



## Nestlé Holdings, Inc.

*(incorporated in the State of Delaware with limited liability)*

and

## Nestlé Finance International Ltd.

*(incorporated in Luxembourg with limited liability)*

### Debt Issuance Programme

Notes issued by Nestlé Finance International Ltd. will be,  
and Notes issued by Nestlé Holdings, Inc. may be, guaranteed by

## Nestlé S.A.

*(incorporated in Switzerland with limited liability)*

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Under this Debt Issuance Programme (the “Programme”) each of Nestlé Holdings, Inc. and Nestlé Finance International Ltd. (each an “Issuer”, and together the “Issuers”) may from time to time, and subject to applicable laws and regulations, issue debt securities (the “Notes”) denominated in any currency agreed by the Issuer of such Notes (the “relevant Issuer”) and the relevant Dealer (as defined herein). Notes issued by Nestlé Finance International Ltd. will be unconditionally and irrevocably guaranteed by Nestlé S.A. (the “Guarantor”) as described in “Form of the Guarantee”. Notes issued by Nestlé Holdings, Inc. may or may not be unconditionally and irrevocably guaranteed by the Guarantor as described in “Form of the Guarantee”. This Prospectus supersedes any previous Prospectus issued by the Issuers and the Guarantor.

Application has been made to the Financial Conduct Authority in its capacity as competent authority under the Financial Services and Markets Act 2000 (the “UK Listing Authority”) for Notes issued under the Programme during the period of twelve months from the date of this Prospectus to be admitted to the official list maintained by the UK Listing Authority (the “Official List”) and to the London Stock Exchange plc (the “London Stock Exchange”) for such Notes to be admitted to trading on the London Stock Exchange’s Regulated Market. The London Stock Exchange’s Regulated Market is a regulated market for the purposes of Directive 2004/39/EC (the “Markets in Financial Instruments Directive”).

**Factors which may affect the relevant Issuer’s or the Guarantor’s ability to fulfil their respective obligations under Notes to be issued under the Programme and the Guarantee, respectively, and factors which are material for the purpose of assessing the market risks associated with Notes issued under the Programme are set out in “Risk Factors” below.**

*Arranger*  
Credit Suisse

*Dealers*

BNP PARIBAS  
Credit Suisse  
HSBC  
The Royal Bank of Scotland  
UBS Investment Bank

Citigroup  
Deutsche Bank  
RBC Capital Markets  
TD Securities

## ABOUT THIS DOCUMENT

### What is this document?

This document (the “Prospectus”) relates to the Debt Issuance Programme (the “Programme”) of Nestlé Holdings, Inc. and Nestlé Finance International Ltd. (each an “Issuer”, and together the “Issuers”) under which each Issuer may from time to time issue notes (the “Notes”) denominated in any currency agreed by the Issuer of such Notes (the “relevant Issuer”) and the relevant Dealer(s) (as defined below). Payment obligations under Notes issued by Nestlé Finance International Ltd. will be guaranteed by Nestlé S.A. (the “Guarantor”) as described in the “Form of the Guarantee” section of this Prospectus. Payment obligations under Notes issued by Nestlé Holdings, Inc. may or may not be guaranteed by the Guarantor, which will be specified in the Final Terms (as defined below) and, where such Notes are guaranteed, will be guaranteed by the Guarantor as described in the “Form of the Guarantee” section of this Prospectus. This Prospectus contains information describing the business activities of each Issuer and the Guarantor as well as certain financial information and material risks faced by them, and is intended to provide investors with the information necessary to enable them to make an informed investment decision before purchasing any Notes.

This Prospectus is valid for one year from the date hereof and may be supplemented from time to time to reflect any significant new factor, material mistake or inaccuracy relating to the information included in it.

### What types of Notes does this Prospectus relate to?

This Prospectus relates to the issuance of three different types of Notes: *Fixed Rate Notes*, on which the Issuer will pay interest at a fixed rate; *Floating Rate Notes*, on which the Issuer will pay interest at a floating rate; and *Zero Coupon Notes*, which do not bear interest. Notes may also be issued as a combination of these options.

### How do I use this Prospectus?

The contractual terms of any particular issuance of Notes will be comprised of the terms and conditions set out in “Terms and Conditions of the Notes” at pages 64 to 95 of this Prospectus (the “Conditions”), as completed by a separate Final Terms document, which is specific to that issuance of Notes (the “Final Terms”).

The Conditions are comprised of numbered provisions (1 – 18) including generic provisions that are applicable to Notes generally and certain optional provisions that will only apply to certain issuances of Notes.

The following provisions within the Conditions (together with the introductory wording appearing before Condition 1 on pages 64 to 65) apply to Notes generally:

- Condition 1 (*Form, Denomination, Title and Transfer*)
- Condition 2 (*Status of the Notes and Guarantee*)
- Condition 3 (*Negative Pledge*)
- Condition 7 (*Taxation*)
- Condition 8 (*Prescription*)
- Condition 9 (*Events of Default*)
- Condition 10 (*Replacement of Notes, Coupons and Talons*)
- Condition 11 (*Agent and Paying Agents, Registrar and Transfer Agent*)

- Condition 12 (*Exchange of Talons*)
- Condition 13 (*Substitution*)
- Condition 14 (*Notices*)
- Condition 15 (*Meetings of Noteholders, Modification and Waiver*)
- Condition 16 (*Further Issues*)
- Condition 17 (*Third Party Rights*)
- Condition 18 (*Governing Law and Submission to Jurisdiction*)

The following Conditions contain certain optional provisions that will only apply to certain issuances of Notes:

- Condition 4 (*Interest*)
- Condition 5 (*Payments*)
- Condition 6 (*Redemption and Purchase*)

The applicable Final Terms will specify which optional provisions apply to any particular issuance of Notes.

#### **What other documents should I read?**

This Prospectus contains all information which is necessary to enable investors to make an informed decision regarding the financial position and prospects of each Issuer and the Guarantor and the rights attaching to the Notes. Some of this information (such as the latest publicly available financial information relating to each Issuer and the Guarantor) is incorporated by reference into the Prospectus and some of this information is completed in the Final Terms. **Before making any investment decision in respect of any Notes, you should read this Prospectus, together with the documents incorporated by reference, as well as the Final Terms relating to such Notes.**

Copies of the Prospectus and the Final Terms relating to any Notes will be made available for viewing on the Nestlé Group investor relations website at [www.nestle.com/investors](http://www.nestle.com/investors) and are also expected to be published on the website of the London Stock Exchange at: [www.londonstockexchange.com/exchange/news/market-news/market-news-home.html](http://www.londonstockexchange.com/exchange/news/market-news/market-news-home.html).

#### **What information is included in the Final Terms?**

While this Prospectus includes general information about all Notes, the Final Terms is the document that sets out the specific details of each particular issuance of Notes.

The Final Terms will contain the relevant economic terms applicable to any particular issuance of Notes. The Final Terms will contain, for example:

- the issue date;
- the currency;
- the interest basis (i.e. fixed rate, floating rate or zero coupon) and the interest rate (if any);
- the interest payment dates (if any);
- the scheduled maturity date and redemption amount; and

- any other information needed to complete the Conditions (identified in the Conditions by the words “as specified in the applicable Final Terms” or other equivalent wording).

Wherever the Conditions provide optional provisions, the Final Terms will specify which of those provisions apply to a specific issuance of Notes.

**Is any part of this Prospectus relevant to particular types of Note only?**

This Prospectus includes information that is relevant to all types of Notes that may be issued under the Programme, however, certain sections of this Prospectus are relevant to particular types of Notes only.

As described above, certain of the Conditions provide optional provisions that will only apply to certain issuances of Notes. The Final Terms will specify which optional provisions within the Conditions will apply to a specific issuance of Notes.

**What if I have further queries relating to this Prospectus and the Notes?**

Please refer to “How do I use this Prospectus?” below starting on page 8. If you have any questions regarding the content of this Prospectus, any Final Terms and/or any Notes or the actions you should take, it is recommended that you seek professional advice from your broker, solicitor, accountant or other independent financial adviser before deciding whether or not to invest.

## IMPORTANT INFORMATION

Unless otherwise specified, all references in this Prospectus to the “Prospectus Directive” refer to Directive 2003/71/EC (as amended, including by Directive 2010/73/EU), and any relevant implementing measure in a relevant Member State of the European Economic Area.

This Prospectus together with all documents which are deemed to be incorporated herein by reference (see “Documents Incorporated by Reference” on page 57) constitutes a base prospectus (a “Base Prospectus”) for the purposes of Article 5.4 of the Prospectus Directive 2003/71/EC.

The Base Prospectus in respect of Nestlé Holdings, Inc. includes all information contained within this Prospectus together with all documents which are deemed to be incorporated herein by reference, except for any information relating to Nestlé Finance International Ltd., Nestlé Finance International Ltd.’s Annual Financial Reports for the years ended 31 December 2015 and 2014 referred to in paragraph (iii) of “Documents Incorporated by Reference”, the Description of Nestlé Finance International Ltd. and the Selected Financial Information with respect to Nestlé Finance International Ltd. on pages 117 to 120 and the summary thereof contained in the “Summary of the Programme”.

The Base Prospectus in respect of Nestlé Finance International Ltd. includes all information contained within this Prospectus together with all documents which are deemed to be incorporated herein by reference, except for any information relating to Nestlé Holdings, Inc. or Nestlé Holdings, Inc. and its Subsidiaries, the Annual Financial Report of Nestlé Holdings, Inc. and its Subsidiaries for the years ended 31 December 2015 and 2014 referred to in paragraph (iii) of “Documents Incorporated by Reference”, the Description of Nestlé Holdings, Inc. and its Subsidiaries and the Selected Financial Information with respect to Nestlé Holdings, Inc. and its Subsidiaries on pages 112 to 116 and the summary thereof contained in the “Summary of the Programme”.

Each Issuer accepts responsibility for the information contained in its Base Prospectus as described above and the Final Terms for each tranche of Notes issued by it under the Programme. To the best of the knowledge and belief of each Issuer (it having taken all reasonable care to ensure that such is the case) the information contained in its Base Prospectus is in accordance with the facts and does not omit anything likely to affect the import of such information.

Nestlé S.A. accepts responsibility only for the information contained in this Prospectus together with all documents which are deemed to be incorporated herein by reference, and any Final Terms, insofar as such information relates to itself and the Guarantee described in “Form of the Guarantee”. To the best of the knowledge and belief of Nestlé S.A. (it having taken all reasonable care to ensure that such is the case) the information about itself and the Guarantee contained in this Prospectus and in the documents which are deemed to be incorporated herein by reference is in accordance with the facts and does not omit anything likely to affect the import of such information.

Certain issues of Notes under the Programme may benefit from a guarantee given by the Guarantor. The Guarantor’s (and each Issuer’s) senior long term debt obligations have been rated AA (stable) by Standard & Poor’s Credit Market Services France SAS (“Standard & Poor’s”) and Aa2 (stable) by Moody’s France SAS (“Moody’s”). Each of Standard & Poor’s and Moody’s is established in the European Community and is registered under the CRA Regulation.

Notes to be issued under this Programme may be rated or unrated. Where an issue of Notes is rated, such rating will be specified in the applicable Final Terms. A rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency. Whether or not each credit rating applied for in relation to a relevant Series of Notes will be issued by a credit rating agency established in the European Union and registered under Regulation (EC) No. 1060/2009, as amended (the “CRA Regulation”) will be disclosed in the applicable Final Terms.

In general, European regulated investors are restricted under the CRA Regulation from using credit ratings for regulatory purposes if such rating is not issued by a credit rating agency established in the European Union and registered under the CRA Regulation unless the rating is provided by a credit rating agency operating in the European Union before 7 June 2010 which has submitted an application for registration in accordance with the CRA Regulation and such registration has not been refused. Certain information with respect to the credit rating agencies and ratings referred to in this Prospectus and/or the Final Terms will be disclosed in the applicable Final Terms.

Notice of the aggregate nominal amount of Notes, interest (if any) payable in respect of Notes and the issue price of Notes will be set out in a final terms document (the “Final Terms”) which, with respect to Notes to be listed on the Official List and to be admitted to trading on the London Stock Exchange’s Regulated Market, will be delivered to the UK Listing Authority and the London Stock Exchange on or before the date of issue of the Notes of such Tranche.

As used herein, “Series” means each original issue of Notes together with any further issues expressed to form a single series with the original issue and the terms of which (save for the Issue Date, the amount, the date of the first payment of interest thereon, and the date from which interest starts to accrue and/or the Issue Price (as indicated in the applicable Final Terms)) are identical (including Maturity Date, Interest Basis, Redemption/Payment Basis and Interest Payment Dates (if any) and whether or not the Notes are admitted to trading). As used herein, “Tranche” means all Notes of the same Series with the same Issue Date and Interest Commencement Date (if applicable).

Nestlé Holdings, Inc., subject to applicable laws and regulations, may agree to issue Notes in registered form (“Registered Notes”), substantially in the form scheduled to the Note Agency Agreement (as defined under “Terms and Conditions of the Notes”). With respect to each Tranche of Registered Notes, Nestlé Holdings, Inc. has appointed a transfer agent and registrar and a paying agent and may appoint other or additional transfer agents and paying agents either generally or in respect of a particular Series of Registered Notes.

Copies of Final Terms will be available for viewing on the Nestlé Group investor relations website at [www.nestle.com/investors](http://www.nestle.com/investors). Copies are also expected to be published on the website of the London Stock Exchange through a regulatory information service.

No Dealer (as defined herein) has separately verified the information contained herein. Accordingly, no representation, warranty or undertaking, express or implied, is made and no responsibility is accepted by any Dealer as to the accuracy or completeness of the information contained or incorporated by reference in this Prospectus or any other information provided by any of the Issuers or the Guarantor. No Dealer accepts any liability in relation to the information contained or incorporated by reference in this Prospectus or any other information provided by any of the Issuers or the Guarantor in connection with the Programme or the issue of Notes.

No person has been authorised by any of the Issuers or the Guarantor to give any information or to make any representation which is not contained in or incorporated by reference in or which is not consistent with this Prospectus or any other information supplied in connection with the Programme and, if given or made, such information or representation must not be relied upon as having been authorised by any of the Issuers, the Guarantor or any Dealer.

Neither this Prospectus nor any other information supplied in connection with the Programme or any Notes should be considered as a recommendation by any of the Issuers, the Guarantor or any Dealer that any recipient of this Prospectus or any other information supplied in connection with the Programme or any Notes should purchase any Notes. Each investor contemplating purchasing any Notes should make its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness, of the relevant Issuer and the Guarantor (if applicable). Neither this Prospectus nor any other information supplied in connection with the Programme or the issue of any Notes constitutes an offer or invitation by or on behalf of any of the Issuers, the Guarantor or any Dealer to any person to subscribe for or to purchase any Notes.

The delivery of this Prospectus does not at any time imply that the information contained herein concerning any of the Issuers or the Guarantor is correct at any time subsequent to the date hereof or that any other information supplied in connection with the Programme or any Notes is correct as of any time subsequent to the date indicated in the document containing the same. The Dealers expressly do not undertake to review the financial condition or affairs of any of the Issuers or the Guarantor during the life of the Programme or to advise any investor in the Notes of any information coming to their attention.

## HOW DO I USE THIS PROSPECTUS?

You should read and understand fully the contents of this Prospectus, including any documents incorporated by reference, and the relevant Final Terms before making any investment decision in respect of any Notes. This Prospectus contains important information about the Issuers, the Guarantor, the Nestlé Group, the terms of the Notes and the terms of the Guarantee, as well as describing certain risks relating to the Issuers, the Guarantor, the Nestlé Group and their businesses and also other risks relating to an investment in the Notes generally. The Guarantor is the ultimate holding company of the Nestlé group of companies (described in this Prospectus as the “Nestlé Group” or “Group”). An overview of the various sections comprising this Prospectus is set out below.

The “Important Information Relating to Public Offers of Notes” section contains important information regarding the basis on which this Prospectus may be used for the purpose of making public offers of Notes.

The “Summary of the Programme” section sets out in tabular format standard information which is arranged under standard headings and which the Issuers and the Guarantor are required, for legal and regulatory reasons, to include in a prospectus summary for a base prospectus of this type. This section also provides the form of the “issue specific summary” information, which will be completed and attached to the Final Terms relating to any Notes which are to be offered under the Programme.

The “Risk Factors” section describes the principal risks and uncertainties which may affect the ability of the Issuers and/or the Guarantor to fulfil their respective obligations under the Notes and/or the Guarantee.

The “Information About the Programme” section provides an overview of the Programme in order to assist the reader.

The “How the Return on Your Investment is Calculated” section sets out worked examples of how the interest amounts are calculated under a variety of scenarios and how the redemption provisions will affect the Notes.

The “Documents Incorporated by Reference” section sets out the information that is deemed to be incorporated by reference into this Prospectus. This Prospectus should be read together with all information which is deemed to be incorporated into this Prospectus by reference.

The “Form of the Notes” section provides a summary of certain terms of the global Notes which apply to the Notes (including Notes issued in registered form by Nestlé Holdings, Inc.) while they are held in global form by the clearing systems.

The “Terms and Conditions of the Notes” section sets out the terms and conditions which apply to any Notes that may be issued under the Programme. The relevant Final Terms relating to any offer of Notes will complete the terms and conditions of those Notes and should be read in conjunction with the “Terms and Conditions of the Notes” section.

The “PRC Currency Controls” section provides a general description of certain applicable currency controls in the People’s Republic of China relating to Notes denominated in Renminbi.

The “Use of Proceeds” section describes the manner in which each Issuer intends to use the proceeds from issues of Notes under the Programme.

The “Form of the Guarantee” section sets out the form of the Guarantee (subject to completion) to be executed and delivered by the Guarantor in respect of Notes issued by Nestlé Holdings, Inc. that are guaranteed by the Guarantor, and in respect of all Notes issued by Nestlé Finance International Ltd. The Final Terms will specify whether or not payment obligations under the Notes issued by Nestlé Holdings, Inc. are guaranteed by the Guarantor.



The “Form of Final Terms” section sets out the template for the Final Terms that the relevant Issuer will prepare and publish when offering any Notes under the Programme. Any such completed Final Terms will detail the relevant information applicable to each respective offer, amended to be relevant only to the specific Notes being offered.

The “Nestlé Holdings, Inc.” section provides certain information about Nestlé Holdings, Inc., as well as the nature of its business and summary financial information relating to Nestlé Holdings, Inc. and its subsidiaries.

The “Nestlé Finance International Ltd.” section provides certain information about Nestlé Finance International Ltd., as well as the nature of its business and summary financial information relating to Nestlé Finance International Ltd.

The “Nestlé S.A.” section provides certain information about the Guarantor and its group structure, as well as the nature of its business and summary financial information relating to the Guarantor.

The “Taxation” section provides a brief outline of certain taxation implications regarding Notes that may be issued under the Programme, as well as certain other taxation considerations which may be relevant to the Notes.

The “Subscription and Sale” section contains a description of the material provisions of the Programme Agreement, which includes certain selling restrictions applicable to making offers of the Notes under the Programme.

The “General Information” section sets out further information on each Issuer, the Guarantor and the Programme which each Issuer and the Guarantor is required to include under applicable rules. This includes the availability for inspection of certain documents relating to the Programme, confirmations from each Issuer and the Guarantor and details regarding the listing of the Notes.

## IMPORTANT INFORMATION RELATING TO PUBLIC OFFERS OF NOTES

If, in the context of a Public Offer (as defined below), you are offered Notes by any entity, you should check that such entity is authorised to use this Prospectus for the purposes of making such offer before agreeing to purchase any Notes. To be authorised to use this Prospectus in connection with a Public Offer (referred to below as an “Authorised Offeror”), an entity must either be:

- named as a Manager or relevant Dealer in the applicable Final Terms; and/or
- a financial intermediary specified in paragraph 9 of Part B of the applicable Final Terms as having been granted specific consent to use this Prospectus; and/or
- a financial intermediary specified in the applicable Final Terms which is authorised to make such offers under the Markets in Financial Instruments Directive (as defined below) and which has been duly appointed, directly or indirectly, by the relevant Issuer, provided that such financial intermediary states on its website: (I) that it has been duly appointed by the relevant Issuer to make such Public Offer within the time period referred to in the Final Terms as the “Offer Period”; (II) it is relying on this Prospectus for such Public Offer with the consent of the relevant Issuer; and (III) the conditions attached to that consent.

Valid offers of Notes may only be made by an Authorised Offeror in the context of a Public Offer if the offer is made within the Offer Period and only in each Relevant Member State (as defined below) which will be specified in paragraph 9 of Part B of the applicable Final Terms and described as the “Public Offer Jurisdictions”, and subject to any other conditions, specified in paragraph 9 of Part B of the applicable Final Terms. Other than as set out above, neither the relevant Issuer nor the Guarantor (where applicable) has authorised the making of any Public Offer by any person in any circumstances and such person is not permitted to use this Prospectus in connection with any offer of Notes.

Please see below for certain important legal information relating to Public Offers.

### **Restrictions on Public Offers of Notes in Relevant Member States**

Certain Tranches of Notes with a denomination of less than €100,000 (or its equivalent in any other currency) may be offered in circumstances where there is no exemption from the obligation under the Prospectus Directive to publish a prospectus. Any such offer is referred to as a “Public Offer”. This Prospectus has been prepared on a basis that permits Public Offers of Notes. However, any person making or intending to make a Public Offer of Notes in any Member State of the European Economic Area which has implemented the Prospectus Directive (each, a “Relevant Member State”) may only do so if this Prospectus has been approved by the competent authority in that Relevant Member State (or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State) and published in accordance with the Prospectus Directive, provided that the relevant Issuer has consented to the use of its Base Prospectus in connection with such offer as provided under “Consent given in accordance with Article 3.2 of the Prospectus Directive (Retail Cascades)” and the conditions attached to that consent are complied with by the person making the Public Offer of such Notes.

### **Consent given in accordance with Article 3.2 of the Prospectus Directive (Retail Cascades)**

In the context of a Public Offer of Notes, each Issuer and the Guarantor (where applicable) accepts responsibility, in each Relevant Member State for which the consent to use its Base Prospectus extends, for the content of its Base Prospectus under section 90 of the Financial Services and Markets Act 2000 (“FSMA”) in relation to any person (an “Investor”) who purchases any Notes in a Public Offer made by any person (an “offeror”) to whom the relevant Issuer has given consent to use its Base Prospectus in that connection, provided that the conditions attached to that consent are complied with by the relevant offeror (an “Authorised Offeror”). The consent and conditions attached to it are set out below.

**Except in the circumstances set out in the following paragraphs, neither the relevant Issuer nor the Guarantor (where applicable) has authorised the making of any Public Offer by any person and the relevant Issuer has not consented to the use of its Base Prospectus by any other person in connection with any Public Offer of Notes. Any Public Offer made without the consent of the relevant Issuer is unauthorised and none of the relevant Issuer, the Guarantor (where applicable) or any Dealer accepts any responsibility or liability in relation to such offer or for the actions of the persons making any such unauthorised offer.** If, in the context of a Public Offer, an Investor is offered Notes by a person who is not an Authorised Offeror, the Investor should check with that person whether anyone is responsible for the relevant Issuer's Base Prospectus for the purposes of section 90 of the FSMA in the context of the Public Offer and, if so, who that person is. If the Investor is in any doubt about whether it can rely on the relevant Issuer's Base Prospectus and/or who is responsible for its contents it should take legal advice.

In connection with each Tranche of Notes, and provided that the applicable Final Terms specifies an Offer Period, each Issuer consents to the use of its Base Prospectus (as supplemented as at the relevant time, if applicable) in connection with a Public Offer of such Notes subject to the following conditions:

- (i) the consent is only valid during the Offer Period so specified;
- (ii) the only offerors authorised to use the relevant Issuer's Base Prospectus to make the Public Offer of the relevant Tranche of Notes are the relevant Dealer and:
  - (a) if the applicable Final Terms names financial intermediaries authorised to make such Public Offers, the financial intermediaries so named; and/or
  - (b) if specified in the applicable Final Terms, any financial intermediary which is authorised to make such offers under the Markets in Financial Instruments Directive and which has been duly appointed directly or indirectly by the relevant Issuer to make such offers, provided that such financial intermediary states on its website (I) that it has been duly appointed as a financial intermediary to offer the relevant Tranche of Notes during the Offer Period; (II) it is relying on the relevant Issuer's Base Prospectus for such Public Offer with the consent of the relevant Issuer; and (III) the conditions attached to that consent;
- (iii) the consent only extends to the use of the relevant Issuer's Base Prospectus to make Public Offers of the relevant Tranche of Notes in each Relevant Member State specified in paragraph 9 of Part B of the applicable Final Terms; and
- (iv) the consent is subject to any other conditions set out in paragraph 9 of Part B of the applicable Final Terms.

**Any offeror falling within sub-paragraph (ii)(b) above who meets all of the other conditions stated above and who wishes to use the relevant Issuer's Base Prospectus in connection with a Public Offer is required, for the duration of the relevant Offer Period, to publish on its website (i) that it has been duly appointed as a financial intermediary to offer the relevant Tranche of Notes during the Offer Period, (ii) it is relying on the relevant Issuer's Base Prospectus for such Public Offer with the consent of the relevant Issuer and (iii) the conditions attached to that consent.**

The consent referred to above relates to Offer Periods occurring within twelve months from the date of this Prospectus.

The Issuers may request the UK Listing Authority to provide a certificate of approval in accordance with Article 18 of the Prospectus Directive (a "passport") in relation to the passporting of this Prospectus to the competent authorities of Austria, Belgium, Germany, Italy, Luxembourg and the Netherlands (the "Host Member States" and, together with the United Kingdom, the "Public Offer Jurisdictions). Even if the Issuers passport this Prospectus into the Host Member States, it does not mean that the relevant Issuer will choose to consent to any Public Offer in any Public Offer Jurisdiction. Investors should refer to the Final Terms for any issue of Notes for the Public Offer

Jurisdictions the relevant Issuer may have selected as such Notes may only be offered to Investors as part of a Public Offer in the Public Offer Jurisdictions specified in the applicable Final Terms.

***Arrangements between an Investor and the Authorised Offeror who will distribute the Notes***

None of the relevant Issuer, the Guarantor (where applicable) or any Dealer makes any representation as to the compliance by an Authorised Offeror with any applicable conduct of business rules or other applicable regulatory or securities law requirements in relation to any Public Offer and none of the relevant Issuer, the Guarantor (where applicable) or any Dealer has any responsibility or liability for the actions of that Authorised Offeror.

**AN INVESTOR INTENDING TO ACQUIRE OR ACQUIRING ANY NOTES IN A PUBLIC OFFER FROM AN AUTHORISED OFFEROR WILL DO SO, AND OFFERS AND SALES OF SUCH NOTES TO AN INVESTOR BY SUCH AUTHORISED OFFEROR WILL BE MADE, IN ACCORDANCE WITH ANY TERMS AND OTHER ARRANGEMENTS IN PLACE BETWEEN SUCH AUTHORISED OFFEROR AND SUCH INVESTOR INCLUDING AS TO PRICE, ALLOCATIONS, EXPENSES AND SETTLEMENT ARRANGEMENTS. THE RELEVANT ISSUER WILL NOT BE A PARTY TO ANY SUCH TERMS AND ARRANGEMENTS WITH SUCH INVESTORS IN CONNECTION WITH THE PUBLIC OFFER OR SALE OF THE NOTES CONCERNED AND, ACCORDINGLY, THE RELEVANT ISSUER'S BASE PROSPECTUS AND ANY FINAL TERMS WILL NOT CONTAIN SUCH INFORMATION. THE INVESTOR MUST LOOK TO THE RELEVANT AUTHORISED OFFEROR AT THE TIME OF SUCH OFFER FOR THE PROVISION OF SUCH INFORMATION AND THE RELEVANT AUTHORISED OFFEROR WILL BE RESPONSIBLE FOR SUCH INFORMATION. NONE OF THE RELEVANT ISSUER, THE GUARANTOR (WHERE APPLICABLE) OR ANY DEALER (EXCEPT WHERE SUCH DEALER IS THE RELEVANT AUTHORISED OFFEROR) HAS ANY RESPONSIBILITY OR LIABILITY TO AN INVESTOR IN RESPECT OF SUCH INFORMATION.**

Save as provided above, no Issuer nor any Dealer has authorised, nor do they authorise, the making of any Public Offer of Notes in circumstances in which an obligation arises for the relevant Issuer or any Dealer to publish or supplement a prospectus for such offer.

**IMPORTANT INFORMATION RELATING TO THE USE OF THIS PROSPECTUS AND OFFERS OF NOTES GENERALLY**

**Notes which are the subject of a Public Offer and/or admitted to trading on a regulated market within the European Economic Area shall be issued with a minimum denomination of €1,000 (or its equivalent in any other currency).**

This Prospectus does not constitute an offer to sell or the solicitation of an offer to buy any Notes in any jurisdiction to any person to whom it is unlawful to make the offer or solicitation in such jurisdiction. The distribution of this Prospectus and the offer or sale of Notes may be restricted by law in certain jurisdictions. Persons into whose possession this Prospectus or any Notes may come must inform themselves about, and observe, any such restrictions. In particular, there are restrictions on the distribution of this Prospectus and the offer or sale of Notes in the United States, Australia, New Zealand, the People's Republic of China ("PRC" (which for the purposes of this Prospectus, excludes the Hong Kong Special Administrative Region of the People's Republic of China, the Macao Special Administrative Region of the People's Republic of China and Taiwan)), Hong Kong, Japan, Singapore and the European Economic Area (including the United Kingdom) (see "Subscription and Sale").

None of the Issuers, the Guarantor (where applicable) or the Dealers represent that this Prospectus or any of the offering material relating to the Programme or any Notes issued thereunder may be lawfully distributed, or that any of the Notes may be lawfully offered, in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available thereunder, or assume any responsibility for facilitating any such distribution or offering. Accordingly, no Notes may be offered or sold, directly or indirectly, and neither this Prospectus nor any advertisement or other offering material relating to the Programme or any Notes issued thereunder may

be distributed or published in any jurisdiction, except under circumstances that will result in compliance with any applicable laws and regulations.

**The Notes have not been and will not be registered under the United States Securities Act of 1933, as amended (the “Securities Act”), and are subject to U.S. tax law requirements. Subject to certain exceptions, Notes may not be offered, sold or delivered within the United States or to, or for the account or benefit of, U.S. persons (see “Subscription and Sale”). Notes in bearer form are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to United States persons (as defined in the U.S. Internal Revenue Code of 1986, as amended (the “Code”) and the U.S. Treasury regulations thereunder). Notes with a maturity of more than 183 days (taking into consideration unilateral rights to roll or extend) may not be issued in bearer form by Nestlé Holdings, Inc.**

The Consolidated Financial Statements of Nestlé Holdings, Inc. do not comply with U.S. accounting standards and are not meant for distribution in the U.S. or to be used for investment purposes by U.S. investors.

The Notes may not be a suitable investment for all investors. Each potential investor in the Notes must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should consider, either on its own or with the help of its financial and other professional advisers, whether it:

- (i) has sufficient knowledge and experience to make a meaningful evaluation of the Notes, the merits and risks of investing in the Notes and the information contained or incorporated by reference in this Prospectus or any applicable supplement;
- (ii) has access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Notes and the impact the Notes will have on its overall investment portfolio;
- (iii) has sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes, including Notes where the currency for principal or interest payments is different from the potential investor’s currency;
- (iv) understands thoroughly the terms of the Notes and is familiar with the behaviour of any relevant indices and financial markets; and
- (v) is able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

Legal investment considerations may restrict certain investments. The investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent (1) Notes are legal investments for it, (2) Notes can be used as collateral for various types of borrowing and (3) other restrictions apply to its purchase or pledge of any Notes. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of Notes under any applicable risk-based capital or similar rules.

## **PRESENTATION OF INFORMATION**

All references in this document to “European Economic Area” and “EEA” refer to the European Economic Area consisting of the Members States of the European Union and Iceland, Norway and Liechtenstein, those to “U.S. dollars”, “USD”, “U.S.\$” and “\$” refer to United States dollars, those to “Sterling” and “£” refer to pounds sterling, those to “SFr” or “CHF” refer to Swiss francs, those to “A\$” refer to Australian Dollars, those to “NZ\$” refer to New Zealand Dollars, those to “Renminbi”, “RMB” and “CNY” refer to the lawful currency of the PRC and those to “euro”, “EUR” or “€” refer to the currency introduced at the start of the third stage of European economic and monetary union, and as

defined in Article 2 of Council Regulation (EC) No. 974/98 of 3 May 1998 on the introduction of the euro, as amended.

### **STABILISATION**

In connection with the issue of any Tranche of Notes, any Dealer or Dealers acting as the Stabilising Manager(s) (or persons acting on behalf of any Stabilising Manager(s)) may over-allot Notes or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail. However, there is no assurance that the Stabilising Manager(s) (or persons acting on behalf of a Stabilising Manager) will undertake stabilisation action. Any stabilisation action may begin on or after the date on which adequate public disclosure of the terms of the offer of the relevant Tranche of Notes is made and, if begun, may be ended at any time, but it must end no later than the earlier of 30 days after the issue date of the relevant Tranche of Notes and 60 days after the date of the allotment of the relevant Tranche of Notes. Any stabilisation action or over-allotment must be conducted by the Stabilising Manager(s) (or persons acting on behalf of a Stabilising Manager) in accordance with all applicable laws and rules.

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## SUMMARY OF THE PROGRAMME

Summaries are made up of disclosure requirements known as “Elements”. These Elements are numbered in Sections A-E (A.1-E.7). This Summary contains all the Elements required to be included in a summary for the Notes, the Issuers and the Guarantor. Because some Elements are not required to be addressed, there may be gaps in the numbering sequence of the Elements. Even though an Element may be required to be inserted in the summary because of the type of securities, issuers and guarantor, it is possible that no relevant information can be given regarding the Element. In this case a short description of the Element is included in the Summary with the mention of “not applicable”.

### Section A – Introduction and warnings

Element	Title	
A.1	Warning	<p>This Summary must be read as an introduction to the Prospectus and the applicable Final Terms. Any decision to invest in any Notes should be based on a consideration of the Prospectus as a whole, including the documents incorporated by reference, and the applicable Final Terms. Where a claim relating to information contained in the Prospectus and the applicable Final Terms is brought before a court in a Member State of the European Economic Area, the plaintiff may, under the national legislation of the Member State where the claim is brought, be required to bear the costs of translating the Prospectus and the applicable Final Terms before the legal proceedings are initiated. No civil liability will attach to an Issuer or the Guarantor in any such Member State solely on the basis of this Summary, including any translation hereof, unless it is misleading, inaccurate or inconsistent when read together with the other parts of the relevant Issuer’s Base Prospectus and the applicable Final Terms or it does not provide, when read together with the other parts of the relevant Issuer’s Base Prospectus and the applicable Final Terms, key information (as defined in Article 2.1(s) of the Prospectus Directive 2003/71/EC, as amended, including by Directive 2010/73/EU) in order to aid investors when considering whether to invest in the Notes.</p>
A.2	Consent to use of the relevant Issuer’s Base Prospectus	<p>Certain Tranches of Notes with a denomination of less than €100,000 (or its equivalent in any other currency) may be offered in circumstances where there is no exemption from the obligation under the Prospectus Directive to publish a prospectus. Any such offer is referred to as a “Public Offer”.</p> <p><i>Issue specific summary:</i></p> <p>[Not applicable; the Notes are issued in denominations of at least €100,000 (or its equivalent in any other currency).]</p> <p>[Not applicable; the Notes are not being offered to the public as part of a Public Offer.]</p> <p>[<i>Consent:</i> Subject to the conditions set out below, the Issuer consents to the use of its Base Prospectus (that is for [Nestlé Holdings, Inc.: all information in the Prospectus, except for information in the Prospectus relating to Nestlé Finance International Ltd.]/[Nestlé Finance International Ltd.: all information in the Prospectus, except for information in the Prospectus relating to Nestlé Holdings, Inc.]) in connection with a Public Offer of Notes:</p> <p>(i) the consent is only valid during the period from [[ ] until [ ]] (the “Offer Period”);</p> <p>(ii) the only offerors authorised to use the Issuer’s Base Prospectus to make the Public Offer of the Notes are: [(a)] [the relevant Dealers [ ]] (the “Managers”, and each an “Authorised Offeror”) and</p> <p>[(b)] the financial intermediaries named in paragraph 9 of Part B of the applicable Final Terms [(the “Placers”, and each an “Authorised Offeror”)]; and/or</p>



Element	Title	
		<p>[(b)/(c)] any financial intermediary which is authorised to make such offers under the Markets in Financial Instruments Directive 2004/39/EC and which has been duly appointed, directly or indirectly, by the Issuer to make such offers, provided that such financial intermediary states on its website (I) that it has been duly appointed as a financial intermediary to offer the Notes during the Offer Period, (II) it is relying on the Issuer’s Base Prospectus for such Public Offer with the consent of the Issuer, and (III) the conditions attached to that consent [(the “Placers” and each an “Authorised Offeror”)];]</p> <p>(iii) the consent only extends to the use of the Issuer’s Base Prospectus to make Public Offers of the Notes in [ ] as specified in Paragraph 9 of Part B of the applicable Final Terms; and</p> <p>(iv) the consent is subject to the conditions set out in Paragraph 9 of Part B of the applicable Final Terms.]</p> <p><b>[Any offeror falling within sub-paragraph (ii)(b) above who meets all of the other conditions stated above and wishes to use the Issuer’s Base Prospectus in connection with a Public Offer is required, for the duration of the Offer Period, to publish on its website (i) that it has been duly appointed as a financial intermediary to offer the Notes during the Offer Period, (ii) it is relying on the Issuer’s Base Prospectus for such Public Offer with the consent of the Issuer and (iii) the conditions attached to that consent. The consent referred to above relates to Offer Periods occurring within twelve months from the date of the Prospectus.</b></p> <p>The Issuer [and the Guarantor] accept[s] responsibility, in each relevant Member State for which the consent to use its Base Prospectus extends, for the content of its Base Prospectus in relation to any investor who purchases any Notes in a Public Offer made by any person (an “offeror”) to whom the Issuer has given consent to use its Base Prospectus in that connection in accordance with the preceding paragraphs, provided that the conditions attached to that consent are complied with by the relevant offeror.</p> <p><b>AN INVESTOR INTENDING TO ACQUIRE OR ACQUIRING ANY NOTES IN A PUBLIC OFFER FROM AN AUTHORISED OFFEROR WILL DO SO, AND OFFERS AND SALES OF SUCH NOTES TO AN INVESTOR BY SUCH AUTHORISED OFFEROR WILL BE MADE, IN ACCORDANCE WITH ANY TERMS AND OTHER ARRANGEMENTS IN PLACE BETWEEN SUCH AUTHORISED OFFEROR AND SUCH INVESTOR INCLUDING AS TO PRICE, ALLOCATIONS, EXPENSES AND SETTLEMENT ARRANGEMENTS. THE ISSUER WILL NOT BE A PARTY TO ANY SUCH TERMS AND ARRANGEMENTS WITH SUCH INVESTORS IN CONNECTION WITH THE PUBLIC OFFER OR SALE OF THE NOTES CONCERNED AND, ACCORDINGLY, THE ISSUER’S BASE PROSPECTUS AND THE APPLICABLE FINAL TERMS WILL NOT CONTAIN SUCH INFORMATION. THE INVESTOR MUST LOOK TO THE RELEVANT AUTHORISED OFFEROR AT THE TIME OF SUCH OFFER FOR THE PROVISION OF SUCH INFORMATION AND THE RELEVANT AUTHORISED OFFEROR WILL BE RESPONSIBLE FOR SUCH INFORMATION. NONE OF THE ISSUER[, THE GUARANTOR] OR ANY DEALER (EXCEPT WHERE SUCH DEALER IS THE RELEVANT AUTHORISED OFFEROR) HAS ANY RESPONSIBILITY OR LIABILITY TO AN INVESTOR IN RESPECT OF SUCH INFORMATION.]</b></p>

#### Section B – Issuers and Guarantor

Element	Title	
B.1	Legal and commercial name of the Issuer	Nestlé Holdings, Inc. (“NHI”)/ Nestlé Finance International Ltd. (“NFI”)

Element	Title																																																																
B.2	<b>Domicile/legal form/ legislation/ country of incorporation</b>	NHI is a corporation with unlimited duration, incorporated and domiciled in Delaware, United States under the laws of the State of Delaware. NFI is a public limited company ( <i>société anonyme</i> ) with unlimited duration, organised under the laws of the Grand Duchy of Luxembourg and registered with the Luxembourg Register of Commerce and Companies. NFI is domiciled in Luxembourg.																																																															
B.4b	<b>Trend information</b>	The global business environment remained challenging in 2015 and continues to be challenging in 2016. Nestlé Group is well positioned with strong, high quality brands, which are valued by the consumer but any adverse developments in the global economy could impact consumer demand.																																																															
B.5	<b>Description of the Group</b>	NHI and NFI are both (indirectly in the case of NHI) wholly owned subsidiaries of Nestlé S.A. (the “Guarantor”). The Guarantor is the ultimate holding company of the Nestlé group of companies (the “Nestlé Group” or the “Group”).																																																															
B.9	<b>Profit forecast or estimate</b>	Not Applicable; there are no profit forecasts or estimates made in the relevant Issuer’s Base Prospectus.																																																															
B.10	<b>Audit report qualifications</b>	Not Applicable; there are no qualifications contained within each of the audit reports relating to the historical financial information of NHI or NFI as at and for the twelve months ended 31 December 2015 and 2014, respectively.																																																															
B.12	<b>Selected historical key financial information</b>	<p><b>NHI:</b> The financial information set out below has been extracted without material adjustment from the audited consolidated financial statements in the Annual Financial Report of NHI for the financial year ended 31 December 2015, prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board.</p> <p style="text-align: center;"><b>Consolidated Balance Sheets</b> <b>As at 31 December 2015 and 2014</b> <b>(U.S. dollars in thousands, except capital stock par value and shares)</b></p> <table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 60%;"></th> <th style="text-align: right; border-bottom: 1px solid black;"><b>31 December 2015</b></th> <th style="text-align: right; border-bottom: 1px solid black;"><b>31 December 2014</b></th> </tr> </thead> <tbody> <tr> <td><b>Assets</b></td> <td></td> <td></td> </tr> <tr> <td>Current assets:</td> <td></td> <td></td> </tr> <tr> <td>Cash and cash equivalents .....</td> <td style="text-align: right;">140,204</td> <td style="text-align: right;">268,345</td> </tr> <tr> <td>Short-term investments .....</td> <td style="text-align: right;">74,290</td> <td style="text-align: right;">93,618</td> </tr> <tr> <td>Trade and other receivables, net .....</td> <td style="text-align: right;">6,025,152</td> <td style="text-align: right;">4,505,006</td> </tr> <tr> <td>Inventories, net .....</td> <td style="text-align: right;">1,723,224</td> <td style="text-align: right;">1,733,983</td> </tr> <tr> <td>Derivative assets .....</td> <td style="text-align: right;">82,554</td> <td style="text-align: right;">90,270</td> </tr> <tr> <td>Assets held for sale .....</td> <td style="text-align: right;">20,403</td> <td style="text-align: right;">31,190</td> </tr> <tr> <td>Prepayments .....</td> <td style="text-align: right;">96,512</td> <td style="text-align: right;">86,432</td> </tr> <tr> <td><b>Total current assets</b> .....</td> <td style="text-align: right; border-top: 1px solid black;"><b>8,162,339</b></td> <td style="text-align: right; border-top: 1px solid black;"><b>6,808,844</b></td> </tr> <tr> <td>Non-current assets:</td> <td></td> <td></td> </tr> <tr> <td>Property, plant and equipment, net .....</td> <td style="text-align: right;">5,257,119</td> <td style="text-align: right;">5,189,840</td> </tr> <tr> <td>Employee benefits assets .....</td> <td style="text-align: right;">29,179</td> <td style="text-align: right;">273,715</td> </tr> <tr> <td>Investments in joint ventures and associated companies .....</td> <td style="text-align: right;">5,780</td> <td style="text-align: right;">8,361</td> </tr> <tr> <td>Deferred tax assets .....</td> <td style="text-align: right;">995,885</td> <td style="text-align: right;">926,149</td> </tr> <tr> <td>Financial assets .....</td> <td style="text-align: right;">3,927,548</td> <td style="text-align: right;">3,859,581</td> </tr> <tr> <td>Goodwill .....</td> <td style="text-align: right;">17,085,873</td> <td style="text-align: right;">16,762,813</td> </tr> <tr> <td>Intangible assets, net .....</td> <td style="text-align: right;">1,310,781</td> <td style="text-align: right;">1,001,960</td> </tr> <tr> <td><b>Total non-current assets</b> .....</td> <td style="text-align: right; border-top: 1px solid black;"><b>28,612,165</b></td> <td style="text-align: right; border-top: 1px solid black;"><b>28,022,419</b></td> </tr> <tr> <td><b>Total assets</b> .....</td> <td style="text-align: right; border-top: 1px solid black; border-bottom: 3px double black;"><b>36,774,504</b></td> <td style="text-align: right; border-top: 1px solid black; border-bottom: 3px double black;"><b>34,831,263</b></td> </tr> </tbody> </table>		<b>31 December 2015</b>	<b>31 December 2014</b>	<b>Assets</b>			Current assets:			Cash and cash equivalents .....	140,204	268,345	Short-term investments .....	74,290	93,618	Trade and other receivables, net .....	6,025,152	4,505,006	Inventories, net .....	1,723,224	1,733,983	Derivative assets .....	82,554	90,270	Assets held for sale .....	20,403	31,190	Prepayments .....	96,512	86,432	<b>Total current assets</b> .....	<b>8,162,339</b>	<b>6,808,844</b>	Non-current assets:			Property, plant and equipment, net .....	5,257,119	5,189,840	Employee benefits assets .....	29,179	273,715	Investments in joint ventures and associated companies .....	5,780	8,361	Deferred tax assets .....	995,885	926,149	Financial assets .....	3,927,548	3,859,581	Goodwill .....	17,085,873	16,762,813	Intangible assets, net .....	1,310,781	1,001,960	<b>Total non-current assets</b> .....	<b>28,612,165</b>	<b>28,022,419</b>	<b>Total assets</b> .....	<b>36,774,504</b>	<b>34,831,263</b>
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Element	Title		
<b>Consolidated Balance Sheets</b>			
<b>As at 31 December 2015 and 2014</b>			
(U.S. dollars in thousands, except capital stock par value and shares)			
		<b>31 December</b>	<b>31 December</b>
		<b>2015</b>	<b>2014</b>
	<b>Liabilities and Equity</b>		
	Current liabilities:		
	Trade and other payables .....	1,568,668	1,390,882
	Financial liabilities .....	4,610,326	3,434,847
	Provisions .....	76,041	90,994
	Derivative liabilities .....	855,522	532,086
	Current income tax liabilities .....	53,601	59,180
	Accruals.....	1,373,086	1,462,986
	<b>Total current liabilities</b> .....	<b>8,537,244</b>	<b>6,970,975</b>
	Non-current liabilities:		
	Financial liabilities .....	7,824,790	9,197,417
	Employee benefits liabilities .....	1,824,006	1,884,271
	Deferred tax liabilities .....	2,195,104	2,051,283
	Provisions .....	51,163	55,904
	Other accrued liabilities.....	1,910,345	1,938,708
	<b>Total non-current liabilities</b> .....	<b>13,805,408</b>	<b>15,127,583</b>
	<b>Total liabilities</b> .....	<b>22,342,652</b>	<b>22,098,558</b>
	<b>Equity:</b>		
	Capital stock, \$100 par value. Authorized, issued, and outstanding, 1,000 shares .....	100	100
	Additional paid-in capital .....	5,624,297	5,624,297
	Other equity reserves.....	(1,173,966)	(950,266)
	Accumulated earnings .....	9,981,421	8,058,574
	<b>Total equity</b> .....	<b>14,431,852</b>	<b>12,732,705</b>
	<b>Total liabilities and equity</b> .....	<b>36,774,504</b>	<b>34,831,263</b>
<b>Consolidated Income Statements</b>			
<b>For the years ended 31 December 2015 and 2014</b>			
(U.S. dollars in thousands)			
		<b>31 December</b>	<b>31 December</b>
		<b>2015</b>	<b>2014</b>
	Sales .....	21,399,111	21,200,874
	Cost of goods sold.....	(11,824,068)	(11,888,862)
	Distribution expenses .....	(1,932,695)	(1,927,749)
	Marketing, general and administrative expenses .....	(3,572,784)	(3,308,593)
	Royalties to affiliated company.....	(1,180,428)	(1,176,607)
	Net other trading expenses.....	(45,354)	(76,759)
	Trading operating profit.....	2,843,782	2,822,304
	Net other operating expenses .....	(9,968)	(1,515,471)
	Operating profit.....	2,833,814	1,306,833
	Net financial expenses .....	(237,073)	(241,635)
	Share of results from joint venture and associated companies.....	4,152	6,968
	Income from continuing operations before income taxes.....	2,600,893	1,072,166
	Income tax expense .....	(678,205)	(750,809)
	Income from continuing operations .....	1,922,688	321,357
	Income from discontinued operations, net of taxes.....	159	2,283
	<b>Net income</b> .....	<b>1,922,847</b>	<b>323,640</b>
	<i>Statements of no significant or material adverse change</i>		
	There has been no significant change in the financial or trading position of NHI and its consolidated subsidiaries (considered as a whole) since 31 December 2015, the date of the most recently published financial statements of NHI and there has been no material adverse change in the prospects of NHI since 31 December 2015, the date of the most recently published audited financial statements of NHI.		

