

Nestlé Purina PetCare *Creating Shared Value*



 **Nestlé PURINA**

2011 Corporate Responsibility Report
Zone Americas

Key Facts:



In the U.S., 93 out of the top 100 U.S. all-breed show dogs (according to American Kennel Club statistics) are fed Purina Pro Plan brand dog food. In addition, the Best in Show winners at the past five Westminster Dog Shows are Purina Pro Plan-fed dogs.

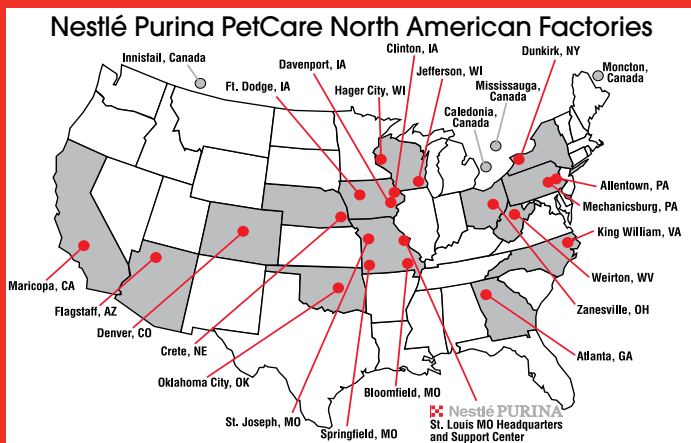
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U. S. Factories (20): Allentown, PA; Atlanta, GA; Bloomfield, MO; Clinton, IA; Crete, NE; Davenport, IA; Denver, CO; Dunkirk, NY; Flagstaff, AZ; Fort Dodge, IA; Hager City, WI; Jefferson, WI; King William, VA; Maricopa, CA; Mechanicsburg, PA; Oklahoma City, OK; Springfield, MO; St. Joseph, MO; Weirton, WV; and Zanesville, OH.

Canadian Factories (4): Caledonia, Ontario; Innisfail, Alberta; Mississauga, Ontario; Moncton, New Brunswick

Latin American Factories (6): Cuautitlan, Mexico; Mosquera, Colombia; La Encrucijada, Venezuela; Camaqua and Ribeirao Preto, Brazil; Santo Tome, Argentina

- Nestlé Purina PetCare businesses employ approximately 9,850 people in the Americas, with approximately 6,900 in the U.S., 500 in Canada and 2,450 in Latin America.
- Headquarters for Nestlé Purina PetCare Company in the U.S. and its Latin America division are located at Checkerboard Square in St. Louis, Mo., USA.
- In 2010, Nestlé Purina PetCare had global sales of \$12.5 billion.
- Nestlé Purina PetCare Company is the Number One U.S. PetCare Company in sales, volume and market share, and as of December 2010, had achieved five consecutive years of improved market share growth and 17 consecutive years of revenue growth.
- The Purina® brand stands for Trust, and the Purina brand consistently maintains a leadership position for “Trust” with pet owners. We earn that trust every day with our unparalleled knowledge of our consumers and their pets; our expertise in nutrition; our comprehensive range of high-quality established brands; and our dedicated associates, whose mission is to enrich the lives of pets and the people who love them.
- Nestlé Purina PetCare manufactures some of the world’s most popular and trusted pet food brands, including Purina® Dog Chow®, Purina Cat Chow®, Friskies® canned and dry cat foods; Fancy Feast® canned and dry cat food and treats; ALPO® canned and dry dog foods; Mighty Dog® canned dog food; Purina Beneful® dog food; Purina ONE® dog and cat foods; Purina Pro Plan® dog and cat foods, Purina Veterinary Diets dog and cat foods; Purina Excellent brand dog and cat foods; Purina Gati brand cat food; Dog Menu brand dog food; Busy Bone® dog treats; Purina Beggin’ Strips® dog treats; Waggin’ Train® dog treats; Whisker Lickins® cat treats; and Tidy Cats® cat box filler.



Nestlé Purina PetCare *in the Americas*



Nestlé Purina PetCare is part of Nestlé S.A., the world's leading nutrition, health and wellness company. In 2010 Nestlé's global PetCare business had total sales of CHF 13.09 billion (approximately US \$12.5 billion). Nestlé Purina PetCare in the Americas is a leader in the pet products industry, dedicated to improving the lives of cats and dogs through quality nutrition and care. Our core philosophies include promoting responsible pet care, humane education, community involvement, and the positive bond between people and their pets.

