

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 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 2016 This Form is Open to Public Inspection
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Part I	Annual Report Identification Information		
For calendar plan year 2016 or fiscal plan year beginning <u>01/01/2016</u> and ending <u>12/31/2016</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.) ☒ 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 USA, INC. HOURLY RETIREMENT SAVINGS PLAN</u>	1b	Three-digit plan number (PN) ▶ <u>005</u>
		1c	Effective date of plan <u>02/01/1991</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. SAVINGS PLAN ADMINISTRATION</u> <u>30500 BAINBRIDGE ROAD</u> <u>SOLOM, OH 44139-2216</u>	2b	Employer Identification Number (EIN) <u>95-1572209</u>
		2c	Plan Sponsor's telephone number <u>440-349-5757</u>
		2d	Business code (see instructions) <u>311900</u>

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

Under penalties of perjury and other penalties set forth in the instructions, I declare that I have examined this return/report, including accompanying schedules, statements and attachments, as well as the electronic version of this return/report, and to the best of my knowledge and belief, it is true, correct, and complete.

SIGN HERE	Filed with authorized/valid electronic signature.	10/13/2017	JOY M. SPURRIER
	Signature of plan administrator	Date	Enter name of individual signing as plan administrator
SIGN HERE			
	Signature of employer/plan sponsor	Date	Enter name of individual signing as employer or plan sponsor
SIGN HERE			
	Signature of DFE	Date	Enter name of individual signing as DFE
Preparer's name (including firm name, if applicable) and address (include room or suite number)			Preparer's telephone number

For Paperwork Reduction Act Notice, see the Instructions for Form 5500.

3a Plan administrator's name and address ☒ Same as Plan Sponsor	3b Administrator's EIN 3c Administrator's telephone number
4 If the name and/or EIN of the plan sponsor has changed since the last return/report filed for this plan, enter the name, EIN and the plan number from the last return/report: a Sponsor's name	4b EIN 4c PN
5 Total number of participants at the beginning of the plan year	5 5315
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..... a(2) Total number of active participants at the end of the plan year b Retired or separated participants receiving benefits..... c Other retired or separated participants entitled to future benefits d Subtotal. Add lines 6a(2) , 6b , and 6c e Deceased participants whose beneficiaries are receiving or are entitled to receive benefits. f Total. Add lines 6d and 6e g Number of participants with account balances as of the end of the plan year (only defined contribution plans complete this item) h Number of participants that terminated employment during the plan year with accrued benefits that were less than 100% vested	 6a(1) 4868 6a(2) 4726 6b 0 6c 382 6d 5108 6e 18 6f 5126 6g 3792 6h 82
7 Enter the total number of employers obligated to contribute to the plan (only multiemployer plans complete this item).....	7
8a If the plan provides pension benefits, enter the applicable pension feature codes from the List of Plan Characteristics Codes in the instructions: 2E 2F 2G 2J 2K 2R 2S 2T b If the plan provides welfare benefits, enter the applicable welfare feature codes from the List of Plan Characteristics Codes in the instructions:	

9a Plan funding arrangement (check all that apply) (1) ☐ Insurance (2) ☐ Code section 412(e)(3) insurance contracts (3) ☒ Trust (4) ☐ General assets of the sponsor	9b Plan benefit arrangement (check all that apply) (1) ☐ Insurance (2) ☐ Code section 412(e)(3) insurance contracts (3) ☒ Trust (4) ☐ General assets of the sponsor
10 Check all applicable boxes in 10a and 10b to indicate which schedules are attached, and, where indicated, enter the number attached. (See instructions)	
a Pension Schedules (1) ☒ R (Retirement Plan Information) (2) ☐ MB (Multiemployer Defined Benefit Plan and Certain Money Purchase Plan Actuarial Information) - signed by the plan actuary (3) ☐ SB (Single-Employer Defined Benefit Plan Actuarial Information) - signed by the plan actuary	b General Schedules (1) ☒ H (Financial Information) (2) ☐ I (Financial Information – Small Plan) (3) ☐ A (Insurance Information) (4) ☒ C (Service Provider Information) (5) ☒ D (DFE/Participating Plan Information) (6) ☐ G (Financial Transaction Schedules)

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 2016 Form M-1 annual report. If the plan was not required to file the 2016 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 _____

SCHEDULE C (Form 5500) Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	Service Provider Information This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA). ▶ File as an attachment to Form 5500.	OMB No. 1210-0110
		2016
		This Form is Open to Public Inspection.

