



NESTLÉ S.A.

Cham and Vevey, 15 March 2011

Invitation to the Annual General Meeting

Dear Shareholder,

We have the honour to invite you to the

144th Annual General Meeting

to be held on Thursday, 14 April 2011, at 2:30 p.m.

at the "Palais de Beaulieu", Avenue des Bergières 10, 1004 Lausanne, Switzerland.

Agenda and Proposals of the Board of Directors

1 Annual Report 2010

1.1 Annual Report, financial statements of Nestlé S.A. and consolidated financial statements of the Nestlé Group for 2010; reports of the statutory auditors

Proposal

Approval of the Annual Report, the financial statements of Nestlé S.A. and the consolidated financial statements of the Nestlé Group for 2010

1.2 Advisory vote on the Compensation Report 2010

Proposal

Acceptance of the Compensation Report 2010 (advisory vote)

Explanation

As per its practice established two years ago, the Board of Directors submits the Compensation Report 2010 to a separate advisory vote of the shareholders in accordance with the Swiss Code of Best Practice for Corporate Governance. The Compensation Report is an appendix to the Corporate Governance Report included in the Annual Report. It is available on the internet (www.nestle.com) or from the Share Transfer Office in Cham.

2 Release of the Board of Directors and of the Management

Proposal

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

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

Proposal

Retained earnings

Balance brought forward from 2009	CHF 398 264 298
Profit for the year 2010	CHF 37 493 689 405
	<u>CHF 37 891 953 703</u>

Proposed appropriation

Transfer to the special reserve	CHF 30 000 000 000
Dividend for 2010, CHF 1.85 per share on 3 312 569 900 shares ¹	CHF 6 128 254 315
	<u>CHF 36 128 254 315</u>
Balance to be carried forward	<u>CHF 1 763 699 388</u>

¹ Depending on the number of shares issued as of the last trading day with entitlement to receive the dividend (15 April 2011).

Provided that the proposal of the Board of Directors is approved, the gross dividend will amount to CHF 1.85 per share, representing a net amount of CHF 1.2025 per share after payment of the Swiss withholding tax of 35%. The last trading day with entitlement to receive the dividend is 15 April 2011. The shares will be traded ex-dividend as of 18 April 2011. The net dividend will be payable as from 21 April 2011.

4 Elections

4.1 Re-elections to the Board of Directors

Proposal

Individual re-elections of Mr. Paul Bulcke, Mr. Andreas Koopmann, Mr. Rolf Hänggi, Mr. Jean-Pierre Meyers, Mrs. Naina Lal Kidwai and Mr. Beat Hess (each for a term of three years)

Explanation

At the Annual General Meeting of 14 April 2011, the mandates as Directors of Mr. Paul Bulcke, Mr. Andreas Koopmann, Mr. Rolf Hänggi, Mr. Jean-Pierre Meyers, Mrs. Naina Lal Kidwai and Mr. Beat Hess will expire.

The Board proposes the re-election as a member of the Board of Mr. Paul Bulcke, CEO (Administrateur délégué) of Nestlé S.A. Paul Bulcke, Belgian, born 1954, was first elected to the Board of Directors on 10 April 2008 and has provided outstanding services to the Company. With the shareholders' approval, the Board will appoint Paul Bulcke as Administrateur délégué as per Nestlé's traditional governance model.

In addition, the Board proposes the individual re-election of each of the following Directors, who have provided most valuable services to the Company as members of the Board of Directors:

- Mr. Andreas Koopmann, Swiss, born 1951, 1st Vice Chairman of Nestlé S.A., Chairman of Alstom (Suisse) S.A.; also serving as Vice Chairman of Swissmem and as Board member of Credit Suisse Group, CSD Group and Georg Fischer AG;
- Mr. Rolf Hänggi, Swiss, born 1943, 2nd Vice Chairman of Nestlé S.A., former Deputy CEO and Board member of Zurich Insurance Company and former President of Rüd, Blass & Cie AG, Bankers, Switzerland;
- Mr. Jean-Pierre Meyers, French, born 1948, Vice Chairman of L'Oréal S.A.; also serving as Vice Chairman of the Bettencourt-Schueller Foundation;
- Mrs. Naina Lal Kidwai, Indian, born 1957, Country Head of the HSBC Group of Companies in India and Group General Manager of HSBC; also serving as Board member of HSBC Asia Pacific; and
- Mr. Beat Hess, Swiss, born 1949, until January 2011 Group Legal Director of Royal Dutch Shell plc. and member of the Shell Group Executive Committee; also serving as Board member of Holcim Ltd.

