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

# FORM 10-Q

**(Mark One)**

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

**For the quarterly period ended September 30, 2013**

**OR**

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

**For the transition period from to**

**Commission file number 1-16483**

# Mondelēz International, Inc.
(Exact name of registrant as specified in its charter)

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

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

**Not Applicable**
(Former name, former address and former fiscal year, if changed since last report)

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

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

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

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

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

At October 31, 2013, there were 1,753,787,532 shares of the registrant's Class A common stock outstanding.

**Mondelēz International, Inc.**

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*In this report, for all periods presented, "we," "us," "our," and "Mondelēz International" refer to Mondelēz International, Inc. and subsidiaries (formerly Kraft Foods Inc. and subsidiaries). References to "Common Stock" refer to our Class A common stock.*

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## PART I – FINANCIAL INFORMATION

### Item 1. Financial Statements.

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

| | For the Three Months Ended September 30, 2013 | For the Three Months Ended September 30, 2012 | For the Nine Months Ended September 30, 2013 | For the Nine Months Ended September 30, 2012 |
|---|---|---|---|---|
| Net revenues | $ 8,472 | $ 8,326 | $ 25,811 | $ 25,520 |
| Cost of sales | 5,328 | 5,206 | 16,194 | 15,994 |
| Gross profit | 3,144 | 3,120 | 9,617 | 9,526 |
| Selling, general and administrative expenses | 1,784 | 2,215 | 6,385 | 6,601 |
| Asset impairment and exit costs | 43 | 13 | 135 | 84 |
| Gains on acquisition and divestitures, net | – | – | (28) | – |
| Amortization of intangibles | 55 | 54 | 164 | 163 |
| Operating income | 1,262 | 838 | 2,961 | 2,678 |
| Interest and other expense, net | 218 | 737 | 732 | 1,568 |
| Earnings from continuing operations before income taxes | 1,044 | 101 | 2,229 | 1,110 |
| Provision / (benefit) for income taxes | 14 | (76) | 8 | 104 |
| Earnings from continuing operations | 1,030 | 177 | 2,221 | 1,006 |
| Earnings from discontinued operations, net of income taxes | – | 482 | – | 1,506 |
| Net earnings | 1,030 | 659 | 2,221 | 2,512 |
| Noncontrolling interest | 6 | 7 | 13 | 18 |
| Net earnings attributable to Mondelēz International | $ 1,024 | $ 652 | $ 2,208 | $ 2,494 |
| Per share data: | | | | |
| Basic earnings per share attributable to Mondelēz International: | | | | |
| Continuing operations | 0.58 | 0.10 | 1.24 | 0.56 |
| Discontinued operations | – | 0.27 | – | 0.84 |
| Net earnings attributable to Mondelēz International | $ 0.58 | $ 0.37 | $ 1.24 | $ 1.40 |
| Diluted earnings per share attributable to Mondelēz International: | | | | |
| Continuing operations | 0.57 | 0.10 | 1.23 | 0.55 |
| Discontinued operations | – | 0.26 | – | 0.85 |
| Net earnings attributable to Mondelēz International | $ 0.57 | $ 0.36 | $ 1.23 | $ 1.40 |
| Dividends declared | $ 0.14 | $ 0.29 | $ 0.40 | $ 0.87 |

See accompanying notes to the condensed consolidated financial statements.

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

| | For the Three Months Ended September 30, 2013 | For the Three Months Ended September 30, 2012 | For the Nine Months Ended September 30, 2013 | For the Nine Months Ended September 30, 2012 |
|---|---|---|---|---|
| Net earnings | $ 1,030 | $ 659 | $ 2,221 | $ 2,512 |
| Other comprehensive earnings / (losses): | | | | |
| Currency translation adjustment: | | | | |
| Translation adjustment | 778 | 726 | (931) | 528 |
| Tax (expense) / benefit | 39 | 17 | 9 | 26 |
| Pension and other benefits: | | | | |
| Net actuarial gain / (loss) arising during period | 6 | (1,583) | 3 | (1,474) |
| Reclassification of losses / (gains) into net earnings: | | | | |
| Amortization of experience losses and prior service costs | 48 | 128 | 145 | 377 |
| Settlement (gains) / losses | (2) | 53 | 3 | 113 |
| Tax (expense) / benefit | (11) | 519 | (37) | 379 |
| Derivatives accounted for as hedges: | | | | |
| Net derivative gains / (losses) | 10 | (10) | 133 | (366) |
| Reclassification of losses / (gains) into net earnings | 8 | 446 | 52 | 589 |
| Tax (expense) / benefit | (8) | (164) | (65) | (93) |
| Total other comprehensive earnings / (losses) | 868 | 132 | (688) | 79 |
| Comprehensive earnings / (losses) | 1,898 | 791 | 1,533 | 2,591 |
| less: Comprehensive earnings / (losses) attributable to noncontrolling interests | 10 | 14 | 10 | 19 |
| Comprehensive earnings / (losses) attributable to Mondelēz International | $ 1,888 | $ 777 | $ 1,523 | $ 2,572 |

See accompanying notes to the condensed consolidated financial statements.

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

| | September 30, 2013 | December 31, 2012 |
|---|---|---|
| ASSETS | | |
| Cash and cash equivalents | $ 3,692 | $ 4,475 |
| Receivables (net of allowances of $92 in 2013 and $118 in 2012) | 6,245 | 6,129 |
| Inventories, net | 4,161 | 3,741 |
| Deferred income taxes | 527 | 542 |
| Other current assets | 838 | 735 |
| Total current assets | 15,463 | 15,622 |
| Property, plant and equipment, net | 10,085 | 10,010 |
| Goodwill | 25,679 | 25,801 |
| Intangible assets, net | 22,111 | 22,552 |
| Prepaid pension assets | 29 | 18 |
| Other assets | 1,492 | 1,475 |
| TOTAL ASSETS | $ 74,859 | $ 75,478 |
| LIABILITIES | | |
| Short-term borrowings | $ 2,527 | $ 274 |
| Current portion of long-term debt | 2,303 | 3,577 |
| Accounts payable | 4,533 | 4,642 |
| Accrued marketing | 2,191 | 2,484 |
| Accrued employment costs | 1,079 | 1,038 |
| Other current liabilities | 2,636 | 2,858 |
| Total current liabilities | 15,269 | 14,873 |
| Long-term debt | 15,089 | 15,574 |
| Deferred income taxes | 6,218 | 6,302 |
| Accrued pension costs | 2,807 | 2,885 |
| Accrued postretirement health care costs | 470 | 451 |
| Other liabilities | 2,514 | 3,038 |
| TOTAL LIABILITIES | 42,367 | 43,123 |
| Commitments and Contingencies (Note 12) | | |
| EQUITY | | |
| Common Stock, no par value (1,996,537,778 shares issued in 2013 and 2012) | – | – |
| Additional paid-in capital | 31,505 | 31,548 |
| Retained earnings | 11,878 | 10,457 |
| Accumulated other comprehensive losses | (3,318) | (2,633) |
| Treasury stock, at cost | (7,722) | (7,157) |
| Total Mondelēz International Shareholders' Equity | 32,343 | 32,215 |
| Noncontrolling interest | 149 | 140 |
| TOTAL EQUITY | 32,492 | 32,355 |
| TOTAL LIABILITIES AND EQUITY | $ 74,859 | $ 75,478 |

See accompanying notes to the condensed consolidated financial statements.

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

| | Mondelēz International Shareholders' Equity | | | | | | |
|---|---|---|---|---|---|---|---|
| | Common Stock | Additional Paid-in Capital | Retained Earnings | Accumulated Other Comprehensive Earnings / (Losses) | Treasury Stock | Noncontrolling Interest | Total Equity |
| Balances at January 1, 2012 | $ – | $ 31,318 | $ 18,012 | $ (6,637) | $ (7,476) | $ 111 | $ 35,328 |
| Comprehensive earnings / (losses): | | | | | | | |
| Net earnings | – | – | 3,028 | – | – | 27 | 3,055 |
| Other comprehensive earnings / (losses), net of income taxes | – | – | – | (304) | – | 6 | (298) |
| Exercise of stock options and issuance of other stock awards | – | 141 | (53) | – | 319 | – | 407 |
| Cash dividends declared ($1.00 per share) | – | – | (1,775) | – | – | – | (1,775) |
| Spin-Off of Kraft Foods Group, Inc. | – | 89 | (8,755) | 4,308 | – | – | (4,358) |
| Dividends paid on noncontrolling interest and other activities | – | – | – | – | – | (4) | (4) |
| Balances at December 31, 2012 | $ – | $ 31,548 | $ 10,457 | $ (2,633) | $ (7,157) | $ 140 | $ 32,355 |
| Comprehensive earnings / (losses): | | | | | | | |
| Net earnings | – | – | 2,208 | – | – | 13 | 2,221 |
| Other comprehensive earnings / (losses), net of income taxes | – | – | – | (685) | – | (3) | (688) |
| Exercise of stock options and issuance of other stock awards | – | (42) | (75) | – | 288 | – | 171 |
| Cash dividends declared ($0.40 per share) | – | – | (712) | – | – | – | (712) |
| Common Stock repurchased | – | – | – | – | (853) | – | (853) |
| Dividends paid on noncontrolling interest and other activities | – | (1) | – | – | – | (1) | (2) |
| Balances at September 30, 2013 | $ – | $ 31,505 | $ 11,878 | $ (3,318) | $ (7,722) | $ 149 | $ 32,492 |

See accompanying notes to the condensed consolidated financial statements.

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

| | For the Nine Months Ended September 30, 2013 | 2012 |
|---|---|---|
| CASH PROVIDED BY / (USED IN) OPERATING ACTIVITIES | | |
| Net earnings | $ 2,221 | $ 2,512 |
| Adjustments to reconcile net earnings to operating cash flows: | | |
| Depreciation and amortization | 808 | 1,065 |
| Stock-based compensation expense | 98 | 135 |
| Deferred income tax (benefit) / provision | (237) | 461 |
| Gains on acquisition and divestitures, net | (28) | – |
| Unrealized loss on discontinued cash flow hedges due to Spin-Off | – | 436 |
| Asset impairments | 36 | 94 |
| Benefit from indemnification resolution | (385) | – |
| Other non-cash expense, net | 46 | 98 |
| Change in assets and liabilities: | | |
| Receivables, net | (100) | (699) |
| Inventories, net | (502) | (712) |
| Accounts payable | (30) | (104) |
| Other current assets | 16 | 149 |
| Other current liabilities | (787) | (1,284) |
| Change in pension and postretirement assets and liabilities, net | 42 | 24 |
| Net cash provided by operating activities | 1,198 | 2,175 |
| CASH PROVIDED BY / (USED IN) INVESTING ACTIVITIES | | |
| Capital expenditures | (1,028) | (1,229) |
| Acquisition, net of cash received | (119) | – |
| Proceeds from divestitures, net of disbursements | 48 | – |
| Cash received from Kraft Foods Group related to the Spin-Off | 55 | – |
| Other | 29 | 100 |
| Net cash used in investing activities | (1,015) | (1,129) |
| CASH PROVIDED BY / (USED IN) FINANCING ACTIVITIES | | |
| Net issuance of short-term borrowings | 1,604 | 83 |
| Issuance of commercial paper, maturities greater than 90 days | 726 | 1,579 |
| Repayments of commercial paper, maturities greater than 90 days | (70) | (1,581) |
| Long-term debt proceeds | – | 6,767 |
| Long-term debt repaid | (1,750) | (4,336) |
| Repurchase of Common Stock | (793) | – |
| Dividends paid | (696) | (1,542) |
| Other | 98 | (142) |
| Net cash (used in) / provided by financing activities | (881) | 828 |
| Effect of exchange rate changes on cash and cash equivalents | (85) | 25 |
| Cash and cash equivalents: | | |
| Increase / (decrease) | (783) | 1,899 |
| Balance at beginning of period | 4,475 | 1,974 |
| Balance at end of period | $ 3,692 | $ 3,873 |

See accompanying notes to the condensed consolidated financial statements.

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

## Note 1. Basis of Presentation

The condensed consolidated financial statements include Mondelēz International as well as our wholly owned and majority owned subsidiaries.

Our interim condensed consolidated financial statements are unaudited. Certain information and footnote disclosures normally included in financial statements prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP") have been omitted. It is management's opinion that these financial statements include all normal and recurring adjustments necessary for a fair presentation of our financial position and operating results. Net revenues and net earnings for any interim period are not necessarily indicative of future or annual results.

The condensed consolidated balance sheet data as of December 31, 2012 were derived from audited financial statements, but do not include all disclosures required by U.S. GAAP. You should read these statements in conjunction with our consolidated financial statements and related notes in our Annual Report on Form 10-K for the year ended December 31, 2012.

*Accounting Calendar Change:*
In connection with moving toward a common consolidation date across the company, in the first quarter of 2013, we changed the consolidation date for our Europe segment. Previously, this segment primarily reported results as of the last Saturday of each period. Subsequent to the change, our Europe segment reports results as of the last calendar day of the period. At this time, the majority of our operating subsidiaries report results as of the last calendar day of the period. Our North American operating subsidiaries report results as of the last Saturday of the period. The change in the consolidation date for our Europe segment had a favorable impact of $19 million on net revenues and $3 million on operating income for the three and nine months ended September 30, 2013.

*Discontinued Operation:*
On October 1, 2012, we completed the spin-off of our former North American grocery business, Kraft Foods Group, Inc. ("Kraft Foods Group") by distributing 100% of the outstanding shares of common stock of Kraft Foods Group to holders of our Common Stock (the "Spin-Off"). We retained our global snacks business along with other food and beverage categories. The divested Kraft Foods Group is presented as a discontinued operation on the condensed consolidated statements of earnings for the three and nine months ended September 30, 2012. The other comprehensive earnings and cash flows of Kraft Foods Group are included within our condensed consolidated statements of equity, comprehensive earnings and cash flows in the prior-year period through October 1, 2012. The results from the discontinued operation are discussed in additional detail in Note 2, *Divestitures and Acquisition*.

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

- Latin America (formerly in our Developing Markets segment)
- Asia Pacific (formerly in our Developing Markets segment)
- Eastern Europe, Middle East & Africa ("EEMEA") (formerly in our Developing Markets segment)
- Europe (now includes certain European operations formerly in our Developing Markets segment)
- North America.

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

*Highly Inflationary Accounting:*
On February 8, 2013, the Venezuelan government announced the devaluation of the official Venezuelan bolivar exchange rate from 4.30 bolivars to 6.30 bolivars to the U.S. dollar and the elimination of the second-tier, government-regulated SITME exchange rate previously applied to value certain types of transactions. In connection with the announced changes, which were effective on February 13, 2013, we recorded a $54 million unfavorable foreign currency charge related to the devaluation of our net monetary assets in Venezuela. The charge was recorded in selling, general and administrative expenses within our Latin America segment. We also incurred net unfavorable devaluation-related foreign currency impacts within our pre-tax earnings of $20 million during the three months and $44 million during the nine months ended September 30, 2013 related to translating the earnings of our Venezuelan subsidiary to the U.S. dollar at the new exchange rate. As of September 30, 2013, our net monetary assets denominated in the Venezuelan bolivar were $280 million.

We began accounting for the results of our Venezuelan subsidiaries in U.S. dollars effective January 1, 2010, as prescribed under U.S. GAAP for highly inflationary economies. We use the official Venezuelan bolivar exchange rate to translate the results of our Venezuelan operations into U.S. dollars. During 2012, we recorded immaterial foreign currency impacts in connection with highly inflationary accounting for Venezuela.

*Reclassification:*
Our condensed consolidated cash flow statements reflect commercial paper with original maturities greater than 90 days on a gross basis in both periods.

*New Accounting Pronouncements:*
In July 2013, the Financial Accounting Standards Board ("FASB") issued an accounting standards update which requires companies to present an unrecognized tax benefit as a reduction to a deferred tax asset when the right of offset exists. The update will be effective for fiscal years beginning after December 15, 2013. We currently comply with the prescribed accounting presentation so that adopting the new guidance will have no impact on the presentation of our financial statements.

In July 2013, the FASB issued an accounting standards update which permits the inclusion of the Fed Funds Effective Swap Rate as a U.S. benchmark interest rate for hedge accounting purposes in addition to the interest rates on direct Treasury obligations of the U.S. government and the London Interbank Offered Rate ("LIBOR"). The guidance is effective for new or redesignated hedging relationships we entered into on or after July 17, 2013. The adoption of this guidance did not have and is not expected to have a material impact on our financial statements.

In March 2013, the FASB issued an accounting standards update on a parent company's accounting for the cumulative translation adjustment ("CTA") upon derecognition of certain subsidiaries or groups of assets within a foreign entity or an investment in a foreign entity. We plan to comply with the new requirement beginning January 1, 2014 for transactions within the scope of the standard. Application of the standard is primarily expected to impact the net gain or loss recognized on any divestitures of foreign subsidiaries after January 1, 2014.

In February 2013, the FASB issued an accounting standards update, clarifying how entities are required to measure obligations resulting from joint and several liability arrangements. We plan to comply with the new standard beginning January 1, 2014. We do not expect it to have a material effect on our consolidated financial results as our joint and several guarantee of indebtedness discussed in Note 12, *Commitments and Contingencies*, expires prior to the effective date. We have no other material arrangements that fall within the scope of the standard at this time.

In February 2013, the FASB issued an accounting standards update, clarifying the reporting of significant reclassifications from components of accumulated other comprehensive income ("AOCI") and the related impacts on primarily the statement of earnings. The guidance is effective for fiscal years and interim reporting periods beginning after December 15, 2012. We adopted the guidance effective January 1, 2013 and disclose reclassifications from accumulated other comprehensive income and their impact on our condensed consolidated financial statements in Note 13, *Reclassifications from Accumulated Other Comprehensive Income*.

*Subsequent Events:*
We evaluated subsequent events and included all accounting and disclosure requirements related to material subsequent events in our condensed consolidated financial statements and related notes.

## Note 2. Divestitures and Acquisition

On October 1, 2012, we completed the Spin-Off of our North American grocery business, Kraft Foods Group, to our shareholders. On October 1, 2012, each of our shareholders of record as of the close of business on September 19, 2012 (the "Record Date"), received one share of Kraft Foods Group common stock for every three shares of our Common Stock held as of the Record Date. The distribution was structured to be tax free to our U.S. shareholders for U.S. federal income tax purposes.

Kraft Foods Group is now an independent public company trading on The NASDAQ Global Select Market under the symbol "KRFT." After the Spin-Off, we do not beneficially own any shares of Kraft Foods Group common stock.

Summary results of operations for Kraft Foods Group through September 30, 2012 were as follows:

| | For the Three Months Ended September 30, 2012 | For the Nine Months Ended September 30, 2012 |
|---|---|---|
| | (in millions) | |
| Net revenues | $ 4,583 | $ 13,768 |
| Earnings before income taxes | $ 687 | $ 2,266 |
| Provision for income taxes | 205 | 760 |
| Earnings from discontinued operations, net of income taxes | $ 482 | $ 1,506 |

The results of the Kraft Foods Group discontinued operation exclude certain corporate and business unit costs, which we allocated to Kraft Foods Group historically and which continued at Mondelēz International after the Spin-Off. These costs include primarily corporate overheads, information systems and sales force support. On a pre-tax basis, these costs were estimated to be $48 million in the three months and $150 million in the nine months ended September 30, 2012.

In March 2013, we collected $55 million from Kraft Foods Group related to the net cash settlement of stock awards held by our respective employees at the time of the Spin-Off.

*Spin-Off Costs:*
Our results include one-time Spin-Off transaction, transition and financing and related costs ("Spin-Off Costs") we have incurred to date. We recorded Spin-Off Costs of $9 million in the three months and $33 million in the nine months ended September 30, 2013 and $683 million in the three months and $984 million in the nine months ended September 30, 2012. The Spin-Off Costs were recorded within pre-tax earnings as follows:

| | For the Three Months Ended September 30, | | For the Nine Months Ended September 30, | |
|---|---|---|---|---|
| | 2013 | 2012 | 2013 | 2012 |
| | (in millions) | | | |
| Selling, general and administrative expenses | $ 9 | $ 226 | $ 33 | $ 365 |
| Interest and other expense, net | – | 457 | – | 619 |
| Spin-Off Costs | $ 9 | $ 683 | $ 33 | $ 984 |

We expect to incur Spin-Off Costs of approximately $75 million in 2013 and approximately $25 million in 2014. The charges primarily relate to human resources, customer service and logistics, information systems and processes, as well as legal costs associated with revising intellectual property and other long-term agreements.

