

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). <p style="text-align: center;">▶ Complete all entries in accordance with the instructions to the Form 5500.</p>	OMB Nos. 1210-0110 1210-0089 <div style="text-align: center; font-size: 1.5em; font-weight: bold;">2014</div> This Form is Open to Public Inspection
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Part I	Annual Report Identification Information
For calendar plan year 2014 or fiscal plan year beginning <u>01/01/2014</u> and ending <u>12/31/2014</u>	
A This return/report is for:	☐ a multiemployer plan; ☐ a multiple-employer plan (Filers checking this box must attach a list of participating employer information in accordance with the form instructions); 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 PENSION 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>100</u></td> </tr> <tr> <td colspan="2">1c Effective date of plan <u>01/01/1989</u></td> </tr> </table>	1b Three-digit plan number (PN) ▶	<u>100</u>	1c Effective date of plan <u>01/01/1989</u>	
1b Three-digit plan number (PN) ▶	<u>100</u>				
1c Effective date of plan <u>01/01/1989</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>30500 BAINBRIDGE RD</u> <u>SOLOM, OH 44139-2205</u>	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td>2b Employer Identification Number (EIN) <u>95-1572209</u></td> </tr> <tr> <td>2c Plan Sponsor's telephone number <u>440-349-5757</u></td> </tr> <tr> <td>2d Business code (see instructions) <u>311900</u></td> </tr> <tr> <td style="height: 40px;"></td> </tr> </table>	2b Employer Identification Number (EIN) <u>95-1572209</u>	2c Plan 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 Plan 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.	10/14/2015	SHARON M. STRASSHOFFER
	Signature of plan administrator	Date	Enter name of individual signing as plan administrator
SIGN HERE	Filed with authorized/valid electronic signature.	10/13/2015	RUSSELL NISWANDER
	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		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:		4b EIN	
a Sponsor's name		4c PN	
5 Total number of participants at the beginning of the plan year		5	52670
6 Number of participants as of the end of the plan year unless otherwise stated (welfare plans complete only lines 6a(1) , 6a(2) , 6b , 6c , and 6d).			
a(1) Total number of active participants at the beginning of the plan year		6a(1)	31325
a(2) Total number of active participants at the end of the plan year		6a(2)	27218
b Retired or separated participants receiving benefits		6b	11119
c Other retired or separated participants entitled to future benefits.....		6c	11793
d Subtotal. Add lines 6a(2) , 6b , and 6c		6d	50130
e Deceased participants whose beneficiaries are receiving or are entitled to receive benefits.		6e	2701
f Total. Add lines 6d and 6e		6f	52831
g Number of participants with account balances as of the end of the plan year (only defined contribution plans complete this item)		6g	
h Number of participants that terminated employment during the plan year with accrued benefits that were less than 100% vested.....		6h	1434
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: 1A 1C			
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)		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	
(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		b General 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
(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)

Part III**Form M-1 Compliance Information (to be completed by welfare benefit plans)**

11a If the plan provides welfare benefits, was the plan subject to the Form M-1 filing requirements during the plan year? (See instructions and 29 CFR 2520.101-2.) ☐ Yes ☐ No

If "Yes" is checked, complete lines 11b and 11c.

11b Is the plan currently in compliance with the Form M-1 filing requirements? (See instructions and 29 CFR 2520.101-2.) ☐ Yes ☐ No

11c Enter the Receipt Confirmation Code for the 2014 Form M-1 annual report. If the plan was not required to file the 2014 Form M-1 annual report, enter the Receipt Confirmation Code for the most recent Form M-1 that was required to be filed under the Form M-1 filing requirements. (Failure to enter a valid Receipt Confirmation Code will subject the Form 5500 filing to rejection as incomplete.)

Receipt Confirmation Code _____

<div>SCHEDULE SB (Form 5500) Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation</div>	<div>Single-Employer Defined Benefit Plan Actuarial Information</div> <div>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).</div> <div>File as an attachment to Form 5500 or 5500-SF.</div>	<div>OMB No. 1210-0110</div> <div>2014</div> <div>This Form is Open to Public Inspection</div>
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For calendar plan year 2014 or fiscal plan year beginning 01/01/2014 and ending 12/31/2014	
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 NESTLE PENSION PLAN	B Three-digit plan number (PN) 100
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: ☒ Single ☐ Multiple-A ☐ Multiple-B	F Prior year plan size: ☐ 100 or fewer ☐ 101-500 ☒ More than 500

Part I	Basic Information			
1	Enter the valuation date: Month 01 Day 01 Year 2014			
2	Assets:			
	a Market value	2a	3414668097	
	b Actuarial value	2b	3414668097	
3	Funding target/participant count breakdown	(1) Number of participants	(2) Vested Funding Target	(3) Total Funding Target
	a For retired participants and beneficiaries receiving payment	13646	845255605	845255605
	b For terminated vested participants	11976	402380889	402380889
	c For active participants	31325	933089738	1038051960
	d Total	56947	2180726232	2285688454
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	6.41%	
6	Target normal cost	6	113244510	

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	10/07/2015
MARK BYRNE	Date
Type or print name of actuary	14-06052
TOWERS WATSON DELAWARE INC.	Most recent enrollment number
Firm name	213-337-5890
300 S. GRAND AVE., SUITE 2000 LOS ANGELES, CA 90071	Telephone number (including area code)
Address of the firm	

Part II Beginning of Year Carryover and Prefunding Balances		
	(a) Carryover balance	(b) Prefunding balance
7 Balance at beginning of prior year after applicable adjustments (line 13 from prior year)	736444555	0
8 Portion elected for use to offset prior year's funding requirement (line 35 from prior year)	0	0
9 Amount remaining (line 7 minus line 8)	736444555	0
10 Interest on line 9 using prior year's actual return of 5.91%	43523893	0
11 Prior year's excess contributions to be added to prefunding balance:		
a Present value of excess contributions (line 38a from prior year)		121801162
b(1) Interest on the excess, if any, of line 38a over line 38b from prior year Schedule SB, using prior year's effective interest rate of 6.24%		7600393
b(2) Interest on line 38b from prior year Schedule SB, using prior year's actual return		0
c Total available at beginning of current plan year to add to prefunding balance		129401555
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)	779968448	0

Part III Funding Percentages		
14 Funding target attainment percentage	14	115.26 %
15 Adjusted funding target attainment percentage	15	149.39 %
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	148.38 %
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
01/26/2015	70551000	0			
			Totals ►	18(b)	70551000
				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	66019559
20 Quarterly contributions and liquidity shortfalls:		
a Did the plan have a "funding shortfall" for the prior year? ☐ Yes ☒ No		
b If line 20a is "Yes," were required quarterly installments for the current year made in a timely manner? ☐ 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

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

21 Discount rate:				
a Segment rates:	1st segment: 4.99 %	2nd segment: 6.32 %	3rd segment: 6.99 %	☐ N/A, full yield curve used
b Applicable month (enter code).....				21b 0
22 Weighted average retirement age				22 61
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	113244510	
b Excess assets, if applicable, but not greater than line 31a	31b	113244510	
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	66019559	
38 Present value of excess contributions for current year (see instructions)			
a Total (excess, if any, of line 37 over line 36)	38a	66019559	
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		

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
		2014
		This Form is Open to Public Inspection.

For calendar plan year 2014 or fiscal plan year beginning 01/01/2014 and ending 12/31/2014	
A Name of plan NESTLE PENSION PLAN	B Three-digit plan number (PN) ▶ 100
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)
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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

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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 ☐

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: THAD SUMMERSETT	b EIN: 53-0181291
c Position: ENROLLED ACTUARY	
d Address: 300 S. GRAND AVENUE, SUITE 2000 LOS ANGELES, CA 90071	e Telephone: 213-337-6016

Explanation: DUE TO HEALTH REASONS, THERE HAS BEEN A TEMPORARY ACTUARY ASSIGNMENT OF MARK BYRNE. THAD SUMMERSETT IS PLANNING TO RESUME THE ACTUARY POSITION IN THE NEAR FUTURE.

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:

<p style="text-align: center;">SCHEDULE D (Form 5500)</p> <p style="text-align: center; font-size: small;">Department of the Treasury Internal Revenue Service</p> <hr/> <p style="text-align: center; font-size: small;">Department of Labor Employee Benefits Security Administration</p>	<p style="text-align: center;">DFE/Participating Plan Information</p> <p style="text-align: center; font-size: small;">This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA).</p> <p style="text-align: center; font-weight: bold;">▶ File as an attachment to Form 5500.</p>	<p style="text-align: center; font-size: small;">OMB No. 1210-0110</p> <hr/> <p style="text-align: center; font-size: large; font-weight: bold;">2014</p> <hr/> <p style="text-align: center; font-size: small;">This Form is Open to Public Inspection.</p>
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For calendar plan year 2014 or fiscal plan year beginning 01/01/2014 and ending 12/31/2014

<p>A Name of plan NESTLE PENSION PLAN</p>	<p>B Three-digit plan number (PN) ▶</p>	100
<p>C Plan or DFE sponsor's name as shown on line 2a of Form 5500 NESTLE USA, INC.</p>	<p>D Employer Identification Number (EIN) 95-1572209</p>	

Part I	Information on interests in MTIAs, CCTs, PSAs, and 103-12 IEs (to be completed by plans and DFEs) (Complete as many entries as needed to report all interests in DFEs)
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a Name of MTIA, CCT, PSA, or 103-12 IE: NESTLE IN THE USA PENSION TRUST

b Name of sponsor of entity listed in (a): NESTLE USA, INC.

c EIN-PN 36-7324184-101	d Entity code M	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) 3548813815
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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)
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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)
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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):

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
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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) <small>Department of the Treasury Internal Revenue Service</small> <small>Department of Labor Employee Benefits Security Administration</small> <small>Pension Benefit Guaranty Corporation</small>	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.	<small>OMB No. 1210-0110</small> 2014 This Form is Open to Public Inspection
For calendar plan year 2014 or fiscal plan year beginning <u>01/01/2014</u> and ending <u>12/31/2014</u>		
A Name of plan <u>NESTLE PENSION PLAN</u>		B Three-digit plan number (PN) ▶ <u>100</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	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)	130198000	70551000
(2) Participant contributions	1b(2)		
(3) Other.....	1b(3)		
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)		
(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)	3285266544	3548813815
(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	3415464544	3619364815

Liabilities

g Benefit claims payable	1g		
h Operating payables	1h		
i Acquisition indebtedness	1i		
j Other liabilities	1j		
k Total liabilities (add all amounts in lines 1g through 1j)	1k	0	0

Net Assets

l Net assets (subtract line 1k from line 1f)	1l	3415464544	3619364815
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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 Contributions:**

		(a) Amount	(b) Total
(1) Received or receivable in cash from: (A) Employers	2a(1)(A)	70551000	
(B) Participants	2a(1)(B)		
(C) Others (including rollovers)	2a(1)(C)	3112299	
(2) Noncash contributions	2a(2)		
(3) Total contributions. Add lines 2a(1)(A) , (B) , (C) , and line 2a(2)	2a(3)		73663299

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)		
(F) Other	2b(1)(F)		
(G) Total interest. Add lines 2b(1)(A) through (F)	2b(1)(G)		0

(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)		385456365
(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		459119664

Expenses

e Benefit payment and payments to provide benefits:			
(1) Directly to participants or beneficiaries, including direct rollovers.....	2e(1)	240160839	
(2) To insurance carriers for the provision of benefits.....	2e(2)		
(3) Other.....	2e(3)	3112299	
(4) Total benefit payments. Add lines 2e(1) through (3).....	2e(4)		243273138
f Corrective distributions (see instructions).....	2f		
g Certain deemed distributions of participant loans (see instructions).....	2g		
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)	11946255	
(5) Total administrative expenses. Add lines 2i(1) through (4).....	2i(5)		11946255
j Total expenses. Add all expense amounts in column (b) and enter total.....	2j		255219393

Net Income and Reconciliation

k Net income (loss). Subtract line 2j from line 2d.....	2k		203900271
l Transfers of assets:			
(1) To this plan.....	2l(1)		
(2) From this plan.....	2l(2)		

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	
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	
4c			
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	
4d			
e Was this plan covered by a fidelity bond?	X		10000000
4e			
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	
4f			
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	
4g			
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	
4h			
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	
4i			
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	
4j			
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	
4k			
l Has the plan failed to provide any benefit when due under the plan?.....		X	
4l			
m If this is an individual account plan, was there a blackout period? (See instructions and 29 CFR 2520.101-3.)			
4m			
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.			
4n			

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)

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

<div>SCHEDULE R (Form 5500) <div>Department of the Treasury Internal Revenue Service</div><div>Department of Labor Employee Benefits Security Administration</div><div>Pension Benefit Guaranty Corporation</div></div>		<div>Retirement Plan Information</div> <div>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).</div> <div>▶ File as an attachment to Form 5500.</div>		<div>OMB No. 1210-0110</div> <div>2014</div> <div>This Form is Open to Public Inspection.</div>	
For calendar plan year 2014 or fiscal plan year beginning 01/01/2014 and ending 12/31/2014					
A Name of plan NESTLE PENSION PLAN				B Three-digit plan number (PN) ▶	100
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 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	0
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): 36-3046063					
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	2152
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					
For Paperwork Reduction Act Notice and OMB Control Numbers, see the instructions for Form 5500.					
Schedule R (Form 5500) 2014 v. 140124					

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: 19.0% Investment-Grade Debt: 46.0% High-Yield Debt: 3.0% Real Estate: 0.0% Other: 32.0%

- 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):



NESTLÉ PENSION PLAN

Financial Statements

December 31, 2014 and 2013

(With Independent Auditors' Report Thereon)

NESTLÉ PENSION PLAN

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All 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
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1375 East Ninth Street
Cleveland, OH 44114-1796

Independent Auditors' Report

The Plan Administrator
Nestlé Pension Plan:

Report on the Financial Statements

We were engaged to audit the accompanying financial statements of the Nestlé Pension Plan (the Plan), which comprise the statements of net assets available for benefits and statements of accumulated plan benefits as of December 31, 2014 and 2013, and the related statement of changes in net assets available for benefits and statement of changes in accumulated plan benefits for the year ended December 31, 2014, 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 matters 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 5, 7, and 8, which was certified by The Northern 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, 2014 and 2013, and for the year ended December 31, 2014, 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.



