TIMES & TRENDS

A SNAPSHOT OF TRENDS SHAPING THE CPG INDUSTRY

MARCH 2005

INFORMATION RESOURCES, INC.

2004 New Product Pacesetters

Food & Beverage and Non-Food Ranking and Benefits

CONTENTS

METHODOLOGY

To qualify for IRI's 2003-2004 New Product Pacesetters list, a brand must have been introduced between February 2003 and January 2004, so that it had a full 52 weeks of sales data by December 2004 after achieving 30% ACV distribution. Brands must also achieve at least $7.5 million in retail sales in the Food, Drug and Mass channels, excluding Wal-Mart (FDMx) in their first year, as measured via IRI's InfoScan® Reviews service.

Pacesetters include entirely new brands or new brand extensions but do not include item or UPC level, flavor or package size introductions. Each Pacesetter's benefits are determined from a personal review of packaging aided by free-standing insert advertising, other ads, and manufacturer information available on their websites or the product itself.

EXECUTIVE SUMMARY

With the highest number of new CPG product introductions (at the brand level) in the past eight years, 2003-2004 was marked by strong new product activity. Manufacturers placed a heavy focus on innovation this past year -- primarily in the form of brand extensions -- to capture growth in an otherwise slow growth environment: U.S. CPG sales across food, drug and mass channels excluding Wal-Mart (FDMx) were flat (+0.5%) in 2004.

Few "made it big." Less than 1% achieved over $100 million in year-one sales across FDMx channels. However, consistent with prior years, just under one-quarter achieved New Product Pacesetter status by reaching FDMx sales of $7.5 million or greater in their first year.

The most successful new food and beverage products delivered against consumers' desire to experience new tastes and varieties, manage weight, improve overall health, and simplify life through added convenience.

Leading products in non-food categories offered significantly improved performance, new varieties in scents and formats, convenient, disposable cleaning solutions and do-it-yourself healthcare and "spa-quality" beauty treatments.

Looking ahead, in addition to benefits offered by this year's Pacesetters, we will see increased demand and opportunity for food and beverage products offering energy and vitality (ie in categories beyond energy and sports drinks); specific disease management benefits; hearty, satisfying meals; and premium indulgence. Within non-foods, strong potential exists for cosmetic, skin care and hair care products delivering richness and luster, as well as for products with a youth-oriented focus, serving the needs of the maturing 71 million Echo Boomers (Baby Boomers' kids, now aged 10-27).

2003 – 2004 FOOD & BEVERAGE PACESETTERS – LEADING BRANDS AND CATEGORIES

- Led by blockbusters Breyer's CarbSmart ice cream and novelties, Pepsi Vanilla, Diet Coke with Lime and Sprite Remix– each earning over $100 million in year-one FDMx sales, this year's top ten food and beverage Pacesetters offer new taste sensations (eg. Smirnoff Twisted V and Mountain Dew Livewire); new varieties (eg. Nabisco Ritz Chips); weight management alternatives (eg. Dannon Light n' Fit Carb Control yogurt) and healthy, convenient snack and meal options (eg.Yoplait Nouriche smoothies and Healthy Choice Flavor Adventures frozen dinners.)
- Food and beverage categories with the highest number of 2003-2004 Pacesetters include snack bars/granola bars (18), cold cereal (15), cookies (12) and carbonated beverages (10). As each of these categories is experiencing slow to declining FDMx sales, innovation has been a critical source of brand growth.

2003 – 2004 FOOD & BEVERAGE PACESETTERS – BENEFITS

- Taste & Variety were the most prevalent benefits offered by this year's food and beverage Pacesetters -- consistent with trends across the past decade. Consumers are simply not willing to sacrifice taste – at least not for any extended period. Moving forward, there will be growing demand for taste & variety benefits combined with health & wellness.

EXECUTIVE SUMMARY

2003 – 2004 FOOD & BEVERAGE PACESETTERS – BENEFITS (CONT'D)

- Convenience benefits were offered by numerous successful new food and beverage products this past year, including healthy, portable snacks and beverages such as Kellogg's Nutrigrain Chewy Bars & Bites and Kraft String-Ums Natural String Cheese, and meals-on-the go, including Hot Pockets Pot Pies Express.
- Health & Wellness benefits among successful new food and beverage products were even more prevalent this year than in prior years. Nearly one-quarter of food and beverage Pacesetters offered reduced calorie benefits, while other weight management benefits, such as low carb and reduced fat also had a strong presence. One-in-five delivered added nutrients, such as vitamins, calcium and soy to promote general health.

FOOD & BEVERAGE PACESETTERS – TRENDS TO WATCH

The following current and emerging consumer trends will drive significant new product opportunity and will influence new product success over the next few years:

Weight Management: Consumers will continue their battle to manage weight but with less extreme dieting than we have seen in the past (a la carb cutting) and more focus on reduced calories and smaller portions.

Health and Vitality: We will see significant growth potential among foods and beverages offering whole grains, natural and organic ingredients, and fortification with select vitamins, minerals, antioxidants, and soy as consumers seek improved health and vitality. Products offering immediate energy boosts also have significant room for innovation – particularly across categories not yet offering this benefit.

Disease Management: The market is ripe for new product introductions specifically addressing highly prevalent chronic health conditions, such as diabetes and high cholesterol.

Portions for One or Two: The growing number of Baby Boomers entering the "empty nest" life phase will be looking for adult-oriented convenient meal and side dish options that are easily portioned for two, rather than a large family; similarly, opportunity will arise for new products targeting the increasing number of Echo Boom young adults (grown Baby Boomers' children) who are just starting out on their own.

Hearty and Satisfying: We are beginning to see a renewed interest in hearty, satisfying meals, such as chili and crock pot dinners. Hearty options with inherent health and weight management benefits will meet with strong demand.

Indulgence: It is all about balance. There will be ample new product opportunity across more indulgent snacks and sweets for new flavors, formats and combinations. The high-end market for chocolates and more decadent treats is poised for growth, as consumers eat smaller portions but want a very satisfying experience with rich flavors and textures.

Taste and Variety: The demand for new tastes and varieties is as strong as ever and cuts across all food and beverage categories.

Convenience: Whether in packaging, quick meal or snack preparation, or the ability to take on-the-go, convenience will continue to be a driving force of new product purchases.

EXECUTIVE SUMMARY

2003 – 2004 NON-FOOD PACESETTERS – LEADING BRANDS AND CATEGORIES

- This year, "do-it-yourself" beauty, personal care and healthcare treatments dominated the non-food top ten list, with eight of the ten delivering self-care benefits. Prilosec OTC led the pack, earning $239 million in year-one FDMx sales, while Crest Whitestrips Premium delivered $95 million. Schick Intuition and Schick Quattro razors and cartridges earned top ten status through enhanced performance benefits.
- Non-food categories leading in number of Pacesetters include cosmetics (17), skin care (12), toothbrush/dental accessories (10) and toothpaste (10). With the exception of skin care, whose 2004 FDMx dollar sales grew 3.5%, these categories have faced limited growth; however, innovation has consistently driven brand growth throughout the past decade.

2003 – 2004 NON-FOOD PACESETTERS – BENEFITS

- Improved Performance is the most prevalent benefit offered by this year's non-food Pacesetters, and has been a leading benefit for the past ten years. Consumers expect to see enhanced effectiveness, new technologies and improved processes among new non-food products, and manufacturers continue to raise the bar. Crest Night Effects, for instance, offers "a whiter smile for up to six months," while Glad Press n' Seal offers better performance through Griptex technology.
- Healthcare new product introductions are relatively low each year, when compared with beauty and personal care; however, healthcare products -- particularly drugs that have been converted from prescription to over-the-counter -- are among the most successful in New Product Pacesetters' history. This year's leading non-food Pacesetter, Prilosec OTC, is a prime example.
- Enhanced Beauty Care benefits were provided by a record number of new cosmetic and skin care products. Cosmetic products delivered longer wear (eg. Maybelline Forever lip and nail products), longer lashes (eg. L'Orėal Double Extend Mascara) and foundations matching the spectrum of skin tones (eg. Cover Girl Trublend.) New skin care innovations, including the L'Orėal Dermo Expertise and Olay Regenerist lines offer advanced at-home treatments to help fight the aging process.
- Improved Personal Care/Hygiene benefits were offered by three teeth whitening products – all from Crest– among the top ten non-food Pacesetters, demonstrating the power of innovation in driving brand growth even in mature markets. Better shaving performance for men and women placed Schick Quattro and Schick Intuition razors and cartridges on the top ten list.
- House Care benefits were offered by a relatively low number of Pacesetters this year (14% vs nine-year 21% average); however, several of this year's new house care products represent positive new product momentum that will be carried through the coming year. Innovation in delivery systems and scents within the air fresheners category resulted in strong year-one sales for Oust spray and Airwick Decosphere. Major advances in convenience and performance placed Lysol Ready Brush among this year's Pacesetters with strong sales expected for other recent introductions.

EXECUTIVE SUMMARY

NON-FOOD PACESETTERS – TRENDS TO WATCH

The following current and emerging consumer trends will drive significant new product opportunity and will influence new product success over the next few years:

Enhanced Performance: A mainstay of non-food new product success for the past decade, the demand for enhanced performance across healthcare, personal care and house care categories will continue. In slow growth categories, major performance advances -- shorter time for relief in healthcare products, substantially whiter teeth, trash bags that hold up even with heavy, odd-shaped contents – are often the most successful path to brand and category growth.

Luster and Vitality: Among cosmetic, skin care and hair care categories, there is a growing demand for products that deliver luster and vitality. Consumers not only want to reduce the appearance of fine lines and wrinkles, they want their skin to glow and look rejuvenated. Similarly, they want thick, lush eyelashes and shiny, full hair. This is a new dimension to performance that will drive significant growth opportunity over the next few years.

Variety: Demand for variety will hold strong in the coming years. Whether addressing specific, targeted needs (such as oily versus dry skin) or offering new and varied scents, variety will remain a source of growth for brands across a number of non-food categories.

Do-It-Yourself: Within beauty care, personal care and healthcare, consumers will continue to seek more control and "do-it-yourself" opportunities to avoid the expense and inconvenience of requiring expert involvement. Within healthcare, in particular, self-care could take on a whole new meaning as consumers may need to self treat and self monitor for ailments with no obvious symptoms, such as high cholesterol.

