



March 24, 2014

Vector Closes Offering of \$258.75 Million of Variable Interest Convertible Senior Notes

MIAMI--(BUSINESS WIRE)--

Vector Group Ltd. (NYSE:VGR) ("Vector" or the "Company") today announced the closing of its previously announced registered public offering of \$258.75 million aggregate principal amount of its Variable Interest Convertible Senior Notes due 2020 (the "Notes"), which includes the underwriter's full exercise of its over-allotment option (the "Notes Offering"). Each Note will bear cash interest at a rate of 1.75% per annum (the "Fixed Interest"), with an additional cash payment (the "Dividend Pass-Through Payment" and, together with the Fixed Interest, the "Total Interest") payable on the notes on each interest payment date equal to the product of (i) the amount of cash dividends per share actually paid by the Company on its outstanding common stock during the prior three-month period ending on the record date for such interest payment and (ii) the applicable conversion rate on such record date. Notwithstanding the foregoing, however, (A) the amount payable on each interest payment date, other than the initial interest payment date, shall be the higher of (a) the Total Interest and (b) an amount reflecting an annual interest rate of 5.50% per year (the "Floor Interest Rate") and (B) the initial interest payment shall be based solely on the Floor Interest Rate.

The Company intends to use the net proceeds received from the Notes Offering for general corporate purposes, including for additional investments in real estate through its wholly owned subsidiary, New Valley LLC, and in its existing tobacco business. The Company may also consider using a portion of the proceeds of the Notes Offering to address upcoming debt maturities.

Jefferies LLC acted as the underwriter for the Notes Offering. Copies of the prospectus supplement and the accompanying prospectus relating to the Notes Offering may be obtained from Jefferies LLC, Attention: Equity Syndicate Prospectus Department, 520 Madison Avenue, 2nd Floor, New York, NY 10022, by email at Prospectus_Department@Jefferies.com, or by telephone at (877) 547-6340.

This news release does not constitute an offer to sell or a solicitation of an offer to buy any of the Notes or any other securities, nor will there be any sale of the Notes or any other securities in any state or jurisdiction in which such an offer, solicitation or sale is not permitted.

Cautionary Note Regarding Forward-Looking Statements

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.

All information set forth in this press release is as of March 24, 2014. Vector does not intend, and undertakes no duty, to update this information to reflect future events or circumstances. Information about certain other potential factors that could affect Vector's business and financial results and cause actual results to differ materially from those expressed or implied in any forward-looking statements are included from time to time in Vector's filings with the SEC, including Part I, Item 1A "Risk Factors" of Vector's Annual Report on Form 10-K for the year ended December 31, 2013.

Vector has filed a registration statement (including prospectus) with the SEC for the offerings to which this communication relates. Before you invest, you should read the prospectus in that registration statement and other documents Vector has filed with the SEC for more complete information about Vector and these offerings. You may obtain these documents for free by visiting EDGAR on the SEC website at www.sec.gov.

Vector is a holding company that indirectly owns Liggett Group LLC, Vector Tobacco Inc. and ZOOM E-Cigs LLC and directly owns New Valley LLC, which owns a controlling interest in Douglas Elliman Realty, LLC.

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