CADBURY PUBLIC LTD CO
Form 425
January 12, 2010

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Subject Company: Cadbury plc

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Forward-Looking Statements

This slide presentation contains forward-looking statements regarding Kraft Foods offer to combine with Cadbury plc. Such statements include, but are not limited to, statements about the benefits of the proposed combination and other such statements that are not historical facts, which are or may be based on Kraft Foods plans, estimates and projections. These forward-looking statements are subject to a number of risks and uncertainties, many of which are beyond Kraft Foods control, that could cause Kraft Foods actual results to differ materially from those indicated in any such forward-looking statements. Such factors include, but are not limited to, failure to obtain necessary regulatory approvals or required financing or to satisfy any of the other conditions to the offer, and the risk factors set forth in Kraft Foods filings with the Securities and Exchange Commission (SEC), including the registration statement on Form S-4 filed by Kraft Foods in connection with the offer, Kraft Foods most recently filed Annual Report on Form 10-K and subsequent reports on Forms 10-Q and 8-K. Kraft Foods disclaims and does not undertake any obligation to update or revise any forward-looking statement in this slide presentation, except as required by applicable law or regulation.

Additional US-Related Information

This slide presentation is provided for informational purposes only and is neither an offer to purchase nor a solicitation of an offer to sell shares of Cadbury plc or Kraft Foods. Kraft Foods has filed a registration statement and tender offer documents with the SEC in connection with the offer. **Cadbury plc shareholders should read those filings, and any other filings made by Kraft Foods with the SEC in connection with the proposed combination, as they contain important information**. Those documents, as well as Kraft Foods other public filings with the SEC, may be obtained without charge at the SEC s website at www.sec.gov and at Kraft Foods website at www.kraftfoodscompany.com.

Kraft Foods
Building on a Global Powerhouse
January 12, 2010

Forward-looking statements
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This slide presentation contains forward-looking statements regarding our offer to combine with Cadbury, including but not lin
our beliefs that: we will have steady improvement in operating income margin; we are well positioned to deliver top-tier perfor
organic revenue growth, executing strong pipeline of cost-savings initiatives, increasing investment in Sales, R&D, A&C; our
of 4%+, profit margins to industry benchmarks, EPS growth at high end of 7%-9%, and cash flow growth in excess of EPS gro
growth going forward, good balance between volume/mix and pricing, sustainable growth objectives for every geography, long
targets; a strong pipeline of cost-savings initiatives target accelerated margin expansion, end-to-end productivity will better lev

reset will further expand margins, and A&C will continue to increase as a percent of net revenue; our priorities of focusing on transforming into a leading snack, confectionery and quick meals company, exit lower growth and/or lower margin businesses, businesses to fund growth; expanding our footprint in developing markets, capitalize on population growth trends, long-term o up" to our products, provide scale to invest in infrastructure in key geographies; expand presence in growing trade channels, In ("ICC") continue to gain share versus traditional channels in U.S. and EU, increase access to significant parts of our portfolio; portfolio mix, drive down costs while investing in quality; Cadbury will help accelerate Kraft Foods' strategic plans; Cadbury's complementary to Kraft Foods', increasing scale in developing markets for both companies; Cadbury has strong infrastructure channels; a combination with Cadbury provides the potential for meaningful revenue synergies and a significant opportunity to combination has the potential for meaningful revenue synergies with a highly complementary geographic footprint, investment product development, and annual cost savings of at least $625 million, which is over and above current performance improvem and Cadbury, including Cadbury's Vision Into Action program; potential annual pre-tax cost savings of $300 million of operati general and administrative synergies and $125 million of marketing and selling synergies have been identified thus far; we exp by the end of the third year; the total one-off implementation cash costs is $1.2 billion; we have proven our ability to successfu combined, we would be the global leader in confectionary with a diversified portfolio of leading confectionary brands; our esti market shares as a combined company; this combination would further accelerate long-term growth; our long-term targets of o long-term EPS growth; Kraft Foods delivers attractive and immediate value; provide Cadbury shareholders with both value cer participate in future upside of the combined company; we believe our offer is understated due to recent share pressure; Kraft Fo premium; we believe that Kraft Foods is by far the best partner for Cadbury; we have strong standalone operating and financia Cadbury is a compelling strategic fit; the combination would further accelerate both companies' long-term growth; our offer de value to Cadbury shareholders. These forward-looking statements are subject to a number of risks and uncertainties many of w that could cause our actual results to differ materially from those indicated in any such forward-looking statements. Such facto to, continued volatility of input costs, pricing actions, increased competition, our ability to differentiate our products from retai expenses in connection with litigation, settlement of legal disputes, regulatory investigations or enforcement actions, our indeb indebtedness, the shift in consumer preference to lower priced products, risks from operating outside the U.S., tax law changes regulatory approvals or required financing or to satisfy any of the other conditions to the combination, adverse effects on the m stock and on our operating results because of a failure to complete the combination, failure to realize the expected benefits of t transaction costs and/or unknown liabilities and general economic and business conditions that affect the combined companies additional information on these and other factors that could affect our forward-looking statements, see the risk factors set forth Securities and Exchange Commission (the "SEC"), including our registration statement on Form S-4 filed in connection with t Annual Report on Form 10-K and subsequent reports on Forms 10-Q and 8-K. We disclaim and do not undertake any obligatio forward-looking statement in this slide presentation, except as required by applicable law or regulation.

