

Second quarter 2013

## KEY FACTS

- The Funds invest in a combination of equity, fixed income, commodities, real estate, and cash and cash alternatives that seek a mix of capital appreciation and income
- With the exception of the Target Date Income Fund, each Fund's asset allocation gradually becomes more conservative until reaching its most conservative allocation at the target date
- Depending on the proximity to the target date, the Funds will seek to achieve the objectives of growth, income and inflation protection to varying degrees
- The Funds are not guaranteed and will not provide guaranteed income at any time

The Target Date Funds are a series of funds that are designed to provide participants in the Nestlé Savings Plan\* with a convenient way to invest their plan accounts in support of their retirement goals. Target Date Funds are funds with the target date being the approximate date when participants may plan to retire and start withdrawing their money. The Funds use an asset allocation strategy that becomes more conservative as each Fund nears its target date.

The following table suggests which Target Date Fund may be appropriate for you, based on your birth date and an assumed retirement age of 62:

## AGE BANDS

| Birth date                          | OR | Years to retirement <sup>1</sup> | Consider this Target Date Fund |
|-------------------------------------|----|----------------------------------|--------------------------------|
| December 31, 1951, and earlier      |    | You are near or in retirement    | Target Date Income Fund        |
| January 1, 1952 - December 31, 1956 |    | 3-7                              | Target Date 2015 Fund          |
| January 1, 1957 - December 31, 1961 |    | 8-12                             | Target Date 2020 Fund          |
| January 1, 1962 - December 31, 1966 |    | 13-17                            | Target Date 2025 Fund          |
| January 1, 1967 - December 31, 1971 |    | 18-22                            | Target Date 2030 Fund          |
| January 1, 1972 - December 31, 1976 |    | 23-27                            | Target Date 2035 Fund          |
| January 1, 1977 - December 31, 1981 |    | 28-32                            | Target Date 2040 Fund          |
| January 1, 1982 - December 31, 1986 |    | 33-37                            | Target Date 2045 Fund          |
| January 1, 1987 - December 31, 1991 |    | 38-42                            | Target Date 2050 Fund          |
| January 1, 1992, and after          |    | 43 or more                       | Target Date 2055 Fund          |

<sup>1</sup> If you are a relatively more aggressive or conservative investor, or plan to retire or begin withdrawing assets from your Savings Plan account significantly earlier or later than age 62, you may want to consider selecting a Target Date Fund with an earlier or later target year.

## Investment Objective

The Target Date Funds (“the Funds”) seek total return, moving to a greater emphasis on current income and inflation protection (and less on capital appreciation) over time as each Fund approaches its target date. Each Fund also seeks to meet or exceed the results of its Custom Benchmark (after adjustment for fees) over the long-term.

\* “Savings Plan” refers to the Nestlé 401(k) Savings Plan, the Nestlé USA, Inc. Hourly Retirement Savings Plan, and the Nestlé USA C&S Savings Plan.

# Target Date Funds

## Investment Strategy

The Funds are a series of portfolios that invest in a variety of asset classes and, with the exception of the Target Date Income Fund (“Income Fund”), each is managed to the specific target year stated in its name. Each Fund is generally designed to provide exposure to a variety of asset classes through investments in equity, fixed income, commodity, real estate, and cash and cash alternative assets to varying degrees, depending on its proximity to the target date.

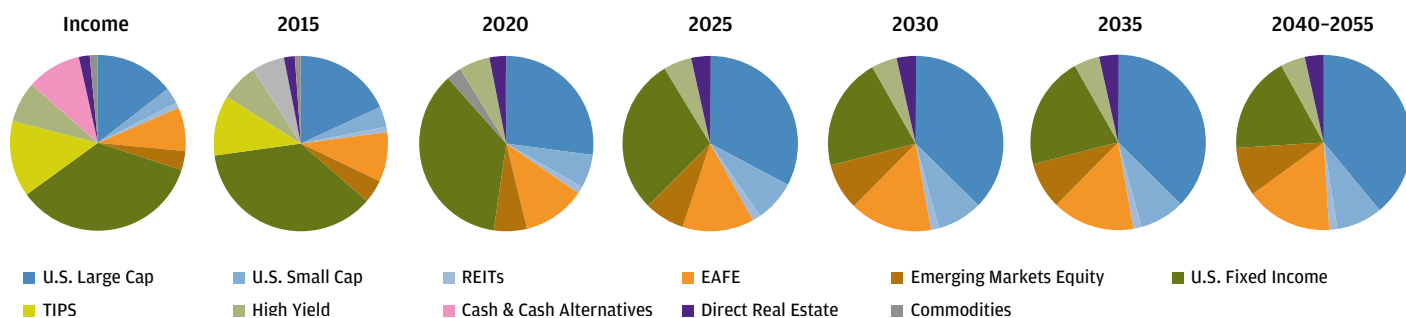
With the exception of the Income Fund, each Fund’s asset allocation strategy will change over time according to the strategic asset allocation glide path (“glide path”) shown in the

