

Form 5500-SF Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	Short Form Annual Return/Report of Small Employee Benefit Plan This form is required to be filed under sections 104 and 4065 of the Employee Retirement Income Security Act of 1974 (ERISA), and sections 6057(b) and 6058(a) of the Internal Revenue Code (the Code). ▶ Complete all entries in accordance with the instructions to the Form 5500-SF.	OMB Nos. 1210-0110 1210-0089 <div style="border: 1px solid black; text-align: center; padding: 5px; font-weight: bold; font-size: 1.2em;">2011</div> 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 single-employer plan ☐ a multiple-employer plan (not multiemployer) ☐ a one-participant plan	
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	Check box if filing under:	☒ Form 5558 ☐ automatic extension ☐ DFVC program ☐ special extension (enter description)	

Part II Basic Plan Information —enter all requested information			
1a	Name of plan <u>CASH BALANCE RETIREMENT PLAN</u>	1b	Three-digit plan number (PN) ▶ <u>010</u>
		1c	Effective date of plan <u>02/23/1990</u>
2a	Plan sponsor's name and address; include room or suite number (employer, if for a single-employer plan) <u>NESTLE USA, INC.</u> <u>30003 BAINBRIDGE RD</u> <u>SOLON, OH 44139-2205</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>
3a	Plan administrator's name and address (if same as plan sponsor, enter "Same") <u>NESTLE USA, INC.</u> <u>30003 BAINBRIDGE RD</u> <u>SOLON, OH 44139-2205</u>	3b	Administrator's EIN <u>95-1572209</u>
		3c	Administrator's telephone number <u>440-349-5757</u>
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.	4b	EIN
a	Sponsor's name	4c	PN
5a	Total number of participants at the beginning of the plan year	5a	<u>58</u>
b	Total number of participants at the end of the plan year.....	5b	<u>53</u>
c	Number of participants with account balances as of the end of the plan year (defined benefit plans do not complete this item).....	5c	
6a	Were all of the plan's assets during the plan year invested in eligible assets? (See instructions.) ☒ Yes ☐ No		
b	Are you claiming a waiver of the annual examination and report of an independent qualified public accountant (IQPA) under 29 CFR 2520.104-46? (See instructions on waiver eligibility and conditions.)..... ☒ Yes ☐ No		
If you answered "No" to either 6a or 6b, the plan cannot use Form 5500-SF and must instead use Form 5500.			

Part III Financial Information			
7	Plan Assets and Liabilities		
a	Total plan assets	7a	<u>4285942</u>
b	Total plan liabilities.....	7b	<u>0</u>
c	Net plan assets (subtract line 7b from line 7a).....	7c	<u>4285942</u>
8	Income, Expenses, and Transfers for this Plan Year		
a	Contributions received or receivable from:	(a) Amount	(b) Total
(1)	Employers	8a(1)	
(2)	Participants	8a(2)	
(3)	Others (including rollovers).....	8a(3)	<u>514550</u>
b	Other income (loss).....	8b	
c	Total income (add lines 8a(1), 8a(2), 8a(3), and 8b)	8c	<u>514550</u>
d	Benefits paid (including direct rollovers and insurance premiums to provide benefits).....	8d	<u>402514</u>
e	Certain deemed and/or corrective distributions (see instructions)....	8e	
f	Administrative service providers (salaries, fees, commissions)	8f	<u>41945</u>
g	Other expenses.....	8g	
h	Total expenses (add lines 8d, 8e, 8f, and 8g).....	8h	<u>444459</u>
i	Net income (loss) (subtract line 8h from line 8c).....	8i	<u>70091</u>
j	Transfers to (from) the plan (see instructions)	8j	

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

1C 1G 1I

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

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

Part VI Pension Funding Compliance

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

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

a If a waiver of the minimum funding standard for a prior year is being amortized in this plan year, see instructions, and enter the date of the letter ruling granting the waiver. Month _____ Day _____ Year _____

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

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

e Will the minimum funding amount reported on line 12d be met by the funding deadline?

Part VII Plan Terminations and Transfers of Assets

13a Has a resolution to terminate the plan been adopted in any plan year?

If "Yes," enter the amount of any plan assets that reverted to the employer this year **13a**

b Were all the plan assets distributed to participants or beneficiaries, transferred to another plan, or brought under the control of the PBGC?