Youth Focus: As the 71 million-strong Echo Boom (Baby Boomers' children, now aged 10-27) move through their teen and young adult years, there will be tremendous opportunity for youth-oriented cosmetic, skin care and personal care products with both performance and novelty benefits.

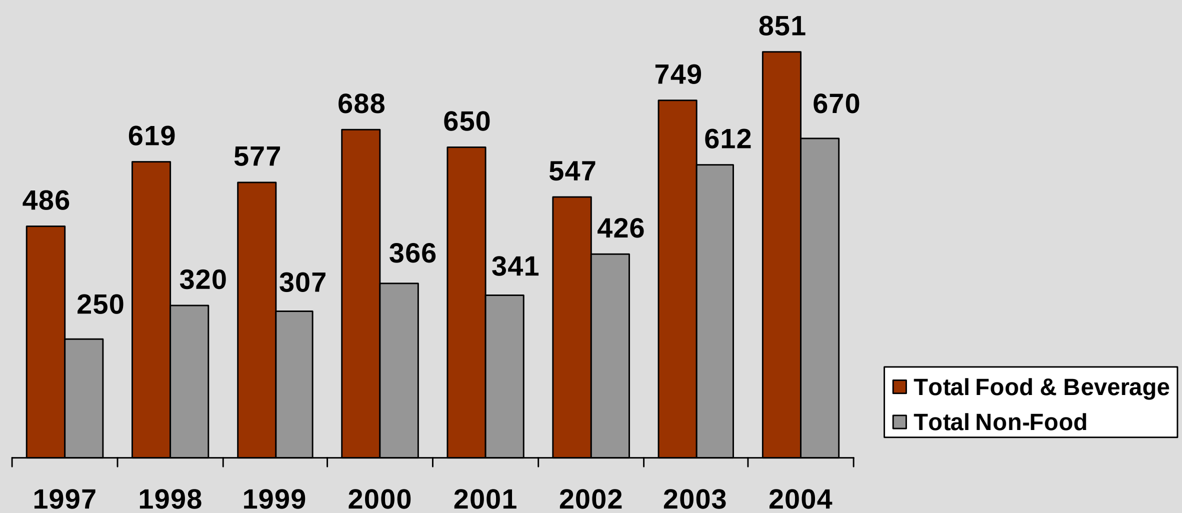
Convenience: Major advances in convenience will continue to deliver brand and category growth, particularly within house care categories, as evidenced by recent successes, including new, disposable toilet cleaning brush systems and all-purpose disposable household cleaner cloths.

KEY FINDINGS

2003- 2004 CPG INDUSTRY NEW PRODUCT ACTIVITY

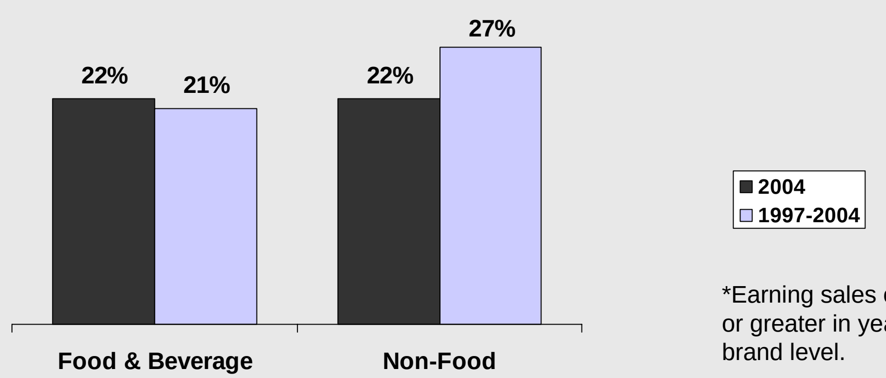
2003-2004 was one of the most active years in recent history for new product introductions as manufacturers stepped up innovation to drive growth in a slow growth environment.

Number of CPG New Product Introductions at the Brand Level, 1997 - 2004
Across Food, Drug, Mass (1997 – 2001 Including Wal-Mart; 2002 – 2004 Excluding Wal-Mart)



However, consistent with historical trends, the vast majority did not make it big. Nearly 80% of new brands or brand extensions introduced in 2003-2004 earned less than the $7.5 million in sales within FDMx required to make the New Product Pacesetters list. While the 22% of new food and beverage products making the cut this year was consistent with prior years, non-food results were low: 22% vs an historical average of 27% of new products met the sales hurdle.

Proportion of CPG New Product Introductions Making New Product Pacesetters List*

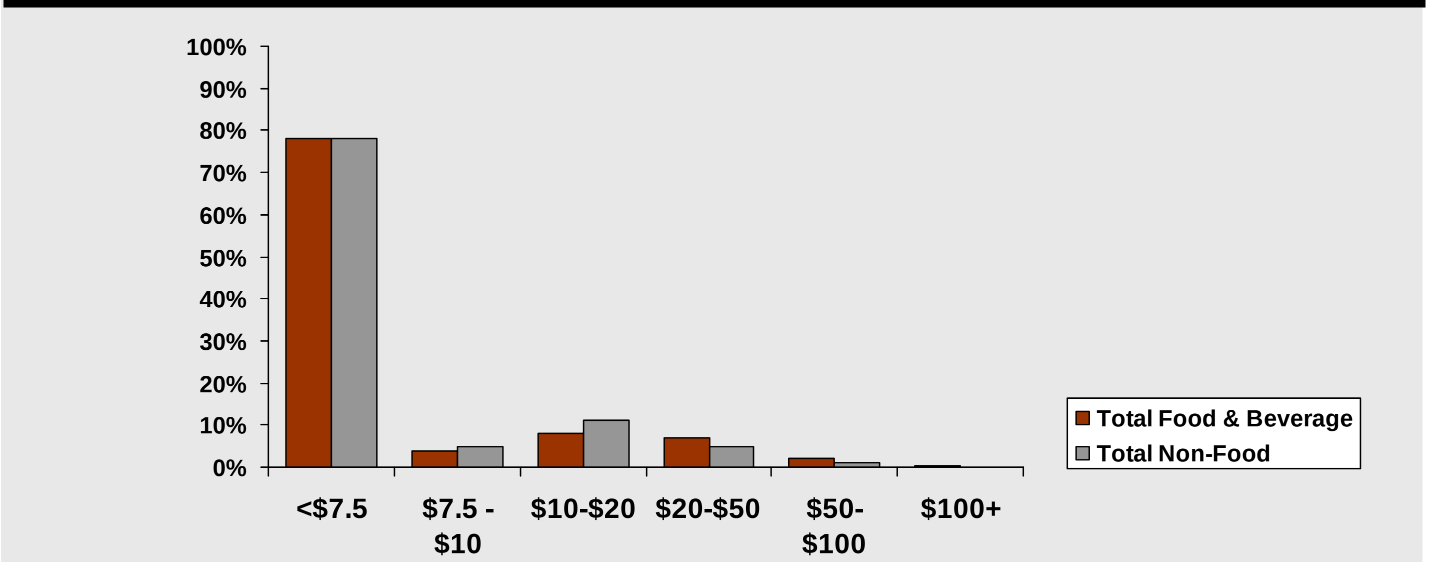


*Earning sales of $7.5 million or greater in year one at the brand level.

Source: IRI InfoScan® Reviews

2003- 2004 CPG INDUSTRY NEW PRODUCT ACTIVITY (CONT'D)

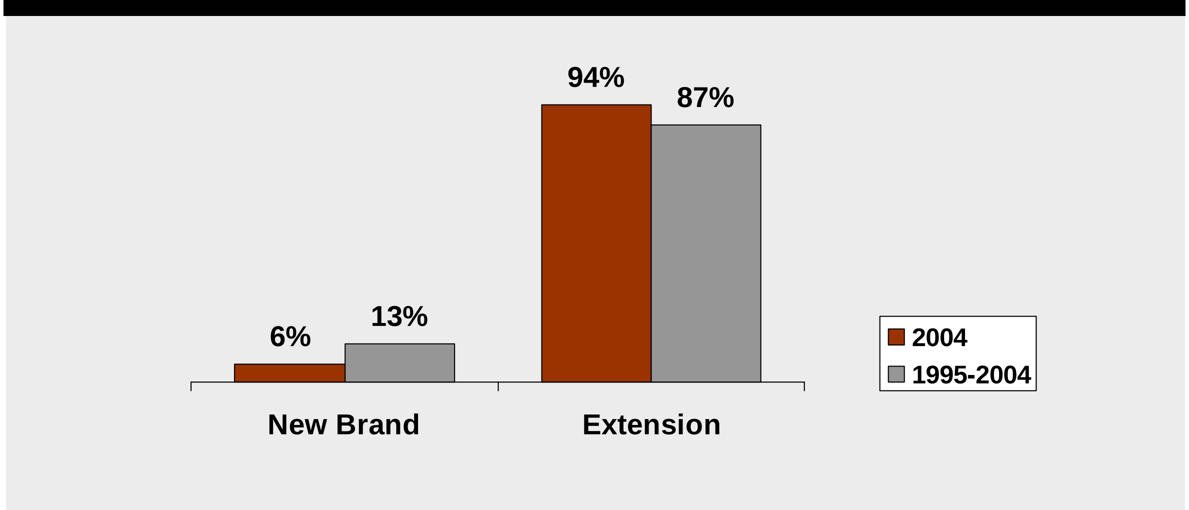
2003-2004 Year-One Dollar Sales Breakdown of CPG Brand-Level New Product Introductions Across Food, Drug, Mass (Excluding Wal-Mart)



Brand Extensions Dominate

Manufacturers are increasingly turning to brand extensions for new product launches, rather than investing in new brands. Over the past ten years, new brands have dropped from an average of 13% of total New Product Pacesetters -- and a high of 22% in 1997 -- to only 6% today. Building a brand from scratch is now relatively rare. Hugely successful brand extensions in 2004 include Pepsi Vanilla, Yoplait Nouriche and Crest Whitestrips Premium.

