

BCTGM Presentation

Retirement Benefits



Our Objectives In Offering Retirement Plans

- Maintain a competitive position with respect to retirement benefits
- Continue to promote retirement benefits as a key component in attracting and retaining employees

The Case for Action

Current B&C Plan Status

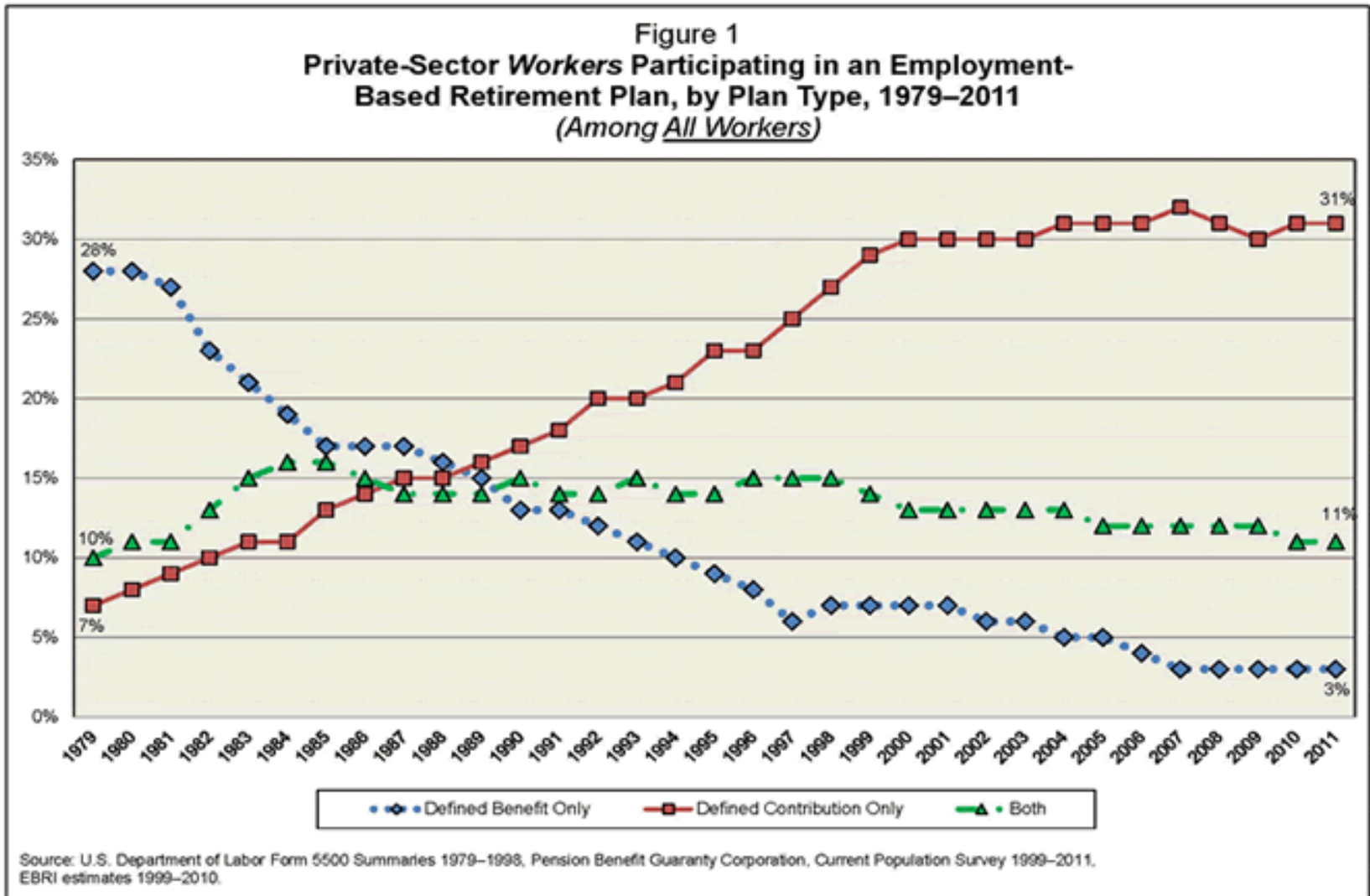
- The B&C Pension Fund was certified to be in “Critical and Declining” status for 2015, based on projection of insolvency within 17 years
 - The Fund’s actuary reported a funded percentage of 62.8% at the beginning of 2015
- A 10% surcharge – of approximately \$2.3 million per year – has already been imposed on the standard contribution rates Mondelez pays to the Fund
- Due to the severely underfunded status of the plan, Fund Trustees have adopted a “Rehabilitation Plan” that increases contribution rates and reduces or eliminates certain benefits
 - Future benefit accrual rates have been reduced
 - Certain subsidies and optional payment forms have been eliminated
- Government has recently given trustees the authority to initiate a future suspension of benefits or a reduction of benefits already earned

