Mondelez International, Inc.
Form 10-K
March 03, 2014
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UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-K

(Mark one)

x **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the fiscal year ended December 31, 2013

OR

¨ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

COMMISSION FILE NUMBER 1-16483

Mondelēz International, Inc.

(Exact name of registrant as specified in its charter)

Virginia	**52-2284372**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
Three Parkway North, Deerfield, Illinois	**60015**
(Address of principal executive offices)	(Zip Code)

Registrant s telephone number, including area code: **847-943-4000**

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Name of each exchange on which registered
Class A Common Stock, no par value	The NASDAQ Global Select Market
Floating Rate Notes due 2015	New York Stock Exchange LLC
1.125% Notes due 2017	New York Stock Exchange LLC
2.375% Notes due 2021	New York Stock Exchange LLC

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes x No ¨

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ¨ No x

Note: Checking the box above will not relieve any registrant required to file reports pursuant to Section 13 or 15(d) of the Exchange Act from their obligations under those Sections.

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes x No ¨

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes x No ¨

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§ 229.405 of this chapter) is not contained herein, and will not be contained, to the best of registrant s knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. x

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of large accelerated filer, accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer x Accelerated filer ¨ Non-accelerated filer ¨ (Do not check if a smaller reporting company) Smaller reporting company ¨

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes ¨ No x

The aggregate market value of the shares of Class A Common Stock held by non-affiliates of the registrant, computed by reference to the closing price of such stock on June 30, 2013, was $51 billion. At January 31, 2014, there were 1,700,976,286 shares of the registrant s Class A Common Stock outstanding.

Documents Incorporated by Reference

Portions of the registrant s definitive proxy statement to be filed with the Securities and Exchange Commission in connection with its annual meeting of shareholders expected to be held on May 21, 2014 are incorporated by reference into Part III hereof.

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Mondelēz International, Inc.

In this report, for all periods presented, we, us, our, the Company, and Mondelēz International, refer to Mondelēz International, Inc. and subsidiaries. References to Common Stock refer to our Class A common stock.

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Forward-looking Statements

This report contains a number of forward-looking statements. Words, and variations of words, such as may, will, expect, intend, plan, believe, anticipate, estimate, should, likely, outlook and similar expressions are identify our forward-looking statements, including but not limited to, statements about: our Strategy, in particular, our goal to deliver top-tier financial performance; our market-leading positions; our expansion plans; sales and earnings growth and performance of our Power Brands and key markets; snack food consumption trends; growth in our categories and emerging markets; economic growth; volatility in global markets; commodity prices and supply; currency changes; Spin-Off Costs; price volatility; the cost environment and measures to address increased costs; productivity gains; changes in laws and regulations and regulatory compliance; environmental compliance and remediation actions; relationships with employees and representatives; legal matters; Restructuring Program costs; deferred tax assets; our accounting estimates; the estimated value of goodwill and intangible assets; employee benefit plan expenses, obligations and assumptions; pension expenses, contributions and assumptions; planned efforts and outcome of remediation efforts related to income tax controls; our liquidity and funding sources; capital expenditures and funding; share repurchases; compliance with financial and long-term debt covenants; debt repayment and funding; guarantees; our aggregate contractual obligations; dividends; our financial outlook, in particular, our 2014 Organic Net Revenue growth, Adjusted Operating Income growth, Adjusted Operating Income margin and Adjusted EPS; and our risk management program, including the use of financial instruments for hedging activities.

These forward-looking statements are subject to a number of risks and uncertainties, many of which are beyond our control, and the cautionary statements contained in the Risk Factors found in this Annual Report on Form 10-K identify important factors that could cause our actual results to differ materially from those in our forward-looking statements. Such factors include, but are not limited to, risks from operating globally and in emerging markets, continued consumer weakness, continued weakness in economic conditions, continued volatility of commodity and other input costs, pricing actions, increased competition, protection of our reputation and brand image, consolidation of retail customers, changes in our supplier or customer base, our ability to innovate and differentiate our products, increased costs of sales, regulatory or legal changes, claims or actions, perceived or actual product quality issues or product recalls, unanticipated disruptions to our business, a shift in our product mix to lower margin offerings, private label brands, strategic transactions, currency exchange rate fluctuations, use of information technology, volatility of capital or other markets, pension costs, our workforce, our ability to protect our intellectual property and intangible assets, a shift in our pre-tax income between the U.S. and/or other jurisdictions and tax law changes. We disclaim and do not undertake any obligation to update or revise any forward-looking statement in this report, except as required by applicable law or regulation.

PART I

Item 1. Business.

General

We are one of the world s largest snack companies with global net revenues of $35.3 billion and earnings from continuing operations of $2.3 billion in 2013. On October 1, 2012, following the spin-off of our North American grocery operations to our shareholders, we changed our name from Kraft Foods Inc. to Mondelēz International, Inc. to reflect our new standalone global snack food and beverage business and our vision to create a more delicious world in which to live.

We manufacture and market delicious food and beverage products for consumers in approximately 165 countries around the world. Our portfolio includes nine billion dollar brands *Oreo*, *Nabisco* and *LU* biscuits; *Milka*, *Cadbury*

Dairy Milk and *Cadbury* chocolates; *Trident* gum; *Jacobs* coffee and *Tang* powdered beverage. Our portfolio of snack foods and refreshments also includes 53 brands that each generated annual revenues of $100 million or more in 2013.

We are proud members of the NASDAQ 100 and Standard & Poor s 500. Our Common Stock trades on The NASDAQ Global Select Market under the symbol MDLZ. We have been incorporated in the Commonwealth of Virginia since 2000.

We have also been recognized for our ongoing economic, environmental and social contributions and this year were listed again on the Dow Jones Sustainability Index (DJSI) World and North American Indices. The DJSI selects the

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top 10% of global companies and top 20% of North American companies based on an extensive review of financial and sustainability programs within each industry. We also participate in the Carbon Disclosure Project Climate and Water forums and continue to disclose and work to reduce our carbon and water footprints. We are honored and committed to continue this and other related work in the areas of sustainable resources and agriculture, mindful snacking, community partnerships and safety of our products and people. Please see www.mondelezinternational.com/well-being for more information.

Strategy

We intend to leverage our core strengths, including market leadership positions and a significant global presence, to achieve two primary goals: deliver top-tier financial performance and be a great place to work. We plan to achieve these goals by executing five strategies:

Unleash the Power of Our People. We recognize the importance of our people living our shared vision and delivering on our shared goals with joy, commitment and integrity. With our employees, we are creating collaborative, creative, learning communities to share ideas and execute plans more efficiently and effectively.

Transform Snacking. Our global *Power Brands* are the heart of our competitive advantage. Our Power Brands include global brands such as *Oreo* and *LU* biscuits, *Cadbury Dairy Milk* and *Milka* chocolate, *Halls* candy, *Jacobs* coffee, *Tang* powdered beverages and *Trident* gum, as well as several regional brands such as *Ritz* and *Wheat Thins* biscuits, *Lacta* and *Cote D Or* chocolate and *Tassimo* coffee. Our Power Brands and our entire portfolio of brands enable us to fulfill consumers needs with a full range of snacking choices that fuel the body, treat the spirit and boost the mind. Our global innovation platforms, such as those that help consumers sustain energy or satisfy hunger, also allow us to quickly adapt successful products from one market to many others. By meeting the needs of consumers through innovation of our portfolio of products, we expect to grow and maintain our market-leading positions.

Revolutionize Selling. As part of our focus on the opportunity to win in emerging markets, we have heavily invested in our routes to market and sales capabilities around the globe. We plan to expand and further develop best-in-class sales and distribution capabilities across our key markets both in emerging and developed markets.

Drive Efficiency to Fuel Growth. We drive growth by managing our business through a *virtuous cycle* to deliver great quality at advantaged costs. To drive sales and earnings growth, we focus on our *Power Brands* and key markets and we work to expand margins through overhead discipline and leveraging lean and simple cost management programs within our integrated supply chain. We then reinvest savings to pursue additional targeted growth opportunities within our portfolio. This past year, we launched our supply chain reinvention initiatives and are working to deliver $3 billion in gross productivity gains and $1 billion of incremental free cash flow over 2014 to 2016 to invest back into growth opportunities.

Protect the Well-being of Our Planet. We are committed to growing our business while protecting our planet and its people. To accomplish this, we focus on delivering safe, high-quality foods and ensuring a safe work environment for our employees. We also create foods that fit the way people eat today and provide balanced snacking choices by inventing new solutions and improving our nutritional profile. We protect our resources, focusing on where we can have the greatest impact. We empower farming communities to deliver innovative solutions throughout our ingredient supply chain. We drive resource efficiency and design sustainability into our operations to minimize the impact we have on the planet.

Reportable Segments

Effective January 1, 2013, we reorganized our operations and management into five reportable operating segments:

Latin America (formerly in our Developing Markets segment)
Asia Pacific (formerly in our Developing Markets segment)
Eastern Europe, Middle East & Africa (EEMEA) (formerly in our Developing Markets segment)
Europe (now including certain European operations previously managed within the EEMEA segment)
North America

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We changed and flattened our operating structure to reflect our greater concentration of operations in high-growth emerging markets and to further enhance collaboration across regions, expedite decision making and drive greater efficiencies to fuel our growth. Coincident with the change in segment structure, segment operating income for our North America region also changed to include all U.S. pension plan expenses, a portion of which was previously excluded from segment operating results evaluated by management as the costs were centrally managed. Our segment results in this Annual Report on Form 10-K reflect these changes for all periods presented.

We use segment operating income to evaluate segment performance and to allocate resources. We believe this measure is most relevant to investors in order to analyze segment results and trends. As further discussed in Note 17, *Segment Reporting,* to the consolidated financial statements, segment operating income excludes unrealized gains and losses on hedging activities (which are a component of cost of sales), general corporate expenses (which are a component of selling, general and administrative expenses), amortization of intangibles, the benefit from the Cadbury acquisition-related indemnification resolution (which is a component of selling, general and administrative expenses), gains and losses on divestitures and acquisitions and acquisition-related costs (which are a component of selling, general and administrative expenses) in all periods presented.

During the last three fiscal years, our segments contributed to segment operating income as reflected below. See Note 17, *Segment Reporting,* for additional information, including total assets and net revenues by segment.

