

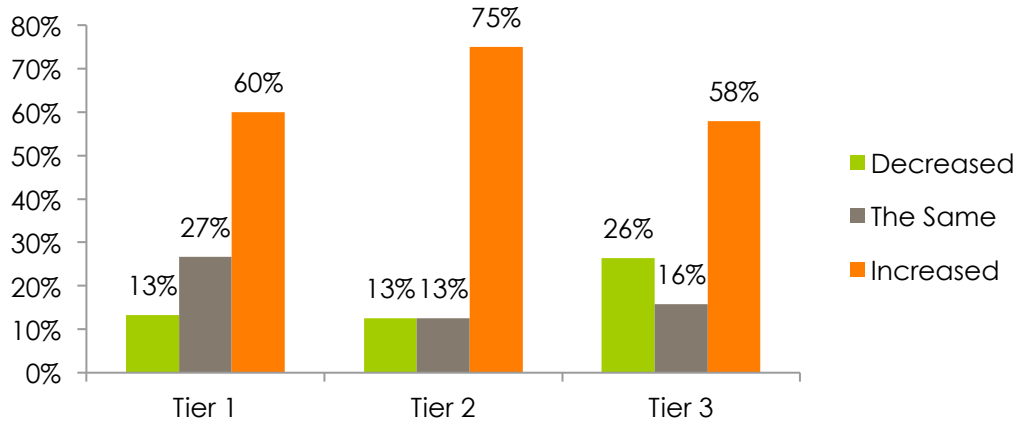
ENFAMIL CHINA INFANT FORMULA 3Q 2014 SURVEY

Survey completed October 3rd, 2014. We interviewed store managers of independent retailers across China, diversified between Tier 1 through Tier 3+ cities. We also targeted a 75% mix of supermarkets, compared to a 25% mix of baby-oriented retailers. Our survey focused on infant formula brand preferences, pricing, and new products.

SURVEY DISTRIBUTION

Number of Surveys			Store	Count	Percentage
60			Yonghui	11	18%
			Walmart	10	17%
			Leyou	8	13%
			Baby boy	4	7%
			Vanguard	4	7%
			Better Life	3	5%
Tier	Count	Percentage	A-Best	2	3%
Tier 1	21	35%	Aeon	2	3%
Tier 2	18	30%	Zhejiang Kang		
Tier 3	21	35%	Baby Products		
Total	60	100%	Co., Ltd.	2	3%
			Ayn Square	1	2%
			Baby Island	1	2%
			Better Life		
			Commercial	1	2%
			Fengcheng		
Type	Count	Percent	good infant		
Supermarket	45	75%	baby	1	2%
Baby Store	15	25%	Happy Baby		
Total	60	100%	Shop	1	2%
			Jinhui child		
			shell fish	1	2%
			Leyou Babies to		
			Kids Baby Store	1	2%
			Maternal Fang	1	2%
			Metro	1	2%
			Rainbow	1	2%
			Ren Ren Le	1	2%
			Smurf Baby		
			Store	1	2%
			Tesco	1	2%
			Yun Yong Fang		
			Baby Store	1	2%
			Total	60	100%

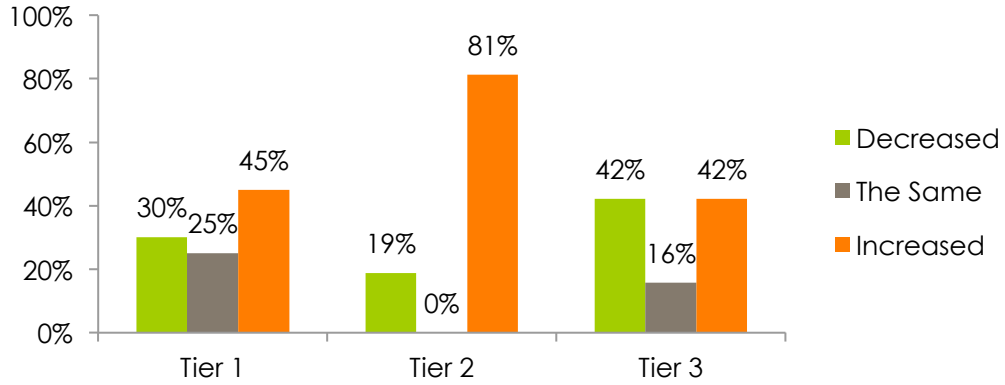
QUESTION 1

What are your Infant Formula sales in 2Q (vs 2Q of last year)?


