

Kraft Foods Group

Back-to-School Conference

September 3, 2014



Tony Vernon

Chief Executive Officer

A large, stylized, light blue Kraft logo is positioned diagonally across the lower right portion of the slide. The logo is rendered in a bold, sans-serif font, with the word 'Kraft' in a slightly larger size than the word 'K'.

Forward-Looking Statements

This presentation contains a number of forward-looking statements. The words “plan,” “drive,” “make,” “develop,” “change,” “opportunity,” “evolve,” “invent,” “deliver,” “extend,” “invest,” “become,” “improve,” “grow,” “target” and similar expressions are intended to identify the forward-looking statements. Examples of forward-looking statements include, but are not limited to, statements regarding Kraft’s growth, progress, investments, innovation, marketing and advertising, share of voice, cost management and cost savings plans, long-term targets and outlook for the North American Food and Beverage market, customers and consumers and dividends. These forward-looking statements are not guarantees of future performance and are subject to a number of risks and uncertainties, many of which are beyond Kraft’s control. Important factors that could cause actual results to differ materially from those indicated in the forward-looking statements include, but are not limited to, increased competition; Kraft’s ability to maintain, extend and expand its reputation and brand image; Kraft’s ability to differentiate its products from other brands; increasing consolidation of retail customers; changes in relationships with significant customers and suppliers; Kraft’s ability to predict, identify and interpret changes in consumer preferences and demand; Kraft’s ability to drive revenue growth in its key product categories, increase its market share, or add products; volatility in commodity, energy and other input costs; changes in Kraft’s management team or other key personnel; Kraft’s geographic focus in North America; changes in regulations; legal claims or other regulatory enforcement actions; product recalls or product liability claims; unanticipated business disruptions; Kraft’s ability to complete or realize the benefits from potential acquisitions, alliances, divestitures or joint ventures; Kraft’s indebtedness and ability to pay such indebtedness; disruptions in information technology networks and systems; Kraft’s inability to protect intellectual property rights; weak economic conditions; tax law changes; volatility of market-based impacts of post-employment benefit plans; pricing actions; and other factors. For additional information on these and other factors that could affect Kraft’s forward-looking statements, see Kraft’s risk factors, as they may be amended from time to time, set forth in its filings with the Securities and Exchange Commission, including its most recently filed Annual Report on Form 10-K and subsequent reports on Form 10-Q and Form 8-K. Kraft disclaims and does not undertake any obligation to update or revise any forward-looking statement in this presentation, except as required by applicable law or regulation.

We Have the Best Sandbox in Our Industry



**WHAT'S BEEN OUR
BIGGEST SURPRISE?**

Our Market is Changing... Fast

- Kraft products are in 98% of North American households
- We have an obligation to our consumers and customers to innovate and contemporize our portfolio
- We're facing an unprecedented confluence of factors

Opportunity Resides in Some Key Areas

- Hispanics
- Millennials
- Economically-strapped consumers
- Tech savvy consumers
- Nutrition & Well-Being
- Alternative channels



Capture Profitable Growth by Evolving Our Playbook

Kraft Playbook 1.0

Great marketing

Best-in-industry innovation

Good-Better-Best price/value ladders

Lowest delivered cost

Reinvest 50¢ of every \$ of cost savings back into brands and people

Kraft Playbook 2.0

Reinvent marketing

Extend innovation to renovation

Brand ubiquity across retail channels

Total cost management

Reinvest 50¢ of every \$ of cost savings back into brands and people

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Deanie Elsner

Chief Marketing Officer

A large, faint, diagonal watermark of the Kraft logo is visible in the bottom right corner of the slide. The logo consists of the word "Kraft" in its characteristic script font, enclosed within a rounded rectangular border.

