

Form 5500 Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	Annual Return/Report of Employee Benefit Plan This form is required to be filed for employee benefit plans under sections 104 and 4065 of the Employee Retirement Income Security Act of 1974 (ERISA) and sections 6047(e), 6057(b), and 6058(a) of the Internal Revenue Code (the Code). ▶ Complete all entries in accordance with the instructions to the Form 5500.	OMB Nos. 1210-0110 1210-0089 2013 This Form is Open to Public Inspection
---	---	---

Part I	Annual Report Identification Information
For calendar plan year 2013 or fiscal plan year beginning <u>01/01/2013</u> and ending <u>12/31/2013</u>	
A This return/report is for:	☐ a multiemployer plan; ☐ a multiple-employer plan; or ☒ a single-employer plan; ☐ a DFE (specify) ____
B This return/report is:	☐ the first return/report; ☐ the final return/report; ☐ an amended return/report; ☐ a short plan year return/report (less than 12 months).
C If the plan is a collectively-bargained plan, check here.	☐
D Check box if filing under:	☒ Form 5558; ☐ automatic extension; ☐ the DFVC program; ☐ special extension (enter description)

Part II	Basic Plan Information—enter all requested information						
1a Name of plan <u>NESTLE 401(K) SAVINGS PLAN</u>	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 80%;">1b Three-digit plan number (PN) ▶</td> <td style="width: 20%; text-align: center;"><u>200</u></td> </tr> <tr> <td colspan="2">1c Effective date of plan <u>10/01/1990</u></td> </tr> </table>	1b Three-digit plan number (PN) ▶	<u>200</u>	1c Effective date of plan <u>10/01/1990</u>			
1b Three-digit plan number (PN) ▶	<u>200</u>						
1c Effective date of plan <u>10/01/1990</u>							
2a Plan sponsor's name and address; include room or suite number (employer, if for a single-employer plan) <u>NESTLE USA, INC.</u> <u>SAVINGS PLAN ADMINISTRATION</u> <u>30500 BAINBRIDGE ROAD</u> <u>SOLON, OH 44139-2216</u>	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td colspan="2">2b Employer Identification Number (EIN) <u>95-1572209</u></td> </tr> <tr> <td colspan="2">2c Sponsor's telephone number <u>440-349-5757</u></td> </tr> <tr> <td colspan="2">2d Business code (see instructions) <u>311900</u></td> </tr> </table>	2b Employer Identification Number (EIN) <u>95-1572209</u>		2c Sponsor's telephone number <u>440-349-5757</u>		2d Business code (see instructions) <u>311900</u>	
2b Employer Identification Number (EIN) <u>95-1572209</u>							
2c Sponsor's telephone number <u>440-349-5757</u>							
2d Business code (see instructions) <u>311900</u>							

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 accompanying schedules, statements and attachments, 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. Signature of plan administrator	10/08/2014 Date	JOY M. SPURRIER Enter name of individual signing as plan administrator
SIGN HERE	Signature of employer/plan sponsor	Date	Enter name of individual signing as employer or plan sponsor
SIGN HERE	Signature of DFE	Date	Enter name of individual signing as DFE
Preparer's name (including firm name, if applicable) and address; include room or suite number. (optional)			Preparer's telephone number (optional)

3a Plan administrator's name and address ☒ Same as Plan Sponsor Name ☐ Same as Plan Sponsor Address		3b Administrator's EIN	
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		3c Administrator's telephone number 	
5 Total number of participants at the beginning of the plan year		5	39252
6 Number of participants as of the end of the plan year (welfare plans complete only lines 6a , 6b , 6c , and 6d).			
a Active participants		6a	33343
b Retired or separated participants receiving benefits		6b	0
c Other retired or separated participants entitled to future benefits		6c	7114
d Subtotal. Add lines 6a , 6b , and 6c		6d	40457
e Deceased participants whose beneficiaries are receiving or are entitled to receive benefits		6e	73
f Total. Add lines 6d and 6e		6f	40530
g Number of participants with account balances as of the end of the plan year (only defined contribution plans complete this item)		6g	38388
h Number of participants that terminated employment during the plan year with accrued benefits that were less than 100% vested		6h	2263
7 Enter the total number of employers obligated to contribute to the plan (only multiemployer plans complete this item)		7	
8a If the plan provides pension benefits, enter the applicable pension feature codes from the List of Plan Characteristics Codes in the instructions: 2E 2F 2G 2J 2K 2R 2S 2T			
b If the plan provides welfare benefits, enter the applicable welfare feature codes from the List of Plan Characteristics Codes in the instructions:			
9a Plan funding arrangement (check all that apply) (1) ☐ Insurance (2) ☐ Code section 412(e)(3) insurance contracts (3) ☒ Trust (4) ☐ General assets of the sponsor		9b Plan benefit arrangement (check all that apply) (1) ☐ Insurance (2) ☐ Code section 412(e)(3) insurance contracts (3) ☒ Trust (4) ☐ General assets of the sponsor	
10 Check all applicable boxes in 10a and 10b to indicate which schedules are attached, and, where indicated, enter the number attached. (See instructions)			
a Pension Schedules (1) ☒ R (Retirement Plan Information) (2) ☐ MB (Multiemployer Defined Benefit Plan and Certain Money Purchase Plan Actuarial Information) - signed by the plan actuary (3) ☐ SB (Single-Employer Defined Benefit Plan Actuarial Information) - signed by the plan actuary		b General Schedules (1) ☒ H (Financial Information) (2) ☐ I (Financial Information – Small Plan) (3) ☐ A (Insurance Information) (4) ☒ C (Service Provider Information) (5) ☒ D (DFE/Participating Plan Information) (6) ☐ G (Financial Transaction Schedules)	

SCHEDULE C (Form 5500) Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	Service Provider Information This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA). ▶ File as an attachment to Form 5500.	OMB No. 1210-0110
		2013
		This Form is Open to Public Inspection.

For calendar plan year 2013 or fiscal plan year beginning 01/01/2013 and ending 12/31/2013	
A Name of plan NESTLE 401(K) SAVINGS PLAN	B Three-digit plan number (PN) ▶ 200
C Plan sponsor's name as shown on line 2a of Form 5500 NESTLE USA, INC.	D Employer Identification Number (EIN) 95-1572209

Part I	Service Provider Information (see instructions)
---------------	--

You must complete this Part, in accordance with the instructions, to report the information required for **each person** who received, directly or indirectly, \$5,000 or more in total compensation (i.e., money or anything else of monetary value) in connection with services rendered to the plan or the person's position with the plan during the plan year. If a person received **only** eligible indirect compensation for which the plan received the required disclosures, you are required to answer line 1 but are not required to include that person when completing the remainder of this Part.

1 Information on Persons Receiving Only Eligible Indirect Compensation

a Check "Yes" or "No" to indicate whether you are excluding a person from the remainder of this Part because they received only eligible indirect compensation for which the plan received the required disclosures (see instructions for definitions and conditions)..... ☒ Yes ☐ No

b If you answered line 1a "Yes," enter the name and EIN or address of each person providing the required disclosures for the service providers who received only eligible indirect compensation. Complete as many entries as needed (see instructions).

(b) Enter name and EIN or address of person who provided you disclosures on eligible indirect compensation
ING INSTITUTIONAL PLAN SERVICES,LLC

02-0488491

(b) Enter name and EIN or address of person who provided you disclosure on eligible indirect compensation
--

(b) Enter name and EIN or address of person who provided you disclosures on eligible indirect compensation

(b) Enter name and EIN or address of person who provided you disclosures on eligible indirect compensation

(b) Enter name and EIN or address of person who provided you disclosures on eligible indirect compensation

(b) Enter name and EIN or address of person who provided you disclosures on eligible indirect compensation

(b) Enter name and EIN or address of person who provided you disclosures on eligible indirect compensation

(b) Enter name and EIN or address of person who provided you disclosures on eligible indirect compensation

(b) Enter name and EIN or address of person who provided you disclosures on eligible indirect compensation

(b) Enter name and EIN or address of person who provided you disclosures on eligible indirect compensation

(b) Enter name and EIN or address of person who provided you disclosures on eligible indirect compensation

(b) Enter name and EIN or address of person who provided you disclosures on eligible indirect compensation

2. Information on Other Service Providers Receiving Direct or Indirect Compensation. Except for those persons for whom you answered "Yes" to line 1a above, complete as many entries as needed to list each person receiving, directly or indirectly, \$5,000 or more in total compensation (i.e., money or anything else of value) in connection with services rendered to the plan or their position with the plan during the plan year. (See instructions).

