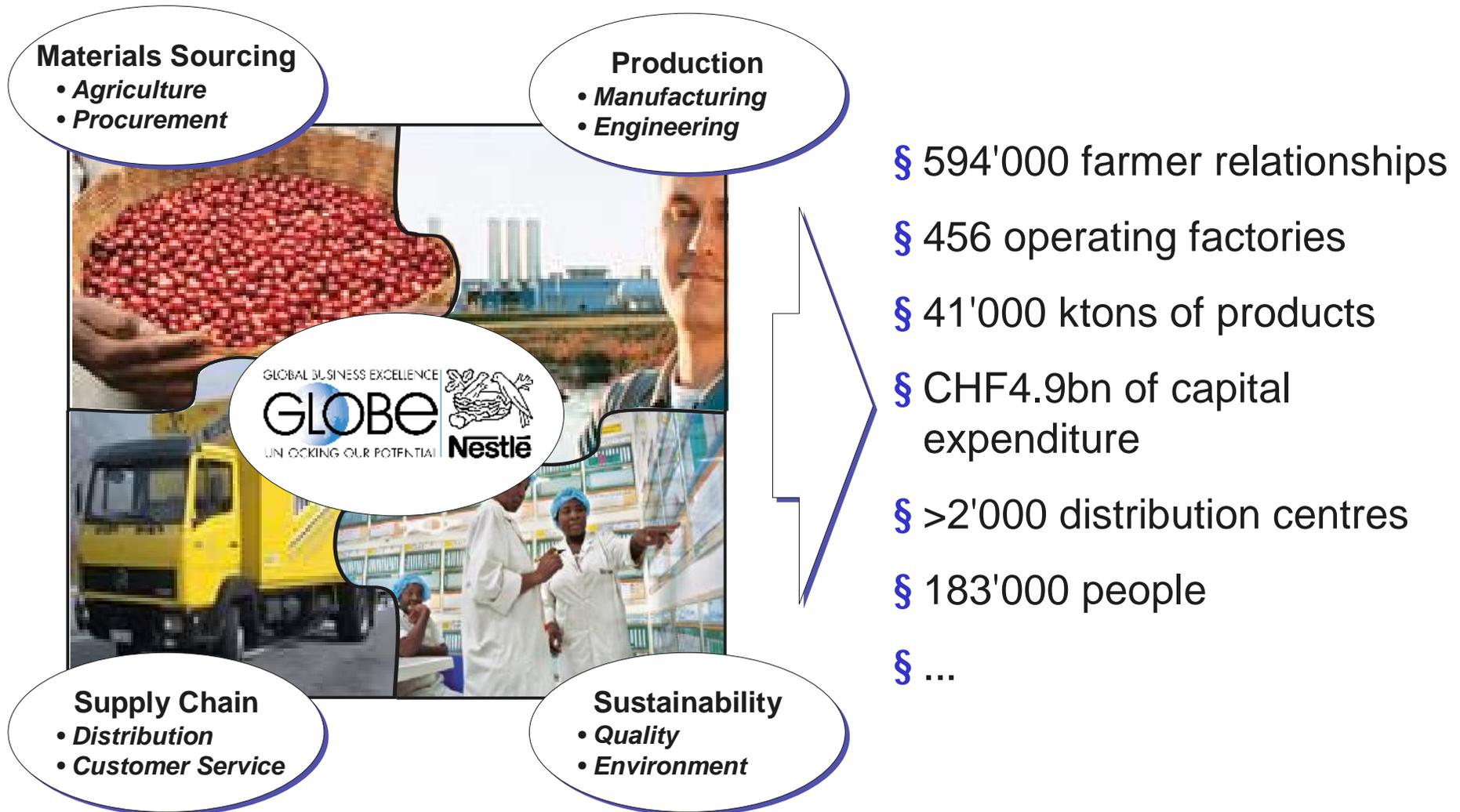


Nestlé Continuous Excellence

