

**building**  
healthy tomorrows

2014 ANNUAL REPORT





**Our Mission:** To nourish the world's children for the best start in life.

**Our Vision:** To be the world's leading nutrition company for babies and children.

# A Letter from the Chief Executive Officer

## To our shareholders, colleagues, and business partners:

We continued on our path of sustained growth in 2014, setting new highs for revenues, earnings and dividends paid for the fifth consecutive year. Making these latest results more impressive is that they were accomplished in a more challenging global economic environment. Fundamental to our performance this past year — and our longer-term track record of success — has been the combination of our diversified geographic footprint, consistency of investment and commitment to our proven strategy for growth.

Challenges abounded in 2014 including slower growth in parts of Asia, rising dairy costs and volatile exchange rates. Despite these headwinds, we were able to maintain our business momentum and produce:

- 9 percent constant-dollar revenue growth — a 5 percent increase over the prior year in reported net sales after the effect of foreign exchange.<sup>a</sup>
- 7 percent growth in non-GAAP earnings per share.
- A 7 percent increase in free cash flow to more than \$600 million for 2014.<sup>b</sup>
- A 10 percent dividend increase to \$1.50 per share.

We maintained our bold pace of innovation in 2014, relaunching our category-leading “Enfa” franchise in many markets with new, improved formulations and fresh packaging. We also expanded our liquids portfolio into several new markets and continued the rollout of our key specialty formulas across Asia. Of course, the best measure of success for us is the response of our consumers, and our actions were rewarded with market share gains in 10 of our top 15 markets worldwide.

**BROAD GEOGRAPHIC FOOTPRINT:** Once again, the geographic diversity of our business proved to be a real strength and allowed us to deliver impressive overall results, despite varying regional conditions. Upside in some markets gave us the flexibility to develop and fund recovery plans in others. All three of our geographic segments contributed to our global sales gain in 2014, with strong volume increases in our North America/Europe and Latin America businesses helping to mitigate moderating growth in Asia.

North America/Europe delivered a standout performance in 2014, with double-digit revenue increases on a constant-dollar basis and faster volume growth than any other segment of our business. Despite difficult marketplace conditions over the past several years, we have consistently invested behind our North American brands and are now reaping the rewards. The improved performance was driven by strong share gains in infant formula, as well as continued progress with our children’s business. Enfamil® became the top-selling infant formula brand in the United States in 2014 and retained its top rank in Canada

for the second year in a row. In children’s nutrition, sales of Enfagrow® increased at a strong double-digit rate in both the United States and Canada, with Canada recording the fastest growth for Enfagrow of any market worldwide. Europe also recorded outstanding growth in both revenue and profitability, reflecting the continuing positive impact of our 2012 restructuring there, as well as share gains within a growing European allergy business.

In our Latin America segment, solid volume growth and price increases were substantially offset by adverse foreign exchange movements, due in particular to weakening currencies in Venezuela and Argentina. Our performance across Mexico, the Caribbean, and Central America provided a highlight within this geography, which benefited from our Enfa franchise relaunch, as well as the introduction of several new products towards the end of the year. A particularly tough economic environment softened our year-over-year gains in Brazil, but we were pleased with the continued growth of our market share in the infant formula category there.

Although we recorded solid revenue gains for the Asia segment of our business, the mid to upper-single digit growth rate was somewhat lower than we have achieved in recent years. The comparison versus 2013 was tough, as our prior-year shipments had benefited from supply disruptions among our competitors. In 2014, our business growth in Asia was supported by new product activity, including the expansion of our ready-to-drink products into several markets and the ongoing rollout of our key specialty formulas. Highlights for the region included particularly strong performances in Thailand, Malaysia and the Philippines. In China, some tightening of trade inventory levels preceded our Enfamil relaunch during the fourth quarter of 2014. Although this reduced revenue growth for the year, it improved our business footing heading into 2015.

**CONSISTENT STRATEGIC VISION:** Just as our geographic diversity has helped us manage through some challenging economic conditions, the consistency of our strategic vision has been critical to maintaining our strong overall business momentum. Staying focused on our proven strategic plan and executing it with excellence enables us to continue to successfully navigate our highly competitive and dynamic global marketplace.

**Commitment to Quality and Integrity:** Mead Johnson remains a “values based” culture, where how we do things matters as much as what we do. For example, product quality always comes first. Every decision is made with the safety and well-being of infants and children in mind. By putting first what matters most to the parents and customers we serve, we continue to earn their trust.

