

KRAFT FOODS INC  
Form DEF 14A  
March 31, 2011

**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**

**Washington, D.C. 20549**

**SCHEDULE 14A INFORMATION**

Proxy Statement Pursuant to Section 14(a) of  
the Securities Exchange Act of 1934 (Amendment No. )

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement

Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material Pursuant to §240.14a-12

**Kraft Foods Inc.**

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

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IRENE B. ROSENFELD  
CHAIRMAN OF THE BOARD AND  
CHIEF EXECUTIVE OFFICER

THREE LAKES DRIVE  
NORTHFIELD, ILLINOIS 60093

March 31, 2011

Dear Fellow Shareholder:

I am pleased to invite you to our 2011 Annual Meeting of Shareholders. We will hold the Annual Meeting at 9:00 a.m. CDT on Tuesday, May 24, 2011, at the North Shore Center for the Performing Arts in Skokie, Illinois. The Center will open to shareholders at 8:00 a.m. CDT.

We have prepared the following materials for the meeting:

a Notice of Annual Meeting of Shareholders;

a Proxy Statement describing the proposals to be voted on at the Annual Meeting; and

our letter to shareholders highlighting our 2010 financial and business performance.

On March 31, 2011, we mailed to our shareholders a Notice of Internet Availability of Proxy Materials containing instructions on how to access these materials online. We believe electronic delivery will expedite the receipt of materials, while lowering costs and reducing the environmental impact of our Annual Meeting by reducing printing and mailing of full sets of materials. If you receive a Notice of Internet Availability of Proxy Materials by mail, you will not receive a paper copy of the materials, unless you specifically request one. The Notice of Internet Availability of Proxy Materials contains instructions on how you may request a paper copy of the materials. If you receive a paper copy of the materials, it will include a proxy card.

Whether or not you plan to attend the Annual Meeting, I encourage you to vote promptly. You may vote via the Internet or by calling a toll-free number. If you receive the proxy card or voting instruction form by mail, you may also vote by signing, dating and mailing your properly executed proxy card or voting instruction form. The Proxy Statement and the proxy card or voting instruction form include detailed voting instructions. You may also vote in person at the Annual Meeting.

Please register in advance if you would like to attend the Annual Meeting. The Proxy Statement contains the pre-registration instructions.

On behalf of the Board of Directors, thank you for your continued interest and support.

Sincerely,

**IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS FOR THE ANNUAL MEETING OF  
SHAREHOLDERS**

Kraft Foods Inc.'s Proxy Statement and Annual Report on Form 10-K

are available at <http://materials.proxyvote.com/50075N>.

# KRAFT FOODS INC.

Three Lakes Drive

Northfield, Illinois 60093

## NOTICE OF 2011 ANNUAL MEETING OF SHAREHOLDERS

TIME AND DATE: 9:00 a.m. CDT on Tuesday, May 24, 2011.

PLACE: North Shore Center for the Performing Arts in Skokie  
9501 Skokie Boulevard  
Skokie, Illinois 60077

- ITEMS OF BUSINESS:
- (1) To elect the 11 directors named in the Proxy Statement;
  - (2) To hold an advisory vote on executive compensation;
  - (3) To hold an advisory vote on the frequency of an executive compensation vote;
  - (4) To approve the Kraft Foods Inc. Amended and Restated 2006 Stock Compensation Plan for Non-Employee Directors;
  - (5) To ratify the selection of PricewaterhouseCoopers LLP as our independent auditors for the fiscal year ending December 31, 2011; and
  - (6) To transact other business properly presented at the meeting.

BOARD RECOMMENDATION: The Board recommends that shareholders vote *for* Items 1, 2, 4 and 5. With regards to Item 3, the Board recommends that shareholders vote for a frequency of every one year.

WHO MAY VOTE: Shareholders of record at the close of business on March 16, 2011.

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DATE OF DISTRIBUTION:

We mailed our Notice of Internet Availability of Proxy Materials on or about March 31, 2011. For shareholders who previously elected to receive a paper copy of the proxy materials, we mailed the Proxy Statement, our Annual Report on Form 10-K for the year ended December 31, 2010, our letter to shareholders and the proxy card on or about March 31, 2011.

