UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

(Mark One)

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

For the quarterly period ended June 30, 2018

OR

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

For the transition period from to

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**

Not Applicable

(Former name, former address and former fiscal year, if changed since last report)

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 whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

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

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

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

At July 20, 2018, there were 1,466,560,999 shares of the registrant's Class A Common Stock outstanding.

Mondelēz International, Inc.

Table of Contents

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.

PART I – FINANCIAL INFORMATION

Item 1. Financial Statements

Mondelēz International, Inc. and Subsidiaries
Condensed Consolidated Statements of Earnings
(in millions of U.S. dollars, except per share data)
(Unaudited)

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2018	2017	2018	2017
Net revenues	$ 6,112	$ 5,986	$ 12,877	$ 12,400
Cost of sales	3,572	3,672	7,488	7,568
Gross profit	2,540	2,314	5,389	4,832
Selling, general and administrative expenses	1,904	1,455	3,431	2,938
Asset impairment and exit costs	111	176	165	342
Loss on divestiture	—	3	—	3
Amortization of intangibles	44	44	88	88
Operating income	481	636	1,705	1,461
Benefit plan non-service income	(15)	(5)	(28)	(20)
Interest and other expense, net	248	124	328	243
Earnings before income taxes	248	517	1,405	1,238
Provision for income taxes	(14)	(84)	(321)	(238)
Equity method investment net earnings	91	67	185	133
Net earnings	325	500	1,269	1,133
Noncontrolling interest earnings	(2)	(2)	(8)	(5)
Net earnings attributable to Mondelēz International	$ 323	$ 498	$ 1,261	$ 1,128
Per share data:				
Basic earnings per share attributable to Mondelēz International	$ 0.22	$ 0.33	$ 0.85	$ 0.74
Diluted earnings per share attributable to Mondelēz International	$ 0.22	$ 0.32	$ 0.84	$ 0.73
Dividends declared	$ 0.22	$ 0.19	$ 0.44	$ 0.38

See accompanying notes to the condensed consolidated financial statements.

Mondelēz International, Inc. and Subsidiaries
Condensed Consolidated Statements of Comprehensive Earnings
(in millions of U.S. dollars)
(Unaudited)

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2018	2017	2018	2017
Net earnings	$ 325	$ 500	$ 1,269	$ 1,133
Other comprehensive earnings/(losses), net of tax:				
Currency translation adjustment	(874)	380	(667)	923
Pension and other benefit plans	168	(33)	162	(32)
Derivative cash flow hedges	26	12	(20)	30
Total other comprehensive earnings/(losses)	(680)	359	(525)	921
Comprehensive earnings/(losses)	(355)	859	744	2,054
less: Comprehensive earnings/(losses) attributable to noncontrolling interests	(10)	14	11	21
Comprehensive earnings/(losses) attributable to Mondelēz International	$ (345)	$ 845	$ 733	$ 2,033

See accompanying notes to the condensed consolidated financial statements.

Mondelēz International, Inc. and Subsidiaries
Condensed Consolidated Balance Sheets
(in millions of U.S. dollars, except share data)
(Unaudited)

	June 30, 2018		December 31, 2017	
ASSETS				
Cash and cash equivalents	$	1,246	$	761
Trade receivables (net of allowances of $40 at June 30, 2018 and $50 at December 31, 2017)		2,416		2,691
Other receivables (net of allowances of $61 at June 30, 2018 and $98 at December 31, 2017)		818		835
Inventories, net		2,683		2,557
Other current assets		1,039		676
Total current assets		8,202		7,520
Property, plant and equipment, net		8,384		8,677
Goodwill		21,002		21,085
Intangible assets, net		18,362		18,639
Prepaid pension assets		169		158
Deferred income taxes		259		319
Equity method investments		6,223		6,345
Other assets		373		366
TOTAL ASSETS	$	62,974	$	63,109
LIABILITIES				
Short-term borrowings	$	4,074	$	3,517
Current portion of long-term debt		780		1,163
Accounts payable		5,248		5,705
Accrued marketing		1,587		1,728
Accrued employment costs		614		721
Other current liabilities		2,529		2,959
Total current liabilities		14,832		15,793
Long-term debt		14,857		12,972
Deferred income taxes		3,395		3,376
Accrued pension costs		1,389		1,669
Accrued postretirement health care costs		395		419
Other liabilities		2,819		2,689
TOTAL LIABILITIES		37,687		36,918
Commitments and Contingencies (Note 12)				
EQUITY				
Common Stock, no par value (5,000,000,000 shares authorized and 1,996,537,778 shares issued at June 30, 2018 and December 31, 2017)		—		—
Additional paid-in capital		31,913		31,915
Retained earnings		23,305		22,749
Accumulated other comprehensive losses		(10,526)		(9,998)
Treasury stock, at cost (530,175,356 shares at June 30, 2018 and 508,401,694 shares at December 31, 2017)		(19,489)		(18,555)
Total Mondelēz International Shareholders' Equity		25,203		26,111
Noncontrolling interest		84		80
TOTAL EQUITY		25,287		26,191
TOTAL LIABILITIES AND EQUITY	$	62,974	$	63,109

See accompanying notes to the condensed consolidated financial statements.

Mondelēz International, Inc. and Subsidiaries
Condensed Consolidated Statements of Equity
(in millions of U.S. dollars, except per share data)
(Unaudited)

	Mondelēz International Shareholders' Equity						
	Common Stock	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Earnings/ (Losses)	Treasury Stock	Non-controlling Interest*	Total Equity
Balances at January 1, 2017	$ —	$ 31,847	$ 21,149	$ (11,122)	$ (16,713)	$ 54	$ 25,215
Comprehensive earnings/(losses):							
Net earnings	—	—	2,922	—	—	14	2,936
Other comprehensive earnings/(losses), net of income taxes	—	—	—	1,124	—	28	1,152
Exercise of stock options and issuance of other stock awards	—	68	(83)	—	360	—	345
Common Stock repurchased	—	—	—	—	(2,202)	—	(2,202)
Cash dividends declared ($0.82 per share)	—	—	(1,239)	—	—	—	(1,239)
Dividends paid on noncontrolling interest and other activities	—	—	—	—	—	(16)	(16)
Balances at December 31, 2017	$ —	$ 31,915	$ 22,749	$ (9,998)	$ (18,555)	$ 80	$ 26,191
Comprehensive earnings/(losses):							
Net earnings	—	—	1,261	—	—	8	1,269
Other comprehensive earnings/(losses), net of income taxes	—	—	—	(528)	—	3	(525)
Exercise of stock options and issuance of other stock awards	—	(2)	(60)	—	216	—	154
Common Stock repurchased	—	—	—	—	(1,150)	—	(1,150)
Cash dividends declared ($0.44 per share)	—	—	(651)	—	—	—	(651)
Dividends paid on noncontrolling interest and other activities	—	—	6	—	—	(7)	(1)
Balances at June 30, 2018	$ —	$ 31,913	$ 23,305	$ (10,526)	$ (19,489)	$ 84	$ 25,287

* Noncontrolling interest as of June 30, 2017 was $72 million, as compared to $54 million as of January 1, 2017. The change of $18 million during the six months ended June 30, 2017 was due to $16 million of other comprehensive earnings, net of taxes, and $5 million of net earnings offset by $(3) million of dividends paid.

See accompanying notes to the condensed consolidated financial statements.

Mondelēz International, Inc. and Subsidiaries
Condensed Consolidated Statements of Cash Flows
(in millions of U.S. dollars)
(Unaudited)

	For the Six Months Ended June 30,	
	2018	2017
CASH PROVIDED BY/(USED IN) OPERATING ACTIVITIES		
Net earnings	$ 1,269	$ 1,133
Adjustments to reconcile net earnings to operating cash flows:		
Depreciation and amortization	407	395
Stock-based compensation expense	67	77
U.S. tax reform transition tax	86	—
Deferred income tax provision	(46)	—
Asset impairments and accelerated depreciation	43	168
Loss on early extinguishment of debt	140	11
Loss on divestiture	—	3
Equity method investment net earnings	(185)	(133)
Distributions from equity method investments	151	132
Other non-cash items, net	366	(29)
Change in assets and liabilities, net of acquisitions and divestitures:		
Receivables, net	112	153
Inventories, net	(240)	(181)
Accounts payable	(325)	(430)
Other current assets	(41)	(88)
Other current liabilities	(481)	(646)
Change in pension and postretirement assets and liabilities, net	(141)	(303)
Net cash provided by operating activities	1,182	262
CASH PROVIDED BY/(USED IN) INVESTING ACTIVITIES		
Capital expenditures	(532)	(488)
Acquisition, net of cash received	(528)	—
Proceeds from divestiture, net of disbursements	—	169
Proceeds from sale of property, plant and equipment and other assets	19	33
Net cash used in investing activities	(1,041)	(286)
CASH PROVIDED BY/(USED IN) FINANCING ACTIVITIES		
Issuances of commercial paper, maturities greater than 90 days	1,315	1,150
Repayments of commercial paper, maturities greater than 90 days	(1,020)	(1,141)
Net issuances of other short-term borrowings	298	2,230
Long-term debt proceeds	2,948	350
Long-term debt repaid	(1,442)	(1,469)
Repurchase of Common Stock	(1,177)	(1,069)
Dividends paid	(657)	(581)
Other	124	154
Net cash provided by/(used in) financing activities	389	(376)
Effect of exchange rate changes on cash and cash equivalents	(45)	56
Cash and cash equivalents:		
Increase/(decrease)	485	(344)
Balance at beginning of period	761	1,741
Balance at end of period	$ 1,246	$ 1,397

See accompanying notes to the condensed consolidated financial statements.

Mondelēz International, Inc. and Subsidiaries
Notes to Condensed Consolidated Financial Statements
(Unaudited)

Note 1. Basis of Presentation

Our interim condensed consolidated financial statements are unaudited. Certain information and footnote disclosures normally included in annual financial statements prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP") have been omitted. It is management's opinion that these financial statements include all normal and recurring adjustments necessary for a fair presentation of our results of operations, financial position and cash flows. Results of operations for any interim period are not necessarily indicative of future or annual results. For a complete set of consolidated financial statements and related notes, refer to our Annual Report on Form 10-K for the year ended December 31, 2017.

Principles of Consolidation:
The condensed consolidated financial statements include Mondelēz International, Inc. as well as our wholly owned and majority owned subsidiaries, except our Venezuelan subsidiaries. As of the close of the 2015 fiscal year, we deconsolidated and fully impaired our investment in our Venezuelan operations. As such, for all periods presented, we have excluded the results of operations, financial position and cash flows of our Venezuelan subsidiaries from our condensed consolidated financial statements. We account for investments over which we exercise significant influence under the equity method of accounting. Investments over which we do not have significant influence or control are not material and are carried at cost as there is no readily determinable fair value for the equity interests.

Currency Translation and Highly Inflationary Accounting:
We translate the results of operations of our subsidiaries from multiple currencies using average exchange rates during each period and translate balance sheet accounts using exchange rates at the end of each period. We record currency translation adjustments as a component of equity and realized exchange gains and losses on transactions in earnings.

Highly inflationary accounting is triggered when a country's three-year cumulative inflation rate exceeds 100%. It requires the remeasurement of financial statements of subsidiaries in the country from the functional currency of the subsidiary to our U.S. dollar reporting currency, with currency remeasurement gains or losses recorded in earnings. As of June 30, 2018, none of our consolidated subsidiaries were subject to highly inflationary accounting. As discussed below, beginning on July 1, 2018, we expect to apply highly inflationary accounting for our operations in Argentina.

Argentina. During the quarter ended June 30, 2018, primarily based on published estimates which indicate that Argentina's three-year cumulative inflation rate has exceeded 100%, we concluded that Argentina has become a highly inflationary economy. Beginning July 1, 2018, we expect to apply highly inflationary accounting for our Argentinian subsidiaries. We will change the functional currency from the Argentinian peso to the U.S. dollar. Local currency monetary assets and liabilities will be remeasured into U.S. dollars using exchange rates as of the latest balance sheet date, with remeasurement adjustments and other transaction gains and losses recognized in net earnings. Our Argentinian operations contributed $267 million, or 2.1% of consolidated net revenues in the six months ended June 30, 2018. Based on a review of our Argentinian peso-denominated monetary assets and liabilities, our Argentinian operations had an immaterial net monetary liability position as of June 30, 2018.

Other Countries. Since we sell in approximately 160 countries and have operations in over 80 countries, we monitor economic and currency-related risks and seek to take protective measures in response to these exposures. Some of the countries in which we do business have recently experienced periods of significant economic uncertainty and exchange rate volatility, including Brazil, China, Mexico, Russia, United Kingdom (Brexit), Ukraine, Turkey, Egypt, Nigeria, South Africa and Pakistan. We continue to monitor operations, currencies and net monetary exposures in these countries. At this time, we do not anticipate that these countries are at risk of becoming highly inflationary countries.

Revenue Recognition:
We predominantly sell food and beverage products across several product categories and in all regions as detailed in Note 16, *Segment Reporting*. We recognize revenue when control over the products transfers to our customers, which generally occurs upon delivery or shipment of the products. A small percentage of our net revenues relates to the licensing of our intellectual property, predominantly brand and trade names, and we record these revenues when earned within the period of the license term. We account for product shipping, handling and insurance as fulfillment activities with revenues for these activities recorded within net revenue and costs recorded within cost of sales. Any taxes collected on behalf of government authorities are excluded from net revenues.

Revenues are recorded net of trade and sales incentives and estimated product returns. Known or expected pricing or revenue adjustments, such as trade discounts, rebates or returns, are estimated at the time of sale. We base these estimates of expected amounts principally on historical utilization and redemption rates. Estimates that affect revenue, such as trade incentives and product returns, are monitored and adjusted each period until the incentives or product returns are realized.

Key sales terms, such as pricing and quantities ordered, are established on a frequent basis such that most customer arrangements and related incentives have a one year or shorter duration. As such, we do not capitalize contract inception costs and we capitalize product fulfillment costs in accordance with U.S. GAAP and our inventory policies. We generally do not have any unbilled receivables at the end of a period. Deferred revenues are not material and primarily include customer advance payments typically collected a few days before product delivery, at which time deferred revenues are reclassified and recorded as net revenues. We generally do not receive noncash consideration for the sale of goods nor do we grant payment financing terms greater than one year.

Transfers of Financial Assets:
We account for transfers of financial assets, such as uncommitted revolving non-recourse accounts receivable factoring arrangements, when we have surrendered control over the related assets. Determining whether control has transferred requires an evaluation of relevant legal considerations, an assessment of the nature and extent of our continuing involvement with the assets transferred and any other relevant considerations. We use receivable factoring arrangements periodically when circumstances are favorable to manage liquidity. We have non-recourse factoring arrangements in which we sell eligible trade receivables primarily to banks in exchange for cash. We may then continue to collect the receivables sold, acting solely as a collecting agent on behalf of the banks. The outstanding principal amount of receivables under these arrangements amounted to $719 million as of June 30, 2018 and $843 million as of December 31, 2017. The incremental cost of factoring receivables under this arrangement was not material for all periods presented. The proceeds from the sales of receivables are included in cash from operating activities in the condensed consolidated statements of cash flows.

New Accounting Pronouncements:
In June 2018, the Financial Accounting Standards Board ("FASB") issued an Accounting Standards Update ("ASU") that requires entities to record share-based payment transactions for acquiring goods and services from non-employees at fair value as of adoption date. The ASU is effective for fiscal years beginning after December 15, 2018, with early adoption permitted. We are currently assessing the impact on our consolidated financial statements.

In February 2018, the FASB issued an ASU that permits entities to elect a reclassification from accumulated other comprehensive income to retained earnings for stranded tax effects resulting from the 2017 enactment of U.S. tax reform legislation. The ASU is effective for fiscal years beginning after December 15, 2018, with early adoption permitted. We are currently assessing the impact on our consolidated financial statements.

In August 2017, the FASB issued an ASU to better align hedge accounting with an entity's risk management activities and improve disclosures surrounding hedging. For cash flow and net investment hedges as of the adoption date, the ASU requires a modified retrospective transition approach. Presentation and disclosure requirements related to this ASU are required prospectively. The ASU is effective for fiscal years beginning after December 15, 2018, with early adoption permitted. We early adopted the standard as of January 1, 2018 and there was no material impact to our consolidated financial statements upon adoption. Refer to Note 9, *Financial Instruments*, for additional information.

In February 2016, the FASB issued an ASU on lease accounting. The ASU revises existing U.S. GAAP and outlines a new model for lessors and lessees to use in accounting for lease contracts. The guidance requires lessees to recognize a right-of-use asset and a lease liability on the balance sheet for all leases, with the exception of short-term leases. In the statement of earnings, lessees will classify leases as either operating (resulting in straight-line expense) or financing (resulting in a front-loaded expense pattern). The ASU is effective for fiscal years beginning after December 15, 2018, with early adoption permitted. We anticipate adopting the new standard on January 1, 2019. We continue to make progress in our data collection and evaluation of our leasing arrangements, practical expedients, accounting policy elections and implementing our lease accounting system. We completed the initial design of changes to our business processes to meet the new lease accounting and disclosure requirements. At this time, we are unable to reasonably estimate the expected increase in assets and liabilities on our balance sheet for our operating leases.

In January 2016, the FASB issued an ASU that provides updated guidance for the recognition, measurement, presentation and disclosure of financial assets and liabilities. The standard requires that equity investments (other than those accounted for under equity method of accounting or those that result in consolidation of the investee) be measured at fair value, with changes in fair value recognized in net income. The standard also impacts financial liabilities under the fair value option and the presentation and disclosure requirements for financial instruments. The ASU is effective for fiscal years beginning after December 15, 2017. We adopted this standard on January 1, 2018 and there was no material impact to our consolidated financial statements upon adoption.

In May 2014, the FASB issued an ASU on revenue recognition from contracts with customers. The ASU outlines a new, single comprehensive model for companies to use in accounting for revenue. The core principle is that an entity should recognize revenue to depict the transfer of control over promised goods or services to a customer in an amount that reflects the consideration the entity expects to be entitled to receive in exchange for the goods or services. The ASU also requires additional disclosure about the nature, amount, timing and uncertainty of revenue and cash flows from customer contracts, including significant judgments made in recognizing revenue. In 2016 and 2017, the FASB issued several ASUs that clarified principal versus agent (gross versus net) revenue presentation considerations, confirmed the accounting for certain prepaid stored-value products and clarified the guidance for identifying performance obligations within a contract, the accounting for licenses and partial sales of nonfinancial assets. The FASB also issued two ASUs providing technical corrections, narrow scope exceptions and practical expedients to clarify and improve the implementation of the new revenue recognition guidance. The revenue guidance is effective for annual reporting periods beginning after December 15, 2017. We adopted the new standard on January 1, 2018 on a full retrospective basis. There was no material financial impact from adopting the new revenue standards in any of the historical periods presented. Refer to the *Revenue Recognition* section above and Note 16, *Segment Reporting,* for additional information.

Reclassifications:
Certain amounts previously reported have been reclassified to conform to current-year presentation. On January 1, 2018, we adopted an ASU that changed the presentation of net periodic pension and postretirement costs on the condensed consolidated statements of earnings. As a result of this adoption, we disaggregated the components of our net periodic pension and postretirement benefit costs and moved components other than service costs to a new line item, benefit plan non-service income, located below operating income. Prior-period cost of sales, selling, general and administrative expenses and asset impairment and exit costs as well as segment operating income results were updated to reflect the reclassification. All components of net periodic pension and postretirement benefit costs are summarized in Note 10, *Benefit Plans*.

Note 2. Divestitures and Acquisitions

On June 7, 2018, we acquired a U.S. premium biscuit company, Tate's Bake Shop, within our North America segment and extended our premium biscuit offerings. We paid $528 million, net of cash received, and we expect to finalize the purchase price paid later this year once final working capital adjustments are confirmed. We accounted for the transaction as a business combination. We are working to complete the valuation work and have recorded a preliminary purchase price allocation of $40 million to definite-lived intangible assets, $170 million to indefinite-lived intangible assets, $337 million to goodwill, $14 million to property, plant and equipment, $5 million to inventory, $9 million to accounts receivable, $6 million to current liabilities and $41 million to deferred tax liabilities.

On December 28, 2017, we completed the sale of a confectionery business in Japan. We received cash proceeds of ¥2.8 billion ($24 million as of December 28, 2017) and recorded an immaterial pre-tax loss on the divestiture within our AMEA segment.

On October 2, 2017, we completed the sale of one of our equity method investments and received cash proceeds of $65 million. We recorded a pre-tax gain of $40 million within the gain on equity method investment transactions and $15 million of tax expense.

In connection with the 2012 spin-off of Kraft Foods Group, Inc. (now a part of The Kraft Heinz Company ("KHC")), Kraft Foods Group and we each granted the other various licenses to use certain trademarks in connection with particular product categories in specified jurisdictions. On August 17, 2017, we entered into two agreements with KHC to terminate the licenses of certain KHC-owned brands used in our grocery business within our Europe region and to transfer to KHC inventory and certain other assets. On August 17, 2017, the first transaction closed and we received cash proceeds of €9 million ($11 million as of August 17, 2017) and on October 23, 2017, the second transaction closed and we received cash proceeds of €2 million ($3 million as of October 23, 2017). The gain on both transactions combined was immaterial.

On July 4, 2017, we completed the sale of most of our grocery business in Australia and New Zealand to Bega Cheese Limited for $456 million Australian dollars ($347 million as of July 4, 2017). We divested $27 million of current assets, $135 million of non-current assets and $4 million of current liabilities based on the July 4, 2017 exchange rate. We recorded a pre-tax gain of $247 million Australian dollars ($187 million as of July 4, 2017) on the sale. During the third and fourth quarters of 2017, we also recorded divestiture-related costs of $2 million and a foreign currency hedge loss of $3 million. In the fourth quarter of 2017, we recorded a final $3 million inventory-related working capital adjustment, increasing the pre-tax gain to $190 million in 2017.

On April 28, 2017, we completed the sale of several manufacturing facilities in France and the sale or license of several local confectionery brands. We received cash of approximately €157 million ($169 million as of April 28, 2017), net of cash divested with the businesses. On April 28, 2017, we divested $44 million of current assets, $155 million of non-current assets, $8 million of current liabilities and $22 million of non-current liabilities based on the April 28, 2017 exchange rate. During the three months ended March 31, 2018, we reversed $3 million of accrued expenses no longer required. We also incurred divestiture-related costs of $3 million in the three months and $21 million in the six months ended June 30, 2017. We recorded a $3 million loss on the sale during the three months ended June 30, 2017. Divestiture-related costs were recorded within cost of sales and selling, general and administrative expenses primarily within our Europe segment.

Note 3. Inventories

Inventories consisted of the following:

	As of June 30, 2018	As of December 31, 2017
	(in millions)	
Raw materials	$ 726	$ 711
Finished product	2,070	1,975
	2,796	2,686
Inventory reserves	(113)	(129)
Inventories, net	$ 2,683	$ 2,557

Note 4. Property, Plant and Equipment

Property, plant and equipment consisted of the following:

	As of June 30, 2018	As of December 31, 2017
	(in millions)	
Land and land improvements	$ 439	$ 458
Buildings and building improvements	2,950	2,979
Machinery and equipment	10,947	11,195
Construction in progress	984	1,048
	15,320	15,680
Accumulated depreciation	(6,936)	(7,003)
Property, plant and equipment, net	$ 8,384	$ 8,677

For the six months ended June 30, 2018, capital expenditures of $532 million excluded $268 million of accrued capital expenditures remaining unpaid at June 30, 2018 and included payment for a portion of the $357 million of capital expenditures that were accrued and unpaid at December 31, 2017. For the six months ended June 30, 2017, capital expenditures of $488 million excluded $190 million of accrued capital expenditures remaining unpaid at June 30, 2017 and included payment for a portion of the $343 million of capital expenditures that were accrued and unpaid at December 31, 2016.

In connection with our restructuring program, we recorded non-cash property, plant and equipment write-downs (including accelerated depreciation and asset impairments) in the condensed consolidated statements of earnings within asset impairment and exit costs and within the segment results as follows (refer to Note 7, *2014-2018 Restructuring Program*).

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2018	2017	2018	2017
	(in millions)			
Latin America	$ 6	$ 6	$ 14	$ 12
AMEA	4	30	8	42
Europe	1	4	6	42
North America	2	7	8	22
Non-cash property, plant and equipment write-downs	$ 13	$ 47	$ 36	$ 118

Note 5. Goodwill and Intangible Assets

Goodwill by segment was:

	As of June 30, 2018	As of December 31, 2017
	(in millions)	
Latin America	$ 821	$ 901
AMEA	3,289	3,371
Europe	7,655	7,880
North America	9,237	8,933
Goodwill	$ 21,002	$ 21,085

Intangible assets consisted of the following:

	As of June 30, 2018	As of December 31, 2017
	(in millions)	
Non-amortizable intangible assets	$ 17,463	$ 17,671
Amortizable intangible assets	2,363	2,386
	19,826	20,057
Accumulated amortization	(1,464)	(1,418)
Intangible assets, net	$ 18,362	$ 18,639

Non-amortizable intangible assets consist principally of brand names purchased through our acquisitions of Nabisco Holdings Corp., the Spanish and Portuguese operations of United Biscuits, the global *LU* biscuit business of Groupe Danone S.A. and Cadbury Limited. Amortizable intangible assets consist primarily of trademarks, customer-related intangibles, process technology, licenses and non-compete agreements.

Amortization expense for intangible assets was $44 million in each of the three months and $88 million in each of the six months ended June 30, 2018 and June 30, 2017. For the next five years, we currently estimate annual amortization expense of approximately $175 million for the next three years and approximately $85 million in years four and five (reflecting June 30, 2018 exchange rates).

Changes in goodwill and intangible assets consisted of:

	Goodwill	Intangible Assets, at cost
	(in millions)	
Balance at January 1, 2018	$ 21,085	$ 20,057
Currency/other	(420)	(441)
Acquisition	337	210
Balance at June 30, 2018	$ 21,002	$ 19,826

Changes to goodwill and intangibles were:

- Acquisition – During the second quarter of 2018, in connection with the acquisition of Tate's Bake Shop, we recorded a preliminary purchase price allocation of $337 million to goodwill and $210 million to intangible assets. See Note 2, *Divestitures and Acquisitions*, for additional information.

During our 2017 annual testing of non-amortizable intangible assets, we recorded $70 million of impairment charges in the third quarter of 2017 related to five trademarks recorded across all regions. During that annual review, we identified thirteen brands, including the five impaired trademarks, with $938 million of aggregate book value as of June 30, 2018 that each had a fair value in excess of book value of 10% or less. We believe our current plans for each of these brands will allow them to continue to not be impaired, but if the product line expectations are not met or specific valuation factors outside of our control, such as discount rates, change significantly, then a brand or brands could become impaired in the future.

Note 6. Equity Method Investments

Our investments accounted for under the equity method of accounting totaled $6,223 million as of June 30, 2018 and $6,345 million as of December 31, 2017. Our largest investments are in Jacobs Douwe Egberts ("JDE") and Keurig Green Mountain, Inc. ("Keurig").

JDE:
As of June 30, 2018, we held a 26.5% voting interest, a 26.4% ownership interest and a 26.3% profit and dividend sharing interest in JDE. We recorded JDE equity earnings of $42 million in the second quarter of 2018 and $19 million in the second quarter of 2017 and $88 million in the first six months of 2018 and $38 million in the first six months of 2017. We also recorded $73 million of cash dividends received during the first quarter of 2018 and $49 million of cash dividends received during the first quarter of 2017.

Keurig:
As of June 30, 2018, we held a 24.2% ownership interest in Keurig. We recorded Keurig equity earnings, shareholder loan interest and cash dividends of $20 million, $6 million and $2 million in the second quarter of 2018 and $15 million, $6 million and $2 million in the second quarter of 2017. We recorded Keurig equity earnings, shareholder loan interest and cash dividends of $36 million, $12 million and $5 million in the first six months of 2018 and $29 million, $12 million and $6 million in the first six months of 2017.

Keurig Dr Pepper Transaction:
On July 9, 2018, Keurig closed on its definitive merger agreement with Dr Pepper Snapple Group, Inc., and formed Keurig Dr Pepper Inc. ("Keurig Dr Pepper", NYSE: “KDP”). Following the close of the merger, our ownership in Keurig Dr Pepper was 13.8%. In our third quarter 2018, we expect to record a gain related to the conversion of our investment in Keurig (including our shareholder loan receivable) into an investment in Keurig Dr Pepper. As we will continue to have significant influence, we will continue to account for our investment in Keurig Dr Pepper under the equity method, resulting in recognizing our share of their earnings within our earnings and our share of their dividends within our cash flows. We have nominated two directors to the board of Keurig Dr Pepper and will have certain additional governance rights. In our future filings, we will recast our financial statements and reflect our share of Keurig’s historical results and Keurig Dr Pepper’s ongoing results on a quarter lag basis. A lag will allow us to record our share of Keurig Dr Pepper’s results timely after they have publicly reported their results and to facilitate comparisons of our operating results across all reported periods.

