UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 8-K

CURRENT REPORT
Pursuant to Section 13 or 15(d)
of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): January 27, 2017

VECTOR GROUP LTD.
(Exact Name of Registrant as Specified in Its Charter)

DELAWARE		
(State or Other Jurisdiction of Incorporation)		
1-5759		**65-0949535**
(Commission File Number)		(I.R.S. Employer Identification No.)
4400 Biscayne Boulevard, Miami, Florida		**33137**
(Address of Principal Executive Offices)		(Zip Code)

(305) 579-8000
(Registrant's Telephone Number, Including Area Code)

(Not Applicable)
(Former Name or Former Address, if Changed Since Last Report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 240.425)

☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Item 1.01 Entry into a Material Definitive Agreement.

Notes Offering

On January 27, 2017, Vector Group Ltd. (the "Company") completed the sale of $850.0 million of its 6.125% senior secured notes due 2025 (the "Notes") to qualified institutional buyers pursuant to Rule 144A and pursuant to Regulation S in a private offering exempt from the registration requirements of the Securities Act of 1933, as amended (the "Securities Act"). The Notes were issued under an indenture, dated as of January 27, 2017 (the "Indenture"), among the Company, the subsidiaries of the Company party thereto as note guarantors (the "Guarantors") and U.S. Bank National Association, as trustee (the "Trustee") and as collateral agent. The terms of the Notes are discussed under Item 2.03 below.

The Notes have not been registered under the Securities Act or any state securities laws and may not be offered or sold in the United States absent registration or an applicable exemption from the registration requirements of the Securities Act and applicable state securities laws.

Amendment No. 1 to Third Amended and Restated Credit Agreement

In connection with the issuance of the Notes, on January 27, 2017, Liggett Group LLC ("Liggett Group") and 100 Maple LLC ("Maple") entered into Amendment No. 1 (the "Credit Agreement Amendment") to the Third Amended and Restated Credit Agreement (as amended, the "Credit Agreement") with Wells Fargo Bank, National Association ("Wells Fargo"), as agent and lender. The Credit Agreement Amendment updates certain defined terms of the Credit Agreement relating to the Notes.

The foregoing summary of the Credit Agreement Amendment does not purport to be complete and is qualified in its entirety by reference to the Credit Agreement Amendment, attached hereto as Exhibit 10.1 and incorporated herein by reference

Item 2.03 Creation of a Direct Financial Obligation or an Obligation under an Off-Balance Sheet Arrangement of a Registrant.

Indenture and 6.125% Senior Secured Notes due 2025

On January 27, 2017, the Company completed the sale of $850.0 million of its 6.125% senior secured notes due 2025 (the "Notes") to qualified institutional buyers pursuant to Rule 144A and pursuant to Regulation S in a private offering exempt from the registration requirements of the Securities Act. The Notes were issued under the Indenture.

The aggregate net cash proceeds from the sale of the Notes were approximately $831.1 million after deducting the Initial Purchaser's discount and estimated expenses and fees payable by the Company in connection with the Notes offering. The Company is using the net cash proceeds from the Notes offering, together with the proceeds of the Equity Sale (as defined below) and cash on hand, to redeem all of the Company's outstanding 7.750% Senior Secured notes due 2021 (the "Existing Notes") and to satisfy and discharge the indenture governing the Existing Notes.

The Company will pay cash interest at a rate of 6.125% per year, payable semi-annually on February 1 and August 1 of each year, beginning on August 1, 2017. Interest will accrue from January 27, 2017. Interest on overdue principal and interest, if any, will accrue at a rate that is 1% higher than the then applicable interest rate on the Notes. The Company will make each interest payment to the holders of record on the immediately preceding January 15 and July 15.

The Notes are fully and unconditionally guaranteed on a joint and several basis by all of the wholly owned domestic subsidiaries of the Company that are engaged in the conduct of the Company's cigarette businesses. The Notes are not guaranteed by subsidiaries engaged in the Company's real estate business conducted through its subsidiary New Valley LLC. The guarantees provided by some of the Guarantors are secured by first priority or second priority security interests in certain assets of such Guarantors pursuant to security and pledge agreements, subject to certain permitted liens and exceptions as further described in the Indenture and the security documents relating thereto. The Company will not provide any security for the notes.

The Notes will be the Company's general senior obligations and will be *pari passu* in right of payment with all of the Company's existing and future senior indebtedness, will be senior in right of payment to all of the Company's future subordinated indebtedness, if any, and will be effectively subordinated in right of payment to all existing and future indebtedness and other liabilities of the non-Guarantor subsidiaries of the Company (other than indebtedness and liabilities owed to the Company or one of the Guarantors). Each guarantee of the Notes will be the general obligation of the Guarantor and will be *pari passu* in right of payment with all other senior indebtedness of the Guarantor, including the indebtedness of Liggett Group and Maple under their Credit Agreement with Wells Fargo. Each guarantee of the Notes will be senior in right of payment to all future subordinated indebtedness of the Guarantor, if any. Each guarantee of the Notes which is secured by the assets of a Guarantor will be effectively senior in right of payment to all existing and future unsecured indebtedness of such Guarantor to the extent of the value of the assets that secure such guarantee, after giving effect to any prior liens on such assets. Each guarantee of the Notes will be effectively subordinated to indebtedness that is secured by a higher priority lien than the lien securing the guarantee, if any, to the extent of the value of the collateral securing such indebtedness.

The Notes mature on February 1, 2025. The Company may redeem some or all of the Notes at any time at a make-whole redemption price. On or after February 1, 2020, the Company may redeem some or all of the Notes at a premium that will decrease over time, plus accrued and unpaid interest, if any, to the redemption date.

In the event of a Change of Control (as defined in the Indenture), each holder of the Notes may require the Company to repurchase some or all of its Notes at a repurchase price equal to 101% of the aggregate principal amount of the Notes plus accrued and unpaid interest to the date of purchase. If the Company sells certain assets and does not apply the proceeds as required pursuant to the Indenture, it must offer to repurchase the Notes at the prices listed in the Indenture.

If an Event of Default (as defined in the Indenture) occurs and is continuing, the Trustee or the holders of at least 25% in aggregate principal amount of the outstanding Notes may declare the Notes immediately due and payable, except that an Event of Default resulting from a bankruptcy or similar proceeding with respect to the Company or with respect to the Guarantors who, individually or as a group, would constitute a Significant Subsidiary (as defined in the Indenture) will automatically cause the Notes to become immediately due and payable without any declaration or other act on the part of the Trustee or any Note holders.

The Indenture contains covenants that limit the Company and each Guarantor's ability to, among other things: (i) incur additional indebtedness; (ii) pay dividends or make other distributions in respect of or repurchase or redeem its equity interests; (iii) prepay, redeem or repurchase its subordinated indebtedness; (iv) make investments; (v) sell assets; (vi) incur certain liens; (vii) enter into agreements restricting its subsidiaries' ability to pay dividends; (viii) enter into transactions with affiliates; and (ix) consolidate, merge or sell all or substantially all of its assets. These covenants are subject to a number of important exceptions and qualifications, as described in the Indenture.

Pledge Agreement

In connection with the issuance of the Notes, on January 27, 2017, VGR Holding LLC ("VGR Holding") entered into a pledge agreement (the "Pledge Agreement") with U.S. Bank National Association, in its capacity as collateral agent for the holders of the Notes (the "Collateral Agent"). Pursuant to the Pledge Agreement, VGR Holding granted to the Collateral Agent for the benefit of the holders of the Notes a first priority security interest in all if its right and title in the Pledged Collateral (as defined in the Pledge Agreement) as collateral security for its guarantee obligations in respect of the Notes, subject to certain permitted liens and exceptions as further described in the Indenture and the Pledge Agreement.

Vector Tobacco Security Agreement

In connection with the issuance of the Notes, on January 27, 2017, Vector Tobacco Inc. ("Vector Tobacco") entered into a security agreement (the "Vector Tobacco Security Agreement") with the Collateral Agent. Pursuant to the Vector Tobacco Security Agreement, Vector Tobacco granted to the Collateral Agent for the benefit

of the holders of the Notes a first priority security interest in all if its right and title in the Collateral (as defined in the Vector Tobacco Security Agreement) as collateral security for its guarantee obligations in respect of the Notes, subject to certain permitted liens and exceptions as further described in the Indenture and the Vector Tobacco Security Agreement.

