

CADBURY PLC

AUDIT COMMITTEE

TERMS OF REFERENCE

Authority

1. The Audit Committee (the "Committee") shall, subject to the Articles of Association of Cadbury plc ("the Company"), have and may exercise in full all powers and authority of the board (the "Board") of Directors of the Company (together "Directors" and each a "Director") in accounting matters and financial reporting matters. For the avoidance of doubt, the delegation of powers and authority by the Committee to any other committee of the Board or sub-committee of the Committee shall not prejudice the right of the Committee to itself exercise any of the powers and authority granted to it by the Board.

Constitution, Membership and Meetings

2. The members of the Committee shall be appointed by the Board, from time to time, on the recommendation of the Nomination Committee. The Committee shall consist of not less than three nor more than eight members, all of whom are independent Non-Executive Directors of the Company for the time being and shall serve for up to three years, extendable by no more than two additional three-year periods, so long as members continue to be independent and members of the Board. At least one member shall have recent and relevant financial experience and each member shall be financially literate. The Chairman of the Company shall not be a member of the Committee. All members of the Committee shall serve at the pleasure of the Board
3. Two members of the Committee shall constitute a quorum and an affirmative vote of a majority of the members present shall be required for the transaction of business.
4. Meetings of the Committee will be held at least three times a year at such time and place as may be designated by the Committee or the chairman of the Committee ("the Chairman"). Meetings may be held in person or by telephone. Notice of each meeting shall be given to each member of the Committee at least five working days before the day on which the meeting is to be held confirming the venue, time and date. An agenda of items to be discussed together with supporting papers shall be sent to members of the Committee and to other attendees as appropriate, in sufficient time prior to each meeting to allow consideration of the items.
5. Ad-hoc meetings of the Committee may be held on call by the Board or any one member of the Committee, and shall be held at such time and at such place as may be fixed by the person or persons calling

such meeting, and notice of any such ad-hoc meeting shall be given by mail at least two working days before the day on which the meeting is to be held, or shall be given by e-mail or facsimile transmission, or delivered personally not later than twenty-four hours before the time set for such meeting, provided no such notice need be given to any member who is present at the meeting or has, before or after the meeting, waived notice thereof. The external auditors may request a meeting if they determine that one is necessary.

6. The Committee shall keep minutes of its proceedings and shall cause the minutes to be recorded by the secretary of the Committee, who need not be a member of the Committee, in books kept for that purpose in the offices of the Company. Minutes of meetings of the Committee shall be circulated promptly to all members of the Committee and, once agreed, to such members of the Board as shall request to receive a copy, unless a conflict of interest exists. Unless otherwise determined by the Committee the secretary of the Committee shall be the Director of Group Secretariat (or his nominee).
7. The secretary of the Committee shall ascertain at the beginning of each meeting of the Committee, the existence of any conflicts of interest and minute them accordingly.
8. In the event that a member of the Committee is unable to attend a regular or ad-hoc meeting of the Committee, such member may appoint an independent Non-Executive Director to act as an alternate member of the Committee and attend the meeting in his place. The Board may, from time to time, appoint one or more independent Non-Executive Directors of the Company to act as alternate members of the Committee to attend regular or ad-hoc meetings of the Committee in the place of absent or disqualified members thereof. The said alternate members shall have the full powers of a regular member of the Committee when attending any such meeting as a substitute for any absent or disqualified members.
9. The Committee is authorised to make rules and regulations for the conduct of its meeting and business, consistent with these terms of reference.
10. Only members of the Committee are entitled to attend and vote at meetings of the Committee. The Chairman of the Company, the Chief Executive Officer, the Group Finance Director, the Head of Group Audit, the Director of Business Risk Management, the Director of Financial Control and the Chief Legal Officer and Company Secretary for the time being shall, at the invitation of the Chairman, attend meetings of the Committee, but not as members. Other Board members shall also, at the invitation of the Chairman, attend meetings of the Committee. However, at least once a year the Committee shall meet with the external auditors without Executive Directors present, and with the Director of Business Risk Management and Head of Group Audit without Executive Directors present.

