

Master Settlement Agreement Triennial Meeting

truth® or
Consequences

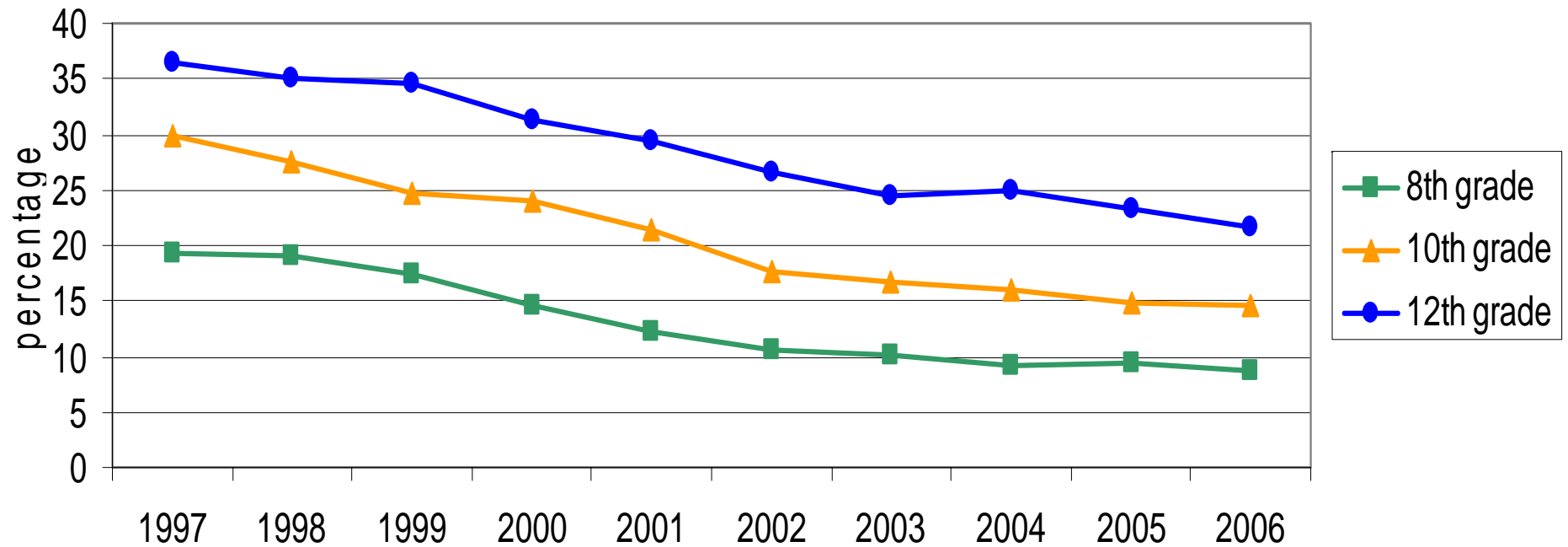


Cheryl G. Heaton, Dr. P.H., President & CEO
American Legacy Foundation

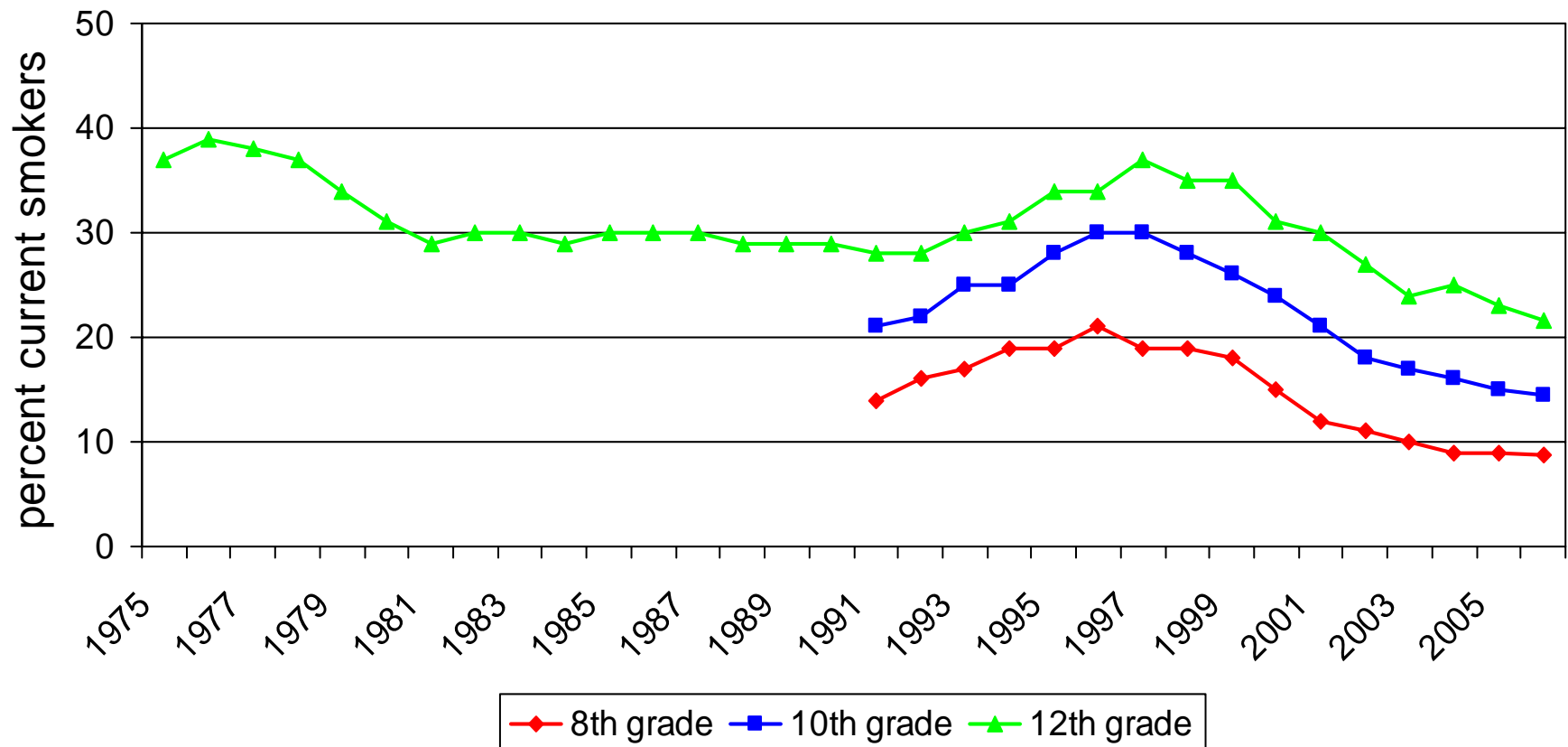
October 16, 2007

Trends in U.S. Tobacco Use by Youth

Youth current cigarette smoking prevalence by grade, 1997-2006



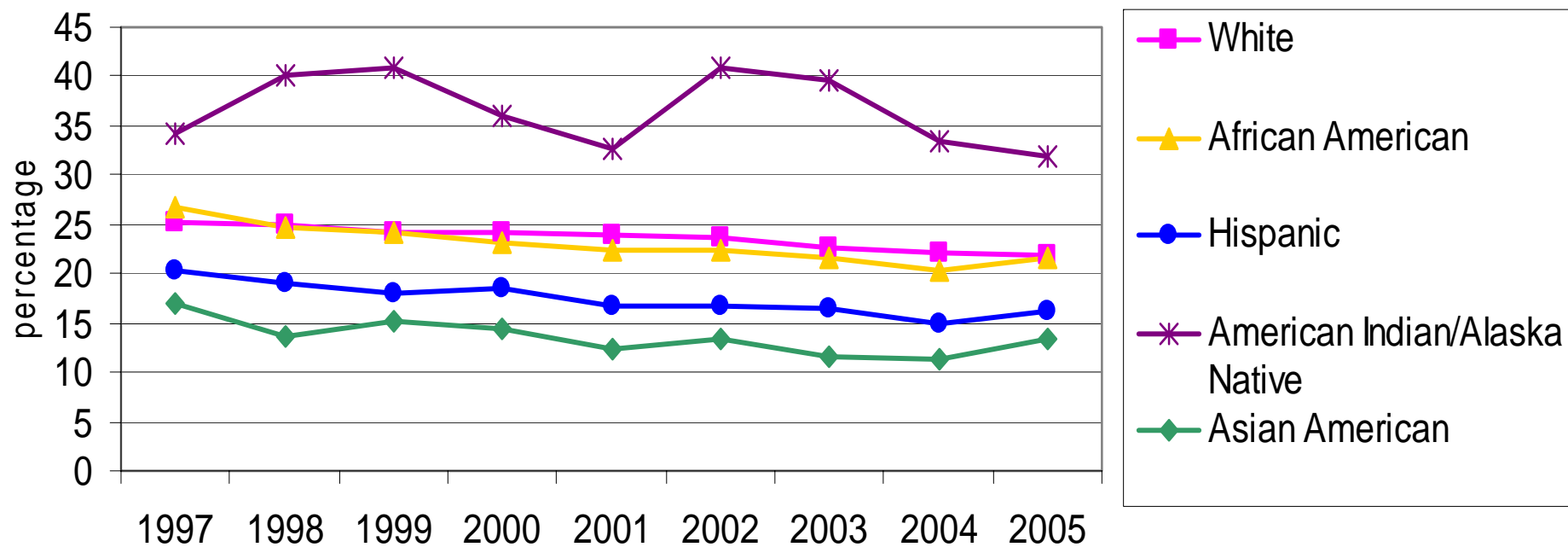
Youth Smoking Rates, 1975-2006



Data source: *Monitoring the Future*
Information for 8th and 10th grade respondents was not collected until 1991.

Trends in U.S. Tobacco Use by Adults

Adult current cigarette smoking prevalence by race, 1997-2005



Ending the Tobacco Problem: A Blueprint for the Nation

- **Steps to dramatically reduce tobacco use**
- **Reduce subsequent human and economic toll of tobacco**
- **Calls for new and innovative approaches**
- **But we must master the political will to see them through**

Two IOM Report Recommendations Focus on Effective Counter-Marketing Media Campaigns

- **National youth smoking prevention effort**
- **States collaborating with national organizations to educate the public on cessation**

Two IOM Report Recommendations Focus on Effective Counter-Marketing Media Campaigns

- **To Keep Youth from Starting to Smoke**

Recommendation 15: “A youth-oriented media campaign should be funded on an ongoing basis as a permanent component of the nation’s strategy to reduce tobacco use.”

“The campaign should be implemented by an established public health organization with funds provided by the federal government , public-private partnerships, or the tobacco industry (voluntarily or under litigation settlement agreements or court orders) for media development, testing, and purchases of advertising time and space.”

Two IOM Report Recommendations Focus on Effective Counter-Marketing Media Campaigns