Infant Formula	2Q
Tier 1	0.14
Tier 2	2.92
Tier 3	2.08
Average	1.80 %

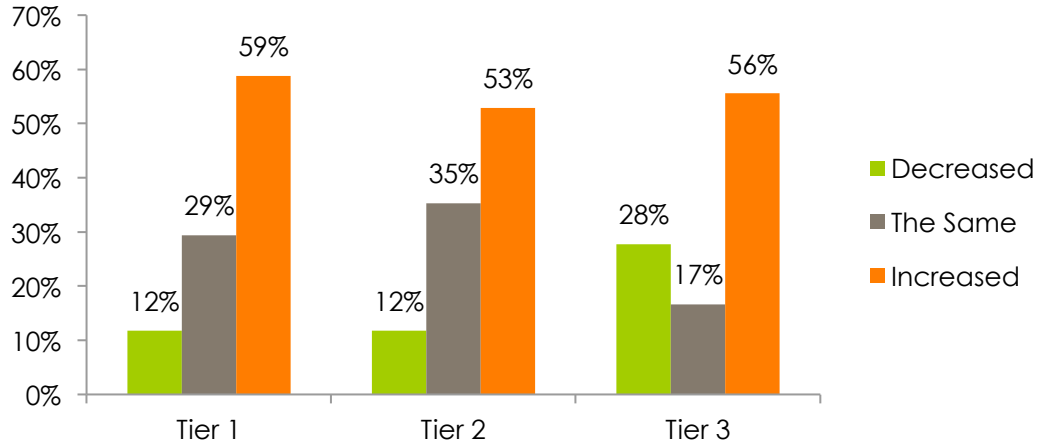
QUESTION 2

What are your Infant Formula sales in 3Q (vs 3Q prior year)?



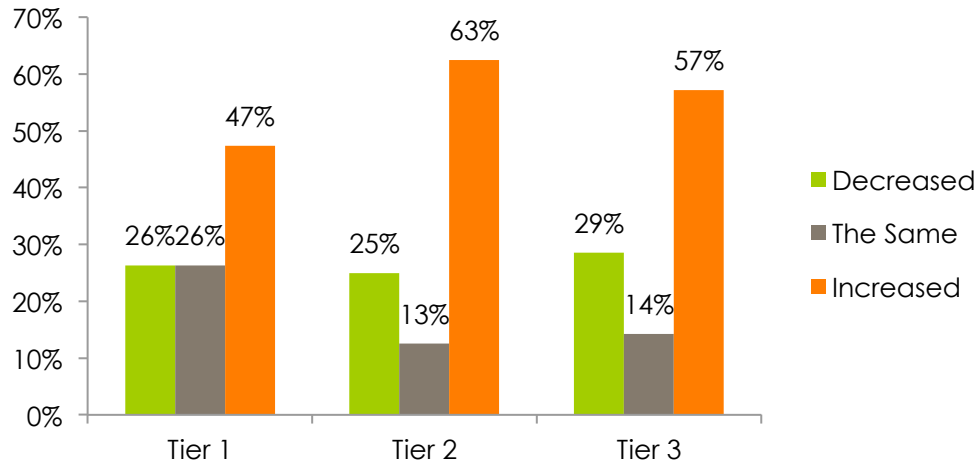
Infant Formula	3Q
Tier 1	-0.96
Tier 2	2.83
Tier 3	1.12
Average	0.90 %

QUESTION 3

What are your Enfamil sales in 2Q (vs 2Q last year)?