picture on the next page. The glide path represents the shifting of asset classes and investments over time and is intended to show how, as a Fund approaches its target date, its primary investment objective moves from seeking total return to a greater emphasis on current income and inflation protection (i.e., more emphasis on fixed income assets and cash and less on equity and other assets). It is intended that each Fund’s target asset allocation will reach that of the Income Fund by the end of its target year and the Fund will then be merged into the Income Fund. The Income Fund uses an asset allocation strategy designed for participants who are retired or expect to retire soon, and represents the most conservative point on the glide path. Nonetheless, the Income Fund will retain a significant

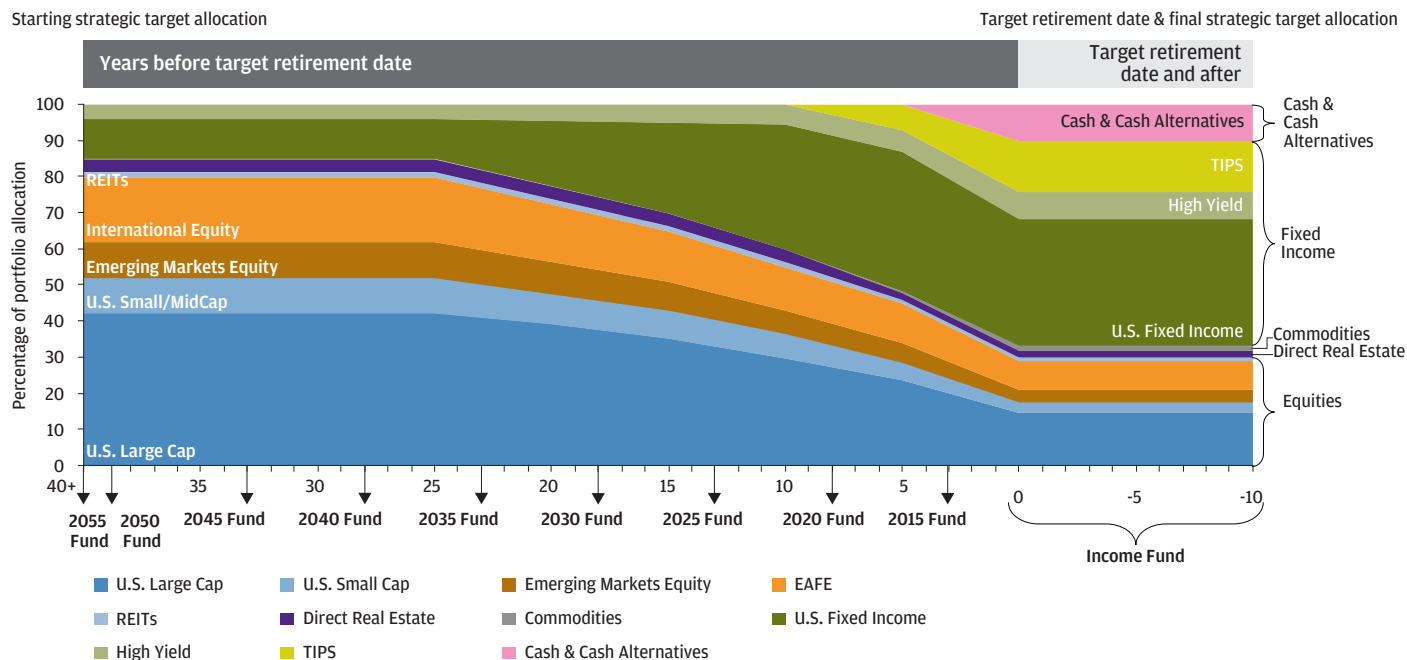
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### TARGET ASSET ALLOCATION (%)

