

## FOR IMMEDIATE RELEASE

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### Swiss Medica to launch new USA Distribution Channel

Swiss Medica announced today that it will launch a new distribution strategy in the USA focused on direct to consumer selling and distribution via medical professionals. In addition, Swiss Medica has decided to strategically exit the working capital intensive USA national pharmacy channel that caused the bulk of Swiss Medica's recent operational and financial difficulties.

Swiss Medica launched O24 Pain Neutralizer and O24 Fibromyalgia in 2005 in national pharmacy chains in the USA, after a similar successful launch in Canada. Swiss Medica made a large investment in upfront inventory for the retailers in advance of the launch, spent several millions dollars on radio and other mainstream marketing in the USA and carried receivables from pharmacies for six months plus in most cases. Swiss Medica's unsuccessful experience with USA retailers were due to:

- 1) Mainstream short-form radio marketing that could not differentiate O24's superior efficacy and science from its competitors.
- 2) An overinvestment in inventory for re-orders that did not materialize
- 3) Predatory supplier practices of large pharmacies who charged large fees without approval, returned inventory that was damaged for full credit and had extremely slow payment processes for small manufacturers. Swiss Medica continues to pursue collections from its USA national pharmacy customers.

Swiss Medica recognized that the national pharmacy retail channel is not the most appropriate channel in the United States for O24 whose unique patent and clinical/medical trials need to be explained in detail in formats such as the 1 hour branded radio shows that were successful in Canada, but are not as available in the United States. In addition O24's efficacy can be best proven by using a towelette sample of O24.

The USA direct to consumer marketplace is the most developed and elaborate in the world, allowing manufacturers many means to bypass retailers and access consumers directly. Swiss Medica is working to launch the distribution of O24 with a major USA-based direct to consumer marketing organizations which focus on marketing products through mailing samples of products to the millions of customers in their database and then auto-shipping regular orders of products to customers who opt-into the re-order program. This company chose O24 after an extensive product due diligence process and has estimated that it can build a large regular direct order business for a private label O24 due to the extremely high efficacy and customer satisfaction after the use of a single compact O24 towelette. Another pain relief product distributed by the same company experienced initial demand that translated in several million dollars of annualized wholesale revenues to the manufacturer.

The direct to consumer channel is much more attractive to Swiss Medica due to lower investments in upfront inventory, better payment terms from direct to consumer marketing partners and no need to spend consumer marketing dollars in the United States.

**About Swiss Medica, Inc.**

Swiss Medica is a specialty pharmaceutical company focused on commercializing over-the-counter clinically-tested, patented all-natural products that relieve chronic ailments. Swiss Medica builds its brands through innovative and focused distribution and marketing strategies. Swiss Medica's mission is to be a world leader in the commercialization of over-the-counter, safe and effective chronic ailment treatments. Please visit our websites at [www.swissmedica.com](http://www.swissmedica.com) and [www.O24zone.com](http://www.O24zone.com)

Swiss Medica's flagship product, the O24 Essential Oil Pain Neutralizer, holds US Patent #6,444,238B1. The O24 pain relief solution has been used and recommended for its fast-acting and long-lasting benefits by healthcare professionals and athletes in the United States, Canada and in Europe. O24 is widely available over-the-counter throughout the United States and Canada in leading pharmacies and other retailers. Customers can also visit [www.O24zone.com](http://www.O24zone.com), for ordering details and store locators for the nearest pharmacy.

Swiss Medica also launched the patented O24 Fibromyalgia pain reliever (US Patent #6,444,238B1) over-the-counter in North American retailers. The National Fibromyalgia Association (NFA) awarded O24 Fibromyalgia their first NFA Seal of Approval. Over 10 million Americans suffer from the long-term pain associated with Fibromyalgia. In a randomized double blind clinical trial conducted in 2005, 88 per cent of the patients who used O24 Fibromyalgia reported mild to markedly better improvement, versus only 7 per cent who used the placebo. Customers can also visit [www.O24zone.com](http://www.O24zone.com), for ordering details and store locators for the nearest retailer.

*Forward-looking statements in this news release are made pursuant to the "Safe Harbor" provisions of the United States Private Securities Litigation Reform Act of 1995. Investors are cautioned that such forward-looking statements involve risks and uncertainties, including, without limitation, risks relating to acceptance of Swiss Medica's products in Canada, the United States and other countries, risks related to international sales and purchases and potential foreign currency exchange fluctuations, acceptance of Swiss Medica's products, increased levels of competition, dependence on intellectual property rights and other risks detailed from time to time in Swiss Medica's periodic reports filed with the United States Securities and Exchange Commission and other regulatory authorities.*

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