



NESTLÉ S.A.

Cham and Vevey, 16 March 2010

Invitation to the Annual General Meeting

Dear Shareholder,

We have the honour to invite you to the

143rd Annual General Meeting

to be held on Thursday, 15 April 2010, 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 2009

1.1 Annual Report, financial statements of Nestlé S.A. and consolidated financial statements of the Nestlé Group for 2009; 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 2009

1.2 Advisory vote on the Compensation Report 2009

Proposal

Acceptance of the Compensation Report 2009 (non-binding advisory vote)

Explanation

While Swiss legislation on this issue is under review, the Board of Directors submits the Compensation Report 2009 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).

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 2008

CHF 763965469

Profit for the year 2009

CHF 6242124109

CHF 7006089578

Proposed appropriation

Transfer to the special reserve

CHF 1000000000

Dividend for 2009, CHF 1.60 per share
on 3 504 890 800 shares¹

CHF 5607825280

CHF 6607825280

Balance to be carried forward

CHF 398264298

¹ Depending on the number of shares issued as of the last trading day with entitlement to receive the dividend (16 April 2010).

Provided that the proposal of the Board of Directors is approved, the gross dividend will amount to CHF 1.60 per share, representing a net amount of CHF 1.04 per share after payment of the Swiss withholding tax of 35%. The last trading day with entitlement to receive the dividend is 16 April 2010. The shares will be traded ex dividend as of 19 April 2010. The net dividend will be payable as from 22 April 2010.

4 Elections

4.1 Re-elections to the Board of Directors

Proposal

Individual re-elections of Mr. Peter Brabeck-Letmathe, Mr. Steven G. Hoch, Mr. André Kudelski (each for a term of three years) and of Mr. Jean-René Fourtou (for a term of two years)

Explanation

In the Articles of Association of Nestlé S.A., as revised in 2008, the terms of office of the members of the Board of Directors were reduced to three years in order to reflect modern corporate governance practice. Approximately one third of the members of the Board should be up for election each year.

Messrs. Brabeck-Letmathe, Hoch and Kudelski will stand for re-election for a term of three years. Mr Fourtou, due to the age limit set forth in the Board Regulations, will stand for re-election for a term of two years.

Accordingly, 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. André Kudelski, Swiss, born 1960, founder of Kudelski S.A. and Chairman and CEO of the Kudelski Group since 1991;
- Mr. Jean-René Fourtou, French, born 1939, Chairman of the Supervisory Board of Vivendi, where he was Chairman and CEO from 2002 to 2005;
- Mr. Steven G. Hoch, American/Swiss, born 1954, Senior Partner of Highmount Capital, LLC; and
- Mr. Peter Brabeck-Letmathe, Austrian, born 1944, Chairman of the Board of Directors since 2005 and CEO (Administrateur délégué) of Nestlé S.A. from 1997 to 2008.

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

4.2 Elections to the Board of Directors

Proposal

Individual elections of Mrs. Titia de Lange and Mr. Jean-Pierre Roth (each for a term of three years)

Explanation

The Board proposes the election as members of the Board of Directors of Nestlé S.A. of Mrs. Titia de Lange and Mr. Jean-Pierre Roth.

Mrs. Titia de Lange, Dutch, born 1955, is the Leon Hess Professor at Rockefeller University, New York, where she is also the Associate Director of the Anderson Cancer Center. She is a specialist in Cell Biology and Genetics and has been awarded numerous honours and awards. She currently serves on a number of scientific advisory boards, award committees of universities, and other research centres around the world, as well as on review panels and editorial boards. With her strong research background, she will contribute significantly to the Board's scientific knowledge.

Mr. Jean-Pierre Roth, Swiss, born 1946, is the former Chairman of the Governing Board of the Swiss National Bank. In addition to his long career at the National Bank, he was Chairman of the Board of Directors of the Bank for International Settlements until March 2009 and he represented Switzerland as Governor of the International Monetary Fund and on the Financial Stability Board. The Board believes that with his long experience as a central banker and strong finance background, he will enrich the Board's financial competencies.

For further details on the nominees, see biographies 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 185 000 000 shares repurchased under the share buy-back programme, and reduction of share capital by CHF 18 500 000.

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

“Article 3 Share capital

The share capital of Nestlé is CHF 346500000 (three hundred forty six million five hundred thousand Swiss francs) divided into 3465000000 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 185000000 shares repurchased under Nestlé S.A.’s share buy-back programme of CHF 25 billion in aggregate. The programme was launched in two tranches on 24 August 2007 (completed on 28 July 2009) and 13 August 2009 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 shares.

In an 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 can be effected and entered in the Commercial Register.

6 Other Amendments in the Articles of Association

Proposal

New Article 4 of the Articles of Association as follows:

“Article 4 Share certificates; Intermediated securities

- 1 Nestlé may issue its registered shares in the form of single certificates, global certificates or uncertificated securities. Under the conditions set forth by statutory law, Nestlé may convert its registered shares from one form into another form at any time and without the approval of the shareholders. Nestlé shall bear the cost of any such conversion.
- 2 If registered shares are issued in the form of single certificates or global certificates, they shall be signed by two members of the Board of Directors. Both signatures may be affixed in facsimile.
- 3 The shareholder has no right to demand a conversion of the form of the registered shares. Each shareholder may, however, at any time request a written confirmation from Nestlé of the registered shares held by such shareholder, as reflected in the share register.
- 4 Intermediated securities based on registered shares of Nestlé cannot be transferred by way of assignment. A security interest in any such intermediated securities cannot be granted by way of assignment.”

Explanation

The new Swiss Federal Act on Intermediated Securities came into force on 1 January 2010, establishing a modern regulation for the custody and transfer of shares by book-entry. It reflects the current practice whereby securities are generally transferred electronically through a central clearing entity. The proposed amendments to the Articles of Association ensure full compliance with this new Act. In practice, the transferability of the shares is not affected. Share certificates will no longer be issued by Nestlé; however, shareholders will be provided with a written confirmation of their holdings upon their request.

Admission cards

Only shareholders who are on record in the share register with voting rights on 8 April 2010 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 26 March 2010 will automatically receive by mail the invitation to the Annual General Meeting. They may order their admission card at any time prior to Thursday 8 April 2010, 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 Wednesday 31 March 2010.

Shareholders whose registration in the share register with voting rights is made between 29 March 2010 and 8 April 2010 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.

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 2009 which will give you a brief overview of the financial results of the business year 2009 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 2009 by ticking the appropriate box on the attached reply form. Should you also wish to receive the Half-Yearly Report January-June 2010, which will be published in August 2010, 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, phone +41 41 785 20 20, fax +41 41 785 20 24 or e-mail shareregister@nestle.com.

Yours faithfully,

**NESTLÉ S.A.
BOARD OF DIRECTORS**