	For the Years Ended December 31,		
	2013	**2012**	**2011**
Latin America	14.1%	17.2%	17.9%
Asia Pacific	12.6%	14.7%	16.1%
EEMEA	9.4%	11.3%	10.2%
Europe	42.0%	39.4%	37.3%
North America	21.9%	17.4%	18.5%
Total Segment Operating Income	100.0%	100.0%	100.0%

Our brands span five consumer sectors:

- Biscuits (including cookies, crackers and salted snacks)
- Chocolate
- Gum & Candy
- Beverages
- Cheese & Grocery

During 2013, our reportable segments contributed to our net revenues in these five consumer sectors as follows:

Percentage of 2013 Net Revenues by Consumer Sector

Segment	Biscuits	Chocolate	Gum & Candy	Beverages	Cheese & Grocery	Total
Latin America	3.6%	3.2%	3.9%	2.6%	1.9%	15.2%
Asia Pacific	3.7%	4.6%	2.4%	1.3%	2.0%	14.0%
EEMEA	1.9%	3.3%	1.9%	3.2%	0.8%	11.1%
Europe	8.5%	15.3%	2.7%	9.5%	3.9%	39.9%
North America	15.3%	0.9%	3.4%		0.2%	19.8%
Consumer Sector Percentage Total	33.0%	27.3%	14.3%	16.6%	8.8%	100.0%

Within the consumer sectors, the classes of products that contributed 10% or more to consolidated net revenues were:

	For the Years Ended December 31, 2013	2012	2011
Biscuits (cookies and crackers)	28%	27%	26%
Chocolate	27%	27%	27%
Gum & Candy	14%	15%	16%
Coffee	11%	11%	12%

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Significant Divestitures and Acquisitions

Spin-Off of Kraft Foods Group:

On October 1, 2012 (the Distribution Date), we completed the spin-off of our North American grocery business, Kraft Foods Group, Inc. (Kraft Foods Group), to our shareholders (the Spin-Off). Along with our other food and beverage categories, we also retained our global snacks business. On October 1, 2012, each of our shareholders of record as of the close of business on September 19, 2012 (the Record Date) received one share of Kraft Foods Group common stock for every three shares of our Common Stock held as of the Record Date. The distribution was structured to be tax free to our U.S. shareholders for U.S. federal income tax purposes.

Kraft Foods Group became an independent public company on October 1, 2012, and following the Spin-Off, we do not beneficially own any shares of Kraft Foods Group common stock.

The divested Kraft Foods Group business is presented as a discontinued operation on the consolidated statements of earnings for all periods presented. The Kraft Foods Group other comprehensive earnings, changes in equity and cash flows are included within our consolidated statements of comprehensive earnings, equity and cash flows through October 1, 2012.

In order to implement the Spin-Off, we entered into certain agreements with Kraft Foods Group to effect our legal and structural separation, govern the relationship between us, and allocate various assets, liabilities and obligations between us, including, among other things, employee benefits, intellectual property and tax-related assets and liabilities (see Note 15, *Income Taxes*, for additional information on the current and deferred tax assets and liabilities transferred or retained in the Spin-Off). In addition to executing the Spin-Off in the manner provided in the agreements, in November 2012, pursuant to these agreements, we paid Kraft Foods Group $163 million related to targeted cash flows (together with the $247 million of cash divested on the Distribution Date, totaling $410 million of cash transferred to Kraft Foods Group in connection with the Spin-Off). To facilitate the management, including final payment and resolution, of certain obligations, Kraft Foods Group retained certain of our North American net trade payables and receivables. We also retained approximately $140 million of workers compensation liabilities for claims incurred by Kraft Foods Group employees prior to the Spin-Off. In November 2012, we paid Kraft Foods Group $95 million to cash settle the net trade payables and receivables. In March 2013, we collected $55 million from Kraft Foods Group related to the cash settlement of stock awards held by our respective employees at the time of the Spin-Off as further described in Note 11, *Stock Plans*, to the consolidated financial statements.

In December 2013, a dispute over a license and supply agreement between Starbucks Coffee Company (Starbucks) and Kraft Foods Group was resolved when an independent arbitrator issued a decision and Final Award that resulted in Starbucks paying $2.8 billion for its unilateral termination of the agreement. The dispute arose within the Kraft Foods Group discontinued operation and was directed to Mondelēz International as part of the Spin-Off recapitalization plans. The net $1.6 billion after-tax gain on the resolution of the arbitration was recorded in earnings from discontinued operations in the fourth quarter of 2013. See Item 3, *Legal Proceedings*, and Notes 2, *Divestitures and Acquisition*, and 12, *Commitments and Contingencies*, for additional information.

Our results from continuing operations include one-time Spin-Off transaction, transition and financing and related costs (Spin-Off Costs) we have incurred to date. We recorded Spin-Off Costs of $62 million in 2013, $1,053 million in 2012 and $46 million in 2011. We expect to incur approximately $30 million of remaining Spin-Off Costs in 2014 related primarily to customer service and logistics, information systems and processes, as well as legal costs associated with revising intellectual property and other long-term agreements. See Note 2, *Divestitures and Acquisition*, to the consolidated financial statements, for additional information on the Spin-Off.

Customers

No single customer accounted for 10% or more of our net revenues from continuing operations in 2013. Our five largest customers accounted for 15.0% and our ten largest customers accounted for 21.6% of net revenues from continuing operations in 2013.

Seasonality

Demand for our products is generally balanced over the first three quarters of the year and increases in the fourth quarter primarily because of holidays and other seasonal changes.

Competition

We face competition in all aspects of our business. Competitors include large national and international companies and numerous local and regional companies. Some competitors have different profit objectives than we do, and some international competitors are less susceptible to currency exchange rate fluctuations. We compete primarily on the basis of product quality, brand recognition, brand loyalty, service, marketing, advertising and price. Improving our market position or introducing a new product requires substantial research, development, advertising and promotional expenditures.

Distribution and Marketing

Across our segments, we generally sell our products to supermarket chains, wholesalers, supercenters, club stores, mass merchandisers, distributors, convenience stores, gasoline stations, drug stores, value stores and other retail food outlets. We distribute our products through direct store delivery, company-owned and satellite warehouses, distribution centers and other facilities. We also use the services of independent sales offices and agents in some of our international locations.

We conduct our marketing efforts through three principal sets of activities: (i) consumer marketing in on-air, print, outdoor, digital and social media; (ii) consumer incentives such as coupons and contests; and (iii) trade promotions to support price features, displays and other merchandising of our products by our customers.

Raw Materials and Packaging

We purchase and use large quantities of commodities, including sugar and other sweeteners, coffee, cocoa, wheat, corn products, soybean and vegetable oils and dairy. In addition, we purchase and use significant quantities of packaging materials to package our products and natural gas, fuels and electricity for our factories and warehouses. We regularly monitor worldwide supply and cost trends of these commodities so we can cost-effectively secure ingredients and packaging required for production.

Significant cost items in biscuits, chocolate, gum, candy and many powdered beverage products are sugar and cocoa. We purchase sugar and cocoa on world markets, and the quality and availability of supply and changes in foreign currencies affect the prices of these commodities. Cocoa bean and cocoa butter costs rose significantly in the second half of 2013 due to growing demand for chocolate combined with the threat of reduced supply because of poor weather conditions in some of the major cocoa producing countries. Significant cost items in our biscuit products are grains (primarily wheat, corn and soybean oil). In recent years, grain costs have been affected largely by the burgeoning global demand for food, livestock feed and biofuels such as ethanol and biodiesel, as well as other factors such as weather. The most significant cost item in coffee products is green coffee beans, which we purchase on world markets as well as from local grower cooperatives. Green coffee bean prices are affected by the quality and availability of supply, changes in the value of the U.S. dollar in relation to other currencies and consumer demand for coffee products. In 2013, coffee bean costs fell dramatically primarily due to increased supply and bumper crops in a few of the major coffee producing countries such as Brazil. Significant cost items in packaging include cardboards, resins and plastics, and our energy costs include natural gas, electricity and diesel fuel. We purchase these packaging and energy commodities on world markets and within the countries where we operate. Supply and changes in foreign currencies affect the prices of these commodities.

During 2013, the primary drivers of the increase in our aggregate commodity costs were increased dairy, packaging, grains and oils and local raw material costs as well as higher foreign exchange costs on our commodity purchases. These costs were partially offset by lower coffee bean costs in 2013. We generally price to protect gross profit dollars.

We address higher commodity costs and currency impacts primarily through higher pricing, hedging, and manufacturing and overhead cost control. In particular for the coffee category, we adjust our prices and pass through changes in green coffee costs, which affect our net revenues but generally do not affect our bottom-line profitability over time. Our pricing actions may lag commodity cost changes temporarily as competitive or market conditions, planned trade or promotional incentives, or other factors could affect the timing of pricing decisions. We expect price volatility and a slightly higher aggregate cost environment to continue over the remainder of 2014.

A number of external factors such as weather conditions, commodity market conditions, currency fluctuations and the effects of governmental agricultural programs affect the cost of raw materials and agricultural materials used in our products. We also use hedging techniques to limit the impact of fluctuations in the cost of our principal raw materials. However, we do not fully hedge against changes in commodity costs and our hedging strategies may not protect us from

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increases in specific raw material costs. While the costs of our principal raw materials fluctuate, we believe there will continue to be an adequate supply of the raw materials we use and that they will generally remain available from numerous sources. However, any significant constraints in the supply of key commodities may limit our ability to grow our net revenues for a period of time.

Intellectual Property

Our intellectual property rights (including trademarks, patents, copyrights, registered designs, proprietary trade secrets, technology and know-how) are material to our business.

We own numerous trademarks and patents in countries around the world. Depending on the country, trademarks remain valid for as long as they are in use or their registration status is maintained. Trademark registrations generally are for renewable, fixed terms. We also have patents for a number of current and potential products. Our patents cover inventions ranging from basic packaging techniques to processes relating to specific products and to the products themselves. Our issued patents extend for varying periods according to the date of patent application filing or grant and the legal term of patents in the various countries where patent protection is obtained. The actual protection afforded by a patent, which can vary from country to country, depends upon the type of patent, the scope of its coverage as determined by the patent office or courts in the country, and the availability of legal remedies in the country. While our patent portfolio is material to our business, the loss of one patent or a group of related patents would not have a material adverse effect on our business.