Liggett Guarantors Security Agreement

In connection with the issuance of the Notes, on January 27, 2017, Liggett Group and Maple (the "Liggett Guarantors") entered into a security agreement (the "Liggett Guarantors Security Agreement") with the Collateral Agent. Pursuant to the Liggett Guarantors Security Agreement, the Liggett Guarantors granted to the Collateral Agent for the benefit of the holders of the Notes a second priority security interest in all if its right and title in the Collateral (as defined in the Liggett Guarantors Security Agreement) as collateral security for its guarantee obligations in respect of the Notes, subject to certain permitted liens and exceptions as further described in the Indenture and the Liggett Guarantors Security Agreement.

Intercreditor Agreement

In connection with the issuance of the Notes, on January 27, 2017, the Liggett Guarantors entered into an amended and restated intercreditor and lien subordination agreement (the "Intercreditor Agreement") with the Collateral Agent and Wells Fargo, as lender under the Credit Agreement. Pursuant to the Intercreditor Agreement, the liens of the Collateral Agent on the ABL Collateral (as defined in the Intercreditor Agreement) will be subordinated to the liens of Wells Fargo on the ABL Collateral.

The foregoing summary of the Notes, the Indenture, the Pledge Agreement, the Vector Tobacco Security Agreement, the Liggett Guarantors Security Agreement and the Intercreditor Agreement does not purport to be complete and is qualified in its entirety by reference to the Indenture, the Pledge Agreement, the Vector Tobacco Security Agreement, the Liggett Guarantors Security Agreement and the Intercreditor Agreement, attached hereto as Exhibits 4.1, 4.2, 4.3, 4.4 and 4.5, respectively, and incorporated herein by reference.

Item 8.01 Other Events.

Underwriting Agreement and Equity Offering

On January 19, 2017, the Company entered into an underwriting agreement (the "Underwriting Agreement") between the Company and Jefferies LLC, as the underwriter, to issue and sell 2,000,000 shares of the Company's common stock, par value $0.10 per share (the "Common Stock"), at a purchase price of $21.65 per share (the "Equity Sale").

On January 27, 2017, the Company completed the Equity Sale. The net cash proceeds of the Equity Sale were approximately $43.2 million, after deducting estimated fees and expenses payable by the Company.

The Common Stock sold in the Equity Sale has been registered under the Securities Act of 1933, as amended (the "Securities Act") pursuant to a registration statement on Form S-3 (No. 333-208815) previously filed with the Securities and Exchange Commission (the "Commission") under the Securities Act. Copies of the Underwriting Agreement and the opinion of our counsel as to the validity of the Common Stock are filed as Exhibits 1.1 and 5.1, respectively, to this Current Report on Form 8-K and are incorporated herein by reference. The Company is filing this Current Report Item 8.01 so as to file with the Commission certain items that are to be incorporated by reference into its Registration Statement.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits.

1.1 Underwriting Agreement, dated as of January 19, 2017, between Vector Group Ltd. and Jefferies LLC.

4.1 Indenture, dated as of January 27, 2017, among Vector Group Ltd., the guarantors named therein and U.S. Bank National Association, as trustee.

4.2	Pledge Agreement, dated as of January 27, 2017, between VGR Holding LLC and U.S. Bank National Association, as collateral agent.
4.3	Security Agreement, dated as of January 27, 2017, by and between Vector Tobacco Inc. and U.S. Bank National Association, as collateral agent.
4.4	Security Agreement, dated as of January 27, 2017, among Liggett Group LLC, 100 Maple LLC and U.S. Bank National Association, as collateral agent.
4.5	Amended and Restated Intercreditor and Lien Subordination Agreement, dated as of January 27, 2017, among Liggett Group LLC, 100 Maple LLC, U.S. Bank National Association and Wells Fargo Bank, National Association.
5.1	Opinion of Sullivan & Cromwell LLP.
10.1	Amendment No. 1 to Third Amended and Restated Credit Agreement, dated as of January 27, 2017, among Liggett Group LLC, 100 Maple LLC and Wells Fargo Bank, National Association.
23.1	Consent of Sullivan & Cromwell LLP (included in Exhibit 5.1).

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

VECTOR GROUP LTD.

Date: January 27, 2017

By: /s/ J. Bryant Kirkland III
J. Bryant Kirkland III
Senior Vice President, Treasurer and Chief Financial Officer

Exhibit 1.1

2,000,000 SHARES

VECTOR GROUP LTD.

COMMON STOCK PAR VALUE $0.10 PER SHARE

UNDERWRITING AGREEMENT

January 19, 2017

JEFFERIES LLC
520 Madison Avenue
New York, New York 10022

Ladies and Gentlemen:

Vector Group Ltd., a Delaware corporation (the "**Company**"), proposes to issue and sell to the several underwriters named in **Schedule A** (the "**Underwriters**") 2,000,000 shares (the "**Shares**") of its common stock, par value $0.10 per share (the "**Common Stock**"). Jefferies LLC ("**Jefferies**") has agreed to act as representative of the several Underwriters (in such capacity, the "**Representative**") in connection with the offering and sale of such shares. To the extent there are no additional underwriters listed on **Schedule A**, the term "Representative" as used herein shall mean Jefferies, as Underwriter, and the term "Underwriters" shall mean either the singular or the plural, as the context requires.

Concurrently with the issuance of the Shares, the Company is offering (the "**Notes Offering**"), pursuant to an exemption from the registration requirements under the Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder (collectively, the "**Securities Act**"), by means of an offering memorandum, an aggregate principal amount of $850,000,000 of Senior Secured Notes due 2025 (the "**Notes**") to be issued pursuant to an indenture (the "**Indenture**") to be dated on or prior to the initial issuance of the Notes between the Company and U.S. Bank, National Association, as trustee (the "**Trustee**"). The Notes are expected to be issued on the Closing Date (as defined in the Purchase Agreement (the "**Purchase Agreement**") relating to the offering of the Notes between the Company and Jefferies as Initial Purchaser (the "**Initial Purchaser**"), dated January 19, 2017).

The Company has prepared and filed with the Securities and Exchange Commission (the "**Commission**") a shelf registration statement on Form S-3, File No. 333-208815, including a base prospectus (the "**Base Prospectus**") to be used in connection with the public offering and sale of the Shares. Such registration statement, as amended, including the financial statements, exhibits and schedules thereto, in the form in which it became effective under the Securities Act, including all documents incorporated or deemed to be incorporated by reference therein and any information deemed to be a part thereof at the time of effectiveness pursuant to Rule 430A or 430B under the Securities Act, is called the "**Registration Statement**." Any registration statement filed by the Company pursuant to Rule 462(b) under the Securities Act in connection with the offer and sale of the Shares is called the "**Rule 462(b) Registration Statement**," and from and after the date and time of filing of any such Rule 462(b) Registration Statement the

term “Registration Statement” shall include the Rule 462(b) Registration Statement. The preliminary prospectus supplement dated January 19, 2017 describing the Shares and the offering thereof (the “**Preliminary Prospectus Supplement**”), together with the Base Prospectus, is called the “**Preliminary Prospectus**,” and the Preliminary Prospectus and any other prospectus supplement to the Base Prospectus in preliminary form that describes the Shares and the offering thereof and is used prior to the filing of the Prospectus (as defined below), together with the Base Prospectus, is called a “**preliminary prospectus**.” As used herein, the term “**Prospectus**” shall mean the final prospectus supplement to the Base Prospectus that describes the Shares and the offering thereof (the “**Final Prospectus Supplement**”), together with the Base Prospectus, in the form first used by the Underwriters to confirm sales of the Shares or in the form first made available to the Underwriters by the Company to meet requests of purchasers pursuant to Rule 173 under the Securities Act. References herein to the Preliminary Prospectus, any preliminary prospectus and the Prospectus shall refer to both the prospectus supplement and the Base Prospectus components of such prospectus. As used herein, “**Applicable Time**” is 5:30 p.m. (New York time) on January 19, 2017. As used herein, “**free writing prospectus**” has the meaning set forth in Rule 405 under the Securities Act, and “**Time of Sale Prospectus**” means the Preliminary Prospectus, as amended or supplemented immediately prior to the Applicable Time, together with the Pricing Information. As used herein, **“Road Show”** means a “road show” (as defined in Rule 433 under the Securities Act) relating to the offering of the Shares contemplated hereby that is a “written communication” (as defined in Rule 405 under the Securities Act), and “**Pricing Information**” means (i) the number of Shares offered for sale and (ii) the public offering price per Share, in each such case as reflected on the cover page of the Prospectus.