(a) Enter name and EIN or address (see instructions)

ING INSTITUTIONAL PLAN SERVICES,LLC

02-0488491

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
37	NONE	273950	Yes ☒ No ☐	Yes ☒ No ☐	0	Yes ☐ No ☒

(a) Enter name and EIN or address (see instructions)

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
			Yes ☐ No ☐	Yes ☐ No ☐		Yes ☐ No ☐

(a) Enter name and EIN or address (see instructions)

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
			Yes ☐ No ☐	Yes ☐ No ☐		Yes ☐ No ☐

2. Information on Other Service Providers Receiving Direct or Indirect Compensation. Except for those persons for whom you answered "Yes" to line 1a above, complete as many entries as needed to list each person receiving, directly or indirectly, \$5,000 or more in total compensation (i.e., money or anything else of value) in connection with services rendered to the plan or their position with the plan during the plan year. (See instructions).

(a) Enter name and EIN or address (see instructions)

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
			Yes ☐ No ☐	Yes ☐ No ☐		Yes ☐ No ☐

(a) Enter name and EIN or address (see instructions)

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
			Yes ☐ No ☐	Yes ☐ No ☐		Yes ☐ No ☐

(a) Enter name and EIN or address (see instructions)

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
			Yes ☐ No ☐	Yes ☐ No ☐		Yes ☐ No ☐

Part I Service Provider Information (continued)

3 If you reported on line 2 receipt of indirect compensation, other than eligible indirect compensation, by a service provider, and the service provider is a fiduciary or provides contract administrator, consulting, custodial, investment advisory, investment management, broker, or recordkeeping services, answer the following questions for (a) each source from whom the service provider received \$1,000 or more in indirect compensation and (b) each source for whom the service provider gave you a formula used to determine the indirect compensation instead of an amount or estimated amount of the indirect compensation. Complete as many entries as needed to report the required information for each source.

(a) Enter service provider name as it appears on line 2	(b) Service Codes (see instructions)	(c) Enter amount of indirect compensation
(d) Enter name and EIN (address) of source of indirect compensation	(e) Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.	
(a) Enter service provider name as it appears on line 2	(b) Service Codes (see instructions)	(c) Enter amount of indirect compensation
(d) Enter name and EIN (address) of source of indirect compensation	(e) Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.	
(a) Enter service provider name as it appears on line 2	(b) Service Codes (see instructions)	(c) Enter amount of indirect compensation
(d) Enter name and EIN (address) of source of indirect compensation	(e) Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.	

Part II Service Providers Who Fail or Refuse to Provide Information

4 Provide, to the extent possible, the following information for each service provider who failed or refused to provide the information necessary to complete this Schedule.

(a) Enter name and EIN or address of service provider (see instructions)	(b) Nature of Service Code(s)	(c) Describe the information that the service provider failed or refused to provide

Part III **Termination Information on Accountants and Enrolled Actuaries (see instructions)**
(complete as many entries as needed)

a Name:	b EIN:
c Position:	
d Address:	e Telephone:

Explanation:

a Name:	b EIN:
c Position:	
d Address:	e Telephone:

Explanation:

a Name:	b EIN:
c Position:	
d Address:	e Telephone:

Explanation:

a Name:	b EIN:
c Position:	
d Address:	e Telephone:

Explanation:

a Name:	b EIN:
c Position:	
d Address:	e Telephone:

Explanation:

a Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity
code**e** Dollar value of interest in MTIA, CCT, PSA, or
103-12 IE at end of year (see instructions)**a** Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity
code**e** Dollar value of interest in MTIA, CCT, PSA, or
103-12 IE at end of year (see instructions)**a** Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity
code**e** Dollar value of interest in MTIA, CCT, PSA, or
103-12 IE at end of year (see instructions)**a** Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity
code**e** Dollar value of interest in MTIA, CCT, PSA, or
103-12 IE at end of year (see instructions)**a** Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity
code**e** Dollar value of interest in MTIA, CCT, PSA, or
103-12 IE at end of year (see instructions)**a** Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity
code**e** Dollar value of interest in MTIA, CCT, PSA, or
103-12 IE at end of year (see instructions)**a** Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity
code**e** Dollar value of interest in MTIA, CCT, PSA, or
103-12 IE at end of year (see instructions)**a** Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity
code**e** Dollar value of interest in MTIA, CCT, PSA, or
103-12 IE at end of year (see instructions)**a** Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity
code**e** Dollar value of interest in MTIA, CCT, PSA, or
103-12 IE at end of year (see instructions)**a** Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity
code**e** Dollar value of interest in MTIA, CCT, PSA, or
103-12 IE at end of year (see instructions)

Part II Information on Participating Plans (to be completed by DFEs)

(Complete as many entries as needed to report all participating plans)

a Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN

SCHEDULE H (Form 5500) Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	Financial Information This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA), and section 6058(a) of the Internal Revenue Code (the Code). ► File as an attachment to Form 5500.	OMB No. 1210-0110 2013 This Form is Open to Public Inspection
--	--	--

For calendar plan year 2013 or fiscal plan year beginning 01/01/2013 and ending 12/31/2013		
A Name of plan NESTLE 401(K) SAVINGS PLAN	B Three-digit plan number (PN) ►	200
C Plan sponsor's name as shown on line 2a of Form 5500 NESTLE USA, INC.	D Employer Identification Number (EIN) 95-1572209	

Part I	Asset and Liability Statement		
1 Current value of plan assets and liabilities at the beginning and end of the plan year. Combine the value of plan assets held in more than one trust. Report the value of the plan's interest in a commingled fund containing the assets of more than one plan on a line-by-line basis unless the value is reportable on lines 1c(9) through 1c(14). Do not enter the value of that portion of an insurance contract which guarantees, during this plan year, to pay a specific dollar benefit at a future date. Round off amounts to the nearest dollar. MTIAs, CCTs, PSAs, and 103-12 IEs do not complete lines 1b(1), 1b(2), 1c(8), 1g, 1h, and 1i. CCTs, PSAs, and 103-12 IEs also do not complete lines 1d and 1e. See instructions.			
Assets		(a) Beginning of Year	(b) End of Year
a Total noninterest-bearing cash	1a		
b Receivables (less allowance for doubtful accounts):			
(1) Employer contributions.....	1b(1)		
(2) Participant contributions.....	1b(2)		
(3) Other.....	1b(3)		81421359
c General investments:			
(1) Interest-bearing cash (include money market accounts & certificates of deposit).....	1c(1)		
(2) U.S. Government securities	1c(2)		
(3) Corporate debt instruments (other than employer securities):			
(A) Preferred	1c(3)(A)		
(B) All other	1c(3)(B)		
(4) Corporate stocks (other than employer securities):			
(A) Preferred	1c(4)(A)		
(B) Common.....	1c(4)(B)		
(5) Partnership/joint venture interests	1c(5)		
(6) Real estate (other than employer real property).....	1c(6)		
(7) Loans (other than to participants)	1c(7)		
(8) Participant loans.....	1c(8)	74588214	79741767
(9) Value of interest in common/collective trusts	1c(9)		
(10) Value of interest in pooled separate accounts	1c(10)		
(11) Value of interest in master trust investment accounts	1c(11)	3093950295	3536005887
(12) Value of interest in 103-12 investment entities.....	1c(12)		
(13) Value of interest in registered investment companies (e.g., mutual funds).....	1c(13)		
(14) Value of funds held in insurance company general account (unallocated contracts).....	1c(14)		
(15) Other.....	1c(15)		

1d Employer-related investments:		(a) Beginning of Year	(b) End of Year
(1) Employer securities	1d(1)		
(2) Employer real property	1d(2)		
e Buildings and other property used in plan operation	1e		
f Total assets (add all amounts in lines 1a through 1e)	1f	3168538509	3697169013

Liabilities

g Benefit claims payable	1g	3582	1983374
h Operating payables	1h		
i Acquisition indebtedness	1i		
j Other liabilities	1j		
k Total liabilities (add all amounts in lines 1g through 1j)	1k	3582	1983374

Net Assets

l Net assets (subtract line 1k from line 1f)	1l	3168534927	3695185639
---	-----------	------------	------------

Part II Income and Expense Statement

2 Plan income, expenses, and changes in net assets for the year. Include all income and expenses of the plan, including any trust(s) or separately maintained fund(s) and any payments/receipts to/from insurance carriers. Round off amounts to the nearest dollar. MTIAs, CCTs, PSAs, and 103-12 IEs do not complete lines 2a, 2b(1)(E), 2e, 2f, and 2g.

