

**Cadbury Schweppes plc
June 2007 IR Seminar
Transcript of Speeches**

Todd Stitzer – Chief Executive Officer

Slide 2 – Title Slide

Good morning ladies and gentlemen.

It's great to see so many familiar faces in the audience.

Many thanks for your continued interest in our company and for being with us at such an early hour!

Slide 3 – Our Strategic Mission .. Creating Two World Class Businesses

Today Cadbury Schweppes consists of two world class consumer goods companies ... one beverages and one confectionery.

Since the mid-1980s we have been on a mission to change the geographic and product participation of these businesses and thereby improve the growth and returns of Cadbury Schweppes as a whole.

In beverages, we've narrowed our geographic participation and focussed on strengthening our position in a small number of remaining markets.

In confectionery, we've moved from a British commonwealth focussed business to the world's largest confectionery company by virtue of the acquisition of Adams in 2003, subsequent organic growth and targeted bolt-on acquisitions.

Slide 4 – Our Journey Since 2003.. Successful Strategy Execution

In October 2003 a new Cadbury Schweppes management team presented itself to the financial markets for the first time.

Since then much has been accomplished.

The Adams acquisition, our largest ever, has been successfully integrated, beating our internal model and exceeding market expectations.

By the end of 2006, our Fuel for Growth cost reduction programme closed or sold over 25% of our 2003 manufacturing sites and reduced 2003 headcount by over 10%.

Just to be clear that's 33 sites and over 6,000 people.

Since 2003, organic revenue growth has nearly doubled due to a significant increase in growth investment funded by our Fuel for Growth programme and driven by a renewed focus on innovation and market place execution.

As a result, we have consistently increased our global confectionery market share.

We've also consistently grown market share against Wrigley in a number of contested markets including the US, their home market and the largest gum market in the world.

At the same time as integrating Adams, we successfully integrated Dr Pepper/Seven Up, Mott's and Snapple to create our Americas Beverages business.

This business has consistently grown market share against Coke and Pepsi again, in the US, their home market and the largest beverages market in the world.

At the same time as integrating Adams and our Americas beverages business, we have also transformed our capabilities.

As a result, our innovation rate has doubled as a substantial investment in science and technology and commercial capabilities has paid dividends.

Through all of this challenge and change our culture has remained resilient and robust, seeking always to act with care and responsibility for our colleagues and the communities in which we do business.

Slide 5 – A Few Setbacks

With great accomplishment always comes a few setbacks: IT implementation, product recalls, accounting misstatements in Nigeria and commodities prices have been ours.

Slide 6 – Shareowner Returns

We're certainly not perfect ... but any objective viewer should conclude that our accomplishments on behalf of shareowners far outweigh the downsides – and our top quartile shareowner returns are proof of this.

Slide 7 – Beverages Separation

On March 15th we announced our intention to separate our beverages business and focus on our confectionery business.

We had an open dialogue over an extended period of time with numerous key shareowners about separation.

Shareowner views were synthesised and regularly reviewed as a part of the Board's strategic planning process where separation as a strategic option had been under consideration for over 2 years.

I can assure you on behalf of our Board that no one shareowner or group of shareowners had greater access or greater voice in the separation decision.

In finally taking its final decision, the Board was focussed on the ability of the two businesses to operate on a standalone basis and the creation of value for shareowners.

I'm happy to report that the separation is proceeding at pace and in a very satisfactory manner.

You'll hear later from Ken about the process in more detail, particularly about the tax planning that went into the separation.

This will provide further insight as to how long and in what detailed a manner separation has not only been considered ... but acted upon to maximise value for shareowners.

Slide 8 – Our Confectionery Plan

Today ... we're unveiling an ambitious plan for our standalone confectionery business.

The plan, which we call "fewer, faster, bigger, better" is our roadmap to aggressively exploit the strength of our confectionery platform ... to maintain our strong top-line performance AND deliver a step-change in our margin performance.

We're confident we can deliver this plan because:

First, the global confectionery market is a dynamic and growing industry where strong market positions generate good growth and high returns;

Second, the strength and breadth of our market positions in the global confectionery market is second to none;

Third, the scale of the unexploited potential in our business for profitable revenue growth and increased margins is significant;

Fourth, we have the strategy in place and a proven management team to deliver this unexploited potential; and

Fifth, free of the beverages business, our team will have greater focus on generating superior returns by continuing to be the biggest and becoming the best confectionery business in the world.

Slide 9 – Agenda

Our agenda this morning looks like this ...

I'm going to kick-off by briefly reviewing current trading.

Then, I'll provide an overview of our confectionery action plan and focus on our growth priority by describing the scale of the unexploited opportunity in our business for revenue growth and our strategy for exploiting this opportunity.

We'll then take a short break.

After the break Ken will review our efficiency priority focusing on how we plan to reduce costs to deliver on our margin ambition.

He'll also review the substance behind our new performance scorecard and related changes to financial policies.

I'll then make some closing comments and then turn the meeting over the Q&A.

We have a slightly different format today ... responding to your feedback, we've left more time for the Q&A and will have other members of our Executive Committee on hand to answer your questions.

We believe we will be able to accommodate Q and A and still finish in good time.

The Executive Committee will also be available during the break and after the meeting formally closes.

This outstanding team of executives deserve much of the credit for what we've accomplished over the past 4 years and will be responsible with me for delivering our new performance scorecard over the next four.

Their CVs are in your information packs, but because I'm privileged to be a member of their team ... I want to call them out ...

Slide 10 – Matt Shattock

Matt Shattock, current President of EMEA and new President of the Britain, Ireland, Middle East and Africa or BIMA region;

Slide 11 – Jim Chambers

Jim Chambers, President Americas – who's not with us today but who will be with us in New York;

Slide 12 – Rajiv Wahi

Rajiv Wahi, President Asia Pacific;

Slide 13 - Chris Van Steenbergen

Chris Van Steenbergen, formerly head of our North, Central and Eastern Europe business and new President of Europe;

Slide 14 – Tamara Minick-Scokalo

Tamara Minick-Scokalo, President Global Commercial Strategy, who joined the business in January, who comes to us with 25 years experience mostly at P&G, but also at Coke, Gallo Wines and Elizabeth Arden.

Slide 15 - Steve Driver

Steve Driver, President, Global Supply Chain;

Slide 16 - David Macnair

David Macnair, Chief Science & Technology Officer;

Slide 17 - Bob Stack

Bob Stack, Chief Human Resources Officer;

Slide 18 - Hank Udow

Hank Udow, Chief Legal Officer & Company Secretary; and

Slide 19 - Mark Reckitt

Mark Reckitt, Chief Strategy Officer.

Slide 20 – Sir John Sunderland

Also with us this morning is our Chairman, John Sunderland.

John's wisdom and experience have been invaluable as we've taken some big decisions over the last 4 years and we're grateful for his counsel and support.

With the introductions and housekeeping completed, let me turn to our first topic – current trading.

Slide 21 – Trading Update

As we announced earlier today, we've had a strong start to the year in both confectionery and beverages with revenues ahead by 9% and 5% respectively in the first quarter.

The details are in our trading update, and, as always, we'll be happy to take questions during the Q&A session.

Slide 22 – Cadbury plc

Let's now focus on the core of today's presentation . . . our plans for the confectionery business going forward.

Following separation, Cadbury Schweppes will become Cadbury plc, the world's largest confectionery company.

We are focusing on confectionery because it's a dynamic and growing industry and because the strength and breadth of our position within the industry are second to none.

Let me explain.

Slide 23 – Confectionery - A Large and Growing Market

The confectionery market is large . . . at \$137 billion, it is the world's fourth largest packaged food market and represents 9% of the total packaged foods market.

Slide 24 – Confectionery - A Large and Growing Market

It's growing consistently at around 5% per year ... up from around 4% at the beginning of the decade and ... faster than other packaged food markets.

Slide 25 – Growth in Developed Markets

In developed markets, which are growing at 3%, growth is being driven by consumers' desire to trade up to healthier and higher quality products.

