

INFORMATION  
MEMORANDUM



Nestlé®

NESTLÉ CAPITAL CANADA LIMITED

This information memorandum is not, and under no circumstances is to be construed as, an offering of these short term promissory notes for sale or delivery in the United States of America or the territories or possessions thereof.

These short term promissory notes may not be acquired by any resident of Switzerland or traded in Switzerland.

This information memorandum does not in any way obligate Nestlé Capital Canada Limited to accept an offer to purchase any of these short term promissory notes.



# Nestlé

## CORPORATE PROFILE

### The Issuer:

Nestlé Capital Canada Limited (the "Company") was formed for the purpose of acting as the financing arm of the Nestlé Group of companies in Canada. The Company is based in Don Mills, Ontario and is a wholly-owned subsidiary of Nestlé Enterprises Limited.

### The Nestlé Group:

Nestlé S.A. is a Swiss holding company whose registered offices are located in Cham and Vevey, Switzerland. One of its predecessor companies was founded in 1866. It is a publicly held company whose shares are traded on several securities exchanges in Europe.

The Nestlé Group is one of the world's largest food processing groups and the range of its products encompasses most sectors of modern nutrition.

Nestlé S.A. owns shares in operating companies which manufacture and sell food products throughout the world (including instant drinks, liquid drinks, dairy products, dietetic products, infant foods, culinary products, frozen foods, ice cream, refrigerated products, chocolate, confectionery products and pet foods), are engaged in research and development activities, are engaged in the restaurant and hotel business and develop, manufacture and sell cosmetic and pharmaceutical products.

For the year ended December 31, 1986, the Nestlé Group reported consolidated sales of approximately Cdn. \$30 billion, net profits of approximately Cdn. \$1.4 billion and shareholders' funds at year end of Cdn. \$9.6 billion.

Geographically diversified, only 2% of consolidated sales come from Switzerland. Branded products are sold in all five continents and manufactured in over 50 countries.

The Canadian operations of the Nestlé Group began 100 years ago when small quantities of founder Henri Nestlé's original milk food were imported from Switzerland. Manufacturing production of sweetened condensed milk began in Chesterville, Ontario in 1918 under the name "The Maple Leaf Condensed Milk Company".

From early beginnings, the Nestlé Group's activities in Canada have expanded to include a wide variety of well-known products of superior quality.

Food products fall under the umbrella of Nestlé Enterprises Limited, based in Don Mills, Ontario, the principal operating subsidiary of Nestlé S.A. in Canada. Nestlé Enterprises Limited is organized into five divisions based on product categories: Beverage, Frozen Foods, Grocery, Pet Foods and Foodservice. With factory and sales office locations from British Columbia to Newfoundland, Nestlé's operations span all of Canada.

Some of the better known products in Nestlé's Canadian portfolio are: NESCAFÉ, ENCORE and TASTER'S CHOICE coffees, NESTEA and GOODHOST iced tea mixes, NESTLÉ QUIK, LIBBY'S DEEP-BROWNEED beans plus pasta and beverage products, STOUFFER'S and LEAN CUISINE frozen entrées, CARNATION evaporated milk and COFFEE-MATE, GOODHOST foodservice products, CROSSE & BLACKWELL plum puddings, nut loaves and condiments, CRYSTAL SPRINGS, LABRADOR and MONTCLAIR waters, DR BALLARD'S pet food.

Pharmaceutical products, including contact lens care products and ophthalmological products, are developed and sold by Alcon Canada Inc.

The Nestlé Group also holds a substantial minority interest in the French L'Oréal company and a majority interest in Cosmair Canada Inc., the sole agent of L'Oréal for the sale of its cosmetic products in Canada.

