

IN THE UNITED STATES DISTRICT COURT
FOR THE EASTERN DISTRICT OF VIRGINIA
RICHMOND DIVISION

IN RE STAR SCIENTIFIC, INC.) Master File No. 3:13-CV-00183-JAG
SECURITIES LITIGATION)
_____) CLASS ACTION

NOTICE OF PENDENCY OF SETTLEMENT OF CLASS ACTION

IF YOU PURCHASED OR OTHERWISE ACQUIRED STAR SCIENTIFIC, INC. ("STAR SCIENTIFIC") COMMON STOCK BETWEEN MAY 10, 2011, AND SEPTEMBER 12, 2014, INCLUSIVE, AND ARE NOT OTHERWISE EXCLUDED FROM THE SETTLEMENT CLASS, YOU COULD RECEIVE A PAYMENT FROM A CLASS ACTION SETTLEMENT.¹

A federal court authorized this Notice. This is not a solicitation from a lawyer.

SUMMARY OF IMPORTANT INFORMATION

Covered Securities and Time Period: Star Scientific Common Stock (CIGX, STSI) purchased or acquired between May 10, 2011 and September 12, 2014 ("Class Period" or the "Settlement Class Period").

Total Settlement Consideration: \$5,900,000 in cash (the "Settlement Consideration"). Your right to recover a portion of the Settlement Consideration will depend upon various factors, including the length of time you held Star Scientific shares and your actual loss on your investment, as well as any litigation and settlement expenses authorized by the Court.

Nature of the Case. This case is a class action that alleges that Defendants made materially false and misleading statements regarding pre-clinical and clinical studies of Star Scientific's main product and the regulatory status of two of Star Scientific's products. Lead Plaintiff claimed that as a result of these alleged false and misleading statements, the market price of Star Scientific's common stock was artificially and improperly inflated between May 10, 2011 and September 12, 2014, and that Settlement Class Members overpaid for Star Scientific common stock purchased during this time period.

Reasons for Settlement: Lead Plaintiff recognizes the uncertainty of proving liability, the uncertainty of proving damages, and the uncertainty of proving all the elements required for class certification. Lead Plaintiff also recognizes the additional cost and delay of continuing the litigation. Finally, Lead Plaintiff recognizes that continued litigation would likely deplete the remaining insurance coverage for this claim.

Potential Outcome of Case: The Settlement must be compared to the risk of no recovery after contested motions, trial and likely appeals. These risks include a finding that: (i) Defendants disclosed

¹ This Notice incorporates by reference the definitions in the Amended Stipulation of Settlement dated February 5, 2015 (the "Amended Stipulation"). All capitalized terms used but not defined herein shall have the same meanings as in the Amended Stipulation available on the following websites: www.robbsinarroyo.com/notices and www.StarScientificSecuritiesSettlement.com.

all material information regarding the pre-clinical and clinical studies of Star Scientific's main product and the regulatory status of two of Star Scientific's products; (ii) Lead Plaintiff's losses were not caused by any alleged wrongdoing by the Defendants; and (iii) Lead Plaintiff could not represent a class of all other purchasers of Star Scientific common stock.

The issues on which the Parties did not agree and would contest included, but were not limited to, the following: (i) whether the Defendants disclosed all material information regarding the pre-clinical and clinical studies of Star Scientific's main product and the regulatory status of two of Star Scientific's products; (ii) whether the Lead Plaintiff's losses were caused by any alleged wrongdoing by the Defendants; and (iii) whether the Lead Plaintiff can represent all other purchasers of Star Scientific shares.

Statement of the Parties' Position on Damages: The Parties do not agree on the average amount of damages per share that would be recoverable if Lead Plaintiff were to prevail in the Action. The Parties disagree on, among other things: (a) the amount of loss, if any, allegedly caused by the alleged misrepresentations and omissions; and (b) whether the alleged misrepresentations and omissions were material to investors. The Defendants do not agree with the assertion that they engaged in any actionable conduct under the federal securities laws or that any damages were suffered by any members of the Class as a result of their conduct.

