

Nestlé Investor Seminar Nestlé Purina PetCare Europe - John Harris



Disclaimer

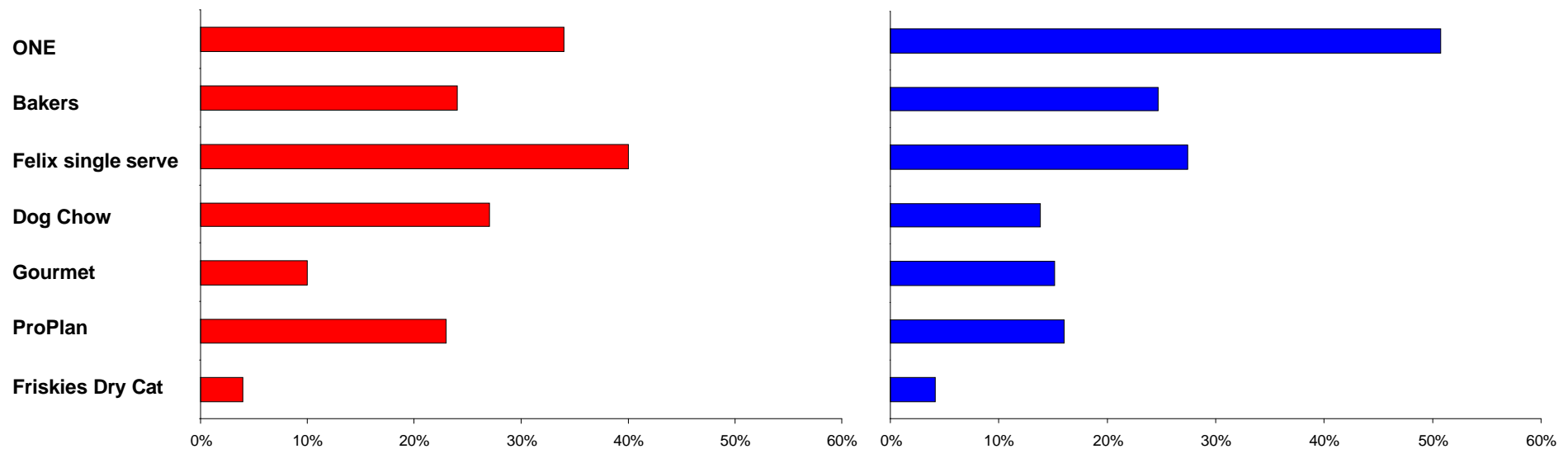
This presentation contains forward looking statements which reflect Management's current views and estimates. The forward looking statements involve certain risks and uncertainties that could cause actual results to differ materially from those contained in the forward looking statements. Potential risks and uncertainties include such factors as general economic conditions, foreign exchange fluctuations, competitive product and pricing pressures and regulatory developments.

NPPE recent performance headlines

We are delivering double digit growth on strategic focus brands (% increase in sales)

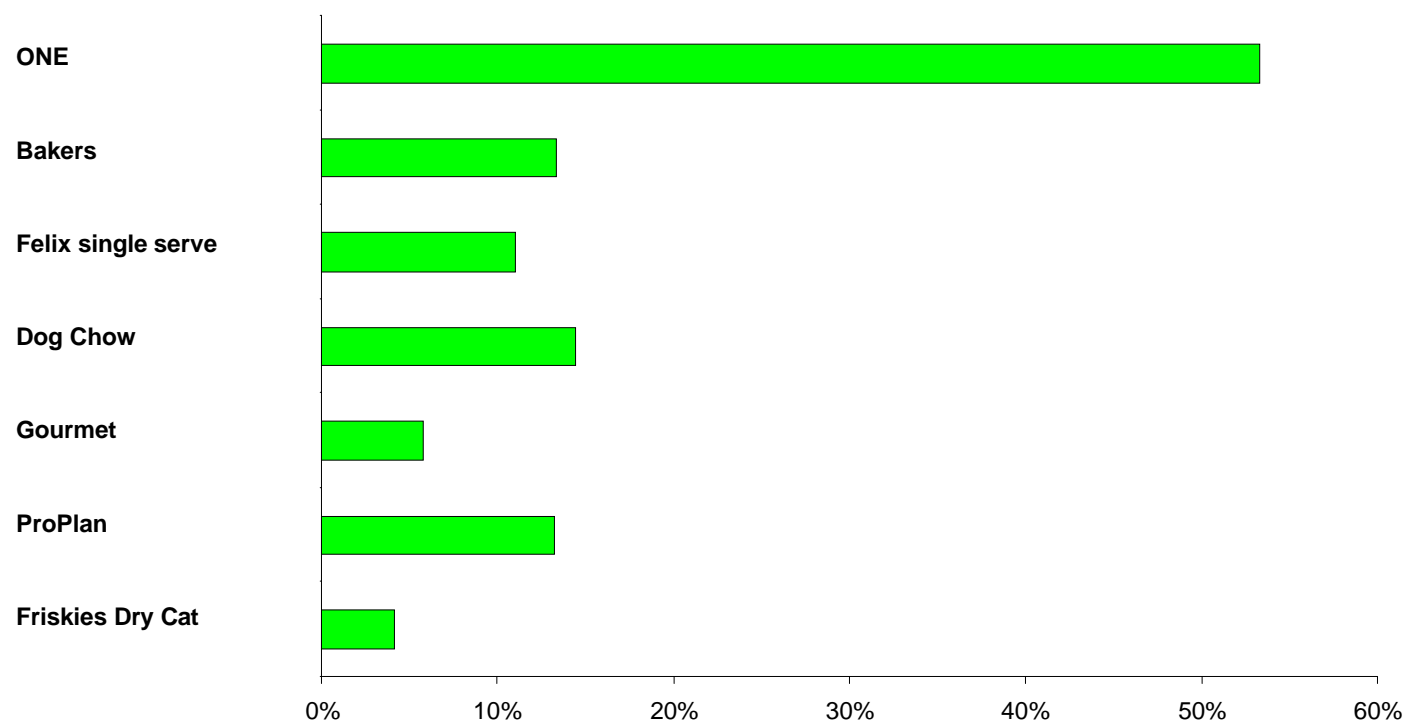
2003 vs. 2002

2004 vs. 2003



Sales % increase 2005 through April

2005 vs. 2004 YTD



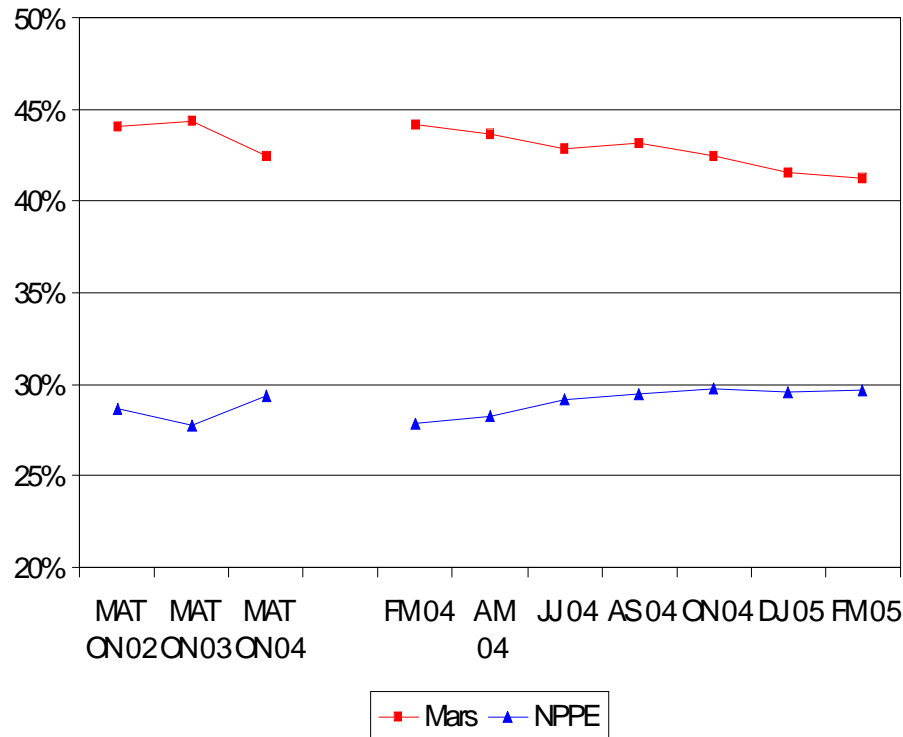
Amid private label expansion, NPPE is delivering better market share performance than the market leader Mars

	2002	2003	2004	YTD Mar '05
Mars	42.4%	41.3%	40.1%	38.9%
NPP Europe	24.7%	24.5%	24.5%	25.2%
Private Label	21.2%	22.3%	23.5%	23.9%

