

Nestlé Investor Seminar



WAL★MART®



BOB FLAHERTY

**V.P. of Wal★Mart
Global Business**

Nestlé USA

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.



Nestlé

The world's largest food company...

WAL★MART

The world's largest retailer...

Strong Partners In Profitable Growth!

A brief history of...

Wal ☆ Mart

Who's #1...

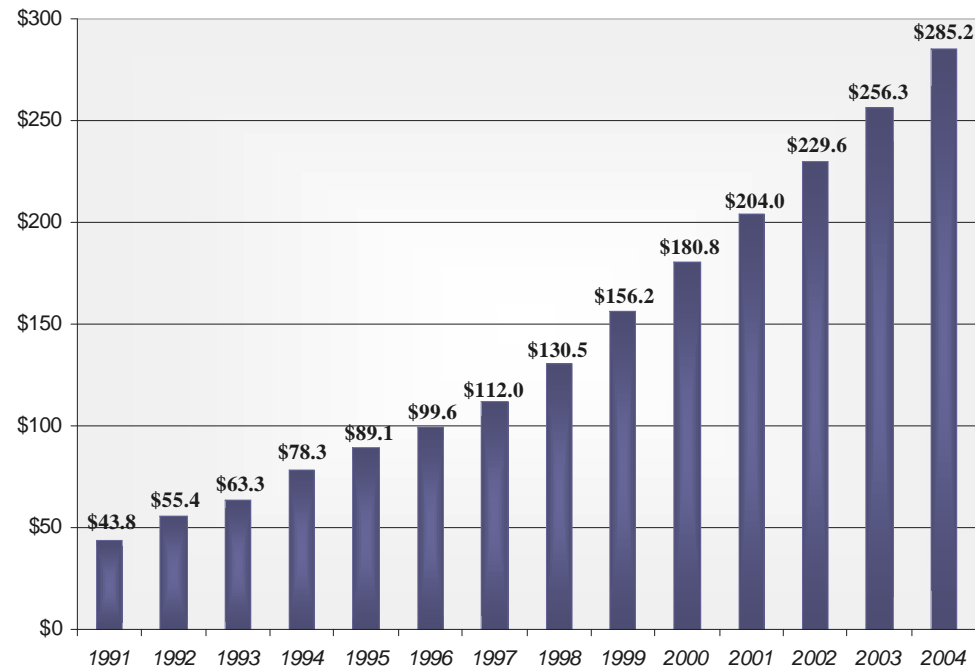
The Customer ALWAYS!!!

All Wal ☆ Mart financial information in this presentation has been publicly disclosed by Wal ☆ Mart.

Strong Partners in Profitable Growth!



Wal★Mart began in 1962 in Rogers, Arkansas... and has grown today to a \$285 Billion company!



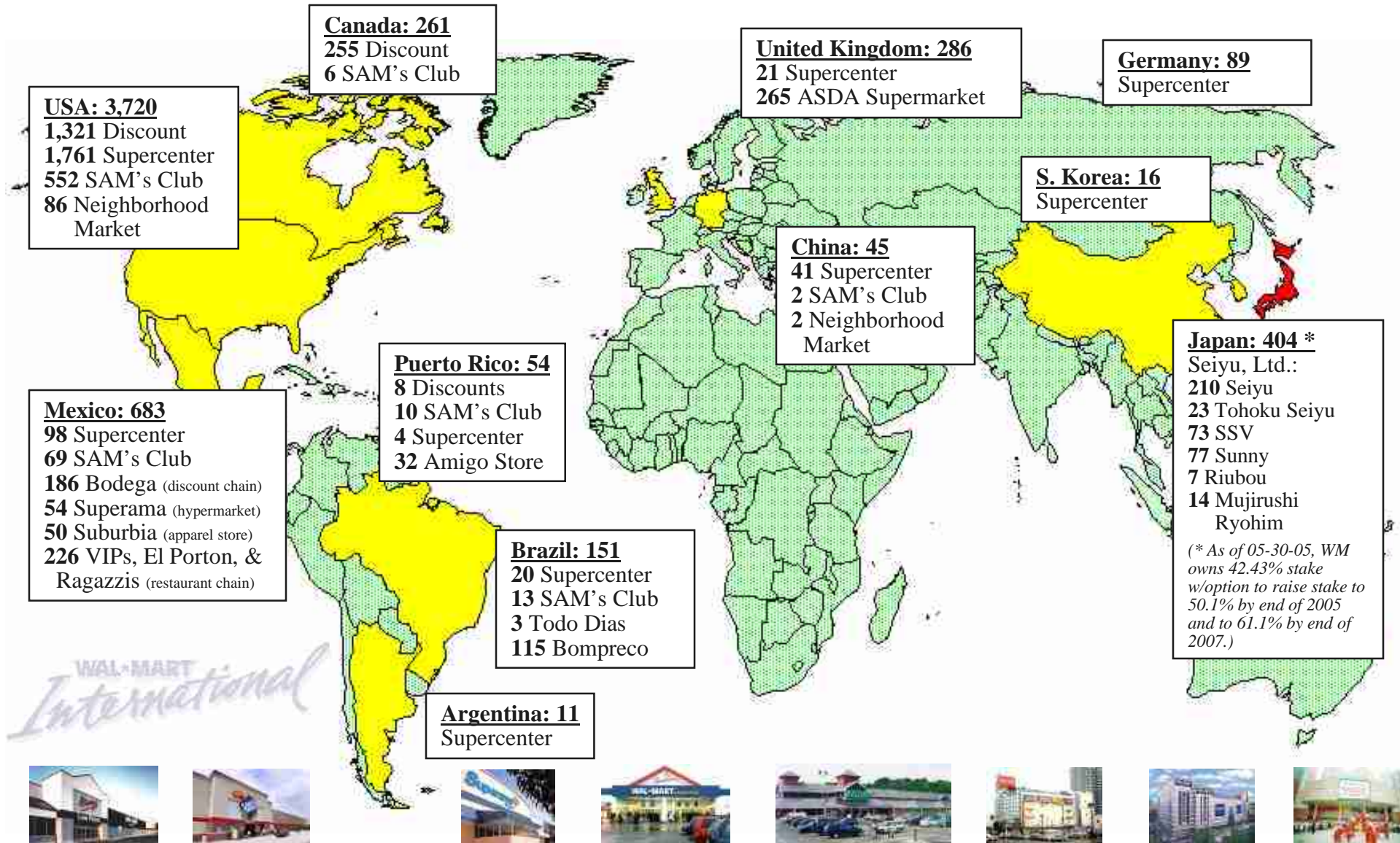
138,000,000+ weekly shoppers at Wal★Mart