Note 7. 2014-2018 Restructuring Program

On May 6, 2014, our Board of Directors approved a $3.5 billion restructuring program and up to $2.2 billion of capital expenditures. On August 31, 2016, our Board of Directors approved a $600 million reallocation between restructuring program cash costs and capital expenditures so that now the $5.7 billion program consists of approximately $4.1 billion of restructuring program costs ($3.1 billion cash costs and $1 billion non-cash costs) and up to $1.6 billion of capital expenditures. The primary objective of the 2014-2018 Restructuring Program is to reduce our operating cost structure in both our supply chain and overhead costs. The program is intended primarily to cover severance as well as asset disposals and other manufacturing-related one-time costs. Since inception, we have incurred total restructuring and related implementation charges of $3.6 billion related to the 2014-2018 Restructuring Program. We expect to incur the full $4.1 billion of program charges by year-end 2018.

Restructuring Costs:
We recorded restructuring charges of $112 million in the second quarter of 2018 and $148 million in the second quarter of 2017 and $164 million in the first six months of 2018 and $305 million in the first six months of 2017 within asset impairment and exit costs or benefit plan non-service income. The 2014-2018 Restructuring Program liability activity for the six months ended June 30, 2018 was:

	Severance and related costs	Asset Write-downs	Total
		(in millions)	
Liability balance, January 1, 2018	$ 464	$ —	$ 464
Charges	125	39	164
Cash spent	(161)	—	(161)
Non-cash settlements/adjustments	—	(39)	(39)
Currency	(24)	—	(24)
Liability balance, June 30, 2018	$ 404	$ —	$ 404

We spent $82 million in the second quarter of 2018 and $78 million in the second quarter of 2017 and $161 million in the first six months of 2018 and $162 million in the first six months of 2017 in cash severance and related costs. We also recognized non-cash asset write-downs (including accelerated depreciation and asset impairments) and other non-cash adjustments totaling $14 million in the second quarter of 2018 and $54 million in the second quarter of 2017 and $39 million in the first six months of 2018 and $126 million in the first six months of 2017. At June 30, 2018, $323 million of our net restructuring liability was recorded within other current liabilities and $81 million was recorded within other long-term liabilities.

Implementation Costs:
Implementation costs are directly attributable to restructuring activities; however, they do not qualify for special accounting treatment as exit or disposal activities. We believe the disclosure of implementation costs provides readers of our financial statements with more information on the total costs of our 2014-2018 Restructuring Program. Implementation costs primarily relate to reorganizing our operations and facilities in connection with our supply chain reinvention program and other identified productivity and cost saving initiatives. The costs include incremental expenses related to the closure of facilities, costs to terminate certain contracts and the simplification of our information systems. Within our continuing results of operations, we recorded implementation costs of $70 million in the second quarter of 2018 and $63 million in the second quarter of 2017 and $132 million in the first six months of 2018 and $117 million in the first six months of 2017. We recorded these costs within cost of sales and general corporate expense within selling, general and administrative expenses.

Restructuring and Implementation Costs:
During the three and six months ended June 30, 2018 and June 30, 2017, and since inception of the 2014-2018 Restructuring Program, we recorded the following restructuring and implementation costs within segment operating income and earnings before income taxes:

	Latin America	AMEA	Europe	North America [(1)]	Corporate [(2)]	Total
			(in millions)			
For the Three Months Ended June 30, 2018						
Restructuring Costs	$ 12	$ 17	$ 63	$ 14	$ 6	$ 112
Implementation Costs	15	8	13	21	13	70
Total	$ 27	$ 25	$ 76	$ 35	$ 19	$ 182
For the Three Months Ended June 30, 2017						
Restructuring Costs	$ 8	$ 48	$ 50	$ 26	$ 16	$ 148
Implementation Costs	10	10	19	13	11	63
Total	$ 18	$ 58	$ 69	$ 39	$ 27	$ 211
For the Six Months Ended June 30, 2018						
Restructuring Costs	$ 36	$ 23	$ 70	$ 26	$ 9	$ 164
Implementation Costs	30	20	29	38	15	132
Total	$ 66	$ 43	$ 99	$ 64	$ 24	$ 296
For the Six Months Ended June 30, 2017						
Restructuring Costs	$ 31	$ 73	$ 119	$ 65	$ 17	$ 305
Implementation Costs	20	20	31	25	21	117
Total	$ 51	$ 93	$ 150	$ 90	$ 38	$ 422
Total Project 2014-2018 [(3)]						
Restructuring Costs	$ 466	$ 471	$ 909	$ 445	$ 107	$ 2,398
Implementation Costs	182	149	301	291	236	1,159
Total	$ 648	$ 620	$ 1,210	$ 736	$ 343	$ 3,557

(1) During 2018 and 2017, our North America region implementation costs included incremental costs that we incurred related to renegotiating collective bargaining agreements that expired in February 2016 for eight U.S. facilities and related to executing business continuity plans for the North America business.

(2) During the first quarter of 2018, in connection with adopting a new pension cost classification accounting standard, we reclassified certain of our benefit plan component costs other than service costs out of operating income into a new line, benefit plan non-service income, on our condensed consolidated statements of earnings. As such, we have recast our historical operating income, segment operating income and restructuring and implementation costs by segment to reflect this reclassification, which had no impact to earnings before income taxes or net earnings. The benefit plan non-service income amounts no longer recorded in segment operating income are included within the Corporate column in the table above. The Corporate column also includes minor adjustments for rounding.

(3) Includes all charges recorded since program inception on May 6, 2014 through June 30, 2018.

Note 8. Debt and Borrowing Arrangements

Short-Term Borrowings:
Our short-term borrowings and related weighted-average interest rates consisted of:

	As of June 30, 2018		As of December 31, 2017	
	Amount Outstanding (in millions)	Weighted-Average Rate	Amount Outstanding (in millions)	Weighted-Average Rate
Commercial paper	$ 3,900	2.4%	$ 3,410	1.7%
Bank loans	174	13.4%	107	11.5%
Total short-term borrowings	$ 4,074		$ 3,517	

As of June 30, 2018, commercial paper issued and outstanding had between 2 and 172 days remaining to maturity. Commercial paper borrowings increased since year end primarily as a result of issuances to finance the payment of long-term debt maturities, dividend payments and share repurchases during the year.

Some of our international subsidiaries maintain primarily uncommitted credit lines to meet short-term working capital needs. Collectively, these credit lines amounted to $1.8 billion at June 30, 2018 and $2.0 billion at December 31, 2017. Borrowings on these lines were $174 million at June 30, 2018 and $107 million at December 31, 2017.

Borrowing Arrangements:
On April 2, 2018, in connection with the tender offer described below, we entered into a $2.0 billion revolving credit agreement for a 364-day senior unsecured credit facility that is scheduled to expire on April 1, 2019. The agreement includes the same terms and conditions as our existing $4.5 billion multi-year credit facility discussed below. On April 17, 2018, we borrowed $714 million on this facility to fund the debt tender described below and availability under the facility was reduced to match the borrowed amount. On May 7, 2018, we repaid the $714 million from the net proceeds received from the May 2018 $2.5 billion long-term debt issuance and terminated this credit facility.

On February 28, 2018, to supplement our commercial paper program, we entered into a $1.5 billion revolving credit agreement for a 364-day senior unsecured credit facility that is scheduled to expire on February 27, 2019. The agreement replaces our previous credit agreement that matured on February 28, 2018 and includes the same terms and conditions as our existing $4.5 billion multi-year credit facility discussed below. As of June 30, 2018, no amounts were drawn on the facility.

We also maintain a $4.5 billion multi-year senior unsecured revolving credit facility for general corporate purposes, including working capital needs, and to support our commercial paper program. On October 14, 2016, the revolving credit agreement, which was scheduled to expire on October 11, 2018, was extended through October 11, 2021. The revolving credit agreement includes a covenant that we maintain a minimum shareholders' equity of at least $24.6 billion, excluding accumulated other comprehensive earnings/(losses) and the cumulative effects of any changes in accounting principles. At June 30, 2018, we complied with this covenant as our shareholders' equity, as defined by the covenant, was $35.7 billion. The revolving credit facility agreement also contains customary representations, covenants and events of default. There are no credit rating triggers, provisions or other financial covenants that could require us to post collateral as security. As of June 30, 2018, no amounts were drawn on the facility.

Long-Term Debt:
On May 3, 2018, we issued $2.5 billion of U.S. dollar-denominated, fixed-rate notes consisting of:

- $750 million of 3.000% notes that mature in May 2020
- $750 million of 3.625% notes that mature in May 2023
- $700 million of 4.125% notes that mature in May 2028
- $300 million of 4.625% notes that mature in May 2048

On May 7, 2018, we received net proceeds of $2.48 billion that were used to repay amounts outstanding under our revolving credit agreement facility and for other general corporate purposes, including the repayment of outstanding commercial paper borrowings and other debt. We recorded approximately $22 million of discounts and deferred financing costs net of various fees associated for the bond transaction and underwriter fee reimbursement, which will be amortized into interest expense over the life of the notes.

On April 17, 2018, we completed a cash tender offer and retired $570 million of the long-term U.S. dollar debt consisting of:

- $241 million of our 6.500% notes due in February 2040
- $97.6 million of our 5.375% notes due in February 2020
- $75.8 million of our 6.500% notes due in November 2031
- $72.1 million of our 6.875% notes due in February 2038
- $42.6 million of our 6.125% notes due in August 2018
- $29.3 million of our 6.875% notes due in January 2039
- $11.7 million of our 7.000% notes due in August 2037

We financed the repurchase of the notes, including the payment of accrued interest and other costs incurred, from the $2.0 billion revolving credit agreement entered into on April 2, 2018. We recorded a loss on debt extinguishment of $140 million within interest and other expense, net related to the amount we paid to retire the debt in excess of its carrying value and from recognizing unamortized discounts, deferred financing and other cash costs in earnings at the time of the debt extinguishment. Cash costs related to tendering the debt are included in long-term debt repayments in the condensed consolidated statement of cash flows for the six months ended June 30, 2018.

On March 2, 2018, we launched an offering of C$600 million of 3.250% Canadian-dollar denominated notes that mature on March 7, 2025. On March 7, 2018, we received C$595 million (or $461 million) of proceeds, net of discounts and underwriting fees, to be used for general corporate purposes. We recorded approximately $4 million of discounts and deferred financing costs, which will be amortized into interest expense over the life of the notes.

On February 1, 2018, $478 million of our 6.125% U.S. dollar notes matured. The notes and accrued interest to date were paid with the issuance of commercial paper and cash on hand.

On January 26, 2018, fr250 million (or $260 million) of our 0.080% Swiss franc notes matured. The notes and accrued interest to date were paid with the issuance of commercial paper and cash on hand.

Our weighted-average interest rate on our total debt was 2.4% as of June 30, 2018, 2.1% as of December 31, 2017 and 2.2% as of December 31, 2016.

Fair Value of Our Debt:
The fair value of our short-term borrowings at June 30, 2018 and December 31, 2017 reflects current market interest rates and approximates the amounts we have recorded on our condensed consolidated balance sheets. The fair value of our long-term debt was determined using quoted prices in active markets (Level 1 valuation data) for the publicly traded debt obligations. At June 30, 2018, the aggregate fair value of our total debt was $20,089 million and its carrying value was $19,711 million. At December 31, 2017, the aggregate fair value of our total debt was $18,354 million and its carrying value was $17,652 million.

Interest and Other Expense, net:
Interest and other expense, net consisted of:

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2018	2017	2018	2017
	(in millions)			
Interest expense, debt	$ 115	$ 103	$ 217	$ 206
Loss on debt extinguishment	140	11	140	11
Loss/(gain) related to interest rate swaps	5	—	(9)	—
Other (income)/expense, net	(12)	10	(20)	26
Interest and other expense, net	$ 248	$ 124	$ 328	$ 243

Note 9. Financial Instruments

Fair Value of Derivative Instruments:
Derivative instruments were recorded at fair value in the condensed consolidated balance sheets as follows:

	As of June 30, 2018		As of December 31, 2017	
	Asset Derivatives	Liability Derivatives	Asset Derivatives	Liability Derivatives
	(in millions)			
Derivatives designated as accounting hedges:				
Interest rate contracts	$ 20	$ 403	$ 15	$ 509
Net investment hedge contracts	385	—	—	—
	$ 405	$ 403	$ 15	$ 509
Derivatives not designated as accounting hedges:				
Currency exchange contracts	$ 111	$ 53	$ 65	$ 76
Commodity contracts	217	122	84	229
Interest rate contracts	7	5	15	11
	$ 335	$ 180	$ 164	$ 316
Total fair value	$ 740	$ 583	$ 179	$ 825

Derivatives designated as accounting hedges include cash flow, fair value and net investment hedge contracts. Derivatives not designated as accounting hedges include our economic hedges. Non-U.S. dollar denominated debt, designated as a hedge of our net investments in non-U.S. operations, is not reflected in the table above, but is included in long-term debt summarized in Note 8, *Debt and Borrowing Arrangements.* We record derivative assets and liabilities on a gross basis on our condensed consolidated balance sheets. The fair value of our asset derivatives is recorded within other current assets and the fair value of our liability derivatives is recorded within other current liabilities.

The fair values (asset/(liability)) of our derivative instruments were determined using:

	As of June 30, 2018			
	Total Fair Value of Net Asset/(Liability)	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
	(in millions)			
Currency exchange contracts	$ 58	$ —	$ 58	$ —
Commodity contracts	95	65	30	—
Interest rate contracts	(381)	—	(381)	—
Net investment hedge contracts	385	—	385	—
Total derivatives	$ 157	$ 65	$ 92	$ —

	As of December 31, 2017			
	Total Fair Value of Net Asset/(Liability)	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
	(in millions)			
Currency exchange contracts	$ (11)	$ —	$ (11)	$ —
Commodity contracts	(145)	(138)	(7)	—
Interest rate contracts	(490)	—	(490)	—
Total derivatives	$ (646)	$ (138)	$ (508)	$ —

Level 1 financial assets and liabilities consist of exchange-traded commodity futures and listed options. The fair value of these instruments is determined based on quoted market prices on commodity exchanges. We are required to maintain cash margin accounts in connection with funding the settlement of our open positions, and the margin requirements generally fluctuate daily based on market conditions. In connection with our exchange-traded derivatives, we have recorded margin requirements of $25 million as of June 30, 2018 within accounts payable and margin deposits of $171 million as of December 31, 2017 within other current assets.

Level 2 financial assets and liabilities consist primarily of over-the-counter ("OTC") currency exchange forwards, options and swaps; commodity forwards and options; and interest rate swaps. Our currency exchange contracts are valued using an income approach based on observable market forward rates less the contract rate multiplied by the notional amount. Commodity derivatives are valued using an income approach based on the observable market commodity index prices less the contract rate multiplied by the notional amount or based on pricing models that rely on market observable inputs such as commodity prices. Our calculation of the fair value of interest rate swaps is derived from a discounted cash flow analysis based on the terms of the contract and the observable market interest rate curve. Our calculation of the fair value of financial instruments takes into consideration the risk of nonperformance, including counterparty credit risk. Our OTC derivative transactions are governed by International Swap Dealers Association agreements and other standard industry contracts. Under these agreements, we do not post nor require collateral from our counterparties. The majority of our derivative contracts do not have a legal right of set-off. We manage the credit risk in connection with these and all our derivatives by entering into transactions with counterparties with investment grade credit ratings, limiting the amount of exposure with each counterparty and monitoring the financial condition of our counterparties.

Derivative Volume:
The net notional values of our hedging instruments were:

	Notional Amount	
	As of June 30, 2018	As of December 31, 2017
	(in millions)	
Currency exchange contracts:		
Intercompany loans and forecasted interest payments	$ 3,378	$ 7,089
Forecasted transactions	2,355	2,213
Commodity contracts	580	1,204
Interest rate contracts	9,117	6,532
Net investment hedge contracts	7,114	—
Net investment hedge debt:		
Euro notes	3,581	3,679
British pound sterling notes	448	459
Swiss franc notes	1,413	1,694
Canadian dollar notes	457	—

Cash Flow Hedges:
Cash flow hedge activity, net of taxes, within accumulated other comprehensive earnings/(losses) included:

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2018	2017	2018	2017
	(in millions)			
Accumulated (loss)/gain at beginning of period	$ (159)	$ (103)	$ (113)	$ (121)
Transfer of realized (gains)/losses in fair value to earnings	5	(4)	(9)	3
Unrealized gain/(loss) in fair value	21	16	(11)	27
Accumulated (loss)/gain at end of period	$ (133)	$ (91)	$ (133)	$ (91)

After-tax gains/(losses) reclassified from accumulated other comprehensive earnings/(losses) into net earnings were:

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2018	2017	2018	2017
	(in millions)			
Currency exchange contracts – forecasted transactions	$ —	$ 1	$ —	$ 1
Commodity contracts	$ —	$ 3	$ —	$ (4)
Interest rate contracts	(5)	—	9	—
Total	$ (5)	$ 4	$ 9	$ (3)

After-tax gains/(losses) recognized in other comprehensive earnings/(losses) were:

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2018	2017	2018	2017
	(in millions)			
Currency exchange contracts – forecasted transactions	$ —	$ (14)	$ —	$ (26)
Commodity contracts	—	6	—	6
Interest rate contracts	21	24	(11)	47
Total	$ 21	$ 16	$ (11)	$ 27

We recognized a loss of $5 million in the three months and a gain of $9 million in the six months ended June 30, 2018 in interest and other expense, net related to certain forward-starting interest rate swaps for which the planned timing of the related forecasted debt was changed.

We record pre-tax (i) gains or losses reclassified from accumulated other comprehensive earnings/(losses) into earnings, (ii) gains or losses on ineffectiveness and (iii) gains or losses on amounts excluded from effectiveness testing in:

- cost of sales for currency exchange contracts related to forecasted transactions;
- cost of sales for commodity contracts; and
- interest and other expense, net for interest rate contracts and currency exchange contracts related to intercompany loans.

Based on current market conditions, we would expect to transfer gains of less than $1 million (net of taxes) for interest rate cash flow hedges to earnings during the next 12 months.

Cash Flow Hedge Coverage:
As of June 30, 2018, our longest dated cash flow hedges were interest rate swaps that hedge forecasted interest rate payments over the next 5 years and 4 months.

Fair Value Hedges:
Pre-tax gains/(losses) due to changes in fair value of our interest rate swaps and related hedged long-term debt were recorded in interest and other expense, net:

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2018	2017	2018	2017
	(in millions)			
Borrowings	$ —	$ 1	$ 1	$ (2)
Derivatives	—	(1)	(1)	2
Total	$ —	$ —	$ —	$ —

The carrying amount of our hedged fixed interest rate debt is detailed below and is recorded in the current portion of long-term debt as this debt will mature during the third quarter of 2018.

	As of June 30, 2018	As of December 31, 2017
	(in millions)	
Notional value of borrowings (and related derivatives)	$ (279)	$ (801)
Cumulative fair value hedging adjustments	(1)	—
Carrying amount of borrowings	$ (280)	$ (801)

Hedges of Net Investments in International Operations:
Beginning in the first quarter of 2018, we entered into cross-currency interest rate swaps and forwards to hedge certain investments in our non-U.S. operations against movements in exchange rates. The aggregate notional value as of June 30, 2018 was $7.1 billion. The after-tax gain on these net investment hedge contracts was recorded in the cumulative translation adjustment section of other comprehensive income and was $276 million for the three months and $265 million for the six months ended June 30, 2018. There were no after-tax gains/(losses) reclassified from accumulated other comprehensive earnings/(losses) into net earnings in the three or six months ended June 30, 2018. We elected to record changes in the fair value of amounts excluded from the assessment of effectiveness in net earnings. Amounts excluded from the assessment of hedge effectiveness were $33 million for the three months and $50 million for the six months ended June 30, 2018 and were recorded as income in interest and other expense, net.

After-tax gains/(losses) related to hedges of net investments in international operations in the form of euro, British pound sterling, Swiss franc and Canadian dollar-denominated debt were recorded within the cumulative translation adjustment section of other comprehensive income and were:

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2018	2017	2018	2017
	(in millions)			
Euro notes	$ 151	$ (168)	$ 76	$ (196)
British pound sterling notes	21	(10)	8	(15)
Swiss franc notes	42	(49)	16	(64)
Canadian notes	6	—	4	—

Economic Hedges:
Pre-tax gains/(losses) recorded in net earnings for economic hedges were:

	For the Three Months Ended June 30,		For the Six Months Ended June 30,		Location of Gain/(Loss) Recognized in Earnings
	2018	2017	2018	2017	
	(in millions)				
Currency exchange contracts:					
Intercompany loans and forecasted interest payments	$ 7	$ 3	$ 14	$ 5	Interest and other expense, net
Forecasted transactions	72	18	65	2	Cost of sales
Forecasted transactions	—	1	(5)	(2)	Interest and other expense, net
Forecasted transactions	(1)	2	(4)	2	Selling, general and administrative expenses
Commodity contracts	(48)	(97)	101	(160)	Cost of sales
Total	$ 30	$ (73)	$ 171	$ (153)	

Note 10. Benefit Plans

Pension Plans

Components of Net Periodic Pension Cost:
Net periodic pension cost consisted of the following:

	U.S. Plans For the Three Months Ended June 30, 2018	U.S. Plans For the Three Months Ended June 30, 2017	Non-U.S. Plans For the Three Months Ended June 30, 2018	Non-U.S. Plans For the Three Months Ended June 30, 2017
	(in millions)			
Service cost	$ 10	$ 10	$ 37	$ 38
Interest cost	15	16	50	49
Expected return on plan assets	(22)	(25)	(114)	(108)
Amortization:				
Net loss from experience differences	9	9	42	40
Prior service cost/(benefit)	—	—	(1)	—
Settlement losses and other expenses	8	18	—	1
Net periodic pension cost	$ 20	$ 28	$ 14	$ 20

	U.S. Plans For the Six Months Ended June 30, 2018	U.S. Plans For the Six Months Ended June 30, 2017	Non-U.S. Plans For the Six Months Ended June 30, 2018	Non-U.S. Plans For the Six Months Ended June 30, 2017
	(in millions)			
Service cost	$ 22	$ 22	$ 75	$ 77
Interest cost	30	31	102	97
Expected return on plan assets	(44)	(50)	(231)	(212)
Amortization:				
Net loss from experience differences	20	17	84	81
Prior service cost/(benefit)	1	1	(1)	(1)
Settlement losses and other expenses	15	21	—	2
Net periodic pension cost	$ 44	$ 42	$ 29	$ 44

Within settlement losses and other expenses are losses of $3 million for the three and six months ended June 30, 2018 and $11 million for the three and six months ended June 30, 2017, that are related to our 2014-2018 Restructuring Program and are recorded within asset impairment and exit costs on our condensed consolidated statements of earnings.

Employer Contributions:
During the six months ended June 30, 2018, we contributed $5 million to our U.S. pension plans and $199 million to our non-U.S. pension plans, including $137 million to plans in the United Kingdom and Ireland. We make contributions to our pension plans in accordance with local funding arrangements and statutory minimum funding requirements. Discretionary contributions are made to the extent that they are tax deductible and do not generate an excise tax liability.

As of June 30, 2018, over the remainder of 2018, we plan to make further contributions of approximately $34 million to our U.S. plans and approximately $102 million to our non-U.S. plans. Our actual contributions may be different due to many factors, including changes in tax and other benefit laws, significant differences between expected and actual pension asset performance or interest rates.

Multiemployer Pension Plans:
In the United States, we contribute to multiemployer pension plans based on obligations arising from our collective bargaining agreements. The most individually significant multiemployer plan we participated in as of the beginning of the second quarter of 2018 was the Bakery and Confectionery Union and Industry International Pension Fund (the "Fund"). Our obligation to contribute to the Fund arose with respect to 8 collective bargaining agreements covering most of our employees represented by the Bakery, Confectionery, Tobacco and Grain Millers Union ("BCTGM"). All of those collective bargaining agreements expired in 2016.

During the second quarter of 2018, we implemented two aspects of our second revised last, best and final offer made to the BCTGM with respect to 7 of the 8 expired collective bargaining agreements. Implementation resulted in our withdrawing from the Fund with respect to those employees covered by the 7 collective bargaining agreements. In connection with that action, we estimated a partial withdrawal liability of $567 million and within our North America segment, we recorded a discounted liability and charge of $408 million, $305 million net of tax, which represents our best estimate of the partial withdrawal liability absent an assessment from the Fund. We may receive an assessment in 2018 or later, and the ultimate withdrawal liability may change from the currently estimated amount. We will record any future adjustments in the period during which the liability is confirmed or as new information becomes available. We expect to pay the liability in installments over a period of 20 years from the date of the assessment. We determined the net present value of the liability using a risk-free interest rate. We recorded the pre-tax non-cash charge in selling, general and administrative expense (and in other non-cash items, net in the condensed consolidated statement of cash flows) and the liability in long-term other liabilities.

Postretirement Benefit Plans

Net periodic postretirement health care benefit consisted of the following:

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2018	2017	2018	2017
	(in millions)			
Service cost	$ 1	$ 2	$ 3	$ 4
Interest cost	3	3	7	7
Amortization:				
Net loss from experience differences	3	4	7	7
Prior service credit [(1)]	(9)	(10)	(19)	(20)
Net periodic postretirement health care benefit	$ (2)	$ (1)	$ (2)	$ (2)

(1) Amortization of prior service credit included gains of $8 million for the three months ended June 30, 2018 and June 30, 2017 and $16 million for the six months ended June 30, 2018 and June 30, 2017 related to a change in the eligibility requirement and a change in benefits to Medicare-eligible participants.

Postemployment Benefit Plans

Net periodic postemployment cost consisted of the following:

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2018	2017	2018	2017
	(in millions)			
Service cost	$ 1	$ 2	$ 3	$ 3
Interest cost	1	1	2	2
Amortization of net gains	—	(1)	(1)	(2)
Net periodic postemployment cost	$ 2	$ 2	$ 4	$ 3

Note 11. Stock Plans

Stock Options:
Stock option activity is reflected below:

	Shares Subject to Option	Weighted-Average Exercise or Grant Price Per Share	Average Remaining Contractual Term	Aggregate Intrinsic Value
Balance at January 1, 2018	48,434,655	$29.92	5 years	$ 626 million
Annual grant to eligible employees	5,666,530	43.51		
Additional options issued	82,720	40.82		
Total options granted	5,749,250	43.47		
Options exercised (1)	(4,541,932)	25.60		$ 81 million
Options canceled	(541,994)	38.39		
Balance at June 30, 2018	49,099,979	31.81	6 years	$ 478 million

(1) Cash received from options exercised was $31 million in the three months and $116 million in the six months ended June 30, 2018. The actual tax benefit realized and recorded in the provision for income taxes for the tax deductions from the option exercises totaled $1 million in the three months and $9 million in the six months ended June 30, 2018.

Performance Share Units and Other Stock-Based Awards:
Our performance share unit, deferred stock unit and historically granted restricted stock activity is reflected below:

	Number of Shares	Grant Date	Weighted-Average Fair Value Per Share (3)	Weighted-Average Aggregate Fair Value (3)
Balance at January 1, 2018	7,669,705		$39.74	
Annual grant to eligible employees:		Feb 22, 2018		
Performance share units	1,048,770		51.23	
Deferred stock units	788,310		43.51	
Additional shares granted (1)	306,426	Various	40.97	
Total shares granted	2,143,506		46.92	$ 101 million
Vested (2)	(2,162,663)		38.33	$ 83 million
Forfeited (2)	(352,565)		40.10	
Balance at June 30, 2018	7,297,983		42.25	

(1) Includes performance share units and deferred stock units.
(2) Includes performance share units, deferred stock units and historically granted restricted stock. The actual tax benefit realized and recorded in the provision for income taxes for the tax deductions from the shares vested totaled less than $1 million in the three months and $4 million in the six months ended June 30, 2018.
(3) The grant date fair value of performance share units is determined based on the Monte Carlo simulation model for the market-based total shareholder return component and the closing market price of the Company's stock on the grant date for performance-based components. The Monte Carlo simulation model incorporates the probability of achieving the total shareholder return market condition. Compensation expense is recognized using the grant date fair values regardless of whether the market condition is achieved, so long as the requisite service has been provided.