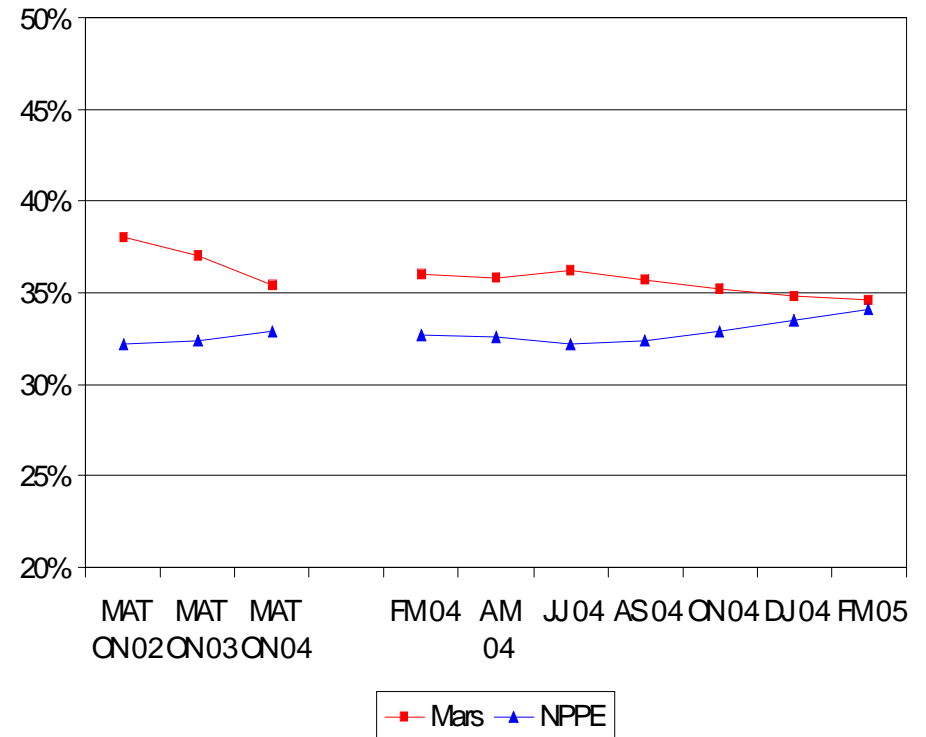
Source: AC Nielsen Grocery – 18 markets

We are pressuring Mars in Europe's two biggest markets – UK and France

**UK – Value Market Share
100% Total Cat & Dog incl. Snacks**

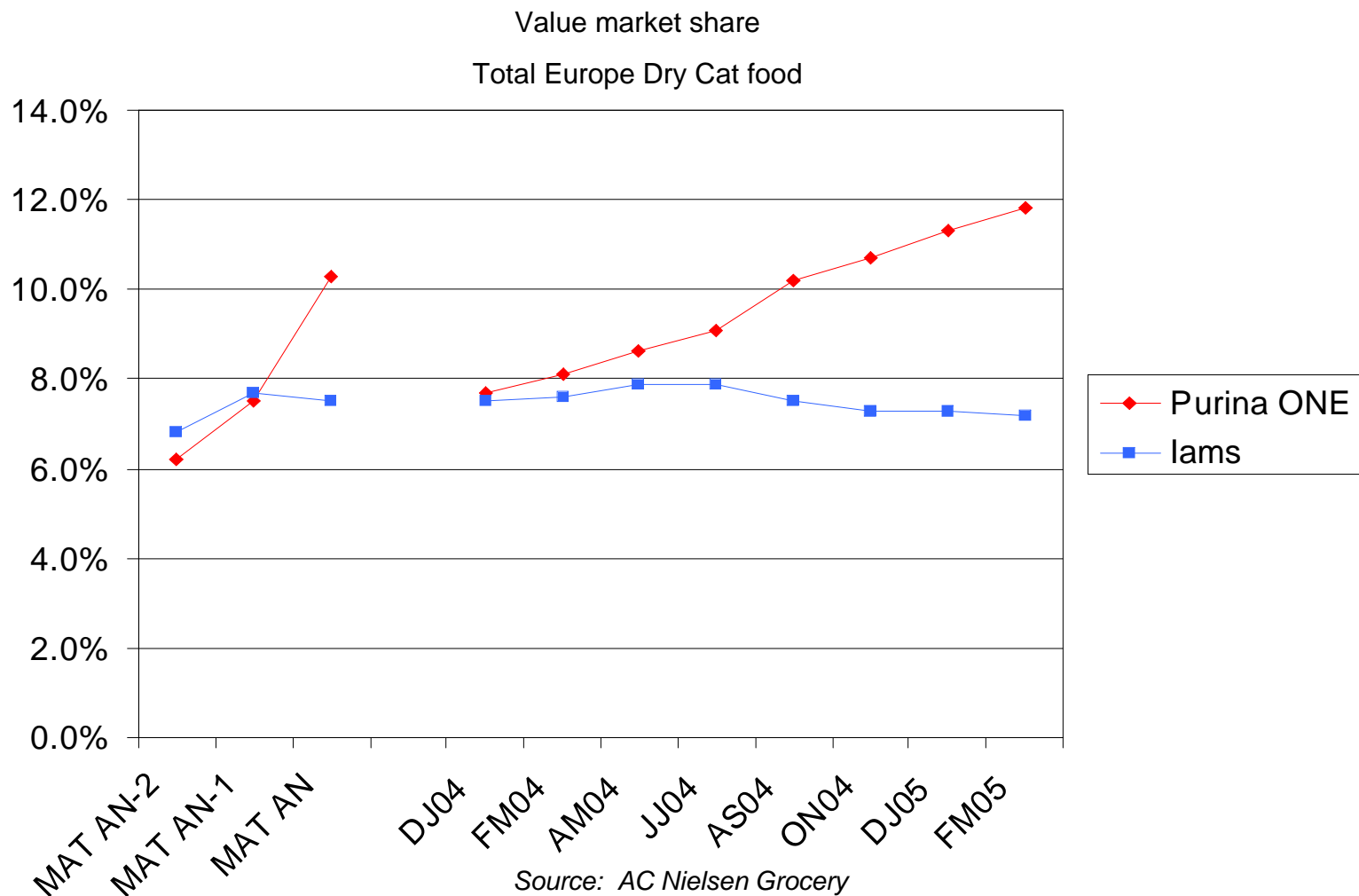


**France – Value Market Share
100% Total Cat & Dog incl. Snacks**

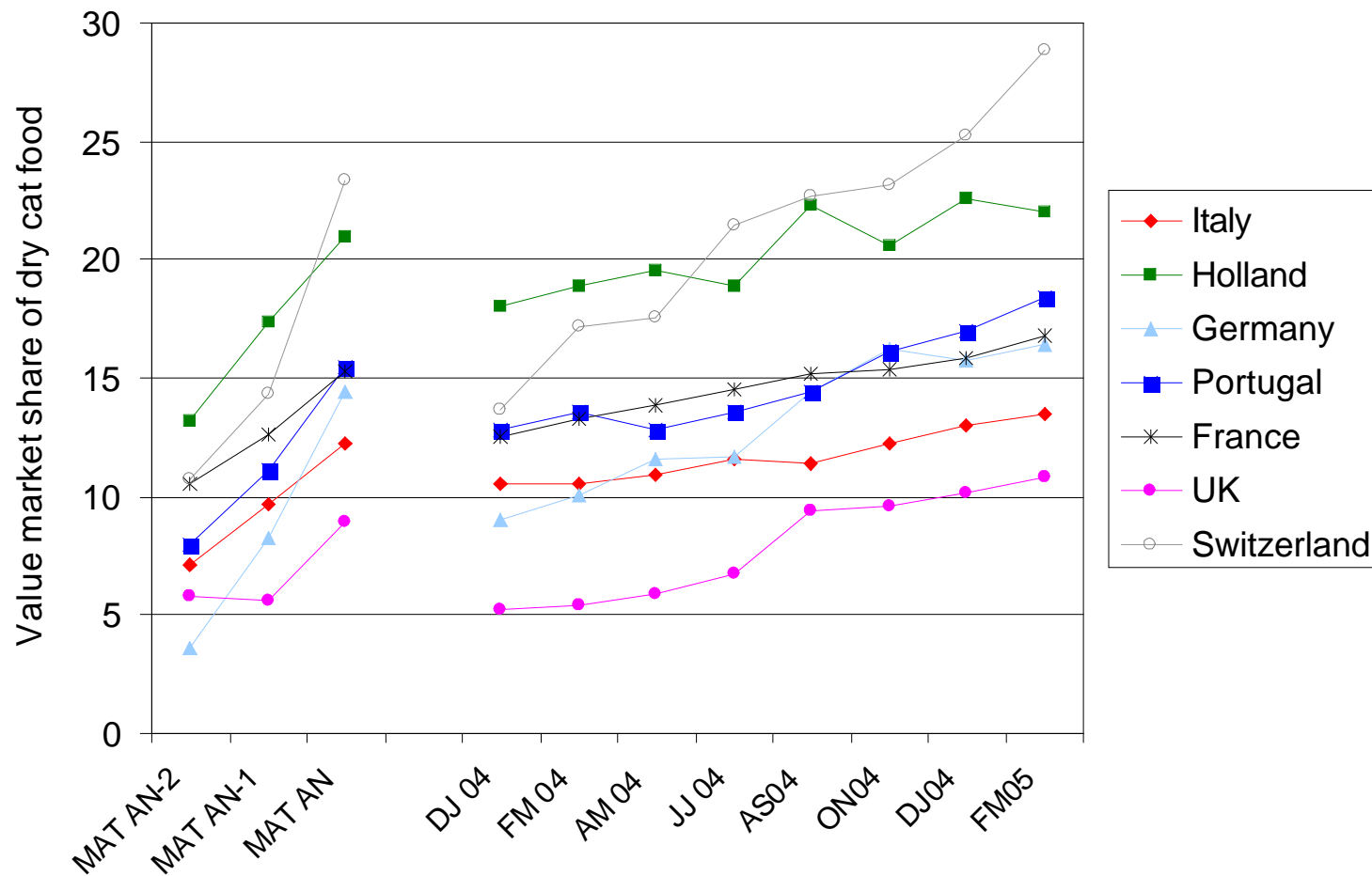


Source: AC Nielsen Grocery

We have seized leadership from P&G/lams in premium dry cat food sold through grocery stores



We are succeeding everywhere with Purina ONE dry cat food



Note: Vital Balance in France & part of Switzerland

Source: AC Nielsen Grocery

We have launched Beneful dry dog food in Holland with encouraging initial results

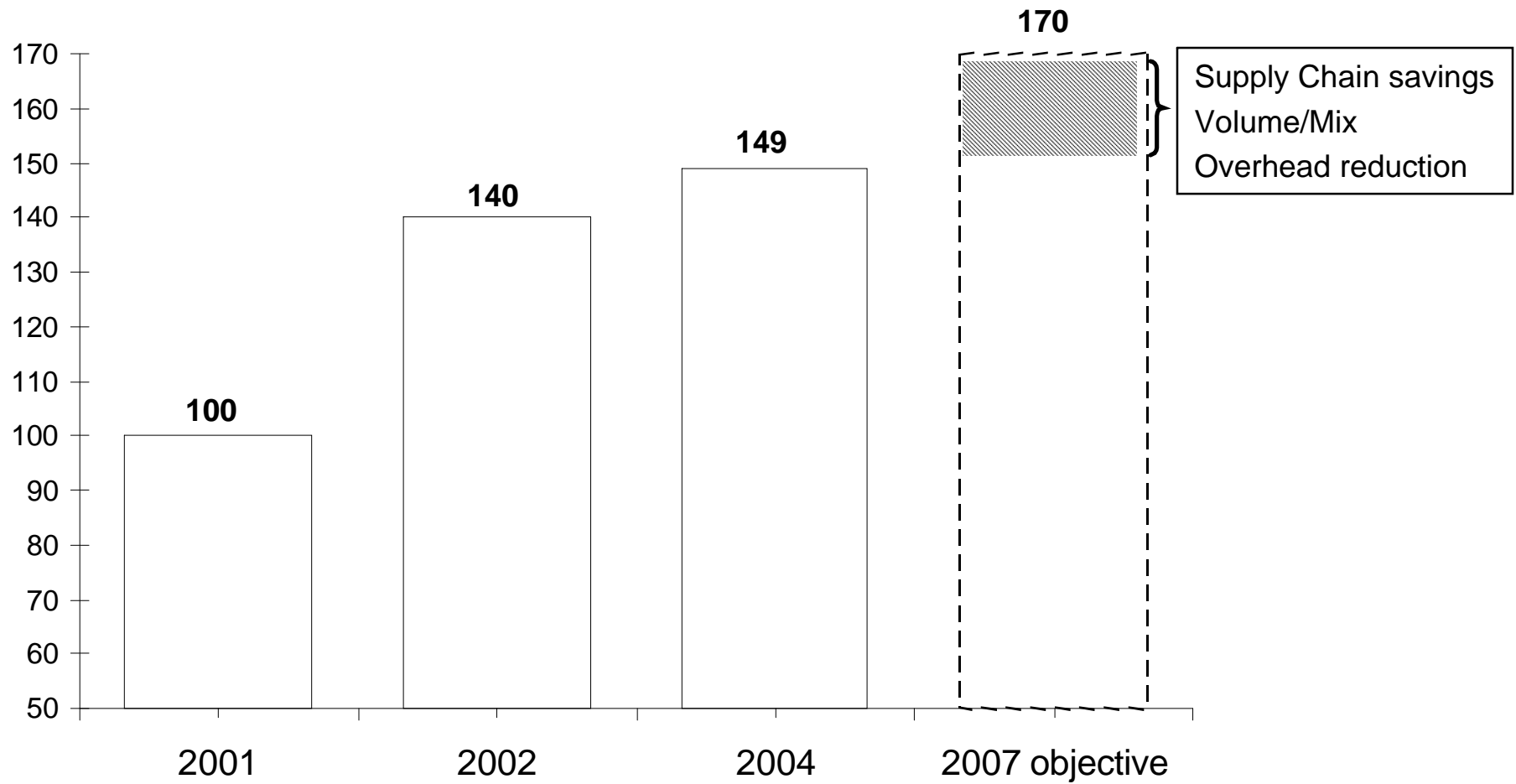


- Aided awareness of Beneful improved drastically to 25% amongst total population, amongst IN's it increased to 40%

