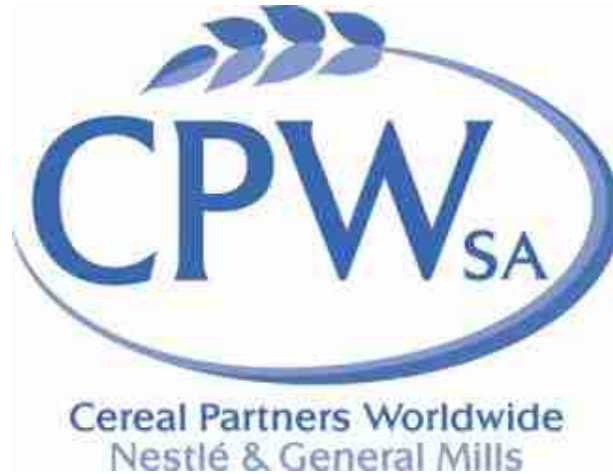


Cereal Partners Worldwide: A World of Opportunity



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Nestlé Investor Seminar
Vevey, Switzerland
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Disclaimer

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.

Agenda

1. The Past

2. The Present

- Global Cereal Market
- CPW 2004 Performance

3. The Future

- Long-Term Outlook
- Growth Strategies

The Past

Nestlé + General Mills = A Winning Combination

- **Established in 1990**
- **50/50 ownership**
- **Separate legal entity**
- **Headquarters in Switzerland**
- **Global scope (excluding U.S. and Canada)**
- **Sales in more than 130 markets**

Each partner brings distinct strengths

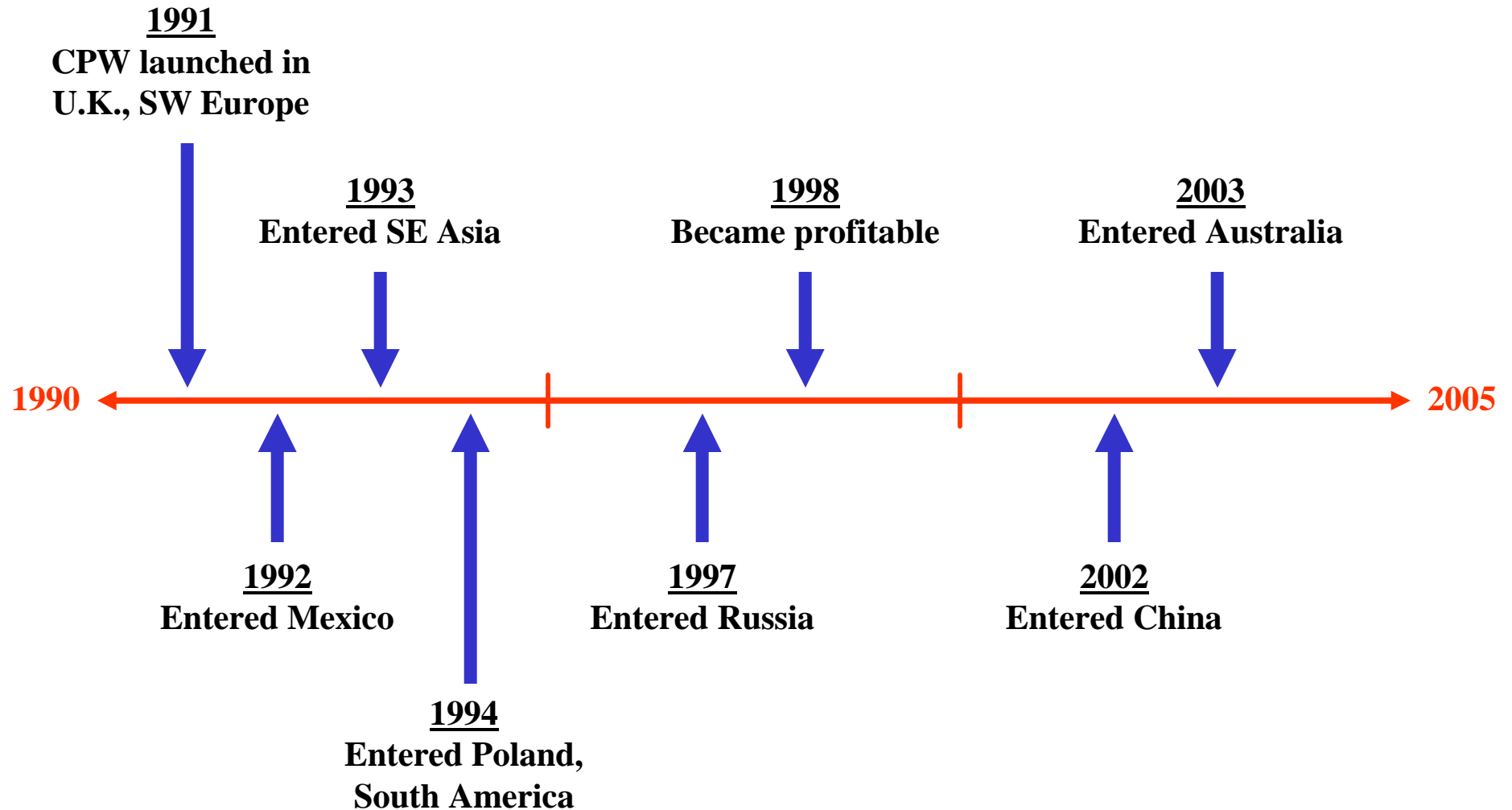
General Mills

- Proven cereal marketing expertise
- Technical excellence in products and processes
- Broad portfolio of successful brands

