
**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**
Washington, D.C. 20549

FORM 8-K

CURRENT REPORT
Pursuant to Section 13 or 15(d) of the
Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): January 31, 2018

MONDELÉZ INTERNATIONAL, INC.

(Exact name of registrant as specified in its charter)

Virginia
(State or other jurisdiction
of incorporation)

1-16483
(Commission
File Number)

52-2284372
(I.R.S. Employer
Identification No.)

Three Parkway North, Deerfield, Illinois 60015
(Address of principal executive offices, including zip code)

(847) 943-4000
(Registrant's telephone number, including area code)

Not Applicable
(Former name or former address, if changed since last report.)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (17 CFR §230.405) or Rule 12b-2 of the Securities Exchange Act of 1934 (17 CFR §240.12b-2).

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.

Item 2.02. Results of Operations and Financial Condition.

On January 31, 2018, we issued a press release announcing earnings for the fourth quarter and year ended December 31, 2017. A copy of the earnings press release is furnished as Exhibit 99.1 to this current report.

This information, including Exhibit 99.1, will not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), or otherwise subject to the liabilities under that section and it will not be incorporated by reference in any filing under the Securities Act of 1933, as amended, or the Exchange Act, except as expressly set forth by specific reference in such a filing.

Item 8.01. Other Events.

On January 31, 2018, our Finance Committee, with authorization from our Board of Directors, approved an increase of \$6.0 billion in our share repurchase program and an extension of the expiration date of the program. We are now authorized to repurchase up to \$19.7 billion of our Class A Common Stock through December 31, 2020, up from the previous authorization of \$13.7 billion. We may repurchase the shares in one or more open market transactions, privately negotiated transactions or a combination of the foregoing.

Item 9.01. Financial Statements and Exhibits.

(d) The following exhibit is being furnished with this Current Report on Form 8-K.

**Exhibit
Number**

Description

99.1 [Mondelēz International, Inc. Press Release, dated January 31, 2018.](#)

SIGNATURES

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 hereunto duly authorized.

MONDELÉZ INTERNATIONAL, INC.

By: /s/ Brian T. Gladden

Name: Brian T. Gladden

Title: Executive Vice President and
Chief Financial Officer

Date: January 31, 2018



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Mondelēz International Reports 2017 Results

Full-Year Highlights

- Operating income margin was 13.5%, up 360 basis points; Adjusted Operating Income¹ margin was 16.3%, up 130 basis points
- Diluted EPS was \$1.91, up 81.9%; Adjusted EPS¹ was \$2.14, up 14.5% on a constant-currency basis
- Net revenues declined (0.1%); Organic Net Revenue¹ grew 0.9%
- Returned \$3.4 billion in capital to shareholders

DEERFIELD, Ill. – Jan. 31, 2018 – Mondelēz International, Inc. (NASDAQ: MDLZ) today reported its fourth quarter and full-year 2017 results.

“We are pleased with the solid results for 2017,” said Brian Gladden, Chief Financial Officer. “We delivered a strong year of margin expansion and earnings growth, marking significant progress from four years ago. Our improved top-line performance was fueled by our Power Brands and favorable trends in emerging markets.”

“I’m very excited about the opportunities ahead to create value at Mondelēz International,” said Dirk Van de Put, Chief Executive Officer. “We have strong foundational pillars in place, and we enter the year with improving momentum in our business. Our 2018 plan reflects an emphasis on execution, ongoing improvements in top-line growth and continuing actions to expand margins. As we develop our long-term strategic plan for sustainable growth, we’re focused on how we can optimize and accelerate our strengths to create more moments of joy for our consumers, customers, communities, colleagues and shareholders.”

Net Revenue

| | Reported | | Organic Net Revenue Growth | | |
|-------------------------------|------------------|----------------|----------------------------|-----------------|---------------|
| | Net Revenues | | Q4 2017 | Vol/Mix | Pricing |
| | Q4 2017 | % Chg vs PY | | | |
| \$ in millions | | | | | |
| Quarter 4 | | | | | |
| Latin America | \$ 900 | 4.2 % | 5.5 % | (3.0) pp | 8.5 pp |
| Asia, Middle East & Africa | 1,449 | 2.6 | 6.9 | 3.2 | 3.7 |
| Europe | 2,816 | 5.0 | 1.4 | 0.2 | 1.2 |
| North America | 1,801 | (0.6) | (0.8) | 0.1 | (0.9) |
| Mondelēz International | \$ 6,966 | 2.9 % | 2.4 % | 0.3 pp | 2.1pp |
| Full Year 2017 | | | | | |
| | FY 2017 | | FY 2017 | | |
| Latin America | \$ 3,566 | 5.1 % | 3.5 % | (4.2) pp | 7.7 pp |
| Asia, Middle East & Africa | 5,739 | (1.3) | 2.7 | (0.2) | 2.9 |
| Europe | 9,794 | 0.4 | 1.3 | 1.4 | (0.1) |
| North America | 6,797 | (2.3) | (2.4) | (1.8) | (0.6) |
| Mondelēz International | \$ 25,896 | (0.1) % | 0.9 % | (0.6) pp | 1.5 pp |

Operating Income and Diluted EPS

| | Reported | | Adjusted | | |
|---------------------------|----------------|----------|----------------|----------|----------|
| | Q4 2017 | vs PY | Q4 2017 | vs PY | vs PY |
| | | (Rpt Fx) | | (Rpt Fx) | (Cst Fx) |
| \$ in millions | | | | | |
| Quarter 4 | | | | | |
| Gross Profit | \$ 2,664 | 2.9 % | \$ 2,731 | 5.9 % | 2.2 % |
| Gross Profit Margin | 38.2 % | 0.0 pp | 39.2 % | 0.0 pp | |
| Operating Income | \$ 844 | 66.5 % | \$ 1,108 | 19.8 % | 14.1 % |
| Operating Income Margin | 12.1 % | 4.6 pp | 15.9% | 1.8 pp | |
| Net Earnings ² | \$ 802 | 762.4 % | \$ 862 | 25.3 % | 17.2 % |
| Diluted EPS | \$ 0.53 | 783.3 % | \$ 0.57 | 29.5 % | 20.5 % |
| Full Year 2017 | | | | | |
| | FY 2017 | | FY 2017 | | |
| Gross Profit | \$ 10,065 | (0.6) % | \$ 10,210 | 0.9 % | 0.5 % |
| Gross Profit Margin | 38.9 % | (0.2)pp | 39.8 % | (0.3)pp | |
| Operating Income | \$ 3,506 | 36.5 % | \$ 4,178 | 9.9 % | 9.9 % |
| Operating Income Margin | 13.5 % | 3.6 pp | 16.3 % | 1.3 pp | |
| Net Earnings | \$ 2,922 | 76.1 % | \$ 3,270 | 11.9 % | 11.4 % |
| Diluted EPS | \$ 1.91 | 81.9 % | \$ 2.14 | 15.1 % | 14.5 % |

Fourth Quarter Commentary

- **Net revenues** increased 2.9 percent, driven by currency and Organic Net Revenue growth partly offset by divestiture impacts. **Organic Net Revenue** increased 2.4 percent, which includes a positive impact of approximately 60 basis points from India demonetization in the prior year.
- **Gross profit margin** was 38.2 percent, flat to the prior year, as favorable impacts from commodity hedging activities and divestitures were offset by incremental costs due to the malware incident and higher 2014-2018 Restructuring Program implementation costs. **Adjusted Gross Profit¹ margin** was 39.2 percent, flat to the prior year, driven by cost inflation and unfavorable mix, offset by improved pricing and net productivity gains.
- **Operating income margin** was 12.1 percent, up 460 basis points, driven by lower 2014-2018 Restructuring Program costs, higher Adjusted Operating Income margin and the lapping of the prior year's intangible asset impairment. **Adjusted Operating Income margin** expanded 180 basis points to 15.9 percent. These results reflected reductions in selling, general & administrative costs and supply chain productivity savings.
- **Diluted EPS** was \$0.53, up 783 percent, driven by the lapping of the prior year loss on debt extinguishment, lower intangible asset impairment costs and a net benefit from U.S. tax reform.
- **Adjusted EPS** was \$0.57 and grew 21 percent on a constant-currency basis, driven primarily by operating gains.
- **Capital Return:** The company repurchased approximately \$400 million of its common stock and paid approximately \$300 million in cash dividends.
- **Tax Rate:** The enactment of U.S. tax reform in December 2017 resulted in a discrete net tax benefit of \$59 million in the fourth quarter. Elements of this benefit include a tax on the company's accumulated foreign earnings (estimated \$1.3 billion cost) and the revaluation of its net U.S. deferred tax liability (estimated \$1.3 billion benefit). As a result, the company's reported effective tax rate, which includes these discrete tax impacts, was 24.6 percent for the fourth quarter and 22.0 percent for the full year. The company's Adjusted Effective Tax Rate¹, which excludes the discrete net tax impacts, was 24.5 percent for the fourth quarter and 22.8 percent for the full year.

Full-Year Commentary

- **Net revenues** decreased 0.1 percent, driven by divestitures that offset Organic Net Revenue growth and currency tailwinds. **Organic Net Revenue** increased 0.9 percent, which included a negative impact of approximately 40 basis points from the June malware incident.
- **Gross profit margin** was 38.9 percent, a decrease of 20 basis points, driven primarily by Adjusted Gross Profit margin contraction and the impact from the malware incident costs, partially offset by lower 2014-2018 Restructuring Program implementation costs and lower mark-to-market impacts from commodity and currency derivative contracts. **Adjusted Gross Profit margin** was 39.8 percent, a decrease of 30 basis points. Higher input costs and unfavorable volume/mix more than offset net productivity gains and improved pricing net of select trade investments.
- **Operating income margin** was 13.5 percent, up 360 basis points, driven by Adjusted Operating Income margin expansion, lower 2014-2018 Restructuring Program costs, benefits from the resolution of tax matters and a net gain on divestitures, partially offset by malware incident incremental expenses. **Adjusted Operating Income margin** expanded 130 basis points to 16.3 percent. These results reflected supply chain productivity savings and reductions in overhead costs.

- **Diluted EPS** was \$1.91, up 82 percent, driven by the lapping of the prior year loss on debt extinguishment, benefits from the resolution of tax matters, lower 2014-2018 Restructuring Program costs, net gains from divestitures and a net benefit from U.S. tax reform.
- **Adjusted EPS** was \$2.14 and grew 15 percent on a constant-currency basis, driven primarily by operating gains, lower interest expense and lower shares outstanding.
- **Capital Return:** The company returned \$3.4 billion of capital to shareholders through share repurchases and dividends. Today, the company's Board of Directors approved a \$6 billion increase to the company's share repurchase authorization from \$13.7 billion to \$19.7 billion and extended the expiration date of the program to December 31, 2020.

2018 Outlook

Mondelēz International provides guidance on a non-GAAP basis, as the company cannot predict some elements that are included in reported GAAP results, including the impact of foreign exchange. Refer to the Outlook section in the discussion of non-GAAP financial measures below for more details.

For 2018, the company expects Organic Net Revenue to increase 1 to 2 percent. The company expects Adjusted Operating Income margin of approximately 17 percent. The company also expects double-digit Adjusted EPS growth on a constant-currency basis. This 2018 outlook includes an expected Adjusted Effective Tax Rate in the low-to-mid 20 percent range, including our current view of the expected impact of U.S. tax reform. The company estimates currency translation would increase net revenue growth by approximately 4 percent³ and Adjusted EPS by approximately \$0.12³.

Conference Call

Mondelēz International will host a conference call for investors with accompanying slides to review its results at 5 p.m. ET today. A listen-only webcast will be provided at www.mondelezinternational.com. An archive of the webcast will be available on the company's web site. The company will be live tweeting the event at www.twitter.com/MDLZ.