*Acquisition, Other Divestitures and Sale of Property:*
During the three months ended June 30, 2013, we completed two divestitures within our EEMEA segment which generated cash proceeds of $48 million and pre-tax gains of $6 million. The divestitures included a salty snacks business in Turkey and a confectionery business in South Africa. The aggregate operating results of these divestitures were not material to our condensed consolidated financial statements during the periods presented.

On February 22, 2013, we acquired the remaining interest in a biscuit operation in Morocco, which is now a wholly-owned subsidiary within our EEMEA segment. We paid net cash consideration of $119 million, consisting of $155 million purchase price net of cash acquired of $36 million. Prior to the acquisition, our interest in the operation was accounted for under the equity method. As a result of obtaining a controlling interest, we consolidated the operation and recorded a preliminary estimate of the fair value of acquired assets (including estimated identifiable intangible assets of $48 million), the liabilities assumed and estimated goodwill of $209 million. We also recorded a pre-tax gain of $22 million related to the remeasurement of our previously-held equity interest in the operation to fair value in accordance with U.S. GAAP. Acquisition costs of $7 million were included within selling, general and administrative expenses and interest and other expense, net during the nine months ended September 30, 2013. The operating results of the acquisition were not material to our condensed consolidated financial statements during the periods presented.

During the three months ended December 31, 2012, we also completed several divestitures within our Europe segment which generated cash proceeds of $200 million and pre-tax gains of $107 million. The divestitures primarily included a dinners and sauces grocery business in Germany and Belgium and a canned meat business in Italy. The aggregate operating results of these divestitures were not material to our condensed consolidated financial statements during the periods presented.

In 2012, we sold property in Russia and Turkey within our EEMEA segment. The Turkey property sale generated a $22 million pre-tax gain in the second quarter of 2012 and $29 million of cash proceeds which were received primarily in the fourth quarter of 2012 upon finalization of certain terms and conditions of the sale. The Russia property sale generated a $55 million pre-tax gain and $72 million of cash proceeds in the first quarter of 2012. The gains were recorded within selling, general and administrative expenses and the cash proceeds from the Russia property sale were recorded in cash flows from other investing activities in the nine months ended September 30, 2012.

## Note 3. Inventories

Inventories at September 30, 2013 and December 31, 2012 were:

| | September 30, 2013 | December 31, 2012 |
|---|---|---|
| | (in millions) | |
| Raw materials | $ 1,252 | $ 1,213 |
| Finished product | 2,909 | 2,528 |
| Inventories, net | $ 4,161 | $ 3,741 |

## Note 4. Property, Plant and Equipment

Property, plant and equipment at September 30, 2013 and December 31, 2012 were:

| | September 30, 2013 | December 31, 2012 |
|---|---|---|
| | (in millions) | |
| Land and land improvements | $ 632 | $ 643 |
| Buildings and building improvements | 3,227 | 3,199 |
| Machinery and equipment | 12,166 | 11,992 |
| Construction in progress | 1,328 | 1,022 |
| | 17,353 | 16,856 |
| Accumulated depreciation | (7,268) | (6,846) |
| Property, plant and equipment, net | $ 10,085 | $ 10,010 |

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## Note 5. Goodwill and Intangible Assets

Goodwill by reportable segment at September 30, 2013 and December 31, 2012, revised to reflect our new segment structure, was:

| | September 30, 2013 | December 31, 2012 |
|---|---|---|
| | (in millions) | |
| Latin America | $ 1,339 | $ 1,413 |
| Asia Pacific | 2,560 | 2,738 |
| EEMEA | 2,806 | 2,767 |
| Europe | 9,893 | 9,777 |
| North America | 9,081 | 9,106 |
| Goodwill | $ 25,679 | $ 25,801 |

Intangible assets at September 30, 2013 and December 31, 2012 were:

| | September 30, 2013 | December 31, 2012 |
|---|---|---|
| | (in millions) | |
| Non-amortizable intangible assets | $ 20,131 | $ 20,408 |
| Amortizable intangible assets | 2,852 | 2,861 |
| | 22,983 | 23,269 |
| Accumulated amortization | (872) | (717) |
| Intangible assets, net | $ 22,111 | $ 22,552 |

Non-amortizable intangible assets consist substantially of brand names purchased through our acquisitions of Nabisco Holdings Corp., the Spanish and Portuguese operations of United Biscuits, the global *LU* biscuit business of Groupe Danone S.A. and Cadbury Limited. Amortizable intangible assets consist primarily of trademarks, customer-related intangibles, process technology, licenses and non-compete agreements. At September 30, 2013, the weighted-average life of our amortizable intangible assets was 13.3 years.

Amortization expense was $55 million in the three months and $164 million in the nine months ended September 30, 2013 and $54 million in the three months and $163 million in the nine months ended September 30, 2012. We currently estimate annual amortization expense for each of the next five years to be approximately $215 million.

Changes in goodwill and intangible assets consisted of:

| | Goodwill | Intangible Assets, at Cost |
|---|---|---|
| | (in millions) | |
| Balance at January 1, 2013 | $ 25,801 | $ 23,269 |
| Changes due to: | | |
| Foreign currency | (317) | (327) |
| Acquisition | 209 | 48 |
| Divestitures | (10) | (6) |
| Other | (4) | (1) |
| Balance at September 30, 2013 | $ 25,679 | $ 22,983 |

Refer to Note 2, *Divestitures and Acquisition*, for additional information related to the acquisition and divestitures.

During the nine months ended September 30, 2012, we recorded an impairment charge of $20 million within asset impairment and exit costs for the impairment of an intangible asset in Japan in our Asia Pacific segment.

In connection with our 2012 annual impairment testing and subsequent impairment reviews, we noted a reporting unit, U.S. Confections, was more sensitive to near-term changes in discounted cash flow assumptions. U.S. Confections, consisting of primarily U.S. gum and candy operations, has $2,177 million of goodwill as of September 30, 2013. While the reporting unit passed the first step of the 2012 annual impairment test with an estimated excess fair value over the carrying value of net assets of 9%, if the segment operating income or other valuation assumptions were to deteriorate significantly in the future, it could adversely affect the estimated fair value of the reporting unit. We are currently evaluating our gum operations and implementing a long-term plan to improve gum operating results. If we are unsuccessful in maintaining or increasing the profitability of this business, the estimated fair value of the reporting unit may fall below carrying value and lead to a potential goodwill impairment in the future. However, we believe that it is more likely than not that the fair value of U.S. Confections exceeds its carrying value.

**Note 6. 2012-2014 Restructuring Program**

In 2012, our Board of Directors approved $1.5 billion of restructuring and related implementation costs (“2012-2014 Restructuring Program”) reflecting primarily severance, asset disposals and other manufacturing-related one-time costs. The primary objective of the restructuring and implementation activities was to ensure that both Mondelēz International and Kraft Foods Group were each set up to operate efficiently and execute on our respective business strategies upon separation and in the future.

Of the $1.5 billion of 2012-2014 Restructuring Program costs, we retained approximately $925 million after the Spin-Off. Since the inception of the 2012-2014 Restructuring Program, we have incurred $272 million of the estimated $925 million total 2012-2014 Restructuring Program charges.

*Restructuring Costs:*
We recorded restructuring charges of $43 million in the three months and $131 million in the nine months ended September 30, 2013 and $13 million in the three months and $63 million in the nine months ended September 30, 2012 within asset impairment and exit costs.

The activity in the 2012-2014 Restructuring Program liability for the nine months ended September 30, 2013 was:

| | Severance and related costs | Asset Write-downs | Total |
|---|---|---|---|
| | | (in millions) | |
| Liability balance, January 1, 2013 | $ 36 | $ – | $ 36 |
| Charges | 99 | 32 | 131 |
| Cash spent | (53) | – | (53) |
| Non-cash settlements | (12) | (32) | (44) |
| Liability balance, September 30, 2013 | $ 70 | $ – | $ 70 |

We spent $32 million in the three months and $53 million in the nine months ended September 30, 2013 in cash severance and related costs. We also recognized non-cash pension plan settlement losses (see Note 10, *Benefit Plans*) and non-cash asset write-downs (including accelerated depreciation and asset impairments) totaling $12 million in the three months and $44 million in the nine months ended September 30, 2013. At September 30, 2013, a $70 million restructuring liability was recorded within other current liabilities. During the third quarter, we reevaluated a restructuring project and driven by changes to its size, scope and timing began recording it prospectively as part of the overall 2012-2014 Restructuring Program. In the first two quarters of 2013, $14 million in expenses related to this project were recorded as normal operating expenses and classified in selling, general and administrative expenses within the Latin America segment.

*Implementation Costs:*
Implementation costs are directly attributable to restructuring activities; however, they do not qualify for special accounting treatment as exit or disposal activities. We believe the disclosure of implementation costs provides readers of our financial statements greater transparency to the total costs of our 2012-2014 Restructuring Program. We recorded implementation costs of $20 million in the three months and $31 million in the nine months ended September 30, 2013 and $5 million in the three months and $6 million in the nine months ended September 30, 2012. We recorded these costs within cost of sales and selling, general and administrative expenses within our Europe and North America segments. These costs primarily include reorganization costs to integrate and reorganize our operations and facilities, the discontinuance of certain product lines and the incremental expenses related to the closure of facilities, replicating our information systems infrastructure and reorganizing costs related to our sales function.

*Restructuring and Implementation Costs in Operating Income:*
During the three and nine months ended September 30, 2013 and 2012, we recorded restructuring and implementation costs within operating income as follows:

| | For the Three Months Ended September 30, 2013 | | | For the Nine Months Ended September 30, 2013 | | |
|---|---|---|---|---|---|---|
| | Restructuring Costs | Implementation Costs | Total | Restructuring Costs | Implementation Costs | Total |
| | (in millions) | | | | | |
| Latin America | $ 9 | – | $ 9 | $ 9 | $ – | $ 9 |
| Asia Pacific | – | – | – | – | – | – |
| EEMEA | 3 | – | 3 | 7 | – | 7 |
| Europe | 18 | 10 | 28 | 55 | 14 | 69 |
| North America | 12 | 10 | 22 | 58 | 17 | 75 |
| Corporate expenses | 1 | – | 1 | 2 | – | 2 |
| Total | $ 43 | $ 20 | $ 63 | $ 131 | $ 31 | $ 162 |

| | For the Three Months Ended September 30, 2012 | | | For the Nine Months Ended September 30, 2012 | | |
|---|---|---|---|---|---|---|
| | Restructuring Costs | Implementation Costs | Total | Restructuring Costs | Implementation Costs | Total |
| | (in millions) | | | | | |
| Latin America | $ 2 | $ – | $ 2 | $ 7 | $ – | $ 7 |
| Asia Pacific | – | – | – | – | – | – |
| EEMEA | – | – | – | – | – | – |
| Europe | – | – | – | – | – | – |
| North America | 11 | 4 | 15 | 56 | 5 | 61 |
| Corporate Expenses | – | 1 | 1 | – | 1 | 1 |
| Total | $ 13 | $ 5 | $ 18 | $ 63 | $ 6 | $ 69 |

## Note 7. Integration Costs

*Cadbury Integration Program:*
As a result of our combination with Cadbury Limited (formerly, Cadbury plc or "Cadbury") in 2010, we launched an integration program to realize expected annual cost savings of approximately $750 million by the end of 2013 and revenue synergies from investments in distribution, marketing and product development. In order to achieve these cost savings and synergies and combine and integrate the two businesses, we expect to incur total integration charges of approximately $1.5 billion through the end of 2013 (the "Integration Program").

Integration Program costs include the costs associated with combining the Cadbury operations with our operations and are separate from the costs related to the acquisition. Since the inception of the Integration Program, we have incurred approximately $1.4 billion of the estimated $1.5 billion total integration charges.

Changes in the Integration Program liability during the nine months ended September 30, 2013 were (in millions):

| | |
|---|---|
| Balance at January 1, 2013 | $ 202 |
| Charges | 109 |
| Cash spent | (152) |
| Currency / other | 6 |
| Balance at September 30, 2013 | $ 165 |

We recorded Integration Program charges of $36 million during the three months and $109 million during the nine months ended September 30, 2013 and $29 million during the three months and $107 million during the nine months ended September 30, 2012. In addition, during the three months and nine months ended September 30, 2012, we also reversed $43 million of Integration Program charges previously accrued in the fourth quarter of 2010 primarily related to planned and announced position eliminations that did not occur within our Europe segment. The reversal was based on final negotiations with local workers councils, the majority of which were concluded in April 2012. We recorded these charges in operations, as a part of selling, general and administrative expenses within our Europe, Asia Pacific, Latin America and EEMEA segments.

*Other Integration Costs:*
In connection with our acquisition of a biscuit operation in Morocco in February 2013, we recorded integration charges of $1 million during the nine months ended September 30, 2013. We recorded these charges in selling, general and administrative expenses within our EEMEA segment. See Note 2, *Divestitures and Acquisition,* for more information on the acquisition.

## Note 8. Debt

*Short-Term Borrowings:*
At September 30, 2013 and December 31, 2012, our short-term borrowings consisted of:

| | September 30, 2013 | | December 31, 2012 | |
|---|---|---|---|---|
| | Amount Outstanding (in millions) | Weighted-Average Rate | Amount Outstanding (in millions) | Weighted-Average Rate |
| Commercial paper | $ 2,288 | 0.3% | $ – | – |
| Bank loans | 239 | 8.5% | 274 | 7.2% |
| Total short-term borrowings | $ 2,527 | | $ 274 | |

Commercial paper issuances generally have maturities ranging from 1 to 125 days. As of September 30, 2013, the commercial paper issued and outstanding had between 3 – 114 days remaining to maturity.

Bank loans include borrowings on primarily uncommitted credit lines maintained by some of our international subsidiaries to meet short-term working capital needs.

*Borrowing Arrangements:*
On October 11, 2013, we entered into a revolving credit agreement for a $4.5 billion five-year senior unsecured revolving credit facility. The agreement replaced our former revolving credit agreement, which was terminated upon the signing of the new agreement. The revolving credit facility agreement includes a covenant that we maintain a minimum shareholders' equity of at least $24.6 billion, after excluding accumulated other comprehensive earnings / (losses) and the cumulative effects of any changes in accounting principles. At September 30, 2013, we met both the new and existing minimum shareholders' equity covenant as our minimum shareholders' equity under both agreements was $35.7 billion. The revolving credit facility agreement also contains customary representations, covenants and events of default. However, there are no credit rating triggers, provisions or other financial covenants that could require us to post collateral as security. We intend to use the revolving credit facility for general corporate purposes, including for working capital purposes and to support our commercial paper program. As of September 30, 2013, no amounts were drawn on the credit facility in place on this date.

*Long-Term Debt:*
On October 1, 2013, $1 billion of our 5.125% notes and $800 million of our 5.250% notes matured. The notes and accrued interest to date were paid with cash on hand and the issuance of commercial paper.

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

On February 11, 2013, $750 million of our 6.00% notes matured. The notes and accrued interest to date were paid with cash on hand.

*Fair Value of Our Debt:*
The fair value of our short-term borrowings at September 30, 2013 and December 31, 2012 reflects current market interest rates and approximates the amounts we have recorded on our condensed consolidated balance sheet. The fair value of our long-term debt was determined using quoted prices in active markets (Level 1 valuation data) for the publicly traded debt obligations. At September 30, 2013, the aggregate fair value of our total debt was $22,074 million and its carrying value was $19,919 million. At December 31, 2012, the aggregate fair value of our total debt was $22,946 million and its carrying value was $19,425 million.

## Note 9. Financial Instruments

Derivative instruments were recorded at fair value in the condensed consolidated balance sheets as of September 30, 2013 and December 31, 2012 as follows:

| | September 30, 2013 | | December 31, 2012 | |
|---|---|---|---|---|
| | Derivative Assets | Derivative Liabilities | Derivative Assets | Derivative Liabilities |
| | (in millions) | | | |
| **Derivatives designated as hedging instruments:** | | | | |
| Foreign exchange contracts | $ 3 | $ 8 | $ 6 | $ 10 |
| Commodity contracts | 4 | 10 | 3 | 34 |
| Interest rate contracts | 166 | – | 16 | – |
| | $ 173 | $ 18 | $ 25 | $ 44 |
| **Derivatives not designated as hedging instruments:** | | | | |
| Foreign exchange contracts | $ 52 | $ 17 | $ 16 | $ 33 |
| Commodity contracts | 83 | 77 | 106 | 103 |
| Interest rate contracts | 67 | 41 | 93 | 61 |
| | $ 202 | $ 135 | $ 215 | $ 197 |
| Total fair value | $ 375 | $ 153 | $ 240 | $ 241 |

We record derivative assets and liabilities on a gross basis in our condensed consolidated balance sheet. The fair value of our derivative assets is recorded within other current assets and the fair value of our derivative liabilities is recorded within other current liabilities. See our consolidated financial statements and Note 1 and Note 9 to our consolidated financial statements in our Annual Report on Form 10-K for the year ended December 31, 2012 for additional information on our risk management strategies and our use of derivatives and related accounting.

The fair values (asset / (liability)) of our derivative instruments at September 30, 2013 were determined using:

| | Total Fair Value | Quoted Prices in Active Markets for Identical Assets (Level 1) | Significant Other Observable Inputs (Level 2) | Significant Unobservable Inputs (Level 3) |
|---|---|---|---|---|
| | (in millions) | | | |
| Foreign exchange contracts | $ 30 | $ – | $ 30 | $ – |
| Commodity contracts | – | (4) | 4 | – |
| Interest rate contracts | 192 | – | 192 | – |
| Total derivatives | $ 222 | $ (4) | $ 226 | $ – |

The fair values (asset / (liability)) of our derivative instruments at December 31, 2012 were determined using:

| | Total Fair Value | Quoted Prices in Active Markets for Identical Assets (Level 1) | Significant Other Observable Inputs (Level 2) | Significant Unobservable Inputs (Level 3) |
|---|---|---|---|---|
| | (in millions) | | | |
| Foreign exchange contracts | $ (21) | $ – | $ (21) | $ – |
| Commodity contracts | (28) | (53) | 25 | – |
| Interest rate contracts | 48 | – | 48 | – |
| Total derivatives | $ (1) | $ (53) | $ 52 | $ – |

Level 1 financial assets and liabilities consist of exchange-traded commodity futures and listed options. The fair value of these instruments is determined based on quoted market prices on commodity exchanges. Our exchange-traded derivatives are generally subject to master netting arrangements which permit net settlement of transactions with the same counterparty when certain criteria are met, such as in the event of default. We are also required to maintain cash margin accounts in connection with funding the settlement of our open positions and the margin requirements generally fluctuate daily based on market conditions. We have recorded margin deposits related to our exchange-traded derivatives of $27 million as of September 30, 2013 and $107 million as of December 31, 2012 within other current assets. Based on our net asset or liability positions with individual counterparties, in the event of default and immediate net settlement of all of our open positions, as of September 30, 2013, our counterparties would owe us a total of $15 million, and as of December 31, 2012, all of our net derivative liabilities were fully offset by either our derivative assets or margin accounts held by counterparties.

Level 2 financial assets and liabilities consist primarily of over-the-counter ("OTC") foreign exchange forwards, options and swaps; commodity forwards and options; and interest rate swaps. Our foreign currency contracts are valued using an income approach based on observable market forward rates less the contract rate multiplied by the notional amount. Commodity derivatives are valued using an income approach based on the observable market commodity index prices less the contract rate multiplied by the notional amount or based on pricing models that rely on market observable inputs such as commodity prices. Our calculation of the fair value of interest rate swaps is derived from a discounted cash flow analysis based on the terms of the contract and the observable market interest rate curve. Our calculation of the fair value of financial instruments takes into consideration the risk of nonperformance, including counterparty credit risk. Our OTC derivative transactions are governed by International Swap Dealers Association ("ISDA") agreements and other standard industry contracts. Under these agreements, we do not post nor require collateral from our counterparties. Substantially all of our commodity OTC derivatives do not have a legal right of set-off. In connection with our OTC derivatives that could be net-settled in the event of default, assuming all parties were to fail to comply with the terms of the agreements, for derivatives we have in a net liability position, we would owe $54 million as of September 30, 2013 and $88 million as of December 31, 2012, and for derivatives we have in a net asset position, our counterparties would owe us a total of $275 million as of September 30, 2013 and $114 million as of December 31, 2012. We manage the credit risk in connection with these and all our derivatives by entering into transactions with counterparties with investment grade credit ratings, limiting the amount of exposure with each counterparty and monitoring the financial condition of our counterparties.

