

# Leading the World in Advancing the Lives of Pets

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Good Food, Good Life



Nestlé Purina PetCare



Nestlé

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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.



# Overview

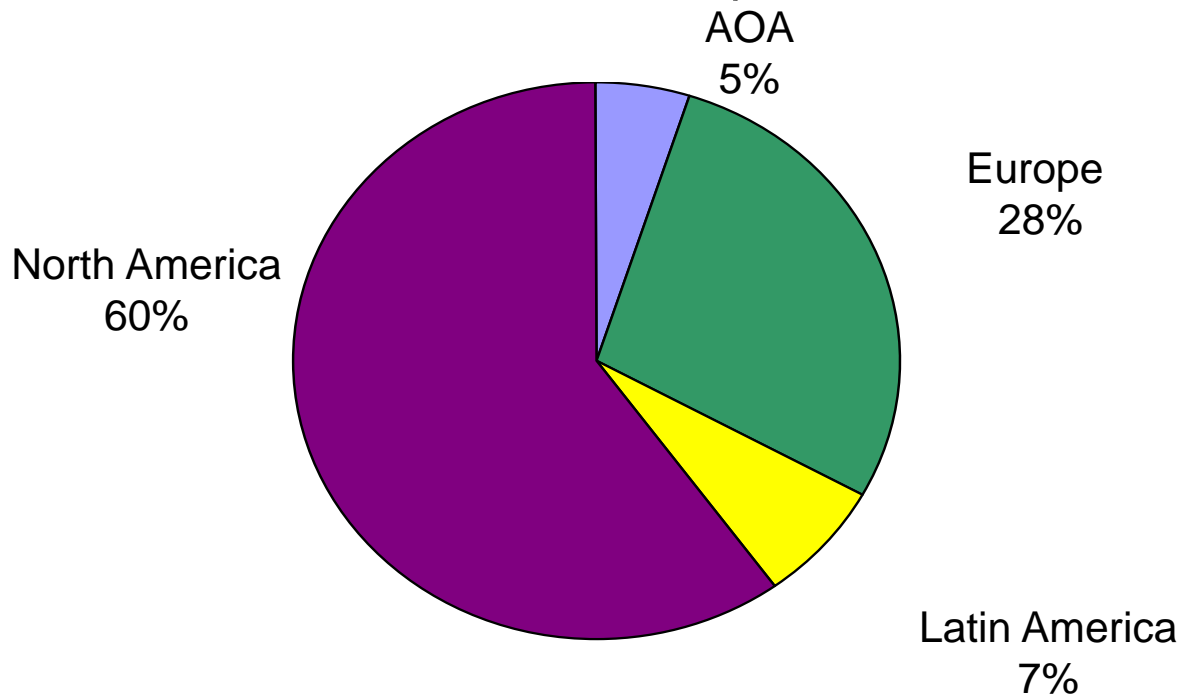
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- Strong market position
- 2002 results exceeded expectations.
- The integration of the Friskies and Purina businesses is effectively complete.
  - Synergies on track
- 2003 will be a transition year as the Friskies business is aligned to the Nestlé Purina simplified promotional business model.



# Petcare and Nestlé

NPPC North America continues to be the driver of the Nestlé worldwide PetCare business, and PetCare now Represents Nestlé's second largest business (12% of worldwide turnover)



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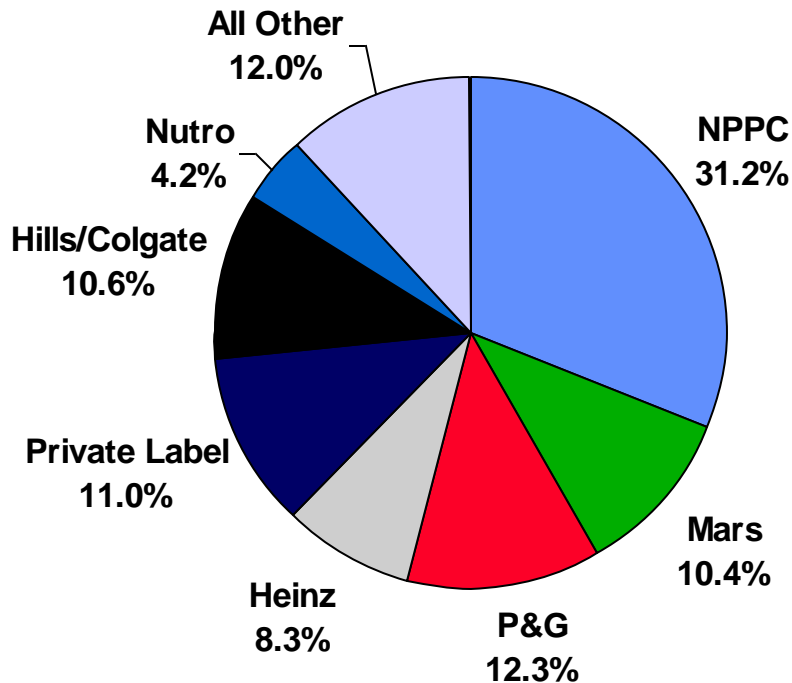
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# NPPC US Share Leadership – Ttl. Pet Food