Share Repurchase Program:
Between 2013 and 2017, our Board of Directors authorized the repurchase of a total of $13.7 billion of our Common Stock through December 31, 2018. On January 31, 2018, our Finance Committee, with authorization delegated from our Board of Directors, approved an increase of $6.0 billion in the share repurchase program, raising the authorization to $19.7 billion of Common Stock repurchases, and extended the program through December 31, 2020. Repurchases under the program are determined by management and are wholly discretionary. Prior to January 1, 2018, we had repurchased $13.0 billion of Common Stock pursuant to this authorization. During the six months ended June 30, 2018, we repurchased approximately 27.6 million shares of Common Stock at an average cost of $41.65 per share, or an aggregate cost of approximately $1.2 billion, all of which was paid during the period. All share repurchases were funded through available cash and commercial paper issuances. As of June 30, 2018, we have $5.5 billion in remaining share repurchase capacity.

Note 12. Commitments and Contingencies

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.

In February 2013 and March 2014, Cadbury India Limited (now known as Mondelez India Foods Private Limited), a subsidiary of Mondelēz International, and other parties received show cause notices from the Indian Central Excise Authority (the “Excise Authority”) calling upon the parties to demonstrate why the Excise Authority should not collect a total of 3.7 billion Indian rupees ($55 million as of June 30, 2018) of unpaid excise tax and an equivalent amount of penalties, as well as interest, related to production at the same Indian facility. We contested these demands for unpaid excise taxes, penalties and interest. On March 27, 2015, after several hearings, the Commissioner of the Excise Authority issued an order denying the excise exemption that we claimed for the Indian facility and confirming the Excise Authority’s demands for total taxes and penalties in the amount of 5.8 billion Indian rupees ($85 million as of June 30, 2018). We have appealed this order. In addition, the Excise Authority issued additional show cause notices in February 2015, December 2015 and October 2017 on the same issue but covering the periods January to October 2014, November 2014 to September 2015 and October 2015 to June 2017, respectively. These notices added a total of 4.9 billion Indian rupees ($72 million as of June 30, 2018) of unpaid excise taxes as well as penalties to be determined up to an amount equivalent to that claimed by the Excise Authority plus interest. With the implementation of the new Goods and Services Tax in India in July 2017, we will not receive any further show cause notices for additional amounts on this issue. We believe that the decision to claim the excise tax benefit is valid and we are continuing to contest the show cause notices through the administrative and judicial process.

On April 1, 2015, the U.S. Commodity Futures Trading Commission ("CFTC") filed a complaint against Kraft Foods Group and Mondelēz Global LLC (“Mondelēz Global”) in the U.S. District Court for the Northern District of Illinois, Eastern Division (the “CFTC action”) following its investigation of activities related to the trading of December 2011 wheat futures contracts that occurred prior to the spin-off of Kraft Foods Group. The complaint alleges that Kraft Foods Group and Mondelēz Global (1) manipulated or attempted to manipulate the wheat markets during the fall of 2011; (2) violated position limit levels for wheat futures and (3) engaged in non-competitive trades by trading both sides of exchange-for-physical Chicago Board of Trade wheat contracts. The CFTC seeks civil monetary penalties of either triple the monetary gain for each violation of the Commodity Exchange Act (the “Act”) or $1 million for each violation of Section 6(c)(1), 6(c)(3) or 9(a)(2) of the Act and $140,000 for each additional violation of the Act, plus post-judgment interest; an order of permanent injunction prohibiting Kraft Foods Group and Mondelēz Global from violating specified provisions of the Act; disgorgement of profits; and costs and fees. Additionally, several class action complaints were filed against Kraft Foods Group and Mondelēz Global in the U.S. District Court for the Northern District of Illinois by investors in wheat futures and options on behalf of themselves and others similarly situated. The complaints make similar allegations as those made in the CFTC action and seek class action certification; an unspecified amount for damages, interest and unjust enrichment; costs and fees; and injunctive, declaratory and other unspecified relief. In June 2015, these suits were consolidated in the Northern District of Illinois. It is not possible to predict the outcome of these matters; however, based on our Separation and Distribution Agreement with Kraft Foods Group dated as of September 27, 2012, we expect to bear any monetary penalties or other payments in connection with the CFTC action.

We are a party to various legal proceedings incidental to our business, including those noted above in this section. At present we believe that the ultimate outcome of these proceedings, individually and in the aggregate, will not materially harm our financial position, results of operations or cash flows. However, legal proceedings and government investigations are subject to inherent uncertainties, and unfavorable rulings or other events could occur. Unfavorable resolutions could involve substantial monetary damages. In addition, in matters for which conduct remedies are sought, unfavorable resolutions could include an injunction or other order prohibiting us from selling one or more products at all or in particular ways, precluding particular business practices or requiring other remedies. An unfavorable outcome might result in a material adverse impact on our business, results of operations or financial position.

Third-Party Guarantees:
We enter into third-party guarantees primarily to cover long-term obligations of our vendors. As part of these transactions, we guarantee that third parties will make contractual payments or achieve performance measures. At June 30, 2018, we had no material third-party guarantees recorded on our condensed consolidated balance sheet.

Tax Matters:
We are a party to various tax matter proceedings incidental to our business. These proceedings are subject to inherent uncertainties, and unfavorable outcomes could subject us to additional tax liabilities and could materially adversely impact our business, results of operations or financial position.

A tax indemnification matter related to our 2007 acquisition of the *LU* biscuit business was closed during the quarter ended June 30, 2018. The closure had no impact on net earnings, however, it did result in a $15 million tax benefit that was fully offset by an $11 million expense in selling, general and administrative expenses and a $4 million expense in interest and other expense, net.

As part of our 2010 Cadbury acquisition, we became the responsible party for tax matters under a February 2, 2006 dated Deed of Tax Covenant between the Cadbury Schweppes PLC and related entities ("Schweppes") and Black Lion Beverages and related entities. The tax matters included an ongoing transfer pricing case with the Spanish tax authorities related to the Schweppes businesses Cadbury divested prior to our acquisition of Cadbury. During the first quarter of 2017, the Spanish Supreme Court decided the case in our favor. As a result of the final ruling, during the first quarter of 2017, we recorded a favorable earnings impact of $46 million in selling, general and administrative expenses and $12 million in interest and other expense, net, for a total pre-tax impact of $58 million due to the non-cash reversal of Cadbury-related accrued liabilities related to this matter. We recorded a total of $4 million of income over the third and fourth quarters of 2017 in connection with the related bank guarantee releases.

Note 13. Reclassifications from Accumulated Other Comprehensive Income

The following table summarizes the changes in the accumulated balances of each component of accumulated other comprehensive earnings/(losses) attributable to Mondelēz International. Amounts reclassified from accumulated other comprehensive earnings/(losses) to net earnings (net of tax) were net losses of $45 million in the second quarter of 2018 and $41 million in the second quarter of 2017 and $72 million in the first six months of 2018 and $83 million in the first six months of 2017.

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2018	2017	2018	2017
	(in millions)			
Currency Translation Adjustments:				
Balance at beginning of period	$ (7,549)	$ (8,375)	$ (7,741)	$ (8,914)
Currency translation adjustments	(718)	252	(558)	764
Tax (expense)/benefit	(156)	128	(109)	159
Other comprehensive earnings/(losses)	(874)	380	(667)	923
Less: (earnings)/loss attributable to noncontrolling interests	12	(12)	(3)	(16)
Balance at end of period	(8,411)	(8,007)	(8,411)	(8,007)
Pension and Other Benefit Plans:				
Balance at beginning of period	$ (2,150)	$ (2,086)	$ (2,144)	$ (2,087)
Net actuarial gain/(loss) arising during period	38	16	45	9
Tax (expense)/benefit on net actuarial gain/(loss)	(9)	(2)	(9)	—
Losses/(gains) reclassified into net earnings:				
Amortization of experience losses and prior service costs (1)	44	42	91	83
Settlement losses and other expenses (1)	8	15	15	18
Tax expense/(benefit) on reclassifications (2)	(12)	(12)	(25)	(21)
Currency impact	99	(92)	45	(121)
Other comprehensive earnings/(losses)	168	(33)	162	(32)
Balance at end of period	(1,982)	(2,119)	(1,982)	(2,119)
Derivative Cash Flow Hedges:				
Balance at beginning of period	$ (159)	$ (103)	$ (113)	$ (121)
Net derivative gains/(losses)	17	22	(12)	29
Tax (expense)/benefit on net derivative gain/(loss)	(4)	(1)	(4)	4
Losses/(gains) reclassified into net earnings:				
Currency exchange contracts – forecasted transactions (3)	—	(1)	—	—
Commodity contracts (3)	—	(2)	—	6
Interest rate contracts (4)	7	—	(11)	—
Tax expense/(benefit) on reclassifications (2)	(2)	(1)	2	(3)
Currency impact	8	(5)	5	(6)
Other comprehensive earnings/(losses)	26	12	(20)	30
Balance at end of period	(133)	(91)	(133)	(91)
Accumulated other comprehensive income attributable to Mondelēz International:				
Balance at beginning of period	$ (9,858)	$ (10,564)	$ (9,998)	$ (11,122)
Total other comprehensive earnings/(losses)	(680)	359	(525)	921
Less: (earnings)/loss attributable to noncontrolling interests	12	(12)	(3)	(16)
Other comprehensive earnings/(losses) attributable to Mondelēz International	(668)	347	(528)	905
Balance at end of period	$ (10,526)	$ (10,217)	$ (10,526)	$ (10,217)

(1) These reclassified losses are included in the components of net periodic benefit costs disclosed in Note 10, *Benefit Plans*.
(2) Taxes reclassified to earnings are recorded within the provision for income taxes.
(3) These reclassified gains or losses are recorded within cost of sales.
(4) These reclassified gains or losses are recorded within interest and other expense, net.

Note 14. Income Taxes

On December 22, 2017, the United States enacted tax reform legislation that included a broad range of business tax provisions, including a reduction in the U.S. federal tax rate from 35% to 21%. In addition to the tax rate reduction, the legislation establishes new provisions that affect our 2018 results, including but not limited to, the creation of a new minimum tax called the base erosion anti-abuse tax (BEAT); a new provision that taxes U.S. allocated expenses (e.g. interest and general administrative expenses) as well as currently taxes certain income from foreign operations (Global Intangible Low-Tax Income, or "GILTI"); a general elimination of U.S. federal income taxes on dividends from foreign subsidiaries; a new limitation on deductible interest expense; the repeal of the domestic manufacturing deduction; and limitations on the deductibility of certain employee compensation.

Certain impacts of the new legislation would have generally required accounting to be completed in the period of enactment, however in response to the complexities of this new legislation, the SEC issued guidance to provide companies with relief. The SEC provided up to a one-year window for companies to finalize the accounting for the impacts of this new legislation and we anticipate finalizing our accounting during 2018. While our accounting for the enactment of the new U.S. tax legislation is not complete, during the three months ended June 30, 2018, we recorded an additional $2 million discrete net tax benefit, consisting of an $8 million decrease in our transition tax liability that was partially offset by $6 million of costs from other provisional tax reform updates. During the six months ended June 30, 2018, we recorded $87 million in discrete net tax costs primarily comprised of an increase to our transition tax liability of $86 million as a result of additional guidance issued by the Internal Revenue Service and various state taxing authorities, new state legislation enacted during the period and further refinement of various components of the underlying calculations.

Based on current tax laws, our estimated annual effective tax rate for 2018, excluding discrete tax impacts, is 21.9%, reflecting favorable impacts from the mix of pre-tax income in various non-U.S. jurisdictions and the reduction in the U.S. federal tax rate, partially offset by unfavorable provisions within the new U.S. tax reform legislation. Our 2018 second quarter effective tax rate of 5.6% was favorably impacted by a discrete net tax benefit of $32 million. The discrete net tax benefit primarily consisted of $27 million benefit from the release of uncertain tax positions due to expirations of statutes of limitations and audit settlements in several jurisdictions. Our effective tax rate for the six months ended June 30, 2018 of 22.8% was unfavorably impacted by net tax expense of $14 million from discrete one-time events. The discrete net tax expense primarily consisted of $86 million of additional transition tax liability recognized as an adjustment to the prior provisional estimate, offset by $43 million benefit from the release of uncertain tax positions due to expirations of statutes of limitations and audit settlements in various jurisdictions and a $22 million benefit related to pending Argentinean refund claims.

As of the end of the second quarter of 2017, our estimated annual effective tax rate for 2017, excluding discrete tax impacts, was 25.8%, reflecting favorable impacts from the mix of pre-tax income in various non-U.S. tax jurisdictions, partially offset by an increase in domestic earnings. Our 2017 second quarter effective tax rate of 16.2% was favorably impacted by net tax benefits from $47 million of discrete one-time events. The discrete net tax benefits primarily consisted of a $46 million benefit from release of uncertain tax positions due to expirations of statutes of limitations and audit settlements in several jurisdictions. Our effective tax rate for the six months ended June 30, 2017 of 19.2% was favorably impacted by net tax benefits of $83 million from discrete one-time events. The discrete net tax benefits primarily consisted of a $62 million benefit from the release of uncertain tax positions due to expirations of statutes of limitations and audit settlements in various jurisdictions and a $16 million benefit relating to the U.S. domestic production activities deduction.

Note 15. Earnings per Share

Basic and diluted earnings per share ("EPS") were calculated as follows:

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2018	2017	2018	2017
	(in millions, except per share data)			
Net earnings	$ 325	$ 500	$ 1,269	$ 1,133
Noncontrolling interest (earnings)	(2)	(2)	(8)	(5)
Net earnings attributable to Mondelēz International	$ 323	$ 498	$ 1,261	$ 1,128
Weighted-average shares for basic EPS	1,475	1,519	1,482	1,524
Plus incremental shares from assumed conversions of stock options and long-term incentive plan shares	13	20	14	20
Weighted-average shares for diluted EPS	1,488	1,539	1,496	1,544
Basic earnings per share attributable to Mondelēz International	$ 0.22	$ 0.33	$ 0.85	$ 0.74
Diluted earnings per share attributable to Mondelēz International	$ 0.22	$ 0.32	$ 0.84	$ 0.73

We exclude antidilutive Mondelēz International stock options from our calculation of weighted-average shares for diluted EPS. We excluded antidilutive stock options of 12.7 million in the second quarter of 2018 and 8.6 million in the second quarter of 2017 and 11.2 million in the first six months of 2018 and 7.7 million in the first six months of 2017.

Note 16. Segment Reporting

We manufacture and market primarily snack food products, including biscuits (cookies, crackers and salted snacks), chocolate, gum & candy and various cheese & grocery products, as well as powdered beverage products. We manage our global business and report operating results through geographic units.

We manage our operations by region to leverage regional operating scale, manage different and changing business environments more effectively and pursue growth opportunities as they arise in our key markets. Our regional management teams have responsibility for the business, product categories and financial results in the regions.

We use segment operating income to evaluate segment performance and allocate resources. We believe it is appropriate to disclose this measure to help investors analyze segment performance and trends. 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) and amortization of intangibles, gains and losses on divestitures and acquisition-related costs (which are a component of selling, general and administrative expenses) in all periods presented. We exclude these items from segment operating income in order to provide better transparency of our segment operating results. Furthermore, we centrally manage benefit plan non-service income and interest and other expense, net. Accordingly, we do not present these items by segment because they are excluded from the segment profitability measure that management reviews.

Our segment net revenues and earnings were:

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2018	2017	2018	2017
	(in millions)			
Net revenues:				
Latin America	$ 774	$ 848	$ 1,665	$ 1,758
AMEA	1,360	1,394	2,902	2,885
Europe	2,303	2,171	5,009	4,536
North America	1,675	1,573	3,301	3,221
Net revenues	$ 6,112	$ 5,986	$ 12,877	$ 12,400
Earnings before income taxes:				
Operating income:				
Latin America	$ 92	$ 102	$ 218	$ 213
AMEA	177	161	405	342
Europe	367	321	864	714
North America	(95)	225	180	517
Unrealized gains/(losses) on hedging activities (mark-to-market impacts)	88	(46)	294	(97)
General corporate expenses	(91)	(80)	(155)	(137)
Amortization of intangibles	(44)	(44)	(88)	(88)
Loss on divestiture	—	(3)	—	(3)
Acquisition-related costs	(13)	—	(13)	—
Operating income	481	636	1,705	1,461
Benefit plan non-service income (1)	15	5	28	20
Interest and other expense, net	(248)	(124)	(328)	(243)
Earnings before income taxes	$ 248	$ 517	$ 1,405	$ 1,238

(1) During the first quarter of 2018, in connection with adopting a new pension cost classification accounting standard, we reclassified certain of our benefit plan component costs other than service costs out of operating income into a new line item, benefit plan non-service income, on our condensed consolidated statements of earnings. As such, we have recast our historical operating income and segment operating income to reflect this reclassification, which had no impact to earnings before income taxes or net earnings.

Items impacting our segment operating results are discussed in Note 1, *Basis of Presentation*, Note 2, *Divestitures and Acquisitions,* Note 4, *Property, Plant and Equipment,* Note 5, *Goodwill and Intangible Assets,* Note 7, *2014-2018 Restructuring Program*, and Note 12, *Commitments and Contingencies*. Also see Note 8, *Debt and Borrowing Arrangements*, and Note 9, *Financial Instruments,* for more information on our interest and other expense, net for each period.

Table of Contents

Net revenues by product category were:

	For the Three Months Ended June 30, 2018				
	Latin America	AMEA	Europe	North America	Total
	(in millions)				
Biscuits	$ 192	$ 387	$ 810	$ 1,403	$ 2,792
Chocolate	161	440	1,003	46	1,650
Gum & Candy	224	236	200	226	886
Beverages	116	173	19	—	308
Cheese & Grocery	81	124	271	—	476
Total net revenues	$ 774	$ 1,360	$ 2,303	$ 1,675	$ 6,112

	For the Three Months Ended June 30, 2017 (1)				
	Latin America	AMEA	Europe	North America	Total
	(in millions)				
Biscuits	$ 200	$ 356	$ 734	$ 1,301	$ 2,591
Chocolate	194	424	930	50	1,598
Gum & Candy	241	238	204	222	905
Beverages	129	189	24	—	342
Cheese & Grocery	84	187	279	—	550
Total net revenues	$ 848	$ 1,394	$ 2,171	$ 1,573	$ 5,986

	For the Six Months Ended June 30, 2018				
	Latin America	AMEA	Europe	North America	Total
	(in millions)				
Biscuits	$ 375	$ 829	$ 1,605	$ 2,736	$ 5,545
Chocolate	404	1,013	2,426	103	3,946
Gum & Candy	448	471	386	462	1,767
Beverages	277	345	47	—	669
Cheese & Grocery	161	244	545	—	950
Total net revenues	$ 1,665	$ 2,902	$ 5,009	$ 3,301	$ 12,877

	For the Six Months Ended June 30, 2017 (1)				
	Latin America	AMEA	Europe	North America	Total
	(in millions)				
Biscuits	$ 370	$ 756	$ 1,399	$ 2,634	$ 5,159
Chocolate	453	938	2,139	120	3,650
Gum & Candy	454	467	397	467	1,785
Beverages	322	362	65	—	749
Cheese & Grocery	159	362	536	—	1,057
Total net revenues	$ 1,758	$ 2,885	$ 4,536	$ 3,221	$ 12,400

(1) During the first quarter of 2018, we realigned some of our products across product categories and as such, we reclassified the product category net revenues on a basis consistent with the 2018 presentation.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

Description of the Company

We manufacture and market primarily snack food products, including biscuits (cookies, crackers and salted snacks), chocolate, gum & candy and various cheese & grocery products, as well as powdered beverage products. We have operations in more than 80 countries and sell our products in approximately 160 countries.

We aim to deliver strong, profitable long-term growth by accelerating our core snacks business and expanding the reach of our Power Brands globally. To fuel investments in our Power Brands and global and digital reach, we have been working to optimize our cost structure. These efforts include reinventing our supply chain operations and aggressively managing overhead costs. Through these actions, we're leveraging our brands, platforms and capabilities to drive long-term value and return on investment for our shareholders.

U.S. Tax Reform

On December 22, 2017, the United States enacted tax reform legislation that included a broad range of business tax provisions, including but not limited to a reduction in the U.S. federal tax rate from 35% to 21% as well as provisions that limit or eliminate various deductions or credits. The legislation also causes U.S. allocated expenses (e.g. interest and general administrative expenses) to be taxed and imposes a new tax on U.S. cross-border payments. Furthermore, the legislation includes a one-time transition tax on accumulated foreign earnings and profits.

Certain impacts of the new legislation would have generally required accounting to be completed in the period of enactment, however in response to the complexities of this new legislation, the SEC issued guidance to provide companies with relief. The SEC provided up to a one-year window for companies to finalize the accounting for the impacts of this new legislation and we anticipate finalizing our accounting during 2018.

While our accounting for the enactment of the new U.S. tax legislation is not complete, we have recorded an additional $2 million discrete net tax benefit in the second quarter of 2018 consisting of an $8 million decrease in our transition tax liability that was partially offset by $6 million costs from other provisional tax reform updates. Our estimated annual effective tax rate for 2018 is 21.9%, which includes the new provisions of the legislation that are effective for the 2018 tax year but excludes discrete tax items such as the updates to the transition tax liability and the impacts of audit settlements.

Multiemployer Pension Plan Partial Withdrawal

In the United States, we contribute to multiemployer pension plans based on obligations arising from our collective bargaining agreements. The most individually significant multiemployer plan we participated in as of the beginning of the second quarter of 2018 was the Bakery and Confectionery Union and Industry International Pension Fund (the "Fund"). Our obligation to contribute to the Fund arose with respect to 8 collective bargaining agreements covering most of our employees represented by the Bakery, Confectionery, Tobacco and Grain Millers Union ("BCTGM"). All of those collective bargaining agreements expired in 2016.

During the second quarter of 2018, we implemented two aspects of our second revised last, best and final offer made to the BCTGM with respect to 7 of the 8 expired collective bargaining agreements. Implementation resulted in our withdrawing from the Fund with respect to those employees covered by the 7 collective bargaining agreements. In connection with that action, we estimated a partial withdrawal liability of $567 million and within our North America segment, we recorded a discounted liability and charge of $408 million, $305 million net of tax, which represents our best estimate of the partial withdrawal liability absent an assessment from the Fund. We may receive an assessment in 2018 or later, and the ultimate withdrawal liability may change from the currently estimated amount. We will record any future adjustments in the period during which the liability is confirmed or as new information becomes available. We expect to pay the liability in installments over a period of 20 years from the date of the assessment. We determined the net present value of the liability using a risk-free interest rate. We recorded the pre-tax non-cash charge in selling, general and administrative expense (and in other non-cash items, net in the condensed consolidated statement of cash flows) and the liability in long-term other liabilities.

2017 Malware Incident

On June 27, 2017, a global malware incident impacted our business. The malware affected a significant portion of our global sales, distribution and financial networks. In the last four days of the second quarter and during the third quarter of 2017, we executed business continuity and contingency plans to contain the impact, minimize damages and restore our systems environment. To date, we have not found, nor do we expect to find, any instances of Company or personal data released externally. We have also restored our main operating systems and processes and enhanced our system security.

For the second quarter of 2017, we estimated that the malware incident had a negative impact of 2.3% on our net revenue growth and 2.4% on our Organic Net Revenue growth. We also incurred incremental expenses of $7 million as a result of the incident. We recognized the majority of delayed second quarter shipments in our third quarter 2017 results, although we permanently lost some revenue. On a 2017 full-year basis, we estimated the loss of revenue had a negative impact of 0.4% on our net revenue and Organic Net Revenue growth. We also incurred total incremental expenses of $84 million predominantly during the second half of 2017 as part of the recovery effort. The recovery from the incident was largely resolved by December 31, 2017 and we continued efforts to strengthen our security measures and further mitigate cybersecurity risks.

Summary of Results

- Net revenues increased 2.1% to $6.1 billion in the second quarter of 2018 and increased 3.8% to $12.9 billion in the first six months of 2018 as compared to the same periods in the prior year. During the second quarter and first six months of 2018, net revenues grew due to favorable volume/mix and higher net pricing. Favorable volume/mix was in part due to the lapping of last year's malware incident. Net revenues also were positively affected by favorable currency translation as the U.S. dollar weakened against several currencies in which we operate compared to exchange rates in the prior year. Net revenue growth was partially offset by the impact of several prior-year business divestitures, which reduced revenues in 2018 as compared to the prior year.

- Organic Net Revenue, a non-GAAP financial measure, increased 3.5% to $6.1 billion in the second quarter of 2018 and increased 2.9% to $12.5 billion in the first six months of 2018 as compared to same periods in the prior year. During the second quarter and first six months of 2018, Organic Net Revenue increased as a result of favorable volume/mix and higher net pricing. Favorable volume/mix was in part due to the lapping of last year's malware incident. Refer to our *Discussion and Analysis of Historical Results,* including the *Results of Operations by Reportable Segment* for additional information. Organic Net Revenue is on a constant currency basis and excludes revenue from acquisitions and divestitures. We use Organic Net Revenue as it provides improved year-over-year comparability of our underlying operating results (see the definition of Organic Net Revenue and our reconciliation with net revenues within *Non-GAAP Financial Measures* appearing later in this section).

- Diluted EPS attributable to Mondelēz International decreased 31.3% to $0.22 in the second quarter of 2018 and increased 15.1% to $0.84 in the first six months of 2018 as compared to the same periods in the prior year. The diluted EPS decline in the second quarter of 2018 was driven by the impact of pension participation changes and the loss on debt extinguishment, partially offset by favorable mark-to-market impacts from currency and commodity derivatives, operating gains and share repurchases. The diluted EPS increase during the first six months of 2018 was driven by favorable mark-to-market impacts from currency and commodity derivatives, operating gains and share repurchases partially offset by the impact from pension participation changes and the loss on debt extinguishment.

- Adjusted EPS, a non-GAAP financial measure, increased 16.7% to $0.56 in the second quarter of 2018 and increased 17.0% to $1.17 in the first six months of 2018 as compared to the same periods in the prior year. On a constant currency basis, Adjusted EPS increased 14.6% to $0.55 in the second quarter of 2018 and increased 12.0% to $1.12 in the first six months of of 2018 as compared to the same periods in the prior year. For the second quarter and first six months of 2018, operating gains and lower shares outstanding were significant drivers of the growth. Adjusted EPS and Adjusted EPS on a constant currency basis are non-GAAP financial measures. We use these measures as they provide improved year-over-year comparability of 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).

Financial Outlook

We seek to achieve profitable, long-term growth and manage our business to attain this goal using our key operating metrics: Organic Net Revenue, Adjusted Operating Income and Adjusted EPS. We use these non-GAAP financial metrics and related computations, such as margins, internally to evaluate and manage our business and to plan and make near- and long-term operating and strategic decisions. As such, we believe these metrics are useful to investors as they provide supplemental information in addition to our U.S. GAAP financial results. We believe providing investors with the same financial information that we use internally ensures that investors have the same data to make comparisons of our historical operating results, identify trends in our underlying operating results and gain additional insight and transparency on how we evaluate our business. We believe our non-GAAP financial measures should always be considered in relation to our GAAP results, and we have provided reconciliations between our GAAP and non-GAAP financial measures in *Non-GAAP Financial Measures,* which appears later in this section.

In addition to monitoring our key operating metrics, we monitor developments and trends that could impact our revenue and profitability objectives, similar to those we highlighted in our most recently filed Annual Report on Form 10-K for the year ended December 31, 2017.