All references in this Agreement to the Registration Statement, the Preliminary Prospectus, any preliminary prospectus, the Base Prospectus and the Prospectus shall include the documents incorporated or deemed to be incorporated by reference therein. All references in this Agreement to financial statements and schedules and other information which are “contained,” “included” or “stated” in, or “part of” the Registration Statement, the Rule 462(b) Registration Statement, the Preliminary Prospectus, any preliminary prospectus, the Base Prospectus, the Time of Sale Prospectus or the Prospectus, and all other references of like import, shall be deemed to mean and include all such financial statements and schedules and other information which is or is deemed to be incorporated by reference in the Registration Statement, the Rule 462(b) Registration Statement, the Preliminary Prospectus, any preliminary prospectus, the Base Prospectus, the Time of Sale Prospectus or the Prospectus, as the case may be. All references in this Agreement to amendments or supplements to the Registration Statement, the Preliminary Prospectus, any preliminary prospectus, the Base Prospectus, the Time of Sale Prospectus or the Prospectus shall be deemed to mean and include the filing of any document under the Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder (collectively, the “**Exchange Act**”) that is or is deemed to be incorporated by reference in the Registration Statement, the Preliminary Prospectus, any preliminary prospectus, the Base Prospectus, or the Prospectus, as the case may be. All references in this Agreement to (i) the Registration Statement, the Preliminary Prospectus, any preliminary prospectus, the Base Prospectus or the Prospectus, any amendments or supplements to any of the foregoing, or any free writing prospectus, shall include any copy thereof filed with the Commission pursuant to its Electronic Data Gathering, Analysis and Retrieval System (“**EDGAR**”) and (ii) the Prospectus shall be deemed to include any “electronic Prospectus” provided for use in connection with the offering of the Shares as contemplated by Section 3(n) of this Agreement.

The Company hereby confirms its agreements with the Underwriters as follows:

Section 1. Representations and Warranties of the Company. The Company hereby represents, warrants and covenants to each Underwriter, as of the date of this Agreement, as of the Closing Date (as hereinafter defined) as follows:

(a) ***Compliance with Registration Requirements.*** The Registration Statement has become effective under the Securities Act. No stop order suspending the effectiveness of the Registration Statement is in effect and no proceedings for such purpose have been instituted or are pending or, to the knowledge of the Company, are contemplated or threatened by the Commission. At the time the Company's Annual Report on Form 10-K for the year ended December 31, 2015 (the "**Annual Report**") was filed with the Commission, or, if later, at the time the Registration Statement was originally filed with the Commission, as well as at the time the Company or any person acting on its behalf (within the meaning, for this clause only, of Rule 163(c) under the Securities Act) made any offer relating to the Shares in reliance on the exemption of Rule 163 under the Securities Act, the Company was a "well known seasoned issuer" as defined in Rule 405 under the Securities Act. The Registration Statement is an "automatic shelf registration statement," as defined in Rule 405 under the Securities Act, and became effective on December 31, 2015. The Company has not received from the Commission any notice pursuant to Rule 401(g)(2) under the Securities Act objecting to the Company's use of the automatic shelf registration form. The documents incorporated or deemed to be incorporated by reference in the Registration Statement, the Time of Sale Prospectus and the Prospectus, at the time they were or hereafter are filed with the Commission, or became effective under the Exchange Act, as the case may be, complied and will comply in all material respects with the requirements of the Exchange Act.

(b) ***Disclosure***. The Preliminary Prospectus and the Prospectus when filed complied in all material respects with the Securities Act and, if filed by electronic transmission pursuant to EDGAR, was identical (except as may be permitted by Regulation S-T under the Securities Act) to the copy thereof delivered to the Underwriters for use in connection with the offer and sale of the Shares. Each of the Registration Statement and any post-effective amendment thereto, at the time it became or becomes effective, complied and will comply in all material respects with the Securities Act and did not and will not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading. As of the Applicable Time, the Time of Sale Prospectus (including any preliminary prospectus wrapper) did not, and at the Closing Date (as defined in Section 2), the Time of Sale Prospectus, as then amended or supplemented by the Company, if applicable, will not, contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading. The Prospectus (including any prospectus wrapper), as of its date (as then amended or supplemented), did not and will not contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading. The representations and warranties set forth in the three immediately preceding sentences do not apply to statements in or omissions

from the Registration Statement or any post-effective amendment thereto, or the Prospectus or the Time of Sale Prospectus, or any amendments or supplements thereto, made in reliance upon and in conformity with written information relating to any Underwriter furnished to the Company in writing by the Representative expressly for use therein, it being understood and agreed that the only such information consists of the information described in Section 9(b) below. There are no contracts or other documents required to be described in the Time of Sale Prospectus or the Prospectus or to be filed as an exhibit to the Registration Statement which have not been described or filed as required.

(c) ***Free Writing Prospectuses; Road Show***. As of the determination date referenced in Rule 164(h) under the Securities Act, the Company was not, is not or will not be (as applicable) an "ineligible issuer" in connection with the offering of the Shares pursuant to Rules 164, 405 and 433 under the Securities Act. Each free writing prospectus that the Company is required to file pursuant to Rule 433(d) under the Securities Act has been, or will be, filed with the Commission in accordance with the requirements of the Securities Act. Each free writing prospectus that the Company has filed, or is required to file, pursuant to Rule 433(d) under the Securities Act or that was prepared by or on behalf of or used or referred to by the Company complies or will comply in all material respects with the requirements of Rule 433 under the Securities Act, including timely filing with the Commission or retention where required and legending, and each such free writing prospectus, as of its issue date and at all subsequent times through the completion of the public offering of the Shares did not, does not and will not include any information that conflicted, conflicts or will conflict with the information contained in the Registration Statement, the Prospectus or any preliminary prospectus and not superseded or modified. Except for the free writing prospectuses, if any, identified in **Schedule B**, and electronic road shows, if any, furnished to the Representative before first use, the Company has not prepared, used or referred to, and will not, without the Representative's prior written consent, prepare, use or refer to, any free writing prospectus. Each Road Show does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

(d) ***Offering Materials Furnished to the Underwriters***. The Company has delivered to the Representative two complete copies of the Registration Statement and each amendment thereto (including, in each case, exhibits) and each consent and certificate of experts filed as a part thereof, and additional copies of the Registration Statement and each amendment thereto (without exhibits) and each preliminary prospectus and any free writing prospectus reviewed and consented to by the Representative, in such quantities and at such places as the Representative has reasonably requested for each of the Underwriters.

(e) ***Distribution of Offering Material By the Company***. Prior to the completion of the Underwriters' distribution of the Shares, the Company has not distributed and will not distribute any offering material in connection with the offering of the Shares other than the Registration Statement, the Time of Sale Prospectus, the Prospectus or any free writing prospectus reviewed and consented to by the Representative.

(f) ***Organization and Qualification***. The Company and its "**Subsidiaries**" (which for purposes of this Agreement means any entity in which the Company, directly or indirectly,

owns capital stock or holds an equity or similar interest that equals or exceeds 50% of the aggregate outstanding equity or similar interests of such entity) are entities duly organized and validly existing in good standing under the laws of the jurisdiction in which they are formed, and have the requisite power and authorization to own their material properties and to carry on their business as now being conducted in all material respects. Each of the Company and its Subsidiaries is duly qualified as a foreign entity to do business and is in good standing in every jurisdiction in which its ownership of property or the nature of the business conducted by it makes such qualification necessary, except to the extent that the failure to be so qualified or be in good standing would not reasonably be expected to have a Material Adverse Effect. As used in this Agreement, "**Material Adverse Effect**" means any material adverse effect on the business, assets, results of operations, or condition (financial or otherwise) of the Company and its Subsidiaries, taken as a whole, or on the transactions contemplated hereby or the Notes Offering or by the agreements and instruments to be entered into in connection herewith or therewith, or on the authority or ability of the Company to perform its obligations under such agreements and instruments. The Company has no Subsidiaries except as set forth on Schedule II hereto.

