp Actions

Suite V

250 Royall Street

Canton, MA 02021

*Facsimile Transmission for Eligible Institutions:*

(617) 360-6810

*The Ordinary Share Exchange Agent for the offer in the United States and Canada is:*

*To Confirm Facsimile Transmission Only:*

(781) 575-2332

**Computershare Investor Services PLC**

*By Mail:*

c/o Computershare Trust Company, N.A.

Attn: Corp Actions

P.O. Box 43011

Providence RI 02940-3011

*By Overnight Delivery:*

c/o Computershare Trust Company, N.A.

Attn: Corp Actions

Suite V

250 Royall Street

Canton, MA 02021

Any questions or requests for assistance may be directed to the information agent at the address or telephone numbers set forth below. Additional copies of this prospectus/offer to exchange, the ADS Letter of Transmittal and/or the Form of Acceptance may be obtained from the information agent at its address and telephone numbers set forth below. Holders of Cadbury ordinary shares or Cadbury ADSs may also contact their broker, dealer, commercial bank or trust company or other nominee for assistance concerning the offer.

*The information agent for the offer is:*

199 Water Street, 26th Floor

New York, NY 10038-3560

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Banks and Brokers Call (212) 440-9800

Toll-Free in the United States (800) 868-1391

Outside the United States (212) 806-6859

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**PART II INFORMATION NOT REQUIRED IN PROSPECTUS/OFFER TO EXCHANGE**

**Item 20. Indemnification of Directors and Officers**

Kraft Foods is a Virginia corporation. The Virginia Stock Corporation Act (the "VSCA") permits indemnification of a corporation's directors and officers in a variety of circumstances, which may include indemnification for liabilities under the Securities Act of 1933, as amended. Sections 13.1-697 and 13.1-702 of the VSCA generally authorize a Virginia corporation to indemnify its directors, officers, employees or agents in civil or criminal actions if they acted in good faith and believed their conduct to be in the best interests of the corporation and, in the case of criminal actions, had no reasonable cause to believe that the conduct was unlawful. Additionally, Section 13.1-704 of the VSCA provides that a Virginia corporation has the power to make any further indemnity to any director, officer, employee or agent, including under its articles of incorporation or any by-law or shareholder resolution, except an indemnity against their willful misconduct or a knowing violation of the criminal law. Kraft Foods' articles of incorporation, as amended, require Kraft Foods to indemnify its directors, officers and other eligible persons to the full extent permitted by the VSCA.

Kraft Foods' articles of incorporation, as amended, also provide that, to the full extent that the VSCA permits the limitation or elimination of the liability of directors, officers and other eligible persons, no director, officer or such eligible person of Kraft Foods shall be liable to Kraft Foods or its shareholders for monetary damages arising out of any transaction, occurrence or course of conduct. Section 13.1-692.1 of the VSCA presently permits the elimination of liability of directors and officers in any proceeding brought by or in the right of a corporation or brought by or on behalf of shareholders of a corporation, except for liability resulting from such persons having engaged in willful misconduct or a knowing violation of the criminal law or any federal or state securities law, including, without limitation, any unlawful insider trading or manipulation of the market for any security. Sections 13.1-692.1 and 13.1-696 to -704 of the VSCA are hereby incorporated by reference herein.

Kraft Foods carries insurance on behalf of directors, officers, employees or agents that may cover liabilities under the Securities Act.

**Item 21. Exhibits and Financial Statement Schedules**

(a) *Exhibits.*

See the Exhibit Index.

(b) *Financial Statement Schedules.*

None.

(c) *Reports, Opinions and Appraisals.*

None.

**Item 22. Undertakings**

(a) The undersigned registrant hereby undertakes:

(a)(1) To file, during any period in which offers or sales are being made, a post-effective amendment to this registration statement:

(i) to include any prospectus/offer to exchange required by Section 10(a)(3) of the Securities Act of 1933;



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(ii) to reflect in the prospectus/offer to exchange any facts or events arising after the effective date of the registration statement (or the most recent post-effective amendment thereof) which, individually or in the aggregate, represent a fundamental change in the information set forth in the registration statement. Notwithstanding the foregoing, any increase or decrease in volume of securities offered (if the total dollar value of securities offered would not exceed that which was registered) and any deviation from the low or high end of the estimated maximum offering range may be reflected in the form of prospectus/offer to exchange filed with the SEC pursuant to Rule 424(b) promulgated under the Securities Act if, in the aggregate, the changes in volume and price represent no more than a 20% change in the maximum aggregate offering price set forth in the Calculation of Registration Fee table in the effective registration statement; and

(iii) to include any material information with respect to the plan of distribution not previously disclosed in the registration statement or any material change to such information in the registration statement.

