

CADBURY PUBLIC LTD CO  
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Subject Company: Cadbury plc

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The following information has been made available by Kraft Foods Inc. to its employees on September 24, 2009.

#### **FORWARD-LOOKING STATEMENTS**

This message from our Chairman and CEO contains forward-looking statements, including but not limited to, how our transformation initiatives are currently underway; our belief that our strategies and transformation initiatives will take us to high performance; with regard to our three-year turnaround plan, that we are hitting our stride and it will be complete by the end of 2009; statements about the possible offer to combine with Cadbury plc; that we are optimistic about the future, confident that our stock price will respond positively and believe the best is yet to come; that by 2010, we will have programs to address malnutrition in the US and certain international markets; and that we are moving closer to our goal of top-tier performance and margin targets. These forward-looking statements involve risks and uncertainties that could cause actual results to differ materially from those predicted in any such forward-looking statements. Such factors, include, but are not limited to, continued volatility of input costs, pricing actions, increased competition, our ability to differentiate our products from private label products, unanticipated expenses such as litigation or legal settlement expenses, our indebtedness and ability to pay our indebtedness, the shift in our product mix to lower margin offerings, risks from operating internationally, tax law changes, the possibility that the possible offer will not be pursued, failure to obtain necessary regulatory approvals or required financing or to satisfy any of the other conditions to the proposed combination, adverse effects on the market price of our common stock and on our operating results because of a failure to complete the proposed combination, failure to realize the expected benefits of the proposed combination, negative effects of announcement or consummation of the proposed combination on the market price of our common stock, significant transaction costs and/or unknown liabilities and general economic and business conditions that affect the combined companies following the proposed combination. For additional information on these and other factors that could affect our forward-looking statements, see our filings with the Securities and Exchange Commission ( SEC ), including our most recently filed Annual Report on Form 10-K and subsequent reports on Forms 10-Q and 8-K. We disclaim and do not undertake any obligation to update or revise any forward-looking statement in this document except as required by applicable law or regulation.

#### **ADDITIONAL U.S.-RELATED INFORMATION**

Each of these communications 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. Subject to future developments, Kraft Foods may file a registration statement and/or tender offer documents with the SEC in connection with the proposed combination. **Cadbury shareholders should read those filings, and any other filings made by Kraft Foods with the SEC in connection with the proposed combination, as they will contain important information.** Those documents, if and when filed, 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).

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Sep 24, 2009 / 02:00PM GMT, KFT - Kraft Global Employee Town Hall - Internal

**CORPORATE PARTICIPANTS**

**Irene Rosenfeld**

*Kraft Foods - Chairman, CEO*

**Deb Pekin**

*Kraft Foods*

**David Genecand**

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**Helen Wolfe**

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**Karen May**

*Kraft Foods EVP - Global Human Resources*

**Julia Brown**

*Kraft Foods SVP - Procurement*

**Vicki Escarra**

*Feeding America - President, CEO*

**Sally Maier**

*Kraft Foods*

**PRESENTATION**

**Sally Maier**

Hello, everyone. Before we start today because so many of you are shareholders, we need to go over some important information that will help protect the Company. You can see it in the presentation, but we're also required to read some of the information out loud. So we decided to make this audience participation. So we've got some of our colleagues here in the audience who are going to help us out.

**Deb Pekin**

Good morning. My name is [Deb Pekin]. I'm a Change Manager from the Information Systems Group for MTI and developing markets. We will be discussing certain matters that involve forward-looking statements and proposed transactions that may or may not be completed. As a result, we caution you to refer to the risk factors included in our SEC reports, as well as the cautionary language in the beginning of our slides and other written materials where you find a more detailed discussion of those risks and uncertainties.

**David Genecand**

Good morning, everybody. My name is [David Genecand] and I'm working in Finance Developing Markets. Also in connection with the proposed Cadbury transaction that we will be discussing today we may be filing certain documents with the SEC in the future. We encourage all shareholders and investors to read these documents because they contain important information. You can find the documents we file in the SEC, on Kraft Food website at [Kraftfoodscompany.com](http://Kraftfoodscompany.com). Thank you.

**Helen Wolfe**

Good morning, everybody. My name is Helen Wolfe. I'm the Manager of Diversity and Human Resources. Finally, we will not be updating or reiterating our existing earnings guidance in order to comply with U.K. takeover code. According to the rules of the U.K. takeover code, we may not update or reiterate guidance that an accounting firm has not reviewed or reported on.

