

**Cadbury Schweppes Interim Management Statement
9am Analyst and Investor Conference Call Transcript
10th October 2007**

Todd Stitzer, Chief Executive Officer:

Good morning ladies and gentlemen, thanks for joining me and Ken to discuss the announcement that we released earlier today. Given the breadth of the announcement my opening comments will be slightly longer than usual so we can cover the subjects. As always Ken and I will be happy to take your questions after the comments.

Our announcement today updates the market on progress since our June 19th investor seminar and our August interim results announcement. In short there has been significant strategic and operational progress. We've continued to work on separation to create two strongly managed value creating businesses. We're making good, early progress on our cost reduction programme in confectionery and have announced a further restructuring in Americas Beverages. Operationally the confectionery business is performing very strongly while the beverages business continues to outperform a very difficult US beverages market. I'll focus most of my remarks on the trading update and the progress we're making on our cost reduction programmes but first I'd like to briefly cover the separation and management changes.

Let me start with separation. At the end of July we announced that we were extending the timetable for a sale to allow the bidders to complete their proposals against the backdrop of a more stable credit market. Credit markets as you well

know have failed to improve materially since that time and therefore we've been focused on getting the business ready for a de-merger. The Americas Beverages business will be listed on the New York Stock Exchange and the de-merger will be via a share distribution to existing share owners. Given the many rulings and approvals required we don't expect to be able to complete the separation before the second quarter of 2008. We will be shortly filing a draft Form 10 with the SEC and more information will be provided as a part of that filing.

Turning now to management changes. As we move towards separation we're also making two important leadership announcements. Sir John Sunderland, our chairman has previously indicated to the board his intention to retire in 2008 after 40 years of service. He has since stated his commitment to stay with the business through the separation process. One of his key areas of focus will be the creation of two strong boards for the two new businesses. We're also announcing that Larry Young will lead the separated Americas Beverages business. Larry is steeped in the beverages business, he has very strong operational credentials and has already played a pivotal role in the successful delivery of our vision for a fully integrated beverages business in the Americas. Gil Cassagne who many of you also know is leaving the business for personal reasons to pursue other interests and I certainly want to recognise Gil's outstanding contribution to our beverages business over a 25 year period and that our good wishes go with him.

Now I'd like to move to our more immediate agenda, current trading and the progress we're making on our cost reduction programme. On 19th June we laid out

our Vision into Action plan for our confectionery business. This plan calls for 4-6% revenue growth and a goal of mid-teens margins by 2011. On June 19th we weren't able to give you much detail on our cost reduction initiatives because they hadn't been announced internally. Since then however we have been able to make significant progress and have recently announced a number of important initiatives. Taken together these proposals would lead to a reduction in 2,500 roles or around a third of our planned confectionery head count reduction and deliver a significant proportion of our expected central, SG&A and supply chain savings.

What you'll see from today's announcement is first that we're making good, early progress on addressing the right sizing of our central overheads post separation. Second that in three of our four regions we've announced important reorganisations which significantly reduce regional overheads through clustering of commercial units and de-layering; and third we've announced proposed major reconfigurations of our chocolate manufacturing in Britain and our candy supply chain in Asia Pacific. In both cases manufacturing is being concentrated in scaled centres of excellence and plants are being closed. As described on June 19th and again in our announcement, SG&A reductions will begin to deliver benefits from 2008 while the proposed supply chain configuration benefits would reduce costs from 2009 onwards. The timing of savings can be explained by the complexity of legislatively required consultation with our employees, the construction of in Poland receptor factory sites and the subsequent transfer of machinery and equipment in some cases to Bournville and in other cases to Poland from Somerdale in Britain.

In beverages as we move toward a possible de-merger we're also today announcing a further restructuring of the business as we see additional opportunities to simplify the structure and drive the benefits of our fully integrated beverages model. We expect the beverages restructuring to deliver around £35 million of savings in 2008.