Heritage Brands with Consumer Affinity

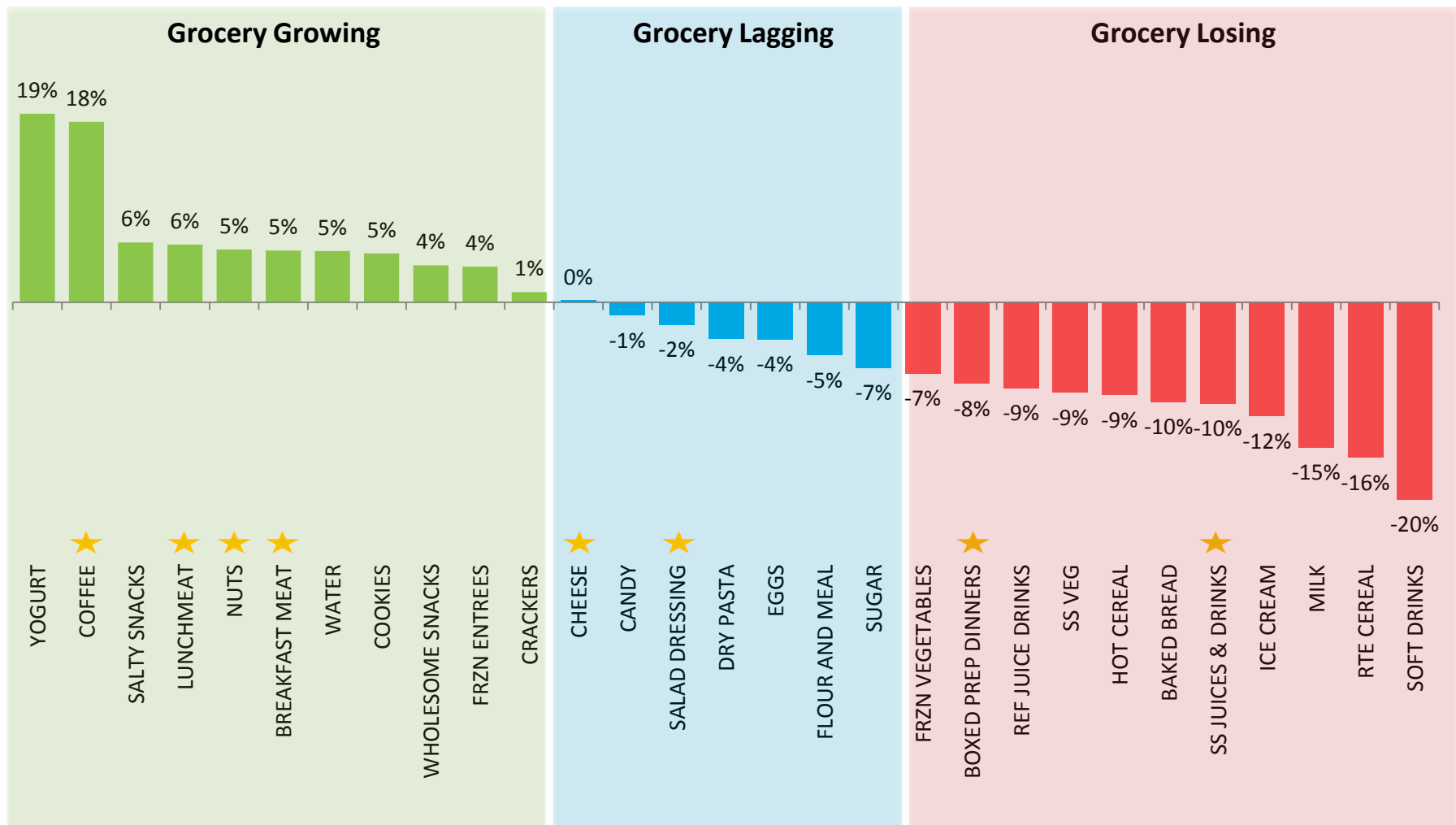


Operating Landscape... A Confluence of Challenges



Grocery Center of the Store = ~75%+ of Sales & Profit

Kraft in Categories that Still Can Drive Trips



 **Kraft Presence**

C's of Change - Transformational Shift in Landscape

CONSUMER



CUSTOMER

