

# Kraft plans to trim 8,000 jobs, close 20 plants

Company says changes will save \$700 million

By MIKE COALS  
THE ASSOCIATED PRESS

## CHICAGO

Kraft Foods Inc., the nation's largest food manufacturer, said Monday it would eliminate 8,000 more jobs, or about 8 percent of its work force, and close up to 20 production plants as it broadens an ongoing restructuring effort.

Kraft said the cuts would save an additional \$700 million in annual costs, atop a targeted \$450 million in savings it already had hoped to achieve through a restructuring



Kraft Foods Inc., which has been restructuring its company since January 2004, announced massive job cuts that it hopes will save an additional \$700 million. They will also close up to 20 production plants.

that began in January 2004.

Northfield-based Kraft already had announced closures of 19 production facilities and the elimination of 5,500 jobs. Kraft said

Monday that those efforts are on track but said it is expanding the restructuring plans to include more cuts.

The company said it intends to

close plants in Broadmeadows, Victoria, in Australia and Hoover, Ala., but did not announce the other facilities it plans to close.

Kraft also said it would trim 10

percent of its brand portfolio.

Kraft said the additional cuts would cost the company \$2.5 billion, bringing the total cost of its overall restructuring to \$3.7 billion.

Kraft announced the moves Monday while reporting fourth-quarter earnings results that fell short of analysts' expectations.

Earnings for the October-December period totaled \$773 million, or 46 cents a share, up from \$628 million, or 37 cents a share a year earlier. Revenue rose to \$9.66 billion from \$8.78 billion a year ago.

Wall Street had expected a profit of 53 cents a share, based on the consensus estimate of analysts polled by Thomson Financial.

When the maker of Kraft cheese, Nabisco crackers, Oscar Mayer meats and Post cereals announced its 2004 restructuring,

there had just been a shake-up at top management that followed more than a year of disappointing sales and earnings.

At the time, Kraft executives blamed the poor results on American consumers' increased health concerns, which had put the entire packaged food industry under severe pressure to change quickly.

The company's troubles cost marketing expert Betsy Holden her job of co-CEO and head of North American operations in December 2003. That left Roger Deromedi solely in charge.

The job and plant cuts and the earnings were announced after the market closed for the day. Kraft had risen 71 cents, or 2.4 percent, to close at \$30 on the New York Stock Exchange.

Its shares added another \$1, or 3.3 percent, in after-hours trading.



British Prime Minister Tony Blair, left, and Foreign Secretary Jack Straw, right, greet U.S. Secretary of State Condoleezza Rice at No. 10 Downing Street in London on Monday. Rice was in London for a series of critical meetings on Afghanistan, Iran and the Hamas victory in the Palestinian elections.

## Rice seeking support to cut off Hamas aid

By ANNE GEARAN  
THE ASSOCIATED PRESS

### LONDON

The United States and its European allies have similar views about aid for a Hamas-led Palestinian government, Secretary of State Condoleezza Rice said Monday as she tried to persuade other nations to cut off assistance to a government led by the hard-line group.

"Everybody is saying exactly the same thing," Rice said amid meetings with other diplomats on Hamas' startling election victory last week and its impact on Middle East peacemaking efforts.

"There has got to be a peaceful road ahead. ... You cannot be on one hand dedicated to peace and on the other dedicated to violence. Those two things are irreconcilable."

Rice was meeting other members of the so-called Quartet of would-be Mideast peacemakers Monday. The group, which includes the United States, Russia, the European Union and the United Nations, is already on record as saying "there is a fundamental con-

tradition between armed group and militia activities and the building of a democratic state."

"To say a Palestinian government must be committed to peace with Israel is at the core," Rice said. "You have to recognize Israel's right to exist."

Rice has ruled out any U.S. financial assistance to a government led by Hamas, which has carried out terrorist attacks against Israel and does not recognize its right to exist.

On Sunday, Rice said humanitarian help to the Palestinians, many who are poor and unemployed, is likely on a case-by-case basis. She indicated the administration would follow through on aid promised to the current, U.S.-backed Palestinian government led by Abbas.

Hamas, or the Islamic Resistance Movement, won a decisive majority in last week's Palestinian legislative elections. The group, which has political and militant wings, will now take a large role in governing the Palestinians. The makeup of the new government is not clear.

## WASHINGTON

The State of the Union address takes months to produce, leaves almost no White House desk untouched and tests the

patience of presidential aides pressured by nearly every interest group around to include a pet project or passion.

But when it comes to the biggest speech of the year, you can count on orderly, corporate-like efficiency from President Bush's White House.

Bush himself is quick to spot any unsanctioned, last-minute alteration in the text.

More often than not, he accurately identifies the staffer who demanded that the speechwriters include it, and then orders the offending item scrubbed.

Unlike predecessor Bill Clinton, this president is hardly one to be caught scribbling in the margins while riding in his limo to the Capitol to deliver the speech.

"There is never any of that



BUSH

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## A BIT OF HISTORY

Some facts and history about the State of the Union address:

- The Constitution requires the president to "from time to time give the Congress information of the State of the Union, and recommend to their consideration such measures as he shall judge necessary and expedient."
- President Washington delivered the first such address, his "annual message," on Jan. 8, 1790.
- The third president, Thomas Jefferson, dropped the pomp that surrounded the early messages to Congress, denouncing them as speeches from the throne. He dispatched his to lawmakers in writing, a custom that stuck for more than a century.
- Woodrow Wilson revived the practice of delivering the annual message in person. "A president is likely to

read his own message rather better than a clerk would," he said.

- Calvin Coolidge's 1923 State of the Union was the first to be broadcast on radio, while Harry Truman's address in 1947 was the first to be televised.
- In 1935 the annual message formally became known as the State of the Union address.
- The address was postponed for the first time in 1986 following the explosion of the space shuttle Challenger.
- President Bush did not give a State of the Union address in 2001, soon after being sworn in. Neither did Clinton in 1993, but he delivered a 60-minute speech to a joint session of Congress on Feb. 17, 1993, that was considered a stand-in.

last-minute activity," said Matthew Scully, a Bush speechwriter from the 2000 election campaign until August 2004.

When Bush goes before a joint session of Congress and a national television audience tonight for his fifth State of the Union, what he says will largely dictate his and the Republican Party's 2006 agenda.

His proposals will have the added heft of helping drive the debate in this fall's congress-

sional campaign.

Adding to the decision-making to-do list, the address is delivered less than a week before the president's budget request for 2007 goes to Congress.

The address is Washington's most coveted rhetorical real estate, and emotions can run hot.

The stakes are so high that White House counselor Dan Bartlett said he waits as long as possible to tell the disappointed

many that their suggestions likely won't make it into the speech. Otherwise, he said, "sometimes you won't get the same level of output" from them afterward.

"Every word matters enormously," said Michael Waldman, a veteran of four State of the Union addresses as Clinton's chief speechwriter.

"There's a lot of interest in the commas, in the dashes. From Cabinet secretaries to assistants, everyone is involved."

Still, Bartlett said the process has calmed from the hectic early years after five go-rounds.

"There's a little bit of a routine to it now," he said.

With just a day to go, this year's speech has gone through at least two dozen drafts. On Monday, Bush had what is likely to be his final practice session with the remarks in the White House's Family Theater.

Even with the speech set, the day of delivery is hectic. Excerpts must be selected to distribute beforehand.

The president sits down with TV anchors to preview the address. Lawmakers are briefed.

"I'm looking forward to speaking to the country," Bush told reporters on Monday.

"We got a lot to be proud of. We got a lot of work to do."

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