

Form 5500 Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	Annual Return/Report of Employee Benefit Plan This form is required to be filed for employee benefit plans under sections 104 and 4065 of the Employee Retirement Income Security Act of 1974 (ERISA) and sections 6047(e), 6057(b), and 6058(a) of the Internal Revenue Code (the Code). ▶ Complete all entries in accordance with the instructions to the Form 5500.	OMB Nos. 1210-0110 1210-0089
		2015
		This Form is Open to Public Inspection

Part I	Annual Report Identification Information
For calendar plan year 2015 or fiscal plan year beginning <u>01/01/2015</u> and ending <u>12/31/2015</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>	1b Three-digit plan number (PN) ▶ <u>100</u> 1c Effective date of plan <u>01/01/1989</u>
2a Plan sponsor's name (employer, if for a single-employer plan) Mailing address (include room, apt., suite no. and street, or P.O. Box) City or town, state or province, country, and ZIP or foreign postal code (if foreign, see instructions) <u>NESTLE USA, INC.</u> <u>30500 BAINBRIDGE RD</u> <u>SOLOON, OH 44139-2205</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	<u>Filed with authorized/valid electronic signature.</u>	<u>10/11/2016</u>	<u>SHARON M. STRASSHOFFER</u>
	Signature of plan administrator	Date	Enter name of individual signing as plan administrator
SIGN HERE	<u>Filed with authorized/valid electronic signature.</u>	<u>10/11/2016</u>	<u>RUSSELL NISWANDER</u>
	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)			Preparer's telephone number

For Paperwork Reduction Act Notice and OMB Control Numbers, see the instructions for Form 5500.

Form 5500 (2015)
v. 150123

3a Plan administrator's name and address ☒ Same as Plan Sponsor	3b Administrator's EIN 3c Administrator's telephone number <div style="background-color: #cccccc; height: 40px; width: 100%;"></div>
4 If the name and/or EIN of the plan sponsor has changed since the last return/report filed for this plan, enter the name, EIN and the plan number from the last return/report: a Sponsor's name	4b EIN 4c PN
5 Total number of participants at the beginning of the plan year	5 52831
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) 27218
a(2) Total number of active participants at the end of the plan year	6a(2) 27309
b Retired or separated participants receiving benefits.....	6b 10644
c Other retired or separated participants entitled to future benefits.....	6c 8391
d Subtotal. Add lines 6a(2) , 6b , and 6c	6d 46344
e Deceased participants whose beneficiaries are receiving or are entitled to receive benefits.....	6e 2584
f Total. Add lines 6d and 6e	6f 48928
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 1361
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 3H	
b If the plan provides welfare benefits, enter the applicable welfare feature codes from the List of Plan Characteristics Codes in the instructions:	

9a Plan funding arrangement (check all that apply) (1) ☐ Insurance (2) ☐ Code section 412(e)(3) insurance contracts (3) ☒ Trust (4) ☐ General assets of the sponsor	9b Plan benefit arrangement (check all that apply) (1) ☐ Insurance (2) ☐ Code section 412(e)(3) insurance contracts (3) ☒ Trust (4) ☐ General assets of the sponsor
10 Check all applicable boxes in 10a and 10b to indicate which schedules are attached, and, where indicated, enter the number attached. (See instructions)	
a Pension Schedules (1) ☒ R (Retirement Plan Information) (2) ☐ MB (Multiemployer Defined Benefit Plan and Certain Money Purchase Plan Actuarial Information) - signed by the plan actuary (3) ☒ SB (Single-Employer Defined Benefit Plan Actuarial Information) - signed by the plan actuary	b General Schedules (1) ☒ H (Financial Information) (2) ☐ I (Financial Information – Small Plan) (3) ☐ 0 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 2015 Form M-1 annual report. If the plan was not required to file the 2015 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>2015</div> <div>This Form is Open to Public Inspection</div>
--	---	--

For calendar plan year 2015 or fiscal plan year beginning 01/01/2015 and ending 12/31/2015	
▶ 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 2015			
2	Assets:			
a	Market value	2a	3619065241	
b	Actuarial value	2b	3619065241	
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	13706	879007337	879007337
b	For terminated vested participants	12325	388735009	388735009
c	For active participants	30596	984934199	1090800856
d	Total	56627	2252676545	2358543202
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	6.21%	
6	Target normal cost	6	117060417	

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.

<div>SIGN HERE</div>		10/11/2016
Signature of actuary		Date
JEREMY L. SEVCIK		14-06465
Type or print name of actuary		Most recent enrollment number
WILLIS TOWERS WATSON		949-224-6536
Firm name		Telephone number (including area code)
2010 MAIN STREET, SUITE 1050 IRVINE, CA 92614-7206		
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)	779968448	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)	779968448	0
10	Interest on line 9 using prior year's actual return of <u>11.38</u> %	88760409	0
11	Prior year's excess contributions to be added to prefunding balance:		
a	Present value of excess contributions (line 38a from prior year)		66019559
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>6.41</u> %		4231854
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		70251413
d	Portion of (c) to be added to prefunding balance		
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)	868728857	0

Part III Funding Percentages			
14	Funding target attainment percentage	14	116.61 %
15	Adjusted funding target attainment percentage	15	153.44 %
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	149.39 %
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
01/29/2016	25000000	0			
02/29/2016	25000000	0			
04/29/2016	21500000	0			
07/07/2016	71000000	0			
			Totals ▶	18(b)	142500000
				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	131395173
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: 4.72 %	2nd segment: 6.11 %	3rd segment: 6.81 %	☐ 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	117060417	
b Excess assets, if applicable, but not greater than line 31a	31b	117060417	
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	131395173	
38 Present value of excess contributions for current year (see instructions)			
a Total (excess, if any, of line 37 over line 36)	38a	131395173	
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		

<div>SCHEDULE C</div> <div>(Form 5500)</div> <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>Service Provider Information</div> <div>This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA).</div> <div>▶ File as an attachment to Form 5500.</div>	OMB No. 1210-0110
		2015
		This Form is Open to Public Inspection.

For calendar plan year 2015 or fiscal plan year beginning 01/01/2015 and ending 12/31/2015		
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)
--------	---

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
--

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

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

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

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

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

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

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

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

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

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

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

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

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

(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
(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
(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
(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
(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
(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: MARK BYRNE	b EIN: 53-0181291
c Position: ENROLLED ACTUARY	
d Address: 300 S. GRAND AVENUE, SUITE 2000 LOS ANGELES, CA 90071	e Telephone: 213-337-5890

Explanation: DUE TO INTERNAL CLIENT REASSIGNMENT, THE SIGNING ACTUARY, MARK BYRNE, HAS BEEN CHANGED TO JEREMY SEVCIK, BUT THE ACTUARIAL FIRM REMAINS WILLIS TOWERS WATSON.