(2) That, for the purpose of determining any liability under the Securities Act, each such post-effective amendment shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

(3) To remove from registration by means of a post-effective amendment any of the securities being registered which remain unsold at the termination of the offering.

(b) That, for purposes of determining any liability under the Securities Act, each filing of the registrant's annual report pursuant to Section 13(a) or 15(d) of the Securities Exchange of 1934 (and, where applicable, each filing of an employee benefit plan's annual report pursuant to Section 15(d) of the Exchange Act of 1934) that is incorporated by reference in the registration statement shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

(c) (1) That prior to any public reoffering of the securities registered hereunder through use of a prospectus which is a part of this registration statement, by any person or party who is deemed to be an underwriter within the meaning of Rule 145(c), the issuer undertakes that such reoffering prospectus will contain the information called for by the applicable registration form with respect to reofferings by persons who may be deemed underwriters, in addition to the information called for by the other items of the applicable form.

(2) That every prospectus (i) that is filed pursuant to paragraph (c)(1) immediately preceding, or (ii) that purports to meet the requirements of Section 10(a)(3) of the Securities Act and is used in connection with an offering of securities subject to Rule 415, will be filed as a part of an amendment to the registration statement and will not be used until such amendment is effective, and that, for purposes of determining any liability under the Securities Act of 1933, each such post-effective amendment shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

(d) Insofar as indemnification for liabilities arising under the Securities Act of 1933 may be permitted to directors, officers and controlling persons of the registrant pursuant to the foregoing provisions, or otherwise, the registrant has been advised that in the opinion of the SEC such indemnification is against public policy as expressed in the Securities Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the registrant of expenses incurred or paid by a director, officer or controlling person of the registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the registrant will, unless in the opinion of its counsel the matter has been settled by

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controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Securities Act and will be governed by the final adjudication of such issue.

(b) To respond to requests for information that is incorporated by reference into the prospectus/offer to exchange pursuant to Item 4, 10(b), 11 or 13 of this form, within one business day of receipt of such request, and to send the incorporated documents by first class mail or other equally prompt means. This includes information contained in documents filed subsequent to the effective date of the registration statement through the date of responding to the request.

(c) To supply by means of a post-effective amendment all information concerning a transaction, and the company being acquired involved therein, that was not the subject of and included in the registration statement when it became effective.

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**SIGNATURES**

Pursuant to the requirements of the Securities Act, the registrant has duly caused this registration statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Northfield, State of Illinois on the 19th day of January, 2010.

KRAFT FOODS INC.

By: /s/ Carol J. Ward  
 Name: Carol J. Ward  
 Title: VP & Corporate Secretary

**SIGNATURES**

Pursuant to the requirements of the Securities Act, this registration statement has been signed by the following persons in the capacities and on the dates indicated.

<b>Signature</b>	<b>Title</b>	<b>Date</b>
* <b>(Irene B. Rosenfeld)</b>	Director, Chairman and Chief Executive Officer	January 19, 2010
* <b>(Timothy R. McLevish)</b>	Executive Vice President and Chief Financial Officer	January 19, 2010
* <b>(Kim Harris Jones)</b>	Senior Vice President and Corporate Controller	January 19, 2010
* <b>(Ajaypal S. Banga)</b>	Director	January 19, 2010
* <b>(Myra M. Hart)</b>	Director	January 19, 2010
* <b>(Lois D. Juliber)</b>	Director	January 19, 2010
* <b>(Mark D. Ketchum)</b>	Director	January 19, 2010
* <b>(Richard A. Lerner, M.D.)</b>	Director	January 19, 2010
* <b>(Richard A. Lerner, M.D.)</b>	Director	January 19, 2010

