

**Nestlé Research
The Engine for
Nutrition, Health and
Wellness**



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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.

Nestlé Research

The Engine for Nutrition, Health and Wellness

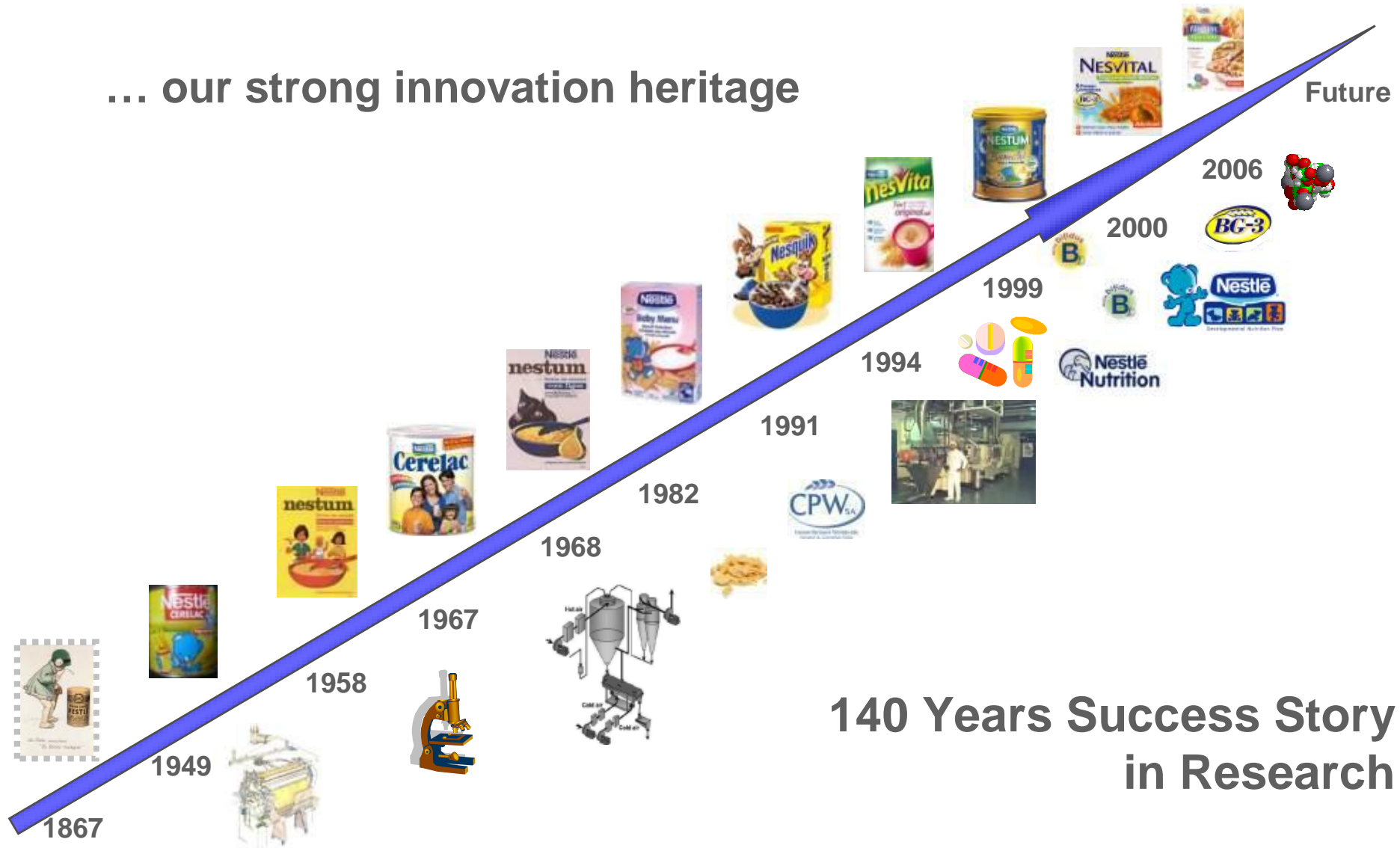


Prof. Dr.- Ing. Werner Bauer
Chief Technology Officer

Our competitive advantage is ...



... our strong innovation heritage



140 Years Success Story
in Research

Our competitive advantage is ...



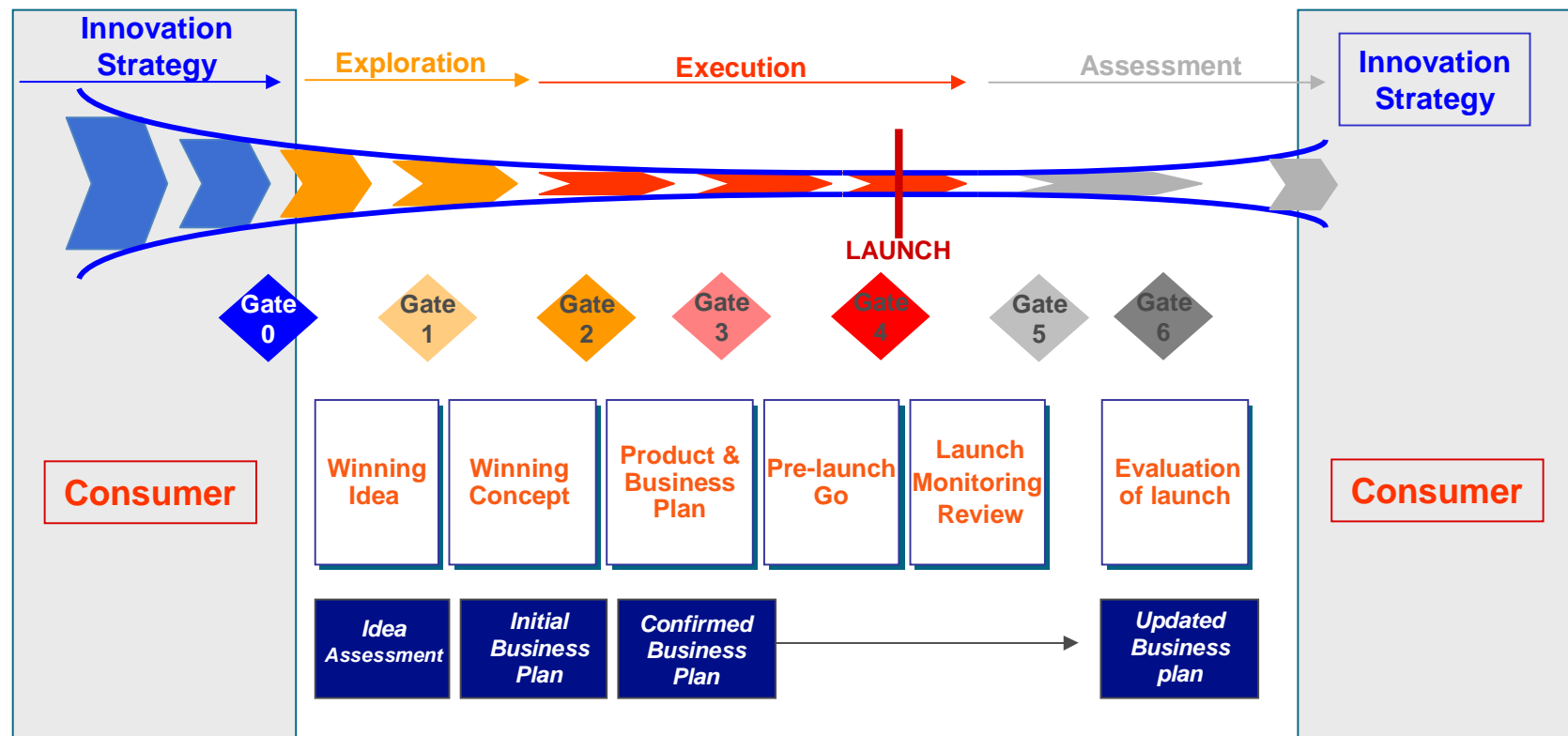
**... a clear vision for the future, based on
superior science and consumer understanding**



Good Food – Good Life!