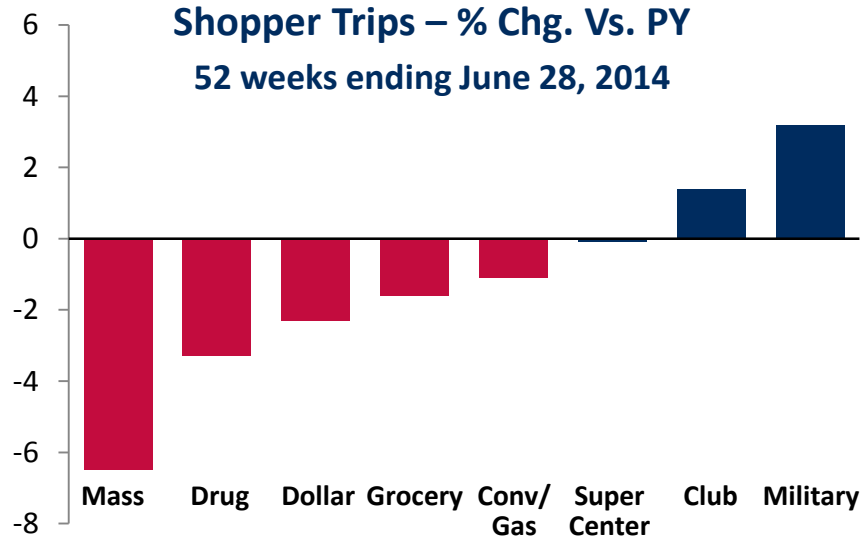


COMMUNICATION

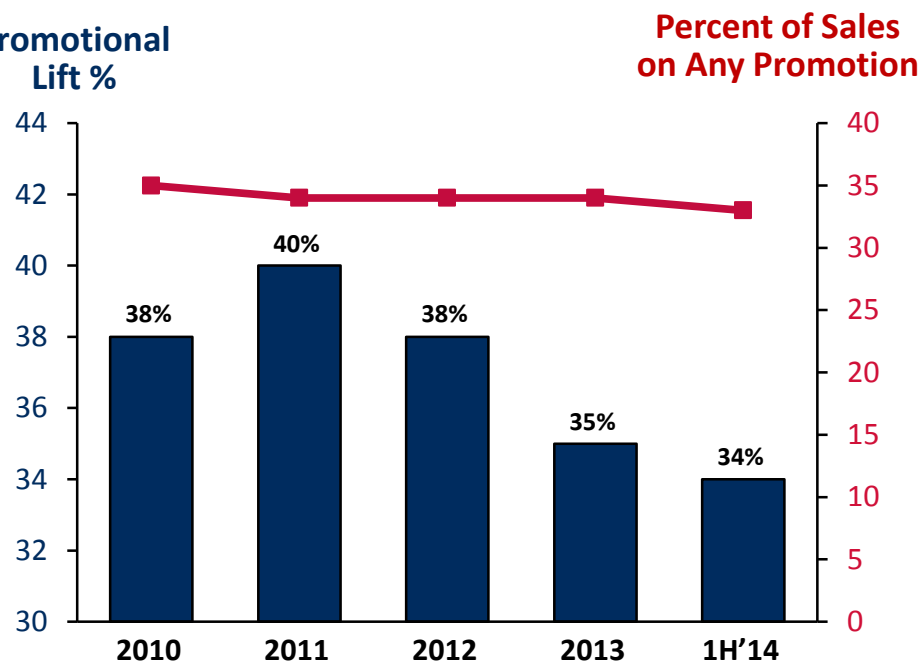


Fewer Trips Impacting CPG Promotion Lifts

Shopper Trips – % Chg. Vs. PY
52 weeks ending June 28, 2014



Promotional Lift %



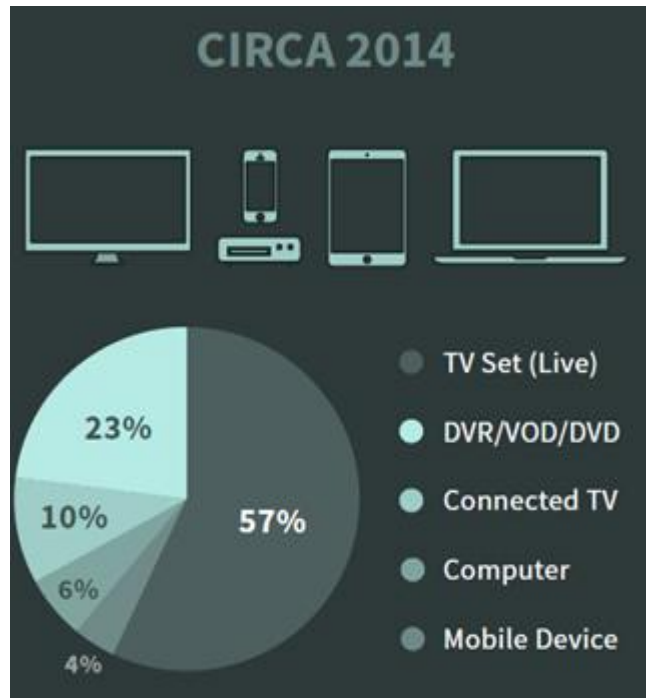
Traditional Advertising Diluting Marketing Effectiveness

