

<div>Form 5500-SF</div> <div>Department of the Treasury Internal Revenue Service</div> <div>Department of Labor Employee Benefits Security Administration</div> <div>Pension Benefit Guaranty Corporation</div>	<div>Short Form Annual Return/Report of Small Employee Benefit Plan</div> <div>This form 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).</div> <div>▶ Complete all entries in accordance with the instructions to the Form 5500-SF.</div>	<div>OMB Nos. 1210-0110 1210-0089</div> <div>2010</div> <div>This Form is Open to Public Inspection</div>
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Part I	Annual Report Identification Information
For calendar plan year 2010 or fiscal plan year beginning 01/01/2010 and ending 12/31/2010	
A	This return/report is for: ☒ single-employer plan ☐ multiple-employer plan (not multiemployer) ☐ one-participant plan
B	This return/report is for: ☐ first return/report ☐ final return/report ☐ an amended return/report ☐ short plan year return/report (less than 12 months)
C	Check box if filing under: ☒ Form 5558 ☐ automatic extension ☐ DFVC program ☐ special extension (enter description)

Part II	Basic Plan Information—enter all requested information	
1a	Name of plan CASH BALANCE RETIREMENT PLAN	1b Three-digit plan number (PN) ▶ 010
		1c Effective date of plan 02/23/1990
2a	Plan sponsor's name and address (employer, if for single-employer plan) NESTLE USA, INC. 30003 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
3a	Plan administrator's name and address (if same as Plan sponsor, enter "Same") NESTLE USA, INC. 30003 BAINBRIDGE RD SOLON, OH 44139-2205	3b Administrator's EIN 95-1572209
		3c Administrator's telephone number 440-349-5757
4	If the name and/or EIN of the plan sponsor has changed since the last return/report filed for this plan, enter the name, EIN, and the plan number from the last return/report. Sponsor's name	4b EIN
		4c PN
5a	Total number of participants at the beginning of the plan year	5a 61
b	Total number of participants at the end of the plan year	5b 58
c	Total number of participants with account balances as of the end of the plan year (defined benefit plans do not complete this item)	5c
6a	Were all of the plan's assets during the plan year invested in eligible assets? (See instructions.)	☒ Yes ☐ No
b	Are you claiming a waiver of the annual examination and report of an independent qualified public accountant (IQPA) under 29 CFR 2520.104-46? (See instructions on waiver eligibility and conditions.)	☒ Yes ☐ No
If you answered "No" to either 6a or 6b, the plan cannot use Form 5500-SF and must instead use Form 5500.		

Part III	Financial Information		
7	Plan Assets and Liabilities	(a) Beginning of Year	(b) End of Year
a	Total plan assets	7a 4094861	4285942
b	Total plan liabilities	7b 0	0
c	Net plan assets (subtract line 7b from line 7a)	7c 4094861	4285942
8	Income, Expenses, and Transfers for this Plan Year	(a) Amount	(b) Total
a	Contributions received or receivable from:		
(1)	Employers	8a(1)	
(2)	Participants	8a(2)	
(3)	Others (including rollovers)	8a(3)	
b	Other income (loss)	8b 686481	
c	Total income (add lines 8a(1), 8a(2), 8a(3), and 8b)	8c	686481
d	Benefits paid (including direct rollovers and insurance premiums to provide benefits)	8d 446736	
e	Certain deemed and/or corrective distributions (see instructions)	8e	
f	Administrative service providers (salaries, fees, commissions)	8f 48664	
g	Other expenses	8g	
h	Total expenses (add lines 8d, 8e, 8f, and 8g)	8h	495400
i	Net income (loss) (subtract line 8h from line 8c)	8i	191081
j	Transfers to (from) the plan (see instructions)	8j	

Part IV Plan Characteristics**9a** If the plan provides pension benefits, enter the applicable pension feature codes from the List of Plan Characteristic Codes in the instructions:

1C 1G 1I

b If the plan provides welfare benefits, enter the applicable welfare feature codes from the List of Plan Characteristic Codes in the instructions:**Part V Compliance Questions**

