

**Cadbury**  
**December 2008 Trading Update**  
**09h00 Conference Call Transcript**

Todd Stitzer: Good morning everyone. Happy holidays and welcome to our trading update call. I'm Todd Stitzer, CEO, and I'm joined today by Ken Hanna, our Chief Financial Officer and John Dawson, our Head of Investor Relations. The purpose of today's trading statement is to give a brief update on our performance so far in 2008 and provide you with some up to date technical guidance. On this call we will focus on 2008 trading. We don't propose to go through the technical guidance, but if you have questions about that we can take them at the end or you can get in touch with John and the team during the next few days.

Before we turn to the main part of the call, let me say a few words about two other developments. You will have seen our comments about the conclusion of our strategic review of our Australia Beverages business. As a result of this review we've decided to proceed towards the sale of this operation. It's not possible to provide any details of where we are in the process other than to say we are well advanced in separating the beverage and confectionery activities. We'll update the market on further development in due course.

In addition we have announced today the appointment of Andrew Bonfield as our next CFO. He joins us in February and will succeed Ken in April when he steps down from the Board after doing an outstanding job for the last four-and-a-half plus years. I'm delighted we've been able to attract someone of Andrew's calibre and experience to Cadbury. He's established a strong track record as an international and FTSE100 CFO and he'll have a key role to play in sustaining our focus on performance delivery as we unlock the full potential of our confectionery model.

Turning now to trading in the fourth quarter. We have today confirmed that despite weakening economic conditions in the fourth quarter we've performed in line with expectations. We continue

to expect strong profit growth for the year and reconfirm the revenue and margin guidance provided in July and again in October.

Our Britain, Ireland, Middle East and Africa region has continued to grow well despite lapping a strong finish in 2007. Our UK business in particular, has maintained its strong performance relative to soft confectionery markets, continuing to make good share gains. For example, our confectionery share in the UK in the last 12 weeks grew by 220 basis points.

The Europe region has sustained a steady performance despite continued difficult market conditions. As you know, our business in Europe has delivered modest growth throughout the year, reflecting the headwinds of generally weak economic conditions particularly in France and Southern Europe. This has, to some extent, been offset in some countries by good share gains, for example France, where we have performed well in very difficult economic conditions.

In the Americas, growth has remained strong in South America while the rate of growth has softened a bit in North America. Demand has remained good in South America and our operations have performed well. In the US demand for gum has softened a bit from highs earlier in the year helped by clear signs of retailer de-stocking ahead of the year end and this has had a somewhat negative impact on our rate of growth.

Emerging markets in Asia Pacific continue to perform well, offsetting the expected weaker trading in Australia. Most emerging markets in the Asia Pac region are still benefitting from good levels of growth and we have continued to gain market share.

Overall, there are a number of factors that have impacted our ability to make an assessment of the trends we're seeing in our markets at the moment. There is clearly a certain amount of de-stocking across wholesalers and retailers as they manage working capital tightly in the run up to the year end. We are of course also watching our own working capital closely. This proactive

approach has served us well so far and we will maintain a focus on this as we go into 2009. All of that being said, we have continued to perform in line with expectations and we expect to deliver strong profit growth for the year as a whole.

Looking forward, despite forecasting a 6-8% rise in input costs for 2009 and weakening economic conditions we remain committed to delivering further progress towards the targets set out in our Vision Into Action strategy. Our full year results for 2008 will be announced on 25<sup>th</sup> February 2009. Thanks for your attention. Now, Ken, John and I would be happy to take your questions.

Operator: Thank you sir. The question and answer session will be conducted electronically. If you'd like to ask a question please press the \* or asterisk key followed by the digit 1 on your telephone keypad. Please ensure that the mute function on your telephone is switched off to allow your signal to reach our equipment. We will take questions in the order received, and we'll take as many as time permits. If you find that your question has been answered you may remove yourself from the queue by pressing \*2. Once again, please press \*1 to ask a question. We'll pause just a moment to allow everyone to signal for questions.

We'll take our first question now from John Parker of Deutsche Bank. Please go ahead sir.