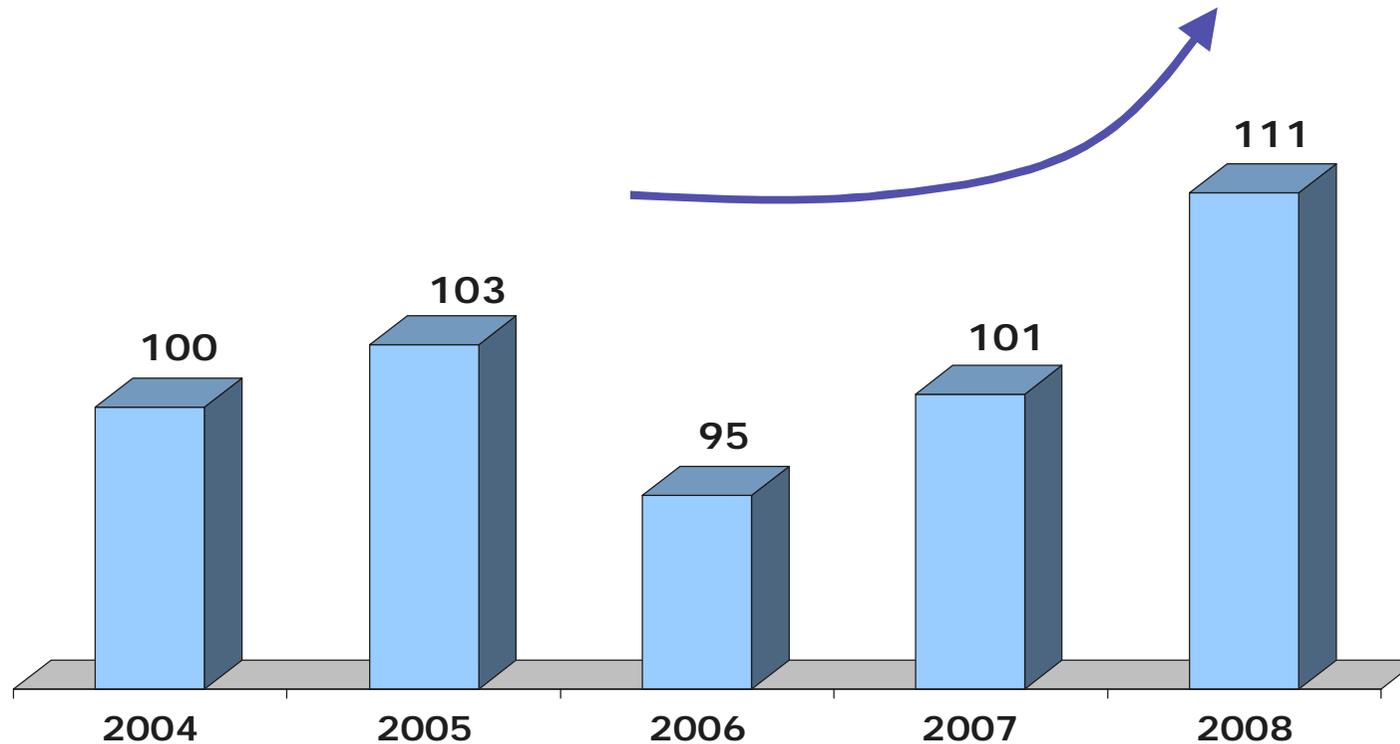
“Accelerating our performance improvements”

