

October 7, 2011

Dear Valued Customer:

Earlier this year, Nestlé HealthCare Nutrition introduced the CARE Initiative – **Collaboration, Advancement & Results Enhancement**. Through this initiative, Nestlé is making a series of significant investments in the HealthCare Nutrition business over the next two years. These investments will provide a foundation for future innovation and help us meet evolving industry, customer, and patient needs. October 1st marks the introduction of the third phase of our CARE Initiative: Phase 3 (Winter 2012).

This letter provides you with an overview of the changes the CARE Initiative will bring to our packaging, products, and processes, **with particular focus on the enhancements that will take place during Phase 3 – Winter 2012 related to the products that will begin shipping between January 1, 2012 and March 31, 2012**. This phase will bring changes to our Pediatric Open and Closed system portfolio as well as our institutional line of BOOST® products.

In addition to the usual attachments that will provide you with detailed information on the product changes, we are pleased to announce that with the Phase 3 transition we will be offering a **Mobile Product Guide Application** that is downloadable on most smart phone devices or tablet PC's. Access to the application is available through CareInitiative.com and the NestleNutrition.com/us websites.

Should you have any questions about the enclosed information, please contact your sales representative. You may also call Nestlé HealthCare Nutrition's CARE Initiative hotline at 1.800.315.9801 or use the "Contact Us" section of the CareInitiative.com website for direct feedback on questions.

Sincerely,



Roy Reed
Vice President of U.S. Institutional Sales
Nestlé HealthCare Nutrition

Attachments:

Product Cross Reference
Product Specification Sheet
Summary of CARE Initiative Phase 3 (Winter 2012)

Nestlé HealthCare Nutrition Overview of CARE Initiative Phase 3 – Winter 2012

As mentioned in the attached letter, the third phase of our CARE Initiative will focus on our Pediatric open and closed system portfolio as well as our institutional line of BOOST® products. This letter will provide you with specific details surrounding the changes taking place during Phase 3 which will ship during Q1, 2012.

Pediatric Portfolio Changes

PEPTAMEN JUNIOR®, NUTREN JUNIOR® AND COMPLEAT® PEDIATRIC

We are pleased to announce the following changes to enhance our Peptamen Junior®, Nutren Junior® and Compleat® Pediatric product portfolio.

Formulation Updates

The pediatric product formulations of the entire Peptamen Junior® and Nutren Junior® portfolio as well as Compleat® Pediatric will be updated to optimize the nutrient levels in order to meet new guidelines recently established by the Institute of Medicine (IOM) for calcium & vitamin D. In addition, these formulas also contain CalciLock™, a combination of essential nutrients to help build strong bones. This nutrient blend includes calcium, phosphorus, magnesium, zinc, and vitamins D, C & K and is designed to help support healthy bone development. All pediatric products will be processed aseptically, a state-of-the-art manufacturing process that may result in a slightly different or lighter-colored product. Rest assured that these are the same quality products you expect from Nestlé HealthCare Nutrition, now updated to serve you better.

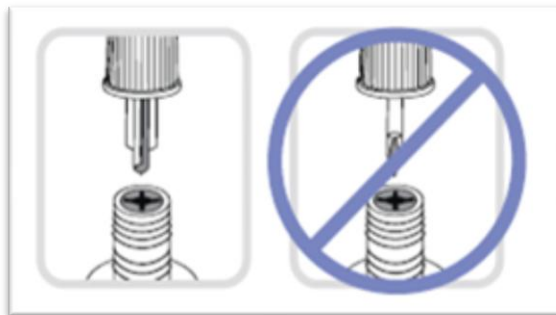
Packaging Updates

The above described products will receive a graphics refresh and will transition packaging formats as follows:

- Open System Products: All Pediatric products currently offered in 250 mL cans will transition to 250 mL Tetra Prisma® cartons.
- Closed System Products: All closed system Pediatric UltraPak® bags will transition to the UltraPak® system with the innovative SpikeRight® PLUS **enteral specific port**. Through the introduction of the SpikeRight® PLUS design on our closed system products, Nestlé is continuing its commitment to enhanced patient safety. The SpikeRight® PLUS system is the first commercially available proximal end enteral connection system uniquely designed to be incompatible with I.V. systems. Nestlé will provide additional communication regarding the incorporation of this advancement into the remainder of our closed system products as we transition our portfolio.

