

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
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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>GERBER-FREMONT HOURLY PENSION PLAN</u>	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 80%;">1b Three-digit plan number (PN) ▶</td> <td style="width: 20%; text-align: center;"><u>112</u></td> </tr> <tr> <td colspan="2">1c Effective date of plan <u>01/01/1950</u></td> </tr> </table>	1b Three-digit plan number (PN) ▶	<u>112</u>	1c Effective date of plan <u>01/01/1950</u>	
1b Three-digit plan number (PN) ▶	<u>112</u>				
1c Effective date of plan <u>01/01/1950</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>30003 BAINBRIDGE RD</u> <u>OLON, OH 44139-2205</u>	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td>2b Employer Identification Number (EIN) <u>95-1572209</u></td> </tr> <tr> <td>2c Sponsor's telephone number <u>440-349-5757</u></td> </tr> <tr> <td>2d Business code (see instructions) <u>311900</u></td> </tr> </table>	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>	
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	Filed with authorized/valid electronic signature.	10/15/2012	SHARON M.M. STRASSHOFER
	Signature of plan administrator	Date	Enter name of individual signing as plan administrator
SIGN HERE	Filed with authorized/valid electronic signature.	10/15/2012	RUSSELL W. NISWANDER, F.S.A.
	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)
v.012611

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
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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
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5 Total number of participants at the beginning of the plan year	5	961
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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	548
b Retired or separated participants receiving benefits.....	6b	247
c Other retired or separated participants entitled to future benefits.....	6c	146
d Subtotal. Add lines 6a , 6b , and 6c	6d	941
e Deceased participants whose beneficiaries are receiving or are entitled to receive benefits.....	6e	47
f Total. Add lines 6d and 6e	6f	988
g Number of participants with account balances as of the end of the plan year (only defined contribution plans complete this item).....	6g	
h Number of participants that terminated employment during the plan year with accrued benefits that were less than 100% vested.....	6h	1

7 Enter the total number of employers obligated to contribute to the plan (only multiemployer plans complete this item)	7	
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8a If the plan provides pension benefits, enter the applicable pension feature codes from the List of Plan Characteristic Codes in the instructions:

1B 1G

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
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10 Check all applicable boxes in 10a and 10b to indicate which schedules are attached, and, where indicated, enter the number attached. (See instructions)

a Pension Schedules

- (1) ☒ **R** (Retirement Plan Information)
- (2) ☐ **MB** (Multiemployer Defined Benefit Plan and Certain Money Purchase Plan Actuarial Information) - signed by the plan actuary
- (3) ☒ **SB** (Single-Employer Defined Benefit Plan Actuarial Information) - signed by the plan actuary

b General Schedules

- (1) ☒ **H** (Financial Information)
- (2) ☐ **I** (Financial Information – Small Plan)
- (3) ☐ **A** (Insurance Information)
- (4) ☐ **C** (Service Provider Information)
- (5) ☒ **D** (DFE/Participating Plan Information)
- (6) ☐ **G** (Financial Transaction Schedules)

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 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

▶ **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>GERBER-FREMONT HOURLY PENSION PLAN</u>	B Three-digit plan number (PN) ▶ <u>112</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>2011</u>	
2 Assets:	
a Market value	2a <u>56260984</u>
b Actuarial value	2b <u>56260984</u>
3 Funding target/participant count breakdown:	
	(1) Number of participants (2) Funding Target
a For retired participants and beneficiaries receiving payment	3a <u>287</u> <u>16715841</u>
b For terminated vested participants	3b <u>143</u> <u>2294162</u>
c For active participants:	
(1) Non-vested benefits	3c(1) <u>3236213</u>
(2) Vested benefits	3c(2) <u>22394161</u>
(3) Total active	3c(3) <u>554</u> <u>25630374</u>
d Total	3d <u>984</u> <u>44640377</u>
4 If the plan is in at-risk status, check the box and complete lines (a) and (b)	☐
a Funding target disregarding prescribed at-risk assumptions	4a
b Funding target reflecting at-risk assumptions, but disregarding transition rule for plans that have been in at-risk status for fewer than five consecutive years and disregarding loading factor	4b
5 Effective interest rate	5 <u>6.02 %</u>
6 Target normal cost	6 <u>2086118</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>09/25/2012</u>
Signature of actuary <u>THAD SUMMERSETT</u>	Date <u>11-07261</u>
Type or print name of actuary <u>TOWERS WATSON PENNSYLVANIA INC.</u>	Most recent enrollment number <u>310-551-5716</u>
Firm name <u>1925 CENTURY PARK EAST, SUITE 1500</u> <u>LOS ANGELES, CA 90067-2790</u>	Telephone number (including area code)
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) 2011
v.012611

Part II		Beginning of year carryover and prefunding balances	
		(a) Carryover balance	(b) Prefunding balance
7	Balance at beginning of prior year after applicable adjustments (line 13 from prior year)	3932217	0
8	Portion elected for use to offset prior year's funding requirement (line 35 from prior year)	0	0
9	Amount remaining (line 7 minus line 8)	3932217	0
10	Interest on line 9 using prior year's actual return of <u>18.02</u> %	708586	
11	Prior year's excess contributions to be added to prefunding balance:		
a	Present value of excess contributions (line 38 from prior year)		1907380
b	Interest on (a) using prior year's effective rate of <u>6.61</u> % except as otherwise provided (see instructions)		126078
c	Total available at beginning of current plan year to add to prefunding balance		2033458
d	Portion of (c) to be added to prefunding balance		0
12	Other reductions in balances due to elections or deemed elections	0	0
13	Balance at beginning of current year (line 9 + line 10 + line 11d – line 12)	4640803	0

Part III		Funding percentages	
14	Funding target attainment percentage	14	115.63 %
15	Adjusted funding target attainment percentage	15	126.03 %
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	123.34 %
17	If the current value of the assets of the plan is less than 70 percent of the funding target, enter such percentage	17	%

Part IV		Contributions and liquidity shortfalls			
18 Contributions made to the plan for the plan year by employer(s) and employees:					
(a) Date (MM-DD-YYYY)	(b) Amount paid by employer(s)	(c) Amount paid by employees	(a) Date (MM-DD-YYYY)	(b) Amount paid by employer(s)	(c) Amount paid by employees
01/12/2012	2731000				
			Totals ▶	18(b)	2731000
				18(c)	0

19 Discounted employer contributions – see instructions for small plan with a valuation date after the beginning of the year:	
a Contributions allocated toward unpaid minimum required contributions from prior years	19a 0
b Contributions made to avoid restrictions adjusted to valuation date	19b 0
c Contributions allocated toward minimum required contribution for current year adjusted to valuation date	19c 2571395
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: 2.94%	2nd segment: 5.82%	3rd segment: 6.46 %	☐ N/A, full yield curve used
b Applicable month (enter code)				21b 0
22 Weighted average retirement age				22 62
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 contributions for all prior years	28	0
29 Discounted employer contributions allocated toward unpaid minimum required contributions from prior years (line 19a).....	29	0
30 Remaining amount of unpaid minimum required contributions (line 28 minus line 29)	30	0

Part VIII Minimum required contribution for current year

31 Target normal cost and excess assets (see instructions):			
a Target normal cost (line 6)	31a	2086118	
b Excess assets, if applicable, but not greater than 31a	31b	2086118	
32 Amortization installments:	Outstanding Balance	Installment	
a Net shortfall amortization installment	0	0	
b Waiver amortization installment	0	0	
33 If a waiver has been approved for this plan year, enter the date of the ruling letter granting the approval (Month _____ Day _____ Year _____) and the waived amount	33		
34 Total funding requirement before reflecting carryover/prefunding balances (lines 31a - 31b + 32a + 32b - 33)...	34	0	
	Carryover balance	Prefunding balance	Total balance
35 Balances elected for use to offset funding requirement.....	0	0	0
36 Additional cash requirement (line 34 minus line 35)	36	0	
37 Contributions allocated toward minimum required contribution for current year adjusted to valuation date (line 19c)	37	2571395	
38 Present value of excess contributions for current year (see instructions)			
a Total (excess, if any, of line 37 over line 36)	38a	2571395	
b Portion included in line 38a attributable to use of prefunding and funding standard carryover balances	38b	0	
39 Unpaid minimum required contribution for current year (excess, if any, of line 36 over line 37)	39	0	
40 Unpaid minimum required contributions for all years.....	40	0	

Part IX Pension funding relief under Pension Relief Act of 2010 (see instructions)

41 If a shortfall amortization base is being amortized pursuant to an alternative amortization schedule:			
a Schedule elected	☐ 2 plus 7 years ☐ 15 years		
b Eligible plan year(s) for which the election in line 41a was made	☐ 2008 ☐ 2009 ☐ 2010 ☐ 2011		
42 Amount of acceleration adjustment	42		
43 Excess installment acceleration amount to be carried over to future plan years	43		