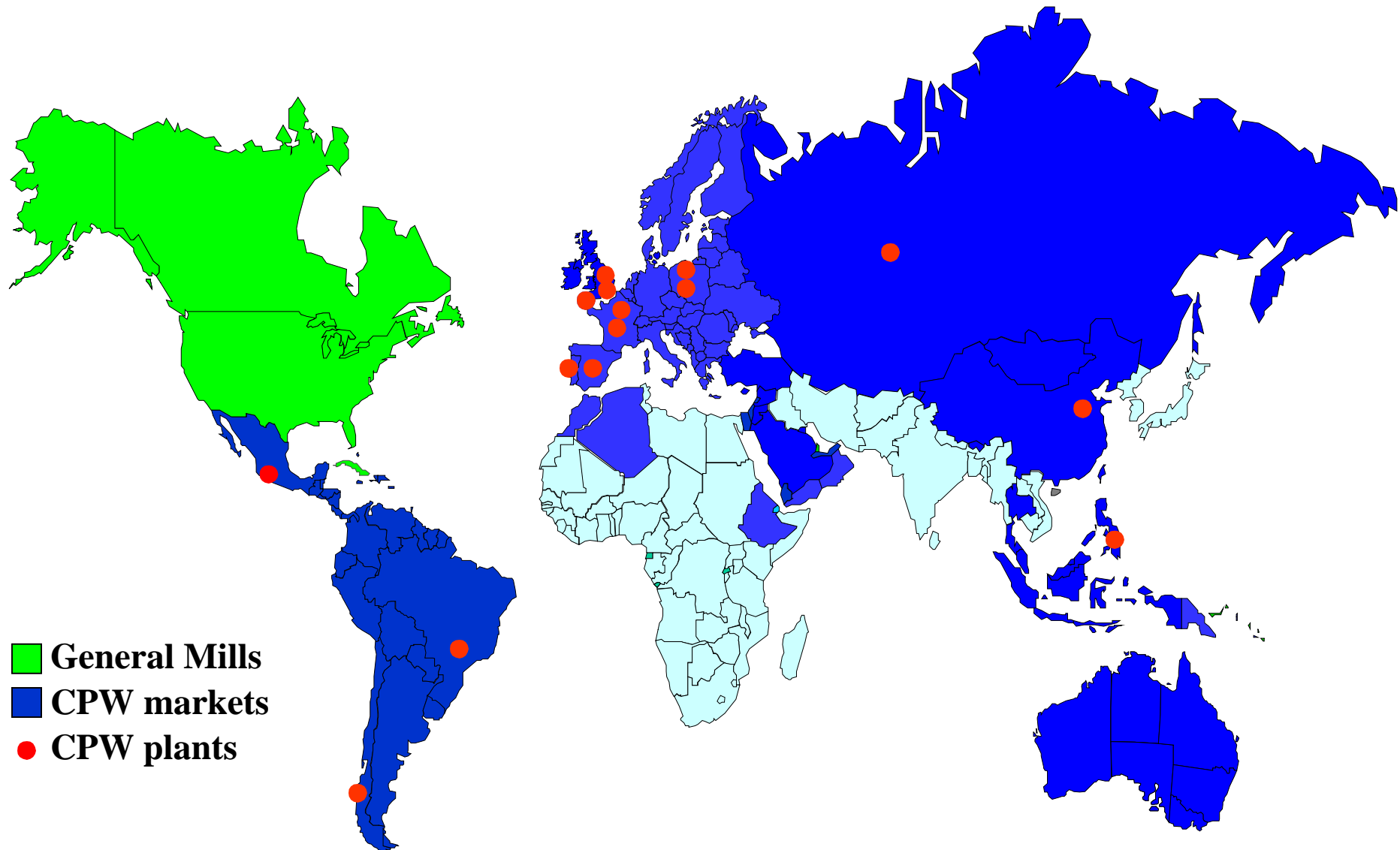
Nestlé

- World's largest food company
- Strong worldwide organization
- Deep market and distribution knowledge

