

The World's leading Nutrition,
Health and Wellness Company



Good Food, Good Life

Annual Report 2011



Our objective is to be the recognised leader in Nutrition, Health and Wellness and the industry reference for financial performance

Table of contents

2	Letter to our shareholders	30	Financial review
6	Corporate Governance and Compliance Board of Directors of Nestlé S.A.	31	Principal key figures (illustrative)
7	Executive Board of Nestlé S.A.	32	Overview
11	The Nestlé Roadmap to Good Food, Good Life Four competitive advantages Four growth drivers	42	Management responsibilities: Continuing operations
12	Four operational pillars	44	Leading positions in dynamic categories
13	2011 Highlights	46	Geographic data: people, factories and sales
16	Innovating in Nutrition, Health and Wellness	48	Shareholder information
20	Growing with emerging consumers and PPP globally		
26	Adding value through innovation and premiumisation		

Accompanying reports



Creating Shared Value
Summary Report 2011



Corporate Governance Report 2011
2011 Financial Statements

Key figures (consolidated)

In millions of CHF (except per share data)	Continuing operations		2011
	2010	2010	
Sales ^(a)	93015	87906	83642
Trading operating profit ^(a)	14832	12676	12538
as % of sales	15.9%	14.4%	15.0%
Profit for the period attributable to shareholders of the parent (Net profit)	34233	8777	9487
as % of sales	36.8%		11.3%
Equity attributable to shareholders of the parent before proposed appropriation of profit of Nestlé S.A.	61867		56797
Market capitalisation, end December	178316		171287
Operating cash flow	13608	11724	9763
Free cash flow ^(b)	7761		4491
Capital expenditure	4576	4384	4779
as % of sales	4.9%	5.0%	5.7%
Net financial debt	3854		14319
Ratio of net financial debt to equity (gearing)	6.2%		25.2%
Per share			
Total basic earnings per share	CHF 10.16	2.60	2.97
Underlying ^(c)	CHF 3.32		3.08
Dividend as proposed by the Board of Directors of Nestlé S.A.	CHF 1.85		1.95

(a) 2010 restated following the changes in the Income Statement described in the Consolidated Financial Statements: Note 1 – Accounting Policies.

(b) Operating cash flow less capital expenditure, disposal of tangible assets, purchase and disposal of intangible assets, movement with associates as well as with non-controlling interests and other investing cash flows.

(c) Profit per share for the year attributable to shareholders of the parent before impairments, restructuring costs, results on disposals and significant one-off items. The tax impact from the adjusted items is also adjusted for.

Growth highlights

Innovation drives organic growth in developed markets

Developed markets*

60%

of Group sales

Developed markets*

+4.3%

organic growth

France

+6.4%

Japan

+3.6%

Portugal, Italy, Spain, Greece

+3.7%

North America

+2.5%

Billionaire brands enhance organic growth globally

+7.7% in total



+11%



+18%



+13%



+22%



+11%



+11%



+10%

Enhanced distribution and innovation capture organic growth in emerging markets

Emerging markets*

40%

of Group sales

Emerging markets*

+13%

organic growth

Africa

+18%

Greater China Region

+23%

India

+20%

Mexico

+14%

* Developed markets and Emerging markets organic growth are for total Nestlé.
The country numbers are for the Zone responsibilities only.

Group highlights

Strong 2011 operating performance. Strategic investments for growth

The Nestlé Model achieved in 2011

Group sales

CHF 83.6 billion

Organic growth

7.5%

Trading operating profit

CHF 12.5 billion

Trading operating profit margin

15.0%

Net profit

CHF 9.5 billion

Operating cash flow

CHF 9.8 billion

Underlying earnings per share

+7.8%
constant currencies

Return on invested capital

14.1% including goodwill
30.3% excluding goodwill

The Nestlé commitment to shareholder value creation

Net cash returned to shareholders

CHF 10.7 billion

CHF 5.9 billion through dividend
CHF 4.8 billion through share
buy-back

Proposed dividend per share

CHF 1.95 +5.4%

Strategic investments: for emerging markets

Partnership with

Hsu Fu Chi

in China

Partnership with

Yinlu

in China

Strategic investments: for Nutrition, Health and Wellness

Launch of

Nestlé
Health Science

Creation of

Nestlé Institute of
Health Sciences

2012: to be another challenging year

We have continued to invest for the future and strengthen our capabilities across the world. Our people are aligned behind our strategic roadmap, which is as relevant in today's new reality as ever, to drive sustainable performance improvement.

We are therefore well positioned in 2012 to deliver the Nestlé Model of organic growth between 5% and 6% as well as an improved margin and underlying earnings per share in constant currencies.

Letter to our shareholders

Fellow shareholders,

Recent years have been characterised by a whole host of events, ranging from the dramatic to the unprecedented. As one would expect, headlines have tended to focus on the disruptive, the shocking and the negative. The reality is more balanced. Of course there are new challenges, but there are also new opportunities. What is different today is the speed and unpredictability of change, whether new challenges or new opportunities. We think of this as the New Reality.

The New Reality is characterised by political upheavals, economic uncertainty, lacklustre growth in developed markets, high levels of volatility in commodity, currency and stock markets... but also by dynamic growth in emerging markets, increasing affluence, step changes in technology and digital communication, new markets and new ways to reach consumers and, indeed, by increasing numbers of consumers.

More today than ever, if companies are to succeed, they need to understand the changing context in which they are operating. This context can be very different in different parts of the world, which we believe gives decentralised organisations such as ours a competitive edge. Companies also need a concise strategy, firm values and aligned principles. Together, these create a framework that enables them to be accountable, aligned, fast and entrepreneurial wherever they operate. Nestlé has this framework in the form of its strategic roadmap, which we have discussed with you over the last few years. We have highlighted some aspects of the roadmap later in this report.

Regardless of the shorter term challenges that a company faces every year, a core value at Nestlé is to deliver short term performance whilst remaining focused on the longer term. This was encapsulated in 2011 by our delivery of the Nestlé Model of financial performance whilst also investing in longer-term growth platforms. Strategic initiatives included the creation of Nestlé Health Science, two major partnerships in China, and significant investments in Russia, India and many African and Latin American countries. Also, we have continued to invest in Western Europe and North America for increased capacity to support winning innovations in categories such as PetCare, Soluble coffee and Culinary.

Nestlé Health Science began operations on 1 January 2011 as a separate company within Nestlé to pioneer a new market between food and pharmaceuticals. It is aiming to

develop science-based personalised nutrition solutions to chronic medical conditions. Alongside Nestlé Health Science, we have created the Nestlé Institute of Health Sciences, headquartered at the Swiss Federal Institute of Technology (EPFL) in Lausanne, to spearhead biomedical research into health and disease as influenced by genetics, metabolism and environment, with the goal of translating this knowledge into personalised science-based nutrition.

In only its first year Nestlé Health Science, with annualised sales close to CHF 2 billion, has already made three investments. The first, the acquisition of Prometheus Laboratories Inc., took it into diagnostics and the therapeutic gastrointestinal and oncology business. The others were products targeting specific disorders and diseases.

One responsibility of leadership is to be a pioneer. It is our intention that through the creation of these two organisations we can contribute to addressing the global issues around chronic diseases and spiralling healthcare costs from the perspective of nutritional science and personalised nutritional solutions.

Following the creation of Nestlé Health Science, the Nestlé approach to Nutrition, Health and Wellness can be summarised as having three elements: to pioneer ways to address critical illness through personalised nutritional solutions (Nestlé Health Science), to address consumers' specific nutritional needs (through Nestlé Nutrition) and to offer consumers healthier and tastier choices throughout the day (through the rest of our Food and Beverages business). Our aim is to enhance the quality of consumers' lives, and these three elements enable us to do so throughout their lives, from morning to night.

The emerging markets are populated by billions of people who share the objective of living better lives. This is an incredibly dynamic catalyst for growth and development, both individually for people and collectively for the countries where they live. We have a deep rooted presence and about 40% of our sales in emerging markets. We want not just to exploit our own capabilities to share in the development of these countries, but also to become a truly local player by learning from local capabilities and participating in local culinary and nutritional traditions.

In China, for example, we signed two partnerships, acquiring 60% of both Hsu Fu Chi and Yinlu. Including these businesses, we would have had about CHF 4.5 billion of sales in China in 2011. Both businesses have strong brands that are part of the Chinese landscape. Hsu Fu Chi

“

Regardless of the shorter-term challenges that a company faces every year, a core value at Nestlé is to deliver short-term performance whilst remaining focused on the longer term.”

Peter Brabeck-Letmathe
Chairman



makes sugar confectionery, packaged snacks and sachima, a traditional Chinese snack. Its products are tailored to Chinese consumers' needs and habits. Yinlu's products are also a traditional part of the local diet, including ready-to-drink peanut milk and ready-to-eat canned rice porridge. Both companies' products are a good fit with Nestlé's portfolio in China, and Hsu Fu Chi brings a well-established and wide-spread distribution network, whilst Yinlu is a co-packer of *Nescafé* ready-to-drink coffee.

We also made some smaller acquisitions in Latin America and Eastern Europe, and we stepped up our capital investment in emerging markets to support our double-digit organic growth in these markets. This included investments in Chocolate in China and India, Culinary in India, China and Africa, Milk and Infant Nutrition in Indonesia, Coffee in Africa, Russia and Thailand, Breakfast cereals in Malaysia and Turkey and PetCare in Russia and Hungary.

Our emerging market investment extends beyond our own capacities and capabilities upstream to our suppliers. Examples in 2011 included technical support and training for coffee, cocoa and milk farmers, amongst others, and providing about USD 25 million of direct financial assistance to farmers.

We recognise that if we are going to build businesses that are successful today and sustainable tomorrow, we need to invest upstream and down to create value for our partners. We need also to contribute more broadly to the societies where we operate, which we are doing through a number of initiatives ranging from sourcing healthy drinking water in rural areas in Africa and Asia to supporting educational programmes for children in Eastern Europe, Asia and Africa. We are also partnering with the Fair Labor Association, a non-profit multi-stakeholder initiative, to investigate whether children are working on cocoa farms supplying our factories, so we can address any issues effectively and transparently.

This commitment to Creating Shared Value, our belief that we can only be successful over time if we create value not just for the Company but also for society at large in everything we do, and our principle-based approach to running our business sustainably are integral to our strategic roadmap discussed in this report. Our commitment stands front-and-centre as we pursue our objective of being the reference for financial performance in our industry. Your Company has received external recognition for its efforts in this area, being included in both the Dow Jones Sustainability Index and The FTSE4Good Index, and

“

We recognise that if we are going to build businesses that are successful today and sustainable tomorrow, we need to invest upstream and down to create value for our partners.”

Paul Bulcke
Chief Executive Officer

receiving the Stockholm Industry Water Award and the World Environmental Center Gold Medal.

Of course, much of the world's wealth resides in developed markets, and we continued to invest there, in Coffee, Infant Nutrition and PetCare amongst others, in support of the growth and innovation that we are driving in these markets.

Our growth in developed markets, as well as in emerging, was a key contributor to us being able to deliver organic growth of 7.5%, whilst the strong performance in Europe helped your Company achieve a 60 basis points improvement in its trading operating profit margin to 15.0% of sales. The strength of the Swiss franc had a big impact on our reported numbers, but our strong business performance enabled us to deliver sales of CHF 83.6 billion and a trading operating profit of CHF 12.5 billion. The Group's net profit was CHF 9.5 billion and its underlying earnings per share were CHF 3.08 up 7.8% in constant currencies. The operating cash flow was CHF 9.8 billion. In view of our 2011 performance and your Company's strong financial position, your Board is recommending a dividend per share of CHF 1.95, an increase of 5.4% over last year's.

During 2011, priorities for your Board included the partnerships and investments discussed above, as well as reviewing your Company's performance, investments and financial situation, its compliance and risk management, and the implications of the economic environment, particularly in Europe. One significant decision was not to announce a new share buy-back in 2011 on completion of the programme launched in 2010. This decision reflects our desire to have a balance sheet that both retains appropriate flexibility for our needs and represents a competitive advantage in the current economic environment. Another significant decision implemented in 2011 was the change of our sales recognition policy. This change improved transparency of performance with our peers through increased comparability of some financial performance indicators.