SCHEDULE D (Form 5500) Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration		DFE/Participating Plan Information This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA). ▶ File as an attachment to Form 5500.		OMB No. 1210-0110 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 GERBER-FREMONT HOURLY PENSION PLAN				B Three-digit plan number (PN) ▶ 112	
C Plan or DFE sponsor's name as shown on line 2a of Form 5500 NESTLE USA, INC.				D Employer Identification Number (EIN) 95-1572209	
Part I Information on interests in MTIAs, CCTs, PSAs, and 103-12 IEs (to be completed by plans and DFEs) (Complete as many entries as needed to report all interests in DFEs)					
a Name of MTIA, CCT, PSA, or 103-12 IE: NESTLE IN THE USA PENSION TRUST					
b Name of sponsor of entity listed in (a): NESTLE USA, INC.					
c EIN-PN 36-7324184-101		d Entity code M		e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) 61078062	
a Name of MTIA, CCT, PSA, or 103-12 IE:					
b Name of sponsor of entity listed in (a):					
c EIN-PN		d Entity code		e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)	
a Name of MTIA, CCT, PSA, or 103-12 IE:					
b Name of sponsor of entity listed in (a):					
c EIN-PN		d Entity code		e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)	
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c EIN-PN		d Entity code		e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)	
a Name of MTIA, CCT, PSA, or 103-12 IE:					
b Name of sponsor of entity listed in (a):					
c EIN-PN		d Entity code		e Dollar value of interest in MTIA, CCT, PSA, or 103	

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

SCHEDULE H (Form 5500) Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	Financial Information This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA), and section 6058(a) of the Internal Revenue Code (the Code). ► File as an attachment to Form 5500.	OMB No. 1210-0110 2011 This Form is Open to Public Inspection
For calendar plan year 2011 or fiscal plan year beginning <u>01/01/2011</u> and ending <u>12/31/2011</u>		
A Name of plan <u>GERBER-FREMONT HOURLY PENSION PLAN</u>	B Three-digit plan number (PN) ►	<u>112</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 Asset and Liability Statement		(a) Beginning of Year	(b) End of Year
1	Current value of plan assets and liabilities at the beginning and end of the plan year. Combine the value of plan assets held in more than one trust. Report the value of the plan's interest in a commingled fund containing the assets of more than one plan on a line-by-line basis unless the value is reportable on lines 1c(9) through 1c(14). Do not enter the value of that portion of an insurance contract which guarantees, during this plan year, to pay a specific dollar benefit at a future date. Round off amounts to the nearest dollar. MTIAs, CCTs, PSAs, and 103-12 IEs do not complete lines 1b(1), 1b(2), 1c(8), 1g, 1h, and 1i. CCTs, PSAs, and 103-12 IEs also do not complete lines 1d and 1e. See instructions.			
	Assets			
a	Total noninterest-bearing cash	1a		
b	Receivables (less allowance for doubtful accounts):			
	(1) Employer contributions	1b(1)	2038000	2731000
	(2) Participant contributions	1b(2)		
	(3) Other.....	1b(3)		
c	General investments:			
	(1) Interest-bearing cash (include money market accounts & certificates of deposit)	1c(1)		
	(2) U.S. Government securities.....	1c(2)		
	(3) Corporate debt instruments (other than employer securities):			
	(A) Preferred	1c(3)(A)		
	(B) All other.....	1c(3)(B)		
	(4) Corporate stocks (other than employer securities):			
	(A) Preferred	1c(4)(A)		
	(B) Common	1c(4)(B)		
	(5) Partnership/joint venture interests	1c(5)		
	(6) Real estate (other than employer real property)	1c(6)		
	(7) Loans (other than to participants)	1c(7)		
	(8) Participant loans	1c(8)		
	(9) Value of interest in common/collective trusts.....	1c(9)		
	(10) Value of interest in pooled separate accounts.....	1c(10)		
	(11) Value of interest in master trust investment accounts	1c(11)	54227621	61078062
	(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	56265621	63809062

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	56265621	63809062
---	-----------	----------	----------

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)	2731000	
(B) Participants	2a(1)(B)		
(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)		2731000
b Earnings on investments:			
(1) Interest:			
(A) Interest-bearing cash (including money market accounts and certificates of deposit)	2b(1)(A)		
(B) U.S. Government securities	2b(1)(B)		
(C) Corporate debt instruments	2b(1)(C)		
(D) Loans (other than to participants)	2b(1)(D)		
(E) Participant loans	2b(1)(E)		
(F) Other	2b(1)(F)		
(G) Total interest. Add lines 2b(1)(A) through (F)	2b(1)(G)		0
(2) Dividends: (A) Preferred stock	2b(2)(A)		
(B) Common stock	2b(2)(B)		
(C) Registered investment company shares (e.g. mutual funds)	2b(2)(C)		
(D) Total dividends. Add lines 2b(2)(A) , (B) , and (C)	2b(2)(D)		0
(3) Rents	2b(3)		
(4) Net gain (loss) on sale of assets: (A) Aggregate proceeds	2b(4)(A)		
(B) Aggregate carrying amount (see instructions)	2b(4)(B)		
(C) Subtract line 2b(4)(B) from line 2b(4)(A) and enter result	2b(4)(C)		0

		(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)		6982964
(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		9713964

Expenses

e Benefit payment and payments to provide benefits:			
(1) Directly to participants or beneficiaries, including direct rollovers	2e(1)	1861804	
(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)		1861804
f Corrective distributions (see instructions)	2f		
g Certain deemed distributions of participant loans (see instructions).....	2g		
h Interest expense.....	2h		
i Administrative expenses: (1) Professional fees	2i(1)		
(2) Contract administrator fees	2i(2)		
(3) Investment advisory and management fees	2i(3)		
(4) Other	2i(4)	308719	
(5) Total administrative expenses. Add lines 2i(1) through (4)	2i(5)		308719
j Total expenses. Add all expense amounts in column (b) and enter total.....	2j		2170523

Net Income and Reconciliation

k Net income (loss). Subtract line 2j from line 2d	2k		7543441
l Transfers of assets:			
(1) To this plan.....	2l(1)		
(2) From this plan	2l(2)		

Part III Accountant's Opinion

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

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

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

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

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

(1) Name: KPMG LLP

(2) EIN: 13-5565207

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

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

Part IV Compliance Questions

- 4** CCTs and PSAs do not complete Part IV. MTIAs, 103-12 IEs, and GIAs do not complete 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.).....			
n If 4m was answered "Yes," check the "Yes" box if you either provided the required notice or one of the exceptions to providing the notice applied under 29 CFR 2520.101-3.			
4n			

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

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

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

5b(1) Name of plan(s)

5b(2) EIN(s)	5b(3) PN(s)

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>GERBER-FREMONT HOURLY PENSION PLAN</u>	B Three-digit plan number (PN) ▶ <u>112</u>
C Plan sponsor's name as shown on line 2a of Form 5500 <u>NESTLE USA, INC.</u>	D Employer Identification Number (EIN) <u>95-1572209</u>

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

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

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

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

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

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

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

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

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

Schedule R (Form 5500) 2011
v.012611

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): _____



GERBER – FREMONT HOURLY PENSION PLAN

Financial Statements

December 31, 2011 and 2010

(With Independent Auditors' Report Thereon)

GERBER – FREMONT HOURLY PENSION PLAN

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Statements of Changes in Net Assets Available for Benefits – Years ended December 31, 2011 and 2010	3
Statements of Accumulated Plan Benefits – December 31, 2011 and 2010	4
Statements of Changes in Accumulated Plan Benefits – Years ended December 31, 2011 and 2010	5
Notes to Financial Statements	6

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



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

Independent Auditors' Report

The Plan Administrator
Gerber – Fremont Hourly Pension Plan:

We were engaged to audit the accompanying statements of net assets available for benefits and of accumulated plan benefits of the Gerber – Fremont Hourly Pension Plan (Plan) as of December 31, 2011 and 2010, and the related statements of changes in net assets available for benefits and of changes in accumulated plan benefits for the years ended. These financial statements 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 5, 7 and 8, which was certified by The Northern Trust Company, the trustee of the Plan, except for comparing such information with the related information included in the financial statements. We have been informed by the Plan Administrator that the trustee holds certain Plan investment assets and executes investment transactions. The Plan Administrator has obtained certifications 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 and predecessor trustee is complete and accurate.

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

As explained in note 5, the financial statements include investments whose carrying values have been estimated by management in the absence of readily determinable fair values. Management's estimates are based on information provided by the fund managers or the general partners. These investments are held in the Nestlé in the USA Pension Trust (Pension Trust), and represent 34% and 32% of the total net assets of the Pension Trust as of December 31, 2011 and 2010, respectively.

