

KRAFT FOODS INC
Form 4
January 20, 2009

FORM 4

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

OMB APPROVAL

OMB Number: 3235-0287
Expires: January 31, 2005
Estimated average burden hours per response... 0.5

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STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

(Print or Type Responses)

1. Name and Address of Reporting Person *
SCHAPIRO MARY L

(Last) (First) (Middle)

FINRA, 1735 K STREET N.W.,
11TH FLOOR

(Street)

WASHINGTON, DC 20006

(City) (State) (Zip)

2. Issuer Name and Ticker or Trading Symbol
KRAFT FOODS INC [KFT]

3. Date of Earliest Transaction
(Month/Day/Year)

01/15/2009

4. If Amendment, Date Original Filed(Month/Day/Year)

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

Director 10% Owner
 Officer (give title below) Other (specify below)

6. Individual or Joint/Group Filing(Check Applicable Line)

Form filed by One Reporting Person
 Form filed by More than One Reporting Person

Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned

1. Title of Security (Instr. 3)	2. Transaction Date (Month/Day/Year)	2A. Deemed Execution Date, if any (Month/Day/Year)	3. Transaction Code (Instr. 8)	4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5)	5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Indirect Beneficial Ownership (Instr. 4)
			Code	V	Amount (A) or (D) Price		
Class A Common Stock	01/15/2009		D		4,002 ⁽¹⁾	D	\$ 0 16,752
Class A Common Stock	01/15/2009		M		1,064.65	A	\$ 28.07 17,816.65
Class A Common Stock	01/15/2009		D		1,064.65	D	\$ 28.07 16,752

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

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SEC 1474
(9-02)

Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned
(e.g., puts, calls, warrants, options, convertible securities)

1. Title of Derivative Security (Instr. 3)	2. Conversion or Exercise Price of Derivative Security	3. Transaction Date (Month/Day/Year)	3A. Deemed Execution Date, if any (Month/Day/Year)	4. Transaction Code (Instr. 8)	5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5)		6. Date Exercisable and Expiration Date (Month/Day/Year)		7. Title and Amount of Underlying Security (Instr. 3 and 4)	Amount of Shares
					(A)	(D)	Date Exercisable	Expiration Date		
Phantom Stock	(2)	01/15/2009		A	32.6	(3)	(4)	(4)	Class A Common Stock	32
Phantom Stock	(6)	01/15/2009		M	1,064.65		01/15/2009	01/15/2009	Class A Common Stock	1,064.65

Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
SCHAPIRO MARY L FINRA 1735 K STREET N.W., 11TH FLOOR WASHINGTON, DC 20006	X			

Signatures

Irma Villarreal, by power of attorney
Date: 01/20/2009

__Signature of Reporting Person

Date

Explanation of Responses:

- * If the form is filed by more than one reporting person, see Instruction 4(b)(v).
 - ** Intentional misstatements or omissions of facts constitute Federal Criminal Violations. See 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).
- (1) Effective January 15, 2009, Ms. Schapiro resigned from the Board of Directors of Kraft Foods Inc. Pursuant to the terms of Kraft's 2006 Stock Compensation Plan for Non-Employee Directors, Ms. Schapiro's unvested restricted shares were forfeited upon her resignation.
 - (2) Each share of phantom stock is the economic equivalent of one share of Kraft's Class A Common Stock. The shares were acquired under Kraft's 2006 Stock Compensation Plan for Non-Employee Directors and are payable in cash.
 - (3) The number of shares of phantom stock credited to the reporting person is determined by dividing the reporting person's deferred compensation fees by the closing price (\$28.07) of Kraft's Class A Common Stock on January 15, 2009.
 - (4)

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Shares of phantom stock are payable in cash upon the reporting person's election or upon termination of service as a member of Kraft's Board of Directors.

(5) Updated to reflect accumulated investment performance of the shares.

(6) The reporting person settled her shares of phantom stock for cash.

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, *see* Instruction 6 for procedure.

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