Strong Partners in Profitable Growth!



Wal★Mart Operates Locally In... **11 Countries ~ 5,720 Stores**



TECHNOLOGY...

- Tracking every register transaction... for all Wal★Mart's outlets.



LOGISTICS...

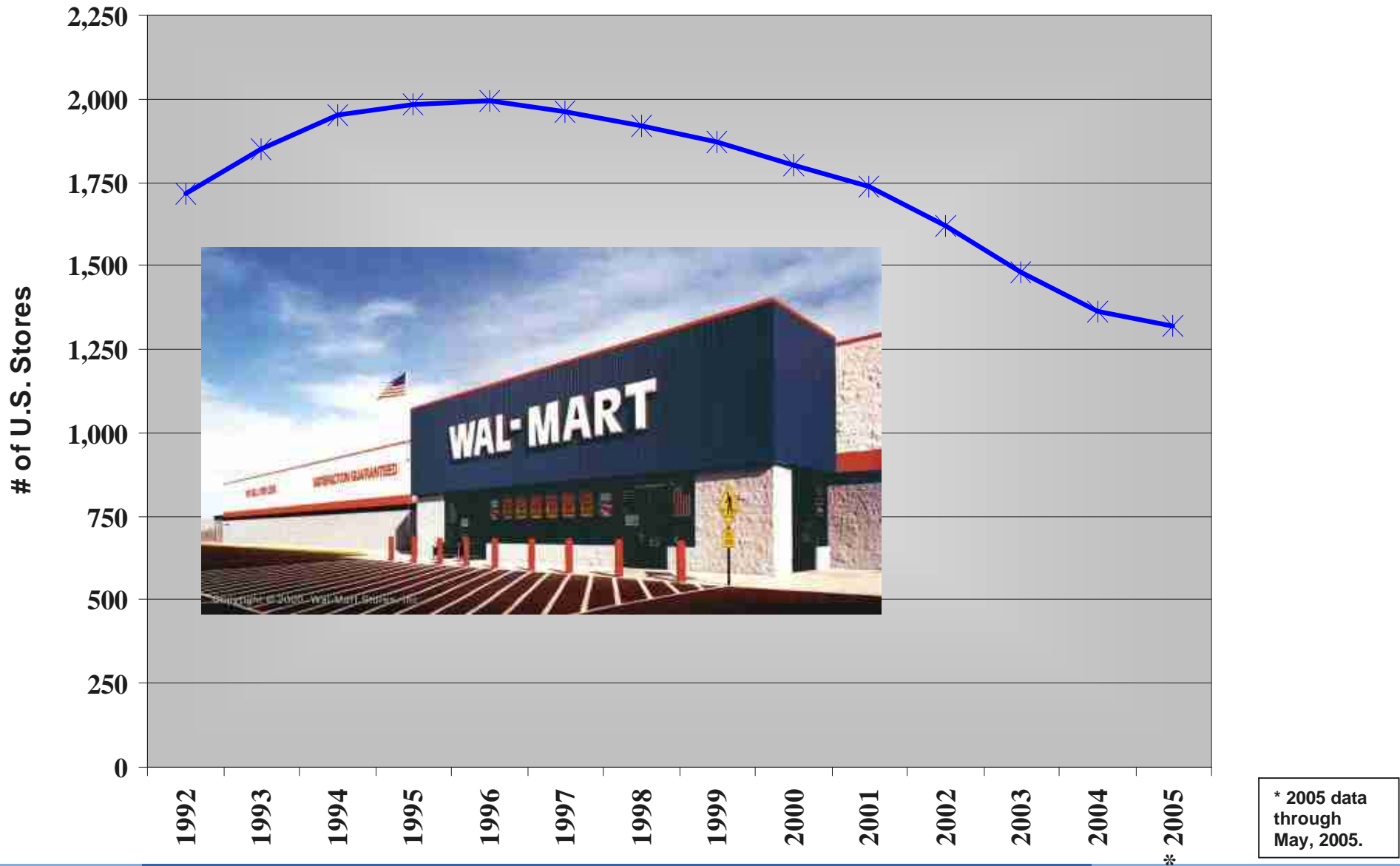
- Approximately 160 Distribution facilities in the U.S.
- Fleet of 5,000+ trucks.