October 1, 1987



Nestlé

**RESOLUTION  
AUTHORIZING THE  
ISSUE AND SALE  
OF NOTES**

RESOLVED that

1. The Company is hereby authorized to borrow money by the issue and sale from time to time of unsecured promissory notes (the "Notes") in denominations of not less than \$100,000 in Canadian currency or the equivalent thereof at the time of issue in United States currency and maturing not more than 365 days from their respective dates of issue, provided, however, that the aggregate principal amount of Notes outstanding at any time shall not exceed \$200,000,000 in Canadian currency or the equivalent thereof at the time of issue in United States currency, and provided further that such limitation as to aggregate principal amount shall be directory only and shall not in any way affect the rights of the holders of any of the Notes;
2. Any two of the President, the Vice President, Finance, the Vice President and Treasurer, and the Secretary (collectively the "Authorized Officers") are hereby authorized, on behalf of the Company, from time to time to execute, by manual or facsimile signature, and deliver Notes in such forms and amounts and having such terms (including, without limitation, maturity date and rate of interest or discount) as they may determine, such determination to be conclusively established by such execution, provided, however, that any Note executed by facsimile signature shall be valid only if manually countersigned on behalf of the Company;
3. Any one of the Authorized Officers is hereby authorized on behalf of the Company to enter into agreements with one or more financial institutions providing, among other things, for the completion, validation and delivery of Notes by that institution, on such terms and conditions as may be agreed to by such officer, in which case the determination referred to in paragraph 2 of this resolution may be made by any person designated in writing to the institution by any one of the Authorized Officers;
4. Any one of the Authorized Officers is hereby authorized to execute all such other agreements and documents and to take such other action as, in the opinion of such person, may be necessary or desirable to implement this resolution or to exercise the rights and perform the obligations of the Company under the Notes and the agreements authorized by this resolution.

The undersigned, the Secretary of Nestlé Capital Canada Limited (the "Company"), hereby certifies that the foregoing is a true and complete copy of a resolution duly passed by the board of directors of the Company on October 1, 1987 and that such resolution is in full force and effect, unamended, as of the date hereof.

**T.J. Ellwood**  
Secretary

DATED October 1, 1987.



Nestlé

**CERTIFICATE OF  
INCUMBENCY AND  
SIGNATURES OF  
OFFICERS**

Office	Name	Signature
<i>President and Chief Executive Officer</i>	I.W. Murray	
<i>Vice President, Finance</i>	L. Staite	
<i>Vice President and Treasurer</i>	J.M. Kermalli	
<i>Secretary and General Counsel</i>	T.J. Ellwood	

The undersigned, the Secretary of Nestlé Capital Canada Limited (the "Company"), hereby certifies that the persons named above have been duly elected or appointed to the offices in the Company shown opposite their respective names, that such persons are now holding such offices and acting as such officers and that the signature set opposite each name is a true specimen of the signature of such officer.

**T.J. Ellwood**  
*Secretary*

DATED October 1, 1987.

*Blake, Cassels & Graydon*

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Based upon the foregoing, we are of opinion that:

1. The submission by Nestlé S.A. to the jurisdiction of the courts of the Province of Ontario in the City of Toronto (with respect to proceedings instituted by Nestlé Capital, as contained in the Support Agreement) is a valid and binding obligation of Nestlé S.A. and is effective, insofar as the laws of the Province of Ontario are concerned.

2. Assuming that the Support Agreement has been duly authorized, executed and delivered in accordance with the applicable laws of Switzerland (as to which we understand that an opinion is concurrently being furnished to you by C. Constantin, Esq., General Counsel of Nestlé S.A.), the Support Agreement is enforceable in accordance with its terms by Nestlé Capital against Nestlé S.A. (subject, as to the enforcement of remedies, to bankruptcy, insolvency, reorganization, moratorium and other similar laws as they would apply in the event of the bankruptcy, insolvency or reorganization of, or a moratorium or other similar proceeding with respect to, Nestlé S.A. affecting the enforceability of creditors' rights generally).

