

Z Trim Holdings, Inc.

Ticker: ZTHO



December 2011

Forward Looking Statement

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Statements made in this presentation that relate to future plans, events or performances are forward-looking statements. Any statement containing words such as "believes," "anticipates," "plans," or "expects," and other statements which are not historical facts contained in this presentation are forward-looking, and these statements involve risks and uncertainties and are based on current expectations. Consequently, actual results could differ materially from the expectations expressed in these forward-looking statements. Reference is made to the Company's filings with the Securities and Exchange Commission for a more complete discussion of such risks and uncertainties.

Introduction to Z Trim Holdings

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- Z Trim is a natural, minimally processed, taste-neutral, zero calorie food ingredient originally developed and patented by the USDA
- We currently sell our products to numerous Fortune 500 food manufacturers and distributors
- Z Trim Holdings' agri-business is positioned to experience massive growth in the over \$30B **addressable** global food market over the next 5 years with a targeted gross margin approaching 40%
- In addition, we are developing new proprietary lines of related products focused on industrial sectors, which will result in a new stream of significant revenue which may outpace revenues from the food sector
- Z Trim Holdings' unique position and product line has been recognized by “Smart Money Investors”
 - Several former Senior-level executives of Fortune 100 companies have invested in Z Trim Holdings and agreed to serve on our advisory board

What Is Z Trim?

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Z Trim is a U.S. Department of Agriculture (USDA)- Patented Technology for Functional Food Ingredients

- Z Trim is a natural, minimally processed, taste-neutral, zero calorie food ingredient originally developed and patented by the USDA
- Z Trim currently is made from corn bran and oat hull through a patented process owned exclusively by Z Trim Holdings. No other company, worldwide, can make Z Trim
- The Company has developed a unique, proprietary manufacturing process to mass produce its one-of-a-kind line of products

Provides Multiple Benefits to Food Industry

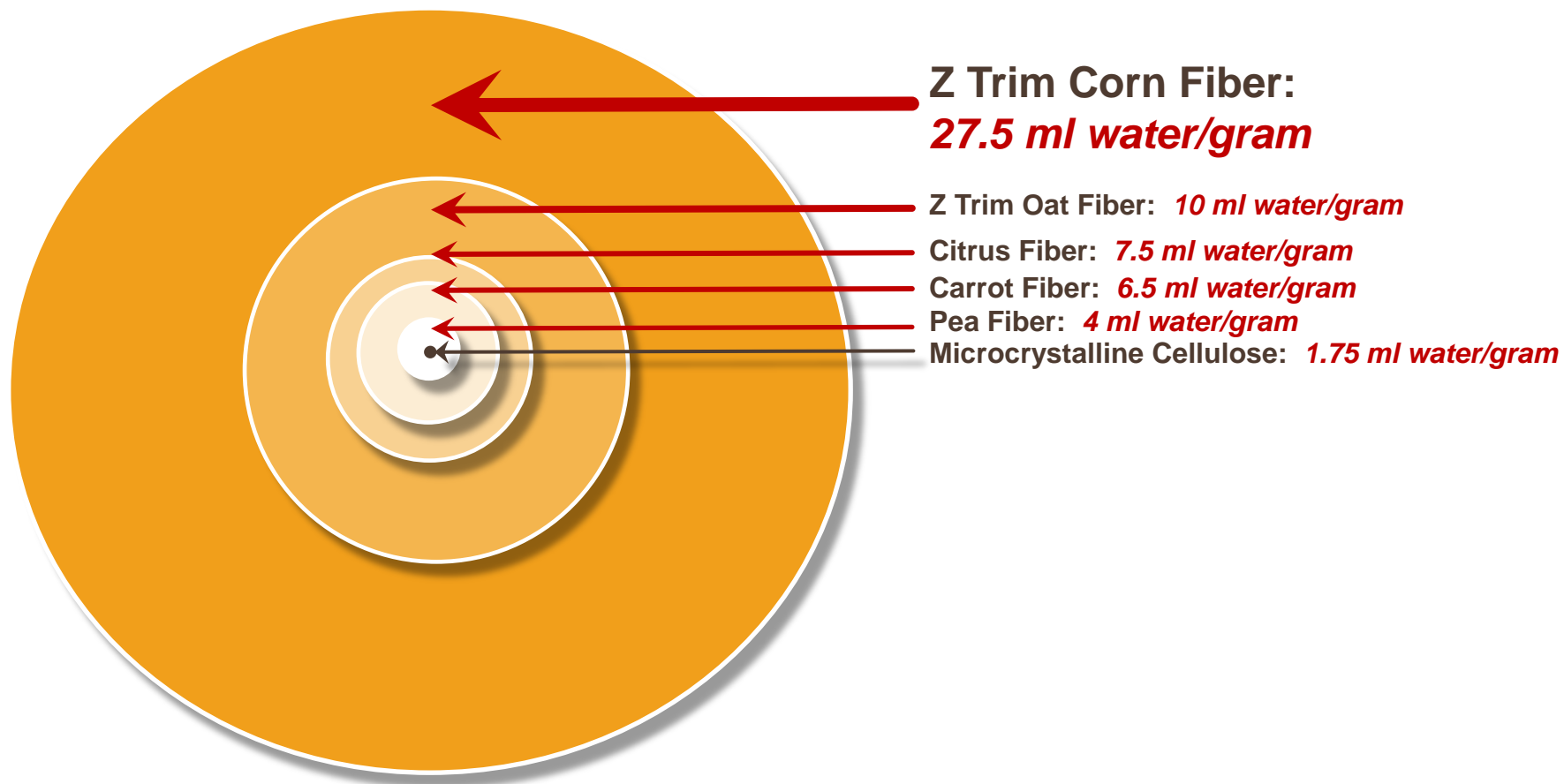
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- **Reduces** calories, fat and trans-fat content
- **Lowers** manufacturing costs
- **Increases** moisture retention
- **Extends** shelf life and reduces breakage
- **Improves** texture and mouth-feel
- **Adds** dietary fiber
- **Reduces** oil separation
- **Enables** simpler/cleaner ingredient labeling