There were changes to the Executive Board in 2011. Frits van Dijk, Head of Zone Asia, Oceania and Africa, retired and was replaced by Nandu Nandkishore. Nandu's position as Head of Nestlé Nutrition was taken by Kurt Schmidt, who had been running our North American Infant Nutrition business. Petraea Heynike, in charge of Strategic Business Units, Marketing & Sales and Nespresso, retired and was replaced by Patrice Bula, who was previously Market Head of Greater China Region. Luis Cantarell left the Executive Board to lead Nestlé Health Science and was replaced as Head of Zone Americas by Chris Johnson, who rejoined the Executive Board from his position running the Japanese market. Also, we announced that Ms Wan Ling Martello will take over from James (Jim) Singh as Chief Financial Officer on his retirement at the end of March 2012. Wan Ling has a career that spans food manufacturing and retailing, as well as e-commerce, and is the ideal successor to Jim. The Board offers its thanks to Frits and Jim for their many decades of service to your Company.

There will be a new member of the Board of Directors proposed to shareholders at the 2012 Annual General Meeting. Mr. Henri de Castries is the Chairman and Chief Executive Officer of the AXA Group, a global leader in insurance. He had a distinguished career in the French Finance Ministry before taking on several important executive roles and responsibilities within the AXA Group. We believe his long business experience and strong financial background will enrich the Board's business and financial capabilities. Carolina Müller-Möhl and Jean-René Fourtou are both retiring from the Board. We thank both for their valuable contribution over the past years.

Last year was another in a series of years that will be remembered for a range of extraordinary events. From the earthquakes and tsunami in Japan through the Arab Spring and conflict in Côte d'Ivoire to floods in Thailand and Indonesia, there have been a range of extreme challenges for our people all over the world. We are greatly appreciative of their efforts and thank them on behalf of the Board and all our shareholders for their continuous efforts and commitment, and their unstinting enthusiasm.

In view of continuing economic uncertainties and volatility, we don't expect 2012 to be any easier than previous years. But we continue to invest for the future and strengthen our capabilities across the world. Our innovation is creating opportunities in all categories, bringing new consumers to our brands in emerging markets, building on our consumers' engagement with our brands in the developed world. Our people are aligned behind our strategic roadmap, which is as relevant as ever, to drive sustainable performance improvement. We are therefore well positioned in 2012 to deliver the Nestlé Model of organic growth between 5% and 6%, as well as an improvement in the trading operating profit margin and underlying earnings per share in constant currencies.



Peter Brabeck-Letmathe
Chairman



Paul Bulcke
Chief Executive Officer

Corporate Governance and Compliance

Board of Directors of Nestlé S.A.

at 31 December 2011

Helmut O. Maucher
Honorary Chairman

David P. Frick
Secretary to the Board

KPMG SA Geneva branch
Independent auditors.
Term expires 2012 ⁽¹⁾

- (1) On the date of the Annual General Meeting.
- (2) Chairman's and Corporate Governance Committee.
- (3) Compensation Committee.
- (4) Nomination Committee.
- (5) Audit Committee.

For further information on the Board of Directors and Executive Board, please refer to the Corporate Governance Report 2011, enclosed.



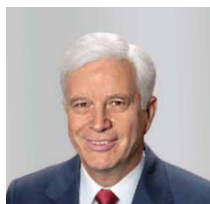
Peter Brabeck-Letmathe ^(2,4)
Chairman
Term expires 2013 ⁽¹⁾



Paul Bulcke ⁽²⁾
Chief Executive Officer
Term expires 2014 ⁽¹⁾



Andreas Koopmann ^(2,3,4)
1st Vice Chairman
Chairman of Alstom (Suisse) S.A.
Term expires 2014 ⁽¹⁾



Rolf Hänggi ^(2,5)
2nd Vice Chairman
Former Chairman, Rüd, Blass & Cie AG, Bankers.
Term expires 2014 ⁽¹⁾



Jean-René Fourtou ^(2,3)
Chairman of the Supervisory Board, Vivendi.
Term expires 2012 ⁽¹⁾



Daniel Borel ⁽³⁾
Co-founder and Board member, Logitech International S.A.
Term expires 2012 ⁽¹⁾



Jean-Pierre Meyers ⁽³⁾
Vice Chairman, L'Oréal S.A.
Term expires 2014 ⁽¹⁾



André Kudelski ⁽⁵⁾
Chairman and CEO, Kudelski Group.
Term expires 2013 ⁽¹⁾



Carolin Müller-Möhl ⁽⁴⁾
President, Müller-Möhl Group.
Term expires 2012 ⁽¹⁾



Steven G. Hoch ⁽⁴⁾
Founder and Senior Partner, Highmount Capital.
Term expires 2013 ⁽¹⁾



Naïna Lal Kidwai ⁽⁵⁾
Country Head of HSBC Group of Companies in India.
Term expires 2014 ⁽¹⁾



Beat Hess ⁽⁵⁾
Former Group Legal Director, Royal Dutch Shell plc.
Term expires 2014 ⁽¹⁾



Titia de Lange
Associate Director, Anderson Cancer Center, The Rockefeller University.
Term expires 2013 ⁽¹⁾



Jean-Pierre Roth
Chairman, Geneva Cantonal Bank.
Term expires 2013 ⁽¹⁾



Ann M. Veneman
Former Executive Director, UNICEF, and former Secretary of U.S. Department of Agriculture.
Term expires 2014 ⁽¹⁾

Executive Board of Nestlé S.A.

at 31 December 2011

Paul Bulcke (8), Chief Executive Officer

Members Executive Board

Werner Bauer (3), EVP, Innovation, Technology, Research and Development
José Lopez (5), EVP, Operations, GLOBE
John J. Harris (1), EVP, Nestlé Waters
James Singh (10), EVP, Finance and Control, Global Nestlé Business Services, Legal, Intellectual Property, Tax, Treasury
Laurent Freixe (11), EVP, Europe
Chris Johnson (6), EVP, United States of America, Canada, Latin America, Caribbean

Patrice Bula (7), EVP, Strategic Business Units, Marketing and Sales

Doreswamy (Nandu) Nandkishore (9), EVP, Asia, Oceania, Africa, Middle East
Wan Ling Martello (12), EVP, designated CFO as of 1 April 2012
Marc Caira (4), Deputy EVP, Nestlé Professional
Jean-Marc Duvoisin (13), Deputy EVP, Human Resources
Kurt Schmidt (15), Deputy EVP, Nestlé Nutrition
David P. Frick (2), SVP, Corporate Governance, Compliance and Corporate Services

Luis Cantarell (14), President and CEO, Nestlé Health Science

Yves Philippe Bloch, Corporate Secretary

EVP: Executive Vice President
SVP: Senior Vice President



Corporate Governance

The tone of good governance is set by the Board and filters down through our organisation. The Chairman and the CEO enshrine the principles of governance both at Board level and below. While our Nestlé Corporate Business Principles describe what we stand for as a company and the high standards we set for ourselves, our Board regulations and related documents outline our organisational and governance principles.

In our Corporate Governance Report we outline how these principles ensure the effectiveness of our Board. It explains the role of our Board and its committees, director nomination and introduction processes, Board evaluations and risk oversight in line with established best practices. Environmental, social and sustainability issues are the subject of our Creating Shared Value Report taking a broader perspective on the Board's responsibility. Our Compensation Report describes our compensation system. We regularly submit it to a separate advisory vote of our shareholders.

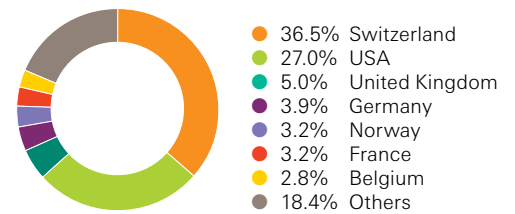
Additional disclosure of non-financial performance measures along the lines of the UN Global Compact Principles for Responsible Investment (UNPRI) help us align our operations with these universally accepted principles. The Global Reporting Initiative (GRI) plays a critical role in demonstrating our commitments on governance, environmental, social, ethical and sustainability issues. Through our human rights and labour practices and our partnership with the Danish Institute for Human Rights we implement our human rights responsibilities globally.

While the Chairman and the Board play a critical role in maintaining good governance, institutional investors play a key role as well. We pursue initiatives to further improve the dialogue with our Board and to facilitate the exercise of voting rights. However, as it is only the Board that has a fiduciary duty to ensure the long-term success of our Company, we have set clear expectations in our Articles of Association, where we have committed ourselves to aim for long-term, sustainable value creation.

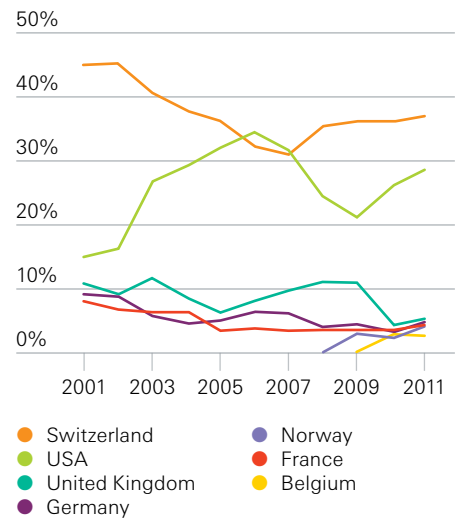
2011 was marked by a number of external governance developments, including the publication of the European Commission's green paper and implementation of the U.K. Stewardship Code, the advancement of say on pay votes, proxy access proposals and increased shareholder activism, additional focus on the role of proxy advisors and societal changes including the advancement of social networking. Through shareholder surveys, investor roundtables, engagement calls and bilateral meetings, we have established a dialogue with our investors, pursuing a holistic approach that manages both their financial and governance expectations. In our home country, we are actively engaged in the development of Swiss law and best practices for corporate governance and the proper functioning of the voting chain for issuers and investors alike.

Our investor base is well diversified and reflected on this page.

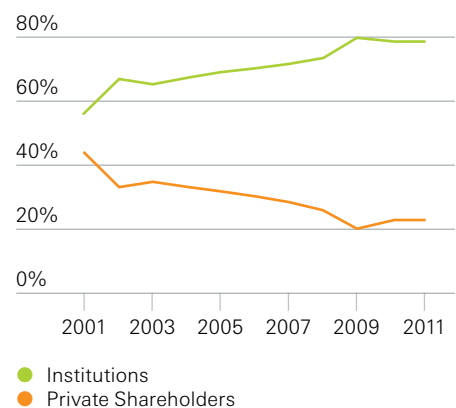
Shareholders by geography ^(a)



Distribution of Share Capital by geography ^(a)



Share Capital by Investor Type ^(a)



(a) Percentage derived from total number of registered shares. Registered shares represent 62.3% of the total share capital. Statistics are rounded, as at 31.12.2011.

Compliance

Compliance builds trust. It forms the base of how we do business and is the foundation on which we engage with the external world. While responsibility is assigned to the markets as per our Custodian Concept, a dedicated corporate Compliance function and a cross-functional Compliance Committee define the framework, facilitate the coordination between the relevant support functions and provide guidance and best practices. Our Corporate Compliance Programme builds awareness and ensures a coordinated, holistic and principles-based approach to compliance and risk management.

The continued implementation of our Corporate Business Principles, as well as our Management and Leadership Principles, our Code of Business Conduct, our Supplier Code and other policies is the cornerstone of our cross-functional Corporate Compliance Programme. The right commitment and tone at the top foster a strong, principles-based compliance culture. Regular compliance risk assessments help us identify areas of concern and develop compliance tools and best practices related thereto. Compliance is regularly monitored by our corporate functions, internal and external audit and through our CARE programme relying on an independent external audit network. In our performance evaluations compliance is linked to “how” goals were accomplished.

Our anti-bribery programme is based on a global risk assessment and includes a globally run anti-bribery training campaign. Our new integrity reporting system includes the global roll-out of a “hot-line” to deal

with compliance related grievances, complementing the “whistleblower procedure” introduced with our Code of Business Conduct and our confidential reporting system for complaints related to the WHO Code. Our anti-fraud programme provides a common framework for fraud related issues.

