

Hello. Come and get a real taste of Cadbury. Who we are, why we're different and what we're doing to achieve our vision of being not just the biggest but also the best confectionery company in the world. Where to start? Well, we create chocolate, gum and candy brands people love – brands like Cadbury Dairy Milk, Trident and Halls. So, let's start there...

Cadbury

Did you know?

3

We make and sell three kinds of confectionery: chocolate, gum and candy

60

We operate in over 60 countries and sell nearly everywhere

200

We're nearly 200 years young

35,000

We work with around 35,000 direct and indirect suppliers

50,000

We employ around 50,000 people

millions

Every day, millions of people around the world enjoy our brands

delicious chocolate

brands



We love chocolate. It's been a big part of our lives since our earliest days. When John Cadbury started his business way back in 1824, did he realise he was laying the foundations for one of the world's great chocolate companies? We don't know for sure. But what we do know is that today, for many people around the world, only Cadbury chocolate will do.

A glass and a half hero

Cadbury Dairy Milk is at the heart of our success. Loved by millions of people in over 30 countries around the world, it generates around £500 million of sales each year. And no matter where in the world Cadbury Dairy Milk is enjoyed, there's always a glass and a half of fresh, natural milk in every half pound.

It is the hero of our chocolate portfolio and was a hit from when it was created back in 1905. It has helped ensure Cadbury is a brand people love from Canada to Cairo. For example, we have been voted the most trusted brand by consumers in Australia and New Zealand for the last four years.

In Poland, where our main chocolate brand is Wedel, our chocolate is also a national hero. Wedel is Poland's biggest confectionery brand and was the country's original chocolate. Today it still retains its unique recipe, including local favourite Ptasia Mleczko (meaning Bird's Milk).

Chocolatey facts to savour:

The ancient Aztecs invented 'chocolatl', a drink prized for its therapeutic uses. Montezuma drank a goblet every night before visiting his harem...

Like fingerprints, no two Cadbury Flakes are the same, but all are 'the crumbliest, flakiest chocolate' in the world

On sale from January to Easter, we lay 300 million a year of these goo gooey wonders. Cadbury Creme Eggs – smashing

Commercially ethical, environmentally passionate and delicious – Green & Black's was the world's first organic chocolate company



flake

creme
egg

GREEN
&BLACK'S
ORGANIC

refreshing GUM brands



Gum is the fastest growing confectionery on earth. Whether to freshen breath, strengthen teeth, as an ideal diet-conscious snack, or just for the pleasure of chewing – its popularity is on the up and up. We're at the heart of this chewy world, with Trident, the world's biggest chewing gum brand; Bubbalo, one of the world's biggest bubblegum brands; Dentyne, a leading 'intense' gum brand; Chiclets, the original gum in many places; and local leaders such as Clorets in Mexico and Japan, Hollywood in France and Stimorol and Dirol in Northern Europe, Russia and South Africa.

Flavour and functionality

Trident is now the world's biggest gum brand – and it's still growing fast. It has doubled in size since we acquired it in 2003. Trident was one of the world's first sugar free gums, marketed as 'the great taste that is good for your teeth'. It was also the first gum in space – enjoyed by astronauts on the 1964 Gemini space flights.

Today Trident continues to offer outstanding functionality – our most recent oral care innovation is Trident Xtracare, which strengthens teeth through the patented power of Recaldent. But we've also taken taste to a new level through innovative formats such as our centre-filled gum and more indulgent and longer-lasting flavours, including Strawberry-Lime and Watermelon-Mint. Gum never tasted so good.

Gum facts to chew over:

Ancient Greeks chewed mastic, thus 'mastication'. Ancient Mayans chewed chicle from which Thomas Adams created the first chewing gum in 1869

Established in 1952, Hollywood was the first French chewing gum and it's still their favourite

Recaldent is our own patented wonder-ingredient. It replaces lost minerals in teeth, so the more you chew, the better for your teeth

Bubbalo is a worldwide favourite. Loved in over 25 countries for its amazing bubbles, liquid centre and 'full of surprises' attitude





From soft fruity jellies to hard-boiled sweeties, from cough drops to caramels – there are many different members of the candy family. Candy represents over 30% of the global confectionery market. And we're the leading player.

The world's biggest breath of fresh air

Halls is the world's biggest candy brand. Its famous Mentho-Lyptus formula was invented in the 1930s and the distinctive Halls cough drops began to go on sale soon after.

The secret to Halls' success lies in its uplifting combination of functionality and refreshment.

In cooler climes, Halls soothes coughs and colds; in sunnier spots, it's a refreshing and revitalising candy. All around the world though, consumers agree that Halls' distinctive cooling sensation is like taking a deep breath of fresh air – it soothes and invigorates so you're ready for what's next.

Uplifting candy brands

Candy facts to sample:

'Candy' comes from the Arabic 'kand', meaning sugar. Whatever you call it – sweeties, lollies, gummies or pastilles – candy makes life sweeter

Loved from Beijing to Delhi and Durban, as an affordable indulgence – Eclairs (or Choclairs) are known as 'the sweet with its heart on the inside'

Jelly Dinosaurs, Snakes, Squirms, and Unbearables – The Natural Confectionery Co.'s candies come in lots of mischievous forms

Bassett's Jelly Babies were originally called Peace Babies as they were launched in 1918 to celebrate the end of World War I



winning across total confectionery

By being globally strong across all three confectionery categories, we are building competitive advantage – creating the right range, to be available everywhere, and for everyone.

We have a natural growth path based on making the most of our total confectionery business and specific strategies for each category. In many markets we are already leaders in one or two categories and can expand into a second or third by making the most of our global capabilities. So in the UK our strength in chocolate and candy has enabled us to launch successfully into gum. Similarly in India, we've expanded into the bubblegum business. And in the USA, we've added chocolate to our gum and candy business.



*Percentage of confectionery revenue. An additional 8% of the Group's revenues come from our Australia Beverages business.

focus brands

We are investing in our most advantaged brands. Together, they generate approximately half our total revenue and have significantly higher profitability than our confectionery portfolio as a whole.

They are Cadbury Dairy Milk, Trident, Halls, Green & Black's, The Natural Confectionery Co., Creme Egg, Eclairs, Flake, Dentyne, Clorets, Hollywood, Stimorol and Bubbalo.



the start of a new chapter

An interview with Todd Stitzer



In the five years since he became CEO of the company, Todd Stitzer has overseen a period of innovation, revenue growth and transformation including 2008's demerger of the Group's Americas Beverages business. Employee Krishnalekha Chaudhuri asks Todd about his job and where the future lies for the new Cadbury plc.

Krishnalekha:

I'd like to start by asking you, what is the most exciting part of your role as CEO of Cadbury?

