Mondelez International, Inc.
Form DEF 14A
April 03, 2013
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UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

SCHEDULE 14A INFORMATION

Proxy Statement Pursuant to Section 14(a) of

the Securities Exchange Act of 1934 (Amendment No.)

Filed by the Registrant ¨

Filed by a Party other than the Registrant ¨

Check the appropriate box:

¨ Preliminary Proxy Statement

¨ Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))

x Definitive Proxy Statement

¨ Definitive Additional Materials

¨ Soliciting Material Pursuant to § 240.14a-12

Mondelēz International, Inc.

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

x No fee required.

¨ Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(1) Title of each class of securities to which transaction applies:

(2) Aggregate number of securities to which transaction applies:

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

(4) Proposed maximum aggregate value of transaction:

(5) Total fee paid:

¨ Fee paid previously with preliminary materials.

¨ Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

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Irene B. Rosenfeld

Chairman and

Chief Executive Officer

Three Parkway North

Deerfield, IL 60015

April 3, 2013

Dear Fellow Shareholders:

I m pleased to invite you to our 2013 Annual Meeting of Shareholders to be held at 9 a.m. CDT on Tuesday, May 21, 2013, at the North Shore Center for the Performing Arts in Skokie, Illinois. The center will open to shareholders at 8 a.m. If you wish to attend the meeting, we ask you to register in advance. The Proxy Statement contains registration instructions.

We have prepared the following materials for the meeting:

- Notice of Annual Meeting of Shareholders;
- Proxy Statement describing the proposals to be voted on at the Annual Meeting; and
- Highlights of our 2012 financial and business performance.

Once again, we re mailing to our shareholders a Notice of Internet Availability of Proxy Materials with instructions on how to access these materials and vote online. We believe electronic delivery expedites the receipt of materials, lowers costs and reduces the environmental impact of our Annual Meeting. If you receive a Notice of Internet Availability of Proxy Materials by mail, you won t receive paper copies of these materials unless you specifically request them by following the instructions on the Notice.

Your vote is important, so we encourage you to vote promptly. The Notice contains instructions on how to vote via the Internet or by calling a toll-free number. If you receive paper copies of the proxy materials, you may also vote by signing, dating and mailing your proxy card or voting instruction form. You may also vote in person at the Annual Meeting.

Highlights of Our 2012 Financial and Business Performance

2012 was a transformational year for our company. During the first nine months, we intensely prepared for the spin-off of our North American grocery business. The separation of Kraft Foods Inc. into two world-class companies was a massive undertaking, culminating in a significant increase in shareholder value and the successful launch of both Mondelēz International and Kraft Foods Group on October 1.

What s more, we executed all of this while delivering solid business results. The quality of our revenue and earnings growth in 2012 provides strong momentum as we enter 2013.

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Multiple Competitive Advantages

I m truly excited about our future as we continue our journey as a more focused company. We now have all the ingredients in place for sustainable, profitable growth:

We have an **advantaged geographic footprint** with a significant presence in developing markets. With more than 40 percent of our sales from Latin America, Asia Pacific, Eastern Europe, the Middle East and Africa, we re well-positioned to take advantage of GDP growth per capita in these markets. In developed markets, we also hold advantaged positions, with nearly 40 percent of revenue coming from Europe and about 20 percent from North America.

We re focused on large, **fast-growing snacks categories.**

Nearly three-quarters of our $35 billion in net revenue comes from snacks, and we re a leader in each of our core categories. We re No. 1 in Biscuits, Chocolate, Candy and Powdered Beverages, and a strong No. 2 in Gum and Coffee.[2]

In addition, growth in these categories remains robust. Globally, the Biscuits and Chocolate categories have each grown 6 percent annually since 2009. Gum and Candy grew 5 percent, while Coffee and Powdered Beverages were up 10 percent and 7 percent, respectively.[2]

(1) In December 2012, we announced a reorganization of our management and reporting structure following the spin-off of Kraft Foods Group. Beginning in 2013, our operations, management and operating segments will reflect: Asia Pacific; Eastern Europe, Middle East & Africa (EEMEA); Europe; Latin America and North America. Accordingly, we will begin reporting on our new segment structure during the first quarter of 2013, including all historical periods we present. For purposes of this presentation the above pie chart reflects this structure based on our 2012 Net Revenues.