Element	Title		
	<b>NFI:</b>		
	The financial information set out below has been extracted without material adjustment from the audited financial statements in the Annual Financial Report of NFI for the financial year ended 31 December 2015, prepared in accordance with International Financial Reporting Standards as adopted by the European Union.		
	<b>Balance Sheets</b> <b>As at 31 December 2015 and 2014</b> <b>(Euros in thousands)</b>		
		<b>31 December</b>	<b>31 December</b>
		<b>2015</b>	<b>2014</b>
	<b>Assets</b>		
	<b>Current assets</b>		
	Cash and cash equivalents .....	159,710	371,647
	Short term investments .....	-	72,995
	Derivative assets .....	45,497	111,974
	Loans and advances to Nestlé Group companies .....	8,420,086	7,854,184
	Other assets .....	898	725
	<b>Total current assets</b> .....	<b>8,626,191</b>	<b>8,411,525</b>
	<b>Non-current assets</b>		
	Loans and advances to Nestlé Group companies .....	2,212,900	2,673,194
	Loans and advances to third parties .....	100,000	100,000
	Property, plant and equipment .....	22	28
	<b>Total non-current assets</b> .....	<b>2,312,922</b>	<b>2,773,222</b>
	<b>Total assets</b> .....	<b>10,939,113</b>	<b>11,184,747</b>
	<b>Liabilities</b>		
	<b>Current liabilities</b>		
	Bank overdrafts .....	6,865	-
	Derivative liabilities .....	18,439	17,616
	Loans and advances from Nestlé Group companies .....	4,073,646	4,844,956
	Debt securities issued .....	2,774,346	2,093,113
	Current tax liabilities .....	5,583	3,057
	Other liabilities .....	80,254	149,770
	<b>Total current liabilities</b> .....	<b>6,959,133</b>	<b>7,108,512</b>
	<b>Non-current liabilities</b>		
	Loans and advances from Nestlé Group companies .....	-	127,535
	Debt securities issued .....	3,957,834	3,930,583
	<b>Total non-current liabilities</b> .....	<b>3,957,834</b>	<b>4,058,118</b>
	<b>Total liabilities</b> .....	<b>10,916,967</b>	<b>11,166,630</b>
	<b>Equity</b>		
	Share capital .....	440	440
	Share premium .....	2,000	2,000
	Hedging reserve .....	1,019	3,184
	Available-for-sale reserve .....	3	(2)
	Legal reserve .....	44	44
	Other reserve .....	2,543	1,662
	Retained earnings .....	16,097	10,789
	<b>Total equity attributable to shareholders of the company</b> .....	<b>22,146</b>	<b>18,117</b>
	<b>Total liabilities and equity</b> .....	<b>10,939,113</b>	<b>11,184,747</b>

Element	Title																																		
		<b>Income Statements</b> <b>For the years ended 31 December 2015 and 2014</b> <b>(Euros in thousands)</b>																																	
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<b>B.13</b>	<b>Events impacting the Issuer's solvency</b>	Not Applicable; there have been no recent events particular to the Issuer which are to a material extent relevant to the evaluation of the Issuer's solvency.																																	
<b>B.14</b>	<b>Dependence upon other group entities</b>	<p>NHI is dependent on the performance of its direct and indirect subsidiaries which engage primarily in the manufacture and sale of food, beverage and pet care products and juvenile life insurance.</p> <p>NFI is dependent on the performance of the members of the Nestlé Group to which NFI provides financing in the form of loans, facilities or guarantees.</p>																																	
<b>B.15</b>	<b>Principal activities</b>	<p>NHI primarily acts as a holding company for its direct and indirect subsidiaries which engage mainly in the manufacture and sale of food products, pet care products, beverage products and juvenile life insurance. These businesses derive revenue across the United States.</p> <p>The principal business activity of NFI is the financing of members of the Nestlé Group. NFI raises funds and on-lends to other members of the Nestlé Group.</p>																																	
<b>B.16</b>	<b>Controlling shareholders</b>	The Issuer is wholly owned and controlled (directly in the case of NFI and indirectly in the case of NHI) by the Guarantor.																																	
<b>B.17</b>	<b>Credit ratings</b>	<p>Senior long term debt obligations of the Issuers, which have the benefit of a guarantee from the Guarantor, have been rated AA (stable) by Standard &amp; Poor's Credit Market Services France SAS ("Standard &amp; Poor's") and Aa2 (stable) by Moody's France SAS ("Moody's"). Each of Standard &amp; Poor's and Moody's is established in the European Union and registered under Regulation (EC) No. 1060/2009 on credit rating agencies, as amended. See also "Credit Ratings" below with respect to the Guarantor.</p> <p><b>Issue specific summary:</b></p> <p>[The Notes to be issued [are not]/[have been]/[are expected to be] rated [ ] by [ ] and [ ] by [ ].] A security rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.</p>																																	
<b>B.18</b>	<b>Description of Guarantee</b>	<p>Notes issued by NFI will be guaranteed by the Guarantor and Notes issued by NHI may or may not benefit from a guarantee given by the Guarantor.</p> <p>Each Guarantee constitutes a direct, unconditional, unsecured (subject to the negative pledge provisions of Condition 3) and unsubordinated obligation of the Guarantor and will rank <i>pari passu</i> with all other present and future unsecured and unsubordinated obligations outstanding of the Guarantor (other than obligations mandatorily preferred by law applying to companies generally).</p>																																	

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<b>B.19</b>	<p><b>Legal and commercial name of Guarantor</b></p> <p><b>Domicile/ legal form/ legislation/ country of incorporation</b></p> <p><b>Trend information</b></p> <p><b>Description of the Group</b></p> <p><b>Profit forecast or estimate</b></p> <p><b>Audit report qualifications</b></p>	<p>Nestlé S.A.</p> <p>The Guarantor is a company with unlimited duration, organised under the Swiss Code of Obligations and registered with the Swiss Commercial Registries of the Canton of Zug and the Canton of Vaud. The Guarantor is domiciled in Switzerland.</p> <p>The global business environment remained challenging in 2015 and continues to be challenging in 2016. Nestlé Group is well positioned with strong, high quality brands, which are valued by the consumer but any adverse developments in the global economy could impact consumer demand.</p> <p>The Guarantor is the ultimate holding company of the Nestlé Group.</p> <p>Not Applicable; there are no profit forecasts or estimates made in the relevant Issuer's Base Prospectus.</p> <p>Not Applicable; there are no qualifications contained within each of the audit reports relating to the historical financial information of the Guarantor as at and for the twelve months ended 31 December 2015 and 2014, respectively.</p> <p><b>Selected historical key financial information for the Guarantor:</b></p> <p>The financial information set out below has been extracted without material adjustment from the audited consolidated financial statements of the Guarantor for the financial year ended 31 December 2015, prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board.</p> <p style="text-align: center;"><b>Consolidated Balance Sheets</b> <b>As at 31 December 2015 and 2014</b> <b>(CHF in millions)</b></p> <table style="width: 100%; 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	<b>Consolidated Balance Sheets</b>		
	<b>As at 31 December 2015 and 2014</b>		
	<b>(CHF in millions)</b>		
		<b>31 December</b>	<b>31 December</b>
		<b>2015</b>	<b>2014</b>
	<b>Liabilities and equity</b>		
	Current liabilities		
	Financial debt.....	9,629	8,810
	Trade and other payables .....	17,038	17,437
	Accruals and deferred income .....	3,673	3,759
	Provisions .....	564	695
	Derivative liabilities .....	1,021	757
	Current income tax liabilities .....	1,124	1,264
	Liabilities directly associated with assets held for sale .....	272	173
	<b>Total current liabilities</b> .....	<b>33,321</b>	<b>32,895</b>
	Non-current liabilities		
	Financial debt.....	11,601	12,396
	Employee benefits liabilities .....	7,691	8,081
	Provisions .....	2,601	3,161
	Deferred tax liabilities .....	3,063	3,191
	Other payables .....	1,729	1,842
	<b>Total non-current liabilities</b> .....	<b>26,685</b>	<b>28,671</b>
	<b>Total liabilities</b> .....	<b>60,006</b>	<b>61,566</b>
	Equity		
	Share capital .....	319	322
	Treasury shares .....	(7,489)	(3,918)
	Translation reserve .....	(21,129)	(17,255)
	Retained earnings and other reserves.....	90,637	90,981
	<b>Total equity attributable to shareholders of the parent</b> .....	<b>62,338</b>	<b>70,130</b>
	Non-controlling interests .....	1,648	1,754
	<b>Total equity</b> .....	<b>63,986</b>	<b>71,884</b>
	<b>Total liabilities and equity</b> .....	<b>123,992</b>	<b>133,450</b>
	<b>Consolidated Income Statements</b>		
	<b>For the years ended 31 December 2015 and 2014</b>		
	<b>(CHF in millions)</b>		
		<b>31 December</b>	<b>31 December</b>
		<b>2015</b>	<b>2014</b>
	<b>Sales</b> .....	<b>88,785</b>	<b>91,612</b>
	Other revenue.....	298	253
	Cost of goods sold.....	(44,730)	(47,553)
	Distribution expenses .....	(7,899)	(8,217)
	Marketing and administration expenses.....	(20,744)	(19,651)
	Research and development costs .....	(1,678)	(1,628)
	Other trading income .....	78	110
	Other trading expenses .....	(728)	(907)
	<b>Trading operating profit</b> .....	<b>13,382</b>	<b>14,019</b>
	Other operating income .....	126	154
	Other operating expenses.....	(1,100)	(3,268)
	<b>Operating profit</b> .....	<b>12,408</b>	<b>10,905</b>
	Financial income .....	101	135
	Financial expense.....	(725)	(772)
	<b>Profit before taxes, associates and joint ventures</b> .....	<b>11,784</b>	<b>10,268</b>

Element	Title		
	<b>Consolidated Income Statements</b> <b>For the years ended 31 December 2015 and 2014</b> <b>(CHF in millions)</b>		
		<b>31 December</b>	<b>31 December</b>
		<b>2015</b>	<b>2014</b>
	Taxes.....	(3,305)	(3,367)
	Income from associates and joint ventures.....	988	8,003
	<b>Profit for the year</b> .....	<b>9,467</b>	<b>14,904</b>
	of which attributable to non-controlling interests.....	401	448
	of which attributable to shareholders of the parent (Net profit).....	9,066	14,456
	<b>As percentages of sales</b>		
	Trading operating profit.....	15.1%	15.3%
	Profit for the year attributable to shareholders of the parent (Net profit).....	10.2%	15.8%
	<b>Earnings per share (in CHF)</b>		
	Basic earnings per share.....	2.90	4.54
	Diluted earnings per share.....	2.89	4.52
	<i>Statements of no significant or material adverse change</i>		
	There has been no significant change in the financial or trading position of the Guarantor and its consolidated subsidiaries (considered as a whole) since 31 December 2015, the date of the most recently published financial statements of the Guarantor and there has been no material adverse change in the prospects of the Guarantor since 31 December 2015, the date of the most recently published audited financial statements of the Guarantor.		
	<b>Events impacting the Guarantor's solvency</b>	Not Applicable; there have been no recent events particular to the Guarantor which are to a material extent relevant to the evaluation of the Guarantor's solvency.	
	<b>Dependence upon other group entities</b>	The Guarantor is the ultimate holding company of the Nestlé Group (including NHI and NFI). Accordingly, substantially all of the assets of the Guarantor are comprised of its shareholdings in its subsidiaries. The Guarantor is therefore dependent on the performance of its direct and indirect subsidiaries which manufacture and sell food and beverages, as well as products related to the nutrition, health and wellness industries. The Guarantor is also dependent on the performance of its subsidiaries to the extent it issues guarantees with respect to them. Payment obligations under the Guarantor's Guarantee of the Notes will be structurally subordinated to any payment obligations owed by the Guarantor's subsidiaries to their creditors.	
	<b>Principal activities</b>	The Guarantor primarily acts as the holding company of the Nestlé Group which manufactures and sells food and beverages, as well as products related to the nutrition, health and wellness industries.	
	<b>Controlling shareholders</b>	The Guarantor is a publicly traded company and its shares are listed on the SIX Swiss Exchange. Pursuant to the Guarantor's Articles of Association, no person or entity may be (i) registered (directly or indirectly through nominees) with voting rights for more than 5 per cent. of the Guarantor's share capital as recorded in the commercial register or (ii) at general meetings of the Guarantor exercise directly or indirectly voting rights, with respect to own shares or shares represented by proxy, in excess of 5 per cent. of the Guarantor's share capital. Any shareholder holding shares in the Guarantor of 3 per cent. or more of the Guarantor's share capital is required to disclose its/his/her shareholding pursuant to the Swiss Financial Market Infrastructure Act.	
	<b>Credit ratings</b>	The Guarantor's senior long term debt obligations have been rated AA (stable) by Standard & Poor's and Aa2 (stable) by Moody's. A security rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.	



## Section C – Securities

Element	Title	
C.1	<b>Description of Notes/ISIN</b>	<p>The Notes described in this section are debt securities with a denomination of less than €100,000 (or its equivalent in any other currency). The Notes may be Fixed Rate Notes, Floating Rate Notes, Zero Coupon Notes, or a combination of the foregoing.</p> <p><b>Issue specific summary:</b></p> <p>The Notes are [ ] [[ ] per cent./ Floating Rate/ Zero Coupon] Notes due [ ]</p> <p>The Notes have a Specified Denomination of [ ]</p> <p>International Securities Identification Number (ISIN): [ ]</p>
C.2	<b>Currency</b>	<p>The currency of each Series of Notes issued will be agreed between the Issuer and the relevant Dealer at the time of issue.</p> <p><b>Issue specific summary:</b></p> <p>The currency of this Series of Notes is [ ]</p>
C.5	<b>Transferability</b>	There are no restrictions on the free transferability of the Notes.
C.8	<b>Rights attached to the Notes and ranking</b>	<p>Notes issued under the Programme will have terms and conditions relating to, among other matters:</p> <p><b>Status of the Notes (Ranking)</b></p> <p>The Notes will constitute direct, unconditional, unsecured (subject to the negative pledge provisions of Condition 3) and unsubordinated obligations of the Issuer and will rank <i>pari passu</i> and rateably without any preference among themselves and equally with all other unsecured and unsubordinated obligations of the relevant Issuer from time to time outstanding (other than obligations mandatorily preferred by law).</p> <p><b>Taxation</b></p> <p>All payments in respect of the Notes will be made without withholding or deduction for, or on account of, any taxes or other charges imposed by any governmental authority or agency within (i) if the Issuer is NHI, the United States, (ii) if the Issuer is NFI, Luxembourg, and (iii) if the Notes are guaranteed by the Guarantor, Switzerland, unless such withholding or deduction is required by law.</p> <p>In the event that any such withholding or deduction is required, the Issuer will be required to pay additional amounts to cover the amounts so withheld or deducted, subject to certain limited exceptions.</p> <p>All payments in respect of the Notes will be made subject to any deduction or withholding required by provisions of U.S. federal income tax law commonly referred to as the U.S. Foreign Account Tax Compliance Act (“FATCA”) and any intergovernmental agreements (and related implementing rules) relating to FATCA, and no additional amounts will be paid to cover the amounts so withheld or deducted.</p> <p><b>Negative pledge</b></p> <p>The terms of the Notes contain a negative pledge provision which prohibits the Issuer, and where the issue of the Notes is guaranteed by the Guarantor, the Guarantor, from creating any security interests over its present or future revenues or assets to secure certain indebtedness represented or evidenced by any bonds, notes or other securities which are or are capable of being listed on any recognised stock exchange, subject to certain specified exceptions.</p> <p><b>Events of Default</b></p> <p>The terms of the Notes contain, amongst others, the following events of default:</p> <p>(a) default by the Issuer in payment of any principal, interest or any other amount on the Notes, continuing for a specified period of time;</p>

Element	Title	
		<p>(b) non-performance or non-observance by the Issuer of any condition or other provision of the Notes (other than the covenant to pay principal and interest) continuing for a specified period of time;</p> <p>(c) default in payment by the Issuer, certain principal subsidiaries of the Issuer, or if the Notes are guaranteed by the Guarantor, the Guarantor, of certain types of indebtedness (subject to an aggregate threshold of U.S.\$100,000,000) if such default continues beyond any applicable grace period or any such certain indebtedness for borrowed money shall become repayable before its due date as a result of acceleration of maturity caused by the occurrence of any default, unless the existence of such default is being disputed in good faith and proceedings have been commenced in competent courts having jurisdiction and such proceedings have not been finally adjudicated;</p> <p>(d) events relating to the winding up, cessation of business, administration, insolvency and creditor arrangements of the Issuer, certain principal subsidiaries of the Issuer, or if the Notes are guaranteed by the Guarantor, the Guarantor, subject to certain exceptions; and</p> <p>(e) the Guarantee of the Guarantor ceases to be the legal, valid and binding and enforceable in accordance with its terms or the Guarantor contests or denies the validity of its Guarantee.</p> <p><b>Meetings</b></p> <p>The terms of the Notes contain provisions for calling meetings of holders of such Notes to consider matters affecting their interests generally. These provisions permit defined majorities to bind all holders, including holders who did not attend and vote at the relevant meeting and holders who voted in a manner contrary to the majority.</p> <p><b>Governing law of the Notes</b></p> <p>English law.</p> <p><b>Governing law of the Guarantee</b></p> <p>Swiss law.</p>
C.9	<b>Interest/ Redemption</b>	<p><b>Interest</b></p> <p>Notes may or may not bear interest. Interest-bearing Notes will either bear interest payable at a fixed rate or a floating rate.</p> <p><b>Issue specific summary:</b></p> <p>[The Notes bear interest [from their date of issue] at the fixed rate of [ ] per cent. per annum. The yield of the Notes is [ ] per cent. per annum. Interest will be paid [semi-annually]/[annually] in arrear on [ ] in each year up to and including the Maturity Date. The first interest payment will be on [ ].]</p> <p>[The Notes bear interest [from their date of issue] at floating rates calculated by reference to [<i>specify reference rate</i>] [plus/minus] a margin of [ ] per cent. Interest will be paid [quarterly] in arrear on [ ],[ ],[ ], and [ ] in each year [, subject to adjustment for non-business days]. The first interest payment will be on [ ].]</p> <p>[The Notes are Zero Coupon Notes and do not bear interest [and will be offered and sold at a discount to their nominal amount].]</p> <p><b>Redemption</b></p> <p>The terms under which Notes may be redeemed (including the Maturity Date and the price at which they will be redeemed on the Maturity Date, as well as any provisions relating to early redemption at the option of the Issuer (either in whole or part) and/or the holders of the Notes) will be agreed between the relevant Issuer and the relevant Dealer(s) at the time of issue of the relevant Notes.</p>

Element	Title	
		<p><b>Issue specific summary:</b> [The Maturity Date of the Notes will be [ ].] [Subject to any purchase and cancellation or early redemption, the Notes will be redeemed on [ ] at [par]/[ ] per cent. of their nominal amount.] [The Notes may be redeemed early for tax reasons, a change of control of the Issuer [or [specify other]] at [specify the early redemption price [[par]/[par or, if higher, the price at which the gross redemption yield on the Notes is equal to the gross redemption yield on the reference bond rate and a margin of [ ]] and any maximum or minimum redemption amounts, if applicable.]</p> <p><b>Representatives of holders</b> A trustee has not been appointed to act as trustee for the holders of Notes.</p> <p><b>Issue specific summary:</b> [Citibank, N.A., acting through its London branch has been appointed as the issuing and principal paying agent and calculation agent in respect of the Notes.] [Registered Notes issued by NHI are issued subject to, and with the benefit of, an amended and restated note agency agreement made between NHI, Citigroup Global Markets Deutschland AG as registrar and transfer agent and Citibank, N.A., London Branch as transfer agent and paying agent.]</p>
<b>C.10</b>	<b>Derivative component</b>	Not Applicable: the Notes are not derivative securities.
<b>C.11</b>	<b>Listing/ Distribution</b>	<p><b>Listing</b> Notes may be admitted to the official list of the UKLA and admitted to trading on the London Stock Exchange's regulated market.</p> <p><b>Issue specific summary:</b> [Application [has been][is expected to be] made by the Issuer (or on its behalf) for the Notes to be admitted to the Official List of the UKLA and admitted to trading on the London Stock Exchange's regulated market.]</p> <p><b>Distribution</b> [The Notes may be offered to the public in [ ] during the Offer Period.] [The Notes are being sold only to [ ] [and [ ]].]</p>

#### Section D – Risks

Element	Title	
<b>D.2</b>	<b>Key risks that are specific to the Issuer and the Guarantor</b>	<p>The key risks relating to the relevant Issuer and the Guarantor are set out below:</p> <p>(a) the Group is vulnerable to brand damage. Any major event triggered by a serious food safety or other compliance issue could have a negative effect on the Group's reputation or brand image which could result in the loss of revenue associated with the affected brands and higher costs to address these circumstances, including those associated with product recall events;</p> <p>(b) the Group's success depends in part on anticipating the tastes and dietary habits of consumers and to offer products that appeal to their preferences. The Group's sales or margins may be materially adversely affected by competition or an inability to respond to rapid changes in consumer preferences or offer high-quality appealing products;</p> <p>(c) the Group's business is subject to some seasonality, and adverse weather conditions may impact sales;</p> <p>(d) the food industry including the Group is faced with the global challenge of rapidly rising obesity levels;</p>

Element	Title	
		<p>(e) the Group is dependent on the sustainable supply of a number of raw materials, packaging material and services/utilities. Sourcing raw materials globally exposes the Group to price fluctuations and supply uncertainties which are subject to factors such as commodity market price volatility, currency fluctuations, changes in governmental agricultural programs, harvest and weather conditions, crop disease, crop yields, alternative crops and by-product values. Underlying base material price changes may result in unexpected increases in costs of raw material and packaging, and the Group may be unable to fully reflect these increases by raising prices without suffering reduced volume, revenue and operating income;</p> <p>(f) accidental or malicious contamination of raw materials or products in the supply chain may result in loss of products, delay in supply, loss of market shares, financial costs and adverse health effects on consumers or loss of reputation;</p> <p>(g) the Group is dependent on sustainable manufacturing/supply of finished goods for all product categories. The Group's manufacturing facilities could be disrupted for reasons beyond the Group's control that may include extremes of natural hazards, fire, supplies of materials or services, system failures, work force actions, political instability, environmental issues or infectious diseases. A major event in one of the Group's key plants, at a key supplier, contract manufacturer, co-packer and/or warehouse facility could potentially lead to a supply disruption and impact the Group's financial results;</p> <p>(h) security, political instability, legal and regulatory, fiscal, macroeconomic, foreign trade, labour, infrastructure risk and/or events such as infectious disease could also impact the Group's ability to operate and could lead to a supply disruption and impact the Group's financial results; and</p> <p>(i) the Group issues term debt to raise finance and depends on broad access to capital markets and investors. Changes in demand for term debt instruments on capital markets could limit the ability of the Group to fund operations. The Guarantor also depends on the willingness of banks to provide the type of credit lines or loans which are used by the Group.</p>
D.3	<b>Key risks that are specific to the Notes</b>	<p>There are also risks associated with the Notes including a range of risks relating to the structure of the Notes, market risks and risks relating to Notes generally including that:</p> <p>(i) changes in prevailing market interest rates could affect the value of the Notes which bear interest at a fixed rate;</p> <p>(ii) Notes may be subject to early redemption, which may limit the market value of the Notes and an investor may not be able to reinvest the redemption proceeds in a manner which achieves a similar effective return;</p> <p>(iii) Bearer Notes in new global note form and Registered Notes in global form held under the new safekeeping structure may not satisfy Eurosystem eligibility criteria;</p> <p>(iv) Notes denominated in Renminbi are subject to additional risks; Renminbi is not freely convertible or transferable and there are significant restrictions on remittance of Renminbi into and outside the People's Republic of China ("PRC" (which excludes the Hong Kong Special Administrative Region of the People's Republic of China, the Macao Special Administrative Region of the People's Republic of China and Taiwan)) which may adversely affect the liquidity of Notes denominated in Renminbi; there is only limited availability of Renminbi outside the PRC, which may affect the liquidity of such Notes and the Issuer's ability to source Renminbi outside the PRC to service such Notes; if the Issuer is unable to source Renminbi, it may pay holders of such Notes in U.S. dollars;</p> <p>(v) the Terms and Conditions of the Notes may be modified without the consent of all investors in certain circumstances;</p> <p>(vi) the holder of the Notes may not receive payment of the full amounts due in respect of the Notes as a result of amounts being withheld by the Issuer in order to comply with applicable law;</p>

Element	Title	
		<p>(vii) investors are exposed to the risk of changes in law or regulation affecting the value of their Notes;</p> <p>(viii) the value of an investor's investment may be adversely affected by exchange rate movements where the Notes are not denominated in the investor's own currency;</p> <p>(ix) there may be no or only a limited secondary market in the Notes; and</p> <p>(x) any credit rating assigned to Notes may not adequately reflect all the risks associated with an investment in the Notes.</p>

### Section E – Offer

Element	Title	
<b>E.2b</b>	<b>Use of proceeds</b>	The net proceeds from the issue of Notes will be applied by the Issuer for its general corporate purposes, and, in addition, in the case of Notes issued by the Issuer (if the Issuer is NFI) or guaranteed Notes issued by the Issuer (if the Issuer is NHI) the net proceeds for each issuance of Notes will be applied by the Issuer outside of Switzerland unless use of proceeds in Switzerland is permitted under the Swiss taxation laws in force from time to time without payments in respect of such Notes becoming subject to withholding or deduction for Swiss withholding tax as a consequence of such use of proceeds in Switzerland.
<b>E.3</b>	<b>Terms and Conditions of the offer</b>	<p>The Terms and Conditions of offer will be determined by agreement between the Issuer and the Dealer(s) at the time of issue.</p> <p><b>Issue specific summary:</b></p> <p>[Notes may be offered to the public in a Public Offer in [Austria,] [Belgium,] [Germany,] [Italy,] [Luxembourg,] [the Netherlands] [and] the United Kingdom.]</p> <p>[An investor intending to acquire or acquiring any Notes from an Authorised Offeror will do so, and offers and sales of Notes to an investor by such Authorised Offeror will be made, in accordance with any terms and other arrangements in place between such Authorised Offeror and such investor including as to price, allocations, expenses and settlement arrangements.]</p> <p><i>Offer Period:</i> [From the date of, and following, publication of the Final Terms being [ ] to [ ].]</p> <p><i>Issue Price/ Offer Price:</i> [The issue price of the Notes is [ ] per cent. of their nominal amount.] [Offer price: [Not Applicable]/ [ ]]</p> <p><i>Conditions to which the offer is subject:</i> [Not Applicable]/ [ ]</p> <p><i>Description of the application process:</i> [Not Applicable]/ [ ]</p> <p><i>Description of possibility to reduce subscriptions and the manner for refunding excess amount paid by applicants:</i> [Not Applicable]/ [ ]</p>

Element	Title	
	<i>Details of the minimum and/or maximum amount of application (whether in number of Notes or aggregate amount to invest):</i>	[Not Applicable]/ [ ]
	<i>Method and time limits for paying up the Notes and for delivery of the Notes:</i>	[Not Applicable]/ [ ]
	<i>Manner in and date on which results of the offer are to be made public:</i>	[Not Applicable]/ [ ]
	<i>Procedure for exercise of any right of pre-emption, negotiability of subscription rights and treatment of subscription rights not exercised:</i>	[Not Applicable]/ [ ]
	<i>Whether tranche(s) have been reserved for certain countries:</i>	[Not Applicable]/ [ ]
	<i>Process for notification to applicants of the amount allotted and the indication whether dealing may begin before notification is made:</i>	[Not Applicable]/ [ ]
	<i>Amount of any expenses and taxes specifically charged to the subscriber or purchaser:</i>	[Not Applicable]/ [ ]
	<i>Name(s) and address(es), to the extent known to the Issuer, of the placers in the various countries where the offer takes place:</i>	[Not Applicable]/ [ ]
	<i>Categories of potential investors to which the Notes are offered:</i>	[Not Applicable]/ [ ]

Element	Title	
<b>E.4</b>	<b>Interest of natural and legal persons involved in the issue/offer</b>	<p>The relevant Dealers or Managers may be paid fees in relation to any issue of the Notes under the Programme.</p> <p><i>Issue specific summary:</i></p> <p>[The Dealers will be paid aggregate commissions equal to [ ] per cent. of the nominal amount of the Notes. Any [Dealer/Manager] and its affiliates may also have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform other services for, the Issuer[, the Guarantor] and [its/their] affiliates in the ordinary course of business.]</p>
<b>E.7</b>	<b>Expenses charged to the investor by the Issuers or an offeror</b>	<p>The relevant Issuer will not charge any expenses to investors purchasing from Authorised Offerors in connection with any issue of Notes under the Programme. Authorised Offerors may, however, charge expenses to such investors. Such expenses (if any) and their terms will be determined by agreement between the relevant Authorised Offeror and the investors at the time of each issue of Notes.</p> <p><i>Issue specific summary:</i></p> <p>[Not Applicable. No expenses are being charged by the Issuer to investors purchasing from Authorised Offerors in connection with the issue of the Notes.]</p>

## RISK FACTORS

*Any investment in the Notes is subject to a number of risks. Prior to investing in the Notes, prospective investors should consider carefully the factors and risks associated with any investment in the Notes, the business of the Nestlé group of companies (the “Nestlé Group” or the “Group”) and the industry in which the Nestlé Group operates, together with all other information contained in this Prospectus including, in particular, the risk factors described below. Prospective investors should note that the risks relating to the Nestlé Group, its industry and the Notes summarised in the section of this document headed “Summary of the Programme” are the risks that each of the Issuers and the Guarantor believes to be the most essential to an assessment by a prospective investor of whether to consider an investment in the Notes. However, as the risks which the Nestlé Group faces relate to events and depend on circumstances that may or may not occur in the future, prospective investors should consider not only the information on the key risks summarised in the section of this document headed “Summary of the Programme” but also, among other things, the risks and uncertainties described below.*

*Each of the Issuers and the Guarantor believes that the following factors may affect its ability to fulfil its obligations under Notes issued under the Programme which may in turn result in investors losing the value of their investment. Most of these factors are contingencies which may or may not occur and neither the Issuers nor the Guarantor are in a position to express a view on the likelihood of any such contingency occurring.*

*In addition, factors which are material for the purpose of assessing the market risks associated with Notes issued under the Programme are also described below.*

*Each of the Issuers and the Guarantor believe that the factors described below represent the principal risks inherent in investing in Notes issued under the Programme, but the inability of the Issuers or the Guarantor to pay interest, principal or other amounts on or in connection with any Notes may occur for other reasons and the Issuers and the Guarantor do not represent that the statements below regarding the risks of holding any Notes are exhaustive. Prospective investors should also read the detailed information set out elsewhere in this Prospectus (including any documents incorporated by reference herein) and reach their own views prior to making any investment decision.*

*Additional risks and uncertainties relating to the Nestlé Group that are not currently known to the Nestlé Group, or that it currently deems immaterial, may individually or cumulatively also have a material adverse effect on the Nestlé Group’s business, prospects, results of operations and financial position and, if any such risk should occur, the price of the Notes may decline and investors could lose all or part of their investment.*

### **Factors that may affect the Issuers’ ability to fulfil their respective obligations under Notes issued under the Programme and the Guarantor’s ability to fulfil its obligations under each Guarantee**

#### *Competition and Demand*

The business environment in which the Nestlé Group operates is competitive. In its major markets, the Group competes with other corporations that might also have significant financial resources to respond to and develop the markets in which both they and the Group operate. These resources may be applied to change areas of focus or to increase investments in marketing or new products. This could cause the Group’s sales or margins to decrease in these markets. Furthermore, consumer tastes are susceptible to change. If the Group is unable to respond to rapid changes in consumer preferences and offer high-quality appealing products, the Group’s sales or margins in individual markets could be materially adversely affected.

#### *Brand Image/Reputation*

Profitability depends in part upon a number of product brands. Reliance on these brands makes the Group vulnerable to brand damage in a variety of ways. For example, if the Nestlé Group is the victim of a food safety or other compliance issue, product tampering or contamination, brand



dilution by people who use any of the Nestlé brands without the Nestlé Group's permission or other factors, negative publicity will affect sales results. Damage to brands could result in the loss of revenue associated with the affected brands and higher costs to address these circumstances, including those associated with any product recall events that may occur.

#### *Food Safety/Food Contamination*

The Group has a comprehensive food safety assurance programme and implements an array of preventive measures to ensure the safety of its products. Nevertheless, the risk that raw materials are accidentally or maliciously contaminated, or products are contaminated throughout the supply chain due to human error or equipment failure, cannot be fully excluded. Such incidents can have different consequences including loss of products, delay in supply, loss of market shares, financial costs, adverse health effects on consumers or loss of reputation.

#### *Raw Materials*

The Group relies to a varying degree on the sourcing of raw materials from around the world. This exposes the Group to price fluctuations and supply uncertainties which are subject to factors such as commodity market price volatility, currency fluctuations, changes in governmental agricultural programs, harvest and weather conditions, crop disease, crop yields, alternative crops and by-product values. Underlying base material price changes may result in unexpected increases in raw material and packaging costs, and the Group may be unable to fully reflect these increases by raising prices without suffering reduced volume, revenue and operating income.

The ability to maintain the profitability of products containing tradeable commodities is largely dependent on cost management capacity of both direct and indirect materials, including energy, as well as market competitiveness. A significant or sustained decrease in the sale price of products based on commodities such as coffee, cocoa or milk products and ice cream could have a material adverse effect on the business, financial condition and results of operations of the Nestlé Group.

Should the price of commodities decline over a period of time, producers of raw materials may diversify their product range, which may restrict the availability of raw materials.

Various governments throughout the world are considering regulatory proposals relating to genetically modified organisms or ingredients, food safety and market and environmental regulation which, if adopted, would increase costs. If any of these or other proposals are enacted, the Group may experience difficulties in supply and the Group may be unable to pass on the cost increases to its customers without incurring volume loss as a result of higher prices.

#### *Quality/Consumer Preference*

The success of the Nestlé Group depends in part on its ability to anticipate the tastes and dietary habits of consumers and to offer products that appeal to their preferences. Consumer preferences change, any major change in demographics and/or any failure to anticipate, identify or react to these changes or offer high-quality appealing products could result in reduced demand for Nestlé products, which would in turn cause the volume, revenue and operating companies' income to suffer. Moreover, there is a risk that the Nestlé Group's business may be adversely affected by a reduction in consumer spending.

#### *Health Concerns*

The food industry as a whole is faced with the global challenge of rapidly rising obesity levels. The Group makes all its products available in a range of sizes and varieties designed to meet all needs and all occasions. There is a possibility, however, of governments taking action against the food industry, for example by levying additional taxes on products with high calories or salt levels or by restricting the advertising of products of this type.

### *Seasonal Weather Conditions*

The Group's business is subject to some seasonality, and adverse weather conditions may impact on the Group's sales. The ice cream and water business experience seasonal business swings, which correspond to the North American seasons. Unusually prolonged periods of cold, rain, blizzards, hurricanes or other severe weather patterns could impact consumers' decisions to purchase goods associated with the spring and summer.

### *Manufacturing/Suppliers*

The Group's manufacturing facilities or suppliers could be disrupted for reasons beyond the Group's control. These disruptions may include extremes of natural hazards, fire, supplies of materials or services, system failures, workforce actions, political instability, environmental issues or an event such as infectious disease. The Group takes measures to limit these risks, and, in particular, the decentralised nature of the Group's manufacturing assets helps to limit the impact that any local disruption may have on the Group's manufacturing capabilities. However, any significant manufacturing disruptions or a major event in one of the Group's key plants, at a key supplier, contract manufacturer, co-packer and/or warehouse facility could lead to a supply disruption and adversely affect the Group's ability to make and sell products, which could impact the Group's financial results.

### *Environmental Risk*

The Group is subject to environmental regimes applying in all countries where it operates, and has to comply with legislation concerning the protection of the environment, including the use of natural resources (e.g. water), release of air emissions and waste water, and the generation, storage, handling, transportation, treatment and disposal of waste materials. In the ordinary course of business, the Group's operations are subject to internal environmental policy and management procedures, environmental inspections and monitoring by governmental enforcement authorities. Costs may be incurred, including fines, damages and criminal or civil sanctions, or interruptions may be experienced in operations for actual or alleged violations arising under any environmental laws. In addition, the Group's production facilities require operating permits that are subject to renewal, modification and, in certain circumstances, revocation. Violations of permit requirements can also result in restrictions or prohibitions on plant operations, substantial fines and civil or criminal sanctions. Environmental legislation is also increasingly imposing requirements on products and their packaging (e.g. eco-taxes or deposits), which affect their costs.

### *Occupational Health and Safety Risk*

The Group is subject to health and safety regimes in all countries where it operates, and has to comply with legislation concerning the protection of the health and welfare of employees and contractors. Despite the Group's internal policy decisions on safety, the training provided to employees, accident prevention and awareness, the risk of accidents/long-term health impacts cannot be excluded. Costs may be incurred, including fines, damages, and criminal or civil sanctions, or interruptions may result from, actual or alleged violations arising under any health and safety laws. The breach of health and safety laws may adversely affect the Group's reputation.

### *Governmental Actions and Non-Governmental Actions*

Given the multinational nature of its business, security, political instability, legal and regulatory, fiscal, macroeconomic, foreign trade, labour and/or infrastructure risks could potentially impact the Group's ability to do business in a country or region. The Group is subject to substantial government regulation or non-governmental actions which may change dramatically as a result of political, economic or social events. Such changes may be wide-ranging and cover cross-border trading, taxation, employment practices, environmental, health, safety and social issues. The effects of such changes are uncertain. If the Group is unprepared to handle or could not adequately prepare for any such changes, the Group's businesses could suffer.

### *Retirement Benefits*

The Group has various retirement benefit schemes which are funded via investments in equities, bonds and other external assets and the liabilities for which reflect the latest salary levels. The values of such assets are dependent on, among other things, the performance of the equity and debt markets, which are volatile. Any shortfall in the Group's funding obligations may require significant additional funding from the employing entities.

### *Information Technology*

The Group depends on accurate, timely information and numerical data from key software applications to enable day-to-day decision making. Any disruption caused by a failure of key software application, of underlying equipment or of communication networks, for whatever reason, could delay day-to-day decision making, manufacturing processes, product delivery and/or cause the Group material financial losses.

The Group uses computer systems to monitor financial positions and daily cash flows and to process payments to internal and external counterparties. Computer break-downs or partial breakdowns of systems can, therefore, lead to delays in payment processes. Further risks can arise in connection with the settlement of financial transactions. The management of daily cash flows at Nestlé Group companies depends on the timely receipt of funds from external institutions who act as counterparties to financial transactions, such as bonds, swaps or other derivative financial instruments.

Notwithstanding anything stated in this risk factor, this risk factor should not be taken as implying that the relevant Issuer will be unable to comply with its obligations as a company with securities admitted to the Official List.

### *Litigation*

Nestlé Group companies are parties to a variety of legal proceedings arising out of the normal course of business. The relevant companies believe that there are valid defences for the claims, and such companies intend to defend any such litigation pending. However, the results of litigation cannot be predicted with certainty.

### *Banking Credit*

In its financing activities, the Group deals with many banks and financial institutions and thus is exposed to a risk of loss in the event of non-performance by the counterparties to financial instruments. While the Group seeks to limit such risk by dealing with counterparties which have high credit ratings, the Group cannot give assurances that counterparties will fulfil their obligations, failure of which could materially affect the Group's financial position.

### *Credit Risk*

Credit risk results from the risk of default of internal or external counterparties. The amount recognised in the balance sheet of the Nestlé Group for financial assets is, ignoring any collateral received, the maximum credit risk in the case that counterparties are unable to fulfil their contractual obligations. In the case of derivative financial instruments, the Group is also exposed to credit risk, which results from the non-performance of contractual agreements on the part of the counterparty. This credit risk is mitigated by entering into such contracts with parties of high credit standing.

Certain issues of Notes under the Programme may benefit from a guarantee given by the Guarantor. Senior long term debt obligations of the Issuers, which have the benefit of a guarantee from the Guarantor, have been rated AA (stable) by Standard & Poor's and Aa2 (stable) by Moody's. The Guarantor (and each Issuer) may be subject to ratings downgrades by Standard & Poor's or Moody's or any other credit rating agency which rates the credit of the Guarantor and its affiliates, including each of the Issuers and any such rating agencies may qualify or alter the ratings they assign at any time. Downgrades or placement on review for possible downgrades could harm its ability to obtain financing

or increase its financing costs and could have a material adverse effect on the price of Notes issued under the Programme.

#### *Currency Fluctuations*

The Group operates in many different countries and thus is subject to currency fluctuations, both in terms of its trading activities and the translation of its financial statements; while the Group uses short-term hedging for trading activities, the Guarantor does not believe that it is appropriate or practicable to hedge long-term translation exposure. The Group does, however, seek some mitigation of such translation exposure by relating the currencies of trading cash flows to those of its debt by using broadly similar interest cover ratios. If the Group experiences significant currency fluctuations or is unable effectively to use similar interest cover ratios, then the Group's financial condition could be adversely affected.

#### *Interest Rate Risk*

Interest rate risk refers to potential changes of value in financial assets, liabilities or derivatives in response to fluctuations in interest rates. The Nestlé Group holds a substantial volume of interest rate sensitive financial assets, liabilities and derivatives for operational, financing and investment activities. Changes in interest rates can have adverse effects on the financial position and operating result of the Group. In order to mitigate the impact of interest rate risk, the Guarantor continually assesses the exposure of the Group to this risk. Interest rate risk is managed and hedged through the use of derivative financial instruments, such as interest rate swaps and forward rate agreements. When deemed appropriate, there might be unhedged positions.

#### *Liquidity Risk*

The Nestlé Group raises finance by the issuance of term debt, principally in the capital markets. Therefore, the Group depends on broad access to these capital markets and investors. Changes in demand for term debt instruments on capital markets could limit the ability of the Nestlé Group to fund operations.

The Nestlé Group also uses committed and uncommitted credit lines with banks and bank loans to cover liquidity needs. In this context the Guarantor depends on the willingness of banks to provide credit lines or loans. Due to structural changes in the banking business, the willingness of banks to provide credit lines and loans has declined over the past years. In order to reduce and minimise the dependence on banks, the Guarantor has taken measures to maintain access to the capital markets.

#### *Risk of an Increase in Cost of Capital*

Increases in the cost of borrowing could negatively affect the operating results of the Nestlé Group. Increases in borrowing costs could arise from changes in demand for term debt instruments in the capital markets, the removal of the unconditional and irrevocable guarantee of the Guarantor from the Programme and a decreasing willingness of banks to provide credit lines and loans.

#### *Treasury Operations*

In the course of its business, the Group has substantial assets under management. Although the Group has implemented risk management methods, including approved guidelines and financial policies to mitigate and control such risks, as a result of holding such assets, it is exposed to default risk, interest rate risk, foreign exchange risk and credit spreads. Returns on such assets may also be affected by limited exposure to yield enhancing absolute return funds. In addition, adverse changes in the credit quality of counterparties or a general deterioration in economic conditions or arising from systemic risks in the financial systems could affect the value of those assets.

### *Terrorist Attacks and Other Acts of Violence and War*

Terrorist attacks or other acts of violence or war may negatively affect the Nestlé Group's operations. These attacks may directly impact the Group's, suppliers' or customers' physical facilities. Furthermore, these attacks may make travel and the transportation of supplies and products more difficult and more expensive and ultimately affect the Group's operating results. Political and economic instability in some regions of the world may also result and could negatively impact the Group's business. Any of these events could cause consumer confidence and spending to decrease or result in increased volatility in the worldwide financial markets and economy.

### **Factors which are material for the purpose of assessing the market risks associated with Notes issued under the Programme**

#### ***Risks related to the structure of a particular issue of Notes***

A range of Notes may be issued under the Programme. A number of these Notes may have features which contain particular risks for potential investors. Set out below is a description of the most common of such features:

#### *General*

If an investor chooses to sell its Notes issued under the Programme in the open market at any time prior to the maturity of the Notes, the price the investor will receive from a purchaser may be less than its original investment, and may be less than the amount due to be repaid at the maturity of the Notes if an investor were to hold onto the Notes until that time. Factors that will influence the price received by investors who choose to sell their Notes in the open market may include, but are not limited to, market appetite, inflation, the period of time remaining to maturity of the Notes, prevailing interest rates and the financial position of the Issuer and the Guarantor.

*Fixed Rate Notes bear interest at a fixed rate, which may affect the secondary market value and/or the real value of the Notes over time due to fluctuations in market interest rates and the effects of inflation*

Fixed Rate Notes bear interest at a fixed rate. Investors should note that (i) if market interest rates start to rise then the income to be paid on the Notes might become less attractive and the price the investors get if they sell such Notes could fall (however, the market price of the Notes has no effect on the interest amounts due on the Notes or what investors will be due to be repaid on the Maturity Date if the Notes are held by the investors until they expire); and (ii) inflation will reduce the real value of the Notes over time which may affect what investors can buy with their investments in the future and which may make the fixed interest rate on the Notes less attractive in the future.

*If the relevant Issuer has the right to redeem any Notes at its option, this may limit the market value of the Notes concerned and an investor may not be able to reinvest the redemption proceeds in a manner which achieves a similar effective return*

An optional redemption feature of Notes is likely to limit their market value. During any period when the relevant Issuer may elect to redeem Notes, the market value of those Notes generally will not rise substantially above the price at which they can be redeemed. This may also be true prior to any redemption period.

Each Issuer may be expected to redeem Notes when its cost of borrowing is lower than the interest rate on the Notes. At those times, an investor generally would not be able to reinvest the redemption proceeds at an effective interest rate as high as the interest rate on the Notes being redeemed and may only be able to do so at a significantly lower rate. Potential investors should consider reinvestment risk in light of other investments available at that time.

*If the relevant Issuer has the right to convert the interest rate on any Notes from a fixed rate to a floating rate, or vice versa, this will affect the secondary market and the market value of the Notes concerned*

Fixed/Floating Rate Notes may bear interest at a rate that converts from a fixed rate to a floating rate, or from a floating rate to a fixed rate. The interest rate conversion on Fixed/Floating Rate Notes may occur automatically or the rate conversion may occur at the election of the relevant Issuer. Where an Issuer has the right to effect such a conversion, this will affect the secondary market and the market value of the Notes since that Issuer may be expected to convert the rate when it is likely to produce a lower overall cost of borrowing. Upon any conversion from a fixed rate to a floating rate, the spread on the Fixed/Floating Rate Notes may be less favourable than then prevailing spreads on comparable Floating Rate Notes tied to the same reference rate. In addition, the new floating rate at any time may be lower than the prevailing rates on Fixed Rate Notes or the rates on other Notes. Upon any conversion from a floating rate to a fixed rate, the fixed rate may be lower than then prevailing interest rates.

*Notes which are issued at a substantial discount or premium may experience price volatility in response to changes in interest rates*

The market values of securities issued at a substantial discount (such as Zero Coupon Notes) or premium to their nominal amount tend to fluctuate more in relation to general changes in interest rates than do prices for conventional interest-bearing securities. Generally, the longer the remaining term of such securities, the greater the price volatility as compared to conventional interest-bearing securities with comparable maturities.

*Bearer Notes in NGN form and global registered Notes held under the NSS may not satisfy Eurosystem eligibility criteria*

Bearer Notes in new global note (“NGN”) form and global registered Notes held under the new safekeeping structure (“NSS”) allow for the possibility of Notes being issued and held in a manner which will permit them to be recognised as eligible collateral for monetary policy of the central banking system for the euro (the “Eurosystem”) and intra-day credit operations by the Eurosystem either upon issue or at any or all times during their life. However, in any particular case, such recognition will depend upon satisfaction of the Eurosystem eligibility criteria at the relevant time. Investors should make their own assessment as to whether the Notes meet such Eurosystem eligibility criteria.

#### ***Notes denominated in Renminbi are subject to additional risks***

Notes denominated in Renminbi (“RMB Notes”) may be issued under the Programme. RMB Notes are subject to particular risks:

*Renminbi is not freely convertible and there are significant restrictions on remittance of Renminbi into and outside the PRC which may adversely affect the liquidity of RMB Notes*

Renminbi is not freely convertible at present. The government of the PRC (the “PRC Government”) continues to regulate conversion between Renminbi and foreign currencies, despite the significant reduction in control by the PRC Government in recent years over trade transactions involving the import and export of goods and services as well as other frequent routine foreign exchange transactions. These transactions are known as current account items. However, remittance of Renminbi by foreign investors into the PRC for the purposes of capital account items, such as capital contributions, is generally only permitted upon obtaining specific approvals from, or completing specific registrations or filings with, the relevant authorities on a case-by-case basis and is subject to a strict monitoring system. Regulations in the PRC on the remittance of Renminbi into the PRC for settlement of capital account items are developing gradually.

On 13 October 2011, the People’s Bank of China (“PBoC”) promulgated the Administrative Measures on RMB Settlement of Foreign Direct Investment (“PBoC RMB FDI Measures”) as part of the implementation of the PBoC’s detailed RMB foreign direct investment (“FDI”) accounts

administration system. The system covers almost all aspects in relation to RMB FDI, including capital injections, payments for the acquisition of PRC domestic enterprises, repatriation of dividends and other distributions, as well as Renminbi denominated cross-border loans. Under the PBoC RMB FDI Measures, special approval for RMB FDI and shareholder loans from the PBoC, which was previously required, is no longer necessary. However, in some cases, post-event filing with the PBoC is still necessary.

On 14 June 2012, the PBoC further promulgated the Notice on Clarifying the Detailed Operating Rules for RMB Settlement of Foreign Direct Investment (“PBoC RMB FDI Notice”) to provide more detailed rules relating to cross-border Renminbi direct investments and settlement. This PBoC RMB FDI Notice details the rules for opening and operating the relevant accounts and reiterates the restrictions upon the use of the funds within different Renminbi accounts.

On 5 July 2013, the PBoC issued the Circular on Simplifying the Procedures for Cross-border Renminbi Transactions and Improving Relevant Policies (together with the PBoC RMB FDI Measures and PBoC RMB FDI Notice, the “PBoC Rules”) which, among other things, provide more flexibility for fund transfers between the Renminbi accounts held by offshore participating banks at PRC onshore banks and offshore clearing banks respectively.

On 3 December 2013, the Ministry of Commerce of the PRC (“MOFCOM”) promulgated the Circular on Issues in relation to Cross-border Renminbi Foreign Direct Investment (the “MOFCOM Circular”), which became effective on 1 January 2014, to further facilitate FDI by simplifying and streamlining the applicable regulatory framework. Pursuant to the MOFCOM Circular, written approval from the appropriate office of MOFCOM and/or its local counterparts is required for each FDI, specifying “Renminbi Foreign Direct Investment” and the amount of capital contribution. Unlike previous MOFCOM regulations on FDI, the MOFCOM Circular has removed the approval requirement for foreign investors who intend to change the currency of their existing capital contribution from a foreign currency to Renminbi. In addition, the MOFCOM Circular also expressly prohibits the FDI Renminbi funds from being used for any investment in securities and financial derivatives (except for investment in PRC listed companies by strategic investors) or for entrusted loans in the PRC.

On 13 February 2015, the State Foreign Exchange Administration (the “SAFE”) promulgated the Notice on Further Simplifying and Improving Foreign Exchange Administration Policy of Direct Investment (Hui Fa (2015) No. 13) (the “2015 SAFE Notice”), which became effective on 1 June 2015. Under the 2015 SAFE Notice, the SAFE delegates the authority for approval/registration of foreign currency (including cross-border Renminbi) related matters for direct investment (internal and external) to designated foreign exchange banks.

On 30 March 2015, SAFE promulgated the Circular on Reforming Foreign Exchange Capital Settlement for Foreign Invested Enterprises (the “SAFE Circular”, together with the 2015 SAFE Notice, the “SAFE Rules”), which became effective on and from 1 June 2015. The SAFE Circular allows foreign-invested enterprises to settle 100 per cent. (tentative) of the foreign currency capital (that has been processed through SAFE’s equity interest confirmation proceedings for capital contribution in cash or registered by a bank on SAFE’s system for account-crediting for such capital contribution) into Renminbi according to their actual operational needs, although SAFE reserves its authority to reduce the proportion of foreign currency capital that can be settled in such manner in the future. The SAFE Circular continues to require that capital contributions should be applied within the business scope of a foreign-invested enterprise for purposes that are legitimate and for that foreign-invested enterprise’s own operations; with respect to the Renminbi proceeds obtained through the aforementioned settlement procedure, the SAFE Circular prohibits such proceeds from being applied outside the business scope of the foreign-invested enterprise or for any purposes prohibited by law, or applied (i) directly or indirectly to securities investments (unless otherwise permitted in law), (ii) directly or indirectly to granting entrusted loans or repaying inter-company lending (including advance payment made by third parties) or bank loans that have been on lent to third parties, or (iii) purchasing non-self-use real estate (unless it is a real estate company). In addition, the SAFE Circular allows foreign-invested investment companies, foreign-invested venture capital firms and foreign-invested equity investment companies to make equity investment through Renminbi funds to be settled, or those already settled, from their foreign currency capital by transferring such settled Renminbi funds into

accounts of invested enterprises, according to the actual investment scale of the proposed equity investment projects.

On 5 June 2015, the PBoC promulgated an order to revise certain existing PBoC regulations, to reflect the reform to a new registered capital system of PRC-incorporated companies under the PRC Company Law effective as of 1 March 2014 (the “PBoC Order”). Among other things, the PBoC confirmed in the PBoC Order that capital verification of a foreign-invested enterprise under article 10 of the PBoC RMB FDI Measures is no longer a mandatory procedure before the establishment, and the requirement under the PBoC RMB FDI Notice that a foreign-invested enterprise is not allowed to borrow offshore RMB funds until its registered capital is paid up in full and as scheduled is also abolished.

As the MOFCOM Circular, the PBoC Rules, the SAFE Rules and the PBoC Order are relatively new regulations, they will be subject to further interpretation and application by the relevant PRC authorities.