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

Explanation:

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

Explanation:

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

Explanation:

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

Explanation:

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

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

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

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

SCHEDULE H (Form 5500) <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> 2015 This Form is Open to Public Inspection
For calendar plan year 2015 or fiscal plan year beginning 01/01/2015 and ending 12/31/2015		
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	Asset and Liability Statement		(a) Beginning of Year	(b) End of Year
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	Total noninterest-bearing cash	1a		
b	Receivables (less allowance for doubtful accounts):			
	(1) Employer contributions	1b(1)	70551000	142500000
	(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)	3548813815	3198086193
	(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	3619364815	3340586193

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	3619364815	3340586193
---	-----------	------------	------------

Part II Income and Expense Statement

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

Income

		(a) Amount	(b) Total
a Contributions:			
(1) Received or receivable in cash from: (A) Employers	2a(1)(A)	142500000	
(B) Participants	2a(1)(B)		
(C) Others (including rollovers)	2a(1)(C)		
(2) Noncash contributions	2a(2)	2983234	
(3) Total contributions. Add lines 2a(1)(A) , (B) , (C) , and line 2a(2)	2a(3)		145483234
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)		-67120587
(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		78362647

Expenses**e** Benefit payment and payments to provide benefits:

(1) Directly to participants or beneficiaries, including direct rollovers	2e(1)	354158035	
(2) To insurance carriers for the provision of benefits	2e(2)		
(3) Other	2e(3)	2983234	
(4) Total benefit payments. Add lines 2e(1) through (3)	2e(4)		357141269
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)		
(5) Total administrative expenses. Add lines 2i(1) through (4)	2i(5)		0
j Total expenses. Add all expense amounts in column (b) and enter total	2j		357141269

Net Income and Reconciliation

k Net income (loss). Subtract line 2j from line 2d	2k		-278778622
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:

	Yes	No	N/A	Amount
a Was there a failure to transmit to the plan any participant contributions within the time period described in 29 CFR 2510.3-102? 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	N/A	Amount
c Were any leases to which the plan was a party in default or classified during the year as uncollectible? (Attach Schedule G (Form 5500) Part II if "Yes" is checked.)		X		
d Were there any nonexempt transactions with any party-in-interest? (Do not include transactions reported on line 4a. Attach Schedule G (Form 5500) Part III if "Yes" is checked.)		X		
e Was this plan covered by a fidelity bond?	X			20000000
f Did the plan have a loss, whether or not reimbursed by the plan's fidelity bond, that was caused by fraud or dishonesty?		X		
g Did the plan hold any assets whose current value was neither readily determinable on an established market nor set by an independent third party appraiser?		X		
h Did the plan receive any noncash contributions whose value was neither readily determinable on an established market nor set by an independent third party appraiser?		X		
i Did the plan have assets held for investment? (Attach schedule(s) of assets if "Yes" is checked, and see instructions for format requirements.)		X		
j Were any plan transactions or series of transactions in excess of 5% of the current value of plan assets? (Attach schedule of transactions if "Yes" is checked, and see instructions for format requirements.)		X		
k Were all the plan assets either distributed to participants or beneficiaries, transferred to another plan, or brought under the control of the PBGC?		X		
l Has the plan failed to provide any benefit when due under the plan?		X		
m If this is an individual account plan, was there a blackout period? (See instructions and 29 CFR 2520.101-3.)				
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.				
o Did the plan trust incur unrelated business taxable income?				
p Were in-service distributions made during the plan year?				

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

6a Name of trust	6b Trust's EIN
6c Name of trustee or custodian	6d Trustee's or custodian's telephone number

SCHEDULE R (Form 5500) Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	Retirement Plan Information This schedule is required to be filed under section 104 and 4065 of the Employee Retirement Income Security Act of 1974 (ERISA) and section 6058(a) of the Internal Revenue Code (the Code). ▶ File as an attachment to Form 5500.	OMB No. 1210-0110 2015 This Form is Open to Public Inspection.
---	--	--

For calendar plan year 2015 or fiscal plan year beginning 01/01/2015 and ending 12/31/2015

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	Distributions
---------------	----------------------

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

1 Total value of distributions paid in property other than in cash or the forms of property specified in the instructions.....	1	<u>0</u>
2 Enter the EIN(s) of payor(s) who paid benefits on behalf of the plan to participants or beneficiaries during the year (if more than two, enter EINs of the two payors who paid the greatest dollar amounts of benefits): EIN(s): <u>36-3046063</u>		
Profit-sharing plans, ESOPs, and stock bonus plans, skip line 3.		
3 Number of participants (living or deceased) whose benefits were distributed in a single sum, during the plan year.....	3	<u>5322</u>

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

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

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

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

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

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

Part V Additional Information for Multiemployer Defined Benefit Pension Plans

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

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

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

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

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

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

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

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

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

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

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

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

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

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

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

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

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

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

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

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

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

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

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

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

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

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

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

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

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

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

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

14	Enter the number of participants on whose behalf no contributions were made by an employer as an employer of the participant for:		
	a The current year	14a	
	b The plan year immediately preceding the current plan year	14b	
	c The second preceding plan year	14c	
15	Enter the ratio of the number of participants under the plan on whose behalf no employer had an obligation to make an employer contribution during the current plan year to:		
	a The corresponding number for the plan year immediately preceding the current plan year	15a	
	b The corresponding number for the second preceding plan year	15b	
16	Information with respect to any employers who withdrew from the plan during the preceding plan year:		
	a Enter the number of employers who withdrew during the preceding plan year	16a	
	b If line 16a is greater than 0, enter the aggregate amount of withdrawal liability assessed or estimated to be assessed against such withdrawn employers	16b	
17	If assets and liabilities from another plan have been transferred to or merged with this plan during the plan year, check box and see instructions regarding supplemental information to be included as an attachment. ☐		

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

18	If any liabilities to participants or their beneficiaries under the plan as of the end of the plan year consist (in whole or in part) of liabilities to such participants and beneficiaries under two or more pension plans as of immediately before such plan year, check box and see instructions regarding supplemental information to be included as an attachment ☐
19	If the total number of participants is 1,000 or more, complete lines (a) through (c)
	a Enter the percentage of plan assets held as: Stock: <u>19.0</u> % Investment-Grade Debt: <u>46.0</u> % High-Yield Debt: <u>3.0</u> % Real Estate: <u>0.0</u> % Other: <u>32.0</u> %
	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):

Part VII	IRS Compliance Questions
-----------------	---------------------------------

20a Is the plan a 401(k) plan?	☐ Yes	☐ No
20b If "Yes," how does the 401(k) plan satisfy the nondiscrimination requirements for employee deferrals and employer matching contributions (as applicable) under sections 401(k)(3) and 401(m)(2)?	☐ Design-based safe harbor method	☐ ADP/ACP test
20c If the ADP/ACP test is used, did the 401(k) plan perform ADP/ACP testing for the plan year using the "current year testing method" for nonhighly compensated employees (Treas. Reg sections 1.401(k)-2(a)(2)(ii) and 1.401(m)-2(a)(2)(ii))?	☐ Yes	☐ No
21a Check the box to indicate the method used by the plan to satisfy the coverage requirements under section 410(b):	☐ Ratio percentage test	☐ Average benefit test
21b Does the plan satisfy the coverage and nondiscrimination tests of sections 410(b) and 401(a)(4) by combining this plan with any other plans under the permissive aggregation rules?	☐ Yes	☐ No
22a Has the plan been timely amended for all required tax law changes?	☐ Yes	☐ No ☐ N/A
22b Date the last plan amendment/restatement for the required tax law changes was adopted ____/____/____. Enter the applicable code _____. (See instructions for tax law changes and codes).		
22c If the plan sponsor is an adopter of a pre-approved master and prototype (M&P) or volume submitter plan that is subject to a favorable IRS opinion or advisory letter, enter the date of that favorable letter ____/____/____ and the letter's serial number _____.		
22d If the plan is an individually-designed plan and received a favorable determination letter from the IRS, enter the date of the plan's last favorable determination letter ____/____/____.		
23 Is the Plan maintained in a U.S. territory (i.e., Puerto Rico (if no election under ERISA section 1022(i)(2) has been made), American Samoa, Guam, the Commonwealth of the Northern Mariana Islands or the U.S. Virgin Islands)?	☐ Yes	☐ No