(g) ***Authorization; Enforcement; Validity***. The Company has the requisite corporate power and authority to enter into and perform its obligations under this Agreement and to issue the Shares in accordance with the terms hereof. The execution and delivery of this Agreement by the Company and the consummation by the Company of the transactions contemplated hereby, including, without limitation, the issuance and sale of the Shares, have been duly authorized by the Company's board of directors and no further consent or authorization is required by the Company, its board of directors or its stockholders. This Agreement has been duly authorized, executed and delivered by the Company is the legal, valid and binding obligations of the Company, enforceable against it in accordance with its terms, except as such enforceability may be limited by general principles of equity or applicable bankruptcy, insolvency, reorganization, moratorium, liquidation or similar laws relating to, or affecting generally, the enforcement of applicable creditors' rights and remedies.

(h) ***Issuance of the Shares***. The Shares have been duly and validly authorized and, on the Closing Date, will have been validly executed and delivered by the Company. When the Shares have been issued and executed and delivered to and paid for by the Underwriters in accordance with the terms of this Agreement, the Shares will be validly issued, fully paid and non-assessable. The Shares shall be free from all taxes, liens and charges with respect to the issue thereof.

(i) ***No Conflicts***. The execution, delivery and performance of this Agreement and the performance of this Agreement by the Company and the consummation by the Company of the transactions contemplated hereby (including, without limitation, the issuance of the Shares pursuant to this Agreement and the Notes Offering) will not (i) conflict with, or constitute a default (or an event which with notice or lapse of time or both would become a default) under, or give to others any rights of termination, amendment, acceleration or cancellation of, any agreement, indenture or instrument to which the Company or any of its Subsidiaries is a party, or (ii) (so long as the Company obtains all consents, authorizations and orders and makes all filings and registrations specified in Section 1(j)) result in a violation of any law, rule, regulation, order, judgment or decree (including federal and state securities laws and regulations) applicable to the Company or any of its Subsidiaries or by which any property or asset of the Company or any of its Subsidiaries is bound or affected, except, in the case of clauses (ii) and (iii), such conflicts, defaults, rights, or violations that would not reasonably be expected to have a Material Adverse Effect.

(j) ***Consents***. The Company is not required to obtain any consent, authorization or order of, or make any filing or registration with, any court, governmental agency or any regulatory or self-regulatory agency or any other person in order for the Company to execute, deliver or perform any of its obligations under or contemplated by this Agreement, in accordance with the terms hereof. All consents, authorizations, orders, filings and registrations which the Company is required to obtain or make pursuant to the preceding sentence will have been obtained or made on or prior to the Closing Date.

(k) ***No Broker's Fees***. The Company has not engaged any broker, finder, commission agent or other person (other than the Underwriters) in connection with the offering of the Shares or any of the transactions contemplated in this Agreement, and the Company is not under any obligation to pay any broker's fee or commission in connection with such transactions (other than commissions or fees to the Underwriters). The Underwriters acknowledge that the Company has engaged Oppenheimer & Co. as a financial advisor, but not as an underwriter, broker, finder or commission agent.

(l) ***SEC Documents; Financial Statements***. During the two (2) years prior to the date hereof, the Company has filed all reports, schedules, forms, statements and other documents required to be filed by it with the Commission pursuant to the reporting requirements of the Exchange Act (all of the foregoing filed prior to the date hereof and all exhibits included therein and financial statements, notes and schedules thereto and documents incorporated by reference therein being hereinafter referred to as the "**SEC Documents**"). As of their respective dates, the SEC Documents, as they may have been subsequently amended by filings made by the Company with the Commission prior to the date hereof, complied in all material respects with the requirements of the Exchange Act and the rules and regulations of the Commission promulgated thereunder applicable to the SEC Documents. As of their respective dates, the financial statements of the Company included in the SEC Documents complied as to form in all material respects with applicable accounting requirements and the published rules and regulations of the Commission with respect thereto. Such financial statements have been prepared in accordance with generally accepted accounting principles, consistently applied, during the periods involved (except (i) as may be otherwise indicated in such financial statements or the notes thereto, or (ii) in the case of unaudited interim statements, to the extent they may exclude footnotes or may be condensed or summary statements) and fairly present in all material respects the financial position of the Company as of the dates thereof and the results of its operations and cash flows for the periods then ended (subject, in the case of unaudited statements, to normal year-end audit adjustments).

(m) ***Absence of Certain Changes***. Except as disclosed in the Registration Statement, the Time of Sale Prospectus and the Prospectus since December 31, 2015, (i) there has been no change or development that has had a Material Adverse Effect, (ii) the Company has not declared or paid any dividends other than the dividends paid (w) on March 30, 2016 to the stockholders of record as of March 21, 2016, (x) on June 29, 2016 to the stockholders of record as of June 22, 2016, (y) on September 29, 2016 to the stockholders of record as of September 21,

2016, and (z) and on December 29, 2016 to the stockholders of record as of December 21, 2016 (iii) as of the date hereof, neither the Company nor any of its Subsidiaries has sold any assets, individually or in the aggregate, in excess of $1,000,000 outside of the ordinary course of business, other than as set forth on Schedule IV of the Purchase Agreement and (iv) as of the date hereof, neither the Company nor any of its Subsidiaries has made any capital expenditures, individually or in the aggregate, in excess of $30,000,000. The Company is not in breach of or in default under any bond, debenture, note, loan or other evidence of indebtedness, indenture, or any other agreement to which it is a party, except for such breaches or defaults that would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect. Neither the Company nor any of its Subsidiaries has taken any steps to seek protection pursuant to any bankruptcy law nor does the Company have knowledge that either its or its Subsidiaries' respective creditors intend to initiate involuntary bankruptcy proceedings or knowledge of any fact which would reasonably lead a creditor to do so. The Company is not as of the date hereof, and after giving effect to the transactions contemplated hereby to occur at the Closing Date will not be, Insolvent (as defined below). For purposes of this Section 1(n), "**Insolvent**" means (i) the present fair saleable value of the Company's assets is less than the amount required to pay the Company's total Indebtedness, (ii) the Company is unable to pay its debts and liabilities, subordinated, contingent or otherwise, as such debts and liabilities become absolute and matured or (iii) the Company has unreasonably small capital with which to conduct the business in which it is engaged as such business is now conducted. "**Indebtedness**" of any Person means, without duplication (A) all indebtedness for borrowed money, (B) all obligations issued, undertaken or assumed as the deferred purchase price of property or services (other than trade payables entered into in the ordinary course of business), (C) all reimbursement or payment obligations with respect to letters of credit, surety bonds and other similar instruments, (D) all obligations evidenced by notes, bonds, debentures or similar instruments, including obligations so evidenced incurred in connection with the acquisition of property, assets or businesses, (E) all indebtedness created or arising under any conditional sale or other title retention agreement, or incurred as financing, in either case with respect to any property or assets acquired with the proceeds of such indebtedness (even though the rights and remedies of the seller or bank under such agreement in the event of default are limited to repossession or sale of such property), (F) all monetary obligations under any leasing or similar arrangement which, in connection with generally accepted accounting principles, consistently applied for the periods covered thereby, is classified as a capital lease, (G) all indebtedness referred to in clauses (A) through (F) above secured by (or for which the holder of such Indebtedness has an existing right, contingent or otherwise, to be secured by) any mortgage, lien, pledge, charge, security interest or other encumbrance upon or in any property or assets (including accounts and contract rights) owned by any Person, even though the Person which owns such assets or property has not assumed or become liable for the payment of such indebtedness, and (H) all Contingent Obligations in respect of indebtedness or obligations of others of the kinds referred to in clauses (A) through (G) above; and (y) "**Contingent Obligation**" means, as to any Person, any direct or indirect liability, contingent or otherwise, of that Person with respect to any indebtedness, lease, dividend or other obligation of another Person if the primary purpose or intent of the Person incurring such liability, or the primary effect thereof, is to provide assurance to the obligee of such liability that such liability will be paid or discharged, or that any agreements relating thereto will be complied with, or that the holders of such liability will be protected (in whole or in part) against loss with respect thereto.