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**Sally Maier**

Thank you Deb, David and Helen. And now I am very pleased to introduce our Chairman and CEO, Irene Rosenfeld.

**Irene Rosenfeld - Kraft Foods and Chairman, CEO**

Thank you. You know, I think that is the first time that I've ever heard applause after a Safe Harbor statement. It was read with such passion and intensity. I thank all of you who participated.

Welcome to all of you, and thank you for joining us today wherever you are. I'm not exactly sure where I am. But actually I am here in Northfield headquarters. I haven't been here so much in the last couple of weeks and so it looks quite different to me as I've come back.

During the next hour or so though we'd like to talk with you about how we're changing the way we work. We've talked about many things over the course of the last couple of years, but today we're going to talk about how we're changing the way we work in big ways and small ways, including some of the major transformations that are currently underway.

I want to start with how we're changing our town halls, which is not yet apparent to those of you who are sitting here. But we all know how important it is to cut costs, to save money, and to become more efficient. And when you've asked, "Do you want to cut costs or increase quality?" I've always said "yes."

And so I've asked all of you to look for new ways to do things. To step up your efforts. To break some of our historical compromises. And I'm doing that, too. And, as an example, for this town hall we've simplified the production and we've eliminated the expensive call-in number.

I didn't realize how expensive it was until we eliminated it. But we're actually filming the session today as an On Demand webcast which means it will be available to you 24/7. So you can be watching this as a team meeting in your office, at an offsite, at home whenever and wherever you feel like it. It's totally up to you. And with this new format, we've now reduced the cost of our town halls by about 65%.

We've not only reduced the cost by 65%, but we've been able to give you something that you've asked for. You told us you didn't just want to hear the global town hall and see the presentation. You said you wanted to see the action. You wanted to see the speakers. You wanted to see what I look like.

And so we're trying something different. And I ask I encourage all of you to give us feedback and let us know what you think and tell us how we can continue to make these town halls even better and more helpful to you.

So here's our agenda for today. Karen May, who heads our HR team, will describe the changes we're making to put more information in your hands and focus the work that HR is doing, away from less value added activities to higher value activities that can support the business.

Our head of procurement, Julia Brown, is going to share some exciting stories with you about the work that's going on across the company to literally triple our savings over the next three years. And we're off to a terrific start.

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And I'll touch on several other aspects of our transformation, including how we're continuing to build the best executive team in the industry as we say goodbye to one world class leader and welcome another.

I want to talk about how you've all rallied around our four strategies to put our business on the strongest trajectory it's been on in years. And how we're reaching out and volunteering to make a delicious difference in our local communities around the world.

So let me start with a brief business update. We've spent a lot of time in the last few weeks talking with investors about our transformation. Two weeks ago, at the Back To School Conference in Boston, Tim McLevish and Michael Clarke talked about our plans to restore our margins to the average of our industry peers, including particularly what that transformation means to our critical EU business.

Tim and I just got back last night from an investor conference in London. We met with a number of current and prospective investors to discuss our strategies, the progress of our turnaround, and, of course, our potential offer to acquire Cadbury.

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As we approach the end of our three year plan, thanks to your hard work, we've done what we said we were going to do and we're now hitting our stride. And so we believe that the combination of Kraft Foods and Cadbury is a logical next step in our transformation.

It would combine two highly complementary companies and we believe it would enhance both our top and bottom line growth. It would create a formidable global powerhouse in snacks, confectionery and quick meals, further expand our footprint in developing markets, and expand our presence in growing trade channels like convenience stores and gas stations.

As in the case of the LU Biscuit acquisition, it would be an opportunity to combine the best of both companies, creating what we believe would be a stronger, more competitive organization that can benefit shareholders, consumers, employees, and local communities.

That said, this is something we would like to do, not something that we have to do. And so we intend to remain disciplined in our actions. And I can assure you we will avoid allowing those animal instincts that Warren Buffett alluded to take over.

It's still quite early in the process so there isn't much more I can say other than so far so good. We will do our best to keep you informed as things move along. In the meantime though, the best thing that you can do is to remain focused on your responsibilities. We have good momentum on our business, but we have much to do as all of you know to bring in the year.

As you've seen part of the proposed consideration in this proposal is the potential use of our stock. And so the performance of our stock in the coming weeks will be a key metric that investors of both companies will be following very closely.