Two other cornerstones in our company's foundation are integrity and compliance. That means always — without exception — operating within the laws and regulations to which we are subject and holding ourselves to the highest standards in everything we do. Getting things right, however, can take time; and an internal investigation initiated in China in 2013 — and related interactions with government agencies — are ongoing. We continue to work diligently on this matter and remain committed to resolving it as quickly as possible.

**Supporting Innovation and Demand Generation:** In 2014, we maintained our spending on research and development at a robust rate of 2.5 percent of sales, which translated into a strong double-digit increase in investment behind our key science and innovation initiatives.

**Meeting Consumer Needs:** Listening carefully to our consumers remains a key driver of our success and serves as a source of ideas for new functional benefits, enhanced packaging and added convenience.

In 2014, the restaging of our Enfa franchise was one of our largest and most global launches ever.

New product activity also included launches in additional markets of our Gentlease® product that provides relief for mild digestive upset and discomfort, and our Nutramigen® line for children with cow's milk protein allergy. In addition, we expanded international distribution of our most specialized products, including ones formulated for the needs of premature infants and those born with serious medical conditions, including metabolic disorders.

Other new offerings reflected growing consumer awareness of the positive role that nutrient-rich and vitamin-enhanced growing-up milks can play in the healthy diet of toddlers and young children. While such products have long been a significant portion of our business in developing markets across Asia and Latin America, we are seeing a significant increase in their popularity in North America.

Finally, convenience and ease of use are highly valued by parents of young children, especially given their hectic, on-the-go lifestyles. Responding to these needs has given rise to the further expansion of ready-to-drink variants of our products, including their introduction to additional markets in Asia and Latin America.

**Expanded Capacity and Distribution:** With our strong growth comes a potential strain on capacity and distribution, but we continue to plan carefully, execute efficiently and invest appropriately to support expected growth. In 2014, we completed construction in Singapore of our first spray dryer located near our most important markets in Asia. Completed on time and below budget, this new campus includes the latest addition to the global network of the Mead Johnson Pediatric Nutrition Institute. We also broke ground on other important capacity expansion projects in Europe and the United States that will be critical for supporting global growth initiatives.

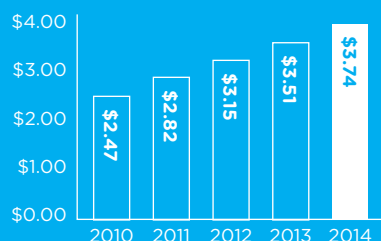
Of course, capacity building is not limited to buildings and machinery. As a responsive consumer goods company, we have to adjust to shifting demographics and preferences. We need to be where our customers are — where they live and work, as well as where they look for information and shop for products. Increasingly, the place to reach and connect with our consumers is online. As a result, we continue adding to our digital marketing and e-commerce expertise. We are also investing in the systems capabilities required to effectively compete in the fast-growing digital marketplace that cuts across traditional marketing and distribution channels.

**Enhanced Talent and Capabilities:** Nothing is more important to the long-term success of our business than the skills and commitment of our people. Investment in their training and development is essential to the achievement of our longer term growth ambition. We are committed to providing resources to support the growth and development of all our team members around the world and to reinforce our unique Mead Johnson culture — values driven, high performance, forward thinking and globally connected.

**WHY WE DO WHAT WE DO:** There can be no more compelling reason to get up every day and go to work than the one expressed in our corporate vision — to nourish the world's children for the best start in life. At Mead Johnson, we adhere to basic truths about early life nutrition and the positive difference made by the products and information we provide:

- Good nutrition early in life supports lifelong health, and mothers trust formula products from quality providers like MJN to support their babies' nutritional well-being.

**EARNINGS PER SHARE\***



**NET SALES (\$B)**



**DIVIDENDS DECLARED PER SHARE**



\*Non-GAAP results shown. Please refer to the table on the back inside cover for a reconciliation to GAAP data.



- Mothers also count on those high-quality nutritional products to support their own work needs.
- Mothers want access to factual information from reliable sources, including their healthcare professionals, to do what they believe is best for their babies and families.

Each of our nearly 8,000 employees recognizes and appreciates the important role our products play in supporting the optimal growth and development of infants and children around the world. We all take pride in the contributions they make to building healthy tomorrows.

**LOOKING AHEAD:** In a dynamic and competitive business like ours, there is no such thing as an ordinary year. No matter how carefully you plan and anticipate, there will always be unexpected challenges and unforeseen opportunities. The key, however, is not to allow such externalities to determine our fate. What gives me

confidence in Mead Johnson's ability to manage its own destiny is our extraordinary global team. For them, no detail is too small and no challenge is too large.