KPMG LLP

October 12, 2012

GERBER – FREMONT HOURLY PENSION PLAN

Statements of Net Assets Available for Benefits

December 31, 2011 and 2010

	<u>2011</u>	<u>2010</u>
Investments, at fair value (notes 5 and 7):		
Plan interest in Nestlé in the USA Pension Trust	\$ 61,078,062	54,227,621
Net assets available for benefits	<u>\$ 61,078,062</u>	<u>54,227,621</u>

See accompanying notes to financial statements.

GERBER – FREMONT HOURLY PENSION PLAN

Statements of Changes in Net Assets Available for Benefits

Years ended December 31, 2011 and 2010

	<u>2011</u>	<u>2010</u>
Investment income:		
Plan interest in Nestle in the USA Pension Trust investment income	\$ <u>6,982,964</u>	<u>8,728,748</u>
Total investment income	<u>6,982,964</u>	<u>8,728,748</u>
Contributions:		
Employer contributions	<u>2,038,000</u>	<u>1,864,000</u>
Total contributions	<u>2,038,000</u>	<u>1,864,000</u>
Deductions:		
Benefit payments to participants	<u>1,861,804</u>	<u>1,716,866</u>
Investment and administrative expenses	<u>308,719</u>	<u>351,618</u>
Total deductions	<u>2,170,523</u>	<u>2,068,484</u>
Net increase	<u>6,850,441</u>	<u>8,524,264</u>
Net assets available for benefits:		
Beginning of year	<u>54,227,621</u>	<u>45,703,357</u>
End of year	\$ <u><u>61,078,062</u></u>	<u><u>54,227,621</u></u>

See accompanying notes to financial statements.

GERBER – FREMONT HOURLY PENSION PLAN

Statements of Accumulated Plan Benefits

December 31, 2011 and 2010

	<u>2011</u>	<u>2010</u>
Vested benefits:		
Participants currently receiving payments	\$ 13,915,189	13,704,297
Other participants	<u>18,818,227</u>	<u>16,662,935</u>
	32,733,416	30,367,232
Nonvested benefits	<u>2,239,750</u>	<u>2,532,391</u>
Total actuarial present value of accumulated plan benefits	<u>\$ 34,973,166</u>	<u>32,899,623</u>

See accompanying notes to financial statements.

GERBER – FREMONT HOURLY PENSION PLAN

Statements of Changes in Accumulated Plan Benefits

Years ended December 31, 2011 and 2010

	<u>2011</u>	<u>2010</u>
Actuarial present value of accumulated plan benefits, beginning of year	\$ 32,899,623	30,586,531
Increase (decrease) during the year attributable to:		
Benefits accumulated	1,168,203	1,434,191
Interest due to the decrease in the discount period	2,718,955	2,528,376
Benefits paid	(1,861,804)	(1,716,866)
Assumption changes (note 2(c))	<u>48,189</u>	<u>67,391</u>
Actuarial present value of accumulated plan benefits, end of year	<u>\$ 34,973,166</u>	<u>32,899,623</u>

See accompanying notes to financial statements.

GERBER – FREMONT HOURLY PENSION PLAN

Notes to Financial Statements

December 31, 2011 and 2010

(1) Description of the Plan

The following brief description of the Gerber – Fremont Hourly Pension Plan (Plan) is provided for general information purposes only. Participants should refer to the Plan document for a more complete description of the Plan's provisions.

(a) General

The Plan is a noncontributory defined benefit pension plan covering substantially all of the hourly employees of the Fremont Plant of Gerber Products Company, a wholly owned subsidiary of Nestlé SA (Nestlé). Nestlé has designated Nestlé USA, Inc. (the Company) as the Plan sponsor and administrator.

The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA).

(b) Pension Benefits

Employees are entitled to monthly pension benefits upon the attainment of age 65 after completing at least five years of vesting service. The benefit is based on the benefit determined as of the participant's date of termination of employment. The benefit is calculated as the sum of (1) and (2) below where:

- (1) Equals the greater of the following two paragraphs:
 - (a) The sum of (i) the benefit calculated as of December 31, 1988 under the terms of the Plan in effect as of December 31, 1988; plus (ii) Years of participation after December 31, 1988 and prior to April 4, 2003 (maximum 40 years less years credited prior to 1989) multiplied by the applicable Dollar Accrual Factor (as defined in the Plan Document) for each of such years; and
 - (b) The participant's total Years of participation as of April 4, 2003 (subject to a maximum of 40 years) multiplied by the applicable Dollar Accrual Factor applicable for such years; and
- (2) Equals \$50 multiplied by the participant's total Years of participation after April 4, 2003.

Periodically, changes to the plan's provisions are negotiated to increase the base rate used to calculate pension benefits including benefit level increases to take place in future periods. No changes to the base rate were made in 2010 or 2011.

The Plan permits early retirement of active vested employees beginning at age 57. However, for employees who became members after December 31, 1988, five years of vesting service is also required. The participant can receive benefits computed as of the date of early retirement, in the same manner as a normal retirement benefit, except in the case of a participant with 30 or more full years of uninterrupted employment and who has attained age 60 at the time of early retirement, then monthly retirement benefit shall be reduced by 1/2 of 1% for each month by which the retirement date precedes age 62.

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The normal form of payment is a life annuity payable in monthly installments. A participant may elect various optional forms of payment which are actuarially equivalent to the normal form. Unless revoked in writing, a married participant will be deemed to have automatically elected a 50% contingent annuitant option with his or her spouse named as beneficiary.

Participants terminating employment for any reason other than death or retirement shall be entitled to a vested deferred benefit pension determined as of the date of termination of employment in the same manner as the normal benefit and payable according to the same normal and early retirement provisions as apply to active employees.

After having attained the age of 50 years and completing 15 years of employment, employees who are eligible for disability benefits under Title II of the Federal Social Security Act are eligible for the monthly disability retirement pension under the Plan determined as of the date of disability retirement, reduced by certain other benefits provided by or at the expense of the Company.

Prior to September 29, 2010, a portion of the Plan's benefit liability was covered under an annuity contract with Principal Financial Group (Principal), which is a frozen contract. All benefit payments due under the contract were made directly by Principal to the retiree. The contract with Principal was liquidated on September 29, 2010, with the proceeds immediately re-invested in the Plan. All benefit payments thereafter will be paid to the participants directly from the Plan's assets held in the Nestlé in the USA Pension Trust.

(c) *Death Benefits*

If the participant dies while in service and is eligible for deferred vested, early, normal or postponed retirement benefits, the eligible spouse may receive 50% of the employee's accrued normal retirement benefit to date of death.

(2) Summary of Significant Accounting Policies

(a) *Basis of Accounting*

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

(b) *Investment Valuation*

Plan assets are held in the Nestlé in the USA Pension Trust (Pension Trust), which was established by the Company for the pooled investment of assets for various qualified pension plans sponsored by the Company. The Pension Trust is maintained by The Northern Trust Company, as trustee.

The Pension Trust investments are stated at fair value, in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 820, *Fair Value Measurements and Disclosures*. Refer to note 8, *Fair Value Measurements*, for further information related to the valuation of Pension Trust investments.

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Purchases and sales of securities are recorded on a trade-date basis. Interest and other income are recorded on an accrual basis. Dividend income is recorded on the ex-dividend date. Net appreciation/depreciation includes the Pension Trust's gains and losses on investments bought and sold as well as held during the year.

(c) Actuarial Present Value of Accumulated Plan Benefits

Accumulated plan benefits are those future periodic payments that are attributable under the Plan's provisions to the service employees have rendered. Accumulated plan benefits include benefits expected to be paid to (a) retired or terminated employees or their beneficiaries; (b) beneficiaries of employees who have died, and (c) present employees or their beneficiaries. Benefits under the Plan for employees or their beneficiaries are based on the employee's years of credited service. The accumulated plan benefits for active employees are based on years of participation and the applicable benefit multiplier, as defined, in effect for given calendar years. Benefits payable under all circumstances – retirement, death, disability and termination of employment – are included to the extent they are deemed attributable to employee service rendered to the valuation date.

The actuarial present value of accumulated plan benefits is determined by an independent actuary, Towers Watson, and is the amount that results from applying actuarial assumptions to adjust the accumulated plan benefits to reflect the time value of money (through discounts for interest) and the probability of payment (by means of decrements due to death, disability, withdrawal or retirement) between the valuation date and the expected date of payment. The significant actuarial assumptions used in the valuation as of December 31, 2011 and 2010 were as follows:

Life expectancy of participants	RP-2000
Retirement age	Probabilities varying by age
Discount rate	8.50%

The discount rate for obligations was 8.50% in 2011 and 2010. These rates are consistent with the long-term expected return on assets. The mortality table of RP-2000 remains the same for 2011 and 2010; however, mortality projections have been changed in 2011 from 2026 to 2027 for preretirement participants and from 2018 to 2019 for postretirement participants.