Income

		(a) Amount	(b) Total
a Contributions:			
(1) Received or receivable in cash from: (A) Employers	2a(1)(A)	78382553	
(B) Participants	2a(1)(B)	157213125	
(C) Others (including rollovers)	2a(1)(C)	31629155	
(2) Noncash contributions	2a(2)		
(3) Total contributions. Add lines 2a(1)(A) , (B) , (C) , and line 2a(2)	2a(3)		267224833
b Earnings on investments:			
(1) Interest:			
(A) Interest-bearing cash (including money market accounts and certificates of deposit)	2b(1)(A)		
(B) U.S. Government securities	2b(1)(B)		
(C) Corporate debt instruments	2b(1)(C)		
(D) Loans (other than to participants)	2b(1)(D)		
(E) Participant loans	2b(1)(E)	3396345	
(F) Other	2b(1)(F)		
(G) Total interest. Add lines 2b(1)(A) through (F)	2b(1)(G)		3396345
(2) Dividends: (A) Preferred stock	2b(2)(A)		
(B) Common stock	2b(2)(B)		
(C) Registered investment company shares (e.g. mutual funds)	2b(2)(C)		
(D) Total dividends. Add lines 2b(2)(A) , (B) , and (C)	2b(2)(D)		0
(3) Rents	2b(3)		
(4) Net gain (loss) on sale of assets: (A) Aggregate proceeds	2b(4)(A)		
(B) Aggregate carrying amount (see instructions)	2b(4)(B)		
(C) Subtract line 2b(4)(B) from line 2b(4)(A) and enter result	2b(4)(C)		0
(5) Unrealized appreciation (depreciation) of assets: (A) Real estate	2b(5)(A)		
(B) Other	2b(5)(B)		
(C) Total unrealized appreciation of assets. Add lines 2b(5)(A) and (B)	2b(5)(C)		0

		(a) Amount	(b) Total
(6) Net investment gain (loss) from common/collective trusts.....	2b(6)		
(7) Net investment gain (loss) from pooled separate accounts.....	2b(7)		
(8) Net investment gain (loss) from master trust investment accounts.....	2b(8)		467038008
(9) Net investment gain (loss) from 103-12 investment entities.....	2b(9)		
(10) Net investment gain (loss) from registered investment companies (e.g., mutual funds).....	2b(10)		
c Other income.....	2c		
d Total income. Add all income amounts in column (b) and enter total.....	2d		737659186

Expenses

e Benefit payment and payments to provide benefits:			
(1) Directly to participants or beneficiaries, including direct rollovers.....	2e(1)	293349257	
(2) To insurance carriers for the provision of benefits.....	2e(2)		
(3) Other.....	2e(3)		
(4) Total benefit payments. Add lines 2e(1) through (3).....	2e(4)		293349257
f Corrective distributions (see instructions).....	2f		
g Certain deemed distributions of participant loans (see instructions).....	2g		48075
h Interest expense.....	2h		
i Administrative expenses: (1) Professional fees.....	2i(1)		
(2) Contract administrator fees.....	2i(2)		
(3) Investment advisory and management fees.....	2i(3)		
(4) Other.....	2i(4)	273950	
(5) Total administrative expenses. Add lines 2i(1) through (4).....	2i(5)		273950
j Total expenses. Add all expense amounts in column (b) and enter total.....	2j		293671282

Net Income and Reconciliation

k Net income (loss). Subtract line 2j from line 2d.....	2k		443987904
l Transfers of assets:			
(1) To this plan.....	2l(1)		82700952
(2) From this plan.....	2l(2)		38144

Part III Accountant's Opinion

3 Complete lines 3a through 3c if the opinion of an independent qualified public accountant is attached to this Form 5500. Complete line 3d if an opinion is not attached.

a The attached opinion of an independent qualified public accountant for this plan is (see instructions):

(1) ☐ Unqualified (2) ☐ Qualified (3) ☒ Disclaimer (4) ☐ Adverse

b Did the accountant perform a limited scope audit pursuant to 29 CFR 2520.103-8 and/or 103-12(d)?

☒ Yes ☐ No

c Enter the name and EIN of the accountant (or accounting firm) below:

(1) Name: **KPMG LLP**

(2) EIN: **13-5565207**

d The opinion of an independent qualified public accountant is **not attached** because:

(1) ☐ This form is filed for a CCT, PSA, or MTIA. (2) ☐ It will be attached to the next Form 5500 pursuant to 29 CFR 2520.104-50.

Part IV Compliance Questions

4 CCTs and PSAs do not complete Part IV. MTIAs, 103-12 IEs, and GIAs do not complete lines 4a, 4e, 4f, 4g, 4h, 4k, 4m, 4n, or 5. 103-12 IEs also do not complete lines 4j and 4l. MTIAs also do not complete line 4l.

During the plan year:

a Was there a failure to transmit to the plan any participant contributions within the time period described in 29 CFR 2510.3-102? Continue to answer "Yes" for any prior year failures until fully corrected. (See instructions and DOL's Voluntary Fiduciary Correction Program.).....

b Were any loans by the plan or fixed income obligations due the plan in default as of the close of the plan year or classified during the year as uncollectible? Disregard participant loans secured by participant's account balance. (Attach Schedule G (Form 5500) Part I if "Yes" is checked.).....

	Yes	No	Amount
4a	X		17932
4b		X	

	Yes	No	Amount
c Were any leases to which the plan was a party in default or classified during the year as uncollectible? (Attach Schedule G (Form 5500) Part II if "Yes" is checked.)		X	
d Were there any nonexempt transactions with any party-in-interest? (Do not include transactions reported on line 4a. Attach Schedule G (Form 5500) Part III if "Yes" is checked.)		X	
e Was this plan covered by a fidelity bond?	X		10000000
f Did the plan have a loss, whether or not reimbursed by the plan's fidelity bond, that was caused by fraud or dishonesty?		X	
g Did the plan hold any assets whose current value was neither readily determinable on an established market nor set by an independent third party appraiser?		X	
h Did the plan receive any noncash contributions whose value was neither readily determinable on an established market nor set by an independent third party appraiser?		X	
i Did the plan have assets held for investment? (Attach schedule(s) of assets if "Yes" is checked, and see instructions for format requirements.)	X		
j Were any plan transactions or series of transactions in excess of 5% of the current value of plan assets? (Attach schedule of transactions if "Yes" is checked, and see instructions for format requirements.)		X	
k Were all the plan assets either distributed to participants or beneficiaries, transferred to another plan, or brought under the control of the PBGC?		X	
l Has the plan failed to provide any benefit when due under the plan?		X	
m If this is an individual account plan, was there a blackout period? (See instructions and 29 CFR 2520.101-3.)		X	
n If 4m was answered "Yes," check the "Yes" box if you either provided the required notice or one of the exceptions to providing the notice applied under 29 CFR 2520.101-3.		X	

5a Has a resolution to terminate the plan been adopted during the plan year or any prior plan year?
 If "Yes," enter the amount of any plan assets that reverted to the employer this year. ☐ Yes ☒ No Amount:

5b 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.)

5b(1) Name of plan(s)	5b(2) EIN(s)	5b(3) PN(s)
NESTLE USA, INC. HOURLY RETIREMENT SAVINGS PLAN	95-1572209	005

5c If the plan is a defined benefit plan, is it covered under the PBGC insurance program (see ERISA section 4021)? ☐ Yes ☐ No ☐ Not determined

Part V Trust Information (optional)

6a Name of trust	6b Trust's EIN

SCHEDULE R (Form 5500) Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	Retirement Plan Information This schedule is required to be filed under section 104 and 4065 of the Employee Retirement Income Security Act of 1974 (ERISA) and section 6058(a) of the Internal Revenue Code (the Code). ▶ File as an attachment to Form 5500.	OMB No. 1210-0110 2013 This Form is Open to Public Inspection.
---	--	--

For calendar plan year 2013 or fiscal plan year beginning 01/01/2013 and ending 12/31/2013

A Name of plan <u>NESTLE 401(K) SAVINGS PLAN</u>	B Three-digit plan number (PN) ▶ <u>200</u>
C Plan sponsor's name as shown on line 2a of Form 5500 <u>NESTLE USA, INC.</u>	D Employer Identification Number (EIN) <u>95-1572209</u>

Part I	Distributions
---------------	----------------------

All references to distributions relate only to payments of benefits during the plan year.