About Mondelēz International

Mondelēz International, Inc. (NASDAQ: MDLZ) is building the best snacking company in the world, with 2017 net revenues of approximately \$26 billion. Creating more moments of joy in approximately 160 countries, Mondelēz International is a world leader in biscuits, chocolate, gum, candy and powdered beverages, featuring global Power Brands such as *Oreo* and *belVita* biscuits; *Cadbury Dairy Milk* and *Milka* chocolate; and *Trident* gum. Mondelēz International is a proud member of the Standard and Poor's 500, Nasdaq 100 and Dow Jones Sustainability Index. Visit www.mondelezinternational.com or follow the company on Twitter at www.twitter.com/MDLZ.

End Notes

1. Organic Net Revenue, Adjusted Operating Income (and Adjusted Operating Income margin), Adjusted EPS, Adjusted Gross Profit (and Adjusted Gross Profit margin), Adjusted Effective Tax Rate and presentation of amounts in constant currency are non-GAAP financial measures. Please see discussion of non-GAAP financial measures at the end of this press release for more information.
2. Net earnings attributable to Mondelez International.
3. Currency estimate is based on published rates from XE on January 25, 2018.

Additional Definitions

Power Brands include some of the company's 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.

Emerging markets consist of the Latin America region in its entirety; the Asia, Middle East and Africa 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.

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 Asia, Middle East and Africa region.

Forward-Looking Statements

This press release contains a number of forward-looking statements. Words, and variations of words, such as "will," "expect," "may," "would," "could," "believe," "estimate," "plan," "guidance," "outlook" and similar expressions are intended to identify the company's forward-looking statements, including, but not limited to, statements about: the company's future performance, including its future revenue growth, earnings per share, margins and taxes; currency and the effect of foreign exchange translation on the company's results of operations; the company's operating and strategic plans; the company's growth strategy; value creation for shareholders; the company's tax rate, tax positions and estimates of the impact of U.S. tax reform on its 2017 and future results; remediation efforts related to and the financial and other impacts of the malware incident; the costs of, timing of expenditures under and completion of the company's restructuring program; the Brazilian indirect tax matter; and the company's outlook, including 2018 Organic Net Revenue growth, Adjusted Operating Income margin,

Adjusted EPS and Adjusted Effective Tax Rate. These forward-looking statements are subject to a number of risks and uncertainties, many of which are beyond the company's control, which could cause the company's actual results to differ materially from those indicated in the company's forward-looking statements. Such factors 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 the company's business; competition; the restructuring program and the company's other transformation initiatives not yielding the anticipated benefits; and changes in the assumptions on which the restructuring program is based. Please also see the company's risk factors, as they may be amended from time to time, set forth in its filings with the SEC, including the company's most recently filed Annual Report on Form 10-K. Mondelez International disclaims and does not undertake any obligation to update or revise any forward-looking statement in this press release, except as required by applicable law or regulation.



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

| | For the Three Months Ended December 31, | | For the Twelve Months Ended December 31, | |
|---|--|----------|---|-----------|
| | 2017 | 2016 | 2017 | 2016 |
| Net revenues | \$ 6,966 | \$ 6,770 | \$ 25,896 | \$ 25,923 |
| Cost of sales | 4,302 | 4,181 | 15,831 | 15,795 |
| Gross profit | 2,664 | 2,589 | 10,065 | 10,128 |
| Gross profit margin | 38.2% | 38.2% | 38.9% | 39.1% |
| Selling, general and administrative expenses | 1,657 | 1,705 | 5,911 | 6,540 |
| Asset impairment and exit costs | 120 | 342 | 656 | 852 |
| Net gain on divestitures | (2) | (9) | (186) | (9) |
| Amortization of intangibles | 45 | 44 | 178 | 176 |
| Operating income | 844 | 507 | 3,506 | 2,569 |
| Operating income margin | 12.1% | 7.5% | 13.5% | 9.9% |
| Interest and other expense, net | 120 | 575 | 382 | 1,115 |
| Earnings before income taxes | 724 | (68) | 3,124 | 1,454 |
| Provision for income taxes | (178) | 78 | (688) | (129) |
| Effective tax rate | 24.6% | 114.7% | 22.0% | 8.9% |
| Gain on equity method investment transactions | 40 | — | 40 | 43 |
| Equity method investment net earnings | 224 | 83 | 460 | 301 |
| Net earnings | 810 | 93 | 2,936 | 1,669 |
| Noncontrolling interest earnings | (8) | — | (14) | (10) |
| Net earnings attributable to Mondelēz International | \$ 802 | \$ 93 | \$ 2,922 | \$ 1,659 |
| Per share data: | | | | |
| Basic earnings per share attributable to Mondelēz International | \$ 0.54 | \$ 0.06 | \$ 1.93 | \$ 1.07 |
| Diluted earnings per share attributable to Mondelēz International | \$ 0.53 | \$ 0.06 | \$ 1.91 | \$ 1.05 |
| Average shares outstanding: | | | | |
| Basic | 1,497 | 1,540 | 1,513 | 1,556 |
| Diluted | 1,513 | 1,559 | 1,531 | 1,573 |

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

| | December 31, 2017 | December 31, 2016 | |
|---|------------------------------|------------------------------|-------------------------|
| ASSETS | | | |
| Cash and cash equivalents | \$ 761 | \$ 1,741 | |
| Trade receivables | 2,691 | 2,611 | |
| Other receivables | 835 | 859 | |
| Inventories, net | 2,557 | 2,469 | |
| Other current assets | 676 | 800 | |
| Total current assets | 7,520 | 8,480 | |
| Property, plant and equipment, net | 8,677 | 8,229 | |
| Goodwill | 21,085 | 20,276 | |
| Intangible assets, net | 18,639 | 18,101 | |
| Prepaid pension assets | 158 | 159 | |
| Deferred income taxes | 319 | 358 | |
| Equity method investments | 6,345 | 5,585 | |
| Other assets | 366 | 350 | |
| TOTAL ASSETS | \$ 63,109 | \$ 61,538 | |
| LIABILITIES | | | |
| Short-term borrowings | \$ 3,517 | \$ 2,531 | |
| Current portion of long-term debt | 1,163 | 1,451 | |
| Accounts payable | 5,705 | 5,318 | |
| Accrued marketing | 1,728 | 1,745 | |
| Accrued employment costs | 721 | 736 | |
| Other current liabilities | 2,959 | 2,636 | |
| Total current liabilities | 15,793 | 14,417 | |
| Long-term debt | 12,972 | 13,217 | |
| Deferred income taxes | 3,376 | 4,721 | |
| Accrued pension costs | 1,669 | 2,014 | |
| Accrued postretirement health care costs | 419 | 382 | |
| Other liabilities | 2,689 | 1,572 | |
| TOTAL LIABILITIES | 36,918 | 36,323 | |
| EQUITY | | | |
| Common Stock | — | — | |
| Additional paid-in capital | 31,915 | 31,847 | |
| Retained earnings | 22,749 | 21,149 | |
| Accumulated other comprehensive losses | (9,998) | (11,122) | |
| Treasury stock | (18,555) | (16,713) | |
| Total Mondelēz International Shareholders' Equity | 26,111 | 25,161 | |
| Noncontrolling interest | 80 | 54 | |
| TOTAL EQUITY | 26,191 | 25,215 | |
| TOTAL LIABILITIES AND EQUITY | \$ 63,109 | \$ 61,538 | |
| | December 31, 2017 | December 31, 2016 | Incr/ (Decr) |
| Short-term borrowings | \$ 3,517 | \$ 2,531 | \$ 986 |
| Current portion of long-term debt | 1,163 | 1,451 | (288) |
| Long-term debt | 12,972 | 13,217 | (245) |
| Total Debt | 17,652 | 17,199 | 453 |
| Cash and cash equivalents | 761 | 1,741 | (980) |
| Net Debt (1) | \$ 16,891 | \$ 15,458 | \$1,433 |

(1) Net debt is defined as total debt, which includes short-term borrowings, current portion of long-term debt and long-term debt, less cash and cash equivalents.

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

| | For the Twelve Months Ended December 31, | |
|---|---|-----------------|
| | 2017 | 2016 |
| CASH PROVIDED BY/(USED IN) OPERATING ACTIVITIES | | |
| Net earnings | \$ 2,936 | \$ 1,669 |
| Adjustments to reconcile net earnings to operating cash flows: | | |
| Depreciation and amortization | 816 | 823 |
| Stock-based compensation expense | 137 | 140 |
| U.S. tax reform transition tax | 1,317 | — |
| Deferred income tax benefit | (1,206) | (141) |
| Asset impairments and accelerated depreciation | 334 | 446 |
| Loss on early extinguishment of debt | 11 | 428 |
| Net gain on divestitures | (186) | (9) |
| Gain on equity method investment transactions | (40) | (43) |
| Equity method investment net earnings | (460) | (301) |
| Distributions from equity method investments | 152 | 75 |
| Other non-cash items, net | (225) | (43) |
| Change in assets and liabilities, net of acquisitions and divestitures: | | |
| Receivables, net | (24) | 31 |
| Inventories, net | (18) | 62 |
| Accounts payable | 5 | 409 |
| Other current assets | 14 | (176) |
| Other current liabilities | (637) | 60 |
| Change in pension and postretirement assets and liabilities, net | (333) | (592) |
| Net cash provided by operating activities | <u>2,593</u> | <u>2,838</u> |
| CASH PROVIDED BY/(USED IN) INVESTING ACTIVITIES | | |
| Capital expenditures | (1,014) | (1,224) |
| Acquisitions, net of cash received | — | (246) |
| Proceeds from divestitures, net of disbursements | 604 | 303 |
| Proceeds from sale of property, plant and equipment and other assets | 109 | 138 |
| Net cash used in investing activities | <u>(301)</u> | <u>(1,029)</u> |
| CASH PROVIDED BY/(USED IN) FINANCING ACTIVITIES | | |
| Issuances of commercial paper, maturities greater than 90 days | 1,808 | 1,540 |
| Repayments of commercial paper, maturities greater than 90 days | (1,911) | (1,031) |
| Net issuances of other short-term borrowings | 1,027 | 1,741 |
| Long-term debt proceeds | 350 | 5,640 |
| Long-term debt repaid | (1,470) | (6,186) |
| Repurchase of Common Stock | (2,174) | (2,601) |
| Dividends paid | (1,198) | (1,094) |
| Other | 207 | 129 |
| Net cash used in financing activities | <u>(3,361)</u> | <u>(1,862)</u> |
| Effect of exchange rate changes on cash and cash equivalents | 89 | (76) |
| Cash and cash equivalents: | | |
| Decrease | (980) | (129) |
| Balance at beginning of period | 1,741 | 1,870 |
| Balance at end of period | <u>\$ 761</u> | <u>\$ 1,741</u> |

Mondelēz International, Inc. and Subsidiaries
Reconciliation of GAAP and Non-GAAP Financial Measures
(Unaudited)

The company reports its financial results in accordance with accounting principles generally accepted in the United States (“GAAP”). However, management believes that also presenting certain non-GAAP financial measures provides additional information to facilitate comparison of the company’s historical operating results and trends in its underlying operating results, and provides additional transparency on how the company evaluates its business. Management uses these non-GAAP financial measures in making financial, operating and planning decisions and in evaluating the company’s performance. The company also believes that presenting these measures allows investors to view its performance using the same measures that the company uses in evaluating its financial and business performance and trends.

The company considers quantitative and qualitative factors in assessing whether to adjust for the impact of items that may be significant or that could affect an understanding of its ongoing financial and business performance and trends. 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. See below for a description of adjustments to the company’s U.S. GAAP financial measures included herein.