From time to time, we grant third parties licenses to use one or more of our trademarks in connection with the manufacture, sale or distribution of third party products. Similarly, we sell some products under brands we license from third parties. In our agreement with Kraft Foods Group, we each granted the other party various licenses to use certain of our and their respective intellectual property rights in named jurisdictions following the Spin-Off.

Research and Development

We pursue four objectives in research and development: product safety and quality, growth through new products, superior consumer satisfaction and reduced costs. At December 31, 2013, we had approximately 2,750 food scientists, chemists and engineers working primarily in 11 key technology centers: East Hanover, New Jersey; Whippany, New Jersey; Banbury, United Kingdom; Bournville, United Kingdom; Curitiba, Brazil; Paris, France; Melbourne, Australia; Mexico City, Mexico; Munich, Germany; Reading, United Kingdom and Suzhou, China. Many of our technology centers are equipped with pilot plants and state-of-the-art instruments. Our research and development expense was $471 million in 2013, $462 million in 2012 and $511 million in 2011.

Regulation

Our food products and packaging materials are subject to local, national and multi-national regulations comprising labeling, packaging, food ingredients, pricing, marketing and advertising, privacy and related areas. In addition, various jurisdictions regulate our operations by licensing our manufacturing plants, enforcing standards for selected food products, grading food products, inspecting manufacturing plants and warehouses and regulating trade practices related to the sale of and imposing their own labeling requirements on our food products. Many of the food commodities we use in our operations are subject to government agricultural policy and intervention. These policies have substantial effects on prices and supplies and are subject to periodic governmental and administrative review.

Throughout the countries in which we do business, regulators are continually adopting new laws and implementing new regulations that affect our business and operations, such as the European Commission s EU Health Claim

Regulation, effective December 14, 2012, that limits the number of health claims that may be made by food companies about their products and a major reform of the EU legal framework related to the protection of personal data, and in the U.S., the Food Safety Modernization Act that provides additional food safety authority to the FDA. We will continue to monitor developments of those new laws and regulations. At this time, we do not expect the cost of complying with these new laws and regulations will be material.

Environmental Regulation

Throughout the countries in which we do business, we are subject to local, national and multi-national environmental laws and regulations relating to the protection of the environment. We have programs across our business units designed to meet applicable environmental compliance requirements.

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In the United States, the laws and regulations include the Clean Air Act, the Clean Water Act, the Resource Conservation and Recovery Act and the Comprehensive Environmental Response, Compensation, and Liability Act (CERCLA). CERCLA imposes joint and severable liability on each potentially responsible party. As of December 31, 2013, our subsidiaries were involved in one active proceeding in the U.S. under a state equivalent of CERCLA related to our current operations. As of December 31, 2013, we accrued an immaterial amount for environmental remediation. Based on information currently available, we believe that the ultimate resolution of the existing environmental remediation and our compliance with environmental laws and regulations will not have a material effect on our financial results.

Employees

We employed approximately 107,000 people worldwide at December 31, 2013 and approximately 110,000 as of December 31, 2012. Our business units are subject to various local, national and multi-national laws and regulations relating to their relationships with their employees. In accordance with European Union requirements, we also have established a European Workers Council composed of management and elected members of our workforce. Employees represented by labor unions or workers councils represent approximately 64% of our 94,000 employees outside the U.S. and approximately 31% of our 13,000 U.S. employees. Most of these workers are represented under contracts which expire at various times throughout the next several years. We believe we generally have good relationships with employees and their representative organizations.

Foreign Operations

We sell our products to consumers in approximately 165 countries. At December 31, 2013, we had operations in more than 80 countries and made our products at 171 manufacturing and processing facilities in 58 countries. We generated 83.1% of our 2013 net revenues, 82.9% of our 2012 net revenues and 83.7% of our 2011 net revenues from continuing operations outside the U.S. Refer to Note 17, *Segment Reporting,* for additional information on our foreign operations. Also, for a discussion of risks attendant to our foreign operations, see Risk Factors in Item 1A.

Executive Officers of the Registrant

The following are our executive officers as of March 3, 2014:

Name	Age	Title
Irene B. Rosenfeld	60	Chairman and Chief Executive Officer
David A. Brearton	53	Executive Vice President and Chief Financial Officer
Gustavo H. Abelenda	53	Executive Vice President and President, Latin America
Tracey Belcourt	47	Executive Vice President, Strategy
Mark A. Clouse	45	Executive Vice President and President, North America
Timothy P. Cofer	45	Executive Vice President and President, Asia Pacific and EEMEA
James Kehoe	51	Senior Vice President, Operating Excellence
Karen J. May	55	Executive Vice President, Human Resources
Daniel P. Myers	58	Executive Vice President, Integrated Supply Chain
Gerhard W. Pleuhs	57	Executive Vice President and General Counsel
Jean E. Spence	56	Executive Vice President, Research, Development and Quality
Hubert Weber	51	Executive Vice President and President, Europe

Mary Beth West	51	Executive Vice President and Chief Category and Marketing Officer

Ms. Rosenfeld became Chief Executive Officer and Director in June 2006 and became Chairman of the Board in March 2007. Prior to that, she served as Chairman and Chief Executive Officer of Frito-Lay, a division of PepsiCo, Inc., a food and beverage company, from September 2004 to June 2006. Ms. Rosenfeld was employed continuously by Mondelēz International and its predecessor, General Foods Corporation, in various capacities from 1981 until 2003, including President of Kraft Foods North America and President of Operations, Technology, Information Systems and Kraft Foods, Canada, Mexico and Puerto Rico.

Mr. Brearton became Executive Vice President and Chief Financial Officer in May 2011. Prior to that, he served as Executive Vice President, Operations and Business Services from January 2008 to May 2011, Executive Vice President, Global Business Services and Strategy from April 2006 to December 2007 and Senior Vice President of Business

Process Simplification and Corporate Controller from February 2005 to April 2006. He previously served as Senior Vice President, Finance for Kraft Foods International. Mr. Brearton joined Mondelēz International in 1984.

Mr. Abelenda became Executive Vice President and President, Latin America in January 2013. Prior to that, he served as Group Vice President and President, Latin America from August 2003 to December 2012, Vice President and Managing Director, Brazil, from October 2000 to August 2003, Food Vice President, Mercosur Area from April 1998 to October 2000 and General Manager of Brazilian Beverages and Sugar Confectionery Business from February 1997 to April 1998. Mr. Abelenda joined Mondelēz International in 1984.

Ms. Belcourt became Executive Vice President, Strategy in October 2012. She joined Mondelēz International in September 2012. Prior to that, she was a partner of Bain & Company, a management consulting firm, from September 1999 to August 2012, where she specialized in the design and implementation of growth strategies to improve business performance across a variety of consumer industries. Ms. Belcourt was an assistant professor of economics at Concordia University in Montreal from 1994 to 1999 and served as an economic consultant to the U.S. Agency for International Development in Africa in 1999 during her professorship. Ms. Belcourt also serves on the Board of Directors of FTD Companies, Inc., a floral and gifting provider.

Mr. Clouse became Executive Vice President and President, North America in October 2012. Prior to that, he served as President of the Snacks and Confectionery business in North America from June 2011 to October 2012 and Senior Vice President of the Biscuits Global Category Team from October 2010 to June 2011. He was Managing Director of Kraft Foods Brazil from January 2008 to September 2010 and President of Kraft Foods Greater China from January 2006 to January 2008. Prior to that, Mr. Clouse held various positions of increasing responsibility around the world. Before joining Mondelēz International in 1996, Mr. Clouse served in the United States Army for seven years, obtaining the rank of Captain.

Mr. Cofer became Executive Vice President and President, Asia Pacific and Eastern Europe, Middle East and Africa in September 2013. Prior to that, he served as Executive Vice President and President, Europe, from August 2011 until September 2013, Senior Vice President, Global Chocolate Category from June 2010 to August 2011, Senior Vice President, Strategy and Integration from January 2010 to June 2010, President of Pizza from January 2008 to January 2010, Senior Vice President and General Manager of Oscar Mayer from January 2007 to January 2008 and Vice President and General Manager of EU Chocolate from June 2003 to January 2007. Mr. Cofer joined Mondelēz International in 1992.

Mr. Kehoe became Senior Vice President, Operating Excellence in November 2013. Prior to that, he served as Senior Vice President, Corporate Finance at Kraft Foods Group, Inc., the North American food and beverage company spun-off from Mondelēz International, from October 2012 until October 2013. Mr. Kehoe was employed continuously by Mondelēz International in various capacities from 1988 until 2012, including as Senior Vice President Finance for North America from November 2010 to September 2012, Senior Vice President Finance & Information Services for Europe from December 2005 to October 2010, Vice President Finance of Central Europe Region from January 2005 to November 2005 and Vice President Corporate Planning and Analysis from April 2002 to December 2004.

Ms. May became Executive Vice President, Global Human Resources in October 2005. Prior to that, she was Corporate Vice President, Human Resources, for Baxter International Inc., a healthcare company, from February 2001 to September 2005. Ms. May also serves on the Board of Directors of MB Financial Inc., a financial services provider.

Mr. Myers is Executive Vice President, Integrated Supply Chain, a position he has held since he joined Mondelēz International in September 2011. Prior to that, he worked for Procter & Gamble, a consumer products company, for 33 years in a variety of leadership positions, most recently serving as Vice President, Product Supply for P&G s Global

Hair Care business from September 2007 to August 2011.

Mr. Pleuhs became Executive Vice President and General Counsel in April 2012. Prior to that, he was Senior Vice President & Deputy General Counsel, Business Units from November 2007 to March 2012 and Senior Vice President and Deputy General Counsel, International for Kraft Foods Global, Inc. from July 2004 to November 2007. Before joining Mondelēz International in 1990, Mr. Pleuhs held a number of senior positions within the German Law Department of Jacobs Kaffee Deutschland GmbH, an international beverage and confectionery company, prior to and after its acquisition by Altria Group, the former parent company of Mondelēz International. Mr. Pleuhs has a law degree from the University of Kiel, Germany and is licensed to practice law in Germany.