Although starting from 1 October 2016 the Renminbi will be added to the Special Drawing Rights basket created by the International Monetary Fund, there is no assurance that the PRC Government will continue to liberalise control over cross-border Renminbi remittances in the future, that any pilot schemes for Renminbi cross-border liberalisation will not be discontinued or that new PRC regulations will not be promulgated in the future which have the effect of restricting or eliminating the remittance of Renminbi into or outside the PRC. Further, if any new PRC regulations are promulgated in the future which have the effect of permitting or restricting (as the case may be) the remittance of Renminbi for payment of transactions categorised as capital accounts items, then such remittances will need to be made subject to the specific requirements or restrictions set out in such rules. In the event that funds cannot be repatriated outside the PRC in Renminbi, this may affect the overall availability of Renminbi outside the PRC and the ability of the relevant Issuer to source Renminbi to finance its obligations under RMB Notes.

*There is only limited availability of Renminbi outside the PRC, which may affect the liquidity of RMB Notes and the relevant Issuer’s and the Guarantor’s ability to source Renminbi to service such RMB Notes*

As a result of the restrictions imposed by the PRC Government on cross-border Renminbi fund flows, the availability of Renminbi outside the PRC is limited.

While the PBoC has entered into agreements on the clearing of Renminbi business with financial institutions in a number of financial centres and cities (the “Renminbi Clearing Banks”), including but not limited to Hong Kong and are in the process of establishing Renminbi clearing and settlement mechanisms in several other jurisdictions, the current size of Renminbi denominated financial assets outside the PRC is limited.

There are restrictions imposed by the PBoC on Renminbi business participating banks in respect of cross-border Renminbi settlement, such as those relating to direct transactions with PRC enterprises. Furthermore, Renminbi business participating banks do not have direct Renminbi liquidity support from the PBoC. The Renminbi Clearing Banks only have access to onshore liquidity support from the PBoC to square open positions of participating banks for limited types of transactions and are not obliged to square for participating banks any open positions as a result of other foreign exchange transactions or conversion services. In such cases, the participating banks will need to source Renminbi from outside the PRC to square such open positions.

On 14 June 2012, the Hong Kong Monetary Authority (“HKMA”) introduced a facility for providing Renminbi liquidity to authorised institutions participating in Renminbi business (“Participating AIs”) in Hong Kong. The facility will make use of the currency swap arrangement between the PBoC and the HKMA. With effect from 15 June 2012, the HKMA will, in response to requests from individual Participating AIs, provide Renminbi term funds to the Participating AIs against eligible collateral acceptable to the HKMA. The facility is intended to address short-term Renminbi liquidity tightness which may arise from time to time, for example, due to capital market activities or the sudden need for Renminbi liquidity by the Participating AIs’ overseas bank customers.



On 25 July 2013, the HKMA announced that two enhancements have been introduced to the operation of the Renminbi liquidity facility with effect from 26 July 2013. First, in addition to providing funds of one-week tenor on a T+1 basis, the existing facility will provide one-day funds which will also be available on the next day (T+1). The HKMA will continue to make use of the swap agreement with the PBoC in providing such funds. Second, overnight funds, available on the same day (T+0), will be provided to help banks meet their liquidity needs. The HKMA will use its own source of Renminbi funds in the offshore market to provide such lending, and expects that the amount of overnight funds to be provided will be up to RMB 10 billion in total on a single day.

On 3 November 2014, the HKMA introduced a further enhancement to the Renminbi liquidity facility that with effect from 10 November 2014, the HKMA will provide intraday Renminbi funds of up to RMB 10 billion to assist Participating AIs in managing their Renminbi liquidity and promote efficient payment flows in Hong Kong.

Additional refinements made in early 2015 by the HKMA to the operation of the Renminbi liquidity facility have included extending the operating hours, providing automated delivery-versus-payment settlement of overnight facilities and adjustment to the calculations of the interest rates on the Renminbi intraday and overnight funds under the Renminbi liquidity facility. The HKMA have indicated that they will continue to review the terms and conditions of the facility in light of actual operating experience.

Although it is expected that the offshore Renminbi market will continue to grow in depth and size, its growth is subject to many constraints as a result of PRC laws and regulations on foreign exchange. There is no assurance that new PRC regulations will not be promulgated or the settlement agreements between the relevant RMB Clearing Bank and PBoC will not be terminated or amended in the future which will have the effect of restricting availability of Renminbi offshore. The limited availability of Renminbi outside the PRC may affect the liquidity of RMB Notes. There is no assurance that the relevant Issuer and/or the Guarantor will be able to source Renminbi outside the PRC to service such RMB Notes on satisfactory terms, if at all. If certain events occur (such as illiquidity, inconvertibility or non-transferability in respect of Renminbi) which result in the relevant Issuer being unable or it would be impracticable for it to make payments in Renminbi, the relevant Issuer's obligation to make such payments in Renminbi under the terms of the RMB Notes is replaced by an obligation to make such payments in U.S. dollars pursuant to Condition 5(g) under "Terms and Conditions of the Notes".

*An investment in RMB Notes is subject to exchange rate risks*

The value of Renminbi against the U.S. dollar and other foreign currencies fluctuates and is affected by changes in the PRC and international political and economic conditions and by many other factors. In August 2015, the PBoC implemented changes to the way it calculates the midpoint against the U.S. dollar to take into account the previous day's closing rate and market-maker quotes before announcing the daily midpoint. This change, among others that may be implemented, may increase the volatility in the value of the Renminbi against other currencies. Except in the limited circumstances stipulated in Condition 5(g), all payments of interest and principal with respect to RMB Notes will be made in Renminbi. As a result, the value of these Renminbi payments in U.S. dollar terms may vary with the prevailing exchange rates in the marketplace. If the value of Renminbi depreciates against the U.S. dollar or other foreign currencies, the value of an investment in RMB Notes in U.S. dollar or other applicable foreign currency terms will decline.

*An investment in fixed rate RMB Notes is subject to interest rate risks*

The PRC Government has gradually liberalised its regulation of interest rates in recent years. Further liberalisation may increase interest rate volatility. If a RMB Note carries a fixed interest rate, then the trading price of such RMB Notes will vary with the fluctuations in Renminbi interest rates. If an investor in RMB Notes tries to sell such RMB Notes, then it may receive an offer that is less than the amount invested.

*Payments in respect of RMB Notes will only be made to investors in the manner specified for such RMB Notes in the “Terms and Conditions of the Notes”*

Investors may be required to provide certificates and other information (including Renminbi account information) in order to be allowed to receive payments in Renminbi in accordance with the Renminbi clearing and settlement system for participating banks in Hong Kong (or such RMB Settlement Centre(s) as may be specified in the applicable Final Terms). Except in the limited circumstances stipulated in Condition 5(g) under “Terms and Conditions of the Notes”, all payments to investors in respect of RMB Notes will be made solely (i) for as long as such RMB Notes are represented by a global Note, by transfer to a Renminbi bank account maintained in Hong Kong (or such RMB Settlement Centre(s) as may be specified in the applicable Final Terms) in accordance with prevailing rules and procedures of Euroclear Bank SA/NV, Clearstream Banking S.A. or any alternative clearing system as applicable, or (ii) for so long as such RMB Notes are in definitive form, by transfer to a Renminbi bank account maintained in Hong Kong (or such RMB Settlement Centre(s) as may be specified in the applicable Final Terms) in accordance with prevailing rules and regulations. Other than as provided in Condition 5(g), neither the relevant Issuer nor the Guarantor can be required to make payment by any other means (including, but not limited to, in any other currency or in bank notes, by cheque or draft or by transfer to a bank account in the PRC).

### **Risks related to Notes generally**

Set out below is a brief description of certain risks relating to the Notes generally:

*The Terms and Conditions of the Notes contain provisions which may permit their modification without the consent of all investors*

The Terms and Conditions of the Notes contain provisions for calling meetings of Noteholders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Noteholders including Noteholders who did not attend and vote at the relevant meeting and Noteholders who voted in a manner contrary to the majority.

*The Notes may be subject to withholding taxes in circumstances where the relevant Issuer is not obliged to make gross up payments and this would result in holders receiving less interest than expected and could adversely affect their return on the Notes*

#### *Proposed Amendment of Swiss Federal Withholding Tax Act*

On 4 November 2015, the Swiss Federal Council announced that it had mandated the Swiss Federal Finance Department to appoint a group of experts to prepare a proposal for a reform of the Swiss withholding tax system. The proposal is expected to, among other things, replace the current debtor-based regime applicable to interest payments with a paying agent-based regime for Swiss withholding tax. This paying agent-based regime is expected to be similar to the one contained in the draft legislation published by the Swiss Federal Council on 17 December 2014, which was subsequently withdrawn on 24 June 2015. If such a new paying agent-based regime were to be enacted and were to result in the deduction or withholding of Swiss withholding tax by a paying agent in Switzerland on any interest payments in respect of a Note, neither the respective Issuer, nor the Guarantor nor a paying agent nor any other person would pursuant to the Terms and Conditions of the Notes be obliged to pay additional amounts with respect to any Note as a result of the deduction or imposition of such withholding tax.

#### *Final Foreign Withholding Taxes in Switzerland*

Since 1 January 2013, treaties on final withholding taxes between Switzerland and the United Kingdom and Switzerland and Austria are in force (each a “Contracting State”). The treaties require a Swiss paying agent, as defined in the treaties, to levy a flat-rate final withholding tax (*internationale Quellensteuer*) at rates specified in the treaties on certain capital gains and income items (interest, dividends, other income items, all as defined in the treaties) deriving from assets, including the Notes, as applicable, held in accounts or deposits with a Swiss paying agent by (i) an individual resident in a Contracting State or, (ii) if certain requirements are met, by a domiciliary company (*Sitzgesellschaft*),

an insurance company in connection with a so-called insurance wrapper (*Lebensversicherungsmantel*) or other individuals if the beneficial owner is an individual resident in a Contracting State. The flat-rate tax withheld substitutes the ordinary income tax on the respective capital gains and income items, in the Contracting State where the individual is tax resident. In order to avoid the withholding of the flat-rate tax by the Swiss paying agent, such individuals may opt for a disclosure of the respective capital gains and income items to the tax authorities of the Contracting State where they are tax residents. If an amount of, or in respect of, such final withholding tax were to be deducted or withheld from a payment of interest or capital gain relating to the Notes, neither the relevant Issuer, nor the Guarantor nor a paying agent nor any other person would be obliged to pay additional amounts with respect to any Notes, as a result of the deduction or imposition of such final withholding tax.

*Withholding under the U.S. Foreign Account Tax Compliance Act ("FATCA")*

Under provisions of the Foreign Account Tax Compliance Act codified as sections 1471 through 1474 of the U.S. Internal Revenue Code of 1986, as amended (commonly known as "FATCA"), proceeds from the sale, retirement or other disposition of, and payments of premium (if any) and interest (including original issue discount, if any) on Notes issued by NHI generally will be subject to a 30 per cent. gross basis withholding tax if any such payments are made to a "foreign financial institution" or a "foreign non-financial entity" within the meaning of the FATCA rules, unless certain procedural requirements are satisfied and certain information is provided to the U.S. Internal Revenue Service. Payments with respect to Notes issued by NHI will be subject to withholding pursuant to FATCA as of their date of issuance, in the case of interest, and after 31 December 2018 in the case of all other amounts payable on, or gross proceeds from the sale or other disposition of such Notes.

Under the intergovernmental agreement entered into between the United States and Luxembourg facilitating the implementation of FATCA and implemented by the Luxembourg law dated 24 July 2015, NFI expects that it will not be treated as a financial institution. Accordingly, payments with respect to Notes issued by NFI generally should not be subject to FATCA withholding. Nevertheless, if NFI were to be treated as a financial institution, it is possible that payments made after 31 December 2018 on Notes issued more than six months after final regulations are published that define "foreign passthru payments" for purposes of FATCA would be subject to FATCA withholding in respect of the portion of any such payments as are considered to be "foreign passthru payments" under such final regulations.

No additional amounts will be paid by the relevant Issuer in respect of any U.S. tax withheld or deducted under or in respect of FATCA. Prospective investors are encouraged to consult with their own tax advisers regarding the possible implications of this legislation on their investment in the Notes.

*The value of the Notes could be adversely affected by a change of law or administrative practice*

The Terms and Conditions of the Notes are based on English law in effect as at the date of this Prospectus and the provisions of the Guarantee are based on Swiss law, each as in effect as at the date of this Prospectus. No assurance can be given as to the impact of any possible judicial decision or change to English law or administrative practice, or Swiss law or administrative practice, after the date of this Prospectus and any such change could materially adversely impact the value of any Notes affected by it.

*Investors who hold less than the minimum Specified Denomination may be unable to sell their Notes and may be adversely affected if definitive Notes are subsequently required to be issued*

In relation to any issue of Notes which have denominations consisting of a minimum Specified Denomination plus one or more higher integral multiples of another smaller amount, it is possible that such Notes may be traded in amounts that are not integral multiples of such minimum Specified Denomination. In such a case a holder who, as a result of trading such amounts, holds an amount which is less than the minimum Specified Denomination in his account with the relevant clearing system would not be able to sell the remainder of such holding without first purchasing a principal amount of Notes at or in excess of the minimum Specified Denomination such that its holding amounts to a Specified Denomination. Further, a holder who, as a result of trading such amounts,

holds an amount which is less than the minimum Specified Denomination in his account with the relevant clearing system at the relevant time may not receive a definitive Note in respect of such holding (should definitive Notes be printed) and would need to purchase a nominal amount of Notes at or in excess of the minimum Specified Denomination such that its holding amounts to the Specified Denomination.

If such Notes are issued in definitive form, holders should be aware that definitive Notes which have a denomination that is not an integral multiple of the minimum Specified Denomination may be illiquid and difficult to trade.

### **Risks related to the market generally**

Set out below is a brief description of the principal market risks, including liquidity risk, exchange rate risk, interest rate risk and credit risk:

*If an investor holds Notes which are not denominated in the investor's home currency, he will be exposed to movements in exchange rates adversely affecting the value of his holding and, in addition, the imposition of exchange controls in relation to any Notes could result in an investor not receiving payments on those Notes*

Each Issuer will pay principal and interest on the Notes and the Guarantor will make any payments under the Guarantee in the Specified Currency. For investors whose financial activities are denominated principally in a currency or currency unit (the "Investor's Currency") other than the Specified Currency in which the related Notes are denominated, or where principal or interest in respect of Notes is payable by reference to the value of a Specified Currency other than by reference solely to the Investor's Currency, an investment in such Notes entails significant risks that are not associated with a similar investment in a debt security denominated and payable in such Investor's Currency. Such risks include, without limitation, the possibility of significant changes in the rate of exchange between the applicable Specified Currency and the Investor's Currency and the possibility of the imposition or modification of exchange controls by authorities with jurisdiction over such Specified Currency or the Investor's Currency. Such risks generally depend on a number of factors, including financial, economic and political events over which none of the Issuers has control. The secondary market for the Notes will be affected by a number of factors independent of the creditworthiness of the relevant Issuer and the Guarantor and the value of the applicable Specified Currency, including the volatility of such Specified Currency, the method of calculating the nominal amount or any interest to be paid in respect of such Notes, the time remaining to maturity of such Notes, the outstanding amount of such Notes, the amount of other securities linked to such Specified Currency and the level, direction and volatility of relevant market interest rates generally. Such factors also will affect the market value of the Notes. In recent years, rates of exchange have been highly volatile and such volatility may be expected to continue in the future. Fluctuations in any particular exchange rate that have occurred in the past are not necessarily indicative, however, of fluctuations that may occur in the future. An appreciation in the value of the Investor's Currency relative to the value of the applicable Specified Currency would result in a decrease in the Investor's Currency equivalent yield on a Note denominated or the principal or interest of which is payable in such Specified Currency, in the Investor's Currency equivalent value of the principal of such Note payable at maturity and generally in the Investor's Currency equivalent market value of such Note. Depreciation in the value of the Investor's Currency relative to the value of the applicable Specified Currency would have the opposite effect. In addition, depending on the specific terms of a Note denominated in, or the payment of which is determined by reference to the value of, a Specified Currency (other than solely the Investor's Currency), changes in exchange rates relating to any of the currencies or currency units involved may result in a decrease in the effective yield on such Note and, in certain circumstances, could result in a loss of all or a substantial portion of the principal of such Note to the investor.

Government or monetary authorities have imposed from time to time, and may in the future impose, exchange controls that could affect exchange rates as well as the availability of the Specified Currency in which a Note is payable at the time of payment of the principal or interest in respect of such Note. In addition, if the relevant Issuer is due to make a payment in Renminbi in Hong Kong in respect of any Note or Coupon and such currency is not available on the foreign exchange markets due to the imposition of exchange controls, the original currency's replacement or disuse or other

circumstances beyond the relevant Issuer's control, the relevant Issuer will be entitled to satisfy its obligations in respect of such payment by making payment in U.S. Dollar as described under Condition 5(g) under "Terms and Conditions of the Notes". If the currency in which payment is to be made is not a holder's Investor's Currency, the holder will be subject to the risks described in the prior paragraph. In addition, the exchange rate applied in such circumstances could result in a reduced payment to the holder.

*An active secondary market in respect of the Notes may never be established or may be illiquid and this would adversely affect the value at which an investor could sell his Notes*

The Notes may not have an established trading market when issued. There can be no assurance of a secondary market for the Notes or the continued liquidity of such market if one develops. The secondary market for the Notes will be affected by a number of factors independent of the creditworthiness of the relevant Issuer and the Guarantor which may include the method of calculating the principal or any interest to be paid in respect of such Notes, the time remaining to the maturity of such Notes, the outstanding amount of such Notes, any redemption features of such Notes and the level, direction and volatility of market interest rates generally. Such factors also will affect the market value of the Notes. In addition, certain Notes may be designed for specific investment objectives or strategies and therefore may have a more limited secondary market and experience more price volatility than conventional debt securities. Investors may not be able to sell Notes readily or at prices that will enable investors to realise their anticipated yield. No investor should purchase Notes unless such investor understands and is able to bear the risk that certain Notes may not be readily saleable, that the value of Notes will fluctuate over time and that such fluctuations may be significant. The prices at which Zero Coupon Notes, as well as other instruments issued at a substantial discount from their nominal amount payable at maturity, trade in the secondary market tend to fluctuate more in relation to general changes in interest rates than do such prices for conventional interest bearing securities of comparable maturities.

**Credit ratings assigned to the relevant Issuer, the Guarantor or any of the Notes may not reflect all the risks associated with an investment in the Notes**

One or more independent credit rating agencies may assign credit ratings to the relevant Issuer, the Guarantor or the Notes. The ratings may not reflect the potential impact of all risks related to structure, market, additional factors discussed above, and other factors that may affect the value of the Notes. A credit rating is not a recommendation to buy, sell or hold securities and may be revised or withdrawn by the rating agency at any time.

## INFORMATION ABOUT THE PROGRAMME

### What is the Programme?

The Programme is a debt issuance programme under which each of Nestlé Holdings, Inc. and Nestlé Finance International Ltd. (each an “Issuer” and together the “Issuers”) may, from time to time, issue debt instruments which are referred to in this Prospectus as Notes. Notes are also commonly referred to as bonds.

The Programme is constituted by a set of master documents containing standard terms and conditions and other contractual provisions that can be used by each of the Issuers to undertake any number of issues of Notes from time to time in the future.

The standard terms and conditions that can be used by each Issuer to undertake each issue of Notes are contained in a set of provisions referred to as the Terms and Conditions, as set out in this Prospectus in “Terms and Conditions of the Notes”.

### How are Notes issued under the Programme?

Whenever the relevant Issuer decides to issue Notes, it undertakes what is commonly referred to as a “drawdown”. On a drawdown, documents which are supplementary to the Programme master documents are produced, indicating which provisions in the master documents are relevant to that particular drawdown and setting out the terms of the Notes to be issued under the drawdown. The key supplementary documents of which you will need to be aware when deciding whether to invest in Notes issued as part of a drawdown over the 12 month period from the date of this Prospectus are: (a) any supplement to this Prospectus published by the relevant Issuer or both Issuers after the date of this Prospectus and (b) the applicable final terms document (referred to as the Final Terms) for such Notes.

In the event of any significant new factor, material mistake or inaccuracy relating to information included in this Prospectus which is capable of affecting the assessment of any Notes and whose inclusion or removal from this Prospectus is necessary for the purpose of allowing an investor to make an informed assessment of the assets and liabilities, financial position, profits and losses and prospects of the relevant Issuer and the Nestlé Group, and the rights attaching to the Notes, the relevant Issuer or both Issuers will prepare and publish a supplement to this Prospectus or prepare and publish a new base prospectus, in each case, for use in connection with such Notes and any subsequent issue of Notes.

The Terms and Conditions of the Notes cater for all the permutations of provisions that the Issuers envisage being likely to be applicable to issues of Notes under the Programme, with the Final Terms for each issue setting out the specific commercial terms applicable to the issue of Notes and the extent to which the provisions in the Terms and Conditions of the Notes are applicable. Final Terms are intended to be read alongside the Terms and Conditions of the Notes, and the two together provide the specific terms of the Notes relevant to a specific drawdown.

### Refer to

Terms and Conditions of the Notes beginning on page 64

Terms and Conditions of the Notes beginning on page 64 and the Form of Final Terms beginning on page 103

<b>What types of Notes may be issued under the Programme?</b>	<p>Three types of Notes may be issued under the Programme: Fixed Rate Notes, Floating Rate Notes and Zero Coupon Notes, or any combination of these.</p> <p>Fixed Rate Notes are Notes where the interest rate payable by the Issuer on the Notes is determined prior to issue, and remains fixed throughout the life of the Notes. See the “How the Return on Your Investment is Calculated” section for a worked example showing how the return on an issue of Fixed Rate Notes is calculated.</p> <p>Floating Rate Notes are Notes where the interest rate is calculated by reference to a fluctuating benchmark rate. Under the Programme, that benchmark rate will be either an ISDA defined rate, the Euro Interbank Offered Rate (“EURIBOR”) or the London Interbank Offered Rate (“LIBOR”). The floating interest rate is recalculated on or around the start of each new interest period and applies for the length of that interest period. Therefore, Floating Rate Notes in effect have a succession of fixed interest rates. Although the floating interest rate will be based on the benchmark rate, it will typically also include a fixed percentage margin which is added to the benchmark rate. See the “How the Return on Your Investment is Calculated” section for a worked example showing how the return on an issue of Floating Rate Notes is calculated.</p> <p>Zero Coupon Notes are Notes which do not carry any interest but which are generally issued at a deep discount to their principal or final redemption amount. Zero Coupon Notes are repaid at their full amount or the relevant premium, as the case may be. Therefore, if you purchase Zero Coupon Notes on their issue date and hold them to maturity, your return will be the difference between the issue price and the principal or final redemption amount of the Zero Coupon Notes paid on maturity. Alternatively, you might realise a return on Zero Coupon Notes through a sale prior to their maturity.</p> <p>The specific details of each Note issued will be specified in the applicable Final Terms.</p>	<p>Terms and Conditions of the Notes beginning on page 64 and the Form of Final Terms beginning on page 103</p>
<b>How will the price of the Notes be determined?</b>	<p>Notes may be issued at their principal amount or at a discount or premium to their principal amount. The price and amount of Notes to be issued under the Programme will be determined by the relevant Issuer and the relevant Dealer or Dealers at the time of “pricing” of the Notes in accordance with prevailing market conditions. The issue price for each Tranche will be specified in the applicable Final Terms.</p>	<p>Form of Final Terms beginning on page 103</p>
<b>What is the yield on Fixed Rate Notes?</b>	<p>The yield in respect of each issue of Fixed Rate Notes will be calculated on the basis of the issue price and specified in the applicable Final Terms. Yield is not an indication of future price. The Final Terms in respect of any Floating Rate Notes will not include any indication of yield.</p>	<p>Form of Final Terms beginning on page 103</p>
<b>Will the Notes issued under the Programme have a credit rating?</b>	<p>Notes of the type issued under the Programme are senior long term debt obligations of the Issuers and, where such Notes have the benefit of a guarantee from the Guarantor, have been rated AA (stable) by Standard &amp; Poor’s Credit Market Services France SAS (“Standard &amp; Poor’s”) and Aa2 (stable) by Moody’s France SAS (“Moody’s”). Notes issued under the Programme may or may not be specifically rated which will be specified in the Final Terms. Any such ratings will not necessarily be the same as the rating assigned to the relevant Issuer, Guarantor or to any other issues of Notes. A credit rating is not a</p>	<p>Form of Final Terms beginning on page 103</p>

recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency. In general, European regulated investors are restricted from using a rating for regulatory purposes if such rating is not issued by a credit rating agency established in the European Union and registered under Regulation (EC) No. 1060/2009 of the European Parliament and of the Council of 16 September 2009 on credit rating agencies, as amended (the “CRA Regulation”).


<b>Will I be able to trade the Notes issued under the Programme?</b>	<p>Application has been made to admit Notes issued during the period of 12 months from the date of this Prospectus to the official list of the UK Listing Authority and to admit them to trading on London Stock Exchange’s regulated market.</p> <p>Once listed, the Notes may be purchased or sold through a broker. The market price of the Notes may be higher or lower than their issue price depending on, among other things, the level of supply and demand for the Notes, movements in interest rates and the financial performance of the relevant Issuer, the Guarantor and the Nestlé Group. (See “<i>Risk Factors - Risks related to the market generally - An active secondary market in respect of the Notes may never be established or may be illiquid and this would adversely affect the value at which an investor could sell his Notes</i>”).</p>	<p>General Information – paragraph 2 on page 152</p>
<b>Who is issuing the Notes?</b>	<p>The Notes may be issued by Nestlé Holdings, Inc. or Nestlé Finance International Ltd.</p>	<p>Form of Final Terms beginning on page 103</p>
<b>Who is guaranteeing the Notes?</b>	<p>Nestlé S.A. (referred to in the Terms and Conditions of the Notes as the Guarantor) will guarantee the due payment of sums expressed to be payable by Nestlé Holdings, Inc. where Notes issued by Nestlé Holdings, Inc. are specified to be guaranteed by the Guarantor in the applicable Final Terms. Nestlé Holdings, Inc. may issue Notes where its payment obligations under such Notes are not guaranteed by the Guarantor. The Guarantor will guarantee the due payment of sums expressed to be payable by Nestlé Finance International Ltd. under all Notes issued by Nestlé Finance International Ltd.</p>	<p>Form of Final Terms beginning on page 103</p>
<b>What is the relationship between the Issuers and the Nestlé Group?</b>	<p>The Issuers are both (indirectly in the case of Nestlé Holdings, Inc.) wholly owned subsidiaries of the Guarantor, and the Guarantor is the ultimate holding company of the Nestlé Group.</p>	<p>Nestlé Holdings, Inc., Nestlé Finance International Ltd. and Nestlé S.A. beginning on pages 112, 117 and 121, respectively</p>



**What will Noteholders receive in a winding-up of an Issuer and/or the Guarantor?**

If an Issuer or the Guarantor becomes insolvent and is unable to pay its debts, an administrator or liquidator or trustee in any relevant insolvency proceeding would be expected to make distributions to creditors of the relevant Issuer or the Guarantor in accordance with a statutory order of priority. An investor's claim as a Noteholder would be expected to rank after the claims of any holders of the relevant Issuer's or Guarantor's secured debt or other creditors that are given preferential treatment by applicable laws of mandatory application relating to creditors, but ahead of any shareholder of the relevant Issuer or the Guarantor, as applicable. A simplified diagram illustrating the expected ranking of the Notes compared to other creditors of the relevant Issuer and the Guarantor, as the case may be, is set out below:


N/A

	Type of obligation	Examples of obligations/securities
	<b>Higher ranking</b>	Proceeds realised from the enforcement of a fixed charge or charge (i.e. a charge secured on particular property or assets of a borrower)
		Currently none
		Expenses of the liquidation/administration or bankruptcy proceeding
		Currently none
		Preferential creditors
	Proceeds realised from the enforcement of a floating charge (i.e. a charge taken over all the assets or a class of assets of a borrower from time to time)	Currently none
	Unsecured obligations, including guarantees in respect of them	<p><b>Notes issued under the Programme and the Guarantee of the Guarantor.</b></p> <p>Also includes various other unsecured obligations (including guarantee obligations of the Guarantor), such as various Notes issued under the Programme, whether or not guaranteed by the Guarantor that remain outstanding, notes issued under commercial paper programmes which are guaranteed by the Guarantor that remain outstanding, guarantees issued by the Guarantor with respect to other subsidiaries and the Nestlé Group's various banking facility agreements.</p>
	Shareholders	Ordinary shareholders

**However, as well as being aware of the ranking of the Notes issued under the Programme compared to the other categories of creditor and the shareholders of the Guarantor, which is a publicly traded company whose shares are listed on the SIX Swiss Exchange, investors should note that the Guarantor is the ultimate holding company of the Nestlé Group, Nestlé Holdings, Inc. is primarily a holding company for a number of direct and indirect subsidiaries (see “Nestlé Holdings, Inc.” for details of Nestlé Holdings, Inc.’s principal subsidiaries) and Nestlé Finance International Ltd. is a finance company with the principal business activity of financing members of the Nestlé Group and has no subsidiaries. Nestlé Holdings, Inc. and Nestlé Finance International Ltd. are both wholly owned subsidiaries of the Guarantor.**

As a shareholder of a subsidiary, the Guarantor or Nestlé Holdings, Inc. will have a right to participate as a shareholder in a distribution of any such subsidiary’s assets in the event of any liquidation, re-organisation (other than a solvent internal group reorganisation), bankruptcy or insolvency of any such subsidiary. However, the Guarantor’s or Nestlé Holdings, Inc.’s right to participate is generally subject to any claims made against that subsidiary, including creditors such as any lending bank and trade creditors. The obligations of the Guarantor under its Guarantee in respect of Notes guaranteed by it, or the obligations of Nestlé Holdings, Inc. under Notes issued by Nestlé Holdings, Inc., are therefore structurally subordinated to any liabilities of the Guarantor’s subsidiaries or Nestlé Holdings, Inc.’s subsidiaries, respectively. Structural subordination in this context means that, in the event of a winding up or insolvency of a subsidiary of the Guarantor or of a subsidiary of Nestlé Holdings, Inc., any creditors of that subsidiary would have preferential claims to the assets of that subsidiary ahead of any creditors of the Guarantor or of Nestlé Holdings, Inc., respectively (i.e. including Noteholders).

A simplified diagram illustrating the structural subordination of the Guarantor’s obligations under its Guarantee in respect of any Notes that are guaranteed by it, or of Nestlé Holdings, Inc.’s obligations under the Notes issued by it, to any liabilities of the subsidiaries of the Guarantor or of Nestlé Holdings, Inc., respectively, is set out below:

	Type of obligation of the subsidiary	Examples of obligations
 Higher ranking	Proceeds of fixed charge or charge of assets	
	Expenses of the liquidation/administration or bankruptcy proceeding	
	Preferential creditors	Including remuneration of the subsidiary’s employees
	Proceeds of floating charge assets	
	Unsecured obligations, including guarantees in respect of them	For example, trade creditors and unsecured debt obligations as borrower or guarantor
	Shareholders	The Guarantor (i.e. the Guarantor under its Guarantee in respect of any Notes that are guaranteed by it)/Nestlé Holdings, Inc. (i.e. if the Notes are issued by Nestlé Holdings, Inc.)

<b>Are the Notes secured?</b>	No, as of the date the Notes are issued, the obligations of the relevant Issuer to pay interest and principal on the Notes, and the payment obligations of the Guarantor under a guarantee in respect of the Notes, will not be secured by any of the relevant Issuer's, the Guarantor's or any other member of the Nestlé Group's assets or otherwise.	N/A
<b>Do the Notes have voting rights?</b>	Noteholders have certain rights to vote at meetings of the Noteholders, but are not entitled to vote at any meeting of shareholders of the relevant Issuer, the Guarantor or any other member of the Nestlé Group.	Terms and Conditions of the Notes ( <i>Condition 15 – Meetings of Noteholders, Modification and Waiver</i> ) beginning on page 94
<b>Do the Notes contain any covenants?</b>	<p>Yes. The Notes contain a negative pledge covenant with respect to each Issuer and the Guarantor. In general terms, a negative pledge provision restricts an issuer of unsecured bonds from granting security over assets for other comparable bond financings. Its purpose is to provide price protection for the bonds containing the negative pledge: if an issuer issued similar bonds that had the benefit of security, investors might be more likely to purchase the secured bonds, which may adversely affect the price of the unsecured bonds.</p> <p>Under the negative pledge provision in the Terms and Conditions of the Notes, therefore, neither the Guarantor nor any Issuer may create, assume or permit to subsist any security upon the whole or any part of their undertaking, assets or revenues to secure any bond type debt without securing the Notes and the obligations of the Guarantor under its Guarantee in respect of the Notes equally, subject to certain exceptions.</p>	Terms and Conditions of the Notes ( <i>Condition 3 – Negative Pledge</i> ) beginning on page 67
<b>What will the proceeds be used for?</b>	The net proceeds from each issue of Notes will be applied by the relevant Issuer for its general corporate purposes, in addition, in the case of Notes issued by Nestlé Finance International Ltd. or guaranteed Notes issued by Nestlé Holdings, Inc., the net proceeds for each issuance of Notes will be applied by the relevant Issuer outside of Switzerland unless use of proceeds in Switzerland is permitted under the Swiss taxation laws in force from time to time without payments in respect of such Notes becoming subject to withholding or deduction for Swiss withholding tax as a consequence of such use of proceeds in Switzerland.	Use of Proceeds on page 100
<b>What if I have further questions?</b>	If you are unclear in relation to any matter, or uncertain if any Notes offered under the Programme are a suitable investment, you should seek professional advice from your broker, solicitor, accountant or other independent financial adviser before deciding whether or not to invest.	N/A

## HOW THE RETURN ON YOUR INVESTMENT IS CALCULATED

The following section sets out worked examples of how the interest amounts are calculated under a variety of scenarios and how the redemption provisions will affect the Notes.

**THE WORKED EXAMPLES PRESENTED BELOW ARE FOR ILLUSTRATIVE PURPOSES ONLY AND ARE IN NO WAY REPRESENTATIVE OF ACTUAL PRICING. THE WORKED EXAMPLES ARE INTENDED TO DEMONSTRATE HOW AMOUNTS PAYABLE UNDER THE NOTES ARE CALCULATED UNDER A VARIETY OF SCENARIOS. THE ACTUAL AMOUNTS PAYABLE (IF ANY) WILL BE CALCULATED IN ACCORDANCE WITH THE TERMS AND CONDITIONS OF YOUR NOTES AS SET OUT IN *TERMS AND CONDITIONS OF THE NOTES* AND THE FINAL TERMS RELATING TO THE NOTES.**

### Interest

**For the purposes of the scenarios below, the principal amount per Note is assumed to be £1,000 and the issue price is 100 per cent. (100%) of the aggregate principal amount.**

Three types of Notes may be issued pursuant to this Prospectus: Fixed Rate Notes which bear periodic fixed rate interest; Floating Rate Notes which bear periodic floating rate interest; and Zero Coupon Notes, which do not bear interest (or any combination of these). Upon maturity, the Notes will pay a fixed redemption amount. Notes may provide for early redemption at the option of the relevant Issuer (a call option) or at your option either upon a change of ownership of the relevant Issuer or as otherwise specified (a put option). The Issuer may also elect to redeem the Notes early in certain circumstances for tax reasons.

The examples below are intended to demonstrate how the return on your investment will be calculated depending on the interest type and the relevant redemption provisions specified to be applicable for your Notes.

#### *Fixed Rate Notes*

Fixed Rate Notes pay a periodic and predetermined fixed rate of interest over the life of the Note.

Unless your Notes are redeemed early, in respect of each Note and on each interest payment date you will receive an amount calculated by applying the relevant fixed rate to the principal amount, and then multiplying such amount by the applicable 'day count' fraction (which is a fraction used to reflect the number of days over which interest has accrued).

#### **WORKED EXAMPLE: FIXED RATE NOTES**

Assuming, for the purpose of this worked example only, that:

- the fixed rate is 3 per cent. (3%) per annum;
- the day count fraction is "Actual/365 (Fixed)", being the actual number of calendar days in the interest period, divided by a year (assumed under this convention to be 365 days); and
- the actual number of calendar days in the interest period is 183,

the interest amount payable on the interest payment date will be £15.04 (rounded to two decimal places). This figure is calculated as fixed interest of 3%, or  $0.03 \times £1,000 \times \text{day count fraction of } 183/365 \text{ or } 0.5013699$ .

#### *Floating Rate Notes*

Floating Rate Notes pay interest that is calculated by reference to a fluctuating benchmark rate, either (i) an interest rate benchmark, such as the London Interbank Offered Rate (LIBOR) or the Euro Interbank Offered Rate (EURIBOR), or (ii) a rate of interest determined in accordance with market

standard definitions, published by the International Swaps and Derivatives Association, Inc. (“ISDA Definitions”), plus or minus, in each case, a margin and subject, in certain cases, to a maximum or minimum rate of interest. Interest rate benchmarks reflect the rate at which banks are willing to lend funds to each other in a particular market (for LIBOR this is the London interbank market and for EURIBOR this is the Euro-zone interbank market). Interest rates determined in accordance with the ISDA Definitions reference hypothetical derivative contracts to determine a rate of interest.

If the benchmark rate is, for example, LIBOR or EURIBOR, this will commonly be taken as the rate appearing at the relevant time on a specified screen service. This is referred to in the Terms and Conditions of the Notes and the Final Terms as “Screen Rate Determination” and, in the case of such an issue of Floating Rate Notes, the Final Terms will specify the relevant benchmark (referred to in the Final Terms as the “Reference Rate”), the date on which the benchmark rate will be determined for each interest period (the “Interest Determination Date”) and the screen from which the rate will be taken (the “Relevant Screen Page”). If the screen rate is not available, the Terms and Conditions of the Notes contain fallback provisions which allow the rate to be determined on the basis of the arithmetic mean of rates quoted by reference banks in the relevant market.

If the interest rate is to be determined using the ISDA Definitions, this is referred to in the Terms and Conditions of the Notes and the Final Terms as “ISDA Determination”. In such a case, the interest rate will be equivalent to the floating rate which would be determined in a hypothetical interest rate swap transaction for which the Floating Rate Option, the Designated Maturity and the relevant Reset Date are specified in the Final Terms. In an interest rate swap, each counterparty agrees to pay either a fixed or floating rate denominated in a particular currency to the other counterparty. The relevant ISDA Definitions on which the hypothetical swap transaction will be based will also be specified in the Final Terms.

Unless your Notes are redeemed early, in respect of each Note and on each interest payment date you will receive an amount calculated by applying the rate of interest for that interest period to the principal amount, and then multiplying such amount by the applicable ‘day count’ fraction (which is a fraction used to reflect the number of days over which interest has accrued). The rate of interest for any interest period will be determined by adding the relevant margin to the level of the interest rate benchmark or rate determined using the ISDA Definitions, as applicable, for such interest period (or subtracting the relevant margin, if the margin is a negative number). The result will be subject to any maximum or minimum rate which may be specified in the Final Terms.

#### **WORKED EXAMPLE: FLOATING RATE NOTES - SCREEN RATE DETERMINATION**

**Assuming, for the purpose of this worked example only, that:**

- **the Reference Rate is 6 month GBP LIBOR;**
  - **the margin is plus 2.00 per cent. (2.00%);**
  - **the rate of interest is subject to a maximum rate of 7.00 per cent. (7.00%) per annum;**
  - **the day count fraction is “Actual/365 (Fixed)”, being the actual number of calendar days in the interest period, divided by a year (assumed under this convention to be 365 days); and**
  - **the actual number of calendar days in the interest period is 181,**
- (i) **if the Reference Rate on the relevant Interest Determination Date is shown on the Relevant Screen Page as 2.10 per cent. (2.10%), the interest amount payable on the corresponding interest payment date will be equal to £20.33 (rounded to two decimal places). This figure is calculated as  $\text{£1,000} \times \text{rate of interest of } 4.10\% \text{ (or } 0.041) \times \text{day count fraction of } 181/365$ . The rate of interest (4.10%) is calculated as the Reference Rate of 2.10% (or 0.021) plus 2.00% (or 0.02) margin, and is not affected by the maximum rate of interest; and**

- (ii) if the Reference Rate on the relevant Interest Determination Date is shown on the Relevant Screen Page as 6.16 per cent. (6.16%), the interest amount payable on the corresponding interest payment date will be equal to £34.71 (rounded to two decimal places). This figure is calculated as  $£1,000 \times \text{rate of interest of } 7.00\% \text{ (or } 0.07) \times \text{day count fraction of } 181/365$ . The rate of interest (7.00%) is set as the maximum rate of interest because the Reference Rate of 6.16% (or 0.0616) plus 2.00% (or 0.02) margin, results in a rate of 8.16%. In this scenario, the rate of interest is capped at 7.00%.

#### WORKED EXAMPLE: FLOATING RATE NOTES - ISDA DETERMINATION

Assuming, for the purpose of this worked example only, that:

- the Floating Rate Option is GBP-LIBOR-BBA;
  - the Designated Maturity is 6 months;
  - the margin is plus 1.50%;
  - the rate of interest is subject to a maximum rate of 6.00 per cent. (6.00%) per annum;
  - the ISDA Definitions on which the hypothetical swap transaction will be based are the 2006 ISDA Definitions;
  - the day count fraction is “Actual/365 (Fixed)”, being the actual number of calendar days in the interest period, divided by a year (assumed under this convention to be 365 days); and
  - the actual number of calendar days in the interest period is 181,
- (i) if the floating rate for the hypothetical swap transaction would be determined on the relevant Reset Date as 2.40 per cent. (2.40%) on the basis of GBP-LIBOR-BBA (as defined in the 2006 ISDA Definitions) for the Designated Maturity, the interest amount payable on the corresponding interest payment date will be equal to £19.34 (rounded to two decimal places). This figure is calculated as  $£1,000 \times \text{rate of interest of } 3.90\% \text{ (or } 0.039) \times \text{day count fraction of } 181/365$ . The rate of interest (3.90%) is calculated as the floating rate of 2.40% (or 0.024) plus 1.50% (or 0.015) margin, and is not affected by the maximum rate of interest; and
- (ii) if the floating rate for the hypothetical swap transaction would be determined on the relevant Reset Date as 5.40 per cent. (5.40%) on the basis of GBP-LIBOR-BBA (as defined in the 2006 ISDA Definitions) for the Designated Maturity, the interest amount payable on the corresponding interest payment date will be equal to £29.75 (rounded to two decimal places). This figure is calculated as  $£1,000 \times \text{rate of interest of } 6.00\% \text{ (or } 0.06) \times \text{day count fraction of } 181/365$ . The rate of interest (6.00%) is set as the maximum rate of interest because the floating rate of 5.40% (or 0.054) plus 1.50% (or 0.015) margin, results in a rate of 6.90%. In this scenario, the rate of interest is capped at 6.00%.

#### *Zero Coupon Notes*

No amount of interest will accrue or become payable on Zero Coupon Notes. Zero Coupon Notes are generally issued at discounted issue price (such as 95%) to their principal or final redemption amount and then repaid at their full amount (100%) or the relevant premium, as the case may be. Therefore, if you purchase Zero Coupon Notes on their issue date and hold them to maturity, your return will be the difference between the issue price and the principal or final redemption amount of the Zero Coupon Notes paid on maturity.

## **WORKED EXAMPLE: ZERO COUPON NOTES**

**Assuming, for the purpose of this worked example only, that the Zero Coupon Notes are issued in a principal amount of £1,000 at a discounted issue price of 95%. An investor will pay £950 to purchase a Note but on maturity will be repaid £1,000. The investor will not receive any interest on the Note but will earn £50 as a result of holding the Note to maturity.**

### **Redemption**

#### *Redemption at maturity*

All of the Notes to be issued under the Programme will be principal protected. This means that, provided you hold the Notes until maturity, the amount you receive when the Notes mature will at least equal your initial investment. Unless your Notes are redeemed early (as described below) or are purchased and cancelled, if you purchased £1,000 in principal amount of the Notes, you will receive £1,000 from the relevant Issuer on the maturity date of the Notes. This is known as redemption at par. In such circumstances, the “Final Redemption Amount” will be shown in the relevant Final Terms as “Par” or “£1,000 per Calculation Amount”. The Calculation Amount is a notional amount which is used to calculate interest and redemption amounts on the Notes. It is identified in the Final Terms in paragraph 6(b) and, for the purposes of this example, is assumed to be £1,000.

#### *Call Options*

A call option gives the relevant Issuer the right to redeem the Notes before the final maturity date at a predetermined cash price on a specified date(s). If the Notes are redeemed, you will be paid the redemption amount specified in the Final Terms plus any accrued but unpaid interest. The Issuer is given the right to redeem the Notes in certain circumstances for tax reasons, as described in Condition 6(b) (*Redemption for Tax Reasons*) and, if Issuer Maturity Par Call is specified to be applicable in the Final Terms relating to the Notes, during the period of 90 days prior to the final maturity date as described in Condition 6(e) (*Issuer Maturity Par Call*). The terms of any other call options will be set out in the Final Terms.

Following the exercise by the relevant Issuer of a call option, in respect of each Note, as well as any accrued but unpaid interest, you will receive an amount equal to the Early Redemption Amount specified in the Final Terms (in the case of a Redemption for Tax Reasons), the Final Redemption Amount specified in the Final Terms (in the case of Issuer Maturity Par Call) or the Optional Redemption Amount specified in the Final Terms (in the case of any other call option).

If the Optional Redemption Amount in respect of a Note is specified in the Final Terms as being the Special Redemption Amount, you will receive an amount calculated with reference to the then current yield of a benchmark government security (such as a UK gilt, a U.S. Treasury or a German *bund*), as adjusted to reflect the difference in creditworthiness of the relevant Issuer and the relevant government. The Special Redemption Amount is intended to produce an amount that, if reinvested in the government security, would continue to give you a yield on the money you originally invested equivalent to the yield that you would have received if the Notes had not been redeemed by the relevant Issuer.

#### *Put Options*

A put option gives you the right to require the relevant Issuer to redeem one or more of your Notes before the final maturity date at a predetermined cash price on a specified date(s). If you elect to exercise the put option in respect of one or more of your Notes, you will be paid the redemption amount specified in the Final Terms plus any accrued but unpaid interest. Notes that are not sold shall continue until the final maturity date.

You will also have the right to require the relevant Issuer to redeem one or more of your Notes in the event that the Guarantor shall cease to own, directly or indirectly, at least 51 per cent. of the

outstanding voting stock or share capital, as the case may be, of the relevant Issuer. The terms of any additional put options will be set out in the Final Terms.

Following the exercise by you of a put option, in respect of that Note, as well as any accrued but unpaid interest, you will receive an amount equal to the Early Redemption Amount specified in the Final Terms (in the case of a Redemption on change of ownership of the Issuer) or the Optional Redemption Amount specified in the Final Terms (in the case of any other put option).



## DOCUMENTS INCORPORATED BY REFERENCE

The following documents (excluding all information incorporated by reference in any such documents either expressly or implicitly) which have previously been published or are provided simultaneously with this Prospectus and have been approved by the Financial Conduct Authority or filed with it shall be deemed to be incorporated in, and to form part of, this Prospectus:

- (i) the financial statements of the Guarantor and the consolidated financial statements of the Nestlé Group for each of the financial years ended 31 December 2015 and 2014 (including each of the audit reports issued in respect thereof);
- (ii) the Annual Review of the Guarantor for the financial year ended 31 December 2015;
- (iii) the Annual Financial Report for the financial years ended 31 December 2015 and 2014 of NHI and its Subsidiaries (including the audit report issued in respect thereof);
- (iv) the Annual Financial Reports for each of the financial years ended 31 December 2015 and 2014 of NFI (including each of the audit reports issued in respect thereof); and
- (v) the Terms and Conditions of the Notes contained in the previous Prospectuses published by the Issuers dated 29 May 2015 (pages 64-95 inclusive); 21 May 2014 (pages 48-77 inclusive); 23 May 2013 (pages 45-73 inclusive); 10 May 2012 (pages 32-63 inclusive); 11 May 2011 (pages 25-52 inclusive); 13 May 2010 (pages 25-51 inclusive); 15 July 2009 (pages 25-51 inclusive); 26 August 2008 (pages 21-43 inclusive); 3 August 2007 (pages 26-50 inclusive), 4 August 2006 (pages 27-50 inclusive); and 22 July 2005 (pages 26-50 inclusive),

save that any statement contained herein or in a document which is incorporated by reference herein shall be deemed to be modified or superseded for the purpose of this Prospectus to the extent that a statement contained in any document which is subsequently incorporated by reference herein by way of a supplement prepared in accordance with Article 16 of the Prospectus Directive modifies or supersedes such earlier statement (whether expressly, by implication or otherwise). Any statement so modified or superseded shall not, except as so modified or superseded, constitute a part of this Prospectus.

Any non-incorporated parts of a document referred to herein are either deemed not relevant for an investor or are otherwise covered elsewhere in this Prospectus.

The audited consolidated financial statements of NHI do not comply with U.S. generally accepted accounting principles and are not meant for distribution in the U.S. or to be used for investment purposes by U.S. investors.

Copies of documents incorporated by reference in this Prospectus are available on the website of the London Stock Exchange plc at [www.londonstockexchange.com/exchange/news/market-news/market-news-home.html](http://www.londonstockexchange.com/exchange/news/market-news/market-news-home.html).

The Issuers and the Guarantor will, in the event of any significant new factor, material mistake or inaccuracy relating to information included in this Prospectus which is capable of affecting the assessment of any Notes, prepare a supplement to this Prospectus or publish a new Prospectus for use in connection with any subsequent issue of Notes.

The Issuers and the Guarantor have undertaken to the Dealers in the Programme Agreement (as defined in “Subscription and Sale”) to comply with section 87G of the Financial Services and Markets Act 2000, as amended.

## FORM OF THE NOTES

### *General*

Words and expressions defined in “Terms and Conditions of the Notes” below shall have the same meanings in this “Form of the Notes”. Notes in bearer form (other than (i) Notes issued by NHI that have an initial maturity of 183 days or less (taking into consideration unilateral rights to roll or extend), a minimum denomination of \$500,000 (or the equivalent value in any other currency, determined at the spot rate on the issue date) and, as specified in the applicable Final Terms, are issued in compliance with the requirements of United States Treasury Regulations Section 1.6049-5T(b)(10) or (ii) Notes issued by NFI that have a maturity of one year or less) constituting a separate identifiable tranche (within the meaning of Regulation S under the Securities Act) will initially be represented by a Temporary Global Note which will:

- (a) if the global Notes are intended to be issued in new global note (“NGN”) form, as stated in the applicable Final Terms, be delivered on or prior to the original issue date of the Tranche to a common safekeeper (the “Common Safekeeper”) for Euroclear Bank SA/NV (“Euroclear”) and Clearstream Banking S.A. (“Clearstream”); and
- (b) if the global Notes are not intended to be issued in NGN form, as stated in the applicable Final Terms, be delivered on or prior to the original issue date of the Tranche to a common depository (the “Common Depository”) for Euroclear and Clearstream and/or a nominee for any other relevant clearing system (as applicable).

Notes with a maturity of more than 183 days (taking into consideration unilateral rights to roll or extend) may not be issued in bearer form by NHI.

Notes (including Registered Notes, as defined and described below) may be issued in a form that permits them to be held in a manner which will allow Eurosystem eligibility. Euroclear and/or Clearstream will be notified whether or not Notes are intended to be held in a manner which would allow Eurosystem eligibility. Any indication in the applicable Final Terms that the Notes are to be so held means that the Notes are to be deposited with the Common Safekeeper (and in the case of Registered Notes, registered in the name of a nominee of the Common Safekeeper) and does not necessarily mean that the Notes will be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem either upon issue or at any or all times during their life as such recognition depends upon satisfaction of the Eurosystem eligibility criteria. Any indication in the applicable Final Terms that the Notes are not to be so held means that should the Eurosystem eligibility criteria be amended in the future such that the Notes are capable of meeting such criteria, the Notes may then be deposited with the Common Safekeeper (and in the case of Registered Notes, registered in the name of a nominee of the Common Safekeeper) and does not necessarily mean that the Notes will be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem either upon issue or at any or all times during their life as such recognition depends upon satisfaction of the Eurosystem eligibility criteria.

