



***A great combination in a
dynamic consumer market***

17th June 2002

This presentation contains certain “forward-looking” statements within the meaning of the Private Securities Litigation Reform Act of 1995. These statements are based on management’s current expectations and are naturally subject to uncertainty and changes in circumstances. Actual results may vary materially from the expectations contained herein. The forward-looking statements contained herein include statements about future financial and operating results and benefits of the pending merger between Nestlé and Dreyer’s. Factors that could cause actual results to differ materially from those described herein include : the inability to obtain Dreyer’s shareholder or regulatory approvals; actions of the U.S., foreign and local governments; the inability to successfully integrate the businesses of Nestlé and Dreyer’s; costs related to the merger; the inability to achieve cost-cutting synergies resulting from the merger; changing consumer or marketplace trends; the general economic environment; and the economic environment of the ice cream industry. Neither Nestlé nor Dreyer’s is under obligation to (and expressly disclaims any such obligation to) update or alter its forward-looking statements, whether as a result of new information, future events, or otherwise.

We urge investors to read the proxy statement and any other relevant documents that Dreyer’s has filed and will file with the Securities and Exchange Commission (“SEC”), because they contain important information.

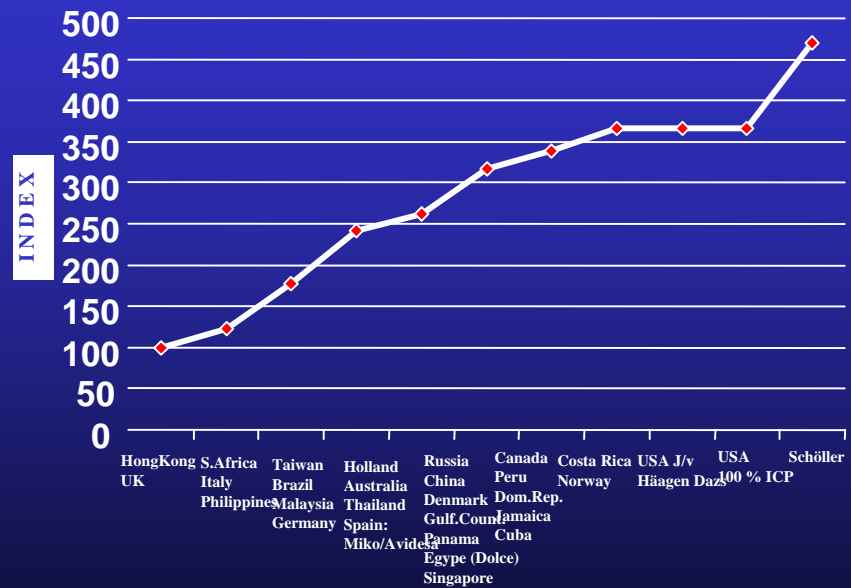
Agenda

- **Nestlé in Ice Cream**
- **Dreyer's**
- **Nestlé Ice Cream Company and Dreyer's**
- **Sound Financial Rationale**
- **Key Transaction Terms**
- **Corporate Governance**
- **Conclusion**

Nestlé in Ice Cream

- **Global number 2**
- **2001 sales of CHF 3.8 billion**
- **Improving trend of profitability**
- **2001 acquisitions of Schöller and the Häagen-Dazs brand in the USA**