Slide 26 – Growth in Emerging Markets

In emerging markets, which are growing at 10%, the key to growth is the combination of population growth and rapidly increasing wealth.

Slide 27 – A Stable and Profitable Market

The market is not only large and growing but generates stable growth and high returns for the leading global players

Slide 28 – An Attractive Market

These attractive dynamics are underpinned by strong brands, a high level of impulse sales and the limited penetration of private label.

Slide 29 – Cadbury Confectionery: The World's Largest Confectionery Business

Confectionery is a great place to be and we've built the world's largest confectionery business with revenues of around £5 billion.

Our scale is matched by the strength and depth of our category and geographic participation.

Slide 30 – The Only Total Confectionery Company

We are the only total confectionery company with strong brands and competitive positions in all three categories: chocolate, candy and gum.

Slide 31 – Leadership Build on Many Leading Positions

Our global leadership is built on many leading positions in individual markets.

.... We are number one or number two in nearly half the world's top fifty confectionery markets.

These markets account for over three quarters of our revenues and one third of the world confectionery by value.

Slide 32 – Presence in Faster Growing Markets .. Well-Being

We have a strong presence in the faster growing categories, particularly sugar-free/fat free gum and candy, medicated candy and dark chocolate all of which are aligned to consumers' desire for indulgence and well-being.

These types of products represent 30% of our sales and we have a 20% global share of well-being confectionery ... double our 10% share of the total confectionery market.

And we are ahead of the market in all categories with strong consumer preferred brands.

Slide 33 – The Largest Emerging Markets Business

We have the largest emerging markets confectionery business with a 10% share, and stronger positions than all of our key global competitors

Emerging markets account for around one third of our total revenues.

Slide 34 – Growth Ambition

Our new growth ambition is underpinned by our broad and deep category and geographic exposure.

All other things being equal, which they rarely are in our competitive world, if we were to hold our share in individual markets, our favourable mix of categories and

markets would generate over five percent annual growth, ahead of the global market and most of our peers and within the middle of our new growth goal range.

Over the last four years we have transformed the growth performance of our confectionery business.

Slide 35 - Transformed Growth Performance

We've accelerated both the legacy Cadbury Schweppes's business which was growing at 2% - 3% and Adams' which was not growing when we bought it ...

To a combined average of over 5.6% during the 2003 to 2006 period.

Slide 36 - Step Change in Innovation

As I said earlier, we've doubled the percentage of our revenues from innovation.

Slide 37 – Execution of Smart Variety.

With Smart Variety playing an important role in enabling us to transfer winning ideas from one market to another.

The 10% growth of Cadbury Dairy Milk between 2003 and 2005 following the rollout of the Australian master-branding concept to all relevant markets is a great example.

Slide 38 - Global Share Gain to Become Number One

All of this has driven us to become the global Number One, with higher organic share gains than anyone else.

Slide 39 - With share gain in all categories

With these share gains broadly spread across all three categories.

Slide 40 – Title Slide - The Challenge – from Better to Best

These are successes the Cadbury team can justifiably take considerable pride in.

Yet for all we've achieved, our journey is by no means over.

We may be the biggest confectionery company ...

But despite all the improvements in growth performance over the last 4 years ... we still have significant under-exploited potential ... particularly in cost reduction and margin growth.

There are many areas where we can and must do better if we want to continue our journey and move from better to best.

Slide 41 – Margin Opportunity

When we benchmark our business we see that despite the scale and strength of our participation around the world we remain cost disadvantaged ...

Our margins are below the average of our FMCG peers

And significantly below the average of our confectionery peers.

Slide 42 – Complexity

Much of this cost disadvantage is due to the complexity across our whole business ... how we are organised and how we do things...

We have operations in 86 countries around the world with many low volume, high cost plants and

We also have an large range of brands as a result of our growth through acquisition

We've reduced some of this complexity through our Fuel for Growth programme, particularly in the Americas and Asia Pacific

But we remain too complex from a supply chain perspective, particularly in the UK and Europe.

Slide 43 – Complexity: Innovation Pipeline

In the commercial arena, there are many examples where complexity has added significant cost for no real benefit.

Take our current innovation pipeline for example.

160 projects account for 75% of the pipeline value ... the remaining 640 account for just 25%.

Slide 44 – Complexity: Halls

Take SKU proliferation.

Halls is our biggest candy brand and is sold in more than 25 countries around the world.

It also has our highest margins largely because just 5 factories produce 90% of our volumes.

But margins have declined over the last 3 years due to do innovation driven SKU proliferation.

Why? ... In 2006, those five factories were asked to produce nearly 350 SKUs and there were over 100 projects in the innovation pipeline to create more.

Slide 45 – Complexity: Chewing Gum packs

Finally, my least favourite example pack complexity.

Each of these three chewing gum packs is different ... but do you as a consumer really spot the difference, let alone value it?

I can tell you, the incremental cost of developing and manufacturing the packs makes no real sense and delivers no real value.

Over the past three years, Smart Variety has changed our growth profiles but it has also added complexity.

Going forward, our category management structure should add more discipline to our Smart Variety process to reduce complexity and the cost of innovation.

Slide 46 – Opportunity to Improve Performance

In addition to complexity reducing our brand margins, there are four key markets, where we must improve both revenue and profit performance.. Great Britain and Ireland, Russia, china and Nigeria.

So, how are we going to take our performance to the “best” level?

The four year plan we unveiled in 2003, to reinvigorate the business was a significant step-change for the business both organisationally and culturally.

And we executed this successfully.

Slide 47 – Vision into Action

Our plan for the next four years is every bit as radical ... as we seek to embed a much more centrally driven and focused commercial strategy to reinforce growth while at the same time significantly improving our margins.

Our new ambition and the plans which underpin it are embodied in our Vision into Action business plan.

This Vision into Action plan replaces the five goals and ten priorities we used as a performance roadmap over the period 2004-2007.

The new VIA will be our strategic and operating roadmap for the period 2007-2011. Each region and function will report their progress on the VIA to me each month and I will in turn report to the Board.

Slide 48 – Vision into Action

Our governing objective remains delivering superior shareowner returns

Slide 49 – Vision into Action

We will achieve our objective by delivering on our vision to be the biggest and best confectionery company in the world.

By this we mean maintaining our market leadership position so we stay the BIGGEST.

And fully leveraging our scale and advantaged positions to maximise growth and returns, making us the BEST.

Slide 50 – Financial Scorecard

Our new financial scorecard, reflects our new ambition

Grow revenues by between 4% and 6% organically every year

Increase our total confectionery share over time

Deliver mid-teens margins by 2011

Provide strong dividend growth

Maintain an efficient balance sheet, and

Grow our return on invested capital

Ken will provide more detail on the scorecard later.

Our new priorities provide the focus for the organisation to harness its resources to successfully deliver against our vision.

Slide 51/52– VIA Growth

Our first priority is growth

..... To drive growth through focus on 'fewer, faster, bigger, better' participation and innovation.

In 2006, we took the first steps to put in place a category structure to support this. We are now embedding this structure as part of a broader reorganisation. I'll talk about this in a few moments.

Slide 53/54 – VIA Efficiency

Our second priority is to drive efficiency through a relentless focus on cost and efficiency to achieve our goal of mid-teens margins by 2011.

Following detailed reviews of our confectionery SG&A costs and global manufacturing footprint, we're confident that the business can achieve a real step-change in margins and returns by re-configuring our confectionery business model.

This cost reduction plan lies at the heart of our margin improvement, ... but margins will also benefit from a greater focus on profitable growth and from improving the commercial performance in the four underperforming markets of GB&I, Russia, China and Nigeria.

This is not a mission impossible ... the cost reduction plans we are announcing today are broadly in line with the scope of our 2003 Fuel for Growth programme.

Slide 55/56 Capabilities

Our third priority, is capabilities

Our Chairman is fond of saying business is 80% about the people and 20% about the numbers.

