Disclaimer

This presentation contains forward looking statements which reflect Management’s current views and estimates. The forward looking statements involve certain risks and uncertainties that could cause actual results to differ materially from those contained in the forward looking statements. Potential risks and uncertainties include such factors as general economic conditions, foreign exchange fluctuations, competitive product and pricing pressures and regulatory developments.
Frozen meals is not an homogeneous category

2 Year $ CAGR: -1.8%

Source: Nielsen
Nestlé leads share position across all key segments

2013 Sales of $4.1 bn with -2% CAGR 2011-2013

Source: Nielsen, December Last 52 weeks
The consumer landscape is ever evolving

Negative consumer perception of freshness and quality of frozen foods

Rising demand for products to support speed scratch cooking

Consumers want to associate with healthy weight not hard diet

Rise of pure, natural and better-for-you products

Rapid expansion of snacking over the last years

Increasing competitive intensity both in and out of aisle

Falling consumption as government subsidies shrink
Attitudes to DIETING have significantly changed

Sales of products with diet / light / low / reduced names

<table>
<thead>
<tr>
<th>Year</th>
<th>Dollar Sales</th>
<th>Units Sales</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010</td>
<td>-2.7%</td>
<td>-8.9%</td>
</tr>
<tr>
<td>2011</td>
<td>-0.5%</td>
<td>-0.5%</td>
</tr>
<tr>
<td>2012</td>
<td>-1.5%</td>
<td></td>
</tr>
<tr>
<td>2013</td>
<td>+0.2%</td>
<td>-6.6%</td>
</tr>
</tbody>
</table>

Source: Nielsen All Outlet Total Store 2010-2013 Dec Last 52 weeks

Consumers want to eat healthily not diet
Yet, frozen food remains very relevant for consumers...

- **97%**: Frozen Foods household penetration
- **67%**: Nestlé household penetration in Frozen Foods
- **+3.9%**: Euromonitor growth forecast 2013-2018*

*Includes Frozen Ready Meals and Frozen Pizza
… as it delivers on fundamental consumer needs

- Perfect preservation – frozen at the peak of freshness
- Provides simple management of portion control
- Helps consumers understand and ensure nutritional balance
- Supports controlled intake of sodium and calories
- Increases convenience and eases hectic lifestyles
- Reduces food waste
- Helps consumers understand and ensure nutritional balance
Nestlé will lead the way as the largest frozen player

Source: Nielsen (excludes Liquor, Vitamins and Ice)
We have the core competitive strengths to win

**Leading iconic brands**

**Big Kitchens**

“Cooking the way you cook”

**largest**

frozen centre of excellence in America based in Solon, OH

**make it where we sell it**

leveraging the largest frozen supply chain in the USA
A robust strategic plan is in place to win in the USA

**Make choices**
- Disciplined portfolio management
- Invest in strategic growth drivers
- Fix or divest underperformers

**Grasp opportunities**
- Nutrition, Health & Wellness
- B³ Innovation
- New channels & integrated P2P

**Value what consumers value**
- Remove waste to reinvest
- Operate as ONE Nestlé in NA
- Master complexity

**Engage with the community and stakeholders**
- Embodying Nestlé in Society
- Create Shared Value
- Strengthen Nestlé brand equity

**Embrace digital**
- Best-in-class Digital capabilities
- Step up on Digital Media
- Leverage e-commerce

**Have the best people**
- Reflect our Consumer diversity
- Best-in-class new capabilities
- Accelerating career development

**Have the best people**
- Embrace digital
- Engage with the community and stakeholders
Brand portfolio aligned with evolving consumer needs…

<table>
<thead>
<tr>
<th>Core Consumer Needs</th>
<th>Making healthful choices</th>
<th>Good Food, Good Times</th>
<th>Snacking / Immediate energy</th>
<th>Easy, tasteful food that allows you to relax and spend time with others</th>
<th>Convenient, reliable, fun</th>
</tr>
</thead>
<tbody>
<tr>
<td>Breakfast</td>
<td><img src="checkmark.png" alt="Checkmark" /></td>
<td><img src="checkmark.png" alt="Checkmark" /></td>
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<td><img src="checkmark.png" alt="Checkmark" /></td>
<td><img src="checkmark.png" alt="Checkmark" /></td>
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<tr>
<td>Snacking</td>
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<tr>
<td>Meals</td>
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<td><img src="checkmark.png" alt="Checkmark" /></td>
<td><img src="checkmark.png" alt="Checkmark" /></td>
</tr>
</tbody>
</table>