Attorneys' Fees and Expenses: Lead Counsel has not received any payment for their work investigating the facts, prosecuting this case, and negotiating the Settlement on behalf of Lead Plaintiff and the Class. Lead Counsel will ask the Court for attorneys' fees of up to 33.3% of the Settlement Consideration and for litigation expenses in an amount not to exceed \$100,000. Class Members are not personally liable for any such fees or expenses. The fee requested will compensate Lead Plaintiff's Counsel for their work in achieving the Settlement and is within the range of fees awarded to class counsel under similar circumstances in other cases of this type. If the Court approves the fee and expense application, the average amount of attorneys' fees and litigation expenses per share will be \$0.0204. In addition, Lead Plaintiff has incurred expenses and devoted substantial effort directly related to the representation of the Class for which he will seek reimbursement in an amount not to exceed \$10,000. The only additional expense charged against the Settlement Consideration will be the costs of administration of the Settlement by the Claims Administrator.

Your Proof of Claim Form: Accompanying this Notice is a Proof of Claim Form. To qualify for payment you must provide all of the requested information with respect to your Star Scientific shares that you acquired during the Class Period, with respect to your sale proceeds and dividend income from those purchases, whether such transactions resulted in a profit or loss. Failure to report all such transactions may result in the rejection of your claim. ***Proof of Claim forms must be postmarked no later than June 11, 2015 and mailed to In re Star Scientific, Inc. Sec. Litig., Claims Administrator, at the address on the form.***

YOUR LEGAL RIGHTS AND OPTIONS IN THIS SETTLEMENT:

| | |
|---|---|
| REQUEST EXCLUSION BY JUNE 1, 2015 | You may ask to be excluded from the Class. If you exclude yourself from the Class, you will get no payment. This is the only option that allows you to participate in or continue with another lawsuit, including an arbitration, relating to the Released Claims as defined at page 8. |
| OBJECT BY JUNE 1, 2015 | You may write to the Court if you do not like this Settlement, the Plan of Allocation, Lead Counsel's request for attorneys' fees and expenses, or the Lead Plaintiff's request for reimbursement for time and expenses in representing the Class. |
| APPEAR AT THE SETTLEMENT HEARING ON JUNE 22, 2015, AT 10:00 A.M. | You may ask to speak in Court about the fairness of the Settlement, the proposed Plan of Allocation, Lead Counsel's request for attorneys' fees and reimbursement of expenses, or the Lead Plaintiff's request for reimbursement for time and expenses in representing the Class. |
| DO NOTHING | Receive no payment and lose the ability to pursue the Released Claims against the Released Defendant Parties. See page 8 below. |

BASIC INFORMATION

Why did I get this notice package?

You or someone in your family may have purchased Star Scientific common stock between May 10, 2011, and September 12, 2014, inclusive. The U.S. District Court for the Eastern District of Virginia (the "Court") directed that you be sent this Notice because you have a right to know about a proposed Settlement of the above-captioned Action ("Action") and about all of your options, before the Court decides whether to approve the Settlement. If the Court approves it, and after any objections or appeals (if there are any) are resolved, the Claims Administrator appointed by the Court will make the payments that the Settlement allows. This package explains the lawsuit, the Settlement, your legal rights, what benefits are available, who is eligible for them, and how to get them.

What is this lawsuit about?

This case was brought as a class action alleging that Defendants made materially false and misleading statements regarding Johns Hopkins University School of Medicine's purported involvement in pre-clinical and clinical studies of Star Scientific's main product, Anatabloc®. Lead Plaintiff also alleges that Defendants made materially false and misleading statements about the regulatory status of Star Scientific's two products Anatabloc® and CigRx®. Lead Plaintiff claimed that as a result of these alleged false and misleading statements, the market price of Star Scientific's common stock was

artificially and improperly inflated between May 10, 2011 and September 12, 2014, and that Settlement Class Members overpaid for Star Scientific common stock purchased during this time period.

Defendants deny all of Lead Plaintiff's allegations and further deny that they did anything wrong. Defendants also deny that Lead Plaintiff or the Settlement Class suffered damages or that the price of Star Scientific common stock was artificially inflated by reasons of alleged misrepresentations or non-disclosures.

Why is this a class action?

