Nestlé Health Science Overview

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Disclaimer

This presentation contains forward looking statements which reflect Management's current views and estimates. The forward looking statements involve certain risks and uncertainties that could cause actual results to differ materially from those contained in the forward looking statements. Potential risks and uncertainties include such factors as general economic conditions, foreign exchange fluctuations, competitive product and pricing pressures and regulatory developments.

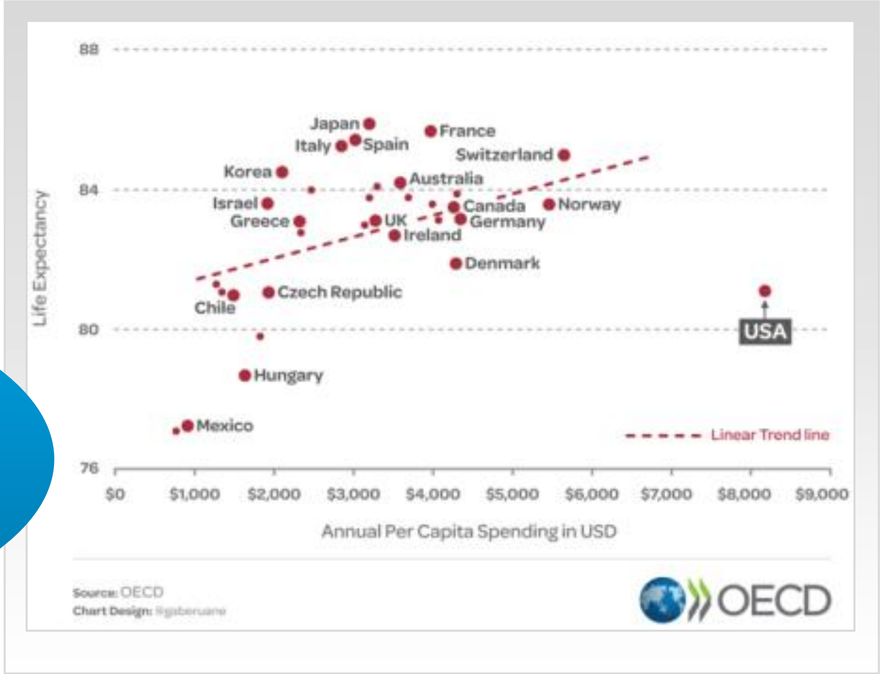
NHSc Video

U.S. Healthcare Environment

- Highest per capita spend globally[1]
- Projected 19.9% of GDP by 2022[2]
- In 5 years, >50% of U.S. adult population > 50 years of age[3]

Unsustainable economics forcing a reinvention of U.S. healthcare

Per Capita Healthcare Spending vs. Average Life Expectancy OECD Countries 2011



Sources: 1. OECD; 2. CMS National Health Expenditure Projections; 3. U.S. Census Bureau

The Cost of Malnutrition

Disease or Condition	Rate of Malnutrition
Pancreatic Cancer	85%
Lung Cancer	13% - 50%
Head & Neck Cancer	24% - 88%
GI Cancer	55% - 80%
Stroke	16% - 49%
COPD*	25%

*COPD = Chronic Obstructive Pulmonary Disease

→ **Higher complication rate (27% vs.17%)**

→ **Increased length of stay (6 vs. 4 days)**

→ **35% higher costs**

Source: American Society of Parenteral and Enteral Nutrition

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Malnutrition and Disease a Downward Spiral

1. Medical event, fracture, infection, illness
2. Increased nutrient needs, decreased appetite and intake
3. Declining nutritional status and weight loss
4. Prolonged recovery, increased complications
5. Immobility, muscle weakness, risk of fall and fractures
6. Loss of activities of daily living, increased dependency

Institutionalization

Market Dynamics

HEADWINDS

- Healthcare cost pressures
- Lack clear nutrition best practice guidelines
- Medical Foods regulatory framework

TAILWINDS

- Demographics and NCDs*
- Need for better healthcare outcomes (government / hospital KPIs)
- More engaged healthcare consumers (movement toward self-care)

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is **well positioned** to **address** the **headwinds** & **leverage tailwinds**

*NCD = Non-Communicable Disease

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Market Space

Nutrition therapies for people with medical conditions.