Number of New Brands/Extensions As a % of Total New Product Pacesetters 2004 vs Average Across 1995-2004



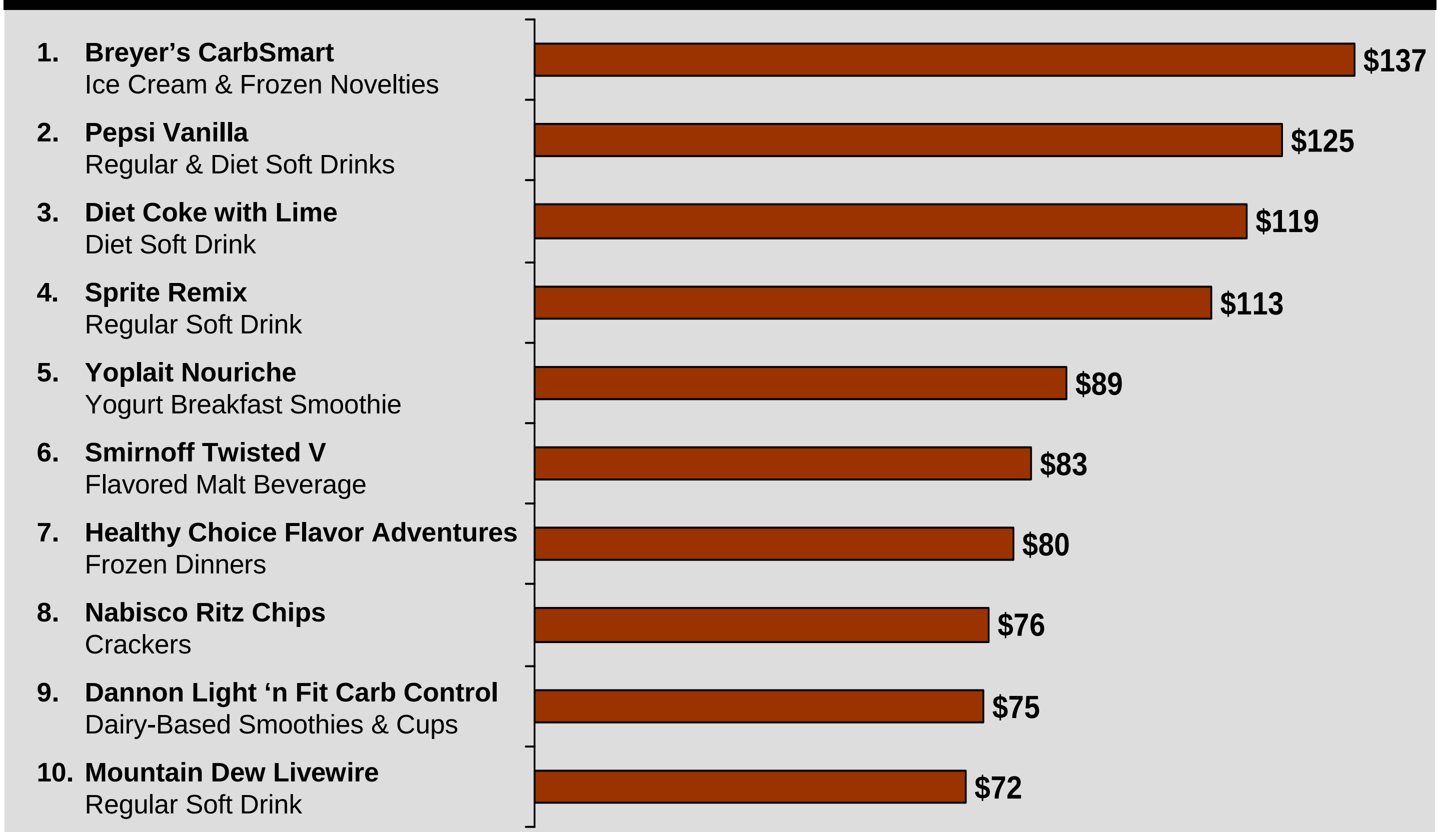
Sources: IRI InfoScan® Reviews

2003 – 2004 FOOD & BEVERAGE PACESETTERS – TOP 10

This year's top ten food and beverage Pacesetters illustrate the extent to which consumers will rally around products supporting their desire to eat and drink healthier without giving up taste or convenience. Breyer's CarbSmart ice cream and frozen novelties enabled carb-cutting consumers to enjoy a treat while Dannon's Light n' Fit Carb Control yogurt offered convenient snacking. Consumers following a balanced, healthy diet enjoyed on-the-go Yoplait Nouriche smoothies. New taste sensations in diet soft drinks, including Pepsi Vanilla and Diet Coke with Lime were also well-rewarded by consumers looking to manage weight but still enjoy flavor, while Healthy Choice Flavor Adventures satisfied demands for healthier fare, convenience *and* taste and variety.

A testament to consumers' propensity to balance healthy eating with some indulgence, new tastes and varieties in more indulgent categories were also rewarded, such as Smirnoff Twisted V malt beverage, Nabisco Ritz Chips and regular soft drinks, including Mountain Dew Livewire and Sprite Remix.

2003 – 2004 New Product Pacesetters: Top 10 Food & Beverage Brands
Year One Dollar Sales (Mil$) Across Food, Drug, Mass (Excluding Wal-Mart)



Sources: IRI InfoScan® Reviews, New Products Launched February 2003 – January 2004

2003 – 2004 FOOD & BEVERAGE PACESETTERS – CATEGORIES

Innovation is a proven source of growth in categories that are otherwise growing slowly or declining. Most of this year's leading categories, as identified by number of Pacesetters introduced, have exhibited strong new product activity over the past decade.

Yogurt has been a truly exceptional category. Despite natural growth occurring from the health and wellness trend, manufacturers have bolstered growth further by catering to numerous consumer segments and specific dietary and convenience needs with new products. Yogurt offerings now span the range from more indulgent to low calorie to nutritionally complete, target children as well as adults and come in multiple forms, from drinks and smoothies to tubes and cups to meet a broad range of on-the-go preferences.

Several of this year's top categories have not had top ten average rankings throughout the decade. Within Carbonated Beverages, for instance, a huge focus on innovation to address both weight management and taste and variety paid off with four carbonated beverages making the top ten food & beverage Pacesetters list. Frozen Novelties and Refrigerated Juices/Drinks became leading Pacesetters categories through quick response to the low carb craze as well as low calorie and more healthful options, while low carb and whole grain offerings catapulted Fresh Bread and Rolls.

2003-2004 Top Food & Beverage Categories by Number of Pacesetters

Category	FDMx Dollar Sales Growth 2004 vs 2003	# Pacesetters	2004 Rank	10 Year Average Rank
Snack Bars/Granola Bars	1.3%	18	1	4
Cold Cereal	(1.9%)	15	2	1
Cookies	(3.3%)	12	3	3
Carbonated Beverages	(1.0%)	10	4	13
Fz Dinners/Entrees	(2.1%)	7	5T	2
Salty Snacks	0.4%	7	5T	5
Yogurt	6.7%	7	5T	6
Chocolate Candy (Non-Seasonal)	1.9%	7	5T	8
Beer & Ale*	0.9%	7	5T	9
Frozen Novelties	1.4%	7	5T	11
Juice/Drinks – Refrigerated	(2.8%)	7	5T	18
Fresh Bread & Rolls	(0.1%)	7	5T	26

*Note: Beer and Ale sales data reflect food and drug channels only.

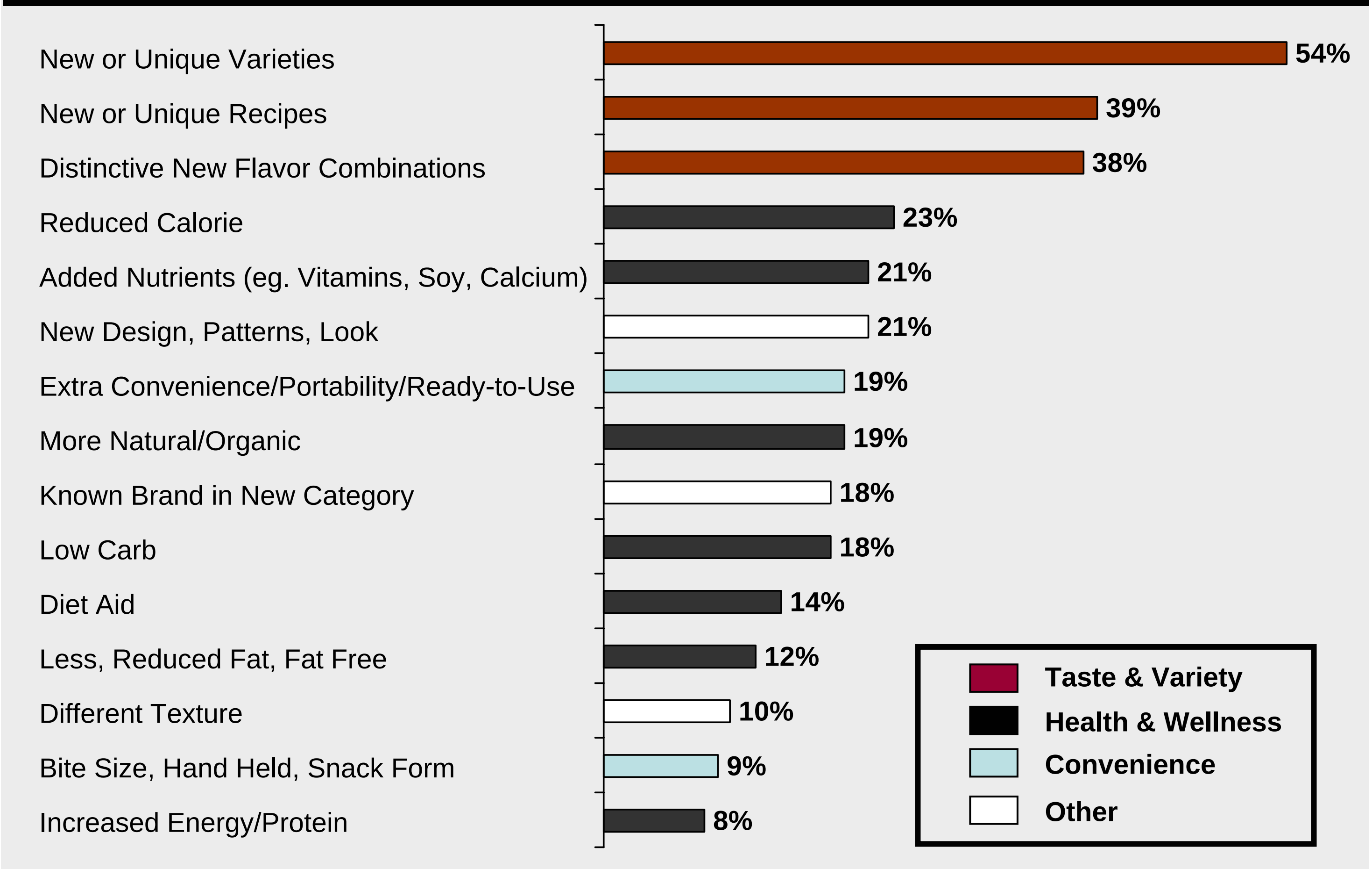
Sources: IRI InfoScan® Reviews, New Products Launched February 2003 – January 2004

2003 – 2004 FOOD & BEVERAGE PACESETTERS – BENEFITS

Looking across all 2003-2004 food & beverage Pacesetters, manufacturers delivered – and consumers responded to – new products offering taste & variety, health & wellness and convenience benefits. These mega consumer trends are major drivers of consumer purchase behavior.