Retirement Plan Trends

- Fewer Defined Benefit (DB) retirement plans offered
 - In 1979, 28% of private sector workers had access to a DB plan
 - In 2011, only 3% of private sector workers had access to a DB plan
 - Many DB plans have been frozen
- Employees Change Jobs More Often
 - Most employees no longer remain with one employer for full career, staying an average of 4.6 years, according to the Bureau of Labor Statistics
 - Shorter tenure employees are better served with Defined Contribution (DC) retirement plan features
- Multiemployer plans are not meeting the needs of employees
 - Benefits are getting cut; plans are underfunded

Pension Trends

The Shift from DB to DC Retirement Plans



B&C Pension Fund

Current Plan Provisions

- The currently negotiated benefit for Mondelēz employees from the B&C Pension Fund benefit is a monthly annuity equivalent to \$76 per year of service starting at age 65 (with at least 15 years of service)
 - At “\$1,900 Benefit Level” applicable to Mondelēz, a participant retiring at age 65 with 25 years of pension credit would receive \$1,900 per month ($\$1,900 / 25 = \76 per year of pension credit)
 - An additional \$200 toward the monthly annuity applies to certain participants with service in 1990 or 1991
- Pension is generally reduced if payment begins prior to age 65
 - *Examples:* 6% reduction at age 64; 60% reduction at age 55
- Golden 80: Pension is not reduced if payment begins prior to age 65 and participant’s age plus service equals 80 or more (with 15 years of service)

Our Proposed Retirement Program

- Withdraw from current B&C Pension Fund
 - The company will meet its financial obligations to the Fund and begin making withdrawal payments when the Fund finalizes the calculations
- Immediately begin contributing to a DC savings plan for all active employees

New Proposed Plan Design

- ✓ No employee contribution required – all funded by the company
- ✓ Designed to give employees same level of retirement benefit
- ✓ Employees can contribute and receive matching funds from company
- ✓ Plan designed to protect employees for changes to their current pension
 - Contributions to adjust for decreases in the current B&C Fund benefit level
 - Additional contributions for recent hires not yet vested in the B&C Fund
 - Further contributions for employees close to Golden 80 eligibility
- ✓ Current Employees would have two retirement plans at retirement (BCTGM Pension for service already earned + New Plan benefits for service after the change)
- ✓ New hires would be eligible for a savings plan

Proposed DC Plan

Overview of Plan Provisions

- DESIGN:

- Company contribution amounts designed to provide retirement income comparable in value to the current B&C Pension Fund benefit at retirement
- No employee contributions required
- Offers additional protection to cover changes to the current B&C Fund benefit
 - Compensates for the decrease in the B&C Fund monthly benefit level that would occur upon exiting the plan
 - Protects employees who are currently eligible for or would become eligible for unreduced retirement (Golden 80) benefits within 5 years
 - Protects employees who are not yet vested in their B&C Pension Fund benefit
- Benefits are payable as a lump sum of the full amount of a participant's account balance at the time of distribution or through installment payments
- Weekly contributions into a DC savings plan
- Permits participant wage deferrals, and all participant contributions are immediately vested – company continues to match deferrals up to 6% of wages at 25¢ for each \$1 deferred
- Employer contributions for the new design are subject to a two-year vesting period

- FUNDING:

- Each dollar Mondelez contributes goes directly into a BCTGM-represented employee's account
- Participants control their investments within a range of available options, similar to the 401(k) plan