11. The Board shall appoint the Chairman who shall serve at the pleasure of the Board. In the absence of the Chairman and/or an appointed deputy, the remaining members shall elect one of their number to chair the meeting.
12. The Committee shall have power to set up any sub-committee and to determine its terms of reference and its membership, which shall consist of members of the Committee or such other persons as the Committee may think fit (including, for the avoidance of doubt, Executive or Non-Executive Directors or both), also to change the terms of reference or membership of any sub-committee; and to discontinue any sub-committee which it considers is no longer required.
13. Members of the Committee are not expected to serve on the audit committees of more than three public companies at any one time.

Duties

14. The Committee shall:

Financial statements and regulatory matters

- 14.1 monitor the integrity of the financial statements of the Company including its annual and half-yearly reports, interim management statements, preliminary results' announcements and any other formal announcement relating to its financial performance, reviewing significant financial reporting issues and judgments which they contain. The Committee shall also review summary financial statements, significant financial returns to regulators and any financial information contained in certain other documents, such as announcements of a price sensitive nature;
- 14.2 review and challenge where necessary:
 - 14.2.1 proposed major changes in accounting policies or practices and their appropriateness for the Group;
 - 14.2.2 whether the Company has followed appropriate accounting standards and made appropriate estimates and judgments, taking into account the views of the external auditor;
 - 14.2.3 the clarity of disclosure in the Company's financial reports and the context in which such statements are made; and
 - 14.2.4 all material information presented with the financial statements, such as the operating and financial review and the corporate governance statement (insofar as it relates to audit and risk management);

- 14.3 prior to consideration by the Board, ensure that the half-yearly and annual financial statements meet the relevant statutory and London and New York Stock Exchange requirements and are in accordance with accepted accounting standards, focusing particularly on:
 - a) material judgmental areas;
 - b) significant adjustments resulting from the audit; and
 - c) the going concern assumption;
- 14.4 review the methods used to account for, and the accounting implications of, major or unusual transactions;
- 14.5 consider earnings press releases and other financial information and earnings guidance provided to analysts and agencies;
- 14.6 review the Company's statements (including those in the Company's Annual Report) and practices on internal controls (including s404 Sarbanes Oxley certification), risk management and other aspects of corporate governance prior to endorsement by the Board;
- 14.7 consider the major findings of internal investigations which raise material financial issues and management's response;
- 14.8 discuss with the Board any areas of disagreement between itself and the Board, and make available adequate time for such discussions. Where any disagreement cannot be resolved, the Committee has the right to report the issue to shareowners as part of the report on its activities;
- 14.9 review the Company's arrangements for its employees to raise concerns, in confidence, about possible wrongdoing in financial reporting or other matters. The Committee shall ensure that these arrangements allow proportionate and independent investigation of such matters and appropriate follow up action;
- 14.10 review the Company's arrangements for detecting fraud;

External and Internal Audit

- 14.11 discuss with the external auditors the nature and scope of the interim and final audits;
- 14.12 discuss problems and reservations arising from the interim and final audits and any matters the external auditors may wish to discuss (in the absence of management where necessary);
- 14.13 review action arising from the audit letters relating to the latest published Annual Report and Accounts, and discuss this with the external auditors and with management;

- 14.14 discuss with external auditors the scope and inter-relationships and results of external and internal audit arrangements;
- 14.15 consider, and make recommendations through the Board to be put to shareowners for approval at the Annual General Meeting in relation to, the appointment, re-appointment and dismissal of the external auditors. The Committee will oversee the selection process for new auditors and will make its recommendation through the Board to be put to shareowners for approval at the Annual General Meeting. If an external auditor resigns the Committee shall investigate the issues leading to this and decide whether any action is required;
- 14.16 oversee the relationship with the external auditors including (but not limited to):
 - 14.16.1 approving the fees of the external auditors;
 - 14.16.2 overseeing the work of the external auditors, including the resolution of disagreements between management and the external auditors regarding financial reporting;
 - 14.16.3 pre-approving the engagement of the external auditors to perform audit and non-audit services permitted by law, provided that the Chairman may pre-approve the engagement of external auditors as long as such approval is presented to the Committee at the next meeting;
 - 14.16.4 assessing annually the external auditors' independence and objectivity taking into account relevant UK professional and regulatory requirements and the relationship with the auditor as a whole, including the provision of any non-audit services;
 - 14.16.5 assessing annually the external auditors' qualification, expertise and resources;
 - 14.16.6 reviewing the external auditors' processes for ensuring that there are no relationships (such as business, investment, financial, family or employment relationships) between the external auditors and the Company and satisfying itself that no such relationships exist;
 - 14.16.7 reviewing the policy for employment by the Company of former employees of the external auditor; and
 - 14.16.8 reviewing the external audit firm's compliance with relevant professional and ethical guidance;

