Form 5500-SF

Department of the Treasury
Internal Revenue Service

Department of Labor
Employee Benefits Security Administration

Pension Benefit Guaranty Corporation

Short Form Annual Return/Report of Small Employee Benefit Plan

This form is required to be filed under sections 104 and 4065 of the Employee Retirement Income Security Act of 1974 (ERISA), and sections 6057(b) and 6058(a) of the Internal Revenue Code (the Code).

▶ **Complete all entries in accordance with the instructions to the Form 5500-SF.**

OMB Nos. 1210-0110
1210-0089

2012

This Form is Open to Public Inspection

Part I Annual Report Identification Information

For calendar plan year 2012 or fiscal plan year beginning 01/01/2012 and ending 12/31/2012

A This return/report is for: [X] a single-employer plan [ ] a multiple-employer plan (not multiemployer) [ ] a one-participant plan

B This return/report is: [ ] the first return/report [X] the final return/report
[ ] an amended return/report [ ] a short plan year return/report (less than 12 months)

C Check box if filing under: [X] Form 5558 [ ] automatic extension [ ] DFVC program
[ ] special extension (enter description)

Part II Basic Plan Information—enter all requested information

1a Name of plan
CASH BALANCE RETIREMENT PLAN

1b Three-digit plan number (PN) ▶ 010

1c Effective date of plan 02/23/1990

2a Plan sponsor's name and address; include room or suite number (employer, if for a single-employer plan)
NESTLE USA, INC.

30003 BAINBRIDGE RD
SOLON, OH 44139-2205

2b Employer Identification Number (EIN) 95-1572209

2c Sponsor's telephone number 440-349-5757

2d Business code (see instructions) 311900

3a Plan administrator's name and address [X] Same as Plan Sponsor Name [ ] Same as Plan Sponsor Address

3b Administrator's EIN

3c Administrator's telephone number

4 If the name and/or EIN of the plan sponsor has changed since the last return/report filed for this plan, enter the name, EIN, and the plan number from the last return/report.
a Sponsor's name

4b EIN

4c PN

5a Total number of participants at the beginning of the plan year	**5a**	53
b Total number of participants at the end of the plan year	**5b**	0
c Number of participants with account balances as of the end of the plan year (defined benefit plans do not complete this item)	**5c**	

6a Were all of the plan's assets during the plan year invested in eligible assets? (See instructions.) [X] Yes [ ] No

b Are you claiming a waiver of the annual examination and report of an independent qualified public accountant (IQPA) under 29 CFR 2520.104-46? (See instructions on waiver eligibility and conditions.) [X] Yes [ ] No

If you answered "No" to either line 6a or line 6b, the plan cannot use Form 5500-SF and must instead use Form 5500.

Caution: A penalty for the late or incomplete filing of this return/report will be assessed unless reasonable cause is established.

Under penalties of perjury and other penalties set forth in the instructions, I declare that I have examined this return/report, including, if applicable, a Schedule SB or Schedule MB completed and signed by an enrolled actuary, as well as the electronic version of this return/report, and to the best of my knowledge and belief, it is true, correct, and complete.

SIGN HERE	Filed with authorized/valid electronic signature.	10/10/2013	SHARON M. STRASSHOFER
	Signature of plan administrator	Date	Enter name of individual signing as plan administrator
SIGN HERE	Filed with authorized/valid electronic signature.	10/10/2013	RUSSELL W. NISWANDER, F.S.A.
	Signature of employer/plan sponsor	Date	Enter name of individual signing as employer or plan sponsor

Preparer's name (including firm name, if applicable) and address; include room or suite number (optional)

Preparer's telephone number (optional)

Part III Financial Information

7 Plan Assets and Liabilities		(a) Beginning of Year	(b) End of Year
a Total plan assets	7a	4356033	
b Total plan liabilities	7b	0	
c Net plan assets (subtract line 7b from line 7a)	7c	4356033	0
8 Income, Expenses, and Transfers for this Plan Year		**(a) Amount**	**(b) Total**
a Contributions received or receivable from: (1) Employers	8a(1)		
(2) Participants	8a(2)		
(3) Others (including rollovers)	8a(3)		
b Other income (loss)	8b	620129	
c Total income (add lines 8a(1), 8a(2), 8a(3), and 8b)	8c		620129
d Benefits paid (including direct rollovers and insurance premiums to provide benefits)	8d	329510	
e Certain deemed and/or corrective distributions (see instructions)	8e		
f Administrative service providers (salaries, fees, commissions)	8f	74351	
g Other expenses	8g	10985	
h Total expenses (add lines 8d, 8e, 8f, and 8g)	8h		414846
i Net income (loss) (subtract line 8h from line 8c)	8i		205283
j Transfers to (from) the plan (see instructions)	8j	-4561316	

Part IV Plan Characteristics

9a If the plan provides pension benefits, enter the applicable pension feature codes from the List of Plan Characteristic Codes in the instructions:
1C 1G 1I

b If the plan provides welfare benefits, enter the applicable welfare feature codes from the List of Plan Characteristic Codes in the instructions:

