

TYLENOL®



THE MARKET

When Tylenol® was first introduced over-the-counter in 1961, it represented a distinct breakthrough in over-the-counter pain relief, offering Americans a new and unique way of treating their pain.

Since then, countless other over-the-counter pain relievers have come to crowd the shelves. These options include NSAIDs (non-steroidal anti-inflammatory drugs) of all kinds, with multiple brands of ibuprofen, naproxen, and aspirin, as well as store and generic brands. In the process, over-the-counter pain relievers became commoditized, with the distinctions between them blurred, and cost-of-entry attributes like efficacy and speed of action dominated their marketing.

As a result, America was given a variety of options designed for every condition, offered by numerous manufacturers, available at all price points, and at ubiquitous distribution outlets. Not surprisingly, Americans soon took the ease and safety of their over-the-counter pain relief for granted.

However, given growing questions about the safety of prescription drugs, Americans have become increasingly cautious about how they treat their pain. In response, more are turning once again to the brand that has been synonymous with effective and safe pain relief when used as directed. It's the number-one doctor-recommended brand: Tylenol.

ACHIEVEMENTS

Tylenol began in 1955 with the introduction of the first children's acetaminophen elixir, and has

continued its growth with a steady flow of firsts for children ever since.

In 1972, Tylenol introduced the first children's chewable tablets. In 1983, it introduced the first junior-strength caplets. In 1992, the first suspension liquid and infants' drops were launched. And the first pediatric sinus and allergy products were introduced in 1997, followed by the first children's fast-melting tablets, Meltaways, in 2004.

Its achievements in the adult pain reliever category are equally impressive.

In fact, ever since the launch of Regular Strength Adult Tylenol Tablets in 1961, the brand has continually expanded, and enjoyed an extended period of growth.

Throughout the 1960s and 1970s, Tylenol sales continued to increase as healthcare professionals spread the word about its excellent safety record when used as directed. Even the deadly cyanide tamperings in the 1980s didn't damage the brand's long-term resilience. If anything, the quick, ethical response the company showed by pulling 31 million Tylenol packages off the shelf — incurring a \$100 million loss in the process — reinforced Tylenol's image of safety and responsibility in the minds of consumers and healthcare professionals that remains to this day.

The packaging changes initiated by McNeil during this period, with their triple-sealed bottles, also helped establish governmental guidelines soon adopted throughout the industry. Bottom line: Tylenol's total, complete, and truly ethical response to the crisis put it back on top of its category within only one year.

In 1979, Tylenol became the nation's best-selling product in the health and beauty aid category, unseating Crest® Toothpaste — until then, the leader for nearly two decades.

Today, Adult Tylenol is the fastest-growing brand in the Internal Analgesics category — making it a bigger brand than Crest, Gillette, Dove, or Listerine. Consumers have also tried Tylenol in such record numbers that it has become the only pharmaceutical franchise over \$1 billion available without a prescription.

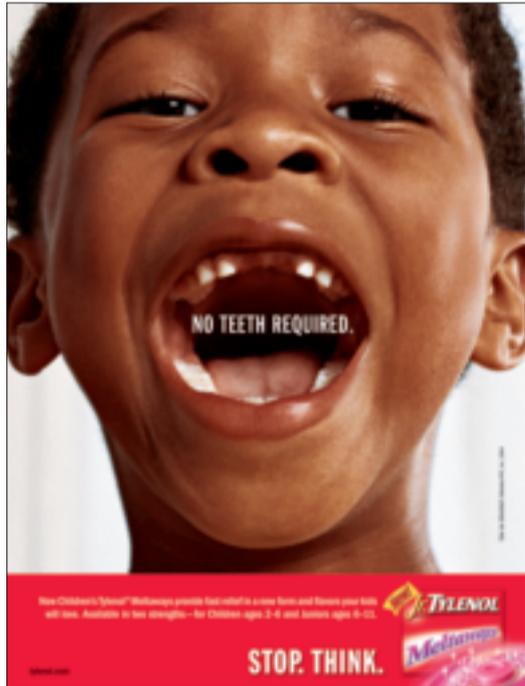
HISTORY

The first Tylenol — Children's Tylenol Elixir — was introduced in 1955 by McNeil Consumer Products Company. It was the first single-ingredient acetaminophen product, as well as one of the first alternatives to aspirin. Best of all, since acetaminophen could be suspended in a liquid — unlike aspirin — Tylenol could be flavored to appeal to children — a key advantage aspirin couldn't offer.

