

Form 5500 Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	Annual Return/Report of Employee Benefit Plan This form is required to be filed for employee benefit plans under sections 104 and 4065 of the Employee Retirement Income Security Act of 1974 (ERISA) and sections 6047(e), 6057(b), and 6058(a) of the Internal Revenue Code (the Code). ▶ Complete all entries in accordance with the instructions to the Form 5500.	OMB Nos. 1210-0110 1210-0089
		2011
		This Form is Open to Public Inspection

Part I	Annual Report Identification Information
For calendar plan year 2011 or fiscal plan year beginning <u>01/01/2011</u> and ending <u>12/31/2011</u>	
A This return/report is for:	☐ a multiemployer plan; ☐ a multiple-employer plan; or ☒ a single-employer plan; ☐ a DFE (specify) ____
B This return/report is:	☐ the first return/report; ☐ the final return/report; ☐ an amended return/report; ☐ a short plan year return/report (less than 12 months).
C If the plan is a collectively-bargained plan, check here.	☐
D Check box if filing under:	☒ Form 5558; ☐ automatic extension; ☐ the DFVC program; ☐ special extension (enter description)

Part II	Basic Plan Information —enter all requested information
1a Name of plan <u>NESTLE USA C&S SAVINGS PLAN</u>	1b Three-digit plan number (PN) ▶ <u>201</u> 1c Effective date of plan <u>05/14/1965</u>
2a Plan sponsor's name and address, including room or suite number (Employer, if for single-employer plan) <u>NESTLE USA, INC.</u> <u>SAVINGS PLAN ADMINISTRATION</u> <u>30003 BAINBRIDGE ROAD</u> <u>OLON, OH 44139-2290</u>	2b Employer Identification Number (EIN) <u>95-1572209</u> 2c Sponsor's telephone number <u>440-349-5757</u> 2d Business code (see instructions) <u>311900</u>

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

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

SIGN HERE	<u>Filed with authorized/valid electronic signature.</u>	<u>10/15/2012</u>	<u>JOY M. SIDLE</u>
	Signature of plan administrator	Date	Enter name of individual signing as plan administrator
SIGN HERE			
	Signature of employer/plan sponsor	Date	Enter name of individual signing as employer or plan sponsor
SIGN HERE			
	Signature of DFE	Date	Enter name of individual signing as DFE

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

Form 5500 (2011)
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3a Plan administrator's name and address (if same as plan sponsor, enter "Same") NESTLE USA, INC. SAVINGS PLAN ADMINISTRATION 30003 BAINBRIDGE ROAD SOLON, OH 44139-2290		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: a Sponsor's name		4b EIN 4c PN		
5 Total number of participants at the beginning of the plan year	5	482		
6 Number of participants as of the end of the plan year (welfare plans complete only lines 6a , 6b , 6c , and 6d).				
a Active participants.....	6a	375		
b Retired or separated participants receiving benefits.....	6b	0		
c Other retired or separated participants entitled to future benefits.....	6c	112		
d Subtotal. Add lines 6a , 6b , and 6c	6d	487		
e Deceased participants whose beneficiaries are receiving or are entitled to receive benefits.....	6e	3		
f Total. Add lines 6d and 6e	6f	490		
g Number of participants with account balances as of the end of the plan year (only defined contribution plans complete this item).....	6g	482		
h Number of participants that terminated employment during the plan year with accrued benefits that were less than 100% vested.....	6h	5		
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 Characteristic Codes in the instructions: 2E 2F 2G 2J 2K 2R 2S 2T				
b If the plan provides welfare benefits, enter the applicable welfare feature codes from the List of Plan Characteristic Codes in the instructions:				
9a Plan funding arrangement (check all that apply) (1) ☐ Insurance (2) ☐ Code section 412(e)(3) insurance contracts (3) ☒ Trust (4) ☐ General assets of the sponsor	9b Plan benefit arrangement (check all that apply) (1) ☐ Insurance (2) ☐ Code section 412(e)(3) insurance contracts (3) ☒ Trust (4) ☐ General assets of the sponsor			
10 Check all applicable boxes in 10a and 10b to indicate which schedules are attached, and, where indicated, enter the number attached. (See instructions)				
<table style="width: 100%; border: none;"> <tr> <td style="width: 50%; vertical-align: top;"> a Pension Schedules (1) ☒ R (Retirement Plan Information) (2) ☐ MB (Multiemployer Defined Benefit Plan and Certain Money Purchase Plan Actuarial Information) - signed by the plan actuary (3) ☐ SB (Single-Employer Defined Benefit Plan Actuarial Information) - signed by the plan actuary </td> <td style="width: 50%; vertical-align: top;"> b General Schedules (1) ☒ H (Financial Information) (2) ☐ I (Financial Information – Small Plan) (3) ☐ A (Insurance Information) (4) ☒ C (Service Provider Information) (5) ☒ D (DFE/Participating Plan Information) (6) ☐ G (Financial Transaction Schedules) </td> </tr> </table>			a Pension Schedules (1) ☒ R (Retirement Plan Information) (2) ☐ MB (Multiemployer Defined Benefit Plan and Certain Money Purchase Plan Actuarial Information) - signed by the plan actuary (3) ☐ SB (Single-Employer Defined Benefit Plan Actuarial Information) - signed by the plan actuary	b General Schedules (1) ☒ H (Financial Information) (2) ☐ I (Financial Information – Small Plan) (3) ☐ A (Insurance Information) (4) ☒ C (Service Provider Information) (5) ☒ D (DFE/Participating Plan Information) (6) ☐ G (Financial Transaction Schedules)
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SCHEDULE C (Form 5500) Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	Service Provider Information This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA). ▶ File as an attachment to Form 5500.	OMB No. 1210-0110
		2011
		This Form is Open to Public Inspection.