Non-GAAP information should be considered as supplemental in nature and is not meant to be considered in isolation or as a substitute for the related financial information prepared in accordance with U.S. GAAP. In addition, the company’s non-GAAP financial measures may not be the same as or comparable to similar non-GAAP measures presented by other companies.

Because GAAP financial measures on a forward-looking basis are not accessible and reconciling information is not available without unreasonable effort, the company has not provided that information with regard to the non-GAAP financial measures in the company’s outlook. Refer to the Outlook section below for more details.

DEFINITIONS OF THE COMPANY'S NON-GAAP FINANCIAL MEASURES

The company's non-GAAP financial measures and corresponding metrics reflect how the company evaluates its operating results currently and provide improved comparability of operating results. As new events or circumstances arise, these definitions could change. When these definitions change, the company provides the updated definitions and presents 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); the historical global coffee business (3); the historical Venezuelan operations; accounting calendar changes; and currency rate fluctuations (4). The company believes that Organic Net Revenue reflects the underlying growth from the ongoing activities of its business and provides improved comparability of results. The company also evaluates Organic Net Revenue growth from emerging markets and its Power Brands.
- “Adjusted Gross Profit” is defined as gross profit excluding the 2012-2014 Restructuring Program (5); the 2014-2018 Restructuring Program (5); acquisition integration costs; incremental costs associated with the Jacobs Douwe Egberts (“JDE”) coffee business transactions; the operating results of divestitures (2); the historical coffee business operating results (3); the historical Venezuelan operating results; and mark-to-market impacts from commodity and forecasted currency transaction derivative contracts (6). The company also presents “Adjusted Gross Profit margin,” which is subject to the same adjustments as Adjusted Gross Profit. The company believes that Adjusted Gross Profit and Adjusted Gross Profit margin provide improved comparability of underlying operating results. The company also evaluates growth in the company's Adjusted Gross Profit on a constant currency basis (4).
- “Adjusted Operating Income” and “Adjusted Segment Operating Income” are defined as operating income (or segment operating income) excluding the impacts of the 2012-2014 Restructuring Program (5); the 2014-2018 Restructuring Program (5); Venezuela remeasurement and deconsolidation losses and historical operating results; gains or losses (including non-cash impairment charges) on goodwill and intangible assets; divestiture (2) or acquisition gains or losses and related integration and acquisition costs; the JDE coffee business transactions (3) gain and net incremental costs; the operating results of divestitures (2); the historical global coffee business operating results (3); mark-to-market impacts from commodity and forecasted currency transaction derivative contracts (6); equity method investment earnings historically reported within operating income (7); benefits from resolution of tax matters (8); CEO transition remuneration (9); and incremental expenses related to the malware incident. The company also presents “Adjusted Operating Income margin” and “Adjusted Segment Operating Income margin”, which are subject to the same adjustments as Adjusted Operating Income and Adjusted Segment Operating Income. The company believes that Adjusted Operating Income, Adjusted Segment Operating Income, Adjusted Operating Income margin and Adjusted Segment Operating Income margin provide improved comparability of underlying operating results. The company also evaluates growth in the company's Adjusted Operating Income and Adjusted Segment Operating Income on a constant currency basis (4).
- “Adjusted EPS” is defined as diluted EPS attributable to Mondelēz International from continuing operations excluding the impacts of the 2012-2014 Restructuring Program (5); the 2014-2018 Restructuring Program (5); Venezuela remeasurement and deconsolidation losses and historical operating results; losses on debt extinguishment and related expenses; gains or losses (including non-cash impairment charges) on goodwill and intangible assets; divestiture (2) or acquisition gains or losses and related integration and acquisition costs; the JDE coffee business transactions (3) gain, transaction hedging gains or losses and net incremental costs; gain on equity method investment transactions; net earnings from divestitures (2); mark-to-market impacts from commodity and forecasted currency transaction derivative contracts (6); gains or losses on interest rate swaps no longer designated as accounting cash flow hedges due to changed financing and hedging plans; benefits from resolution of tax matters (8); CEO transition remuneration (9); incremental expenses related to the malware incident; and U.S. tax reform discrete impacts (10). Similarly, within Adjusted EPS, the company's equity method investment net earnings exclude its proportionate share of its investees' unusual or infrequent items (11). The tax impact of each of the items excluded from the company's 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. The company believes that Adjusted EPS provides improved comparability of underlying operating results. The company also evaluates growth in the company's Adjusted EPS on a constant currency basis (4).
- “Adjusted Effective Tax Rate” is defined as the company's reported effective tax rate excluding the tax impacts from the 2012-2014 Restructuring Program (5); the 2014-2018 Restructuring Program (5); Venezuela remeasurement and deconsolidation losses and historical operating results; losses on debt extinguishment and related expenses; gains or losses (including non-cash impairment charges) on goodwill and intangible assets; divestiture (2) or acquisition gains or losses and related integration and acquisition costs; the JDE coffee business transactions (3) gain, transaction hedging gains or losses and net incremental costs; gain on equity method investment transactions; net earnings from divestitures (2); mark-to-market impacts from commodity and forecasted currency transaction derivative contracts (6); gains or losses on interest rate swaps no longer designated as accounting cash flow hedges due to changed financing and hedging plans; benefits from resolution of tax matters (8); CEO transition remuneration (9); incremental expenses related to the malware incident; U.S. tax reform discrete impacts (10); and the company's proportionate share of its investees' unusual or infrequent items related to the company's equity method investment net earnings (11). The company believes that Adjusted Effective Tax Rate provides improved comparability of underlying operating results.

- “Free Cash Flow” is defined as net cash provided by operating activities less capital expenditures. As Free Cash Flow is the company’s primary measure used to monitor its cash flow performance, the company believes this non-GAAP measure provides investors additional useful information when evaluating its cash from operating activities.
 - (1) When items no longer impact the company’s current or future presentation of non-GAAP operating results, the company removes these items from its non-GAAP definitions. During 2017, the company added to the non-GAAP definitions the exclusion of: benefits from the resolution of tax matters (see footnote (8) below), CEO transition remuneration (see footnote (9) below), incremental expenses related to the malware incident and U.S. tax reform discrete items (see footnote (10) below).
 - (2) Divestitures include completed sales of businesses and exits of major product lines upon completion of a sale or licensing agreement.
 - (3) The company continues to have an ongoing interest in the legacy coffee business it deconsolidated in 2015 as part of the JDE coffee business transactions. For historical periods prior to the July 15, 2015 coffee business deconsolidation, the company has reclassified any net revenue or operating income from the historical coffee business and included them where the coffee equity method investment earnings are presented within Adjusted EPS. As such, Organic Net Revenue, Adjusted Gross Profit and Adjusted Operating Income in all periods do not include the results of the company’s legacy coffee businesses, which are shown within Adjusted EPS only.
 - (4) 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.
 - (5) Non-GAAP adjustments related to the 2014-2018 Restructuring Program reflect costs incurred that relate to the objectives of the company’s program to transform its supply chain network and organizational structure. Costs that do not meet the program objectives are not reflected in the non-GAAP adjustments. Refer to the company’s Annual Report on Form 10-K for the year ended December 31, 2016 for more information on the 2012-2014 Restructuring Program.
 - (6) During the third quarter of 2016, the company began to exclude unrealized gains and losses (mark-to-market impacts) from outstanding commodity and forecasted currency transaction derivatives from its non-GAAP earnings measures until such time that the related exposures impact its operating results. Since the company purchases commodity and forecasted currency contracts to mitigate price volatility primarily for inventory requirements in future periods, the company made this adjustment to remove the volatility of these future inventory purchases on current operating results to facilitate comparisons of its underlying operating performance across periods. The company also discontinued designating commodity and forecasted currency transaction derivatives for hedge accounting treatment. To facilitate comparisons of the company’s underlying operating results, the company has recast all historical non-GAAP earnings measures to exclude the mark-to-market impacts.
 - (7) Historically, the company has recorded income from equity method investments within its operating income as these investments operated as extensions of the company’s base business. Beginning in the third quarter of 2015, the company began to record the earnings from its equity method investments in after-tax equity method investment earnings outside of operating income following the deconsolidation of its coffee business. Refer to Note 1, *Summary of Significant Accounting Policies*, in the company’s Annual Report on Form 10-K for the year ended December 31, 2016 for more information.
 - (8) During 2017, the company recorded benefits from the settlement of pre-acquisition Cadbury tax matters and from the reversal of tax liabilities in connection with the resolution of a Brazilian indirect tax matter.
 - (9) On November 20, 2017, Dirk Van de Put succeeded Irene Rosenfeld as CEO of Mondelez International in advance of her retirement at the end of March 2018. In order to incent Mr. Van de Put to join the company, the company 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 the company granted took the form of cash, deferred stock units, performance share units and stock options. In connection with Irene Rosenfeld’s retirement, the company 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. The company refers to these elements of Mr. Van de Put’s and Ms. Rosenfeld’s compensation arrangements together as “CEO transition remuneration.” The company is excluding amounts it expenses as CEO transition remuneration from its 2017 and future non-GAAP results because those amounts are not part of the company’s regular compensation program and are incremental to amounts the company would have incurred as ongoing CEO compensation. As a result, in 2017, the company excluded amounts expensed for the cash payment to Mr. Van de Put and partial vesting of his equity grants. In 2018, the company expects to exclude amounts paid for Ms. Rosenfeld’s service as Chairman and partial vesting of Mr. Van de Put’s and Ms. Rosenfeld’s equity grants.

- (10) On December 22, 2017, the United States enacted tax reform legislation that included a broad range of business tax provisions. The company's accounting for the new tax legislation is not complete and the company has made reasonable estimates for some tax provisions. The company excluded the discrete U.S. tax reform impacts from its Adjusted EPS and Adjusted Effective Tax Rate as they do not reflect its ongoing tax obligations under U.S. tax reform.
- (11) The company has excluded its proportionate share of its equity method investees' unusual or infrequent items, such as acquisitions and divestiture related costs, restructuring program costs and discrete U.S. tax reform impacts, in order to provide investors with a comparable view of its performance across periods. Although the company has shareholder rights and board representation commensurate with its ownership interests in its equity method investees and reviews the underlying operating results and unusual or infrequent items with them each reporting period, the company does not have direct control over the operations or resulting revenue and expenses. The company's use of equity method investment net earnings on an adjusted basis is not intended to imply that the company has any such control. The company's GAAP "diluted EPS attributable to Mondelez International from continuing operations" includes all of its investees' unusual and infrequent items.

See the attached schedules for supplemental financial data and corresponding reconciliations of the non-GAAP financial measures referred to above to the most comparable GAAP financial measures for the three months and year ended December 31, 2017.

SEGMENT OPERATING INCOME

The company uses segment operating income to evaluate segment performance and allocate resources. The company believes 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), amortization of intangibles, gains and losses on divestitures and acquisition-related costs, in all periods presented. The company excludes these items from segment operating income in order to provide better transparency of its segment operating results. Furthermore, the company centrally manages interest and other expense, net. Accordingly, the company does not present these items by segment because they are excluded from the segment profitability measure that management reviews.

ITEMS IMPACTING COMPARABILITY OF OPERATING RESULTS

The following information is provided to give qualitative and quantitative information related to items impacting comparability of operating results. The company identifies these based on how management views the company's business; makes financial, operating and planning decisions; and evaluates the company's ongoing performance. In addition, the company discloses the impact of changes in currency exchange rates on the company's financial results in order to reflect results on a constant currency basis.

Divestitures, Divestiture-related costs and Gains/(losses) on divestitures

On December 28, 2017, the company completed the sale of a confectionery business in Japan. The company recorded a pre-tax loss of \$1 million.