We use our Nestlé Continuous Excellence (NCE) programme to further align our risk based approach to compliance, providing common elements of compliance to be considered by all internal gatekeepers. They include verification of appropriate principles and policies, adequate internal controls, effective structures, monitoring and reporting, proper consequence management and above all the right culture and top level commitment. Our Group Compliance Committee also serves as the steering committee for our Governance, Risk and Compliance (GRC) initiative that aims to further integrate the approaches taken in the relevant functions under the common framework provided by Group Compliance.

Since the adoption of the WHO Code, we have implemented a global programme to ensure compliance across all operations involved in the marketing of infant nutrition products. We adhere to the decisions of all governments regarding the application of the WHO Code in their countries and voluntarily apply the entire WHO Code in all developing countries. Our Code Compliance Committee provides guidance in this area and our inclusion in 2011 in the FTSE4Good Index is a testimony to our commitment.

We also recognise the UN Framework on Business and Human Rights. Our human rights due diligence

programme includes risk assessments, impact evaluation, training and monitoring. It is coordinated by our Human Rights Working Group and further strengthens our compliance with our Corporate Business Principles and our FTSE4Good commitments.

Good compliance helps us earn trust with our employees, investors, governments, NGOs and other stakeholders, but also our customers and consumers. It allows us to credibly engage with external organisations. For example, we are a founding member of the UN Global Compact LEAD initiative and the CEO Water Mandate, we participate in several UNGC Working Groups, we are in a regular dialogue with the International Labour Organization (ILO) and are engaged in a global partnership with the International Federation of the Red Cross and Red Crescent Societies.

Throughout this publication we present examples of our approach. Beyond compliance, how we do business is based on sustainability – ensuring that our activities preserve our business as well as our environment for future generations. We will not sacrifice our principles and values for short-term success. We believe that to build a profitable business, we must create long-term value for both society and for our shareholders. This is what we mean by Creating Shared Value.

As the leading Nutrition, Health and Wellness company, we help consumers enhance their lives by offering them healthier and tastier choices.



The Nestlé Roadmap to Good Food, Good Life

In recent years the Nestlé 4x4x4 Roadmap has helped us build both a very strong alignment within our Company and a deep understanding of what we want to achieve and how we want to go about it. Our people are now better able than ever to achieve our ambition to be the recognised and trusted leader in Nutrition, Health and Wellness, as well as to deliver our financial objectives. We enhance lives by offering tastier and healthier food and beverage choices for all stages of life and at any time of the day. True to our values and principles, we also enhance lives by Creating Shared Value through sustainable growth, and our commitment to environmental sustainability and compliance along every step of the value chain. Our commitment is to provide Good Food, Good Life.

Four competitive advantages

Nestlé's product and brand portfolio ranges from global icons to local favourites. It is supported by an unmatched research and development capability, with clear priorities, focused on driving innovation and renovation that is relevant and attractive for consumers. Our Company has an unmatched geographic presence, due to the number of countries where we are present, but also due to the depth of our roots in those countries. We have operated in most of our locations for generations. This has created strong relationships between our brands and their consumers as well as an unrivalled understanding of consumers. This enables us to anticipate their needs and improve the quality of their lives. Our people, culture, values and attitude are our greatest strength. The Nestlé culture binds our people together all over the world with a shared set of behaviours and values into a single way of doing business. Our culture combines a long-term mindset with short-term action. It encompasses a passion for quality – in products, in relationships, in everything we do. It is focused on competitiveness, calculated risk-taking and an unswerving determination to deliver our goals, while creating value for society as a whole.

Four growth drivers

A Nutrition, Health and Wellness mindset means offering tastier and healthier choices in all our categories to consumers throughout the day. But we are also addressing specific nutritional needs through Nestlé Nutrition and are pioneering ways to use nutrition to address critical illness through Nestlé Health Science. The trust that consumers place in Nestlé is reflected in the hundreds of millions of purchase decisions that they make every day when they choose Nestlé products. Many consumers with lower incomes are consuming our Popularly Positioned Products (PPP), mainly in emerging markets. We bring the same nutritional know-how to these consumers, the same brand promise and quality, and we strive to add the extra plus – such as fortification targeted to specific nutritional deficiencies. With premium products, consumers look to us to give them an affordable, indulgent moment of pleasure, an everyday reward. Our premiumisation strategy, incorporating systems and services, as well as premium products, is enhancing consumers' lives, whilst creating additional value per consumption moment: many consumers are not looking to eat and drink more; they are looking to eat and drink better. The fourth of our growth drivers is out-of-home consumption, a fast growing part of our industry. This covers leisure, from roadside kiosks in Asia to gourmet restaurants in the capitals of the world, and institutional catering, from schools to hospitals. Our focus is on added-value branded food and beverage solutions and services.

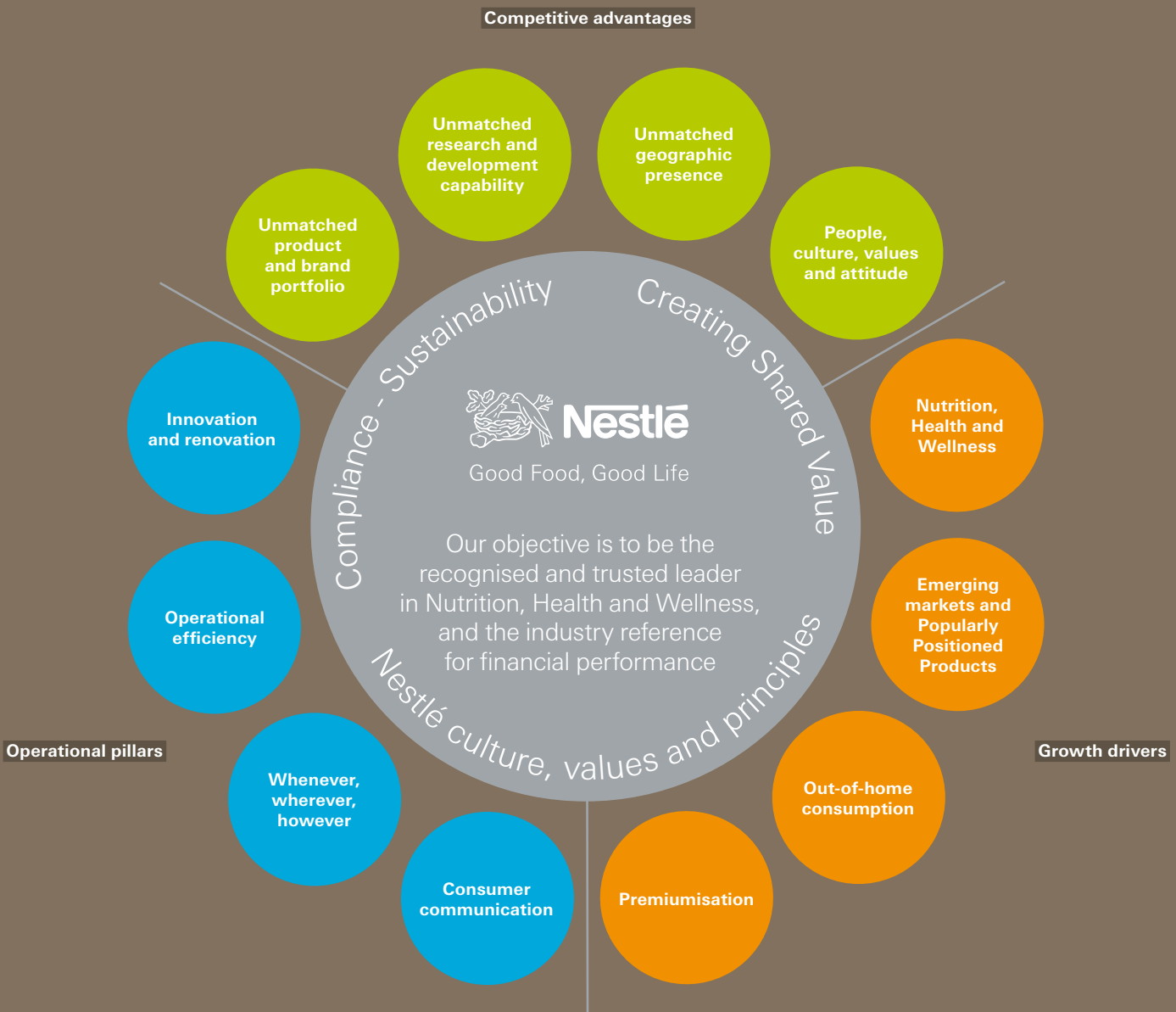
Four operational pillars

We want to be the leader in innovation and renovation, whether of products, systems or processes. Some products will be entirely new, some will have a new, refreshing aspect. Regardless, we take an invigorating point of view to keep our consumers excited about our brands. But it is not enough just to be the most innovative company. We also need to have the most efficient supply chain – from farm to fork – to ensure that we have the best raw materials,

the best processes and the freshest products on our customers' shelves. Nestlé Continuous Excellence is our approach to operational efficiency, with its objectives of eliminating waste, increasing efficiency and effectiveness, and improving quality in all operations. It is not enough, however, just to make the most innovative products in the most efficient way; we also need to ensure that our products are available sustainably whenever, wherever

and however consumers want to buy them. And, of course, we need to communicate with our consumers in a dynamic way – both to keep them abreast of all that is new and exciting, but also to learn from them, so that we can bring their experiences to bear on our upcoming innovation and renovation.

You will find some of these aspects brought to life on the following pages.



2011 Highlights

Global



The creation of Nestlé Health Science S.A. and the Nestlé Institute of Health Sciences is a major strategic move for Nestlé to pioneer a new industry between food and pharma.

Both entities began operations in 2011 and made a strong start in their quest to develop science-based personalised nutrition to prevent and treat increasingly prevalent health conditions that are placing an unsustainable burden on the world's healthcare systems.

Nestlé Health Science is a distinct and separate company within the Nestlé Group, governed by its own Board of Directors. Worldwide headquarters are in Lutry (Switzerland).



Nestlé Health Science

Pioneering science-based nutritional solutions

Nestlé Health Science aims to develop science-based personalised nutritional solutions in six disease areas. The company already has a strong and growing business in acute disease areas of Ageing Medical Care, Critical Care and Surgery, and Paediatric Medical Care. The chronic disease areas being created include Gastrointestinal (GI) Health, Metabolic Health and Brain Health. These have been supported by key acquisitions: Vitaflo International Holdings Ltd (UK) with a growing portfolio of solutions for metabolic disorders; CM&D Pharma Ltd (UK) has a range of products for inflammatory bowel disease, colon cancer and hyperphosphataemia; Prometheus Laboratories Inc. (USA) has a diagnostics and therapeutic GI and oncology business; a minority stake investment has been made in Vital Foods (New Zealand) in the area of GI.

Nestlé Institute of Health Sciences

Alongside Nestlé Health Science, the Nestlé Institute of Health Sciences, also set up in 2011, will spearhead world-class biomedical research to better understand health and disease as influenced by genetics, metabolism and environment with the goal of translating this knowledge into personalised science-based nutrition. It is headquartered at the Swiss Federal Institute of Technology in Lausanne (EPFL).





Child labour

Fair Labor Association

In 2011, Nestlé became a partner of the Fair Labor Association. The NGO will investigate whether children are involved in harvesting cocoa in Nestlé's supply chain and propose solutions if this is the case. "Child labour has no place in our supply chain," says EVP José Lopez.



Cambodia

The Nestlé Creating Shared Value Prize

In May 2010, International Development Enterprises (IDE) Cambodia won the inaugural Nestlé Prize in Creating Shared Value for their Farm Business Advisors (FBA) programme. The award of CHF 500 000 is being used by IDE Cambodia to recruit and train additional advisors, aiming to generate approximately USD 2.8 million in new income, benefiting around 4000 rural Cambodian households. By September 2011, IDE had leveraged the Nestlé Prize in Creating Shared Value to recruit and train an additional 47 FBAs and is now looking to adapt the model to Mozambique through a similar project.



FTSE4Good

Ethical Index

Nestlé included in FTSE4Good

In 2011, we were included in the Financial Times Stock Exchange Ethical Index (FTSE4Good), the only responsible investment index that has criteria on the marketing of breast-milk substitutes in addition to human rights and supply chain management.