- **Helping Adult Smokers to Quit**

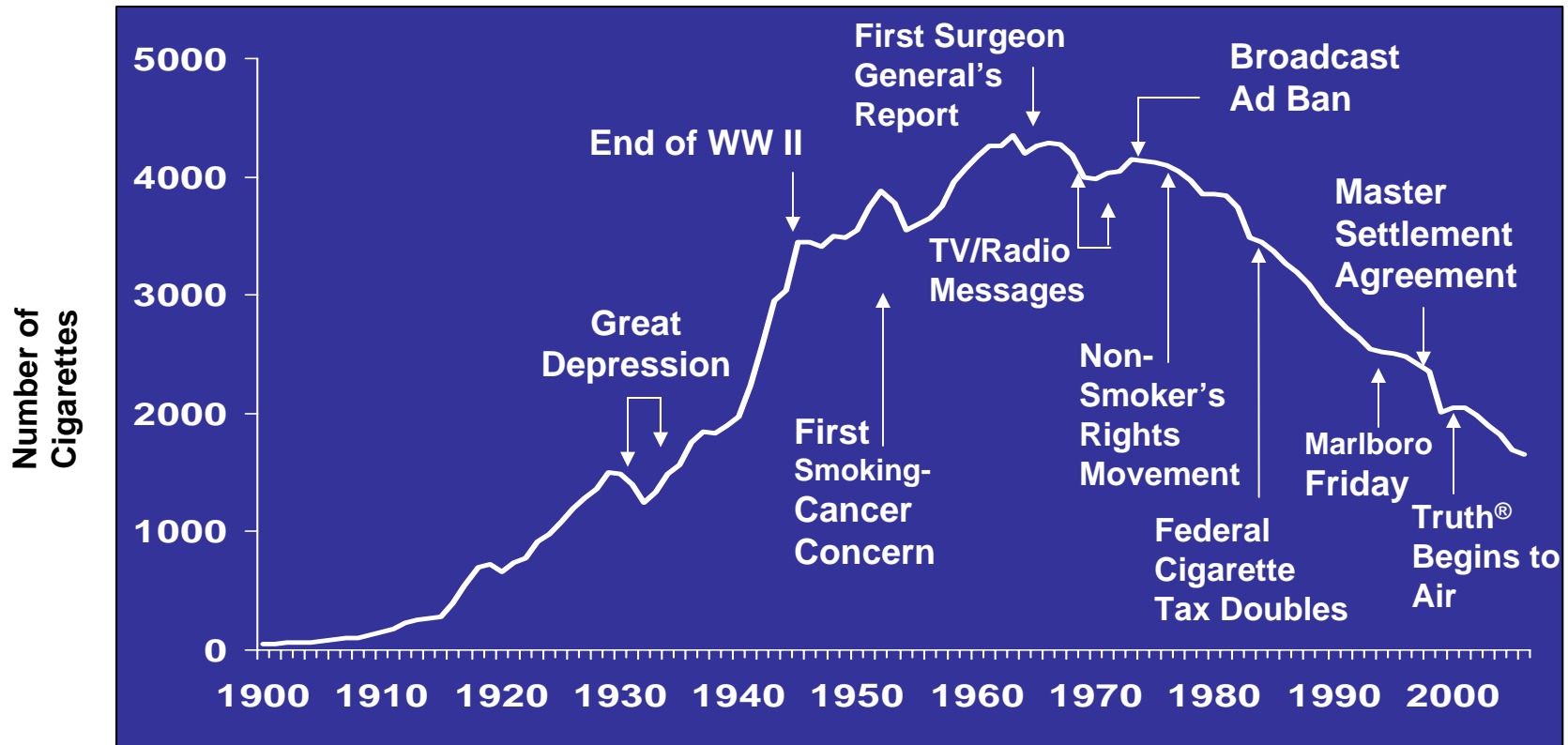
Recommendation 16:

“State tobacco control agencies should work with health care partners to increase the demand for effective cessation programs and activities through mass media and other general and targeted public education programs.”

History of Counter-Advertising and Tobacco

- **Fairness Doctrine Advertising 1968-1970**
 - **1 anti-smoking commercial for every 3 tobacco commercials**
 - **\$75 million in advertising in 2 years**
 - **5% decline in tobacco consumption**
 - **3% reduction in teen smoking prevalence**
 - **Rebound in smoking once public health ads were off the air**

Adult Per Capita Cigarette Consumption and Smoking-and-Health Events, 1900-2006



Not All Tobacco Counter-Advertising is Created Equal

- **The message matters**
 - Health effects vs. social norms vs. counter-industry
- **Media placement is critical – open to smoking youth and current smokers**
- **Brand & source of information must be credible**