John Parker: Good morning. Perhaps a couple of quick questions. Is it possible to give any sort of quantification on this destocking you're referring to in the distribution channel or are we talking about the reducing of second half sales by 1% or something like that? That would be helpful and I don't know whether you're able to give any sort of update on the pricing situation in US Gum, you raised prices I think by 8% at the end of the third quarter, has Wrigley followed that? How has your share been evolving in the market?

Todd Stitzer: Okay, Ken will answer the first and I'll answer the second.

Ken Hanna: John, I prefer not to be drawn on this. We will probably give more colour on this in February. It's too imprecise at this stage. There are a number of large retailers just making sure their year end inventories are as low as they can get them probably for year end balance sheet reasons and obviously for making sure they've got the right level of inventory going into the first quarter. We'll give a bit more clarity on this in February, but I'd rather not get drawn into the detail today.

Todd Stitzer: On the pricing questions, John, we did take an 8% price increase as of about 20<sup>th</sup> October. I think we announced it at the end of September. Wrigley did shortly follow. Our gum share on a year-to-date basis in the States is about flat. It's down about 40 basis points in the last four weeks and our perspective is having grown 800 basis points of share in the last four years, and in a gum market that's trading in the mid single digits right now, that's a pretty good place to be.

John Parker: Thank you.

Operator: Thank you. We'll take our next question now from Julian Hardwick of RBS. Please go ahead.

Julian Hardwick: I just wondered generally on pricing, how much of the pricing you're going to need to do to offset the input cost increases you're expecting next year. Have you put into the market now and how much is still to come for next year?

Ken Hanna Julian, it's Ken. I think it's fair to say that the majority of the price increases that we need have been put in place, as we tried to do last year, the latter part of '07, we tried to get ahead of the game into early negotiations with the retailers, and we're glad we did for '08. We've done the same for '09, so the majority. We'll never say, never more, no more price increases, because it all depends what happens during the year, but the majority are in place.

Julian Hardwick: Just on the Australian beverages, a couple of issues; one - you flagged the loss of the Red Bull distribution contract. I think previously you weren't able to help us with the profit impact of that. Having gone a long way on the separation, are you able to give us a bit more colour on that; and more generally what impact might there be from this disposal in terms of stranded overhead or are there other issues?

Ken Hanna: Julian. I think we prefer not to be drawn as you can see from the press release, we're in the middle of a separation process, just to clarify; the run rate revenue of the business is around 300 million, just over £300 million after the loss of the Red Bull contract, but to be honest we'd just prefer not to be drawn on any more detail at this point in time.

Julian Hardwick: Can you help us with the profit at all?

Ken Hanna: Rather not, we're working through all of the implications of stranded overheads, what a stand alone business would look like, so we'd rather not.

Julian Hardwick: Okay, thanks.

Operator: Thank you. We'll take our next question now, from Warren Ackerman of Dresdner Bank. Please go ahead.

Warren Ackerman: Good morning, it's Warren Ackerman here at Dresdner. A couple of questions; emerging markets, the last time you updated us, I think they were growing in aggregate by 13% with plusses and minuses. I was just wondering whether you could give us a bit of an update on any trends that you've seen differently in the fourth quarter, maybe walk us through some of the bigger countries? The second one is on A&P spend. I think the A&P spend as a percentage of sales was up quite sharply in the first half by 90 basis points. I'm not expecting you to give us a

specific number for the second half, but any kind of general trends that you're expecting vis-à-vis the first half on A&P; and just finally on the interest line a bit higher than I had in my model, 110 to 115, can you just reconfirm that you're still happy with the interest rate for the year as a whole. The 6% which is what I think you said last time? Thanks.

Todd Stitzer: I'll take number 1 Warren, and then Ken will take 2 and 3. As it relates to emerging markets, I would say we're just about in the same place, a little bit less, but emerging markets are still comfortably in the double digits. I would say Brazil, India, Malaysia; the African countries are performing pretty strongly. I would say our emerging markets business is continuing to be very comfortably performing.

As regards marketing, I can confirm we still expect marketing as a percentage of revenue, that ratio to be up for the year. We are continuing to spend behind our brands. We're targeting very aggressively for next year, media deflation, but most of our media was already committed this year. Marketing spend will continue to be up in percentage terms and in absolute terms.