It is important to note that the vast majority of successful new products offered multiple benefits (3.5 on average.) So, while taste & variety benefits dominated, they were often offered in conjunction with health & wellness benefits (eg. Sara Lee Delightful low carb/low calorie breads) and/or convenience (eg. Dannon Danimals XL Refrigerated Yogurt/Yogurt Drinks.)

2003 – 2004 Food & Beverage New Product Pacesetters: Top 15 Benefits
% of Total Pacesetters Offering Benefit

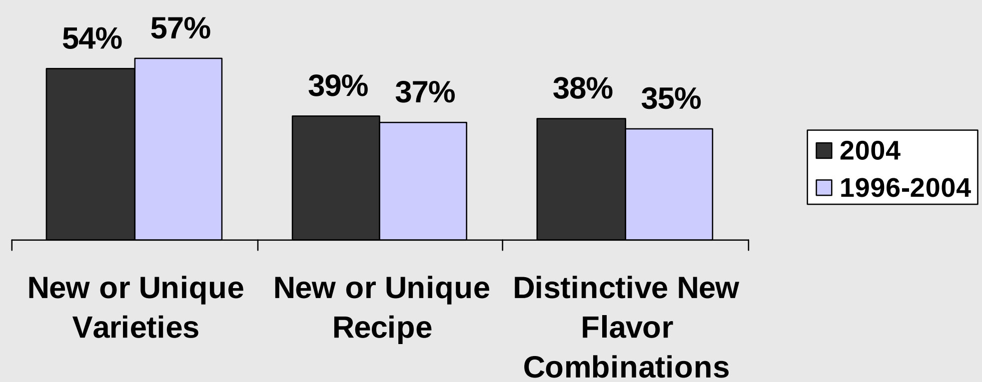


Sources: IRI InfoScan® Reviews, New Products Launched February 2003 – January 2004

2003 – 2004 FOOD & BEVERAGE PACESETTERS – BENEFITS: TASTE & VARIETY

Over the past ten years, despite many other trends that have come and gone, consumers' appetite for taste and variety has not wavered, as evidenced by the fact that the majority of the industry's most successful new products throughout this decade have offered specific taste and variety benefits. All five beverages on this year's top ten food and beverage Pacesetters list, for instance, offer new tastes as a primary benefit. Moving forward, there will be a growing demand for taste & variety benefits combined with health & wellness.

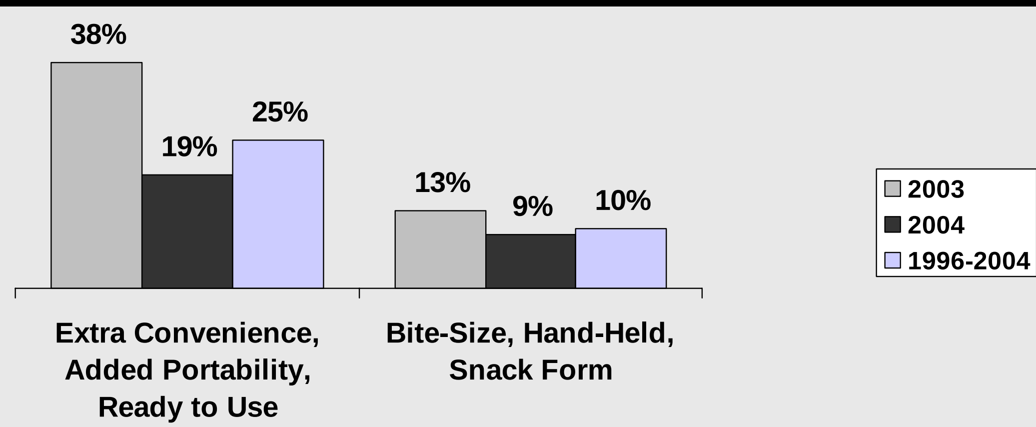
Percent of Food & Beverage New Product Pacesetters Offering Taste & Variety Benefits



2003 – 2004 FOOD & BEVERAGE PACESETTERS – BENEFITS: CONVENIENCE

While the proportion of 2003-2004 food and beverage Pacesetters offering convenience benefits was somewhat below average, this is likely due in part to the high proportion introduced just the year before. Demand for convenience is alive and well among consumers and cuts across a broad range of eating and drinking occasions. Successful new product introductions with convenience benefits include snack foods with portion control (eg. POP'ABLES Chocolate Candy and Nabisco 100 Calorie Packs), healthy, portable snacks (eg. Kellogg's Nutrigrain Chewy Bars & Bites and Kraft String Ums Natural String Cheese) and meals on-the-go (eg. Hot Pockets Pot Pies Express).

Percent of Food & Beverage New Product Pacesetters Offering Convenience Benefits

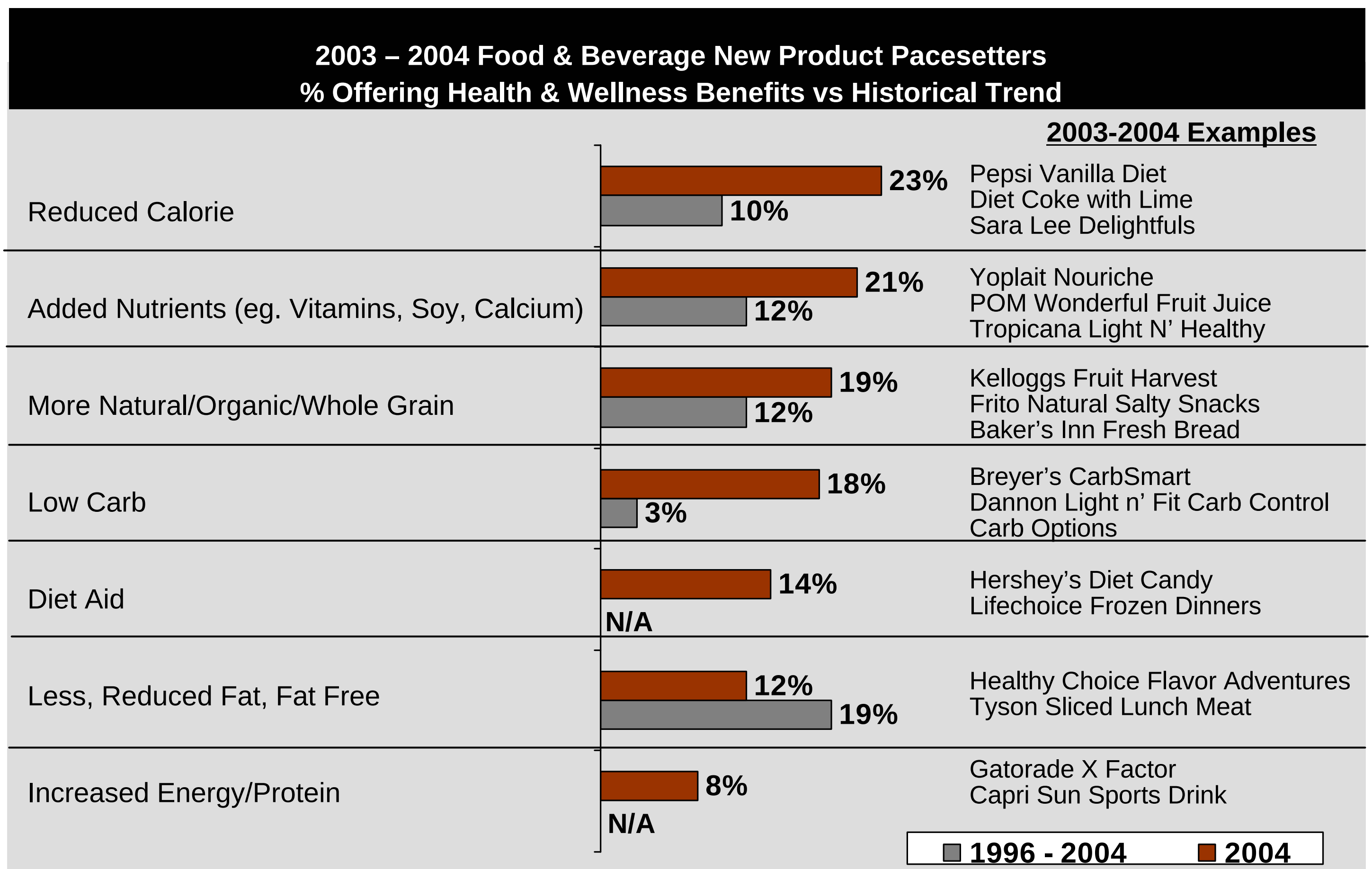


Sources: IRI InfoScan® Reviews

2003 – 2004 FOOD & BEVERAGE PACESETTERS – BENEFITS: HEALTH & WELLNESS

A comparison of health and wellness benefits delivered by the most successful new food & beverage products in 2004 versus the prior nine-year period reflects the growing priority of total health and wellness among consumers. Not only are consumers increasingly focused on managing weight -- to a large extent by watching calories and carbs in 2004 -- but they are also seeking improved general health and vitality.

As we move through 2005, we expect to see additional momentum among products contributing to balanced, healthy diets. Growth rates and new product opportunity will diminish among low carb options, as this form of more extreme dieting wanes. Whole grains, natural/organic, reduced calorie and enhanced energy benefits will continue to offer significant new product opportunity.