- 14.17 develop and implement a policy on the supply of non-audit services by the external auditors, taking into account any relevant ethical guidance on the matter;
- 14.18 approve the engagement and representation letters provided by the Company to the external auditors;
- 14.19 be responsible for the co-ordination of the internal and external auditors;
- 14.20 review the effectiveness of the internal and external audit processes;
- 14.21 review and assess planned activities of internal audit and other risk management functions and review any reports arising from those areas;
- 14.22 keep under review the Company's risk management and internal controls policies;
- 14.23 review and approve the statements to be included in the Company's Annual Report concerning risk management and internal controls;
- 14.24 monitor and review the effectiveness of the Company's internal audit function in the context of the Company's overall risk management system;
- 14.25 approve the appointment and removal of the head of the internal audit function;
- 14.26 review and assess the annual internal audit plan;
- 14.27 consider and approve the remit of the internal audit function and ensure it has adequate resources and appropriate access to information to enable it to perform its function effectively and in accordance with the relevant professional standards. The Committee shall also ensure the function has adequate standing and is free from management or other restrictions;
- 14.28 review and monitor management's responsiveness to the findings and recommendations of the internal auditor;
- 14.29 meet the head of internal audit at least once a year, without management being present, to discuss their remit and any issues arising from the internal audits carried out. In addition, the head of internal audit shall be given the right of direct access to the Chairman of the Company and to the Committee;

Other matters

- 14.30 be provided with appropriate and timely training, both in the form of an induction programme for new members and on an

ongoing basis for all members;

- 14.31 give due consideration to laws and regulations, the provisions of the Combined Code and the requirements of the UK Listing Authority's Listing Rules, Prospectus Rules and Disclosure and Transparency Rules, as appropriate;
- 14.32 oversee any investigation of activities which are within its terms of reference and act as a court of the last resort in relation to any disputes arising from such investigations; and
- 14.33 at least once a year, review its own performance, constitution and terms of reference to ensure it is operating at maximum effectiveness and recommend any changes it considers necessary to the Board for approval.

Reporting Responsibilities

15. The external auditors shall report directly to the Committee;
16. The Chairman shall attend the Annual General Meeting prepared to respond to any shareowner questions on the Committee's activities.
17. The Chairman shall report formally to the Board on the Committee's proceedings after each meeting on all matters within its duties and responsibilities.
18. The Committee shall make whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed.
19. The Committee shall have access to sufficient resources in order to carry out its duties, including access to Group Secretariat and other Group functions for assistance as required;
20. The Committee shall produce an annual report of the Company's audit policy, practices, attendance at and frequency of Committee meetings which will form part of the Company's Annual Report.
21. The Committee may make these Terms of Reference available to shareowners and third parties, explaining its role and the authority delegated to it by the Board.

Information and External advice

22. The Committee is authorised by the Board to obtain outside legal or other independent professional advice and to secure the attendance at its meetings of outsiders with relevant experience and expertise if it considers this necessary (the fees for any advisers shall be paid by the Company).
23. The Committee is authorised by the Board to seek any information it requires from any employee of the Company in order to perform its duties.

24. The Committee is authorised to call any employee to be questioned at a meeting of the Committee as and when required.
25. The Committee shall not be responsible for reviewing executive decisions nor for monitoring the efficiency of management.

Approved by the Board on 15 February 2008

Chairman

Date 15 February 2008

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