## Ttl. Pet Food \$ Sales by Vendor

Food, Drug, Mass, Pet Specialty

**NPPC has  
a clear  
leadership  
position**



Source: Food, Drug, Mass (incl. W-M) – ACNielsen  
Pet Specialty – Audits & Surveys

NOTE: Royal Canin and Meow Mix are included in All Other.



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# NPPC US Share Leadership – by Category

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**In Food/Drug/Mass, NPPC holds the top share position in 6 of 7 categories:**

<u>Category</u>	<u>Share Position</u>
Dry Dog	# 1
Dry Cat	# 1
Wet Dog	# 2
Wet Cat	# 1
Soft Dog Snacks	# 1
Cat Snacks	# 1
Litter	# 1

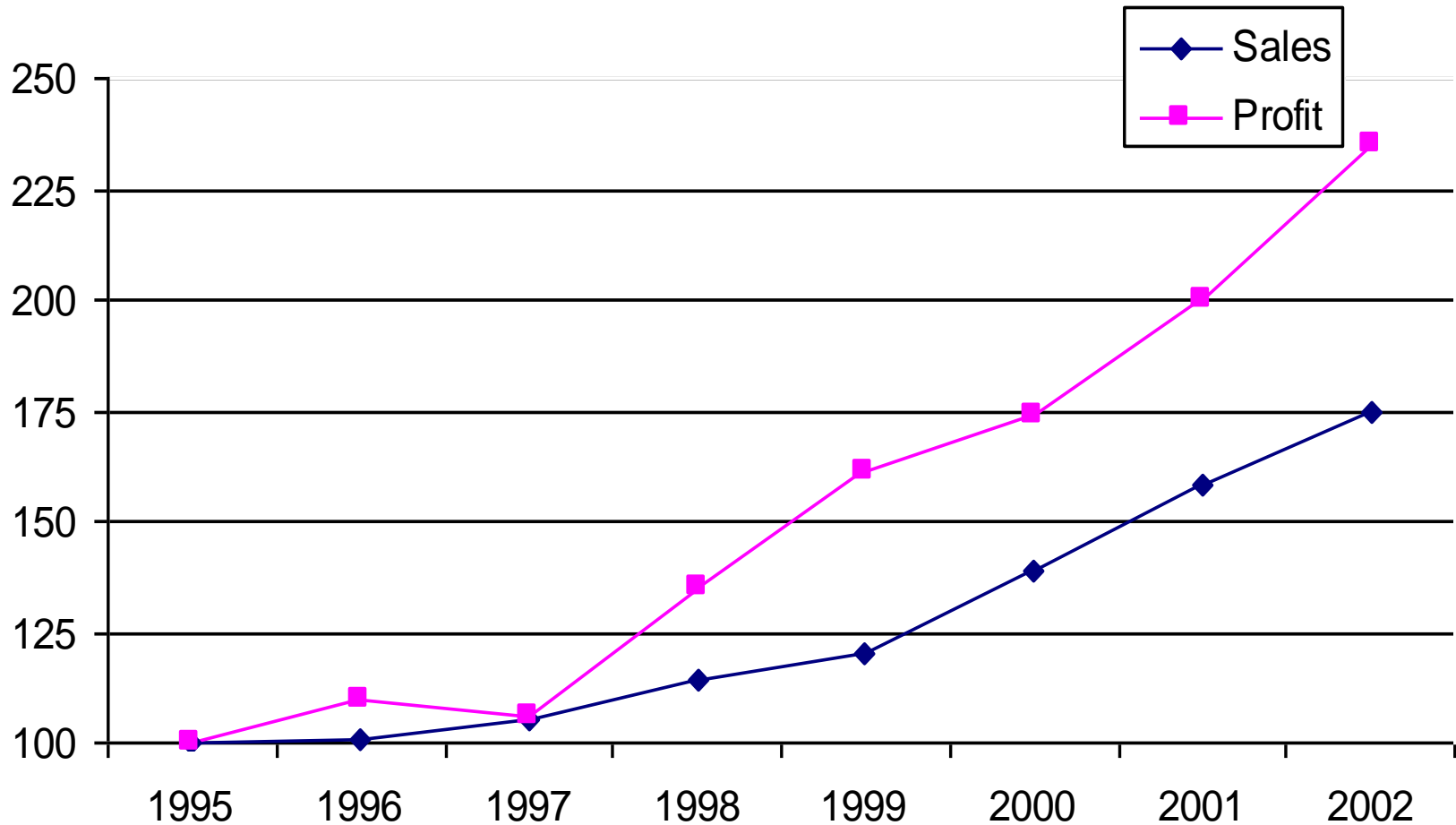
Source: Food, Drug, Mass (incl. W-M) – ACNielsen  
12 Months Ending 12/31/02