(n) ***No Undisclosed Events, Liabilities, Developments or Circumstances***. No event, liability, development or circumstance has occurred or exists with respect to the Company or its Subsidiaries or their respective businesses, properties, operations or condition (financial or otherwise), that would be required to be disclosed by the Company under applicable securities laws on a registration statement on Form S-1 filed with the Commission relating to an issuance and sale by the Company of its Common Stock and which has not been publicly announced

(o) ***Conduct of Business; Regulatory Permits***. Neither the Company nor any of its Subsidiaries is in violation of (x) any term of its Charter Documents or (y) any judgment, decree or order or any statute, ordinance, rule or regulation applicable to the Company or its Subsidiaries, except, in either of the foregoing cases, for possible violations which would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect. The Company and its Subsidiaries possess all certificates, authorizations and permits issued by the appropriate regulatory authorities necessary to conduct their respective businesses, except where the failure to possess such certificates, authorizations or permits would not reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect, and neither the Company nor any such Subsidiary has received any written notice of proceedings relating to the revocation or modification of any such certificate, authorization or permit, except where the revocation or modification of any such certificate, authorization or permit would not reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect.

(p) ***Foreign Corrupt Practices***. Neither the Company, nor any of its Subsidiaries, nor any director, officer, agent, employee or other Person acting on behalf of the Company or any of its Subsidiaries has, in the course of its actions for, or on behalf of, the Company (i) used any corporate funds for any unlawful contribution, gift, entertainment or other unlawful expenses relating to political activity; (ii) made any direct or indirect unlawful payment to any domestic government official, "foreign official" (as defined in the U.S. Foreign Corrupt Practices Act of 1977, as amended, and the rules and regulations thereunder (collectively, the "**FCPA**") or employee from corporate funds; (iii) violated or is in violation of any provision of the FCPA or any applicable non-U.S. anti-bribery statute or regulation or (iv) made any unlawful bribe, rebate, payoff, influence payment, kickback or other unlawful payment to any foreign or domestic government official or employee; and the Company and its Subsidiaries, and, to the knowledge of the Company and its Subsidiaries, its and their other affiliates have conducted their businesses in compliance with the FCPA and have instituted and maintain policies and procedures designed to ensure, and which are reasonably expected to ensure, continued compliance therewith.

(q) ***Sarbanes-Oxley Act***. There is and has been no failure on the part of the Company to comply in all material respects with any provision of the Sarbanes-Oxley Act of 2002, as in effect at the applicable time, and the rules and regulations promulgated in connection therewith (the "**Sarbanes-Oxley Act**"), including Section 402 related to loans and Sections 302 and 906 related to certifications.

(r) ***Disclosure Controls and Procedures***. The chief executive officer and chief financial officer of the Company are responsible for establishing and maintaining disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) of the rules and regulations of the Commission under the Exchange Act) for the Company and have (i) designed such

disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under their supervision, to ensure that material information relating to the Company and its Subsidiaries is made known to the chief executive officer and chief financial officer by others within the Company and its Subsidiaries, particularly during the end of the period (the "**Evaluation Date**") covered by each of the most recent annual and quarterly report of the Company (each a "**Report**"), (ii) evaluated the effectiveness of the Company's disclosure controls and procedures and presented in each Report their conclusions about the effectiveness of the disclosure controls and procedures as of the Evaluation Date covered by each Report based on such evaluation and (iii) disclosed in each Report any change in the Company's internal control over financial reporting that occurred during the period covered by the Report that has materially affected, or is reasonably likely to materially affect, the Company's internal controls over financial reporting. The chief executive officer and chief financial officer of the Company have disclosed, based upon their most recent evaluation of the internal controls over financial reporting, to the Company's auditors and the Audit Committee of the Company's board of directors (x) all material weaknesses in the design or operation of internal controls over financial reporting which are reasonably likely to adversely affect the Company's ability to record, process, summarize and report financial information, and (y) any fraud, whether or not material, that involves management or other employees who have a significant role in the Company's internal controls.

(s) ***Internal Accounting Controls***. The Company and each of its Subsidiaries maintain a system of internal accounting controls sufficient to provide reasonable assurance that (i) transactions are executed in accordance with management's general or specific authorizations, (ii) transactions are recorded as necessary to permit preparation of financial statements in conformity with generally accepted accounting principles and to maintain asset and liability accountability, (iii) access to assets or incurrence of liabilities is permitted only in accordance with management's general or specific authorization and (iv) the recorded accountability for assets and liabilities is compared with the existing assets and liabilities at reasonable intervals and appropriate action is taken with respect to any difference.

(t) ***Transactions with Affiliates***. Except as disclosed in the Registration Statement, the Time of Sale Prospectus and the Prospectus, none of the officers, directors or employees of the Company is presently a party to any transaction with the Company or any of its Subsidiaries (other than for ordinary course services as employees, officers or directors), including any contract, agreement or other arrangement providing for the furnishing of services to or by, providing for rental of real or personal property to or from, or otherwise requiring payments to or from any such officer, director or employee or, to the knowledge of the Company, any corporation, partnership, trust or other entity in which any such officer, director, or employee has a substantial interest or is an officer, director, trustee or partner, which is required by the rules and regulations of the Commission under the Exchange Act to be so disclosed in the SEC Documents.

(u) ***Equity Capitalization***. All outstanding shares of capital stock of or membership interests in, as applicable, the Company and the Subsidiaries have been duly authorized and validly issued and are fully paid, non-assessable and not subject to any preemptive or similar rights. There are no outstanding subscriptions, rights, warrants, options, calls, convertible securities, commitments of sale or liens granted or issued by the Company or any of the

Subsidiaries relating to or entitling any person to purchase or otherwise to acquire any shares of the capital stock of or membership interests in, as applicable, the Company or any of the Subsidiaries, except as otherwise disclosed in the SEC Documents. The Company and each of the Subsidiaries has furnished to the Underwriters correct and complete copies of its Certificate of Incorporation, limited liability company agreement, bylaws and other organizational documents, as applicable, as amended and as in effect on the date hereof (the "**Charter Documents**").

(v) ***Absence of Litigation***. Except as set forth in the Registration Statement, the Time of Sale Prospectus and the Prospectus, there is no action, suit or proceeding before any court, public board, government agency, self-regulatory organization or body pending or, to the knowledge of the Company, threatened against or affecting the Company or any of the Company's Subsidiaries or any of the Company's or the Company's Subsidiaries' officers or directors in their capacities as such that would reasonably be expected to have a Material Adverse Effect. The SEC Documents set forth all litigation matters which are required to be disclosed in such SEC Documents.

(w) ***Insurance***. The Company and each of its Subsidiaries are insured by insurers of recognized financial responsibility against such losses and risks and in such amounts as management of the Company believes to be prudent and customary for the businesses in which the Company and its Subsidiaries are engaged, except where the failure to be so adequately insured would not reasonably be expected to have a Material Adverse Effect. Neither the Company nor any such Subsidiary believes that it will not be able to renew its existing insurance coverage as and when such coverage expires or to obtain similar coverage from similar insurers as may be necessary to continue its business at a cost that would not reasonably be expected to have a Material Adverse Effect.

(x) ***Employee Relations***. The Company and its Subsidiaries believe that their relations with their employees are satisfactory. Except as disclosed in the SEC Documents, since December 31, 2015, no "executive officer" (as defined in Rule 501(f) of the Act) of the Company has notified the Company of such officer's intent to leave the Company in the foreseeable future or otherwise terminate such officer's employment with the Company in the foreseeable future. No labor dispute with the employees of the Company or any of its Subsidiaries is pending or, to the knowledge of the Company, imminent that would reasonably be expected to have a Material Adverse Effect. The Company and its Subsidiaries are in compliance with all federal, state, local and foreign laws and regulations respecting labor, employment and employment practices and benefits, terms and conditions of employment and wages and hours, except where failure to be in compliance would not, either individually or in the aggregate, reasonably be expected to result in a Material Adverse Effect.