In closing, I want to express my thanks for the exceptional efforts of Mead Johnson employees around the world who delivered such positive business results in 2014. I strongly believe in our team's collective ability to deliver on our 2015 commitments and to continue laying the groundwork for the company's long-term growth and success.



**P. Kasper Jakobsen**  
President and Chief Executive Officer

## A Letter from the Chairman of the Board

Mead Johnson Nutrition turned in another strong business performance in 2014, once again achieving record levels of sales and earnings. Investors were also rewarded with the creation of significant additional shareholder value over the course of the year.

The company delivered a robust total stockholder return of 22 percent last year, resulting from the combination of strong growth in both share price and dividends. In fact, the 10 percent increase in the company's dividend rate from 2013 to 2014 marked the fifth consecutive year of double-digit dividend increases. Mead Johnson's market capitalization has now more than quadrupled since the company's initial public offering in 2009, including a \$3.5 billion increase during 2014.

The Board of Directors recognizes that such value creation results not only from strong current financial performance, but also from excellent prospects for the growth and development of the business over time. That is why we remain so supportive of the company's ongoing strategic investments in research and development, demand generation and production capacity. Although such initiatives do not produce immediate returns, they are crucial to the long-term success and vitality of the business. They enable Mead Johnson to remain on the cutting edge of scientific discovery, to stay close to consumers, and to meet the needs of those consumers with innovative products.

Last September, my fellow Board members and I had the opportunity to participate in the official unveiling of the company's new facilities in Singapore. As impressive as the state-of-the-art spray dryer and production plant are, the addition of the latest technology and learning center to the Mead Johnson Pediatric Nutrition Institute (MJPNI)

network is equally important for maintaining the company's competitive advantage in the global marketplace.

In fact, less than 24 hours after the ribbon cutting, the Singapore MJPNI was already hosting its first symposium. Researchers and healthcare professionals from across South Asia were exchanging ideas with some of the world's leading experts in pediatric health, addressing the role of nutrition relative to prematurity, cognitive development and the immune system. As I remarked during the grand opening ceremonies, "Breakthroughs made here will help improve existing products and develop new ones to support the healthy growth and development of infants and children in Singapore, Asia and around the world."

Most impressive of all during that visit was the enthusiasm, talent and expertise of the employees participating in all the activities. At the heart of any successful organization is the kind of knowledgeable and passionate people who populate every function at Mead Johnson Nutrition. The Board remains highly confident in senior management and the ability of the worldwide Mead Johnson team to continue executing with excellence the company's proven strategic business plan and outperforming the competition. In doing so, they will create significant incremental value for the company's investors and other stakeholders, while building healthy tomorrows for infants and children around the world.



**James M. Cornelius**  
Chairman of the Board

# Advancing Knowledge, Sparking Innovation

In one room, visitors peer through a window as scientists develop products that supply critical nutrients for the first stages of infancy.

Down the hall, people gather around touch screens that explore how a baby's senses develop and function.

In another area, guests enter a dark room with vibrating surround sound and wall-to-wall videos that simulate a baby's brain development from infancy to childhood.

These exhibits are part of the Interactive Science Galleries — just the latest innovation from the Mead Johnson Pediatric Nutrition Institute (MJPNI), a global research and development network devoted to advancing pediatric nutrition science.

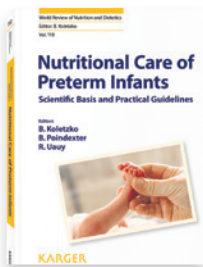
## 500

Over the past four decades, Mead Johnson has conducted more than 500 studies on various aspects of infant nutrition and development. Subjects range from the impact of early-life nutrition on gastrointestinal function to the diagnosis and dietary management of cow's milk protein allergies.

### HELP FOR EARLY ARRIVALS

In 2014, the Institute helped create a valuable resource for researchers, clinicians and physicians involved with neonatology. It provided a grant toward the publication of a new textbook — “Nutritional Care

of Preterm Infants: Scientific Basis and Practical Guidelines” — by some of the world's leading experts in the field.



**THE POWER OF THE NETWORK:** “We are unique in our industry,” noted Institute Director Kelli Talley. “We are the only global organization that focuses solely on pediatric nutrition. Our goal is to support and participate in research, and then translate that research into practical science and proven solutions.”

With the opening of the company's Singapore campus in the fall of 2014, Mead Johnson now operates four Institutes around the world (the others are located in Evansville, Indiana; Guangzhou, China; and Mexico City). These centers connect Mead Johnson's researchers to healthcare professionals and scientists across the globe to encourage the open exchange of ideas. The Institute also plays host to a variety of conferences and symposia, bringing together leading experts to discuss nutritional and developmental challenges and opportunities.