If the global Note is a NGN, the nominal amount of the Notes represented by such global Notes will be the aggregate from time to time entered in the records of both Euroclear and Clearstream. The records of Euroclear and Clearstream (which expression in such global Note means the records that each of Euroclear and Clearstream holds for its customers which reflect the amount of each such customer’s interest in the Notes) will be conclusive evidence of the nominal amount of Notes represented by such global Note and, for such purposes, a statement issued by Euroclear and/or Clearstream, stating that the nominal amount of Notes represented by such global Note at any time will be conclusive evidence of the records of Euroclear and/or Clearstream at that time, as the case may be.

Interests in the Temporary Global Note will be exchangeable as described therein either for:

- (i) interests in a Permanent Global Note (without interest coupons or talons); or
- (ii) security printed definitive Notes,

(as indicated in the applicable Final Terms) in each case upon receipt by the Issuer or the Agent from Euroclear or Clearstream or any other relevant clearing system of the requisite certifications as described under “Certifications” below on or after the date (the “Exchange Date”) which is a date no earlier than the first day which is 40 days after:

- (a) completion of the distribution of the relevant Tranche of Notes; and
- (b) the settlement date with respect to such Tranche of Notes,

provided, however, that the Issuer may, in its sole discretion, extend the Exchange Date for such reasonable period of time as the Issuer may deem necessary in order to ensure that the issuance of such identifiable Tranche of Notes is exempt from registration under the Securities Act by virtue of Regulation S thereunder.

Each Permanent Global Note will, if specified in the applicable Final Terms, be exchangeable in whole, but not in part, for definitive Notes with, where applicable, interest coupons and talons attached: (i) at the request of the relevant Issuer; (ii) upon the Noteholders instructing Euroclear or Clearstream or any other agreed clearing system in which such Permanent Global Note is being held to give at least 60 days’ written notice to the Agent, subject to the payment of costs in connection with the printing and distribution of the definitive Notes, if specified in the applicable Final Terms; and/or (iii) (free of charge) upon the occurrence of an Exchange Event (as defined below).

For these purposes “Exchange Event” means that (i) an Event of Default (as defined in Condition 9 under the “Terms and Conditions of the Notes”) has occurred and is continuing; (ii) the relevant Issuer has been notified that both Euroclear and Clearstream, or any other agreed clearing system in which such Permanent Global Note is being held, have been closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or have announced an intention permanently to cease business or have in fact done so and, as a result, Euroclear and Clearstream or such other agreed clearing system in which such Permanent Global Note is being held are no longer willing or able to discharge properly their responsibilities with respect to such Notes and the Agent and the relevant Issuer are unable to locate a qualified successor; or (iii) as a result of a change in law after the relevant Issue Date, the relevant Issuer has or will become subject to adverse tax consequences which would not be suffered were the Notes represented by the Permanent Global Note in definitive form.

The relevant Issuer will promptly give notice to Noteholders in accordance with Condition 14 under the “Terms and Conditions of the Notes” if an Exchange Event occurs. In the event of the occurrence of an Exchange Event, Euroclear and/or Clearstream and/or any other agreed clearing system in which such Permanent Global Note is being held (acting on the instructions of any holder of an interest in such Permanent Global Note) may give notice to the Agent requesting exchange and, in the event of the occurrence of an Exchange Event as described in (iii) above, the relevant Issuer may also give notice to the Agent requesting exchange. Any such exchange shall occur not later than 45 days after the date of receipt of the first relevant notice to the Agent.

#### *Interest, Principal and Other Payments Prior to Exchange Date*

In the case of a Temporary Global Note that provides for payment of any interest, principal or other amounts prior to the Exchange Date, a member organisation appearing in the records of Euroclear or Clearstream as entitled to a portion of the principal amount of such Temporary Global Note (a “Member Organisation”) must provide an Owner Tax Certification (as defined below) to Euroclear or Clearstream, and Euroclear or Clearstream must provide to the Issuer and the Agent a certification substantially in the form attached as Annex A to the Temporary Global Note (a “Depositary Tax Certification”), in each case, prior to the payment of interest or, if applicable, principal. A Depositary Tax Certification may be provided in electronic form only if it satisfies the requirements in the Treasury Regulations Section 1.163-5(c)(2)(i)(D)(3)(ii), as it may be amended or any successor regulation regarding certification requirements for foreign targeted bearer notes. Until an Owner Tax Certification is provided by the Member Organisation to Euroclear or Clearstream, and the Issuer or the Agent receives from Euroclear or Clearstream a Depositary Tax Certification, such Member Organisation will not be entitled to receive any interest or, if applicable, principal with respect to its

interest in the Temporary Global Note or to exchange its interest therein for a portion of the Permanent Global Note or for definitive Notes. Prior to the exchange of the Member Organisation's interest in the Temporary Global Note for a portion of the Permanent Global Note or for definitive Notes, a Member Organisation must also provide the Owner Securities Certification (as defined below), and Euroclear or Clearstream must provide to the Issuer or the Agent a certification in the form set out in such Temporary Global Note (a "Depository Securities Certification").

#### *Exchange Date Prior to Interest, Principal and Other Payments*

In the case of a Temporary Global Note that does not provide for payment of any interest, principal or other amounts prior to the Exchange Date, the Member Organisation must provide to Euroclear or Clearstream an Owner Tax Certification and an Owner Securities Certification (which may be combined in one certification form), and Euroclear or Clearstream must provide to the Issuer or the Agent a Depository Tax Certification and a Depository Securities Certification (which may be combined in one certification form). Until the requisite certifications are provided by the Member Organisation to Euroclear or Clearstream, and the Issuer or the Agent receives from Euroclear or Clearstream the requisite certifications to the Issuer, such Member Organisation shall not be entitled to receive any interest or, if applicable, principal with respect to its interest in the Temporary Global Note or to exchange its interest in the Temporary Global Note for a portion of the Permanent Global Note or for definitive Notes.

#### *Certifications – Bearer Notes*

As described above, no interest or, if applicable, principal will be paid on any Temporary Global Note and no exchange of a Temporary Global Note for a portion of the Permanent Global Note or for definitive Notes may occur until the beneficial owner, as the person entitled to receive such interest or, if applicable, principal or a portion of the Permanent Global Note or definitive Notes, furnishes written certification (the "Owner Tax Certification"), substantially in the form attached as Annex B to the Temporary Global Note to the effect that such person (i) is not a United States person (as defined under the United States Internal Revenue Code of 1986, as amended (the "Code") and the Treasury Regulations thereunder), (ii) is a foreign branch of a United States financial institution purchasing for its own account or for resale, or is a United States person who acquired the Note through such financial institution and who holds the Note through such financial institution on the date of the certificate, provided in either case that such financial institution provides a certificate to the Issuer or the distributor selling the Note to it stating that it agrees to comply with the requirements of Section 165(j)(3)(A), (B) or (C) of the Code and the United States Treasury Regulations thereunder, or (iii) is a financial institution holding for purposes of resale during the restricted period (as defined in United States Treasury Regulations Section 1.163-5(c)(2)(i)(D)(7), as it may be amended or any successor regulation regarding certification requirements for foreign targeted bearer notes). A financial institution described in clause (iii) of the preceding sentence (whether or not also described in clause (i) or (ii)) must certify that it has not acquired the Note for purposes of resale directly or indirectly to a United States person or to a person within the United States or its possessions. An Owner Tax Certification may be provided in electronic form only if it satisfies the requirements in the Treasury Regulations Section 1.163-5(c)(2)(i)(D)(3)(ii), as it may be amended or any successor regulation regarding certification requirements for foreign targeted bearer notes.

Notwithstanding the foregoing, an Owner Tax Certification or a Depository Tax Certification is not required with respect to (i) Notes issued by NFI that have a maturity of one year or less, (ii) Notes issued by NHI that have an initial maturity of 183 days or less (taking into consideration unilateral rights to roll or extend), a minimum denomination of \$500,000 (or the equivalent value in any other currency, determined at the spot rate on the issue date) and, as specified in the applicable Final Terms, are issued in compliance with the requirements of United States Treasury Regulations Section 1.6049-5T(b)(10), or (iii) Registered Notes as defined and described below.

As described above, prior to the exchange of the Member Organisation's interest in the Temporary Global Note for a portion of the Permanent Global Note or for definitive Notes, the Member Organisation must provide a written certification that the beneficial owner is not a U.S. person or that the beneficial owner acquired its interest in a transaction that did not require registration under

the Securities Act (an “Owner Securities Certification”). For purposes of the Owner Securities Certification, “U.S. person” shall have the meaning set forth in Section 902(k) of Regulation S.

Payments of principal and interest (if any) on a Permanent Global Note will be made to or to the order of the holder thereof (against presentation or surrender (as the case may be) of the Permanent Global Note if the Permanent Global Note is not intended to be issued in NGN form) outside the United States and its possessions without any requirement for certification. A Permanent Global Note will be exchangeable in whole or (provided Euroclear and Clearstream will regard all the Notes of the relevant Series as fungible) in part for definitive Notes with, where applicable, interest coupons and talons attached upon not less than 60 days’ written notice (or, in the case of Notes with a maturity of less than 60 days, within a reasonable period of time) to the Agent from Euroclear and/or Clearstream (which shall be provided at the request of any beneficial owner of an interest in the Permanent Global Note) or, in the case of a Permanent Global Note held otherwise than on behalf of Euroclear and/or Clearstream, from the holder thereof (upon the request of any beneficial owner if such person is different from the holder). Permanent Global Notes and definitive Notes will be issued pursuant to the Agency Agreement. At present, neither Euroclear nor Clearstream regard Notes in global form as fungible with Notes in definitive form. As long as this is the case, it is understood that any holder of a beneficial interest in the Permanent Global Note can cause the exchange of all interests in the Permanent Global Note for definitive Notes.

In the event that a global Note held on behalf of Euroclear and/or Clearstream (or any part thereof) has become due and repayable in accordance with the Conditions or that the Maturity Date has occurred and payment in full of the amount due has not been made to the bearer in accordance with the terms thereof and the Conditions, then the global Note will become void. At the same time accountholders with Euroclear and/or Clearstream having such Notes (other than definitive Notes) credited to their accounts will become entitled to proceed directly against the Issuer, on the basis of statements of account provided by Euroclear and/or Clearstream, under the terms of Clause 28 of the Agency Agreement (as defined under “Terms and Conditions of the Notes” below).

#### *Security Codes*

Pursuant to the Agency Agreement, the Agent (as so defined) shall, where Notes are held by or on behalf of Euroclear, Clearstream and/or any other relevant clearing system, arrange that, where a further Tranche of Notes is issued, the Notes of such Tranche shall be assigned security code numbers by Euroclear, Clearstream and/or such other relevant clearing system which are different from the security code numbers assigned to Notes of any other Tranche of the same Series until the Exchange Date with respect to the Notes of such Tranche as certified by the Agent to the relevant Dealer.

#### *Legends*

The following legend will appear on all Notes with a maturity of more than one year if issued by NFI, or more than 183 days if issued by NHI, other than Registered Notes (as defined and described below) and on all interest coupons and talons relating to such Notes attached thereto:

“Any United States person who holds this obligation will be subject to limitations under the United States income tax laws, including the limitations provided in sections 165(j) and 1287(a) of the Internal Revenue Code.”

The sections of the U.S. Internal Revenue Code of 1986 referred to above provide that United States holders, with certain exceptions, will not be entitled to deduct any loss on Notes or interest coupons and will not be entitled to capital gains treatment in respect of any gain on any sale, disposition, redemption or payment of principal in respect of Notes or interest coupons.

For United States federal income tax purposes each Temporary Global Note, each Permanent Global Note and each definitive Note issued by NHI in bearer form which has an original maturity of 183 days or less (taking into consideration unilateral rights to roll or extend), a minimum denomination of \$500,000 (or the equivalent value in any other currency, determined at the spot rate on the issue date) and, as specified in the applicable Final Terms, is intended to comply with United States Treasury

Regulations Section 1.6049-5T(b)(10) (or, if the obligation is evidenced by a book entry, appears in the book or record in which the book entry is made) will carry the following legend:

“By accepting this obligation, the holder represents and warrants that it is not a United States person (other than an exempt recipient described in section 6049(b)(4) of the Internal Revenue Code and regulations thereunder) and that it is not acting for or on behalf of a United States person (other than an exempt recipient described in section 6049(b)(4) of the Internal Revenue Code and the regulations thereunder).”

#### *Registered Notes*

Notes may be issued in registered form by NHI (“Registered Notes”), subject to applicable laws and regulations. Except as described in the following paragraph, each Tranche of Registered Notes will be represented on issue by a registered global Note (each a “Registered Global Note”) which will be (a) if the applicable Final Terms specify the Registered Notes are intended to be held in a manner which would allow Eurosystem eligibility (being the new safekeeping structure (“NSS”)), deposited on the relevant Issue Date with the Common Safekeeper; or (b) if the applicable Final Terms specify the Registered Notes are not intended to be held in a manner which would allow Eurosystem eligibility, deposited on the relevant Issue Date with a nominee or a depositary or common depositary for the agreed clearing system(s). Such Registered Global Note will not be exchangeable for Registered Notes in definitive form except on an Exchange Event (as that term is defined in the Registered Global Note). With respect to each Tranche of Registered Notes, NHI has appointed, under an amended and restated note agency agreement dated 29 May 2015 (the “Note Agency Agreement”), a registrar and a transfer agent and paying agent and may appoint other or additional transfer agents or paying agents, either generally or in respect of a particular Series of Registered Notes.

#### *Final Terms*

The applicable Final Terms will specify whether the Notes will be represented by:

- (i) a Temporary Global Note in bearer form without interest coupons or talons which will be deposited with a common depositary or, as the case may be, a common safekeeper for Euroclear and Clearstream on or about the Issue Date or a date as specified in the applicable Final Terms; and that the Temporary Global Note is exchangeable for a Permanent Global Note in bearer form on and after the Exchange Date and (except for Notes (i) with an initial maturity of 183 days or less (taking into consideration unilateral rights to roll or extend), a minimum denomination of \$500,000 (or its equivalent value in any other currency, determined at the spot rate on the Issue Date) and specified in the applicable Final Terms as intended to comply with United States Treasury Regulations Section 1.6049-5T(b)(10) and (ii) as specified in the applicable Final Terms, that have been issued in reliance on TEFRA C Rules) upon certification of non-U.S. beneficial ownership; or
- (ii) a Temporary Global Note in bearer form without interest coupons or talons which will be deposited with a common depositary or, as the case may be, a common safekeeper for Euroclear and Clearstream on or about the Issue Date or a date as specified in the applicable Final Terms; and that the Temporary Global Note is exchangeable for security printed definitive Notes on and after the Exchange Date and (except for Notes (i) with an initial maturity of 183 days or less (taking into consideration unilateral rights to roll or extend), a minimum denomination of \$500,000 (or its equivalent value in any other currency, determined at the spot rate on the Issue Date) and specified in the applicable Final Terms as intended to comply with United States Treasury Regulations section 1.6049-5T(b)(10) and (ii) as specified in the applicable Final Terms, that have been issued in reliance on TEFRA C Rules) upon certification of non-U.S. beneficial ownership;
- (iii) a Permanent Global Note in bearer form without interest coupons or talons which will be deposited with a common depositary or, as the case may be, a common safekeeper for Euroclear and Clearstream on or about the Issue Date or a date as specified in the applicable Final Terms; and that the Permanent Global Note is exchangeable (free of charge) in whole, but not in part, for security printed definitive Notes either (a) at the request of the Issuer;

and/or (b) upon the occurrence of an Exchange Event (as defined in the Permanent Global Note); or

- (iv) in the case of NHI only, a Registered Global Note registered in the name of a nominee for a common depository for Euroclear and Clearstream or a common safekeeper for Euroclear and Clearstream exchangeable (free of charge) for security printed definitive Notes only upon an Exchange Event (as defined in the Registered Global Note).

The exchange of a Permanent Global Note for definitive Notes upon notice from Euroclear and/or Clearstream (acting on the instructions of any holder) or at any time at the request of the relevant Issuer should not be expressed to be applicable in the applicable Final Terms if the Notes are issued with a minimum Specified Denomination such as €100,000 (or its equivalent in another currency) plus one or more higher integral multiples of another smaller amount such as €1,000 (or its equivalent in another currency). Furthermore, such Specified Denomination construction is not permitted in relation to any issue of Notes which is to be represented on issue by a Temporary Global Note exchangeable for definitive Notes.

Notes shall not be physically delivered in Belgium, except to a clearing system, a depository or other institution for the purpose of their immobilisation in accordance with Article 4 of the Belgian Law of 14 December 2005.

## TERMS AND CONDITIONS OF THE NOTES

*The following are the terms and conditions of the Notes to be issued by an Issuer which will be incorporated by reference into each global Note and which will be endorsed upon or attached to each definitive Note (if any). The applicable Final Terms (or the relevant provisions thereof) will be endorsed upon, or attached to, each global Note and definitive Note.*

This Note is one of a Series (as defined below) of Notes issued subject to, and with the benefit of (except in the case of Registered Notes (as defined below)) an amended and restated Agency Agreement dated 23 May 2016, as further amended and/or supplemented and/or restated from time to time, (the “Agency Agreement”) made between, *inter alia*, the Issuer, Nestlé S.A. as guarantor (the “Guarantor”) in relation to Notes issued by Nestlé Finance International Ltd. and guaranteed Notes issued by Nestlé Holdings, Inc., Citibank, N.A., London Branch as issuing and principal paying agent and, if so specified in the applicable Final Terms, as calculation agent (the “Agent”, which expression shall include any successor agent or any other calculation agent specified in the applicable Final Terms) and the other paying agents named therein (together with the Agent and the “Paying Agents”, which expression shall include any additional or successor paying agents).

Notes in registered form issued by Nestlé Holdings, Inc. (“Registered Notes”) are issued subject to, and with the benefit of, an amended and restated Note Agency Agreement dated 29 May 2015 (the “Note Agency Agreement”) and made between Nestlé Holdings, Inc. as Issuer, Citigroup Global Markets Deutschland AG as registrar and transfer agent (the “Registrar”, which expression shall include any successor registrar) and Citibank, N.A., London Branch as transfer agent and paying agent (the “Transfer Agent”, which expression shall include any additional or successor transfer agent or paying agent appointed for Registered Notes).

References in these Terms and Conditions to the “Issuer” shall be references to the party specified as such in the applicable Final Terms (as defined below). References herein to the “Notes” shall be references to the Notes of this Series (as defined below) and shall mean (i) in relation to any Notes represented by a global Note, units of the lowest Specified Denomination (as defined below) in the Specified Currency (as defined below) of the relevant Notes, (ii) definitive Notes issued in exchange (or part exchange) for a temporary global Note, a permanent global Note or a global Registered Note and (iii) any global Note.

Interest bearing definitive Notes in bearer form (unless otherwise indicated in the applicable Final Terms) have interest coupons (“Coupons”) and, if indicated in the applicable Final Terms, talons for further Coupons (“Talons”) attached on issue. Any reference herein to Coupons or coupons shall, unless the context otherwise requires, be deemed to include a reference to Talons or talons. Global Notes do not have Coupons or Talons attached on issue.

Any reference herein to “Noteholders” shall mean the holders of the Notes, and shall, in relation to any Notes represented by a global Note held on behalf of Euroclear Bank SA/NV (“Euroclear”) and/or Clearstream Banking S.A. (“Clearstream”), be construed as provided below. Any reference herein to “Couponholders” shall mean the holders of the Coupons, and shall, unless the context otherwise requires, include the holders of the Talons.

Any reference herein to Euroclear and/or Clearstream shall, whenever the context so permits, be deemed to include a reference to any additional or alternative clearing system specified in the applicable Final Terms.

Any reference herein to “guaranteed Notes issued by Nestlé Holdings, Inc.” and any related expression is a reference to Notes issued by Nestlé Holdings, Inc. which are guaranteed by Nestlé S.A.

The Final Terms applicable to this Note are attached hereto or endorsed hereon and supplement these Terms and Conditions. References herein to the “applicable Final Terms” are to the Final Terms attached hereto or endorsed hereon.

As used herein, “Series” means each original issue of Notes together with any further issues expressed to form a single series with the original issue and the terms of which (save for the Issue Date,



the amount, the date of the first payment of interest thereon, and the date from which interest starts to accrue and/or the Issue Price (as indicated in the applicable Final Terms)) are identical (including Maturity Date, Interest Basis, Redemption/Payment Basis and Interest Payment Dates (if any) and whether or not the Notes are admitted to trading). As used herein, “Tranche” means all Notes of the same Series with the same Issue Date and Interest Commencement Date (if applicable).

Copies of the Agency Agreement are available at the specified offices of the Agent and each of the other Paying Agents. Copies of the Note Agency Agreement (if the Notes are Registered Notes) are available for inspection by holders of Registered Notes at the specified offices of the Registrar and the Transfer Agent. If the Notes are offered to the public in a Member State of the European Economic Area or admitted to trading on the regulated market of the London Stock Exchange, the Final Terms applicable to the Notes are available for viewing on the Nestlé Group investor relations website at [www.nestle.com/investors](http://www.nestle.com/investors) and are expected to be published on the website of the London Stock Exchange through a regulatory information service. The Noteholders and the Couponholders are deemed to have notice of, and are entitled to the benefit of, all the provisions of the Agency Agreement and the applicable Final Terms, which are binding on them. The holders of Registered Notes are deemed to have notice of the Note Agency Agreement, which is binding on them.

Words and expressions defined in the Agency Agreement or (if the Note is a Registered Note) in the Note Agency Agreement or used in the applicable Final Terms shall have the same meanings where used in these Terms and Conditions unless the context otherwise requires or unless otherwise stated. In the event of inconsistency between the Agency Agreement, (if the Note is a Registered Note) the Note Agency Agreement or the applicable Final Terms, the applicable Final Terms will prevail.

A global Note may be exchanged in whole or, in certain circumstances, in part for definitive Notes upon request by any holder of an interest therein in accordance with these Terms and Conditions, the provisions of the relevant global Note and as specified in the applicable Final Terms.

## **1. Form, Denomination, Title and Transfer**

The Notes may be issued in bearer form (“Bearer Notes”) or registered form, as set out in the applicable Final Terms and, in the case of definitive Bearer Notes, serially numbered, in the currency (the “Specified Currency”) and in the denominations (the “Specified Denomination(s)”) as specified in the applicable Final Terms; provided that, Bearer Notes with a maturity of more than 183 days (taking into consideration unilateral rights to roll or extend) may not be issued by Nestlé Holdings, Inc.

Bearer Notes may not be exchanged for Registered Notes and *vice versa*.

Each Note may be a Note bearing interest on a fixed rate basis (“Fixed Rate Note”), a Note bearing interest on a floating rate basis (“Floating Rate Note”), a Note issued on a non-interest bearing basis (“Zero Coupon Note”) or any combination of the foregoing, depending upon the interest basis specified in the applicable Final Terms.

Bearer Notes in definitive form are issued with Coupons attached, unless they are Zero Coupon Notes in which case references to Coupons and Couponholders in these Terms and Conditions are not applicable.

Subject as set out below, title to the Bearer Notes and Coupons will pass by delivery. The holder of each Coupon, whether or not such Coupon is attached to the Note, in his capacity as such, shall be subject to and bound by all the provisions contained in the relevant Note. Subject as set out below, the Issuer, the Guarantor (if applicable) and any Paying Agent may deem and treat the bearer of any Bearer Note or Coupon as the absolute owner thereof (whether or not overdue and notwithstanding any notice to the contrary, including any notice of ownership or writing thereon or notice of any previous loss or theft thereof) for all purposes but, in the case of any global Bearer Note, without prejudice to the provisions set out in the next succeeding paragraph.

For so long as any of the Notes are represented by a global Note held on behalf of Euroclear and/or Clearstream, each person (other than Euroclear or Clearstream) who is for the time being shown in the records of Euroclear or of Clearstream as the holder of a particular nominal amount of such

Notes (in which regard any certificate or other document issued by Euroclear or Clearstream as to the nominal amount of Notes standing to the account of any person shall be conclusive and binding for all purposes save in the case of manifest error) shall be treated by the Issuer, the Guarantor (if applicable), any Paying Agent or (in the case of Registered Notes) the Registrar and the Transfer Agent as the holder of such nominal amount of such Notes for all purposes other than with respect to the payment of principal or interest on the Notes, for which purpose the bearer of the relevant global Bearer Note or registered holder of the global Registered Note shall be treated by the Issuer, the Guarantor (if applicable) and any Paying Agent as the holder of such Notes in accordance with and subject to the terms of the relevant global Note (and the expressions “Noteholder” and “holder of Notes” and related expressions shall be construed accordingly).

Notes which are represented by a global Note will be transferable only in accordance with the rules and procedures for the time being of Euroclear or of Clearstream, as the case may be.

Title to Registered Notes passes on due endorsement in the relevant register which Nestlé Holdings, Inc. shall procure to be kept by the Registrar.

Subject as set out above, except as ordered by a court of competent jurisdiction or as required by law, the registered holder of any Registered Note shall be deemed to be and may be treated as the absolute owner of such Registered Note for all purposes, whether or not such Registered Note shall be overdue and notwithstanding any notice of ownership, theft or loss thereof or any writing thereon made by anyone and no person shall be liable for so treating such registered holder (and the expressions “Noteholder” and “holder of Notes” and related expressions shall be construed accordingly).

Provisions relating to the transfer of Registered Notes are set out in the Registered Note and the Note Agency Agreement.

Any reference herein to Euroclear and/or Clearstream shall, whenever the context so permits, except in relation to Bearer Notes in new global note (“NGN”) form or Registered Notes intended to be held in a manner which would allow Eurosystem eligibility (being the new safekeeping structure (“NSS”) and hereinafter referred to as “held under the NSS”), be deemed to include a reference to any additional or alternative clearing system approved by the Issuer, the Agent or (in the case of Registered Notes) the Registrar and the Transfer Agent and, in the case of Notes admitted to the Official List of the UK Listing Authority and admitted to trading on the London Stock Exchange’s Regulated Market, the UK Listing Authority.

## **2. Status of the Notes and Guarantee**

- (a) The Notes and any relative Coupons are direct, unconditional, unsecured (subject to the provisions of Condition 3) and unsubordinated obligations of the Issuer and rank *pari passu* and rateably without any preference among themselves and equally with all other unsecured and unsubordinated obligations of the Issuer from time to time outstanding (other than obligations mandatorily preferred by law).
- (b) If the Issuer is Nestlé Finance International Ltd., the payment of the principal and interest in respect of each Note has been unconditionally and irrevocably guaranteed by the Guarantor pursuant to the Guarantee dated the Issue Date (the “Guarantee”) which has been deposited for the benefit of the Noteholders and Couponholders with the Agent. If the Issuer is Nestlé Holdings, Inc., the payment of principal and interest in respect of each Note will, if so stated in the applicable Final Terms but not otherwise, have been unconditionally and irrevocably guaranteed by the Guarantor pursuant to the Guarantee dated the Issue Date (also the “Guarantee”) which has been deposited for the benefit of the Noteholders and Couponholders with the Agent. Each Guarantee will be in the form (subject to completion) scheduled to the Agency Agreement.

### **3. Negative Pledge**

So long as any of the Notes remain outstanding:

- (a) the Issuer will procure that, provided that security upon its assets is neither mandatory pursuant to applicable laws nor required as a prerequisite for governmental approvals, no Relevant Indebtedness (as defined below) now or hereafter existing of the Issuer and no guarantee or indemnity by the Issuer of any Relevant Indebtedness of any Subsidiary (as defined below) of the Issuer will be secured by any mortgage, charge, lien, pledge or other security interest upon, or with respect to, the whole or any part of the present or future revenues or assets of the Issuer unless in any such case the Issuer shall, simultaneously with, or prior to, the creation of such security interest, take any and all action necessary to procure that all amounts payable under the Notes are secured by such security interest equally and rateably or such other security interest is provided for such amounts as is not materially less beneficial to the interests of the Noteholders or as shall be approved by an Extraordinary Resolution of the Noteholders; and
- (b) where the issue of the Notes by the Issuer is guaranteed by the Guarantor, the Guarantor will procure that, provided that security upon its assets is neither mandatory pursuant to applicable laws nor required as a prerequisite for governmental approvals, no Relevant Indebtedness now or hereafter existing of the Guarantor and no guarantee or indemnity by the Guarantor of any Relevant Indebtedness of the Issuer or any Subsidiary of the Issuer will be secured by any mortgage, charge, lien, pledge or other security interest upon, or with respect to, the whole or any part of the present or future revenues or assets of the Guarantor unless in any such case the Guarantor shall, simultaneously with, or prior to, the creation of such security interest, take any and all action necessary to procure that all amounts payable under the Guarantee are secured by such security interest equally and rateably or such other security interest is provided for such amounts as is not materially less beneficial to the interests of the Noteholders or as shall be approved by an Extraordinary Resolution of the Noteholders, provided that in the event of a merger, amalgamation or consolidation of the Guarantor with another company the provisions of this Condition 3(b) shall not apply with regard to any security in respect of any Relevant Indebtedness over the assets of that other company which security exists at the time of such merger, amalgamation or consolidation (other than any such security created in contemplation thereof) and any such security thereafter created by the resulting or surviving entity in substitution for the aforesaid security over assets the value of which does not materially exceed the current value of the assets subject to such security immediately prior to such merger, amalgamation or consolidation.

For the purposes of this Condition 3, “Relevant Indebtedness” means any indebtedness now or hereafter existing which is in the form of or represented or evidenced by any bonds, notes or other securities which, in any such case, are or are capable of being listed on any recognised stock exchange and “Subsidiary” means any company of which the Issuer shall own more than 50 per cent. of the outstanding voting stock of such company.

### **4. Interest**

#### **(a) *Interest on Fixed Rate Notes***

Each Fixed Rate Note bears interest from (and including) the Interest Commencement Date specified in the applicable Final Terms (or the Issue Date, if no Interest Commencement Date is separately specified) to (but excluding) the Maturity Date specified in the applicable Final Terms at the rate(s) per annum equal to the Rate(s) of Interest so specified. Interest will be payable in arrear on the Interest Payment Date(s) in each year and on the Maturity Date so specified if that does not fall on an Interest Payment Date. If the Notes are in definitive form, except as provided in the applicable Final Terms, or if the applicable Final Terms specify that a Fixed Coupon Amount or Broken Amount(s) applies in the case of Notes represented by a global Note, the amount of interest payable on each Interest Payment Date in respect of the Fixed Interest Period ending on (but excluding) such date will amount to the Fixed Coupon Amount as specified in the applicable Final Terms. Payments of interest

on any Interest Payment Date will, if so specified in the applicable Final Terms, amount to the Broken Amount(s) so specified.

As used in these Terms and Conditions, “Fixed Interest Period” means the period from (and including) an Interest Payment Date (or the Interest Commencement Date or the Issue Date, as the case may be) to (but excluding) the next (or first) Interest Payment Date or Maturity Date.

Unless specified otherwise in the applicable Final Terms, the “Following Business Day Convention” will apply to the payment of all Fixed Rate Notes, meaning that if the Interest Payment Date or Maturity Date would otherwise fall on a day which is not a Business Day (as defined in Condition 4(b)(i) below), the related payment of principal or interest will be made on the next succeeding Business Day as if made on the date such payment was due. If the “Modified Following Business Day Convention” is specified in the applicable Final Terms for any Fixed Rate Note, it shall mean that if the Interest Payment Date or Maturity Date would otherwise fall on a day which is not a Business Day (as defined in Condition 4(b)(i) below), the related payment of principal or interest will be made on the next succeeding Business Day as if made on the date such payment was due unless it would thereby fall into the next calendar month in which event the full amount of payment shall be made on the immediately preceding Business Day as if made on the day such payment was due. Unless specified otherwise in the applicable Final Terms, the amount of interest due shall not be changed if payment is made on a day other than an Interest Payment Date or the Maturity Date as a result of the application of a Business Day Convention specified above or other Business Day Convention specified in the applicable Final Terms.

Except in the case of (i) Notes in definitive form where a Fixed Coupon Amount or Broken Amount is specified in the applicable Final Terms or (ii) Notes represented by a global Note where the applicable Final Terms specify that a Fixed Coupon Amount or a Broken Amount shall apply, interest shall be calculated in respect of any period by applying the Rate of Interest to:

- (i) in the case of Fixed Rate Notes which are represented by a global Note, the aggregate outstanding nominal amount of the Fixed Rate Notes represented by such global Note; or
- (ii) in the case of Fixed Rate Notes in definitive form, the Calculation Amount;

and, in each case, multiplying such sum by the applicable Day Count Fraction (as specified in the applicable Final Terms) and rounding the resultant figure to the nearest sub-unit of the relevant Specified Currency, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention. Where the Specified Denomination of a Fixed Rate Note in definitive form is a multiple of the Calculation Amount, the amount of interest payable in respect of such Fixed Rate Note shall be the product of the amount (determined in the manner provided above) for the Calculation Amount and the amount by which the Calculation Amount is multiplied to reach the Specified Denomination, without any further rounding.

In these Terms and Conditions, “Day Count Fraction” means (unless specified otherwise in the applicable Final Terms):

- (i) if “Actual/Actual (ICMA)” is specified in the applicable Final Terms:
  - (A) in the case of Notes where the number of days in the relevant period from (and including) the most recent Interest Payment Date (or, if none, the Interest Commencement Date or Issue Date, as applicable) to (but excluding) the relevant payment date (the “Accrual Period”) is equal to or shorter than the Determination Period (as defined below) during which the Accrual Period ends, the number of days in such Accrual Period divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Dates (as specified in the applicable Final Terms) that would occur in one calendar year assuming interest was to be payable in respect of the whole of that year; or
  - (B) in the case of Notes where the Accrual Period is longer than the Determination Period during which the Accrual Period ends, the sum of:

- (1) the number of days in such Accrual Period falling in the Determination Period in which the Accrual Period begins divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Dates (as specified in the applicable Final Terms) that would occur in one calendar year assuming interest was to be payable in respect of the whole of that year; and
  - (2) the number of days in such Accrual Period falling in the next Determination Period divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Dates (as specified in the applicable Final Terms) that would occur in one calendar year assuming interest was to be payable in respect of the whole of that year; and
- (ii) if “30/360” is specified in the applicable Final Terms, the number of days in the relevant period from (and including) the most recent Interest Payment Date (or, if none, the Interest Commencement Date or Issue Date, as applicable) to (but excluding) the next scheduled Interest Payment Date or the Maturity Date (such number of days being calculated on the basis of a year of 360 days with 12 30-day months) divided by 360 and, in the case of an incomplete month, the number of days elapsed; and

“Determination Period” means each period from (and including) a Determination Date (as specified in the applicable Final Terms) to (but excluding) the next Determination Date (including, where either the Interest Commencement Date or the final Interest Payment Date is not a Determination Date, the period commencing on the first Determination Date prior to, and ending on the first Determination Date falling after, such date); and

“sub-unit” means, with respect to any currency other than euro, the lowest amount of such currency that is available as legal tender in the country of such currency and, with respect to euro, means one cent.

**(b) Interest on Floating Rate Notes**

**(i) Interest Payment Dates**

Each Floating Rate Note bears interest from (and including) the Interest Commencement Date specified in the applicable Final Terms (or the Issue Date, if no Interest Commencement Date is separately specified) and at the rate equal to the Rate of Interest payable in arrear on the Maturity Date and on either:

- (A) the Specified Interest Payment Date(s) (each, together with the Maturity Date, an “Interest Payment Date”) in each year specified in the applicable Final Terms; or
- (B) if no Specified Interest Payment Date(s) is/are specified in the applicable Final Terms, each date (each such date, together with the Maturity Date, an “Interest Payment Date”) which falls the number of months or other period specified as the Specified Period in the applicable Final Terms after the preceding Interest Payment Date or, in the case of the first Interest Payment Date, after the Interest Commencement Date or Issue Date, as applicable.

Such interest will be payable in respect of each Interest Period. In these Terms and Conditions, “Interest Period” means the period from (and including) an Interest Payment Date (or the Interest Commencement Date or Issue Date, as applicable) to (but excluding) the next (or first) Interest Payment Date).

If a Business Day Convention is specified in the applicable Final Terms and (x) if there is no numerically corresponding day in the calendar month in which an Interest Payment Date should occur or (y) if any Interest Payment Date would otherwise fall on a day which is not a Business Day (as defined below), then, if the Business Day Convention specified is:

- (1) in any case where a Specified Period is specified in accordance with Condition 4(b)(i)(B) above, the Floating Rate Convention, such Interest Payment Date (i) in the case of (x) above, shall be the last day that is a Business Day in the relevant month and the provisions of (B) below in this sub-paragraph (1) shall apply *mutatis mutandis* or (ii) in the case of (y) above, shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event (A) such Interest Payment Date shall be brought forward to the immediately preceding Business Day and (B) each subsequent Interest Payment Date shall be the last Business Day in the month which falls within the Specified Period after the preceding applicable Interest Payment Date occurred; or
- (2) the Following Business Day Convention, such Interest Payment Date shall be postponed to the next day which is a Business Day; or
- (3) the Modified Following Business Day Convention, such Interest Payment Date shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event such Interest Payment Date shall be brought forward to the immediately preceding Business Day; or
- (4) the Preceding Business Day Convention, such Interest Payment Date shall be brought forward to the immediately preceding Business Day.

In these Terms and Conditions, “Business Day” means a day which is both:

- (A) a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in each place as is specified in the applicable Final Terms (each an “Additional Business Centre”); and
- (B) (1) in relation to any sum payable in a Specified Currency other than euro and Renminbi, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the principal financial centre of the country of the relevant Specified Currency (which, if the Specified Currency is Australian dollars or New Zealand dollars, shall be Sydney and Auckland, respectively); (2) in relation to any sum payable in euro, a day on which the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET2) System or any successor thereto (the “TARGET2 System”) is open; or (3) in relation to any sum payable in Renminbi, a day on which commercial banks and foreign exchange markets are open for business and settlement of Renminbi payments in Hong Kong. Unless otherwise provided in the applicable Final Terms, the principal financial centre of any country for the purpose of these Terms and Conditions shall be as provided in the 2006 ISDA Definitions (as published by the International Swaps and Derivatives Association, Inc.) as supplemented, amended and updated as of the first Issue Date of the Notes of the relevant Series (the “ISDA Definitions”) (except if the Specified Currency is Australian dollars or New Zealand dollars the principal financial centre shall be Sydney and Auckland, respectively).

(ii) Rate of Interest

The Rate of Interest payable from time to time in respect of Floating Rate Notes will be determined in the manner specified in the applicable Final Terms.

(iii) ISDA Determination

Where ISDA Determination is specified in the applicable Final Terms as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Period will be the relevant ISDA Rate plus or minus (as indicated in the applicable Final Terms) the Margin (if any) as determined by the Agent (or such other Calculation Agent specified in the applicable Final Terms). For the purposes of this sub-paragraph (iii) “ISDA Rate plus or minus (as indicated in the applicable Final

Terms) the Margin (if any)" for an Interest Period means a rate equal to the Floating Rate that would be determined under an interest rate swap transaction under the terms of an agreement (regardless of any event of default or termination event thereunder) incorporating the ISDA Definitions with the holder of the relevant Note and under which:

- (A) the manner in which the Rate of Interest is to be determined is the "Floating Rate Option" as specified in the applicable Final Terms;
- (B) the Issuer is the "Floating Rate Payer";
- (C) the Agent or other person specified in the applicable Final Terms is the "Calculation Agent";
- (D) the Interest Commencement Date is the "Effective Date";
- (E) the Aggregate Nominal Amount of Notes is the "Notional Amount";
- (F) the relevant Interest Period is the "Designated Maturity" as specified in the applicable Final Terms;
- (G) the Interest Payment Dates are the "Floating Rate Payer Payment Dates";
- (H) the Margin is the "Spread"; and
- (I) the relevant Reset Date is the day specified in the applicable Final Terms.

When this sub-paragraph (iii) applies with respect to each relevant Interest Payment Date:

- (A) the amount of interest determined for such Interest Payment Date shall be the Interest Amount for the relevant Interest Period for the purposes of these Terms and Conditions as though calculated under sub-paragraph (vi) below; and
- (B) (i) "Floating Rate", "Floating Rate Option", "Floating Rate Payer", "Effective Date", "Notional Amount", "Floating Rate Payer Payment Dates", "Spread", "Calculation Agent", "Designated Maturity" and "Reset Date" have the meanings given to those terms in the ISDA Definitions; and (ii) "Euro-zone" means the region comprised of the Member States of the European Union that adopt the single currency in accordance with the Treaty on the Functioning of the European Union, as amended).

(iv) Screen Rate Determination for Floating Rate Notes

Where Screen Rate Determination is specified in the applicable Final Terms as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Period will, subject as provided below, be either:

- (A) the rate or offered quotation (if there is only one rate or offered quotation on the Relevant Screen Page); or
- (B) the arithmetic mean (rounded if necessary to the fourth decimal place, with 0.00005 being rounded upwards) of the rates or offered quotations,

(expressed as a percentage rate per annum), for the Reference Rate (as specified in the applicable Final Terms) for deposits in the Specified Currency for that Interest Period which appears or appear, as the case may be, on the Relevant Screen Page (or such replacement page on that service which displays the information) (as specified in the applicable Final Terms) as at 11.00 a.m. (in the Relevant Financial Centre specified in the applicable Final Terms) on the Interest Determination Date (as defined below) in question plus or minus (as indicated in the applicable Final Terms) the Margin (if any), all as determined by the Agent (or such other Calculation Agent specified in the applicable Final Terms). If,

in the case of (B) above, five or more of such rates or offered quotations are available on the Relevant Screen Page, the highest (or, if there is more than one such highest rate or offered quotation, one only of such rates or offered quotations) and the lowest (or, if there is more than one such lowest rate or offered quotation, one only of such rates or offered quotations) shall be disregarded by the Agent (or such other Calculation Agent specified in the applicable Final Terms) for the purpose of determining the arithmetic mean (rounded as provided above) of such rates or offered quotations.

The expression “Reference Rate” means EURIBOR or LIBOR as specified in the applicable Final Terms and the expression “Relevant Screen Page” means such page, whatever its designation, on which the Reference Rate that is for the time being displayed on the Reuters Monitor Money Rates Service or Dow Jones Market Limited or such other service, as specified in the applicable Final Terms.

The Agency Agreement contains provisions for determining the Rate of Interest in the event that the Relevant Screen Page is not available or if, in the case of (A) above, no such rate or quotation appears or, in the case of (B) above, fewer than three of such rates or offered quotations appear, in each case as at the time specified in the preceding paragraph.

(v) Minimum Rate of Interest and/or Maximum Rate of Interest

If the applicable Final Terms specifies a Minimum Rate of Interest for any Interest Period, then, in the event that the Rate of Interest in respect of any such Interest Period determined in accordance with the above provisions is less than such Minimum Rate of Interest, the Rate of Interest for such Interest Period shall be such Minimum Rate of Interest. If the applicable Final Terms specifies a Maximum Rate of Interest for any Interest Period, then, in the event that the Rate of Interest in respect of any such Interest Period determined in accordance with the above provisions is greater than such Maximum Rate of Interest, the Rate of Interest for such Interest Period shall be such Maximum Rate of Interest.

(vi) Determination of Rate of Interest and Calculation of Interest Amounts

The Agent (or if the Agent is not the Calculation Agent, the Calculation Agent specified in the applicable Final Terms) will calculate the amount of interest (the “Interest Amount”) payable on the Floating Rate Notes for the relevant Interest Period by applying the Rate of Interest to:

- (A) in the case of Floating Rate Notes which are represented by a global Note, the aggregate outstanding nominal amount of the Notes represented by such global Note;  
or
- (B) in the case of Floating Rate Notes in definitive form, the Calculation Amount;

and, in each case multiplying such sum by the applicable Day Count Fraction (as specified in the applicable Final Terms) and rounding the resultant figure to the nearest sub-unit of the relevant Specified Currency half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention. Without prejudice to sub-paragraph (viii) below, the determination of the Rate of Interest and calculation of each Interest Amount by the Agent (or the Calculation Agent specified in the applicable Final Terms if the Agent is not the Calculation Agent) shall (in the absence of negligence, wilful default, bad faith or manifest error) be binding on all parties. Where the Specified Denomination of a Floating Rate Note in definitive form is a multiple of the Calculation Amount, the Interest Amount payable in respect of such Note shall be the product of the amount (determined in the manner provided above) for the Calculation Amount and the amount by which the Calculation Amount is multiplied to reach the Specified Denomination, without any further rounding.

“Day Count Fraction” means in respect of the calculation of an amount of interest for any Interest Period:

- (A) if “Actual/Actual (ISDA)” or “Actual/Actual” is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 365 (or, if any portion of that Interest Period falls in a leap year, the sum of (A) the actual number of days in that portion of the Interest Period falling in a leap year divided by 366 and (B)



the actual number of days in that portion of the Interest Period falling in a non-leap year divided by 365);

- (B) if “Actual/365 (Fixed)” is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 365;
- (C) if “Actual/360” is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 360;
- (D) if “30/360”, “360/360” or “Bond Basis” is specified in the applicable Final Terms, the number of days in the Interest Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

“Y<sub>1</sub>” is the year, expressed as a number, in which the first day of the Interest Period falls;

“Y<sub>2</sub>” is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

“M<sub>1</sub>” is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

“M<sub>2</sub>” is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

“D<sub>1</sub>” is the first calendar day, expressed as a number, of the Interest Period, unless such number is 31, in which case D<sub>1</sub> will be 30; and

“D<sub>2</sub>” is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless such number would be 31 and D<sub>1</sub> is greater than 29, in which case D<sub>2</sub> will be 30;

- (E) if “30E/360” or “Eurobond Basis” is specified in the applicable Final Terms, the number of days in the Interest Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

“Y<sub>1</sub>” is the year, expressed as a number, in which the first day of the Interest Period falls;

“Y<sub>2</sub>” is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

“M<sub>1</sub>” is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

“M<sub>2</sub>” is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

“D<sub>1</sub>” is the first calendar day, expressed as a number, of the Interest Period, unless such number would be 31, in which case D<sub>1</sub> will be 30; and

“D<sub>2</sub>” is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless such number would be 31, in which case D<sub>2</sub> will be 30;

- (F) if “30E/360 (ISDA)” is specified in the applicable Final Terms, the number of days in the Interest Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

“Y<sub>1</sub>” is the year, expressed as a number, in which the first day of the Interest Period falls;

“Y<sub>2</sub>” is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

“M<sub>1</sub>” is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

“M<sub>2</sub>” is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

“D<sub>1</sub>” is the first calendar day, expressed as a number, of the Interest Period, unless (i) that day is the last day of February or (ii) such number would be 31, in which case D<sub>1</sub> will be 30; and

“D<sub>2</sub>” is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless (i) that day is the last day of February but not the Maturity Date or (ii) such number would be 31, in which case D<sub>2</sub> will be 30; and

- (G) if “Actual/365 (Sterling)” is specified in the applicable Final Terms, the number of days in the Interest Period divided by 365 or, in the case of an Interest Payment Date falling in a leap year, 366.

(vii) Linear Interpolation

Where Linear Interpolation is specified as applicable in respect of an Interest Period or Specified Period in the applicable Final Terms, the Rate of Interest for such Interest Period or Specified Period shall be calculated by the Agent (or if the Agent is not the Calculation Agent, the Calculation Agent specified in the applicable Final Terms) by straight line linear interpolation by reference to two rates based on the relevant Reference Rate (where Screen Rate Determination is specified as applicable in the applicable Final Terms) or the relevant Floating Rate Option (where ISDA Determination is specified as applicable in the applicable Final Terms), one of which shall be determined as if the Designated Maturity (as defined below) were the period of time for which rates are available next shorter than the length of the relevant Interest Period or Specified Period and the other of which shall be determined as if the Designated Maturity were the period of time for which rates are available next longer than the length of the relevant Interest Period or Specified Period, provided however, that if there is no rate available for a period of time next shorter or, as the case may be, next longer, then the Agent (or if the Agent is not the Calculation Agent, the Calculation Agent specified in the applicable Final Terms) shall determine such rate at such time and by reference to such sources as it determines appropriate. For the purposes of this paragraph, the expression “Designated Maturity” means, in relation to Screen Rate Determination, the period of time designated in the Reference Rate.

(viii) Notification of Rate of Interest and Interest Amount

The Agent will cause the Rate of Interest and each Interest Amount for each Interest Period or Specified Period and the relevant Interest Payment Date to be notified to the Issuer, the Guarantor (if

applicable), the other Paying Agents, the Registrar and the Transfer Agent (in the case of Registered Notes) and the relevant stock exchange or other relevant authority on which the relevant Floating Rate Notes are for the time being admitted to trading or listing and will cause notice thereof to be published or given in accordance with Condition 14 as soon as possible after their determination but in no event later than the earlier of the fourth London Business Day thereafter or the first Business Day of each Interest Period or Specified Period. Each Interest Amount and Interest Payment Date so notified may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without publication as aforesaid or prior notice in the event of an extension or shortening of the Interest Period or Specified Period in accordance with the provisions hereof. Any such amendment or alternative arrangements will promptly be notified to each stock exchange or other relevant authority on which the relevant Floating Rate Notes are for the time being admitted to trading or listing. For the purposes of this paragraph, the expression "London Business Day" means a day (other than a Saturday or a Sunday) on which banks and foreign exchange markets are open for business in London.

(ix) **Certificates to be Final**

All certificates, communications, opinions, determinations, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of this Condition 4(b), whether by the Agent or other Calculation Agent, shall (in the absence of negligence, wilful default, bad faith or manifest error) be binding on the Issuer, the Guarantor (if applicable), the Agent, Calculation Agent (if applicable), any other Paying Agents and all Noteholders and Couponholders and (in the case of Registered Notes) the Registrar and the Transfer Agent and (in the absence as aforesaid) no liability to the Issuer, the Guarantor (if applicable), the Noteholders or the Couponholders shall attach to the Agent or the Calculation Agent (if applicable) in connection with the exercise or non-exercise by it of its powers, duties and discretions pursuant to such provisions.

(c) ***Accrual of Interest***

Each Note (or in the case of the redemption of part only of a Note, that part only of such Note to be redeemed) will cease to bear interest (if any) from the date scheduled for its redemption unless payment of principal is improperly withheld or refused. In such event, interest will continue to accrue at the rate of interest then applicable or at such other rate as may be specified in the applicable Final Terms until the earlier of (i) the day on which, upon due presentation or surrender of such Note (if required), the relevant payment is made; and (ii) the seventh day after the date on which the Agent or (in the case of Registered Notes) the Registrar or the Transfer Agent having received the funds required to make such payment, notice is given to the Noteholders in accordance with Condition 14 of that circumstance (except to the extent that there is failure in the subsequent payment thereof to the relevant Noteholders).

**5. Payments**

(a) ***Method of Payment***

Subject as provided below:

- (i) payments in a Specified Currency other than euro, U.S. dollars or Renminbi, will be made by transfer to an account in the relevant Specified Currency (which, in the case of a payment in Japanese Yen to a non-resident of Japan, shall be a non-resident account) maintained by the payee with, or by a cheque in such Specified Currency drawn on, a bank in the principal financial centre of the country of such Specified Currency (which, if the Specified Currency is Australian dollars or New Zealand dollars shall be Sydney or Auckland, respectively) unless specified otherwise in the applicable Final Terms; provided that, if the Specified Currency is Australian dollars, payments will be made outside the Commonwealth of Australia by Australian dollar cheque drawn on, or by transfer to an Australian dollar account maintained by the payee with, a bank outside Australia;
- (ii) payments in euro will be made by credit or transfer to a euro account (or any other account to which euro may be credited or transferred) specified by the payee or, at the option of the payee, by a euro cheque;

- (iii) payments in U.S. dollars, except as provided by Condition 5(d), shall be made by credit or transfer to a U.S. dollar account outside the United States specified by the payee; and
- (iv) payments in Renminbi shall be made by credit or transfer to a Renminbi account maintained by or on behalf of the payee with a bank in Hong Kong or such other financial centre(s) as may be specified in the applicable Final Terms as RMB Settlement Centre(s) in accordance with applicable laws, rules, regulations and guidelines issued from time to time (including all applicable laws and regulations with respect to settlement in Renminbi in Hong Kong or any relevant RMB Settlement Centre).