(y) ***Title***. The Company and its Subsidiaries have good and valid title in fee simple to all real property and good and valid title to all personal property owned by them which is material to the business of the Company and its Subsidiaries, in each case free and clear of all liens, encumbrances and defects except such as (a) is described in the Registration Statement, the Time of Sale Prospectus and the Prospectus or arise from indebtedness reflected therein or (b) do not materially affect the value of such property and do not interfere with the use made of such property by the Company and any of its Subsidiaries in a manner that would reasonably be

expected to have a Material Adverse Effect. Any real property and facilities held under lease by the Company and any of its Subsidiaries and material to the business of the Company and its Subsidiaries taken as a whole are, with respect to the Company and its Subsidiaries, in full force and effect, with such exceptions as do not materially interfere with the use made of such property and buildings by the Company and its Subsidiaries.

(z) ***Intellectual Property Rights***. The Company and its Subsidiaries own or possess adequate rights or licenses to use all trademarks, trade names, service marks, service mark registrations, service names, patents, patent rights, copyrights, inventions, licenses, approvals, trade secrets and other intellectual property rights ("**Intellectual Property Rights**") necessary to conduct their respective businesses as now conducted and which failure to so have would reasonably be expected to have a Material Adverse Effect. None of the Company's or its Subsidiaries' Intellectual Property Rights necessary to conduct their respective businesses as now conducted have expired or terminated, or are expected to expire or terminate within two years from the date of this Agreement, except where the expiration or termination would not reasonably be expected to have a Material Adverse Effect. The Company has not received written notice and has no knowledge of any infringement by the Company or its Subsidiaries on the Intellectual Property Rights of other Persons. There is no claim, action or proceeding being made or brought, or to the knowledge of the Company, being threatened, by or against the Company or its Subsidiaries regarding its Intellectual Property Rights. The Company and its Subsidiaries have taken reasonable security measures to protect the secrecy, confidentiality and value of all of their intellectual properties, except where the failure to do so would not reasonably be expected to have a Material Adverse Effect.

(aa) ***Environmental Laws***. The Company and its Subsidiaries (i) are in compliance with any and all Environmental Laws (as hereinafter defined), (ii) have received all permits, licenses or other approvals required of them under applicable Environmental Laws to conduct their respective businesses and (iii) are in compliance with all terms and conditions of any such permit, license or approval where, in each of the foregoing clauses (i), (ii) and (iii), the failure to so comply would be reasonably expected to have, individually or in the aggregate, a Material Adverse Effect. As used in this Agreement, "**Environmental Laws**" means all federal, state, local or foreign laws relating to pollution or protection of human health or the environment (including, without limitation, ambient air, surface water, groundwater, land surface or subsurface strata), including, without limitation, laws relating to emissions, discharges, or releases or threatened releases of chemicals, pollutants, contaminants, or toxic or hazardous substances or wastes (collectively, "**Hazardous Materials**")into the environment, or otherwise relating to the manufacture, processing, distribution, use, treatment, storage, disposal, transport or handling of Hazardous Materials, as well as all authorizations, codes, decrees, injunctions, judgments, licenses, orders, permits, or regulations issued, entered, promulgated or approved thereunder.

(bb) ***Tax Status***. The Company and each of its Subsidiaries (i) has made or filed all material foreign, federal and state income and all other material tax returns, reports and declarations required by any jurisdiction to which it is subject, (ii) has paid all taxes and other governmental assessments and charges that are material in amount, shown or determined to be due on such returns, reports and declarations, except those being contested in good faith and (iii) has set aside on its books provision reasonably adequate for the payment of all taxes for the

periods to which such returns, reports or declarations apply. Except as disclosed in the Registration Statement, the Time of Sale Prospectus and the Prospectus, there are no unpaid taxes in any material amount claimed to be due by the taxing authority of any jurisdiction, and the officers of the Company know of no basis for any such claim.

(cc) ***Independent Accountants***. Deloitte & Touche LLP, who have certified the consolidated financial statements of the Company, Vector Tobacco Inc. and Liggett Group LLC as of December 31, 2015, and PricewaterhouseCoopers LLP, who have certified the consolidated financial statements of (i) the Company, Vector Tobacco, Inc. and Liggett Group, LLC as of December 31, 2014 and December 31, 2013, and (ii) Douglas Elliman Realty LLC, as of December 13, 2013, are independent public accountants within the meaning of the Securities Act.

(dd) ***Manipulation of Price; Compliance with Regulation M***. Neither the Company nor any of its Subsidiaries has, and to its knowledge no one acting on its behalf has, within the preceding 12 months, (i) taken, directly or indirectly, any action designed to cause or to result in the stabilization or manipulation of the Common Stock or of any "reference security" (as defined in Rule 100 of Regulation M under the Exchange Act (**"Regulation M"**)) with respect to the Shares, whether to facilitate the sale or resale of the Shares or otherwise, and has taken no action which would directly or indirectly violate Regulation M.

(ee) ***No Applicable Registration or Other Similar Rights***. There are no persons with registration or other similar rights to have any equity or debt securities of the Company registered for sale under the Registration Statement or included in the offering contemplated by this Agreement.

(ff) ***Stock Exchange Listing***. The Common Stock is registered pursuant to Section 12(b) or 12(g) of the Exchange Act and is listed on The New York Stock Exchange (the "**NYSE**"), and the Company has taken no action designed to, or likely to have the effect of, terminating the registration of the Common Stock under the Exchange Act or delisting the Common Stock from the NYSE, nor has the Company received any notification that the Commission or the NYSE is contemplating terminating such registration or listing, as applicable. To the Company's knowledge, it is in compliance in all material respects with all applicable listing requirements of the NYSE.

(gg) ***Investment Company***. The Company is not, and after giving effect to the offering and sale of the Shares and the application of the proceeds thereof will not become, required to register as an "investment company" within the meaning of the Investment Company Act of 1940, as amended.

(hh) ***FINRA Matters***. All of the information provided to the Underwriters or to counsel for the Underwriters by the Company in connection with the compliance of the offering of the Shares with the rules of Financial Industry Regulatory Authority, Inc.'s ("**FINRA**") is true, complete and correct. The Company meets the requirements for use of Form S-3 under the Securities Act specified in FINRA Conduct Rule 5110(B)(7)(C)(i).

(ii) ***[Reserved]*****.**

(jj) ***Statistical and Market-Related Data***. All statistical, demographic and market-related data included in the Registration Statement, the Time of Sale Prospectus or the Prospectus are based on or derived from sources that the Company believes, after reasonable inquiry, to be reliable and accurate. To the extent required, the Company has obtained the written consent to the use of such data from such sources.

(kk) ***Delivery of Certificates***. Each certificate signed by any officer of the Company delivered to the Underwriters shall be deemed a representation and warranty by the Company (and not individually by such officer) to the Underwriters with respect to the matters covered thereby.

(ll) ***Money Laundering Laws***. The operations of the Company and its Subsidiaries are, and have been conducted at all times, in compliance with applicable financial recordkeeping and reporting requirements of the Currency and Foreign Transactions Reporting Act of 1970, as amended, the money laundering statutes of all applicable jurisdictions, the rules and regulations thereunder and any related or similar applicable rules, regulations or guidelines, issued, administered or enforced by any governmental agency (collectively, the "**Money Laundering Laws**") and no action, suit or proceeding by or before any court or governmental agency, authority or body or any arbitrator involving the Company or any of its Subsidiaries with respect to the Money Laundering Laws is pending or, to the knowledge of the Company, after due inquiry, threatened.

(mm) ***OFAC***. Neither the Company nor any of its Subsidiaries nor, to the knowledge of the Company, any director, officer, agent, employee, affiliate or person acting on behalf of the Company or any of its Subsidiaries is currently subject to any U.S. sanctions administered by the Office of Foreign Assets Control of the U.S. Treasury Department ("**OFAC**"); and the Company will not directly or indirectly use the proceeds of this offering, or lend, contribute or otherwise make available such proceeds to any subsidiary, or any joint venture partner or other person or entity, for the purpose of financing the activities of or business with any person, or in any country or territory, known to the Company, after reasonable investigation, to be currently subject to any U.S. sanctions administered by OFAC or in any other manner that will result in a violation by any person (including any person participating in the transaction whether as initial purchaser, advisor, investor or otherwise) of U.S. sanctions administered by OFAC.

