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

2019

This Form is Open to Public Inspection

Part I Annual Report Identification Information

For calendar plan year 2019 or fiscal plan year beginning 01/01/2019 and ending 12/31/2019

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.)
- [X] 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:
- [X] Form 5558
- [ ] automatic extension
- [ ] the DFVC program
- [ ] special extension (enter description)

Part II Basic Plan Information—enter all requested information

1a Name of plan
NESTLE PENSION PLAN

1b Three-digit plan number (PN) ▶ 100

1c Effective date of plan 01/01/1989

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)
NESTLE USA, INC.

30500 BAINBRIDGE RD
SOLON, OH 44139-2205

2b Employer Identification Number (EIN)
95-1572209

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

2d Business code (see instructions)
311900

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.	10/15/2020	ROBERTA FAZIO
	Signature of plan administrator	Date	Enter name of individual signing as plan administrator
SIGN HERE	Filed with authorized/valid electronic signature.	10/15/2020	KRISTEN MCBRIDE
	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

3a	Plan administrator's name and address [X] Same as Plan Sponsor	**3b**	Administrator's EIN
		3c	Administrator's telephone number
4	If the name and/or EIN of the plan sponsor or the plan name has changed since the last return/report filed for this plan, enter the plan sponsor's name, EIN, the plan name and the plan number from the last return/report:	**4b**	EIN
a	Sponsor's name	**4d**	PN
c	Plan Name		

5	Total number of participants at the beginning of the plan year	**5**	44615
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)**	20815
a(2)	Total number of active participants at the end of the plan year	**6a(2)**	17038
b	Retired or separated participants receiving benefits	**6b**	10916
c	Other retired or separated participants entitled to future benefits	**6c**	11103
d	Subtotal. Add lines **6a(2)**, **6b**, and **6c**	**6d**	39057
e	Deceased participants whose beneficiaries are receiving or are entitled to receive benefits.	**6e**	2942
f	Total. Add lines **6d** and **6e**.	**6f**	41999
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 who terminated employment during the plan year with accrued benefits that were less than 100% vested	**6h**	66
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)		**9b** Plan benefit arrangement (check all that apply)	
(1) [ ]	Insurance	**(1)** [ ]	Insurance
(2) [ ]	Code section 412(e)(3) insurance contracts	**(2)** [ ]	Code section 412(e)(3) insurance contracts
(3) [X]	Trust	**(3)** [X]	Trust
(4) [ ]	General assets of the sponsor	**(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)** [X] **R** (Retirement Plan Information)
- **(2)** [ ] **MB** (Multiemployer Defined Benefit Plan and Certain Money Purchase Plan Actuarial Information) - signed by the plan actuary
- **(3)** [X] **SB** (Single-Employer Defined Benefit Plan Actuarial Information) - signed by the plan actuary

b General Schedules

- **(1)** [X] **H** (Financial Information)
- **(2)** [ ] **I** (Financial Information – Small Plan)
- **(3)** [ ] 0 **A** (Insurance Information)
- **(4)** [ ] **C** (Service Provider Information)
- **(5)** [X] **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 2019 Form M-1 annual report. If the plan was not required to file the 2019 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 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

2019

This Form is Open to Public Inspection

For calendar plan year 2019 or fiscal plan year beginning 01/01/2019 and ending 12/31/2019

▶ **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: [X] Single [ ] Multiple-A [ ] Multiple-B

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

Part I Basic Information

1 Enter the valuation date: Month 01 Day 01 Year 2019

2 Assets:

a Market value	**2a**	3486268690
b Actuarial value	**2b**	3486268690

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	13862	1103202605	1103202605
b For terminated vested participants	10285	434010060	434010060
c For active participants	21499	1061383854	1108176810
d Total	45646	2598596519	2645389475

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**	5.47 %
6 Target normal cost	**6**	114560053

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

	10/02/2020
Signature of actuary	Date
JEREMY L. SEVCIK	20-06465
Type or print name of actuary	Most recent enrollment number
WILLIS TOWERS WATSON US LLC	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 [ ]

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)	1063419779	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)	1063419779	0
10	Interest on line 9 using prior year's actual return of -4.48 %	-47641206	0
11	Prior year's excess contributions to be added to prefunding balance:		
	a Present value of excess contributions (line 38a from prior year)		0
	b(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 5.64 %		0
	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		0
	d Portion of (c) to be added to prefunding balance		0
12	Other reductions in balances due to elections or deemed elections	0	0
13	Balance at beginning of current year (line 9 + line 10 + line 11d – line 12)	1015778573	0

Part III Funding Percentages

14	Funding target attainment percentage	14	93.38 %
15	Adjusted funding target attainment percentage	15	131.78 %
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	151.00 %
17	If the current value of the assets of the plan is less than 70 percent of the funding target, enter such percentage	17	%

Part IV Contributions and Liquidity Shortfalls

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

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

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

20 Quarterly contributions and liquidity shortfalls:

a Did the plan have a "funding shortfall" for the prior year? ☐ 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:	2nd segment:	3rd segment:	
3.74 %	5.35 %	6.11 %	☐ N/A, full yield curve used

b Applicable month (enter code)	**21b**	4
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**	114560053
b Excess assets, if applicable, but not greater than line 31a	**31b**	0

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**	114560053

	Carryover balance	Prefunding balance	Total balance
35 Balances elected for use to offset funding requirement	114560053	0	114560053

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

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

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

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

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

a Schedule elected ☐ 2 plus 7 years ☐ 15 years

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

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

2019

This Form is Open to Public Inspection.

For calendar plan year 2019 or fiscal plan year beginning 01/01/2019 and ending 12/31/2019

A Name of plan
NESTLE PENSION PLAN

B Three-digit plan number (PN) ▶ 100

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

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 PENSION TRUST

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

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)
36-7324184-101	M	3857177857

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)

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

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

SCHEDULE H (Form 5500)

Department of the Treasury
Internal Revenue Service

Department of Labor
Employee Benefits Security Administration

Pension Benefit Guaranty Corporation

Financial Information

This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA), and section 6058(a) of the Internal Revenue Code (the Code).

▶ **File as an attachment to Form 5500.**

OMB No. 1210-0110

2019

This Form is Open to Public Inspection

For calendar plan year 2019 or fiscal plan year beginning 01/01/2019 and ending 12/31/2019

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

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)	0	0
(2) Participant contributions	1b(2)		
(3) Other	1b(3)	0	0
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)	3486268890	3857177857
(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)		

			(a) Beginning of Year	(b) End of Year
1d	Employer-related investments:			
	(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	3486268890	3857177857
	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 through1j)	1k	0	0
	Net Assets			
l	Net assets (subtract line 1k from line 1f)	1l	3486268890	3857177857

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)		
	(B) Participants	2a(1)(B)		
	(C) Others (including rollovers)	2a(1)(C)		
	(2) Noncash contributions	2a(2)	2352522	
	(3) Total contributions. Add lines **2a(1)(A), (B), (C),** and line **2a(2)**	2a(3)		2352522
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)		699794529
(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		702147051
Expenses			
e Benefit payment and payments to provide benefits:			
(1) Directly to participants or beneficiaries, including direct rollovers	2e(1)	328885562	
(2) To insurance carriers for the provision of benefits	2e(2)		
(3) Other	2e(3)	2352522	
(4) Total benefit payments. Add lines **2e(1)** through **(3)**	2e(4)		331238084
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		331238084
Net Income and Reconciliation			
k Net income (loss). Subtract line **2j** from line **2d**	2k		370908967
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) ☐ Unmodified **(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	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.)	4a		X	
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.)	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			
n	If 4m was answered "Yes," check the "Yes" box if you either provided the required notice or one of the exceptions to providing the notice applied under 29 CFR 2520.101-3.	4n			

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

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
If "Yes" is checked, enter the My PAA confirmation number from the PBGC premium filing for this plan year 4237712. (See instructions.)

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

2019

This Form is Open to Public Inspection.

For calendar plan year 2019 or fiscal plan year beginning 01/01/2019 and ending 12/31/2019

A Name of plan
NESTLE PENSION PLAN

B Three-digit plan number (PN) ▶ 100

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

D Employer Identification Number (EIN)
95-1572209

Part I Distributions

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

1 Total value of distributions paid in property other than in cash or the forms of property specified in the instructions **1** 0

2 Enter the EIN(s) of payor(s) who paid benefits on behalf of the plan to participants or beneficiaries during the year (if more than two, enter EINs of the two payors who paid the greatest dollar amounts of benefits):

EIN(s): 36-3046063

Profit-sharing plans, ESOPs, and stock bonus plans, skip line 3.