Our competitive advantage is ...

... flawless execution that starts and ends with consumers ...



Above all, we have ...




... a strong Nutrition Business at the core of our Food and Beverage Business to strengthen

- our science-based development
- the reach of Nestlé Research
- the consumer-centric approach

Nestlé Nutrition is the catalyst for superior research

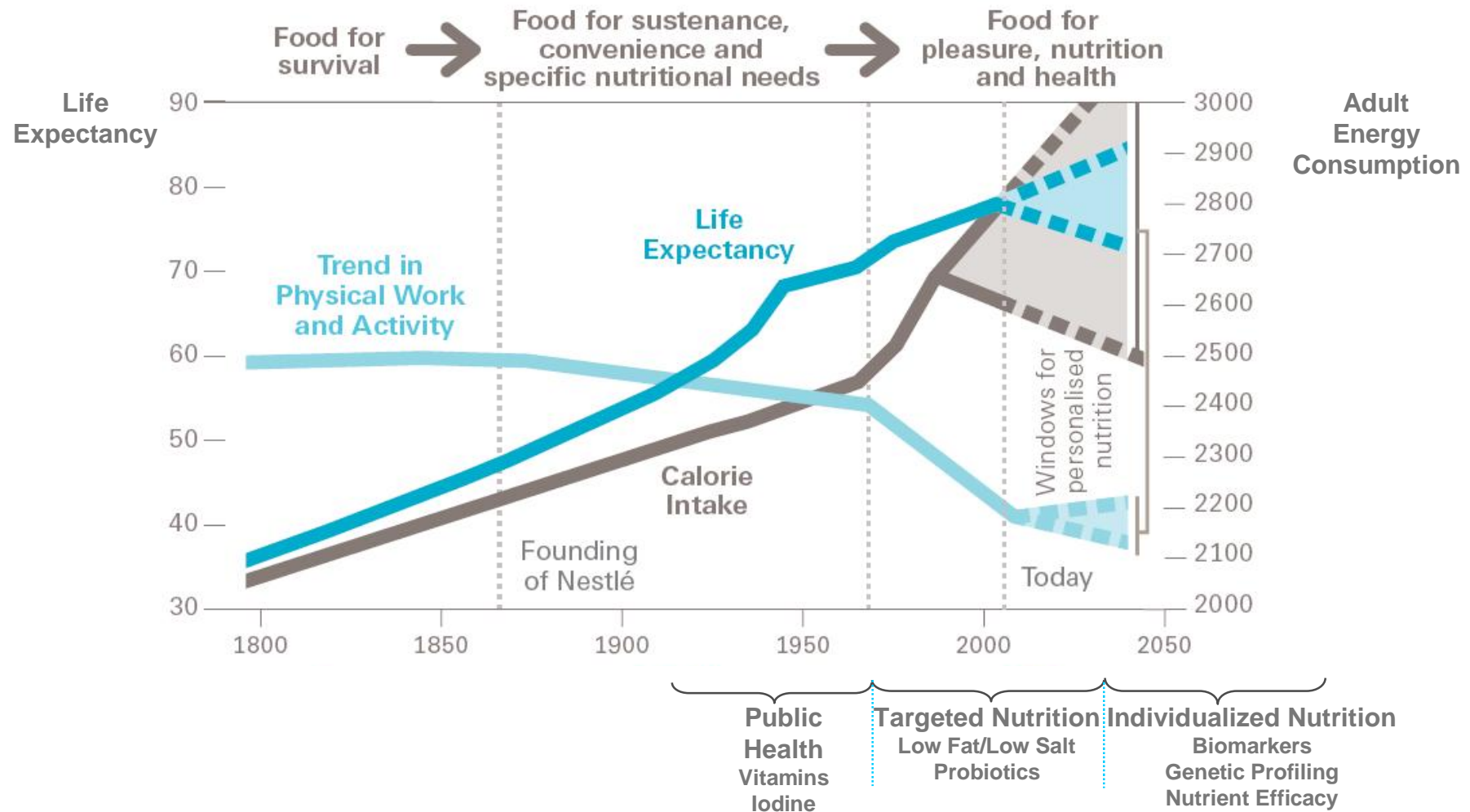


Leveraging
 **Nestlé**
Scale



Innovating the  Nestlé
Food & Beverage Business

Changes in nutritional concepts



In Nestlé products, health benefits are provided by science



Vitality /
Protection



Immunity &
Protection



Heart Health



Long-Lasting
Energy



Easy
Digestion



Intestinal Health



Growth &
Development



Building Stronger
Bones



Energy Release



Cholesterol
Control



Long-Lasting
Alertness



Feeling Good,
& It Shows



'Refuelling'
Growth



Helps Keep Calcium
in your Bones



Gut
Comfort

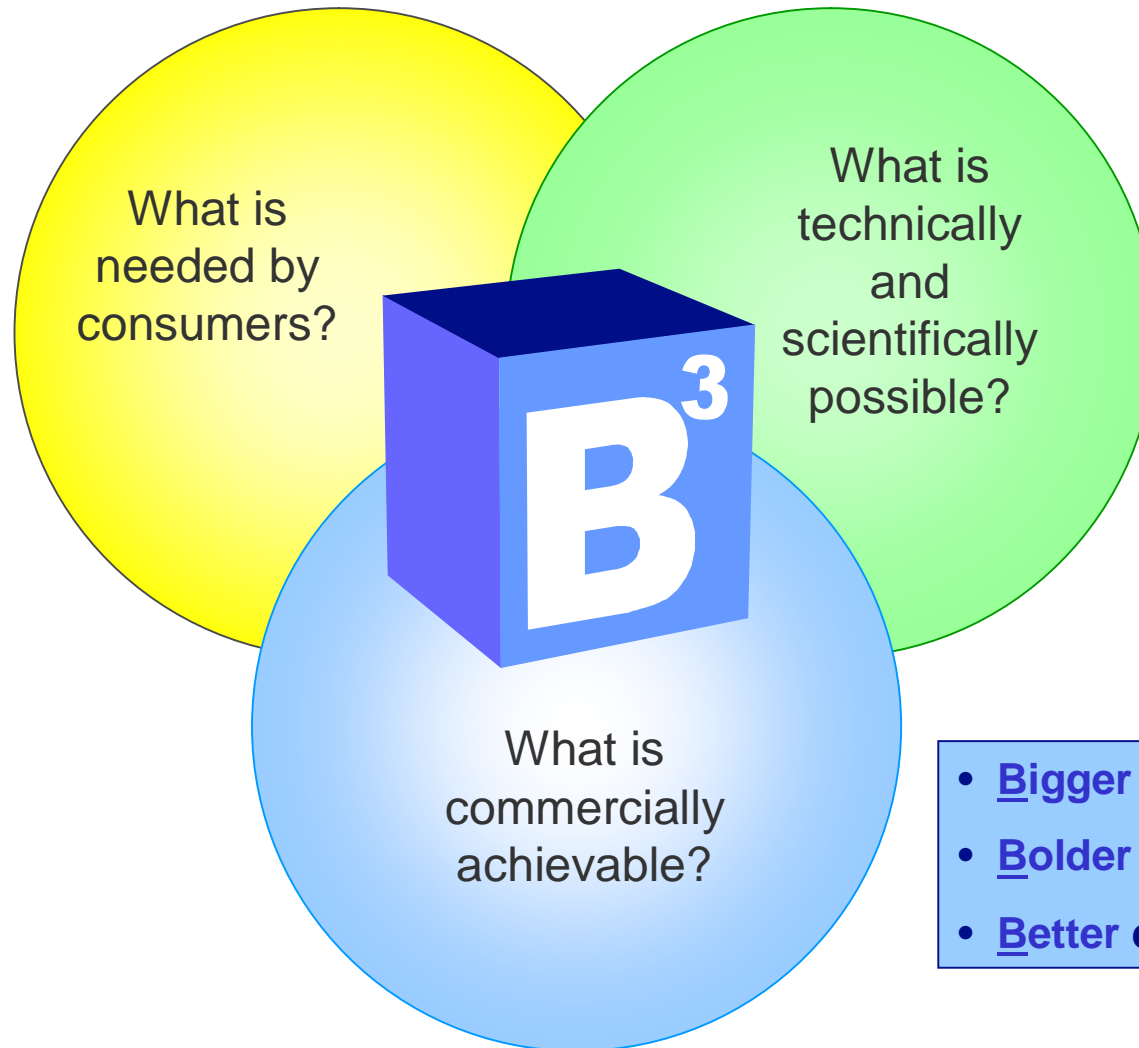
**Branded Active
Benefits
are science-based**





How do we make it happen ?