9 Factory disposals since 2001

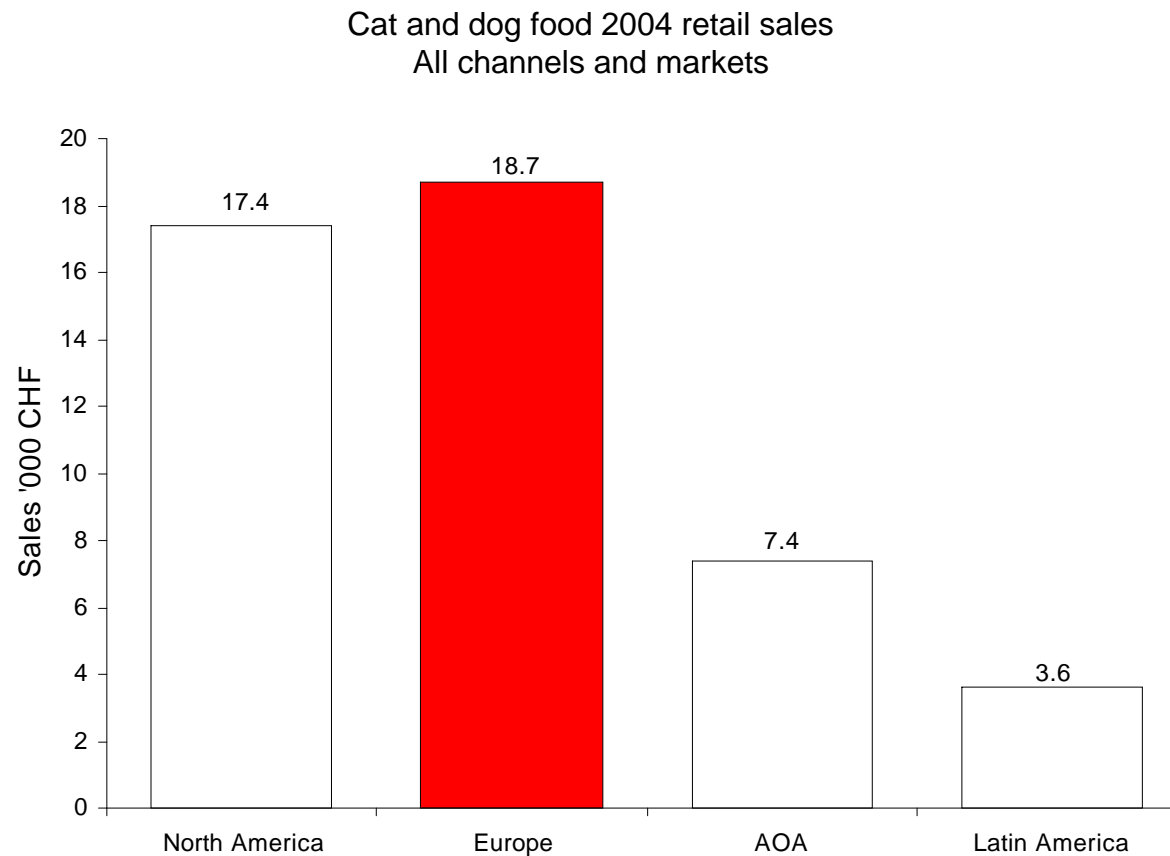
Factory	Project	Date of disposal or date of impact
Cornard (UK)	Closure	2002
Hetton (UK)	Closure	2002
Southall (UK)	Closure	2002
Northwich (UK)	Closure	2002
Veghel (NL)	Closure	2003
Guingamp (Fr)	Sale of factory	2003
Leuth (Ger)	Sale of factory	2003
Barrhead (UK)	Closure	2004
Worksop (UK)	Closure	2005

NPPE Profit % (indexed to 2001 = 100)



The European Pet Care Market

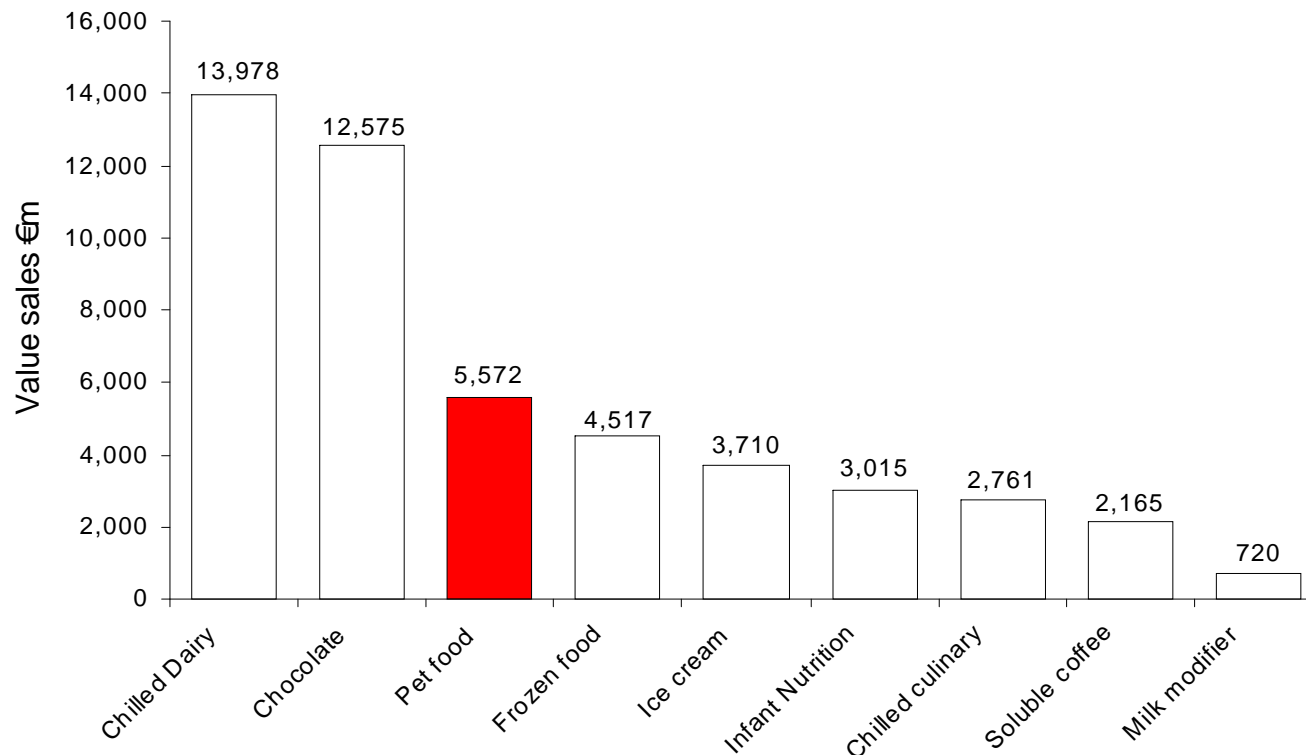
European cat and dog food market vs. other regions



Source: Euromonitor Feb 2005

European cat and dog food market vs. other Nestlé categories in Europe

European 2004 category sales
Grocery only, Western Europe (7 countries)

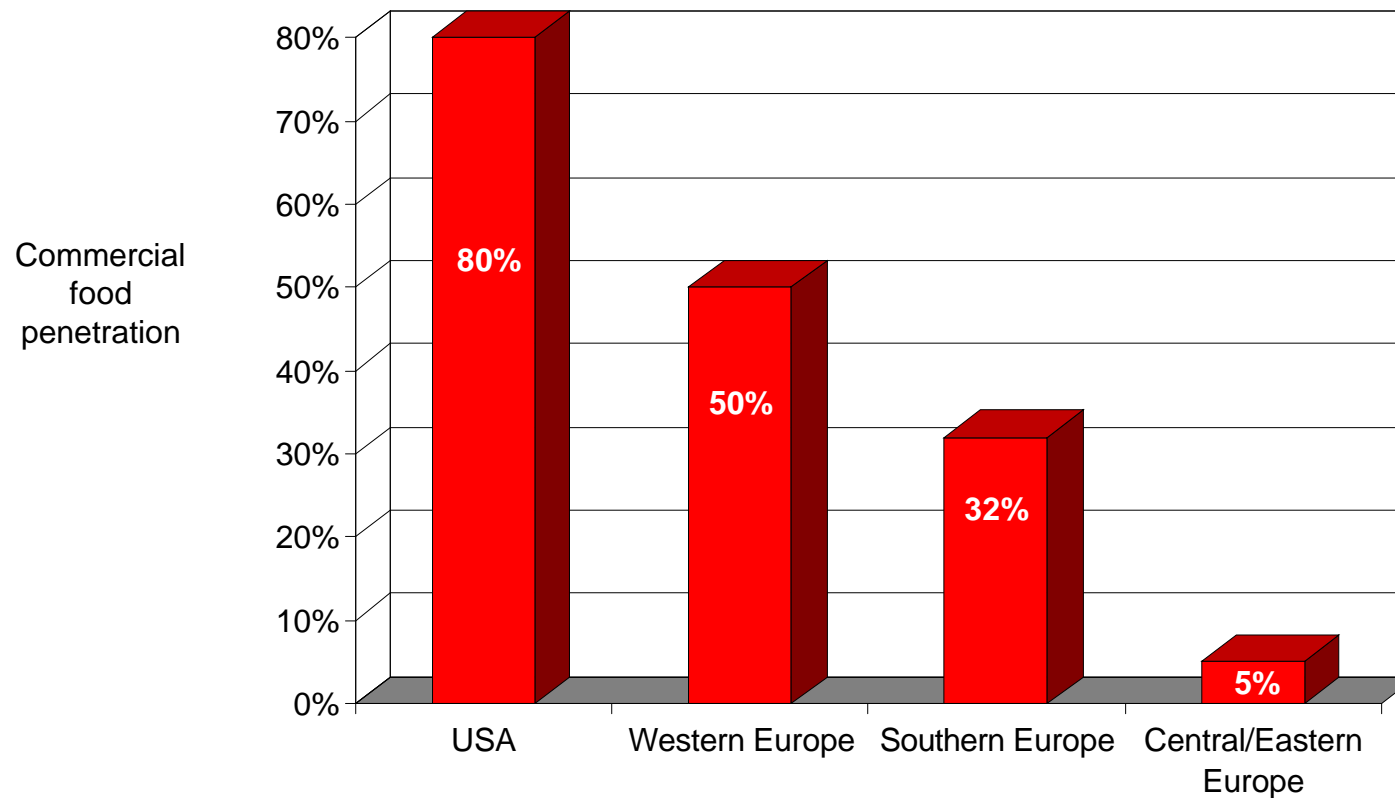


Source: AC Nielsen Grocery

Europe has more cats and dogs than North America

	<u>Europe</u>	<u>North America</u>
Cats	86.3 million	85.3 million
Dogs	77.2 million	65.9 million

