

*En route to a
new level of
performance*



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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.

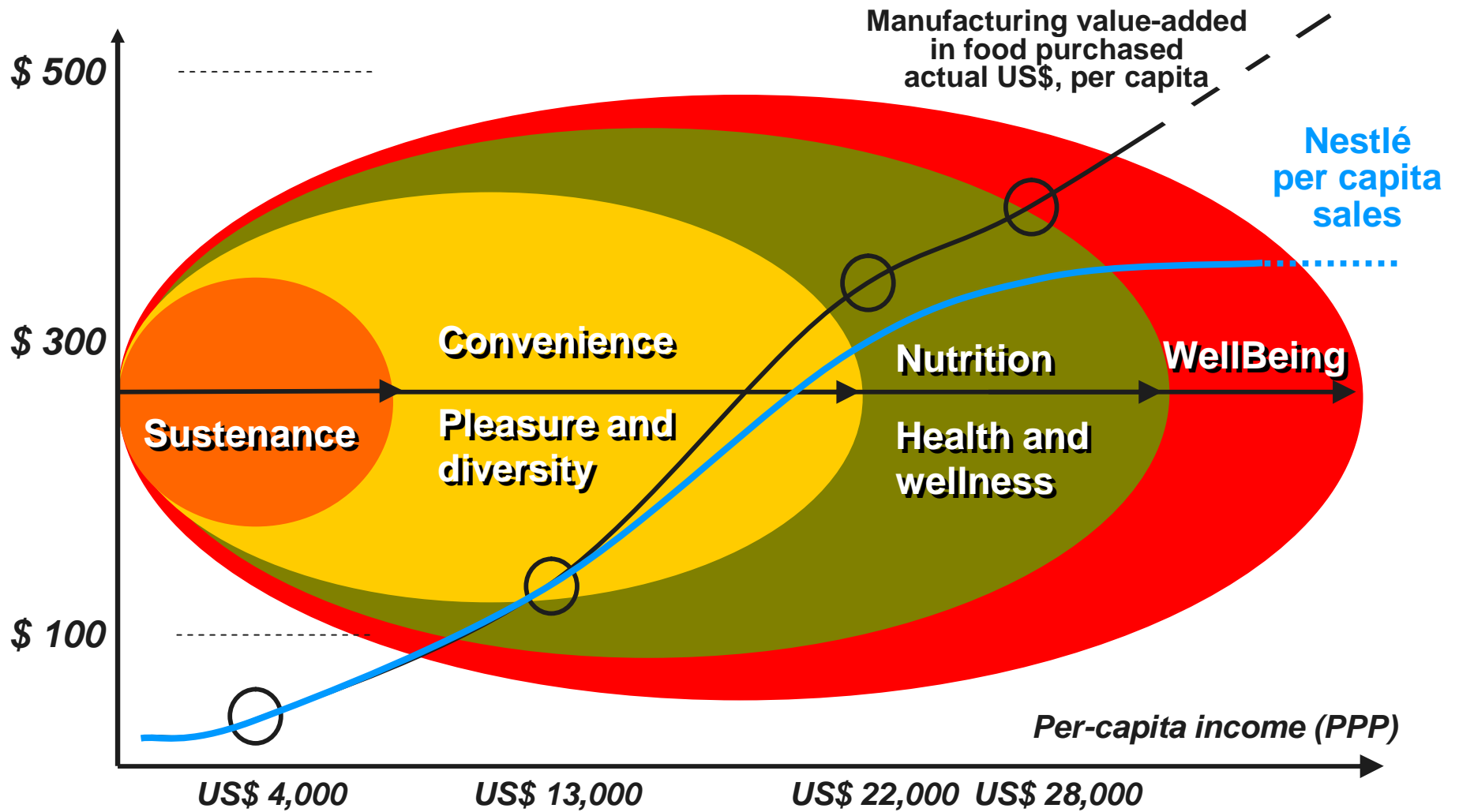


The Leading Food &
Beverage Company
of the World ! → ?