*Derivative Volume:*
The net notional values of our derivative instruments as of September 30, 2013 and December 31, 2012 were:

| | Notional Amount | |
|---|---|---|
| | September 30, 2013 | December 31, 2012 |
| | (in millions) | |
| Foreign exchange contracts: | | |
| Intercompany loans and forecasted interest payments | $ 3,956 | $ 3,743 |
| Forecasted transactions | 1,732 | 1,663 |
| Commodity contracts | 338 | 620 |
| Interest rate contracts | 2,256 | 2,259 |
| Net investment hedge – euro notes | 1,150 | 1,121 |
| Net investment hedge – pound sterling notes | 1,052 | 1,057 |

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

| | For the Three Months Ended September 30, 2013 | 2012 | For the Nine Months Ended September 30, 2013 | 2012 |
|---|---|---|---|---|
| | (in millions) | | | |
| Accumulated gain / (loss) at beginning of period | $ 72 | $ (439) | $ (38) | $ (297) |
| Transfer of realized losses / (gains) in fair value to earnings | 6 | 256 | 38 | 298 |
| Unrealized gain / (loss) in fair value | 4 | 6 | 82 | (37) |
| Discontinued operations | – | 10 | – | (131) |
| Accumulated gain / (loss) at September 30 | $ 82 | $ (167) | $ 82 | $ (167) |

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

| | For the Three Months Ended September 30, 2013 | 2012 | For the Nine Months Ended September 30, 2013 | 2012 |
|---|---|---|---|---|
| | (in millions) | | | |
| Foreign exchange contracts – forecasted transactions | $ (6) | $ 16 | $ (18) | $ 63 |
| Commodity contracts | – | 1 | (19) | (5) |
| Interest rate contracts | – | (273) | (1) | (356) |
| Total | $ (6) | $ (256) | $ (38) | $ (298) |

Within the interest rate contracts, in the three months ended March 31, 2012, we recognized a $130 million loss in interest and other expense, net, related to certain forward-starting interest rate swaps for which the planned timing of the related forecasted debt was changed in March 2012 in connection with our Spin-Off plans and related debt capitalization plan. Amounts excluded from effectiveness testing during the three and nine months ended September 30, 2013 were not material.

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

| | For the Three Months Ended September 30, 2013 | 2012 | For the Nine Months Ended September 30, 2013 | 2012 |
|---|---|---|---|---|
| | (in millions) | | | |
| Foreign exchange contracts – forecasted transactions | $ (16) | $ (4) | $ (12) | $ (4) |
| Commodity contracts | 7 | 10 | (1) | 13 |
| Interest rate contracts | 13 | – | 95 | (46) |
| Total | $ 4 | $ 6 | $ 82 | $ (37) |

Cash flow hedge ineffectiveness was not material for all periods presented. We record pre-tax (i) gains or losses reclassified from accumulated other comprehensive earnings / (losses) into earnings, (ii) gains or losses on ineffectiveness, and (iii) gains or losses on amounts excluded from effectiveness testing in:

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

We expect to transfer unrealized losses of $10 million (net of taxes) for commodity cash flow hedges, unrealized losses of $3 million (net of taxes) for foreign currency cash flow hedges and unrealized losses of $2 million (net of taxes) for interest rate cash flow hedges to earnings during the next 12 months.

*Hedge Coverage:*
As of September 30, 2013, we hedged transactions forecasted to impact cash flows over the following periods:

- commodity transactions for periods not exceeding the next 10 months;
- interest rate transactions for periods not exceeding the next 32 years and 5 months; and
- foreign currency transactions for periods not exceeding the next 9 months.

*Economic Hedges:*
Pre-tax gains / (losses) recorded in net earnings for economic hedges which are not designated as hedging instruments were:

| | For the Three Months Ended September 30, 2013 | For the Three Months Ended September 30, 2012 | For the Nine Months Ended September 30, 2013 | For the Nine Months Ended September 30, 2012 | Location of Gain / (Loss) Recognized in Earnings |
|---|---|---|---|---|---|
| | (in millions) | | | | |
| Foreign exchange contracts: | | | | | |
| Intercompany loans and forecasted interest payments | $ 4 | $ 13 | $ 7 | $ 64 | Interest expense |
| Forecasted purchases | 10 | (8) | 36 | 10 | Cost of sales |
| Forecasted transactions | – | – | – | (17) | Interest expense |
| Forecasted transactions | (2) | – | 1 | – | Selling, general and administrative expenses |
| Interest rate contracts | 2 | 2 | – | 2 | Interest expense |
| Commodity contracts | 28 | 50 | 62 | 117 | Cost of sales |
| Total | $ 42 | $ 57 | $ 106 | $ 176 | |

*Hedges of Net Investments in Foreign Operations:*
After-tax gains / (losses) related to hedges of net investments in foreign operations in the form of euro and pound sterling-denominated debt were:

| | For the Three Months Ended September 30, 2013 | For the Three Months Ended September 30, 2012 | For the Nine Months Ended September 30, 2013 | For the Nine Months Ended September 30, 2012 | Location of Gain / (Loss) Recorded in AOCI |
|---|---|---|---|---|---|
| | (in millions) | | | | |
| Euro notes | $ (28) | $ (10) | $ (18) | $ (23) | Currency Translation Adjustment |
| Pound sterling notes | (40) | (19) | 3 | (26) | Currency Translation Adjustment |

## Note 10. Benefit Plans

### Pension Plans

*Components of Net Periodic Pension Cost:*
Net periodic pension cost for the three and nine months ended September 30, 2013 and 2012 consisted of:

| | U.S. Plans For the Three Months Ended September 30, | | Non-U.S. Plans For the Three Months Ended September 30, | |
|---|---|---|---|---|
| | 2013 | 2012 | 2013 | 2012 |
| | (in millions) | | | |
| Service cost | $ 17 | $ 42 | $ 44 | $ 41 |
| Interest cost | 15 | 85 | 88 | 108 |
| Expected return on plan assets | (16) | (113) | (108) | (126) |
| Amortization: | | | | |
| Net loss from experience differences | 14 | 83 | 34 | 31 |
| Prior service cost | 1 | 1 | – | 1 |
| Settlement (gains) / losses[(1)] | (3) | 53 | 1 | – |
| Net pension costs related to discontinued operations | – | (97) | – | (11) |
| Net periodic pension cost | $ 28 | $ 54 | $ 59 | $ 44 |

| | U.S. Plans For the Nine Months Ended September 30, | | Non-U.S. Plans For the Nine Months Ended September 30, | |
|---|---|---|---|---|
| | 2013 | 2012 | 2013 | 2012 |
| | (in millions) | | | |
| Service cost | $ 53 | $ 123 | $ 130 | $ 131 |
| Interest cost | 45 | 261 | 265 | 327 |
| Expected return on plan assets | (50) | (341) | (323) | (383) |
| Amortization: | | | | |
| Net loss from experience differences | 41 | 237 | 102 | 99 |
| Prior service cost | 2 | 5 | 1 | 2 |
| Settlement losses[(1)] | 2 | 113 | 1 | – |
| Net pension costs related to discontinued operations | – | (263) | – | (29) |
| Net periodic pension cost | $ 93 | $ 135 | $ 176 | $ 147 |

(1) Includes settlement losses of $3 million in the three and $12 million in the nine months ended September 30, 2013 and $19 million in the three and $38 million in the nine months ended September 30, 2012 related to employees who elected to take lump-sum payments in connection with our 2012-2014 Restructuring Program. These costs are reflected within asset impairments and exit costs on the condensed consolidated statement of earnings and within the charges for severance and related costs in Note 6, 2012-2014 *Restructuring Program*. In the nine months ended September 30, 2013, these were partially offset by $21 million of gains due to improvements in current market rates for routine settlement losses.

*Employer Contributions:*
We make contributions to our U.S. and non-U.S. pension plans primarily to the extent that they are tax deductible and do not generate an excise tax liability. During the nine months ended September 30, 2013, we contributed $12 million to our U.S. plans and $233 million to our non-U.S. Plans. Based on current tax law, we plan to make further contributions of approximately $4 million to our U.S. plans and approximately $76 million to our non-U.S. plans during the remainder of 2013. However, our actual contributions may differ due to many factors, including changes in tax and other benefit laws or significant differences between expected and actual pension asset performance or interest rates.

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### Postretirement Benefit Plans

Net postretirement health care costs during the three and nine months ended September 30, 2013 and 2012 consisted of:

| | For the Three Months Ended September 30, 2013 | For the Three Months Ended September 30, 2012 | For the Nine Months Ended September 30, 2013 | For the Nine Months Ended September 30, 2012 |
|---|---|---|---|---|
| | (in millions) | | | |
| Service cost | $ 4 | $ 11 | $ 12 | $ 30 |
| Interest cost | 5 | 38 | 14 | 117 |
| Amortization: | | | | |
| Net loss from experience differences | 2 | 22 | 8 | 62 |
| Prior service credit | (3) | (10) | (9) | (28) |
| Other[1] | – | 23 | – | 23 |
| Net postretirement health care costs related to discontinued operation | – | (49) | – | (135) |
| Net postretirement health care costs | $ 8 | $ 35 | $ 25 | $ 69 |

(1) In August 2012, we recorded a $23 million unfunded U.S. postretirement plan obligation related to long-term disability benefits.

### Postemployment Benefit Plans

Net postemployment costs during the three and nine months ended September 30, 2013 and 2012 consisted of:

| | For the Three Months Ended September 30, 2013 | For the Three Months Ended September 30, 2012 | For the Nine Months Ended September 30, 2013 | For the Nine Months Ended September 30, 2012 |
|---|---|---|---|---|
| | (in millions) | | | |
| Service cost | $ 2 | $ 3 | $ 6 | $ 10 |
| Interest cost | 1 | 2 | 4 | 6 |
| Other | – | (3) | – | (3) |
| Net postemployment costs related to discontinued operation | – | (1) | – | (5) |
| Net postemployment costs | $ 3 | $ 1 | $ 10 | $ 8 |

### Note 11. Stock Plans

*Stock Options:*
In February 2013, as part of our annual equity program, we granted 11.6 million stock options to eligible employees at an exercise price of $27.05 per share on the grant date. During the nine months ended September 30, 2013, we issued 0.5 million of additional stock options with a weighted-average exercise price of $28.55 per share. In total, 12.1 million stock options were granted with a weighted-average exercise price of $27.11 per share. During the nine months ended September 30, 2013, 5.5 million stock options, with an intrinsic value of $55.4 million, were exercised.

*Restricted and Deferred Stock:*
In January 2013, in connection with our long-term incentive plan, we granted 1.5 million shares of restricted and deferred stock at a market value on the grant date of $26.24 per share. In February 2013, as part of our annual equity program, we issued 2.3 million shares of restricted and deferred stock to eligible employees at a market value on the grant date of $27.05 per share. During the nine months ended September 30, 2013, we issued 1.2 million of additional restricted and deferred shares with a weighted-average market value on the grant date of $21.08 per share. Included in the 1.2 million of additional shares issued were 0.8 million shares for awards related to long-term incentive plan awards granted in 2010 which were issued and vested during the first quarter of 2013. The 2010 long-term incentive plan awards had a weighted-average market value of $17.97 per share, which is based on the stock price on the grant date in 2010 and adjusted to reflect the Spin-Off and related splitting of the equity awards. In total, 5.0 million restricted and deferred shares were issued with a weighted-average market value of $25.40 per share. During the nine months ended September 30, 2013, 5.3 million shares of restricted and deferred stock vested with a market value on the vesting date of $142.0 million.

*Stock Repurchase Program:*
On March 12, 2013, our Board of Directors authorized the repurchase of up to the lesser of 40 million shares or $1.2 billion of our Common Stock through March 12, 2016. On August 6, 2013, our Audit Committee, with authorization from the Board of Directors, increased the repurchase program capacity to $6.0 billion of Common Stock repurchases and extended the expiration date to December 31, 2016. Repurchases under the program are determined by management and are wholly discretionary. During the nine months ended September 30, 2013, we repurchased 27.4 million shares of Common Stock at an average cost of $31.13 per share, or an aggregate cost of $853 million, of which $793 million was paid during the nine months ended September 30, 2013. All share repurchases were funded through available cash and commercial paper and the repurchased shares are held in treasury. The primary objective of the program is to return cash to shareholders. As of September 30, 2013, we have $5.1 billion in remaining share repurchase capacity.

**Note 12. Commitments and Contingencies**

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

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

As we previously disclosed, on February 1, 2011, we received a subpoena from the SEC in connection with an investigation under the FCPA, primarily related to a facility in India that we acquired in the Cadbury acquisition. The subpoena primarily requests information regarding dealings with Indian governmental agencies and officials to obtain approvals related to the operation of that facility. We are cooperating with the U.S. and Indian governments in their investigations of these matters. In addition, on February 28, 2013, Cadbury India Limited, a subsidiary of Mondelēz International, and other parties received a show cause notice from the Indian Department of Central Excise Authority. The notice calls upon the parties to demonstrate why the Authority should not collect approximately $46 million of unpaid excise tax as well as approximately $46 million of penalties and interest related to production at the same Indian facility. We believe that the decision to claim the excise tax benefit is valid and we are contesting the show cause notice through the administrative and judicial process.

As we previously disclosed, on March 1, 2011, the Starbucks Coffee Company (“Starbucks”) took control of the Starbucks packaged coffee business (“Starbucks CPG business”) in grocery stores and other channels. Starbucks did so without our authorization and in what we contend is a violation and breach of our license and supply agreement with Starbucks related to the Starbucks CPG business. The dispute is in arbitration in Chicago, Illinois. We are seeking appropriate remedies, including payment of the fair market value of the supply and license agreement, plus the premium this agreement specifies, prejudgment interest under New York law and attorney’s fees. Starbucks has counterclaimed for damages. Testimony and post-hearing briefing in the arbitration proceeding are completed. We await the arbitrator’s decision. Kraft Foods Group remains the named party in the proceeding. Under the Separation and Distribution Agreement between Kraft Foods Group and us, Kraft Foods Group will direct any recovery awarded in the arbitration proceeding to us. We will reimburse Kraft Foods Group for any costs and expenses it incurs in connection with the arbitration.

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

*Third-Party Guarantees:*
We enter into third-party guarantees primarily to cover the long-term obligations of our vendors. As part of these transactions, we guarantee that third parties will make contractual payments or achieve performance measures. At September 30, 2013, we had no material third-party guarantees recorded on our condensed consolidated balance sheet.

As of September 30, 2013, two of our indirect wholly owned subsidiaries and one of Kraft Foods Group's subsidiaries are joint and several guarantors of $1.0 billion of indebtedness issued by an unrelated third party, Cadbury Schweppes U.S. Finance LLC, and maturing on October 1, 2013. We have agreed to indemnify Kraft Foods Group pursuant to a separation and distribution agreement, in the event its subsidiary is called upon to satisfy its obligation under the guarantee. On October 1, 2013, the debtor repaid the debt, and we have been relieved of any obligation related to this matter.

As part of our 2010 Cadbury acquisition, we became the responsible party for tax matters under the Cadbury Schweppes Plc and Dr Pepper Snapple Group, Inc. ("DPSG") Tax Sharing and Indemnification Agreement dated May 1, 2008 ("Tax Indemnity") for certain 2007 and 2008 transactions relating to the demerger of Cadbury's Americas Beverage business. A U.S. federal tax audit of DPSG for the 2006-2008 tax years was concluded with the IRS in August 2013. As a result, we recorded a favorable impact of $336 million in selling, general and administrative expenses and $49 million in interest and other expense, net for a total pre-tax impact of $385 million ($375 million net of tax) in the three months ended September 30, 2013 due to the reversal of the accrued liability in excess of the amount we paid to DPSG under the Tax Indemnity this quarter.

## Note 13. Reclassifications from Accumulated Other Comprehensive Income

The components of accumulated other comprehensive earnings / (losses) attributable to Mondelēz International were:

| | Mondelēz International Shareholders' Equity | | | |
|---|---|---|---|---|
| | Currency Translation Adjustments | Pension and Other Benefits | Derivatives Accounted for as Hedges | Total |
| | (in millions) | | | |
| Balances at January 1, 2013 | $ (366) | $ (2,229) | $ (38) | $ (2,633) |
| Other comprehensive earnings / (losses), before reclassifications: | | | | |
| Currency translation adjustment[(1)] | (889) | (15) | – | (904) |
| Pension and other benefits | – | 3 | – | 3 |
| Derivatives accounted for as hedges | (24) | – | 133 | 109 |
| Losses / (gains) reclassified into net earnings | – | 148 | 52 | 200 |
| Tax (expense) / benefit | 9 | (37) | (65) | (93) |
| Total other comprehensive earnings / (losses) | | | | (685) |
| Balances at September 30, 2013 | $ (1,270) | $ (2,130) | $ 82 | $ (3,318) |

(1) The condensed consolidated statement of comprehensive earnings for the nine months ended September 30, 2013 includes $(3) million of currency translation adjustment attributable to noncontrolling interests.

Amounts reclassified from accumulated other comprehensive earnings / (losses) during the three and nine months ended September 30, 2013 and their locations in the condensed consolidated financial statements were as follows:

| | For the Three Months Ended September 30, 2013 | For the Nine Months Ended September 30, 2013 | Location of Gain / (Loss) Recognized in Net Earnings |
|---|---|---|---|
| | (in millions) | | |
| Pension and other benefits: | | | |
| Reclassification of losses / (gains) into net earnings: | | | |
| Amortization of experience losses and prior service costs | $ 24 | $ 71 | Cost of sales |
| Amortization of experience losses and prior service costs | 24 | 74 | Selling, general and administrative expenses |
| Settlement losses | (1) | (3) | Selling, general and administrative expenses |
| Settlement losses | (4) | (6) | Cost of sales |
| Settlement losses | 3 | 12 | Asset impairment and exit costs |
| Tax impact | (14) | (43) | Provision for income taxes |
| Derivatives accounted for as hedges: | | | |
| Reclassification of losses / (gains) into net earnings: | | | |
| Foreign exchange contracts – forecasted transactions | 6 | 20 | Cost of sales |
| Commodity contracts | 2 | 31 | Cost of sales |
| Interest rate contracts | – | 1 | Interest and other expense, net |
| Tax impact | (2) | (14) | Provision for income taxes |
| Total reclassifications into net earnings, net of tax | 38 | 143 | |

## Note 14. Income Taxes

Our effective tax rate was 1.3% in the third quarter of 2013 and 0.4% for the first nine months of 2013. The 2013 third quarter effective tax rate was favorably impacted by the mix of pre-tax income in various foreign jurisdictions as well as the non-taxable portion of the Cadbury acquisition-related indemnity resolution of $325 million which reduced our effective tax rate by 10.9 percentage points in the third quarter. The effective tax rate also reflects the impact of favorable discrete items, which totaled $122 million and reduced our effective tax rate by 11.7 percentage points in the quarter. These discrete items primarily resulted from the revaluation of U.K. deferred tax assets and liabilities of $88 million resulting from tax legislation enacted during the quarter and net favorable tax audit settlements and expirations of the statutes of limitations in several jurisdictions of $45 million. For the first nine months of 2013, our effective tax rate was favorably impacted by the mix of pre-tax income in various foreign jurisdictions as well as the non-taxable portion of the Cadbury acquisition-related indemnity resolution of $325 million which reduced our effective tax rate by 5.1 percentage points in the nine month period. The effective tax rate also reflects net favorable discrete items, which totaled $355 million and reduced our effective tax rate by 15.9 percentage points in the nine month period. These discrete items primarily resulted from net favorable tax audit settlements and expirations of the statutes of limitations in several jurisdictions of $178 million, the revaluation of U.K. deferred tax assets and liabilities of $88 million resulting from tax legislation enacted during the quarter, net favorable corrections of prior-year amounts of $47 million and tax benefits from a business divestiture of $39 million.