Water award for Nestlé

On August 24 during World Water Week, Nestlé won the Stockholm Industry Water Award, organised by the Stockholm International Water Institute. The prize was accepted by Peter Brabeck-Letmathe.

“

We have worked relentlessly to achieve recognition of water as the most valuable resource. We have been striving to use it efficiently in bringing good nutrition from farm to fork.”

Peter Brabeck-Letmathe
Chairman



Nestlé supports United Nations Programme

Every Woman, Every Child

Nestlé supports the UN Every Woman, Every Child Programme. Nestlé set out its plans at the UN last September.

“

Companies are often treated with suspicion when they enter global development, but they are playing a central role in improving the lives of women and children. These are smart decisions – visionary leaders recognise the value of investing in the health of women and children.”

Ban Ki-moon
UN Secretary-General

Innovating in Nutrition, Health and Wellness

Addressing consumer needs, anticipating trends, creating new market opportunities



Baby nutrition

BabyNes launched in Switzerland

Nestlé supports exclusive breastfeeding for the first six months of an infant's life, in line with World Health Organization recommendations, and continued breastfeeding thereafter for as long as possible. However, we also understand the need for alternatives when breastfeeding is not possible. In May, we launched *BabyNes*, the first comprehensive nutrition system for infants and toddlers. The system is based on our unmatched expertise in baby nutrition gathered since Henri Nestlé invented Farine Lactée in 1867.



Infant formula

New infant formula with *L. Comfortis*

We have continued the successful roll-out of new *Lactogen* with *Gentle Start/Gentle Plus/Gentle Grow* which is state of the art infant formula designed for babies during the early stages of life. It incorporates a unique active culture called *L. Comfortis* (*Lactobacillus reuteri*). The product is now available in 30 countries.



Age-specific products

Gerber builds a major presence through shelf-stable yoghurt

In 2009, *Gerber* launched the first shelf-stable yoghurt for infants and toddlers in the USA. In 2011, it achieved a solid number two position. The range includes seven flavours and differentiated, age-specific products, which were developed leveraging our global R&D and manufacturing know-how.

**Start Healthy
Stay Healthy.**



Mexico

Nido with Protectus

In May, Mexico was the pioneer market for *Nido* ready-to-drink with *Protectus* which is an innovative bioactive ingredient that enables mothers to provide children with the benefit of *Protectus* in a tasty and convenient format. This unique technology creates a significant competitive advantage. A few months after launch, the product reached the number two slot in the ready-to-drink market.



Investments

Infant Nutrition

2011 was a big year for capital investment. Among others, we expanded two infant formula factories, one in Biessenhofen, Germany and one in Konolfingen, Switzerland. Together they represent a multi-year investment of over CHF 500 million.



Skippy Cow

Creating low calorie indulgence

The *Skippy Cow* indulgence brand is low in calories and fat. Since 2004, it has grown double-digit annually in USA ice cream. Last year, it debuted in USA confectionery with *Skippy Cow* Dreamy Clusters and *Skippy Cow* Heavenly Crisp bars, achieving nearly double expected sales.

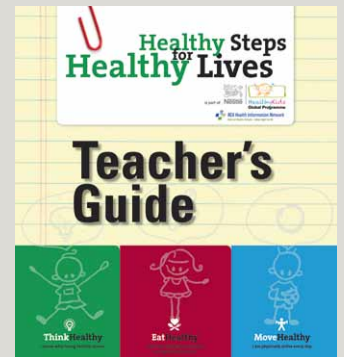




Infant feeding solutions

A first with the FDA

In May, *Gerber Good Start* milk-based formula became the first infant formula in the USA that met the criteria for a qualified health claim from the US Food and Drug Administration (FDA) regarding the potential relationship between 100% whey protein partially hydrolysed and the risk of developing atopic dermatitis – the most common allergic disease in infancy.



Nestlé USA

Contributing to health education

In 2011, Nestlé partnered with the National Education Association to expand its nutrition and physical teaching resources. *Healthy Steps for Healthy Lives* teaches children from preschool to age 8-9.

The advantages of eating meals as a family have been well documented, and the Nestlé Nutrition Institute sponsored the 2011 American Dietetic Association Foundation Nutrition Symposium “The Family Meal: Reclaiming the Dinner Table” at their annual meeting.

Growing with emerging consumers and PPP globally

Winning with emerging consumers by combining nutritional benefits, easy affordability and pleasure



Acquisitions

Major steps in Greater China and moves into new categories

In 2011, Nestlé acquired a 60% participation in Yinlu, producer of ready-to-drink peanut milk and canned rice porridge, and 60% in Hsu Fu Chi, which makes confectionery, snacks and cakes and brings strong distribution and route-to-market capabilities. We also announced the investment of CHF 125 million in a new coffee factory in Qingdao, Shandong Province, and CHF 45 million in the extension of the *Maggi* factory in Dongguan, Guangdong Province.



Nutritional programme

Nigeria and Sri Lanka progress in Healthy Kids

The Nestlé Healthy Kids Global Programme was launched in Nigeria to improve the nutrition, health and wellness of children aged 6 to 12 years. Supported by the Centre for Health, Population and Nutrition (CHEPON) in Nigeria, the initiative was also backed by the Nigerian Lagos State Government. In Sri Lanka, First Lady Shiranthi Rajapaksa endorsed our Nestlé Healthy Kids Programme. Launched with the Ministry of Education, it reached rural areas with messages on nutrition, healthy eating and lifestyle.

A land of opportunity



Africa

Building on our 130 years presence

Nestlé had sales of CHF 2.9 billion in Africa in 2011, and grew double digit, building on our 130 years presence, and we would like to double our business in constant currencies on the continent by 2020. We are investing CHF 1 billion between 2010 and 2012 to open new factories, distribution centres, or expand existing ones, across the continent: Algeria, Angola, Egypt, Mozambique, Nigeria, South Africa amongst others.

We opened Nestlé Business Services (NBS) Africa in Accra, Ghana. Paul Bulcke hosted the opening with the Honourable Hanna Tetteh, Ghana's Minister of Trade and Industry. NBS Africa's 150 staff will support Nestlé in more than 40 African countries from one central location with activities such as employee payroll and invoice payments.



Côte d'Ivoire

2011 saw unrest in a number of countries. Our priority has been the safety of our people and to continue to serve our consumers while sustaining our relationships with business partners. In Côte d'Ivoire, despite severe unrest, we continued operations until April, when we were forced to temporarily interrupt our activities in what had become an unsafe environment. In May we restarted progressively, having been able to retain all of our 1000 employees on their full salaries. By July the business was back to full operation.



Juicy Maggi

Juicy available in 52 countries

It provides a solution to get tasty and juicy meat in the oven, as the meat is cooked in the bag in its own juice with Maggi recipe mix. There is no need to add fat or oil, and it is convenient as the cooking bag keeps the oven clean.

USA

Growing with the Hispanic community

There are about 50 million Hispanic people in the USA, 16% of the population, and growing. Nestlé USA, with a strong Hispanic business, has built awareness, trust and expertise among these consumers. To build on this, it launched a multi-brand platform, Construye el Mejor Nido ("Create the Best Nest") with Spanish TV commercials, Facebook, bilingual website (www.elmejornido.com), in-store marketing, and sampling.



Fortified Maggi

Maggi is addressing dietary deficiencies with its fortified bouillons which reach millions of consumers in Latin America, Asia and Africa. Having fortified almost all the Maggi bouillons around the world with iodine, iron had now been set as the priority. For example, emerging consumers are 70% of Central America's population and many suffer from deficiencies in iron, iodine, zinc and vitamin A. Maggi Chicken bouillons in Central America are being fortified with iron. They reach more than three million consumers every day delivering 15% of their daily iron requirements with the same taste at the same affordable price.



India

Maggi opening in Karnataka

Nestlé India finished a CHF 73 million investment in record time to meet growing demand for Maggi noodles. The plant is an extension to the coffee factory at Nanjangud, Karnataka in Southern India, and created 630 jobs.



Sri Lanka

Creating value with dairy

We are the largest private collector of fresh milk in Sri Lanka, working with 15,000 farmers daily. This allowed us to contribute to post-war economic development, particularly in the previously conflict-ridden North and East regions. Our efforts have been recognised by the government's prestigious Swarna Lanka award.



Middle East

Infant Cereals with active culture

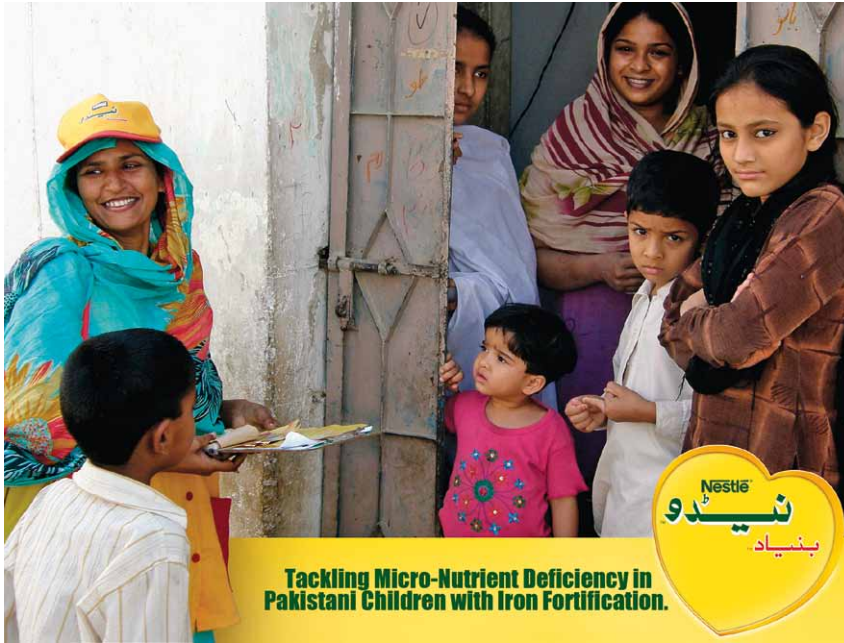
Since 2009, Nestlé Infant Cereals has added Bifidus BL active culture to its worldwide portfolio. Now rolled out in more than 100 markets, we have taken the lead in raising the nutritional perception of the category and broadening our significant global category leadership. In the Middle East, for example, this full range upgrade has been a key contributor in achieving double-digit growth.



Venezuela

Helping women build businesses

El Dulce Negocio is a Nestlé Dairy initiative that began in 2007 to help women in low-income communities start their own dessert-making business. It offers pastry courses and financial advice. Since its launch, El Dulce Negocio has trained 43,000 women.



Pakistan

Investments in Growing Up Milks

51% of Pakistani children suffer from iron deficiency. *Nido* Bunyad, a PPP powdered milk with added iron, provides 42% of the daily requirement in one serving. In 2011, we reached 350 000 mothers with iron deficiency awareness messages and tips on how to treat it. For the first time we used our milk collection networks to distribute *Nido* Bunyad to rural communities. We will reach another 1800 villages this year.

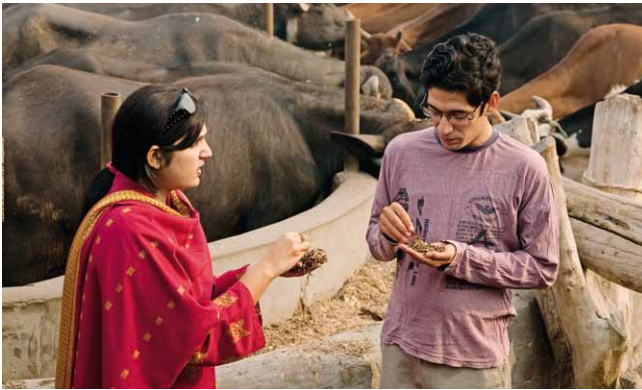


“

If the world continues to use water the way we are using it today, we are going to run out of water long, long before we run out of oil.”

Peter Brabeck-Letmathe
Chairman

World Economic Forum
Davos 2011



Creating Shared Value

Farmer Connect to ensure high-quality supply

We buy directly from more than half a million farmers, mainly in emerging markets, and support them with training and financial help. This allows us to ensure traceability and a long-term supply of safe, quality and regulatory-compliant agricultural materials. In addition, for 12 key commodities we implement Responsible Sourcing Guidelines with a focus on environmental, social and ethical issues, including deforestation and prevention of child labour.