Todd: I think getting out with the team, visiting units in different parts of the world and seeing what local opportunities and initiatives are going on. I've been to lots of places so far this year, but the last place I visited was Turkey. It's really exciting because we have just purchased Intergum and the team in Turkey is busy integrating the business.

Krishnalekha:

You're clearly very enthusiastic and committed – what motivates you?

Todd: I'm an adrenaline junkie. I just love to be part of a team that accomplishes really great things.

Krishnalekha:

Tell me a bit more about your leadership style – how you lead your team and the company as a whole?

Todd: I'd say my leadership style is inclusive, focused and energetic. I believe that people need to do things at pace. They need to be – and hire – the best people they can. I love to be surrounded by smart people. I completely admit I'm not the smartest person in the world and I like to have smart people around me because, frankly, the quality of the combined output is much better.

Krishnalekha:

You believe in being inclusive, focused and energetic. What other values are important?

Todd: I'd like to think that they're pretty consistent with Cadbury. I think people need to respect each other – their differences and their similarities. I think people want to win as a team. Integrity, above all, is crucial – what you say, you have to do. Respect for other people, taking responsibility, winning as a team – all these things are core values for everybody. That's why I think people love to work at Cadbury.

Krishnalekha:

What's your goal for the company over the next few years? Where do you want us to go?

Todd: I want us to be the biggest and best confectionery company in the world.

Krishnalekha:

Being the biggest is easy to understand, but what does being the best mean to you?

Todd: Being the best means having a balanced but very high set of standards from a commercial, financial, cultural and behavioural perspective. It means that very elusive standard of doing it all really, really well. It means having great advertising, great brands, great financial results and a real social connection to our communities. If I had to describe it in two words, best is multidimensional excellence.

Krishnalekha:

I imagine it's part of what makes Cadbury attractive to investors.

Todd: Yes. We have an undeniably unique business platform. We're No 1 or No 2 in around half of the world's biggest confectionery markets, and in those markets we are No 1 or No 2 by virtue of being strong in one or two of the three confectionery categories. This offers us a great opportunity for growth by rolling out a second or third category. Also, we offer people affordable moments of pleasure, which means we get a lot of repeat business and good cash flow. This means we have money to invest in innovation, efficiency and our people to ensure we keep growing our footprint and our earnings. So there are plenty of opportunities for us to continue to expand around the world and to become as efficient as we possibly can and that is what we are focused on.

Krishnalekha:

Why is our focus on efficiency and margins so important and how are we going to achieve it?

Todd: We have underlying margins of around 10%. If we want to be the best, we need to have margins that are as good as, preferably better than, our confectionery peers, and that is mid-teens. I'm confident we can get there. In the four years since we purchased Adams we have significantly improved its commercial execution and financial results. If we can do it with Adams, I believe we can do it with the whole of our portfolio and get our overall margin up to mid-teens.

As a team, we all agreed in the summer of 2007 to a confectionery roadmap that has us reducing our manufacturing configuration on chocolate and candy and our headcount by around 15%. That's not an easy thing to do, but we'll do it in a very sensitive and thoughtful way.

“I think people want to win as a team.”



Krishnalekha:
I'd like you to talk a little bit about consumers. What are the key consumer trends that you've noticed and how is Cadbury equipped to deal with them?

Todd: Consumers absolutely want quality products, things that taste good, look good and are good value. We always have to be sure our products are high quality and good value. That is first. Secondly, consumers increasingly are looking for naturalness. Which is why we purchased Green & Black's, the organic chocolate company, and The Natural Confectionery Co., a company that uses completely natural ingredients. We are also seeking to replace many of the artificial colours and flavours in our products with natural colours and flavours.

Another trend is health and wellbeing. One of the reasons we invested in the chewing gum business was that it is a sweet snack with generally no calories and no fat. We believe that the chewing gum industry is being driven in part by consumers seeking a sweet snacking experience with low calories and low fat.

I'd say one more trend that's growing is sustainability and environmental friendliness. Consumers want to know that the way in which we manufacture, procure and create our products is sustainable and we make sure this is the case.

Krishnalekha:
What about you as a consumer? How much confectionery do you eat?

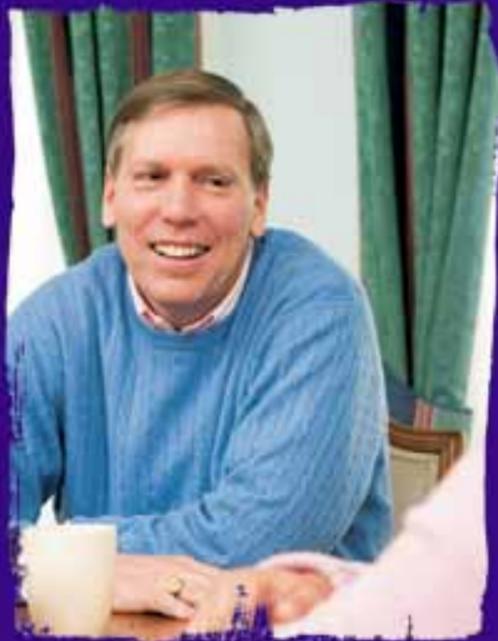
Todd: I'm like a kid in a candy shop when it comes to my job! I love confectionery and I eat it every day of my life. Indulging yourself a little bit, a few times a day, is a smart way to do it and I have found it works fine for me. It is great stuff – how could you not like confectionery?

Krishnalekha:
Moving on to retail customers, how are their needs changing and how are we building stronger partnerships with them?

Todd: The retail industry around the world is consolidating. We need to help our customers find the way to market and sell our products in their retail environments, in a thoughtful and profit making way for them. We undertake a lot of research to help them have sharper insights, not only about our products but all of the products that are in our space, so that our retailers can better understand how to be successful as retailers for shoppers around the world.

Krishnalekha:
What are the markets that you think would be interesting for us in the future?

Todd: We have the largest confectionery business of any of our competitors in emerging markets. Just over 30% of our business comes from emerging markets, and it is a great strength. Almost 60% of our growth last year came from emerging markets like Brazil, India, South Africa, Russia, Thailand, Mexico – very big emerging markets that are important to our business and to the growth and progress of the world going forward.



Krishnalekha:
How is Cadbury better placed than our competitors to win in these emerging markets?

Todd: We've been investing in Africa since the early 1900s, in Latin America since the 1920s, in India since the 1940s. So we've been there for a long time, we've created distribution systems and consumer relationships through brands. We have just been there longer, and we have a strong platform on which we can build.

Krishnalekha:
Talking of time, we're almost running out! One last question. You've been at Cadbury for over two decades now – what are the key changes that you have noticed over the years and what are the things that have remained the same?

Todd: The things that have remained the same are the great brands, the great people, and the great values. What's changed is that it is very much a more global business, a more focused and connected business. The pace of change has got quicker and we have picked up our pace to compete and win. The company is faster and more joined up.