But our investors are also intensely interested in our transformation. In fact, that's what Tim and I spoke quite a bit about over these last couple of days. And they like what they're seeing. But the word transformation is a serious one; when you say your transforming there's an expectation that the changes you make are going to last.

It carries a lot of weight in the investor community and it should. So we use the word deliberately when we talk about what's happening at Kraft Foods in part to capture the magnitude of the shifts that we're making and also to shift our own mindsets about what it's going to take for us to reach top tier performance.

There are few people who have contributed as much to our success and to putting us on the trajectory that we're on today as Rick Searer. Sadly for us, but not for him I assure you, Rick is retiring after nearly 30 years with our company. We'll be honoring him later today at a special gathering where I will say three things about Rick. But let me just say one of them right now. I've known Rick as a colleague and a business partner for over 28 years. Basically we both knew each other before we were born.

We've worked together in many different businesses, in many different locations, and in many different roles. Rick truly embodies all that is good about Kraft Foods and we are a much, much better company because of him. I know everyone will join in wishing Rick and his wife, Cathi, all the good things that they deserve in this next phase of their lives. Rick, would you just please stand and let us acknowledge you?

**Rick Searer - Kraft Foods North America Inc. - EVP, President**

Thank you.

**Irene Rosenfeld - Kraft Foods - Chairman, CEO**

Now as much as we will miss Rick, we are delighted to welcome Tony Vernon to our Kraft Foods family and to our executive team. As you might expect in filling a critically important position like this, I talked with many people who have worked with Tony over the years. The same comments come up over and over and over again. To a person they say Tony is one of those guys that what you see is what you get. They also used words like highest ethics and great leader. It's hard to argue with any of those, Tony.

Most importantly, I love the way Tony talks about the consumer. He'll be a passionate champion of what we're trying to accomplish as a company as we think about making a delicious difference with our consumers and take our marketing to the next level.

I can't think of a better person to follow in Rick's footsteps and to take the helm of our North American business. Tony's hit the ground running at full speed and he's still smiling, which I think is a rather good sign. If you've seen him around the halls or had a chance to meet him during some of the town halls he's been doing with the various business units, you know he's quickly making himself right at home. I'm delighted to have him on our team and I'd ask him to stand and be acknowledged. Welcome, Tony.

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So, I told Tony that he's joining the company at a very exciting time. And I'm sure you would agree. As we complete the third year of our turn around, it's an instructive time for us to step back and reflect on what we've accomplished together, to look at how we're creating the new Kraft Foods. And best place to start is with our four strategies.

When we first started to talk about rewiring the organization, there was a lot of concern that we were going to turn the lights off and put the organization on tilt. The reality is not only have we kept the lights on, we've lit the entire Kraft Foods village. The energy, the enthusiasm, and the passion that you hear as people talk about our business is truly inspiring.

You're acting like owners in every sense of the word. From a we're all in this together spirit to a P&L that each business truly owns, to a deep understanding of our score card, the simplified metrics that focus our efforts and drive our success.

Here's a quick example. We've taken the monthly business updates that many of you are involved in which were a monstrous process, and made them actually enjoyable. Well, maybe that's a little—but certainly a much simpler, more focused process and a much better use, I believe, of everyone's time.

Next generation rewiring will help us build a better, higher performing organization. That requires that we take our new structure and really transform our capabilities and the way we work with one another. We're making some big investments in this, putting some of our best talents on the seven initiatives that are currently underway.

Some you've already heard about like Catalyst. This is our multi-year effort to simplify and harmonize our processes with the help of an SAP system from manufacturing through sales in a way that helps us make better, faster decisions. Europe is already using it. North America is halfway done. We started in Asia and we're investigating it for Latin American and CIMA.

Other initiatives are just hitting their stride like Project Sandbox. This is a groundbreaking, global collaboration with Nielsen. It's giving us shopper and consumer insights that none of our competitors will have. If we can understand consumer trends earlier and faster than our competitors, imagine the opportunity. Our brand teams and our sales teams are really excited about this advantage and what they can do with it.

We're also relying on our category executive teams to transform the way we work by collaborating across the use and across regions to accelerate innovation in our global categories. By sharing ideas around the world, we'll bring our truly delicious products to market faster, avoid duplication of effort, and save time and money.

We're learning from the experiences of our Biscuit team. They've taken ideal sharing to a whole new level with great success and now we'd like to make that the way we do business. Our Finance Transformation efforts are moving along, too. The team has looked at what the best of the best do and frankly we're not there.

