



Good Food, Good Life

For information only

Invitation to the Annual General Meeting 2015 of Nestlé S.A.

148th Annual General Meeting

**Thursday, 16 April 2015 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,

Let me recognize the strong performance of our management under the leadership of our CEO, Mr Paul Bulcke, in a continuously volatile environment. Despite many external challenges, the Company yet again delivered solid growth across all businesses, improved margins and an increase in the underlying earnings per share. Additionally, decisive steps have been taken that further our nutrition, health and wellness strategy and ensure that we go into the future on a strong footing.

At our upcoming shareholders meeting, we will have the opportunity to thank Ms Titia de Lange and Mr Rolf Hänggi, who will both retire from our Board after highly appreciated services to our Company. Ms de Lange shared her valuable expertise as a highly acclaimed scientist with the Board since 2010 and served on the Nestlé Nutrition Council for many years. Mr Hänggi served the Board with his particular financial expertise and has chaired the Group's Audit Committee since 2004 and the Group's Finance Committee from 2005 to 2008. Since 2005, he also served on the Chairman's and Corporate Governance Committee and as Vice Chairman of the Board.

We will propose to you the re-election of all other Board members for annual terms as required by the revised Swiss law.

Additionally, we will present to you three new candidates for election to our Board.

Ms Ruth Khasaya Oniang'o was formerly Professor of Food Science and Nutrition at Jomo Kenyatta University of Agriculture and Technology, Kenya, and is adjunct Professor of Nutrition at Tufts University in the USA. She is also Founder and Executive Director of the Rural Outreach Program Kenya, as well as Founder and Editor-In-Chief of the African Journal of Food, Agriculture, Nutrition and Development. With her strong expertise in food security issues and special commitment to maternal and child health, she will contribute significantly to the Board's science and nutrition knowledge.

Mr Patrick Aebischer is the President of the Swiss Federal Institute of Technology Lausanne (EPFL), and also a Professor in neurosciences and Director of the Neurodegenerative Disease Research Laboratory at the Brain Mind Institute EPFL. He also serves on the Board of Lonza Group Ltd. With his extensive scientific knowledge and business experience, he will strengthen the expertise of the Board, in particular in the fields of scientific developments and health.

Mr Renato Fassbind served as Chief Financial Officer at ABB Ltd and Diethelm Keller Holding AG as Chief Executive Officer. He then joined Credit Suisse Group AG as Chief Financial Officer and member of its Executive Board. Currently, he is a member of the Board of Directors of Swiss Re AG, of Kühne + Nagel International AG and of the Swiss Federal Audit Oversight Authority. With his long experience and extended financial background, he will enrich the Board's financial competencies. If elected, he will chair the Board's Audit Committee.

Once you have elected all members of the Board, we will propose to you the election of the Chairman and the members of the Compensation Committee in separate votes. This reflects the letter and the spirit of the new law.

Last year, you have approved, by a large majority, the revision of our Articles of Association to implement the new law. We had proposed this revision a year ahead of legal requirements in order to create legal certainty and to live up to our own commitment to be at the forefront of Swiss corporate governance. Recently, Nestlé was recognized for Best Corporate Governance in Europe 2015 by the Ethical Boardroom Magazine.

For the first time this year, you will be able to approve the total compensation of the Board and the Executive Board in binding votes. Swiss law provides shareholders this unique “say on pay” right that exists in no other country. By choosing a prospective approach to the approval of the compensation, we provide maximum transparency and fairness to our shareholders, while we preserve the stability that we need to run our company competitively. As we want to ensure complete accountability, you will in the following year be able to retrospectively vote on the compensation actually paid out and compare it with the compensation budgets approved this year. Therefore, we have voluntarily committed in our Articles to maintain our practice of submitting our Compensation Report annually to a retrospective, consultative vote of shareholders, as is considered global best practice.

We have implemented the new law combining emerging Swiss best practices with international best governance, thereby reconciling the views from our Swiss and international shareholders. Approximately $\frac{3}{4}$ of Swiss companies have followed our approach. It is critical that Swiss law, already the strictest in the world and again under revision, preserves this flexibility in the interest of the legal certainty and competitiveness of Switzerland and its companies. Above all, Swiss companies now need stability of a legal framework that has only last year been adopted and that they have recently explained to investors around the world. The rule of law, a traditional Swiss stronghold, requires it.