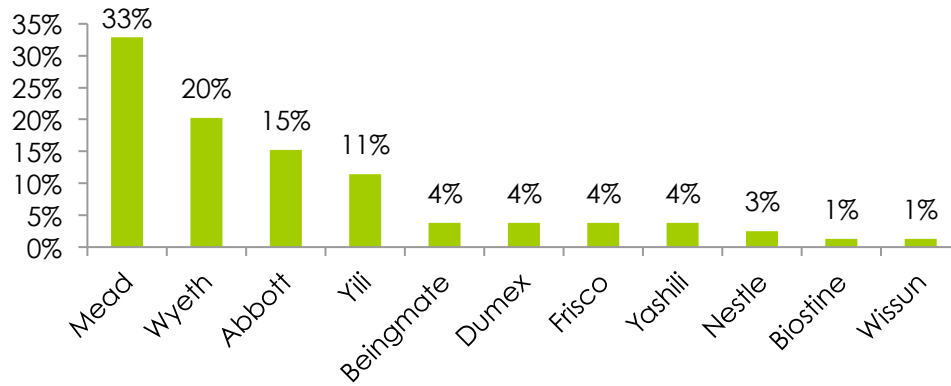
Enfamil	2Q
Tier 1	0.80
Tier 2	4.29
Tier 3	4.25
Average	3.19 %

QUESTION 4

What are your Enfamil sales in 3Q (vs 3Q last year)?


Enfamil	3Q
Tier 1	5.00
Tier 2	4.30
Tier 3	3.13
Average	4.12 %

QUESTION 5

Who has gained market share in the quarter and why?


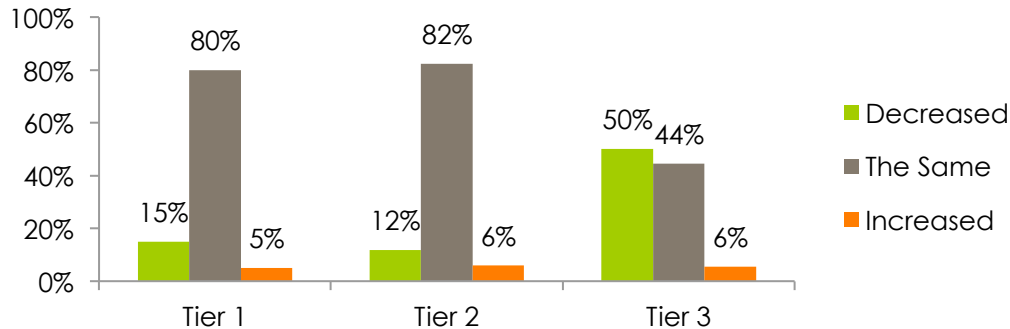
Brand	Count	Percentage
Mead Johnson	26	33%
Wyeth	16	20%
Abbott	12	15%
Yili	9	11%
Beingmate	3	4%
Dumex	3	4%
Frisco	3	4%
Yashili	3	4%
Nestle	2	3%
Biostine	1	1%
Wissun	1	1%
Total	79	100%

Additional Comments:

- Abbott because it has new products with new package; more popular. (A-Best, Shenzhen)
- Dumex and Nestle ---- big promotion (Baby boy, Shanghai)
- Mead Johnson revenue is declining, but other brands are down more quickly (Better Life, Hangzhou)
- Yashily,, Yili. Mead Johnson -big promotion (Better Life, Chenzhou)
- Friso, Mead Johnson, it is because they are old and famous brands. (Leyou, Beijing)
- Illuma - Wyeth, imported product, high price, high nutrition, trust it. (Leyou, Beijing)
- Wyeth, Abbott has promotions effect. Wyeth has a lot of promoters therefore have big promotion force. (Leyou Babies to Kids Baby Store, Beijing)
- Biostine has enough promotions. (Smurf Baby Store, Huizhou)
- Mead Johnson have more activities, promotions have big effectiveness. (Vanguard, Maoming)
- Mead Johnson, old brand; Dumex, purchase 3 get 1 free, promotion has big respond. (Yun Yong Fang Baby Store, Wuhan)

QUESTION 6

Are prices in the Infant Formula Category UP, DOWN, or the SAME over the past few months? Which brands are changing price the most (and which direction, are they taking prices up or down)?



