

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>NESTLE USA PENSION PLAN</u>	1b Three-digit plan number (PN) ► <u>042</u> 1c Effective date of plan <u>04/01/1978</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>	2b Employer Identification Number (EIN) <u>95-1572209</u> 2c Sponsor's telephone number <u>440-349-5757</u> 2d Business code (see instructions) <u>311900</u>

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

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

SIGN HERE	<u>Filed with authorized/valid electronic signature.</u>	<u>10/15/2012</u>	<u>SHARON M.M. STRASSHOFER</u>
	Signature of plan administrator	Date	Enter name of individual signing as plan administrator
SIGN HERE	<u>Filed with authorized/valid electronic signature.</u>	<u>10/15/2012</u>	<u>RUSSELL W. NISWANDER, F.S.A</u>
	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	1381
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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	811
b Retired or separated participants receiving benefits.....	6b	323
c Other retired or separated participants entitled to future benefits.....	6c	387
d Subtotal. Add lines 6a , 6b , and 6c	6d	1521
e Deceased participants whose beneficiaries are receiving or are entitled to receive benefits.....	6e	38
f Total. Add lines 6d and 6e	6f	1559
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	10

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>NESTLE USA PENSION PLAN</u>	B Three-digit plan number (PN) ▶ <u>042</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>32543118</u>
b Actuarial value	2b <u>32543118</u>
3 Funding target/participant count breakdown:	
	(1) Number of participants (2) Funding Target
a For retired participants and beneficiaries receiving payment	3a <u>345</u> <u>10507028</u>
b For terminated vested participants	3b <u>392</u> <u>5555039</u>
c For active participants:	
(1) Non-vested benefits	3c(1) <u>318092</u>
(2) Vested benefits	3c(2) <u>12263236</u>
(3) Total active	3c(3) <u>645</u> <u>12581328</u>
d Total	3d <u>1382</u> <u>28643395</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>6.05 %</u>
6 Target normal cost	6 <u>966252</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)	5279372	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)	5279372	0
10	Interest on line 9 using prior year's actual return of <u>17.98</u> %	949231	
11	Prior year's excess contributions to be added to prefunding balance:		
a	Present value of excess contributions (line 38 from prior year)		125188
b	Interest on (a) using prior year's effective rate of <u>6.62</u> % except as otherwise provided (see instructions)		8287
c	Total available at beginning of current plan year to add to prefunding balance		133475
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)	6228603	0

Part III		Funding percentages	
14	Funding target attainment percentage	14	91.86 %
15	Adjusted funding target attainment percentage	15	113.61 %
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	112.24 %
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	1262000				
			Totals ►	18(b)	1262000
				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 1187899
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
0	0
(3) 3rd	(4) 4th
0	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 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	966252	
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	966252	
	Carryover balance	Prefunding balance	Total balance
35 Balances elected for use to offset funding requirement.....	610746	0	610746
36 Additional cash requirement (line 34 minus line 35)	36	355506	
37 Contributions allocated toward minimum required contribution for current year adjusted to valuation date (line 19c)	37	1187899	
38 Present value of excess contributions for current year (see instructions)			
a Total (excess, if any, of line 37 over line 36)	38a	832393	
b Portion included in line 38a attributable to use of prefunding and funding standard carryover balances	38b	610746	
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.
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For calendar plan year 2011 or fiscal plan year beginning	01/01/2011	and ending	12/31/2011
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A Name of plan NESTLE USA PENSION PLAN	B Three-digit plan number (PN)	► 042
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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
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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)
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a Name of MTIA, CCT, PSA, or 103-12 IE:	NESTLE IN THE USA PENSION TRUST
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b Name of sponsor of entity listed in (a):	NESTLE USA, INC.
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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)	35302206
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a Name of MTIA, CCT, PSA, or 103-12 IE:	
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b Name of sponsor of entity listed in (a):	
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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)	
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a Name of MTIA, CCT, PSA, or 103-12 IE:	
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b Name of sponsor of entity listed in (a):	
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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)	
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a Name of MTIA, CCT, PSA, or 103-12 IE:	
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b Name of sponsor of entity listed in (a):	
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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)	
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a Name of MTIA, CCT, PSA, or 103-12 IE:	
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b Name of sponsor of entity listed in (a):	
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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)	
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a Name of MTIA, CCT, PSA, or 103-12 IE:	
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b Name of sponsor of entity listed in (a):	
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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)	
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a Name of MTIA, CCT, PSA, or 103-12 IE:	
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b Name of sponsor of entity listed in (a):	
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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)	
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a Name of MTIA, CCT, PSA, or 103-12 IE:	
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a Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity
code**e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)**a** Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity
code**e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)**a** Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity
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code**e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)**a** Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity
code**e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)**a** Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity
code**e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)**a** Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity
code**e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)**a** Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity
code**e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)

