NESTLÉ GROUP RESULTS

FOR 2000

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

Financial overview

- Key achievements
- Momentum of value drivers

Strategic overview

- Highlights
- The four pillar strategy
- Summary 2000 and objectives 2001

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Key achievements 2000

- Strong sales growth
- Higher profit margins
- Better return on assets
- Record cash flow
- Solid equity base

On track to achieve sustainable, capital efficient and profitable long term growth

Operational highlights

- RIG of 4.4% exceeds trend target of 4%
- Operating profit margins at all time highs
- Europe achieves faster growth and better margins
- Latin America recovered remarkably
- Very strong performance of South-East Asia and China
- Chocolate shows significant improvement

Key figures
(CHF mio.)

	1999	2000	% change
Sales	74'660	81'422	9.1
EBITDA	10'987	12'516	13.9
EBITA	8'298	9'600	15.7
Trading profit (EBIT)	7'914	9'186	16.1
Net profit	4'724	5'763	22.0
Earnings per share (CHF)	122.1	149.1	22.1

Our economic framework is based on seven value drivers

High P/E Ratio

implies...

High Valuation

requires...

High Value Drivers

VALUE DRIVERS

1. SALES GROWTH
2. PROFIT MARGIN
3. WORKING CAPITAL INTENSITY
4. FIXED CAPITAL INTENSITY
5. INCOME TAX RATE
6. COST OF CAPITAL
7. VALUE GROWTH DURATION

generating...

High Growth in Economic Profit

High Growth in Free Cash Flow

which we call...

Sustainable, capital efficient and profitable long term growth

Our economic framework is based on seven value drivers

Operational

Financial

Strategic

VALUE DRIVERS

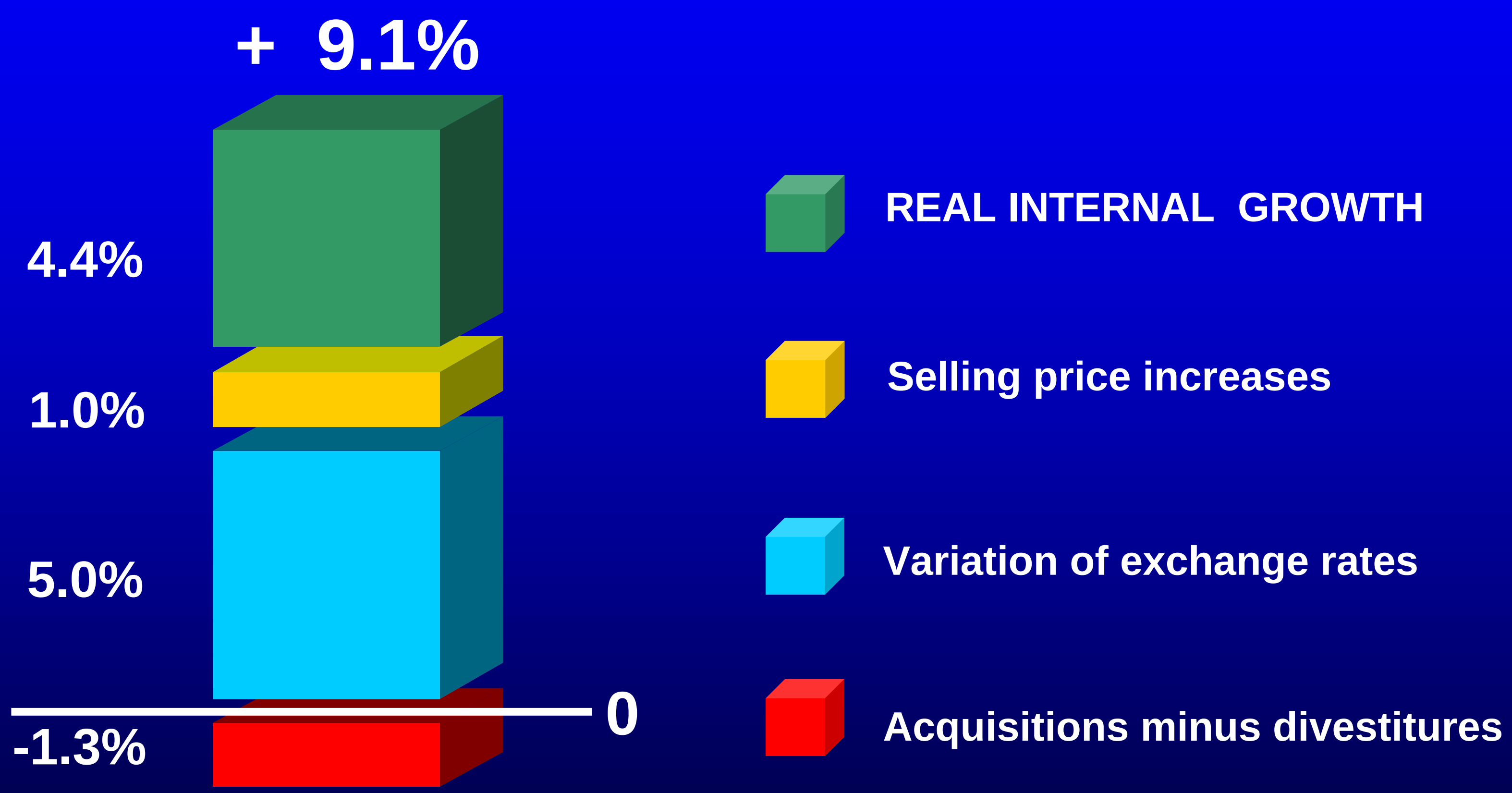
1 SALES GROWTH
2 PROFIT MARGIN
3 WORKING CAPITAL INTENSITY
4 FIXED CAPITAL INTENSITY
5 INCOME TAX RATE
6 COST OF CAPITAL
7 VALUE GROWTH DURATION

The seven value drivers

1 **SALES GROWTH**

Determining factors in the evolution of sales

Sales 2000 : CHF 81.4 billion



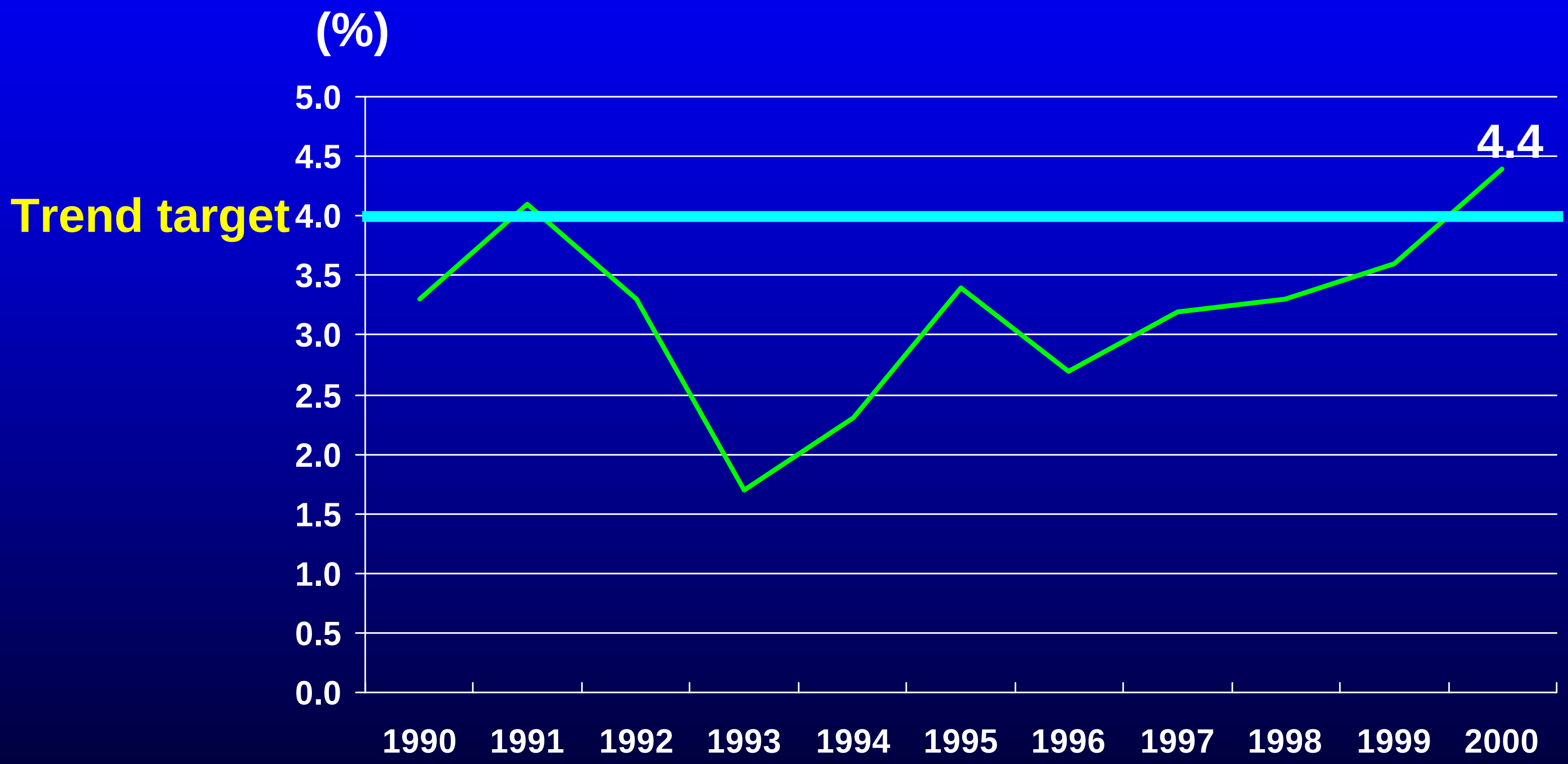
Sales growth at comparable structure and constant exchange rates:

+ 5.4%

Evolution of Determining Factors 2000

	January September	October December	January December
RIG	+ 4.2%	+ 5.0%	+ 4.4%
Change in selling prices	+ 0.7%	+1.8%	+ 1.0%
Variation of exchange rates	+ 5.7%	+ 3.1%	+ 5.0%
Acquisitions/ Divestitures	- 1.1%	- 1.8%	- 1.3%
TOTAL	+ 9.5%	+ 8.1%	+ 9.1%

Real Internal Growth exceeds 4% trend target



Weighted average exchange rates

CHF per:	January - December 1999	2000	Variation
U.S. dollar	1.51	1.69	11.9%
Euro	1.60	1.56	(2.5%)
£ sterling	2.43	2.56	5.3%
Real (100)	83.0	92.4	11.3%
Yen (100)	1.34	1.57	17.2%
Mex. Peso (100)	15.9	17.9	12.6%

Sales by management responsibilities and geographical area

CHF bio.	1999	2000	Change (%)
FOOD			
Europe	27.1	26.3	(3.0)
Americas	22.0	25.5	15.8
Asia, Oceania and Africa	13.6	15.7	15.4
OTHER ACTIVITIES	11.9	13.9	16.8
TOTAL GROUP	74.7	81.4	9.1

* Calculation based on non-rounded figures for sales. The % variations are influenced not only by the evolution of sales volumes, but also by acquisitions and divestitures, exchange rate fluctuations, and changes in selling prices.

Sales by product group

CHF bio.	1999	2000	Change (%)
Beverages	20.9	23.0	10.5
Milk products, nutrition and ice cream	19.4	22.0	13.2
Prepared dishes, cooking aids and pet care	20.2	20.6	2.2
Chocolate, confectionery and biscuits	10.2	11.0	7.6
Pharmaceutical products	4.0	4.8	19.7
TOTAL GROUP	74.7	81.4	9.1

* Calculation based on non-rounded figures for sales. The % variations are influenced not only by the evolution of sales volumes, but also by acquisitions and divestitures, exchange rate fluctuations, and changes in selling prices.

Real internal growth : Food

%	1st half 2000	2nd half 2000	2000
Total Group	4.5	4.4	4.4
Europe	1.6	3.3	2.5
Western Europe	0.9	2.3	1.6
Eastern Europe	16.2	19.5	18.0
Americas	4.0	4.7	4.4
North America	2.9	3.9	3.5
Latin America	5.6	5.9	5.8
Asia, Oceania and Africa	6.3	5.8	6.0

Excluding acquisitions & divestitures

Includes CCNR

Real internal growth : Other Activities

%	1st half 2000	2nd half 2000	2000
Other activities	9.3	4.6	6.9
• Water Group	9.5	2.1	5.7
• Alcon Group	9.9	4.3	7.1
• Joint Ventures*	3.0	13.6	8.2

Excluding acquisitions & divestitures
* CPW, Galderma

Real internal growth by product group

%	1st half 2000	2nd half 2000	2000
Beverages (incl. Water)	6.6	4.6	5.6
Milk products, nutrition and ice cream	3.0	3.3	3.2
Prepared dishes, cooking aids and pet care	3.3	4.7	4.0
Chocolate, confectionery and biscuits	0.8	2.5	1.7
Pharmaceutical	9.0	5.7	7.3

External growth : major acquisitions in 2000

Company	Country	Business	Rounded Impact on sales (CHF mio.)
UCC Ueshima Coffee	Japan	Vending machine activities	390
PowerBar	USA	Performance nutrition	180
Ice Cream Partners	USA	Ice cream	165
Summit Autonomous	USA	Refractive surgery	55
Pycasa	Spain	Frozen food	40
Consomate	Mexico	Culinary	30
OTHERS			155
TOTAL			1'015

Streamlining our product portfolio:
businesses divested in 2000

Company	Country	Business	Rounded Impact on sales (CHF mio.)
Findus	Europe	Frozen vegetables/fish	(810)
MJB, Chase & Sanburn Hills	USA	R&G Coffee	(390)
Frozen potatoes	USA	Frozen food	(125)
Vismara	Italy	Processed meat	(50)
OTHERS			(385)
TOTAL			(1'760)*