Part V Compliance Questions

10 During the plan year:		Yes	No	Amount
a Was there a failure to transmit to the plan any participant contributions within the time period described in 29 CFR 2510.3-102? (See instructions and DOL's Voluntary Fiduciary Correction Program)	10a		X	
b Were there any nonexempt transactions with any party-in-interest? (Do not include transactions reported on line 10a.)	10b		X	
c Was the plan covered by a fidelity bond?	10c	X		20000000
d Did the plan have a loss, whether or not reimbursed by the plan's fidelity bond, that was caused by fraud or dishonesty?	10d		X	
e Were any fees or commissions paid to any brokers, agents, or other persons by an insurance carrier, insurance service or other organization that provides some or all of the benefits under the plan? (See instructions.)	10e		X	
f Has the plan failed to provide any benefit when due under the plan?	10f		X	
g Did the plan have any participant loans? (If "Yes," enter amount as of year end.)	10g		X	
h If this is an individual account plan, was there a blackout period? (See instructions and 29 CFR 2520.101-3.)	10h			
i If 10h was answered "Yes," check the box if you either provided the required notice or one of the exceptions to providing the notice applied under 29 CFR 2520.101-3	10i			

Part VI Pension Funding Compliance

11 Is this a defined benefit plan subject to minimum funding requirements? (If "Yes," see instructions and complete Schedule SB (Form 5500) and line 11a below) — [X] Yes [ ] No

11a Enter the amount from Schedule SB line 39 — **11a**

12 Is this a defined contribution plan subject to the minimum funding requirements of section 412 of the Code or section 302 of ERISA? — [ ] Yes [X] No

(If "Yes," complete line 12a or lines 12b, 12c, 12d, and 12e below, as applicable.)

a If a waiver of the minimum funding standard for a prior year is being amortized in this plan year, see instructions, and enter the date of the letter ruling granting the waiver. Month _____ Day _____ Year _____

If you completed line 12a, complete lines 3, 9, and 10 of Schedule MB (Form 5500), and skip to line 13.

b Enter the minimum required contribution for this plan year — **12b**

c Enter the amount contributed by the employer to the plan for this plan year	**12c**	
d Subtract the amount in line 12c from the amount in line 12b. Enter the result (enter a minus sign to the left of a negative amount)	**12d**	
e Will the minimum funding amount reported on line 12d be met by the funding deadline?		☐ Yes ☐ No ☐ N/A

Part VII Plan Terminations and Transfers of Assets

13a Has a resolution to terminate the plan been adopted in any plan year?		☒ Yes ☐ No
If "Yes," enter the amount of any plan assets that reverted to the employer this year	**13a**	0
b Were all the plan assets distributed to participants or beneficiaries, transferred to another plan, or brought under the control of the PBGC?		☒ Yes ☐ No

c If during this plan year, any assets or liabilities were transferred from this plan to another plan(s), identify the plan(s) to which assets or liabilities were transferred. (See instructions.)

13c(1) Name of plan(s):	**13c(2)** EIN(s)	**13c(3)** PN(s)
NESTLE PENSION PLAN	95-1572209	100

Part VIII Trust Information (optional)

14a Name of trust	**14b** Trust's EIN

SCHEDULE SB (Form 5500)

Department of the Treasury
Internal Revenue Service

Department of Labor
Employee Benefits Security Administration

Pension Benefit Guaranty Corporation

Single-Employer Defined Benefit Plan Actuarial Information

This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA) and section 6059 of the Internal Revenue Code (the Code).

▶ **File as an attachment to Form 5500 or 5500-SF.**

OMB No. 1210-0110

2012

This Form is Open to Public Inspection

For calendar plan year 2012 or fiscal plan year beginning 01/01/2012 and ending 12/31/2012

▶ **Round off amounts to nearest dollar.**

▶ **Caution:** A penalty of $1,000 will be assessed for late filing of this report unless reasonable cause is established.

A Name of plan
CASH BALANCE RETIREMENT PLAN

B Three-digit plan number (PN) ▶ 010

C Plan sponsor's name as shown on line 2a of Form 5500 or 5500-SF
NESTLE USA, INC.

D Employer Identification Number (EIN)
95-1572209

E Type of plan: [X] Single [ ] Multiple-A [ ] Multiple-B

F Prior year plan size: [ ] 100 or fewer [ ] 101-500 [X] More than 500

Part I Basic Information

1 Enter the valuation date: Month 01 Day 01 Year 2012

2	Assets:			
	a Market value		**2a**	4377716
	b Actuarial value		**2b**	4377716
3	Funding target/participant count breakdown:		**(1)** Number of participants	**(2)** Funding Target
	a For retired participants and beneficiaries receiving payment	**3a**	34	2263442
	b For terminated vested participants	**3b**	8	202680
	c For active participants:			
	(1) Non-vested benefits	**3c(1)**		0
	(2) Vested benefits	**3c(2)**		560555
	(3) Total active	**3c(3)**	11	560555
	d Total	**3d**	53	3026677
4	If the plan is in at-risk status, check the box and complete lines (a) and (b) [ ]			
	a Funding target disregarding prescribed at-risk assumptions		**4a**	
	b Funding target reflecting at-risk assumptions, but disregarding transition rule for plans that have been in at-risk status for fewer than five consecutive years and disregarding loading factor		**4b**	
5	Effective interest rate		**5**	6.82 %
6	Target normal cost		**6**	32833

Statement by Enrolled Actuary

To the best of my knowledge, the information supplied in this schedule and accompanying schedules, statements and attachments, if any, is complete and accurate. Each prescribed assumption was applied in accordance with applicable law and regulations. In my opinion, each other assumption is reasonable (taking into account the experience of the plan and reasonable expectations) and such other assumptions, in combination, offer my best estimate of anticipated experience under the plan.