In a class action, one or more people called class representatives sue on behalf of people who have similar claims. All of these people and/or entities are called a class or class members. One court resolves the issues for all class members, except for those who exclude themselves from the class.

Why is there a Settlement?

The Court did not decide in favor of the Lead Plaintiff or Defendants. Instead, the Parties and the lawyers for both sides of the lawsuit have negotiated a Settlement that they believe is in the best interests of their respective clients. The Settlement allows both sides to avoid the risks and cost of lengthy and uncertain litigation and the uncertainty of a trial and appeals, and permits Settlement Class Members to be compensated without further delay. Lead Plaintiff and their attorneys think the Settlement is best for all Settlement Class Members.

WHO GETS MONEY FROM THE SETTLEMENT

How do I know if I am part of the Settlement Class?

The Settlement Class includes all purchasers or acquirers of Star Scientific common stock during the Settlement Class Period, which is between May 10, 2011, and September 12, 2014, inclusive, and who were allegedly damaged thereby.

Are there exceptions to being included in the Settlement Class?

Yes. Excluded from the Settlement Class are any and all Defendants and any and all of a Defendant's past or present directors, officers, employees, affiliates, associates, agents, partners, insurers, co-insurers, reinsurers, principals, controlling shareholders, members, attorneys, accountants, auditors, underwriters, advisors, investment advisors, personal or legal representatives, predecessors, successors, assigns, parents, subsidiaries, divisions, joint ventures, spouses, heirs, estates, related or affiliated entities, any entity in which a Defendant has a controlling interest, any member of an Individual Defendant's immediate family, any trust of which an Individual Defendant is the settlor or which is for the benefit of an Individual Defendant and/or any member of an Individual Defendant's immediate family, and any entity in which a Defendant and/or any member of an Individual Defendant's immediate family has or have a controlling legal or beneficial interest (directly or indirectly) or that is related to or affiliated with any Defendant. Also excluded from the Settlement Class are those Persons who timely and validly request exclusion from the Settlement Class pursuant to this Notice.

THE SETTLEMENT BENEFITS – WHAT YOU GET

What does the Settlement provide?

Defendants have agreed to cause certain of Star Scientific's insurers to pay from certain D&O Policies \$5,900,000 in cash. The Settlement Consideration, plus interest earned from the date it is established, less costs, fees, and expenses (the "Net Settlement Amount"), will be divided among all eligible Settlement Class Members who send in valid Proofs of Claim ("Authorized Claimants"). Costs, fees, and expenses include Court-approved attorneys' fees and expenses, any Court-approved award to Lead Plaintiff, the costs of notifying the Settlement Class, including the costs of printing and mailing this Notice and publication notice, the costs of claims administration, and taxes on the Settlement Consideration.

How much will my payment be?

Your share of the Net Settlement Amount will depend on the number of valid Claims submitted, the number of shares of Star Scientific common stock you purchased during the Settlement Class Period, and the dates on which you bought and sold your shares. Lead Counsel conferred with their damage consultants for the purpose of determining the amount an Authorized Claimant may recover under the "Plan of Allocation". The Plan of Allocation reflects an assessment of damages that Lead Counsel believe could have been recovered had Lead Plaintiff prevailed at trial.

In the unlikely event there are sufficient funds in the Net Settlement Amount, each Authorized Claimant will receive an amount equal to the Authorized Claimant's claim, as defined below. If, however, the amount in the Net Settlement Amount is not sufficient to permit payment of the total claim of each Authorized Claimant, then each Authorized Claimant shall be paid the percentage of the Net Settlement Amount that each Authorized Claimant's claim bears to the total of the claims of all Authorized Claimants (his, her, or its "*Pro Rata* Share"). In the event an Authorized Claimant's claim or *Pro Rata* Share is less than \$5.00, no payment will be made due to the administrative time and cost associated with the issuance of payments. Payment in this manner shall be deemed conclusive against all Authorized Claimants.

A "Claim" will be calculated as follows²:

| | |
|-----------------------------------|--------|
| January 23, 2013 Price Decline: | \$0.31 |
| September 12, 2014 Price Decline: | \$0.03 |
| PSLRA 90 day look-back amount: | \$0.23 |

For shares of Star Scientific common stock purchased, or acquired, on or between May 10, 2011 through January 22, 2013, the claim per share shall be as follows:

- a) If sold prior to January 23, 2013, the claim per share is zero.