Key milestones in CPW's history



CPW is in 6 continents, but white space remains

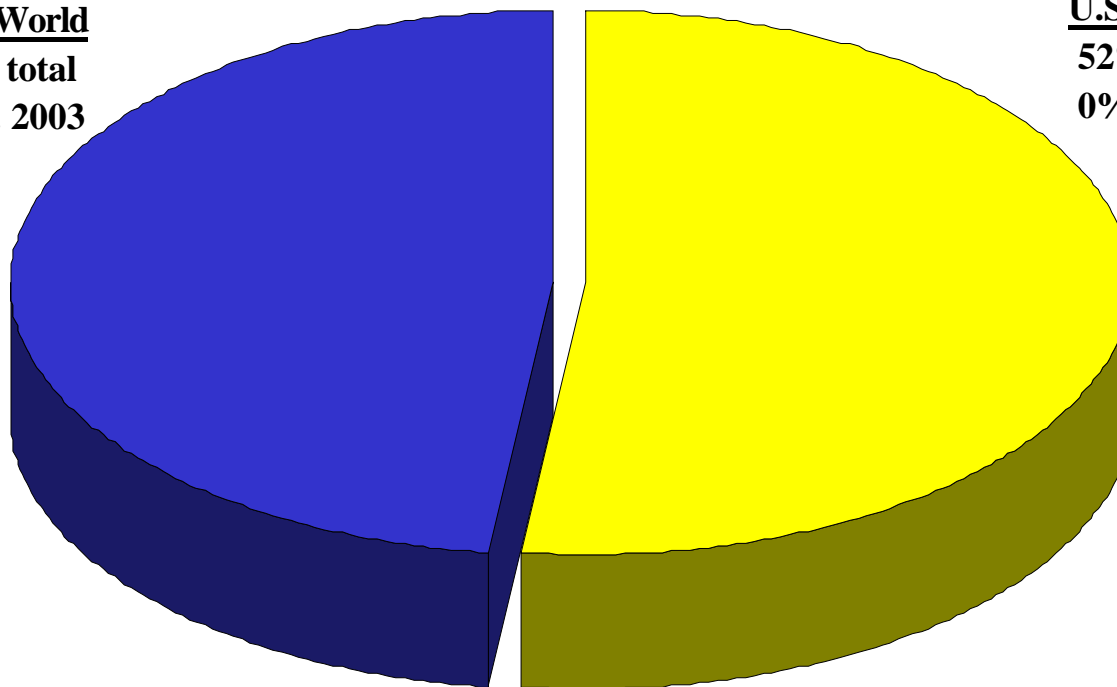


The Present

Cereal is a large and growing category

2004 Global Cereal Market (Value)

Rest of World
48% of total
+4% vs. 2003



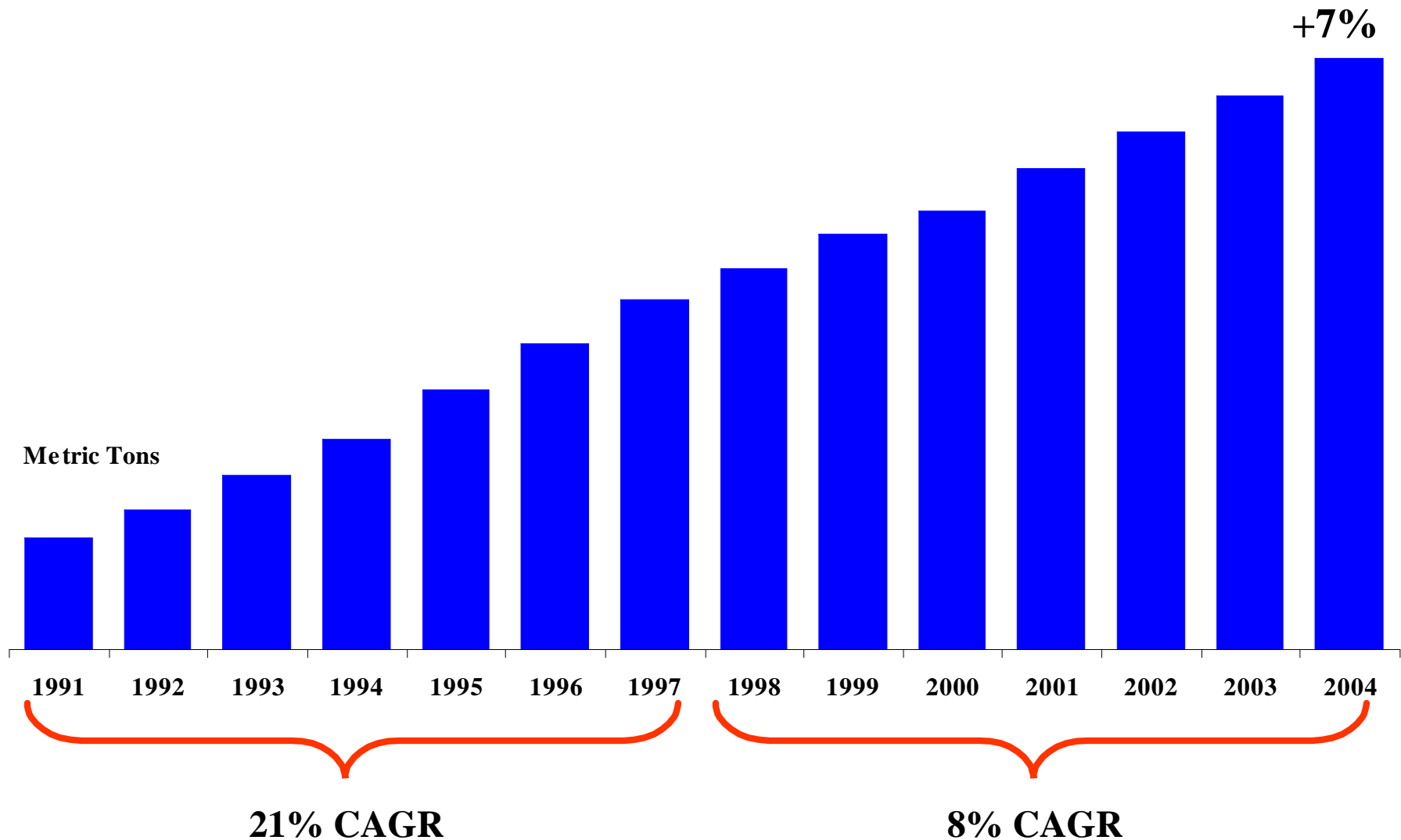
U.S. / Canada
52% of total
0% vs. 2003

11.7 billion Euros total
+2% vs. 2003

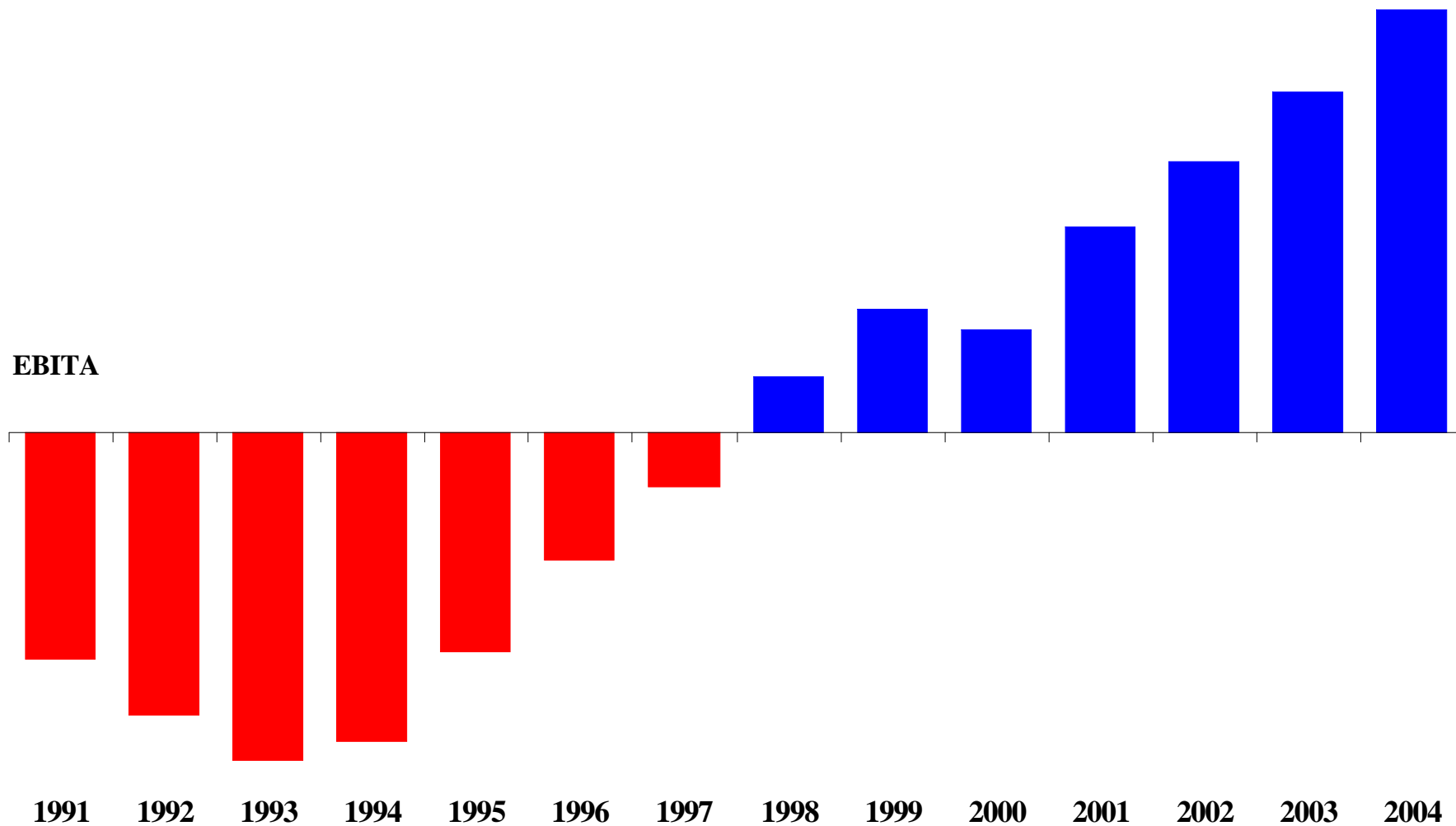
Category growth spans all major regions

<i>(000) Euros</i>	<u>2004 Value</u>	<u>+/- 2003</u>
United Kingdom	1,654	3%
Western Europe	2,372	3%
Eastern Europe	193	11%
Latin America	824	4%
Southeast Asia	65	10%
Australia / NZ	447	14%

CPW volume has grown steadily from the start

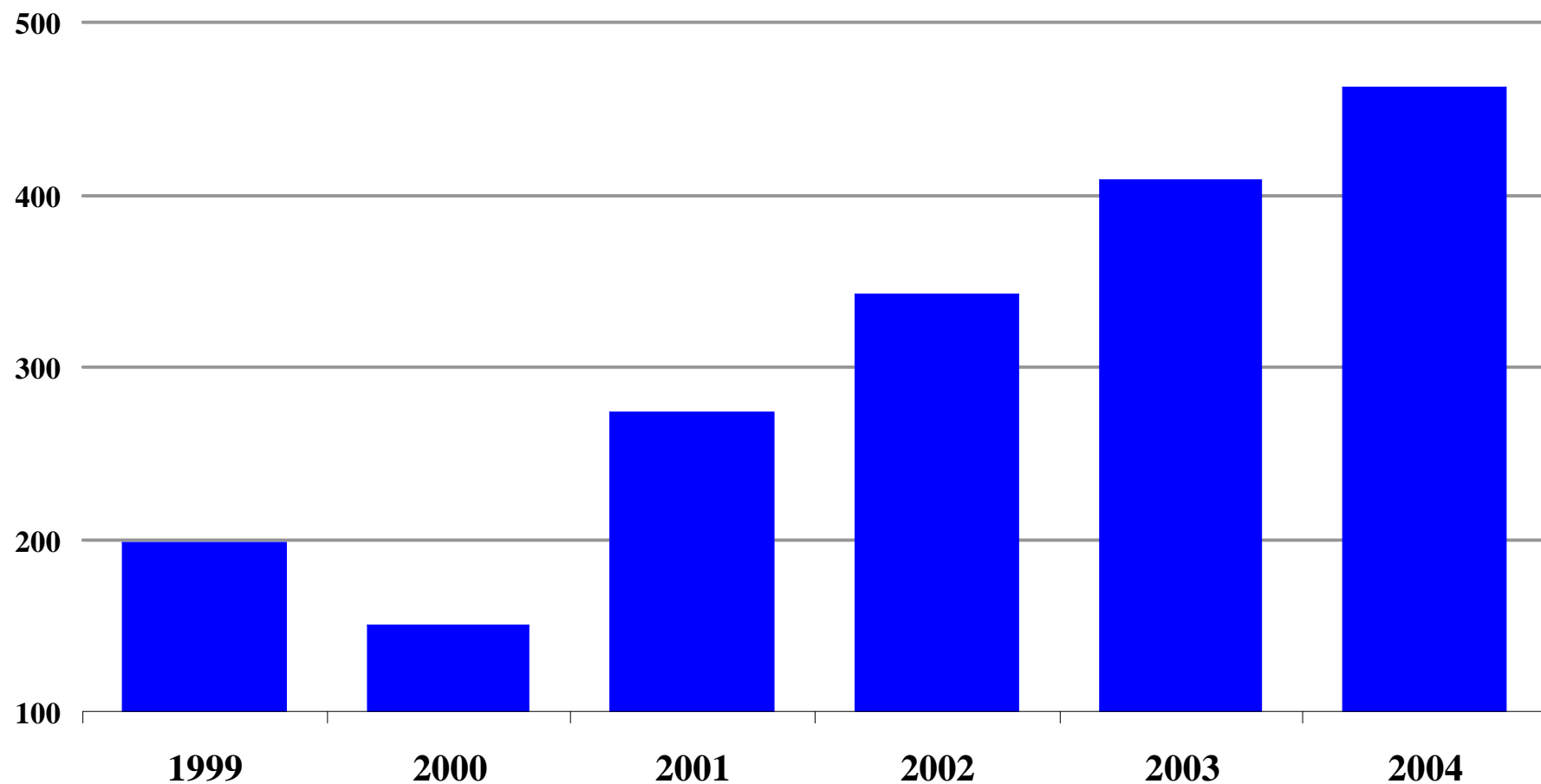


EBITA has grown since achieving profit in 1998...