(2) Source: Euromonitor.

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We have an **unrivaled portfolio of beloved Power Brands** and **proven global innovation platforms**. Our portfolio features nine billion-dollar brands, including icons such as *Cadbury*, *Cadbury Dairy Milk* and *Milka* chocolate, *Jacobs* coffee, *LU*, *Nabisco* and *Oreo* biscuits, *Tang* powdered beverages and *Trident* gum. Our pantry includes another 52 brands that each generate annual revenues of more than $100 million.

We re also building a robust pipeline of innovation platforms including *belVita* and *Barni* biscuits, *Bubbly* and bite-sized chocolate as well as *Tassimo* and *Millicano* on-demand coffee that can be expanded quickly across multiple markets to drive growth.

We re building a sales execution powerhouse, leveraging strategic customer partnerships, **advantaged routes to market** and superior execution at the point of sale, to deliver snacking solutions anywhere, at any time. We re expanding distribution in traditional trade channels, particularly in markets like Brazil, India and China. And in modern grocery stores, we re increasing penetration in immediate consumption channels and in the Hot Zone at the front of the stores.

In many places around the globe, we have tremendous opportunities to enter white space markets by leveraging our strong presence in one category to enter another. For example, in 2011, we introduced *Oreo* into India building on our strong chocolate infrastructure. Just last August, we introduced *Stride* gum in China, building on our substantial infrastructure in biscuits.

Bringing it all together, we have **world-class leadership, talent and capabilities** to execute our strategies.

Fueling the Virtuous Cycle to Drive Top-Tier Growth

Our strong track record of delivering results over the past few years has been driven by a virtuous growth cycle. This cycle is the framework we use to manage our company to ensure sustainable growth on both the top and bottom lines.

The virtuous cycle begins with a sharp focus on our Power Brands and the core categories that will drive top-tier growth in each region. In 2012, our Power Brands, which represent almost 60 percent of total revenue, continued to drive our top line. These brands were up 8 percent last year. That s nearly twice the growth rate of the total company.

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At the same time, we expand gross margin through a combination of pricing to recover input costs, strong productivity and improving product mix. Last year, we increased our gross margin by 70 basis points and our adjusted gross margin[3] by 50 basis points.

We re also successfully leveraging overhead costs. Overheads as a percent of revenue declined 60 basis points in 2012, despite significant investments in sales. As a result, operating margins are also expanding. Our Adjusted Operating Income Margin[4] was up 70 basis points last year and 110 basis points since 2010.

By keeping a firm grasp on overheads, together with higher gross margins, we generate the fuel needed to sustain our growth. We increased our spending on advertising and consumer support by 9 percent last year to 9.4 percent of revenue.

In addition, we delivered these strong results while successfully integrating Cadbury. We generated about $800 million of cost synergies through the end of 2012. This is above our original target of $750 million. The Cadbury acquisition is also delivering on its growth promise. To date, we ve generated about $700 million in incremental revenue. All in all, we remain on track to reach our target of $1 billion in revenue synergies by the end of 2013, with roughly two-thirds coming from developing markets.

Generating Strong Cash Flow, Returning Cash to Shareholders, Improving ROIC

We expect to generate about $4 billion of free cash flow[5] over the next two years. This will fund the cash impact of our 2012-2014 Restructuring Program as well as provide cash to pay dividends; leaving approximately $1 billion available for deployment over the next two years.