Krishnalekha:
Finally, if you had to sum up Cadbury's future in three words, what would they be?

Todd:
Biggest and best.

To see more of Krishnalekha's time with Todd, visit our website www.cadbury.com

Our vision is to be

→ **the biggest and the best**
confectionery company in the world

Our Vision into Action

Vision	Be the world's BIGGEST and BEST confectionery company					
Governing objective	To deliver superior shareowner returns					
Performance scorecard	Organic revenue growth of 4%–6% pa	Total confectionery share gain	Mid-teens trading margins by end 2011	Strong dividend growth	Efficient balance sheet	Growth in ROIC
Priorities	1. Growth: fewer, faster, bigger, better		2. Efficiency: relentless focus on cost & efficiency		3. Capabilities: ensure world-class quality	
Sustainability commitments	Promote responsible consumption	Ensure ethical & sustainable sourcing	Prioritise quality & safety	Reduce carbon, water use & packaging	Nurture & reward colleagues	Invest in communities
Culture	Performance driven, Values led					
Purpose	Creating brands people love					

As you'll see in the diagram above, we have a clear business plan called our Vision into Action (VIA). This aligns the energies and efforts of our teams around the world behind the brands, markets and projects that will make the most impact on our revenue, our margin performance and our market share.

Our VIA builds on the solid foundations we established in recent years by investing in upgrading our factories, simplifying our manufacturing footprint and processes and improving our marketing and commercial capabilities. In the last four years alone, we have doubled our growth rate, driven by increased innovation, and increased our global confectionery market share from under 6% to over 10%, while significantly reducing our manufacturing cost base and complexity.

Our VIA is designed to achieve our governing objective of delivering superior shareowner returns.

We will continue to select carefully both ideas and markets to ensure that we deliver growth and meaningful increases in margin. By using our in-depth knowledge of our industry and markets we'll identify the future sweet spots, as we did with our move into gum and expansion in fast growing emerging markets.

Our VIA is also designed to share operational best practice and maximise the benefits of our global scale to deliver a real reduction in central and regional head office costs as well as improving the efficiency of our manufacturing and procurement. In addition, it puts greater emphasis on evolving our commercial capabilities, from better commercial decision making to cutting-edge internet marketing campaigns and world-class customer service.

It is underpinned by our sustainability commitments which have been carefully selected as focus areas to both improve our business and our impact on the wider world.

It sets out our path to becoming the biggest and the best confectionery company in the world. Throughout the journey ahead, our core purpose will remain the same: to create brands people love. For almost 200 years we have been doing just that – making delicious chocolates, gums and candies that make people smile and feel good.



If we can't stay in tune with people, how can we expect people to stay in love with our brands? It's our business to get to know you and your fellow six billion+ human beings.

From Trident to Halls to Cadbury Dairy Milk – our success is rooted in our desire and ability to really know what people want, need and believe.

Knowing our
consumers



consumer insights trends and foresights

The path to growth

Over the past five years we've interviewed over a quarter of a million people in 47 markets and developed a unique consumer framework, called Pathfinder, offering a map of confectionery lovers around the world. We've been struck by the commonalities across different markets – people are more alike than you might imagine. And this helps us know how to share our innovations with consumers around the world – finding the right path to grow from country to country.

We've made a science out of knowing what people want now – and in the future. It might be as simple as just responding to gum chewers who want the flavour to last longer. Or as sophisticated as putting consumer insights together to spot trends and generate foresights – projecting forward to anticipate and meet the changing needs of tomorrow's consumers.

1 The pleasure principle:

Escaping the everyday is a pretty universal need. We all love to treat ourselves – and others – and enjoy the very best. Confectionery plays an important part in making life feel and taste good. For example, eating chocolate releases endorphins – natural substances which produce a feeling of pleasure. So for many, chocolate is the original, and ultimate, indulgence. But we're also seeing an increase in the pleasure measure of candy and gum. Our centre-filled gum tapped right into this, taking flavour in gum to a whole new level.



2

Natural is better:

Consumers increasingly see natural ingredients, foods and practices as better not just in terms of personal consumption but for the planet as a whole. So with its natural flavours and colours, The Natural Confectionery Co. is right for the times. Still jam-packed with sweet mischievous fun for all the family, its natural promise makes it a welcome winner with parents. And for Cadbury Dairy Milk, the trend to natural means that the fresh milk behind our 'glass and a half' guarantee has a whole new relevance.



3

Being treatwise:

Growing interest in health and wellbeing is promoting a new approach to food. People are increasingly aware that their health lies in their own hands and that the best approach is to create healthy habits for a lifetime. It might be parent-friendly portion control, in the familiar form of Cadbury Buttons, or low calorie snacking, via sugar free gum. It might even be food with functional benefits. Halls cough drops exist to deliver a functional benefit and the dental benefits of sugar free gum are also well established. But we're even seeing this in chocolate, with a new interest in the benefits of cocoa and its high levels of natural flavanols and other polyphenols with anti-oxidant properties.



4

Organic evolution:

Organic is one of the hottest trends in food and our Green & Black's brand is leading the way for chocolate. Independently inspired, it joined our family in 2005 and the name says it all. Green, for the strict organic principles employed when growing the cocoa and making the chocolate. And black, for the colour of the original dark 70% chocolate and the intensity of every Green & Black's bar. Combining organic principles and intense quality – whichever way you look at it, Green & Black's is feel good chocolate.



5

Access for all:

Lower-income consumers want their fair share of the good stuff. Major population growth and urbanisation in the developing and least developed nations mean companies need to find ways to serve this growing market. We're well placed. Our success in emerging markets is rooted in our understanding that quality and value need to go hand in hand. It might mean added value such as the vitamins and minerals which complement the taste and value of Bournvita beverages. Or be about providing quality brands in smaller affordable packages – for example Halls single piece in Venezuela, Chiclets 2s in Brazil and single piece Tom Toms in Nigeria.



new

innovation

Innovation is right at the heart of creating brands people love. Not just new products and improved recipes, but also innovative packaging formats and world-class brand communication.

all-round innovators



doubling our development

You might think we make relatively simple treats, but there's a lot of science that sits behind our chocolate, gum and candy – from the 'mouth feel' and melting temperatures of chocolate, to the bounciness and flavour encapsulation of gum, to crystallisation and caramelisation of candy.

Our investment in the technology of taste, flavour, packaging, process development and nutrition has never been greater.

We've doubled our innovation rate, creating new global centres of excellence for chocolate, gum and candy and establishing new expert partnerships to help speed up and enhance our innovation.

Investing in science and technology and concentrating on developing a smaller number of innovations that will have a bigger impact on our business around the world is paying off.

centred in science

Take centre-filled gum. Developed centrally and rolled out under global and local brands to 23 markets around the world, it has been a great success – now generating revenue of nearly £300 million a year.