MATERIALS AVAILABLE ON OUR WEB SITE:

This Notice of Meeting, the Proxy Statement, our Annual Report on Form 10-K for the year ended December 31, 2010 and our letter to shareholders are available at <http://materials.proxyvote.com/50075N>.

Carol J. Ward

Vice President and Corporate Secretary

March 31, 2011

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## ITEM 1. ELECTION OF DIRECTORS

### Process for Nominating Directors

The Nominating and Governance Committee of our Board of Directors is responsible for identifying, evaluating and recommending to the Board nominees for election at the 2011 Annual Meeting of Shareholders (and any adjournments or postponements of the meeting) (the Annual Meeting). The Nominating and Governance Committee relies on nominee suggestions from the directors, shareholders, management and others. From time to time, the Nominating and Governance Committee retains executive search and board advisory firms to assist in identifying and evaluating potential nominees. During 2010 and early 2011, the Nominating and Governance Committee retained Heidrick & Struggles to assist in the search and recruitment of directors, resulting in the Board's nomination of Peter B. Henry as a director nominee at the Annual Meeting.

### General Qualifications

The Board believes all directors should possess certain personal characteristics, including integrity, sound business judgment and vision, to serve on our Board. We believe these characteristics are necessary to establish a competent, ethical and well-functioning Board that best represents the interests of our business, shareholders, employees, business partners and consumers. Under our Corporate Governance Guidelines (the Guidelines), when evaluating the suitability of individuals for nomination, the Nominating and Governance Committee takes into account many factors. These include the individual's general understanding of the varied disciplines relevant to the success of a large, publicly traded company in a global business environment, understanding of our global businesses and markets, professional expertise and education. The Nominating and Governance Committee also considers an individual's ability to devote sufficient time and effort to fulfill his or her Kraft Foods responsibilities, taking into account the individual's other commitments. In addition, the Board considers whether an individual meets various independence requirements, including whether his or her service on boards and committees of other organizations is consistent with our conflicts of interest policies.

When determining whether to recommend a director for re-election, the Nominating and Governance Committee also considers the director's attendance at Board and committee meetings and participation in, and contributions to, Board and committee activities. In addition, under the Guidelines, the Nominating and Governance Committee generally will not recommend, and the Board will not approve, the nomination for re-election of an independent director who has reached the age of 75. However, if the Board determines that the director's nomination for re-election is in our shareholders' best interests, the Nominating and Governance Committee may recommend, and the Board may approve, the director's nomination for re-election for up to two annual terms following his or her 75th birthday. Additionally, an employee director must resign from the Board upon ceasing to be a Kraft Foods officer.

### Diversity

The Guidelines provide that the Nominating and Governance Committee will consider factors that promote diversity of views and experience when evaluating the suitability of individuals for nomination. While we have no formal written policy regarding what specific factors would create a diversity of views and experience, the Nominating and Governance Committee recognizes diversity's significant benefit to the Board and Kraft Foods, as varying viewpoints contribute to a more informed and effective decision-making process. The Nominating and Governance Committee seeks broad experience in relevant industries, professions and areas important to our operations, including global business, manufacturing, marketing, science, finance and accounting, academia, law and government. The Nominating and Governance Committee also recognizes the importance of having directors with significant international experiences and backgrounds given our global, multicultural business.



As shown below, our director nominees have varied experiences, backgrounds and personal characteristics, which ensure that the Board will have a diversity of viewpoints and enable it to ably represent our business, shareholders, employees, business partners and consumers:

9 director nominees are current or former presidents or chief executive officers of large enterprises;

8 director nominees currently hold or held key positions at global consumer products companies, including food and beverage companies;

3 director nominees have significant financial and accounting backgrounds;

3 director nominees are current or former professors at leading institutions;

1 director nominee has a strong background in science and medicine;

3 director nominees are women, including the Chairman;

3 director nominees are working or have worked outside the United States;

1 director nominee is African-American;

1 director nominee is Asian-American; and

the age range for the director nominees is 41 – 72.