As regards interest, our interest is, as you say a little bit higher than most people expected. £5 to £7 million, we think is an impact of the dislocation in the markets in September, October, and November. A number of things have gone up. The cost of spreads on commercial paper are up, again when at the height of the credit crunch most corporates probably drew down more and kept some cash to be conservative on liquidity, so any cash that we had was earning low interest rates. Just a number of inefficiencies and costs caused by the financial turmoil, probably will on average our interest rate for the year will be nudging 6.4, 6.5% rather than 6. You will see that in the full year numbers.

Warren Ackerman: Obviously you will get some benefit on the currency Ken. I was a bit surprised that the currency benefit on the EBIT has only gone from 12-13% given what's happened to Sterling against most currencies.

Ken Hanna: I think when you work through the numbers, obviously the biggest move probably has been the Euro, it's less of an impact. The Dollar is obviously, with our very strong US high margin gum business, so the strength of the Euro against the Pound has not been as dramatic, but it still will have a margin benefit in actual currency of around 30 basis points.

Operator: Thank you. We will take our next question now from Pablo Zuanic of JP Morgan. Please go ahead.

Pablo Zuanic: Good morning everyone. Just on these comments about this talking, will it be fair to say that to some extent the third quarter numbers were flattered to some extent by trade loading, and if so could you quantify that?

Todd Stitzer: I don't think they were flattered by trade loading. We can't really give [unclear]. It was good solid trading across the pitch.

Ken Hanna: Pablo whenever we put prices up, which we did in gum in October, we try and restrict the amount of buy-in that customers can make, to a small amount of buy-in. There probably was a small amount of buy-in, in the third quarter ahead of price increases, but it's just very – we do deliberately manage that as low as possible.

Pablo Zuanic: That's good. Just a follow up, it would help if you can give some more detail at the divisional level in terms of fourth quarter trends, in terms of what's [happening] in BIMA and Europe. In particular if I may ask in the UK according to Nielsen data, your chocolate growth, you're obviously gaining share and it's improving in terms of trends, but the growth is still 4%, 5%. In the third quarter you reported 10% growth in BIMA. I understand Africa was up strongly, but just can you give us some colour in terms of your actual sales growth in chocolate in the UK? Secondly just related to this, I have noticed again based on Nielsen data which I know it's not

perfect; that you had strong growth, double digit growth in sugar candy both in the UK and the US. I understand that that's a lower margin business and [unclear] makes implications from that. If you can comment on that please?

John Dawson: Before Ken answers on the chocolate. If I may just make the observation, in Q3 we took pains to out that the number in BIMA was flatter quite considerably by the swing back on the candy business as a result of the floods in 2007. Remember we talked about a 3-4% benefit to the UK business from that. When you're looking at the trends you need to factor that into your considerations, but other than that.

Ken Hanna I think that is the biggest issue, the double digit growth in BIMA in the third quarter is just that. Our chocolate business is growing as you say well, in a market that is slow at the moment. The chocolate market year-to-date is up only a small amount in the UK. We've gained quite a lot of share particularly in the last 12 weeks as our Christmas season has sold in very well.

I think it's also worth pointing out in BIMA last year they had a double digit second half. Again as a bounce back from a number of things in the prior year, so BIMA had a double digit second half last year. You need to put that into context as well.

Pablo Zuanic: Great, just one last one if I may. In terms of interpreting your trading update this morning, in terms of your press release. You are saying in terms of sales you are in line with expectations and according to the e-mail that John Dawson sent out yesterday, expectations were 6.4 sales growth for the year, so that's what you're telling us in terms of sales growth. In terms of EBIT you're saying you expect to finish the year up strongly. Does that mean that you would be ahead of your guidance of 130 basis points for the year?

John Dawson: No Pablo, I think you need to be careful how you interpret the data here. We talked, just to go through it in a little bit more detail, when we did our IMS in October; we were pretty clear

about our guidance on sales being around the top end of our goal range. For many people who had numbers that were slightly ahead of the goal range; that statement effectively underpinned their expectations and we would look for it to continue to do so today.

