

## **Nestlé to Acquire Novartis Medical Nutrition, Moving Toward Nutrition, Health and Wellness**

**Vevey, 14 December 2006** – As a part of its continuing efforts to reinforce the Group's leading position in nutrition, Nestlé has agreed to acquire the entire medical nutrition business of Novartis for a total amount of USD 2.5 billion. The move propels Nestlé into a strong number two position in the fast growing and profitable healthcare nutrition segment, where so far Nestlé played only a minor role. Through this acquisition Nestlé also strengthens its existing R&D capability, helping to accelerate the growth of the nutrition business.

With sales of about USD 950 million in 2006, Novartis Medical Nutrition is the worldwide number two. Geographically and with regard to the products, the business is complementary to Nestlé's healthcare nutrition and the combination of both offers a product portfolio covering all disease specific cases where special nutrition is needed. As a result of the strong complementarity, Nestlé does not expect the acquisition to have any material impact on Group earnings in the short term.

As a result of the acquisition, about 2 000 employees of Medical Nutrition with their specific know-how and expertise will join the Nestlé Group, thereby also boosting Nestlé's R&D research capability, as well as providing better access to medical institutions.

The transaction, which is expected to be completed during the second half of 2007, is subject to regulatory approval.

Peter Brabeck-Letmathe, Chairman and CEO of Nestlé, said: "I am very pleased that this acquisition allows us to become a very strong player in the strategic core category of nutrition.

I welcome the people from Novartis who will strengthen our capability in healthcare nutrition, including specific R&D. This is a very important step for the Nestlé Group in its strategic transformation process to a nutrition, health and wellness company as it strengthens the core of our globally managed Nestlé Nutrition business."

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