Retirement Plan Comparison

Defined Benefit vs. Defined Contribution

B&C Pension Fund Your Current Plan	Proposed DC Savings Plan The Mondelēz Plan
<p>The B&C Pension Fund is a Defined Benefit (DB) plan. With DB plans:</p> <ul style="list-style-type: none"> • Benefits are generally paid as annuities – and are only available after retirement • Benefits may be <u>reduced</u> if payments begin before normal retirement age and/or if paid in a form other than a 36-month guarantee annuity • Benefits already earned can be <u>reduced</u> in poorly funded or insolvent multiemployer plans – like the B&C Pension Fund • There are limits to what the Pension Benefit Guarantee Corporation (PBGC) will protect. • Employees vest in plan in five years 	<p>The proposed DC Savings plan is a Defined Contribution plan. With DC plans:</p> <ul style="list-style-type: none"> • Benefits are typically paid as lump sums, but other distribution options available • Contribution amounts are defined under the plan and paid into participants' accounts each year • Retirement benefits vary based on market performance • Employee has control over management of investments and post-retirement cash flow • Account balance is portable • Employer contributions vest in two years.

Proposal Details

Schedules of company contributions under the new design are shown below:

Age	Non-Grandfathered Group			Grandfathered Group (employees who could reach Golden 80 within 5 years of bargain out date)			If Eligible for Supplemental Transition
	Basic Annual Contribution	Transition for B&C Fund Decrease in Benefit Rate*	Vesting Make- Up for Current Non-Vested Employees	Basic Annual Contribution	Transition for B&C Fund Decrease in Benefit Rate*	Grandfathered Transition for Each of First 5 Years	Transition for Each of First 5 Years
20-24	\$500	-	One-time contribution = Basic Annual Contribution rate x YOS at bargain out date	-	-	Amount below x YOS at bargain out date	
25-29	\$750	\$23		-	-		
30-34	\$1,100	\$32		-	-		
35-39	\$1,500	\$45		-	-		
40-44	\$2,000	\$63		-	-		
45-49	\$3,000	\$88		\$3,750	\$85	\$300	\$700
50-54	\$4,000	\$124		\$5,000	\$120	\$400	\$975
55-59	\$6,250	\$174		\$7,500	\$168	\$500	\$1,350
60+	\$9,000	\$244		\$9,000	\$235	\$500	\$1,650

- Basic annual contributions are based on the employee's age at the time of the contribution
 - The annual contribution rate will be converted into \$ per hour worked (including vacation, holiday, sick time, etc.)
- The one-time vesting make-up applies to employees who are not yet vested in their B&C Fund benefit and would be payable upon completion of 5 years of service
- The transition benefit for the decrease in the B&C Fund benefit rate (*) that would occur on exiting the plan is the rate shown multiplied by years of service at the bargain out date [Note: Sample rates shown for lowest age in each range]
 - The contribution would be paid to members vested in their B&C Fund benefits upon the effective date of the new plan and on each of the following 4 anniversaries of the effective date
- The transition benefit for the Grandfathered employees would be paid upon the effective date of the new plan and on each of the following 4 anniversaries of the effective date
- The supplemental transition benefit is for those who worked at least 3 months between 1/1/1990 and 7/1/1991 and are eligible for the supplemental benefit under the B&C Fund, based on employee's age at the new plan effective date

Our Proposed Plan – How it Works

Sample Retirement Comparison: Age 35 With 5 Years B&C Pension Fund versus Proposed DC Plan

Age	Service	Annual Accrued B&C Pension Fund Benefit Payable at 65	Mondelēz Provided Account	Investment Return on Account Balance at 7% / Year	Annual Contribution	Restoration Contribution
35	5	\$4,560	\$0	\$0	\$1,500	\$240
36	6	\$5,472	\$1,740	\$122	\$1,500	\$240
37	7	\$6,384	\$3,602	\$252	\$1,500	\$240
38	8	\$7,296	\$5,594	\$392	\$1,500	\$240
39	9	\$8,208	\$7,726	\$541	\$1,500	\$240
40	10	\$9,120	\$10,007	\$700	\$2,000	\$0
41	11	\$10,032	\$12,707	\$889	\$2,000	\$0
42	12	\$10,944	\$15,596	\$1,092	\$2,000	\$0
43	13	\$11,856	\$18,688	\$1,308	\$2,000	\$0
44	14	\$12,768	\$21,996	\$1,540	\$2,000	\$0
45	15	\$13,680	\$25,536	\$1,788	\$3,000	\$0
46	16	\$14,592	\$30,324	\$2,123	\$3,000	\$0
47	17	\$15,504	\$35,447	\$2,481	\$3,000	\$0
48	18	\$16,416	\$40,928	\$2,865	\$3,000	\$0
49	19	\$17,328	\$46,793	\$3,276	\$3,000	\$0
50	20	\$18,240	\$53,069	\$3,715	\$4,000	\$0

\$768 = \$64 x 12: annual pension benefit accrued per year of service in the B&C Pension Fund.



