

NeoCitran®

THE MARKET

The Canadian cough/cold market is a dynamic and competitive category driven by consumers battling the symptoms of coughs, colds and flu. In 2007 consumers purchased nearly \$300 million worth of these products, posting a growth of nearly 8%.

The market meets the needs of both adults and children, with relief available in a number of different formats, including liquid, tablets/caplets, softgels, powders, vapour patch/fan and thin strips. These products are available through a variety of outlets such as grocery stores, drugstores, mass merchandisers, corner stores and gas stations. Their availability is regulated by provincial guidelines depending on the active ingredients and type of retail outlet.

ACHIEVEMENTS

NeoCitran, known in some markets as Theraflu, is sold globally in 44 countries, covering all regions except Asia. As the market leader NeoCitran/Theraflu global retail sales exceeded \$250MM in 2007.

In Canada, NeoCitran has a solid position within the Cough/Cold market, ranking fifth in 2007 with a 5.7 share. NeoCitran is the market leader in the Powder segment with an 80% share in 2007. With a brand awareness of 95%, NeoCitran is considered one of the most recognized brands within the Cough/Cold category. Amongst OTC users, 75% have tried NeoCitran and 40% have used it at least once in the past year.

HISTORY

NeoCitran was first introduced into the Cough/Cold market in the mid-1960s by Salada Tea Company. Kellogg's purchased Salada Tea Company in 1969 and hired a broker to sell NeoCitran as a result of not having any experience in the Consumer Health market. In the early '70s NeoCitran was performing below expectations.

THE PRODUCT

NeoCitran is unique within the Cough/Cold market, providing powerful products that soothe and comfort while providing a sensorial experience. NeoCitran understands that for many people feeling better is not just a physical experience, but an emotional one as well. When people get sick, they want to feel cared for and involved in their cure — seeking products that provide both comfort and relief from their cough, cold and flu symptoms.

NeoCitran is most often associated with a warming sensation, and soothing vapours which provide an instant sense that the Cough/Cold symptoms are being addressed.

NeoCitran's portfolio consists of sixteen unique products that provide relief for Cough, Cold

After executing field research among pharmacists which concluded that NeoCitran was a product that pharmacists recommended, Kellogg's decided to bring the business in-house. Kellogg's refreshed the brand by applying a packaging redesign, a solid marketing and sales plan and a creative TV advertising campaign. The TV advertising campaign, where a St. Bernard came to the rescue of Cough/Cold sufferers with the powerful/comforting NeoCitran Hot Tea, was first introduced in the '70s and is still referred to today by consumers.

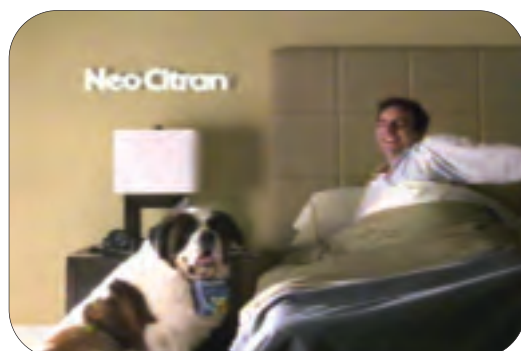
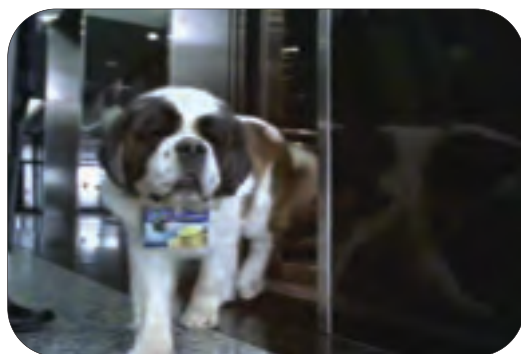
Kellogg's Canada sold NeoCitran to Sandoz Canada in November 1983. Sandoz Canada Inc. amalgamated with Ciba-Geigy Canada Ltd. on January 1, 1997, to form Novartis, the company which owns NeoCitran today.



and Flu symptoms. In the past four years NeoCitran has introduced breakthrough innovation with the launch of several unique formats outside of the traditional NeoCitran Powder format, including: Warming syrups, Thin Strips, Vapour Patch and a Vapour Fan. Today, the sixteen-product line-up includes:

Powders. The Powder portfolio consists of nine products in three flavours and is available in Nighttime and Daytime formulas. The Powder pouch is mixed with 225 mL of boiling water and served as a hot cup of tea. The warmth of the tea, soothing flavour and medicinal ingredients provide you with a comforting, powerful sense of relief from your Cough, Cold & Flu symptoms.