The Nestlé Innovation Model



- **Bigger opportunities**
- **Bolder initiatives**
- **Better execution**

Success factors for Bigger, Bolder, Better innovation



Bigger opportunities

- Focus on key brands
- Fewer and Bigger projects
- Consumer centric around opportunities

Bolder initiatives

- Leading science and new technologies
- New systems, routes to market, business models, businesses

Better execution

- Early involvement of all key functions
- Speed to market, rigorous deployment
- Clear organization and processes, best practices and tools
- **Decisiveness, consistency and continuity**

Nestlé vision

- Be **the** Nutrition, Health and Wellness company
- Innovation driven by **superior science and technology**
- **Understand consumer's** nutritional and emotional needs
- **Invent the future:** move faster and go beyond what the consumer tells us

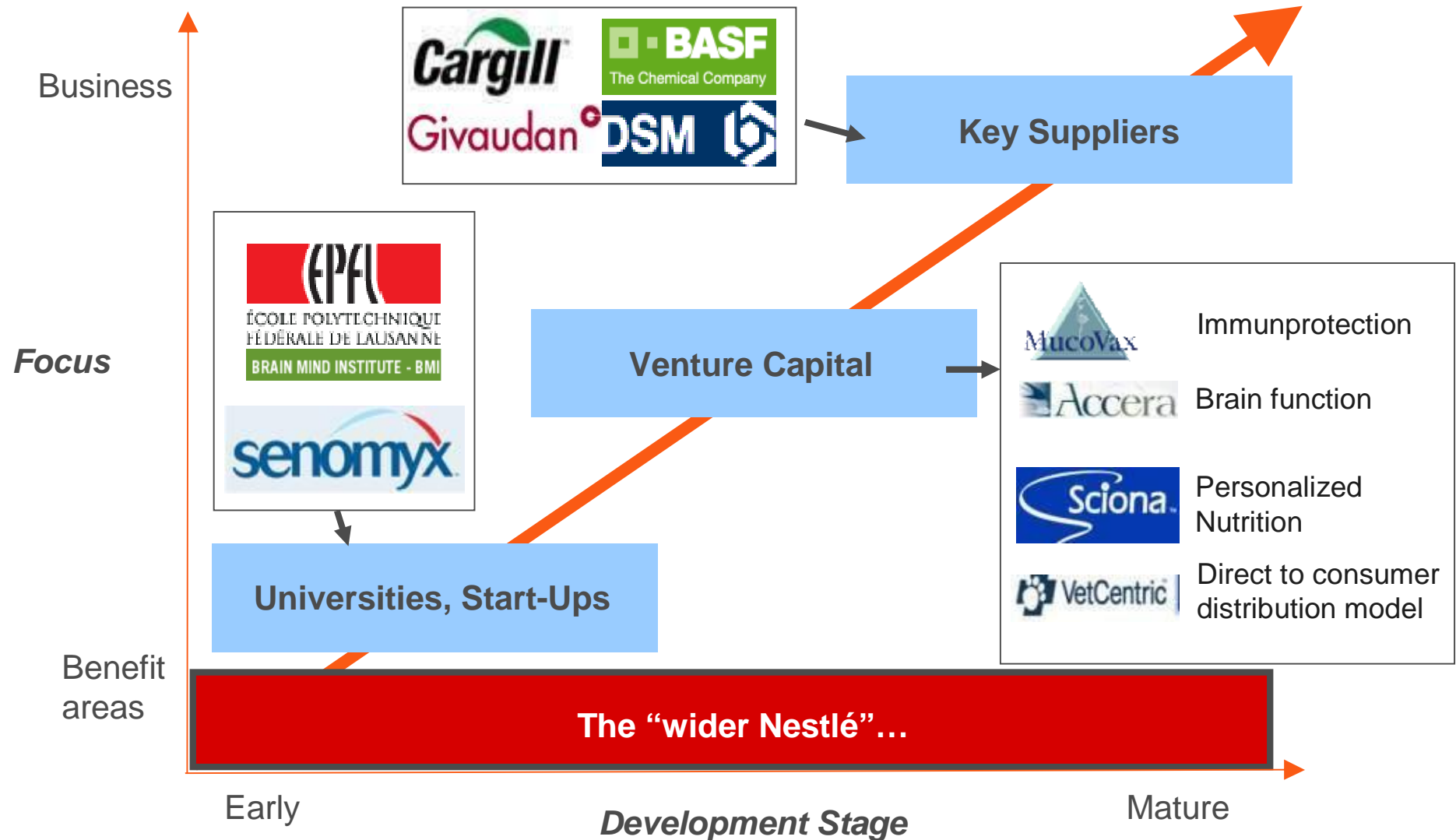
Nestlé Research vision

- Nutrition research and medical science at the core
- Science and technology as the engine of innovation
- Be **consumer centric**
- Innovation **beyond** products

Chief Technology Officer Focus

- Leading science and technology
- Consumer benefit research
- Open innovation model
- Innovation culture
- Passionate people
- Flawless Execution

Our Open Innovation model: Partnerships multiply our opportunities



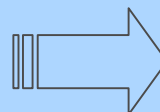
...The "wider" Nestlé ...

GALDERMA

Committed to the future
of dermatology



Skin, allergies,
infections

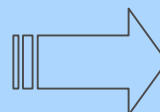


- Infant Formula to avoid skin allergies
- Skin health

L'ORÉAL

innéov

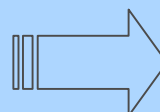
Hair, skin



- "Beauty from within"
- Skin health and protection

Alcon

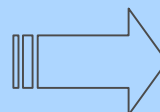
Eye, ear, nose,
throat infections



- Fight *otitis media* through Infant Formula

Sofinol

Healthy lipids



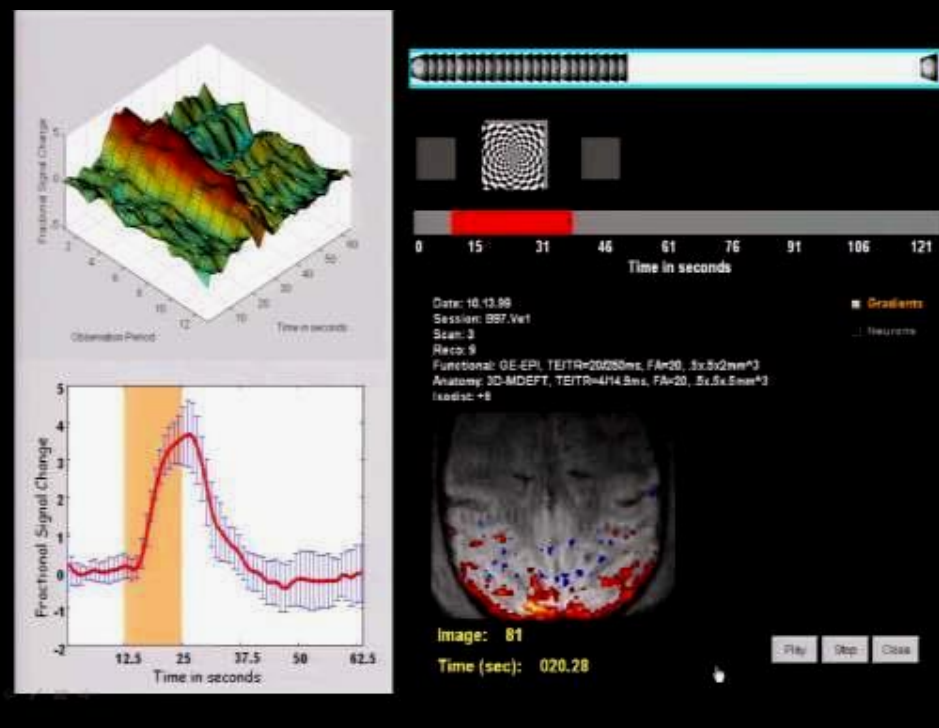
- Clinical Nutrition
- Infant Formula

University partnerships: Food and brain development



- The entire brain can be imaged according to molecular distribution
- Brain function is about fuelling and prioritization
- Nestlé has formed a partnership with the EPFL to develop the world's leading diet and brain research programme

