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**KRAFT ANNOUNCES WAREHOUSE AGREEMENT
WITH SPRINGFIELD UNDERGROUND**
Exel To Operate Facility

SPRINGFIELD, MO, (date, 2007) - Kraft Foods (NYSE: KFT) and Springfield Underground have reached agreement for Kraft to lease 400,000 square feet of refrigerated warehouse space, capitalizing on the unique local geological features.

This new regional distribution center, which will be operated by Exel, will consolidate leased refrigerated storage requirements for the Springfield plant, and eventually also serve other Midwestern Kraft locations.

“The new underground refrigerated storage facility offers significant energy savings opportunities, with electric power being reduced by two-thirds versus an above-ground facility of the same size,” said David Augustine, Kraft’s Senior Director, North American Logistics Operations. “This is roughly equivalent to the annual power requirements for 700 homes. Additionally, by reducing the number of stops by Kraft and customer trucks, fuel consumption and carbon emissions will be reduced across the supply chain.”

Springfield is well-positioned as the site for a regional refrigerated distribution facility for Kraft, due to the needs of the local plant, which is one of Kraft’s larger operations; the presence of a Kraft Private Fleet hub and other major transportation carriers; and proximity to customer distribution points, he said, adding, “This enables us to offer more efficient service to our customers.”

Kraft will exit five current outside storage locations in the Springfield area when the new warehouse begins operations in the spring of 2008, significantly reducing handling and simplifying the distribution process.

Todd Sherman, Kraft’s Springfield Plant Manager, cited the need for additional manufacturing space in order to expand production capacity. “Some warehouse space at the plant will be converted to other uses,” he said. “This is part of an initiative that ultimately strengthens Springfield’s position as a manufacturing site of choice for Kraft,” Sherman said.

(More)

Kraft—page 2

Along with the new refrigerated warehouse and relief of space constraints at the plant, Kraft is investing in new manufacturing equipment with improved technology for the Springfield plant. This will support growth in manufacturing volume, including additional process cheese manufacturing moving to Springfield due to a consolidation of the company's process cheese network. Sherman said that by the time the new equipment is operating, employment is anticipated to increase by approximately 20 incremental jobs.

Kraft's Springfield plant, which currently has 935 employees, makes PHILADELPHIA cream cheese, KRAFT natural cheese, KRAFT shredded cheeses and process cheeses, VELVEETA pasteurized process cheeses, LUNCHABLES lunch combinations, KRAFT macaroni & cheese dinners and EASY CHEESE pasteurized process cheese spread.

About Kraft Foods

Kraft Foods (NYSE: KFT) is one of the world's largest food and beverage companies with annual revenues of more than \$34 billion. For more than 100 years, Kraft has offered consumers delicious and wholesome foods that fit the way they live. Kraft markets a broad portfolio of iconic brands in 155 countries, including seven brands with revenue of more than \$1 billion, such as *Kraft* cheeses, dinners and dressings; *Oscar Mayer* meats; *Philadelphia* cream cheese; *Post* cereals; *Nabisco* cookies and crackers; *Jacobs* coffees and *Milka* chocolates. Kraft became a fully independent company on March 30, 2007, and is listed in the Standard and Poor's 100 and 500 indexes. The company also is a member of the Dow Jones Sustainability Index and the Ethibel Sustainability Index. For more information, visit the company's website at www.kraft.com.

About Springfield Underground

Springfield Underground is one of the largest underground manufacturing, distribution and storage complexes in the world. Located on the northeast side of Springfield, MO, Springfield Underground has over two million square feet of underground space under lease. For more information, visit www.springfieldunderground.com.

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About Exel

Exel is the North American leader in contract logistics, providing solutions to a wide range of industries including retail, consumer, technology, automotive, life sciences, chemical and industrial. Exel's innovative supply chain solutions, skilled people and regional coverage bring together all aspects of contract logistics in addition to a wide range of integrated, value-added and specialist services. Exel is a wholly owned entity of Deutsche Post World Net, the world's leading logistics group. For more information, visit www.exel.com.

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