For calendar plan year 2011 or fiscal plan year beginning 01/01/2011 and ending 12/31/2011		
A Name of plan NESTLE USA C&S SAVINGS PLAN	B Three-digit plan number (PN) ▶	201
C Plan sponsor's name as shown on line 2a of Form 5500 NESTLE USA, INC.	D Employer Identification Number (EIN) 95-1572209	

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

1 Information on Persons Receiving Only Eligible Indirect Compensation

- a Check "Yes" or "No" to indicate whether you are excluding a person from the remainder of this Part because they received only eligible indirect compensation for which the plan received the required disclosures (see instructions for definitions and conditions)..... ☒ Yes ☐ No
- b If you answered line 1a "Yes," enter the name and EIN or address of each person providing the required disclosures for the service providers who received only eligible indirect compensation. Complete as many entries as needed (see instructions).

(b) Enter name and EIN or address of person who provided you disclosures on eligible indirect compensation
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02-0488491

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

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

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

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02-0488491

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
37	NONE	6300	Yes ☒ No ☐	Yes ☒ No ☐	0	Yes ☐ No ☒

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

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

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

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

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

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

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

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

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

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

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

Part I Service Provider Information (continued)

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

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

Part II Service Providers Who Fail or Refuse to Provide Information

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

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

Part III **Termination Information on Accountants and Enrolled Actuaries (see instructions)**
(complete as many entries as needed)

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

Explanation:

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

Explanation:

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

Explanation:

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

Explanation:

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

Explanation:

a Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity
code**e** Dollar value of interest in MTIA, CCT, PSA, or 103-
12 IE at end of year (see instructions)**a** Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity
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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
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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
		2011
		This Form is Open to Public Inspection

For calendar plan year 2011 or fiscal plan year beginning 01/01/2011 and ending 12/31/2011	
A Name of plan NESTLE USA C&S SAVINGS PLAN	B Three-digit plan number (PN) ► 201
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
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1 Current value of plan assets and liabilities at the beginning and end of the plan year. Combine the value of plan assets held in more than one trust. Report the value of the plan's interest in a commingled fund containing the assets of more than one plan on a line-by-line basis unless the value is reportable on lines 1c(9) through 1c(14). Do not enter the value of that portion of an insurance contract which guarantees, during this plan year, to pay a specific dollar benefit at a future date. **Round off amounts to the nearest dollar.** MTIAs, CCTs, PSAs, and 103-12 IEs do not complete lines 1b(1), 1b(2), 1c(8), 1g, 1h, and 1i. CCTs, PSAs, and 103-12 IEs also do not complete lines 1d and 1e. See instructions.

Assets		(a) Beginning of Year	(b) End of Year
a Total noninterest-bearing cash	1a		
b Receivables (less allowance for doubtful accounts):			
(1) Employer contributions	1b(1)	4494	
(2) Participant contributions	1b(2)	11029	
(3) Other.....	1b(3)		
c General investments:			
(1) Interest-bearing cash (include money market accounts & certificates of deposit)	1c(1)		
(2) U.S. Government securities.....	1c(2)		
(3) Corporate debt instruments (other than employer securities):			
(A) Preferred	1c(3)(A)		
(B) All other.....	1c(3)(B)		
(4) Corporate stocks (other than employer securities):			
(A) Preferred	1c(4)(A)		
(B) Common	1c(4)(B)		
(5) Partnership/joint venture interests	1c(5)		
(6) Real estate (other than employer real property)	1c(6)		
(7) Loans (other than to participants)	1c(7)		
(8) Participant loans	1c(8)	1962829	2061878
(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)	41250605	43645543
(12) Value of interest in 103-12 investment entities	1c(12)		
(13) Value of interest in registered investment companies (e.g., mutual funds).....	1c(13)		
(14) Value of funds held in insurance company general account (unallocated contracts).....	1c(14)		
(15) Other	1c(15)		

1d Employer-related investments:		(a) Beginning of Year	(b) End of Year
(1) Employer securities	1d(1)		
(2) Employer real property	1d(2)		
e Buildings and other property used in plan operation	1e		
f Total assets (add all amounts in lines 1a through 1e)	1f	43228957	45707421

Liabilities

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

Net Assets

l Net assets (subtract line 1k from line 1f)	1l	43228957	45707421
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Part II Income and Expense Statement

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

Income

		(a) Amount	(b) Total
a Contributions:			
(1) Received or receivable in cash from: (A) Employers	2a(1)(A)	1933563	
(B) Participants	2a(1)(B)	1060361	
(C) Others (including rollovers)	2a(1)(C)		
(2) Noncash contributions	2a(2)		
(3) Total contributions. Add lines 2a(1)(A) , (B) , (C) , and line 2a(2)	2a(3)		2993924
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)	109093	
(F) Other	2b(1)(F)		
(G) Total interest. Add lines 2b(1)(A) through (F)	2b(1)(G)		109093
(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

		(a) Amount	(b) Total
2b (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
(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)		1133497
(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		4236514

Expenses

e Benefit payment and payments to provide benefits:			
(1) Directly to participants or beneficiaries, including direct rollovers	2e(1)	1734939	
(2) To insurance carriers for the provision of benefits	2e(2)		
(3) Other	2e(3)		
(4) Total benefit payments. Add lines 2e(1) through (3)	2e(4)		1734939
f Corrective distributions (see instructions)	2f		
g Certain deemed distributions of participant loans (see instructions).....	2g		14922
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)	6300	
(5) Total administrative expenses. Add lines 2i(1) through (4)	2i(5)		6300
j Total expenses. Add all expense amounts in column (b) and enter total.....	2j		1756161

Net Income and Reconciliation

k Net income (loss). Subtract line 2j from line 2d	2k		2480353
l Transfers of assets:			
(1) To this plan.....	2l(1)		
(2) From this plan	2l(2)		1889

Part III Accountant's Opinion

3 Complete lines 3a through 3c if the opinion of an independent qualified public accountant is attached to this Form 5500. Complete line 3d if an opinion is not attached.