Yours very truly,

*Blake, Cassels & Graydon*

*Blake, Cassels & Graydon*

*Barristers, Solicitors, &*

*Patent & Trade Mark Agents*

*Box 25, Commerce Court West*

*Toronto, Canada M5L 1A9*

*Telephone (416) 863-2400*

*Telecopiers (416) 863-2653*

*Telex 06-219687*

*Direct Dial 863-*

*Our Reference:*

October 1, 1987

Nestlé Capital Canada Limited  
1185 Eglinton Avenue East  
Toronto, Ontario  
M3C 3C7

Dominion Bond Rating Service Ltd.  
88 University Avenue  
Toronto, Ontario  
M5J 1T6

Dear Sirs:

We have acted as counsel for Nestlé Capital Canada Limited, an Ontario corporation ("Nestlé Capital"), in connection with the issuance and sale from time to time by Nestlé Capital of certain promissory notes having a specified maturity of not more than 365 days (the "Notes") within Canada to provide Nestlé Capital with funds to be loaned by Nestlé Capital to operating subsidiaries of Nestlé S.A., a Swiss corporation ("Nestlé S.A.").

In connection with the foregoing, we have examined originals, or copies certified or otherwise identified to our satisfaction, of the forms of the Notes, the letter agreement dated October 1, 1987 (the "Support Agreement"), between Nestlé S.A. and Nestlé Capital pursuant to which Nestlé S.A. has agreed to purchase, or cause to be purchased, from Nestlé Capital unsecured promissory notes on the terms therein stated, and such other documents, instruments and certificates as we have deemed necessary for purposes of this opinion.

We are qualified to express opinions only with respect to the laws of the Province of Ontario and the federal laws of Canada applicable therein. Accordingly, this opinion is confined to and is to be construed in accordance with such laws.

CHARLES-F. CONSTANTIN  
SENIOR VICE PRESIDENT  
AND GENERAL COUNSEL

NESTLÉ S.A.  
1800 VEVEY  
SWITZERLAND  
TEL.(021) 51 01 12

Nestlé Capital Canada Limited  
1185 Eglinton Avenue East  
Toronto, Canada  
M3C 3C7

Dominion Bond Rating Service Ltd.  
88 University Avenue  
Toronto, Canada  
M5J 1T6

Vevey, October 1, 1987

Support Agreement, dated October 1, 1987, between Nestlé S.A. and Nestlé Capital Canada Limited

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Dear Sirs,

I am the General Counsel of Nestlé S.A., a Swiss corporation ("Nestlé S.A."). As such, I am familiar with the Articles of Incorporation of Nestlé S.A. I have examined the letter agreement dated October 1, 1987 (the "Support Agreement"), between Nestlé S.A. and Nestlé Capital Canada Limited, an Ontario corporation ("Nestlé Capital"), whereby Nestlé S.A. has agreed, under certain circumstances, to purchase certain unsecured promissory notes from Nestlé Capital, and such other documents and instruments as I have deemed necessary or appropriate for the purpose of this opinion. I am qualified to express opinions only with respect to the laws of Switzerland. Accordingly this opinion is confined to and is to be construed in accordance with such laws.

Based on the foregoing, I am of opinion as follows :

1. Nestlé S.A. is a corporation duly organized, validly existing and in good standing under the laws of Switzerland.
2. Nestlé S.A. has the corporate power and authority to execute, deliver and perform the Support Agreement.
3. The Support Agreement has been duly authorized, executed and delivered by or on behalf of Nestlé S.A. and, assuming that it is enforceable in accordance with its terms under the laws of the Province of Ontario and the federal laws of Canada applicable therein (as to which I understand that an opinion is concurrently being furnished to you by Blake, Cassels & Graydon, Toronto, Canada), constitutes a legal, valid and binding obligation of

Nestlé S.A. represents and warrants to you that Nestlé S.A. is not entitled to immunity from judicial proceedings and agrees that should you bring judicial proceedings to enforce the obligations of Nestlé S.A. contained in this agreement, no immunity from such proceedings will be claimed by or on behalf of Nestlé S.A. or with respect to its property, and if such judicial proceedings shall be instituted by you in any court of the Province of Ontario in the City of Toronto having jurisdiction over such proceedings, Nestlé S.A. hereby submits itself to the jurisdiction of such Ontario court in the City of Toronto for any such proceedings to the full extent permitted by law.