- Historic strongholds
- New territory
…and with clear business priorities

- Modernize positioning from diet to healthy lifestyle
- Contemporize brand architecture
- Expand into new growing categories

- Strengthen brand equity
- Drive the core
- Innovate for new users & occasions

- Heat up brand equity
- Innovate for incremental occasions
- Winning at retail

- Elevate the consumer proposition
- Breakthrough I&R
- Optimize portfolio strategy

Drive cost structure optimization and business simplification
Consumer is moving from “dieting” to “healthy eating”

**From:** Dieting for weight loss

- Low calorie
- Low fat

-11% in 2013

**To:** Healthy eating for holistic health

- New Health, balance
- and maintaining weight

Product with diet/light/low/reduced claims
Consumer expectations are changing

**Food is enjoyable**

I eat foods I *feel good* about eating

And that don’t deny me the pleasure of eating

**Personalized Solutions**

I control my own personal diet

- 48M wearers by 2017
However, modern eating has some unhealthy effects

- **69%**
  - **Overweight or obese**
  - **US adults**
  - (23% increase since 1960)

- **36%**
  - **Adult Obesity prevalence**
  - (more than double since 1960)

- **17%**
  - **Child Obesity prevalence**
  - (nearly triple since 1980)
Our Challenge:

*lean cuisine* = Diet

Very relevant consumer need ...

... but outdated brand positioning
Our Opportunity:

leancuisine = Healthy Lifestyle

Very relevant consumer need ...

... and on-trend brand positioning
Modernize positioning from Diet to Healthy Lifestyle

**From:** Diet Food Expert for weight loss

- Deprivation Food (Low Fat, Low Cal)
- “80s” brand
- Functional

**To:** Modern Wellness Partner for a healthy lifestyle

- Satisfying Cuisine
- On-trend and talking to today’s Modern Woman
- Her Supportive Partner, leveraging technology
Innovate and expand into growing categories

**Breakfast**

+20% BFY Breakfast growth
Latest 52 Weeks

**Snacking**

86% of snackers trying to find healthier snacking options
Stouffers is well positioned for growth

- **Leading Brand $30% $ share** (+120 bps 2011-2013)
- **>1% brand $ growth 2011-2013 with high margins**
- **Brand Heritage** synonymous of quality comfort food since 1922
- **Leading NHW credentials**
- **Extending the brand beyond its core**
Helping America enjoy a ‘Real Dinner’ every night

1. Strengthen brand equity

“Working to enhance and expand our voice”

2. Drive the core

Delivering relevance & reassurance

3. Innovate for new users & occasions

Servicing the “untapped” spaces
Strengthening brand equity, a new voice

Made for you to LOVE

Great ingredients and care

Real dinners and family & friendship connections

CONNECTING with the Hispanic consumer

Hispanic consumers are looking for American Brands for everyday use

$1.5tn

Hispanics’ spending power in 2015
Driving our core

Improving relevance through QUALITY

Recipe evolution for new generations

Quality ingredients

Expansion of flavor profiles

DELIVERING reassurance through NHW

-6.4% Sodium in 2013

100% SKUs free of artificial flavors
Innovating for new occasions and users

**Snacking**

48% of eating occasions are now snacking

**Breakfast**

+12% Frozen breakfast growth

Expanding into new occasions

* Frozen Breakfast segment CAGR 2009 – 2013
Hot Pockets is well positioned for long term success

**Strong Business Fundamentals**

- **SNACKING**
  - 48% snack 2x or more per day

- **CONSUMERS**
  - Millennial lifestyle & Hispanic index

- **PROFIT**
  - Significant profit pools are available

**Short Term Hurdles**

- **SNAP**
  - Supplemental Nutrition Assistance Program

- **PRODUCT WITHDRAWAL**
Continue to elevate the brand beyond convenience

Heat up brand equity

Innovating for incremental occasions

Winning at retail

2013: sales & penetration growth behind new campaign

1. Heat up brand equity
2. Innovating for incremental occasions
3. Winning at retail

Breakfast+

Snacking
Heat up brand equity

**DRIVE** perceptions through Quality & Nutrition Improvements

**INCREASE** share of voice impact

**Millennials**
30% of marketing dedicated to digital, better targeting

**Hispanics**
23% of business done with fastest growing consumer

- **Premium Ingredients** (e.g. 100% Angus Beef in Philly Steak SKU)
- **Sodium Reduction**
- **Cleaner Label**

**BETTER TASTE. BETTER QUALITY.**
Innovating for extra occasions

Ethnic opportunities

7.4%*

Leveraging flavor trends to capture Millennials

Snacking

3.2%*

“manage my hunger” need state

Breakfast

8.1%*

Build off current business

* Segment CAGR 2011 – 2013 within Frozen
Winning at retail

Optimized portfolio

-50% SKUs*

Delivering value

Help struggling customers

Through larger packs

Modern path to purchase

Digitally Savvy Consumer

Grasping Opportunities

+2% Sales growth*

And targeted promotions

Pre-store

In-Store

Aisle

Checkout

* During 2013
Recognizing the challenges

Facing the CHALLENGES

relevance
vs. competitive options?