Our effective tax rate was (75.2)% in the third quarter of 2012 and 9.4% for the first nine months of 2012. The 2012 third quarter effective tax rate was favorably impacted by the mix of pre-tax income in various foreign jurisdictions and net favorable discrete items totaling $85 million which primarily related to the revaluation of U.K. deferred tax assets and liabilities resulting from tax legislation enacted during the third quarter of 2012 and the resolution of outstanding tax matters, principally in foreign jurisdictions. For the first nine months of 2012, our effective tax rate was favorably impacted by the mix of pre-tax income in various foreign jurisdictions and net favorable discrete items totaling $106 million, which primarily related to the revaluation of U.K. deferred tax assets and liabilities resulting from tax legislation enacted during the third quarter of 2012 and the resolution of outstanding tax matters, principally in foreign jurisdictions.

## Note 15. Earnings Per Share

Basic and diluted earnings per share ("EPS") were calculated using the following:

| | For the Three Months Ended September 30, 2013 | For the Three Months Ended September 30, 2012 | For the Nine Months Ended September 30, 2013 | For the Nine Months Ended September 30, 2012 |
|---|---|---|---|---|
| | (in millions, except per share data) | | | |
| Earnings from continuing operations | $ 1,030 | $ 177 | $ 2,221 | $ 1,006 |
| Earnings from discontinued operations, net of income taxes | – | 482 | – | 1,506 |
| Net earnings | 1,030 | 659 | 2,221 | 2,512 |
| Noncontrolling interest | 6 | 7 | 13 | 18 |
| Net earnings attributable to Mondelēz International | $ 1,024 | $ 652 | $ 2,208 | $ 2,494 |
| Weighted-average shares for basic EPS | 1,779 | 1,779 | 1,783 | 1,776 |
| Plus incremental shares from assumed conversions of stock options and long-term incentive plan shares | 15 | 10 | 15 | 10 |
| Weighted-average shares for diluted EPS | 1,794 | 1,789 | 1,798 | 1,786 |
| Basic earnings per share attributable to Mondelēz International: | | | | |
| Continuing operations | $ 0.58 | $ 0.10 | $ 1.24 | $ 0.56 |
| Discontinued operations | – | 0.27 | – | 0.84 |
| Net earnings attributable to Mondelēz International | $ 0.58 | $ 0.37 | $ 1.24 | $ 1.40 |
| Diluted earnings per share attributable to Mondelēz International: | | | | |
| Continuing operations | $ 0.57 | $ 0.10 | $ 1.23 | $ 0.55 |
| Discontinued operations | – | 0.26 | – | 0.85 |
| Net earnings attributable to Mondelēz International | $ 0.57 | $ 0.36 | $ 1.23 | $ 1.40 |

We exclude antidilutive Mondelēz International stock options from our calculation of weighted-average shares for diluted EPS. We excluded 8.0 million antidilutive stock options for the three months and 9.7 million antidilutive stock options for the nine months ended September 30, 2013, and we excluded 8.8 million antidilutive stock options for the three months and 10.6 million antidilutive stock options for the nine months ended September 30, 2012.

## Note 16. Segment Reporting

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

- Latin America (formerly in our Developing Markets segment)
- Asia Pacific (formerly in our Developing Markets segment)
- EEMEA (formerly in our Developing Markets segment)
- Europe (now includes certain European operations formerly in our Developing Markets segment)
- North America

We changed and flattened our operating structure to reflect our greater concentration of operations in high-growth emerging markets and to further enhance collaboration across regions, expedite decision making and drive greater efficiencies to fuel our growth. We have presented our segment results reflecting the changes for all periods presented.

We manage the operations of Latin America, Asia Pacific and EEMEA by location and Europe and North America by product category.

We use segment operating income to evaluate segment performance and allocate resources. We believe it is appropriate to disclose this measure to help investors analyze segment performance and trends. Coincident with the change in reportable segment structure, segment operating income for our North America region also changed to include all U.S. pension plan expenses, a portion of which was previously excluded from segment operating results evaluated by management as the costs were centrally managed. 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), the benefit from the Cadbury acquisition-related indemnification resolution (which is a component of selling, general and administrative expenses), amortization of intangibles, gains and losses on divestitures or acquisitions, and acquisition-related costs (which are a component of selling, general and administrative expenses) for all periods presented. We exclude the unrealized gains and losses on hedging activities from segment operating income in order to provide better transparency of our segment operating results. Once realized, the gains and losses on hedging activities are recorded within segment operating results. We exclude general corporate expenses, amortization of intangibles, the benefit from the Cadbury acquisition-related indemnification resolution, gains and losses on divestitures and acquisitions and acquisition-related costs from segment operating income in order to provide better transparency of our segment operating results. Furthermore, we centrally manage interest and other expense, net. Accordingly, we do not present these items by segment because they are excluded from the segment profitability measure that management reviews.

Our segment net revenues and earnings consisted of:

| | For the Three Months Ended September 30, | | For the Nine Months Ended September 30, | |
|---|---|---|---|---|
| | 2013 | 2012 | 2013 | 2012 |
| | (in millions) | | | |
| Net revenues: | | | | |
| Latin America | $ 1,308 | $ 1,286 | $ 4,045 | $ 3,996 |
| Asia Pacific | 1,136 | 1,228 | 3,743 | 3,770 |
| EEMEA | 948 | 886 | 2,850 | 2,700 |
| Europe | 3,295 | 3,158 | 10,026 | 9,967 |
| North America | 1,785 | 1,768 | 5,147 | 5,087 |
| Net revenues | $ 8,472 | $ 8,326 | $ 25,811 | $ 25,520 |
| Earnings before income taxes: | | | | |
| Operating income: | | | | |
| Latin America | $ 171 | $ 187 | $ 425 | $ 556 |
| Asia Pacific | 81 | 198 | 399 | 525 |
| EEMEA | 109 | 107 | 282 | 386 |
| Europe | 403 | 449 | 1,178 | 1,307 |
| North America | 279 | 234 | 643 | 566 |
| Unrealized gains / (losses) on hedging activities | 12 | 1 | 55 | 42 |
| General corporate expenses | (74) | (284) | (219) | (541) |
| Amortization of intangibles | (55) | (54) | (164) | (163) |
| Benefit from indemnification resolution | 336 | – | 336 | – |
| Gains on acquisition and divestitures, net | – | – | 28 | – |
| Acquisition-related costs | – | – | (2) | – |
| Operating income | 1,262 | 838 | 2,961 | 2,678 |
| Interest and other expense, net | (218) | (737) | (732) | (1,568) |
| Earnings before income taxes | $ 1,044 | $ 101 | $ 2,229 | $ 1,110 |

Items impacting our segment operating results are discussed in Note 1, *Basis of Presentation*, including the Venezuelan currency devaluation, Note 2, *Divestitures and Acquisition*, Note 5, *Goodwill and Intangible Assets*, Note 6, *2012-2014 Restructuring Program*, Note 7, *Integration Costs* and Note 12, *Commitments and Contingencies*.

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Net revenues by consumer sector were:

| | For the Three Months Ended September 30, 2013 | | | | | |
|---|---|---|---|---|---|---|
| | Latin America | Asia Pacific | EEMEA | Europe | North America | Total |
| | (in millions) | | | | | |
| Biscuits | $ 329 | $ 285 | $ 165 | $ 750 | $ 1,369 | $ 2,898 |
| Chocolate | 253 | 378 | 294 | 1,224 | 83 | 2,232 |
| Gum & Candy | 353 | 209 | 160 | 227 | 312 | 1,261 |
| Beverages | 211 | 99 | 260 | 759 | – | 1,329 |
| Cheese & Grocery | 162 | 165 | 69 | 335 | 21 | 752 |
| Total net revenues | $ 1,308 | $ 1,136 | $ 948 | $ 3,295 | $ 1,785 | $ 8,472 |

| | For the Three Months Ended September 30, 2012 | | | | | |
|---|---|---|---|---|---|---|
| | Latin America | Asia Pacific | EEMEA | Europe | North America | Total |
| | (in millions) | | | | | |
| Biscuits | $ 311 | $ 336 | $ 145 | $ 658 | $ 1,326 | $ 2,776 |
| Chocolate | 237 | 395 | 280 | 1,138 | 90 | 2,140 |
| Gum & Candy | 364 | 210 | 179 | 234 | 334 | 1,321 |
| Beverages | 208 | 103 | 228 | 746 | – | 1,285 |
| Cheese & Grocery | 166 | 184 | 54 | 382 | 18 | 804 |
| Total net revenues | $ 1,286 | $ 1,228 | $ 886 | $ 3,158 | $ 1,768 | $ 8,326 |

| | For the Nine Months Ended September 30, 2013 | | | | | |
|---|---|---|---|---|---|---|
| | Latin America | Asia Pacific | EEMEA | Europe | North America | Total |
| | (in millions) | | | | | |
| Biscuits | $ 953 | $ 1,028 | $ 490 | $ 2,231 | $ 4,011 | $ 8,713 |
| Chocolate | 901 | 1,190 | 806 | 3,680 | 214 | 6,791 |
| Gum & Candy | 1,049 | 638 | 505 | 702 | 868 | 3,762 |
| Beverages | 666 | 371 | 849 | 2,399 | – | 4,285 |
| Cheese & Grocery | 476 | 516 | 200 | 1,014 | 54 | 2,260 |
| Total net revenues | $ 4,045 | $ 3,743 | $ 2,850 | $ 10,026 | $ 5,147 | $ 25,811 |

| | For the Nine Months Ended September 30, 2012 | | | | | |
|---|---|---|---|---|---|---|
| | Latin America | Asia Pacific | EEMEA | Europe | North America | Total |
| | (in millions) | | | | | |
| Biscuits | $ 880 | $ 1,036 | $ 431 | $ 2,055 | $ 3,863 | $ 8,265 |
| Chocolate | 874 | 1,201 | 768 | 3,497 | 222 | 6,562 |
| Gum & Candy | 1,069 | 643 | 538 | 746 | 951 | 3,947 |
| Beverages | 678 | 346 | 772 | 2,453 | 1 | 4,250 |
| Cheese & Grocery | 495 | 544 | 191 | 1,216 | 50 | 2,496 |
| Total net revenues | $ 3,996 | $ 3,770 | $ 2,700 | $ 9,967 | $ 5,087 | $ 25,520 |

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

### Description of the Company

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

On October 1, 2012, we completed the spin-off of our North American grocery business, Kraft Foods Group, Inc. ("Kraft Foods Group"), to our shareholders (the "Spin-Off"). We retained our global snacks business along with other food and beverage categories. The divested Kraft Foods Group is presented as a discontinued operation on the condensed consolidated statements of earnings for the three and nine months ended September 30, 2012. The Kraft Foods Group equity transactions, other comprehensive earnings and cash flows are included within our condensed consolidated statements of equity, comprehensive earnings and cash flows through October 1, 2012. For more information on the Spin-Off and impact on our continuing results of operations, see Note 2, *Divestitures and Acquisition*.

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

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

We changed and flattened our operating structure to reflect our greater concentration of operations in high-growth emerging markets and to further enhance collaboration across regions, expedite decision making and drive greater efficiencies to fuel our growth. Coincident with the change in segment structure, segment operating income for our North America region also changed to include all U.S. pension plan expenses, a portion of which was previously excluded from segment operating results evaluated by management as the costs were centrally managed. See Note 16, *Segment Reporting,* for additional segment information. Our segment results reflect our new segment structure for all periods presented.

### Summary of Results and Other Highlights

- Net revenues increased 1.8% to $8.5 billion in the third quarter of 2013 and increased 1.1% to $25.8 billion in the first nine months of 2013 as compared to the same periods in the prior year. Our reported net revenues were impacted by unfavorable foreign currency and divestitures, offset in part by an acquisition completed in the first quarter of 2013.

- Organic Net Revenues increased 5.3% to $8.7 billion in the third quarter of 2013 and increased 4.3% to $26.3 billion in the first nine months of 2013 as compared to the same periods in the prior year. Organic Net Revenues is a non-GAAP financial measure we use to evaluate our underlying results (see the definition of Organic Net Revenues and our reconciliation with net revenues within *Non-GAAP Financial Measures* later in this section). Organic Net Revenues is on a constant currency basis and excludes the impact of the accounting calendar change, divestitures and the acquisition completed earlier this year.

- Diluted EPS attributable to Mondelēz International increased 58.3% to $0.57 in the third quarter of 2013 and decreased 12.1% to $1.23 in the first nine months of 2013 as compared to the same periods in the prior year. Excluding the results of discontinued operations in 2012, our diluted EPS attributable to Mondelēz International from continuing operations increased 470.0% to $0.57 in the third quarter of 2013 and increased 123.6% to $1.23 in the first nine months of 2013 as compared to the same periods in the prior year. Included within our continuing results of operations were one-time Spin-Off Costs, 2012-2014 Restructuring Program costs, Integration Program and other acquisition integration costs, a benefit from the resolution of a Cadbury acquisition-related indemnification, net gains on acquisition and divestitures and acquisition-related costs. Diluted EPS was also significantly impacted by a lower effective tax rate in 2013 which included the impact of favorable discrete items.

- Adjusted EPS (previously referred to as "Operating EPS") increased 13.9% to $0.41 in the third quarter of 2013 and increased 8.7% to $1.12 in the first nine months of 2013 as compared to the same periods in the prior year. Adjusted EPS is a non-GAAP financial measure we use to evaluate our underlying results (see the definition of Adjusted EPS and our reconciliation with Diluted EPS within *Non-GAAP Financial Measures* later in this section).

Adjusted EPS provides transparency of our underlying results and excludes Spin-Off Costs and related costs, 2012-2014 Restructuring Program costs, Integration Program and other acquisition integration costs, a benefit from the resolution of a Cadbury acquisition-related indemnification, net gains on acquisition and divestitures, acquisition-related costs and net earnings from divestitures.

- During the nine months ended September 30, 2013, under our stock repurchase program (see Note 11, *Stock Plans*), we repurchased 27.4 million shares of common stock at an average cost of $31.13 per share, or an aggregate cost of $853 million. All share repurchases were funded through available cash and commercial paper and the repurchased shares are held in treasury.

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

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

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

- In February 2013, we recorded a $54 million unfavorable foreign currency charge related to the devaluation of our net monetary assets in Venezuela. We also incurred net unfavorable devaluation-related foreign currency charges within our pre-tax earnings of $20 million during the third quarter of 2013 and $44 million during the first nine months of 2013 related to translating the earnings of our Venezuelan subsidiary to the U.S. dollar at the new exchange rate. As of September 30, 2013, our net monetary assets denominated in the Venezuelan bolivar were $280 million. Should the bolivar be devalued further, it would result in a charge to our net earnings in the period of devaluation.

## Discussion and Analysis

### Items Affecting Comparability of Financial Results

#### *Spin-Off of Kraft Foods Group*

On October 1, 2012, we completed the Spin-Off of Kraft Foods Group to our shareholders. The results of Kraft Foods Group are presented as a discontinued operation on the condensed consolidated statements of earnings for the three and nine months ended September 30, 2012. Certain corporate and business unit costs, which we historically allocated to Kraft Foods Group and which continued at Mondelēz International following the Spin-Off, were included in our results from continuing operations. These costs include primarily corporate overheads, information systems and sales force support and, on a pre-tax basis, were estimated to be $48 million for the three months and $150 million for the nine months ended September 30, 2012.

Our results of continuing operations include one-time Spin-Off transaction, transition, financing and related costs (“Spin-Off Costs”) we have incurred to date. Spin-Off Costs were $9 million, which had an immaterial impact on diluted EPS, for the three months and $33 million, or $0.01 per diluted share, for the nine months ended September 30, 2013. Spin-Off Costs were $683 million, or $0.24 per diluted share, for the three months, and $984 million, or $0.37 per diluted share, for the nine months ended September 30, 2012. We expect to incur Spin-Off Costs of approximately $75 million in 2013 and approximately $25 million in 2014. The charges primarily relate to human resources, customer service and logistics, information systems and processes, as well as legal costs associated with revising intellectual property and other long-term agreements.

For additional information on the Spin-Off of Kraft Foods Group, see Note 2, *Divestitures and Acquisition*.

#### *Acquisition, Other Divestitures and Sale of Property*

During the three months ended June 30, 2013, we completed two divestitures within our EEMEA segment which generated cash proceeds of $48 million and pre-tax gains of $6 million. The divestitures included a salty snacks business in Turkey and a confectionery business in South Africa. The aggregate operating results of these divestitures were not material to our condensed consolidated financial statements during the periods presented.

On February 22, 2013, we acquired the remaining interest in a biscuit operation in Morocco, which is now a wholly-owned subsidiary within our EEMEA segment. We paid net cash consideration of $119 million, consisting of $155 million purchase price net of cash acquired of $36 million. We also recorded a pre-tax gain of $22 million related to the remeasurement of our previously-held equity interest in the operation to fair value in accordance with U.S. GAAP.

We recorded acquisition costs of $7 million during the nine months ended September 30, 2013, which were included within selling, general and administrative expenses and interest and other expense, net. We also incurred $1 million of integration costs during the nine months ended September 30, 2013, which were included in selling, general and administrative expenses within our EEMEA segment. The operating results of the acquisition were not material to our consolidated financial operating results for the periods presented.

During the three months ended December 31, 2012, we also completed several divestitures within our Europe segment which generated cash proceeds of $200 million and pre-tax gains of $107 million. The divestitures primarily included a dinners and sauces grocery business in Germany and Belgium and a canned meat business in Italy. The aggregate operating results of the divestitures were not material to our consolidated financial operating results for the periods presented.

In 2012, we sold property in Russia and Turkey within our EEMEA segment. The Turkey property sale generated a $22 million pre-tax gain in the second quarter of 2012 and $29 million of cash proceeds which were received primarily in the fourth quarter of 2012 upon finalization of certain terms and conditions of the sale. The Russia property sale generated a $55 million pre-tax gain and $72 million of cash proceeds in the first quarter of 2012. The gains were recorded within selling, general and administrative expenses and the cash proceeds from the Russia property sale were recorded in cash flows from other investing activities in the nine months ended September 30, 2012.

***2012-2014 Restructuring Program***

In 2012, our Board of Directors approved $1.5 billion of restructuring and related implementation costs (“2012-2014 Restructuring Program”) reflecting primarily severance, asset disposals and other manufacturing-related one-time costs. The primary objective of the restructuring and implementation activities was to ensure that both Mondelēz International and Kraft Foods Group were each set up to operate efficiently and execute on our respective business strategies upon separation and in the future.

Of the $1.5 billion of 2012-2014 Restructuring Program costs, we retained approximately $925 million after the Spin-Off. Since the inception of the 2012-2014 Restructuring Program, we have incurred $272 million of the estimated $925 million total 2012-2014 Restructuring Program charges.

We recorded restructuring charges of $43 million for the three months and $131 million for the nine months ended September 30, 2013, and $13 million for the three months and $63 million for the nine months ended September 30, 2012, within asset impairment and exit costs. We also incurred implementation costs of $20 million for the three months and $31 million for the nine months ended September 30, 2013 and $5 million for the three months and $6 million for the nine months ended September 30, 2012. The implementation costs were recorded within cost of sales and selling, general and administrative expenses. The net effect of these charges on EPS were $0.03 per diluted share for the three months and $0.07 per diluted share for the nine months ended September 30, 2013, and $0.01 per diluted share for the three months and $0.02 per diluted share for the nine months ended September 30, 2012. See Note 6, *2012-2014 Restructuring Program*, for additional information.

***Integration Program***

As a result of our combination with Cadbury Limited (formerly, Cadbury plc or “Cadbury”) in 2010, we launched an integration program to realize annual cost savings of approximately $750 million by the end of 2013 and revenue synergies from investments in distribution, marketing and product development. In order to achieve these cost savings and synergies and combine and integrate the two businesses, we expect to incur total integration charges of approximately $1.5 billion through the end of 2013 (the “Integration Program”).

Integration Program costs include the costs associated with combining the Cadbury operations with our operations and are separate from the costs related to the acquisition. Since the inception of the Integration Program, we have incurred approximately $1.4 billion of the estimated $1.5 billion total integration charges. In 2012, we met and exceeded our annual cost savings target of $750 million and achieved approximately $800 million of annual costs savings one year ahead of schedule.

We recorded Integration Program charges of $36 million, or $0.02 per diluted share, during the three months and $109 million, or $0.05 per diluted share, during the nine months ended September 30, 2013. We recorded Integration Program charges of $29 million during the three months and $107 million during the nine months ended September 30, 2012. In addition, during the three and nine months ended September 30, 2012, we also reversed $43 million of Integration Program charges previously accrued in the fourth quarter of 2010 primarily related to planned and announced position eliminations that did not occur within our Europe segment. The resulting net effect on diluted EPS was an immaterial impact for the three months and $0.04 per diluted share for the nine months ended September 30, 2012. The reversal was based on final negotiations with local workers councils, the majority of which were concluded in April 2012. We recorded Integration Program charges in operations, as a part of selling, general and administrative expenses within our Europe, Asia Pacific, Latin America and EEMEA segments.

