

Table of Contents

1.0 Executive Summary.....	3
2.0 Situation Analysis.....	5
2.1 Market Summary.....	7
Market Analysis 1: Total U.S. Population.....	8
Market Analysis 2: U.S. Middle Class.....	8
Market Analysis 3: U.S. Middle Class Sinus Sufferers.....	8
2.2 Market Needs.....	8
2.3 Market Trend Drivers.....	10
2.4 Market Growth.....	10
2.5 Our Product Offerings.....	11
3.0 SWOT Analysis.....	11
3.1 Strengths.....	11
3.2 Weaknesses.....	12
3.3 Opportunities.....	13
3.4 Threats.....	14
4.0 Competition.....	14
5.0 Company Strategy.....	18
5.1 Use a Generic Focused Differentiation Strategy.....	18
5.2 Sharpen Product Marketing.....	19
5.3 Support The Strategy Organizationally.....	19
6.0 NEWBRAND Marketing Strategy.....	19
6.1 Create A Quality Of Life Positioning.....	20
6.2 Create Barriers For Our Competition.....	20
6.3 Continuously Optimize Our Internet Marketing.....	21
7.0 NEWBRAND Marketing Plan 2008.....	22
7.1 Mission.....	22
7.2 Marketing Objectives.....	22
7.3 Brand.....	23
7.4 Strategies.....	23
7.6 Target Markets.....	24
7.7 Positioning.....	25
7.8 Marketing Research.....	25
8.0 Marketing Mix & Tactics.....	25
8.1 Product.....	26

8.2 Price.....	27
8.3 Place	27
8.4 Promotion	27
8.4.1 Advertising	28
8.4.2 Public Relations.....	31
8.4.3 Direct Marketing	32
8.4.4 Internet.....	32
8.4.5 Collateral Materials	35
9.0 Additional Marketing Ideas.....	37
10.0 Financials.....	37
10.1 Financial Objectives	37
10.2 Marketing Expense Budget & Forecast.....	38
11.0 Controls	38
12.0 Contingency Planning	39

1.0 Executive Summary

NEWCO, Inc. is well-positioned for continued revenue growth. There are, however, market and company risk factors that must be addressed in the near term to sustain and/or grow the company's revenues and valuation.

NEWCO competes in the sinus-nasal remedy category in a sub-category called nasal wash or sinus rinse. In 2007 NEWCO's flagship brand and product, NEWBRAND PRODUCTS, posted a revenue growth estimated at 500% over 2006 revenue. The company recognizes that this growth rate was influenced largely by an unplanned product category endorsement from one of the world's most influential media celebrities (Oprah Winfrey) that pushed the nasal wash category into the mainstream. Prior to the media exposure the PRODUCT and similar nasal wash products were relatively unknown by the mass market.

Using an intelligent software tool the company's current business model and strategy was analyzed and compared to hundreds of other companies similar in scope and market orientation. The analysis, coupled with interviews with company leaders, revealed the following:

- ✓ *The overall market for sinus-nasal remedies is fragmented and showing signs of very slow growth*
- ✓ *Sinus wash products are a sub-category of sinus-nasal remedies. Demand for this product category is growing fast after it emerged in 2007 as a credible, all-natural substitute for prescription and over-the-counter medicines which can carry undesirable side effects*
- ✓ *Influencers including doctors, pharmacists, nurse practitioners, family and friends are driving diffusion of innovation*
- ✓ *NEWBRAND's market share is about 11% of the nasal wash category. Its current served segment is about 32 million people but the potential market is about 116 million people.*
- ✓ *There is little product or messaging differentiation among nasal-sinus rinse competitors*
- ✓ *Compared to the #1 competitor NEWBRAND is in a risky place due to lack of product and product line differentiation*
- ✓ *The company's strengths are in operations and distribution*
- ✓ *The company's weaknesses are mostly in marketing*

Based on these factors and others it was determined that NEWBRAND's best strategic option today is a focused differentiation strategy, which is explained thoroughly in the plan. It is important that NEWBRAND improve its positioning from a "me too" product to one that is preferred over direct competitors and substitutes before this sub-category matures much further. To do this, our strategy in 2008 is centered on changing the company's positioning from a product-and-benefits orientation to a qualify-of-life orientation.