“We operate with both a virtual and a physical presence,” Talley explained. “Our scientists connect with pediatric nutrition experts around the world to conduct and support leading-edge research that creates new insight into the nutritional needs of children. And on the physical side, our sites allow us to accelerate innovations and get new products to market by developing prototype formulas and scaling up new processing technologies.”

**CONNECTING THEORY TO PRACTICE:** That rare combination — engaging in pure research while at the same time converting new discoveries into practical nutritional products — is what makes the MJPNI not just successful, but a critical component in the field of pediatric nutrition.

“We have been able to make important contributions to the body of knowledge within the field of pediatric nutrition,” said Talley. “The collaborative research our scientists are conducting in the composition and functionality of human milk, for example, has been groundbreaking. The Global Exploration of Human Milk study is providing a greater understanding of the nutritional needs of newborns and how those needs change as an infant grows.”

**SHARING LEARNING AT ALL LEVELS:** Whether visitors on any given day are fifth-graders from a local school, graduate students researching micronutrients or world-renowned experts in neonatology, the MJPNI Interactive Science Galleries have something to offer them. “In addition to being interactive, the displays are also multileveled,” noted Talley. “Depending on the audience, we can tailor the sophistication of the information displayed on the tablets used by our guests as they explore the exhibits — from the grammar school to the postdoctorate level. We love to share what we know and spark interesting discussions. After all, you never know where the next great idea or breakthrough may come from.”



*MJPNI Director  
Kelli Talley*



## EASING DISCOMFORT — AND WORRY

Constipation. It is one of the most common — and frustrating — concerns for new parents. In 2014, Mead Johnson introduced Enfamil® Reguline™, specifically designed to help promote comfortable stools in infants. Developed for everyday use, Reguline has easy-to-digest proteins and a blend of two prebiotics that has been proven to help promote soft stools and support digestive health in infants.





Jeff Jobe (left),  
Mead Johnson Senior Vice President,  
Technical Operations

## NEW — INSIDE AND OUT

Mead Johnson is always improving its formulations; but in 2014 we also changed our look. From warm colors and a friendly new mascot to a hexagon shape that reflects Mead Johnson's scientific heritage, our Enfamil® packaging received a makeover in 2014. The new look unifies the company's staged products — from prenatal to the early school years — under a single, recognizable graphic architecture worldwide. During the rollout, we also introduced our NeuroComplete logo, highlighting the holistic brain development supported by our formulas across four key areas carefully tracked by pediatricians — cognitive, motor, communication and social skills.





# Turning Science into Solutions

A steady stream of product and packaging ideas from R&D. Eight major manufacturing plants. A variety of production partners. Scores of global suppliers. Multiple regulations that are continuously evolving. Exacting quality standards. And millions of families in need of your products around the world.

That's a lot to juggle in Mead Johnson's quest to turn scientific discoveries and innovations into the best possible pediatric nutrition products.

The stakes are high for both the company and its smallest consumers, some just hours old. Every part of the network must run smoothly to ensure delivery of critical, even lifesaving, products around the world.

Jeff Jobe understands this. He knows that great nutritional product ideas are just the first step. No one benefits unless these products can be produced efficiently to exacting standards and then get where they need to be — across more than 50 countries — in a safe and timely manner.

## **BRINGING NUTRITION SOLUTIONS TO EVERY CHILD WHO NEEDS THEM:**

A 27-year veteran of Mead Johnson, Jobe took on a new and challenging role in 2014 — Senior Vice President of Technical Operations. He is now responsible for the successful and seamless integration of product development, manufacturing, quality standards, and supply chain management to ensure that the right amount of the right products are manufactured and then delivered when needed to store shelves, hospital pantries, and — increasingly — consumers' doorsteps. With so many moving pieces, it sometimes feels like playing a game of chess in three dimensions — but he and his team are committed to getting the job done.

Jobe highlighted two focus areas for his team — access and availability. He wants every child in the world who could benefit from Mead Johnson's products to have access to them; and when the company commits to supplying a product to a market, he never wants to see an empty shelf.

"Beyond our corporate obligations, we feel a moral responsibility to do our very best to ensure that when a parent or caregiver needs a certain product, they can find it," said Jobe.

He and his team are charged with prioritizing projects based on market needs and business goals — balancing existing products with high-potential innovations. As an example of the challenges involved, he pointed to the recent, successful expansion in Asia of Enfamil Gentlecare®, a product designed to ease fussiness and gaseousness.