The information provided on margins and our comment in the statement reflected the position and the guidance that we gave in both July and October. In July against the backdrop of analysts expectations of 120 basis point improvement in margins; that's what we were talking about then and it's effectively what we are reiterating today.

Pablo Zuanic: Just the very last one I guess, Todd when I look at the margin expansion story and I understand all the drivers you've talked about. I am surprised that you don't use so much the argument of depressed earnings, and I say this in the case of the BIMA division. The aspiration of 400/500 basis points upside in other divisions, people could question that you've never been there, but obviously you've given us a catalyst on how you are going to get there. At least in the case of BIMA, you've been there at 14.5% if my numbers are not wrong in 2005. I am surprised you don't talk more about that and what is different from 2005 over the next two years that could not prevent you from getting there?

Ken Hanna: There's a couple of technical issues Pablo; one is which we explained a couple of years ago which is increased pension costs and IFRS impact which we put in, in 2006. The big turnaround in BIMA will come from supply chain restructuring which will not really have a material impact until 2010 and 2011. You'll see some good BIMA margin expansion this year as a result of SG&A efficiencies.

John Dawson: In fact Pablo to an extent we've been over this before in the sense that when we've talked through the drivers of our margin improvement story, it's been pretty clear that the regional restructurings and other things will necessitate a lot of that margin improvement to come through our developed markets for chocolate, including in Europe and the UK. You would expect to see

some pretty significant improvements in our BIMA margins over the timeframe of the Vision into action strategy.

Operator: Thank you. We will take our next question from Polly Barclay of Cazenove. Please go ahead.

Polly Barclay: Hi it's Polly Barclay from Cazenove. Two questions if I may. The first just returning to the US de-stocking, you referenced retailers wanting to have the right level of inventory for the early part of next year. Can you just talk a little bit more about consumer demand for gum in the US and how resilient you think the business is? Then second of all, just going back to the technical guidance on interest rates. You've given very clear guidance for this year, can you just explain through any impact it might have on the rate we should be using for 2009, if any?  
Thanks.

Todd Stitzer: I'll speak about the first one and Ken will speak about the second one. I mean the US gum market is growing mid single digits right now. We think that that's a good place for it to be, not obviously near double digits as it has been. I think given the fact that gas is half the price it was six or eight weeks ago and the consumer thinking through the impacts of what's going on, we will just have to see where that goes. I think we're pretty confident that the kind of competition that there is in the United States based on innovation and marketing will ultimately be interesting to our consumers. I think being in the mid single digits is not a bad place to be in the current circumstances.

Ken Hanna: Polly it's obviously early days to be drawn on 2009, but just for those of you who need to pencil in a number, I would work on the assumption of around 6.5% interest rate for 2009; and we will give you an update in February.

Polly Barclay: Great that's very helpful, and then just finally just in terms of the UK business, any impact from Woolworths. Will we be seeing any impact from Woolworths? How big is Woolworths for you?

Ken Hanna: Woolworths used to be a major customer; they're just in the top ten for the UK business, at the lower end of the top ten. We are working hard to replace their business with other retailers. At this stage we hope we can, there might be a minor impact, but I don't think it's going to be material in 2009 revenues. I am hoping that our consumers will just go elsewhere. There is no significant impact in 2008. We've been watching them closely and managing our exposure right down to be honest, as many suppliers have been.

Operator: Thank you. We will take our next question now from Jon Cox of Kepler. Please go ahead.

Jon Cox: Good morning. I am just wondering about the overall picture in the fourth quarter, with regards to your targets. Can you confirm actually you may have just dropped below your 4-6% in Q4; that's my first question? Then secondly on the input costs – the guidance you're giving – just remind me that's just regarding your raw materials; that's not to do with the overhead there or anything like that? Thank you very much.

Todd Stitzer: As it relates to the fourth quarter, this is the 2008 full year trading update, I think we're looking at the second half and the full year, and I think we confirmed our guidance. That's about where we are. It's certainly been challenging in the fourth quarter but I think you can see that across the pitch, and I think our business has performed reasonably well under those circumstances.

