



Consolidated accounts of the Nestlé Group
Annual report of Nestlé S.A.

1999 Financial statements



Consolidated accounts of the Nestlé Group

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Consolidated income statement for the year ended 31st December 1999

In millions of Swiss francs	Notes	1999	1998
Sales to customers	1	74 660	71 747
Cost of goods sold		(35 912)	(35 963)
Distribution expenses		(5 268)	(4 887)
Marketing and administration expenses		(23 887)	(22 484)
Research and development costs		(893)	(807)
Restructuring costs		(402)	(224)
Amortisation of goodwill		(384)	(301)
Trading profit	1	7 914	7 081
Net financing costs	2	(998)	(1 237)
Net non-trading items	3	(57)	189
Profit before taxation	4	6 859	6 033
Taxation	5	(2 314)	(2 000)
Net profit of consolidated companies		4 545	4 033
Share of profit attributable to minority interests		(160)	(128)
Share of results of associated companies	6	339	300
Net profit for the year		4 724	4 205
As percentages of sales			
Trading profit		10.6%	9.9%
Net profit for the year		6.3%	5.9%
Earnings per share			
(in Swiss francs)			
Basic earnings per share	7	122.1	107.0
Fully diluted earnings per share	7	120.7	106.0



Consolidated balance sheet as at 31st December 1999

before appropriations

In millions of Swiss francs	Notes	1999	1998
Assets			
Current assets			
Liquid assets	8		
Cash and cash equivalents		3 322	4 984
Other liquid assets		3 348	2 979
		6 670	7 963
Trade and other receivables	9	12 443	10 991
Inventories	10	7 383	6 948
Prepayments and accrued income		673	565
Total current assets		27 169	26 467
Fixed assets			
Tangible fixed assets	11		
Gross value		44 014	40 321
Accumulated depreciation		(24 796)	(21 895)
		19 218	18 426
Financial assets			
Investments in associated companies	12	1 828	1 525
Deferred tax assets	20	2 293	2 233
Other financial assets	13	2 431	1 978
		6 552	5 736
Intangible assets	14	6 000	6 074
Total fixed assets		31 770	30 236
Total assets		58 939	56 703



In millions of Swiss francs	Notes	1999	1998
Liabilities and equity			
Current liabilities			
Trade and other payables	15	9 635	8 487
Financial liabilities	16	7 967	10 545
Tax payable		985	826
Accrued liabilities and deferred income		3 595	2 709
Total current liabilities		22 182	22 567
Medium and long term liabilities			
Financial liabilities	17	4 905	4 047
Employee benefit liabilities	18	2 822	2 624
Deferred tax liabilities	20	1 327	1 395
Tax payable		72	97
Other payables		264	179
Provisions	21	2 289	2 415
Total medium and long term liabilities		11 679	10 757
Total liabilities		33 861	33 324
Minority interests		625	564
Equity			
Share capital	22	404	404
Share premium and reserves			
Share premium		5 926	5 926
Reserve for treasury shares		2 873	562
Translation reserve		839	226
Retained earnings		17 439	16 285
		27 077	22 999
		27 481	23 403
<i>Less:</i>			
Treasury shares	23	3 028	588
Total equity before appropriations		24 453	22 815
Total liabilities and equity		58 939	56 703

Consolidated cash flow statement for the year ended 31st December 1999

In millions of Swiss francs	Notes	1999	1998
Operating activities			
Net profit of consolidated companies		4 545	4 033
Depreciation of tangible fixed assets	11	2 597	2 609
Impairment of tangible fixed assets	11	373	127
Amortisation of goodwill	14	384	301
Depreciation of other intangible assets	14	92	–
Impairment of goodwill	14	212	–
Increase/(decrease) in provisions and deferred taxes		101	(43)
Decrease/(increase) in working capital	24	235	(506)
Other movements		(352)	(149)
Operating cash flow ^(a)		8 187	6 372
Investing activities			
Expenditure on tangible fixed assets	11	(2 806)	(3 061)
Expenditure on other intangible assets	14	(139)	(72)
Sale of tangible fixed assets		363	487
Acquisitions	25	(440)	(4 031)
Disposals	26	253	236
Income from associated companies		86	75
Other movements		(76)	189
Cash flow from investing activities		(2 759)	(6 177)

^{a)} Taxes paid amount to Fr. 2304 million (1998: Fr. 1932 million). Interest received/paid does not differ materially from interest shown under note 2 "Net financing costs".



In millions of Swiss francs	Notes	1999	1998
Financing activities			
Dividend for the previous year		(1 469)	(1 376)
Purchase of treasury shares (net)		(2 311)	(280)
Movements with minority interests		(190)	(167)
Bonds issued		328	1 009
Bonds repaid		(400)	(1 238)
Increase/(decrease) in other medium/ long term financial liabilities		500	230
Increase/(decrease) in short term financial liabilities		(3 488)	1 659
Decrease/(increase) in marketable securities and other		(355)	1 258
Decrease/(increase) in short term investments		12	418
Cash flow from financing activities		(7 373)	1 513
Translation differences on flows		49	(49)
Increase/(decrease) in cash and cash equivalents		(1 896)	1 659
Cash and cash equivalents at beginning of year		4 984	3 412
Effects of exchange rate changes on opening balance		234	(87)
Cash and cash equivalents retranslated at beginning of year		5 218	3 325
Cash and cash equivalents at end of year	8	3 322	4 984

Consolidated statement of changes in equity

In millions of Swiss francs	Share premium	Reserve for treasury shares	Translation reserve	Retained earnings	Total reserves	Share capital	Less: Treasury shares	Total equity
Equity as at								
31st December 1997	5 926	282	417	13 859	20 484	404	(282)	20 606
Adjustment for the introduction of IAS 19 (revised 1998)								
Employee benefits				(192)	(192)			(192)
Equity restated as at								
31st December 1997	5 926	282	417	13 667	20 292	404	(282)	20 414
Currency retranslation			(191)		(191)			(191)
Net profit				4 205	4 205			4 205
Movement of treasury shares (net)		280		(280)	-		(280)	(280)
Result on options and treasury shares held for trading purposes				69	69		(26)	43
Dividend for the previous year				(1 376)	(1 376)			(1 376)
Equity as at								
31st December 1998	5 926	562	226	16 285	22 999	404	(588)	22 815
Currency retranslation			613		613			613
Net profit				4 724	4 724			4 724
Movement of treasury shares (net)		2 311		(2 311)	-		(2 311)	(2 311)
Result on options and treasury shares held for trading purposes				139	139		(129)	10
Dividend for the previous year				(1 469)	(1 469)			(1 469)
Recovery of intangible assets on disposals charged to equity prior to 1st January 1995				71	71			71
Equity as at								
31st December 1999	5 926	2 873	839	17 439	27 077	404	(3 028)	24 453



Accounting policies

Accounting convention and accounting standards

The Consolidated accounts comply with International Accounting Standards (IAS) issued by the International Accounting Standards Committee (IASC) and with the Standing Interpretations issued by the Standing Interpretation Committee of the IASC (SIC).

The accounts have been prepared under the historical cost convention and on an accrual basis. All significant consolidated companies have a 31st December accounting year end. All disclosures required by the 4th and 7th European Union company law directives are provided.

Scope of consolidation

The Consolidated accounts comprise those of Nestlé S.A. and of its affiliated companies, including joint ventures, and associated companies (the Group). The list of the principal companies is given in section "Companies of the Nestlé Group".

Consolidated companies

Companies in which the Group has a participation, usually a majority, and where it is responsible for the management, are fully consolidated. This applies irrespective of the percentage of the participation in the share capital. Minority interests in equity, as well as in the net results, are shown separately in the Consolidated accounts.

Proportional consolidation is applied for companies owned, controlled and managed jointly with partners. The individual assets, liabilities, income and expenditure are consolidated in proportion to the Nestlé participation in the equity (usually 50%).

Newly acquired companies are consolidated from the effective date of acquisition, using the purchase method.

Associated companies

Companies where the Group has a participation of 20% or more and a significant influence but does not exercise management control are accounted for by the equity method. The net assets and results are recognised on the basis of the associates' own accounting policies, which may differ from those of the Group.

Foreign currencies

In individual companies, transactions in foreign currencies are recorded at the rate of exchange at the date of the transaction or, if hedged forward, at the rate of exchange under the related hedge instrument. Assets and liabilities in foreign currencies are translated at year end rates. Any resulting exchange differences are taken to the income statement.

On consolidation, assets and liabilities of Group companies denominated in foreign currencies are translated into Swiss francs at year end rates. Income and expense items are translated into Swiss francs at the annual average rates of exchange or, where known or determinable, at the rate on the date of the transaction for significant items.

Differences arising from the retranslation of opening net assets of Group companies, together with differences arising from the restatement of the net results for the year of Group companies from average or actual rates to year end rates, are taken to reserves.

The balance sheet and net results of Group companies operating in hyperinflationary economies are restated for the changes in the general purchasing power of the local currency, using official indices at the balance sheet date, before translation into Swiss francs at year end rates.

Hedging

Derivative financial instruments are used to manage operational exposures to foreign exchange, interest rate and commodity price risks. They are entered into with high credit quality financial institutions, consistent with specific approval, limit and monitoring procedures. The instruments used to hedge foreign currency flows and positions mainly include forward foreign exchange contracts, options, currency futures and currency swaps. Foreign exchange gains and losses on hedging instruments are matched with foreign exchange gains and losses on the underlying asset or liability. When an anticipated future transaction has been hedged and the underlying position has not been recognised in the financial statements any change in the fair value of the hedging instrument is not recognised in the income statement for the period.

Where derivatives are held for the long-term and are used to manage interest rate risks, they are accounted for on the cost basis (where the underlying asset or liability is accounted for on the cost basis) and payments and receipts relating to the instruments are recognised under net financing costs as they accrue. In other cases the instruments are carried at fair value and changes in the market value are taken to income.

Commodity instruments are used to ensure the Group's access to raw materials at an appropriate price. Outright purchase transactions are recorded at the contracted rates. Changes in the fair value of open commodity instruments are not recognised until the actual purchase transactions are recognised in the financial statements.

Segmental information

Segmental information is based on two segment formats: the primary format reflects the Group's management structure, whereas the secondary format is product oriented.

The primary segment format – by management responsibilities and geographic area – represents the Group's management structure. The principal activity of the Group is the food business, which is managed through three geographic zones. The other activities, mainly pharmaceutical products and water, are managed on a worldwide basis. The secondary segment format representing products is divided into five categories (segments).

Segment results represent the contribution of the different segments to central overheads, research and development costs and the profit of the Group. Unallocated items comprise mainly corporate expenses, research and development costs, amortisation of intangible assets and, for the product segments, restructuring and other costs. Specific corporate and research and development expenses are allocated to the corresponding segments.

Segment assets comprise tangible fixed assets, trade and other debtors, inventories and prepayments and accrued income. Unallocated items represent mainly corporate and research and development assets, including intangible assets. Liabilities comprise trade and other creditors, accrued liabilities and deferred income. Eliminations represent inter-company balances between the different segments.

Segment assets and liabilities by management responsibilities and geographic area represent the situation at the end of the year. Assets by product group represent the annual average as this provides a better indication of the level of invested capital.



Valuation methods and definitions

Sales to customers

Sales to customers represent the sales of products and services rendered to third parties, net of sales rebates and sales taxes.

Research and development costs

Research and development costs are charged to the income statement in the year in which they are incurred.

Net financing costs

This item includes the interest expense on borrowings from third parties as well as the interest income earned on funds invested outside the Group. Exchange differences and the results of foreign exchange and interest hedge operations linked to external loans, intra-Group short term loans and deposits in foreign currencies are also included under this heading.

For hyper-inflationary economies, only the real net financing costs appear under this heading. The inflationary portion relating to the financing of the net working capital, which represents a trading expense, is included under "Marketing and administration expenses". The balance of the inflationary portion, relating to the financing of fixed assets, is treated as an exchange difference and shown under "Net non-trading items" since it is offset by a devaluation in the exchange rate of the domestic currency.

Taxation

This includes current taxes on profit and other taxes such as taxes on capital. Also included are actual or potential withholding taxes on current and expected transfers of income from Group companies and tax adjustments relating to prior years.

Deferred taxation is the tax attributable to the temporary differences that appear when taxation authorities recognise and measure assets and liabilities with rules that differ from those of the Consolidated accounts.

Deferred taxes are calculated under the liability method at the rates of tax expected to prevail when the temporary differences reverse. Any changes of the tax rates are recognised to the income statement. Deferred

tax liabilities are recognised on all taxable temporary differences excluding non deductible goodwill. Deferred tax assets are recognised on all deductible temporary differences provided that it is probable that future taxable income will be available.

