

Invitation to the Annual
General Meeting 2012
of Nestlé S.A.



Nestlé

Good Food, Good Life



For information only

145th Annual General Meeting

to be held on Thursday, 19 April 2012, at 2:30 p.m., at Beaulieu Lausanne,
Avenue des Bergières 10, 1004 Lausanne, Switzerland

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Letter from the Chairman

Dear Shareholder,

Last year's results showed strong organic growth, as well as continued margin improvement in constant currencies, delivering for the 16th consecutive time the Nestlé financial model. In another year of great uncertainty your Company has maintained its long-term commitment to creating value for its shareholders and society, thanks to the excellent execution of our management under the leadership of our CEO, Mr Paul Bulcke.

At this year's event, we will have the opportunity to say thank you to Mrs Carolina Müller-Möhl and Mr Jean-René Fourtou, who will both retire, for their highly appreciated services provided to our Company over the past years. At the same time we propose to you the re-election of Mr Daniel Borel as a member of our Board of Directors. If elected, he will continue to provide valuable contributions to our Company as a member of our Board and Chairman of its Compensation Committee.

In addition, we are pleased to present a new candidate for election to our Board of Directors. Mr Henri de Castries, of French nationality, is the Chairman and Chief Executive Officer of the AXA Group, a global leader in insurance. He had a distinguished career in the French Finance Ministry before taking on several important executive roles within the AXA Group. We believe that with his long business experience and strong financial background, he will in particular enrich the Board's business and financial capabilities. As per our practice, this candidate is presented on our website and will be introduced at the meeting.

In line with the "Say-on-Pay" practice that we established three years ago, we will submit our Compensation Report to a separate, consultative vote of shareholders. The report again reflects some changes to our compensation system, based on the dialogue which we maintain with our investors and governance experts.

We also propose to you the cancellation of the remaining shares repurchased under our CHF 10 billion share buy-back programme completed in 2011.

We continue to engage in the reshaping of the corporate governance framework in our home country Switzerland and elsewhere. Shareholder participation and the proper functioning of the voting chain continue to be in

our focus. But we also believe that the Board of Directors plays a critical role in maintaining good governance, as it is the Board which ensures the long-term sustainable value creation by our Company.

Let me take this opportunity to thank you for the trust that you have placed in our Company.

I look forward to seeing you in Lausanne on 19 April 2012.

Yours sincerely,



Peter Brabeck-Letmathe
Chairman of the Board

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Agenda and Proposals of the Board of Directors

1 Annual Report 2011

1.1 Annual Report, financial statements of Nestlé S.A. and consolidated financial statements of the Nestlé Group for 2011; reports of the statutory auditors

Proposal

Approval of the Annual Report, the financial statements of Nestlé S.A. and the consolidated financial statements of the Nestlé Group for 2011

1.2 Advisory vote on the Compensation Report 2011

Proposal

Acceptance of the Compensation Report 2011 (advisory vote)

Explanation

As per our practice established three years ago, the Board of Directors submits the Compensation Report 2011 to a separate advisory vote of the shareholders in accordance with the Swiss Code of Best Practice for Corporate Governance. The Compensation Report is an appendix to the Corporate Governance Report included in the Annual Report. It is available on the internet (www.nestle.com) or from the Share Transfer Office in Cham.

2 Release of the Board of Directors and of the Management

Proposal

Release of the members of the Board of Directors and of the Management

3 Appropriation of profits resulting from the balance sheet of Nestlé S.A.

Proposal

Retained earnings

Balance brought forward from 2010	CHF	1 763 699 388
Profit for the year 2011	CHF	5 200 333 068
	CHF	<u>6 964 032 456</u>

Proposed appropriation

Dividend for 2011, CHF 1.95 per share on 3 219 823 070 shares ¹	CHF	<u>6 278 654 986</u>
Balance to be carried forward	CHF	<u>685 377 470</u>

Provided that the proposal of the Board of Directors is approved, the gross dividend will amount to CHF 1.95 per share, representing a net amount of CHF 1.2675 per share after payment of the Swiss withholding tax of 35%. The last trading day with entitlement to receive the dividend is 20 April 2012. The shares will be traded ex-dividend as of 23 April 2012. The net dividend will be payable as from 26 April 2012.

¹ Depending on the number of shares issued as of the dividend record date. Own shares held by the Nestlé Group are not entitled to dividend, consequently the dividend on those shares still held on 20 April 2012 will be transferred to the special reserve.

4 Elections

4.1 Re-election to the Board of Directors

Proposal

Re-election of Mr Daniel Borel (for a term of three years)

Explanation

At the Annual General Meeting of 19 April 2012, the mandates as Directors of Mr Jean-René Fourtou, Mrs Carolina Müller-Möhl and Mr Daniel Borel will expire.

The Board wishes to extend its gratitude to Mr Jean-René Fourtou and Mrs Carolina Müller-Möhl for their highly appreciated services. Mr Jean-René Fourtou joined the Board in 2006 and served as a member of the Compensation Committee and the Chairman's and Corporate Governance Committee. Mrs Carolina Müller-Möhl joined the Board in 2004 and served as a member of the Nomination Committee.

The Board proposes the re-election of Mr Daniel Borel, Swiss, born 1950, as a member of the Board of Directors of Nestlé S.A. Mr Daniel Borel is a co-founder and a member of the Board of Logitech; he also serves as Chairman of swissUp, a Foundation for Excellence in Education in Switzerland, as President of EPFL Plus, a Swiss Foundation which raises and manages funds for the Ecole Polytechnique Fédérale de Lausanne and is a Board member of Defitech Foundation, Switzerland. Mr Daniel Borel provided most valuable services to the Company as a member of the Board of Directors and Chairman of its Compensation Committee.