Successful truth® Campaign

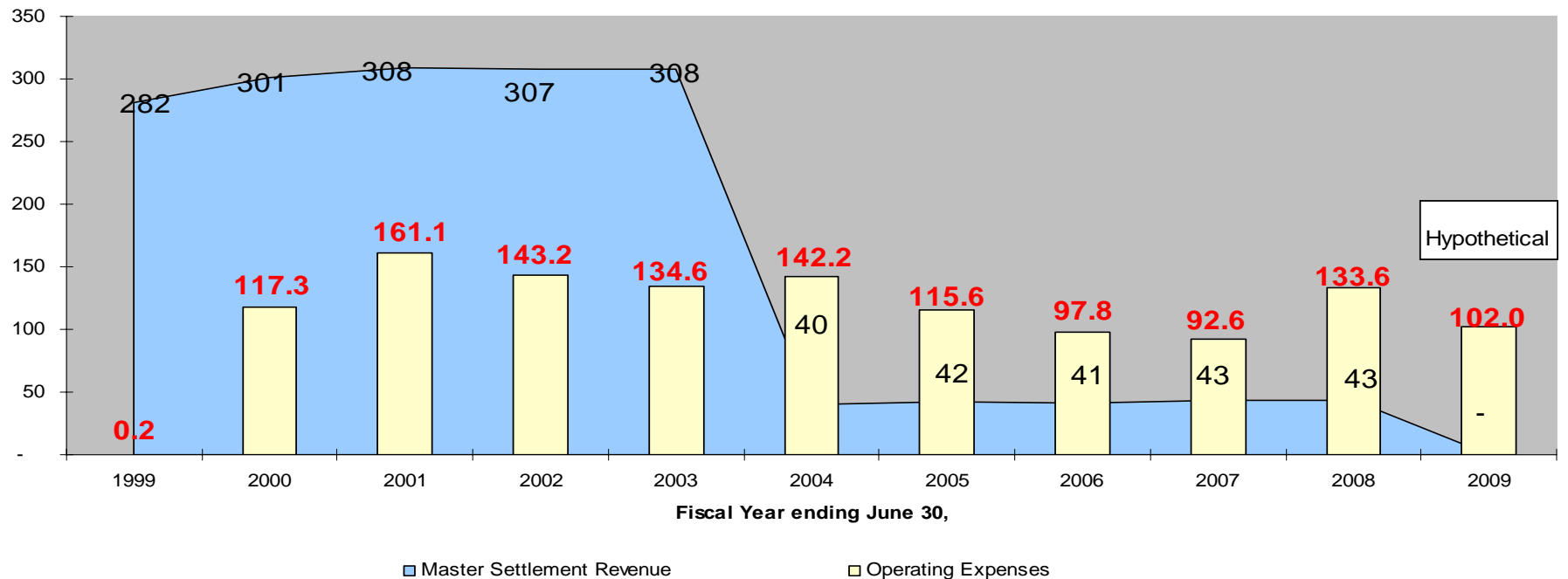
- **Responsible for 22% of the overall decline in smoking rates in the campaign's first two years (2000-2002)**
- **Similar results in subsequent years**
- **Fiscally imperiled by the 99.05 sunset clause**
- **Department of Justice asked Federal Courts for \$4 billion to support truth**

The Tobacco Industry Spends in Marketing and Promotions

- **Nearly \$36 million dollars *a day***
- **More than the American Legacy Foundation spends on our truth® campaign in *one year***

Legacy Funding Cliff (Millions)

	Actual Activity for Years Ended June 30,									Approved Budget	Hypothetical	Total
	<u>1</u> 1999	<u>2</u> 2000	<u>3</u> 2001	<u>4</u> 2002	<u>5</u> 2003	<u>6</u> 2004	<u>7</u> 2005	<u>8</u> 2006	<u>9</u> 2007	<u>10</u> 2008	<u>11</u> 2009	Total
Settlement Revenues	282	301	308	307	308	40	42	41	43	43	-	1,715
Expenses	0.2	117.3	161.1	143.2	134.6	142.2	115.6	97.8	92.6	133.6	102.0	1,240



Truth® Litigation

- **Legacy has been vindicated in its long-running litigation with Lorillard Tobacco Company. Both Philip Morris and RJ Reynolds had attempted a late stage effort to file a supporting brief in the case, which was denied.**
- **Thank you again for your support. Nearly three dozen AGs filed two supporting Amicus Briefs on our behalf.**