from
a respected, trustworthy
Food company

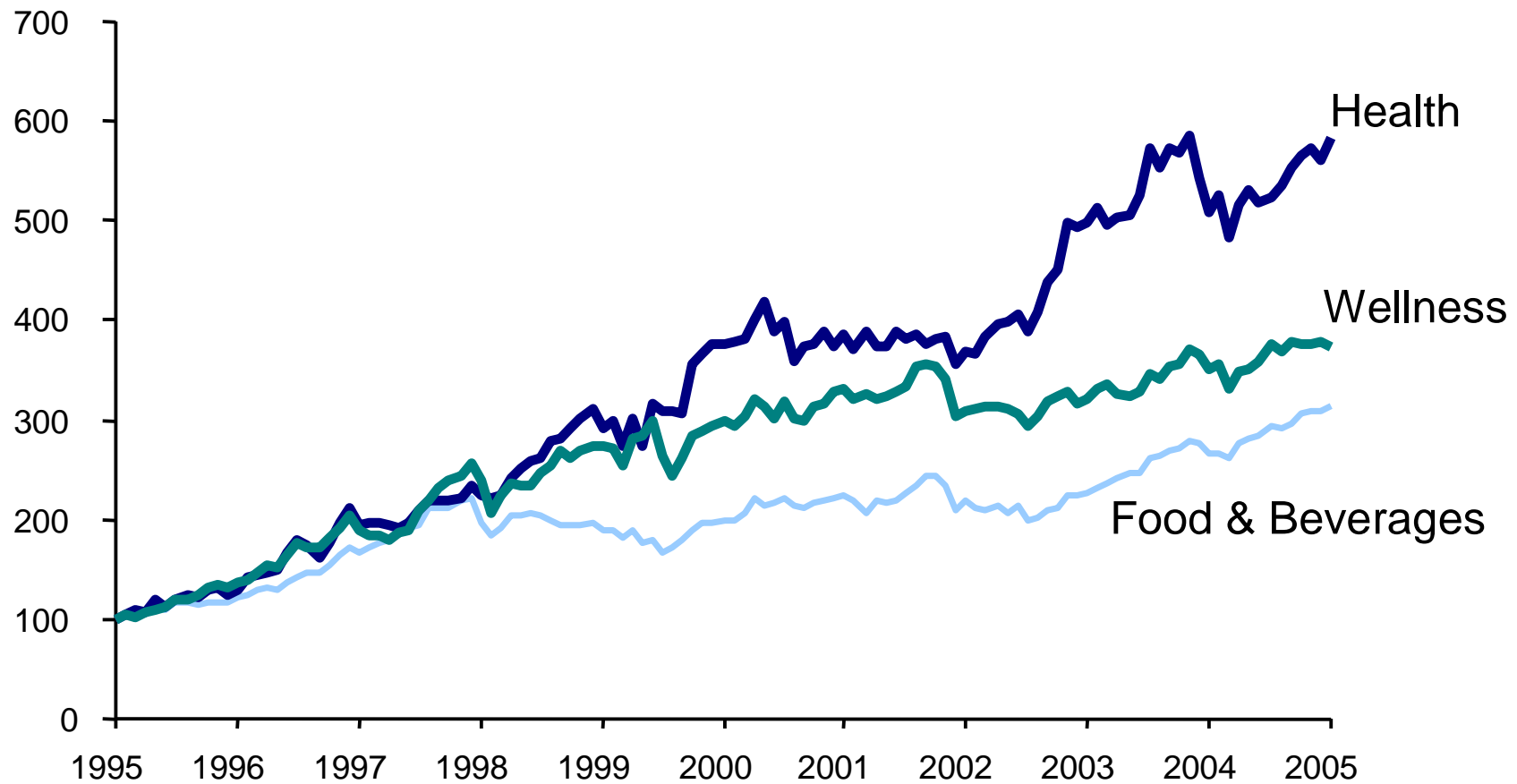
to
a respected, trustworthy
Food - Nutrition - Health &
Wellness company

Food market growth and Nestlé sales per capita



The Health and Wellness markets represent an opportunity for Nestlé to improve its levels of value

10-year TSR
(08/95 = 100)



Source: MA Analysis

Strategic Transformation

Transition from traditional businesses into a Nutrition, Health and Wellness company

Organisational Transformation

- Create an agile fleet of businesses/markets
- Focus on demand generation
- Leverage scale through an efficient support structure
- Tackle under-performers

- Ø The decentralised "generating demand" frontline needs to be "focused, fast and flexible" (*Markets, Businesses*)
- Ø Regionally or even globally run "ensuring supply" back-up necessitates being "slim, cost-efficient and service-driven" (*Factories and Shared Service Centers*)
- Ø Strategic, consumer insight and R&D driven innovation/renovation (*Markets, SBU, R&D*)



- Ø To become the consumers' choice as "The Food, Beverage, Nutrition, Health and Wellness Company" both for human and pet consumption by:
- Ø understanding their nutritional and emotional preferences (consumer insight)
- Ø anticipating their future needs based on leading R&D
- Ø improving their quality of life *everywhere in the world*

- ∅ To transition increasingly towards more differentiated, higher growth, higher margin segments of the food industry
- ∅ To leverage our scale as a competitive advantage - at the front end to drive profitable growth, and at the back end to drive efficient support
- ∅ To improve our profitability and capital efficiency, whilst delivering sustainable, longterm growth
- ∅ To deliver industry outperforming Total Shareholder Return

Total Shareholder Return (dividend reinvested) based on *local currencies* – 31.10.2005



Over 10-year period, Nestlé's TSR position # 2.

FOOD	1 Year	3 Years	5 Years	10 Years
Hershey	1%	73%	88%	306%
Nestlé	35%	44%	15%	267%
Danone	32%	46%	20%	248%
Procter & Gamble	7%	43%	64%	235%
Unilever	22%	10%	0%	190%
Cadbury Schweppes	16%	56%	37%	177%
General Mills	2%	13%	26%	127%
Heinz	-11%	13%	-6%	57%
Campbell	2%	36%	-2%	31%
Coca Cola	3%	-2%	-27%	26%
Kraft	-19%	-22%	N/A	N/A

Source: Bloomberg



Excellence and
Courage in execution

The "standard" has
been raised...

... our business is
en route to a new
level of performance