Part II Information on Participating Plans (to be completed by DFEs)

(Complete as many entries as needed to report all participating plans)

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

SCHEDULE H (Form 5500) Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	Financial Information This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA), and section 6058(a) of the Internal Revenue Code (the Code). ► File as an attachment to Form 5500.	OMB No. 1210-0110
		2011
		This Form is Open to Public Inspection

For calendar plan year 2011 or fiscal plan year beginning 01/01/2011 and ending 12/31/2011		
A Name of plan NESTLE USA PENSION PLAN	B Three-digit plan number (PN) ►	042
C Plan sponsor's name as shown on line 2a of Form 5500 NESTLE USA, INC.	D Employer Identification Number (EIN) 95-1572209	

Part I	Asset and Liability Statement
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1 Current value of plan assets and liabilities at the beginning and end of the plan year. Combine the value of plan assets held in more than one trust. Report the value of the plan's interest in a commingled fund containing the assets of more than one plan on a line-by-line basis unless the value is reportable on lines 1c(9) through 1c(14). Do not enter the value of that portion of an insurance contract which guarantees, during this plan year, to pay a specific dollar benefit at a future date. **Round off amounts to the nearest dollar.** MTIAs, CCTs, PSAs, and 103-12 IEs do not complete lines 1b(1), 1b(2), 1c(8), 1g, 1h, and 1i. CCTs, PSAs, and 103-12 IEs also do not complete lines 1d and 1e. See instructions.

Assets		(a) Beginning of Year	(b) End of Year
a Total noninterest-bearing cash	1a		
b Receivables (less allowance for doubtful accounts):			
(1) Employer contributions	1b(1)	1004000	1262000
(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)	31541408	35302206
(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	32545408	36564206

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	32545408	36564206
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Part II Income and Expense Statement

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

Income**a Contributions:**

		(a) Amount	(b) Total
(1) Received or receivable in cash from: (A) Employers	2a(1)(A)	1262000	
(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)		1262000

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)		
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(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)		4036564
(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		5298564

Expenses

e Benefit payment and payments to provide benefits:			
(1) Directly to participants or beneficiaries, including direct rollovers	2e(1)	1020466	
(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)		1020466
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)	259300	
(5) Total administrative expenses. Add lines 2i(1) through (4).....	2i(5)		259300
j Total expenses. Add all expense amounts in column (b) and enter total.....	2j		1279766

Net Income and Reconciliation

k Net income (loss). Subtract line 2j from line 2d.....	2k		4018798
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>NESTLE USA PENSION PLAN</u>	B Three-digit plan number (PN) ▶ <u>042</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>6</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
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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

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: 34% Investment-Grade Debt: 34% High-Yield Debt: 0% Real Estate: 7% Other: 25%

- 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):



NESTLÉ USA PENSION PLAN

Financial Statements

December 31, 2011 and 2010

(With Independent Auditors' Report Thereon)

NESTLÉ USA PENSION PLAN

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



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

Independent Auditors' Report

The Plan Administrator
Nestlé USA Pension Plan:

We were engaged to audit the accompanying statements of net assets available for benefits and statements of accumulated plan benefits of the Nestlé USA Pension Plan (the 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 then 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 a certification from the trustee as of and for the years ended December 31, 2011 and 2010, that the information provided to the Plan Administrator by the trustee is complete and accurate.

Because of the significance of the information that we did not audit, we are unable to, and do not, express an opinion on the accompanying financial statements 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 in the Pension Trust as of December 31, 2011 and 2010, respectively.

KPMG LLP

October 12, 2012

NESTLÉ USA 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	\$ 35,302,206	31,541,408
Contributions receivable	<u>355,506</u>	<u>814,328</u>
Net assets available for benefits	<u>\$ 35,657,712</u>	<u>32,355,736</u>

See accompanying notes to financial statements.

NESTLÉ USA 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 Nestlé in the USA Pension Trust investment income	\$ 4,036,564	5,135,110
Total investment income	<u>4,036,564</u>	<u>5,135,110</u>
Contributions:		
Employer contributions	<u>545,178</u>	<u>1,181,962</u>
Total contributions	<u>545,178</u>	<u>1,181,962</u>
Deductions:		
Benefits paid to participants	1,020,466	979,536
Investment and administrative expenses	<u>259,300</u>	<u>269,493</u>
Total deductions	<u>1,279,766</u>	<u>1,249,029</u>
Net increase	3,301,976	5,068,043
Net assets available for benefits:		
Beginning of year	<u>32,355,736</u>	<u>27,287,693</u>
End of year	\$ <u><u>35,657,712</u></u>	<u><u>32,355,736</u></u>

See accompanying notes to financial statements.