a The attached opinion of an independent qualified public accountant for this plan is (see instructions):

(1) ☐ Unqualified (2) ☐ Qualified (3) ☒ Disclaimer (4) ☐ Adverse

b Did the accountant perform a limited scope audit pursuant to 29 CFR 2520.103-8 and/or 103-12(d)? ☒ Yes ☐ No

c Enter the name and EIN of the accountant (or accounting firm) below:

(1) Name: **KPMG LLP**

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

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

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

Part IV Compliance Questions

- 4** CCTs and PSAs do not complete Part IV. MTIAs, 103-12 IEs, and GIAs do not complete 4a, 4e, 4f, 4g, 4h, 4k, 4m, 4n, or 5. 103-12 IEs also do not complete 4j and 4l. MTIAs also do not complete 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.).....		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.).....		X	
c Were any leases to which the plan was a party in default or classified during the year as uncollectible? (Attach Schedule G (Form 5500) Part II if "Yes" is checked.)		X	
d Were there any nonexempt transactions with any party-in-interest? (Do not include transactions reported on line 4a. Attach Schedule G (Form 5500) Part III if "Yes" is checked.).....		X	
e Was this plan covered by a fidelity bond?.....	X		20000000
f Did the plan have a loss, whether or not reimbursed by the plan's fidelity bond, that was caused by fraud or dishonesty?		X	
g Did the plan hold any assets whose current value was neither readily determinable on an established market nor set by an independent third party appraiser?		X	
h Did the plan receive any noncash contributions whose value was neither readily determinable on an established market nor set by an independent third party appraiser?		X	
i Did the plan have assets held for investment? (Attach schedule(s) of assets if "Yes" is checked, and see instructions for format requirements.).....	X		
j Were any plan transactions or series of transactions in excess of 5% of the current value of plan assets? (Attach schedule of transactions if "Yes" is checked, and see instructions for format requirements.).....		X	
k Were all the plan assets either distributed to participants or beneficiaries, transferred to another plan, or brought under the control of the PBGC?.....		X	
l Has the plan failed to provide any benefit when due under the plan?		X	
m If this is an individual account plan, was there a blackout period? (See instructions and 29 CFR 2520.101-3.).....		X	
n If 4m was answered "Yes," check the "Yes" box if you either provided the required notice or one of the exceptions to providing the notice applied under 29 CFR 2520.101-3.		X	

- 5a** Has a resolution to terminate the plan been adopted during the plan year or any prior plan year?

If "Yes," enter the amount of any plan assets that reverted to the employer this year..... ☐ Yes ☒ No Amount:

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

5b(1) Name of plan(s)

NESTLE 401(K) SAVINGS PLAN

5b(2) EIN(s)	5b(3) PN(s)
95-1572209	200

SCHEDULE R (Form 5500) Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	Retirement Plan Information This schedule is required to be filed under section 104 and 4065 of the Employee Retirement Income Security Act of 1974 (ERISA) and section 6058(a) of the Internal Revenue Code (the Code). ▶ File as an attachment to Form 5500.	OMB No. 1210-0110 2011 This Form is Open to Public Inspection.
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For calendar plan year 2011 or fiscal plan year beginning 01/01/2011 and ending 12/31/2011

A Name of plan <u>NESTLE USA C&S SAVINGS PLAN</u>	B Three-digit plan number (PN) ▶ <u>201</u>
C Plan sponsor's name as shown on line 2a of Form 5500 <u>NESTLE USA, INC.</u>	D Employer Identification Number (EIN) <u>95-1572209</u>

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

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

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

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

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

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

9 If this is a defined benefit pension plan, were any amendments adopted during this plan year that increased or decreased the value of benefits? If yes, check the appropriate box. If no, check the "No" box.....	☐ Increase	☐ Decrease	☐ Both	☐ No
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Part IV	ESOPs (see instructions). If this is not a plan described under Section 409(a) or 4975(e)(7) of the Internal Revenue Code, skip this Part.
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10 Were unallocated employer securities or proceeds from the sale of unallocated securities used to repay any exempt loan?.....	☐ Yes	☐ No
11 a Does the ESOP hold any preferred stock?	☐ Yes	☐ No
b If the ESOP has an outstanding exempt loan with the employer as lender, is such loan part of a "back-to-back" loan? (See instructions for definition of "back-to-back" loan.).....	☐ Yes	☐ No
12 Does the ESOP hold any stock that is not readily tradable on an established securities market?	☐ Yes	☐ No

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 items 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 items 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 items 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 items 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 items 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 items 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 item 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 items (a) through (c)

a Enter the percentage of plan assets held as:
 Stock: _____% Investment-Grade Debt: _____% High-Yield Debt: _____% Real Estate: _____% Other: _____%

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

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



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

Independent Auditors' Report

The Plan Administrator
Nestlé USA C&S Savings Plan:

We were engaged to audit the accompanying statements of net assets available for benefits of the Nestlé USA C&S Savings Plan (the Plan) as of December 31, 2011 and 2010, and the related statements of changes in net assets available for benefits for the years then ended, and the supplemental Schedule H, line 4i – Schedule of Assets (Held at End of Year) for the year ended December 31, 2011. These financial statements and supplemental schedule are the responsibility of the Plan's management.

As permitted by 29 CFR 2520.103-8 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974, the Plan Administrator instructed us not to perform, and we did not perform, any auditing procedures with respect to the information summarized in notes 2, 3, 5, and 6 to the financial statements, which was certified by State Street Bank and Trust Company, trustee of the Plan, except for comparing the information with the related information included in the financial statements and supplemental schedule. We have been informed by the Plan Administrator that the trustee holds the Plan's investment assets and executes investment transactions. The Plan Administrator has obtained a certification from the trustee as of and for the years ended December 31, 2011 and 2010, that the information provided to the Plan Administrator by the trustee is complete and accurate.