1 Total value of distributions paid in property other than in cash or the forms of property specified in the instructions.....	1	<u>0</u>
2 Enter the EIN(s) of payor(s) who paid benefits on behalf of the plan to participants or beneficiaries during the year (if more than two, enter EINs of the two payors who paid the greatest dollar amounts of benefits): EIN(s): <u>04-3581074</u>		
Profit-sharing plans, ESOPs, and stock bonus plans, skip line 3.		
3 Number of participants (living or deceased) whose benefits were distributed in a single sum, during the plan year.....	3	

Part II	Funding Information (If the plan is not subject to the minimum funding requirements of section 412 of the Internal Revenue Code or ERISA section 302, skip this Part)
----------------	--

4 Is the plan administrator making an election under Code section 412(d)(2) or ERISA section 302(d)(2)?.....	☐ Yes	☐ No	☐ N/A
If the plan is a defined benefit plan, go to line 8.			
5 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 ruling letter granting the waiver. Date: Month _____ Day _____ Year _____ If you completed line 5, complete lines 3, 9, and 10 of Schedule MB and do not complete the remainder of this schedule.			
6 a Enter the minimum required contribution for this plan year (include any prior year accumulated funding deficiency not waived).....	6a		
b Enter the amount contributed by the employer to the plan for this plan year.....	6b		
c Subtract the amount in line 6b from the amount in line 6a. Enter the result (enter a minus sign to the left of a negative amount)	6c		
If you completed line 6c, skip lines 8 and 9.			
7 Will the minimum funding amount reported on line 6c be met by the funding deadline?.....	☐ Yes	☐ No	☐ N/A
8 If a change in actuarial cost method was made for this plan year pursuant to a revenue procedure or other authority providing automatic approval for the change or a class ruling letter, does the plan sponsor or plan administrator agree with the change?.....	☐ Yes	☐ No	☐ N/A

Part III	Amendments
-----------------	-------------------

9 If this is a defined benefit pension plan, were any amendments adopted during this plan year that increased or decreased the value of benefits? If yes, check the appropriate box. If no, check the "No" box.....	☐ Increase	☐ Decrease	☐ Both	☐ No
--	-----------------------------------	-----------------------------------	-------------------------------	-----------------------------

Part IV	ESOPs (see instructions). If this is not a plan described under Section 409(a) or 4975(e)(7) of the Internal Revenue Code, skip this Part.
----------------	---

10 Were unallocated employer securities or proceeds from the sale of unallocated securities used to repay any exempt loan?	☐ Yes	☐ No
11 a Does the ESOP hold any preferred stock?	☐ Yes	☐ No
b If the ESOP has an outstanding exempt loan with the employer as lender, is such loan part of a "back-to-back" loan? (See instructions for definition of "back-to-back" loan.).....	☐ Yes	☐ No
12 Does the ESOP hold any stock that is not readily tradable on an established securities market?	☐ Yes	☐ No

Part V Additional Information for Multiemployer Defined Benefit Pension Plans

13 Enter the following information for each employer that contributed more than 5% of total contributions to the plan during the plan year (measured in dollars). See instructions. *Complete as many entries as needed to report all applicable employers.*

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

- 14** Enter the number of participants on whose behalf no contributions were made by an employer as an employer of the participant for:

a The current year	14a	
b The plan year immediately preceding the current plan year	14b	
c The second preceding plan year	14c	

- 15** Enter the ratio of the number of participants under the plan on whose behalf no employer had an obligation to make an employer contribution during the current plan year to:

a The corresponding number for the plan year immediately preceding the current plan year	15a	
b The corresponding number for the second preceding plan year	15b	

- 16** Information with respect to any employers who withdrew from the plan during the preceding plan year:

a Enter the number of employers who withdrew during the preceding plan year	16a	
b If line 16a is greater than 0, enter the aggregate amount of withdrawal liability assessed or estimated to be assessed against such withdrawn employers	16b	

- 17** If assets and liabilities from another plan have been transferred to or merged with this plan during the plan year, check box and see instructions regarding supplemental information to be included as an attachment. ☐

Part VI Additional Information for Single-Employer and Multiemployer Defined Benefit Pension Plans

- 18** If any liabilities to participants or their beneficiaries under the plan as of the end of the plan year consist (in whole or in part) of liabilities to such participants and beneficiaries under two or more pension plans as of immediately before such plan year, check box and see instructions regarding supplemental information to be included as an attachment ☐

- 19** If the total number of participants is 1,000 or more, complete lines (a) through (c)

a Enter the percentage of plan assets held as:
 Stock: _____% Investment-Grade Debt: _____% High-Yield Debt: _____% Real Estate: _____% Other: _____%

b Provide the average duration of the combined investment-grade and high-yield debt:
☐ 0-3 years ☐ 3-6 years ☐ 6-9 years ☐ 9-12 years ☐ 12-15 years ☐ 15-18 years ☐ 18-21 years ☐ 21 years or more

c What duration measure was used to calculate line 19(b)?
☐ Effective duration ☐ Macaulay duration ☐ Modified duration ☐ Other (specify): _____



KPMG LLP
One Cleveland Center
Suite 2600
1375 East Ninth Street
Cleveland, OH 44114-1796

Independent Auditors' Report

The Plan Administrator
Nestlé 401(k) Savings Plan:

Report on the Financial Statements

We were engaged to audit the accompanying financial statements of the Nestlé 401(k) Savings Plan, which comprise the statements of net assets available for benefits as of December 31, 2013 and 2012, and the related statement of changes in net assets available for benefits for the year ended December 31, 2013, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with U.S. generally accepted accounting principles; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on conducting the audit in accordance with auditing standards generally accepted in the United States of America. Because of the matter described in the *Basis for Disclaimer of Opinion* paragraph, however, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion.

Basis for Disclaimer of Opinion

As permitted by 29 CFR 2520.103-8 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974, the plan administrator instructed us not to perform, and we did not perform, any auditing procedures with respect to the information summarized in notes 3, 5, 6 and 8, which was certified by State Street Bank and Trust Company, the trustee of the Plan, except for comparing such information with the related information included in the financial statements. We have been informed by the plan administrator that the trustee holds the Plan's investment assets and executes investment transactions. The plan administrator has obtained a certification from the trustee as of December 31, 2013 and 2012, and for the year ended December 31, 2013, that the information provided to the plan administrator by the trustee is complete and accurate.

Disclaimer of Opinion

Because of the significance of the matter described in the *Basis for Disclaimer of Opinion* paragraph, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Accordingly, we do not express an opinion on these financial statements.



Other Matter

The supplemental Schedule H, line 4i – Schedule of Assets (Held at End of Year) and Schedule H, line 4a Schedule of Delinquent Participant Contributions as of December 31, 2013, are required by the Department of Labor’s Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974 and are presented for the purpose of additional analysis and are not a required part of the financial statements. Because of the significance of the matter described in the *Basis for Disclaimer of Opinion* paragraph, we do not express an opinion on these supplemental schedules.

Report on Form and Content in Compliance With Department of Labor Rules and Regulations

The form and content of the information included in the financial statements and supplemental schedules, other than that derived from the information certified by the trustee, have been audited by us in accordance with auditing standards generally accepted in the United States of America and, in our opinion, are presented in compliance with the Department of Labor’s Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974.

/s/KPMG LLP

Cleveland, Ohio
October 3, 2014



NESTLÉ 401(k) SAVINGS PLAN

Financial Statements and Supplemental Schedules

December 31, 2013 and 2012

(With Independent Auditors' Report Thereon)

NESTLÉ 401(k) SAVINGS PLAN

Table of Contents

	Page
Independent Auditors' Report	1
Statements of Net Assets Available for Plan Benefits, December 31, 2013 and 2012	3
Statement of Changes in Net Assets Available for Plan Benefits, Year ended December 31, 2013	4
Notes to Financial Statements	5
Schedules	
1 Schedule H, Line 4i – Schedule of Assets (Held at End of Year), December 31, 2013	19
2 Schedule H, Line 4a – Schedule of Delinquent Participant Contributions	20

All other schedules required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974 (ERISA) have been omitted because all investments are held in a master trust or because there is no other information to report.



KPMG LLP
One Cleveland Center
Suite 2600
1375 East Ninth Street
Cleveland, OH 44114-1796

Independent Auditors' Report

The Plan Administrator
Nestlé 401(k) Savings Plan:

Report on the Financial Statements

We were engaged to audit the accompanying financial statements of the Nestlé 401(k) Savings Plan, which comprise the statements of net assets available for benefits as of December 31, 2013 and 2012, and the related statement of changes in net assets available for benefits for the year ended December 31, 2013, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with U.S. generally accepted accounting principles; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on conducting the audit in accordance with auditing standards generally accepted in the United States of America. Because of the matter described in the *Basis for Disclaimer of Opinion* paragraph, however, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion.

Basis for Disclaimer of Opinion

As permitted by 29 CFR 2520.103-8 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974, the plan administrator instructed us not to perform, and we did not perform, any auditing procedures with respect to the information summarized in notes 3, 5, 6 and 8, which was certified by State Street Bank and Trust Company, the trustee of the Plan, except for comparing such information with the related information included in the financial statements. We have been informed by the plan administrator that the trustee holds the Plan's investment assets and executes investment transactions. The plan administrator has obtained a certification from the trustee as of December 31, 2013 and 2012, and for the year ended December 31, 2013, that the information provided to the plan administrator by the trustee is complete and accurate.