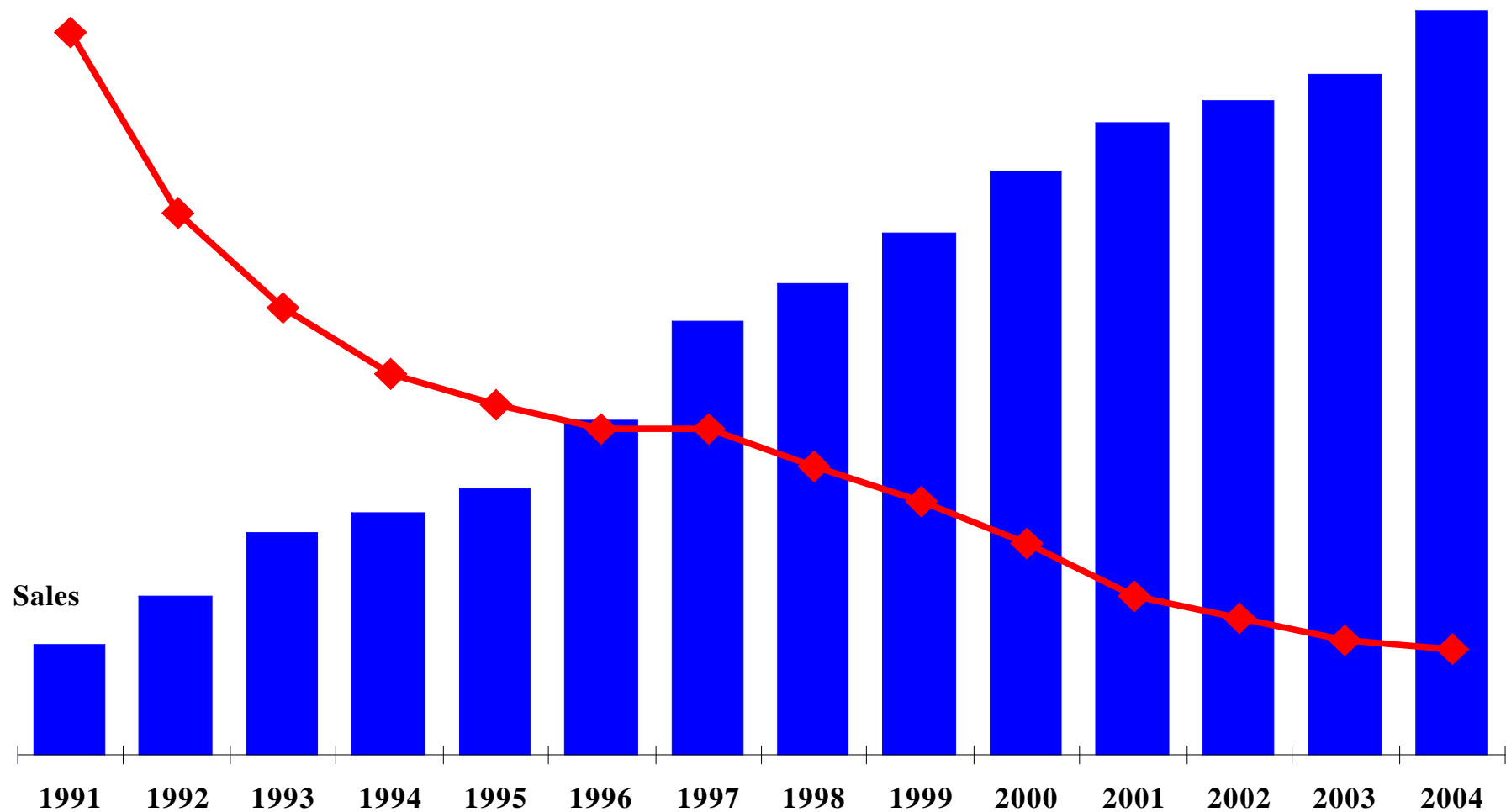
...and profit margins have expanded steadily