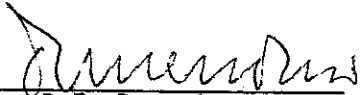
Nestlé S.A. hereby irrevocably appoints Blake, Cassels & Graydon as its agent to accept legal process in any such proceedings instituted by you, such acceptance to be authorized if such process is delivered to Blake, Cassels & Graydon at Commerce Court West, Toronto, Canada M5L 1A9, and marked for the attention of Brian C. Westlake and Lionel J. Goffart. Nestlé S.A. will cause Blake, Cassels & Graydon to accept in writing such appointment and will deliver an executed copy of such acceptance to you.

This agreement shall be governed by, and shall be construed and enforced in accordance with the laws of the Province of Ontario, Canada.

If you agree to the terms of this letter, please execute and return to Nestlé S.A. a copy hereof. Upon receipt by Nestlé S.A. of such executed copy, this letter shall become a binding agreement between us. This agreement shall remain in effect until all Notes issued by you after the date of this agreement are paid in full.


Very truly yours,

NESTLE S.A.

by   
R.F. Domeniconi  
Executive Vice-President

Accepted October 1, 1987

NESTLE CAPITAL CANADA LIMITED

by   
L. Staite,  
Vice-President, Finance



NESTLÉ S.A.

Nestlé Capital Canada Limited  
1185 Eglinton Avenue East  
Toronto, Ontario  
M3C 3C7

October 1, 1987

Dear Sirs,

Nestlé S.A. understands that you from time to time issue and sell in Canada your unsecured promissory notes having a specified maturity of not more than 365 days, (the "Notes"), to enable you to lend the proceeds of such sales to direct or indirect Canadian operating subsidiaries of Nestlé S.A.

In consideration of your agreement to make such loans to direct or indirect Canadian operating subsidiaries of Nestlé S.A., Nestlé S.A. hereby agrees that if, at any time or from time to time, the aggregate amount due and payable with respect to any Notes on any date (the "Due Date") exceeds the amount of funds held by or for your account and immediately available for the payment thereof on such Due Date, Nestlé S.A. will, on your request (in writing, by telex or by telephone), purchase, or cause to be purchased, from you unsecured promissory notes having a specified maturity (designated by you) of not more than 365 days, in an aggregate principal amount equal to such excess. The purchase price of such promissory notes shall be an amount equal to the principal amount thereof. Each such purchase shall be made by wire transfer of Canadian dollars in immediately available funds to your securities account at the main branch in Toronto of The Royal Bank of Canada, Don Mills, Canada, on the Due Date. Nestlé S.A. further agrees that its obligations hereunder are absolute and unconditional and must be fulfilled by Nestlé S.A. at the time and in the manner specified in this paragraph and that time is of the essence of this agreement.

You agree that you will advise Nestlé S.A. monthly as to the amount of Notes outstanding as of the end of each month. In addition, you agree to use your best efforts to make any request for Nestlé S.A. to purchase your notes, or cause such notes to be purchased, on any Due Date at least one business day prior to such Due Date, but the failure to make such request at such time shall not affect the obligation of Nestlé S.A. to purchase, or cause to be purchased, such notes on the Due Date.

*Blake, Cassels & Graydon*

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- (k) in which the Insurance Act (British Columbia) states that an insurer, as defined therein, incorporated under the laws of British Columbia, may invest its funds without resorting to the provisions of section 110(4) thereof; and
- (l) which the General Regulation adopted under an Act respecting supplemental plans (Quebec) states that a supplemental pension plan registered thereunder may acquire and hold, without resorting to the provisions of section 80 thereof.

The foregoing opinion is subject to the following qualifications:

- (i) the enforceability of the Notes is subject to laws of general application limiting the rights of creditors, including, without limitation, bankruptcy, insolvency, moratorium and limitation of action laws;
- (ii) with respect to Notes denominated in United States currency, the Currency Act (Canada) precludes a Canadian court from giving a judgement in any currency other than Canadian currency; and
- (iii) with respect to subparagraphs 4(b) and 4(c), the concurrence of the Minister of Finance of Canada is required if the Note is payable in United States currency.