* CHF 2 bio. on 12 month basis

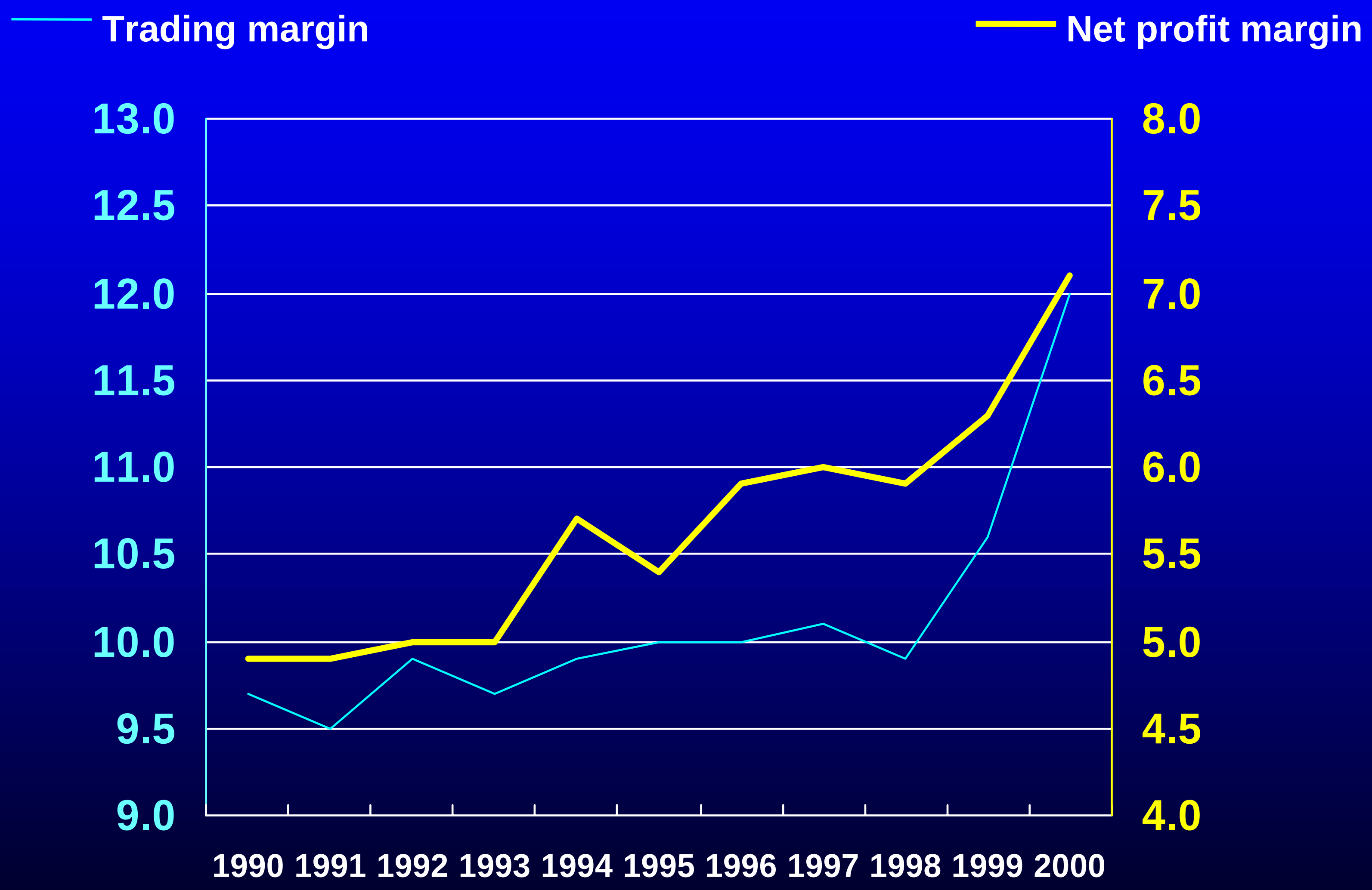
The seven value drivers

2 **PROFIT MARGIN**

Record margins

(% sales)	1999	2000	Rounded diff. basis points
EBITDA	14.7	15.4	+ 70
EBITA	11.1	11.8	+ 70
TRADING PROFIT (EBIT)	10.6	11.3	+ 70
NET PROFIT	6.3	7.1	+ 80

Trading and net profit margins (%)



Trading profit margin improvement

(% of sales, before unallocated items)*	1999	2000	Rounded diff. basis points
Food			
Europe	9.9	10.5	+ 60
Americas	12.7	13.7	+100
Asia, Oceania and Africa	16.1	17.0	+ 90
Other Activities	14.1	14.5	+ 40
TOTAL GROUP**	10.6	11.3	+ 70

* Unallocated items include mainly corporate expenses, R&D costs as well as amortisation of goodwill. Specific corporate and R&D expenses are allocated to the corresponding segment.

** After unallocated items

Trading profit margin improvement

(% of sales, before unallocated items)*	1999	2000	Rounded diff. basis points
Beverages (incl. Water)	18.0	18.7	+ 70
Milk products, nutrition and ice cream	11.2	11.9	+ 70
Prepared dishes, cooking aids and pet care	9.2	9.4	+ 20
Chocolate, confectionery and biscuits	8.7	10.6	+190
Pharmaceutical	26.9	25.3	- 160
TOTAL GROUP**	10.6	11.3	+ 70

* Unallocated items include mainly corporate expenses, R&D costs, amortisation of goodwill as well as restructuring costs. Specific corporate and R&D expenses are allocated to the corresponding segment.

** After unallocated items

Trading profit

(% of sales)	1999	2000	Rounded diff. basis points
Sales (CHF million)	74'660	81'422	
	100	100	
Cost of goods sold	(48.1)	(46.8)	+130
Distribution	(7.1)	(7.2)	- 10
Marketing and administration	(32.0)	(32.5)	- 50
R&D	(1.2)	(1.3)	- 10
Restructuring	(0.5)	(0.4)	+ 10
Amortisation of goodwill	(0.5)	(0.5)	
TRADING PROFIT (EBIT)	10.6	11.3	+ 70

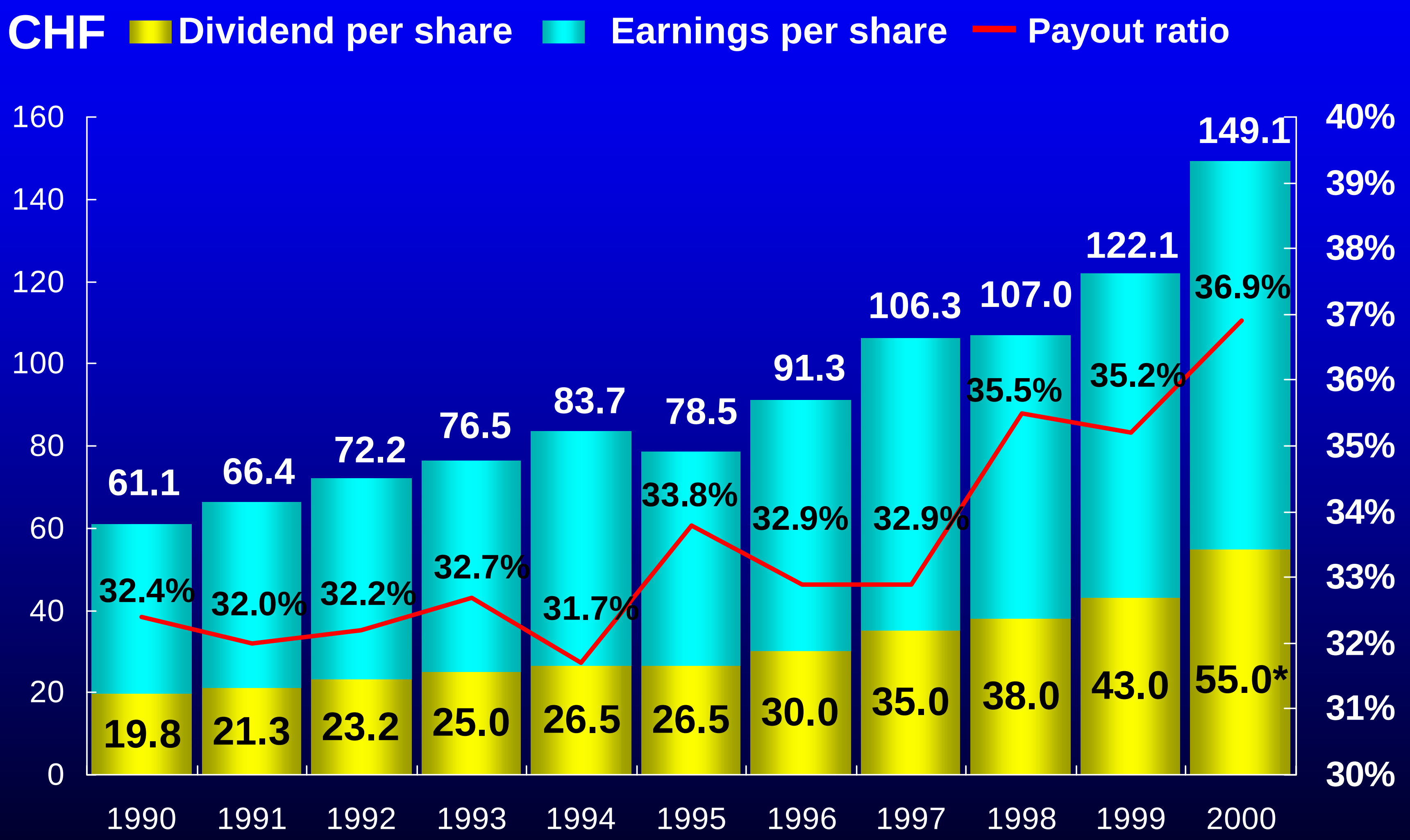
Marketing and Administration

	Actual CHF bio. 1999	Actual CHF bio. 2000	% change	% of sales 1999	% of sales 2000
Marketing expenses	17.6	19.5	10.5	23.6	23.9
Administration	6.3	7.0	11.7	8.4	8.6
Marketing and Administration	23.9	26.5	10.9	32.0	32.5