Forward-looking statements
Additional U.S. related information
This announcement
is
provided
for
informational
purposes

only and is neither an offer to purchase nor a solicitation of an offer to sell shares of Cadbury or Kraft Foods. Kraft Foods has filed a registration statement and tender offer documents with the SEC in connection with the offer. Cadbury shareholders who are U.S. or Canadian residents and holders of Cadbury American Depositary Shares, wherever located, should read those filings, and any other filings made by Kraft Foods with the SEC in connection with the proposed combination, as they contain important information. Those documents, as well as Kraft Foods' other public filings with the SEC, may be obtained without charge

at
the
SEC's
website
at
www.sec.gov
and
at
Kraft
Foods'
website
at

Responsibility Statement

The
directors
of
Kraft
Foods
each
accept
responsibility
for
the
information
contained
in
this
document,
save
that
the
only
responsibility accepted by them in respect of information in this document relating to Cadbury or the Cadbury Group (which h
compiled
from
public
sources)
is
to
ensure
that
such
information
has
been
correctly
and
fairly
reproduced
and

presented. Subject as aforesaid, to the best of the knowledge and belief of the directors of Kraft Foods (who have taken all reasonable care to ensure that such is the case), the information contained in this document is in accordance with the facts and does not omit anything likely to

affect the import of that information.
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www.kraftfoodscompany.com

Agenda

Kraft Foods: A Strong Base to Build On

Kraft Foods + Cadbury: A Global Powerhouse

Kraft Foods
Offer

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Three years ago, laid out four strategies to return
Kraft Foods to sustainable growth
Exploit
Sales
Capabilities
Reframe
Categories

Balance
Cost &
Quality
Rewire for
Growth

6
Reframe
Categories
Successfully executed our turnaround despite
a difficult environment

Strengthened senior leadership team

Decentralized to create accountable business units

Revised incentive systems with right metrics

Enhanced relevance of core brands

Rebuilt our innovation pipeline

Increased value-oriented marketing

Strengthened our category mix

Focused investments on priority categories, core brands, key markets
Rewire for
Growth

7

Successfully executed our turnaround despite a difficult environment (continued)

Leveraging our scale in the marketplace

Established Wall-to-Wall in the U.S.