John Dawson: Can I add one point to that which is just to say that if you look at the consensus figures that we put out last night and in context of our year-to-date figures. If you're looking at trying to

infer from that where you would be in the range of 4-6% you're definitely at the top end of that range for Q4, a number if you're extrapolating a total. Now that isn't our guidance; that's just based on the mathematics of being market view on consensus and the position we were through in the first nine months. You need to take your view from that, as you see fit, but it certainly implies at the very least the top end of the range.

Jon Cox: Can I just add onto that then, so you're basically saying that you're comfortable with the consensus expectations of this 6.4% for the year. Am I misunderstanding something there?

John Dawson: I think the emphasis on us as a company to ensure that the market has got the right information and if we weren't comfortable with the consensus range that was out there, we would obviously have to say something.

Jon Cox: Just on the input costs?

Ken Hanna: On the input costs - yes that is materials and commodities. It's not man power costs, SG&A, energy, distribution etc. It's roughly 1.6 billion/1.7 billion of material input costs.

Jon Cox: Then just a follow up, you're talking also about obviously a pretty deflationary environment with regards to other services. Would it be a right assumption to make that the input costs you talk about; and I must admit when I look at the spot prices of some of these currencies, I know you're a British Pound reporter, but certainly a lot of these commodities are actually going down. Would it be right to say that some of the deflation in other parts of the – regarding inputs, labour costs or factory overhead, energy etc, could probably more than offset the rise you're talking about in your raw materials?

Ken Hanna: I think it's very difficult to say more than offset. Labour costs are other than restructuring benefits, labour costs and pension and national insurance generally go up. We hope obviously to

benefit from the reduction in oil in energy and transport. There is a lag effect on that, we'll be pushing hard to see benefits on that. I see the major area of deflation, we're pushing on all fronts, but the major one we're looking at is on media and A&P.

Todd Stitzer: That being said, there are several other input costs that are going up quite significantly; more than offset would be not an appropriate characterisation. We've got cocoa up significantly, sweeteners up significantly and milk up to some extent. The basket of commodities that go into our input costs are not quite as effected as others might be by drops in other commodity costs.

Jon Cox: Just to come to say for example, you're talking about higher milk prices, is it because you're using local milk in some of the countries; and obviously maybe it doesn't reflect necessarily what we see quoted on the screens with regards to powder milk prices?

Ken Hanna: Absolutely, Cadbury Dairy Milk uses fresh milk bought locally. It's been the corner stone of our brand for 100 years, and powdered milk is a global tradable commodity. It is affected by local unique conditions.

Jon Cox: Can you just give us an idea of what those conditions are at the moment?

Ken Hanna: Such as drought in Australia, such as deals that the supermarkets do with the British farmers to improve the profitability of British farming, such as exchange rate movements between Ireland and the UK, or Euro and Pound; these types of things affect what the price...Now obviously there is a little bit of an influence with powdered milk coming down a bit, and that's why Todd was able to say milk is up somewhat, it jumped up very significantly in 2008, and we see just a levelling off to a little bit of an increase in 2009.

Todd Stitzer: The spot price of milk in December of '08 as compared to December '07 is up 31% of fresh milk. That's what we're talking about.

Jon Cox: I don't want to monopolise the call, but I want to just ask another question. You mentioned in Q3 that particularly in France and Spain you were seeing maybe a drift away from convenience buying, and as a result you weren't in some of the channels that maybe the consumers are moving away from some of those channels. Is that a trend you're seeing that the consumer isn't going into the convenience places and obviously confectionery is right there on the counter in a lot of these convenience places. Is that the issue in Europe? And potentially these customers are going elsewhere and buying confectionery, but maybe in discount warehouses and these sort of things?

Todd Stitzer: I would say that that's the same for most consumer products companies. We've all been reporting since about May, the fact that consumers in Europe in particular have been making less journeys to the big box stores and more journeys to discount stores. Our products now are increasingly available in discount stores. We'll get our products where the consumers go, but I think there's just been a general overall conservative onto the consumer in Europe in particular; which I think is mirrored to some extent in most of the big developed countries in the world. I think you're seeing consumers being conservative, taking less trips in the car, so I think that's just an overall developed market trend that all consumer products companies are dealing with. I think we're dealing with them a bit better, but we're not without impact.