² The calculation of claims below is not an estimate of the amount you will receive. It is a formula for allocating the Net Settlement Amount among all Authorized Claimants. Furthermore, if any of the formulas set forth below yield an amount less than \$0.00 the claim per share is \$0.00.

b) If sold on, or between, January 23, 2013 through September 11, 2014, the claim per share shall be the lesser of (i) \$0.31 (January 23, 2013 price decline), or (ii) the difference between the purchase price and the selling price;

c) If retained at the end of September 11, 2014 and sold before December 10, 2014, the claim per share shall be the lesser of (i) \$0.34 (January 23, 2013 & September 12, 2014 price declines); or (ii) the difference between the purchase price and the selling price; or (iii) the difference between the purchase price per share and the average closing price per share up to the date of sale as set forth in the table below.

d) If retained, or sold, on or after December 10, 2014, the claim per share shall be the lesser of: (i) \$0.34 (January 23, 2013 & September 12, 2014 price decline), or (ii) the difference between the purchase price per share and \$0.23 per share.

For shares of Star Scientific common stock purchased, or acquired, on or between January 23, 2013 through September 11, 2014, the claim per share shall be as follows:

a) If sold prior to September 12, 2014, the claim per share is zero.

b) If retained at the end of September 11, 2014 and sold before December 10, 2014, the claim per share shall be the lesser of (i) \$0.03 (September 12, 2014 price decline); or (ii) the difference between the purchase price and the selling price; or (iii) the difference between the purchase price per share and the average closing price per share up to the date of sale as set forth in the table below.

c) If retained, or sold, on or after December 10, 2014, the claim per share shall be the lesser of: (i) \$0.03 (September 12, 2014 price declines), or (ii) the difference between the purchase price per share and \$0.23 per share.

For shares of Star Scientific common stock purchased, or acquired, on September 12, 2014, the claim per share shall be \$0.00³.

Under the Private Securities Litigation Reform Act (PSLRA), a plaintiff generally may not recover more than the difference between the purchase price and the average trading price of the stock during the 90-day period following the end of the Class Period. The chart below sets forth: (i) in the first column, the Closing Price of Star Scientific shares for each of the 90 days following the end of the Class Period; and (ii) in the second column, the Average Closing Price for Star Scientific shares as of that date. The average closing price for Star Scientific common stock at the end of the 90-day period beginning September 12, 2014 and ending December 10, 2014 is \$0.23.

³ Please note that although the Class Period includes September 12, 2014, shares of Star Scientific common stock that were purchased and/or acquired on September 12, 2014 are not eligible for a recovery under the Plan of Allocation because the disclosure made on September 12, 2014 that Lead Plaintiff alleges corrected earlier alleged misrepresentations and omissions was made before the opening of trading that day.