		Yes	No	Amount
10 During the plan year:				
a Was there a failure to transmit to the plan any participant contributions within the time period described in 29 CFR 2510.3-102? (See instructions and DOL's Voluntary Fiduciary Correction Program)	10a		X	
b Were there any nonexempt transactions with any party-in-interest? (Do not include transactions reported on line 10a.)	10b		X	
c Was the plan covered by a fidelity bond?	10c	X		20000000
d Did the plan have a loss, whether or not reimbursed by the plan's fidelity bond, that was caused by fraud or dishonesty?	10d		X	
e Were any fees or commissions paid to any brokers, agents, or other persons by an insurance carrier, insurance service or other organization that provides some or all of the benefits under the plan? (See instructions.)	10e		X	
f Has the plan failed to provide any benefit when due under the plan?	10f		X	
g Did the plan have any participant loans? (If "Yes," enter amount as of year end.)	10g		X	
h If this is an individual account plan, was there a blackout period? (See instructions and 29 CFR 2520.101-3.)	10h			
i If 10h was answered "Yes," check the box if you either provided the required notice or one of the exceptions to providing the notice applied under 29 CFR 2520.101-3	10i			

Part VI Pension Funding Compliance

11 Is this a defined benefit plan subject to minimum funding requirements? (If "Yes," see instructions and complete Schedule SB (Form 5500))..... ☒ Yes ☐ No

12 Is this a defined contribution plan subject to the minimum funding requirements of section 412 of the Code or section 302 of ERISA? .. ☐ Yes ☒ No
(If "Yes," complete 12a or 12b, 12c, 12d, and 12e below, as applicable.)

a 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 letter ruling granting the waiver. Month _____ Day _____ Year _____

If you completed line 12a, complete lines 3, 9, and 10 of Schedule MB (Form 5500), and skip to line 13.

b Enter the minimum required contribution for this plan year.....	12b	
c Enter the amount contributed by the employer to the plan for this plan year.....	12c	
d Subtract the amount in line 12c from the amount in line 12b. Enter the result (enter a minus sign to the left of a negative amount)	12d	

e Will the minimum funding amount reported on line 12d be met by the funding deadline?..... ☐ Yes ☐ No ☐ N/A

Part VII Plan Terminations and Transfers of Assets

13a Has a resolution to terminate the plan been adopted during the plan year or any prior year? ☐ Yes ☒ No
If "Yes," enter the amount of any plan assets that reverted to the employer this year..... **13a** _____

b Were all the plan assets distributed to participants or beneficiaries, transferred to another plan, or brought under the control of the PBGC? ☐ Yes ☒ No

c 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.)

13c(1) Name of plan(s):	13c(2) EIN(s)	13c(3) PN(s)

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, if applicable, a Schedule SB or Schedule MB completed and signed by an enrolled actuary, as well as the electronic version of this return/report, and to the best of my knowledge and belief, it is true, correct, and complete.

SIGN HERE	Filed with authorized/valid electronic signature.	10/13/2011	SHARON M. STRASSHOFFER
	Signature of plan administrator	Date	Enter name of individual signing as plan administrator
SIGN HERE	Filed with authorized/valid electronic signature.	10/13/2011	RUSSELL W. NISWANDER, F.S.A.
	Signature of employer/plan sponsor	Date	Enter name of individual signing as employer or plan sponsor

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 2010 This Form is Open to Public Inspection
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For calendar plan year 2010 or fiscal plan year beginning 01/01/2010 and ending 12/31/2010

▶ **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 <u>CASH BALANCE RETIREMENT PLAN</u>	B Three-digit plan number (PN) ▶ <u>010</u>
C Plan sponsor's name as shown on line 2a of Form 5500 or 5500-SF <u>NESTLE USA, INC.</u>	D Employer Identification Number (EIN) <u>95-1572209</u>
E Type of plan: ☒ Single ☐ Multiple-A ☐ Multiple-B	F Prior year plan size: ☐ 100 or fewer ☐ 101-500 ☒ More than 500