Warming Syrups. NeoCitran offers a Daytime and Nighttime Syrup, both in a Cherry Flavour. The NeoCitran Syrup skus are unique



within the Cough/Cold market as they provide powerful relief in a unique warming syrup that soothes and comforts. When swallowed the Syrup provides the well-known NeoCitran “warming sensation” in your throat, giving you an immediate sense of relief and comfort.

Thin Strips. Provide on-the-go relief for your cough/cold symptoms. The Thin Strips come in individually sealed packets, and dissolve when placed on the tongue, providing a convenient, mess-free, dual active and unique format for Cough/Cold sufferers. Thin strips are designed so that you have the proper dosage of active ingredients in a format that is easy to take, no matter where you are. Available in a Daytime formula with a Cherry Flavour and a Nighttime formula in a Peppermint flavour.

Vapour Patch. A unique format within the Cough/Cold market, this 3" x 2" patch with an adhesive backing is mess-free, easy to apply and offers a pleasant mentholated scent. The small patch quiets coughs and relieves congestion for up to eight hours by releasing soothing vapours. The patch can be used during the day or at night.

Vapour Fan. This portable fan is convenient and practical! It provides eight hours of continuous eucalyptus menthol vapours with a battery-operated fan.

RECENT DEVELOPMENTS

Over the past four years NeoCitran has introduced unique innovation into the Cough/Cold market, while maintaining the commitment to Cough/Cold sufferers of providing soothing, comforting relief. The new innovation includes: Thin Strips, Warming Syrups, Vapour Patch and a Vapour Fan.

PROMOTION

NeoCitran is best known for its St. Bernard commercials that ran intermittently between 1970 and 2003. The St. Bernard commercial was developed by Leo Burnett in the early '70s. The spot positioned NeoCitran as a Nighttime product that “rescued” consumers from their cold symptoms

with a multi-symptom product that provided warm, comforting relief.

After airing the St. Bernard spot for over thirty years the decision was made to retire the commercial and develop new creative. The “Lemons” campaign was introduced in 2004 to highlight the unique/soothing Lemon flavour while still maintaining the “rescue” message using a “Lemon Man” as a superhero which provided powerful multi-symptom relief from Cough and Cold symptoms while providing a comforting and soothing effect.

The creative was replaced in 2005 with the “Monsters” campaign that ran for two seasons. The “Monsters” concept related to consumers feeling like a “monster” when they were sick with a “monstrous” cold, NeoCitran was positioned as the Cough/Cold/Flu multi-symptom relief that would make you feel like yourself again.

In 2006 and 2007 the “Good to be Back” concept began airing, this concept revolves around the need for consumers to reconnect with daily life despite their cold, while at the same time taking time to recover and comfort themselves.

BRAND VALUES

NeoCitran’s innovative approach to medicine combines physical relief with emotion and experience. When people get sick, they want to feel cared for and involved in their cure — seeking comforting, powerful relief. For them, feeling better is an emotional experience, not just a physical one. NeoCitran is committed to providing powerful efficacious products that provide consumers with an enhanced sensory experience relieving their Cough, Cold and Flu symptoms.

THINGS YOU DIDN'T KNOW ABOUT NEOCITRAN

- Depending on the country NeoCitran is branded either NeoCitran or Theraflu, Theraflu meaning “Therapy for the Flu.”
- 75% of NeoCitran consumption is for nighttime usage.
- NeoCitran/Theraflu is the Cough/Cold market leader in Switzerland and Russia.
- According to several resources the St. Bernard is one of the largest dog breeds.
- Globally, NeoCitran/Theraflu is the second most expansive brand after Vicks in the Cough/Cold category with coverage across numerous symptoms including cold/flu, sore throat, cough, aches & pains, and congestion.
- Globally, NeoCitran/Theraflu is the biggest Cough/Cold product in powder form.