NESTLÉ PENSION PLAN

Financial Statements

December 31, 2015 and 2014

(With Independent Auditors' Report Thereon)

NESTLÉ PENSION PLAN

Table of Contents

	Page
Independent Auditors' Report	1
Statements of Net Assets Available for Benefits, December 31, 2015 and 2014	3
Statement of Changes in Net Assets Available for Benefits, Year ended December 31, 2015	4
Statements of Accumulated Plan Benefits, December 31, 2015 and 2014	5
Statement of Changes in Accumulated Plan Benefits, Year ended December 31, 2015	6
Notes to Financial Statements	7

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
One Cleveland Center
Suite 2600
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, 2015 and 2014, 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, 2015, 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, 2015 and 2014, and for the year ended December 31, 2015, 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 4, 2016

NESTLÉ PENSION PLAN

Statements of Net Assets Available for Benefits

December 31, 2015 and 2014

	<u>2015</u>	<u>2014</u>
Investments, at fair value (notes 5, 7 and 8):		
Plan interest in Nestlé in the USA Pension Trust	\$ <u>3,198,086,193</u>	<u>3,548,813,815</u>
Net assets available for benefits	\$ <u><u>3,198,086,193</u></u>	<u><u>3,548,813,815</u></u>

See accompanying notes to financial statements.

NESTLÉ PENSION PLAN

Statement of Changes in Net Assets Available for Benefits

Year ended December 31, 2015

	<u>2015</u>
Investment loss:	
Plan interest in Nestlé in the USA Pension Trust investment loss	\$ <u>(56,002,354)</u>
Total investment loss	<u>(56,002,354)</u>
Contributions:	
Employer contributions	70,551,000
Reimbursement from group annuity contract (note 2(e))	<u>2,983,234</u>
Total contributions	<u>73,534,234</u>
Deductions:	
Benefits paid to participants	354,158,035
Benefits paid on behalf of group annuity contract (note 2(e))	2,983,234
Investment and administrative expenses	<u>11,118,233</u>
Total deductions	<u>368,259,502</u>
Net decrease	(350,727,622)
Net assets available for benefits:	
Beginning of year	<u>3,548,813,815</u>
End of year	\$ <u><u>3,198,086,193</u></u>

See accompanying notes to financial statements.

NESTLÉ PENSION PLAN
Statements of Accumulated Plan Benefits
December 31, 2015 and 2014

	<u>2015</u>	<u>2014</u>
Actuarial present value of accumulated plan benefits (note 2(c)):		
Vested benefits:		
Participants currently receiving payments	\$ 902,835,689	872,780,110
Other participants	<u>1,364,524,868</u>	<u>1,391,529,460</u>
	2,267,360,557	2,264,309,570
Nonvested benefits	<u>89,753,277</u>	<u>90,279,212</u>
Total actuarial present value of accumulated plan benefits	<u>\$ 2,357,113,834</u>	<u>2,354,588,782</u>

See accompanying notes to financial statements.

NESTLÉ PENSION PLAN
Statement of Changes in Accumulated Plan Benefits
Year ended December 31, 2015

	<u>2015</u>
Actuarial present value of accumulated plan benefits at beginning of year	\$ 2,354,588,782
Increase (decrease) during the year attributable to:	
Benefits accumulated and actuarial gains	119,589,647
Interest due to decrease in the discount rate	148,268,690
Benefits paid	(354,158,035)
Assumption changes (note 2(c))	<u>88,824,750</u>
Actuarial present value of accumulated plan benefits at end of year	<u><u>\$ 2,357,113,834</u></u>

See accompanying notes to financial statements.

NESTLÉ PENSION PLAN

Notes to Financial Statements

December 31, 2015 and 2014

(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).

(b) Pension Benefits

With the exception of Nestlé Purina hourly employees subject to a career average pay formula as described in Supplement S, effective January 1, 2016, the Plan is closed to new entrants. 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. The Nestlé Purina career average pay formula described in Supplement S remains open to new participants hired into covered employment.

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. 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.

Account Benefit

All participants hired after May 1, 2003, and prior to January 1, 2016, 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

NESTLÉ PENSION PLAN

Notes to Financial Statements

December 31, 2015 and 2014

percentage is multiplied 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

Notes to Financial Statements

December 31, 2015 and 2014

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, Willis 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, 2015 and 2014 were as follows:

Life expectancy of participants	RP-2014 with Modified MP-2014 projection
Retirement age	Varying by age
ASC 960 discount rate and expected return on Plan assets	6.40% and 6.80%, respectively

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.

(e) Payment of Benefits

Benefit payments to participants are recorded upon distribution.

NESTLÉ PENSION PLAN

Notes to Financial Statements

December 31, 2015 and 2014

A small 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. For some of the former Carnation employees, the 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 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.

NESTLÉ PENSION PLAN

Notes to Financial Statements

December 31, 2015 and 2014

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 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.

NESTLÉ PENSION PLAN

Notes to Financial Statements

December 31, 2015 and 2014

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 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. The accounting standard is effective for the Plan year beginning January 1, 2017.

(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. Contributions made for the Plan year ended December 31, 2015 were \$70,551,000 and met the Company's policy.

NESTLÉ PENSION PLAN

Notes to Financial Statements

December 31, 2015 and 2014

(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, 2015 and 2014, and for the year ended December 31, 2015, 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, 2015 and 2014.

(6) Parties in Interest

During 2015 and 2014, Nestlé 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 \$13,815,616 in 2015. The Plan's share of these expenses was \$11,118,233 for the Plan year ended 2015. In addition, the Pension Trust also invests in the common stock of The Northern Trust Company. The fair value of this investment was \$1,340,325 and \$1,354,600 in 2015 and 2014, respectively. Furthermore, the Pension Trust invested in a Northern Trust corporate bond with a fair value of \$219,965 in 2014. This bond was no longer held as of December 31, 2015.

NESTLÉ PENSION PLAN

Notes to Financial Statements

December 31, 2015 and 2014

(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.

The Plan's equitable share of the Pension Trust's net assets was approximately 80.7% at December 31, 2015 and 2014. The following is financial information with respect to the Pension Trust:

NESTLÉ PENSION PLAN

Notes to Financial Statements

December 31, 2015 and 2014

	<u>2015</u>	<u>2014</u>
Investments, at fair value:		
Unencumbered investments:		
The Northern Trust Company Core Qualified Collateral Section**	\$ 98,549,773	102,944,830
Equities	435,213,090	456,495,241
Fixed income	1,820,496,749	1,775,529,108
Real estate	328,757,998	279,311,208
Venture capital and partnerships	305,898,264	327,093,635
Other investments	11,765,804	18,908,245
Hedge funds	636,722,355	685,061,571
Cash and cash equivalents*	<u>479,340,829</u>	<u>874,447,599</u>
Total unencumbered investments	<u>4,116,744,862</u>	<u>4,519,791,437</u>
Securities pledged to creditors**:		
Equities	50,240,535	41,229,117
Fixed income	<u>48,309,238</u>	<u>61,715,713</u>
Total securities pledged to creditors	<u>98,549,773</u>	<u>102,944,830</u>
Total assets	4,215,294,635	4,622,736,267
Payable under securities loan agreements**	(98,549,773)	(102,944,830)
Liabilities	<u>(153,835,737)</u>	<u>(99,296,130)</u>
Net Pension Trust assets	<u>\$ 3,962,909,125</u>	<u>4,420,495,307</u>
Net Pension Trust assets attributable to the Plan	\$ 3,198,086,193	3,548,813,815