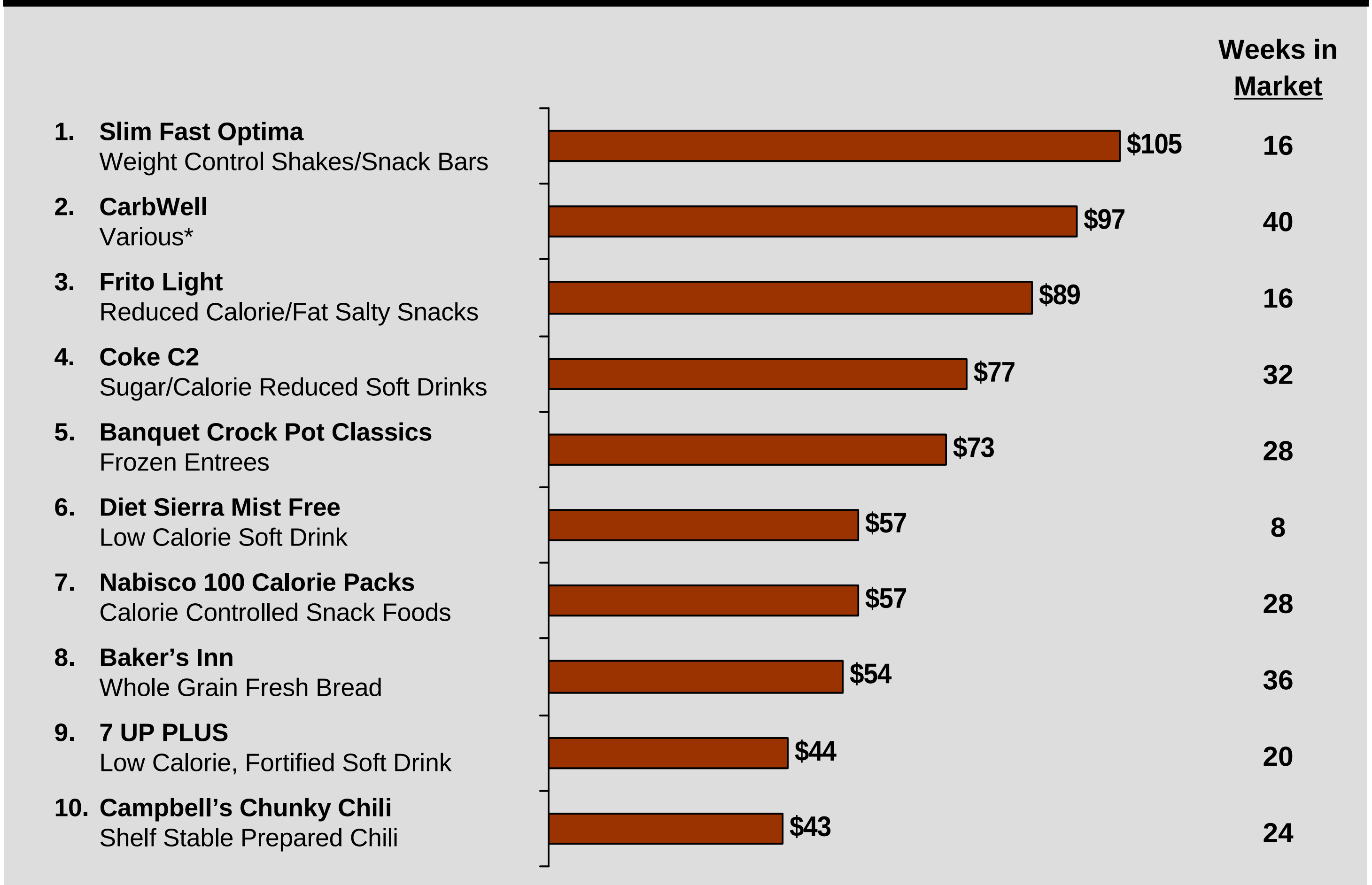
Sources: IRI InfoScan® Reviews

2004-2005 TOP FOOD & BEVERAGE BRANDS TO WATCH

Early indications for leading new food and beverage brands in 2005 reveal a continuation of many of the trends influencing this year's results. Consumers are continuing to gravitate towards products with weight management benefits, including SlimFast Optima shakes and snack bars, CarbWell's extensive line of reduced carb products, including barbeque sauces, salad dressings and cookies, among others, and Frito Light salty snacks. In addition to weight management, consumers are concerned about general health, as evidenced by strong early sales of 7 UP PLUS, which delivers reduced calories plus added calcium and vitamin C, and Baker's Inn whole grain fresh breads.

And, again this year, we will see that even with all of the focus on healthy eating and specific dietary benefits, consumers still want convenient, hearty, satisfying meals, such as Banquet Crock Pot Classics and Campbell's Chunky Chili and will make room for these products as part of a balanced diet.

2004 – 2005 New Product Pacesetters: Top 10 Food & Beverage Brands to Watch
Projected Year One Dollar Sales (Mil$) Across Food, Drug, Mass (Excluding Wal-Mart)



*CarbWell line includes sauces, dressings, cereal, cookies and snack bars/granola bars

Sources: IRI InfoScan® Reviews, FDMx sales from each brand's launch between Feb 04 and Dec 04, with latest quad-week projected to estimate total year-one sales.

NEW FOOD & BEVERAGE PRODUCT OPPORTUNITY: TRENDS TO WATCH

A number of current and emerging trends will create new product opportunity and influence new product success over the next several years:

Weight Management: Consumers will continue their battle to manage weight but with less extreme dieting than we have seen in the past (a la carb cutting) and more focus on reduced calories and smaller portions.

Health and Vitality: It is not all about weight. Consumers have become increasingly conscious about maintaining and improving their total health through diet. Further, they not only want to do what is "right" for their bodies (within reason), they also want to feel alive and energetic. We will see significant growth potential among foods and beverages offering whole grains, natural/organic ingredients, and fortification with select vitamins, minerals, antioxidants, and soy. Products offering immediate energy boosts, including energy and sports drinks, also have significant room for innovation – particularly across categories not yet offering an energy rush.

Disease Management: Given the rising number of consumers with chronic disease, such as diabetes and high cholesterol, the market is ripe for new product introductions specifically addressing these conditions. Examples include low sugar/low glycemic products for diabetics and high fiber products for high cholesterol sufferers.

Portions for One or Two: As a growing number of the 78-million strong Baby Boomer generation enters the "empty nest" life phase, they will be looking for convenient meal and side dish options that are easily portioned for two, rather than a large family; similarly, opportunity will arise for new products targeting the increasing number of Echo Boom adults (grown Baby Boomers' children) who are just starting out on their own.

Hearty and Satisfying: We are beginning to see a renewed interest in hearty, satisfying meals, such as chili and crock pot dinners. Consumers may be watching their calories overall, but they still want to feel full. Hearty options with inherent health and weight management benefits will meet with strong demand.

Indulgence: Even the most health conscious consumer enjoys a little indulgence, and the average consumer enjoys a lot of indulgence – despite the increased focus on eating healthier. It is all about balance. There will be ample new product opportunity across more indulgent snacks and sweets for new flavors, formats and combinations. The high-end market for chocolates and more decadent treats is also poised for growth, as consumers eat smaller portions but want a very satisfying experience with rich flavors and textures.

Taste and Variety: The demand for new tastes and varieties is as strong as ever and cuts across all food and beverage categories.

Convenience: Whether in packaging, quick meal or snack preparation, or the ability to take on-the-go, convenience will continue to be a driving force of consumer purchases – particularly when delivered in conjunction with other major benefits, such as weight management or enhanced flavors.

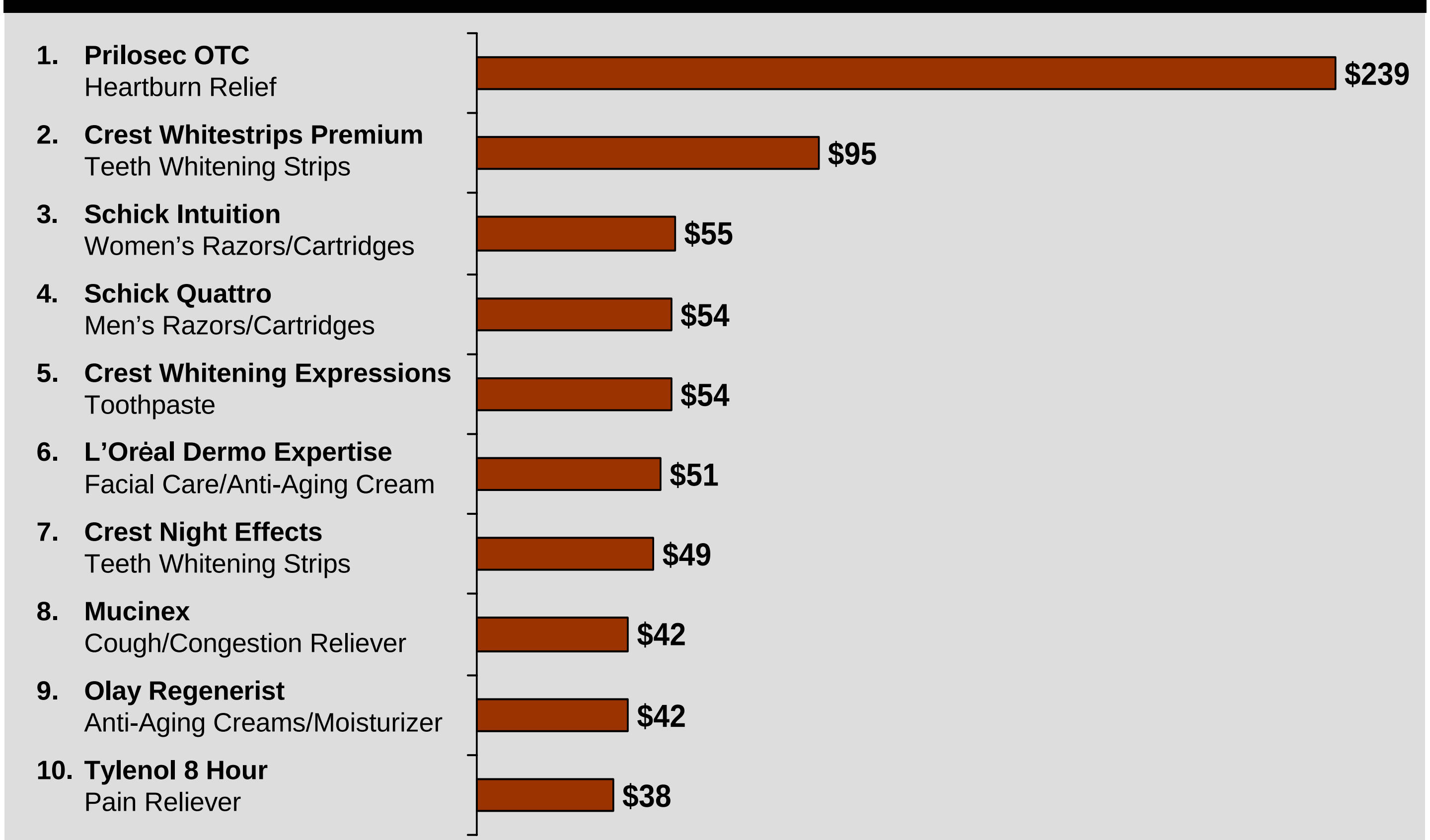
2003 – 2004 NON-FOOD PACESETTERS – TOP 10

This year's top ten non-food Pacesetters list is a testament to consumers' demand for better healthcare and personal care solutions that they can implement on their own – without the intervention of a doctor, dentist, dermatologist or beautician. Manufacturers have recognized consumers' strong drive for self care, and have provided solutions that have met with consumer approval.