3 Number of participants (living or deceased) whose benefits were distributed in a single sum, during the plan year **3** 2487

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: 21.0 % Investment-Grade Debt: 60.0 % High-Yield Debt: 3.0 % Real Estate: 8.0 % Other: 8.0 %

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

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

20 **PBGC missed contribution reporting requirements.** If this is a multiemployer plan or a single-employer plan that is not covered by PBGC, skip line 20.

a Is the amount of unpaid minimum required contributions for all years from Schedule SB (Form 5500) line 40 greater than zero? ☐ Yes ☒ No

b If line 20a is "Yes," has PBGC been notified as required by ERISA sections 4043(c)(5) and/or 303(k)(4)? Check the applicable box:

☐ Yes.

☐ No. Reporting was waived under 29 CFR 4043.25(c)(2) because contributions equal to or exceeding the unpaid minimum required contribution were made by the 30th day after the due date.

☐ No. The 30-day period referenced in 29 CFR 4043.25(c)(2) has not yet ended, and the sponsor intends to make a contribution equal to or exceeding the unpaid minimum required contribution by the 30th day after the due date.

☐ No. Other. Provide explanation_____

NESTLÉ PENSION PLAN

Financial Statements

December 31, 2019 and 2018

(With Independent Auditors' Report Thereon)

NESTLÉ PENSION PLAN

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

KPMG LLP
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 accumulated plan benefits as of December 31, 2019 and 2018, and the related statements of changes in net assets available for benefits and changes in accumulated plan benefits for the year ended December 31, 2019, 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 (DOL) 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 Nestlé in the USA Pension Trust (Trust) in which the Plan participates, 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 Trust's investment assets and executes investment transactions. The plan administrator has obtained a certification from the trustee as of December 31, 2019 and 2018, and for the year ended December 31, 2019, 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.

KPMG LLP, a Delaware limited liability partnership and a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee.

Report on Form and Content in Compliance With DOL 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.

KPMG LLP

Cleveland, Ohio
October 14, 2020

NESTLÉ PENSION PLAN

Statements of Net Assets Available for Benefits

December 31, 2019 and 2018

	2019	2018
Investments, at fair value (notes 5, 7 and 8):		
Plan interest in Nestlé in the USA Pension Trust	$ 3,857,177,857	3,486,268,890
Net assets available for benefits	$ 3,857,177,857	3,486,268,890

See accompanying notes to financial statements.

NESTLÉ PENSION PLAN

Statement of Changes in Net Assets Available for Benefits

Year ended December 31, 2019

Investment income:		
Plan interest in Nestlé in the USA Pension Trust investment income	$	710,683,320
Total investment income		710,683,320
Contributions:		
Reimbursement from group annuity contract (note 2(e))		2,352,522
Total contributions		2,352,522
Deductions:		
Benefits paid to participants		328,885,562
Benefits paid on behalf of group annuity contract (note 2(e))		2,352,522
Investment and administrative expenses		10,888,791
Total deductions		342,126,875
Net increase		370,908,967
Net assets available for benefits, beginning of year		3,486,268,890
Net assets available for benefits, end of year	$	3,857,177,857

See accompanying notes to financial statements.

NESTLÉ PENSION PLAN

Statements of Accumulated Plan Benefits

December 31, 2019 and 2018

	2019	2018
Actuarial present value of accumulated plan benefits (note 2(c)):		
Vested benefits:		
Participants currently receiving payments	$ 1,366,008,437	1,217,174,985
Other participants	1,980,053,919	1,602,699,359
	3,346,062,356	2,819,874,344
Nonvested benefits	72,877,543	45,935,054
Total actuarial present value of accumulated plan benefits	$ 3,418,939,899	2,865,809,398

See accompanying notes to financial statements.

NESTLÉ PENSION PLAN

Statement of Changes in Accumulated Plan Benefits

Year ended December 31, 2019

Actuarial present value of accumulated plan benefits at beginning of year	$ 2,865,809,398
Increase (decrease) during the year attributable to:	
Benefits accumulated and actuarial losses	193,923,609
Decrease in the discount period	127,052,971
Benefits paid	(328,885,562)
Other assumption changes (note 2(c))	561,039,483
Actuarial present value of accumulated plan benefits at end of year	$ 3,418,939,899

See accompanying notes to financial statements.

(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 or Plan Sponsor) 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, effective January 1, 2016, the Plan is closed to new entrants. Participating employees are eligible to receive benefits under the Plan document as follows:

(i) Traditional Benefit

Participants hired prior to May 1, 2003, who chose to remain on the Traditional formula during the pension choice period, with three 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. The Nestlé Purina career average pay formula 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.

(ii) 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 or more years of vesting service are entitled to pension benefits upon termination of employment. Participants earn an annual percentage based on the sum of the participant's age and years of vesting service (or points) for each year of credited service in the Plan. Upon termination, the annual percentages are added together to determine the final pension percentage. The final pension percentage is multiplied 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.

(iii) 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.

(c) Death and Disability Benefits

(i) 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 and vested immediate commencement factors of the Plan. Participants who meet the Plan's disability eligibility requirements may continue accruals under the Plan.

(ii) 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 accounting principles generally accepted in the United States of America.

(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.

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 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, which 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 were as follows:

	2019	2018
Life expectancy of participants	Pri-2012, including separate assumptions for contingent survivors with Modified MP-2019 projection	RP-2014 with Modified MP-2016 projection
Retirement age	Varying by age	Varying by age
ASC 960 discount rate and expected return on plan assets	2.90 %	4.70 %

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.

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 have commenced, and continue to be paid, by the trustee, with MetLife reimbursing the Plan 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 accounting principles generally accepted in the United States of America 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 Pension Trust 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 Pension Trust 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.

The Pension Trust manages interest rate risk using interest rate swaps and/or U.S. 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 Pension Trust 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. These derivatives are used to create credit, equity, and foreign exchange exposures.

The Pension Trust uses a mix of equity, fixed income, and foreign exchange futures to securitize a 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 foreign exchange returns.

The Pension Trust 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 Pension Trust 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 Pension Trust has managed 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 Pension Trust also uses foreign exchange forwards and currency options as an investment strategy. The Pension Trust terminated its active FX strategy during the third quarter of 2018.

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.

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 Pension Trust has maintained the liquidity necessary to settle any losses under a variety of market conditions, including the most severe.

(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 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 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. Upon adoption, plans will 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 has adopted ASU 2017-06 as of December 31, 2019, as permitted, and applied the provisions of ASU 2017-06 retrospectively, as required.

In August 2018, the FASB issued ASU 2018-13, *Fair Value Measurement (Topic 820) Disclosure Framework – Changes to the Disclosure Requirements for Fair Value Measurement*. ASU 2018-13 improves the disclosure requirements for fair value measurements. The guidance is effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2019. Early adoption is permitted. The Plan is assessing the impact on its disclosures of adopting the updated standard.

(3) Funding Policy

The funding policy of the Plan Sponsor 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. The Company may vary its contribution level, if appropriate to its tax and cash position and the Plan's funded status. The Company elected to use the funding balance to offset the minimum required contributions for the Plan year ended December 31, 2019, which met the Company's policy.

(4) Plan Termination

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

(Continued)

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 certifications from The Northern Trust Company, the trustee of the Pension Trust in which the Plan participates, as of December 31, 2019 and 2018, and for the year ended December 31, 2019, 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, 2019 and 2018.

(6) Parties in Interest

During the years ended December 31, 2019 and 2018, 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 $12,672,177 for the year ended December 31, 2019. The Plan's share of these expenses was $10,888,791 for the Plan year ended December 31, 2019.