NESTLÉ USA PENSION PLAN
Statements of Accumulated Plan Benefits
December 31, 2011 and 2010

	<u>2011</u>	<u>2010</u>
Actuarial present value of accumulated plan benefits (note 2(c)):		
Vested benefits:		
Participants currently receiving payments	\$ 9,072,924	8,443,139
Other participants	<u>13,736,047</u>	<u>12,360,799</u>
	22,808,971	20,803,938
Nonvested benefits	<u>303,965</u>	<u>331,504</u>
Total actuarial present value of accumulated plan benefits	\$ <u><u>23,112,936</u></u>	<u><u>21,135,442</u></u>

See accompanying notes to financial statements.

NESTLÉ USA 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	\$ 21,135,442	19,538,101
Increase (decrease) during the year attributable to:		
Benefits accumulated	1,205,432	558,909
Change in Plan provisions (note 1(b))	—	482,807
Interest due to decrease in the discount period	1,754,027	1,619,957
Benefits paid	(1,020,466)	(979,536)
Assumption changes (note 2(c))	<u>38,501</u>	<u>(84,796)</u>
Actuarial present value of accumulated plan benefits, end of year	\$ <u><u>23,112,936</u></u>	<u><u>21,135,442</u></u>

See accompanying notes to financial statements.

NESTLÉ USA PENSION PLAN

Notes to Financial Statements

December 31, 2011 and 2010

(1) Description of the Plan

The following description of the Nestlé USA 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 defined benefit pension plan covering certain hourly employees at various Nestlé USA, Inc. (Company) production facilities. The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA).

(b) Pension Benefits

Participating employees at each Company location are covered by a separate schedule of benefits (Schedule) under the Plan that sets out specific eligibility provisions and benefit amounts. To be eligible, employees must be actively employed at one of the covered Company locations and must be a member of the location's labor or trade union, if required by the applicable Schedule. Participants' benefits become fully vested after they have completed three years of service. Periodically, for eligible participants at certain Company locations, changes to the Plan's provisions are negotiated to increase the base rates used to calculate pension benefits including benefit level increases to take effect in future periods. The base rates within the Schedule for certain locations were updated in 2010, however, there were no changes to the base rates in 2011.

(c) Death Benefits

If an active participant dies, a pre-retirement death benefit may be paid to the participant's qualified surviving spouse on a reduced basis based upon the provisions in the Plan document.

(2) Summary of Significant Accounting Policies

The following are the significant accounting policies followed by the Plan.

(a) Basis of Accounting

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

(b) Investment Valuation

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

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

NESTLÉ USA PENSION PLAN

Notes to Financial Statements

December 31, 2011 and 2010

Purchases and sales of securities are recorded on a trade-date basis. Interest and other income are recorded on the accrual basis. Dividends are recorded on the ex-dividend date. Net appreciation/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, including lump-sum distributions 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.

The accumulated plan benefits for active employees are based on their years of credited service multiplied by benefit factors defined in the Plan document. Benefits payable under all circumstances – retirement, death, disability, and termination of employment – are included to the extent they are deemed attributable to employee-credited 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, termination, or retirement) between the valuation date and the expected date of payment. The significant actuarial assumptions used in the valuations 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 are based on the presumption that the Plan will continue. Were the Plan to terminate, different actuarial assumptions and other factors might be applicable in determining the actuarial present value of accumulated plan benefits.

(d) Administrative Expenses

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

(e) Payment of Benefits

Benefit payments to participants are recorded upon distribution.

NESTLÉ USA PENSION PLAN

Notes to Financial Statements

December 31, 2011 and 2010

(f) Use of Estimates

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

NESTLÉ USA PENSION PLAN

Notes to Financial Statements

December 31, 2011 and 2010

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

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

(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 \$545,178 and \$1,181,962, respectively, and 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 Plan or establishment of a new trust fund, and/or (b) purchase of annuity contracts. In addition, certain benefits under the Plan are insured by the Pension Benefit Guaranty Corporation (PBGC) if the Plan terminates. Generally, the PBGC guarantees most vested normal age retirement benefits, early retirement benefits, and certain disability and survivors' benefits. However, the PBGC does not guarantee all types of benefits under the Plan, and the amount of benefit protection is subject to certain limitations. Vested benefits under the Plan are guaranteed at the level in effect on the date of the Plan's termination. However, there is a statutory ceiling on the amount of an individual's monthly benefit that the PBGC guarantees, which is adjusted periodically.

