

EXHIBIT 1

From: Waks, Michael D
Sent: Thursday, September 30, 2010 3:56 PM
To: 'Mark Fordham'
Cc: Baluja, Shibani; Pleuhs, Gerd W; 'Paul Muttu'
Subject: RE: Kraft - Next Steps

Sensitivity: Confidential

Mark –

I tried to reach you yesterday afternoon in your office to discuss your email, and left you a brief voicemail to that end.

In the interest of time, let me note the following in response to your email.

On the topic of advisors, we think having them meet is helpful to Kraft and Starbucks. As you know we had not come to conclusion previously on a negotiated settlement when valuation experts did not discuss their valuation assumptions and results upfront. In addition, Kraft (and I would believe Starbucks too) will require a fairness opinion for its Board if we enter a negotiated settlement, and we will need Merrill Lynch to be aligned: we cannot agree to a value which they will not support. The value put forward by Starbucks for \$750MM (which is equal to \$625MM excluding a 20% premium) is significantly below any reasonable range of values Merrill could support or Kraft would accept. In short, we strongly encourage you to reconsider having the advisors meet as a way to enhance transparency, speed up this process and increase the chances of reaching a negotiated settlement.

At this point Kraft is not seeking a “package” solution. As we may have discussed previously, there is not a tax-efficient transaction structure that Kraft has identified. And we have now determined extension of Tassimo with Starbucks is not something we are willing to trade off value for. On the other items – transition services and communications – again Kraft has no special needs. We are comfortable with the reasonable transition services undertaking identified in the agreement. If we fail to reach a negotiated settlement we will have plenty of time – I think it is 180 days – to figure it out.

I am available should you wish to discuss.

Regards.

Mike

Michael Waks
Kraft External Development
Office: 847-646-3360
Fax: 847-646-4361
Mobile: 847-644-0082

From: Waks, Michael D
Sent: Wednesday, September 29, 2010 11:12 AM

To: 'Mark Fordham'

Cc: jeffrey.b.rose@baml.com; brian.m.callaci@baml.com; Baluja, Shibani; Pleuhs, Gerd W; Paul Mutty

Subject: RE: Kraft - Next Steps

Sensitivity: Confidential

Mark,

I will try to call you this afternoon (Seattle time) to discuss.

Regards.

Mike

Michael Waks

Kraft External Development

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Mobile: 847-644-0082

From: Mark Fordham [mailto:Mark.Fordham@starbucks.com]

Sent: Tuesday, September 28, 2010 6:00 PM

To: Waks, Michael D

Cc: jeffrey.b.rose@baml.com; brian.m.callaci@baml.com; Baluja, Shibani; Pleuhs, Gerd W; Paul Mutty

Subject: RE: Kraft - Next Steps

Sensitivity: Confidential

Mike: Three things –

1. Attached is a confidentiality agreement that we think suitable for our discussions. Since you sent yours in pdf, we were not able to redline it. The attached is short and self-explanatory.
2. Before we set a date to meet, I would like a preview of the package you intend to discuss. In Chicago, we offered a specific amount in settlement of the various agreements. I understood from our last discussion that you have spent the last several weeks preparing a package with a price, transition, communications and Tassimo components. A preview will enable us to do the work necessary to come prepared to discuss.
3. When we meet, it is for the purpose of reaching a settlement. I am sure we are both comfortable with our respective valuation work, but may disagree with pieces of each others' methodologies. I see little or no value in getting caught up in those disagreements and don't believe it valuable to put our respective valuation firms in a room for that purpose. In the end, the business teams (not our valuation consultants) will have to find a way to reach agreement on a number and a package.

Let me know if you would like to set up a time to speak.

Thanks,

Mark

From: Michael.Waks@kraft.com [mailto:Michael.Waks@kraft.com]

Sent: Monday, September 27, 2010 8:38 AM

To: Mark Fordham

Cc: jeffrey.b.rose@baml.com; brian.m.callaci@baml.com; Shibani.Baluja@kraft.com; Gerd.Pleuhs@kraft.com

Subject: Kraft - Next Steps

Sensitivity: Confidential

Mark –

As a follow-up to my voicemail this morning, please note the email addresses for Jeff Rose and Brian Callaci at Merrill Lynch who are our lead advisors. I will ask that you copy us on the contact information for your advisors at Hoolihan Lokey, and we have the advisors organize among themselves and get together late this week (most likely Friday is best for our side) to discuss valuation matters.