Because of the significance of the information that we did not audit, we are unable to, and do not, express an opinion on the accompanying financial statements and supplemental schedule taken as a whole. The supplemental schedule is presented for the purpose of additional analysis and is not a required part of the financial statements but required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. The form and content of the information included in the financial statements and supplemental schedule, other than that derived from the information certified by the trustee, have been audited by us in accordance with auditing standards generally accepted in the United States of America and, in our opinion, are presented in compliance with the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974.

KPMG LLP

October 12, 2012



NESTLÉ USA C&S SAVINGS PLAN

Financial Statements and Supplemental Schedule

December 31, 2011 and 2010

(With Independent Auditors' Report Thereon)

NESTLÉ USA C&S SAVINGS PLAN

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Schedule H, Line 4i – Schedule of Assets (Held at End of Year), December 31, 2011	17

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



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

Independent Auditors' Report

The Plan Administrator
Nestlé USA C&S Savings Plan:

We were engaged to audit the accompanying statements of net assets available for benefits of the Nestlé USA C&S Savings Plan (the Plan) as of December 31, 2011 and 2010, and the related statements of changes in net assets available for benefits for the years then ended, and the supplemental Schedule H, line 4i – Schedule of Assets (Held at End of Year) for the year ended December 31, 2011. These financial statements and supplemental schedule are the responsibility of the Plan's management.

As permitted by 29 CFR 2520.103-8 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974, the Plan Administrator instructed us not to perform, and we did not perform, any auditing procedures with respect to the information summarized in notes 2, 3, 5, and 6 to the financial statements, which was certified by State Street Bank and Trust Company, trustee of the Plan, except for comparing the information with the related information included in the financial statements and supplemental schedule. We have been informed by the Plan Administrator that the trustee holds the Plan's investment assets and executes investment transactions. The Plan Administrator has obtained a certification from the trustee as of and for the years ended December 31, 2011 and 2010, that the information provided to the Plan Administrator by the trustee is complete and accurate.

Because of the significance of the information that we did not audit, we are unable to, and do not, express an opinion on the accompanying financial statements and supplemental schedule taken as a whole. The supplemental schedule is presented for the purpose of additional analysis and is not a required part of the financial statements but required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. The form and content of the information included in the financial statements and supplemental schedule, other than that derived from the information certified by the trustee, have been audited by us in accordance with auditing standards generally accepted in the United States of America and, in our opinion, are presented in compliance with the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974.

KPMG LLP

October 12, 2012

NESTLÉ USA C&S SAVINGS PLAN

Statements of Net Assets Available for Plan Benefits

December 31, 2011 and 2010

	<u>2011</u>	<u>2010</u>
Investments:		
Investment in Nestlé in the USA Savings Trust at fair value (notes 5 and 6)	\$ 43,645,543	41,250,605
Receivables (note 1(c)):		
Employer contributions	—	4,494
Employee contributions	—	11,029
Participant loans	<u>2,116,599</u>	<u>2,002,628</u>
Total receivables	<u>2,116,599</u>	<u>2,018,151</u>
Total assets	45,762,142	43,268,756
Adjustment from fair value to contract value for fully benefit-responsive contracts	<u>(1,444,514)</u>	<u>(1,017,861)</u>
Net assets available for plan benefits	\$ <u><u>44,317,628</u></u>	<u><u>42,250,895</u></u>

See accompanying notes to financial statements.

NESTLÉ USA C&S SAVINGS PLAN

Statements of Changes in Net Assets Available for Plan Benefits

Years ended December 31, 2011 and 2010

	<u>2011</u>	<u>2010</u>
Additions to net assets attributed to:		
Income from investment in Nestlé in the USA		
Savings Trust (notes 5 and 6)	\$ 832,195	2,459,215
Interest income – participant loans	109,093	113,332
Contributions:		
Employer	1,933,563	1,822,481
Employee	<u>1,060,361</u>	<u>1,101,142</u>
Total contributions	<u>2,993,924</u>	<u>2,923,623</u>
Total additions	<u>3,935,212</u>	<u>5,496,170</u>
Deductions from net assets attributed to:		
Distributions to participants	1,734,939	1,691,745
Administrative expenses	<u>131,651</u>	<u>157,021</u>
Total deductions	<u>1,866,590</u>	<u>1,848,766</u>
Plan to plan transfers, net (note 1(i))	<u>(1,889)</u>	<u>—</u>
Net increase	2,066,733	3,647,404
Net assets available for plan benefits:		
Beginning of year	<u>42,250,895</u>	<u>38,603,491</u>
End of year	\$ <u><u>44,317,628</u></u>	<u><u>42,250,895</u></u>

See accompanying notes to financial statements.

NESTLÉ USA C&S SAVINGS PLAN

Notes to Financial Statements

December 31, 2011 and 2010

(1) Description of the Plan

The following description of the Nestlé USA C&S Savings Plan (the Plan) is provided for general information only. Participants should refer to the plan document for more complete information.

(a) General

The Plan is a defined contribution plan sponsored by Nestlé USA, Inc. (the Plan Administrator). The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA) and was established to assist employees in adopting a regular savings program and to provide employees with additional security upon retirement. The Plan covers the hourly employees of Nestlé at Itasca, Illinois.

(b) Eligibility

Employees become eligible to participate in the Plan immediately upon hire. Employees will be automatically enrolled in the Plan approximately 30 days after they become eligible if they do not log on the record-keeper's Web site or call the record-keeper's call center to voluntarily enroll or decline enrollment. Employees who were enrolled automatically had a contribution rate of 4%, invested 100% in Pre-set Portfolio 60. Employees may decline auto enrollment within 30 days of the date appearing on their Automatic Enrollment Notification.

(c) Contributions

The Plan provides for contributions by participants. Each participating employee elects to enter into a telephonic or electronic agreement with Nestlé USA, Inc. (the Company and the Plan Sponsor), thereby contributing to his or her account a percentage of eligible compensation. The participants designate a percentage between 1% and 25% of their annual eligible compensation as their elective contribution rate (subject to Internal Revenue Code (IRC) limitations of \$16,500 in both 2011 and 2010). Certain highly compensated employees are limited to a maximum contribution of 13% of eligible compensation.