(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

(Continued)

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 investments consist of an undivided interest in investments held by the Master Trust. The Plan's equitable share of the Pension Trust's net assets was approximately 85.9% and 86.0% for the years ended December 31, 2019 and 2018, respectively. The net assets of the Master Trust and the Plan's interest in the Master Trust balances as of December 31, 2019 and 2018, are as follows:

	2019		2018	
	Master Trust Balances	Plan's Interest in Master Trust Balances	Master Trust Balances	Plan's Interest in Master Trust Balances
Investments, at fair value:				
Unencumbered investments:				
The Northern Trust Company Core Qualified Collateral Section**	$ 102,513,511	88,072,271	58,020,365	49,872,913
Equities	1,031,040,290	885,796,022	538,836,688	463,171,086
Fixed income	2,879,840,026	2,474,152,431	2,613,711,094	2,246,683,332
Real estate	324,697,145	278,956,548	336,461,907	289,214,581
Venture capital and partnerships	—	—	122,975,539	105,706,823
Other investments	701,132	602,362	12,695,827	10,913,029
Hedge funds	246,851,168	212,076,855	291,132,822	250,250,788
Cash and cash equivalents*	263,094,422	226,031,897	381,193,458	327,664,749
Total unencumbered investments	4,848,737,694	4,165,688,386	4,355,027,700	3,743,477,301
Securities pledged to creditors**:				
Equities	2,214,459	1,902,505	685,152	588,941
Fixed income	100,299,052	86,169,767	57,335,213	49,283,974
Total securities pledged to creditors	102,513,511	88,072,272	58,020,365	49,872,915
Total assets	4,951,251,205	4,253,760,658	4,413,048,065	3,793,350,216
Payable under securities loan agreements**	(102,513,511)	(88,072,271)	(58,020,365)	(49,872,913)
Liabilities	(359,097,104)	(308,510,530)	(299,227,075)	(257,208,413)
Net Pension Trust assets	$ 4,489,640,590	3,857,177,857	4,055,800,625	3,486,268,890

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

** The Pension Trust participated in a securities lending arrangement through the trustee during the years ended December 31, 2019 and 2018. 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.

(Continued)

		2019	2018
Cash collateral	$	90,501,670	46,942,209
Noncash collateral		14,489,624	12,196,361
Total	$	104,991,294	59,138,570

During the year ended December 31, 2019, investment income for the Pension Trust consisted of the following:

		2019
Net appreciation in fair value of investments	$	666,173,560
Interest		106,731,075
Dividends		501,700
Other income		53,656,571
	$	827,062,906
Pension Trust investment income attributable to the Plan	$	710,683,320

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, 2019 and 2018, the Pension Trust held the following derivatives:

		2019		2018	
		Asset derivatives fair value	Liability derivatives fair value	Asset derivatives fair value	Liability derivatives fair value
Derivatives not accounted for as hedging instruments:					
Interest rate	$	9,646,371	(15,051,363)	15,916,785	(4,735,602)
Foreign exchange		692,648	(554,662)	290,715	(254,184)
Credit		1,601,152	(1,049,612)	2,019,005	(1,231,556)
Equity		236,853	(2,864)	455	(2,189,512)
	$	12,177,024	(16,658,501)	18,226,960	(8,410,854)

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.

(Continued)

For the year ended December 31, 2019, the Pension Trust recognized in investment gain and other income the following:

	2019	
	Amount of gain	**Amount of other income**
Derivatives not accounted for as hedging instruments:		
Interest rate	$ 7,573,216	36,532,233
Foreign exchange	554,658	—
Credit	2,939,093	431,604
Equity	45,380,469	(68,193)
	$ 56,447,436	36,895,644

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

Offsetting of Assets and Liabilities – Pension Trust at December 31, 2019:

				Amounts not offset		
Asset description	**Gross recognized assets**	**Gross amounts offset**	**Net amounts presented**	**Financial instruments**	**Net collateral received**	**Net exposure**
OTC Equities	$ 58,378	—	58,378	—	—	58,378
OTC Foreign exchange	692,648	—	692,648	138,133	101,045	453,470
OTC Interest rate/credit	8,974,063	—	8,974,063	366,473	7,872,985	734,605
Total derivatives subject to a Master Netting Agreement (MNA)	9,725,089	—	9,725,089	504,606	7,974,030	1,246,453
Exchange cleared interest rate/credit	1,986,598	—	1,986,598	—	—	1,986,598
Exchange traded equities	178,475	—	178,475	—	—	178,475
Exchange traded interest rate/credit	286,862	—	286,862	—	—	286,862
Total derivatives not subject to a MNA	2,451,935	—	2,451,935	—	—	2,451,935
Total derivatives	$ 12,177,024	—	12,177,024	504,606	7,974,030	3,698,388
Securities lending pledged	$ 102,513,511	—	102,513,511	—	102,513,511	—

Liability description	Gross recognized liabilities	Gross amounts offset	Net amounts presented	Amounts not offset: Financial instruments	Amounts not offset: Net collateral pledged	Net exposure
OTC Foreign exchange	$ 554,662	—	554,662	138,133	170,000	246,529
OTC Interest rate/credit	9,743,561	—	9,743,561	366,473	7,740,000	1,637,088
Total derivatives subject to a MNA	10,298,223	—	10,298,223	504,606	7,910,000	1,883,617
Exchange cleared interest rate/credit	4,431,516	—	4,431,516	—	—	4,431,516
Exchange traded equities	2,864	—	2,864	—	—	2,864
Exchange traded interest rate/credit	1,925,898	—	1,925,898	—	—	1,925,898
Total derivatives not subject to a MNA	6,360,278	—	6,360,278	—	—	6,360,278
Total derivatives	$ 16,658,501	—	16,658,501	504,606	7,910,000	8,243,895

Offsetting of Assets and Liabilities – Pension Trust at December 31, 2018:

Asset description	Gross recognized assets	Gross amounts offset	Net amounts presented	Amounts not offset: Financial instruments	Amounts not offset: Net collateral received	Net exposure
OTC Foreign exchange	$ 290,715	—	290,715	—	(81,076)	371,791
OTC Interest rate/credit	11,788,498	—	11,788,498	—	27,727	11,760,771
Total derivatives subject to a Master Netting Agreement (MNA)	12,079,213	—	12,079,213	—	(53,349)	12,132,562
Exchange cleared interest rate/credit	2,151,266	—	2,151,266	—	—	2,151,266
Exchange traded equities	455	—	455	—	—	455
Exchange traded interest rate/credit	3,996,026	—	3,996,026	—	—	3,996,026
Total derivatives not subject to a MNA	6,147,747	—	6,147,747	—	—	6,147,747
Total derivatives	$ 18,226,960	—	18,226,960	—	(53,349)	18,280,309
Securities lending pledged	$ 58,020,365	—	58,020,365	—	58,020,365	—

(Continued)

Liability description	Gross recognized liabilities	Gross amounts offset	Net amounts presented	Amounts not offset: Financial instruments	Amounts not offset: Net collateral pledged	Net exposure
OTC Equities	$ 58,689	—	58,689	—	—	58,689
OTC Foreign exchange	254,184	—	254,184	—	81,076	173,108
OTC Interest rate/credit	3,694,607	—	3,694,607	—	(27,727)	3,722,334
Total derivatives subject to a MNA	4,007,480	—	4,007,480	—	53,349	3,954,131
Exchange cleared interest rate/credit	2,152,567	—	2,152,567	—	—	2,152,567
Exchange traded equities	2,130,823	—	2,130,823	—	—	2,130,823
Exchange traded interest rate/credit	119,984	—	119,984	—	—	119,984
Total derivatives not subject to a MNA	4,403,374	—	4,403,374	—	—	4,403,374
Total derivatives	$ 8,410,854	—	8,410,854	—	53,349	8,357,505

(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.