The new law already has had a profound influence on the governance of Swiss corporations. I have talked to you last year about some of its intended and unintended consequences. Switzerland today faces many challenges. In the area of governance, however, it already is at the forefront of global best practice, and any perceived additional regulatory pressure is entirely homemade.

The new legal framework gave our shareholders new powers and responsibilities. We urge you to exercise your voting rights and are offering you the opportunity to give voting instructions to the Independent Representative not only in writing but also over the internet. We have again reinforced our communication with our shareholders on the basis of our commitment, set forth in our Articles of Association, to aim for long-term, sustainable value creation. We can only create long-term value for our shareholders, if we simultaneously create value for society.

Thank you again for your trust. I look forward to seeing you in Lausanne on 16 April 2015.

Yours sincerely,



Peter Brabeck-Letmathe
Chairman of the Board

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Agenda and Proposals of the Board of Directors

1 Annual Report 2014

1.1 Annual Report, financial statements of Nestlé S.A. and consolidated financial statements of the Nestlé Group for 2014; 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 2014

1.2 Advisory vote on the Compensation Report 2014

Proposal

Acceptance of the Compensation Report 2014 (advisory vote)

Explanation

As per our established practice, which was incorporated by the shareholders into Nestlé S.A.'s Articles of Association in 2014, the Board of Directors submits the Compensation Report 2014 to an advisory vote of the shareholders. The Compensation Report is part of the Corporate Governance Report included in the Annual Report. It is available on the internet (www.nestle.com/investors/publications) or from the Share Transfer Office in Cham.

2 Discharge of the Board of Directors and of the Management

Proposal

Discharge to the members of the Board of Directors and of the Management

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

Proposal

Retained earnings

Balance brought forward from 2013	CHF	536 179 231
Profit for the year 2014	CHF	11 500 096 775
	CHF	<u>12 036 276 006</u>

Proposed appropriation

Dividend for 2014, CHF 2.20 per share on 3 199 349 195 shares ¹	CHF	<u>7 038 568 229</u>
Balance to be carried forward	CHF	<u>4 997 707 777</u>

1 Depending on the number of shares issued as of the last trading day with entitlement to receive the dividend (17 April 2015). No dividend is paid on own shares held by the Nestlé Group. The respective amount will be attributed to the special reserve.

Provided that the proposal of the Board of Directors is approved, the gross dividend will amount to CHF 2.20 per share, representing a net amount of CHF 1.43 per share after payment of the Swiss withholding tax of 35%. The last trading day with entitlement to receive the dividend is 17 April 2015. The shares will be traded ex-dividend as of 20 April 2015. The net dividend will be payable as from 22 April 2015.

4 Elections

4.1 Re-elections to the Board of Directors

Proposal

Individual re-elections of Messrs Peter Brabeck-Letmathe, Paul Bulcke, Andreas Koopmann, Beat Hess, Daniel Borel, Steven G. Hoch, Ms Naïna Lal Kidwai, Mr Jean-Pierre Roth, Ms Ann M. Veneman, Mr Henri de Castries and Ms Eva Cheng as members of the Board of Directors (each for a term of office until the end of the next Annual General Meeting)

Explanation

At the Annual General Meeting 2014 the shareholders elected all members of the Board of Directors for a term of office of one year in accordance with the Articles of Association adopted in 2014. The mandates of all Board members will expire at the end of the Annual General Meeting of 16 April 2015.

Mr Rolf Hänggi and Ms Titia de Lange will not stand for further re-election.

Mr Rolf Hänggi has reached the age limit for Nestlé Board tenure. Having joined the Board of Directors in 2004, Mr Hänggi served as a Vice Chairman from 2005. He was a member of the Chairman's and Corporate Governance Committee and served as Chairman of the Audit Committee since 2004, and was Chairman of the Finance Committee from 2005 to 2008. Ms Titia de Lange served on the Board since 2010. She does not wish to stand for re-election for personal reasons. The Board wishes to extend its gratitude to Mr Hänggi and Ms de Lange for their highly appreciated services during all these years.