***Benefit from Indemnification Resolution***
As part of our 2010 Cadbury acquisition, we became the responsible party for tax matters under the Cadbury Schweppes Plc and Dr Pepper Snapple Group, Inc. ("DPSG") Tax Sharing and Indemnification Agreement dated May 1, 2008 ("Tax Indemnity") for certain 2007 and 2008 transactions relating to the demerger of Cadbury's Americas Beverage business. A U.S. federal tax audit of DPSG for the 2006-2008 tax years was concluded with the IRS in August 2013. As a result, we recorded a favorable after-tax impact of $375 million due to the reversal of the accrued liability in excess of the amount we paid to DPSG under the Tax Indemnity. We recorded $336 million in selling, general and administrative expenses, $49 million in interest and other expense, net, and $10 million of tax expense for a net impact of $0.21 per diluted share in the three and nine months ended September 30, 2013.

***Provision for Income Taxes***
Our effective tax rate was 1.3% in the third quarter of 2013 and 0.4% for the first nine months of 2013. The 2013 third quarter effective tax rate was favorably impacted by the mix of pre-tax income in various foreign jurisdictions as well as the non-taxable portion of the Cadbury acquisition-related indemnity resolution of $325 million which reduced our effective tax rate by 10.9 percentage points in the third quarter. The effective tax rate also reflects the impact of favorable discrete items, which totaled $122 million and reduced our effective tax rate by 11.7 percentage points in the quarter. These discrete items primarily resulted from the revaluation of U.K. deferred tax assets and liabilities of $88 million resulting from tax legislation enacted during the quarter and net favorable tax audit settlements and expirations of the statutes of limitations in several jurisdictions of $45 million. For the first nine months of 2013, our effective tax rate was favorably impacted by the mix of pre-tax income in various foreign jurisdictions as well as the non-taxable portion of the Cadbury acquisition-related indemnity resolution of $325 million which reduced our effective tax rate by 5.1 percentage points in the nine month period. The effective tax rate also reflects net favorable discrete items, which totaled $355 million and reduced our effective tax rate by 15.9 percentage points in the nine month period. These discrete items primarily resulted from net favorable tax audit settlements and expirations of the statutes of limitations in several jurisdictions of $178 million, the revaluation of U.K. deferred tax assets and liabilities of $88 million resulting from tax legislation enacted during the quarter, net favorable corrections of prior-year amounts of $47 million and tax benefits from a business divestiture of $39 million.

Our effective tax rate was (75.2)% in the third quarter of 2012 and 9.4% for the first nine months of 2012. The 2012 third quarter effective tax rate was favorably impacted by the mix of pre-tax income in various foreign jurisdictions and net favorable discrete items totaling $85 million which primarily related to the revaluation of U.K. deferred tax assets and liabilities resulting from tax legislation enacted during the third quarter of 2012 and the resolution of outstanding tax matters, principally in foreign jurisdictions. For the first nine months of 2012, our effective tax rate was favorably impacted by the mix of pre-tax income in various foreign jurisdictions and net favorable discrete items totaling $106 million, which primarily related to the revaluation of U.K. deferred tax assets and liabilities resulting from tax legislation enacted during the third quarter of 2012 and the resolution of outstanding tax matters, principally in foreign jurisdictions.

Our effective tax rate could be significantly affected by a shift in pre-tax income between foreign jurisdictions, from foreign jurisdictions to the U.S. or by changes in foreign and/or U.S. tax laws that apply to the earnings of foreign subsidiaries.

## Consolidated Results of Operations

The following discussion compares our consolidated results of operations for the three and nine months ended September 30, 2013 and 2012.

***Three Months Ended September 30:***

| | For the Three Months Ended September 30, 2013 | For the Three Months Ended September 30, 2012 | $ change | % change |
|---|---|---|---|---|
| | (in millions, except per share data) | | | |
| Net revenues | $ 8,472 | $ 8,326 | $ 146 | 1.8% |
| Operating income | $ 1,262 | $ 838 | $ 424 | 50.6% |
| Net earnings attributable to Mondelēz International | $ 1,024 | $ 652 | $ 372 | 57.1% |
| Diluted earnings per share attributable to Mondelēz International from continuing operations | $ 0.57 | $ 0.10 | $ 0.47 | 470.0% |
| Diluted earnings per share attributable to Mondelēz International | $ 0.57 | $ 0.36 | $ 0.21 | 58.3% |

*Net Revenues* – Net revenues increased $146 million (1.8%) to $8,472 million in the third quarter of 2013, and Organic Net Revenues[(1)] increased $432 million (5.3%) to $8,660 million as follows:

| | |
|---|---|
| **Change in net revenues (by percentage point)** | |
| Favorable volume/mix | 5.3pp |
| Higher net pricing | – |
| **Total change in Organic Net Revenues[(1)]** | **5.3%** |
| Unfavorable foreign currency | (2.8)pp |
| Impact of divestitures | (1.2)pp |
| Impact of acquisition | 0.2pp |
| Impact of accounting calendar change | 0.3pp |
| **Total change in net revenues** | **1.8%** |

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

Organic Net Revenues growth was driven by favorable volume/mix as net pricing was essentially flat. Favorable volume/mix was driven primarily by higher shipments across all segments except for Asia Pacific. Higher net pricing in Latin America and North America was offset by lower net pricing in Europe, Asia Pacific and EEMEA, in part due to lower coffee prices. Unfavorable foreign currency decreased net revenues by $230 million, due primarily to the devaluation of the Venezuelan bolivar and the strength of the U.S. dollar relative to most foreign currencies, including the Brazilian real, Argentinean peso, Australian dollar, Indian rupee and South African rand, partially offset by the strength of the euro relative to the U.S. dollar. The impact of divestitures resulted in a year-over-year decrease in net revenues of $98 million. In addition, the acquisition of a biscuit operation in Morocco added $23 million in net revenues and the accounting calendar change in Europe added $19 million in net revenues this quarter.

*Operating Income* – Operating income increased $424 million (50.6%) to $1,262 million in the third quarter of 2013. Adjusted Operating Income[1] decreased $32 million (3.0%) to $1,034 million, and Adjusted Operating Income (on a constant currency basis)[1] increased $8 million (0.8%) to $1,074 million due to the following:

| | Operating Income (in millions) | Change (percentage point) |
|---|---|---|
| **Operating Income for the Three Months Ended September 30, 2012** | **$ 838** | |
| Integration Program | (14) | (1.2)pp |
| Spin-Off Costs | 226 | 22.9pp |
| Spin-Off pension expense adjustment[2] | 22 | 2.3pp |
| 2012-2014 Restructuring Program | 18 | 1.4pp |
| Operating income from divestitures | (24) | (2.1)pp |
| **Adjusted Operating Income[1] for the Three Months Ended September 30, 2012** | **$ 1,066** | |
| Favorable volume/mix | 183 | 17.2pp |
| Higher net pricing | 3 | 0.3pp |
| Higher input costs | (78) | (7.4)pp |
| Higher selling, general and administrative expenses | (115) | (10.7)pp |
| Change in unrealized gains / (losses) on hedging activities | 11 | 1.0pp |
| Impact from accounting calendar change | 3 | 0.3pp |
| Impact from acquisition | 3 | 0.3pp |
| Other, net | (2) | (0.2)pp |
| **Total change in Adjusted Operating Income (constant currency)[1]** | **8** | **0.8%** |
| Unfavorable foreign currency | (40) | (3.8)pp |
| **Total change in Adjusted Operating Income[1]** | **(32)** | **(3.0%)** |
| **Adjusted Operating Income[1] for the Three Months Ended September 30, 2013** | **$ 1,034** | |
| Benefit from indemnification resolution | 336 | 40.1pp |
| Integration Program and other acquisition integration costs | (36) | (3.3)pp |
| Spin-Off Costs | (9) | (0.8)pp |
| 2012-2014 Restructuring Program | (63) | (5.7)pp |
| Gains on divestitures, net | – | – |
| Operating income from divestitures | – | – |
| **Operating Income for the Three Months Ended September 30, 2013** | **$ 1,262** | **50.6%** |

(1) Please see the *Non-GAAP Financial Measures* section at the end of this item.
(2) Represents the estimated benefit plan expense for the three months ended September 30, 2012 associated with certain benefit plan obligations transferred to Kraft Foods Group in the Spin-Off.

Favorable volume/mix was driven primarily by volume gains across all segments except Asia Pacific. During the quarter, increased input costs outpaced essentially flat net pricing. The increase in input costs was driven by higher raw material costs, in part due to higher foreign exchange transaction costs on imported materials, partially offset by lower manufacturing costs. Higher net pricing in Latin America and North America was offset by lower net pricing in Europe, Asia Pacific and EEMEA, in part due to lower coffee pricing. Total selling, general and administrative expenses decreased $431 million from the third quarter of 2012, due in part to a benefit from the resolution of the Cadbury acquisition-related indemnification, lower Spin-Off Costs, a favorable foreign currency impact and the impact of businesses divested in 2012, which were partially offset by higher Integration Program costs, higher 2012-2014 Restructuring Program costs and the inclusion of expenses related to the acquired biscuit operations in Morocco. Excluding these factors, selling, general and administrative expenses increased $115 million from the third quarter of 2012, driven primarily by higher advertising and consumer promotion costs in all segments except North America, the 2012 reversal of reserves carried over from the Cadbury acquisition in 2010 and no longer required, higher overhead costs, including investments in sales capabilities and route-to-market expansion in emerging markets and prior-year proceeds from insurance settlements. The change in unrealized gains / (losses) added $11 million in operating income this quarter. Accounting calendar changes that went into effect in Europe in the first quarter of 2013 increased operating income by $3 million. The acquisition of a biscuit operation in Morocco added $3 million in operating income this quarter. Unfavorable foreign currency decreased operating income by $40 million, due primarily to the devaluation of the Venezuelan bolivar and the strength of the U.S. dollar relative to most foreign currencies, including the Australian dollar, Brazilian real, Argentinean peso and South African rand, partially offset by the strength of the euro relative to the U.S. dollar.

Operating income margin increased from 10.1% in the third quarter of 2012 to 14.9% in the third quarter of 2013. The increase in operating margin was driven primarily by a benefit from the resolution of a Cadbury acquisition-related indemnification, lower Spin-Off Costs and overhead leverage. These factors were partially offset by lower gross margins, higher Integration Program and other integration costs, higher 2012-2014 Restructuring Program costs, the 2012 reversal of reserves carried over from the Cadbury acquisition in 2010 and no longer required, prior-year proceeds from insurance settlements and higher advertising and consumer promotion costs.

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*Net Earnings and Diluted Earnings per Share Attributable to Mondelēz International* – Net earnings attributable to Mondelēz International of $1,024 million increased by $372 million (57.1%) in the third quarter of 2013. Diluted EPS attributable to Mondelēz International was $0.57 in the third quarter of 2013, up $0.21 (58.3%) from the third quarter of 2012. Diluted EPS from continuing operations attributable to Mondelēz International was $0.57 in the third quarter of 2013, up $0.47 (470.0%) from the third quarter of 2012. Adjusted EPS(1) was $0.41 in the third quarter of 2013, up $0.05 (13.9%) from the third quarter of 2012. Adjusted EPS (on a constant currency basis)(1) was $0.42 in the third quarter of 2013, up $0.06 (16.7%) from the third quarter of 2012. These changes, shown net of tax below, were due to the following:

| | Diluted EPS |
|---|---|
| **Diluted EPS Attributable to Mondelēz International for the Three Months Ended September 30, 2012** | **$ 0.36** |
| Discontinued operations | 0.26 |
| **Diluted EPS Attributable to Mondelēz International from Continuing Operations for the Three Months Ended September 30, 2012** | **$ 0.10** |
| Spin-Off Costs(2) | 0.24 |
| Spin-Off pension expense adjustment(3) | 0.01 |
| Spin-Off interest expense adjustment(4) | 0.01 |
| 2012-2014 Restructuring Program | 0.01 |
| Integration Program | – |
| Net earnings from divestitures | (0.01) |
| **Adjusted EPS(1) for the Three Months Ended September 30, 2012** | **$ 0.36** |
| Change in operations | – |
| Change in unrealized gains / (losses) on hedging activities | – |
| Higher interest and other expense, net(5) | (0.01) |
| Changes in income taxes | 0.07 |
| **Adjusted EPS (constant currency)(1) for the Three Months Ended September 30, 2013** | **$ 0.42** |
| Unfavorable foreign currency | (0.01) |
| **Adjusted EPS(1) for the Three Months Ended September 30, 2013** | **$ 0.41** |
| Spin-Off Costs(2) | – |
| 2012-2014 Restructuring Program | (0.03) |
| Integration Program and other acquisition integration costs | (0.02) |
| Net benefit from indemnification resolution(6) | 0.21 |
| Gains on divestitures, net | – |
| Net earnings from divestitures | – |
| **Diluted EPS Attributable to Mondelēz International for the Three Months Ended September 30, 2013** | **$ 0.57** |

(1) Please see the *Non-GAAP Financial Measures* section at the end of this item.
(2) Spin-Off Costs include $9 million of pre-tax Spin-Off Costs in selling, general and administrative expense for the three months ended September 30, 2013 and $226 million of pre-tax Spin-Off Costs in selling, general and administrative expense and $457 million of pre-tax Spin-Off Costs in interest expense for the three months ended September 30, 2012.
(3) Represents the estimated benefit plan expense for the three months ended September 30, 2012 associated with certain benefit plan obligations transferred to Kraft Foods Group in the Spin-Off.
(4) Represents interest expense associated with the assumed reduction of $6 billion of our debt on January 1, 2012 from the utilization of funds received from Kraft Foods Group in 2012 in connection with our Spin-Off capitalization plan. Note during the year ended December 31, 2012, a portion of the $6 billion of debt was retired. As such, we adjusted interest expense during this period as if this debt had been paid on January 1, 2012 to ensure consistency of our assumption and related results.
(5) Excludes the favorable foreign currency impact on interest expense related to our foreign denominated debt, the change in interest expense included in Spin-Off Costs and the change in interest expense associated with the assumed reduction of $6 billion of our debt on January 1, 2012 from the utilization of funds received from the $6 billion of notes Kraft Foods Group issued directly and cash proceeds distributed to us in June 2012 in connection with our Spin-Off capitalization plan.
(6) As part of our 2010 Cadbury acquisition, we became the responsible party for tax matters under the Cadbury Schweppes Plc and Dr Pepper Snapple Group, Inc. ("DPSG") Tax Sharing and Indemnification Agreement dated May 1, 2008 ("Tax Indemnity") for certain 2007 and 2008 transactions relating to the demerger of Cadbury's Americas Beverage business. A U.S. federal tax audit of DPSG for the 2006-2008 tax years was concluded with the IRS in August 2013. As a result, we recorded a favorable pre-tax impact of $385 million ($375 million net of tax) in the three months ended September 30, 2013 due to the reversal of the accrued liability in excess of the amount we paid to DPSG under the Tax Indemnity this quarter.

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***Nine Months Ended September 30:***

| | For the Nine Months Ended September 30, 2013 | 2012 | $ change | % change |
|---|---|---|---|---|
| | (in millions, except per share data) | | | |
| Net revenues | $ 25,811 | $ 25,520 | $ 291 | 1.1% |
| Operating income | $ 2,961 | $ 2,678 | $ 283 | 10.6% |
| Net earnings attributable to Mondelēz International | $ 2,208 | $ 2,494 | $ (286) | (11.5%) |
| Diluted earnings per share attributable to Mondelēz International from continuing operations | $ 1.23 | $ 0.55 | $ 0.68 | 123.6% |
| Diluted earnings per share attributable to Mondelēz International | $ 1.23 | $ 1.40 | $ (0.17) | (12.1%) |

*Net Revenues* – Net revenues increased $291 million (1.1%) to $25,811 million in the first nine months of 2013, and Organic Net Revenues[(1)] increased $1,080 million (4.3%) to $26,303 million as follows:

| | |
|---|---|
| **Change in net revenues (by percentage point)** | |
| Favorable volume/mix | 3.8pp |
| Higher net pricing | 0.5pp |
| **Total change in Organic Net Revenues[(1)]** | **4.3%** |
| Unfavorable foreign currency | (2.3)pp |
| Impact of divestitures | (1.2)pp |
| Impact of acquisition | 0.2pp |
| Impact of accounting calendar change | 0.1pp |
| **Total change in net revenues** | **1.1%** |

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

Organic Net Revenues growth was driven by favorable volume/mix and higher net pricing. Favorable volume/mix was driven primarily by higher shipments across all segments. Higher net pricing in Latin America and North America was partially offset by lower net pricing in Europe, EEMEA and Asia Pacific, in part due to lower coffee prices. Unfavorable foreign currency decreased net revenues by $590 million, due primarily to the devaluation of the Venezuelan bolivar and the strength of the U.S. dollar relative to most foreign currencies, including the Brazilian real, Argentinean peso, Australian dollar, South Africa rand, Indian rupee and British pound sterling, partially offset by the strength of the euro relative the U.S. dollar. The impact of divestitures resulted in a year-over-year decrease in net revenues of $277 million. In addition, the acquisition of a biscuit operation in Morocco added $59 million in net revenues and the accounting calendar change in Europe added $19 million in net revenues in the first nine months of 2013.

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*Operating Income* – Operating income increased $283 million (10.6%) to $2,961 million in the first nine months of 2013. Adjusted Operating Income[(1)] decreased $282 million (8.8%) to $2,911 million, and Adjusted Operating Income (on a constant currency basis)[(1)] decreased $136 million (4.3%) to $3,057 million due to the following:

| | | Operating Income (in millions) | Change (percentage point) |
|---|---|---|---|
| **Operating Income for the Nine Months Ended September 30, 2012** | **$** | **2,678** | |
| Integration Program | | 64 | 1.7pp |
| Spin-Off Costs | | 365 | 11.5pp |
| Spin-Off pension expense adjustment[(2)] | | 68 | 2.2pp |
| 2012-2014 Restructuring Program | | 69 | 1.8pp |
| Operating income from divestitures | | (51) | (1.4)pp |
| **Adjusted Operating Income[(1)] for the Nine Months Ended September 30, 2012** | **$** | **3,193** | |
| Favorable volume/mix | | 441 | 13.7pp |
| Higher net pricing | | 124 | 3.8pp |
| Higher input costs | | (235) | (7.4)pp |
| Higher selling, general and administrative expenses | | (435) | (13.5)pp |
| Gains on sales of property in 2012 | | (77) | (2.3)pp |
| Intangible asset impairment charge in 2012 | | 20 | 0.6pp |
| Change in unrealized gains / (losses) on hedging activities | | 13 | 0.4pp |
| Impact from acquisition | | 9 | 0.2pp |
| Impact from accounting calendar change | | 3 | 0.1pp |
| Other, net | | 1 | 0.1pp |
| **Total change in Adjusted Operating Income (constant currency)[(1)]** | | **(136)** | **(4.3%)** |
| Unfavorable foreign currency | | (146) | (4.5)pp |
| **Total change in Adjusted Operating Income[(1)]** | | **(282)** | **(8.8%)** |
| **Adjusted Operating Income[(1)] for the Nine Months Ended September 30, 2013** | **$** | **2,911** | |
| Benefit from indemnification resolution | | 336 | 12.6pp |
| Integration Program and other acquisition integration costs | | (110) | (3.4)pp |
| Spin-Off Costs | | (33) | (1.1)pp |
| 2012-2014 Restructuring Program | | (162) | (5.0)pp |
| Gains on acquisition and divestitures, net | | 28 | 0.8pp |
| Acquisition-related costs | | (2) | (0.1)pp |
| Operating income from divestitures | | (7) | (0.2)pp |
| **Operating Income for the Nine Months Ended September 30, 2013** | **$** | **2,961** | **10.6%** |

(1) Please see the *Non-GAAP Financial Measures* section at the end of this item.
(2) Represents the estimated benefit plan expense for the nine months ended September 30, 2012 associated with certain benefit plan obligations transferred to Kraft Foods Group in the Spin-Off.