Its success is in large part due to the winning combination of great taste – knockout flavour combinations that also last due to patented flavour encapsulation technology – and remarkable texture – a crunchy shell, bigger and more chewably soft gum, and a delicious liquid centre. It's the result of years of development, not just in discovering the winning recipe but also how best to make and transport it.



unwrapping value



a GLASS and a HALF FULL PRODUCTION

9% sales boost from advert

brand new brand communication

The world of brand building is undergoing a revolution and we're right on the frontline – online and everywhere. Today's brands are built in places beyond your TV screen and we're leading the way in opening more doors for consumers to interact with the brands they love. One example? Our creation of Cadbury Dairy Milk's A Glass And A Half Full Productions set a new dynamic in advertising.

The first offering, 'Gorilla', was a minute-and-a-half long advert which didn't actually feature chocolate. It is now the most watched online ad ever. And tapping into today's online get-involved culture, it inspired over 100 Facebook groups with over 70,000 members, plus endless YouTube imitations – did you see the EastEnders version? Genius! Revolutionary? Yes, but in our tradition of producing outstanding ad campaigns that drive top and bottom line growth.

Packaging has always helped ensure we get our good stuff to consumers in the best possible condition. But increasingly we see packaging as much more than a wrapper – it's part of the product experience. It helps to add value and meet a new consumer need.

For example, in gum we created an innovative new fold-out format that's very similar to a wallet. It's a more convenient and compact way to carry gum when you're out and about and consumers use them to store their ID and money too. And for gum at work, we came up with something entirely different – a cool, recyclable sphere – that can sit next to your computer.



putting it all together

Our Stride brand with its 'ridiculously long-lasting' flavour is an example of innovation right across the spectrum: a great insight, a new product format, new recipe technology, a new pack, a new brand. And communicated in a new way, including an annual Summer Solstice party and sponsorship of online sensation Dancing Matt.

If you haven't visited www.wherethehellismatt.com yet, you might like to take a look. Matt is a regular young guy from Connecticut who quit his job to dance his way around the world. The resulting video was a cult hit online, which is how our Stride team came across Matt. He seemed like a bit of a Stride spirit, so we asked him if he'd like to take another trip and put our marketing money behind him and his travels. But here's the innovation – no requirement for him to promote our product. Now Matt's in the top 100 most-viewed directors of all time on YouTube and his second video has been viewed more than nine million times.





brands in your hand

Shopping is all part of the overall brand experience. We're determined to stay close to the people who buy our products and the retail customers who serve them, ensuring winning in-store experiences at the point of buying.

We work closely with all our customers – from the smallest corner shop or kiosk to the biggest supermarkets – to find the best ways to serve shoppers together across the whole confectionery category.

For our biggest, and increasingly international, large retail customers – such as Wal-Mart, Tesco, Carrefour, Costco, Lidl, Metro Group and 7-Eleven – our strong presence in all three confectionery categories means we're uniquely placed to support them as their total confectionery partner.



attracting shopper attention

Standing out from the crowd in-store is key to winning at the point of buying. Shoppers want brands to be close to hand. So investing in our product displays is also investing in your shopping experience and in helping our retail customers ensure they serve you right. In France for example, we are working in partnership with retailers to create a more attractive till-fitting in eye-catching colours. And we're designing in greater capacity to hold more products, so retailers need to restock less and you are more likely to find the full range of products you want.

Delivering at minus 45°

Like a challenge? Try making deliveries when it's -45° and your fuel tank is frozen solid. This was what our Siberian sales force faced in the winter of 2006, one of the coldest on record. Did they let this stop them? No way. For over a month, they took turns to stay awake overnight, keeping their engines warm with heaters. Customers received the products they were waiting for in record time, so consumers didn't face empty shelves. Now that's commitment to service.

Last impressions count

It might be the last part of the shopping experience, but the checkout is a hot zone for us, particularly for gum, mints and Halls. It's where you expect us to be, and we aim to help you find us. Our Lasting Impressions research project explores every aspect of shopper behaviour at the checkout, aiming to improve your shopping experience in those crucial last moments. It builds on work with a key North American customer, which identified core shoppers, studied their needs at the checkout and tested the best mix to help busy shoppers find what they want. Fast.

-50%

average time a shopping trip has decreased over the last ten years



On hand everywhere

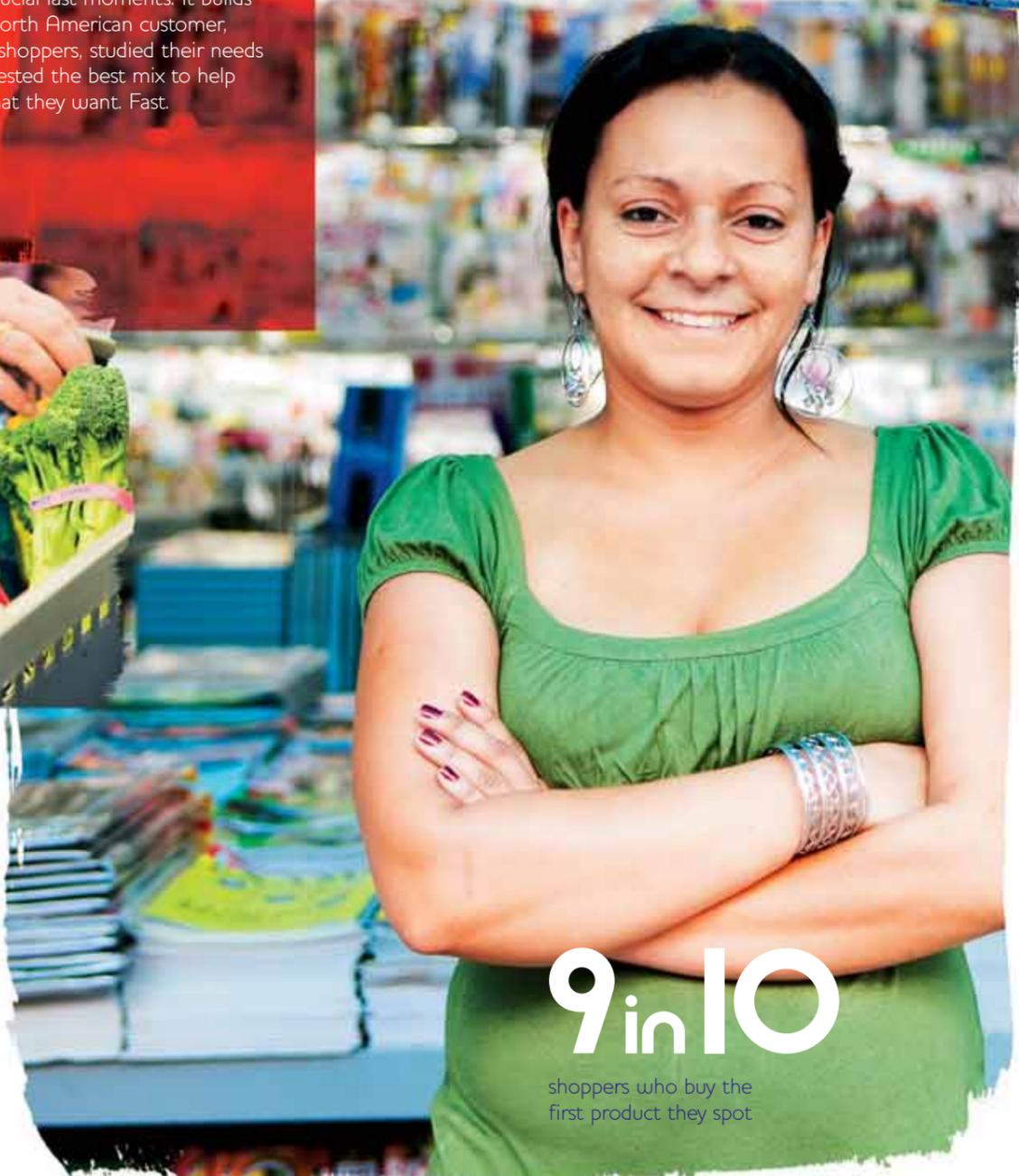
We've been selling gum in Brazil for over 60 years, since the launch of Chiclets in 1944. With the addition of Halls, Trident and Bubbalo, today Cadbury is the No 1 confectionery company in what is one of the world's largest confectionery and gum markets. Our sales force has played a critical role in our success. Our 1,200-strong sales force visits a staggering 200,000 customers in more than 2,500 cities. Making an average of 360,000 individual calls every year, in vans, motorised tricycles, bicycles and even on foot, our sales team not only deliver, collect and merchandise our products and brands but also advise customers on merchandising and selling techniques.