Peru

Growing with emerging consumers

Nestlé Peru makes more than 30% of its sales in products priced below USD 0.35. Our engagement with emerging consumers begins with technical assistance, nutrition education and help to farmers. Examples also include providing basic school materials for children and offering ice cream sellers alternative products for the winter. Our portfolio reaches more than 10000 points of sale in the traditional trade.



Environment

A commitment on deforestation and forest stewardship

Deforestation is one of the most serious global environmental issues. We work with The Forest Trust to address supply chain challenges specifically in palm oil and pulp and paper. Our most significant influence on forests is through sourcing, with priorities being paper and board, timber, palm oil and soya. We also advocate against the use of food crops for biofuels.

Adding value through innovation and premiumisation

Providing small moments of indulgent pleasure, of luxury, of increased value per consumption moment



Ice cream

Premium ice cream swirls win in tough times

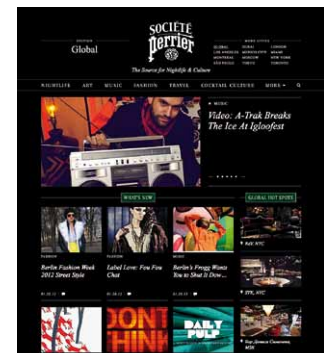
Nestlé Gold cone launched in Spain, Portugal and Greece, with other markets to follow. A premium ice cream cone with thin, crackling chocolate layers swirled into creamy ice cream, it uses a new, patented chocolate layering technology. Its success shows that premiumisation is attractive to consumers, even in tough economic times.



Water

Perrier – the place to be

Perrier is known worldwide for its iconic bottle and recognised as a status symbol in more than 150 countries, thanks to daring and cutting-edge advertising campaigns and association with trend-setting events. Today, with the Société Perrier website, *Perrier* is looking to enable interactive online communication with its core consumers. The website (societeperrier.com) is dedicated to creative and social pleasure seekers. It is a digital platform that interacts and engages with trendsetters and key influencers to explore the cutting edge of music, art, fashion, travel and nightlife. It includes a global website, local web pages and social networks.





“

Companies and entrepreneurs, small and large, are creating jobs and opportunities, and meeting consumer demand. When run in a principled way, with strong values and a long-term perspective, business is an engine for development and prosperity.”

Paul Bulcke
Chief Executive Officer



Nestlé Professional

Strength in depth

Nescafé Alegria is now in over 60 countries. The range was strengthened in 2011 by a new, easy-to-use system which enables smaller offices to serve quality, café-style coffees. *Nescafé Milano* offers premium beverages to a broad range of operators. Launched in France *Viaggi*, Nestlé Professional’s top-of-the-range beverage programme, was introduced in the UK, Switzerland and Italy in 2011 and is being rolled out to Germany and the USA in 2012. It offers a wide choice for superpremium operators and 24/7 personalised concierge service.



Inspiring innovation

***Nescafé Dolce Gusto* and *SPECIAL.T* by Nestlé**

Nescafé Dolce Gusto continued to innovate with new coffee offerings, and grew about 60%, while *SPECIAL.T* by Nestlé continued to build its presence in the French and Swiss markets. We have invested CHF 120 million in our factories in Tutbury, UK, and Girona, Spain, to keep pace with the success of *Nescafé Dolce Gusto*, which has sold 2 billion capsules in just five years.





Nestlé Purina

A communication innovation

In the first communication innovation aimed at dog owners as well as their dogs, a TV commercial screened in Austria, Germany and the Netherlands for the *Beneful* brand includes three sounds – one at a frequency too high to be heard by humans – aimed specifically at canine TV watchers.

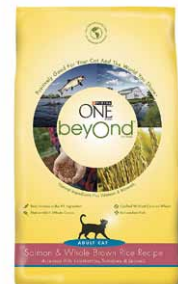
“The commercial reaches both pet and the owner, supporting their special one-to-one relationship,” said Xavier Pérez, Brand Manager *Beneful* in Europe.



Purina ONE

PetCare continues to be the growth and innovation leader in its industry

Purina ONE was the first premium brand to enter the grocery/mass channel, and has grown one and a half times faster than the category over the past ten years. Globally, it is the eighth largest dry dog food brand. In the same period, *Purina ONE* dry cat food has grown at twice the category rate, driven by success in Europe. The recently launched *Purina ONE beyOND* is the first ultra premium brand in the USA to be available in the grocery/mass market channels.





Nespresso

Growth, efficiency and sustainability

PIXIE – launched in 2011 – is smart, fast and intuitive. It pre-heats in under 30 seconds and powers off after nine minutes of inactivity. PIXIE marked the first *Nespresso* global machine launch, one of four last year – two for consumers and two for businesses. Six years after its first *AAA Sustainable Quality* Grand Cru coffee, *Nespresso* launched *Dhjana*, its first *AAA Limited Edition* coffee. *Nespresso* in 2011 sourced about 60% of its green coffee through its *AAA Sustainable Quality* Programme.



Nutritional milk

MOM & me

We believe that nutrition during the first 1000 days of life, especially at the very early development stage, influences health throughout life. *Nestlé MOM & me* nutritional milk drink for pregnant and lactating mothers contributes to this development through a science-based combination of minerals, vitamins, DHA and Bifidus BL active cultures.



Nestlé Professional

Invests for growth

Nestlé Professional completed its *Davigel* Culinary Training and Expertise Centre in Dieppe, France and extended its *Erlenbacher* premium frozen-baked cakes and desserts factory in Gross-Gerau, Germany. It also expanded both its *Minor's* factory in Cleveland, USA, and its dehydrated culinary facility in Trenton, Canada. In total these investments exceeded CHF 100 million.

Financial review

Nestlé billionaire brands achieved 7.7% organic growth in 2011



Principal key figures (illustrative)

Income statement figures translated at weighted average annual rate;
Balance sheet figures at year-end rate.

In millions of CHF (except per share data)	Continuing operations		Total 2011
	Total 2010	2010	
Sales ^(a)	93015	87906	83642
Trading operating profit ^(a)	14832	12676	12538
Profit for the period attributable to shareholders of the parent (Net profit)	34233	8777	9487
Equity attributable to shareholders of the parent before proposed appropriation of profit of Nestlé S.A.	61867		56797
Market capitalisation, end December	178316		171287
Per share			
Total basic earnings per share	CHF 10.16	2.60	2.97

In millions of USD (except per share data)

Sales ^(a)	88988	84100	94340
Trading operating profit ^(a)	14190	12127	14142
Profit for the period attributable to shareholders of the parent (Net profit)	32751	8397	10700
Equity attributable to shareholders of the parent before proposed appropriation of profit of Nestlé S.A.	65977		60419
Market capitalisation, end December	190163		182211
Per share			
Total basic earnings per share	USD 9.72	2.49	3.35

In millions of EUR (except per share data)

Sales ^(a)	67410	63708	67840
Trading operating profit ^(a)	10749	9187	10170
Profit for the period attributable to shareholders of the parent (Net profit)	24810	6361	7694
Equity attributable to shareholders of the parent before proposed appropriation of profit of Nestlé S.A.	49377		46685
Market capitalisation, end December	142317		140790
Per share			
Total basic earnings per share	EUR 7.36	1.88	2.41

(a) 2010 restated following the changes in the Income Statement described in the Consolidated Financial Statements: Note 1 – Accounting Policies.

Overview

This section should be read in connection with the 2011 Consolidated Financial Statements.

The year under review was once again characterised by uncertainty and economic frailty, especially in the developed world. There were natural crises, from the Japanese tsunami to flooding in Thailand and Indonesia, there were uprisings, from the Arab Spring to the civil war in Côte d'Ivoire, and there was extreme volatility in currencies and commodities.

All in all, it was a year when many of our people in many countries around the world found themselves in situations which they had probably never imagined. And yet they remained focused and committed, and they ensured that our operations suffered the minimal possible disruption. The 2011 performance, which is reviewed in this section, would not have been achieved without their efforts.

As discussed in the letter to shareholders, we need to look beyond the news headlines to see the broader picture. There are opportunities in the current environment, as much as there are risks, and these opportunities are present in all our categories all over the world.

We need to manage the challenges and we need to grasp the opportunities, and we need to do so in a way which is aligned across the Group. This is why our Roadmap,

discussed earlier in this report, is so important. It enables us to be decentralised, and thus fast moving, agile and entrepreneurial in countries around the world, but also to be aligned, cohesive and to have shared values wherever we are in the world.

Finally, whatever the challenges any particular year presents, we need always to remain focused not just on delivering shorter-term performance, but also on managing and investing for longer-term, sustainable, profitable growth.

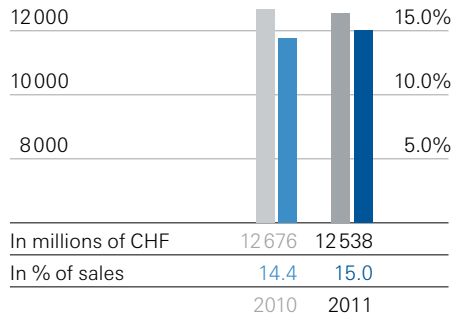
2011 Results

For 2011 the Nestlé Group reported sales of CHF 83.6 billion and 7.5% organic growth on top of good growth in recent years. The organic growth was composed of 3.9% real internal growth and pricing of 3.6%. Foreign exchange had a negative impact of 13.4% and divestitures, net of acquisitions, a further 4.2%, mainly Alcon. Excluding the impact of the sale of Alcon, sales were down by 4.8%.

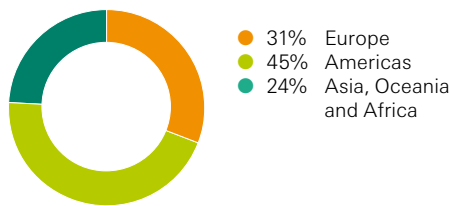
As previously announced, Nestlé made certain changes in presentation for revenue and operating profit as of January 2011 which have no impact on net profit and earnings per share. The 2010 figures have been restated for the changes to be on a comparable basis, which excludes Alcon, except for earnings per share and cash flow which include the contribution from Alcon.



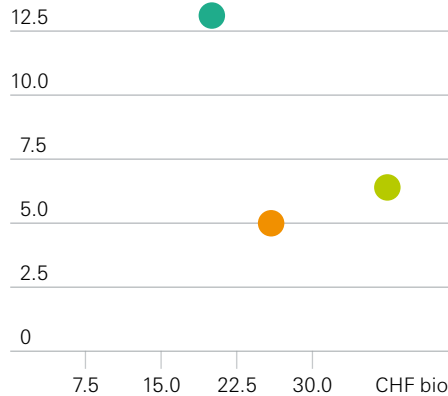
Trading operating profit
(continuing operations)



Geographic sales
as % of total sales



Geographic sales and organic growth (OG)
OG (%)



In billions of CHF	Sales	OG
● Europe (a)	26.2	5.0%
● Americas (a)	37.4	6.4%
● Asia, Oceania and Africa (a)	20.0	13.1%

(a) Each region includes sales of the Zones, Nestlé Waters, Nestlé Nutrition, Nestlé Professional, Nestlé Health Science, Nespresso, Food and Beverages Joint Ventures and Pharma Joint Ventures managed on a worldwide basis.

Business Review

The Nestlé Group continued to grow in all regions of the world, with 5.0% organic growth in Europe, 6.4% in the Americas and 13.1% in Asia, Oceania and Africa. Our business grew 13.3% in emerging markets and 4.3% in developed markets.

Trading operating profit margin for the Group as a whole and in many of our businesses improved in a year characterised by severe cost pressure and intensified competition around the world. Growth leverage combined with Nestlé Continuous Excellence contributed significantly.

We continued to build our capabilities, investing in areas for future growth. Our two new partnerships with Yinlu and Hsu Fu Chi will deepen our engagement with Chinese consumers. Nestlé Health Science and the Nestlé Institute of Health Sciences are off to a good start in their first year of operation. These initiatives along with other investments are creating major growth platforms for the future.

Zone Americas

Sales of CHF 26.8 billion, 6.2% organic growth, 1.1% real internal growth; 18.4% trading operating profit margin, -30 basis points.