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# Market Share Gains in Litter Business have Resulted in Significant Profit and Sales Growth Since Acquisition



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# Progress to Date – 2002 Results

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## Significant outperformance against targets

	<u>Actual</u>	<u>Index vs. Target</u>
<b>RIG</b>	<b>5.3%</b>	<b>123</b>
<b>EBITAR</b>	<b>+10.6%</b>	<b>189</b>
<b>Synergies</b>	<b>\$58mm</b>	<b>157</b>



# Several Successful Brand Initiatives Executed in 2002

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- Beneful brand reached \$100mm in first full calendar year
- Restaged ONE Brand Dog and Cat business
- Introduced Alpo E-Z open can
- Introduced Mighty Dog & Friskies pouches
- Introduced new Tidy Cat Crystals and Crystals Blend packaging
- Restaged Pro Plan brand



# Major integration efforts successfully completed in 2002

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- Adopted new aligned product supply model
- Closed two factories
- Created an aligned R&D organization leveraging strengths of the two legacy organizations.
- Relocated SBU to St. Louis to increase singular focus against world-wide petcare business
- Created a new aligned marketing organization



# Major integration efforts successfully completed in 2002 (continued)

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- Integrated nearly 140 Friskies/Nestlé USA employees into aligned NPPC organization
- Successfully managed elimination of duplicate functions between legacy organizations.
- Established Shared Service relationship with 12 existing Nestlé functions.



# Major integration efforts successfully completed in 2002 (continued)

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- Combined One-Face-to-the-Customer Milestone achieved, providing for continued single focus on NPPC customers.
  - Wal\*Mart Division 1 Supplier of the Year
  - Wal\*Mart Global Supplier of the Year
  - Giant Landover (Ahold) Supplier of the Year



# Major integration efforts successfully completed in 2002 (continued)

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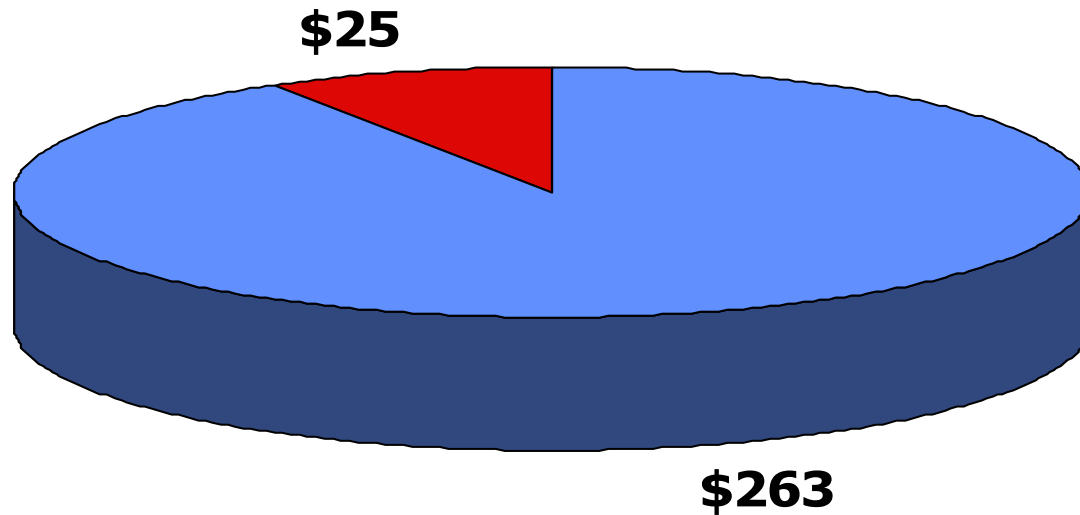
- Successfully integrated key Friskies financial and operational IT applications to aligned NPPC applications and processes.
  - Warehouse Management
  - Freight Management
  - Order Management
  - General Ledger
  - A/P
  - Payroll
  - A/R