At Nestlé Purina PetCare, Creating Shared Value is not just a catchphrase – it's a fundamental part of our business and key to our overall success. We know that for our business to continue to be successful in the long term, we have to create value not only for our Company, but for everyone we touch – our consumers and their pets; the communities where we operate; our associates; our customers; our suppliers; and society as a whole.

We believe we must manage our operations in a manner consistent with the highest standards of business practice. And, as you'll learn in this report, Nestlé Purina is Creating Shared Value in every aspect of our business through our focus on health and nutrition for pets; our active exploration of environmental sustainability initiatives; our commitment to our associates and our culture; the priority we place on quality and food safety; and by making a positive impact in the communities where we do business.

Our consumers and their pets are our number one priority. We know firsthand the joy they can bring and the difference they can make in people's lives, because the majority of our associates are pet owners, too. Pets are in our hearts and in our homes, and you'll even find them in our offices at Headquarters. We are proud that for nearly a century, we've provided value to our consumers by providing high-quality, nutritious pet products that can help enrich their pets' lives.

I hope you enjoy our Creating Shared Value report. All of us at Nestlé Purina are very proud of our accomplishments to date. We know, though, that we cannot rest on those accomplishments. We are passionately committed to continuously improving the way we Create Shared Value for pets, pet owners and communities.

Sincerely,

A handwritten signature in black ink that reads "W. P. McGinnis".

W. P. McGinnis
President & CEO

Creating Shared Value
Nutrition | Water | Rural Development





Pets for People™
www.petsforpeople.com



Nestlé Purina PetCare Commitment to Nutrition, Health and Wellness



In 2010, Nestlé Purina announced a \$550,000 donation to Stray Rescue, a St. Louis not-for-profit organization, to support the opening of its Companion Animal Center. Pictured with a few puppies that were helped by the Company's donation are Terry Block, President, Nestlé Purina Pet Food, North America, and Randy Grim, Founder, Stray Rescue.

- Nestlé Purina is a proud supporter of pet humane organizations. In 2010, through programs such as Pets for People®, Purina Pro Plan Rally to Rescue and the One Hope Network by Purina ONE, Nestlé Purina PetCare Company promoted pet adoptions and supported animal welfare at animal shelters across the United States with more than \$20 million in funds and food.
- More than \$1 million was donated in 2010 to U.S. charitable organizations from the Nestlé Purina Trust Fund and other Community Affairs efforts.
- Nestlé Purina in the U.S. works with a number of dog registries and nonprofit organizations, including the International Kennel Club (IKC) of Chicago, the American Kennel Club (AKC), and the United Kennel Club (UKC) to support enthusiasts at hundreds of dog shows and field trials around the United States. Nestlé Purina has a long history of providing strong support to the AKC Canine Health Foundation, contributing more than \$220,000 in 2010, and more than \$10 million over the past 13 years.
- Nestlé Purina Brazil supports the NGO AILA (International Alliance of Animals) by donating more than 72,000 pounds of dog and cat food per year. In addition, NPP-Brazil provides support to educate consumers about adoption and animal welfare.



NPPC contributed more than \$220,000 to the AKC Canine Health Foundation in 2010.

- During the 2010 holiday season, Nestlé Purina PetCare-Puerto Rico donated 40,000 pounds of Purina brand pet food to PET SOS, a non-profit organization that assists animal welfare groups and pet foster homes that do not otherwise receive government funding.
- Purina brand pet foods offer a variety of products for dogs and cats that provide balanced nutrition for safe and effective weight loss and weight management, including Purina Veterinary Diets OM Overweight Management® formulas; Purina Pro Plan Weight Management formulas; Purina ONE Healthy Weight products; Beneful® Healthy Weight; and Purina® Fit & Trim.
- In 2010, Purina launched "Project Pet Slim Down" to encourage U.S. pet owners to work with their veterinarians to manage their pets' weight.
- Purina Pro Plan brand pet food contains guaranteed levels of "nutritional extras," like DHA for puppies and kittens, and a special nutrient blend to help promote digestion in senior cats.
- PurinaCare® Insurance Services, a pet health insurance company headquartered in San Antonio, Texas, now offers policies in 49 U.S. states and works with a Canadian insurance company to offer similar products in Canada under the "PurinaCare" name. In 2010, PurinaCare established a 1,000 Pet Health Insurance Celebration of Life Award to be presented annually to aid a Michigan State University veterinary student.