Also in 2008 we will begin differentiating our products, product line(s), messaging and channel marketing using a variety of programs and tactics. Keys to successful execution of this strategy are: a change to careful market planning and execution using a written marketing plan and an 18-month rolling calendar; the addition of an experienced marketing operations resource; and the gradual

exit of the CEO from day-to-day marketing decisions and execution. Our tactics will focus mostly on focused differentiation and the effective use of public relations and internet marketing.

Although the prospects of expanding beyond the U.S. are tempting, we believe there is plenty of opportunity to get similar or better returns here at home while the domestic market is still growing rapidly. We do not plan to compete beyond the U.S. and Canada in 2008.

Our systematic approach to presenting this marketing plan follows this format:

- *What Are The Trends?*
 - *What Is Driving The Trends?*
 - *What Are Our Competitors Doing About The Trends?*
 - *What Are We Doing About The Trends?*
 - *What Should We Be Doing About The Trends?*
-

2.0 Situation Analysis

What Are The Trends?

What Is Driving Trends?

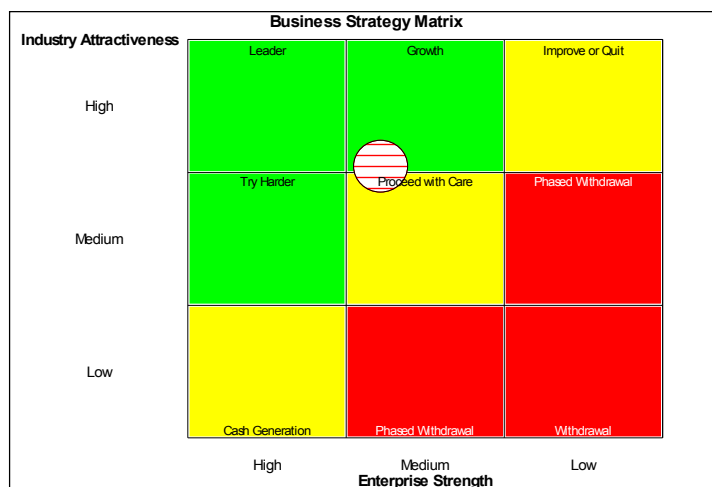
What Are We Doing About The Trends?

What Are Our Competitors Doing About The Trends?

What Should We Be Doing About The Trends?

NEWCO, Inc. is a sinus-nasal remedy manufacturer enjoying excellent but fairly recent success. The 8-year-old company markets a natural sinus-nasal remedy device called a PRODUCT which delivers a soothing nasal wash throughout the sinuses. The company also markets a squeeze bottle version of the product and has recently introduced a children's product. Recent credible news articles suggest that traditional antibiotic treatment of sinus and nasal infections do not work. Recent feature stories in popular mass media are giving the mass market a positive view of the PRODUCT approach. The industry saw a corresponding spike in sales in 2007.

A recent strategic analysis of hundreds of factors related to our market, our company and our competitors showed that we are among the market leaders and we have potential to become the undisputed market leader if we can deploy effectively a sound market strategy.



The macro- and microenvironments for our products are favorable. Trends are converging that are opening consumers' minds and driving their intention to trial or purchase natural remedies and PRODUCTS in particular. Our employees are knowledgeable and excited about the category. Our capacity and contracted suppliers will have no problem meeting forecasted demand. Our key shareholders are all in basic agreement about strategy and tactics. Media attention is frequent and positive. Our product showed little or no price sensitivity in 2007.

Today the market for nasal remedies is fragmented. The sub-category of nasal wash is not fragmented, however, since the top two players hold an estimated 80% of the share. Even though the market for nasal wash is not fragmented we are competing against many, many other brands and products in the fragmented

nasal remedy category. Therefore our strategy must be one that supports a fragmented market brand. Fragmented markets keep prices high and discourage product standards. Marketing experts agree that, in general, mass market tactics like TV advertising do not work well in a fragmented market. This will not hold true for brands with substantial brand equity, like Claritan and Advil, built over many years.