TV Ratings Plummeting on Broadcast



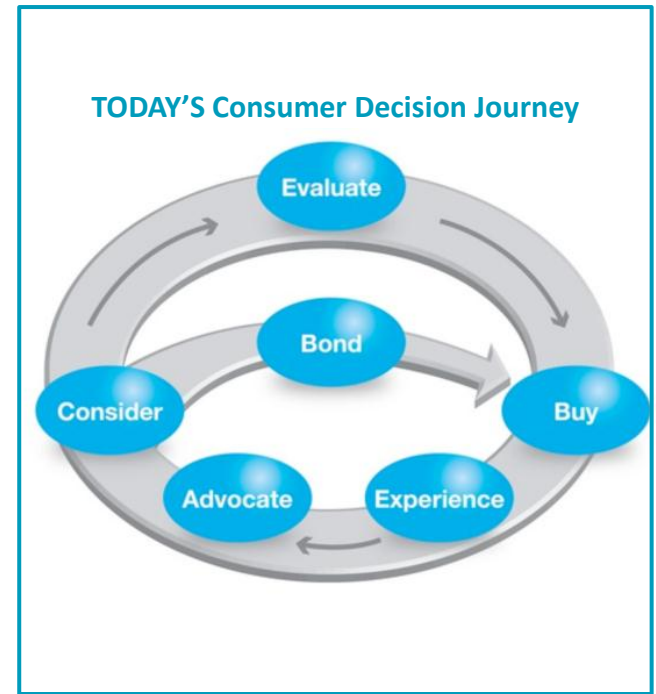
Source: Nielsen Rating Adults 18-49

Viewing Fragmentation & Shorter Attention Spans



Source: KPCB Internet Trends 2014 (Mary Meeker)