Pursuant to Nestlé's Articles of Association, the Board proposes the individual re-election of each of the following Directors, who have provided most valuable services to the Company as members of the Board of Directors:

- 4.1.1 Mr Peter Brabeck-Letmathe, Austrian, born 1944, former CEO (Administrateur délégué) of Nestlé S.A., Chairman of the Board of Directors, Chairman of the Chairman's and Corporate Governance Committee and member of the Nomination Committee. As a Nestlé S.A. representative, he serves as Vice Chairman of L'Oréal S.A., France. Peter Brabeck-Letmathe is also Chairman of Delta Topco, Jersey, and member of the Board of Exxon Mobil Corporation, USA.

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- 4.1.2 Mr Paul Bulcke, Belgian, born 1954, CEO of Nestlé S.A., Member of the Chairman's and Corporate Governance Committee. He is also a Board member of Roche Holding Ltd., Switzerland.
- 4.1.3 Mr Andreas Koopmann, Swiss, born 1951. Vice Chairman of the Board of Directors, Chairman of the Nomination Committee, member of the Chairman's and Corporate Governance Committee and of the Compensation Committee. He also serves as Chairman of Georg Fischer AG, Switzerland, and is a Board member of Credit Suisse Group, Switzerland, and of CSD Group, Switzerland.
- 4.1.4 Mr Beat Hess, Swiss, born 1949, member of the Chairman's and Corporate Governance Committee and Chairman of the Compensation Committee. He also serves as Vice Chairman of Holcim Ltd, Switzerland, and of Sonova Holding AG, Switzerland. He previously was Group Legal Director and member of the Group Executive Committee of Royal Dutch Shell plc, The Hague, Netherlands.
- 4.1.5 Mr Daniel Borel, Swiss, born 1950, member of the Compensation Committee. He is co-founder and member of the Board of Directors of Logitech International S.A., Switzerland.
- 4.1.6 Mr Steven G. Hoch, American/Swiss, born 1954, member of the Nomination Committee. He is the CEO of Highmount Capital, LLC, USA.
- 4.1.7 Ms Naina Lal Kidwai, Indian, born 1957, member of the Audit Committee. She is the Chairperson of the HSBC Group of Companies in India and Group General Manager of HSBC and a member of the Board of Directors of HSBC Asia Pacific.
- 4.1.8 Mr Jean-Pierre Roth, Swiss, born 1946, member of the Compensation Committee. He serves as Chairman of the Board of Directors of Geneva Cantonal Bank, Switzerland, and is a Board member of Swatch Group, Switzerland, and of Swiss Re AG, Switzerland. Formerly he was the Chairman of the Governing Board of the Swiss National Bank.
- 4.1.9 Ms Ann M. Veneman, American, born 1949, member of the Nomination Committee. She also serves as a Board member of Alexion Pharmaceuticals, Inc., USA, and was formerly Secretary of the U.S. Department of Agriculture and Executive Director of the United Nations Children's Fund.

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- 4.1.10 Mr Henri de Castries, French, born 1954, member of the Audit Committee. He is the Chairman and Chief Executive Officer of the AXA Group, France.
- 4.1.11 Ms Eva Cheng, Chinese, born 1952. She is a Board member of Trinity Limited and of Haier Electronics Group Co. Ltd., both listed in Hong Kong, China, as well as a Board member of Amcor Ltd., listed in Australia. She is the former Corporate Executive Vice President of Amway Corporation responsible for Asian markets and Executive Chairman of Amway China Co. Ltd.

For further details on the nominees as well as their qualifications, see biographies in the Corporate Governance Report 2014 or on the internet (www.nestle.com/investors/corporate-governance/management/boardofdirectors).

4.2 Elections to the Board of Directors

Proposal

Individual elections of Ms Ruth Khasaya Oniang'o and of Messrs Patrick Aebischer and Renato Fassbind as members of the Board of Directors (each for a term of office until the end of the next Annual General Meeting)

Explanation

The Board of Directors proposes to elect the following candidates as members of the Board of Directors:

- 4.2.1 Ms Ruth Khasaya Oniang'o, Kenyan, born 1946, was formerly Professor of Food Science and Nutrition at Jomo Kenyatta University of Agriculture and Technology, Nairobi, Kenya, and is adjunct Professor of Nutrition at Tufts University in the USA. She is also Founder and Executive Director of the Rural Outreach Program Kenya, as well as Founder and Editor-in-Chief of the African Journal of Food, Agriculture, Nutrition and Development. She has published widely on household food and nutritional security, women's nutrition and children's health. Ruth Khasaya Oniang'o is a former Member of Parliament in Kenya and she works in rural developments focused on women smallholder farmers. Currently she is a member of the Nestlé CSV Council. With her strong expertise in food security issues and special commitment to maternal and child health, Ruth Khasaya Oniang'o will contribute significantly to the Board's science and nutrition knowledge.
- 4.2.2 Mr Patrick Aebischer, Swiss, born 1954, is the President of the Swiss Federal Institute of Technology Lausanne (EPFL) since 2000. He is also a Professor in neurosciences and Director of the Neurodegenerative Disease Research Laboratory at the Brain Mind Institute EPFL. Patrick Aebischer serves on

the Board of Lonza Group Ltd. and is Chairman of the Advisory Board of the Novartis Venture Funds. The Board believes that with his extensive scientific knowledge and business experience, particularly in terms of start-ups, Patrick Aebischer will strengthen the expertise of the Board, especially in the fields of scientific developments and health.

- 4.2.3 Mr Renato Fassbind, Swiss, born 1955, served as Chief Financial Officer at ABB Ltd between 1997 and 2002 and Diethelm Keller Holding AG as Chief Executive Officer from 2002 to 2004. He then joined Credit Suisse Group AG as Chief Financial Officer and member of the Executive Board from 2004 until 2010. Currently Renato Fassbind serves as Vice Chairman of the Board of Directors of Swiss Re AG, is the Chairman of its Audit and member of its Compensation Committee. Furthermore, Renato Fassbind sits on the Boards of Kühne + Nagel International AG and the Swiss Federal Audit Oversight Authority. The Board believes that with his long experience and extended financial background, he will enrich the Board's financial competencies. If elected, he will chair the Board's Audit Committee.

For further details on the nominees as well as their qualifications and current mandates, see biographies in the internet (www.nestle.com/investors/corporate-governance/management/boardofdirectors).

4.3 Election of the Chairman of the Board of Directors

Proposal

Election of Mr Peter Brabeck-Letmathe as Chairman of the Board of Directors (for a term of office until the end of the next Annual General Meeting)

Explanation

At the Annual General Meeting 2014 the shareholders elected Peter Brabeck-Letmathe as Chairman of the Board of Directors for a term of office of one year. The Board proposes the re-election of Mr Peter Brabeck-Letmathe as Chairman of the Board of Directors, who has provided outstanding services to the Company over many years.

4.4 Election of the members of the Compensation Committee

Proposal

Individual elections of Messrs Beat Hess, Daniel Borel, Andreas Koopmann and Jean-Pierre Roth as members of the Compensation Committee (each for a term of office until the end of the next Annual General Meeting)

Explanation

At the Annual General Meeting 2014 the shareholders voted for the first time on the composition of the Compensation Committee and elected Messrs Beat Hess, Daniel Borel, Andreas Koopmann and Jean-Pierre Roth as its members. The Board proposes the individual re-election of the following candidates, for a term of office until the end of the next Annual General Meeting. If elected, Mr Beat Hess will be appointed Chairman of the Compensation Committee.

4.4.1 Mr Beat Hess

4.4.2 Mr Daniel Borel

4.4.3 Mr Andreas Koopmann

4.4.4 Mr Jean-Pierre Roth

4.5 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 office until the end of the next Annual General Meeting)

4.6 Election of the Independent Representative

Proposal

Election of Hartmann Dreyer, Attorneys-at-law, Boulevard de Pérolles 7, 1701 Fribourg, Switzerland, as Independent Representative (for a term of office until the end of the next Annual General Meeting)

Explanation

According to Nestlé's Articles of Association, the Board proposes the election of the law firm Hartmann Dreyer to serve as Independent Representative until the end of the Annual General Meeting 2016.

5 Compensation of the Board of Directors and of the Executive Board

At the Annual General Meeting 2014, the shareholders revised Nestlé's Articles of Association to introduce an annual and separate approval by the General Meeting of the compensation of the Board of Directors and of the Executive Board, as required by new Swiss corporate law.