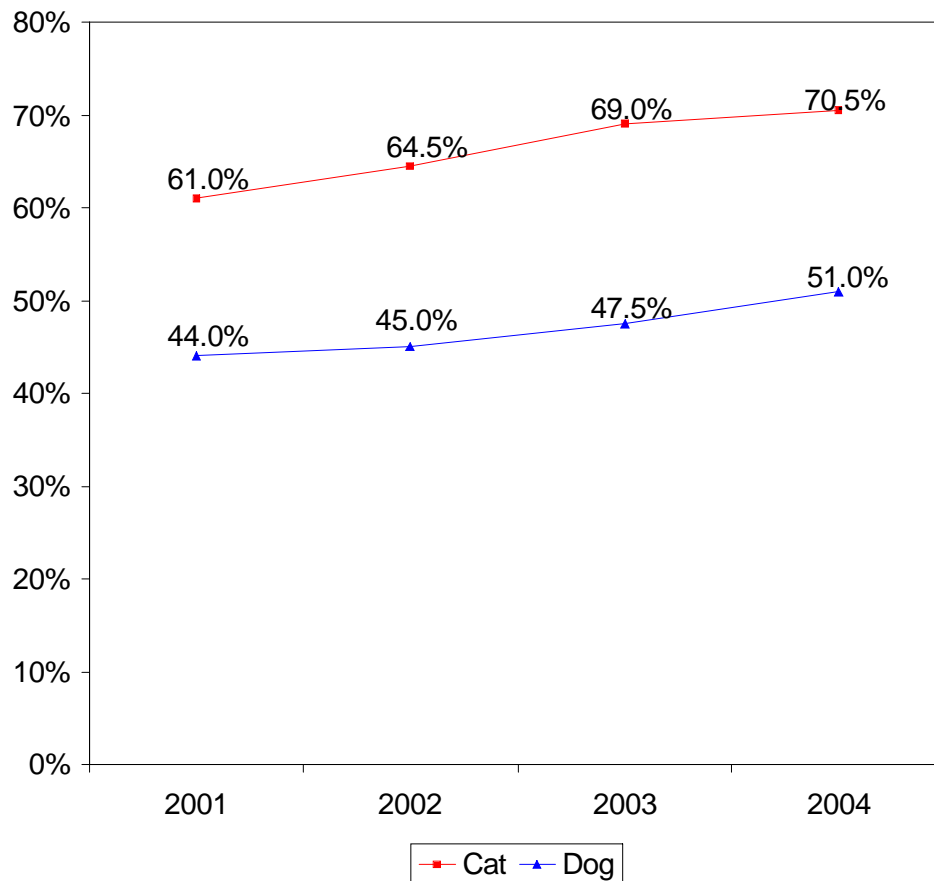
Opportunities to increase commercial pet food usage in Europe are substantial



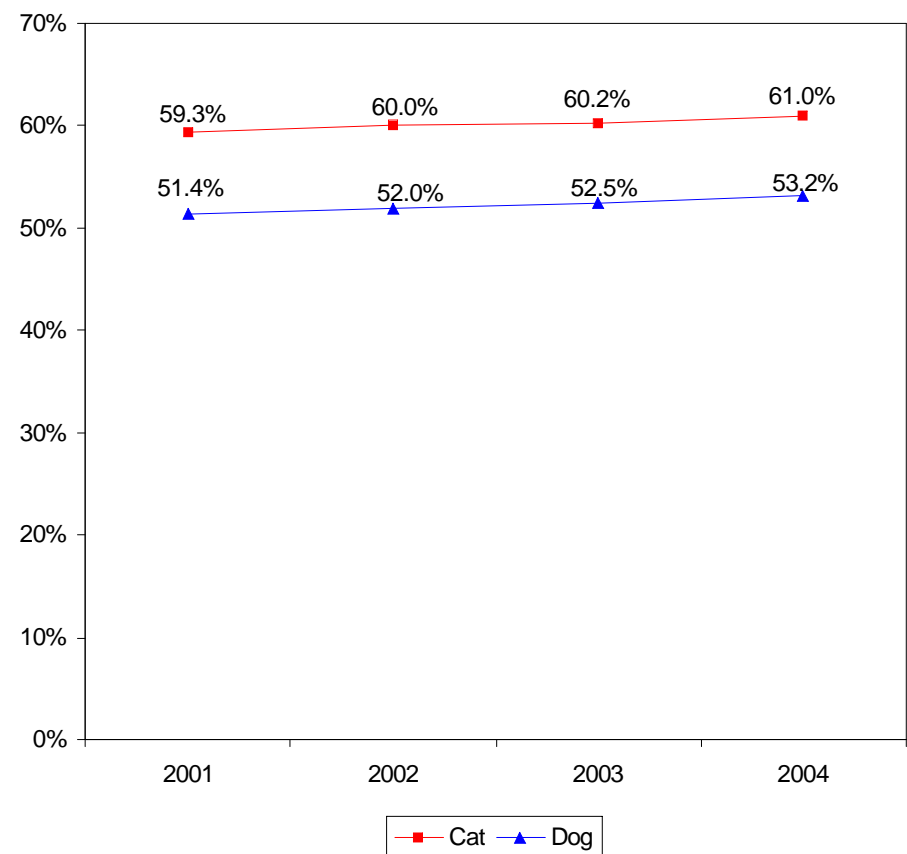
Source: Euromonitor estimates

Industrial food coverage continues to grow even in developed markets...