Consumer Path To Purchase Has Been Redefined



Source: McKinsey & Company

Forcing a Reassessment of Marketing Go-To Market

Kraft Playbook 1.0

Great marketing

Best-in-industry innovation

Good-Better-Best price/value ladders

Lowest delivered cost

Reinvest 50¢ of every \$ of cost savings back into brands and people

Kraft Playbook 2.0

Reinvent marketing

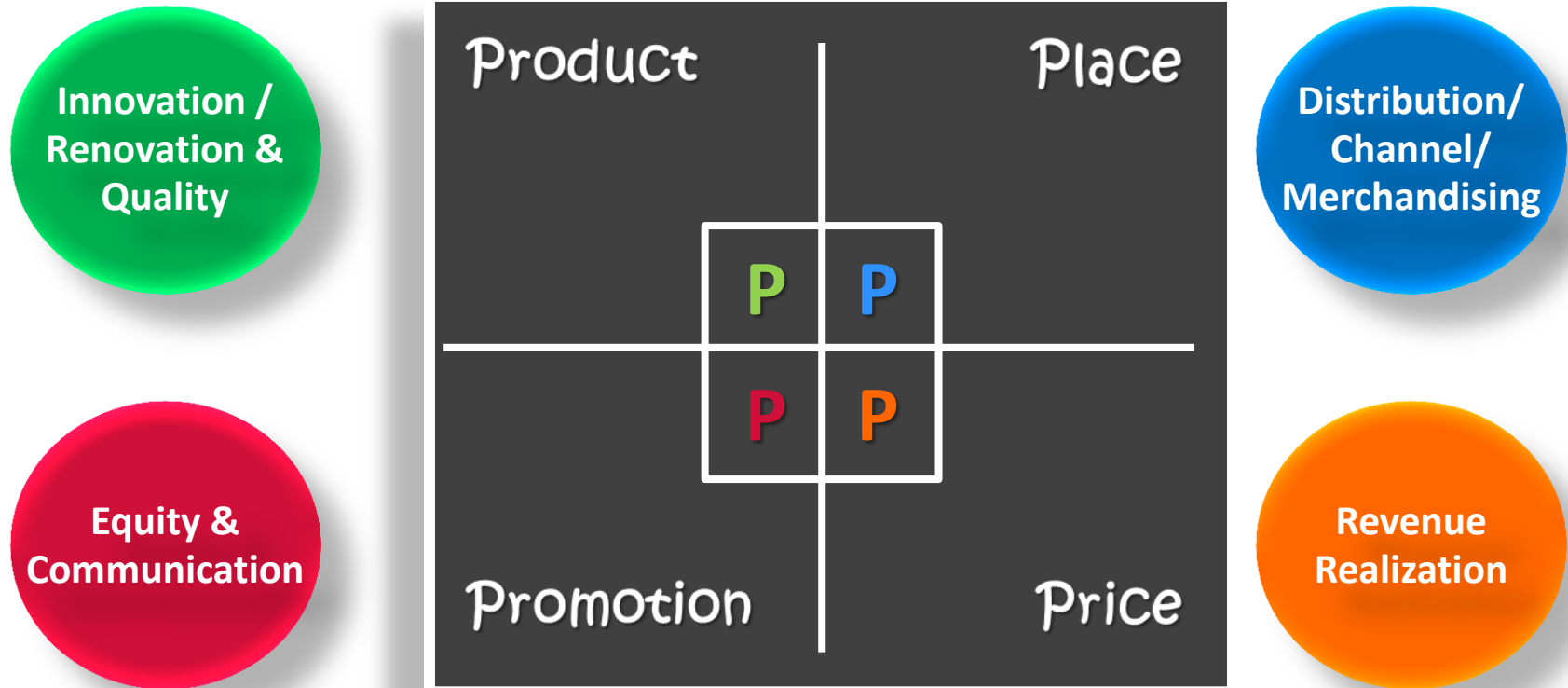
Extend innovation to renovation

Brand ubiquity across retail channels

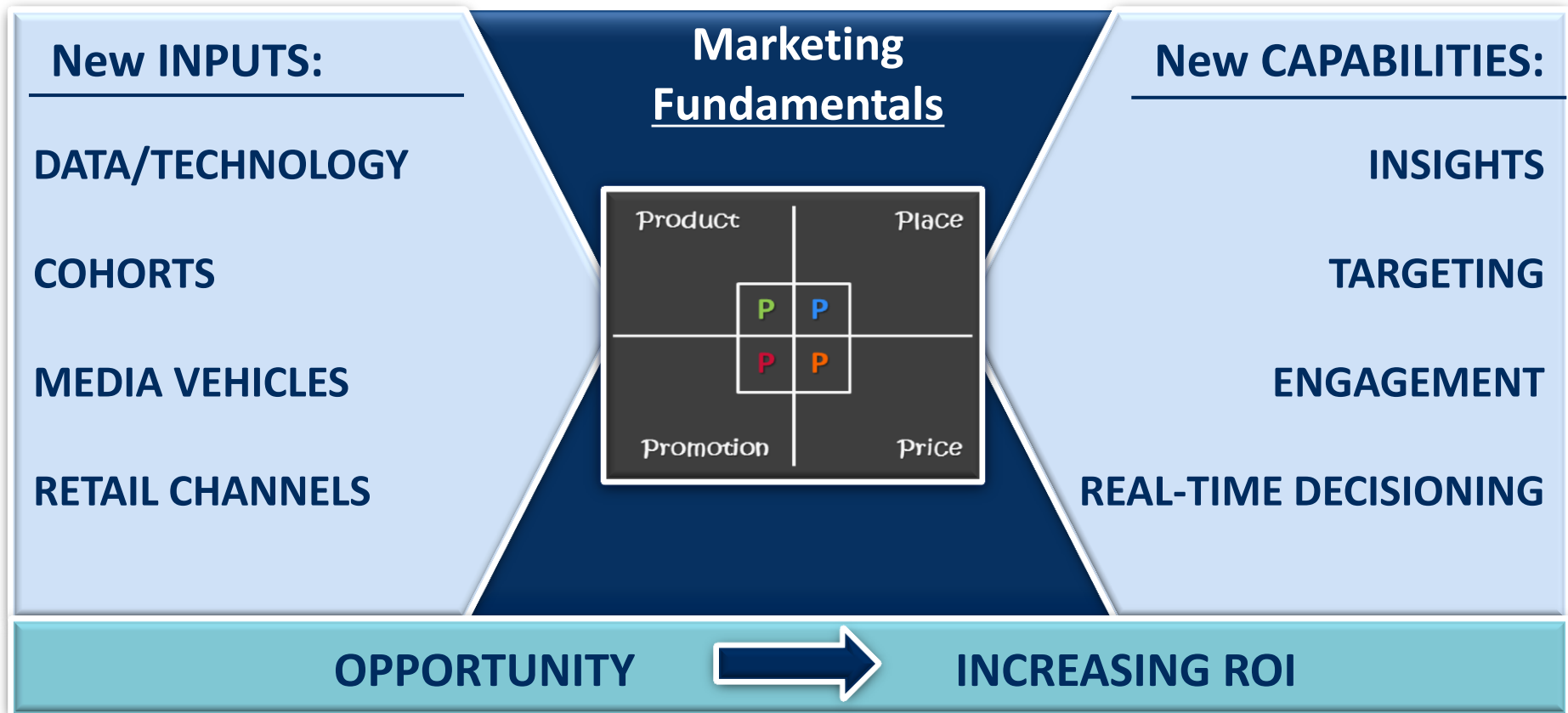
Total cost management

Reinvest 50¢ of every \$ of cost savings back into brands and people

Marketing/Brand Fundamentals DO NOT Change



New Inputs Demand New Marketing Capabilities



“Agile” Marketing Becomes the New Normal

Right Message
In the
Right Medium
at the
Right Moment
to drive
Purchase

From

Buying Broad
Demographic
Targets in the
Medium

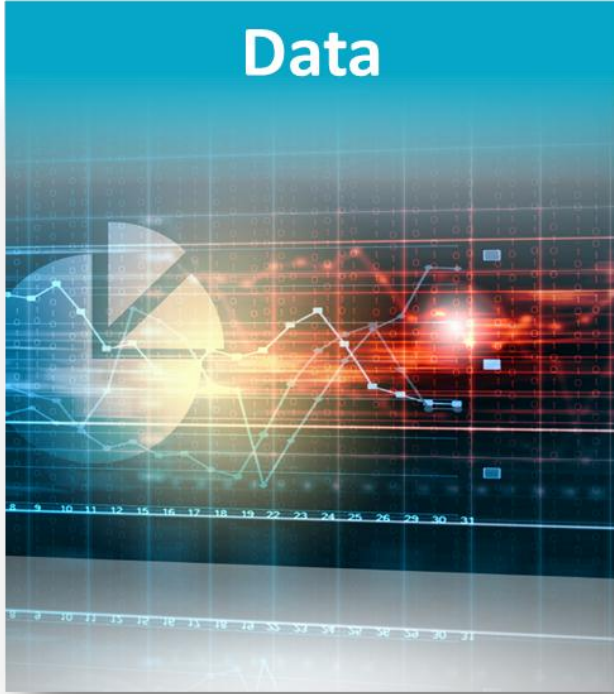


To

Buying
Individuals
Agnostic to the
Medium

Three Requirements To Win with Agile Marketing

Data



Infrastructure



Content



DATA Becomes the New Currency

Kraft Advantaged with Unprecedented 1st Party Data!

Depth

100 MM Unique Visits
22K Attributes Captured



Breadth

6.6 Billion Ad Impressions Served
~500+ Custom Consumer Segments



+ Household Level Purchase Data

Activating DATA

Precision Marketing



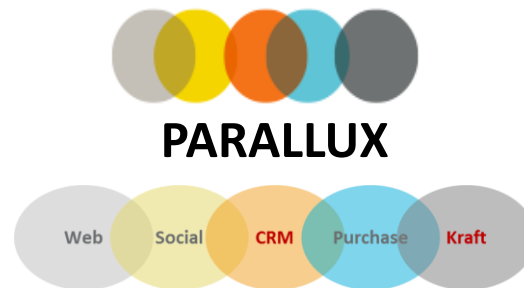
- **\$200+MM Pod Business in 2 years**
- **Targeted only Keurig owners**