# Total Global Synergy Source Overview

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## Revenue Synergies



Year 3 is 2004

Total \$288MM

Cost Synergies



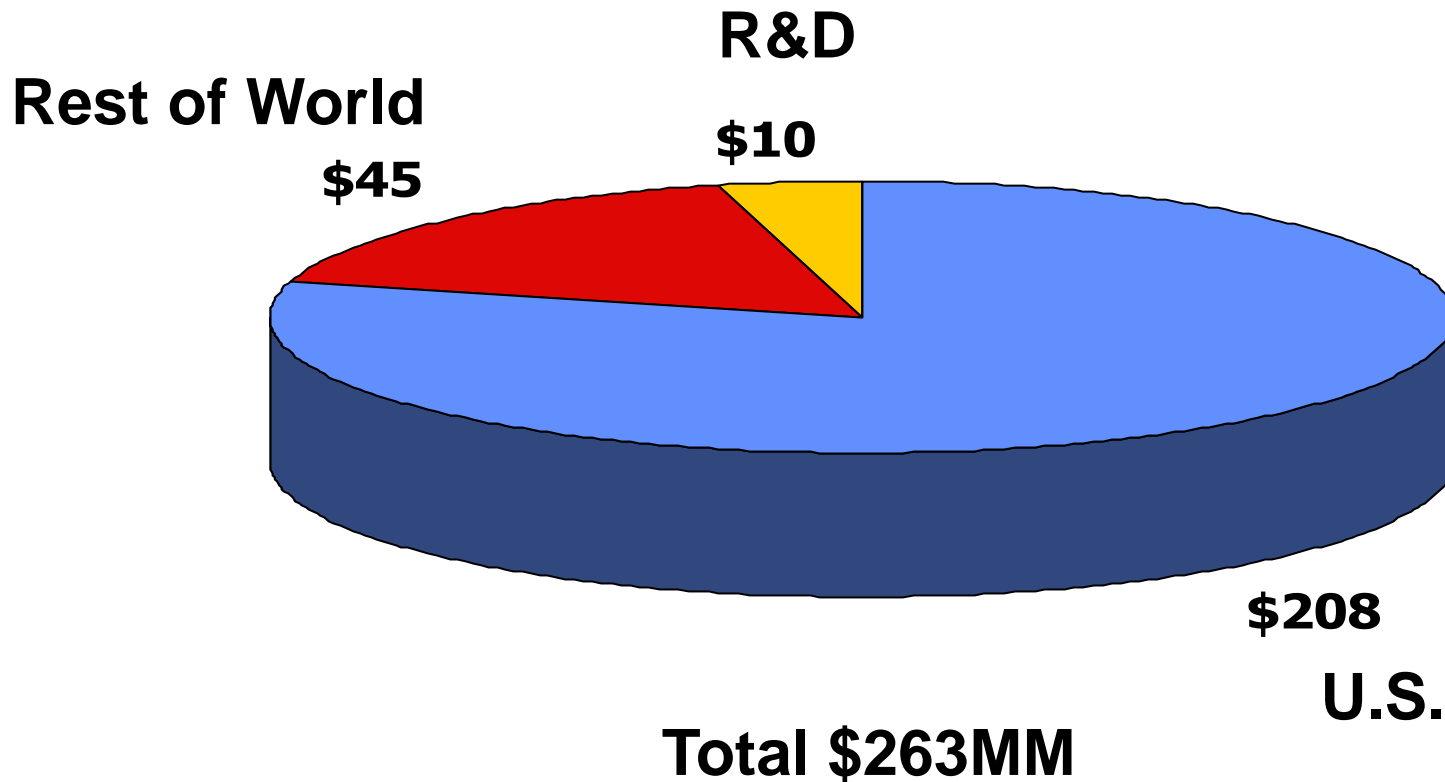