Taking Wall-to-Wall to next level with High
Visibility Wall-to-Wall

Expanded reach in growing trade
channels

Improved coverage in traditional trade

Improved product quality from parity to
vastly preferred

Leveraged tailwind of restructuring
program to invest in growth

Moved to a model of continuous
improvement
Exploit
Sales
Capabilities
Balance
Cost &
Quality

8
Growth from volume/mix
improving sequentially
Product line
discontinuations
Volume/Mix
Easter Shift
(3.4)pp

0.2 pp
0.7 pp
~(0.8)pp
~(1.0)pp
~(0.8)pp
~(0.8)pp
~0.8 pp
Q1 09
Q2 09
Q3 09

9
Steady improvement in operating margins
Operating Income Margin
Q1 08
Q1 09
Q2 08
Q2 09
Q3 08

Q3 09
11.8%
13.5%
11.8%
15.0%
15.1%
14.5%
10.6%
13.2%
9.8%
Reflects reported operating income margins in Q1, Q2 and Q3 2008.
See GAAP to Non-GAAP reconciliation at the end of this presentation.
Reflects operating income margins excluding items in Q1, Q2 and Q3 2008

10
Cash flow up strongly

Improved gains from working capital efficiency programs and
disciplined management of capital expenditures
$2.2
$2.4
FY 07

FY 08
$2.7
9 Months Ending
30 September 2009
Discretionary
Cash
Flow
($ billions)
*
Excluding *Post* cereals and adjusted for the timing of deferred interest payments. See GAAP to Non-GAAP reconciliation at the end of this presentation.
*

11
Well-positioned to deliver
top-tier performance

Driving high quality organic revenue growth

Executing strong pipeline of cost-savings initiatives

Increasing investment in Sales, R&D, A&C
Targets

Organic revenue growth of 4%+

Profit margins to industry benchmarks

EPS growth at high end of 7%-9%

Cash flow growth in excess of EPS growth

12
Solid organic revenue growth going forward

Good balance between volume/mix and pricing

Sustainable growth objectives for every geography
North America
3-5%

Europe
1-3%
Developing Markets
8-10%
Total Kraft Foods
4%+
Long-Term
Organic
Revenue
Growth
Targets

13
A strong pipeline of cost-savings initiatives
target accelerated margin expansion
*

End-to-End Productivity
will better leverage scale

Overhead Cost Reset will
further expand margins

A&C will continue to
increase as a percent of
net revenue
(1)
Reflects Operating Income Margin ex. Items. Reported 2008 Operating Income Margin was 9.2%.
See GAAP to Non-GAAP Reconciliation at the end of this presentation.
Operating
Income Margin
2008
2011
Target
12.3%
(1)
Mid-Teens
*
Nothing in this presentation is intended to be a profit forecast and the statements in this presentation should not be interpreted t
the earnings per Kraft Foods share for the current or future financial periods will necessarily be greater than those for the relev
financial period.

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Focus on growth categories

Transform into a leading snack, confectionery and quick meals company

Exit lower growth and/or lower margin businesses

Reinvigorate high cash flow businesses to fund growth
Four priorities shape Kraft Foods
long-term strategy
Growth
Categories

Expand footprint in Developing Markets

Capitalize on population growth trends

Long-term opportunity as consumers trade-up
to our
products

Provides scale to invest in infrastructure in key geographies

Expand presence in growing trade channels

Instant Consumption Channels (ICC) continue to gain share
versus traditional channels in U.S. and EU

Increase access to significant parts of our portfolio

Enhance margins

Improve portfolio mix

Drive down costs while investing in quality
Developing
Markets
Growing
Channels
Margin
Expansion

Agenda

Kraft Foods: A Strong Base to Build On

Kraft Foods + Cadbury: A Global Powerhouse

Kraft Foods
Offer

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Cadbury has a strong portfolio with leading market positions in the fast-growing confectionery category

Cadbury will help accelerate Kraft Foods strategic plans

Developing
Markets

Growth
Categories
Growing
Channels

Cadbury s footprint is highly complementary to Kraft Foods ,
increasing scale in developing markets for both companies

Cadbury has strong infrastructure in instant consumption
channels

A combination with Cadbury provides the potential for
meaningful revenue synergies and a significant opportunity
to realize cost savings
Margin
Expansion

This combination would provide for meaningful synergies and cost savings

Potential for meaningful revenue synergies

A highly complementary geographic footprint

Investments in distribution, marketing and product development

Annual cost savings of at least $625 million*

Over and above current performance improvement programs at
Kraft Foods and Cadbury

Including Cadbury's Vision Into Action program

Potential annual pre-tax cost savings identified thus far:

$300 million of operational synergies

$200 million of general and administrative synergies

$125 million of marketing and selling synergies

Expect to achieve run-rate savings by end of third year

Total one-off implementation cash costs of $1.2 billion
17
*
There are several material assumptions underlying the synergies estimate which might therefore be materially greater or less th
This estimate of cost synergies was announced on 7 September 2009, and repeated in the offer documentation published on 4 I
has been reported on under the U.K. Takeover Code by Ernst & Young LLP and by Lazard & Co., Limited. Copies of their rep
Appendix V of the U.K. offer document dated 4 December 2009, which can be found at www.transactioninfo.com/kraftfoods,
with the SEC on 4 December 2009. The estimate of cost synergies should be read in conjunction with Appendix II of that ann
contains, among other information, certain key assumptions underlying the estimate. The board of Kraft Foods confirms that t
remains valid for the purposes of the offer and that Ernst & Young LLP and Lazard & Co., Limited have indicated that they ha
reports continuing to apply.

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We have proven our ability to successfully
integrate acquisitions

Expansion of global core category, providing strong third leg in Europe and increased Developing Markets presence

Added $2.6B in revenue and $400MM in operating profit

Synergies ahead of plan

Acquisition of Spain and Portugal biscuit business, bringing
European manufacturing base and return of Nabisco trademarks

Added $400MM in revenue and $70MM in operating profit

Integration proceeded on track

Entered rapidly growing snacks category

Increased worldwide revenues by 30%

Scale step up in Latin America and to lesser extent Asia Pacific

Smooth integration, synergies exceeded original targets
GROUP DANONE S
GLOBAL BISCUIT
BUSINESS
(2007)
UNITED BISCUITS
IBERIAN
OPERATIONS
(2006)
NABISCO
(2000)

Combined, we would be the global
leader in confectionery
Kraft Foods
+ Cadbury
Mars
Wrigley
Cadbury
Nestlé

Kraft Foods
Hershey
Ferrero
Perfetti
Van Melle
Lindt &
Sprungli
14.8%
14.6%
10.1%
7.8%
4.7%
4.5%
4.5%
2.9%
2.0%
Chocolate
15.2%
14.6%
6.9%
12.6%
8.3%
6.7%
7.3%
NA
3.6%
Gum
28.9%
35.4%
28.8%
0.1%
0.1%
0.6%
NA
6.8%
NA
Sugar Confectionery
7.6%
5.0%
7.3%
2.6%
0.3%
2.6%
1.5%
6.4%
NA
Global Confectionery Market Shares
Global
Share

we all know that the world of retailers
is consolidating and it s better to have
a stronger position when you re
standing in front of your retail partner
to say, we can be your category
captain and leader as it relates to
confectionery.
Todd Stitzer, Cadbury CEO,
16 September 2009
19
Source: Euromonitor 2008.

with a diversified portfolio of leading
confectionery brands

Key
global
brands
led

by

Milka,

Cadbury,
Trident
and
Halls

40+ confectionery brands over $100 million with iconic status in
respective markets
Chocolate
Kraft Foods
Gum
Candy
Cadbury
20

This combination would further accelerate
long-term growth
Organic Revenue Growth
4%+
5%+
Long-Term EPS Growth*
7% -
9%

9% -
11%
Long-Term Targets
21
* Nothing in this presentation is intended to be a profit forecast and the statements in this presentation should not be interprete
Foods share for the current or future financial periods will necessarily be greater than those for the relevant preceding financial
Kraft Foods
+ Cadbury
Kraft Foods

Agenda

Kraft Foods: A Strong Base to Build On

Kraft Foods + Cadbury: A Global Powerhouse

Kraft Foods
Offer

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Kraft Foods delivers attractive and
immediate value

300p in cash and 0.2589 Kraft Foods shares per
Cadbury share

Values each Cadbury share at 767p based on the 8 January 2010
closing stock prices and exchange rates

(1)

Shareholders may elect to accept an additional 60p in cash in lieu of a similar value of Kraft Foods shares under the partial cash alternative

Provides Cadbury shareholders with both value certainty and the opportunity to participate in future upside of combined company

Through the partial cash alternative and a mix-and-match facility, Cadbury shareholders have the opportunity to receive a higher proportion of their consideration as cash or stock

1) Based on Kraft Foods stock price of $28.93 as of 8 January 2010, and an exchange rate of 1.6022 $/£.