- **Levered Kraft Dairy and Coffee expertise - Specialty Beverages NPD**
- **First Coffee share growth since '09**

INFRASTRUCTURE Developed to Harness Data

Kraft's Social Listening Lab



Harnessing Data



Advanced Analytics



INFRASTRUCTURE Utilization

From Consumer Observations to Opportunities

Green Velvet Cupcakes



happy st. patrick's day

Celebrating St. Patrick's Day? We have delicious recipes to keep Irish eyes smiling! Add a wee bit 'o spirit with these Green Velvet Cupcakes!

[▶ st. patrick's day recipes](#)



- Levered social listening
- Recipe developed using 4 Kraft Brands
- Delivered content through own channels

- Super Bowl Shortage crisis!
- We heard from our biggest fans
- Identified them on shortage map
- Guided them through the crisis



CHEESEPOCALYPSE
Hits America!

CONTENT Development that is “Share-Worthy”

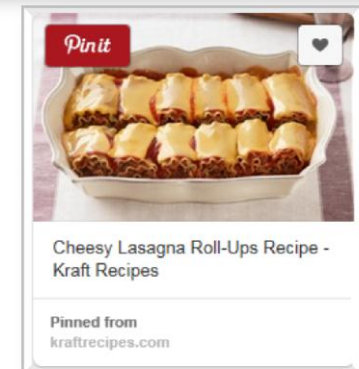
The #1 CPG Platform – Unparalleled Content!

kraftrecipes.com



Content

- 27K culinary professional recipes
- 30K consumer submitted recipes
- 1 billion recipe views per year
- 68K food images



Publisher

- Ranked #7 among ALL recipe websites
- Paid subscription base > Food & Wine
- #1 Spanish language recipe source in print & web

Share-worthy CONTENT Creation

Content Driving Earned Media



- Grew Topline and Profit
- 3X Exposure Goal
- 2/3 Media Earned

Efficiency vs Effectiveness

Objective

Communication that is **Precise,**
Accountable and **Personalized**
while increasing **ROI**