3 to 7

estimated seconds that a shopper takes to make a brand choice in-store

9 in 10

shoppers who buy the first product they spot



Growing with

emerging markets

Emerging markets currently account for more than 30% of our revenues – a percentage that is growing year after year. We're the confectionery leader in these exciting and dynamic parts of the world. Our business in India is a great example of our approach and has grown by over 20% annually for the last two years.

A strong foundation

We've been in India for 60 years and have a strong heritage and leadership position with a 30% confectionery market share. We're the No 1 chocolate brand with a chocolate market share of over 70%. In fact, we're so closely associated with chocolate that cocoa trees are often called Cadbury trees. Even so, only around a third of the population currently buys chocolate. That's 700 million people still to introduce to the delights of Cadbury.

Growing with the market

Appealing to a broader range of consumers is at the heart of our plan. So we've created a base range of our popular chocolate brands at more affordable price points. But we also know that, as incomes rise, the demand for more premium gifts grows. Our Diwali gifting range has enjoyed notable success.

Functional advantage

Cadbury Bournvita was launched here in 1948 and throughout its history has always sought to provide nutrition that aids growth and all-round development.

Today, the natural goodness of malt, chocolate and milk is fortified with vitamins A, B1, B3, B6, B12 and C, plus iron, protein, calcium, zinc, manganese and folic acid. No wonder it's 'a cup of confidence'.

Affordable indulgence

We've increased our presence in the candy category through Halls and Cadbury Dairy Milk Eclairs. As in other emerging markets with hot climates, Eclairs are proving popular as an indulgent affordable treat. With delicious Cadbury chocolate in the middle, they melt in the mouth, not in the heat. A new Eclairs Crunch format, with a crispy caramel shell, is just as affordable and even more at home in hot weather.

Importing success

True to our total confectionery plan, we are also entering new categories, applying our know-how from our success in other markets. We've already gained over 9% of the Indian bubblegum market with the launch of Bubbalo – a Latin American import that's off to a great start.



Expanding in developed markets

We have big plans for our developed markets where we can see lots of untapped potential. The USA is a great example of how we've transformed our profile since our acquisition of Adams in 2003. It's the largest confectionery market in the world, and one where Cadbury has plenty of room to grow.

Going for gum

Our share of the USA gum market has grown every year for the past four years – from 27% in 2003 to over 34% in 2007. Much of this growth can be put down to the success of the core Trident brand. It's grown as a result of new packaging, new fruit flavours like Tropical Twist and a new product format – Trident Splash (juicy centre-filled gum). We also introduced a completely new brand – Stride. Launched in April 2006, it's been an immediate hit, with just over 7% market share by March 2008*. And our 'smart variety' approach means these successes are not confined to the USA. Centre-filled is now in 23 countries, while Stride's long-lasting technology is in five countries already, under Trident or local brands such as Hollywood and Stimorol.

All kinds of candy

We have successfully increased our candy business since the integration of Adams. Local favourites, Swedish Fish and Sour Patch Kids, enjoy great growth – double digits in 2007. Halls remains the No 1 cough drop brand – soothing sore throats, calming coughs and refreshing taste buds. We continue to look for ways to build on Halls' strong and healthy position, not only in the USA but elsewhere, in France for example.

Green & Black's for the red, white and blue

Chocolate is our newest frontier. We're sharing the delights of Green & Black's premium organic range with USA consumers. Having started in speciality retailers such as Whole Foods, we're expanding its distribution to a much wider range of stores and outlets. We want to make it easier for more people to discover and enjoy the organic indulgence at the heart of this amazing chocolate brand.

* Source: Nielsen





just good business

We've always appreciated that doing good is good for business. For us, being responsible and being commercial go hand in hand.

They might not have called it corporate social responsibility, but all our founders believed in it. And it is still at the heart of the way we work today. We see it as key to our future success – helping to create a world in which we can grow and thrive.

We have identified six commitments to ensure we grow in a responsible and sustainable way for the long-term – strengthening our business, building our reputation and motivating our people.

We're committed to:

- 1 **Responsible consumption** of our products through thoughtful marketing, product innovation and better nutritional labelling
- 2 **Ethical and sustainable sourcing** of raw materials and other supplies, including the Cadbury Cocoa Partnership
- 3 **Quality and safety**
- 4 **Cutting carbon, packaging and water** use, as part of our Purple Goes Green campaign
- 5 **Nurturing and rewarding colleagues** and embracing diversity
- 6 **Investing in communities** in which we operate – our money, our time, our capability



sustainable COCOA

Without cocoa, there would be no chocolate. No Curly Wurlys, no Moro or Cherry Ripe. Sustainable cocoa production is vital to Cadbury's success. We are proud to have established the Cadbury Cocoa Partnership. Over the next ten years we will invest around £45 million – not simply guaranteeing a reliable, long-term source of the right quality cocoa, but also the right quality of life for those who grow it.

When research revealed that, while prices for cocoa are rising, some farmers are simply not producing enough to support their families, we were determined to do something about it.

