

# Kraft CEO courts Cadbury investors in London

CHICAGO/LONDON (Reuters)—Kraft Foods Inc CEO Irene Rosenfeld was going door-to-door in London on Wednesday, visiting Cadbury's largest shareholders at their offices to win support for a \$17 billion takeover bid.

But Rosenfeld was finding some of those doors closed, as a number of Cadbury shareholders have declined to meet while Kraft sticks to a hostile offer they believe is too low.

"It is highly possible that we will have some dialogue with Kraft if they come up with a higher offer next week," said one top 20 Cadbury investor who declined to meet with Rosenfeld. The investor was referring to expectations that Kraft would raise its bid by a Jan. 19 deadline.

But the investor did not believe Kraft, or Cadbury, could divulge new information that was not already public.

"Arguably we are still in the phony war phase now," the investor said. "I think with all the time and money invested so far, Kraft is unlikely to walk away. There is scope to improve the offer."

Kraft declined to give details on Rosenfeld's itinerary.

Cadbury Chairman Roger Carr said Tuesday he was amazed that Rosenfeld had taken so long to make a direct appeal to investors. He portrayed the Kraft offer as a choice between the excellent track record of Cadbury management and the unfulfilled promises of Rosenfeld's leadership.

Kraft has offered cash and stock worth 10.51 billion pounds (\$17.12 billion), or 769.1p per Cadbury share. That is 2.6 percent below Cadbury's price on Wednesday.

Kraft shares were up 0.44 percent at \$29.42 early Wednesday afternoon, after the maker of Oreo cookies and Velveeta cheese raised its 2009 earnings forecast 3 cents to at least \$2 a share.



Local campaigner Ray Egan dressed as John Bull joins workers outside Cadbury as they and their union Unite launch a campaign to protect the company's independence on December 15, 2009 in Birmingham, England. CHRISTOPHER FURLONG/

**NO WHITE CHOCOLATE KNIGHT?** As Kraft and Cadbury enter the final stretch of their showdown, other potential suitors have lost interest.

Swiss food giant Nestle said last week it would not enter an auction for the British chocolatier, while Italy's Ferrero has decided not to make an offer, a source familiar with the situation told Reuters on Tuesday.

"Ferrero's withdrawal of its interest clears the field for Kraft, but we still expect Kraft to have to pay over 800p to win Cadbury," one analyst said.

Hershey Co, once seen as a potential partner with Ferrero on a bid for Cadbury, is still mulling its options and has not decided whether it will

proceed with a formal offer, a person familiar with the situation said on Wednesday.

Analysts have been skeptical that Hershey could afford a bid on its own. A Hershey spokesman declined to comment.

Hershey shares were down 1.6 percent at \$37.15 on the New York Stock Exchange.

Cadbury investors have until Feb. 2 to respond to Kraft's offer. On Tuesday, the company offered its final defense against Kraft, delivering higher margins and promising a raised dividend.

Meanwhile, British Secretary of State for Business Peter Mandelson

was expected to add his weight to union calls for Cadbury shareholders to resist Kraft.

Mandelson called a group of institutional investors to discuss their role in foreign takeovers of British businesses on Thursday, and Kraft's offer for Cadbury was expected to be at the top of his agenda.

Mandelson will lead a team of British members of Parliament in the talks while the institutional investors will be led by Keith Skeoch, chief executive of Standard Life Investments, one of Cadbury's biggest investors.

The Unite trade union said nearly 30,000 jobs were at risk if the debt-laden Kraft wins, and urged Cadbury investors to put the wider public interest ahead of price.

A Kraft spokeswoman said the assertions of potential massive layoffs were "utterly unfounded."

## Your personal finance advisor: Investors look to a new decade

By ELAINE RACHLIN, CFP

If you feel your portfolio hasn't made much progress over the last 10 years, you're not alone. Historians may well look upon this period as a "lost decade" for investors.

It's difficult to remember that the environment was completely different at the outset of this decade. As the 1990s came to a close and the world prepared to celebrate the start of a new millennium, economic optimism was peaking and the stock market was wrapping up two consecutive decades of superior performance.

What a difference a decade makes. From 2000 through 2008 (a nine-year period), the stock market generated an average annual return of -3.60 percent (based on the Standard & Poor's 500 stock index, an unmanaged index of stocks). Thanks to a recovery in 2009, the average annual return for the entire decade will be slightly better than that, but still most likely in negative territory.

This came on the heels of what was probably the greatest bull market in the history of stocks. The S&P 500 index returned 17.55 percent on an average annual basis from 1980 through 1989 and 18.20 percent for the 10-year period that ended in 1999. This far surpassed the historical annual return for stocks, in the 9 to 10 percent range.

Though it might have been painful to endure if you were actively invested in the market in recent years, there is another way to look at it: You have survived one of the worst decades of stock market performance ever recorded.

Looking back at the history of the market, the only other decade in which stocks performed so poorly was the 1930s, the era of the Great Depression. In all other decades leading up to the 2000s, the broad market (as measured by the S&P 500 or comparable yardsticks) generated positive returns.

### WATCH FOR THE TIDE TO TURN

The stock market reached its low point in the current cycle in early March 2009. Still, the major measures of stock market performance, including the Dow Jones Industrial Average, the S&P 500, and the

NASDAQ Composite Index, are all still well below the peaks they reached in 2007.