|                                     | Income      | 2015        | 2020        | 2025        | 2030        | 2035        | 2040-2055   |
|-------------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| <b>U.S. EQUITIES</b>                | <b>18.5</b> | <b>22.9</b> | <b>34.6</b> | <b>41.9</b> | <b>47.2</b> | <b>51.7</b> | <b>53.5</b> |
| U.S. Large Cap                      | 14.5        | 18.1        | 27.1        | 32.8        | 37.4        | 40.8        | 42.0        |
| U.S. Small Cap                      | 3.0         | 3.8         | 6.2         | 7.6         | 8.3         | 9.4         | 10.0        |
| REITs                               | 1.0         | 1.0         | 1.3         | 1.5         | 1.5         | 1.5         | 1.5         |
| <b>INTERNATIONAL EQUITIES</b>       | <b>11.5</b> | <b>13.5</b> | <b>17.7</b> | <b>20.6</b> | <b>23.8</b> | <b>26.8</b> | <b>28.0</b> |
| EAFE                                | 8.0         | 9.2         | 11.6        | 13.2        | 15.2        | 17.2        | 18.0        |
| Emerging Markets Equity             | 3.5         | 4.3         | 6.1         | 7.4         | 8.6         | 9.6         | 10.0        |
| <b>FIXED INCOME</b>                 | <b>56.5</b> | <b>54.5</b> | <b>44.6</b> | <b>34.0</b> | <b>25.5</b> | <b>18.0</b> | <b>15.0</b> |
| U.S. Fixed Income                   | 35.0        | 36.4        | 36.1        | 28.8        | 20.8        | 13.8        | 11.0        |
| TIPS                                | 14.0        | 11.2        | 2.8         | 0.0         | 0.0         | 0.0         | 0.0         |
| High Yield                          | 7.5         | 6.9         | 5.7         | 5.2         | 4.7         | 4.2         | 4.0         |
| <b>CASH &amp; CASH ALTERNATIVES</b> | <b>10.0</b> | <b>6.0</b>  | <b>0.0</b>  | <b>0.0</b>  | <b>0.0</b>  | <b>0.0</b>  | <b>0.0</b>  |
| Cash & Cash Alternatives            | 10.0        | 6.0         | 0.0         | 0.0         | 0.0         | 0.0         | 0.0         |
| <b>DIRECT REAL ESTATE</b>           | <b>2.0</b>  | <b>2.0</b>  | <b>2.9</b>  | <b>3.5</b>  | <b>3.5</b>  | <b>3.5</b>  | <b>3.5</b>  |
| Direct Real Estate                  | 2.0         | 2.0         | 2.9         | 3.5         | 3.5         | 3.5         | 3.5         |
| <b>COMMODITIES</b>                  | <b>1.5</b>  | <b>1.1</b>  | <b>0.2</b>  | <b>0.0</b>  | <b>0.0</b>  | <b>0.0</b>  | <b>0.0</b>  |
| Commodities                         | 1.5         | 1.1         | 0.2         | 0.0         | 0.0         | 0.0         | 0.0         |