PURINA Care®
Pet Health Insurance



An NPAL associate conducts analytical work in the St. Louis-based facility.

Nestlé Purina PetCare Commitment to Quality and Food Safety

We know firsthand the joy that dogs and cats bring to life. Pets occupy our hearts, our minds, our homes—you'll even find them in our offices at Purina's U.S. Headquarters. We never tire of enriching their lives, as they enrich ours. That's why our top priority is to ensure the quality of the pet food we produce – after all, it's the same food we feed our pets. Because, in the end, pet care isn't just our business, it's our passion.

From source to bowl, the quality of our food is assured by taking the following steps:

- In the U.S., Purina ingredient sourcing and processing meet or exceed FDA, USDA or AAFCO standards for pet food.
- Suppliers of ingredients for Purina products must meet our stringent standards for ingredient specifications, product safety, sanitation and manufacturing practices.
- All of Purina's manufacturing facilities in Zone Americas have on-site quality assurance laboratories and staff.
- Purina's sophisticated tracking system ensures important measures of control: All raw ingredients are tracked from time of receipt at our plants, through their inclusion in finished products, and on to retail stores.

Nestlé Purina PetCare Company's Analytical Laboratories received recognition from two international professional organizations – the American Association of Cereal Chemists and the American Oil Chemists' Society – for peak performance in laboratory proficiency tests during 2009 and 2010.



Malcolm Baldrige Award Recipient

In 2010, Nestlé Purina PetCare Company became the first consumer packaged goods company ever to receive the prestigious Malcolm Baldrige National Quality Award, the only award presented by the President for performance excellence. The award recognizes businesses that show outstanding efforts in seven key areas: leadership; customer and market focus; strategic planning; process management; measurement, analysis and knowledge management; workforce focus; and results. Nestlé Purina was one of only seven companies to receive the 2010 Baldrige Award, and one of only 87 organizations to receive the award since its inception in 1988.

Nestlé Purina PetCare Commitment to Environmental Sustainability

At Nestlé Purina PetCare Company, we're passionately committed to creating a better world for pets and their owners, now and for generations to come. Our commitment requires that we produce high-quality, nutritious pet foods in a caring and responsible way, and we're working with stakeholders inside and outside the company, up and down the supply chain, to find solutions that are good for the environment and good for our business.

Sustainability-related initiatives have long been a part of our business plan, and NPPC has a full-time team of experts focused on environmental sustainability initiatives that include the following:

Operations/Supply Chain

- In NPPC's wet factories – where we use the most water – we have reduced total water usage in the U.S. by approximately 4 percent per year since 2007. This equates to approximately 130 million gallons.
- Our Flagstaff, Ariz., facility purchases more than 25 percent of its electricity from alternative energy sources, such as solar, wind, geothermal, biogas and biomass, through Arizona Public Service's Green Choice Program.
- More than 60 percent of the electricity purchased at NPPC's Dunkirk, N.Y., plant comes from hydropower.
- NPPC's three Iowa plants – Clinton, Davenport and Fort Dodge – purchase more than 10 percent of their electric energy from renewable sources. In addition, in 2010, these three plants donated \$10,000 to Pheasants Forever to assist with its efforts in purchasing and improving wildlife, water and recreation land throughout the state.
- All of Nestlé Purina North America's 25 manufacturing locations now have implemented and maintain comprehensive environmental management systems, which have been certified by independent auditors to meet the internationally recognized ISO 14001 standard. Under this type of management system, each plant regularly assesses its impacts on the environment and implements improvements and procedures to minimize those impacts.

Did You Know?

- Manufacturing a can from recycled aluminum requires 95 percent less energy than producing the same can from virgin ore
- Recycling a 3-ounce aluminum can saves enough energy to power a 60-watt light bulb for more than two hours.
- Recycling a 5.5-ounce aluminum can saves enough energy to power a 30-inch TV for more than two hours.