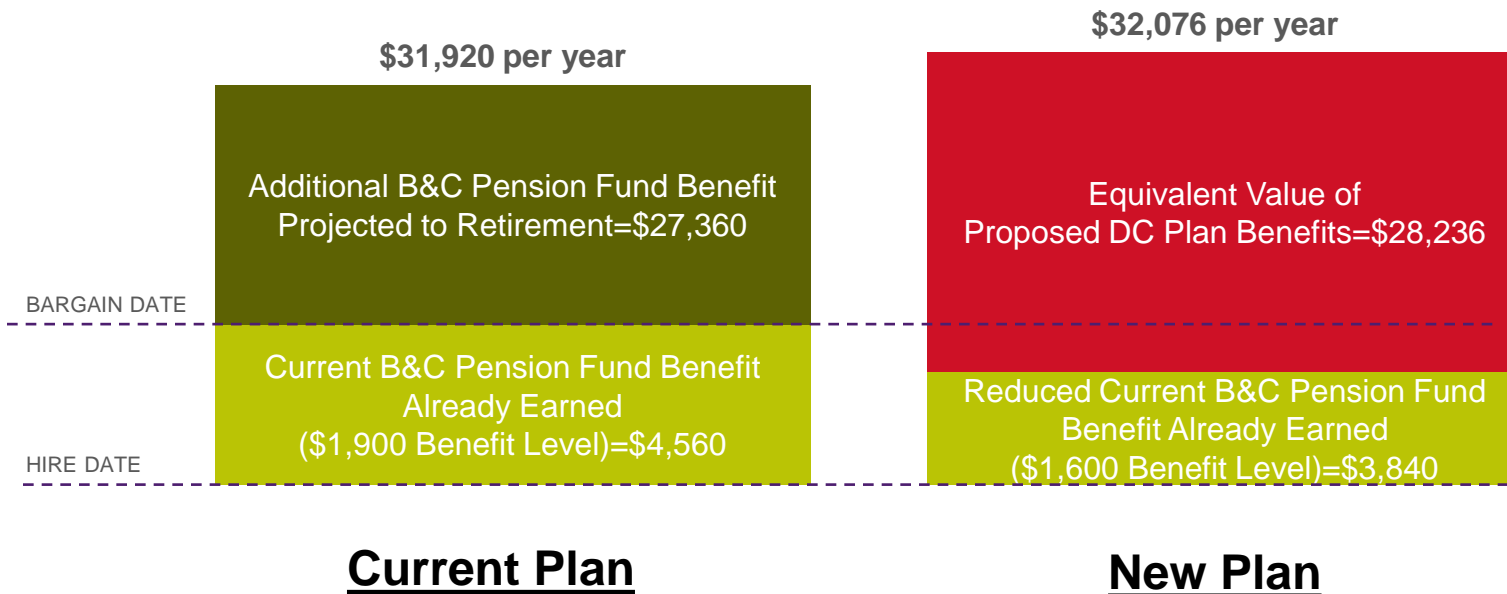
Accrued B&C Pension Fund Benefit (\$768 x 5)	\$3,840
DC Plan Benefit	+ \$28,236
New Plan Total Benefit At Retirement	\$32,076

Age	Service	Annual Accrued B&C Pension Fund Benefit Payable at 65	Mondelēz Provided Account	Investment Return on Account Balance at 7% / Year	Annual Contribution	Restoration Contribution
51	21	\$19,152	\$60,784	\$4,255	\$4,000	\$0
52	22	\$20,064	\$69,039	\$4,833	\$4,000	\$0
53	23	\$20,976	\$77,872	\$5,451	\$4,000	\$0
54	24	\$21,888	\$87,323	\$6,113	\$4,000	\$0
55	25	\$22,800	\$97,436	\$6,821	\$6,250	\$0
56	26	\$23,712	\$110,507	\$7,735	\$6,250	\$0
57	27	\$24,624	\$124,492	\$8,714	\$6,250	\$0
58	28	\$25,536	\$139,456	\$9,762	\$6,250	\$0
59	29	\$26,448	\$155,468	\$10,883	\$6,250	\$0
60	30	\$27,360	\$172,601	\$12,082	\$9,000	\$0
61	31	\$28,272	\$193,683	\$13,558	\$9,000	\$0
62	32	\$29,184	\$216,241	\$15,137	\$9,000	\$0
63	33	\$30,096	\$240,378	\$16,826	\$9,000	\$0
64	34	\$31,008	\$266,204	\$18,634	\$9,000	\$0
65	35	\$31,920	\$293,838			

Old Plan: Benefit amount BCTGM-represented employees would be eligible to receive at retirement in the B&C Pension Fund. Compare this \$31,920 to the **Total Benefit** in the table below.