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

** The Pension Trust participated in a securities lending arrangement through the trustee in 2015 and 2014. 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>2015</u>	<u>2014</u>
Cash Collateral	\$ 87,585,372	102,735,815
Non Cash Collateral	<u>13,717,226</u>	<u>2,923,581</u>
Total	<u>\$ 101,302,598</u>	<u>105,659,396</u>

NESTLÉ PENSION PLAN

Notes to Financial Statements

December 31, 2015 and 2014

During the year ended December 31, 2015, investment loss for the Pension Trust consisted of the following:

	2015
Net depreciation in fair value of investments	\$ (183,003,150)
Interest	78,684,200
Dividends	5,651,015
Other income	29,589,233
	<u>\$ (69,078,702)</u>
Pension Trust investment loss attributable to the Plan	\$ (56,002,354)

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, 2015 and 2014, the Pension Trust held the following derivatives:

	2015		2014	
	Asset derivatives fair value	Liability derivatives fair value	Asset derivatives fair value	Liability derivatives fair value
Derivatives not accounted for as hedging instruments under ASC 815:				
Interest rate	\$ 18,304,352	(19,159,225)	9,162,390	(8,200,147)
Foreign exchange	9,898,206	(7,722,595)	18,723,753	(15,684,081)
Credit	2,334,325	(2,565,380)	5,280,893	(1,140,697)
Equity	1,610	(534,306)	14,208	(527,383)
Commodity	1,866,574	(677,684)	182,116	(4,459,414)
	<u>\$ 32,405,067</u>	<u>(30,659,190)</u>	<u>33,363,360</u>	<u>(30,011,722)</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.

NESTLÉ PENSION PLAN

Notes to Financial Statements

December 31, 2015 and 2014

For the year ended December 31, 2015, the Pension Trust recognized in investment loss and other income the following:

		2015	
		Amount of	Amount of
		loss	other income
			(expense)
Derivatives not accounted for as hedging instruments under			
ASC 815:			
Interest rate	\$	(2,435,254)	18,481,805
Foreign exchange		(37,317)	—
Credit		(3,713,130)	2,715,520
Equity		(884,695)	(14,087)
Commodity		(47,188,798)	(9,807,551)
	\$	<u>(54,259,194)</u>	<u>11,375,687</u>

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

NESTLÉ PENSION PLAN

Notes to Financial Statements

December 31, 2015 and 2014

Offsetting of Assets and Liabilities – Pension Trust at December 31, 2015:

Asset description	Gross recognized assets	Gross amounts offset	Net amounts presented	Amounts not offset		Net exposure
				Financial instruments	Net collateral received	
OTC Commodities	\$ 348,583	—	348,583	40,432	—	308,151
OTC Equities	1,610	—	1,610	1,580	—	30
OTC Foreign exchange	9,393,035	—	9,393,035	7,051,714	14,617	2,326,704
OTC Interest rate/credit	2,501,668	—	2,501,668	1,909,022	206,668	385,978
Total derivatives subject to a Master Netting Agreement (MNA)	12,244,896	—	12,244,896	9,002,748	221,285	3,020,863
Exchange cleared interest rate/credit	16,594,841	—	16,594,841	—	—	16,594,841
Exchange traded commodities	1,517,991	—	1,517,991	—	—	1,517,991
Exchange traded foreign exchange	505,171	—	505,171	—	—	505,171
Exchange traded interest rate / credit	1,542,168	—	1,542,168	—	—	1,542,168
Total derivatives not subject to a MNA	20,160,171	—	20,160,171	—	—	20,160,171
Total derivatives	\$ 32,405,067	—	32,405,067	9,002,748	221,285	23,181,034
Repurchase agreements	\$ 1,900,031	—	1,900,031	—	1,900,031	—
Securities lending (pledged)	98,549,773	—	98,549,773	—	98,549,773	—
Liability description	Gross recognized liabilities	Gross amounts offset	Net amounts presented	Amounts not offset		Net exposure
				Financial instruments	Net collateral pledged	
OTC Commodities	\$ 41,553	—	41,553	40,432	—	1,121
OTC Equities	1,580	—	1,580	1,580	—	—
OTC Foreign Exchange	7,648,189	—	7,648,189	7,051,714	—	596,475
OTC Interest rate / credit	3,897,933	—	3,897,933	1,909,022	1,577,113	411,798
Total derivatives subject to a MNA	11,589,255	—	11,589,255	9,002,748	1,577,113	1,009,394
Exchange cleared interest rate/credit	17,538,109	—	17,538,109	—	—	17,538,109
Exchange traded commodities	636,131	—	636,131	—	—	636,131
Exchange traded equities	532,726	—	532,726	—	—	532,726
Exchange traded foreign exchange	74,406	—	74,406	—	—	74,406
Exchange traded interest rate / credit	288,563	—	288,563	—	—	288,563
Total derivatives not subject to a MNA	19,069,935	—	19,069,935	—	—	19,069,935
Total derivatives	\$ 30,659,190	—	30,659,190	9,002,748	1,577,113	20,079,329
Repurchase agreements	\$ —	—	—	—	—	—
Securities lending	—	—	—	—	—	—

NESTLÉ PENSION PLAN

Notes to Financial Statements

December 31, 2015 and 2014

Offsetting of Assets and Liabilities – Pension Trust 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
OTTC 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	—	—	—	—	—	—

NESTLÉ PENSION PLAN

Notes to Financial Statements

December 31, 2015 and 2014

(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. Additionally, hedge funds, private equity, and real estate assets that are closed end funds are considered Level 3, as well as any open end funds with lock-up periods greater than one month, redemption restrictions greater than one month on the total fund level, redemption restrictions greater than one month on the underlying fund level, exit queues greater than one month, and notice periods greater than one month.

NESTLÉ PENSION PLAN

Notes to Financial Statements

December 31, 2015 and 2014

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

	December 31, 2015			
	Level 1	Level 2	Level 3	Total
Nestlé in the USA Pension				
Trust assets:				
Northern Trust Core				
Qualified collateral section	\$ 98,549,773 (i)	—	—	98,549,773
Equities:				
Preferred stock	11,010,214	512,438 (b)	—	11,522,652
Common stock	251,487,332	—	—	251,487,332
Commingled funds	121,436,411	101,005,620 (e)	—	222,442,031
Equity options and swaps	—	1,610 (g)	—	1,610
Total equities	383,933,957 (a)	101,519,668	—	485,453,625
Fixed income:				
Mutual funds	1,677,003	—	—	1,677,003
Collateralized obligations	—	3,436,635 (c)	10,698,488 (h)	14,135,123
Corporate bonds	—	1,058,641,799 (b)	787,579 (h)	1,059,429,378
Government and municipal	—	659,428,981 (f)	5,659,301 (h)	665,088,282
Bank loans	—	28,663,344 (b)	—	28,663,344
Alternative Investments	—	—	78,872,818 (j)	78,872,818
Exchange traded funds	—	301,362 (g)	—	301,362
Futures	1,533,328	—	—	1,533,328
Options and swaps	8,841	19,096,508 (g)	—	19,105,349
Total fixed income	3,219,172 (a)	1,769,568,629	96,018,186	1,868,805,987
Hedge funds	—	—	636,722,355 (j)	636,722,355
Real estate	—	—	328,757,998 (j)	328,757,998
Venture capital and partnerships	—	—	305,898,264 (j)	305,898,264
Other assets:				
Foreign exchange forwards and options	8,530,771	862,264	—	9,393,035
Foreign exchange futures	505,171	—	—	505,171
Commodity forwards, options and swaps	7,236	348,583	—	355,819
Commodity futures	1,510,755	—	—	1,510,755
Other misc. assets	1,024	—	—	1,024
Total other assets	10,554,957 (a)	1,210,847 (g)	—	11,765,804