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Ms. Spence became Executive Vice President, Research, Development and Quality in January 2004. Prior to that, she served as Senior Vice President, Research and Development for Kraft Foods North America from August 2003 to January 2004 and Senior Vice President of Worldwide Quality, Scientific Affairs and Compliance for Kraft Foods North America from November 2001 to August 2003. She joined Mondelēz International in 1981. Ms. Spence also serves on the Supervisory Board of GEA Group AG.

Mr. Weber became Executive Vice President and President, Europe in September 2013. Prior to that, he served as President of the European and Global Coffee category from September 2010 until September 2013, President of the DACH region (Germany, Austria and Switzerland) from February 2009 to August 2010, Managing Director, Spain from August 2007 to January 2009, Vice President of Global Tassimo Venture Team from July 2004 to July 2007 and Senior Director, International Sales, Kraft Foods International from January 2000 to June 2004. Mr. Weber joined Mondelēz International in 1988.

Ms. West became Executive Vice President and Chief Category and Marketing Officer in August 2010. Prior to that, she served as Executive Vice President and Chief Marketing Officer from October 2007 to July 2010, Group Vice President and President U.S. Beverages from April 2006 to October 2007 and Group Vice President and President of U.S. Grocery from November 2004 to April 2006. Ms. West joined Mondelēz International in 1986. Ms. West also serves on the Board of Directors of J.C. Penney Company, Inc.

Ethics and Governance

We adopted the Mondelēz International Code of Conduct, which qualifies as a code of ethics under Item 406 of Regulation S-K. The code applies to all of our employees, including our principal executive officer, principal financial officer, principal accounting officer or controller, and persons performing similar functions. Our code of ethics is available free of charge on our Web site at www.mondelezinternational.com and will be provided free of charge to any shareholder submitting a written request to: Corporate Secretary, Mondelēz International, Inc., Three Parkway North, Deerfield, IL 60015. We will disclose any waiver we grant to an executive officer or director under our code of ethics, or certain amendments to the code of ethics, on our Web site at www.mondelezinternational.com.

In addition, we adopted Corporate Governance Guidelines, charters for each of the Board s three standing committees and the Code of Business Conduct and Ethics for Non-Employee Directors. All of these materials are available on our Web site at www.mondelezinternational.com and will be provided free of charge to any shareholder requesting a copy by writing to: Corporate Secretary, Mondelēz International, Inc., Three Parkway North, Deerfield, IL 60015.

Available Information

Our Internet address is www.mondelezinternational.com. Our Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K and amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, are available free of charge as soon as possible after we electronically file them with, or furnish them to, the SEC. You can access our filings with the SEC by visiting www.mondelezinternational.com. The information on our Web site is not, and shall not be deemed to be, a part of this Annual Report on Form 10-K or incorporated into any other filings we make with the SEC.

You can also read, access and copy any document that we file, including this Annual Report on Form 10-K, at the SEC s Public Reference Room at 100 F Street, N.E., Washington, D.C. 20549. Call the SEC at 1-800-SEC-0330 for information on the operation of the Public Reference Room. In addition, the SEC maintains an Internet site at www.sec.gov that contains reports, proxy and information statements, and other information regarding issuers, including Mondelēz International, that are electronically filed with the SEC.

Item 1A. Risk Factors.

You should read the following risk factors carefully when evaluating our business and the forward-looking information contained in this Annual Report on Form 10-K. Any of the following risks could materially and adversely affect our business, operating results, financial condition and the actual outcome of matters described in this Annual Report on Form 10-K. While we believe we have identified and discussed below the key risk factors affecting our business, there may be additional risks and uncertainties that are not presently known or that are not currently believed to be significant that may adversely affect our business, performance or financial condition in the future.

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We operate in a highly competitive industry.

The food and snacking industry is highly competitive. Our principal competitors are major international food, snack and beverage companies that, like us, operate in multiple geographic areas. We compete based on price, product innovation, product quality, brand recognition and loyalty, effectiveness of sales and marketing, routes to market and distribution networks, promotional activity and the ability to identify and satisfy consumer preferences.

Competitor and customer pressures may require that we reduce our prices. These pressures may also restrict our ability to increase prices in response to commodity and other cost increases. The emergence of new distribution channels, such as Internet sales directly to consumers, may affect customer and consumer preferences. We may also need to increase or reallocate spending on marketing, advertising and new product innovation to protect or increase market share. These expenditures are subject to risks, including uncertainties about trade and consumer acceptance of our efforts. If we reduce prices or our costs increase, but we cannot increase sales volumes to offset those changes, then our financial condition and results of operations will suffer.

Maintaining, extending and expanding our reputation and brand image is essential to our business success.

We have many iconic brands with worldwide recognition. Our success depends on our ability to maintain brand image for our existing products, extend our brands into new geographies and to new distribution platforms, including online, and expand our brand image with new product offerings.

We seek to maintain, extend and expand our brand image through marketing investments, including advertising and consumer promotions, and product innovation. Continuing global focus on health and wellness, including weight management, and increasing media attention to the role of food marketing could adversely affect our brand image. It could also lead to stricter regulations and more focus on food and snacking marketing practices. Increased legal or regulatory restrictions on our advertising, consumer promotions and marketing, or our response to those restrictions, could limit our efforts to maintain, extend and expand our brands. Moreover, adverse publicity about regulatory or legal action against us or environmental and human rights risks in our supply chain could damage our reputation and brand image, undermine our customers   confidence and reduce long-term demand for our products, even if the regulatory or legal action is unfounded or these matters are immaterial to our operations.

In addition, our success in maintaining, extending and expanding our brand image depends on our ability to adapt to a rapidly changing media environment, including our increasing reliance on social media and online dissemination of advertising campaigns. We are subject to a variety of legal and regulatory restrictions on how and to whom we market our products (for instance, marketing to children). These restrictions may limit our ability to maintain, extend and expand our brand image, particularly as social media and the communications environment continue to evolve. Negative posts or comments about us on social networking web sites (whether factual or not) could seriously damage our reputation and brand image across the various regions in which we operate. If we do not maintain, extend and expand our reputation and brand image, then our product sales, financial condition and results of operations could be materially and adversely affected.

We are subject to risks generally associated with companies that operate globally.

We are a global company and generated 83.1% of our 2013 net revenues, 82.9% of our 2012 net revenues and 83.7% of our 2011 net revenues outside the United States. We manufacture and market our products in approximately 165 countries and have operations in more than 80 countries, so we are subject to risks inherent in multinational operations. Those risks include:

compliance with U.S. laws affecting operations outside of the United States, such as the Foreign Corrupt Practices Act (FCPA),
compliance with antitrust and competition laws, data privacy laws, and a variety of other local, national and multi-national regulations and laws in multiple regimes,
changes in tax laws, interpretation of tax laws and tax audit outcomes,
fluctuations in currency values, especially in emerging markets,
changes in capital controls, including currency exchange controls such as the devaluation in Venezuela in 2013,
discriminatory or conflicting fiscal policies,
increased sovereign risk, such as default by or deterioration in the credit worthiness of local governments,
varying abilities to enforce intellectual property and contractual rights,

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- greater risk of uncollectible accounts and longer collection cycles,
- design and implementation of effective control environment processes across our diverse operations and employee base, and
- imposition of more or new tariffs, quotas, trade barriers, and similar restrictions on our sales or regulations, taxes or policies that might negatively affect our sales.

In addition, political and economic changes or volatility, geopolitical regional conflicts, terrorist activity, political unrest, civil strife, acts of war, public corruption, expropriation and other economic or political uncertainties could interrupt and negatively affect our business operations or customer demand. We could also be adversely impacted by continued instability in the banking and governmental sectors of certain countries in the European Union or the dynamics associated with the federal and state debt and budget challenges in the United States. All of these factors could result in increased costs or decreased revenues, and could materially and adversely affect our product sales, financial condition and results of operations.

Our operations in certain emerging markets expose us to political, economic and regulatory risks.

Our growth strategy depends in part on our ability to expand our operations in emerging markets, including Brazil, China, India, Mexico, Russia, Venezuela, Argentina, Ukraine, the Middle East and Africa, and Southeast Asia. However, some emerging markets have greater political, economic and currency volatility and greater vulnerability to infrastructure and labor disruptions than more established markets. In many countries outside of the United States, particularly those with emerging economies, it may be common for others to engage in business practices prohibited by laws and regulations with extraterritorial reach, such as the FCPA and the U.K. Bribery Act, or local anti-bribery laws. These laws generally prohibit companies and their employees, contractors or agents from making improper payments to government officials, including in connection with obtaining permits or engaging in other actions necessary to do business. Failure to comply with these laws could subject us to civil and criminal penalties that could materially and adversely affect our reputation, financial condition and results of operations.

In addition, competition in emerging markets is increasing as our competitors grow their global operations and low cost local manufacturers expand and improve their production capacities. Our success in emerging markets is critical to our growth strategy. If we cannot successfully increase our business in emerging markets and manage associated political, economic and currency volatility, our product sales, financial condition and results of operations could be materially and adversely affected.

The consolidation of retail customers creates larger retailers with increased influence in the marketplace.

Retail customers, such as supermarkets, warehouse clubs and food distributors in the European Union, the United States and our other major markets, continue to consolidate, resulting in fewer customers on which we can rely for business. Consolidation also produces larger, more sophisticated retail customers that can resist price increases and demand lower pricing, increased promotional programs or specifically tailored products. In addition, larger retailers have the scale to develop supply chains that permit them to operate with reduced inventories or to develop and market their own retailer brands. Further retail consolidation and increasing retail power could materially and adversely affect our product sales, financial condition and results of operations.

Retail consolidation also increases the risk that adverse changes in our customers business operations or financial performance will have a corresponding material adverse effect on us. For example, if our customers cannot access sufficient funds or financing, then they may delay, decrease or cancel purchases of our products, or delay or fail to pay us for previous purchases, which could materially and adversely affect our product sales, financial condition and results of operations.

Changes in our relationships with significant customers or suppliers could adversely affect sales and our ability to supply products to our customers.

During 2013, our five largest customers accounted for 15.0% of our net revenues. There can be no assurance that our customers will continue to purchase our products in the same mix or quantities or on the same terms as in the past, particularly as increasingly powerful retailers continue to demand lower pricing and develop their own brands. The loss of a significant customer or a material reduction in sales, or a change in the mix of products we sell to a significant customer, could materially and adversely affect our product sales, financial condition and results of operations.