Part I	Basic Information
1 Enter the valuation date: Month <u>01</u> Day <u>01</u> Year <u>2010</u>	
2 Assets:	
a Market value	2a <u>4088108</u>
b Actuarial value	2b <u>4088108</u>
3 Funding target/participant count breakdown	
	(1) Number of participants (2) Funding Target
a For retired participants and beneficiaries receiving payment	3a <u>38</u> <u>2582587</u>
b For terminated vested participants	3b <u>6</u> <u>120954</u>
c For active participants:	
(1) Non-vested benefits	3c(1) <u>8388</u>
(2) Vested benefits	3c(2) <u>947394</u>
(3) Total active	3c(3) <u>17</u> <u>955782</u>
d Total	3d <u>61</u> <u>3659323</u>
4 If the plan is at-risk, check the box and complete items (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 at-risk for fewer than five consecutive years and disregarding loading factor	4b
5 Effective interest rate	5 <u>6.45</u> %
6 Target normal cost	6 <u>20441</u>

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	<u>10/06/2011</u>
Signature of actuary	Date
<u>THAD SUMMERSETT</u>	<u>11-07261</u>
Type or print name of actuary	Most recent enrollment number
<u>TOWERS WATSON PENNSYLVANIA INC.</u>	<u>310-551-5716</u>
Firm name	Telephone number (including area code)
<u>1925 CENTURY PARK EAST, SUITE 1500</u> <u>LOS ANGELES, CA 90067-2790</u>	
Address of the firm	

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

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

Schedule SB (Form 5500) 2010
v.092308.1

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 (Item 13 from prior year)	640608	0
8	Portion used to offset prior year's funding requirement (Item 35 from prior year)	19007	0
9	Amount remaining (Item 7 minus item 8).....	621601	0
10	Interest on item 9 using prior year's actual return of <u>16.58</u> %	103061	
11	Prior year's excess contributions to be added to prefunding balance:		
a	Excess contributions (Item 38 from prior year)		0
b	Interest on (a) using prior year's effective rate of <u>8.22</u> %		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	Reduction in balances due to elections or deemed elections.....	0	0
13	Balance at beginning of current year (item 9 + item 10 + item 11d – item 12).....	724662	0

Part III	Funding percentages		
14	Funding target attainment percentage.....	14	91.91 %
15	Adjusted funding target attainment percentage.....	15	111.71 %
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	120.26 %
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 contribution 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 20a is "Yes," were required quarterly installments for the current year made in a timely manner? ☐ Yes ☐ No			
c If 20a is "Yes," see instructions and complete the following table as applicable:			
Liquidity shortfall as of end of Quarter of this plan year			
(1) 1st	(2) 2nd	(3) 3rd	(4) 4th

Part V Assumptions used to determine funding target and target normal cost

21 Discount rate:				
a Segment rates:	1st segment: 4.60 %	2nd segment: 6.65 %	3rd segment: 6.76 %	☐ N/A, full yield curve used
b Applicable month (enter code)	21b			0
22 Weighted average retirement age	22			61
23 Mortality table(s) (see instructions) ☐ Prescribed - combined ☒ Prescribed - separate ☐ Substitute				

Part VI Miscellaneous items

24 Has a change been made in the non-prescribed actuarial assumptions for the current plan year? If "Yes," see instructions regarding required attachment.	☐ Yes ☒ No
25 Has a method change been made for the current plan year? If "Yes," see instructions regarding required attachment.	☒ Yes ☐ No
26 Is the plan required to provide a Schedule of Active Participants? If "Yes," see instructions regarding required attachment.....	☒ Yes ☐ No
27 If the plan is eligible for (and is using) 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 contribution for all prior years	28	0
29 Discounted employer contributions allocated toward unpaid minimum required contributions from prior years (item 19a).....	29	0
30 Remaining amount of unpaid minimum required contributions (item 28 minus item 29)	30	0