Report on Form and Content in Compliance with Department of Labor's Rules and Regulations

The form and content of the information included in the financial statements, 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 12, 2015

NESTLÉ PENSION PLAN

Statements of Net Assets Available for Benefits

December 31, 2014 and 2013

	<u>2014</u>	<u>2013</u>
Investments, at fair value (notes 5, 7 and 8):		
Plan interest in Nestlé in the USA Pension Trust	\$ <u>3,548,813,815</u>	<u>3,285,266,544</u>
Net assets available for benefits	\$ <u><u>3,548,813,815</u></u>	<u><u>3,285,266,544</u></u>

See accompanying notes to financial statements.

NESTLÉ PENSION PLAN
Statement of Changes in Net Assets Available for Benefits
Year ended December 31, 2014

	<u>2014</u>
Investment income:	
Plan interest in Nestlé in the USA Pension Trust investment income	\$ 385,456,365
Total investment income	<u>385,456,365</u>
Contributions:	
Employer contributions	130,198,000
Reimbursement from group annuity contract (note 2(e))	<u>3,112,299</u>
Total contributions	<u>133,310,299</u>
Deductions:	
Benefits paid to participants	240,160,839
Benefits paid on behalf of group annuity contract (note 2(e))	3,112,299
Investment and administrative expenses	<u>11,946,255</u>
Total deductions	<u>255,219,393</u>
Net increase	263,547,271
Net assets available for benefits:	
Beginning of year	<u>3,285,266,544</u>
End of year	<u><u>\$ 3,548,813,815</u></u>

See accompanying notes to financial statements.

NESTLÉ PENSION PLAN

Statements of Accumulated Plan Benefits

December 31, 2014 and 2013

	<u>2014</u>	<u>2013</u>
Actuarial present value of accumulated plan benefits (note 2(c)):		
Vested benefits:		
Participants currently receiving payments	\$ 872,780,110	759,394,338
Other participants	<u>1,391,529,460</u>	<u>1,187,736,097</u>
	2,264,309,570	1,947,130,435
Nonvested benefits	<u>90,279,212</u>	<u>81,115,534</u>
Total actuarial present value of accumulated plan benefits	<u>\$ 2,354,588,782</u>	<u>2,028,245,969</u>

See accompanying notes to financial statements.

NESTLÉ PENSION PLAN
Statement of Changes in Accumulated Plan Benefits
Year ended December 31, 2014

	<u>2014</u>
Actuarial present value of accumulated plan benefits at beginning of year	\$ 2,028,245,969
Increase (decrease) during the year attributable to:	
Benefits accumulated and actuarial gains (losses)	108,158,002
Interest due to decrease in the discount rate	149,012,761
Benefits paid	(240,160,839)
Assumption changes (note 2(c))	270,464,247
Change in plan provisions	<u>38,868,642</u>
Actuarial present value of accumulated plan benefits at end of year	<u><u>\$ 2,354,588,782</u></u>

See accompanying notes to financial statements.

NESTLÉ PENSION PLAN

Notes to Financial Statements

December 31, 2014 and 2013

(1) Description of the Plan

The following description of the Nestlé Pension Plan (the Plan) is provided for general information purposes only. Participants should refer to the Plan document for a more complete description of the Plan's provisions.

(a) General

The Plan is a defined benefit pension plan covering salaried and certain hourly employees of Nestlé USA, Inc. and participating affiliated companies (Company) as defined under the Plan Document. The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA).

Effective December 31, 2013, the Plan assets and related accumulated benefit obligation of the Gerber Life Retirement Plan were merged into the Plan. None of the Plan's provisions were materially changed as a result of the merger.

(b) Pension Benefits

Employees of covered Company locations are eligible to participate in the Plan on January 1 in the year following the date of hire. These participating employees are eligible to receive benefits under the Plan Document as follows:

Traditional Benefit

Participants hired prior to May 1, 2003, who chose to remain on the Traditional formula during the pension choice period, with three (five prior to January 1, 2008) or more years of vesting service are entitled to pension benefits beginning at normal retirement age of 65. The normal retirement benefit is determined based upon years of credited service, as defined, and the average of the participant's highest three consecutive years of pensionable earnings during the ten-year period prior to retirement (average annual compensation). The Plan permits retirement as early as age 55, but with a reduced benefit. The normal form of benefit payment is the Life Annuity Form for participants who are not married on the benefit commencement date and the Spouse's Annuity Form for participants who are married on the benefit commencement date. Subject to certain restrictions of the Plan, participants may elect to receive the value of their benefits as a life annuity, a lump-sum distribution, a ten-year certain annuity, or a joint-and-survivor annuity. Additionally, certain Nestlé Purina employees may be covered under an alternative final average pay formula or a career average pay formula subject to different normal and optional forms of payment as described in Supplement R and Supplement S of the Plan Document, respectively.

Effective April 1, 2015 the Plan was amended to universally offer commencement of benefits and a lump sum option at any age once employment ends.

Account Benefit

All participants hired after May 1, 2003, and participants hired prior to May 1, 2003 who chose the Account formula during the pension choice period, with three (five prior to January 1, 2008) or more years of vesting service are entitled to pension benefits upon termination of employment. Participants earn an annual percentage based on the sum of the participant's age and years of vesting service (or points) for each year of credited service in the Plan. Upon termination, the annual percentages are added together to determine the final pension percentage. The final pension percentage is multiplied

NESTLÉ PENSION PLAN

Notes to Financial Statements

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by the average of the participant's highest five consecutive years of pensionable earnings during the most recent ten-year period. The formula is expressed as a lump sum; however, the normal form of payment is the Life Annuity Form for participants who are not married on the benefit commencement date and the Spouse's Annuity Form for participants who are married on the benefit commencement date. Subject to certain restrictions of the Plan, participants may elect to receive the value of their benefit as a lump-sum distribution, a life annuity, or a joint-and-survivor annuity. Additionally, certain Nestlé Purina employees may be covered under an alternative account benefit formula subject to different normal and optional forms of payment as described in Supplement R of the Plan Document.

Other Benefits

Other plan provisions with limited applicability may also apply to former employees of acquired businesses such as Carnation, Continental Baking Company and Gerber Life. Refer to the Plan document for more details.

(c) *Death and Disability Benefits*

Traditional Benefit

If an active participant dies after completing three years of vesting service, a death benefit may be paid to the participant's qualified surviving spouse. The amount of the benefit paid to the surviving spouse is computed with reference to the early retirement factors of the Plan for payments beginning after age 55. Participants who meet the Plan's disability eligibility requirements may continue accruals under the Plan.

Account Benefit

If an active participant dies, the participant's designated beneficiary will receive the value of the benefit. If the beneficiary is a spouse, the spouse may elect to receive the account benefit as either a lump sum or a life annuity. If the beneficiary is not a spouse, the account benefit is paid as a lump sum. Participants who meet the Plan's disability eligibility requirements may continue accruals under the Plan.

(2) Summary of Significant Accounting Policies

The following are the significant accounting policies followed by the Plan:

(a) *Basis of Accounting*

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

(b) *Investment Valuation*

Plan assets are held in the Nestlé in the USA Pension Trust (Pension Trust), which was established by the Company for the pooled investment of assets for various qualified pension plans sponsored by the Company. The Pension Trust is maintained by The Northern Trust Company, as trustee.

NESTLÉ PENSION PLAN

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December 31, 2014 and 2013

The Pension Trust investments are stated at fair value, in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 820, *Fair Value Measurements and Disclosures*.

Purchases and sales of securities are recorded on a trade-date basis. Interest and other income are recorded on the accrual basis. Dividends are recorded on the ex-dividend date. Net appreciation/depreciation includes the Pension Trust's gains and losses on investments bought and sold as well as held during the year.

(c) Actuarial Present Value of Accumulated Plan Benefits

Accumulated plan benefits are those future periodic payments, including lump-sum distributions that are attributable under the Plan's provisions to the service employees have rendered. Accumulated plan benefits include benefits expected to be paid to (a) retired or terminated employees or their beneficiaries, (b) beneficiaries of employees who have died, and (c) present employees or their beneficiaries.

The accumulated plan benefits for active employees are based on credited service and the average of either the highest three or five years of pensionable earnings, as defined, (i.e., total compensation, including bonuses and overtime) during the last ten calendar years ending on the date as of which the benefit information is presented (the valuation date). Benefits payable under all circumstances – retirement, death, disability, and termination of employment – are included to the extent they are deemed attributable to employee service rendered to the valuation date.

The actuarial present value of accumulated plan benefits is determined by an independent actuary, Towers Watson, and is the amount that results from applying actuarial assumptions to adjust the accumulated plan benefits to reflect the time value of money (through discounts for interest) and the probability of payment (by means of decrements due to death, disability, termination, or retirement) between the valuation date and the expected date of payment. The significant actuarial assumptions used in the valuations as of December 31, 2014 and 2013 were as follows:

Life expectancy of participants	RP- 2014 with MP-2014 projection and RP-2000 with Scale AA projection, respectively
Retirement age	Varying by age
ASC 960 discount rate	6.80% and 7.80%, respectively

The mortality table was updated from the RP-2000 table with Scale AA mortality improvements projection to the RP-2014 table with MP-2014 mortality improvement projection.

The foregoing actuarial assumptions are based on the presumption that the Plan will continue. Were the Plan to terminate, different actuarial assumptions and other factors might be applicable in determining the actuarial present value of accumulated plan benefits.

(d) Administrative Expenses

The Plan allows for administrative expenses such as trustee fees, investment management fees, actuarial valuation fees, accounting fees, and recordkeeping fees to be paid from Plan assets.

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(e) *Payment of Benefits*

Benefit payments to participants are recorded upon distribution.

A portion of Plan benefits is payable by Metropolitan Life Insurance Company (MetLife) as a result of the Company's purchase of annuity contracts for certain former participants in the contributory Carnation Employees Retirement Plan Number Two. The remaining portion of Plan benefits are payable by the Plan and are included in the present value of accumulated plan benefits. Certain Plan benefits were commenced, and continue to be paid, by MetLife, with the Company reimbursing MetLife for any portion of said benefits that were not guaranteed by the employee contributions. Conversely, certain Plan benefits are commenced, and continue to be paid, by the trustee, with MetLife reimbursing the Company for any portion of said benefits that were previously purchased by the employee contributions.

(f) *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 amounts of assets, liabilities, and changes therein, disclosure of contingent assets and liabilities, and the actuarial present value of accumulated plan benefits at the date of the financial statements, and changes therein. Actual results could differ from those estimates.

(g) *Risks and Uncertainties*

The Pension Trust invests in various investment securities. Investment securities are exposed to various risks such as interest rate risk, market risk, and credit risk. 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 those changes could materially affect the amounts reported in the statements of net assets available for benefits.

Plan contributions are made and the actuarial present value of accumulated plan benefits are reported based on certain assumptions pertaining to interest rates, inflation rates, and employee demographics, all of which are subject to change. Due to uncertainties inherent in the estimation and assumption process, it is at least reasonably possible that changes in these estimates and assumptions in the near term could be material to the financial statements.

(h) *Derivative Financial Instruments*

The Plan accounts for derivatives and hedging activities in accordance with ASC 815, *Derivatives and Hedging*, which requires that all derivative instruments not qualifying for hedge accounting be recorded on the statements of net assets available for benefits at their respective fair values.

The Company uses derivatives for the benefit of the plans in the Pension Trust as a tool to reduce risk and as an investment strategy. The Pension Trust will enter into the following types of derivative instruments: interest rate swaps, credit default swaps (CDS), equity swaps, commodity swaps, financial futures, commodities futures, foreign exchange forward contracts and options, and swaptions and options. The derivative instruments outstanding as of period-end and the amounts of realized and unrealized gains and losses, as well as other income on derivative instruments during the period (as

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disclosed in the derivatives tables in note 7), serve as indicators of the volume of derivative activity for the Pension Trust. Derivative strategies involve risk and like other investments, can lose money. The impact on Pension Trust performance can be positive or negative, and will vary depending on market movements.

The Company manages the Pension Trust's interest rate risk using interest rate swaps and/or US Treasury futures (interest rate hedge). The objective of the interest rate hedge is to manage the effective duration of the Pension Trust's assets to better match its defined benefit obligations, thereby protecting the funded ratio of the Pension Trust as interest rates fluctuate. Interest rate swaps and futures used in this manner adjust interest rate and yield curve exposures and substitute for physical securities.