Nestlé Purina PetCare Company is the first U.S. manufacturer to use renewable solar energy at one of its pet food factories. In 2010, our Flagstaff, Ariz., plant completed the installation of a state-of-the-art, multi-crystal photovoltaic system. A similar, smaller system was put into operation at our Denver plant in 2008.



U.S. Department of Agriculture Secretary Tom Vilsack, left, visited the Purina booth at Pheasant Forever's 2010 National "Pheasant Fest" in Des Moines, Iowa.



PURINA
yesterday's
news™



In April, cat-owning artists nationwide came together in New York City for the “Together We Can RePURRposed Gallery,” which featured more than 50 pieces of artwork made of recycled Friskies and Fancy Feast cat food cans and other materials.



- Nestlé Purina PetCare Company designed a new energy-efficient fluorescent light fixture that will be gradually rolled out to all the Company’s warehouses throughout North America.
- Over the last 10 years, Nestlé Purina North America has lowered the cost of lighting by 50 percent while at the same time improving lighting quality.
- Nestlé Purina PetCare Company participates in the U.S. Environmental Protection Agency’s SmartWay Partnership, which uses streamlined, more efficient shipping methods to reduce fuel consumption, greenhouse gas emission and air pollutants.
- In 2010, Nestlé Purina PetCare Company’s St. Louis Headquarters received a Gold Industrial Wastewater Pretreatment Compliance Award from the Missouri Water Environment Association. The Company had received a Silver award the previous two years.

Products

Purina ONE® beyOND™:

- With beyOND™ brand dog and cat food, we’re looking beyond the ingredients to make our manufacturing processes and packaging positively good for pets and the world we share. The brand’s small steps for sustainability include packaging that is made from at least 92 percent renewable materials and is printed with soy-based inks. Learn more at www.purinaonebeyond.com.

Yesterday’s News®:

- More than 20,000 tons of paper per year are recycled into our Yesterday’s News® brand pet litter. Yesterday’s News also introduced one of the first recyclable packages in the pet care industry.

Packaging/Recycling

- Through our partnership with RecycleBank, Nestlé Purina PetCare Company was the first national pet food company to offer incentives to consumers for recycling their pet food cans and other materials.
- In 2010, the Friskies and Fancy Feast brands in the U.S. donated \$100,000 to Keep America Beautiful through its “Together We Can” campaign.

Bio-Diversity

- Nestlé Purina PetCare Company’s Litter division helps the environment by restoring lands previously used in our clay mining operations for Tidy Cats litter. Some of the areas that Nestlé Purina has reclaimed have been used as wetlands, lakes, grassy fields, and forests, as well as for agricultural purposes.

Support For Healthier Communities:

- As part of Nestlé Purina Canada’s “Paws for the Planet” program, Purina is sponsoring Evergreen’s Common Grounds program with \$50,000, which will help to enhance and restore green spaces across Canada. Evergreen is a national charity that engages Canadians in creating and sustaining dynamic outdoor spaces – in schools, communities and homes.

Nestlé Purina PetCare *Commitment to our Associates*



Nestlé Purina associates are the source of our competitive advantage, through their skills, capabilities and creativity. The Company is committed to attracting, recruiting and retaining associates from diverse backgrounds who exemplify our core values of integrity, passion, expertise, innovation and a relentless dedication to performance. Our culture of teamwork and collaboration ensures that our associates grow professionally, gain useful skills and succeed. We offer competitive pay and comprehensive benefit programs that include health and wellness initiatives and world-class learning and professional-development opportunities. Our career paths can lead people through a number of factories and office locations throughout the United States and literally all over the world.

- Nestlé Purina was recognized by the St. Louis Business Journal in both 2009 and 2010 as the winner in the “Large Company” category of the St. Louis’s Best Places to Work competition. Importantly, this award is based solely on input from associates and based on globally recognized surveys on engagement and commitment. The Best Places survey covers all aspects of worklife, from company culture through training and development opportunities to the physical workplace. We are extremely proud of this accomplishment.

Nestlé Purina PetCare *Commitment to Innovation*



Nestlé Purina’s state-of-the-art Innovation Center at Headquarters contains elements designed to inspire idea generation and collaboration among associates.

Throughout Nestlé Purina PetCare Company’s history, innovation has been the catalyst for much of our business success -- beginning with the introduction of Purina Dog Chow, the first extruded pet food, in the 1950s to Fancy Feast, the first single-serve wet cat food, through the introduction of shreds technology in our Pro Plan brand dog foods and our launch in January 2011 of Purina ONE beyond, a natural product that not only delivers great nutrition, but also aims to make a positive difference in pets and the world we share.