- *Market conditions.* Snack categories grew in the second quarter of 2018 and volatility in the global currency and commodity markets continued.
- *Argentina, Brexit and currency volatility*. During the second quarter of 2018, primarily based on published estimates which indicate that Argentina's three-year cumulative inflation rate has exceeded 100%, we concluded that Argentina has become a highly inflationary economy. Beginning July 1, 2018, we expect to apply highly inflationary accounting for our Argentinian subsidiaries. Our Argentinian operations contributed $267 million, or 2.1% of consolidated net revenues in the six months ended June 30, 2018. Based on a review of our Argentinian peso-denominated monetary assets and liabilities, our Argentinian operations had an immaterial net monetary liability position as of June 30, 2018. Having a net monetary liability position may mitigate our risk of unfavorable impacts from any further currency devaluations, however, the mix of assets and liabilities or other factors could change, so it is difficult to predict the overall impact of the highly inflationary accounting on net earnings. We also continue to monitor the U.K. planned exit from the European Union (Brexit) and its impact on our results as well as currencies at risk of devaluation.
- *Collective bargaining agreements*. During the second quarter of 2018, we implemented two aspects of our second revised last, best and final offer made to the BCTGM, resulting in our withdrawing from the Fund with respect to the employees covered by the 7 of the 8 collective bargaining agreements. We estimated a partial withdrawal liability of $567 million and within our North America segment, we recorded a discounted liability and charge of $408 million, $305 million net of tax, which represents our best estimate of the partial withdrawal liability absent an assessment from the Fund. We may receive an assessment in 2018 or later, and the ultimate withdrawal liability may change from the currently estimated amount. We will record any future adjustments in the period during which the liability is confirmed or as new information becomes available. We expect to pay the liability in installments over a period of 20 years from the assessment date.
- *U.S. tax reform*. While the 2017 U.S. tax reform reduced the U.S. corporate tax rate and included some beneficial provisions, other provisions could have an adverse effect on our results. Specifically, new provisions that cause U.S. allocated expenses (e.g. interest and general administrative expenses) to be taxed and impose a tax on U.S. cross-border payments could adversely impact our effective tax rate. We continue to evaluate the impacts as additional guidance on implementing the legislation becomes available.
- *Net investment hedge contracts*. In 2018, we entered into cross-currency interest rate swaps and forward contracts with an aggregate notional value of $7.1 billion to hedge our non-U.S. net investments against movements in exchange rates. We expect this hedging to reduce volatility in some of our financing costs and related currency impacts within our interest costs.
- *Keurig Dr Pepper transaction*. On July 9, 2018, Keurig closed on its definitive merger agreement with Dr Pepper Snapple Group, Inc., and formed Keurig Dr Pepper Inc. ("Keurig Dr Pepper", NYSE: “KDP”). Following the close of the merger, our ownership in Keurig Dr Pepper was 13.8%. In our third quarter 2018, we expect to record a gain related to the conversion of our investment in Keurig (including our shareholder loan receivable) into an investment in Keurig Dr Pepper. Also, in our future filings, we will recast our financial statements and reflect our share of Keurig’s historical results and Keurig Dr Pepper’s ongoing results on a quarter lag basis.

For more information on these items, refer to our *Discussion and Analysis of Historical Results* and *Commodity Trends* appearing later in this section, as well as Note 1, *Basis of Presentation – Currency Translation and Highly Inflationary Accounting,* Note 6, *Equity Method Investments*, Note 7, *2014-2018 Restructuring Program*, Note 9, *Financial Instruments*, Note 10, *Benefit Plans* and Note 14, *Income Taxes*.

Discussion and Analysis of Historical Results

Items Affecting Comparability of Financial Results

The following table includes significant income or (expense) items that affected the comparability of our results of operations and our effective tax rates. Please refer to the notes to the condensed consolidated financial statements indicated below for more information. Refer also to the *Consolidated Results of Operations – Net Earnings and Earnings per Share Attributable to Mondelēz International* table for the after-tax per share impacts of these items.

		For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	See Note	2018	2017	2018	2017
		(in millions, except percentages)			
2014-2018 Restructuring Program:	Note 7				
Restructuring charges		$ (112)	$ (148)	$ (164)	$ (305)
Implementation charges		(70)	(63)	(132)	(117)
(Loss)/gain related to interest rate swaps	Note 8 & 9	(5)	—	9	—
Loss on debt extinguishment	Note 8	(140)	(11)	(140)	(11)
Intangible asset impairment charges (1)		—	(38)	—	(38)
CEO transition remuneration (2)		(10)	—	(14)	—
Acquisition and divestiture-related costs	Note 2				
Acquisition-related costs		(13)	—	(13)	—
Loss on divestiture		—	(3)	—	(3)
Divestiture-related costs		—	(9)	3	(28)
Mark-to-market gains/(losses) from derivatives	Note 9	88	(46)	294	(97)
Impact from resolution of tax matters	Note 12	(15)	—	(15)	58
Impact from pension participation changes	Note 10	(408)	—	(408)	—
Malware incident incremental expenses		—	(7)	—	(7)
U.S. tax reform discrete net tax expense (3)	Note 14	(2)	—	87	—
Effective tax rate	Note 14	5.6%	16.2%	22.8%	19.2%

(1) Refer to our Annual Report on Form 10-K for the year ended December 31, 2017 for more information on prior-year intangible asset impairment charges.
(2) Please see the *Non-GAAP Financial Measures* section at the end of this item for additional information.
(3) Refer to Note 14, *Income Taxes*, for more information on the impact of U.S. tax reform.

Consolidated Results of Operations

The following discussion compares our consolidated results of operations for the three and six months ended June 30, 2018 and 2017.

Three Months Ended June 30:

	For the Three Months Ended June 30,			
	2018	2017	$ change	% change
	(in millions, except per share data)			
Net revenues	$ 6,112	$ 5,986	$ 126	2.1 %
Operating income	481	636	(155)	(24.4)%
Net earnings attributable to Mondelēz International	323	498	(175)	(35.1)%
Diluted earnings per share attributable to Mondelēz International	0.22	0.32	(0.10)	(31.3)%

Net Revenues – Net revenues increased $126 million (2.1%) to $6,112 million in the second quarter of 2018, and Organic Net Revenue [(1)] increased $203 million (3.5%) to $6,079 million. Power Brands net revenues increased 5.2%, including a favorable currency impact, and Power Brands Organic Net Revenue increased 4.7%. Emerging markets net revenues increased 0.2%, including an unfavorable currency impact, and emerging markets Organic Net Revenue increased 4.7%. The underlying changes in net revenues and Organic Net Revenue are detailed below:

	2018
Change in net revenues (by percentage point)	
Total change in net revenues	**2.1 %**
Add back the following items affecting comparability:	
Favorable currency	(0.4)pp
Impact of acquisition	(0.1)pp
Impact of divestitures	1.9 pp
Total change in Organic Net Revenue [(1)]	**3.5 %**
Favorable volume/mix	2.1 pp
Higher net pricing	1.4 pp

(1) Please see the *Non-GAAP Financial Measures* section at the end of this item.

Net revenue increase of 2.1% was driven by our underlying Organic Net Revenue growth of 3.5%, favorable currency and the impact of an acquisition, partially offset by the impact of divestitures. Our underlying Organic Net Revenue growth was driven by favorable volume/mix and higher net pricing. Favorable volume/mix included the benefit from lapping last year's malware incident, partially offset by the unfavorable impacts from the Brazil trucking strike and the shift of Easter-related shipments into the first quarter of 2018. Favorable volume/mix was reflected in North America and Europe, partially offset by unfavorable volume/mix in Latin America and AMEA. Net pricing was up, which includes the benefit of carryover pricing from 2017 as well as the effects of input cost-driven pricing actions taken during 2018. Higher net pricing was reflected in Latin America, AMEA and North America, partially offset by lower net pricing in Europe. Favorable currency impacts increased net revenues by $26 million, due primarily to the strength of several currencies relative to the U.S. dollar, including the euro, British pound sterling and Chinese yuan, partially offset by the strength of the U.S. dollar relative to several other currencies, including the Argentinian peso, Brazilian real and Russian ruble. The June 7, 2018 acquisition of a U.S. premium biscuit company, Tate's Bake Shop, added net revenues of $7 million in the second quarter of 2018. The impact of divestitures that occurred in 2017 resulted in a year-over-year decline in net revenues of $110 million. Refer to Note 2, *Divestitures and Acquisitions,* for additional information.

Operating Income – Operating income decreased $155 million (24.4%) to $481 million in the second quarter of 2018, Adjusted Operating Income [1] increased $112 million (12.4%) to $1,018 million and Adjusted Operating Income on a constant currency basis [1] increased $102 million (11.3%) to $1,008 million due to the following:

	Operating Income	% Change
	(in millions)	
Operating Income for the Three Months Ended June 30, 2017	**$ 636**	
2014-2018 Restructuring Program costs [2]	199	
Intangible asset impairment charges	38	
Mark-to-market losses from derivatives [3]	46	
Malware incident incremental expenses	7	
Divestiture-related costs [4]	4	
Operating income from divestitures [4]	(28)	
Loss on divestiture [4]	3	
Other/rounding	1	
Adjusted Operating Income [1] for the Three Months Ended June 30, 2017	**$ 906**	
Higher net pricing	84	
Higher input costs	(18)	
Favorable volume/mix	43	
Lower selling, general and administrative expenses	19	
Property insurance recovery	(27)	
Other/rounding	1	
Total change in Adjusted Operating Income (constant currency) [1]	**102**	**11.3 %**
Favorable currency translation	10	
Total change in Adjusted Operating Income [1]	**112**	**12.4 %**
Adjusted Operating Income [1] for the Three Months Ended June 30, 2018	**$ 1,018**	
2014-2018 Restructuring Program costs [2]	(179)	
Mark-to-market gains from derivatives [3]	88	
Acquisition integration costs [5]	(2)	
Acquisition-related costs [4]	(13)	
Impact from pension participation changes [6]	(408)	
Impact from resolution of tax matters [7]	(11)	
CEO transition remuneration [1]	(10)	
Other/rounding	(2)	
Operating Income for the Three Months Ended June 30, 2018	**$ 481**	**(24.4)%**

(1) Refer to the *Non-GAAP Financial Measures* section at the end of this item.
(2) Refer to Note 7, *2014-2018 Restructuring Program,* for more information.
(3) Refer to Note 9, *Financial Instruments*, Note 16, *Segment Reporting*, and *Non-GAAP Financial Measures* section at the end of this item for more information on the unrealized gains/losses on commodity and forecasted currency transaction derivatives.
(4) Refer to Note 2, *Divestitures and Acquisitions*, for more information on prior-year divestitures and the June 7, 2018 acquisition of Tate's Bake Shop.
(5) Refer to our Annual Report on Form 10-K for the year ended December 31, 2017 for more information on the acquisition of a biscuit business in Vietnam.
(6) Refer to Note 10, *Benefit Plans*, for more information.
(7) Refer to Note 12, *Commitments and Contingencies – Tax Matters*, for more information.

During the second quarter of 2018, we realized higher net pricing, which was partially offset by increased input costs. Higher net pricing, which included the carryover impact of pricing actions taken in 2017 as well as the effects of input cost-driven pricing actions taken during 2018, was driven by Latin America, AMEA and North America, partially offset by lower net pricing in Europe. The increase in input costs was driven by higher raw material costs, primarily higher dairy, packaging, energy and oils costs, partially offset by lower manufacturing costs due to productivity efforts. Favorable volume/mix was driven by North America and Europe, which was partially offset by unfavorable volume/mix in AMEA and Latin America.

Total selling, general and administrative expenses increased $449 million from the second quarter of 2017, due to a number of factors noted in the table above, including in part, the impact from pension participation changes, a prior-year property insurance recovery, acquisition-related costs, the impact from the resolution of a tax matter, CEO transition remuneration and unfavorable currency impact. Excluding these factors, selling, general and administrative expenses decreased $19 million from the second quarter of 2017. The decrease was driven primarily by lower advertising and consumer promotion costs and lower overhead costs.

Favorable currency changes increased operating income by $10 million due primarily to the strength of several currencies relative to the U.S. dollar, including the euro, British pound sterling and Chinese yuan, partially offset by the strength of the U.S. dollar relative to several currencies, including the Argentinian peso, Brazilian real and Russian ruble.

Operating income margin decreased from 10.6% in the second quarter of 2017 to 7.9% in the second quarter of 2018. The decrease in operating income margin was driven primarily by the impact from pension participation changes, acquisition-related costs and the impact of prior-year divestitures, partially offset by the year-over-year favorable change in mark-to-market gains/(losses) from currency and commodity hedging activities, an increase in our Adjusted Operating Income margin, the absence of intangible asset impairment charges and lower 2014-2018 Restructuring Program costs. Adjusted Operating Income margin increased from 15.4% in the second quarter of 2017 to 16.7% in the second quarter of 2018. The increase in Adjusted Operating Income margin was driven primarily by lower manufacturing costs, lower advertising and consumer promotion costs and overhead leverage.

Net Earnings and Earnings per Share Attributable to Mondelēz International – Net earnings attributable to Mondelēz International of $323 million decreased by $175 million (35.1%) in the second quarter of 2018. Diluted EPS attributable to Mondelēz International was $0.22 in the second quarter of 2018, down $0.10 (31.3%) from the second quarter of 2017. Adjusted EPS [(1)] was $0.56 in the second quarter of 2018, up $0.08 (16.7%) from the second quarter of 2017. Adjusted EPS on a constant currency basis [(1)] was $0.55 in the second quarter of 2018, up $0.07 (14.6%) from the second quarter of 2017.

		Diluted EPS
Diluted EPS Attributable to Mondelēz International for the Three Months Ended June 30, 2017	**$**	**0.32**
2014-2018 Restructuring Program costs [(2)]		0.10
Intangible asset impairment charges		0.02
Mark-to-market losses from derivatives [(2)]		0.03
Malware incident incremental expenses		—
Divestiture-related costs [(2)]		—
Net earnings from divestitures [(2)]		(0.01)
Loss on divestiture [(2)]		—
Loss on debt extinguishment [(3)]		0.01
Equity method investee acquisition-related and other adjustments [(4)]		0.01
Adjusted EPS [(1)] for the Three Months Ended June 30, 2017	**$**	**0.48**
Increase in operations		0.06
Property insurance recovery		(0.01)
Increase in equity method investment net earnings		0.01
Changes in interest and other expense, net [(5)]		—
Changes in income taxes [(6)]		(0.01)
Changes in shares outstanding [(7)]		0.02
Adjusted EPS (constant currency) [(1)] for the Three Months Ended June 30, 2017	**$**	**0.55**
Favorable currency translation		0.01
Adjusted EPS [(1)] for the Three Months Ended June 30, 2018	**$**	**0.56**
2014-2018 Restructuring Program costs [(2)]		(0.09)
Mark-to-market gains from derivatives [(2)]		0.05
Acquisition integration costs [(2)]		—
Acquisition-related costs [(2)]		(0.01)
Impact from pension participation changes [(2)]		(0.20)
Impact from resolution of tax matters [(2)]		—
CEO transition remuneration [(2)]		(0.01)
Loss related to interest rate swaps [(8)]		—
Loss on debt extinguishment [(3)]		(0.07)
U.S. tax reform discrete net tax expense [(9)]		—
Equity method investee acquisition-related and other adjustments [(4)]		(0.01)
Diluted EPS Attributable to Mondelēz International for the Three Months Ended June 30, 2018	**$**	**0.22**

(1) Refer to the *Non-GAAP Financial Measures* section appearing later in this section.
(2) See the *Operating Income* table above and the related footnotes for more information.
(3) Refer to Note 8, *Debt and Borrowing Arrangements*, for more information on losses on debt extinguishment.
(4) Includes our proportionate share of unusual or infrequent items, such as acquisition and divestiture-related costs, restructuring program costs and discrete U.S. tax reform impacts recorded by our JDE and Keurig equity method investees.
(5) Excludes the currency impact on interest expense related to our non-U.S. dollar-denominated debt which is included in currency translation.
(6) Refer to Note 14, *Income Taxes*, for more information on the items affecting income taxes.
(7) Refer to Note 11, *Stock Plans*, for more information on our equity compensation programs and share repurchase program and Note 15, *Earnings per Share*, for earnings per share weighted-average share information.
(8) Refer to Note 9, *Financial Instruments*, for information on our interest rate swaps that we no longer designate as cash flow hedges.
(9) Refer to Note 14, *Income Taxes*, for more information on the impact of the U.S. tax reform.

Six Months Ended June 30:

	For the Six Months Ended June 30,			
	2018	2017	$ change	% change
	(in millions, except per share data)			
Net revenues	$ 12,877	$ 12,400	$ 477	3.8%
Operating income	1,705	1,461	244	16.7%
Net earnings attributable to Mondelēz International	1,261	1,128	133	11.8%
Diluted earnings per share attributable to Mondelēz International	0.84	0.73	0.11	15.1%

Net Revenues – Net revenues increased $477 million (3.8%) to $12,877 million in the first six months of 2018, and Organic Net Revenue [(1)] increased $353 million (2.9%) to $12,507 million. Power Brands net revenues increased 6.8%, including a favorable currency impact, and Power Brands Organic Net Revenue increased 3.7%. Emerging markets net revenues increased 4.0%, including an unfavorable currency impact, and emerging markets Organic Net Revenue increased 5.1%. The underlying changes in net revenues and Organic Net Revenue are detailed below:

	2018
Change in net revenues (by percentage point)	
Total change in net revenues	**3.8 %**
Add back the following items affecting comparability:	
Favorable currency	(2.9)pp
Impact of acquisition	(0.1)pp
Impact of divestitures	2.1 pp
Total change in Organic Net Revenue [(1)]	**2.9 %**
Favorable volume/mix	1.9 pp
Higher net pricing	1.0 pp

(1) Please see the *Non-GAAP Financial Measures* section at the end of this item.

Net revenue increase of 3.8% was driven by our underlying Organic Net Revenue growth of 2.9%, favorable currency and the impact of an acquisition, partially offset by the impact of divestitures. Our underlying Organic Net Revenue growth was driven by favorable volume/mix and higher net pricing. Favorable volume mix included the benefit from lapping last year's malware incident, partially offset by the unfavorable impact from the Brazil trucking strike. Favorable volume/mix was reflected in Europe, North America and AMEA, partially offset by unfavorable volume/mix in Latin America. Net pricing was up, which includes the benefit of carryover pricing from 2017 as well as the effects of input cost-driven pricing actions taken during 2018. Higher net pricing was reflected in Latin America and AMEA, partially offset by lower net pricing in Europe. Favorable currency impacts increased net revenues by $363 million, due primarily to the strength of several currencies relative to the U.S. dollar, including the euro, British pound sterling and Chinese yuan, partially offset by the strength of the U.S. dollar relative to several other currencies, including the Argentinian peso and Brazilian real. The June 7, 2018 acquisition of a U.S. premium biscuit company, Tate’s Bake Shop, added net revenues of $7 million in the first six months of 2018. The impact of divestitures that occurred in 2017 resulted in a year-over-year decline in net revenues of $246 million. Refer to Note 2, *Divestitures and Acquisitions,* for additional information.

Operating Income – Operating income increased $244 million (16.7%) to $1,705 million in the first six months of 2018, Adjusted Operating Income [1] increased $212 million (10.9%) to $2,151 million and Adjusted Operating Income on a constant currency basis [1] increased $133 million (6.9%) to $2,072 million due to the following:

	Operating Income	% Change
	(in millions)	
Operating Income for the Six Months Ended June 30, 2017	**$ 1,461**	
2014-2018 Restructuring Program costs [2]	410	
Intangible asset impairment charges	38	
Mark-to-market losses from derivatives [3]	97	
Malware incident incremental expenses	7	
Acquisition integration costs [4]	1	
Divestiture-related costs [5]	23	
Operating income from divestitures [5]	(55)	
Loss on divestiture [5]	3	
Impact from resolution of tax matters [6]	(46)	
Adjusted Operating Income [1] for the Six Months Ended June 30, 2017	**$ 1,939**	
Higher net pricing	126	
Higher input costs	(87)	
Favorable volume/mix	58	
Lower selling, general and administrative expenses	39	
VAT-related settlement	21	
Property insurance recovery	(27)	
Other	3	
Total change in Adjusted Operating Income (constant currency) [1]	**133**	**6.9%**
Favorable currency translation	79	
Total change in Adjusted Operating Income [1]	**212**	**10.9%**
Adjusted Operating Income [1] for the Six Months Ended June 30, 2018	**$ 2,151**	
2014-2018 Restructuring Program costs [2]	(293)	
Mark-to-market gains from derivatives [3]	294	
Acquisition integration costs [4]	(3)	
Acquisition-related costs [5]	(13)	
Divestiture-related costs [5]	3	
Impact from pension participation changes [7]	(408)	
Impact from resolution of tax matters [6]	(11)	
CEO transition remuneration [1]	(14)	
Other/rounding	(1)	
Operating Income for the Six Months Ended June 30, 2018	**$ 1,705**	**16.7%**

(1) Refer to the *Non-GAAP Financial Measures* section at the end of this item.
(2) Refer to Note 7, *2014-2018 Restructuring Program,* for more information.
(3) Refer to Note 9, *Financial Instruments*, Note 16, *Segment Reporting*, and *Non-GAAP Financial Measures* section at the end of this item for more information on the unrealized gains/losses on commodity and forecasted currency transaction derivatives.
(4) Refer to our Annual Report on Form 10-K for the year ended December 31, 2017 for more information on the acquisition of a biscuit business in Vietnam.
(5) Refer to Note 2, *Divestitures and Acquisitions*, for more information on prior-year divestitures and the June 7, 2018 acquisition of Tate's Bake Shop.
(6) Refer to Note 12, *Commitments and Contingencies – Tax Matters*, for more information.
(7) Refer to Note 10, Benefit Plans, for more information.

During the first six months of 2018, we realized modestly higher net pricing, which was mostly offset by increased input costs. Higher net pricing, which included the carryover impact of pricing actions taken in 2017 as well as the effects of input cost-driven pricing actions taken during 2018, was driven by Latin America and AMEA, partially offset by lower net pricing in Europe. The increase in input costs was driven by higher raw material costs, primarily higher dairy, packaging, energy, oils and grain costs, partially offset by lower manufacturing costs due to productivity efforts. Favorable volume/mix was driven by Europe and North America, which was partially offset by unfavorable volume/mix in Latin America and AMEA.

Total selling, general and administrative expenses increased $493 million from the first six months of 2017, due to a number of factors noted in the table above, including in part, the impact from pension participation changes, unfavorable currency impact, impacts from the resolution of tax matters, a prior-year property insurance recovery, acquisition-related costs and CEO transition remuneration. The increases were partially offset by lower divestiture-related costs, a value-added tax (“VAT”) related settlement in 2018 and lower implementation costs incurred for the 2014-2018 Restructuring Program. Excluding these factors, selling, general and administrative expenses decreased $39 million from the first six months of 2017. The decrease was driven primarily by lower advertising and consumer promotion costs.

We recorded a benefit of $21 million from a VAT-related settlement in Latin America in the first six months of 2018. Favorable currency changes increased operating income by $79 million due primarily to the strength of several currencies relative to the U.S. dollar, including the euro, British pound sterling and Chinese yuan, partially offset by the strength of the U.S. dollar relative to several currencies, including the Argentinian peso and Brazilian real.

Operating income margin increased from 11.8% in the first six months of 2017 to 13.2% in the first six months of 2018. The increase in operating income margin was driven primarily by the year-over-year favorable change in mark-to-market gains/(losses) from currency and commodity hedging activities, lower 2014-2018 Restructuring Program costs, an increase in our Adjusted Operating Income margin, the absence of intangible asset impairment charges and lower divestiture-related costs, partially offset by the impact from pension participation changes, a prior-year impact from the resolution of a tax matter and the impact of prior-year divestitures. Adjusted Operating Income margin increased from 16.0% in the first six months of 2017 to 16.7% in the first six months of 2018. The increase in Adjusted Operating Income margin was driven primarily by lower advertising and consumer promotion costs and overhead leverage.

Net Earnings and Earnings per Share Attributable to Mondelēz International – Net earnings attributable to Mondelēz International of $1,261 million increased by $133 million (11.8%) in the first six months of 2018. Diluted EPS attributable to Mondelēz International was $0.84 in the first six months of 2018, up $0.11 (15.1%) from the first six months of 2017. Adjusted EPS [1] was $1.17 in the first six months of 2018, up $0.17 (17.0%) from the first six months of 2017. Adjusted EPS on a constant currency basis [1] was $1.12 in the first six months of 2018, up $0.12 (12.0%) from the first six months of 2017.

		Diluted EPS
Diluted EPS Attributable to Mondelēz International for the Six Months Ended June 30, 2017	**$**	**0.73**
2014-2018 Restructuring Program costs [2]		0.21
Intangible asset impairment charges		0.02
Mark-to-market losses from derivatives [2]		0.06
Malware incident incremental expenses		—
Acquisition integration costs [2]		—
Divestiture-related costs [2]		0.01
Net earnings from divestitures [2]		(0.03)
Loss on divestiture [2]		—
Impact from resolution of tax matters [2]		(0.04)
Loss on debt extinguishment [3]		0.01
Equity method investee acquisition-related and other adjustments [4]		0.03
Adjusted EPS [1] for the Six Months Ended June 30, 2017	**$**	**1.00**
Increase in operations		0.06
VAT-related settlements		0.01
Property insurance recovery		(0.01)
Increase in equity method investment net earnings		0.02
Changes in interest and other expense, net [5]		0.02
Changes in income taxes [6]		(0.01)
Changes in shares outstanding [7]		0.03
Adjusted EPS (constant currency) [1] for the Six Months Ended June 30, 2018	**$**	**1.12**
Favorable currency translation		0.05
Adjusted EPS [1] for the Six Months Ended June 30, 2018	**$**	**1.17**
2014-2018 Restructuring Program costs [2]		(0.15)
Mark-to-market gains from derivatives [2]		0.17
Acquisition integration costs [2]		—
Acquisition-related costs [2]		(0.01)
Divestiture-related costs [2]		—
Impact from pension participation changes [2]		(0.20)
Impact from resolution of tax matters [2]		—
CEO transition remuneration [2]		(0.01)
Net gain related to interest rate swaps [8]		0.01
Loss on debt extinguishment [3]		(0.07)
U.S. tax reform discrete net tax expense [9]		(0.06)
Equity method investee acquisition-related and other adjustments [4]		(0.01)
Diluted EPS Attributable to Mondelēz International for the Six Months Ended June 30, 2018	**$**	**0.84**

(1) Refer to the *Non-GAAP Financial Measures* section appearing later in this section.
(2) See the *Operating Income* table above and the related footnotes for more information.
(3) Refer to Note 8, *Debt and Borrowing Arrangements*, for more information on losses on debt extinguishment.

(4) Includes our proportionate share of unusual or infrequent items, such as acquisition and divestiture-related costs, restructuring program costs and discrete U.S. tax reform impacts recorded by our JDE and Keurig equity method investees.
(5) Excludes the currency impact on interest expense related to our non-U.S. dollar-denominated debt which is included in currency translation.
(6) Refer to Note 14, *Income Taxes*, for more information on the items affecting income taxes.
(7) Refer to Note 11, *Stock Plans*, for more information on our equity compensation programs and share repurchase program and Note 15, *Earnings per Share*, for earnings per share weighted-average share information.
(8) Refer to Note 9, *Financial Instruments*, for information on our interest rate swaps that we no longer designate as cash flow hedges.
(9) Refer to Note 14, *Income Taxes*, for more information on the impact of the U.S. tax reform.

Table of Contents

Results of Operations by Reportable Segment

Our operations and management structure are organized into four reportable operating segments:

- Latin America
- AMEA
- Europe
- North America

We manage our operations by region to leverage regional operating scale, manage different and changing business environments more effectively and pursue growth opportunities as they arise in our key markets. Our regional management teams have responsibility for the business, product categories and financial results in the regions.

We use segment operating income to evaluate segment performance and allocate resources. We believe it is appropriate to disclose this measure to help investors analyze segment performance and trends. See Note 16, *Segment Reporting,* for additional information on our segments and *Items Affecting Comparability of Financial Results* earlier in this section for items affecting our segment operating results.

Our segment net revenues and earnings were:

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2018	2017	2018	2017
	(in millions)			
Net revenues:				
Latin America	$ 774	$ 848	$ 1,665	$ 1,758
AMEA	1,360	1,394	2,902	2,885
Europe	2,303	2,171	5,009	4,536
North America	1,675	1,573	3,301	3,221
Net revenues	$ 6,112	$ 5,986	$ 12,877	$ 12,400
Earnings before income taxes:				
Operating income:				
Latin America	$ 92	$ 102	$ 218	$ 213
AMEA	177	161	405	342
Europe	367	321	864	714
North America	(95)	225	180	517
Unrealized gains/(losses) on hedging activities (mark-to-market impacts)	88	(46)	294	(97)
General corporate expenses	(91)	(80)	(155)	(137)
Amortization of intangibles	(44)	(44)	(88)	(88)
Loss on divestiture	—	(3)	—	(3)
Acquisition-related costs	(13)	—	(13)	—
Operating income	481	636	1,705	1,461
Benefit plan non-service income [(1)]	15	5	28	20
Interest and other expense, net	(248)	(124)	(328)	(243)
Earnings before income taxes	$ 248	$ 517	$ 1,405	$ 1,238

(1) During the first quarter of 2018, in connection with adopting a new pension cost classification accounting standard, we reclassified certain of our benefit plan component costs other than service costs out of operating income into a new line item, benefit plan non-service income, on our condensed consolidated statements of earnings. As such, we have recast our historical operating income and segment operating income to reflect this reclassification, which had no impact to earnings before income taxes or net earnings.