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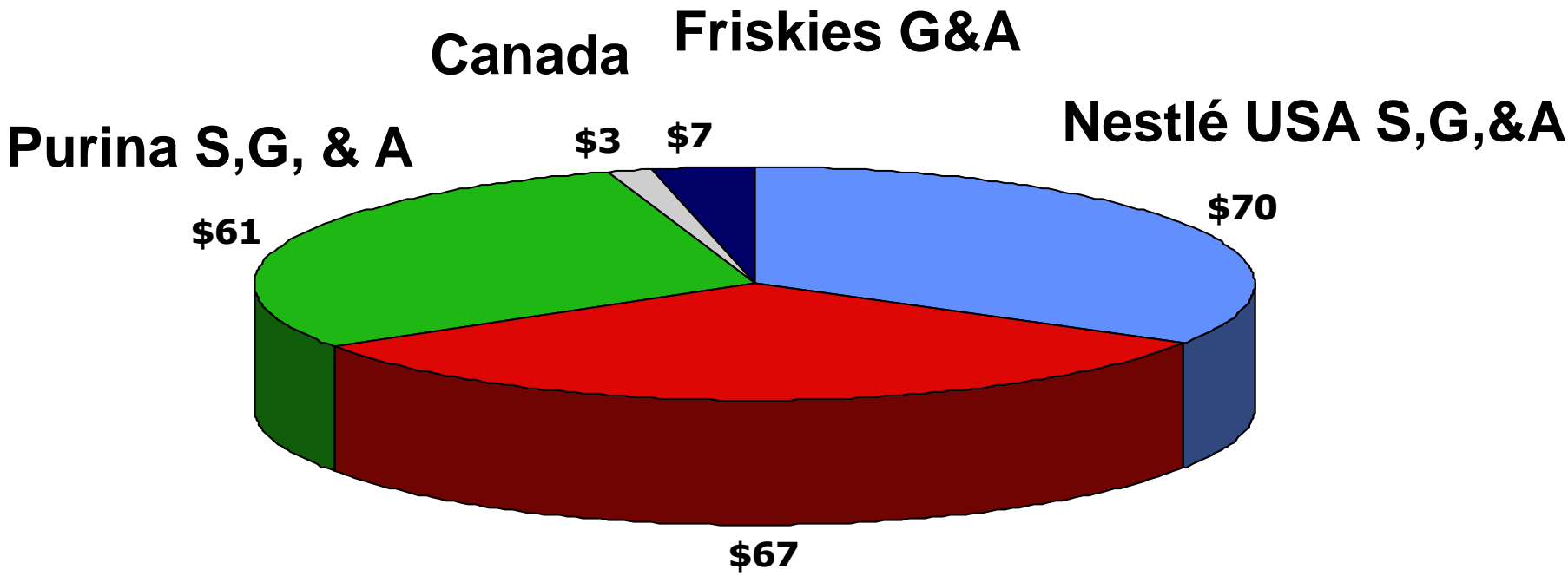
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# Global Cost Synergy Source Overview