Strong Partners in Profitable Growth!



Wal☆Mart U.S. Store Growth (1992 – 2005)



Strong Partners in Profitable Growth!



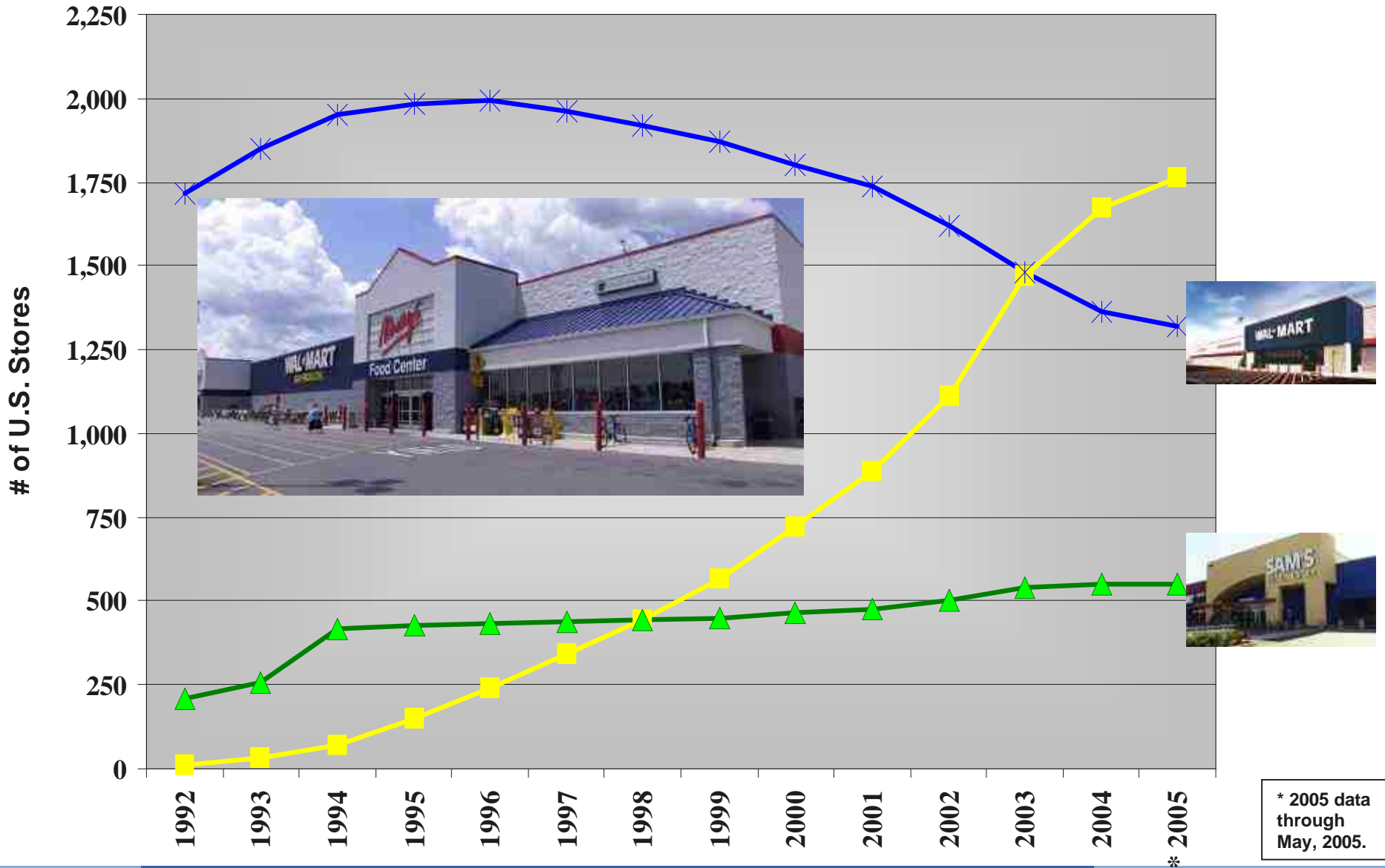
Wal★Mart U.S. Store Growth (1992 – 2005)



Strong Partners in Profitable Growth!