NESTLÉ PENSION PLAN

Notes to Financial Statements

December 31, 2015 and 2014

	December 31, 2015			
	Level 1	Level 2	Level 3	Total
Cash and cash equivalents:				
Cash (held at broker)	\$ 78,869,142 (a)	—	—	78,869,142
Cash	10,439,066 (a)	—	—	10,439,066
Repurchase agreements	1,900,031 (a)	—	—	1,900,031
Short term	388,132,590 (d)	—	—	388,132,590
Total cash and cash equivalents	479,340,829	—	—	479,340,829
Total assets	975,598,688	1,872,299,144	1,367,396,803	4,215,294,635
Liabilities:				
Payables	(121,265,337)	—	—	(121,265,337)
Collateral held	(1,911,210)	—	—	(1,911,210)
Total current liabilities	(123,176,547) (a)	—	—	(123,176,547)
Equity futures	(532,726)	—	—	(532,726)
Equity options and swaps	—	(1,580)	—	(1,580)
Fixed income futures	(288,331)	—	—	(288,331)
Fixed income options and swaps	(232)	(21,436,042)	—	(21,436,274)
Foreign exchange forwards and options	(7,386,893)	(261,296)	—	(7,648,189)
Foreign exchange futures	(74,406)	—	—	(74,406)
Commodity forwards, options and swaps	(7,327)	(41,553)	—	(48,880)
Commodity futures	(628,804)	—	—	(628,804)
Total other investments	(8,918,719) (a)	(21,740,471) (g)	—	(30,659,190)
Payables under				
Securities lending agreement	(98,549,773) (i)	—	—	(98,549,773)
Total liabilities	(230,645,039)	(21,740,471)	—	(252,385,510)
Net pension trust assets	\$ 744,953,649	1,850,558,673	1,367,396,803	3,962,909,125

NESTLÉ PENSION PLAN

Notes to Financial Statements

December 31, 2015 and 2014

		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 (i)	—	—	102,944,830
Equities:					
Preferred stock		12,500,214	2,434,415 (b)	—	14,934,629
Common stock		167,913,275	—	—	167,913,275
Commingled funds		120,633,735	107,181,720 (e)	—	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 (g)	—	4,868
Total equities		388,107,630 (a)	109,616,728	—	497,724,358
Fixed income:					
Mutual funds		1,661,809	—	—	1,661,809
Collateralized obligations		—	12,329,566 (c)	6,512,414 (h)	18,841,980
Corporate bonds		—	1,064,119,471 (b)	6,374,076 (h)	1,070,493,547
Government and municipal		—	616,055,925 (f)	22,596,604 (h)	638,652,529
Bank loans		—	17,971,976 (b)	—	17,971,976
Alternative Investments		—	—	74,673,348 (j)	74,673,348
Exchange traded funds		—	506,349 (g)	—	506,349
Futures		890,875	—	—	890,875
Options and swaps		190,250	13,362,158 (g)	—	13,552,408
Total fixed income		2,742,934 (a)	1,724,345,445	110,156,442	1,837,244,821
Hedge funds		—	—	685,061,571 (j)	685,061,571
Real estate		—	—	279,311,208 (j)	279,311,208
Venture capital and partnerships		—	—	327,093,635 (j)	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 (g)	—	18,908,245

NESTLÉ PENSION PLAN

Notes to Financial Statements

December 31, 2015 and 2014

	December 31, 2014			
	Level 1	Level 2	Level 3	Total
Cash and cash equivalents:				
Cash (held at broker)	\$ 92,441,027 (a)	—	—	92,441,027
Cash	10,565,876 (a)	—	—	10,565,876
Repurchase agreements	8,200,029 (a)	—	—	8,200,029
Short term	763,240,667 (d)	—	—	763,240,667
Total cash and cash equivalents	874,447,599	—	—	874,447,599
Total assets	1,378,399,609	1,842,713,802	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) (g)	(127)	(30,011,721)
Payables under				
Securities lending agreement	(102,944,830) (i)	—	—	(102,944,830)
Total liabilities	(185,488,699)	(16,752,134)	(127)	(202,240,960)
Net pension trust assets	\$ 1,192,910,910	1,825,961,668	1,401,622,729	4,420,495,307

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, 2015 and 2014, 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

NESTLÉ PENSION PLAN

Notes to Financial Statements

December 31, 2015 and 2014

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.

- (c) Collateralized mortgage valuations 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).
- (d) Cash equivalents include short term fixed income instruments whose valuations are determined based upon maturity date, issue date, and credit ratings.
- (e) Commingled funds are valued based on the net asset value as a practical expedient to estimate the fair 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. There were no unfunded commitments at December 31, 2015 or 2014.
- (f) Government and municipal bonds are priced by obtaining feeds from various live data sources including market makers and interdealer brokers.
- (g) 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.
- (h) 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).
- (i) 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.
- (j) Investments in alternative fixed income investments, 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 by industry pricing vendors; and private equity investments are valued using income and market based analysis.

NESTLÉ PENSION PLAN

Notes to Financial Statements

December 31, 2015 and 2014

A summary of the nature and risks of the major classes of Level 3 investments and unfunded commitments that are valued using a net asset value (NAV) for the year ended December 31, 2015 and 2014, is as follows:

	2015		2014		Redemption frequency	Redemption notice period
	Fair value	Unfunded commitments	Fair value	Unfunded commitments		
Hedge Funds	\$ 636,722,355	—	685,061,571	—	Monthly Quarterly	70-90 days
Fixed Income	78,872,818	14,145,427	74,673,348	1,642,269	Not Redeemable	N/A
Real Estate Funds – Open End	157,912,562	24,016,590	71,810,289	—	Quarterly	45-90 days
Real Estate Funds – Closed End	170,845,436	29,463,842	207,500,919	50,537,030	Not Redeemable	N/A
Private Equity and Infrastructure	305,898,264	92,034,760	327,093,635	105,969,535	Not Redeemable	N/A
	<u>\$ 1,350,251,435</u>	<u>159,660,619</u>	<u>1,366,139,762</u>	<u>158,148,834</u>		

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. The Company retains discretion to sell any of these investments at an amount other than the net asset value, should there be an investment case to sell these investments in the secondary market.