Eight of the top ten enable consumers to self manage health and beauty conditions: three new healthcare solutions treat chronic and acute health conditions, including the blockbuster Prilosec OTC for heartburn; three new teeth whitening products – all from Crest – help consumers whiten their teeth without the aid or expense of cosmetic dentists; and two provide skin treatments that help fight aging.

Always a driver of non-food product success, better performance for everyday personal care landed two new razors/cartridges from Schick onto the top new product list.

2003 – 2004 New Product Pacesetters: Top 10 Non-Food Brands
Year One Dollar Sales (Mil$) Across Food, Drug, Mass (Excluding Wal-Mart)



Sources: IRI InfoScan® Reviews, New Products Launched February 2003 – January 2004

2003 – 2004 NON-FOOD PACESETTERS – CATEGORIES

Non-food categories leading in number of new Pacesetters this year are no strangers to the top ten category list; in fact, all but Air Fresheners have maintained a top ten average rank for the past decade. These are categories in which manufacturers rely on innovation as a primary growth vehicle in relatively slow growth markets.

Both Razors/Refills/Disposables and Air Fresheners are exceptions that illustrate the power of innovation in driving category-level growth. Top ten New Product Pacesetters Schick Quattro and Schick Intuition contributed significantly to category growth this year, while the Air Fresheners category also received a boost from successful new entrants, including Oust.

While home care categories are not as active in new product innovation as health and beauty care, there have been several stellar new product entrants this year in addition to air fresheners. For instance, Glad Press n' Seal plastic wrap ranked #13 on the non-food Pacesetters list earning $35 million in year-one sales across FDMx channels. Mr. Clean All-Purpose cleaner cloths, which reached $30 million in year-one FDMx sales, helped drive phenomenal growth in the household cleaner cloth category, whose FDMx sales increased 26% in 2004.

2003-2004 Top Non-Food Categories by Number of Pacesetters

Category	FDMx Dollar Sales Growth 2004 vs 2003	# Pacesetters	2004 Rank	10 Year Average Rank
Cosmetics – Facial/Lip/Eye	(0.5%)	17	1	1
Skin Care	3.5%	12	2	6
Toothbrush/Dental Accessories	0.7%	10	3T	2
Toothpaste	(2.9%)	10	3T	3
Razors/Refills/Disposables	27.0% Razors; 2.4% Blades	9	5	10
Shampoo	(1.1%)	8	6	4
Deodorant	0.3%	7	7	8
Hair Conditioner	1.5%	6	8T	7
Air Fresheners*	19.2%	6	8T	13
Soap	(3.6%)	5	10T	4
Household Cleaner	(3.5%)	5	10T	8

*Dollar growth for air fresheners category represents food & drug channels only.

Sources: IRI InfoScan® Reviews, New Products Launched February 2003 – January 2004

2003 – 2004 NON-FOOD PACESETTERS – BENEFITS

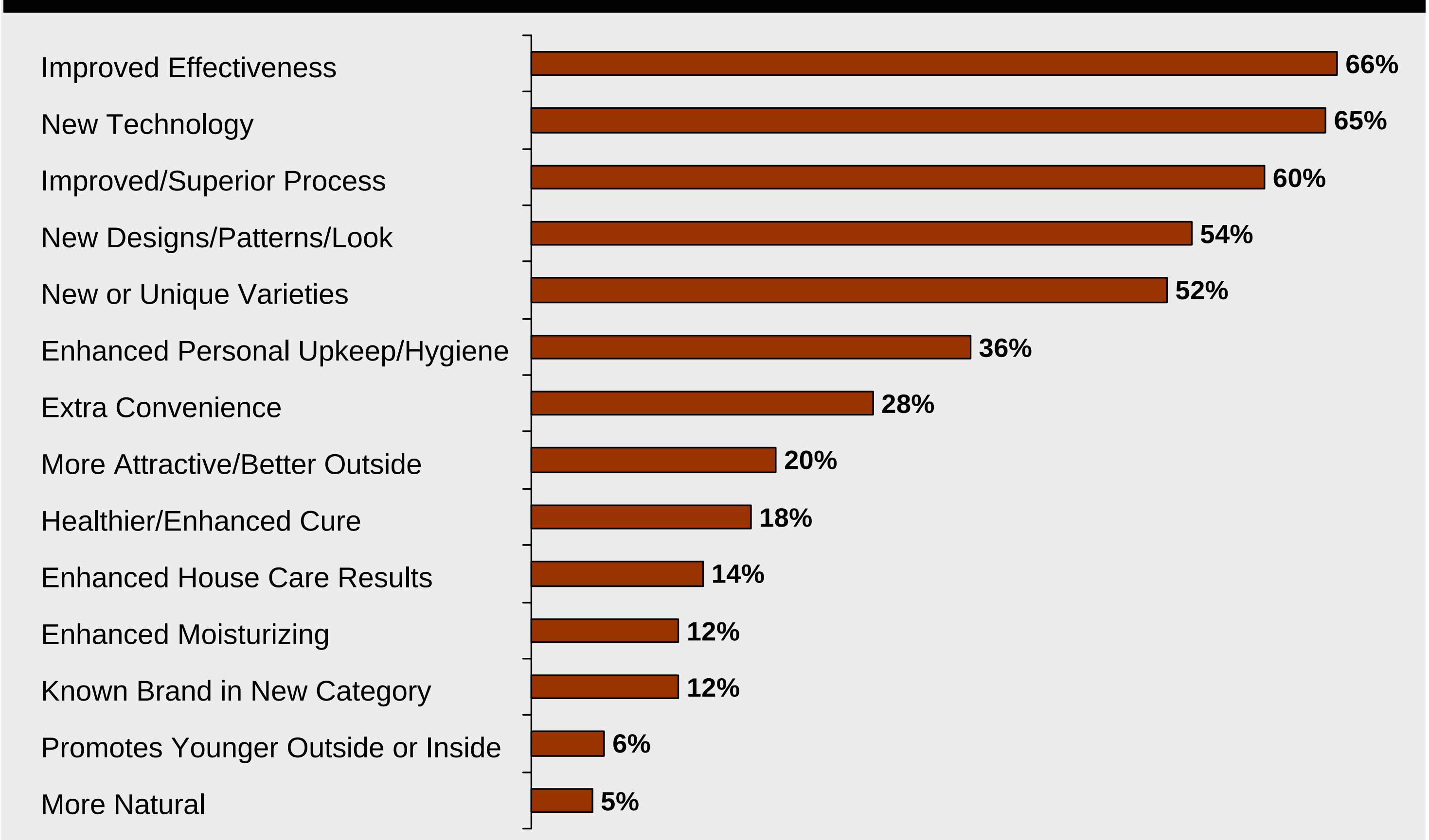
2003-2004 non-food Pacesetters met consumers' demand for continuous improvement in performance. The bar was raised across numerous categories this year through innovative new products: Prilosec OTC offers 24 hour heartburn relief with one pill. L'Oreal Double Extend Mascara offers to make lashes 60% longer. Crest Night Effects offers "a whiter smile for up to six months."

Consumers' desire for variety clearly extends into non-food products as well as food and beverages, with half of non-food Pacesetters offering new varieties. This was a big year for new scents. For instance, Coty's new Celine Dion fragrance was a successful Pacesetter this year, as were new deodorant scents, such as the Old Spice Red Zone line.

Convenience is also a major benefit sought by consumers in new non-food products. Products such as Clorox Bleach Pen and Scrubbing Bubbles Fresh Brush toilet bowl cleaner hit the mark.

Finally, products providing health and wellness benefits– both inside and outside– were well-received by consumers, as evidenced by the dominance of products with these benefits on the top 10 non-food Pacesetters list.

2003 – 2004 Non-Food New Product Pacesetters: Leading Benefits
% of Total Pacesetters Offering Benefit

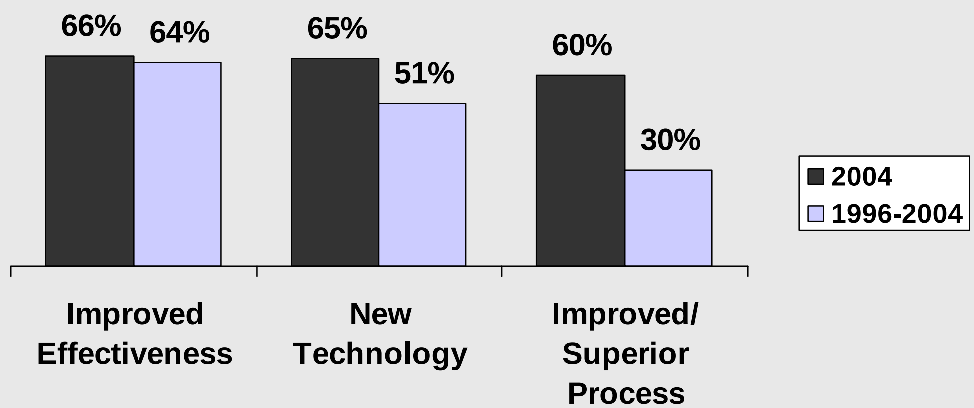


Sources: IRI InfoScan® Reviews, New Products Launched February 2003 – January 2004

2003 – 2004 NON-FOOD PACESETTERS – BENEFITS: IMPROVED PERFORMANCE

Throughout the past decade, consumer demand for improved performance has held steady, and manufacturers of non-food products have responded. This year, there was a significantly greater focus on improved processes, or method by which benefits are transferred to consumers, across categories. Examples include battery-operated Glade Wisp Home Air Fresheners, Gillette M3 Power razors, and Sonicare Elite Power Toothbrushes, with "high speed bristle motion."