**NOT AS EASY AS IT SEEMS:** "Outsiders might say, 'You have a product that works in one region — why can't you launch it everywhere at once?'" Jobe said. "But there are many layers involved. We have to introduce the new product to people who have never seen it. We have to create capacity to assure supply. We need to register the product in each country, accounting for varying regulations from market to market. While we had no doubt that Gentlecare would be successful where we launched it, we also knew how much coordination and effort it takes to get everything just right in each market.

"It is no simple task taking product ideas from the lab bench to the manufacturing line and then into distribution — but it is highly rewarding. There are all kinds of complexities, but we manage them in a smart and systematic way and always keep our eye on the prize," Jobe said. "The end game for us is delivering the best and most beneficial nutritional products to infants and children around the world to help them get the best start in life."

# 20

The number of Mead Johnson new product launches around the world last year. These included a new high-calorie, nutrient-dense liquid offering for premature infants in North America, Gentlecare® in Asia, and an improved Bebé Premium product in Latin America.



## **MISSION CONTROL**

In 2014, Mead Johnson fully implemented the latest enhancement of its supply chain organization, its Global Resource Center. Two years in development, this virtual network connects the company's global supply chain team, allowing them to share up-to-the-minute market information, spending analytics and best practices around the world.

# Making Stronger Starts Possible

In a growing number of hospitals across Vietnam, families of newborns with congenital metabolic disorders (CMDs) no longer have to wait and wonder. Instead, they are met by doctors uniquely trained to identify and address their baby's needs, and provided with the specialty nutrition products their children require. They have a clearer picture of their child's future of living with a metabolic disorder, thanks to an initiative originally started by Mead Johnson in 1999.

**NEW PARTNERSHIP, EXPANDED IMPACT:** In 2014, Mead Johnson Vietnam took its CMD program to a new level, announcing a five-year partnership with the Mother and Child Department of the Ministry of Health and the National Hospital of Pediatrics. The expanded effort will continue to raise awareness of these disorders, provide doctors with the training needed to identify them, and increase access to Mead Johnson's specialty metabolic formulas through in-kind donations.

This relationship takes what started as a limited newborn screening initiative to a program with national impact. In 2014, more than 400 doctors from 67 hospitals across Vietnam participated in Mead Johnson co-sponsored training on the screening, diagnosis and treatment of CMDs. During the first year of this stepped-up effort, the initiative was credited with saving the lives of 32 babies.

**BEAUTY ON THE INSIDE:** According to Arpaporn (Gift) Samabhandhu, general manager of Mead Johnson Vietnam, this partnership has expanded the variety of metabolic disorders covered — and lives saved — by newborn screenings. MJN Vietnam now provides eight specialty formulas for the treatment of five of the most common metabolic conditions, and the hope is to continue to expand both numbers over time. These products are the result of decades of scientific research and highly specialized medical and nutritional expertise. Their names are not catchy and the labeling is strictly utilitarian, but the difference they make in the lives of these babies and children is both profound and beautiful.

The CMD program is a natural extension of Mead Johnson Vietnam's overall "A Child's Best Start" philanthropic efforts, which includes its long-standing work with orphanages housing children who have AIDS or are HIV-positive. The main goal is to use our expertise, products and other resources — including volunteer time — to support infants and children in fragile and vulnerable circumstances.

**MORE THAN A JOB:** Samabhandhu shared the story of a family that had lost their first baby girl to complications of a CMD. When their second child, Huy, was born, he was also very sick; but his doctor could not find any treatment that worked. His family brought him to the National Hospital of Pediatrics, where he was diagnosed with an amino acid disorder and connected with specialty products from Mead Johnson for the long-term management of his condition. Now, Huy is growing into a healthy little boy, both physically and mentally.

"To me, Huy is living proof of what Mead Johnson is all about and why I work for this company. In addition to touching my heart, it makes me feel that we are making a real positive difference for the babies and children of Vietnam with this program — as is the case with all the products that we offer," Samabhandhu said. "What we do is not just a job — it is a responsibility and an honor. And I personally look forward to growing our CMD initiative and helping more families for many years to come."



# 17

The number of specialty formulations in Mead Johnson's portfolio, saving lives from metabolic disorders and other serious medical conditions around the world every day

## LIFESAVING ANNIVERSARY

2014 marked the 20th anniversary of the close working relationship between Mead Johnson Philippines and Dr. Carmencita Padilla. Starting from a small donation program to help infants affected by Maple Syrup Urine Disease (MSUD), the partnership has grown to cover a wider range of metabolic disorders, including phenylketonuria (PKU) and Methyl Malonic Aciduria (MMA). Dr. Padilla is now the Director of the Institute of Human Genetics at the Philippines National Institute of Health; and through her tireless efforts, a newborn screening system for such disorders has been systematically expanded across the Philippines.