Without prejudice to the provisions of Condition 7, payments will be subject in all cases to (i) any fiscal or other laws and regulations applicable thereto in any jurisdiction and (ii) any withholding required pursuant to sections 1471 through to 1474 of the U.S. Internal Revenue Code of 1986, as amended (including any regulations or official interpretations issued with respect thereto or any agreement entered into by any person with the IRS pursuant to such provisions) (the “Code”) or any treaty, law, regulation, intergovernmental agreement or official guidance of any other taxing jurisdiction relating to an intergovernmental agreement implementing an alternative to such sections of the Code (collectively, “FATCA”).

**(b) Presentation of Notes and Coupons – Bearer Notes**

Payments of principal in respect of definitive Notes will (subject as provided below) be made in the Specified Currency in the manner provided in Condition 5(a) above only against surrender of such definitive Notes, and payments of interest in respect of definitive Notes will (subject as provided below) be made as aforesaid only against surrender of Coupons, in each case at the specified office of any Paying Agent outside the United States. Payments under Condition 5(a) above made, at the option of the bearer of such Note or Coupon, by cheque shall be mailed or delivered to an address outside the United States furnished by such bearer. Subject to any applicable laws and regulations, such payments made by transfer will be made in immediately available funds to an account maintained by the payee with a bank located outside the United States. No payment in respect of any definitive Note or Coupon will be made upon presentation of such definitive Note or Coupon at any office or agency of the Issuer, the Guarantor (if applicable) or any Paying Agent in the United States, nor will any such payment be made by transfer to an account, or by mail to an address, in the United States.

Fixed Rate Notes in definitive form should be presented for payment together with all unmatured Coupons appertaining thereto (which expression shall for this purpose include Coupons falling to be issued on exchange of matured Talons), failing which the amount of any missing unmatured Coupon (or, in the case of payment not being made in full, the same proportion of the amount of such missing unmatured Coupon as the sum so paid bears to the sum due) will be deducted from the sum due for payment. Each amount of principal so deducted will be paid in the manner mentioned above against surrender of the relevant missing Coupon at any time before the expiry of ten years after the Relevant Date (as defined in Condition 7) in respect of such principal (whether or not such Coupon would otherwise have become void under Condition 8) or, if later, five years from the date on which such Coupon would otherwise have become due. Upon any Fixed Rate Note in definitive form becoming due and repayable prior to its Maturity Date, all unmatured Talons (if any) appertaining thereto will become void and no further Coupons will be issued in respect thereof.

Upon the date on which any Floating Rate Note in definitive form becomes due and repayable, unmatured Coupons and Talons (if any) relating thereto (whether or not attached) shall become void and no payment or, as the case may be, exchange for further Coupons shall be made in respect thereof.

If the due date for redemption of any definitive Note is not an Interest Payment Date, interest (if any) accrued but unpaid in respect of such Note from (and including) the preceding Interest Payment Date or, as the case may be, the Interest Commencement Date or Issue Date (as applicable) shall be payable only against surrender of the relevant definitive Note.

Payments of principal and interest (if any) in respect of Notes represented by any global Note will (subject as provided below) be made in the manner specified above in relation to definitive Notes or otherwise in the manner specified in the relevant global Note, where applicable against presentation

or surrender, as the case may be, of such global Note, if the global Note is not issued in NGN form or held under the NSS, at the specified office of any Paying Agent located outside the United States except as provided below. A record of each payment made, distinguishing between any payment of principal and any payment of interest, will be made on such global Note either by the Paying Agent to which it was presented or in the records of Euroclear and Clearstream, as applicable.

**(c) Presentation and Surrender of Notes – Registered Notes**

Provisions in relation to payments of principal and interest in respect of Registered Notes will be set out in the relevant global Registered Note or definitive Registered Note and as otherwise set out in these Terms and Conditions. Interest on Registered Notes shall be paid to the person shown on the Register on the Record Date, and “Record Date” means, in the case of global Registered Notes, at the close of business on the relevant clearing system business day before the due date for payment thereof or, in the case of Registered Notes in definitive form, at close of business on the fifteenth day before the due date for payment thereof.

**(d) Global Notes**

The holder of a global Note shall be the only person entitled to receive payments in respect of Notes represented by such global Note and the Issuer or, as the case may be, the Guarantor (if applicable) will be discharged by payment to, or to the order of, the holder of such global Note in respect of each amount so paid. Each of the persons shown in the records of Euroclear or Clearstream as the beneficial holder of a particular nominal amount of Notes represented by such global Note must look solely to Euroclear or Clearstream, as the case may be, for the holder’s share of each payment so made by the Issuer or, as the case may be, the Guarantor (if applicable) to, or to the order of, the holder of such global Note. No person other than the holder of such global Note shall have any claim against the Issuer or, as the case may be, the Guarantor (if applicable) in respect of any payments due on that global Note.

Notwithstanding the foregoing, U.S. dollar payments of principal and/or interest in respect of the Notes denominated in U.S. dollars will be made at the specified office of a Paying Agent in the United States (which expression, as used herein, means the United States of America (including the States and the District of Columbia and its possessions)) if:

- (i) the Issuer and (if applicable) the Guarantor have appointed Paying Agents with specified offices outside the United States with the reasonable expectation that such Paying Agents would be able to make payment in U.S. dollars at such specified offices outside the United States of the full amount of principal and interest on the Notes in the manner provided above when due;
- (ii) payment of the full amount of such principal and interest at all such specified offices outside the United States is illegal or effectively precluded by exchange controls or other similar restrictions on the full payment or receipt of principal and interest in U.S. dollars; and
- (iii) such payment is then permitted under United States law without involving, in the opinion of the Issuer and (if applicable) the Guarantor, adverse tax consequences to the Issuer or the Guarantor (if applicable).

**(e) Payment Day**

Unless specified otherwise in the applicable Final Terms, if the due date for payment of any amount in respect of any Note or Coupon is not a Payment Day, the holder thereof shall not be entitled to payment until the next following Payment Day in the relevant place and shall not be entitled to further interest or other payment in respect of such delay. For these purposes, “Payment Day” means any day which (subject to Condition 8) is both:

- (i) a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in:

- (A) the relevant place of presentation (if presentation is required); and
  - (B) any Additional Financial Centre specified in the applicable Final Terms; and
- (ii) (1) in relation to any sum payable in a Specified Currency other than euro or Renminbi, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the principal financial centre of the country of the relevant Specified Currency (which, if the Specified Currency is Australian dollars or New Zealand dollars, shall be Sydney and Auckland, respectively); (2) in relation to any sum payable in euro, a day on which the TARGET2 System is open; or (3) in relation to any sum payable in Renminbi, a day on which banks and foreign exchange markets are open for business and settlement of Renminbi payments in Hong Kong.

Notwithstanding anything herein to the contrary, in the case of Notes issued by Nestlé Holdings, Inc., if for any reason any Note with a stated Maturity Date of six months or less from the Issue Date would mature on a day that is not a Payment Day and would thereby be repayable on a date which is six months or more from the Issue Date, it shall be repaid on the last Payment Day that is not later than six months after the Issue Date.

**(f) Interpretation of Principal and Interest**

Any reference in these Terms and Conditions to principal in respect of the Notes shall be deemed to include, as applicable:

- (i) any additional amounts which may be payable under Condition 7;
- (ii) the Final Redemption Amount of the Notes;
- (iii) the Early Redemption Amount of the Notes;
- (iv) the Optional Redemption Amount(s) (if any) of the Notes;
- (v) in relation to Zero Coupon Notes, the Amortised Face Amount (as defined in Condition 6(j)(ii)); and
- (vi) any premium and any other amounts (other than interest) which may be payable by the Issuer or (where applicable) the Guarantor under or in respect of the Notes.

Any reference in these Terms and Conditions to interest in respect of the Notes shall be deemed to include, as applicable, any additional amounts which may be payable under Condition 7.

**(g) Payment of U.S. Dollar Equivalent**

Notwithstanding any other provisions in these Terms and Conditions, if by reason of Inconvertibility (as defined below), Non-transferability (as defined below) or Illiquidity (as defined below), the Issuer (or the Guarantor, as the case may be) determines in good faith that it is not able, or it would be impracticable for it, to satisfy payments due under the Notes or Coupons (or the Guarantee, as the case may be) in Renminbi in Hong Kong, the Issuer or the Guarantor (as applicable) shall settle any such payment in U.S. dollars on the due date for payment at the U.S. Dollar Equivalent of any such Renminbi denominated amount and give notice thereof (including details thereof) as soon as practicable to the Noteholders in accordance with Condition 14.

In such event, payments of the U.S. Dollar Equivalent of the relevant amounts due under the Notes or Coupons (or the Guarantee, as the case may be) shall be made in accordance with Condition 5(a).

In this Condition 5(g):

“Governmental Authority” means any *de facto* or *de jure* government (or any agency or instrumentality thereof), court, tribunal, administrative or other governmental authority or any other entity (private or public) charged with the regulation of the financial markets (including the central bank) of Hong Kong;

“Illiquidity” means the general Renminbi exchange market in Hong Kong becomes illiquid as a result of which the Issuer (or the Guarantor, as the case may be) cannot obtain sufficient Renminbi in order to satisfy its obligation to make a payment under the Notes or Coupons (or the Guarantee);

“Inconvertibility” means the occurrence of any event that makes it impossible for the Issuer (or the Guarantor, as the case may be) to convert into Renminbi any amount due in respect of the Notes or Coupons (or the Guarantee) into Renminbi on any payment date in the general Renminbi exchange market in Hong Kong, other than where such impossibility is due solely to the failure of the Issuer (or the Guarantor, as the case may be) to comply with any law, rule or regulation enacted by any Governmental Authority (unless such law, rule or regulation is enacted after the Issue Date of the first Tranche of the relevant Series and it is impossible for the Issuer (or the Guarantor, as the case may be) due to an event beyond its control, to comply with such law, rule or regulation);

“Non-transferability” means the occurrence of any event that makes it impossible for the Issuer (or the Guarantor, as the case may be) to deliver Renminbi between accounts inside Hong Kong or from an account inside Hong Kong to an account outside Hong Kong (including where the Renminbi clearing and settlement system for participating banks in Hong Kong is disrupted or suspended), other than where such impossibility is due solely to the failure of the Issuer (or the Guarantor, as the case may be) to comply with any law, rule or regulation enacted by any Governmental Authority (unless such law, rule or regulation is enacted after the Issue Date of the first Tranche of the relevant Series and it is impossible for the Issuer (or the Guarantor, as the case may be) due to an event beyond its control, to comply with such law, rule or regulation);

“Rate Determination Business Day” means a day (other than a Saturday or Sunday) on which commercial banks are open for general business (including dealings in foreign exchange) in Hong Kong, London and New York City;

“Rate Determination Date” means the day which is two Rate Determination Business Days before the due date of the relevant amount under the Notes;

“Spot Rate” means, unless specified otherwise in the applicable Final Terms, the spot CNY/U.S.\$ exchange rate for the purchase of U.S. dollars with Renminbi in the over-the-counter Renminbi exchange market in Hong Kong for settlement in two Rate Determination Business Days, as determined by the Calculation Agent at or around 11.00 a.m. (Hong Kong time) on the Rate Determination Date, on a deliverable basis by reference to Reuters Screen Page TRADCNY3, or if no such rate is available, on a non-deliverable basis by reference to Reuters Screen Page TRADNDF. If neither rate is available, the Calculation Agent shall determine the rate taking into consideration all available information which the Calculation Agent deems relevant, including pricing information obtained from the Renminbi non-deliverable exchange market in Hong Kong or elsewhere and the CNY/U.S.\$ exchange rate in the PRC domestic foreign exchange market; and

“U.S. Dollar Equivalent” means the relevant Renminbi amount converted into U.S. dollars using the Spot Rate for the relevant Rate Determination Date.

All certificates, communications, opinions, determinations, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of this Condition 5(g), whether by the Agent or other Calculation Agent, shall (in the absence of negligence, wilful default, bad faith or manifest error) be binding on the Issuer, the Guarantor (if applicable), the Agent, Calculation Agent (if applicable), any other Paying Agents and all Noteholders and Couponholders and (in the case of Registered Notes) the Registrar and the Transfer Agent and (in the absence as aforesaid) no liability to the Issuer, the Guarantor (if applicable), the Noteholders or the Couponholders shall attach to the Agent or the Calculation Agent (if applicable) in connection with the exercise or non-exercise by it of its powers, duties and discretions pursuant to such provisions.

## **6. Redemption and Purchase**

### **(a) At Maturity**

Unless previously redeemed or purchased and cancelled as specified below, each Note will be redeemed by the Issuer at its Final Redemption Amount specified in the applicable Final Terms in the relevant Specified Currency on the Maturity Date specified in the applicable Final Terms.

### **(b) Redemption for Tax Reasons**

(i) The Notes may be redeemed at the option of the Issuer in whole, but not in part, at any time (in the case of Notes other than Floating Rate Notes) or on any Interest Payment Date (in the case of Floating Rate Notes), on giving not less than 30 nor more than 60 days' notice to the Agent or (in the case of Registered Notes) the Registrar and the Transfer Agent, and, in accordance with Condition 14, the Noteholders (which notice shall be irrevocable), if:

(A) on the occasion of the next payment due under the Notes or (if applicable) the Guarantee, the Issuer or (if applicable) the Guarantor, as the case may be, will be or is expected to become obliged to pay additional amounts as provided or referred to in Condition 7 as a result of any change in, or amendment to, the laws or regulations of the jurisdiction in which the Issuer is incorporated or, in the case of payment by the Guarantor (if applicable), Switzerland or, in either case, any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations, which change or amendment is expected to become effective on or after the Issue Date of the first Tranche of the Notes; and

(B) such obligation cannot be avoided by the Issuer or (where applicable) the Guarantor taking reasonable measures available to it,

provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer or (where applicable) the Guarantor would be obliged to pay such additional amounts were a payment in respect of the Notes then due. Prior to the publication of any notice of redemption pursuant to this Condition 6(b), the Issuer shall deliver to the Agent or (in the case of Registered Notes) the Registrar and the Transfer Agent, a certificate signed by an officer of the Issuer stating that the obligation referred to in (A) above cannot be avoided by the Issuer or (if applicable) the Guarantor taking reasonable measures available to it and the Agent shall be entitled to accept such certificate as sufficient evidence of the satisfaction of the conditions precedent set out in (B) above in which event it shall be conclusive and binding on the Noteholders and the Couponholders.

(ii) If the Issuer or the Guarantor (if applicable) would, on the next payment in respect of the Notes, be prevented by the law of the jurisdiction in which the Issuer is incorporated or, in the case of payment by the Guarantor (if applicable), Switzerland, from making payment of the full amount then due and payable, notwithstanding the undertaking to pay additional amounts contained in Condition 7, then the Issuer shall forthwith give notice of such fact to the Agent or (in the case of Registered Notes) the Registrar and the Transfer Agent, and the Issuer shall redeem all, but not some only, of the Notes then outstanding upon giving prior notice to the holders of Notes in accordance with Condition 14, provided that the due date for redemption of which notice hereunder shall be given shall be the latest practicable date at which the Issuer or the Guarantor (if applicable), as the case may be, could make payment without withholding or, if that date is past, as soon as practicable thereafter.

Each Note redeemed pursuant to this Condition 6(b) will be redeemed at its Early Redemption Amount referred to in Condition 6(j) below together (if appropriate) with interest accrued but unpaid to (but excluding) the date of redemption.



(c) ***Final Terms***

The Final Terms applicable to the Notes indicates either:

- (i) that the Notes cannot be redeemed prior to their Maturity Date (except as otherwise provided in Condition 6(b) above and in Condition 9); or
- (ii) that such Notes will be redeemable at the option of the Issuer and/or the holders of the Notes prior to such Maturity Date in accordance with the provisions of Conditions 6(d), 6(e), 6(f) and/or 6(h) on the date or dates and at the amount or amounts indicated in the applicable Final Terms.

(d) ***Redemption at the Option of the Issuer (Issuer Call)***

If Issuer Call is specified as being applicable in the applicable Final Terms, the Issuer may, having given not less than 30 nor more than 60 days' notice (or such other period of notice as is specified in the applicable Final Terms) to the Agent or (in the case of Registered Notes) the Registrar and the Transfer Agent, and, in accordance with Condition 14, the Noteholders (which notice shall be irrevocable), redeem all or some only of the Notes then outstanding on the Optional Redemption Date(s) and at the Optional Redemption Amount(s) specified in the applicable Final Terms together, if appropriate, with interest accrued but unpaid to (but excluding) the Optional Redemption Date(s). Any such redemption must be of a nominal amount not less than the Minimum Redemption Amount and/or not greater than the Maximum Redemption Amount, both as indicated in the applicable Final Terms.

(e) ***Redemption at the Option of the Issuer (Issuer Maturity Par Call)***

If the Issuer Maturity Par Call is specified as being applicable in the applicable Final Terms, the Issuer may, having given not less than 30 nor more than 60 days' notice (or such other period of notice as is specified in the applicable Final Terms) to the Agent or (in the case of Registered Notes) the Registrar and the Transfer Agent, and, in accordance with Condition 14, the Noteholders (which notice shall be irrevocable and shall specify the date fixed for redemption), redeem the Notes in whole, but not in part, at any time during the period commencing on (and including) the day that is 90 days prior to the Maturity Date to (but excluding) the Maturity Date, at the Final Redemption Amount specified in the applicable Final Terms, together (if appropriate) with interest accrued but unpaid to (but excluding) the date fixed for redemption.

(f) ***Redemption at the Option of the Issuer (Issuer Make-Whole Call)***

If the Issuer Make-Whole Call is specified as being applicable in the applicable Final Terms, the Issuer may, having given not less than 30 nor more than 60 days' notice (or such other period of notice as is specified in the applicable Final Terms) to the Agent or (in the case of Registered Notes) the Registrar and the Transfer Agent, and, in accordance with Condition 14, the Noteholders (which notice shall be irrevocable and shall specify the date fixed for redemption), redeem all or some only of the Notes then outstanding on any Optional Redemption Date (that is, if the Issuer Maturity Par Call is specified to be applicable in the applicable Final Terms, more than 90 days prior to the Maturity Date) and at the Optional Redemption Amount(s) specified in the applicable Final Terms together (if appropriate) with interest accrued but unpaid to (but excluding) the relevant Optional Redemption Date. Any such redemption must be of a nominal amount not less than the Minimum Redemption Amount and/or not greater than the Maximum Redemption Amount, both as indicated in the applicable Final Terms.

If the Special Redemption Amount is specified in the applicable Final Terms as the Optional Redemption Amount, the Optional Redemption Amount with respect to the Notes shall be equal to the higher of:

- (a) 100 per cent. of the principal amount of the Notes being redeemed; or
- (b) the price (as reported to the Issuer and the Calculation Agent by the Financial Adviser and expressed as a percentage) that provides for a Gross Redemption Yield

on such Notes on the Reference Date equal (after adjusting for any difference in compounding frequency) to the Gross Redemption Yield provided by the Reference Bonds based on the Reference Bond Rate at the Specified Time on the Reference Date plus the Redemption Margin (if any).

Where:

“Financial Adviser” means a financial adviser selected by the Calculation Agent after consultation with the Issuer.

“Gross Redemption Yield” means a yield expressed as a percentage and calculated by the Financial Adviser in accordance with generally accepted market practice.

“Redemption Margin” shall be as set out in the applicable Final Terms.

“Reference Bonds” means, as at the Reference Date, the then current on-the-run government securities that would be utilised in pricing new issues of corporate debt securities denominated in the same currency as the Notes, as determined by the Financial Adviser.

“Reference Bond Rate” means the actual or, where there is more than one Reference Bond, interpolated rate per annum calculated by the Financial Adviser in accordance with generally accepted market practice by reference to the arithmetic mean of the middle market prices provided by three Reference Dealers for the Reference Bond(s) having an actual or interpolated maturity equal to the remaining term of the Notes (if the Notes were to remain outstanding to the Maturity Date).

“Reference Date” means the fifth London Business Day prior to the Optional Redemption Date.

“Reference Dealer” means a bank selected by the Issuer or its affiliates in consultation with the Financial Adviser which is (A) a primary government securities dealer, or (B) a market maker in pricing corporate bond issues.

“Specified Time” shall be as set out in the applicable Final Terms.

All certificates, communications, opinions, determinations, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of this Condition 6(f), by the Financial Adviser, shall (in the absence of negligence, wilful default, bad faith or manifest error) be binding on the Issuer, the Guarantor (if applicable), the Agent, Calculation Agent (if applicable), any other Paying Agents and all Noteholders and Couponholders and (in the case of Registered Notes) the Registrar and the Transfer Agent and (in the absence as aforesaid) no liability to the Issuer, the Guarantor (if applicable), the Noteholders or the Couponholders shall attach to the Financial Adviser in connection with the exercise or non-exercise by it of its powers, duties and discretions pursuant to the provisions of this Condition 6(f).

**(g) *Partial Redemption***

In the event of redemption of some only of the Notes under Condition 6(d) or Condition 6(f), the Notes to be redeemed (“Redeemed Notes”) will be selected individually by lot, in the case of Redeemed Notes represented by definitive Notes, and in accordance with the rules of Euroclear and/or Clearstream, (to be reflected in the records of Euroclear and Clearstream as either a pool factor or a reduction in nominal amount, at their discretion) in the case of Redeemed Notes represented by a global Note, not more than 60 days prior to the date fixed for redemption (such date of selection being hereinafter called the “Selection Date”). In the case of Redeemed Notes represented by definitive Notes, a list of the serial numbers of such Redeemed Notes will be published or notified in accordance with Condition 14 not less than 30 days prior to the date fixed for redemption, or such other period as is specified in the applicable Final Terms. No exchange of the relevant global Note will be permitted during the period from and including the Selection Date to and including the date fixed for redemption pursuant to this Condition 6(g) and notice to that effect shall be given by the Issuer to the Noteholders in accordance with Condition 14 at least 10 days prior to the Selection Date.

**(h) Redemption at the Option of the Noteholders (Investor Put)**

If Investor Put is specified as being applicable in the applicable Final Terms, upon the holder of any Note giving to the Issuer in accordance with Condition 14 not less than 30 nor more than 60 days' notice (which notice shall be irrevocable) the Issuer will, upon the expiry of such notice, redeem, in whole (but not in part), such Note on the Optional Redemption Date and at the Optional Redemption Amount specified in the applicable Final Terms together, if appropriate, with interest accrued but unpaid to (but excluding) the Optional Redemption Date.

To exercise the right to require redemption of the Note the holder of the Note must, if the Note is in definitive form and held outside Euroclear and Clearstream, deliver, at the specified office of any Paying Agent (other than the Transfer Agent), in the case of Bearer Notes, or the Registrar or Transfer Agent, in the case of Registered Notes, at any time during normal business hours of such Paying Agent or the Registrar or Transfer Agent falling within the notice period, a duly completed and signed notice of exercise in the form (for the time being current) obtainable from any specified office of any Paying Agent, or the Registrar or the Transfer Agent (a "Put Notice") and in which the holder must specify a bank account (or, if payment is required to be made by cheque, an address) to which payment is to be made under this Condition 6(h) accompanied by the Note or evidence satisfactory to the Paying Agent concerned that such Note will, following delivery of the Put Notice, be held to its order or under its control.

If the Note is represented by a global Note or is in definitive form and held through Euroclear or Clearstream, to exercise the right to require redemption of the Note the holder of the Note must, within the notice period, give notice to the Agent in the case of Bearer Notes, or the Registrar or the Transfer Agent, in the case of Registered Notes, of such exercise in accordance with the standard procedures of Euroclear and Clearstream (which may include notice being given on his instruction by Euroclear or Clearstream or any common depositary or, as the case may be, the common safekeeper for them to the Agent, or the Registrar or the Transfer Agent (in the case of Registered Notes) by electronic means) in a form acceptable to Euroclear and Clearstream from time to time.

**(i) Redemption on change of ownership of the Issuer**

If Nestlé S.A. shall cease to own, directly or indirectly, at least 51 per cent. of the outstanding voting stock or share capital, as the case may be, issued by the Issuer, the Issuer shall give notice to such effect by publication in accordance with Condition 14 within 10 days of the occurrence of such circumstance. Such notice shall state that any Noteholder may cause his Note to be redeemed in whole by duly completing the Redemption Notice on such Note and delivering such Note (together with all unmatured Coupons appertaining thereto or indemnity satisfactory to the Issuer therefor) to the principal office of the Agent or the Paying Agent (other than the Transfer Agent), in the case of Bearer Notes, or the Registrar or the Transfer Agent, in the case of Registered Notes, during the next 30 days commencing from the date of such publication. Each such Note will be redeemed on the fifth Business Day after the end of such 30-day period at its Early Redemption Amount, together (if applicable) with accrued but unpaid interest to the date fixed for redemption.

The delivery of a Note with a duly completed Redemption Notice thereon shall constitute an irrevocable election on the part of the holder thereof to cause such Note to be redeemed on the date fixed for redemption.

**(j) Early Redemption Amounts**

For the purpose of Conditions 6(b) above and Condition 9, each Note will be redeemed at its Early Redemption Amount calculated as follows:

- (i) in the case of Notes (other than Zero Coupon Notes) at the amount specified in the applicable Final Terms or, if no such amount is so specified in the Final Terms, at their nominal amount;  
or
- (ii) in the case of Zero Coupon Notes, at an amount (the "Amortised Face Amount") calculated in accordance with the following formula:

Early Redemption Amount =  $RP \times (1 + AY)^y$

where:

“RP” means the Reference Price; and

“AY” means the Accrual Yield expressed as a decimal; and

“y” is the Day Count Fraction specified in the applicable Final Terms which will be either (i) 30/360 (in which case the numerator will be equal to the number of days (calculated on the basis of a 360 day year consisting of 12 months of 30 days each) from (and including) the Issue Date of the first Tranche of the Notes to (but excluding) the date fixed for redemption or (as the case may be) the date upon which such Note becomes due and repayable and the denominator of which is 360) or (ii) Actual/360 (in which case the numerator will be equal to the actual number of days from (and including) the Issue Date of the first Tranche of the Notes to (but excluding) the date fixed for redemption or (as the case may be) the date upon which such Note becomes due and repayable and the denominator of which is 360) or (iii) Actual/365 (in which case the numerator will be equal to the actual number of days from (and including) the Issue Date of the first Tranche of the Notes to (but excluding) the date fixed for redemption or (as the case may be) the date upon which such Note becomes due and repayable and the denominator of which is 365).

**(k) Purchases**

The Issuer or any of its subsidiaries (other than subsidiaries organised in or under the laws of the United States) may at any time purchase Notes (provided that, in the case of definitive Bearer Notes and Coupons appertaining thereto are purchased therewith) at any price in the open market or otherwise. Such Notes may be held, resold or, at the option of the Issuer, surrendered to any Paying Agent for cancellation.

**(l) Cancellation**

All Notes which are redeemed will forthwith be cancelled (together with all unmatured Coupons attached thereto or surrendered therewith at the time of redemption). All Notes so cancelled and the Notes purchased and cancelled pursuant to Condition 6(k) above (together with all unmatured Coupons cancelled therewith) shall be forwarded to the Agent and cannot be reissued or resold. If any Note is purchased and cancelled without all unmatured Coupons appertaining thereto, the Issuer shall make payment in respect of any such missing Coupon in accordance with Condition 5 as if the relevant Note had remained outstanding for the period to which such Coupon relates.

**(m) Late Payment on Zero Coupon Notes**

If the amount payable in respect of any Zero Coupon Note upon redemption of such Zero Coupon Note pursuant to Conditions 6 (a), (b), (d), (h) or (i) above or upon its becoming due and repayable as provided in Condition 9 is improperly withheld or refused, the amount due and repayable in respect of such Zero Coupon Note shall be the amount calculated as provided in Condition 6(j)(ii) above as though the references therein to the date fixed for the redemption or the date upon which the Zero Coupon Note becomes due and repayable were replaced by references to the date which is the earlier of:

- (i) the date on which all amounts due in respect of the Zero Coupon Note have been paid; and
- (ii) the date on which the full amount of the moneys payable has been received by the Agent and notice to that effect has been given in accordance with Condition 14.

## 7. Taxation

### (a) *Where the Issuer is Nestlé Holdings, Inc.*

The Issuer or, if the Note is guaranteed, the Guarantor (if the Guarantor is obliged to make payments under the Guarantee) will, subject to the exceptions and limitations set forth below and to the extent permitted by law, pay as additional interest on a Note such additional amounts as are necessary in order that the net payment by the Issuer, the Guarantor or any Paying Agent of the principal of and interest on a Note or Coupon to a holder who is a Non-U.S. Holder (as such term is defined below), after deduction for any present or future tax, assessment or governmental charge of the United States, or a political subdivision or authority thereof or therein, imposed by withholding with respect to the payment, will not be less than the amount provided for in such Note or Coupon to be then due and payable; provided, however, that the foregoing obligation to pay additional amounts shall not apply to:

- (i) any tax, assessment or governmental charge that would not have been so imposed but for the existence of any present or former connection between such holder (or between a fiduciary, settlor, beneficiary, member or shareholder of, or holder of power over, such holder, if such holder is an estate, trust, partnership or corporation) and the United States, including, without limitation, such holder (or fiduciary, settlor, beneficiary, member, shareholder or holder of a power) being considered as:
  - (A) being or having been present or engaged in a trade or business in the United States or having or having had a permanent establishment therein;
  - (B) having a current or former relationship with the United States, including a relationship as a citizen or resident or being treated as a resident thereof;
  - (C) being or having been a controlled foreign corporation or a passive foreign investment company each as defined for United States federal income tax purposes, a corporation that has accumulated earnings to avoid United States federal income tax or a private foundation or other tax-exempt organisation; or
  - (D) an actual or a constructive “10-percent shareholder” of the Issuer as defined in Section 871(h)(3) of the Code;
- (ii) any holder who is a fiduciary or partnership or other than the sole beneficial owner of the Note or Coupon, but only to the extent that a beneficiary or settlor with respect to such fiduciary or member of such partnership or a beneficial owner of the Note or Coupon would not have been entitled to the payment of an additional amount had such beneficiary, settlor, member or beneficial owner been the holder of such Note or Coupon;
- (iii) any tax, assessment or governmental charge that would not have been imposed or withheld but for the failure of the holder, if required, to comply with certification, identification or information reporting or any other requirements under United States income tax laws and regulations, without regard to any tax treaty, with respect to the payment, concerning the nationality, residence, identity or connection with the United States of the holder or a beneficial owner of such Note or Coupon, if such compliance is required by United States income tax laws and regulations, without regard to any tax treaty, as a precondition to relief or exemption from such tax, assessment or governmental charge, including in the case of Notes that have a maturity of more than 183 days, failure of the Noteholder or Couponholder or of the beneficial owner of such Note or Coupon, to provide a valid U.S. Internal Revenue Service (“IRS”) Form W-8BEN (or successor or substitute therefor) or other documentation as permitted by official IRS guidance;
- (iv) any tax, assessment or governmental charge that would not have been so imposed or withheld but for the presentation by the holder of such Note or Coupon for payment on a date more than 30 days after the date on which such payment became due and payable or the date on which payment thereof is duly provided for, whichever occurs later;

- (v) any estate, inheritance, gift, sales, transfer, excise, wealth or personal property tax or any similar tax, assessment or governmental charge;
- (vi) any tax, assessment or governmental charge that is payable otherwise than by withholding by the Issuer, the Guarantor or a Paying Agent from the payment of the principal of or interest on such Note or Coupon;
- (vii) any withholding or deduction imposed on a payment to or for an individual and required to be made pursuant to any agreements between the European Community and other countries or territories providing for measures equivalent to those laid down in the Council Directive 2003/48/EC, including, but not limited to, the agreement between the European Union and Switzerland of 26 October 2004, or any law or other governmental regulation implementing or complying with, or introduced in order to conform to, such agreements;
- (viii) any tax required to be withheld or deducted from a payment in respect of such Note or Coupon pursuant to laws enacted by Switzerland providing for the taxation of payments according to principles similar to those laid down in the draft legislation proposed by the Swiss Federal Council on 17 December 2014, or otherwise changing the Swiss federal withholding tax system from an issuer-based system to a paying agent-based system pursuant to which a person in Switzerland other than the Issuer or Guarantor is required to withhold or deduct tax on any interest;
- (ix) any withholding or deduction required to be made pursuant to any agreement between Switzerland and any other country on final withholding taxes (*internationale Quellensteuern*) levied by a Swiss paying agent, as defined in the respective treaty, in respect of an individual resident in the other country on interest or capital gain paid, or credited to an account, relating to such Note or Coupon;
- (x) any tax required to be withheld or deducted from a payment pursuant to FATCA; or
- (xi) any combination of items (i), (ii), (iii), (iv), (v), (vi), (vii), (viii), (ix) or (x).

As used in this Condition and, if applicable, Condition 6, “United States” means the United States of America, the Commonwealth of Puerto Rico and each possession of the United States of America and place subject to its jurisdiction. A “Non-U.S. Holder” is a person other than a U.S. Person. For this purpose, a “U.S. Person” is a person that is, for United States federal income tax purposes, (i) an individual citizen or resident of the United States, (ii) a corporation, partnership or other business entity organised in or under the laws of the United States or its political subdivisions, (iii) a trust subject to the control of a U.S. person and the primary supervision of a U.S. court or (iv) an estate the income of which is subject to United States federal income taxation regardless of its source.

**(b) *Where the Issuer is Nestlé Finance International Ltd.***

All payments of principal and interest in respect of the Notes by the Issuer or the Guarantor (if the Guarantor is obliged to make payments under the Guarantee) will be made without withholding or deduction for or on account of any present or future taxes or duties of whatever nature imposed or levied by or on behalf of Luxembourg or any province, territory or other political subdivision or any authority thereof or therein having power to tax, unless such withholding or deduction is required by law. In the event that the Issuer, the Guarantor or any agent of the Issuer or the Guarantor is required by law to make such withholding or deduction, the Issuer or the Guarantor will pay to the extent permitted by law such additional amounts as shall be necessary in order that the net amounts received by the holders of the Notes or Coupons after such withholding or deduction shall equal the respective amounts of principal and interest which would otherwise have been receivable in respect of the Notes or Coupons, as the case may be, in the absence of such withholding or deduction; except that no such additional amounts shall be payable with respect to any Note or Coupon:

- (i) where the withholding or deduction in question is required by virtue of the Noteholder or Couponholder having some connection with Luxembourg other than the mere holding of such Note or Coupon;

- (ii) where presentation of the Note or Coupon is required, presented for payment more than 30 days after the Relevant Date (as defined in Condition 7(c)) except to the extent that the holder thereof would have been entitled to an additional amount on presenting the same for payment on such thirtieth day (assuming that day to have been a Payment Day (as defined in Condition 5));
- (iii) where presentation of the Note or Coupon is required, presented for payment at the specified office of a Paying Agent in Luxembourg or in Switzerland;
- (iv) where the Noteholder or Couponholder of which would not be liable for such taxes or duties in respect of such Note or Coupon by making a declaration of non-residence or other similar claim for exemption to the relevant tax authority;
- (v) where such withholding or deduction is imposed on a payment to or for an individual and is required to be made pursuant to the Luxembourg law of 23 December 2005 on the taxation of savings, as amended;
- (vi) where such withholding or deduction is imposed on a payment to or for an individual and is required to be made pursuant to any agreements between the European Community and other countries or territories providing for measures equivalent to those laid down in the Council Directive 2003/48/EC, including, but not limited to, the agreement between the European Union and Switzerland of 26 October 2004, or any law or other governmental regulation implementing or complying with, or introduced in order to conform to, such agreements;
- (vii) where any tax is required to be withheld or deducted from a payment in respect of a Note pursuant to laws enacted by Switzerland providing for the taxation of payments according to principles similar to those laid down in the draft legislation proposed by the Swiss Federal Council on 17 December 2014, or otherwise changing the Swiss federal withholding tax system from an issuer-based system to a paying agent-based system pursuant to which a person in Switzerland other than the Issuer or Guarantor is required to withhold or deduct tax on any interest;
- (viii) where such withholding or deduction is required to be made pursuant to any agreement between Switzerland and any other country on final withholding taxes (*internationale Quellensteuern*) levied by a Swiss paying agent, as defined in the respective treaty, in respect of an individual resident in the other country on interest or capital gain paid, or credited to an account, relating to such Note or Coupon;
- (ix) where any tax is required to be withheld or deducted from a payment pursuant to FATCA; or
- (x) where there is any combination of items (i), (ii), (iii), (iv), (v), (vi), (vii), (viii) or (ix).

**(c) *In relation to issues by Nestlé Finance International Ltd. or issues by Nestlé Holdings, Inc. which are guaranteed***

All payments in respect of the Notes by the Guarantor shall be made without withholding or deduction for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature (“Taxes”) imposed or levied by or on behalf of Switzerland, or any political subdivision of, or any authority in, or of, Switzerland having power to tax, unless the withholding or deduction of the Taxes is required by law. In the event that the Guarantor or any agent of the Guarantor is required by law to make such withholding or deduction, the Guarantor will pay to the extent permitted by law such additional amounts as may be necessary in order that the net amounts received by the Noteholders and Couponholders after the withholding or deduction shall equal the respective amounts which would have been receivable in respect of the Notes or, as the case may be, Coupons in the absence of the withholding or deduction; except that no additional amount shall be payable in relation to any payment in respect of any Note or Coupon:

- (i) where the withholding or deduction in question is required by virtue of the Noteholder or Couponholder having some connection with Switzerland other than the mere holding or ownership of such Note or Coupon;
- (ii) where presentation of the Note or Coupon is required, presented for payment more than 30 days after the Relevant Date (as defined in Condition 7(c)) except to the extent that a holder would have been entitled to additional amounts on presenting the same for payment on such thirtieth day (assuming that day to have been a Payment Day (as defined in Condition 5));
- (iii) where the Noteholder or Couponholder of which would be able to avoid such withholding or deduction by making a declaration of non-residence or similar claim for exemption but fails to do so;
- (iv) where such withholding or deduction is imposed on a payment to or for an individual and is required to be made pursuant to any agreements between the European Community and other countries or territories providing for measures equivalent to those laid down in the Council Directive 2003/48/EC, including, but not limited to, the agreement between the European Union and Switzerland of 26 October 2004, or any law or other governmental regulation implementing or complying with, or introduced in order to conform to, such agreements;
- (v) where any tax is required to be withheld or deducted from a payment in respect of a Note pursuant to laws enacted by Switzerland providing for the taxation of payments according to principles similar to those laid down in the draft legislation proposed by the Swiss Federal Council on 17 December 2014, or otherwise changing the Swiss federal withholding tax system from an issuer-based system to a paying agent-based system pursuant to which a person in Switzerland other than the Issuer or Guarantor is required to withhold or deduct tax on any interest;
- (vi) where such withholding or deduction is required to be made pursuant to any agreement between Switzerland and any other country on final withholding taxes (*internationale Quellensteuern*) levied by a Swiss paying agent, as defined in the respective treaty, in respect of an individual resident in the other country on interest or capital gain paid, or credited to an account, relating to such Note or Coupon;
- (vii) where the Noteholder or Couponholder of which would be able to avoid such withholding or deduction by presenting the relevant Note or Coupon to another Paying Agent in a Member State of the European Union;
- (viii) where any tax is required to be withheld or deducted from a payment pursuant to FATCA; or
- (ix) where there is any combination of items (i), (ii), (iii), (iv), (v), (vi), (vii) or (viii).

As used herein, the “Relevant Date” means the date on which such payment first becomes due, except that, if the full amount of the moneys payable has not been duly received by the Agent on or prior to such due date, it means the date on which, the full amount of such moneys having been so received, notice to that effect is duly given to the Noteholders in accordance with Condition 14.

## **8. Prescription**

Notes and Coupons will become void unless claims in respect of principal and/or interest are made within a period of ten years (in the case of principal) and five years (in the case of interest) after the Relevant Date (as defined in Condition 7(c)) therefor.

There shall not be included in any Coupon sheet issued on exchange of a Talon any Coupon the claim for payment in respect of which would be void pursuant to this Condition 8 or Condition 5(b) or any Talon which would be void pursuant to Condition 5(b).



Any moneys paid by the Issuer to the Agent, or (in the case of Registered Notes) the Registrar or the Transfer Agent, for the payment of principal and/or interest in respect of the Notes and remaining unclaimed for a period of ten years (in the case of principal) and five years (in the case of interest) shall forthwith be repaid to the Issuer. All liability of the Issuer, the Agent, the Registrar or the Transfer Agent with respect thereto shall cease when the Notes and Coupons become void.

## **9. Events of Default**

If any of the following shall occur and be continuing:

- (i) in the case of any Issuer:
  - (A) default in the payment of (1) principal on the Notes or (2) any interest or any other amount on the Notes for 30 days after such interest or other amount on the Notes becomes due; or
  - (B) default by the Issuer in the due performance or observance of any obligation, condition or other provision under or in relation to the Notes if such default shall not have been cured within 60 days after written notice thereof having been given to the Issuer and the Agent, or (in the case of Registered Notes) the Registrar and the Transfer Agent by the holders of 25 per cent. or more in principal amount of the Notes then outstanding; or
  - (C) default by the Issuer or any Principal Subsidiary (as defined below) of the Issuer in the payment of any amount in excess of U.S.\$100,000,000 (or its equivalent in any other currency or currencies) due under any evidence of indebtedness for money borrowed by the Issuer or any Principal Subsidiary of the Issuer or under any instrument under which there may be issued or by which there may be secured or evidenced any indebtedness for money borrowed by the Issuer or a Principal Subsidiary if such default shall continue beyond any period of grace allowed to the Issuer or (as the case may be) Principal Subsidiary in respect of such indebtedness for borrowed money, or in the event that any such indebtedness for borrowed money shall have become repayable before the due date thereof as a result of acceleration of maturity caused by the occurrence of any default unless the existence of such default is being disputed in good faith and proceedings have been commenced in competent courts having jurisdiction (in which case such event shall not constitute an event of default in respect of the Notes so long as the dispute shall not have been finally adjudicated); or
- (ii) where the Issuer is Nestlé Holdings, Inc. whether or not the Notes are guaranteed:
  - (A) the entry of a decree or order for relief by a court having jurisdiction in the premises (1) in respect of the Issuer or a Principal Subsidiary of the Issuer in an involuntary case under any applicable bankruptcy, insolvency or other similar law now or hereafter in effect, or (2) appointing a receiver, liquidator, assignee, custodian, trustee, sequestrator or other similar official of the Issuer or a Principal Subsidiary of the Issuer or for any substantial part of the property of the Issuer or a Principal Subsidiary of the Issuer, or (3) ordering the winding up or liquidation of the affairs of the Issuer or a Principal Subsidiary of the Issuer and, in each case, the continuance of any such decree or order unstayed and in effect for a period of 90 consecutive days; or
  - (B) the Issuer or a Principal Subsidiary of the Issuer commencing a voluntary case under any applicable bankruptcy, insolvency or other similar law now or hereafter in effect, or consenting to the entry of an order for relief in an involuntary case under any such law or consenting to the appointment of or the taking of possession by a receiver, liquidator, assignee, custodian, trustee, sequestrator or other similar official of the Issuer or a Principal Subsidiary of the Issuer, or the making by the Issuer or a Principal Subsidiary of the Issuer of a general assignment for the benefit of creditors,

or the failure by the Issuer or a Principal Subsidiary of the Issuer generally to pay its debts as they become due, or the taking by the Issuer or a Principal Subsidiary of any corporate action in furtherance of any of the foregoing; or

- (iii) where the Issuer is Nestlé Holdings, Inc. and the Notes are not guaranteed, the Issuer is wound up, dissolved or otherwise ceases to carry on its business, except in connection with a merger or other reorganisation where, pursuant to the terms of the Agency Agreement, the surviving company expressly assumes all the obligations of the Issuer with respect to the Notes;
- (iv) where the Issuer is Nestlé Finance International Ltd. or the Issuer is Nestlé Holdings, Inc. and the Notes are guaranteed:
  - (A) the Issuer is wound up, dissolved or otherwise ceases to carry on its business, except in connection with a merger or other reorganisation pursuant to which the surviving company expressly assumes all the obligations of the Issuer with respect to the Notes, which obligations are unconditionally and irrevocably guaranteed by the Guarantor on terms substantially the same as those of the Guarantee; or
  - (B) default by the Guarantor in the due performance or observance of any obligation, condition or other provision under or in relation to the Guarantee of the Notes if such default shall not have been cured within 60 days after written notice thereof having been given to the Guarantor and the Agent, or (in the case of Registered Notes) the Registrar and the Transfer Agent by the holders of 25 per cent. or more in principal amount of the Notes then outstanding; or
  - (C) default by the Guarantor in the payment of any amount in excess of U.S.\$100,000,000 (or its equivalent in any other currency or currencies) due under any evidence of indebtedness for borrowed money by the Guarantor or under any instrument under which there may be issued or by which there may be secured or evidenced any indebtedness for money borrowed by the Guarantor if such default shall continue beyond any period of grace allowed to the Guarantor in respect of such indebtedness for borrowed money, or in the event that any such indebtedness for borrowed money shall have become repayable before the due date thereof as a result of acceleration of maturity caused by the occurrence of any default unless the existence of such default is being disputed in good faith and proceedings have been commenced in competent courts having jurisdiction (in which case such event shall not constitute an event of default in respect of the Notes so long as the dispute shall not have been finally adjudicated); or
  - (D) the Guarantor applies for or is subject to an amicable settlement with its creditors (*accord amiable*), or admits in writing that it is insolvent, or seeks or resolves to seek its judicial reorganisation (*concordat*), or the transfer of the whole of its business (*cession totale de l'entreprise*) or any such proceedings are instituted against it and remain undismissed for a period of 60 days or are uncontested, or it otherwise institutes or resolves to institute other proceedings for bankruptcy (*faillite*), judicial reorganisation, winding up, dissolution, liquidation, restructuring (*assainissement*), stay of bankruptcy proceedings (*ajournement de la faillite*) or any similar proceedings (or any such proceedings are instituted against it and remain undismissed for a period of 60 days or are uncontested), or makes conveyance or assignment for the benefit of, or enters into a composition with substantially all its creditors generally; or
  - (E) the Guarantor is wound up, dissolved or otherwise ceases to carry on its business, except in connection with a merger or other reorganisation pursuant to which the surviving company expressly assumes all the obligations of the Guarantor under the Guarantee; or

- (F) the Guarantee ceases to be the legal, valid and binding obligation of the Guarantor, enforceable in accordance with its terms, or the Guarantor contests or denies the validity of the Guarantee,
- (v) where the Issuer is Nestlé Finance International Ltd.:
- (A) a situation of illiquidity (*cessation de paiements*) and absence of access to credit (*credit ébranlé*) within the meaning of Article 437 of the Luxembourg Commercial Code;
  - (B) an insolvency proceeding (*faillite*) within the meaning of Articles 437 ff. of the Luxembourg Commercial Code or any other insolvency proceedings pursuant to the Council Regulation (EC) N° 1346/2000 of 29 May 2000 on insolvency proceedings;
  - (C) a controlled management (*gestion contrôlée*) within the meaning of the grand ducal regulation of 24 May 1935 on controlled management;
  - (D) a voluntary arrangement with creditors (*concordat préventif de faillite*) within the meaning of the law of 14 April 1886 on arrangements to prevent insolvency, as amended;
  - (E) a suspension of payments (*sursis de paiement*) within the meaning of Articles 593 ff. of the Luxembourg Commercial Code;
  - (F) voluntary or compulsory winding-up pursuant to the law of 10 August 1915 on commercial companies, as amended; or
  - (G) any such proceedings instituted against it and remain undismissed for a period of 60 days or are uncontested, or it otherwise institutes or resolves to institute other proceedings for bankruptcy, judicial reorganisation, winding up, dissolution or liquidation or any similar proceedings (or any such proceedings are instituted against it and remain undismissed for a period of 60 days or are uncontested) or makes a conveyance or assignment for the benefit of, or enters into a composition with, substantially all of its creditors generally,

then:

- (a) in the case of any of the events under sections (i)(A), (B) and (C), (ii)(A) and (B), (iii), (iv)(A) and (v)(A) to (G), the holder of any Note issued by the Issuer; or
- (b) in the case of any of the events under sections (iv)(B) to (F), the holder of any Note issued by Nestlé Finance International Ltd. or Nestlé Holdings, Inc., as the case may be;

may, by written notice to the Agent, or (in the case of Registered Notes) the Registrar and the Transfer Agent, declare such Note to become due and payable at its Early Redemption Amount, together with accrued but unpaid interest (if any) thereon, as of the date on which such notice is received by the Agent or (in the case of the Registered Notes) the Registrar and the Transfer Agent, and such Note shall accordingly become so due and payable on such date unless prior to such date all such defaults in respect of the relevant Note shall have been cured.

Where applicable, the term “Principal Subsidiary” shall mean any Subsidiary of the Issuer representing 10 per cent. or more of the consolidated gross assets of the Issuer as shown on the most recently prepared audited consolidated financial statements of the Issuer and its consolidated subsidiaries as of the end of the most recent fiscal year of the Issuer. Solely for the purposes of determining whether a Subsidiary shall represent 10 per cent., or more of the consolidated gross assets, such Subsidiary shall be deemed to own the consolidated gross assets of its Subsidiaries.

## **10. Replacement of Notes, Coupons and Talons**

Should any Note, Coupon or Talon be lost, stolen, mutilated, defaced or destroyed, it may be replaced at the specified office of the Agent, or (in the case of Registered Notes) at the specified offices of the Registrar or the Transfer Agent, upon payment by the claimant of such costs and expenses as may be incurred in connection therewith and on such terms as to evidence and indemnity as the Issuer may reasonably require. Mutilated or defaced Notes, Coupons or Talons must be surrendered before replacements will be issued.

## **11. Agent and Paying Agents, Registrar and Transfer Agent**

The names of the initial Agent and the other initial Paying Agents, the initial Registrar and the initial Transfer Agent and their initial specified offices are set out below. If any additional Paying Agents or Transfer Agents are appointed in connection with any Series, the names of such Paying Agents or Transfer Agents will be specified in the applicable Final Terms.

The Issuer and the Guarantor (if applicable) are entitled to vary or terminate the appointment of any Paying Agent or (in the case of Registered Notes) the Registrar or the Transfer Agent and/or appoint additional or other Paying Agents or Transfer Agents and/or approve any change in the specified office through which any Paying Agent, Registrar or Transfer Agent acts, provided that:

- (i) so long as the Notes are listed on any stock exchange or admitted to listing or trading by any other relevant authority, there will at all times be a Paying Agent (which may be the Agent and, in respect of Registered Notes, the Transfer Agent) with a specified office in such place as may be required by the rules and regulations of the relevant stock exchange or other relevant authority;
- (ii) there will at all times be a Paying Agent (which may be the Agent) with a specified office in a jurisdiction within Europe other than the jurisdiction in which the Guarantor is incorporated;
- (iii) there will at all times be an Agent; and
- (iv) in respect of Registered Notes, there will at all times be a Registrar.

In addition, the Issuer and the Guarantor (if applicable) shall forthwith appoint a Paying Agent having a specified office in New York City in the circumstances described in the final paragraph of Condition 5(d). Any variation, termination, appointment or change shall only take effect (other than in the case of insolvency, when it shall be of immediate effect) after not less than 30 nor more than 45 days' prior notice thereof shall have been given to the Noteholders in accordance with Condition 14.

