

CADBURY PUBLIC LTD CO  
Form 425  
January 12, 2010

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Pursuant to Rule 425

Under the Securities Act of 1933

Subject Company: Cadbury plc

Commission File No.: 333-06444

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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](http://www.sec.gov) and at Kraft Foods' website at [www.kraftfoodscompany.com](http://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 limited to our beliefs that: we will have steady improvement in operating income margin; we are well positioned to deliver top-tier performance on organic revenue growth, executing strong pipeline of cost-savings initiatives, increasing investment in Sales, R&D, A&C; our target of 4%+, profit margins to industry benchmarks, EPS growth at high end of 7%-9%, and cash flow growth in excess of EPS growth going forward, good balance between volume/mix and pricing, sustainable growth objectives for every geography, long-term targets; a strong pipeline of cost-savings initiatives target accelerated margin expansion, end-to-end productivity will better leverage

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 of 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 improvement and Cadbury, including Cadbury's Vision Into Action program; potential annual pre-tax cost savings of \$300 million of operational general and administrative synergies and \$125 million of marketing and selling synergies have been identified thus far; we expect by the end of the third year; the total one-off implementation cash costs is \$1.2 billion; we have proven our ability to successfully combined, we would be the global leader in confectionery with a diversified portfolio of leading confectionery brands; our estimated market shares as a combined company; this combination would further accelerate long-term growth; our long-term targets of 0 long-term EPS growth; Kraft Foods delivers attractive and immediate value; provide Cadbury shareholders with both value creation participate in future upside of the combined company; we believe our offer is understated due to recent share pressure; Kraft Foods premium; we believe that Kraft Foods is by far the best partner for Cadbury; we have strong standalone operating and financial 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 which that could cause our actual results to differ materially from those indicated in any such forward-looking statements. Such factors to, continued volatility of input costs, pricing actions, increased competition, our ability to differentiate our products from retail expenses in connection with litigation, settlement of legal disputes, regulatory investigations or enforcement actions, our 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 market stock and on our operating results because of a failure to complete the combination, failure to realize the expected benefits of the 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 the Annual Report on Form 10-K and subsequent reports on Forms 10-Q and 8-K. We disclaim and do not undertake any obligation 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  
Depository  
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](http://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 has been 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](http://www.kraftfoodscompany.com)

Agenda

Kraft Foods: A Strong Base to Build On

Kraft Foods + Cadbury: A Global Powerhouse

Kraft Foods  
Offer



5  
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 to mean that the earnings per Kraft Foods share for the current or future financial periods will necessarily be greater than those for the relevant 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



16

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 than this estimate. This estimate of cost synergies was announced on 7 September 2009, and repeated in the offer documentation published on 4 December 2009. This estimate has been reported on under the U.K. Takeover Code by Ernst & Young LLP and by Lazard & Co., Limited. Copies of their reports have been filed with Appendix V of the U.K. offer document dated 4 December 2009, which can be found at [www.transactioninfo.com/kraftfoods](http://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 announcement which contains, among other information, certain key assumptions underlying the estimate. The board of Kraft Foods confirms that this estimate remains valid for the purposes of the offer and that Ernst & Young LLP and Lazard & Co., Limited have indicated that they have no 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 interpreted

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





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  
Premium  
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

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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)