The Company also uses derivatives as a substitute for physical securities in order to gain exposure to certain asset classes. Using derivatives instead of physical securities may be a more efficient means to gain exposure to an index or a market sector due to its characteristics of increased liquidity and reduced transaction costs. Using derivatives may also reduce the need to sell assets when there is a difficult trading environment. Swaps and futures are used to create credit, equity, and commodities exposure. Commodities exposure may only be obtained through the use of either futures or swaps derivative instruments, which is industry standard.

The Company uses a mix of equity, fixed income, and commodity futures to securitize a large cash position. Use of these derivatives enables the cash of the Pension Trust to earn a return as if it were invested in the various asset classes as defined by the strategic asset allocation. It allows the Pension Trust to retain liquidity and flexibility, while still earning equity, fixed income, or commodity returns.

The Company has used derivatives to execute portable alpha strategies; these strategies were terminated in 2014. Portable alpha strategies involve the use of futures or swaps to provide market exposure in equities, fixed income, and commodities, combined with investment in market neutral total return strategies. Use of derivatives in this manner enabled the Pension Trust to use market neutral strategies to earn an active return, while still complying with the strategic asset allocation.

The Company manages credit risk through use of CDS. These derivatives are used to manage credit exposure without buying or selling securities outright. Written CDS increase credit exposure (selling protection), obligating the portfolio to buy bonds from counterparties in the event of a default. Purchased CDS decrease exposure (buying protection) providing the right to "put" (sell) bonds to the counterparty in the event of a default.

The Company manages the foreign currency risk inherent in international equity portfolios through the use of foreign exchange forwards, which are foreign exchange transactions that have settlement periods longer than three days. The Company also uses foreign exchange forwards and currency options as an investment strategy.

Counterparty risk for swaps and forwards, that are not cleared through a central exchange, is mitigated through the use of International Swaps and Derivatives Association (ISDA) standardized agreements that require gains and losses owed to and from the counterparty to be agreed daily, and gains or losses to be collateralized with cash. For futures, the gain (loss) is calculated and funds are transferred to and from the Pension Trust on a daily basis, based on the prior day's market valuation. The types of

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counterparties are large banks and brokers, and the investment managers each have netting arrangements within their accounts to reduce the exposure to any single counterparty.

Holding derivatives has a significant impact on cash flow. Daily mark to markets and accumulated gains and losses can be large, depending on the volatility of the markets. The Company has maintained liquidity necessary to settle any losses, regardless of the severity of the market change. In addition, the Pension Trust has the ability to borrow from the Company through an interest-free loan, if needed, to cover cash flow needs.

(i) Foreign Currency

The Pension Trust's investment securities and other assets and liabilities denominated in foreign currencies are translated into U.S. dollar amounts at the date of valuation. Purchases and sales of investment securities and income and expense items denominated in foreign currencies are translated into U.S. dollar amounts on the respective dates of such transactions.

The Pension Trust does not isolate that portion of the results of operations resulting from changes in foreign exchange rates on investments from the fluctuations arising from changes in market prices of securities held. Such fluctuations are included with the net appreciation and depreciation from investments.

(j) Recently Issued Accounting Standards

In July 2015, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2015-12, which amends existing guidance under Accounting Standards Codification ("ASC") 960, Defined Benefit Pension Plans, ASC 962, Defined Contribution Pension Plans, and ASC 965, Health and Welfare Benefit Plans. The standard eliminates certain disclosure requirements, including individual investments that represent 5% or more of net assets available for benefits, the net appreciation or depreciation for investments by general type and the need to group and disclose classes of assets by nature, characteristic or risk. This guidance was early adopted for the year ended December 31, 2014, with all changes being applied retrospectively.

In May 2015, the FASB issued ASU 2015-07, an amendment to existing guidance under ASC 820, Fair Value Measurements, which removes the requirement to categorize investments for which the Net Asset Value (NAV) practical expedient is used to measure fair value within the hierarchy table. Instead, reporting entities will be required to disclose the fair value of the excluded investments so that users can reconcile between amounts reported in the fair value hierarchy table and the statements of net assets available for benefits. In addition, this ASU eliminates the requirement to provide certain disclosures for investments for which the plan has elected to measure the fair value using the NAV practical expedient. The Plan is currently evaluating this accounting standard issued but not yet effective, and does not expect a material impact to the financial statements as a result of adoption.

(3) Funding Policy

The funding policy of the Plan is to make contributions for each plan year in an amount not less than the minimum required contribution under the law and not more than the maximum tax-deductible contribution. Nestlé may vary its contribution level, if appropriate to its tax and cash position and the Plan's funded status.

NESTLÉ PENSION PLAN

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Contributions made for the Plan year ended December 31, 2014 were \$130,198,000 and met the Company's policy.

(4) Plan Termination

Although it has not expressed any intention to do so, the Company has the right under the Plan to discontinue its contributions at any time and to terminate the Plan, subject to the provisions set forth in ERISA.

In the event the Plan terminates, the net assets of the Plan will be allocated as prescribed by ERISA and its related regulations. The assets allocated to each participant would be distributed through either (a) continuance of the trust fund that is attributable to the current Plan or establishment of a new trust fund, and/or (b) purchase of annuity contracts. In addition, certain benefits under the Plan are insured by the Pension Benefit Guaranty Corporation (PBGC) if the Plan terminates. Generally, the PBGC guarantees most vested normal age retirement benefits, early retirement benefits, and certain disability and survivor's pensions. However, the PBGC does not guarantee all types of benefits under the Plan, and the amount of benefit protection is subject to certain limitations. Vested benefits under the Plan are guaranteed at the level in effect on the date of the Plan's termination. However, there is a statutory ceiling on the amount of an individual's monthly benefit that the PBGC guarantees, which is adjusted periodically.

Whether all participants receive their benefits should the Plan terminate at some future time will depend on the sufficiency, at that time, of the Plan's net assets to provide those benefits and may also depend on the level of benefits guaranteed by the PBGC.

(5) 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 The Northern Trust Company, the trustee of the Plan, as of December 31, 2014 and 2013 and for the year ended December 31, 2014 that all of the information provided by them is complete and accurate. Information included in the accompanying financial statements and notes thereto, as to investments and investment income (loss), is presented in reliance upon those certifications, with the exception of the Pension Trust's investments in real estate funds, hedge funds, and venture capital and partnership funds and the leveling of investments. These investments are held by the investment fund managers, who report the net asset values of the Pension Trust's interests to the Company and trustee on a periodic basis. Information included in the accompanying financial statements related to these funds is based upon these net asset values as of December 31, 2014 and 2013.

(6) Parties in Interest

During 2014 and 2013, Nestle in the USA Pension Trust had parties in interest that included Plan Sponsor, trustee, investment advisory, legal, actuarial, and administrative service providers. The fees paid by the Pension Trust to these parties in interest were \$14,881,387 in 2014. The Plan's share of these expenses was approximately 80% for the Plan year ended 2014. In addition, the Pension Trust also invests in the common stock of The Northern Trust Company. The fair value of this investment was \$1,354,600 and \$1,555,000 in 2014 and 2013, respectively. Furthermore, the Pension Trust acquired a Northern Trust corporate bond with a fair value of \$219,965 and \$578,901 in 2014 and 2013, respectively.

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(7) Interest in Nestlé in the USA Pension Trust

The assets of the Plan are invested in the Pension Trust, in which the assets of the Plan are combined with the assets of other affiliated Company plans for investment purposes.

Pursuant to the trustee's method of allocating the investment holdings between the plans, contributions into the Pension Trust are treated as additions in the Pension Trust, withdrawals are treated as deductions in the Pension Trust, and investment income (loss) is allocated proportionately. Accordingly, the value of the Plan's investment in the Pension Trust is equal to the Plan's interest in each applicable investment increased or decreased by the Plan's allocated share in income, gains, and losses attributable to each applicable investment, which share is generally based upon the Plan's respective share of the Pension Trust's combined net assets available for benefits each month before investment income (loss) and net appreciation (depreciation) in the fair value of investments. Those investment expenses of the Pension Trust, which can be specifically identified as being applicable to the Plan, are charged to the Plan. The remaining investment expenses are allocated to the Plan based on the Plan's respective share of the Pension Trust's combined net assets available for benefits on a monthly basis.

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December 31, 2014 and 2013

The Plan's equitable share of the Pension Trust's net assets was approximately 80% at December 31, 2014 and 2013. The following is financial information with respect to the Pension Trust:

	<u>2014</u>	<u>2013</u>
Investments, at fair value:		
Unencumbered investments:		
The Northern Trust Company Core Qualified Collateral Section**	\$ 102,944,830	103,853,681
Equities	456,495,242	786,779,179
Fixed income	1,775,529,108	1,294,954,832
Real estate	279,311,208	297,010,104
Venture capital and partnerships	327,093,635	303,995,505
Other investments	18,908,244	25,754,504
Hedge funds	685,061,571	807,610,112
Cash and cash equivalents*	874,447,599	472,299,733
Total unencumbered investments	<u>4,519,791,437</u>	<u>4,092,257,650</u>
Securities pledged to creditors**:		
Equities	41,229,117	61,181,008
Fixed income	61,715,713	40,387,140
Total securities pledged to creditors	<u>102,944,830</u>	<u>101,568,148</u>
Total assets	4,622,736,267	4,193,825,798
Payable under securities loan agreements**	(102,944,830)	(103,853,681)
Liabilities	<u>(99,296,130)</u>	<u>(2,031,122)</u>
Net Pension Trust assets	<u>\$ 4,420,495,307</u>	<u>4,087,940,995</u>
Net Pension Trust assets attributable to the Plan	\$ 3,548,813,815	3,285,266,544

* Includes pending trade sales and purchases as of year-end.

** The Pension Trust participated in a securities lending arrangement through the trustee in 2014 and 2013. The Pension Trust obtained cash and noncash collateral from the borrowers of the Plan's securities as a result of this arrangement. The collateral received from borrowers was invested in The Northern Trust Company Core Qualified Collateral Section. The noncash collateral received consisted primarily of fixed income securities and domestic equity securities.

	<u>2014</u>	<u>2013</u>
Cash Collateral	\$ 102,735,815	103,253,639
Non Cash Collateral	2,923,581	600,042
Total	<u>\$ 105,659,396</u>	<u>103,853,681</u>

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December 31, 2014 and 2013

During the year ended December 31, 2014, investment income for the Pension Trust consisted of the following:

	2014
Net appreciation in fair value of investments	\$ 377,367,816
Interest	71,272,081
Dividends	5,876,334
Other income	25,448,508
	<u>\$ 479,964,739</u>
Pension Trust investment income attributable to the Plan	\$ 385,456,365

As discussed in note 2(h), the Pension Trust uses derivative financial instruments as part of its investment strategy. Refer to note 8 for a description of valuation methodologies. Gains and losses on derivative financial instruments are realized in investment income (loss) on a daily basis. As of December 31, 2014 and 2013, the Pension Trust held the following derivatives:

	2014		2013	
	<u>Asset derivatives Fair value</u>	<u>Liability derivatives Fair value</u>	<u>Asset derivatives Fair value</u>	<u>Liability derivatives Fair value</u>
Derivatives not accounted for as hedging instruments under ASC 815:				
Interest rate	\$ 9,162,390	(8,200,147)	11,171,513	(25,431,946)
Foreign exchange	18,723,753	(15,684,081)	7,027,639	(6,946,740)
Credit	5,280,893	(1,140,697)	2,608,767	(939,660)
Equity	14,208	(527,383)	4,439,772	(12,797)
Commodity	182,116	(4,459,414)	325,050	(1,792,297)
	<u>\$ 33,363,360</u>	<u>(30,011,722)</u>	<u>25,572,741</u>	<u>(35,123,440)</u>

The fair values of the derivatives are located within Unencumbered Investments held by the Pension Trust in other investments in assets and liabilities, cash and cash equivalents, fixed income, and equities. There is no concentration of derivatives in any of the categories. Swap valuations are also represented in the Pension Trust Receivables and Liabilities.

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Notes to Financial Statements

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For the year ended December 31, 2014, the Pension Trust recognized in investment income the following:

		2014	
		Amount of	Amount of
		gain (loss)	other income
		(expense)	(expense)
Derivatives not accounted for as hedging instruments under			
ASC 815:			
Interest rate	\$	87,729,340	1,144,432
Foreign exchange		17,224,791	—
Credit		(178,368)	2,805,743
Equity		8,941,061	—
Commodity		(30,829,029)	(12,035,691)
	\$	<u>82,887,795</u>	<u>(8,085,516)</u>

The gain (loss) related to the derivatives is located in the net appreciation (depreciation) in fair value of investments and the other income (loss) for the Pension Trust. There is no concentration of derivatives in any of the categories.