EBITA% index vs. 1998

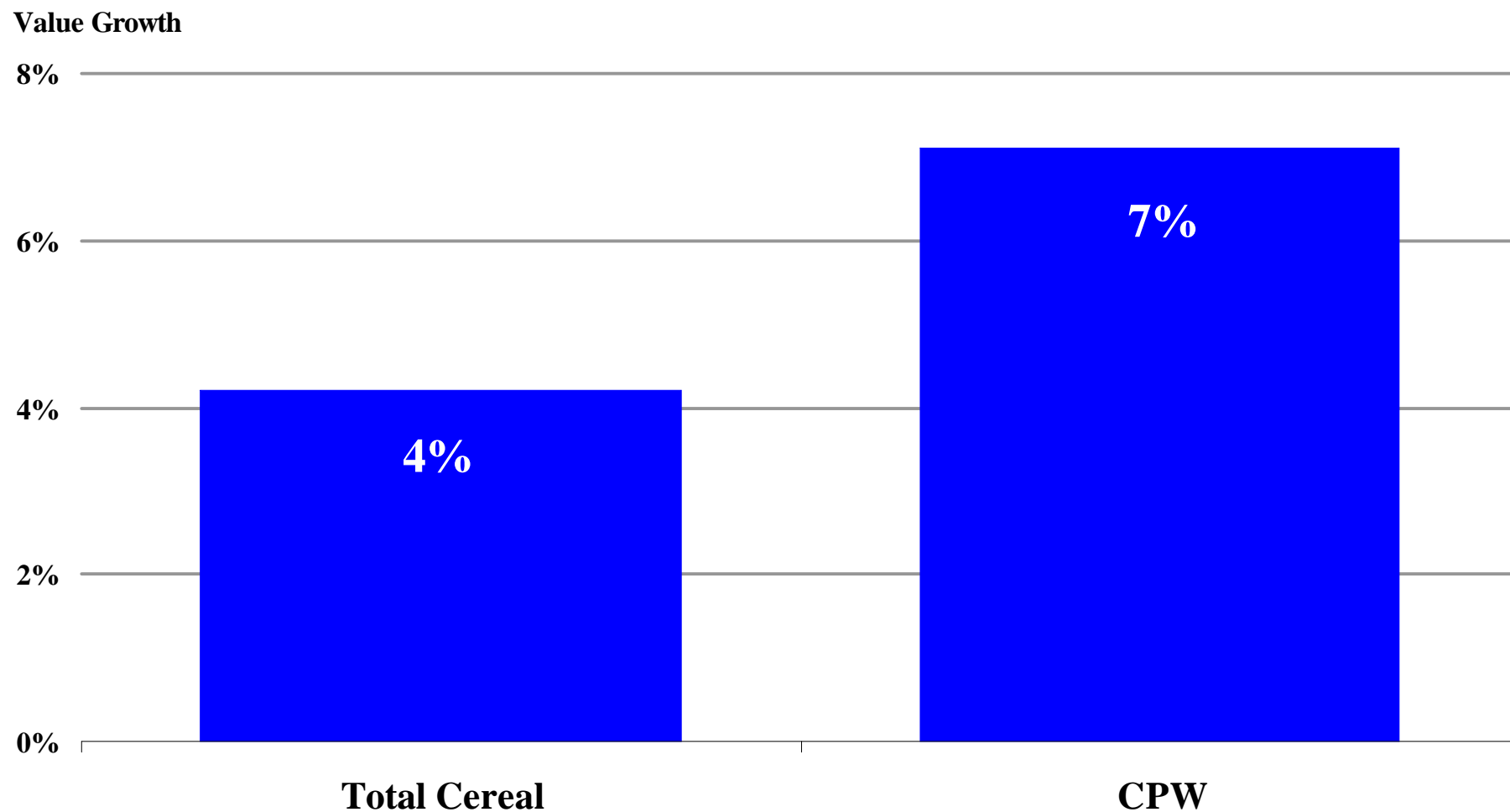


Declining supply-chain costs help margin expansion

Supply Chain / Sales

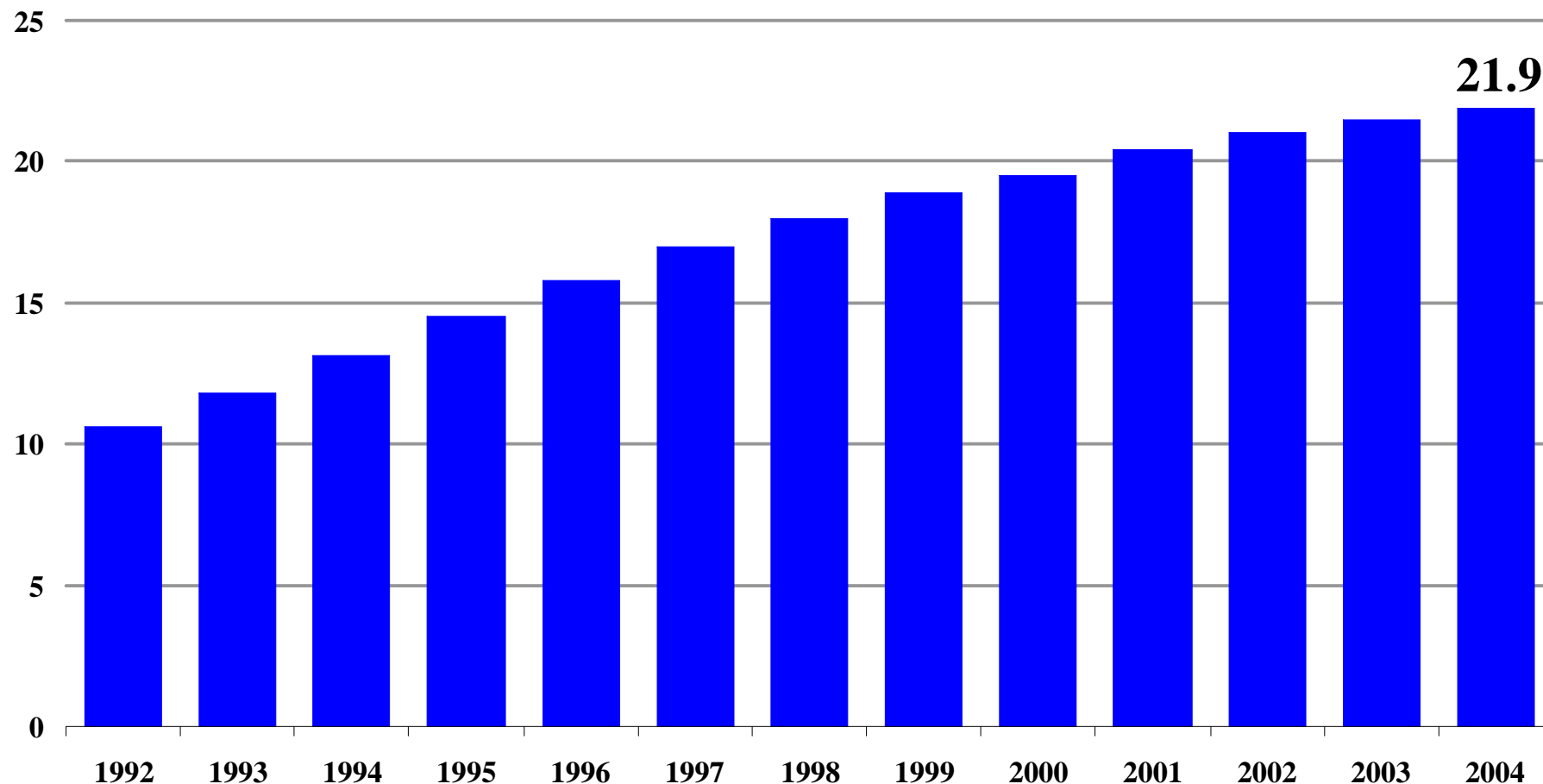


In 2004, CPW growth outpaced the category...



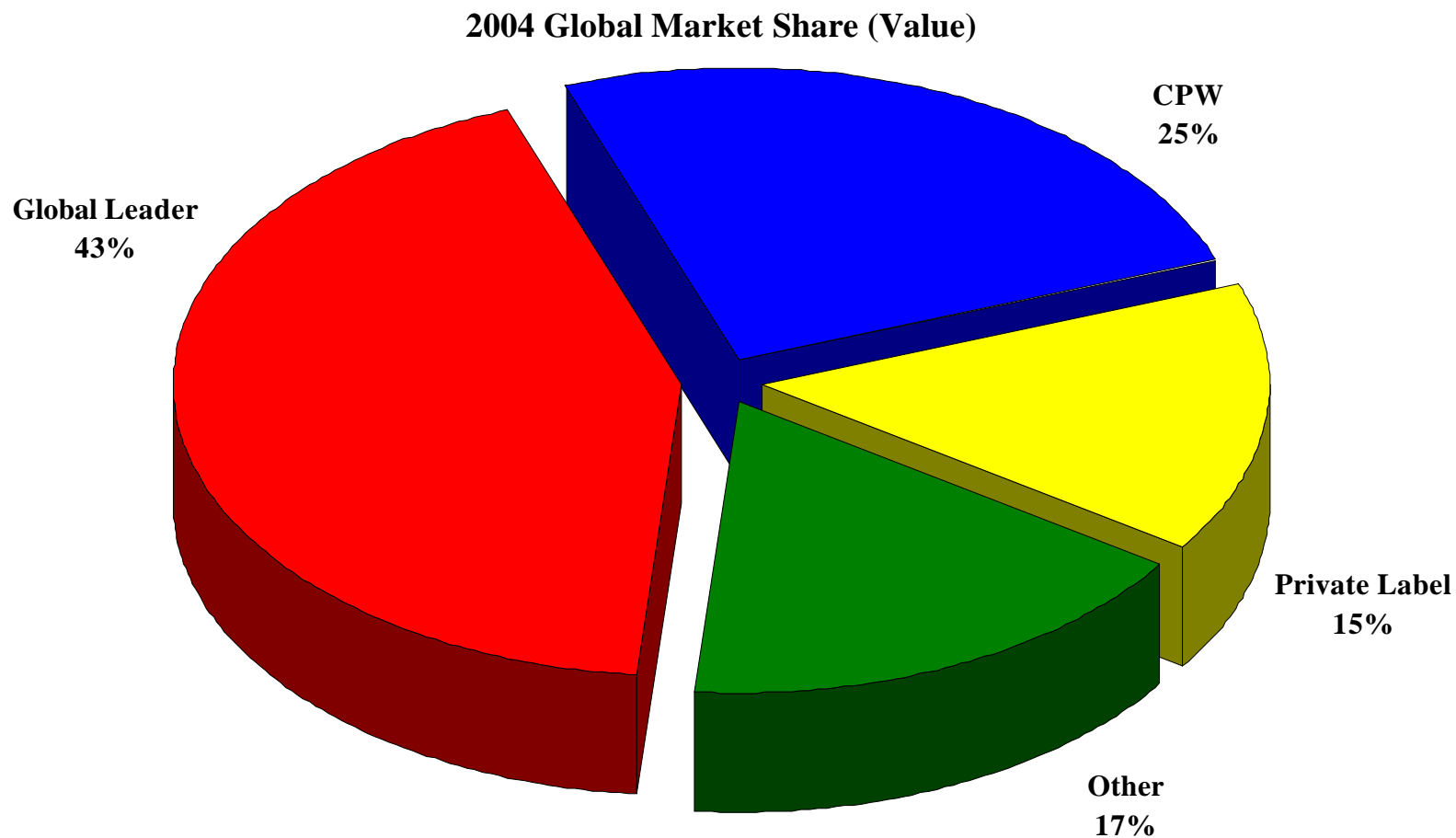
...resulting in share gains for the 13th straight year