(Continued)

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

	December 31, 2019			
	Level 1	**Level 2**	**Level 3**	**Total**
Nestlé in the USA Pension Trust assets:				
Northern Trust Core Qualified collateral section	$ 102,513,511 (i)	—	—	102,513,511
Equities:				
Preferred stock	5,260,110 (a)	537,750 (b)	—	5,797,860
Common stock	311,503 (a)	—	—	311,503
Commingled funds	1,026,908,533 (e)	—	—	1,026,908,533
Equity futures	178,475 (a)	—	—	178,475
Equity options and swaps	—	58,378 (g)	—	58,378
Total equities	1,032,658,621	596,128	—	1,033,254,749
Fixed income:				
Mutual funds	8,894,017	—	—	8,894,017
Collateralized obligations	—	3,956,613 (c)	299,467	4,256,080
Corporate bonds	—	1,785,110,566 (b)	—	1,785,110,566
Government and municipal	—	1,051,609,869 (f)	315,793	1,051,925,662
Bank loans	—	10,513,964 (b)	—	10,513,964
Futures	286,862	—	—	286,862
Options and swaps	—	10,960,661 (g)	—	10,960,661
Total fixed income	9,180,879 (a)	2,862,151,673	615,260 (h)	2,871,947,812
Venture capital and partnerships	— (j)	—	—	—
Other assets:				
Foreign exchange forwards and options	692,648	—	—	692,648
Other misc. assets	8,480	—	4	8,484
Total other assets	701,128 (a)	— (g)	4 (g)	701,132
Cash and cash equivalents:				
Cash (held at broker)	15,791,325 (a)	—	—	15,791,325
Cash	144,714,067 (a)	—	—	144,714,067
Short term	99,698,581 (d)	2,890,449	—	102,589,030
Total cash and cash equivalents	260,203,973	2,890,449	—	263,094,422
Total assets by fair value level	1,405,258,112	2,865,638,250	615,264	4,271,511,626

(Continued)

	December 31, 2019			
	Level 1	**Level 2**	**Level 3**	**Total**
Liabilities:				
Payables	$ (331,557,170)	—	—	(331,557,170)
Collateral held	(10,881,433)	—	—	(10,881,433)
Total current liabilities	(342,438,603) (a)	—	—	(342,438,603)
Equity futures	(2,864)	—	—	(2,864)
Fixed income futures	(1,908,945)	—	—	(1,908,945)
Fixed income options and swaps	(16,953)	(14,175,077)	—	(14,192,030)
Foreign exchange forwards and options	(554,662)	—	—	(554,662)
Total other investments	(2,483,424) (a)	(14,175,077) (g)	—	(16,658,501)
Payables under securities lending agreement	(102,513,511) (i)	—	—	(102,513,511)
Total liabilities by fair value level	(447,435,538)	(14,175,077)	—	(461,610,615)
Net pension trust assets by fair value level	$ 957,822,574	2,851,463,173	615,264	3,809,901,011
Investments measured at net asset value				679,739,579 (j)
Net pension trust assets				$ 4,489,640,590

(Continued)

	December 31, 2018			
	Level 1	**Level 2**	**Level 3**	**Total**
Nestlé in the USA Pension Trust assets:				
Northern Trust Core Qualified collateral section	$ 58,020,365 (i)	—	—	58,020,365
Equities:				
Preferred stock	5,077,471 (a)	497,750 (b)	—	5,575,221
Commingled funds	533,946,164 (e)	—	—	533,946,164
Equity futures	455 (a)	—	—	455
Total equities	539,024,090	497,750	—	539,521,840
Fixed income:				
Mutual funds	8,452,077	—	—	8,452,077
Collateralized obligations	—	34,533 (c)	3,465,059	3,499,592
Corporate bonds	—	1,595,723,834 (b)	12,981,944	1,608,705,778
Government and municipal	—	914,460,525 (f)	263,595	914,724,120
Bank loans	—	14,287,481 (b)	—	14,287,481
Futures	3,996,026	—	—	3,996,026
Options and swaps	—	13,939,764 (g)	—	13,939,764
Total fixed income	12,448,103 (a)	2,538,446,137	16,710,598 (h)	2,567,604,838
Venture capital and partnerships	122,975,539 (j)	—	—	122,975,539
Other assets:				
Foreign exchange forwards and options	263,244	27,471	—	290,715
Other misc. assets	12,403,427	—	1,685	12,405,112
Total other assets	12,666,671 (a)	27,471 (g)	1,685 (g)	12,695,827
Cash and cash equivalents:				
Cash (held at broker)	11,525,326 (a)	—	—	11,525,326
Cash	248,794,247 (a)	—	—	248,794,247
Short term	120,873,885 (d)	—	—	120,873,885
Total cash and cash equivalents	381,193,458	—	—	381,193,458
Total assets by fair value level	1,126,328,226	2,538,971,358	16,712,283	3,682,011,867

(Continued)

	December 31, 2018			
	Level 1	**Level 2**	**Level 3**	**Total**
Liabilities:				
Payables	$ (278,032,263)	—	—	(278,032,263)
Collateral held	(12,783,958)	—	—	(12,783,958)
Total current liabilities	(290,816,221) (a)	—	—	(290,816,221)
Equity futures	(2,130,823)	—	—	(2,130,823)
Equity options and swaps	—	(58,689)	—	(58,689)
Fixed income futures	(119,984)	—	—	(119,984)
Fixed income options and swaps	—	(5,847,174)	—	(5,847,174)
Foreign exchange forwards and options	(245,825)	(8,359)	—	(254,184)
Total other investments	(2,496,632) (a)	(5,914,222) (g)	—	(8,410,854)
Payables under securities lending agreement	(58,020,365) (i)	—	—	(58,020,365)
Total liabilities by fair value level	(351,333,218)	(5,914,222)	—	(357,247,440)
Net pension trust assets by fair value level	$ 774,995,008	2,533,057,136	16,712,283	3,324,764,427
Investments measured at net asset value				731,036,198 (j)
Net pension trust assets				$ 4,055,800,625

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, 2019 and 2018, are as follows:

(a) Based on quoted market prices in active markets.

(b) Based on investment manager or industry pricing services of investments. Certain fixed income pricing is on a bid-evaluation basis. Institutional bid evaluations are estimated prices. Pricing vendors use models, which are generally proprietary, to arrive at the estimated prices. These prices represent the price a dealer would pay for a security. Model inputs vary depending on the type of security, but typically include trade data, institutional bids, comparable trades, dealer quotes, and news media. Market data is provided by multiple independent sources, including primary and secondary dealers, portfolio managers, and research analysts.

(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).

(Continued)

(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 daily pricing of the underlying assets to estimate the fair value of the fund as determined by the investment manager. The liquidity of these investments is determined by the redemption period and settlement period for each fund. The Pension Trust considered these and other characteristics and concluded these commingled funds have a readily determinable fair value.

(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 measured at net asset value include alternative fixed income investments, real estate funds, hedge funds, and private equity funds. The net asset values are 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.

The Pension Trust did not hold any private equity investments for the year ended December 31, 2019. For the year ended December 31, 2018, the Pension Trust entered into secondary market transactions to sell its private equity investments for an amount other than net asset value. As a result, the private equity investments have been included within the leveling disclosure in Level 1 for the year ended December 31, 2018.

(Continued)

A summary of the nature and risks of the investments and unfunded commitments that are valued using a net asset value (NAV) for the year ended December 31, 2019 and 2018, is as follows:

	2019		2018			
	Net asset value	Unfunded commitments	Net asset value	Unfunded commitments	Redemption frequency	Redemption notice period
Hedge funds	$ 246,851,168	—	291,132,822	—	Monthly, quarterly	70 days
Fixed income – redeemable	73,282,477	18,055,656	49,111,838	—	Annually	90 days
Fixed income – not redeemable	34,908,789	—	54,329,631	—	Not redeemable	N/A
Real estate funds – open end	245,100,005	—	248,559,837	2,414,665	Quarterly	45–90 days
Real estate funds – closed end	79,597,140	32,976,491	87,902,070	42,468,783	Not redeemable	N/A
	$ 679,739,579	51,032,147	731,036,198	44,883,448		

The Pension Trust's investments measured at net asset value are in real estate, hedge funds, and fixed income partnerships for the years ended December 31, 2019 and 2018. These investments are primarily limited partnership investments and the fair value is determined using an audited net asset value (NAV). The fair value of investments is estimated using techniques that may rely heavily on the investment managers' assumptions and qualitative observations. The Pension Trust uses the fair valuations from the investment managers and reviews and validates their valuation methods and processes throughout the year. The Pension Trust did not make any adjustments to any valuations. The Pension Trust establishes and follows valuation policies and procedures. The Pension Trust 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 Pension Trust 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. The Pension Trust 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.

A summary of changes in the fair value of Level 3 assets and liabilities for the years ended December 31, 2019, is as follows:

	December 31, 2018	Gross purchases and issuances	Gross sales and settlements	Unrealized gains (losses)	Realized losses	December 31, 2019
Fixed income	$ 16,710,598	(3,763,955)	(11,539,972)	1,896,871	(2,688,282)	615,260
Other assets	1,685	—	—	(1,681)	—	4
	$ 16,712,283	(3,763,955)	(11,539,972)	1,895,190	(2,688,282)	615,264

The significance of transfers between levels is evaluated based upon the nature of the financial instrument and size of the transfer relative to the total net assets available for benefits. There were no significant transfers between levels for the year ended December 31, 2019.