Our people have delivered since 2003 and we have invested much in their capabilities.

We will continue to invest in capabilities to support our people to deliver on our growth and efficiency priorities.

Slide 57 – VIA Highlight Sustainability and Culture

At the same time, we are reiterating our commitments to growing sustainably to ensure that we drive change through a culture which remains performance driven and values led.

Today, Ken and I would like to focus on the first two of our priorities .. growth and efficiency.

I'm going to focus on growth but will also outline the principles which lie behind our organisational changes and which support our overall plan.

And Ken will then take you through efficiency.

Slide 58 – Fewer, Faster, Bigger, Better

We've characterised our growth priority with the words "fewer, faster, bigger, better".

This mantra requires us to make choices about where and how we FOCUS our effort for the biggest impact.

FEWER means doing more of the scale projects ... and less of the small things ... focusing where it matters and being more consistent in how we plan and execute.

FASTER refers to our speed to execute and roll-out winning innovation

BIGGER is making sure the scale and scope of whatever we do is substantial.

And BETTER means being smarter ... ensuring what we do is based on consumer insight and has sufficient competitive advantage to drive sustainable, profitable growth.

Doing all of this will make sure that we leverage our global scale, and reduce complexity.

Slide 59 – Vision Into Action

We have five growth priorities.

I'd like to go through each of these in turn, starting with category focus.

Slide 60 – Category Focus for Scale and Simplicity

We put a global category management structure in place late last year to focus on chocolate, candy and gum and we will now be taking that structure one step further to ensure the category priorities are executed with excellence in the regions and the functions.

Slide 61 – Focus on Top Markets

Within each category, we will focus our efforts on a limited number of markets those markets which are the biggest today or the biggest tomorrow.

Six countries are common across all categories – the US, UK, Mexico, Russia, India and China, as shown on this chart.

The remaining six vary by category, depending upon either the size or opportunity.

Just for clarity, the numbers within each box represent our market position for each category in each respective market.

Taken together, they represent 60% of the global confectionery market today and over 60% of expected category growth over the next five years.

These are our lead markets where we will develop and roll out our big innovation ideas.

Slide 62 – Bigger, Better Innovation: Gum

Remember my comment about the 20% of innovation projects delivering 80% of the value?

We're going to focus on the 20% ... on doing more scale projects ... and thereby significantly reduce the number of smaller, often non-advantaged innovation projects

We need more innovations like centre-filled gum which drive sustainable growth and give us competitive advantage ... to make the biggest difference to the business.

We launched centre-fill gum in 16 of our markets in Europe and the Americas in the last two years, with huge success.

In almost every market, we've captured a significant share of the gum category.

Including in our most recent launch markets in the UK, Russia, Turkey and Mexico.

Revenues from centre-filled gum are up over 100% in the first quarter and are on track to double to around £200 million this year as we drive the growth of this platform with new flavours and formats ... and further geographic expansion.

Slide 63 – Leveraging Across Affinity Markets

The focus on our top markets won't mean that we will neglect other geographies.

Our consumer insights study has shown us that while there is no global consumer, we are more alike than we are different and there are large global segments of consumers for which we can design common positionings and products.

Therefore ... we are confident that we will be able to leverage insights, product platforms and innovation across multiple markets while remaining sensitive to local preferences.

So we will cluster markets around a lead market, and roll out initiatives from the lead market into markets with relevant consumer segments.

We are calling these our affinity markets.

Slide 64 – Refocusing and Revitalising in Britain

Three of our top markets require particular attention and I want to touch on these briefly now, starting with our business in the UK.

In 2000 and 2001, we merged our Cadbury chocolate business in Great Britain with our Trebor Bassett candy business.

We re-invested all of the resultant cost savings in strengthening our commercial execution ... increasing investment in innovation, marketing and our selling effort.

As a result, 2002 and 2004, our UK revenues grew by an average of 5% per annum as we successfully revitalised our core CDM brand and maintained our high level of margins.

However, the fraught implementation of our Probe enterprise management system in the middle of 2005 and the impact of the subsequent product recall in mid-2006 have resulted in a loss of focus on the commercial and financial fundamentals of this business.

As a result, over the last two years, revenues have not grown and margins have declined.

The share losses we have experienced this year are a result of the nut labelling recall in February and our decision not to fully participate in competitive discounting at Easter.

It is clear to us that in a market which is moving toward premium and wellness products and where the retail trade continues to consolidate, we need to bring much more focus to our commercial execution.

Slide 65 – Refocus to Drive Improved Performance and Returns

The fundamentals of this business remain strong .. iconic brands, strong route to market and leadership scale advantage.

And the market has returned to growth this year after a difficult 2006.

We are confident that renewed commercial focus and investment will revitalise our commercial performance. Our success in gum in Great Britain shows the power of focus – and we'll talk about that in a moment.

In addition, our analysis shows, that there is a big margin opportunity from refocusing our efforts on bigger initiatives and reducing complexity.

The reorganisation we announced earlier this month has put the organisational building blocks in place to allow us to refocus and revitalise the business:

- **The current managing director is leaving the business and it has been brought under the direct control of a CEC member, Matt Shattock who in turn has a more focused region to look after.**

Matt will work with Trevor Bond, who has been appointed MD of the British and Ireland business, a partnership which worked very successfully when they integrated Adams into Americas Confectionery in 2003-2005.

- **We will be managing the UK business more closely with Ireland – an example of what we call commercial clustering; and**
- **We are also bringing the commercial and supply chain organisations closer together from a management point of view to allow us to more effectively drive benefits from reducing complexity**

However, as we focus on fewer, faster, bigger and better initiatives and seek to reduce complexity, we expect initial top-line growth to be relatively modest.

We've been present in both Russia and China for many years but have failed to deliver growth or profit consistently.

We are committed to creating value in both markets through a greater focus on strong brands and product platforms and improving our route to market efficiency.

Slide 66 – Focus to Improving Performance in Russia [HEADER And LHS]

Our business in Russia has grown rapidly in recent years through our success in gum and Halls. We are the number two gum player and have the leading medicated candy brand with Halls. In chocolate, however we are a number 7 player.

Despite this rapid growth, the business has remained unprofitable with the primary causes being the high cost of our route to market and a category focus which is too broad.

We believe we can drive a significant improvement in profitability through placing greater focus on our core gum and candy brands .. Dirol and Halls and by a more focused participation strategy in chocolate through Picnic and gifting

And, we are currently working on plans to increase the efficiency of our route to market.

We're beginning to see the results of our focus... Year to date our gum share is ahead by 390 basis points to over 25% with gains driven by the combination of stronger distribution and the successful launch of centre-filled.

Halls share of the pastilles market is also strongly ahead.

Slide 67 – And China [Header]

In China, focus also lies at the heart of our plans.

We've been dissipating our efforts and resources over too many cities and categories with the result that the business is both unprofitable and underperforming in a fast growing market.

We are therefore focusing on our two strongest underexploited brands, Halls and Choclairs

Reducing our geographic participation, by focusing on our 17 biggest cities which account for around 60% of our total revenues and fully exiting around 180 others.

And restructuring our route to market in these cities with much more focus on the modern trade as well as activating the traditional trade.

During 2007, we expect top-line performance to be impacted by the reduction in our geographic participation but in the cities where we have chosen to focus, we are beginning to see some green shoots of profitable growth.

Slide 68 - Nigeria

Turning briefly to Nigeria. In late 2006 we announced the discovery of a multi-year mis-statement of the financials.

The local management team have now left the business and we are building a new management. We are confident that we can restore Nigeria to profitability over time based on its core strong brand equities of TomTom and Bournvita and launching gum.

Our focus in 2007 is to tightly manage the business's cash position and put in place the foundations for future growth including appointing a new executive management team

It will take time however, for the business to recover and the priorities will evolve through 2007...