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Notes to Financial Statements

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Offsetting of Assets and Liabilities – Nestle at December 31, 2014:

Asset description	Gross recognized assets	Gross amounts offset	Net amounts presented	Amounts not offset		Net exposure
				Financial instruments	Net collateral received	
OTC Commodities	\$ 45,023	—	45,023	18,977	—	26,046
OTC Equities	593	—	593	593	—	—
OTC Foreign exchange	18,462,663	—	18,462,663	13,989,696	176,808	4,296,159
OTC Interest rate/credit	6,697,386	—	6,697,386	2,330,264	1,296,606	3,070,516
Total derivatives subject to a Master Netting Agreement (MNA)	25,205,665	—	25,205,665	16,339,530	1,473,414	7,392,721
Exchange cleared interest rate/credit	6,664,772	—	6,664,772	—	—	6,664,772
Exchange traded commodities	137,093	—	137,093	—	—	137,093
Exchange traded equities	13,615	—	13,615	—	—	13,615
Exchange traded foreign exchange	261,090	—	261,090	—	—	261,090
Exchange traded interest rate / credit	1,081,125	—	1,081,125	—	—	1,081,125
Total derivatives not subject to a MNA**	8,157,695	—	8,157,695	—	—	8,157,695
Total derivatives	\$ 33,363,360	—	33,363,360	16,339,530	1,473,414	15,550,416
Repurchase agreements	\$ 8,200,029	—	8,200,029	—	8,200,029	—
Securities lending (pledged)	102,944,830	—	102,944,830	—	105,659,396	2,714,566

Liability description	Gross recognized liabilities	Gross amounts offset	Net amounts presented	Amounts not offset		Net exposure
				Financial instruments	Net collateral pledged	
OTC Commodities	\$ 1,699,140	—	1,699,140	18,977	—	1,680,163
OTC Equities	3,979	—	3,979	593	—	3,386
OTC Foreign Exchange	15,645,586	—	15,645,586	13,989,696	—	1,655,890
OTTIC Interest rate / credit	3,601,174	—	3,601,174	2,330,264	1,002,649	268,261
Total derivatives subject to a MNA	20,949,879	—	20,949,879	16,339,530	1,002,649	3,607,700
Exchange cleared interest rate/credit	5,252,178	—	5,252,178	—	—	5,252,178
Exchange traded commodities	2,760,273	—	2,760,273	—	—	2,760,273
Exchange traded equities	523,404	—	523,404	—	—	523,404
Exchange traded foreign exchange	38,495	—	38,495	—	—	38,495
Exchange traded interest rate /credit	487,493	—	487,493	—	—	487,493
Total derivatives not subject to a MNA**	9,061,843	—	9,061,843	—	—	9,061,843
Total derivatives	\$ 30,011,722	—	30,011,722	16,339,530	1,002,649	12,669,543
Repurchase agreements	\$ —	—	—	—	—	—
Securities lending	—	—	—	—	—	—

** Nestle elected to follow Section 210-20-55-10A of ASU 2013-01 to include instruments not subject to an enforceable master netting arrangement or similar agreement.

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Notes to Financial Statements

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Offsetting of Assets and Liabilities – Nestle at December 31, 2013:

Asset description	Gross recognized assets	Gross amounts offset	Net amounts presented	Amounts not offset		Net exposure
				Financial instruments	Net collateral received	
OTC Commodities	\$ 67,164	—	67,164	28,037	—	39,127
OTC Equities	3,454,741	—	3,454,741	484	—	3,454,257
OTC Foreign exchange	6,871,559	—	6,871,559	4,900,974	157,000	1,813,585
OTC Interest rate/credit	11,342,009	—	11,342,009	3,765,048	6,856,605	720,356
Total derivatives subject to a Master Netting Agreement (MNA)	21,735,473	—	21,735,473	8,694,543	7,013,605	6,027,325
Exchange cleared interest rate/credit	2,102,850	—	2,102,850	—	—	2,102,850
Exchange traded commodities	257,886	—	257,886	—	—	257,886
Exchange traded equities	985,031	—	985,031	—	—	985,031
Exchange traded foreign exchange	156,080	—	156,080	—	—	156,080
Exchange traded interest rate / credit	335,421	—	335,421	—	—	335,421
Total derivatives not subject to a MNA**	3,837,268	—	3,837,268	—	—	3,837,268
Total derivatives	\$ 25,572,741	—	25,572,741	8,694,543	7,013,605	9,864,593
Repurchase agreements	\$ 2,600,000	—	2,600,000	—	2,600,000	—
Securities lending (pledged)	103,853,681	—	103,853,681	—	103,853,681	—
Liability description	Gross recognized liabilities	Gross amounts offset	Net amounts presented	Amounts not offset		Net exposure
				Financial instruments	Net collateral pledged	
OTC Commodities	\$ 239,953	—	239,953	28,037	—	211,916
OTC Equities	1,570	—	1,570	484	—	1,086
OTC Foreign Exchange	6,826,166	—	6,826,166	4,900,974	—	1,925,192
OTTC Interest rate / credit	20,407,408	—	20,407,408	3,765,048	11,995,000	4,647,360
Total derivatives subject to a MNA	27,475,097	—	27,475,097	8,694,543	11,995,000	6,785,554
Exchange cleared interest rate/credit	2,890,989	—	2,890,989	—	—	2,890,989
Exchange traded commodities	1,552,344	—	1,552,344	—	—	1,552,344
Exchange traded equities	11,227	—	11,227	—	—	11,227
Exchange traded foreign exchange	120,574	—	120,574	—	—	120,574
Exchange traded interest rate /credit	3,073,209	—	3,073,209	—	—	3,073,209
Total derivatives not subject to a MNA**	7,648,343	—	7,648,343	—	—	7,648,343
Total derivatives	\$ 35,123,440	—	35,123,440	8,694,543	11,995,000	14,433,897
Repurchase agreements	\$ —	—	—	—	—	—
Securities lending	—	—	—	—	—	—

** Nestle elected to follow Section 210-20-55-10A of ASU 2013-01 to include instruments not subject to an enforceable master netting arrangement or similar agreement.

NESTLÉ PENSION PLAN

Notes to Financial Statements

December 31, 2014 and 2013

(8) Fair Value Measurements

The Plan has adopted the guidance in ASC 820, 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 unadjusted quoted prices in active markets that are accessible at measurement date.
- Level 2: Assets or liabilities that are valued based on observable 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 valued 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 PENSION PLAN

Notes to Financial Statements

December 31, 2014 and 2013

Assets and liabilities of the Pension Trust measured at fair value on a recurring basis are categorized as follows:

		December 31, 2014			
		Level 1	Level 2	Level 3	Total
Nestlé in the USA Pension					
Trust assets:					
Northern Trust Core					
Qualified Collateral Section	\$	—	102,944,830 (e)	—	102,944,830
Equities:					
Preferred stock		12,500,214	2,434,415	—	14,934,629
Common stock		167,913,275	—	—	167,913,275
Commingled funds		51,427,368	176,388,087	—	227,815,455
Equity exchange traded funds		87,046,791	—	—	87,046,791
Equity futures		9,340	—	—	9,340
Equity options and swaps		4,275	593	—	4,868
Total equities		318,901,263 (a)	178,823,095 (b)	—	497,724,358
Fixed income:					
Mutual funds		1,661,809	—	—	1,661,809
Collateralized obligations		—	12,329,566	6,512,414	18,841,980
Corporate bonds		—	1,064,119,471	6,374,076	1,070,493,547
Government and municipal		—	616,055,925	22,596,604	638,652,529
Bank loans		—	17,971,976	—	17,971,976
Alternative Investments		—	—	74,673,348	74,673,348
Exchange traded funds		—	506,349	—	506,349
Futures		890,875	—	—	890,875
Options and swaps		190,250	13,362,158	—	13,552,408
Total fixed income		2,742,934 (a)	1,724,345,445 (b)	110,156,442 (c)	1,837,244,821
Hedge funds		—	—	685,061,571 (d)	685,061,571
Real estate		—	—	279,311,208 (d)	279,311,208
Venture capital and partnerships		—	—	327,093,635 (d)	327,093,635
Other assets:					
Foreign exchange forwards and options		9,756,057	8,706,606	—	18,462,663
Foreign exchange futures		261,090	—	—	261,090
Commodity forwards, options and swaps		1,575	45,023	—	46,598
Commodity futures		135,518	—	—	135,518
Other Misc. Assets		2,376	—	—	2,376
Total other assets		10,156,616 (a)	8,751,629 (b)	—	18,908,245

NESTLÉ PENSION PLAN

Notes to Financial Statements

December 31, 2014 and 2013

December 31, 2014				
	Level 1	Level 2	Level 3	Total
Cash and cash equivalents:				
Cash (held at broker)	\$ 92,441,027	—	—	92,441,027
Cash	10,565,876	—	—	10,565,876
Repurchase Agreements	8,200,029	—	—	8,200,029
Short term	—	763,240,667	—	763,240,667
Total cash and cash equivalents	111,206,932 (a)	763,240,667 (b)	— (c)	874,447,599
Total assets	443,007,745	2,778,105,666	1,401,622,856	4,622,736,267
Liabilities:				
Payables	(35,567,407)	—	—	(35,567,407)
Collateral held	(33,717,002)	—	—	(33,717,002)
Total current liabilities	(69,284,409) (a)	—	—	(69,284,409)
Equity futures	(523,404)	—	—	(523,404)
Equity options and swaps	—	(3,979)	—	(3,979)
Fixed income futures	(417,943)	—	—	(417,943)
Fixed income options and swaps	(69,550)	(8,853,225)	(127)	(8,922,902)
Foreign exchange forwards and options	(9,449,795)	(6,195,790)	—	(15,645,585)
Foreign exchange futures	(38,495)	—	—	(38,495)
Commodity forwards, options and swaps	(6,946)	(1,699,140)	—	(1,706,086)
Commodity futures	(2,753,327)	—	—	(2,753,327)
Total other investments	(13,259,460) (a)	(16,752,134) (b)	(127)	(30,011,721)
Payables under				
Securities lending agreement	—	(102,944,830) (e)	—	(102,944,830)
Total liabilities	(82,543,869)	(119,696,964)	(127)	(202,240,960)
Net pension trust assets	\$ 360,463,876	2,658,408,702	1,401,622,729	4,420,495,307

NESTLÉ PENSION PLAN

Notes to Financial Statements

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		December 31, 2013			
		Level 1	Level 2	Level 3	Total
Nestlé in the USA Pension					
Trust assets:					
Northern Trust Core					
Qualified Collateral Section	\$	—	103,853,681 (e)	—	103,853,681
Equities:					
Preferred		8,263,178	—	—	8,263,178
Common stock		350,056,472	—	—	350,056,472
Commingled funds		158,916,273	330,725,350	—	489,641,623
Equity derivatives		—	(1,086)	—	(1,086)
Total equities		517,235,923 (a)	330,724,264 (b)	—	847,960,187
Fixed income:					
Options and futures		—	(14,553)	—	(14,553)
Mutual funds		34,731,881	—	—	34,731,881
Collateralized obligations		—	60,305,146	—	60,305,146
Corporate bonds		—	901,623,572	—	901,623,572
Government and municipal		—	245,037,366	—	245,037,366
Bank loans		—	5,522,544	—	5,522,544
Other fixed income		—	—	88,136,016	88,136,016
Total fixed income		34,731,881 (a)	1,212,474,075 (b)	88,136,016 (c)	1,335,341,972
Hedge funds		—	—	807,610,112 (d)	807,610,112
Real estate		—	—	297,010,104 (d)	297,010,104
Venture capital and partnerships		—	—	303,995,505 (d)	303,995,505
Other assets:					
Diversified mutual funds		32,286,293	—	—	32,286,293
Options and swaps		—	(6,540,135)	—	(6,540,135)
Commodities		(6,960)	12,128	—	5,168
Misc.		2,908	—	270	3,178
Total other assets		32,282,241 (a)	(6,528,007) (b)	270	25,754,504
Cash and cash equivalents:					
Cash (held at broker)		56,583,579	—	—	56,583,579
Cash		144,873,828	—	—	144,873,828
Currency options		—	928,553	—	928,553
Short term		—	269,913,773	—	269,913,773
Total cash and cash equivalents		201,457,407 (a)	270,842,326 (b)	—	472,299,733
Liabilities:					
Collateral held		(2,031,122)	—	—	(2,031,122)
Total liabilities		(2,031,122) (a)	—	—	(2,031,122)
Payables under					
Securities lending agreement		—	(103,853,681) (e)	—	(103,853,681)
	\$	783,676,330	1,807,512,658	1,496,752,007	4,087,940,995

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December 31, 2014 and 2013

Due to the Company's policy to diversify the holdings of the Pension Trust portfolio, there is no significant concentration of investments within any particular class of investments included above. The valuation methodologies utilized by the Plan and Pension Trust for the above investments as of December 31, 2014 and 2013, are as follows:

- (a) Based on quoted market prices in active markets
- (b) Based on investment manager or industry pricing services over investments. 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.

Collateralized mortgage models are based on trade and quote activity of bonds with similar features including issuer, vintage, prepayment speeds, and purpose of the underlying loan (first or second lien).

Cash equivalents include short term fixed income instruments whose valuations are determined based upon maturity date, issue date, and credit ratings.

Commingled Funds are valued based on the net asset value of the fund as determined by the investment manager. The net asset value is the market value of all of the securities owned by a fund, minus its total liabilities divided by the number of shares issued. The liquidity of these investments is determined by the redemption period for each fund, which differs among funds. Redemptions may vary from daily to monthly with required notification of 30 days or less.

U.S. Treasuries are priced by obtaining feeds from various live data sources including market makers and interdealer brokers.