Favorable volume/mix was driven primarily by volume gains across all segments. During the first nine months, increased input costs outpaced higher net pricing. The increase in input costs was driven by higher raw material costs, in part due to higher foreign exchange transaction costs on imported materials, partially offset by lower manufacturing costs. Higher net pricing in Latin America and North America was partially offset by lower net pricing in Europe, Asia Pacific and EEMEA, in part due to lower coffee pricing. Total selling, general and administrative expenses decreased $216 million from the first nine months of 2012, due in part to lower Spin-Off Costs, a benefit from the resolution of the Cadbury acquisition-related indemnification, a favorable foreign currency impact net of the negative impact from the devaluation of our net monetary assets in Venezuela and the impact of businesses divested in 2013 and 2012, which were partially offset by gains on sales of properties in 2012, higher 2012-2014 Restructuring Program costs, higher Integration Program costs and the inclusion of expenses related to the acquired biscuit operations in Morocco. Excluding these factors, selling, general and administrative expenses increased $435 million from the first nine months of 2012, driven primarily by higher overhead costs, including investments in sales capabilities and route-to-market expansion in emerging markets, higher advertising and consumer promotion costs in all segments except North America, the 2012 reversal of reserves carried over from the Cadbury acquisition in 2010 and no longer required and prior-year proceeds from insurance settlements. In the first nine months of 2012, we divested properties in Russia and Turkey and recorded pre-tax gains of $77 million. Within asset impairment and exit costs, we also recorded an asset impairment charge of $20 million related to a trademark in Japan in the first nine months of 2012. The change in unrealized gains/(losses) added $13 million in operating income for the first nine months of 2013. The acquisition of a biscuit operation in Morocco added $9 million in operating income for the first nine months of 2013. Accounting calendar changes that went into effect in Europe in the first quarter of 2013 increased operating income by $3 million. Unfavorable foreign currency decreased operating income by $146 million, due primarily to the devaluation of the Venezuelan bolivar (including the devaluation of our net monetary assets in Venezuela) and the strength of the U.S. dollar relative to most foreign currencies, including the Brazilian real, Argentinean peso, Australian dollar, South African rand, British pound sterling and Indian rupee, partially offset by the strength of the euro relative to the U.S. dollar.

Operating income margin increased from 10.5% in the first nine months of 2012 to 11.5% in the first nine months of 2013. While gross margins were essentially flat for the first nine months of 2013, the increase in operating margin was driven primarily by lower Spin-Off Costs, a benefit from the resolution of the Cadbury acquisition-related indemnification and the net gain on acquisition and divestitures. These factors were partially offset by higher 2012-2014 Restructuring Program costs, the impact from the 2012 gains on the sales of property in Russia and Turkey, the 2012 reversal of reserves carried over from the Cadbury acquisition in 2010 and no longer required, prior-year proceeds from insurance settlements, the unfavorable currency impact due to the devaluation of our net monetary assets in Venezuela, higher overheads, including investments in sales capabilities and route-to-market expansion in emerging markets and higher advertising and consumer promotion costs.

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*Net Earnings and Diluted Earnings per Share Attributable to Mondelēz International* – Net earnings attributable to Mondelēz International of $2,208 million decreased by $286 million (11.5%) in the first nine months of 2013. Diluted EPS attributable to Mondelēz International was $1.23 in the first nine months of 2013, down $0.17 (12.1%) from the first nine months of 2012. Diluted EPS from continuing operations attributable to Mondelēz International was $1.23 in the first nine months of 2013, up $0.68 (123.6%) from the first nine months of 2012. Adjusted EPS(1) was $1.12 in the first nine months of 2013, up $0.09 (8.7%) from the first nine months of 2012. Adjusted EPS (on a constant currency basis)(1) was $1.19 in the first nine months of 2013, up $0.16 (15.5%) from the first nine months of 2012. These changes, shown net of tax below, were due to the following:

| | Diluted EPS |
|---|---|
| **Diluted EPS Attributable to Mondelēz International for the Nine Months Ended September 30, 2012** | **$ 1.40** |
| Discontinued operations | 0.85 |
| **Diluted EPS Attributable to Mondelēz International from Continuing Operations for the Nine Months Ended September 30, 2012** | **$ 0.55** |
| Spin-Off Costs(2) | 0.37 |
| Spin-Off pension expense adjustment(3) | 0.02 |
| Spin-Off interest expense adjustment(4) | 0.05 |
| 2012-2014 Restructuring Program | 0.02 |
| Integration Program | 0.04 |
| Net earnings from divestitures | (0.02) |
| **Adjusted EPS(1) for the Nine Months Ended September 30, 2012** | **$ 1.03** |
| Decrease in operations | (0.03) |
| Gains on sales of property in 2012 | (0.03) |
| Intangible asset impairment charge in 2012 | 0.01 |
| Change in unrealized gains / (losses) on hedging activities | 0.01 |
| Lower interest and other expense, net(5) | 0.01 |
| Changes in shares outstanding | (0.01) |
| Changes in income taxes | 0.20 |
| **Adjusted EPS (constant currency)(1) for the Nine Months Ended September 30, 2013** | **$ 1.19** |
| Unfavorable foreign currency | (0.07) |
| **Adjusted EPS(1) for the Nine Months Ended September 30, 2013** | **$ 1.12** |
| Spin-Off Costs(2) | (0.01) |
| 2012-2014 Restructuring Program | (0.07) |
| Integration Program and other acquisition integration costs | (0.05) |
| Net benefit of indemnification resolution(6) | 0.21 |
| Gains on acquisition and divestitures, net | 0.04 |
| Acquisition-related costs | (0.01) |
| Net earnings from divestitures | – |
| **Diluted EPS Attributable to Mondelēz International for the Nine Months Ended September 30, 2013** | **$ 1.23** |

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

(2) Spin-Off Costs include $33 million of pre-tax Spin-Off Costs in selling, general and administrative expense for the nine months ended September 30, 2013 and $365 million of pre-tax Spin-Off Costs in selling, general and administrative expense and $619 million of pre-tax Spin-Off Costs in interest expense for the nine months ended September 30, 2012.

(3) Represents the estimated benefit plan expense for the nine months ended September 30, 2012 associated with certain benefit plan obligations transferred to Kraft Foods Group in the Spin-Off.

(4) Represents interest expense associated with the assumed reduction of $6 billion of our debt on January 1, 2012 from the utilization of funds received from Kraft Foods Group in 2012 in connection with our Spin-Off capitalization plan. Note during the year ended December 31, 2012, a portion of the $6 billion of debt was retired. As such, we adjusted interest expense during this period as if this debt had been paid on January 1, 2012 to ensure consistency of our assumption and related results.

(5) Excludes the favorable foreign currency impact on interest expense related to our foreign denominated debt, the change in interest expense included in Spin-Off Costs and the change in interest expense associated with the assumed reduction of $6 billion of our debt on January 1, 2012 from the utilization of funds received from the $6 billion of notes Kraft Foods Group issued directly and cash proceeds distributed to us in June 2012 in connection with our Spin-Off capitalization plan.

(6) As part of our 2010 Cadbury acquisition, we became the responsible party for tax matters under the Cadbury Schweppes Plc and Dr Pepper Snapple Group, Inc. ("DPSG") Tax Sharing and Indemnification Agreement dated May 1, 2008 ("Tax Indemnity") for certain 2007 and 2008 transactions relating to the demerger of Cadbury's Americas Beverage business. A U.S. federal tax audit of DPSG for the 2006-2008 tax years was concluded with the IRS in August 2013. As a result, we recorded a favorable pre-tax impact of $385 million ($375 million net of tax) in the three months ended September 30, 2013 due to the reversal of the accrued liability in excess of the amount we paid to DPSG under the Tax Indemnity this quarter.

**Results of Operations by Reportable Segment**

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

- Latin America
- Asia Pacific
- EEMEA
- Europe
- North America

We changed and flattened our operating structure to reflect our greater concentration of operations in high-growth emerging markets and to further enhance collaboration across regions, expedite decision making and drive greater efficiencies to fuel our growth. We have presented our segment results reflecting the changes for all periods presented.

We manage the operations of Latin America, Asia Pacific and EEMEA by location and Europe and North America by product category.

The following discussion compares the net revenues and earnings of each of our reportable segments for the three and nine months ended September 30, 2013 and 2012.

| | For the Three Months Ended September 30, 2013 | For the Three Months Ended September 30, 2012 | For the Nine Months Ended September 30, 2013 | For the Nine Months Ended September 30, 2012 |
|---|---|---|---|---|
| | (in millions) | | | |
| Net revenues: | | | | |
| Latin America | $ 1,308 | $ 1,286 | $ 4,045 | $ 3,996 |
| Asia Pacific | 1,136 | 1,228 | 3,743 | 3,770 |
| EEMEA | 948 | 886 | 2,850 | 2,700 |
| Europe | 3,295 | 3,158 | 10,026 | 9,967 |
| North America | 1,785 | 1,768 | 5,147 | 5,087 |
| Net revenues | $ 8,472 | $ 8,326 | $ 25,811 | $ 25,520 |
| Earnings before income taxes: | | | | |
| Operating income: | | | | |
| Latin America | $ 171 | $ 187 | $ 425 | $ 556 |
| Asia Pacific | 81 | 198 | 399 | 525 |
| EEMEA | 109 | 107 | 282 | 386 |
| Europe | 403 | 449 | 1,178 | 1,307 |
| North America | 279 | 234 | 643 | 566 |
| Unrealized gains / (losses) on hedging activities | 12 | 1 | 55 | 42 |
| General corporate expenses | (74) | (284) | (219) | (541) |
| Amortization of intangibles | (55) | (54) | (164) | (163) |
| Benefit from indemnification resolution | 336 | – | 336 | – |
| Gains on acquisition and divestitures, net | – | – | 28 | – |
| Acquisition-related costs | – | – | (2) | – |
| Operating income | 1,262 | 838 | 2,961 | 2,678 |
| Interest and other expense, net | (218) | (737) | (732) | (1,568) |
| Earnings before income taxes | $ 1,044 | $ 101 | $ 2,229 | $ 1,110 |

As discussed in Note 16, *Segment Reporting*, management uses segment operating income to evaluate segment performance and allocate resources. We believe it is appropriate to disclose this measure to help investors analyze segment performance and trends. Coincident with the change in reportable segment structure, segment operating income for our North America region also changed to include all U.S. pension plan expenses, a portion of which was previously excluded from segment operating results evaluated by management as the costs were centrally managed. Segment operating income excludes unrealized gains and losses on hedging activities (which are a component of cost of sales), general corporate expenses (which are a component of selling, general and administrative expenses), amortization of intangibles, the benefit from the Cadbury acquisition-related indemnification resolution (which is a component of selling, general and administrative expenses), gains and losses on divestitures and acquisitions, and acquisition-related costs (which are a component of selling, general and administrative expenses) for all periods presented. We exclude the unrealized gains and losses on hedging activities from segment operating income in order to provide better transparency of our segment operating results. Once realized, we record the gains and losses on hedging activities within segment operating results. We exclude general corporate expenses, amortization of intangibles, the benefit from the Cadbury acquisition-related indemnification resolution, gains and losses on divestitures and acquisitions and acquisition-related costs from segment operating income in order to provide better transparency of our segment operating results.

In connection with our 2012-2014 Restructuring Program, we recorded restructuring charges of $43 million for the three months and $131 million for the nine months ended September 30, 2013, and $13 million for the three months and $63 million for the nine months ended September 30, 2012, within asset impairment and exit costs. We also recorded implementation costs of $20 million for the three months and $31 million for the nine months ended September 30, 2013 and $5 million for the three months and $6 million for the nine months ended September 30, 2012 within cost of sales and selling, general and administrative expenses. The restructuring charges and implementation costs are recorded primarily within our North America and Europe segments.

We recorded Integration Program charges of $36 million for the three months and $109 million for the nine months ended September 30, 2013 and $29 million for the three months and $107 million for the nine months ended September 30, 2012. We recorded these charges in operations, as a part of selling, general and administrative expenses within our Europe, Asia Pacific, Latin America and EEMEA segments. During the three months ended September 30, 2012, we also reversed $43 million of Integration Program charges previously accrued in the fourth quarter of 2010 primarily related to planned and announced position eliminations that did not occur within our Europe segment. The reversal was based on final negotiations with local workers councils, the majority of which were concluded in April 2012.

During the three months ended June 30, 2013, we completed two divestitures within our EEMEA segment which generated cash proceeds of $48 million and pre-tax gains of $6 million. The divestitures included a salty snacks business in Turkey and a confectionery business in South Africa. The aggregate operating results of these divestitures were not material to our condensed consolidated financial statements during the periods presented.

On February 22, 2013, we acquired the remaining interest in a biscuit operation in Morocco, which is now a wholly-owned subsidiary within our EEMEA segment. We paid net cash consideration of $119 million, consisting of $155 million purchase price net of cash acquired of $36 million. We also recorded a pre-tax gain of $22 million related to the remeasurement of our previously-held equity interest in the operation to fair value in accordance with U.S. GAAP. We recorded acquisition costs of $7 million in the nine months ended September 30, 2013 which were included within selling, general and administrative expenses and interest and other expense, net. We also incurred $1 million of integration costs during the nine months ended September 30, 2013, which were included in selling, general and administrative expenses within our EEMEA segment.

During the three months ended December 31, 2012, we completed several divestitures within our Europe segment which generated cash proceeds of $200 million and pre-tax gains of $107 million. The divestitures primarily included a dinners and sauces grocery business in Germany and Belgium and a canned meat business in Italy. The aggregate operating results of these divestitures were not material to our condensed consolidated financial statements during the periods presented.

In February 2013, the Venezuela government announced the devaluation of the official Venezuelan bolivar exchange rate from 4.30 bolivars to 6.30 bolivars to the U.S. dollar and the elimination of the second-tier, government-regulated SITME exchange rate previously applied to value certain types of transactions. In connection with the announced changes, which were effective on February 13, 2013, we recorded a $54 million unfavorable foreign currency charge related to the devaluation of our net monetary assets in Venezuela in selling, general and administrative expenses within our Latin America segment in the three months ended March 31, 2013. We also incurred net unfavorable devaluation-related foreign currency impacts within our pre-tax earnings of $20 million during the third quarter of 2013 and $44 million during the first nine months of 2013 related to translating the earnings of our Venezuelan subsidiary to the U.S. dollar at the new exchange rate. As of September 30, 2013, our net monetary assets denominated in the Venezuelan bolivar were $280 million. Should the bolivar be devalued further, it would result in a charge to our net earnings in the period of the devaluation.

In 2012, we sold properties located in Russia and Turkey within our EEMEA segment. The Turkey property sale generated a $22 million pre-tax gain in the second quarter of 2012 and the Russia property sale generated a $55 million pre-tax gain in the first quarter of 2012. The gains were recorded within selling, general and administrative expenses in our EEMEA segment.

Unrealized gains / (losses) on hedging activities were $12 million for the three months ended September 30, 2013 and $1 million for the three months ended September 30, 2012. Unrealized gains / (losses) on hedging activities were $55 million for the nine months ended September 30, 2013 and $42 million for the nine months ended September 30, 2012. In all periods, the net gains primarily related to gains on foreign currency contracts and commodity hedging activity.

General corporate expenses were $74 million for the three months ended September 30, 2013 and $284 million for the three months ended September 30, 2012. The $210 million decrease was primarily related to lower Spin-Off Costs and lower costs of corporate functions and projects. Spin-Off Costs decreased $191 million from $200 million to $9 million and corporate functions and project expenses decreased $27 million from $72 million to $45 million. General corporate expenses were $219 million for the nine months ended September 30, 2013 and $541 million for the nine months ended September 30, 2012. The $322 million decrease was primarily related to lower Spin-Off Costs and lower costs of corporate functions and projects. Spin-Off Costs decreased $307 million from $340 million to $33 million and corporate functions and project expenses decreased $31 million from $186 million to $155 million.

As part of our 2010 Cadbury acquisition, we became the responsible party for tax matters under the Cadbury Schweppes Plc and Dr Pepper Snapple Group, Inc. (“DPSG”) Tax Sharing and Indemnification Agreement dated May 1, 2008 (“Tax Indemnity”) for certain 2007 and 2008 transactions relating to the demerger of Cadbury’s Americas Beverage business. A U.S. federal tax audit of DPSG for the 2006-2008 tax years was concluded with the IRS in August 2013. As a result, we recorded a favorable impact of $336 million in selling, general and administrative expenses and $49 million in interest and other expense, net, for a total pre-tax impact of $385 million ($375 million net of tax) in the three months ended September 30, 2013 due to the reversal of the accrued liability in excess of the amount we paid to DPSG under the Tax Indemnity this quarter.

The decrease in interest and other expense, net for the three months ended September 30, 2013 was due primarily to the absence of Spin-Off Costs within interest expense as we recorded $457 million of Spin-Off Costs within interest expense in the three months ended September 30, 2012, a benefit from the Cadbury acquisition-related indemnification resolution and a reduction of long-term debt. The decrease in interest and other expense, net for the nine months ended September 30, 2013 was due primarily to the absence of Spin-Off Costs within interest expense as we recorded $619 million of Spin-Off Costs within interest expense in the nine months ended September 30, 2012, a reduction in long-term debt, a benefit from the Cadbury acquisition-related indemnification resolution and a benefit from a statutory interest rate change impacting an accrued non-income tax liability.

***Latin America***

| | For the Three Months Ended September 30, 2013 | 2012 | $ change | % change |
|---|---|---|---|---|
| | | (in millions) | | |
| Net revenues | $ 1,308 | $ 1,286 | $ 22 | 1.7% |
| Segment operating income | 171 | 187 | (16) | (8.6%) |

| | For the Nine Months Ended September 30, 2013 | 2012 | $ change | % change |
|---|---|---|---|---|
| | | (in millions) | | |
| Net revenues | $ 4,045 | $ 3,996 | $ 49 | 1.2% |
| Segment operating income | 425 | 556 | (131) | (23.6%) |

***Three Months Ended September 30:***

Net revenues increased $22 million (1.7%), due to higher net pricing (13.1 pp) and favorable volume/mix (3.8 pp), mostly offset by unfavorable foreign currency (15.2 pp). Higher net pricing was reflected across the entire region, except in Mexico. Favorable volume/mix was reflected across most of the region, primarily in Brazil and Mexico. Unfavorable foreign currency was due primarily to the Venezuelan bolivar devaluation and the strength of the U.S. dollar relative to the Brazilian real and Argentinean peso.

Segment operating income decreased $16 million (8.6%), due primarily to higher raw material costs, unfavorable foreign currency, higher advertising and consumer promotion costs, higher other selling, general and administrative expenses and higher 2012-2014 Restructuring Program costs, partially offset by higher net pricing, lower Spin-Off Costs and lower Integration Program costs.

***Nine Months Ended September 30:***

Net revenues increased $49 million (1.2%), due to higher net pricing (11.4 pp) and favorable volume/mix (1.6 pp), partially offset by unfavorable foreign currency (11.8 pp). Higher net pricing was reflected across the entire region, except in Mexico. Favorable volume/mix was driven primarily by Brazil and Venezuela, partially offset by volume/mix declines in Mexico and Argentina. Unfavorable foreign currency was due primarily to the Venezuelan bolivar devaluation and the strength of the U.S. dollar relative to the Brazilian real and Argentinean peso, partially offset by the strength of the Mexican peso relative to the U.S. dollar.

Segment operating income decreased $131 million (23.6%), due primarily to higher raw material costs, higher other selling, general and administrative expenses (including prior-year proceeds from an insurance settlement), unfavorable foreign currency including the impact from the devaluation of net monetary assets in Venezuela, higher manufacturing costs and higher advertising and consumer promotion costs, partially offset by higher net pricing, lower Integration Program costs and lower Spin-Off Costs.