Latin America

	For the Three Months Ended June 30,			
	2018	2017	$ change	% change
	(in millions)			
Net revenues	$ 774	$ 848	$ (74)	(8.7)%
Segment operating income	92	102	(10)	(9.8)%

	For the Six Months Ended June 30,			
	2018	2017	$ change	% change
	(in millions)			
Net revenues	$ 1,665	$ 1,758	$ (93)	(5.3)%
Segment operating income	218	213	5	2.3 %

Three Months Ended June 30:

Net revenues decreased $74 million (8.7%), due to unfavorable currency (12.5 pp) and unfavorable volume/mix (2.3 pp), partially offset by higher net pricing (6.1 pp). Unfavorable currency impacts were due primarily to the strength of the U.S. dollar relative to the Argentinean peso, Brazilian real and Mexican peso. Unfavorable volume/mix was largely due to the negative impact of the Brazil trucking strike, partially offset by lapping last year's malware incident. Unfavorable volume/mix was driven by declines in all categories except biscuits. Higher net pricing was reflected across all categories, driven primarily by Argentina, Mexico and Brazil.

Segment operating income decreased $10 million (9.8%), primarily due to higher raw material costs, higher other selling, general and administrative expenses, unfavorable volume/mix, unfavorable currency and higher costs incurred for the 2014-2018 Restructuring Program. These unfavorable items were partially offset by higher net pricing, lower manufacturing costs and lower advertising and consumer promotion costs.

Six Months Ended June 30:

Net revenues decreased $93 million (5.3%), due to unfavorable currency (8.3 pp) and unfavorable volume/mix (3.1 pp), partially offset by higher net pricing (6.1 pp). Unfavorable currency impacts were due primarily to the strength of the U.S. dollar relative to the Argentinean peso and Brazilian real, partially offset by the strength of several currencies in the region relative to the U.S. dollar, primarily the Mexican peso. Unfavorable volume/mix was largely due to the negative impact of the Brazil trucking strike, partially offset by lapping last year's malware incident. Unfavorable volume/mix was driven by declines in all categories except biscuits. Higher net pricing was reflected across all categories, driven primarily by Argentina, Brazil and Mexico.

Segment operating income increased $5 million (2.3%), primarily due to higher net pricing, lower manufacturing costs and lower advertising and consumer promotion costs. These favorable items were partially offset by higher raw material costs, unfavorable volume/mix, unfavorable currency, higher other selling, general and administrative expenses (net of the benefit from a VAT-related settlement in 2018) and higher costs incurred for the 2014-2018 Restructuring Program.

AMEA

	For the Three Months Ended June 30,			
	2018	2017	$ change	% change
	(in millions)			
Net revenues	$ 1,360	$ 1,394	$ (34)	(2.4)%
Segment operating income	177	161	16	9.9 %

	For the Six Months Ended June 30,			
	2018	2017	$ change	% change
	(in millions)			
Net revenues	$ 2,902	$ 2,885	$ 17	0.6 %
Segment operating income	405	342	63	18.4 %

Three Months Ended June 30:

Net revenues decreased $34 million (2.4%), due to the impact of divestitures (4.8 pp) and unfavorable volume/mix (1.0 pp), partially offset by higher net pricing (2.7 pp) and favorable currency (0.7 pp). The impact of divestitures, primarily related to the grocery & cheese business in Australia and New Zealand that was divested on July 4, 2017, resulted in a year-over-year decline in net revenues of $66 million for the second quarter of 2018. Unfavorable volume/mix, including the impact of the shift of Easter-related shipments into the first quarter, was driven by declines in refreshment beverages, cheese & grocery and candy, partially offset by gains in biscuits, chocolate and gum. Higher net pricing was reflected across all categories. Favorable currency impacts were due primarily to the strength of several currencies in the region relative to the U.S. dollar, including the Chinese yuan, South African rand and Australian dollar, partially offset by the strength of the U.S. dollar relative to several currencies in the region, including the Indian rupee, Philippine peso and Nigerian naira.

Segment operating income increased $16 million (9.9%), primarily due to higher net pricing, lower costs incurred for the 2014-2018 Restructuring Program, lower manufacturing costs, lower advertising and consumer promotion costs and favorable currency. These favorable items were partially offset by higher raw material costs, higher other selling, general and administrative expenses (including the lapping of a prior-year property insurance recovery), unfavorable volume/mix and the impact of divestitures.

Six Months Ended June 30:

Net revenues increased $17 million (0.6%), due to favorable currency (2.4 pp), higher net pricing (1.9 pp) and favorable volume/mix (0.8 pp), partially offset by the impact of divestitures (4.5 pp). Favorable currency impacts were due primarily to the strength of several currencies in the region relative to the U.S. dollar, including the Chinese yuan, South African rand and Australian dollar, partially offset by the strength of the U.S. dollar relative to several currencies in the region, including the Nigerian naira and Philippine peso. Higher net pricing was reflected across all categories except gum. Favorable volume/mix, including the shift of Chinese New Year into the first quarter of 2018, was driven by gains in chocolate, biscuits and gum, partially offset by declines in refreshment beverages, cheese & grocery and candy. The impact of divestitures, primarily related to the grocery & cheese business in Australia and New Zealand that was divested on July 4, 2017, resulted in a year-over-year decline in net revenues of $125 million for the first six months of 2018.

Segment operating income increased $63 million (18.4%), primarily due to higher net pricing, lower costs incurred for the 2014-2018 Restructuring Program, lower advertising and consumer promotion costs, lower manufacturing costs and favorable currency. These favorable items were partially offset by higher raw material costs, the impact of divestitures, higher other selling, general and administrative expenses (including the lapping of a prior-year property insurance recovery) and unfavorable volume/mix.

Europe

	For the Three Months Ended June 30,			
	2018	2017	$ change	% change
	(in millions)			
Net revenues	$ 2,303	$ 2,171	$ 132	6.1%
Segment operating income	367	321	46	14.3%

	For the Six Months Ended June 30,			
	2018	2017	$ change	% change
	(in millions)			
Net revenues	$ 5,009	$ 4,536	$ 473	10.4%
Segment operating income	864	714	150	21.0%

Three Months Ended June 30:

Net revenues increased $132 million (6.1%), due to favorable currency (5.5 pp) and favorable volume/mix (3.5 pp), partially offset by the impact of divestitures (2.2 pp) and lower net pricing (0.7 pp). Favorable currency impacts reflected the strength of several currencies relative to the U.S. dollar, primarily the euro, British pound sterling, Polish zloty and Czech koruna. Favorable volume/mix included the benefit from lapping last year's malware incident partially offset by the shift of Easter-related shipments into the first quarter of 2018. Favorable volume/mix was driven by chocolate, biscuits and candy, partially offset by declines in cheese & grocery, gum and refreshment beverages. The impact of divestitures, primarily due to the sale of a confectionery business in France, resulted in a year-over-year decline in net revenues of $44 million for the second quarter of 2018. Lower net pricing was driven by biscuits, chocolate, gum and refreshment beverages, partially offset by higher net pricing in cheese & grocery and candy.

Segment operating income increased $46 million (14.3%), primarily due to favorable volume/mix, lower manufacturing costs and favorable currency. These favorable items were partially offset by lower net pricing, the impact of divestitures, higher costs incurred for the 2014-2018 Restructuring Program and higher advertising and consumer promotion costs.

Six Months Ended June 30:

Net revenues increased $473 million (10.4%), due to favorable currency (9.7 pp) and favorable volume/mix (4.6 pp), partially offset by the impact of divestitures (3.1 pp) and lower net pricing (0.8 pp). Favorable currency impacts reflected the strength of several currencies relative to the U.S. dollar, primarily the euro, British pound sterling, Polish zloty and Czech koruna. Favorable volume/mix included the benefit from lapping last year's malware incident. Favorable volume/mix was driven by chocolate, biscuits and candy, partially offset by declines in cheese & grocery, gum and refreshment beverages. The impact of divestitures, primarily due to the sale of a confectionery business in France, resulted in a year-over-year decline in net revenues of $121 million for the first six months of 2018. Lower net pricing was driven by chocolate, biscuits and gum, partially offset by higher net pricing in cheese & grocery, candy and refreshment beverages.

Segment operating income increased $150 million (21.0%), primarily due to favorable volume/mix, favorable currency, lower manufacturing costs, lower costs incurred for the 2014-2018 Restructuring Program and lower divestiture-related costs. These favorable items were partially offset by lapping the prior-year benefit from the settlement of a Cadbury tax matter, higher raw material costs, lower net pricing, the impact of divestitures and higher other selling, general and administrative expenses.

North America

	For the Three Months Ended June 30,			
	2018	2017	$ change	% change
	(in millions)			
Net revenues	$ 1,675	$ 1,573	$ 102	6.5 %
Segment operating income	(95)	225	(320)	(142.2)%

	For the Six Months Ended June 30,			
	2018	2017	$ change	% change
	(in millions)			
Net revenues	$ 3,301	$ 3,221	$ 80	2.5 %
Segment operating income	180	517	(337)	(65.2)%

Three Months Ended June 30:

Net revenues increased $102 million (6.5%), due to favorable volume/mix (5.1 pp), higher net pricing (0.6 pp), favorable currency (0.4 pp) and the impact of an acquisition (0.4 pp). Favorable volume/mix included the benefit from lapping last year's malware incident partially offset by the shift of Easter-related shipments into the first quarter of 2018. Favorable volume/mix was driven by gains in biscuits and candy, partially offset by declines in gum and chocolate. Higher net pricing was reflected in biscuits and gum, partially offset by lower net pricing in candy and chocolate. Favorable currency impact was due to the strength of the Canadian dollar relative to the U.S. dollar. The June 7, 2018 acquisition of a U.S. premium biscuit company, Tate’s Bake Shop, added net revenues of $7 million in the second quarter of 2018.

Segment operating income decreased $320 million (142.2%), primarily due to the impact from pension participation changes and higher manufacturing costs. These unfavorable items were partially offset by favorable volume/mix, the lapping of prior-year intangible asset impairment charges, higher net pricing, lower raw material costs and lower advertising and consumer promotion costs.

Six Months Ended June 30:

Net revenues increased $80 million (2.5%), due to favorable volume/mix (1.9 pp), favorable currency (0.4 pp) and the impact of an acquisition (0.2 pp), while net pricing was flat. Favorable volume/mix included the benefit from lapping last year's malware incident. Favorable volume/mix was driven by gains in biscuits and candy, partially offset by declines in gum and chocolate. Favorable currency impact was due to the strength of the Canadian dollar relative to the U.S. dollar. The June 7, 2018 acquisition of a U.S. premium biscuit company, Tate’s Bake Shop, added net revenues of $7 million in the first six months of 2018. Net pricing was flat as higher net pricing in gum was offset by lower net pricing in chocolate, candy and biscuits.

Segment operating income decreased $337 million (65.2%), primarily due to the impact from pension participation changes and higher manufacturing costs. These unfavorable items were partially offset by the lapping of prior-year intangible asset impairment charges, lower raw material costs, lower advertising and consumer promotion costs, lower costs incurred for the 2014-2018 Restructuring Program, favorable volume/mix and lower other selling, general and administrative expenses.

Liquidity and Capital Resources

We believe that cash from operations, our revolving credit facilities and our authorized long-term financing will provide sufficient liquidity for our working capital needs, planned capital expenditures, future contractual obligations, share repurchases, transition tax liability on our historical accumulated foreign earnings due to the U.S. tax reform and payment of our anticipated quarterly dividends. We continue to utilize our commercial paper program, international credit lines and long-term debt issuances for our funding requirements. We also use intercompany loans with our international subsidiaries to improve financial flexibility. Overall, we do not expect any negative effects to our funding sources that would have a material effect on our liquidity.

Net Cash Provided by Operating Activities:
Net cash provided by operating activities was $1,182 million in the first six months of 2018 and $262 million in the first six months of 2017. The increase in net cash provided by operating activities was due primarily to higher net earnings, improved working capital trends as well as lower pension contributions in the first six months of 2018 than in the first six months of 2017.

Net Cash Used in Investing Activities:
Net cash used in investing activities was $1,041 million in the first six months of 2018 and $286 million in the first six months of 2017. The increase in net cash used in investing activities primarily relates to $528 million paid to acquire the Tate's Bake Shop business in the second quarter of 2018, the absence of proceeds from divestitures received in the prior year and higher capital expenditures of $532 million in the first six months of 2018 compared to $488 million in the first six months of 2017. We continue to make capital expenditures primarily to modernize manufacturing facilities and support new product and productivity initiatives. We expect 2018 capital expenditures to be up to $1.0 billion, including capital expenditures in connection with our 2014-2018 Restructuring Program. We expect to continue to fund these expenditures from operations.

Net Cash Provided by/(Used in) Financing Activities:
Net cash provided by financing activities was $389 million in the first six months of 2018 and net cash used in financing activities was $376 million in the first six months of 2017. The increase in net cash provided by financing activities was primarily due to higher net debt issuances partially offset by higher share repurchases and dividends paid.

Debt:
From time to time we refinance long-term and short-term debt. Refer to Note 8, *Debt and Borrowing Arrangements*, for details of our debt activity during the first six months of 2018. The nature and amount of our long-term and short-term debt and the proportionate amount of each varies as a result of current and expected business requirements, market conditions and other factors. Due to seasonality, in the first and second quarters of the year, our working capital requirements grow, increasing the need for short-term financing. The second half of the year typically generates higher cash flows. As such, we may issue commercial paper or secure other forms of financing throughout the year to meet short-term working capital needs.

During 2016, one of our subsidiaries, Mondelez International Holdings Netherlands B.V. (“MIHN”), issued debt totaling $4.5 billion. The operations held by MIHN generated approximately 74.4% (or $9.6 billion) of the $12.9 billion of consolidated net revenue in the six months ended June 30, 2018. The operations held by MIHN represented approximately 79.1% (or $20.0 billion) of the $25.3 billion of net assets as of June 30, 2018 and 75.5% (or $19.8 billion) of the $26.2 billion of net assets as of December 31, 2017.

On February 3, 2017, our Board of Directors approved a new $5.0 billion long-term financing authority to replace the prior authority. As of June 30, 2018, we had $1.7 billion of long-term financing authority remaining.

In the next 12 months, we expect approximately $780 million of long-term debt will mature as follows: £76 million ($100 million as of June 30, 2018) in July 2018, $280 million in August 2018 and $400 million in February 2019. We expect to fund these repayments with a combination of cash from operations and the issuance of commercial paper or long-term debt.

Our total debt was $19.7 billion at June 30, 2018 and $17.7 billion at December 31, 2017. Our debt-to-capitalization ratio was 0.44 at June 30, 2018 and 0.40 at December 31, 2017. At June 30, 2018, the weighted-average term of our outstanding long-term debt was 6.1 years. Our average daily commercial paper borrowings outstanding were $4.6 billion in the first six months of 2018 and $4.2 billion in the first six months of 2017. We had commercial paper outstanding totaling totaling $3.9 billion as of June 30, 2018 and $3.4 billion as of December 31, 2017. We expect to continue to use commercial paper to finance various short-term financing needs. We continue to comply with our debt covenants. Refer to Note 8, *Debt and Borrowing Arrangements*, for more information on our debt and debt covenants.

Commodity Trends

We regularly monitor worldwide supply, commodity cost and currency trends so we can cost-effectively secure ingredients, packaging and fuel required for production. During the first six months of 2018, the primary drivers of the increase in our aggregate commodity costs were increased costs for dairy, packaging, energy, grains & oils and other raw materials, partially offset by lower costs for cocoa, sugar and nuts.

A number of external factors such as weather conditions, commodity market conditions, currency fluctuations and the effects of governmental agricultural or other programs affect the cost and availability of raw materials and agricultural materials used in our products. We address higher commodity costs and currency impacts primarily through hedging, higher pricing and manufacturing and overhead cost control. We use hedging techniques to limit the impact of fluctuations in the cost of our principal raw materials; however, we may not be able to fully hedge against commodity cost changes, such as dairy, where there is a limited ability to hedge, and our hedging strategies may not protect us from increases in specific raw material costs. Due to competitive or market conditions, planned trade or promotional incentives, fluctuations in currency exchange rates or other factors, our pricing actions may also lag commodity cost changes temporarily.

We expect price volatility and a slightly higher aggregate cost environment to continue in 2018. 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.

Off-Balance Sheet Arrangements and Aggregate Contractual Obligations

See Note 8, *Debt and Borrowing Arrangements*, for information on debt transactions during 2018, Note 10, *Benefit Plans*, for information on the long-term multiemployer pension plan partial withdrawal liability and Note 14, *Income Taxes*, for updates on the U.S. tax reform transition liability. There were no other material changes to our off-balance sheet arrangements and aggregate contractual obligations disclosed in our Annual Report on Form 10-K for the year ended December 31, 2017. We expect to have sufficient cash from operating activities and access to capital markets to fund our obligations. See Note 12, *Commitments and Contingencies*, for a discussion of guarantees.

Equity and Dividends

Stock Plans and Share Repurchases:
See Note 11, *Stock Plans*, for more information on our stock plans, grant activity and share repurchase program for the six months ended June 30, 2018.

We intend to continue to use a portion of our cash for share repurchases. Between 2013 and 2017, our Board of Directors authorized the repurchase of a total of $13.7 billion of our Common Stock through December 31, 2018. On January 31, 2018, our Finance Committee, with authorization delegated from our Board of Directors, approved an increase of $6.0 billion in the share repurchase program, raising the authorization to $19.7 billion of Common Stock repurchases, and extended the program through December 31, 2020.

We repurchased shares at an aggregate cost of $14.2 billion, at a weighted-average cost of $39.08 per share, through June 30, 2018 ($1.2 billion in the first six months of 2018, $2.2 billion in 2017, $2.6 billion in 2016, $3.6 billion in 2015, $1.9 billion in 2014 and $2.7 billion in 2013). The number of shares that we ultimately repurchase under our share repurchase program may vary depending on numerous factors, including share price and other market conditions, our ongoing capital allocation planning, levels of cash and debt balances, other demands for cash, such as acquisition activity, general economic or business conditions and board and management discretion. Additionally, our share repurchase activity during any particular period may fluctuate. We may accelerate, suspend, delay or discontinue our share repurchase program at any time, without notice.

Dividends:
We paid dividends of $657 million in the first six months of 2018 and $581 million in the first six months of 2017. On July 25, 2018, the Finance Committee, with authorization delegated from our Board of Directors, declared a quarterly cash dividend of $0.26 per share of Class A Common Stock, an increase of 18 percent, which would be $1.04 per common share on an annualized basis. This dividend is payable on October 12, 2018, to shareholders of record as of September 28, 2018. The declaration of dividends is subject to the discretion of our Board of Directors and depends on various factors, including our net earnings, financial condition, cash requirements, future prospects and other factors that our Board of Directors deems relevant to its analysis and decision making.

We anticipate that the 2018 distributions will be characterized as dividends under U.S. federal income tax rules. The final determination will be made after the 2018 year–end and reflected on an IRS Form 1099–DIV issued in early 2019.

Significant Accounting Estimates

We prepare our condensed consolidated financial statements in conformity with U.S. GAAP. The preparation of these financial statements requires the use of estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the periods presented. Actual results could differ from those estimates and assumptions. Our significant accounting policies are described in Note 1 to our consolidated financial statements in our Annual Report on Form 10-K for the year ended December 31, 2017. Our significant accounting estimates are described in *Management's Discussion and Analysis of Financial Condition and Results of Operations* in our Annual Report on Form 10-K for the year ended December 31, 2017. See Note 1, *Basis of Presentation*, for a discussion of the impact of new accounting standards. There were no changes in our accounting policies in the current period that had a material impact on our financial statements.

New Accounting Guidance:
See Note 1, *Basis of Presentation*, for a discussion of new accounting standards.

Contingencies:
See Note 12, *Commitments and Contingencies*, and Part II, Item 1. *Legal Proceedings,* for a discussion of contingencies.

Forward-Looking Statements

This report contains a number of forward-looking statements. Words, and variations of words, such as “will,” “may,” “expect,” “would,” “could,” “might,” “intend,” “plan,” “believe,” “estimate,” “anticipate,” “predict,” “deliver,” “drive,” “seek,” “aim,” “outlook” and similar expressions are intended to identify our forward-looking statements, including but not limited to statements about: our future performance, including our future revenue growth and margins; price volatility and pricing actions; the cost environment and measures to address increased costs; our tax rate, tax positions, tax proceedings and estimates of the impact of U.S. tax reform on our results; the U.K.'s planned exit from the European Union and its impact on our results; the costs of, timing of expenditures under and completion of our restructuring program; commodity prices and supply; investments; political and economic conditions and volatility; currency exchange rates, controls and restrictions; the application of highly inflationary accounting for our Argentinian subsidiaries and the potential impacts from changing to highly inflationary accounting in other countries; overhead costs; the gain on the conversion of our investment in Keurig into an investment in Keurig Dr Pepper and our investment and governance rights in Keurig Dr Pepper; matters related to the acquisition of a U.S. premium biscuit company; the outcome and effects on us of legal proceedings and government investigations; the estimated value of intangible assets; amortization expense for intangible assets; impairment of intangible assets and our projections of operating results and other factors that may affect our impairment testing; our accounting estimates and judgments and the impact of new accounting pronouncements; pension expenses, contributions and assumptions; our liability related to our partial withdrawal from the Bakery and Confectionery Union and Industry International Pension Fund and timing of receipt of the assessment from the Fund; the impacts of the malware incident; our liquidity, funding sources and uses of funding, including our use of commercial paper; our risk management program, including the use of financial instruments and the impacts and effectiveness of our hedging activities; working capital; capital expenditures and funding; share repurchases; dividends; the characterization of 2018 distributions as dividends; long-term value and return on investment for our shareholders; and our contractual obligations.

These forward-looking statements involve risks and uncertainties, many of which are beyond our control. Important factors that could cause actual results to differ materially from those described in our forward-looking statements include, but are not limited to, risks from operating globally including in emerging markets; changes in currency exchange rates, controls and restrictions; continued volatility of commodity and other input costs; weakness in economic conditions; weakness in consumer spending; pricing actions; tax matters including changes in tax rates and laws, disagreements with taxing authorities and imposition of new taxes; use of information technology and third party service providers; unanticipated disruptions to our business, such as the malware incident, cyberattacks or other security breaches; competition; acquisitions and divestitures; the restructuring program and our other transformation initiatives not yielding the anticipated benefits; changes in the assumptions on which the restructuring program is based; protection of our reputation and brand image; management of our workforce; consolidation of retail customers and competition with retailer and other economy brands; changes in our relationships with suppliers or customers; legal, regulatory, tax or benefit law changes, claims or actions; our ability to innovate and differentiate our products; strategic transactions; significant changes in valuation factors that may adversely affect our impairment testing of goodwill and intangible assets; perceived or actual product quality issues or product recalls; failure to maintain effective internal control over financial reporting; volatility of and access to capital or other markets; pension costs; and our ability to protect our intellectual property and intangible assets. 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.

Non-GAAP Financial Measures

We use non-GAAP financial information and believe it is useful to investors as it provides additional information to facilitate comparisons of historical operating results, identify trends in our underlying operating results and provide additional insight and transparency on how we evaluate our business. We use non-GAAP financial measures to budget, make operating and strategic decisions and evaluate our performance. We have detailed the non-GAAP adjustments that we make in our non-GAAP definitions below. The adjustments generally fall within the following categories: acquisition & divestiture activities, gains and losses on intangible asset sales and non-cash impairments, major program restructuring activities, constant currency and related adjustments, major program financing and hedging activities and other major items affecting comparability of operating results. We believe the non-GAAP measures should always be considered along with the related U.S. GAAP financial measures. We have provided the reconciliations between the GAAP and non-GAAP financial measures below, and we also discuss our underlying GAAP results throughout our *Management's Discussion and Analysis of Financial Condition and Results of Operations* in this Form 10-Q.

Our primary non-GAAP financial measures are listed below and reflect how we evaluate our current and prior-year operating results. As new events or circumstances arise, these definitions could change. When our definitions change, we provide the updated definitions and present the related non-GAAP historical results on a comparable basis (1).

- "Organic Net Revenue" is defined as net revenues excluding the impacts of acquisitions, divestitures (2) and currency rate fluctuations (3). We also evaluate Organic Net Revenue growth from emerging markets and our Power Brands.

  - Our emerging markets include our Latin America region in its entirety; the AMEA region, excluding Australia, New Zealand and Japan; and the following countries from the Europe region: Russia, Ukraine, Turkey, Kazakhstan, Belarus, Georgia, Poland, Czech Republic, Slovak Republic, Hungary, Bulgaria, Romania, the Baltics and the East Adriatic countries. (Our developed markets include the entire North America region, the Europe region excluding the countries included in the emerging markets definition, and Australia, New Zealand and Japan from the AMEA region.)

  - Our Power Brands include some of our largest global and regional brands such as *Oreo, Chips Ahoy!, Ritz, TUC/Club Social* and *belVita* biscuits; *Cadbury Dairy Milk, Milka* and *Lacta* chocolate; *Trident* gum; *Halls* candy; and *Tang* powdered beverages.

- "Adjusted Operating Income" is defined as operating income excluding the impacts of the 2014-2018 Restructuring Program (4); gains or losses (including non-cash impairment charges) on goodwill and intangible assets; divestiture (2) or acquisition gains or losses and related divestiture (2), acquisition and integration costs (2); the operating results of divestitures (2); mark-to-market impacts from commodity and forecasted currency transaction derivative contracts (5); impact from resolution of tax matters (6); CEO transition remuneration (7); impact from pension participation changes (8); and incremental expenses related to the 2017 malware incident. We also present "Adjusted Operating Income margin," which is subject to the same adjustments as Adjusted Operating Income. We also evaluate growth in our Adjusted Operating Income on a constant currency basis (3).

- "Adjusted EPS" is defined as diluted EPS attributable to Mondelēz International from continuing operations excluding the impacts of the items listed in the Adjusted Operating Income definition as well as losses on debt extinguishment and related expenses; gain on the equity method investment transactions; net earnings from divestitures (2); gains or losses on interest rate swaps no longer designated as accounting cash flow hedges due to changed financing and hedging plans and U.S. tax reform discrete impacts (9). Similarly, within Adjusted EPS, our equity method investment net earnings exclude our proportionate share of our investees' unusual or infrequent items (10). We also evaluate growth in our Adjusted EPS on a constant currency basis (3).

(1) When items no longer impact our current or future presentation of non-GAAP operating results, we remove these items from our non-GAAP definitions. During the second quarter of 2018, we added to the non-GAAP definitions the exclusion of the impact from pension participation changes - see footnote (8) below.
(2) Divestitures include completed sales of businesses and exits of major product lines upon completion of a sale or licensing agreement. See Note 2, *Divestitures and Acquisitions*, for information on divestitures and acquisitions impacting the comparability of our results.

(3) Constant currency operating results are calculated by dividing or multiplying, as appropriate, the current-period local currency operating results by the currency exchange rates used to translate the financial statements in the comparable prior-year period to determine what the current-period U.S. dollar operating results would have been if the currency exchange rate had not changed from the comparable prior-year period.

(4) Non-GAAP adjustments related to the 2014-2018 Restructuring Program reflect costs incurred that relate to the objectives of our program to transform our supply chain network and organizational structure. Costs that do not meet the program objectives are not reflected in the non-GAAP adjustments.

(5) During the third quarter of 2016, we began to exclude unrealized gains and losses (mark-to-market impacts) from outstanding commodity and forecasted currency transaction derivatives from our non-GAAP earnings measures until such time that the related exposures impact our operating results. Since we purchase commodity and forecasted currency transaction contracts to mitigate price volatility primarily for inventory requirements in future periods, we made this adjustment to remove the volatility of these future inventory purchases on current operating results to facilitate comparisons of our underlying operating performance across periods. We also discontinued designating commodity and forecasted currency transaction derivatives for hedge accounting treatment. To facilitate comparisons of our underlying operating results, we have recast all historical non-GAAP earnings measures to exclude the mark-to-market impacts.

(6) See Note 12, *Commitments and Contingencies – Tax Matters,* and our Annual Report on Form 10-K for the year ended December 31, 2017 for additional information.

(7) On November 20, 2017, Dirk Van de Put succeeded Irene Rosenfeld as CEO of Mondelēz International in advance of her retirement at the end of March 2018. In order to incent Mr. Van de Put to join us, we provided him compensation with a total combined target value of $42.5 million to make him whole for incentive awards he forfeited or grants that were not made to him when he left his former employer. The compensation we granted took the form of cash, deferred stock units, performance share units and stock options. In connection with Irene Rosenfeld's retirement, we made her outstanding grants of performance share units for the 2016-2018 and 2017-2019 performance cycles eligible for continued vesting and approved a $0.5 million salary for her service as Chairman from January through March 2018. We refer to these elements of Mr. Van de Put's and Ms. Rosenfeld's compensation arrangements together as "CEO transition remuneration." We are excluding amounts we expense as CEO transition remuneration from our non-GAAP results because those amounts are not part of our regular compensation program and are incremental to amounts we would have incurred as ongoing CEO compensation. As a result, in 2017, we excluded amounts expensed for the cash payment to Mr. Van de Put and partial vesting of his equity grants. In 2018, we excluded amounts paid for Ms. Rosenfeld's service as Chairman and partial vesting of Mr. Van de Put's and Ms. Rosenfeld's equity grants.