Agile Marketing Case: Philadelphia Renovation

INSIGHTS



Loyals, Lapsed, Bagels,
Sweet, Savory, Plain

TARGET



Sweet



Savory

Valuable,
Niche Audiences -
SKU-level purchase data

MESSAGE



Lapsed
Loyals



Loyals



Bagel
Buyers



Cohort

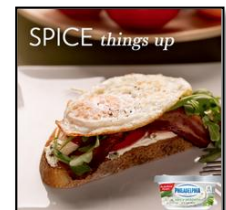
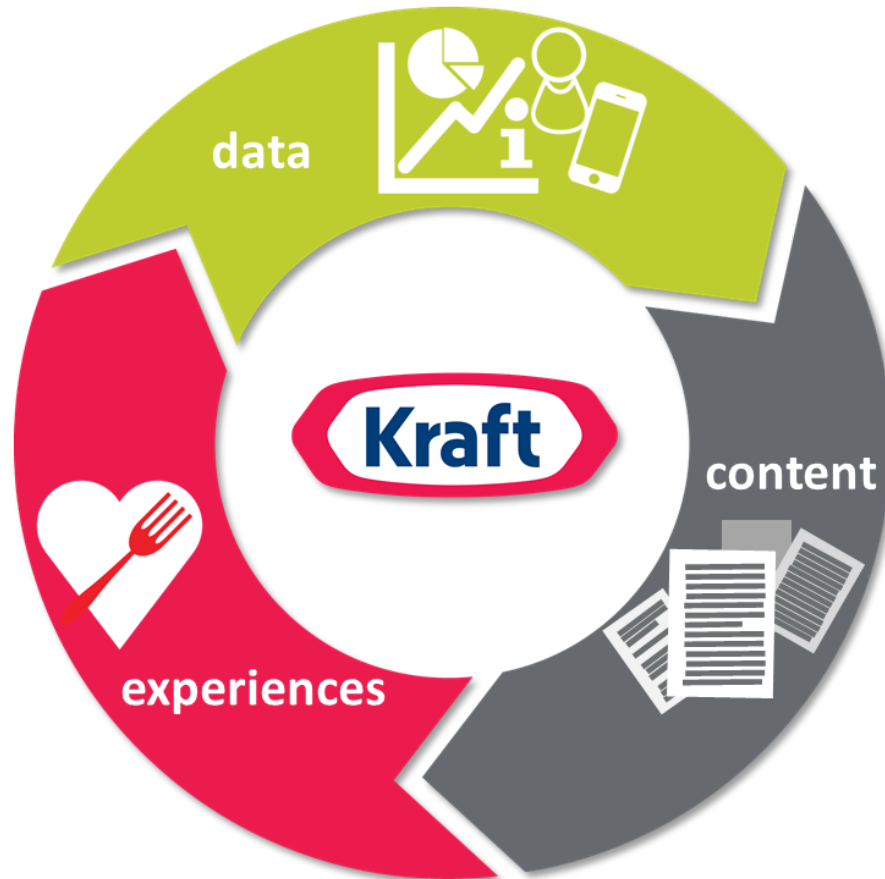
MEDIUM/MOMENT



Relevant Banners for
Each User based on Time,
Weather, and Location



Creating a Self Sufficient Ecosystem

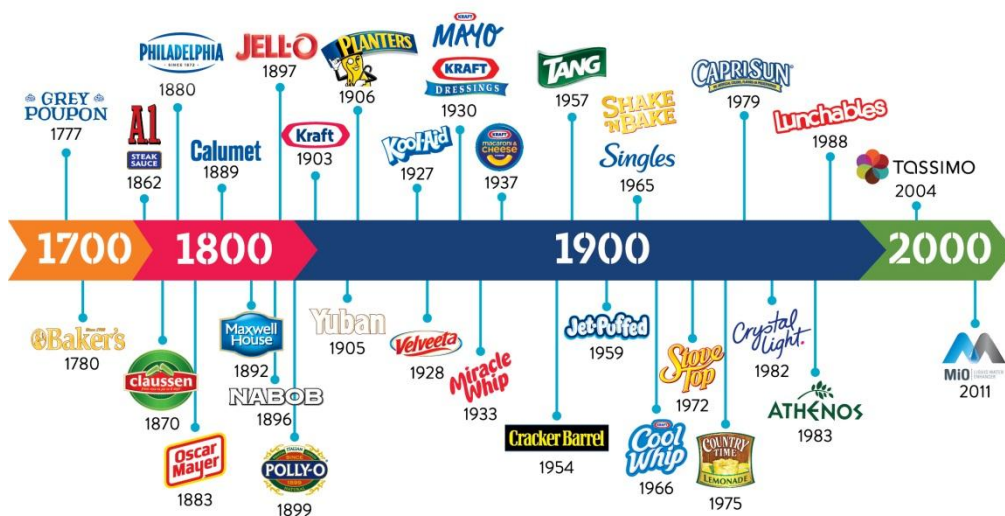


THAT'S HOW

DOES CONTENT.