For calendar plan year 2016 or fiscal plan year beginning **01/01/2016** and ending **12/31/2016**

A Name of plan NESTLE USA, INC. HOURLY RETIREMENT SAVINGS PLAN	B Three-digit plan number (PN) ▶ 005
C Plan sponsor's name as shown on line 2a of Form 5500 NESTLE USA, INC. SAVINGS PLAN ADMINISTRATION	D Employer Identification Number (EIN) 95-1572209

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

1 Information on Persons Receiving Only Eligible Indirect Compensation

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

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

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

02-0488491

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

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

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

VOYA INSTITUTIONAL PLAN SERVICES

02-0488491

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
37 50	NONE	26500	Yes ☒ No ☐	Yes ☒ No ☐	0	Yes ☐ No ☒

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

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

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

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

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

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

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

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

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

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

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

Part I Service Provider Information (continued)

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

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

Part II Service Providers Who Fail or Refuse to Provide Information

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

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

Explanation:

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

Explanation:

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

Explanation:

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

Explanation:

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

Explanation:

SCHEDULE D (Form 5500) Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration		DFE/Participating Plan Information This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA). ▶ File as an attachment to Form 5500.		OMB No. 1210-0110 2016 This Form is Open to Public Inspection.	
For calendar plan year 2016 or fiscal plan year beginning 01/01/2016 and ending 12/31/2016					
A Name of plan NESTLE USA, INC. HOURLY RETIREMENT SAVINGS PLAN				B Three-digit plan number (PN) ▶ 005	
C Plan or DFE sponsor's name as shown on line 2a of Form 5500 NESTLE USA, INC. SAVINGS PLAN ADMINISTRATION				D Employer Identification Number (EIN) 95-1572209	
Part I Information on interests in MTIAs, CCTs, PSAs, and 103-12 IEs (to be completed by plans and DFEs) (Complete as many entries as needed to report all interests in DFEs)					
a Name of MTIA, CCT, PSA, or 103-12 IE: NESTLE IN THE USA SAVINGS TRUST					
b Name of sponsor of entity listed in (a): NESTLE USA, INC.					
c EIN-PN 95-1572209-001		d Entity code M		e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) 222412272	
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)	

For Paperwork Reduction Act Notice, see the Instructions for Form 5500.

Schedule D (Form 5500) 2016 v.160205

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

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) Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	Financial Information This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA), and section 6058(a) of the Internal Revenue Code (the Code). ► File as an attachment to Form 5500.	OMB No. 1210-0110
		2016
		This Form is Open to Public Inspection

For calendar plan year 2016 or fiscal plan year beginning 01/01/2016 and ending 12/31/2016		
A Name of plan NESTLE USA, INC. HOURLY RETIREMENT SAVINGS PLAN	B Three-digit plan number (PN) ►	005
C Plan sponsor's name as shown on line 2a of Form 5500 NESTLE USA, INC. SAVINGS PLAN ADMINISTRATION	D Employer Identification Number (EIN) 95-1572209	

Part I	Asset and Liability Statement
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1 Current value of plan assets and liabilities at the beginning and end of the plan year. Combine the value of plan assets held in more than one trust. Report the value of the plan's interest in a commingled fund containing the assets of more than one plan on a line-by-line basis unless the value is reportable on lines 1c(9) through 1c(14). Do not enter the value of that portion of an insurance contract which guarantees, during this plan year, to pay a specific dollar benefit at a future date. **Round off amounts to the nearest dollar.** MTIAs, CCTs, PSAs, and 103-12 IEs do not complete lines 1b(1), 1b(2), 1c(8), 1g, 1h, and 1i. CCTs, PSAs, and 103-12 IEs also do not complete lines 1d and 1e. See instructions.

Assets		(a) Beginning of Year	(b) End of Year
a Total noninterest-bearing cash	1a		
b Receivables (less allowance for doubtful accounts):			
(1) Employer contributions.....	1b(1)		
(2) Participant contributions	1b(2)		
(3) Other.....	1b(3)		
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)	8706704	9097822
(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)	199680050	222412272
(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	208386754	231510094

Liabilities

g Benefit claims payable	1g	76806	0
h Operating payables	1h		
i Acquisition indebtedness	1i		
j Other liabilities	1j		
k Total liabilities (add all amounts in lines 1g through 1j)	1k	76806	0

Net Assets

l Net assets (subtract line 1k from line 1f)	1l	208309948	231510094
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Part II Income and Expense Statement

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

Income

		(a) Amount	(b) Total
a Contributions:			
(1) Received or receivable in cash from: (A) Employers	2a(1)(A)	7027773	
(B) Participants	2a(1)(B)	15635931	
(C) Others (including rollovers)	2a(1)(C)	1513214	
(2) Noncash contributions	2a(2)		
(3) Total contributions. Add lines 2a(1)(A) , (B) , (C) , and line 2a(2)	2a(3)		24176918
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)	392931	
(F) Other	2b(1)(F)		
(G) Total interest. Add lines 2b(1)(A) through (F)	2b(1)(G)		392931
(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)		14702017
(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		39271866

Expenses

e Benefit payment and payments to provide benefits:			
(1) Directly to participants or beneficiaries, including direct rollovers	2e(1)	15331643	
(2) To insurance carriers for the provision of benefits	2e(2)		
(3) Other	2e(3)		
(4) Total benefit payments. Add lines 2e(1) through (3).....	2e(4)		15331643
f Corrective distributions (see instructions)	2f		
g Certain deemed distributions of participant loans (see instructions)	2g		5277
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)	26500	
(5) Total administrative expenses. Add lines 2i(1) through (4).....	2i(5)		26500
j Total expenses. Add all expense amounts in column (b) and enter total	2j		15363420

Net Income and Reconciliation

k Net income (loss). Subtract line 2j from line 2d	2k		23908446
l Transfers of assets:			
(1) To this plan.....	2l(1)		
(2) From this plan.....	2l(2)		708300