Slide 69 – Growth VIA – Highlight Advantaged Brands

I'd now like to move on to our second priority, drive advantaged, consumer preferred brands and products

Slide 70 – Focusing on Advantaged Brands

In line with our greater focus on the most important markets, we are also increasing focus on our biggest, most advantaged brands and will seek to improve their growth through driving consumer preference.

Our strength does lie in the greater variety of our offer .. we are not a company of few monolithic brands.

Therefore, we will intelligently seek to reduce our portfolio complexity while continuing to leverage the advantage of variety.

13 of our key brands generate half of our total revenues and have advantaged positions

They have grown at an average rate of 9% over the last three years and have significantly better structural economics than the rest of our portfolio, generating gross margins which are around 12 percentage points higher than the group average.

However, we currently allocate marketing spend more equally across our total portfolio.

Going forward, we will disproportionately focus more investment, including marketing, on driving these brands.

Slide 71 – Five Focus Brands Under Global Management

Of these thirteen, we're bringing five under global brand management to ensure consistency of strategy and execution, to enable sharing of insights and to deliver scale benefits.

Cadbury Dairy Milk, Trident and Halls are our 3 biggest brands and already have global scale ...

Green & Black's and TNCC are much smaller but are two of our fastest growing brands and are closely aligned to consumer trends

We believe they have huge potential in both existing and new markets.

Slide 72 – Dark Chocolate – Green & Black's [Header and LHS]

Dark chocolate and organic chocolate are growing in double digits and both are associated with well-being.

With growth running at an average of 30% per annum in the last two years, Green & Black's is ideally positioned to exploit this growth trend ... at premium prices.

Slide 73 – The Natural Confectionery Company [Header and LHS]

Bagged sugar candy tends to have a high own-label penetration and low margins.

The Natural Confectionery Company however, has an advantaged position as a natural confectionery which mothers in particular, feel good about giving to their children.

We've had great success with this brand both in its home market in Australia and in new markets where we've rolled it out .. New Zealand and Ireland .. we have recently launched the brand in the UK.

The brand has grown by 25% a year since we acquired it.

Slide 74 – Leveraging regional and local brands

The remaining 8 brands are regional or local focus brands.

We will leverage our core technologies and consumer propositions across these brands

as we've so successfully demonstrated with centre-filled which is sold under four of our gum brand banners ...

and more recently longer-lasting flavour encapsulation which is sold under three gum brand banners.

Slide 75 – Driving Advantaged Brands Through Consumer Preference ... Gum in the US

A key to growing our advantaged brands is ensuring we have consumer preferred products.

This has played an important role in the revitalisation of the Adams business, particularly in the US.

In the US, between 2003 and 2006, we restored consumer preference on nearly all our main product lines.

In addition, we delivered consumer preference on our new brand, Stride, which leverages the longer-lasting flavour encapsulation technology I mentioned earlier.

Slide 76 – To Drive Share Growth

As a result, our US gum market share has grown from 27% at the time of acquisition to 34% today.....

Slide 77 – Driving Advantaged Brands Through Consumer Preference ... Indulgent Candy in India

Our success with indulgent candy in India is another great example of the important role product preference plays in driving growth and share.

We know that the potential market for affordable indulgent candy in emerging markets is huge.

In India, as in other emerging markets, Cadbury éclairs is our main brand.

Yet our share in indulgent candy was half that of Perfetti which had a brand that scored highly on product quality and sold at roughly half the price of our éclairs.

We launched a consumer preferred, hard boiled candy with a chocolate centre leveraging our very strong éclairs and Cadbury Dairy Milk franchise. As you can see, it's sales grew strongly, despite being twice the price!

Even better, base Eclairs grew 11% simultaneously.

We are now systematically testing all of our key products and have upgrade projects on most to ensure we win on product preference with consumers.

Slide 78 – VIA – Highlight Focus on Global Customers

Moving to our third priority, which is to accelerate white space market entry via Smart Variety.

Slide 79 – Accelerate White Space Market Entry Via Smart Variety

This chart illustrates the Smart Variety model in action.

The model is a simple matrix of the number of categories a business participates in, against the strength it has in each category.

Strength is defined as a category share of over 20%.

Conceptually, the arrows trace the ideal path for growth from single through to triple, or total, category strength.

There are many markets where we are strong in one or two categories, and where we have an advantaged route to market

Slide 80 – White Space Market Opportunity

These markets account for around 50% of the world’s confectionery market.

The holy grail for any market leader in our new company will be to be number one in total confectionery by being number one in each of the chocolate, candy and gum sub-categories.

This will provide several lifetimes of commercial opportunity for our new company.

Slide 81 – Launching Gum in the UK

We’ve shared a few of examples of our successful “Smart Variety” white space expansion in the past

Our most recent white space successes have been the launch of gum in the UK and Halls in France.

In the UK, the launch of gum leverages our two most successful gum technologies – centre-filled and longer lasting flavour encapsulation With our most powerful gum brand and one of our strongest routes to market.

Share after just 4 months has stabilised at comfortably above 10% with distribution far exceeding that of a typical gum launch

Slide 82 – Launching Gum in the UK

Trident is already the number two gum brand with higher awareness than long-established Wrigley brands like Airwaves.

And since our launch the UK gum market has grown by around 20%, reversing mid-single digit declines in each of the last two years..

Our next wave of innovation activity is planned for the second half.

Slide 83 – Leveraging Our Hot Zone in France

We've recently launched Halls in France .. a market where we are the number one confectionery company and where we have strong distribution in the hot zone via our Hollywood gum business.

In it's first 5 months, Halls has already grabbed an 8% share of pocket confectionery.

Slide 84 – VIA [Highlight Customer Partnerships]

Let me turn finally, to our fourth and last organic growth priority ... creating advantaged customer partnerships via total confectionery solutions.

Slide 85 – Focus on Global Customers

We've picked 7 top customers and 3 trade channels on which to focus our sales efforts.

Our 7 top customers shown here accounted for over 10% of our revenues last year.

The top three have delivered 10% annual revenue growth since 2004, double our confectionery average.

Our three focus trade channels are:

- **Impulse in developed markets**
- **Traditional trade in emerging markets**
- **International travel retail**

Together, these account for over 50% of revenues.

Slide 86 – Why We are Best Placed to Leverage Global Customers

Importantly, our total confectionery position and geographical breadth means we are uniquely positioned to support global customers.

We're the only major player with expertise across all three categories

And for the top three global retailers, we have more total confectionery leadership positions than our competitors in their key markets.

While retailers don't yet buy globally, providing total category solutions allows us to compete on ideas and service, not just price, and to enhance and grow sales & margins for us both.

Slide 87 – Winning Insights in North America

A great example of this is a check-out aisle project we led with a key North American retailer.

We beat P&G and Wrigley's for this project, due to our consumer based and category focused approach.

First, we identified their core consumer.

Next, we studied and prioritised this consumer's needs and expectations from this shopping area.

We then tested a breadth of categories to determine the best mix against the shopper's needs.

Lastly, we worked with the store's operations to determine the optimal length of the "shopping area" which maximised sale conversions, while holding consumer satisfaction for the time spent in the check-out line.

The results ... our customer saw a near six-fold increase in sales conversions

And for us ... a 20% increase in checkout revenues drove a 15% increase in total store revenues .. at the same time our trade spend fell by over 300 basis points.

A terrific example of how being a total confectionary company can drive competitive advantage!

Slide 88 – VIA

Let me comment finally on our fifth priority, to expand our platforms through acquisition.

Acquisitions are a core competence and have been an important part of shaping our participation strategy.

It's our intention to continue to grow our share and expand our platform through acquisition.

Slide 89 – Global confectionery: an Unconsolidated Market

The opportunity is significant.

The global confectionery market is highly fragmented with only 50% of the market in the hands of the top 8 players

Our broad category and geographical presence gives us much greater synergy potential than other players, particularly in emerging markets.

Slide 90 – Recent Bolt-on Acquisitions Strengthen Existing Positions

Since the acquisition of Adams, we've only made a handful of small targeted bolt-on acquisitions in confectionery.