For further details on the nominee as well as his qualifications, see his biography on the internet (www.nestle.com).

4.2 Election to the Board of Directors

Proposal

Election of Mr Henri de Castries (for a term of three years)

Explanation

The Board proposes the election of Mr Henri de Castries as a member of the Board of Directors of Nestlé S.A.

Mr Henri de Castries, French, born 1954, has been since 2010 the Chairman and Chief Executive Officer of the AXA Group, a global leader in insurance. He started his career in the French Finance Ministry before joining AXA's Corporate Finance Division which subsequently led him to assume several important executive roles and responsibilities within the Group.

In addition to his professional duties, Henri de Castries is a member of the board of the *Association pour l'aide aux jeunes infirmes*, an organisation dedicated to helping disabled youth, and Chairman of *AXA Hearts in Action*, AXA's volunteer community outreach program. Furthermore, he has been appointed Officer of the French Legion of Honour (*Légion d'honneur*) and Officer of the French National Order of Merit (*Ordre national du Mérite*).

The Board believes that with his long business experience and strong financial background, he will in particular enrich the Board's business and financial competencies.

For further details on the nominee as well as his qualifications, see his biography on the internet (www.nestle.com).

4.3 Re-election of the statutory auditors

(financial statements of Nestlé S.A. and consolidated financial statements of the Nestlé Group)

Proposal

Re-election of KPMG SA, Geneva branch (for a term of one year)

5 Capital reduction

Proposal

Cancellation of 75 200 000 shares repurchased under the share buy-back programme, and reduction of the share capital by CHF 7 520 000

Amendment of Article 3 of the Articles of Association as follows:

«Article 3 Share capital

The share capital of Nestlé is CHF 322 480 000 (three hundred twenty-two million four hundred eighty thousand Swiss francs) divided into 3 224 800 000 fully paid up registered shares with a nominal value of CHF 0.10 each.»

Explanation

Nestlé S.A.'s most recent share buy-back programme of CHF 10 billion was launched on 29 June 2010 over the second trading line on the SIX Swiss Exchange and completed on 6 September 2011. Of the repurchased 188 465 000 shares 113 265 000 were already cancelled in June 2011. The Board of Directors proposes now that the shareholders approve the cancellation of the remaining 75 200 000 shares. The share capital in Article 3 of the Articles of Association is to be reduced reflecting the cancellation of these 75 200 000 shares.

In their audit report for the Annual General Meeting, the auditors KPMG SA confirmed that the claims of the creditors are fully covered despite the capital reduction.

The capital reduction by cancellation of shares can only be accomplished after publication of three notices to creditors in accordance with Article 733 of the Swiss Code of Obligations. Such notices to creditors will be published after the Annual General Meeting in the *Swiss Official Gazette of Commerce*. After the two-month waiting period required by law has lapsed, the capital reduction will be effected and entered in the Commercial Register.

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Admission cards, proxies, documentation

Admission cards

Only shareholders who are on record in the share register with voting rights on 12 April 2012 at 12:00 noon (CET) are entitled to exercise their voting rights. The registration of shares for voting purposes does not affect the tradeability of such shares.

All shareholders registered with voting rights on 30 March 2012 will automatically receive by mail the invitation to the Annual General Meeting. They then may order their admission card at any time by 12 April 2012, at the latest, from the Share Transfer Office in Cham by means of the enclosed reply form.

Shareholders whose registration in the share register with voting rights is made after 30 March 2012 until 12 April 2012 at 12:00 noon (CET) and who wish to attend the Annual General Meeting are asked to contact the Share Transfer Office to order an admission card. Only shareholders or their duly appointed representative will be entitled to participate in the Annual General Meeting.

Proxies

If you are unable to attend the Annual General Meeting in person, you can be represented either by another person duly appointed by you, or by Nestlé S.A. or by the independent representative pursuant to article 689c of the Swiss Code of Obligations, Mr Jean-Ludovic Hartmann, attorney, Boulevard de Pérolles 7, CH-1701 Fribourg. The enclosed reply form can be used to grant a proxy as well as to give voting instructions to the independent representative. If the independent representative does not receive written voting instructions for some or all of the agenda items, he will vote in favour of the Board of Directors' proposals. Nestlé S.A. will only represent shareholders if they want to approve the proposals of the Board of Directors. All proxies with different instructions will be passed on to the independent representative. Signed proxies left blank will be deemed to be a mandate to Nestlé S.A. to vote in favour of the Board of Directors' proposals. The reply form is to be sent to the Share Transfer Office in Cham or directly to the independent representative by using the appropriate envelope.

Documentation

You will find enclosed the summary of the Annual Report 2011 which will give you a brief overview of the financial results of the business year 2011 of Nestlé S.A. and of the Nestlé Group. If you wish to have more detailed information on the financial results and an insight into our different areas of activity, we invite you to order the full Annual Report 2011 (which includes the Corporate Governance and Compensation Reports 2011) by ticking the corresponding box on the enclosed reply form. Should you also wish to receive the Half-Yearly Report January-June 2012, which will be published in August 2012, we invite you to tick the corresponding box on the same reply form. These documents will also be available on our homepage (www.nestle.com).

Please address all correspondence regarding the Annual General Meeting to the Share Transfer Office of Nestlé S.A., P.O. Box 380, CH-6330 Cham, telephone +41 41 785 2020, telefax +41 41 785 2024 or e-mail shareregister@nestle.com.

Nestlé S.A.
Board of Directors

Cham and Vevey (Switzerland), 20 March 2012

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