



Nestlé (Ireland) Pension Fund ('the Fund')

Notice to Active Members

10 FEBRUARY 2012

The Directors of Nestlé (Ireland) Pension Trust Ltd, the Trustee of the Fund ('the Trustee') HEREBY NOTIFY you of the following:

1. Nestlé (Ireland) Ltd ('the Principal Company') has informed the Trustee by a notice dated 30 January 2012 ('the Notice') that contributions by the Principal Company to the Fund shall cease with effect from 31 March 2012.
2. The Trustee is required by clause 15.1.1(a) of the Fund's Trust Deed and Rules dated 21 August 2007 ('the Trust Deed') to wind up the Fund where the Principal Company has given notice that its contributions to the Fund shall cease, unless the Trustee otherwise determines that the winding-up of the Fund should be deferred.
3. By a Resolution dated 2 February 2012 ('the Resolution'), the Trustee has resolved that the Fund shall be wound up with effect from 31 March 2012 ('the Winding-Up Date').
4. With effect from the Winding-Up Date, your membership of the Fund will cease and you will become a member of the Nestlé European Pension Fund (Irish section) ('the New Fund'). The New Fund is governed by the International Board of the Nestlé European Pension Fund.

In brief

From 31 March 2012:

- The Company will stop contributing to the Fund.
- The Trustee will wind up the Fund.
- You will no longer be a member of the Fund.

From 1 April 2012:

- You will become a member of the Irish section of the Nestlé European Pension Fund.

Continued overleaf



5. In accordance with section 48 of the Pensions Act 1990 (as amended), a transfer payment in respect of the benefits of the members ('the Bulk Transfer') will be made from the Fund to the New Fund.

6. The Trustee hereby:

- a) gives you certain information regarding the Bulk Transfer ('the Information') described in paragraph 7; and
- b) provides you with the opportunity to make observations regarding the Bulk Transfer in accordance with paragraph 8 (on page 7).

7. The Information is as follows:

a) Details of circumstances giving rise to the Bulk Transfer

The Principal Company has carried out a review of its pension arrangements and has decided to make a number of changes. These changes will affect

- i) the way in which current and future employees will build up benefits from 1 April 2012; and also
- ii) the vehicle from which existing and future benefits will be provided from that date.

In relation to ii) above, it has been decided that the Fund will be wound up with effect from 31 March 2012 and its assets and liabilities will be transferred by way of a Bulk Transfer to the New Fund. The New Fund is a pan-European pension arrangement that the Nestlé group of companies operates in Belgium. A new Irish section will be created in this arrangement on 1 April 2012 to hold the assets and future contributions from which both past and future benefits will be paid.

This Bulk Transfer will allow the Nestlé group of companies to operate pension arrangements for several European countries within one pan-European pension fund under a more flexible and supportive regulatory environment. It will be more cost effective to run several schemes out of one arrangement. The Bulk Transfer will also assist the Principal Company to deliver long-term sustainable pension provision for employees and Fund members in Ireland.

At the same time as the Bulk Transfer, the Principal Company will make significant additional contributions to the New Fund to ensure that the Irish section is fully funded on a Belgian funding basis (the basis on which the funding of a pension is measured in Belgium). This is intended to provide greater financial security for all members of the Fund.

b) Details of the applicable benefit structures of the Fund and the New Fund, (including discretionary benefit practices and surplus rules) and details of benefits to be granted to the transferring members in the New Fund

The pension that you have already built up in the Fund will be calculated at 31 March 2012, based on your Final Pensionable Pay and your Pensionable Service at that date as determined by the Rules of the Fund and transferred to the New Fund. The pension will then be adjusted each year until you retire in line with the Consumer Price Index (CPI) up to a maximum of 5% each year.

The benefits that you build up in the New Fund from 1 April 2012 will be based on a new benefit structure as outlined in the following table and as described in the newsletter 'Pension changes' issued to you in August 2011 and the letter sent to you in December 2011.

The main provisions of the benefit structures of the Fund and the New Fund are as follows:

	The Fund	The New Fund
Sponsoring Employer (Principal Company)	Nestlé (Ireland) Ltd	Irish section - No change
Type of arrangement	Defined benefit – Final Salary	Defined benefit – Career Average (for benefits built up from 1/4/12) Inflation link for benefits built up to 31/3/12
Commencement date	19/7/63	Irish section – 1/4/12
Eligibility	As advised by the Company	No change Existing actives at 31/3/12 will be eligible to build up benefits in both CARE options (Lanes 2 & 3). New members joining from 1/4/12 will only be eligible to join the lower of the CARE options (Lane 2).
Normal Pension Date (NPD)	Age 60 or 65	No change
Pensionable Pay	Pay less a deduction of €10,940 (in the year beginning 1/1/12. Previously €10,632 in the year beginning 1/1/11). Pensionable Pay is never less than half the Pay. Bonuses are excluded.	Replaced by Pensionable Earnings from 1/4/12: Base Pay plus any work pattern-based elements. There will no longer be a deduction, but bonuses will continue to be excluded.
Final Pensionable Pay	Pensionable Pay at date of retirement, death in service or leaving the Fund.	Replaced by Career Average Revalued Pensionable Earnings for benefits built up from 1/4/12 Career Average Revalued Pensionable Earnings: Each year's Pensionable Earnings will be increased in line with CPI inflation from the end of that year to the date of retirement (up to 2.5% a year) and then added up to give a total revalued Pensionable Earnings figure. This is then divided by the number of years' Pensionable Service in Lane 3 or Lane 2. Active Members from 1/4/12: for the purposes of calculating Career Average Revalued Pensionable Earnings, discretion to increase each year's Pensionable Earnings by more than 2.5% a year if inflation (CPI) exceeds 2.5% a year.
Pensionable Service	The number of complete years and months of continuous membership of the Fund.	The number of complete years and days of continuous membership.