The Zone achieved growth in both North America and Latin America.

In North America most of our businesses contributed to the positive performance despite subdued consumer confidence. Pizza strengthened its lead over its competitors with a good performance by *DiGiorno*. Ice cream saw growth in snacks, *Häagen-Dazs* and *Skinny Cow*. The extension of the *Skinny Cow* brand into the chocolate category helped to drive growth there. Soluble

coffee achieved good growth with *Taster's Choice* and *Nescafé Clásico*. *Coffee-mate* benefited from the successful launch of *Natural Bliss*. The frozen segment continued to be challenging but *Lean Cuisine* held share. Petcare built on its leading market position with strong growth from *Purina ONE beyOnd* and *Dog Chow*, and achieved share gains in all categories and channels.

There was double-digit growth in Latin America where demand remained strong. Several markets recorded growth in double digits with Mexico a highlight. It was a similar story in many categories including powdered beverages with *Nescau* and *Nestea*, soluble coffee with *Nescafé* and ambient culinary. *Maggi* achieved excellent growth in key markets helped by the successful launches of new innovations, *Maggi Doble Gusto* bouillon cubes and *Maggi Caldo Casero* bouillon. For petcare *Purina Proplan*, *Dog Chow* and *Cat Chow* also saw double-digit growth.

The Zone's trading operating profit margin was 30 basis points lower as higher input costs were not fully compensated by efficiencies and pricing.

Zone Europe

Sales of CHF 15.2 billion, 4.0% organic growth, 1.8% real internal growth; 15.6% trading operating profit margin, +230 basis points.

The Zone achieved growth in Western and Central/Eastern Europe.

In Western Europe all markets overcame tough economic conditions to deliver real internal growth. Portugal, Italy, Greece and Spain collectively achieved 3.7% organic growth. France, the Benelux countries and Great Britain



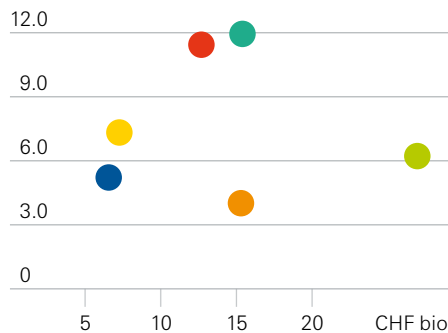
did well. All the key categories grew with soluble coffee, chilled culinary, frozen pizza and petcare among the highlights.

In Central and Eastern Europe there were strong performances in Ukraine and Romania and in the Adriatic region. Trading conditions remained tough in Russia and Poland.

Innovation continued to drive our European growth with a major contribution from brands like *Nescafé Dolce Gusto*, *Nescafé Sensazione* in soluble coffee and *Herta* in chilled culinary. The *Juicy* range of spice-filled roasting bags continued to be a strong contributor for *Maggi* in culinary. Growth in Popularly Positioned Products (PPP) was more than twice the level of that achieved by the Zone as whole. In petcare *Felix* did well, particularly the successful rollout into Central and Eastern Europe.

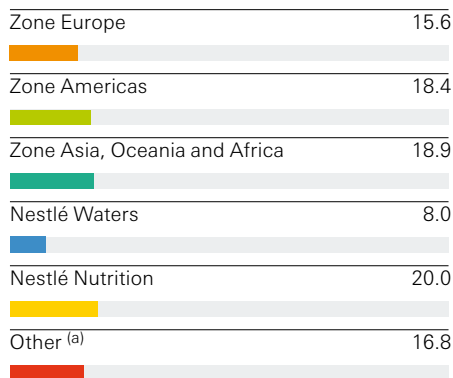
The Zone's trading operating profit margin improved 230 basis points. Key drivers included the growth in Western Europe, pricing, efficiencies, as well as the benefits of past restructuring including changes to retirement plans.

**Operating segments:
sales and organic growth (OG)**
OG (%)



In billions of CHF	Sales	OG
Zone Europe	15.2	4.0%
Zone Americas	26.8	6.2%
Zone Asia, Oceania and Africa	15.3	11.9%
Nestlé Waters	6.5	5.2%
Nestlé Nutrition	7.2	7.3%
Other (a)	12.6	11.4%

**Operating segments:
Trading operating profit margin**
In %



(a) Mainly Nespresso, Nestlé Professional, Nestlé Health Science, Food and Beverages Joint Ventures and Pharma Joint Ventures managed on a worldwide basis.

Zone Asia, Oceania and Africa

Sales of CHF 15.3 billion, 11.9% organic growth, 7.9% real internal growth; 18.9% trading operating profit margin, +90 basis points.

The Zone achieved growth in emerging and developed markets.

Nestlé's presence in the region is deep-rooted, demonstrated by four 100-year anniversaries: Turkey in 2009, the Philippines in 2011, and Malaysia and India in 2012.

The emerging markets produced double-digit growth. The highlights included China, India, Pakistan, North Africa, Central West Africa despite the conflict in Côte d'Ivoire, and Egypt in spite of the turmoil endured for much of the year. In a volatile environment the Zone remained focused on deepening distribution, aiming to service an additional one million small retail outlets between 2010 and 2012. We invested in line extensions and new factories across the Zone. We also established promising partnerships in China with Yinlu and Hsu Fu Chi.

There were many successful initiatives involving Popularly Positioned Products (PPP) which were the key drivers of the Zone's growth. For example, *Maggi* bouillons in Africa and *Nido Essentia* in Egypt. Innovation also played a significant role with successful launches for *Nescafé Milky* in China, *Nescafé 3:1* in Thailand, *Nido Fortified* in several African countries and the continuing roll-out of peelable ice cream. The *Maggi* flavour world and noodles range was expanded in markets across the Zone.

The developed markets' performance was helped by a strong year for Japan, our people reacting fast and creatively in a market badly affected by natural disasters. There was a good

performance in the coffee systems market by *Nescafé Dolce Gusto* and *Barista*, as well as in premium with *Nescafé Koumibaisen*. *KitKat Black* also continued to enjoy strong sales there.

The Zone's trading operating profit margin was up 90 basis points largely thanks to innovation and renovation initiatives across all areas such as distribution, manufacturing and procurement supported by Nestlé Continuous Excellence.

Nestlé Waters

Sales of CHF 6.5 billion, 5.2% organic growth, 3.4% real internal growth; 8.0% trading operating profit margin, +90 basis points.

Nestlé Waters grew in all three zones.

North America grew both in the retail channel and home & office. *Nestlé Pure Life* and the international brands *S.Pellegrino*, *Perrier* and *Acqua Panna* performed well, offsetting a tough competitive environment for the regional brands.

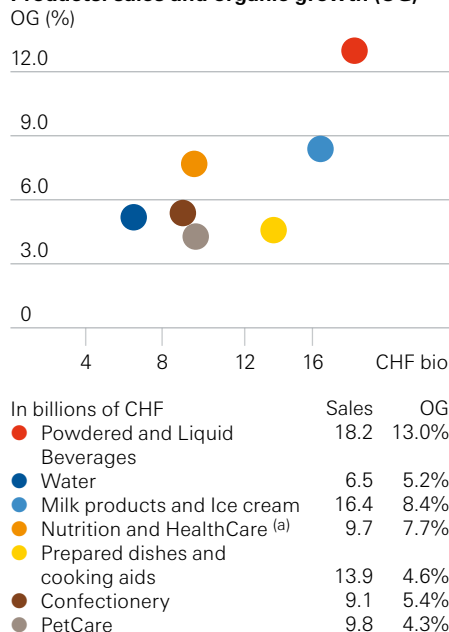
The European business gained share with strong performances in most markets including France, Italy, Germany and the UK.

We continued to grow double digit and build a stronger presence in the emerging markets, where our sales exceeded CHF 1 billion.

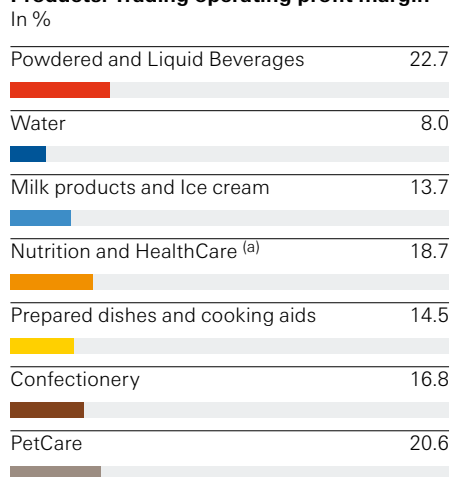
Nestlé Pure Life continued to produce double-digit growth worldwide. There was high single-digit growth from the international brands, all strong contributors globally. *Vittel* and *Hépar* performed well in Europe, whilst *Ice Mountain* and *Ozarka* were the strongest of the regional US brands.

The trading operating profit margin of Nestlé Waters increased 90 basis points due to rigorous cost

Products: sales and organic growth (OG)



Products: Trading operating profit margin



(a) Includes Pharmaceutical products, previously disclosed separately.

management, especially in Europe, pricing and the strong growth in Europe and emerging markets.

Nestlé Nutrition

Sales of CHF 7.2 billion, 7.3% organic growth, 4.5% real internal growth; 20.0% trading operating profit margin, -30 basis points.

Infant Nutrition, representing about 90% of the division's sales, enjoyed good growth overcoming relatively subdued developed market trading conditions. This was due to a well supported strong innovation pipeline, broad-based market share gains and double-digit growth in emerging markets for both infant formula and infant cereals. The launch of the *BabyNes* system in Switzerland, a promising breakthrough innovation, had a good reception in its first months.

Weight Management in North America was affected by weak consumer spending and intensified competition. We are taking steps to address the situation. The international *Jenny Craig* business is performing well with good growth in Oceania and promising momentum in Europe. Growth at Performance Nutrition was strong in Europe and Oceania.

The Nestlé Nutrition trading operating profit margin declined by 30 basis points. The main impacts were input cost pressures and the tough trading environment for weight management in the US.

Other

Sales of CHF 12.6 billion, 11.4% organic growth, 8.3% real internal growth; 16.8% trading operating profit margin unchanged.



Nestlé Professional achieved good growth both in developed and emerging markets, especially in China, India and Brazil, in both beverages and food. We continued to roll out our innovative premium and super-premium beverage solutions (*Nescafé Alegria*, *Nescafé Milano* and *Viaggi*) to all regions. The established *Nescafé* and creamers businesses continued to perform well. The food business benefited from innovations such as *Maggi* Premium Bouillons and *Chef* Natural Flakes for sauces, with continued focus on growing our customised solutions, services capability and customer intimacy.

Nespresso had another strong year, with growth over 20% on a sales base well in excess of CHF 3 billion.

The continued strong consumption in Nespresso's core markets, as well as geographical expansion and the constant innovation of products and systems, ensured a strong performance in the face of intensified competition. The unique *Nespresso* service proposition including boutiques, e-commerce and call centres builds intimacy with our consumers which helps further reinforce our prospects for future growth.

Nestlé Health Science in its first year of operations built up its capabilities with three significant investments. At the same time it achieved strong growth with contributions from innovative products like *Resource ThickenUp Clear*, the *Peptamen* range, and the relaunch of *Boost* which achieved high-teens growth in the US. Its core platforms, ageing medical care, critical care and surgery, and paediatric medical care all grew well, most of them double digit. The 2011 acquisitions have been integrated and are delivering to expectation. Prometheus achieved double-digit sales growth. Vitaflor, acquired in 2010, also reported double-digit growth, driven by innovations for patients with metabolic conditions.

The joint ventures are also included in "Other", but they are discussed separately below.

The "Other" trading operating profit margin was unchanged at 16.8%, reflecting a mixed picture by constituent. Nespresso, Nestlé Health Science and the Food and Beverages Joint Ventures performed well, whilst Nestlé Professional was impacted by input costs despite a strong programme of savings.

Joint Ventures

Nestlé has established a number of joint ventures over the years, both in food and beverages and in pharmaceutical activities, the latter with L'Oréal.

The Food and Beverages Joint Ventures are Cereal Partners Worldwide, with General Mills, Beverage Partners Worldwide, with The Coca-Cola Company, and Dairy Partners of America, with Fonterra.