The foregoing actuarial assumptions used are based on the presumption the Plan will continue. Were the Plan to terminate, different actuarial assumptions and other factors might be applicable in determining the actuarial present value of accumulated plan benefits.

(d) Administrative Expenses

The Plan allows for administrative expenses such as trustee fees, investment management fees, actuarial valuation fees, accounting fees, and recordkeeping fees to be paid from Plan assets.

(e) Payment of Benefits

Benefit payments to participants are recorded upon distribution.

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(f) Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and changes therein, disclosures of contingent assets and liabilities, and the actuarial present value of accumulated plan benefits at the date of the financial statements. Actual results could differ from those estimates.

(g) Risks and Uncertainties

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

Plan contributions are made and the actuarial present value of accumulated plan benefits are reported based on certain assumptions pertaining to interest rates, inflation rates, and employee demographics, all of which are subject to change. Due to uncertainties inherent in the estimation and assumption process, it is at least reasonably possible that changes in these estimates and assumptions in the near term could be material to the financial statements.

(h) Derivative Financial Instruments

The Plan accounts for derivatives and hedging activities in accordance with ASC 815, *Derivatives and Hedging*, which requires that all derivative instruments not qualifying for hedge accounting be recorded on the statements of net assets available for benefits at their respective fair values.

The Company uses derivatives for the benefit of the plans in the Pension Trust as a tool to reduce risk and as an investment strategy. The Pension Trust holds the following types of derivative instruments: interest rate swaps, credit default swaps (CDS), equity swaps, commodity swaps, financial futures, commodities futures, foreign exchange forward contracts and options, and swaptions and options. The derivative instruments outstanding as of period-end and the amounts of realized and unrealized gains and losses, as well as other income on derivative instruments during the period (as disclosed in the derivatives tables in note 7), serve as indicators of the volume of derivative activity for the Pension Trust. Derivative strategies involve risk and like other investments, can lose money. The impact on Pension Trust performance can be positive or negative, and will vary depending on market movements.

The Company manages the Pension Trust's interest rate risk using interest rate swaps (interest rate hedge). The objective of the interest rate hedge is to lengthen the effective duration of the Pension Trust's assets to better match its defined benefit obligations, thereby protecting the funded ratio of the Pension Trust as interest rates fluctuate. Interest rate swaps used in this manner adjust interest rate and yield curve exposures and substitute for physical securities.

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The Company also uses derivatives as a substitute for physical securities in order to gain exposure to certain asset classes. Using derivatives instead of physical securities may be a more efficient means to gain exposure to an index or a market sector due to its characteristics of increased liquidity and reduced transaction costs. Using derivatives may also reduce the need to sell assets when there is a difficult trading environment. Swaps and futures are used to create credit, equity and commodities exposure. Commodities exposure may only be obtained through the use of either futures or swaps derivative instruments, which is industry standard.

The Company uses a mix of equity, fixed income and commodity futures to securitize a large cash position. Use of these derivatives enables the cash of the Pension Trust to earn a return as if it were invested in the various asset classes as defined by the strategic asset allocation. It allows the Pension Trust to retain liquidity and flexibility, while still earning equity, fixed income, or commodity returns.

The Company uses derivatives to execute portable alpha strategies. Portable alpha strategies involve the use of futures or swaps to provide market exposure in equities, fixed income and commodities, combined with investment in market neutral total return strategies. Use of derivatives in this manner enables the Pension Trust to use market neutral strategies to earn an active return, while still complying with the strategic asset allocation.

The Company manages credit risk through use of CDS. These derivatives are used to manage credit exposure without buying or selling securities outright. Written CDS increase credit exposure (selling protection), obligating the portfolio to buy bonds from counterparties in the event of a default. Purchased CDS decrease exposure (buying protection) providing the right to “put” (sell) bonds to the counterparty in the event of a default.

The Company manages the foreign currency risk inherent in international equity portfolios through the use of foreign exchange forwards, which are foreign exchange transactions that have settlement periods longer than three days. The Company also uses foreign exchange forwards and currency options as an investment strategy.

Counterparty risk for swaps and forwards is mitigated through the use of International Swaps and Derivatives Association (ISDA) standardized agreements that require gains and losses owed to and from the counterparty to be agreed daily, and gains or losses to be collateralized with cash. For futures, the gain (loss) is calculated and funds are transferred to and from the Pension Trust on a daily basis, based on the prior day’s market valuation. The types of counterparties are large banks and brokers, and the investment managers each have netting arrangements within their accounts to reduce the exposure to any single counterparty.

Holding derivatives has a significant impact on cash flow. Daily mark to markets and accumulated gains and losses can be large, depending on the volatility of the markets. The Company has maintained liquidity necessary to settle any losses, regardless of the severity of the market change. In addition, the Pension Trust has the ability to borrow from the Company through an interest-free loan, if needed, to cover cash flow needs.

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(i) Foreign Currency

The Plan's investment securities and other assets and liabilities denominated in foreign currencies are translated into U.S. dollar amounts at the date of valuation. Purchases and sales of investment securities and income and expense items denominated in foreign currencies are translated into U.S. dollar amounts on the respective dates of such transactions.

The Pension Trust does not isolate that portion of the results of operations resulting from changes in foreign exchange rates on investments from the fluctuations arising from changes in market prices of securities held. Such fluctuations are included with the net appreciation and depreciation from investments.

(3) Funding Policy

The Company's general funding policy is to make contributions to the Plan for each plan year in an amount not less than the minimum required contribution under ERISA, and to target 100% funded status on a Pension Protection Act (PPA) basis. This will not exceed the maximum tax-deductible contribution. The minimum and maximum contributions are calculated on an annual basis by the Plan's actuary. Contributions made for the plan years ended December 31, 2011 and 2010 were \$2,038,000 and \$1,864,000, respectively, which met the Company's policy.

(4) Plan Termination

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

In the event the Plan terminates, the net assets of the Plan will be allocated as prescribed by ERISA and its related regulations. The assets allocated to each participant would be distributed through either (a) continuance of the trust fund that is attributable to the current Plan or the establishment of a new trust fund, and/or (b) purchase of annuity contracts. In addition, certain benefits under the Plan are insured by the Pension Benefit Guaranty Corporation (PBGC) if the Plan terminates. Generally, the PBGC guarantees most vested normal-age retirement benefits, early retirement benefits, and certain disability and survivor's pensions. However, the PBGC does not guarantee all types of benefits under the Plan, and the amount of benefit protection is subject to certain limitations. Vested benefits under the Plan are guaranteed at the level in effect on the date of the Plan's termination. However, there is a statutory ceiling on the amount of an individual's monthly benefit that the PBGC guarantees, which is adjusted periodically.

Whether all participants receive their benefits should the Plan terminate at some future time will depend on the sufficiency, at that time, of the Plan's net assets to provide those benefits and may also depend on the level of benefits guaranteed by the PBGC.

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(5) 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 certifications from The Northern Trust Company as of and for the years ended December 31, 2011 and 2010, as trustee of the Plan, that all of the information provided by them is complete and accurate. Information included in the accompanying financial statements and notes thereto, as to investments and investment income (loss), is presented in reliance upon those certifications, with the exception of the Pension Trust's investments in real estate funds, hedge funds, and venture capital and partnership funds. These investments are held by the investment fund managers, who report the net asset values of the Pension Trust's interests to the Company, as well as the trustee, on a periodic basis. Information included in the accompanying financial statements related to these funds is based upon these net asset values as of December 31, 2011 and 2010.

(6) Parties in Interest

During 2011 and 2010, Nestle in the USA Pension Trust had parties-in-interest that included Plan Sponsor, trustee, investment advisory, legal, actuarial and administrative service providers. The fees paid by the Pension Trust to these parties-in-interest were \$14,156,928 and \$14,585,374 in 2011 and 2010, respectively. The Pension Trust also invests in the common stock of The Northern Trust Company. The fair value of this investment was \$991,500 and \$664,920 in 2011 and 2010, respectively.

(7) Interest in Nestlé in the USA Pension Trust

The assets of the Plan are invested in the Pension Trust, in which the assets of the Plan are combined with the assets of other affiliated Company plans for investment purposes.

Pursuant to Northern Trust's method of allocating the investment holdings between the plans, contributions into the Pension Trust are treated as additions in the Pension Trust, withdrawals are treated as deductions in the Pension Trust, and investment income (loss) is allocated proportionately. Accordingly, the value of the Plan's investment in the Pension Trust is equal to the Plan's interest in each applicable investment increased or decreased by the Plan's allocated share in income, gains, and losses attributable to each applicable investment, which share is generally based upon the Plan's respective share of the Pension Trust's combined net assets available for benefits each month before investment income (loss) and net appreciation (depreciation) in the fair value of investments. Those administrative expenses of the Pension Trust, which can be specifically identified as being applicable to the Plan, are charged to the Plan. The remaining expenses are allocated to the Plan based on the Plan's respective share of the Pension Trust's combined net assets available for benefits on a monthly basis.