Will the market malaise continue? Factors such as economic trends will have a lot to do with where stocks go from here. History, at least, may provide a glimmer of hope. The market, as measured by the broad S&P index, has never suffered two consecutive decades of poor performance. The negative markets of the 1930s were followed by the 1940s, which generated an average annual return of 9.17 percent (a period that included World War II).

The next weakest decade (until now) was the 1970s, an era of oil price shocks, the Watergate scandal, and high inflation and interest rates. The S&P 500 returned just 5.9 percent on an annualized basis for that 10-year period. At the end of the 1970s, one business magazine suggested that equities might never again be considered an attractive investment.

Then came the booming 1980s and 1990s, a 20-year period when the market averaged a return of slightly less than 18 percent per year. The market's past performance is not an indication of what you might be able to expect in the years to come, but there is some encouragement in the historical record. For stocks to match what has been the historical normal return, some catching up may need to occur in the years to come.

It is important to keep in mind that on a year-to-year basis, stock market performance remains fairly unpredictable. If you are able to maintain a long-term investment perspective, it is more likely that you can ride out the down periods in the stock market in order to benefit from the long-term potential equities can provide.

As you assess the performance of your own portfolio, you need to assess what mix of stocks (compared to other types of assets such as bonds, real estate, and cash-equivalent investments) is most appropriate for you. This is an individual decision based on your own investment time horizon and risk tolerance.

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## Fifteen ways to be a leader today—or any day (Part 1)

By TRENT HAMM

Three years ago, one of my mentors was debating internally about how to handle a personnel situation. There were enough funds to employ one person. The performance of one worker was better overall, but the other worker often showed flashes of brilliance and was trusted more by his coworker.

In the end, the decision was made to keep the one with flashes of brilliance. After all, in my mentor's words, "followers are easily replaceable, leaders are not."

Ever since that day, I've thought a lot about what makes a leader. The person with flashes of brilliance clearly wasn't a leader in the traditional sense—he was at the bottom of the pecking order. Yet he clearly was a leader in the more important sense. Other people trusted him and often turned to him when they needed help. He also was able to step up his game when it was needed the most.

Thus, he became much more vital to the organization than the steady, quiet employee who kept to himself.

What does it mean to really be a leader? It doesn't mean having a title—that's often just the result of already being a leader. It means being the person people rely on in a tough situation. It means being the person who steps up when it's needed. It means being the person who gets people going on the things they need to do. It means getting the things done that you need to get done as well.

A leader with strong skills to back it up is indispensable to any organization. Here are 15 ways you can start to become a leader in your own organization and make yourself more valuable there—even if you're a quiet person who'd prefer to just get your work done.

### SPEAK UP AT MEETINGS

If you have a genuine concern or a good idea in a meeting, speak up and voice it. Why? Quite often, your very concern or idea is in the mind of a lot of others around the room, only they're afraid to speak up. By speaking up, you're essentially giving their thoughts a voice without that risk. You're being a leader for that group of people with that idea.

I've found that time and time again, when I do this, people will come up to me afterward and say, "Thanks for saying that!" Right there, our relationship is stronger and they now look to me a little more than they did before. In at least one case I can think of, it led to a surprisingly strong working relationship.

### CUT OUT THE NEGATIVE TALK

Talking negatively about others behind their backs does very little to help you. You might get the quick rush of feeling good from the ability to make yourself feel superior to the other person, but over the long run, you'll have a very negative reputation outside of your tightest associates.

If you don't have anything good to say, don't say it—it will damage the trust people have in you. Plus, do you think people are saying similar things about you behind your back? How do you think that affects your reputation? A good tactic is a simple one—don't run away from negative talk and don't repeat it at all, but don't contribute to it. Just ignore it and see if for what it is—usually jealousy on some level.

### OFFER UP SOME POSITIVE TALK

My tactic is to usually be quiet when people are being disparaged, but speak up quite a bit when the conversation is more positive. Making positive statements about others (and doing it consistently) does nothing but improve your

reputation. Keep it to the realistic things, though—don't just blindly compliment people.

### VOLUNTEER FOR TASKS

Whenever a major task comes up that bears some serious responsibility and others are afraid to step up, step up. As with speaking up, by doing so, you effectively become the leader of the people who are interested, but are too timid to volunteer themselves. You can take these people and channel them into being a part of the project.

### LOOK FOR PEOPLE WHO ARE STRUGGLING

In a workplace where people meet regularly and collaborate on projects, it's often quickly clear if certain people are struggling or having problems. Quite often, these people are left to flounder by others who are too "busy" to deal with it.

By spending some time to find out what the real problem is, you're often throwing this person a life raft which, if they climb aboard, can make them eternally respectful and supportive of you. When people are in trouble, that's the time to approach them, find out what's wrong, and find out if you can help without greatly upsetting your own boat.

### DIRECTLY COMPLIMENT IMPRESSIVE WORK

If someone does good work, tell them right to their face that it's good work, preferably in front of others. Everyone loves recognition and compliments and usually retain positive feelings toward the people who give recognition and deserved compliments. That positive feeling can often be utilized later when you're in charge of a team they're on.

Trent Hamm is the creator and author of [thesimpledollar.com](http://thesimpledollar.com).



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