Green & Black's gave us a strong franchise in premium and organic chocolate

We bought out our minority in Kent, the largest candy business in Turkey and a key low-cost manufacturing site for centre-filled gum

We acquired The Natural Confectionery Company in Australia, the number one natural confectionery company

And bought Dan products, the leading gum business in South Africa.

All these acquisitions were strongly value-creating ... expanded our presence in fast growing categories or markets ... and have grown strongly as part of Cadbury Schweppes.

Slide 91 – Recent Bolt-on Acquisitions Strengthen Existing Positions

In the last month, we've announced three further bolt-on acquisitions.

First, Intergum, a Turkish gum business which together with our Kent business, will give us number one positions in gum and candy in a market of over 70 million consumers.

In addition, it will also strengthen and expand Turkey's role as a key gum supply hub for Europe, the Middle East and Central Asia.

Second, Kandia Excellent in Romania, the number two confectionery company in an emerging market of 22 million consumers

And yesterday, we announced the launch of a tender offer for the acquisition of Sansei Foods, a leading sugar-free and functional candy business in Japan.

This builds on our existing No.2 position in gums, strengthens our candy portfolio which includes Halls and provides a platform for growth both in Japan and affinity markets.

As I think you can see, carefully targeted acquisitions, which strengthen our positions in growing categories and markets

You should be confident that, just as in the post Adams acquisition phase, given our need to deliver organic growth and cost reduction, we will focus on bolt-on acquisitions such as our recently announced transactions.

Slide 92 – Organisational Principles

Before we take a break, I want to comment on organisation structure.

The changes we announced two weeks ago, will enable us to focus on fewer, faster, bigger and better initiatives and reduce complexity by:

First, increasing the level of bigger centrally driven, more competitively advantaged projects and eliminating many smaller, less advantaged projects;

Second, providing greater focus on where we allocate our time, effort and capital resources; and

Third, flattening our organisational structure to reduce complexity and duplication of effort.

Let me explain

Slide 93 – Organisational Change

Under the old Cadbury Schweppes there was a level playing field for the allocation of performance and resources.

Each business unit was charged with contributing its fair share of total group performance

And each business unit manager was given a significant amount of autonomy in terms of how they delivered that performance.

Over the last several years, we've been progressively increasing the level of central direction as we've sought to leverage the benefits of our growing scale in confectionery while still retaining the benefits of local speed and agility.

In 2003 and 2004, we created centrally driven global functions for supply chain, sales and marketing and science & technology.

Last year, we put in place global category teams for chocolate, candy and gum.

Slide 94 – Organisational Change - 2007

Today, we're announcing that our key global brands will also be centrally lead through these category organisations

And that we are flattening our organisational structure and removing duplicative structures and overheads.

In total, we will be reducing our headcount by 15% and our manufacturing footprint by 15% in pursuit of our mid teens margin target.

Slide 95 – Organisational Change – 2007

We will achieve this by:

Creating four regions of roughly equal size and splitting the EMEA region into two smaller regions to reduce span of control and increase focus on the UK, Russia and our Pan-European supply chain.

Clustering within regions to reduce the number of business units and increase focus for example moving from 5 BUs to 3 BUs in Americas Confectionery.

Co-locating global, regional and business unit head offices to reduce building and back office costs ... for example our move out of Berkeley Square and combination with the new BIMA region and Britain and Ireland business unit in Uxbridge.

Double-hatting functional leaders such as HR, Legal and S&T in co-located offices to reduce headcount and gain efficiency of decision making;

Strengthening the role of the category teams by giving them more control over category strategy and brand management to ensure focus on fewer, faster, bigger, better commercial initiatives; and

Adding the role of global performance director to lead a project management office, similar to our Adams Integration PMO, to assure delivery of our SG&A, supply chain reconfiguration and value chain management activities.

Slide 96 - Holding Slide Cadbury Schweppes

Ladies and gentlemen, we've grown our business by acquisition while at the same time remaining highly responsive to local market needs through our devolved structure.

Now we need to be more directive in executing our strategies to grow and cut costs while ensuring we don't lose our ability to execute locally.

The move to category led strategies allied with an aggressive attack on SG&A costs and a new vision of our supply chain are the enablers which will allow us to deliver our vision of becoming the biggest and best confectionery company in the world.

As we execute this plan, we will be highly focused on driving organic revenue growth and improving margins.

Although we will continue to seek value-enhancing acquisitions, you should expect these to be targeted bolt-on acquisitions.

On that note, let's take a 20 minute break and be back at 09:30 for Ken's presentation on efficiency.

Ken Hanna, Chief Financial Officer

Slide 2

Good morning Ladies and Gentlemen and welcome back, as you heard from Todd, my role for the next 45 minutes or so is to take you through the financial aspects of our business plan and give you more detail on the Efficiency Priorities.

Slide 3 - Agenda

I have broken down what I want to talk to you about into four areas. As a reminder, all of my references to Cadbury plc relate to the remaining confectionery business post the separation of beverages. Let me start with a brief update on the beverage separation process.

Slide 4 – Beverages Separation

As we indicated back in March we are running a dual track process but we are leading on sale and we have issued an information memorandum to interested parties.

We have been working on the possible separation of beverages for the last couple of years and have a structure that will result in minimal tax costs.

As many of you will be aware, we created a consolidated America's business when we bought Adams in 2003 and we have been using the tax deductibility of Adams' goodwill as a very effective cash tax shield.

The tax costs associated with the beverages transaction are therefore related to the separation of confectionery and beverages and are not directly related to the quantum of proceeds.

This situation is the same if we sell the business or demerge it and we estimate the total tax and transaction costs will be around 5% of valuation.

For comparison, the tax and transaction costs for our European beverage sale were also around 5% of proceeds.

Slide 5 – Beverages Separation

After separation, we would expect to return the net proceeds to shareowners - after tax, transaction expenses and the repayment of a suitable proportion of group debt. We will also take this opportunity to increase or accelerate the funding of our pension schemes after consultation with our Pension Trustees.

Just to be clear, it will be appropriate following the separation of beverages to repay an element of our external debt. As a reminder, at the end of last year, the total Group had just under £3bn of net debt. Later on in the presentation, I will be indicating the parameters that we intend to use in order to leave Cadbury plc with an efficient balance sheet.

We will target the return of proceeds as soon as practical after separation and we will be more specific on the form and structure of the return at the time of a definitive transaction.

Slide 6 – Beverages Separation

As you saw from the press release, the beverage business continues to perform well and in trading terms we are right on track.

When looking at the separation you need to bear in mind a number of factors: -

You will have read about Coke's acquisition of Glaceau. We currently distribute around 25% of the brand through CSBG. Whilst we see an impact to the earnings if we lose all of the distribution we also see a potential for retaining some distribution. It is, however, too early to be precise.

In addition there are some other factors that need to be borne in mind such as the difference between US GAAP and IFRS accounting, principally relating to technical factors and also the incremental stand alone costs that the beverage business will need.

I estimate the adverse operating profit impact from these three items, could be in the range of up to £40m per annum.

Slide 7 – Cadbury plc Overview

As you heard from Todd, later this year Cadbury Schweppes will become Cadbury plc. You can see the profile of our £5bn revenue business firstly based on the new regions that we announced a couple of weeks ago and secondly based on our category participation.

We have shown in the supplementary schedules the historical financial performance going back to 2004 based on our new regions. In simple terms, Americas Confectionery and Asia Pacific are unchanged and we have split EMEA.

When we issue our interim results on 1 Aug, we will present first half numbers and 2006 comparatives on this new regional structure. We will also make available summary financials for full year 2006.

You will note that we continue to have a beverage business in Australia. This will be the Group's only remaining soft drink beverage business and for the purpose of external reporting we will not segregate but will wrap it up with our Asia Pacific business.

As we have indicated in the past, the combination of our strong confectionery business together with the beverage business gives us good negotiating strength with a consolidated Australian retail trade.