Single Voxel Responses & Real-Time BOLD Imaging



Nikos K. Logothetis

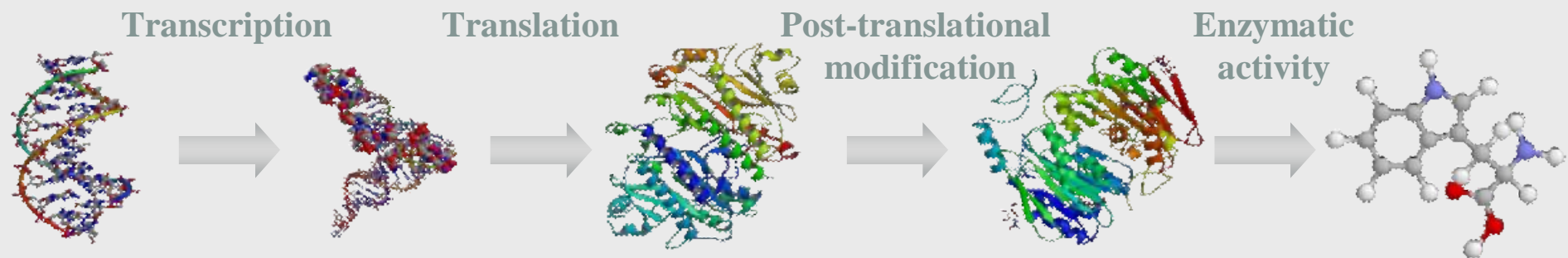
3rd Nestlé International Nutrition Symposium
Nestlé Research Center

University partnerships: Diet influences genes and the metabolism



- The genetic background of individuals plays an essential role in their pre-disposition to certain diseases
- Nestlé and INMEGEN will study the genetic make-up of and pre-disposition to food-related diseases such as obesity and diabetes

Firma de Convenio INMEGEN-NESTLÉ

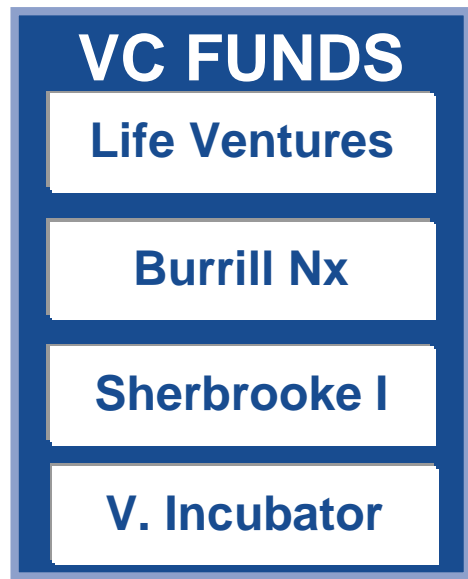


Nestlé's venture capital value chain



Access

€380 MM



- § Technology-focused
- § Concept validation
- § Early stage development

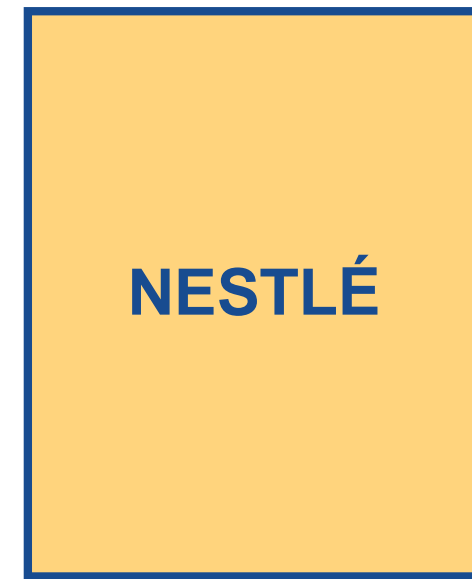
Growth

€500 MM



- § Products, services, & Route-to-Market focus
- § Mid- to late-stage investment
- § Business building

Integration



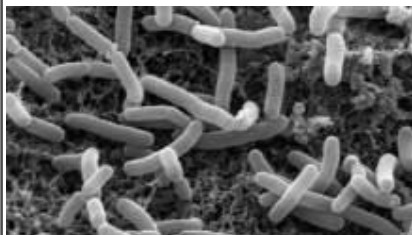
- § Businesses - Integration opportunity
- § Intellectual assets adopted to existing businesses e.g. BABs