| Date | Closing Price | Average Closing Price | Date | Closing Price | Average Closing Price |
|-------------|----------------------|------------------------------|-------------|----------------------|------------------------------|
| 9/12/2014 | \$0.27 | \$0.27 | 10/29/2014 | \$0.26 | \$0.28 |
| 9/15/2014 | \$0.26 | \$0.27 | 10/30/2014 | \$0.27 | \$0.28 |
| 9/16/2014 | \$0.25 | \$0.26 | 10/31/2014 | \$0.25 | \$0.27 |
| 9/17/2014 | \$0.24 | \$0.26 | 11/3/2014 | \$0.26 | \$0.27 |
| 9/18/2014 | \$0.24 | \$0.25 | 11/4/2014 | \$0.23 | \$0.27 |
| 9/19/2014 | \$0.33 | \$0.27 | 11/5/2014 | \$0.22 | \$0.27 |
| 9/22/2014 | \$0.26 | \$0.26 | 11/6/2014 | \$0.19 | \$0.27 |
| 9/23/2014 | \$0.26 | \$0.26 | 11/7/2014 | \$0.20 | \$0.27 |
| 9/24/2014 | \$0.26 | \$0.26 | 11/10/2014 | \$0.20 | \$0.27 |
| 9/25/2014 | \$0.26 | \$0.26 | 11/11/2014 | \$0.20 | \$0.26 |
| 9/26/2014 | \$0.25 | \$0.26 | 11/12/2014 | \$0.19 | \$0.26 |
| 9/29/2014 | \$0.25 | \$0.26 | 11/13/2014 | \$0.19 | \$0.26 |
| 9/30/2014 | \$0.28 | \$0.26 | 11/14/2014 | \$0.18 | \$0.26 |
| 10/1/2014 | \$0.27 | \$0.26 | 11/17/2014 | \$0.18 | \$0.26 |
| 10/2/2014 | \$0.26 | \$0.26 | 11/18/2014 | \$0.17 | \$0.26 |
| 10/3/2014 | \$0.29 | \$0.26 | 11/19/2014 | \$0.17 | \$0.25 |
| 10/6/2014 | \$0.28 | \$0.27 | 11/20/2014 | \$0.16 | \$0.25 |
| 10/7/2014 | \$0.27 | \$0.27 | 11/21/2014 | \$0.16 | \$0.25 |
| 10/8/2014 | \$0.27 | \$0.27 | 11/24/2014 | \$0.16 | \$0.25 |
| 10/9/2014 | \$0.26 | \$0.27 | 11/25/2014 | \$0.16 | \$0.25 |
| 10/10/2014 | \$0.28 | \$0.27 | 11/26/2014 | \$0.16 | \$0.25 |
| 10/13/2014 | \$0.32 | \$0.27 | 11/28/2014 | \$0.15 | \$0.24 |
| 10/14/2014 | \$0.32 | \$0.27 | 12/1/2014 | \$0.15 | \$0.24 |
| 10/15/2014 | \$0.31 | \$0.27 | 12/2/2014 | \$0.15 | \$0.24 |
| 10/16/2014 | \$0.31 | \$0.27 | 12/3/2014 | \$0.17 | \$0.24 |
| 10/17/2014 | \$0.32 | \$0.28 | 12/4/2014 | \$0.20 | \$0.24 |
| 10/20/2014 | \$0.30 | \$0.28 | 12/5/2014 | \$0.21 | \$0.24 |
| 10/21/2014 | \$0.28 | \$0.28 | 12/8/2014 | \$0.17 | \$0.24 |
| 10/22/2014 | \$0.27 | \$0.28 | 12/9/2014 | \$0.17 | \$0.24 |
| 10/23/2014 | \$0.29 | \$0.28 | 12/10/2014 | \$0.15 | \$0.23 |
| 10/24/2014 | \$0.28 | \$0.28 | | | |
| 10/27/2014 | \$0.26 | \$0.28 | | | |
| 10/28/2014 | \$0.26 | \$0.28 | | | |

The date of purchase or sale is the "contract" or "trade" date as distinguished from the "settlement" date.

For Settlement Class Members who made multiple purchases, acquisitions, or sales during the Settlement Class Period, the first-in, first-out ("FIFO") method will be applied to such holdings, purchases, acquisitions, and sales for purposes of calculating a claim. Under the FIFO method, sales of common stock during the Settlement Class Period will be matched, in chronological order, against common stock purchased or acquired during the Settlement Class Period.

An Authorized Claimant will be eligible to receive a distribution from the Net Settlement Amount only if a Settlement Class Member had a net loss. All gains and losses (as calculated under the above plan) will be combined and thereafter netted against each other.

The Court has reserved jurisdiction to allow, disallow, or adjust the claim of any Settlement Class Member on equitable grounds.

Payment pursuant to the Plan of Allocation set forth above shall be conclusive against all Authorized Claimants. No Person shall have any claim against Lead Plaintiff, Lead Counsel, any claims administrator, or other Person designated by Lead Counsel based on distributions made substantially in accordance with the Amended Stipulation and the Settlement contained therein, the Plan of Allocation, or further orders of the Court. All Settlement Class Members who fail to complete and file a valid and timely Proof of Claim shall be barred from participating in distributions from the Net Settlement Amount (unless otherwise ordered by the Court), but otherwise shall be bound by all of the terms of the Amended Stipulation, including the terms of any judgment entered and the releases given.