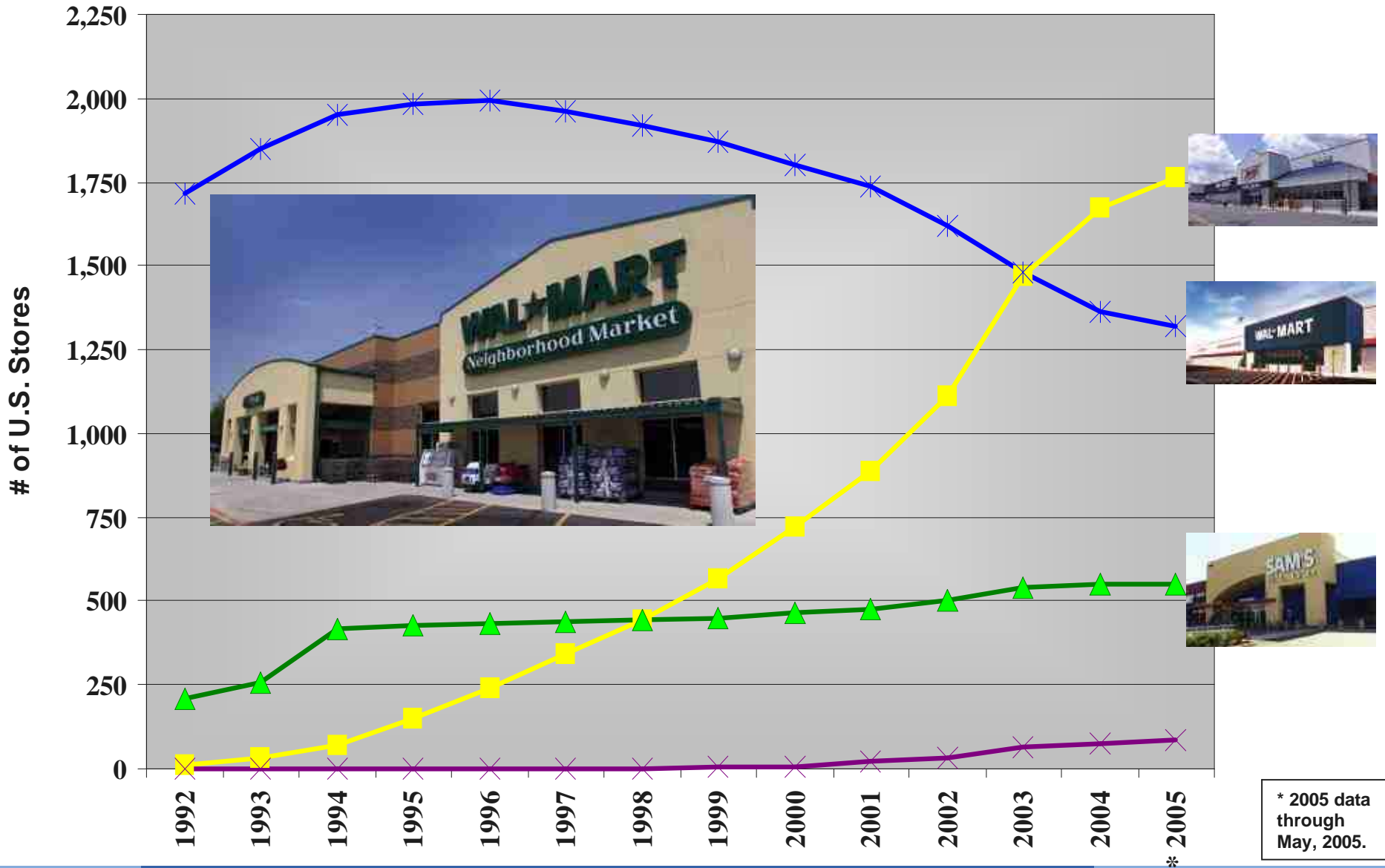
Wal☆Mart U.S. Store Growth (1992 – 2005)



Strong Partners in Profitable Growth!



Wal☆Mart U.S. Store Growth (1992 – 2005)



* 2005 data through May, 2005.

***The world's largest food
company... Nestlé.***

***The world's largest retailer...
Wal★Mart.***

***Strong Partners in
Profitable Growth!***



ALIGNMENT...

of our mutual

priorities.

WALMART

Alignment... the Nestlé Four Pillars... a Blueprint for Success with Wal★Mart

RENOVATION / INNOVATION	PRODUCT AVAILABILITY	CONSUMER COMMUNICATION	LOW COST / HIGHLY EFFICIENT OPERATIONS
<ul style="list-style-type: none"> ▪ Focused on product innovation. ▪ Continuously renovate the way we work together. 	<ul style="list-style-type: none"> ▪ Brand focused. ▪ Demand creation focused. ▪ Multiple store formats. ▪ Multiple placements in the store. 	<ul style="list-style-type: none"> ▪ The Consumer “Always.” ▪ Consumer data. 	<ul style="list-style-type: none"> ▪ KPIs focused on sales, profits, market share, and service.