Net profit

(% of sales)	1999	2000	Rounded diff. basis points
TRADING PROFIT (EBIT)	10.6	11.3	+ 70
Net financing cost	(1.3)	(0.9)	+ 40
Net non-trading expenses	(0.1)	(0.1)	
Taxation	(3.1)	(3.4)	- 30
Outside interests	(0.3)	(0.3)	
Associated companies	0.5	0.5	
NET PROFIT	6.3	7.1	+ 80
Tax as a % of pre-tax profit	33.7	33.1	

Earnings and dividend per share



* proposed

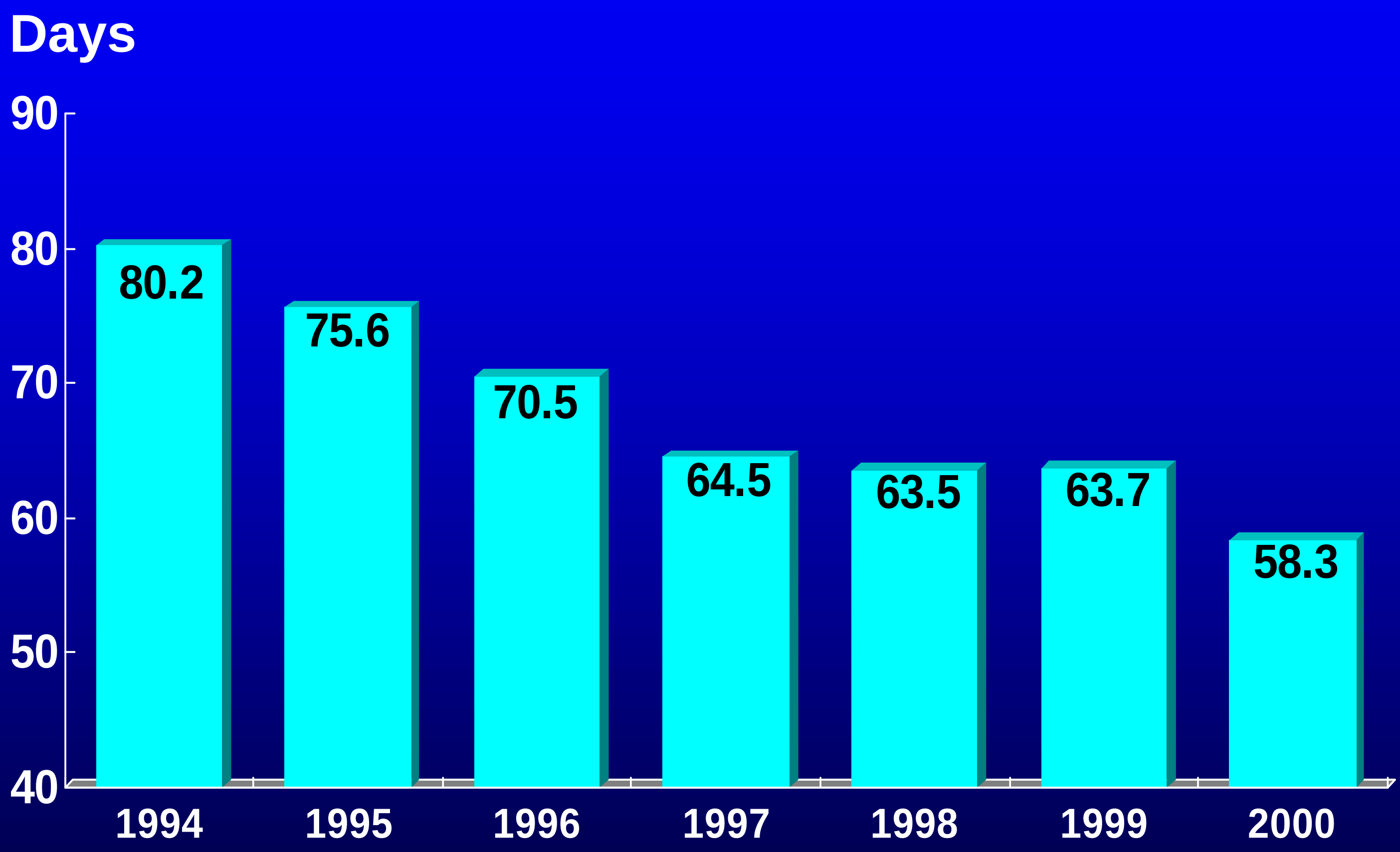
The seven value drivers

3 **WORKING CAPITAL INTENSITY**

A leaner supply chain

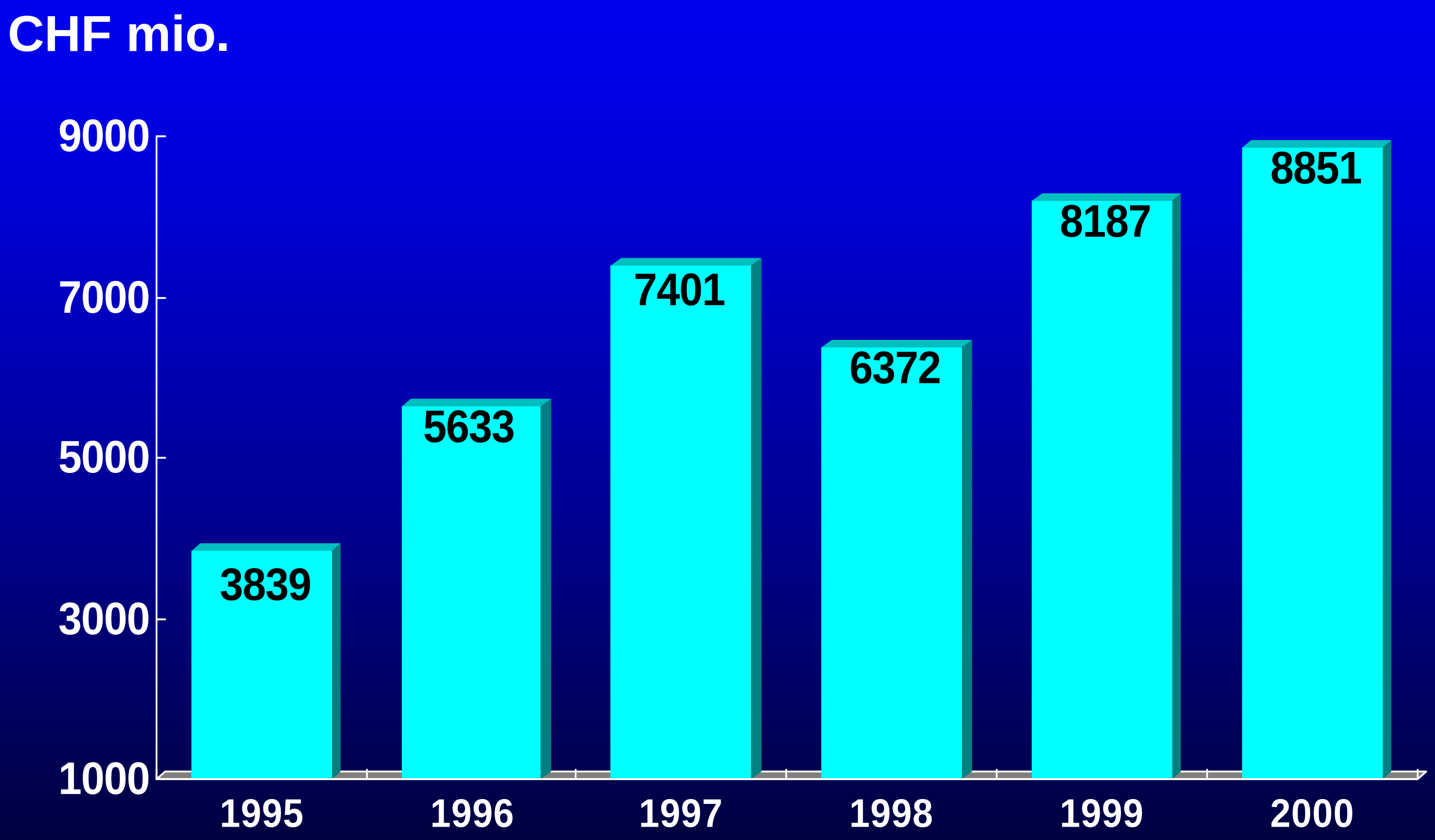
CHF mio.	31.12.1999	31.12.2000
Trade receivables	10'148	10'361
Inventories	7'383	7'168
Less : trade payables	(5'815)	(6'170)
Net capital tied up	11'716	11'359