The result is the Cadbury Cocoa Partnership. A ground-breaking investment aiming to help secure the economic, social and environmental sustainability of around one million cocoa farmers and their communities. We're working in partnership with the United Nations Development Programme, local governments, farmer organisations and communities in Ghana, India, Indonesia and the Caribbean.

Aims:

- 1 **Improving farmer incomes:** increase cocoa yields and quality. Introduce new income via complementary crops and extension services. Support enterprise through microfinance and female empowerment.
- 2 **Developing communities:** improve life in rural communities, for example by supporting health, through building wells for clean, safe water; education, through schools and libraries; and the environment, through biodiversity projects.
- 3 **Working in partnership:** a pioneering model led from the grass roots. Farmers, governments, NGOs and international agencies work together to decide how the funding is spent and work with local organisations to turn plans into action.

From this Cadbury Cocoa Partnership to our EarthShare programme, which gives employees an opportunity to work alongside cocoa farmers, to our part in the International Cocoa Initiative and the Cocoa Research Association – it's all about securing a better future for cocoa, cocoa farmers and their communities.

"I grew up on a cocoa farm and owe my education to the prosperity which cocoa brought to my family. In Ghana there is a phrase: 'koko obatanpa' – cocoa is a good parent; it looks after you. We hope with the Cocoa Partnership we, the farmers and our partners, will be good parents to cocoa."

James Boateng
Managing Director of Cadbury Ghana

Best Beans = Best Bars
Cocoa beans come from the fruit of the cacao tree (official name 'theobroma cacao' meaning 'food of the gods') which grows in tropical rainforest conditions. Ghana is our main source of cocoa and the home of the best quality cocoa in the world. It trades at up to 10% above the global market price because of that quality and careful management by the Ghanaian government. It's a price we're happy to pay to ensure our chocolate brands maintain their unique and much-loved taste.

purple GOES green

Absolute commitment

We're revolutionising our business in response to the challenge of climate change. In 2007, we became the first food manufacturer to promise 'absolute' (rather than 'relative') carbon reduction – a fundamental shift which led the way for others.

We called our new plan Purple Goes Green and pledged:

- > 50% cut in net carbon emissions
- > 10% less packaging
- > 100% 'water scarce' sites with reduction plans
- > Take a stance – campaign for action

Green Advocates

We've tapped into the passion and commitment of the people inside Cadbury, forming a dynamic network of activists inside the company who are working to raise awareness of environmental issues and encourage action at work and at home. We're also campaigning outside the company with peers, suppliers, customers and governments to play our part in moving the issues forward. From the Carbon Disclosure Project to carbon labelling, we're making our stance known.

* **'Absolute' vs. 'relative' carbon emissions:** many companies have commitments to reduce 'relative' carbon emissions, ie emissions per tonne of finished product. This means that as production processes become more efficient, energy intensity is reduced and less carbon is emitted per tonne. However if a business grows, the total amount of carbon emitted may also grow. An 'absolute' cut commits a business to reduce not only emissions per tonne but also the overall footprint despite any growth. This makes absolute targets more challenging, particularly for a sector such as manufacturing compared to service and retail industries.

You can find more about our CSR programme and sustainability commitments at www.cadbury.com.



a world of opportunity

Pretty much anywhere you are around the world, you'll be able to enjoy one of Cadbury's brands.

We manage our business across four geographic regions and focus on 12 markets – the USA, UK, Mexico, Russia, India, China, Brazil, France, South Africa, Australia, Japan and Turkey. They're the ones that are biggest today, or will be soon, and where we want to develop our market leadership.



Americas

We have businesses in most countries of North and Latin America and are the No 1 total confectionery player in Canada, Mexico and Brazil.

A little over half of our revenues in the region are in the US and Canada, with the remainder spread across the fast-growing emerging markets of Latin America led by Mexico and Brazil. Currently we sell mostly gum and candy, with four brands – Trident, Dentyne, Halls, Bubbaloo/Bubbalicious – accounting for around 65% of revenue. We sell chocolate in Canada, Argentina and Mexico, and most recently in the USA, with our Green & Black's organic brand. We are the No 1 confectionery business in Canada and Latin America.

27%

Share of revenue

Main markets

USA, Canada, Mexico, Brazil, Argentina, Colombia, Venezuela

Main brands

Trident, Halls, Dentyne, Stride, Bubbas, Clorets, Chiclets, Green & Black's, Cadbury

BIMA

Britain, Ireland, Middle East and Africa

The UK, Ireland, South Africa and Nigeria are our biggest businesses in this region.

Around 80% of revenue comes from the UK and Ireland. We are the No 1 confectionery company in the UK, the world's second largest confectionery market, with a share of around 30%. We are also the biggest confectionery company in Ireland. Our main chocolate brands are Cadbury, including Cadbury Dairy Milk, Flake, Creme Egg and Crunchie. Our main candy brands are Halls, Maynards, The Natural Confectionery Co., Bassett's and Trebor. We launched Trident gum in the UK in early 2007, which in its first year captured over 10% of the market.

We are the leading confectionery company across Africa and the Middle East. Our main operations are in South Africa, where we have a leading market share of over 30%. We also have significant businesses in Nigeria, Egypt and the Middle East. Key brands include Cadbury, Eclairs, Bournvita, Tom Toms, Clorets and Stimorol.

31%

Share of revenue

Main markets

UK, Ireland, South Africa, Egypt, Nigeria

Main brands

Cadbury, Green & Black's, Trident, Stimorol, Chiclets, Bassett's, Halls, Maynards, The Natural Confectionery Co., Eclairs, Tom Tom, Bournvita

Europe

We currently sell mainly candy and gum in this region. However we have significant chocolate businesses in Poland, Romania and France. We have the leading position in the French confectionery market, the world's eighth largest, with a 24% market share. We have 47% of the French gum market, principally under the Hollywood brand. In 2007, we launched Halls in France and the brand now has a 5% share of the candy market.

Russia and Turkey are also important countries for us in this region. We have 27% of the gum market in Russia through our Dirol brand and are also in the candy market, with Halls, and the chocolate market, with our Cadbury brand. We have a leading share of the candy market in Turkey, with brands such as Jelibon and Missbon, and a 63% share of the gum market, primarily under the Trident, First and Falim brands.

Our European headquarters are now in Rolle, Switzerland, at the heart of the region.

17%

Share of revenue

Main markets

France, Poland, Spain, Russia, Turkey, Greece, Scandinavia, Romania

Main brands

Hollywood, Halls, Wedel, Trident, Dirol, Stimorol, Jelibon, Missbon, Poulain, First, Falim

Asia Pacific

Australia and New Zealand are our largest markets in the region. We have a leading position in the Australian confectionery market – we're No 1 for chocolate (with a 53% share) with a strong presence in candy. In New Zealand we have a 56% share in chocolate. The main chocolate brand is Cadbury Dairy Milk.