Market Size

Global market sales estimated at $11 billion.
North America is the largest region.

Market Growth

Global market growth mid-single digit annually.

Nestlé Market Position

#2 in the U.S. and #1 in Canada.

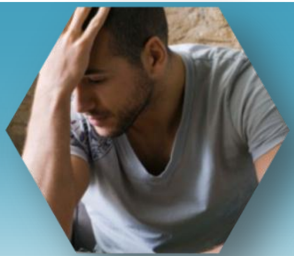
Nestlé Health Science Platform Areas

Vital Support

Help disease-related frail or malnourished people or in need of nutrition in critical, surgical or intensive care

Gastrointestinal Health

Help people to manage gastrointestinal impairment, food intolerances & food allergies



Brain Health

Help people to retain their cognitive and mental functions in order to remain independent

Metabolic Health

Help people in need to manage their health and weight, restore metabolic balance or to address in-borne errors of metabolism

Consumer Health

Help meet the nutritional needs of people at different life-stages with trusted brands, accessible via retail

DIAGNOSTICS / DEVICES

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Nestlé Health Science - Ability to Win

Nestlé Health Science – North America Performance*

2010-2013

Sales, CAGR	**+7.0%**
Trading Operating Profit, CAGR	**+9.5%**

*Excludes businesses acquired in 2011 and 2013.
These acquisitions were accretive to profitability.

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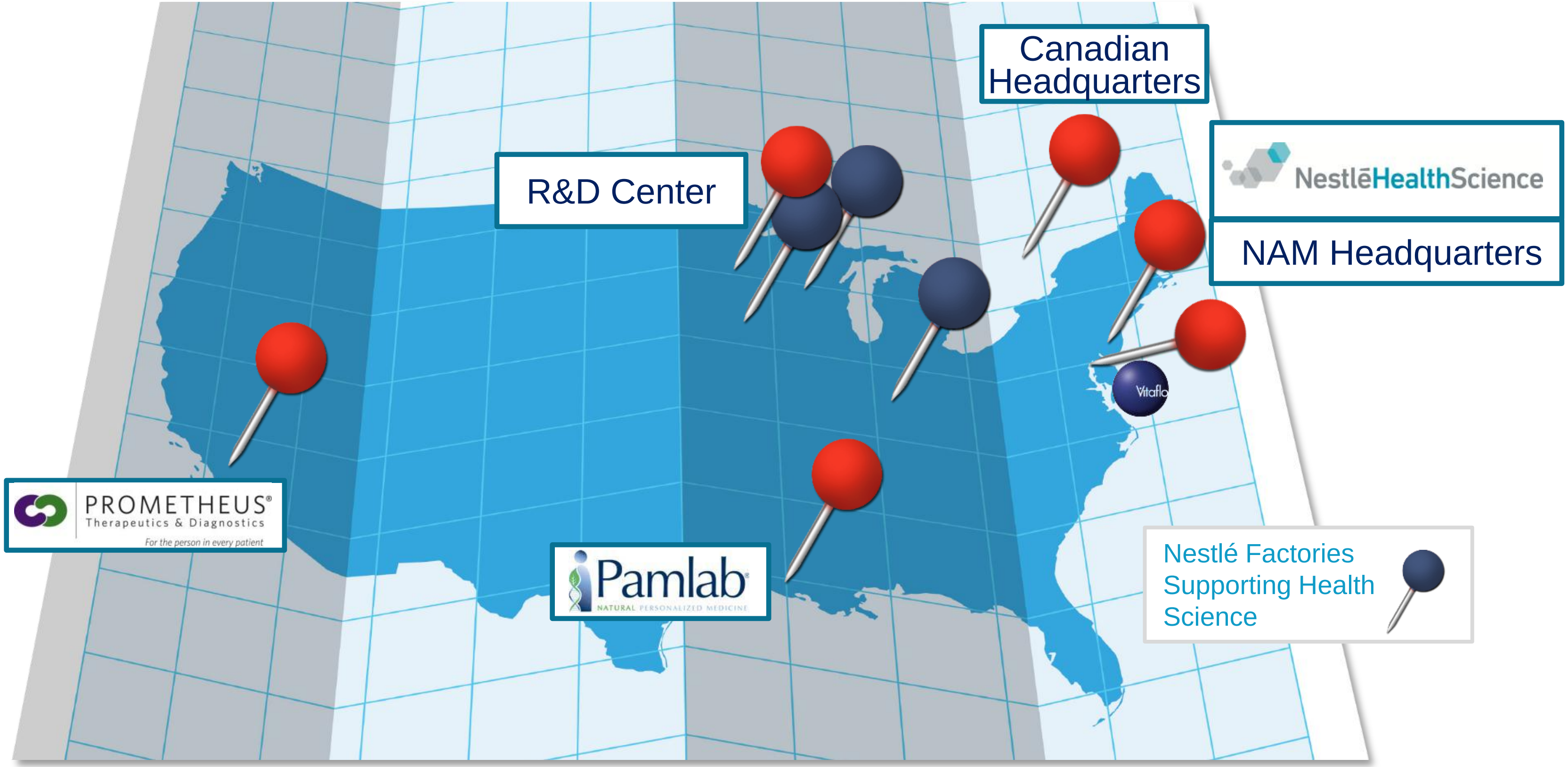
Nestlé Health Science North America



