

# *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

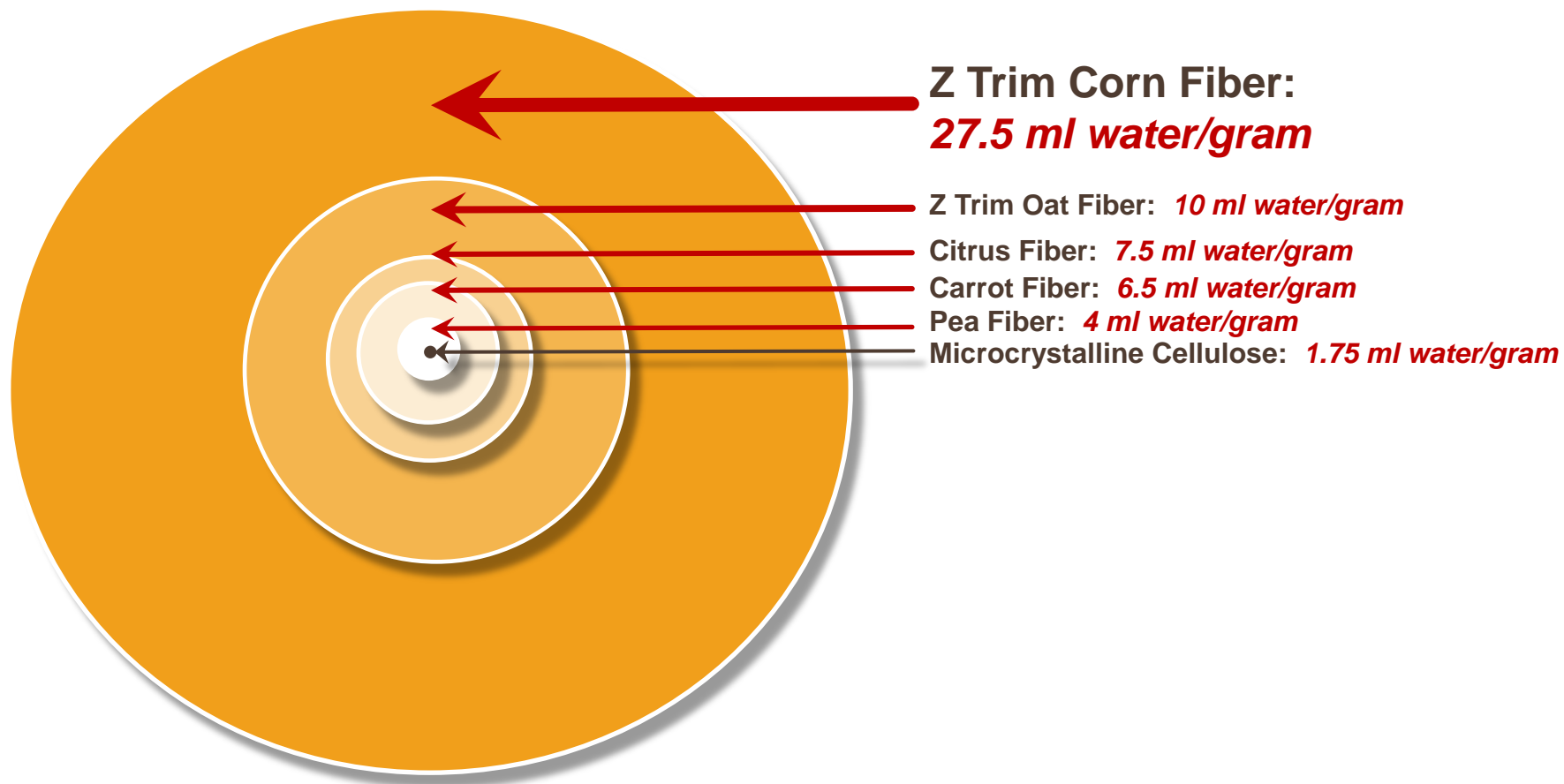
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- **Reduces** calories, fat and trans-fat content
- **Lowers** manufacturing costs
- **Increases** moisture retention
- **Extends** shelf life and reduces breakage
- **Improves** texture and mouth-feel
- **Adds** dietary fiber
- **Reduces** oil separation
- **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
<b>Total</b>		<b>\$1.18</b>		<b>\$1.10</b>