Percent of Non-Food New Product Pacesetters Offering Performance Benefits



2003 – 2004 NON-FOOD PACESETTERS – BENEFITS: HEALTH & WELLNESS/HEALTHCARE

Among healthcare product categories, New Product Pacesetters history has shown that while the number of successful new healthcare product introductions may be relatively low, the year-one sales generated by many of these introductions -- particularly Rx-to-OTC switches -- are often spectacular. With year-one sales of $239 million across FDMx channels, Prilosec OTC is one of the most successful new product introductions in recent history. With a built-in base of prescription customers and major advertising and marketing initiatives, many switches quickly reach blockbuster sales. In fact, demand has been so great in recent switches that retailers faced shortfalls in supply and out-of-stock situations.

While Rx-to-OTC switch activity has been relatively slow over the past few years, the pace is expected to increase, given the FDA's stated objectives to convert more Rx products to OTC. And, switches are likely to enter whole new territories, including asymptomatic conditions, such as high cholesterol – creating new challenges and opportunities for both manufacturers and retailers.

Top Five Rx-to-OTC New Product Pacesetters, Year-One Sales (Mil$) *

Claritin (2003)	**$331**
Nicorette (1996)	**$253**
Nicoderm CQ (1998)	**$244**
Prilosec OTC (2004)	**$239**
Pepcid AC (1995)	**$238**

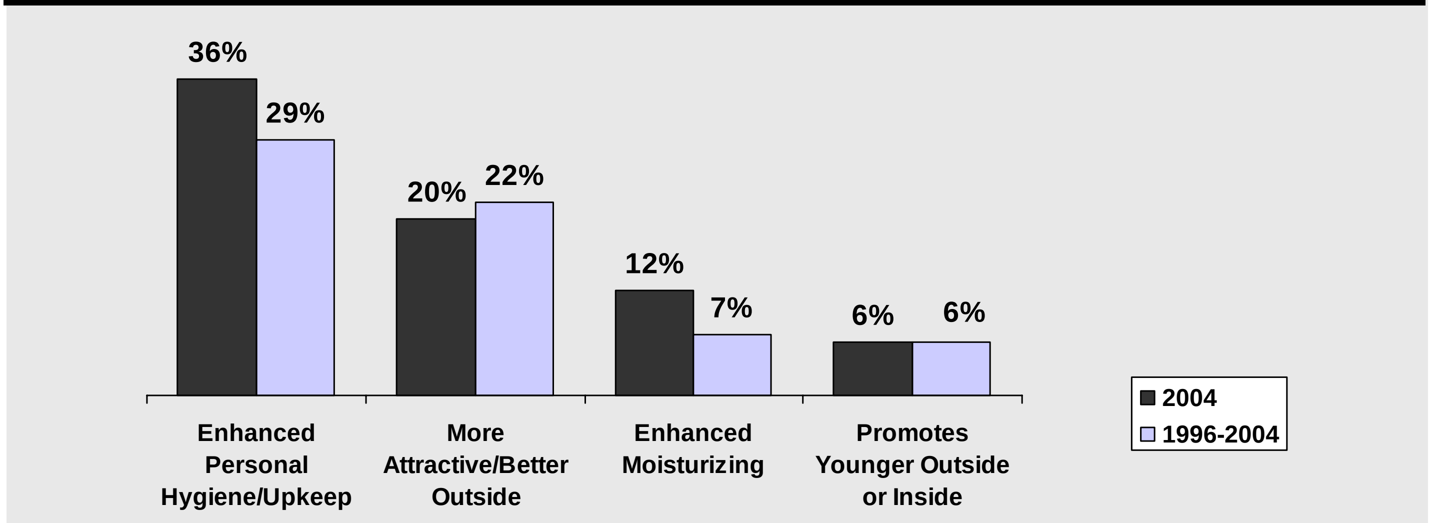
*Across Food, Drug, Mass channels including Wal-Mart through 2001; excluding Wal-Mart 2002-2004.

Sources: IRI InfoScan® Reviews

2003 – 2004 NON-FOOD PACESETTERS – BENEFITS: HEALTH & WELLNESS/PERSONAL CARE

Enhanced personal care benefits, including both beauty and personal hygiene, have been a common denominator of many of the most successful new products throughout New Product Pacesetters history, and are even more prevalent this year. Seven of the top ten non-food Pacesetters offer enhanced personal care benefits.

Percent of Non-Food New Product Pacesetters Offering Personal Care Benefits



Cosmetics, Skin Care, Toothbrush/Dental Accessories and Toothpaste led non-foods Pacesetter activity and have consistently been leading categories throughout the history of New Product Pacesetters – evidence that while consumers may not be increasing total spending in these categories (with the exception of skin care, whose FDMx dollar sales increased 3.5% in 2004), they are continually seeking new, better solutions that help them improve their appearance. Manufacturers who deliver are able to grow share.

Cosmetics

The most active non-foods category over the past decade, Cosmetics continues to be reinvented year after year driven by products delivering better performance.

While cosmetics products did not make this year's top ten New Products Pacesetters list, there were 17 cosmetic Pacesetters this year– illustrating the intense competition in these categories and manufacturer commitment to innovation.

Major successes this year delivered longer wear (eg. Maybelline Forever lip and nail products), longer, more lush lashes (eg. L'Orėal Double Extend Mascara, and Maybelline Sky High Curves), and foundations matching the spectrum of skin tones (L'Orėal True Match and Cover Girl Trublend).

Sources: IRI InfoScan® Reviews

2003 – 2004 NON-FOOD PACESETTERS – BENEFITS: HEALTH & WELLNESS/PERSONAL CARE

Skin Care

With two top ten non-food Pacesetters, 2003-2004 was a big year for skin care innovation, which was focused on helping consumers fight the aging process with advanced moisturizers and facial treatments – some previously available only at spas and dermatologist offices.

L'Oréal's Dermo Expertise line, for instance, which delivers results via a patented Biosaccharide complex, includes an at-home Refinish Micro-Dermabrasion kit, complete with an exfoliator and moisturizer. Olay Regenerist "regenerates the skin without such drastic measures as chemical peels, cosmetic surgery or laser."

While skin care has been absent from the top ten non-food Pacesetters list for the past few years, this year's results illustrate the exceptional sales potential for skin care products meeting targeted consumer needs. The strong consumer response to these new alternatives opens the door for more to follow suit.

Oral Care

Similar to cosmetics, consumers are not spending more money on toothbrushes, dental accessories and toothpaste; in fact, sales across these categories are flat or declining within FDMx channels. However, consumers are very willing to move spending across products and brands to achieve better results, including whiter teeth, fresher breath and more effective brushing.

This year, there are 20 oral care products on the New Product Pacesetters list. Oral care products have made the top ten list three years running with phenomenal sales results, further demonstrating the sheer power of real innovation, even in mature markets:

Oral Care: Recent Top Ten Non Food New Product Pacesetters FDMx Year-One Dollar Sales (Mil$)

Crest Whitestrips (2002)	$129.6
Listerine PocketPaks (2002)	$124.0
Crest Whitestrips Premium (2004)	$94.6
Colgate Simply White (2003)	$87.6
Crest Spinbrush (2002)	$69.2
Crest Whitening Expressions Toothpaste (2004)	$54.1
Crest Night Effects (2004)	$49.4
Colgate 2 in 1 Toothpaste (2002)	$34.1

2003 – 2004 NON-FOOD PACESETTERS – BENEFITS: HOUSE CARE

The proportion of non-food New Product Pacesetters offering enhanced house care results was relatively light this year – 14% versus a nine-year average of 21%. However, there were major new product success stories within house care and a strong momentum in early 2005.

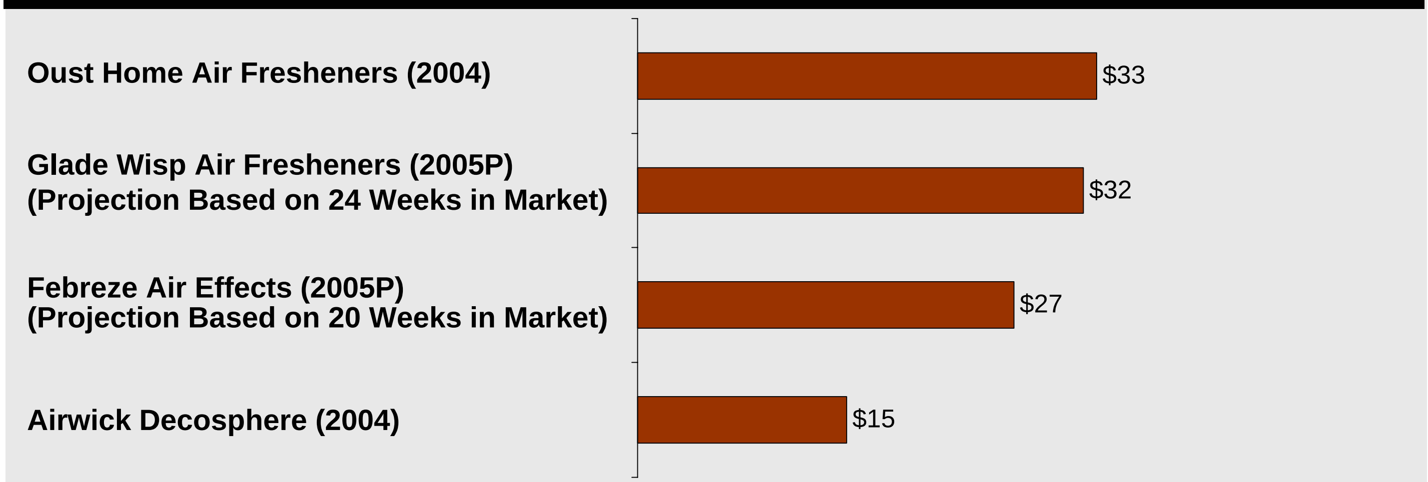
Sources: IRI InfoScan® Reviews

2003 – 2004 NON-FOOD PACESETTERS – BENEFITS: HOUSE CARE (CONT'D)

Air Fresheners

The air fresheners category has achieved phenomenal growth – largely as a result of continual innovation in new scents, new delivery systems, and new, more decorative packaging. Oust Home Air Fresheners, for instance, which boast the ability to eliminate odors, not simply mask them, turned in strong year-one sales with $33 million (in Food and Drug channels combined.) Airwick Decosphere's decorative frosted glass containers and "premium" scents were also well-received by consumers. Products with new delivery systems, including Glad Wisp Air Fresheners and Febreze Air Effects are already creating a stir with consumers and are expected to achieve strong sales in 2005.