In addition, in relation to Registered Notes issued or to be issued by it, Nestlé Holdings, Inc. is entitled to vary or terminate the appointment of any registrar, transfer agent or paying agent and/or appoint additional transfer agents, paying agents and/or approve any change in the specified office through which any such registrar, transfer agent or paying agent acts, provided that there will at all times be a registrar and a paying agent capable of making payments in the Specified Currency and (in the case of global Registered Notes) to the clearing system specified in the applicable Final Terms.

## **12. Exchange of Talons**

On and after the Interest Payment Date on which the final Coupon comprised in any Coupon sheet matures, the Talon (if any) forming part of such Coupon sheet may be surrendered at the specified office of the Agent or any other Paying Agent in exchange for a further Coupon sheet including (if such further Coupon sheet does not include Coupons to (and including) the final date for the payment of interest due in respect of the Note to which it appertains) a further Talon, subject to the provisions of Condition 8. Each Talon shall, for the purposes of these Terms and Conditions, be deemed to mature on the Interest Payment Date on which the final Coupon comprised in the relative Coupon sheet matures.

### **13. Substitution**

The Issuer may be replaced and the Guarantor or any subsidiary of the Guarantor may be substituted for the Issuer as principal debtor in respect of the Notes and Coupons, without the consent of the Noteholders or Couponholders. If the Issuer shall determine that the Guarantor or any such subsidiary shall become the principal debtor (in such capacity, the “Substituted Debtor”), the Issuer shall give not less than 30 nor more than 45 days’ notice, in accordance with Condition 14, to the Noteholders of such event and, immediately on the expiry of such notice, the Substituted Debtor shall become the principal debtor in respect of the Notes and the Coupons in place of the Issuer and the Noteholders and the Couponholders shall thereupon cease to have any rights or claims whatsoever against the Issuer. However, no such substitution shall take effect (i) if the Substituted Debtor is not the Guarantor, until the Guarantor shall have entered into an unconditional and irrevocable guarantee substantially in the form of the Guarantee in respect of the obligations of such Substituted Debtor, (ii) in any case, until the Substituted Debtor shall have provided to the Agent or (in the case of Registered Notes) the Registrar and the Transfer Agent, such documents as may be necessary to make the Notes and the Agency Agreement and (in the case of Registered Notes) the Note Agency Agreement) its legal, valid and binding obligations, (iii) until such Substituted Debtor shall have agreed to indemnify each Noteholder and Couponholder against (a) any tax, duty, fee or governmental charge which is imposed on such holder by the jurisdiction of the country of its residence for tax purposes and, if different, of its incorporation or any political subdivision or taxing authority thereof or therein with respect to such Note or Coupon and which would not have been so imposed had such substitution not been made, (b) any tax, duty, fee or governmental charge imposed on or relating to the act of substitution and (c) any costs or expenses of the act of substitution and (iv) until such Substituted Debtor shall have been approved by the relevant authorities as able to issue the relevant Notes. Upon any such substitution, the Notes and Coupons will be modified in all appropriate respects.

### **14. Notices**

All notices regarding the Notes shall be validly given if published in a leading English language daily newspaper of general circulation in London. It is expected that such publication will be made in the Financial Times in London. The Issuer shall also ensure that notices are duly published in a manner which complies with the rules of any stock exchange or other relevant authority on which the Notes are for the time being listed or by which they have been admitted to trading. Any such notice will be deemed to have been given on the date of the first publication or, where required to be published in more than one newspaper, on the date of the first publication in all required newspapers.

Until such time as any definitive Notes are issued, there may, so long as any global Note is or are held in its or their entirety on behalf of Euroclear and Clearstream, be substituted for such publication in such newspapers the delivery of the relevant notice to Euroclear and Clearstream for communication by them to the holders of the Notes and, in addition, for so long as any Notes are listed on a stock exchange or are admitted to trading by another relevant authority and the rules of that stock exchange or relevant authority so require, such notice will be published in a daily newspaper of general circulation in the place or places required by those rules. Any such notice shall be deemed to have been given to the holders of the Notes on the third day after the day on which the said notice was given to Euroclear and Clearstream, or on such other day as is specified in the applicable Final Terms.

Notices to holders of Registered Notes in definitive form will be deemed to be validly given if sent by mail to them (or, in the case of joint holders of Registered Notes, to the first-named holder in the register kept by the Registrar) at their respective addresses as recorded in the such register, and will be deemed to have been validly given on the fourth business day after the date of such mailing.

Notices to be given by any holder of the Notes shall be in writing and given by lodging the same, together with the relative Note or Notes, in the case of Bearer Notes, with the Agent or in the case of Registered Notes, with the Registrar. Whilst any of the Notes are represented by a global Note, such notice may be given by any holder of a Note to, in the case of Bearer Notes, the Agent or, in the case of Registered Notes, to the Registrar, via Euroclear and/or Clearstream, as the case may be, in such manner as the Agent, the Registrar and Euroclear and/or Clearstream, as the case may be, may approve for this purpose.

The holders of Coupons or Talons shall be deemed to have received any notice duly given to Noteholders.

## **15. Meetings of Noteholders, Modification and Waiver**

The Agency Agreement and, in the case of Registered Notes, the Note Agency Agreement contain provisions for convening meetings of the Noteholders to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution of certain modifications of the Notes, the Coupons or certain provisions of the Agency Agreement and the Note Agency Agreement (certain provisions of such agreements may not, under existing law, be materially altered). Such a meeting may be convened by the Issuer or Noteholders holding not less than five per cent. in nominal amount of the Notes for the time being remaining outstanding. The quorum at any such meeting for passing an Extraordinary Resolution is one or more persons holding or representing a majority in nominal amount of the Notes for the time being outstanding, or at any adjourned meeting one or more persons being or representing Noteholders whatever the nominal amount of the Notes so held or represented, except that at any meeting the business of which includes the modification of certain provisions of the Notes or Coupons (including modifying the date of maturity of the Notes or any date for payment of interest on the Notes, reducing or cancelling the amount of principal or the rate of interest payable in respect of the Notes or altering the currency of payment of the Notes or Coupons), the necessary quorum for passing an Extraordinary Resolution will be one or more persons holding or representing not less than two-thirds, or at any adjourned such meeting not less than one third, in nominal amount of the Notes for the time being outstanding. The majority required for passing an Extraordinary Resolution is 75 per cent. of the persons voting thereat upon a show of hands or if a poll be duly demanded then by a majority consisting of not less than 75 per cent. of the votes given on such poll. The Agency Agreement and the Note Agency Agreement provide that (i) a resolution in writing signed by or on behalf of the holders of not less than 75 per cent. in nominal amount of the Notes for the time being outstanding, or (ii) where Notes are represented by a global Note or are held in definitive form within the relevant clearing system(s), approval of a resolution given by way of electronic consents communicated through the electronic communications systems of the relevant clearing system(s) (in a form satisfactory to the Agent, in the case of the Agency Agreement, and the Registrar, in the case of the Note Agency Agreement) by or on behalf of the holders of not less than 75 per cent. in nominal amount of the Notes for the time being outstanding, shall, in each case, be as valid and effective as an Extraordinary Resolution passed at a meeting of Noteholders duly convened and held. An Extraordinary Resolution passed by the Noteholders at any meeting shall be binding on all the Noteholders, whether or not they are present at the meeting and whether or not they voted on the resolution, and on all Couponholders.

No resolution passed at any meeting of Noteholders shall be binding on the Issuer or the Guarantor (if applicable) without the written consent of the Issuer or, as the case may be, the Guarantor.

The Agent and (in the case of Registered Notes) the Registrar, the Issuer and the Guarantor (where applicable) may agree, without the consent of the Noteholders or Couponholders, to:

- (i) any modification (except as mentioned above) of the Agency Agreement and (in the case of Registered Notes) the Note Agency Agreement, which is not materially prejudicial to the interests of the Noteholders; or
- (ii) any modification of the Terms and Conditions or any provision of the Notes, the Coupons or the Agency Agreement or (in the case of Registered Notes) the Note Agency Agreement, which is to correct a manifest error or to comply with mandatory provisions of the law of the jurisdiction in which the Issuer is incorporated.

Any such modification shall be binding on the Noteholders and the Couponholders and any such modification shall be notified to the Noteholders in accordance with Condition 14 as soon as practicable thereafter.

## **16. Further Issues**

The Issuer shall be at liberty from time to time without the consent of the Noteholders or Couponholders to create and issue further notes ranking *pari passu* in all respects (or in all respects save for the Issue Date, the amount, the date of the first payment of interest thereon, and the date from which interest starts to accrue and/or the Issue Price) and so that the same shall be assimilated and be consolidated and form a single series with the outstanding Notes and references in these Terms and Conditions to “Notes” shall be construed accordingly, provided that an issue of such further notes that is not issued in a “qualified reopening” for United States federal income tax purposes will be assigned a new unique security code.

## **17. Third Party Rights**

No rights are conferred on any person under the Contracts (Rights of Third Parties) Act 1999 to enforce any term of this Note, but this does not affect any right or remedy of any person which exists or is available apart from that Act.

## **18. Governing Law and Submission to Jurisdiction**

The Agency Agreement, the Note Agency Agreement, the Notes and the Coupons and any non-contractual obligations arising out of or in connection with the Agency Agreement, the Note Agency Agreement, the Notes and the Coupons are governed by, and shall be construed in accordance with, English law. Articles 86 through 94-8 (inclusive) of the Luxembourg Law of 10 August 1915 concerning Commercial Companies, as amended, shall be expressly excluded.

The Issuer submits for the exclusive benefit of the Noteholders and the Couponholders, to the jurisdiction of the English courts for all purposes in connection with the Agency Agreement, the Note Agency Agreement, the Notes and the Coupons and any non-contractual obligations arising out of or in connection with the Agency Agreement, the Note Agency Agreement, the Notes and the Coupons and in relation thereto the Issuer has appointed Nestlé UK Ltd at its principal office of 1 City Place, Gatwick RH6 0PA, England as its agent for receipt of process on its behalf and has agreed that in the event of Nestlé UK Ltd ceasing so to act or ceasing to be registered in England it will appoint another person as its agent for service of process. Without prejudice to the foregoing, and to the extent allowed by law, the Issuer further irrevocably agrees that any suit, action or proceedings arising out of or in connection with the Agency Agreement, the Note Agency Agreement, the Notes and the Coupons (including any suit, action or proceedings relating to any non-contractual obligations arising out of or in connection with the Agency Agreement, the Note Agency Agreement, the Notes and the Coupons) may be brought in any other court of competent jurisdiction.

The Guarantee is governed by, and shall be construed in accordance with, Swiss law. The place of jurisdiction for any suit, action or proceeding arising out of or in connection with the Guarantee shall be Vevey, Switzerland.

## PRC CURRENCY CONTROLS

*The following is a general description of certain currency controls in the PRC and is based on the law and relevant interpretations thereof in effect as at the date of this Prospectus, all of which are subject to change, and does not constitute legal advice. It does not purport to be a complete analysis of all applicable currency controls in the PRC relating to the Notes. Prospective holders of Notes who are in any doubt as to PRC currency controls are advised to consult their own professional advisers.*

### **Remittance of Renminbi into and outside the PRC**

Renminbi is not a freely convertible currency. The remittance of Renminbi into and outside the PRC is subject to controls imposed under PRC law.

### **Current Account Items**

Under PRC foreign exchange control regulations, current account item payments include payments for imports and exports of goods and services, payments of income and current transfers into and outside the PRC.

Prior to July 2009, all current account items were required to be settled in foreign currencies. Since July 2009, the PRC has commenced a pilot scheme pursuant to which Renminbi may be used for settlement of imports and exports of goods between approved pilot enterprises in five designated cities in the PRC being Shanghai, Guangzhou, Dongguan, Shenzhen and Zhuhai and enterprises in designated offshore jurisdictions including Hong Kong and Macau. In June 2010 and August 2011, respectively, the PRC Government promulgated the Circular on Issues concerning the Expansion of the Scope of the Pilot Programme of Renminbi Settlement of Cross-Border Trades and the Circular on Expanding the Regions of Cross-border Trade Renminbi Settlement (the “Circulars”) with regard to the expansion of designated cities and offshore jurisdictions implementing the pilot Renminbi settlement scheme for cross-border trades. Pursuant to the Circulars (i) Renminbi settlement of imports and exports of goods and of services and other current account items became permissible, (ii) the list of designated pilot districts was expanded to cover all provinces and cities in the PRC; and (iii) the restriction on designated offshore districts has been lifted. Accordingly, PRC enterprises and offshore enterprises are entitled to use Renminbi to settle imports of goods and services and other current account items between them; Renminbi remittance for exports of goods from the PRC may only be effected by approved pilot enterprises in designated pilot districts in the PRC.

On 3 February 2012, PBoC and five other PRC Authorities (the “Six Authorities”) jointly issued the Notice on Matters Relevant to the Administration of Enterprises Engaged in Renminbi Settlement of Export Trade in Goods (the “2012 Circular”). Under the 2012 Circular, any enterprise qualified for the export and import business is permitted to use Renminbi as settlement currency for exports, provided that the relevant provincial government has submitted to the Six Authorities a list of key enterprises subject to supervision and the Six Authorities have verified and signed off on such list. On 12 June 2012, the PBoC issued a notice stating that the Six Authorities had jointly verified and announced a list of 9,502 exporting enterprises subject to supervision and as a result any enterprise qualified for the export and import business is permitted to use Renminbi as settlement currency for exports.

On 5 July 2013, the PBoC promulgated the Circular on Simplifying the Procedures for Cross-Border Renminbi Transactions and Improving Related Policies (the “2013 PBoC Notice”) with the intent to improve the efficiency of cross border Renminbi settlement and facilitate the use of Renminbi for the settlement of cross border transactions under current accounts or capital accounts. In particular, the 2013 PBoC Notice simplifies the procedures for cross border Renminbi trade settlement under current account items. For example, PRC banks, based on due diligence review to know their clients (i.e., PRC enterprises), may conduct settlement for such PRC enterprises upon the PRC enterprises presenting the payment instruction, with certain exceptions. PRC banks may also allow PRC enterprises to receive payments under current account items prior to the relevant PRC bank’s verification of underlying transactions (noting that verification of underlying transactions is usually a precondition for cross border remittance).



On 1 November 2014, the PBoC promulgated the Notice on Matters concerning Centralized Cross-Border RMB Fund Operation conducted by Multinational Enterprise Groups (the “2014 PBoC Notice”), which provides that qualified multinational enterprise groups (“MEGs”) may carry out cross-border Renminbi fund centralised operations via a group member incorporated in the PRC, which operations include (i) two-way Renminbi cash-pooling arrangement and (ii) centralised receipt and payment of cross-border Renminbi under the current account..

On 5 September 2015, the PBoC promulgated the Notice on Further Facilitating the Two-way Cross-border Renminbi Cash-pooling Business by Multinational Enterprise Groups, which rephrases the requirements on two-way Renminbi cash-pooling arrangement and replaces those set forth under the 2014 PBoC Notice. Among other things, the PBoC effectively increases the cap for net cash flow by increasing the default macro-prudential policy parameter from 0.1 to 0.5 for the time being and stipulates that (i) a qualified MEG is only allowed to have one two-way cross-border Renminbi cash-pooling in the PRC, (ii) the aggregate revenue generated by the domestic participating group members of a MEG shall be no less than RMB 1 billion and that of the foreign participating group members shall be no less than RMB 200 million, (iii) the group parent company of a qualified MEG may be incorporated in or outside of the PRC; and (iv) the fund held in the special RMB deposit account under the name of the domestic group parent company is prohibited from being used for investing in securities, financial derivatives or non-self-use real estates or for purchasing wealth management products or granting entrusted loans.

As new regulations, the above circulars and notices will be subject to interpretation and application by the relevant PRC authorities. Further, if any new PRC regulations are promulgated in the future which have the effect of permitting or restricting (as the case may be) the use of Renminbi for payment of transactions categorised as current account items, then such settlement will need to be made subject to the specific requirements or restrictions set out in such rules. Local authorities may adopt different practices in applying these circulars and impose conditions for the settlement of current account items.

### **Capital Account Items**

Under the applicable PRC foreign exchange control regulations, capital account items include cross-border transfers of capital, direct investments, securities investments, derivative products and loans. Capital account payments have been generally subject to the approval of the relevant PRC authorities. However, as set out below, it has been announced that as from 1 June 2015, the capital account regulation in relation to direct investment has been delegated by the governmental authority (i.e. the local branches of the SAFE) to designated foreign exchange banks.

Prior to October 2011, settlements for capital account items were generally required to be made in foreign currencies. For instance, foreign investors (including any Hong Kong investors) were required to make any capital contribution to foreign invested enterprises in a foreign currency in accordance with the terms set out in the relevant joint venture contracts and/or articles of association as approved by the relevant authorities. Foreign invested enterprises or relevant PRC parties were also generally required to make capital item payments including proceeds from liquidation, transfer of shares, reduction of capital, interest and principal repayment to foreign investors in a foreign currency. The relevant PRC authorities may, however, have granted approvals for a foreign entity to make a capital contribution or a shareholder’s loan to a foreign invested enterprise with Renminbi lawfully obtained by it outside the PRC and for the foreign invested enterprise to remit interest and principal repayment to its foreign investor outside the PRC in Renminbi. The foreign invested enterprise may, however, have been required to complete a registration and verification process with the relevant PRC authorities before such Renminbi remittances.

On 13 October 2011, the PBoC issued the Administrative Measures on RMB Settlement of Foreign Direct Investment (“PBoC RMB FDI Measures”) which set out operating procedures for PRC banks to handle Renminbi settlement relating to Renminbi foreign direct investment (“RMB FDI”) and borrowing by foreign invested enterprises of offshore Renminbi loans. Prior to the PBoC RMB FDI Measures, cross-border Renminbi settlement for RMB FDI has required approvals on a case-by-case basis from the PBoC. The new rules replace the PBoC approval requirement with less onerous post-event registration and filing requirements. The PBoC RMB FDI Measures provide that, among others,

foreign invested enterprises are required to conduct registrations with the local branch of PBoC within ten working days after obtaining business licenses for the purpose of Renminbi settlement; a foreign investor is allowed to open a Renminbi expense account to reimburse some expenses before the establishment of a foreign invested enterprise and the balance in such an account can be transferred to the Renminbi capital account of such foreign invested enterprise when it is established, commercial banks can remit a foreign investor's Renminbi proceeds from distribution (dividends or otherwise) by its PRC subsidiaries out of the PRC after reviewing certain requisite documents; if a foreign investor intends to use its Renminbi proceeds from distribution (dividends or otherwise) by its PRC subsidiaries to reinvest onshore or increase the registered capital of the PRC subsidiaries, the foreign investor may open a Renminbi reinvestment account to receive such Renminbi proceeds; and the PRC parties selling a stake in domestic enterprises to foreign investors can open Renminbi accounts and receive the purchase price in Renminbi paid by foreign investors by submitting certain documents as required by the guidelines of PBoC to the commercial banks. The PBoC RMB FDI Measures also state that the foreign debt quota of a foreign invested enterprise applies to both its Renminbi debt and foreign currency debt owed to its offshore shareholders, offshore affiliates and offshore financial institutions, and a foreign invested enterprise may open a Renminbi account to receive its Renminbi proceeds borrowed offshore by submitting the Renminbi loan contract and the letter of payment order to the commercial bank and make repayments of principal and interest on such debt in Renminbi by submitting certain documents as required by the guidelines of the PBoC to the commercial bank.

On 14 June 2012, the PBoC further promulgated the Notice on Clarifying the Detailed Operating Rules for RMB Settlement of Foreign Direct Investment ("PBoC RMB FDI Notice") to provide more detailed rules relating to cross-border Renminbi direct investments and settlement. This PBoC RMB FDI Notice details the rules for opening and operating the relevant accounts and reiterates the restrictions upon the use of the funds within different Renminbi accounts.

On 5 July 2013, the PBoC promulgated the 2013 PBoC Notice (together with the PBoC RMB FDI Measures and the PBoC RMB FDI Notice, the "PBoC Rules") which, among other things, provide more flexibility for funds transfers between the Renminbi accounts held by offshore participating banks at PRC onshore banks and offshore clearing banks respectively.

On 3 December 2013, MOFCOM promulgated the Circular on Issues in relation to Cross-border Renminbi Foreign Direct Investment (the "MOFCOM Circular"), which became effective on 1 January 2014, to further facilitate FDI by simplifying and streamlining the applicable regulatory framework. Pursuant to the MOFCOM Circular, the appropriate office of MOFCOM and/or its local counterparts will grant written approval for each FDI and specify "Renminbi Foreign Direct Investment" and the amount of capital contribution in the approval. Unlike the previous MOFCOM regulations on FDI, the MOFCOM Circular removes the approval requirement for foreign investors who intend to change the currency of their existing capital contribution from a foreign currency to Renminbi. In addition, the MOFCOM Circular also expressly prohibits the FDI Renminbi funds from being used for any investment in securities and financial derivatives (except for investment in PRC listed companies by strategic investors) or for entrusted loans in the PRC.

On 13 February 2015, the SAFE promulgated the 2015 SAFE Notice, which became effective on 1 June 2015. Under the 2015 SAFE Notice, the SAFE delegates the authority for approval/registration of foreign currency (including cross-border Renminbi) related matters for direct investment (internal and external) to designated foreign exchange banks.

On 30 March 2015, SAFE promulgated the Circular on Reforming Foreign Exchange Capital Settlement for Foreign Invested Enterprises (the "SAFE Circular", together with the 2015 SAFE Notice, the "SAFE Rules"), which became effective on and from 1 June 2015. The SAFE Circular allows foreign-invested enterprises to settle 100 per cent. (tentative) of the foreign currency capital (that has been processed through SAFE's equity interest confirmation proceedings for capital contribution in cash or registered by a bank on SAFE's system for account-crediting for such capital contribution) into Renminbi according to their actual operational needs, though SAFE reserves its authority to reduce the proportion of foreign currency capital that is allowed to be settled in such manner in the future. On the other hand, it is notable that the SAFE Circular continues to require that capital contributions should be applied within the business scope of a foreign-invested company for purposes that are legitimate and for that foreign-invested company's own operations; with respect to

the Renminbi proceeds obtained through the aforementioned settlement procedure, the SAFE Circular prohibits such proceeds from being applied outside the business scope of the company or for any prohibitive purposes in law, or applied directly or indirectly (i) to securities investments (unless otherwise permitted in law), (ii) to granting entrusted loans or repaying of inter-company lending (including advance payment made by third parties) or bank loans that have been on lent to third parties, or (iii) to purchasing non-self-use real estates (unless it is a real estate company). In addition, the SAFE Circular allows foreign-invested investment companies, foreign-invested venture capital firms and foreign-invested equity investment companies to make equity investment through Renminbi funds to be settled, or those already settled, from their foreign currency capital by transferring such settled Renminbi funds into accounts of invested enterprises, according to the actual investment scale of the proposed equity investment projects.

On 5 June 2015, the PBoC promulgated an order to revise certain existing PBoC regulations, which is to reflect the reform to a new registered capital system of PRC-incorporated companies under the PRC Company Law effective as of 1 March 2014 (the “PBoC Order”). Among other things, the PBoC confirmed in the PBoC Order that capital verification of a foreign-invested enterprise under article 10 of the PBoC RMB FDI Measures is no longer a mandatory procedure before the establishment, and the requirement under the PBoC RMB FDI Notice that a foreign-invested enterprise is not allowed to borrow offshore RMB funds until its registered capital is paid up in full and as scheduled is also abolished.

As the MOFCOM Circular, the PBoC Rules, the SAFE Rules and the PBoC Order are relatively new regulations, they will be subject to interpretation and application by the relevant PRC authorities.

Although starting from 1 October 2016 the Renminbi will be added to the Special Drawing Rights basket created by the International Monetary Fund, there is no assurance that approval of such remittances, borrowing or provision of external guarantee in Renminbi will continue to be granted or will not be revoked in the future. Further, since the remittance of Renminbi by way of investment or loans are now categorised as capital account items, such remittances will need to be made subject to the specific requirements or restrictions set out in the relevant SAFE rules.

If any new PRC regulations are promulgated in the future which have the effect of permitting or restricting (as the case may be) the remittance of Renminbi for payment of transactions categorised as capital account items, then such remittances will need to be made subject to the specific requirements or restrictions set out in such rules.

In the event that funds cannot be repatriated out of the PRC in Renminbi, this may affect the overall availability of Renminbi outside the PRC and the ability of the relevant Issuer to source Renminbi to finance its obligations under RMB Notes.

## **USE OF PROCEEDS**

The net proceeds from each issue of Notes will be applied by the relevant Issuer for its general corporate purposes and, in addition, in the case of Notes issued by NFI or guaranteed Notes issued by NHI the net proceeds for each issuance of Notes will be applied by the relevant Issuer outside of Switzerland unless use of proceeds in Switzerland is permitted under the Swiss taxation laws in force from time to time without payments in respect of such Notes becoming subject to withholding or deduction for Swiss withholding tax as a consequence of such use of proceeds in Switzerland.

## FORM OF THE GUARANTEE

In respect of each Tranche of Notes issued by Nestlé Holdings, Inc. and guaranteed by the Guarantor and in respect of each Tranche of Notes issued by Nestlé Finance International Ltd., the Guarantor will execute and deliver a Guarantee in substantially the form (subject to completion) set out below. Each Guarantee will be deposited for the benefit of the relevant Noteholders [and Couponholders] with the [Agent][Transfer Agent].

THIS GUARANTEE is made on [*issue date*] by Nestlé S.A. in favour of the Relevant Account Holders [(as defined in the Agency Agreement referred to below)][(as defined in the Note Agency Agreement referred to below)] and the holders for the time being of the Notes (as defined below) [and the interest coupons appertaining to the Notes (the “Coupons”)]. Each Relevant Account Holder[,] [and] each holder of a Note [and each holder of a Coupon] is a “Holder”.

### WHEREAS

- (A) Nestlé Holdings, Inc. and Nestlé Finance International Ltd. as issuers and Nestlé S.A. as guarantor (the “Guarantor”) in respect of certain notes issued by Nestlé Holdings, Inc. and of all notes issued by Nestlé Finance International Ltd. have entered into an amended and restated Programme Agreement dated 29 May 2015 (the “Programme Agreement”, which expression includes the same as it may be supplemented and/or amended and restated from time to time) with the Programme Dealers named therein in respect of a Debt Issuance Programme;
- (B) [Nestlé Holdings, Inc./ Nestlé Finance International Ltd.] (the “Issuer”) has agreed to issue [*title of Notes being issued*] (the “Notes”) on [*issue date*]; and
- (C) The Issuer has entered into [an amended and restated Agency Agreement dated 23 May 2016 (the “Agency Agreement”) relating to the Notes.][the amended and restated Note Agency Agreement dated 29 May 2015 (the “Note Agency Agreement”) relating to the Notes.]

The Guarantor as joint and several guarantor according to Article 496 of the Swiss Code of Obligations hereby declares unconditionally and irrevocably that it guarantees to each Holder the due and punctual payment, in accordance with the Terms and Conditions of the Notes (the “Conditions”), of the principal and any other amounts payable by the Issuer to such Holder under the Notes or under Clause 28 of the [Agency Agreement][Note Agency Agreement], as the case may be, up to a maximum amount of [*insert details/basis of calculation*], upon the following terms:

- (1) In the event of any failure by the Issuer [or any corporation substituted pursuant to Condition 13]\* [(hereinafter called the “Relevant Issuer”)]\* punctually to pay any such principal or other amount as and when the same becomes due in accordance with the Conditions or in the event that the [Relevant]\* Issuer’s insolvency is evident, the Guarantor as joint and several guarantor will on demand pay to such Holder any such principal or other amount payable by the [Relevant]\* Issuer to such Holder.
- (2) The Guarantor confirms, with respect to each Note [and Coupon] and Clause 28 of the [Agency Agreement][Note Agency Agreement], and the indebtedness evidenced thereby, that it does not have and will not assert as a defence to any claim under this Guarantee any right to require any proceedings to be brought first against the [Relevant]\* Issuer or any lack of diligence, presentment to the [Relevant]\* Issuer or any paying agent, demand for payment from the [Relevant]\* Issuer or any paying agent or filing of claims with any court in the event of merger, insolvency, bankruptcy or judicial reorganisation of the [Relevant]\* Issuer, protest, notice or any other demand whatsoever (other than a demand for payment of this Guarantee) and covenants that this Guarantee will not be discharged except by complete performance of

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\* Delete in the case of Notes issued by Nestlé Holdings, Inc.

the obligations contained in each Note [and Coupon] and/or Clause 28 of the [Agency Agreement][Note Agency Agreement].

- (3) This Guarantee constitutes a direct, unconditional, unsecured (subject to the provisions of Condition 3) and unsubordinated obligation of the Guarantor and will rank *pari passu* with all other present and future unsecured and unsubordinated obligations outstanding of the Guarantor (other than obligations mandatorily preferred by law applying to companies generally).
- (4) This Guarantee will continue in full force and effect until the expiry of one year after [maturity date of the Notes], on which date it will expire automatically without further notice, except in relation to any claim hereunder commenced within four weeks following [one year after maturity date of the Notes].
- (5) The Guarantor agrees that it shall comply with and be bound by those provisions contained in Condition 2(b), Condition 3(b), Condition [7(a)]<sup>\*1</sup>/[7(b)]<sup>\*2</sup> and (c) and Condition 11 insofar as the same relate to the Guarantor.
- (6) This Guarantee is governed by, and shall be construed in accordance with, Swiss law.
- (7) The place of jurisdiction for all disputes arising from this Guarantee shall be Vevey, Switzerland.

Dated [Issue Date]

NESTLÉ S.A.

By: .....

By: .....

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<sup>\*1</sup> Delete in the case of Notes issued by Nestlé Finance International Ltd.

<sup>\*2</sup> Delete in the case of Notes issued by Nestlé Holdings, Inc.

## FORM OF FINAL TERMS

*Set out below is the form of Final Terms which will be completed for each Tranche of Notes issued under the Programme.*

**Final Terms**  
**Dated [            ]**

**[ISSUER]**

**Issue of [Aggregate Nominal Amount of Tranche] [Title of Notes]  
[Guaranteed by Nestlé S.A.]  
under the Debt Issuance Programme**

### **PART A – CONTRACTUAL TERMS**

Terms used herein shall be deemed to be defined as such for the purposes of the Terms and Conditions set forth in the Prospectus dated 23 May 2016 [as supplemented by the Supplementary Prospectus(es) dated [            ]], which [together] constitute[s] a base prospectus for the purposes of the Prospectus Directive. This document constitutes the Final Terms of the Notes described herein for the purposes of Article 5.4 of the Prospectus Directive and must be read in conjunction with the Prospectus [as so supplemented], including documents incorporated by reference. Full information on the Issuer [, the Guarantor] and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Prospectus [as so supplemented]. [A summary of the Notes (which comprises the summary in the Prospectus as amended to reflect the provisions of these Final Terms) is annexed to these Final Terms.] The Prospectus [and the Supplementary Prospectus(es)] [is][are] available for viewing on the Nestlé Group’s investor relations website, which can be found at [www.nestle.com/investors](http://www.nestle.com/investors) and [is][are] available on the website of the London Stock Exchange plc at [www.londonstockexchange.com/exchange/news/market-news/market-news-home.html](http://www.londonstockexchange.com/exchange/news/market-news/market-news-home.html).

[Terms used herein shall be deemed to be defined as such for the purposes of the Terms and Conditions (the “Conditions”) set forth in, and extracted from, the Prospectus dated [29 May 2015/21 May 2014/23 May 2013/10 May 2012/11 May 2011/13 May 2010/15 July 2009/26 August 2008/3 August 2007/4 August 2006/22 July 2005] and which are incorporated by reference in the Prospectus dated 23 May 2016. This document constitutes the Final Terms of the Notes described herein for the purposes of Article 5.4 of the Prospectus Directive and must be read in conjunction with the Prospectus dated 23 May 2016 [and the Supplementary Prospectus(es) dated [            ]], which [together] constitute[s] a base prospectus for the purposes of the Prospectus Directive, including the Conditions which are extracted from the Prospectus dated [29 May 2015/21 May 2014/23 May 2013/10 May 2012/11 May 2011/13 May 2010, 15 July 2009/26 August 2008/3 August 2007/4 August 2006/22 July 2005] and incorporated by reference in the Prospectus dated 23 May 2016. Full information on the Issuer [, the Guarantor] and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Prospectus dated 23 May 2016 [and the Supplementary Prospectus(es) dated [            ]]. [A summary of the Notes (which comprises the summary in the Prospectus as amended to reflect the provisions of these Final Terms) is annexed to these Final Terms.] Copies of the Prospectus [and the Supplementary Prospectus(es)] [is][are] available for viewing on the Nestlé Group’s investor relations website, which can be found at [www.nestle.com/investors](http://www.nestle.com/investors) and [is][are] available on the website of the London Stock Exchange plc at [www.londonstockexchange.com/exchange/news/market-news/market-news-home.html](http://www.londonstockexchange.com/exchange/news/market-news/market-news-home.html).]

The expression “Prospectus Directive” means Directive 2003/71/EC (as amended, including by Directive 2010/73/EU), and any relevant implementing measure in a relevant Member State of the European Economic Area.

1. (a) Issuer: [Nestlé Holdings, Inc.]/[Nestlé Finance International Ltd.]
- (b) Guarantor: [Nestlé S.A.]/[Not Applicable]
2. (a) Series Number: [ ]

- (b) Tranche Number: [ ]
- (c) Date on which the Notes will be consolidated and form a single Series: [Not Applicable]/[The Notes shall be consolidated to form a single Series and be interchangeable for trading purposes with the [ ] on [[ ]/[the Issue Date]/[exchange of the Temporary Global Note for interests in the Permanent Global Note, as referred to in paragraph [24] below [which is expected to occur on or about [ ]]]
3. Specified Currency: [ ]
4. Aggregate Nominal Amount:
- (a) Series: [ ]
- (b) Tranche: [ ]
5. Issue Price: [ ] per cent. of the Aggregate Nominal Amount [plus [ ] days' accrued interest in respect of the period from, and including, [ ] to, but excluding, [ ]]
6. (a) Specified Denominations: [ ] [and integral multiples of [ ] in excess thereof up to and including [ ]. Definitive Notes will not be issued in denominations in excess of [ ]]
- (b) Calculation Amount: [ ]
7. (a) Issue Date: [ ]
- (b) Interest Commencement Date: [ ]/[Issue Date]/[Not Applicable]
8. Maturity Date: [ ]/[Interest Payment Date falling in or nearest to [ ]]
9. Interest Basis: [[ ] per cent. Fixed Rate]  
[[ ] month [LIBOR/EURIBOR] +/- [ ] per cent. Floating Rate]  
[Fixed/Floating Rate Interest Basis]  
[Zero Coupon]
10. Redemption/Payment Basis: Subject to any purchase and cancellation or early redemption, the Notes will be redeemed on the Maturity Date at 100 per cent. of their nominal amount
11. Change of Interest Basis: [Not Applicable]/[For the period from (and including) the Interest Commencement Date, up to (but excluding) [ ] paragraph [15/16] applies and for the period from (and including) [ ], [up to (but excluding)] the Maturity Date, paragraph [15/16] applies]
12. Put/Call Options: [Investor Put Option]  
[Issuer Call Option]  
[Issuer Maturity Par Call Option]  
[Issuer Make-Whole Call Option]  
[Not Applicable]  
[(further particulars specified below in paragraph [18/19/20/21])]
13. (a) Status of the Notes: Senior
- (b) Status of the Guarantee: [Senior]/[Not Applicable]



14. Date [Board] approval for issuance of Notes [and Guarantee] obtained: [[ ] and [ ], respectively]

**PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE**

15. Fixed Rate Note Provisions [Applicable]/[Not Applicable]
- (a) Rate(s) of Interest: [[ ] per cent. per annum payable in arrear on each Interest Payment Date[. The first Fixed Interest Period shall be the period commencing on, and including, the Interest Commencement Date and ending on, but excluding, [ ] (short first coupon)]
- (b) Interest Payment Date(s): [ ] in each year from and including [ ], up to, and including, the Maturity Date/[ ] [adjusted in accordance with the [Following Business Day Convention]/[Modified Following Business Day Convention]/[ ] [with the Additional Business Centres for the definition of “Business Day” being [ ] [adjusted]/[with no adjustment] for period end dates]
- (c) Fixed Coupon Amount(s): [ ] per Calculation Amount (applicable to the Notes in definitive form) and [ ] per Aggregate Nominal Amount of the Notes (applicable to the Notes in global form), payable on each Interest Payment Date[, except for the amount of interest payable on the first Interest Payment Date falling on [ ]]
- (d) Broken Amount(s): [[ ] per Calculation Amount (applicable to the Notes in definitive form) and [ ] per Aggregate Nominal Amount of the Notes (applicable to the Notes in global form), payable on the Interest Payment Date falling on] [ ]/[Not Applicable]
- (e) Day Count Fraction: [30/360]/[Actual/Actual (ICMA)]
- (f) Determination Date(s): [[ ] in each year]/[Not Applicable]
16. Floating Rate Note Provisions [Applicable]/[Not Applicable]
- (a) Specified Period(s): [ ] [subject to adjustment in accordance with the Business Day Convention set out in paragraph 16(d) below]/[not subject to any adjustment, as the Business Day Convention in paragraph 16(d) below is specified to be Not Applicable]
- (b) Specified Interest Payment Dates: [ ]
- (c) First Interest Payment Date: [ ]
- (d) Business Day Convention: [Floating Rate Convention]/[Following Business Day Convention]/[Modified Following Business Day Convention]/[Preceding Business Day Convention]/[Not Applicable]
- (e) Additional Business Centre(s): [ ]
- (f) Manner in which the Rate of Interest and Interest Amount is/are to be determined: [Screen Rate Determination]/[ISDA Determination]

- (g) Party responsible for calculating the Rate of Interest and Interest Amount (if not the Agent) (the “Calculation Agent”): [ ]
- (h) Screen Rate Determination
- Reference Rate: [ ] month [LIBOR]/[EURIBOR]
  - Relevant Financial Centre: [London]/[Brussels]
  - Interest Determination Date(s): [ ]
  - Relevant Screen Page: [ ]
- (i) ISDA Determination
- Floating Rate Option: [ ]
  - Designated Maturity: [ ]
  - Reset Date: [ ]
- (j) Linear Interpolation: [Not Applicable/Applicable – the Rate of Interest for the [long/short] [first/last] Interest Period or Specified Period shall be calculated using Linear Interpolation]
- (k) Margin(s): [+/-] [ ] per cent. per annum
- (l) Minimum Rate of Interest: [zero]/[ ] per cent. per annum
- (m) Maximum Rate of Interest: [ ] per cent. per annum
- (n) Day Count Fraction: [Actual/Actual (ISDA)]/[Actual/Actual]/[Actual/365 (Fixed)]/[Actual/360]/[30/360] [360/360] [Bond Basis]/[30E/360] [Eurobond Basis]/[30E/360 (ISDA)]/[Actual/365 (Sterling)]
17. Zero Coupon Note Provisions [Applicable]/[Not Applicable]
- (a) Accrual Yield: [ ] per cent. per annum
  - (b) Reference Price: [ ]

**PROVISIONS RELATING TO REDEMPTION**

18. Issuer Call Option [Applicable]/[Not Applicable]
- (a) Optional Redemption Date(s): [ ]
  - (b) Optional Redemption Amount(s) of each Note: [ ] per Calculation Amount

- (c) If redeemable in part:
- (i) Minimum Redemption Amount: [ ] per Calculation Amount/[Not Applicable]
- (ii) Maximum Redemption Amount: [ ] per Calculation Amount/[Not Applicable]
- (d) Notice periods (if other than as set out in the Conditions): [ ]
19. Issuer Maturity Par Call Option [Applicable]/[Not Applicable]
- [Notice periods (if other than as set out in the Conditions):] [Minimum period: [ ] days]  
[Maximum period: [ ] days]
20. Issuer Make-Whole Call Option [Applicable]/[Not Applicable]
- (a) Optional Redemption Date(s): [ ]/[at any time that is more than 90 days prior to the Maturity Date]
- (b) Optional Redemption Amount of each Note: [ ] per Calculation Amount/[Special Redemption Amount]
- (c) Specified Time for Special Redemption Amount: [ ]/[Not Applicable]
- (d) Redemption Margin: [ ] per cent./[Not Applicable]
- (e) If redeemable in part:
- (i) Minimum Redemption Amount: [ ] per Calculation Amount/[Not Applicable]
- (ii) Maximum Redemption Amount: [ ] per Calculation Amount/[Not Applicable]
- (f) Calculation Agent (if not the Agent) (the “Calculation Agent”): [Not Applicable]/[ ]
- (g) Notice periods (if other than as set out in the Conditions): [Minimum period: [ ] days]/[Not Applicable]  
[Maximum period: [ ] days]/[Not Applicable]
21. Investor Put Option [Applicable]/[Not Applicable]
- (a) Optional Redemption Date(s): [ ]
- (b) Optional Redemption Amount(s) of each Note: [ ] per Calculation Amount
22. Final Redemption Amount: [ ]/[Par] per Calculation Amount

23. Early Redemption Amount  
 Early Redemption Amount(s) [ ]/[Par] per Calculation Amount  
 per Calculation Amount  
 payable on redemption for  
 taxation reasons or on event of  
 default/or other earlier  
 redemption:

**GENERAL PROVISIONS APPLICABLE TO THE NOTES**

24. Form of Notes: [ ]
25. [New Global Note]/[New Safekeeping Structure]: [Yes][No] [ ]
26. Additional Financial Centre(s) or other special provisions relating to Payment Days: [Not Applicable]/[ ]
27. Talons for future Coupons to be attached to definitive Notes: [No]/[Yes. As the Notes have more than 27 coupon payments, Talons may be required if, on exchange into definitive form, more than 27 coupon payments are still to be made]
28. Spot Rate (if different from that set out in Condition 5(g)): [Not Applicable]/[ ]
29. Calculation Agent responsible for calculating the Spot Rate for the purposes of Condition 5(g) (if not the Agent): [Not Applicable]/[ ]
30. RMB Settlement Centre(s): [Not Applicable]/[ ]

**[THIRD PARTY INFORMATION**

[ ] has been extracted from [ ]. [Each of the] [The] Issuer [and the Guarantor] confirms that such information has been accurately reproduced and that, so far as it is aware and is able to ascertain from information published by [ ], no facts have been omitted which would render the reproduced information inaccurate or misleading].

Signed on behalf of the Issuer: [Signed on behalf of the Guarantor:

By:.....

*Duly authorised*

By:.....

*Duly authorised*

By:.....

*Duly authorised*

By:.....

*Duly authorised]*

## PART B – OTHER INFORMATION

### 1. LISTING

- [(i)] Listing and Admission to Trading: [Application [has been made]/[is expected to be made] by the Issuer (or on its behalf) for the Notes to be admitted to trading on [the London Stock Exchange's Regulated Market and for admission to the Official List of the UK Listing Authority] with effect from [ ]]
- [(ii)] [Estimate of total expenses related to admission to trading:] [ ]

### 2. RATINGS

[The Notes to be issued [are not]/[have been]/[are expected to be] rated [ ] by [ ] and [ ] by [ ]]  
[ ]

### 3. INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE

Save for any fees payable to the [Managers/Dealers], so far as the Issuer is aware, no person involved in the issue of the Notes has an interest material to the offer. [The [Managers/Dealers] and their affiliates may have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform other services for, the Issuer and its affiliates in the ordinary course of business.]

### 4. REASONS FOR THE OFFER, ESTIMATED NET PROCEEDS AND TOTAL EXPENSES

- [(i)] Reasons for the Offer: [ ]
- [(ii)] Estimated net proceeds: [ ] [(following deduction of the [ ] commission and concession) (before deduction of estimated total expenses)]
- [(iii)] Estimated total expenses: [ ] [for legal, filing and miscellaneous expenses]

### 5. YIELD (Fixed Rate Notes Only)

Indication of yield: [ ]

### 6. [HISTORIC INTEREST RATES (Floating Rate Notes Only)]

Details of historic [LIBOR/EURIBOR/other] rates can be obtained from [Reuters]

### 7. OPERATIONAL INFORMATION

- (i) ISIN: [ ]  
[Until the Notes have been consolidated and form a single series with the Existing Notes, they will be assigned a temporary ISIN Code as follows: [ ]  
Thereafter, the Notes will assume the same ISIN Code as the Existing Notes as follows: [ ]]
- (ii) Common Code: [ ]
- (iii) Any clearing system(s) other than Euroclear Bank SA/NV, Clearstream Banking S.A. and the relevant identification number(s): [Not Applicable]/[ ]
- (iv) Delivery: Delivery [against/free of] payment

- (v) Names and addresses of additional Paying Agent(s) (if any): [ ]

## 8. DISTRIBUTION

- (i) Names and addresses of Managers / relevant Dealer and underwriting commitments: [Not Applicable]/[ ]
- (ii) Date of the Letter for a Syndicated Note Issue: [ ]
- (iii) Total commission and concession: [ ] per cent. of the Aggregate Nominal Amount
- (iv) U.S. Selling Restrictions: [Reg. S Compliance Category [1]/[2]; [TEFRA D/TEFRA C/TEFRA Not Applicable/Short term obligations issued in compliance with United States Treasury Regulations Section 1.6049-5T(b)(10)]  
[TEFRA D applicable in accordance with usual Swiss practice, including reasonable efforts to sell the Notes within Switzerland]
- (v) The Netherlands Selling Restrictions (Article 5:20(5) Dutch Financial Supervision Act (*Wet op het financieel toezicht*)): [Applicable]/[Not Applicable]
- (vi) Public Offer where there is no exemption from the obligation under the Prospectus Directive to publish a Prospectus: [Not Applicable]/[Applicable - see paragraph 9 below.]

## 9. TERMS AND CONDITIONS OF THE PUBLIC OFFER

An offer of the Notes may be made by each of the Managers [and [ ]] and any [other] placers (authorised directly or indirectly by the Issuer or any of the Managers), other than pursuant to Article 3(2) of the Prospectus Directive, in [ ] (the “Public Offer Jurisdictions”) during the Offer Period (as defined below).

The above consent is subject to the following conditions: [ ].

- (i) Offer Period: From the date of and following publication of these Final Terms being [ ] 20[ ] to [ ] 20[ ].
- (ii) Offer Price: [Not Applicable]/[ ]
- (iii) Conditions to which the offer is subject: [Not Applicable]/[ ]
- (iv) Description of the application process: [Not Applicable]/[ ]
- (v) Description of possibility to reduce subscriptions and the manner for refunding excess amount paid by applicants: [Not Applicable]/[ ]

- |        |  |                      |
|--------|--|----------------------|
| (vi)   | Details of the minimum and/or maximum amount of application (whether in number of Notes or aggregate amount to invest):                      | [Not Applicable]/[ ] |
| (vii)  | Method and time limits for paying up the Notes and for delivery of the Notes:  | [Not Applicable]/[ ] |
| (viii) | Manner in and date on which results of the offer are to be made public:  | [Not Applicable]/[ ] |
| (ix)   | Procedure for exercise of any right of pre-emption, negotiability of subscription rights and treatment of subscription rights not exercised: | [Not Applicable]/[ ] |
| (x)    | Whether Tranche(s) have been reserved for certain countries:   | [Not Applicable]/[ ] |
| (xi)   | Process for notification to applicants of the amount allotted and the indication whether dealing may begin before notification is made:      | [Not Applicable]/[ ] |
| (xii)  | Amount of any expenses and taxes specifically charged to the subscriber or purchaser:  | [Not Applicable]/[ ] |
| (xiii) | Name(s) and address(es), to the extent known to the Issuer, of the Placers in the various countries where the offer takes place:             | [Not Applicable]/[ ] |

## SUMMARY OF THE NOTES

[            ]

## NESTLÉ HOLDINGS, INC.

### Auditors

The auditors of Nestlé Holdings, Inc. (“NHI”) are KPMG LLP, Suite 1800, 21700 Oxnard Street, Woodland Hills, California, United States.

### Selected Financial Information

The following tables show the consolidated balance sheets and consolidated income statements of NHI as at and for the financial years ended 31 December 2015 and 2014, respectively, which have been extracted from the audited consolidated financial statements of NHI and its subsidiaries for the financial year ended 31 December 2015 as published in NHI’s 2015 Annual Financial Report which is incorporated by reference in, and forms part of, this Prospectus. Such information should be read and analysed together with the Notes to the consolidated financial statements included in NHI’s audited consolidated financial statements for each of the financial years ended 31 December 2015 and 2014. Copies of NHI’s Annual Financial Reports for the financial years ended 31 December 2015 and 2014 are available on the website of the London Stock Exchange plc at [www.londonstockexchange.com/exchange/news/market-news/market-news-home.html](http://www.londonstockexchange.com/exchange/news/market-news/market-news-home.html) and can also be obtained, free of charge, at the registered address of NHI as set out below.

The consolidated financial statements of NHI do not comply with U.S. generally accepted accounting principles and are not meant for distribution in the U.S. or to be used for investment purposes by U.S. investors.

The audited consolidated financial statements of NHI for each of the financial years ended 31 December 2015 and 2014 have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”).

### Consolidated Balance Sheets As at 31 December 2015 and 2014

(U.S. dollars in thousands, except capital stock par value and shares)

	31 December 2015	31 December 2014
<b>Assets</b>		
Current assets:		
Cash and cash equivalents.....	\$ 140,204	\$ 268,345
Short-term investments .....	74,290	93,618
Trade and other receivables, net.....	6,025,152	4,505,006
Inventories, net.....	1,723,224	1,733,983
Derivative assets .....	82,554	90,270
Assets held for sale .....	20,403	31,190
Prepayments .....	96,512	86,432
<b>Total current assets.....</b>	<b>8,162,339</b>	<b>6,808,844</b>
Non-current assets:		
Property, plant and equipment, net.....	5,257,119	5,189,840
Employee benefits assets .....	29,179	273,715
Investments in joint ventures and associated companies.....	5,780	8,361
Deferred tax assets .....	995,885	926,149
Financial assets .....	3,927,548	3,859,581
Goodwill .....	17,085,873	16,762,813
Intangible assets, net .....	1,310,781	1,001,960
<b>Total non-current assets.....</b>	<b>28,612,165</b>	<b>28,022,419</b>
<b>Total assets .....</b>	<b>\$ 36,774,504</b>	<b>\$ 34,831,263</b>



**Consolidated Balance Sheets**  
**As at 31 December 2015 and 2014**

(U.S. dollars in thousands, except capital stock par value and shares)

	<u>31 December 2015</u>	<u>31 December 2014</u>
<b>Liabilities and Equity</b>		
Current liabilities:		
Trade and other payables .....	\$ 1,568,668	\$ 1,390,882
Financial liabilities .....	4,610,326	3,434,847
Provisions .....	76,041	90,994
Derivative liabilities .....	855,522	532,086
Current income tax liabilities .....	53,601	59,180
Accruals .....	1,373,086	1,462,986
<b>Total current liabilities .....</b>	<b><u>8,537,244</u></b>	<b><u>6,970,975</u></b>
Non-current liabilities:		
Financial liabilities .....	7,824,790	9,197,417
Employee benefits liabilities .....	1,824,006	1,884,271
Deferred tax liabilities .....	2,195,104	2,051,283
Provisions .....	51,163	55,904
Other accrued liabilities .....	1,910,345	1,938,708
<b>Total non-current liabilities .....</b>	<b><u>13,805,408</u></b>	<b><u>15,127,583</u></b>
<b>Total liabilities .....</b>	<b><u>22,342,652</u></b>	<b><u>22,098,558</u></b>
<b>Equity:</b>		
Capital stock, \$100 par value. Authorized, issued, and outstanding, 1,000 shares .....	100	100
Additional paid-in capital .....	5,624,297	5,624,297
Other equity reserves .....	(1,173,966)	(950,266)
Accumulated earnings .....	9,981,421	8,058,574
<b>Total equity .....</b>	<b><u>14,431,852</u></b>	<b><u>12,732,705</u></b>
<b>Total liabilities and equity .....</b>	<b><u>\$ 36,774,504</u></b>	<b><u>\$ 34,831,263</u></b>

**Consolidated Income Statements**  
**For the years ended 31 December 2015 and 2014**

(U.S. dollars in thousands)

	<u>31 December 2015</u>	<u>31 December 2014</u>
Sales .....	\$ 21,399,111	\$ 21,200,874
Cost of goods sold .....	(11,824,068)	(11,888,862)
Distribution expenses .....	(1,932,695)	(1,927,749)
Marketing, general and administrative expenses .....	(3,572,784)	(3,308,593)
Royalties to affiliated company .....	(1,180,428)	(1,176,607)
Net other trading expenses .....	(45,354)	(76,759)
Trading operating profit .....	2,843,782	2,822,304
Net other operating expenses .....	(9,968)	(1,515,471)
Operating profit .....	2,833,814	1,306,833
Net financial expenses .....	(237,073)	(241,635)
Share of results from joint venture and associated companies .....	4,152	6,968
Income from continuing operations before income taxes .....	2,600,893	1,072,166
Income tax expense .....	(678,205)	(750,809)
Income from continuing operations .....	1,922,688	321,357
Income from discontinued operations, net of taxes .....	159	2,283
<b>Net income .....</b>	<b><u>\$ 1,922,847</u></b>	<b><u>\$ 323,640</u></b>

## **Information about NHI**

### *General*

NHI was incorporated in the State of Delaware in 1983 under registration number 833330118. NHI is a corporation and has unlimited duration.