Cash conversion cycle accelerates



*** (AVG trade receivables/sales * 365) + (AVG inventory/ COGS * 365) - (AVG trade payables/ COGS * 365)**

Healthy operating cash flow



Compound annual growth rate 1995-2000 18.1%

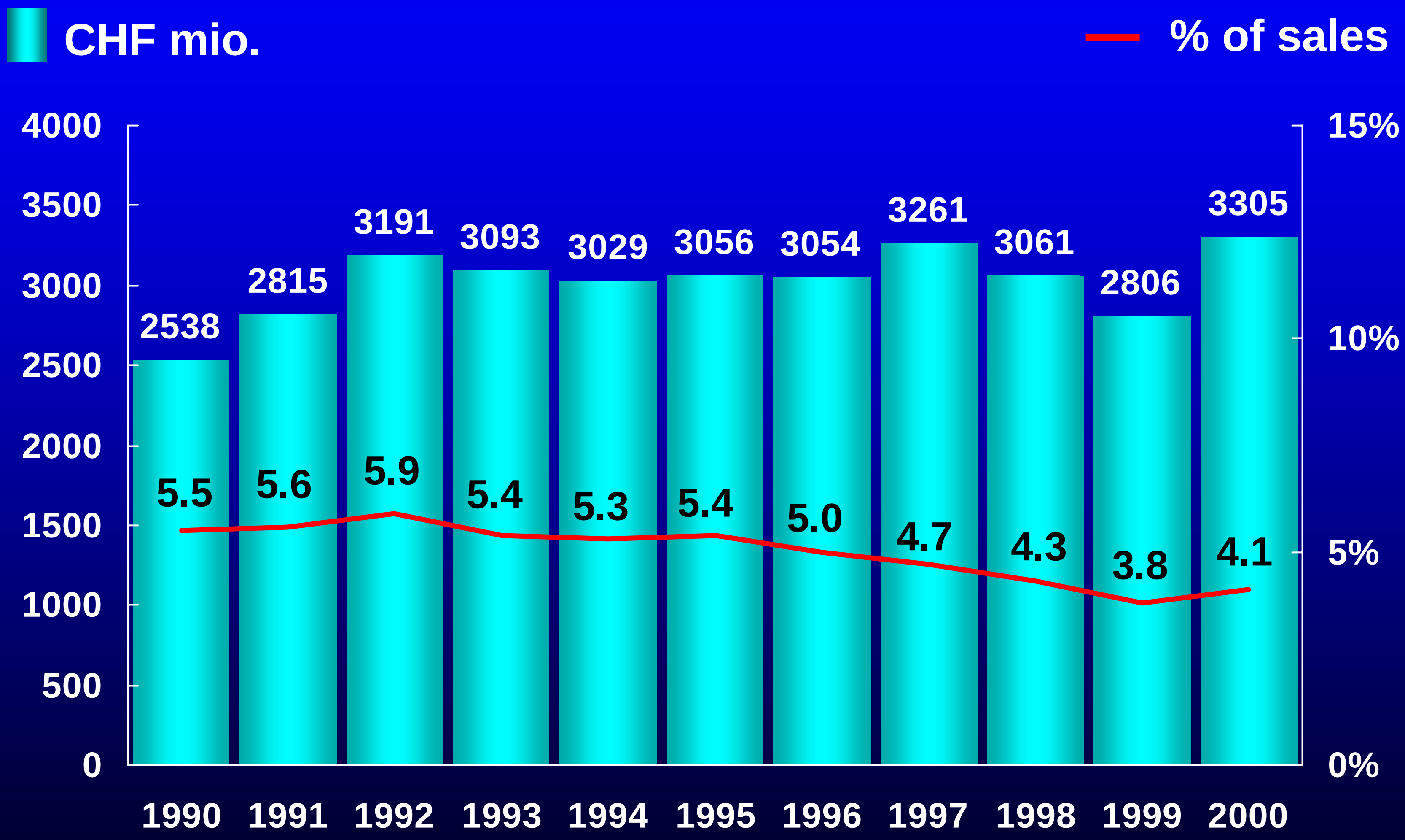
The seven value drivers

4 FIXED CAPITAL INTENSITY

Tangible fixed assets are down

CHF mio.	31.12.1999	31.12.2000
Gross tangible fixed assets	44'014	43'519
Less : accumulated depreciation	(24'796)	(24'894)
NET TANGIBLE FIXED ASSETS	19'218	18'625

Investment in fixed assets



Return on average allocated assets* improves groupwide

(%)	1999	2000
FOOD		
Europe	18.6	20.2
Americas	27.6	33.6
Asia, Oceania and Africa	32.5	38.7
OTHER ACTIVITIES	24.9	26.6

* Per Note 1 "Segmental information"

Return on average allocated assets*

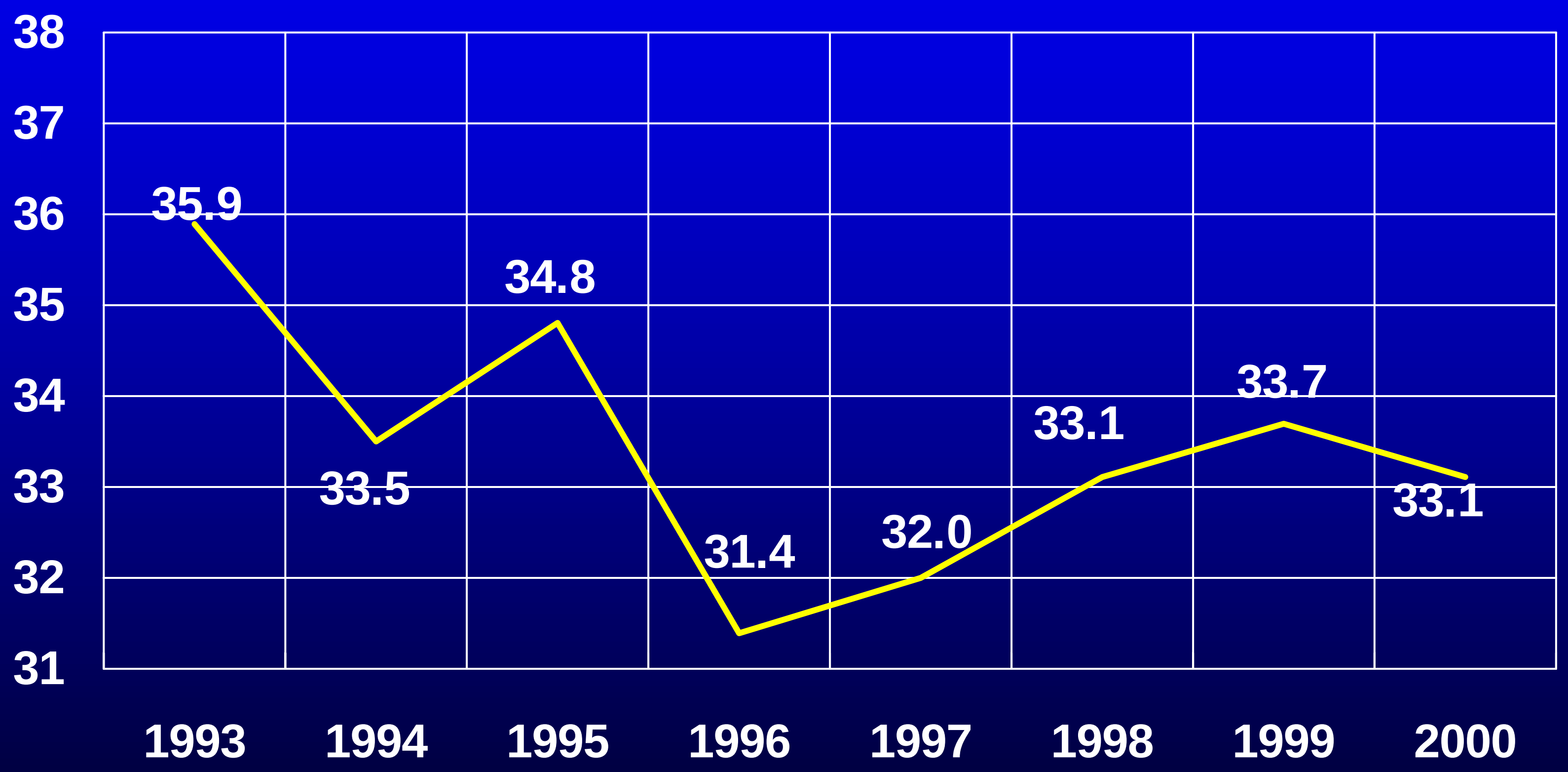
(%)	1999	2000
Beverages (incl. Water)	38.0	41.6
Milk products, nutrition and ice cream	20.2	23.9
Prepared dishes, cooking aids and pet care	19.2	20.6
Chocolate, confectionery and biscuits	14.3	18.4
Pharmaceutical	51.6	50.6
GROUP RETURN**	20.5	23.2

