

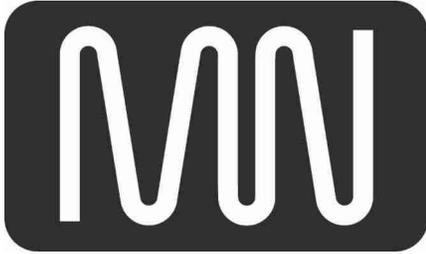


# CEOCFO

## Interviews & News!

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### Medical Nutrition USA Is Changing The Way That Nursing Homes And Long-Term Facilities Are Addressing The Protein Supplementation Needs Of Their Residents And Patients With Their Product, Which Is 15 Grams Of Easily Digestible Liquid Protein



Healthcare  
Drug Related Products  
(MDNU-NASDAQ)

Medical Nutrition USA, Inc.

10 West Forest Avenue  
Englewood, NJ 07831  
Phone: 201-569-1188



Alan Levy  
Chief Financial Officer

#### BIO:

**Alan Levy, Vice President, Finance and Chief Financial Officer**

Vice President, Finance and Chief Financial Officer since October 2006. From 2004 to 2006 he was a consultant to public and private companies in a variety of industries. From 2000 to 2004 he was Senior Vice President, Finance, Chief Financial Officer of ATC Healthcare, Inc.

(AMEX), a national leader in medical staffing personnel to hospitals, nursing homes, clinics and other health care facilities. There he was able to secure a \$50 million revolving line of credit and restructure their debt, greatly reducing interest expense and increasing cash availability. From 1997 – 1999, Mr. Levy was the Corporate Controller and Chief Accounting Officer of Globix Corp (NASDAQ), an internet service provider and computer hardware reseller. There, he helped raise \$1 Billion in debt/equity capital working closely with large brokerages. His prior experience also includes management positions at Del Laboratories Inc.(AMEX), the American Institute of Certified Public Accountants and Ernst & Young. Mr. Levy is a Certified Public Accountant and received his Bachelor of Science in Accounting from Long Island University.

#### Company Profile:

Medical Nutrition USA, Inc. develops and distributes products for the nutritionally at risk who are under medical supervision. Its products are used primarily in long-term care facilities, hospitals, dialysis clinics and bariatric clinics. The company's product lines include Pro-Stat®, Fiber-Stat® and private label products.

Interview conducted by:  
Lynn Fosse, Senior Editor  
CEOCFOinterviews.com

**CEOCFO:** Mr. Levy, what attracted you to Medical Nutrition USA?

**Mr. Levy:** “The main attraction is our CEO, Frank Newman. Frank has a diversified powerful background; he the former head of ECKERD Drugs, and he has been able to take companies and build

value. He is a very dynamic and bright individual.”

**CEOCFO:** What is the vision for Medical Nutrition?

**Mr. Levy:** “Medical Nutrition USA today is the leading liquid protein provider for people at risk in a nursing home or long-term facility where they are suffering from protein energy malnutrition or pressure ulcers which are also known as bed sores. Right now, we judge ourselves regarding our penetration into the nursing home market at approximately 20% of the nursing homes in the country. The way we are measuring our success now is to further that penetration to get into 60 or 70% of the nursing homes in the country. Beyond that, we have many markets that we haven't captured, such as the retail market and the international market that we want to become first the standard of protein supplementation in the institutional market. We then want to take that a step further to grow the company after we become the institutional standard.”

**CEOCFO:** Who is using protein supplements and why is the nursing home population using it?

**Mr. Levy:** “About 20% of nursing home residents are on some kind of protein supplementation. Protein supplementation has been around forever. Prior to our products, protein was given as a whey powder protein drink. You would take a large scoop of whey powder, put it into a glass of water and stir. Since it does not dissolve in the glass, you create suspension, and getting a person who is probably not eating and not able to digest their food to take this large glass is difficult. Medical Nutrition has changed the playing field by making ours one liquid ounce

that you can serve in a shot cup that has 15 grams of supplemental protein. The other changing part of our product is that it is hydrolyzed, broken down into the small component amino acids, that it is easily digestible for a person who possibly has a compromised digestive system.”

**CEOFCO:** Are there products similar to yours that are in the liquid format?

**Mr. Levy:** “Not really; there, are a couple of knock-offs that have just recently started of our product and we price our product competitively. We also are supporting our product with clinical studies.”

**CEOFCO:** Are nursing homes looking for a different kind of supplement or do you need to convince them?

**Mr. Levy:** “You have to convince them. We have to go door-to-door and show them that our products works better. They know it themselves that half of that eight-ounce drink is probably going to go down the drain and not into the patient. Ours goes in easier, it can be used with tube feeding where a powdered drink would clog the tube, it doesn’t interact with any other types of medications. It is much easier and quicker to use. It is actually a cost issue, which is always an issue with nursing homes. The amount of time that is saved using our product vs. the old fashioned ones is great.”

**CEOFCO:** Is this through direct sales?

**Mr. Levy:** “We have a unique sales cycle. The actual people who buy our product are distributors like Medline, US Foods, Redline, but we make our sales directly to nursing homes and long term care facilities. We visit them and create the interest and when the distributor comes into their facility to take an order, they will order our product.”