Liquid assets

Liquid assets include cash at banks and in hand, cash equivalents, marketable securities and other liquid funds and short term investments. Cash equivalents consist of bank deposits and fixed term investments whose maturities are three months or less from the date of acquisition. Short term investments consist of bank deposits and fixed term investments whose maturities are higher than three months from the date of acquisition.

Marketable securities, which are held to maturity, are valued at the lower of cost or market value, while those held for trading purposes are carried at market value. Any resulting gains or losses are recognised in the income statement.

Inventories

Raw materials and purchased finished goods are valued at purchase cost. Work in progress and manufactured finished goods are valued at production cost. Production cost includes direct production costs and an appropriate proportion of production overheads and factory depreciation.

Movements in the most important raw materials inventories and purchased finished goods are accounted for using the FIFO (first in, first out) method. The weighted average cost method is used for other inventories.

A provision is established when the net realisable value of any inventory item is lower than the values calculated above.

Prepayments and accrued income

Prepayments and accrued income comprise payments made in advance relating to the following year, and income relating to the current year which will not be received until after the balance sheet date.

Accrued liabilities and deferred income

Accrued liabilities and deferred income comprise expenses relating to the current year which will not be paid until



after the balance sheet date and income received in advance, relating to the following year.

Tangible fixed assets

Tangible fixed assets are shown in the balance sheet at their historical costs. Depreciation is provided on the straight line method so as to amortise the initial cost over the estimated useful lives, which are as follows:

Buildings	25–50 years
Machinery and equipment	10–15 years
Tools, furniture, information technology and sundry equipment	3–8 years
Vehicles	5 years

Financing costs incurred during the course of construction are expensed. Land is not depreciated. Premiums capitalised for leasehold land or buildings are amortised over the length of the lease.

Depreciation of tangible fixed assets is allocated to the appropriate headings of expenses by function in the income statement.

The carrying amounts of tangible assets are reviewed periodically to assess whether they are recoverable in the form of future economic benefits. If the recoverable amount of an asset has declined below its carrying amount, an impairment loss is recognised to reduce the value of the asset to its recoverable amount.

Leased assets

Assets acquired under long term finance leases are capitalised and depreciated in accordance with the Group's policy on tangible fixed assets. The associated obligations are included in financial liabilities.

Rentals payable under operating leases are charged to the income statement as incurred.

Other financial assets

Long term receivables are discounted to their net present value at the date of inception.

Other financial assets also include excess of assets of funded defined benefit plans.

Other investments primarily comprise unquoted participations of minor importance in various companies

where the Nestlé Group does not exercise management control as well as some securities.

Other financial assets are carried at cost or valuation less any provisions for impairment in value.

Intangible assets

As from 1st January 1995, the excess of the cost of an acquisition over the fair value of the net tangible assets is capitalised. Previously these amounts had been written off through reserves. This value comprises intangible assets acquired, in particular trademarks and industrial property rights, as well as business goodwill. The different components are not separately identified and valued.

Gains on the disposal of intangible assets acquired prior to 1st January 1995 are taken to reserves to the extent of amounts previously written off. Any excess is taken to the income statement. The gain or loss on disposals of intangible assets acquired after that date is also taken to the income statement.

Intangible assets are amortised on a straight line basis over their anticipated useful life but not exceeding 20 years. However, the Group considers that the useful life of intangible assets will in many cases exceed this period.

The unamortised balance is reviewed annually. Where the balance exceeds the value of expected future benefits, the difference is charged to the income statement.

Intangible assets are usually recorded in the currency of the acquiring entity.

This heading also includes separately purchased intangible assets such as software, intellectual property rights and rights to carry on an activity. They are amortised over their useful life, the depreciation being allocated to the relevant headings in the income statement.

Current liabilities

These include current or renewable liabilities due within a maximum period of one year.

Provisions

This item includes provisions for restructuring and contingencies which may arise and which have been prudently provided.



Employee benefits

Post employment benefits

The liabilities of the Group arising from defined benefit obligations, and the related current service cost, are determined using the projected unit credit method. Valuations are carried out annually for the largest plans and on a regular basis for other plans. Actuarial advice is provided both by external consultants and by actuaries employed by the Group. The actuarial assumptions used to calculate the benefit obligations vary according to the economic conditions of the country in which the plan is located.

Such plans are either externally funded, with the assets of the schemes held separately from those of the Group in independently administered funds, or unfunded with the related liabilities carried in the balance sheet.

For the funded defined benefit plans, the deficit or excess of the fair value of plan assets over the present value of the defined benefit obligation is recognised as a liability or an asset in the balance sheet, taking into account any unrecognised actuarial gains or losses and past service cost. However, an excess of assets is recognised only to the extent that it represents a future economic benefit which is actually available to the Group, for example in the form of refunds from the plan or reductions in future contributions to the plan. When such an excess is not available or does not represent a future economic benefit, it is not recognised but is disclosed in the notes.

Actuarial gains and losses arise mainly from changes in actuarial assumptions and differences between actuarial assumptions and what has actually occurred. They are recognised in the income statement, over the remaining working lives of the employees, only to the extent that their net cumulative amount exceeds 10% of the greater of the present value of the obligation or of the fair value of plan assets. Unrecognised actuarial gains and losses are reflected in the balance sheet.

For defined benefit plans the actuarial cost charged to the income statement consists of current service cost, interest cost, expected return on plan assets and past service cost as well as actuarial gains or losses to the extent that they are recognised. The past service cost for the enhancement of pension benefits is accounted for when such benefits vest or become a constructive obligation.

Some benefits are also provided by defined contribution plans; contributions to such plans are charged to the income statement as incurred.

Pensions and retirement benefits

The majority of Group employees are eligible for retirement benefits under defined benefit schemes based on pensionable remuneration and length of service, consisting mainly of final salary plans.

Post retirement health care and other employee benefits

Group companies, principally in North America, maintain health care benefit plans which cover eligible retired employees.

The obligations for other employee benefits consist mainly of end of service indemnities, which do not have the character of pensions.

Equity compensation plans

Members of the Group's Management

Members of the Group's Management are entitled to participate each year in a share option plan without payment. The benefits consist of the rights to buy Nestlé shares at a predetermined fixed price.

As from 1st January 1999, this plan has a rolling seven year duration and the rights are vested after three years (previously five years and two years respectively).

In order to hedge the related exposure, the Group buys the number of shares necessary to satisfy all potential outstanding obligations under the plan when the benefit is awarded and holds them until the maturity of the plan or the exercise of the rights. No additional shares are issued as a result of the equity compensation plan.

The Group is not exposed to any additional cost and there is no dilution of the rights of the shareholders.

Board of Directors

The annual remuneration of the Members of the Board of Directors is partly paid in kind through the delivery to them of warrants purchased in the market. The warrants have a duration of five years and vest after two years.

They are issued by a financial institution and are quoted on the Stock Exchange.



The Group is not exposed to any additional cost and there is no dilution of the rights of the shareholders.

Dividends

In accordance with Swiss law and the Company's Articles of Association, dividends are treated as an appropriation of profit in the year in which they are ratified at the Annual General Meeting and subsequently paid, rather than as an appropriation of the profit in the year to which they relate.

Changes in accounting policies and modification of the scope of consolidation

Changes in accounting policies

The Group has implemented IAS 19 (revised 1998) Employee Benefits as from 1st January 1999.

The Group has implemented SIC 16 on own equity instruments as from 1st January 1999. Treasury shares are presented as a reduction of equity and all gains and losses on such shares are recognised in equity.

IAS 17 (revised 1997) on leases is first applicable in 1999. The Group already complies with the accounting requirements of this standard and consequently there is no change of accounting policy. The disclosure requirements of the standard are new and have been implemented.

The 1998 comparative figures have been restated in the balance sheet, the income statement and the cash flow statement.

The Group has enhanced the disclosures regarding foreign currency and commodity instruments in order to disclose forwards, futures and swaps separately from options.

Modification of the scope of consolidation

The scope of consolidation has been affected by the acquisitions and disposals made in 1999. The principal businesses are detailed below.

Fully consolidated

Newly included:

La Cocinera, Spain, 100% (June)

Svitoch, Ukraine, 89% (April)

Totole, China, 80% (October)

Disposals:

Malaysia Cocoa MFG, Malaysia (April)

Laura Secord, Canada (June)

Hills Bros., USA (December)



Notes

1. Segmental information

By management responsibilities and geographic area

In millions of Swiss francs	1999	1998	1999	1998
	Sales		Results	
Food				
Europe	27 098	26 798	2 671	2 452
Americas	22 045	22 563	2 799	2 963
Africa, Asia and Oceania	13 611	12 429	2 185	1 618
Other activities	11 906	9 957	1 675	1 343
	74 660	71 747	9 330	8 376
Unallocated items ^(a)			(1 416)	(1 295)
Trading profit			7 914	7 081

The analysis of sales by geographic areas is stated by customer destination. Inter-segment sales are not significant.

In millions of Swiss francs	1999	1998	1999	1998
	Assets		Liabilities	
Food				
Europe	14 333	14 354	5 398	5 083
Americas	10 332	9 971	3 187	2 748
Africa, Asia and Oceania	6 919	6 526	1 936	1 588
Other activities	7 316	6 124	2 855	2 350
	38 900	36 975	13 376	11 769
Unallocated items ^(b)	7 454	6 616	491	14
Eliminations	(637)	(587)	(637)	(587)
	45 717	43 004	13 230	11 196

In millions of Swiss francs	1999	1998	1999	1998
	Capital expenditure		Depreciation of tangible fixed assets	
Food				
Europe	923	1 026	928	997
Americas	718	827	697	728
Africa, Asia and Oceania	381	457	421	378
Other activities	665	629	477	434
	2 687	2 939	2 523	2 537
Unallocated items ^(c)	119	122	74	72
	2 806	3 061	2 597	2 609

^{a)} Mainly corporate expenses, research and development costs as well as amortisation of intangible assets.

^{b)} Corporate and research and development assets/liabilities, including intangible assets.

^{c)} Corporate and research and development tangible fixed assets.



By major product group

In millions of Swiss francs	1999	1998	1999	1998
	Sales		Results	
Beverages	20 859	19 879	3 764	3 253
Milk products, nutrition and ice cream	19 411	19 175	2 168	1 837
Prepared dishes and cooking aids (and miscellaneous activities)	20 185	18 765	1 850	1 617
Chocolate and confectionery	10 195	10 485	882	976
Pharmaceutical products	4 010	3 443	1 077	915
	74 660	71 747	9 741	8 598
Unallocated items ^(a)			(1 827)	(1 517)
Trading profit			7 914	7 081

^{a)} Mainly corporate expenses, research and development costs, amortisation of intangible assets as well as restructuring costs.

In millions of Swiss francs	1999	1998
	Assets	
Beverages	10 104	9 685
Milk products, nutrition and ice cream	10 722	10 759
Prepared dishes and cooking aids (and miscellaneous activities)	9 940	9 316
Chocolate and confectionery	6 007	6 343
Pharmaceutical products	2 198	1 977
	38 971	38 080

In millions of Swiss francs	1999	1998
	Capital expenditure	
Beverages	618	593
Milk products, nutrition and ice cream	366	576
Prepared dishes and cooking aids (and miscellaneous activities)	464	442
Chocolate and confectionery	280	388
Pharmaceutical products	91	81
	1 819	2 080
Administration, distribution, research and development	987	981
	2 806	3 061



2. Net financing costs

In millions of Swiss francs	1999	1998
Interest income	474	429
Interest expense	(1 472)	(1 666)
	(998)	(1 237)

Interest income includes Fr. 22 million (1998: Fr. 40 million) of gains arising on securities held for trading purposes.

3. Net non-trading items

In millions of Swiss francs	1999	1998
Non-trading expenses		
Loss on disposal of tangible fixed assets	(20)	(4)
Loss on disposal of activities	(21)	(2)
Provisions for risks	(42)	(77)
Impairment of tangible fixed assets	(373)	(127)
Impairment of goodwill	(212)	–
Other	(255)	(204)
	(923)	(414)
Non-trading income		
Profit on disposal of fixed assets	96	91
Profit on disposal of activities	60	158
Release of provisions for risks	78	160
Other	632 ^{a)}	194
	866	603
Net non-trading items	(57)	189

^{a)} of which Fr. 433 million represents exceptional tax credits, primarily in the USA

4. Expenses by nature

The following items are allocated to the appropriate headings of expenses by function in the income statement:

In millions of Swiss francs	1999	1998
Depreciation of tangible fixed assets	2 597	2 609
Salaries and welfare expenses	12 224	11 609
Remuneration of the executive management and of the Directors	16	16
Auditors' remuneration	28	27
Operating lease charges	113	98
Exchange differences	(22)	(18)



5. Taxation

In millions of Swiss francs 1999 1998

Components of tax expense

^{a)} After deduction of previously unrecognised tax credits on capital losses of Fr. 72 million in 1998.