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**(Mackey J. McDonald)**

\*

Director

January 19, 2010

**(John C. Pope)**

\*

Director

January 19, 2010

**(Fredric G. Reynolds)**

\*

Director

January 19, 2010

**(Jean-Francois M.L. van Boxmeer)**

\*

Director

January 19, 2010

**(Deborah C. Wright)**

\*

Director

January 19, 2010

**(Frank G. Zarb)**

By: /s/ Carol J. Ward  
As Attorney-in-Fact

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**EXHIBIT INDEX**

<b>Exhibit Number</b>	<b>Description</b>
4.1	Articles of Incorporation of the Registrant (incorporated by reference to Exhibit 3.1 to the Registrant's Registration Statement on Form S-1 (Reg. No. 333-57162) filed with the SEC on March 16, 2001).
4.2	Articles of Amendment to the Articles of Incorporation of the Registrant (incorporated by reference to Exhibit 3.2 to the Registrant's Registration Statement on Form S-1 (Reg. No. 333-57162) filed with the SEC on March 16, 2001).
4.3	Amended and Restated By-Laws of the Registrant (incorporated by reference to Exhibit 3.1 to the Registrant's Current Report on Form 8-K filed with the SEC on December 22, 2009).
5.1	Opinion of Hunton & Williams LLP as to the validity of the Kraft Foods Class A Common Stock being registered.
10.1	Acquisition and Refinancing Bridge Credit Agreement by and among Kraft Foods Inc., the lenders named therein and Citigroup Global Markets Inc., Deutsche Bank Securities Inc. and HSBC Securities (USA) Inc., as joint bookrunners, and Citibank, N.A. and Deutsche Bank AG Cayman Islands Branch, as co-administrative agents (incorporated by reference to Exhibit 99.9 to the Registrant's Current Report on Form 8-K filed with the SEC on December 4, 2009).**
10.2	Amendment No. 1 to Acquisition and Refinancing Bridge Credit Agreement, dated as of January 18, 2010, among Kraft Foods Inc., Citibank, N.A., as Paying Agent, and the lenders named therein (incorporated by reference to Exhibit 99.1 to the Registrant's Current Report on Form 8-K filed with the SEC on January 19, 2010).
23.1	Consent of PricewaterhouseCoopers LLP.
23.2	Consent of Hunton & Williams LLP (included in Exhibit 5.1).
24.1	Power of Attorney of Irene B. Rosenfeld.**
24.2	Power of Attorney of Timothy R. McLevish.**
24.3	Power of Attorney of Kim Harris Jones.**
24.4	Power of Attorney of Ajaypal S. Banga.**
24.5	Power of Attorney of Myra M. Hart.**
24.6	Power of Attorney of Lois D. Juliber.**
24.7	Power of Attorney of Mark D. Ketchum.**
24.8	Power of Attorney of Richard A. Lerner, M.D.**
24.9	Power of Attorney of John C. Pope.**
24.10	Power of Attorney of Fredric G. Reynolds.**
24.11	Power of Attorney of Deborah C. Wright.**
24.12	Power of Attorney of Frank G. Zarb.**
24.13	Power of Attorney of Jean-Francois M.L. van Boxmeer.
24.14	Power of Attorney of Mackey J. McDonald.
99.1	Form of Acceptance.**
99.2	Form of ADS Letter of Transmittal.**
99.3	Form of Letter to Brokers, Dealers, Commercial Banks, Trust Companies and Other Nominees.**

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<b>Exhibit Number</b>	<b>Description</b>
99.4	Form of Letter to Clients.**
99.5	Guidelines for Certification of Taxpayer Identification Number on Substitute Form W-9.**
99.6	Summary advertisement as published in <i>The Wall Street Journal</i> on December 4, 2009.**
99.7	Revised Form of Acceptance.
99.8	Revised Form of ADS Letter of Transmittal.
99.9	Revised Form of Letter to Brokers, Dealers, Commercial Banks, Trust Companies and Other Nominees.
99.10	Revised Form of Letter to Clients.
99.11	Inducement Fee Agreement between Kraft Foods Inc. and Cadbury plc.

\* To be filed by amendment.

\*\* Previously filed