HOW YOU GET A PAYMENT – SUBMITTING A CLAIM FORM

How will I get a payment?

To qualify for a payment, you must send in a Proof of Claim. A Proof of Claim is enclosed with this Notice. Read the instructions carefully, fill out the form, include all the documents the form asks for, sign it, and mail it in postmarked no later than ninety (90) calendar days after the Notice Date, by June 11, 2015.

When would I get my payment?

The Court will hold a hearing to decide whether to approve the Settlement. If the Court approves the Settlement, there may be appeals. It is always uncertain whether these appeals can be resolved favorably, and resolving them can take time, perhaps more than a year. It also takes time for all the claim forms to be processed. If there are no appeals and depending on the number of claims submitted, the Claims Administrator could distribute the Net Settlement Amount as early as nine months after the Final Approval Hearing. Please be patient.

What am I giving up to get a payment or stay in the Settlement Class?

Unless you exclude yourself, you are staying in the Settlement Class, and that means that you cannot sue, continue to sue, or be part of any other lawsuit against the Defendants about the same issues in this case or about issues that could have been asserted in this case. It also means that all of the Court's orders will apply to you and legally bind you and you will release your Claims in this case against the Released Parties.

"Released Claims" shall collectively mean all claims you could make based on your acquisition or ownership of Star Scientific stock. It includes all claims, debts, liabilities, suits, demands, rights, liabilities and causes of action of every nature and description whatsoever (including, without limitation, any claims for damages, interest, attorneys' fees, expert or consulting fees, and any other costs, expenses, or liabilities whatsoever), whether based on federal, foreign, international, state, local, statutory or common law, or any other law, rule, or regulation, whether fixed or contingent, accrued or unaccrued, liquidated or unliquidated, suspected or unsuspected, discoverable or undiscoverable, at law or in equity, matured or unmatured, whether class, derivative, or individual in nature, including both known claims and Unknown Claims (as defined below): (i) that have been asserted in the Action by the Lead Plaintiff and/or Settlement Class Members or any of them against any of the Released Parties,

including, without limitation, any claims arising out of or relating to any of the alleged acts, omissions, representations, facts, events, matters, transactions, or occurrences asserted in or relating to the Action, or otherwise alleged, asserted, or contended in the Action; (ii) that could have been alleged, asserted, or contended in any forum by the Lead Plaintiff or the Settlement Class Members or any of them against any of the Released Parties arising out of or relating to the alleged acts, omissions, representations, facts, events, matters, transactions, or occurrences asserted in or relating to the Action, or that otherwise could have been alleged, asserted, or contended in the Action or a separate action alleging misstatements or omissions by the Released Parties, whether by way of a supplemental complaint or otherwise; or (iii) that arise out of, are based upon, or relate in any way to alleged misstatements or omissions by the Released Parties or the purchase of or an investment in Star Scientific stock during the Settlement Class Period, including, without limitation, claims for fraud, negligent misrepresentation, negligence, gross negligence, breach of duty of care, breach of duty of loyalty, breach of express or implied contract, unjust enrichment, or violations of any state or federal or foreign or international statutes or regulations, or based upon or related in any way to the purchase, acquisition, sale, or holding of Star Scientific stock by the Lead Plaintiff or any Settlement Class Member, on behalf of themselves, their heirs, executors, administrators, successors, and assigns against the Released Parties, their Related Parties, or any of them. Without limiting the generality of the foregoing, Released Claims also include any and all claims, debts, suits, demands, liabilities, rights, and causes of action however denominated and of every nature and description whatsoever (including Unknown Claims) against the Released Parties or their Related Parties that arise out of or relate to or are in connection with the Settlement or the defense or resolution of the Action, except claims to enforce any of the terms of this Amended Stipulation.

"Released Parties" means each and all of the Defendants and each and all of their Related Parties.