^{b)} Includes withholding tax levied on transfer of income.

Current tax	1 910	1 595 ^(a)
Deferred tax	(64)	47
Transfers (from)/to unrecognised tax assets	79	–
Changes in deferred tax rates	10	(6)
Prior years' tax	(36)	(1)
Other tax ^(b)	415	365
	2 314	2 000

Deferred tax by types

Tangible fixed assets	(118)	(12)
Intangible assets	71	34
Employee benefits liabilities	(34)	(64)
Inventories, receivables, payables and provisions	(40)	87
Unused tax losses and tax credits	39	(11)
Other	18	13
	(64)	47

Reconciliation of tax expense

Tax at the theoretical domestic rates applicable to profits of taxable entities in the countries concerned	1 889	1 662
Tax effect on non-deductible amortisation of intangible assets	146	96
Tax effect on non-allowable items	(125)	7
Transfers (from)/to unrecognised tax assets	79	(72)
Difference of tax rates	(54)	(57)
Other tax ^(b)	379	364
	2 314	2 000

6. Share of results of associated companies

In millions of Swiss francs 1999 1998

Share of profit before taxation	521	499
Less share of taxation	(182)	(199)
Share of profit after taxation	339	300



7. Earnings per share

	1999	1998
Basic earnings in Swiss francs per share	122.1	107.0
Net profit per income statement (in millions of Swiss francs)	4 724	4 205
Weighted average number of shares outstanding	38 677 213	39 293 665
Fully diluted earnings in Swiss francs per share	120.7	106.0
Theoretical net profit assuming the exercise of all outstanding options and sale of all treasury shares (in millions of Swiss francs)	4 869	4 276
Number of shares	40 352 000	40 352 000

8. Liquid assets

In millions of Swiss francs	1999	1998
Cash and cash equivalents		
Cash at bank and in hand	1 724	1 913
Cash equivalents	1 598	3 071
	3 322	4 984
Other liquid assets		
Short term investments	1 782	1 784
Marketable securities and other	1 566	1 195
	3 348	2 979
Liquid assets	6 670	7 963

Liquid assets are mainly denominated in Swiss francs (55%), in US dollars (15%), in Euro (10%) and in Pounds sterling (8%). Marketable securities held for trading purposes amount to Fr. 626 million (1998: Fr. 386 million). The fair value of other liquid assets is not materially different from their carrying amounts. Rates of annual interest on interest bearing instruments range from 2% on Swiss francs to 6% on US dollars.



9. Trade and other receivables

In millions of Swiss francs	1999	1998
Trade receivables	10 148	8 857
Other receivables	2 295	2 134
	12 443	10 991
After deduction of allowances for doubtful debtors of	503	479
Amounts included above which are due after more than one year	89	117

10. Inventories

In millions of Swiss francs	1999	1998
Raw materials, work in progress and sundry supplies	2 893	2 792
Manufactured goods	4 667	4 319
Provisions	(177)	(163)
	7 383	6 948

Inventories amounting to Fr. 65 million (1998: Fr. 165 million) are pledged as security for financial liabilities.

11. Tangible fixed assets

In millions of Swiss francs					1999	1998
	Land and buildings	Machinery and equipment	Tools, furniture and other equipment	Vehicles	Total	Total
Gross value						
At 1st January	11 279	22 884	5 304	854	40 321	39 169
Currency retranslation and inflation adjustment	759	1 746	381	56	2 942	(1 381)
Expenditure	523	1 498	669	116	2 806	3 061
Disposals	(379)	(949)	(445)	(153)	(1 926)	(1 684)
Modification of the scope of consolidation	–	(33)	(12)	9	(36)	1 416
Other	50	(114)	(28)	(1)	(93)	(260)
At 31st December	12 232	25 032	5 869	881	44 014	40 321



In millions of Swiss francs					1999	1998
	Land and buildings	Machinery and equipment	Tools, furniture and other equipment	Vehicles	Total	Total
Accumulated depreciation						
At 1st January	(3 841)	(13 930)	(3 577)	(547)	(21 895)	(20 984)
Currency retranslation and inflation adjustment	(282)	(996)	(267)	(34)	(1 579)	1 117
Depreciation	(341)	(1 551)	(592)	(113)	(2 597)	(2 609)
Impairment	(159)	(237)	(16)	(1)	(413)^{a)}	(127)
Disposals	194	826	389	117	1 526	1 223
Modification of the scope of consolidation	16	30	9	(5)	50	(661)
Other	38	60	13	1	112	146
At 31st December	(4 375)	(15 798)	(4 041)	(582)	(24 796)	(21 895)
Net at 31st December	7 857	9 234	1 828	299	19 218	18 426

^{a)} of which Fr. 373 million recognised in the income statement and Fr. 40 million by reclassification of the related provision (note 21).

At 31st December 1999, net tangible fixed assets include Fr. 123 million (1998: Fr. 400 million) of assets under construction. Net tangible fixed assets held under finance leases at 31st December 1999 amount to Fr. 80 million (1998: Fr. 115 million). Net tangible fixed assets of Fr. 192 million (1998: Fr. 379 million) are pledged as security for financial creditors. The fire risks, reasonably estimated, are insured in accordance with domestic requirements.

12. Investments in associated companies

This item primarily includes the Group's indirect (26.3%) participation in the equity of L'Oréal, Paris for Fr. 1683 million (1998: Fr. 1367 million). Its market value at 31st December 1999 amounts to Fr. 22 814 million (1998: Fr. 17 609 million).

13. Other financial assets

In millions of Swiss francs	1999	1998
Medium and long term receivables	2 006	1 552
Excess of assets of defined benefit plans	272	281
Other investments	153	145
	2 431	1 978



14. Intangible assets

In millions of Swiss francs	1999	1998
Gross value		
At 1st January	6 638	2 831
Currency retranslation	271	(116)
Goodwill from acquisitions	374	3 848
Expenditure on other intangibles	139	72
Disposals	(8)	–
Other	124	3
At 31st December	7 538	6 638
Accumulated amortisation		
At 1st January	(564)	(276)
Currency retranslation	(42)	16
Amortisation of goodwill	(384)	(301)
Depreciation of other intangibles	(92)	–
Disposals	2	–
Impairment	(334) ^{a)}	–
Other	(124)	(3)
At 31st December	(1 538)	(564)
Net at 31st December	6 000	6 074

^{a)} of which Fr. 212 million recognised in the income statement and Fr. 122 million by reclassification of the related provision (note 21)

15. Trade and other payables

In millions of Swiss francs	1999	1998
Trade payables	5 815	5 121
Other payables	3 820	3 366
	9 635	8 487



16. Current financial liabilities

In millions of Swiss francs	1999	1998
Commercial Paper	1 830	2 145
Line of credit facilities	1 263	2 089
Other short term financial liabilities	4 043	5 736
	7 136	9 970
Current portion of medium and long term financial liabilities	831	575
	7 967	10 545

Short term financial liabilities are mainly denominated in Euro (24%), in US dollars (17%), in Pounds sterling (14%) and in Yen (4%). Rates of annual interest range from 3.0% on Euro to 25% on Brazilian Reais.

17. Medium and long term financial liabilities

In millions of Swiss francs	1999	1998
Loans from financial institutions	1 661	1 029
Bonds	3 994	3 529
Obligations under finance leases	81	64
	5 736	4 622
Current portion of medium and long term financial liabilities	(831)	(575)
	4 905	4 047

Loans from financial institutions are mainly denominated in US dollars (51%) and in Euro (25%). Annual interest rates range from 3.2% on Euro to 14.75% on Brazilian Reais. The majority of the loans are at variable rates. Currencies and interest rates on bonds are disclosed below.

The above medium and long term financial creditors are repayable as follows:

In millions of Swiss francs	1999	1998
in the second year	657	1 211
in the third to fifth year inclusive	3 370	2 462
after the fifth year	878	374
	4 905	4 047

Bonds in issue which are carried at face value, adjusted for any related currency hedge, are as follows:

In millions of Swiss francs				1999	1998
Face value and currency	Interest rate	Year of issue/ maturity			
Bond Issues of Nestlé Holdings, Inc., USA					
USD 250 mio	3%	1992–1999	Warrants attached, expired.	–	345
CHF 300 mio	6%	1992–2002	Subject to interest rate and currency swaps that create a US dollar liability at floating rates.	365	315
USD 250 mio	7%	1995–2005		400	345
DEM 500 mio	5%	1996–2001	Subject to interest rate and currency swaps that create a US dollar liability at floating rates.	530	457
USD 300 mio	3%	1997–2002	Convertible into Nestlé S.A. shares, but subject to an equity and interest rate swap that hedges the issuer against its equity exposure and creates a straight US dollar liability at floating rates.	480	414
USD 250 mio	5%	1998–2003	Subject to an interest rate swap that creates a liability at floating rates.	400	345
Bond Issue of Nestlé Finance-France S.A., France					
ZAR 200 mio	14%	1997–2000	ZAR 100 mio are subject to an interest rate and currency swap that creates a FRF liability at floating rates. ZAR 100 mio are swapped at a rand floating rate and are re-lent to a South African affiliated company.	55	63



In millions of Swiss francs				1999	1998
Face value and currency	Interest rate	Year of issue/ maturity			
Bond Issues of Nestlé (UK) Ltd., United Kingdom					
GBP 100 mio	6¼%	1997–2000	Subject to an interest rate swap that creates a liability at floating rates.	258	229
USD 250 mio	5%	1998–2003	Subject to an interest rate and currency swap that creates a Pound sterling liability at floating rates.	388	345
Bond Issues of Nestlé Australia Ltd., Australia					
CHF 300 mio	3%	1996–2000	Subject to interest rate and currency swaps that create an Australian dollar liability at floating rates.	350	285
USD 250 mio	1¼%	1998–2005	Convertible into Nestlé S.A. shares, but subject to an equity and interest rate and currency swap that hedges the issuer against its equity and currency exposures and creates a straight Australian dollar loan at floating rates.	393	320
Bond Issue of Nestlé Capital Canada, Ltd, Canada					
USD 200 mio	5½%	1999–2004	Subject to an interest rate and currency swap that creates a Canadian dollar liability at floating rates.	328	—
Other bonds				47	66
Total				3 994	3 529
Due within one year				(682)	(379)
Due after one year				3 312	3 150

The market value of the above bonds amounts to Fr. 3999 million as at 31st December 1999 (1998: Fr. 3525 million). This amount represents the market price of the bonds of Fr. 3780 million plus unrealised losses of Fr. 219 million on the hedge instruments (see note 30).



18. Employment benefits liabilities

Reconciliation of assets and liabilities recognised in the balance sheet

In millions of Swiss francs

			1999	1998
	Defined benefit retirement plans	Post employment medical benefits and other benefits	Total	Total
Present value of funded obligations	16 356	194	16 550	15 359
Fair value of plan assets	(19 844)	(164)	(20 008)	(16 047)
Excess of liabilities/(assets)				
of funded obligations	(3 488)	30	(3 458)	(688)
Present value of unfunded obligations	1 183	697	1 880	1 775
Unrecognised past service cost				
of non-vested benefits	(4)	(6)	(10)	(8)
Net unrecognised actuarial gains/(losses)	429	11	440	(383)
Unrecognised assets	3 291	—	3 291	1 279
Defined benefits net liabilities	1 411	732	2 143	1 975
Liabilities from defined contribution plans			407	368
Net liabilities			2 550	2 343
Reflected in the balance sheet as follows:				
Other financial assets			272	281
Employee benefits liabilities			2 822	2 624
Net liabilities			2 550	2 343

The plan assets include 10 158 Nestlé shares (fair-value of Fr. 30 million), mainly held in an SMI indexed portfolio, as well as property occupied by affiliated companies with a fair value of Fr. 33 million. The increase of the excess of assets is mainly due to the effective return on assets as well as the increase in discount rates.