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**

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

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

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

Part IV Compliance Questions

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

During the plan year:

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

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

	Yes	No	Amount
4a		X	
4b		X	

		Yes	No	Amount
c Were any leases to which the plan was a party in default or classified during the year as uncollectible? (Attach Schedule G (Form 5500) Part II if "Yes" is checked.)	4c		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.)	4d		X	
e Was this plan covered by a fidelity bond?	4e	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?	4f		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?	4g		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?	4h		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.)	4i	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.)	4j		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?	4k		X	
l Has the plan failed to provide any benefit when due under the plan?	4l		X	
m If this is an individual account plan, was there a blackout period? (See instructions and 29 CFR 2520.101-3.)	4m		X	
n If 4m was answered "Yes," check the "Yes" box if you either provided the required notice or one of the exceptions to providing the notice applied under 29 CFR 2520.101-3.	4n			
o Defined Benefit Plan or Money Purchase Pension Plan Only: Were any distributions made during the plan year to an employee who attained age 62 and had not separated from service?	4o			

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

5b If, during this plan year, any assets or liabilities were transferred from this plan to another plan(s), identify the plan(s) to which assets or liabilities were transferred. (See instructions.)

5b(1) Name of plan(s)	5b(2) EIN(s)	5b(3) PN(s)
NESTLE 401 (K) SAVINGS PLAN	95-1572209	200

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
If "Yes" is checked, enter the My PAA confirmation number from the PBGC premium filing for this plan year (See instructions.)

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 sections 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 2016 This Form is Open to Public Inspection.
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For calendar plan year 2016 or fiscal plan year beginning 01/01/2016 and ending 12/31/2016

A Name of plan <u>NESTLE USA, INC. HOURLY RETIREMENT SAVINGS PLAN</u>	B Three-digit plan number (PN) ▶ <u>005</u>
C Plan sponsor's name as shown on line 2a of Form 5500 <u>NESTLE USA, INC. SAVINGS PLAN ADMINISTRATION</u>	D Employer Identification Number (EIN) <u>95-1572209</u>

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

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

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

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

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

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

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

Part IV	ESOPs (see instructions). If this is not a plan described under Section 409(a) or 4975(e)(7) of the Internal Revenue Code, skip this Part.
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10 Were unallocated employer securities or proceeds from the sale of unallocated securities used to repay any exempt loan?	☐ Yes	☐ No
11 a Does the ESOP hold any preferred stock?	☐ Yes	☐ No
b If the ESOP has an outstanding exempt loan with the employer as lender, is such loan part of a "back-to-back" loan? (See instructions for definition of "back-to-back" loan.)	☐ Yes	☐ No
12 Does the ESOP hold any stock that is not readily tradable on an established securities market?	☐ Yes	☐ No

For Paperwork Reduction Act Notice, see the Instructions for Form 5500.

Schedule R (Form 5500) 2016
v. 160205

Part V Additional Information for Multiemployer Defined Benefit Pension Plans

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

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

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

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

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

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

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

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

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

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

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

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

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

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

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

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

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

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

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

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

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

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

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

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

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

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

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

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

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

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

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

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

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

18	If any liabilities to participants or their beneficiaries under the plan as of the end of the plan year consist (in whole or in part) of liabilities to such participants and beneficiaries under two or more pension plans as of immediately before such plan year, check box and see instructions regarding supplemental information to be included as an attachment
19	If the total number of participants is 1,000 or more, complete lines (a) through (c) a Enter the percentage of plan assets held as: Stock: _____% Investment-Grade Debt: _____% High-Yield Debt: _____% Real Estate: _____% Other: _____% b Provide the average duration of the combined investment-grade and high-yield debt: ☐ 0-3 years ☐ 3-6 years ☐ 6-9 years ☐ 9-12 years ☐ 12-15 years ☐ 15-18 years ☐ 18-21 years ☐ 21 years or more c What duration measure was used to calculate line 19(b)? ☐ Effective duration ☐ Macaulay duration ☐ Modified duration ☐ Other (specify): _____

Part VII	IRS Compliance Questions
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20a Is the plan a 401(k) plan? If "No," skip b	☐ Yes ☐ No
20b How did the plan satisfy the nondiscrimination requirements for employee deferrals under section 401(k)(3) for the plan year? Check all that apply:	☐ Design-based safe harbor ☐ "Prior year" ADP test ☐ "Current year" ADP test ☐ N/A
21a What testing method was used to satisfy the coverage requirements under section 410(b) for the plan year? Check all that apply:	☐ Ratio percentage test ☐ Average benefit test ☐ N/A
21b Did the plan satisfy the coverage and nondiscrimination requirements of sections 410(b) and 401(a)(4) for the plan year by combining this plan with any other plan under the permissive aggregation rules?	☐ Yes ☐ No
22a If the plan is a master and prototype plan (M&P) or volume submitter plan that received a favorable IRS opinion letter or advisory letter, enter the date of the letter / / and the serial number .	
22b If the plan is an individually-designed plan that received a favorable determination letter from the IRS, enter the date of the most recent determination letter / / .	