Part VIII Minimum required contribution for current year

31 Target normal cost, adjusted, if applicable (see instructions).....	31	20441
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 (item 31 + item 32a + item 32b – item 33).....	34	20441
	Carryover balance	Prefunding balance
35 Balances used to offset funding requirement	20441	0
36 Additional cash requirement (item 34 minus item 35).....	36	0
37 Contributions allocated toward minimum required contribution for current year adjusted to valuation date (Item 19c).....	37	0
38 Interest-adjusted excess contributions for current year (see instructions).....	38	0
39 Unpaid minimum required contribution for current year (excess, if any, of item 36 over item 37).....	39	0
40 Unpaid minimum required contribution for all years	40	0

Description of Weighted Average Retirement Age

<u>Age</u>	<u>Retirement Rate</u>	<u>1.00 - Retirement Rate</u>	<u>Probability of Remaining Active</u>	<u>Percentage Retiring at Age</u>	<u>Age Times Percentage Retiring</u>
50	3.00%	97.00%	97.00%	3.00%	1.50
51	3.00%	97.00%	94.09%	2.91%	1.48
52	3.05%	96.95%	91.22%	2.87%	1.49
53	3.10%	96.90%	88.39%	2.83%	1.50
54	3.15%	96.85%	85.61%	2.78%	1.50
55	3.20%	96.80%	82.87%	2.74%	1.51
56	3.25%	96.75%	80.18%	2.69%	1.51
57	3.30%	96.70%	77.53%	2.65%	1.51
58	3.35%	96.65%	74.93%	2.60%	1.51
59	3.40%	96.60%	72.38%	2.55%	1.50
60	3.45%	96.55%	69.89%	2.50%	1.50
61	3.50%	96.50%	67.44%	2.45%	1.49
62	45.00%	55.00%	37.09%	30.35%	18.82
63	15.00%	85.00%	31.53%	5.56%	3.51
64	17.50%	82.50%	26.01%	5.52%	3.53
65	100.00%	0.00%	0.00%	26.01%	16.91
				100.00%	

Average Retirement Age: 61

2010 SCHEDULE SB, LINE 25 -- Change in Method

Nestlé USA, Inc. Cash Balance Retirement Plan

EIN: 95-1572209

Plan Number: 010

Below is a summary of significant changes that were made.

Aspect of the Valuation	Old	New
Valuation Interest Rate	IRS prescribed yield curve, based on bond yields through October	IRS prescribed segment rates without 3-year transition, based on bond yields through the December preceding the valuation date (i.e., using January “applicable month”)

To the degree that the items above are funding methods, the changes are not inconsistent with the requirements of Code Section 430.

In addition to the above, in accordance with 1.430(d)-1(g)(3)(ii)(A), automatic approval has been granted for the first plan year for which all the provisions of 1.430(d)-1, 1.430(f)-1, 1.430(g)-1, 1.430(i)-1, and 1.436-1 are reflected of any changes to funding methods permitted by the Pension Protection Act. 2010 is the first plan year for which all of these provisions were reflected, and thus all funding method changes are automatically approved.

Plan Provisions

Plan name:	Franklin Park Plan		
Effective date:	Most recent amendment December 18, 1994		
Type of plan:	Cash balance		
Normal form:	Life annuity		
Membership service:	From date of hire		
Credited service:	From date of hire		
Credited balance	Credit balance as of December 31, 1991, plus interest credits		
Class:	Salaried employees at Franklin Park		
Accumulated benefit:	Credit balance increased with interest at PBGC deferred rate to NRD, converted to a life annuity using PBGC immediate rate		
Benefit	Age	Vest Svc	Description
Normal retirement (NRD):	65	3	Accrued benefit payable immediately or credited balance divided by 8.2
Early retirement (ERD):	50	3	Accrued benefit actuarially reduced or credit balance divided by a factor varying by age (from 8.2 at age 55 to 9.0 at age 50)
Postponed:	>65		Accrued benefit payable immediately
Vesting:		3	Accrued benefit payable unreduced at age 65, actuarially reduced for early commencement
Preretirement death:	At death	3	If married, credit balance divided by PBGC factor at date of death or credit balance as a lump sum for all others

Optional Forms of Payment

Participant Group	Actuarial Equivalence	Optional Forms
Franklin Park Cash Balance	<ul style="list-style-type: none">■ 8.00%■ 1971 TPF&C Forecast set back 3 years	<ol style="list-style-type: none">1. Single Life Annuity2. 50% & 100% Joint Survivor Annuity3. 10 year Certain and Life Annuity4. Lump Sum

Plan Provisions Effective After January 1, 2010

No future plan provisions were recognized in determining pension cost, minimum and maximum contributions, or FAS 35 liabilities.