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

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

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

Under penalties of perjury and other penalties set forth in the instructions, I declare that I have examined this return/report, including, if applicable, a Schedule SB or Schedule MB completed and signed by an enrolled actuary, as well as the electronic version of this return/report, and to the best of my knowledge and belief, it is true, correct, and complete.

SIGN HERE	Filed with authorized/valid electronic signature.	10/15/2012	SHARON M. STRASSHOFFER
	Signature of plan administrator	Date	Enter name of individual signing as plan administrator
SIGN HERE	Filed with authorized/valid electronic signature.	10/15/2012	RUSSELL W. NISWANDER, F.S.A.
	Signature of employer/plan sponsor	Date	Enter name of individual signing as employer or plan sponsor

SCHEDULE SB (Form 5500) Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	Single-Employer Defined Benefit Plan Actuarial Information This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA) and section 6059 of the Internal Revenue Code (the Code). ▶ File as an attachment to Form 5500 or 5500-SF.	OMB No. 1210-0110 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>CASH BALANCE RETIREMENT PLAN</u>	B Three-digit plan number (PN) ▶ <u>010</u>
C Plan sponsor's name as shown on line 2a of Form 5500 or 5500-SF <u>NESTLE USA, INC.</u>	D Employer Identification Number (EIN) <u>95-1572209</u>
E Type of plan: ☒ Single ☐ Multiple-A ☐ Multiple-B	F Prior year plan size: ☐ 100 or fewer ☐ 101-500 ☒ More than 500

Part I	Basic Information
1	Enter the valuation date: Month <u>01</u> Day <u>01</u> Year <u>2011</u>
2	Assets:
a	Market value 2a <u>4314975</u>
b	Actuarial value 2b <u>4314975</u>
3	Funding target/participant count breakdown:
	(1) Number of participants (2) Funding Target
a	For retired participants and beneficiaries receiving payment 3a <u>38</u> <u>2674397</u>
b	For terminated vested participants 3b <u>8</u> <u>262998</u>
c	For active participants:
(1)	Non-vested benefits 3c(1) <u>12580</u>
(2)	Vested benefits 3c(2) <u>606753</u>
(3)	Total active 3c(3) <u>12</u> <u>619333</u>
d	Total 3d <u>58</u> <u>3556728</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>5.68 %</u>
6	Target normal cost 6 <u>32362</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)	724662	0
8 Portion elected for use to offset prior year's funding requirement (line 35 from prior year)	20441	0
9 Amount remaining (line 7 minus line 8)	704221	0
10 Interest on line 9 using prior year's actual return of <u>17.43</u> %	122746	
11 Prior year's excess contributions to be added to prefunding balance:		
a Present value of excess contributions (line 38 from prior year)		0
b Interest on (a) using prior year's effective rate of <u>6.45</u> % except as otherwise provided (see instructions)		0
c Total available at beginning of current plan year to add to prefunding balance.....		0
d Portion of (c) to be added to prefunding balance.....		0
12 Other reductions in balances due to elections or deemed elections	0	0
13 Balance at beginning of current year (line 9 + line 10 + line 11d – line 12).....	826967	0

Part III Funding percentages		
14 Funding target attainment percentage.....	14	98.06 %
15 Adjusted funding target attainment percentage.....	15	121.31 %
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	111.71 %
17 If the current value of the assets of the plan is less than 70 percent of the funding target, enter such percentage.....	17	%

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

19 Discounted employer contributions – see instructions for small plan with a valuation date after the beginning of the year:		
a Contributions allocated toward unpaid minimum required contributions from prior years.	19a	0
b Contributions made to avoid restrictions adjusted to valuation date	19b	0
c Contributions allocated toward minimum required contribution for current year adjusted to valuation date	19c	0
20 Quarterly contributions and liquidity shortfalls:		
a Did the plan have a "funding shortfall" for the prior year? ☒ Yes ☐ No		
b If 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
0	0	0
		(4) 4th 0