UK - Industrial food coverage



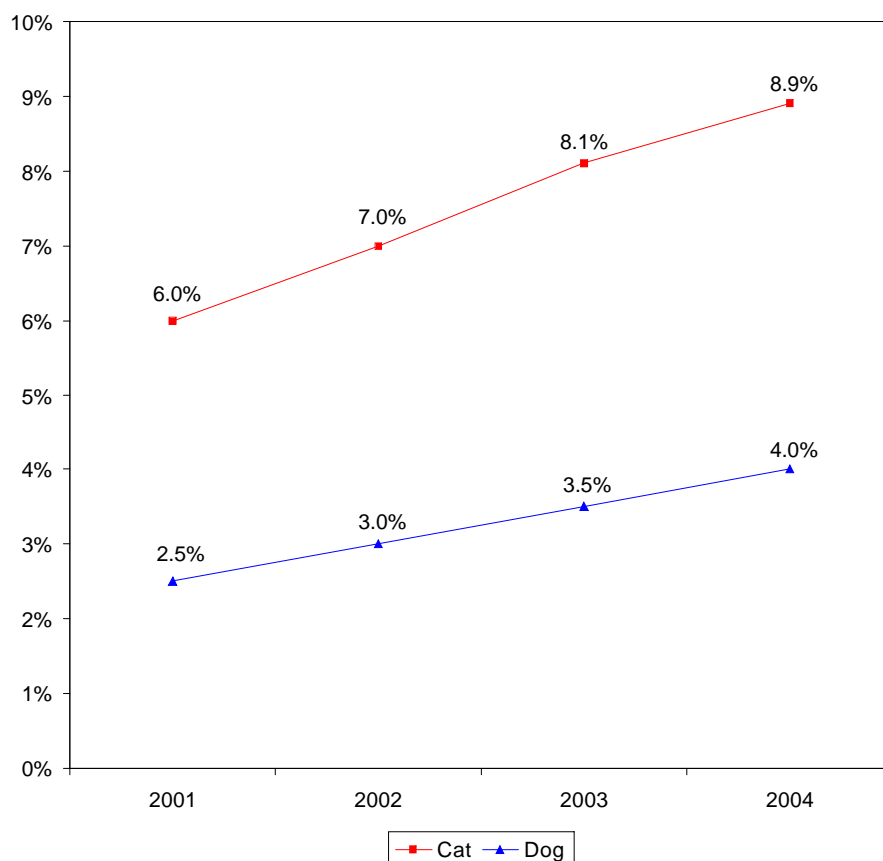
France - Industrial food coverage



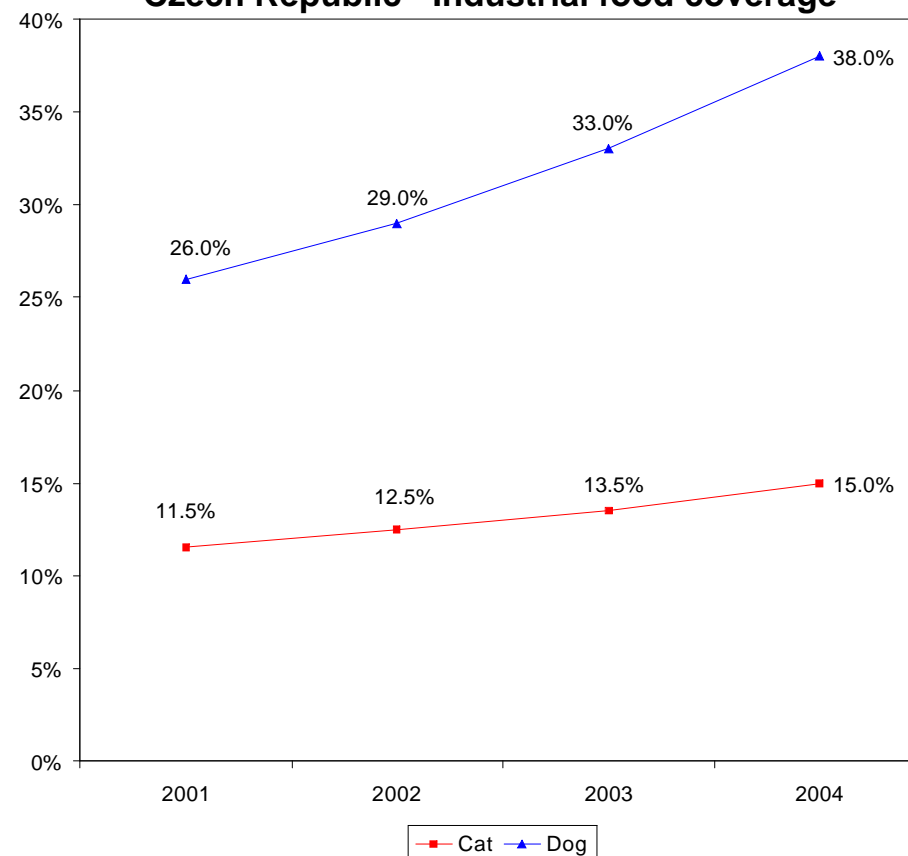
Source: Euromonitor, Feb 2005

...and can increase rapidly in emerging markets

Russia - Industrial food coverage



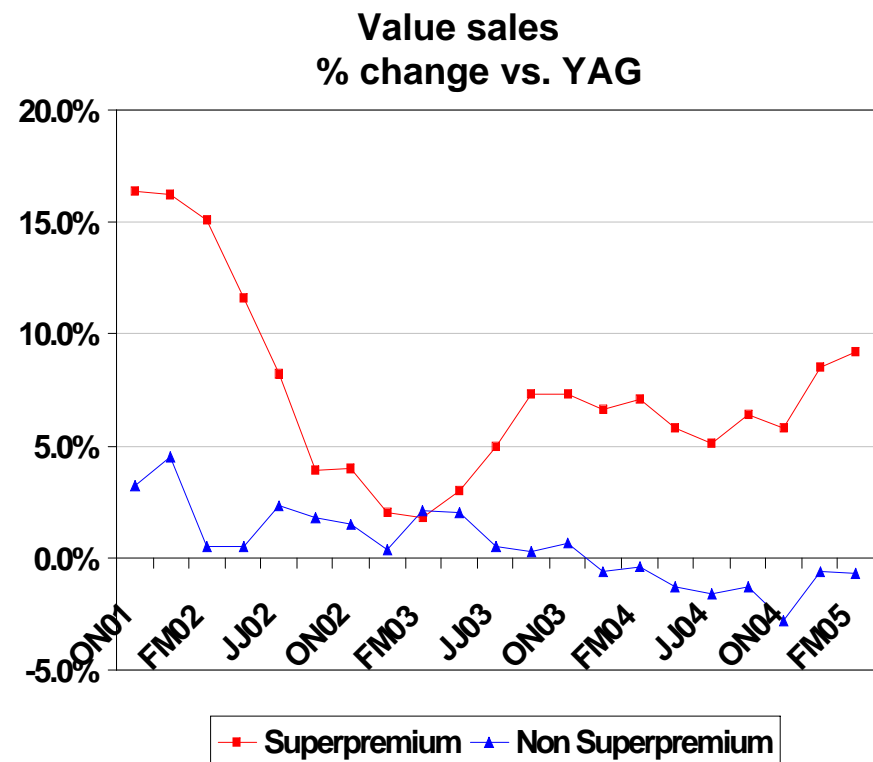
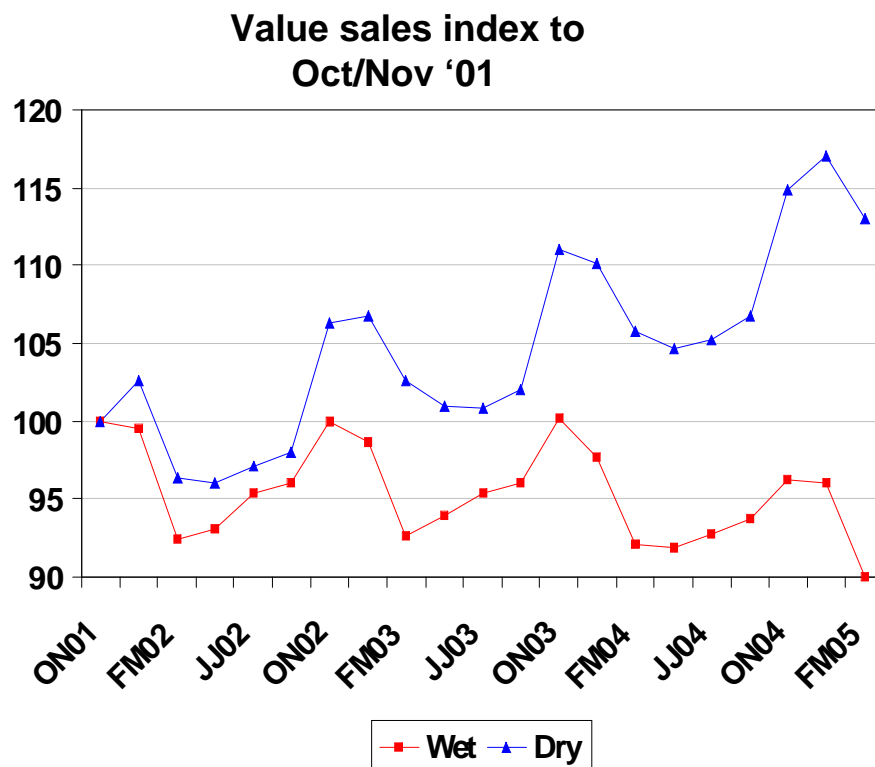
Czech Republic - Industrial food coverage



Source: Euromonitor, Feb 2005

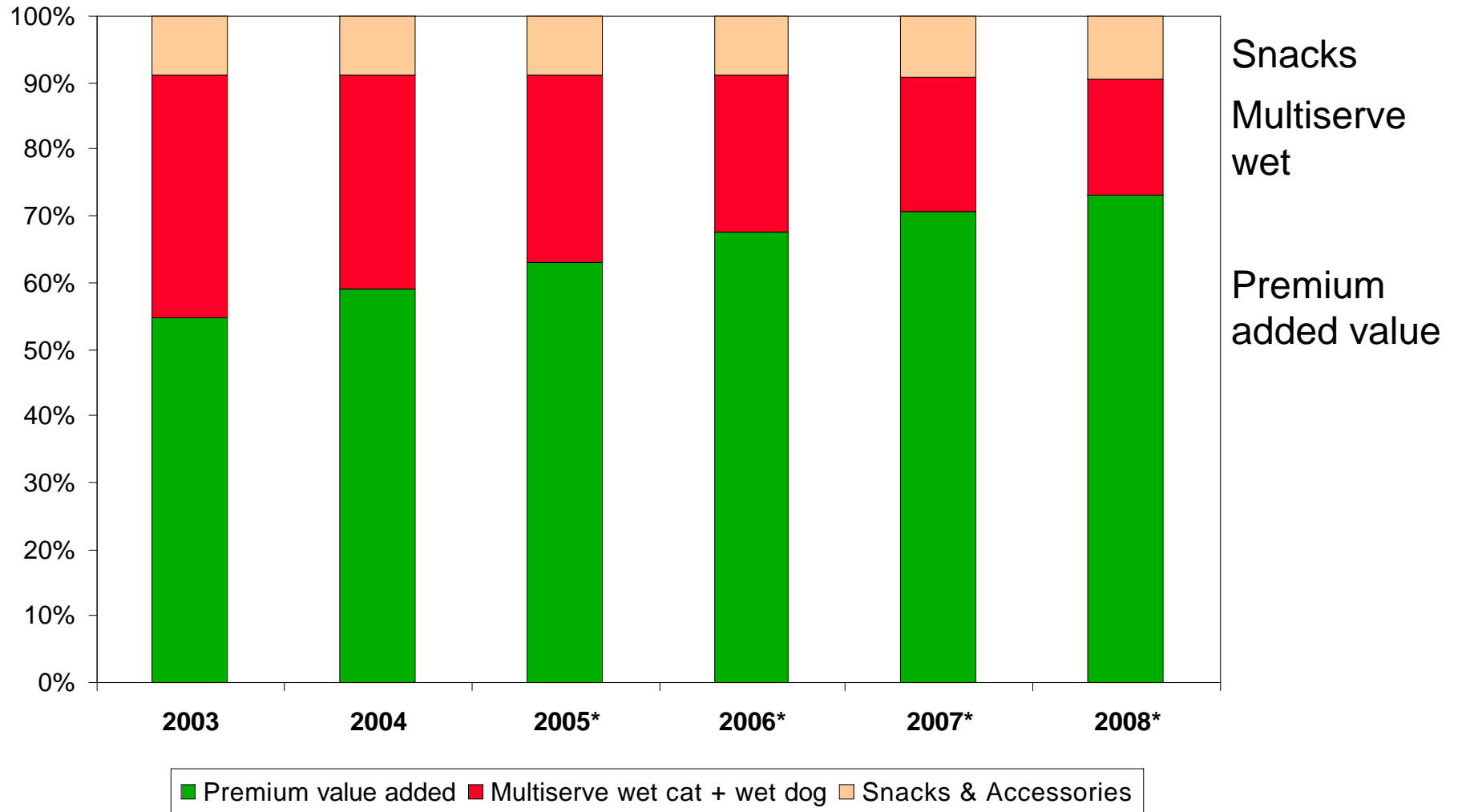
The European cat and dog food market profile is evolving in two important respects...

- Dry food is growing faster than wet food
- Superpremium food is growing faster than non-superpremium food



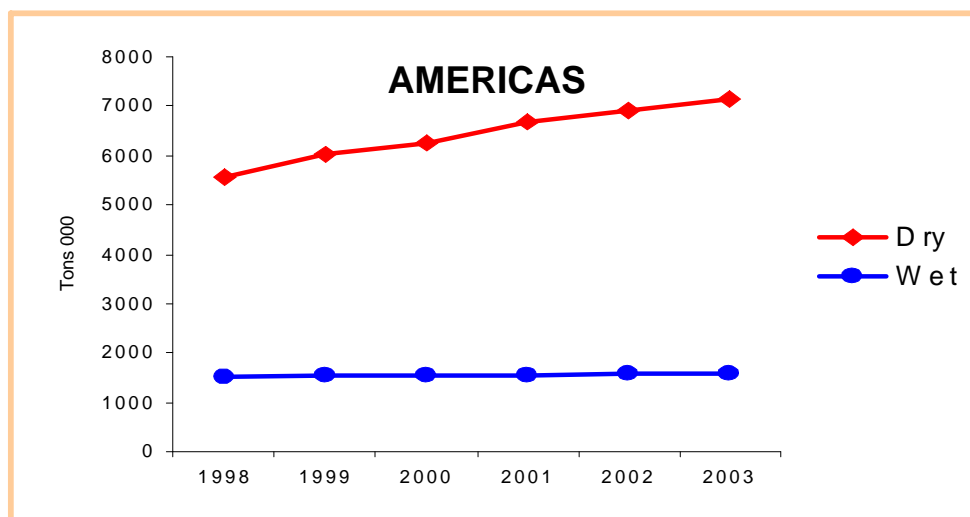
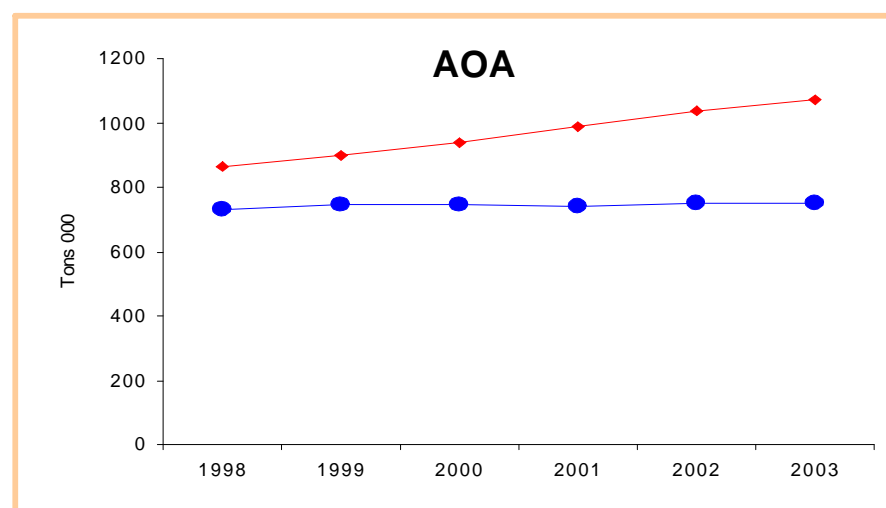
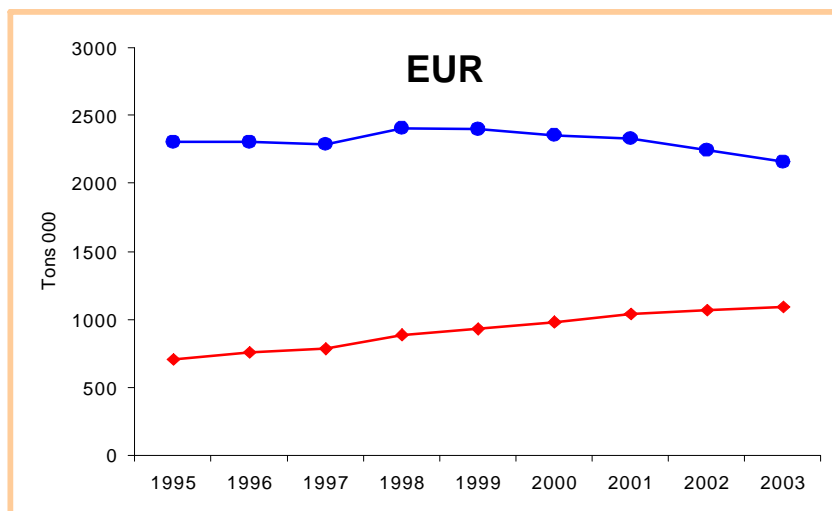
Source: AC Nielsen Grocery – 18 markets

