

Todd Stitzer: Good morning ladies and gentlemen and welcome to our conference call. I'm presuming most of you are in the States, so I hope life is good there. This is Todd Stitzer, Chief Executive Officer and I'm joined today by our Chief Financial Officer, Ken Hanna. The purpose of the call is to discuss our first quarter trading performance, which we've described today and our Interim Management Statement.

I'm pleased to report that at this morning's Court and General Meeting our shareowners overwhelmingly approved the various steps we need to take in order to separate our Confectionery business from our Americas Beverages business through a demerger. This call will focus mainly on trading. Obviously, if you've got any questions, to the extent we can, we'll answer them about the demerger.

I am very pleased to report that the Group has had a strong first quarter. I'll start with Confectionery where revenues continue to enjoy good momentum, growing at 7% for the quarter. This has been driven by continued double digit growth in gum, and in emerging markets, and by the price increases we've implemented to offset higher commodity costs. Importantly, our cost reduction programmes to deliver savings and improved margins are also on track.

Looking briefly at the key regions, in Britain, Ireland, the Middle East and Africa (that we refer to as BIMA), revenues grew by 5% in the quarter, with revenue boosted by double digit growth in our emerging market businesses in those areas. In Britain our revenues grew by 3%. This number was affected by a combination of factors; strong performance in Q1 2007; reduction in low margin promotional activities; early Easter; and lower distribution in candy as a result of the flooding in our Sheffield plant last summer. Overall however, we're very pleased with the performance of our business in Britain.

Our core brands are benefiting from a greater focus, better marketing and sales execution and improved service levels in the supply chain. Price rises and improved mix are recovering cost increases and commodity increases, and the focus on profitable growth and early actions on SG&A cost is definitely benefiting margins. Finally our gum share in the UK has benefited from the launch of three new products under the Trident brand in February. Our latest four week share is up to 11%.

Turning to our Europe region. Revenues grew there by 6%, helped by continued excellent gum growth across the region, once again driven by the roll out of our global technologies, centre-filled pellet gum and longer-lasting slab gum. Halls also had a good start to the year in Northern Europe and Poland.

In the Americas, revenues were ahead by 10% with continued strong results in both the US and Latin America. In the US, against the backdrop of a growing market, we grew market share another 140 basis points and Stride grew to 7.1% market share. Halls performance improved, helped by robust growth in the cough category in North America. In Latin America, gum helped drive growth again with 260 basis points share growth in Mexico helped importantly by Trident in that market.

Asia Pacific revenues grew by 7%, helped primarily by an improved performance in the Australian Confectionary business which was cycling a lacklustre Q1 in 2007 and continued outstanding growth in India.

Let me now turn to Americas Beverages, the business which will trade as Dr Pepper Snapple Group after the separation. Americas Beverages will be reporting their first quarter results in June and expect to report actual revenue growth of around 3%. This number will include a benefit from the 2007 acquisition of SeaBev in the South-East.

On a like-for-like basis, the way Cadbury Schweppes normally reports this number, revenues were up by 1% in Americas Beverages. This number was impacted by a combination of one off factors: the timing of concentrate price increases which moved from the first of April to the first of February; lower bottler inventories, as CCE and PBG did not order at the end of the quarter; and the loss of the Glacéau contract. All of these together reduced revenue growth by around 4 percentage points in the quarter of the year which has the smallest amount of volume for the entire industry. Our carbonated soft drinks share fell modestly for the first time in four years as the result of significant price increases we implemented to offset commodity pressures. In non-CSDs, revenue growth was driven by a combination of price increases and continued good volume in core Snapple, which grew 8% in the quarter, and in our Mott's and Clamato brands.

Looking forward, while the 2008 outlook on an economic front is challenging, we're very encouraged by our first quarter performance and the prospects of these two great businesses. Accordingly, we can confirm our 2008 guidance previously given for both businesses for the full year.