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The Plan's equitable share of the Pension Trust's net assets was approximately 2% at December 31, 2011 and 2010. The following is financial information (see note 5) with respect to the Pension Trust:

	<u>2011</u>	<u>2010</u>
Investments, at fair value:**		
Unencumbered investments:		
The Northern Trust Company Core Qualified Collateral		
Section***	\$ 105,966,592	105,781,896
Equities	509,810,372	631,123,547
Fixed income	1,171,702,427	1,064,389,642
Real estate	239,023,794	198,842,476
Venture capital and partnerships	252,439,341	220,362,738
Other investments	120,172,853	67,963,033
Hedge funds	698,452,961	565,825,521
Cash and cash equivalents*	<u>508,224,652</u>	<u>424,295,309</u>
Total unencumbered investments	<u>3,605,792,992</u>	<u>3,278,584,162</u>
Securities pledged to creditors***		
Equities	43,327,464	54,968,380
Fixed income	<u>59,685,023</u>	<u>48,363,096</u>
Total securities pledged to creditors	<u>103,012,487</u>	<u>103,331,476</u>
Receivables	<u>362,137</u>	<u>1,770,000</u>
Total assets	3,709,167,616	3,383,685,638
Payable under securities loan agreements***	(105,966,592)	(105,781,896)
Liabilities	(3,420,000)	(10,518,865)
Other payables	<u>(1,411,690)</u>	<u>(150,929)</u>
Net Pension Trust assets	\$ <u>3,598,369,333</u>	<u>3,267,233,948</u>
Net Pension Trust assets attributable to the Plan	\$ 61,078,062	54,227,621

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

** The following investments had a fair value in excess of 5% of net Pension Trust assets as of December 31, 2011.

Spring Lake Ltd Class A Shares USD	\$ 208,664,727
Grosvenor Inst'l Partners LP	\$ 179,408,673

There were no investments with a fair value in excess of 5% of net Pension Trust assets as of December 31, 2010.

*** The Pension Trust participated in a securities lending arrangement through the trustee in 2011 and 2010. The Pension Trust obtained cash and noncash collateral from the borrowers of the Plan's securities as a result of this arrangement. The collateral received from borrowers was invested in The Northern Trust Company Core Qualified Collateral Section, and totaled \$105,966,592 and \$105,781,896 as of December 31, 2011 and 2010, respectively. This consisted of cash collateral received of \$105,558,304 and \$105,724,891, and noncash collateral of \$408,288 and \$57,005, in 2011 and 2010, respectively. The noncash collateral received consisted primarily of fixed income securities and domestic equity securities.

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During the years ended December 31, 2011 and 2010, investment income for the Pension Trust (see note 5) consisted of the following:

	<u>2011</u>	<u>2010</u>
Net appreciation (depreciation) in fair value of investments:		
Equities	\$ (58,013,458)	118,739,943
Fixed income	326,952,520	45,204,347
Real estate	11,198,443	8,122,479
Venture capital and partnerships	21,287,027	26,359,729
Other assets and liabilities	14,537,215	154,772,938
Hedge funds	13,366,198	50,706,624
Cash equivalents	<u>(6,153,473)</u>	<u>14,051,667</u>
	323,174,472	417,957,727
Interest	67,484,428	66,438,005
Dividends	4,987,181	3,902,257
Other income	<u>18,554,376</u>	<u>52,384,696</u>
	<u>\$ 414,200,457</u>	<u>540,682,685</u>
Pension Trust investment income attributable to the Plan	\$ 6,982,964	8,728,748

As discussed in note 2(h), the Pension Trust uses derivative financial instruments as part of its investments strategy. Gains and losses on derivative financial instruments are realized in investment income (loss) on a daily basis. As of December 31, 2011 and 2010, the Pension Trust held the following derivatives:

	<u>2011</u>		<u>2010</u>		
	<u>Asset derivatives Fair value</u>	<u>Liability derivatives Fair value</u>	<u>Asset derivatives Fair value</u>	<u>Liability derivatives Fair value</u>	<u>Location*</u>
Derivatives not accounted for as hedging instruments under ASC 815:					
Interest rate	\$ 70,506,038	(6,871,473)	24,480,571	(5,230,417)	Other assets and liabilities
Foreign exchange	13,526,184	(7,797,921)	18,538,816	(15,561,181)	Cash and cash equivalents
Credit	526,892	(3,633,441)	1,124,552	(1,363,608)	Fixed income
Equity	3,673,658	(1,213,113)	4,074,529	(1,309,972)	Equities
Commodity	<u>397,777</u>	<u>(154,099)</u>	<u>2,076,426</u>	<u>(25,438)</u>	Other investments
	<u>\$ 88,630,548</u>	<u>(19,670,047)</u>	<u>50,294,894</u>	<u>(23,490,616)</u>	

* The fair values of the derivatives are located within Unencumbered Investments held by the Pension Trust above. Swap valuations are also represented in the Pension Trust Receivables and Liabilities.

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For the years ended December 31, 2011 and 2010, the Pension Trust recognized in investment income the following:

	2011		2010		Location*
	Amount of gain (loss)	Amount of other income (expense)	Amount of gain (loss)	Amount of other income (expense)	
Derivatives not accounted for as hedging instruments under ASC 815:					
Interest rate	\$ 305,210,244	10,522,218	114,308,091	36,357,671	Fixed income
Foreign exchange	(8,745,979)		11,252,325	—	Cash and cash equivalents
Credit	(2,096,826)	963,549	1,097,667	304,808	Fixed income
Equity	(34,369,936)	1,855,517	34,055,467	12,483,888	Equities
Commodity	(10,781,043)	-	18,257,415	—	Other assets and liabilities
	<u>\$ 249,216,460</u>	<u>13,341,284</u>	<u>178,970,965</u>	<u>49,146,367</u>	

* The gain (loss) related to the derivatives is located in the Net appreciation (depreciation) in fair value of investments and the Other income (loss) for the Pension Trust above.

(8) Fair Value Measurements

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

- **Level 1:** Assets or liabilities that are valued based on unadjusted quoted prices in active markets that are accessible at measurement date.
- **Level 2:** Assets or liabilities that are valued based on 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 valued based on unobservable inputs, including the reporting entity's own analysis of the underlying economic data that market participants would factor into the pricing of the asset or liability.

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

	December 31, 2011			
	Level 1	Level 2	Level 3	Total
Nestlé in the USA Pension				
Trust assets:				
Northern Trust Core				
Qualified Collateral Section	\$ —	105,966,592 (e)	—	105,966,592
Equities:				
Preferred	3,864,828	—	—	3,864,828
Common stock	227,498,663	2,625	—	227,501,288
Commingled funds	117,658,965	202,950,927	—	320,609,892
Equity Derivatives	—	1,161,828	—	1,161,828
Total Equities	349,022,456 (a)	204,115,380 (b)	—	553,137,836
Fixed income:				
Options	—	(29,159)	—	(29,159)
Mutual funds	29,603,230	—	—	29,603,230
Collateralized obligations	—	64,956,710	2,728,931	67,685,641
Corporate bonds	54,675	888,172,014	4,708,653	892,935,342
Government and municipal	—	191,725,574	597,561	192,323,135
Income receivable	—	—	—	—
Other Fixed Income	—	1,635,664	47,233,597	48,869,261
Total Fixed Income	29,657,905 (a)	1,146,460,803 (b)	55,268,742 (c)	1,231,387,450
Hedge funds	—	—	698,452,961 (d)	698,452,961
Real estate	—	—	239,023,794 (d)	239,023,794
Private equity	—	—	252,439,341 (d)	252,439,341
Other assets:				
Diversified mutual funds	28,473,671	—	—	28,473,671
Options and swaps	—	57,139,471	—	57,139,471
Commodity Futures	—	34,559,710	—	34,559,710
Total Other Assets	28,473,671 (a)	91,699,181 (b)	—	120,172,852
Cash and cash equivalents:				
Cash (held at broker)	—	82,135,179	—	82,135,179
Cash	276,364,273	—	—	276,364,273
Currency options	(96,838)	213,531	—	116,693
Short term	—	149,608,507	—	149,608,507
Total Cash and Cash Equivalents	276,267,435 (a)	231,957,217 (b)	—	508,224,652
Liabilities:				
Collateral held	—	(3,420,000)	—	(3,420,000)
Total Liabilities	—	(3,420,000) (b)	—	(3,420,000)
Receivables:				
Other Receivables	362,137	—	—	362,137
Total Receivables	362,137 (a)	—	—	362,137
Payables under				
securities lending agreement	—	(105,966,592) (e)	—	(105,966,592)
Other payables	(1,411,690) (a)	—	—	(1,411,690)
	<u>\$ 682,371,914</u>	<u>1,670,812,581</u>	<u>1,245,184,838</u>	<u>3,598,369,333</u>