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

Independent Auditors' Report

The Plan Administrator
Nestlé USA, Inc. Hourly Retirement Savings Plan:

Report on the Financial Statements

We were engaged to audit the accompanying financial statements of the Nestlé USA, Inc. Hourly Retirement Savings Plan, which comprise the statements of net assets available for plan benefits as of December 31, 2016 and 2015, and the related statement of changes in net assets available for plan benefits for the year ended December 31, 2016, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

Basis for Disclaimer of Opinion

As permitted by 29 CFR 2520.103-8 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974, the plan administrator instructed us not to perform, and we did not perform, any auditing procedures with respect to the information summarized in notes 3, 5, 6 and 8, which was certified by State Street Bank and Trust Company, the trustee of the Plan, except for comparing such information with the related information included in the financial statements. We have been informed by the plan administrator that the trustee holds the Plan's investment assets and executes investment transactions. The plan administrator has obtained a certification from the trustee as of December 31, 2016 and 2015, and for the year ended December 31, 2016, that the information provided to the plan administrator by the trustee is complete and accurate.

Disclaimer of Opinion

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



Other Matter

The supplemental Schedule H, line 4i – Schedule of Assets (Held at End of Year) as of December 31, 2016, is required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974 and is presented for the purpose of additional analysis and is not a required part of the financial statements. Because of the significance of the matter described in the *Basis for Disclaimer of Opinion* paragraph, we do not express an opinion on this supplemental schedule.

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 and supplemental schedule, 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.

KPMG LLP

Cleveland, Ohio
October 9, 2017

NESTLÉ USA, INC.
HOURLY RETIREMENT SAVINGS PLAN

EIN: 95-1572209
Plan Number: 005

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

December 31, 2016

(a)	(b) Identity of issue, borrower, lessor, or similar party	(c) Description of investment including maturity date, rate of interest, collateral, par, or maturity value	(d) Cost	(e) Current value
*	State Street Bank and Trust Company	Investment in Nestlé in the USA Savings Trust	ü	\$ 222,412,272
*	Participant loans	Various maturity dates from 2017 to 2031 with various rates of interest ranging from 4.25% to 9.25%.	†	9,355,069
			ü	<u>\$ 231,767,341</u>

* Party in interest.

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

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

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

See accompanying independent auditors' report.



**NESTLÉ USA, INC.
HOURLY RETIREMENT SAVINGS PLAN**

Financial Statements and Supplemental Schedule

December 31, 2016 and 2015

(With Independent Auditors' Report Thereon)

**NESTLÉ USA, INC.
HOURLY RETIREMENT SAVINGS PLAN**

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Schedule	
1 Schedule H, Line 4i – Schedule of Assets (Held at End of Year), December 31, 2016	16

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



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

Independent Auditors' Report

The Plan Administrator
Nestlé USA, Inc. Hourly Retirement Savings Plan:

Report on the Financial Statements

We were engaged to audit the accompanying financial statements of the Nestlé USA, Inc. Hourly Retirement Savings Plan, which comprise the statements of net assets available for plan benefits as of December 31, 2016 and 2015, and the related statement of changes in net assets available for plan benefits for the year ended December 31, 2016, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

Basis for Disclaimer of Opinion

As permitted by 29 CFR 2520.103-8 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974, the plan administrator instructed us not to perform, and we did not perform, any auditing procedures with respect to the information summarized in notes 3, 5, 6 and 8, which was certified by State Street Bank and Trust Company, the trustee of the Plan, except for comparing such information with the related information included in the financial statements. We have been informed by the plan administrator that the trustee holds the Plan's investment assets and executes investment transactions. The plan administrator has obtained a certification from the trustee as of December 31, 2016 and 2015, and for the year ended December 31, 2016, that the information provided to the plan administrator by the trustee is complete and accurate.

Disclaimer of Opinion

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



Other Matter

The supplemental Schedule H, line 4i – Schedule of Assets (Held at End of Year) as of December 31, 2016, is required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974 and is presented for the purpose of additional analysis and is not a required part of the financial statements. Because of the significance of the matter described in the *Basis for Disclaimer of Opinion* paragraph, we do not express an opinion on this supplemental schedule.

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 and supplemental schedule, 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.

KPMG LLP

Cleveland, Ohio
October 9, 2017

NESTLÉ USA, INC.
HOURLY RETIREMENT SAVINGS PLAN

Statements of Net Assets Available for Plan Benefits

December 31, 2016 and 2015

	<u>2016</u>	<u>2015</u>
Investments:		
Investment in Nestlé in the USA Savings Trust at fair value (notes 5, 6 and 8)	\$ 175,372,341	155,494,253
Investment in Nestlé in the USA Savings Trust at contract value (note 3)	46,799,826	43,614,288
Receivables:		
Participant loans	<u>9,355,069</u>	<u>8,958,674</u>
Net assets available for plan benefits	<u>\$ 231,527,236</u>	<u>208,067,215</u>

See accompanying notes to financial statements.