There's one significant non-trading comment I'd like to make and that comes around the update in the press release on financing. We announced details on March 11th of the proposed financing arrangements for DPSG. We said then that around half of the \$4.4 billion of its financing requirements would be in the form of a \$1.9 billion five year term loan, with the bulk of the remainder in a one year facility. Demand for the term loan was sufficiently strong that we were able to increase the size of the term loan to \$2.2 billion which is now syndicated amongst 35 banks with an annual interest cost of about 4.75%. Considering the uncertain markets we faced it's pleasing to report that we have not only secured strong support for our financing but a good rate as well.

Following today's meeting we'll be into the final leg of what has been a long and complex separation process. We expect the de-merger to be completed by the 7th of May when Dr Pepper Snapple shares start trading on the New York Stock Exchange. I'd like to recognise the leadership of Ken Hanna, Hank Udow who's our legal person and Secretary and their departments in putting together a very complex transaction, which had certainly two or three phases, but it is on the road to coming right for the benefit of share owners and they deserve the credit for it.

The separation of Cadbury and its Americas Beverages business will bring nearly 40 years of shared history to a close. It's been a period during which both Confectionery and Beverages have been built from small, largely domestic UK businesses based on Cadbury chocolate and Schweppes tonic into two large and successful Confectionery and Beverages companies that you see today.

Today Cadbury is the largest global Confectionery player with a 10% share of the global market, strong brands and the strongest product and geographic breadth of any confectionery company. It has, as we've said and we continue to maintain,

significant underexploited opportunities, both in delivering top line growth and in delivering margins and returns for shareowners.

As the number three player, Dr Pepper Snapple has scale and an incredible brand portfolio in the world's largest refreshment beverages market, the US. It too has significant underexploited potential as it leverages the power of its brand portfolio through its strength and route to market. We are confident that, as the two independent and focused groups, Cadbury Plc and Dr Pepper Snapple Group, ride off to their independent futures they'll deliver greater returns for you our shareowners.

So, thanks a lot for listening. It's certainly been a long haul on the separation transaction but I think we're almost there. Ken and I would now be happy to take your questions.

Bryan Spillane: Just a question for you on Americas Beverages, and I appreciate that you're quite limited in terms of what you're going to be able to say, but can you talk at all about just what the retail or the consumer environment was like in the first quarter? You know, I understand that you've raised prices and that caused some of the share loss in carbonated soft drinks but was there anything else? Any softening of the market in general, or anything of note that you can talk about in terms of the consumers' willingness to accept price increases and just whether you're seeing any softness relative to what's happening in the economy?

Todd Stitzer: I think, as a general matter, it would be fair to say we've observed some softening just because we read the papers and observe the consumer as you do. For our business, certainly Snapple, Mott's and Clamato were very robust in the first quarter. On CSDs, we did take pricing in CSDs, our flavours continued to do reasonably well, Pepper was cycling some innovation from the first quarter of last year. So I mean, we think our portfolio continues to be better equipped to weather changes in consumer taste and economic downturns.

Bryan Spillane: And any comment you can give on volumes? Were volumes down in a mid single digit in CSDs?

Ken Hanna: Well, the Nielsen data that's out, Bryan, says that the market was down low single digits - for the total market - up until the 22nd of March. That is what it looks like, but remember the first quarter is a low quarter in the year. And not everyone, none of the competitors, including us, we haven't fired our big guns in terms of promotional campaigns, people save that for the summer months, quarter two and quarter three.

Bryan Spillane: Okay, great, thanks guys.

Jonathan Feeney: Good morning, thank you. Todd, I appreciate you updating us that the cost reduction programme is on track, and you made some comments in the UK call about the maybe phasing of margins over the course of this year, but could you update us in terms of how much margin expansion we can expect in 2008? I mean relative to the Vision into Action longer term mid-teens target, and how the company, how Cadbury as a confectionery stand alone is going to guide us in terms of give us progress reports over the course of the next few years?

Todd Stitzer: Well, I think this is a familiar subject that we talked about at the full year results announcements in February. I mean, we committed to meaningful margin growth in 2008. We are continuing to say we'll have meaningful margin growth in 2008. We said that we are making very very solid progress on our cost reduction programmes and our price increase programmes to offset commodities. So I think you should have great confidence that we will deliver meaningful margin in 2008.