## GLIDE PATH



## PERFORMANCE (%)

|                              | Expense ratio % | Turnover ratio % | Quarter ending 6/30/13 | YTD  | 1 year | 3 year | 5 year | 10 year | Since inception |
|------------------------------|-----------------|------------------|------------------------|------|--------|--------|--------|---------|-----------------|
| Target Date Income Fund      | 0.46            | 34               | -1.89                  | 0.29 | 4.39   | N/A    | N/A    | N/A     | 4.39            |
| Income Fund Custom Benchmark |                 |                  | -1.93                  | 0.42 | 4.88   | N/A    | N/A    | N/A     | 4.88            |
| Target Date 2015 Fund        | 0.42            | 31               | -1.56                  | 1.37 | 6.53   | N/A    | N/A    | N/A     | 6.53            |
| 2015 Fund Custom Benchmark   |                 |                  | -1.58                  | 1.54 | 6.96   | N/A    | N/A    | N/A     | 6.96            |
| Target Date 2020 Fund        | 0.39            | 27               | -0.93                  | 3.12 | 9.31   | N/A    | N/A    | N/A     | 9.31            |
| 2020 Fund Custom Benchmark   |                 |                  | -0.89                  | 3.34 | 9.70   | N/A    | N/A    | N/A     | 9.70            |
| Target Date 2025 Fund        | 0.38            | 22               | -0.48                  | 4.46 | 11.52  | N/A    | N/A    | N/A     | 11.52           |
| 2025 Fund Custom Benchmark   |                 |                  | -0.43                  | 4.72 | 11.91  | N/A    | N/A    | N/A     | 11.91           |
| Target Date 2030 Fund        | 0.38            | 18               | -0.25                  | 5.34 | 13.09  | N/A    | N/A    | N/A     | 13.09           |
| 2030 Fund Custom Benchmark   |                 |                  | -0.21                  | 5.63 | 13.49  | N/A    | N/A    | N/A     | 13.49           |
| Target Date 2035 Fund        | 0.37            | 15               | -0.06                  | 6.09 | 14.53  | N/A    | N/A    | N/A     | 14.53           |
| 2035 Fund Custom Benchmark   |                 |                  | -0.03                  | 6.41 | 14.94  | N/A    | N/A    | N/A     | 14.94           |
| Target Date 2040 Fund        | 0.37            | 14               | 0.01                   | 6.40 | 14.98  | N/A    | N/A    | N/A     | 14.98           |
| 2040 Fund Custom Benchmark   |                 |                  | 0.04                   | 6.73 | 15.40  | N/A    | N/A    | N/A     | 15.40           |
| Target Date 2045 Fund        | 0.37            | 14               | 0.01                   | 6.40 | 14.98  | N/A    | N/A    | N/A     | 14.98           |
| 2045 Fund Custom Benchmark   |                 |                  | 0.04                   | 6.73 | 15.40  | N/A    | N/A    | N/A     | 15.40           |
| Target Date 2050 Fund        | 0.37            | 14               | 0.01                   | 6.40 | 14.98  | N/A    | N/A    | N/A     | 14.98           |
| 2050 Fund Custom Benchmark   |                 |                  | 0.04                   | 6.73 | 15.40  | N/A    | N/A    | N/A     | 15.40           |
| Target Date 2055 Fund        | 0.37            | 14               | 0.01                   | 6.40 | 14.98  | N/A    | N/A    | N/A     | 14.98           |
| 2055 Fund Custom Benchmark   |                 |                  | 0.04                   | 6.73 | 15.40  | N/A    | N/A    | N/A     | 15.40           |

Note: Returns are shown net of investment management expense (including the glide path fee) and administrative expenses. Administrative expenses for the Funds currently total 0.13%. Past performance is not indicative of future results. Investment returns will fluctuate so that the account balance at any time may be worth more or less than the original investment. Performance includes the reinvestment of dividends and interest when applicable. Information about fees and more recent performance is available upon request by contacting the Nestlé Smart\$aving Call Center at 1-877-NesCALL (1-877-637-2255) and selecting the "401(k) Savings" prompt. The expense ratio was last updated as of 3/31/13. Going forward updates will be made annually beginning 12/31/13. The turnover ratio was last updated as of 3/31/13. Going forward updates will be made annually beginning 12/31/13.

# Target Date Funds

allocation to equities and other securities and therefore can go down in value. Investments in the Funds are not guaranteed in any way. No Fund is designed to provide guaranteed income at any time, including at or after the target date.

The glide path illustration (on page 3) is representative of the Funds' strategic asset allocations. The allocations of the Target Date Funds are continually monitored and rebalanced monthly in order to maintain portfolios aligned with the strategic asset allocations.

## The Fund Managers

The glide path is managed by J.P. Morgan Asset Management's Global Multi-Asset Group (GMAG). In its capacity as glide path manager, a team of analysts manages the portfolio construction of each Fund, including determining the appropriate asset classes, allocations and glide path and rebalancing the allocations on a monthly basis. The cost of these glide path activities is 0.09%, and is included in each Fund's total fee. The actual investments in each asset class within a Fund are selected and managed by investment fund managers chosen by Nestlé.

## Turnover Ratio

The turnover ratio is the percentage of an investment fund's holdings that have been "turned over" or replaced with other holdings in a given year. The type of investment fund, its investment objective and/or the portfolio manager's investing style impact its turnover ratio. High turnover can result in higher brokerage and other transaction fees, which reduce fund returns.