Maximize Every Dollar Spent

- **Viacom is a vital partner – helping us to reach our 12-17 “open to smoking” youth target audience**
- **In communities where cable television penetration is low, we are working with the Centers for Disease control and Prevention to amplify truth® for teen audiences who need its messages most.**
- **Legacy is increasing its advertising in 41 cities including young people in surrounding smaller communities which typically have less exposure to such campaigns.**

Become an *EX*®

- **Public private alliance of states and partners in public health, tobacco control, and the private sector**
- **A new national smoking cessation campaign, *EX*®, will apply the same innovation to smoking cessation that made truth® a model for youth tobacco prevention campaigns, with the goal of changing social norms**

***EX*® Pilot Evaluation Results**

- **Demonstrated ability to increase consumer demand for quitlines and website**
 - Increased call volume
 - High demand for web cessation services
- **Positive response to *EX*® ads and brand across all sites and across race/ethnicity**
- **Significant changes in key attitudes among those aware of *EX*® campaign**

Other Key Initiatives

- Partnering with the Advertising Council to address second hand smoke
- *Code Blue for Lung Cancer*
- Legacy's innovative grants program has provided over \$120 Million to states and organizations to help reframe the way communities across the country view tobacco.
- A new Legacy-funded institute has been created- the Steven A. Schroeder National Institute for Tobacco Research & Policy Studies

Legacy Tobacco Industry Documents Library at the University of California at San Francisco

- **A vast archive containing millions of once-secret tobacco industry documents about the advertising, manufacturing, marketing, sales and scientific research of these deadly products.**
- **The landmark Minnesota case made the release of these documents possible followed by the MSA disclosure process which has made documents available through 2010.**

Smoking in the Movies

- The MSA recognized the enormous impact film has on our culture and banned paid tobacco product placement in movies in 1998, FTC strengthened its rules.
- Legacy co-funded a three-year research initiative at Dartmouth University on the impact of smoking in movies viewed by our youth.
- Meaningful momentum has been gained this year to limit smoking in movies. General Joseph Curran – and now General Doug Gansler – and 40 other Attorneys General – and Congress have championed this cause to positive effect.
- The IOM Report also supports strong action on this issue.
- Cautionary Notes:
 - “Brand” placement is not needed to boost smoking.
 - Depicting health consequences in the film does not mediate the effect of smoking.
 - Good guy or bad guys – it still promotes smoking.

MSA Enforcement as a Key Consumer Protection and Public Health Tool

- In 2004, New York, Ohio and Maryland took the lead in protecting largely minority youth from the KOOL Mixx hip-hop campaign**

MSA Enforcement as a Key Consumer Protection and Public Health Tool

- **In 2006, General Lisa Madigan and then- General Elliot Spitzer's led 46 AGs in a settlement with RJ Reynolds, taking flavored cigarettes off the market.**

Camel No. 9

- **Members of Congress and the Attorneys General have been vocal critics of this**
- **Legacy recently lead over 45 women's and public health organizations and unions in demanding that RJ Reynolds pull Camel No. 9 from production.**
- **Congresswomen Lois Capps and dozens of her colleagues in the House of Representatives have also challenged the women's magazines to decline Camel No. 9 advertising.**

MSA Spending

- **Low in proportion to settlement costs.**
- **Few states meet recommended per capita spending.**
- **States with successful programs defunded or increases defeated (e.g., California).**

Conclusions of Judge Kessler

- **“...over the course of more than 50 years, Defendants lied, misrepresented, and deceived the American public, including smokers and the young people they avidly sought as “replacement smokers,” about the devastating health effects of smoking and environmental tobacco smoke, they suppressed research, they destroyed documents, they manipulated the use of nicotine so as to increase and perpetuate addiction,**

Conclusions of Judge Kessler (Cont.)

- **...they distorted the truth about low tar and light cigarettes so as to discourage smokers from quitting, and they abused the legal system in order to achieve their goal – to make money with little, if any, regard for individual illness and suffering, soaring health costs, or the integrity of the legal system.”**

truth® or consequences

- **Conclusion**
- **Thank you**