Jon Cox: So you've actually seen pretty strong growth in those discount channels then, and maybe if you could just remind us what sort of share?

John Dawson: Close down the call on this point, but we don't I think want to go into much detail on the individual elements of our channels in what is effectively a Q4 pre-close update. There will be a much better opportunity to go through this at the time of our full year results.

Operator: Thank you. We will take our next question now from Sara Welford of Merrill Lynch.  
Please go ahead.

Sara Welford: Morning; I have just got one question. On the slowdown that you alluded to, it's probably quite difficult to give an aggregate, but can you provide a little bit of clarity. Do you think it's all de-stocking or has the underlying consumer uptake also taken a bit of hit at all?

Todd Stitzer: I think it's a combination of both wholesale and retail customers trimming their sales before the end of the year. I think it's partially a reflection of the consumer and the consumer's conservativeness. It's a combination of factors it's not just one.

Operator: Thank you. We will take our next question now from Alex Smith of Numora. Please go ahead.

Alex Smith: Good morning. I had a follow up question on pricing, where I think you said for '09 you achieved the majority of those price increases. Can I ask, are you still targeting a headline price increase of around 6-7% pre promotions for 2009; which I think is what you said at the time of the Q3 call?

Ken Hanna: That is still the headline average. A little bit higher on chocolate and a little bit lower on average on gum and candy across the world, but that is still the headline number.

Alex Smith: Just perhaps a quick update on Canada which I know is a competitive market for you and perhaps Australian confectionery as well. Is it beverages which is still holding back the Asia Pacific number a little bit?

Todd Stitzer: I would say Australian confectionery is a bit slow, reflecting the same trends that I discussed just a few minutes ago. Slower consumer traffic in the stores, increased competition from competitors, but still a developed market that is in the mid single digits.

Ken Hanna: I would say Australia beverages has had what's predominantly described as a challenging summer. It's the same with beverage companies all over the world. It's had a toughish summer. Weather has not been great down in Australia and it's been very competitive.

Alex Smith: And Canada?

Todd Stitzer: Canada we have the four major chocolate companies go at it hammer and tong and we've been having a very competitive dynamic with Wrigley, so it's a competitive market.

Operator: Thank you. We will take our next question now from Mario Montagneni from Chevreux. Please go ahead.

Mario Montagneni: Good morning gentlemen. Just a couple of questions. The first one is probably if you can elaborate a bit on your performance in UK, probably in terms of segments, premium and mass chocolate. The second was on the outsourcing trend we have in chocolate. If you plan just to face this challenging situation we have in terms of consumer demand, if it's something that you plan to do attain a more pronounced way in your confectionery chocolate business, so outsourcing more to increase efficiencies in terms of margin in your company? Thank you.

Todd Stitzer: As it relates to the UK, we don't refer to our main stream chocolate as mass chocolate, but its market share has increased 220 basis points in the last 12 weeks, so it's doing quite well. We've sold 70 million Wispa bars; we've had terrific innovation on CDM variants with cranberries and apricots, so the chocolate business is doing well. The Green & Blacks business is up mid single digits. That's what you would define as the premium end of the market. It's holding up

pretty well in a market where premium and organic actually are not particularly performing well. I think we're very comfortable with where we are in the chocolate market in the UK.

Mario Montagneni: Will it be fair to say that basically you are experiencing, in this segment as well, this premium segment as well, a quite slowdown in terms of performance compared to the previous quarters?

Todd Stitzer: No it wouldn't be. We're having a very good performance from our UK chocolate business.

Mario Montagneni: But mid single digit compared to the previous quarter?

Ken Hanna: Remember the previous quarter was inflated as we said at the time, with a bounce back from our Sheffield flood in particular. The 10% was an exceptionally strong number, except the real number was 6-7.

As regards to your second question on outsourcing, no more or less than we had planned before. We have a relationship with Barry Callebaut; do outsource production in a number of countries around the world. No dramatic change, we use it to cover peaks and troughs, so no dramatic difference to what we've done before.

