



November 18, 2013

22nd Century Group Paving the Way for Up-Listing to a National Securities Exchange

Company Initiates Warrant Exchange to Improve Balance Sheet and Cap Table

CLARENCE, N.Y.--(BUSINESS WIRE)-- 22nd Century Group, Inc. (OTCQB:[XXII](#)) announced today that the company sent notices to all its warrant holders encouraging the exercise or amendment of the company's warrants. 22nd Century Group's management believes the company will have sufficient stockholders equity to up-list its common stock to a national securities exchange – such as NASDAQ or NYSE – if the company's "derivative warrant liability" is reduced through the exercise or amendment of the outstanding warrants.

"Derivative warrant liability" is not an actual cash obligation (or cash expense) and is classified and reported as a derivative liability for accounting purposes and marked-to-market at the balance sheet date. Upon the exercise of a warrant or elimination of the anti-dilution feature of a warrant, the warrant liability is reduced and equity (capital in excess of par value) is increased accordingly.

"Since British American Tobacco's strategic \$7 million investment in 22nd Century Group last month, we have been contacted by several institutional investors and retail brokers looking to build a position in 22nd Century Group stock. Many of these funds and brokers cannot buy OTC Bulletin Board stocks," said Joseph Pandolfino, Founder and CEO of the company. "In order to deliver maximum benefit and value for our shareholders, we concluded that listing our common stock on a national securities exchange is very important."

Reducing the number of outstanding company warrants has two purposes. First, investors will have greater clarification of the potential number of company shares of common stock that are issued and outstanding. 22nd Century Group does not have any outstanding preferred stock and currently has 50,112,180 shares of common stock and 18,518,615 warrants issued and outstanding. Second, reducing the derivative warrant liability on the company's balance sheet will greatly facilitate 22nd Century Group listing its common stock on a national securities exchange.

The company warrants currently outstanding are primarily the result of the company's private placements over the last three years. Of the 18,518,615 outstanding warrants, 6,248,699 or 34 percent, have an exercise price of \$2.4005. Management does not expect more than 5.5 million common shares to be issued under this warrant exchange. John Brodfuehrer, 22nd Century's Group's CFO, stated, "Approximately 80 percent of our warrant holders have not sold any of their related shares of our common stock demonstrating that these are fundamental investors with long-term time horizons."

22nd Century Group's warrant exchange includes inducements for certain warrant classes and will be completed at 5:00 p.m., EST, on Thursday, December 12, 2013. 22nd Century Group expects to submit its application to NASDAQ and the NYSE in January 2014, with the goal of up-listing as quickly as possible. As of October 31, 2013, 22nd Century Group had total assets of approximately \$9.4 million, including approximately \$6.5 million in cash and only \$700 thousand in current liabilities. The company's only long-term liability is its derivative warrant liability, which the company expects will be significantly reduced through this warrant exchange.

About 22nd Century Group, Inc.

22nd Century is a plant biotechnology company whose proprietary technology allows for the levels of nicotine and other nicotinic alkaloids (e.g., nornicotine, anatabine and anabasine) in the tobacco plant to be decreased or increased through genetic engineering and plant breeding. 22nd Century owns or is the exclusive licensee of 113 issued patents in 78 countries plus an additional 37 pending patent applications. Goodrich Tobacco Company, LLC and Hercules Pharmaceuticals, LLC are wholly-owned subsidiaries of 22nd Century. Goodrich Tobacco is focused on commercial tobacco products and potential modified risk cigarettes. Hercules Pharmaceuticals is focused on X-22, a prescription smoking cessation aid in development.

For additional information, please visit: www.xxiicentury.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 22nd Century Group, Inc., 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 annual report on Form 10-K for the fiscal year ended December 31, 2012, filed on March 18, 2013, including the section entitled “Risk Factors,” and our other reports filed with the U.S. 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.

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Source: 22nd Century Group, Inc.