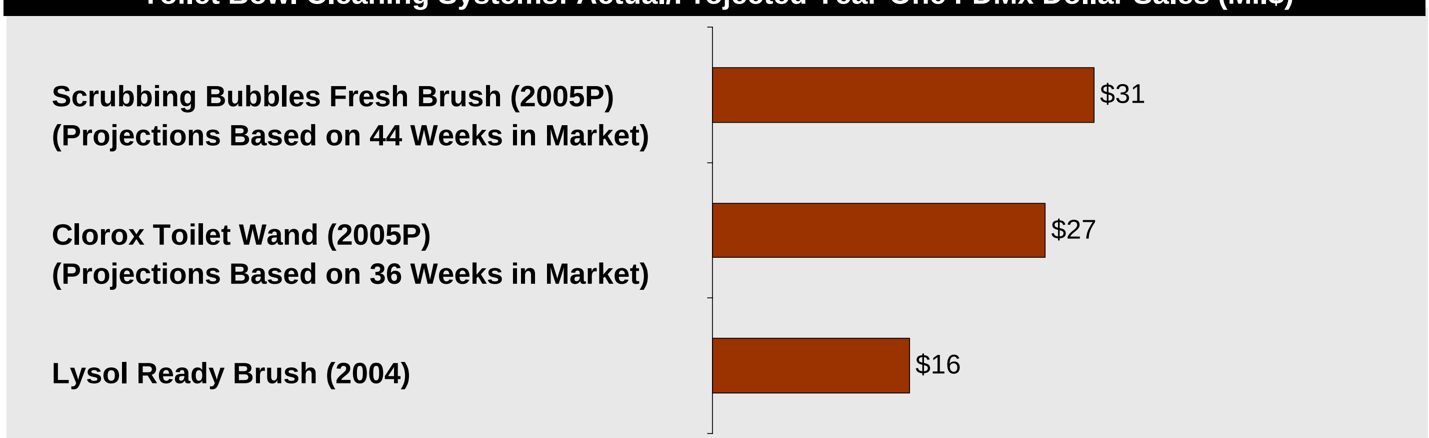
Air Fresheners: Actual/Projected Year-One Combined Food & Drug Channel Dollar Sales (Mil$)



Toilet Bowl Cleaners

New, more sanitary and more convenient toilet bowel cleaner systems have generated renewed interest in this category among consumers. Three major new product introductions have in essence created a whole new subcategory and have changed the way consumers clean. Significant growth can be expected in 2005.

Toilet Bowl Cleaning Systems: Actual/Projected Year-One FDMx Dollar Sales (Mil$)



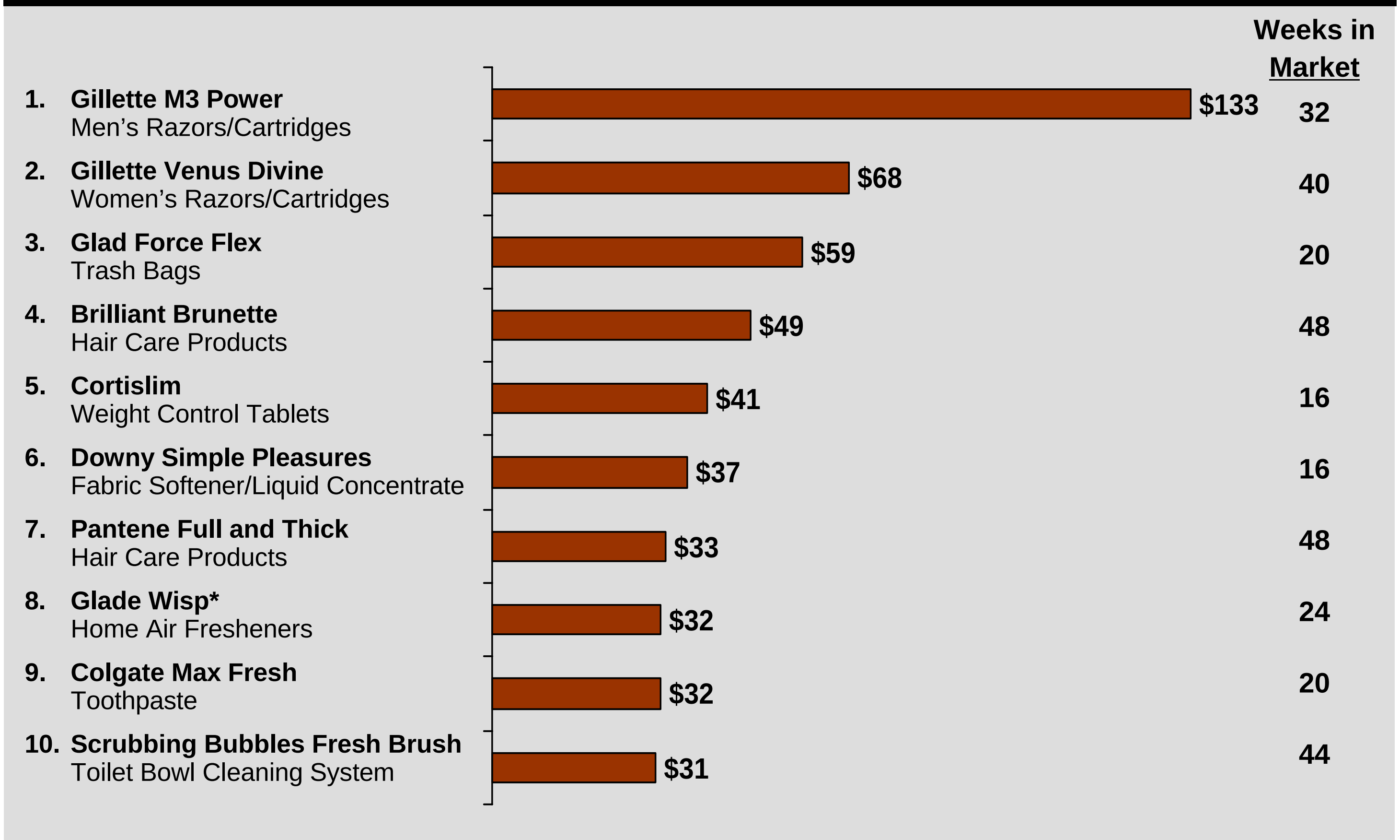
Sources: IRI InfoScan® Reviews

2004-2005 NON-FOOD PACESETTERS – BRANDS TO WATCH

Top ten non-food brands to watch in 2005, based upon sales projections, reflect a significantly different mix than this year's top ten list. House care products, which were absent from the 2003-2004 top ten list, will make a resurgence in the coming year, through a continuation of momentum that began last year in air fresheners and toilet bowl cleaners. Glad Force Flex trash bags, offering improved performance, are also headed for success, while Downy Simple Pleasures fabric softener is generating strong consumer interest with new scents.

Personal care product innovation is expected to continue to be highly active. New razors and cartridges from Gillette for both men and women will likely lead the pack, while new hair care products promising luster and vitality, will be welcomed by consumers.

2004 – 2005 New Product Pacesetters: Top 10 Non-Food Brands to Watch
Projected Year-One Dollar Sales (Mil$) Across Food, Drug, Mass (Excluding Wal-Mart)



*Reflects sales in food and drug channels only for Glade Wisp

Sources: IRI InfoScan® Reviews, FDMx sales from each brand's launch between Feb 04 and Dec 04, with latest quad-week projected to estimate total year-one sales.

NEW NON-FOOD PRODUCT OPPORTUNITY: TRENDS TO WATCH

A number of current and emerging trends will create new product opportunity and influence new product success over the next several years:

Enhanced Performance: A mainstay of non-food new product success for the past decade, the demand for enhanced performance across healthcare, personal care and house care categories will continue. In slow growth categories, major performance advances -- shorter time for relief in healthcare products, substantially whiter teeth, trash bags that hold up even with heavy, odd-shaped contents – are often the most successful path to brand and category growth.

Luster and Vitality: Among cosmetic, skin care and hair care categories, there is a growing demand for products that deliver luster and vitality. Consumers not only want to reduce the appearance of fine lines and wrinkles, they want their skin to glow and look rejuvenated. Similarly, they want thick, lush eyelashes and shiny, full hair. This is a new dimension to performance that will drive significant growth opportunity over the next few years.

Variety: Demand for variety will hold strong in the coming years. Whether addressing specific, targeted needs (such as oily versus dry skin) or offering new and varied scents, variety will remain a source of growth for brands across a number of non-food categories.

Do-It-Yourself: Within beauty care, personal care and healthcare, consumers will continue to seek more control and "do-it-yourself" opportunities to avoid the expense and inconvenience of requiring expert involvement. Within healthcare, in particular, self-care could take on a whole new meaning as consumers may need to self treat and self monitor for ailments with no obvious symptoms, such as high cholesterol.

Youth Focus: As the 71 million-strong Echo Boomers (Baby Boomers' children, now aged 10-27) move through their teen and young adult years, there will be tremendous opportunity for youth-oriented cosmetic, skin care and personal care products with both performance and novelty benefits.

Convenience: Major advances in convenience will continue to deliver brand and category growth, particularly within house care categories, as evidenced by recent successes of new, disposable toilet cleaning brush systems and all-purpose disposable household cleaner cloths.

RESOURCES

When evaluating new product opportunity, contact your IRI client service representative regarding custom analyses leveraging the following resources:

Issue	Source	Description
Optimize Product Attributes	**IRI Attribute Drivers™**	Uses a consumer-choice model to measure the effects of product attributes -- such as brand name, pack size and flavors -- on base sales volume; simulates impact of adding SKUS to the product line at the national level and determines attribute value to consumers.
New Product Testing	**IRI BehaviorScan®**	Industry-recognized in-market testing service that determines if new products and launch strategies are on target; manage new product risk by quantifying consumer response under real market conditions.
	Controlled Market Testing™	Tests new products in mid-size markets with broad retail representation across food, drug and mass merchandise outlets, with the option to test in-store variables at the same time.
Source of Volume	**IntroSource™**	Source of volume analysis for new products and line extensions; separates brand switching, increased category consumption among existing category buyers, and new category buyers.

QUESTIONS ABOUT THIS REPORT

Please forward questions and comments about this report to Sheila McCusker at sheila.mccusker@infores.com.