23

We believe our offer is understated due to
recent share pressure

Short interest has increased sharply since the announcement of
the Kraft Foods offer on 4 September
(a)
Source: Bloomberg.
Short interest

KFT stock price
24

Kraft Foods is offering a significant premium
Premia
to Cadbury s Recent Trading Levels
Offer
of
767p
per
Ordinary

Share
or
$49.19
per
ADR
(a)
568p
$37.46
35%
31%
555p
$36.68
38%
34%
524p
$34.66
46%
40%
4
September
(b)
90-Day Average
Ending
4
September
(b)
3
July
(c)
25
Price per ordinary share
Price per ADR
(a)
Reflects Kraft Foods closing stock price as of 8 January 2010 of $28.93 and a $/£ exchange rate of $1.6022.
(b)
The last business day preceding the announcement by Kraft Foods of a possible offer for Cadbury.
(c)
The day prior to analyst suggestions regarding potential sector consolidation.

We believe that Kraft Foods is by far the
best partner for Cadbury

We have strong standalone operating and financial
momentum

Kraft Foods + Cadbury is a compelling strategic fit

The combination would further accelerate both
companies
long-term growth

Our offer delivers attractive and immediate value to
Cadbury shareholders
26

GAAP to Non-GAAP Reconciliation
28
As
Reported
(GAAP)
Asset
Impairment,
Exit and

Implementation
Costs -
Restructuring
Asset Impairments
/ Other Expenses -
Non-Restructuring
(Gains) /
Losses on
Divestitures,
Net
Excluding
Items
(Non-GAAP)
Kraft Foods
Net Revenues
41,932
$
-

-

-

41,932
$
Operating Income
3,843
$
989

223

92

5,147
$
Operating Income Margin
9.2%
12.3%
Kraft Foods
Reconciliation of GAAP to Non-GAAP Information
Operating Income Margin
For the Twelve Months Ended December 31, 2008
($ in millions) (Unaudited)

GAAP to Non-GAAP Reconciliation
29
For the Three Months Ended:
As Revised
(GAAP)
Asset Impairment, Exit
and Implementation
Costs -

Restructuring
Asset Impairments /
Other
Expenses
-
Non-
Restructuring
(Gains) / Losses on
Divestitures, net
Excluding Items
(Non-GAAP)
March 31, 2008
Net Revenues
10,046
$
-
-
-
10,046
$
Operating Income
1,067
$
98
3
18
1,186
$
Operating Income Margin
10.6%
11.8%
June 30, 2008
Net Revenues
10,804
$
-
-
-
10,804
$
Operating Income
1,423
$
121
1
74
1,619
$
Operating Income Margin
13.2%

15.0%
September 30, 2008
Net Revenues
10,401
$
-
-
-
10,401
$
Operating Income
1,023
$
90
112
1
1,226
$
Operating Income Margin
9.8%
11.8%
Kraft Foods Inc.
Operating Income Margins
($ in millions, except percentages) (Unaudited)

GAAP to Non-GAAP Reconciliation
30
9 Months
Ending
2007
2008
Sep. 30, 2009
Net Cash Provided by Operating Activities (GAAP)

3.6
$
4.1
$
3.3
$
Capital Expenditures
(1.2)
(1.4)
(0.7)
Voluntary Pension Contribution
0.1
-
0.2
Discretionary Cash Flow
2.4
$
2.8
$
2.7
$
Discretionary cash flow from the
Post
cereals business
(0.2)
(0.1)
-
Timing of Deferred Interest Payments on debt issuances for the
LU
Biscuit acquisition
-
(0.3)
-
Discretionary Cash Flow excluding
Post
cereals and
adjusted for Timing of Deferred Interest Payments
2.2
$
2.4
$
2.7
$
(1)
May not add due to rounding
Kraft Foods
Reconciliation of GAAP to Non-GAAP Information
Cash Flows
For the Twelve Months Ended December 31,
($ in billions) (Unaudited)

(1)