Additionally, disputes with significant suppliers, including those related to pricing or performance, could adversely affect our ability to supply products to our customers and could materially and adversely affect our product sales, financial condition and results of operations.

Commodity and other input prices are volatile and may rise significantly or availability of commodities may become constrained.

We purchase and use large quantities of commodities, including sugar and other sweeteners, coffee, cocoa, wheat, corn products, soybean and vegetable oils and dairy. In addition, we purchase and use significant quantities of packaging materials to package our products and natural gas, fuels and electricity for our factories and warehouses. Prices for commodities, other supplies and energy are volatile and can fluctuate due to conditions that are difficult to predict, including global competition for resources, currency fluctuations, political conditions, severe weather, the potential longer-term consequences of climate change on agricultural productivity, consumer or industrial demand and changes in governmental trade, alternative energy and agricultural programs. Many of the commodities we purchase are grown by smallholder farmers, who might lack the capacity to invest to increase productivity or adapt to these conditions. Although we monitor our exposure to commodity prices as an integral part of our enterprise risk management program and seek to hedge against input price increases, continued increases in the prices of commodities and other supplies we purchase could increase the costs of our products, and our profitability could suffer as a result. Moreover, increases in the price of our products to cover these increased costs may result in lower sales volumes, while decreases could require us to lower our prices and thereby affect our revenues, profits or margins. Likewise, constraints in the supply of key commodities may limit our ability to grow our net revenues. If we are not successful in our mitigation activities, if we are unable to price to cover increased costs or must reduce our prices, or if we are limited by supply constraints, our financial condition and results of operations could be materially adversely affected.

We must leverage our value proposition in order to compete against retailer brands and other economy brands.

Retailers are increasingly offering retailer and other economy brands that compete with some of our products. Our products must provide higher value or quality to our consumers than less expensive alternatives, particularly during periods of economic uncertainty such as those we continue to experience. Consumers may not buy our products if the difference in value or quality between our products and retailer or other economy brands narrows or if consumers perceive a narrowing. If consumers switch to purchasing, or otherwise prefer retailer or other economy brands, then we could lose market share or sales volumes or need to shift our product mix to lower margin offerings. This could materially and adversely affect our reputation, product sales, financial condition and results of operations.

Changes in laws and regulations could increase our costs.

Our activities throughout the world are highly regulated and subject to government oversight. Various laws and regulations govern food production, storage, distribution, sales, advertising and marketing, as well as licensing, trade, labor, tax and environmental matters, and health and safety practices. Government authorities regularly change laws and regulations. Our compliance with new or revised laws and regulations or their interpretation and application could materially and adversely affect our product sales, financial condition and results of operations.

Legal or tax claims or other regulatory enforcement actions could subject us to civil and criminal penalties.

We are a large food and snacking company operating in highly regulated environments and constantly evolving legal, tax and regulatory frameworks around the world. Consequently, we are subject to greater risk of litigation, legal or tax claims or other regulatory enforcement actions. Although we have implemented policies and procedures designed to ensure compliance with existing laws and regulations, there can be no assurance that our employees, contractors or agents will not violate our policies and procedures. Moreover, our failure to maintain effective control environment processes could lead to violations, unintentional or otherwise, of laws and regulations. Litigation, legal or tax claims or regulatory enforcement actions arising out of our failure or alleged failure to comply with applicable laws and regulations could subject us to civil and criminal penalties that could materially and adversely affect our reputation, product sales, financial condition and results of operations.

We may decide or be required to recall products or be subjected to product liability claims.

Selling products for human consumption involves inherent risks. We could decide to, or be required by law or regulation to recall products due to suspected or confirmed product contamination, spoilage or other adulteration, product misbranding or product tampering. Any of these events could materially and adversely affect our reputation, product sales, financial condition and results of operations.

We may also suffer losses if our products or operations violate applicable laws or regulations, or if our products cause injury, illness or death. In addition, our marketing could face claims of false or deceptive advertising or other criticism. A significant product liability or other legal judgment against us, a related regulatory enforcement action or a widespread product recall may materially and adversely affect our reputation and profitability. Moreover, even if a product liability or consumer fraud claim is unsuccessful, has no merit or is not pursued, the negative publicity surrounding assertions against our products or processes could materially and adversely affect our reputation, product sales, financial condition and results of operations.

Unanticipated business disruptions could adversely affect our ability to provide our products to our customers and our results of operations.

We manufacture and source products and materials on a global scale. We have a complex network of suppliers, owned manufacturing locations, co-manufacturing locations, distribution networks and information systems that support our ability consistently to provide our products to our customers. Factors that are hard to predict or beyond our control, like weather, natural disasters, fire, explosions, terrorism, political unrest, generalized labor unrest or health pandemics, could damage or disrupt our operations, or our suppliers or co-manufacturers operations. If we cannot respond to disruptions in our operations, for example, by finding alternative suppliers or replacing capacity at key manufacturing or distribution locations, or cannot quickly repair damage to our information, production or supply systems, we may be late in delivering or unable to deliver products to our customers. If that occurs, we may lose our customers confidence, and long-term consumer demand for our products could decline. In addition, we might not have the functions, processes or organizational capability necessary to achieve on our anticipated timeframes our strategic ambition to reconfigure our supply chain and drive efficiencies to fuel growth. These events could materially and adversely affect our product sales, financial condition and results of operations.

We must correctly predict, identify and interpret changes in consumer preferences and demand, and offer new products to meet those changes.

Consumer preferences for food and snacking products change continually. Our success depends on our ability to predict, identify and interpret the tastes and dietary habits of consumers around the world and to offer products that appeal to consumer preferences. If we do not offer products that appeal to consumers or if we misjudge consumer demand for our products, our sales and market share will decrease and our profitability could suffer.

We must distinguish among short-term fads, mid-term trends and long-term changes in consumer preferences. If we do not accurately predict which shifts in consumer preferences will be long-term, or if we fail to introduce new and improved products to satisfy those preferences, our sales could decline. In addition, because of our varied consumer base, including by geography, we must offer an array of products that satisfy the broad spectrum of consumer preferences. If we fail to expand our product offerings successfully across product categories, or if we do not rapidly develop products in faster growing and more profitable categories, demand for our products will decrease and our profitability could suffer.

Prolonged negative perceptions concerning the health implications of certain food products could influence consumer preferences and acceptance of some of our products and marketing programs. For example, recently, consumers have increasingly focused on health and wellness, including weight management and reducing sodium consumption. We strive to respond to consumer preferences and social expectations, but we may be unsuccessful in these efforts. Continued negative perceptions and failure to satisfy consumer preferences could materially and adversely affect our reputation, product sales, financial condition and results of operations.

We may not successfully identify, complete or manage strategic transactions, which could have a material adverse effect on our business, financial condition and operating results.

We evaluate a variety of potential strategic transactions, including acquisitions, divestitures, joint ventures, minority investments and other strategic alliances, that could further our strategic business objectives. We may not successfully identify, complete or manage the risks presented by these strategic transactions. Strategic transactions may result in the diversion of management attention from our existing business and may present financial, managerial and operational risks. Our success depends, in part, upon our ability to identify suitable transactions; negotiate favorable contractual terms; comply with applicable regulations and receive necessary consents, clearances and approvals (including regulatory and antitrust clearances and approvals); integrate or separate businesses; realize the full extent of the benefits, cost savings or synergies presented by strategic transactions; effectively implement control environment processes with employees joining us as a result of transactions; minimize adverse effects on existing business relationships with suppliers and customers; achieve accurate estimates of fair value; minimize potential loss of customers or key employees; and minimize indemnities and potential disputes with buyers, sellers and strategic partners.

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With respect to acquisitions and joint ventures in particular, we are also exposed to potential risks based on our ability to conform standards, controls, policies and procedures, and business cultures; consolidate and streamline operations and infrastructures; identify and eliminate redundant and underperforming operations and assets; manage inefficiencies associated with the integration of operations; and coordinate antitrust and competition laws in the U.S., the European Union and other jurisdictions. Joint ventures and strategic alliances pose additional risks, as ownership and management responsibilities are shared with one or more other parties who may not have the same objectives, priorities, strategies or resources as we do. Furthermore, we may not be able to complete, on terms favorable to us, desired or proposed divestitures of businesses that do not meet our strategic objectives or our growth or profitability targets. Our divestiture activities may require us to recognize impairment charges or to take action to reduce costs that remain after a divestiture is completed. Gains or losses on the sales of, or lost operating income from, those businesses may also affect our profitability.

Any of these risks and challenges could materially and adversely affect our business, product sales, financial condition and results of operations.

Failure to maintain effective internal control over financial reporting could adversely affect our reputation, results of operations and stock price.

The accuracy of our financial reporting depends on the effectiveness of our internal control over financial reporting. Internal control over financial reporting can provide only reasonable assurance with respect to the preparation and fair presentation of financial statements and may not prevent or detect misstatements because of its inherent limitations. These limitations include the possibility of human error, inadequacy or circumvention of controls and fraud. If we do not maintain effective internal control over financial reporting or implement controls sufficient to provide reasonable assurance with respect to the preparation and fair presentation of our financial statements, we could be unable to file accurate financial reports on a timely basis, and our reputation, results of operations and stock price could be materially adversely affected.

In connection with management s assessment of internal control over financial reporting under Section 404 of the Sarbanes-Oxley Act of 2002, as of December 31, 2013, we did not maintain effective monitoring and oversight of controls over the completeness, accuracy and presentation of our accounting for income taxes, including the income tax provision and related tax assets and liabilities. We determined that the ineffective monitoring and oversight of controls over income tax accounting constitutes a material weakness. See Item 9A, *Controls and Procedures*, for a discussion of our internal control over financial reporting and the material weakness. We have revised our first through third quarter 2013 and prior-year financial statements in this filing to reflect the related items in the appropriate periods, although the errors are not material to any previously reported financial results. If the new controls we are implementing to address the material weakness and to strengthen our overall internal control over accounting for income taxes are not designed or do not operate effectively, if we are unsuccessful in implementing or following these new processes or if we are otherwise unable to remediate this material weakness, we may not timely or accurately report our financial condition or results of operations. This could adversely affect investor and business partner confidence in our financial reports and our stock price.