Unique Properties Create Value for Food Manufacturers

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Z Trim holds up to 30 times its own weight in water. No competitive product is close to matching the water retention of Z Trim



Competitive Advantages

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- There is no single product that has all the properties of Z Trim
- Food processors currently use one or more of the following products to mimic some, but not all, of Z Trim's functionalities:
 - CMC – carboxymethyl cellulose
 - Dairy solids
 - Soybean oil
 - Cheeses
 - Eggs
 - Modified food starches
 - Gums (guar, xanthan, arabic)
 - Fibers (pea, carrot, citrus)

Win-Win for Food Processors & Customers

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□ **Z Trim provides Food Processors:**

- Significant margin expansion through both reduced total ingredient cost and increased volume of finished product
- Cost savings due to longer shelf life and less product breakage
- More robust, less-expensive processing within their manufacturing process
- User-friendly ingredients: Less sensitivity to heat/cold, freeze/thaw cycles
- Increased revenue/branding opportunity: “cleaner label,” natural product, lower fat, higher fiber

□ **Z Trim provides Food Customers:**

- Low fat/low calorie food that tastes just like a full-fat product
- The food texture of a full-fat product
- Replacement of non-natural additives
- Better quality food: Longer shelf life, better microwave results, less water separation, less oil migration

Enormous Cost Savings for Food Producers

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Example 1: Hamburger Patties

Hamburger Patty	Current Formulation Without Z Trim		Formulation With Z Trim	
	Lbs/batch	Cost/lb	Lbs/batch	Cost/lb
Ground Beef (80/20)	982.40	\$1.18	887.40	\$1.06
Water	0	0	90.00	\$0.00
Z Trim Corn Fiber	0	0	5.00	\$0.04
Total		\$1.18		\$1.10