We said at the full year that we would give a reasonably granular picture on margin delivery through the half in July and I think you can expect that we'll be pretty clear on first half margin delivery. You know we have said we'll deliver mid teens by 2011, and we've also said that we're going to have to have a pretty significant down payment in 2008 for people to believe we can actually get to where we said we'd go.

Jonathan Feeney: Right, and I think specifically we talked on the last call. You said "not quite back-end loaded, but not quite linear either" when you think about the progression of margins from 07 through to 2011. I mean would you reiterate that, or how have things progressed since then?

Ken Hanna: Its Ken here, Jonathan. I think Todd's words were "we recognise we need to give a significant down payment to demonstrate credibility in our target". Our objective is that in February of 09, you and others will look at 08 delivery and say "well they have a real good chance of getting to mid teens". So I think if you read the words in our press release this morning, we are making good progress on pricing and on restructuring.

Jonathan Feeney: Okay thank you very much.

Andrew Wood: Yes, hello guys, just two questions. Firstly on US Beverages, if I understand it correctly, from your 1% like-for-like performance in Q1, I should be adding another 1% for the pricing timeline change, which means that really we can say that you're looking at 2% growth broadly in the first quarter. But you did reiterate your 3 to 5% guidance like-for-like for the full year. So I'm just interested as to how you see that progressing over the balance of the year. Do you see it as being you beginning to gain shares that you've been losing in the first quarter? Or do you believe that the markets will begin to recover?

And slightly related point, could you just confirm to us when the Glacéau impact begins to rollout of the result....

Todd Stitzer: Okay...

Andrew Wood: ...for the whole of the year, or is it just through two or three quarters?

And then - I'm going to try this question, I'm not sure I'm going to get very far with it but I'm going to try anyway: Could you give us any sense of how your margins have been in the first quarter? Obviously, you now know how your margins have done. What can you share with investors? Particularly, I'm thinking of course of very strong top line growth, your new policy (or your slightly different policy) of looking to not be tempted by low margin promo-deals, and obviously the progress you're making in restructuring. What can you say for the first three months of the year? Thanks.

Todd Stitzer: Okay well you're right about the 1% which makes it 2%. We remain confident about the 3-5% that we spoke of in Americas Beverages. We've got, we think, terrific innovation and marketing programmes starting in the sweet spot of the season in May, June, July. We've got some movie tie-ins that we think will be particularly productive. We've got some A&W and Sunkist innovations we think are very interesting. So, we think, the first quarter - that represents 20% of our business and was with a couple of significant one offs. You know that we've got an advantaged portfolio and we've got an excellent programme. We think that our competitors are starting to get active again, in the context of promoting intelligently and we think that the industry as a whole is not going to be satisfied with a remainder of the year like the first quarter. That would be my view.

Andrew Wood: Sorry Todd, I forgot to mention: Can you quantify the importance of the listing agreement that you have - the new listing agreement you have with Wal*Mart for the Diet Rite products? How significant is that likely to be? When does it kick in?

Todd Stitzer: You know, I would prefer to let the Americas Beverages guys answer that when they do their roadshow. It is a recently entered agreement. I don't want to either steal any thunder or reveal any competitive data that they might want to manage themselves.

Andrew Wood: But is it something we can say will accelerate the sales growth in the balance of the year?

Todd Stitzer: My own view is yes. I mean, I think it's a valuable and meaningful relationship that's being developed with Wal*Mart that will certainly be a good thing for us.

Ken Hanna: Andrew, it's Ken, let me take the Glacéau question. We terminated on the distribution of Glacéau round about the middle of November of last year. So all but six weeks of this year is affected. I think the other thing that will ramp up over the year will be our Snapple anti-oxidant water which we have launched to the IBS, and the IBS wanted to roll out AOX and compensate for their loss of distribution of

Glacéau. So obviously it's done pretty well in the first quarter and we expect that to ramp up over the year.

Andrew Wood: Well, I can certainly say I'm finding a lot of it in the market. I'm in Greenwich, Connecticut so distribution here has been pretty good I must say.