Expenses recognised in the income statement

In millions of Swiss francs		1999	1998	
	Defined benefit retirement plans	Post employment medical benefits and other benefits	Total	Total
Current service cost	827	55	882	811
Employees' contributions	(108)	—	(108)	(97)
Interest cost	840	50	890	862
Expected return on plan assets	(1 225)	(2)	(1 227)	(1 160)
Net actuarial gain/(loss) recognised in year	2	—	2	—
Early retirements, curtailments, settlements	22	—	22	18
Past service cost	14	12	26	27
Total defined benefit expenses	372	115	487	461
Total defined contribution expenses			230	198
The expenses for defined benefit and defined contribution plans are allocated to the appropriate headings of expenses by function.				
Actual return on plan assets			3 125	1 587

Movement of defined benefits net liabilities recognised in the balance sheet

In millions of Swiss francs

1999 1998

	Defined benefit retirement plans	Post employment medical benefits and other benefits	Total	Total
At 1st January	1 284	691	1 975	1 926
Currency retranslation	140	98	238	(30)
Expense recognised in income statement	372	115	487	461
Contributions	(283)	(132)	(415)	(310)
Benefits paid	(104)	(40)	(144)	(90)
Modification of the scope of consolidation	2	—	2	18
At 31st December	1 411	732	2 143	1 975



Principal actuarial assumptions

At 31st December	1999	1998
Discount rates		
Europe	4.25–6%	3.75–7%
Americas	7.25–18.5%	5–23.4%
Africa, Asia and Oceania	3–14%	1.7–14%
Expected long term rates of return on plan assets		
Europe	5.3–8%	5–8%
Americas	8.25–19.7%	8–24.6%
Africa, Asia and Oceania	4–14%	2.5–14%
Expected rates of salary increases		
Europe	1.5–4.5%	1.5–5%
Americas	3.5–17.4%	3–22.2%
Africa, Asia and Oceania	0.5–11%	2–15%
Expected rates of pension adjustments		
Europe	1.25–3%	1.3–3%
Americas	1–15%	1–18.7%
Africa, Asia and Oceania	0.5–9%	1–9.5%
Medical cost trend rates		
Americas	4–17.4%	5–18.4%
Average remaining working life of employees in years		
Europe	11–22	11–24
Americas	9–26	9–26
Africa, Asia and Oceania	12–24	11–22

19. Equity compensation plan

Following are the movements and expiry dates of the options held by members of the Group's Management:

Movement of the options

In Millions of Swiss francs	1999		1998	
	Number of options	Value of shares	Number of options	Value of shares
Outstanding at 1st January	71 210	105	79 095	102
of which vested	40 419		38 641	
New rights	33 492 ^{a)}	87	12 203	28
Rights exercised ^(b)	(11 693)	(14)	(20 088)	(25)
Rights expired	–	–	–	–
Outstanding at 31st December	93 009	178	71 210	105
of which vested	47 478		40 419	

^{a)} of which 164 related to prior years.

^{b)} Average exercise price Fr. 1237.– (1998 Fr. 1235.–).

The rights are exercised throughout the year in accordance with the rules of the plan.

Expiry dates of options

within:	1999		1998	
	Number	Exercise Price	Number	Exercise Price
one year	17 327	Fr. 1 182	–	–
two years	13 031	Fr. 1 261	25 266	Fr. 1 182
three years	17 120	Fr. 1 498	15 153	Fr. 1 261
four years	12 203	Fr. 2 303	18 752	Fr. 1 498
five years	–	–	12 203	Fr. 2 303
six years	–	–	–	–
seven years	33 328	Fr. 2 609	–	–
Total	93 009		71 374	



20. Deferred taxes

In millions of Swiss francs

	1999	1998
Tax assets by types of temporary differences		
Tangible fixed assets	41	31
Intangible assets	230	237
Employee benefits	900	698
Inventories, receivables, payables and provisions	739	637
Unused tax losses and unused tax credits	120	394
Other	394	334
	2 424	2 331

Tax liabilities by types of temporary differences

Tangible fixed assets	941	1 002
Intangible assets	52	7
Employee benefits	94	9
Inventories, receivables, payables and provisions	126	111
Other	245	364
	1 458	1 493

Net assets	966	838
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Reflected in the balance sheet as follows:

Deferred tax assets	2 293	2 233
Deferred tax liabilities	1 327	1 395
Net assets	966	838

Temporary differences for which no deferred tax is recognised:

on investments in affiliated companies (taxable temporary difference)	4 776	2 649
on unused tax losses, tax credits and other items	820	483

Unused tax losses expire mainly within 2 to 5 years.



21. Provisions

In 1998 and previous years, this caption included provisions for impairment of assets as well as certain other liabilities. In 1999, a total of Fr. 491 million has been reclassified as a reduction of the carrying value of the related assets or shown as accrued liabilities.

22. Share capital of Nestlé S.A.

	1999	1998
Number of registered shares of nominal value Fr. 10 each	40 352 000	40 352 000
In millions of Swiss francs	404	404

Additional information is given in the annex to the annual report of Nestlé S.A., note 18.
The share capital includes the nominal value of treasury shares (see note 23).

23. Treasury shares

This item includes the book value of treasury shares (of Nestlé S.A.) held by:

- an affiliated company: 928 940 freely available shares;
- Nestlé S.A.: 93 009 shares in order to allow the exercise of option rights by members of the Group's management (see note 19);
- an affiliated company: 923 345 shares held for trading purposes.

The movement of these shares is described in the annex to the annual report of Nestlé S.A., note 20.

24. Decrease/(increase) in working capital

Disregarding exchange differences and effect of acquisitions and disposals.

In millions of Swiss francs	1999	1998
Inventories	(15)	(67)
Trade receivables	(622)	(725)
Trade payables	364	100
Other payables	231	(50)
Net accruals and deferrals	475	367
Other	(198)	(131)
	235	(506)



25. Acquisitions

In millions of Swiss francs	1999	1998
Fair value of net assets acquired		
Tangible fixed assets	137	800
Financial assets	29	(45)
Provisions	(8)	(219)
Deferred taxes	(13)	213
Minority interests	(68)	(23)
Purchase of minority interests in existing participations	7	144
Net working capital	13	211
Financial liabilities	(27)	(731)
Liquid assets	39	85
	109	435
Goodwill	374	3 848
Total acquisition cost	483	4 283
less:		
Cash and cash equivalents acquired	(39)	(85)
Consideration payable	(4)	(167)
Cash outflow on acquisitions	440	4 031

26. Disposals

In millions of Swiss francs	1999	1998
Net assets disposed of		
Tangible fixed assets	123	45
Intangible assets	6	–
Minority interest	(11)	–
Net working capital	76	35
Financial liabilities	(38)	–
Liquid assets	–	–
	156	80
Recovery of intangible assets on disposals charged to equity prior to 1st January 1995	71	–
Profit/(loss) on disposals	39	156
Total sale consideration	266	236
less:		
Cash and cash equivalents disposed of	–	–
Consideration receivable	(13)	–
Cash inflow on disposals	253	236



27. Dividends

Dividends payable are not accounted for until they have been ratified at the Annual General Meeting. At the meeting on 25th May 2000, the following dividend in respect of 1999 will be proposed:

Dividend per share	Fr.	43.–
resulting in a total dividend of ^(a)	Fr.	1 693 758 476.–

^{a)} Number of shares with right to dividend: see Annual report of Nestlé S.A.

The accounts for the year ended 31st December 1999 do not reflect this proposed distribution, which will be treated as an appropriation of profit in the year ending 31st December 2000.

28. Foreign exchange hedge instruments

Forward foreign currency sales

In millions of Swiss francs	1999			1998		
	Contractual or notional amounts	Unrealised gains	Unrealised losses	Contractual or notional amounts	Unrealised gains	Unrealised losses
Recognised transactions						
Forward contracts	7 869	–	292	4 698	28	74
Options purchased	1 675	–	6	1 936	–	15
Options written	1 610	–	2	1 857	6	1
Anticipated future transactions						
Forward contracts	647	5	13	472	–	28
Options written	80	–	–	–	–	–

Recognised transactions relate to balance sheet positions resulting from liquid assets in foreign currencies and, to a lesser extent, from export receivables, while anticipated future transactions refer to expected export sales.

Due to the nature of the Group's operations, most of the transactions have maturities of less than one year. They are denominated mainly in US dollars and in Euro.



Forward foreign currency purchases

In millions of Swiss francs	1999			1998		
	Contractual or notional amounts	Unrealised gains	Unrealised losses	Contractual or notional amounts	Unrealised gains	Unrealised losses
Recognised transactions						
Forward contracts	2 564	51	7	1 986	45	13
Options purchased	–	–	–	1 219	–	12
Options written	65	–	–	632	5	2
Anticipated future transactions						
Forward contracts	1 026	–	20	585	4	6
Options purchased	127	2	1	62	–	2
Options written	372	1	–	238	5	1

Recognised transactions are related to balance sheet positions such as suppliers and financial liabilities while anticipated future transactions refer to commitments for commodity and machinery imports.

Due to the nature of the Group's operations, most of the transactions have maturities of less than one year. They are denominated mainly in US dollars, in Euro and in Yen.

29. Commodity hedge instruments

In millions of Swiss francs	1999			1998		
	Contractual or notional amounts	Unrealised gains	Unrealised losses	Contractual or notional amounts	Unrealised gains	Unrealised losses
Futures	245	9	24	479	1	77
Options purchased	38	–	1	32	–	–
Options written	26	–	1	70	1	1

Commodity hedge instruments are designed to hedge the price risks on the anticipated purchases of coffee, cocoa and other commodities used for the manufacture of finished goods.

30. Interest rate instruments

Liquid assets

Interest exposures on liquid assets are hedged by using instruments which have the effect of altering the average maturities and the interest rates on the underlying positions. The notional amounts of these instruments and the unrealised gains and losses on revaluation at market rates are given below:

In millions of Swiss francs	1999			1998		
	Contractual or notional amounts	Unrealised gains	Unrealised losses	Contractual or notional amounts	Unrealised gains	Unrealised losses
Interest rate swaps	5 116	2	188	4 458	42	29
Interest rate and currency swaps	-	-	-	55	-	-
Interest rate futures	-	-	-	545	-	-

These instruments have maturity dates of three months to five years. The instruments are denominated in Swiss francs and in Euro with annual interest rates ranging from 1.5% to 3.0%.

Financial liabilities

The majority of interest rate swaps and interest rate and currency swaps modify the maturities and the interest rates of long term bonds thus creating obligations in the reporting currency of the issuer (see note 17), while other interest rate and currency swaps, forward rate agreements, interest rate futures and options hedge interest rate exposures of the affiliated companies. The notional amounts of these instruments and the unrealised gains and losses on revaluation at market rates are given below:

In millions of Swiss francs	1999			1998		
	Contractual or notional amounts	Unrealised gains	Unrealised losses	Contractual or notional amounts	Unrealised gains	Unrealised losses
Interest rate swaps ^(a)	2 510	110	15	2 215	243	1
Interest rate and currency swaps	3 527	36	300	2 591	97	23
Forward rate agreements	1 892	57	41	1 433	–	9
Interest rate futures	–	–	–	43	9	–
Options purchased	341	–	–	437	–	–
Options written	1 003	1	1	586	–	–

^{a)} Include equity swaps.

These instruments have maturity dates of three months to six years. They are denominated mainly in US dollars, Canadian dollars, Australian dollars, Euro and Pound sterling. Their annual interest rates range from 3.1% on Euro to 5.75% on Pound sterling.

31. Guarantees

In the normal course of business, the Group has given guarantees totalling Fr. 385 million to third parties (1998: Fr. 372 million).

32. Commitments for expenditure on tangible fixed assets

At 31st December 1999, the Group was committed to expenditure amounting to Fr. 137 million (1998: Fr. 219 million).



33. Lease commitments

The following charges arise from these commitments:

Operating leases

In millions of Swiss francs	1999	1998
	Minimum lease payments Future value	
within one year	280	a)
in the second year	246	
in the third to fifth year inclusive	521	
after the fifth year	1 215	
	2 262	

a) Information not available.

Finance leases

In millions of Swiss francs	1999		1998	
	Minimum lease Payments			
	Present value	Future value	Present value	Future value
within one year	33	35	(a)	(a)
in the second year	14	17		
in the third to fifth year inclusive	11	13		
after the fifth year	23	29		
	81	94		

The difference between the future value of the minimum lease payments and their present value represents the discount on the lease obligations.

34. Contingent liabilities

The Group has provided for all significant contingent liabilities which are probable of assertion and success.

35. Post balance sheet events

Disposal of certain frozen food operations in 2000

The negotiations with EQT Scandinavia B.V. concerning the sale of the Findus brand and a substantial part of the frozen food activity in Europe were successfully concluded in October 1999. Completion of this sale took place on 31st January 2000 in respect of all markets, other than France, which is expected to be finalised at the end of February 2000.

The transaction includes all of Nestlé's frozen food activities in Great Britain and in Scandinavia, as well as parts of the business – mainly vegetables and fish – in five other countries in Europe. Approximately 3500 full-time employees and 14 factories in seven European countries are affected. The Findus brand worldwide, with the exception of Switzerland and Italy, is included in the transaction. The business had annual sales to third party customers of approximately Fr. 900 million in 1999.