Using standard actuarial methods, the estimated lifetime annuity equivalent of the age 65 account balance is **\$28,236** per year

Sample Retirement Comparison: Age 35 With 5 Years B&C Pension Fund versus Proposed DC Plan, Continued



Sample Retirement Comparison: Age 45 With 25 Years B&C Pension Fund versus Proposed DC Plan

Age	Service	Annual Accrued B&C Pension Fund Benefit Payable at 62	Mondelēz Provided Account	Investment Return on Account Balance at 7%/Year	Basic Annual Contribution	Transition & Restoration Contributions
45	25	\$22,800	\$0	\$0	\$3,750	\$9,775
46	26	\$23,712	\$13,525	\$947	\$3,750	\$9,775
47	27	\$24,624	\$27,997	\$1,960	\$3,750	\$9,775
48	28	\$25,536	\$43,482	\$3,044	\$3,750	\$9,775
49	29	\$26,448	\$60,051	\$4,204	\$3,750	\$9,775
50	30	\$27,360	\$77,780	\$5,445	\$5,000	\$0
51	31	\$28,272	\$88,225	\$6,176	\$5,000	\$0
52	32	\$29,184	\$99,401	\$6,958	\$5,000	\$0
53	33	\$30,096	\$111,359	\$7,795	\$5,000	\$0
54	34	\$31,008	\$124,154	\$8,691	\$5,000	\$0

\$768 = \$64 x 12: annual pension benefit accrued per year of service in the B&C Pension Fund.

Age	Service	Annual Accrued B&C Pension Fund Benefit Payable at 62	Mondelēz Provided Account	Investment Return on Account Balance at 7%/Year	Basic Annual Contribution	Transition & Restoration Contributions
55	35	\$31,920	\$137,845	\$9,649	\$7,500	\$0
56	36	\$32,832	\$154,994	\$10,850	\$7,500	\$0
57	37	\$33,744	\$173,344	\$12,134	\$7,500	\$0
58	38	\$34,656	\$192,978	\$13,508	\$7,500	\$0
59	39	\$35,568	\$213,986	\$14,979	\$7,500	\$0
60	40	\$36,480	\$236,465	\$16,553	\$9,000	\$0
61	41	\$37,392	\$262,018	\$18,341	\$9,000	\$0
62	42	\$38,304	\$289,359			

Old Plan: Benefit amount BCTGM-represented employees would be eligible to receive at retirement in the B&C Pension Fund. Compare this \$38,304 to the **Total Benefit** in the table below.