We are subject to currency exchange rate fluctuations.

At December 31, 2013, we manufactured and marketed our products in approximately 165 countries, had operations in more than 80 countries and made our products at 171 manufacturing and processing facilities in 58 countries. A significant portion of our business is exposed to currency exchange rate fluctuations. Our financial results and capital ratios are sensitive to movements in currency exchange rates because a large portion of our assets, liabilities, revenue and expenses must be translated into U.S. dollars for reporting purposes or converted into U.S. dollars to service obligations such as our U.S. dollar-denominated indebtedness and dividends. In addition, movements in currency exchange rates can affect transaction costs because we source product ingredients from various countries. We may seek to mitigate our exposure to currency exchange rate fluctuations, but our efforts may not be successful. Accordingly, changes in the relative value of any two currencies that we use for transactions could materially and adversely affect our financial condition and results of operations.

We are increasingly dependent on information technology.

We rely on information technology networks and systems, including the Internet, to process, transmit and store electronic and financial information, to manage a variety of business processes and activities, and to comply with regulatory, legal and tax requirements. We also depend on our information technology infrastructure for digital marketing activities and for electronic communications among our locations, personnel, customers and suppliers around the world. These information technology systems, some of which are managed by third parties or used in connection with shared service centers, may be susceptible

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to damage, disruptions or shutdowns due to failures during the process of upgrading or replacing software, databases or components thereof, power outages, hardware failures, computer viruses, attacks by computer hackers or other cybersecurity risks, telecommunication failures, user errors, natural disasters, terrorist attacks or other catastrophic events. Furthermore, any of the aforementioned impacts to our business could be prolonged to the extent such information technology systems are managed by third parties or used in connection with external shared service centers, as we will have to coordinate with such third parties for the resolution of any risks presented. If any of our significant information technology systems suffer severe damage, disruption or shutdown, and our disaster recovery and business continuity plans do not effectively resolve the issues in a timely manner, our product sales, financial condition and results of operations may be materially and adversely affected, and we could experience delays in reporting our financial results.

In addition, if we are unable to prevent physical and electronic break-ins, cyber-attacks and other information security breaches, we may suffer financial and reputational damage, litigation or remediation costs or penalties because of the unauthorized disclosure of confidential information belonging to us or to our partners, customers, suppliers or employees. The disclosure of non-public sensitive or protected information through external media channels could lead to the loss of intellectual property or damage our reputation and brand image. Misuse, leakage or falsification of legally protected information could also result in a violation of data privacy laws and regulations, damage our reputation and credibility, and have a negative impact on our business, financial condition and results of operations.

Weak financial performance, downgrades in our credit ratings, illiquid global capital markets and volatile global economic conditions could limit our access to the global capital markets, reduce our liquidity and increase our borrowing costs.

From time to time we may need to access the long-term and short-term global capital markets to obtain financing. Our financial performance, our short- and long-term credit ratings, the liquidity of the overall global capital markets and the state of the global economy, including the food industry, will affect our access to, and the availability or cost of, financing on acceptable terms and conditions in the future. There can be no assurance that we will have access to the global capital markets on terms we find acceptable.

We regularly access the U.S. and euro commercial paper markets for ongoing funding requirements. A downgrade in our credit ratings would increase our borrowing costs and could adversely affect our ability to issue commercial paper. Disruptions in the global commercial paper market or other effects of volatile economic conditions on the global credit markets also could reduce the amount of commercial paper that we could issue and could raise our borrowing costs for both short- and long-term debt offerings.

Our inability to access the global capital markets or an increase in our borrowing costs could materially and adversely affect our financial condition and results of operations.

Volatility in the equity markets, interest rates or other factors could substantially increase our pension costs.

We sponsor a number of defined benefit pension plans for our employees throughout the world. At the end of 2013, the projected benefit obligation of our defined benefit pension plans was $11.2 billion and plan assets were $9.2 billion. The difference between plan obligations and assets, or the funded status of the plans, significantly affects the net periodic benefit costs of our pension plans and the ongoing funding requirements of those plans. Our major defined benefit pension plans are funded with trust assets invested in a globally diversified portfolio of investments, including equities and corporate debt. Among other factors, changes in interest rates, mortality rates, early retirement rates, investment returns, minimum funding requirements in the jurisdictions in which the plans operate, arrangements made with the trustees of certain plans and the market value of plan assets can affect the level of plan funding, cause volatility in the net periodic pension cost and increase our future funding requirements. Legislative and other governmental regulatory actions may also increase funding requirements for our pension plans benefits obligation.

Based on current tax laws, we estimate our 2014 pension contributions will be approximately $319 million. We also expect that our net pension cost will decrease to approximately $263 million in 2014 from $357 million in 2013. The decrease is primarily due to higher discount rates and favorable asset performance. However, volatility in the global capital markets may increase the risk that we are required to make additional cash contributions to the pension plans and recognize further increases in our net pension cost beyond 2014. Some of our pension trust assets are invested in European sovereign debt and subject to heightened risk that they could lose value as a result of political and financial turmoil in Europe.

Due to our participation in multi-employer pension plans, we may have exposure under those plans that extends beyond what our obligation would be with respect to our employees. Our contributions to a multi-employer plan may increase beyond our bargaining obligations depending on the financial condition of the multi-employer plan. We may be required to participate in funding the unfunded obligations of the plan allocable to the withdrawing employer, and our costs might increase as a result. Further, if we have a partial or complete withdrawal from a multi-employer pension plan, we may be required to pay an amount to the plan based on our allocable share of the underfunded status of the plan. This liability will generally increase if other employers cease participating in the plan whether or not due to bankruptcy. (See Note 10, *Benefit Plans*, to the consolidated financial statements for more information.)

A significant increase in our pension funding requirements could have a negative impact on our ability to invest in the business and adversely affect our financial condition and results of operations.

We may be unable to hire or retain and develop key personnel or a highly skilled and diverse global workforce or manage changes in our workforce.

Our continued growth requires us to hire, retain and develop our leadership bench and a highly skilled and diverse global workforce. We compete to hire new personnel and then to develop and retain their skills and competencies. Unplanned turnover or our failure to develop an adequate succession plan to backfill current leadership positions, or to hire and retain a diverse global workforce with the skills we need to operate and grow our business, could deplete our institutional knowledge base and erode our competitive advantage. In addition, increased costs due to increased competition for employees, higher employee turnover or increased employee benefit costs could adversely affect our results of operations. Furthermore, if we are unable to manage changes in our workforce appropriately or satisfy the legal requirements associated with how we manage and compensate our employees, our reputation, ability to meet the needs of our customers, product sales, financial condition and results of operations may be adversely affected.

Our intellectual property rights are valuable, and our inability to protect them could reduce the value of our products and brands.

We consider our intellectual property rights, particularly and most notably our trademarks, but also our patents, trade secrets, copyrights and licensing agreements, to be a significant and valuable aspect of our business. We attempt to protect our intellectual property rights by taking advantage of a combination of patent, trademark, copyright and trade secret laws in various countries, as well as licensing agreements, third party nondisclosure and assignment agreements and policing of third party misuses of our intellectual property. Our failure to obtain or adequately protect our intellectual property rights, or any change in law or other changes that serve to lessen or remove the current legal protections of our intellectual property, may diminish our competitiveness and could materially harm our business.

We may be unaware of intellectual property rights of others that may cover some of our technology, brands or products. Any litigation regarding patents or other intellectual property could be costly and time-consuming and could divert management s and other key personnel s attention from our business operations. Third party claims of intellectual property infringement might also require us to pay monetary damages or enter into costly license agreements. We also may be subject to injunctions against development and sale of certain of our products. Any of these occurrences could materially and adversely affect our reputation, product sales, financial condition and results of operations.

Item 1B. Unresolved Staff Comments.

Not applicable.

Item 2. Properties.

On December 31, 2013, we had 171 manufacturing and processing facilities located in 58 countries. We own 160 and lease 11 of these manufacturing and processing facilities. It is our practice to maintain all of our plants and properties in good condition. We believe they are suitable and adequate for our present needs.

We also had 220 distribution centers and depots worldwide. We own 54 and lease 166 of these distribution centers and depots. These facilities are in good condition. We believe they have sufficient capacity to meet our near-term distribution needs.

These facilities are located by segment as follows:

	Number of Manufacturing Facilities	Number of Distribution Facilities
Latin America	21	4
Asia Pacific	32	70
EEMEA	27	13
Europe	74	38
North America	17	95
Total	171	220

Item 3. Legal Proceedings.

We routinely are involved in legal proceedings, claims, and governmental inspections or investigations (Legal Matters) arising in the ordinary course of our business.

A compliant and ethical corporate culture, which includes adhering to laws and industry regulations in all jurisdictions in which we do business, is integral to our success. Accordingly, after we acquired Cadbury in February 2010 we began reviewing and adjusting, as needed, Cadbury s operations in light of applicable standards as well as our policies and practices. We initially focused on such high priority areas as food safety, the Foreign Corrupt Practices Act (FCPA) and antitrust. Based upon Cadbury s pre-acquisition policies and compliance programs and our post-acquisition reviews, our preliminary findings indicated that Cadbury s overall state of compliance was sound. Nonetheless, through our reviews, we determined that in certain jurisdictions, including India, there appeared to be facts and circumstances warranting further investigation. We are continuing our investigations in certain jurisdictions, including in India, and we continue to cooperate with governmental authorities.

As we previously disclosed, on February 1, 2011, we received a subpoena from the SEC in connection with an investigation under the FCPA, primarily related to a facility in India that we acquired in the Cadbury acquisition. The subpoena primarily requests information regarding dealings with Indian governmental agencies and officials to obtain approvals related to the operation of that facility. We are continuing to cooperate with the U.S. and Indian governments in their investigations of these matters, including through preliminary meetings with the U.S. government to discuss potential conclusion of the investigation.

On February 28, 2013, Cadbury India Limited, a subsidiary of Mondelēz International, and other parties received a show cause notice from the Indian Department of Central Excise Authority. The notice calls upon the parties to demonstrate why the Authority should not collect approximately $46 million of unpaid excise tax as well as approximately $46 million of penalties and interest related to production at the same Indian facility. We believe that the decision to claim the excise tax benefit is valid and we are contesting the show cause notice through the administrative and judicial process.