Currency forwards use quoted foreign exchange rates in an active market or exchange. Over-the-counter options are valued using bid, ask/offer quotes that are binding and corroborated. Swaps are valued using the discounted cash flow method. The two legs (fixed and floating) are priced independently as the present value of their expected cash flows.

- (c) Certain fixed income securities (primarily certain collateralized obligations) are valued based upon evaluated prices using unobservable inputs (i.e., extrapolated data, proprietary models, and indicative quotes).
- (d) Investments in real estate funds, hedge funds, and private equity funds are based on the net asset values reported to the Company and trustee by the fund managers or the general partners of the fund. These net asset values are based on the fair value of the underlying portfolio investments held by the investment fund.

These fair values are determined by a variety of methods: real estate investments are valued at appraised values plus undistributed rental and interest income; hedge funds are valued by the investment manager using quoted market prices of underlying investments and evaluations supplied

NESTLÉ PENSION PLAN

Notes to Financial Statements

December 31, 2014 and 2013

by industry pricing vendors; and private equity investments are valued using income and market based analysis.

Management has used the net asset value as a practical expedient to estimate the fair value of these investment funds. Limited partnerships are held until they unwind, which is typically ten years from the date of entering the investment. As of December 31, 2014 and 2013, unfunded commitments were \$158 million and \$197 million, respectively. For investments in hedge funds and real estate that allow partial and/or full redemptions, upon notice and upon the approval of the fund manager, the funds are typically paid out over multiple quarters. The redemption approval is based on factors including market conditions and other redemption requests in the queue. There are no gates or lock ups that would substantially impact the liquidity of the investments for either complete or partial liquidations. Redemptions occur at fair value, which is based on the most recent net asset value prior to the redemption. The Company currently has no intention of selling any of these investments at an amount other than the net asset value.

- (e) Fair value is based on the net asset value of the Core Collateral Fund as determined daily, by the trustee, using market prices of underlying investments and evaluations supplied by industry pricing vendors.

The Company's Level 3 investments are in venture capital, infrastructure, real estate, hedge funds, and fixed income partnerships. These investments are primarily limited partnership investments and are fair valued almost entirely using an audited net asset value (NAV). The fair values of Level 3 investments are estimated using techniques that may rely heavily on the investment managers' assumptions and qualitative observations. The Company uses the fair valuations from the investment managers and reviews and validates their valuation methods and processes throughout the year. The Company did not make any adjustments to any valuations. The Company's Director of Retirement Investments is responsible for ensuring accurate fair valuations of the Level 3 investments. The Director of Retirement Investments reports to the Chief Financial Officer of the Company. The Company establishes and follows valuation policies and procedures. The Company employs specialized investment consultants who perform due diligence on the valuation policies and procedures of the general partners before making the investments and periodically thereafter. Using their own procedures and systems, they evaluate the reasonableness of the partnerships' NAVs on a monthly and quarterly basis using industry comparisons, operating performance metrics and they conduct frequent reviews with the general partners. The Company periodically evaluates the fair valuation policies and procedures of these specialized investment consultants and requests and reviews the valuation policies of the investment managers and general partners annually. In addition to the funds and partnerships, certain collateralized mortgage obligations are reported in the Level 3 investments as they were valued using nonbinding broker quotes.

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A summary of changes in the fair value of Level 3 assets and liabilities for the years ended December 31, 2014 and 2013 is as follows:

	December 31, 2013	Gross purchases and issuances	Gross sales and settlements	Unrealized gains (losses)	Realized gains (losses)	December 31, 2014
Fixed income	\$ 88,136,016	46,174,829	(32,439,631)	8,122,487	169,734	110,163,435
Hedge funds	807,610,112	132,000,000	(289,657,297)	(49,420,584)	84,393,086	684,925,317
Real estate	297,010,104	49,199,980	(65,688,759)	(5,528,326)	15,097,792	290,090,791
Venture capital and partnerships	303,995,505	53,110,333	(70,903,404)	200,399	30,040,480	316,443,313
Other assets	270	—	(397)	—	—	(127)
	<u>\$ 1,496,752,007</u>	<u>280,485,142</u>	<u>(458,689,488)</u>	<u>(46,626,024)</u>	<u>129,701,092</u>	<u>1,401,622,729</u>

	December 31, 2012	Gross purchases and issuances	Gross sales and settlements	Unrealized gains (losses)	Realized gains (losses)	December 31, 2013
Fixed income	\$ 63,351,214	25,627,364	(10,680,230)	6,050,878	3,786,790	88,136,016
Hedge funds	704,537,154	131,847,919	(79,456,794)	42,629,296	8,052,537	807,610,112
Real estate	284,515,572	59,052,831	(63,475,888)	3,150,754	13,766,835	297,010,104
Venture capital and partnerships	278,990,153	41,555,421	(57,108,060)	30,596,225	9,961,766	303,995,505
Other assets	270	—	—	—	—	270
	<u>\$ 1,331,394,363</u>	<u>258,083,535</u>	<u>(210,720,972)</u>	<u>82,427,153</u>	<u>35,567,928</u>	<u>1,496,752,007</u>

* The availability of observable market data is monitored to assess the appropriate classification of financial instruments within the fair value hierarchy. Changes in economic conditions or model-based valuation techniques may require the transfer of financial instruments from one fair value level to another.

The significance of transfers between levels is evaluated based upon the nature of the financial instrument and size of the transfer relative to total net assets available for benefits. There were no significant transfers between levels in 2014 and 2013.

(9) Tax Status

The Internal Revenue Service (IRS) has determined and informed the Plan by a letter dated July 9, 2003 that the Plan and related trust are designed in accordance with applicable sections of the Internal Revenue Code (IRC). In accordance with IRS procedures, in January 2015, the Company adopted an amended and restated Plan document effective January 1, 2015. The Company submitted a determination letter ruling request with the IRS in January 2010 and January 2015 for its amended and restated Plan documents. The IRS has not yet issued rulings on these requests through the date of this report, however, the Plan Administrator believes that the Plan is designed and is currently being operated in compliance with the applicable requirements of the IRC.

NESTLÉ PENSION PLAN

Notes to Financial Statements

December 31, 2014 and 2013

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, 2014, 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 2011.

(10) Reconciliation of Financial statements to Form 5500

Contributions of \$70,551,000 and \$130,198,000 were made by the Company during 2015 and 2014, respectively. Since the contributions were made prior to September 15, the contributions have been designated for the 2014 and 2013 plan years, respectively, for tax purposes on Form 5500. However, the Plan recognized \$130,198,000 in the 2014 financial statements, as this was the amount required to meet the minimum funding requirements and/or the Company's funding policy.

The following is a reconciliation of net assets available for benefits per the financial statements as of December 31, 2014 and 2013 to Form 5500:

	<u>2014</u>	<u>2013</u>
Net assets available for benefits per the financial statements	\$ 3,548,813,815	3,285,266,544
Add contributions received for current plan year	<u>70,551,000</u>	<u>130,198,000</u>
Net assets available for benefits per Form 5500	<u>\$ 3,619,364,815</u>	<u>3,415,464,544</u>

The following is a reconciliation of the Plan's employer contributions per the financial statements for the year ended December 31, 2014 to Form 5500:

	<u>2014</u>
Employer contributions per the financial statements	\$ 130,198,000
Add contributions received for current plan year in 2015	70,551,000
Less contributions received for prior plan year in 2014	<u>(130,198,000)</u>
Employer contributions per Form 5500	<u>\$ 70,551,000</u>

(11) Subsequent Events

The Plan has evaluated subsequent events through October 12, 2015, the date these financial statements were available for issuance. During 2015, the Plan Sponsor underwent a campaign to notify vested participants who have ended employment of their ability to receive an immediate lump sum of their benefit, allowed under the Plan Document as described in note 1. As a result of this initiative, \$159,329,056 was paid out of the Pension Trust of which the Plan's share was \$123,010,538. The lump sum option will be available for all participants at any time. Except for locations covered by Supplement S, effective January 1, 2016 the Plan will be closed to new hires, rehires, and transfers. There were no other subsequent events to report.

2014 Schedule SB, line 26 - Schedule of Active Participant Data
Name of Sponsor / Plan: Nestlé USA, Inc. – Nestlé Pension Plan
EIN / PIN: 95-1572209 / 100

Attained Age	----- Years of Credited Service -----										
	Under 1	1 to 4	5 to 9	10 to 14	15 to 19	20 to 24	25 to 29	30 to 34	35 to 39	40 & up	
<25	Number	733	903	53							1689
	Average Earnings	33927	43287	43039							39217
	Average Acct Bal	643	3039	5662							2081
25 to 29	Number	770	1783	900	28						3481
	Average Earnings	40568	51036	54884	54358						49742
	Average Acct Bal	806	4829	9640	9507						5221
30 to 34	Number	544	1428	1380	449	30	1				3832
	Average Earnings	48437	59529	64041	64041	56657	73040				60089
	Average Acct Bal	1005	6013	13729	19651	19446	8468				9785
35 to 39	Number	351	1173	1220	787	359	13				3903
	Average Earnings	52763	64121	70513	74733	69680	63802				67747
	Average Acct Bal	1134	7243	17117	28832	32461	23513				16507
40 to 44	Number	295	1063	1057	801	652	239	28			4135
	Average Earnings	48542	65922	73396	79254	84514	82497	70355			73095
	Average Acct Bal	1216	8259	18804	32946	48790	49437	64185			24384
45 to 49	Number	267	874	933	812	640	493	309	17		4345
	Average Earnings	48846	65321	74054	78122	90424	106642	87100	60967		78494
	Average Acct Bal	1167	8752	19832	32765	52872	82393	77070	62864		35077
50 to 54	Number	208	763	828	754	561	557	519	381	63	4634
	Average Earnings	51394	65558	71230	71073	86482	95649	113253	81401	77886	79795
	Average Acct Bal	1517	10037	21171	29683	44980	57104	91331	56495	60100	38333
55 to 59	Number	89	455	521	520	440	383	333	346	296	3413
	Average Earnings	50242	59965	67797	71676	78386	89791	101359	102298	84555	79099
	Average Acct Bal	1450	9752	22517	27486	36046	41467	61374	64703	58898	36471
60 to 64	Number	46	159	247	238	168	165	161	143	127	1531
	Average Earnings	41118	58778	61761	64757	70365	81705	88923	96871	106327	75126
	Average Acct Bal	1685	12300	23401	28222	27484	27288	35365	55592	98801	35869
65 to 69	Number	11	22	50	52	47	38	21	20	15	303
	Average Earnings	29812	42510	55814	73634	77043	70178	120807	101089	101361	82612
	Average Acct Bal	1037	8207	25456	30850	34352	12250	39773	43159	69907	41544
70 & up	Number	1	9	11	11	3	5	8	4	4	59
	Average Earnings	20836	32817	53032	45338	40408	44832	101187	87171	84401	58980
	Average Acct Bal	1677	9449	24475	13201	18725	15852	42097	137402	11683	26657

Average Age = 43.0

Average Service = 9.86

Note: For the purpose of this Schedule of Active Participant Data, "Average Acct Bal" includes both pension equity lump sum amounts and cash balance accounts

Statement of Actuarial Assumptions and Methods

1. Assumptions and methods for contribution purposes

Actuarial Assumptions and Methods — Contributions

Economic Assumptions

Interest rate basis:

- | | |
|---|---------------|
| ▶ Applicable month | January 2014 |
| ▶ Yield curve basis | Segment rates |
| ▶ Map-21 applied for funding and benefit restrictions | Yes |
| ▶ ASC 960 discount rate | 7.80% |

Interest rates:

	For Minimum	For Maximum
▶ First segment rate	4.99%	1.25%
▶ Second segment rate	6.32%	4.06%
▶ Third segment rate	6.99%	5.08%

Annual rates of increase:

- | | |
|-----------------------------|---------------------------------|
| ▶ Compensation | Varies by age,
average 3.50% |
| | Sample rates: |
| | <u>Age</u> <u>Rate</u> : |
| | 25 5.50% |
| | 40 3.50% |
| | 55 3.00% |
| ▶ Social Security wage base | 3.00% |
| ▶ Lump sum rates | 4.99%/6.32%/6.99% |
| ▶ 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 2029 using Scale AA) and annuitants (based on RP-2000 “Healthy Annuitants” table without collar or amount adjustments, projected to 2021 using Scale AA).
- ▶ **Disabled** Single table rates (based on RP-2000 “Healthy Annuitants” table without collar or amount adjustments, projected to 2021 using Scale AA).

Termination

Rates varying by age, service and plan

Representative Termination Rates

- ▶ Nestlé Pension Plan (Excludes FPCB and Gerber Life)

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 Attained Age	All	All	All	<2	>5	<2	>5	<2	>5	<2 >5
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 Pension Plan (FPCB)

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

- ▶ Nestlé Hourly Retirement

Percentage leaving during the year						
Sub Plan	HRET		CHPP	CPP	Gerber Hourly Plans	
Years of Service Attained Age	<3	>3			Males	Females
25	31.0%	9.4%	24.5%	21.7%	7.1%	11.2%
40	10.7%	4.3%	10.4%	10.1%	1.8%	3.5%
50	5.5%	2.3%	7.6%	7.7%	0.4%	1.1%

► Infant Nutrition

Percentage leaving during the year								
Attained Age	Years of Service							
	<1		1-2		2-3		>3	
	Males	Females	Males	Females	Males	Females	Males	Females
25	35.6%	38.3%	23.7%	25.5%	17.8%	19.1%	11.9%	12.8%
40	14.0%	16.1%	9.3%	10.8%	7.0%	8.1%	4.7%	5.4%
55	3.6%	5.4%	2.4%	3.6%	1.8%	2.7%	1.2%	1.8%

► Nestlé Pension Plan
 (Gerber Life)

Percentage leaving during the year	
Attained Age	
25	11.6%
40	5.5%
55	0.0%

Disability

Rates varying by age, sex, and plan.