Nestlé Research focus for nutrition research

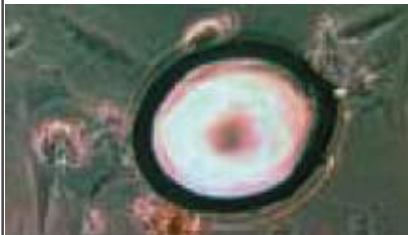


Health Benefit Areas

Protection



Weight Management



Skin Health & Beauty



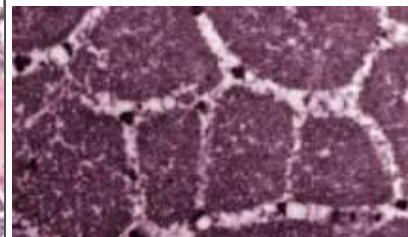
Growth & Development



Healthy Ageing



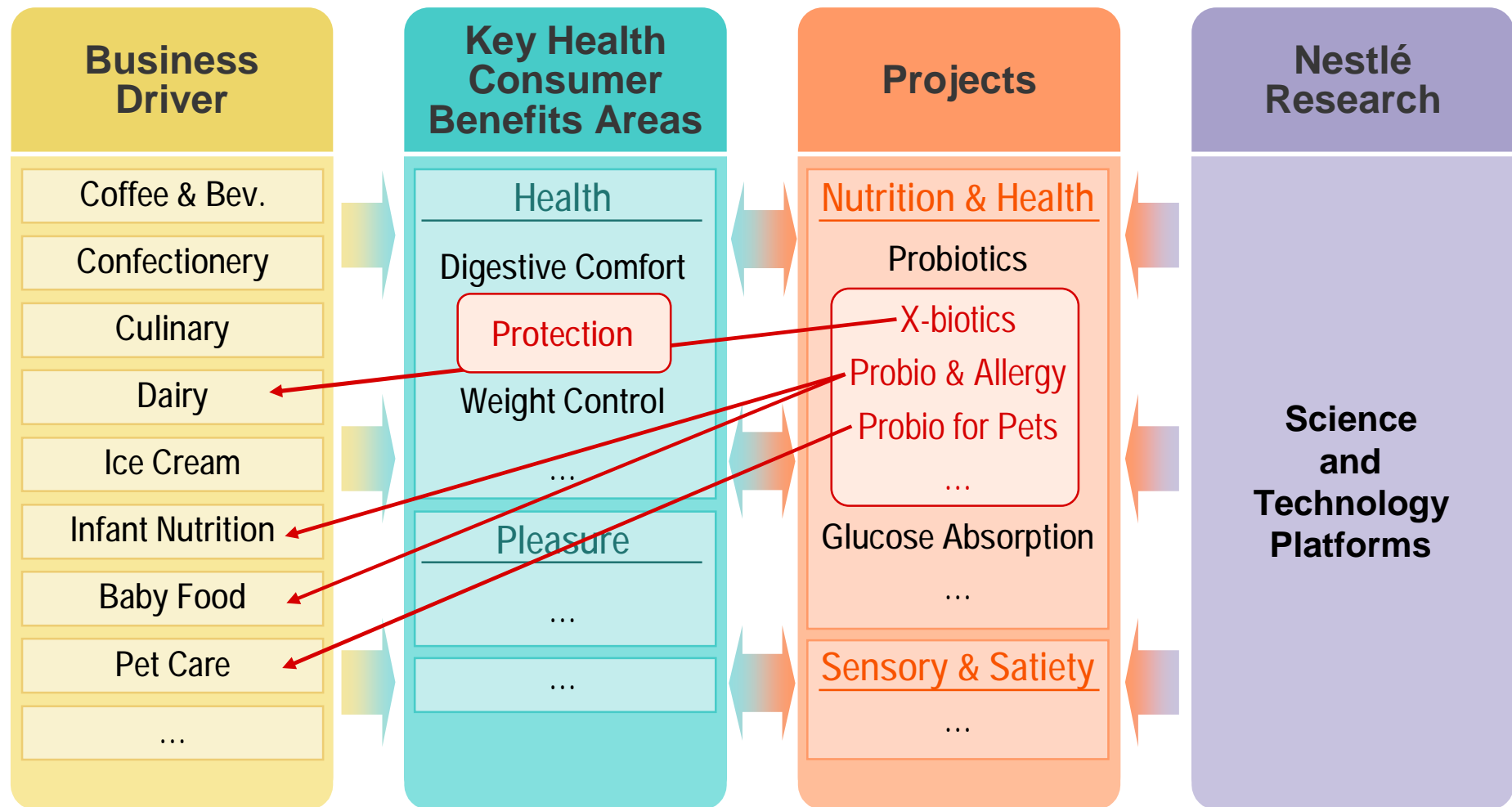
Performance



Digestive Comfort



Developing leading science and technologies to deliver Nutrition, Health and Wellness



Research pipeline to develop healthy foods: From consumer insight to healthy products



Consumer Insight

**Biologically-based
consumer insight**

Consumer behaviour:

- Psychology
- Sociology
- Anthropology



Pipelines of Research

Biological target(s)