SIGN HERE

Signature of actuary

09/17/2013
Date

THAD SUMMERSETT
Type or print name of actuary

11-07261
Most recent enrollment number

TOWERS WATSON PENNSYLVANIA INC.
Firm name

310-551-5716
Telephone number (including area code)

1925 CENTURY PARK EAST, SUITE 1500
LOS ANGELES, CA 90067-2790
Address of the firm

If the actuary has not fully reflected any regulation or ruling promulgated under the statute in completing this schedule, check the box and see instructions [ ]

Part II Beginning of Year Carryover Prefunding Balances

		(a) Carryover balance	(b) Prefunding balance
7	Balance at beginning of prior year after applicable adjustments (line 13 from prior year)	826967	0
8	Portion elected for use to offset prior year's funding requirement (line 35 from prior year)	32362	0
9	Amount remaining (line 7 minus line 8)	794605	0
10	Interest on line 9 using prior year's actual return of 11.31%	89870	
11	Prior year's excess contributions to be added to prefunding balance:		
	a Present value of excess contributions (line 38a from prior year)		0
	b Interest on (a) using prior year's effective interest rate of 5.68% except as otherwise provided (see instructions)		0
	c Total available at beginning of current plan year to add to prefunding balance		0
	d Portion of (c) to be added to prefunding balance		0
12	Other reductions in balances due to elections or deemed elections	0	0
13	Balance at beginning of current year (line 9 + line 10 + line 11d – line 12)	884475	0

Part III Funding Percentages

14	Funding target attainment percentage	14	115.41 %
15	Adjusted funding target attainment percentage	15	144.63 %
16	Prior year's funding percentage for purposes of determining whether carryover/prefunding balances may be used to reduce current year's funding requirement	16	121.31 %
17	If the current value of the assets of the plan is less than 70 percent of the funding target, enter such percentage	17	%

Part IV Contributions and Liquidity Shortfalls

18 Contributions made to the plan for the plan year by employer(s) and employees:

(a) Date (MM-DD-YYYY)	(b) Amount paid by employer(s)	(c) Amount paid by employees	(a) Date (MM-DD-YYYY)	(b) Amount paid by employer(s)	(c) Amount paid by employees
			Totals ► 18(b)	0	18(c) 0

19	Discounted employer contributions – see instructions for small plan with a valuation date after the beginning of the year:		
	a Contributions allocated toward unpaid minimum required contributions from prior years.	19a	0
	b Contributions made to avoid restrictions adjusted to valuation date	19b	0
	c Contributions allocated toward minimum required contribution for current year adjusted to valuation date	19c	0

20 Quarterly contributions and liquidity shortfalls:

a Did the plan have a "funding shortfall" for the prior year? [X] Yes [ ] No

b If line 20a is "Yes," were required quarterly installments for the current year made in a timely manner? [X] Yes [ ] No

c If line 20a is "Yes," see instructions and complete the following table as applicable:

Liquidity shortfall as of end of quarter of this plan year

(1) 1st	(2) 2nd	(3) 3rd	(4) 4th
0		0	0

Part V Assumptions Used to Determine Funding Target and Target Normal Cost

21 Discount rate:

a Segment rates:

1st segment:	2nd segment:	3rd segment:	
5.54%	6.85%	7.52 %	☐ N/A, full yield curve used

b Applicable month (enter code)	**21b**	0
22 Weighted average retirement age	**22**	59

23 Mortality table(s) (see instructions) ☐ Prescribed - combined ☒ Prescribed - separate ☐ Substitute

Part VI Miscellaneous Items

24 Has a change been made in the non-prescribed actuarial assumptions for the current plan year? If "Yes," see instructions regarding required attachment	☐ Yes	☒ No
25 Has a method change been made for the current plan year? If "Yes," see instructions regarding required attachment	☐ Yes	☒ No
26 Is the plan required to provide a Schedule of Active Participants? If "Yes," see instructions regarding required attachment	☒ Yes	☐ No

27 If the plan is subject to alternative funding rules, enter applicable code and see instructions regarding attachment	**27**	

Part VII Reconciliation of Unpaid Minimum Required Contributions For Prior Years

28 Unpaid minimum required contributions for all prior years	**28**	0
29 Discounted employer contributions allocated toward unpaid minimum required contributions from prior years (line 19a)	**29**	0
30 Remaining amount of unpaid minimum required contributions (line 28 minus line 29)	**30**	0

Part VIII Minimum Required Contribution For Current Year

31 Target normal cost and excess assets (see instructions):

a Target normal cost (line 6)	**31a**	32833
b Excess assets, if applicable, but not greater than line 31a	**31b**	32833