In 2009, the Company undertook an initiative to “Ignite Innovation” across the organization – creating and deploying innovation training to all of Nestlé Purina’s U.S. associates. In 2010, Nestlé Purina completed construction of a state-of-the-art Innovation Center at its St. Louis Headquarters; instituted a Spirit of Innovation Award program; and launched an internal, on-line idea collaboration site.

Nestlé Purina PetCare *Commitment to Safety*

Nestlé Purina in the United States is recognized as one of the best in the pet care industry for its outstanding safety performance. In 2010 the Company maintained a Recordable Injury and Lost Time Injury Frequency Rate at least 45 percent below the industry average, with 11 plants working the entire year with no lost time injuries.



Nestlé Purina PetCare Commitment to Education

PURINA



Ontario Veterinary College



Nestlé Purina has long supported veterinary medical education to help students and faculty at the nation's top schools better understand the nutritional needs of dogs and cats. In October 2010, Nestlé Purina and the Texas A&M College of Veterinary Medicine & Biomedical Sciences came together to open a state-of-the-art veterinary kitchen inside the university's Small Animal Hospital. A \$70,000 donation from Nestlé Purina enabled the university to renovate its kitchen to become safer and more accessible for veterinarians and patients.



PawsWay Toronto is dedicated to understanding and celebrating pets. Pets, owners and pet lovers come together to enjoy exhibits, activities, special events and more.

- Nestlé Purina PetCare Canada established a new \$1 million Chair in Communications at the University of Guelph's Ontario Veterinary College in 2010. The five-year NPP Canada Chair in Communications will support research into issues relevant to pet behavior, pet overpopulation and abandonment.
- In 2010 Nestlé Purina in the U.S. provided approximately \$100,000 to its annual Pet Advocate Leaders (PAL) program, which included providing salaries for 18 underserved students at various pet-related or social change organization job sites in the St. Louis area. Through PAL, students also had the opportunity to participate in a year-long experience designed to expose them to leadership training, skill development, career/life resources and social change, with particular emphasis in the areas of responsible pet ownership, the pet and human bond, and the challenges of pet overpopulation.
- From February through April of 2011, as part of its "100,000" campaign to reduce the large number of abandoned pets in Puerto Rican streets and shelters, Nestlé Purina PetCare-Puerto Rico visited secondary schools and universities to educate students about the importance of responsible pet ownership, the option of adopting a pet from an animal shelter and the importance of good nutrition and care.
- To ensure that the pet-owning experience is the right one for both owners and their pets, Nestlé Purina Canada has made substantial investments in education, ranging from understanding of dog breeds through the MyBest Match program and the Purina National Dog Show; to helping guide new puppy and kitten owners through their first year being a pet parent via its MyPuppy/MyKitten programs. Nestlé Purina Canada also has opened "PawsWay," a pet discovery center in Toronto, Ontario. PawsWay provides a venue for the public to meet with pet experts and authorities, who provide information designed to enrich the pet-owner relationship. In the past year, PawsWay programs have included ongoing training classes, weekend programming on various dog and cat breeds, safety demonstrations, children and pets events, pet bereavement, and Canine Good Neighbour testing.



Juniors from area high schools participate in a group presentation during the 2010 Purina Pet Advocate Leaders Program in St. Louis.

Nestlé Purina PetCare Commitment to Communities

Nestlé Purina is proud of our reputation for community service and support, which underscores our commitment to building trust and enriching the lives of pets and the people who love them.