(Continued)

(9) Tax Status

The Internal Revenue Service (IRS) has determined as of January 1, 2015, and informed the Plan by a letter dated September 30, 2016, that the Plan and related trust are designed in accordance with applicable sections of the Internal Revenue Code (IRC). 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.

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, 2019, 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 2016.

During November 2018, the Plan was notified of a review to be performed by the Department of Labor to determine compliance with the provisions of ERISA. The review is currently in progress.

(10) Subsequent Events

The COVID-19 outbreak, which was declared a pandemic by the World Health Organization on March 11, 2020, triggered volatility in financial markets and a significant negative impact on the global economy. The value of the Plan’s investments has been subject to significant fluctuation, and the ultimate financial impact cannot be predicted at this time.

The Plan has evaluated subsequent events through October 14, 2020, the date these financial statements were available for issuance.

SCHEDULE SB ATTACHMENTS

Schedule SB, Line 26 - Schedule of Active Participant Data as of January 1, 2019

Number and average plan compensation limited by IRC §401(a)(17) distributed by attained age and attained years of credited service

Attained Age		Years of Credited Service									
		Under 1	1 – 4	5 – 9	10 – 14	15 - 19	20 - 24	25 - 29	30 - 34	35 - 39	Over 40
<25	No.	27	160	20							-
	Avg. Earnings	44,428	44,825	42,634							
	Avg. Acct		3,295	7,844							
25 – 29	No.	55	905	626	21						
	Avg. Earnings	41,066	52,546	56,127	54,972						
	Avg. Acct		6,956	14,027	17,182						
30 - 34	No.	48	803	1,380	273	6					
	Avg. Earnings	29,822	53,404	57,672	61,867						
	Avg. Acct	343	7,541	18,936	34,189						
35 - 39	No.	62	639	1,435	501	131	9				
	Avg. Earnings	21,910	54,701	60,120	64,828	64,228					
	Avg. Acct	110	9,829	23,418	49,010	63,031					
40 - 44	No.	40	471	1,358	467	316	124	2			
	Avg. Earnings	22,706	55,390	59,449	64,288	65,957	65,903				
	Avg. Acct	526	12,483	28,454	53,441	78,754	80,869				
45 - 49	No.	68	407	1,416	457	365	255	81	10		
	Avg. Earnings	15,365	53,633	59,786	59,908	67,060	66,352	61,893			
	Avg. Acct	525	12,650	33,093	53,155	80,499	119,150	113,699			
50 - 54	No.	48	362	1,368	424	366	297	213	156	12	
	Avg. Earnings	8,420	53,265	57,205	61,249	62,454	67,447	73,023	62,184		
	Avg. Acct	1,005	13,483	36,891	54,917	80,803	124,398	179,194	114,940		
55 - 59	No.	35	234	1,340	376	343	281	196	228	143	20
	Avg. Earnings	16,353	51,023	57,296	60,553	62,814	66,170	70,964	66,030	56,985	58,791
	Avg. Acct	4,017	16,915	41,748	57,522	75,977	99,156	119,023	132,828	79,235	86,258
60 - 64	No.	18	123	692	193	189	159	99	107	83	75
	Avg. Earnings		55,743	55,329	55,248	56,886	57,461	65,207	62,074	62,879	61,342
	Avg. Acct		19,793	41,873	64,548	65,752	64,364	79,918	74,237	81,406	87,132
65 – 69	No.	2	25	120	43	26	32	16	18	3	27
	Avg. Earnings		49,605	55,268	59,080	61,206	57,433	70,599	63,271		67,149
	Avg. Acct		28,141	43,892	90,798	103,960	67,482	52,166	93,831		79,609
Over 70	No.		7	34	6	6	3	4	2		7
	Avg. Earnings			50,992							
	Avg. Acct			38,697							

Plan Name: Nestle Pension Plan
EIN / PN: 95-1572209/100
Plan Sponsor: Nestle USA Inc (US)
Valuation Date: January 1, 2019

SCHEDULE SB ATTACHMENTS

Schedule SB, Part V
Statement of Actuarial Assumptions/Methods

Economic Assumptions

Interest rate basis:

▪ Applicable month	January 2019
▪ Yield curve basis	Segment rates
▪ HATFA interest corridors applied for funding and benefit restrictions	Yes

Interest rates:	For Minimum	For Maximum
▪ First segment rate	3.74%	2.55%
▪ Second segment rate	5.35%	3.93%
▪ Third segment rate	6.11%	4.49%
▪ Effective Interest Rate (EIR) - NPP	5.47%	4.06%

Annual rates of increase:

▪ Compensation	Varies by age, average 3.00% Sample rates: Age Rate: 25 5.00% 40 3.00% 55 2.50%
▪ Social Security wage base	2.50%
▪ Statutory limits on compensation and benefits	2.00%
▪ Lump sum rates	3.74%/5.35%/6.11%

SCHEDULE SB ATTACHMENTS

Demographic Assumptions

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

Mortality

- Healthy — Separate rates for non-annuitants (based on RP-2014 "Employees" table without collar or amount adjustments, adjusted backward to 2006 with MP-2014, and then projected forward with a static projection as specified in the regulations under §1.430(h)(3)-1 using Scale MP-2017) and annuitants (based on RP-2014 "Healthy Annuitants" table without collar or amount adjustments, adjusted backward to 2006 with MP-2014, and then projected forward with a static projection as specified in the regulations under §1.430(h)(3)-1 using Scale MP-2017).
- Disabled — Same as healthy mortality
- Lump sum conversion — IRC 417(e) table

Termination — Rates varying by age, service and plan

Representative Termination Rates

- Nestlé Pension Plan

Percentage leaving during the year (excluding FPCB and Gerber Life)											
Participant Group	**NUSA Traditional Salaried**	**NPPC Traditional Salaried**	**NUSA Traditional Hourly**	**NPPC Traditional Hourly**		**NUSA PEP Salaried**		**NPPC PEP Salaried**		**NUSA F Hourl**	
Years of Service	All	All	All	<2	>5	<2	>5	<2	>5	<2	
Attained Age											
25	19.9%	17.8%	23.0%	30.7%	18.7%	36.4%	17.9%	31.4%	16.0%	48.5%	
40	5.5%	6.4%	6.6%	17.3%	5.8%	20.5%	9.7%	16.9%	5.3%	25.5%	7
50	4.0%	2.7%	3.2%	14.5%	3.21%	19.5%	7.8%	12.8%	3.3%	22.6%	5

SCHEDULE SB ATTACHMENTS

Disability Rates varying by age, sex, and plan

Representative Disability Rates

- Nestlé Pension Plan

Percentage becoming disabled during the year														
Part Group	NUSA Traditional Salary		NPPC Traditional Salary		NUSA Traditional Hourly		NPPC Traditional Hourly		NUSA PEP Salary		NPPC PEP Salary		NUSA PEP Hourly	
Age	Males	Females	Males	Females	Males	Females	Males	Females	Males	Females	Males	Females	Males	Females
30	0.06%	0.05%	0.03%	0.07%	0.09%	0.49%	0.05%	0.07%	0.07%	0.09%	0.05%	0.07%	0.11%	0.44%
40	0.07%	0.06%	0.04%	0.09%	0.28%	0.56%	0.06%	0.08%	0.08%	0.12%	0.06%	0.09%	0.32%	0.51%
50	0.18%	0.16%	0.10%	0.22%	0.61%	1.02%	0.15%	0.20%	0.20%	0.28%	0.15%	0.22%	0.72%	0.93%

Retirement Rates varying by age and plan

Representative Retirement Rates

- Nestlé Pension Plan

Percentage leaving during the year							
Participant Group	NUSA Traditional Salaried	NPPC Traditional Salaried	NUSA Traditional Hourly	NPPC Traditional Hourly	NUSA PEP Salaried	NPPC PEP Salaried	NUSA PEP Hourly
Attained Age							
55	8.8%	3.4%	9.7%	5.4%	9.2%	6.6%	8.1%
60	16.0%	12.6%	17.1%	17.3%	15.7%	11.0%	10.1%
62	29.3%	21.3%	28.1%	27.9%	24.5%	20.3%	21.7%
65	36.7%	40.7%	37.3%	42.9%	42.3%	36.8%	38.4%
70	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Benefit commencement date:

Nestlé Pension Plan (Excludes Gerber Life)

- 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

Plan Name: Nestlé Pension Plan
EIN / PN: 95-1572209/100
Plan Sponsor: Nestlé USA, Inc.
Valuation Date: January 1, 2019

- Retirement benefit — Upon termination of employment

Infant Nutrition and Nestlé Pension Plan (Gerber Life)

- Preretirement death benefit — Upon death and eligibility for benefit
- Termination 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

SCHEDULE SB ATTACHMENTS

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 Pension Plan (FPCB)

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

Single Participants
100% single life annuity

Infant Nutrition and Nestlé Pension Plan (Gerber Life)
Lump sum

Plan Name: Nestlé Pension Plan
EIN / PN: 95-1572209/100
Plan Sponsor: Nestlé USA, Inc.
Valuation Date: January 1, 2019

SCHEDULE SB ATTACHMENTS

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	Nestlé no longer pays administrative expenses from the pension trust.
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	All benefits described in the Plan Provisions section of this report were valued. Willis Towers Watson has reviewed the plan provisions with Nestlé and is not aware of any significant benefits required to be valued that were not. Small benefits with present values up to $5,000 may be paid in a single lump sum payment. Such lump sums are not explicitly valued as such; rather, such participants' benefits are valued using the benefit choice assumptions described above.