NHSc NAM – Institutional Business Overview

Market Space	Malnutrition, Critical Care, Chronic Illness
Primary Channels	Hospitals, Home Care
Major Brands	PEPTAMEN®, IMPACT®, BOOST®, EnteraLite® Infinity®, OPTIFAST®
Locations	Florham Park, NJ; Toronto; Minneapolis (R&D Center)
Demand Generation	Medical Detailing

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NHSc NAM – Retail Business Overview

Market Space	Self-Care Nutritional Support
Primary Channels	Mass Merchandiser, Drug Stores, Grocery Stores
Major Brands	BOOST®, Carnation Breakfast Essentials®
Locations	Florham Park, NJ; Toronto; Minneapolis (R&D Center)
Demand Generation	Medical Detailing, Direct-to-Consumer

Pamlab Overview

Market Space	Neuropathy, Depression, Early Memory Loss
Primary Channels	Retail Pharmacy, Mail Order Pharmacy
Major Brands	Deplin®, Metanx®, CerefolinNAC®
Locations	Covington/Shreveport, LA
Demand Generation	Medical Detailing to HCP Specialists

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Vitaflo North America Overview

Market Space	Inborn Errors of Metabolism (IEM)
Primary Channels	Hospitals, Home Care, Pharmacies, State Programs
Major Brands	Cooler®, Gel®, Express®, Lipistart®, MCT Procal®, Glycosade®
Locations	Alexandria, VA
Demand Generation	IEM Specialised Centers

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Prometheus Overview

Market Space	Inflammatory Bowel Disease (includes Crohn’s Disease & Ulcerative Colitis), Irritable Bowel Syndrome & Celiac Disease
Primary Channels	General Reference & Hospital Labs, Pharmaceutical Wholesalers, Hospitals, and Retail Pharmacies
Major Brands	Anser™ IFX, Anser™ ADA, IBD sgi Diagnostic™, PROMETHEUS® Celiac Serology, Celiac Genetics & Celiac PLUS; LOTRONEX®
Locations	San Diego, CA
Demand Generation	GI Specialists

PROMETHEUS® Anser™ IFX

PROMETHEUS® Anser™ ADA

PROMETHEUS® IBDsgi™ DIAGNOSTIC

PROMETHEUS® Celiac Genetics

PROMETHEUS® Celiac Serology

PROMETHEUS® Celiac PLUS

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The BOOST® Story

Better Compliance through Better Taste

Patient Need

- Approximately 56% of institutional patients[1] and 30% of home-based elderly[2] are at risk of malnourishment
- Patient compliance with prescribed ONS* is a significant challenge

