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Press Release

Star Scientific, Inc. Reports Second Quarter Results, Continues National Rollout of Ariva

Star Scientific, Inc. (NASDAQ:STSI) yesterday filed with the Securities and Exchange Commission its Form 10-Q reporting the results of its second fiscal quarter. The company generated sales of \$37,198,987 in the second quarter, a \$3,678,627 increase from the first quarter. Operating expenses, however, increased during the same period, from \$7,455,399 in the first quarter to \$9,513,961. The resulting net income reported was a loss of \$1,637,415.

Christopher G. Miller, Star's Chief Financial Officer, commented that Star's investment in the national distribution and marketing of ARIVA(TM) smokeless tobacco cigalett(TM) bits was one of the primary reasons that Star had a net loss for the second quarter. Mr. Miller added that the decline in discount cigarette sales, due to the company's decision to concentrate sales efforts in the four non-MSA states, and intensified price competition, particularly from foreign manufacturers in those states, also contributed to the net loss. David Dean, Vice President of Sales and Marketing, noted that, "It has taken a substantial amount of time to achieve broad distribution of Ariva(TM) in the retail outlet categories that we believe are best positioned to support product sales. Prior to January 2002 we had a network of long-term relationships with a number of tobacco distributors, which we since have expanded to include many of the largest in the United States. However, our national distribution strategy also involves the establishment of new distribution channels for our new smokeless tobacco product. The timeframe for moving from initial contact with the distributor to placement of Ariva(TM) on store shelves has been protracted in many instances. As we continued to focus on the sale and marketing of Ariva(TM), we spent more than \$1.4 million during the second quarter on product promotion at the retail level to educate adult tobacco users about Ariva's(TM) potential as an alternative tobacco product. The increase in both calls to the toll-free consumer line, and in emails from consumers, seeking information about retail purchase locations, appears to confirm the benefit of this marketing effort."

Paul L. Perito, Star's chairman and president, stated, "The company has faced several challenges since we introduced Ariva(TM) to the marketplace. Among those challenges are Citizen Petitions that have been filed with the Food & Drug Administration seeking to have this smokeless tobacco product regulated as a food or a drug. We believe these petitions are without merit. One of the petitions was filed by GlaxoSmithKline (GSK), which manufactures FDA-approved nicotine replacement drug products to aid in smoking cessation efforts. GSK also has an application pending before the FDA for approval of a nicotine lozenge for use in quitting smoking. We find the Glaxo petition puzzling in that GSK's products are smoking cessation drug products, while Ariva(TM) is a smokeless tobacco product developed for use by adult smokers in situations where they cannot or choose not to smoke, and as such makes no health claims of any kind."

At the end of the second quarter, Ariva(TM) was available in more than 30,000 retail locations, exceeding our first-quarter projections for retail placement volume. This includes the majority of CVS stores, over 2000 Albertson's stores, and approximately 600 7-Eleven franchise convenience stores. We anticipate that Ariva(TM) also will be available in the 3400 Rite Aid stores by September 1."

Mr. Perito stated further, "The increased investment that has been necessary to expand

Ariva(TM) distribution contributed to the second-quarter loss. We have begun to take steps to address the company's current cash flow needs, which have included a reevaluation and restructuring of existing sales territories. This resulted in a reduction in the sales force, from 90 to 75 positions. The decision to streamline our sales force was made in part because we initiated a marketing and distribution program with one of the largest brokers of consumer products in the United States."

Mr. Jonnie R. Williams, Star's cofounder and CEO, commented, "We believe that the investment we are making in Ariva(TM) is central to our long-term objectives and our business plan, although as of this date, Ariva(TM) sales continue to be a small portion of our total revenue. While it is likely to take more time to achieve consistent national consumer recognition of Ariva(TM), we believe that Ariva(TM) will be the alternative tobacco product of choice for the 40% of American smokers who are looking for an acceptable alternative to cigarettes. In spite of the challenges we have faced establishing this product in the marketplace, we have been encouraged by the numbers of distributors who have accepted Ariva(TM) for marketing and sales."

Mr. Williams also noted that, "In May 2002 Star entered into negotiations with representatives of the National Association of Attorneys General (NAAG). These negotiations, if successful, could result in a resolution of all currently contested issues relating to the tobacco Master Settlement Agreement (MSA) and the qualifying state statutes, including Star's constitutional challenge to the MSA. In connection with these negotiations, 30 Attorneys General signed a "standstill agreement" under which both sides agreed not to file any claims relating to the MSA and compliance with state qualifying statutes during the term of the agreement. This agreement expired on July 23, and although it has not been formally extended, active negotiations continue."

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 challenges inherent in new product development initiatives particularly in the smokeless tobacco area, the uncertainties inherent in the progress of scientific research, the Company's ability to raise the capital necessary to grow its business, potential disputes concerning the Company's intellectual property, risks associated with litigation regarding such intellectual property, potential delays in obtaining any necessary government approvals of the Company's low-TSNA tobacco products, market acceptance of the Company's proposed new smokeless tobacco 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, 2001, and other factors detailed from time to time in the Company's other filings with the Securities and Exchange Commission, available at www.sec.gov. 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.

About Star Scientific

Star Scientific is a technology-oriented tobacco company with a toxin reduction mission. It is engaged in the development of tobacco products that deliver fewer carcinogenic toxins (principally tobacco specific nitrosamines, or TSNAs), through the utilization of the innovative StarCured(TM) tobacco curing technology, and in sublicensing that technology to others. Star Scientific has a Corporate and Sales Office in Chester, VA, an Executive, Scientific & Regulatory Affairs office in Bethesda, MD, and manufacturing and processing facilities in Petersburg and Chase City, VA.

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