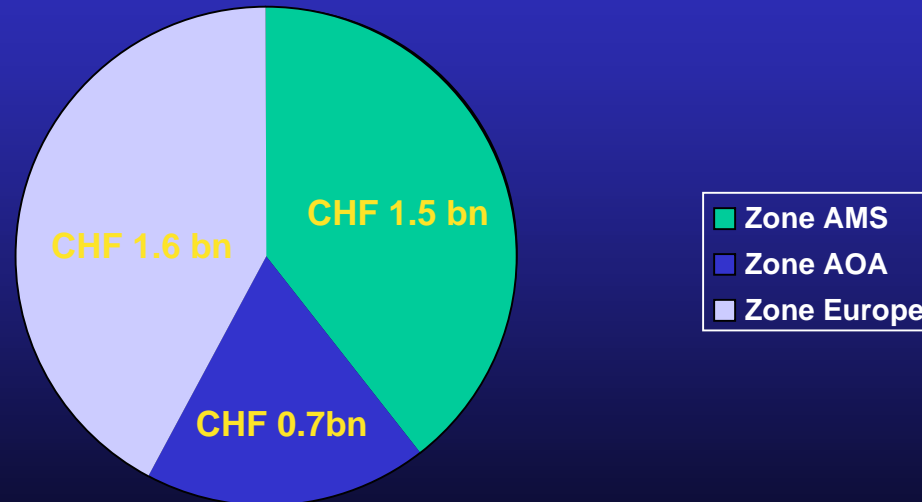
Rapid Growth Through Acquisitions



Enlarged Nestlé Ice Cream business to have sales of about CHF 7.5 billion

Nestlé in Ice Cream - A Global Player -

2001 sales of CHF 3.8 billion





Nestlé Ice Cream Company



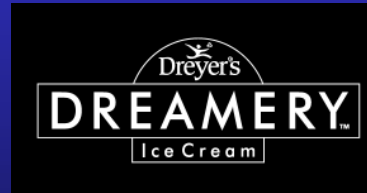
- 2001 sales of \$700 million
- Strong super premium & impulse positioning
- Good record of innovation and renovation
- Key brands: Nestlé, Häagen-Dazs, Drumstick



Häagen-Dazs









Number One in the USA

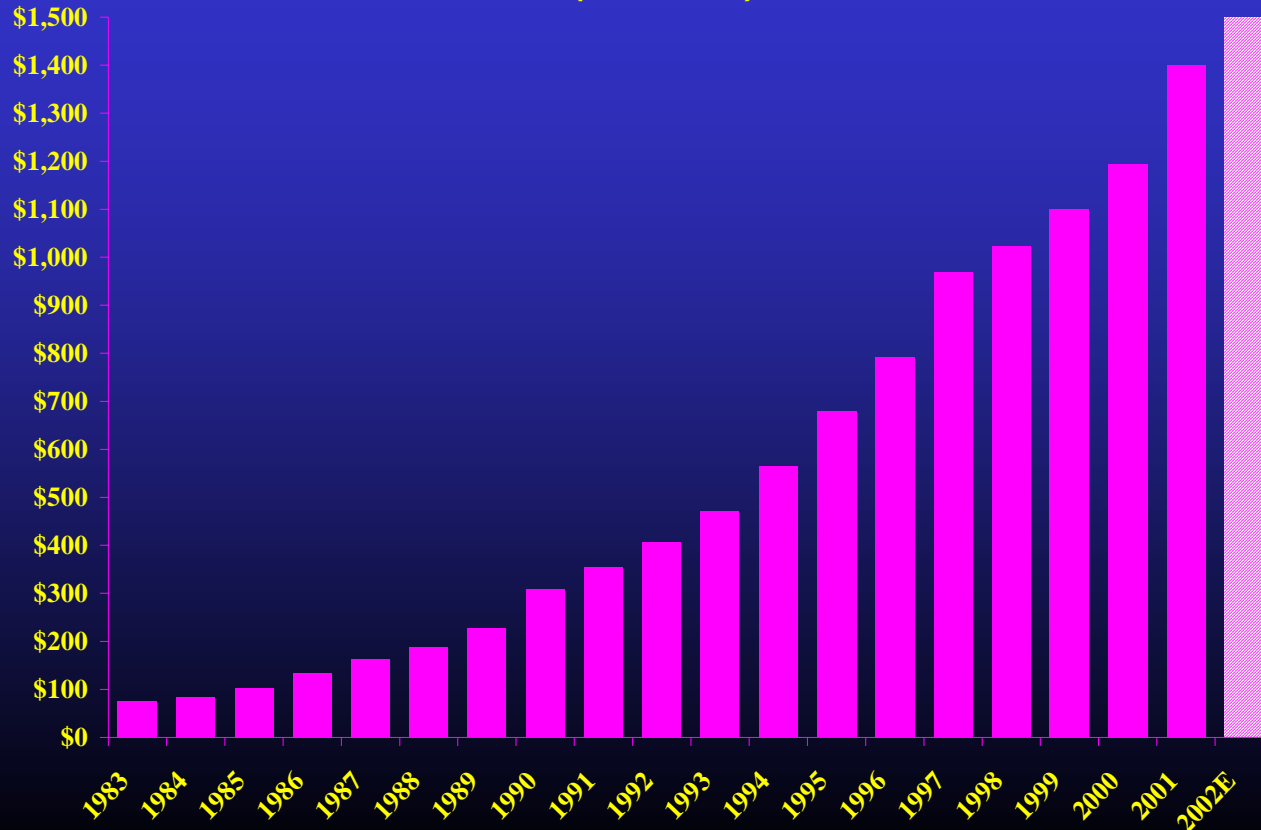
- 2001 sales of \$1.4 billion
- The leading direct store delivery system, "DSD" - reaches 90% of Americans
- 12% annual sales growth for past 5 years (+21% in Q1 2002)
- Key brands: Dreyer's, Edy's, Dreamery and Whole Fruit Sorbet as well as Starbucks and Godiva