In connection with the 2012 spin-off of Kraft Foods Group, Inc. (now a part of Kraft Heinz Company ("KHC")), Kraft Foods Group and the company each granted the other various licenses to use certain trademarks in connection with particular product categories in specified jurisdictions. On August 17, 2017, the company entered into two agreements with KHC to terminate the licenses of certain KHC-owned brands used in the company's grocery business within its Europe region and to transfer to KHC inventory and certain other assets. On August 17, 2017, the first transaction closed, and on October 23, 2017, the second transaction closed.

On July 4, 2017, the company completed the sale of most of its grocery business in Australia and New Zealand to Bega Cheese Limited for \$456 million Australian dollars (\$347 million as of July 4, 2017). The company recorded a pre-tax gain of \$247 million Australian dollars (\$187 million as of July 4, 2017) on the sale. The company also recorded divestiture-related costs of \$2 million and a foreign currency hedge loss of \$3 million during 2017. In the fourth quarter of 2017, the company recorded a \$3 million inventory-related working capital adjustment, increasing the pre-tax gain to \$190 million in 2017.

On April 28, 2017, the company completed the sale of several manufacturing facilities in France and the sale or license of several local confectionery brands. The company recorded a \$3 million loss on the sale and divestiture-related costs of \$27 million in 2017 and \$84 million in 2016. The company recorded these costs within cost of sales and selling, general and administrative expenses of its Europe segment.

On December 1, 2016, the company completed the sale of a confectionery business in Costa Rica represented by a local brand. The company recorded a pre-tax gain of \$9 million in 2016.

Acquisitions

On November 2, 2016, the company purchased from Burton's Biscuit Company certain intangibles, which included the license to manufacture, market and sell Cadbury-branded biscuits in additional key markets around the world, including in the United Kingdom, France, Ireland, North America and Saudi Arabia. On a constant currency basis, the purchase added incremental net revenues of \$9 million in the three months and \$59 million in the year ended December 31, 2017.

Acquisition integration costs

Within the company's AMEA segment, in connection with the acquisition of a biscuit operation in Vietnam, the company recorded integration costs of \$1 million in the three months and \$3 million in the year ended December 31, 2017 and \$1 million in the three months and \$7 million in the year ended December 31, 2016. The company recorded these acquisition integration costs in selling, general and administrative expenses.

2014-2018 Restructuring Program

On May 6, 2014, the company's Board of Directors approved a \$3.5 billion restructuring program and up to \$2.2 billion of capital expenditures. On August 31, 2016, the company's 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 the company's operating cost structure in both its 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, the company has incurred total restructuring and related implementation charges of \$3.3 billion related to the 2014-2018 Restructuring Program. The company expects to incur the full \$4.1 billion of program charges by year-end 2018.

Restructuring costs

The company recorded restructuring charges of \$117 million in the three months and \$535 million in the year ended December 31, 2017 and \$234 million in the three months and \$714 million in the year ended December 31, 2016 within asset impairment and exit costs. These charges were for non-cash asset write-downs (including accelerated depreciation and asset impairments), severance and other related costs.

Implementation costs

Implementation costs are directly attributable to restructuring activities; however, they do not qualify for special accounting treatment as exit or disposal activities. Implementation costs primarily relate to reorganizing the company's operations and facilities in connection with its 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 the company's information systems. The company recorded implementation costs of \$78 million in the three months and \$257 million in the year ended December 31, 2017 and \$86 million in the three months and \$372 million in the year ended December 31, 2016. The company recorded these costs within cost of sales and general corporate expense within selling, general and administrative expenses.

Gain on equity method investment transactions

On October 2, 2017, the company completed the sale of one of its equity method investments and received cash proceeds of \$65 million. The company recorded a gain of \$40 million within the gain on equity method investment transactions and \$15 million of tax expense.

On March 3, 2016, a subsidiary of Acorn Holdings B.V. ("AHBV") completed the \$13.9 billion acquisition of all of the outstanding common stock of Keurig Green Mountain, Inc. ("Keurig") through a merger transaction. On March 7, 2016, the company exchanged with a subsidiary of AHBV a portion of the company's equity interest in JDE with a carrying value of €1.7 billion (approximately \$2.0 billion as of March 7, 2016) for an interest in Keurig with a fair value of \$2.0 billion based on the merger consideration per share for Keurig. The company recorded the difference between the fair value of Keurig and its basis in JDE shares as a \$43 million gain on the equity method investment exchange in March 2016. Immediately following the exchange, the company's ownership interest in JDE was 26.5% and its interest in Keurig was 24.2%. The company accounts for its investments in JDE and Keurig under the equity method and recognizes its share of their earnings within equity method investment earnings and its share of their dividends within the company's cash flows.

Equity method investee adjustments

Within Adjusted EPS, the company's equity method investment net earnings exclude its proportionate share of its investees' unusual or infrequent items, such as acquisition and divestiture-related costs and restructuring program costs.

Mark-to-market impacts from commodity and currency derivative contracts

During the third quarter of 2016, the company began to exclude unrealized gains and losses (mark-to-market impacts) from outstanding commodity and forecasted currency transaction derivatives from its non-GAAP earnings measures until such time that the related exposures impact its operating results. To facilitate comparisons of its underlying operating results, the company has recast all historical non-GAAP earnings measures to exclude the mark-to-market impacts.

The company recorded net unrealized losses on commodity and forecasted currency transaction derivatives of \$27 million in the three months and \$96 million in the year ended December 31, 2017 and \$45 million in the three months and \$94 million in the year ended December 31, 2016.

Loss related to interest rate swaps

The company recognized pre-tax losses of \$97 million in the three months ended March 31, 2016, within interest and other expense, net related to certain U.S. dollar interest rate swaps that the company no longer designated as accounting cash flow hedges due to a change in financing plans.

Loss on debt extinguishment

On April 12, 2017, the company discharged \$488 million of its 6.500% U.S. dollar-denominated debt. The company paid \$504 million, representing principal as well as past and future interest accruals from February 2017 through the August 2017 maturity date. The company recorded an \$11 million loss on debt extinguishment within interest expense.

On December 16, 2016, the company redeemed \$850 million of 2.250% fixed rate notes, maturing on February 1, 2019, that were issued on January 16, 2014. The company recorded, within interest and other expense, net, a pre-tax loss on debt extinguishment of \$19 million in connection with this redemption in the three months ended December 31, 2016.

On October 31, 2016, the company completed a cash tender offer and retired \$3.18 billion of its outstanding high coupon long-term debt. The company recorded, within interest and other expense, net, a pre-tax loss on debt extinguishment and related expenses of \$409 million in the three months ended December 31, 2016, for the amount paid in excess of the carrying value of the debt and from recognizing in earnings the related unamortized discounts and deferred financing costs.

Intangible assets gains and losses**Impairment charges**

During the company's annual testing of non-amortizable intangible assets, the company recorded \$70 million of impairment charges in the third quarter of 2017 related to five trademarks. The impairments arose due to lower than expected growth in part driven by decisions to redirect support from these trademarks to other regional and global brands. The company recorded charges related to candy and gum trademarks of \$52 million in AMEA, \$11 million in Europe, \$5 million in Latin America and \$2 million in North America. In addition, during the third quarter of 2017, the company recorded a \$1 million impairment related to a transaction.

During the second quarter of 2017, the company recorded a \$38 million intangible asset impairment charge resulting from a category decline and lower than expected product growth related to a gum trademark in its North America segment.

In the three months ended December 31, 2016, during the company's annual testing of non-amortizable intangible assets, the company recorded \$98 million of impairment charges related to five trademarks. These charges related to biscuits, candy and gum trademarks of \$41 million in AMEA, \$32 million in North America, \$22 million in Europe, and \$2 million in Latin America.

In addition, during the three months ended December 31, 2016, the company recorded impairment charges of \$4 million in AMEA and \$4 million in Europe related to biscuits trademarks.

During the three months ended September 30, 2016, the company discontinued one biscuit product that resulted in a \$4 million intangible asset impairment charge in its Europe segment.

On June 30, 2016, in connection with the company's global supply chain reinvention initiatives, the company made a determination to discontinue manufacturing a candy product that resulted in a \$7 million impairment charge in its North America segment.

On March 31, 2016, in connection with the sale of a confectionery business in France, the company recorded a \$14 million impairment charge for a gum & candy trademark as a portion of its carrying value would not be recoverable based on future cash flows expected under a planned license agreement with the buyer. In May 2016, the company recorded an additional \$5 million impairment charge for a candy trademark to reduce the overall net assets to the estimated net sales proceeds after transaction costs.

Gain on sale of an intangible asset

On August 26, 2016, the company recorded a \$7 million gain for the sale of a U.S.-owned biscuit trademark. The gain was recorded within selling, general and administrative expenses of its North America segment.

On May 2, 2016, the company completed the sale of certain local biscuit brands in Finland as part of the company's strategic decisions to exit select small and local brands and shift investment toward its Power Brands. The sales price was €14 million (\$16 million as of May 2, 2016) and the company divested \$8 million of indefinite lived intangible assets and less than \$1 million of other assets. The company received cash proceeds of €12 million (\$14 million as of May 2, 2016) and another €2 million (\$2 million as of October 31, 2016) following the completion of post-closing requirements. The additional \$2 million of consideration increased the pre-tax gain of \$6 million recorded in the second quarter of 2016 to a total 2016 pre-tax gain of \$8 million. This transaction was recorded within selling, general and administrative expenses of the company's Europe segment.

Incremental expenses related to the malware incident

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

During 2017, the company estimates that the loss of revenue as a result of the malware incident had a negative impact of 0.4% on its net revenue and Organic Net Revenue growth. The company also incurred incremental expenses as a result of the incident of \$30 million in the three months and \$84 million in the year ended December 31, 2017 as part of the recovery effort. The company also continues to make progress on its efforts to strengthen its security measures and mitigate cybersecurity risk. The company believes the recovery from this incident is largely resolved now and does not expect significant ongoing impacts or incremental expenses from this incident on future periods.

Benefit from resolution of tax matters

During the fourth quarter of 2017, a U.S. federal court decided a customs case in the company's favor. As a result, the company released a Cadbury customs tax reserve previously recorded as part of the Cadbury acquisition that was no longer required and recognized income of \$7 million within selling, general and administrative expenses in its North America segment.

During the first quarter of 2017, the Brazilian Supreme Court (the "Court") ruled against the Brazilian tax authorities in a leading case related to the computation of certain indirect (non-income) taxes. The Court ruled that the indirect tax base should not include a value-added tax known as "ICMS". By removing the ICMS from the tax base, the Court effectively eliminated a "tax on a tax." The company's Brazilian subsidiary had received an injunction against making payments for the "tax on a tax" in 2008 and since that time until December 2016, the company had accrued for this portion of the tax each quarter in the event that the tax was reaffirmed by the Brazilian courts. On September 30, 2017, based on legal advice and the publication of the Court's decision related to this case, the company determined that the likelihood that the increased tax base would be reinstated and assessed against the company was remote. Accordingly, the company reversed its accrual of 667 million Brazilian reais, or \$212 million as of September 30, 2017, of which, \$153 million was recorded within selling, general and administrative expenses and \$59 million was recorded within interest and other expense, net. The Brazilian tax authority may appeal the Court's decision, seeking potential clarification or adjustment of the terms of enforcement. The company continues to monitor developments in this matter and currently does not expect a material future impact on its financial statements.

As part of the company's 2010 Cadbury acquisition, the company 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 the company's acquisition of Cadbury. During the first quarter of 2017, the Spanish Supreme Court decided the case in the company's favor. As a result of the final ruling, during the first quarter of 2017, the company 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 reversal of Cadbury-related accrued liabilities related to this matter. In the third quarter of 2017, the company recorded additional income of \$3 million related to a bank guarantee release within selling, general and administrative expenses and interest and other expense, net. In the fourth quarter of 2017, the company recorded additional income of \$1 million related to a final bank guarantee release within selling, general and administrative expenses.