Nutritional Solution

- Improved taste

Clinically Proven

- Recent study indicates $50 in cost savings for every $1 invested in an oral supplement for the hospital-based patient[3]

*ONS = Oral Nutritional Supplements

Sources: 1. Davidson and Getz (2004); 2.Braunschweig (2000); 3.Philipson et al (2013)

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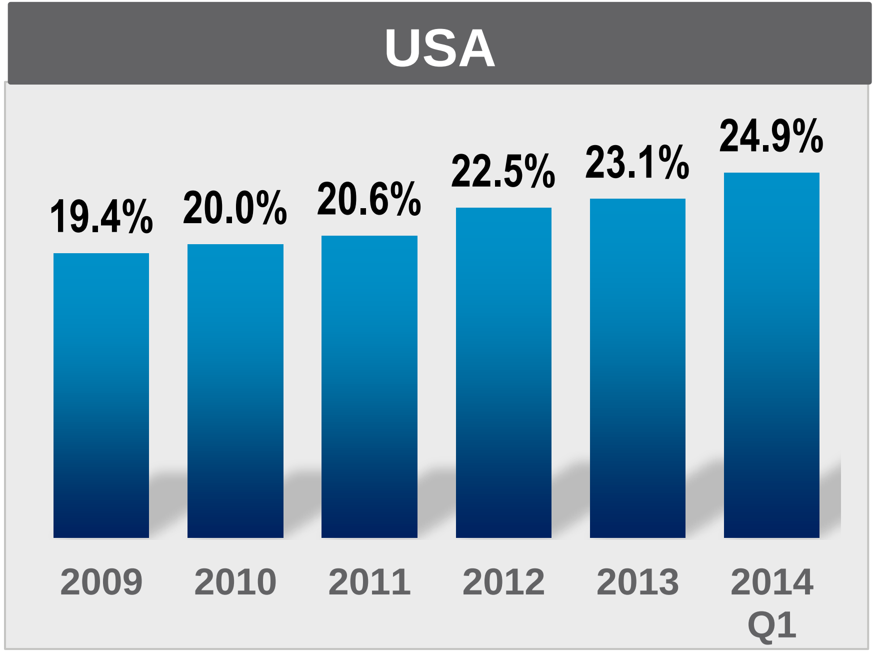
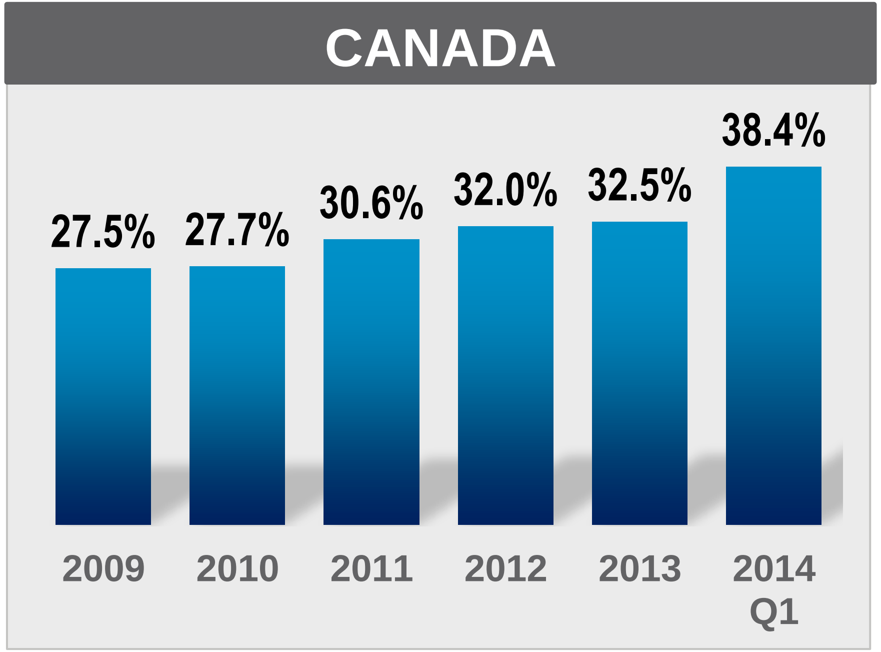
BOOST® Retail Market Share





