

KRAFT FOODS INC  
Form 8-K  
May 03, 2012

**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**  
Washington, D.C. 20549

**FORM 8-K**

**CURRENT REPORT**

**Pursuant to Section 13 or 15(d) of the**  
**Securities Exchange Act of 1934**

**Date of Report (Date of earliest event reported): May 3, 2012**

**KRAFT FOODS INC.**

(Exact name of registrant as specified in its charter)

**Virginia**  
(State or other jurisdiction

of incorporation)

**1-16483**  
(Commission File Number)

**52-2284372**  
(I.R.S. Employer

Identification No.)

**Three Lakes Drive, Northfield, Illinois**

**60093-2753**

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(Address of Principal executive offices)

(Zip Code)

**Registrant's Telephone number, including area code: (847) 646-2000**

**Not Applicable**

(Former name or former address, if changed since last report.)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- .. Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
  
- .. Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
  
- .. Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
  
- .. Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

**Item 2.02. Results of Operations and Financial Condition.**

This information will not be deemed filed for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the Exchange Act), or incorporated by reference in any filing under the Securities Act of 1933, as amended, or the Exchange Act, except as expressly set forth by specific reference in such a filing.

On May 3, 2012, Kraft Foods Inc., a Virginia corporation, issued a press release announcing earnings for the first quarter ended March 31, 2012. A copy of the earnings press release is furnished as Exhibit 99.1 to this current report.

**NON-GAAP FINANCIAL MEASURES**

We report our financial results in accordance with accounting principles generally accepted in the United States ( GAAP ).

Our top-line measure is Organic Net Revenues, which this quarter excludes divestitures (including for reporting purposes the Starbucks CPG business) and currency. We use Organic Net Revenues and corresponding metrics as non-GAAP financial measures. Management believes Organic Net Revenues better reflects the underlying growth from the ongoing activities of our business and provides improved comparability of results.

We use Underlying Operating Income, which is defined as operating income excluding costs related to: the Integration Program; the Restructuring Program; and Spin-Off Costs, including transaction fees and other costs associated with the proposed spin-off of the North American grocery business. We use Underlying Operating Income and corresponding metrics as non-GAAP financial measures. Management believes Underlying Operating Income provides improved comparability of operating results.

We use Operating EPS, which is defined as diluted EPS attributable to Kraft Foods excluding costs related to: the Integration Program; the Restructuring Program; and Spin-Off Costs. We use Operating EPS and corresponding metrics as non-GAAP financial measures. Management believes Operating EPS provides improved comparability of operating results.

See the schedules attached to the earning release for supplemental financial data and corresponding reconciliations of the non-GAAP financial measures referred to above to the most comparable GAAP financial measures for the three months ended March 31, 2012 and 2011. Non-GAAP financial measures should be viewed in addition to, and not as an alternative for, our results prepared in accordance with GAAP. In addition, the non-GAAP measures we use may differ from non-GAAP measures used by other companies. Because GAAP financial measures on a forward-looking basis are neither accessible nor deemed to be significantly different from the non-GAAP financial measures, and reconciling information is not available without unreasonable effort, with regard to the non-GAAP financial measures in our Outlook, we have not provided that information.

**SEGMENT OPERATING INCOME**

Management uses segment operating income to evaluate segment performance and allocate resources. We believe it is appropriate to disclose this measure to help investors analyze segment performance and trends. Segment operating income excludes unrealized gains and losses on hedging activities (which are a component of cost of sales), certain components of our U.S. pension plan cost (which is a component of selling, general and administrative expenses), general corporate expenses (which are a component of selling, general and administrative expenses) and amortization of intangibles for all periods presented. We centrally manages pension plan funding decisions and determination of discount rate, expected rate of return on plan assets and other actuarial assumptions. Therefore, we allocate only the service cost component of our U.S. pension plan expense to segment operating income. We exclude the unrealized gains and losses on hedging activities from segment operating income to provide better transparency of our segment operating results. Once realized, we record the gains and losses on hedging activities within segment operating results. Accordingly, we do not present these items by segment because they are excluded from the segment profitability measure that management reviews.

**Item 9.01. Financial Statements and Exhibits.**

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

<b>Exhibit Number</b>	<b>Description</b>
99.1	Kraft Foods Inc. Press Release, dated May 3, 2012.

**SIGNATURE**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

KRAFT FOODS INC.

Date: May 3, 2012

/s/ DAVID A. BREARTON  
Name: David A. Brearton  
Title: Executive Vice President and Chief Financial Officer