- Using Z Trim results in a savings of \$0.08 per pound for a 6% cost savings.
 - This may not sound like a lot, but, for just one manufacturer – for example, American Food Groups®, which processes over 1 million pounds of ground beef a day – this 6% savings would translate into a \$30 million cost reduction annually (meats represent a \$1.6B opportunity for Z Trim in U.S. alone)*
- In addition to cost savings, Z Trim produces additional value by:
 - Lowering fat content
 - Reducing shrinkage (size of finished product after cooking)
 - Producing moister texture

Enormous Cost Savings for Food Producers

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□ Example 2: Cheesecake Filling

Cheesecake Filling	Current Formulation Without Z Trim		Formulation With Z Trim	
	Lbs/batch	Cost/lb	Lbs/batch	Cost/lb
Cream Cheese	1,420.32	\$1.93	986.24	\$1.34
Water	0	0	408.15	\$0.01
Z Trim Corn Fiber	0	0	25.93	\$0.08
Total		\$1.93		\$1.43

- Using Z Trim results in a savings of \$0.50 per pound for a 26% cost savings.
 - *For just one manufacturer – for example, Kraft Foods ®, which processes over 10 million pounds of cheesecake base per year – this 26% savings would translate into a **\$2.6 million cost reduction annually (this is one product in a company that has thousands)***
- In addition to cost savings, Z Trim produces additional value by:
 - Lowering fat content
 - Improving creaminess and mouth-feel

Nearing Profitability in Food Production Segment

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Z Trim Holdings' business strategy, implemented when the current management team was installed in late 2007, identified three distinct stages to profitability:

- Stage 1 was “proof of concept.” In this stage, Z Trim Holdings validated the commercial multi-functionality of its product: proving its acceptance in the food industry and Z Trim Holdings' ability to manufacture Z Trim
- Stage 2 validated the ability to scale up manufacturing of Z Trim
- Stage 3 is transitioning production from in-house to a toll manufacturer that can:
 - Produce Z Trim in volumes large enough to meet the demand
 - Generate substantial profitability for Z Trim Holdings

The Company is ready to embark on Stage 3 with its October 2011 announcement of a toll manufacturing agreement with the Aveka Group that is set to commence production in the second or third quarter of 2012

Shift to Toll Manufacturing Transforms the Company

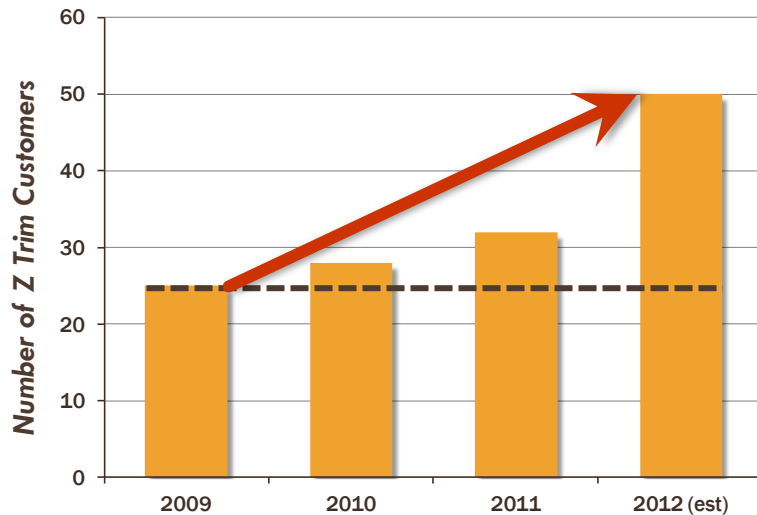
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- Commencement of toll manufacturing (anticipated to be in Q2 or Q3 2012) is anticipated to improve cash flows from operating activities
- Aveka's first Iowa facility should be capable of scaling to 1 million lbs of product per month
- The Company plans to, as quickly as possible, ramp to fill Aveka's facility as demand increases
- Should Aveka's first facility be able to scale production to 1 million lbs of product per month, the Company's sales and distributor force for the first time will not be constrained by production