**CEOFCO:** Did you just announce and agreement with Sodexho?

**Mr. Levy:** “Yes. Sodexho is a huge multinational chain that has facilities all over the world and they have added our product to their formulary where now there

facilities are allowed to order our product as a protein supplement. We have been getting calls from facilities already asking for us to come in and show them how our product works; it is very exciting.”

**CEOFCO:** How is business?

**Mr. Levy:** “We have been growing very steadily and taking a long-term approach to our growth. We have grown our branded products which is our focus. We have been growing about 30% so far for this year; sequentially it is up about 15%. We are adding sales people; we just recently hired a Vice President of Sales, David Shapiro, who was previously with

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**- Alan Levy**

Novartis. We are doing it the steady way because we could not be profitable and just try to grow the top line. We are being very conscious of growing our sales, and at the same time being profitable both on the bottom line net income basis and on a cash basis growing our cash position by about \$400 thousand a quarter.”

**CEOFCO:** How do you manufacture your product?

**Mr. Levy:** “We have a contract manufacturer who manufactures for us. However, we own all the rights to the formula, how it is made and the trademarks.”

**CEOFCO:** Do you have some other products as well?

**Mr. Levy:** “Our Pro-Stat® line is now five strong. We have Pro-Stat®-64 the initial legacy product that has been around since 1977, Pro-Stat®-101 which was created specifically for Medicare, reimbursement. Then there is Pro-Stat®-RC, which is specifically designed for people on dialysis, Pro-Stat®-AWC, Advanced Wound Care for those who have severe pressure ulcers and we just rolled out Pro-Stat®-Profile, which is to comply 100% with PDCAAS. We also have one product outside of the Pro-Stat® line called Fiber-Stat®, which is the Pro-Stat® version of Metamucil or Citrucel. It is a one-once liquid that looks and tastes like water that replaces the eight-ounce glass of Metamucil or Citrucel for people who need a laxative supplement. Our product line covers the most expensive problem nursing homes deal with, which is bed-sores and the most common problem which is laxatives.”

**CEOFCO:** Will there be additional products down the line?

**Mr. Levy:** “Right now we have a product in the pipeline that is going through observational studies. It is one of the most common problems that nursing homes residents face and we are very excited to be able to roll it out early in 2008.”

**CEOFCO:** How are nursing homes as customers?

**Mr. Levy:** “One of the things from a finance side is the fact that we sell through to distributors who then sell to nursing homes. Any issues regarding credit and collections are totally eliminated from our problem because we are selling to distributors and distributors are very reliable for us.”

**CEOFCO:** What is the financial picture?

**Mr. Levy:** “Very strong. You will never see a cleaner balance sheet than this Company’s. We are talking about a company last year that had \$10.5 million in sales. We have close to \$10 million in cash, no long-term debt whatsoever, so we are talking about an extremely strong company that is positioned to grow with

business, to possibly go retail in the near future, to be able to add a complimentary product and some type of good acquisition that comes our way. We are very set to be able to execute our plan with no roadblocks.”

**CEOCFO:** You recently moved to Nasdaq; what has changed for Medical Nutrition USA?

**Mr. Levy:** “Nasdaq basically gives you credibility. People realize that if you are a Nasdaq company you are meeting certain governance, requirements that a company on the Bulletin Board doesn’t have to meet. There are also many investors that are not able to buy Medical Nutrition stock because they are forbidden from buying OTC stocks and now being on

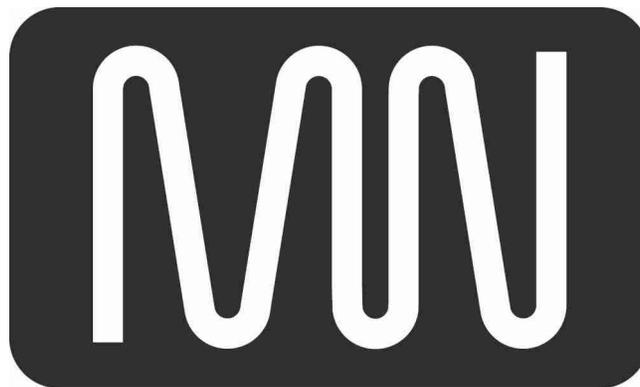
Nasdaq it is not a restriction. We have been inquired of by a lot of larger investment funds.”

**CEOCFO:** What is ahead two or three years down the line?

**Mr. Levy:** “The main thing we see is that we are first going to further our penetration into the nursing home market. We are going to keep doing our clinical studies and support our products. We are also going to be adding additional products to our shopping basket. There will be similar products that will be sold in distribution through nursing homes, long-term care facilities and dialysis clinics, and grow ourselves in the institutional market and then look forward towards the retail sector.”

**CEOCFO:** In closing, why should potential investors be interested and what might they miss that should be a focus?

**Mr. Levy:** “Our company has a unique feature; the management team led by Frank Newman is extremely experienced and it is much stronger than you would find in a company usually of our size. It has a very strategic plan, we have been following it, implementing it and showing results and not just putting words out there. Frank has a history of being able to produce results. We are not probably on the radar screen being our size of company, but as we grow and implement, we do feel we are a strong investment for an investor or hedge funds looking for a solid futuristic type company.”



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