***NESTLÉ BRANDS...
drive consumer
demand in
Wal★Mart stores.***

Strong Partners in Profitable Growth!



Nestlé's Brands... reaching Wal★Mart shoppers... Wherever, Whenever, However...



With innovative *Good Food, Good Life* products... throughout their lives.

Strong Partners in Profitable Growth!



WAL★MART



Nestlé's direct sales to Wal★Mart in the U.S. are growing at approximately twice Nestlé's total U.S. sales!

	% Increase 2003 - 2004
Total Nestlé Sales in the U.S.	7.2%
Nestlé Sales to Wal★Mart	13.8%
Nestlé Sales to other U.S. Customers	6.3%

Note: Results include Nestlé Brands Co., Nestlé Prepared Foods Co., Nestlé Purina PetCare Co., Nestlé Waters North America, and Dreyer's / Edy's Grand Ice Cream Co.



Nestlé

**ORGANIZATIONAL
ALIGNMENT**

WAL★MART

Organizational Alignment... with a multi-functional business team approach.

Nestlé Capabilities



Wal★Mart Needs



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Organizational Alignment... conducting business *Locally*...



...While capitalizing on opportunities *Globally*.

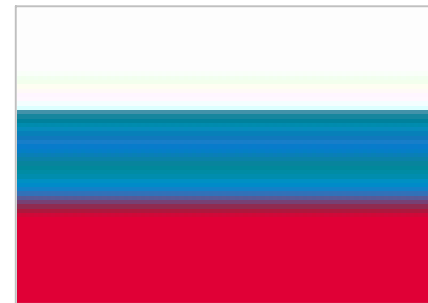
Strong Partners in Profitable Growth!



Organizational Alignment... Nestlé is a global resource as Wal★Mart considers new market opportunities.



Nestlé
Poland



Nestlé
Russia



Nestlé
Philippines



Nestlé
Turkey



Nestlé
India



***COLLABORATIVE
JOINT BUSINESS
PLANNING***

Collaborative Joint Business Planning...

Consumer Purchase Data



- POS Data
- Inventory
- Price Management
- Market Basket



Nestlé Expertise

- Trust
- Consumer Trends
- Category Insight
- Product Knowledge
- Global to Local Expertise

***The outcome...* Strategies for our
Competitive Advantage!**

Collaborative Joint Business Planning... considering all aspects of...

- Modular Plan ~ Distribution
- New Listings
- Pricing & Promotions
- Co Development; Merchandising & Packaging
- Category Advisor
- Every Day Low Cost / Every Day Low Price
- Supply Chain / Replenishment
- Budgeting



***RETAIL
EXECUTION***

WAL★MART

Retail Execution...a collaborative joint business plan is only as good as our mutual ability to execute.

“The average Wal★Mart shopper takes eight seconds to make a purchase decision... and greater than 94% of your total business is sold off of the shelf.”

- Wal★Mart Executive

Our Nestlé team’s passion is to have the...