The introduction of Children's Tylenol Elixir occurred at a crucial time as well. Researchers had just discovered that giving aspirin to children who had influenza or chicken pox put them at greater risk of contracting Reye's Syndrome, an acute neurological illness that results in fatty degeneration of the liver and potentially fatal swelling of the brain. It was shown in the researchers' studies that over 20 percent of the Reye's Syndrome cases died. If it was not fatal, survivors could very well be left with permanent brain damage. The introduction of Tylenol Elixir led doctors to recommend Tylenol instead of

aspirin for children. As word spread, Tylenol sales grew, and soon it dominated the North American pain reliever market. In fact, beginning in the early 1980s, Children's Tylenol became the pain reliever and fever reducer most widely recommended by pediatricians, and it retains that distinction to this day.

In 1961, Regular Strength Adult Tylenol tablets were introduced. Tylenol sales continued to increase throughout the 1960s and 1970s as health professionals spread the word about its excellent safety record when used as directed. Extra Strength Tylenol, which delivers 33 percent



more acetaminophen per dose, was introduced in 1975. This resulted in consumers trying Tylenol in record numbers, and in 1979, Tylenol became the nation's best-selling product in the health and beauty aid category.

Over the years, the Tylenol product line has extended into several categories, including sinus, allergy, cold/cough/flu, sleep aid, and pain associated with arthritis — making Tylenol synonymous with pain relief and the number-one health and beauty aid product today.

THE PRODUCT

At the heart of every Tylenol pain reliever is the medicine acetaminophen, which was first described in chemical literature as N-acetyl-para-aminophenol or APAP. First used clinically in 1893 in Europe, acetaminophen remained relatively unknown in the United States until 1951. It was then, at a scientific symposium, that it was first recognized as efficacious. This recognition coincided with McNeil Laboratories' interest in pursuing a pain reliever that would be different and available for marketing, and by prescription only.

Acetaminophen is rapidly absorbed from the intestinal tract and widely distributed throughout most body fluids. Researchers attribute its pain-relieving activity to the drug's ability to elevate the pain threshold. Even today, how this process works remains a mystery, though more is known about the fever-reducing effect of acetaminophen.

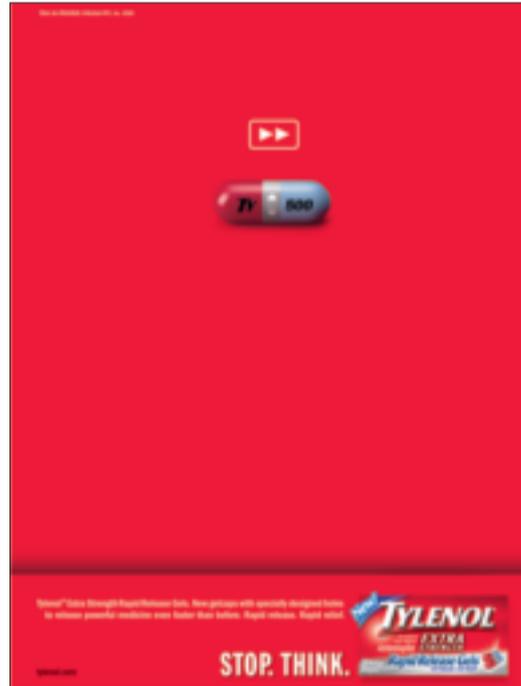
Unlike aspirin and other non-steroidal anti-inflammatory drugs (NSAIDs), acetaminophen has a superior safety profile when used as

directed. As a result, acetaminophen, the medicine in Tylenol, has emerged as the preferred pain reliever of physicians, hospitals, and various other health care providers for relieving minor to moderate pain and fever.

Today, Tylenol offers a wide range of acetaminophen-based pain relievers in different forms and strengths for a host of different conditions.