The address of the registered office of NHI is 1209 Orange Street, Wilmington, Delaware 19801, United States. The telephone number of NHI's registered office is +1 (800) 677 3394.

The address of NHI's principal place of business is Merritt View, 383 Main Avenue, 5th Floor, Norwalk, Connecticut 06851, United States. The telephone number of NHI's principal place of business is +1 (203) 750 7210.

NHI is not aware of any recent events that would impact NHI's solvency.

### *Principal / Future Principal Investments*

NHI has made no material investments since the date of its last published financial statements and, as at the date of this Prospectus, its management has made no investments or firm commitments with respect to material investments in the future.

## **Business Overview**

According to its Certificate of Incorporation, the purpose of NHI is primarily to act as a holding company for its direct and indirect subsidiaries (which include Nestlé USA, Inc., Nestlé Purina PetCare Company, Nestlé Prepared Foods Company, Nestlé Dreyer's Ice Cream Company, Nestlé HealthCare Nutrition, Inc., Nespresso USA, Inc., Gerber Products Company and Gerber Life Insurance Company).

The direct and indirect subsidiaries of NHI engage primarily in the manufacture and sale of food products, pet care products, beverage products and juvenile life insurance. These businesses derive revenue across the United States. The subsidiary businesses of NHI are organised by principal product groups as described below.

Nestlé USA, Inc. manufactures and sells a wide range of grocery and food service products, including chocolates, confections, coffee, non-dairy creamers and other beverages. These products are marketed under several brand names, including "Nestlé®", "Nestlé Crunch®", "Nestlé® Butterfinger®", "Nescafé®", "Nesquik®", "Nestlé® Coffee-mate®", "Chef-Mate®", "DiGiorno®", "Tombstone®", "California Pizza Kitchen® frozen pizza" and others.

Nestlé Purina PetCare Company manufactures and sells a diverse range of pet care products including dog and cat foods and litter under several brand names, including "Purina®", "Dog Chow®", "Cat Chow®", "Pro Plan®", "Beneful®", "Friskies®", "Alpo®", "Purina ONE®", "Fancy Feast®", "Mighty Dog®", "Beyond®", "Beggin®", "Tidy Cats®" and others..

Nestlé Prepared Foods Company manufactures and sells prepared foods for the grocery and food service trade, including refrigerated pastas and sauces under the "Buitoni®" brand name and frozen prepared foods entrées under the "Stouffer's®" and reduced calorie "Lean Cuisine®" brand names. The company also produces the "Hot Pockets®", and "Lean Pockets®" line of frozen sandwiches.

Nestlé Dreyer's Ice Cream Company manufactures, sells and distributes ice cream and frozen dessert products under several brand names, including "Dreyer's", "Edy's®", "Häagen Dazs®". "Nestlé® Drumstick®", "Nestlé®", "Nestlé Crunch®", "Nestlé® Butterfinger®", "Nestlé® Toll House®", "Nestlé® Dibs®", "Push-Up®", "Purina® Frosty Paws®", "Skinny Cow®" and others.

Nestlé HealthCare Nutrition, Inc. manufactures and sells medical nutritional products and related devices.

Nespresso USA, Inc. manufactures and sells high quality portioned coffee that is delivered through a unique direct to consumer model which includes on-line and exclusive retail boutiques. It also sells coffee machines, developed and manufactured with machine partners.

Gerber Products Company manufactures and sells infant and toddler food products under several brand names, including “Gerber®”, “Gerber® Good Start®” infant formula, “Gerber® Graduates®” and others.

Gerber Life Insurance Company sells juvenile life insurance and other financial products.

## **Organisational Structure**

NHI is a wholly owned subsidiary of NIMCO US, Inc., which is a wholly owned subsidiary of Nestlé S.A.

## **Administrative, Management and Supervisory Bodies**

### *Name, Business Addresses, and Functions*

The management of NHI is formed by the officers appointed as such.

As at the date of this Prospectus, the members of the Board of Directors of NHI are:

<i>Name</i>	<i>Function</i>	<i>Principal other activities outside Nestlé Holdings, Inc.</i>
Paul Grimwood	Chairman of the Board, Chief Executive Officer and President	Chairman of the Board, Chief Executive Officer and President, Nestlé USA, Inc.
Steve Presley	Chief Financial Officer	Chief Financial Officer, Nestlé USA, Inc.

The business address of Paul Grimwood and Steve Presley is c/o Nestlé USA, Inc., 800 North Brand Boulevard, Glendale, California 91203, United States.

The principal officers of NHI are:

<i>Name</i>	<i>Function</i>
Paul Grimwood	Chairman, Chief Executive Officer and President
Steve Presley	Chief Financial Officer
Alexander Spitzer	Head of Tax
Jonathan Jackman	Secretary

The business address of Paul Grimwood, Steve Presley and Jonathan Jackman is c/o Nestlé USA, Inc., 800 North Brand Boulevard, Glendale, California 91203, and the business address of Alexander Spitzer is NHI, Merritt View, 383 Main Avenue, 5th Floor, Norwalk, Connecticut 06851, United States.

### *Conflicts of Interests*

As at the date of this Prospectus, the above mentioned members of the Board of Directors and the principal officers of NHI do not have potential conflicts of interests between any duties to NHI and their private interest or other duties.

## **Board Practices**

### *Audit Committee*

NHI does not itself have an audit committee. However, NHI is part of the Nestlé Group which has an audit committee that reviews the annual consolidated financial statements of the Nestlé Group.

### *Corporate Governance*

Companies that are required to file periodic reports under the U.S. Securities Exchange Act of 1934 are generally subject to the corporate governance provisions of the U.S. Sarbanes-Oxley Act of 2002. Although NHI is incorporated in the State of Delaware, it is not required to file periodic reports under the U.S. Securities Exchange Act of 1934. Accordingly, the U.S. Sarbanes-Oxley Act of 2002, and in particular its corporate governance provisions, do not apply to NHI. Instead, as NHI is an indirectly wholly owned subsidiary of Nestlé S.A., it adheres to the corporate governance policies set from time to time by the Nestlé Group that are also applicable to NHI.

## **Major Shareholders**

NHI is a wholly owned subsidiary of NIMCO US, Inc., which is a wholly owned subsidiary of Nestlé S.A.

NHI is not aware of any arrangement the effect of which would result in a change of control of NHI.

## **Additional Information**

### *Share Capital*

The authorised share capital of NHI is \$100,000 and is divided into 1,000 shares of \$100 each of which 1,000 have been issued. The paid-in capital is \$5,624,297.00.

### *Memorandum and Articles of Association*

The third certification of the Certificate of Incorporation of NHI provides that the corporation is authorised to conduct any lawful business to promote any lawful purpose and to engage in any lawful act or activity for which corporations may be organised under the General Corporation Law of the State of Delaware.

### *Dividend Payments*

NHI has not paid any dividends during the last five years.

## **Material Contracts**

NHI has not entered into any contracts in areas outside of its ordinary course of business, which could result in any group member being under an obligation or entitlement that is material to NHI's ability to meet its obligations to Noteholders in respect of the Notes.

## NESTLÉ FINANCE INTERNATIONAL LTD.

### Auditors

KPMG Luxembourg, Société coopérative, 39, Avenue John F. Kennedy, L-1855 Luxembourg, Grand Duchy of Luxembourg are the auditors of NFI.

### Selected Financial Information

The following tables show the balance sheets and income statements of NFI as at and for the financial years ended 31 December 2015 and 2014, respectively, which have been extracted from the audited financial statements of NFI for the financial year ended 31 December 2015 as published in NFI's 2015 Annual Financial Report which is incorporated by reference in, and forms part of, this Prospectus. Such information should be read and analysed together with the Notes to the financial statements included in NFI's audited financial statements for each of the financial years ended 31 December 2015 and 2014. Copies of NFI's Annual Financial Reports for the financial years ended 31 December 2015 and 2014 are available on the website of the London Stock Exchange at [www.londonstockexchange.com/exchange/news/market-news/market-news-home.html](http://www.londonstockexchange.com/exchange/news/market-news/market-news-home.html) and can also be obtained, free of charge, at the registered address of NFI as set out below.

The audited financial statements of NFI for each of the financial years ended 31 December 2015 and 2014 have been prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union (EU).

#### Balance Sheets As at 31 December 2015 and 2014 (Euros in thousands)

	<b>31 December 2015</b>	<b>31 December 2014</b>
<b>Assets</b>		
<b>Current assets</b>		
Cash and cash equivalents .....	159,710	371,647
Short term investments .....	-	72,995
Derivative assets .....	45,497	111,974
Loans and advances to Nestlé Group companies .....	8,420,086	7,854,184
Other assets .....	898	725
<b>Total current assets</b> .....	<b>8,626,191</b>	<b>8,411,525</b>
<b>Non-current assets</b>		
Loans and advances to Nestlé Group companies .....	2,212,900	2,673,194
Loans and advances to third parties .....	100,000	100,000
Property, plant and equipment .....	22	28
<b>Total non-current assets</b> .....	<b>2,312,922</b>	<b>2,773,222</b>
<b>Total assets</b> .....	<b>10,939,113</b>	<b>11,184,747</b>
<b>Liabilities</b>		
<b>Current liabilities</b>		
Bank overdrafts .....	6,865	-
Derivative liabilities .....	18,439	17,616
Loans and advances from Nestlé Group Companies .....	4,073,646	4,844,956
Debt securities issued .....	2,774,346	2,093,113
Current tax liabilities .....	5,583	3,057
Other liabilities .....	80,254	149,770
<b>Total current liabilities</b> .....	<b>6,959,133</b>	<b>7,108,512</b>

**Balance Sheets**  
**As at 31 December 2015 and 2014**  
**(Euros in thousands)**

	<b>31 December 2015</b>	<b>31 December 2014</b>
<b>Non-current liabilities</b>		
Loans and advances from Nestlé Group companies .....	-	127,535
Debt securities issued.....	3,957,834	3,930,583
<b>Total non-current liabilities .....</b>	<b>3,957,834</b>	<b>4,058,118</b>
<b>Total liabilities</b>	<b>10,916,967</b>	<b>11,166,630</b>
<b>Equity</b>		
Share capital.....	440	440
Share premium.....	2,000	2,000
Hedging reserve .....	1,019	3,184
Available-for-sale reserve .....	3	(2)
Legal reserve.....	44	44
Other reserve.....	2,543	1,662
Retained earnings.....	16,097	10,789
<b>Total equity attributable to shareholders of the company .....</b>	<b>22,146</b>	<b>18,117</b>
<b>Total liabilities and equity</b>	<b>10,939,113</b>	<b>11,184,747</b>

**Income Statements**  
**For the years ended 31 December 2015 and 2014**  
**(Euros in thousands)**

	<b>31 December 2015</b>	<b>31 December 2014</b>
Interest income.....	276,831	252,089
Interest expense.....	(120,235)	(133,194)
Net interest income .....	156,596	118,895
Net fee and commission expense to Nestlé Group Companies .....	(77,407)	(146,298)
Other operating (expense) / income .....	(64,803)	33,961
<b>Operating income.....</b>	<b>14,386</b>	<b>6,558</b>
Administration expense .....	(1,477)	(1,235)
<b>Profit before tax .....</b>	<b>12,909</b>	<b>5,323</b>
Taxes.....	(6,720)	(2,809)
<b>Profit for the year attributable to shareholders of the company ...</b>	<b>6,189</b>	<b>2,514</b>

**Information about Nestlé Finance International Ltd.**

*General*

NFI, formerly a public limited company (*société anonyme*) organised under the laws of France which was formed on 18 March 1930, changed its domicile, and moved its registered office, from France to Luxembourg (Grand Duchy of Luxembourg) on 29 February 2008. NFI also changed its name from “Nestlé Finance France S.A.” to “Nestlé Finance International Ltd.” on 29 February 2008. NFI remains the same legal entity as Nestlé Finance France S.A., although it is now a public limited company (*société anonyme*) organised under the laws of Luxembourg. NFI is established for an unlimited duration and is registered with the Luxembourg Register of Commerce and Companies under number B-136737.

The registered office of NFI is located at 7, rue Nicolas Bové, L-1253 Luxembourg, Grand Duchy of Luxembourg.

The telephone number of NFI's registered office is +352 26 44 05 31 01.

NFI is not aware of any recent events that would impact on NFI's solvency.

#### *Principal Investments/Future Principal Investments*

NFI has made no material investments since the date of its last published financial statements and, as the date of this Prospectus, its management has made no firm commitments on such material investments in the future.

#### **Business Overview**

The principal business activity of NFI is the financing of members of the Nestlé Group including by the sale, exchange, issue, transfer or otherwise, as well as the acquisition by purchase, subscription or in any other manner, of stock, bonds, debentures, notes, debt instruments or other securities or any kind of instrument and contracts thereon or relative thereto. NFI may further assist the members of the Nestlé Group, in particular by granting them loans, facilities or guarantees in any form and for any term whatsoever and provide any of them with advice and assistance in any form whatsoever.

Because of its aforementioned purpose, NFI does not have any markets in which it competes and, therefore, NFI cannot make a statement regarding its competitive position in any markets.

#### **Organisational Structure**

NFI is a wholly owned subsidiary of Nestlé S.A.

#### **Administrative, Management and Supervisory Bodies**

##### *Name, Business Addresses, and Functions*

NFI is managed by a Board of Directors, consisting of three or more Directors.

As at the date of this Prospectus, the members of the Board of Directors of NFI are:

<i>Name</i>	<i>Function</i>	<i>Principal other activities outside Nestlé Finance International Ltd.</i>
Bruno Chazard	Director	None at present
Laurent Schummer	Director	Lawyer
Jean-Marc Ueberecken	Director	Lawyer
Marina Vanderveken-Verhulst	Director	None at present
Saskia Deknock	Director	None at present

The business address of each of the members of the Board of Directors is 7, rue Nicolas Bové, L-1253 Luxembourg, Grand Duchy of Luxembourg.

##### *Conflicts of Interests*

As at the date of this Prospectus, the above mentioned members of the Board of Directors of NFI do not have potential conflicts of interests between any duties towards NFI and their private interest or other duties.

#### **Board Practices**

##### *Audit Committee*

NFI does not itself have an audit committee. However, NFI is part of the Nestlé Group, which has an audit committee that reviews the annual consolidated financial statements of the Nestlé Group.

## *Corporate Governance*

No specific mandatory corporate governance rules are applicable to NFI under Luxembourg law but, as prescribed by the Luxembourg law applicable to public limited companies (*sociétés anonymes*), NFI has appointed KPMG Luxembourg, Société coopérative as statutory auditors and the role of the Board of Directors and of the General Meeting of NFI is defined in NFI's articles of association.

### **Major Shareholders**

As mentioned above, NFI is a wholly owned subsidiary of Nestlé S.A.

NFI is not aware of any arrangement the effect of which would result in a change of control.

### **Additional Information**

#### *Share Capital*

The issued share capital of NFI is €440,000 divided into 220,000 fully paid up shares with a nominal value of €2 each.

The shares of NFI are not listed on any stock exchange.

#### *Memorandum and Articles of Association*

Article 3 of NFI's Articles of Association stipulates that the purpose of NFI is the direct and/or indirect financing of Luxembourg companies and/or foreign companies or other entities in which NFI holds a direct or indirect participation or which form part of the same group of companies as NFI including by the sale, exchange, issue, transfer or otherwise, as well as the acquisition by purchase, subscription or in any other manner, of stock, bonds, debentures, notes, debt instruments or other securities or any kind of instrument and contracts thereon or relative thereto.

NFI may further grant any direct and/or indirect financial assistance whatsoever to the companies and/or enterprises in which it holds a direct or indirect participation or which form part of the same group of companies as NFI, in particular by granting loans, facilities or guarantees in any form and for any term whatsoever and provide any of them with advice and assistance in any form whatsoever. NFI may carry out any transactions, whether commercial or financial, which are directly or indirectly connected with its purpose.

NFI may acquire, hold and dispose of participations directly or indirectly, in any form whatsoever, in Luxembourg companies and/or foreign companies or other entities and/or any other form of investment and administer, develop and manage its portfolio holdings.

In general, NFI may carry out any activities which it may deem useful or necessary in the accomplishment and the development of its corporate purpose.

#### *Dividend Payments*

NFI has not paid any dividends during the last five years.

### **Material Contracts**

NFI has not entered into any contracts in areas outside of its ordinary course of business, which could result in NFI being under an obligation or entitlement that is material to NFI's ability to meet its obligations to Noteholders in respect of the Notes.



## NESTLÉ S.A.

### Auditors

The statutory auditors of Nestlé S.A. are KPMG SA of 111 Rue de Lyon, P.O. Box 347, 1211 Geneva 13, Switzerland. Nestlé S.A. prepares the consolidated financial statements of the Nestlé Group, which are audited by KPMG SA.

### Selected Financial Information

The following tables show the consolidated balance sheets and consolidated income statements of the Nestlé Group as at and for the financial years ended 31 December 2015 and 2014, respectively, which have been extracted from the audited consolidated financial statements of the Nestlé Group for the financial year ended 31 December 2015 which are incorporated by reference in, and form part of, this Prospectus. Such information should be read and analysed together with the Notes to the consolidated financial statements included in the Nestlé Group's audited financial statements for each of the financial years ended 31 December 2015 and 2014. Copies of the Nestlé Group consolidated financial statements for the financial years ended 31 December 2015 and 2014 are available on the website of the London Stock Exchange plc at [www.londonstockexchange.com/exchange/news/market-news/market-news-home.html](http://www.londonstockexchange.com/exchange/news/market-news/market-news-home.html) as well as on [www.nestle.com](http://www.nestle.com) and can be obtained, free of charge, at the registered addresses of Nestlé S.A. as set out below.

The audited consolidated financial statements of the Nestlé Group for each of the financial years ended 31 December 2015 and 2014 have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

### Consolidated Balance Sheets As at 31 December 2015 and 2014

(CHF in millions)

	31 December 2015	31 December 2014
<b>Assets</b>		
Current assets		
Cash and cash equivalents .....	4,884	7,448
Short-term investments .....	921	1,433
Inventories .....	8,153	9,172
Trade and other receivables .....	12,252	13,459
Prepayments and accrued income .....	583	565
Derivative assets .....	337	400
Current income tax assets .....	874	908
Assets held for sale .....	1,430	576
<b>Total current assets</b> .....	<b>29,434</b>	<b>33,961</b>
Non-current assets		
Property, plant and equipment .....	26,576	28,421
Goodwill .....	32,772	34,557
Intangible assets .....	19,236	19,800
Investments in associates and joint ventures .....	8,675	8,649
Financial assets .....	5,419	5,493
Employee benefits assets .....	109	383
Current income tax assets .....	128	128
Deferred tax assets .....	1,643	2,058
<b>Total non-current assets</b> .....	<b>94,558</b>	<b>99,489</b>
<b>Total assets</b> .....	<b>123,992</b>	<b>133,450</b>

**Consolidated Balance Sheets**  
**As at 31 December 2015 and 2014**

(CHF in millions)

	<b>31 December 2015</b>	<b>31 December 2014</b>
<b>Liabilities and equity</b>		
Current liabilities		
Financial debt.....	9,629	8,810
Trade and other payables .....	17,038	17,437
Accruals and deferred income.....	3,673	3,759
Provisions .....	564	695
Derivative liabilities.....	1,021	757
Current income tax liabilities.....	1,124	1,264
Liabilities directly associated with assets held for sale.....	272	173
<b>Total current liabilities</b> .....	<b>33,321</b>	<b>32,895</b>
Non-current liabilities		
Financial debt.....	11,601	12,396
Employee benefits liabilities.....	7,691	8,081
Provisions .....	2,601	3,161
Deferred tax liabilities.....	3,063	3,191
Other payables .....	1,729	1,842
<b>Total non-current liabilities</b> .....	<b>26,685</b>	<b>28,671</b>
<b>Total liabilities</b> .....	<b>60,006</b>	<b>61,566</b>
Equity		
Share capital.....	319	322
Treasury shares .....	(7,489)	(3,918)
Translation reserve.....	(21,129)	(17,255)
Retained earnings and other reserves.....	90,637	90,981
<b>Total equity attributable to shareholders of the parent</b> .....	<b>62,338</b>	<b>70,130</b>
Non-controlling interests .....	1,648	1,754
<b>Total equity</b> .....	<b>63,986</b>	<b>71,884</b>
<b>Total liabilities and equity</b> .....	<b>123,992</b>	<b>133,450</b>

**Consolidated Income Statements**  
**For the Years ended 31 December 2015 and 2014**

(CHF in millions)

	<b>31 December 2015</b>	<b>31 December 2014</b>
<b>Sales</b> .....	<b>88,785</b>	<b>91,612</b>
Other revenue.....	298	253
Cost of goods sold.....	(44,730)	(47,553)
Distribution expenses.....	(7,899)	(8,217)
Marketing and administration expenses.....	(20,744)	(19,651)
Research and development costs.....	(1,678)	(1,628)
Other trading income.....	78	110
Other trading expenses.....	(728)	(907)
<b>Trading operating profit</b> .....	<b>13,382</b>	<b>14,019</b>
Other operating income.....	126	154
Other operating expenses.....	(1,100)	(3,268)
<b>Operating profit</b> .....	<b>12,408</b>	<b>10,905</b>
Financial income.....	101	135
Financial expense.....	(725)	(772)
<b>Profit before taxes, associates and joint ventures</b> .....	<b>11,784</b>	<b>10,268</b>
Taxes.....	(3,305)	(3,367)
Income from associates and joint ventures.....	988	8,003
<b>Profit for the year</b> .....	<b>9,467</b>	<b>14,904</b>
of which attributable to non-controlling interests.....	401	448
of which attributable to shareholders of the parent (Net profit).....	9,066	14,456
<b>As percentages of sales</b>		
Trading operating profit.....	15.1%	15.3%
Profit for the year attributable to shareholders of the parent (Net profit).....	10.2%	15.8%
<b>Earnings per share (in CHF)</b>		
Basic earnings per share.....	2.90	4.54
Diluted earnings per share.....	2.89	4.52

**Information about Nestlé S.A.**

*General*

Nestlé S.A. was founded in 1866 as “Anglo-Swiss Condensed Milk Company”. Following the merger in 1905 with “Farine lactée Henri Nestlé” (founded in Vevey in 1867), the company was renamed “Nestlé and Anglo-Swiss Condensed Milk Company” and in 1977 adopted the present name, Nestlé S.A.

Nestlé S.A. is a company with unlimited duration and is organised under the Swiss Code of Obligations. The registered offices of Nestlé S.A. are Avenue Nestlé 55, 1800 Vevey, Canton of Vaud, Switzerland and Zugerstrasse 8, 6330 Cham, Canton of Zug, Switzerland. The telephone number of Nestlé S.A.’s office in Vevey, Switzerland is +41 (0)21 924 21 11. Nestlé S.A. was registered with the Commercial Registry of the Canton of Zug on 9 March 1883 and with the Commercial Registry of the Canton of Vaud on 19 July 1905.

Nestlé S.A. is not aware of any recent events particular to it which are to a material extent relevant to the evaluation of its solvency.

### *Principal Investments/Principal Future Investments*

The Nestlé Group continues to make significant capital and research and development investments on a global basis, satisfying the need for capacity, delivering value added innovations, improving quality and safety within its operations, enhancing capabilities and advancing shared value strategies.

In 2015 the Nestlé Group continued its portfolio management and as part of this process the Nestlé Group divested its Davigel frozen food business and announced its intention to build a strong player in the ice cream industry by setting up a joint venture with R&R Ice Cream plc, a leading ice cream company based in the United Kingdom. In April 2016 the Nestlé Group and R&R Ice Cream agreed to set up Froneri, a joint venture which will combine the activities of the Nestlé Group and R&R Ice Cream in the ice cream industry, primarily in Europe, the Middle East (excluding Israel), Argentina, Australia, Brazil, the Philippines and South Africa, and will include the Nestlé Group's European frozen food business (excluding pizza and retail frozen food in Italy), as well as its chilled dairy business in the Philippines. The joint venture is subject to employee consultations and the approval of regulatory authorities.

Otherwise, whilst the Nestlé Group continues to make ongoing investments, since the date of its last published financial statements, the Group has made no other material investments or firm commitments with respect to material investments in the future.

### **Business Overview**

Nestlé S.A. is the holding company of the Nestlé group of companies (the “Nestlé Group” or the “Group”). The Nestlé Group manufactures and sells food and beverages, as well as products related to the nutrition, health and wellness industries. Approximately 56 per cent. of the sales of the Nestlé Group are generated in Europe and North America. The Nestlé Group product portfolio has seven product categories, distributed throughout the world: powdered and liquid beverages, nutrition and health science, milk products and ice cream, prepared dishes and cooking aids, pet care, confectionery and water.

Nestlé S.A. is extensively engaged in research and development activities in most sectors of modern nutrition.

The Nestlé Group's objective is to be recognised as the world leader in Nutrition, Health and Wellness, trusted by all stakeholders, and to be the reference for financial performance in its industry. Nestlé reinforced this strategy with the creation of Nestlé Health Science and Nestlé Skin Health. Nestlé Group's Roadmap combines four competitive advantages, four growth drivers and four operational pillars with the aim of aligning the priorities of the 335,000 people who are working at Nestlé, and thereby accelerate the achievement of its objective.

### **Organisational Structure**

Nestlé S.A. is the parent company within the Nestlé Group and is the principal holding company of the Nestlé Group and therefore dependent on the performance of its direct and indirect subsidiaries.

### **Administrative, Management and Supervisory Bodies**

#### *Name, Business Addresses, and Functions*

The corporate bodies of Nestlé S.A. are the General Meeting of Shareholders, the Board of Directors and the Statutory Auditors. The Board of Directors delegates to the Chief Executive Officer, with the authorisation to sub-delegate, the power to manage Nestlé S.A.'s and the Nestlé Group's business, subject to law, the Articles of Association and the Board of Directors' Regulations.

The Chief Executive Officer chairs the Executive Board, which comprises all Executive Vice Presidents and Deputy Executive Vice Presidents, and delegates to its members individually the powers necessary for carrying out their responsibilities, within the limits fixed in the Executive Board's Regulations.

The business address of the Directors and the members of the Executive Board is Avenue Nestlé 55, 1800 Vevey, Switzerland.

#### *The Board of Directors*

In accordance with the Articles of Association, the Board of Directors shall consist of at least seven members.

As at the date of this Prospectus, the members of the Board of Directors of Nestlé S.A. are:

<u>Position</u>	<u>Name</u>	<u>Principal other activities outside Nestlé S.A.</u>
Chairman of the Board	Peter Brabeck-Letmathe	L'Oréal S.A., FR, Vice Chairman Delta Topco, Jersey, Chairman Exxon Mobil Corporation, Texas, USA, Board Member World Economic Forum (WEF), CH, Nestlé representative as Vice Chairman at the Foundation Board Verbier Festival, CH, Vice Chairman of the Foundation Board 2030 Water Resource Group (WRG), USA, Chairman Hong Kong-Europe Business Council, Member
Chief Executive Officer	Paul Bulcke	Cereal Partners Worldwide S.A., CH, Co-Chairman of the Board of Directors Consumer Goods Forum, FR, Co-Chair of the Board of Directors and Member of the Governance Committee Roche Holding Ltd., CH, Board Member Avenir Suisse, CH, Member of the Board of Trustees European Roundtable of Industrialists (ERT), Belgium, Member International Business Council of the World Economic Forum (WEF), CH, Member
Vice Chairman	Andreas Koopmann	Georg Fischer AG, CH, Chairman Credit Suisse Group, CH, Board Member CSD Group, CH, Board Member Sonceboz SA, CH, Member of the Board economiesuisse, CH, Member of the Board of Directors
Non-executive Director	Beat W. Hess	LafargeHolcim Ltd, CH, Board Member and Vice Chairman Sonova Holding AG, CH, Board Member and Vice Chairman Curatorium of The Hague Academy of International Law, NL, Member
Non-executive Director	Renato Fassbind	Swiss Re AG, CH, Vice Chairman Kühne + Nagel International AG, CH, Board Member

Position	Name	Principal other activities outside Nestlé S.A.
		Leuenberger Medizintechnik LMT AG, CH, Co-owner and Board Member
Non-executive Director	Steven George Hoch	Brown Advisory, USA, Partner and Member of the International Advisory Board American Swiss Foundation, USA/CH, Chairman Woods Hole Oceanographic Institution, USA, Trustee and Chairman of the Investment Committee Smithsonian Tropical Research Institute, Panama, Advisory Board Member
Non-executive Director	Naina Lal Kidwai	Max Financial Services Ltd., IN, Chairperson Cipla Ltd., IN, Board Member Larsen & Toubro, IN, Board Member Federation of Indian Chambers of Commerce and Industry (FICCI), President for 2013 Harvard Business School, USA, Chairperson of the India Advisory Board, and Global Advisor Aspen Institute, IN, Board Member NCAER - National Council of Applied Economics Research, IN, Board Member NIBM - National Institute Bank Management, IN, Board Member Shakti Sustainable Energy Foundation, IN, Board Member The Energy and Resources Institute - TERI, IN, Member of Governing Council World Economic Forum, Member of Global Agenda Council on Water BRICS Business Council, Member Institute of Chinese Studies, IN, Member of the Advisory Board New Climate Economy (NCE), Global Commissioner Oxford India Centre, Oxford University India Centre, Member Indian Council for Research on International Economic Relations (ICRIER), Member Advisory Board
Non-executive Director	Jean-Pierre Roth	Swiss Re, CH, Board Member Swatch Group AG, CH, Board Member Geneva Cantonal Bank, Chairman of the Board of Directors MKS (Switzerland) SA, Board Member Avenir Suisse, CH, Member of the Foundation Board and of the Programme Committee University of Geneva, Member of the Advisory Board Feris Endowment Fund IHEI, Geneva, Member of the Advisory Board
Non-executive Director	Ann M. Veneman	Alexion Pharmaceuticals, Inc., USA, Board Member National 4-H Council, USA, Board Member Council on Foreign Relations, USA, Member The Trilateral Commission, Member

Position	Name	Principal other activities outside Nestlé S.A.
		<p>The Chicago Council Global Agricultural Development Initiative, USA, Member of the Advisory Board  Nestlé CSV Council, CH, Member  Global Health Innovative Technology Fund, Board Member  Landesa, USA, Board Member  BRAC, USA, Member of the Advisory Board  Terra Vesco, USA, Member of the Advisory Board  The Feed Projects, USA, Member of the Advisory Board  Driptech, Member of the Advisory Board</p>
Non-executive Director	Henri de Castries	<p>AXA Group, FR, Chairman and CEO  HSBC Holdings plc, UK, Board Member  AXA Hearts in Action, FR, Chairman  Association pour l'aide aux jeunes infirmes, FR, Board Member  Musée du Louvre, FR, Board Member</p>
Non-executive Director	Eva Cheng	<p>Trinity Limited, HK, Board Member  Haier Electronics Group Co. Ltd., HK, Board Member  Amcor Ltd., Australia, Board Member  All-China Women's Federation, CN, Member of the Executive Committee  The Chinese General Chamber of Commerce, HK, Permanent Honorary Director  China's People Political Consultative Conference – Guangdong Commission, CN, Member  Our Hong Kong Foundation, HK, Executive Director  China Children and Teenagers Foundation, CN, Director</p>
Non-executive Director	Ruth Khasaya Oniang'o	<p>USTADI Foundation, Kenya, Board Member  CIAT, Center for Research in Tropical Agriculture, Trustee  Sasakawa Africa Association, Chair of the Board  Sasakawa Africa Fund for Extension Education, Chair of the Board  Rural Outreach Program Kenya, Founder and Executive Director  Global Forum on Agriculture Research (GFAR), Vice Chairperson  African Journal of Food, Agriculture, Nutrition and Development, Founder and Editor-in-Chief  Nestlé CSV Council, CH, Member</p>

<u>Position</u>	<u>Name</u>	<u>Principal other activities outside Nestlé S.A.</u>
Non-executive Director	Patrick Aebischer	Lonza Group Ltd, CH, Board Member Novartis Venture Fund, CH, Chairman of the Advisory Board Amazentis SA, CH, Chairman of the Board of Directors CSEM – Centre Suisse d’Electronique et de Microtechnique, CH, Board Member Singapore Biomedical Sciences International, Advisors Council, Member World Economic Forum (WEF), CH, Member of the Foundation Board Verbier Festival, CH, Member of the Foundation Board

*The Executive Board*

As at the date of this Prospectus, the members of the Executive Board of Directors of Nestlé S.A. are:

<u>Position</u>	<u>Name</u>	<u>Principal other activities outside Nestlé S.A.</u>
Chief Executive Officer and Chief Financial Officer (ad interim)	Paul Bulcke	Cereal Partners Worldwide S.A., CH, Co-Chairman of the Board of Directors Consumer Goods Forum, FR, Co-Chair of the Board of Directors and Member of the Governance Committee Roche Holding Ltd., CH, Board Member Avenir Suisse, Switzerland, Member of the Board of Trustees European Roundtable of Industrialists (ERT), Member International Business Council of the World Economic Forum (WEF), Member
Executive Vice President: Zone Director for EMENA (Europe, Middle East and North Africa)	Luis Cantarell	Nestlé Health Science S.A., CH, Board Member Grupo J. Uriach, S.L., Barcelona, Spain, Member Osem Investments Ltd. Israel, Board Member Lactalis Nestlé Produits Frais S.A.S, France, Board Member Cereal Partners Worldwide S.A., Board Member Beverage Partners Worldwide S.A., Switzerland, Board Member FoodDrinkEurope, Member of the Board Efficient Consumer Response (ECR) Europe, Belgium, Member of the Executive Board Association des Industries de Marque (AIM), BE, Board Member
Executive Vice President: Operations	Magdi Batato	None at present



Position	Name	Principal other activities outside Nestlé S.A.
Executive Vice President: Zone Director for Americas (United States of America, Canada, Latin America, Caribbean)	Laurent Freixe	Cereal Partners Worldwide S.A., CH, Board Member Consumer Good Forum Latin America, Regional Board Member
Executive Vice President: Strategic Business Units, Marketing, Sales, Nespresso	Patrice Bula	Beverage Partners Worldwide S.A., CH, Board Member Cereal Partners Worldwide S.A., CH, Board Member Yinlu Food Group Companies, CN, Board Member Hsu Fu Chi Group Companies, CN, Board Member Schindler Holding Ltd., CH, Board Member
Executive Vice President: Head of Nestlé Business Excellence	Chris Johnson	GS1, BE, Board Member Swiss-American Chamber of Commerce, CH, Treasurer
Executive Vice President: Zone Director Asia, Oceania and Sub-saharan Africa	Wan Ling Martello	Alibaba Holding Ltd., CN, Board Member
Executive Vice President: Finance & Control	François-Xavier Roger	None at present
Executive Vice President: Chief Technology Officer, Head of Innovation, Technology, Research and Development	Stefan Catsicas	Biomedical Research Council of A*STAR, Singapore, Board Member Fondation Latsis International, CH, Board Member Fondation Solar Impulse, CH, Board Member
Executive Vice President: Head of Nestlé Waters	Marco Settembri	None at present
Deputy Executive Vice President: Head of Nestlé Professional	Martial Rolland	None at present
Deputy Executive Vice President: Head of Human Resources and Centre Administration	Peter Vogt	Les prés fleuris-Stiftung, CH, Member
Deputy Executive Vice President: Head of Nestlé Nutrition	Heiko Schipper	None at present

<u>Position</u>	<u>Name</u>	<u>Principal other activities outside Nestlé S.A.</u>
Senior Vice President: Corporate Governance, Compliance and Corporate Services	David P. Frick	SIX Swiss Exchange Regulatory Board, CH, Board Member Allianz Suisse Versicherungs-Gesellschaft AG, CH, Board Member International Chamber of Commerce (ICC), CH, Board Member Swiss-American Chamber of Commerce, CH, Member of Legal Committee economiesuisse, CH, Board Member and Chair of Legal Commission SwissHoldings, CH, Nestlé representative

### *Conflicts of Interest*

As at the date of this Prospectus, the above mentioned members of the Board of Directors and of the Executive Board of Nestlé S.A. do not have potential conflicts of interests between any duties to Nestlé S.A. and their private interests or other duties.

## **The Board of Directors and its Committees**

### *Corporate Governance*

Nestlé S.A. complies with applicable rules of Swiss law relating to corporate governance. Each year Nestlé S.A. compiles a Corporate Governance Report as required by the regulations of the SIX Swiss Exchange.

### *Chairman's and Corporate Governance Committee*

The Chairman's and Corporate Governance Committee consists of the Chairman, the two Vice Chairmen, the CEO (*administrateur délégué*) and other members as elected by the Board. It liaises between the Chairman and the full Board of Directors in order to act as a consultant body to the Chairman and to expedite whenever necessary the handling of Nestlé S.A.'s business. The Committee regularly reviews the Corporate Governance of the Company and prepares recommendations for the Board. Its current members are Peter Brabeck-Letmathe (Chair), Paul Bulcke, Andreas Koopmann, Beat W. Hess and Renato Fassbind.

### *Audit Committee*

The Audit Committee consists of a Vice Chairman, who chairs the Committee, and a minimum of two other members of the Board, excluding the CEO and any former member of the Executive Board. At least one member has to have recent and relevant financial expertise, the others must be familiar with the issues of accounting and audit. In discharging its responsibilities, the Audit Committee has unrestricted access to Nestlé S.A.'s management, books and records. The Audit Committee supports the Board of Directors in its supervision of financial control through a direct link to the external auditors as mentioned above and the corporate internal auditors (Nestlé Group Audit) of Nestlé S.A. The Audit Committee's main duties include (i) to discuss Nestlé's internal accounting procedures, (ii) to make recommendations to the Board of Directors regarding the nomination of external auditors to be appointed by the shareholders, (iii) to discuss the audit procedures, including the proposed scope and the results of the audit, (iv) to keep itself regularly informed on important findings of the audits and of their progress, (v) to oversee the quality of the internal and external auditing, (vi) to present the conclusions on the approval of the financial statements to the Board of Directors, and (vii) to review certain reports regarding internal controls and the Nestlé Group's annual risk assessment. The current members of the Audit Committee are Renato Fassbind (Chair), Naina Lal Kidwai, Henri de Castries and Eva Cheng.

The Audit Committee regularly reports to the Board on its findings and proposes appropriate action. The responsibility for approving the annual financial statements remains with the Board of Directors.

#### *Compensation Committee*

The Compensation Committee consists of a Chairperson, who is an independent and non-executive member of the Board, one Vice Chairman and a minimum of two other non-executive members of the Board of Directors. All members are independent. It determines the principles for remuneration of the members of the Board and submits them to the Board for approval. It oversees and discusses the remuneration principles for Nestlé S.A. and the Nestlé Group. In addition, it proposes to the Board of Directors the individual remuneration of the Chairman, the CEO and approves the individual remuneration of other members of the Executive Board. It reports on its decisions to the Board and keeps the Board updated on the overall remuneration policy of the Nestlé Group. The current members of the Compensation Committee are Beat W. Hess (Chair), Andreas Koopmann, Jean-Pierre Roth and Patrick Aebischer.

#### *Nomination and Sustainability Committee*

The Nomination and Sustainability Committee consists of a Chairperson, who is an independent and non-executive member of the Board, the Chairman of the Board of Directors and a minimum of two independent and non-executive members of the Board. It establishes the principles for the selection of candidates to the Board, selects candidates for election or re-election to the Board and prepares a proposal for the Board's decision. The candidates to the Board must possess the necessary profiles, qualifications and experience to discharge their duties. Newly appointed Board members receive an appropriate introduction into the business and affairs of Nestlé S.A. and the Nestlé Group. If required, the Nomination Committee arranges for further training. It reviews, at least annually, the independence of the members of the Board and it prepares the annual self-evaluation of the Board and its Committees. It oversees the long-term succession planning of the Board. The current members of the Nomination Committee are Andreas Koopmann (Chair), Peter Brabeck-Letmathe, Steven G. Hoch and Ann M. Veneman.

### **Major Shareholders**

Nestlé S.A. is not aware of any arrangement the effect of which would result in a change of control of Nestlé S.A.

Nestlé S.A. is a publicly traded company and its shares are listed on the SIX Swiss Exchange. Pursuant to Nestlé S.A.'s Articles of Association, no person or entity may be (i) registered (directly or indirectly through nominees) with voting rights for more than 5 per cent. of the Nestlé S.A.'s share capital as recorded in the commercial register or (ii) at general meetings of Nestlé S.A. exercise directly or indirectly voting rights, with respect to own shares or shares represented by proxy, in excess of 5 per cent. of Nestlé S.A.'s share capital as recorded in the commercial register. Any shareholder holding shares in Nestlé S.A. of 3 per cent. or more of Nestlé S.A.'s share capital is required to disclose its/his/her shareholding pursuant to the Swiss Financial Market Infrastructure Act.

### **Additional Information**

#### *Share Capital*

As at 31 December 2015, the ordinary share capital of Nestlé S.A. was CHF 318,840,000 divided into 3,188,400,000 fully paid up registered shares having a nominal value of CHF 0.10 each. At the Annual General Meeting of Nestlé S.A. on 7 April 2016, the shareholders approved the reduction of the ordinary share capital by CHF 7,624,000 from CHF 318,840,000 to CHF 311,216,000 through the cancellation of 76,240,000 shares. The capital reduction is scheduled to be effected by the end of June 2016. The conditional share capital of Nestlé S.A. is CHF 10,000,000. By the exercise of conversion and/or option rights, the share capital of Nestlé S.A. may be increased by a maximum of CHF 10,000,000, by the issue of up to 100,000,000 registered shares having a nominal value of CHF 0.10 each.

### *Articles of Association*

Article 2 of the Articles of Association of Nestlé S.A. states that the purpose of Nestlé S.A. is to participate in industrial, service, commercial and financial enterprises in Switzerland and abroad, in particular in the food, nutrition, health, wellness and related industries. In addition, Nestlé S.A. may itself establish such undertakings or participate in, finance and promote the development of undertakings already in existence, and may enter into any transaction which the business purpose may entail. Nestlé S.A. shall, in pursuing its business purpose, aim for long-term, sustainable value creation.

### *Dividend Payments*

Nestlé S.A. paid the following dividends per ordinary share during the last five years: 2015, CHF 2.25; 2014, CHF 2.20; 2013, CHF 2.15; 2012, CHF 2.05; and 2011, CHF 1.95.

### **Material Contracts**

Nestlé S.A. has not entered into any contracts in areas outside of its ordinary course of business, which could result in any group member being under an obligation or entitlement that is material to Nestlé S.A.'s ability to meet its obligations to Noteholders in respect of the Notes.

## TAXATION

### General

The discussion of taxation in this section is only an indication of certain tax implications under the laws of those jurisdictions as they may affect investors. It applies only to persons who are beneficial owners of Notes and may not apply to certain classes of person (such as dealers). The Issuers and the Guarantor (if applicable) make no representations as to the completeness of the information nor undertake any liability of whatsoever nature for the tax implications for investors. **Potential investors are strongly advised to consult their own professional advisers as to the tax implications of investing in Notes.**

### United States

The following is a summary based on present law of certain United States federal income tax considerations for a prospective purchaser of Notes issued by NHI. This summary addresses only the tax considerations for an initial Holder of the Notes that acquires Notes on their original issue at their original offering price and that is not a U.S. Person (a “Non-U.S. Holder”). For this purpose, a “U.S. Person” is (i) a citizen or individual resident of the United States, (ii) a corporation, partnership or other entity created or organized in or under the laws of the United States or its political subdivisions, (iii) an estate the income of which is subject to United States federal income taxation regardless of its source or (iv) a trust subject to the control of a U.S. person and the primary supervision of a U.S. court. This summary also assumes that the Notes will be treated as debt for United States federal tax purposes and that the Notes will be offered, sold and delivered in compliance with and payments on the Notes will be made in accordance with certain required procedures set forth in the Terms and Conditions of the Notes and other relevant documents. Finally, it does not describe any other U.S. federal tax consequences (such as estate and gift tax consequences) or tax consequences arising out of the tax laws of any state, local or non-U.S. jurisdiction. Except for Notes having a maturity of not more than 183 days at issuance, NHI will only be permitted to issue Notes that are treated as issued in registered form for United States federal tax purposes.

This summary does not address all tax considerations for a beneficial owner of the Notes and does not address the tax consequences to a Non-U.S. Holder in special circumstances, such as foreign governments and their integral parts and controlled entities and foreign central banks. It addresses only purchasers that hold Notes as capital assets. It does not include a discussion of Floating Rate Notes other than Floating Rate Notes whose rate is based on a conventional interest rate or composite of interest rates. The discussion is a general summary. It is not a substitute for tax advice.

### U.S. Taxation of Notes

Subject to the discussion below under the headings “FATCA” and “U.S. Information Reporting and Backup Withholding”, interest paid to a Non-U.S. Holder will not be subject to U.S. withholding tax, provided that:

- (i) interest paid on the Note is not effectively connected with the Non-U.S. Holder’s conduct of a trade or business within the United States;
- (ii) the Non-U.S. Holder does not actually or constructively own 10 per cent. or more of the combined voting power of all classes of NHI’s stock entitled to vote;
- (iii) the Non-U.S. Holder is not a controlled foreign corporation as defined in section 957 of the United States Internal Revenue Code of 1986, as amended (the “Code”) that is related to NHI through stock ownership;
- (iv) the Non-U.S. Holder is not a bank described in section 881(c)(3)(A) of the Code; and
- (v) in the case of Notes with a maturity of more than 183 days, on or before the first payment of interest or principal, the Non-U.S. Holder has provided the Paying Agents with a valid and properly executed U.S. Internal Revenue Service Form W-8 (or successor or substitute

therefor) or other appropriate form of certification of non-U.S. status sufficient to establish a basis for exemption under sections 871(h)(2)(B) and 881(c)(2)(B) of the Code or equivalent certification of non-U.S. beneficial ownership has been provided by a qualified intermediary through which such non-U.S. beneficial owner holds the Notes.

If the Non-U.S. Holder is a partnership or trust for United States federal income tax purposes, interest paid to it may be subject to U.S. withholding tax unless all of its partners or beneficiaries can satisfy the conditions for exemption above.

If a Non-U.S. Holder cannot satisfy the requirements described above, payments of interest made to such Non-U.S. Holder generally will be subject to a 30 per cent. U.S. federal withholding tax, unless such Non-U.S. Holder provides the applicable withholding agent with a properly executed (1) IRS Form W-8BEN or W-8BEN-E (or suitable successor or substitute form) claiming an exemption from or reduction in withholding under the benefit of an applicable income tax treaty or (2) IRS Form W-8ECI (or suitable successor or substitute form) stating that interest paid on the Note is not subject to withholding tax because it is effectively connected with such Non-U.S. Holder's conduct of a trade or business in the United States.

Interest paid to a Non-U.S. Holder will not be subject to U.S. federal net income tax unless the interest is effectively connected with the Non-U.S. Holder's conduct of a U.S. trade or business and, if required by an applicable income tax treaty, is attributable to a permanent establishment of the Non-U.S. Holder within the United States. If a Non-U.S. Holder is eligible for the benefits of an income tax treaty between the United States and its country of residence, interest paid to such Non-U.S. Holder will be subject to U.S. federal income tax in the manner specified by the treaty and generally will only be subject to such tax if such interest is attributable to a permanent establishment maintained by the Non-U.S. Holder in the United States. To claim the benefit of a treaty, a Non-U.S. Holder must properly submit an IRS Form W-8BEN or W-8BEN-E (or suitable successor or substitute form).

Except as described in (v) above and under the heading "FATCA" below, a Non-U.S. Holder will not be required to disclose its nationality, residence, or identity to the Issuer, a paying agent, or any U.S. governmental authority in order to receive payment on the Notes from the Issuer or a paying agent outside the United States.

A gain realized by a Non-U.S. Holder on the disposition of a Note will not be subject to U.S. tax unless (i) the gain is effectively connected with such Non-U.S. Holder's conduct of a U.S. trade or business and, if required by an applicable income tax treaty, is attributable to a permanent establishment of the Non-U.S. Holder within the United States, or (ii) the Holder is an individual present in the United States for at least 183 days during the taxable year of disposition and certain other conditions are met. A Non-U.S. Holder described in (ii) of the preceding sentence generally will be subject to a flat 30 per cent. U.S. federal income tax on the gain derived from the sale, which may be offset by U.S. source capital losses, even though the Non-U.S. Holder is not considered a resident of the United States.

## **FATCA**

Notwithstanding the foregoing, payments of interest (including any original issue discount) and premium, if any, and, after 31 December 2018, payments of principal on, as well as the proceeds from the sale, exchange or disposition of, such Notes, generally will be subject to U.S. withholding tax under FATCA unless (i) the Non-U.S. Holder provides the Issuer, any paying agent, U.S. intermediary or any other non-U.S. financial institution intermediary through which it holds the Notes or receives payments on or with respect to such Notes with information necessary to determine whether the investor is a U.S. person or a non-financial, non-U.S. entity with material direct or indirect U.S. ownership or is a foreign financial institution that itself satisfies clause (i) and (ii) each non-U.S. financial institution through which such Non-U.S. Holder holds such Notes or receives payments on or with respect to such Notes either (x) has entered into an agreement with the U.S. Internal Revenue Service ("IRS") pursuant to which it agrees, among other responsibilities, to collect and provide to the IRS information about its direct and indirect U.S. accountholders and investors or (y) is subject to and in full compliance with the requirements of any applicable intergovernmental agreement between the

jurisdiction of its place of organization or operation and the United States implementing an alternative to FATCA.

## **U.S. Information Reporting and Backup Withholding**

Payments of principal and interest on the Notes generally will not be subject to United States information reporting or backup withholding.

Proceeds from the sale, exchange or other disposition of a Note generally will not be subject to United States information reporting unless the sale is effected through the United States office of a broker or the foreign office of a broker that is a U.S. person, is controlled by U.S. persons or receives most of its income from (or in the case of a partnership, conducts) a business in the United States. Such proceeds will not be subject to United States backup withholding unless the sale is effected through a United States office of a broker. Any amount withheld may be credited against a Holder's United States federal income tax liability or refunded to the extent it exceeds the Holder's liability.