Right Product

Right Place

Right Time

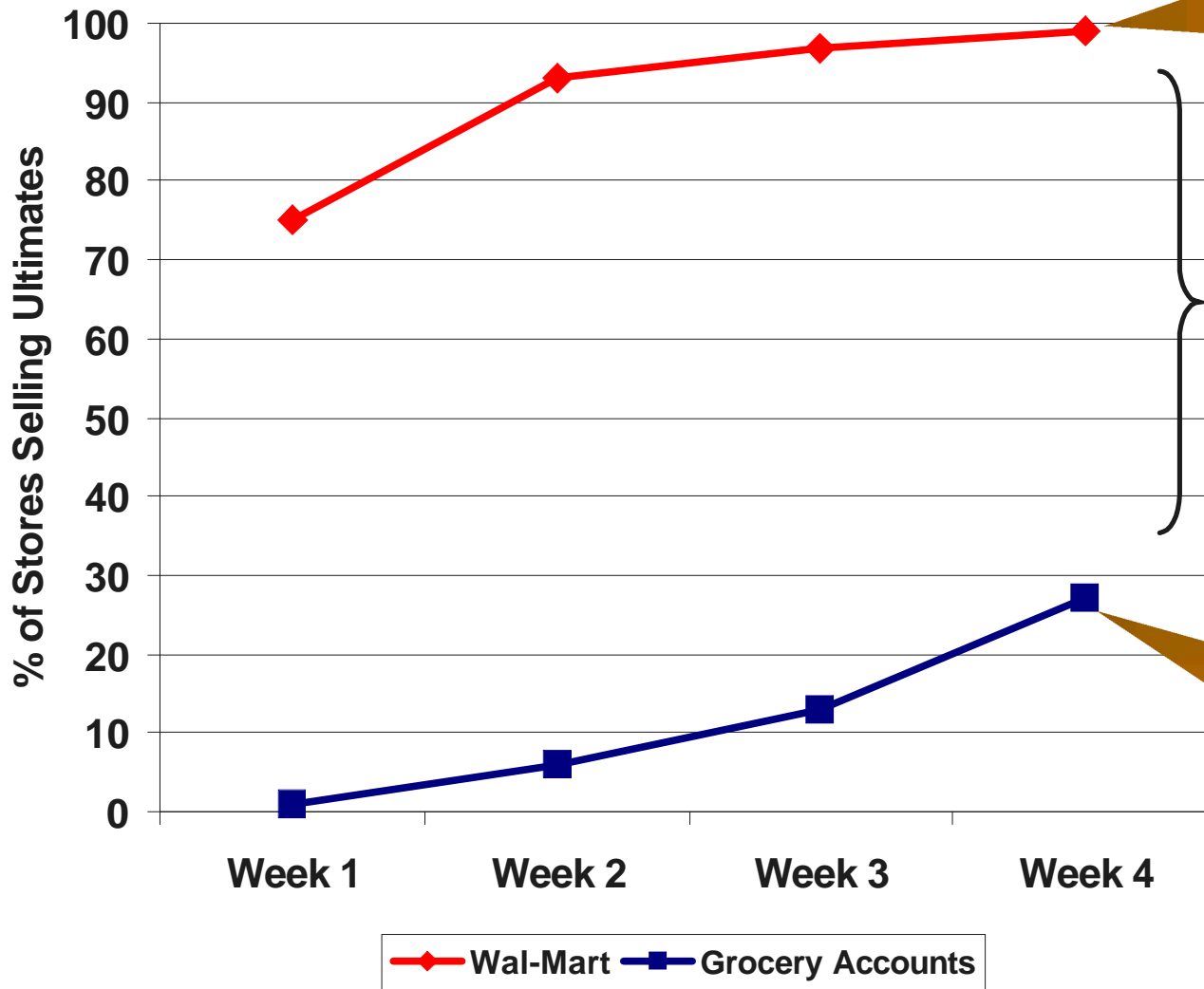
Right Price



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Retail Execution...executing the plan.



99% of all Wal-Mart Stores in four weeks!

Incremental \$250,000 in sales.

27% of all other Retail stores!

Source: A.C. Nielsen, Total U.S. over \$2M

Retail Execution... Volume Producing Items



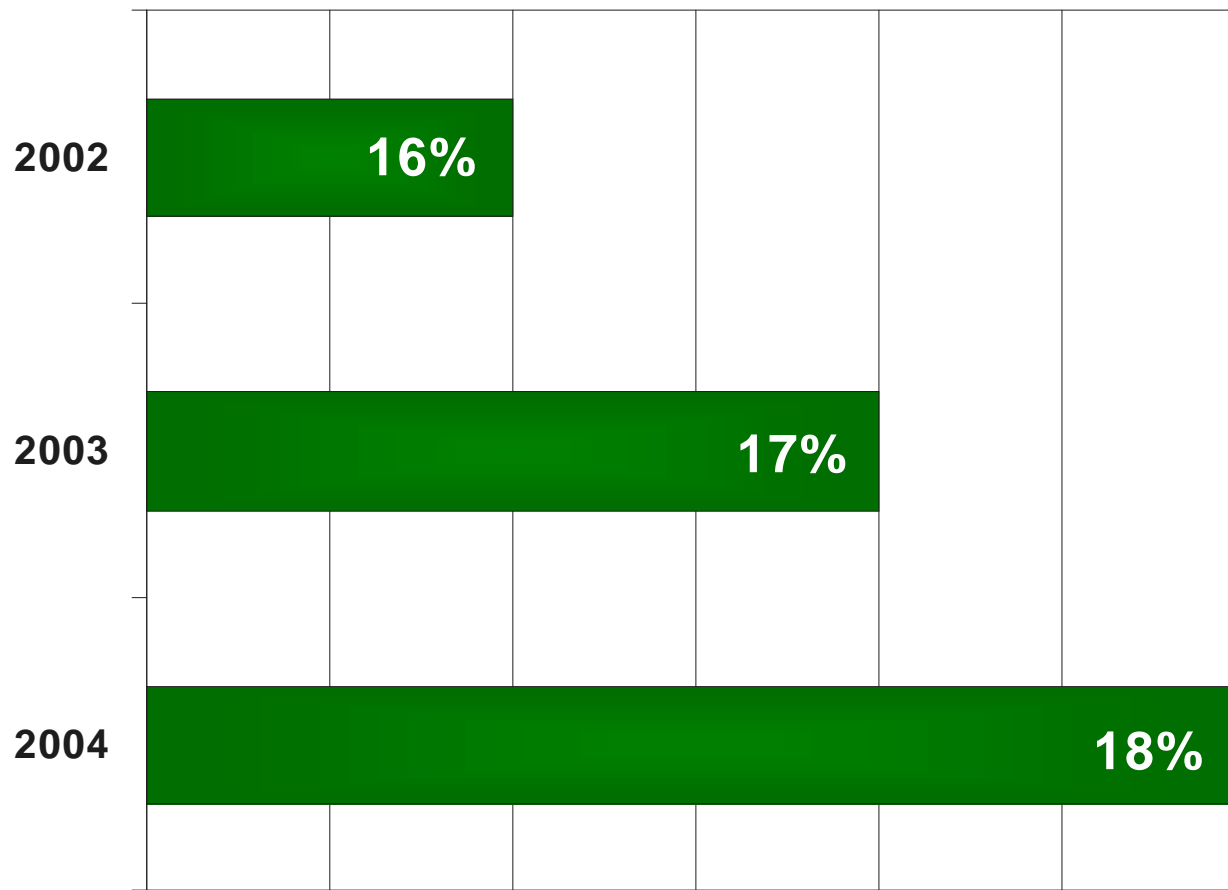
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WAL★MART