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	December 31, 2010			
	Level 1	Level 2	Level 3	Total
Nestlé in the USA Pension				
Trust assets:				
Northern Trust Core				
Qualified Collateral				
Section	\$ —	105,781,896 (e)	—	105,781,896
Equities:				
Preferred	3,333,685	—	—	3,333,685
Common stock	396,286,448	—	—	396,286,448
Commingled funds	—	286,471,794	—	286,471,794
Total Equities	399,620,133 (a)	286,471,794 (b)	—	686,091,927
Fixed income:				
Options	(22,922)	(34,608)	—	(57,530)
Mutual funds	28,073,912	—	—	28,073,912
Collateralized obligations	—	81,259,329	70,237,362	151,496,691
Corporate bonds	—	786,479,993	1,184,771	787,664,764
Government and municipal	—	128,144,497	2,286,989	130,431,486
Income receivable	—	15,143,415	—	15,143,415
Total Fixed Income	28,050,990 (a)	1,010,992,626 (b)	73,709,122 (c)	1,112,752,738
Hedge funds	—	—	565,825,521 (d)	565,825,521
Real estate	—	—	198,842,476 (d)	198,842,476
Private equity	—	—	220,362,738 (d)	220,362,738
Other assets:				
Diversified mutual funds	29,063,667	—	—	29,063,667
Options and swaps	—	18,714,366	—	18,714,366
Margin (held at broker)	—	20,185,000	—	20,185,000
Total Other Assets	29,063,667 (a)	38,899,366 (b)	—	67,963,033
Cash and cash equivalents:				
Margin (held at broker)	—	25,966,922	—	25,966,922
Cash	273,170,890	—	—	273,170,890
Currency options	—	337,820	—	337,820
Short term	—	124,819,677	—	124,819,677
Total Cash and Cash Equivalents	273,170,890 (a)	151,124,419 (b)	—	424,295,309
Liabilities:				
Currency forwards	—	(298,399)	—	(298,399)
Collateral held	—	(5,250,000)	—	(5,250,000)
Swaps	—	(4,970,466)	—	(4,970,466)
Total Liabilities	—	(10,518,865) (b)	—	(10,518,865)
Receivables:				
Collateral (held at broker)	—	1,770,000	—	1,770,000
Total Receivables	—	1,770,000 (b)	—	1,770,000
Payables under				
securities lending agreement	—	(105,781,896) (e)	—	(105,781,896)
Other payables	—	(150,929) (b)	—	(150,929)
	<u>\$ 729,905,680</u>	<u>1,478,588,411</u>	<u>1,058,739,857</u>	<u>3,267,233,948</u>

GERBER – FREMONT HOURLY PENSION PLAN

Notes to Financial Statements

December 31, 2011 and 2010

Due to the Company's policy to diversify the holdings of the Pension Trust portfolio, there is no significant concentration of investments within any particular class of investments included above. The valuation methodologies utilized by the Plan and Pension Trust for the above investments as of December 31, 2011 and 2010, are as follows:

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

Collateralized mortgage models are based on trade and quote activity of bonds with similar features including issuer, vintage, prepayment speeds and purpose of the underlying loan (first or second lien).

Cash equivalents include short term fixed income instruments whose valuations are determined based upon maturity date, issue date and credit ratings.

Commingled Funds are valued based on the net asset value of the fund as determined by the investment manager based on quoted market prices for equity funds. The net asset value is the market value of all of the securities owned by a fund, minus its total liabilities divided by the number of shares issued. There are no redemption restrictions that would impact the liquidity of the fund. These funds are valued and traded at the net asset value on a daily basis.

U.S. Treasuries are priced by obtaining feeds from various live data sources including market makers and inter-dealer brokers.

Currency forwards use quoted foreign exchange rates in an active market or exchange. Over –the-counter options are valued using bid, ask/offer quotes that are binding and corroborated. Swaps are valued using the discounted cash flow method. The two legs (fixed and floating) are priced independently as the present value of their expected cash flows.

Collateral (held at broker) is cash collateral held at the broker to cover unrealized losses on derivatives. Collateral held represents broker funds held by trust to cover unrealized gains due to the trust. The collateral is marked to market daily.

- (c) Certain equities and fixed income securities (primarily certain collateralized obligations) are valued based on upon evaluated prices using unobservable inputs (i.e. extrapolated data, proprietary models, indicative quotes).
- (d) Investments in real estate funds, hedge funds, and private equity funds are based on the net asset values reported to the Company and trustee by the fund managers or the general partners of the fund.

GERBER – FREMONT HOURLY PENSION PLAN

Notes to Financial Statements

December 31, 2011 and 2010

These net asset values are based on the fair value of the underlying portfolio investments held by the investment fund.

These fair values are determined by a variety of methods: real estate investments are valued at appraised values plus undistributed rental and interest income; hedge funds are valued by the investment manager using quoted market prices and evaluations supplied by industry pricing vendors; and private equity investments are valued using income and market based analysis.

Management has used the net asset value as a practical expedient to estimate the fair value of the investment fund. Limited partnerships are held until they unwind, which is typically ten years from the date of entering the investment. As of December 31, 2011 and 2010, unfunded commitments were \$124 million and \$223 million, respectively. For investments in hedge funds and real estate that allow redemptions, upon notice, the funds are typically paid out on a quarterly basis, sometimes over multiple quarters. There are no gates or lock ups that would substantially impact the liquidity of the investments. Redemptions occur at fair value, which is based on the most recent net asset value prior to the redemption. The Company currently has no intention of selling any of these investments at an amount other than the net asset value.

- (e) Fair value is based on the net asset value of the Core Collateral Fund as determined daily, by the trustee, using market prices and evaluations supplied by industry pricing vendors.
- (f) Certain other miscellaneous receivables and liabilities are based on unobservable inputs, as there is no active market for these net assets. These receivables and liabilities are short term in nature and were settled at their carrying value within 30 days of the plan year end. Therefore, Company management has estimated that their fair value is equal to their carrying value.

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

	December 31, 2010	Transfers January 1, 2011*	Gross purchases and issuances	Gross sales and settlements	Unrealized gains (losses)	Realized gains (losses)	December 31, 2011
Fixed income	73,709,122	4,033,942	2,474,752	(25,369,000)	345,172	74,754	55,268,742
Hedge funds	565,825,521	—	224,794,135	(107,105,649)	1,854,112	13,084,842	698,452,961
Real estate	198,842,476	17,603,090	39,840,151	(26,402,017)	6,405,652	2,734,442	239,023,794
Private Equity	220,362,738	(17,603,090)	61,910,811	(35,167,739)	29,628,605	(6,691,984)	252,439,341
	<u>\$ 1,058,739,857</u>	<u>4,033,942</u>	<u>329,019,849</u>	<u>(194,044,405)</u>	<u>38,233,541</u>	<u>9,202,054</u>	<u>1,245,184,838</u>

GERBER – FREMONT HOURLY PENSION PLAN

Notes to Financial Statements

December 31, 2011 and 2010

	<u>January 1, 2010*</u>	<u>Net purchases, sales and settlements</u>	<u>Unrealized gains (losses)</u>	<u>Realized gains (losses)</u>	<u>December 31, 2010</u>
Equities	\$ 19,588	(19,588)	—	—	—
Fixed income	112,024,405	(56,194,454)	12,493,265	5,385,906	73,709,122
Hedge funds	544,394,663	(31,901,048)	41,944,939	11,386,967	565,825,521
Real estate	181,392,652	9,344,357	(5,997,612)	14,103,079	198,842,476
Private Equity	161,026,231	32,978,439	10,388,720	15,969,348	220,362,738
Liabilities	(1,410,373)	818,153	—	592,220	—
Cash and cash equivalents	187,078	—	604,263	(791,341)	—
	<u>\$ 997,634,244</u>	<u>(44,974,141)</u>	<u>59,433,575</u>	<u>46,646,179</u>	<u>1,058,739,857</u>

* The availability of observable market data is monitored to assess the appropriate classification of financial instruments within the fair value hierarchy. Changes in economic conditions or model-based valuation techniques may require the transfer of financial instruments from one fair value level to another.

The significance of transfers between levels is evaluated based upon the nature of the financial instrument and size of the transfer relative to total net assets available for benefits. While not considered significant, a transfer of \$4M was made from Level 2 to Level 3 during 2011. There were no significant transfers in or out of Level 1 or 2 during 2011.