- 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
<b>Total</b>		<b>\$1.93</b>		<b>\$1.43</b>

- 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

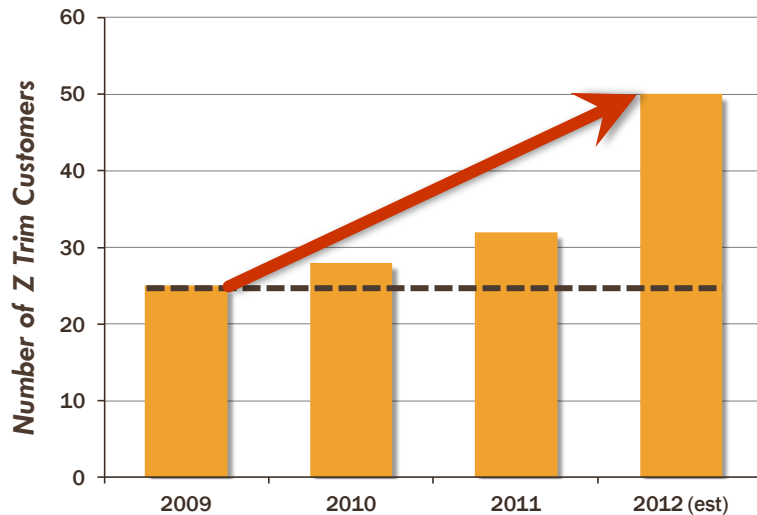
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- Commencement of toll manufacturing (anticipated to be in Q2 or Q3 2012) is anticipated to improve cash flows from operating activities
- Aveka's first Iowa facility should be capable of scaling to 1 million lbs of product per month
- The Company 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

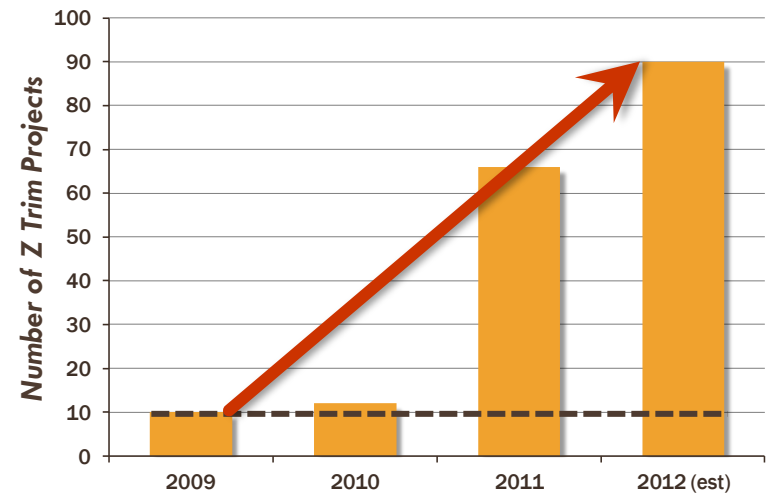
# Sales Growth – Current and Prospective

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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
<b>Baked Goods</b>	\$2,441,125,000
<b>Meat Products</b>	\$1,611,523,000
<b>Dairy Products</b>	\$723,994,000
<b>Salty Snacks</b>	\$435,652,000
<b>Frozen Meals/Pizza</b>	\$415,951,000
<b>Soup</b>	\$402,713,000
<b>Dressings/Sauces/Dips</b>	\$281,869,000
<b>Potatoes – Frozen</b>	\$255,354,000
<b>Processed Cheese</b>	\$202,455,000
<b>Canned/Chilled Meats</b>	\$116,711,000
<b>Sugar Confection</b>	\$45,601,000
<b>Cottage/Ricotta Cheese</b>	\$37,104,000
<b>Cream Cheese</b>	\$26,932,000
<b>TOTAL</b>	<b>\$6,996,984,000</b>

# 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**

# ZTHO Capitalization Table

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

(Shares in Millions, except for per share)

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

# 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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