Impressive Sales Growth

(\$ millions)

\$1,500



Dreyer's





Nestlé Ice Cream Company and Dreyer's

Strengthens Nestlé's Ice Cream Business

in the World's Largest Market

With the Highest per Capita Consumption



Nestlé Ice Cream Company and Dreyer's - Compelling Strategic Logic -

- **The best brand portfolio**
 - Dreyer's, Edy's, Nestlé, Häagen-Dazs
- **The best & most sophisticated DSD network**
- **The best management team**
 - to be led by Gary Rogers, co-founder and CEO of Dreyer's



Nestlé Ice Cream Company and Dreyer's - Excellent Complementarity -

Nestlé

- Strong in impulse and super premium
- Strong in non-grocery

Dreyer's

- Strong in premium
- Strong in grocery

Annual cost synergies of \$170 mio (CHF 275 mio)



Achievable Annual Cost Synergies of \$170mio (CHF 275mio) in 2005

- Selling, distribution and overhead \$140 mio
 - Consolidation of manufacturing \$15mio
 - Incremental distribution savings \$15mio
- \$170mio

Costs to achieve these synergies \$150mio

***Synergy opportunities promise margin
improvement as well as continued
excellent top line growth***

Fast Track Integration

- **Using the learning from Ralston Purina**
- **Integration executive to report to the CEO**
- **Full synergies expected to be achieved in 2005**

Sound Financial Rationale

- Put price of \$83 per share for 33% of shares not owned by Nestlé. Effective blended cost to Nestlé of Dreyer's will be \$65/share* or approximately \$2.5bn
- Transaction should be accretive to Nestlé's cash EPS in 2003 & EPS in 2004
- Goodwill of \$2.2bn if "put" option exercised

*Includes cost of existing Nestlé shareholding

Sound Financial Rationale

- **Approximate effective 2005 Dreyer's standalone multiples (pre-synergies)**
 - **Sales: 1.7x**
 - **EBITDA: 13.8x**
 - **P/E: 27.7x**
- **Cost synergies to exceed 7% of combined 2005E sales**
- **Strong double digit 2002-2005 EBITDA & EBITA CAGR**

Key Transaction Terms

Step 1: Closing

- Nestlé Ice Cream Company merged with Dreyer's in return for 55 million Dreyer's shares
- Nestlé's shareholding in Dreyer's increases from current 23% to 67% of the enlarged equity

Step 2: Put option

- Dreyer's will offer to repurchase non-Nestlé shares during certain periods in the first half of 2006 at \$83 per share

Step 3: Call option

- Dreyer's may redeem ("call") non-Nestlé shares for 6 months from 01.01.07 at \$88 per share

Timetable

- **Merger agreement signed on June 16th, 2002**
- **Shareholder and regulatory approvals to follow normal review procedure for a deal of this size**
- **Nestlé will consolidate Dreyer's financials at closing**

Corporate Governance / Management

- Dreyer's management to run the combined entity
- Dreyer's executives have entered into 3-year employment contracts
- The Board of Directors to be comprised of 10 members:
 - Gary Rogers (Co-Founder & CEO of Dreyer's)
 - William Cronk (Co-Founder of Dreyer's)
 - 5 Directors appointed by Nestlé
 - 3 Independent Directors
- Corporate actions including approval of business plans will be subject to simple majority
- NASDAQ listing to be maintained post-closing

Conclusion








Conclusion

- A merger that
 - makes strategic sense
 - makes financial sense
 - benefits all shareholders

- A merger that creates a "dream team" of
 - best people
 - favourite brands
 - leading innovation, and
 - best distribution

Building leadership in a key market

Nestlé Acquisition Strategy

- To be category No.1 or strong No.2 
- Generate value for shareholders 
- Focused approach on value-added growth categories 
- Strong brands in leadership positions 
- RIG, cash flow and earnings enhancing 
- High degree of certainty of successful integration 
- Maintain strong credit ratings and financial flexibility 

Dreyer's meets these criteria



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