Volume Share



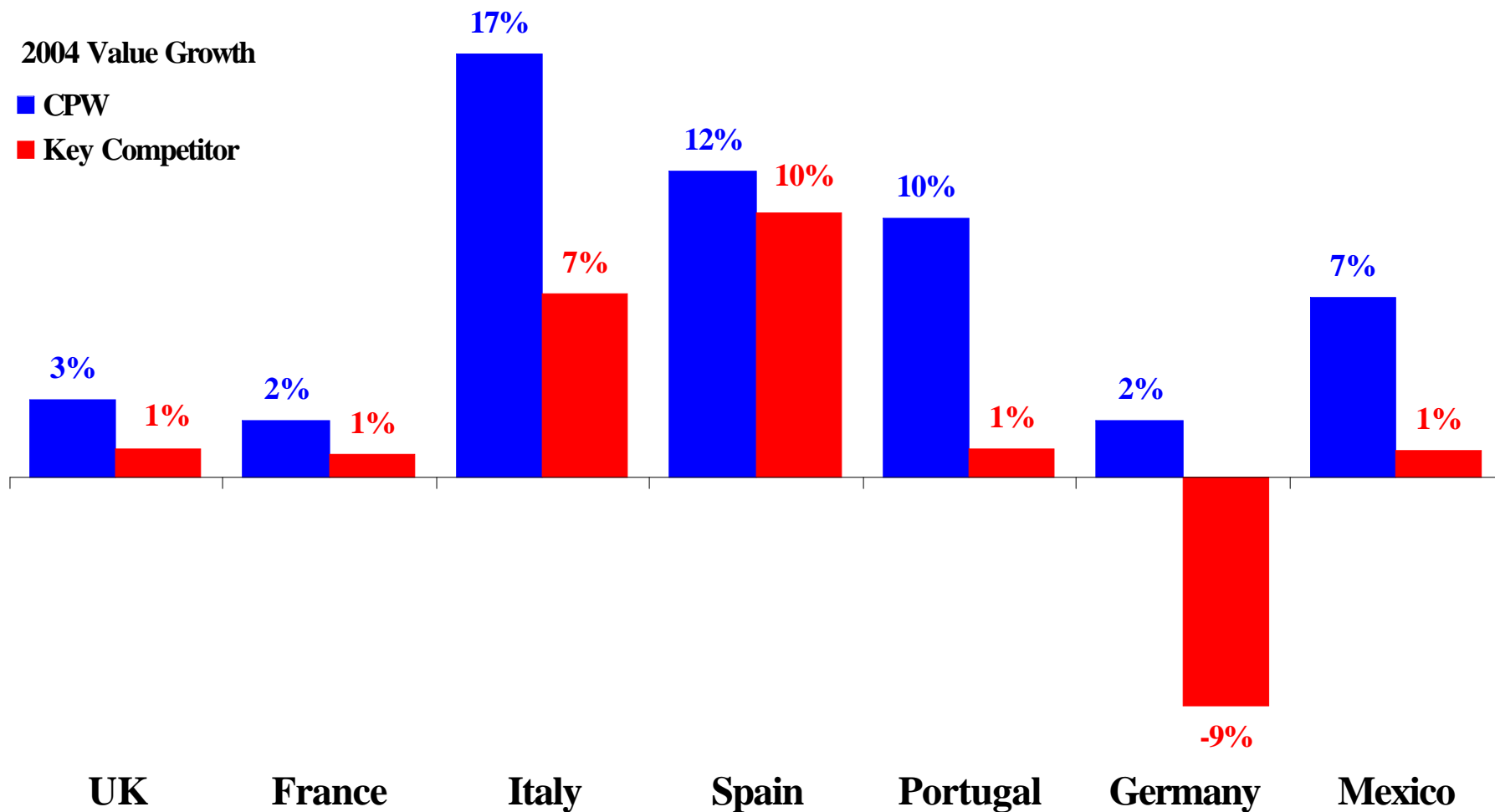
Note: active CPW markets, adjusted for trend. Source: AC Nielsen and IRI, adjusted to coverage, plus estimation.

CPW is a strong #2 and closing the gap



CPW +0.5 share point vs. 2003

CPW outpaced the global leader in major markets



CPW leads in some markets, solid #2 in others

<u>Market Leader</u>	<u>2004 Value Share</u>
China	82
Poland	78
Turkey	74
East/Cent Europe	58
Southeast Asia	57
Chile	56
Portugal	54
Saudi Arabia	49
Greece	39

<u>Solid #2</u>	<u>2004 Value Share</u>
United Kingdom	25
Italy	25
France	24
Mexico	17

The Future

Long-term outlook

- **Continued category growth**
- **Continued share gains**
- **Continued margin acceleration**

Risks

- **Growth of low-price retail formats**
 - innovation and quality are critical
 - value-added brands via consumer insights

- **Health and nutrition issues**
 - criticism of cereal is misplaced
 - health and nutrition are key to category growth