Pricing	Tier 1	Tier 2	Tier 3	Total
Decreased	3	2	9	14
The Same	16	14	8	38
Increased	1	1	1	3
	20	17	18	55

Additional Comments:

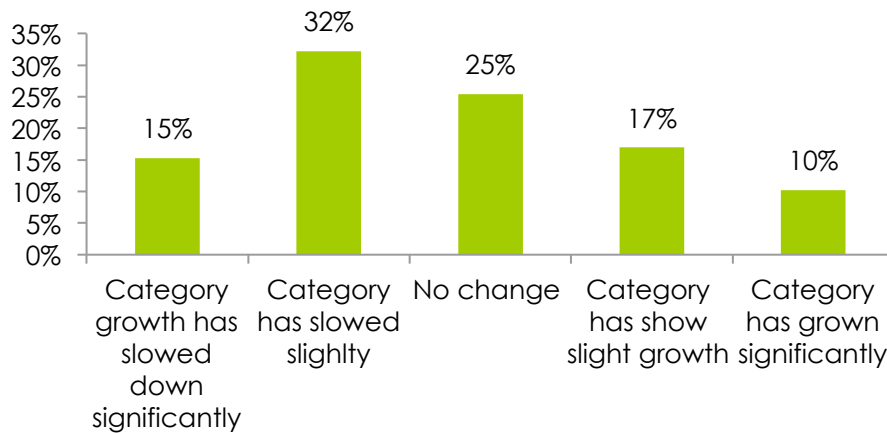
- price of Mead Johnson increased because promotions decreased; (A-Best, Shenzhen)
- Almost the same; the promotions use different styles to held; Wyeth, its promotion is the biggest therefore making the price has big effected. (Leyou, Beijing)
- Almost the same; promotions of all brands is alright; Wyeth, its promotion is the biggest. (Leyou, Beijing)
- Increased; if any brands, they are without any decreased, they are also without any promotions. (Metro, Wuxi)
- Market price are not unified, have about RMB30.00 - RMB50.00 different from outside market. (Smurf Baby Store, Huizhou)
- All the prices are down a few; Abbott, has 5% increased because has new package and a lot of free gifts; Wyeth, the price has down

because has promotions; Nestle, has the great promotions, has made a big effected. (Walmart, Beijing)

- all the prices are down a few; no brands are increased the price, the opposite, have big promotions(2-3 times per month) , but free gifts have few only; Dumex, Wyeth, have big discount then make the price have big decreased; Beingmate, Yili, Wyeth, have the great promotions. (Walmart, Luan)
- All the prices are almost the same; Beingmate, is the most increased one because the promotions have great effected. (Yonghui, Hefei)
- Almost the same; Nestle, Yili, are increased; normally, both have promotions; Beingmate, its promotion is the biggest. (Yonghui, Hefei)

QUESTION 7

Has the Infant Formula Category rate of growth changed in the last 3 months?



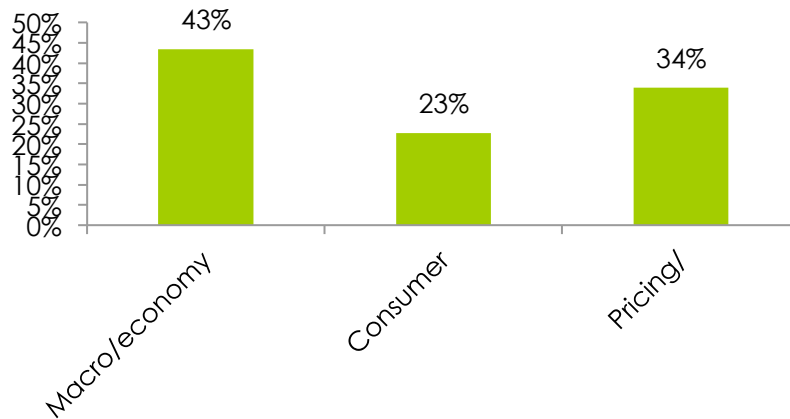
Rate of Growth	Count	Percentage
Category growth has slowed down significantly	9	15%
Category has slowed slightly	19	32%
No change	15	25%
Category has show slight growth	10	17%
Category has grown significantly	6	10%
Total	59	100%

Additional Comments:

- Category growth has slowed down significantly. The local near Hong Kong, more customers purchase the relative products from Hong Kong directly. (Rainbow, Shenzhen)
- No change. Market is more stable. (Yonghui, Fuzhou)

QUESTION 8

(Follow-up question) If the Category growth has changed (slowed or improved), why?