*Arpaporn (Gift) Samabhandhu,  
General Manager,  
Mead Johnson Nutrition Vietnam*



## SCREENING TO SAVES LIVES

According to statistics from the World Health Organization, as of 2008, deaths due to congenital anomalies — including CMDs — accounted for 20 percent of mortalities of children under five in Vietnam, second only to causes related to prematurity at 23 percent. Mead Johnson's BCAD product is an iron-fortified, medical formulation for the dietary management of Maple Syrup Urine Disease, one of the most common CMDs in Vietnam that is now more routinely being screened for as a result of the joint initiative between MJN and the Ministry of Health.

# Supporting a Brighter Future

Building healthier tomorrows begins at home. Within its facilities, and throughout the communities its employees call home, Mead Johnson continues to demonstrate the kind of caring and commitment that one expects from a company devoted to the nurturing of infants and children.

**A SAFE PLACE FOR FAMILIES IN CRISIS:** Children in crisis need a place they feel safe — somewhere with loving caregivers, safe play space, nutritious meals and a cozy place to sleep. Mead Johnson is proud to do its part to support crisis nurseries and children's shelters. Starting with facilities nearby its U.S. production and office locations, the company has been establishing relationships with emergency care centers on a regional and soon to be national basis. Through financial contributions, product donations and other unique partnership programs, the company is doing its part to help infants and caregivers in times of crisis or emergency.

Mead Johnson's most longstanding relationship in this area is with the Maryville Crisis Nursery. As the only such facility in metropolitan Chicago, the nursery provides a safe and nurturing environment for young children — from newborn through age six — whose families are in crisis or dealing with emergencies of various types — personal, medical, work or disaster related. In 2014, Mead Johnson was honored with the Spirit of Maryville Award. The company was recognized for its ongoing commitment to volunteerism and supplying the crisis nursery — and its co-located pediatric medical hardship center — with all of the formula and growing-up milk products needed for the hundreds of children passing through their doors each year.

**FIGHTING MALNUTRITION WITH INFORMATION:** Health and nutritional knowledge is power, especially when it comes to fighting anemia and malnutrition. Borrowing a successful page from MJN China's long-running community outreach program "Trip of Love," Mead Johnson Peru established "Nourishing Dreams." This three-pronged health initiative attacks poor nutrition on three fronts — working with children, their parents and their teachers. In partnership with the República del Perú daycare center, Mead Johnson personnel sponsored health check-ups for children to monitor height, weight and development milestones. In parallel, they organized a series of workshops providing proper nutrition and healthy parenting tips for the families and additional training on nutrition, health and child development for the teachers. Although the program will take time to have a meaningful impact, the early signs from the monitoring are encouraging.

**WATCHING OUT FOR EMPLOYEES:** In 2014, Mead Johnson continued to post a best-in-class safety record. With nearly 8,000 employees around the world, the company recorded only four lost-time incidents, among the best in the industry. These results are possible only when a company creates a proactive safety culture that requires the continuous identification and reduction of risks, encourages early intervention programs and empowers its employee safety teams.

**PROTECTING THE ENVIRONMENT:** The company remains committed to its GreenVision 2020 environmental goals, which call for reducing water consumption by 45 percent, waste generation by 60 percent, energy use by 35 percent and greenhouse gas (GHG) emissions by 35 percent — all by the year 2020.

Last year saw continued progress in GHG reductions, in part due to increased use of landfill gas to power the company's Evansville, Indiana, campus. There were also notable achievements in the reduction of waste going to landfills,

# 22

Number of countries in which Mead Johnson has ongoing charitable initiatives, addressing challenges in areas of concern, including orphan nutrition, metabolic diseases, infant/maternal health and environmentalism/sustainability.



## THERE WHEN NEEDED

Shortly after a 6.5-magnitude earthquake struck China's Yunnan province in August 2014, killing hundred and injuring thousands, Mead Johnson China partnered with the China Women's Development Foundation to rush much-needed aid to survivors. As rescuers and relief workers made their way through devastated villages that dot the province, the supplies they delivered included Mead Johnson products worth about 3 million yuan — or nearly a half million U.S. dollars.