(8) The impact from pension participation changes represents the charges incurred when employee groups are withdrawn from multiemployer pension plans and other changes in employee group pension plan participation. We exclude these charges from our non–GAAP results because those amounts do not reflect our ongoing pension obligations. See Note 10, *Benefit Plans*, for more information on the multiemployer pension plan partial withdrawal.

(9) On December 22, 2017, the United States enacted tax reform legislation that included a broad range of business tax provisions. As further detailed in Note 14, *Income Taxes*, our accounting for the new legislation is not complete and we have made reasonable estimates for some tax provisions. We exclude the discrete U.S. tax reform impacts from our Adjusted EPS as they do not reflect our ongoing tax obligations under U.S. tax reform.

(10) We have excluded our proportionate share of our equity method investees' unusual or infrequent items such as acquisition and divestiture related costs, restructuring program costs and discrete U.S. tax reform impacts, in order to provide investors with a comparable view of our performance across periods. Although we have shareholder rights and board representation commensurate with our ownership interests in our equity method investees and review the underlying operating results and unusual or infrequent items with them each reporting period, we do not have direct control over their operations or resulting revenue and expenses. Our use of equity method investment net earnings on an adjusted basis is not intended to imply that we have any such control. Our GAAP "diluted EPS attributable to Mondelēz International from continuing operations" includes all of the investees' unusual and infrequent items.

We believe that the presentation of these non-GAAP financial measures, when considered together with our U.S. GAAP financial measures and the reconciliations to the corresponding U.S. GAAP financial measures, provides you with a more complete understanding of the factors and trends affecting our business than could be obtained absent these disclosures. Because non-GAAP financial measures vary among companies, the non-GAAP financial measures presented in this report may not be comparable to similarly titled measures used by other companies. Our use of these non-GAAP financial measures is not meant to be considered in isolation or as a substitute for any U.S. GAAP financial measure. A limitation of these non-GAAP financial measures is they exclude items detailed below that have an impact on our U.S. GAAP reported results. The best way this limitation can be addressed is by evaluating our non-GAAP financial measures in combination with our U.S. GAAP reported results and carefully evaluating the following tables that reconcile U.S. GAAP reported figures to the non-GAAP financial measures in this Form 10-Q.

Organic Net Revenue:

Applying the definition of “Organic Net Revenue”, the adjustments made to “net revenues” (the most comparable U.S. GAAP financial measure) were to exclude the impact of currency, an acquisition and divestitures. We believe that Organic Net Revenue reflects the underlying growth from the ongoing activities of our business and provides improved comparability of results. We also evaluate our Organic Net Revenue growth from emerging markets and Power Brands, and these underlying measures are also reconciled to U.S. GAAP below.

	For the Three Months Ended June 30, 2018			For the Three Months Ended June 30, 2017		
	Emerging Markets	Developed Markets	Total	Emerging Markets	Developed Markets	Total
		(in millions)			(in millions)	
Net Revenue	$ 2,309	$ 3,803	$ 6,112	$ 2,304	$ 3,682	$ 5,986
Impact of currency	104	(130)	(26)	—	—	—
Impact of acquisition	—	(7)	(7)	—	—	—
Impact of divestitures	—	—	—	—	(110)	(110)
Organic Net Revenue	$ 2,413	$ 3,666	$ 6,079	$ 2,304	$ 3,572	$ 5,876

	For the Three Months Ended June 30, 2018			For the Three Months Ended June 30, 2017 (1)		
	Power Brands	Non-Power Brands	Total	Power Brands	Non-Power Brands	Total
		(in millions)			(in millions)	
Net Revenue	$ 4,548	$ 1,564	$ 6,112	$ 4,323	$ 1,663	$ 5,986
Impact of currency	(22)	(4)	(26)	—	—	—
Impact of acquisition	—	(7)	(7)	—	—	—
Impact of divestitures	—	—	—	—	(110)	(110)
Organic Net Revenue	$ 4,526	$ 1,553	$ 6,079	$ 4,323	$ 1,553	$ 5,876

	For the Six Months Ended June 30, 2018			For the Six Months Ended June 30, 2017		
	Emerging Markets	Developed Markets	Total	Emerging Markets	Developed Markets	Total
		(in millions)			(in millions)	
Net Revenue	$ 4,893	$ 7,984	$ 12,877	$ 4,706	$ 7,694	$ 12,400
Impact of currency	55	(418)	(363)	—	—	—
Impact of acquisition	—	(7)	(7)	—	—	—
Impact of divestitures	—	—	—	—	(246)	(246)
Organic Net Revenue	$ 4,948	$ 7,559	$ 12,507	$ 4,706	$ 7,448	$ 12,154

	For the Six Months Ended June 30, 2018			For the Six Months Ended June 30, 2017 (1)		
	Power Brands	Non-Power Brands	Total	Power Brands	Non-Power Brands	Total
		(in millions)			(in millions)	
Net Revenue	$ 9,685	$ 3,192	$ 12,877	$ 9,070	$ 3,330	$ 12,400
Impact of currency	(278)	(85)	(363)	—	—	—
Impact of acquisition	—	(7)	(7)	—	—	—
Impact of divestitures	—	—	—	—	(246)	(246)
Organic Net Revenue	$ 9,407	$ 3,100	$ 12,507	$ 9,070	$ 3,084	$ 12,154

(1) Each year we reevaluate our Power Brands and confirm the brands in which we will continue to make disproportionate investments. As such, we may make changes in our planned investments in primarily regional Power Brands following our annual review cycles. For 2018, we made limited changes to our list of regional Power Brands and as such, we reclassified 2017 Power Brand net revenues on a basis consistent with the current list of Power Brands.

Adjusted Operating Income:

Applying the definition of “Adjusted Operating Income”, the adjustments made to “operating income” (the most comparable U.S. GAAP financial measure) were to exclude 2014-2018 Restructuring Program costs; intangible asset impairment charges, mark-to-market impacts from commodity and forecasted currency transaction derivative contracts; malware incident incremental expenses, acquisition integration costs; acquisition-related costs; divestiture-related costs; the operating results of divestitures; loss on divestiture; the impact from pension participation changes; the impact from the resolution of tax matters; and CEO transition remuneration. We also evaluate Adjusted Operating Income on a constant currency basis. We believe these measures provide improved comparability of underlying operating results.

	For the Three Months Ended June 30,			
	2018	2017	$ Change	% Change
	(in millions)			
Operating Income	**$ 481**	**$ 636**	**$ (155)**	**(24.4)%**
2014-2018 Restructuring Program costs (1)	179	199	(20)	
Intangible asset impairment charges	—	38	(38)	
Mark-to-market (gains)/losses from derivatives (2)	(88)	46	(134)	
Malware incident incremental expenses	—	7	(7)	
Acquisition integration costs (3)	2	—	2	
Acquisition-related costs (4)	13	—	13	
Divestiture-related costs (4)	—	4	(4)	
Operating income from divestitures (4)	—	(28)	28	
Loss on divestiture (4)	—	3	(3)	
Impact from pension participation changes (5)	408	—	408	
Impact from resolution of tax matters (6)	11	—	11	
CEO transition remuneration (7)	10	—	10	
Other/rounding	2	1	1	
Adjusted Operating Income	**$ 1,018**	**$ 906**	**$ 112**	**12.4 %**
Impact of favorable currency	(10)	—	(10)	
Adjusted Operating Income (constant currency)	**$ 1,008**	**$ 906**	**$ 102**	**11.3 %**

	For the Six Months Ended June 30,			
	2018	2017	$ Change	% Change
	(in millions)			
Operating Income	**$ 1,705**	**$ 1,461**	**$ 244**	**16.7%**
2014-2018 Restructuring Program costs [1]	293	410	(117)	
Intangible asset impairment charges	—	38	(38)	
Mark-to-market (gains)/losses from derivatives [2]	(294)	97	(391)	
Malware incident incremental expenses	—	7	(7)	
Acquisition integration costs [3]	3	1	2	
Acquisition-related costs [4]	13	—	13	
Divestiture-related costs [4]	(3)	23	(26)	
Operating income from divestitures [4]	—	(55)	55	
Loss on divestiture [4]	—	3	(3)	
Impact from pension participation changes [5]	408	—	408	
Impact from resolution of tax matters [6]	11	(46)	57	
CEO transition remuneration [7]	14	—	14	
Other/rounding	1	—	1	
Adjusted Operating Income	**$ 2,151**	**$ 1,939**	**$ 212**	**10.9%**
Impact of favorable currency	(79)	—	(79)	
Adjusted Operating Income (constant currency)	**$ 2,072**	**$ 1,939**	**$ 133**	**6.9%**

(1) Refer to Note 7, *2014-2018 Restructuring Program,* for more information.
(2) Refer to Note 9, *Financial Instruments*, Note 16, *Segment Reporting*, and *Non-GAAP Financial Measures* appearing earlier in this section for more information on these unrealized losses/gains on commodity and forecasted currency transaction derivatives.
(3) Refer to our Annual Report on Form 10-K for the year ended December 31, 2017 for information on the acquisition of a biscuit business in Vietnam.
(4) Refer to Note 2, *Divestitures and Acquisitions*, for more information on prior-year divestitures and the June 7, 2018 acquisition of Tate's Bake Shop.
(5) Refer to Note 10, Benefit Plans, for more information.
(6) Refer to Note 12, *Commitments and Contingencies – Tax Matters,* for more information.
(7) Refer to the *Non-GAAP Financial Measures* definition and related table notes.

Adjusted EPS:

Applying the definition of “Adjusted EPS” [1], the adjustments made to “diluted EPS attributable to Mondelēz International” (the most comparable U.S. GAAP financial measure) were to exclude the impacts of the items listed in the Adjusted Operating Income tables above as well as gain on interest rate swaps; loss on debt extinguishment and related expenses; the U.S. tax reform discrete impacts; and our proportionate share of unusual or infrequent items recorded by our JDE and Keurig equity method investees. We also evaluate Adjusted EPS on a constant currency basis. We believe Adjusted EPS provides improved comparability of underlying operating results.

	For the Three Months Ended June 30, 2018	For the Three Months Ended June 30, 2017	$ Change	% Change
Diluted EPS attributable to Mondelēz International	**$ 0.22**	**$ 0.32**	**$ (0.10)**	**(31.3)%**
2014-2018 Restructuring Program costs [2]	0.09	0.10	(0.01)	
Intangible asset impairment charges	—	0.02	(0.02)	
Mark-to-market (gains)/losses from derivatives [2]	(0.05)	0.03	(0.08)	
Malware incident incremental expenses	—	—	—	
Acquisition integration costs [2]	—	—	—	
Acquisition-related costs [2]	0.01	—	0.01	
Divestiture-related costs [2]	—	—	—	
Net earnings from divestitures [2]	—	(0.01)	0.01	
Loss on divestiture [2]	—	—	—	
Impact from pension participation changes [2]	0.20	—	0.20	
Impact from resolution of tax matters [2]	—	—	—	
CEO transition remuneration [2]	0.01	—	0.01	
Loss on debt extinguishment [3]	0.07	0.01	0.06	
Equity method investee acquisition-related and other adjustments [4]	0.01	0.01	—	
Adjusted EPS	**$ 0.56**	**$ 0.48**	**$ 0.08**	**16.7 %**
Impact of favorable currency	(0.01)	—	(0.01)	
Adjusted EPS (constant currency)	**$ 0.55**	**$ 0.48**	**$ 0.07**	**14.6 %**

	For the Six Months Ended June 30,						
	2018		2017		$ Change		% Change
Diluted EPS attributable to Mondelēz International	**$**	**0.84**	**$**	**0.73**	**$**	**0.11**	**15.1%**
2014-2018 Restructuring Program costs (2)		0.15		0.21		(0.06)	
Intangible asset impairment charges		—		0.02		(0.02)	
Mark-to-market (gains)/losses from derivatives (2)		(0.17)		0.06		(0.23)	
Malware incident incremental expenses		—		—		—	
Acquisition integration costs (2)		—		—		—	
Acquisition-related costs (2)		0.01		—		0.01	
Divestiture-related costs (2)		—		0.01		(0.01)	
Net earnings from divestitures (2)		—		(0.03)		0.03	
Loss on divestiture (2)		—		—		—	
Impact from pension participation changes (2)		0.20		—		0.20	
Impact from resolution of tax matters (2)		—		(0.04)		0.04	
CEO transition remuneration (2)		0.01		—		0.01	
Net gain related to interest rate swaps (5)		(0.01)		—		(0.01)	
Loss on debt extinguishment (3)		0.07		0.01		0.06	
U.S. tax reform discrete net tax expense (6)		0.06		—		0.06	
Equity method investee acquisition-related and other adjustments (4)		0.01		0.03		(0.02)	
Adjusted EPS	**$**	**1.17**	**$**	**1.00**	**$**	**0.17**	**17.0%**
Impact of favorable currency		(0.05)		—		(0.05)	
Adjusted EPS (constant currency)	**$**	**1.12**	**$**	**1.00**	**$**	**0.12**	**12.0%**

(1) The tax expense/(benefit) of each of the pre-tax items excluded from our GAAP results was computed based on the facts and tax assumptions associated with each item, and such impacts have also been excluded from Adjusted EPS.
- For the three months ended June 30, 2018, taxes for the: 2014-2018 Restructuring Program costs were $(47) million, mark-to-market gains from derivatives were $14 million, acquisition-related costs were $(3) million, impact from pension participation changes were $(103) million, CEO transition remuneration were $(2) million, loss on debt extinguishment were $(35) million and equity method investee adjustments were $(1) million.
- For the three months ended June 30, 2017, taxes for the: 2014-2018 Restructuring Program costs were $(58) million, intangible asset impairment charges were $(14) million, mark-to-market losses from derivatives were $0 million, net earnings from divestitures were $8 million, loss on debt extinguishment were $(4) million and equity method investee adjustments were $(2) million.
- For the six months ended June 30, 2018, taxes for the: 2014-2018 Restructuring Program costs were $(77) million, mark-to-market gains from derivatives were $39 million, acquisition-related costs were $(3) million, impact from pension participation changes were $(103) million, CEO transition remuneration were $(3) million, gain related to interest rate swaps were $2 million, loss on debt extinguishment were $(35) million, U.S. tax reform were $87 million and equity method investee adjustments were $(3) million.
- For the six months ended June 30, 2017, taxes for the: 2014-2018 Restructuring Program costs were $(106) million, intangible asset impairment charges were $(14) million, mark-to-market losses from derivatives were $(3) million, divestiture-related costs were $(5) million, net earnings from divestitures were $15 million, benefits from resolution of tax matters were $0 million, loss on debt extinguishment were $(4) million and equity method investee adjustments were $(6) million.

(2) See the *Adjusted Operating Income* table above and the related footnotes for more information.
(3) Refer to Note 8, *Debt and Borrowing Arrangements*, for more information on losses on debt extinguishment.
(4) Includes our proportionate share of unusual or infrequent items, such as acquisition and divestiture-related costs, restructuring program costs and discrete U.S. tax reform impacts recorded by our JDE and Keurig equity method investees.
(5) Refer to Note 9, *Financial Instruments*, for information on our interest rate swaps that we no longer designate as cash flow hedges.
(6) Refer to Note 14, *Income Taxes*, for more information on the impact of U.S. tax reform.

Item 3. Quantitative and Qualitative Disclosures about Market Risk.

As we operate globally, we are primarily exposed to currency exchange rate, commodity price and interest rate market risks. We monitor and manage these exposures as part of our overall risk management program. Our risk management program focuses on the unpredictability of financial markets and seeks to reduce the potentially adverse effects that the volatility of these markets may have on our operating results. We principally utilize derivative instruments to reduce significant, unanticipated earnings fluctuations that may arise from volatility in currency exchange rates, commodity prices and interest rates. For additional information on our derivative activity and the types of derivative instruments we use to hedge our currency exchange, commodity price and interest rate exposures, see Note 9, *Financial Instruments*.

Many of our non-U.S. subsidiaries operate in functional currencies other than the U.S. dollar. Fluctuations in currency exchange rates create volatility in our reported results as we translate the balance sheets, operating results and cash flows of these subsidiaries into the U.S. dollar for consolidated reporting purposes. The translation of non-U.S. dollar denominated balance sheets and statements of earnings of our subsidiaries into the U.S. dollar for consolidated reporting generally results in a cumulative translation adjustment to other comprehensive income within equity. A stronger U.S. dollar relative to other functional currencies adversely affects our consolidated earnings and net assets while a weaker U.S. dollar benefits our consolidated earnings and net assets. While we hedge significant forecasted currency exchange transactions as well as certain net assets of non-U.S. operations and other currency impacts, we cannot fully predict or eliminate volatility arising from changes in currency exchange rates on our consolidated financial results. See *Consolidated Results of Operations* and *Results of Operations by Reportable Segment* under *Discussion and Analysis of Historical Results* for currency exchange effects on our financial results during the six months ended June 30, 2018. For additional information on highly inflationary country currencies and the impact of currency policies and recent currency volatility on our financial condition and results of operations, also see Note 1, *Basis of Presentation – Currency Translation and Highly Inflationary Accounting*.

We also continually monitor the market for commodities that we use in our products. Input costs may fluctuate widely due to international demand, weather conditions, government policy and regulation and unforeseen conditions. To manage input cost volatility, we enter into forward purchase agreements and other derivative financial instruments. We also pursue productivity and cost saving measures and take pricing actions when necessary to mitigate the impact of higher input costs on earnings.

We regularly evaluate our variable and fixed-rate debt as well as current and expected interest rates in the markets in which we raise capital. Our primary exposures include movements in U.S. Treasury rates, corporate credit spreads, London Interbank Offered Rates (“LIBOR”) and commercial paper rates. We periodically use interest rate swaps and forward interest rate contracts to achieve a desired proportion of variable versus fixed rate debt based on current and projected market conditions. Our weighted-average interest rate on total debt was 2.4% as of June 30, 2018 and 2.1% as of December 31, 2017. For more information on our 2018 debt activity, see Note 8, *Debt and Borrowing Arrangements*.

See Note 9, *Financial Instruments*, for more information on our 2018 derivative activity. For additional information on our hedging strategies, policies and practices on an ongoing basis, also refer to our Annual Report on Form 10-K for the year ended December 31, 2017.

Item 4. Controls and Procedures.

Evaluation of Disclosure Controls and Procedures

We have established disclosure controls and procedures that are designed to ensure that information required to be disclosed in our reports filed or submitted under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the rules and forms of the SEC, and such information is accumulated and communicated to our management, including our Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO"), as appropriate to allow timely decisions regarding required disclosure. Management, together with our CEO and CFO, evaluated the effectiveness of the Company's disclosure controls and procedures as of June 30, 2018. Based on this evaluation, the CEO and CFO concluded that our disclosure controls and procedures were effective as of June 30, 2018.

Changes in Internal Control Over Financial Reporting

Management, together with our CEO and CFO, evaluated the changes in our internal control over financial reporting during the quarter ended June 30, 2018. We continued to work with outsourced partners to further simplify and standardize processes and focus on scalable, transactional processes across all regions. We continued to transition some of our transactional data processing as well as financial and contract management services for a number of countries across all regions to outsourced partners. Pursuant to our service agreements, the controls previously established around these accounting functions will be maintained by our outsourced partners or by us, and they are subject to management's internal control testing. There were no other changes in our internal control over financial reporting during the quarter ended June 30, 2018, that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II – OTHER INFORMATION

Item 1. Legal Proceedings.

Information regarding legal proceedings is available in Note 12, *Commitments and Contingencies*, to the condensed consolidated financial statements in this report.

Item 1A. Risk Factors.

There were no material changes to the risk factors disclosed in our Annual Report on Form 10-K for the year ended December 31, 2017.

Item 2. Unregistered Sales of Equity and Use of Proceeds.

Our stock repurchase activity for each of the three months in the quarter ended June 30, 2018 was:

	Issuer Purchases of Equity Securities			
Period	**Total Number of Shares Purchased (1)**	**Average Price Paid per Share (1)**	**Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs (2)**	**Approximate Dollar Value of Shares That May Yet Be Purchased Under the Plans or Programs (2)**
April 1-30, 2018	6,596,691	$ 41.71	6,593,639	$ 5,868,678,298
May 1-31, 2018	8,533,684	39.33	8,530,900	5,533,143,948
June 1-30, 2018	1,001,438	39.66	995,100	5,493,684,034
For the Quarter Ended June 30, 2018	16,131,813	40.32	16,119,639	

(1) The total number of shares purchased (and the average price paid per share) reflects: (i) shares purchased pursuant to the repurchase program described in (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 3,052 shares, 2,784 shares and 6,338 shares for the fiscal months of April, May and June 2018, respectively.

(2) Our Board of Directors has authorized the repurchase of $19.7 billion of our Common Stock through December 31, 2020. Specifically, 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 related to a new accelerated share repurchase program, which concluded in May 2014. On July 29, 2015, our Finance Committee, with authorization delegated from our Board of Directors, approved a $6.0 billion increase that raised the repurchase program capacity to $13.7 billion and extended the program through December 31, 2018. On January 31, 2018, our Finance Committee, with authorization delegated from our Board of Directors, approved an increase of $6.0 billion in the share repurchase program, raising the authorization to $19.7 billion of Common Stock repurchases, and extended the program through December 31, 2020. See related information in Note 11, *Stock Plans*.

Item 6. Exhibits.

Exhibit Number	Description
4.1	The Registrant agrees to furnish to the SEC upon request copies of any instruments defining the rights of holders of long-term debt of the Registrant and its consolidated subsidiaries that does not exceed 10 percent of the total assets of the Registrant and its consolidated subsidiaries.
10.1	Revolving Credit Agreement, dated April 2, 2018, by and among Mondelēz International, Inc., the lenders, arrangers and agents named therein and Citibank, N.A., as Administrative Agent (incorporated by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K filed with the SEC on April 2, 2018).
10.2	Kraft Foods Deutschland Pension Scheme Supplementary Benefits 2005/ Deferral (Non-Qualified Deferred Compensation Plan) (English translation), effective as of September 1, 2005.+
10.3	Annex to Kraft Foods Deutschland Pension Scheme Supplementary Benefits 2005/ Deferral (Non-Qualified Deferred Compensation Plan), effective as of January 1, 2013.+
10.4	Employment Letter (English Translation), between Kraft Foods Europe and Hubert Weber, dated August 11, 2010.+
10.5	Employment Letter, between Mondelēz Global LLC and Gerhard Pleuhs, dated August 23, 2016.+
10.6	Offer of Employment Letter, between Mondelēz Global LLC and Paulette Alviti, dated April 12, 2018.+
10.7	Retirement Letter, between Mondelēz International, Inc. and Irene B. Rosenfeld, effective April 30, 2018 (incorporated by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K filed with the SEC on May 4, 2018).+
12.1	Computation of Ratios of Earnings to Fixed Charges.
31.1	Certification of Chief Executive Officer pursuant to Rule 13a-14(a)/15d-14(a) of the Securities Exchange Act of 1934, as amended.
31.2	Certification of Chief Financial Officer pursuant to Rule 13a-14(a)/15d-14(a) of the Securities Exchange Act of 1934, as amended.
32.1	Certifications of Chief Executive Officer and Chief Financial Officer pursuant to 18 U.S.C. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101.1	The following materials from Mondelēz International's Quarterly Report on Form 10-Q for the quarter ended June 30, 2018 are formatted in XBRL (eXtensible Business Reporting Language): (i) the Condensed Consolidated Statements of Earnings, (ii) the Condensed Consolidated Statements of Comprehensive Earnings, (iii) the Condensed Consolidated Balance Sheets, (iv) the Condensed Consolidated Statements of Equity, (v) the Condensed Consolidated Statements of Cash Flows and (vi) Notes to Condensed Consolidated Financial Statements.

\+ Indicates a management contract or compensatory plan or arrangement.

Signature

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

MONDELĒZ INTERNATIONAL, INC.

By: /s/ BRIAN T. GLADDEN

Brian T. Gladden
Executive Vice President and
Chief Financial Officer

July 25, 2018

Kraft Foods Deutschland
Pension Scheme
″Supplementary Benefits 2005″/
Deferral
(Non-Qualified Deferred Compensation Plan)

Kraft Foods supplementary payments are intended to complement the payments received from the statutory pension scheme, Kraft Foods' pension scheme Plan 1996 and other company and private pension schemes, in the event of inability to work or death.

The required financial funds to finance the supplementary payments will be raised from deferred compensation and from additional contributions made by the company.

The benefits from these company supplementary payments will not be credited to payments from other company provision regulations.

Kraft Foods supplementary payments are not linked with already existing company pension commitments (for example, pension scheme plan 1996, HPK, direct insurance). Therefore the non-forfeiture periods for supplementary payments and the already existing pension commitments run separately from one another in accordance with §1b, paragraph 1 of the BetrAVG [Law for the Improvement of the Company Pension Scheme].

I. Participation

Those entitled to participate are employees who are Band I+ on 30 September of a given year and who by the end of the calendar year of the first or repeated participation have not yet had their 60th birthday.

Employees, who at the point of the first or repeated participation are suffering a reduction in earning capacity or have applied for benefits on account of reduction in earning capacity to the statutory pension insurance provider or another provider are not entitled to participate or to participate any longer.

There is no legal right to participate in the supplementary payments. The company can offer employees the opportunity to participate annually. The employee may accept such an offer by 31 October.

II. Type of benefits Payments

1. Benefits from Supplementary Payments include:

    a) Retirement Benefits

    b) Deferred Retirement Benefits

    c) Invalidity Benefits

    d) Survivors' Benefits

2. Retirement Benefits

    If a participant leaves the company after their 60th birthday, they shall receive pension capital as retirement benefit.

3. Deferred Retirement Benefits

    If the participant leaves the company after their 61st birthday or asks for the pension capital only after their 61st birthday, then they shall receive the pension capital as a deferred retirement benefit.

4. Invalidity Benefits

    If the participant leaves the services of the company before their 60th birthday because of anticipated long-term or partial reduction in earning capacity in accordance with § 43 of the SGB VI or because of incapacity to work in accordance with § 240 of the SGB VI [Code of Social Law], then they shall receive the pension capital as invalidity benefits.

5. Survivors' Benefits

    Should the participant die before their 60th birthday, the surviving spouse or partner in accordance with § 1 of the LPartG shall have a claim to the pension capital as survivors' benefits.

    If there is no surviving spouse or partner, the children of the marriage (or the children considered to be on equal terms in accordance with the BGB [German Civil Code] and § 31, paragraph 3 and 4, sentence 1, items 1 to 3 of the EStG [Income Tax Law]) shall have equal claim to the death benefits.

III. Amount of Benefit Provisions

1. Retirement benefits

    a) With respect to retirement benefits, the amount specified by the participant in a given calendar year for the purpose of additional provision will be allocated by the company (employee's contribution).

    b) In addition, the company allocates a contribution to the retirement benefits (employer's contribution).

    c) The allocated contributions are converted into capital units using capitalization factors in accordance with the attached payments table. In the attached tables the resulting capital units are shown based on €1,000 payment reallocation or represent the company's contribution. These are to be converted using the actual contributions. The capitalization rate is determined in accordance with the completed year of life at the end of the respective calendar year in which the payment used for the provision would have been due. The relevant factors are summarized in the attached table which is an integral part of this pension scheme. In the event of multiple selections credited to the pension, the total pension capital to be paid is calculated by adding the capital units accrued up to the occurrence of the insured event.

2. Deferred Retirement Benefits

If the retirement benefits are accessed only after the 60th birthday has passed, the pension capital will increase by 6 percent per full calendar year of the deferment, up to a maximum of 30 percent.

3. Invalidity Benefits and Surviving Dependents' Benefits

The pension capital as an invalidity benefit and surviving dependents' benefit is calculated like the retirement benefit in the same way as item 1.

IV. Information concerning non-forfeiture

1. If a participant leaves the service of the company before the insured event takes effect, the benefits, which arise from the employee's contribution in accordance with item III 1a, shall be maintained to the full amount.

2. The benefits, which arise from the employer's contribution in accordance with item III 1 b), shall be maintained at the full amount if, when leaving [the company] the initial participation in this additional supplementary benefit began at least three years beforehand.

3. The payment of the sustainable entitlement to the pension shall be deferred until the commencement of the insured event in accordance with item II 2. – 5.

V. Information concerning payment

1. The payment of the capital sum available at the commencement of the insured event takes place in ten equal annual installments in January in each case. The first payment takes place in the January of the calendar year following the commencement of the insured event.

2. The payments end in each case at the latest after a total of ten annual installments paid. In the event of the death of the participant the annual installments which have not yet been paid of the ten annual installments will be paid to the surviving spouse or partners in accordance with § 1 LPartG [Law of Civil Unions] and/or the surviving children.