Sales and results for the year 1999 have not been affected by this transaction and the respective assets and liabilities are still included in the balance sheet at 31st December 1999.

36. Transactions with related parties

The Group has not entered into any material transaction with related parties.

37. Nestlé Group Companies

The list of companies appears in the section "Companies of the Nestlé Group".

Principal exchange rates

Swiss francs per		1999	1998	1999	1998
		Year end rates		Average annual rates	
1 US Dollar	USD	1.60	1.38	1.51	1.44
1 Euro	EUR	1.61	1.61	1.60	–
100 French Francs	FRF	24.50	24.50	24.40	24.60
100 Deutsche Marks	DEM	82.30	82.30	81.70	82.40
1 Pound Sterling	GBP	2.58	2.29	2.43	2.39
100 Italian Lira	ITL	0.083	0.083	0.083	0.084
100 Brazilian Reais	BRL	88.40	114.–	83.–	125.–
100 Spanish Pesetas	ESP	0.97	0.97	0.96	0.97
100 Japanese Yen	JPY	1.56	1.21	1.34	1.11
100 Mexican Pesos	MXN	16.80	13.90	15.90	15.70
1 Canadian Dollar	CAD	1.10	0.89	1.02	0.97
1 Australian Dollar	AUD	1.04	0.847	0.97	0.91



Report of the Group auditors

to the General Meeting of Nestlé S.A.

As Group auditors we have audited the Consolidated accounts (balance sheet, income statement, cash flow statement and annex) of the Nestlé Group for the year ended 31st December 1999.

These Consolidated accounts are the responsibility of the Board of Directors. Our responsibility is to express an opinion on these Consolidated accounts based on our audit. We confirm that we meet the legal requirements concerning professional qualification and independence.

Our audit was conducted in accordance with auditing standards promulgated by the profession, and with International Standards on Auditing issued by the International Federation of Accountants (IFAC), which require that an audit be planned and performed to obtain reasonable assurance about whether the Consolidated accounts are free from material misstatement. We have examined on a test basis evidence supporting the amounts and disclosures in the Consolidated accounts. We have also assessed the accounting principles used, significant estimates made and the overall Consolidated accounts presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the Consolidated accounts give a true and fair view of the financial position, the net profit and cash flows and comply in all respects with International Accounting Standards (IAS), the Listing Rules of the Swiss Exchange and the law.

We recommend that the Consolidated accounts submitted to you be approved.



Klynveld Peat Marwick Goerdeler SA

Handwritten signature of S.R. Cormack in black ink.

S.R. Cormack
Chartered accountant

Handwritten signature of B.A. Mathers in black ink.

B.A. Mathers
Chartered accountant

Auditors in charge
London and Zurich, 24th February 2000



Financial information – ten year review

In millions of Swiss francs (except for per share data)	1999	1998	1997 ^(e)
Results			
Consolidated sales	74 660	71 747	69 998
Trading profit	7 914	7 081	7 057
as % of sales	10.6%	9.9%	10.1%
Taxation	2 314	2 000	1 842
Consolidated net profit	4 724	4 205	4 182
as % of sales	6.3%	5.9%	6.0%
as % of average equity	20.0%	19.5%	21.9%
Total amount of dividend	1 694 ^(a)	1 469	1 376
Depreciation of tangible fixed assets	2 597	2 609	2 677
as % of sales	3.5%	3.6%	3.8%
Amortisation of goodwill	384	301	140
Balance sheet			
Current assets	27 169	26 467	25 671
<i>of which liquid assets</i>	6 670	7 963	8 102
Fixed assets	31 770	30 236	25 910
Total assets	58 939	56 703	51 581
Current liabilities	22 182	22 567	20 985
Medium and long term liabilities and minority interests	12 304	11 321	9 990
Equity	24 453	22 815	20 606
Expenditure on tangible fixed assets	2 806	3 061	3 261
as % of sales	3.8%	4.3%	4.7%
Data per share			
Weighted average number of shares outstanding	38 677 213	39 293 665	39 331 126
Consolidated net profit ^(b)	122.1	107.0	106.3
Equity ^(b)	632	581	524
Dividend ^(b)	43.0 ^(d)	38.0	35.0
Pay-out ratio	35.2% ^(d)	35.5%	32.9%
Stock exchange prices (high/low) ^(b)	3107/2508	3498/2122	2192/1421
Yield ^(c)	1.2/1.7 ^(d)	1.1/1.8	1.6/2.5
Number of personnel			
	230 929	231 881	225 808

^(a) As proposed by the Board of Directors of Nestlé S.A. This amount includes dividends payable in respect of shares with right to dividend at the balance sheet date (Fr. 1 652 million) as well as those potentially payable on the shares covering options and shares held for trading purposes (Fr. 42 million).

^(b) Figures prior to 1993 adjusted in order to make comparable the data per share, following rights issues in June 1993.

^(c) Calculated on the basis of the dividend for the year concerned but which is paid out in the following year.

^(d) As proposed by the Board of Directors of Nestlé S.A.

^(e) Figures prior to 1998 have not been restated following the first application of IAS 19 (revised 1998) "Employee Benefits".



1996 ^(f)	1995	1994 ^(g)	1993	1992	1991	1990
60 490	56 484	56 894	57 486	54 500	50 486	46 369
6 053	5 658	5 628	5 591	5 384	4 783	4 484
10.0%	10.0%	9.9%	9.7%	9.9%	9.5%	9.7%
1 552	1 561	1 647	1 669	1 745	1 605	1 404
3 592	3 078	3 250	2 887	2 698	2 470	2 272
5.9%	5.4%	5.7%	5.0%	5.0%	4.9%	4.9%
22.9%	23.3%	19.9%	19.5%	18.4%	17.2%	16.6%
1 180	1 043	1 040	972	870	793	736
2 305	2 103	2 321	2 283	2 038	1 863	1 688
3.8%	3.7%	4.1%	4.0%	3.7%	3.7%	3.6%
102	42	–	–	–	–	–
23 070	20 927	21 420	20 982	20 670	19 195	18 460
5 860	5 124	5 132	5 084	4 688	4 888	5 528
23 605	19 189	23 807	24 178	23 803	19 795	17 116
46 675	40 116	45 227	45 160	44 473	38 990	35 576
19 859	17 410	17 297	18 166	20 019	14 889	14 381
9 239	8 862	10 986	11 334	10 524	8 731	7 781
17 577	13 844	16 944	15 660	13 930	15 370	13 414
3 054	3 056	3 029	3 093	3 191	2 815	2 538
5.0%	5.4%	5.3%	5.4%	5.9%	5.6%	5.5%
39 363 637	39 220 756	38 838 376	37 759 826	36 938 374	36 800 050	36 750 000
91.3	78.5	83.7	76.5	72.2	66.4	61.1
557	459	436	415	373	413	361
30.0	26.5	26.5	25.0	23.2	21.3	19.8
32.9%	33.8%	31.7%	32.7%	32.2%	32.0%	32.4%
1487/1250	1298/1090	1437/1063	1294/1015	1162/857	876/651	913/650
2.0/2.4	2.0/2.4	1.8/2.5	1.9/2.5	2.0/2.7	2.4/3.3	2.2/3.0
221 144	220 172	212 687	209 755	218 005	201 139	199 021

^(f) Figures prior to 1997 have not been restated following the first application of IAS 12 (revised 1996) "Income tax".

^(g) Figures prior to 1995 have not been restated to reflect the change from net replacement values of tangible fixed assets to historical cost accounting.



Companies of the Nestlé Group

Operating companies

Principal affiliated companies which operate in the food and water sectors, with the exception of those marked with an asterisk which are engaged in the pharmaceutical sector.

Countries within the continents are listed according to the alphabetical order of the French names.

1. Affiliated companies for which full consolidation treatment is applied (see "Scope of consolidation").

Europe

Germany Nestlé Deutschland AG *Frankfurt* 97.34% • Blaue Quellen Mineral- und Heilbrunnen AG *Rhens am Rhein* 90.6% • Trinks GmbH *Goslar* 90.6% • San Pellegrino Deutschland GmbH *Mainz* 100% • Alcon Pharma GmbH* *Freiburg/Breisgau* 100% • **Austria** Nestlé Österreich GmbH *Wien* 100% • **Belgium** Nestlé Belgilux S.A. *Bruxelles* 100% • Perrier Vittel Belgilux S.A. *Etalle* 100% • Alcon-Couvreur S.A.* *Puurs* 100% • S.A. Friskies Belgilux N.V. *Bruxelles* 100% • **Bulgaria** Nestlé Sofia A.D. *Sofia* 99.9% • **Denmark** Nestlé Danmark A/S *København* 100% • Friskies Danmark A/S *København* 100% • Alcon Danmark ApS* *København* 100% • **Spain** Nestlé España S.A. *Barcelona* 100% • Productos del Café S.A. *Reus* 100% • Davigel España S.A. *Palma de Mallorca* 100% • Pycasa – La Cocinera *Torrejon de Ardoz* 100% • EYCAM Perrier S.A. *Barcelona* 100% • Alcon-Cusi S.A.* *Barcelona* 100% • Helados Miko S.A. *Vitoria* 100% • Compañía Avidesa S.A. *Alzira* 100% • Alimentos Congelados S.A. *Marcilla* 100% • Friskies España S.A. *Esplugues de Llobregat* 100% • **Finland** Suomen Nestlé Oy *Helsinki* 100% • Friskies Finland Oy *Helsinki* 100% • **France** Nestlé France S.A. *Noisiel* 100% • France Glaces-Findus S.A. *Noisiel* 100% • Nestlé Produits Laitiers Frais *Noisiel* 99.9% • Herta S.A. *Noisiel* 100% • Davigel S.A. *Martin-Eglise* 100% • Food Ingredients Specialties France S.A. *Noisiel* 100% • Perrier Vittel France *Paris* 100% • S.A. des Eaux Minérales de Ribeaupillé *Ribeaupillé* 99.3% • Société Conditionnement et Industrie S.A. *Bernay* 77.9% • Eau Minérale Naturelle de Plancoët "Source Sassay" S.A. *Plancoët* 100% • Nestlé Coffee Specialties France S.A. *Levallois-Perret* 100% • Nestlé Clinical Nutrition S.A. *Sèvres* 100% • Laboratoires Alcon S.A.* *Rueil-Malmaison* 100% • Friskies France *Rueil-Malmaison* 100% • **Greece** Nestlé

Hellas S.A. *Maroussi* 100% • Alcon Laboratories Hellas E.P.E.* *Alimos Attikis* 100% • **Italy** Nestlé Italiana S.p.A. *Milano* 99.9% • San Pellegrino S.p.A. *Milano* 100% • Alcon Italia S.p.A.* *Milano* 100% • Friskies Italia S.p.A. *Castiglione delle Stiviere* 100% • **Hungary** Nestlé Hungaria Kft *Budapest* 100% • Jupiter Kft *Bük* 100% • **Norway** A/S Nestlé Norge *Asker-Oslo* 100% • **Netherlands** Nestlé Nederland B.V. *Amsterdam* 100% • Alcon Nederland B.V.* *Gorinchem* 100% • Friskies Netherlands B.V. *Amsterdam* 100% • **Poland** Goplana S.A. *Poznan* 84.92% • Nestlé Polska Sp. zo.o. *Warsaw* 100% • Naleczowianka Spolka zo.o. *Naleczov* 33.3% • Winiary S.A. *Kalisz* 95.22% • Esi Distribution N.V. *Warsaw* 50% • Alcon Polska Sp. zo.o.* *Warsaw* 100% • **Portugal** Nestlé Portugal S.A. *Linda-a-Velha* 100% • Longa Vida S.A. *Matosinho* 100% • Sociedade das Aguas de Pisos Moura S.A. *Lisboa* 100% • **Republic of Ireland** Nestlé (Ireland) Ltd *Tallaght-Dublin* 100% • Friskies Petcare (Ireland) Ltd *Dublin* 100% • **Czech Republic** Nestlé Food S.r.o. *Praha* 100% • Nestlé Cokoladovny a.s. *Praha* 98.5% • **United Kingdom** Nestlé UK Ltd *Croydon* 100% • Perrier Vittel UK Ltd *Rickmansworth* 100% • Buxton Mineral Water Company Ltd *Rickmansworth* 100% • Alcon Laboratories (UK) Ltd* *Herts* 100% • Friskies Petcare (UK) Ltd *New Malden* 100% • **Russia** JSC Confectionery Union Rossiya *Samara* 99.7% • Nestlé Zhukovsky Ice Cream LLC *Zhukovsky* 87.8% • Nestlé Food LLC *Moscow* 100% • OJSC Confectionery Firm Altai *Barnaul* 85.7% • OJSC Kamskaya *Perm* 84.8% • JSC Khladoprodukt *Timashevsk* 89.4% • **Slovakia** Nestlé Food S.r.o. *Prievidza* 99.9% • **Sweden** Svenska Nestlé AB *Bjuv* 100% • Jede AB *Mariestad* 100% • Alcon Sverige AB* *Bromma* 100% • Friskies Sverige AB *Malmö* 100% • **Switzerland** Société des Produits Nestlé S.A. *Vevey* 100% • Nestlé Suisse S.A. *Vevey* 100% • Perrier Vittel Suisse S.A. *Mies* 100% • Alcon Pharmaceuticals Ltd* *Hünenberg* 100% • Nestlé World Trade Corporation *La Tour-de-Peilz* 100% • Food Ingredients Specialties S.A. *Villars-sur-Glâne* 100% • Nestlé Nespresso S.A. *Pully* 100% • **Turkey** Nestlé Türkiye Gıda Sanayii A.S. *Istanbul* 100% • Mis Süt Sanayii A.S. *Istanbul* 60% • Alcon Laboratuvar-iani A.S.* *Istanbul* 100% • **Ukraine** JSC Lviv Confectionery Firm *Svitoch Lviv* 89.12%.