SCHEDULE SB ATTACHMENTS

Sources of Data and Other Information

The plan sponsor through its administrator, Willis Towers Watson, furnished participant data and claims data as of January 1, 2019. Information on assets, contributions and plan provisions was supplied by the plan sponsor. Data and other information were reviewed for reasonableness and consistency, but no audit was performed. Based on discussions with the plan sponsor, assumptions or estimates were made when data were not available, and the data was adjusted to reflect any significant events that occurred between the date the data was collected and the measurement date.

We are not aware of any errors or omissions in the data that would have a significant effect on the results of our calculations.

Assumptions Rationale – Significant Economic Assumptions

Rates of increase in compensation and statutory limits	Assumed increases were chosen by the plan sponsor and represent an estimate of future experience.
Administrative and investment expenses	Administrative and investment expenses are determined by Nestlé at year end. For ASC 960, expected return on plan assets assumption is net of expenses.

Assumptions Rationale – Significant Demographic Assumptions

Termination	Termination rates were based on an experience study conducted in 2015 for the period 2009-2013, with annual consideration of whether any conditions have changed that would be expected to produce different results in the future. Assumed termination rates differ by age, service and plan because of observed differences in termination rates by age, service and plan.
Disability	Disability rates were based on an experience study conducted in 2015 for the period 2009-2013, with annual consideration of whether any conditions have changed that would be expected to produce different results in the future. Assumed disability rates differ by gender and plan because of observed differences in disability rates by gender and plan.

SCHEDULE SB ATTACHMENTS

Retirement

Retirement rates were based on an experience study conducted in 2015 for the period 2009-2013, with annual consideration of whether any conditions have changed that would be expected to produce different results in the future.

Assumed retirement rates differ by plan because of observed differences in retirement rates by plan.

Benefit commencement date:

- Pre-retirement death benefit

  Surviving spouses are assumed to begin benefits at the earliest permitted commencement date because ERISA requires benefits to start then unless the spouse elects to defer. If the spouse elects to defer, actuarial increases from the earliest commencement date must be given, so that a later commencement date is expected to be of approximately equal value, and experience indicates that most spouses do take the benefit as soon as it is available.

- Deferred vested benefit

  Commencement ages were based on an experience study conducted in 2015 for the period 2009-2013. Deferred vested early commencement factors are generally not subsidized so that the difference between this approach and using assumed commencement rates at different ages is not expected to be significant.

Form of payment

The optional form of payment assumptions are based on an experience study performed in 2015 for the period 2009-2013.

For groups newly eligible for lump sums in 2016, the percentage of retiring participants assumed to take lump sums is based on observed experience for other Nestlé employee groups.

SCHEDULE SB ATTACHMENTS

Prescribed Methods

Funding methods	The methods used for funding purposes as described in Appendix A, including the method of determining plan assets, are "prescribed methods set by law", as defined in the actuarial standards of practice (ASOPs). These methods are required by IRC §430, or were selected by the plan sponsor from a range of methods permitted by IRC §430.
Change in assumptions and methods since prior valuation	The segment interest rates used to calculate the funding target was updated to the current valuation date as required by IRC §430. The mortality table used to calculate the funding target and target normal cost was updated to include one additional year of projected mortality improvement, as required by IRC §430.

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

2019

This Form is Open to Public Inspection

For calendar plan year 2019 or fiscal plan year beginning 01/01/2019 and ending 12/31/2019

▶ **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: [X] Single [ ] Multiple-A [ ] Multiple-B

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

Part I Basic Information

1 Enter the valuation date: Month 01 Day 01 Year 2019

2 Assets:

a Market value	**2a**	3,486,268,690
b Actuarial value	**2b**	3,486,268,690

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	13,862	1,103,202,605	1,103,202,605
b For terminated vested participants	10,285	434,010,060	434,010,060
c For active participants	21,499	1,061,383,854	1,108,176,810
d Total	45,646	2,598,596,519	2,645,389,475

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**	5.47%
6 Target normal cost	**6**	114,560,053

Statement by Enrolled Actuary

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

SIGN HERE

Signature of actuary

10/2/2020
Date

Jeremy L. Sevcik
Type or print name of actuary

2006465
Most recent enrollment number

Willis Towers Watson US LLC
Firm name

949-224-6536
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 [ ]

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)	1,063,419,779	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)	1,063,419,779	0
10	Interest on line 9 using prior year's actual return of -4.48%	-47,641,206	0
11	Prior year's excess contributions to be added to prefunding balance:		
	a Present value of excess contributions (line 38a from prior year)		0
	b(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 5.64%		0
	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		0
	d Portion of (c) to be added to prefunding balance		0
12	Other reductions in balances due to elections or deemed elections	0	0
13	Balance at beginning of current year (line 9 + line 10 + line 11d – line 12)	1,015,778,573	0

Part III Funding Percentages

14	Funding target attainment percentage	14	93.38%
15	Adjusted funding target attainment percentage	15	131.78%
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	151.00%
17	If the current value of the assets of the plan is less than 70 percent of the funding target, enter such percentage.	17	%

Part IV Contributions and Liquidity Shortfalls

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

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

19 Discounted employer contributions – see instructions for small plan with a valuation date after the beginning of the year:

a Contributions allocated toward unpaid minimum required contributions from prior years	19a	0
b Contributions made to avoid restrictions adjusted to valuation date	19b	0
c Contributions allocated toward minimum required contribution for current year adjusted to valuation date	19c	0

20 Quarterly contributions and liquidity shortfalls:

a Did the plan have a "funding shortfall" for the prior year? ☐ 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:	2nd segment:	3rd segment:	
3.74 %	5.35 %	6.11%	☐ N/A, full yield curve used

b Applicable month (enter code)	**21b**	4
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**	114,560,053
b Excess assets, if applicable, but not greater than line 31a	**31b**	0

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**	114,560,053

	Carryover balance	Prefunding balance	Total balance
35 Balances elected for use to offset funding requirement	114,560,053	0	114,560,053

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

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

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

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

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

a Schedule elected ☐ 2 plus 7 years ☐ 15 years

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

SCHEDULE SB ATTACHMENTS

Schedule SB – Statement by Enrolled Actuary

Plan Sponsor	Nestle USA Inc (US)
EIN/PN	95-1572209/100
Plan Name	Nestle Pension Plan
Valuation Date	January 1, 2019
Enrolled Actuary	Jeremy Sevcik
Enrollment Number	20-06465

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.