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 59
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	32362	
b Excess assets, if applicable, but not greater than 31a	31b	0	
32 Amortization installments:	Outstanding Balance	Installment	
a Net shortfall amortization installment	0	0	
b Waiver amortization installment	0	0	
33 If a waiver has been approved for this plan year, enter the date of the ruling letter granting the approval (Month _____ Day _____ Year _____) and the waived amount	33		
34 Total funding requirement before reflecting carryover/prefunding balances (lines 31a - 31b + 32a + 32b - 33)...	34	32362	
	Carryover balance	Prefunding balance	Total balance
35 Balances elected for use to offset funding requirement.....	32362	0	32362
36 Additional cash requirement (line 34 minus line 35)	36	0	
37 Contributions allocated toward minimum required contribution for current year adjusted to valuation date (line 19c)	37	0	
38 Present value of excess contributions for current year (see instructions)			
a Total (excess, if any, of line 37 over line 36)	38a	0	
b Portion included in line 38a attributable to use of prefunding and funding standard carryover balances	38b	0	
39 Unpaid minimum required contribution for current year (excess, if any, of line 36 over line 37)	39	0	
40 Unpaid minimum required contributions for all years.....	40	0	

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

41 If 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 SB, line 24 – Change in Non-Prescribed Actuarial Assumptions

Nestlé USA, Inc- Franklin Park Cash Balance Plan

EIN: 95-1572209

Plan Number: 010

The assumed rates of retirement were updated to reflect future anticipated experience based on a study of actual plan experience for the years 2004 through 2008.

Retirement Rates

Previous Assumption:	<i>Age 55</i>	<i>Age 62</i>	<i>Age 65</i>		
	3%	45%	100%		
Current Assumption:					
	<i>Age 55</i>	<i>Age 60</i>	<i>Age 62</i>	<i>Age 65</i>	<i>Age 70</i>
	7.0%	7.0%	28.0%	100.0%	100.0%

2011 Schedule SB, line 26 - Schedule of Active Participant Data
Name of Sponsor / Plan: Nestlé USA, Inc. – Cash Balance Retirement Plan
EIN / PIN: 95-1572209 / 010

		----- Years of Credited Service -----									
Attained Age		Under 1	1 to 4	5 to 9	10 to 14	15 to 19	20 to 24	25 to 29	30 to 34	35 to 39	40 & up
<25	Number										
25 to 29	Number										
30 to 34	Number										
35 to 39	Number										
40 to 44	Number										
45 to 49	Number			1							
50 to 54	Number		2	1	1						
55 to 59	Number		1	2	1	1					
60 to 64	Number			1							
65 to 69	Number						1				
70 & up	Number										
		Average Age = 55.5					Average Service = 8.6				

Schedule SB - Statement by Enrolled Actuary

Plan Sponsor	Nestlé USA, Inc.
EIN/PN	95-1572209/010
Plan Name	Cash Balance Retirement Plan
Valuation Date	January 1, 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	January
▶ Yield curve basis	Segment rates
▶ ASC 960 discount rate	8.50%

Interest rates:

▶ First segment rate	2.94%
▶ Second segment rate	5.82%
▶ Third segment rate	6.46%

Annual rates of increase:

▶ Compensation	Varies by age, average 3.50%
	Sample rates:
	<u>Age</u> <u>Rate</u> :
	30 5.50%
	45 3.50%
	55 3.00%
▶ Social Security wage base	3.50%
▶ Lump sum rates	2.94% / 5.82% / 6.46%
▶ 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, service and plan

Representative Termination Rates

▶ Nestlé Pension Plan

Percentage leaving during the year											
Participant Group	NUSA Traditional Salaried	NPPC Traditional Salaried	NUSA Traditional Hourly	NPPC Traditional Hourly		NUSA PEP Salaried		NPPC PEP Salaried		NUSA PEP Hourly	
Years of Service Attained Age	All	All	All	<2	>5	<2	>5	<2	>5	<2	>5
25	19.9%	17.8%	23.4%	46.3%	21.8%	47.8%	19.8%	48.3%	19.0%	58.3%	20.7%
40	7.3%	5.7%	7.0%	20.3%	7.4%	20.3%	9.3%	20.3%	6.4%	25.3%	8.7%
50	4.9%	3.8%	4.3%	14.3%	4.1%	16.3%	7.3%	15.3%	4.3%	20.3%	6.3%

▶ Nestlé Hourly Retirement

Percentage leaving during the year		
Years of Service Attained Age	<3	>3
25	31.0%	9.4%
40	10.7%	4.3%
50	5.5%	2.3%

▶ Nestlé USA Hourly Pension

Percentage leaving during the year	
Attained Age	
25	24.5%
40	10.4%
50	7.6%

Nestlé USA, Inc. — Cash Balance Retirement Plan
 EIN: 95-1572209 PN: 010
 2011 Schedule SB, Part V – Statement of Actuarial Assumptions/Methods

► Nestlé USA Pension

Percentage leaving during the year	
Attained Age	
25	21.7%
40	10.1%
50	7.7%

► Franklin Park Cash Balance

Percentage leaving during the year	
Attained Age	
25	12.0%
40	6.0%
50	3.0%

Disability

Rates varying by age, sex, and plan.