Cereal Partners Worldwide performed well in 2011, highlights being double-digit growth in Asia and Latin America. In support of this growth, a new factory has been opened in Turkey, both for the domestic market and for export, and extensions are under way in Brazil, Malaysia and South Africa. Key innovations in 2011 included the launch of *Nesquik* and *Chocapic* "pillows" in Latin America and Europe. There has been a major drive recently to enhance the range's health credentials: all global brands – *Fitness*, *Cheerios*, *Chocapic* and *Nesquik* – now have at least 8 grams of whole grain per serving, whilst salt has been reduced by about 900 tonnes and sugar by about 9000 tonnes since 2003.

Beverage Partners Worldwide (BPW) is focused on ready-to-drink tea. BPW achieved single-digit growth in 2011, with solid double-digit growth in many emerging markets. Growth was supported by new product formulations (low- and no-calorie) mainly for the *Nestea* brand, and over 50 launches in about 70 markets. In January 2012, Nestlé and its partner, The Coca-Cola Company, announced a restructure of the joint venture to focus on markets in Europe and Canada.

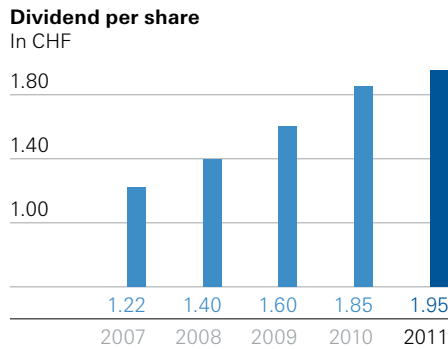


Dairy Partners of America was created in 2003 to develop a sustainable and competitive supply of milk to Fonterra and Nestlé, and join forces to leverage both partners' respective businesses in Latin America. The joint venture had double-digit growth in 2011.

Galderma is one of the leaders in the global dermatology market. Demand remained strong in 2011 with Russia and Brazil as the leading growth markets and Asia-Pacific and the Americas reaching double-digit growth. With innovation as the driving force and the acquisition of Q-Med, a leading Swedish medical device company, Galderma strengthened its three key businesses: prescription drugs, over-the-counter drugs and aesthetic and corrective procedures.

Laboratoires innéov is active in the beauty nutritional supplements field for skin and hair. It saw good growth

in its biggest market, Brazil, due to dermatological prescriptions and a strategy of medical visits. It opened in China in 2011, a major opportunity as Asia is the biggest nutritional complementary product market.



Net Profit and Earnings per Share

The net profit and effective tax rate in 2011 are not comparable to those of 2010 due to the profit from the disposal of the Group's stake in Alcon in 2010. The net profit on a continuing basis was CHF 9.5 billion, up 8.1%. The underlying tax rate was 27.1%, compared to 25.6% in 2010. The share of the results of associates was CHF 0.9 billion, compared to CHF 1.0 billion in 2010.

The underlying earnings per share increased 7.8% in constant currencies. The reported earnings per share, not comparable due to Alcon, were CHF 2.97.

Cash Flow

Operating cash flow was CHF 9.8 billion. Excluding the cash flows from Alcon in 2010 and the impact of foreign exchange in 2011, this would have been at a similar level to 2010, when we reported cash flow of CHF 13.6 billion.

Financial Position

The Group's net financial debt increased from CHF 3.9 billion to CHF 14.3 billion, driven by our completion of the share buy-back, with CHF 4.8 billion invested in 2011, the CHF 5.9 billion of dividend payment, investment in capital expenditure of CHF 4.8 billion and acquisitions of CHF 3.7 billion, net of divestitures.

Return on Invested Capital

The Group's return on invested capital was 14.1% including goodwill, and 30.3% excluding goodwill.

Dividend

The board is proposing a dividend of CHF 1.95 per share, compared to CHF 1.85 in 2010.

Outlook

In view of continuing economic uncertainties and volatility, we don't expect 2012 to be any easier than previous years. But we continue to invest for the future and strengthen our capabilities across the world. Our innovation is creating opportunities in all categories, bringing new consumers to our brands in emerging markets, building on our consumers' engagement with our brands in the developed world. Our people are aligned behind our strategic roadmap, which is as relevant as ever, to drive sustainable performance improvement. We are therefore well positioned in 2012 to deliver the Nestlé Model of organic growth between 5% and 6%, as well as an improvement in the trading operating profit margin and underlying earnings per share in constant currencies.



Evolution of the Nestlé registered share in 2011



Principal risks and uncertainties

Group Risk Management

The Nestlé Group Enterprise Risk Management Framework (ERM) is designed to identify, communicate, and mitigate risks in order to minimise their potential impact on the Group. A “Top-Down” assessment occurs annually and focuses on the Group’s global risk portfolio. It involves the aggregation of individual “Top-Down” assessments of Zones, Globally Managed Businesses, and all markets. It is intended to provide a high-level mapping of Group risk and allows Group Management to make sound decisions on the future operations of the Company. Risk assessments are the responsibility of line management; this applies equally to a business, a market or a function, and any mitigating actions identified in the assessments are the responsibility of the individual line management. If a Group-level intervention is required, responsibility for mitigating actions will generally be determined by the Executive Board. The results of the Group ERM are presented annually to the Executive Board and to the Audit Committee, and conclusions reported to the Board of Directors. In the case of an individual risk assessment identifying a risk which requires action at Group level, an ad hoc presentation is made to the Executive Board.



Factors affecting results

Nestlé’s reputation is based on consumers’ trust. Any major event triggered by a serious food safety or other compliance issue could potentially impact upon Nestlé’s reputation or brand image. The Group has policies, processes and controls in place to prevent against such an event.

The success of the Nestlé Group depends on its ability to anticipate consumer habits and to offer high-quality products that appeal to the consumer preferences. The Group's business is subject to some seasonality, and adverse weather conditions may impact on the Group's sales.

The food industry as a whole is faced with the global challenge of rapidly rising obesity levels. The Group makes all its products available in a range of sizes and varieties designed to meet all needs and all occasions.

Nestlé is dependent on sustainable supply of a number of raw materials, packaging materials and services/ utilities. Any major event triggered by natural hazards (drought, flood, etc.), change in macro-economic environment (shift in production patterns, "biofuels", excessive trading) resulting in input price volatilities and/or capacity constraints could potentially impact upon Nestlé's financial results. The Group has policies, processes and controls in place to mitigate against such an event.

The Group's liquidities/liabilities (currency fluctuation, interest rate, derivatives, and/or hedging, pension funding obligations/retirement benefits, banking/commercial credit, increase in cost of capital) could potentially be impacted by any major event in the financial markets. Again, Nestlé has the appropriate risk mitigation measures in place.

Nestlé is dependent on sustainable manufacturing/supply of finished goods for all product categories. A major event in one of Nestlé's key plants, at a key supplier, contract manufacturers, co-packers, and/or key warehouse facility could

potentially lead to a supply disruption and impact upon Nestlé's financial results. Business continuity plans are established and regularly maintained in order to mitigate against such an event.

The Group depends on accurate, timely information and numerical data from key software applications to enable day-to-day decision making. Any disruption could delay day-to-day decision making.

The Group is subject to environmental regimes applying in all countries where it operates, and has to comply with legislation concerning the protection of the environment, including the use of natural resources, release of air emissions and waste water, and the generation, storage, handling, transportation, treatment and disposal of waste materials.

The Group is subject to health and safety regimes in all countries where it operates, and has to comply with legislation concerning the protection of the health and welfare of employees and contractors.

Nestlé Group companies are parties to a variety of legal proceedings arising out of the normal course of business. The relevant companies believe that there are valid defences for the claims, and such companies intend to defend any such litigation pending.

Nestlé has factories in 83 different countries and its products are sold in more than 140 countries in the world. Security, political stability, legal & regulatory, fiscal, macroeconomic, foreign trade, labour and/or infrastructure risk(s) could potentially impact upon Nestlé's ability to do business in a country or region. Events such as an infectious disease could potentially also impact upon the Group's ability to operate. Any of

these events could potentially lead to a supply disruption and impact upon Nestlé's financial results. Regular monitoring and ad hoc business continuity plans are established in order to mitigate against such an event. The Group's wide geographical and product category spreads represent a natural hedge.

Management responsibilities: Continuing operations

In millions of CHF	2010 ^(a)	2011		RIG (%)	OG (%)
Zone Europe					
Western	13 283	12 397		81.3%	
Eastern and Central	3 134	2 846		18.7%	
Powdered and Liquid Beverages	3 988	3 878		25.5%	
Milk products and Ice cream	1 830	1 651		10.8%	
Prepared dishes and cooking aids	4 354	4 069		26.7%	
Confectionery	3 406	3 016		19.8%	
PetCare	2 839	2 629		17.2%	
Total sales	16 417	15 243		100.0%	1.8 4.0
Trading operating profit	2 179	2 372		15.6%	
Capital expenditure	906	871		5.7%	

Zone Americas

USA and Canada	17 347	15 560		58.2%	
Latin America and Caribbean	11 386	11 196		41.8%	
Powdered and Liquid Beverages	3 380	3 309		12.4%	
Milk products and Ice cream	8 533	7 828		29.3%	
Prepared dishes and cooking aids	5 549	5 172		19.3%	
Confectionery	4 189	3 994		14.9%	
PetCare	7 082	6 453		24.1%	
Total sales	28 733	26 756		100.0%	1.1 6.2
Trading operating profit	5 364	4 922		18.4%	
Capital expenditure	1 127	1 102		4.1%	

(a) 2010 restated following the changes in the Income Statement described in the Consolidated Financial Statements: Note 1 – Accounting Policies. Moreover, the scope of the operating segments has been reviewed to be aligned with the changes of management responsibility as of 1 January 2011. HealthCare Nutrition has been reclassified under "Other" as now managed as part of Nestlé Health Science. As a result of the disposal of Alcon, Pharma has been reclassified under "Other" as now managed together with the Food and Beverages Joint Ventures.

(b) Mainly Nespresso, Nestlé Professional, Nestlé Health Science, Food and Beverages Joint Ventures and Pharma Joint Ventures managed on a worldwide basis.

In millions of CHF	2010 ^(a)	2011		RIG (%)	OG (%)
--------------------	---------------------	------	--	---------	--------

Zone Asia, Oceania and Africa

Oceania and Japan	3630	3465		22.7%		
Other Asian markets	6984	7150		46.7%		
Africa and Middle East	4756	4676		30.6%		
Powdered and Liquid Beverages	5399	5371		35.1%		
Milk products and Ice cream	4992	5097		33.3%		
Prepared dishes and cooking aids	2513	2448		16.0%		
Confectionery	1745	1693		11.1%		
PetCare	721	682		4.5%		
Total sales	15370	15291		100.0%	7.9	11.9
Trading operating profit	2762	2892		18.9%		
Capital expenditure	840	1142		7.5%		

Nestlé Waters

Europe	2651	2438		37.4%		
USA and Canada	3674	3239		49.7%		
Other regions	884	843		12.9%		
Total sales	7209	6520		100.0%	3.4	5.2
Trading operating profit	512	520		8.0%		
Capital expenditure	413	407		6.2%		





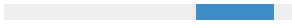
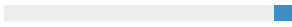


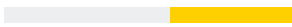

Nestlé Nutrition

Europe	1657	1525		21.1%		
Americas	4010	3577		49.4%		
Asia, Oceania and Africa	2033	2131		29.5%		
Total sales	7700	7233		100.0%	4.5	7.3
Trading operating profit	1562	1443		20.0%		
Capital expenditure	378	477		6.6%		

Other^(b)

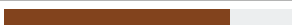

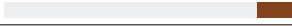

Total sales	12477	12599		100.0%	8.3	11.4
Trading operating profit	2102	2119		16.8%		
Capital expenditure	509	537		4.3%		

Leading positions in dynamic categories

In millions of CHF	2010 ^(a)	2011		RIG (%)	OG (%)
Powdered and Liquid Beverages					
Soluble coffee	9301	9217		50.6%	
Other	8813	8987		49.4%	
Total sales	18114	18204		100.0%	7.4 13.0
Trading operating profit	4150	4129		22.7%	
Water					
Total sales	7215	6526		100.0%	3.4 5.2
Trading operating profit	513	520		8.0%	
Milk products and Ice cream					
Milk products	11146	10974		66.9%	
Ice cream	5010	4456		27.2%	
Other	1046	976		5.9%	
Total sales	17202	16406		100.0%	3.1 8.4
Trading operating profit	2409	2251		13.7%	
Nutrition and HealthCare^(b)					
Total sales	10098	9744		100.0%	5.4 7.7
Trading operating profit	1906	1820		18.7%	
Prepared dishes and cooking aids					
Frozen and chilled	8695	8046		57.7%	
Culinary and other	6204	5887		42.3%	
Total sales	14899	13933		100.0%	1.9 4.6
Trading operating profit	1884	2016		14.5%	

(a) 2010 restated following the changes in the Income Statement described in the Consolidated Financial Statements: Note 1 – Accounting Policies.