Disclaimer of Opinion

Because of the significance of the matter described in the *Basis for Disclaimer of Opinion* paragraph, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Accordingly, we do not express an opinion on these financial statements.



Other Matter

The supplemental Schedule H, line 4i – Schedule of Assets (Held at End of Year) and Schedule H, line 4a Schedule of Delinquent Participant Contributions as of December 31, 2013, are required by the Department of Labor’s Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974 and are presented for the purpose of additional analysis and are not a required part of the financial statements. Because of the significance of the matter described in the *Basis for Disclaimer of Opinion* paragraph, we do not express an opinion on these supplemental schedules.

Report on Form and Content in Compliance With Department of Labor Rules and Regulations

The form and content of the information included in the financial statements and supplemental schedules, other than that derived from the information certified by the trustee, have been audited by us in accordance with auditing standards generally accepted in the United States of America and, in our opinion, are presented in compliance with the Department of Labor’s Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974.

/s/KPMG LLP

Cleveland, Ohio
October 3, 2014

NESTLÉ 401(k) SAVINGS PLAN

Statements of Net Assets Available for Plan Benefits

December 31, 2013 and 2012

	<u>2013</u>	<u>2012</u>
Investments:		
Investment in Nestlé in the USA Savings Trust at fair value (notes 5 and 6)	\$ 3,536,005,887	3,093,950,295
Receivables:		
Participant loans	80,604,961	75,403,333
Receivable from other plans (note 1(a))	<u>81,421,359</u>	<u>—</u>
Total assets	3,698,032,207	3,169,353,628
Adjustment from fair value to contract value for fully benefit-responsive contracts	<u>(16,002,213)</u>	<u>(46,486,234)</u>
Net assets available for plan benefits	<u>\$ 3,682,029,994</u>	<u>3,122,867,394</u>

See accompanying notes to financial statements.

NESTLÉ 401(k) SAVINGS PLAN

Statement of Changes in Net Assets Available for Plan Benefits

Year ended December 31, 2013

	<u>2013</u>
Additions to net assets attributed to:	
Income from investment in Nestlé in the USA	
Savings Trust (notes 5 and 6)	\$ 505,296,457
Interest income – participant loans	3,396,345
Contributions:	
Employer	78,382,553
Employee	<u>188,842,280</u>
Total contributions	<u>267,224,833</u>
Transfer of assets (note 1(a))	<u>81,421,359</u>
Total additions	<u>857,338,994</u>
Deductions from net assets attributed to:	
Distributions to participants	291,369,465
Administrative expenses	<u>8,048,378</u>
Total deductions	<u>299,417,843</u>
Plan-to-plan transfers (note 1(i))	<u>1,241,449</u>
Net increase	559,162,600
Net assets available for plan benefits:	
Beginning of year	<u>3,122,867,394</u>
End of year	<u>\$ 3,682,029,994</u>

See accompanying notes to financial statements.

NESTLÉ 401(k) SAVINGS PLAN

Notes to Financial Statements

December 31, 2013 and 2012

(1) Description of the Plan

The following description of the Nestlé 401(k) Savings Plan (the Plan) is provided for general information only. Participants should refer to the plan document for more complete information.

(a) General

The Plan is a defined contribution plan sponsored by Nestlé USA, Inc. (Plan Administrator and Plan Sponsor). The Plan covers substantially all salaried employees and certain hourly employees of Nestlé USA, Inc. and various affiliates (the Company) who generally are not covered by a collective bargaining agreement. It is subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA) and was established to assist employees in providing security for their retirement by the adoption of a retirement savings program.

The affiliates participating in the Plan are Nestlé Holdings, Inc., Nestlé R&D Center, Inc., Nestlé Purina PetCare Company, Nestlé Purina PetCare Global Resources, Inc., Nestlé GLOBE, Inc., Gerber Products Company, Gerber Life Insurance Company, Nestlé HealthCare Nutrition, Inc., Nestlé Nutrition R&D Centers, Inc., and any U.S. affiliate that is directly or indirectly 100% owned by Nestlé Holdings, Inc. and reports to the Company or to Nestlé Purina PetCare Company, excluding Jenny Craig Holdings, Inc. and its subsidiaries, and Vitality Foodservices, Inc.

Effective December 31, 2013, participants who were formerly of Vitality Foodservice, Inc. and Prometheus Laboratories, Inc. became participants in the Plan. Such transfer has been recorded as an increase of net assets available for benefits in the accompanying statement of changes in net assets available for benefits. The receivable consists of investments of \$79,722,352 and participant loans of \$1,699,007 that were received by the Plan in January 2014.

Affiliates of Nestlé USA, Inc. may adopt the Plan by order of the board of directors of Nestlé USA, Inc. together with the ratification of the board of directors of the affiliate. Nestlé USA, Inc. may determine whether any special provisions shall be applicable to certain employees of an affiliate as specified in the applicable supplemental agreement. After adoption of the Plan, the participant account balances and loans outstanding (if any) of the participants' prior plan may be transferred to the Plan.

(b) Eligibility

Employees become eligible to participate in the Plan immediately upon hire. Employees will be automatically enrolled in the Plan approximately 30 days after they become eligible if they do not log on to the record-keeper's website or call the record-keeper's call center to voluntarily enroll or decline enrollment. Employees who are enrolled automatically have a contribution rate of 4%, invested 100% in a Target Date Fund selected based on their date of birth on record in the Nestlé HR system and an assumed retirement age of 62. Prior to July 2, 2012, participants who were enrolled automatically were invested 100% in Pre-set Portfolio 60. Employees may decline auto enrollment within 30 days of the date appearing on their Automatic Enrollment Notification. Any employee of the Company who was a participant in an existing savings plan sponsored by an affiliate on the date the Plan is adopted by the affiliate automatically becomes a participant under the Plan on the adoption date.

NESTLÉ 401(k) SAVINGS PLAN

Notes to Financial Statements

December 31, 2013 and 2012

(c) Contributions

The Plan provides for contributions by employees and for matching contributions by the Company based on percentages of employee contributions.

Each participating employee elects to enter into a telephonic or electronic agreement with the Plan Sponsor, thereby contributing to his or her account a percentage of eligible compensation. Employee contributions are made on a before-tax basis. The participants designate a percentage between 1% and 25% of their annual eligible compensation as their elective contribution (subject to Internal Revenue Code (IRC) limitations of \$17,500 and \$17,000 in 2013 and 2012, respectively). Once the participant reaches this limit, additional contributions continue on an after-tax basis. Certain highly compensated employees are limited to a maximum contribution of 13% of eligible compensation.

The Company makes matching contributions to the Plan equal to 100% of each participant's contributions, up to the first 3% of their eligible compensation, and 50% of each participant's contributions, up to the next 2% of their eligible compensation. The Company's contributions are limited to the maximum amount deductible under the IRC. In addition, at such times and amounts as set by the Company, the participating companies may make an incentive matching contribution to the Plan on behalf of participants.

The Plan allows employees age 50 and older during the calendar year to elect to make up to an additional \$5,500 catch-up contribution during both 2013 and 2012. Catch-up contribution amounts are not eligible for Company matching contributions.

(d) Participant Account Balances

Participant contributions are credited to accounts established for each participant and, along with related investment gains and losses, are fully vested and nonforfeitable.

Contributions by the Company are credited to a participant's match account and, along with related investment gains and losses, become vested based upon a participant's years of service with the Company. Participants are fully vested in their match account after the earlier of three years of vesting service or upon attaining age 65.

Forfeitures represent the nonvested portion of Company matching contributions plus earnings thereon, which are not distributable to participants who terminate employment before they are 100% vested. Forfeitures are applied either to the payment of expenses incurred by the Plan Administrator in connection with administering the Plan or to reduce future employer contributions as allowed by the Plan Document. Forfeited nonvested amounts during 2013 and 2012 totaled \$3,152,750 and \$2,483,677, respectively.

(e) Funds

The Plan provides for the establishment of investment funds, which are administered within the Nestlé in the USA Savings Trust (Master Trust) (see note 5). The Master Trust was established by the Company for the pooled investment of assets. The Master Trust investments, investment returns, and plan expenses are allocated to participating plans, based on the underlying equity in each plan.