(9) Tax Status

The Internal Revenue Service (IRS) has determined and informed the Company by a letter dated December 31, 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 was 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 issued a favorable ruling on the request on January 5, 2011; however, Nestlé's legal counsel requested the IRS to issue a corrected and clarifying letter on January 28, 2011. 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 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.

GERBER – FREMONT HOURLY PENSION PLAN

Notes to Financial Statements

December 31, 2011 and 2010

(10) Reconciliation of Financial Statements to Form 5500

Contributions of \$2,731,000 and \$2,038,000 were made by the Company during 2011 and 2010, respectively. Since the contributions were made prior to September 15, the contributions have been designated for the 2011 and 2010 plan years, respectively, for tax purposes on Form 5500. However, the Plan only recognized \$2,038,000 and \$1,864,000 in the 2011 and 2010 financial statements, as these were the amounts required to meet the minimum funding requirements and/or the Company's funding policy.

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

	<u>2011</u>	<u>2010</u>
Net assets available for benefits per the financial statements	\$ 61,078,062	54,227,621
Add contributions received for current plan year	<u>2,731,000</u>	<u>2,038,000</u>
Net assets available for benefits per Form 5500	<u>\$ 63,809,062</u>	<u>56,265,621</u>

The following is a reconciliation of the Plan's employer contributions per the financial statements for the years ended December 31, 2011 and 2010 to Form 5500:

	<u>2011</u>	<u>2010</u>
Employer contributions, per the financial statements	\$ 2,038,000	1,864,000
Add contributions received for current plan year	2,731,000	2,038,000
Less contributions received for prior plan year	<u>(2,038,000)</u>	<u>(1,864,000)</u>
Employer contributions per Form 5500	<u>\$ 2,731,000</u>	<u>2,038,000</u>

(11) Subsequent Events

The Company has evaluated subsequent events through October 12, 2012, the date these financial statements were available for issuance. Except as otherwise noted throughout the notes to financial statements, there are no material subsequent events to report.

2011 Schedule SB, line 26 - Schedule of Active Participant Data
Name of Sponsor / Plan: Nestlé USA, Inc. – Gerber Fremont Hourly Pension Plan
EIN / PIN: 95-1572209 / 112

		----- 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	3	1								
25 to 29	Number	1		6							
30 to 34	Number	2		10	9						
35 to 39	Number	5	2	11	22	5					
40 to 44	Number	2	1	10	23	29	15				
45 to 49	Number	5	1	25	19	17	39	37			
50 to 54	Number	7		10	21	9	21	54	3		
55 to 59	Number	4	3	10	15	8	12	18	22		
60 to 64	Number			3	8	2	6	2	6	4	
65 to 69	Number				3		1	1		1	
70 & up	Number										
		Average Age = 48.5					Average Service = 16.5				

Schedule SB - Statement by Enrolled Actuary

Plan Sponsor	Nestlé USA, Inc.
EIN/PN	95-1572209/112
Plan Name	Gerber Fremont Hourly Pension Plan
Valuation Date	January 1, 2011
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.

Statement of Actuarial Assumptions and Methods

► Economic Assumptions

Interest rate basis:

- | | |
|---|---------------|
| ► Applicable month (Puerto Rico/All other plans) | April/January |
| ► Yield curve basis | Segment rates |
| ► ASC 960 discount rate (Puerto Rico/All other plans) | 5.00%/8.50% |

Interest rates (Puerto Rico/All other plans):

- | | |
|-----------------------|---------------|
| ► First segment rate | 2.51% / 2.94% |
| ► Second segment rate | 5.59% / 5.82% |
| ► Third segment rate | 6.38% / 6.46% |

Annual rates of increase

- | | |
|-----------------------------|------------------------|
| ► Compensation | N/A |
| ► Social Security wage base | 3.50% |
| ► Lump sum rates | Equal to interest rate |
| ► Lump sum rate for ASC 960 | 6.00% |

► Demographic Assumptions

Inclusion date	The valuation date coincident with or next following the date on which the employee becomes a participant
Mortality	
► Healthy	Separate rates for non-annuitants (based on RP-2000 “Employees” table without collar or amount adjustments, projected to 2026 using Scale AA) and annuitants (based on RP-2000 “Healthy Annuitants” table without collar or amount adjustments, projected to 2018 using Scale AA).
► Disabled	Single table rates (based on RP-2000 “Healthy Annuitants” table without collar or amount adjustments, projected to 2018 using Scale AA).
Termination	Rates varying by age, sex, service and plan

Representative Termination Rates

► Infant Nutrition / Puerto Rico

Percentage leaving during the year									
Attained Age	Years of Service								
	<1		1-2		2-3		>3		
	Males	Females	Males	Females	Males	Females	Males	Females	
	25	35.6%	38.3%	23.7%	25.5%	17.8%	19.1%	11.9%	12.8%
	40	14.0%	16.1%	9.3%	10.8%	7.0%	8.1%	4.7%	5.4%
55	3.6%	5.4%	2.4%	3.6%	1.8%	2.7%	1.2%	1.8%	

Percentage leaving during the year

► Gerber Life

Attained Age	
25	11.6%
40	5.5%
55	0.0%

Percentage leaving during the year

► Gerber Hourly Plans

Attained Age	Males	Females
25	7.1%	11.2%
40	1.8%	3.5%
55	0.0%	0.0%

Disability Rates varying by age, sex, and plan

- ▶ Infant Nutrition/Puerto Rico None assumed

Representative Disability Rates

- ▶ Gerber Life

Percentage becoming disabled during the year		
Age	Males	Females
25	0.1%	0.1%
40	0.2%	0.3%
50	0.5%	0.6%

- ▶ Gerber Hourly Plans

Percentage becoming disabled during the year		
Age	Males	Females
25	0.3%	0.4%
40	0.3%	0.5%
50	0.6%	0.9%

Retirement Rates varying by age and plan

Representative Retirement Rates

Percentage retiring during the year		
Age	Infant Nutrition, Puerto Rico, and Gerber Life	Gerber Hourly Plans
55	2%	0%
62	21%	30%
65	100%	100%

Benefit commencement date:

Infant Nutrition, Puerto Rico, and Gerber Life

- ▶ Preretirement death benefit Upon death and eligibility for benefit
- ▶ Deferred vested benefit Upon termination of employment and eligibility for benefit
- ▶ Disability benefit Upon disability and eligibility for benefit
- ▶ Retirement benefit Upon termination of employment and eligibility for benefit

Gerber Hourly Plans

- ▶ Preretirement death benefit Upon death, vesting and eligibility for dependent spouse and estate. Upon participant's early retirement date for surviving spouse
- ▶ Deferred vested benefit Age 65
- ▶ Disability benefit Upon disability and eligibility for benefit
- ▶ Retirement benefit Upon termination of employment and eligibility for benefit

Form of payment

- ▶ Infant Nutrition, Puerto Rico, and Gerber Life Lump sum
- ▶ Gerber Hourly Plans Life annuity

Percent married

- ▶ Gerber Life 75%
- ▶ Other Plans 80%

Spouse age Wife three years younger than husband

Covered pay N/A

Administrative expenses For funding, 1% of beginning-of-year fair value of assets for Reedsburg, Fort Smith, and Gerber Life; 0.75% for Fremont and Infant Nutrition; and 0.25% for Puerto Rico.

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, except in accordance with the regular valuation assumptions. In addition, all participants (not just those eligible to begin benefits within the next 11 years) are assumed to elect the most valuable form of benefit under the plan.

Timing of benefit payments Annuity payments are payable monthly at the beginning of the month and lump sum payments are payable on date of decrement.

► Methods	
Valuation date	First day of plan year
Funding target	Present value of accrued benefits
Target normal cost	Present value of benefits expected to accrue during plan year plus plan-related expenses expected to be paid from plan assets during plan year
Actuarial value of assets	Market value of assets
Funding policy	Nestlé USA's general funding policy is to make contributions for each plan year in an amount not less than the minimum required contribution under ERISA and to target 100% funded status on a Pension Protection Act (PPA) basis. This will not exceed the maximum tax-deductible contribution. Nestlé may vary its contribution level, if appropriate to its tax and cash position and 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 based on that review, is not aware of any significant benefits required to be valued that were not.
Change in assumptions and methods since prior valuation	The required mortality table used to calculate the funding target and target normal cost was updated to include one additional year of projected mortality improvements. The assumed plan-related expenses added to the target normal cost were changed from 0.25% of beginning-of-year fair value of assets for Infant Nutrition and 0.50% for all other plans to 0.25% of beginning-of-year fair value of assets for Puerto Rico, 0.75% for Fremont and Infant Nutrition, and 1.00% for Gerber Life, Fort Smith and Reedsburg.

Gerber Fremont Hourly Pension Plan

Plan Provisions

The most recent amendment reflected in the following plan provisions was effective in 2009.