For further details on the nominees as well as their qualifications, see biographies on the internet (www.nestle.com).

4.2 Election to the Board of Directors

Proposal

Election of Ms. Ann Veneman (for a term of three years)

Explanation

The Board proposes the election as a member of the Board of Directors of Nestlé S.A. of Ms. Ann Veneman.

Ms. Ann Veneman, American, born 1949, is the former Executive Director of the United Nations Children's Fund (UNICEF), a position she held from 2005 to 2010. Previously, she was the Secretary of the United States Department of Agriculture (USDA), and the first and only woman to hold that position. She has been awarded numerous distinctions and awards and is currently member on a number of advisory councils, committees and non-profit boards. With her strong background and the important aspects of creating shared value she dealt with in her past career, as well as with her outstanding experience in improving children's health, education and well-being around the world, she is an important member of the Nestlé Creating Shared Value Advisory Board and will contribute significantly to our Board of Directors.

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

4.3 Re-election of the statutory auditors

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

Proposal

Re-election of KPMG S.A., Geneva branch (for a term of one year)

5 Capital reduction

Proposal

Cancellation of 165 000 000 shares repurchased under the share buy-back programmes, and reduction of the share capital by CHF 16 500 000

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

«Article 3 Share capital

The share capital of Nestlé is CHF 330 000 000 (three hundred thirty million Swiss francs) divided into 3 300 000 000 fully paid up registered shares with a nominal value of CHF 0.10 each.»

Explanation

The Board of Directors proposes that the shareholders approve the cancellation of 51 735 000 shares repurchased under Nestlé S.A.'s share buy-back programme of CHF 25 billion which was completed on 17 June 2010, as well as the cancellation of 113 265 000 shares repurchased under the ongoing share buy-back programme of CHF 10 billion launched on 29 June 2010 over the second trading line on the SIX Swiss Exchange. The share capital in Article 3 of the Articles of Association is to be reduced reflecting the cancellation of the above 165 000 000 shares.

In their audit report for the Annual General Meeting, the auditors KPMG S.A. confirmed that the claims of the creditors are fully covered even after the capital reduction.

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

Admission cards

Only shareholders who are on record in the share register with voting rights on 7 April 2011 at 12:00 noon are entitled to exercise their voting rights. The registration of shares for voting purposes does not affect the tradeability of such shares.

All shareholders registered with voting rights on 25 March 2011 will automatically receive by mail the invitation to the Annual General Meeting. They may order their admission card at any time prior to 7 April 2011, at the latest, from the Share Transfer Office in Cham, by means of the enclosed reply form. The mailing of admission cards will start on 30 March 2011.

Shareholders whose registration in the share register with voting rights is made between 28 March 2011 and 7 April 2011 at 12:00 noon and who wish to attend the Annual General Meeting are asked to contact the Share Transfer Office to order an admission card. Only shareholders or their duly appointed representative will be entitled to participate in the Annual General Meeting.

Proxies

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

Documentation

You will find enclosed the summary of the Annual Report 2010 which will give you a brief overview of the financial results of the business year 2010 of Nestlé S.A. and of the Nestlé Group. If you wish to have more detailed information on the financial results and an insight into our different areas of activity, we invite you to order the full Annual Report 2010 (which includes the Corporate Governance and Compensation Reports 2010) by ticking the appropriate box on the attached reply form. Should you also wish to receive the Half-Yearly Report January-June 2011, which will be published in August 2011, we invite you to tick the corresponding box on the same reply form. These documents will also be available on our homepage (www.nestle.com).

Please address all correspondence regarding the Annual General Meeting to the Share Transfer Office of Nestlé S.A., P.O. Box 380, CH-6330 Cham, telephone +41 41 785 20 20, telefax +41 41 785 20 24 or e-mail shareregister@nestle.com.

Yours faithfully,

**NESTLÉ S.A.
BOARD OF DIRECTORS**