NESTLÉ 401(k) SAVINGS PLAN

Notes to Financial Statements

December 31, 2013 and 2012

The Company has the sole discretion to determine or change the number and nature of investment funds. The funds established under the Plan as of December 31, 2013, are as follows:

- The Conservative Income Fund, which is invested in bonds and real estate, with insurance contracts that “wrap” the bond and real estate investments (see note 3)
- The US Bond Fund, which is primarily invested in a balanced mix of government securities, mortgage-backed securities, and corporate bonds
- The Real Asset Fund, which is primarily invested in inflation-sensitive asset classes
- The US Stock Fund, which is primarily invested in stocks of companies contained in the S&P 500 index
- The International Stock Fund, which is primarily invested in stocks of non-U.S. companies
- The US Small Company Stock Fund, which is primarily invested in stocks of smaller U.S. companies
- Target Date Funds, a series of portfolios that consist of a custom mix of assets (equity, fixed income, commodity, real estate, and cash and cash alternatives) that gradually become more conservative over time
- The Mutual Fund Window, which is an investment offering of retail mutual funds

Participants specify the desired allocation of their contributions (including the related Company matching contributions) to the Funds (excluding the Mutual Fund Window which requires a transfer from the Core Funds or Target Date Funds) noted above. The allocation percentages are limited to increments of 1% and may be changed daily. To the extent participants fail to direct the investment of amounts credited to their accounts, such amounts were invested in a Target Date Fund selected based on their date of birth on record in the Nestlé HR system and an assumed retirement age of 62.

(f) Distributions and Withdrawals

Distributions are due to a participant’s retirement, death, total and permanent disability, or termination of employment, subject to conditions stated in the Plan. A terminated participant may elect to receive his or her distribution as a single lump-sum payment or as a partial distribution.

If a terminated participant’s vested account balance is \$5,000 or less but greater than \$1,000 and he or she did not timely elect to receive his or her distribution in cash or directly roll over his or her distribution to an IRA or eligible retirement plan, the account balance will be transferred from the Plan to an ING Employer’s Rollover IRA. If a participant’s vested account balance is \$1,000 or less and he or she did not timely elect to roll over his or her distribution to an IRA or eligible retirement plan, he or she will automatically receive his or her total vested account balance as a single lump-sum payment.

The Plan also provides for nonhardship withdrawals, grandfathered withdrawals (if a participant was in a predecessor plan that contained the right to make certain nonhardship withdrawals under that plan), and hardship withdrawals, which are subject to conditions stated in the Plan.

NESTLÉ 401(k) SAVINGS PLAN

Notes to Financial Statements

December 31, 2013 and 2012

(g) Loans

Loans of up to the lesser of 50% of a participant's vested account value or \$50,000 (less the highest outstanding loan balance in the past 12 months) may be obtained from the Plan. All loans are subject to the terms and conditions prescribed by the Plan Administrator in accordance with the Plan. Principal and interest amounts repaid are invested based upon the participants' current investment elections. Loans to participants are recorded as an asset in the Loan Fund upon transfer from the appropriate investment funds. Interest rates on the loans vary between 3.25% and 10.50% with various maturity dates between 2014 and 2036. Participant loans are valued at amortized cost.

(h) Administrative Costs

All costs of administering the Plan are paid by the Company or the Plan, subject to limitations under ERISA. Expenses are allocated to the Plan based on its underlying interest in the Master Trust at the time the expense is incurred.

(i) Plan-to-Plan Transfers

Participant accounts may be transferred between plans within the Master Trust. The plan for which the participant's account will be transferred to or from is based on the participating company to which the participant is relocating.

(2) Summary of Significant Accounting Policies

(a) Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with U.S. generally accepted accounting principles.

(b) Fully Benefit-Responsive Investment Contracts

Investment contracts held by a defined contribution plan are required to be reported at fair value. However, contract value is the relevant measurement attribute for that portion of the net assets available for benefits of a defined contribution plan attributable to fully benefit-responsive investment contracts because contract value is the amount participants would receive if they were to initiate permitted transactions under the terms of the plan. The statement of net assets available for benefits presents the fair value of the investment contracts as well as the adjustment of the fully benefit-responsive investment contracts from fair value to contract value. The statement of changes in net assets available for plan benefits is prepared on a contract value basis for the fully benefit-responsive investment contracts.

(c) Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets, liabilities, and changes therein, and to disclose contingent assets and liabilities. Actual results could differ from these estimates.

NESTLÉ 401(k) SAVINGS PLAN

Notes to Financial Statements

December 31, 2013 and 2012

(d) Payment of Benefits

Benefit payments to participants are recorded upon distribution of assets from the Plan.

(e) Valuation of Investments

Plan assets are held in the Master Trust, which is maintained by the State Street Bank and Trust Company (SSB), as trustee. The Master Trust investments are stated at fair value. The Master Trust investments, investment returns, and plan expenses are allocated to participating plans based on the underlying equity of each plan in each investment fund administered through the Master Trust. All allocations are participant-directed.

Purchase and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date. Net appreciation (depreciation) in fair value of investments represents both realized and unrealized gains and losses.

(f) Risks and Uncertainties

The Plan invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect participants' account balances and the amounts reported in the statement of net assets available for plan benefits.

(3) Guaranteed Investment Contracts (GICs)

The Master Trust holds fully benefit-responsive investment contracts, specifically synthetic investment contracts and separate account investment contracts (GICs), through the Conservative Income Fund with various third parties (i.e., insurance companies and banks). A synthetic GIC provides for a fixed return on principal over a specified period of time through wrapper contracts issued by a third party, which are backed by underlying assets owned by the Plan. A separate account GIC also provides for a fixed return but the GIC contract is backed by investments that are technically owned by the insurance company. However, these assets are held in a separate account allocated for the benefit of participants, they are not part of the insurance company's general account, and are expected to be insulated from claims should there be an insolvency. All investment contracts are reset quarterly. The benefit-responsive investment contracts purchased by the fund are designed to pay all participant-initiated transactions at contract value.

Contract value represents contributions made to the investment contracts, plus earnings (losses), less participant withdrawals and administrative expenses. Fair value of the GICs generally equals the quoted market price of the underlying assets on the last business day of the plan year. The fair value of the benefit-responsive investment contract for the GIC is determined using a discounted cash flow model, which considers recent rebids, as determined by recognized dealers, and the duration of the underlying portfolio.

NESTLÉ 401(k) SAVINGS PLAN

Notes to Financial Statements

December 31, 2013 and 2012

The value of the GICs held by the Master Trust as of December 31, 2013 and 2012, was as follows:

December 31, 2013				
	Ratings	Investments at fair value	Investments at contract value	Adjustment to contract
Separate account GICs:				
MetLife GAC 32406	Aa3/AA-	\$ 103,050,571	97,578,524	5,472,047
Synthetic GICs:				
Prudential 062242	A1 / AA-	100,595,487	101,758,377	(1,162,890)
MetLife 025142	Aa3/AA-	299,486,531	292,871,308	6,615,223
ING 060334	A3/A-	299,729,386	293,108,798	6,620,588
		<u>\$ 802,861,975</u>	<u>785,317,007</u>	<u>17,544,968</u>
December 31, 2012				
	Ratings	Investments at fair value	Investments at contract value	Adjustment to contract
Separate account GICs:				
MetLife GAC 32406	Aa3/AA-	\$ 114,381,089	104,263,562	10,117,527
Synthetic GICs:				
Prudential 062242	A2/AA-	102,121,088	100,353,538	1,767,550
MetLife 025142	Aa3/AA-	319,761,336	300,208,098	19,553,238
ING 060334	A3/A-	319,761,336	300,371,826	19,389,510
		<u>\$ 856,024,849</u>	<u>805,197,024</u>	<u>50,827,825</u>

The fair value of the benefit-responsive contracts and GICs, as well as the adjustment from fair value to contract value, was allocated to the Plan based upon the Plan's underlying share of the Conservative Income Fund as of December 31, 2013 and 2012.

There are no reserves against contract value for credit risk of the contract issuer or otherwise. The average crediting interest rates for the years ended December 31, 2013 and 2012, were 2.45% and 3.24%, respectively, with the range of interest rates varying from 1.38% to 3.64% in 2013 and 3.12% to 3.38% in 2012. The crediting interest rate is based on a formula agreed upon with the issuer, but may not be less than zero.

Certain events, such as layoffs or early retirement incentives, may limit the ability of participants to access their investments at contract value. The Company believes that the likelihood of such events is not probable. There are certain scenarios in which the contract issuers may terminate the GICs and settle at an amount different from the contract value. The Plan may experience losses if the issuer becomes insolvent and cannot pay their liabilities. If the Plan is unable to find a replacement contract, and the market value of the Plan's asset pool is below contract value, there could be losses. The Plan has multiple issuers in place

NESTLÉ 401(k) SAVINGS PLAN

Notes to Financial Statements

December 31, 2013 and 2012

in order to minimize the exposure to this risk. Also, the issuer can terminate the contract if the Master Trust fails to meet the terms of the contract.