Africa

South Africa Nestlé (South Africa) (Pty) Ltd *Randburg-Johannesburg* 100% • Friskies Petcare (Pty) Ltd *Pretoria* 60% • Alcon Laboratories Pty Ltd* *Randburg* 100% • **Cameroon** Nestlé Cameroun *Douala* 99.6% • **Ivory Coast** Nestlé Côte d'Ivoire *Abidjan* 80.9% • **Egypt** Nestlé Egypt S.A.E. *Cairo* 100% • Dolce S.A.E. *Cairo* 100% • Industrie du Froid S.A.E. *Kaliub-Cairo* 100% • Société des eaux minérales Vittor S.A.E. *Cairo* 98.6% • **Gabon** Nestlé Gabon *Libreville* 90% • **Ghana** Nestlé Ghana Ltd *Tema-Accra* 51% • **Guinea** Nestlé Guinée *Conakry* 99% • **Kenya** Nestlé Foods Kenya Ltd *Nairobi* 100% • **Mauritius** Nestlé's Products (Mauritius) Ltd *Port Louis* 100% • **Morocco** Nestlé Maroc S.A. *El Jadida* 93.4% • **Nigeria** Nestlé Foods Nigeria PLC *Ilupeju-Lagos* 57% • **Senegal** Nestlé Sénégal *Dakar* 100% • **Tunisia** Nestlé Tunisie *Tunis* 59.2% • **Zimbabwe** Nestlé Zimbabwe (Pvt) Ltd *Harare* 100%.

Americas

Argentina Nestlé Argentina S.A. *Buenos Aires* 100% • Eco de Los Andes *Buenos Aires* 50.9% • Alcon Laboratorios Argentina S.A.* *Buenos Aires* 100% • **Bolivia** Nestlé Bolivia S.r.l. *La Paz* 100% • **Brazil** Nestlé Brasil Ltda. *São Paulo* 100% • Industrias Alimenticias Itacolomy *SIA Montes Claros* 100% • Companhia Produtora de Alimentos *Itabuna* 100% • Perrier Vittel do Brasil Ltda. *Rio de Janeiro* 100% • Alcon Laboratorios do Brasil S.A.* *São Paulo* 100% • **Canada** Nestlé Canada, Inc. *North York-Toronto (Ontario)* 100% • Midwest Food Products, Inc. *Toronto (Ontario)* 50% • The Perrier Group of Canada Ltd *Toronto (Ontario)* 100% • Alcon Canada, Inc.* *Mississauga (Ontario)* 100% • **Chile** Nestlé Chile S.A. *Santiago de Chile* 99.5% • Alcon Laboratorios Chile Limitada* *Santiago* 100% • **Colombia** Nestlé de Colombia S.A. *Bogotá* 100% • Cicolac Ltda. *Bogotá* 100% • Laboratorios Alcon de Colombia S.A.* *Santafé de Bogotá* 100% • **Costa Rica** Nestlé Costa Rica S.A. *San José* 100% • **Cuba** Los Portales S.A. *Guane* 50% • **El Salvador** Nestlé El Salvador S.A. *San Salvador* 100% • **Ecuador** Nestlé Ecuador S.A. *Quito* 74.7% • Neslandina S.A. *Quito* 74.7% • **United States** Nestlé USA, Inc. *Los Angeles (California)* 100% • Nestlé USA – Food Group, Inc. *Solon (Ohio)* 100% • Nestlé USA – Beverage Division, Inc. *Los Angeles (California)* 100% • FIS – North America, Inc. *Wilmington (Delaware)* 100% • Perrier Group of America *Greenwich (Connecticut)* 100% • Great Spring Waters of America, Inc. *Wilmington (Delaware)* 100% • Nestlé

Puerto Rico, Inc. *San Juan (Puerto Rico)* 100% • Alcon Laboratories, Inc.* *Fort Worth (Texas)* 100% • Alcon (Puerto Rico), Inc.* *San Juan (Puerto Rico)* 100% • **Guatemala** Nestlé Guatemala S.A. *Guatemala* 100% • **Honduras** Nestlé Hondureña S.A. *Tegucigalpa* 100% • **Jamaica** Nestlé-JMP Jamaica Ltd *Kingston* 100% • Cremo Ltd *Kingston* 100% • **Mexico** Nestlé México S.A. de C.V. *México* 100% • Manantiales La Asunción, S.A. de C.V. *México* 100% • Alcon Laboratorios S.A. de C.V.* *México* 100% • **Nicaragua** Productos Nestlé (Nicaragua) S.A. *Managua* 100% • **Panama** Nestlé Panamá S.A. *Panamá City* 100% • Nestlé Caribbean, Inc. *Panamá City* 100% • **Paraguay** Nestlé Paraguay S.A. *Asunción* 100% • **Peru** Nestlé Perú S.A. *Lima* 93.1% • **Dominican Republic** Nestlé Dominicana S.A. *Santo Domingo* 97% • **Trinidad and Tobago** Nestlé Trinidad and Tobago Ltd *Port of Spain* 100% • **Uruguay** Nestlé del Uruguay S.A. *Montevideo* 100% • **Venezuela** Nestlé Venezuela S.A. *Caracas* 100% • Caramelos Royal C.A. *Barquisimeto* 100%.

Asia

Saudi Arabia Saudi Food Industries Co. Ltd *Jeddah* 51% • **Bangladesh** Nestlé Bangladesh Ltd *Dhaka* 100% • **Cambodia** Nestlé Dairy (Cambodia) Ltd *Phnom Penh* 80% • **United Arab Emirates** Nestlé Middle East FZE. *Dubai* 100% Nestlé Ice Cream L.L.C. *Dubai* 49% • **India** Nestlé India Ltd *New Delhi* 51% • **Indonesia** P.T. Nestlé Indonesia *Jakarta* 57.6% • P.T. Nestlé Confectionery Indonesia *Jakarta* 100% • P.T. Nestlé Asean (Indonesia) *Jakarta* 100% • P.T. Supmi Sakti *Jakarta* 100% • P.T. Nestlé Beverages Indonesia *Jakarta* 70% • **Israel** OSEM Investments Ltd *Petach-Tikva* 47.1% • **Japan** Nestlé Japan Ltd *Kobe* 100% • Nestlé-Mackintosh K.K. *Tokyo* 66% • Alcon Japan Ltd* *Tokyo* 100% • **Jordan** Nestlé Jordan Trading Co. Ltd *Amman* 49% • **Kuwait** Nestlé Kuwait General Trading Co. W.L.L. *Kuwait* 49% • **Lebanon** Société pour l'Exportation des Produits Nestlé S.A. *Beyrouth* 100% • SOHAT Distribution SAL *Hazmieh* 49% • **Malaysia** Nestlé (Malaysia) Bhd. *Petaling Jaya* 57.5% • Nestlé Foods (Malaysia) Sdn. Bhd. *Petaling Jaya* 57.5% • Nestlé Products Sdn. Bhd. *Petaling Jaya* 57.5% • Nestlé Asean (Malaysia) Sdn. Bhd. *Petaling Jaya* 50.1% • Nestlé Cold Storage (Malaysia) Sdn. Bhd. *Petaling Jaya* 57.5% • **Pakistan** Milkpak Ltd *Lahore* 58.4% • **Philippines** Nestlé Philippines, Inc. *Cabuyao* 100% • **Republic of Korea** Nestlé Korea Ltd *Cheongju* 100% • **People's Republic of China** Nestlé Shuangcheng Ltd



Shuangcheng 97% • Nestlé Dongguan Ltd *Dongguan* 100% • Maggi Dongguan Ltd *Dongguan* 100% • Nestlé Tianjin Ltd *Tianjin* 100% • Nestlé Qingdao Ltd *Qingdao* 100% • Nestlé Shanghai Ltd *Shanghai* 95% • Nestlé Dairy Farm Tianjin Ltd *Tianjin* 100% • Nestlé Dairy Farm Qingdao Ltd *Qingdao* 100% • Nestlé Dairy Farm Guangzhou Ltd *Guangzhou* 90% • Guangzhou Refrigerated Foods Ltd *Guangzhou* 90% • Shanghai Fuller Foods Co. Ltd *Shanghai* 100% • Shanghai Nestlé Product Services Ltd *Shanghai* 97% • Shanghai Totole Flavouring Food Co. Ltd. *Shanghai* 80% • Shanghai Jiale Flavouring Food Sales Co. Ltd *Shanghai* 80% • Nestlé Hong Kong Ltd *Hong Kong* 100% • Nestlé Dairy Farm Hong Kong Ltd *Hong Kong* 100% • Alcon (China) Ophthalmic Product Co., Ltd* *Beijing* 100% • **Singapore** Nestlé Singapore (Pte) Ltd *Singapore* 100% • Nestlé Asean Singapore (Pte) Ltd *Singapore* 100% • **Sri Lanka** Nestlé Lanka Ltd *Colombo* 90.8% • **Syria** Nestlé Syria S.A. *Damascus* 75% • **Taiwan** Nestlé Taiwan Ltd *Taipei* 100% • Alcon Pharmaceuticals Ltd* *Taipei* 100% • **Thailand** Nestlé Products (Thailand), Inc. *Bangkok* 100% • Nestlé Asean (Thailand) Ltd *Bangkok* 80.1% • Quality Coffee Products Ltd *Bangkok* 49% • Nestlé Foods (Thailand) Ltd *Bangkok* 100% • Nestlé Trading (Thailand) Ltd *Bangkok* 49% • Nestlé Manufacturing (Thailand) Ltd *Bangkok* 100% • Nestlé Ice Cream (Thailand) Ltd *Bangkok* 69% • Nestlé Dairy (Thailand) Ltd *Bangkok* 55.4% • Alcon Laboratories (Thailand) Ltd* *Bangkok* 100% • **Vietnam** Nestlé Vietnam Ltd *Bien Hoa* 100% • Long An Mineral Water Joint Venture Company *Tan An* 65%.

Oceania

Australia Nestlé Australia Ltd *Sydney* 100% • Petersville Australia Ltd *Melbourne* 100% • Nestlé Echuca Pty Ltd *Melbourne* 100% • FIS Australia Pty Ltd *Sydney* 100% • Alcon Laboratories (Australia) Pty Ltd* *Frenchs Forests (NSW)* 100% • **Fiji** Nestlé (Fiji) Ltd *Ba* 67% • **New Caledonia** Nestlé Nouvelle-Calédonie S.A. *Nouméa* 100% • **New Zealand** Nestlé New Zealand Ltd *Auckland* 100% • **Papua-New Guinea** Nestlé (PNG) Ltd *Lae* 100% • **French Polynesia** Nestlé Polynesia S.A. *Papeete* 100%.

2. Affiliated companies for which the method of proportionate consolidation is used (see “Scope of consolidation”).



Europe

Germany C.P.D. Cereal Partners Deutschland GmbH & Co. OHG *Frankfurt* 50% • Galderma Laboratorium GmbH* *Freiburg/Breisgau* 50% • **Spain** Cereal Partners España AEIE *Espulgas de Llobregat* 50% • Laboratorios Galderma S.A.* *Madrid* 50% • **France** Cereal Partners France SNC *Noisiel* 50% • Laboratoires Galderma S.A.* *Levallois-Perret* 50% • **Poland** Torun-Pacific Cereal Partners Poland Sp. zo.o. *Torun* 50% • **Portugal** Cereal Asociados Portugal AEIE *Oeiras* 50% • **Sweden** Galderma Svenska AB* *Bromma* 50% • **United Kingdom** Cereal Partners UK *Welwyn Garden City* 50% • Galderma (U.K.) Ltd* *Amersham* 50% • **Switzerland** CCNR Europe S.A. *Lausanne* 50%.

