

KRAFT FOODS INC
Form 10-Q/A
August 09, 2006

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

WASHINGTON, D.C. 20549

**FORM 10-Q/A
(Amendment No. 1)**

(Mark One)

**x QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES
EXCHANGE ACT OF 1934**

For the quarterly period ended June 30, 2006

OR

**o TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES
EXCHANGE ACT OF 1934**

For the transition period from to

Commission file number 1-16483

Kraft Foods Inc.

(Exact name of registrant as specified in its charter)

Virginia
(State or other jurisdiction of
incorporation or organization)

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

52-2284372
(I.R.S. Employer
Identification No.)

60093
(Zip Code)

Registrant's telephone number, including area code **(847) 646-2000**

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Former name, former address and former fiscal year, if changed since last report

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of accelerated filer and large accelerated filer in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer ☒

Accelerated filer ☐

Non-accelerated filer ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

At July 31, 2006, there were 471,739,795 shares of the registrant's Class A Common Stock outstanding, and 1,180,000,000 shares of the registrant's Class B Common Stock outstanding.

EXPLANATORY NOTE

Kraft Foods Inc. (the Company) is filing this Amendment No. 1 on Form 10-Q/A (this Form 10-Q/A) to correct two errors that were included in Part I, Item 1 of the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2006 (the Original Form 10-Q). These errors occurred during the process of preparing the Original Form 10-Q for filing with the Securities and Exchange Commission (the SEC) through the SEC's EDGAR system. The two errors in the Original Form 10-Q that are being corrected in this Form 10-Q/A are:

- In the Condensed Consolidated Statements of Shareholders' Equity For the Year Ended December 31, 2005 and the Six Months Ended June 30, 2006 on page 7 of the Original Form 10-Q, the caption "Accumulated Other Comprehensive Earnings/(Losses)" was incorrectly placed above the columns titled "Additional Paid-in Capital" and "Earnings Reinvested in the Business". The "Accumulated Other Comprehensive Earnings/(Losses)" caption has been corrected in this Form 10-Q/A to only appear above the "Currency Translation Adjustments," "Other" and "Total" columns.
- In Note 11, Benefit Plans of the Notes to Condensed Consolidated Financial Statements (Unaudited) on page 25 of the Original Form 10-Q, the table under the heading "Components of Net Periodic Benefit Cost" contained two numbers in the "Other expense" line item that were placed in the incorrect column. The "11" appearing under the U.S. Plans caption for the Six Months Ended June 30, 2006 should have appeared instead under the column for the Six Months Ended June 30, 2005, and the "4" appearing under the U.S. Plans caption for the Six Months Ended June 30, 2005 should have appeared instead under the Non-U.S. Plans caption for the Six Months Ended June 30, 2005.

In accordance with Rule 12b-15 under the Securities Exchange Act of 1934, as amended, this Form 10-Q/A amends and restates in its entirety Part I, Item 1. Items included in the Original Form 10-Q that are not included herein are not amended and remain in effect as of the date of the filing of the Original Form 10-Q with the SEC. In addition, no attempt has been made in this Form 10-Q/A to modify or update disclosures that were included in the Original Form 10-Q to reflect developments at the Company subsequent to the date of the filing of the Original Form 10-Q.

PART I - FINANCIAL INFORMATION

Item 1. Financial Statements.

Kraft Foods Inc. and Subsidiaries

Condensed Consolidated Balance Sheets

(in millions of dollars)

(Unaudited)

	June 30, 2006	December 31, 2005
ASSETS		
Cash and cash equivalents	\$ 402	\$ 316
Receivables (less allowances of \$85 in 2006 and \$92 in 2005)	3,549	3,385
Inventories:		
Raw materials	1,484	1,363
Finished product	2,066	1,980
	3,550	3,343
Deferred income taxes	625	879
Other current assets	248	230
Total current assets	8,374	8,153
Property, plant and equipment, at cost	17,046	16,598
Less accumulated depreciation	7,284	6,781
	9,762	9,817
Goodwill	24,985	24,648
Other intangible assets, net	10,428	10,516
Prepaid pension assets	3,690	3,617
Other assets	983	877
TOTAL ASSETS	\$ 58,222	\$ 57,628

See notes to condensed consolidated financial statements.

Continued

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Kraft Foods Inc. and Subsidiaries

Condensed Consolidated Balance Sheets (Continued)

(in millions of dollars)

(Unaudited)

	June 30, 2006	December 31, 2005
LIABILITIES		
Short-term borrowings	\$ 1,105	\$ 805
Current portion of long-term debt	2,268	1,268
Due to Altria Group, Inc. and affiliates	485	652
Accounts payable	2,084	2,270
Accrued liabilities:		
Marketing	1,451	1,529
Employment costs	637	625
Other	1,270	1,338
Income taxes	398	237
Total current liabilities	9,698	8,724
Long-term debt	7,478	8,475
Deferred income taxes	5,869	6,067
Accrued postretirement health care costs	1,980	1,931
Other liabilities	2,829	2,838
Total liabilities	27,854	28,035
Contingencies (Note 7)		
SHAREHOLDERS' EQUITY		
Class A common stock, no par value (555,000,000 shares issued in 2006 and 2005)		
Class B common stock, no par value (1,180,000,000 shares issued and outstanding in 2006 and 2005)		
Additional paid-in capital	23,525	23,835
Earnings reinvested in the business	10,578	9,453
Accumulated other comprehensive losses (including currency translation of \$(856) in 2006 and \$(1,290) in 2005)	(1,205)	(1,663)
		32,898
Less cost of repurchased stock (81,646,640 Class A shares in 2006 and 65,119,245 Class A shares in 2005)	(2,530)	(2,032)
Total shareholders' equity	30,368	29,593
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	\$ 58,222	