Covered Employees	Hourly paid employees on Fremont, Michigan hourly factory payroll.
Participation Date	Age 20 ½ and six months of service or upon attainment of age 40, if earlier.
Type of plan:	Dollar per month plan

Definitions

Vesting service	The number of completed full plan years of employment with the Company or any Affiliate in which the employee works 1,000 hours.
Credited service	One full year for each year with at least 1,000 hours of service
Pensionable earnings	Total compensation including section 125 and 401(k) contributions but excluding deferred compensation.
Accumulated benefit:	Monthly benefit is the largest of (a) and (b) below: (a) The sum of (1), (2) and (3) below: (1) The accrued benefits as of December 31, 1988, based on participation service, final average compensation, and the primary Social Security benefit as of December 31, 1988. (2) For participation service after December 31, 1988 and before April 5, 2003 (maximum 40 years less pre-1989 credit service up to 33 1/3 years), the monthly benefit accrual in a given year is the applicable Dollar Accrual based on total years of participation. (3) \$50 for each year of participation service after April 4, 2003. (b) The sum of (1) and (2) below: (1) For all participant service credited prior to April 5, 2003, up to 40 years, the monthly benefit accrual in a given year is the applicable Dollar Accrual Factor. (2) \$50 for each year of participation service after April 4, 2003.

The applicable Dollar Accrual Factor under (a) and (b) depends on termination date and years of participation as shown below:

Termination of Employment <u>On or After</u>	<u>Dollar Accrual Factor Applicable to Years of Participation</u>		
	<u>Level One First 10 Years</u>	<u>Level Two Years 11-20</u>	<u>Level Three Years Beyond 20</u>
1/1/89	\$21.00	\$25.00	\$28.00
4/1/91	\$21.50	\$25.50	\$28.50
4/1/92	\$22.00	\$26.00	\$29.00
4/1/93	\$22.50	\$26.50	\$30.00
5/1/94	\$23.00	\$27.00	\$30.50
5/1/95	\$23.50	\$27.50	\$31.00
5/1/96	\$24.00	\$28.00	\$31.50
4/1/97	\$25.00	\$29.00	\$32.50
4/1/98	\$25.50	\$29.50	\$33.00
4/1/99	\$26.00	\$30.00	\$33.50

Eligibility for Benefits

Normal retirement	Retirement after both attaining age 65 and completing five years of vesting service
Early retirement	Retirement before NRD and on or after both attaining age 57 and completing five years of vesting service
Postponed retirement	Retirement after both attaining age 65 and completing five years of vesting service
Vested termination	Termination for reasons other than death or retirement after completing five years of vesting service
Disability	Permanent and total disability on or after both attaining age 50 and completing fifteen years of vesting service
Preretirement death benefit	Death while eligible for normal, early, postponed, or deferred vested retirement benefits, with a surviving spouse on or after completing five years of vesting service

Benefits Paid Upon the Following Events

Normal retirement (NRD)	Accrued benefit payable immediately
Early retirement	Monthly pension benefit determined as of early retirement date, reduced $\frac{1}{2}$ of 1% for each month by which the early retirement date precedes age 62. Unreduced for employee retiring after attaining age 60 with 30 years of uninterrupted service
Postponed retirement	Accrued benefit payable immediately
Vested termination	Accrued benefit determined as of termination date, actuarially reduced for commencement of payments prior to NRD
Disablement	Accrued benefit determined as of disability retirement date reduced by certain other benefits by or at the expense of the company
Preretirement death	50% of the projected accrued benefit as of participant's normal retirement date is payable immediately to the dependent spouse until the death or remarriage of the dependent spouse. If not eligible for a dependent spouse benefit, a 50% surviving spouse benefit (100% if eligible for early retirement) is payable on the participant's early retirement age date. If neither a dependent nor surviving spouse benefit is payable, the lump sum balance as of the time of death is payable.

Other Plan Provisions

Forms of payment

Normal form

Life annuity

Optional forms

100%, 75%, and 50% contingent annuitant; level income option; lump Sum if the employee was a participant before 1/1/1982

Pension increases

None

Plan participants' contributions

None

Maximum on benefits and pay

All benefits and pay for any calendar year may not exceed the maximum limitations for that year as defined in the Internal Revenue Code. The plan provides for increasing the dollar limits automatically as such changes become effective. Increases in the dollar limits are assumed for determining pension cost but not for determining contributions.

Optional Form Conversion Factors

<u>Form of Payment</u>	<u>Conversion Factors</u>	<u>Sample Rates</u>
Level Income Options to Age 62 (life Annuity Normal form)	The conversion factors are determined using an actuarial equivalent basis using 5.0% interest and the 1971 Group Annuity Mortality table blended 70% male / 20% female. Multiply the expected PIA at age 62 by the conversion factor to get the benefit decrease after age 62. The benefit before age 62 (payable until receipt of PIA) equals this decreased benefits plus PIA (payments are at beginning of month).	Age 55: 0.4378 Age 60: 0.1602
100% Contingent Annuitant	80% of the amount otherwise payable to the Participant as a sole annuitant, provided the age of the Participant and the designated contingent annuitant are the same. If the ages of the participant and the designated contingent annuitant are not the same, the 80% factor shall be increased by 1.0% up to a maximum of 100% for each full year that the birth date of the designated contingent annuitant precedes the birth date of the participant, or decreased by 1.0% for each full year that the birth date of the Participant precedes the birth date of the designated contingent annuitant.	Participant Age 60 and Spouse Age 60: 80.00% Participant Age 65 and Spouse Age 60: 75.00%
75% Contingent Annuitant	85% of the amount otherwise payable to the Participant as a sole annuitant, provided the age of the Participant and the designated contingent annuitant are the same. If the ages of the participant and the designated contingent annuitant are not the same, the 85% factor shall be increased by 0.85% up to a maximum of 100% for each full year that the birth date of the designated contingent annuitant precedes the birth date of the participant, or decreased by 0.85% for each full year that the birth date of the Participant precedes the birth date of the designated contingent annuitant.	Participant Age 60 and Spouse Age 60: 85.00% Participant Age 65 and Spouse Age 60: 80.75%
50% Contingent Annuitant	90% of the amount otherwise payable to the Participant as a sole annuitant, provided the age of the Participant and the designated contingent annuitant are not the same. If the ages of the participant and the designated contingent annuitant are the same, the 90% factor shall be increased by 0.7% up to a maximum of 100% for each full year that the birth date of the designated contingent annuitant precedes the birth date of the	Participant Age 60 and Spouse Age 60: 90.00% Participant Age 65 and Spouse Age 60: 86.50%

participant, or decreased by 0.7% for each full year that the birth date of the Participant precedes the birth date of the designated contingent annuitant.

Future Plan Changes

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

Changes in Benefits Valued Since Prior Year

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

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>
57	10.0%	90.00%	90.00%	10.00%	5.70
58	5.0%	95.00%	85.50%	4.50%	2.61
59	5.0%	95.00%	81.23%	4.28%	2.52
60	5.0%	95.00%	77.16%	4.06%	2.44
61	5.0%	95.00%	73.31%	3.86%	2.35
62	30.0%	70.00%	51.31%	21.99%	13.63
63	10.0%	90.00%	46.18%	5.13%	3.23
64	10.0%	90.00%	41.56%	4.62%	2.96
65	100.0%	0.00%	0.00%	41.56%	27.02
				100.00%	

Average Retirement Age: 62

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 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

► **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 Gerber-Fremont Hourly Pension Plan	B Three-digit plan number (PN) ►	112
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>2011</u>			
2 Assets:			
a Market value	2a	56,260,984	
b Actuarial value	2b	56,260,984	
3 Funding target/participant count breakdown:			
		(1) Number of participants	(2) Funding Target
a For retired participants and beneficiaries receiving payment.....	3a	287	16,715,841
b For terminated vested participants.....	3b	143	2,294,162
c For active participants:			
(1) Non-vested benefits.....	3c(1)		3,236,213
(2) Vested benefits.....	3c(2)		22,394,161
(3) Total active.....	3c(3)	554	25,630,374
d Total.....	3d	984	44,640,377
4 If the plan is in at-risk status, check the box and complete lines (a) and (b) ☐			
a Funding target disregarding prescribed at-risk assumptions	4a		
b Funding target reflecting at-risk assumptions, but disregarding transition rule for plans that have been in at-risk status for fewer than five consecutive years and disregarding loading factor	4b		
5 Effective interest rate	5	6.02 %	
6 Target normal cost	6	2,086,118	

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> Signature of actuary Thad Summersett Type or print name of actuary Towers Watson Pennsylvania Inc. 1925 CENTURY PARK EAST, SUITE 1500 <i>Firm name</i> LOS ANGELES CA 90067-2790 Address of the firm	September 25, 2012 Date 11-07261 Most recent enrollment number (310) 551-5716 Telephone number (including area code)
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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) 2011
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