***Asia Pacific***

| | For the Three Months Ended September 30, 2013 | 2012 | $ change | % change |
|---|---|---|---|---|
| | | (in millions) | | |
| Net revenues | $ 1,136 | $ 1,228 | $ (92) | (7.5%) |
| Segment operating income | 81 | 198 | (117) | (59.1%) |

| | For the Nine Months Ended September 30, 2013 | 2012 | $ change | % change |
|---|---|---|---|---|
| | | (in millions) | | |
| Net revenues | $ 3,743 | $ 3,770 | $ (27) | (0.7%) |
| Segment operating income | 399 | 525 | (126) | (24.0%) |

***Three Months Ended September 30:***

Net revenues decreased $92 million (7.5%), due to unfavorable foreign currency (7.6 pp) and lower net pricing (4.6 pp), partially offset by favorable volume/mix (4.7 pp). Unfavorable foreign currency was due primarily to the strength of the U.S. dollar relative to the Australian dollar, Indian rupee and Japanese yen. Lower net pricing was reflected primarily in Australian/New Zealand, Japan, China and Indonesia, partially offset by higher pricing in India. Favorable volume/mix was driven primarily by the region’s developed markets, Australia/New Zealand and Japan, as emerging markets were essentially flat with gains in India, the Philippines and Indonesia mostly offset by a decline in China.

Segment operating income decreased $117 million (59.1%), due primarily to lower net pricing, higher other selling, general and administrative expenses (including prior-year proceeds from an insurance settlement), higher advertising and consumer promotion costs, higher raw material costs, unfavorable foreign currency and higher Integration Program costs, partially offset by favorable volume/mix, lower manufacturing costs and lower Spin-Off Costs.

***Nine Months Ended September 30:***

Net revenues decreased $27 million (0.7%), due to unfavorable foreign currency (3.8 pp) and lower net pricing (1.0 pp) partially offset by favorable volume/mix (4.1 pp). Unfavorable foreign currency was due primarily to the strength of the U.S. dollar relative to the Australian dollar, Japanese yen and Indian rupee. Lower net pricing was reflected in the region’s developed markets, partially offset by higher net pricing in the region’s emerging markets, primarily in India, the Philippines and Thailand. Favorable volume/mix was driven by the region’s emerging markets, primarily China, India, the Philippines and Malaysia, as well as in the region’s developed markets of Australia/New Zealand.

Segment operating income decreased $126 million (24.0%), due primarily to higher raw material costs, higher other selling, general and administrative expenses (including prior-year proceeds from an insurance settlement), higher advertising and consumer promotion costs, lower net pricing and unfavorable foreign currency, partially offset by lower manufacturing costs, favorable volume/mix, a 2012 asset impairment charge related to a trademark in Japan and lower Spin-Off Costs.

***EEMEA***

| | For the Three Months Ended September 30, 2013 | 2012 | $ change | % change |
|---|---|---|---|---|
| | | (in millions) | | |
| Net revenues | $ 948 | $ 886 | $ 62 | 7.0% |
| Segment operating income | 109 | 107 | 2 | 1.9% |

| | For the Nine Months Ended September 30, 2013 | 2012 | $ change | % change |
|---|---|---|---|---|
| | | (in millions) | | |
| Net revenues | $ 2,850 | $ 2,700 | $ 150 | 5.6% |
| Segment operating income | 282 | 386 | (104) | (26.9%) |

***Three Months Ended September 30:***

Net revenues increased $62 million (7.0%), due to favorable volume/mix (16.4 pp) and the impact of the acquisition of a biscuit operation in Morocco (2.7 pp), partially offset by unfavorable foreign currency (5.6 pp), lower net pricing (3.4 pp) and the impact of divestitures in Turkey and South Africa (3.1 pp). Favorable volume/mix was driven primarily by Russia, Ukraine, West Africa, Central and East Africa, South Africa and the Gulf Cooperation Council (“GCC”) countries. Unfavorable foreign currency was due to the strength of the U.S. dollar relative to most foreign currencies in the region, including the South African rand, Russian ruble, Turkish lira and Egyptian pound. Lower net pricing was reflected primarily in Russia and Ukraine, due to lower coffee and chocolate pricing, partially offset by higher net pricing in the GCC countries.

Segment operating income increased $2 million (1.9%), due primarily to favorable volume/mix, lower manufacturing costs and the impact from the acquisition in Morocco, mostly offset by higher raw material costs, lower net pricing, higher other selling, general and administrative expenses and unfavorable foreign currency.

***Nine Months Ended September 30:***

Net revenues increased $150 million (5.6%), due to favorable volume/mix (12.1 pp) and the impact of the acquisition of a biscuit operation in Morocco (2.2 pp), partially offset by unfavorable foreign currency (4.3 pp), lower net pricing (2.5 pp) and the impact of divestitures in Turkey and South Africa (1.9 pp). Favorable volume/mix was driven primarily by Russia, Ukraine, Central and East Africa, West Africa, Egypt and South Africa. Unfavorable foreign currency was due to the strength of the U.S. dollar relative to most foreign currencies in the region, including the South African rand, Russian ruble and Egyptian pound. Lower net pricing was reflected primarily in Russia and Ukraine, due to lower coffee and chocolate pricing, partially offset by higher net pricing in the GCC countries, South Africa and Egypt.

Segment operating income decreased $104 million (26.9%), due primarily to the 2012 gains on the sales of property in Russia and Turkey, lower net pricing, higher other selling, general and administrative expenses, higher advertising and consumer promotion costs, higher Integration Program and Morocco biscuit acquisition integration costs, higher raw material costs, unfavorable foreign currency and higher 2012-2014 Restructuring Program costs, partially offset by favorable volume/mix, lower manufacturing costs and the impact from the acquisition in Morocco.

***Europe***

| | For the Three Months Ended September 30, 2013 | 2012 | $ change | % change |
|---|---|---|---|---|
| | | (in millions) | | |
| Net revenues | $ 3,295 | $ 3,158 | $ 137 | 4.3% |
| Segment operating income | 403 | 449 | (46) | (10.2%) |

| | For the Nine Months Ended September 30, 2013 | 2012 | $ change | % change |
|---|---|---|---|---|
| | | (in millions) | | |
| Net revenues | $ 10,026 | $ 9,967 | $ 59 | 0.6% |
| Segment operating income | 1,178 | 1,307 | (129) | (9.9%) |

***Three Months Ended September 30:***

Net revenues increased $137 million (4.3%), due to favorable volume/mix (4.7 pp), favorable foreign currency (3.8 pp) and the impact of accounting calendar changes (0.7 pp), partially offset by lower pricing (2.8 pp) and the impact of prior-year divestitures (2.1 pp). Favorable volume/mix was driven by higher shipments in biscuits, chocolate and coffee, partially offset by lower shipments in gum & candy. Favorable foreign currency primarily reflected the strength of the euro relative to the U.S. dollar, partially offset by the strength of the U.S. dollar relative to the British pound sterling. Lower net pricing was driven primarily by lower coffee prices.

Segment operating income decreased $46 million (10.2%), due primarily to lower net pricing, higher Integration Program costs (including the 2012 reversal of Integration Program charges of $43 million previously accrued in the fourth quarter of 2010 primarily related to planned and announced position eliminations that did not occur upon concluding the majority of local workers council negotiations in April 2012), higher 2012-2014 Restructuring Program costs, the impact of prior-year divestitures and higher advertising and consumer promotion costs, partially offset by favorable volume/mix, lower manufacturing costs, favorable foreign currency and lower other selling, general and administrative expenses (including a $38 million reversal in 2012 of reserves carried over from the Cadbury acquisition in 2010 and no longer required).

***Nine Months Ended September 30:***

Net revenues increased $59 million (0.6%), due to favorable volume/mix (3.2 pp), favorable foreign currency (1.6 pp) and the impact of an accounting calendar change (0.2 pp), partially offset by lower pricing (2.5 pp) and the impact of prior-year divestitures (1.9 pp). Favorable volume/mix was driven by higher shipments in chocolate, biscuits and coffee, partially offset by lower shipments in gum & candy and cheese & grocery. Favorable foreign currency primarily reflected the strength of the euro and Swedish krona relative to the U.S. dollar, partially offset by the strength of the U.S. dollar relative to the British pound sterling. Lower net pricing was driven primarily by lower coffee prices.

Segment operating income decreased $129 million (9.9%), due primarily to lower net pricing, higher 2012-2014 Restructuring Program costs, the impact of prior-year divestitures, higher Integration Program costs (including the 2012 reversal of Integration Program charges of $43 million previously accrued in the fourth quarter of 2010 primarily related to planned and announced position eliminations that did not occur upon concluding the majority of local workers council negotiations in April 2012), higher advertising and consumer promotion costs and higher other selling, general and administrative expenses (including a $38 million reversal in 2012 of reserves carried over from the Cadbury acquisition in 2010 and no longer required), partially offset by favorable volume/mix, lower manufacturing costs, lower raw material costs (primarily coffee) and favorable foreign currency.

***North America***

| | For the Three Months Ended September 30, 2013 | 2012 | $ change | % change |
|---|---|---|---|---|
| | | (in millions) | | |
| Net revenues | $ 1,785 | $ 1,768 | $ 17 | 1.0% |
| Segment operating income | 279 | 234 | 45 | 19.2% |

| | For the Nine Months Ended September 30, 2013 | 2012 | $ change | % change |
|---|---|---|---|---|
| | | (in millions) | | |
| Net revenues | $ 5,147 | $ 5,087 | $ 60 | 1.2% |
| Segment operating income | 643 | 566 | 77 | 13.6% |

***Three Months Ended September 30:***

Net revenues increased $17 million (1.0%), due to favorable volume/mix (2.0 pp) and higher net pricing (0.4 pp), partially offset by the impact of a prior-year divestiture (0.7 pp) and unfavorable foreign currency (0.7 pp). Favorable volume/mix was driven primarily by higher shipments in biscuits and candy, partially offset by lower shipments in gum. Higher net pricing was reflected primarily in biscuits and candy, partially offset by lower net pricing in gum and chocolate.

Segment operating income increased $45 million (19.2%), due primarily to lower pension expenses due to the transfer of certain benefit plan obligations to Kraft Foods Group in the Spin-Off, favorable volume/mix, lower advertising and consumer promotion costs, lower manufacturing costs and higher net pricing, partially offset by higher raw material costs, higher other selling, general and administrative expenses and higher 2012-2014 Restructuring Program costs.

***Nine Months Ended September 30:***

Net revenues increased $60 million (1.2%), due to favorable volume/mix (2.1 pp) and higher net pricing (0.3 pp), partially offset by the impact of a prior-year divestiture (0.8 pp) and unfavorable foreign currency (0.4 pp). Favorable volume/mix was driven primarily by higher shipments in biscuits and candy, partially offset by lower shipments in gum. Higher net pricing was reflected primarily in biscuits, partially offset by lower net pricing in gum.

Segment operating income increased $77 million (13.6%), due primarily to lower pension expenses due to the transfer of certain benefit plan obligations to Kraft Foods Group in the Spin-Off, favorable volume/mix, higher net pricing and lower advertising and consumer promotion costs, partially offset by higher raw material costs, higher other selling, general and administrative expenses, higher 2012-2014 Restructuring Program costs and the impact of a prior-year divestiture.

## Liquidity and Capital Resources

We believe that cash from operations, our $4.5 billion revolving credit facility, our commercial paper program and our authorized long-term financing will provide sufficient liquidity to meet our working capital needs, planned capital expenditures, future contractual obligations and payment of our anticipated quarterly dividends. We continue to utilize our commercial paper program and primarily uncommitted international credit lines for regular funding requirements. We also use intercompany loans with foreign subsidiaries to improve financial flexibility. Overall, we do not expect any negative effects to our funding sources that would have a material effect on our liquidity, including the indefinite reinvestment of our foreign earnings.

The cash flow activity of the Kraft Foods Group discontinued operation, which was divested on October 1, 2012, is included within our consolidated cash flow results for the nine months ended September 30, 2012.

*Net Cash Provided By Operating Activities:*
During the first nine months of 2013, net cash provided by operating activities was $1,198 million, compared with $2,175 million provided in the first nine months of 2012. The decrease in cash provided by operating activities primarily relates to decreased earnings from the discontinued operations of Kraft Foods Group, partially offset by lower interest payments and lower working capital costs (mainly due to increased collection of receivables and decreased inventory levels).

*Net Cash Used in Investing Activities:*
During the first nine months of 2013, net cash used in investing activities was $1,015 million, compared with $1,129 million used in the first nine months of 2012. The decrease in cash used in investing activities primarily relates to lower capital expenditures primarily due to the inclusion of Kraft Foods Group capital expenditures in 2012, $55 million received from Kraft Foods Group during the first nine months of 2013 related to employee stock awards exchanged at the time of the Spin-Off and $48 million of proceeds from divestitures during the first nine months of 2013, which was partially offset by $119 million of cash paid, net of cash received, in connection with the acquisition of a biscuit operation in Morocco.

*Net Cash (Used in) / Provided by Financing Activities:*
During the first nine months of 2013, net cash used in financing activities was $881 million, compared with $828 million provided in the first nine months of 2012. The decrease in cash provided by financing activities was primarily due to lower proceeds from indebtedness and $793 million paid to repurchase stock under our stock repurchase program during the first nine months of 2013, partially offset by lower repayments of long-term debt in the first nine months of 2013 (both the long-term debt issuance and repayments in the first nine months of 2012 were driven by our Spin-Off capitalization plan) and lower dividend payments in the first nine months of 2013 reflecting our new capital structure and dividend rate following the Spin-Off.

*Borrowing Arrangements:*
On October 11, 2013, we entered into a revolving credit agreement for a $4.5 billion five-year senior unsecured revolving credit facility. The agreement replaced our former revolving credit agreement, which was terminated upon the signing of the new agreement. The revolving credit facility agreement includes a covenant that we maintain a minimum shareholders' equity of at least $24.6 billion, after excluding accumulated other comprehensive earnings / (losses) and the cumulative effects of any changes in accounting principles. At September 30, 2013, we met both the new and existing minimum shareholders' equity covenant as our minimum shareholders' equity under both agreements was $35.7 billion. The revolving credit facility agreement also contains customary representations, covenants and events of default. However, there are no credit rating triggers, provisions or other financial covenants that could require us to post collateral as security. We intend to use the revolving credit facility for general corporate purposes, including for working capital purposes and to support our commercial paper program. As of September 30, 2013, no amounts were drawn on the credit facility in place on this date.

Some of our international subsidiaries maintain primarily uncommitted credit lines to meet short-term working capital needs. Collectively, these credit lines amounted to $2.4 billion at September 30, 2013. In the aggregate, borrowings on these lines were $239 million at September 30, 2013 and $274 million at December 31, 2012.

*Long-Term Debt:*
On October 1, 2013, $1 billion of our 5.125% notes and $800 million of our 5.250% notes matured. The notes and accrued interest to date were paid with cash on hand and the issuance of commercial paper.

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

On February 11, 2013, $750 million of our 6.00% notes matured. The notes and accrued interest to date were paid with cash on hand.

We expect to continue to comply with our long-term debt covenants. Refer to our Annual Report on Form 10-K for the year ended December 31, 2012 for further details of our debt covenants.

*Total Debt:*
Our total debt was $19.9 billion at September 30, 2013 and $19.4 billion at December 31, 2012. Our debt-to-capitalization ratio was 0.38 at September 30, 2013 and December 31, 2012. At September 30, 2013, the weighted-average term of our outstanding long-term debt was 9.0 years.

From time to time we refinance long-term and short-term debt. The nature and amount of our long-term and short-term debt and the proportionate amount of each will vary as a result of future business requirements, market conditions and other factors. As of September 30, 2013, we had $11.2 billion remaining in long-term financing authority from our Board of Directors.

In the next 12 months, $2.3 billion of long-term debt will mature as follows: $1.8 billion in October 2013 and $500 million in February 2014. We repaid the $1.8 billion of debt that matured on October 1, 2013 with cash on hand and the issuance of commercial paper. We expect to fund the remaining repayments with cash from operations, the issuance of commercial paper or the issuance of additional debt.

## Commodity Trends

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

During the first nine months of 2013, our aggregate commodity costs increased over the comparable prior-year period, primarily as a result of dairy, packaging material and grain and oil costs partially offset by lower coffee costs. We expect the price volatility and higher cost environment to continue over the remainder of the year. We address higher commodity costs primarily through higher pricing, lower manufacturing costs due to our end-to-end cost management program and overhead cost control. We expect to continue to use these measures to address further commodity cost increases.

## Off-Balance Sheet Arrangements and Aggregate Contractual Obligations

There were no material changes to our off-balance sheet arrangements and aggregate contractual obligations disclosed in our Annual Report on Form 10-K for the year ended December 31, 2012. We also do not expect a material change in the effect these arrangements and obligations will have on our liquidity. See Note 12, *Commitments and Contingencies*, for a discussion of guarantees.

## Equity and Dividends

*Stock Plans:*
See Note 11, *Stock Plans*, for more information on our stock plans and award activity for the nine months ended September 30, 2013.

*Dividends:*
We paid dividends of $696 million in the first nine months of 2013 and $1,542 million in the first nine months of 2012. Immediately following the Spin-Off of Kraft Foods Group on October 1, 2012, our expected annual dividend rate was $0.52 per common share. On August 6, 2013, our Audit Committee, with authorization from the Board of Directors, approved a quarterly dividend of $0.14 per common share payable on October 15, 2013 to shareholders of record on September 30, 2013. The declaration of dividends is subject to the discretion of our Board of Directors and depends on various factors, including our net earnings, financial condition, cash requirements, future prospects and other factors that our Board of Directors deems relevant to its analysis and decision making.

*Stock Repurchase Program:*
On March 12, 2013, our Board of Directors authorized the repurchase of up to the lesser of 40 million shares or $1.2 billion of our Common Stock through March 12, 2016. On August 6, 2013, our Audit Committee, with authorization from the Board of Directors, increased the repurchase program's capacity to $6.0 billion of Common Stock repurchases and extended the expiration date to December 31, 2016. Repurchases under the program are determined by management and are wholly discretionary. During the nine months ended September 30, 2013, we repurchased 27.4 million shares of common stock at an average cost of $31.13 per share, or an aggregate cost of $853 million, of which $793 million was paid during the nine months ended September 30, 2013. All repurchased shares were funded through available cash and commercial paper and the shares are held in treasury. The primary objective of the program is to return cash to shareholders. As of September 30, 2013, we have $5.1 billion in remaining share repurchase capacity.

We intend to continue to use a portion of our cash for share repurchases. The number of shares that we ultimately repurchase under our stock repurchase program may vary depending on numerous factors, including share price and other market conditions, our ongoing capital allocation planning, levels of cash and debt balances, other demands for cash, such as acquisition activity, general economic or business conditions and board and management discretion. Additionally, our share repurchase activity during any particular period may fluctuate. We may accelerate, suspend, delay or discontinue the stock repurchase program at any time, without notice.

**Significant Accounting Estimates**

We prepare our condensed consolidated financial statements in conformity with U.S. GAAP. The preparation of these financial statements requires the use of estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the periods presented. Actual results could differ from those estimates and assumptions. Our significant accounting policies are described in Note 1 to our consolidated financial statements in our Annual Report on Form 10-K for the year ended December 31, 2012. Our significant accounting estimates are described in our Management's Discussion and Analysis of Financial Condition and Results of Operations in our Annual Report on Form 10-K for the year ended December 31, 2012. See Note 1, *Basis of Presentation*, for a discussion of the impact of new accounting standards. There were no changes in our accounting policies in the current period that had a material impact on our financial statements.

**New Accounting Guidance**

See Note 1, *Basis of Presentation*, for a discussion of new accounting guidance.

**Contingencies**

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

**Forward-Looking Statements**

This report contains a number of forward-looking statements. Words, and variations of words, such as "expect," "plan," "may," "outlook," "guidance," "intend," "will," "would," "believe," "estimate," "anticipate," "seek," "continue," "achieve," "growth" and similar expressions are intended to identify our forward-looking statements, including but not limited to statements relating to the impacts of our segment reorganization; our accounting estimates; pension expenses, contributions and assumptions; commodity costs; our liquidity, funding sources and uses of funding; our 2013 Outlook, in particular, 2013 Organic Net Revenue growth and Adjusted EPS; and our stock repurchase program.

These forward-looking statements involve risks and uncertainties, many of which are beyond our control. Important factors that could cause actual results to differ materially from those in our forward-looking statements include, but are not limited to, risks from operating globally and in emerging markets, unanticipated disruptions to our business, continued consumer weakness, continued weakness in economic conditions, volatility of capital or other markets, continued volatility of commodity and other input costs, pricing actions, increased competition, consolidation of large retail customers, adverse changes in our supplier or customer base, our ability to innovate and differentiate our products, increased costs of sales, regulatory or legal restrictions, actions or delays, our ability to protect our intellectual property and intangible assets, a shift in our product mix to lower margin offerings, private label brands, perceived or actual product quality issues or product recalls, acquisitions and divestitures, foreign currency exchange rate fluctuations, use of information technologies, our labor force, a shift in our pre-tax income between U.S. and/or foreign jurisdictions and tax law changes. For additional information on these and other factors that could affect our forward-looking statements, see our risk factors, as they may be amended from time to time, set forth in our filings with the SEC, including our most recently filed Annual Report on Form 10-K. We disclaim and do not undertake any obligation to update or revise any forward-looking statement in this report.