The UltraPak® system with the SpikeRight® PLUS ports are compatible with the new COMPAT® Pump Administration Sets with the SpikeRight® PLUS Connector, or Pump Administration Sets from other manufacturers with SpikeRight® PLUS compatible connectors. The new UltraPak® system with the SpikeRight® PLUS ports are NOT compatible with the COMPAT® Pump Administration Sets with the SpikeRight® spike that were discontinued in July 2011, the sets made by other companies with spikes, or connectors with the original SpikeRight® design.

Below is a detailed illustration of the new SpikeRight® PLUS design and its compatibility. The left image shows the SpikeRight® PLUS Connector and the SpikeRight® PLUS port, while the right image shows the original SpikeRight® Connector and its incompatibility with the SpikeRight® PLUS port.



Please refer to the table below for a comprehensive list of the specific products impacted by these changes and estimated in-market timing. Note that Product Descriptions, Product Codes, Case and Each UPC numbers and pricing will remain the same for these products. Please contact your sales representative, Customer Service, or your distributor if you have any questions on product availability. Ship dates for products purchased through a distributor are subject to change.

Product Description (No Change)	Product Code (No Change)	Case UPC (GTIN) (No Change)	Expected In-Market Date
COMPLEAT® Pediatric 24 x 250 mL Tetra Prisma®	14240000	10043900142408	Jan 2012
NUTREN JUNIOR®, Unflavored 6 x 1000 mL SpikeRight® PLUS UltraPak®	9871677380	00798716773805	Jan 2012
NUTREN JUNIOR®, Vanilla 24 x 250 mL Tetra Prisma®	9871616062	00798716160629	Jan 2012
NUTREN JUNIOR® Fiber, Unflavored 6 x 1000 mL SpikeRight® PLUS UltraPak®	9871677400	00798716774000	Jan 2012
NUTREN JUNIOR® Fiber, Vanilla 24 x 250 mL Tetra Prisma®	9871616063	00798716160636	Jan 2012
PEPTAMEN JUNIOR®, Chocolate 24 x 250 mL Tetra Prisma®	9871660120	00798716601207	Jan 2012
PEPTAMEN JUNIOR®, Strawberry 24 x 250 mL Tetra Prisma®	9871660130	00798716601306	Jan 2012
PEPTAMEN JUNIOR®, Unflavored 24 x 250 mL Tetra Prisma®	9871616253	00798716162531	Jan 2012
PEPTAMEN JUNIOR®, Unflavored 6 x 1000 mL SpikeRight® PLUS UltraPak®	9871677360	00798716773607	Jan 2012
PEPTAMEN JUNIOR®, Vanilla 24 x 250 mL Tetra Prisma®	9871616252	00798716162524	Jan 2012
PEPTAMEN JUNIOR® Fiber, Vanilla 24 x 250 mL Tetra Prisma®	9871660210	00798716602105	Jan 2012
PEPTAMEN JUNIOR® 1.5, Unflavored 24 x 250 mL Tetra Prisma®	9871617363	00798716173636	Jan 2012
PEPTAMEN JUNIOR® 1.5, Unflavored 6 x 1000 mL SpikeRight® PLUS UltraPak®	9871618543	00798716185431	Jan 2012
PEPTAMEN JUNIOR® with PREBIO1™ Vanilla 24 x 250 mL Tetra Prisma®	9871616261	10798716162613	Jan 2012

Institutional BOOST® Product Portfolio Changes

Formulation Updates

We will be updating the institutional BOOST®, BOOST® High Protein, and BOOST PLUS® product formulations to increase vitamin D levels to better meet IOM recommendations on the daily intake of vitamin D in seniors ages 65 and older. The increase in vitamin D will now provide 60% of the daily value or 240 IU in BOOST®, BOOST® High Protein, and BOOST PLUS®. All BOOST® products will now be processed aseptically, a manufacturing process that, as noted above, is state-of-the-art and may affect the color of the formula. The shelf life will change as a result of manufacturing facility and processing changes, resulting in the reduction of shelf life from 546 days (18 months) to 456 days (15 months). In addition, all artificial colors will be removed from the BOOST® Strawberry and BOOST PLUS® Strawberry offerings.

