

Kraft Foods Case Study

NIRI Chicago

Merge & Purge: Understanding Deal IR

February 13, 2013



Timeline

- August 4, 2011: Announced intent to create two independent public companies
- April 2, 2012: Filed initial Form 10 for the new Kraft Foods Group
- May 18, 2012: Received favorable IRS ruling for tax-free spin-off
- June 26, 2012: KFT stock listing transferred to NASDAQ
- September 17, 2012: “When Issued” trading KRFT and MDLZ
- October 1, 2012: KRFT spun off from KFT, KFT becomes MDLZ
 - Distribution ratio of 1 new KRFT share for every 3 KFT shares owned

Deal Rationale and Messaging



Next level of performance requires a new approach

- Completed transformation of the business portfolio
 - Reinvigorated Power Brands around the world
 - Built a global snacks powerhouse
- Positioned to drive exceptional growth in Europe, DM
 - Global platforms, local scale advantages
 - Whitespace opportunities
- In North America, next level opportunities of Snacks and Grocery are distinct
 - Snacks: Invest in DSD, instant consumption channels
 - Grocery: Leverage center-of-store strength

Significant differences in operating models of NA Grocery and Global Snacks

North American Grocery

Global Snacks

Categories/Brands

Regional

Global

Products

Everyday Staples

Ubiquitous,
Discretionary

Store Presence

Center of Store

Snacking Aisle,
End Caps, Hot Zone

Sales & Distribution

Warehouse

DSD, High Touch

Cost Structure

Low, Variable

High, Fixed

Selling Costs

Modest

High

Two strong portfolios with unique drivers of success

North American Grocery



Maxwell House



JELL-O



CAPRISUN
NO ARTIFICIAL COLORS OR FLAVORS

Miracle Whip

Global Snacks



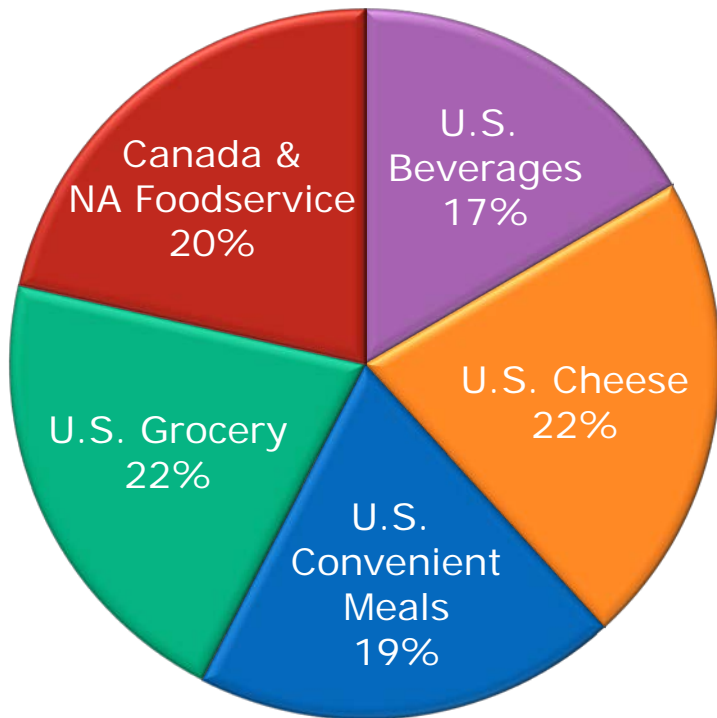
Cadbury



Trident



North American Grocery will be a major force in the industry

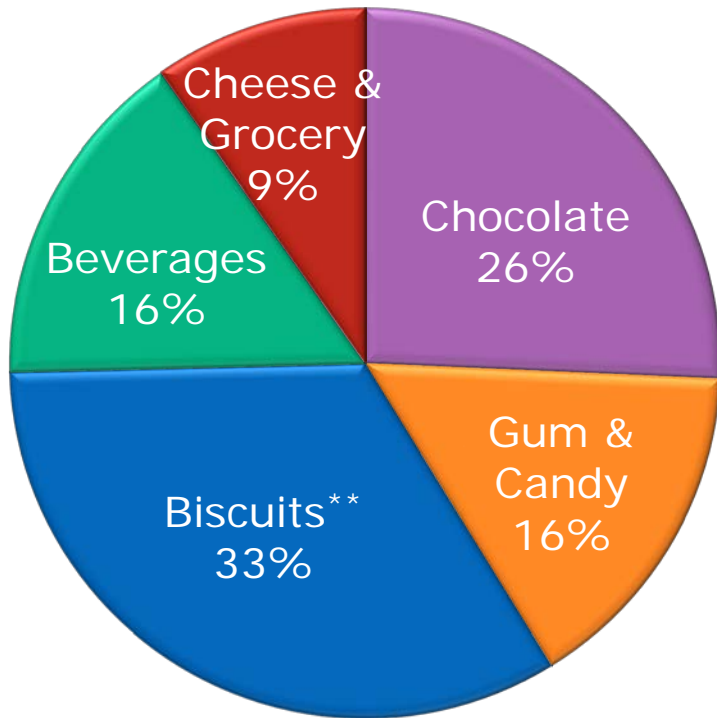


\$16 Billion in Revenues*

- Significant scale across categories
 - #3 in size to Nestle and PepsiCo
- #1 in ~80% of categories
 - Four \$1B+ brands... *Kraft, Maxwell House, Oscar Mayer, Philadelphia*
 - Three \$500MM-\$1B brands
 - Fourteen \$100MM-\$500MM brands
- Biggest and best grocery sales force in U.S.
 - Highest rated in Cannondale and Kantar
 - Gaining share with key customers



Global Snacks will be the pre-eminent player in snacking worldwide



\$32 Billion in Revenues*

- #1 player in global snacks
 - #1 in Biscuits
 - #1 in Chocolate
 - #2 in Gum
- Strong stable of global and local icons
 - Eight \$1B+ brands ... *Cadbury, Jacobs, LU, Milka, Nabisco, Oreo, Tang, Trident*
 - Six \$500MM-\$1B brands
 - Nearly 40 \$100MM-\$500MM brands
- Beverages to drive strong growth with high margins



* Based on 2010 reported net revenues adjusted for accounting calendar changes and divestitures.

** Includes salted snacks