Food grade bioactives

Animal & clinical studies

- Scientific proof of benefits
- Safety

Protection / IP



Ingredients / Foods

Formulation optimization

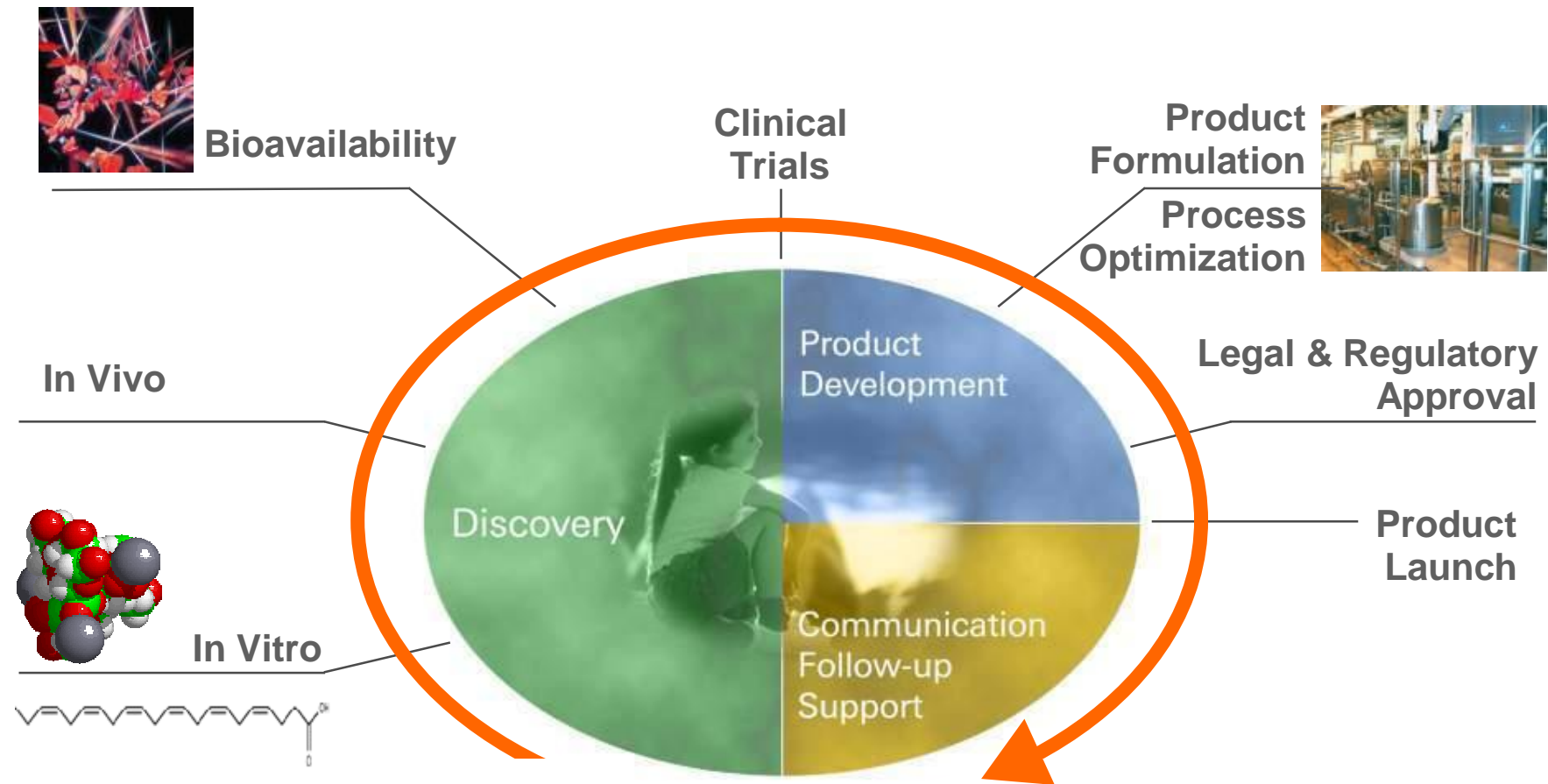
Compliance

**Regulatory approval
(Claim, Novel food...)**

Communication

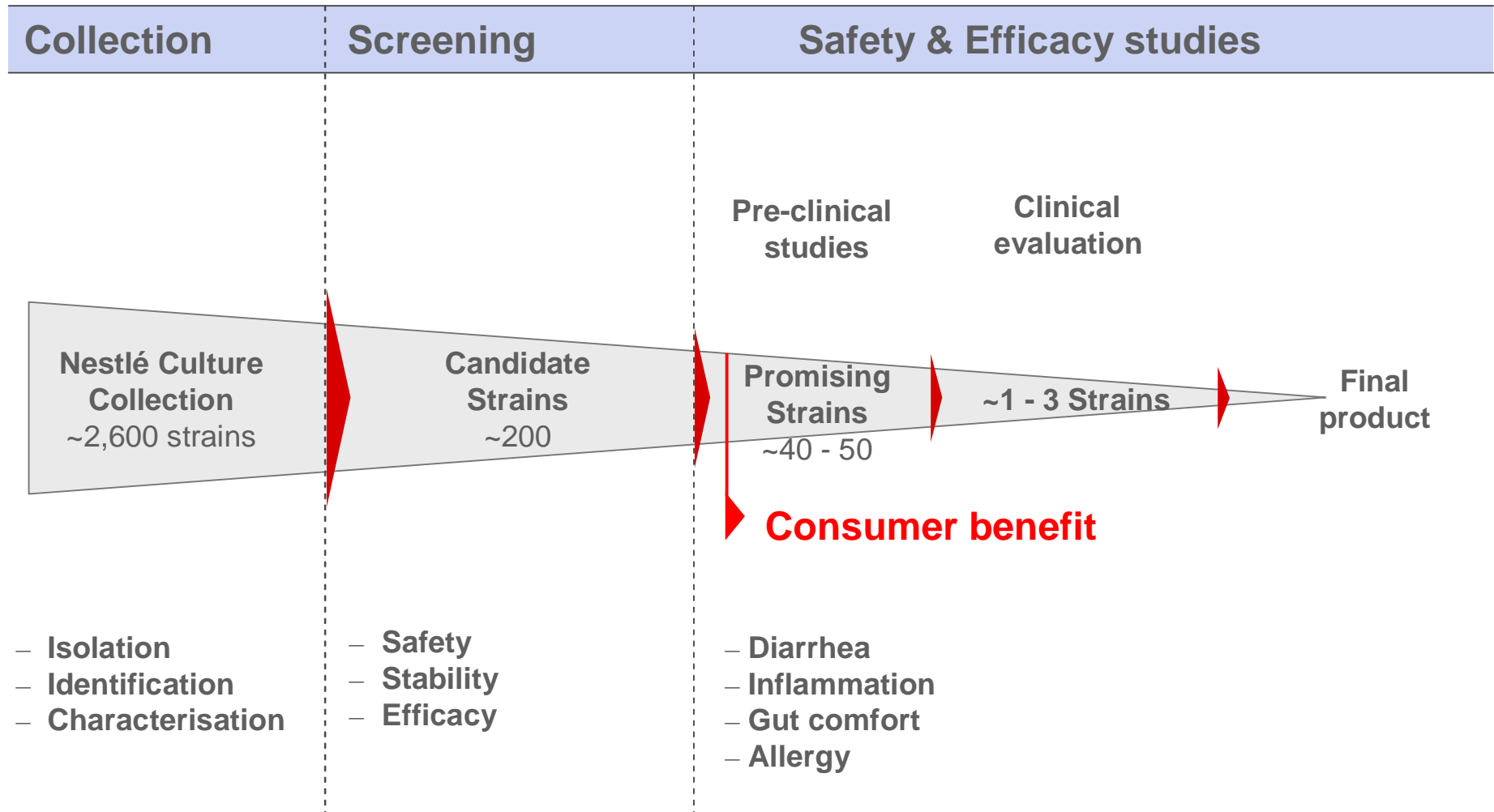


The product development pipeline for healthy foods



Making healthy people healthier

Probiotics changing the Nutrition world



One benefit for different products

Probiotics for gut protection



Goal:

Help the body's own natural defenses restore the natural balance of «good» bacteria in the gut

Benefit:

- Immunostimulation
- Competitive displacement of pathogens in the gut
- Protection against *Helicobacter pylori* infections

Probiotics for skin protection



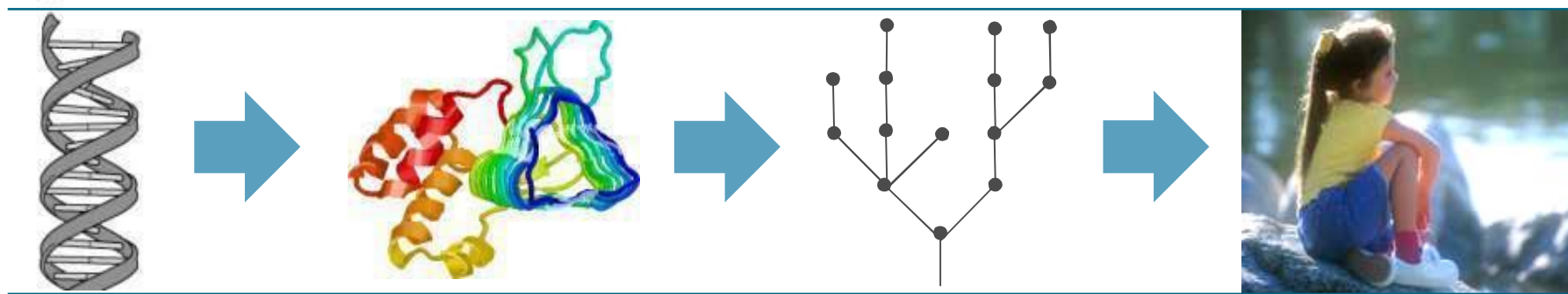
Goal:

Identify nutrients with benefits link to photoprotection

Benefit:

- Accelerated and complete recuperation of skin cell defenses after UV exposure
- Intensified tanning color
- Decreased skin sensitivity to UV

We need to master all levels of biology



Genes

Information
Genomics

Proteins

Structure/Activity
Proteomics

Metabolites

Composition
Metabolomics

Organism

Phenotype

- Develop new products targeted to the specific needs of a population
- Influence expression of specific genes, which lead to the development of foods that can improve health and wellness

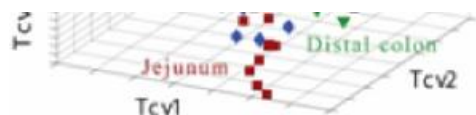
Biomarkers for metabolic disorders: Metabolomics

Gut microbiota modulates

Gastro-Intestinal Physiology

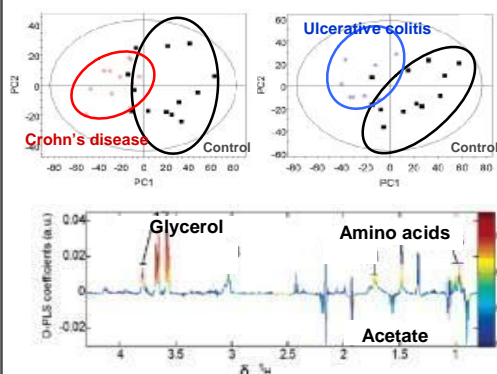
Gastro-Intestinal Disorders

Nutritional
Intervention Efficacy



Region-specific changes by probiotics influences:

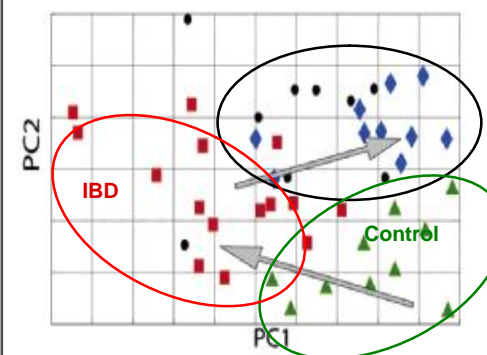
- digestion
- absorption of nutrients
- energy metabolism
- lipid synthesis and protective functions



Early diagnostics of Gastro-Intestinal disorders

- Irritable Bowel Syndrome
- Irritable Bowel Disease
- Crohn's disease

Irritable Bowel Disease with Probiotic



Closer to healthier states

Nutrigenomics offers new ways to provide optimal nutrition



Better understand health through an insight into the mechanisms of prevention and protection

Biomarkers based on genomics were used to show positive effect of the food products

Osteoarthritis leads to the expression of specific genes, which can be used as biomarkers



A diet for dogs with osteoarthritis developed from nutrigenomic research

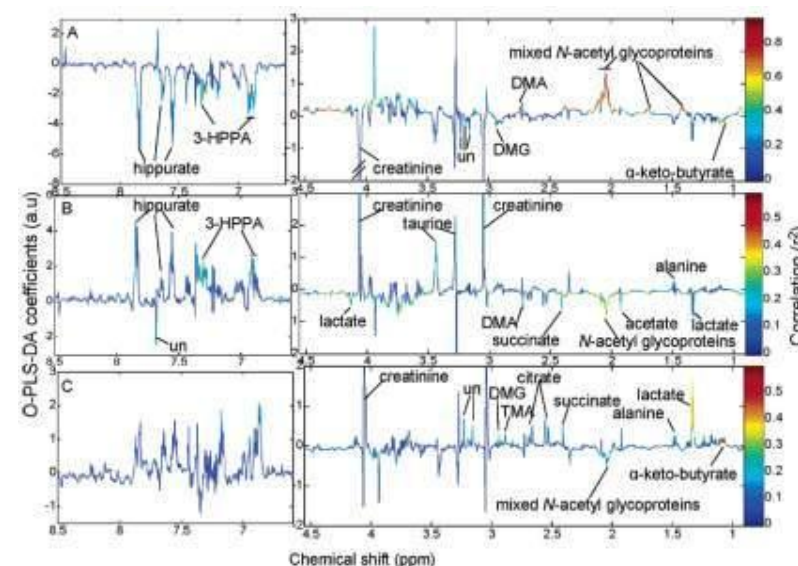
Biomarkers correlating caloric restriction on canine health and life span