* Per Note 1 "Segmental information"
** Net of unallocated items

The seven value drivers

5 **INCOME TAX RATE**

Evolution of tax
(as % of pre-tax profit)



The seven value drivers

6 **COST OF CAPITAL**

Evolution of net indebtedness*

* Total financial liabilities minus liquid assets.
Liquid assets do not include the carrying value of treasury shares (CHF 2.6 bio. at year-end 2000)

The Ralston Purina transaction

- Will add net debt of USD 11.7 bio. (CHF 18.7 bio. at 1.60 CHF vs. USD)

- Will have favourable impact on the Group's weighted average cost of capital

A strong equity base

CHF billion	June 30th 1999	Dec. 31st 1999	June 30th 2000	Dec. 31st 2000
Share capital and reserves	24.4	27.5	29.4	32.5
Less treasury shares	(2.2)	(3.0)	(3.0)	(2.6)
Equity	22.2	24.5	26.4	29.9
As a % of total assets	38.2%	41.5%	42.4%	45.6%

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Highlights - Europe

- Exceeded RIG target with 2.5%
- Profitability at all time high (10.5% of sales)
- Eastern Europe RIG remained strong (18%)
- France, Spain, Portugal and Friskies Europe were RIG highlights
- Disposal of Findus

Highlights - the Americas

- Exceeded RIG target with 4.4%
- Good increase in profitability to 13.7% of sales
- Good RIG performance in the US
- Nearly all Latin American markets performed well
- Canada ice cream issues now behind us

Highlights - Zone AOA

- Achieved RIG of 6%
- Profitability increased to 17% of sales
- Strong RIG performance from Asia and Africa
- ASEAN recovery continued
- China beat expectations
- Zone restructuring is on track

Highlights - Other activities

- Achieved RIG of 6.9%; profitability of 14.5% of sales
- Impact of price increases
  - Alcon at the end of H1 2000
  - Water in H2 2000
- Water impacted by poor Summer weather
- Summit Autonomous in line with expectations
- CPW performed well; driven by product launches
- Galderma had another strong year

Highlights - Beverages

- RIG of 5.6%; profitability 18.7% of sales
- Excellent performance by coffee
- Nesquik, Milo and Nespresso performed well
- Good progress with RTD tea
- Reorganisation of CCNR joint venture
- Acquisition of UCC Vending

Highlights
Milk products, nutrition and ice cream

- RIG of 3.2%; profitability of 11.9% of sales
- Milk products performed well, particularly in Latin America
- Shelf stable dairy products grew well
- Snow Brand marketing joint venture progressing
- Ice cream in profit, as forecast
    - Russia, US, Mexico, South America highlights
- Haagen Dazs an opportunity

Highlights - Nutrition

- RIG of 7.2%; actual sales growth of 17%
- Sales of products with Branded Active Ingredients (BAI) grew 34%
- Excellent pipeline of trials, new products and extensions
- French "Homecare" clinical nutrition trials started successfully
- PowerBar integration going well; progress in 2000

Nutrition - 2000 results

		1999	2000	change
Nutrition Sales (CHF bio.)		4.2	5.0	17.0%*
RIG		5.6%	7.2%	
of which - Infant	RIG	5.0%	7.1%	
- Clinical	RIG	14.0%	12.2%	
- Performance	RIG	7.0%		6%**
Products with BAI (CHF bio.)		0.410	0.550	34.0%

* +13% without of the impact of PowerBar

** Sweet Success excluded

Clinical Nutrition
Home-Care Project (France)

Home based
Tube-Fed Patients

Dedicated
"Nestlé Home-Care"
Organisation :
- dieticians
- nurses

Nestlé NUTRITION HomeCare

Full Service :
- home delivery of diets & devices
- patient family training
- co-ordination with patient's doctor
- hot-line

Supply Chain

Highlights
Prepared dishes, cooking aids and pet care

- RIG of 4%; profitability of 9.4% of sales
- Improving trend in profitability continued
- Pet care profitability decreased slightly due to competitive situation in North America
- Dehydrated and frozen/chilled performed well
- Stouffer's continued to take market share
- German market performed well in "Food"
- Findus switch to Maggi going well
- Looking forward to integrating Ralston Purina

Highlights - Ralston Purina

Sales(1):	$2,763 M
EBITDA(1) :	$657 M

NORTH AMERICAN PET FOOD	INTERNATIONAL PET FOOD	GOLDEN PRODUCTS
Sales: $2,068M	Sales: $447M	Sales: $248M
Largest producer of dry dog food and dry and soft moist cat foods	Operations in Europe, Latin America, Asia and Oceania	Cat litter business in North America

A high performance business

(1) Year ended 30/09/00

Highlights
Friskies and Ralston Purina

- World class pet care brand portfolio
- Strong credibility with pet owners and key influencers
- Excellent geographic fit
- Broad coverage of the key pet care segments with strong market positions
- Low cost, global product supply base
- Strong management with proven track records
- Significant financial upside

Highlights
Chocolate, confectionery and biscuits

- RIG of 1.7%; profitability of 10.6% of sales
- Excellent improvement in profitability (32%)
- Chocolate was the catalyst for improvement
- Good performance in Eastern Europe, Asia and North America
- Past investment in the developing world is paying dividends
- Chocolate gained market share across the globe
- Focus on improvement continues

The seven value drivers

7 **VALUE GROWTH DURATION**

Value growth duration

The ability to deliver sustainable returns above the weighted average cost of capital

via

The four pillar strategy

Operational efficiency
Innovation and renovation
Whenever, wherever, however
Consumer communication