(b) Includes Pharmaceutical products, previously disclosed separately.

In millions of CHF	2010 ^(a)	2011		RIG (%)	OG (%)
Confectionery					
Chocolate	7 642	7 102		78.3%	
Sugar confectionery	938	866		9.6%	
Biscuits	1 155	1 097		12.1%	
Total sales	9 735	9 065		100.0%	3.1 5.4
Trading operating profit	1 443	1 524		16.8%	
PetCare					
Total sales	10 643	9 764		100.0%	2.1 4.3
Trading operating profit	2 176	2 008		20.6%	
Associated companies					
Nestlé's share of results	1 010	866			

Geographic data: people, factories and sales

Employees by geographic area

	2010	2011
Europe (a)	32.4%	28.9%
Americas	40.3%	33.7%
Asia, Oceania and Africa	27.3%	37.4%
Total	100.0%	100.0%

Employees by activity

In thousands

	2010	2011
Factories	148	171
Administration and sales	133	157
Total	281	328

Factories by geographic area

Nestlé has 461 factories in 83 countries around the world. This is an increase from 443 in 2010. During the year, 23 factories were acquired or opened and 5 were closed or divested.

	2010	2011
Europe	150	152
Americas	168	171
Asia, Oceania and Africa	125	138
Total	443	461

Sales by geographic area: Continuing operations

In millions of CHF

	2010 ^(b)	2011
Europe	27 745	26 204
Americas	40 324	37 439
Asia, Oceania and Africa	19 837	19 999
Total	87 906	83 642

Sales

In millions of CHF By principal markets	Differences 2011/2010 ^(b)		2011
	in CHF	in local currency	
USA	-10.8	+5.2	21 474
France	-5.2	+6.1	5 646
Brazil	-3.3	+8.0	5 418
Germany	-5.8	+5.4	3 444
Mexico	-1.5	+14.0	2 962
United Kingdom	-7.6	+4.4	2 678
Greater China Region	+15.5	+28.6	2 509
Italy	-5.2	+6.1	2 273
Australia	+1.5	+6.4	2 101
Canada	-5.7	+7.2	2 017
Philippines	-3.2	+9.3	1 851
Switzerland	+2.8	+2.8	1 799
Spain	-7.9	+3.1	1 789
Japan	-2.2	+3.6	1 725
Russia	-9.2	+3.0	1 704
Rest of the World	-18.6	(c)	24 252

By continent

Europe	-5.6	(c) 26 204
USA + Canada	-10.4	(c) 23 491
Asia	+1.2	(c) 14 609
Latin America + Caribbean	-1.1	(c) 13 948
Africa	-2.1	(c) 2 903
Oceania	+2.0	(c) 2 487
Total	-4.9	(c) 83 642

(a) 9 699 employees in Switzerland in 2011.

(b) 2010 restated following the changes in the Income Statement described in the Consolidated Financial Statements: Note 1 – Accounting Policies.

(c) Not applicable.

Europe

Austria	1	●■	●■	●■	■	■	■	■	■
Belgium	1	●■	■	■	■	■	■	■	■
Bulgaria	2	■	●■	■	■	■	■	■	■
Czech Republic	3	■	■	■	■	■	■	■	■
Finland	2	■	●■	■	■	■	■	■	■
France	29	●■	●■	●■	■	■	■	■	■
Germany	21	●■	●■	●■	■	■	■	■	■
Greece	4	●■	●■	■	■	■	■	■	■
Hungary	3	●■	■	■	■	■	■	■	■
Italy	15	●■	●■	●■	■	■	■	■	■
Netherlands	1	■	●■	■	■	■	■	■	■
Poland	9	●■	●■	●■	■	■	■	■	■
Portugal	4	●■	●■	■	■	■	■	■	■
Republic of Serbia	2	■	●■	■	■	■	■	■	■
Romania	1	●■	■	■	■	■	■	■	■
Russia	8	●■	●■	●■	■	■	■	■	■
Slovak Republic	1	■	■	■	■	■	■	■	■
Spain	12	●■	●■	●■	■	■	■	■	■
Sweden	3	●■	■	■	■	■	■	■	■
Switzerland	10	●■	●■	●■	■	■	■	■	■
Turkey	4	●■	●■	■	■	■	■	■	■
Ukraine	4	●■	■	■	■	■	■	■	■
United Kingdom	12	●■	●■	■	■	■	■	■	■

Americas

Argentina	7	●■	●■	●■	■	■	■	■	■
Bolivia	1	■	■	■	■	■	■	■	■
Brazil	24	●■	●■	●■	■	■	■	■	■
Canada	11	●■	●■	●■	■	■	■	■	■
Chile	6	●■	●■	●■	■	■	■	■	■
Colombia	4	●■	●■	●■	■	■	■	■	■
Costa Rica	1	■	●■	■	■	■	■	■	■
Cuba	3	●■	●■	■	■	■	■	■	■
Dominican Republic	2	■	●■	■	■	■	■	■	■
Ecuador	2	●■	●■	●■	■	■	■	■	■
Guatemala	3	●■	■	■	■	■	■	■	■
Jamaica	1	●■	●■	■	■	■	■	■	■
Mexico	13	●■	●■	●■	■	■	■	■	■
Nicaragua	1	■	●■	■	■	■	■	■	■
Panama	1	■	●■	■	■	■	■	■	■
Peru	1	●■	●■	●■	■	■	■	■	■
Trinidad and Tobago	1	●■	●■	■	■	■	■	■	■
United States	81	●■	●■	●■	■	■	■	■	■
Uruguay	1	●■	■	■	■	■	■	■	■
Venezuela	7	●■	●■	●■	■	■	■	■	■

Asia, Oceania and Africa

Algeria	2	●■	●■	■	■	■	■	■	■
Australia	11	●■	●■	●■	■	■	■	■	■
Bahrain	1	●■	■	■	■	■	■	■	■
Bangladesh	1	●■	●■	●■	■	■	■	■	■
Cameroon	1	■	●■	■	■	■	■	■	■
Côte d'Ivoire	2	●■	●■	■	■	■	■	■	■
Democratic Republic of Congo (DRC)	1	■	■	■	■	■	■	■	■
Egypt	3	●■	●■	■	■	■	■	■	■
Ghana	1	●■	●■	■	■	■	■	■	■
Greater China Region	26	●■	●■	●■	■	■	■	■	■
Guinea	1	■	■	■	■	■	■	■	■
India	6	●■	●■	●■	■	■	■	■	■
Indonesia	3	●■	●■	●■	■	■	■	■	■
Iran	2	●■	●■	■	■	■	■	■	■
Israel	9	●■	●■	●■	■	■	■	■	■
Japan	3	●■	●■	■	■	■	■	■	■
Jordan	1	●■	■	■	■	■	■	■	■
Kenya	1	●■	●■	●■	■	■	■	■	■
Lebanon	2	●■	■	■	■	■	■	■	■
Malaysia	6	●■	●■	●■	■	■	■	■	■
Morocco	1	●■	●■	●■	■	■	■	■	■
New Zealand	2	■	●■	■	■	■	■	■	■
Nigeria	2	●■	●■	●■	■	■	■	■	■
Pakistan	4	●■	●■	■	■	■	■	■	■
Papua New Guinea	1	●■	●■	●■	■	■	■	■	■
Philippines	4	●■	●■	■	■	■	■	■	■
Qatar	1	●■	■	■	■	■	■	■	■
Republic of Korea	2	●■	●■	■	■	■	■	■	■
Saudi Arabia	7	●■	●■	●■	■	■	■	■	■
Senegal	1	■	■	■	■	■	■	■	■
Singapore	1	●■	■	■	■	■	■	■	■
South Africa	10	●■	●■	●■	■	■	■	■	■
Sri Lanka	1	●■	●■	■	■	■	■	■	■
Syria	1	●■	●■	●■	■	■	■	■	■
Thailand	7	●■	●■	●■	■	■	■	■	■
Tunisia	1	■	●■	■	■	■	■	■	■
United Arab Emirates	2	●■	●■	■	■	■	■	■	■
Uzbekistan	2	●■	●■	■	■	■	■	■	■
Vietnam	4	●■	●■	●■	■	■	■	■	■
Zimbabwe	1	●■	●■	●■	■	■	■	■	■

The figure in black after the country denotes the number of factories.

- Local production (may represent production in several factories).
- Imports (may, in a few particular cases, represent purchases from third parties in the market concerned).

- Beverages
- Milk products, Nutrition and Ice cream
- Prepared dishes and cooking aids
- Confectionery
- PetCare
- Pharmaceutical products

Shareholder information

Stock exchange listing

At 31 December 2011, Nestlé S.A. shares were listed on the SIX Swiss Exchange (ISIN code: CH0038863350). American Depositary Receipts (ADRs) (ISIN code: US6410694060) representing Nestlé S.A. shares are offered in the USA by Citibank.

Registered Offices

Nestlé S.A.
Avenue Nestlé 55
CH-1800 Vevey (Switzerland)
tel.: +41 (0)21 924 21 11

Nestlé S.A. (Share Transfer Office)
Zugerstrasse 8
CH-6330 Cham (Switzerland)
tel.: +41 (0)41 785 20 20

Further information

For additional information, contact:
Nestlé S.A.
Investor Relations
Avenue Nestlé 55
CH-1800 Vevey (Switzerland)
tel.: +41 (0)21 924 35 09
fax: +41 (0)21 924 28 13
e-mail: ir@nestle.com

As to information concerning the share register (registrations, transfers, address changes, dividends, etc.), please contact:
Nestlé S.A. (Share Transfer Office)
Zugerstrasse 8
CH-6330 Cham (Switzerland)
tel.: +41 (0)41 785 20 20
fax: +41 (0)41 785 20 24
e-mail: shareregister@nestle.com

The Nestlé Annual Report, the Corporate Governance Report and the Financial Statements are available online as a PDF in English, French and German. The consolidated income statement, balance sheet and cash flow statement are also available as Excel files.

The Company offers the possibility of depositing, free of charge, Nestlé S.A. shares traded on the SIX Swiss Exchange.

Nestlé URL: www.nestle.com

Important dates

19 April 2012
145th Annual General Meeting, "Beaulieu Lausanne", Lausanne (Switzerland)

20 April 2012
2012 First quarter sales figures

20 April 2012
Last trading day with entitlement to dividend

23 April 2012
Ex dividend date

26 April 2012
Payment of the dividend

9 August 2012
2012 Half-yearly Results

18 October 2012
2012 Nine months sales figures

14 February 2013
2012 Full Year Results

11 April 2013
146th Annual General Meeting, "Beaulieu Lausanne", Lausanne (Switzerland)

© 2012, Nestlé S.A., Cham and Vevey
(Switzerland)

The Annual Report 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.

In case of doubt or differences of interpretation, the English version shall prevail over the French and German text.

Visual concept and design

Nestec Ltd., Corporate Identity & Design,
with messi&schmidt, Lausanne

Photography

Nana Kofi Acquah, Markus Bühler-Rasom,
Lionel Deriaz, Sam Faulkner, Stan Honda AFP/
Getty Images, Harmen Hoogland,
Achim Lippoth, David Magnusson/Panos
Pictures, Philippe Prêtre, Hans Schürmann,
Thomas Schuppisser, Daryl Visscher,
Cédric Widmer

Production

Altavia Swiss

Paper

This report is printed on Arctic Volume,
a paper produced from well-managed
forests and other controlled sources certified
by the Forest Stewardship Council (FSC).