Rebranding

CARNATION® INSTANT BREAKFAST® Lactose Free VHC will be renamed BOOST® VHC. This will result in providing customers one oral nutritional supplement product line from Nestlé HealthCare Nutrition, with the supplement brand that customers can find at retail if needed. The formulation will not change with this transition. Upon completion of this change, the current CARNATION® INSTANT BREAKFAST® Lactose Free VHC product offering should be discontinued in your systems.

Packaging Updates

BOOST®, BOOST® High Protein, and BOOST PLUS® products will transition to the unified label design from 237 mL plastic bottles to 237 mL Tetra Brik® cartons. The newly branded BOOST® VHC will transition from 250 mL steel cans to the 237 mL Tetra Brik® cartons and will also incorporate the unified label design. This new packaging format will result in a change to the case count – from a 24 count case to a 27 count case. In addition, the shelf life will change as a result of manufacturing facility and processing changes, resulting in the reduction in shelf life from 546 days (18 months) to 456 days (15 months).

This transition will allow for a consistent packaging format across our oral nutrition product offering of a 8 fl oz, 27 count Tetra Brik® case, as well as provide Tetra Brik® carton benefits of being easy to use and Bisphenol A (BPA)-Free*. As a result of these changes, these products will receive a new product code, case UPC (GTIN), and each UPC. Pricing for the new codes as listed in the table, below, will be effective on January 1, 2012.

The following table gives you additional product specifications. You can also refer to the attached Product Specification sheet for more product-specific information. We expect the first ship date for the new BOOST® products to occur in February 2012. Please contact your sales representative, Customer Service, or your distributor if you have any questions on product availability. First ship dates for products purchased through a distributor are subject to change.

Product Description	Product Code	NEW Case UPC (GTIN)
BOOST®, Chocolate 27 x 8 fl oz Tetra Brik®	4390067538	10043900675388
BOOST®, Strawberry 27 x 8 fl oz Tetra Brik®	4390067639	10043900676392
BOOST®, Vanilla 27 x 8 fl oz Tetra Brik®	4390067438	10043900674381
BOOST PLUS®, Chocolate 27 x 8 fl oz Tetra Brik®	4390093238	10043900932382

*Made without the use of BPA

Product Description	Product Code	NEW Case UPC (GTIN)
BOOST PLUS®, Strawberry 27 x 8 fl oz Tetra Brik®	4390093331	10043900933310
BOOST PLUS®, Vanilla 27 x 8 fl oz Tetra Brik®	4390093138	10043900931385
BOOST® High Protein Drink, Vanilla 27 x 8 fl oz Tetra Brik®	4390094139	10043900941391
BOOST® VHC Vanilla 27 x 8 fl oz Tetra Brik®	4390018216	10043900182169

Product Discontinuations

As we continue to optimize our product portfolio, the changes will necessitate the discontinuation of certain products. The following information summarizes the products that we will be discontinuing.

Ultrapak® Port Adapter with SpikeRight® Connector

With the launch of the SpikeRight® PLUS ports described in the CARE Phase 2 announcements, we will be discontinuing the original Ultrapak® Port Adapter with the SpikeRight® Connector. To help assure a smooth transition, your sales representative will be giving you further guidance in the coming months regarding inventory management of these products. Please contact your sales representative, Customer Service, or your distributor if you have any questions on product availability. First ship dates for products purchased through a distributor are subject to change.