NPPE portfolio well positioned for future growth



*Estimates

The shift from wet to dry food is global



Source: Euromonitor, Nielsen Grocery

Our objectives and strategies

Our objectives

1. To strengthen our number two overall position to Mars
2. To build upon or establish leading positions where it matters most
 - In dry food
 - In premium food
3. To improve our operating margins to the average of Nestlé Europe

Our strategies

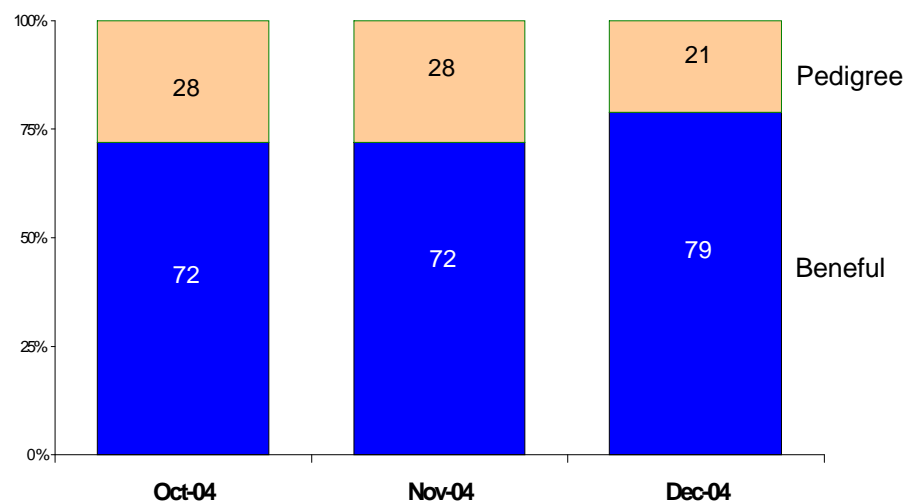
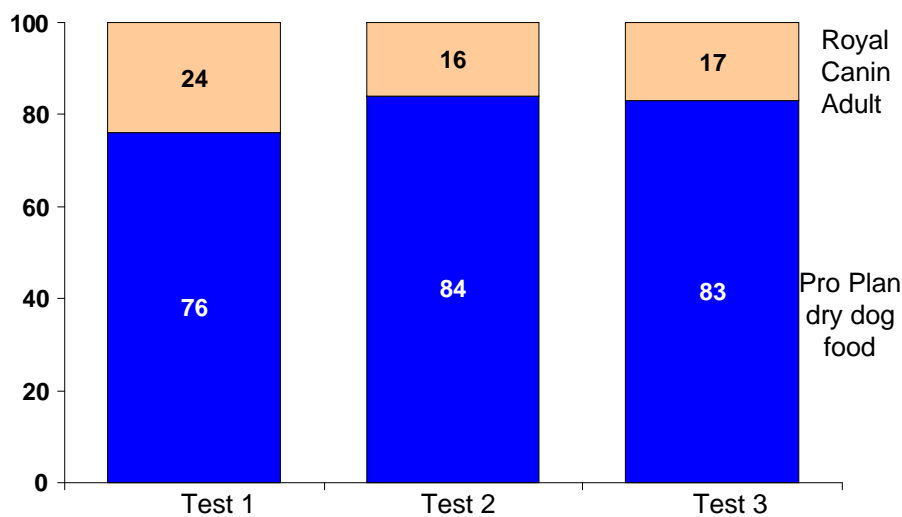
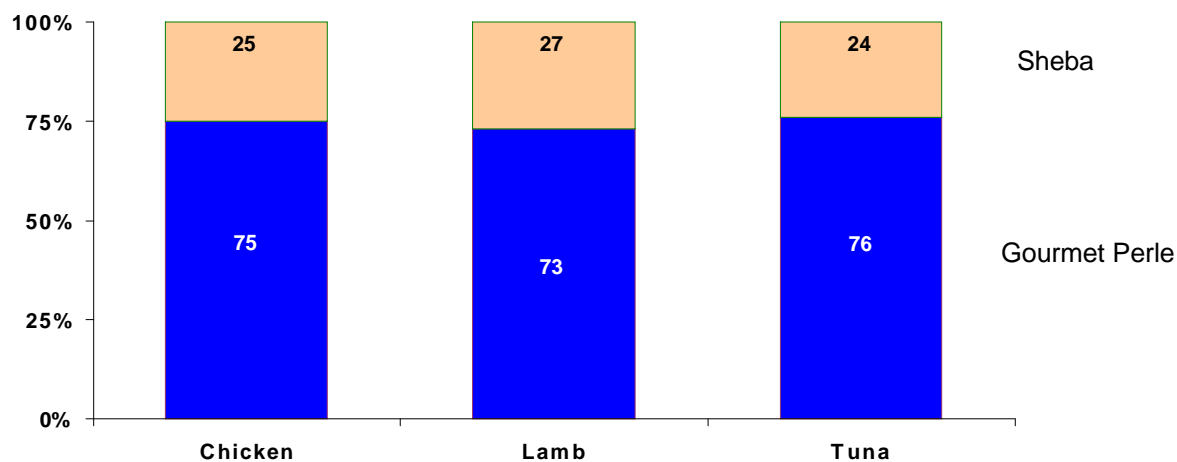
1. Leverage Nestlé Purina know-how to deliver superior performing dog and cat foods
 - More pleasing to pets
 - More appealing to pet owners
 - Healthier, for better and longer lives
2. Commercialise this performance via strong range brands targeted to unique consumer segments
 - Pro Plan
 - ONE
 - Beneful
 - Bakers
 - Gourmet
 - Felix
 - Friskies
3. Serve priority consumers where they shop, and adapt selling approaches to key sales channels
4. Build trust in the entire range via the Purina corporate brand

Our know how in pleasing pets is world class

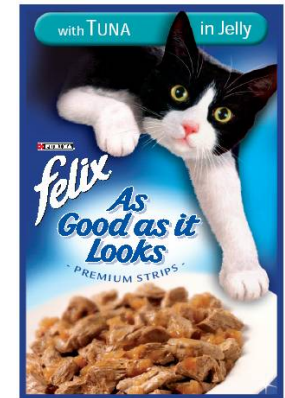


And the results show ...

Food consumption ratios



Pet owner food appeal strongly influences brand choice, and NPPE is leading the way



NPPE is helping pets live longer, healthier lives and we've proved it



**YOU COULD HELP EXTEND HIS HEALTHY LIFE BY UP TO 2 YEARS*.
HERE'S HOW:**

*Based on research with Labrador Retrievers. Published in *Canine Practice*, Vol. 2002.

In a 14 year study, Purina has shown that dogs fed to lean conditions from early age through throughout life can enjoy up to 2 more healthy active years. These and other findings are incorporated into our LIFE PLAN® nutrition programs, which help you control feeding and make body assessments to achieve ideal body condition, while reducing body fat and helping to delay some important age-related health conditions.

PRO PLAN® has been specifically formulated to the LIFE PLAN® nutrition programs by Purina veterinarians and nutritionists. PRO PLAN® has chicken, lamb or salmon as the number 1 ingredient and optimal ratios of protein and fat to promote ideal body condition.

Follow the LIFE PLAN® nutrition programs from the start and throughout life and your dog could enjoy up to 2 more healthy years.

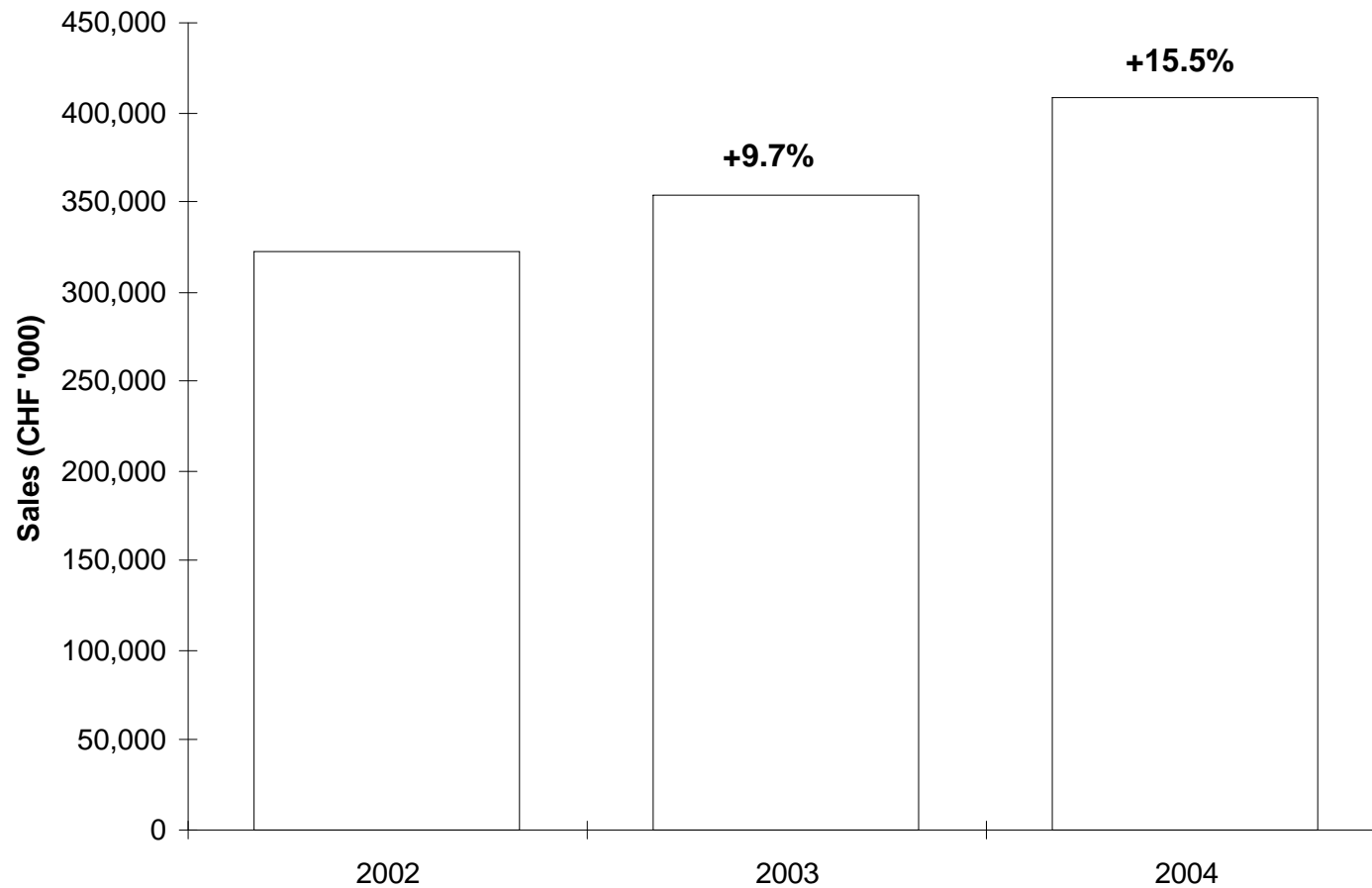
Purina PRO PLAN® with LIFE PLAN®. Available now from your vet or specialized pet store.

