

June 29, 2016

Vector Group Commences Exchange Offer for Additional 7.750% Senior Secured Notes

MIAMI--(BUSINESS WIRE)-- Vector Group Ltd. (NYSE:VGR) ("Vector") today announced that it has commenced an offer to exchange up to \$235 million in aggregate principal amount of its 7.750% Senior Secured Notes due 2021 (the "Original Notes"), which were issued as additional notes pursuant to an Indenture, dated as of February 12, 2013, by and among Vector, the guarantor parties thereto and U.S. Bank National Association, as the trustee, as supplemented by the first supplemental indenture, dated as of September 10, 2013, the second supplemental indenture, dated as of April 15, 2014, and the third supplemental indenture, dated as of February 20, 2015 and the fourth supplemental indenture, dated as of May 9, 2016 (as so supplemented, the "Indenture"), and which were privately placed in May 2016 pursuant to exemptions from registration under the Securities Act of 1933, as amended (the "Securities Act"), for an equal amount of newly issued 7.750% Senior Secured Notes due 2021 that have been registered under the Securities Act (the "Exchange Notes"). The Exchange Notes will have substantially the same terms as the Original Notes, except for the elimination of certain transfer restrictions. The Exchange Notes will be issued only upon cancellation of a like amount of currently outstanding Original Notes. Vector will not receive any proceeds from the exchange offer.

Vector is making this exchange offer to satisfy its obligations under a registration rights agreement entered into when it issued the Original Notes. Any Original Notes not tendered for exchange in the exchange offer will remain outstanding and continue to accrue interest, and Vector will have no further obligation to provide for the registration of such notes under the Securities Act, except under certain limited circumstances. Pursuant to the terms of the exchange offer, Vector will accept for exchange any and all Original Notes validly tendered and not withdrawn prior to 5:00 p.m., New York City time, on July 28, 2016 (the "Expiration Date"), unless extended. Tenders of Original Notes may be withdrawn at any time prior to 5:00 p.m., New York City time, on the Expiration Date.

The terms of the exchange offer and other information relating to Vector are set forth in the prospectus dated June 29, 2016. Copies of the prospectus and the related letter of transmittal may be obtained from U.S. Bank National Association ("U.S. Bank"), which is serving as the exchange agent in connection with the exchange offer. U.S. Bank's address, telephone number and facsimile number are as follows:

U.S. Bank National Association
60 Livingston Avenue
EP-MN-WS3C
St. Paul, MN 55107-2292
Attention: Specialized Finance Dept.
Phone: (800) 934-6802
Facsimile: (651) 466-7372

This press release shall not constitute an offer to exchange or a solicitation of an offer to exchange the Original Notes. The exchange offer is made only by the prospectus dated June 29, 2016. Vector Group Ltd. 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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Source: Vector Group Ltd.