Changes in Plan Provisions Since Prior Year

None.

Actuarial Assumptions and Methods

Economic Assumptions	Contributions
Discount rate	N/A
Funding interest rate basis:	
▶ Applicable month	January
▶ Yield curve basis	Segment rates
▶ Transition from current liability rates	No
Funding interest rates:	
▶ First segment rate	4.60%
▶ Second segment rate	6.65%
▶ Third segment rate	6.76%
Lump sum rate	4.60% / 6.65% / 6.76%
Return on assets	N/A
Annual rates of increase	
▶ Salaries:	
– Nestlé Pension Plan	Varies by age, average 3.50%. Sample rates: Age: Rate: 25 5.50% 40 3.50% 55 3.00%
▶ Future Social Security wage bases	3.00%
▶ Statutory limits on compensation and benefits	N/A

Demographic and Other Assumptions

Mortality

- Pre-retirement RP-2000 projected to 2025
- Post-retirement RP-2000 projected to 2017
- Disability RP-2000 projected to 2017

Termination:

Rates varying by age, service and plan

► Contributions

Sample rates:

<i>Plan</i>	<i>Years of Service</i>	<i>Age 25</i>	<i>Age 40</i>	<i>Age 55</i>
Nestlé Pension	<2	76.5%	22.5%	0.0%
	>4	25.5%	7.5%	0.0%
Nestlé Hourly	<3	40.0%	9.5%	1.5%
	>3	11.7%	4.9%	1.0%
NUSA Hourly and NUSA Pension	All Years	26.4%	12.6%	5.0%

Disability:

Rates varying by age, sex and plan

<i>Plan</i>	<i>Sex</i>	<i>Age 30</i>	<i>Age 40</i>	<i>Age 50</i>
Nestlé Pension	Male	.06%	.07%	.18%
	Female	.09%	.11%	.27%
Nestlé Hourly	Male	.09%	.22%	.64%
	Female	.12%	.43%	.67%

None assumed for other plans

Nestlé USA, Inc. — Cash Balance Retirement Plan

EIN: 95-1572209 PN: 010

2010 Schedule SB, Part V – Statement of Actuarial Assumptions/Methods

Retirement:

Rates varying by age and plan

Sample rates:

<i>Age</i>	<i>Nestlé Pension</i>	<i>Nestlé Hourly</i>	<i>NUSA Hourly & NUSA Pension</i>	<i>Franklin Park</i>
55	5%	1%	0%	3%
62	30%	16%	25%	45%
65	100%	100%	100%	100%
Average age	61	64	64	61

Benefit commencement date:

► Preretirement death benefit

The later of the death of the active participant or the date the participant would have attained age 65.

► Deferred vested benefit

Age 65

► Disability benefit

Age 65

► Retirement benefit

Upon termination of employment

Form of payment

90% of participants in the Nestlé Pension Plan elect a lump sum (if available) and 10% elect an annuity (life annuity for Nestlé USA and 5 years certain and continuous for NPPC). Life annuity for all other plans.

Percent married

80%

Spouse age

Wife three years younger than husband

Covered pay

Average of prior three years' pensionable earnings, increased with one year's salary increase assumption.

Administrative expense:

► Contributions

0.25% of beginning-of-year fair value of assets for the Nestlé Pension Plan and Nestlé Hourly Retirement Plan, and 0.50% for all other plans.