Finally let me comment on current trading. We've had a very strong quarter in the confectionery business with like for like revenues up by 10% bringing our year to date revenue growth to 7%. Overall while we had the benefit of a post recall bounce back in Britain, this was broadly offset by a number of factors, most notably the adverse impact of the flood at our very large Sheffield candy factory. All regions did well. BIMA was ahead by 12%, Europe by 10%, the Americas by an impressive 14% and Asia Pacific by 2%. Our strong revenue growth was driven by another excellent performance in gum around the world and improved results in chocolate despite a difficult quarter in Australia where structural changes in the retail market continue to prove somewhat challenging. In addition in Asia Pacific our Australian results were also impacted by a decision to withdraw from a low margin co-packing agreement that we announced at the start of 2007. In gum our US business did particularly well gaining share in a market which showed double-digit growth in the quarter. Elsewhere we were pleased to see the successful launch of our centre-filled gum which moved share ahead in two important markets, and in the UK we held our share at our gum launch at over 10% in a fast growing market. Our chocolate performance was boosted by a particularly good quarter in Britain where we benefited from the bounce back from a very depressed

Q3 in 2006 when we suffered from the combination of the recall and hot summer weather.

In Americas Beverages our revenues were ahead by 3% on a like for like basis with good results from our bottling operations offset by a weaker performance from US CSDs. While we continue to grow share, the CSD market in the US did not have a good quarter which wasn't helped by the wet and cold summer weather. While our core four non-CSDs did well boosted by good results from Snapple, our launch of Accelerade has been very disappointing with revenues well below expectations despite a significant marketing investment.

There has been much comment about the continuing increase in the price of food commodities in recent months. We've seen further increases in both our confectionery and beverages costs, most significant has been the escalation in liquid milk prices in the last three months. While we don't expect this to have a material additional impact in 2007 we do expect our commodity input costs to be around 5-6% higher for both confectionery and beverages in 2008. We are as many of you know in the process of implementing price increases in most of our markets to offset these increases. In Americas Beverages while the business has good revenue momentum, the consolidation of bottling acquisitions coupled with the investment in Accelerade is impacting margins. Although we earn around 40% of our confectionery profits in the final quarter of the year, given the strong performance so far this year we do enter the fourth quarter with increased confidence.

Since our interim results in August we have been intensely focused on preparing for a de-merger and progressing our cost reduction plans. I'm very pleased to be able to report today that in so doing we have not lost our operational focus and have continued to maintain our strong revenue momentum in confectionery. Trading in Americas Beverages has been a bit more challenging given the difficult market conditions and we are of course disappointed by the poor performance of Accelerade. We will as usual provide an update on trading, margins and the outlook for the year at our pre-close announcement in December.

Ken and I will now be pleased to take your questions.

John Cox, Landsbanki Kepler:

Good morning, I have a couple of questions for you, first of all on the de-merger, would that be a full de-merger? Would it be more like an IPO or would it give everything to the existing shareholders so you would no longer have anything to do with the business or would it still be fully consolidated if it was a part IPO? The second question is just on the overall situation in the UK chocolate production and you closing the plant there and moving some [production] to Poland. Can you just give us an idea of the tonnages involved in the chocolate side of things? Would it be fair to say that perhaps a quarter of your chocolate production in the UK now will be moved to Poland or is that slightly too high? Thank you.

Todd Stitzer:

As it relates to the de-merger question it will be a full de-merger. It will not be a part IPO, existing share owners of Cadbury Schweppes will get a share in a confectionery business and a share in a beverages business. As it relates to overall chocolate production we don't give out specific tonnages of production. There will be a meaningful amount transferred to Poland, it will be largely count lines and assortments. The UK will become a centre of excellence for moulded manufacturing and that will be centred in Bournville which will also produce some of our assortments there.

John Cox:

I wonder if I could have a follow-up question on this de-merger then? You say in the report that you're actually now going to report drinks [Americas Beverages] again on a continuing basis for this full year. I'm wondering why you're doing that if you're actually just going to offload it in Q1, it seems from an accounting perspective a slightly odd thing to do. The second question to follow up on that, you've indicated before that somewhere around £5 billion would be too low for that drinks business. Is that still the case or due to the market conditions have you slightly lowered your expectations for what you might actually be able to raise from that beverages disposal? Thank you.