Slide 8 – Cadbury plc Financial Scorecard

With that background over, now let's move into looking at our Vision into Action and in particular, the Financial Scorecard. Todd discussed our growth priorities. I would like to take you briefly through revenue but spend most of my time getting into some detail on our margin goals and capital management.

Slide 9 – Revenue Growth

Firstly, revenue growth – our new goal range is 4-6% per annum. This is a chart many of you have seen before - it is our confectionery revenue growth since we acquired Adams in 2003. You can see that we recorded revenue growth at almost double our historical average in 2004 and 2005. In 2006 we had some significant problems in the UK and our growth was 4.2%.

If we adjust for the impact of the product recall we had in the UK, our 2006 growth would have been 5.6%, a little lower than the trend of 2004 or 2005 but nevertheless still broadly on trend.

However on a reported basis, that is after taking into account the UK recall, our 3-year CAGR has been 5.6%

Slide 10 – Revenue Growth

This slide shows the components of our total revenue growth from 2003 to 2006 and highlights the contribution to our increased growth rate.

A number of important facts:

- 56% of our growth has come from emerging markets and 44% from developed. We have a strong position in emerging markets – further strengthened by the acquisitions in Turkey and Romania announced in the last 2 weeks.
- Gum has driven over 50% of our growth, chocolate around a third and the balance from candy.
- Clearly, candy in our developed markets has been a challenge with some good performance from our functional Halls brand more than offset by a number of declining tail brands. I will come back to this point later in my presentation.

You heard earlier from Todd that the global confectionery category is expected to grow just under 5% and - if we maintain our share – our category exposure should theoretically result in Cadbury revenues growing just over 5%.

This is obviously very simplistic and clearly subject to wide fluctuations based on market performance but in overall terms, the combination of our historical track record over the last three years and the dynamics of the category makes us feel comfortable that our new revenue goal range of 4-6% is stretching but achievable and will accommodate some portfolio rationalisation steps that I will discuss later.

Slide 11 – Scorecard

Now I would like to move to discuss our goal of increasing margins to mid-teens by 2011 which is an absolutely critical part of our Vision into Action and financial scorecard for the next four years.

Slide 12 – Operating Margins

Firstly a look at our pro-forma underlying margin. For 2006 the entire Cadbury Schweppes Group reported a margin of 14.4%. If we deduct the underlying operating profit from the Americas Beverages region, the pro-forma Group margin for Cadbury plc was 10.1% after charging 100% of central and plc costs to the confectionery business.

The confectionery regions themselves generate margins of 13.4% and the central and plc costs that we reported last year of £159m reduced our margin by 3.3%. Later in my presentation I will give you more detail on what makes up our central and plc costs.

Clearly following the separation of beverages, we will be downsizing central costs and therefore the 10.1% shown on this slide is slightly distorted. It is however representative of the number that will be reported in our prior year comparatives.

Just to be clear – this number of 10.1% is before charging underlying restructuring – and I will come back to this later.

Slide 13 – Operating Margin

Today's presentation is going to be firmly focused on the future but I wanted to demonstrate to you our confectionery margin performance over the last three years. We have shown this chart a number of times but it has always been calculated on a total group basis. This is the first time we have shown confectionery on its own.

You can see that we have delivered cost savings worth 400 basis points through our Fuel for Growth programme – approximately 75% of the Fuel for Growth savings were related to confectionery - and we also generated over 200bps of margin through mix and leverage benefits and invested around half of the Fuel for Growth savings back in the form of growth investment.

We have had a significant amount of catch up of historical underinvestment in areas such as science & technology; capabilities and key account skills and in other areas the cost of growth has been higher than expected.

You can see that the steps we took in increasing revenue growth and implementing Fuel for Growth did result in a meaningful margin improvement from 9% to 13% - however this progress was offset by a particularly tough input cost environment and some one-offs, leaving us only a 100 basis point improvement in margins.

Let me put this in context: During the period 2004 to 2006 we calculate that our confectionery peers' margins in total declined. Acquisitions did have an impact in some cases, but this does demonstrate that in relative terms our Fuel for Growth programme has helped us begin to close the gap in performance.

Slide 14 – Operating Margin

This slide shows you 2006 operating margins of our confectionery peers with each of the categories represented by different colours. This information is all publicly available.

The chart shows a wide variation of margin performance from businesses that are in the chocolate, candy and gum categories. What we have done is looked at the weighted average category exposure and arrived at a category average.

You will note that where there is a lot of red – which is chocolate – the margins are generally below average, reflecting the dynamics of the category. The one exception being the far right bar where the particular peer has the economies of scale from being concentrated in one very large market. Where there is a lot of orange – which is gum – margins are higher than average – again reflecting the dynamics of the category and the fact that the global leader has a few very large markets that make up over half their profits.

We believe the weighted average operating margin from our peers is just around 15%. Clearly, this illustrates the scale of our opportunity and provides some correlation as to why we think mid-teens margins are achievable for Cadbury plc.

Slide 15 – Operating Margin

So, two critical questions that we need to answer today: -

- 1 Why is the operating margin where it is?
- 2 And what are we going to do about it?

This is where I am going to spend the bulk of my presentation.

Slide 16 – Operating Margin

So, why are we somewhere between 400-500bp of margin below the average of our peers?

We have been on a journey to improve our margins for some time and that is the reason why we launched the Fuel for Growth programme in 2003.

This slide shows the key factors that I think are critically important.

We believe that a large element of our challenge is a significant differential in SG&A costs versus our peers. We also have a complex supply chain and a number of underperforming markets.

In addition we have had to invest more than we anticipated in improving our growth and capabilities and clearly when we look at margins without the beverages business then the remaining confectionery company has to carry the total amount of central and plc costs.

I am now going to discuss each of these issues.

Slide 17 – Operating Margins

Based on an analysis of three confectionery peers where we have good data, we believe their average SG&A expense is around 13% of revenue. We have also benchmarked a number of consumer goods peers and best in class ranges from 10% to 12%. We seem therefore to be in the region of 300bps higher than our peers. That is the size of the opportunity.

Slide 18 – Operating Margins

One of the reasons for this is that we do have a complex operating structure. We have 86 individual country units and, at the end of 2006, 81 manufacturing sites. A point of clarification here - we have shown you the total number of manufacturing sites we have in our network, regardless of whether we own 100% of the site or not.

This picture of complexity is a legacy of our history – particularly the number of manufacturing sites. We started to tackle the issue under Fuel for Growth – but there is more to do.

Slide 19 – Operating Margin – Underperforming markets

As you heard from Todd, our GB&I business performance has been impacted by a number of factors over the last few years. These issues have held back both top-line growth and margin performance and in a confectionery only environment, the significance of the GB&I performance is critical – it will now represent over 20% of our revenues.

In addition, we have three emerging market businesses which are currently loss-making – in Russia, China & Nigeria. I will talk more about these later in my presentation.

Slide 20 – Operating Margin

Finally the last slide in this section that seeks to explain why our margins are below our peer group. I am showing you a more detailed breakdown of central costs than you have had before. Firstly, let me just highlight the fact that while central costs have increased over the last three years, they were £143m in 2003 as adjusted for IFRS compared to £159m in 2006.

An increase but predominantly driven by additional S&T and growth investment. You can see we have split these costs into confectionery growth costs around 1.1% of revenue (around £50m) and plc and other central costs of around 2.2% of revenue.

Let me start with an explanation of the confectionery growth costs - these relate to the group functions – science & technology; commercial & supply chain - that support the confectionery business and are managed centrally.

From 2008 onwards, for presentation purposes we will be allocating these costs back to the confectionery business. We will therefore no longer record this amount of 1.1% of revenues as a central cost. We will also restate 2006 and 2007.

The balance of central costs, around 2.2% of revenue, is where we will focus the majority of our efforts on in terms of downsizing following the separation of beverages. As you can imagine some of the costs of running a UK public company are relatively fixed but as I indicated earlier, all of these costs will initially have to be funded by the confectionery business – and we will be addressing this issue very quickly as part of our efficiency priorities.