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# North American Cost Synergy Source Overview



**Total \$208MM**

**Supply Chain**

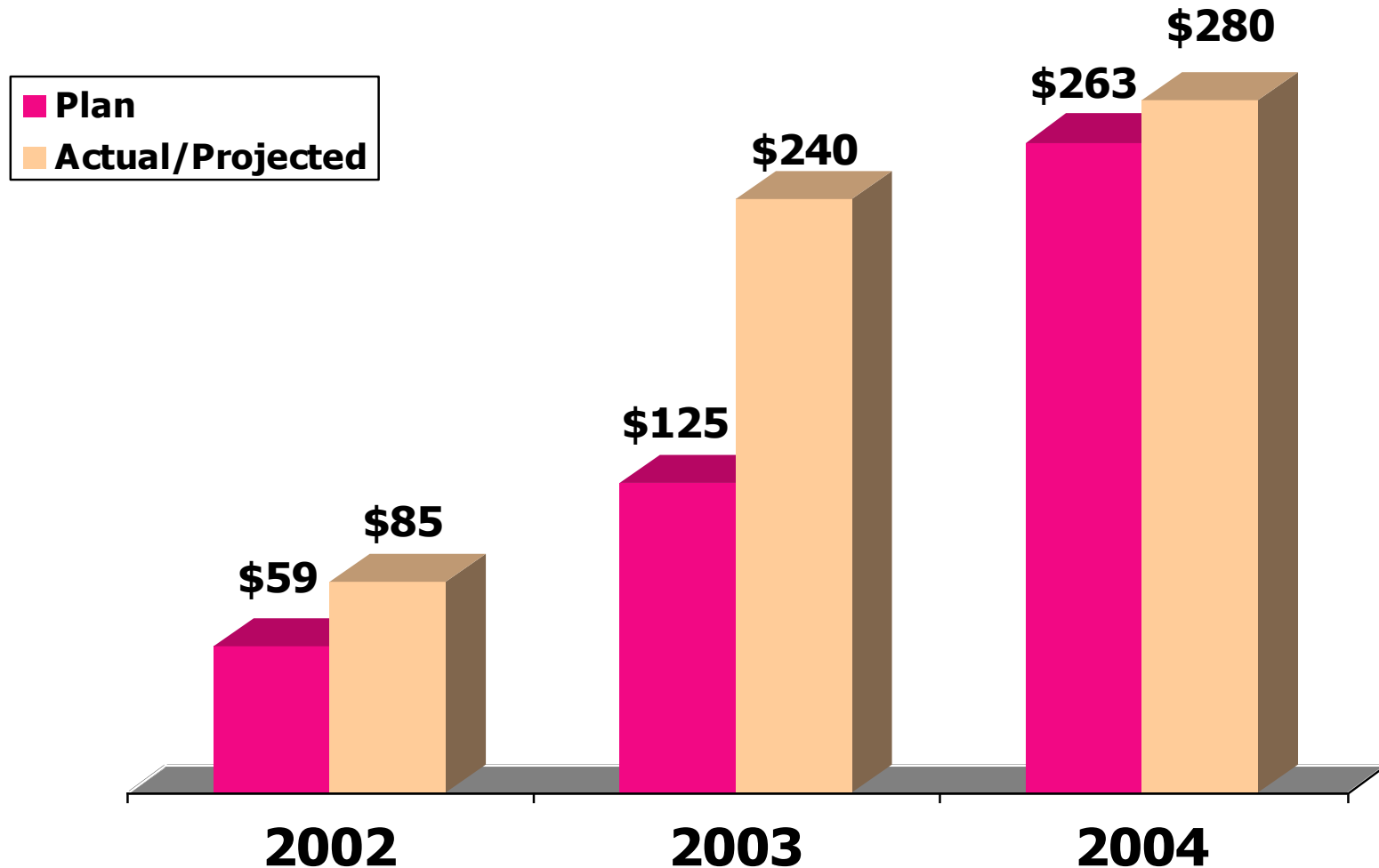
S, G, & A = Selling, General and Administrative Overheads



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# Synergy Obtainment



# Product Portfolio – Key Brands

 **Fancy Feast**

  
**Cat Chow**  
brand Cat Food  
Balanced Nutrition For Cats Of All Ages

**WHISKER LICKIN'S**  
brand CAT TREATS

**PUPPY CHOW**  
brand PUPPY FOOD

  
**Beneful**  
brand PET FOOD

  
**ONE**  
brand PET FOOD

  
**MIGHTYDOG**  
brand DOG FOOD

  
**TIDY CATS**  
brand CAT BOX FILLER

**PRO PLAN**  
brand PET FOOD

  
**ALPO**

**DOG CHOW**  
brand DOG FOOD

**Friskies**

  
**Beggin' Strips**  
brand DOG SNACK



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# Key Brand Initiatives in 2003

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- Restage of Friskies/Chef's Blend business
- Beneful Healthy Weight Formula Introduction
- Pro-Plan Wet Introduction
- Fancy Feast New Varieties (New Technology)
- International Expansion of Tidy Cats
- New Dog Treat – Dogwiches Introduction
- Restage Alpo
- Restage Mighty Dog



# Key Operational Initiative in 2003

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Transition Friskies portfolio to NPPC simplified promotional model

- Supports supply chain efficiencies
- Increases product freshness
- Increases trade promotion efficiencies



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