

# Peltz Joins Mondelez Board, Backs Off PepsiCo Deal

CANDICE CHOI, AP Food Industry Writer

NEW YORK (AP) — Activist investor Nelson Peltz is no longer pushing for PepsiCo to buy Mondelez and create a global snack foods giant, after Mondelez on Tuesday named him to its board of directors.

Mondelez, which makes Oreo and Chips Ahoy cookies, says the appointment expands its board to 12 members and that Peltz will be among its nominees for election at its shareholders meeting.

Peltz, a founding partner of Trian Fund Management, had criticized the company's performance since it split from Kraft Foods in October of 2012. In a white paper issued this summer, Trian had also laid out various scenarios it wanted PepsiCo Inc. to pursue. "Alternative A" proposed that PepsiCo spin off its beverage unit and merge its Frito-Lay snacks business with Mondelez. "Alternative B" focused on PepsiCo splitting up its beverage and snacks business.

"Given that Pepsi's not interested in Plan A, we are encouraging them to pursue Plan B," said Anne Tarbell, a spokeswoman for Trian.

PepsiCo CEO Indra Nooyi has rebuffed the suggestion in the past, repeatedly stressing the value of a combined snack and beverage company. In the meantime, the company has nevertheless been reviewing a restructuring of its struggling North American beverage business, with plans to issue an update in February.

A spokesman for PepsiCo, based in Purchase, New York, declined to comment.

In a note to investors, JPMorgan analyst Ken Goldman said he thinks Mondelez added Peltz to its board to avoid a proxy fight.

He said Mondelez CEO Irene Rosenfeld handled the situation well; given the company's disappointing performance, she and other directors theoretically could have been "voted off the island" after a proxy fight.

"On the other hand, many investors with whom we have spoken in recent months hoped Trian and its associates would command more than one seat," Goldman wrote.

As one of Mondelez's largest shareholders, Peltz said Trian sees "enormous opportunities in the company's portfolio of strong global brands."

Mondelez, based in Deerfield, Illinois, also makes Cadbury chocolates, Trident gum and Ritz crackers. The company split with Kraft so that each could focus on a more

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Published on Food Manufacturing (<http://www.foodmanufacturing.com>)

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targeted stable of products. Mondelez took global snack brands, while Kraft took North American supermarket staples such as Miracle Whip, Jell-O and Oscar Mayer.

Shares of Mondelez slipped fell 3 percent at \$34.13. PepsiCo shares edged up 21 cents to \$82.41.

**Source URL (retrieved on 04/21/2015 - 6:42am):**

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