Representative Disability Rates

- ▶ Nestlé Pension Plan
(Excludes FPCB and
Gerber Life)

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
(HRET)

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

- ▶ Nestlé Hourly Retirement
(Gerber Hourly Plans)

Percentage becoming disabled during the year		
Age	Males	Females
25	0.3%	0.4%
40	0.3%	0.5%
50	0.6%	0.9%

- ▶ Nestlé Pension Plan
(Gerber Life)

Percentage becoming disabled during the year		
Age	Males	Females
25	0.1%	0.1%
40	0.2%	0.3%
50	0.5%	0.6%

- ▶ All other plans

None Assumed.

Retirement

Rates varying by age and plan

Representative Retirement Rates

- ▶ Nestlé Pension Plan
(Excludes FPCB and
Gerber Life)

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 Pension Plan
(FPCB)

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

- ▶ Nestlé Hourly Retirement

Percentage leaving during the year				
Sub Plan	HRET	CHPP	CPP	Gerber Hourly Plans
Attained Age				
55	1.0%	5.0%	5.0%	0.0%
60	2.0%	5.0%	5.0%	5.0%
62	18.0%	25.0%	25.0%	30.0%
65	50.0%	50.0%	50.0%	100.0%
70	100.0%	100.0%	100.0%	100.0%

► Infant Nutrition and Gerber Life

Percentage leaving during the year	
Attained Age	
55	2.0%
62	21.0%
65	100.0%

Benefit commencement date:

Nestlé Pension Plan and Nestlé Hourly Retirement (excludes Gerber Hourly Plans)

- Preretirement death benefit The later of the death of the active participant or the date the participant would have attained age 65
- Termination benefit Immediate for lump sums; age 60 (NPP) or age 65 (NHRP) for annuities.
- Disability benefit Age 65
- Retirement benefit Upon termination of employment

Nestlé Hourly Retirement (Gerber Hourly Plans)

- ▶ Preretirement death benefit Upon death, vesting and eligibility for dependent spouse and estate. Upon participant's early retirement date for surviving spouse
- ▶ Termination benefit Immediate for lump sums; age 65 for annuities
- ▶ Disability benefit Upon disability and eligibility for benefit
- ▶ Retirement benefit Upon termination of employment and eligibility for benefit

Infant Nutrition and Nestlé Pension Plan (Gerber Life)

- ▶ Preretirement death benefit Upon death and eligibility for benefit
- ▶ Deferred vested benefit Upon termination of employment and eligibility for benefit
- ▶ Disability benefit Upon disability and eligibility for benefit
- ▶ Retirement benefit Upon termination of employment and eligibility for benefit

Form of payment

Nestlé Pension Plan (Excludes FPCB and Gerber Life)

Married Participants

Participant Group	Termination Benefit				Retirement Benefit			
	<u>Life</u>	<u>Cert & Life</u>	<u>J&S</u>	<u>Lump sum</u>	<u>Life</u>	<u>Cert & Life</u>	<u>J&S</u>	<u>Lump sum</u>
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

Participant Group	Termination Benefit				Retirement Benefit			
	<u>Life</u>	<u>Cert & Life</u>	<u>J&S</u>	<u>Lump sum</u>	<u>Life</u>	<u>Cert & Life</u>	<u>J&S</u>	<u>Lump sum</u>
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%

Nestlé Pension Plan (FPCB) and Nestlé Hourly Retirement (Excludes Gerber Hourly Plans)

Married Participants

50% single life annuity, 50% J&S

Single Participants

100% single life annuity

Nestlé Hourly Retirement (Gerber Hourly Plans)

Life annuity

Infant Nutrition and Nestlé Pension Plan (Gerber Life)

Lump sum

Percent married

75% for Gerber Life participants in Nestlé Pension Plan, 80% all other plans

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, and 0.75% for the Nestlé Infant Nutrition Pension Plan.
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 (not just those eligible to begin benefits within the next 11 years) are assumed to elect the most valuable form of benefit.
Timing of benefit payments	Annuity payments are payable monthly at the beginning of the month and lump sum payments are payable on date of decrement.

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	<p>As noted in the Basis for Valuation section above, lump sum amendments in 2014 were not reflected in the funding and ASC 960 plan accounting valuations. All other 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.</p> <p>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.</p>
Change in assumptions and methods since prior valuation	<p>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.</p> <p>The ASC 960 discount rate was changed from 7.00% to 7.80% to reflect Nestlé's long-term expected rate of return on plan assets.</p>

SCHEDULE SB (Form 5500) <small>Department of the Treasury Internal Revenue Service</small> <small>Department of Labor Employee Benefits Security Administration</small> <small>Pension Benefit Guaranty Corporation</small>	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 2014 This Form is Open to Public Inspection
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For calendar plan year 2014 or fiscal plan year beginning 01/01/2014 and ending 12/31/2014

► **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 NESTLE PENSION PLAN	B Three-digit plan number (PN) ►	100
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: ☒ Single ☐ Multiple-A ☐ Multiple-B		
F Prior year plan size: ☐ 100 or fewer ☐ 101-500 ☒ More than 500		

Part I Basic Information			
1 Enter the valuation date: Month <u>01</u> Day <u>01</u> Year <u>2014</u>			
2 Assets:			
a Market value	2a	3414668097	
b Actuarial value	2b	3414668097	
3 Funding target/participant count breakdown	(1) Number of participants	(2) Vested Funding Target	(3) Total Funding Target
a For retired participants and beneficiaries receiving payment	13646	845255605	845255605
b For terminated vested participants	11976	402380889	402380889
c For active participants	31325	933089738	1038051960
d Total	56947	2180726232	2285688454
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 6.41%		
6 Target normal cost	6 113244510		

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	Mark Byrne <i>MB</i> Signature of actuary	<i>Oct 7/2015</i> Date 1406052
MARK BYRNE Type or print name of actuary TOWERS WATSON DELAWARE INC. Firm name 300 S. GRAND AVE., SUITE 2000 LOS ANGELES CA 90071 Address of the firm		Most recent enrollment number 213-337-5890 Telephone number (including area code)

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 and Prefunding Balances

		(a) Carryover balance	(b) Prefunding balance
7	Balance at beginning of prior year after applicable adjustments (line 13 from prior year).....	736444555	0
8	Portion elected for use to offset prior year's funding requirement (line 35 from prior year)	0	0
9	Amount remaining (line 7 minus line 8)	736444555	0
10	Interest on line 9 using prior year's actual return of <u>5.91</u> %	43523893	0
11	Prior year's excess contributions to be added to prefunding balance:		
a	Present value of excess contributions (line 38a from prior year).....		121801162
b(1)	Interest on the excess, if any, of line 38a over line 38b from prior year Schedule SB, using prior year's effective interest rate of <u>6.24</u> %		7600393
b(2)	Interest on line 38b from prior year Schedule SB, using prior year's actual return		0
c	Total available at beginning of current plan year to add to prefunding balance		129401555
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)	779968448	0

Part III Funding Percentages

14	Funding target attainment percentage	14	115.26 %
15	Adjusted funding target attainment percentage	15	149.39 %
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	148.38 %
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
01/26/2015	70551000	0			
Totals ►			18(b)	70551000	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	66019559

20 Quarterly contributions and liquidity shortfalls:

a Did the plan have a "funding shortfall" for the prior year? ☐ Yes ☒ No

b If line 20a is "Yes," were required quarterly installments for the current year made in a timely manner? ☐ 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

Equality Statement 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:
4.99%2nd segment:
6.32%3rd segment:
6.99%☐ N/A, full yield curve used**b** Applicable month (enter code)**21b**

0

22 Weighted average retirement age**22**

61

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**

113244510

b Excess assets, if applicable, but not greater than line 31a**31b**

113244510

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**

66019559

38 Present value of excess contributions for current year (see instructions)**a** Total (excess, if any, of line 37 over line 36)**38a**

66019559

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

Retirement rates vary by participant groups. The weighted average age across all participant groups is 61.

Groups	Count	Weight	Avg Age	W*A
NUSA Trad Salaried	1,311	4.19%	61	2.55
NPPC Trad Salaried	555	1.77%	62	1.10
NUSA Trad Hourly	738	2.36%	61	1.44
NPPC Trad Hourly	2,269	7.24%	61	4.42
NUSA PEP Salaried	11,121	35.50%	61	21.66
NPPC PEP Salaried	3,383	10.80%	61	6.59
NUSA PEP Hourly	11,948	38.14%	61	23.27
	31,325	100.00%		61

Participant Group: NUSA Traditional Salaried

Description of Weighted Average Retirement Age

<u>Age</u>	<u>Retirement Rate</u>	<u>1.00 - Retirement Rate</u>	<u>Probability of Remaining Active</u>	<u>Percentage Retiring at Age</u>	<u>Age Times Percentage Retiring</u>
55	7.50%	92.50%	92.50%	7.50%	4.13
56	7.50%	92.50%	85.56%	6.94%	3.89
57	8.50%	91.50%	78.29%	7.27%	4.15
58	9.50%	90.50%	70.85%	7.44%	4.31
59	12.50%	87.50%	62.00%	8.86%	5.23
60	16.50%	83.50%	51.77%	10.23%	6.14
61	16.50%	83.50%	43.22%	8.54%	5.21
62	27.50%	72.50%	31.34%	11.89%	7.37
63	25.00%	75.00%	23.50%	7.83%	4.94
64	20.00%	80.00%	18.80%	4.70%	3.01
65	50.00%	50.00%	9.40%	9.40%	6.11
66	50.00%	50.00%	4.70%	4.70%	3.10
67	50.00%	50.00%	2.35%	2.35%	1.57
68	50.00%	50.00%	1.18%	1.18%	0.80
69	50.00%	50.00%	0.59%	0.59%	0.41
70	100.00%	0.00%	0.00%	0.59%	0.41
				100.00%	

Average Retirement Age: 61

Participant Group: NPPC Traditional Salaried

Description of Weighted Average Retirement Age

<u>Age</u>	<u>Retirement Rate</u>	<u>1.00 - Retirement Rate</u>	<u>Probability of Remaining Active</u>	<u>Percentage Retiring at Age</u>	<u>Age Times Percentage Retiring</u>
55	5.00%	95.00%	95.00%	5.00%	2.75
56	3.50%	96.50%	91.68%	3.33%	1.86
57	4.50%	95.50%	87.55%	4.13%	2.35
58	6.00%	94.00%	82.30%	5.25%	3.05
59	7.50%	92.50%	76.12%	6.17%	3.64
60	11.50%	88.50%	67.37%	8.75%	5.25
61	11.50%	88.50%	59.62%	7.75%	4.73
62	22.50%	77.50%	46.21%	13.42%	8.32
63	20.00%	80.00%	36.97%	9.24%	5.82
64	20.00%	80.00%	29.57%	7.39%	4.73
65	50.00%	50.00%	14.79%	14.79%	9.61
66	50.00%	50.00%	7.39%	7.39%	4.88
67	50.00%	50.00%	3.70%	3.70%	2.48
68	50.00%	50.00%	1.85%	1.85%	1.26
69	50.00%	50.00%	0.92%	0.92%	0.64
70	100.00%	0.00%	0.00%	0.92%	0.65
				<u>100.00%</u>	

Average Retirement Age: 62

Participant Group: NUSA Traditional Hourly

Description of Weighted Average Retirement Age

<u>Age</u>	<u>Retirement Rate</u>	<u>1.00 - Retirement Rate</u>	<u>Probability of Remaining Active</u>	<u>Percentage Retiring at Age</u>	<u>Age Times Percentage Retiring</u>
55	7.50%	92.50%	92.50%	7.50%	4.13
56	7.50%	92.50%	85.56%	6.94%	3.89
57	8.50%	91.50%	78.29%	7.27%	4.15
58	8.50%	91.50%	71.64%	6.65%	3.86
59	10.00%	90.00%	64.47%	7.16%	4.23
60	16.50%	83.50%	53.83%	10.64%	6.38
61	16.50%	83.50%	44.95%	8.88%	5.42
62	32.50%	67.50%	30.34%	14.61%	9.06
63	25.00%	75.00%	22.76%	7.59%	4.78
64	22.50%	77.50%	17.64%	5.12%	3.28
65	50.00%	50.00%	8.82%	8.82%	5.73
66	50.00%	50.00%	4.41%	4.41%	2.91
67	50.00%	50.00%	2.20%	2.20%	1.48
68	50.00%	50.00%	1.10%	1.10%	0.75
69	50.00%	50.00%	0.55%	0.55%	0.38
70	100.00%	0.00%	0.00%	0.55%	0.39
				<u>100.00%</u>	