Long-term restriction of energy intake has been shown to prolong life and delay age-related morbidity

Ageing and dietary restriction modify the composition or functional activities of gut microbiota

Nestlé aims to reduce the impact of age related diseases and to provide more general insights into extension of longevity in dogs



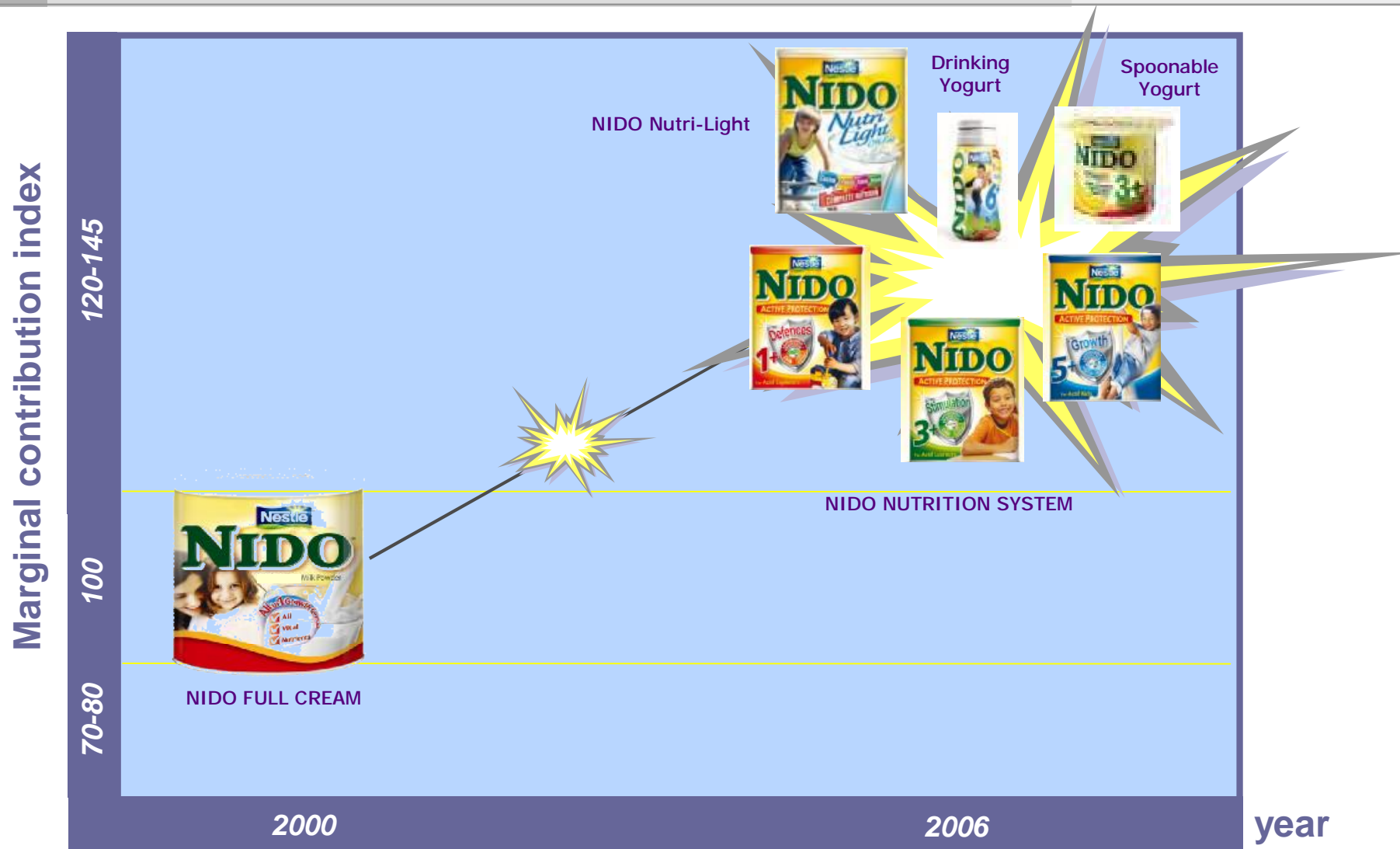
Journal of Proteome Research
Vol. 6, No. 5, 2007



How do we measure success ?

- **Consumer satisfaction and brand equity**
- **Successful innovations, rapidly rolled out**
- **Continuous improvement and renovation**
- **Taste and nutrition superiority, 60/40+**
- **Organic growth, EBIT margin and return on investment**

Strong Science supports Strong Brands



Nestlé Pure Life: building an idea into a CHF 1 billion business in 8 years



- Speed: briefed 1997, launched 1998 in Pakistan
- Rigorous deployment: roll-out in 22 markets
- Continuity in building brand equity



Nestlé Pure Life

- Safe and affordable water
- Multi-source model
- Treated and remineralized

Continuous innovation

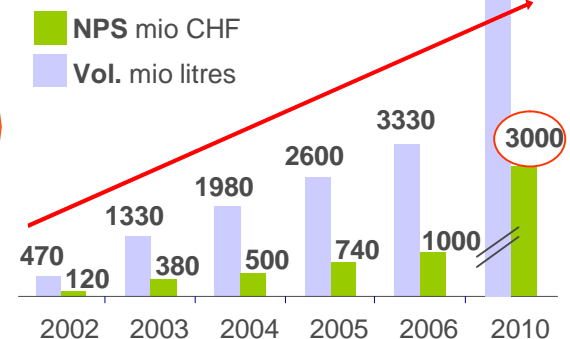
**Nestlé Pure Life
Splash** (North
America)