	The Fund	The New Fund
Accrual rate	60th	60th in Lane 3 and 80th in Lane 2
Member contribution rate	8% of Pensionable Pay	5% of Pensionable Earnings in Lane 3 4% of Pensionable Earnings in Lane 2 Following the 31/12/14 valuation, members to pay 40% of future service cost
Employer contribution rate	15.3% of Pensionable Pay	6.7% of Pensionable Earnings Following the 31/12/14 valuation, employer to pay 60% of future service cost
Leaving service & vesting provisions	Less than 2 years' membership: Refund of member contributions less tax due. 2 or more years' membership: Retain deferred pension in the Fund payable from Normal Pension Date or option to transfer deferred pension to another pension arrangement.	No change No change
Increases to deferred pension after leaving service after 31/3/12	Pensions increased in line with the rise in the Consumer Prices Index up to 4% a year between the date of leaving the Fund and Normal Pension Date.	No change
Death in deferment benefits	Spouse's or Dependant's pension of 50% of member's pension at date of death. Pension for any dependent children up to age 18 or 25, if in full-time education, or of any age if unable to support themselves financially due to a mental or physical handicap. If no pension payable to a spouse, dependant or dependent children, cash sum payable equivalent to the greater of the member's contributions or the actuarial value of the deferred pension immediately before death.	No change No change No change
Transfers out	Option to transfer the value of your benefits to another pension arrangement at any time before your Normal Pension Date. Fund Actuary determines value of benefits to be transferred, taking into account value of future increases to your pension, current investment conditions and the Fund's current funding level.	No change No change

	The Fund	The New Fund
Early retirement	<p>Early retirement from active status: Pension reduced by 4% for each year and complete month between early retirement and Normal Pension Date.</p> <p>Early retirement from deferred status: the value of the immediate pension payable from the date of early retirement is the same as the value of the member's deferred pension (based on actuarial advice).</p> <p>Early retirement possible from age 50 (the Trustee's policy is that early retirement is not permitted at present).</p> <p>Employer consent required for Active Members.</p> <p>No consent required for Deferred Members.</p>	<p>No change</p> <p>No change</p> <p>Early retirement possible from age 50</p> <p>No change</p> <p>No change</p>
Ill-health retirement	<p>Ill-health pension payable based on actual service reduced for early retirement.</p> <p>In the event of retirement due to exceptional serious ill health, option to give up whole of pension for a cash sum.</p>	<p>From 1/4/12 existing cover extended to include prospective service and there will be no reduction for early payment.</p>
Options at retirement	<p>Option to convert some pension to cash at retirement, subject to maximum set by Revenue Commissioner.</p> <p>Option to take a lower pension for yourself in exchange for providing a higher pension for your dependants when you die.</p> <p>If you retire before State Retirement Age, option to receive a higher Fund pension before State Retirement Age, followed by a reduced Fund pension afterwards.</p> <p>If the pension is 'trivial' (annual amount as approved by the Revenue Commissioners), option to give up the whole of the pension for a cash sum.</p>	<p>No change</p> <p>No change</p> <p>No change</p> <p>No change</p>
Death after retirement benefits	<p>50% spouse or dependant's pension (prior to commutation) unless chosen otherwise at point of retirement.</p> <p>Pension reduced if spouse is more than 10 years younger.</p> <p>Pension for any dependent children up to age 18 or 25, if in full-time education, or of any age if unable to support themselves financially due to a mental or physical handicap.</p> <p>5 year guarantee of balance of outstanding pension payments if you die during first 5 years of retirement.</p>	<p>No change</p> <p>No change</p> <p>No change</p> <p>No change</p>