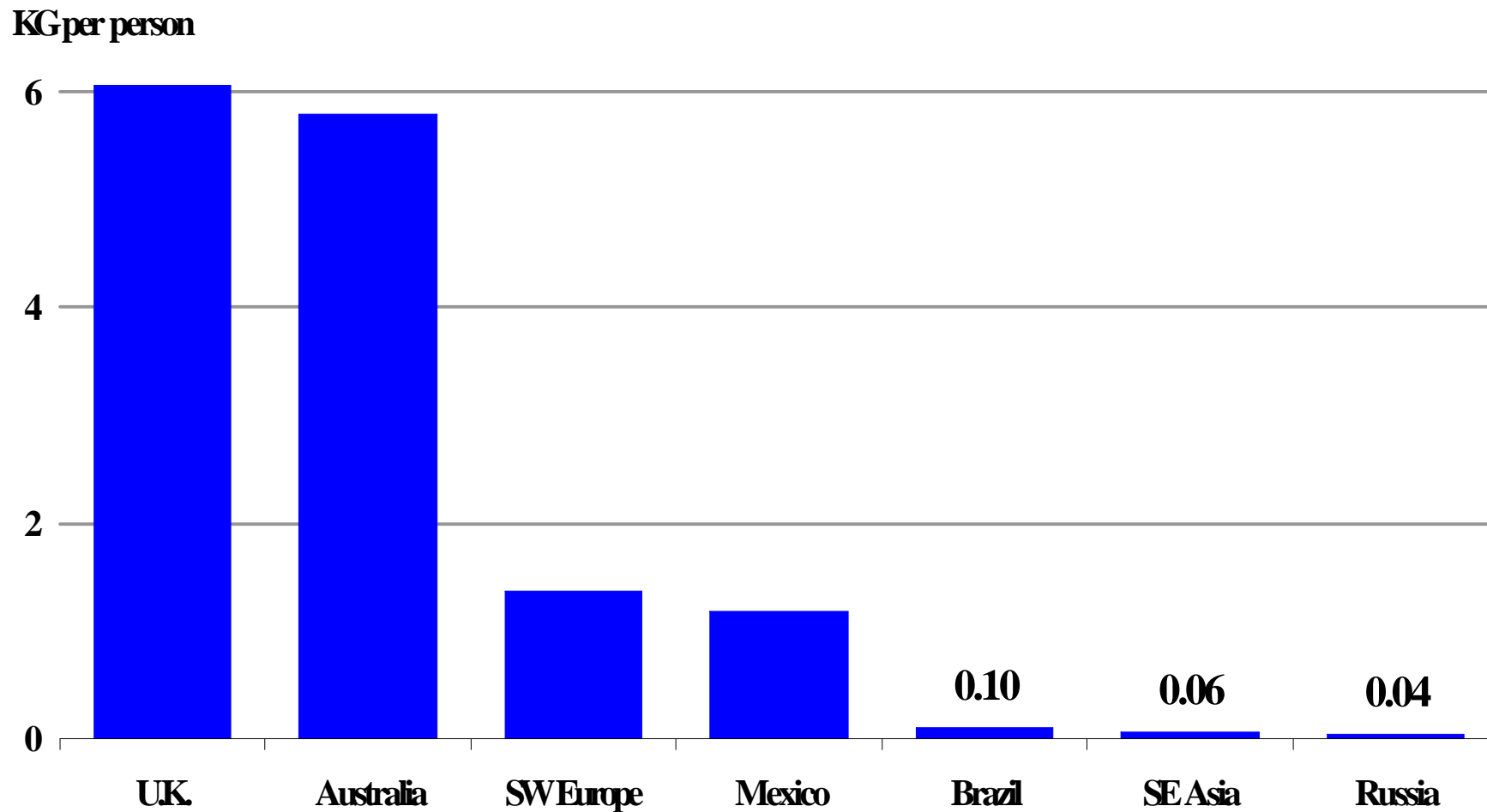
A World of Opportunity

Per capita consumption



Source: www.geographic.org, used with permission.

Per capita consumption is still low in most markets



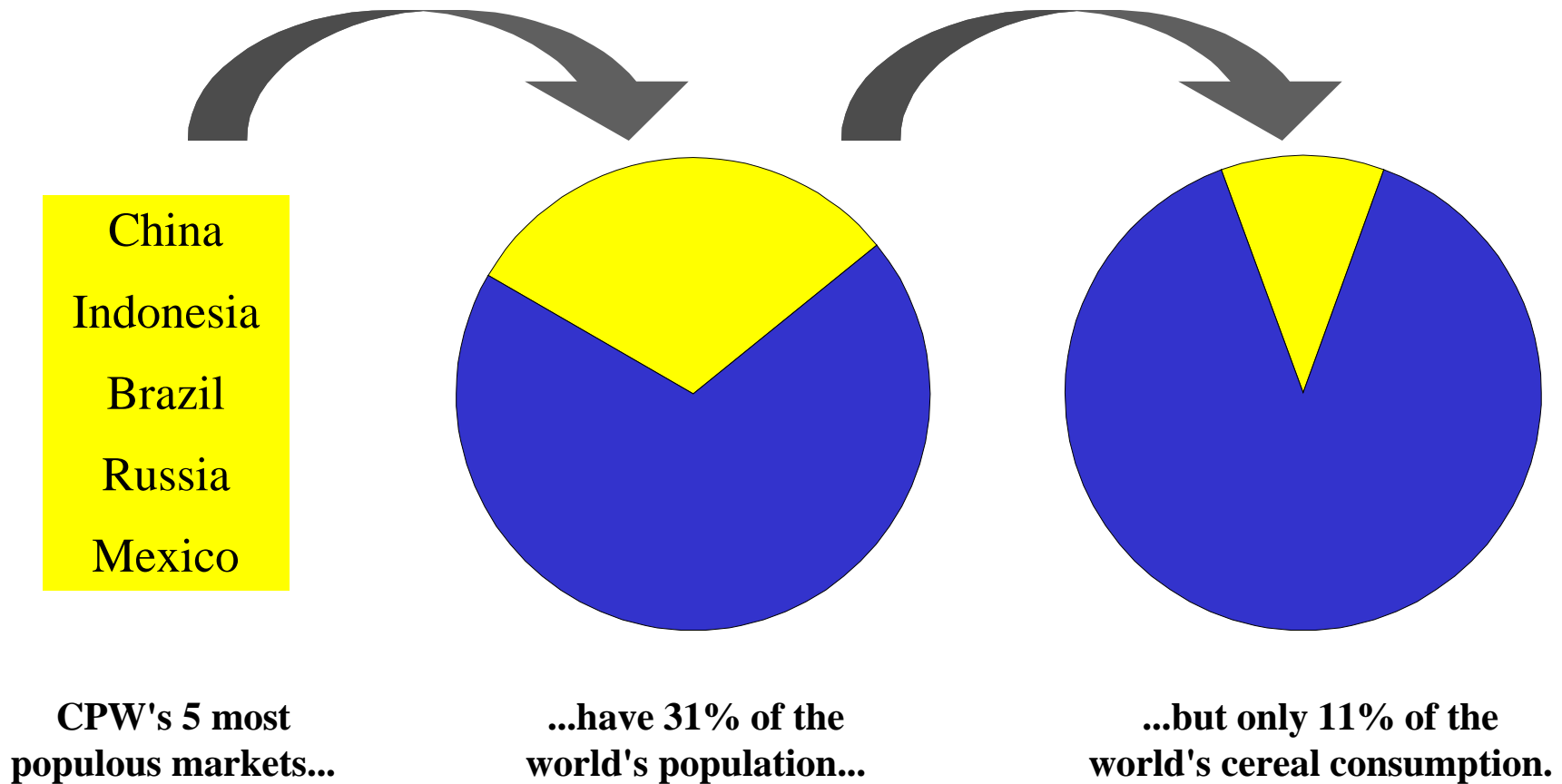
A World of Opportunity

**Per capita
consumption**

**Well-positioned
infrastructure**



Nestlé provides a gateway into emerging markets



A World of Opportunity

**Per capita
consumption**

**Well-positioned
infrastructure**



**Accelerating
margins**

Efficiencies extend to the marketing plan

- **Global advertising**
 - creative ideas that travel well
- **Media purchasing**
 - participation in Nestlé media review
- **Promotion synergy**
 - bundling markets; partnering with General Mills
- **Committed sales force**
 - selling in combination with Nestlé

A World of Opportunity

**Per capita
consumption**

**Well-positioned
infrastructure**



**Focus on
brand-building**

**Accelerating
margins**

Consumer-focused growth strategies

- **Deliver health news on all brands**
- **Strengthen and globalize core brands**
- **Execute geographic and channel expansion**
- **Introduce innovative new products**

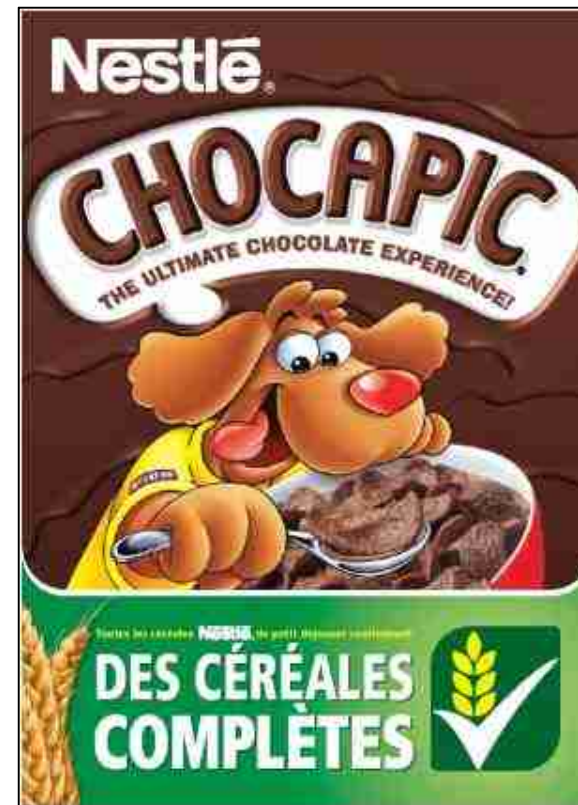
Health & Nutrition: *Whole Grain*

- Starting in 2005, all Nestle breakfast cereals will have whole grain
- Scientifically proven to reduce risk of cancer, diabetes, heart disease

