STATEMENT BY PAUL L. PERITO, ESQUIRE
STAR SCIENTIFIC, INC.

I am Paul L. Perito, Chairman, President and Chief Operating Officer of Star Scientific, Inc. (“Star”). On behalf of Star, I would like to thank the members of the Framework Convention for Tobacco Control (“FCTC”) for providing me another opportunity to express our support for the crucial work you are doing to combat the range of adverse health consequences related directly to the global use of tobacco products, particularly smoked tobacco.

On October 13, 1999, I wrote to Director-General Brundtland, pledging Star’s support of the efforts undertaken by the World Health Organization (“WHO”) to create the means to address the pandemic public health problems flowing from the use of conventional manufactured tobacco products. On March 15 of this year a public hearing, coordinated by the Department of Health and Human Services (“HHS”) and the C.D.C., was held in Washington, DC to elicit input that would assist the FCTC in developing its mission and stated goals. In my oral presentation at that hearing, I reiterated Star’s full support of the FCTC, and called on our government to assume a prominent role in the FCTC initiative through our lead health agency, the U.S. Food and Drug Administration (“FDA”). Star’s support of the FCTC is driven by the beliefs, principles and objectives that are clearly articulated in Star’s Policy Statement that was adopted unanimously by the Company’s Board of Directors more than a year ago. Star’s Policy Statement dramatically differentiates us from conventional tobacco companies.

Unlike most other conventional companies in the industry, Star Scientific is a small, relatively new, tobacco-oriented technology company whose primary corporate mission is the reduction of the range of serious health hazards associated with the use of tobacco products. Toward that end, we have developed proprietary tobacco processing technology (StarCure™) that substantially reduces the most abundant and potent cancer-causing toxins in the tobacco leaf and smoke, i.e., tobacco specific nitrosamines (“TSNAs”). We believe that responsible corporate stewardship mandates us to state, clearly and unequivocally, that the risk associated with smoked tobacco use can never be completely eliminated, even when our proprietary process is used. We believe that there never can be a safe smoked cigarette, and that it still is better to stop smoking than to switch to another brand. Cessation must be the first option for adult smokers.

We also differ from other conventional tobacco companies in that we accept, without question, the well-documented evidence showing the inextricable link between tobacco smoking and a spectrum of related diseases, as well as premature death. Over 50,000 studies of the health effects of tobacco use have been conducted in dozens of countries throughout the world. It is Star’s position that good science should drive tobacco product manufacturing, and that technologies centered on the delivery of less toxins and on cessation ought to be the standards for measurement in the 21st century.

1 For biographical, curriculum vitae, information, or Star’s profile, log onto www.starscientific.com. Star Scientific is a NASDAQ company listed on a public exchange in the United States.
For that reason, Star has supported comprehensive regulation of tobacco in the U.S. by the FDA. During the past year, I have testified before Congress, the National Academy of Sciences’ Institute of Medicine, and the Special Select Committee on Health of the UK Parliament, affirming our support for a comprehensive regulatory approach. Our public health-oriented positions have been articulated in virtually every public statement made by Star’s senior management. For much of this period we have stood alone in articulating our position because we believe that it is the right thing to do. It is clear to us that there must be some entity outside of the largely unregulated tobacco industry that can create equitable and public health-oriented standards that all manufacturers will be required to follow. We believe that comprehensive regulation can create an even playing field where science, and not marketing creativity, drives the future of tobacco use. Unfortunately, it does not appear that a comprehensive, national regulatory scheme will be effected in the near future. This highlights the urgent need for the kind of global initiatives contemplated by the FCTC.

Star Scientific’s goals and initiatives all derive from our acceptance of the harsh realities of global tobacco use. Worldwide, approximately 1.2 billion people smoke tobacco daily, and approximately four million of those users will die prematurely this year. In the U.S., approximately 48 million of our fellow citizens use tobacco products on a daily basis. WHO’s own research has shown that if tobacco smoking does not begin to decrease, the global annual death toll will reach 10 million by 2030.

Tobacco is an international commodity that generates in excess of $300 billion in annual revenue, an amount greater than the Gross Domestic Product for the economies of Norway, Portugal or Israel. We believe, therefore, that efforts to reduce the daunting impact of smoked tobacco use must be met with global strategies. The enormity of current worldwide tobacco use makes it clear that any effort to ban the production or consumption of tobacco is not a realistic option. The United States attempted to treat alcohol in this manner in the early 20th century through the enactment of Prohibition. Although that effort reduced alcohol use, it was accompanied by other socially undesirable consequences and was ultimately reversed. We can, however, take measured steps to create an environment that results in significant changes in the way tobacco products are produced, manufactured, marketed and sold. This may take years to accomplish, but it is the right goal to pursue when the health and lives of so many are at risk.

As a first step, Star Scientific believes that there is an urgent need to reduce the toxins in tobacco products, to the maximum extent possible, given available processing technologies. We believe Star now possess the cutting-edge technology to produce tobacco that significantly diminishes and/or virtually eliminates tobacco-specific nitrosamines (TSNAs). Scientists and researchers have identified TSNAs as one of the most potent and abundant carcinogens in tobacco leaf and smoke. Star’s patented technology is based on preventing or substantially reducing the development of TSNAs during the curing of tobacco that occurs after the leaves are harvested. We have been able to demonstrate, during the past 24 months, that the process works effectively on a large-scale, commercially feasible basis. This year Star will cure in excess of 20 million pounds of StarCure™ low-TSNA tobacco. Our process is effective for both Virginia flue-cured and Kentucky-type burley tobaccos.