(nn) ***Dividend Restrictions***. Except as disclosed in the Registration Statement, the Time of Sale Prospectus and the Prospectus, no Subsidiary of the Company is prohibited or restricted, directly or indirectly, from paying dividends to the Company, or from making any other distribution with respect to such Subsidiary's equity securities or from repaying to the Company or any other Subsidiary of the Company any amounts that may from time to time become due under any loans or advances to such Subsidiary from the Company or from transferring any property or assets to the Company or to any other Subsidiary.

Any certificate signed by any officer of the Company or any of its Subsidiaries and delivered to any Underwriter or to counsel for the Underwriters in connection with the offering and sale of the Shares shall be deemed a representation and warranty by the Company to each Underwriter as to the matters covered thereby.

The Company has a reasonable basis for making each of the representations set forth in this Section 1. The Company acknowledges that the Underwriters and, for purposes of the opinions to be delivered pursuant to Section 6 hereof, counsel to the Company and counsel to the Underwriters, will rely upon the accuracy and truthfulness of the foregoing representations and hereby consents to such reliance.

Section 2. Delivery and Purchase of the Shares.

(a) ***The Shares***. On the basis of the representations, warranties and covenants and subject to the terms and conditions contained in this Agreement, the Company agrees to issue and sell to the Underwriters, and the Underwriters agree to purchase from the Company, the Shares at a purchase price of $21.615 a share (the "**Purchase Price**").

(b) ***Public Offering of the Shares***. The Representative hereby advises the Company that the Underwriters intend to offer for sale to the public, initially on the terms set forth in the Registration Statement, the Time of Sale Prospectus and the Prospectus, the Shares as soon after this Agreement has been executed as the Representative, in its sole judgment, has determined is advisable and practicable.

(c) ***Closing Date***. Delivery of, and payment of the Purchase Price for the Shares shall be made at or around 9:00 a.m., New York City time, on January 27, 2017 (the "**Closing Date**"), at the offices of Latham & Watkins LLP, 885 Third Avenue, New York, New York 10022, or such other time or place as the Representative and the Company shall designate.

(d) ***Delivery of the Shares***. The Shares shall be in definitive form or global form, as specified by the Representative, and registered in such names and in such denominations as the Representative shall request in writing not later than three nor more than five full business days prior to the Closing Date. The Shares shall be delivered by the Company to the Representative in one or more deliveries on or before the Closing Date in accordance with the terms of this Section 2.

Section 3. Additional Covenants of the Company. The Company further covenants and agrees with each Underwriter as follows:

(a) ***Delivery of Registration Statement, Time of Sale Prospectus and Prospectus***. The Company shall furnish to you in New York City, without charge, prior to 10:00 a.m. New York City time on the business day next succeeding the date of this Agreement and during the period when a prospectus relating to the Shares is required by the Securities Act to be delivered (whether physically or through compliance with Rule 172 under the Securities Act or any similar rule) in connection with sales of the Shares, as many copies of the Time of Sale Prospectus, the Prospectus and any supplements and amendments thereto or to the Registration Statement as you may reasonably request.

(b) ***Representative's Review of Proposed Amendments and Supplements***. During the period when a prospectus relating to the Shares is required by the Securities Act to be delivered (whether physically or through compliance with Rule 172 under the Securities Act or any similar rule) (the "**Prospectus Delivery Period**"), the Company (i) will furnish to the Representative for review, a reasonable period of time prior to the proposed time of filing of any

proposed amendment or supplement to the Registration Statement, a copy of each such amendment or supplement and (ii) will not file any amendment or supplement to the Registration Statement (including any amendment or supplement through incorporation of any report filed under the Exchange Act) to which the Representative reasonably objects prior to filing. During the Prospectus Delivery Period, prior to amending or supplementing any preliminary prospectus, the Time of Sale Prospectus or the Prospectus (including any amendment or supplement through incorporation of any report filed under the Exchange Act), the Company shall furnish to the Representative for review, a reasonable amount of time prior to the time of filing or use of the proposed amendment or supplement, a copy of each such proposed amendment or supplement. During the Prospectus Delivery Period, the Company shall not file or use any such proposed amendment or supplement to which the Representative reasonably objects prior to filing. The Company shall file with the Commission within the applicable period specified in Rule 424(b) under the Securities Act any prospectus required to be filed pursuant to such Rule.

(c) ***Free Writing Prospectuses***. The Company shall furnish to the Representative for review, a reasonable amount of time prior to the proposed time of filing or use thereof, a copy of each proposed free writing prospectus or any amendment or supplement thereto prepared by or on behalf of, used by, or referred to by the Company, and the Company shall not file, use or refer to any proposed free writing prospectus or any amendment or supplement thereto without the Representative's prior written consent. The Company shall furnish to each Underwriter, without charge, as many copies of any free writing prospectus prepared by or on behalf of, used by or referred to by the Company as such Underwriter may reasonably request. If at any time when a prospectus is required by the Securities Act to be delivered (whether physically or through compliance with Rule 172 under the Securities Act or any similar rule) in connection with sales of the Shares (but in any event if at any time through and including the Closing Date) there occurred or occurs an event or development as a result of which any free writing prospectus prepared by or on behalf of, used by, or referred to by the Company conflicted or would conflict with the information contained in the Registration Statement or included or would include an untrue statement of a material fact or omitted or would omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances prevailing at such time, not misleading, the Company shall promptly amend or supplement such free writing prospectus to eliminate or correct such conflict so that the statements in such free writing prospectus as so amended or supplemented will not include an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances prevailing at such time, not misleading, as the case may be; *provided*, *however*, that prior to amending or supplementing any such free writing prospectus, the Company shall furnish to the Representative for review, a reasonable amount of time prior to the proposed time of filing or use thereof, a copy of such proposed amended or supplemented free writing prospectus, and the Company shall not file, use or refer to any such amended or supplemented free writing prospectus without the Representative's prior written consent.

(d) ***Filing of Underwriter Free Writing Prospectuses***. The Company shall not take any action that would result in an Underwriter or the Company being required to file with the Commission pursuant to Rule 433(d) under the Securities Act a free writing prospectus prepared by or on behalf of such Underwriter that such Underwriter otherwise would not have been required to file thereunder.

(e) ***Amendments and Supplements to Time of Sale Prospectus***. If during the Prospectus Delivery Period the Time of Sale Prospectus is being used to solicit offers to buy the Shares at a time when the Prospectus is not yet available to prospective purchasers, and any event shall occur or condition exist as a result of which it is necessary to amend or supplement the Time of Sale Prospectus so that the Time of Sale Prospectus does not include an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances when delivered to a prospective purchaser, not misleading, or if any event shall occur or condition exist as a result of which the Time of Sale Prospectus conflicts with the information contained in the Registration Statement, or if, in the opinion of counsel for the Underwriters, it is necessary to amend or supplement the Time of Sale Prospectus to comply with applicable law, the Company shall (subject to Section 3(b) and Section 3(c) hereof) promptly prepare, file with the Commission and furnish, at its own expense, to the Underwriters and to any dealer upon request of the Representative, either amendments or supplements to the Time of Sale Prospectus so that the statements in the Time of Sale Prospectus as so amended or supplemented will not include an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances when delivered to a prospective purchaser, not misleading or so that the Time of Sale Prospectus, as amended or supplemented, will no longer conflict with the information contained in the Registration Statement, or so that the Time of Sale Prospectus, as amended or supplemented, will comply with applicable law.