Ken Hanna, Chief Financial Officer:

From an accounting perspective, it's purely a technicality. Under the definitions of IFRS a de-merger is not considered a sale under IFRS at the time of our December accounts, so it's a technicality. We will explain the performance very clearly of both businesses but we do have to reconsolidate for technical reasons. The £5 billion came up I think on a call back in August where we said that was a ridiculous number and we still say that's a ridiculous number but we don't comment on valuation at this stage.

Todd Stitzer:

It's ridiculously low.

John Cox:

Thanks very much and congratulations on the trading conditions in confectionery, they look very good.

Julian Hardwick, ABN Amro:

Good morning. I just wondered why you haven't raised the sales guidance for the confectionery business in the light of the strong Q3 performance? Given the level of pricing you're getting now to deliver, the top end of your guidance range would imply a volume decline I think in Q4 which seems implausible on the basis of the momentum in the business at the moment; and secondly just on the de-merger can you say whether there is likely to be any sort of capital return to shareholders

associated with the de-merger or is the existing debt structure basically going to be split between the two businesses?

Todd Stitzer:

On the guidance point, this was an announcement about Q3 results. We have another update to the market in six or eight weeks when we'll be very comfortable about where the year will turn out, so I think we're focused on Q3. We said in the announcement that we would de-merge the business and examine the opportunities for a cash distribution at that point and I think it will be a function of the debt markets and where we stand, so I think there is a possibility of a cash distribution on the de-merger.

Julian Hardwick:

Clearly there is some constraint in terms of...presumably in the confectionery business you still stick with the guidance you gave in terms of the capital structure for that business going forward?

Ken Hanna:

That is correct Julian, but if people read carefully the words on the press release, we do say that this will enable shareholders to receive the benefit of any immediate cash surplus at the time of separation, and as Todd said it depends on the state of the debt markets at the time of the lead-up to separation.

Julian Hardwick:

Can you say anything about what sort of capital structure you feel would be appropriate for the beverages business?

Ken Hanna:

I think I'll repeat what I said in August that the beverage business is a highly cash generative business able to substantiate reasonable levels of debt. I think a number of people looked at our peer group back in August, and I had lots of questions looking at a sort of hybrid of our bottling peer group and our brand owning peer group, and clearly given a reasonable debt market this business [Americas Beverages] can take a reasonable amount of debt. I'm not trying to avoid the question, it is too early to speculate. We need the debt markets to settle down.

Martin Dolan, Execution:

Good morning. Just a point of clarification, you talk about a focus or the possibility of a de-merger. Does that mean we're still running a dual track process but obviously with the emphasis now on de-merger rather than sale? My second question is more operational, which is that a lot of the reasons for the margin decline in US beverages were evident in the first half. Should we expect margin decline in the second half in US beverages as well?

Todd Stitzer:

As it relates to the de-merger I think the board's perspective given the state of the financial markets is that the management team should focus on a de-merger and that's what the announcement says, so we're focused on the de-merger and we're focused on margin generation.

Ken Hanna:

We're not going to get into specific margin guidance on either confectionery or beverage at this stage but let me give you a few factors that you can think about in beverages. Clearly we've got the impact of some acquisitions, the dilution from BG will not have an impact in the second half but we've made some other acquisitions side as All American, Easley and SEABEV, they will have a bit of an impact in the second half, as will launch costs in Accelerade.

Michael Steib, Morgan Stanley:

Good morning. You commented in the statement on very strong growth in the UK market, I think the figure you gave was 13% growth for the UK confectionery market overall [in the third quarter]. Could you just give us some of the reasons why that market has been so strong? Is it primarily related to last year or was there something else that [contributed to] this growth? Secondly given that you're now pursuing the de-merger route, can you give us an update on what your thoughts are with regard to central cost allocation between Americas Beverages and the confectionery business please?

Todd Stitzer:

On the first one, in the British confectionery market, chocolate in the last 12 weeks has grown around 17%. Chewing gum driven by our launch and the competition between Wrigley and ourselves is almost 20% and candy is in the low single digits, so you've got the combination of a chocolate market probably driven by our own bounce back in July and August and cool temperatures [and gum and candy market growth], which combine to deliver a 13% [confectionery] market growth.