Reason	Count	Percentage
Macro/economy	23	43%
Consumer Preferences	12	23%
Pricing/Promotional environment	18	34%
Total	53	100%

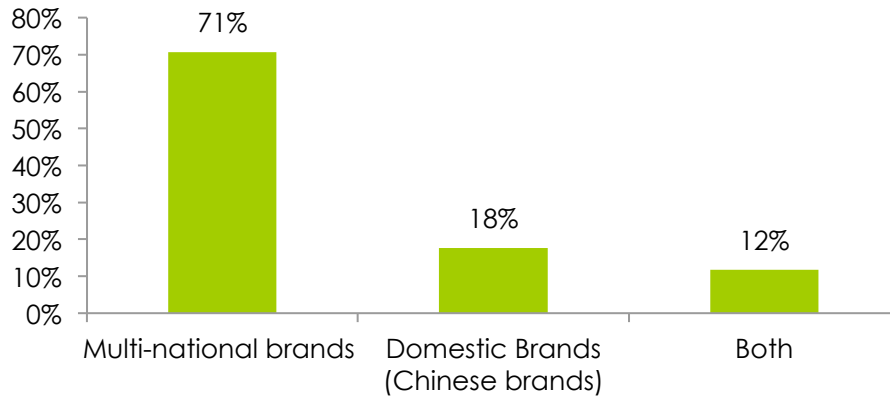
Additional Comments:

- Competition increased, more stores, and the market is stable. (Better Life, Changsha)
- The past few years are better than this year, because the market has too much brands now. (Happy Baby Shop, Dongguan)
- The season promotions have the relative effect of the turnover. (Leyou Babies to Kids Baby Store, Beijing)
- Customers like a brand one period and then change to the other brand. (Maternal Fang, Chengdu)
- More customers purchase the relative products from Hong Kong directly. (Rainbow, Shenzhen)
- Less visitors; shop door blocked making the customer inconvenience. (Walmart, Beijing)

- Maintenance of roads, people flow few, have big competition, local have three major supermarket. (Walmart, Luan)
- Brand effects (Walmart, Wuhu)
- Products have too much brands. At this moment, Mead Johnson's products are not the only main flow. (Yonghui, Fuzhou)
- The promoter will invite initiative their old customers if they have any promotions. (Yonghui, Fuzhou)
- Abbott's promotions have big effect. (Yonghui, Zhangzhou)

QUESTION 9

(Follow-up question) If that Category growth has changed (slowed or improved), which brands have been impacted more - Multi-national or Domestic Brands?



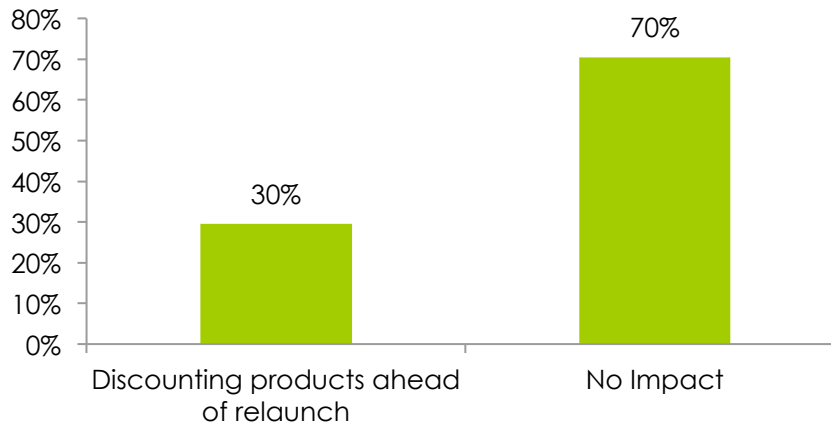
Brands Affected	Count	Percentage
Multi-national brands	36	71%
Domestic Brands (Chinese brands)	9	18%
Both	6	12%
Total	51	100%