José Lopez
June 29th, 2009



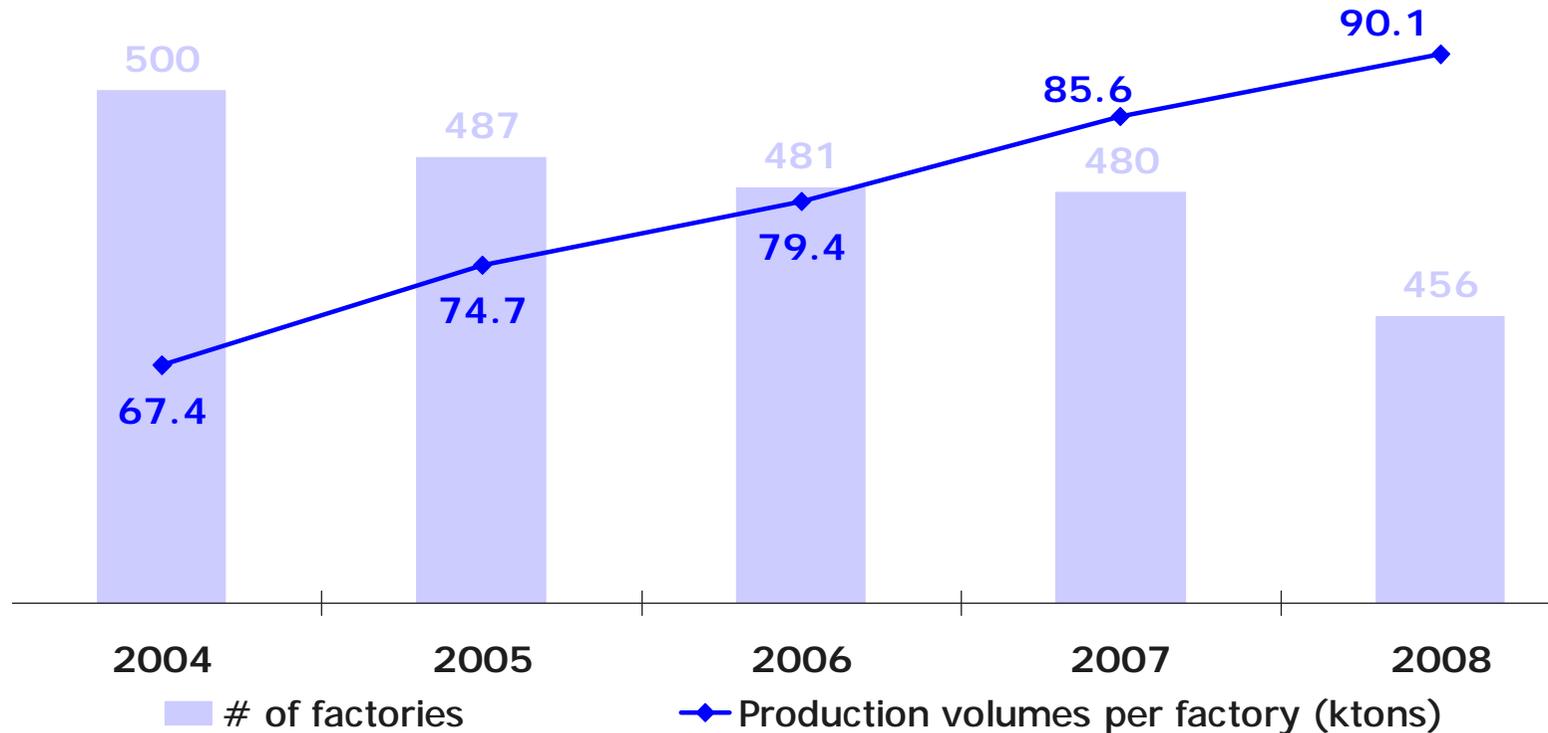


Operations saving index



- § Significant acceleration in 2008: +11% vs. 2007
- § > CHF12bn saved over the last 10 years

Number of factories and production volume per factory



- § 34 factories divested and 10 new factories commissioned in 2008
- § Production volume per factory increased by ~ 34% over the last 5 years
- § Introduction of micro and finishing factories

Environment and safety indicators have confirmed the positive trend



		Variation 2003 - 2008	
Water Consumption	m3		- 32%
Energy Consumption	gigajoules		- 22%
Greenhouse Gases	kg CO ²		- 25%
Lost Time Injury Fr.	rate on 1mio hours worked		- 69%

“One Nestlé Operating model”



Achievement vs. May 2008 roll-out plan

	Dec. 2008	June 2009
Goal Alignment & leadership (# factories activated vs. planned)	100%	116%
Green Belt Trainings (# session delivered vs. planned)	100%	170%

- § The Nestlé Quality Management System is introduced in parallel to ISO22000 and ISO9000 certification
- § The ISO14001/OHSAS18001 certification program has been advanced by 12 months; 95% of the factories to be certified by December 2009

Increasing the number of improvement activities, no matter how small, proved to be successful...



