



July 1, 2001 05:00 EASTERN

## **Star Scientific Applauds Canadian Tobacco Regulations, Virginia's "No Id, No Tobacco" Initiative; Receives BATF License for Chase City Ariva Manufacturing Facility**

CHESTER, Va.--(BUSINESS WIRE)--July 3, 2001--Star Scientific, Inc. (NASDAQ: STSI) released the following comments by Paul L. Perito, Chairman of the Board, President and COO:

"Star Scientific applauds the successful efforts of the Canadian Health Ministry and Health Minister, Alan Rock, to provide all adult consumers of tobacco products in Canada with clear and meaningful information about both product content and the serious health risks linked with the use of conventional tobacco products. We continue to believe that the right to make fully informed choices about consuming tobacco-containing products should be available to all adult tobacco users, both in Canada and in the US, and throughout the world. Star Scientific is, and has been, the leader in voluntarily making available extensive information about tobacco and smoke constituents and related health risks on its Advance (R) packaging and 'informational insert'. We intend to provide the same kind of candid and thorough information to adult tobacco users about our two flagship smokeless tobacco products, Stonewall(TM) and ARIVA(TM), that we have provided to purchasers of our Advance(R) all very low-TSNA cigarette.

We were very pleased to read, therefore, that the Canadian Health Ministry will require all cigarette packaging to disclose six primary toxic constituents, including tar. Tar contains hundreds of chemicals including tobacco specific nitrosamines (TSNAs), which scientists throughout the world have acknowledged are among the most potent and abundant carcinogens in tobacco leaf and smoke. We also applaud the new additional requirement that smokeless products in Canada list the TSNA levels in those products.

Star Scientific believes that in a world where 1.2 billion people continue to take tobacco smoke deeply into their lungs each day, and where four million people die prematurely of smoking-related diseases each year, there is an urgent need to reduce the toxicity of all tobacco products to the maximum extent possible, given available emerging technologies. Star Scientific has scaled up what we and others believe is the cutting-edge technology (StarCured(TM)) to significantly lessen the toxicity of smoked and smokeless tobacco products by dramatically reducing the TSNA content.

Independent scientific advisors and members of the public health communities in both North America and Western Europe urged us to move rapidly to develop smokeless tobacco products, because the risk to human health increases greatly when tobacco smoke is inhaled into the lungs. Smokeless products, on the other hand, are not combusted. Many researchers believe that TSNAs may be the most significant, if not the only significant, carcinogens in conventional smokeless tobacco. In contrast to conventional smokeless products, our moist snuff product, Stonewall(TM), and our compressed hard-snuff product, ARIVA(TM), will have TSNA levels that are more than 95% lower than those in conventional snuff products currently sold in the United States.

When the pre-test marketing scientific testing and analyses have been completed, we intend to introduce ARIVA(TM) in two limited test markets in Richmond, VA and Dallas, TX. Since this novel smokeless tobacco product is intended only for adult users of tobacco products, it will be manufactured in child-resistant packaging, and with labeling that states 'not for sale to minors'. In this regard, we also applaud the 'No ID, No Tobacco, No

Excuses' campaign that was launched yesterday in the Commonwealth of Virginia. We believe that consistent enforcement of proof of age requirements, together with dialogue between parents and their children about the health hazards related to tobacco use, are powerful weapons in the struggle to prevent tobacco use by minors. The Policy Statement that was approved unanimously by our Board of Directors in 1999 states prominently, 'Star Scientific is committed to working with the public health community, the FDA and other federal regulatory agencies in seeking to prevent the use of tobacco products by children and adolescents'.

We will observe closely the important moves forward by both the government of Canada and the Commonwealth of Virginia, and we will continue to advocate comprehensive, meaningful regulation of both tobacco product content and labeling by our own government under the authority of the US Food and Drug Administration. While certain other tobacco companies apparently want only limited oversight of all tobacco containing-products by the FDA, Star believes such legislation would short-change both the American public and the public health and scientific communities."

The company also announced that, in anticipation of the launch of its smokeless tobacco products, it is completing the installation of state-of-the-art manufacturing equipment at its expanded Chase City, Virginia facility to manufacture and package the hard-snuff cigarett (TM), ARIVA(TM), under a recently issued manufacturing license for that facility from the Bureau of Alcohol, Tobacco and Firearms (BATF) of the Department of Treasury. The company's Petersburg facility also has received new equipment to manufacture Stonewall (TM) moist snuff.

Mr. Perito commented that Star's long-term business plan mandates its focus on Star's two smokeless products, ARIVA(TM) and Stonewall(TM). He commented further that this is a natural outgrowth of the development of the patented StarCured(TM) tobacco curing process, which yields non-combustible tobacco products with TSNA levels that Star believes are the lowest in the world, measured in parts per billion.

This press release contains certain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. The Company has tried, whenever possible, to identify these forward-looking statements using words such as "anticipates", "believes", "estimates", "expects", "plans", "intends" and similar expressions. These statements reflect the Company's current beliefs and are based upon information currently available to it. Accordingly, such forward-looking statements involve known and unknown risks, uncertainties and other factors which could cause the Company's actual results, performance or achievements to differ materially from those expressed in, or implied by, such statements. These risks, uncertainties and contingencies include, without limitation, the fact that the Company may not be successful in litigation to enforce its patent rights, that tobacco companies and others potentially infringing its patent may not enter into royalty agreements to sublicense its patents, that the tobacco industry may not adopt low-TSNA tobacco as its predominant tobacco rapidly or at all, or that a non-infringing product competitive with the patents may be developed by a third party. Other risks of the business include the challenges inherent in new product development initiatives, the Company's ability to raise the capital necessary to grow its business, potential disputes concerning the Company's intellectual property, potential delays in obtaining any necessary government approvals of the Company's proposed reduced risk tobacco products, market acceptance of the Company's proposed new products, competition from companies with greater resources than the Company, the Company's decision not to join the Master Settlement Agreement ("MSA") and its decision to challenge the constitutionality of the MSA, the effect of state statutes adopted under the MSA and any subsequent modification of the MSA, the Company's dependence on key employees and on its strategic relationships with Brown &

Williamson Tobacco Corporation. The impact of potential litigation, if initiated against or by individual states that have adopted the MSA, could be materially adverse to the Company. See additional discussion under "Factors That May Affect Future Results" in the Company's Annual Report on Form 10-K for the year ended December 31, 2000, and other factors detailed from time to time in the Company's other filings with the Securities and Exchange Commission. The Company undertakes no obligation to update or advise upon any such forward-looking statements to reflect events or circumstances after the date of this press release or to reflect the occurrence of unanticipated events.

---

**Contact:**

Christopher G. Miller  
415-271-5922  
email: [CMiller@starscientific.com](mailto:CMiller@starscientific.com)  
or  
Sara Troy Machir  
301/654-8300  
email: [smachir@starscientific.com](mailto:smachir@starscientific.com)