CEO transition remuneration

On November 20, 2017, Dirk Van de Put succeeded Irene Rosenfeld as CEO of Mondelez International in advance of her retirement at the end of March 2018. In order to incent Mr. Van de Put to join the company, the company 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 the company granted took the form of cash, deferred stock units, performance share units and stock options. In connection with Irene Rosenfeld's retirement, the company 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. The company refers to these elements of Mr. Van de Put's and Ms. Rosenfeld's compensation arrangements together as "CEO transition remuneration." The company is excluding amounts it expenses as CEO transition remuneration from its 2017 and future non-GAAP results because those amounts are not part of the company's regular compensation program and are incremental to amounts the company would have incurred as ongoing CEO compensation. As a result, in 2017, the company excluded amounts expensed for the cash payment to Mr. Van de Put and partial vesting of his equity grants. In 2018, the company expects to exclude amounts paid for Ms. Rosenfeld's service as Chairman and partial vesting of Mr. Van de Put's and Ms. Rosenfeld's equity grants.

U.S. tax reform discrete impacts

On December 22, 2017, the United States enacted tax reform legislation that included a broad range of complex provisions impacting the taxation of businesses. Some impacts of the new legislation would generally require accounting to be completed in the period of enactment, however in response to the complexities of this new legislation, the U.S. Securities and Exchange Commission ("SEC") issued guidance to provide companies with relief. Specifically, when the initial accounting for items under the new legislation is incomplete, the guidance allows the company to include provisional amounts when reasonable estimates can be made or to continue to apply the prior tax law if a reasonable estimate of the impact cannot be made. The SEC has provided up to a one-year window for companies to finalize the accounting for the impacts of this new legislation and the company anticipates finalizing its accounting during 2018.

While the company's accounting for the legislation is not complete, the company has made reasonable estimates for some provisions and has recorded a \$59 million discrete net tax benefit in its 2017 financial statements. This net benefit is primarily comprised of a \$1,317 million provisional charge for the estimated transition tax, offset by a \$1,311 million provisional deferred tax benefit from revaluing its net U.S. deferred tax liabilities to reflect the new U.S. corporate tax rate as well as an additional \$61 million deferred tax benefit related to changes in the company's indefinite reinvestment assertion.

Constant currency

Management evaluates the operating performance of the company and its international subsidiaries on a constant currency basis. The company determines its constant currency operating results by dividing or multiplying, as appropriate, the current period local currency operating results by the currency exchange rates used to translate the company's 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.

OUTLOOK

The company's outlook for 2018 Organic Net Revenue growth, Adjusted Operating Income margin, Adjusted EPS growth on a constant currency basis and Adjusted Effective Tax Rate are non-GAAP financial measures that exclude or otherwise adjust for items impacting comparability of financial results such as the impact of changes in foreign currency exchange rates, restructuring activities, acquisitions and divestitures. The company is not able to reconcile its full year 2018 projected Organic Net Revenue growth to its full year 2018 projected reported net revenue growth because the company is unable to predict the 2018 impact of foreign exchange due to the unpredictability of future changes in foreign exchange rates, which could be material as a significant portion of the company's operations are outside the U.S. The company is not able to reconcile its full year 2018 projected Adjusted Operating Income margin to its full year 2018 projected reported operating income margin because the company is unable to predict the timing of its Restructuring Program costs, mark-to-market impacts from commodity and forecasted currency transaction derivative contracts and impacts from potential acquisitions or divestitures. The company is not able to reconcile its full year 2018 projected Adjusted EPS growth on a constant currency basis to its full year 2018 projected reported diluted EPS growth because the company is unable to predict the timing of its Restructuring Program costs, mark-to-market impacts from commodity and forecasted currency derivative contracts, impacts from potential acquisitions or divestitures as well as the impact of foreign exchange due to the unpredictability of future changes in foreign exchange rates, which could be material as a significant portion of the company's operations are outside the U.S. The company is not able to reconcile its full year 2018 projected Adjusted Effective Tax Rate to its full year 2018 projected reported effective tax rate because the company is unable to predict the timing of its Restructuring Program costs, mark-to-market impacts from commodity and forecasted currency derivative contracts and impacts from potential acquisitions or divestitures. Therefore, because of the uncertainty and variability of the nature and amount of future adjustments, which could be significant, the company is unable to provide a reconciliation of these measures without unreasonable effort.

Mondelēz International, Inc. and Subsidiaries
Reconciliation of GAAP to Non-GAAP Measures
Net Revenues
(in millions of U.S. dollars)
(Unaudited)

| | <u>Latin America</u> | <u>AMEA</u> | <u>Europe</u> | <u>North America</u> | <u>Mondelēz International</u> |
|--|----------------------|----------------|----------------|----------------------|-------------------------------|
| For the Three Months Ended December 31, 2017 | | | | | |
| Reported (GAAP) | \$ 900 | \$1,449 | \$2,816 | \$ 1,801 | \$ 6,966 |
| Divestitures | — | (4) | (2) | — | (6) |
| Acquisition | — | — | (9) | — | (9) |
| Currency | 9 | (8) | (202) | (11) | (212) |
| Organic (Non-GAAP) | \$ 909 | \$1,437 | \$2,603 | \$ 1,790 | \$ 6,739 |
| For the Three Months Ended December 31, 2016 | | | | | |
| Reported (GAAP) | \$ 864 | \$1,412 | \$2,682 | \$ 1,812 | \$ 6,770 |
| Divestitures | (2) | (68) | (114) | (8) | (192) |
| Organic (Non-GAAP) | \$ 862 | \$1,344 | \$2,568 | \$ 1,804 | \$ 6,578 |
| % Change | | | | | |
| Reported (GAAP) | 4.2% | 2.6% | 5.0% | (0.6)% | 2.9% |
| Divestitures | 0.2pp | 4.9pp | 4.6pp | 0.4pp | 2.9pp |
| Acquisition | — | — | (0.3) | — | (0.2) |
| Currency | 1.1 | (0.6) | (7.9) | (0.6) | (3.2) |
| Organic (Non-GAAP) | 5.5% | 6.9% | 1.4% | (0.8)% | 2.4% |
| Vol/Mix | (3.0)pp | 3.2pp | 0.2pp | 0.1pp | 0.3pp |
| Pricing | 8.5 | 3.7 | 1.2 | (0.9) | 2.1 |
| | <u>Latin America</u> | <u>AMEA</u> | <u>Europe</u> | <u>North America</u> | <u>Mondelēz International</u> |
| For the Twelve Months Ended December 31, 2017 | | | | | |
| Reported (GAAP) | \$ 3,566 | \$5,739 | \$9,794 | \$ 6,797 | \$ 25,896 |
| Divestitures | — | (133) | (137) | — | (270) |
| Acquisition | — | — | (59) | — | (59) |
| Currency | (62) | 99 | (96) | (18) | (77) |
| Organic (Non-GAAP) | \$ 3,504 | \$5,705 | \$9,502 | \$ 6,779 | \$ 25,490 |
| For the Twelve Months Ended December 31, 2016 | | | | | |
| Reported (GAAP) | \$ 3,392 | \$5,816 | \$9,755 | \$ 6,960 | \$ 25,923 |
| Divestitures | (8) | (261) | (371) | (13) | (653) |
| Organic (Non-GAAP) | \$ 3,384 | \$5,555 | \$9,384 | \$ 6,947 | \$ 25,270 |
| % Change | | | | | |
| Reported (GAAP) | 5.1% | (1.3)% | 0.4% | (2.3)% | (0.1)% |
| Divestitures | 0.3pp | 2.2pp | 2.5pp | 0.1pp | 1.5pp |
| Acquisition | — | — | (0.6) | — | (0.2) |
| Currency | (1.9) | 1.8 | (1.0) | (0.2) | (0.3) |
| Organic (Non-GAAP) | 3.5% | 2.7% | 1.3% | (2.4)% | 0.9% |
| Vol/Mix | (4.2)pp | (0.2)pp | 1.4pp | (1.8)pp | (0.6)pp |
| Pricing | 7.7 | 2.9 | (0.1) | (0.6) | 1.5 |

Mondelēz International, Inc. and Subsidiaries
Reconciliation of GAAP to Non-GAAP Measures
Net Revenues - Brands and Markets
(in millions of U.S. dollars)
(Unaudited)

| | Power Brands | Non-Power Brands | Mondelēz International | Emerging Markets | Developed Markets | Mondelēz International |
|--|-----------------|---------------------|---------------------------|---------------------|----------------------|---------------------------|
| For the Three Months Ended December 31, 2017 | | | | | | |
| Reported (GAAP) | \$ 5,129 | \$ 1,837 | \$ 6,966 | \$ 2,557 | \$ 4,409 | \$ 6,966 |
| Divestitures | — | (6) | (6) | — | (6) | (6) |
| Acquisition | (9) | — | (9) | — | (9) | (9) |
| Currency | (160) | (52) | (212) | (33) | (179) | (212) |
| Organic (Non-GAAP) | \$ 4,960 | \$ 1,779 | \$ 6,739 | \$ 2,524 | \$ 4,215 | \$ 6,739 |
| For the Three Months Ended December 31, 2016 | | | | | | |
| Reported (GAAP) | \$ 4,785 | \$ 1,985 | \$ 6,770 | \$ 2,376 | \$ 4,394 | \$ 6,770 |
| Divestitures | — | (192) | (192) | (2) | (190) | (192) |
| Organic (Non-GAAP) | \$ 4,785 | \$ 1,793 | \$ 6,578 | \$ 2,374 | \$ 4,204 | \$ 6,578 |
| % Change | | | | | | |
| Reported (GAAP) | 7.2% | (7.5)% | 2.9% | 7.6% | 0.3% | 2.9% |
| Divestitures | — pp | 9.6pp | 2.9pp | 0.1pp | 4.4pp | 2.9pp |
| Acquisition | (0.1) | — | (0.2) | — | (0.2) | (0.2) |
| Currency | (3.4) | (2.9) | (3.2) | (1.4) | (4.2) | (3.2) |
| Organic (Non-GAAP) | 3.7% | (0.8)% | 2.4% | 6.3% | 0.3% | 2.4% |
| For the Twelve Months Ended December 31, 2017 | | | | | | |
| Reported (GAAP) | \$18,913 | \$ 6,983 | \$ 25,896 | \$ 9,707 | \$ 16,189 | \$ 25,896 |
| Divestitures | — | (270) | (270) | — | (270) | (270) |
| Acquisition | (59) | — | (59) | — | (59) | (59) |
| Currency | (97) | 20 | (77) | (19) | (58) | (77) |
| Organic (Non-GAAP) | \$18,757 | \$ 6,733 | \$ 25,490 | \$ 9,688 | \$ 15,802 | \$ 25,490 |
| For the Twelve Months Ended December 31, 2016 | | | | | | |
| Reported (GAAP) | \$18,372 | \$ 7,551 | \$ 25,923 | \$ 9,357 | \$ 16,566 | \$ 25,923 |
| Divestitures | — | (653) | (653) | (10) | (643) | (653) |
| Organic (Non-GAAP) | \$18,372 | \$ 6,898 | \$ 25,270 | \$ 9,347 | \$ 15,923 | \$ 25,270 |
| % Change | | | | | | |
| Reported (GAAP) | 2.9% | (7.5)% | (0.1)% | 3.7% | (2.3)% | (0.1)% |
| Divestitures | — pp | 4.8pp | 1.5pp | 0.2pp | 2.3pp | 1.5pp |
| Acquisition | (0.3) | — | (0.2) | — | (0.4) | (0.2) |
| Currency | (0.5) | 0.3 | (0.3) | (0.3) | (0.4) | (0.3) |
| Organic (Non-GAAP) | 2.1% | (2.4)% | 0.9% | 3.6% | (0.8)% | 0.9% |