It is estimated that the U.S. market for nasal wash products is \$50-\$100 million of which NEWBRAND has an approximate share of 7-14%. NEWBRAND is the 2nd largest marketer of PRODUCTS. The other main competitor is BRAND A, marketing a product called NasalFlo. Both NEWBRAND and NasalFlo have achieved impressive nationwide distribution, primarily in large pharmacy chains and smaller independent pharmacies. A relatively small portion of sales happens at natural remedy retail stores, on the internet and a few other places. The great bulk of NEWBRAND sales are through the large pharmacy chains.

We target 4 distinct groups with our advertising and promotion:

- ✓ Consumers - generally middle class men and women, we want them to trial and/or purchase the PRODUCT or squeeze bottle and saline refills.
- ✓ Doctors - we need them to refer the product to their patients.
- ✓ Pharmacists - we need them to refer the product to their customers.
- ✓ Retail buyers - we need them to purchase our product for their chains and give us favorable shelf space.

Our biggest marketing challenge is educating the consumers, doctors and pharmacists to overcome the "grossology" factor and truly appreciate the benefits. First, the PRODUCT is still in its growth phase of market awareness. Second, use of the PRODUCT is awkward which our market research confirms. The procedure is invasive which creates an instinctive built-in consumer objection which must be overcome through educational marketing.

2.1 Market Summary

What Are The Trends?

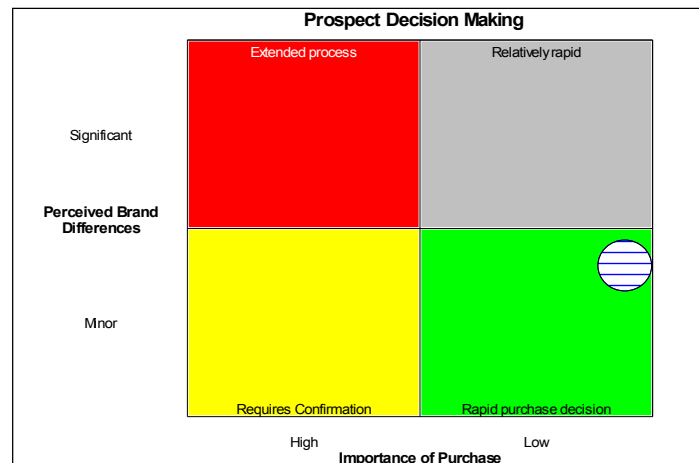
While the total number of users of sinus nasal remedies is barely growing, our product category [sinus and nasal wash] is growing because users of traditional remedies such as medications are adding nasal wash to their current remedies. This is being driven primarily by environmental trends (culture and government) helped substantially by recent media exposure. We believe the industry revenue for sinus and nasal rinse products grew in excess of 500% in 2007. The industry value of sinus-nasal rinse is believed to be about \$100 million.

Most of our information on our performance and the performance of our competitors in the marketplace is from POS data from retailers.

According to the National Institute of Allergy And Infectious Diseases approximately 14% of the general U.S. population, about 42 million people, suffers from chronic sinusitis. In addition we suffer about 1 billion colds a year. Allergies drive the total percentage of nasal-sinus sufferers in the U.S. to about 30% of the general population.

The demand for PRODUCTS and related products is growing rapidly. Our own revenue grew by approximately 500% in 2007 and we are the #2 competitor. Our primary target customer is the mass market consumer although we also advertise to key influencers, primarily physicians and pharmacists. We plan to continue targeting the mass market consumer in 2008 because our research tells us this is the best opportunity for growth.

Virtually everyone can afford our product. The complete kit is priced under \$15 and contains enough saline packets for 40 uses. Today the market is showing little or no brand sensitivity therefore it is not necessary to invest in building brand equity at this time. The data points here were determined empirically.



The average NEWBRAND purchaser can be either male or female and is 46 years old, married, household income of \$75,000 to \$99,000 and likes to listen on the radio to talk shows, news, classical music or soft rock in that order. Television programs favored are CNN, network news, Fox News, MSNBC, 60 Minutes, Good Morning America and Dr. Phil in that order. About two-thirds of