SCHEDULE SB ATTACHMENTS

Schedule SB, Line 22
Description of Weighted Average Retirement Age
as of January 1, 2019

Aggregate Calculation of Weighted Average Retirement Age for NPP

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

Groups	Count	Weight	Avg age	W*A
NUSA Traditional Salaried	493	2.29%	61	1.40
NPPC Traditional Salaried	286	1.33%	62	0.82
NUSA Traditional Hourly	440	2.05%	61	1.25
NPPC Traditional Hourly	2,993	13.92%	61	8.49
NUSA PEP Salaried	7,291	33.91%	60	20.35
NPPC PEP Salaried	2,881	13.40%	61	8.17
NUSA PEP Hourly	6,933	32.25%	62	19.99
Gerber Life	2	0.01%	62	0.01
Franklin Park	-	0.00%	63	0.00
Infant Nutrition	180	0.84%	61	0.51
	21,499	100.00%		61

SCHEDULE SB ATTACHMENTS

Participant Group: NUSA Traditional 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	8.78%	91.22%	91.22%	8.78%	4.83
56	8.27%	91.73%	83.68%	7.54%	4.22
57	8.96%	91.04%	76.18%	7.50%	4.27
58	10.95%	89.05%	67.84%	8.34%	4.84
59	12.36%	87.64%	59.46%	8.38%	4.95
60	16.02%	83.98%	49.94%	9.52%	5.71
61	15.20%	84.80%	42.35%	7.59%	4.63
62	29.27%	70.73%	29.95%	12.40%	7.69
63	21.06%	78.94%	23.64%	6.31%	3.97
64	22.24%	77.76%	18.39%	5.26%	3.36
65	36.65%	63.35%	11.65%	6.74%	4.38
66	41.00%	59.00%	6.87%	4.78%	3.15
67	36.46%	63.54%	4.37%	2.51%	1.68
68	37.50%	62.50%	2.73%	1.64%	1.11
69	33.33%	66.67%	1.82%	0.91%	0.63
70	62.50%	37.50%	0.68%	1.14%	0.80
71+	100.00%	0.00%	0.00%	0.68%	0.48
				100.00%	

Average Retirement Age: 61

SCHEDULE SB ATTACHMENTS

Participant Group: NPPC Traditional 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	3.40%	96.60%	96.60%	3.40%	1.87
56	2.90%	97.10%	93.80%	2.80%	1.57
57	4.10%	95.90%	89.95%	3.85%	2.19
58	4.80%	95.20%	85.64%	4.32%	2.50
59	6.70%	93.30%	79.90%	5.74%	3.39
60	12.60%	87.40%	69.83%	10.07%	6.04
61	10.50%	89.50%	62.50%	7.33%	4.47
62	21.30%	78.70%	49.19%	13.31%	8.25
63	18.30%	81.70%	40.19%	9.00%	5.67
64	20.30%	79.70%	32.03%	8.16%	5.22
65	40.70%	59.30%	18.99%	13.04%	8.47
66	38.60%	61.40%	11.66%	7.33%	4.84
67	38.00%	62.00%	7.23%	4.43%	2.97
68	46.40%	53.60%	3.88%	3.35%	2.28
69	37.50%	62.50%	2.42%	1.45%	1.00
70	100.00%	0.00%	0.00%	2.42%	1.70
				100.00%	

Average Retirement Age: 62

SCHEDULE SB ATTACHMENTS

Participant Group: NUSA Traditional Hourly

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	9.70%	90.03%	90.03%	9.70%	5.33
56	8.80%	91.20%	82.35%	7.95%	4.45
57	6.98%	93.02%	76.60%	5.75%	3.28
58	9.85%	90.15%	69.05%	7.55%	4.38
59	13.74%	86.26%	59.56%	9.49%	5.60
60	17.08%	82.91%	49.38%	10.18%	6.11
61	18.02%	81.98%	40.48%	8.90%	5.43
62	28.08%	71.92%	29.11%	11.37%	7.05
63	28.48%	71.52%	20.82%	8.29%	5.22
64	22.74%	77.26%	16.09%	4.73%	3.03
65	37.30%	62.70%	10.09%	6.00%	3.90
66	43.60%	56.40%	5.69%	4.40%	2.90
67	38.33%	61.67%	3.51%	2.18%	1.46
68	34.38%	65.63%	2.30%	1.21%	0.82
69	40.63%	59.38%	1.37%	0.94%	0.65
70	100.00%	0.00%	0.00%	1.37%	0.96
				100.00%	

Average Retirement Age: 61

SCHEDULE SB ATTACHMENTS

Participant Group: NPPC Traditional Hourly

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	5.40%	94.60%	94.60%	5.40%	2.97
56	5.80%	94.20%	89.11%	5.49%	3.07
57	5.70%	94.30%	84.03%	5.08%	2.90
58	6.10%	93.90%	78.91%	5.13%	2.97
59	10.00%	90.00%	71.02%	7.89%	4.66
60	17.30%	82.70%	58.73%	12.29%	7.37
61	15.40%	84.60%	49.69%	9.04%	5.52
62	27.90%	72.10%	35.82%	13.86%	8.59
63	32.20%	67.80%	24.29%	11.54%	7.27
64	28.70%	71.30%	17.32%	6.97%	4.46
65	42.90%	57.10%	9.89%	7.43%	4.83
66	45.00%	55.00%	5.44%	4.45%	2.94
67	41.70%	58.30%	3.17%	2.27%	1.52
68	41.70%	58.30%	1.85%	1.32%	0.90
69	39.30%	60.70%	1.12%	0.73%	0.50
70	100.00%	0.00%	0.00%	1.12%	0.79
				100.00%	

Average Retirement Age: 61

SCHEDULE SB ATTACHMENTS

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	9.21%	90.79%	90.79%	9.21%	5.06
56	10.44%	89.56%	81.32%	9.48%	5.31
57	10.08%	89.92%	73.12%	8.19%	4.67
58	11.42%	88.58%	64.77%	8.35%	4.84
59	12.36%	87.64%	56.76%	8.01%	4.73
60	15.68%	84.32%	47.86%	8.90%	5.34
61	18.32%	81.68%	39.09%	8.77%	5.35
62	24.49%	75.51%	29.52%	9.58%	5.94
63	22.35%	77.65%	22.92%	6.60%	4.16
64	21.73%	78.27%	17.94%	4.98%	3.19
65	42.32%	57.68%	10.35%	7.59%	4.94
66	41.97%	58.03%	6.00%	4.34%	2.87
67	41.94%	58.06%	3.49%	2.52%	1.69
68	39.61%	60.39%	2.11%	1.38%	0.94
69	38.75%	61.25%	1.29%	0.82%	0.56
70	100.00%	0.00%	0.00%	1.29%	0.90
				100.00%	

Average Retirement Age: 60

SCHEDULE SB ATTACHMENTS

Participant Group: NPPC 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
54	6.62%	93.38%	93.38%	6.62%	3.58
55	6.62%	93.38%	87.19%	6.19%	3.40
56	6.58%	93.42%	81.45%	5.74%	3.21
57	6.77%	93.23%	75.93%	5.52%	3.15
58	6.26%	93.74%	71.18%	4.75%	2.76
59	6.38%	93.62%	66.64%	4.54%	2.68
60	10.97%	89.03%	59.33%	7.31%	4.39
61	6.92%	93.08%	55.23%	4.11%	2.51
62	20.33%	79.67%	44.00%	11.23%	6.96
63	21.52%	78.48%	34.53%	9.47%	5.97
64	18.14%	81.86%	28.27%	6.26%	4.01
65	36.84%	63.16%	17.85%	10.41%	6.77
66	41.00%	59.00%	10.53%	7.32%	4.83
67	38.64%	61.36%	6.46%	4.07%	2.73
68	30.00%	70.00%	4.52%	1.94%	1.32
69	41.67%	58.33%	2.64%	1.89%	1.30
70	100.00%	0.00%	0.00%	2.64%	1.85
				100.00%	

Average Retirement Age: 61

Plan Name: Nestlé Pension Plan
EIN / PN: 95-1572209/100
Plan Sponsor: Nestlé USA, Inc.
Valuation Date: January 1, 2019

SCHEDULE SB ATTACHMENTS

Participant Group: NUSA PEP Hourly

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	8.11%	91.89%	91.89%	8.11%	4.46
56	6.59%	93.41%	85.83%	6.06%	3.39
57	7.93%	92.07%	79.02%	6.81%	3.88
58	7.85%	92.15%	72.82%	6.20%	3.60
59	9.24%	90.76%	66.10%	6.73%	3.97
60	10.12%	89.88%	59.41%	6.69%	4.01
61	10.33%	89.67%	53.28%	6.14%	3.74
62	21.71%	78.29%	41.71%	11.57%	7.17
63	20.33%	79.67%	33.23%	8.48%	5.34
64	17.18%	82.82%	27.52%	5.71%	3.65
65	38.43%	61.57%	16.94%	10.58%	6.87
66	33.51%	66.49%	11.27%	5.68%	3.75
67	40.91%	59.09%	6.66%	4.61%	3.09
68	30.56%	69.44%	4.62%	2.03%	1.38
69	32.14%	67.86%	3.14%	1.49%	1.03
70	100.00%	0.00%	0.00%	3.14%	2.20
				100.00%	