Mondelēz International, Inc. and Subsidiaries
Reconciliation of GAAP to Non-GAAP Measures
Gross Profit / Operating Income
(in millions of U.S. dollars)
(Unaudited)

| | For the Three Months Ended December 31, 2017 | | | | |
|--|--|-----------------|---------------------------|---------------------|-------------------------------|
| | Net Revenues | Gross Profit | Gross Profit Margin | Operating Income | Operating Income Margin |
| Reported (GAAP) | \$ 6,966 | \$2,664 | 38.2% | \$ 844 | 12.1% |
| 2014-2018 Restructuring Program costs | — | 24 | | 195 | |
| Acquisition integration costs | — | — | | 1 | |
| Benefits from resolution of tax matters | — | — | | (8) | |
| Malware incident incremental expenses | — | 20 | | 30 | |
| CEO transition remuneration | — | — | | 14 | |
| Operating income from divestitures | (6) | (3) | | (1) | |
| Divestiture-related costs | — | (1) | | 9 | |
| Gain on divestitures | — | — | | (2) | |
| Mark-to-market (gains)/losses from derivatives | — | 27 | | 27 | |
| Rounding | — | — | | (1) | |
| Adjusted (Non-GAAP) | \$ 6,960 | \$2,731 | 39.2% | \$ 1,108 | 15.9% |
| Currency | | (93) | | (53) | |
| Adjusted @ Constant FX (Non-GAAP) | | \$2,638 | | \$ 1,055 | |

| | For the Three Months Ended December 31, 2016 | | | | |
|---|--|-------------------------|---------------------------|-----------------------------|-------------------------------|
| | Net Revenues | Gross Profit | Gross Profit Margin | Operating Income | Operating Income Margin |
| Reported (GAAP) | \$ 6,770 | \$2,589 | 38.2% | \$ 507 | 7.5% |
| 2014-2018 Restructuring Program costs | — | 7 | | 320 | |
| Acquisition integration costs | — | — | | 1 | |
| Gain on sale of intangible asset | — | — | | (2) | |
| Intangible asset impairment charges | — | — | | 107 | |
| Operating income from divestitures | (192) | (60) | | (48) | |
| Divestiture-related costs | — | — | | 2 | |
| Gain on divestitures | — | — | | (9) | |
| Acquisition-related costs | — | — | | 1 | |
| Mark-to-market (gains)/losses from derivatives | — | 45 | | 45 | |
| Rounding | — | (1) | | 1 | |
| Adjusted (Non-GAAP) | \$ 6,578 | \$2,580 | 39.2% | \$ 925 | 14.1% |
| | | Gross Profit | | Operating Income | |
| % Change - Reported (GAAP) | | 2.9% | | 66.5% | |
| % Change - Adjusted (Non-GAAP) | | 5.9% | | 19.8% | |
| % Change - Adjusted @ Constant FX (Non-GAAP) | | 2.2% | | 14.1% | |

Mondelēz International, Inc. and Subsidiaries
Reconciliation of GAAP to Non-GAAP Measures
Gross Profit / Operating Income
(in millions of U.S. dollars)
(Unaudited)

| | For the Twelve Months Ended December 31, 2017 | | | | |
|--|---|-----------------|---------------------|------------------|-------------------------|
| | Net Revenues | Gross Profit | Gross Profit Margin | Operating Income | Operating Income Margin |
| Reported (GAAP) | \$25,896 | \$10,065 | 38.9% | \$ 3,506 | 13.5% |
| 2014-2018 Restructuring Program costs | — | 63 | | 792 | |
| Acquisition integration costs | — | — | | 3 | |
| Intangible asset impairment charges | — | — | | 109 | |
| Benefits from resolution of tax matters | — | — | | (209) | |
| Malware incident incremental expenses | — | 62 | | 84 | |
| CEO transition remuneration | — | — | | 14 | |
| Operating income from divestitures | (270) | (79) | | (61) | |
| Divestiture-related costs | — | 2 | | 31 | |
| Net gain on divestitures | — | — | | (186) | |
| Mark-to-market (gains)/losses from derivatives | — | 96 | | 96 | |
| Rounding | — | 1 | | (1) | |
| Adjusted (Non-GAAP) | \$25,626 | \$10,210 | 39.8% | \$ 4,178 | 16.3% |
| Currency | | (41) | | — | |
| Adjusted @ Constant FX (Non-GAAP) | | \$10,169 | | \$ 4,178 | |

| | For the Twelve Months Ended December 31, 2016 | | | | |
|---|---|-----------------|---------------------|------------------|-------------------------|
| | Net Revenues | Gross Profit | Gross Profit Margin | Operating Income | Operating Income Margin |
| Reported (GAAP) | \$25,923 | \$10,128 | 39.1% | \$ 2,569 | 9.9% |
| 2014-2018 Restructuring Program costs | — | 91 | | 1,086 | |
| Acquisition integration costs | — | — | | 7 | |
| Gain on sale of intangible asset | — | — | | (15) | |
| Intangible asset impairment charges | — | — | | 137 | |
| Income associated with the JDE coffee business transactions | — | — | | (2) | |
| Operating income from divestitures | (653) | (198) | | (153) | |
| Divestiture-related costs | — | 8 | | 86 | |
| Net gain on divestitures | — | — | | (9) | |
| Acquisition-related costs | — | — | | 1 | |
| Mark-to-market (gains)/losses from derivatives | — | 94 | | 94 | |
| Rounding | — | (1) | | 1 | |
| Adjusted (Non-GAAP) | \$25,270 | \$10,122 | 40.1% | \$ 3,802 | 15.0% |

| | Gross Profit | Operating Income |
|---|--------------|------------------|
| % Change - Reported (GAAP) | (0.6)% | 36.5% |
| % Change - Adjusted (Non-GAAP) | 0.9% | 9.9% |
| % Change - Adjusted @ Constant FX (Non-GAAP) | 0.5% | 9.9% |

Mondelēz International, Inc. and Subsidiaries
Reconciliation of GAAP to Non-GAAP Measures
Net Earnings and Tax Rate
(in millions of U.S. dollars and shares, except per share data)
(Unaudited)

For the Three Months Ended December 31, 2017

| | Operating Income | Interest and other expense, net | Earnings before income taxes | Income taxes (1) | Effective tax rate | Equity Method Investment Net Losses / (Earnings) | Gain on Equity Method Investment Transactions | Non- controlling interest | Net Earnings attributable to Mondelēz International | Diluted EPS attributable to Mondelēz International |
|--|---------------------|---|---------------------------------------|---------------------|-----------------------|--|---|---------------------------------|--|---|
| Reported (GAAP) | \$ 844 | \$ 120 | \$ 724 | \$ 178 | 24.6% | \$ (224) | \$ (40) | \$ 8 | \$ 802 | \$ 0.53 |
| 2014-2018 Restructuring Program costs | 195 | — | 195 | 35 | | — | — | — | 160 | 0.11 |
| Acquisition integration costs | 1 | — | 1 | — | | — | — | — | 1 | — |
| Benefits from resolution of tax matters | (8) | — | (8) | (3) | | — | — | — | (5) | — |
| Loss on debt extinguishment and related expenses | — | — | — | — | | — | — | — | — | — |
| Malware incident incremental expenses | 30 | — | 30 | 10 | | — | — | — | 20 | 0.01 |
| CEO transition remuneration | 14 | — | 14 | 5 | | — | — | — | 9 | 0.01 |
| U.S. tax reform discrete net tax benefit | — | — | — | 59 | | — | — | — | (59) | (0.04) |
| Net earnings from divestitures | (1) | — | (1) | — | | — | — | — | (1) | — |
| Divestiture-related costs | 9 | — | 9 | 5 | | — | — | — | 4 | — |
| Net gain on divestitures | (2) | — | (2) | 5 | | — | — | — | (7) | — |
| Equity method investee acquisition-related and other adjustments | — | — | — | (43) | | 100 | — | — | (57) | (0.04) |
| Gain on equity method investment transactions | — | — | — | (15) | | — | 40 | — | (25) | (0.02) |
| Mark-to-market (gains)/losses from derivatives | 27 | — | 27 | 6 | | — | — | — | 21 | 0.01 |
| Rounding | (1) | — | (1) | — | | — | — | — | (1) | — |
| Adjusted (Non-GAAP) | \$ 1,108 | \$ 120 | \$ 988 | \$ 242 | 24.5% | \$ (124) | \$ — | \$ 8 | \$ 862 | \$ 0.57 |
| Currency | | | | | | | | | (56) | (0.04) |
| Adjusted @ Constant FX (Non-GAAP) | | | | | | | | | \$ 806 | \$ 0.53 |
| Diluted Average Shares Outstanding | | | | | | | | | | 1,513 |

For the Three Months Ended December 31, 2016

| | Operating Income | Interest and other expense, net | Earnings before income taxes | Income taxes (1) | Effective tax rate | Equity Method Investment Net Losses / (Earnings) | Gain on Equity Method Investment Transactions | Non- controlling interest | Net Earnings attributable to Mondelēz International | Diluted EPS attributable to Mondelēz International |
|--|---------------------|---|---------------------------------------|---------------------|-----------------------|--|---|---------------------------------|--|---|
| Reported (GAAP) | \$ 507 | \$ 575 | \$ (68) | \$ (78) | 114.7% | \$ (83) | \$ — | \$ — | \$ 93 | \$ 0.06 |
| 2014-2018 Restructuring Program costs | 320 | — | 320 | 89 | | — | — | — | 231 | 0.15 |
| Acquisition integration costs | 1 | — | 1 | — | | — | — | — | 1 | — |
| Gain on sale of intangible asset | (2) | — | (2) | (1) | | — | — | — | (1) | — |
| Intangible asset impairment charges | 107 | — | 107 | 28 | | — | — | — | 79 | 0.05 |
| Loss related to interest rate swaps | — | — | — | 1 | | — | — | — | (1) | — |
| Net earnings from divestitures | (48) | — | (48) | (12) | | 2 | — | — | (38) | (0.03) |
| Divestiture-related costs | 2 | — | 2 | (4) | | — | — | — | 6 | — |
| Net gain on divestitures | (9) | — | (9) | — | | — | — | — | (9) | — |
| Acquisition-related costs | 1 | — | 1 | — | | — | — | — | 1 | — |
| Loss on debt extinguishment and related expenses | — | (427) | 427 | 163 | | — | — | — | 264 | 0.17 |
| Equity method investee acquisition-related and other adjustments | — | — | — | (2) | | (20) | — | — | 22 | 0.01 |
| Mark-to-market (gains)/losses from derivatives | 45 | — | 45 | 5 | | — | — | — | 40 | 0.03 |
| Rounding | 1 | — | 1 | 1 | | — | — | — | — | — |
| Adjusted (Non-GAAP) | \$ 925 | \$ 148 | \$ 777 | \$ 190 | 24.5% | \$ (101) | \$ — | \$ — | \$ 688 | \$ 0.44 |
| Diluted Average Shares Outstanding | | | | | | | | | | 1,559 |

(1) Taxes were computed for each of the items excluded from the company's GAAP results based on the facts and tax assumptions associated with each item.