32 Amortization installments:

	Outstanding Balance	Installment
a Net shortfall amortization installment	0	0
b Waiver amortization installment	0	0

33 If a waiver has been approved for this plan year, enter the date of the ruling letter granting the approval (Month _____ Day _____ Year _____) and the waived amount	**33**	
34 Total funding requirement before reflecting carryover/prefunding balances (lines 31a - 31b + 32a + 32b - 33)	**34**	0

	Carryover balance	Prefunding balance	Total balance
35 Balances elected for use to offset funding requirement	0	0	0

36 Additional cash requirement (line 34 minus line 35)	**36**	0
37 Contributions allocated toward minimum required contribution for current year adjusted to valuation date (line 19c)	**37**	0

38 Present value of excess contributions for current year (see instructions)

a Total (excess, if any, of line 37 over line 36)	**38a**	0
b Portion included in line 38a attributable to use of prefunding and funding standard carryover balances	**38b**	0
39 Unpaid minimum required contribution for current year (excess, if any, of line 36 over line 37)	**39**	0
40 Unpaid minimum required contributions for all years	**40**	0

Part IX Pension Funding Relief Under Pension Relief Act of 2010 (See Instructions)

41 If an election was made to use PRA 2010 funding relief for this plan:

a Schedule elected ☐ 2 plus 7 years ☐ 15 years

b Eligible plan year(s) for which the election in line 41a was made ☐ 2008 ☐ 2009 ☐ 2010 ☐ 2011

42 Amount of acceleration adjustment	**42**	
43 Excess installment acceleration amount to be carried over to future plan years	**43**	

Description of Weighted Average Retirement Age

Age	Retirement Rate	1.00 - Retirement Rate	Probability of Remaining Active	Percentage Retiring at Age	Age Times Percentage Retiring
49	0.00%	100.00%	100.00%	0.00%	0.00
50	7.00%	93.00%	93.00%	7.00%	3.50
51	7.00%	93.00%	86.49%	6.51%	3.32
52	7.00%	93.00%	80.44%	6.05%	3.15
53	7.00%	93.00%	74.81%	5.63%	2.98
54	7.00%	93.00%	69.57%	5.24%	2.83
55	7.00%	93.00%	64.70%	4.87%	2.68
56	7.00%	93.00%	60.17%	4.53%	2.54
57	7.00%	93.00%	55.96%	4.21%	2.40
58	7.00%	93.00%	52.04%	3.92%	2.27
59	7.00%	93.00%	48.40%	3.64%	2.15
60	7.00%	93.00%	45.01%	3.39%	2.03
61	7.00%	93.00%	41.86%	3.15%	1.92
62	28.00%	72.00%	30.14%	11.72%	7.27
63	13.00%	87.00%	26.22%	3.92%	2.47
64	14.00%	86.00%	22.55%	3.67%	2.35
65	100.00%	0.00%	0.00%	22.55%	14.66
				100.00%	
			Average Retirement Age:		59

Statement of Actuarial Assumptions and Methods

Economic Assumptions

Interest rate basis:		
► Applicable month		January 2012
► Yield curve basis		Segment rates
► Map-21 applied for funding and benefit restrictions		Yes
► ASC 960 discount rate		8.50%
Interest rates:	For Minimum	For Maximum
► First segment rate	5.54%	1.98%
► Second segment rate	6.85%	5.07%
► Third segment rate	7.52%	6.19%
Annual rates of increase:		
► Compensation		Varies by age, average 3.50% Sample rates: Age Rate: 25 5.50% 40 3.50% 55 3.00%
► Social Security wage base		3.50%
► Lump sum rates		5.54%/6.85%7.52%
► Lump sum rate for ASC 960		6.00%

Demographic Assumptions

Inclusion date: The valuation date coincident with or next following the date on which the employee becomes a participant.

Mortality

- Healthy: Separate rates for non-annuitants (based on RP-2000 “Employees” table without collar or amount adjustments, projected to 2027 using Scale AA) and annuitants (based on RP-2000 “Healthy Annuitants” table without collar or amount adjustments, projected to 2019 using Scale AA).
- Disabled: Single table rates (based on RP-2000 “Healthy Annuitants” table without collar or amount adjustments, projected to 2019 using Scale AA).

Termination: Rates varying by age, service and plan

Representative Termination Rates

- Nestlé Pension Plan

Percentage leaving during the year											
Participant Group	**NUSA Traditional Salaried**	**NPPC Traditional Salaried**	**NUSA Traditional Hourly**	**NPPC Traditional Hourly**		**NUSA PEP Salaried**		**NPPC PEP Salaried**		**NUSA PEP Hourly**	
Years of Service	All	All	All	<2	>5	<2	>5	<2	>5	<2	>5
Attained Age											
25	19.9%	17.8%	23.4%	46.3%	21.8%	47.8%	19.8%	48.3%	19.0%	58.3%	20.7%
40	7.3%	5.7%	7.0%	20.3%	7.4%	20.3%	9.3%	20.3%	6.4%	25.3%	8.7%
50	4.9%	3.8%	4.3%	14.3%	4.1%	16.3%	7.3%	15.3%	4.3%	20.3%	6.3%

