

**Cadbury Schweppes plc
2007 Annual General Meeting
24 May 2007**

Transcript of Speeches

Sir John Sunderland, Chairman

Good afternoon Ladies and Gentlemen and welcome to the 2007 Cadbury Schweppes Annual General Meeting. I do hope you enjoyed our video.

I am delighted to see so many of our shareowners here today. We clearly have a quorum and I declare the Meeting open.

The Notice convening the Annual General Meeting was despatched to shareowners on 5 April and appears on page 2 of the Annual General Meeting booklet. The Notice is rather long so I suggest that we take it as read. Is that agreed? Thank you.

As mentioned in the Notice of Meeting, each resolution will again be voted on by means of a poll. This means that all shareowners have an equal opportunity to participate in Company decisions, and in accordance with the Company's Articles of Association, I am hereby calling a poll on all the resolutions in the Notice of Meeting. Computershare Investor Services plc will act as scrutineers.

I will explain the procedure regarding the poll cards a little later. But if you intend to vote and do not have a poll card, please raise your hand now and a card will be brought to you.

Let me now introduce your Board.

On my very far right is Ray Viault, who joined the Board in September last year. He brings wide-ranging expertise in international confectionery, food and consumer products companies. Next to Ray is Sanjiv Ahuja, who joined the Board in May 2006. He also has a wide range of international experience in some of the largest consumer facing industries in the world plus a strong background in information technology. I am pleased to welcome them both to Cadbury Schweppes. Next to Sanjiv is Wolfgang Berndt, Non-executive Director. Next to Wolfgang is David Thompson, Non-executive Director and Chair of the Audit Committee. Next to David is Ken Hanna our Chief Financial Officer, then Todd Stitzer, Chief Executive Officer.

On my immediate left is Hester Blanks, Group Secretary, then Roger Carr, our Senior Non-executive Director and Deputy Chairman. Next to Roger is Bob Stack, Chief Human Resources Officer, then Rick Braddock, Non-executive Director who chairs the Remuneration Committee. Rick is retiring at the end of today's meeting after ten years as a director. On behalf of the Board, I would like to thank Rick for his significant contribution to Cadbury Schweppes over the past 10 years; his wise counsel has been highly valued. Next to Rick is Rosemary Thorne, Non-

executive Director. Finally, but by no means least is Lord Patten, Non-executive Director.

Although 2006 was a challenging year for Cadbury Schweppes, our underlying business performance was satisfactory and most of our financial targets were achieved.

Three of our four regions – Americas Confectionery, Americas Beverages and Asia Pacific – performed strongly. The Adams business has now been fully integrated into our confectionery operations and continues to make an important contribution to our accelerated revenue growth.

Our fourth region, Europe, Middle East and Africa, had a more difficult year. A slow start was followed in the middle of the year by the UK product recall, and in the autumn by the discovery of major accounting irregularities in our Nigerian business, where local management had been overstating profits for several years.

Let me say a few words more about the product recall.

The Cadbury business is over 150 years old, and Cadbury's Dairy Milk itself more than 100.

Our business has been built upon consistently offering high quality good value products to consumers around the world. The safety of those products is implicit in this commitment.

It was therefore of enormous concern to us to find those standards had slipped last year, resulting in the incident and subsequent publicity you will no doubt remember.

Since then we have implemented a total review of our decision processes and have invested heavily in infrastructure improvements to ensure there can be no recurrence.

As we have been served with notice of prosecution by Birmingham City Council which is still outstanding, there is little further I can say at this stage other than to stress again that this was a matter of the utmost concern to your Board, and indeed to all our employees.

Can I turn now to strategic matters.

We continued to refine our business portfolio in 2006, using the proceeds from disposals of businesses to invest in new markets and companies that have greater potential for growth and returns.

We sold various beverages businesses – Europe, South Africa and Syria – and redeployed some of the proceeds into the development of our confectionery group, in particular the purchase of Dan Products, the leading chewing gum business in South Africa, and in increasing our holdings in our Turkish and Nigerian companies.

In May, we took another major step in strengthening the growth prospects of our US beverages brands through the purchase of the 55% of Dr Pepper Seven Up Bottling Group we did not already own. Combining our brand ownership with control over much of our bottling supply chain has created a more powerful business model. We have since added two more bottling businesses as we continue to strengthen our distribution and route to market for our excellent stable of US beverage brands.

However, by far the most important strategic issue the Board has addressed is the future composition of your Company. This resulted in the decision in March of this year to announce the separation of our global confectionery and our Americas Beverages businesses.

This was a momentous step, and I would like to share with you the Board's thinking.

The decision represented the culmination of a decade-long process during which we have sought firstly, to create a strong and potentially independent Americas Beverages business, and, secondly, to build the world's largest confectionery business, with the broadest geographic footprint and strong presences in all three categories of chocolate, gum and sugar confectionery.