Average Retirement Age: 61

Participant Group: NPPC Traditional Hourly

Description of Weighted Average Retirement Age

<u>Age</u>	<u>Retirement Rate</u>	<u>1.00 - Retirement Rate</u>	<u>Probability of Remaining Active</u>	<u>Percentage Retiring at Age</u>	<u>Age Times Percentage Retiring</u>
55	7.50%	92.50%	92.50%	7.50%	4.13
56	5.00%	95.00%	87.88%	4.63%	2.59
57	6.00%	94.00%	82.60%	5.27%	3.01
58	6.00%	94.00%	77.65%	4.96%	2.87
59	10.00%	90.00%	69.88%	7.76%	4.58
60	16.50%	83.50%	58.35%	11.53%	6.92
61	16.50%	83.50%	48.72%	9.63%	5.87
62	30.00%	70.00%	34.11%	14.62%	9.06
63	30.00%	70.00%	23.87%	10.23%	6.45
64	25.00%	75.00%	17.91%	5.97%	3.82
65	50.00%	50.00%	8.95%	8.95%	5.82
66	50.00%	50.00%	4.48%	4.48%	2.95
67	50.00%	50.00%	2.24%	2.24%	1.50
68	50.00%	50.00%	1.12%	1.12%	0.76
69	50.00%	50.00%	0.56%	0.56%	0.39
70	100.00%	0.00%	0.00%	0.56%	0.39
				<u>100.00%</u>	

Average Retirement Age: 61

Participant Group: NUSA PEP Salaried

Description of Weighted Average Retirement Age

<u>Age</u>	<u>Retirement Rate</u>	<u>1.00 - Retirement Rate</u>	<u>Probability of Remaining Active</u>	<u>Percentage Retiring at Age</u>	<u>Age Times Percentage Retiring</u>
55	7.50%	92.50%	92.50%	7.50%	4.13
56	10.00%	90.00%	83.25%	9.25%	5.18
57	8.50%	91.50%	76.17%	7.08%	4.03
58	11.00%	89.00%	67.79%	8.38%	4.86
59	10.00%	90.00%	61.02%	6.78%	4.00
60	16.50%	83.50%	50.95%	10.07%	6.04
61	19.00%	81.00%	41.27%	9.68%	5.90
62	27.50%	72.50%	29.92%	11.35%	7.04
63	20.00%	80.00%	23.94%	5.98%	3.77
64	22.50%	77.50%	18.55%	5.39%	3.45
65	50.00%	50.00%	9.27%	9.27%	6.03
66	50.00%	50.00%	4.64%	4.64%	3.06
67	50.00%	50.00%	2.32%	2.32%	1.55
68	50.00%	50.00%	1.16%	1.16%	0.79
69	50.00%	50.00%	0.58%	0.58%	0.40
70	100.00%	0.00%	0.00%	0.58%	0.41
				100.00%	

Average Retirement Age: 61

Participant Group: NPPC PEP Salaried

Description of Weighted Average Retirement Age

<u>Age</u>	<u>Retirement Rate</u>	<u>1.00 - Retirement Rate</u>	<u>Probability of Remaining Active</u>	<u>Percentage Retiring at Age</u>	<u>Age Times Percentage Retiring</u>
55	7.50%	92.50%	92.50%	7.50%	4.13
56	6.50%	93.50%	86.49%	6.01%	3.37
57	7.50%	92.50%	80.00%	6.49%	3.70
58	6.00%	94.00%	75.20%	4.80%	2.78
59	7.50%	92.50%	69.56%	5.64%	3.33
60	11.50%	88.50%	61.56%	8.00%	4.80
61	9.00%	91.00%	56.02%	5.54%	3.38
62	27.50%	72.50%	40.62%	15.41%	9.55
63	22.50%	77.50%	31.48%	9.14%	5.76
64	20.00%	80.00%	25.18%	6.30%	4.03
65	50.00%	50.00%	12.59%	12.59%	8.18
66	50.00%	50.00%	6.30%	6.30%	4.15
67	50.00%	50.00%	3.15%	3.15%	2.11
68	50.00%	50.00%	1.57%	1.57%	1.07
69	50.00%	50.00%	0.79%	0.79%	0.54
70	100.00%	0.00%	0.00%	0.79%	0.55
				<u>100.00%</u>	

Average Retirement Age: 61

Participant Group: NUSA PEP Hourly

Description of Weighted Average Retirement Age

<u>Age</u>	<u>Retirement Rate</u>	<u>1.00 - Retirement Rate</u>	<u>Probability of Remaining Active</u>	<u>Percentage Retiring at Age</u>	<u>Age Times Percentage Retiring</u>
55	7.50%	92.50%	92.50%	7.50%	4.13
56	6.50%	93.50%	86.49%	6.01%	3.37
57	7.50%	92.50%	80.00%	6.49%	3.70
58	6.00%	94.00%	75.20%	4.80%	2.78
59	10.00%	90.00%	67.68%	7.52%	4.44
60	11.50%	88.50%	59.90%	7.78%	4.67
61	9.00%	91.00%	54.51%	5.39%	3.29
62	25.00%	75.00%	40.88%	13.63%	8.45
63	20.00%	80.00%	32.70%	8.18%	5.15
64	17.50%	82.50%	26.98%	5.72%	3.66
65	50.00%	50.00%	13.49%	13.49%	8.77
66	50.00%	50.00%	6.75%	6.75%	4.45
67	50.00%	50.00%	3.37%	3.37%	2.26
68	50.00%	50.00%	1.69%	1.69%	1.15
69	50.00%	50.00%	0.84%	0.84%	0.58
70	100.00%	0.00%	0.00%	0.84%	0.59
				100.00%	

Average Retirement Age: 61

Nestlé USA, Inc. — Nestlé Pension Plan

EIN: 95-1572209

Plan Number: 100

Schedule SB Line 7 –Explanation of Discrepancy in Prior Year Funding Standard Carryover Balance or Prefunding Balance

Effective December 31, 2013, the Gerber Life Insurance Co. Retirement Plan (EIN 95-5172209; PN 114) merged into the Nestlé Pension Plan (100).

Due to the plan merger, the carryover balance reported on line 7(a) of the 2014 Schedule SB for the Nestlé Pension Plan is the sum of the entries from lines 13 from the 2013 Schedules SB for the pre-merger plans, determined as follows:

2013 Nestlé Pension Plan – line 13	\$736,396,247
2013 Gerber Life Insurance Co. Retirement Plan – line 13	\$48,308
2014 Nestlé Pension Plan (100) – line 7	\$736,444,555

Nestlé USA Inc. – Nestlé Pension Plan

EIN: 95-1572209

Plan Number: 100

Attachments to 2014 Schedule SB (Form 5500)

- ☐ Schedule SB - Statement by Enrolled Actuary
- ☐ Line 7 — Explanation of Discrepancy in Prior Year Funding Standard Carryover Balance or Prefunding Balance
- ☐ Line 22 — Description of Weighted Average Retirement Age
- ☐ Line 26 — Schedule of Active Participant Data
- ☐ Part V — Statement of Actuarial Assumptions and Methods
- ☐ Part V — Summary of Plan Provisions

Schedule SB - Statement by Enrolled Actuary

Plan Sponsor	Nestlé USA, Inc.
EIN/PN	95-1572209/100
Plan Name	Nestlé Pension Plan
Valuation Date	January 1, 2014
Enrolled Actuary	Mark Byrne
Enrollment Number	14-06052

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.

Summary of Plan Provisions

Nestlé Pension Plan (Nestlé USA employees and NPPC salaried employees hired after 2002)

Plan Provisions

The most recent amendment reflected in the following plan provisions was effective in 2014.

Covered employees	Salaried employees and certain nonunion hourly employees of Nestlé USA, and salaried employees of Nestlé Purina PetCare hired after 2002
Participation date	January 1, following date of hire
Type of plan	Three-year average earnings or pension equity

Definitions

Vesting service	From date of hire; for HandHeld Foods Group, from 9/12/2002
Credited service	From date of hire; for Beech-Nut, frozen as of 11/3/89; for Franklin Park, Bakersfield Hourly and Carnation, from 1/1/92; for Sunmark, from 6/1/88; for Alpo, from 12/31/94; for Stoughton, from 9/28/95; for HandHeld Foods Group, from 9/12/2002; for Joseph's Pasta, from 12/1/2006; for Nutrition, from 1/1/2010; for Pizza, from 3/1/2010; for Dreyer's, from 1/1/2011; for Pfizer, from 12/1/2012; for Nestlé Professional Beverage – Vitality, from 1/1/2014.
Pensionable earnings	Total compensation, including bonuses and overtime
Covered compensation	Average of Social Security wage bases over the 35 years prior to the year of termination
Average annual compensation	For pension equity highest of five consecutive calendar years out of the last ten years, divided by five. For three year average, highest three consecutive calendar years out of the last ten years, divided by three.

Accumulated benefit:

Covered employees have the pension equity formula, unless they chose to retain the final average earnings formula as of 5/1/2003. Frozen minimum FAE benefit as of 5/1/2003 applies to pension equity participants.

Pension equity: Lump sum equal to the sum of basic percentages, as shown below, for each year of credited service x FAE + 3.5% of FAE in excess of covered compensation x credited service.

Age + Points Service	Basic %
<40	4.0%
40 – 49	5.0%
50 – 59	6.0%
60 – 69	8.0%
70 – 79	10.0%
80 – 89	12.0%
> 89	15.0%

Final average earnings (FAE): .9% of FAE x credited service limited to 35 years + .5% of FAE in excess of covered compensation x credited service limited to 35 years; for employees who were participants on 1/1/89, an additional .3% of FAE x credited service on 1/1/89 limited to 35 years; for former Carnation employees, add the final average pay accrued benefit as of 12/31/91 x the ratio of FAE at termination to FAE on 12/31/91

Eligibility for Benefits

Normal retirement	Retirement on or after attaining age 65
Early retirement	Retirement before NRD and on or after both attaining age 55 and completing ten 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
Disability	Permanent and total disability 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.
Early retirement	FAE accrued benefit reduced 3.0% for each year prior to age 62; pension equity benefit payable immediately
Postponed retirement	Accrued benefit payable immediately.
Vested termination	FAE accrued benefit payable unreduced at age 65, or reduced 6.0% for each year prior to age 65; pension equity benefit payable immediately.

Disablement	Accrued benefit payable at actual retirement, with service credited during disability, and based upon pensionable earnings at date of disability.
Preretirement death	If married, reduced 100% joint & survivor early retirement FAE benefit if attained age 55 or 100% joint and survivor early retirement FAE benefit for all others reduced to be payable at age at death. The pension equity benefit is payable immediately to any beneficiary.

Other Plan Provisions

Forms of payment	
Normal form	Life annuity for single participants; 100% joint and survivor for married participants
Optional forms	50% or 100% joint and survivor annuity; 10 year certain and life (if hired before 5/1/2003); lump sum
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
Nestlé Traditional benefit <u>Eligible for early retirement factors</u> No grandfathered prior plan benefits, OR with the following prior plans (but only if Nestlé benefit wins): Beechnut Hills Bros. NFC post-1988 terminations Carnation #2 post-1991 terminations Clintec	<ul style="list-style-type: none"> • 8.00% • 1971 TPF&C Forecast set back 3 years 	1) Single Life Annuity 2) 50%, 75%* & 100% Joint Survivor Annuity 3) 10 year Certain and Life Annuity 4) Lump Sum 5) 5 year Certain and Life Annuity for Hills Bros. only
Nestlé Traditional benefit <u>Deferred vested commencements with deferred vested factors</u> No grandfathered prior plan benefits, OR with the following prior plans (but only if Nestlé benefit wins): Beechnut Hills Bros. NFC post-1988 terminations Carnation #2 post-1991 terminations OR post-55 commencement of excess/ residual piece for the following prior plans: Clintec Hills Bros.	<ul style="list-style-type: none"> • 8.00% • 1971 TPF&C Forecast set back 3 years 	1) Single Life Annuity 2) 50%, 75%* & 100% Joint Survivor Annuity 3) 10 year Certain and Life Annuity 4) Lump Sum

* The 75% Joint Survivor Annuity is only available to participants who terminated prior to May 1, 2003.

Optional Forms of Payment (cont.)

Participant Group	Actuarial Equivalence	Optional Forms
Carnation Plan #2	<ul style="list-style-type: none"> Formula-based 	<ol style="list-style-type: none"> 1) Single Life Annuity 2) 50%, 75% & 100% Joint Survivor Annuity 3) 10 year Certain and Life Annuity (post-1991 only) 4) Lump Sum
a) Terminations before 12/31/1985 b) Pre-1992 terminations after 12/30/1985 c) Post-1991 terminations & Carnation wins		
Nestlé Traditional benefit / Clintec** & <u>Clintec benefit wins</u>	<ul style="list-style-type: none"> 7.00% 1983 GAM 	<ol style="list-style-type: none"> 1) Single Life Annuity 2) 50%, 75%* & 100% Joint Survivor Annuity 3) 10 year Certain and Life Annuity 4) Lump Sum
a) Lump sum available b) No lump sum available		

Nestlé Traditional benefit / prior plans Deferred vested commencements

- | | | |
|---|---|---|
| <ul style="list-style-type: none"> ○ Beechnut prior plan wins ○ Hills Bros. pre-55 commencement of “Hills portion” only ○ Hills Bros. post-55 commencement & prior plan wins ○ NFC post-1988 terminations pre-55 commencements of “NFC portion” only ○ NFC post-1988 terminations, post-55 commencements of NUSA excess/residual piece ○ NFC post-11/30/1989 terminations, post-55 commencements of entire benefit & prior plan wins ○ NFC terminations between 1/1/1989 & 11/30/1989, post-55 commencements of entire benefit | <ul style="list-style-type: none"> • Beech-Nut factors (for b1) • 8.00%, 1971 TPF&C Forecast set back 3 years (except Hills factors for 5 year Certain and Life Annuity) (for h) • 8.00%, 1971 TPF&C Forecast set back 3 years (for n) | <ol style="list-style-type: none"> 1) Single Life Annuity 2) 50%, 75%* & 100% Joint Survivor Annuity 3) 10 year Certain and Life Annuity 4) 5 year Certain and Life Annuity for Hills Bros. only 5) Lump Sum |
|---|---|---|

Optional Forms of Payment (cont.)