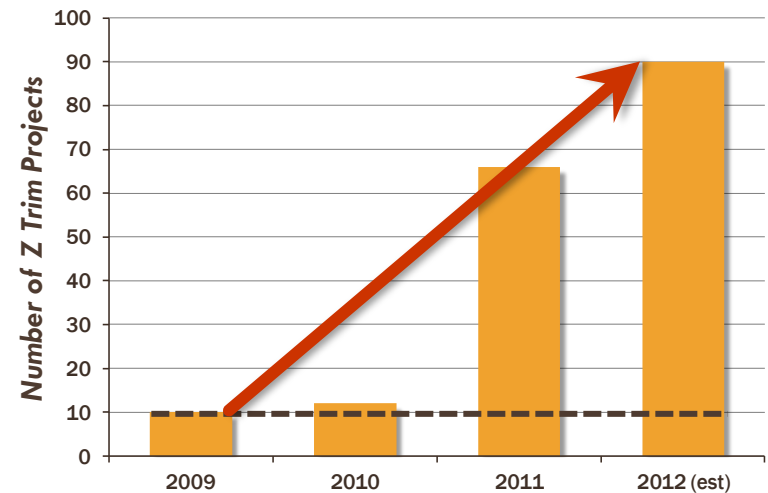
Sales Growth – Current and Prospective

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Customers Up 100% over 4 years



Projects Up 800% over 4 years



Market Potential Is Enormous

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Category Group - U.S. Market (only)	2012 Market Potential for Z Trim Use
	Dollars
Baked Goods	\$2,441,125,000
Meat Products	\$1,611,523,000
Dairy Products	\$723,994,000
Salty Snacks	\$435,652,000
Frozen Meals/Pizza	\$415,951,000
Soup	\$402,713,000
Dressings/Sauces/Dips	\$281,869,000
Potatoes – Frozen	\$255,354,000
Processed Cheese	\$202,455,000
Canned/Chilled Meats	\$116,711,000
Sugar Confection	\$45,601,000
Cottage/Ricotta Cheese	\$37,104,000
Cream Cheese	\$26,932,000
TOTAL	\$6,996,984,000

Sales Growth Strategies

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- ❑ Greater use of distribution companies in domestic market
 - ❑ Skidmore (over 3,000 U.S. customers)
 - ❑ Essex Grains (1,000 U.S. customers)
 - ❑ Process Choice (450 U.S. customers)
- ❑ International sales through distributors
 - ❑ Kraki (over 780 South American customers)
 - ❑ FX Morales (over 300 Mexican customers)
- ❑ Greater proliferation of our product in existing customer base; multiple categories and SKU's

Intellectual Property Strategies

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- 3-year Collaborative Research and Development Agreement (“CRADA”) with the USDA-ARS for:
 - Intellectual Property Protection
 - Expansion of Intellectual Property Portfolio
 - R&D

- Use of World Class Scientists and Facilities
 - This Agreement gives Z Trim Holdings access to a deep bench of outstanding Ph.D.s for the cost of one in-house scientist
 - It also provides access to expensive, state-of-the-art equipment

Our Officers

- Since taking their positions in late 2007, our officers have developed a new business model based on lowering costs of goods sold and SG&A costs, improving margins, and developing a B-to-B sales strategy for our industry-changing ingredients

- Steve Cohen— Chief Executive Officer
 - In August of 2007 Mr. Cohen assumed the role of chief executive officer. Prior to joining Z Trim, Mr. Cohen had 25 years' experience at the Chicago Mercantile Exchange. Mr. Cohen was a member of the U.S. Olympic Team (Judo) at the 1988 Olympics in Seoul and was a coach for the U.S. Olympic Team at the 2000 Olympics in Sydney Australia.

- Brian Chaiken – Chief Financial & Legal Officer
 - Mr. Chaiken passed the CPA exam, holds a Bachelors Degree in Accounting from the University of Illinois, a Juris Doctor from DePaul University, and is a member of the Illinois and Florida Bars. He has practiced law for over 15 years.