Multiple independent studies of our StarCure™ tobacco all document that TSNAs are reduced to very low levels, even when the tests measure TSNAs in parts per billion. We are
committed to working with public health officials, scientists and regulators in an effort to
determine whether the removal of TSNAs will reduce the incidence of cancer. Although it may
take years to secure this evidence, we believe there is no valid reason, in light of our available
technology, for smokers or nonsmokers to continue to be exposed to these particular
carcinogens. We hope and anticipate that others will follow our lead in licensing and utilizing
this process. This kind of innovation has significant implications for tobacco consumption in
developing countries of the world, where it has been estimated that two-thirds of all future deaths
due to smoking-related disease will occur, and where illiteracy prevents many from reading
printed warnings about the risks of smoking. We urge the FCTC to continue to work toward the
establishment of standards for maximum allowable levels of identified carcinogens such as
TSNAs that all tobacco manufacturers will be required to follow.

Further, we are committed to continuing our efforts to reduce the toxicity of tobacco
products by systematically examining other available technologies. Our new, prototype low-
TSNA cigarettes will utilize a combination acetate and activated charcoal filter. Activated
charcoal filters reduce certain vapor-phase toxins in tobacco smoke, but we need to know more
about how such reductions alter the health risks associated with smoking. We also are focused
on the introduction of low-TSNA smokeless tobacco products, and cessation products, as
alternatives to smoked tobacco. Notwithstanding Star’s initiatives, we still grapple with an
essential ethical conundrum: How do we inform committed smokers that we have a product
which delivers less of certain carcinogens without saying or suggesting that it is demonstrably
less hazardous? This ethical conflict, and our response to its inherent dilemma, is driven by
historical policy and practice in the tobacco industry. For decades, most tobacco companies
refused to acknowledge either the health risks of their products or the harm that was inextricably
linked to their use. The public reporting of the dangers inherent to tobacco use, which was based
on an increasing body of scientific research, resulted in a decrease in the population of adult
smokers. However, many who may have wanted to stop smoking have been influenced to switch
to products that were touted as “safer” by their manufacturers. There have been subsequent
efforts by certain producers to target young people as a new source of market share, and to
minimize the dangers of tobacco use by marketing gimmicks and campaigns directed at
adolescents.

Our response to these issues is articulated a several ways. Our new, very low- TSNA
products will include “content information” in clear, concise, balanced and accurate language on
our new product packaging and labeling, and on our expanded website. This information will
allow the purchaser to make an informed decision about the product that is to be used. In
addition, we intend to provide purchasers with additional written information at the “point of
sale”, or in a factually oriented “package insert”. We believe that committed adult tobacco users
deserve to know as much as possible about the products they consume, particularly when those
products can cause them serious health risk. In addition, we have expanded the health-oriented
nature of our website. The updated website contains material on tobacco science, the health
effects of tobacco use and sources for information about smoking cessation. It also will include
a compendium of links to scientific articles, research papers and other websites that address
issues relevant to tobacco use and its hazards. How these efforts will be viewed by various
public health groups and tobacco researchers remains uncertain. However, since we believe that
we must embrace and promote a new ethical standard of responsibility for the tobacco industry,
we want to be responsive to the concerns of those who have been understandably critical of past industry actions.

Further, we have to ask the question, what are the unintended consequences of not scientifically and responsibly reducing toxins in tobacco products, especially in developing countries where there are few effective educational programs and policies in place to prevent the use of tobacco products? We see this effort to reduce toxins as a complement to programs, products, and other educational efforts that are intended to help people quit – not as a substitute for quitting. Once again, we reaffirm our commitment to cessation as the first line of defense.

The new standard of responsibility that we hope will be embraced by others in the industry must be built on objective, serious and meaningful standards. For this reason, Star Scientific’s Board of Directors undertook the work of developing a broad Policy Statement, which was issued in June 1999. As I noted earlier, this document (a copy of which is attached to this statement) articulates the central tenets of our corporate mission and the principles that guide our business practices. We hope that Star’s Policy Statement will serve as a model for all tobacco companies.

We share the goal of WHO and the FCTC that envisions comprehensive strategies, drawing on input from the spectrum of expertise that advances the cause of public health. In December 1999, Star Scientific convened the first meeting of a Scientific Advisory Board, consisting of a number of highly regarded scientists and public health experts. This Board, working in concert with our corporate leadership, provides invaluable expertise and guidance as we work to achieve the objectives outlined in our Policy Statement. Much of Star’s current research aimed at strengthening our package labeling and content information, and expanding the material available on our website, flowed from initial advice provided by the Scientific Advisory Board and/or our independent scientific advisors.

It is clear that there is no single solution that will reduce the devastating toll smoked tobacco takes on the lives of people throughout the world. Addiction to tobacco products is a long-term problem: therefore our strategies must be comprehensive, and must target change that is sustained. We have stated that we believe good science and accurate, balanced and truthful information should be the norm for the tobacco industry in the future. The goals of WHO and the FCTC are focused on effecting meaningful change in the tobacco industry’s practices based on candor, honesty, and most important, concern for the public health. We believe that this vision can be realized if comprehensive standards are established for the production, manufacture and marketing of tobacco products. These strategies, coupled with effective programs to prevent children and adolescents from smoking tobacco, comprise our most effective weapon in the battle to reduce the rate of disease and death caused by tobacco use.

Thank you for providing us this opportunity to share our view with your Committee.