**THE DISCUSSION ABOVE IS A GENERAL SUMMARY. IT DOES NOT COVER ALL TAX MATTERS THAT MAY BE IMPORTANT TO A PARTICULAR INVESTOR. EACH PROSPECTIVE INVESTOR SHOULD CONSULT ITS OWN TAX ADVISER ABOUT THE TAX CONSEQUENCES OF AN INVESTMENT IN THE NOTES UNDER THE INVESTOR'S OWN CIRCUMSTANCES.**

## **Luxembourg**

### **General**

The following information is of a general nature only and is based on the laws in force in Luxembourg as of the date of this Programme. It does not purport to be a comprehensive description of all tax implications that might be relevant to an investment decision. It is included herein solely for preliminary information purposes. It is not intended to be, nor should it be construed to be, legal or tax advice. Prospective investors in the Notes should consult their professional advisers with respect to particular circumstances, the effects of state, local or foreign laws to which they may be subject and as to their tax position.

The residence concept used under the respective headings below applies for Luxembourg income tax assessment purposes only. Any reference in the present section to a tax, duty, levy impost or other charge or withholding of a similar nature refers to Luxembourg tax law and/or concepts only. Also, a reference to Luxembourg income tax encompasses corporate income tax (*impôt sur le revenu des collectivités*), municipal business tax (*impôt commercial communal*), a solidarity surcharge (*contribution au fonds pour l'emploi*), personal income tax (*impôt sur le revenu*) as well as a temporary equalisation tax (*impôt d'équilibrage budgétaire temporaire*). Corporate investors may further be subject to net wealth tax (*impôt sur la fortune*) as well as other duties, levies or taxes. Corporate income tax, municipal business tax as well as the solidarity surcharge invariably apply to most corporate taxpayers resident in Luxembourg for tax purposes. Individual taxpayers are generally subject to personal income tax, the temporary equalisation tax and the solidarity surcharge. Under certain circumstances, where an individual taxpayer acts in the course of the management of a professional or business undertaking, municipal business tax may apply as well.

### **Withholding tax**

#### ***Resident investors***

Under the Luxembourg law of 23 December 2005, as amended (the "Law"), payments of interest or similar income made since 1 January 2006 (but accrued since 1 July 2005) by a paying agent established in Luxembourg to or for the immediate benefit of an individual beneficial owner who is a resident of Luxembourg will be subject to a withholding tax of 10 per cent. Such withholding tax will be in full discharge of income tax if the beneficial owner is an individual acting in the course of the management or his/her private wealth.

### ***Non-resident investors***

Under Luxembourg tax law currently in effect, there is no withholding tax on payments of interest (including accrued but unpaid interest) made to Luxembourg non-resident holders of Notes. There is also no Luxembourg withholding tax, upon repayment of the principal or, subject to the application of Luxembourg tax law, upon redemption, repurchase or exchange of the Notes.

### **Income tax**

#### ***Resident investors - General***

Any investor who is a resident of Luxembourg for tax purposes or who has a permanent establishment or a permanent representative in Luxembourg to which the Notes are attributable, is subject to Luxembourg income tax in respect of the interest paid or accrued on the Notes. Specific exemptions may be available for certain taxpayers benefiting from a particular tax status.

#### ***Resident individual investors***

A Luxembourg resident individual acting in the course of the management of his/her private wealth, is subject to Luxembourg income tax in respect of interest received, redemption premiums or issue discounts under the Notes, except if a withholding tax has been levied by the Luxembourg paying agent on such payments or, in case of a non-resident paying agent, if such Luxembourg resident individual investor has opted for the levy of a withholding tax, in accordance with the Law.

Under Luxembourg domestic tax law, gains realised upon the sale, disposal or redemption of Notes, which do not constitute Zero Coupon Notes, by a Luxembourg resident individual who acts in the course of the management of his/her private wealth, are not subject to Luxembourg income tax, provided this sale or disposal took place at least six months after the acquisition of the Notes. A Luxembourg resident individual, who acts in the course of the management of his/her private wealth, has further to include the portion of the gain corresponding to accrued but unpaid income in respect of the Notes in his/her taxable income, insofar as the accrued but unpaid interest is indicated separately in an agreement.

A gain realised upon a sale or disposal of Zero Coupon Notes before their maturity by Luxembourg resident individuals acting in the course of the management of their private wealth must be included in their taxable income for Luxembourg income tax assessment purposes.

Interest derived from as well as gains realised upon a sale or disposal, in any form whatsoever, of the Notes by a Luxembourg resident individual holder acting in the course of the management of a professional or business undertaking are subject to Luxembourg income taxes.

#### ***Resident corporate investors***

Interest derived from as well as gains realised by a Luxembourg resident corporate entity, which is a resident of Luxembourg for tax purposes, on the sale or disposal, in any form whatsoever, of Notes are subject to Luxembourg income taxes.

Luxembourg residents who benefit from a special tax regime, such as, for example, (i) undertakings for collective investment subject to the law of 17 December 2010, (ii) specialised investment funds governed by the amended law of 13 February 2007 or (iii) family wealth management companies governed by the amended law of 11 May 2007 are exempt from income taxes in Luxembourg and thus income derived from the Notes, as well as gains realised thereon, are not subject to Luxembourg income taxes.

### ***Non-resident investors***

Non-resident investors, who have neither a permanent establishment nor a permanent representative in Luxembourg to which the Notes are attributable, are not subject to Luxembourg



income tax on interest received or accrued on the Notes. A gain realised by such non-resident investor, on the sale or disposal, in any form whatsoever, of Notes is further not subject to Luxembourg income tax.

Non-resident corporate investors or non-resident individual investors acting in the course of the management of a professional or business undertaking, and who have a permanent establishment or a permanent representative in Luxembourg to which the Notes are attributable, are subject to Luxembourg income tax on interest accrued or received on the Notes and on any gains realised upon the sale or disposal, in any form whatsoever, on the Notes.

### ***Net wealth tax***

Luxembourg resident investors or non-resident investors who have a permanent establishment or a permanent representative in Luxembourg to which the Notes are attributable, are subject to Luxembourg net wealth tax on such Notes, except if the investor is (i) a resident or non-resident individual taxpayer, (ii) an undertaking for collective investment subject to the law of 17 December 2010, (iii) a securitisation company governed by the amended law of 22 March 2004 on securitisation, (iv) a company governed by the amended law of 15 June 2004 on venture capital vehicles, (v) a specialised investment fund subject to the law of 13 February 2007 or (vi) or a family wealth management company governed by the amended law of 11 May 2007. However, (i) a securitisation company governed by the amended law of 22 March 2004 on securitisation, (ii) a company governed by the amended law of 15 June 2004 on venture capital vehicles and (iii) a professional pension institution governed by the amended law dated 13 July 2005, remain subject to a minimum net wealth tax.

### **Other Taxes**

The issuance, sale and disposal of the Notes will not be subject to a Luxembourg registration or stamp duty other than a fixed €12 registration duty in case of a voluntary registration.

Under present Luxembourg tax law, where an individual holder of Notes is a resident for inheritance tax purposes of Luxembourg at the time of his/her death, the Notes are included in his or her taxable estate for inheritance tax purposes. Gift tax may be due on a gift or donation of the Notes, if the gift is recorded in a Luxembourg deed.

## **Switzerland**

### **General**

The following information is of a general nature only and is based on the laws in force in Switzerland as of the date of this Prospectus. It does not purport to be a comprehensive description of all tax implications that might be relevant to an investment decision. It is included herein solely for preliminary information purposes. It is not intended to be, nor should it be construed to be, legal or tax advice. Prospective investors in the Notes should consult their professional advisers with respect to particular circumstances, the effects of state, local or foreign laws to which they may be subject and as to their tax position.

### **Withholding Tax**

Payments of interest on, and repayment of principal of, the Notes, by the Issuer, or the Guarantor, as the case may be, will not be subject to Swiss withholding tax, even when the Notes are guaranteed by the Guarantor, provided that when the Notes are guaranteed by the Guarantor, the Issuer uses the proceeds from the offering and sale of the Notes at all times they are outstanding outside of Switzerland unless their use in Switzerland is permitted under the Swiss taxation laws in force from time to time without payments in respect of the Notes becoming subject to withholding or deduction for Swiss withholding tax as a consequence of such use of proceeds in Switzerland.

## **Proposed Amendment of Swiss Federal Withholding Tax Act**

On 4 November 2015, the Swiss Federal Council announced that it had mandated the Swiss Federal Finance Department to appoint a group of experts to prepare a proposal for a reform of the Swiss withholding tax system. The proposal is expected to, among other things, replace the current debtor-based regime applicable to interest payments with a paying agent-based regime for Swiss withholding tax. This paying agent-based regime is expected to be similar to the one contained in the draft legislation published by the Swiss Federal Council on 17 December 2014, which was subsequently withdrawn on 24 June 2015. If such a new paying agent-based regime were to be enacted and were to result in the deduction or withholding of Swiss withholding tax by a paying agent in Switzerland on any interest payments in respect of a Note neither the respective Issuer, nor the Guarantor nor a paying agent nor any other person would pursuant to the Terms and Conditions of the Notes be obliged to pay additional amounts with respect to any Note as a result of the deduction or imposition of such withholding tax.

### **Swiss federal stamp duty**

The issue of the Notes (primary market) by the Issuer on the relevant issue date, the issue of the Guarantee by the Guarantor and the redemption of the Notes by the Issuer will not be subject to Swiss federal stamp duty on the dealing in securities.

Secondary market dealings in Notes with a maturity in excess of 12 months where a Swiss domestic bank or a Swiss domestic securities dealer (as defined in the Swiss Federal Stamp Duty Act) is a party, or acts as an intermediary, to the transaction may be subject to Swiss federal stamp duty on dealing in securities at a rate of up to 0.3 per cent. of the purchase price of Notes. Where both the seller and the purchaser of the Notes are non-residents of Switzerland or the Principality of Liechtenstein, no Swiss federal stamp duty on the dealing in securities will be payable.

### **Income Taxation on Principal or Interest**

#### ***Non-Swiss resident Holders***

Under current Swiss law, payments of interest and repayment of principal by the Issuer or, as the case may be, the Guarantor, to a holder of a Note who is a non-resident of Switzerland and who, during the current taxation year, has not engaged in trade or business through a permanent establishment or fixed place within Switzerland to which the Note is attributable will not be subject to any Swiss federal, cantonal or communal income tax. See “Final Foreign Withholding Taxes” below for a summary of the taxation treatment of individuals holding Notes in an account or deposit with a paying agent in Switzerland. See “EU Savings Directive” below for a summary of the taxation treatment of EU resident individuals receiving payments on the Notes from a paying agent in Switzerland.

#### ***Notes held as Private Assets by a Swiss resident Holder***

Notes without a “predominant one-time interest payment”: Holders of Notes without a predominant one-time interest payment (the yield-to-maturity of a Note predominantly derives from periodic interest payments and not from a one-time interest payment) who are individuals resident in Switzerland holding the Notes as private assets and who receive payments of interest on Notes are required to include such payments, converted into Swiss francs at the exchange rate prevailing at the time of payment, as the case may be, in their personal income tax return for the relevant tax period and will be taxable on any net taxable income (including the payments of interest on the Notes) for the relevant tax period. A gain (which may include interest accrued) realised on the sale of such a Note is a tax-free private capital gain, and a loss realised on the sale of such a Note is a non-tax deductible private capital loss.

Notes with a “predominant one-time interest payment”: If the yield-to-maturity of a Note predominantly derives from a one-time interest payment such as an original issue discount or a repayment premium and not from periodic interest payments, then any periodic interest payments and, in addition, on the sale or redemption of the Note any amount equal to the difference between the value of the Note at redemption or sale, as applicable, and its value at issuance or secondary market purchase,

as applicable, converted, in each case, into Swiss francs at the exchange rate prevailing at the time of payment, redemption or sale, issuance or purchase, respectively (modified differential taxation method) constitutes taxable income for the relevant tax period in the hands of a holder of Notes who is an individual resident in Switzerland and who holds the Notes as private assets. Such a holder of Notes may offset a value decrease on the Notes realised on the sale or redemption of the Notes against any gains (including periodic interest payments) realised within the same taxation period from all instruments with a predominant one-time interest payment, and vice versa.

Swiss-resident individual taxpayers who hold Notes as part of Swiss business assets and Swiss-resident corporate taxpayers and corporate taxpayers resident abroad holding Notes as part of a Swiss permanent establishment or a fixed place of business within Switzerland, are required to recognise the payments of interest on the Notes and any capital gain or loss realised on the sale or other disposition of the Notes in their income statement for the respective tax period and will be taxable on any net taxable earnings for such period. The same taxation treatment also applies to Swiss-resident individuals who, for income tax purposes, are classified as “professional securities dealers” for reasons of, *inter alia*, frequent dealings and leveraged transactions in securities.

### **Savings tax based on agreement between the European Community and Switzerland – Paying Agents in Switzerland**

In accordance with the agreement of 26 October 2004 between the European Community and Switzerland (the “Agreement”), which provides for measures equivalent to those laid down in Council Directive 2003/48EC on the taxation of savings income in the form of interest payments or similar income (the “EU Savings Directive”), interest payments in respect of the Notes by paying agents in Switzerland are subject to EU savings tax at a rate of 35 per cent. (with the option of the individual to have the paying agent in Switzerland and the relevant Swiss authorities provide to the tax authorities of the EU Member State in which the individual resides, the details of the interest payments in lieu of the withholding). In accordance with the terms of the Notes, holders of Notes will not be entitled to receive any additional amounts to compensate them from any such withholding.

In the context of the repeal of the EU Savings Directive by the European Commission by Council Directive (EU) 2015/2060 of 10 November 2015, Switzerland and the European Community signed on 27 May 2015 an amendment protocol to the Agreement, which would introduce, if ratified, an extended automatic exchange of information regime in accordance with the Global Standard released by the OECD Council in July 2014, in lieu of the withholding system, and expand the range of payments covered. The amendment is pending approval by the Swiss Parliament and, subject to approval and an optional referendum, is expected to enter into force on 1 January 2017. Subject to these conditions, the EU and Switzerland intend to collect account data from 2017 and exchange it from 2018 once the necessary Swiss implementing legislation enters into effect.

### **Final Foreign Withholding Taxes**

Since 1 January 2013, treaties on final withholding taxes of Switzerland and the United Kingdom and Switzerland and Austria (each a “Treaty”) have been in force (each a “Contracting State”). The treaties require a Swiss paying agent, as defined in the treaties, to levy a flat-rate final withholding tax (*internationale Quellensteuer*) at rates specified in the treaties on certain capital gains and income items (interest, dividends, other income items, all as defined in the treaties, deriving from assets, including the Notes, as applicable, held in accounts or deposits with a Swiss paying agent by (i) an individual resident in a Contracting State, or (ii) if certain requirements are met, by a domiciliary company (*Sitzgesellschaft*), an insurance company in connection with a so-called insurance wrapper (*Lebensversicherungsmantel*) or other individuals if the beneficial owner is an individual resident in a Contracting State. The flat-rate tax withheld substitutes the ordinary income tax on the respective capital gains and income items, in the Contracting State where the individual is tax resident. In order to avoid the withholding of the flat-rate tax by the Swiss paying agent, such individuals may opt for disclosure of the respective capital gains and income items to the tax authorities of the Contracting State where they are tax residents. If an amount of, or in respect of, such final withholding tax were to be deducted or withheld from a payment of interest or capital gain relating to the Notes, neither the relevant Issuer, nor the Guarantor nor a paying agent nor any other person would be obliged to pay additional amounts with respect to any Notes, as a result of the deduction or imposition of such final

withholding tax. See “*Risk Factors – Risks related to Notes generally – Final Foreign Withholding Taxes in Switzerland*”. Subject to the amendment protocol to the Agreement entering into force (see above “—*Savings tax based on agreement between the European Community and Switzerland – Paying Agents in Switzerland*”) and Switzerland concluding agreements with the United Kingdom and Austria on the termination of the Treaties, Swiss paying agents will not have to apply the final withholding tax regimes anymore from 1 January 2017 or 1 January 2018, depending on the date of entry into force, as they then will have to process the exchange of information from that time also for United Kingdom and Austrian residents.

**THE FOLLOWING IS A GENERAL SUMMARY OF SOURCE STATE WITHHOLDING TAXES ON INTEREST INCOME UNDER CURRENT LAW IN THE JURISDICTIONS WHERE THE NOTES MAY BE OFFERED (IN ADDITION TO THE UNITED KINGDOM (WHERE THE NOTES MAY BE OFFERED AND WHERE THE AGENT IS LOCATED) AND THE UNITED STATES, LUXEMBOURG AND SWITZERLAND (JURISDICTIONS WHERE AN ISSUER OR THE GUARANTOR IS INCORPORATED)). THE FOLLOWING DOES NOT PURPORT TO BE A COMPLETE ANALYSIS OF ALL TAX CONSIDERATIONS RELATING TO THE NOTES AND PROSPECTIVE NOTEHOLDERS SHOULD ACCORDINGLY SEEK THEIR OWN PROFESSIONAL ADVICE.**

## **Austria**

### ***Resident investors***

Austrian withholding tax at a rate of 27.5 per cent. (since 1 January 2016) is triggered if interest on the Notes is paid to individuals by an Austrian paying agent (an Austrian bank or Austrian branch of a non-Austrian bank) or if payments of realised capital gains from the sale of Notes are made by (i) an Austrian depository or (ii) by an Austrian paying agent provided the non-Austrian depository is a non-Austrian branch or group company of such paying agent and processes the payment in cooperation with the paying agent.

Corporate investors deriving business income from the Notes may avoid the application of this withholding tax by filing a declaration of exemption (*Befreiungserklärung*) pursuant to Section 94(5) Austrian Income Tax Act (*Einkommensteuergesetz*, “*EStG*”) with the Austrian paying agent or Austrian depository.

### ***Non-resident investors***

Interest income and any capital gains derived from the Notes by individuals who do not have a domicile or their habitual place of abode in Austria or by corporate investors that do not have their corporate seat or their place of management in Austria (“non-Austrian residents”) is not taxable in Austria provided that the debtor has its seat or place of effective management outside of Austria and that the income is not attributable to an Austrian permanent establishment.

Under Council Directive 2003/48/EC on the taxation of savings income in the form of interest payments (the “EU Savings Directive”), Member States were required to provide to the tax authorities of another Member State details of certain payments of interest or similar income (including, but not limited to, payments on redemption of the Notes) paid or secured by a person established in a Member State to, or for the benefit of, an individual resident in that other Member State or certain limited types of entities established in that other Member State. Austria instead opted for a withholding tax system and is therefore required to levy a withholding tax at a rate of currently 35 per cent.

While the EU Savings Directive has been repealed for all Member States except Austria effective as of 1 January 2016 and replaced by the automatic exchange of information regime under Council Directive 2011/16/EU (as amended by Council Directive 2014/107/EU), Austria has been granted an exception and will continue to apply the EU Savings Directive until 31 December 2016 (with the exception of some accounts for which Austria has accepted to apply the exchange of information system earlier). Beginning with 1 January 2017 the automatic exchange of information regime under Council Directive 2011/16/EU (as amended by Council Directive 2014/107/EU) will apply to Austria in full.

In case of payments to non-residents, an Austrian paying agent or depository could abstain from levying the 27.5 per cent. (since 1 January 2016) Austrian withholding tax or 25 per cent. in case of corporate investors (Section 93 (1a) EStG) under the prerequisites set forth in Section 94(5) and/or (13) EStG.

If any Austrian withholding tax is deducted by an Austrian paying agent or depository, the non-resident investor can apply for a refund by filing an application with the competent Austrian tax authority (within five calendar years following the year of the imposition of the Austrian withholding tax).

Where non-Austrian residents receive income from the Notes as part of their business income taxable in Austria (e.g. as part of an Austrian permanent establishment), they will generally be subject to the same tax treatment as Austrian resident business investors.

## **Belgium**

### ***Resident investors***

Payments of interest on the Notes made through a paying agent in Belgium to resident individuals who hold the Notes as a private investment will, in principle, be subject to a 27 per cent. Belgian withholding tax (calculated on the interest received after deduction of any non-Belgian withholding taxes). This is a final taxation.

Corporate investors can in certain circumstances apply to credit this withholding tax against their corporate income tax, with any excess being refunded.

Special rules apply to Belgian legal entities and organisations for financing pensions.

### ***Non-resident investors***

Interest income on the Notes paid through a professional intermediary in Belgium will, in principle, be subject to a 27 per cent. Belgian withholding tax, unless the Noteholder is resident in a country with which Belgium has concluded a double taxation agreement and delivers the requested affidavit to the Belgian tax authorities. If the income is not collected through a financial institution or other intermediary established in Belgium, no Belgian withholding tax is due on payments of interest to non-resident investors.

## **Germany**

### ***Resident investors***

Payments of interest made on Notes held in custody with a German custodian (the “Disbursing Agent”) will be made subject to a withholding tax. Disbursing Agents are German resident credit institutions, financial services institutions (including German permanent establishments of foreign institutions), securities trading companies or securities trading banks. The applicable withholding tax rate is 25 per cent. (plus 5.5 per cent. solidarity surcharge thereon and, if applicable, church tax).

### ***Non-resident investors***

No German withholding tax should generally be withheld from payments to Noteholders who are not resident in Germany unless the Notes are held as business assets in a German permanent establishment of the investor.

## **Italy**

The rate of tax to be levied in respect of income from capital (*redditi di capitale*) and certain financial capital gains is 26 per cent., subject to conditions and exceptions.

### ***Resident investors***

Where the Italian resident beneficial owner is (i) an individual not engaged in an entrepreneurial activity to which the Notes are connected, (ii) a non-commercial partnership, (iii) a non-commercial private or public institution, or (iv) an investor exempt from Italian corporate income taxation, interest, premium and other income relating to the Notes, accrued during the relevant holding period, are subject to a withholding tax, referred to as *imposta sostitutiva*, levied at the rate of 26 per cent.

Where an Italian resident beneficial owner of the Notes is a company or similar commercial entity or a permanent establishment in Italy of a foreign company to which the Notes are effectively connected and the Notes are deposited with an authorised intermediary, interest, premium and other income from the Notes will not be subject to *imposta sostitutiva*.

### ***Non-resident investors***

No Italian *imposta sostitutiva* is applied on payments to a non-Italian resident beneficial owner of interest or premium relating to the Notes provided that, if the Notes are deposited with an intermediary in Italy, the non-Italian resident beneficial owner of the Notes files an application with such intermediary declaring itself to be a non-resident.

## **The Netherlands**

All payments under Notes may be made free of withholding or deduction of any taxes of whatever nature imposed, levied, withheld or assessed by the Netherlands or any political subdivision or taxing authority thereof or therein.

## **United Kingdom**

### ***United Kingdom Withholding Tax***

Interest on the Notes that is not treated as having a United Kingdom source may be paid without withholding or deduction for or on account of United Kingdom income tax.

In the event that interest on the Notes is treated as having a United Kingdom source, payments of such interest can still be made without withholding or deduction for or on account of United Kingdom income tax as long as the Notes are and continue to be “quoted Eurobonds” within the meaning of section 987 of the Income Tax Act 2007 (the “Act”). In the case of Notes to be traded on the London Stock Exchange, which is a “recognised stock exchange” within the meaning of section 1005 of the Act, this condition will be satisfied if the Notes are admitted to the Official List (within the meaning of, and in accordance with, the provisions of Part VI of the Financial Services and Markets Act 2000) and to trading on the London Stock Exchange and remain as such at the time of payment.

If: (i) interest on the Notes is treated as having a United Kingdom source, (ii) the “quoted Eurobond” exemption does not apply, and (iii) the Notes are not Notes with a maturity of less than one year which do not form part of a scheme or arrangement of borrowing intended to be capable of remaining outstanding for more than 364 days, such interest may fall to be paid under deduction of United Kingdom income tax at the basic rate (currently 20 per cent.), subject to any direction to the contrary by HM Revenue and Customs (“HMRC”) under the provisions of an applicable double taxation treaty. Any withholding obligation is disapplied (unless HMRC directs otherwise) in respect of Noteholders which the relevant Issuer (and any person by or through whom interest on the Notes is paid) reasonably believes are, at the time of payment, either a United Kingdom resident company or a non-United Kingdom resident company carrying on a trade in the United Kingdom through a permanent establishment which is within the charge to corporation tax as regards the payment of

interest, or which fall within various categories enjoying a special tax status (including charities and pension funds) or are partnerships consisting only of partners who are such persons.

### **The proposed financial transaction tax (“FTT”)**

On 14 February 2013, the European Commission published a proposal (the “Commission’s Proposal”) for a Directive for a common FTT in Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia (the “participating Member States”). However, Estonia has since stated that it will not participate.

The Commission’s Proposal has very broad scope and could, if introduced, apply to certain dealings in the Notes (including secondary market transactions) in certain circumstances. The issuance and subscription of Notes should, however, be exempt.

Under the Commission’s Proposal the FTT could apply in certain circumstances to persons both within and outside of the participating Member States. Generally, it would apply to certain dealings in the Notes where at least one party is a financial institution, and at least one party is established in a participating Member State. A financial institution may be, or be deemed to be, “established” in a participating Member State in a broad range of circumstances, including (i) by transacting with a person established in a participating Member State or (ii) where the financial instrument which is subject to the dealings is issued in a participating Member State.

However, the FTT proposal remains subject to negotiation between the participating Member States and the scope of any such tax is uncertain. Additional EU Member States may decide to participate.

Prospective holders of the Notes are advised to seek their own professional advice in relation to the FTT.

## SUBSCRIPTION AND SALE

BNP Paribas, Citigroup Global Markets Limited, Credit Suisse Securities (Europe) Limited, HSBC Bank plc, Deutsche Bank AG, London Branch, RBC Europe Limited, The Toronto-Dominion Bank, The Royal Bank of Scotland plc and UBS Limited (the “Dealers”) have in an amended and restated programme agreement dated 29 May 2015 and as amended and/or supplemented and/or restated from time to time (the “Programme Agreement”), agreed with the Issuers and the Guarantor a basis upon which they or any of them may from time to time agree to purchase Notes. Any such agreement will extend to those matters stated under “Form of the Notes” and “Terms and Conditions of the Notes” above.

Set forth below are certain selling restrictions applicable to Notes issued under the Programme. Each Dealer has represented and agreed that it will comply with these restrictions. Each further Dealer appointed under the Programme Agreement will be required to represent and agree to all applicable restrictions.

The following selling restrictions may be modified by the relevant Issuer and the relevant Dealers following a change in the relevant laws or regulations. Any such modification will be set out in the applicable Final Terms issued in respect of the issue to which it is related or in a supplement to the Prospectus.

### United States

The Notes and the Guarantee have not been and will not be registered under the Securities Act and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in certain transactions exempt from the registration requirements of the Securities Act.

Each Dealer has agreed and each further Dealer appointed under the Programme Agreement will be required to agree that, except as permitted by the Programme Agreement, it will not offer, sell or deliver Notes (i) as part of their distribution at any time or (ii) otherwise until 40 days after the later of (A) the completion of the distribution of all Notes of the Tranche of which such Notes are a part, as certified to the Agent by such Dealer (or, in the case of a sale of a Tranche of Notes to or through more than one Dealer, by each of such Dealers as to Notes of such Tranche purchased by or through it, in which case the Agent shall notify each such Dealer when all such Dealers have so certified), and (B) the settlement date of such identifiable Tranche of Notes (or such other date as the Issuer may in its sole discretion deem necessary to comply with Regulation S) within the United States or to, or for the account or benefit of, U.S. persons and it will have sent to each distributor, dealer or other person receiving a selling concession, fee or other remuneration that purchases Notes from it during the distribution compliance period a confirmation or other notice setting forth the restrictions on offers and sales of the Notes within the United States or to, or for the account or benefit of, U.S. persons. Terms used in the preceding paragraph and in this paragraph have the meanings given to them by Regulation S under the Securities Act.

In addition, until 40 days after the completion of the distribution of all Notes of any Tranche certified as described above, an offer or sale of Notes of such Tranche within the United States by any dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act.

The Notes, other than registered Notes issued by NHI, are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a United States person, except in certain transactions permitted by U.S. Treasury Regulations. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code of 1986 as amended and Treasury Regulations promulgated thereunder. The applicable Final Terms will identify whether TEFRA C rules or TEFRA D rules apply or whether TEFRA is not applicable, or whether Notes are issued in compliance with United States Treasury Regulations Section 1.6049-5T(b)(10) (in which case, TEFRA D shall apply but without the requirement of delivery of an Owner Tax Certification or a Depository Tax Certification prior to exchange or payment).



## **European Economic Area**

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a “Relevant Member State”), each Dealer has represented and agreed, and each further Dealer appointed under the Programme Agreement will be required to represent and agree, that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the “Relevant Implementation Date”) it has not made and will not make an offer of Notes which are the subject of the offering contemplated by this Prospectus as completed by the applicable Final Terms in relation thereto to the public in that Relevant Member State, except that it may, with effect from and including the Relevant Implementation Date, make an offer of such Notes to the public in that Relevant Member State:

- (a) if the applicable Final Terms in relation to the Notes specify that an offer of those Notes may be made other than pursuant to Article 3(2) of the Prospectus Directive in that Relevant Member State (a “Public Offer”), following the date of publication of a prospectus in relation to such Notes which has been approved by the competent authority in that Relevant Member State in accordance with the Prospectus Directive or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State, provided that any such prospectus has subsequently been completed by the applicable Final Terms contemplating such Public Offer, in accordance with the Prospectus Directive, in the period beginning and ending on the dates specified in such prospectus or such Final Terms, as applicable and the relevant Issuer has consented in writing to its use for the purpose of that Public Offer;
- (b) at any time to any legal entity which is a qualified investor as defined in the Prospectus Directive;
- (c) at any time to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Directive), subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the relevant Issuer for any such offer; or
- (d) at any time in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of Notes referred to in (b) to (d) above shall require the relevant Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

For the purposes of this provision, the expression an “offer of Notes to the public” in relation to any Notes in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe the Notes, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State.

## **United Kingdom**

Each Dealer has agreed and each further Dealer appointed under the Programme Agreement will be required to agree that:

- (1) in relation to any Notes which have a maturity of less than one year, (a) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business and (b) it has not offered or sold and will not offer or sell any Notes other than to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or as agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses where the issue of the Notes would otherwise constitute a contravention of Section 19 of the FSMA by the relevant Issuer;

- (2) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of any Notes in circumstances in which Section 21(1) of the FSMA does not apply to the relevant Issuer or the Guarantor; and
- (3) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Notes in, from or otherwise involving the United Kingdom.

### **The Netherlands**

- (a) Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that unless the relevant Final Terms specify that Article 5:20(5) Dutch Financial Supervision Act (*Wet op het financieel toezicht*) (the “DFSA”) is not applicable, it will not make an offer of Notes to the public in the Netherlands in reliance on Article 3(2) of the Prospectus Directive unless (i) such offer is made exclusively to persons or entities which are qualified investors as defined in the DFSA or (ii) standard exemption wording is disclosed as required by Article 5:20(5) of the DFSA, provided that no such offer of Notes shall require the relevant Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.
- (b) Zero Coupon Notes in definitive form of any Issuer may only be transferred and accepted, directly or indirectly, within, from or into the Netherlands through the mediation of either such Issuer or a member firm of Euronext Amsterdam N.V. in full compliance with the Dutch Savings Certificates Act (*Wet inzake spaarbewijzen*) of 21 May 1985 (as amended) and its implementing regulations. No such mediation is required: (a) in respect of the transfer and acceptance of rights representing an interest in a Zero Coupon Note in global form, or (b) in respect of the initial issue of Zero Coupon Notes in definitive form to the first holders thereof, or (c) in respect of the transfer and acceptance of Zero Coupon Notes in definitive form between individuals not acting in the conduct of a business or profession, or (d) in respect of the transfer and acceptance of such Zero Coupon Notes within, from or into the Netherlands if all Zero Coupon Notes (either in definitive form or as rights representing an interest in a Zero Coupon Note in global form) of any particular Series are issued outside the Netherlands and are not distributed into the Netherlands in the course of initial distribution or immediately thereafter. As used herein Zero Coupon Notes are Notes that are in bearer form and that constitute a claim for a fixed sum against the relevant Issuer and on which interest does not become due during their tenure but only at maturity or on which no interest is due whatsoever.

### **Australia**

No prospectus or other disclosure document (as defined in the Australian Corporations Act) in relation to the Programme or the Notes has been or will be lodged with the Australian Securities and Investments Commission (“ASIC”). Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that unless the applicable Final Terms (or another supplement to this Prospectus) otherwise provides, it:

- (a) has not (directly or indirectly) offered or invited applications, and will not offer or invite applications for the issue, sale or purchase of the Notes in or from Australia (including an offer or invitation which is received by a person in Australia); and
- (b) has not distributed or published, and will not distribute or publish, any draft, preliminary or definitive prospectus, offering memorandum, disclosure document or other offering material or advertisement relating to any Notes in Australia,

unless the offeree or invitee is a “wholesale client” (within the meaning of section 761G of the Australian Corporations Act) and (i) the aggregate consideration payable by each offeree or invitee is at least A\$500,000 (or the equivalent in any other currency, in either case, disregarding moneys lent by

the offeror or its associates); (ii) the offer or invitation otherwise does not require disclosure to investors in accordance with either Part 6D.2 or Chapter 7 of the Australian Corporations Act; (iii) such action complies with all applicable laws, regulations and directives (including, without limitation, the financial services licensing requirements of Chapter 7 of the Australian Corporations Act); and (iv) such action does not require any document to be lodged with ASIC.

### **New Zealand**

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not and will not offer, directly or indirectly the Notes for sale or transfer, and it has not distributed and will not distribute, publish, deliver or disseminate any offering memorandum or any other information or other material than may constitute an advertisement in relation to the Notes, in each case in New Zealand other than to “wholesale investors” as that term is defined in clauses 3(2)(a), (c) and (d) of Schedule 1 to the Financial Markets Conduct Act 2013 (**FMCA**), being a person who is:

- (a) an “investment business”;
- (b) “large”; or
- (c) a “government agency”,

in each case as defined in Schedule 1 to the FMCA; and in other circumstances where there is no contravention of the FMCA. For the avoidance of doubt, the Notes may not be offered or transferred to, among others, any “eligible investors” (as defined in the FMCA) or any person that meets the investment activity criteria specified in clause 38 of Schedule 1 to the FMCA.

### **People’s Republic of China**

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme Agreement will be required to represent and agree, that neither it nor its affiliates has offered or sold or will offer or sell any Notes in the People’s Republic of China (excluding the Hong Kong Special Administrative Region of the People’s Republic of China, the Macau Special Administrative Region of the People’s Republic of China and Taiwan) (the “PRC”) or to residents of the PRC, except as permitted by applicable securities laws and regulations of the People’s Republic of China.

### **Hong Kong**

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme Agreement will be required to represent and agree, that:

- (i) it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any Notes other than (a) to “professional investors” as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong and any rules made under that Ordinance; or (b) in other circumstances which do not result in the document being a “prospectus” as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong or which do not constitute an offer to the public within the meaning of that Ordinance; and
- (ii) it has not issued or had in its possession for the purposes of issue, and will not issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Notes, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Notes which are or are intended to be disposed of only to persons outside Hong Kong or only to “professional investors” as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong and any rules made under that Ordinance.

## Japan

The Notes have not been and will not be registered under the Financial Instruments and Exchange Law of Japan (Law No.25 of 1948, as amended) (the “Financial Instruments and Exchange Law”) and each Dealer has agreed, and each further Dealer appointed under the Programme will be required to agree, that it will not offer or sell any Notes, directly or indirectly, in Japan or to, or for the benefit of, any resident in Japan (which term as used herein means any person resident in Japan, including any corporation or other entity organised under the laws of Japan) except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the Financial Instruments and Exchange Law and any other applicable laws, regulations and ministerial guidelines of Japan.

## Singapore

Each Dealer has acknowledged and agreed, and each further Dealer appointed under the Programme will be required to acknowledge and agree, that this Prospectus has not been registered as a prospectus with the Monetary Authority of Singapore, and the Notes will be offered pursuant to exemptions under the Securities and Futures Act, Chapter 289 of Singapore (the “Securities and Futures Act”). Accordingly, the Notes may not be offered or sold or made the subject of an invitation for subscription or purchase nor may this Prospectus or any other document or material in connection with the offer or sale or invitation for subscription or purchase of any Notes be circulated or distributed, whether directly or indirectly, to any person in Singapore other than (a) to an institutional investor pursuant to Section 274 of the Securities and Futures Act, (b) to a relevant person under Section 275(1) of the Securities and Futures Act or to any person pursuant to Section 275(1A) of the Securities and Futures Act and in accordance with the conditions specified in Section 275 of the Securities and Futures Act, or (c) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the Securities and Futures Act.

Where the Notes are subscribed or purchased under Section 275 of the Securities and Futures Act by a relevant person which is:

- (a) a corporation (which is not an accredited investor (as defined in Section 4A of the Securities and Futures Act)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or
- (b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary is an individual who is an accredited investor,

securities (as defined in Section 239(1) of the Securities and Futures Act) of that corporation or the beneficiaries’ rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Notes pursuant to an offer under Section 275 of the Securities and Futures Act except:

- (i) to an institutional investor or to a relevant person (as defined in Section 275(2) of the Securities and Futures Act) or (in the case of a corporation) where the transfer arises from an offer referred to in Section 275(1A) or (in the case of a trust) where the transfer arises from an offer referred to in Section 276(4)(i)(B) of the Securities and Futures Act;
- (ii) where no consideration is or will be given for the transfer;
- (iii) where the transfer is by operation of law; or
- (iv) pursuant to Section 276(7) of the Securities and Futures Act or Regulation 32 of the Securities and Futures (Offers of Investments) (Shares and Debentures) Regulations.

**Issues of Notes with a Specified Denomination of less than €100,000 (or its equivalent) to be admitted to trading on an EEA regulated market and/or offered on an exempt basis in the EEA**

Unless otherwise expressly indicated in the applicable Final Terms and notwithstanding the European Economic Area selling restrictions set out above applicable to Notes, in relation to Notes with a Specified Denomination of less than €100,000 (or its equivalent in any other currency) to be admitted to trading on an EEA regulated market and/or offered in any EEA Member State on an exempt basis as contemplated under Article 3(2) of the Prospectus Directive:

- (a) each Dealer has represented and agreed, and each further Dealer appointed under the Programme Agreement will be required to represent and agree, that (i) it has not offered or sold, (ii) neither it nor its affiliates will offer or sell, and (iii) it will use reasonable efforts to ensure that no offer or sale is made whether through financial intermediaries or otherwise of, any such Notes to the public in any EEA Member State by means of this Prospectus, the applicable Final Terms or any other document, other than to qualified investors (as defined in the Prospectus Directive);
- (b) each Dealer has acknowledged, and each further Dealer appointed under the Programme Agreement will be required to acknowledge, that no action has been taken by the relevant Issuer or any other person that would, or is intended to permit an offer to the public of any such Notes in any country or jurisdiction at any time where any such action for that purpose is required; and
- (c) each Dealer has undertaken, and each further Dealer appointed under the Programme Agreement will be required to undertake, that (i) such Dealer and its affiliates will not, and (ii) such Dealer will, in the case of financial intermediaries, use reasonable efforts to ensure that any such financial intermediaries will not, offer or sell any such Notes or distribute or publish any offering circular, prospectus, form of application, advertisement or other document or information in any country or jurisdiction except under circumstances that will result in compliance with any applicable laws and regulations and all offers and sales of any such Notes by such Dealer or its affiliates or by such financial intermediaries will be made on these terms, and provided that no such offer or sale of Notes by such Dealer or its affiliates or by any such financial intermediaries, shall require the relevant Issuer, such Dealer or such financial intermediaries to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

**Public Offers in certain EEA Jurisdictions**

Notwithstanding the European Economic Area selling restrictions set out above applicable to Notes, where the applicable Final Terms expressly indicate that a Public Offer of Notes in certain jurisdictions identified in such Final Terms (such jurisdictions, together with the United Kingdom, the “Public Offer Jurisdictions” and each a “Public Offer Jurisdiction”) is intended or permitted, the relevant Issuer agrees that the Dealers identified as Managers in such Final Terms involved in the offer and such other persons and/or classes of persons as the relevant Issuer may nominate and/or describe in the applicable Final Terms will, on the terms and conditions of the Public Offer contained in such Final Terms, be able to use such Final Terms and this Prospectus for a Public Offer of the Notes in such Public Offer Jurisdictions during the Offer Period specified in such applicable Final Terms.

Upon the execution by the relevant Dealers so identified in the applicable Final Terms, and by the relevant Issuer of the agreement to issue and purchase the Notes (the “Agreement”), each such Dealer is authorised to, and accordingly may, during the Offer Period specified in such Final Terms, make a Public Offer using this Prospectus (as may be supplemented) and the applicable Final Terms in any of the Public Offer Jurisdictions and otherwise in accordance with the terms and conditions of the Agreement, this Prospectus (as so supplemented) and the applicable Final Terms.

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme Agreement will be required to represent and agree, that (i) it has not offered or sold and (ii) neither it nor its affiliates will offer or sell in any EEA Member State, any Notes other than by (i) a Public Offer in any of the Public Offer Jurisdictions during the Offer Period pursuant to, and in

accordance with, this Prospectus (as may be supplemented) and the applicable Final Terms (without modification or supplement); or (ii) an offer to qualified investors (as defined in the Prospectus Directive) or otherwise in compliance with Article 3(2) of the Prospectus Directive and that during the Offer Period, each such Dealer will use reasonable efforts to ensure that any Placer (as defined in the applicable Final Terms) purchasing from such Dealer any of the Notes is aware of the foregoing provisions of this “Public Offers in certain EEA Jurisdictions” selling restriction.

Each Dealer has also represented and agreed, and each further Dealer appointed under the Programme Agreement will be required to represent and agree, that the following provisions contained in the applicable Final Terms under the heading “Terms and Conditions of the Public Offer” (including where repeated in the Summary of the Notes annexed to the applicable Final Terms), in the second sentence of the section entitled “Offer Price”, in the second sentence of the section entitled “Conditions to which the offer is subject”, in the section entitled “Description of the application process”, in the section entitled “Details of the minimum and/or maximum amount of application (whether in number of Notes or aggregate amount to invest)”, in the second sentence of the section entitled “Method and time limits for paying up the Notes and for delivery of the Notes” and in the section entitled “Process for notification to applicants of the amount allotted and the indication whether dealing may begin before notification is made” relating to it and its offer and sale process are true and accurate in all respects and that it has not made any Placers as such known to the relevant Issuer other than any Placers who are identified as such in the applicable Final Terms.

Save as described above and in the applicable Final Terms, no action will be taken by the relevant Issuer or any other person that would, or is intended to, permit a Public Offer in the Public Offer Jurisdictions at any time other than during the Offer Period pursuant to, and in accordance with, this Prospectus as may be supplemented and the applicable Final Terms or in any other country or jurisdiction at any time where any such action for that purpose is required.

Each Dealer has undertaken, and each further Dealer appointed under the Programme Agreement will be required to undertake, that (i) such Dealer and its affiliates will not, and (ii) such Dealer will, in the case of financial intermediaries, use reasonable efforts to ensure that any such financial intermediaries will not, offer or sell any such Notes or distribute or publish any offering circular, prospectus, form of application, advertisement or other document or information in any country or jurisdiction except under circumstances that will result in compliance with any applicable laws and regulations and all offers and sales of any such Notes by such Dealer or its affiliates or by such financial intermediaries will be made on these terms, and provided that no such offer or sale of Notes by such Dealer or its affiliates or by any such financial intermediaries, shall require the relevant Issuer, such Dealer or such financial intermediaries to publish a prospectus pursuant to Article 3 of the Prospectus Directive (or supplement a prospectus pursuant to Article 16 of the Prospectus Directive) or to take any other action in any jurisdiction other than as described above (unless otherwise agreed with the relevant Issuer).

For the purposes of this provision, the expression “Public Offer” in relation to any Notes in any relevant Public Offer Jurisdiction means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe the Notes, as the same may be varied in that Public Offer Jurisdiction by any measure implementing the Prospectus Directive in that Jurisdiction.

## **General**

No action has been taken or will be taken in any jurisdiction that would permit a public offering of any of the Notes, or possession or distribution of this Prospectus or any other offering material relating to any Notes, in any country or jurisdiction where action for that purpose is required. Each Dealer has agreed and each further Dealer appointed under the Programme Agreement will be required to agree that it will, to the best of its knowledge, having made all reasonable enquiries, comply with all relevant laws, regulations and directives in each jurisdiction in which it purchases, offers, sells, or delivers Notes or has in its possession or distributes this Prospectus or any other offering material relating to any Notes or any Final Terms, in all cases at its own expense.

No Dealer is authorised to make any representation or use any information in connection with the issue, offering and sale of the Notes other than as contained in this Prospectus.

None of the Issuers, the Guarantor or any Dealer, represents that Notes may at any time lawfully be sold in compliance with any applicable registration or other requirements in any jurisdiction, or pursuant to any exemption available thereunder, or assumes any responsibility for facilitating such sale.

With regard to each Tranche, the relevant Dealer will be required to comply with such other additional restrictions as the relevant Issuer, the Guarantor (if applicable) and the relevant Dealer shall agree and as shall be set out in the applicable Final Terms.

## GENERAL INFORMATION

### Authorisation

The establishment and subsequent updates of the Programme and the issue of Notes under the Programme have been duly authorised by resolutions of the Board of Directors of NHI dated 1 March 1994, 30 June 2000, 25 June 2001, 10 June 2002, 1 June 2004, 5 July 2005, 1 August 2006, 5 July 2007, 19 August 2008, 6 July 2009, 6 May 2010, 28 April 2011, 24 April 2012, 20 May 2013, 25 April 2014, 20 May 2015 and 18 May 2016. The establishment and subsequent updates of the Programme were duly authorised by resolutions dated 9 June 2005, 31 March 2006 and 13 April 2007 of the Board of Directors (*Conseil d'administration*) of Nestlé Finance France S.A. Notes to be issued by Nestlé Finance France S.A. under the Programme were authorised by the Chairman of the Board of Directors and Chief Executive Officer (*Président du Conseil d'administration* and *Directeur Général*) of Nestlé Finance France S.A. Nestlé Finance France S.A. changed its name to NFI on 29 February 2008. The update of the Programme and the issue of Notes under the Programme have been duly authorised by resolutions of the Board of Directors of NFI dated 25 August 2008, 8 July 2009, 10 May 2010, 10 May 2011, 5 April 2012, 21 May 2013, 19 May 2014, 20 May 2015 and 18 May 2016.

### Listing and Admission to Trading

It is expected that each Tranche of Notes which is to be admitted to the Official List and to trading on the London Stock Exchange's Regulated Market will be admitted separately as and when issued, subject only to the issue of a global Note initially representing the Notes of that Tranche.

### Documents Available

For the period of 12 months following the date of this Prospectus, copies of the following documents (other than the financial statements and reports referred to in paragraphs (ii), (iii), (iv) and (v) below, which are available on the website of the London Stock Exchange plc at [www.londonstockexchange.com/exchange/news/market-news/market-news-home.html](http://www.londonstockexchange.com/exchange/news/market-news/market-news-home.html), will, when published, be available for inspection from the registered or principal offices of the Guarantor and each of the Issuers and from the specified office of the Agent and Transfer Agent for the time being in London:

- (i) the constitutional documents (in English) of the Issuers and the Guarantor;
- (ii) the consolidated financial statements of the Nestlé Group for each of the financial years ended 31 December 2015 and 2014 (including each of the audit reports issued in respect thereof);
- (iii) the Annual Review of the Nestlé Group for the financial year ended 31 December 2015;
- (iv) the Annual Financial Report for the financial years ended 31 December 2015 and 2014 of NHI and Subsidiaries (including the audit report issued in respect thereof);
- (v) the Annual Financial Reports for each of the financial years ended 31 December 2015 and 2014 of NFI (including each of the audit reports issued in respect thereof);
- (vi) the Programme Agreement, the Agency Agreement, the most recently agreed schedule of forms (which contains the forms of the Temporary Global Note, Permanent Global Note, the definitive Notes, the Coupons and the Talons), the form of Guarantee and the Note Agency Agreement (which contains the forms of the Registered Notes);
- (vii) this Prospectus;
- (viii) the "Terms and Conditions of the Notes" section from each of the Prospectuses published by the Issuers and dated 29 May 2015, 21 May 2014, 23 May 2013, 10 May 2012, 11 May 2011, 13 May 2010, 15 July 2009, 26 August 2008, 3 August 2007, 4 August 2006 and 22 July 2005;



- (ix) any future offering circulars, prospectuses, information memoranda and supplements including Final Terms to this Prospectus and any other documents incorporated herein or therein by reference; and
- (x) in the case of each issue of Notes admitted to trading on the regulated market of the London Stock Exchange subscribed pursuant to a subscription agreement, the subscription agreement (or equivalent document).

### **Clearing Systems**

The Notes have been accepted for clearance through Euroclear and Clearstream. The appropriate common code and International Securities Identification Number, if applicable, for each Tranche to be held through Euroclear and Clearstream, as the case may be, and allocated by Euroclear and Clearstream, as the case may be, will be contained in the relevant Final Terms. If the Notes are to be cleared through an additional or alternative clearing system or by a custodian the appropriate information will be contained in the applicable Final Terms. Transactions will normally be effected for settlement not earlier than three days after the date of the transaction.

The address of Euroclear is 1 Boulevard du Roi Albert II, B-1210 Brussels and the address of Clearstream is 42 Avenue JF Kennedy, L-1855 Luxembourg.

### **Conditions for determining price**

The price and amount of Notes to be issued under the Programme will be determined by the relevant Issuer and the relevant Dealer at the time of issue in accordance with prevailing market conditions.

### **Significant or Material Change and Trend Information**

There has been no significant change in the financial or trading position of any of the Issuers or the Guarantor and (in each case) its consolidated subsidiaries (if any) (considered as a whole) since the date of its most recently published audited financial statements (in each case dated 31 December 2015) and there has been no material adverse change in the prospects of any of the Issuers or the Guarantor since the date of such audited financial statements (being 31 December 2015).

The global business environment remained challenging in 2015 and continues to be challenging in 2016. Nestlé Group is well positioned with strong, high quality brands, which are valued by the consumer but any adverse developments in the global economy could impact consumer demand.

### **Litigation**

There are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuers and the Guarantor are aware), in the twelve months prior to the date of this Prospectus which may have, or have had in the recent past, a significant effect on the financial position or the profitability of any of the Issuers, the Guarantor and their respective subsidiaries.

### **Auditors**

The auditors of NHI are KPMG LLP (Woodland Hills, California), who have audited the consolidated financial statements of NHI, without qualification, in accordance with International Standards on Auditing and auditing standards generally accepted in the United States of America, for each of the financial years ended 31 December 2015 and 2014. The auditors of NHI have no material interest in NHI.

The auditors of NFI are KPMG Luxembourg, Société coopérative who have audited the financial statements of NFI, without qualification, in accordance with International Standards on

Auditing for each of the financial years ended 31 December 2015 and 2014. The auditors of NFI have no material interest in NFI.

The auditors of the consolidated financial statements of the Nestlé Group and of the financial statements of Nestlé S.A. are KPMG SA. KPMG SA audited the consolidated financial statements of the Nestlé Group, without qualification, in accordance with International Standards on Auditing for each of the years ended 31 December 2015 and 2014. The auditors of the Nestlé Group and Nestlé S.A. have no material interest in the Nestlé Group or Nestlé S.A.

### **Yield**

In relation to any Tranche of Fixed Rate Notes, an indication of the yield in respect of such Notes will be specified in the applicable Final Terms. The yield is calculated at the Issue Date of the Notes on the basis of the relevant Issue Price. The yield indicated will be calculated as the yield to maturity as at the Issue Date of the Notes and will not be an indication of future yield.

### **Websites**

In this Prospectus, references to websites or uniform resource locaters (URLs) are inactive textual references. The contents of any such website or URL shall not form part of, or be deemed to be incorporated by reference into, this Prospectus.

### **Dealers transacting with the Issuers and the Guarantor**

Certain of the Dealers and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform services to the Issuers, the Guarantor and their affiliates in the ordinary course of business.

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