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

(5) Trustee Certifications

The plan administrator has elected the method of compliance permitted by 29 CFR 2520.103-8 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under ERISA. Accordingly, as permitted under such election, the plan administrator has obtained a certification from The Northern Trust Company, the trustee of the Plan, as of and for the years ended December 31, 2011 and 2010, that all of the

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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 investment funds are held by the investment fund managers, who report the net asset values of the Pension Trust's interests to the Company and trustee on a periodic basis. Information included in the accompanying financial statements related to these funds is based upon these net asset values as of December 31, 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 the trustee's method of allocating the investment holdings between the plans, contributions into the Pension Trust are treated as additions in the Pension Trust, withdrawals are treated as deductions in the Pension Trust, and investment income (loss) is allocated proportionately. Accordingly, the value of the Plan's investment in the Pension Trust is equal to the Plan's interest in each applicable investment increased or decreased by the Plan's allocated share in income, gains, and losses attributable to each applicable investment, which share is generally based upon the Plan's respective share of the Pension 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 less than 1% 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*	508,224,652	424,295,309
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	59,685,023	48,363,096
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	(1,411,690)	(150,929)
Net Pension Trust assets	<u>\$ 3,598,369,333</u>	<u>3,267,233,948</u>
Net Pension Trust assets attributable to the Plan	\$ 35,302,206	31,541,408

* 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	\$ 4,036,564	5,135,110

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

- **Level 1:** Assets or liabilities that are valued based on unadjusted quoted prices in active markets that are accessible at measurement date.
- **Level 2:** Assets or liabilities that are valued based on 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>

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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).

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- (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. 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>

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	January 1, 2010*	Net purchases, sales and settlements	Unrealized gains (losses)	Realized gains (losses)	December 31, 2010
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 August 6, 2002, that the Plan and related trust are designed in accordance with applicable sections of the Internal Revenue Code (IRC). In accordance with IRS procedures, in December 2009 the Company adopted an amended and restated Plan document effective January 1, 2009. The Company submitted a determination letter ruling request with the IRS in January 2010 for the amended and restated Plan document with regard to EGTRRA and other items identified on the 2008 Cumulative List of Changes in Plan Qualification Requirements in IRS Notice 2008-108. The IRS issued a favorable ruling on the request on January 5, 2011; however, Nestle's legal counsel requested the IRS to reissue 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.

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December 31, 2011 and 2010

(10) Reconciliation of Financial statements to Form 5500

Contributions of \$1,262,000 and \$1,004,000 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 recognized \$545,178 and \$1,181,962 in the 2011 and 2010 financial statements, respectively, 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	\$ 35,657,712	32,355,736
Add contributions received for current plan year	<u>906,494</u>	<u>189,672</u>
Net assets available for benefits per Form 5500	<u>\$ 36,564,206</u>	<u>32,545,408</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	\$ 545,178	1,181,962
Add contributions received for current plan year	906,494	189,672
Less contributions received for prior plan year	<u>(189,672)</u>	<u>(367,634)</u>
Employer contributions per Form 5500	<u>\$ 1,262,000</u>	<u>1,004,000</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.

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

Nestlé USA, Inc- Nestlé USA Pension Plan

EIN: 95-1572209

Plan Number: 042

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

Termination Rates

Previous Assumption:	<i>Age 25</i>	<i>Age 40</i>	<i>Age 55</i>
	26.4%	12.6%	5.0%
Current Assumption:	<i>Age 25</i>	<i>Age 40</i>	<i>Age 50</i>
	21.7%	10.1%	7.7%

Retirement Rates

Previous Assumption:			Age 55	Age 62	Age 65	
			0%	25%	100%	
Current Assumption:						
		Age 55	Age 60	Age 62	Age 65	Age 70
		5.0%	5.0%	25.0%	50.0%	100.0%

2011 Schedule SB, line 26 - Schedule of Active Participant Data
Name of Sponsor / Plan: Nestlé USA, Inc. – Nestlé USA Pension Plan
EIN / PIN: 95-1572209 / 042

		----- 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	1	9	1							
25 to 29	Number	3	24	12							
30 to 34	Number	3	36	15	6						
35 to 39	Number	1	19	13	30	1					
40 to 44	Number	3	22	12	25	20	2				
45 to 49	Number	1	24	21	26	26	8	11	1		
50 to 54	Number	2	19	14	23	24	5	10	17	1	
55 to 59	Number	1	13	17	11	14	14	10	7	1	
60 to 64	Number		5	12	13	9	9	4	4		
65 to 69	Number			2	3	1	2	1			
70 & up	Number			1							

Average Age = 46.6

Average Service = 11.9

Schedule SB - Statement by Enrolled Actuary

Plan Sponsor	Nestlé USA, Inc.
EIN/PN	95-1572209/042
Plan Name	Nestlé USA 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.

