



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

Notice to Pensioner 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.
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 3).
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.

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.
- Your monthly pension will continue to be paid in the same way as now.
- There will be no change to the benefits payable to you.

Continued overleaf

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

Upon transferring to the New Fund, you will be granted a pension equal to the pension that you currently receive from the Fund. You will continue to receive your monthly pension in the same way as you do at present. The New Fund will continue to be administered by Nestlé Pensions in Croydon.

The provisions of the applicable benefit structures of the Fund and the New Fund that apply to pensioner members are as follows:

	The Fund	The New Fund
Death after retirement benefits	<p>50% spouse or dependant's pension (prior to commutation) unless chosen otherwise at the point of retirement.</p> <p>Pension reduced if spouse is more than 10 years younger.</p> <p>Pension for any dependant 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 die during first 5 years of retirement.</p>	<p>No change</p> <p>No change</p> <p>No change</p> <p>No change</p>
Pension increases	<p>Lower of 4% and the movement in the Consumer Prices Index (CPI) a year.</p>	<p>No change</p>
Discretionary benefit practices relating to Pensioner Members	<p>Discretionary increases to pensions in payment may be considered if CPI exceeds 4% a year.</p> <p>Discretion to decide who should receive 5 year guarantee payment.</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>
Rules in relation to the treatment of any surplus	<p>To be returned to the employers on winding up subject to Pensions Act.</p>	<p>No change</p>

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, Pensioner 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 page 4.

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:

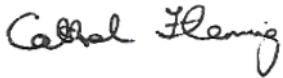
1. based on the assets and liability values, the minimum transfer value of each Transferring Member would, immediately following the bulk transfer to the New Fund, be at least equal to the minimum transfer value of the benefits for each Transferring Member in the Fund immediately before the Bulk Transfer;
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 2012

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