RECENT DEVELOPMENTS

In early 2004, Tylenol was being outspent more than two-to-one by its competition. Consumers felt they knew all there was to know about the brand.



And newly advertised prescription medicines, as well as private label and alternative healing options, were stealing more of Tylenol's market share.

McNeil's answer was the distinctive, powerfully honest "Stop. Think. Tylenol" campaign. With its bold use of simple graphics and provocative facts, this campaign informs, challenges, and alerts people to every facet of pain relief. It also increases the degree of distinction between Tylenol and its competitors. As you might expect, its success is already being noted.

Numerous new product introductions added to the strength of the campaign's launch. These included the introduction of Extra Strength Tylenol Rapid Release Gels, a new form of Tylenol that releases pain medicine even faster than before. It also included the introduction of Tylenol Children's Meltaways, great-tasting tablets that "melt away" to deliver fast pain relief, as well as the launch of Tylenol Cold and Flu with Cool Burst™ — the first of its kind to deliver multi-symptom relief with an instant cooling sensation

PROMOTION

To highlight its heritage of pure and long-lasting relief for muscle aches and pains, Tylenol 8-Hour has been the Official Pain Reliever of the 2004 Summer Olympics in Athens, as well as last year's and this year's New York City, Chicago, Nashville, and Los Angeles marathons.

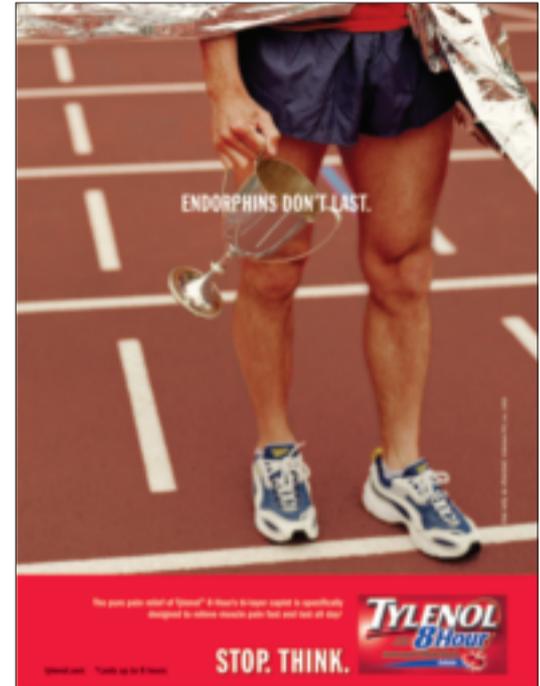
To speed news of its new Rapid Release Gels, Tylenol enlisted the help of seven of today's hottest NASCAR racers and created Team Tylenol. Finally, Tylenol's presence at the

Oscars®, Grammys®, and Radio Music Awards is stronger today than ever before.

BRAND VALUES

Bill Bernbach, the iconic founder of Doyle, Dane, Bernbach Advertising, once said — "A principle isn't a principle until it costs you money." Certainly, Tylenol has proven that it not only has principles, it adheres to those principles and does the right thing by everyone it deals with — however high the cost.

Today, as Tylenol celebrates its 50th anniversary, its long-standing commitment to safety, full



disclosure, and responsible usage are stronger than ever. In fact, in one of its current "Stop. Think. Tylenol" commercials, the brand's executive director says right out, "If you're not going to . . . take Tylenol properly, we'd rather you didn't take it at all."

It's not the usual kind of thing an advertiser says to its market.

But then Tylenol didn't become the number-one pain reliever of all time by ever doing the usual.

THINGS YOU DIDN'T KNOW ABOUT TYLENOL

- More than 280 billion tablets of Adult Tylenol have been taken worldwide since its introduction in 1961.
- On average, 7.3 billion adult Tylenol tablets are consumed annually.
- Doctors choose Tylenol for relief of their own pain more than any other brand.
- The American College of Rheumatology (ACR) recommends acetaminophen, the medicine in Tylenol, as a first-line therapy for patients suffering from the pain of osteoarthritis.
- The American Lung Association recommends the medicine in Tylenol for the pain and fever of colds and flu more than all other brands of over-the-counter pain relievers combined.