The Company makes matching contributions to the Plan equal to 50% of each participant's contributions, which are not in excess of 6% of their eligible compensation. In addition, the Company may make a discretionary employer basic contribution to the Plan. The discretionary employer basic contribution recorded in 2011 and 2010 totaled \$1,517,189 and \$1,382,661, respectively. These amounts are recorded as contributions to the Plan in the year of approval by the President of the Company's Confections & Snacks Division. The Company contributions are limited to the maximum amount deductible under the provisions of IRC.

The Plan allows employees age 50 and older during the calendar year to elect to make up to an additional \$5,500 catch-up contribution during both 2011 and 2010. Catch-up contribution amounts are not eligible for Company matching contributions.

(d) Participant Account Balances

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

NESTLÉ USA C&S SAVINGS PLAN

Notes to Financial Statements

December 31, 2011 and 2010

Contributions by the Company (if any) are credited to the participant's account, and the participants vest in their account as specified in the plan document. Participants are fully vested in their employer match account after the earlier of three years of vesting service or upon attaining age 65. Participants are fully vested in their employer basic contribution after three years of vesting service.

Forfeitures represent the nonvested portion of Company matching contributions or employer basic contributions plus earnings thereon, which are not distributable to participants who terminate employment before they are vested. Forfeitures are applied either to the payments of expenses incurred by the Plan Administrator in connection with administering the Plan or to reduce employer contributions. Forfeited nonvested amounts during 2011 and 2010 totaled \$28,191 and \$7,713, respectively.

(e) Funds

The Plan provides for the establishment of investment funds, which are administered within the Nestlé in the USA Savings Trust (Master Trust) (see note 5). The Master Trust was established by the Company for the pooled investment of assets. The Master Trust investments, investment returns, and plan expenses are allocated to participating plans, based on the underlying equity in each plan. The Company has the sole discretion to determine or change the number and nature of investment funds. The funds established under the Plan as of December 31, 2011, are as follows:

- The Core Stable Investment Fund, which is invested in bonds and real estate, with insurance contracts that “wrap” the bond and real estate investments (see note 3). The underlying investments of this fund can also be loaned out under a securities lending arrangement with the trustee, in exchange for cash collateral.
- The Core Bond Fund, which is primarily invested in a balanced mix of government securities, mortgage-backed securities, and corporate bonds.
- The Core Common Stock Fund, which is primarily invested in stocks of companies contained in the S&P 500 index.
- The Core International Stock Fund, which is primarily invested in stocks of non-U.S. companies.
- The Core Small Company Stock Fund, which is primarily invested in stocks of smaller U.S. companies.
- The Active Bond Fund, which is primarily invested in government securities, corporate bonds, and mortgage-related securities.
- The Active Large Cap Value Fund, which is primarily invested in undervalued large U.S. companies.
- The Active Large Cap Growth Fund, which is primarily invested in higher growth potential large U.S. companies.
- The Active International Stock Fund, which is primarily invested in stocks of non-U.S. companies.

NESTLÉ USA C&S SAVINGS PLAN

Notes to Financial Statements

December 31, 2011 and 2010

- The Active Small Company Stock Fund, which is primarily invested in stocks of smaller U.S. companies.
- The Mutual Fund Window, which is an investment offering of retail mutual funds.

Participants specify the desired allocation of their contributions (including the related Company matching contributions) to the Core and Active Funds noted above and to four Pre-set Portfolios, which contain percentages of the aforementioned Core Funds. The percentage breakdown of each of the four portfolios – Conservative, Moderate, Moderately Aggressive, and Aggressive – varies according to degrees of risk. Participants can refer to the Summary Plan Description for more detailed descriptions of each portfolio. The allocation percentages are limited to increments of 1% and may be changed daily. To the extent participants fail to direct the investment of amounts credited to their accounts, such amounts were invested in Pre-set Portfolio 60.

(f) Distributions and Withdrawals

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

If a terminated participant's vested account balance is \$5,000 or less but greater than \$1,000 and he or she did not timely elect to receive his or her distribution in cash or directly roll over his or her distribution to an IRA or eligible retirement plan, the account balance was transferred from the Plan to an ING Employer's Rollover IRA. If a participant's vested account balance is \$1,000 or less and he or she does not timely elect to roll over his or her distribution to an IRA or eligible retirement plan, he or she automatically received his or her total vested account balance as a single lump-sum payment.

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

(g) Loans

Loans of up to the lesser of 50% of a participant's vested account value or \$50,000 (less the highest outstanding loan balance in the past 12 months) may be obtained from the Plan. All loans are subject to the terms and conditions prescribed by the Plan Administrator in accordance with the Plan. Principal and interest amounts repaid are invested based upon the participants' current investment elections. Loans to participants are recorded as an asset in the Loan Fund upon transfer from the appropriate investment funds. Interest rates on the loans vary between 4.25% and 9.25% with various maturity dates between 2012 and 2026. Participant loans are valued at amortized cost.

(h) Administrative Costs

All costs of administering the Plan are paid by the Company or the Plan, as determined by the Company, subject to limitations under ERISA. Expenses are allocated to the Plan based on its underlying interest in the Master Trust at the time the expense is incurred. The Plan's share of these expenses totaled \$131,651 and \$157,021 in 2011 and 2010, respectively.

NESTLÉ USA C&S SAVINGS PLAN

Notes to Financial Statements

December 31, 2011 and 2010

(i) Plan-to-Plan Transfers

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

(2) Summary of Significant Accounting Policies

(a) Basis of Accounting

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

(b) Fully Benefit-Responsive Investment Contracts

The Plan follows the guidance in Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 962, *Fully Benefit-Responsive Investment Contracts*. ASC 962 requires the statement of net assets available for plan benefits present the fair value of the Plan's investments as well as the adjustment from fair value to contract value for the fully benefit-responsive investment contracts. The statement of changes in net assets available for plan benefits is prepared on a contract value basis for the fully benefit-responsive investment contracts.