Other significant markets include India, China, Japan and Thailand. Our Indian business has 71% of the chocolate market and also sells candy under the Eclairs and Halls brands. In Japan, the world's fifth largest confectionery market, we sell mainly gum under the Recaldent and Clorets brands and are No 2 in the market, with a 20% share. In Thailand we have 63% of the gum market and 31% of the candy market.

We are the second biggest confectionery company in this region. We also have a beverages business in Australia, which contributes 8% of the Group's revenues.

25%

Share of revenue

Main markets

Australia, New Zealand, India, Japan, Thailand, China, Malaysia, Indonesia, Singapore, Philippines, South Korea

Main brands

Cadbury, Halls, Recaldent, Clorets, Eclairs, Bournvita, The Natural Confectionery Co., Spring Valley, Schweppes



Ken Hanna
Chief Financial Officer

untapped potential

Our governing objective is to deliver superior returns to our shareowners

We believe that the business still has significant untapped potential – both in terms of top line growth and returns. By exploiting the strength of our leadership positions to continue to grow our market share and significantly increase our margins and returns, we aim to achieve our vision of becoming the biggest and best confectionery company in the world.

Our Vision into Action (VIA) plan for 2008 to 2011 aligns the energies and efforts of our teams around the world behind a number of priorities which will make the most impact on our revenue and margin performance.

In order to generate superior returns for our shareowners, our VIA will deliver six financial targets, set out in our financial performance scorecard:

Financial performance scorecard:

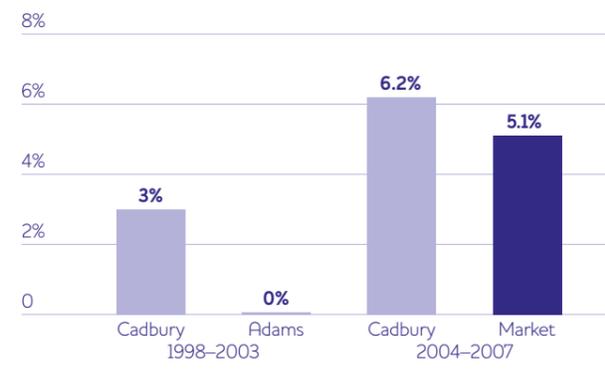
- > Organic revenue growth of 4%–6% every year
- > Total confectionery share gain
- > Mid-teens trading margins by end 2011
- > Strong dividend growth
- > An efficient balance sheet
- > Growth in Return on Invested Capital (ROIC)

To achieve these financial goals, we have a growth and efficiency strategy which aligns behind our focus on fewer, faster, bigger, better. This focus is being applied to all aspects of our business.

Driving profitable growth

Between 2004 and 2007, our organic revenue growth averaged 6% a year, a significant increase on the previous four years, when Cadbury's confectionery growth averaged less than 3% and the Adams business, which we bought in 2003, barely grew. We have significantly accelerated our growth since 2004 by unlocking the potential of the Adams business and by substantially increasing our investment in innovation, marketing and sales.

Accelerating our revenue growth



Our revenue ambition of between 4% and 6% annual organic growth for 2008–2011 is underpinned by:

- > The strength of our brands and market positions.
- > The increased investment we have made in innovation, marketing and sales.
- > Our greater exposure to faster growing categories (such as gum) and markets (such as emerging markets).
- > Healthy demand for confectionery: the market has grown consistently at around 5% every year for the last four years.

Our revenue ambition allows for some rationalisation of our portfolio as we redouble our efforts to grow more profitably.

Relentless focus on cost and efficiency

We recognise that we can be much more profitable by simplifying the way we do things across all aspects of our business. Because of the way we have organised ourselves in the past and the number of acquisitions we have made, we are a complex business. Our total cost base is higher and our margins are currently below our peer group average.

Our goal of increasing our underlying operating margins from around 10% in 2007 to mid-teens by end 2011, has three core elements:

- > First, a major Group-wide cost and efficiency programme across all aspects of our business – in sales and administration, in the supply chain, in the regions and at the Group centre. We are aiming to reduce the complexity in our business and minimise duplicated activities.

- > Second, improving the performance in three key underperforming emerging markets – Russia, China and Nigeria.
- > Third, focusing relentlessly on profitable growth and where necessary rationalising our portfolio.

Examples of the ways in which we are simplifying our business to reduce costs include:

- > Managing our chocolate, gum and candy categories and biggest brands on a global basis rather than on an individual market or region basis.
- > Combining local market and regional head offices, including in the UK where we are co-locating our central head office team with the BIMA management team in a single office.
- > Combining or clustering a number of markets into a single commercial organisation with greater scale and lower overall costs such as Canada and the USA.
- > Outsourcing certain finance and accounting, IT and human resource processes to specialist third-party operators.
- > Reconfiguring our manufacturing network, so that more of our production is focused in a fewer number of large-scale plants. This will allow us to reduce costs and invest in new state-of-the-art factories to support our growth agenda.

Disciplined investment

Hand in hand with our focus on strong growth and higher margins, is an even greater discipline on how we spend our money so that we improve the returns from each pound or dollar of capital invested in our business, while at the same time ensuring that we invest appropriately in the business for the longer-term.

Our focus on fewer and bigger projects requires us to be more disciplined in how we allocate our resources across brands, markets and projects – choosing where to invest and at times where not to invest, or deciding when we should invest on our own and when it would be better to invest alongside a partner. In 2007, for example, we extended our partnership with Barry Callebaut, the world's largest cocoa processing company, to co-invest at our growing chocolate production facility in Poland.

We are also continuing to focus aggressively on how we manage our working capital. Over the last four years, we have reduced our working capital days by over 10%, effectively releasing over £200 million of cash. During the next few years, the reduction in our manufacturing sites, the rationalisation of our portfolio and external partnerships will allow us to reduce our working capital further.

Driving superior returns

We cannot deliver superior returns for our shareowners, nor can we justify continued investment in new plant and equipment or buying new businesses, if we cannot generate returns significantly above the cost of capital. Thus our financial scorecard calls for the combination of strong dividend growth, an efficient balance sheet and consistent improvements in ROIC.

Aligning management incentives

Our new management incentives for 2008–2011 are closely aligned with the achievement of the financial performance scorecard. Our annual incentive plans require a balanced delivery of top line growth and margins, and the Long Term Incentive Plan requires a balanced delivery of earnings growth and improvement in ROIC.

Being the best is as much about the way we do things as it is about what we do. From our earliest days we have always sought to do business the right way and apply good corporate governance.

the highest standards of governance

As Sir Adrian Cadbury wrote in his seminal report 'The Financial Aspects of Corporate Governance', published in December 1992: "[Boards] must be free to drive their companies forwards, but exercise freedom within the framework of effective accountability. This is the essence of any system of good corporate governance."