Accrued B&C Pension Fund Benefit
(\$768 x 25 x .7449)*

\$14,302

DC Plan Benefit

+ \$26,249

New Plan Total Benefit at Retirement

\$40,551

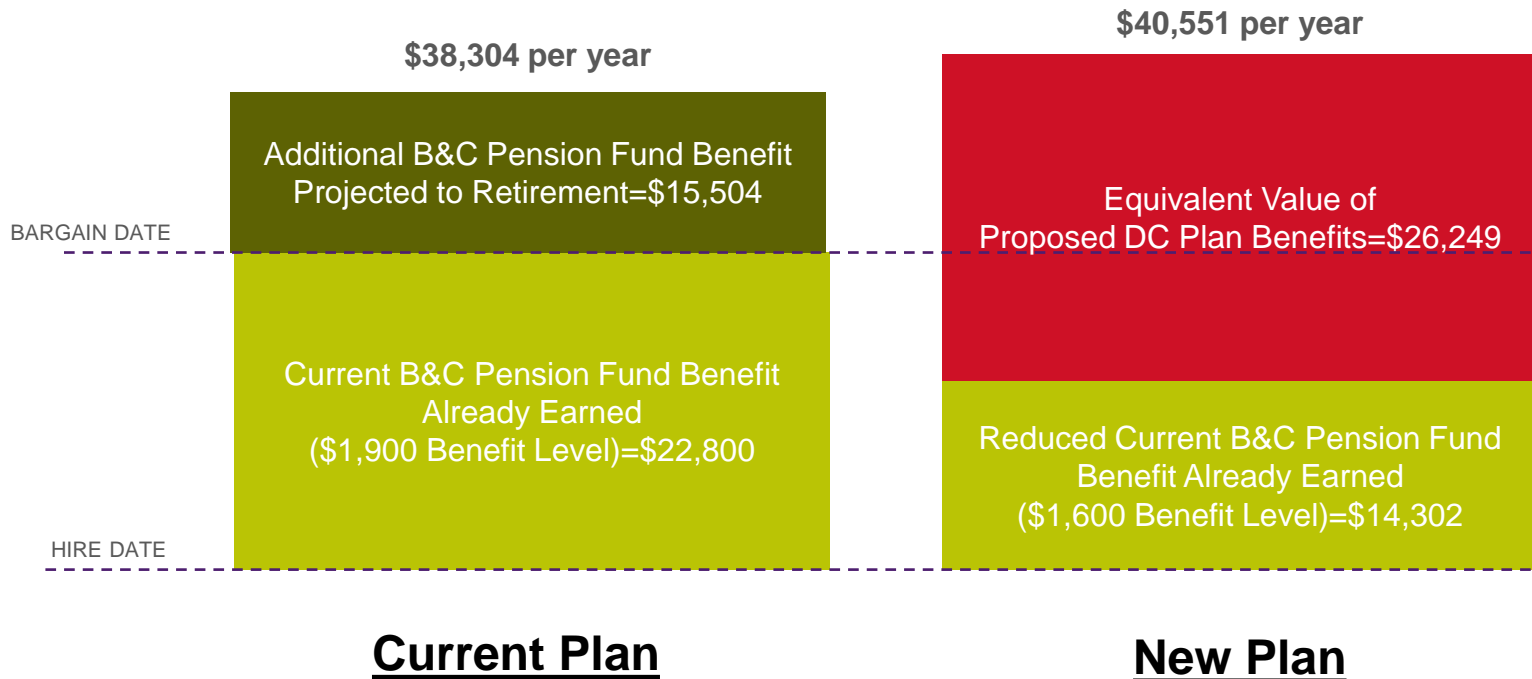
Using standard actuarial methods, the estimated lifetime annuity equivalent of the age 62 account balance is **\$26,249** per year



* Frozen accrued B&C fund benefit at \$1,600 Benefit Level is subject to reduction for retirement before age 65 if Mondelēz withdraws from the plan.



Sample Retirement Comparison: Age 45 With 25 Years B&C Pension Fund versus Proposed DC Plan, Continued



Sample Retirement Comparison: Age 55 With 25 Years B&C Pension Fund versus Proposed DC Plan

Age	Service	Annual Accrued B&C Pension Fund Benefit Payable at 62	Mondelēz Provided Account	Investment Return on Account Balance at 7%/Year	Basic Annual Contribution	Transition & Restoration Contributions
55	25	\$22,800	\$0	\$0	\$7,500	\$17,000
56	26	\$23,712	\$24,500	\$1,715	\$7,500	\$17,000
57	27	\$24,624	\$50,715	\$3,550	\$7,500	\$17,000
58	28	\$25,536	\$78,765	\$5,514	\$7,500	\$17,000

Age	Service	Annual Accrued B&C Pension Fund Benefit Payable at 62	Mondelēz Provided Account	Investment Return on Account Balance at 7%/Year	Basic Annual Contribution	Transition & Restoration Contributions
59	29	\$26,448	\$108,779	\$7,615	\$7,500	\$17,000
60	30	\$27,360	\$140,894	\$9,863	\$9,000	\$0
61	31	\$28,272	\$159,757	\$11,183	\$9,000	\$0
62	32	\$29,184	\$179,940			