Visit www.purina.com/proplan or call our Customer Care on 12345

PURINA PRO PLAN
PARTNER WITH US TO PROTECT



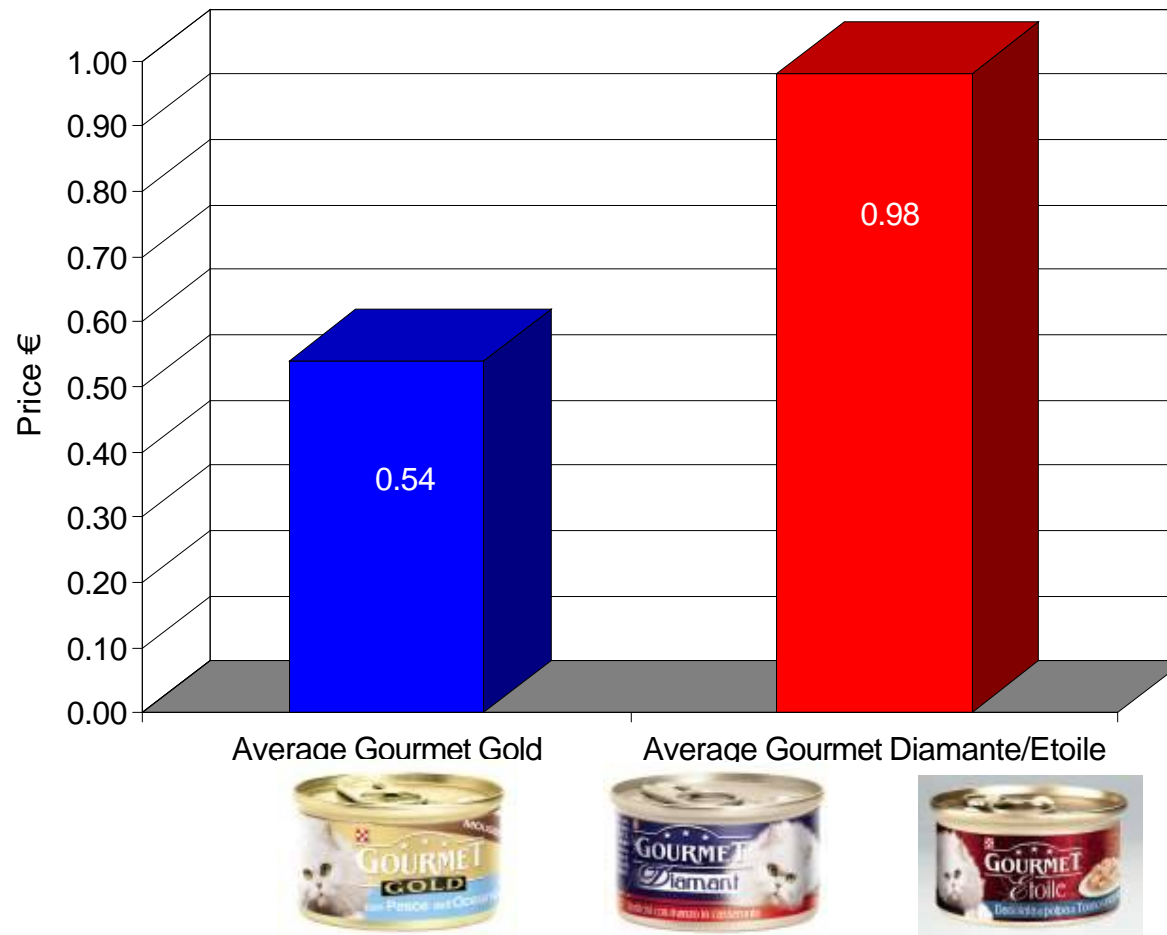
The success of Gourmet wet cat food



Source: AC Nielsen Grocery

Gourmet Diamante and Etoile: stretching the potential for premium pricing

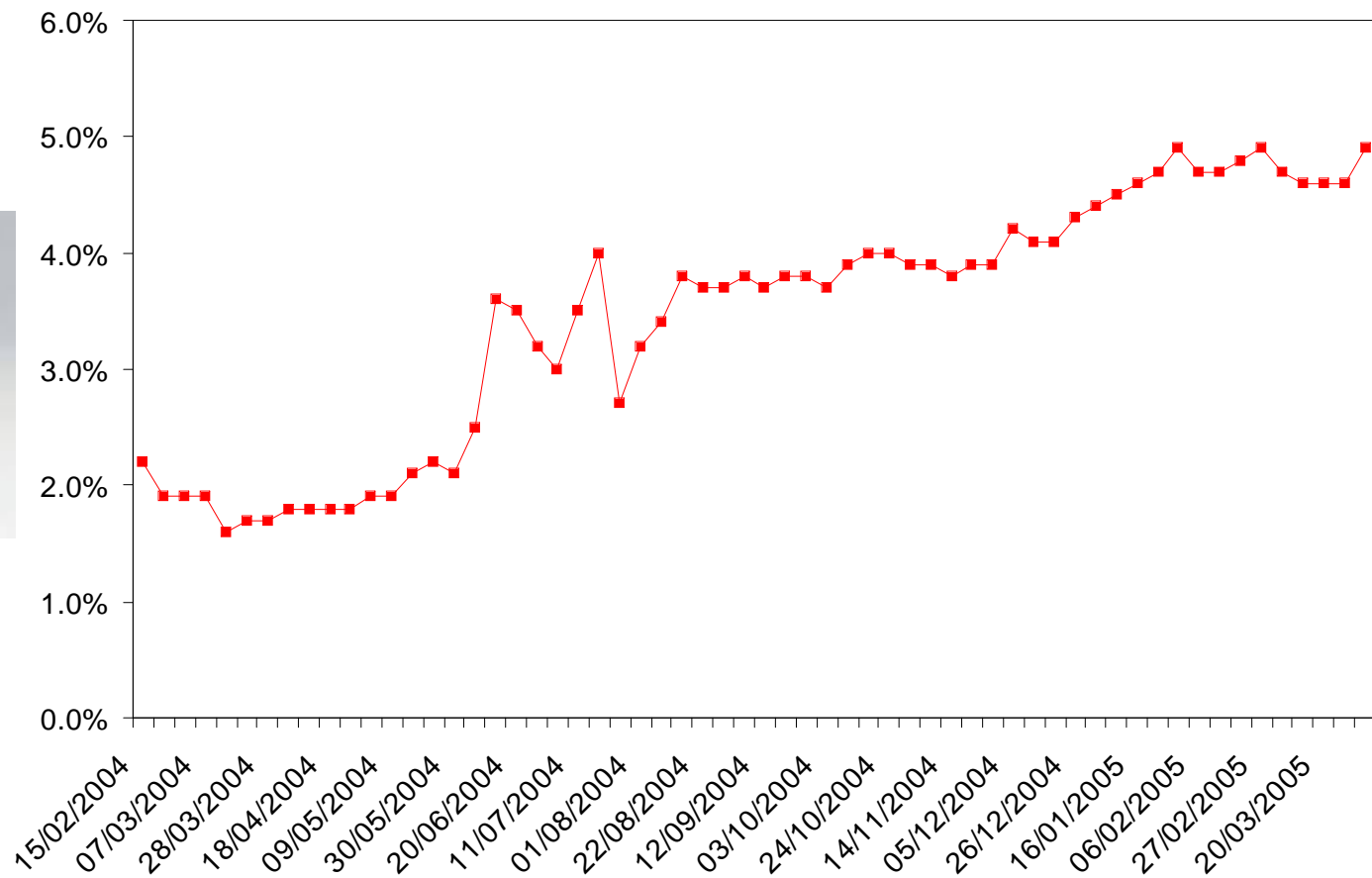
Average price / 85g can – Italy



Source: AC Nielsen, internal auditing

Gourmet Etoile: encouraging launch results

Value share of Wet Cat food – single serve, Italy

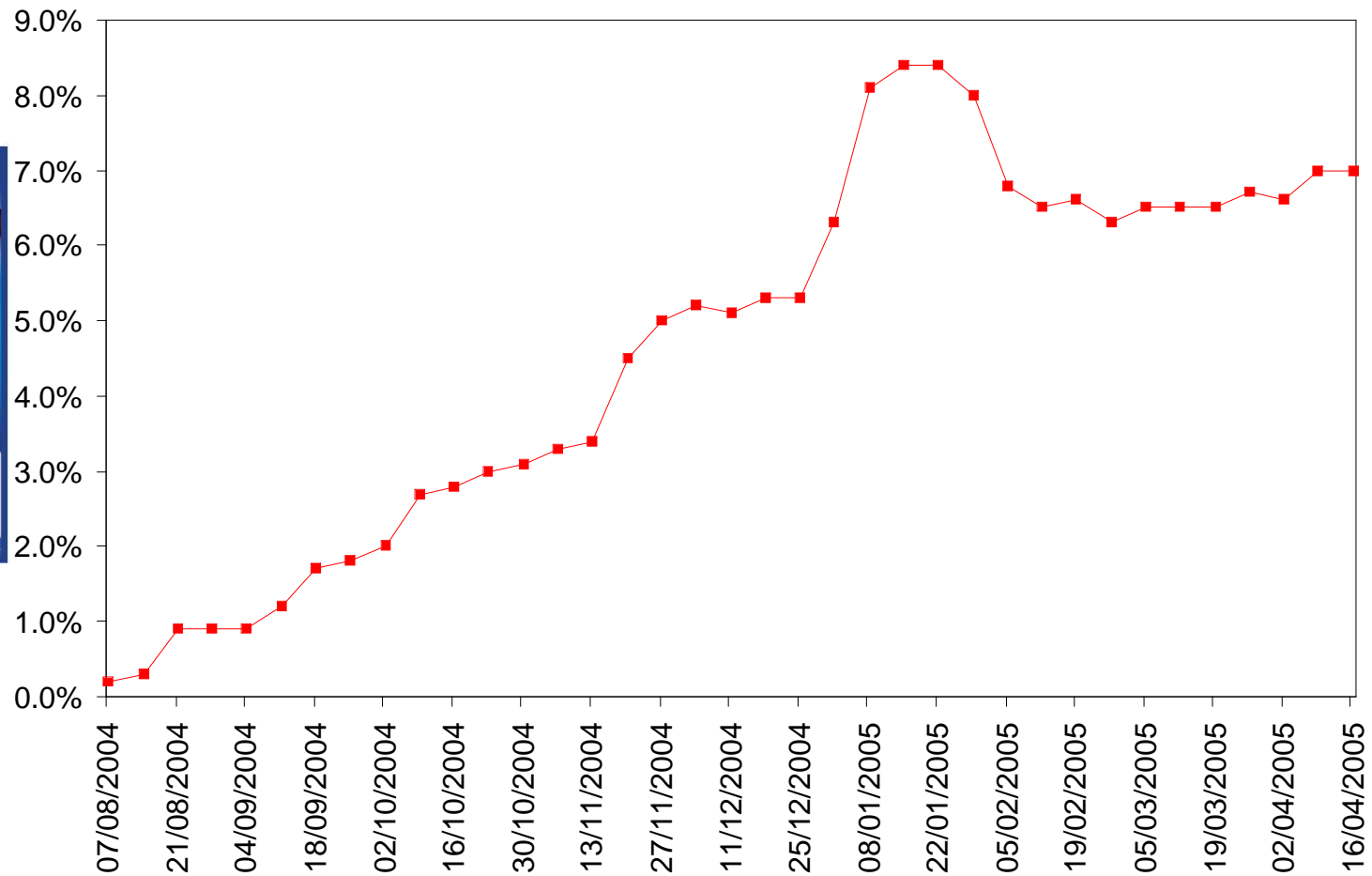
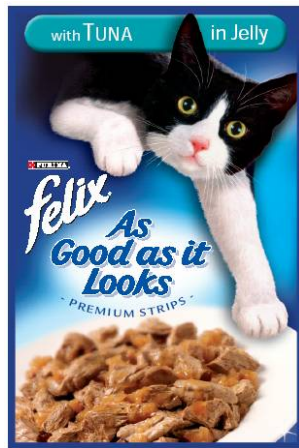