As many of you will recall, there were some major milestones on this journey – most notably the divestiture of beverage businesses in 180 countries in 1999; and the Adams confectionery acquisition at the beginning of 2003.

However, operating two different businesses within one holding company can have the effect of suppressing the value implicit in the two component elements – in our case confectionery and beverages.

We believe that separating the businesses will allow them to be individually – and properly – valued. The early share price response to this has been positive, and I will come back to this in a moment.

We also feel it frees the two sets of management to focus more fully on exploiting the underlying potential of each business.

The final piece of the strategic jigsaw is timing. This became optimal following the successful consolidation last year of our brand ownership and bottling assets in Americas Beverages that I have already referred to.

The rapid and successful integration of these businesses persuaded the Board that our Americas Beverages business was at last in a position to stand alone.

We are currently evaluating the options for the best way to separate and will update you further at the time of our next trading statement on 19 June.

Given that this is only a few weeks away, we will not be providing further detail on either separation or current trading today.

Slide 2: Share Price Performance

Now let me come back to shareowner returns and specifically share price performance. As this chart shows, the market response to the announcement of the separation has been very positive, with our shares up 25% since the beginning of the year.

Since 2000, Cadbury Schweppes shares have risen 83%, significantly ahead of the market as a whole.

Slide 3: Dividend

Shareowner return is of course a function of both share price movement and dividends, and I know this is a matter of particular interest to many of our shareowners here today. Recognising this, we announced in February a proposed final dividend of 9.9 pence per share. If approved at this meeting, this dividend means that dividend growth in 2006 will be 8%, double the recent historic rate, as the chart shows.

Slide 4: Total Shareowner Return

Finally you may like to see the impact on total shareowner return over the last three and a half years, absolutely and on a relative basis against our peers.

Slide 5: Community/Reputation

Now, let me say a few words on social responsibility, an area where Cadbury Schweppes has a long and distinguished tradition. We are an integral part of the societies in which we operate, among other things providing employment, opportunity and a contribution to local tax revenues, as well as specific support programmes.

For more than 150 years, we have believed that, in addition to its role in wealth creation, business should be a force for good in the world.

We express these beliefs in many ways. Through the social programmes we support in the inner cities of Britain such as the Young Enterprise scheme which in recent years has helped introduce 200,000 young people to the world of work. Through the Earthwatch scheme in Ghana, which will help biodiversity and build cocoa farmers' incomes. Through our Ghana Wells programmes that improve and enrich the lives of the farmers and families who grow much of our cocoa by bringing water to their villages.

These are just a few examples of the many programmes to which we are committed around the world, which bring relief to the less privileged and in which our employees and your Board take great pride.

These contributions were recognised again in 2006 in a number of awards we received for our community involvement. Our third Corporate and Social Responsibility Report was published in 2006 and expands on our achievements and commitments for the future in substantial detail, particularly on environmental matters. Copies of the Report are available here today, or from our website.

Finally, 2006 and this year to date, have seen a number of changes to the Board. Baroness Wilcox retired in December, and Rick Braddock will step down immediately following this meeting. Both have given almost ten years' service to your Company, and I would like to place on record our appreciation for their support and contribution over that time.

In their place we have welcomed Sanjiv Ahuja, who joined the Board in May, and Ray Viault in September. We have also announced the appointment of Ellen Marram as from 1 June. More details about each of them were provided in the Report and Accounts.

I am also delighted to confirm that Lord Patten has agreed to become Chairman of our Corporate & Social Responsibility Committee, and Wolfgang Berndt of the Remuneration Committee.

With that, let me hand over to our Chief Executive Officer, Todd Stitzer, who will review our 2006 performance in more detail.

Todd Stitzer, Chief Executive Officer

Slide 6 – Title Slide

Thank you John. Good afternoon, ladies and gentlemen and thank you for being here today.

As John has already outlined, 2006 was, in many respects, a challenging year.

Nevertheless, the strength of our confectionery and beverages businesses meant that we delivered our third successive year of good progress against the goals and priorities we adopted in 2003.

Slide 7 – 2006 Overview

We grew underlying like-for-like revenues by 4%, with three of our four regions growing strongly.

Cost savings more than offset continued cost headwinds ... and we were once again able to increase investment behind our brands and capabilities while maintaining underlying margins.

Slide 8 – Continued Momentum in Confectionery

In confectionery, like-for-like revenue growth was 4% ...

We grew or maintained our share in 13 of our top 20 markets.

Innovation again played a key role in driving growth, as did emerging markets, which grew by 10%, with strong performances in Latin America and in our Asia Pacific region.

Slide 9 – Growth in Chocolate Outside the UK

Chocolate revenues were up by 1%, but outside the UK, chocolate was up 5% driven by Cadbury Dairy Milk and by the launch of premium chocolate products in Australia.