#### *Individual Skills and Experience*

When evaluating potential director nominees, the Nominating and Governance Committee considers each individual's professional expertise and educational background in addition to the general qualifications. The Nominating and Governance Committee evaluates each individual in the context of the Board as a whole. The Nominating and Governance Committee works with the Board to determine the appropriate mix of backgrounds and experiences that would establish and maintain a Board that is strong in its collective knowledge, allowing the Board to fulfill its responsibilities and best perpetuate our long-term success and represent our shareholders' interests. To help the Nominating and Governance Committee determine whether director nominees qualify to serve on our Board and would contribute to the Board's current and future needs, director nominees complete questionnaires regarding their backgrounds, qualifications, skills and potential conflicts of interest. Additionally, the Nominating and Governance Committee conducts both Board and individual director evaluations that assess the experience, skills, qualifications and contributions of each individual and of the group as a whole. These annual reviews promote a diversity of views, backgrounds and experiences that enhance the Board's success at achieving these goals.

The Nominating and Governance Committee regularly communicates with the Board to identify backgrounds, qualifications, professional experience and areas of expertise that impact our business that are particularly desirable for our directors to possess to help meet specific Board needs, including:

*industry knowledge*, which is vital in understanding and reviewing our strategy, including the acquisition of businesses that offer complementary products or services;

*significant operating experience* as current or former executives, which gives directors specific insight into, and expertise that will foster active participation in, the development and implementation of our operating plan and business strategy;

*leadership experience*, as directors who have served in significant leadership positions possess strong abilities to motivate and manage others and to identify and develop leadership qualities in others;

*substantial global business experience*, which is particularly important given our global presence;

*accounting and financial expertise*, which enables directors to analyze our financial statements, capital structure and complex financial transactions and oversee our accounting and financial reporting processes;

*product development and marketing experience* in complementary industries, which contributes to our identification and development of new food and beverage products and implementation of marketing strategies that will improve our performance;

*public company board and corporate governance experience* at large publicly traded companies, which provides directors with a solid understanding of their extensive and complex oversight responsibilities and furthers our goals of greater transparency, accountability for management and the Board and protection of shareholder interests; and

*academic and research experience*, which enhances the diversity of views and backgrounds represented by our directors.

The following table highlights each director nominee's specific skills, knowledge and experiences that the Nominating and Governance Committee relied upon when determining whether to nominate the individual for election. A particular nominee may possess other skills, knowledge or experience even though they are not indicated below.

	Industry	Operating	Leadership	Global Business	Accounting and Financial	Product Development and Marketing	Public Company Board/ Corporate Governance	Academic and Research
Ajaypal S. Banga	Ö	Ö	Ö	Ö		Ö	Ö	
Myra M. Hart	Ö	Ö	Ö			Ö	Ö	Ö
Peter B. Henry			Ö	Ö	Ö			Ö
Lois D. Juliber	Ö	Ö	Ö	Ö		Ö	Ö	
Mark D. Ketchum	Ö	Ö	Ö	Ö		Ö	Ö	
Richard A. Lerner			Ö				Ö	Ö
Mackey J. McDonald	Ö	Ö	Ö	Ö			Ö	
John C. Pope		Ö	Ö	Ö	Ö	Ö	Ö	
Fredric G. Reynolds	Ö	Ö	Ö	Ö	Ö		Ö	
Irene B. Rosenfeld	Ö	Ö	Ö	Ö		Ö	Ö	
Jean-François M.L. van Boxmeer	Ö	Ö	Ö	Ö		Ö		

The Board believes that all the director nominees for election at the Annual Meeting are highly qualified. As the table shows, the director nominees have significant leadership and professional experiences, knowledge and skills that qualify them for service on our Board, and as a group represent diverse views, experiences and backgrounds. Additionally, each nominee other than the Chairman satisfies independence requirements, and all director nominees satisfy the criteria set forth in our Guidelines and possess the personal characteristics that are essential for the proper and effective functioning of the Board. Each nominee's biography below contains additional information regarding his or her experiences, qualifications and skills.

#### Director Nominees

Our Board currently has 12 directors. All Board members are subject to annual election. Shareholders elected all of the current directors at the 2010 Annual Meeting. Deborah C. Wright has declined to stand for re-election due to other commitments. Frank G. Zarb has declined to stand for re-election as he is 76 years old, which is over the retirement age under our Guidelines, as discussed above. Our other ten current directors have consented to their nominations and are standing for re-election. Additionally, the executive search firm Heidrick & Struggles identified Peter B. Henry to the Nominating and Governance Committee. In March 2011, the Nominating and Governance Committee

recommended, and the Board approved, Dr. Henry as a director nominee at the Annual Meeting. Dr. Henry has consented to his nomination for election to the Board. The Board also reduced the number of directors on our Board from 12 to 11 members coincident with the Annual Meeting.