Each of the turnover ratios shown on page 3 is a weighted average of the turnover ratios of the underlying funds that comprise the relevant Target Date Fund.

| Underlying Funds  |
|---|
| SSgA S&P 500 Index NL Series Fund—Class A                       |
| SSgA Russell Small/Mid Cap Index NL Series Fund—Class A         |
| SSgA Global All Cap Equity Ex-US Index NL Series Fund—Class A   |
| SSgA Emerging Markets Index NL Series Fund—Class A              |
| SSgA US Bond Index NL Series Fund—Class A                       |
| BlackRock DC Core Plus Account                                  |
| PIMCO Diversified Income Fund                                   |
| State Street Bank GSTIF (Government Short-term Investment Fund) |
| JPMCB Diversified Commercial Property Fund                      |
| JP Morgan Diversified Real Return (Real Asset Fund)             |
| SSgA US Inflation Protected Bond Index NL Series Fund—Class A   |

The Target Date Funds are not registered investment products but separate accounts created specifically for the Plan. Separate accounts are not required to file a prospectus or registration statement with the SEC; accordingly neither is available. Each Fund's performance will be compared with a custom benchmark calculated as an average of recognized market indexes for each of the asset classes in which the Fund invests, weighted to reflect the current allocation of the underlying asset classes. The custom benchmark composition and allocations may change if the Plan Administrator chooses to change any of the underlying assets, if there are adjustments to the allocations to the underlying asset classes, or for any other reason the Plan Administrator deems appropriate. Any such change may be made prospectively or retroactively, and without restating prior reports or disclosures. The performance of a benchmark does not reflect the deduction of expenses associated with a Fund, such as investment management fees. By contrast, the performance of the Fund reflects the deduction of the underlying fund expenses. Participants cannot invest directly in an index or benchmark (although index funds are available through the Mutual Fund Window).

No Fund is designed to provide guaranteed income at any time, including at or after the target date. There is no guarantee that the Funds will provide sufficient retirement income to plan participants. Meeting retirement goals is dependent upon many factors including the amount saved and the period over which the savings are invested. In making savings decisions and choosing how to invest their retirement savings, participants should consider expected retirement date, individual retirement needs, other expected income after retirement, inflation, other assets, and risk tolerance. The value of investments and the income from them will fluctuate and your investment is not guaranteed at any time, including at the target date.

The total return stated for a Fund assumes reinvestment of dividends and capital gains distributions and reflects the deduction of investment management, glide path and administrative fees.

Some of the Funds will invest in foreign/emerging market securities, small capitalization securities, real estate and/or high-yield fixed income instruments. There may be unique risks associated with investing in these types of securities, as described in the following paragraphs. For example, small capitalization stocks typically carry more risk than stock funds investing in well-established "blue-chip" companies since smaller companies generally have a higher risk of failure and historically, smaller companies' stock has experienced a greater degree of market volatility than the average stock.

Investments in foreign markets are subject to special currency, political, and economic risks, and in general may involve a greater degree of risk and increased volatility. Changes in currency exchange rates and differences in accounting and taxation policies outside the U.S. can raise or lower returns. Also, some overseas markets may not be as politically and economically stable as the United States and other nations.

The normal risks of investing in foreign countries are heightened when investing in emerging markets, so a Fund's investment in emerging markets could lead to more volatility in the value of the Fund. The economic and political situations may be more volatile than in established economies, and the small size of securities markets and the low trading volume may lead to a lack of liquidity. Also, emerging markets may not provide adequate legal protection for private or foreign investment or private property.

The Funds may invest in securities that are below investment grade (i.e., "high yield" or "junk bonds") that are generally rated in the fifth or lower rating categories of Standard & Poor's and Moody's Investors Service. Although these securities tend to provide higher yields than higher rated securities, there is a greater risk that the Funds' values will decline.

Real estate investing may be subject to a higher degree of market risk because of concentration in a specific industry, sector or geographical area. Real estate investing may be subject to risks including, but not limited to, declines in the value of real estate, risks related to general and economic conditions, changes in the value of the underlying property owned by the Fund and defaults by borrowers.

J.P. Morgan Asset Management is the marketing name for the asset management businesses of JPMorgan Chase & Co. and its affiliates worldwide. Those businesses include, but are not limited to J.P. Morgan Chase Bank N.A., J.P. Morgan Investment Management Inc., Security Capital Research & Management Incorporated and J.P. Morgan Alternative Asset Management, Inc.