



22nd Century Group Reports Third Quarter Financial Results

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CLARENCE, N.Y. --(BUSINESS WIRE)-- 22nd Century Group, Inc. (OTCBB: [XXII](#)), a company focused on smoking cessation and tobacco harm reduction products, filed its third-quarter 2011 report on Form 10-Q with the Securities and Exchange Commission (SEC) on November 14, 2011.

The company reported revenue for the nine months ended September 30, 2011 totaling \$1.02 million, including net sales of \$802 thousand, compared with *de minimis* revenue for the same nine-month period in 2010. Third quarter 2011 revenue totaled \$609 thousand, including net sales of \$529 thousand, compared with *de minimis* revenue for the same quarter in 2010. The 145% increase in third quarter 2011 revenue over second quarter 2011 revenue was mainly due to increased sales related to *SPECTRUM*, a research cigarette manufactured for the U.S. government containing 8 different nicotine levels.

22nd Century Group reported a third-quarter 2011 net loss of approximately \$465 thousand or 2 cents per diluted common share, compared to a net loss of \$1.1 million for second quarter 2011 or 4 cents per diluted common share and a net loss of \$301 thousand for third quarter 2010 or 2 cents per diluted common share. The 137% decrease in third quarter 2011 net loss over second quarter 2011 net loss was due in large part to increased sales related to *SPECTRUM*, reduced general and administrative costs and non-cash stock-based compensation expenses that were incurred in the second quarter 2011.

In December 2011, the company expects to complete a \$2.5 million financing and report quitting results from its Phase II-B clinical trial for X-22, a prescription smoking cessation aid in development. X-22 consists of a kit of very low nicotine (VLN) cigarettes made from 22nd Century's proprietary tobacco. X-22 cigarettes contain 97% less nicotine than Marlboro® Gold, the U.S. cigarette market leader, formerly known as Marlboro Lights®.

About 22nd Century Group, Inc.

Founded in 1998, 22nd Century Limited, LLC, (22nd Century) a wholly-owned subsidiary of 22nd Century Group, Inc., is a plant biotechnology company whose proprietary technology allows for the level of nicotine (and other nicotinic alkaloids) in the tobacco plant to be decreased or increased through genetic engineering and breeding. 22nd Century owns or is the exclusive worldwide licensee of 99 issued patents in 79 countries where at least 75% of the world's smokers reside. We are committed to developing and commercializing (i) the world's most effective and acceptable smoking cessation aid and (ii) for those smokers who refuse to quit smoking, consumer-acceptable modified risk tobacco products that reduce exposure to smoke toxins, as compared to conventional cigarettes.

This report is 22nd Century Group's third quarterly report to the SEC incorporating the operations of 22nd Century, which became a subsidiary of 22nd Century Group as a result of a merger on January 25, 2011. Under the accounting for the merger, the assets and liabilities and the historical

operations reflected in financial statements for periods prior to the merger are those of 22nd Century and are recorded at the historical cost basis of 22nd Century.

For additional information, please visit: www.xxiiicentury.com

Cautionary Note Regarding Forward-Looking Statements: This press release contains forward-looking information, including all statements that are not statements of historical fact regarding the intent, belief or current expectations of the company, its directors or its officers with respect to the contents of this press release. The words “may,” “would,” “will,” “expect,” “estimate,” “anticipate,” “believe,” “intend” and similar expressions and variations thereof are intended to identify forward-looking statements.

We cannot guarantee future results, levels of activity or performance. You should not place undue reliance on these forward-looking statements, which speak only as of the date that they were made. These cautionary statements should be considered with any written or oral forward-looking statements that we may issue in the future. Except as required by applicable law, including the securities laws of the United States, we do not intend to update any of the forward-looking statements to conform these statements to reflect actual results, later events or circumstances or to reflect the occurrence of unanticipated events. You should carefully review and consider the various disclosures made by us in our prospectus dated September 20, 2011, including the section entitled “Risk Factors,” and our reports filed with the Securities and Exchange Commission which attempt to advise interested parties of the risks and factors that may affect our business, financial condition, results of operation and cash flows. If one or more of these risks or uncertainties materialize, or if the underlying assumptions prove incorrect, our actual results may vary materially from those expected or projected.

Contacts

Redington, Inc.
Tom Redington
203-222-7399

CEOcast, Inc.
Jim Fallon
212-732-4300

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