Mondelēz International, Inc. and Subsidiaries
Reconciliation of GAAP to Non-GAAP Measures
Net Earnings and Tax Rate
(in millions of U.S. dollars and shares, except per share data)
(Unaudited)

For the Twelve Months Ended December 31, 2017

| | Operating Income | Interest and other expense, net | Earnings before income taxes | Income taxes (1) | Effective tax rate | Equity Method Investment Net Losses / (Earnings) | Gain on Equity Method Investment Transactions | Non- controlling interest | Net Earnings attributable to Mondelēz International | Diluted EPS attributable to Mondelēz International |
|--|---------------------|---|---------------------------------------|---------------------|-----------------------|--|---|---------------------------------|--|---|
| Reported (GAAP) | \$ 3,506 | \$ 382 | \$ 3,124 | \$ 688 | 22.0% | \$ (460) | \$ (40) | \$ 14 | \$ 2,922 | \$ 1.91 |
| 2014-2018 Restructuring Program costs | 792 | — | 792 | 190 | | — | — | — | 602 | 0.39 |
| Acquisition integration costs | 3 | — | 3 | — | | — | — | — | 3 | — |
| Intangible asset impairment charges | 109 | — | 109 | 30 | | — | — | — | 79 | 0.05 |
| Benefits from resolution of tax matters | (209) | 72 | (281) | (75) | | — | — | — | (206) | (0.13) |
| Loss on debt extinguishment | — | (11) | 11 | 4 | | — | — | — | 7 | — |
| Malware incident incremental expenses | 84 | — | 84 | 27 | | — | — | — | 57 | 0.04 |
| CEO transition remuneration | 14 | — | 14 | 5 | | — | — | — | 9 | 0.01 |
| U.S. tax reform discrete net tax benefit | — | — | — | 59 | | — | — | — | (59) | (0.04) |
| Net earnings from divestitures | (61) | — | (61) | (15) | | 6 | — | — | (52) | (0.03) |
| Divestiture-related costs | 31 | (3) | 34 | (8) | | — | — | — | 42 | 0.02 |
| Net gain on divestitures | (186) | — | (186) | (7) | | — | — | — | (179) | (0.11) |
| Equity method investee acquisition-related and other adjustments | — | — | — | (35) | | 54 | — | — | (19) | (0.01) |
| Gain on equity method investment transactions | — | — | — | (15) | | — | 40 | — | (25) | (0.02) |
| Mark-to-market (gains)/losses from derivatives | 96 | — | 96 | 6 | | — | — | — | 90 | 0.06 |
| Rounding | (1) | — | (1) | — | | — | — | — | (1) | — |
| Adjusted (Non-GAAP) | \$ 4,178 | \$ 440 | \$ 3,738 | \$ 854 | 22.8% | \$ (400) | \$ — | \$ 14 | \$ 3,270 | \$ 2.14 |
| Currency | | | | | | | | | (16) | (0.01) |
| Adjusted @ Constant FX (Non-GAAP) | | | | | | | | | \$ 3,254 | \$ 2.13 |
| Diluted Average Shares Outstanding | | | | | | | | | | 1,531 |

For the Twelve Months Ended December 31, 2016

| | Operating Income | Interest and other expense, net | Earnings before income taxes | Income taxes (1) | Effective tax rate | Equity Method Investment Net Losses / (Earnings) | Gain on Equity Method Investment Transactions | Non- controlling interest | Net Earnings attributable to Mondelēz International | Diluted EPS attributable to Mondelēz International |
|---|---------------------|---|---------------------------------------|---------------------|-----------------------|--|---|---------------------------------|--|---|
| Reported (GAAP) | \$ 2,569 | \$ 1,115 | \$ 1,454 | \$ 129 | 8.9% | \$ (301) | \$ (43) | \$ 10 | \$ 1,659 | \$ 1.05 |
| 2014-2018 Restructuring Program costs | 1,086 | — | 1,086 | 288 | | — | — | — | 798 | 0.51 |
| Acquisition integration costs | 7 | — | 7 | — | | — | — | — | 7 | 0.01 |
| Gain on sale of intangible asset | (15) | — | (15) | (3) | | — | — | — | (12) | (0.01) |
| Intangible asset impairment charges | 137 | — | 137 | 37 | | — | — | — | 100 | 0.06 |
| (Income)/costs associated with the JDE coffee business transactions | (2) | — | (2) | (3) | | — | — | — | 1 | — |
| Loss related to interest rate swaps | — | (97) | 97 | 36 | | — | — | — | 61 | 0.04 |
| Net earnings from divestitures | (153) | — | (153) | (40) | | 12 | — | — | (125) | (0.08) |
| Divestiture-related costs | 86 | — | 86 | 15 | | — | — | — | 71 | 0.05 |
| Net gain on divestitures | (9) | — | (9) | — | | — | — | — | (9) | — |
| Acquisition-related costs | 1 | — | 1 | — | | — | — | — | 1 | — |
| Loss on debt extinguishment and related expenses | — | (427) | 427 | 163 | | — | — | — | 264 | 0.17 |
| Equity method investee acquisition-related and other adjustments | — | — | — | 3 | | (67) | — | — | 64 | 0.04 |
| Gain on equity method investment transactions | — | — | — | (2) | | — | 43 | — | (41) | (0.03) |
| Mark-to-market (gains)/losses from derivatives | 94 | — | 94 | 11 | | — | — | — | 83 | 0.05 |
| Rounding | 1 | — | 1 | 1 | | — | — | — | — | — |
| Adjusted (Non-GAAP) | \$ 3,802 | \$ 591 | \$ 3,211 | \$ 635 | 19.8% | \$ (356) | \$ — | \$ 10 | \$ 2,922 | \$ 1.86 |

- (1) Taxes were computed for each of the items excluded from the company's GAAP results based on the facts and tax assumptions associated with each item.

Mondelēz International, Inc. and Subsidiaries
Reconciliation of GAAP to Non-GAAP Measures
Diluted EPS
(Unaudited)

| | For the Three Months Ended December 31, | | | |
|--|--|----------------|----------------|---------------|
| | 2017 | 2016 | \$ Change | % Change |
| Diluted EPS attributable to Mondelēz International (GAAP) | \$ 0.53 | \$ 0.06 | \$ 0.47 | 783.3% |
| 2014-2018 Restructuring Program costs | 0.11 | 0.15 | (0.04) | |
| Intangible asset impairment charges | — | 0.05 | (0.05) | |
| Malware incident incremental expenses | 0.01 | — | 0.01 | |
| CEO transition remuneration | 0.01 | — | 0.01 | |
| U.S. tax reform discrete net tax benefit | (0.04) | — | (0.04) | |
| Net earnings from divestitures | — | (0.03) | 0.03 | |
| Loss on debt extinguishment and related expenses | — | 0.17 | (0.17) | |
| Equity method investee acquisition-related and other adjustments | (0.04) | 0.01 | (0.05) | |
| Gain on equity method investment transactions | (0.02) | — | (0.02) | |
| Mark-to-market (gains)/losses from derivatives | 0.01 | 0.03 | (0.02) | |
| Adjusted EPS (Non-GAAP) | \$ 0.57 | \$ 0.44 | \$ 0.13 | 29.5% |
| Impact of favorable currency | (0.04) | — | (0.04) | |
| Adjusted EPS @ Constant FX (Non-GAAP) | \$ 0.53 | \$ 0.44 | \$ 0.09 | 20.5% |
| Adjusted EPS @ Constant FX - Key Drivers | | | | |
| Increase in operations | | | \$ 0.07 | |
| Increase in equity method investment net earnings | | | 0.01 | |
| Prior year VAT-related settlement | | | (0.02) | |
| Change in interest and other expense, net | | | 0.02 | |
| Change in shares outstanding | | | 0.01 | |
| | | | \$ 0.09 | |
| | | | | |
| | For the Twelve Months Ended December 31, | | | |
| | 2017 | 2016 | \$ Change | % Change |
| Diluted EPS attributable to Mondelēz International (GAAP) | \$ 1.91 | \$ 1.05 | \$ 0.86 | 81.9% |
| 2014-2018 Restructuring Program costs | 0.39 | 0.51 | (0.12) | |
| Acquisition integration costs | — | 0.01 | (0.01) | |
| Gain on sale of intangible asset | — | (0.01) | 0.01 | |
| Intangible asset impairment charges | 0.05 | 0.06 | (0.01) | |
| Benefits from resolution of tax matters | (0.13) | — | (0.13) | |
| Loss related to interest rate swaps | — | 0.04 | (0.04) | |
| Malware incident incremental expenses | 0.04 | — | 0.04 | |
| CEO transition remuneration | 0.01 | — | 0.01 | |
| U.S. tax reform discrete net tax benefit | (0.04) | — | (0.04) | |
| Net earnings from divestitures | (0.03) | (0.08) | 0.05 | |
| Divestiture-related costs | 0.02 | 0.05 | (0.03) | |
| Net gain on divestitures | (0.11) | — | (0.11) | |
| Loss on debt extinguishment and related expenses | — | 0.17 | (0.17) | |
| Equity method investee acquisition-related and other adjustments | (0.01) | 0.04 | (0.05) | |
| Gain on equity method investment exchange | (0.02) | (0.03) | 0.01 | |
| Mark-to-market (gains)/losses from derivatives | 0.06 | 0.05 | 0.01 | |
| Adjusted EPS (Non-GAAP) | \$ 2.14 | \$ 1.86 | \$ 0.28 | 15.1% |
| Impact of favorable currency | (0.01) | — | (0.01) | |
| Adjusted EPS @ Constant FX (Non-GAAP) | \$ 2.13 | \$ 1.86 | \$ 0.27 | 14.5% |
| Adjusted EPS @ Constant FX - Key Drivers | | | | |
| Increase in operations | | | \$ 0.22 | |
| Increase in equity method investment net earnings | | | 0.02 | |
| Property insurance recovery | | | 0.01 | |
| Prior year gains on sales of property | | | (0.02) | |
| Prior year VAT-related settlement | | | (0.04) | |
| Change in interest and other expense, net | | | 0.08 | |
| Change in shares outstanding | | | 0.05 | |
| Change in income taxes | | | (0.05) | |
| | | | \$ 0.27 | |

Mondelēz International, Inc. and Subsidiaries
Reconciliation of GAAP to Non-GAAP Measures
Segment Data
(in millions of U.S. dollars)
(Unaudited)

| For the Three Months Ended December 31, 2017 | | | | | | | | | |
|---|---------------|-----------------|-----------------|-----------------|---|----------------------------------|--------------------------------|----------------|---------------------------|
| | Latin America | AMEA | Europe | North America | Unrealized G/(L) on Hedging Activities | General Corporate Expenses | Amortization of Intangibles | Other Items | Mondelēz International |
| Net Revenue | | | | | | | | | |
| Reported (GAAP) | \$ 900 | \$ 1,449 | \$ 2,816 | \$ 1,801 | \$ — | \$ — | \$ — | \$ — | \$ 6,966 |
| Divestitures | — | (4) | (2) | — | — | — | — | — | (6) |
| Adjusted (Non-GAAP) | <u>\$ 900</u> | <u>\$ 1,445</u> | <u>\$ 2,814</u> | <u>\$ 1,801</u> | <u>\$ —</u> | <u>\$ —</u> | <u>\$ —</u> | <u>\$ —</u> | <u>\$ 6,960</u> |
| Operating Income | | | | | | | | | |
| Reported (GAAP) | \$ 96 | \$ 91 | \$ 522 | \$ 296 | \$ (27) | \$ (91) | \$ (45) | \$ 2 | \$ 844 |
| 2014-2018 Restructuring | | | | | | | | | |
| Program costs | 32 | 48 | 65 | 35 | — | 15 | — | — | 195 |
| Acquisition integration costs | — | 1 | — | — | — | — | — | — | 1 |
| Benefits from resolution of tax matters | — | — | (1) | (7) | — | — | — | — | (8) |
| Malware incident incremental expenses | — | — | 4 | 23 | — | 3 | — | — | 30 |
| CEO transition remuneration | — | — | — | — | — | 14 | — | — | 14 |
| Operating income from divestitures | — | — | (1) | — | — | — | — | — | (1) |
| Divestiture-related costs | — | (2) | 2 | — | — | 9 | — | — | 9 |
| Gain on divestitures | — | — | — | — | — | — | — | (2) | (2) |
| Mark-to-market (gains)/losses from derivatives | — | — | — | — | 27 | — | — | — | 27 |
| Rounding | — | — | — | — | — | (1) | — | — | (1) |
| Adjusted (Non-GAAP) | <u>\$ 128</u> | <u>\$ 138</u> | <u>\$ 591</u> | <u>\$ 347</u> | <u>\$ —</u> | <u>\$ (51)</u> | <u>\$ (45)</u> | <u>\$ —</u> | <u>\$ 1,108</u> |
| Currency | 2 | (2) | (52) | (3) | — | 1 | 1 | — | (53) |
| Adjusted @ Constant FX (Non-GAAP) | <u>\$ 130</u> | <u>\$ 136</u> | <u>\$ 539</u> | <u>\$ 344</u> | <u>\$ —</u> | <u>\$ (50)</u> | <u>\$ (44)</u> | <u>\$ —</u> | <u>\$ 1,055</u> |
| % Change - Reported (GAAP) | 20.0% | 4450.0% | 52.2% | 24.4% | n/m | (21.3)% | (2.3)% | n/m | 66.5% |
| % Change - Adjusted (Non-GAAP) | (9.9)% | 70.4% | 25.5% | 7.1% | n/m | (4.1)% | (2.3)% | n/m | 19.8% |
| % Change - Adjusted @ Constant FX (Non-GAAP) | (8.5)% | 67.9% | 14.4% | 6.2% | n/m | (2.0)% | 0.0% | n/m | 14.1% |
| Operating Income Margin | | | | | | | | | |
| Reported% | 10.7% | 6.3% | 18.5% | 16.4% | | | | | 12.1% |
| Reported pp change | 1.4pp | 6.2pp | 5.7pp | 3.3pp | | | | | 4.6pp |
| Adjusted% | 14.2% | 9.6% | 21.0% | 19.3% | | | | | 15.9% |
| Adjusted pp change | (2.3)pp | 3.6pp | 2.7pp | 1.3pp | | | | | 1.8pp |