## MOVING ON UP

Relative to environmentalism, progress is measured not only in terms of your actions, but also in terms of your disclosure practices. Our enhanced transparency in this area has contributed to steady gains in the annual Newsweek Green Rankings. Based on publicly disclosed data, the top companies in the U.S. (measured by market capitalization) are rated across eight environment focused key performance indicators. In 2014, Mead Johnson moved into the top 100 of the 500 companies reviewed.

where we are currently about halfway to our 2020 goal. As previously reported, our manufacturing plants in both China and the Netherlands had already achieved “zero waste to landfill status.” In 2014, we were able to add our newest facility in Singapore to that list, as it was a “zero waste” location from its first day of operation last summer. Ensuring that a major manufacturing and research facility will never send waste to a landfill is a monumental achievement, requiring proactive planning and collaboration across multiple teams, including facility design, process engineering, Supply Chain and Environmental Health & Safety.

**GOING BEYOND RESPONSIBLE SOURCING:** Responsible sourcing — ensuring that ingredients used in our products are grown and harvested to ensure long-term supply, minimal environmental impact, and a fair return to farming families — has been an area of increasing focus for Mead Johnson.

For example, 2014 marked the first year of a three-year initiative to increase the sustainability and traceability of its palm oil. As previously reported, all palm oil the company uses is sourced only from members of the Roundtable on Sustainable Palm Oil (RSPO). We recently took the next step by submitting the application for Mead Johnson to become a member of RSPO. That is a key step in order to initiate various training and audit activities at our facilities — and those of our suppliers — to achieve the stringent certification goals we are striving to achieve by year-end 2016.

Having already achieved our goal of ethical sourcing — including full traceability — of the cocoa we use (Latin America in 2013 and Asia in 2014), we turned our attention to other ways we could connect with and benefit the farming communities from which we source. We started by becoming a member of the World Cocoa Foundation (WCF) in order to deepen our knowledge of best practices. Then, in partnership with the WCF, we initiated a unique charitable and educational effort designed to help make the future brighter for cocoa farming families.

The program is named “Aspirons à la Santé Maternelle et Infantile” — which translates to “Aspire to Maternal and Infant Health.” This three-year pilot project aims to advance the quality of life in six agricultural communities in Africa’s Ivory Coast. In 2014, classroom buildings were constructed and equipped in two communities, curricula were developed, and teachers were trained.

We are striving for “two-generation” learning that includes preschool programming for local toddlers, along with functional literacy, health and other educational opportunities for their mothers. In the first year, we completely filled both preschool classrooms, while reaching nearly 200 women who participated in the adult literacy courses, as well as biweekly health education and information sessions. The thinking is that when children are healthy and mothers empowered, families thrive. And when families thrive, communities strengthen and economies grow — leading to more prosperous and healthier tomorrows for all.



## Board of Directors



**JAMES M. CORNELIUS**

Chairman of the Board, Chairman and Former Chief Executive Officer, Bristol-Myers Squibb Company



**P. KASPER JAKOBSEN**

President and Chief Executive Officer, Mead Johnson Nutrition Company



**STEVEN M. ALTSCHULER, M.D.** <sup>2 5</sup>

Chief Executive Officer, The Children's Hospital of Philadelphia; Director, Weight Watchers International, Inc.; Chairman, Spark Therapeutics



**HOWARD B. BERNICK** <sup>2 4</sup>

President, Bernick Advisory Limited; Former President and Chief Executive Officer, Alberto Culver Company; Director, Levy Acquisition Corp.



**KIMBERLY A. CASIANO** <sup>1 3</sup>

Former President and Chief Operating Officer, Casiano Communications Inc.; Director, Ford Motor Company



**ANNA C. CATALANO** <sup>2 3</sup>

Former Vice President, Marketing, BP plc; Former President, Amoco Orient Oil Company in China; Director, Willis Group Holdings; Director, Chemtura Corporation; Director, Kraton Performance Polymers



**CELESTE A. CLARK, PH.D.** <sup>4 5</sup>

Trustee, W. K. Kellogg Foundation and Former Senior Vice President, Global Public Policy and External Relations, Kellogg Company; Director, Diamond Foods, Inc.



**STEPHEN W. GOLSBY** <sup>5</sup>

Former President and Chief Executive Officer, Mead Johnson Nutrition Company



**MICHAEL GROBSTEIN** <sup>4</sup>

Former Vice Chairman, Ernst & Young; Director, Bristol-Myers Squibb Company



**PETER G. RATCLIFFE** <sup>1 3</sup>

Former Chief Executive Officer, P&O Princess International Division, Carnival Corporation and PLC; Director, BBA Aviation PLC



**MICHAEL A. SHERMAN** <sup>\* 1</sup>

Chief Operating Officer and Chief Financial Officer, Endocyte Inc.