Source: AC Nielsen



Felix “As Good As It Looks”: encouraging launch results in the UK

Value share of Wet Cat food – single serve



Source: AC Nielsen UK

We serve three unique sales channels

Grocery



- Hypermarkets
- Supermarkets
- Small grocery/convenience stores

Specialist



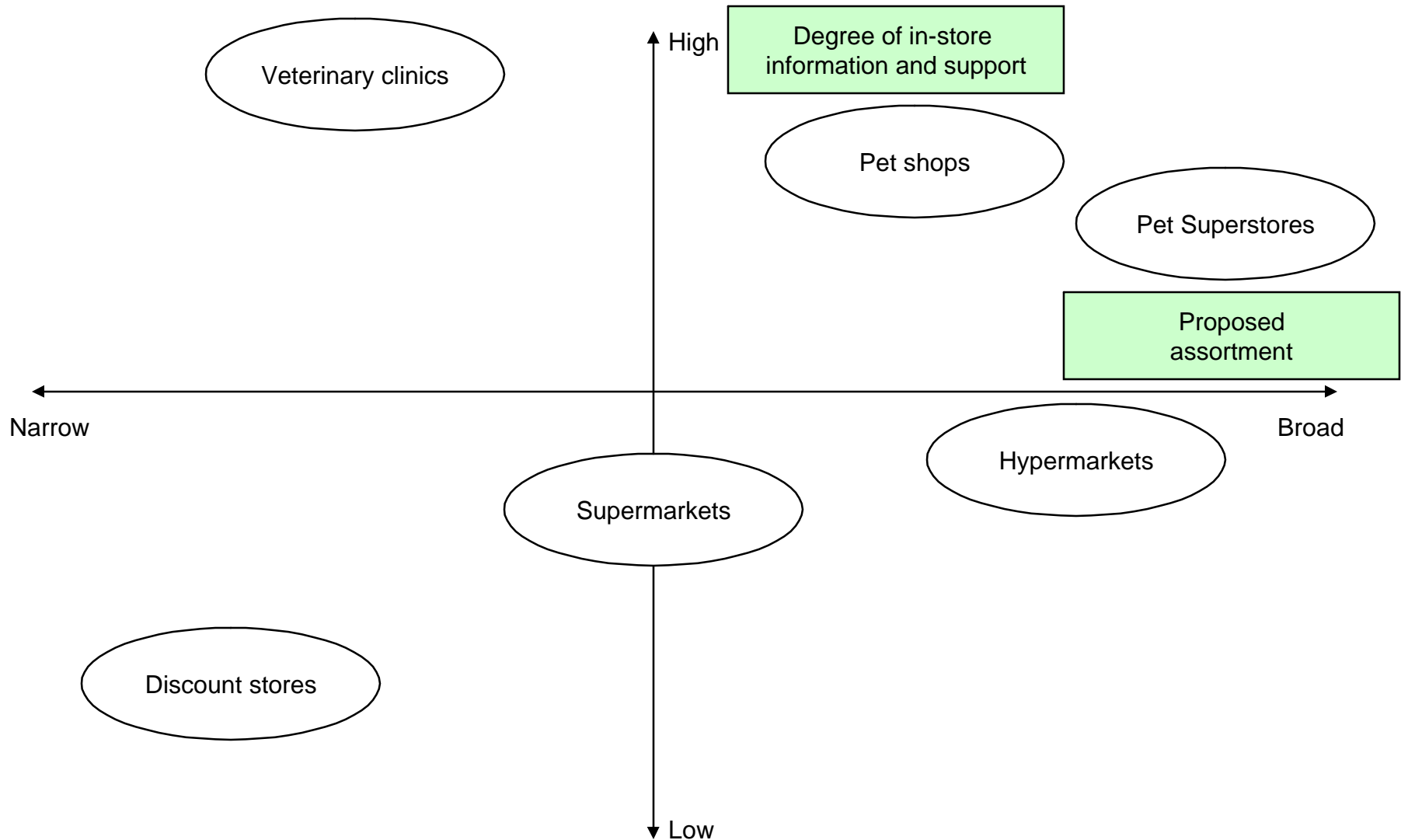
- Pet shops
- Garden Centres
- Agri-stores
- Veterinary clinics

Discount



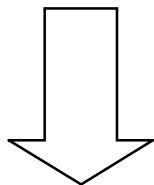
- Hard discount
- Soft discount

Our selling approach varies based on channel dynamics



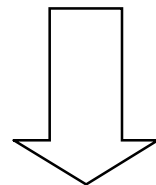
Each channel serves a specific role for NPPE

Grocery



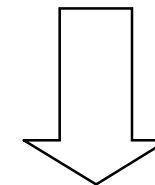
Access to a broad shopper base for the majority of our brands and products

Specialist



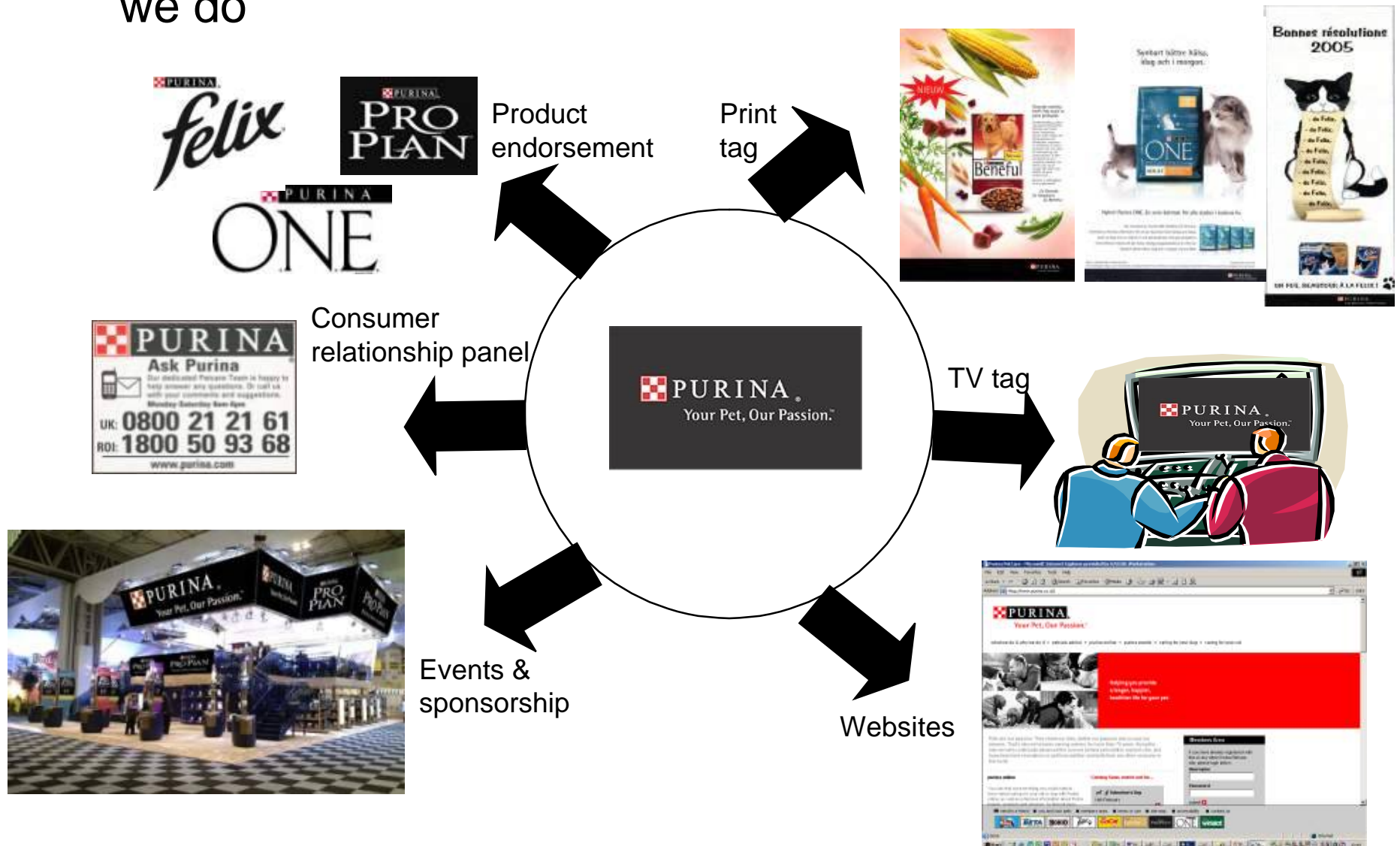
Information and personal selling for more specialised and sophisticated products and ranges

Discount



Access to convenience and cost-minded shoppers for our most popular products

To consumers, Purina is the company behind everything we do



NPPE upcoming innovations

Beneful Healthy Weight

- Indulgent Nutritionists' dogs tend to be overweight because of their indulgent behaviour
- Beneful Healthy Weight offers:
 - Perfect balance of healthful ingredients
 - Calorie smart nutrition
 - Excellent taste
- Healthy Weight will increase penetration and shelf space for the brand



March '05 on shelf in Europe

New snacks & treats



Dental Fresh

- Proven to reduce tartar build-up by 45%.
- Helps to freshen breath.
- Ideal for daily usage



Funtastix

Tasty meaty treat with ham and cheese flavour

- Superior palatability to competitors
- Low in fat
- Unique shape



Megabone

Chewy, long-lasting treat with a meaty filling



Pro Plan Dog: Sensitive range launch July 05

Consumer insight / opportunity

- Allergies are a top health concern for Expert Driven Providers
- Sensitive category already represents 12% of super premium dog sales
- Leverage Nestle R&D knowledge

The first pet specialty product with restricted protein source to reduce risk of allergic reaction



ONE cat: Sensitive formula – March 05

- For sensitive digestion & palate
 - Superior digestibility (>90%)
 - Optimal faecal consistency
 - Higher palatability than adult
- Unique product within the channel



Friskies dry dog food with fresh meaty chunks



New: with chunks made with fresh meat

- Consumers associate freshness with high quality
- Significant increase in palatability



Summary

- Pet care in Europe – a large category with good growth potential
- Consumer purchase and feeding behaviour evolving in our favour
- NPPE closing the market share gap to Mars while improving operating margin
- Strong innovation track record and pipeline
- Clear potential for continued profit improvement