- As a company we support numerous charitable and pet-related organizations across the United States throughout the year. We accomplish this through our programs – such as Purina Pets for People, the Purina Pro Plan brand's Rally to Rescue, the St. Louis PetLover Coalition and the new ONE Hope Network by Purina ONE – as well as through donations to the United Way, the March of Dimes, Boys & Girls Clubs, the American Red Cross, Support Dogs, Inc., and numerous animal shelters and humane organizations in our Headquarters and plant cities. In 2010, Nestlé Purina donated more than \$20 million to U.S. animal welfare and other charitable organizations.
- In 2010 Nestlé Purina celebrated the opening of its multimillion-dollar, state-of-the-art, 84,000-square-foot indoor Purina Event Center in Gray Summit, Mo. The Purina Event Center can accommodate thousands of dogs and their owners and handlers at conformation dog shows, obedience and agility trials, as well as provide a venue for cat shows.
- Nestlé Purina also broke ground in 2010 on a new \$15 million Learning and Training Center at its St. Louis, Mo., Headquarters location. The four-story, 56,000-square-foot building is scheduled to open in December 2011.
- To help spread goodness during the 2010 holiday season, the Purina ONE beyOND brand team gave people across the country an opportunity to assist in giving away \$1 million to a wide array of non-profit organizations.
- 2011 marks Nestlé Purina's 10th annual PetCare Pride Day, a day when associates at U.S. Headquarters and at factories throughout the United States focus on community service. In 2010, Headquarters associates conducted makeovers at two animal shelters and an elementary school; constructed dog houses, cat scratching posts, cat bunk beds and dog beds for local shelters; and made fleece blankets and assembled ready-to-eat meals and personal care kits for homeless shelters. Nestlé Purina's U.S. factory associates participated in similar projects in their surrounding communities.



In October 2010, Nestlé Purina closed out another successful United Way campaign at Headquarters, with contributions to the Greater St. Louis chapter totaling more than \$1,050,000.



It was "Show Time in the Show-Me State" in 2010, as Nestlé Purina unveiled its state-of-the-art 84,000-square-foot Purina Event Center at Purina Farms in Gray Summit, Mo. The red carpet gala, attended by some 300 breeders, influentials and Nestlé Purina associates, featured six Westminster "Best in Show" Winners as the first official four-legged guests.



Nestlé Purina associates decorate dog houses during the Company's 9th annual PetCare Pride Day, held in June 2010.

2010 Disaster Relief

Nestlé Purina has a reputation for responding quickly to assist pets that have become homeless as a result of natural disasters, such as hurricanes, floods and wildfires.

- Nestlé Purina U.S. and its associates donated more than \$61,000 to the American Red Cross to help Haiti following its devastating earthquake.
- Purina's Flagstaff, Ariz., plant donated more than 6,000 pounds of pet food to the Navajo Reservation after snowstorms left pets and people stranded.
- After massive flooding in and around Nashville, Tenn., caused many pets to become stranded or homeless, Nestlé Purina PetCare Company donated two truckloads of Purina brand dog and cat food to local shelters that housed the pets.
- In the wake of the oil spill in the Gulf of Mexico, Nestlé Purina donated five truckloads of pet food and litter to help more than 24 animal organizations feed and care for more than 3,700 homeless dogs and cats in their care.
- When wildfires forced the evacuation of two animal shelters in Flagstaff, Ariz., the NPPC Flagstaff plant provided \$10,000 in emergency funding to each organization.



Betsy Cohen, Vice President, Sustainability/St. Louis PetLover Coalition, center, accepts the Business of the Year award from St. Louis Mayor Francis Slay, left, and Rodney Crim, Executive Director, St. Louis Development Corporation.

- Nestlé Purina Canada supplies seven unique Guide Dog organizations across the country with all the Purina food needed for their dogs-in-training, as they prepare for their roles helping the visually and hearing impaired, and the physically or mentally challenged.
- In the fall of 2010, Nestlé Purina Canada's "Purina Cat Chow" team ran an on-pack and in-store promotion with the Canadian Breast Cancer Society for the first time, raising both \$100,000 for this worthy cause, and awareness of the comforting role cats have played in helping their owners cope during treatments.
- In 2010, for the fourth consecutive year, Nestlé Purina PetCare Company was named a recipient of the St. Louis Regional Chamber and Growth Association's Top 50 award, granted to organizations that have made significant contributions to the St. Louis region.
- Also in 2010, Nestlé Purina PetCare Company was recognized by the Office of St. Louis Mayor Francis Slay as a Business of the Year. The award is given to St. Louis companies that have made significant contributions toward furthering economic development in the city.
- Nestlé Purina PetCare Company in the U.S. was named a Role Model company by the Starkloff Disability Institute in 2010. The Starkloff Institute is a non-profit organization dedicated to promoting full participation of people with disabilities in society and committed to changing attitudes to encourage a more inclusive society.



 **Nestlé PURINA**