

Tax Exempt Social Marketing and Mercantile Profits

The Robert Wood Johnson Foundation Connection To Nicotine Replacement Therapy

Nicorette and NicoDerm CQ currently enjoy a \$28.65 per box profit advantage for "Smoke Free" nicotine because such products do not pay \$3.90 federal tax, \$4.50 MSA charges, or \$20.25 Washington tax that tobacco companies do.

What is the economic value of the "Smoke Free" nicotine market to GlaxoSmithKline, Pfizer, Pharmacia, and Johnson & Johnson? Assume that just 20 percent of 46.5 million Current Smokers buy one box of Nicorette or NicoDerm CQ for one attempt to quit. Those 9.3 million smokers would produce \$266,445,000 in revenues from the \$28.65 cost advantage *before ordinary profits*. Today's market for NRT products would approach *one-half of its current size*, (26.9 million smokers) had preceding 1965 - 1992 quit trends before ASSIST interventions merely continued.

The RWJ foundation has awarded \$446 million in grants to tobacco control advocates since 1993, including millions to Project ASSIST's na-

tionwide manager, the American Cancer Society? June 1994 RWJ foundation grantee Washington DOC testified in support of office smoking bans.

January 1994 the corporate namesake of the foundation, Johnson & Johnson, reached an agreement to market Pharmacia's Nicotrol product line through its McNeil Consumer Products subsidiary. The foundation also actively financed Project ASSIST tobacco control advocates. See product announcements below plus Value *Line* report and 1996 grants list on page 41. As the largest shareholder of Johnson & Johnson the foundation stood to profit from the company's increased Nicotine Replacement Therapy product sales while it was Social Marketing tobacco control advocacy.

The RWJ foundation's continuing vested mercantile interests in supporting tobacco control are presented through the fact that Johnson & Johnson subsidiary ALZA Corp. manufactures NicoDerm CQ for GlaxoSmithKline (see information at bottom.)

Philadelphia Business Journal, Septemebr 28, 1998, **"Helping Smokers End Their Rituals"**

"McNeil reached an agreement to market Pharmacia's line of Nicotrol products in January 1994. Terms of that deal were not disclosed." (Underline added.)

Doctor's Guide March 26, 1996 **"NICOTROL NS Nicotine Nasal Spray Cleared for U.S. Marketing"**

"FORT WASHINGTON, Pa. — March 26, 1996 — McNeil Consumer Products Company announced today that NICOTROL(R) NS, a prescription nicotine nasal spray, was cleared for marketing by the U.S. Food and Drug Administration. NICOTROL NS, the first nicotine nasal spray to be introduced in the United States, is indicated as an aid to smoking cessation for the relief of nicotine withdrawal symptoms."

San Antonio Business Journal February 27, 1998 **"Nicotrol Inhaler being introduced in United States"**

"McNeil Consumer Products, a Johnson & Johnson company, has launched the Nicotrol Inhaler as a prescription product in Houston this week, . . . The product is a form of nicotine-replacement therapy. San Antonio-based Advanced Therapeutic Products Inc. developed the patented nicotine technology . . ."

Note: February 8, 2006 GSK announced its 2005 Q4 operating profit is up 20 percent from previous year at £1.6 billion (USD \$2.9 billion). The company also announced it had bought back £1 billion of its stock in 2005 and expects to buy back another £1 billion in 2006. 2005 "Smoking Control" revenues were £336 million (USD \$611 million.)

THEFT SURVEILLANCE TAG AREA

PLACE ANTI-THEFT STICKER HERE

Box Added

Manufactured by ALZA Corporation, Mountain View, CA 94035 for GlaxoSmithKline Consumer Healthcare, L.P. (McNeil Township, PA 15108 Made in the U.S.A. ©2005 GlaxoSmithKline

See inside.

Redacted For Excerpt

For your family's protection, Nicotrol NS is a prescription drug. See inside for full treatment instructions. Do not use if you are pregnant or nursing a new baby every day.

3. Use with a support program as directed. See enclosed User's Guide.

NICODERM CQ

TO INCREASE YOUR SUCCESS IN QUITTING:

1. You must be motivated to quit.
2. Complete the full treatment course by using a new patch every day.
3. Use with a support program as directed. See enclosed User's Guide.



NOTE: The distributor for NicoDerm CQ is GlaxoSmithKline. That company was formed through the merger of Glaxo Wellcome (Zyban) and Smith Kline Beecham (Nicorette, NicoDerm CQ and Commit)

1991

Timeline and History



FDA Approves Nicoderm®

The FDA approves for marketing the first nicotine transdermal system, Nicoderm® (nicotine), a smoking cessation aid for the relief of nicotine withdrawal symptoms.



NOTE: The reported cost to Johnson & Johnson to acquire ALZA Corp. was \$10.5 billion.

2001

Timeline and History



ALZA Becomes a Member of the Johnson & Johnson Family of Companies

ALZA continues as a leader in the development and manufacture of pharmaceutical products incorporating its novel, proprietary drug delivery technologies for its partners in the global healthcare industry.

Robert Wood Johnson Foundation Annual Report 2000

"President's Message: Grantee Testimonials"

Matthew Myers, President National Center for Tobacco-Free Kids
www.rwjf.org/files/publications/annual/2000/president-grantee-1.html

"The Center's use of social marketing and paid advertising have broken new ground for the movement."

Robert Wood Johnson Foundation 2003 Anthology, Chapter 5

"The Center for Tobacco-Free Kids and the Tobacco-Settlement Negotiations."

www.rwjf.org/files/publications/books/2003/chapter_05.html

Page 2: "In 1991 the foundation awarded a grant to Stop Teenage Addictions to Tobacco. Two years later, it began funding the SmokeLess States® National Tobacco Policy Initiative. . . . Among other techniques, the program seeks to increase the excise tax on cigarettes and the number of places having a smoke-free environment."

"The Robert Wood Johnson Foundation's Assault on Smoking"

http://www.rwjf.org/files/publications/books/2005/chapter_01.pdf

Page 4: "Since the early 1990s, the Robert Wood Johnson Foundation has funded nearly 522 grants out of its tobacco-control portfolio, ranging from . . . to \$99 million for SmokeLess States® . . ."

Page 6: Total grants over \$1 million summed at **\$446,398,504**