§ Goal Alignment modules are delivering outstanding results

§ > 2'000 people trained as yellow/green belts over the last 12 months

§ > 400 new improvement opportunities identified so far in 2009

Example:

Nestlé South East Europe (6 factories)

q > 400 people involved

q 18 improvement opportunities identified and initiated

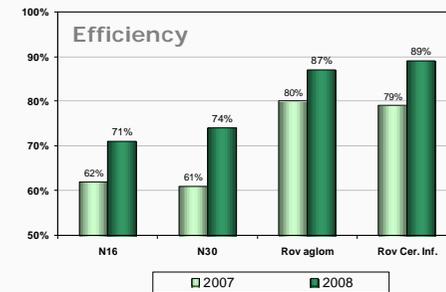
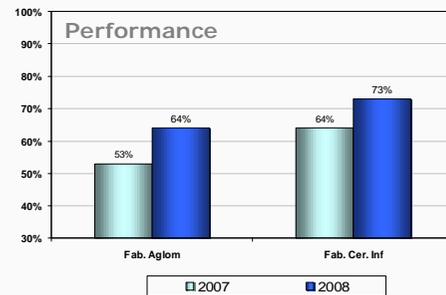
q Absenteeism in 2009 vs.2008: -62%

Project	Progress	Sponsor	Green Belt	Exp. Benefit
Reduce over-weight of Kit Kat Senses (Sofia Fact.)	D M A I I C	T.Vassileva	G.Tsonkova	EUR 210 k
Improve line efficiency of OPM Line (Sofia Fact.)	D M A I I C	T.Vassileva	M.Bali	EUR 96 k
Reduce level of rework in Mura production (Sofia Fact.)	D M A I I C	T.Vassileva	B.Vlachkov	EUR 20 k
Reduction of Stoppages in Coffee retail line (Inofyta Fact.)	D M A I I C	D.Simeonidis	K.Daskalopoulou	EUR 85 k
Nescafe Sticks Operational Improvement (Inofyta Fact.)	D M A I I C	D.Simeonidis	G.Kostarelis	EUR 60 k
Reduction of Recycling/Rework @ R&G lines (Inofyta Fact.)	D M A I I C	D.Simeonidis	K.Papadogianni	EUR 23 k
Line efficiency and losses improvement in 1,5 LT Line (Korpi Fact.)	D M A I I C	M.Karabali	N.Floudas	EUR 31 k
Line efficiency and Losses improvement in 0,5 LT Line (Korpi Fact.)	D M A I I C	M.Karabali	P.Tsonis	EUR 28 k
Reduce losses in 5 Gallons bottles (Dodoni Fact.)	D M A I I C	M.Karabali	N.Thalassinis	EUR 30 k
Reduce level of Bad Goods in I/C operation in Greece (SC IC Greece)	D M A I I C	P.Pionat	G.Galanos	EUR 250 k
JOE 4 Line Performance Increase (Timisoara Fact.)	D M A I I C	C.Osorio	N.Dragan	EUR 40 k
Optimisation of material losses in Rollo2 moulding line (Stara Pazova Fact.)	D M A I I C	N.Sakoutis	M.Popov	EUR 35 k
Reduce rework generation in Tavros Fact. (Tavros Fact.)	D M A I I C	Y.Poulios	N.Giavouras	EUR 32 k
Reduction of overfilling in "Traditional cups" category (Tavros Fact.)	D M A I I C	L.Touliatou	I.Chaviaropoulos	EUR 30 k
Reduce COP in cones & extruded sticks lines (Tavros Fact.)	D M A I I C	Y.Poulios	C.Babanas	EUR 30 k
Improve couvertures loss (from 2.82% to 0.5%) – Timisoara	D M A I I C	C.Osorio	TBD	EUR 15 k
Increase coffee packing productivity by 5 % & reduce efficiency loss by 1% (from 94 % to 95%) – Timisoara	D M A I I C	C.Osorio	TBD	EUR 40 k
DMAIC Projects to be defined (all factories)		FM's	TBD	EUR 300 k

NCE Foundation modules' results - Example

Graneros (Chile)

Goal Alignment improves performance and line efficiency.

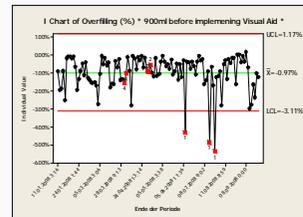


Rorschach (CH)

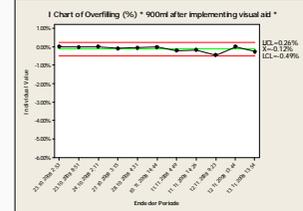
Visual aid on the Hoegger 1 Line triggers overfilling reduction from 0.97% to 0.12%