Todd Stitzer: On the margin front for Q1, Andrew, we're not going to get into giving the quarterly margin results. I think you know we are confident that we're going to deliver meaningful margin in 2008. As I said to Jonathan, our cost reduction programmes are kicking in the way we expected them to kick in. Our pricing is - I think it's too early to declare total victory on pricing - but it seems to be have been productive. Our intelligent management of promotions is definitely helping our UK business. So I would just say we're confident about our commitment to deliver meaningful margin in 2008.

Andrew Wood: Okay, in terms of your guidance this morning, that there's going to be linearity between or similarity between H1 and H2. Clearly, therefore, we'll get a feel for your full year guidance based upon where your H1 is coming out - more or less. Are you intending to be a little bit more specific and quantify your margin growth guidance as you approach the end of H1? I'm thinking of the trading update that you generally have some time in June. Would you anticipate being a little bit more specific there or you're going to retain the "meaningful" until the day of the H1 reporting?

Ken Hanna: I think it is something we have to take a view on as we get close. I think the impression I wanted to convey this morning is more equally balanced and I was trying to get people's minds round - you don't all have to wait for the second half for margin recovery. So, you know, the pricing and the restructuring we've done will help considerably quarter one. So, more equally balanced is probably a better expression. I think we'll take a view, Andrew, on June the 19th - the day if you haven't got that in your calendar - we'll take a view as we get closer to that. You know, we're only a quarter in, but I would just reiterate Todd's confidence in meaningful margin progression.

Andrew Wood: Okay, thanks very much.

Holly Abitz: Good afternoon gentlemen, with respect to this top line growth for the first quarter. How much was volumes and how much was price? My second question - any change to commodity increases for the year? And then I have two other questions on beverages.

Ken Hanna: Okay Holly, I'll take these. Last year it was 4% price, 3% volume. We said we would probably have a stronger price contribution in 08 as we pushed prices. We think the first quarter will not be wholly representative. I'm happy to say pricing was good. I think we'll see it cycle through properly in the first half. A couple of reasons for that. If you remember, we put US gum prices up on the 1st of April last year. So the first quarter this year has got pricing on US gum we didn't have last year. We've got Easter - we put good pricing on some Easter and were unable to get pricing through on other Easter. So I think it will be a misleading number. We would prefer to give you the price/volume mix for our half year - it will be more representative. But I'm happy to say we believe it will be a strong contribution from price.

Holly Abitz: I was just wondering any changes to the commodity cost outlook for the increase year over year?

Ken Hanna: No changes - the same 5 to 6% that we've had as guidance going back to October. Swings and roundabouts, yes: a bit better on dairy, a bit worse on cocoa for the longer term, bit worse on sugar (but we're pretty well covered on sugar) and obviously anything to do with oil is a little bit worse -there's a lag effect coming through in terms of packaging and transport. But ups and downs, guidance is still spot on the guidance I gave out back in October of last year.

Holly Abitz: Okay. With respect to beverages, I'm just trying to understand - you mentioned a 4% impact due to three items. Is there a way to get a quantification on the three? Let's start on the Glacéau; I'm trying to understand what the impact is to total revenues.

Ken Hanna: The 4% we quoted on the press release is 1% impact as a result of the pricing and bottler inventories and 3% on Glacéau.

Holly Abitz: Okay that's helpful thank you.

Operator: As we have no further questions I would like to turn the call back over to you Mr Stitzer for any additional or closing remarks.

Todd Stitzer: Well, ladies and gentlemen, thanks for being with us. I suspect a number of you were on the call early this morning. So thanks for getting up - if you're in the US really early - to be on the UK call. As we said this morning - as I closed with - we are very comfortable with the strong results we had in the first quarter. We're confident that we're going to deliver meaningful margin in 2008 and we're delighted that our demerger process is on track. So, we look forward to chatting with or seeing you in the not too distant future, certainly no later than our trading update in June or half year results in July. Thanks a lot. Talk to you soon.

Operator: That will conclude today's conference call.