Frozen pizza $ % change

<table>
<thead>
<tr>
<th>Year</th>
<th>2006</th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Growth</td>
<td>2.3%</td>
<td>7.8%</td>
<td>7.6%</td>
<td>10.5%</td>
<td>0.8%</td>
<td>1.4%</td>
<td>-3.9%</td>
<td>0.4%</td>
</tr>
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Embracing the OPPORTUNITIES

The most iconic non-holiday eating occasion

Nestlé pizza offers superior taste & nutrition

+3% CO/D growth since 2009

+24% Private label growth since 2009

93% Eat pizza once per month

41% Growth in last two decades

Eat pizza once per month

93%
Strategic pillars for growth & profit

1. Elevating the consumer proposition
   - optimizing the consumer message

2. Breakthrough innovation & renovation
   - bringing continued added value to the category

3. Portfolio strategy
   - increasing incrementality while optimizing margin structure
Elevating the consumer proposition

- Adding emotive true value
- Connect with consumers
- Grow with growing cohorts

Millenials through mobile

Increase the emotional connection and role in consumer lives

Increasing Working media in digital

dedicated hispanic communication
Grasping Opportunities

**INCREASE** preference through taste

New, consumer-preferred more flavorful sauce.

**DEVELOP** platforms for growth & new occasions

Customizable pizza in category history

**CHANGE** consumer perception of frozen pizza

Preservative Free Crust & No Artificial Flavors

$100m Gross Sales in Year 1

10% Sodium reduction in Rising Crust

100% Pure

100% Preservative Free Crust

2010 

Rising Crust

1st in category history
Portfolio optimization

Clear & distinct brand propositions

Making Choices

Strategically manage the portfolio

Improving shelf productivity

Implementing the Nestlé strategic pricing model…

Shaping the value proposition and brand role to optimize the portfolio

…combined with distinct merchandizing strategies

-50% SKUs since 2009
Integrated path to purchase

Embracing OPPORTUNITIES and WINNING in-store

Dominate the drive times for this iconic american food

Market share increase during Super Bowl week: +6%

Build compelling stories and invest in growing channels

Increase in value channel sales: 51%
Clear business priorities to win in the new reality

- Strengthen brand equity
- Drive the core
- Innovate for new users & occasions
- Heat up brand equity
- Innovate for incremental occasions
- Winning at retail
- Elevate the consumer proposition
- Breakthrough I&R
- Optimize portfolio strategy

Drive cost structure optimization and business simplification
Driving cost optimization and business simplification

Driving value chain efficiency

Reduction in fixed manufacturing costs

-7% 2014E vs 2011

Implementing continuous runs

“Make it where we sell it”

Creation of the largest Frozen Center of Excellence

Optimizing the shelf and eradicating waste

Valuing what consumers value

SKU count

-39% 2013 vs 2012

-31 bps Pizza’s Bad Goods

(1): Includes Factory Fixed Overheads and Depreciation for Meals and Hot Pockets

(2): Includes Hot Pockets, Lean Cuisine, Stouffers, Buitoni and Pizza

o Meals: Stouffers, Lean Cuisine, Buitoni
o Hot Pockets (relocated from Denver)
o Pizza (relocated from Chicago)
o Baking
o Nestlé Professional
o Product Technology Center

“Make it where we sell it”
A revitalized strategy to turnaround current performance

-2% CAGR\(^{(1)}\) (Sales)

-7% CAGR\(^{(1)}\) (Trading Operating Profit)

(1): 2011 to 2013 change

-1% excluding Lean Cuisine impact

+4% excluding Lean Cuisine impact

2011 2012 2013
Sales (in USD)

2011 2012 2013
Trading Operating Profit (in USD)
In summary...

✓ Frozen Foods remain an attractive category, despite the challenges experienced in the last years.

✓ A robust strategic plan has been designed to win in the new reality, capitalizing on leading iconic brands.

✓ The portfolio strategy is aligned with evolving consumer trends and focuses on enhancing margins and ROIC.

✓ Nestlé has world-class capabilities to drive innovation and create competitive gaps.

✓ A leading edge Frozen Center of Excellence was created in Solon, Ohio.