Additional Comments:

- Compared with multi-national brands, the business of domestic brands are better because the prices are cheaper. (A-best, Qingyang)
- they are almost the same (Happy Baby Shop, Dongguan)
- Customers go to Hong Kong to purchase Multi-national brands products. (Rainbow, Shenzhen)
- The concerned of the reputation for domestic brands, people are worried. (Tesco, Foshan)
- (Vanguard, Guangzhou)
- almost the same (Yonghui, Beijing)
- Multi-national brands are more impacted. (Yonghui, Fuzhou)
- Products of first level of Multi-national brands are stable. (Yonghui, Zhangzhou)

QUESTION 10

Has the re-launched Mead Johnson products (Enfamil and Enfagrow), impacted your business?



	Count	Percentage
Discounting products ahead of relaunch	13	30%
No Impact	31	70%
Total	40	100%

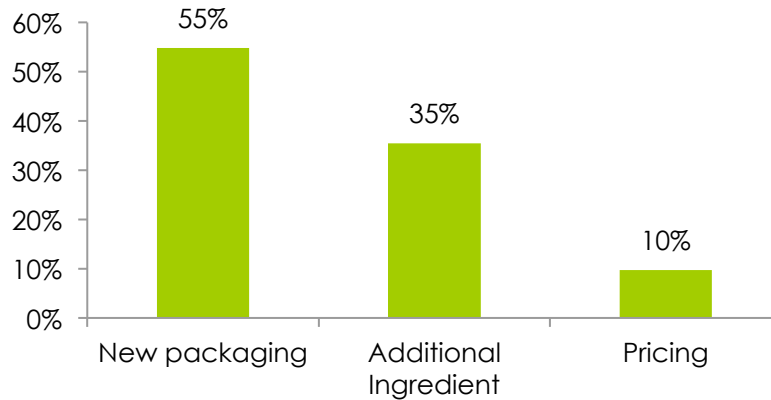
Additional comments:

- At this moment, have few affected because customers asked about the new product but only know they have changed a new package. (A-Best, Shenzhen)
- Without any effected. Hong Kong have already rolled out the new product, customers are waiting for (Aeon, Guangzhou)
- Without any affected; the beginning of market for new products are not good sale. (Better Life Commercial , Hengyang)
- No comments because new products not yet coming. (Happy Baby Shop, Dongguan)
- Basically have 20% discount promotion. (Leyou, Beijing)
- It will affect because new products mostly are more popular than the old one. (Leyou Babies to Kids Baby Store, Beijing)
- Mead Johnson, have 12% discount; the others have 15% discount. (Vanguard, Guangzhou)
- At this time, without any impacted because it is not have any new products now. (Vanguard, Maoming)

- price lower as stronger promotion (Walmart, Dongguan)
- only some brands have discount; will have few effected; business decrease (Yonghui, Beijing)
- Have already noticed that will have new products, therefore it is without too much effect for the old products. (Yonghui, Zhangzhou)

QUESTION 11

What is different or new about the new Mead Johnson products going to be launched in 4Q?



	Count	Percentage
New packaging	17	55%
Additional Ingredient	11	35%
Pricing	3	10%
Total	31	100%

Additional comments:

- new package has more attractive color and all the same in global sales (Baby boy, Baotou)
- added additional features, helps baby Digestive, new package, looks more attractive, and global package should be same looking except some animal picture is different vary regions and nations (China 's package picture is monkey) (Better Life, Hangzhou)
- new package that is shinier; stronger nutrients and more expensive as well, about 15 Yuan lower (Leyou, Beijing)
- the new product in any national are the same package, only the mark in China is showing "Made in Guangzhou"; the raw material both are came from the same place; the formula of step 2 and step 3 are used for all countries, only step 1, in China, the formula has added with GOS+PDF which is good for the baby's digestive. (Ren Ren Le, Huizhou)
- different package, more attractive ; strength for baby stomach (Yonghui, Beijing)
- add new ingredient to help baby digestion (Yonghui, Fuzhou)
- New package, new formula, good for digestive system. (Yonghui, Zhangzhou)