Average Retirement Age: 62

SCHEDULE SB ATTACHMENTS

Participant Group: Gerber Life

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	4.00%	96.00%	96.00%	4.00%	2.20
56	4.79%	95.21%	91.40%	4.60%	2.57
57	6.50%	93.50%	85.46%	5.94%	3.39
58	4.97%	95.03%	81.21%	4.25%	2.46
59	3.92%	96.08%	78.03%	3.18%	1.88
60	7.73%	92.27%	72.00%	6.03%	3.62
61	6.30%	93.70%	67.46%	4.54%	2.77
62	24.07%	75.93%	51.23%	16.24%	10.07
63	19.15%	80.85%	41.42%	9.81%	6.18
64	13.03%	86.97%	36.02%	5.39%	3.45
65	60.72%	39.28%	14.15%	21.87%	14.22
66	62.92%	37.08%	5.25%	8.90%	5.87
67	74.73%	25.27%	1.33%	3.92%	2.63
68	51.25%	48.75%	0.65%	0.68%	0.46
69	51.25%	48.75%	0.32%	0.33%	0.23
70	100.00%	0.00%	0.00%	0.32%	0.22
				100.00%	

Average Retirement Age: 62

SCHEDULE SB ATTACHMENTS

Participant Group: Franklin Park

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	3.13%	96.87%	96.87%	3.13%	1.72
56	3.56%	96.44%	93.42%	3.45%	1.93
57	3.44%	96.56%	90.21%	3.21%	1.83
58	4.18%	95.82%	86.44%	3.77%	2.19
59	3.42%	96.58%	83.48%	2.96%	1.74
60	3.22%	96.78%	80.79%	2.69%	1.61
61	5.83%	94.17%	76.09%	4.71%	2.87
62	17.35%	82.65%	62.89%	13.20%	8.18
63	15.71%	84.29%	53.01%	9.88%	6.22
64	12.71%	87.30%	46.27%	6.73%	4.31
65	38.29%	61.71%	28.56%	17.72%	11.52
66	40.69%	59.31%	16.94%	11.62%	7.67
67	41.42%	58.58%	9.92%	7.02%	4.70
68	37.20%	62.81%	6.23%	3.69%	2.51
69	38.56%	61.44%	3.83%	2.40%	1.66
70	100.00%	0.00%	0.00%	3.83%	2.68
				100.00%	

Average Retirement Age: 63

SCHEDULE SB ATTACHMENTS

Participant Group: Infant Nutrition

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

Schedule SB, Part V
Summary of Plan Provisions

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

Plan Provisions

The most recent amendment reflected in the following plan provisions was effective in 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 final average earnings benefit 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.

SCHEDULE SB ATTACHMENTS

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.

SCHEDULE SB ATTACHMENTS

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.

SCHEDULE SB ATTACHMENTS

Optional Forms of Payment

Participant Group	Actuarial Equivalence	Optional Forms
Nestlé Traditional benefit <u>Eligible for early retirement factors</u> No grandfathered prior plan benefits, **OR** with the following prior plans (but only if Nestlé benefit wins): Beechnut Hills Bros. NFC post-1988 terminations Carnation #2 post-1991 terminations Clintec	▪ 8.00% ▪ 1971 TPF&C Forecast set back 3 years	1) Single Life Annuity 2) 50%, 75%* & 100% Joint Survivor Annuity 3) 10 year Certain and Life Annuity 4) Lump Sum 5) 5 year Certain and Life Annuity for Hills Bros. only
Nestlé Traditional benefit <u>Deferred vested commencements with deferred vested factors</u> No grandfathered prior plan benefits, **OR** with the following prior plans (but only if Nestlé benefit wins): Beechnut Hills Bros. NFC post-1988 terminations Carnation #2 post-1991 terminations **OR** post-55 commencement of excess/ residual piece for the following prior plans: Clintec Hills Bros.	▪ 8.00% ▪ 1971 TPF&C Forecast set back 3 years	1) Single Life Annuity 2) 50%, 75%* & 100% Joint Survivor Annuity 3) 10 year Certain and Life Annuity 4) Lump Sum

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

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Optional Forms of Payment (cont.)

Participant Group	Actuarial Equivalence	Optional Forms
Carnation Plan #2 a) Terminations before 12/31/1985 b) Pre-1992 terminations after 12/30/1985 c) Post-1991 terminations & Carnation wins	▪ Formula-based	1) Single Life Annuity 2) 50%, 75% & 100% Joint Survivor Annuity 3) 10 year Certain and Life Annuity (post-1991 only) 4) Lump Sum
Nestlé Traditional benefit / Clintec** & Clintec benefit wins a) Lump sum available b) No lump sum available	▪ 7.00% ▪ 1983 GAM	1) Single Life Annuity 2) 50%, 75%* & 100% Joint Survivor Annuity 3) 10 year Certain and Life Annuity 4) Lump Sum

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Nestlé Traditional benefit / prior plans Deferred vested commencements

- 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
- 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)

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

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

SCHEDULE SB ATTACHMENTS

Optional Forms of Payment (cont.)

Participant Group	Actuarial Equivalence	Optional Forms
Prior NFC participants who terminated before 1/1/1989 (married participants only)	▪ 6.00% ▪ 1979 Buck (80% male set back 1 year, 20% female set back 3 years)	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	▪ Applicable interest rates and mortality	1) Single Life Annuity 2) 50% & 100% Joint Survivor Annuity 3) Lump Sum
Nestlé Account Benefit With grandfathered Nestlé Traditional Benefit **OR** other grandfathered prior plan benefits a) Winning for at least one (but not all) optional forms b) NUSA winning for all optional forms eligible for early retirement factors c) NUSA winning for all optional forms deferred vested commencements with deferred vested factors	▪ Applicable interest rates and mortality (for a) ▪ 8.00%, 1971 TPF&C Forecast set back 3 years (for b & c)	1) Single Life Annuity 2) 50% & 100% Joint Survivor Annuity 3) 10 year Certain and Life Annuity 4) Lump Sum 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

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

SCHEDULE SB ATTACHMENTS

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% of FAE x credited service limited to 40 years – 51.5% of Social Security benefit x credited service ÷ the greater of projected credited service at NRD or 30 years.

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Pension equity: Sum of basic percentages, the greater of the two percentages shown below, for each year of credited service x FAE + 3.5% of FAE in excess of covered compensation x 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% of earnings for each year after 1998 + 1.25% of earnings for each year after 1988 and before 1999 + 1.0% of FAE as of 12/31/1988 x 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

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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.

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Optional Forms of Payment

Participant Group	Actuarial Equivalence	Optional Forms
NPPC Traditional Benefit OR Career Average Pay Benefit a) Eligible for early retirement b) Deferred vested commencements	▪ Formula-based	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
NPPC Account Benefit OR NPPC PPMA Cash Balance 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	▪ Formula-based	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

Future Plan Changes

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

Changes in Benefits Valued Since Prior Year

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

SCHEDULE SB ATTACHMENTS

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

SCHEDULE SB ATTACHMENTS

Preretirement death	If married, credit balance divided by PBGC factor at date of death or credit balance as a lump sum for all others.

Other Plan Provisions

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

Optional Forms of Payment

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

Future Plan Changes

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

Changes in Benefits Valued Since Prior Year

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

SCHEDULE SB ATTACHMENTS

Nestlé Pension Plan (Former Nestlé Infant Nutrition Pension Plan)

Plan Provisions

Effective December 31, 2016, 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, part-time sales and office employees, and hourly-paid employees formerly of Gerber Products.
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 participant's Social Security Normal Retirement Age (SSNRA).

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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 Year	Base Credits	Excess Credits
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 Starting 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, 2000.

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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. 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	Life annuity

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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 Factors[1]

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

1. 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.
2. 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)
3. 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.

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Future Plan Changes

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

Changes in Benefits Valued Since Prior Year

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

SCHEDULE SB ATTACHMENTS

Nestlé Pension Plan (Former 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 Year	Base Credits	Excess Credits
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%

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.

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Other Plan Provisions

Forms of payment	
Normal form	Life annuity
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.

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Optional Form Conversion Factors[1]

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

1. 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.
2. 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)
3. 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

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