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## Kraft Foods Inc. Q1 2009 Earnings Call Transcript

### Question-and-Answer Session

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#### Operator

(Operator Instructions) Your first question comes from Robert Moscow - Credit Suisse

#### Robert Moscow - Credit Suisse

I noticed in your opening comments you said that we will deliver a \$1.88 you didn't say we're forecasting \$1.88. The tone is different from what we typically hear when guidance is given. Can you give us some explanation as to why you chose those words?

#### Irene Rosenfeld

I didn't particularly choose those words to signify anything other than the fact that we had a very strong quarter; it exceeded our expectations as I said but it is only the first quarter, it's still a very volatile environment out there and we believe we are best served by maintaining our guidance at this time. My remarks were simply meant to suggest that we are quite confident that we deliver the guidance that we've given of \$1.88.

#### Robert Moscow - Credit Suisse

We've heard some comments from other companies saying that they think that the economic environment has bottomed and it's starting to improve. You've gotten off to a good start here, how much of this do you think is a function of consumers starting to re-awaken or is it just you executing very well in what continues to be a tough environment.

#### Irene Rosenfeld

I would say our first quarter represents excellent execution in a difficult environment but we are starting to see some signs of recovery but there are a number of spots in the world particularly in Central and Eastern Europe where we believe that we will continue to see some weakness. In aggregate though we remain confident in the outlook that we've given.

#### Robert Moscow - Credit Suisse

The inventory reductions I think second quarter was supposed to be a tough one for Europe, is that going to be the case any more or are you no longer worried about inventory reductions.

#### Tim McLevish

We did see some inventory reductions in Q1 but did not add up quite as much as we had anticipated going into the quarter. The de-load was clearly was not as high as it was in Q4 of last year but we have seen some, as Irene pointed out, a bit more in the Eastern, Central European markets. I would point out that our receivables remained solid, our collection was just fine and they're in good shape.

**Robert Moscow - Credit Suisse**

Should we dampen our revenue expectation for second quarter at all for inventory de-load or not at all.

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