"Related Parties" means each of a Defendant's past or present directors, officers, employees, affiliates, associates, agents, partners, insurers, co-insurers, reinsurers, principals, controlling shareholders, members, attorneys, accountants, auditors, underwriters, advisors, investment advisors, personal or legal representatives, predecessors, successors, assigns, parents, subsidiaries, divisions, joint ventures, spouses, heirs, estates, related or affiliated entities, any entity in which a Defendant has a controlling interest, any member of an Individual Defendant's immediate family, any trust of which an Individual Defendant is the settlor or which is for the benefit of an Individual Defendant and/or any member of an Individual Defendant's immediate family, and any entity in which a Defendant and/or any member of an Individual Defendant's immediate family has or have a controlling legal or beneficial interest (directly or indirectly) or that is related to or affiliated with any Defendant.

EXCLUDING YOURSELF FROM THE SETTLEMENT

If you do not want a payment from this Settlement, but you want to keep the right to sue or continue to sue the Defendants on your own about the same issues in this case, then you must take steps to get out of the Settlement Class. This is called excluding yourself or is sometimes referred to as "opting-out" of the Settlement Class.

How do I get out of the Settlement Class?

To exclude yourself from the Settlement Class, you must send a letter by mail stating that you want to be excluded from the proposed Settlement in *In re Star Scientific, Inc. Securities Litig.*, No. 3:13-CV-00183-JAG. You must include your name, address, telephone number, your signature, all purchases and sales of Star Scientific common stock made during the Settlement Class Period and the

dates of such purchases and sales, and the price paid or received for each such purchase or sale. You must mail your exclusion request postmarked no later than twenty-one (21) calendar days before the date of the Final Approval Hearing, by June 1, 2015 to *In re Star Scientific, Inc. Securities Litig.*, No. 3:13-CV-00183-JAG, EXCLUSIONS, c/o Angeion Group, 1801 Market Street, Suite 660, Philadelphia, PA 19103.

You cannot exclude yourself on the phone or by e-mail. If you ask to be excluded, you are not eligible to get any Settlement payment, and you cannot object to the Settlement. You will not be legally bound by anything that happens in this lawsuit.

THE LAWYERS REPRESENTING YOU

Do I have a lawyer in this case?

The Court appointed the law firm of Robbins Arroyo LLP to represent you and other Settlement Class Members. These lawyers are called Lead Counsel. These lawyers will apply to the Court for payment from the Settlement Consideration; you will not otherwise be charged for their work. If you want to be represented by your own lawyer, you may hire one at your own expense.

How will the lawyers be paid?

At the Final Approval Hearing, Lead Counsel will request the Court to award attorneys' fees of 33.3% of the Settlement Consideration and for expenses in an amount not to exceed \$100,000 which were incurred in connection with the Action, as well as up to \$10,000 for reimbursement for time and expenses for the Lead Plaintiff in representing the Class. This compensation will be paid from the Settlement Consideration. Settlement Class Members are not personally liable for any such fees or expenses. To date, Lead Counsel have not received any payment for their services in conducting this Action on behalf of the Lead Plaintiff and the Settlement Class, nor have counsel been paid for their expenses. The fee requested will compensate Lead Counsel for their work in achieving the Settlement and is within the range of fees awarded to class counsel under similar circumstances in other cases of this type.

OBJECTING TO THE SETTLEMENT

You can tell the Court that you do not agree with the Settlement, the Plan of Allocation, or Lead Plaintiff's request for an award of attorneys' fees and expenses.

How do I tell the Court that I do not like the Settlement?

If you are a Settlement Class Member (and you have not excluded yourself), you can object to the Settlement, the request for attorneys' fees and expenses, or the Plan of Allocation if you do not like any part of it. You can give reasons why you think the Court should not approve the Settlement, the request for attorneys' fees and expenses, or the Plan of Allocation. The Court will consider your views. To object, you must send a signed letter saying that you object to the proposed Settlement in *In re Star Scientific, Inc. Securities Litig.*, No. 3:13-CV-00183-JAG. Be sure to include your name, address, telephone number, your signature, the number of shares of Star Scientific common stock purchased between May 10, 2011 through and including September 12, 2014, inclusive, and the reasons you object to the Settlement, the requested attorneys' fees and expenses, or the Plan of Allocation. Any such

objection must be filed with the Clerk of the U.S. District Court for the Eastern District of Virginia, 701 East Broad Street, Richmond, VA 23219, and mailed or delivered such that it is received by each of the following no later than twenty-one (21) calendar days before the date of the Final Approval Hearing, by June 1, 2015:

Lead Counsel:
ROBBINS ARROYO LLP
STEPHEN J. ODDO, ESQ.
600 B Street, Suite 1900
San Diego, CA 92101

Counsel for Defendants:
K & L GATES LLP
NICHOLAS GEORGE TERRIS
1601 K St., NW
Washington, D.C. 20006

What is the difference between objecting and excluding myself from the Settlement?