Prior to those discussions occurring, we will want an agreement between us that nothing which is exchanged between the advisors will prejudice either parties' rights should we end up in a formal appraisal process. Our counsel at Kraft, Gerd Pleuhs, is developing a draft letter to that effect and you can expect to see it later today or tomorrow. If you would like us to send it directly to your internal counsel kindly direct us accordingly.

Thanks and regards.

Mike

Michael Waks
Kraft External Development
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Mobile: 847-644-0082

-----Original Message-----

From: Waks, Michael D
Sent: Thursday, September 09, 2010 3:32 PM
To: 'Mark Fordham'
Cc: Pleuhs, Gerd W; Paul Mutty
Subject: RE: Kraft Update August 20

Let's set 1 PM CST. I will be in my office to take your call. Regards. Mike

Michael Waks
Kraft External Development
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Mobile: 847-644-0082

-----Original Message-----

From: Mark Fordham [<mailto:Mark.Fordham@starbucks.com>]
Sent: Thursday, September 09, 2010 3:04 PM
To: Waks, Michael D
Cc: Pleuhs, Gerd W; Paul Mutty
Subject: RE: Kraft Update August 20

Mike: Do you have a few minutes for me to call you tomorrow some time between 1 and 4 your time?

-----Original Message-----

From: Michael.Waks@kraft.com [<mailto:Michael.Waks@kraft.com>]
Sent: Wednesday, September 08, 2010 5:26 AM
To: Mark Fordham
Cc: Gerd.Pleuhs@kraft.com; Paul Mutty
Subject: RE: Kraft Update August 20

Mark,

We brought ML on board just before the Labor Day holiday. I expect we are three weeks from having our advisor ready to meet with Houlihan and exchange valuation ranges and methodologies, and also see if there are ways to structure a potential transaction to meet our respective needs.

This tracks the timeline I laid out at our Chicago meeting: 1-2 weeks to bring on an advisor then 3-4 weeks to develop (and internally vet) valuation once our advisor is on board.

I am available at anytime should you want to discuss next steps or have any questions.

Regards.

Mike

Michael Waks
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-----Original Message-----

From: Mark Fordham [<mailto:Mark.Fordham@starbucks.com>]
Sent: Tuesday, September 07, 2010 10:33 AM
To: Waks, Michael D
Cc: Pleuhs, Gerd W; Paul Mutty
Subject: RE: Kraft Update August 20

Mike: I thought it time to check in again to see if we can schedule up a time for a call to hear your proposal based on the work you are doing with Merrill. When we met in Chicago, you had thought it would take you 3-4 weeks to engage an advisor, go through internal approval processes and work up a counter offer. We are now at or very close to the end of that time period. Let me know your expectation for getting a time set up to talk.

Mark

From: Waks, Michael D [Michael.Waks@kraft.com]
Sent: Saturday, August 28, 2010 5:36 AM
To: Mark Fordham
Cc: Gerd.Pleuhs@kraft.com; Paul Mutty
Subject: Re: Kraft Update August 20

Hi mark

We should have the engagement letter signed shortly. Merrill lynch has cleared conflicts.

Regards

Mike

Sent from my iPhone

On Aug 27, 2010, at 7:05 PM, "Mark Fordham"
<Mark.Fordham@starbucks.com<<mailto:Mark.Fordham@starbucks.com>>> wrote:

Mike: Any updates?

From: Michael.Waks@kraft.com<<mailto:Michael.Waks@kraft.com>>
[\[mailto:Michael.Waks@kraft.com\]](mailto:Michael.Waks@kraft.com)
Sent: Friday, August 20, 2010 6:41 AM
To: Mark Fordham
Cc: <<mailto:Gerd.Pleuhs@kraft.com>>

Gerd.Pleuhs@kraft.com<<mailto:Gerd.Pleuhs@kraft.com>>
Subject: Kraft Update August 20

Mark,

As promised, just a quick status update....We are speaking with a valuation advisor. I expect them to clear conflicts by early next week. Once they are retained I will let you know who they are.

Regards.

Mike

Michael Waks
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