5.1 Compensation of the Board of Directors

Proposal

Approval, prospectively, for the period from the Annual General Meeting 2015 to the Annual General Meeting 2016, of a total compensation for the 13 non-executive members of the Board of Directors (including the Chairman, but excluding the CEO) of CHF 11 million, including CHF 4.3 million in cash remuneration, CHF 6.2 million in Nestlé S.A. shares blocked for a 3-year period (discounted by 16% to account for the blocking period of 3 years) and CHF 0.5 million for social security contributions and other fees

Explanation

Please refer to the enclosed Report of the Board of Directors on the proposals for the compensation of the Board of Directors and of the Executive Board.

5.2 Compensation of the Executive Board

Proposal

Approval, prospectively, for the period from January 1, 2016 to December 31, 2016, of a total maximum amount of compensation for the 14 members of the Executive Board, including the CEO, of CHF 60 million, including CHF 15 million for base salary, CHF 20 million for short-term bonus (based on maximum target achievement, discounted in the case of the CEO by 16% for the 50% paid in blocked Nestlé S.A. shares), CHF 16 million for long-term incentive plans (based on fair value at grant), CHF 5.5 million for contributions for future pension benefits and CHF 3.5 million for social security contributions, other benefits and unforeseen expenses

Explanation

Please refer to the enclosed Report of the Board of Directors on the proposals for the compensation of the Board of Directors and of the Executive Board.

6 Capital reduction

Proposal

Cancellation of 36400000 shares repurchased under the share buy-back programme, and reduction of the share capital by CHF 3640000

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

“Article 3 Share capital

The share capital of Nestlé is CHF 318840000 (three hundred and eighteen million eight hundred and forty thousand Swiss francs) divided into 3188400000 fully paid up registered shares with a nominal value of CHF 0.10 each.”

Explanation

The Board of Directors proposes that the shareholders approve the cancellation of 36 400 000 shares repurchased until 4 February 2015 under Nestlé S.A.'s ongoing share buy-back programme of CHF 8 billion, which was launched on 25 August 2014 on a second trading line on the SIX Swiss Exchange. The share capital in Article 3 of the Articles of Association is to be reduced reflecting the cancellation of the above 36 400 000 shares.

In their Audit Report to the Annual General Meeting, the auditors KPMG SA confirmed that the claims of the creditors are fully covered even after 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 9 April 2015 at 12:00 noon (CEST) 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 26 March 2015 will automatically receive the invitation to the Annual General Meeting. They may then order their admission card at any time by 9 April 2015, at the latest, from the Share Transfer Office in Cham by means of the enclosed "Request for admission card/Appointment of individual proxy".

Shareholders whose registration in the share register with voting rights is made on or after 27 March 2015 until 9 April 2015 at 12:00 noon (CEST) 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 person 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 the Independent Representative, Hartmann Dreyer, Attorneys-at-law, Boulevard de Pérolles 7, 1701 Fribourg, Switzerland. For an individual proxy, please use the enclosed "Request for admission card/Appointment of individual proxy", for a proxy to the Independent Representative, use the enclosed "Proxy and Voting instructions to the Independent Representative". The relevant document is to be sent to the Share Transfer Office in Cham or directly to the Independent Representative by using the appropriate envelope.

Alternatively, you have the possibility to give voting instructions to the Independent Representative electronically. If you wish to do so, please access the electronic platform "Sherpany" via www.sherpany.com/nestle and follow the instructions.

Documentation

You will find enclosed the summary of the Annual Report 2014 which will give you a brief overview of the financial results of the business year 2014 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 2014 (which includes the Corporate Governance and Compensation Reports 2014) by ticking the corresponding box on the enclosed "Request for admission card/Appointment of individual proxy". Should you also wish to receive the Half-Yearly Report January–June 2015, which will be published in August 2015, we invite you to tick the corresponding box on the same document. These documents will also be available on our website (www.nestle.com/investors/publications). Further, the Annual Report 2014 containing the financial statements of Nestlé S.A., the consolidated financial statements of the Nestlé Group and the reports of the statutory auditors will be available for inspection by the shareholders from 17 March 2015, at Nestlé's registered offices located at Avenue Nestlé 55, 1800 Vevey, Switzerland.

Please address all correspondence regarding the Annual General Meeting to the Share Transfer Office of Nestlé S.A., P.O. Box 665, 6330 Cham, Switzerland, telephone +41 41 785 20 20, telefax +41 41 785 20 24 or e-mail shareregister@nestle.com.

Nestlé S.A.
Board of Directors

Cham and Vevey (Switzerland), 17 March 2015

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