

Kraft Foods Inc.

KFT - NYSE Selling Frozen pizza for \$3.7 billion (Est. Revenue \$1.6 billion, EBITDA \$230 million) **Financial Data**

Northfield, IL Buying Cadbury for 0.1874 shares + 500p in cash +10p dividend

Capitalization

(in millions, except per share data)

Balance Sheet as of	09/30/09	Selling Pizza	CBRY	Pro Forma
Class A Shares - One Vote (b)	1,479		265	1,743
Class A Shares - One Vote (c)	-		-	-
Class B Shares - Ten Votes (d)	-		-	-
Convertibles	-		-	-
Options (a)	5		-	5
Fully Diluted Shares	1,484		265	1,749
Market Price - Class A	\$ 28.81	2/16/2010	\$ 28.81	\$ 28.81
Equity Market Capitalization	42,755		7,630	50,385
Plus: Debt (e)	20,725		11,158	34,107 ^{4.0x}
Plus: Non-controlling assets	86		2,224	86
Less: Cash and Equivalents	2,996	2,755		5,751
Net Debt	17,729			28,356
Total Market Capitalization	\$ 60,570			\$ 78,826

	High	Low
52-Week Trading Range	\$ 30.10	\$ 20.81

Leverage Statistics

LTM

Total Debt/EBITDA	3.3 x
EBITDA/Interest Expense	5.2 x
Net Debt/TMC	29.3 %

LTM as of

9/30/2009

Revenues	40,042	1.5x
EBITDA	6,201	9.8x
EPS	\$ 1.98	14.6x
Dividend	\$ 1.16	4.0%

(a) Uses treasury method.

(b) After-tax payments to buy out options holders at Private Market Value.

GBP= \$ 1.579

			5-mos Post	Excludes Post	9-mos CADBURY	Excludes Pizza	Includes Cadbury				3-Year		
			2007	2008	(e)	2009E	2010P	2011P	2012P	2013P		CAGR	
Revenue	KFT	37,241	41,932	12.6%	40,485	-3.5%	42,225	4.3%	43,712	3.5%	43,536	3.5%	3.5%
	Frozen pizza						(800)		(1,634)				
	Cadbury						7,393		10,410	40.8%	10,994	5.6%	5.3%
	Total						48,817		52,488	7.5%	54,531	3.9%	3.9%
EBITDA	KFT	5,791	6,061	15.6%	6,449	15.9%	7,146	16.9%	7,722	17.7%	8,055	18.5%	6.4%
	Frozen pizza						(114)	14.3%	(235)	14.4%			
	Cadbury						1,338	18.1%	1,974	19.0%	2,135	19.4%	8.5%
	Synergies						100	1.4%	380	3.7%	500	4.5%	6.0%
	Total						8,470	17.3%	9,842	18.8%	10,690	19.6%	9.6%
EPS-Continuing (KFT)		\$ 1.82	\$ 1.79	-1.9%	\$ 2.04	14.0%	\$ 2.33	14.2%	\$ 2.61	12.3%	\$ 2.91	11.4%	11.0%
	KFT - ex Pizza						\$ 2.32	13.9%	\$ 2.60	11.9%	\$ 2.89	11.0%	10.9%
	Pro Forma - Cont ops						\$ 2.27	18.4%	\$ 2.68	13.9%	\$ 3.05	13.9%	15.5%
EBITDA Multiple		10.5	10.0		9.4		9.3		8.0		7.4		
P/E Multiple		15.8	16.1		14.1		12.7		10.7		9.4		

Private Market Value Analysis

		2007	2008	2009E	2010P	2011P	2012P	2013P	
<i>North America</i>	Revenues	22,876	23,956	23,668	23,598	23,487	24,145	24,822	1.7%
	EBITDA	4,191	4,266	4,595	4,921	5,155	5,486	5,781	5.5%
	Valuation Multiple	12.0	12.0	12.0	12.0	12.0	12.0	12.0	
	Segment Value	50,292	51,192	55,141	59,058	61,857	65,833	69,372	
<i>International</i>	Revenues	12,982	17,976	16,818	17,827	18,591	19,392	20,232	4.3%
	EBITDA	1,577	2,278	2,197	2,465	2,693	2,936	3,193	9.0%
	Valuation Multiple	12.0	12.0	12.0	12.0	12.0	12.0	12.0	
	Segment Value	18,924	27,336	26,370	29,575	32,315	35,226	38,318	
<i>Cadbury</i>	Revenues				9,956	10,410	10,994	11,611	
	EBITDA (incl synergies)				1,902	2,354	2,635	3,004	
	Valuation Multiple				13.0	13.0	13.0	13.0	
	Segment Value				24,721	30,607	34,256	39,056	
Total Private Market Value		69,216	78,528	81,511	113,354	124,780	135,316	146,745	
Less: Net Debt (Net debt/EBITDA)		(20,442)	(19,007)	(18,103)	(27,544)	(25,896)	(24,235)	(21,876)	1.9x
Less: Option Payments (b)		(161)	(359)	(412)	#N/A	(719)	(892)	(1,089)	
Equity Private Market Value		48,613	59,162	62,996	#N/A	98,165	110,189	123,780	
Shares Outstanding		1,534	1,469	1,479	1,750	1,757	1,739	1,721	
PMV per share		\$32	\$40	\$43	#N/A	\$56	\$63	\$72	#N/A
Current Market - Discount to PMV		9.1%	28.5%	32.3%	#N/A	48.4%	54.5%	59.9%	

Capex	KFT	1,241	1,367	1,237	1,243	1,255	1,292	1,331
	Cadbury				364	512	443	467
	Total				1,607	1,767	1,736	1,798