FORMER Product Description	FORMER Product Code	FORMER CASE UPC (GTIN)	NEW Replacement Product Description	NEW Product Code	NEW Case UPC (GTIN)	Expected Last Ship Date
Ultrapak® Port Adapter with SpikeRight® Connector	22001000	10098716220017	Ultrapak® Port Adapter with SpikeRight® PLUS Connector	12163246	10043900106622	Jan 2012

CARNATION® INSTANT BREAKFAST® Lactose Free and CARNATION® INSTANT BREAKFAST® Lactose Free Plus Products

In order to consolidate our oral nutrition offerings, we will be discontinuing our CARNATION® INSTANT BREAKFAST® Lactose Free and CARNATION® INSTANT BREAKFAST® Lactose Free Plus products. We suggest customers use the BOOST® and BOOST PLUS® Vanilla and Chocolate flavored formula products listed below for patients who need an oral nutritional supplement option. You will be given further guidance in the coming months from your sales representative regarding inventory management of these products.

Please reference the table below for updated information regarding expected last ship dates for these discontinued products. Please contact your sales representative, Customer Service, or your distributor if you have any questions on product availability. Final ship dates for products purchased through a distributor are subject to change.

DISCONTINUED ITEMS				SUGGESTED SUBSTITUTE(S)		
Product Description	Product Code	CASE UPC (GTIN)	Expected Last Ship Date	Product Description	Product Code	Case UPC (GTIN)
CARNATION® INSTANT BREAKFAST® Lactose Free, Chocolate Splash 24 x 8.45 fl oz Can	9871633890	00798716338905	December 2011	BOOST®, Chocolate 27 x 8 fl oz Tetra Brik®	4390067538	10043900675388
CARNATION® INSTANT BREAKFAST® Lactose Free, Vanilla Swirl 24 x 8.45 fl oz Can	9871633888	00798716338882	December 2011	BOOST®, Vanilla 27 x 8 fl oz Tetra Brik®	4390067438	10043900674381
CARNATION® INSTANT BREAKFAST® Lactose Free Plus, Chocolate Splash 24 x 8.45 fl oz Can	9871633896	00798716338967	December 2011	BOOST PLUS®, Chocolate 27 x 8 fl oz Tetra Brik®	4390093238	10043900932382
CARNATION® INSTANT BREAKFAST® Lactose Free Plus, Vanilla Swirl 24 x 8.45 fl oz Can	9871638940	00798716389402	December 2011	BOOST PLUS®, Vanilla 27 x 8 fl oz Tetra Brik®	4390093138	10043900931385

CARNATION® INSTANT BREAKFAST® Lactose Free VHC

We will be formally discontinuing CARNATION® INSTANT BREAKFAST® Lactose Free VHC when we rebrand the product to Boost® VHC. Please contact your sales representative, Customer Service, or your distributor if you have any questions on product availability. Final ship dates for products purchased through a distributor are subject to change. Please reference the table below for updated information regarding expected last ship dates for these discontinued products.

DISCONTINUED ITEM				REPLACEMENT ITEM		
Product Description	Product Code	CASE UPC (GTIN)	Expected Last Ship Date	Product Description	Product Code	Case UPC (GTIN)
CARNATION® INSTANT BREAKFAST® Lactose Free, VHC 24 x 250 mL Can	9871633900	00798716339001	January 2012	BOOST® VHC Vanilla 24 x 8 fl oz Tetra Brik®	4390018216	10043900182169

We recognize that you may have some concerns as to how these changes may impact the reimbursement status of these products. We remain committed to notifying the appropriate agencies in a timely manner to assure a smooth transition. As announced previously, applications will be submitted to the Medicare Pricing Data Analysis Contractor (PDAC) for HCPCS coding verification several months prior to new product launch. Once coding has been verified, HCPCS code information will be posted on CareInitiative.com. The Compendia (First Data Bank, RedBook and Medispan) will be notified in a timely manner so that they may establish AWP or WAC pricing for products as needed. Finally, each state Medicaid and state WIC agency will be notified so that they may update their systems with any of the changes noted.

For more details on all of the changes described in this letter, please refer to these attachments:

- Product Cross Reference
- Product Specification Sheet
- Summary of CARE Initiative Phase 3 (Winter 2012)

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