Loadings

None

Special 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 are assumed to elect the most valuable form of benefit.
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Participant data	The company supplied a census of all participants as of January 1, 2010.
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Methods

Contributions:

▶ Valuation date	First day of plan year
▶ Funding target and target normal cost	Present value of accrued benefits
▶ Actuarial value of assets	Market value of assets, including contributions receivable.
▶ Funding policy	Nestlé's funding policy is to make contributions for each plan year in an amount not less than the minimum required contribution under the law and not more than the maximum tax-deductible contribution. Nestlé may vary its contribution level, if appropriate to its tax and cash position and the funded status.

Benefits not Valued	All benefits described in the Plan Provisions section of this report were valued. Towers Watson has reviewed the plan provisions with Nestlé and is not aware of any significant benefits required to be valued that were not.
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Change in Assumptions and Methods Since Prior Valuation

Contributions	The funding interest rate was changed from October 2008 yield curve to the segment rates as of January 2010. The mortality table was updated for one year of mortality improvements.
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Nestlé USA, Inc. — Cash Balance Retirement Plan

EIN: 95-1572209 PN: 010

2010 Schedule SB, Part V – Statement of Actuarial Assumptions/Methods

Data Sources

Towers Watson used asset data supplied by the trustee. Nestlé furnished participant data. Nestlé furnished the dates and amounts of the 2009 contributions that will be paid in 2010, and accrued pension cost as of December 31, 2009. Data were reviewed for reasonableness and consistency, but no audit was performed. Assumptions or estimates were made by the Towers Watson actuaries when data were not available. We are not aware of any errors or omissions in the data that would have a significant effect on the results of our calculations.

Schedule SB - Statement by Enrolled Actuary

Plan Sponsor	Nestlé USA, Inc.
EIN/PN	95-1572209/010
Plan Name	Cash Balance Retirement Plan
Valuation Date	January 1, 2010
Enrolled Actuary	Thad Summersett
Enrollment Number	11-07261

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.

2010 Schedule SB, line 26 - Schedule of Active Participant Data
Name of Sponsor / Plan: Nestlé USA, Inc. – Cash Balance Retirement Plan
EIN / PIN: 95-1572209 / 010

		----- Years of Credited Service -----									
Attained Age		Under 1	1 to 4	5 to 9	10 to 14	15 to 19	20 to 24	25 to 29	30 to 34	35 to 39	40 & up
<25	Number	0	0	0	0	0	0	0	0	0	0
25 to 29	Number	0	0	0	0	0	0	0	0	0	0
30 to 34	Number	0	0	0	0	0	0	0	0	0	0
35 to 39	Number	0	0	0	0	0	0	0	0	0	0
40 to 44	Number	0	0	0	0	0	0	0	0	0	0
45 to 49	Number	0	0	1	0	0	0	0	0	0	0
50 to 54	Number	0	2	1	3	1	0	0	0	0	0
55 to 59	Number	0	2	3	1	0	1	0	0	0	0
60 to 64	Number	0	0	0	0	0	0	0	0	0	0
65 to 69	Number	0	0	0	1	0	1	0	0	0	0
70 & up	Number	0	0	0	0	0	0	0	0	0	0

Average Age = 56.1

Average Service = 9.5

**SCHEDULE SB
(Form 5500)**Department of the Treasury
Internal Revenue ServiceDepartment 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

2010**This Form is Open to Public
Inspection**

For calendar plan year 2010 or fiscal plan year beginning 01/01/2010 and ending 12/31/2010

▶ **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 Cash Balance Retirement Plan	B Three-digit plan number (PN) ▶ 010
C Plan sponsor's name as shown on line 2a of Form 5500 or 5500-SF Nestle USA, Inc.	D Employer Identification Number (EIN) 95-1572209
E Type of plan: ☒ Single ☐ Multiple-A ☐ Multiple-B	F Prior year plan size: ☐ 100 or fewer ☐ 101-500 ☒ More than 500