3. If payments are due to surviving children, these will be paid pro rata for each surviving child.

4. The payments can also be paid on commencement of the insured event in a one-off capital sum upon written application from the participant or written application by the surviving relatives and with the agreement of the company. This application must be received by the Human Resources (HR), Compensation and Benefits (C&B) department at the latest four weeks before the first payment date.

VI. Adjustment

If the payments are not paid in accordance with item V 4 as a one-off capital payment, they will be adjusted as follows:

a) The single, paid annual installment shall increase per calendar year by 4 per cent; this shall take place for the first time with payment of the second annual installment.

b) This contractual adjustment in accordance with point 1 will be off set by the legal obligation to assess adjustments in accordance with § 16 of the BetrAVG [Law for the Improvement of the Company Pension Scheme].

c) If the contractual adjustment in accordance with point 1 has resulted in a higher adjustment than would have been required in accordance with § 16 of the BetrAVG, then this excess adjustment will be taken into consideration in later adjustment assessments in accordance with § 16 of the BetrAVG.

VII. Legal Relationships towards third parties

1. The participant may not transfer, lend or pledge entitlements to payments within the company supplementary benefits. Any transfers, loans or pledges made shall be considered invalid by the company.

2. Participants and recipients of payments are obliged to inform the company immediately of all relevant information concerning company supplementary benefits. In particular, a tax card and the pension approval certificate from the pension insurance provider responsible must be submitted to the company for the duration of the pension payments.

VIII. Data Protection

The company shall transfer protected data to third parties in connection with this pension plan if this is necessary to implement it according to the rules. The regulations of the Federal Data Protection Law concerning data transfer shall be observed. The addresses of the respective recipients of the data shall be notified to you on request by the Human Resources (HR) Compensation and Benefits (C&B) department.

IX. Effective Date

This pension plan shall come into efffect from 1 September 2005; it replaces the version of the pension plan dated 01. December 1995.

Bremen, 01.09.2005

/s/ Hartmut Schröder	/s/ Aggi Bormann
Hartmut Schröder	Aggi Bormann

Payment Table

Age	Capitalization Rate	Financing Contribution	Capital Units
31	5,3821	1.000,00 EUR	5.382,10 EUR
32	5,0761	1.000,00 EUR	5.076,10 EUR
33	4,7893	1.000,00 EUR	4.789,30 EUR
34	4,5167	1.000,00 EUR	4.516,70 EUR
35	4,2608	1.000,00 EUR	4.260,80 EUR
36	4,0209	1.000,00 EUR	4.020,90 EUR
37	3,7922	1.000,00 EUR	3.792,20 EUR
38	3,5778	1.000,00 EUR	3.577,80 EUR
39	3,3772	1.000,00 EUR	3.377,20 EUR
40	3,1878	1.000,00 EUR	3.187,80 EUR
41	3,0102	1.000,00 EUR	3.010,20 EUR
42	2,8417	1.000,00 EUR	2.841,70 EUR
43	2,6824	1.000,00 EUR	2.682,40 EUR
44	2,5336	1.000,00 EUR	2.533,60 EUR
45	2,3923	1.000,00 EUR	2.392,30 EUR
46	2,2599	1.000,00 EUR	2.259,90 EUR
47	2,1345	1.000,00 EUR	2.134,50 EUR
48	2,0165	1.000,00 EUR	2.016,50 EUR
49	1,9044	1.000,00 EUR	1.904,40 EUR
50	1,7989	1.000,00 EUR	1.798,90 EUR
51	1,6989	1.000,00 EUR	1.698,90 EUR
52	1,6046	1.000,00 EUR	1.604,60 EUR
53	1,5156	1.000,00 EUR	1.515,60 EUR
54	1,4316	1.000,00 EUR	1.431,60 EUR
55	1,3519	1.000,00 EUR	1.351,90 EUR
56	1,2763	1.000,00 EUR	1.276,30 EUR
57	1,2039	1.000,00 EUR	1.203,90 EUR
58	1,1343	1.000,00 EUR	1.134,30 EUR
59	1,0666	1.000,00 EUR	1.066,60 EUR
60	1,0000	1.000,00 EUR	1.000,00 EUR

Annex to Kraft Foods Deutschland Pension Scheme "Supplementary Benefits 2005"/ Deferral (Non-Qualified Deferred Compensation Plan) for Plan Participants Who Work For the Company in the United States

This Annex ("Annex") to the Kraft Foods Deutschland Pension Scheme "Supplementary Benefits 2005"/ Deferral ("Plan") offers Plan participants who work in the United States the opportunity to defer income taxes on:

- The portion of the annual incentive bonus which is deferred;
- The Company match contribution; and
- Earnings allocated to a participant's Plan account.

This enrollment communication contains the information you need in order to defer your annual incentive bonus for 2013 to be awarded, if at all, in 2014. If you wish to defer all or a portion of your bonus for this period, you will need to make your enrollment elections no later than June 30, 2013.

Eligibility

The Plan is closed to new entrants. If you are eligible to participate in the Plan, while you work for a subsidiary of Mondelēz International, Inc. in the United States but remain on German payroll, you are eligible to participate in this Annex. By electing to defer bonus under this Annex, you consent to limiting your participation in the Plan to the terms and conditions of the Plan as provided in this Annex.

Note: If you remain a participant in the Plan (rather than the Plan's Annex) while you work in the U.S., the Company will consider your deferral, Company match and earnings as being currently taxable under U.S. law and effective as of July 1, 2013 there will be no equalization for the additional taxes imposed under the Company's tax equalization policy.

Rules Regarding Deferrals

The deferral election you make under this Annex applies only to the annual performance based incentive bonus ("Bonus") you earn (if any) as an employee of Mondelēz Germany during 2013. ***When you decide how much to defer, keep in mind that any election will be irrevocable as of June 30, 2013 and may not later be changed.*** You may defer up to 100% of any Bonus you earn for 2013 to be awarded in 2014. **Note**: if you elect to defer 100% of your Bonus, the actual amount deferred will be reduced by the amount necessary to withhold the employment taxes required to be withheld on the award date as well as any income tax withholding associated with that amount.

How Plan Deferrals Work

If you elect to defer all or a portion of your Bonus under the Plan, Mondelēz Germany will not pay you the portion deferred at the time the Bonus is awarded. Instead, on the date that such deferred compensation would otherwise be payable, the Company will credit the amount deferred to an unfunded account set up for you under the Plan's Annex. This account will then be credited with a notional Company match and notional interest earnings in accordance with the terms of the Plan. Your account will represent the amount that the Company is contractually obligated to pay when due under the Plan's Annex.

You will have an unfunded account for your deferred Bonus, notional Company match and earnings credited under this Annex separate from the unfunded account for your deferred Bonus, notional Company match and earnings credited under the non-Annex portion of the Plan. Your account maintained under this Annex will be distributed in accordance with the terms of this Annex (as may be amended from time to time). Your account maintained under the non-Annex portion of the Plan will be subject to the terms and conditions of the Plan that apply generally to non-Annex participants.

Vesting

You will be vested in your Annex account in accordance with the terms and conditions of vesting under the Plan generally.

Distribution

You are not able to make an election with respect to your Annex account. Your entire Annex account (net of applicable tax withholding) will be distributed in a lump sum no later than 90 days following the date you attain age 65..

On your death

If you die before your Annex account has been distributed, your Annex account will be paid to your beneficiary as determined under the Plan in a lump sum as soon as administratively practicable following your death.

Annex Benefits Unfunded

The Annex is a nonqualified, unfunded deferred compensation plan under U.S. law. As a participant, your Annex account is subject to the claims of the Company's creditors in the event of insolvency or bankruptcy—regardless of whether the Company funds a trust or other vehicle to provide benefits.

Note: If a plan subject to IRC 409A is not compliant in design or operation with the law, significant penalties may be assessed. If a penalty were assessed, the penalties may apply to your Annex account and may include an immediate income tax assessment, plus a U.S. Federal penalty tax of 20 percent and interest. Section 409A noncompliance penalties may be imposed on you even if you had no part in the noncompliance or if the noncompliance was attributable to the Company. The Company will not indemnify participants for penalties.

Your Annex account is not assignable and cannot be claimed by your creditors nor divided under a domestic relations order.

++
Deferral Election for 2013 Bonus

Indicate your deferral election below under the Annex for your 2013 Bonus.

(Please <u>check only one</u> below; enter your deferral election percentage only if you elect to participate).

_____ Yes. I'd like to defer (<u>enter whole percentage below</u>) of my *eligible Bon*us for 2013 to be awarded in 2014:

_____% (You can elect to defer from 1% to 100% of your eligible Bonus

_____ No. I do not wish to defer any Bonus for 2013 under this Annex.

I understand that if I do not complete and return my election form by the applicable deadline described above, I will be deemed to have elected not to defer any Bonus under the Annex for 2013. I further understand that once I have filed my election that it will be irrevocable and that I may not change any aspect of my election after I sign and return this election form.

I also acknowledge that I have read and agree to the terms of the Annex as described in this document.

Name: _______________

Signature: _______________

Date: _______________

PERSONAL

Mr Hubert Weber

11 August 2010

Dear Hubert,

We are pleased to confirm your promotion to the position of President, Coffee KFE with effect from 1 September 2010. Your new salary band will be an “E”.

As a result of this promotion, your salary has been increased from EUR 308,400 to EUR 340,000 per annum. This will be reviewed in April 2011.

Your incentive program participation will change as follows:

Global Management Incentive Plan (GMIP). Your target incentive will be 55%.

- Under the current Long Term Incentive Program (LTIP) guidelines, your target LTIP will be 60%.

Kraft Germany will also provide you with any legally required communications as a result of your new assignment.

We would like to take this opportunity to congratulate you on your promotion and wish you every future success.

Yours sincerely,

Kraft Foods Europe

/s/ Michael Clarke
Michael Clarke Sandra Stenico

EVP and President KFE

/s/ Sandra Stenico
Sandra Stenico

VP Human Resources KFE

Employee Signature: /s/ Huber Weber Date: 15/08/2010

Please return one signed copy to Michael Freire, Kraft Foods GmbH, Glattpark.

Kraft Foods Europe GmbH
Lindbergh-Allee 1, CH-8152 Glattpark, Tel. +41 58 440 40 40, Fax +41 58 440 40 01
MwSt-Nr. 162419 www.krafteurope.com

Kraft Foods Deutschland Services GmbH & Co. KG
Postfach 10 78 40 -28078 Bremen

Mr Hubert Weber
Bleierweg 5
8942 Oberrieden
SWITZERLAND

Kraft Foods Deutschland
Services GmbH & Co. KG
Postfach 10 78 40
28078 Bremen
Langemarckstr. 4-20
28199 Bremen

Telephone: +49 421 599-01
Fax: +49 421 599 3675
www.kraftfoods.de

Bremen, 26 August 2010
Human Resources
Christian Reuver
Tel. 0421/ 599 - 3403

Between

Kraft Foods Deutschland GmbH

and

Kraft Foods Deutschland Services GmbH & Co. KG

as well as

Mr Hubert Weber

the following agreements were concluded:

I. TERMINATION OF EMPLOYMENT RELATIONSHIP

The employment relationship between Kraft Foods Deutschland GmbH and Mr Hubert Weber ends by mutual agreement as of 31 August 2010.

II. EMPLOYMENT CONTRACT

A permanent contract of employment effective as of 1 September 2010 is concluded between Kraft Foods Deutschland Services GmbH & Co. KG and Mr Hubert Weber. Applicable to this employment relationship are the terms and conditions of the contract of employment concluded between Kraft Foods Deutschland GmbH and Mr Weber on 1 November 1994 as well as any amendments of that contract of employment up until 31 August 2008.

For all claims based on the employment relationship, in particular on laws, collective agreements, including the calculation of notice periods, and company agreements, with the exception of pension commitments and the pension scheme "Plan 1996" (see the provisions of section III), where these relate to seniority, the entry date is 1 November 1988.

III. TRANSFER OF ENTITLEMENT TO THE "PLAN 1996" PENSION SCHEME

The pension entitlement according to the "Plan 1996" pension scheme is transferred with the commencement of the employment relationship on 1 September 2010 from Kraft Foods Deutschland GmbH to Kraft Foods Deutschland Services GmbH & Co. KG (Paragraph 4(2)(1) of the Betriebsrentengesetz (Company Pensions Act)) and is continued in accordance with company agreement (currently the "Plan 1996" Pension scheme).

It is understood that Kraft Foods Deutschland GmbH and Kraft Foods Deutschland Services GmbH & Co. KG both belong to the Kraft Foods Deutschland group of companies, as defined in Section II/1(3)(2) of the company agreement "Plan 1996".

IV. FINAL PROVISIONS

There are no verbal collateral agreements. Modifications and amendments to this Agreement must be made in writing, regardless of individual agreements. This requirement of written form may only be amended by written agreement.

This contract is issued in triplicate and is to be signed by the Department, Human Resources as well as by yourself. Human Resources, Payroll and yourself will retain one copy each.

Kraft Foods Deutschland GmbH

/s/ Jürgen Leisse	/s/ Christian Reuver
Jürgen Leisse	Christian Reuver
VP & Managing Director DACH	Director Human Resources DE/AT

Kraft Foods Deutschland Services GmbH & Co. KG

/s/ Rainer Claußen	/s/ Christian Reu ver
Rainer Claußen	Christian Reuver
Area Finance Director DACH/TREE	Director Human Resources DE/AT

Bremen, date 25/10/2010	/s/ Hubert Weber
	Hubert Weber

[Kraft Jacobs Suchard]

Mr Hubert Weber

--- in-house communication --

Bremen, 19 October 1994
K. Elsing / mk
5 99 – 38 90
HR-S&AF

EMPLOYMENT CONTRACT

Dear Mr Weber,

We hereby refer to the terms and conditions of the contract of employment which commenced on 1 November 1988. As of 1 November 1994, the existing terms and conditions will be replaced as follows:

1. Position

You will be in the services of our Company as

Manager Regional Field and Sales Administration Suchard.

Details of your duties are set out in the underlying job description or in the job description agreed with you, and are also subject to the instructions of your superiors within the scope of their authority. You shall perform the duties assigned to you conscientiously and to the best of your ability, and take full responsibility for them.

We reserve the right to transfer you to a different position corresponding to your educational background and skills within our Company or to a different company which is affiliated to us under the corporate law or economically linked to us, including one in a different location.

2.a. Basic Annual Salary

For your work, you will receive annual pay of (including Christmas bonus)

DM 180,000 gross
(in words: one hundred eighty thousand German Marks)

One twelfth of this amount less statutory levies is to be paid before or on the last working day of each month into the bank account indicated by you.

Any overtime hours or any additional working hours on Sundays and statutory holidays – if required for operational reasons – are compensated with this salary payment. Your salary is above the general pay scale and as such remains unaffected by any changes to collective agreements. Collectively agreed salary increases will therefore not apply to you. Your salary will however be regularly reviewed and may be fixed again.

2.b. Incentive Plan

You will participate in the currently applicable Company Incentive Plan; your incentive target is at present 20% per annum of the basic annual salary.

2.c. Company Car

You will also be provided with a company car in accordance with the currently applicable guidelines. You will need to sign a separate contract in regards to this.

3. Working Hours

The length and division of the working hours arise from the Company's general regulations in combination with the special requirements of the specific workplace. At the time of writing, regular working hours are 37.5 hours.

4. Additional Holiday Pay

In line with our Company policy, you will receive an additional annual holiday pay of DM 1,600.00 gross. This will be paid out to you in May together with your regular salary.

5. Capital Formation

In line with our Company policy, you will receive each month an employer's contribution towards capital investment of DM 52.00 gross.

6. Holidays

Your annual holiday entitlement is 32 working days.

7. Old Age, Disability and Survivors' Pensions

In general, the JACOBS SUCHARD's pension scheme applies in its current, valid version (company agreement).

In addition to the standard provisions, the following are applicable to you:

- The fixed age limit is reached with the completion of the 60th year of your life. The receipt of retirement pension is thus possible upon completion of 60 years of age without reduction.
- The pension accrual rate for the assessment of old age, disability and survivors' pensions amounts to 1.2% for each additional available pensionable year of service after 1 October 1993.
- The pensionable earnings are limited to DM 150,000 p.a.

8. Group Accident Insurance

You are covered by the group accident insurance taken out by the Company, with an insurance benefit of

- DM 200,000 in the event of accidental death or
- DM 400,000 in the event of full disability resulting from accident.

The insurance cover extends to all accidents in daily life that occur in the workplace or in private. The insurance premiums will be paid in full by the Company.

9. Daily Sickness Allowance

In the case of a non-self-inflicted illness persisting past the statutory sick pay period of six weeks, you will receive for the duration of the following 7.5 months (from the 43rd up to the 270th day) a daily sickness allowance contribution amounting to the difference between the daily sickness allowance and the normal net salary. The daily sickness allowance will be calculated based on the current maximum rate applicable to an insured person with a dependent.

10. Death Benefit

In the event of death, we will grant your dependent family members, in addition to the salary of the month of death, a one-off benefit amounting to three gross monthly salaries.

11. Termination of the Employment Relationship

The contractual relationship can be terminated by either party with a period of notice of 6 months to the end of the half-year.

Otherwise, the employment contract ends at the latest with the completion of the month in which you reach statutory retirement age without the requirement of notice of termination from either party.

12. Business Travel

In general, our travel guidelines apply in their current, valid version.

13. Secondary Activities

The prior written approval of our Company is required in the case of:

- undertaking and/or exercising secondary activities;
- undertaking and/or exercising volunteer work, insofar as they are connected with a considerable mental or physical demand on your time;
- publications and lectures, insofar as these affect the interests of the Company.

14. Confidentiality

You have an obligation to keep confidentiality concerning all matters and incidents – especially trade and business secrets – that come to your attention within the framework of your activity. This obligation also applies in relation to other employees of the Company, except in the cases where these on the basis of their position in the Company or their activity are competent or authorized to receive such information. It applies further also in relation to knowledge acquired of personal data.

This confidentiality requirement covers especially also the details of the current contract, as well as compensation amount, and also persists past the time of the termination of the employment relationship.

At the end of your employment relationship with us – regardless of the reason – you are obligated to return all business records and documents in your possession, which also includes drafts. Any right of retention is excluded.

15. Other Agreements

The enclosed documents:

JACOBS SUCHARD Pension Scheme
JACOBS SUCHARD Work Regulations
JACOBS SUCHARD Social Regulations

apply in principle and form part of this employment contract.

16. Change to Contract

This contract may only be changed, amended or terminated in writing; verbal agreements are not valid.

Should individual regulations in this contract be invalid, this does not affect the validity of the other content of this employment contract. An invalid regulation is to be replaced with a permissible regulation so that the purpose of the improper regulation to the greatest extent possible is effected through other means.

We hope for a good cooperation and ask you to confirm your agreement with the above regulations through your signature on the enclosed copy of this letter and return this to us within the next days.

Kind regards,

Kraft Jacobs Suchard Erzeugnisse GmbH & Co. KG

- P e r s o n a l –

/s/ Dr. F. Strege	/s/ K. Elsing
Dr. F. Strege	K. Elsing

I agree with the above regulations:

/s/ Hubert Weber

Date Signature

Gerhard Pleuhs

PERSONAL AND CONFIDENTIAL August 23, 2016

Dear Gerd,

Following our conversations regarding your retirement from the German Mondelez subsidiary and the continuation of your employment with Mondelēz International as a U.S. employee, this letter is to clarify and confirm the terms of your localization in the United States with Mondelēz Global LLC in Deerfield, Illinois, USA as EVP Legal, Corporate & Government Affairs and General Counsel, reporting to Irene Rosenfeld. Your localization is subject to your acceptance of the terms and conditions outlined in this letter. Your position will continue to be at a Band C.

The effective date of your transfer to US employment will be on or about September 1, 2016. As of this date, your existing terms and conditions of employment with Mondelēz DE Service Company will cease. Instead, you will become a regular retiree of this company with all rights granted to retirees of this company. At the same time, you will become a local US employee, compensated within the US salary structure and eligible for US benefits and incentive programs. In principle and in particular for vesting purposes of various benefit and/or incentive programs, your date of entry will continue to be April 1st, 1985. This will, however, not apply to the benefits as agreed in the Section headed “Benefits” below, for which the date of this agreement will be the relevant date.

Listed below are details of your current compensation – which will continue unchanged following your localization and future increases, including stock eligibility, will be reviewed and determined in line with U.S. compensation ranges and practices.

As before, you will continue to be eligible to participate in the Management Incentive Plan, as well as in the Long Term Incentive Plan.

<u>Compensation</u>

Annual Base Salary	USD 695,000
Target Incentive Compensation (80%)	USD 556,000
Total Target Cash Compensation	USD 1,251,000

<u>Tax Services</u>

You will continue to be responsible for payment of actual US federal and state taxes and Social Security, as required by law. You will continue to be provided with tax preparation assistance through the Company tax provider to the same extent as currently provided, and as stated in the 1st and 2nd Addenda to your LoU dated July 24, 2012.

Benefits

As a local US employee, you will be eligible to participate in the benefits programs available to US employees made available and applicable to other Mondelez Executives in your Job Band. You will be eligible for retiree medical benefits upon your future separation from Mondelez Global LLC in the same manner that exists for US retirees at the time of your separation. Details of the US benefit plans will be provided separately.

With the transfer from active employment into retirement under your German employment, you will be eligible to benefits as granted by the Company to German retirees. You will also be eligible for the benefits resulting from the German deferral ("Zusatzversorgung 2005"), including its Annex for plan participants who work for the Company in the US; the current Health Insurance provided through AXA by the company will not be terminated and not cease prior to October 1st, 2016.

You will continue to follow the US PTO accrual policy based on your total length of service with Mondelēz (currently 35 days per year); accrued vacation days as of the time you have been subject to the U.S. PTO rules (LoU July 24, 2012) will transfer to this employment agreement.

Employment Status

You will be a US employee of Mondelēz Global LLC and your employment status will be governed by and shall be construed in accordance with the laws of the United States. As such, your status will be that of an "at will" employee. This means that either you or Mondelēz is free to terminate the employment relationship at any time, for any reason. If your employment voluntarily or involuntarily terminates for reasons other than cause, you will receive retirement treatment for your outstanding stock options as of the date of your separation. In regard to other equity incentive vehicles (e.g., deferred stock units, PSUs), upon your voluntary or involuntary separation without cause, your outstanding awards will be treated similarly to other executives in your job band.

Should your employment terminate involuntarily due to circumstances that would make you eligible for severance pay under the Mondelēz US Salaried Exempt Severance Pay Plan; we will use your original date of entry (i.e. April 1st, 1985) to calculate your severance payment.

We will resolve any disputes relating to this letter by arbitration governed by the Employment Arbitration Rules of the American Arbitration Association's National Rules for the Resolution of Employment Disputes. The arbitration proceedings will take place in Deerfield and the sole arbitrator will apply the law applicable to contracts made and fully performed in Illinois. The prevailing party will be awarded its attorneys' fees and arbitration expenses. Both parties waive, and the arbitrator will have no authority to award punitive damages. Any court having jurisdiction may enter judgment on the award made by the arbitrator.

Any potential future assignments back in your home or other country and the associated compensation packages (expatriate vs. local) will be evaluated on a case-by-case basis.

We trust this provides clarification on your US localization.

/s/ Dave Pendleton	August 23, 2016
Dave Pendleton SVP, Total Rewards and HR Solutions	Date

I agree to the terms and conditions as outlined in the above Letter of Understanding.

/s/ Gerhard Pleuhs	August 28, 2016
Gerhard Pleuhs	Date

Exhibit 10.6

Mondelēz International Inc.
Deerfield, IL 60015 USA
mondelezinternational.com

PRIVATE AND CONFIDENTIAL

Ms. Paulette Alviti

April 12, 2018

OFFER LETTER

Dear Paulette,

I am very pleased to provide you with this offer letter setting forth the terms of your offer of employment ("Offer Letter"). It confirms the verbal offer previously extended to you for the position of Executive Vice President Human Resources, Mondelēz International, Inc. (the "Company") reporting to the Chairman and Chief Executive Officer. Your principle office will be located in our Global Headquarters in Deerfield, Illinois. Your employment commencement date is anticipated to be June 11, 2018 unless mutually agreed otherwise.

Your annualized target compensation opportunity will be as follows:

<u>Annualized Compensation (Target Opportunity)</u>

Annual Base Salary $600,000

Annual Incentive Plan (Target - 80%*) $480,000

Target Annual Long-Term Incentive Range** $750,000 - $1,500,000 - $2,250,000

Total Target Compensation Opportunity $1,830,000 - $2,580,000 - $3,330,000

Your Annual Base Salary will be subject to an annual review by the Board and adjustment in the Board's sole discretion.

* Target as a percent of Annual Base Salary.

** The value of the long-term incentive grants reflects the range (i.e., minimum, midpoint and maximum) for the target value of your annual equity grants. The actual number of shares, units, or options will be determined pursuant to the Company's specific valuation methodology (e.g., Black-Scholes value for stock options).

Annual Incentive Plan

You will be eligible to participate in the Mondelēz International Management Incentive Plan (the “MIP”), the Company’s annual incentive program. Your target award opportunity under the MIP is equal to 80% of your Annual Base Salary. The actual amount you receive may be lower or higher, depending on your individual performance and the Company’s overall performance during the year. The maximum award under this program for 2018 is 200% of your target opportunity. The Company reserves the right to change the maximum award annually.

For the 2018 MIP plan year ending on December 31, 2018, your award will be prorated based on your date of hire. Your actual award will ultimately be determined based on your individual performance during your period of employment and the Company’s actual overall performance for the full 2018 plan year.

Long-Term Incentives (Annual Equity Program)

You will be eligible to fully participate in the Company’s annual equity program. Equity grants are typically made annually in February. For 2018, you will receive a $1,500,000 equity grant, 75% of the grant value will be in performance share units and 25% of the grant value will be in stock options (with the actual number of shares, units, or options based on the closing stock price on date of hire). These performance share units and stock options will be subject to the terms and conditions set forth in the Plan and the Company’s standard Global Long Term Incentive Agreements as in effect on the date hereof.

All equity grants are subject to the terms and conditions of the Company’s Amended and Restated 2005 Performance Incentive Plan (“Plan”) and the applicable annual grant agreements. The annual equity program described above is based on our current design and the Company reserves the right to change the annual equity program at any time.

Sign-On Awards

As part of your offer of employment, on your date of hire you will receive:

1) A sign-on equity grant with a value of $1,450,000. The equity grant will be deferred stock units that vest 50% on the first anniversary of the grant and 50% on the second anniversary. Furthermore, solely for this sign-on stock award, upon an involuntary termination without Cause or your resignation for Good Reason, or due to your death or Disability, occurring at any time during the applicable vesting periods for this award, you shall be treated as fully vested in the award, contingent on your executing and not revoking a general release of claims at the time and in the manner specified in Section 3.9 of the Mondelēz International, Inc. Change in Control Plan for Key Executives, as in effect on the date hereof (“CIC Plan”) as if the benefits were made under the CIC Plan. For avoidance of doubt, the deferred stock units will fully vest on your termination

date and will be paid shortly thereafter. Other than the vesting schedule and separation treatment described above, these deferred stock units will be subject to all other terms and conditions set forth in the Plan and the Company's standard Global Deferred Stock Unit Agreement as in effect on the date hereof.

2) A cash sign-on award of $750,000, payable $500,000 at hire and $250,000 in January 2019, subject to a two-year repayment agreement.

Executive Deferred Compensation Plan

You will be eligible to participate in the Executive Deferred Compensation Plan. This program allows you to voluntarily defer a portion of your salary and/or your annual incentive award to a future date. Additional information about this program is available upon request.

Severance; Change in Control Plan

From your date of hire, you will be a participant in the Mondelēz International, Inc. Change in Control Plan for Key Executives (the "CIC Plan"). The CIC Plan provides certain benefits upon an involuntary termination without Cause or voluntary termination for Good Reason following a Change in Control. A copy of the CIC Plan will be separately provided.

For purposes of this Offer Letter:

- "Cause" has the meaning set forth in the CIC Plan.

- "Good Reason" has the meaning set forth in the CIC Plan.

Stock Ownership Guidelines

You will be required to attain and hold Company stock equal in value to four (4) times your annual base salary established at your date of hire. Under current guidelines, you will have five years from your date of hire to achieve this level of ownership. Stock held for ownership determination includes common stock held directly or indirectly and unvested deferred stock units. It does not include stock options or unvested performance share units. The Company reserves the right to change the guidelines at any time.

You will also be required to hold for a period of at least one year the "net" shares received upon vesting in the case of deferred stock units or performance share units or exercise in the case of stock options, from the respective vesting or exercise dates.

Net shares are the number of shares resulting from the vesting of deferred stock units or performance share units or the exercise of stock options reduced by the number of shares required to satisfy any applicable tax withholding or costs associated with the respective vesting or exercise.