NESTLÉ USA, INC.
HOURLY RETIREMENT SAVINGS PLAN

Statement of Changes in Net Assets Available for Plan Benefits

Year ended December 31, 2016

Additions to net assets attributed to:	
Income from investment in Nestlé in the USA Savings Trust (notes 5 and 6)	\$ 15,403,178
Interest income – participant loans	392,931
Contributions:	
Employer	7,027,773
Employee	<u>17,149,145</u>
Total contributions	<u>24,176,918</u>
Total additions	<u>39,973,027</u>
Deductions from net assets attributed to:	
Distributions to participants	15,408,449
Administrative expenses	<u>396,257</u>
Total deductions	15,804,706
Plan-to-plan transfers (note 1(i))	<u>(708,300)</u>
Net increase	23,460,021
Net assets available for plan benefits:	
Beginning of year	<u>208,067,215</u>
End of year	<u><u>\$ 231,527,236</u></u>

See accompanying notes to financial statements.

**NESTLÉ USA, INC.
HOURLY RETIREMENT SAVINGS PLAN**

Notes to Financial Statements

December 31, 2016 and 2015

(1) Description of the Plan

The following description of the Nestlé USA, Inc. Hourly Retirement Savings Plan (the Plan) is provided for general information only. Participants should refer to the plan document for more complete information.

(a) General

The Plan is a defined contribution plan sponsored by Nestlé USA, Inc. (the Plan Administrator and Plan Sponsor). The Plan, which was established effective February 1, 1991, is applicable to certain hourly employees of Nestlé USA, Inc., Nestlé Purina PetCare Company, and Nestlé HealthCare Nutrition, Inc. (collectively, the Company). It is subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA) and was established to assist employees in adopting a regular savings program and to provide employees with additional security upon retirement.

Affiliates of the Company may adopt the Plan by order of the board of directors of Nestlé USA, Inc. together with the ratification of the board of directors of the affiliate. Nestlé USA, Inc. may determine whether any special provisions shall be applicable to certain employees of an affiliate as specified in the applicable adoption agreement.

The Company and its affiliates who are participating in the Plan and their respective plan adoption dates are listed below. After adoption of the Plan, the participant account balances and loans outstanding (if any) of the participants' prior plan were transferred to the Plan.

Participating affiliate	Adoption date
Granite City, Illinois (until 11/15/96)	February 1, 1991
Ripon, California (until 7/1/94)	February 1, 1991
Sunbury, Ohio (until 12/31/93)	February 1, 1991
New Orleans, Louisiana (until 12/31/97)	October 7, 1991
Fulton, New York (until 5/2/03)	January 1, 1992
Freehold, New Jersey	September 1, 1992
New Milford, Connecticut (until 5/1/02)	January 1, 1992
Danville, Virginia (until 1/1/98)	September 1, 1993
Union City, California (until 1/7/00)	June 1, 1995
Burlington, Wisconsin	January 1, 1995
Stoughton, Wisconsin (until 8/21/03)	September 29, 1995
Bloomington, Illinois	December 1, 1995
Crete, Nebraska	January 1, 1996
Jefferson, Wisconsin	January 1, 1996
Othello, Washington (until 10/2/00)	February 1, 1996
Moses Lake, Washington (until 10/2/00)	February 1, 1996
Elizabeth City, North Carolina (until 7/29/00)	June 1, 1996
Ft. Dodge, Iowa	June 1, 1996
St. Joseph, Missouri – Lower Lake (until 3/27/04)	June 1, 1996
St. Joseph, Missouri – Packers Avenue	June 1, 1996

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Participating affiliate	Adoption date
Trenton, Missouri (until 9/8/98)	July 15, 1996
Eau Claire, Wisconsin	November 1, 1996
Allentown, Pennsylvania	December 31, 1996
Franklin Park, Illinois	June 1, 1997
Nampa, Idaho (until 10/2/00)	January 1, 1998
Weirton, West Virginia (until 9/1/2011)	January 1, 1998
Eau Claire, Wisconsin (Gateway)	November 1, 2000
Morton, Illinois	January 1, 2008
Jacksonville, Illinois	January 1, 2008
Waverly, Iowa	January 1, 2009
Fremont, Michigan	January 1, 2010
Ft. Smith, Arkansas	January 1, 2010
Modesto, California	January 1, 2010
Reedsburg, Wisconsin (sold under prior plan)	January 1, 2010

(b) Eligibility

Any employee of the Company who was a participant in an existing savings plan sponsored by an affiliate on the date the Plan is adopted by the affiliate automatically becomes a participant under the Plan on the adoption date. Other covered employees may elect to become participants in the Plan after meeting the eligibility requirements set forth in their respective company's adoption agreement by which they are covered.

Certain employees will be automatically enrolled in the Plan approximately 30 days after they become eligible if they do not log on to the record-keeper's website or call the record-keeper's call center to voluntarily enroll or decline enrollment. Employees who were enrolled automatically had a contribution rate of 6% (4% prior to January 1, 2016), invested 100% in a Target Date Fund selected based on their date of birth on record in the Nestlé HR system and an assumed retirement age of 62. Effective January 1, 2016, if employees are automatically enrolled in the Plan, their contribution rate will automatically increase 1% per year on or about the anniversary date of their enrollment until they reach the maximum deferral rate under the Plan. Employees may decline auto enrollment within 30 days of the date appearing on their Automatic Enrollment Notification.