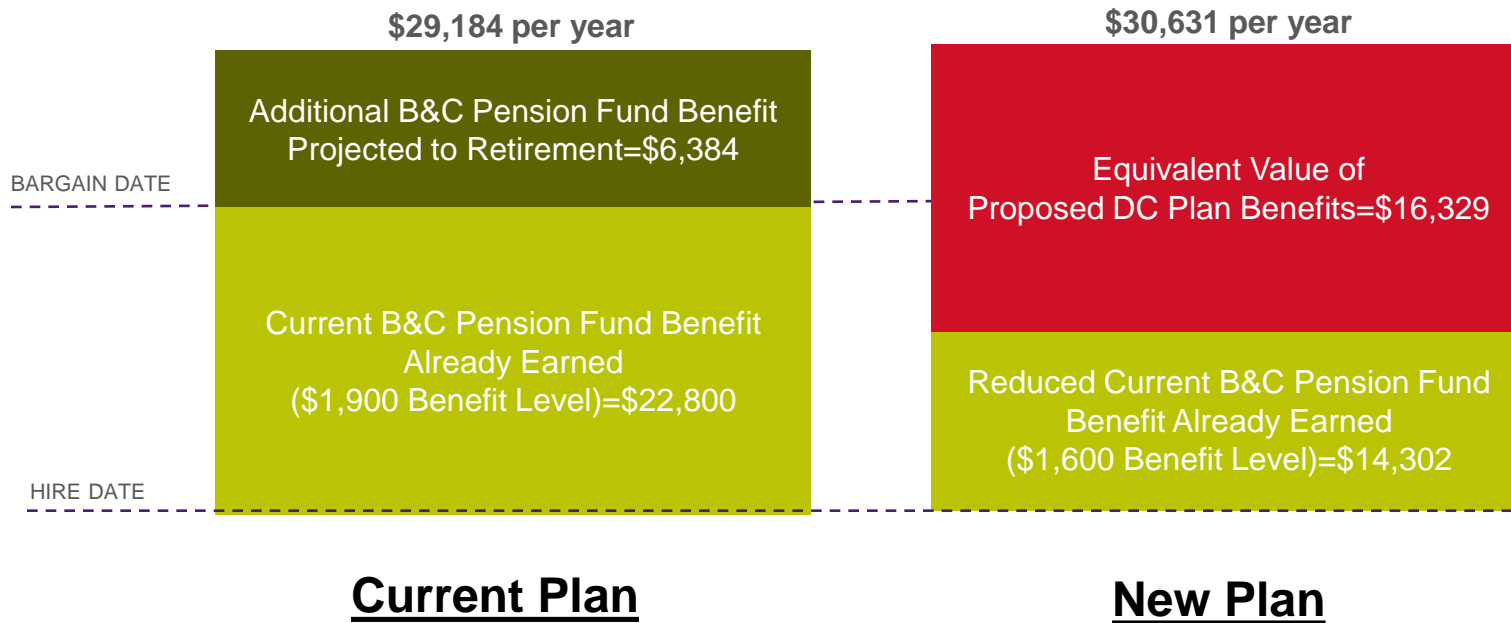
\$768 = \$64 x 12: annual pension benefit accrued per year of service in the B&C Pension Fund.

Old Plan: Benefit amount BCTGM-represented employees would be eligible to receive at retirement in the B&C Pension Fund. Compare this \$29,184 to the **Total Benefit** in the table below.

Accrued B&C Pension Fund Benefit (\$768 x 25 x .7449)*	\$14,302
DC Plan Benefit	+ \$16,329
New Plan Total Benefit at Retirement	\$30,631

Using standard actuarial methods, the estimated lifetime annuity equivalent of the age 62 account balance is **\$16,329** per year

Sample Retirement Comparison: Age 55 With 25 Years B&C Pension Fund versus Proposed DC Plan, Continued



Retirement Plan Comparison

What happens when...

What happens when...	DB Plan	DC Plan
...the employee leaves Mondelēz before retirement?	Employees cannot receive benefits until at least age 55. Benefits reduced if paid before age 65.	Account Balance paid out. Rollover available to avoid immediate taxation.
...the employee dies before becoming eligible to retire?	50% benefit payable to spouse (ends with his or her death), or to beneficiary if single (payable for 3 years). Spouse must wait until the employee would have turned 55. Benefits reduced if paid before employee's age 65.	100% of the account balance paid out to named beneficiary. Any remainder paid to heirs of beneficiary.
...the employee want choices when he or she retires?	An annuity is the only option. Only flexibility is to defer receipt.	Various options, including lump sum or installment payments.
...the employee dies after retirement?	If elected at retirement, continuing benefit to the employee's spouse or beneficiary based on percentage elected. Benefit ends with his or her death.	Same as if death occurs before retirement – 100% of the account balance paid to named beneficiary.