Slide 21 – Operating Margin

So to recap, let's go back to our two critical questions. Why is operating margin where it is, around 10%? Well, five key reasons:

- We have a Complex Operating model
- We have a large number of country units, brands and manufacturing sites
- We have had challenges from several under performing markets
- We have had to spend a significant amount of 'catch up' investment focussed on driving top-line growth
- Post separation of beverages, our central cost burden is too high.

Now let's focus on the second part of the issue, what are we going to do about it?

Slide 22/23 – Efficiency Priorities

This is an extract of our new vision into action that Todd showed you earlier and these are the areas that we will be targeting as part of our Efficiency Priorities. I would like to take you through each of these five priorities in turn.

Slide 24 – Efficiency Priorities - Cost

Firstly, let me summarise the costs that we envisage for this Efficiency programme.

We anticipate a total restructuring charge of £450m of which around £50m will be non-cash and together with incremental capex of around £200m, this results in a total programme investment of £650m. The majority of the incremental capex will be in the early years of the plan.

In addition, we will take a charge against our underlying profits for routine restructuring of around half a percent of revenue.

At our investor seminar last October we did indicate that this figure would be 1% of revenue, however, given the scale of the efficiency programme announced today, we believe that an underlying 0.5% should be sufficient.

At this stage, it is a little early to precisely phase the restructuring charges and we will give some updated guidance later in the year, however, we do expect 2007 charges in the region of £100m.

We believe that our underlying base level of capital expenditure for the confectionery business excluding the reconfiguration capex will average around 5% of revenue over the 4 year period.

Slide 25 – Efficiency Priorities - Overview

This chart summarises where we see the savings coming from: SG&A savings from the confectionery business and the centre, and supply chain.

I think it's worth stating here that the delivery of savings will not be linear during the period 2008-2011 – nor will it be totally back ended. We will have front end savings such as the downsizing of central costs and the SG&A announcements we have just made, however many of the site closure programmes will generate savings towards the end of the period and beyond.

In total, we see around 15% of our manufacturing sites closing and a group wide reduction of around 15% of total headcount. Now let me take you through each of the programmes in a little more detail.

Slide 26 – Efficiency Agenda – SG&A Regions

Firstly, SG&A savings from the confectionery business.

Following the creation of our global category structures last year, we recently announced a significant downsizing of the resources we have at regional level. We are clustering country units together in order to increase scale and delayer.

For example the Canadian operation will be merged into the US operation and only a sales office retained in Canada. We will be doing the same in South America with Argentina being merged into Brazil. In Europe we have started to cluster our businesses in North and South Europe and we will extend this approach now to more countries in the new Europe region. This will significantly reduce the number of individual business or country units and delay the organisation.

This is an important project and we have announced that approximately 10% of our global leadership team – together with their supporting organisations - will be leaving the business.

Slide 27 – Efficiency Priorities – SG&A

In addition to the de-layering and clustering, we will be pushing harder on our outsourcing programme.

We announced last year the creation of a global outsourced Shared Business Services Organisation to handle all finance and accounting processes.

We have already started migrating a substantial number of accounting jobs to Genpact in India – a global leader in outsourcing – and we'll have over 500 people there by the end of the year.

In IT we are adopting a similar approach, through better leverage of global platforms, rolling out low cost modular enhancements and outsourcing processing and data centres to lower cost environments.

We have recently signed agreements to outsource our global data centres to Hewlett Packard, which will result in a significant downsizing of our IT organisation. Given our success to date, we propose to continue this journey of outsourcing.

At CAGNY in February, I estimated that we would save around £20m per annum from these combined outsourcing initiatives and we now believe this number will increase by around 50%.

Slide 28 – Efficiency Priorities – SG&A

We will also be aggressively targeting a reduction in central costs.

Most of you will have already have heard about our decision to relocate from Berkeley Square. Just to give you a bit more insight on this project, it is something that I personally have looked at three times since I joined Cadbury Schweppes and only now do we believe we have the property market conditions that will allow us to get out of our existing lease commitments.

In addition to the obvious cost savings, we think that being in the same building as the BIMA region and the UK business will provide real benefits from focus, attention and communication.

Much of this year will involve the central team with a huge amount of effort dealing with the separation of beverages, return of capital to shareholders and the complicated year end process.

Therefore the downsizing of central functions will not have a major impact until 2008. We are targeting around £25m of cost reductions in 2008 and in 2009. These hard savings totalling around £50m have been identified and will be delivered.

Slide 29 – Efficiency Priorities – Supply Chain

Moving onto Supply Chain; I mentioned earlier that our gross margins are broadly in line with our peer group but we can always do better and the supply chain efficiency programme is an integral part of our margin challenge.

Firstly a recap: we had 81 manufacturing sites at the end of 2006. We have sold or announced the sale of 6 of these with our non-core disposals. We are also acquiring another 3 sites in relation to the acquisitions we recently announced, which gives a base of 78 sites at the end of this year. Deduct the 8 Australian Beverages sites and that leaves 70 confectionery sites. Our efficiency agenda includes the closure of around 15% of our manufacturing sites over the next four years.

We have very important employee consultation and communication steps to take and we are not going to prejudice the goodwill of our employees by giving any more details today.

We managed the Fuel for Growth programme without any significant industrial relations impact or customer disruption and we intend to do the same this time round. I would however like to add a little bit more detail and this will help explain the relatively high levels of capex and restructuring associated with this programme.

Clearly, there are instances where we have closed sites and then merged operations into another existing manufacturing site that has spare capacity, for example, we did this in Brazil under Fuel for Growth where our site in Bauru was able to cope with the production from two smaller sites in Sao Paolo.

However, in some circumstances it may make more sense for the business to consolidate low scale, high cost sites into a completely new build manufacturing site. When this is the case, the investment is likely to be higher and the timing extended.

Our new programme includes several instances in this category and that does add to the cost and timing.

Slide 30 – Efficiency Priorities – Supply Chain

In addition to the manufacturing site rationalisation initiative, we will be implementing productivity and complexity reduction programmes across all our sites. As I indicated to you last October, Steve Driver our new head of Global Supply Chain is systematically upgrading the calibre of our site managers and implementing new productivity programmes.

We announced today that we have signed a memorandum of understanding with Barry Callebaut, the world's largest chocolate producer. We will work more closely with Barry Callebaut in areas such as cocoa bean sourcing, chocolate technology and innovation. In addition we will increase the level of our outsourced chocolate production by around 15%.

The main benefit from this relationship is the opportunity to avoid capex, improve returns and reduce complexity.

Finally, we will be pushing even harder on sourcing ingredients and packaging from low cost countries. We have recently established teams in Eastern Europe, India, South America and China and aim to significantly increase the percentage of product sourced from low cost environments.

Slide 31 – Efficiency Priorities – Supply Chain

The portfolio rationalisation programme will also assist in improving manufacturing efficiencies and now that we have established an improved growth pattern, we are more confident about deemphasising and exiting several low margin products, brands and SKUs.

We believe that over the next two or three years, around 5% of our total confectionery revenues will be potentially affected. Much of this activity will be focussed in the candy

category where we have a number of non-differentiated brands. We believe this exercise will be margin enhancing.

Slide 32 – Efficiency Priorities – Underperforming Markets

Finally on to our underperforming or turnaround markets that Todd discussed in some detail. This slide shows you information many of you will have estimated but we have not shown it before. It is the combined 2006 results for our three underperforming emerging markets.

We are working hard on these markets and one of the benefits of focus in our new confectionery world is that Matt Shattock, Chris Van Steenberg and Rajiv Wahi each have one of these markets in their regions and they will be able to get much closer to the key issues.

Just restoring them to break even is worth 60bps for Cadbury plc and if we can get them to what we believe is acceptable margins; it is obviously worth even more to the Group.