Ken Hanna:

I would also say that our difficulties following the flood at Sheffield have impacted the total candy market and reduced [growth] a little there. Let me cover the second question on central costs. When we indicated back in June the separation and then we elaborated on 1st August it would require in the region of additional £20 million of central costs for Americas Beverages, that guidance remains the same. It might be marginally higher for a standalone publicly listed company, a few million pounds compared to a private equity estimate, but our target for reducing Cadbury plc central costs remains the same, and that is just to repeat 100 basis points of margin improvement over two years '08, '09, and incremental costs for standalone Americas Beverages, so no change in guidance, maybe a fraction more for Americas Beverages but not material.

Todd Stitzer:

We also put in a footnote regarding central costs.

Charlie Mills, Credit Suisse:

I wonder if you could detail exactly what went on with Accelerade, I think you referred to it as being very disappointing, and exactly what the costs were in the second half and for the year as a whole? Thanks.

Todd Stitzer:

There is a description of the first half costs of Accelerade in the press release and I think it was £6 million of launch costs. We had supply chain syncopation challenges in terms of syncing up our marketing programme, product production and delivery to the market, it wasn't as smooth as we hoped it would be. The Americas Beverages crew is tremendously innovative, they've done a great job over the last three or four years on a number of launches, this one just hasn't gone as well as we hoped it would and that's the situation. We'll provide an update on Accelerade in our December trading update with more granularity as the bulk of the launch happened in July and August.

Charlie Mills:

You can't identify what the costs...you've talked about the costs in the statement, I'm just wondering if you give what the full year...[will be]

Ken Hanna:

I can elaborate on that. The full year impact could be between £20-30 million but I would be articulating very strongly that that would be of a one-off nature. They're one-off launch costs that won't be repeated again, so £20-30 million possibly. But

a lot depends on a fundamental review Todd and I will be having with the team and will update you on December 11th.

Warren Ackerman, Dresdner Bank:

A couple of questions, with the inevitable question on commodity costs. I think Ken's guidance just on dairy had been £20 million of incremental costs in H2 and then another £10 million running into the first half of '08. Obviously things have moved on since then given your comments about 5-6% inflation. Could you maybe give us an update on where you think that stands? The second one is on Nigeria, I note that you say it's starting to recover in the statement. I think it impacted margins by 40 bps [basis points] in H1. Are you still assuming that broadly comes back in the second half?

Ken Hanna:

Let me take the second one first Warren. The 40 basis points should come back in the second half, maybe even a touch more, but that comes back in the fourth quarter. So that will equal out as we took all the correcting accounting items in the fourth quarter. Let me focus on milk and I'll give you just a few stabs to get your mind around this. I said that roughly two-thirds of our milk [consumption] was liquid milk and a third powder. Back in August we thought liquid was going up 10% and powder up 50%, so two-thirds of 10% and one-third of 50% gets you to 20% increase roughly on an annualised basis. Things have changed dramatically as I'm sure you have read about in other companies in the sector. Liquid and powder are both up about 50% now, so there's been a slight lag effect because we had some

contracts that didn't hit fully the second half, so our guidance in the second half at 20% is up modestly and let me help you, that's around about another £5 million in the second half. The full year impact for next year now is likely to be two-thirds of our total commodity cost increase is in milk, so total milk costs are likely to go up on an annualised basis from '08 to '06 by about 50%. So it's been quite dramatic but everyone in our sector and everyone in the food sector in general has had to cope with this and food prices are having to go up and we are aggressively working on that.

Warren Ackerman:

Just on the pricing Ken, obviously we all heard about the significant price increases in US gum and some increases elsewhere in chocolate. Can you give any sort of more concrete examples of pricing that you've taken more recently to offset these increases?

Ken Hanna:

Well, very aggressive chocolate price increases, one was announced to the UK trade recently just a few weeks ago and that's 5%. Some other countries in Asia are more than 5% in chocolate so I think it's some quite high numbers with a little bit of a benefit to Q3. If you remember in the first half our confectionery revenues grew at 6% and I gave a rough estimate of 4% price, 2% volume. In the third quarter our 10% revenue growth is roughly 50/50, 5% price and mix and 5% volume.