(c) Contributions

The Plan provides for contributions by employees and the respective adoption agreements may provide for matching contributions by the Company based on percentages of employee contributions. The contributions from both the employees and the Company are limited to the maximum amount deductible under the Internal Revenue Code (IRC).

Each participating employee elects to enter into a telephonic or electronic agreement with the Plan Sponsor, thereby contributing to his or her account a percentage of eligible compensation. Employee contributions are made before tax and after tax, if applicable. The participants designate a percentage between 1% and 25% of their annual eligible compensation as an elective contribution rate, subject to IRC limitations of \$18,000 in both 2016 and 2015. Certain highly compensated employees are limited to a maximum contribution of 13% of eligible compensation.

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The Plan allows employees age 50 and older during the calendar year to elect to make up to an additional \$6,000 catch-up contribution during both 2016 and 2015. Catch-up contribution amounts are not eligible for Company matching contributions.

(d) Participant Account Balances

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

Contributions by the Company (if any) are credited to a participant's match account and, along with related investment gains and losses, become vested based upon a participant's years of service with the Company or upon reaching the normal retirement date, whichever is earlier. Except as otherwise provided in the relevant adoption agreement, the normal retirement date is the date upon which the participant reaches age 65. Participants vest in their match account as specified in their applicable adoption agreement.

Forfeitures represent the nonvested portion of Company matching contributions plus earnings thereon, which are not distributable to participants who terminate employment before they are 100% vested. Forfeitures are either applied to the payment of expenses incurred by the Plan Administrator in connection with administering the Plan or used to reduce future employer contributions. Forfeited nonvested amounts during the years ended December 31, 2016 and 2015 totaled \$106,278 and \$112,184, respectively.

(e) Funds

The Plan provides for the establishment of a line-up of investment funds, which are administered within the Nestlé in the USA Savings Trust (Master Trust) (see note 5). The Master Trust was established by the Company for the pooled investment of assets. The Master Trust investments, investment returns, and plan expenses are allocated to participating plans, based on the underlying equity in each plan. The Company has the sole discretion to determine or change the number and nature of investment funds in the line-up.

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

(f) Distributions and Withdrawals

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

If a terminated participant's vested account balance is \$5,000 or less but greater than \$1,000 and he or she did not timely elect to receive his or her distribution in cash or directly roll over his or her distribution to an IRA or eligible retirement plan, the account balance will be transferred from the Plan to a Voya Employer's Rollover IRA. If a participant's vested account balance is \$1,000 or less and he or she does

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not timely elect to roll over his or her distribution to an IRA or eligible retirement plan, he or she will automatically receive his or her total vested account balance as a single lump-sum payment.

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

(g) Loans

Loans of up to the lesser of 50% of a participant's vested account value or \$50,000 (less the highest outstanding loan balance in the past 12 months) may be obtained from the Plan. All loans are subject to the terms and conditions prescribed by the Plan Administrator in accordance with the agreements for each participating company. Principal and interest amounts repaid are invested based upon the participants' current investment elections. Loans to participants are recorded as an asset in the Loan Fund upon transfer from the appropriate investment funds. Interest rates on the loans vary between 4.25% and 9.25% with various maturity dates between 2017 and 2031. Participant loans are valued at amortized cost.

(h) Administrative Costs

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

(i) Plan-to-Plan Transfers

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

(2) Summary of Significant Accounting Policies

(a) Basis of Accounting

The accompanying financial statements are prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

(b) Fully Benefit-Responsive Investment Contracts

Plan assets include fully benefit-responsive investment contracts. Contract value is the relevant measurement attribute for that portion of the net assets available for benefits of a defined contribution plan attributable to fully benefit-responsive investment contracts because contract value is the amount participants would receive if they were to initiate permitted transactions under the terms of the plan. The statement of net assets available for plan benefits and the statement of changes in net assets available for plan benefits are prepared on a contract value basis for the fully benefit-responsive investment contracts.

(c) Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the

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reported amount of assets and liabilities and changes therein, and to disclose contingent assets and liabilities. Actual results could differ from these estimates.

(d) Payment of Benefits

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

(e) Valuation of Investments

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

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

(f) Risks and Uncertainties

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

(g) Recently Issued Accounting Standards

In May 2015, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2015-07, an amendment to existing guidance under Accounting Standards Codification 820, Fair Value Measurements, which removes the requirement to categorize investments for which the Net Asset Value (NAV) as a 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. ASU 2015-07 is to be applied retrospectively. The Plan adopted the guidance beginning with the year ended December 31, 2015, and as a result there were no changes to the financial statements and the related notes.