Representative Disability Rates

► Nestlé Pension Plan

Percentage becoming disabled during the year				
Participant Group	NUSA Hourly		All other	
Age	Males	Females	Males	Females
30	0.15%	0.60%	0.06%	0.09%
40	0.43%	0.69%	0.07%	0.11%
50	0.95%	1.25%	0.18%	0.27%

► Nestlé Hourly Retirement

Percentage becoming disabled during the year		
Age	Males	Females
30	0.09%	0.12%
40	0.22%	0.43%
50	0.64%	0.67%

► All other plans

None assumed

Retirement

Rates varying by age and plan

Representative Retirement Rates

► Nestlé Pension Plan

Percentage leaving during the year							
Participant Group	NUSA Traditional Salaried	NPPC Traditional Salaried	NUSA Traditional Hourly	NPPC Traditional Hourly	NUSA PEP Salaried	NPPC PEP Salaried	NUSA PEP Hourly
Attained Age							
55	7.5%	5.0%	7.5%	7.5%	7.5%	7.5%	7.5%
60	16.5%	11.5%	16.5%	16.5%	16.5%	11.5%	11.5%
62	27.5%	22.5%	32.5%	30.0%	27.5%	27.5%	25.0%
65	50.0%	50.0%	50.0%	50.0%	50.0%	50.0%	50.0%
70	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

► Nestlé Hourly Retirement

Percentage leaving during the year	
Attained Age	
55	1.0%
60	2.0%
62	18.0%
65	50.0%
70	100.0%

► Nestlé USA Hourly Pension and Nestlé USA Pension

Percentage leaving during the year	
Attained Age	
55	5.0%
60	5.0%
62	25.0%
65	50.0%
70	100.0%

Nestlé USA, Inc. — Cash Balance Retirement Plan
EIN: 95-1572209 PN: 010
2011 Schedule SB, Part V – Statement of Actuarial Assumptions/Methods

► Franklin Park Cash Balance

Percentage leaving during the year	
Attained Age	
55	7.0%
60	7.0%
62	28.0%
65	100.0%
70	100.0%

Benefit commencement date:

- Preretirement death benefit The later of the death of the active participant or the date the participant would have attained age 65
- Deferred vested benefit Age 65
- Disability benefit Age 65
- Retirement benefit Upon termination of employment

Nestlé USA, Inc. — Cash Balance Retirement Plan
 EIN: 95-1572209 PN: 010
 2011 Schedule SB, Part V – Statement of Actuarial Assumptions/Methods

Form of payment

Nestlé Pension Plan

Married Participants

<u>Participant Group</u>	<u>Termination Benefit</u>				<u>Retirement Benefit</u>			
	<u>Life</u>	<u>Cert & Life</u>	<u>J&S</u>	<u>Lump sum</u>	<u>Life</u>	<u>Cert & Life</u>	<u>J&S</u>	<u>Lump sum</u>
NUSA FAP	10%	0%	20%	70%	0%	0%	20%	80%
NUSA PEP	10%	0%	20%	70%	0%	0%	20%	80%
NPPC FAP	10%	10%	80%	0%	10%	10%	80%	0%
NPPC CAP	10%	10%	80%	0%	10%	10%	80%	0%
NPPC PEP	0%	0%	0%	100%	0%	0%	10%	90%

Single Participants

<u>Participant Group</u>	<u>Termination Benefit</u>				<u>Retirement Benefit</u>			
	<u>Life</u>	<u>Cert & Life</u>	<u>J&S</u>	<u>Lump sum</u>	<u>Life</u>	<u>Cert & Life</u>	<u>J&S</u>	<u>Lump sum</u>
NUSA FAP	30%	0%	0%	70%	20%	0%	0%	80%
NUSA PEP	30%	0%	0%	70%	20%	0%	0%	80%
NPPC FAP	70%	30%	0%	0%	70%	30%	0%	0%
NPPC CAP	70%	30%	0%	0%	70%	30%	0%	0%
NPPC PEP	0%	0%	0%	100%	10%	0%	0%	90%

Other plans

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

Single Participants
 100% single life annuity

Percent married

80%

Spouse age

Wife three years younger than husband.