As we previously disclosed, on March 1, 2011, Starbucks took control of the Starbucks packaged coffee business (Starbucks CPG business) in grocery stores and other channels. Starbucks did so without our authorization and in what we contended was a violation and breach of our license and supply agreement with Starbucks related to the

Starbucks CPG business. Following an initial decision in November 2013, on December 13, 2013, the independent arbitrator in our dispute with Starbucks issued a decision and Final Award that Kraft Foods Global, Inc. (now Kraft Foods Group), the named party in the proceeding, had proven that it was entitled to recover and that Starbucks must pay $2,764 million in total cash compensation for Starbucks unilateral termination of the agreement. The award included compensation for 135% of the determined fair market value of the agreement for improper termination as well as prejudgment interest of $521 million and Kraft Foods Group s attorney s fees, which the parties agreed would equal $15 million. Starbucks has paid all of the amount owed pursuant to the ruling. Under the Separation and Distribution Agreement between Kraft Foods Group and us, Kraft Foods Group directed the recovery awarded in the arbitration proceeding to us.

While we cannot predict with certainty the results of Legal Matters in which we are currently involved, we do not expect that the ultimate costs to resolve any of these Legal Matters, individually or in the aggregate, will have a material effect on our financial results.

Item 4. Mine Safety Disclosures

Not applicable.

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PART II

Item 5. Market for Registrant s Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities.

Our Common Stock is listed on The NASDAQ Global Select Market under the symbol MDLZ. At January 31, 2014, there were 66,233 holders of record of our Common Stock. Information regarding the market price of our Common Stock and dividends declared during the last two fiscal years is included in Note 18, *Quarterly Financial Data (Unaudited)*, to the consolidated financial statements.

Comparison of Five-Year Cumulative Total Return

The following graph compares the cumulative total return on our Common Stock with the cumulative total return of the S&P 500 Index and the Mondelēz International performance peer group index. The graph assumes, in each case, an initial investment of $100 on December 31, 2008, based on the market prices at the end of each fiscal year through and including December 31, 2013, and reinvestment of dividends (also taking into account the value of Kraft Foods Group shares distributed in the Spin-Off). The vertical line below indicates the October 1, 2012 Spin-Off date and is intended to facilitate comparisons of performance against peers listed below and the stock market before and following the Spin-Off.

Date	Mondelēz International	S&P 500	Performance Peer Group
December 31, 2008	$ 100.00	$ 100.00	$ 100.00
December 31, 2009	105.99	126.46	119.39
December 31, 2010	127.64	145.51	134.21
December 31, 2011	156.49	148.59	144.39
December 31, 2012	168.26	172.37	158.77
December 31, 2013	237.39	228.19	189.30

The Mondelēz International performance peer group consists of the following companies considered our market competitors or that have been selected on the basis of industry, global focus or industry leadership: Campbell Soup Company, The Coca-Cola Company, Colgate-Palmolive Company, DANONE, General Mills, Inc., The Hershey Company, Kellogg Company, Nestlé S.A., PepsiCo, Inc., The Procter & Gamble Company and Unilever N.V. (The H. J. Heinz Company is no longer part of the performance peer group as their shares are no longer publicly traded following their acquisition in June 2013.)

This performance graph and other information furnished under this Part II Item 5(a) of this Form 10-K shall not be deemed to be soliciting material or to be filed with the SEC or subject to Regulation 14A or 14C, or to the liabilities of Section 18 of the Securities Exchange Act of 1934, as amended.

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Issuer Purchases of Equity Securities

The following table shows the stock repurchase activity for each of the three months in the quarter ended December 31, 2013:

	Total Number of Shares Purchased (1)	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Program (2)	Approximate Dollar Value of Shares That May Yet Be Purchased Under the Program (2)
October 1 31, 2013	5,849,421	$ 31.88	5,821,500	$ 4,961,235,545
November 1 30, 2013	4,820,743	33.46	4,820,173	4,799,968,392
December 1 31, 2013	44,753,926	34.40	44,750,000	4,960,568,392
For the Quarter Ended December 31, 2013	55,424,090	34.05	55,391,673	

(1) The total number of shares purchased includes: (i) shares purchased pursuant to the repurchase program described in footnote 2 below; and (ii) shares tendered to us by employees who used shares to exercise options and to pay the related taxes for grants of restricted and deferred stock that vested, totaling 27,921 shares, 570 shares and 3,926 shares for the fiscal months of October, November and December 2013, respectively.

(2) During 2013, our Board of Directors authorized the repurchase of $7.7 billion of our Common Stock. On March 12, 2013, our Board of Directors authorized the repurchase of up to the lesser of 40 million shares or $1.2 billion of our Common Stock through March 12, 2016. On August 6, 2013, our Audit Committee, with authorization delegated from our Board of Directors, increased the repurchase program capacity to $6.0 billion of Common Stock repurchases and extended the expiration date to December 31, 2016. On December 3, 2013, our Board of Directors approved an increase of $1.7 billion to the program. Repurchases under the program are determined by management and are wholly discretionary.

During 2013, we repurchased 82.8 million shares of Common Stock at an average cost of $33.09 per share, or an aggregate cost of $2.7 billion. The share repurchases include $1.5 billion of shares repurchased through an accelerated share repurchase program initiated on December 3, 2013. All share repurchases were funded through available cash, including cash from the resolution of the Starbucks arbitration (see Notes 12, *Commitments and Contingencies*, and 2, *Divestitures and Acquisition,* for discussion of the *Resolution of Starbucks Arbitration*), and commercial paper issuances. The repurchased shares are held in treasury. As of December 31, 2013, we have $5.0 billion in remaining share repurchase capacity.

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Item 6. Selected Financial Data

Mondelēz International, Inc.

Selected Financial Data Five Year Review[1]

	2013	2012	2011	2010	2009
	(in millions, except per share and employee data)				
Continuing Operations[2]					
Net revenues	$ 35,299	$ 35,015	$ 35,810	$ 31,489	$ 21,559
Earnings from continuing operations, net of taxes	2,332	1,606	1,764	677	838
Net earnings attributable to Mondelēz International:					
Per share, basic	1.30	0.90	0.99	0.38	0.57
Per share, diluted	1.29	0.88	0.99	0.38	0.56
Cash Flow and Financial Position[3]					
Net cash provided by operating activities	6,410	3,923	4,520	3,748	5,084
Capital expenditures	1,622	1,610	1,771	1,661	1,330
Property, plant and equipment, net	10,247	10,010	13,813	13,792	10,693
Total assets	72,557	75,477	93,785	95,228	66,718
Long-term debt	14,482	15,574	23,095	26,859	18,024
Total Mondelēz International shareholders equity	32,373	32,276	35,271	35,859	25,896
Shares outstanding at year end	1,705	1,778	1,768	1,748	1,478
Per Share and Other Data[4]					
Book value per shares outstanding	18.99	18.15	19.95	20.51	17.52
Dividends declared per share[5]	0.54	1.00	1.16	1.16	1.16
Common Stock closing price at year end[6]	35.30	25.45	37.36	31.51	27.18
Number of employees	107,000	110,000	126,000	127,000	97,000

(1) The selected financial data should be read in conjunction with *Management s Discussion and Analysis of Financial Condition and Results of Operations* and our consolidated financial statements and related notes included elsewhere in this Annual Report on Form 10-K and past Annual Reports on Form 10-K for earlier periods. We have revised our historical consolidated financial results for the periods reflected above to correct tax-related errors. See Note 1, *Summary of Significant Accounting Policies Revision of Financial Statements*, for additional information.

(2) Significant items impacting the comparability of our results from continuing operations include: Spin-Off Costs in 2013 and 2012, Restructuring Program in 2013 and 2012, Cost Savings Initiatives in all years; divestitures and sales of property in 2013, 2012 and 2010, an acquisition in 2013, the acquisition of Cadbury in 2010 and related Integration Program in 2010-2013; a benefit from a Cadbury-related indemnification resolution in 2013; a loss on debt extinguishment related to the December 18, 2013 tender offer; accounting calendar changes in 2013, 2011 (including a 53rd week of operating results in 2011) and 2010 and our provision for income taxes in all years. Please refer to Notes 1, *Summary of Significant Accounting Policies; 2, Divestitures and Acquisition;* 6, *2012-2014 Restructuring Program;* 7, *Integration Program and Cost Savings Initiatives;* 8, *Debt and Borrowing Arrangements;* 12, *Commitments and Contingencies;* 15, *Income Taxes*; and 17, *Segment Reporting*, for additional

information regarding items affecting comparability of our results from continuing operations.

(3) Our Cash Flow and Financial Position information includes Kraft Foods Group data for periods prior to the October 1, 2012 Spin-Off date. Refer to Note 2, *Divestitures and Acquisition*, for information on the divested net assets and items impacting cash flow. Other items impacting comparability primarily relate to the receipt of net cash proceeds from the resolution of the Starbucks arbitration in 2013 and our acquisition of Cadbury in 2010. Refer to Notes 2, *Divestitures and Acquisition*, and 12, *Commitments and Contingencies*, related to the resolution of the Starbucks arbitration and the Annual Report on Form 10-K for the year ended December 31, 2012, for additional information on the Cadbury acquisition in 2010.

(4) Per Share and Other Data includes Kraft Foods Group data for periods prior to the October 1, 2012 Spin-Off date.

(5) Refer to the *Equity and Dividend*s section within *Management s Discussion and Analysis of Financial Condition and Results of Operations* for additional information on our dividends following the Spin-Off.

(6) Closing prices reflect historical market prices and have not been adjusted for periods prior to October 1, 2012 to reflect the Spin-Off of Kraft Foods Group on that date.

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Item 7. Management s Discussion and Analysis of Financial Condition and Results of Operations.

The following discussion and analysis contains forward-looking statements. It should be read in conjunction with the other sections of this Annual Report on Form 10-K, including the consolidated financial statements and related notes contained in Item 8, Forward-looking Statements and Risk Factors contained in Item 1A.