Four strategic priorities

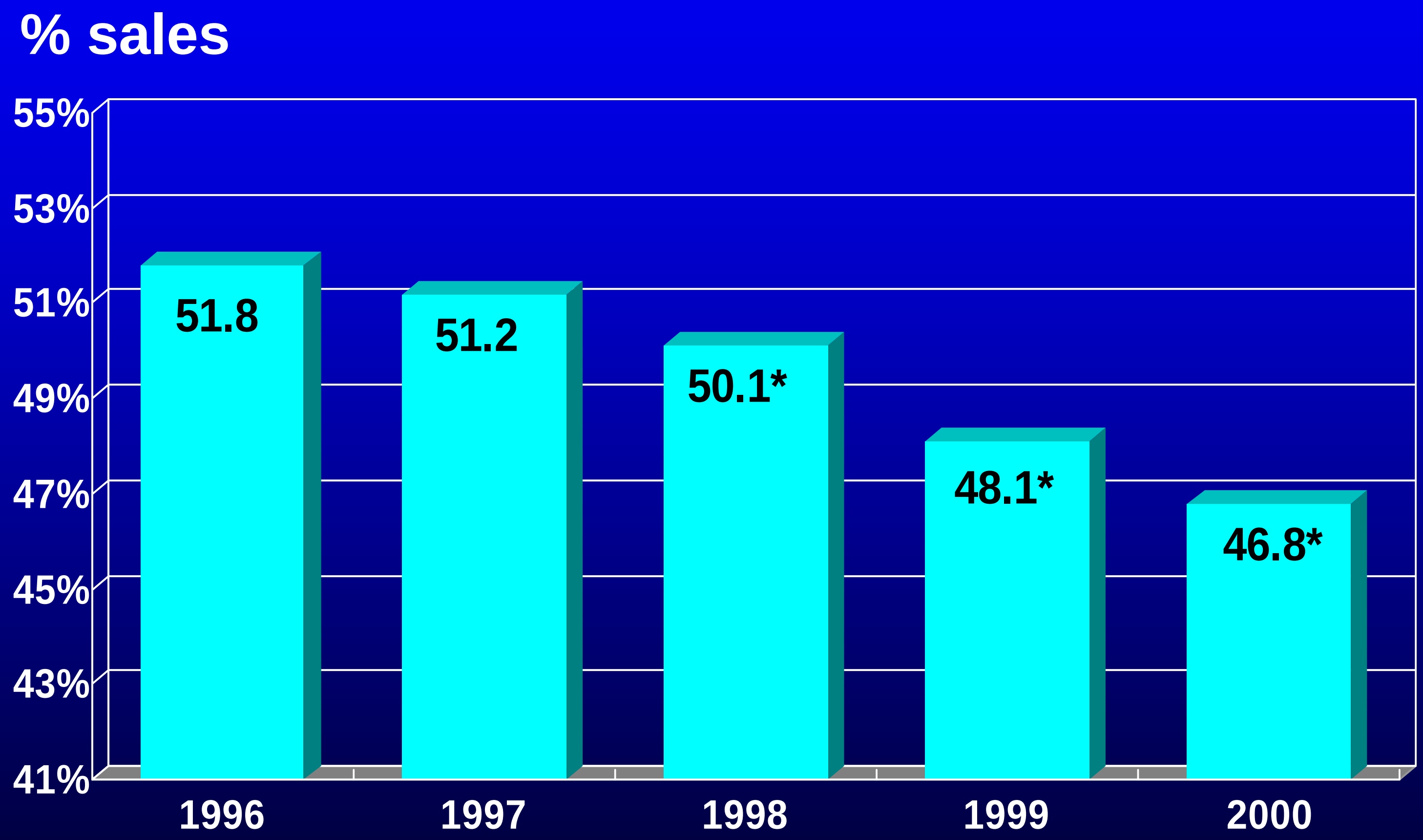
1. Operational efficiency

2. Innovation and renovation

3. Whenever, wherever, however

4. Consumer communication

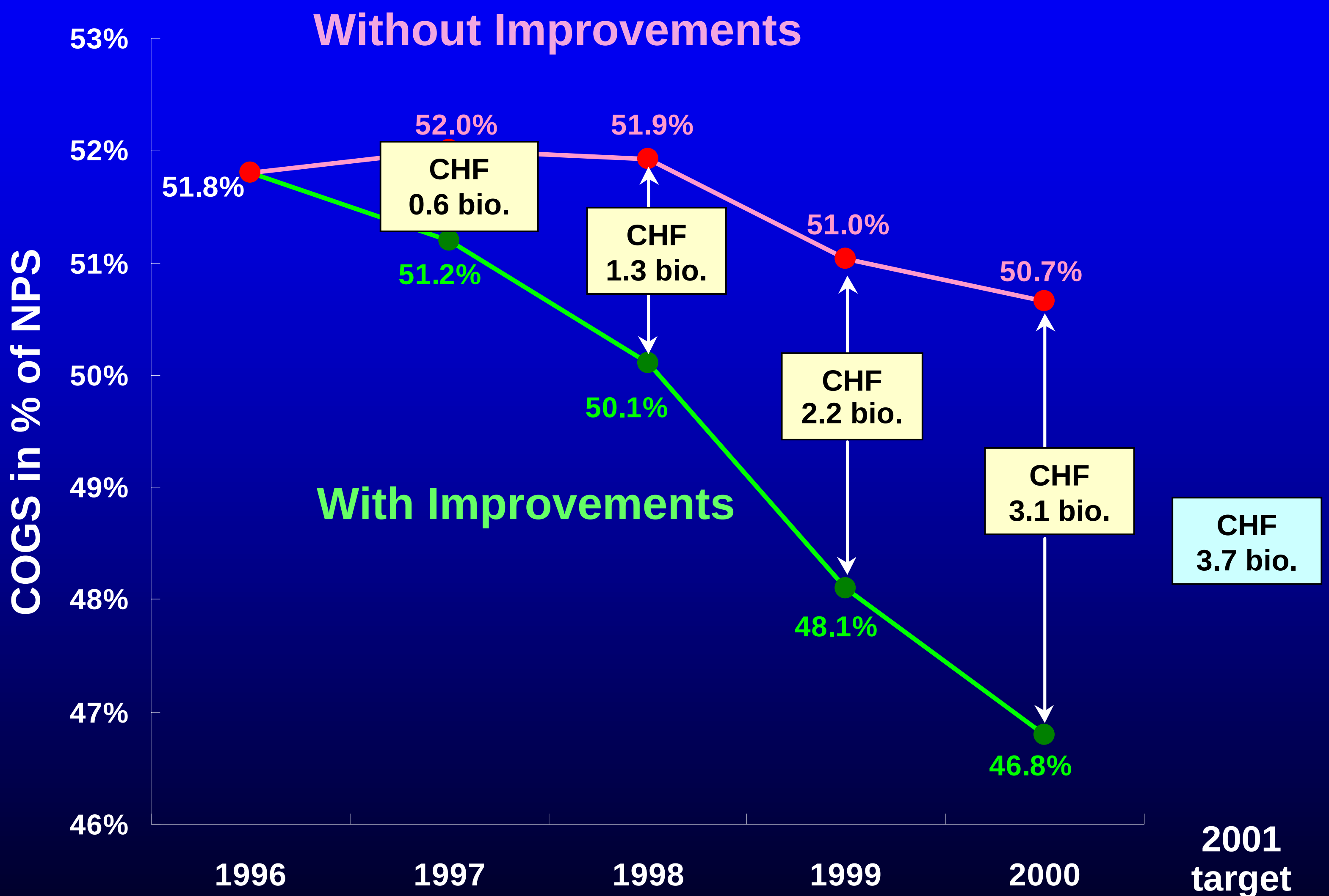
The favourable evolution of COGS continues



*Takes into account the change to historic cost accounting

Nestlé

MH 97 target savings exceeded



New cost saving initiative to be launched in 2002

Factories sold and / or closed in 2000

DESCRIPTION	Europe	Americas	AOA	Other activities	TOTAL
Jan. - Dec. 2000 Announced sales/ closures	22* 3	7 7	5 3	4 0	38 13
TOTAL	25	14	8	4	51

* 13 factories are related to the Findus sale

Evolution of Group's factories during 2000

	Number
Factories as of 31.12.1999	509
- Factories sold / closed in 2000	(38)
- Factories acquired /set up	17
- Factories satellised *	(9)
Factories as of 31.12.2000	479