Covered pay

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

Administrative expenses

0.25% of beginning-of-year fair market value of assets for the Nestlé Pension Plan and Nestlé Hourly Retirement Plan, 0.50% for the NUSA Pension Plan, and 0.75% for all other plans.

At-risk assumptions

For at-risk calculations, all participants eligible to elect benefits during the current and subsequent ten plan years are assumed to commence benefits at the earliest possible date under the plan, but not before the end of the current plan year. In addition, these participants are assumed to elect the most valuable form of benefit.

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 the year
Actuarial value of assets	Market value of assets, including contributions receivable
Funding policy	Nestlé USA's general funding policy is to make contributions for each plan year in an amount not less than the minimum required contribution under ERISA and to target 100% funded status on a Pension Protection Act (PPA) basis. This will not exceed the maximum tax-deductible contribution. Nestlé may vary its contribution level, if appropriate to its tax and cash position and the funded status.
Benefits not valued	<p>All benefits described in the Plan Provisions section of this report were valued. Towers Watson has reviewed the plan provisions with Nestlé and is not aware of any significant benefits required to be valued that were not.</p> <p>Small benefits with present values up to \$5,000 may be paid in a single lump sum payment. Such lump sums are not explicitly valued as such; rather, such participants' benefits are valued using the benefit choice assumptions described above.</p>
Change in assumptions and methods since prior valuation	<p>The assumed rates of termination, disability, and retirement were updated to reflect future anticipated experience based on a study of actual plan experience for the years 2004 through 2008.</p> <p>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.</p> <p>The assumed plan-related expenses added to the target normal cost were changed from 0.50% of beginning-of-year fair value of assets to 0.75% of beginning-of-year fair value of assets for NUSA Hourly Pension Plan, Libby Pension Plan and the Franklin Park Cash Balance Plan.</p>

Franklin Park Cash Balance

Plan Provisions

The most recent amendment reflected in the following plan provisions was effective on December 18, 1994.

Covered employees	Salaried employees at Franklin Park
Type of plan	Cash balance

Definitions

Membership service	From date of hire
Credited service	From date of hire
Credited balance	Credited balance as of December 31, 1991, plus interest credits
Accumulated benefit:	Credit balance increased with interest at PBGC deferred rate to NRD, converted to a life annuity using PBGC immediate rate

Eligibility for Benefits

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

Benefits Paid Upon the Following Events

Normal retirement (NRD)	Accrued benefit payable immediately or credited balance divided by 8.2
Early retirement	Accrued benefit actuarially reduced or credited balance divided by a factor varying by age (from 8.2 at age 55 to 9.0 at age 50)
Postponed retirement	Accrued benefit payable immediately
Vested termination	Accrued benefit payable unreduced at age 65, actuarially reduced for early commencement

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

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

Optional Forms of Payment

Participant Group	Actuarial Equivalence	Optional Forms
Franklin Park Cash Balance	<ul style="list-style-type: none"> • 8.00% • 1971 TPF&C Forecast set back 3 years 	1) Single Life Annuity 2) 50% & 100% Joint Survivor Annuity 3) 10 year Certain and Life Annuity 4) Lump Sum

Future Plan Changes

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

Changes in Benefits Valued Since Prior Year

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

Benefit Levels for Valuations

Ultimate benefit levels were recognized in determining pension cost. Ultimate benefit levels negotiated on or before December 31, 2010 were recognized in determining plan accounting liabilities. Benefit increases negotiated on or before January 1, 2011, and effective during 2011 were recognized in determining contribution requirements.