- Nestlé Hourly Retirement

Percentage leaving during the year		
Years of Service	<3	>3
Attained Age		
25	31.0%	9.4%
40	10.7%	4.3%
50	5.5%	2.3%

- Nestlé USA Hourly Pension

Percentage leaving during the year	
Attained Age	
25	24.5%
40	10.4%
50	7.6%

► Nestlé USA Pension

Percentage leaving during the year	
Attained Age	
25	21.7%
40	10.1%
50	7.7%

► Franklin Park Cash Balance

Percentage leaving during the year	
Attained Age	
25	12.0%
40	6.0%
50	3.0%

Disability

Rates varying by age, sex, and plan.

Representative Disability Rates

► Nestlé Pension Plan

Percentage becoming disabled during the year				
Participant Group	NUSA Hourly		All other	
Age	Males	Females	Males	Females
30	0.15%	0.60%	0.06%	0.09%
40	0.43%	0.69%	0.07%	0.11%
50	0.95%	1.25%	0.18%	0.27%

► Nestlé Hourly Retirement

Percentage becoming disabled during the year		
Age	Males	Females
30	0.09%	0.12%
40	0.22%	0.43%
50	0.64%	0.67%

► All other plans

None assumed

Retirement

Rates varying by age and plan

Representative Retirement Rates

- Nestlé Pension Plan

Percentage leaving during the year							
Participant Group	**NUSA Traditional Salaried**	**NPPC Traditional Salaried**	**NUSA Traditional Hourly**	**NPPC Traditional Hourly**	**NUSA PEP Salaried**	**NPPC PEP Salaried**	**NUSA PEP Hourly**
Attained Age							
55	7.5%	5.0%	7.5%	7.5%	7.5%	7.5%	7.5%
60	16.5%	11.5%	16.5%	16.5%	16.5%	11.5%	11.5%
62	27.5%	22.5%	32.5%	30.0%	27.5%	27.5%	25.0%
65	50.0%	50.0%	50.0%	50.0%	50.0%	50.0%	50.0%
70	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

- Nestlé Hourly Retirement

Percentage leaving during the year	
Attained Age	
55	1.0%
60	2.0%
62	18.0%
65	50.0%
70	100.0%

- Nestlé USA Hourly Pension and Nestlé USA Pension

Percentage leaving during the year	
Attained Age	
55	5.0%
60	5.0%
62	25.0%
65	50.0%
70	100.0%

- Franklin Park Cash Balance

Percentage leaving during the year	
Attained Age	
55	7.0%
60	7.0%
62	28.0%
65	100.0%
70	100.0%

Benefit commencement date:

- Preretirement death benefit — The later of the death of the active participant or the date the participant would have attained age 65
- Deferred vested benefit — Age 65
- Disability benefit — Age 65
- Retirement benefit — Upon termination of employment

Form of payment

Nestlé Pension Plan

Married Participants

	Termination Benefit				Retirement Benefit			
Participant Group	Life	Cert & Life	J&S	Lump sum	Life	Cert & Life	J&S	Lump sum
NUSA FAP	10%	0%	20%	70%	0%	0%	20%	80%
NUSA PEP	10%	0%	20%	70%	0%	0%	20%	80%
NPPC FAP	10%	10%	80%	0%	10%	10%	80%	0%
NPPC CAP	10%	10%	80%	0%	10%	10%	80%	0%
NPPC PEP	0%	0%	0%	100%	0%	0%	10%	90%

Single Participants

	Termination Benefit				Retirement Benefit			
Participant Group	Life	Cert & Life	J&S	Lump sum	Life	Cert & Life	J&S	Lump sum
NUSA FAP	30%	0%	0%	70%	20%	0%	0%	80%
NUSA PEP	30%	0%	0%	70%	20%	0%	0%	80%
NPPC FAP	70%	30%	0%	0%	70%	30%	0%	0%
NPPC CAP	70%	30%	0%	0%	70%	30%	0%	0%
NPPC PEP	0%	0%	0%	100%	10%	0%	0%	90%

Other plans

Married Participants
50% single life annuity, 50% J&S

Single Participants
100% single life annuity

Percent married

80%

Spouse age

Wife three years younger than husband.

Covered pay

Average of prior three years' pensionable earnings, increased with one year's salary increase assumption.

Administrative expenses

0.25% of beginning-of-year fair market value of assets for the Nestlé Pension Plan and Nestlé Hourly Retirement Plan, 0.50% for the NUSA Pension Plan, and 0.75% for all other plans.

At-risk assumptions

For at-risk calculations, all participants eligible to elect benefits during the current and subsequent ten plan years are assumed to commence benefits at the earliest possible date under the plan, but not before the end of the current plan year. In addition, these participants are assumed to elect the most valuable form of benefit.