Warren Ackerman:

Would you be taking pricing of similar magnitude in US beverages given the dynamics in the market are much tougher? Do you think you will be able to get pricing through there as well?

Ken Hanna:

We certainly will get pricing through but we are the number three player in CSDs and we normally follow the lead of others but I think the others will be suffering some fairly tough commodity cost increases. Clearly we are more masters of our own destiny in finished goods and we've just taken a very significant price increase in our apple sauce business, there's been a disappointing crop in apples this year and we've put our prices up on Mott's quite significantly.

Warren Ackerman:

Just a follow-up to Charlie's question on marketing spend, obviously you've given us the numbers for Accelerade but can you tell us roughly what marketing spend did overall for confectionery and beverages in the third quarter?

Ken Hanna:

I think it's a bit too detailed at this stage Warren. We'd prefer not to...

Sara Welford, Deutsche Bank:

Good morning, just one question following on from the cost increases, you indicated you've got £5 million of extra costs in H2 and you've got some more coming

through in 2008. Can you give us an idea of the level of push back you're getting from the retailers and from the trade and essentially how long it's taken you to put through these price increases as there seems to be a small element of under-recovery?

Todd Stitzer:

I think all price increases have some degree of under-recovery, we're pretty familiar with that phenomenon in our business. These are larger than normal price increases but our retail customers are being subjected to this on a very broad scale basis both themselves in the context of their own private label businesses and by other consumer product companies so I think it's not the circumstance where you're the only person asking for a price increase. I think there's general recognition that pricing must and needs to be taken and so in that context it's not as tough as it sometimes can be.

Graham Jones, Panmure Gordon:

Good morning, two questions about the de-merger, firstly just in terms of tax and fees, you've previously said about a disposal that you'd see tax and fees being roughly about 5% of proceeds and I think you mentioned at one point that you didn't see that differing significantly if you de-merged. I was just wondering if you could clarify what the tax position would be on a de-merger with your share split and what the fees would be? Then secondly I just wanted to follow up on Julian's question about debt in beverages. Just assuming normal debt markets what would

you consider to be an appropriate net debt to EBITDA level for the beverage business?

Ken Hanna:

Graham, no change in the guidance on tax and fees, still happy to confirm that number and as I said from a Cadbury perspective the tax situation as we announced way back in June is neutral between de-merger and sale.

Todd Stitzer:

We are applying for a ruling on individuals on the de-merger which is not unusual in this circumstance.

Ken Hanna:

The debt in the business, I'd rather not go there at this stage but you can all do your homework. You know where the peer groups are, just to give you an example Coke is at 1.2x net debt/EBITDA but CCE is at 4x. Pepsi Co is under 1x but PBG is over 3x. We need to make a sensible decision based on the state of the debt markets at the time but clearly this business can take a substantial amount of debt and it's a judgement call based on the cost of debt. Just to remind you, and that's an elaboration of something in our statement, one of the impacts that the dislocation of the debt markets in the last two months is having is that people are having to pay a bit more for more debt. The cost of risk has gone up, so that all has to be factored in and it will take us probably to the early part of '08 to see how the debt markets will respond to this great cash flow asset.

Alex Molloy, Credit Suisse:

Just a quick question on pricing. I think you said at the H1 stage that the 6% organic growth was 2% volume, 4% price mix?

Ken Hanna:

That's correct.

Alex Molloy:

Could you update that for Q3, what's the split? Secondly is Q3 benefiting from the full impact of price increases taken so far? Then finally are there further price increases to come?

Ken Hanna:

Ok, Q3 Alex is roughly 5% price and mix and 5% volume. Secondly Q3 only had a little impact of...clearly it's gone from 4% to 5%, it's had a little impact but a lot of our Q4 deals have already been done, it's difficult to go back and change the price on Christmas after you've already done a deal with a large retailer, so there's a lot more impact in '08 than '07 but there will be some impact in '07.

Ian Kellett, Numis:

Two if I may, firstly on Accelerade, can you give us some sort of idea of what your monthly run rate is or what your expectation for the outturn of sales is now for Accelerade for the current year?