Wal★Mart represents 18% of Nestlé's total U.S. sales in 2004...



Wal★Mart's worldwide sales in 2004 grew at 11.3%...

While Nestlé's sales to Wal★Mart worldwide grew to \$4.4B; +15%!

SUMMARY: Why the world's largest food company ~ Nestlé... and the world's largest retailer ~ Wal★Mart are today *Partners in Growth*...

- Alignment ~ Nestlé Pillars a Blueprint for Success at Wal★Mart
- Nestlé Brands / Wal★Mart Customers
- Parallel Organizations
- Collaborative Joint Business Planning
- Ability to Execute



**Leveraging our Nestlé / Wal★Mart
Global Relationship with...**

Bigger

Stronger

Break-through ideas

Strong Partners in Profitable Growth!



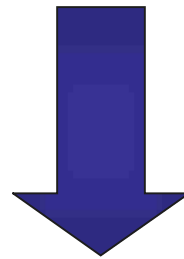
Nestlé / Wal★Mart Executive Workshop

**Nestlé S.A.
Vevey, Switzerland**



***Wal★Mart, like Nestlé, sees
Wellness as a Trend... not a Fad.***

**Wal★Mart Values Nestlé's Wellness
Expertise and Products.**



**Resulting in Wal★Mart appointing Nestlé
as a...**

Strategic Wellness Partner.

Breakthrough Ideas... benefits of pursuing Wellness opportunities...

Benefits to Nestlé:

- **Access to a growing number of wellness conscious consumers and their wellness insights.**
- **Opportunity to accelerate the availability and sale of new, attractive margin, wellness oriented Nestlé products.**

Benefits to Wal★Mart:

- **Opportunity to attract consumers to purchase attractively priced wellness products and services in their stores.**
- **Wal★Mart, a Health and Wellness destination.**

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Breakthrough Ideas...

Low Growth /
High Profit



High Growth /
High Profit



Low Growth /
Low Profit



High Growth /
Low Profit

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Breakthrough Ideas... Wellness

Brazil



USA



China



Germany



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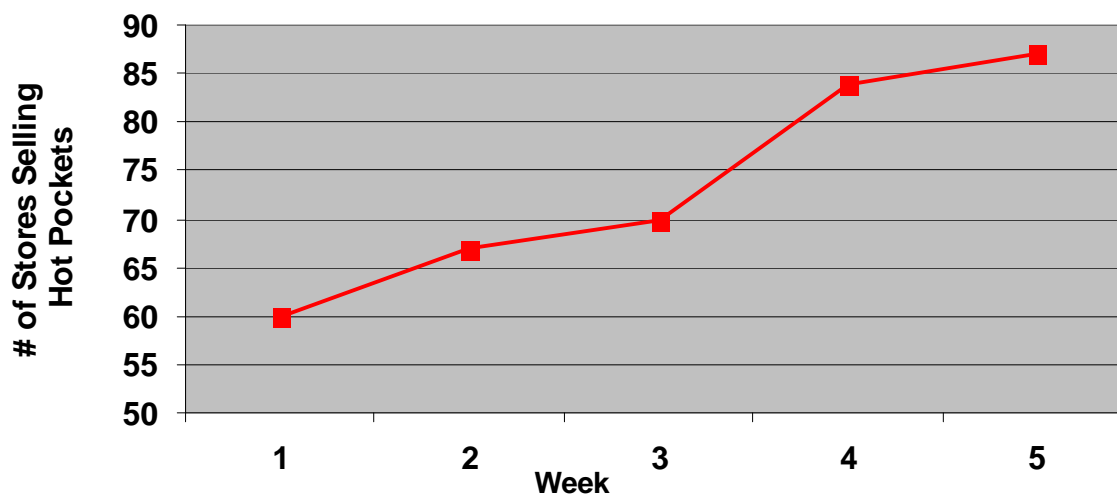
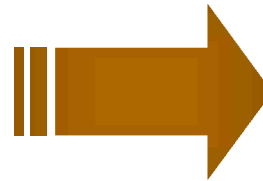


Big Ideas... launch Nestlé's innovations in various Wal☆Mart markets.