NESTLÉ PENSION PLAN

Notes to Financial Statements

December 31, 2015 and 2014

A summary of changes in the fair value of Level 3 assets and liabilities for the years ended December 31, 2015 and 2014, is as follows:

	<u>December 31, 2014</u>	<u>Gross purchases and issuances</u>	<u>Gross sales and settlements</u>	<u>Unrealized gains (losses)</u>	<u>Realized gains (losses)</u>	<u>December 31, 2015</u>
Fixed income	\$ 110,163,435	19,416,261	(31,355,859)	(8,891,306)	6,685,655	96,018,186
Hedge funds	684,925,317	4,500,000	(48,261,726)	(13,975,430)	9,534,194	636,722,355
Real estate	290,090,791	99,712,678	(60,203,999)	(7,667,191)	6,825,719	328,757,998
Venture capital and partnerships	316,443,313	43,093,007	(84,166,959)	(12,261,862)	42,790,765	305,898,264
Other assets	(127)	127	—	—	—	—
	<u>\$ 1,401,622,729</u>	<u>166,722,073</u>	<u>(223,988,543)</u>	<u>(42,795,789)</u>	<u>65,836,333</u>	<u>1,367,396,803</u>

	<u>December 31, 2013</u>	<u>Gross purchases and issuances</u>	<u>Gross sales and settlements</u>	<u>Unrealized gains (losses)</u>	<u>Realized gains (losses)</u>	<u>December 31, 2014</u>
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>

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. Plan management re-evaluated the Plan's investments as to whether they have a readily determinable fair value. Based on the re-evaluation, the leveling disclosure has been revised to reflect the Northern Trust Core Qualified Collateral Section fund, a commingled fund, and a short term cash fund as level 1 investments. There were no other significant transfers between levels in 2015 and 2014.

(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). Subsequent to December 31, 2015, the Internal Revenue Service (IRS) determined and informed the Plan by a letter dated April 19, 2016, that the Plan and related trust as of January 2009 (as well as amendments identified in the letter) 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 2015 for its amended and restated Plan document. The IRS has not yet issued a ruling on this request through the date of this report. Additionally, the Plan has been further amended since requesting the determination letter. 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, 2015 and 2014

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, 2015, 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 2012.

(10) Reconciliation of Financial statements to Form 5500

Contributions of \$142,500,000 and \$70,551,000 were made by the Company during 2016 and 2015, respectively. Since the contributions were made prior to September 15, the contributions have been designated for the 2015 and 2014 plan years, respectively, for tax purposes on Form 5500. However, the Plan recognized \$70,551,000 in the 2015 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, 2015 and 2014, to Form 5500:

	<u>2015</u>	<u>2014</u>
Net assets available for benefits per the financial statements	\$ 3,198,086,193	3,548,813,815
Add contributions received for current plan year	<u>142,500,000</u>	<u>70,551,000</u>
Net assets available for benefits per Form 5500	<u>\$ 3,340,586,193</u>	<u>3,619,364,815</u>

The following is a reconciliation of the Plan's employer contributions per the financial statements for the year ended December 31, 2015, to Form 5500:

	<u>2015</u>
Employer contributions per the financial statements	\$ 70,551,000
Add contributions received for current plan year in 2016	142,500,000
Less contributions received for prior plan year in 2015	<u>(70,551,000)</u>
Employer contributions per Form 5500	<u>\$ 142,500,000</u>

(11) Subsequent Events

The Plan has evaluated subsequent events through October 4, 2016, the date these financial statements were available for issuance. There were no subsequent events to report.

2015 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	698	942	33								1673
	Average Earnings	36822	43267	47377								40659
	Average Acct Bal	683	3162	7265								2209
25 to 29	Number	638	1999	784	15							3436
	Average Earnings	43526	51156	57207	54955							51137
	Average Acct Bal	822	4690	11051	13405							5461
30 to 34	Number	456	1536	1388	422	27						3829
	Average Earnings	51101	60429	66200	67538	55811						62161
	Average Acct Bal	951	6096	15712	22240	12869						10796
35 to 39	Number	357	1194	1194	694	334	18					3791
	Average Earnings	56334	65938	72999	76841	73415	71073					69937
	Average Acct Bal	1219	7754	20104	31759	38691	25914					18235
40 to 44	Number	305	1004	1016	719	635	206	20				3905
	Average Earnings	54038	67577	74490	83422	87293	81395	63905				75152
	Average Acct Bal	1383	9084	21061	35955	52193	48230	62922				25897
45 to 49	Number	259	853	935	737	644	419	243	22			4112
	Average Earnings	54631	68785	74898	81339	95056	105899	95701	60990			80979
	Average Acct Bal	1400	10162	22722	36409	63341	91398	100005	52215			39311
50 to 54	Number	182	751	897	710	588	476	521	305	40		4470
	Average Earnings	54376	67492	72705	77610	90268	101483	111620	83938	72683		82539
	Average Acct Bal	1737	11042	23969	36367	56216	69930	90707	68411	59466		43126
55 to 59	Number	108	425	565	496	435	337	365	348	286	19	3384
	Average Earnings	49726	64624	68894	74721	83845	93690	107254	102305	88433	74876	82250
	Average Acct Bal	1324	12422	26215	32365	42761	59520	61711	71845	73253	22296	42508
60 to 64	Number	43	200	264	265	203	166	152	140	133	79	1645
	Average Earnings	56868	57591	61761	67459	80723	83401	86000	96787	101003	93634	76492
	Average Acct Bal	2955	12767	25883	34414	38213	35840	48473	57784	83123	117089	41400
65 to 69	Number	11	32	53	47	37	26	30	13	24	22	295
	Average Earnings	25088	49150	61805	68070	75083	64807	97477	109962	108060	205648	82231
	Average Acct Bal	983	11808	32629	36946	31359	21305	32815	30309	79999	175390	43138
70 & up	Number	2	12	12	8	4	3	5	5	3	2	56
	Average Earnings	19002	32228	50097	55173	42147	41332	71237	149409	89653	113496	59983
	Average Acct Bal	692	10513	27291	56766	13613	13307	13823	149672	16167	0	33384

Average Age = 43.0

Average Service = 9.92

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 2015	
▶ Yield curve basis	Segment rates	
▶ HATFA interest corridors applied for funding and benefit restrictions	Yes	
▶ ASC 960 discount rate	6.80%	

Interest rates:

	For Minimum	For Maximum
▶ First segment rate	4.72%	1.22%
▶ Second segment rate	6.11%	4.11%
▶ Third segment rate	6.81%	5.20%

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	4.72%/6.11%/6.81%	
▶ Lump sum rate for ASC 960	5.00%	

Demographic Assumptions

Inclusion date	The valuation date coincident with or next following the date on which the employee becomes a participant.
Mortality (ASC 960)	
▶ Healthy	Effective December 31, 2014, separate rates for non-annuitants (based on RP-2014 “Employees” table, adjusted to remove post-2007 improvement projections. Mortality Improvement Scale: MP-2014 scale, modified to use a 10-year convergence period to a long-term improvement rate of 1.0% by 2017) and annuitants (based on RP-2014 “Healthy Annuitants” table, adjusted to remove post-2007 improvement projections. Mortality Improvement Scale: MP-2014 scale, modified to use a 10-year convergence period to a long-term improvement rate of 1.0% by 2017)
▶ Disabled	Same as healthy mortality.
▶ Lump sum conversion	IRC 417(e) table
Mortality (Funding Valuation)	
▶ Healthy	Separate rates for non-annuitants (based on RP-2000 “Employees” table without collar or amount adjustments, projected to 2030 using Scale AA) and annuitants (based on RP-2000 “Healthy Annuitants” table without collar or amount adjustments, projected to 2022 using Scale AA).
▶ Disabled	Single table rates (based on RP-2000 “Healthy Annuitants” table without collar or amount adjustments, projected to 2022 using Scale AA).
▶ Lump sum conversion	IRC 417(e) table
Termination	Rates varying by age, service and plan

Representative Termination Rates

- ▶ Nestlé Pension Plan
(Excludes FPCB)

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

- ▶ 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%
51	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

► Nestlé Pension Plan
(Gerber Life)

Percentage leaving during the year	
Attained Age	
25	11.6%
40	5.5%
51	0.0%

Disability

Rates varying by age, sex, and plan.