Ken Hanna:

I would just say Todd and I have got a fundamental review of Accelerade as part of our budgeting and full year forecast process and that's in the next week or two. It's too early to jump in at this stage, Ian, but it has been disappointing, that's the bottom line.

Ian Kellett:

The second given this is a strategic as well as a trading statement, I wonder if you could comment on something Todd's spoken about before which is the ideal nature of a relationship with Hershey in the future, and given the comments that they've made that they've made an approach to you guys, have you had conversations with them? What's passed?

Todd Stitzer:

The strategic nature of our announcement this morning is around de-merger and it's clear from the tenor of the statement that we're focused on de-merging the business, delivering margins, continuing good revenue growth and integrating the acquisitions we made two or three months ago, so we're not in a position to comment on other strategic matters or Hershey in specific.

Andrew Wood, Bernstein:

Good morning, one question on margins, I appreciate you not giving any guidance on Q3 margins but I presume that you know very well how your margins are doing

in Q3 and so I was wondering if you could confirm that with 10% growth in confectionery in the third quarter and significant growth in the UK and the US which are by your own statements your highest margin businesses by far that you're getting great top line leverage in margins and you're getting great positive mix in margins so far in the second half? Thanks.

Ken Hanna:

In the third quarter for the reasons that you say, a full quarter of pricing in the US and a recovery in UK chocolate, our margins are up so we can confirm your view of that.

Andrew Wood:

Ok. My questions was: is there a significant top line leverage? Is there a significant mix improvement?

Todd Stitzer:

Again it's a trading update about revenue delivery Andrew. We will be happy to provide perspectives on margin in December. I think our statement says we enter the fourth quarter with confidence. I think you can assume that means we are entering it with confidence.

Polly Barclay, Cazenove:

Regarding the mid-teens margin target by 2011 you've given us quite a bit more detail today on the restructuring on the confectionery business. Can you just talk

us through what we should expect regarding the phasing of that margin progression out to 2011 please?

Ken Hanna:

Polly, we resisted setting annual margin targets because this is a longer term programme, however I think it's worth me just repeating the exact same words we used in June: we want to come out of the blocks quickly and we will be aiming for meaningful margin improvement in '08. That's the exact same words that we used in June, but we'd rather not get into the phasing of how we're going to get to mid-teens margin because the world changes.

Marco Gulpers, ING:

Two questions if I may, some follow-ups and one clarification. Let's start with the clarification question. You've mentioned that in this environment where you have to pay up more for debt, in your press release it stated that the interest costs in the second half will go up. Is that year on year comparable or is that versus the first half of the year? That's the first question, the second is could you update us a bit more in detail on Asia, what is happening in Australia and also specifically on China, what your actions are there? Thanks.

Ken Hanna:

I'll take the first half of that question. Michael, it's in relation to the first half, that extra 50 basis points of spread.

Todd Stitzer:

Just some perspectives on Asia, we have a very, very strong performance in India with significant increases in confectionery, and we launched bubblegum there; Thailand which in the first half had been upset by political uncertainty is improving; South East Asia is similarly improving; Japan is doing reasonably well; China is chugging along on a recovery project. It certainly had losses in the third quarter, not as significant as in prior years. We have pulled back to a limited number of cities in China to focus the business, so revenue in China this year is down significantly and was in the third quarter. Australia is roughly 70% of our business in Asia. There are two very large retailers in Australia, one of which has been in a sale process which is disrupting our sales pattern there and a number of other consumer products companies' sales patterns. That's a challenge. We at the beginning of the year disclosed that we would be terminating a co-packing contract in our beverages business in Australia for Jim Beam, that's had about 1% negative impact on revenue there. We continue to have the biggest chocolate market and confectionery market share in Australia. We have great confidence that that business will trade through the difficulties with the retail changes and push through in that regard.

Marco Gulpers:

One final question if I may, a clarification. Is there in Australia positive trading occurring or is it a negative one?

Todd Stitzer:

I think we were flat in the third quarter in revenue growth. Obviously the fourth quarter is a big quarter, despite the warm weather in Australia it is the holiday season and is traditionally a good quarter. We are cycling a very strong quarter in 2006 with significant sales in Coles Myer, the very retailer that is in a challenged state, so we have it to play for. It will be an interesting fourth quarter in Australia.