In July 2015, the FASB issued ASU 2015-12, *Plan Accounting: Defined Benefit Pension Plans (Topic 960), Defined Contribution Pension Plans (Topic 962), Health and Welfare Plans (Topic 965): (Part I) Fully Benefit-Responsive Investment Contracts, (Part II) Plan Investment Disclosures, (Part III) Measurement Date Practical Expedient*. Part I eliminates the requirements to measure the fair value of fully benefit-responsive investment contracts and provide certain disclosures. Contract value is the only required measure for fully benefit-responsive investment contracts. Part II eliminates the requirements to disclose individual investments that represent 5 percent or more of net assets available for benefits and the net appreciation or depreciation in fair value of investments by general type. Part II also simplifies the

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level of disaggregation of investments that are measured using fair value. Plans will continue to disaggregate investments that are measured using fair value by general type; however, plans are no longer required to also disaggregate investments by nature, characteristics and risks. Further, the disclosure of information about fair value measurements shall be provided by general type of asset. Part III is not applicable to the Plan. Parts I and II are to be applied retrospectively. The Plan adopted Parts I and II to reduce the complexity of reporting investments and applied those changes retrospectively beginning with the year ended December 31, 2015. The adoption resulted in the elimination of the disclosures noted above as well as the valuation of fully benefit-responsive investment contracts at fair value.

In February 2017, the FASB issued ASU 2017-06, *Plan Accounting: Defined Benefit Pension Plans (Topic 960), Defined Contribution Pension Plans (Topic 962), Health and Welfare Benefit Plans (Topic 965): Employee Benefit Plan Master Trust Reporting*, which changes the presentation and disclosures for plans that participate in a master trust. ASU 2017-06 introduces a new concept of plans having a divided or undivided interest in the master trust. Plans with an undivided interest have a proportionate share in the master trust and plans with a divided interest have a specific share in each asset of the master trust. The requirement to disclose percentage interest in the master trust was removed for plans with a divided interest in the master trust. Plans will now be required to disclose the dollar amount of the plan's interest in each of the general types of investments held by the master trust, as well as the master trust's other assets and liabilities and the dollar amount of the plan's interest in each of those other assets and liabilities. The Plan is currently evaluating this accounting standard issued but not yet effective, and has not yet determined the impact to the financial statements as a result of adoption. The accounting standard is effective for the Plan year beginning after December 15, 2018.

(3) Guaranteed Investment Contracts (GICs)

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

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The value of the GICs held by the Master Trust as of December 31, 2016 and 2015, was as follows:

	<u>December 31, 2016</u>		<u>December 31, 2015</u>	
		Investments at Contract Value		Investments at Contract Value
	<u>Ratings</u>		<u>Ratings</u>	
Separate account GICs:				
MetLife GAC 32406		\$ —	Aa3/AA -	\$ 83,419,555
Mass Mutual 20092	AA+	97,717,943		—
MetLife GAC 35451	AA-	67,831,008		—
Synthetic GICs:				
Prudential 63074		—	A1/AA -	100,150,826
MetLife 25142		—	Aa3/AA -	274,873,587
Voya 60334		—	A2/A	275,175,869
Prudential 63684	AA-	151,408,882		—
RGA 68	AA-	134,288,872		—
Transamerica MDA 01295TR	AA-	147,009,810		—
Voya 60452	A	166,014,138		—
		<u>\$ 764,270,653</u>		<u>\$ 733,619,837</u>

There are no reserves against contract value for credit risk of the contract issuer or otherwise. The average crediting interest rates for the years ended December 31, 2016 and 2015, were 2.16% and 2.03%, respectively, with the range of interest rates varying from 1.87% to 2.43% in 2016 and 1.77% to 3.45% in 2015. The crediting interest rate is based on a formula agreed upon with the issuer, but may not be less than zero. The crediting rate for 2016 is net of wrap and investment manager fees, but gross of the fund administrator fees; however, the crediting rate for 2015 is net of wrap and investment manager fees, as well as net of the fund administrator fees.

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

(4) Plan Termination

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

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complete distribution of the Plan's assets would be made to participants after payment of administrative and termination expenses.

(5) Investment in Master Trust

The Plan's proportionate interest in the investments held by the trustee is approximately 5% at December 31, 2016 and 2015. The following is financial information with respect to the Master Trust (excluding participant loans) that has been certified by the trustee as complete and accurate (refer to note 6):

	<u>2016</u>	<u>2015</u>
Investments, at fair value:		
Short term investment funds	\$ 71,222,119	\$ 67,586,237
Fixed income	137,337,164	136,880,751
Common/collective trusts	2,353,288,425	2,108,380,530
Registered investment companies	661,944,399	604,564,857
Common stocks	236,342,511	239,820,305
Self-directed brokerage account	72,163,055	67,424,028
Investments, at contract value:		
Investment contracts	764,270,653	733,619,837
Net (payables) and receivables	<u>(299,963)</u>	<u>4,593,813</u>
Net investments available for plan benefits	<u>\$ 4,296,268,363</u>	<u>\$ 3,962,870,358</u>
Net investments of Master Trust allocated to the Plan	\$ 222,172,167	\$ 199,108,541

During 2016, the investment income held by the trustee (including investments bought, sold, as well as held during the year) was as follows:

	<u>2016</u>
Net appreciation of investments	\$ 255,591,794
Dividends	35,824,332
Interest	20,339,509
Other income	<u>548,834</u>
Investment income	<u>\$ 312,304,469</u>
Investment income of the Master Trust attributable to the Plan	\$ 15,403,178

(6) Trustee Certifications

The Plan Administrator has elected the method of compliance permitted by 29 CFR 2520.103-5 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under ERISA. Accordingly, as permitted under such election, the Plan Administrator has obtained a certification from SSB, trustee, as of December 31, 2016 and 2015, and for year ended December 31, 2016, that all of the information provided by them is complete and accurate. Information included in the accompanying financial statements and notes

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thereto and the supplemental schedule, as to investments and investment income, is presented based upon those certifications. The auditors did not perform auditing procedures with respect to this information, except for comparing such information to the related information included in the financial statements, notes to the financial statements and supplemental schedule.