Strong Management Team

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Collectively, Over 100 Years of Experience in the Food Industry

- Daniel Dugan – V.P. of Sales, Marketing and Applications
 - Mr. Dugan has over 25 years of direct ingredient sales experience working for companies such as Tate & Lyle and Sara Lee Corporation.
- Lynda Carroll – Director of Applications
 - Ms. Carroll, a food scientist and culinary chef, previously contributed to applications and quality assurance for Campbell's Soup Company and Conway Import Co., Inc., manufacturers of Conway Salad Dressings and Sauces for foodservice.
- Kyle Hanah – Director of Manufacturing
 - Mr. Hanah, a chemical engineer, joined the company in late 2008 having previously worked at Kraft Foods, Sara Lee Corp. and ConAgra Foods.
- Dan Herron – Plant Manager
 - Mr. Herron, a chemical engineer, joined the company in 2011 having previously worked at Kraft Foods, PepsiCo and Wrigley Co.

Key Shareholder and Board of Advisors

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- A number of Former Senior Level Execs from Fortune 100 companies have invested their own money, through Brightline Ventures, and agreed to serve on Z Trim's Board of Advisors:
 - Gordon Brunner – Former **CTO of P&G**
 - Roger Enrico – Former **CEO of PepsiCo**
 - Jack Greenberg – Former **CEO of McDonalds**
 - James Lawrence – Former **CFO of Unilever and General Mills**
 - Rick Lenny – Former **CEO of Hershey's**
 - Dick Mayer - Former **CEO of Kraft and KFC**
 - Robert Shapiro – Former **CEO of NutraSweet and Monsanto**
 - Bob Morrison – Former **CEO of Quaker Oats and Kraft**

ZTHO Capitalization Table

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Ticker:	(ZTHO)
Market Cap:	\$13.2M
Current Price (9/1/11):	\$1.00

(Shares in Millions, except for per share)

	<u>('000)</u>	<u>Avg. Strike Price</u>
Common Stock Outstanding	13.36	
Employee Stock Options	5.405	\$1.12
Pre 2008 Warrants	0.175	\$13.69
Convertible Notes (Due in 2012)	1.904	\$1.00
Note Interest 8% for 2 years	0.324	\$1.00
2008 Convert Warrants A	0.539	\$0.01
2008 Convert Warrants B	0.289	\$0.30
2008 Convert Warrants C	1.769	\$1.00
2009-2011 Warrants	20.613	\$1.50
Preferred Stock Series I	4.844	\$1.00
Preferred Series I Dividend at 8% for 2 Years	0.135	\$1.00
2011 Preferred Stock Series II	3.327	\$1.00
Preferred Series II Dividend at 8% for 2 Years	0.532	\$1.00
TOTAL Fully Diluted	53.216	

Company Highlights

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- Unique Value Proposition for the \$30B Global Food Industry
- Our Ingredient is Already Being Used by Major Food Processors
- Excellent Profitability and Rapid Scale due to Transformational Contract Manufacturing Agreement (with Nominal Future Capex Requirements)
- The Development of New Products for Industrial Use Could Provide Another Leg to the Growth Story
- Strong Existing Intellectual Property and Patent Partnership with USDA
- Experienced Management and Impressive Board of Advisors, All of Whom Have Invested in the Company

2011 Z Trim Holdings Milestones

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- ❑ *Jan: ZTH announces best month/quarter/year in company history*
- ❑ *Feb: ZTH doubles monthly production over previous year*
- ❑ *Apr: Board and investors show confidence by converting notes*
- ❑ *Apr: “Going Concern” opinion removed from audit report*
- ❑ *Jun: Groundbreaking collaboration with USDA-ARS announced*
- ❑ *Aug: Key plant upgrades to increase output are completed*
- ❑ *Sep: Company announces best manufacturing month ever*
- ❑ *Oct: Plant optimization enables 36% production increase*
- ❑ *Oct: ZTH signs manufacturing agreement with Aveka Group*
- ❑ *Nov: Skidmore to distribute product in Midwest & Atlantic*
- ❑ *Nov: FX Morales to distribute product in Mexico*

Thank You



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