Our Competitive Advantage

Our Brands



Our People

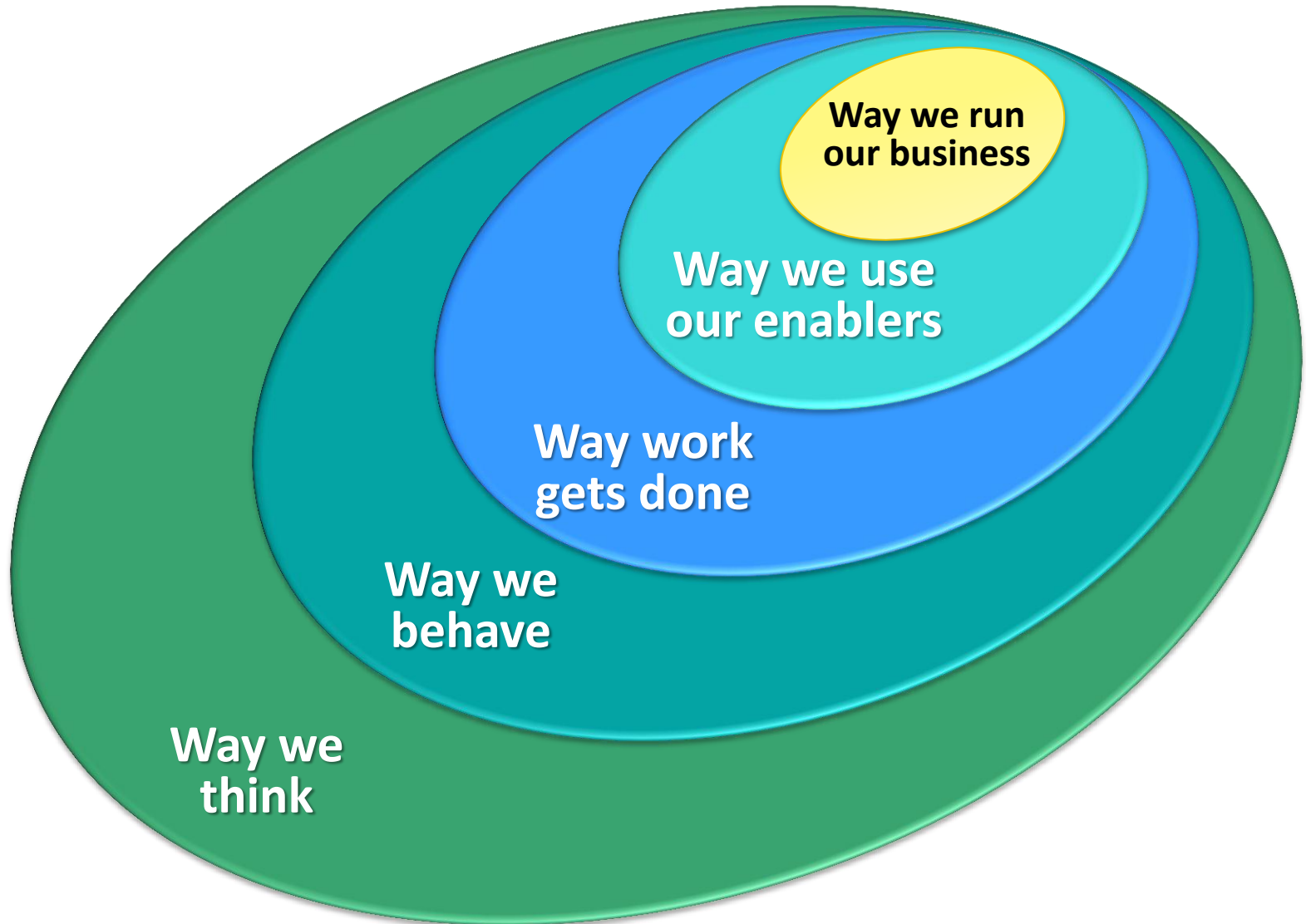


Teri List-Stoll

Chief Financial Officer

Kraft

Our transformation is a marathon, not a sprint



A Sustainable Long-term Growth Algorithm

Metric	Long-Term Target
Organic Net Revenue	Profitable growth at or above market growth ¹
Operating Income	Consistent mid-single-digit growth ²
EPS	Consistent mid-to-high, single-digit growth ²
Free Cash Flow	At least 90% of net income ^{2,3}
ROIC	Consistent year-to-year improvement
Dividends	Consistent mid-single-digit growth

¹ Market defined as the North American Food & Beverage market.

² Operating Income, EPS and Free Cash Flow long-term targets exclude market-based impacts to post-employment benefit plans.

³ Free Cash Flow defined as cash flow from operations less capital expenditures.

Make Kraft **THE** North American Food & Beverage Company



THE Best Investment in the Industry

Kraft