John Dawson: Just to remind everybody, obviously the Vision into action strategy as regards the transformation of the supply chain from our UK business is underway and that's actually our main driver of efficiencies in that area. We're not looking to offshore or outsource capacity, it's actually part of the restructuring agenda we have in place for that business.

Operator: Thank you. We will take our next question now from Charlie Mills of Credit Suisse. Please go ahead.

Charlie Mills: A couple of questions for Ken if I could. One, an idea about the year end debt position and secondly, the likely pension finance credit that we should expect this year, and if he's got a view about the New Year, I would love to hear that one as well?

Ken Hanna: Debt will be round about 1.6 billion at constant currency. Probably a couple of 100 million higher at actual currency just with translation impact, so 1.8 at actual.

Pension credit is in line with all the analysts' forecasts, sort of 27-28 million. At this point in time the outlook for 2009 would be lower. We will give better guidance in February but it will be a lower number just as the way that discount rates have moved and the way that equities have moved. By February we will be able to give a precise number for 2009, but it will be lower, as it will be for every other company.

Operator: Thank you. We will take our next question now from Jeff Stent of Citi. Please go ahead.

Jeff Stent: Good morning two questions if I may. The first one is just on Australian beverages; you previously quantified the sales from the Red Bull contract. Thinking about the Pepsi license, I was wondering if you could quantify the sales generated there and also if you're able to shed any colour on change of control clauses on that. The second question is just regarding Andrew Bonfield's future appointment. I imagine you had the embarrassment of candidates, and I am just interested as to what set Andrew apart and what was it you saw in him that made him the best candidate for the role? Thanks.

Ken Hanna: I will take the first one, Jeff we really would prefer not to get into nitty-gritty detail on change of control in Pepsi licenses etc, it's just not appropriate at this point in time. We're in the middle of segregating or separating the businesses, and we'd really prefer not to be drawn on that.

Todd Stitzer: As it relates to Andrew; he has ten excellent years as an international CFO of both a global company and a FTSE 100 company. He had uniquely within those experiences the over the counter consumer products experiences which are much the same as our own businesses, he had as you've seen the pharma industry change, he had significant operational experience working with both of those places in getting them in the right shape operationally. He's has broad international experience, specific US and UK market experience and certainly consumer products experience in a difficult operating environment. He stood out frankly from the number of candidates we did have the chance to speak to.

Operator: Thank you. We will take our next question now from James Edward Jones of Execution LTD. Please go ahead.

James Edward Jones: Morning. Two questions if I may, first of all on 2009 guidance, is there any reason why we should not assume a straight line trajectory towards the mid teen margin target by 2011. Secondly, just following up really on Alex's question I suppose, your 6-7% headline price increases. Can you give us an idea as to how those compare with the market as a whole?

Ken Hanna: James let me start; we have never said straight line progression. It's mid teens margins by 2011. You just cannot divide that by four years and say straight line. We know we've got ups and downs based on restructuring, based on the world, so it is not straight line, but you've read the release today and it does confirm we expect to make margin growth in margin progression in 2009. It's certainly not straight line.

James Edward Jones: I guess then Ken, the question is would you expect 2009 to be below the full year trend?

Ken Hanna: This is a 2008 pre-close James. We will give more clarity in February. 2009 is not on the agenda for guidance today.

As regards pricing, all of our chocolate competitors have the same cocoa, sweetener, milk issues that we have. Broadly speaking, all of the chocolate price increases are roughly with some [puts and takes] roughly in the same ballpark as ours, as is the same in gum. Wrigley followed our big price rise in the US and around the world gum input costs have gone up by similar amounts. It's broadly in line with our competitors, give or take.

Operator: Thank you. As we have no further questions, I would like to turn the call back over to you Mr Stitzer for any additional or closing remarks.

Todd Stitzer: Well thanks everybody for taking time out of your busy schedules, particularly in advance of the holidays. We all at Cadbury wish you all a very happy and restful holiday season and look forward to seeing and chatting with you in 2009. Thank you very much.

Operator: Thank you. That will conclude today's conference call. Thank you for your participation ladies and gentlemen, you may now disconnect.