(c) Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amount of assets, liabilities, and changes therein, and to disclose contingent assets and liabilities. Actual results could differ from these estimates.

(d) Payment of Benefits

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

(e) Valuation of Investments

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

Purchase and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date. Net (depreciation) appreciation in fair value of investments represents both realized and unrealized gains and losses. Refer to note 8, *Fair Value Measurements*, for further information related to the valuation of Master Trust investments.

NESTLÉ USA C&S SAVINGS PLAN

Notes to Financial Statements

December 31, 2011 and 2010

(f) *Risks and Uncertainties*

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

(3) **Guaranteed Investment Contracts (GICs)**

The Master Trust holds fully benefit-responsive investment contracts, specifically synthetic investment contracts and separate account investment contracts (GICs) through the Core Stable Investment Fund with various third parties (i.e., insurance companies and banks). A synthetic GIC provides for a fixed return on principal over a specified period of time through wrapper contracts issued by a third party, which are backed by underlying assets owned by the Plan. A separate account GIC also provides for a fixed return but the GIC contract is backed by investments that are technically owned by the insurance company. However, these assets are held in a separate account allocated for the benefit of participants, they are not part of the insurance company's general account and are expected to be insulated from claims should there be any insolvency. All investment contracts are reset quarterly. The benefit-responsive investment contracts purchased by the fund are designed to pay all participant-initiated transactions at contract value.

Contract value represents contributions made to the investment contracts, plus earnings (losses), less participant withdrawals and administrative expenses. Fair value of the GICs generally equals the quoted market price of the underlying assets on the last business day of the plan year. The fair value of the benefit-responsive investment contract for the GIC is determined using a discounted cash flow model which considers recent rebids, as determined by recognized dealers, and the duration of the underlying portfolio.

The value of the GICs held by the Master Trust as of December 31, 2011 and 2010, was as follows:

	<u>Ratings</u>	<u>Investments at fair value</u>	<u>at contract value</u>	<u>Adjustment to contract</u>
Separate Account GICs:				
MetLife GAC - 32406	Aa3/AA-	\$ 105,140,581	101,981,019	3,159,562
MetLife GAC - 32407	Aa3/AA-	132,388,607	127,412,311	4,976,296
Synthetic GICs:				
MetLife 02142	Aa3/AA-	329,011,637	310,041,538	18,970,099
ING - 060334	A3/A-	329,011,748	310,310,933	18,700,815
		<u>\$ 895,552,573</u>	<u>849,745,801</u>	<u>45,806,772</u>

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Notes to Financial Statements

December 31, 2011 and 2010

December 31, 2010					
		Investments	Investments	Wrapper	Adjustment
	Ratings	at fair value	at contract value	contracts (1)	to contract
Synthetic GICs:					
Aegon	A1/AA-	\$ 308,493,468	298,620,083	—	9,873,385
MetLife	Aa3/AA-	308,256,212	298,390,420	—	9,865,792
State Street	Aa2/AA-	309,121,377	298,621,618	626,323	10,499,759
		<u>\$ 925,871,057</u>	<u>895,632,121</u>	<u>626,323</u>	<u>30,238,936</u>

(1) Wrapper contracts fair value are included within investments at fair value above.

The fair value of the benefit-responsive contracts and GICs, as well as the adjustment from fair value to contract value, was allocated to the Plan based upon the Plan's underlying share of the Core Stable Investment Fund as of December 31, 2011 and 2010.

There are no reserves against contract value for credit risk of the contract issuer or otherwise. The average crediting interest rates for the years ended December 31, 2011 and 2010, were 3.46% and 3.87%, respectively, with the range of interest rates varying from 1.46% to 4.86% in 2011 and 3.45% to 4.29% in 2010. The crediting interest rate is based on a formula agreed upon with the issuer, but may not be less than zero.

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

(4) Plan Termination

Although it has not expressed any intent to do so, the Company has the right under the Plan to alter, suspend, or terminate the Plan subject to the provisions of ERISA. In the event of Plan termination, all amounts credited to participants' accounts would become fully vested and nonforfeitable. In addition, a complete distribution of the Plan's assets would be made to participants after payment of administrative and termination expenses.

NESTLÉ USA C&S SAVINGS PLAN

Notes to Financial Statements

December 31, 2011 and 2010

(5) Investment in Master Trust

The Plan's proportionate interest in the investments held by the trustee is approximately 1.5% at December 31, 2011 and 2010. The following is financial information with respect to the Master Trust (excluding participant loans) that has been certified by the trustee as complete and accurate (refer to note 6):

	<u>2011</u>	<u>2010</u>
Investments, at fair value:		
Investment contracts:		
Core Stable Investment Fund	\$ 895,552,573	925,871,057
State Street Short Term Investment Fund	186,601,179	—
Common/collective trusts	1,299,366,153	1,177,572,669
Registered investment companies	551,537,387	500,172,841
Other investments	<u>3,340,008</u>	<u>987,689</u>
Net investments available for plan benefits	\$ <u>2,936,397,300</u>	<u>2,604,604,256</u>
Net investments of Master Trust allocated to the Plan	\$ 43,645,543	41,250,605

The following investment had a fair value exceeding 5% of Master Trust assets as of December 31, 2011 and 2010:

	<u>2011</u>	<u>2010</u>
Investments exceeding 5% of Master Trust assets:		
SSGA Global Equity ex US Index Fund (Class A)	\$ 177,842,698	161,806,879
State Street Russell Small Cap Index	169,133,488	148,847,190
State Street Passive Bond Market Index	254,362,051	194,035,545
State Street S&P 500 Flagship Fund	698,027,916	611,876,863
State Street Short Term Investment Fund	186,601,179	—