## Outlook

We expect 2013 Organic Net Revenue growth to be approximately 4 percent and 2013 Adjusted EPS of $1.57 to $1.62. We lowered our 2013 Organic Net Revenue growth outlook from our previous guidance of the low end of 5 to 7 percent to reflect the impact of weak biscuit sales in China, continued lower coffee prices and slower global category growth, especially in key emerging markets. We raised our 2013 Adjusted EPS target from our previous guidance of $1.55 to $1.60 to flow through some tax favorability. Our Adjusted EPS guidance is based on 2012 average currency rates and includes the estimated ($0.04) impact of the write-down of the net monetary assets and the translation of operating income for our Venezuelan business stemming from that government's decision to devalue its currency to a fixed rate of 6.30 bolivars to the U.S. dollar on February 8, 2013. Based on currency translation impacts recorded to date and spot rates as of October 31, 2013, our 2013 Adjusted EPS would be about 5 cents lower than the $1.57 to $1.62 guidance.

See our *Non-GAAP Financial Measures* section for additional information on our non-GAAP financial measures, Organic Net Revenue and Adjusted EPS.

## Non-GAAP Financial Measures

We use non-GAAP financial information and believe it is useful to investors as it provides additional information to facilitate comparisons of historical operating results, identify trends in our underlying operating results and provide additional transparency on how we evaluate our business. We use certain non-GAAP financial measures to budget, make operating and strategic decisions and evaluate our performance. We disclose non-GAAP financial measures so that you have the same financial data that we use to assist you in making comparisons to our historical operating results and analyzing our underlying performance.

Our non-GAAP financial measures reflect how we evaluate our operating results currently. As new events or circumstances arise, these definitions could change over time:

- "Organic Net Revenues" which is defined as net revenues excluding the impact of acquisitions, divestitures (including businesses under sale agreements), Integration Program costs, accounting calendar changes and foreign currency rate fluctuations.

- "Adjusted Operating Income" which is defined as operating income excluding the impact of Spin-Off Costs, pension costs related to obligations transferred in the Spin-Off, the 2012-2014 Restructuring Program, the Integration Program and other acquisition integration costs, the benefit from the Cadbury acquisition-related indemnification resolution, gains / losses on divestitures or acquisitions, acquisition-related costs, and the operating results of divestitures (including businesses under sale agreements). We also evaluate growth in our Adjusted Operating Income on a constant currency basis.

- "Adjusted EPS" (previously referred to as "Operating EPS") which is defined as diluted EPS attributable to Mondelēz International from continuing operations excluding the impact of Spin-Off Costs, pension costs related to the obligations transferred in the Spin-Off, the 2012-2014 Restructuring Program, the Integration Program and other acquisition integration costs, the benefit from the Cadbury acquisition-related indemnification resolution, gains / losses on divestitures or acquisitions, acquisition-related costs, and net earnings from divestitures (including businesses under sale agreements), and including an interest expense adjustment related to the Spin-Off transaction. We also evaluate growth in our Adjusted EPS on a constant currency basis.

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

*Organic Net Revenues*

Using the definition of "Organic Net Revenues" above, the only adjustments made to "net revenues" (the most comparable U.S. GAAP financial measure) were to exclude the impact of foreign currency, divestitures, an acquisition and the accounting calendar change. We believe that Organic Net Revenues better reflects the underlying growth from the ongoing activities of our business and provides improved comparability of results.

| | For the Three Months Ended September 30, 2013 | For the Three Months Ended September 30, 2012 | $ Change | % Change |
|---|---|---|---|---|
| | (in millions) | | | |
| **Organic Net Revenues** | **$ 8,660** | **$ 8,228** | **$ 432** | **5.3%** |
| Impact of foreign currency | (230) | – | (230) | (2.8)pp |
| Impact of divestitures | – | 98 | (98) | (1.2)pp |
| Impact of acquisition | 23 | – | 23 | 0.2pp |
| Impact of accounting calendar change | 19 | – | 19 | 0.3pp |
| **Net revenues** | **$ 8,472** | **$ 8,326** | **$ 146** | **1.8%** |

| | For the Nine Months Ended September 30, 2013 | For the Nine Months Ended September 30, 2012 | $ Change | % Change |
|---|---|---|---|---|
| | (in millions) | | | |
| **Organic Net Revenues** | **$ 26,303** | **$ 25,223** | **$ 1,080** | **4.3%** |
| Impact of foreign currency | (590) | – | (590) | (2.3)pp |
| Impact of divestitures | 20 | 297 | (277) | (1.2)pp |
| Impact of acquisition | 59 | – | 59 | 0.2pp |
| Impact of accounting calendar change | 19 | – | 19 | 0.1pp |
| **Net revenues** | **$ 25,811** | **$ 25,520** | **$ 291** | **1.1%** |

*Adjusted Operating Income*

Using the definition of "Adjusted Operating Income" above, the only adjustments made to "operating income" (the most comparable U.S. GAAP financial measure) for the three and nine months ended September 30, 2013 were to exclude Spin-Off Costs, pension costs related to obligations transferred in the Spin-Off, 2012-2014 Restructuring Program costs, Integration Program and other acquisition integration costs, the benefit from the Cadbury acquisition-related indemnification resolution, gains on acquisition and divestitures, acquisition-related costs and operating income from divestitures. We also evaluate Adjusted Operating Income on a constant currency basis. We believe that Adjusted Operating Income provides improved comparability of operating results.

| | For the Three Months Ended September 30, 2013 | 2012 | $ Change | % Change |
|---|---|---|---|---|
| | (in millions) | | | |
| **Adjusted Operating Income (constant currency)** | **$ 1,074** | **$ 1,066** | **$ 8** | **0.8%** |
| Impact of foreign currency | (40) | – | (40) | (3.8)pp |
| **Adjusted Operating Income** | **$ 1,034** | **$ 1,066** | **$ (32)** | **(3.0)%** |
| Spin-Off costs | (9) | (226) | 217 | 22.1pp |
| Spin-Off pension expense adjustment(1) | – | (22) | 22 | 2.3pp |
| 2012-2014 Restructuring Program | (63) | (18) | (45) | (4.3)pp |
| Integration Program and other acquisition integration costs | (36) | 14 | (50) | (4.5)pp |
| Benefit from indemnification resolution | 336 | – | 336 | 40.1pp |
| Operating income from divestitures | – | 24 | (24) | (2.1)pp |
| **Operating income** | **$ 1,262** | **$ 838** | **$ 424** | **50.6%** |

| | For the Nine Months Ended September 30, 2013 | 2012 | $ Change | % Change |
|---|---|---|---|---|
| | (in millions) | | | |
| **Adjusted Operating Income (constant currency)** | **$ 3,057** | **$ 3,193** | **$ (136)** | **(4.3)%** |
| Impact of foreign currency | (146) | – | (146) | (4.5)pp |
| **Adjusted Operating Income** | **$ 2,911** | **$ 3,193** | **$ (282)** | **(8.8)%** |
| Spin-Off costs | (33) | (365) | 332 | 10.4pp |
| Spin-Off pension expense adjustment(1) | – | (68) | 68 | 2.2pp |
| 2012-2014 Restructuring Program | (162) | (69) | (93) | (3.2)pp |
| Integration Program and other acquisition integration costs | (110) | (64) | (46) | (1.7)pp |
| Benefit from indemnification resolution | 336 | – | 336 | 12.6pp |
| Gains on acquisition and divestitures, net | 28 | – | 28 | 0.8pp |
| Acquisition-related costs | (2) | – | (2) | (0.1)pp |
| Operating income from divestitures | (7) | 51 | (58) | (1.6)pp |
| **Operating income** | **$ 2,961** | **$ 2,678** | **$ 283** | **10.6%** |

(1) Represents the estimated benefit plan expense for the three and nine months ended September 30, 2012 associated with certain benefit plan obligations transferred to Kraft Foods Group in the Spin-Off.

*Adjusted EPS*

Using the definition of "Adjusted EPS" above, the only adjustments made to "diluted EPS attributable to Mondelēz International from continuing operations" (the most comparable U.S. GAAP financial measure) were to exclude Spin-Off Costs, pension costs related to obligations transferred in the Spin-Off, 2012-2014 Restructuring Program costs, Integration Program and other acquisition integration costs, the benefit from the Cadbury acquisition-related indemnification resolution, gains on acquisition and divestitures, acquisition-related costs and net earnings from divestitures and including an interest expense adjustment related to the Spin-Off transaction. We also evaluate Adjusted EPS on a constant currency basis. We believe Adjusted EPS provides improved comparability of operating results.

| | For the Three Months Ended September 30, 2013 | 2012 | $ Change | % Change |
|---|---|---|---|---|
| **Adjusted EPS (constant currency)** | **$ 0.42** | **$ 0.36** | **$ 0.06** | **16.7%** |
| Impact of foreign currency | (0.01) | – | (0.01) | |
| **Adjusted EPS** | **$ 0.41** | **$ 0.36** | **$ 0.05** | **13.9%** |
| Spin-Off Costs(1) | – | (0.24) | 0.24 | |
| Spin-Off pension expense adjustment(2) | – | (0.01) | 0.01 | |
| Spin-Off interest expense adjustment(3) | – | (0.01) | 0.01 | |
| 2012-2014 Restructuring Program | (0.03) | (0.01) | (0.02) | |
| Integration Program and other acquisition integration costs | (0.02) | – | (0.02) | |
| Net benefit from indemnification resolution | 0.21 | – | 0.21 | |
| Net earnings from divestitures | – | 0.01 | (0.01) | |
| **Diluted EPS attributable to Mondelēz International from continuing operations** | **$ 0.57** | **$ 0.10** | **$ 0.47** | **470.0%** |
| Discontinued operations | – | 0.26 | (0.26) | |
| **Diluted EPS attributable to Mondelēz International** | **$ 0.57** | **$ 0.36** | **$ 0.21** | **58.3%** |

| | For the Nine Months Ended September 30, 2013 | 2012 | $ Change | % Change |
|---|---|---|---|---|
| **Adjusted EPS (constant currency)** | **$ 1.19** | **$ 1.03** | **$ 0.16** | **15.5%** |
| Impact of foreign currency | (0.07) | – | (0.07) | |
| **Adjusted EPS** | **$ 1.12** | **$ 1.03** | **$ 0.09** | **8.7%** |
| Spin-Off Costs(1) | (0.01) | (0.37) | 0.36 | |
| Spin-Off pension expense adjustment(2) | – | (0.02) | 0.02 | |
| Spin-Off interest expense adjustment(3) | – | (0.05) | 0.05 | |
| 2012-2014 Restructuring Program | (0.07) | (0.02) | (0.05) | |
| Integration Program and other acquisition integration costs | (0.05) | (0.04) | (0.01) | |
| Net benefit from indemnification resolution | 0.21 | – | 0.21 | |
| Gains on acquisition and divestitures, net | 0.04 | – | 0.04 | |
| Acquisition-related costs | (0.01) | – | (0.01) | |
| Net earnings from divestitures | – | 0.02 | (0.02) | |
| **Diluted EPS attributable to Mondelēz International from continuing operations** | **$ 1.23** | **$ 0.55** | **$ 0.68** | **123.6%** |
| Discontinued operations | – | 0.85 | (0.85) | |
| **Diluted EPS attributable to Mondelēz International** | **$ 1.23** | **$ 1.40** | **$ (0.17)** | **(12.1)%** |

(1) Spin-Off Costs include $9 million of pre-tax Spin-Off Costs in selling, general and administrative expense for the three months ended September 30, 2013 and $226 million of pre-tax Spin-Off Costs in selling, general and administrative expense and $457 million of pre-tax Spin-Off Costs in interest expense for the three months ended September 30, 2012. Spin-Off Costs include $33 million of pre-tax Spin-Off Costs in selling, general and administrative expense for the nine months ended September 30, 2013 and $365 million of pre-tax Spin-Off Costs in selling, general and administrative expense and $619 million of pre-tax Spin-Off Costs in interest expense for the nine months ended September 30, 2012.

(2) Represents the estimated benefit plan expense for the three months ended September 30, 2012 associated with certain benefit plan obligations transferred to Kraft Foods Group in the Spin-Off.

(3) Represents interest expense associated with the assumed reduction of $6 billion of our debt on January 1, 2012 from the utilization of funds received from Kraft Foods Group in 2012 in connection with our Spin-Off capitalization plan. Note during the year ended December 31, 2012, a portion of the $6 billion of debt was retired. As such, we adjusted interest expense during this period as if this debt had been paid on January 1, 2012 to ensure consistency of our assumption and related results.

## Item 3. Quantitative and Qualitative Disclosures about Market Risk.

As a global operation, we use certain financial instruments to manage our foreign currency exchange rate, commodity price and interest rate risks. We monitor and manage these exposures as part of our overall risk management program. Our risk management program focuses on the unpredictability of financial markets and seeks to reduce the potentially adverse effects that the volatility of these markets may have on our operating results. We maintain foreign currency, commodity price and interest rate risk management policies that principally use derivative instruments to reduce significant, unanticipated earnings fluctuations that may arise from volatility in foreign currency exchange rates, commodity prices and interest rates. We also sell commodity futures to unprice future purchase commitments, and we occasionally use related futures to cross-hedge a commodity exposure. We are not a party to leveraged derivatives and, by policy, do not use financial instruments for speculative purposes. There were no significant changes in the types of derivative instruments we use to hedge our exposures since December 31, 2012. Refer to Note 9, *Financial Instruments*, for further information on our derivative activity during the first nine months of 2013 and the types of derivative instruments we used to hedge our exposures.

## Item 4. Controls and Procedures.

a) Evaluation of Disclosure Controls and Procedures

Management, together with our CEO and CFO, evaluated the effectiveness of our disclosure controls and procedures (as defined in Securities Exchange Act of 1934 Rule 13a-15(e)) as of the end of the period covered by this report. Based upon that evaluation, the CEO and CFO concluded that our disclosure controls and procedures were effective as of September 30, 2013.

b) Changes in Internal Control Over Financial Reporting

Management, together with our CEO and CFO, evaluated the changes in our internal control over financial reporting during the quarter ended September 30, 2013. We determined that there were no changes in our internal control over financial reporting during the quarter ended September 30, 2013 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

## PART II—OTHER INFORMATION

### Item 1. Legal Proceedings.

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

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

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

### Item 1A. Risk Factors.

There were no material changes to the risk factors disclosed in our Annual Report on Form 10-K for the year ended December 31, 2012.

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

The following table shows the stock repurchase activity for each of the three months in the quarter ended September 30, 2013:

| | Total Number of Shares Purchased(1) | Average Price Paid per Share | Total Number of of Shares Purchased as Part of Publicly Announced Program (2) | Approximate Dollar Value of Shares That May Yet Be Purchased Under the Program (2) |
|---|---|---|---|---|
| July 1-31, 2013 | 1,770,540 | $ 29.31 | 1,769,253 | $ 5,850,653,725 |
| August 1-31, 2013 | 9,771,294 | 31.11 | 9,766,059 | 5,546,876,927 |
| September 1-30, 2013 | 12,649,898 | 31.63 | 12,645,574 | 5,146,865,980 |
| For the Quarter Ended September 30, 2013 | 24,191,732 | 31.25 | 24,180,886 | |

(1) The total number of shares purchased includes: (i) shares purchased pursuant to the repurchase program described in footnote 2 below; and (ii) shares tendered to us by employees who used shares to exercise options, and who used shares to pay the related taxes for grants of restricted and deferred stock that vested, totaling 1,287 shares, 5,235 shares and 4,324 shares for the fiscal months of July, August and September 2013, respectively.

(2) On March 12, 2013, our Board of Directors authorized the repurchase of up to the lesser of 40 million shares or $1.2 billion of our Common Stock through March 12, 2016. On August 6, 2013, our Audit Committee, with authorization from the Board of Directors, increased the repurchase program capacity to $6.0 billion of Common Stock repurchases and extended the expiration date to December 31, 2016. As of September 30, 2013, we had $5.1 billion in remaining share repurchase capacity.

**Item 6. Exhibits.**

| Exhibit Number | Description |
|---|---|
| 11 | Computation of Per Share Earnings.* |
| 12 | Computation of Ratios of Earnings to Fixed Charges. |
| 31.1 | Certification of Chief Executive Officer pursuant to Rule 13a-14(a)/15d-14(a) of the Securities Exchange Act of 1934, as amended. |
| 31.2 | Certification of Chief Financial Officer pursuant to Rule 13a-14(a)/15d-14(a) of the Securities Exchange Act of 1934, as amended. |
| 32.1 | Certifications of Chief Executive Officer and Chief Financial Officer pursuant to 18 U.S.C. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002. |
| 101.1 | The following materials from Mondelēz International's Quarterly Report on Form 10-Q for the quarter ended September 30, 2013 are formatted in XBRL (eXtensible Business Reporting Language): (i) the Condensed Consolidated Statements of Earnings, (ii) the Condensed Consolidated Statements of Equity, (iii) the Condensed Consolidated Balance Sheets, (iv) the Condensed Consolidated Statements of Cash Flows, (v) the Condensed Consolidated Statements of Comprehensive Earnings, (vi) Notes to Condensed Consolidated Financial Statements, and (vii) document and entity information. |

* Data required by Item 601(b)(11) of Regulation S-K is provided in Note 15 to the condensed consolidated financial statements in this Report.

Signature

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

MONDELĒZ INTERNATIONAL, INC.

/s/ David A. Brearton
David A. Brearton
Executive Vice President and
Chief Financial Officer

November 7, 2013

**EXHIBIT 12**

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

| | For the Three Months Ended September 30, 2013 | For the Nine Months Ended September 30, 2013 |
|---|---|---|
| Earnings before income taxes | $ 1,044 | $ 2,229 |
| Add / (Deduct): | | |
| Equity in net earnings of less than 50% owned affiliates | (21) | (72) |
| Dividends from less than 50% owned affiliates | — | 58 |
| Fixed charges | 263 | 860 |
| Interest capitalized, net of amortization | (1) | (1) |
| Earnings available for fixed charges | $ 1,285 | $ 3,074 |
| Fixed charges: | | |
| Interest incurred: | | |
| Interest expense | $ 234 | $ 775 |
| Capitalized interest | 1 | 1 |
| | 235 | 776 |
| Portion of rent expense deemed to represent interest factor | 28 | 84 |
| Fixed charges | $ 263 | $ 860 |
| Ratio of earnings to fixed charges | 4.9 | 3.6 |

**EXHIBIT 31.1**

## Certifications

I, Irene B. Rosenfeld, certify that:

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

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

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

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

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

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

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 7, 2013

/s/ Irene B. Rosenfeld
Irene B. Rosenfeld
Chairman and Chief Executive Officer

EXHIBIT 31.2

## Certifications

I, David A. Brearton, certify that:

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

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

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

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

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting; and

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

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant’s ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant’s internal control over financial reporting.

Date: November 7, 2013

/s/ David A. Brearton

David A. Brearton
Executive Vice President and
Chief Financial Officer

**EXHIBIT 32.1**

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

I, Irene B. Rosenfeld, Chairman and Chief Executive Officer of Mondelēz International, Inc. (“Mondelēz International”), certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that Mondelēz International’s Quarterly Report on Form 10-Q for the quarter ended September 30, 2013, fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and that the information contained in Mondelēz International’s Quarterly Report on Form 10-Q fairly presents in all material respects Mondelēz International’s financial condition and results of operations.

/s/ Irene B. Rosenfeld
Irene B. Rosenfeld
Chairman and Chief Executive Officer
November 7, 2013

I, David A. Brearton, Executive Vice President and Chief Financial Officer of Mondelēz International, Inc. (“Mondelēz International”), certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that Mondelēz International’s Quarterly Report on Form 10-Q for the quarter ended September 30, 2013, fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and that the information contained in Mondelēz International’s Quarterly Report on Form 10-Q fairly presents in all material respects Mondelēz International’s financial condition and results of operations.

/s/ David A. Brearton
David A. Brearton
Executive Vice President and
Chief Financial Officer
November 7, 2013

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