Other Benefits

If your employment with the Company ends due to an involuntary termination other than for Cause (as defined above), you will receive severance arrangements no less favorable than those accorded recently terminated senior executives of the Company. For the avoidance of doubt, "senior executives" as referenced in this section shall exclude legacy Cadbury executives.

You will be eligible for one-time relocation benefits through December 31, 2021 to Deerfield, Illinois pursuant to the Company's standard relocation policy for executives at your level in effect at the time of your move.

Under the current policies in place, which are subject to change, you will be eligible for the Company's discretionary financial planning program, which reimburses you up to $7,500 per year for eligible financial planning expenses, and car allowance program, which provides a car allowance of up to $15,000 per year.

You will be eligible for Mondelēz Global LLC's comprehensive benefits package available to full-time salaried U.S. employees. You will be eligible for 30 days of paid time off annually. Details and terms of these comprehensive benefits will be provided separately.

Restrictive Covenants

As a condition to this offer of employment and corresponding consideration, you agree to the terms and conditions of the Confidential Information, Intellectual Property and Restrictive Covenants Agreement (the "Covenant Agreement") attached hereto as **Appendix A** and will acknowledge such Covenant Agreement by signing the Covenant Agreement simultaneously with this offer of employment.

Section 409A of the Internal Revenue Code of 1986, as amended (the "Code")

No amount hereunder or under any other agreement that is subject to Code Section 409A ("Section 409A") shall be payable upon a termination of your employment unless such termination constitutes a "separation from service" with the Company under Section 409A. To the maximum extent permitted by applicable law, amounts payable to you pursuant to this Offer Letter shall be made in reliance upon the exception for certain involuntary terminations under a separation pay plan or as short-term deferral under Section 409A. For purposes of Section 409A, your right to receive any installment payments shall be treated as a right to receive a series of separate and distinct payments. To the extent any amount payable to you is subject to your entering into a release of claims with the Company and any such amount is a deferral of compensation under Section 409A and which amount could be payable to you in either of two taxable years, such payments shall be made or commence, as applicable, on the first date otherwise payable but in the later such taxable year and shall include all payments that otherwise would have been made before such date.

If you are a “specified employee” (within the meaning of Section 409A) as of your separation from service (within the meaning of Section 409A): (a) payment of any amounts under this Offer Letter (or under any severance arrangement pursuant to this Offer Letter) which the Company determines constitute the payment of nonqualified deferred compensation (within the meaning of Section 409A) and which would otherwise be paid upon your separation from service shall not be paid before the date that is six months after the date of your separation from service and any amounts that cannot be paid by reason of this limitation shall be accumulated and paid on the earlier of (x) your death and (y) the first day of the seventh month (or as soon as administratively possible thereafter) following the date of your separation from service (within the meaning of Section 409A); and (b) any welfare or other benefits (including under a severance arrangement) which the Company determines constitute the payment of nonqualified deferred compensation (within the meaning of Section 409A) and which would otherwise be provided upon your separation from service shall be provided at your sole cost during the first six-month period after your separation from service and, on the first day of the seventh month following your separation from service (or as soon as administratively possible), the Company shall reimburse you for the portion of such costs that would have been payable by the Company for that period if you were not a specified employee.

Payment of any reimbursement amounts and the provision of benefits by the Company pursuant to this Offer Letter (including any reimbursements or benefits to be provided pursuant to a severance arrangement) which the Company determines constitute nonqualified deferred compensation (within the meaning of Section 409A) shall be subject to the following:

(i) the amount of the expenses eligible for reimbursement or the in-kind benefits provided during any calendar year shall not affect the amount of the expenses eligible for reimbursement or the in-kind benefits to be provided in any other calendar year;

(ii) the reimbursement of an eligible expense will be made on or before the last day of the calendar year following the calendar year in which the expense was incurred; and

(iii) your right to reimbursement or in-kind benefits is not subject to liquidation or exchange for any other benefit.

The parties hereto intend that all compensation, benefits and other payments made to you hereunder will be provided or paid to you in compliance with all applicable provisions, or an exemption or exception from the applicable provisions of Section 409A and the regulations and rulings issued thereunder, and the rulings, notices and other guidance issued by the Internal Revenue Service interpreting the same, and this Offer Letter shall be construed and administered in accordance with such intent. The parties also agree that this Offer Letter may be modified, as reasonably agreed by the parties, to the extent necessary to comply with all applicable requirements of, and to avoid the imposition of additional tax, interest and penalties under Section 409A in connection with the compensation, benefits and other payments to be provided or paid to you hereunder. Any such modification shall maintain the original intent and benefit to the Company and you of the applicable provision of this Offer Letter, to the maximum extent possible without violating Section 409A.

Other Terms and Conditions

You will be a U.S. employee of Mondelēz Global LLC and your employment status will be governed by and shall be construed in accordance with the laws of the United States. As such, your status will be that of an “at will” employee. This means that either you or Company is free to terminate the employment relationship at that time, for any reason, subject to your entitlements pursuant to this Offer Letter or any other plan or agreement applicable to a termination of your employment.

This offer is contingent upon successful completion of our pre-employment checks. These include:

1. a background check. The background screen is an investigative consumer report. Under the Fair Credit Reporting Act, you have the right to make a written request for information about the nature and scope of this report. If you wish to make such a request, you may direct your letter to my attention. You are also entitled to receive a written summary of your rights under the Fair Credit Reporting Act.
2. post-offer drug screen via current Company protocols and
3. proof of eligibility to work in the United States.

If you accept our offer, please sign below and return the signed letter to my attention at dpendleton@mdlz.com. Once your date of hire is established, you will be provided information about the arrangements for your post offer drug screen and the required documents for verifying your eligibility to work in the United States.

Should you have any questions concerning this information, please contact me.

/s/ David H. Pendleton
David H. Pendleton
SVP Total Rewards & HR Solutions
Mondelēz Global LLC

April 17, 2018
Date

I have read the above terms and conditions and, by signing below, do accept this offer. This letter does not, in any way, constitute an express or implied contract for employment.

/s/ Paulette Alviti
Paulette Alviti

April 12, 2018
Date

Signature Page to Ms. Paulette Alviti Offer Letter]

APPENDIX A

CONFIDENTIAL INFORMATION, INTELLECTUAL PROPERTY AND RESTRICTIVE COVENANTS AGREEMENT

This Confidential Information, Intellectual Property and Restrictive Covenants Agreement ("Covenant Agreement") is made between the person specified in that certain offer of employment ("Executive") and Mondelēz International, Inc. (and any currently or previously-affiliated companies, parent companies, successors or predecessors, including Mondelēz Global LLC, Kraft Foods Inc., Kraft Foods Group, Inc., and Kraft Foods Global, Inc., hereafter, collectively, "MG").

WHEREAS, this Covenant Agreement is an extension of and incorporated into the offer of employment between Executive and MG under which MG desires and agrees to employ Executive and Executive desires and agrees to be employed by MG (the "Offer Letter"); and

WHEREAS, as part of performing Executive's responsibilities for MG, Executive will have access to MG's Confidential Information (as defined in Paragraph 2(a) below) and Intellectual Property (as defined in Paragraph 3(a) below).

NOW, THEREFORE, for good and valuable consideration, including the promises and covenants contained in this Covenant Agreement, including monetary consideration, Executive's employment with MG and Executive's access to and use of MG's Confidential Information and Intellectual Property, MG and Executive hereby agree as follows:

1. **Consideration.** In addition to Executive's employment with MG and Executive's access to and use of MG's Confidential Information, as consideration for this Covenant Agreement, MG will provide Executive with such consideration described in the Offer Letter, including, but not limited to, any sign on incentives and participation in the annual incentive plan and equity program. This Covenant Agreement shall control over any inconsistency with any other plan, program, practice or agreement providing for any covenant or restriction provided herein (and such other plan, program, practice or agreement shall be disregarded unless Executive agrees in writing that such other plan, program, practice or agreement controls).

2. **Confidential Information.**

(a) Executive recognizes that MG derives economic value from information and trade secrets created (whether by Executive or others) and used in MG's business which is not generally known by the public, including but not limited to certain sales, marketing, strategy, financial, product, personnel, manufacturing, technical and other proprietary information and material ("Confidential Information") which are the property of MG. Executive understands that this list is not exhaustive, and that Confidential Information also includes other information that is marked or otherwise identified as confidential or proprietary, or that would otherwise appear to a reasonable person to be confidential or proprietary in the context and circumstances in which the information is known or used. Executive expressly acknowledges and agrees that, by virtue of Executive's employment with MG, Executive will have access to and will use certain Confidential Information and that such Confidential Information constitutes MG's trade secrets and confidential and proprietary business information, all of which is MG's exclusive property. For purposes of this Covenant Agreement, Confidential Information does not include information that is or may become known to Executive or to the public from sources outside MG and through means other than a breach of this Covenant Agreement.

(b) Executive further understands and acknowledges that this Confidential Information and MG's ability to reserve it for the exclusive knowledge and use of MG is of great competitive importance and commercial value to MG. Executive agrees that Executive will treat all Confidential Information as strictly confidential and Executive will not, and will not permit any other person or entity to, directly or indirectly, without the prior written consent of MG: (i) use Confidential Information for the benefit of any person or entity other than MG; (ii) remove, copy, duplicate or otherwise reproduce any document or tangible item embodying or pertaining to any of the Confidential Information, except as required to perform Executive's responsibilities for MG; and (iii) while employed and thereafter, publish, release, disclose, deliver or otherwise make available to any third party any Confidential Information by any communication, including oral, documentary, electronic or magnetic information transmittal device or media. Notwithstanding the foregoing, Executive shall be permitted to disclose Confidential Information to the extent (x) required by law, subpoena, or applicable government or regulatory authority or (y) appropriate in connection with a legal dispute. To the extent legally permissible, executive shall promptly provide written notice of any such subpoena or order to MG's legal department.

(c) Executive agrees and understands that the obligations under this Covenant Agreement with regard to the non-disclosure and non-use of particular Confidential Information shall commence immediately upon Executive first having access to Confidential Information (whether before or after Executive begins employment with MG) and shall continue to exist during and after Executive's employment with MG for so long as such information remains Confidential Information and is not public knowledge other than as a result of the Executive's breach of this Covenant Agreement or breach by those acting in concert with Executive or on Executive's behalf. Nothing in this Agreement shall be construed to prohibit Executive from reporting conduct to, providing truthful information to, or participating in any investigation or proceeding conducted by any federal, state or local government agency or self-regulatory organization.

(d) Executive understands that improper use or disclosure of the Confidential Information by Executive will cause MG to incur financial costs, loss of business advantage, liability under confidentiality agreements with third parties, civil damages and criminal penalties.

(e) Protected Rights. Executive understands that nothing contained in this Agreement limits Executive's ability to file a charge or complaint with the Equal Employment Opportunity Commission, the National Labor Relations Board, the Occupational Safety and Health Administration, the Securities and Exchange Commission, or any other federal, state or local governmental agency or commission ("Government Agencies"). Executive further understands that this Agreement does not limit Executive's ability to communicate with any Government Agencies or otherwise participate in any investigation or proceeding that may be conducted by any Government Agency, including providing documents or other information, without notice to the Company. This Agreement does not limit Executive's right to receive an award for information provided to any Government Agencies.

3. **Intellectual Property**.

(a) Disclosure and Assignment. Executive agrees to make prompt written disclosure to MG, to hold in trust for the sole right and benefit of MG, and to assign to MG all Executive's right, title and interest in and to any patents, trademarks, copyrights, ideas, inventions (whether not patented or patentable), original works of authorship (published or not), developments, improvements or trade secrets which Executive may solely or jointly conceive or reduce to practice, or cause to be conceived or reduced to practice, during the period of Executive's employment with MG and relating in any way to the business or contemplated business, research or development of MG (regardless of when or where the Intellectual Property is prepared or whose equipment or other resources is used in preparing the same) (collectively "Intellectual Property"). Executive recognizes, provided prompt and full disclosure by Executive to MG, that this Covenant Agreement will not be deemed to require assignment of any invention which was developed entirely on Executive's own time without using MG's equipment, supplies, facilities or trade secrets and neither relates to MG's actual or anticipated business, research or development, nor resulted from work performed by Executive (solely or jointly with others) for MG.

(b) Original Works. Executive acknowledges that all original works of authorship which have been or are made by Executive (solely or jointly with others) within the scope of Executive's employment with MG and which are protectable by copyright are the property of MG. To the extent that any such original works have not already been transferred to or owned by MG, Executive hereby assigns all of Executive's right, title and interest in those works to MG.

(c) Cooperation. Executive agrees to assist MG in every reasonable and proper way to obtain and enforce United States and foreign proprietary rights relating to any and all patents, trademarks, inventions, original works of authorship, developments, improvements or trade secrets of MG in any and all countries. Executive will execute, verify and deliver (i) such documents and perform such other acts (including appearing as a witness) as MG may reasonably request for use in applying for, obtaining, perfecting, evidencing, sustaining and enforcing such proprietary rights and the assignment thereof, and (ii) assignments of such proprietary rights to MG or its designee. Executive's obligation to assist MG with respect to proprietary rights in any and all countries shall continue beyond the termination of employment.

(d) Other Obligations. In addition to Executive's other obligations under this Paragraph 3, Executive shall promptly disclose to MG fully and in writing all patent applications filed by Executive or on Executive's behalf. At the time of each such disclosure, Executive shall advise MG in writing of any inventions that Executive believes are not required to be assigned pursuant to this Paragraph. Executive shall at that time provide to MG in writing all evidence necessary to substantiate that belief. Executive understands that MG will keep in confidence, will not disclose to third parties and will not use for any unauthorized purpose without Executive's consent, any proprietary information disclosed in writing to MG pursuant to this Covenant Agreement relating to inventions that are not required to be assigned pursuant to this subparagraph 3(d) and which were created or developed by Executive after termination of Executive's employment. Executive will preserve the confidentiality of any such invention that is or may be required to be assigned, in whole or in part, pursuant to this Paragraph 3. Executive agrees to keep and maintain adequate and current records (in the form of notes, sketches, drawings and in any other form that may be required by MG) of all proprietary information developed by Executive and all inventions made by Executive during the period of employment at MG, which records shall be available to and remain the sole property of MG at all times. If MG becomes aware of a situation where it appears that its trade secrets are being used and/or disclosed by you, it will enforce its rights to the fullest degree allowed by law, including Federal or State trade secret law. An individual shall not be held criminally or civilly liable under any Federal or State trade secret law for the disclosure of a trade secret that is made in confidence to a Federal, State, or local government official or to an attorney solely for the purpose of reporting or investigating a suspected violation of law. An individual shall not be held criminally or civilly liable under any Federal or State trade secret law for the disclosure of a trade secret that is made in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal. An individual who files a lawsuit for retaliation by an employer for reporting a suspected violation of law may disclose the trade secret to the attorney of the individual and use the trade secret information in the court proceeding, if the individual files any document containing the trade secret under seal; and does not disclose the trade secret, except pursuant to court order.

4. **Restrictive Covenants.** Executive understands and agrees that the nature of Executive's position with MG provides Executive with access to and knowledge of MG's Confidential Information and places Executive in a position of trust and confidence with MG. Because of MG's legitimate business interests and for the consideration afforded in this Covenant Agreement and Offer Letter, Executive agrees that during Executive's employment with MG and for a period of twelve (12) months following the termination of Executive's employment from MG for any reason (the "Restricted Period"), Executive shall not engage in the following Prohibited Conduct:

(a) Non-Competition. Executive agrees that during the Restricted Period and in any geographic area in which Executive directly or indirectly performed responsibilities for MG or where Executive's knowledge of Confidential Information would be useful to a competitor in competing against MG, Executive will not engage in any conduct in which Executive contributes Executive's knowledge and skills, directly or indirectly, in whole or in part, as an executive, employee, employer, owner, operator, manager, advisor, consultant, agent, partner, director, stockholder, officer, volunteer, intern or any other similar capacity to a competitor or to an entity engaged in the same or similar business as MG, including those engaged in the business of production, sale or marketing of snack foods (including, but not limited to gum, chocolate, confectionary products, biscuits or any other product or service Executive had reason to know was under development by MG during Executive's employment with MG) ("Competitive Business") without the written consent of MG's Executive Vice President of Global Human Resources, or designee, such consent to be provided by MG in its sole and absolute discretion. Under no circumstances may Executive engage in any activity that may require or inevitably require Executive's use or disclosure of MG's Confidential Information.

(b) Non-Solicitation of Customers or Accounts. Executive understands and acknowledges that MG has expended and continues to expend significant time and expense in pursuing and retaining its customers and accounts, and that the loss of customers and accounts would cause significant and irreparable harm to MG. Executive therefore agrees that during the Restricted Period and for Executive or the direct or indirect benefit of any entity engaged in the same or similar business as MG, including those engaged in the business of production, sale or marketing of snack foods (including but not limited to gum, chocolate, confectionary products, biscuits or any other product or service Executive had reason to know was under development by MG during Executive's employment with MG), Executive will not (i) solicit business from or perform services for, or for the benefit of, any customer or account of MG with which Executive had contact, participated in the contact, or about which Executive had knowledge of Confidential Information by reason of Executive's relationship with MG within the twelve (12) month period prior to Executive's separation of employment from MG, or (ii) solicit business from or perform services for, or for the benefit of, any customer or account MG actively pursued for business and with which Executive had contact, participated in the contact, or about which Executive had knowledge of Confidential Information by reason of Executive's relationship with MG within the twelve (12) month period prior to Executive's separation of employment from MG.

(c) Non-Solicitation of Employees. Executive understands and acknowledges that MG has expended and continues to expend significant time and expense in recruiting and training its employees, and that the loss of employees would cause significant and irreparable harm to MG. Executive therefore agrees and covenants that during the Restricted Period Executive will not directly, or indirectly, solicit, hire, recruit, attempt to hire or recruit, or induce the termination of employment of any executive of MG.

(d) Judicial Amendment. Executive and MG acknowledge the reasonableness of the agreements set forth in this Section 4 and the specifically acknowledge the reasonableness of the geographic area, duration of time and subject matter that are part of the covenant not to compete contained in Section 4(a)-(c). Executive further acknowledges that Executive's skills are such that Executive can be gainfully employed in noncompetitive employment and that the parties' agreement not to compete will in no manner prevent Executive from earning a living. Notwithstanding the foregoing, in the event it is judicially determined that any of the limitations contained in this Section 4 are unreasonable, illegal or offensive under any applicable law and may not be enforced as agreed herein, the parties agree that the unreasonable, illegal or offensive portions of this Section 4, whether they relate to duration, area or subject matter, shall be and hereby are revised to conform with all applicable laws and that this Agreement, as modified, shall remain in full force and effect and shall not be rendered void or illegal.

5. **Return of MG Property.** Unless otherwise specified by MG in a separation or other similar-type agreement, within five (5) days of Executive's separation of employment from MG or as such other time as specified in the sole discretion of MG, Executive shall return all Confidential Information and all other MG property (whether in electronic or paper form) in Executive's possession, including documents, files, manuals, handbooks, notes, keys and any other items, files or documents (whether in electronic or paper form).

6. **No Disparagement or Harm.** Executive agrees that, in discussing Executive's relationship with MG and its affiliated and parent companies and their business and affairs, Executive will not disparage, discredit or otherwise refer to in a detrimental manner MG, its affiliated and parent companies or their officers, directors and Executives. MG agrees that, in discussing Executive's relationship with MG and its affiliated and parent companies and their business and affairs, MG (via any authorized public statement), officers or members of MG's Board of Directors will not disparage, discredit or otherwise refer to Executive in a detrimental manner. This Paragraph does not, in any way, restrict or impede Executive or MG (or its officers and directors), respectively, from exercising protected rights including the right to communicate with any federal, state or local agency or self-regulatory agency, including any with which a charge has been filed, to the extent that such rights cannot be waived by agreement or from complying with any applicable law or regulation or a valid order of a court of competent jurisdiction or an authorized government agency, provided that such compliance does not exceed that required by the law, regulation or order. Respectively, and to the extent legally permissible, executive shall promptly provide written notice of any such order to MG's legal department and the Company shall promptly provide written notice of any such order to Executive.

7. **Remedies.** Should Executive or MG breach any of the provisions contained in Paragraphs 2 through 6 of this Covenant Agreement, in addition to any other remedies available to MG or Executive, as applies, if Executive is the breaching party, Executive will be obligated to pay back to MG any payment(s) received pursuant to the Offer Letter. MG and Executive further acknowledge and agree that MG or Executive, as may apply, will or would suffer irreparable injury in the event of a breach or violation or threatened breach or violation of the provisions set forth in this Covenant Agreement, and agree that in the event of a breach or violation of such provisions the aggrieved party will be awarded injunctive relief by a court of competent jurisdiction to prohibit any such violation or breach, and that such right to injunctive relief will be in addition to any other remedy which may be ordered by the court or an arbitrator. The equitable relief shall be in addition to, not in lieu of, legal remedies, monetary damages or other available forms of relief.

8. **Notification.** Executive agrees that in the event Executive is offered to enter into an employment relationship with a third party at any time during the Restricted Period, Executive shall immediately advise said other third party of the existence of this Covenant Agreement and shall immediately provide said person or entity with a copy of this Covenant Agreement.

9. **Arbitration of Claims.** In the event either Executive or MG contests the interpretation or application of any of the terms of this Covenant Agreement, the complaining party shall notify the other in writing of the provision that is being contested. If the parties cannot satisfactorily resolve the dispute within thirty (30) days, the matter will be submitted to arbitration. An arbitrator will be chosen pursuant to the American Arbitration Association's ("AAA") Employment Arbitration Rules and Mediation Procedures. The arbitrator's fees and expenses and filing fees shall be borne by MG. The hearing shall be held at a mutually agreeable location and

the arbitrator shall issue a written award which shall be final and binding upon the parties. Executive agrees to waive the right to a jury trial. Notwithstanding anything contained in this Paragraph 9, MG and Executive shall each have the right to institute judicial proceedings against the other party or anyone acting by, through or under the other party, in order to enforce its rights under Paragraphs 2 through 6 through specific performance, injunction, or similar equitable relief. Claims not covered by arbitration are those claims seeking injunctive and other relief due to unfair competition, due to the use or unauthorized disclosure of trade secrets or confidential information, due to wrongful conversion, breach of the Intellectual Property covenants, and the breach of the restrictive covenants set forth in Paragraphs 2 through 6.

10. **Entire Agreement and Severability.** This is the entire agreement between Executive and MG on the subject matter of this Covenant Agreement. This Covenant Agreement may not be modified or canceled in any manner except by a writing signed by both Executive and an authorized MG official. Executive acknowledges that MG has made no representations or promises to Executive, other than those in this Covenant Agreement. If any provision in this Covenant Agreement is found to be unenforceable, all other provisions will remain fully enforceable. The covenants set forth in this Covenant Agreement shall be considered and construed as separate and independent covenants. Should any part or provision of any provision of this Covenant Agreement be held invalid, void or unenforceable in any court of competent jurisdiction, such invalidity, voidness or unenforceability shall not render invalid, void or unenforceable any other part or provision of this Covenant Agreement. If the release and waiver of claims provisions of any agreement related to this Covenant Agreement are held to be unenforceable, the parties agree to enter into a release and waiver agreement that is enforceable**.**

11. **Not a Contract of Employment.** Executive acknowledges and understands that nothing in this Covenant Agreement is intended to, nor should be construed to, alter the at-will nature of Executive’s employment relationship with MG, nor to guarantee Executive’s employment for any specified term. Notwithstanding any provision of this Covenant Agreement, Executive and/or MG may terminate Executive’s employment at-will, for any reason permitted by law, with or without notice, and upon such termination, the rights and obligations set forth herein shall continue as expressly provided, subject to.

12. **Tolling.** Should Executive violate any of the terms of the confidentiality or restrictive covenant obligations in this Covenant Agreement, the obligation at issue will run from the first date on which Executive ceases to be in violation of such obligation.

13. **Attorneys’ Fees.** Should either party breach any of the provisions of Paragraphs 2 through 6 of this Covenant Agreement, to the extent authorized by state law, the non-prevailing party (as determined by the trier of fact) will be responsible for payment of all reasonable attorneys’ fees and costs that the prevailing party incurs in the course of such proceeding (including demonstrating the existence of a breach and any other contract enforcement efforts or successfully defending against an allegation of such breach).

14. **Governing Law.** This Covenant Agreement shall be governed under and construed in accordance with the laws of the State of Illinois without giving effect to any choice of law or conflict of law provision or rule that would cause the application of the laws of any jurisdiction other than Illinois. Executive agrees that any legal proceeding concerning this Covenant Agreement may only be brought and held in a state or federal court located in the State of Illinois. Executive consents to the personal jurisdiction of such courts and agrees not to claim that any such courts are inconvenient or otherwise inappropriate.

15. **Successors and Assigns.** This Covenant Agreement shall be binding upon, and inure to the benefit of, the parties and their respective successors and permitted assigns. Executive may not assign Executive's rights and obligations under this Covenant Agreement without prior written consent of MG. MG may assign this Covenant Agreement and/or its rights or obligations under this Covenant Agreement. Any and all rights and remedies of MG under this Covenant Agreement shall inure to the benefit of and be enforceable by any successor or assignee of MG.

[Signatures are on the following page]

IN WITNESS WHEREOF, the parties agree that this Covenant Agreement is an extension of and incorporated into the Offer Letter between Executive and Mondelēz International, Inc., and the parties have executed this Offer Letter freely and voluntarily with the intention of being legally bound by it.

Mondelez International Inc.

Print Name:	David H. Pendleton
Date:	April 17, 2018

Executive

Print Name:	Paulette Alviti
Date:	April 12, 2018

[Signature Page to Confidential Information, Intellectual Property and Restrictive Covenants Agreement-Appendix A to Paulette Alviti Offer Letter]

EXHIBIT 12.1

Mondelēz International, Inc. and Subsidiaries
Computation of Ratios of Earnings to Fixed Charges
(in millions of dollars, except ratio)

	For the Three Months Ended June 30, 2018	For the Six Months Ended June 30, 2018
Earnings from continuing operations before income taxes	$ 248	$ 1,405
Add/(Deduct):		
Distributed income from less than 50% owned affiliates	8	151
Fixed charges	155	290
Interest capitalized, net of amortization	—	(1)
Earnings available for fixed charges	$ 411	$ 1,845
Fixed charges:		
Interest incurred:		
Interest expense (1)	$ 131	$ 242
Capitalized interest	—	1
	131	243
Portion of rent expense deemed to represent interest factor	24	47
Fixed charges	$ 155	$ 290
Ratio of earnings to fixed charges	2.7	6.4

Notes:
(1) Excludes interest related to uncertain tax positions, which is recorded in our tax provision.

EXHIBIT 31.1

Certifications

I, Dirk Van de Put, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Mondelēz International, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: July 25, 2018

/s/ DIRK VAN DE PUT

Dirk Van de Put
Chairman and Chief Executive Officer

EXHIBIT 31.2

Certifications

I, Brian T. Gladden, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Mondelēz International, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

    (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
    (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
    (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
    (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

    (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
    (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: July 25, 2018

/s/ BRIAN T. GLADDEN

Brian T. Gladden
Executive Vice President and
Chief Financial Officer

EXHIBIT 32.1

CERTIFICATIONS OF
CHIEF EXECUTIVE OFFICER AND CHIEF FINANCIAL OFFICER
PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

I, Dirk Van de Put, Chairman and Chief Executive Officer of Mondelēz International, Inc. (“Mondelēz International”), certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that Mondelēz International’s Quarterly Report on Form 10-Q for the quarter ended June 30, 2018, fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and that the information contained in Mondelēz International’s Quarterly Report on Form 10-Q fairly presents in all material respects Mondelēz International’s financial condition and results of operations.

/s/ DIRK VAN DE PUT

Dirk Van de Put
Chairman and Chief Executive Officer
July 25, 2018

I, Brian T. Gladden, Executive Vice President and Chief Financial Officer of Mondelēz International, Inc. (“Mondelēz International”), certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that Mondelēz International’s Quarterly Report on Form 10-Q for the quarter ended June 30, 2018, fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and that the information contained in Mondelēz International’s Quarterly Report on Form 10-Q fairly presents in all material respects Mondelēz International’s financial condition and results of operations.

/s/ BRIAN T. GLADDEN

Brian T. Gladden
Executive Vice President and
Chief Financial Officer
July 25, 2018

A signed original of these written statements required by Section 906, or other document authenticating, acknowledging, or otherwise adopting the signature that appears in typed form within the electronic version of this written statement required by Section 906, has been provided to Mondelēz International, Inc. and will be retained by Mondelēz International, Inc. and furnished to the Securities and Exchange Commission or its staff upon request.