**ELLIOTT SIGAL, M.D., PH.D.** <sup>4 5</sup>

Former Director, Executive Vice President and Chief Scientific Officer, Bristol-Myers Squibb Company; Director, Spark Therapeutics



**ROBERT S. SINGER** <sup>1 2</sup>

Former Chief Executive Officer, Barrilla Holding, S.p.A.; Director, Tiffany & Co.; Director, Coty Inc.; Director, Jimmy Choo PLC

1. Audit Committee 2. Compensation and Management Development Committee 3. Nominating and Corporate Governance Committee  
4. Risk Management and Compliance Committee 5. Nutrition Science and Technology Committee

## Senior Leadership Team



**P. KASPER JAKOBSEN**

President and Chief Executive Officer



**DIRK HONDMANN, PH.D.**

Chief Scientific Officer



**JAMES JEFFREY JOBE**

Senior Vice President, Technical Operations



**GRACIELA I. MONTEGUDO**

Senior Vice President and General Manager, North America and Global Marketing



**BLAIR SAILES**

Senior Vice President and General Manager, Latin America



**PATRICK SELLER\*\***

Senior Vice President, General Counsel and Secretary



**CHRIS STRATTON**

Senior Vice President and President, Asia



**CHARLES M. URBAIN**

Senior Vice President and Interim Chief Financial Officer\*\*\*

\* As of February 2015  
\*\* As of January 2015  
\*\*\* As of March 2015



## Portfolio of Products

For 110 years, Mead Johnson Nutrition has been advancing the science of pediatric nutrition to help give as many children as possible the best start in life. As a result, the company's portfolio has expanded to more than 70 products, including a variety of children's growing-up and other milk products, as well as a wide range of formulas for routine feeding, dealing with mild discomfort or intolerance, and addressing serious medical conditions — including prematurity, severe allergies and metabolic disorders.



## Corporate and Shareholder Information

### CORPORATE OFFICE

Mead Johnson Nutrition Company  
2701 Patriot Boulevard, Fourth Floor  
Glenview, Illinois 60026  
United States  
847-832-2420  
[www.meadjohnson.com](http://www.meadjohnson.com)

### STOCK EXCHANGE

Mead Johnson Nutrition Company is listed and traded on the New York Stock Exchange under the symbol MJN.

### REGISTRAR AND TRANSFER AGENT

Computershare Shareowner Services L.L.C.  
480 Washington Boulevard  
Jersey City, New Jersey 07310  
866-207-6566 (U.S.)  
201-680-6578 (Outside of U.S.)  
For the hearing impaired:  
(TDD) 800-231-5469  
[www.computershare.com/investor](http://www.computershare.com/investor)

### DIVIDEND POLICY

Dividends on Mead Johnson common stock are declared by the Board of Directors on a quarterly basis and are typically paid on or about the first day of January, April, July and October.

### INDEPENDENT PUBLIC ACCOUNTING FIRM

Deloitte & Touche LLP

## Non-GAAP Reconciliation of Financial Measures

	SALES					EARNINGS PER SHARE				
In millions, except per-share data	2010	2011	2012	2013	2014	2010	2011	2012	2013	2014
GAAP Results	\$3,141.6	\$3,677.0	\$3,901.3	\$4,200.7	<b>\$4,409.3</b>	\$2.27	\$2.22	\$2.83	\$3.36	<b>\$3.54</b>
Specified items before income taxes <sup>1</sup>	—	—	—	—	—	\$0.32	\$0.90	\$0.48	\$0.16	<b>\$0.31</b>
Income tax impact on items above	—	—	—	—	—	\$(0.12)	\$(0.30)	\$(0.16)	\$0.01	<b>\$(0.11)</b>
Specified items attributed to non-controlling interest	—	—	—	—	—	—	—	—	\$(0.02)	—
Non-GAAP Results	\$3,141.6	\$3,677.0	\$3,901.3	\$4,200.7	<b>\$4,409.3</b>	\$2.47	\$2.82	\$3.15	\$3.51	<b>\$3.74</b>

1. Adjustments for IT and other separation costs, severance and other costs, legal, settlements and related costs, gain on asset sale, the China administrative penalty, pension and other post-employment mark-to-market adjustments and pension curtailment gains.

a. GAAP revenue rose 5% in 2014. Excluding the impact of foreign exchange of (4%), constant dollar revenue rose 9%.

b. Free cash flow is calculated as cash flows from operations of \$793.1 million, less capital expenditures of \$186.6 million, resulting in free cash flow of \$606.5 million.

Financial information presented throughout this document has been recast to reflect pension accounting changes made by the company during the first quarter of 2014.



building healthy  
tomorrows

**“Your company believes that research work  
and the development of new products are the  
life of a business such as ours.”**

—Company Founder Edward Mead Johnson, Sr.,  
writing to stockholders in 1929