Methods

Valuation date	First day of plan year
Funding target	Present value of accrued benefits
Target normal cost	Present value of benefits expected to accrue during plan year plus plan-related expenses expected to be paid from plan assets during the year
Actuarial value of assets	Market value of assets, including contributions receivable
Funding policy	Nestlé USA's general funding policy is to make contributions for each plan year in an amount not less than the minimum required contribution under ERISA and to target 100% funded status on a Pension Protection Act (PPA) basis. This will not exceed the maximum tax-deductible contribution. Nestlé may vary its contribution level, if appropriate to its tax and cash position and the funded status.
Benefits not valued	All benefits described in the Plan Provisions section of this report were valued. Towers Watson has reviewed the plan provisions with Nestlé and is not aware of any significant benefits required to be valued that were not. Small benefits with present values up to $5,000 may be paid in a single lump sum payment. Such lump sums are not explicitly valued as such; rather, such participants' benefits are valued using the benefit choice assumptions described above.
Change in assumptions and methods since prior valuation	The required mortality table used to calculate the funding target and target normal cost was updated to include one additional year of projected mortality improvements. The segment interest rates used to calculate the funding target and target normal cost were updated from January 2011 to January 2012. The segment rates used to determine minimum funding requirements were revised by applying the corridors of MAP-21, but, as required by MAP-21, such rates have not been reflected in Section 2.4: Calculations of estimated maximum deductible contributions.

Franklin Park Cash Balance

Plan Provisions

The most recent amendment reflected in the following plan provisions was effective on December 18, 1994.

Covered employees	Salaried employees at Franklin Park
Type of plan	Cash balance

Definitions

Membership service	From date of hire
Credited service	From date of hire
Credited balance	Credited balance as of December 31, 1991, plus interest credits
Accumulated benefit:	Credit balance increased with interest at PBGC deferred rate to NRD, converted to a life annuity using PBGC immediate rate

Eligibility for Benefits

Normal retirement	Retirement after both attaining age 65 and completing three years of vesting service
Early retirement	Retirement before NRD and on or after both attaining age 50 and completing three years of vesting service
Postponed retirement	Retirement after attaining age 65
Vested termination	Termination for reasons other than death or retirement after completing three years of vesting service
Preretirement death benefit	Death while eligible for normal, early, postponed, or deferred vested retirement benefits, with a surviving spouse on or after completing three years of vesting service

Benefits Paid Upon the Following Events

Normal retirement (NRD)	Accrued benefit payable immediately or credited balance divided by 8.2
Early retirement	Accrued benefit actuarially reduced or credited balance divided by a factor varying by age (from 8.2 at age 55 to 9.0 at age 50)
Postponed retirement	Accrued benefit payable immediately

Vested termination	Accrued benefit payable unreduced at age 65, actuarially reduced for early commencement
Preretirement death	If married, credit balance divided by PBGC factor at date of death or credit balance as a lump sum for all others.

Other Plan Provisions

Normal form of payment	Life annuity
Pension increases	None
Plan participants' contributions	None
Maximum on benefits and pay	All benefits and pay for any calendar year may not exceed the maximum limitations for that year as defined in the Internal Revenue Code. The plan provides for increasing the dollar limits automatically as such changes become effective. Increases in the dollar limits are assumed for determining pension cost but not for determining contributions.

Optional Forms of Payment

Participant Group	Actuarial Equivalence	Optional Forms
Franklin Park Cash Balance	• 8.00% • 1971 TPF&C Forecast set back 3 years	1) Single Life Annuity 2) 50% & 100% Joint Survivor Annuity 3) 10 year Certain and Life Annuity 4) Lump Sum

Future Plan Changes

No future plan changes were recognized in determining pension cost, plan accounting liabilities, or minimum and maximum contributions.

Changes in Benefits Valued Since Prior Year

There have been no changes in benefits valued since the prior year.

Schedule SB - Statement by Enrolled Actuary

Plan Sponsor	Nestlé USA, Inc.
EIN/PN	95-1572209/010
Plan Name	Cash Balance Retirement Plan
Valuation Date	January 1, 2012
Enrolled Actuary	Thad Summersett
Enrollment Number	11-07261

The actuarial assumptions that are not mandated by IRC § 430 and regulations, represent the enrolled actuary's best estimate of anticipated experience under the plan, subject to the following conditions:

The actuarial valuation, on which the information in this Schedule SB is based, has been prepared in reliance upon the employee and financial data furnished by the plan administrator and the trustee. The enrolled actuary has not made a rigorous check of the accuracy of this information but has accepted it after reviewing it and concluding it is reasonable in relation to similar information furnished in previous years. The amounts of contributions and dates paid shown in Item 18 of Schedule SB were listed in reliance on information provided by the plan administrator and/or trustee.

SCHEDULE SB (Form 5500)	Single-Employer Defined Benefit Plan Actuarial Information	OMB No. 1210-0110
Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA) and section 6059 of the Internal Revenue Code (the Code). ▶ File as an attachment to Form 5500 or 5500-SF.	2012 This Form is Open to Public Inspection

For calendar plan year 2012 or fiscal plan year beginning 01/01/2012 and ending 12/31/2012

▶ **Round off amounts to nearest dollar.**

▶ **Caution:** A penalty of $1,000 will be assessed for late filing of this report unless reasonable cause is established.

