Record Sales and Earnings in 2000 - Board Proposes 28 % Dividend Increase and 1:10 Share Split

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Vevey, 2/23/01

Year 2000 Figures at a Glance					
				Margins	
	Y 2000	**Y 1999**	**% change**	**Y 2000**	**Y 1999**
Sales	**CHF 81 422 mio.**	CHF 74 660 mio.	**+9.1%**		
EBITDA	**CHF 12 516 mio.**	CHF 10 987 mio.	**+13.9%**	**15.4%**	14.7%
EBITA	**CHF 9 600 mio.**	CHF 8 298 mio.	**+15.7%**	**11.8%**	11.1%
Trading Profit (EBIT)	**CHF 9 186 mio.**	CHF 7 914 mio.	**+16.1%**	**11.3%**	10.6%
Net profit	**CHF 5 763 mio.**	CHF 4 724 mio.	**+22.0%**	**7.1%**	6.3%
EPS	**CHF 149.1**	CHF 122.1	**+22.1%**		
Dividend Proposal	**CHF 55.-**	CHF 43.-	**+27.9%**		
Real Internal Sales Growth	**4.4%**	3.6%			

- Strong fourth quarter growth of 5 percent helped to achieve a record 4.4 percent rate of real internal growth, forty basis points above objective
- Group sales increased by 9.1 percent, despite a 1.3 percent net reduction from divestitures/acquisitions
- Profits and cash flow at an all time high
- Peter Brabeck, CEO of Nestlé: "Nestlé has achieved record levels of growth and profits. We are now harvesting the results of our relentless push for continuous improvement. The Group's business strategy is delivering sustainable, capital efficient and profitable long-term growth."

Vevey, February 23, 2001 - The Nestlé Group closed the year 2000 with consolidated sales of CHF 81 422 million (1999: 74 660 million), an increase of 9.1 percent over the preceding year. The trading profit grew by 16.1 percent to CHF 9 186 million, a record margin of 11.3 percent of sales (10.6 percent in 1999). EBITA (Earnings Before Interest, Taxes and Amortization) improved by 15.7 percent to CHF 9 600 million (1999: 8 298 million). With a margin on sales of 7.1 percent (6.3 percent in 1999), net profit was up 22 percent over 1999, to CHF 5 763 million.

As a result of strong fourth quarter sales growth of 5 percent, the Nestlé Group achieved a record real internal growth rate of 4.4 percent. All three geographic Zones exceeded their RIG targets, with particularly strong performance in Eastern Europe, Asia, Latin America, as well as in the joint-ventures and in Alcon. The significant improvements in profits result from a broad-based effort to continually improve the performance throughout the Group. All areas and activities were involved and, in differing degrees, contributed to growth and improved results. Portfolio streamlining, efficiency improvements in purchasing, supply chain management and the on-going industrial restructuring led to a general increase in operational efficiency reflected in the higher margins and profits. At the same time, significant investments were made in R&D, manufacturing and marketing to ensure future top-line growth.

The year 2000 sales growth amounted to 9.1 percent, essentially driven by strong real internal growth of 4.4 percent (3.6 percent in 1999) and by an overall favorable evolution of foreign exchange rates (+ 5.0 percent). Divestitures net of acquisitions reduced consolidated sales by 1.3 percent, while price increases contributed 1.0 percent. At comparable structure and constant exchange rates, sales grew by 5.4 percent.

Operating cash flow rose 8.1 percent and reached a record CHF 8 851 million (CHF 8 187 million in 1999). The Group's net debt fell from CHF 6 202 million to CHF 3 013 million at the end of 2000, reflecting strong cash flow generation and a tight control of working capital. Earnings per share climbed 22.1 percent, from CHF 122.1 to CHF 149.1.

Nestlé looks forward to a positive development in the year 2001. Macroeconomic indicators show no major problem areas and Nestlé remains confident that it can continue the process of performance improvement during the current year. Barring major unforeseen events, Nestlé will close 2001 with higher sales and profits than in 2000.

At its meeting of February 22, 2001 the Board of Directors approved the fully audited accounts and decided to propose to the General Meeting of shareholders that the dividend be raised from CHF 43.- to CHF 55.- per share, an increase of 27.9 percent, representing a payout ratio of 36.9 percent. Assuming the General Meeting accepts this proposal, the dividend will be payable on April 11, 2001.

Taking advantage of recent changes in Swiss legislation, the Board will present a proposal to the General Meeting concerning a 1:10 split of the Nestlé shares, to bring the nominal value per share down from CHF 10.- to CHF 1.-. At the same time, it is envisaged to adjust the ratio of the American Depositary Receipts (ADRs) to the Nestlé share from 20:1 to 4:1.

At the General Meeting the terms as directors of Messrs. Rainer E. Gut, Fritz Gerber, Jean-Pierre Meyers and Reto F. Domeniconi will expire. Having reached the age limit, Mr. F. Gerber will not stand for a new term. Mr. R.F. Domeniconi has indicated that he does not wish to stand for re-election. The Board warmly thanks the retiring members for their important contribution to the development of the Group.

Messrs. R.E. Gut and J.-P. Meyers will present themselves for re-election. The Board recommends to the General Meeting to elect Mr. Nobuyuki Idei, Chairman and CEO of Sony Corporation, Tokyo, as well as Mr. André Kudelski, President and Chief Executive Officer of Kudelski Group, Cheseaux-sur-Lausanne, as new directors.

The General Meeting of Nestlé S.A. will take place on April 5, 2001 at 15:00 at the Palais de Beaulieu in Lausanne. No transfer of shares affecting voting rights will be registered between March 16, 2001 and the day of the General Meeting. The management report will be available from March 20, 2001, whereas the fully audited financial statements are displayed as of today on the Nestlé Corporate Website (www.nestle.com).