Representative Disability Rates

► Nestlé Pension Plan
(Excludes FPCB)

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)

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 Nestlé Pension Plan (Gerber Life)

Percentage leaving during the year	
Attained Age	
55	1.5%
62	21.2%
65	100.0%

Benefit commencement date:

Nestlé Pension Plan (excludes Gerber Life) 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 Nestle 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								
	Termination Benefit				Retirement Benefit			
Participant Group	Life	Cert & Life	J&S	Lump Sum	Life	Cert & Life	J&S	Lump Sum
NUSA FAP	10%	0%	20%	70%	10%	0%	10%	80%
NUSA PEP	10%	0%	20%	70%	10%	0%	10%	80%
NPPC FAP	5%	5%	15%	75%	5%	5%	15%	75%
NPPC CAP	5%	5%	15%	75%	5%	5%	15%	75%
NPPC PEP	0%	0%	0%	100%	0%	0%	10%	90%
Single Participants								
	Termination Benefit				Retirement Benefit			
Participant Group	Life	Cert & Life	J&S	Lump Sum	Life	Cert & Life	J&S	Lump Sum
NUSA FAP	30%	0%	0%	70%	20%	0%	0%	80%
NUSA PEP	30%	0%	0%	70%	20%	0%	0%	80%
NPPC FAP	15%	10%	0%	75%	15%	10%	0%	75%
NPPC CAP	15%	10%	0%	75%	15%	10%	0%	75%
NPPC PEP	0%	0%	0%	100%	0%	10%	0%	90%

Nestlé Hourly Retirement (Excludes Reedsburg and Libby)

Married Participants
 25% J&S, 75% lump sum

Single Participants
 25% single life annuity, 75% lump sum

Nestlé Pension Plan (FPCB)

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

Single Participants
 100% single life annuity

Nestlé Hourly Retirement (Reedsburg and Libby)

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.
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.
Administrative expenses	For contribution purposes, 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. For ASC 960, none assumed.
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.

Methods

Valuation date	First day of plan year
Funding target and PVAB	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>All benefits described in the Plan Provisions section of this report were valued. Towers Watson has reviewed the plan provisions with Nestlé and is not aware of any significant benefits required to be valued that were not.</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>For ASC 960, the mortality table was updated to reflect the RP-2014 and MP-2014 mortality studies released by the Society of Actuaries in October 2014 with modifications adopted by Nestlé.</p> <p>For the funding valuation, the required mortality table used to calculate the funding target and target normal cost was updated to include one additional year of projected mortality improvements.</p> <p>Form of payment assumptions were updated to reflect the lump sum option available to NPPC PFAP and PCAP active and deferred vested participants, NUSA Traditional active and deferred vested participants under the age of 55, Nestlé Hourly Retirement Plan active and deferred vested participants, and Gerber Traditional Salaried participants in the Nestlé Infant Nutrition Pension Plan. The plans were amended in 2014 and the lump sum option is available effective April 1, 2015.</p> <p>The ASC 960 discount rate was changed from 7.80% to 6.80% to reflect Nestlé's long-term expected rate of return on plan assets.</p> <p>The ASC 960 lump sum rate was changed from 6.00% to 5.00%.</p>

**SCHEDULE SB
(Form 5500)**Department of the Treasury
Internal Revenue Service
Department of Labor
Employee Benefits Security Administration
Pension Benefit Guaranty Corporation**Single-Employer Defined Benefit Plan
Actuarial Information**

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

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

OMB No. 1210-0110

2015**This Form is Open to Public
Inspection**

For calendar plan year 2015 or fiscal plan year beginning 01/01/2015 and ending 12/31/2015

▶ **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.

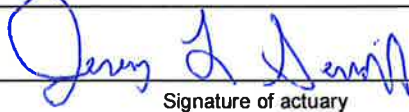
A Name of plan NESTLE PENSION PLAN		B Three-digit plan number (PN) ▶	100
C Plan sponsor's name as shown on line 2a of Form 5500 or 5500-SF NESTLE USA, INC.		D Employer Identification Number (EIN) 95-1572209	
E Type of plan: ☒ Single ☐ Multiple-A ☐ Multiple-B		F Prior year plan size: ☐ 100 or fewer ☐ 101-500 ☒ More than 500	

Part I Basic Information

1 Enter the valuation date: Month <u>01</u> Day <u>01</u> Year <u>2015</u>			
2 Assets:			
a Market value			2a 3,619,065,241
b Actuarial value			2b 3,619,065,241
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.....	13,706	879,007,337	879,007,337
b For terminated vested participants.....	12,325	388,735,009	388,735,009
c For active participants.....	30,596	984,934,199	1,090,800,856
d Total.....	56,627	2,252,676,545	2,358,543,202
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 6.21%		
6 Target normal cost.....	6 117,060,417		

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		10/11/2016
Signature of actuary		Date
Jeremy L. Sevcik		1406465
Type or print name of actuary		Most recent enrollment number
Willis Towers Watson		949-224-6536
Firm name		Telephone number (including area code)
2010 Main Street, Suite 1050		
Irvine CA 92614-7206		
Address of the firm		

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

For Paperwork Reduction Act Notice and OMB Control Numbers, see the instructions for Form 5500 or 5500-SF.

Schedule SB (Form 5500) 2015
v. 150123

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).....	779,968,448	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)	779,968,448	0
10 Interest on line 9 using prior year's actual return of <u>11.38%</u>	88,760,409	0
11 Prior year's excess contributions to be added to prefunding balance:		
a Present value of excess contributions (line 38a from prior year).....		66,019,559
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>6.41%</u>		4,231,854
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		70,251,413
d Portion of (c) to be added to prefunding balance.....		
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)	868,728,857	0

Part III Funding Percentages

14 Funding target attainment percentage	14	116.61%
15 Adjusted funding target attainment percentage	15	153.44%
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	149.39%
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
01/29/2016	25,000,000	0			
02/29/2016	25,000,000				
04/29/2016	21,500,000				
07/07/2016	71,000,000				
Totals ►			18(b)	142,500,000	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	131,395,173

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	(4) 4th

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

21 Discount rate:				
a Segment rates:	1st segment: 4.72%	2nd segment: 6.11%	3rd segment: 6.81%	☐ 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	117,060,417	
b Excess assets, if applicable, but not greater than line 31a	31b	117,060,417	
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	131,395,173	
38 Present value of excess contributions for current year (see instructions)			
a Total (excess, if any, of line 37 over line 36)	38a	131,395,173	
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		

Nestlé USA Inc. – Nestlé Pension Plan

EIN: 95-1572209

Plan Number: 100

Attachments to 2015 Schedule SB (Form 5500)

- ☐ Schedule SB - Statement by Enrolled Actuary
- ☐ Line 22 — Description of Weighted Average Retirement Age
- ☐ Line 24 — Change in Actuarial Assumptions
- ☐ Line 26 — Schedule of Active Participant Data
- ☐ Part V — Statement of Actuarial Assumptions and Methods
- ☐ Part V — Summary of Plan Provisions