UK



France



Health & Nutrition: *Shredded Wheat Franchise*

100% whole grain, no added salt, no added sugar



Male Target

'Help look after your heart'



Female Target

'100% good for you'

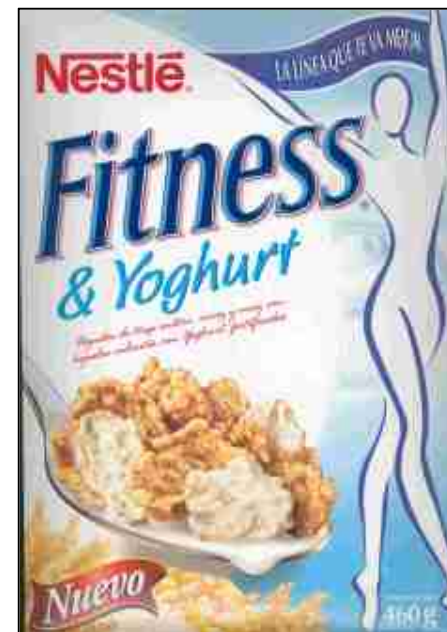
Health & Nutrition: *Shreddies*



- **School Fuel: 'Shreddies helps give kids mental energy to stay involved'**
- **Packed with whole-grain carbohydrates**

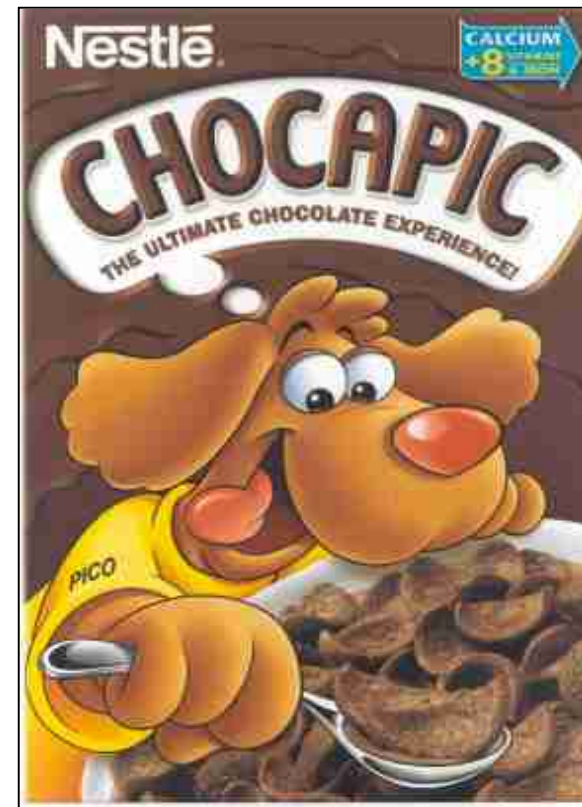
Health & Nutrition: *Fitness Franchise*

- 'The sensible way to keep your line'
- Made with whole grains, low in fat



Strengthening Core Brands: *Nesquik* & *Chocapic*

- CPW's oldest and biggest brands
- 13 years of uninterrupted growth



Globalizing Brands: *Milo & Cheerios*

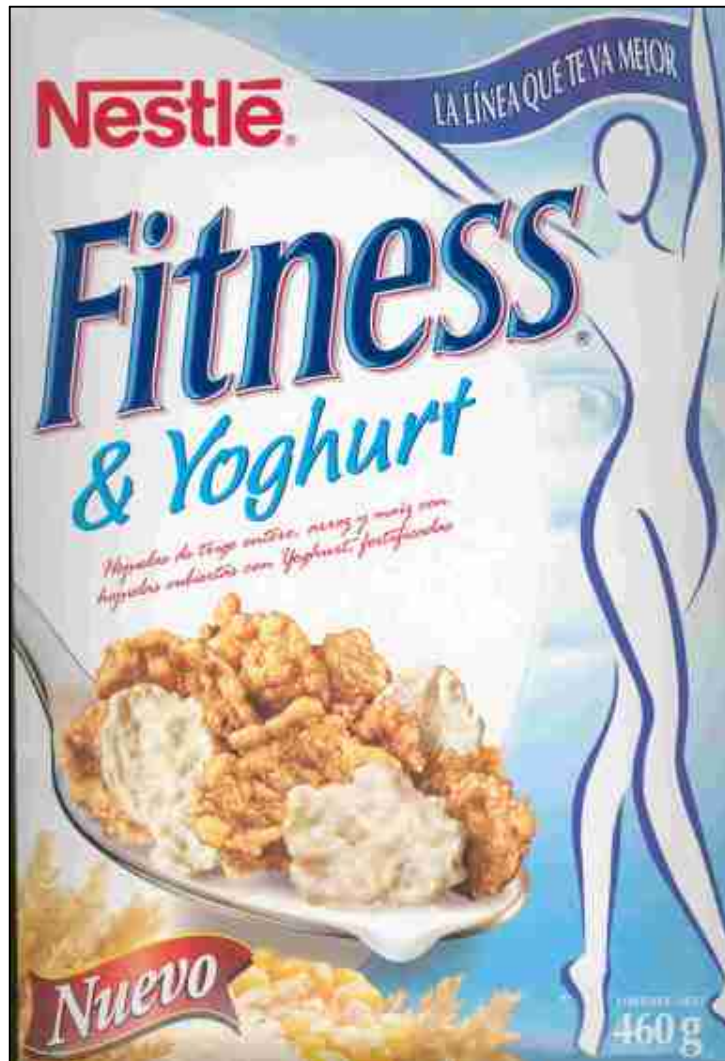
Instant winner in
Australia; now in N.Z.



Expanding into Mexico
and Australia



Innovative New Products: *Fitness & Yoghurt*



- **Real yogurt: live and active cultures**
- **Successful launch in Mexico**
- **Global expansion forthcoming**

Innovative New Products: 2005 Launches



Chokella
France
Germany



*Strawberry
Milk Stars*
China



Choca Minis
Czech/Slovak



*Fitness Bars -
Chocolate & Pear*
France, U.K.



Corn Flakes Bars
Poland

A World of Opportunity

**Per capita
consumption**

**Well-positioned
infrastructure**



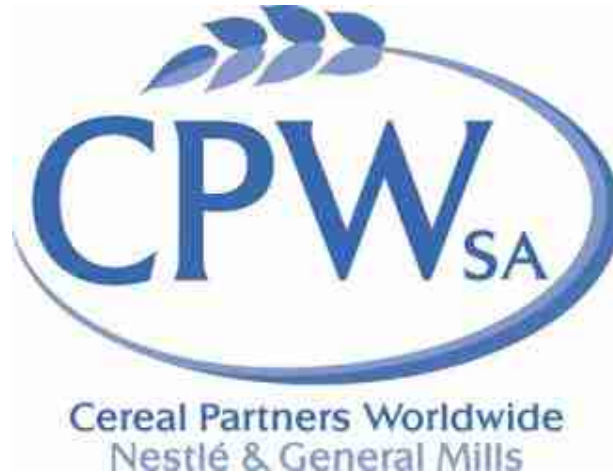
**Focus on
brand-building**

**Accelerating
margins**

A World of Opportunity

- **Dynamic global cereal category**
- **Strong partners with distinct strengths**
- **CPW well-positioned to grow**
- **Significant leverage remains**

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