	IAS 19		ASC 960		PPA	
	Benefit Level	Effective Date	Benefit Level	Effective Date	Benefit Level	Effective Date
Nestlé Hourly Retirement Plan						
• Allentown*	40.00	3/15/2009	40.00	3/15/2009	40.00	3/15/2009
• Beich	38.00	3/6/2011	36.00	3/7/2010	36.00	3/7/2010
• Burlington	41.00	9/28/2009	41.00	9/28/2009	41.00	9/28/2009
• Crete*	35.25	2/4/2013	35.25	2/4/2013	33.50	1/31/2011
• Decatur	27.00	7/1/1997	27.00	7/1/1997	27.00	7/1/1997
• Franklin Park	35.00	11/15/2009	35.00	11/15/2009	35.00	11/15/2009
• Freehold	53.75	8/1/2010	53.75	8/1/2010	53.75	8/1/2010
• Weirton*	46.00	7/1/2010	46.00	7/1/2010	46.00	7/1/2010
Nestlé USA Hourly Pension Plan						
• Distribution	35.00	6/1/2007	35.00	6/1/2007	35.00	6/1/2007
• Transportation	30.00	6/1/2007	30.00	6/1/2007	30.00	6/1/2007
• Morton (nonunion)	30.00	1/1/2008	30.00	1/1/2008	30.00	1/1/2008
• Danville	30.00	1/1/2012	29.00	1/1/2006	29.00	1/1/2006
Nestlé USA Pension Plan						
• Eau Claire	33.00	6/3/2012	33.00	6/3/2012	32.00	6/5/2011
• Fort Dodge	40.00	3/30/2014	40.00	3/30/2014	38.00	3/27/2011
• Gateway	33.00	11/4/2012	33.00	11/4/2012	32.00	10/30/2011
• Morton (Union)	36.00	4/3/2011	36.00	4/3/2011	36.00	4/3/2011
• St. Joseph (Packers)	10.00	12/6/2004	10.00	12/6/2004	10.00	12/6/2004
• St. Joseph (Lower Lakes)	30.50	6/1/2003	30.50	6/1/2003	30.50	6/1/2003

Description of Weighted Average Retirement Age

Age	Retirement Rate	1.00 - Retirement Rate	Probability of Remaining Active	Percentage Retiring at Age	Age Times Percentage Retiring
49	0.00%	100.00%	100.00%	0.00%	0.00
50	7.00%	93.00%	93.00%	7.00%	3.50
51	7.00%	93.00%	86.49%	6.51%	3.32
52	7.00%	93.00%	80.44%	6.05%	3.15
53	7.00%	93.00%	74.81%	5.63%	2.98
54	7.00%	93.00%	69.57%	5.24%	2.83
55	7.00%	93.00%	64.70%	4.87%	2.68
56	7.00%	93.00%	60.17%	4.53%	2.54
57	7.00%	93.00%	55.96%	4.21%	2.40
58	7.00%	93.00%	52.04%	3.92%	2.27
59	7.00%	93.00%	48.40%	3.64%	2.15
60	7.00%	93.00%	45.01%	3.39%	2.03
61	7.00%	93.00%	41.86%	3.15%	1.92
62	28.00%	72.00%	30.14%	11.72%	7.27
63	13.00%	87.00%	26.22%	3.92%	2.47
64	14.00%	86.00%	22.55%	3.67%	2.35
65	100.00%	0.00%	0.00%	22.55%	14.66
				100.00%	

Average Retirement Age: 59

SCHEDULE SB (Form 5500) <small>Department of the Treasury Internal Revenue Service</small> <small>Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation</small>	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 Cash Balance Retirement Plan	B Three-digit plan number (PN) ►	010
C Plan sponsor's name as shown on line 2a of Form 5500 or 5500-SF Nestle USA, Inc.	D Employer Identification Number (EIN) 95-1572209	
E Type of plan: ☒ Single ☐ Multiple-A ☐ Multiple-B		
F Prior year plan size: ☐ 100 or fewer ☐ 101-500 ☒ More than 500		

Part I Basic Information			
1 Enter the valuation date: Month <u>1</u> Day <u>1</u> Year <u>2011</u>			
2 Assets:			
a Market value	2a	4,314,975	
b Actuarial value	2b	4,314,975	
3 Funding target/participant count breakdown:			
		(1) Number of participants	(2) Funding Target
a For retired participants and beneficiaries receiving payment.....	3a	38	2,674,397
b For terminated vested participants.....	3b	8	262,998
c For active participants:			
(1) Non-vested benefits.....	3c(1)		12,580
(2) Vested benefits	3c(2)		606,753
(3) Total active.....	3c(3)	12	619,333
d Total.....	3d	58	3,556,728
4 If the plan is in at-risk status, check the box and complete lines (a) and (b) ☐			
a Funding target disregarding prescribed at-risk assumptions	4a		
b Funding target reflecting at-risk assumptions, but disregarding transition rule for plans that have been in at-risk status for fewer than five consecutive years and disregarding loading factor	4b		
5 Effective interest rate	5	5.68 %	
6 Target normal cost	6	32,362	

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 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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