* Operationally and managerially linked to another factory

Four strategic priorities

1. Operational efficiency
2. Innovation and renovation
3. Whenever, wherever, however
4. Consumer communication

Nescafé for younger consumers

Rolled out in China, Mexico, Philippines, Thailand and Argentina

A fun and innovative way to eat ice cream

Brand extension from condensed milk into breakfast cereal

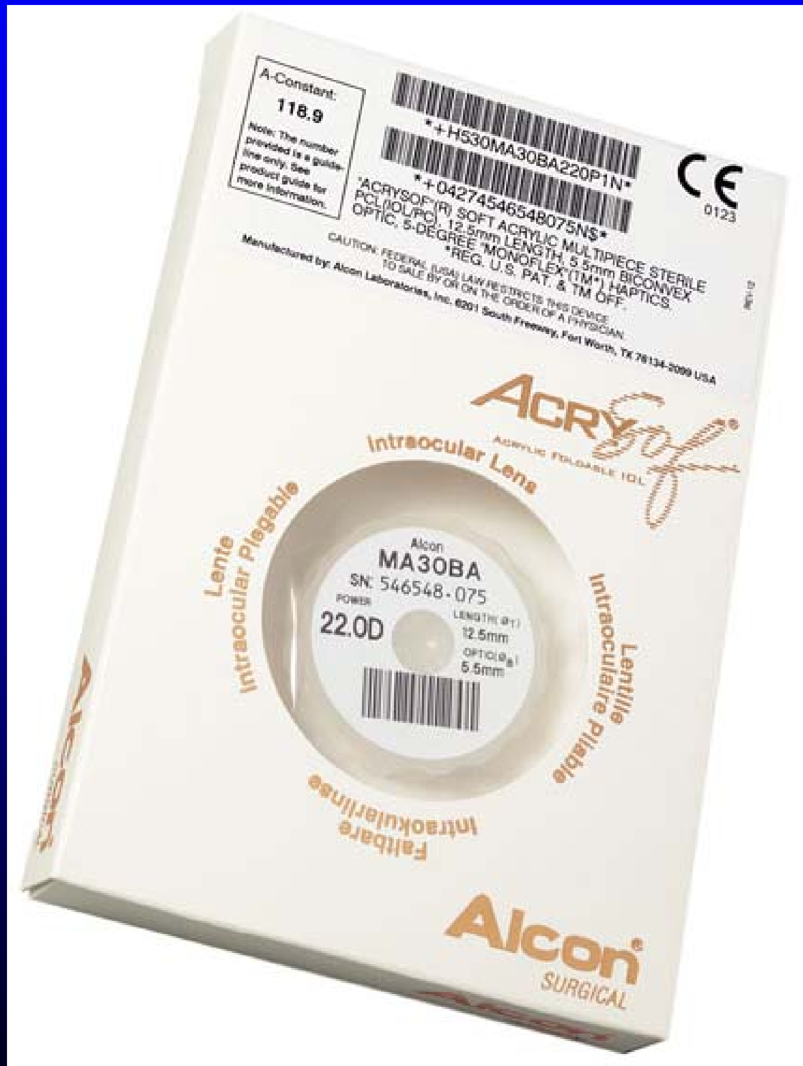
The successful follow-up to Skillet sensations

New "Break and Bake" technology

The healthy choice for puppies in Latin America

Small individual wafers

Single-piece intraocular lens allowing a smaller incision



Four strategic priorities

1. Operational efficiency

2. Innovation and renovation

3. Whenever, wherever, however

4. Consumer communication

The Consumer in the food industry

Breakfast ⇨ *traditional* ⇨ Lunch ⇨ *traditional* ⇨ Dinner

NEW! All day SNACKING, immediate consumption in impulse channels

Retail
- Hyper
- Super
- Grocery

Alternative Retail
- CVS
- Kiosk
- Deli shops

Traditional OOH
- Hotels
- Restaurants
- QSR
- Canteens
- Transport
- Institutional

Impulse Channels
- QSR
- Leisure
- Events
- Public Areas
- Food Courts

The "Retail Food Dollar" is declining to 50% of total

The "Foodservice Dollar" is increasing to 50%

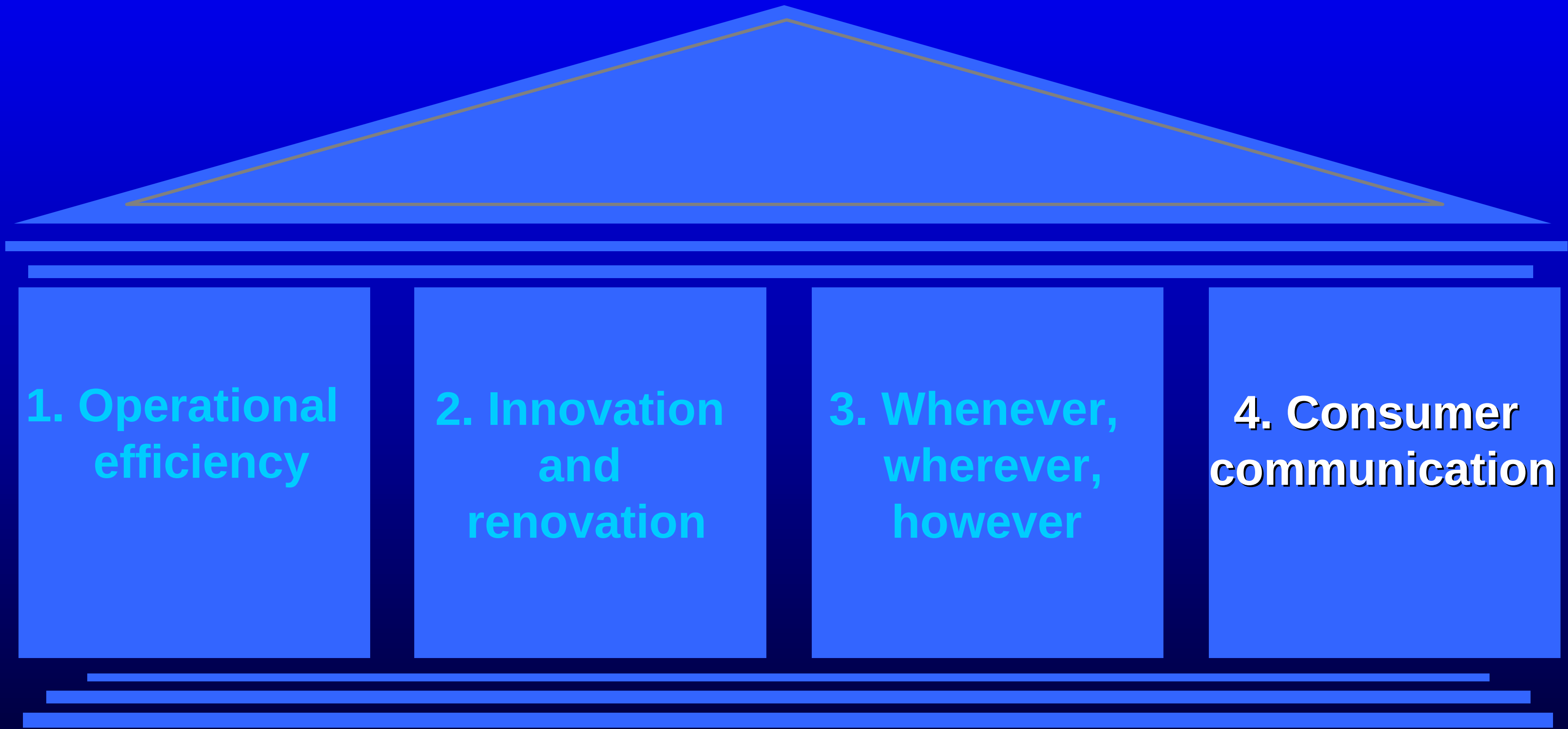
Key figures - FoodService

	1998	1999	2000
RIG	3.5%	5.3%	8.7%
Sales (CHF bio.)	5.7	6.0	6.9
% of Nestlé Group	7.9%	7.9%	8.5%

On track to reach CHF 12 bio. by 2009

Vending machines

Four strategic priorities



Profit margin improvement did not come at the expense of brand strengthening

Marketing and sales expenditures	**+ 10.5%**
of which:	
Consumer marketing expenses (including advertising)	**+ 17.8%**

We focus our efforts on the consumer

...and on our 6 worldwide corporate brands

Nestlé®

Buitoni®

NESCAFÉ®

Nestea®

Friskies

Maggi®

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Summary
2000 performance : our strategy is working

STRATEGIC EXPANSION

- Broadened product range and geographical scope - acquisitions of Carnation, Friskies, Buitoni, Rowntree, Perrier, Spillers Petfood

CONSOLIDATION

- Focus on financial returns and value creation
- Development of framework for strategic direction and operational efficiency

FOCUS ON LEADERSHIP

- High value-added products in growth sectors
- Internal growth
- Selective acquisitions with strategic and financial rationale

1980s – early 1990s → 1997 – 2000 → 2001

2001 Objectives

- **Achieve 4% RIG**
- **Build on 2000 profit performance**
- **Realise operational efficiencies of minimum CHF 600 mio.**
- **Improve profitability of Ice cream**
- **Build emphasis on high value-added products, especially nutrition**
- **Integrate Ralston Purina**

Nestlé