Africa

South Africa Dairymaid-Nestlé (Pty) Ltd *Johannesburg* 50%.

Americas

Argentina Galderma Argentina S.A.* *Buenos Aires* 50% • **Brazil** Galderma Brasil Ltda* *São Paulo* 50% • **Canada** Galderma Canada Inc.* *Markham* 50% • **Chile** Cereales CPW Chile Ltda *Santiago de Chile* 50% • **United States** Coca-Cola Nestlé Refreshments Company, USA *Atlanta (Georgia)* 50% • Galderma Laboratories, Inc.* *Fort Worth (Texas)* 50% • **Mexico** CPW México S.A. de C.V. *México* 50% • Galderma Mexico S.A. de C.V.* *México* 50%.

Asia

People's Republic of China Coca-Cola Nestlé Refreshments Pacific *Hong Kong* 50% • **Republic of Korea** Coca-Cola Nestlé Refreshments Korea *Seoul* 50% • **Thailand** Coca-Cola Nestlé Beverages Thailand Ltd *Bangkok* 33.7% .

Principal associated companies which operate in the food and water sectors, with the exception of those marked with an asterisk which are engaged in the cosmetics and dermatology sectors. For which the equity method is used – see “Scope of consolidation”.

Europe

Germany Mineralbrunnen Überkingen-Teinach AG *Bad Überkingen* 30.11% • **France** L'Oréal S.A.* *Paris* 26.3% • Houdebine S.A. *Noyal-Pontivy* 50% • S.B.E.C.M. Société de

Bouchages Emballages Conditionnement Moderne S.à.r.l.
Lavardac 50%.

Americas

United States Floridian Groves, Inc. *Tampa (Florida)* 40%.

Asia

Malaysia Premier Milk (Malaysia) Sdn. Bhd. *Kuala Lumpur* 25%.

Sub-holding, financial and property companies

Bahamas Nestlé's Holdings Ltd *Nassau* 100% • Food Products (Holdings) Ltd *Nassau* 100% • **United States** Nestlé Holdings, Inc. *Stamford (Connecticut)* 100% • Nestlé Capital Corporation *Stamford (Connecticut)* 100% • **France** Nestlé Entreprises S.A. *Noisiel* 100% • Nestlé Finance France S.A. *Noisiel* 100% • Perrier Vittel S.A. *Paris* 100% • Société Immobilière de Noisiel *Noisiel* 100% • **Panama** Unilac, Inc. *Panamá City* 100% • **Poland** Nestlé Polska Holding Sp. zo.o. *Warsaw* 100% • **Portugal** Nestlé Portugal SGPS, Lda. *Linda-a-Velha* 100% • **United Kingdom** Nestlé Holdings (U.K.) PLC *Croydon* 100% • Friskies Holding (UK) Ltd *Croydon* 100% • **Switzerland** Entreprises Maggi S.A. *Kemptthal* 100% • Nestlé Finance S.A. *Cham* 100% • Rive-Reine S.A. *La Tour-de-Peilz* 100% • S.I. En Bergère Vevey S.A. *Vevey* 100% • Alcon Universal S.A.* *Hünenberg* 100% • Galderma Pharma S.A.* *Lausanne* 50%.

Technical assistance, research and development companies

Nestec Ltd., Vevey (Switzerland)

Technical, scientific, commercial and business assistance company whose units, specialised in all areas of the business, supply permanent know-how and assistance to operating companies in the Group within the framework of licence and equivalent contracts. It is also responsible for all scientific research and technological development, which it undertakes itself or has done on its behalf by its subsidiary companies. The companies and units involved are:

Research centres

France Nestlé Research Centre Plant Science *Tours* • **Switzerland** Nestlé Research Centre *Lausanne*.

Product Technology Centres and Research & Development centres

Germany Nestlé R&D Center Lebensmittelforschung GmbH *Weiding* • **Ivory Coast** Centre R&D Nestlé *Abidjan* • **Spain** Nestlé R&D Center S.A. *Badajoz* • **United States** Nestlé R&D Center, Inc. *Connecticut* • Ohio • Friskies Product Technology Center *St. Joseph (Missouri)* • Alcon Research Ltd* *Forth Worth (Texas)* • **France** Centre R&D Nestlé S.A. *Beauvais* • Nestlé Product Technology Centre *Lisieux* • Centre R&D Friskies S.A. *Amiens* • Galderma R&D S.n.c.* *Sophia Antipolis* • **Italy** Ricerca Gelati S.r.l. *Parma* • **Malaysia** Nestlé R&D Center Sdn. Bhd. *Petaling Jaya* • **United Kingdom** Nestlé Product Technology Centre *York* • **Singapore** Nestlé R&D Center (Pte) Ltd *Singapore* • **Sweden** Nestlé R&D Center Bjuv A.B. *Bjuv* • **Switzerland** Nestlé Product Technology Centre *Kemptthal* • *Konolfingen* • *Orbe*.



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Administration

The General Meeting held on June 3rd 1999 re-elected Mr. Arthur Dunkel for an additional term of five years. Upon the recommendation of the Board of Directors, Lord Simpson was elected as a new director, also for a term of five years. The Chairman expressed his gratitude to Mr. Robert Studer, who decided to resign as a director although his term was due to last until 2002.

At its next meeting, the Board of Directors appointed Mr. Helmut O. Maucher as Chairman, Messrs. Rainer E. Gut and Fritz Gerber as Vice-Chairmen, Mr. Peter Brabeck-Letmathe as Chief Executive Officer and Mrs. Vreni Spoerry as a member of the Committee to the Board.

At the General Meeting on May 25th 2000, Mr. Helmut O. Maucher's and Mr. Paul A. Volcker's terms as directors will expire. Pursuant to the provisions of the Board's regulations concerning the age limit, Messrs. Maucher and Volcker will not be standing for re-election.

Mr. Maucher was elected to the Board in 1981 as Chief Executive Officer. He was appointed Chairman in 1990, and held the office of both Chairman and Chief Executive Officer until 1997. During his long career of more than 40 years with the Group, Mr. Maucher devoted his leadership and entrepreneurial qualities to the benefit of the whole Group which, thanks to these qualities, has become the world's leading international food company. As well as the economic development of the Group, Mr. Maucher enhanced, through his human qualities, its social commitment and the development and motivation of its employees. The Board wishes to express its deepest gratitude to him at the end of this brilliant career.

Mr. Volcker was elected as a member of the Board in 1988. During the last 11 years the Board has greatly benefited from Mr. Volcker's pertinent opinions, for which they thank him sincerely.

On January 1st 2000, Mr. Frank Cella, who has been appointed as a General Manager by the Board of Directors, assumed responsibility for the Strategic Business Units and Marketing following the retirement of Mr. Philippe Véron, who had been a General Manager since January 1st 1993.

Throughout 1999, no director had a personal interest in any transaction of significance for the business of the Group.

Income statement for the year 1999

In millions of Swiss francs	Notes	1999	1998
Income			
Income from Group companies	1	3 771	3 559
Interest income	2	123	497
Profit on disposal of fixed assets	3	97	332
Other income		16	52
Total income		4 007	4 440
Expenses			
Investment write downs	4	558	1 170
Administration and other expenses	5	126	122
Interest expense	6	22	27
Provision for uninsured risks		15	15
Total expenses before taxation		721	1 334
Profit before taxation			
		3 286	3 106
Taxation	7	294	284
Profit for the year	19	2 992	2 822

The appropriation of profit proposed by the Board is set out on page 65.

Balance sheet at 31st December 1999

before appropriations

In millions of Swiss francs	Notes	1999	1998
Assets			
Current assets			
Liquid assets	8	2 845	3 906
Debtors	9	3 988	2 508
Prepayments and accrued income		44	47
Total current assets		6 877	6 461
Fixed assets			
Financial assets	10	11 798	10 353
Intangible assets	13	-	-
Tangible fixed assets	14	-	-
Total fixed assets		11 798	10 353
Total assets		18 675	16 814
Liabilities and shareholders' funds			
Liabilities			
Short term creditors	15	196	431
Accrued liabilities and deferred income		249	3
Long term creditors	16	271	264
Provisions	17	990	670
Total liabilities		1 706	1 368
Shareholders' funds			
Share capital	18/19	404	404
Legal reserves	19	6 392	6 392
Special reserve	19	7 180	5 827
Retained earnings	19	2 993	2 823
Total shareholders' funds	19	16 969	15 446
Total liabilities and shareholders' funds		18 675	16 814



Annex to the annual accounts of Nestlé S.A.

Accounting policies

General

Nestlé S.A. (the Company) is the ultimate holding company of the Nestlé Group which comprises subsidiaries, associated companies and joint ventures throughout the world. The accounts are prepared in accordance with accounting principles required by Swiss law. They are also prepared under the historical cost convention and on the accruals basis. There have been no changes in accounting policies during the year.

Foreign currency translation

Transactions in foreign currencies are recorded at the rate of exchange at the date of the transaction or, if hedged forward, at the rate of exchange under the related forward contract. Assets and liabilities in foreign currencies are translated at year end rates. Any resulting exchange differences are included in the respective income statement captions depending upon the nature of the underlying transactions. The aggregate unrealised exchange difference is calculated by reference to original transaction date exchange rates and includes hedging transactions. Where this gives rise to a net loss, it is charged to the income statement whilst a net gain is deferred.

Hedging

The Company uses forward foreign exchange contracts, options, financial futures and currency swaps to hedge foreign currency flows and positions. Unrealised foreign exchange differences on hedging instruments are matched and accounted for with those on the underlying asset or liability. Long term loans, in foreign currencies, used to finance investments in participations are generally not hedged.

The Company also uses interest rate swaps to manage interest rate risk. The swaps are accounted for at fair value at each balance sheet date and changes in the market value are recorded in the income statement.

Income statement

Income due at the balance sheet date, but not currently transferable is recognised only upon receipt. Dividends paid out of pre-acquisition profits are not included under income from Group companies; instead they are credited against the carrying value of the participation.

In accordance with Swiss law and the Company's articles of association, dividends are treated as an appropriation of profit in the year in which they are ratified at the Annual General Meeting and subsequently paid, rather than as an appropriation of profit in the year to which they relate.

Taxation

This caption includes taxes on profit, capital and withholding taxes on transfers from Group companies.

Financial assets

The carrying value of participations and loans comprises the cost of investment, excluding the incidental costs of acquisition, less any write downs.

Participations located in countries where the political, economic or monetary situation might be considered to carry a greater than normal level of risk are carried at a nominal value of one franc.

Participations and loans are written down on a conservative basis, taking into account the profitability of the company concerned.

Marketable securities are valued at the lower of cost and market value.

Intangible assets

Trademarks and other industrial property rights are written off on acquisition or exceptionally over a longer period. In the consolidated accounts of the Group this item has a different treatment.

Tangible fixed assets

The Company owns land and buildings which have been depreciated in the past to one franc. Office furniture and equipment is fully depreciated on acquisition.



Provisions

Provisions recognise contingencies which may arise and which have been prudently provided. A provision for uninsured risks is constituted to cover general risks not insured with third parties, such as consequential loss. Provision for Swiss taxes is made on the basis of the Company's taxable capital, reserves and profit for the year. A general provision is maintained to cover possible foreign taxation liabilities.

Pensions

Employees are eligible for retirement benefits under a defined benefit plan provided through separate funds.

Prepayments and accrued income

Prepayments and accrued income comprise payments made in advance relating to the following year, and income relating to the current year which will not be received until after the balance sheet date (such as interest receivable on loans or deposits). Revaluation gains on open forward exchange contracts at year end rates, as well as the result of the valuation of interest rate swaps, are also included in this caption.

Accrued liabilities and deferred income

Accruals and deferred income comprise expenses relating to the current year which will not be paid until after the balance sheet date and income received in advance, relating to the following year. Revaluation losses on open forward exchange contracts at year end rates, as well as the result of the valuation of interest rate swaps, are also included in this caption.



Notes to the annual accounts

1. Income from Group companies

This represents dividends of the current and prior years and other net income from Group companies.

2. Interest income

In millions of Swiss francs	1999	1998
Net result on loans to Group companies	107	413
Other	16	84
	123	497

The decrease is mainly due to realised and unrealised results recorded on foreign exchange and interest rate hedge instruments. Income received in 1999, both on the loans and on investments, are practically unchanged.