A Name of plan	B Three-digit plan number (PN) ▶	010
Cash Balance Retirement Plan		
C Plan sponsor's name as shown on line 2a of Form 5500 or 5500-SF	**D** Employer Identification Number (EIN)	
Nestle USA, Inc.	95-1572209	

E Type of plan: [X] Single [ ] Multiple-A [ ] Multiple-B

F Prior year plan size: [ ] 100 or fewer [ ] 101-500 [X] More than 500

Part I Basic Information

1 Enter the valuation date: Month 1 Day 1 Year 2012

2	Assets:			
	a Market value		**2a**	4,377,716
	b Actuarial value		**2b**	4,377,716
3	Funding target/participant count breakdown:		(1) Number of participants	(2) Funding Target
	a For retired participants and beneficiaries receiving payment	**3a**	34	2,263,442
	b For terminated vested participants	**3b**	8	202,680
	c For active participants:			
	(1) Non-vested benefits	**3c(1)**		0
	(2) Vested benefits	**3c(2)**		560,555
	(3) Total active	**3c(3)**	11	560,555
	d Total	**3d**	53	3,026,677
4	If the plan is in at-risk status, check the box and complete lines (a) and (b) [ ]			
	a Funding target disregarding prescribed at-risk assumptions		**4a**	
	b Funding target reflecting at-risk assumptions, but disregarding transition rule for plans that have been in at-risk status for fewer than five consecutive years and disregarding loading factor		**4b**	
5	Effective interest rate		**5**	6.82 %
6	Target normal cost		**6**	32,833

Statement by Enrolled Actuary

To the best of my knowledge, the information supplied in this schedule and accompanying schedules, statements and attachments, if any, is complete and accurate. Each prescribed assumption was applied in accordance with applicable law and regulations. In my opinion, each other assumption is reasonable (taking into account the experience of the plan and reasonable expectations) and such other assumptions, in combination, offer my best estimate of anticipated experience under the plan.

SIGN HERE	Thad Summersett TWS	09/17/2013
	Signature of actuary	Date
Thad Summersett		11-07261
Type or print name of actuary		Most recent enrollment number
Towers Watson Pennsylvania Inc.		(310) 551-5716
Firm name		Telephone number (including area code)
1925 Century Park East, Suite 1500		
Los Angeles	CA 90067-2790	
Address of the firm		

If the actuary has not fully reflected any regulation or ruling promulgated under the statute in completing this schedule, check the box and see instructions [ ]

Part II Beginning of Year Carryover Prefunding Balances

		(a) Carryover balance	(b) Prefunding balance
7	Balance at beginning of prior year after applicable adjustments (line 13 from prior year)	826,967	0
8	Portion elected for use to offset prior year's funding requirement (line 35 from prior year)	32,362	0
9	Amount remaining (line 7 minus line 8)	794,605	0
10	Interest on line 9 using prior year's actual return of 11.31 %	89,870	
11	Prior year's excess contributions to be added to prefunding balance:		
	a Present value of excess contributions (line 38a from prior year)		0
	b Interest on (a) using prior year's effective interest rate of 5.68 % except as otherwise provided (see instructions)		0
	c Total available at beginning of current plan year to add to prefunding balance		0
	d Portion of (c) to be added to prefunding balance		0
12	Other reductions in balances due to elections or deemed elections	0	0
13	Balance at beginning of current year (line 9 + line 10 + line 11d – line 12)	884,475	0

Part III Funding Percentages

14	Funding target attainment percentage	14	115.41 %
15	Adjusted funding target attainment percentage	15	144.63 %
16	Prior year's funding percentage for purposes of determining whether carryover/prefunding balances may be used to reduce current year's funding requirement	16	121.31 %
17	If the current value of the assets of the plan is less than 70 percent of the funding target, enter such percentage	17	%

Part IV Contributions and Liquidity Shortfalls

18 Contributions made to the plan for the plan year by employer(s) and employees:

(a) Date (MM-DD-YYYY)	(b) Amount paid by employer(s)	(c) Amount paid by employees	(a) Date (MM-DD-YYYY)	(b) Amount paid by employer(s)	(c) Amount paid by employees
			Totals ▶ 18(b)	0	18(c) 0

19	Discounted employer contributions – see instructions for small plan with a valuation date after the beginning of the year:		
	a Contributions allocated toward unpaid minimum required contributions from prior years.	19a	0
	b Contributions made to avoid restrictions adjusted to valuation date	19b	0
	c Contributions allocated toward minimum required contribution for current year adjusted to valuation date	19c	0

20 Quarterly contributions and liquidity shortfalls:

a Did the plan have a "funding shortfall" for the prior year? [X] Yes [ ] No

b If line 20a is "Yes," were required quarterly installments for the current year made in a timely manner? [X] Yes [ ] No

c If line 20a is "Yes," see instructions and complete the following table as applicable:

Liquidity shortfall as of end of quarter of this plan year

(1) 1st	(2) 2nd	(3) 3rd	(4) 4th

Part V Assumptions Used to Determine Funding Target and Target Normal Cost

21 Discount rate:

a Segment rates:

1st segment:	2nd segment:	3rd segment:	
5.54 %	6.85 %	7.52 %	☐ N/A, full yield curve used

b Applicable month (enter code)	**21b**	0
22 Weighted average retirement age	**22**	59