Nestlé USA Pension Plan

Plan Provisions

The most recent amendment reflected in the following plan provisions was effective in 2010.

Covered employees	Union employees of the covered locations
Participation date	Date of hire
Type of plan	Dollar per month

Definitions

Vesting service	One year for each 1,000-hour calendar year of employment
Credited service	One year for each 1,600-hour calendar year of employment at Morton, St. Joseph (Packers), and Fort Dodge; 1,800 hours at the other locations
Accumulated benefit:	Benefit level x credited service. See Appendix C for locations and benefit levels.

Eligibility for Benefits

Normal retirement	Retirement after attaining age 65
Early retirement	Retirement before NRD and on or after both attaining age 55 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
Disability	Permanent and total disability after completing five 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
Early retirement	Accrued benefit reduced 6.67% for each of the first five years prior to age 65, and 3.33% for each additional year
Postponed retirement	Accrued benefit payable immediately

Nestlé USA, Inc. – Nestlé USA Pension Plan
 EIN: 95-1572209 PN: 042
 2011 Schedule SB, Part V– Summary of Plan Provisions

Vested termination	Accrued benefit payable unreduced at 65, reduced 6.67% for each of the first five years prior to age 65, and 3.33% for each additional year
Disablement	Accrued benefit payable immediately
Preretirement death	If married, reduced 100% early retirement benefit if attained age 55 or 100% accrued benefit for all others reduced to be payable at age 55

Other Plan Provisions

Normal form of payment	Life annuity for single participants; 100% joint and survivor for married participants
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
All Locations	• 8.00% • 1994 GAR	1) Single Life Annuity 2) 50% & 100% Joint Survivor Annuity

Future Plan Changes

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.

Changes in Benefits Valued Since Prior Year

The ultimate benefit level for Gateway increased from \$30.00 to \$33.00.

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

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> : |
| | 28 5.50% |
| | 43 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 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%

► 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. — Nestlé USA Pension Plan

EIN: 95-1572209 PN: 042

2011 Schedule SB, Part V – Statement of Actuarial Assumptions and 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	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. 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.
Change in assumptions and methods since prior valuation	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. 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 0.50% 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.

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>
54	0.00%	100.00%	100.00%	0.00%	0.00
55	5.00%	95.00%	95.00%	5.00%	2.75
56	5.00%	95.00%	90.25%	4.75%	2.66
57	5.00%	95.00%	85.74%	4.51%	2.57
58	5.00%	95.00%	81.45%	4.29%	2.49
59	5.00%	95.00%	77.38%	4.07%	2.40
60	5.00%	95.00%	73.51%	3.87%	2.32
61	12.00%	88.00%	64.69%	8.82%	5.38
62	25.00%	75.00%	48.52%	16.17%	10.03
63	13.00%	87.00%	42.21%	6.31%	3.97
64	15.00%	85.00%	35.88%	6.33%	4.05
65	50.00%	50.00%	17.94%	17.94%	11.66
66	50.00%	50.00%	8.97%	8.97%	5.92
67	50.00%	50.00%	4.48%	4.48%	3.00
68	50.00%	50.00%	2.24%	2.24%	1.52
69	50.00%	50.00%	1.12%	1.12%	0.77
70	100.00%	0.00%	0.00%	1.12%	0.78
				<u>100.00%</u>	

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 Nestle USA Pension Plan	B Three-digit plan number (PN) ► <u>042</u>
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	32,543,118
	b Actuarial value	2b	32,543,118
3	Funding target/participant count breakdown:	(1) Number of participants	(2) Funding Target
	a For retired participants and beneficiaries receiving payment.....	3a	345
	b For terminated vested participants.....	3b	392
	c For active participants:		
	(1) Non-vested benefits.....	3c(1)	318,092
	(2) Vested benefits.....	3c(2)	12,263,236
	(3) Total active.....	3c(3)	645
	d Total.....	3d	1,382
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	6.05 %
6	Target normal cost	6	966,252

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 Firm name 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
v.012611