Participant Group	Actuarial Equivalence	Optional Forms
Prior NFC participants who terminated before 1/1/1989 (married participants only)	<ul style="list-style-type: none"> • 6.00% • 1979 Buck (80% male set back 1 year, 20% female set back 3 years) 	<ol style="list-style-type: none"> 1) Single Life Annuity 2) 50% & 100% Joint Survivor Annuity 3) Lump Sum
Nestlé Account Benefit No grandfathered prior plan benefits (i.e., participants hired on or after January 1, 2003) OR with grandfathered Nestlé Traditional Benefit or prior plans and Account Benefit wins for all forms	<ul style="list-style-type: none"> • Applicable interest rates and mortality 	<ol style="list-style-type: none"> 1) Single Life Annuity 2) 50% & 100% Joint Survivor Annuity 3) Lump Sum

* The 75% Joint Survivor Annuity is only available to participants who terminated prior to May 1, 2003.

Nestlé Account Benefit	• Applicable interest rates and mortality (for a)	1) Single Life Annuity
With grandfathered Nestlé Traditional Benefit OR other grandfathered prior plan benefits	• 8.00%, 1971 TPF&C Forecast set back 3 years (for b & c)	2) 50% & 100% Joint Survivor Annuity
a) Winning for at least one (but not all) optional forms		3) 10 year Certain and Life Annuity
b) NUSA winning for all optional forms eligible for early retirement factors		4) Lump Sum
c) NUSA winning for all optional forms deferred vested commencements with deferred vested factors		5) 75% Joint Survivor Annuity (b and c only)

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

Four Pizza employees were automatically vested upon their termination in 2014.

A lump sum option was added for NPPC PFAP and PCAP active and deferred vested participants, as well as NUSA Traditional active and deferred vested participants under the age of 55, effective April 1, 2015. The lump sum amendment is reflected in the IAS accounting valuation but not the funding or ASC 960 plan accounting valuations.

Nestlé Pension Plan (NPPC salaried employees hired prior to 2003 and NPPC hourly employees)

Plan Provisions

The most recent amendment reflected in the following plan provisions was effective in 2014.

Covered employees	Salaried employees hired prior to 2003 and hourly employees of Nestlé Purina PetCare
Participation date	January 1 following date of hire
Type of plan	Five-year average earnings or pension equity for salaried employees; career average earnings for hourly employees

Definitions

Vesting service	From date of hire
Credited service	From date of hire
Pensionable earnings	Total compensation, including bonuses and overtime
Covered compensation	Average of Social Security wage bases over the 35 years prior to the year of termination.

Accumulated benefit:

Salaried employees have the pension equity formula, unless they chose the final average earnings formula as of 1/1/99. Hourly employees have the career average earnings formula. Some participants have the supplemental cash balance benefit.

Final average earnings (FAE): $1.545\% \text{ of FAE} \times \text{credited service limited to 40 years} - 51.5\% \text{ of Social Security benefit} \times \text{credited service} \div \text{the greater of projected credited service at NRD or 30 years}$.

Pension equity: Sum of basic percentages, the greater of the two percentages shown below, for each year of credited service $\times$ FAE + 3.5% of FAE in excess of covered compensation $\times$ credited service, converted to a five-year certain and life annuity.

Years of Credited Service	Purina Basic %	Age + Points Service	Nestlé Basic %*
0 – 5	4.0%	< 40	4.0%
6-10	5.0%	40 – 49	5.0%
11-15	6.5%	50 – 59	6.0%
16-20	8.0%	60 – 69	8.0%
>20	10.0%	70 – 79	10.0%
		80 – 89	12.0%
		> 89	15.0%

*Applies only to 2003 and later.

Career average earnings (CAE): $1.75\% \text{ of earnings for each year after 1998} + 1.25\% \text{ of earnings for each year after 1988 and before 1999} + 1.0\% \text{ of FAE as of 12/31/1988} \times \text{credited service as of 12/31/1988}$.

Cash balance benefit: Cash balance as of 12/31/2002, plus interest credits, converted to a five-year certain and life annuity. Interest credits are based on 30-year Treasury rates.

Eligibility for Benefits

Normal retirement	Retirement on or after attaining age 65
Early retirement	Retirement before NRD and on or after both attaining age 55 and completing two 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
Disability	Permanent and total disability 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.
Early retirement	Accrued FAE or CAE benefit reduced 5.0% for each year prior to age 62; pension equity or cash balance benefit payable immediately
Postponed retirement	Accrued benefit payable immediately.
Vested termination	Accrued FAE or CAE benefit payable unreduced at age 65 or reduced 5.0% for each year prior to age 65; pension equity benefit or cash balance payable immediately
Disablement	Accrued benefit payable at NRD with service credited during disability, and based upon pensionable earnings at date of disability. 15-year service requirement for CAE participants
Preretirement death	If married, reduced 100% joint & survivor early retirement benefit if attained age 55 or 100% joint and survivor early retirement benefit for all others reduced to be payable at age at death. For pension equity and cash balance account, lump sum payment of the pension equity benefit and cash balance account.

Other Plan Provisions

Forms of payment

Normal form	Five-year certain and life for single participants; 100% joint and survivor for married participants
Optional forms	50% or 100% joint and survivor annuity; 10 year certain and life annuity; life annuity; lump sum
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
NPPC Traditional Benefit OR Career Average Pay Benefit	<ul style="list-style-type: none"> Formula-based 	<ol style="list-style-type: none"> 1) Single Life Annuity 2) 50% & 100% Joint Survivor Annuity with pop-up 3) 10 year Certain and Life Annuity 4) Level income / any other form 5) Lump Sum
a) Eligible for early retirement b) Deferred vested commencements		
NPPC Account Benefit OR NPPC PPMA Cash Balance	<ul style="list-style-type: none"> Formula-based 	<ol style="list-style-type: none"> 1) Single Life Annuity 2) 50% & 100% Joint Survivor Annuity with pop-up 3) 5 year Certain and Life Annuity, 10 year Certain and Life Annuity 4) Level income / any other form 5) Lump Sum
a) Eligible for early retirement level income option; under age 62 b) Eligible for deferred vested level income option; under age 62 c) Eligible for early retirement; age 62 and older d) Eligible for deferred vested retirement; age 62 and older		

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

A lump sum option was added for NPPC PFAP and PCAP active and deferred vested participants, effective April 2015. The lump sum amendment is reflected in the IAS accounting valuation but not the funding or ASC 960 plan accounting valuations.

Nestlé Pension Plan (Formerly Franklin Park Cash Balance)

Plan Provisions

Effective December 31, 2012, this plan merged into the Nestlé Pension Plan.

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	<ul style="list-style-type: none">• 8.00%• 1971 TPF&C Forecast set back 3 years	<ol style="list-style-type: none">1) Single Life Annuity2) 50% & 100% Joint Survivor Annuity3) 10 year Certain and Life Annuity4) 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.

Nestlé Pension Plan (Formerly Gerber Life Insurance Company Retirement Plan)

Plan Provisions

Effective December 31, 2013, this plan merged into the Nestlé Pension Plan.

The most recent amendment reflected in the following plan provisions was effective in 2014.

Covered Employees	Salaried employees of Gerber Life Insurance Company
Participation Date	Age 21 and one year of service. Closed to new entrants effective December 31, 2004.
Type of plan:	Frozen pension equity plan

Definitions

Vesting service	The number of completed full plan years of employment with the Company or any Affiliate in which the employee works 975 hours. Service prior to January 1, 1998 is based on prior plan provisions. Automatic vesting was granted on September 1, 2007.
Credited service	Same as vesting service. Service was frozen as of December 31, 2004.
Pensionable earnings	Total compensation including section 125 and 401(k) contributions but excluding deferred compensation.
Covered compensation	Average of Social Security wage bases over the 35 years prior to the participants Social Security Normal Retirement Age (SSNRA).

Accumulated benefit:

Lump Sum Benefit: A participant's Lump Sum Benefit is equal to the following calculated as if the person terminated employment on December 31, 2004:

1. The sum of base credits (see below) times Final Average Pay
plus
2. The sum of Excess Credits (see below) times Final Average Pay greater than covered compensation

**Sum of Attained
Age and Year of
Credited Service
During the Plan**

<u>Year</u>	<u>Base Credits</u>	<u>Excess Credits</u>
0 – 34	2.0%	1.0%
35 – 39	3.0%	1.5%
40 – 44	4.0%	2.0%
45 – 49	5.0%	2.5%
50 – 54	6.0%	3.0%
55 – 59	8.0%	4.0%
60 +	10.0%	5.0%

Adjusted Lump Sum Benefit: A participant's Adjusted Lump Sum Benefit is equal to the Participant's Lump Sum Benefit increased by 5% per year from the earlier of the date of the Participant's termination of employment and December 31, 2004 to the Participant's Annuity Starting Date.

Pension Equity Benefit: The monthly amount of each Participant's Pension Benefit is equal to the amount, determined on an Actuarial Equivalent basis, of the Participant's Adjusted Lump Sum Benefit expressed as a life annuity payable on the Participant's Annuity Start Date.

Grandfathered Benefit: The benefit, determined in accordance with the plan in effect prior to 2002, for participants who were accruing benefits under the prior plan as of January 1, 2002.

Eligibility for Benefits

Normal retirement	Retirement on SSNRA
Early retirement	Retirement before NRD and on or after both attaining age 57 and completing three years of vesting service
Postponed retirement	Retirement after SSNRA
Vested termination	Termination for reasons other than death or retirement after completing three years of vesting service
Disability	Permanent and total disability on or after both attaining age 50 and completing fifteen 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 (greater of Pension Equity Benefit and Grandfathered Benefit) payable immediately.
Early retirement	Accrued benefit determined as of early retirement date is equal to the greater of (a) and (b) below: (a) The Grandfathered Benefit reduced according to the prior plan provision. (b) Actuarial equivalent of the Adjusted Lump Sum Benefit.
Postponed retirement	Accrued benefit (greater of Pension Equity Benefit and Grandfathered Benefit) payable immediately.
Vested termination	Accrued benefit determined as of termination date, actuarially reduced for commencement of payments prior to NRD
Disablement	Accrued benefit determined as of disability retirement date, reduced by certain other benefits provided by or at the expense of the company.
Preretirement death	100% of the lump sum balance as of time of death or an actuarially equivalent annuity. For grandfathered participants, spouse will receive a survivor benefit equal to the greater of the survivor benefit determined under the PEP formula or the prior plan formula.

Other Plan Provisions

Forms of payment

Normal form

Optional forms 100%, 75%, or 50% contingent annuitant; five, ten or fifteen year certain and life; level income; lump sum

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 Form Conversion Factors¹

Optional form conversion factors are the actuarial equivalent factors determined using the following assumptions.

	Mortality Assumption	Interest Assumption
▶ Single Sum distributions (from Grandfathered Benefit)	Section 417 mortality	Section 417 interest rates
▶ Annuity forms of payment (from Pension Equity Benefit)	GATT Mortality Table frozen as of earlier of DOT and 12/31/2004 ²	GATT Interest Rate (yield on 30-year Treasury Bonds) from November of previous year frozen as of earlier of DOT and 12/31/2004 ²
▶ All others	1983 Group Annuity Mortality Table ³	8.5%

Notes

- Information shown applies to the majority of participants covered under this plan; some small groups of grandfathered participants (CWT, Indianapolis Hourly, Novartis Consumer Health and Ciba Salaried) have optional forms provided on a separate basis. See plan document for more information.
- Plan Year 2000 – 6.15% and 1983 GAM Table (blended 50% male/50% female)
Plan Year 2001 – 5.78% and 1983 GAM Table (blended 50% male/50% female)
Plan Year 2002 – 5.12% and 1994 GAR Table (blended 50% male/50% female)
Plan Year 2003 – 4.96% and 1994 GAR Table (blended 50% male/50% female)
Plan Year 2004+ – 5.12% and 1994 GAR Table (blended 50% male/50% female)
- The actuarial equivalent shall be 50% of the actuarial equivalent using male mortality rates only plus 50% of the actuarial equivalent using female mortality rates only.

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

A lump sum option was added for Traditional Salaried benefits, effective April 1, 2015.

Nestlé USA, Inc. — Nestlé Pension Plan

EIN: 95-1572209 PN: 100

Schedule R, line 18 –Funded Percentage of Plans Contributing to the Liabilities of Plan Participants

Plan Name	GERBER LIFE INSURANCE COMPANY RETIREMENT PLAN	NESTLE PENSION PLAN
Employer ID Number	95-1572209	95-1572209
Plan Number	114	100
Funding Percentage	176.0%	115.2%