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Notes to Financial Statements

December 31, 2011 and 2010

During 2011 and 2010, the investments held by the trustee (including investments bought, sold, as well as held during the year) (depreciated) appreciated in value as follows:

	<u>2011</u>	<u>2010</u>
Net (depreciation)/appreciation of investments:		
State Street Short Term Investment Fund	\$ 23,817,565	28,744,057
Common/collective trusts	(1,380,863)	147,928,605
Registered investment companies	<u>(35,918,607)</u>	<u>46,931,988</u>
Total (depreciation) appreciation of investments	(13,481,905)	223,604,650
Dividends	11,970,823	11,523,623
Other income	<u>4,716,599</u>	<u>5,984,363</u>
Investment income	<u>\$ 3,205,517</u>	<u>241,112,636</u>
Investment income of the Master Trust attributable to the Plan	\$ 832,195	2,459,215

(6) Trustee Certifications

The Plan Administrator has elected the method of compliance permitted by 29 CFR 2520.103-8 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under ERISA. Accordingly, as permitted under such election, the Plan Administrator has obtained a certification from SSB, trustee, as of and for the years ended December 31, 2011 and 2010, that all of the information provided by them is complete and accurate. Information included in the accompanying financial statements and notes thereto and supplemental schedule, as to investments and investment income is presented based upon those certifications. The auditors did not perform auditing procedures with respect to this information, except for comparing such information to the related information included in the financial statements and supplemental schedule.

(7) Parties in Interest

During 2011 and 2010, Nestlé in the USA Savings Trust had parties in interest that included Plan Sponsor, trustee, record-keeper, and investment advisory, legal and administrative service providers. The fees paid by the Plan to these parties in interest were \$131,651 and \$157,021 during 2011 and 2010, respectively.

(8) Fair Value Measurements

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

- Level 1 – Assets or liabilities that are valued based on quoted prices in active markets that are accessible at measurement date.

NESTLÉ USA C&S SAVINGS PLAN

Notes to Financial Statements

December 31, 2011 and 2010

- Level 2 – Assets or liabilities that are valued based on inputs other than quoted prices that are observable, including quoted prices for similar assets or liabilities and other pricing models (which use observable inputs).
- Level 3 – Assets or liabilities that are based on unobservable inputs, including the reporting entity's own analysis of the underlying economic data that market participants would factor into the pricing of the asset or liability.

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

		December 31, 2011			
		Level 1	Level 2	Level 3	Total
Nestlé in the USA Savings Trust Assets:					
Cash equivalents	\$	—	186,601,179 (d)	—	186,601,179
Insurance contracts:					
Separate account GIC Contracts		—	237,529,188 (a)	—	237,529,188
Synthetic GIC Contracts		—	651,982,417 (a)	—	651,982,417
Real estate funds		—	—	6,040,968 (b)	6,040,968
Common/collective trusts:					
Int'l Equity		—	177,842,698 (d)	—	177,842,698
US Large Cap Equity		—	698,027,916 (d)	—	698,027,916
US Small Cap Equity		—	169,133,488 (d)	—	169,133,488
Fixed income		—	254,362,051 (d)	—	254,362,051
Registered investment companies:					
Int'l Equity		82,554,464 (c)	—	—	82,554,464
US Large Cap Equity		197,284,413 (c)	—	—	197,284,413
US Small Cap Equity		114,313,971 (c)	—	—	114,313,971
Other (Separate accounts)		64,015,655 (c)	—	—	64,015,655
Fixed income		93,368,884 (c)	—	—	93,368,884
Other investments		3,340,008 (c)	—	—	3,340,008
	\$	<u>554,877,395</u>	<u>2,375,478,937</u>	<u>6,040,968</u>	<u>2,936,397,300</u>

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December 31, 2011 and 2010

	December 31, 2010			
	Level 1	Level 2	Level 3	Total
Nestlé in the USA Savings				
Trust Assets:				
Insurance contracts:				
Synthetic GICS at Fair Value	—	913,737,083 (a)	—	913,737,083
Wrapper contract	—	—	626,323 (a)	626,323
Real estate funds	—	—	11,507,651 (b)	11,507,651
Common/collective trusts:				
Int'l Equity	—	161,806,879 (d)	—	161,806,879
US Large Cap Equity	—	611,876,863 (d)	—	611,876,863
US Small Cap Equity	—	209,853,382 (d)	—	209,853,382
Fixed income	—	194,035,545 (d)	—	194,035,545
Registered investment companies:				
Int'l Equity	95,295,570 (c)	—	—	95,295,570
US Large Cap Equity	197,266,578 (c)	—	—	197,266,578
US Small Cap Equity	60,849,060 (c)	—	—	60,849,060
Other (Separate accounts)	66,555,021 (c)	—	—	66,555,021
Fixed income	80,206,612 (c)	—	—	80,206,612
Other investments	987,689 (c)	—	—	987,689
	<u>\$ 501,160,530</u>	<u>2,091,309,752</u>	<u>12,133,974</u>	<u>2,604,604,256</u>

The valuation methodologies utilized by the Master Trust for the above investments as of December 31, 2011 and 2010, are as follows:

- (a) Investments in fully benefit-responsive investment contracts are presented at fair value, and are adjusted to contract value in accordance with the ASC 962 (note 2(b)). The insurance contracts are backed primarily by fixed income investments that are valued on a market basis. 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.
- (b) Investment in real estate funds are based on the net asset values (NAVs) reported to the Company and trustee on a periodic basis by the general partners of the fund. These NAVs are based on fair value of the underlying portfolio investments held by the real estate fund. These fair values are valued at appraised values plus undistributed rental and interest income. Management has used the NAV as a practical expedient to estimate fair value of the real estate fund. All real estate investments allow redemptions and, upon notice, the funds are typically paid out on a quarterly basis, over multiple quarters. There are no gates or lock ups that would substantially impact the liquidity of the Core Stable Investment Fund. Redemptions occur at fair value, which is based on the most recent NAV prior to the redemption. The Company currently has no intention of selling any of these investments at an amount other than the NAV.