The Nominating and Governance Committee recommended to the Board, and the Board approved, the nomination of the 11 director nominees listed below, each for a term ending at the 2012 Annual Meeting of Shareholders or until his or her successor has been duly elected and qualified.

If the proxy card is properly executed and timely received, the persons named in the proxy card intend to vote the shares represented by the proxy card FOR or AGAINST the director nominees or ABSTAIN from voting, as instructed in the proxy card. If a director nominee should become unavailable to serve as a director, an event that we do not anticipate occurring, the persons named in the proxy card intend to vote the shares for the person whom the Board may designate to replace that nominee. In lieu of naming a substitute, the Board may reduce the number of directors on our Board.

None of the director nominees is related to another nominee or to any executive officer of Kraft Foods by blood, marriage or adoption.

The following table presents information regarding each director nominee as of March 31, 2011, including information about each nominee's professional experience, educational background and qualifications that led the Board to nominate him or her for election. The following also includes information about all public company directorships each nominee currently holds and held during the past five years.

*Professional Experience:*

<p>Ajaypal S. Banga</p> <p>President and Chief Executive Officer, MasterCard Worldwide</p>	<p>Mr. Banga has been President and Chief Executive Officer of MasterCard Worldwide, a global payments solutions company, since July 2010, and a member of its board of directors since April 2010. He served as MasterCard's President and Chief Operating Officer from August 2009 to June 2010. Prior to that, Mr. Banga spent 13 years at Citigroup Inc., a global financial services company. He most recently served as Chief Executive Officer of Citigroup's Asia Pacific region from March 2008 until July 2009. Mr. Banga also served as Chairman and Chief Executive Officer of Citigroup's Global Consumer Group International, Executive Vice President of Citigroup's Global Consumer Group and President of Citigroup's Retail Banking North America. Prior to joining Citigroup, Mr. Banga spent 13 years at Nestlé S.A. and two years at PepsiCo Restaurants in a variety of sales, marketing and general management positions.</p>
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Director since January 2007

*Education:*

Mr. Banga received a Bachelor's Degree in Economics from Delhi University and is an alumnus of the Indian Institute of Management in Ahmedabad, India.

Committees:

Chair, Human Resources and Compensation

Finance

*Public Company Boards:*

Mr. Banga is a director of MasterCard Incorporated.

Age: 51

*Director Qualifications:*

Leadership and Operating experience – current President and Chief Executive Officer of a global services company and former Chief Executive Officer of a major business segment of another global services company

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Industry Knowledge and Marketing and Global Business experience held a variety of key roles at global food and beverage companies during a 15-year period

Public Company Board and Corporate Governance experience current director of another global public company

*Professional Experience:*

Myra M. Hart

Dr. Hart joined the faculty of the Harvard Business School in 1995 as a professor of management practice and retired to its senior faculty in 2008. From 1985 until 1990, Dr. Hart was a member of the team that founded Staples, Inc., an office supply retail store chain, leading operations, strategic planning and growth implementation in new and existing markets. She was Director of Marketing for Star Market, a division of SUPERVALU Inc., a U.S. grocery company, from 1983 to 1985.

Professor, Harvard Business School  
(Retired)

*Education:*

Director since December 2007

Dr. Hart received a Bachelor's Degree from Cornell University and a Master of Business Administration and a Doctor of Business Administration from Harvard University.

*Committees:*

*Public Company Boards:*

Chair, Nominating and Governance  
Audit

Dr. Hart is a director of Office Depot Inc. Dr. Hart was formerly a director of Royal Ahold N.V. and Summer Infant, Inc.

Age: 70

*Director Qualifications:*

Leadership and Operating experience    founding officer of a global office products company

Industry Knowledge and Marketing experience    former Director of Marketing of a division of a large U.S. grocery company and former Director of a global supermarket company

Public Company Board and Corporate Governance experience    current and former director of several public companies

Academic experience    retired professor of management practice at a leading business school

Peter B. Henry

Dean, Leonard N. Stern School of  
Business, New York University

Director No