**Nestlé Pure
Life Limonada**
(Argentina)

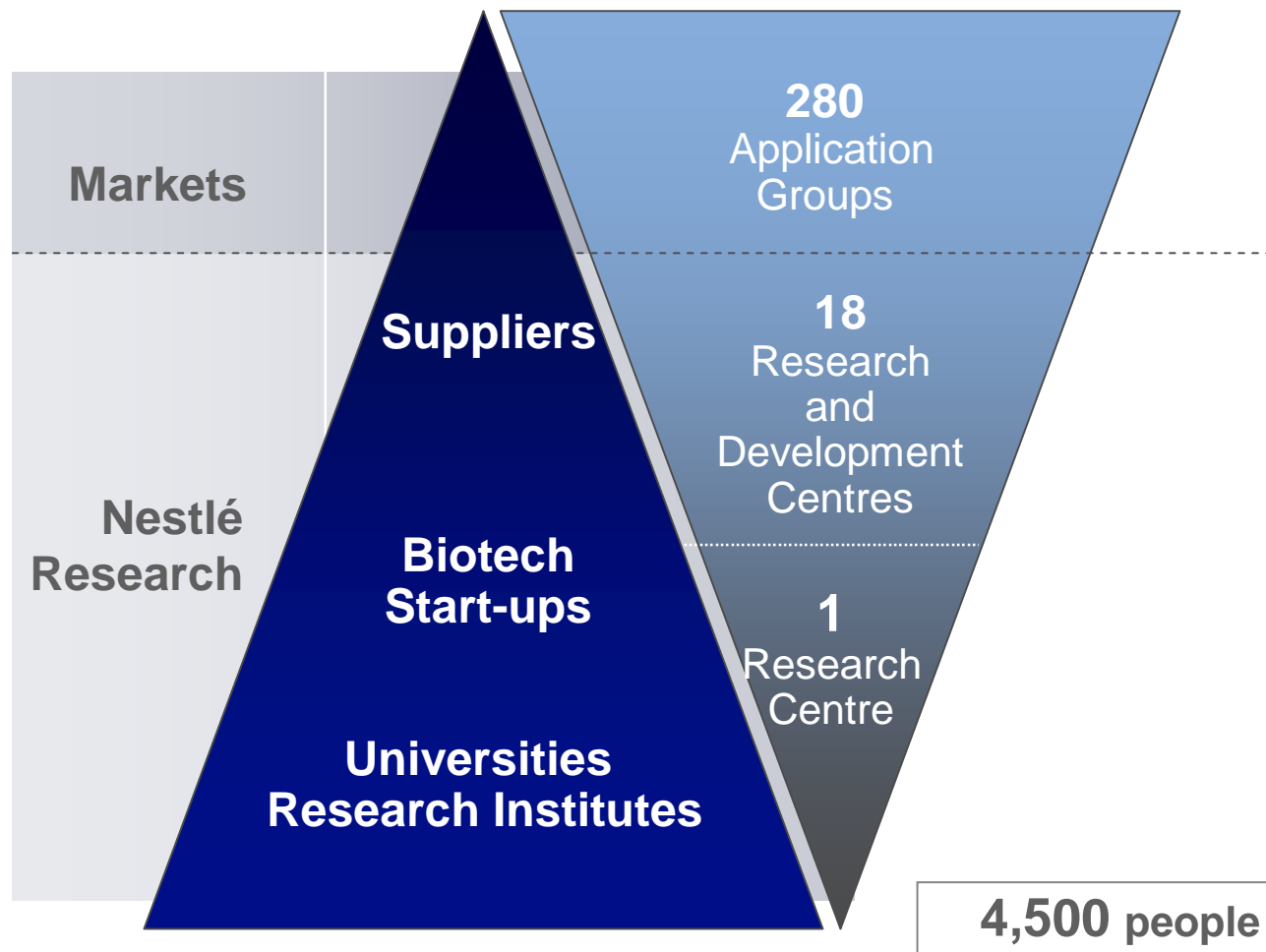


2010 vision: CHF 3 bio

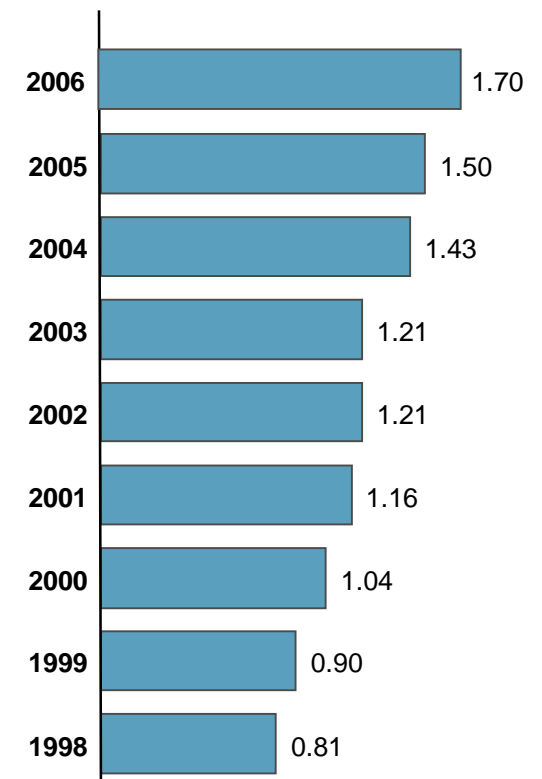


Nestlé Research

Local Relevance and global scale

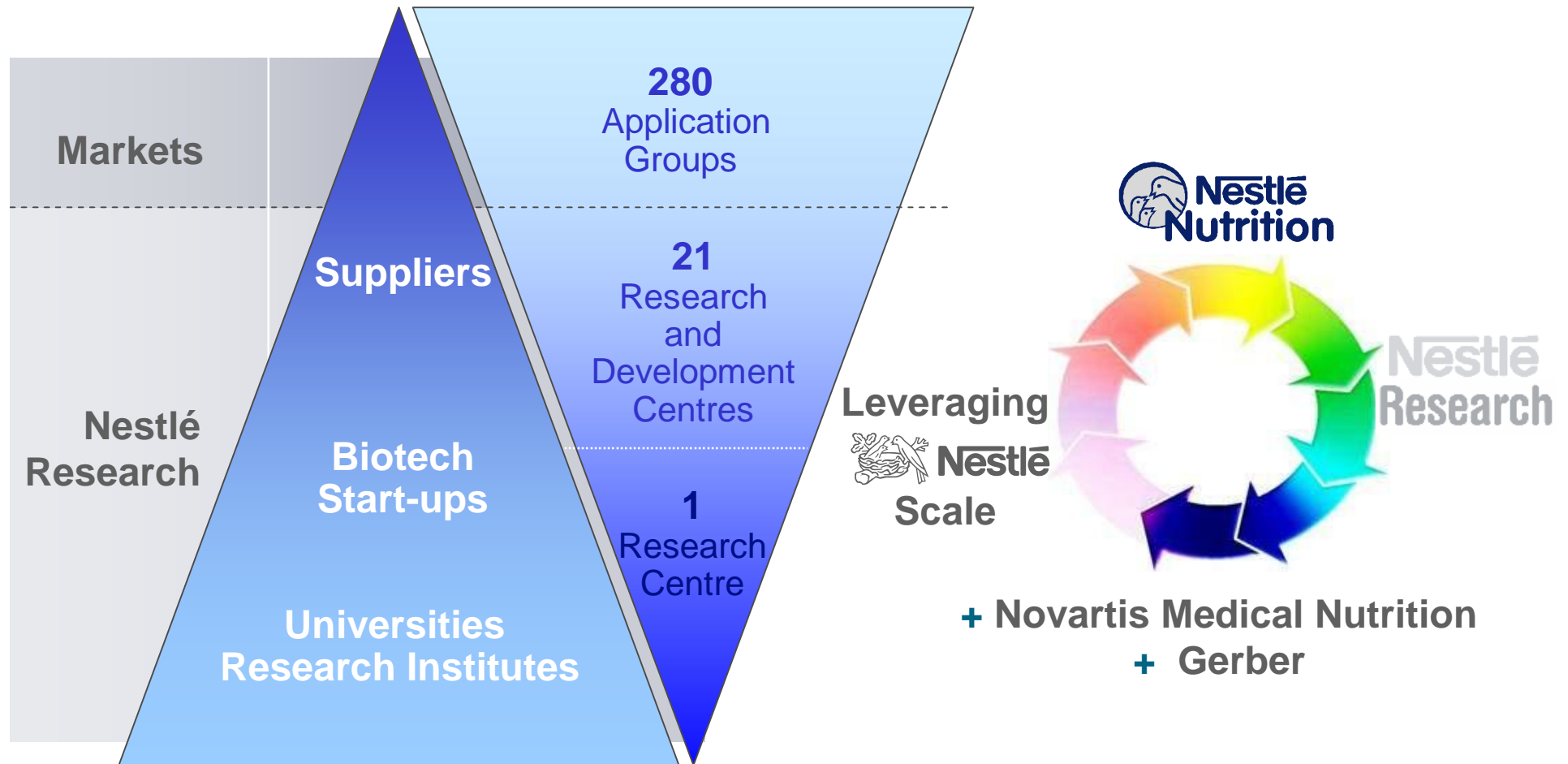


R&D Investment CHF Billion



Nestlé Research

Leveraging nutrition research



- ... building on a strong Innovation heritage**
- ... a clear vision for the future based on superior science and consumer understanding**
- ... flawless execution that starts and ends with the consumer**
- ... above all, Research is our DNA and Nutrition is the heart of Nestlé**

Nestlé Research

The Engine for Nutrition, Health and Wellness