Objecting is telling the Court that you do not like something about the proposed Settlement. You can object *only* if you stay in the Settlement Class. Excluding yourself is telling the Court that you do not want to be part of the Settlement Class. If you exclude yourself, you have no basis to object because the case no longer applies to you.

THE FINAL APPROVAL HEARING

When and where will the Court decide whether to approve the Settlement?

The Court will hold a Final Approval Hearing at 10:00 a.m., on June 22, 2015, at the Spottswood W. Robinson III and Robert R. Merhige, Jr., Federal Courthouse, 701 East Broad Street, Richmond, VA 23219. At this hearing, the Court will consider whether the Settlement is fair, reasonable, and adequate. The Court may move the date or time of the Final Approval Hearing to a later date or time without further written notice to you. If the date or time of the Final Approval Hearing is changed the new date or time will be posted at www.StarScientificSecuritiesSettlement.com. If there are objections, the Court will consider them. Judge John A. Gibney, Jr. will listen to people who have asked to speak at the Final Approval Hearing.

Do I have to come to the Final Approval Hearing?

No. Lead Counsel will answer questions the Court may have. You are welcome to come at your own expense. You may also pay your own lawyer to attend, but you are not required to do so.

May I speak at the Final Approval Hearing?

You may ask the Court for permission to speak at the Final Approval Hearing. To do so, you must send a letter saying that it is your intention to appear in *In re Star Scientific, Inc. Securities Litig.*, No. 3:13-CV-00183-JAG. Your notice of intention to appear must be received no later than June 1, 2015 by the Clerk of the Court, Lead Counsel, and counsel for Defendants, at the addresses listed above. You cannot speak at the hearing if you exclude yourself from the Settlement Class.

What happens if I do nothing at all?

If you do nothing, you will get no money from this Settlement and you will not be able to start a lawsuit, continue with a lawsuit, or be part of any other lawsuit against the Defendants about the same issues in this case.

Special notice to banks, brokers, and other nominees

If you hold or held any Star Scientific common stock during the Settlement Class Period as a nominee for a beneficial owner, then, within ten (10) days after you receive this Notice, you must either: (1) send a copy of this Notice by First-Class Mail to all such Persons; or (2) e-mail a list of the names and addresses of such Persons to the Claims Administrator at starscientific@angeiongroup.com or contact the Claims Administrator at 215-563-4116. If you choose to mail the Notice and Proof of Claim yourself, you may obtain from the Claims Administrator (without cost to you) as many additional copies of these documents as you will need to complete the mailing.

Regardless of whether you choose to complete the mailing yourself or elect to have the mailing performed for you, you may obtain reimbursement for or advancement of reasonable administrative costs actually incurred or expected to be incurred in connection with forwarding the Notice and which would not have been incurred but for the obligation to forward the Notice, upon submission of appropriate documentation to the Claims Administrator.

Are there more details about the Settlement?

This Notice summarizes the proposed Settlement. More details are in the Amended Stipulation, which has been filed with the Court. You can get a copy of the Amended Stipulation from the Clerk of the Court's office during regular business hours, or you can call or write to a representative of Lead Counsel, c/o Darnell Donahue, Shareholder Relations, Robbins Arroyo LLP, 600 B Street, Suite 1900, San Diego, California 92101, 1-800-350-6003. You can also obtain a copy of the Amended Stipulation and other Settlement information by going to www.robbinsarroyo.com/notices or www.StarScientificSecuritiesSettlement.com.

PLEASE DO NOT CALL THE COURT OR THE CLERK OF THE COURT FOR ADDITIONAL INFORMATION ABOUT THE SETTLEMENT