

Cadbury Lays Out Kraft Rejection

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Cadbury PLC said Kraft Foods Inc.'s roughly £10 billion (\$16.7 billion) takeover bid "contrasts sharply" with its existing strategy.

Cadbury issued a terse statement rejecting the offer when it was unveiled a week ago. Cadbury said then that the offer "fundamentally undervalues" the company, indicating to some that price was its only objection.

But in a letter to Kraft chairman Irene Rosenfeld, Roger

Carr, her counterpart at Cadbury, suggested that a combination with Kraft isn't in Cadbury shareholders' best interests.

"We have created a pure play confectionery business with strong brands occupying leading market positions in both developed markets and high growth emerging economies," according to the letter, released Saturday.

"Under your proposal, Cadbury would be absorbed into Kraft's low growth, conglomerate business model, an unappealing prospect which contrasts sharply with our strategy to be a pure play confectionery company."

The comments could make it more difficult for Cadbury's board to ultimately recommend any offer to the company's shareholders, and thus increase the likelihood that Kraft will have to take its offer straight to Cadbury's shareholders, though no such move appears imminent.

It remains unclear whether a company such as Hershey Co. or Nestlé SA would offer a bid. Hershey has hired boutique investment bank Perella Weinberg Partners to investigate a possible offer, said two people familiar with the situation, which may indicate an increased willingness to strike.