Meet the Board

The Board is responsible for the overall management and performance of our business and the approval of our long-term objectives and commercial strategy. From July 2008, there will be ten members of the Board – three executive directors and seven non-executive directors.

- 1 Sir John Sunderland, Chairman (until mid-2008)
- 2 Roger Carr, Deputy Chairman, then Chairman (from mid-2008)
- 3 Todd Stitzer, Chief Executive Officer
- 4 Ken Hanna, Chief Financial Officer
- 5 Bob Stack, Chief Human Resources Officer
- 6 Sanjiv Ahuja, Independent Non-Executive Director
- 7 Dr Wolfgang Berndt, Independent Non-Executive Director
- 8 Guy Elliott, Independent Non-Executive Director
- 9 Ellen Marram, Independent Non-Executive Director
- 10 Lord Patten, Independent Non-Executive Director
- 11 Raymond Viault, Independent Non-Executive Director
- 12 Henry Udow, Group Secretary

The Chief Executive's Committee (CEC) reports to the Board and is accountable for the day-to-day management of our operations and the implementation of strategy. The CEC's members are the Chief Executive Officer, the president of each region and function and the Group Strategy Director. This team is responsible to the Board for driving the high level performance of our growth, efficiency and capability programmes as well as for resource allocation.

Committed to the highest standards

The Board is committed to the principles of good corporate governance and to achieving high standards of business integrity, ethics and professionalism across all our activities. The Board adopted a Statement of Corporate Governance Principles on 16 February 2007 which explains the principles that guide corporate governance for the Group and ensures that the Group acts in the best interests of its shareowners. The Group also has both a Financial Code of Ethics and a code of conduct (Our Business Principles). All executive members of the Board, the CEC, the Global Leadership Team (the executive managers who report to CEC members) and managers are required to confirm their compliance with Our Business Principles every year.

The Statement of Corporate Governance Principles, Financial Code of Ethics and Our Business Principles are all available on the Group's website www.cadbury.com.



the place to be

We have always sought to make our company a great place to be. A place where diverse people work hard, learn, grow and progress. A place where people love their jobs, have fun, and collaborate in teams across geographic and functional boundaries. A place where we can be ourselves, and take pride in making a real difference. A place where performance is rewarded, and values are non-negotiable. Ours is a culture firmly rooted in our core values of performance, quality, respect, integrity and responsibility.

"It's a great place to work as you can really **see and experience success**. My main goal is to achieve our sales objectives in a market that's like a roller coaster. I feel I really fit and share the same goals with the culture of the company. In all of my roles, I've behaved as if I was running my own business, therefore I try to maximise return on investment and deliver against a plan. I feel aligned with the company's objectives."

Javier Arriola
Business Director
Argentina



"**Go on, risk it** – that's the first thought that came to my mind when I saw the exciting possibility of volunteering in Africa. I did – and what an incredible opportunity to grow and develop!"

Mabel Fernandez
Operations Manager,
Spain, one of the
EarthShare volunteers
who got a taste of life
as a cocoa farmer on
our annual programme.



"I volunteered for the Red Cross because I admire what they do and I wanted to **do something** humanitarian. Winning this award is a big surprise to me. It is fantastic news – for me and the Red Cross. I am very, very, very happy! The Red Cross will benefit from the prize to buy needed materials to better serve the community."

Liliane Obeid
Senior Accountant, Lebanon,
the winner of the 2008
Chairman's Award for
Community Volunteering
for her inspirational work
with the Red Cross.



Adrian Sia Lu
Gum Category
Development Manager,
Middle East & Africa, and
one of the many Green
Advocates helping make
Cadbury more sustainable
from the inside out.



"It's important to **demonstrate leadership** and leave a legacy of action. We can take simple steps that can add up to a large impact if everyone joins in. We need to leave the planet in a good condition for future generations."

"Some days I don't blow any bubbles. Other days I have to blow a lot. It depends on what stage we are in the project. A piece of gum weighs just one to seven grams, but it's packed with a lot of **different technology**. It has to deliver a burst of flavour, a lot of sweetness, and a lot of tartness if it's a fruit gum. Our team figures out how to combine all those."

Jesse Kiefer PhD
Vice President of Gum
Technology and New
Process Development,
USA, describing his job
as a gumologist to
Fortune Magazine.



"The **variety of experiences and challenges** on offer are why I'm still with the company after 12 years. I started out in group audit in the UK, then went to the USA to work in commercial finance, then back to the UK and commercial strategy, onto supply chain, and now to Thailand, as Finance & IT Director for South East Asia. I've lived in three different continents, had eight different roles, and visited over 50% of our business worldwide. Big teams, small teams. A fantastic adventure both from a personal and professional perspective."

Hetal Shah
Finance & IT Director
South East Asia



enjoy!

www.cadbury.com

Cadbury plc

Cadbury House, Uxbridge Business Park,
Sanderson Road, Uxbridge UB8 1DH
Telephone: +44 (0) 1895 615000
Fax: +44 (0) 1895 615001

Sources: April 2008 Euromonitor; 2007 Cadbury Schweppes Report & Accounts

Forward-looking statements disclaimer:

Statements contained in this document may constitute 'forward-looking statements' within the meaning of Section 27A of the US Securities Act of 1933, as amended, and Section 21E of the US Securities Exchange Act of 1934, as amended. Forward-looking statements are generally identifiable by the use of the words "may", "will", "should", "plan", "expect", "anticipate", "estimate", "believe", "intend", "project", "goal" or "target" or the negative of these words or other variations on these words or comparable terminology. Forward-looking statements involve a number of known and unknown risks, uncertainties and other factors that could cause our or our industry's actual results, levels of activity, performance or achievements to be materially different from any future results, levels of activity, performance or achievements expressed or implied by such forward-looking statements. Factors that could cause actual results to differ materially from our expectations include international economic and political conditions; changes in laws, regulations and accounting standards; distributor and licensee relationships and actions; effectiveness of spending and marketing programmes; and unusual weather patterns. Cadbury plc does not undertake publicly to update or revise any forward-looking statement that may be made in this document, whether as a result of new information, future events or otherwise.

Although the Group believes that the expectations reflected in the forward-looking statements are reasonable, it cannot guarantee future results, levels of activity, performance or achievements.

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The Company's commitment to environmental issues has been reflected in the production of this document.

The cover and text pages are printed on Revive 75 Silk paper. The composition of the paper is 50% de-inked post consumer waste, 25% pre-consumer waste and 25% virgin wood fibre from Sweden and Spain. It has been certified according to the rules of the Forest Stewardship Council (FSC). It is manufactured at a mill that has been awarded the ISO14001 certificate for environmental management. The mill uses pulps that are elemental chlorine free (ECF) and totally chlorine free (TCF) process and the inks used are all vegetable oil based.