Savings 0.19 mio CHF

before



after

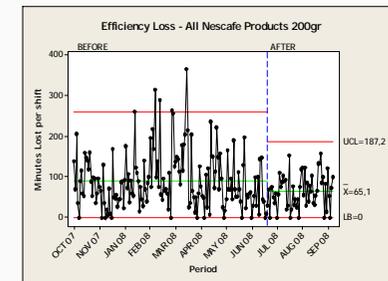


Rio Pardo (Br)



Inofyta (Gr)

After 2 months of Goal Alignment



- Increased stability
- Less incidents

Harrismith (South-Africa)

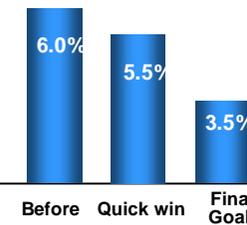
Savings through Goal Alignment projects:

2008 savings: 4.2 mio CHF

2009 estimated: 19 mio CHF (incl. projects started in 2008)

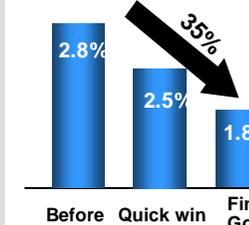
South Asia Region

Overfill %/day



Overfill Reduction

Laminate Loss



Laminate Loss Reduction

Loss in Mins



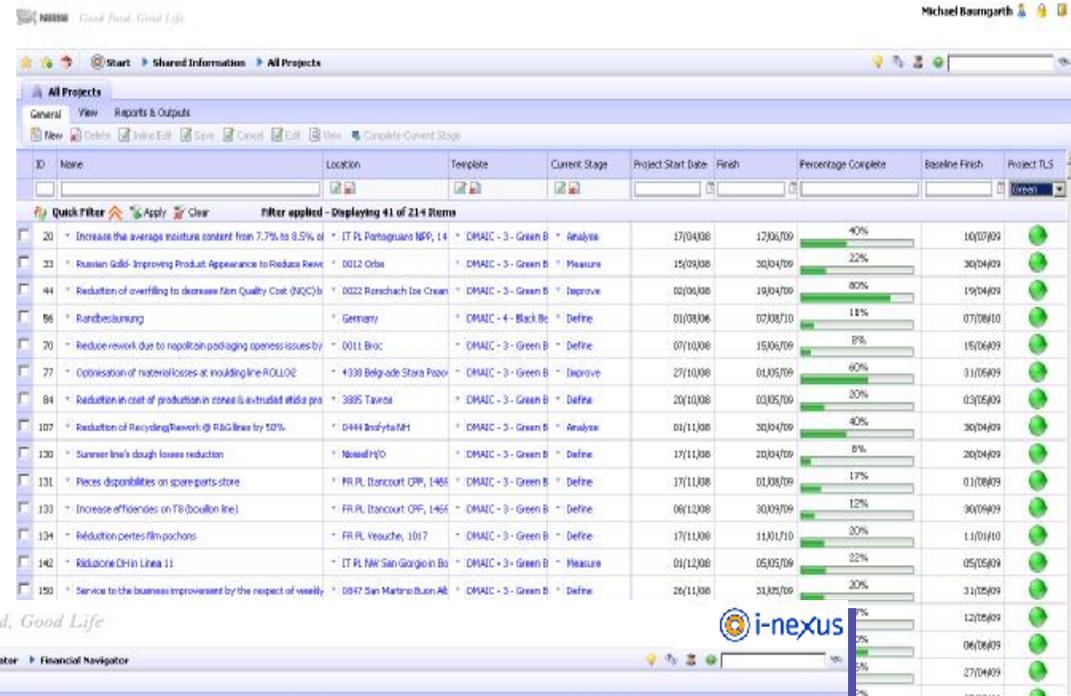
Loss in Mins (Stoppages)

To better monitor and trace the results we have deployed a new tool...