Source: AC Nielsen

The PEPTAMEN® Story

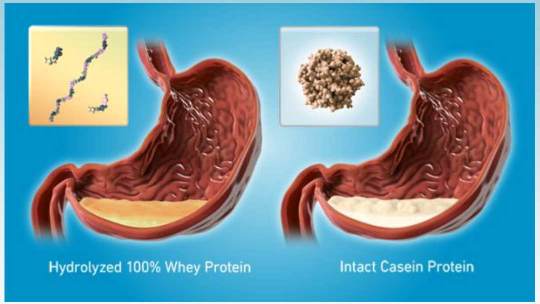
Superior Tolerance for Improved Outcomes

Patient Need

- 40% to 60% of ICU patients do not meet their feeding goals[1]

Nutritional Solution

- Superior Tolerance and Absorption



Clinically Proven

- 60+ clinical studies
- PepUp study validated a significant increase in achieving feeding goal ($p<0.01$)[2]
  - Protein: + 12%
  - Calories: + 14%

1. Doig GS et al. JAMA 2008;300:2731-2741.; 2. Heyland D. et al Critical Care Medicine: December 2013 - Volume 41; 12:2743-2753

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The Metanx® Story

Nutritional Management of the Symptoms of Diabetic Peripheral Neuropathy (DPN)

Patient Need

- Over 12 million patients suffer from DPN and incurs up to $13.7 billion in healthcare costs[1]
- DPN is associated with debilitating symptoms of burning, tingling, shooting pain, and loss of sensation which can reduce ability to function and increase likelihood of amputation

Nutritional Solution

Clinically Proven

- Total symptoms of DPN were significantly reduced after dietary management of study patients with Metanx® resulting in improved quality of life in a prospective double-blind placebo controlled study[2]
- Five open label studies
- DPN patients taking Metanx were found to reduce hospitalization by 4.4% and reduce medical expenses by $2,228 in first year[3]

1. (Gordios, Diabetes Care, 2003; 2.(Fonseca, Am J Med, 2013)
3. (Wade, Am J Pharm Benefits, 2012)

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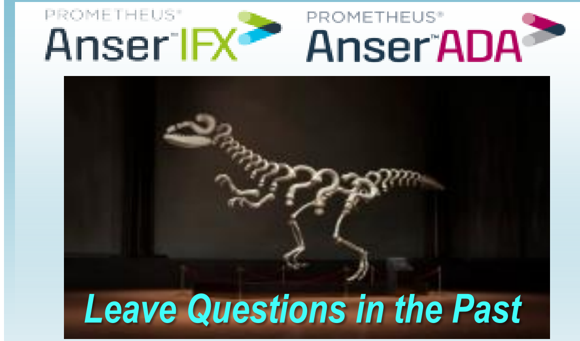
The Anser™ Story

Personalizing Patient Care

Patient Need

- About 50% of patients with Inflammatory Bowel Disease (IBD) lose response to treatment with infliximab or adalimumab
- Loss of treatment response may be due to low drug levels or the development of drug antibodies
- Without knowing the cause, empiric treatment modifications often fail the patient

Diagnostic Solution



- Provide valuable insights as to the reasons for loss of drug response
- Enable personalized & informed medical decisions to optimize patient outcomes

Clinically Proven

- The Anser™ tests were developed with over 3,000 patient samples
- Collectively, this data indicates that the presence of antibodies and low drug concentrations result in worse clinical outcomes
- Supported by >20 peer reviewed scientific and clinical publications
- Utilized in multiple ongoing clinical trials globally

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10 Years to Build a Transformational Leader