This is how we plan to use this cash:

Our first priority will be to reinvest in the business to drive top-tier growth. To support this growth, we plan to increase capital investments to approximately 5 percent of net revenues in 2013 and 2014, focusing on expanding capacity in developing markets.

Second, we ll explore opportunities for tack-on acquisitions. In particular, we ll look for opportunities in developing markets where we can gain additional scale in our categories or distribution capabilities.

Third, we ll look to return capital to shareholders in the form of dividends and/or share buybacks. The current annual dividend of $0.52 per share will increase over time at a lower rate than EPS growth, but with a dividend payout ratio that would not fall below 30 percent. In March 2013, our board authorized a three-year share repurchase program to offset dilution from stock options.

Fourth, we ll use our cash to pay down debt to maintain financial flexibility.

Finally, we re committed to a steady improvement in return on invested capital, targeting an increase of 30 to 50 basis points per year. Double-digit earnings growth and tight management of working capital and capital expenditures will drive the improvement.

(3) Please see discussion of non-GAAP financial measures on Exhibit A.
(4) Reported Operating Income Margin was 7.9% in FY 2010; 9.8% in 2011; and 10.4% in FY 2012. Please see discussion of non-GAAP financial measures on Exhibit A.
(5) Free Cash Flow: cash flow from operations less capital expenditures adding back cash payments (net of tax benefits) associated with 2012-2014 Restructuring Program expenditures

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Protecting the Well-Being of Our Planet

From investing in sustainable agriculture to eliminating waste and promoting healthy lifestyles, we continue to evolve the way we do business to reduce our environmental impact and enhance our contributions to society, while delivering outstanding financial performance.

Since October 2012, we ve committed $600 million over 10 years through our *Cocoa Life* and *Coffee Made Happy* initiatives to build sustainable supplies and thriving communities to benefit millions of people in the developing world.

Coffee Made Happy is designed to help the next generation of farmers inspiring, training and building capacity to improve their livelihoods and attract new generations back to the small-scale farming sector. Through this initiative, we ll invest a minimum of $200 million to empower one million farming entrepreneurs in Vietnam, Peru and other important coffee markets by 2020.

Cocoa Life is our largest, most comprehensive cocoa sustainability effort to date. As the world s largest chocolate company, we ll invest $400 million over the next 10 years to improve the livelihoods and living conditions of more 200,000 cocoa farmers and about one million people in cocoa-farming communities.

We also remain committed to building community partnerships that empower people with the healthy habits to achieve holistic well-being. Over the last 25 years, we ve contributed more than $1 billion in cash and food to charitable organizations around the world. And, through our Mondelēz International Foundation, we re completing our $180 million pledge to ramp up physical activity for children and their families, while securing more fresh foods through local agriculture and better nutrition education.

To make the biggest impact possible, we work with leading non-governmental organizations, such as INMED Partnerships for Children in Brazil, Charities Aid Federation in Russia and Klasse 2000 in Germany, as well as Helen Keller International and Save the Children in Southeast Asia.

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Bullish about the Future

In sum, we re well-positioned for sustainable, profitable growth. We have an advantaged geographic footprint; an enviable portfolio of iconic brands; strong innovation platforms; a virtuous cycle in every geography; a long runway of future growth opportunities; and strong cash flow.

As a result, I m bullish on the future and the ability of our 110,000 employees around the world to deliver top-tier financial results.

Thank you for your continuing support.