Description of the Company

We manufacture and market primarily snack food and beverage products, including biscuits (cookies, crackers and salted snacks), chocolate, gum & candy, coffee & powdered beverages and various cheese & grocery products. We have operations in more than 80 countries and sell our products in approximately 165 countries.

Over the last several years, we have been expanding geographically and building our presence in the fast-growing snacking category. At the same time, we continued to invest in product quality, marketing and innovation behind our iconic brands, while implementing a series of cost saving initiatives. We expect our global snacks businesses will build upon our strong presence across numerous fast-growing markets, categories and channels including the high-margin instant consumption channel. We plan to target industry-leading revenue growth, leverage our cost structure through supply chain reinvention, productivity programs, overhead streamlining, volume growth and improved product mix to drive margin gains and grow earnings per share in the top-tier of our peer group.

Business and Segment Reorganization

Effective as of January 1, 2013, we reorganized our operations and management into five reportable operating segments:

- Latin America
- Asia Pacific
- Eastern Europe, Middle East & Africa (EEMEA)
- Europe
- North America

We changed and flattened our operating structure to reflect our greater concentration of operations in emerging markets and to further enhance collaboration across regions, expedite decision making and drive greater efficiencies to fuel our growth. Coincident with the change in segment structure, segment operating income for our North America region also changed to include all U.S. pension plan expenses, a portion of which was previously excluded from segment operating results evaluated by management as the costs were centrally managed. See Note 17, *Segment Reporting,* for additional segment information. Our segment results reflect the change in segment structure for all periods presented.

Spin-Off of Kraft Foods Group

On October 1, 2012, we completed the spin-off of our North American grocery business, Kraft Foods Group, Inc. (Kraft Foods Group), to our shareholders (the Spin-Off). The divested Kraft Foods Group business is presented as a discontinued operation on the consolidated statements of earnings for all periods presented. The Kraft Foods Group other comprehensive earnings, changes in equity and cash flows are included within our consolidated statements of comprehensive earnings, equity and cash flows through October 1, 2012. See Note 2, *Divestitures and Acquisition*, for more information on the Spin-Off of Kraft Foods Group.

Revision of Financial Statements

In finalizing our 2013 results, we identified certain out-of-period, non-cash income tax-related errors in prior interim and annual periods. These errors are not material to any previously reported financial results; however, we have revised our first through third quarter 2013 and prior-year financial statements in this filing to reflect these items in the appropriate periods. The net effect of the revision was to lower tax expense in years prior to 2013. The impact of the revision to 2013 results through the third quarter was a $59 million reduction of net earnings related to both current and prior-year corrections. The impact of the revision to fiscal years prior to 2013 was an increase in cumulative net earnings of $94 million. For additional details of the adjustments, see Note 1, *Summary of Significant Accounting Policies Revision of Financial Statements*. The following discussion and analysis relates to revised after-tax results for all periods presented.

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While we corrected these errors and they were not material to any previously reported financial statements, we have determined that there was a reasonable possibility that a material misstatement of our annual or interim financial statements may not have been prevented or detected on a timely basis due to control deficiencies in our internal controls. Thus, management has determined that the control deficiencies constitute a material weakness. Because we have identified this material weakness, we have implemented additional procedures to verify the reliability of our accounting for income taxes. Based on the additional procedures, we believe that the consolidated financial statements included in this report are fairly stated in all material respects in accordance with generally accepted accounting principles. For additional information on the procedures and controls we are implementing to address the material weakness, see Item 9A, *Controls and Procedures*.

Summary of Results and Significant Highlights

Net revenues increased 0.8% to $35.3 billion in 2013 and decreased 2.2% to $35.0 billion in 2012.

Organic Net Revenues increased 3.9% to $35.9 billion in 2013 and increased 4.4% to $36.3 billion in 2012. Organic Net Revenues is a non-GAAP financial measure we use to evaluate our underlying results (see the definition of Organic Net Revenues and our reconciliation with net revenues within *Non-GAAP Financial Measures* appearing later in this section). Organic Net Revenues excludes the impact of currency, acquisitions, divestitures and accounting calendar changes.

Diluted EPS attributable to Mondelēz International increased 28.1% to $2.19 in 2013 and decreased 14.9% to $1.71 in 2012. Excluding the results of discontinued operations, our diluted EPS attributable to Mondelēz International from continuing operations increased 46.6% to $1.29 in 2013 and decreased 11.1% to $0.88 in 2012.

Adjusted EPS increased 7.1% to $1.51 in 2013 and increased 0.7% to $1.41 in 2012. On a constant currency basis, Adjusted EPS increased 13.5% to $1.60 in 2013 and increased 5.0% to $1.47 in 2012. Adjusted EPS is a non-GAAP financial measure we use to evaluate our underlying results (see the definition of Adjusted EPS and our reconciliation with diluted EPS within *Non-GAAP Financial Measures* appearing later in this section). Adjusted EPS includes diluted EPS attributable to Mondelēz International from continuing operations and excludes the following items discussed below: Spin-Off Costs and related costs, 2012-2014 Restructuring Program costs, Integration Program costs and other acquisition integration costs, a benefit from the resolution of a Cadbury acquisition-related indemnification, the loss on debt extinguishment and related expenses, net gain on acquisition and divestitures, acquisition-related costs and net earnings from divestitures. We also evaluate Adjusted EPS on a constant currency basis.

On February 6, 2014, we completed a cash tender offer and retired $1.6 billion of our long-term U.S. dollar debt. In connection with retiring this debt, during the first quarter of 2014, we recorded a $495 million loss on debt extinguishment and related expenses related to the amount we paid to retire the debt in excess of its carrying value and from recognizing unamortized discounts and deferred financing costs in earnings at the time of the debt extinguishment.

On January 16, 2014, we issued $3.0 billion of U.S. dollar notes that generated approximately $3.0 billion of net cash proceeds, which were used in part to fund the February 2014 tender offer and for other general corporate purposes. In January 2014, we also recorded approximately $18 million of discounts and deferred financing costs, which will be amortized into interest expense over the life of the notes.

On December 18, 2013, we completed a cash tender offer and retired $3.4 billion of our long-term U.S. dollar debt. We recorded a $612 million loss on debt extinguishment and related expenses related to the amount we paid to retire the debt in excess of its carrying value and from recognizing unamortized discounts and deferred financing costs in earnings at the time of the debt extinguishment.

On December 11, 2013, we issued 2.4 billion of Euro-denominated notes, or approximately $3.3 billion in U.S. dollars as of December 31, 2013. We received net proceeds of 2,381 million, or $3,239 million in U.S. dollars, which were used to partially fund the December 2013 tender offer. We also recorded approximately $27 million of discounts and deferred financing costs, which will be amortized into interest expense over the life of the notes.

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During 2013, our Board of Directors authorized the repurchase of $7.7 billion of our Common Stock under a share repurchase program. During 2013, we repurchased $2.7 billion, or 82.8 million shares of Common Stock at an average cost of $33.09 per share. The repurchases include $1.5 billion of shares acquired through an accelerated share repurchase program we initiated in December 2013. All share repurchases were funded through available cash, including cash from the resolution of the Starbucks arbitration described below, and commercial paper issuances. As of December 31, 2013, we have $5.0 billion in remaining share repurchase capacity.

In December 2013, a dispute over a license and supply agreement between Starbucks Coffee Company (Starbucks) and Kraft Foods Group was resolved when an independent arbitrator issued a decision and Final Award that resulted in Starbucks paying $2.8 billion for its unilateral termination of the agreement. The dispute arose within the Kraft Foods Group discontinued operation and was directed to Mondelēz International as part of the Spin-Off recapitalization plans. The net $1.6 billion after-tax gain on the resolution of the arbitration was recorded in earnings from discontinued operations in the fourth quarter of 2013. See Item 3, *Legal Proceedings*, and Notes 2, *Divestitures and Acquisition*, and 12, *Commitments and Contingencies*, for additional information.

On October 1, 2013, $1 billion of our 5.125% U.S. dollar notes and $800 million of our 5.250% U.S. dollar notes matured. The notes and accrued interest to date were paid with cash on hand and the issuance of commercial paper.

In August 2013, we resolved an outstanding Cadbury-acquisition related indemnification and recorded a favorable pre-tax earnings impact of $385 million ($363 million net of tax). See *Items affecting Comparability of Financial Results* and Note 12, *Commitments and Contingencies*, for more information.

On May 8, 2013, $1 billion of our 2.625% U.S. dollar notes matured. The notes and accrued interest to date were paid with cash on hand and the issuance of commercial paper.

On February 11, 2013, $750 million of our 6.00% U.S. dollar notes matured and were paid with cash on hand.

In February 2013, we recorded a $54 million unfavorable foreign currency charge related to the devaluation of our net monetary assets in Venezuela. We also incurred net unfavorable devaluation-related foreign currency impacts within our pre-tax earnings of $67 million during the year ended December 31, 2013 related to translating the earnings of our Venezuelan subsidiary to the U.S. dollar at the new exchange rate. As of December 31, 2013, our net monetary assets denominated in the Venezuelan bolivar were $257 million. Should the bolivar be devalued further, it would result in a charge to our net earnings in the period of devaluation. See our *Results of Operations by Reportable Segment* later in this section and Note 1, *Summary of Significant Accounting Policies - Foreign Currency, including Highly Inflationary Accounting,* for more information.

Financial Outlook

We develop long-term plans and targets to achieve sustainable, profitable growth over time. Our long-term financial targets include:

- Organic Net Revenue growth at or above expected category growth
- Adjusted Operating Income growth of high single-digits on a constant currency basis
- Double-digit Adjusted EPS growth on a constant currency basis

Refer to *Non-GAAP Financial Measures* appearing later in this section for more information on these measures.

In 2014, we expect Organic Net Revenues to grow approximately 4 percent, which is at or above the growth of our categories. We expect low double-digit growth in Adjusted Operating Income at constant currency, fueled by our focused efforts to reduce overheads, restructure our global supply chain and improve product mix, while continuing to invest in emerging markets. We anticipate this increase will result in an Adjusted Operating Income margin in the high 12 percent range and will be the primary lever in delivering Adjusted EPS of $1.73 to $1.78, up double digits on a constant currency basis. Our 2014 Adjusted EPS outlook reflects constant currency at average 2013 currency rates. Any fluctuation from the 2013 average currency rates is outside of our 2