	The Fund	The New Fund
Increases to pensions in payment	Lower of 4% and the movement in the Consumer Prices Index (CPI) a year.	No change
Value for Money Guarantee	Former Rowntree members only: Capital Balance allocated at 31/8/91 which has been increased annually (interest and contributions).	From 1/4/12 only interest will be added to the Capital Balance at the start of each year. No further contributions will be credited.
Additional Service Credits	Former Rowntree / Nestlé members only: Initial service credit and option of building up additional service credits granted at 1/1/91.	No change
Bridging Pensions	Members with Normal Pension Dates of age 60: Bridging Pensions payable from retirement at NPD until age 65.	Bridging Pensions will stop building up from 1/4/12. The value of the Bridging Pension built up will be converted into a smaller yearly pension payable for life from retirement.
Discretionary benefit practices	<p>Discretionary increases to pensions in payment may be considered if CPI exceeds 4% a year.</p> <p>Discretion to decide who should receive lump sum payment on death in deferment or 5 year guarantee payment on death in first 5 years of retirement.</p> <p>Discretion to pay some or all of the spouse's pension to a dependant if you are not married or have been separated for at least two years at the time of death.</p> <p>Discretion to pay pensions to stepchildren or foster children or to any child to whom you are in loco parentis at the time of death.</p>	<p>No change</p> <p>No change</p> <p>No change</p> <p>No change</p> <p>New discretionary power – Active Members at 31/3/12: Discretion to increase past service benefits built up to 31/3/12 in the Fund by more than 5% a year if inflation (CPI) exceeds 5% a year whilst in Active Service.</p>
Rules in relation to the treatment of any surplus	To be returned to the employers on winding up subject to Pensions Act.	No change

c) Details of any loss to or adverse effects on the interests of transferring members and any charges (including recurring charges) to be paid by them

Based on the above benefit structures, Active Members will not suffer any material loss or adverse effects as a result of the Bulk Transfer. All charges relating to the Bulk Transfer will be met by the employers participating in the Fund.

d) Actuary's Statement

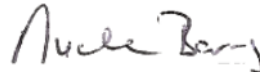
Please see the Actuary's Statement on the back page.

8. Any observations you may have regarding the Information must be submitted for the attention of the Trustee or any employer of the Fund ('an Employer') no later than one month from the date of this Notice ('the Closing Date') and should be addressed in writing:
- by post to Mr Andrew White, Nestlé Pensions, St George's House, Croydon, CR9 1NR, United Kingdom; or
 - via email to pensionchanges@uk.nestle.com; or
 - online via the electronic feedback form at www.nimpensions.co.uk (password: citywest).
9. Before making the Bulk Transfer, the Trustee and any Employer will give due consideration to any observations you submit to them on or before the Closing Date.
10. Once due consideration of these observations has been given and prior to the Bulk Transfer being effected, the Trustee or the Employer (as applicable) shall write to you to confirm that they have considered the observations and the outcome of the considerations.

SIGNED BY THE TRUSTEE THIS 10TH DAY OF FEBRUARY 2012



Oliver Sutherland
Director, Nestlé (Ireland) Pension Trust Ltd



Nuala Barry
Director, Nestlé (Ireland) Pension Trust Ltd



Darren Gallgher
Director, Nestlé (Ireland) Pension Trust Ltd



Michael Giblin
Director, Nestlé (Ireland) Pension Trust Ltd

Actuary's Statement

The total assets and liabilities of the Nestlé (Ireland) Pension Fund (the 'Fund') are to be transferred to the Nestlé European Pension Fund ('the New Fund'). The members transferring to the New Fund ('the Transferring Members') will receive benefits in the receiving plan as set out in detail earlier in this correspondence. There are no changes in the benefits earned to date by the Transferring Members.

A review of solvency levels as at 31 December 2011 (there has been no material change since then) indicated that:

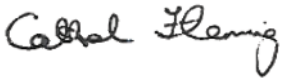
1. based on the assets and liability values, the minimum transfer value of each Transferring Member would, immediately following the bulk transfer to the New Fund, be at least equal to the minimum transfer value of the benefits for each Transferring Member in the Fund immediately before the Bulk Transfer;
2. the Fund would not meet the requirements of the Minimum Funding Standard under Part IV of the Pensions Act 1990 (as amended). Funding levels were estimated at 73% at that date; and
3. prior to the Bulk Transfer, the New Fund would meet the requirements of its solvency measure in Belgium. Funding levels were estimated at 112% at that date.

Based on the above solvency levels, it is reasonably likely that the funding level of the New Fund after the bulk transfer would be at least equal to the funding level of the Fund immediately before the Bulk Transfer.

The liabilities for Transferring Members who are active and deferred members of the Fund have been calculated in accordance with the methods and assumptions specified for the calculation of the standard transfer values under ASP Pen 2 issued by the Society of Actuaries in Ireland. The liabilities of Transferring Members who are pensioners have been valued using current annuity rates as required under the Minimum Funding Standard.

No discretionary benefits have been included in the liability calculations.

The solvency measure of the New Fund has been calculated by the actuary of the New Fund.



Date: 10 February 2011

Cathal Fleming
Actuary to Nestlé (Ireland) Pension Fund

Qualification: Fellow of the Society of Actuaries in Ireland
Name of Actuary's employer/firm: Mercer (Ireland) Ltd
Scheme Actuary Certificate Number: P109