In the UK, we are investing in increased marketing behind our Cadbury Dairy Milk brand and in innovation, particularly at the growing premium end of the market. Notable innovation has included Flake Dark and Cadbury Melts, and we also re-launched Snaps during the year. Green & Black's continued to grow strongly at +20%.

Slide 10 – Strong Performance in Gum

Our performance in gum was strong with all regions contributing to revenue growth of 10%.

Successful gum innovation included:

... the launch of our new gum brand, Stride, in the US, with its long-lasting flavour technology which captured a 3% share of the market in less than a year ... the further roll-out of centre-filled gum in Europe Middle East and Africa ... and the expansion of sugar-free gum in Asia.

In the US, we grew our gum share by 3% and closed the year with a share of over 32%, our highest share ever. This brings our share increase in US gum since we bought Adams in 2003 to 5%, equivalent to more than \$150 million of retail sales.

Slide 11 – Launching Trident Gum in the UK

We are capitalizing on our success with the launch of gum in the UK, under our most powerful brand, Trident. The launch leverages two of our most successful technologies: centre filled gum and the long lasting flavour technology we developed for Stride. The launch has had an outstanding start with strong market share gains.

Slide 12 – Candy: Strong Growth in Emerging Markets

Candy revenues were flat. Strong growth in emerging markets was offset by a combination of subdued performance in Halls in the US and lower revenues from non-core brands.

We saw good performance from the Natural Confectionery Company and Pascalls brands in Australia and New Zealand, and will be launching the Natural Confectionery Company brand here in the UK in 2007.

Highlights in emerging markets included Latin America, which benefited from the launch of centre filled gummies under the Bubbas brand, and South Africa, where we saw a 31% increase in Halls revenues.

In India, performance was exceptionally strong both in candy and in chocolate, and in candy, Cadbury Dairy Milk Eclairs Crunch, a chocolate filled butter candy, made an important contribution.

Slide 13 –Growing in Beverages

Our beverage operations had another good year with like-for-like revenues also ahead by 4%.

Americas Beverages outperformed the carbonated soft drinks industry for the third year in a row ... and Australia also performed well.

Our share growth in carbonates was driven by our portfolio of strong brands including Dr Pepper, Sunkist, A&W root beer and Canada Dry.

We also saw an improving trend on 7 UP, with the launch of 7 UP Natural starting to build better momentum behind the brand.

In non-carbonates, revenues of our core four brands rose 3%, despite flat Snapple revenues. In the second half, Snapple performance was helped by the launch of a range of super premium Snapple teas, starting with White Tea and then Green and Red Teas.

There's more innovation coming in 2007 with the recent launch of range of Snapple Classic Teas, and also of our new differentiated sports drink, Accelerade, which gives us an entry into the fast-growing \$6.8bn functional sports drink category.

Slide 14 - 2006 Summary

To summarise, in 2006 we made further progress against the goals and priorities we set for ourselves in 2003.

In confectionery, we made share gains in the majority of our markets, and in beverages, we continued the revitalization of our US business.

We continued to make cost savings and invest behind growth and capabilities, and, as John noted, to improve our confectionery and beverages platforms, through acquisitions and disposals.

Slide 15- Separation of confectionery and Americas Beverages

We have significantly strengthened our confectionery and beverages businesses since we adopted our Managing for Value philosophy in 1997.

In confectionery, we have increased investment behind growth and capabilities and have grown our share to be the global market leader.

This leadership position is built on a broad geographic spread, substantial participation in all the confectionery categories (chocolate, gum and candy) and a strong portfolio of brands (including Cadbury, Trident, Halls and Dentyne).

We are number one or number two in nearly half of the world's top 50 confectionery markets. With around one third of our confectionery revenues generated in emerging markets, we have the largest and most broadly-based emerging markets presence.

In late 2006, we identified further significant opportunities for increased margins and enhanced returns in our confectionery business. These include: refocusing and revitalizing our UK confectionery business, and improving our margin performance by reconfiguring our supply chain and reducing central costs.

In beverages, we have built critical mass in Americas Beverages through acquisition, and improved performance first through restructuring and then by a focus on our core brands.

In 2006, we secured and strengthened our US beverages route to market through the acquisition of a number of our third party bottlers, including Dr Pepper Seven Up Bottling Group, which are now being successfully integrated.

We are beginning to see material benefits from our stronger distribution platform: broader distribution for our brands; greater focus on faster growing and more profitable channels; and improvement in our cost competitiveness.

As you heard from John, we believe that returns for our shareowners will now be maximised through two focused stand-alone businesses.

Ladies and gentlemen, that concludes my presentation. Thank you for your attention. Let me now turn the meeting back to John.

Sir John Sunderland, Chairman

Thanks Todd. We now move to the formal business of the Meeting.

[End of Transcript]