Best regards,

Forward-Looking Statements

This letter to shareholders contains a number of forward-looking statements. Words, and variations of words, such as expect, goals, plans, continue, may, will, and similar expressions are intended to identify our forward-looking statements, including but not limited to, sustainable and profitable growth; our ability to take advantage of growth opportunities; our products future revenues; our pipeline of innovation platforms; our routes to market; our ability to execute our strategies; Cadbury revenue synergies; future cash flows and uses of cash; improvement in return on invested capital; plans for protecting the well-being of our planet; and our being bullish on the future. These forward-looking statements involve risks and uncertainties, many of which are beyond our control, and important factors that could cause actual results to differ materially from those in the forward-looking statements include, but are not limited to, continued volatility of commodity and other input costs, pricing actions, increased competition, our ability to differentiate our products from retailer brands, increased costs of sales, regulatory or legal restrictions, actions or delays, a shift in our product mix to lower margin offerings, private label, risks from operating globally, continued consumer weakness, weakness in economic conditions, our labor force 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 and subsequent reports on Forms 10-Q and 8-K. We disclaim and do not undertake any obligation to update or revise any forward-looking statement in this letter to shareholders, except as required by applicable law or regulation.

MONDELĒZ INTERNATIONAL, INC.

Three Parkway North

Deerfield, Illinois 60015

NOTICE OF 2013 ANNUAL MEETING OF SHAREHOLDERS

TIME AND DATE:	9:00 a.m. CDT on Tuesday, May 21, 2013.
PLACE: 9501 Skokie Boulevard Skokie, Illinois 60077	North Shore Center for the Performing Arts in Skokie
ITEMS OF BUSINESS:	(1) To elect the 11 directors named in the Proxy Statement;
	(2) To hold an advisory vote to approve executive compensation;
	(3) To ratify the selection of PricewaterhouseCoopers LLP as our independent auditors for the fiscal year ending December 31, 2013;
	(4) To vote on two shareholder proposals if properly presented at the meeting; and
	(5) To transact any other business properly presented at the meeting.
WHO MAY VOTE:	Shareholders of record at the close of business on March 15, 2013.
DATE OF DISTRIBUTION:	We mailed our Notice of Internet Availability of Proxy Materials on or about April 3, 2013. For shareholders who previously elected to receive a paper copy of the proxy materials, we mailed the Proxy Statement, our Annual Report on Form 10-K for the year

ended December 31, 2012 and the proxy card on or about April 3, 2013.

Carol J. Ward

Vice President and Corporate Secretary

April 3, 2013

IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS FOR THE ANNUAL MEETING OF SHAREHOLDERS

TO BE HELD ON MAY 21, 2013

Mondelēz International, Inc. s Proxy Statement and Annual Report on Form 10-K

are available at *http://materials.proxyvote.com/609207.*

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PROXY STATEMENT SUMMARY

This summary highlights information contained elsewhere in this Proxy Statement. This summary does not contain all of the information that you should consider, and you should read the entire Proxy Statement carefully before voting.

ANNUAL MEETING OF SHAREHOLDERS

Time and Date	9:00 a.m. CDT on Tuesday, May 21, 2013
Place	North Shore Center for the Performing Arts in Skokie 9501 Skokie Boulevard Skokie, Illinois 60077
Record Date	March 15, 2013
Voting	Each share is entitled to one vote on each matter to be voted upon at the Annual Meeting.
Admission	You must register in advance in order to attend the Annual Meeting. Please follow the advance registration instructions described in Question 24 on pages 109-110 of this Proxy Statement.

VOTING ITEMS

Item		**Board Recommendation**	**Page Reference**
Item 1	Election of Directors	FOR ALL NOMINEES	4
Item 2	Advisory Vote to Approve Executive Compensation	FOR	96
Item 3	Ratification of PricewaterhouseCoopers LLP as Auditors for 2013	FOR	98
Item 4	Shareholder Proposal: Report on Extended Producer Responsibility	AGAINST	99
Item 5	Shareholder Proposal: Sustainability Report on Gender Equality in the Company s Supply Chain	AGAINST	101

Transact any other business that properly comes before the meeting.