Yours very truly,

*Blake, Cassels & Graydon*

- (e) in which the Trust Companies Act (Canada) states that a company to which that Act applies may invest its own funds without resorting to the provisions of subsection 68(6) thereof;
- (f) in which the Regulations under the Pension Benefits Standards Act, 1985 (Canada) state that the funds of a pension plan registered thereunder may be invested without resorting to the provisions of section 5 of Schedule III thereto;
- (g) in which the Insurance Act (Ontario) states that an insurer, as defined in section 387 thereof, may invest its funds without resorting to the provisions of subsection 388(4) thereof;
- (h) in which the Loan and Trust Corporations Act (Ontario) states that a loan corporation registered thereunder may invest its funds without resorting to the provisions of section 179 thereof;
- (i) in which the Loan and Trust Corporations Act (Ontario) states that a trust company registered thereunder may invest its own funds and, subject to the limitations as to amount contained in section 181 thereof, moneys received for guaranteed investment or as deposits without resorting to the provisions of section 182 thereof;
- (j) in which the Regulations under the Pension Benefits Act (Ontario) state that the funds of a pension plan registered thereunder may be invested without resorting to the provisions of subsection 17(4) thereof;

*Blake, Cassels & Graydon*

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2. The Company has the corporate power to borrow money by the issue and sale of the Notes and all necessary corporate action has been taken by the Company to authorize the borrowing of money by the issue and sale of the Notes;

3. The Notes, in the form of either of the specimens contained in the Information Memorandum, have been duly executed on behalf of the Company and, when manually countersigned on behalf of the Company by its authorized issuing agent and delivered by or on behalf of the Company for value, will constitute valid and binding obligations of the Company enforceable in accordance with their respective terms;

4. At the date hereof, subject to the general investment provisions of the statutes set forth below, Notes issued in accordance with paragraph 3 are investments or assets:

- (a) in which the Canadian and British Insurance Companies Act (Canada) states that a company registered under Part III thereof may invest its funds without resorting to the provisions of subsection 63(4) thereof;
- (b) which the Canadian and British Insurance Companies Act (Canada) states that a British company, as therein defined, may vest in trust for the purposes thereof without resorting to the provisions of section 4 of Schedule II thereto;
- (c) which the Foreign Insurance Companies Act (Canada) states that the funds of a company registered thereunder may vest in trust for the purposes thereof without resorting to the provisions of section 4 of Schedule I thereto;
- (d) in which the Loan Companies Act (Canada) states that a company to which that Act applies may invest its funds without resorting to the provisions of subsection 60(5) thereof;

*Blake, Cassels & Graydon*

*Barristers, Solicitors, &*

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*Toronto, Canada M5L 1A9*

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*Telex 06-219687*

*Direct Dial 863-*

*Our Reference:*

October 1, 1987

Nestlé Capital Canada Limited  
1185 Eglinton Avenue East  
Toronto, Ontario  
M3C 3C7

Dear Sirs:

We have acted on behalf of Nestlé Capital Canada Limited (the "Company") in connection with the issue and sale of its promissory notes (the "Notes") in denominations of not less than \$100,000 in Canadian currency or the equivalent thereof at the time of issue in United States currency and in maturities of not more than 365 days from their respective dates of issue as more particularly described in the information memorandum dated October 1, 1987 (the "Information Memorandum") relating to the Notes.

We are familiar with the certificate and articles of amalgamation of the Company and have examined the resolution of the board of directors and the specimen Notes forming part of the Information Memorandum. We have also examined such other documents and made such investigations as we considered necessary as a basis for the opinion expressed below. For the purposes of the opinion expressed in paragraph 4 below, we have relied on a report of the auditors of the Company. With respect to matters referred to below which are governed by the laws of any province other than Ontario, we have relied on the opinion of local counsel in such province.

Based and relying upon the foregoing, and subject to the qualifications set forth below, we are of the opinion that:

1. The Company has been duly amalgamated under the laws of Ontario and is validly subsisting under such laws;