Nestlé USA, Inc. — Nestlé Pension Plan

EIN: 95-1572209

Plan Number: 100

2015 Schedule SB, Line 22 – Aggregate Calculation of Weighted Average Retirement Age

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	1,147	3.75%	61	2.29
NPPC Trad Salaried	501	1.64%	62	1.02
NUSA Trad Hourly	616	2.01%	61	1.23
NPPC Trad Hourly	2,356	7.70%	61	4.70
NUSA PEP Salaried	11,056	36.14%	61	22.04
NPPC PEP Salaried	3,669	11.99%	61	7.31
NUSA PEP Hourly	11,251	36.77%	61	22.43
	30,596	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
				<u>100.00%</u>	

Average Retirement Age: 61

Nestlé USA, Inc. — Nestlé Pension Plan

EIN: 95-1572209

Plan Number: 100

2015 Schedule SB, Line 22 – Aggregate Calculation of Weighted Average Retirement Age

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

Nestlé USA, Inc. — Nestlé Pension Plan

EIN: 95-1572209

Plan Number: 100

2015 Schedule SB, Line 22 – Aggregate Calculation of Weighted Average Retirement Age

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

Nestlé USA, Inc. — Nestlé Pension Plan

EIN: 95-1572209

Plan Number: 100

2015 Schedule SB, Line 22 – Aggregate Calculation of Weighted Average Retirement Age

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

Nestlé USA, Inc. — Nestlé Pension Plan

EIN: 95-1572209

Plan Number: 100

2015 Schedule SB, Line 22 – Aggregate Calculation of Weighted Average Retirement Age

Participant Group: NUSA PEP Salaried

Description of Weighted Average Retirement Age

Age	Retirement Rate	1.00 - Retirement Rate	Probability of Remaining Active	Percentage Retiring at Age	Age Times Percentage Retiring
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

Nestlé USA, Inc. — Nestlé Pension Plan

EIN: 95-1572209

Plan Number: 100

2015 Schedule SB, Line 22 – Aggregate Calculation of Weighted Average Retirement Age

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

Nestlé USA, Inc. — Nestlé Pension Plan

EIN: 95-1572209

Plan Number: 100

2015 Schedule SB, Line 22 – Aggregate Calculation of Weighted Average Retirement Age

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
				<u>100.00%</u>	

Average Retirement Age: 61

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, 2015
Enrolled Actuary	Jeremy Sevcik
Enrollment Number	14-06465

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.

Nestlé USA, Inc. – Nestlé Pension Plan

EIN: 95-1572209 PN: 100

2015 Schedule H Part IV, Line 4I- Has the plan failed to provide any benefit when due under the plan?

2015 Schedule H Part IV, Line 4I- Has the plan failed to provide any benefit when due under the plan?

Name of Sponsor/Plan: Nestlé USA, Inc. – Nestlé Pension Plan

EIN: 95-1572209 PN: 100

In responding to this item we have disregarded benefits related to participants whom the plan administrator has attempted without success to locate, and therefore are “missing” or “lost” participants, including without limitation those whose benefits have been forfeited under the plan provisions related to missing participants, or who have otherwise failed to make a claim for benefits as provided under the plan.

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 2015.

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	<ul style="list-style-type: none"> 8.00% 	1) Single Life Annuity
<u>Eligible for early retirement factors</u>	<ul style="list-style-type: none"> 1971 TPF&C Forecast set back 3 years 	2) 50%, 75%* & 100% Joint Survivor Annuity
No grandfathered prior plan benefits, OR with the following prior plans (but only if Nestlé benefit wins):		3) 10 year Certain and Life Annuity
Beechnut		4) Lump Sum
Hills Bros.		5) 5 year Certain and Life Annuity for Hills Bros. only
NFC post-1988 terminations		
Carnation #2 post-1991 terminations		
Clintec		
Nestlé Traditional benefit	<ul style="list-style-type: none"> 8.00% 	1) Single Life Annuity
<u>Deferred vested commencements with deferred vested factors</u>	<ul style="list-style-type: none"> 1971 TPF&C Forecast set back 3 years 	2) 50%, 75%* & 100% Joint Survivor Annuity
No grandfathered prior plan benefits, OR with the following prior plans (but only if Nestlé benefit wins):		3) 10 year Certain and Life Annuity
Beechnut		4) Lump Sum
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.		

* 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
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

The lump sum amendment was first reflected in the IAS accounting valuation in 2014; it is first reflected for the funding valuation for the 2015 plan year and for the ASC 960 plan accounting valuation as of December 31, 2014.

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 2015.

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

The lump sum amendment was first reflected in the IAS accounting valuation in 2014; it is first reflected for the funding valuation for the 2015 plan year and for the ASC 960 plan accounting valuation as of December 31, 2014.

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 	1) Single Life Annuity 2) 50% & 100% Joint Survivor Annuity 3) 10 year Certain and Life Annuity 4) Lump Sum

Future Plan Changes

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

Changes in Benefits Valued Since Prior Year

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

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 2015.

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

The lump sum amendment was first reflected in the IAS accounting valuation in 2014; it is first reflected for the funding valuation for the 2015 plan year and for the ASC 960 plan accounting valuation as of December 31, 2014.

2015 Schedule SB, line 24 – Change in Actuarial Assumptions
 Name of Sponsor / Plan: Nestlé USA, Inc. – Nestlé Pension Plan
 EIN: 95-1572209 PN: 100

Change in assumptions since prior valuation: Form of payment assumptions were updated to reflect the lump sum option available to NPPC PFAP and PCAP active and deferred vested participants, NUSA Traditional active and deferred vested participants under the age of 55. The plans were amended in 2014 and the lump sum option is available effective April 1, 2015.

Current Form of payment
 (Plan Year 2015)

Nestlé Pension Plan (Excludes FPCB and Gerber Life)								
Married Participants								
Participant Group	Termination Benefit				Retirement Benefit			
	Life	Cert & Life	J&S	Lump Sum	Life	Cert & Life	J&S	Lump Sum
NUSA FAP	10%	0%	20%	70%	10%	0%	10%	80%
NUSA PEP	10%	0%	20%	70%	10%	0%	10%	80%
NPPC FAP	5%	5%	15%	75%	5%	5%	15%	75%
NPPC CAP	5%	5%	15%	75%	5%	5%	15%	75%
NPPC PEP	0%	0%	0%	100%	0%	0%	10%	90%
Single Participants								
Participant Group	Termination Benefit				Retirement Benefit			
	Life	Cert & Life	J&S	Lump Sum	Life	Cert & Life	J&S	Lump Sum
NUSA FAP	30%	0%	0%	70%	20%	0%	0%	80%
NUSA PEP	30%	0%	0%	70%	20%	0%	0%	80%
NPPC FAP	15%	10%	0%	75%	15%	10%	0%	75%
NPPC CAP	15%	10%	0%	75%	15%	10%	0%	75%
NPPC PEP	0%	0%	0%	100%	0%	10%	0%	90%

Previous Form of Payment
 (Plan Year 2014)

Nestlé Pension Plan (Excludes FPCB and Gerber Life)

Married Participants

<u>Participant Group</u>	<u>Termination Benefit</u>				<u>Retirement Benefit</u>			
	<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

<u>Participant Group</u>	<u>Termination Benefit</u>				<u>Retirement Benefit</u>			
	<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%