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Notes to Financial Statements

December 31, 2011 and 2010

- (c) Registered investment companies (i.e., mutual funds) are exchange traded and valued at quoted market prices. Other investments comprised of cash operating accounts.
- (d) Common/collective trusts and cash equivalents are valued based on the NAV of the fund as determined by the investment manager based on quoted and/or industry market prices. The NAV is the market value of all of the securities owned by a fund, minus its total liabilities divided by the number of shares issued. The funds held in the trust can be redeemed on a daily basis with no redemption restrictions.

A summary of changes in the fair value of Level 3 assets for the years ended December 31, 2011 and 2010, are as follows:

		Level 3 assets	
		Real estate only	Wrapper value
Nestlé in the USA Savings Trust Assets:			
Insurance contracts:			
Fair value of investments at December 31, 2009	\$	27,086,513	5,173,246
Adjustment to market value:			
Unrealized gain (loss)		4,567,314	(4,546,923)
Realized (loss) gain		(5,252,121)	—
Dividend		195,044	—
Purchases (sales)		(15,089,099)	—
Fair value of investments at December 31, 2010		11,507,651	626,323
Adjustment to market value:			
Unrealized gain (loss)		178,793	—
Realized (loss) gain		(1,870,828)	(626,323)
Dividend		56,875	—
Sales		(3,831,523)	—
Fair value of investments at December 31, 2011	\$	6,040,968	—

In 2011, the Plan has either sold or is in the process of liquidating all real estate investments within the Core Stable Investment Fund, as well as adopted more conservative fixed income investment guidelines.

We evaluated the significance of transfers between levels based upon the nature of the financial instrument and size of the transfer relative to total net assets available for benefits. For the year ended December 31, 2011 and 2010, there were no significant transfers in or out of Levels 1, 2, or 3.

NESTLÉ USA C&S SAVINGS PLAN

Notes to Financial Statements

December 31, 2011 and 2010

(9) Tax Status

The Internal Revenue Service (IRS) has determined and informed the Company by a letter dated May 28, 2003, that the Plan and related trust are designed in accordance with applicable sections of the Internal Revenue Code (IRC). In accordance with IRS procedures, in December 2009 the Company adopted an amended and restated Plan document effective January 1, 2009. The Company submitted a determination letter ruling request with the IRS in January 2010 for the amended and restated Plan document with regard to EGTRRA and other items identified on the 2008 Cumulative List of Changes in Plan Qualification Requirements in IRS Notice 2008-108. The IRS has not yet issued a ruling on the request through the date of this report; however, the Plan Administrator believes that the Plan is designed and is currently being operated in compliance with the applicable requirements of the IRC.

Accounting principles generally accepted in the United States of America require the Plan Administrator to evaluate tax positions taken by the Plan. The financial statement effects are recognized when the Plan has taken an uncertain position that more likely than not would be sustained upon examination by the IRS. The Plan Administrator has analyzed the tax positions taken by the Plan and has concluded that as of December 31, 2011, 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 2008.

(10) Reconciliation of Financial Statements to Form 5500

The following is a reconciliation of net assets available for plan benefits according to the financial statements as of December 31, 2011 and 2010, to the Form 5500:

	<u>2011</u>	<u>2010</u>
Net assets available for plan benefits per the financial statements	\$ 44,317,628	42,250,895
Certain deemed distributions of participant loans	(54,721)	(39,799)
Adjustment from contract value to fair value of fully benefit-responsive investment contracts	<u>1,444,514</u>	<u>1,017,861</u>
Net assets available for plan benefits per Form 5500	<u>\$ 45,707,421</u>	<u>43,228,957</u>

NESTLÉ USA C&S SAVINGS PLAN

Notes to Financial Statements

December 31, 2011 and 2010

The following is a reconciliation of the net increase per the financial statements and the net income per the Form 5500 for the years ended December 31, 2011 and 2010:

	<u>2011</u>	<u>2010</u>
Net increase per the financial statements	\$ 2,066,733	3,647,404
Change in certain deemed distributions of participant loans	(14,922)	(2,482)
Adjustment from contract value to fair value of fully benefit-responsive investment contracts	<u>426,653</u>	<u>855,798</u>
Net income per the Form 5500	<u>\$ 2,478,464</u>	<u>4,500,720</u>

Certain deemed distributions represent active participants' loan balances that were in default and have been taxed to the participant (deemed loans). Amounts associated with certain deemed loans are included in the net asset balance reported in the financial statements at December 31, 2011 and 2010, but are removed from the net assets reported on the Form 5500.

(11) Subsequent Events

The Plan Administrator has evaluated subsequent events through October 12, 2012, the date these financial statements were available for issuance and concluded that no events occurred which would require an adjustment of additional disclosure to the financial statements.

Effective July 2, 2012, the existing fund lineup of Core Funds, Active Funds, and Pre-set Portfolios was replaced with a new fund lineup consisting of six Core Funds and ten Target Date Funds.

Schedule

NESTLÉ USA C&S SAVINGS PLAN

EIN: 95-1572209

Plan Number: 201

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

December 31, 2011

(a)	(b) Identity of issue, borrower, lessor, or similar party	(c) Description of investment including maturity date, rate of interest, collateral, par, or maturity value	(d) Cost	(e) Current value
*	State Street Bank and Trust Company	Investment in Nestlé in the USA Savings Trust	✓	\$ 43,645,543
*	Participant loans	Various maturity dates from 2012 to 2026 with various rates of interest ranging from 4.25% to 9.25%. The number of outstanding loans as of December 31, 2011 was 280.	†	2,116,599
			✓	\$ 45,762,142

* Party-in-interest.

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

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

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

See accompanying independent auditors' report.

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