Part I Basic Information

1 Enter the valuation date: Month <u>1</u> Day <u>1</u> Year <u>2010</u>		
2 Assets:		
a Market value.....	2a	4,088,108
b Actuarial value.....	2b	4,088,108
3 Funding target/participant count breakdown	(1) Number of participants	(2) Funding Target
a For retired participants and beneficiaries receiving payment	3a 38	2,582,587
b For terminated vested participants	3b 6	120,954
c For active participants:		
(1) Non-vested benefits.....	3c(1)	8,388
(2) Vested benefits.....	3c(2)	947,394
(3) Total active	3c(3) 17	955,782
d Total.....	3d 61	3,659,323
4 If the plan is at-risk, check the box and complete items (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 at-risk for fewer than five consecutive years and disregarding loading factor.....	4b	
5 Effective interest rate.....	5	6.45 %
6 Target normal cost.....	6	20,441

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	Thad Summersett <i>TWS</i>	10/06/2011
Signature of actuary		Date
Thad Summersett		11-07261
Type or print name of actuary		Most recent enrollment number
Towers Watson Pennsylvania Inc.		(310) 551-5716
Firm name		Telephone number (including area code)
1925 Century Park East, Suite 1500		
Los Angeles CA 90067-2790		
Address of the firm		

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

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

Schedule SB (Form 5500) 2010
v.092308.1

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 (Item 13 from prior year)	640,608	0
8	Portion used to offset prior year's funding requirement (Item 35 from prior year)	19,007	0
9	Amount remaining (Item 7 minus item 8).....	621,601	0
10	Interest on item 9 using prior year's actual return of <u>16.58</u> %	103,061	
11	Prior year's excess contributions to be added to prefunding balance:		
a	Excess contributions (Item 38 from prior year)		0
b	Interest on (a) using prior year's effective rate of <u>8.22</u> %		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	Reduction in balances due to elections or deemed elections.....	0	0
13	Balance at beginning of current year (item 9 + item 10 + item 11d - item 12)	724,662	0

Part III		Funding percentages	
14	Funding target attainment percentage.....	14	91.91 %
15	Adjusted funding target attainment percentage.....	15	111.71 %
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	120.26 %
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	
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 contribution 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 20a is "Yes," were required quarterly installments for the current year made in a timely manner? ☐ Yes ☐ No

c If 20a is "Yes," see instructions and complete the following table as applicable:

Liquidity shortfall as of end of Quarter of this plan year			
(1) 1st	(2) 2nd	(3) 3rd	(4) 4th

Part V Assumptions used to determine funding target and target normal cost

21 Discount rate:				
a Segment rates:	1st segment: 4.60 %	2nd segment: 6.65 %	3rd segment: 6.76 %	☐ N/A, full yield curve used
b Applicable month (enter code)				21b 0
22 Weighted average retirement age				22 61
23 Mortality table(s) (see instructions) ☐ Prescribed - combined ☒ Prescribed - separate ☐ Substitute				

Part VI Miscellaneous items

24 Has a change been made in the non-prescribed actuarial assumptions for the current plan year? If "Yes," see instructions regarding required attachment.	☐ Yes ☒ No
25 Has a method change been made for the current plan year? If "Yes," see instructions regarding required attachment.	☒ Yes ☐ No
26 Is the plan required to provide a Schedule of Active Participants? If "Yes," see instructions regarding required attachment.....	☒ Yes ☐ No
27 If the plan is eligible for (and is using) 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 contribution for all prior years	28	0
29 Discounted employer contributions allocated toward unpaid minimum required contributions from prior years (item 19a).....	29	0
30 Remaining amount of unpaid minimum required contributions (item 28 minus item 29).....	30	0

Part VIII Minimum required contribution for current year

31 Target normal cost, adjusted, if applicable (see instructions).....	31	20,441
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 (item 31 + item 32a + item 32b - item 33).....	34	20,441
	Carryover balance	Prefunding balance
35 Balances used to offset funding requirement	20,441	0
36 Additional cash requirement (item 34 minus item 35).....	36	0
37 Contributions allocated toward minimum required contribution for current year adjusted to valuation date (Item 19c).....	37	0
38 Interest-adjusted excess contributions for current year (see instructions).....	38	0
39 Unpaid minimum required contribution for current year (excess, if any, of item 36 over item 37).....	39	0
40 Unpaid minimum required contribution for all years	40	0