| For the Three Months Ended December 31, 2016 | | | | | | | | | |
|--|---------------|-----------------|-----------------|-----------------|---|----------------------------------|--------------------------------|----------------|---------------------------|
| | Latin America | AMEA | Europe | North America | Unrealized G/(L) on Hedging Activities | General Corporate Expenses | Amortization of Intangibles | Other Items | Mondelēz International |
| Net Revenue | | | | | | | | | |
| Reported (GAAP) | \$ 864 | \$ 1,412 | \$ 2,682 | \$ 1,812 | \$ — | \$ — | \$ — | \$ — | \$ 6,770 |
| Divestitures | (2) | (68) | (114) | (8) | — | — | — | — | (192) |
| Adjusted (Non-GAAP) | <u>\$ 862</u> | <u>\$ 1,344</u> | <u>\$ 2,568</u> | <u>\$ 1,804</u> | <u>\$ —</u> | <u>\$ —</u> | <u>\$ —</u> | <u>\$ —</u> | <u>\$ 6,578</u> |
| Operating Income | | | | | | | | | |
| Reported (GAAP) | \$ 80 | \$ 2 | \$ 343 | \$ 238 | \$ (45) | \$ (75) | \$ (44) | \$ 8 | \$ 507 |
| 2014-2018 Restructuring | | | | | | | | | |
| Program costs | 60 | 45 | 132 | 59 | — | 24 | — | — | 320 |
| Acquisition integration costs | — | 1 | — | — | — | — | — | — | 1 |
| Gain on sale of intangible asset | — | — | (2) | — | — | — | — | — | (2) |
| Intangible asset impairment charges | 2 | 45 | 27 | 32 | — | 1 | — | — | 107 |
| Operating income from divestitures | — | (12) | (31) | (5) | — | — | — | — | (48) |
| Divestiture-related costs | — | — | 2 | — | — | — | — | — | 2 |
| Gain on divestitures | — | — | — | — | — | — | — | (9) | (9) |
| Acquisition-related costs | — | — | — | — | — | — | — | 1 | 1 |
| Mark-to-market (gains)/losses from derivatives | — | — | — | — | 45 | — | — | — | 45 |
| Rounding | — | — | — | — | — | 1 | — | — | 1 |
| Adjusted (Non-GAAP) | <u>\$ 142</u> | <u>\$ 81</u> | <u>\$ 471</u> | <u>\$ 324</u> | <u>\$ —</u> | <u>\$ (49)</u> | <u>\$ (44)</u> | <u>\$ —</u> | <u>\$ 925</u> |

Operating Income Margin

| | | | | | |
|------------------|-------|------|-------|-------|-------|
| Reported% | 9.3% | 0.1% | 12.8% | 13.1% | 7.5% |
| Adjusted% | 16.5% | 6.0% | 18.3% | 18.0% | 14.1% |

Mondelēz International, Inc. and Subsidiaries
Reconciliation of GAAP to Non-GAAP Measures
Segment Data
(in millions of U.S. dollars)
(Unaudited)

For the Twelve Months Ended December 31, 2017

| | Latin America | AMEA | Europe | North America | Unrealized G/(L) on Hedging Activities | General Corporate Expenses | Amortization of Intangibles | Other Items | Mondelēz International |
|---|-----------------|-----------------|-----------------|-----------------|---|----------------------------------|--------------------------------|----------------|---------------------------|
| Net Revenue | | | | | | | | | |
| Reported (GAAP) | \$ 3,566 | \$ 5,739 | \$ 9,794 | \$ 6,797 | \$ — | \$ — | \$ — | \$ — | \$ 25,896 |
| Divestitures | — | (133) | (137) | — | — | — | — | — | (270) |
| Adjusted (Non-GAAP) | <u>\$ 3,566</u> | <u>\$ 5,606</u> | <u>\$ 9,657</u> | <u>\$ 6,797</u> | <u>\$ —</u> | <u>\$ —</u> | <u>\$ —</u> | <u>\$ —</u> | <u>\$ 25,626</u> |
| Operating Income | | | | | | | | | |
| Reported (GAAP) | \$ 565 | \$ 516 | \$ 1,680 | \$ 1,120 | \$ (96) | \$ (287) | \$ (178) | \$ 186 | \$ 3,506 |
| 2014-2018 Restructuring | | | | | | | | | |
| Program costs | 136 | 184 | 263 | 152 | — | 57 | — | — | 792 |
| Acquisition integration costs | — | 3 | — | — | — | — | — | — | 3 |
| Intangible asset impairment charges | 5 | 52 | 11 | 41 | — | — | — | — | 109 |
| Benefits from resolution of tax matters | (153) | — | (49) | (7) | — | — | — | — | (209) |
| Malware incident incremental expenses | 1 | 2 | 15 | 61 | — | 5 | — | — | 84 |
| CEO transition remuneration | — | — | — | — | — | 14 | — | — | 14 |
| Operating income from divestitures | — | (27) | (34) | — | — | — | — | — | (61) |
| Divestiture-related costs | — | 3 | 21 | — | — | 7 | — | — | 31 |
| Net gain on divestitures | — | — | — | — | — | — | — | (186) | (186) |
| Mark-to-market (gains)/losses from derivatives | — | — | — | — | 96 | — | — | — | 96 |
| Rounding | — | — | — | — | — | (1) | — | — | (1) |
| Adjusted (Non-GAAP) | <u>\$ 554</u> | <u>\$ 733</u> | <u>\$ 1,907</u> | <u>\$ 1,367</u> | <u>\$ —</u> | <u>\$ (205)</u> | <u>\$ (178)</u> | <u>\$ —</u> | <u>\$ 4,178</u> |
| Currency | (20) | 42 | (19) | (3) | — | (2) | 1 | — | — |
| Adjusted @ Constant FX (Non-GAAP) | <u>\$ 534</u> | <u>\$ 775</u> | <u>\$ 1,888</u> | <u>\$ 1,364</u> | <u>\$ —</u> | <u>\$ (207)</u> | <u>\$ (177)</u> | <u>\$ —</u> | <u>\$ 4,178</u> |
| % Change - Reported (GAAP) | 108.5% | 2.0% | 32.6% | 3.9% | n/m | 1.4% | (1.1)% | n/m | 36.5% |
| % Change - Adjusted (Non-GAAP) | 27.1% | 13.1% | 12.1% | (2.8)% | n/m | 3.8% | (1.1)% | n/m | 9.9% |
| % Change - Adjusted @ Constant FX (Non-GAAP) | 22.5% | 19.6% | 11.0% | (3.0)% | n/m | 2.8% | (0.6)% | n/m | 9.9% |
| Operating Income Margin | | | | | | | | | |
| Reported% | 15.8% | 9.0% | 17.2% | 16.5% | | | | | 13.5% |
| Reported pp change | 7.8pp | 0.3pp | 4.2pp | 1.0pp | | | | | 3.6pp |
| Adjusted% | 15.5% | 13.1% | 19.7% | 20.1% | | | | | 16.3% |
| Adjusted pp change | 2.6pp | 1.4pp | 1.6pp | (0.1)pp | | | | | 1.3pp |

For the Twelve Months Ended December 31, 2016

| | Latin America | AMEA | Europe | North America | Unrealized G/(L) on Hedging Activities | General Corporate Expenses | Amortization of Intangibles | Other Items | Mondelēz International |
|---|-----------------|-----------------|-----------------|-----------------|---|----------------------------------|--------------------------------|----------------|---------------------------|
| Net Revenue | | | | | | | | | |
| Reported (GAAP) | \$ 3,392 | \$ 5,816 | \$ 9,755 | \$ 6,960 | \$ — | \$ — | \$ — | \$ — | \$ 25,923 |
| Divestitures | (8) | (261) | (371) | (13) | — | — | — | — | (653) |
| Adjusted (Non-GAAP) | <u>\$ 3,384</u> | <u>\$ 5,555</u> | <u>\$ 9,384</u> | <u>\$ 6,947</u> | <u>\$ —</u> | <u>\$ —</u> | <u>\$ —</u> | <u>\$ —</u> | <u>\$ 25,270</u> |
| Operating Income | | | | | | | | | |
| Reported (GAAP) | \$ 271 | \$ 506 | \$ 1,267 | \$ 1,078 | \$ (94) | \$ (291) | \$ (176) | \$ 8 | \$ 2,569 |
| 2014-2018 Restructuring | | | | | | | | | |
| Program costs | 165 | 144 | 398 | 304 | — | 75 | — | — | 1,086 |
| Acquisition integration costs | — | 7 | — | — | — | — | — | — | 7 |
| Gain on sale of intangible asset | — | — | (8) | (7) | — | — | — | — | (15) |
| Intangible asset impairment charges | 2 | 45 | 50 | 39 | — | 1 | — | — | 137 |
| Income associated with the JDE coffee business transactions | — | — | (3) | — | — | 1 | — | — | (2) |
| Operating income from divestitures | (2) | (54) | (89) | (8) | — | — | — | — | (153) |
| Divestiture-related costs | — | — | 86 | — | — | — | — | — | 86 |
| Net gain on divestitures | — | — | — | — | — | — | — | (9) | (9) |

| | | | | | | | | | |
|---|---------------|---------------|----------------|-----------------|-------------|-----------------|-----------------|-------------|-----------------|
| Acquisition-related costs | — | — | — | — | — | — | — | 1 | 1 |
| Mark-to-market (gains)/losses from derivatives | — | — | — | — | 94 | — | — | — | 94 |
| Rounding | — | — | — | — | — | 1 | — | — | 1 |
| Adjusted (Non-GAAP) | \$ 436 | \$ 648 | \$1,701 | \$ 1,406 | \$ — | \$ (213) | \$ (176) | \$ — | \$ 3,802 |
| Operating Income Margin | | | | | | | | | |
| Reported% | 8.0% | 8.7% | 13.0% | 15.5% | | | | | 9.9% |
| Adjusted% | 12.9% | 11.7% | 18.1% | 20.2% | | | | | 15.0% |