§ Nestlé Continuous Excellence: large number of “small” decentralized improvement activities

§ Clear monitoring and short reporting cycle time to enable fast decision making



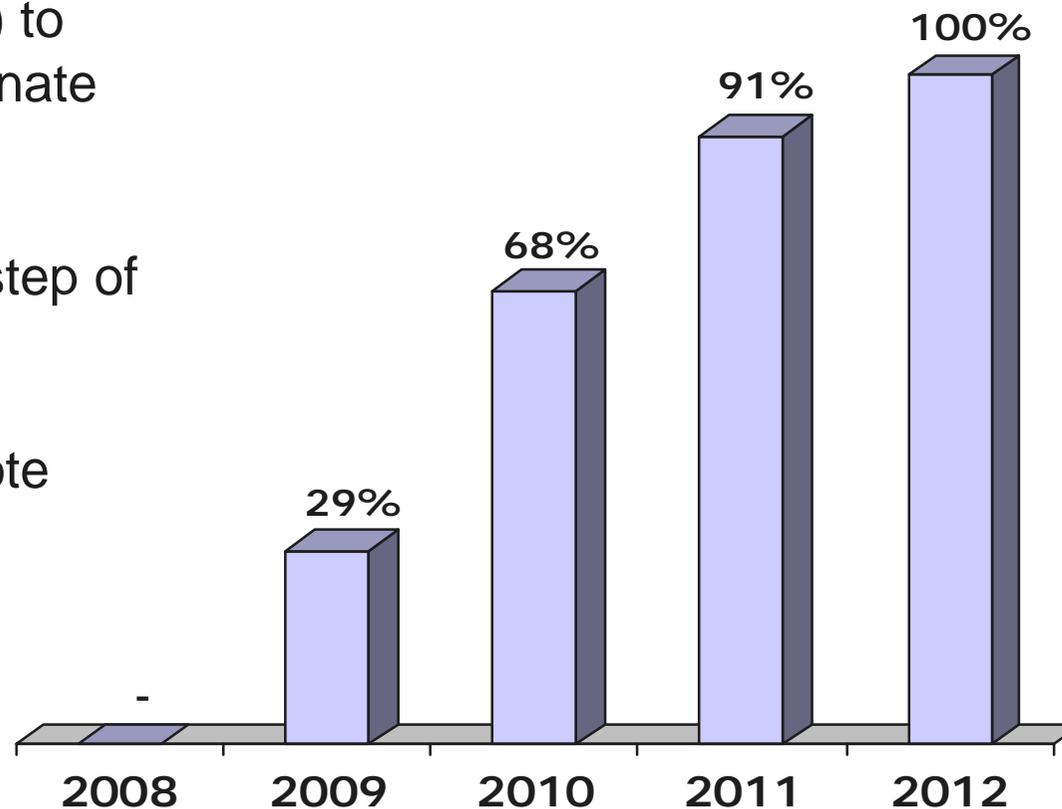
Our action plan for 2009 - 2010 is to accelerate the deployment of Focus Improvement pillar...



FI pillar roll-out plan

(# factories activated vs. total scope)

- § Focus Improvement (FI) to identify, analyze & eliminate losses
- § FI natural evolutionary step of Foundation modules
- § FI to support and promote large number of "small" improvements activities



NCE pilots areas beyond Operations



§ **Transactional** processes within GLOBE and our shared business services (GNBS)

§ **Managerial** processes within our Centre Corporate activities



§ **Marketing, communication and sales** activities within our Waters business

Our target is to further accelerate our efficiency drive across the entire value chain...



Our competitive advantage to create gaps

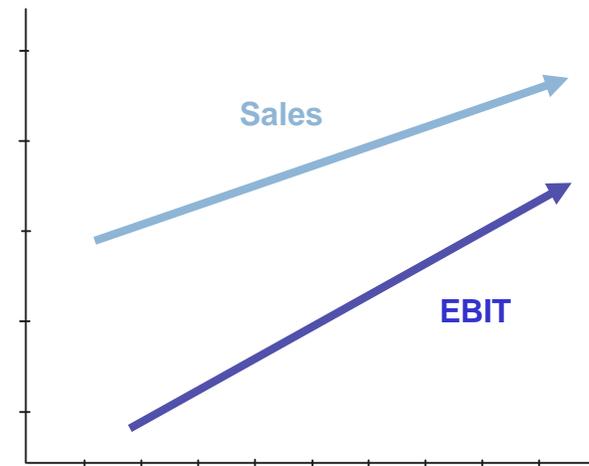


Alignment and strategic control of the value chain

- § To have higher influence on the total delivered cost...
- § ... enabling broader scope for Nestlé Continuous Excellence



1. Long-Term Organic Growth Target **5 - 6%**
2. Continued year after year improvement of **EBIT margin**
3. Improving Capital efficiency / Business **ROIC / Cash returns to shareholders**



Resulting in an industry outperforming, long-term total shareholder return

Thank you



Nestlé