Mondelez International, Inc.
Form 10-K
March 03, 2014
Table of Contents

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.

Table of Contents

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.

Table of Contents

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

1

Table of Contents

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

2

Table of Contents

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%

3

Table of Contents

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.

Table of Contents

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

Table of Contents

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.

Table of Contents

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

Table of Contents

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.

Table of Contents

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.