Slide 33 – Efficiency Priorities – Programme Assurance

In overall terms, our new efficiency agenda is a huge execution challenge. When I joined back in 2004, I inherited the Adams integration programme and the Fuel for Growth programme. I have said on a number of occasions that the Cadbury team has excellent project management skills and I believe these two programmes were impeccably executed and it is worth reminding you that Fuel for Growth savings were delivered.

We are planning to do the same this time and have set up a project management office to enforce and assure the implementation of these savings. We have appointed an excellent internal manager as Global Performance Director who will report directly to myself and have regular exposure to Todd and the CEC.

Slide 34 – Positive Mix & Leverage

In addition to the efficiency priority initiatives, portfolio rationalisation and improvement from underperforming markets we do expect to continue to get positive margin benefits from mix and leverage. We have some fast growing high margin categories such as gum and functional candy and we fully expect them to have a beneficial impact to our margins.

As you saw earlier this year in the US gum market, we took bold steps on pricing and will continue to be bold on pricing.

Clearly this area is more difficult to predict, however I do believe that we will continue to be able to generate mix and leverage benefits that will contribute to our margin targets.

Slide 35 – Reinvestment Behind Growth

Let me assure you that – other than some portfolio rationalisation steps - we are not going to sacrifice growth for the achievement of margins. Quite simply, we have got to do both. I will however say that the catch up level of growth investment which was over 200bps in the last three years is largely at an end. We are where we want to be and from 2008 growth investment will increase broadly in line with revenue.

Slide 36 – Mid-teens Margin by 2011

So in summary, we firmly believe that mid-teens margin by 2011 is achievable.

We have hard cost savings from central costs, SG&A and supply chain.

We have mix and leverage benefits, the impact from portfolio rationalisation and the turnaround of our underperforming markets.

It is however inevitable that some of these efforts will be partially offset by some reinvestment needs and by some cost headwinds.

So in summary I believe we have well thought through, robust and deliverable plans that will allow Cadbury plc to generate mid-teens margins by 2011.

Slide 37 – Financial Scorecard

So returning to our Vision into Action and financial scorecard, I would now like to focus on the capital management section. Firstly, dividend growth....

Slide 38 – Capital Management

When beverages is separated, net proceeds returned to shareholders and the shares consolidated, the Board will recommend dividends for 2007 and 2008 at a per share level in line with current expectations for the existing Group.

Over time, we would expect to continue to grow dividends whilst increasing cover, with a payout ratio between 40% and 50%.

For 2007 and 2008 the payout ratio is likely to be above this level reflecting our confidence in delivering medium term earnings growth.

Our earnings phasing between halves will change slightly but we will not change our dividend payment profile.

Slide 39 – Capital Management

We will maintain our commitment to having an efficient balance sheet. Just to recap where we were at the end of 2006, we had a net debt to EBITDA ratio of 2.2 times, the highest in our peer group.

Slide 40 – Capital Management

We are confirming the objective of a BBB+ credit rating which we announced last October, with flexibility for bolt-on acquisitions where appropriate. After the return of net proceeds from a separation of Beverages, we will be targeting a Cadbury plc net debt level in the range of 1.75 to 2 times EBITDA.

And again we are confirming the statement we made last year that we will consider returning funds to shareholders at the appropriate time.

Slide 41 – Disciplined Capital Allocation – M&A

I also want to stress that we will be maintaining our discipline on capital allocation. We have announced confectionery acquisitions costing over £300m in the last few weeks but we have been working on them for some time and they represent the first major confectionery acquisitions since we acquired Adams.

In the last 4 years, the net outlay on several small confectionery acquisitions (including Green & Blacks and Dandy South Africa) has in effect been funded by non-core disposals – which have now generated over £200m.

Again, taking the big picture view we invested around half of the Europe Beverages proceeds into CSBG - the US Bottling Group and this acquisition has strengthened our route to market and enabled us to improve our CSD performance in a tough market. We have reduced our net debt: EBITDA ratio from just under 4 times at the end of 2003 to just over 2 times at the end of 2006 and signalled our intention for a sustainable Cadbury plc net debt level of between 1.75 and 2 times.

Slide 42 – Disciplined Capital Allocation – Working Capital

An area of real focus in the last 3 years has been working capital where we have reduced our working capital days at a total CS Group level by more than 10%. You will note that the performance of confectionery – the green bar – has improved but the beverage performance has been slightly better.

Let me assure you that the focus will be maintained in this area and eventually many of the actions you heard about this morning such as portfolio rationalisation, sku reduction, the Barry Callebaut relationship and the reduction in manufacturing sites will allow us to reduce Working Capital further.

Slide 43 – Capital Management

We will continue our focus on cash generation and improving our ROIC. As many of you would have anticipated the separation of beverages will initially dilute Group ROIC.

Slide 44 – Capital Management

We will continue to have a significant goodwill intangible balance after the separation of beverages. Around 60% of this relates to Adams and the balance is a collection of a significant number of acquisitions and investments the Group has made over the last 15 years.

The net result of this is that whilst our confectionery ROIC excluding intangibles is around 33%, after the deduction of intangibles is around 8%. These percentages exclude central costs which will now have to be covered by the confectionery returns only. As we reduce central costs and deliver margin improvements, we will see significant progression in ROIC over the period to 2011.

Slide 45 – Conclusion

So in summary we believe we have a very credible set of actions and plans that will deliver our financial scorecard for the next 4 years. They have evolved from the scorecard we presented back in October to reflect the higher growth characteristics of confectionery and a more specific margin objective.

Slide 46 – In summary

In essence however, the focus areas and the actions use the same 3 levers we have been using for the last 4 years and the areas I have discussed at every presentation: -

- Increase revenue growth
- Relentless focus on cost and efficiency
- Disciplined capital allocation

The words may have changed a little but the objectives remain the same.

Thank you and now let me hand you back to Todd

Todd Stitzer – Chief Executive Officer

Thanks very much Ken.

I'd like to make a few closing comments before we kick off the Q and A.

Ladies and gentlemen – the core elements of our story today are simply told.

We have an advantaged confectionery business operating within a market that enjoys favourable growth trends.

We've made a lot of progress in recent years towards improving this business, but our work is far from done.

In particular, we must show that we can not only grow the top line strongly – as we have done in recent years – but also do this while improving our margins.

I am absolutely confident we can do this ... and my confidence derives from a number of factors:

First, we know what we have to do.

We have to take our inherent advantages - of outstanding brands, multi-category presence, broad geographic reach and leadership scale and translate these into exceptional performance.

Second, we know how to do it.

We accomplished our goals and priorities for the period 2004 – 2007 and created top quartile shareowner returns.

Our Vision into Action roadmap shows the way for the period 2008 - 2011.

By executing our growth, efficiency and capability priorities we will continue to deliver superior shareowner returns.

Third, we have the people to execute the plans.

As I noted before, it's 80% about the people. People deliver plans and priorities ... the numbers follow. And we have great people.

Finally, focus is a great enabler.

I am convinced that free of our beverages business, the benefits of focus will make a material difference to our ability to improve performance.

In order to ensure this focus, our team will be rewarded through a new set of incentive plans which will include targets aligned with our new performance scorecard.

These plans will be presented to shareowners for approval later in the year.

As I mentioned at the outset, Cadbury Schweppes has been on a strategic mission for some years.

That journey has transformed our category participation and our geographic reach. Undoubtedly, we are a better confectionery company.

But we want more – we want to be the best. We know what to do, and now ... we will be better focussed on doing it ... fewer, faster, bigger, better!

Thank you for your attention.

Before we move to the Q&A, I'd like to draw your attention to a questionnaire which we've put into your packs. It's very short but we value your feedback and would be very appreciative if you could spend a few moments filling it in.

The feedback is unattributed and is being collated by a third party, the IR Roundtable.

We've provided boxes at reception for you to put your completed questionnaires in when you leave.

For those of you who don't have time to give us your feedback today, the IR Roundtable will contact you by email

We will now move on to the Q and A.