DIRECTOR NOMINEES

					Board Committees		
Name	**Age**	**Director Since**	**Description**	**Independent**	**Audit***	**HRCC***	**GMPAC***
Stephen F. Bollenbach	70	Oct. 2012		Yes		X	X

			Former Co-Chairman and CEO, Hilton Hotels Corporation				
Lewis W.K. Booth	64	Oct. 2012	Former Executive Vice President and Chief Financial Officer, Ford Motor Company	Yes	X		
Lois D. Juliber	64	2007	Former Vice Chairman and COO, Colgate-Palmolive Company	Yes		Chair	X
Mark D. Ketchum	63	2007	Former President and CEO, Newell Rubbermaid Inc.	Yes (Lead Director)		X	Chair
Jorge S. Mesquita	51	May 2012	Group President New Business Creation and Innovation and Pet Care, The Procter & Gamble Company	Yes	X		
Fredric G. Reynolds	62	2007	Former Executive Vice President and CFO, CBS Corporation	Yes	Chair		

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Name	Age	Director Since	Description	Independent	Board Committees Audit*	HRCC*	GMPAC*
Irene B. Rosenfeld	59	2006	Chairman and CEO, Mondelēz International, Inc.	No			
Patrick T. Siewert	57	Oct. 2012	Managing Director, The Carlyle Group, L.P.	Yes	X		
Ruth J. Simmons	67	Oct. 2012	President Emerita, Brown University	Yes		X	X
Ratan N. Tata	75	New Nominee	Chairman of the Tata Trusts	Yes			
Jean-François M. L. van Boxmeer	51	2010	Chairman and CEO, Heineken N.V.	Yes		X	X

* Audit Audit Committee; HRCC Human Resources and Compensation Committee; GMPAC Governance, Membership and Public Affairs Committee

EXECUTIVE COMPENSATION

We believe that our executive compensation program is strongly aligned with delivering sustainable top-tier performance and reflects competitive practices for executive compensation. The program is designed to: attract, retain and motivate talented executive officers and develop world-class business leaders; support business strategies that promote superior long-term shareholder returns; align pay and performance by making a significant portion of our Named Executive Officers and other executive officers compensation dependent on achieving financial and other critical strategic and individual goals; and align our executive officers and shareholders interests through stock ownership guidelines, equity-based incentive awards and other long-term incentive awards that link executive compensation to sustained and superior Total Shareholder Return.

The objectives described above are encouraged by basing a significant portion of total compensation for our Chief Executive Officer and our other Named Executive Officers on achieving and sustaining exceptional short-term and long-term performance results. Each Named Executive Officer s compensation mix reflects a significant bias toward long-term incentives, and each long-term incentive vehicle is equity-based, and therefore directly tied to the Company s share price and shareholder returns. Further, approximately half of annual long-term incentive opportunities granted to each Named Executive Officer is granted in the form of performance shares that can be earned, if at all, based upon the satisfaction of performance goals.

Our Named Executive Officers are those individuals who served as our Chief Executive Officer and Chief Financial Officer during 2012 and our three other most highly compensated officers. In addition, two of our former executives who moved to Kraft Foods Group, Inc. after the Kraft Foods Group Spin-Off are considered our Named Executive Officers for 2012. Please read Compensation Discussion and Analysis beginning on page 34 and Executive Compensation Tables beginning on page 75 for additional details about our executive compensation programs, including information about our Named Executive Officers fiscal year 2012 compensation.

AUDITORS

As a matter of good governance, we are asking our shareholders to ratify the Audit Committee s selection of PricewaterhouseCoopers as our independent auditors for 2013. We provide information on fees billed by PwC in 2012 and 2011 on page 28 of this Proxy Statement.

SHAREHOLDER PROPOSALS

In accordance with SEC rules, we include in this Proxy Statement two shareholder proposals (Items 4 and 5). The Board recommends that you vote AGAINST each of these proposals for the reasons we set forth following each proposal.

FREQUENTLY ASKED QUESTIONS

We provide answers to many frequently asked questions about the annual meeting and voting, including how to vote shares held in employee benefit plans, in the **Q&A section beginning on page 103 of this Proxy Statement.**