

KRAFT FOODS INC
Form 8-K
May 22, 2008

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 22, 2008

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.)

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Three Lakes Drive, Northfield, Illinois
(Address of Principal executive offices)

60093-2753
(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 8.01. Other Events.

On May 22, 2008, Kraft Foods Inc. (the Company or Kraft) expects to issue \$1,250,000,000 aggregate principal amount of its 6.125% Notes due 2018 (the 2018 Notes) and \$750,000,000 aggregate principal amount of its 6.875% Notes due 2039 (the 2039 Notes) and collectively with the 2018 Notes, the Notes). The Notes will be issued pursuant to an Indenture (the Indenture) dated as of October 17, 2001, by and between the Company and Deutsche Bank Trust Company Americas (as successor trustee to The Bank of New York and The Chase Manhattan Bank), as trustee, as supplemented by an Officers Certificate, dated May 22, 2008 (the Officers Certificate).

In connection with the issuance of the Notes, on May 19, 2008, the Company entered into a Terms Agreement (the Terms Agreement) with Credit Suisse Securities (USA) LLC, Goldman, Sachs & Co., HSBC Securities (USA) Inc., J.P. Morgan Securities Inc. and UBS Securities LLC, as representatives of the several underwriters named therein (the Underwriters), pursuant to which the Company agreed to issue and sell the Notes to the Underwriters. The provisions of an Amended and Restated Underwriting Agreement dated as of December 5, 2007 (the Underwriting Agreement) are incorporated by reference in the Terms Agreement. Copies of the Underwriting Agreement and Terms Agreement are filed with this report as Exhibits 1.1 and 1.2, respectively.

The Company has filed with the Securities and Exchange Commission (the Commission) a Prospectus dated December 4, 2007 and a Prospectus Supplement (the Prospectus Supplement) dated May 19, 2008 (Registration No. 333-147829) in connection with the public offering of the Notes.

The Notes are subject to certain customary covenants, including limitations on the Company s ability, with significant exceptions, to incur debt secured by liens and engage in sale/leaseback transactions. In addition, upon the occurrence of both (i) a change of control of the Company and (ii) a downgrade of the Notes below an investment grade rating by each of Moody s Investors Service, Inc., Standard & Poor s Ratings Services and Fitch Ratings within a specified period, the Company will be required to make an offer to purchase the Notes of each series at a price equal to 101% of the aggregate principal amount of such series, plus accrued and unpaid interest to the date of repurchase as and to the extent set forth in the Prospectus Supplement. The Company may redeem all, but not part, of the Notes of each series upon the occurrence of specified tax events as described in the Prospectus Supplement.

Interest on the 2018 Notes is payable semiannually on February 23 and August 23, commencing February 23, 2009, to holders of record on the preceding February 8 and August 8, as the case may be. Interest on the 2039 Notes is payable semiannually on January 26 and July 26, commencing January 26, 2009, to holders of record on the preceding January 11 and July 11, as the case may be. Interest on the Notes will be computed on the basis of a 360-day year consisting of twelve 30-day months.

The 2018 Notes will mature on August 23, 2018 and the 2039 Notes will mature on January 26, 2039.

The Notes will be the Company s senior unsecured obligations and will rank equally in right of payment with all of the Company s existing and future senior unsecured indebtedness.

In connection with the issuance of the Notes, Sidley Austin LLP is providing Kraft with the legal opinion attached to this report as Exhibit 5.1.

For a complete description of the terms and conditions of the Underwriting Agreement, the Terms Agreement and the Notes, please refer to such agreements, the Officers Certificate, the form of 2018 Notes and the form of 2039 Notes, each of which is incorporated herein by reference and filed with this report as Exhibits 1.1, 1.2, 4.1(a), 4.1(b) and 4.1(c), respectively.

Certain of the underwriters and their respective affiliates have, from time to time, performed, and may in the future perform, various financial advisory, commercial and investment banking services for the Company, for which they received or will receive customary fees and expenses. Certain affiliates of the underwriters are lenders under the Company s \$4.5 billion five-year revolving credit agreement, dated as of April 15, 2005 (the five-year facility agreement) and the Company s 5.3 billion bridge loan agreement, dated as of October 12, 2007 (the Danone Biscuit Bridge Facility). Credit Suisse, Cayman Islands Branch, an affiliate of Credit Suisse Securities (USA) LLC, and J.P. Morgan Securities Inc. are joint lead arrangers and bookrunners under the five-year facility agreement, and

JPMorgan Chase Bank, N.A., an affiliate of J.P. Morgan Securities Inc., is administrative agent under the five-year facility agreement. HSBC Bank USA, National Association, an affiliate of HSBC Securities (USA) Inc., and UBS Securities LLC are arrangers and documentation agents under the five-year facility agreement. Credit Suisse, Cayman Islands Branch is syndication agent under the five-year facility agreement. Credit Suisse, Cayman Islands Branch, Goldman Sachs Credit Partners L.P., an affiliate of Goldman, Sachs & Co., HSBC Bank USA, National Association, JPMorgan Chase Bank, N.A., UBS Securities LLC and Société Générale, an affiliate of SG Americas Securities, LLC, are joint lead arrangers and joint bookrunners under the Danone Biscuit Bridge Facility. JPMorgan Chase Bank, N.A. is administrative agent under the Danone Biscuit Bridge Facility. Goldman Sachs Credit Partners L.P. is a syndication agent under the Danone Biscuit Bridge Facility. Credit Suisse, Cayman Islands Branch, HSBC Bank USA, National Association, UBS Securities LLC and Société Générale are documentation agents under the Danone Biscuit Bridge Facility. Goldman, Sachs & Co. acted as a financial advisor to the Company in connection with the Company's acquisition of Groupe Danone's global biscuit business. Goldman, Sachs & Co. is acting as a financial advisor to the Company in connection with the Company's proposed transaction to merge its Post cereals business into Ralcorp Holdings, Inc. Certain of the underwriters and their respective affiliates act as agents and/or brokers in connection with the Company's share repurchase program.

Item 9.01. Financial Statements and Exhibits.

(d) The following exhibits are being filed with this Current Report on Form 8-K.

Exhibit Number	Description
1.1	Amended and Restated Underwriting Agreement, dated December 5, 2007 (incorporated by reference to Exhibit 1.1 to the Company's Current Report on Form 8-K filed with the Securities and Exchange Commission on December 12, 2007).
1.2	Terms Agreement, dated May 19, 2008, among the Company and Credit Suisse Securities (USA) LLC, Goldman, Sachs & Co., HSBC Securities (USA) Inc., J.P. Morgan Securities Inc. and UBS Securities LLC, as representatives of the several underwriters named therein.
4.1(a)	Officers' Certificate, dated May 22, 2008, establishing the terms and forms of the Notes.
4.1(b)	Specimen of 6.125% Notes due 2018.
4.1(c)	Specimen of 6.875% Notes due 2039.
5.1	Opinion dated May 22, 2008 of Sidley Austin LLP.

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.

Date: May 22, 2008

KRAFT FOODS INC.

/s/ Carol J. Ward

Name: Carol J. Ward

Title: Vice President and Corporate Secretary

EXHIBITS

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