(4) Plan Termination

Although it has not expressed any intent to do so, the Company has the right under the Plan to alter, suspend, or terminate the Plan subject to the provisions of ERISA. In the event of plan termination, all amounts credited to participants' accounts would become fully vested and nonforfeitable. In addition, a complete distribution of the Plan's assets would be made to participants after payment of administrative and termination expenses.

(5) Investment in Master Trust

The Plan's proportionate interest in the investments held by the trustee is approximately 94.0% at December 31, 2013 and 2012. The following is financial information with respect to the Master Trust (excluding participant loans) that has been certified by the trustee as complete and accurate (refer to note 6):

	<u>2013</u>	<u>2012</u>
Investments, at fair value:		
Investment contracts:		
Conservative Income Fund	\$ 802,861,975	856,024,849
State Street short term investment fund	73,861,328	48,589,934
Fixed income	193,446,127	180,696,362
Common/collective trusts	1,809,354,379	1,437,812,067
Registered investment companies	915,399,589	756,555,978
Other investments	13,892,721	16,148,486
Net payables and receivables	<u>(47,686,988)</u>	<u>(5,951,315)</u>
Net investments available for plan benefits	<u>\$ 3,761,129,131</u>	<u>3,289,876,361</u>
Net investments of Master Trust allocated to the Plan	\$ 3,536,005,887	3,093,950,295

NESTLÉ 401(k) SAVINGS PLAN

Notes to Financial Statements

December 31, 2013 and 2012

The following investments had a fair value exceeding 5% of Master Trust assets as of December 31, 2013 and 2012:

	<u>2013</u>	<u>2012</u>
Conservative Income Fund	\$ 802,861,975	856,024,849
SSgA Global All Cap Equity Ex-U.S. Index NL Series Fund (Class A)	270,672,752	222,512,473
SSgA U.S. Bond Index NL Series Fund – Class A	238,833,341	223,727,282
Winslow Large Cap Growth Fund Class I	223,024,384	166,296,842
Dodge & Cox Stock Fund	222,050,973	171,586,688
SSgA S&P 500 Index NL Series Fund – Class A	797,552,816	611,037,437
SSB Investment Funds Russell Small Cap Completeness Fund	177,623,593	N/A

During 2013, the investments held by the trustee (including investments bought, sold, as well as held during the year) appreciated (depreciated) in value as follows:

	<u>2013</u>
Net appreciation (depreciation) of investments:	
Conservative income fund	\$ 20,121,007
Common/collective trusts	339,958,319
Registered investment companies	140,553,673
Other investments	<u>(6,522,475)</u>
Total appreciation of investments	494,110,524
Dividends	32,874,931
Interest	5,153,864
Other loss	<u>(1,124,608)</u>
Investment income	<u>\$ 531,014,711</u>
Investment income of the Master Trust attributable to the Plan	\$ 505,296,457

(6) Trustee Certifications

The Plan Administrator has elected the method of compliance permitted by 29 CFR 2520.103-5 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under ERISA. Accordingly, as permitted under such election, the Plan Administrator has obtained a certification from SSB, trustee, as of December 31, 2013 and 2012 and for the year ended December 31, 2013, that all of the information provided by them is complete and accurate. Information included in the accompanying financial statements and notes thereto and the supplemental schedules, as to investments and investment income, is presented based upon those certifications. The auditors did not perform auditing procedures with respect to this information, except for comparing such information to the related information included in the financial statements and supplemental schedules.

NESTLÉ 401(k) SAVINGS PLAN

Notes to Financial Statements

December 31, 2013 and 2012

(7) Parties in Interest

During 2013 and 2012, the Nestlé in the USA Savings Trust had parties in interest that included Plan Sponsor, trustee, record-keeper, and investment advisory, legal, and administrative service providers. The fees paid by the Plan to these parties in interest were \$8,048,378 during 2013.

(8) Fair Value Measurements

The Plan has adopted the guidance in Accounting Standards Codification (ASC) 820, *Fair Value Measurements and Disclosures*, which defines fair value, establishes a framework for measuring fair value, and expands disclosures about fair value measurements. The fair value framework requires the categorization of assets and liabilities into three levels based upon the assumptions (inputs) used to price the assets or liabilities. Level 1 provides the most reliable measure of fair value, whereas Level 3 generally requires significant judgment. The three levels are defined as follows:

- Level 1 – Assets or liabilities that are valued based on quoted prices in active markets that are accessible at measurement date
- Level 2 – Assets and liabilities that are valued based upon inputs, other than those included in level 1; based on quoted prices for similar assets and liabilities in active markets, quoted prices for identical or similar assets and liabilities in inactive markets, or financial instruments for which all significant inputs are observable, either directly or indirectly
- Level 3 – Assets or liabilities that are based on unobservable inputs, including the reporting entity's own analysis of the underlying economic data that market participants would factor into the pricing of the asset or liability

NESTLÉ 401(k) SAVINGS PLAN

Notes to Financial Statements

December 31, 2013 and 2012

Investments in the Master Trust measured at fair value are categorized as follows:

		December 31, 2013			
		Level 1	Level 2	Level 3	Total
Cash equivalents	\$	—	73,861,328	d	—
Insurance contracts:					73,861,328
Separate account GIC Contracts		—	103,050,571	a	—
Synthetic GIC Contracts		—	697,074,306	a	103,050,571
Real estate funds		—	—	2,737,098	b
Common/collective trusts:					697,074,306
Int'l Equity		—	311,488,393	d	—
U.S. Large Cap Equity		—	1,020,577,200	d	311,488,393
U.S. Small Cap Equity		—	177,623,593	d	—
Fixed income		—	254,166,934	d	1,020,577,200
Real estate		—	45,498,259	f	—
Registered investment companies:					254,166,934
Int'l Equity		192,530,547	c	—	—
U.S. Large Cap Equity		222,050,973	c	—	192,530,547
U.S. Small Cap Equity		242,280,661	c	—	222,050,973
Mutual Fund Window		74,798,483	c	—	242,280,661
Real return		31,204,095	c	—	74,798,483
Fixed income		152,534,830	c	—	31,204,095
Fixed income:					152,534,830
U.S. government		—	50,743,209	e	—
Corporate debt		—	99,565,064	e	50,743,209
Other fixed income		—	57,030,575	e	—
Payables/Receivables (pending cash activity)		(47,686,988)	—	—	99,565,064
	\$	<u>867,712,601</u>	<u>2,890,679,432</u>	<u>2,737,098</u>	<u>3,761,129,131</u>

NESTLÉ 401(k) SAVINGS PLAN

Notes to Financial Statements

December 31, 2013 and 2012

	December 31, 2012			
	Level 1	Level 2	Level 3	Total
Cash equivalents	\$ —	48,589,934 (d)	—	48,589,934
Insurance contracts:				
Separate account GIC Contracts	—	114,381,089 (a)	—	114,381,089
Synthetic GIC Contracts	—	736,297,647 (a)	—	736,297,647
Real estate funds	—	—	5,346,113 (b)	5,346,113
Common/collective trusts:				
Int'l Equity	—	256,786,546 (d)	—	256,786,546
U.S. Large Cap Equity	—	777,334,279 (d)	—	777,334,279
U.S. Small Cap Equity	—	129,089,155 (d)	—	129,089,155
Fixed income	—	237,838,086 (d)	—	237,838,086
Real estate	—	36,764,001 (f)	—	36,764,001
Registered investment companies:				
Int'l Equity	150,452,032 (c)	—	—	150,452,032
U.S. Large Cap Equity	171,586,688 (c)	—	—	171,586,688
U.S. Small Cap Equity	167,818,566 (c)	—	—	167,818,566
Mutual Fund Window	69,414,237 (c)	—	—	69,414,237
Real return	27,127,593 (c)	—	—	27,127,593
Fixed income	170,183,884 (c)	—	—	170,183,884
Fixed income:				
U.S. government	—	131,470,925 (e)	—	131,470,925
Corporate debt	—	54,758,721 (e)	—	54,758,721
Other fixed income	—	10,588,180 (e)	—	10,588,180
Payables (pending cash activity)	(5,951,315)	—	—	(5,951,315)
	<u>\$ 750,631,685</u>	<u>2,533,898,563</u>	<u>5,346,113</u>	<u>3,289,876,361</u>

The valuation methodologies utilized by the Master Trust for the above investments as of December 31, 2013 and 2012, are as follows:

- (a) Investments in fully benefit-responsive investment contracts are presented at fair value, and are adjusted to contract value in accordance with the ASC 962 (note 2(b)). The insurance contracts are backed primarily by fixed income investments that are valued on a market basis. Certain fixed income pricing is on a bid evaluation basis. Institutional bid evaluations are estimated prices. Pricing vendors use models, which are generally proprietary, to arrive at the estimated prices. These prices represent the price a dealer would pay for a security. Model inputs vary depending on the type of security, but typically include trade data, institutional bids, comparable trades, dealer quotes, and news media. Market data is provided by multiple independent sources, including primary and secondary dealers, portfolio managers, and research analysts.
- (b) Investment in real estate funds are based on the net asset values (NAVs) reported to the Company and trustee on a periodic basis by the general partners of the fund. These NAVs are based on fair value of the underlying portfolio investments held by the real estate fund. These fair values are valued at appraised values plus undistributed rental and interest income. Management has used the NAV as a practical expedient to estimate fair value of the real estate fund. All real estate investments are currently in liquidation status. There are no gates or lock-ups that would substantially impact the liquidity of the Conservative Income Fund. Redemptions occur at fair value, which is based on the

NESTLÉ 401(k) SAVINGS PLAN

Notes to Financial Statements

December 31, 2013 and 2012

most recent NAV prior to the redemption. The Company currently has no intention of selling any of these investments at an amount other than the NAV. The Company has no minimum capital commitments as of December 31, 2013.

- (c) Registered investment companies (i.e., mutual funds) are exchange traded and valued at quoted market prices. Other investments comprised cash operating accounts.
- (d) These common/collective trusts and cash equivalents are valued based on the NAV of the fund as determined by the investment manager based on quoted and/or industry market prices. The NAV is the market value of all of the securities owned by a fund, minus its total liabilities divided by the number of shares issued. These funds held in the trust can be redeemed on a daily basis with no redemption restrictions.
- (e) Fixed Income is valued based on investment manager or industry pricing services. Certain fixed income pricing is on a bid-evaluation basis. Institutional bid evaluations are estimated prices. Pricing vendors use models, which are generally proprietary, to arrive at the estimated prices. These prices represent the price a dealer would pay for a security. Model inputs vary depending on the type of security, but typically include trade data, institutional bids, comparable trades, dealer quotes, and news media. Market data is provided by multiple independent sources, including primary and secondary dealers, portfolio managers and research analysts.
- (f) This common/collective trust is valued based on the NAV of the fund as determined by the investment manager. The valuation is based on the NAVs of its underlying funds, which comprise direct real estate investments and exchange traded REITs. The NAV is the market value of all the investments owned by the fund minus its total liabilities divided by the number of shares issued. This fund is valued daily, and can be redeemed on a monthly basis with no redemption restrictions.

A summary of changes in the fair value of Level 3 assets for the years ended December 31, 2013 and 2012, are as follows:

	<u>Level 3 assets</u> <u>Real estate</u> <u>only</u>
Nestlé in the USA Savings Trust Assets:	
Insurance contracts:	
Fair value of investments at December 31, 2011	\$ 6,040,968
Adjustment to market value:	
Unrealized loss	<u>(694,855)</u>
Fair value of investments at December 31, 2012	5,346,113
Adjustment to market value:	
Unrealized loss	(245,015)
Sales	<u>(2,364,000)</u>
Fair value of investments at December 31, 2013	<u>\$ 2,737,098</u>

NESTLÉ 401(k) SAVINGS PLAN

Notes to Financial Statements

December 31, 2013 and 2012

Starting in 2011 and continuing in 2013, the Plan has either sold or is in the process of liquidating all real estate investments within the Conservative Income Fund, as well as adopted more conservative fixed income investment guidelines. The significance of transfers between levels was evaluated based upon the nature of the financial instrument and size of the transfer relative to total net assets available for benefits. For the years ended December 31, 2013 and 2012, there were no transfers between Levels 1, 2, or 3.

(9) Tax Status

The Internal Revenue Service (IRS) has determined and informed the Company by a letter dated July 11, 2003, and updated on November 15, 2012, that the Plan and related trust are designed in accordance with applicable sections of the Internal Revenue Code (IRC). The Plan has been amended since receiving the determination letter; however, the Plan Administrator believes that the Plan is designed and is currently being operated in compliance with the applicable requirements of the IRC and Economic Growth and Tax Relief Reconciliation Act (EGTRRA).

U.S. generally accepted accounting principles require the Plan Administrator to evaluate tax positions taken by the Plan. The financial statement effects are recognized when the Plan has taken an uncertain position that more likely than not would be sustained upon examination by the IRS. The Plan Administrator has analyzed the tax positions taken by the Plan and has concluded that as of December 31, 2013 and 2012, there are no uncertain tax positions taken or expected to be taken. The Plan is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. The Plan Administrator believes the Plan is no longer subject to income tax examinations for years prior to 2010.

In May 2014 the Plan concluded the Department of Labor audit satisfactorily.

(10) Reconciliation of Financial Statements to Form 5500

The following is a reconciliation of net assets available for plan benefits according to the financial statements as of December 31, 2013 and 2012, to the Form 5500:

	<u>2013</u>	<u>2012</u>
Net assets available for plan benefits per the financial statements	\$ 3,682,029,994	3,122,867,394
Certain deemed distributions of participant loans	(863,194)	(815,119)
Benefits payable to participants	(1,983,374)	(3,582)
Adjustment from contract value to fair value of fully benefit-responsive investment contracts	<u>16,002,213</u>	<u>46,486,234</u>
Net assets available for plan benefits per Form 5500	<u>\$ 3,695,185,639</u>	<u>3,168,534,927</u>

NESTLÉ 401(k) SAVINGS PLAN

Notes to Financial Statements

December 31, 2013 and 2012

The following is a reconciliation of the net increase per the financial statements and the net income per the Form 5500 for the year ended 2013:

	<u>2013</u>
Net increase per the financial statements	\$ 559,162,600
Change in certain deemed distributions of participant loans	(48,075)
Change in benefits payable to participants	(1,979,792)
Total transfers	(82,662,808)
Adjustment from contract value to fair value of fully benefit-responsive investment contracts	<u>(30,484,021)</u>
Net income per the Form 5500	<u>\$ 443,987,904</u>

Certain deemed distributions represent active participants' loan balances that were in default and have been taxed to the participant (deemed loans). Benefits payable to participants represent distributions that have been removed from the participants' accounts, but have yet to be paid from plan assets. Amounts associated with certain deemed loans and benefits payable are included in the net asset balance reported in the financial statements at December 31, 2013 and 2012, but are removed from the net assets reported on the Form 5500.

(11) Subsequent Events

The Plan Administrator has evaluated subsequent events through October 3, 2014, 2014, the date these financial statements were available for issuance, and concluded that no events occurred that would require an adjustment or additional disclosure to the financial statements.

NESTLÉ 401(k) SAVINGS PLAN

EIN: 95-1572209

Plan Number: 200

Schedule H, Line 4i – Schedule of Assets (Held at End of the Year)

December 31, 2013

(a)	(b) Identity of issue, borrower, lessor, or similar party	(c) Description of investment including maturity date, rate of interest, collateral, par, or maturity value	(d) Cost	(e) Current value
*	State Street Bank and Trust Company	Investment in Nestlé in the USA Savings Trust	✓	\$ 3,536,005,887
*	Participant loans	Various maturity dates from 2014 to 2036 with various rates of interest ranging from 3.25% to 10.50%. The number of outstanding loans at December 31, 2013 was 12,343.	†	80,604,961
			✓	\$ 3,616,610,848

* Party in interest.

† Cost for participant loans is \$0 per the instructions to Form 5500.

✓ Historical cost information is not required in Schedule H, Line 4i – Schedule of Assets (Held at End of Year) for participant-directed investment funds.

Note: This schedule is based on information that has been certified as complete and accurate by State Street Bank and Trust Company, the trustee.

See accompanying independent auditors' report.

NESTLÉ 401(k) SAVINGS PLAN

EIN: 95-1572209

Plan Number: 200

Schedule H, Line 4a – Schedule of Delinquent Participant Contributions

December 31, 2013

Participant contributions transferred late to plan	Total that constitute nonexempt prohibited transactions			Total fully corrected and PTE 2002-51
	Contributions not corrected *	Contributions outside VFCP	Contributions correction in VFCP	
<u>Check here if late participant loan repayments are included</u>				
\$ 17,932	17,932	—	—	—

* Contributions not corrected relate to lost earnings of \$267, due to untimely remitted contributions from 2011, noted above, which was corrected in 2014.

See accompanying independent auditors' report.

[illegible]