(7) Parties in Interest

During 2016 and 2015, Nestlé in the USA Savings Trust had parties in interest that included the Plan Sponsor, trustee, record-keeper, and investment advisory, legal, and administrative service providers. The fees paid by the Plan to these parties in interest were \$396,257 during the year ended December 31, 2016.

(8) Fair Value Measurements

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

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

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

December 31, 2016					
	Level 1		Level 2	Level 3	Total
Short term investment fund	\$ 71,222,119	b	—	—	71,222,119
Common/collective trusts	2,353,288,425	b	—	—	2,353,288,425
Registered investment companies	661,944,399	a	—	—	661,944,399
Self-Directed Brokerage Account	72,163,055	a	—	—	72,163,055
Fixed income	—		137,337,164	c	137,337,164
Common stocks	236,342,511	a	—	—	236,342,511
Payables (pending cash activity)	(29,424,348)		—	—	(29,424,348)
Receivables (pending cash activity)	29,124,385		—	—	29,124,385
	<u>\$ 3,394,660,546</u>		<u>137,337,164</u>	<u>—</u>	<u>3,531,997,710</u>

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December 31, 2015				
	Level 1	Level 2	Level 3	Total
Short term investment fund	\$ 67,586,237	b —	—	67,586,237
Common/collective trusts	2,108,380,530	b —	—	2,108,380,530
Registered investment companies	604,564,857	a —	—	604,564,857
Self-Directed Brokerage Account	67,424,028	a —	—	67,424,028
Fixed income	—	136,880,751	c —	136,880,751
Common stocks	239,820,305	a —	—	239,820,305
Payables (pending cash activity)	(17,461,586)	—	—	(17,461,586)
Receivables (pending cash activity)	22,055,399	—	—	22,055,399
	<u>\$ 3,092,369,770</u>	<u>136,880,751</u>	<u>—</u>	<u>3,229,250,521</u>

The valuation methodologies utilized by the Master Trust for the above investments as of December 31, 2016 and 2015, are as follows:

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

(9) Tax Status

The Internal Revenue Service (IRS) has determined and informed the Company by a letter dated November 15, 2012, and updated on September 2, 2015, that the Plan and related trust are designed in accordance with applicable sections of the Internal Revenue Code (IRC). The Plan has been amended since receiving the determination letter; however, the Plan Administrator believes that the Plan is designed and is currently being operated in compliance with the applicable requirements of the IRC.

The Plan Administrator evaluates 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, 2016, 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 2013.

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(10) Reconciliation of Financial Statements to Form 5500

The following is a reconciliation of net assets available for plan benefits according to the financial statements as of December 31, 2016 and 2015, to the Form 5500:

	<u>2016</u>	<u>2015</u>
Net assets available for plan benefits per the financial statements	\$ 231,527,236	208,067,215
Certain deemed distributions of participant loans	(257,247)	(251,970)
Benefits payable to participants	—	(76,806)
Adjustment for fair value of fully benefit-responsive investment contracts on Form 5500	<u>240,105</u>	<u>571,509</u>
Net assets available for plan benefits per Form 5500	<u>\$ 231,510,094</u>	<u>208,309,948</u>

The following is a reconciliation of the net increase per the financial statements and the net income per the Form 5500 for the year ended December 31, 2016:

Net increase per the financial statements	\$ 23,460,021
Change in certain deemed distributions of participant loans	(5,277)
Change in benefits payable to participants	76,806
Total transfers	708,300
Adjustment for fair value of fully benefit-responsive investment contracts on Form 5500	<u>(331,404)</u>
Net income per the Form 5500	<u>\$ 23,908,446</u>

Certain deemed distributions represent active participants' loan balances that were in default and have been taxed to the participant (deemed loans). Amounts associated with certain deemed loans are included in the net asset balance reported in the financial statements at December 31, 2016 and 2015, but are removed from the net assets reported on the Form 5500.

(11) Subsequent Events

The Plan Administrator has evaluated subsequent events through October 9, 2017, the date these financial statements were available for issuance, and concluded that no events occurred that would require an adjustment or additional disclosure to the financial statements.

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EIN: 95-1572209
Plan Number: 005

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

December 31, 2016

(a)	(b) Identity of issue, borrower, lessor, or similar party	(c) Description of investment including maturity date, rate of interest, collateral, par, or maturity value	(d) Cost	(e) Current value
*	State Street Bank and Trust Company	Investment in Nestlé in the USA Savings Trust	ü	\$ 222,412,272
*	Participant loans	Various maturity dates from 2017 to 2031 with various rates of interest ranging from 4.25% to 9.25%.	†	9,355,069
			ü	<u>\$ 231,767,341</u>

* Party in interest.

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

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

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

See accompanying independent auditors' report.