Jeff Stent, Citigroup:

Just a quick question on the 5% volume in the third quarter. You suggested that Sheffield and the salmonella recall were much of a wash so to say. How much would you estimate the sort of weather impact benefited this year versus last? I suppose what I'm getting at, there's so many sort of influencing factors out there, I'm just trying to get your view of what was the sort of real underlying volume number.

Todd Stitzer:

We've got a fair amount of thinking about that, it's always difficult to call the weather impact on a business, especially with the recall, it's a particularly difficult period of time for us to really examine, so I don't think we can really give you a lot of guidance on that.

Jeff Stent:

Ok, maybe then moving ahead on to the fourth quarter where you have the sort of added impact of the Nigeria adjustments. Is there anything you may be able to

quantify with respect to the fourth quarter in terms of influencing factors we should be thinking about?

Ken Hanna:

Yes, I can help you on Nigeria. Nigeria have probably about a 1% improvement in the second half as a result of the booking of the adjustment in Q4. It's about a 1% benefit in the second half.

John Cox, Landsbanki Kepler:

Two questions really, one just to come back to what you said about the Hershey comment there, I know you don't really want to talk about that but you said earlier this year that you don't see any sort of transformational deal post the beverages disposal/de-merger. Is that still the case? If you looked at the article coming out of the Wall Street Journal it appears that Hershey Trust is talking about getting together with you but it doesn't seem that you actually have been in the negotiations with them. That's the first question. Then on the second question, if you just come to the growth we're seeing in the chocolate market, I'm just wondering if you can give us any sort of breakdown on the difference between the premium chocolate, and I really call that gifts or high cocoa butter, compared to say count lines, and whether it's easier to increase the prices through the so-called gifts and the premium chocolate compared to the count lines, and whether it still remains the case that the premium side of the chocolate market is growing far quicker than the sort of more mass offering?

Todd Stitzer:

As it relates to the concept of a transformational deal, we have reiterated again today in our press release that we're focused on a transformational deal and that is de-merging or separating our beverages business and in addition generating margin and continued good revenue growth and integrating the three bolt-ons that we did in June or July, so that's what we're focused on. I don't think we have anything more to say about it. As it relates to growth in chocolate, we don't have a significant premium chocolate business. We own Green & Black's, and Green & Black's is doing beautifully, up high double digits again this year but the bulk of our chocolate progress in the third quarter and in the year is really focused on our moulded chocolate business and our count lines which we are pricing intelligently, taking aggressive but intelligent price increases, and I think you would find that phenomenon across the chocolate world. Premium is growing strongly but certainly our competitors, Mars in particular, are growing their count line and moulded businesses.

John Cox:

Do you have any plans to further develop Green & Black's and turn that into more of a global premium brand as a follow-up or perhaps develop another premium brand in-house, or alternatively maybe are there still some small players in that premium business you might be looking to pick up?

Todd Stitzer:

I think we previously declared our intention to expand Green & Black's beyond its UK homeland and indeed Green & Black's is growing strongly in Australia, it's growing strongly in the United States and it's growing strongly in Ireland as well. So we're selectively expanding and investing Green & Black's. We don't really have any plans to acquire smaller premium brands at this point, we think Green & Black's is a great platform and we'd rather focus our efforts on that and we also have Cadbury premium brands in Australia, we have a brand called Eden, in the UK we launched a line called Cadbury Melts last year, we launched several variations of darker or higher cocoa content Bournville brands, so we're using the Cadbury name to premiumise if you will within the brand and we're investing and expanding Green & Black's.

John Cox:

So you wouldn't be interested in Godiva then?

Todd Stitzer:

No, we would not.

Ben Hasted, Morgan Stanley:

In response to an earlier question you mentioned with regard to any capital return to shareholders associated with a de-merger that it would depend upon the debt market at the time. I was just wondering if you have a particular target credit rating in mind?

Ken Hanna:

We've announced the target credit rating for confectionery, BBB+ but not beverages at this time. We've made no announcement on that.

Ben Hasted:

So that was BBB+ and that's unchanged?

Ken Hanna:

Unchanged, correct.

Ends