We spend far too much time quantifying things to the tenth decimal place and far too little time doing timely business analysis and long range planning. So soon you'll hear more about how we intend to change the way we work so that we can spend more time doing the right things to make better business decisions and less time on routine transactions.

And then there's HR Transformation and Savor. Karen and Julia will talk about these in a moment. Still other initiatives are just getting up and running—like Lean Six Sigma in manufacturing, producing more with less waste and at a lower cost should be a hallmark of our production facilities. But over time we've lost some of our edge.

Over the past few years, we were so focused on closing plants that we simply did not spend enough time improving the performance of those that we kept open. With Lean Six Sigma we'll bring our science and engineering back to our production lines for improved performance and significant cost savings.

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Finally, we've put an exclamation point on all of our work on structure, metrics and processes with the great work on our higher purpose "Make Today Delicious" and our values in action. Our values are beginning to define the behaviors that encourage us to work differently and I'm so pleased to see people rallying around these values and bringing them to life in our functions, in our business units, and in our operations around the world.

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When you consider our reframe strategy and look at where we started, the progress is encouraging. There were so many businesses that we had simply given up on. We couldn't see a way to win. But reframing changed those pessimistic perspectives about the future of our chocolate business, about whether coffee could indeed grow, and about whether the cheese business could retain or regain its vitality.

We challenged conventional wisdom and in every one of these cases and more you've come up with some terrific thinking that has revitalized our categories and given them new life. I can tell you that our board, our investors, our friends and our neighbors have certainly noticed.

We've also found unique ways to exploit our sales capabilities, to create a competitive advantage - our third strategy. When we first talked about the wall to wall concept in North America it was pretty daunting. How could we possibly think about giving one sales rep responsibility for 62 categories? Well, we did it. And we did it well.

We're seeing the benefits and we're moving full speed ahead. I sincerely believe that we've created a selling organization that is second to none. And now we're putting even more distance between us and our competitors as we implement high visibility wall to wall in selected customers.

I also feel terrific about where we've been and where we're headed with our traditional trade customers in developing markets. The progress that we've made has paid enormous dividends in the performance of our business and we plan to build on that growth.

And finally, our success in driving down costs without compromising quality - our fourth strategy - has been a huge success. It's been an important signal to ourselves and to the outside world that we are serious about transforming. Everyone thought we were crazy. They said it couldn't be done. We didn't have the commitment. But we've done it.

There are hundreds of examples where we've restored quality and invested in brand equity on everything from our blue box macaroni and cheese, *Kenco* coffee, milk or chocolate, *Biskuat* Biscuits, *Digiorno* pizza, *Tombstone* pizza, *Oreo* Cakesters, and *Petit Dejeuner*. But we've got to keep the momentum going.

The reality is we were transforming our company long before we started using that word. We've come a long way together and even if we aren't yet where we need to be, I feel terrific about where we've come from and very optimistic about where we're going.

The seven initiatives I mentioned earlier are the next steps we're taking to change the way we work and define our company for the future. Two of them are particularly timely - HR Transformation and Savor. So Karen May, who is leading our HR Transformation work, and Julia Brown, who is leading project Savor, are here to tell us more about these efforts, what employees can expect to see, and how we'll all be working differently as a result. So let's start with Karen. Karen?

**Karen May - Kraft Foods Inc. - EVP - Global Human Resources**

Thanks, Irene. I really appreciate the opportunity to talk briefly about HR Transformation. Now that I have the mike though, it's hard to break it into a ten minute segment here. But before I get to the specifics, I really want to link it right back to where Irene left off. HR Transformation is about driving the business forward, so let's go back three years when we put in the strategy to rewire the organization for growth. You all worked with us on that and that was one of the ingredients that moved Kraft from a low performing company to mid tier.

We ended last year as a mid tier performing company thanks to many of your efforts. So we asked the question okay, now what? Our goal is not mid tier it's top tier and what did you - what do you find in other top tier performing companies. And as we looked we found that they were high performing.

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They had a common ingredient that we needed and that was a focus, a relentless and a disciplined focus on three things: leadership, culture and development. That's what sustained companies through the ups and downs of an economy and commodities and currencies. It was that relentless focus on development and leadership and culture.

So we thought about that in HR and thought yes, that's the kind of work we want to do and we want to work with you on what's