Nestlé USA



Nestlé Germany



With a disciplined *speed-to-shelf* execution... Hot Pockets in Germany is selling at 90% the rate of the U.S. market.

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Big Ideas... Merchandising solutions...



BRAZIL



USA



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Big Ideas... International Products and Packaging...



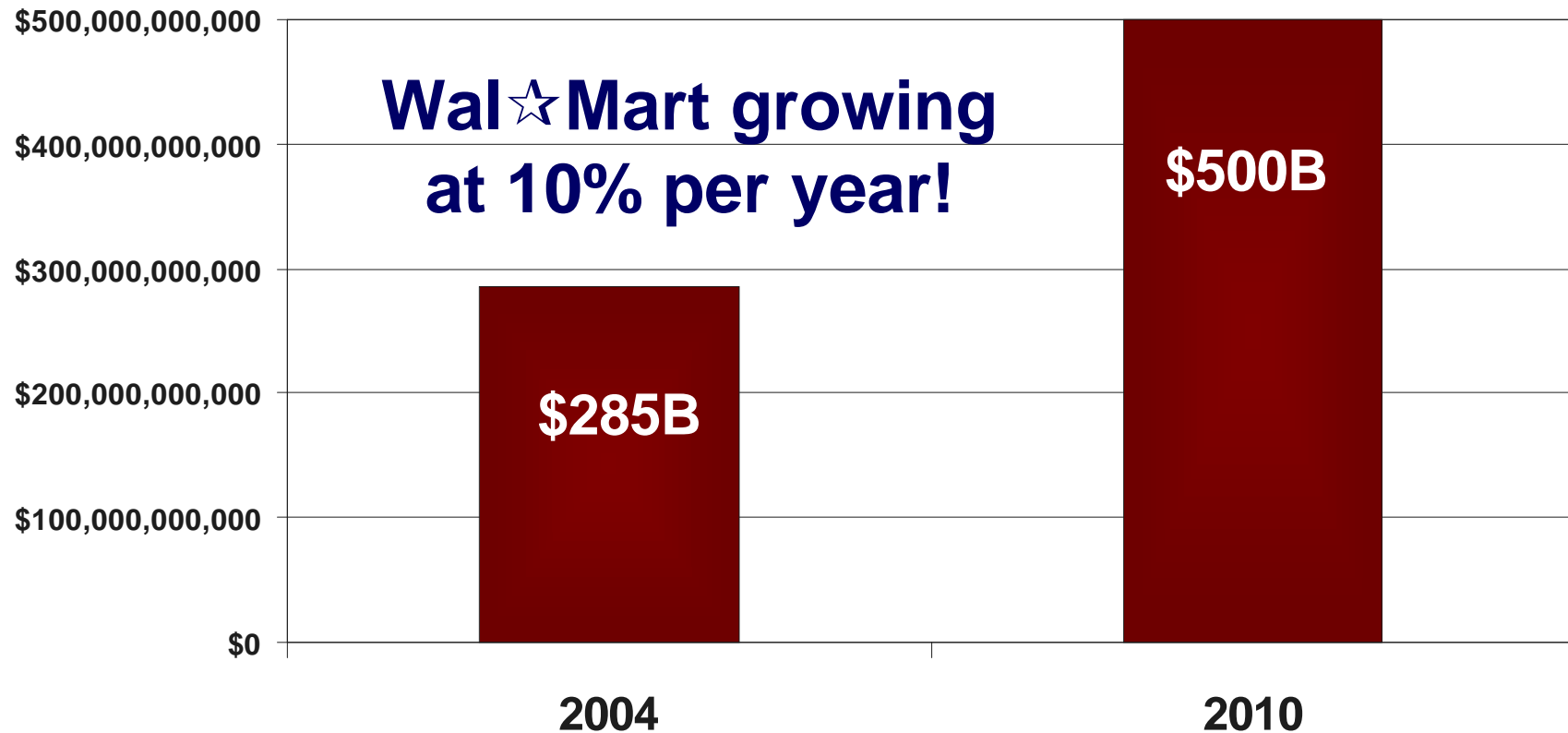
SPAIN



USA



Future Potential...



Implications to Nestlé...

Potential to more than double our international sales with Wal-Mart... and increase our total worldwide Wal-Mart sales by more than half.

The Customer ALWAYS!!!

Nestlé & Wal★Mart...

Two Great Companies... Strong Partners...

- Aligned strategically; culturally... and operationally.
- Attuned to the Consumer's changing needs.
- Collaborate in international markets.
- Successfully partnering for profitable growth.
 - Double digit growth the past five years.
 - Over 50% growth in the next five years.

**A win/win for both Nestlé and
Wal★Mart.**

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