3. Profit on disposal of fixed assets

This represents mainly the net gains realised on the sale of some trademarks and other industrial property rights previously written down.

4. Investment write downs

In millions of Swiss francs	1999	1998
Participations and loans	500	513
Trademarks and other industrial property rights	58	657
	558	1 170

The write downs of participations and loans in 1999 derive from a conservative policy of valuation, based on the political, economic and monetary situation of the countries where the participations are located, as well as on the profitability of the companies concerned. The write downs of trademarks and other industrial property rights in 1999 refer mainly to trademarks acquired from Group companies.

5. Administration and other expenses

In millions of Swiss francs	1999	1998
Salaries and welfare expenses	54	48
Other expenses	72	74
	126	122

6. Interest expense

In millions of Swiss francs	1999	1998
Interest on long term debenture	15	20
Other interest	7	7
	22	27

7. Taxation

Includes withholding taxes on income from foreign sources, as well as Swiss taxes for which adequate provisions have been established.

8. Liquid assets

In millions of Swiss francs	1999	1998
Cash and cash equivalents	751	2 363
Short term investments	1 511	1 250
Marketable securities	583	293
	2 845	3 906



9. Debtors

In millions of Swiss francs	1999	1998
Amounts owed by Group companies		
Short-term treasury loans	3 607	2 246
Current accounts	370	231
Provision for amounts not currently transferable	-	-
	3 977	2 477
Other debtors (including withholding tax)	11	31
	3 988	2 508

Short-term treasury loans are advanced to Group companies with the intention of investing liquid funds at competitive rates, thus replacing external borrowings. The amount owed to the Company in respect of Swiss withholding tax was received after the year-end.

10. Financial assets

In millions of Swiss francs	1999	1998
Participations in Group companies (see note 11)	7 373	7 112
Finance loans to Group companies (see note 12)	4 247	3 112
Own shares	178	97
Other investments	0	32
	11 798	10 353

Own shares of the Company are held in order to allow the exercise of option rights by members of the Group's Management (93 009 options were outstanding at the close of 1999, of which 47 478 may be exercised as from 1st January 2000 and 12 203 as from 1st February 2000).

11. Participations in Group companies

In millions of Swiss francs	1999	1998
At 1st January	7 112	7 054
Increase	761	570
Write downs	(500)	(512)
At 31st December	7 373	7 112

The increase in participations represents in particular:

- additional funding, through capital increases, of a number of Group companies mainly in People's Republic of China and Russia;
- the purchase, on the stock exchange or from third parties, of shares of some of our affiliated companies, to increase the participations already held, mainly in Malaysia;
- acquisition of participations in various companies, mainly in People's Republic of China;
- the purchase from affiliated companies of certain existing participations.

The carrying value of participations continues to represent a conservative valuation having regard to both the income received by the Company and the net assets of the Group companies concerned.

A list of the most important companies held, either directly by Nestlé S.A. or indirectly through other Group companies, with the percentage of the capital controlled, is given in the section "Consolidated accounts of the Nestlé Group".

A Canadian affiliate has been granted options to purchase shares in certain Group companies situated outside Continental Europe.

12. Finance loans to Group companies

In millions of Swiss francs	1999	1998
At 1st January	3 112	3 566
New loans	1 405	308
Repayments and write downs	(543)	(678)
Realised exchange differences	22	46
Unrealised exchange differences	251	(130)
At 31st December	4 247	3 112

Finance loans are usually for the long term and finance investments in participations.

13. Intangible assets

All intangible assets have been fully written off.

14. Tangible fixed assets

These are principally the land and buildings at Cham and at La Tour-de-Peilz. Nestlé Suisse S.A., the principal operating company in the Swiss market, is the tenant of the building at La Tour-de-Peilz. The "En Bergère" head office building in Vevey is held by a property company, which is wholly owned by Nestlé S.A.

The fire insurance value of buildings, furniture and office equipment amounted to Fr. 22 million at 31st December 1999 and 1998.

15. Short term creditors

In millions of Swiss francs	1999	1998
Amounts owed to Group companies	188	423
Other creditors	8	8
	196	431

16. Long term creditors

In millions of Swiss francs	1999	1998
Amounts owed to Group companies	271	264
Other creditors	-	-
	271	264

Amounts owed to Group companies include a long-term bond issued in 1989, whose carrying value increased by Fr. 30 million to Fr. 271 million as a result of an unrealised exchange difference arising in 1999.

17. Provisions

In millions of Swiss francs	1999	1998
Provision for uninsured risks	475	460
Provision for exchange risks	327	44
Provision for Swiss and foreign taxes	156	140
Other provisions	32	26
	990	670

The provision for exchange risks includes the unrealised net exchange gains on the revaluation of foreign exchange positions and any associated forward cover at the year-end.

18. Share capital

	1999	1998
Number of registered shares of nominal value Fr. 10 each	40 352 000	40 352 000
In millions of Swiss francs	404	404

According to article 6 of the Company's articles of association, no natural person or legal entity can be registered as a shareholder with voting rights for shares held directly or indirectly for more than 3% of the share capital. In addition, article 14 provides that, on exercising the voting rights, no shareholder, through shares owned or represented, may aggregate, directly or indirectly, more than 3% of the total share capital.

At 31st December 1999, the Share Register showed 174 916 registered shareholders. If unprocessed applications for registration and the indirect holders of shares under American depositary receipts are also taken into account, the total number of shareholders probably exceeds 250 000. The Company was not aware of any shareholder holding, directly or indirectly, 3% or more of the share capital.

Conditional increase in share capital

According to the articles of association, the share capital can be increased, by the exercise of conversion or option rights, by a maximum of Fr. 10 000 000 through the issue of a maximum of 1 000 000 registered shares with a nominal value of Fr.10,- each, fully paid-up. Thus the Board of Directors has at its disposal a flexible instrument enabling it, if necessary, to finance the activities of the Company through convertible or option loans.



19. Movements in shareholders' funds

In millions of Swiss francs

	Share capital	General reserve ^(a)	Reserve for own shares ^{(a)(b)}	Special reserve	Retained earnings	Total
At 1st January 1999	404	5 830	562	5 827	2 823	15 446
Appropriation of profit to special reserve				1 325	(1 325)	
Profit for the year					2 992	2 992
Dividend for 1998					(1 469)	(1 469)
Movement of own shares		(2 311)	2 311			
Dividend on own shares held on the payment date of dividend 1998				26	(26)	
Dividend on own shares in respect of which the corresponding option rights were not exercised by the payment date of 1998 dividend				2	(2)	
At 31st December 1999	404	3 519	2 873	7 180	2 993	16 969

^(a) The general reserve and the reserve for own shares constitute the legal reserves.

^(b) See note 20



20. Reserve for own shares

At 1st January 1999, the reserve for own shares amounting to Fr. 562 million, represented the cost of 928 940 shares issued by Nestlé S.A. and acquired by a Group company, as well as 71 210 shares reserved to cover option rights in favour of members of the Group's Management and 111 855 shares held for trading purposes.

At 31st December 1999, the shareholding of the Group company was unchanged (928 940 shares at an acquisition cost of Fr. 156.7 million). These shares are available to be used in any way which, in the opinion of the Board of Directors, would be in the best interests of the Company and its shareholders. As long as these shares are held by the Group company, they will be recorded in the Share Register as being without voting rights and will not rank for dividends.

In 1999, the Company acquired, at a cost of Fr. 96.8 million, 33 492 shares reserved to cover option rights in favour of members of the Group's Management. 11 693 options have been exercised during the year. A total of 93 009 shares are held to cover outstanding option rights at the balance sheet date. Furthermore, the Group company that was holding 111 855 shares for trading purposes at 31st December 1998, acquired an additional 811 490 shares at a cost of Fr. 2 230.2 million. A total of 923 345 shares are held for trading purposes by the Group company at the balance sheet date. As long as the options are not exercised, or the shares sold, these shares are also recorded in the Share Register as being without voting rights and do not rank for dividends.

The total of 1 945 294 own shares held at 31st December 1999 represents 4.8% of Nestlé S.A. share capital.

21. Contingencies

At 31st December 1999 and 1998, the total of the guarantees for credit facilities granted to Group companies, together with the buy-back agreements relating to notes issued, amounted to Fr. 3 835 million and Fr. 5 864 million, respectively.

Proposed appropriation of profit

In Swiss francs	1999	1998
Retained earnings		
Balance brought forward	658 341	1 582 712
Profit for the year	2 992 288 841	2 821 688 195
	2 992 947 182	2 823 270 907
We propose the following appropriations:		
Allocation to the special reserve	1 295 000 000	1 325 000 000
Dividend for 1999, Fr. 43.– per share on 38 406 706 shares (1998: Fr. 38.– on 39 239 995 shares)	1 651 488 358	1 491 119 810
Dividend for 1999, Fr. 43.– per share on 59 681 shares reserved for the option rights which may be exercised in the year 2000 and on 923 345 shares held for trading purposes ^(a) (1998: Fr. 38.– on 170 862 shares)	42 270 118	6 492 756 ^(b)
	2 988 758 476	2 822 612 566
Balance to be carried forward	4 188 706	658 341

^(a) The dividends on those shares for which the option rights will not have been exercised by the date of the dividend payment will be transferred to the special reserve. Dividends on shares which are held for trading purposes and are still held at the date of the dividend payment will also be transferred to the special reserve.

^(b) Of the total of Fr. 6 492 756, Fr. 142 766 were actually paid as dividends, whilst the balance of Fr. 6 349 990 has been transferred to the special reserve.

If you accept this proposal, the gross dividend will amount to Fr. 43.– per share. After deduction of the federal withholding tax of 35%, a net amount of Fr. 27.95 per share will be payable as from Wednesday, 31st May 2000 by bank transfer to the shareholder's account or by cheque, in accordance with instructions received from the shareholder.

Cham and Vevey, 24th February 2000
The Board of Directors



Report of the statutory auditors

to the General Meeting of Nestlé S.A.

As statutory auditors, we have audited the accounting records and the financial statements (balance sheet, income statement and annex) of Nestlé S.A. on pages 53 to 64 for the year ended 31st December 1999.

These financial statements are the responsibility of the Board of Directors. Our responsibility is to express an opinion on these financial statements based on our audit. We confirm that we meet the legal requirements concerning professional qualification and independence.

Our audit was conducted in accordance with auditing standards promulgated by the profession, which require that an audit be planned and performed to obtain reasonable assurance about whether the financial statements are free from material misstatement. We have examined on a test basis evidence supporting the amounts and disclosures in the financial statements. We have also assessed the accounting principles used, significant estimates made and the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the accounting records, financial statements and the proposed appropriation of retained earnings comply with the law and the company's articles of incorporation.

We recommend that the financial statements submitted to you be approved.

 Klynveld Peat Marwick Goerdeler SA



S.R. Cormack
Chartered accountant



B.A. Mathers
Chartered accountant

Auditors in charge
London and Zurich, 24th February 2000

133rd Ordinary General Meeting of Nestlé S.A.

Thursday 25th May 2000
at 3.00 p.m. at the "Palais de Beaulieu", Lausanne

Agenda

- 1a Annual report 1999, annual financial statements
of the Company and report of the auditors
- 1b 1999 Consolidated financial statements of the Group
and report of the Group auditors
- 2 Release of the Board of Directors and of the Management
- 3 Decision on the appropriation of profits resulting
from the balance sheet of the Company

Next Ordinary General Meeting:
Thursday 5th April 2001 at the "Palais de Beaulieu", Lausanne



Important dates

14th April 2000	Announcement of first quarter 2000 sales figures
25th May 2000	133rd Ordinary General Meeting, "Palais de Beaulieu", Lausanne
31st May 2000	Payment of the dividend
23rd August 2000	Publication of the half-yearly report January/June 2000
20th October 2000	Announcement of first nine months 2000 sales figures; Autumn meeting with the press (Vevey)
23rd February 2001	Announcement of 2000 sales figures and results
14th March 2001	Press conference (Zurich)
5th April 2001	134th Ordinary General Meeting, "Palais de Beaulieu", Lausanne

Stock exchange listings of registered shares of Nestlé S.A.

Switzerland:	Swiss Exchange
Abroad:	Amsterdam, Brussels, Frankfurt, London, Paris, Tokyo, Vienna

Registered Offices:	Nestlé S.A.	Nestlé S.A.
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	Telephone (021) 924 21 11	CH-6330 Cham (Switzerland)
		Telephone (041) 785 20 20

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E-mail: investor.relations@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), telephone (041) 785 20 20, telefax (041) 785 20 24.

Nestlé URL: <http://www.nestle.com>



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Concept and design: Nestec Ltd., Vevey (Switzerland)
Printed in Switzerland 3.2000