23 Mortality table(s) (see instructions) ☐ Prescribed - combined ☒ Prescribed - separate ☐ Substitute

Part VI Miscellaneous Items

24 Has a change been made in the non-prescribed actuarial assumptions for the current plan year? If "Yes," see instructions regarding required attachment.	☐ Yes	☒ No
25 Has a method change been made for the current plan year? If "Yes," see instructions regarding required attachment.	☐ Yes	☒ No
26 Is the plan required to provide a Schedule of Active Participants? If "Yes," see instructions regarding required attachment.	☒ Yes	☐ No

27 If the plan is subject to alternative funding rules, enter applicable code and see instructions regarding attachment	**27**	

Part VII Reconciliation of Unpaid Minimum Required Contributions For Prior Years

28 Unpaid minimum required contributions for all prior years	**28**	0
29 Discounted employer contributions allocated toward unpaid minimum required contributions from prior years (line 19a)	**29**	0
30 Remaining amount of unpaid minimum required contributions (line 28 minus line 29)	**30**	0

Part VIII Minimum Required Contribution For Current Year

31 Target normal cost and excess assets (see instructions):

a Target normal cost (line 6)	**31a**	32,833
b Excess assets, if applicable, but not greater than line 31a	**31b**	32,833

32 Amortization installments:

	Outstanding Balance	Installment
a Net shortfall amortization installment	0	0
b Waiver amortization installment	0	0

33 If a waiver has been approved for this plan year, enter the date of the ruling letter granting the approval (Month _____ Day _____ Year _____) and the waived amount	**33**	
34 Total funding requirement before reflecting carryover/prefunding balances (lines 31a - 31b + 32a + 32b - 33)	**34**	0

	Carryover balance	Prefunding balance	Total balance
35 Balances elected for use to offset funding requirement	0	0	0

36 Additional cash requirement (line 34 minus line 35)	**36**	0
37 Contributions allocated toward minimum required contribution for current year adjusted to valuation date (line 19c)	**37**	0

38 Present value of excess contributions for current year (see instructions)

a Total (excess, if any, of line 37 over line 36)	**38a**	0
b Portion included in line 38a attributable to use of prefunding and funding standard carryover balances	**38b**	0
39 Unpaid minimum required contribution for current year (excess, if any, of line 36 over line 37)	**39**	0
40 Unpaid minimum required contributions for all years	**40**	0

Part IX Pension Funding Relief Under Pension Relief Act of 2010 (See Instructions)

41 If an election was made to use PRA 2010 funding relief for this plan:

a Schedule elected ☐ 2 plus 7 years ☐ 15 years

b Eligible plan year(s) for which the election in line 41a was made ☐ 2008 ☐ 2009 ☐ 2010 ☐ 2011

42 Amount of acceleration adjustment	**42**	
43 Excess installment acceleration amount to be carried over to future plan years	**43**	

Attachment to 2012 Form 5500
Schedule SB, line 26 - Schedule of Active Participant Data

Plan Name Cash Balance Retirement Plan **EIN:** 95-1572209
Plan Sponsor's Name Nestle USA, Inc. **PN:** 010

Attained Age	YEARS OF CREDITED SERVICE								
	Under 1	Average		1 to 4	Average		5 to 9	Average	
	No.	Comp.	Cash Bal.	No.	Comp.	Cash Bal.	No.	Comp.	Cash Bal.
Under 25	0			0					0
25 to 29	0			0			0		
30 to 34	0			0			0		
35 to 39	0			0			0		
40 to 44	0			0			0		
45 to 49	0			0			0		
50 to 54	0			0			0		
55 to 59	0			0			0		
60 to 64	0			0			0		
65 to 69	0			0			0		
70 & up	0			0			0		

Attained Age	YEARS OF CREDITED SERVICE								
	10 to 14	Average		15 to 19	Average		20 to 24	Average	
	No.	Comp.	Cash Bal.	No.	Comp.	Cash Bal.	No.	Comp.	Cash Bal.
Under 25	0			0			0		
25 to 29	0			0			0		
30 to 34	0			0			0		
35 to 39	0			0			0		
40 to 44	0			0			0		
45 to 49	0			0			0		
50 to 54	0			0			2		
55 to 59	0			1			2		
60 to 64	0			0			0		
65 to 69	0			0			0		
70 & up	0			0			0		

Attained Age	YEARS OF CREDITED SERVICE											
	25 to 29	Average		30 to 34	Average		35 to 39	Average		40 & up	Average	
	No.	Comp.	Cash Bal.	No.	Comp.	Cash Bal.	No.	Comp.	Cash Bal.	No.	Comp.	Cash Bal.
Under 25	0			0			0			0		
25 to 29	0			0			0			0		
30 to 34	0			0			0			0		
35 to 39	0			0			0			0		
40 to 44	0			0			0			0		
45 to 49	0			0			0			0		
50 to 54	2			1			0			0		
55 to 59	1			1			0			0		
60 to 64	0			0			0			0		
65 to 69	0			0			0			1		
70 & up	0			0			0			0		