(f) ***Certain Notifications and Required Actions***. During the Prospectus Delivery Period, the Company shall promptly advise the Representative in writing of: (i) the receipt of any comments of, or requests for additional or supplemental information from, the Commission; (ii) the time and date of any filing of any post-effective amendment to the Registration Statement or any amendment or supplement to any preliminary prospectus, the Time of Sale Prospectus, any free writing prospectus or the Prospectus; (iii) the time and date that any post-effective amendment to the Registration Statement becomes effective; and (iv) the issuance by the Commission of any stop order suspending the effectiveness of the Registration Statement or any post-effective amendment thereto or any amendment or supplement to any preliminary prospectus, the Time of Sale Prospectus or the Prospectus or of any order preventing or suspending the use of any preliminary prospectus, the Time of Sale Prospectus, any free writing prospectus or the Prospectus, or of any proceedings to remove, suspend or terminate from listing or quotation the Common Stock from any securities exchange upon which they are listed for trading or included or designated for quotation, or of the threatening or initiation of any proceedings for any of such purposes. If the Commission shall enter any such stop order at any time, the Company will use its best efforts to obtain the lifting of such order at the earliest possible moment. Additionally, the Company agrees that it shall comply with all applicable provisions of Rule 424(b), Rule 433 and Rule 430A or 430 B under the Securities Act and will use its reasonable efforts to confirm that any filings made by the Company under Rule 424(b) or Rule 433 were received in a timely manner by the Commission. If, during the Prospectus Delivery Period, the Company receives notice pursuant to Rule 401(g)(2) under the Securities Act from the Commission or otherwise ceases to be eligible to use the automatic shelf registration form, the Company shall promptly advise the Representative in writing of such notice or ineligibility and will (i) as soon as reasonably practicable file a new registration statement or post-effective amendment on the proper form relating to the Shares, (ii) use its reasonable efforts to cause such registration statement or post-effective amendment to be declared effective by the Commission as soon as practicable and (iii) promptly notify the Representative in writing of such effectiveness.

(g) ***Amendments and Supplements to the Prospectus and Other Securities Act Matters***. During the Prospectus Delivery Period, if any event shall occur or condition exist as a result of which it is necessary to amend or supplement the Prospectus so that the Prospectus does not include an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances when the Prospectus is delivered (whether physically or through compliance with Rule 172 under the Securities Act or any similar rule) to a purchaser, not misleading, or if in the opinion of the Representative or counsel for the Underwriters it is otherwise necessary to amend or supplement the Prospectus to comply with applicable law, the Company agrees (subject to Section 3(b) and Section 3(c)) hereof to promptly prepare, file with the Commission and furnish, at its own expense, to the Underwriters and to any dealer upon request, amendments or supplements to the Prospectus so that the statements in the Prospectus as so amended or supplemented will not include an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances when the Prospectus is delivered (whether physically or through compliance with Rule 172 under the Securities Act or any similar rule) to a purchaser, not misleading or so that the Prospectus, as amended or supplemented, will comply with applicable law. Neither the Representative's consent to, nor delivery of, any such amendment or supplement shall constitute a waiver of any of the Company's obligations under Section 3(b) or Section 3(c).

(h) ***Blue Sky Compliance***. The Company shall cooperate with the Representative and counsel for the Underwriters to qualify or register the Shares for sale under (or obtain exemptions from the application of) the state securities or blue sky laws or Canadian provincial securities laws (or other foreign laws) of those jurisdictions designated by the Representative, shall comply with such laws and shall continue such qualifications, registrations and exemptions in effect so long as required for the distribution of the Shares. The Company shall not be required to qualify as a foreign corporation or to take any action that would subject it to general service of process in any such jurisdiction where it is not presently qualified or where it would be subject to taxation as a foreign corporation. The Company will advise the Representative promptly of the suspension of the qualification or registration of (or any such exemption relating to) the Shares for offering, sale or trading in any jurisdiction or any initiation or threat of any proceeding for any such purpose, and in the event of the issuance of any order suspending such qualification, registration or exemption, the Company shall use its best efforts to obtain the withdrawal thereof at the earliest possible moment.

(i) ***Use of Proceeds***. The Company shall apply the net proceeds from the sale of the Securities sold by it in the manner described under the caption "Use of Proceeds" in the Registration Statement, the Time of Sale Prospectus and the Prospectus.

(j) ***Transfer Agent***. The Company shall engage and maintain, at its expense, a registrar and transfer agent for the Common Stock.

(k) ***Earnings Statement***. The Company will make generally available to its security holders and to the Representative as soon as practicable an earnings statement (which need not be audited) covering a period of at least twelve months beginning with the first fiscal quarter of the Company commencing after the date of this Agreement that will satisfy the provisions of Section 11(a) of the Securities Act and the rules and regulations of the Commission thereunder.

(l) ***Continued Compliance with Securities Laws***. The Company will comply with the Securities Act and the Exchange Act so as to permit the completion of the distribution of the Shares as contemplated by this Agreement, the Registration Statement, the Time of Sale Prospectus and the Prospectus. Without limiting the generality of the foregoing, the Company will, during the period when a prospectus relating to the Shares is required by the Securities Act to be delivered (whether physically or through compliance with Rule 172 under the Securities Act or any similar rule), file on a timely basis with the Commission and the NYSE all reports and documents required to be filed under the Exchange Act.

(m) ***Listing***. The Company will use its best efforts to list and to maintain the listing of the Shares on the NYSE at all times prior to the Borrowing Termination Date.

(n) ***[Reserved].***

(o) ***Company to Provide Copy of the Prospectus in Form That May be Downloaded from the Internet***. If requested by the Representative, the Company shall cause to be prepared and delivered, at its expense, within one business day from the effective date of this Agreement, to the Representative an "**electronic Prospectus**" to be used in connection with the offering and sale of the Shares. As used herein, the term "**electronic Prospectus**" means a form of Time of Sale Prospectus, and any amendment or supplement thereto, that meets each of the following conditions: (i) it shall be encoded in an electronic format, satisfactory to the Representative, that may be transmitted electronically by the Representative to offerees and purchasers of the Shares; (ii) it shall disclose the same information as the paper Time of Sale Prospectus, except to the extent that graphic and image material cannot be disseminated electronically, in which case such graphic and image material shall be replaced in the electronic Prospectus with a fair and accurate narrative description or tabular representation of such material, as appropriate; and (iii) it shall be in or convertible into a paper format or an electronic format, satisfactory to the Representative, that will allow investors to store and have continuously ready access to the Time of Sale Prospectus at any future time, without charge to investors (other than any fee charged for subscription to the Internet as a whole and for on-line time). The Company hereby confirms that it has included or will include in the Prospectus filed pursuant to EDGAR or otherwise with the Commission and in the Registration Statement at the time it was declared effective an undertaking that, upon receipt of a request by an investor or his or her representative, the Company shall transmit or cause to be transmitted promptly, without charge, a paper copy of the Time of Sale Prospectus.

(p) ***Agreement to Cooperate***.

(x) After the Closing Date, in addition to its obligations under this Section 3, the Company will promptly, upon the request of the Underwriter, on not more than two separate occasions (it being understood that on the second occasion, the Underwriter shall pay 50% of the Company's reasonable and documented expenses with respect to complying with its obligations under this section 3(p) (each such occasion, a "**Bringdown Date**"):

(i) provide the Underwriter: (A) opinion and negative assurance letter of Sullivan and Cromwell and opinion of Kasowitz, Benson, Torres & Friedman LLP, in each case consistent in all respects with those set forth in Sections 6(e) and 6(f) of this Agreement and dated such Bringdown Date; (B) "comfort" letters dated such Bringdown Date with respect to the Company and its subsidiaries, from Deloitte & Touche LLP and PricewaterhouseCoopers LLP and addressed to the Underwriter, such letters to be in the forms previously negotiated with Deloitte & Touche LLP and PricewaterhouseCoopers LLP respectively (as appropriately updated); (C) a certificate of the Chief Financial Officer of the Company dated as of the Bringdown Date and consistent in all respect with the certificate of the Company to be delivered pursuant to Section 6(h)(y) hereof (provided that references therein to the Closing Date shall be to the Bringdown Date and that references therein to the Registration Statement and Prospectus shall be to such Registration Statement and Prospectus, as amended and supplemented to the date of such letter); and (D) a certificate of the Chief Executive Officer or Chief Financial Officer of the Company dated as of the Bringdown Date and consistent in all respects with the certificate of the Company to be delivered pursuant to Section 6(h)(x) hereof (provided that references therein to the Closing Date shall be to the Bringdown Date and that references therein to Registration Statement and Prospectus shall be to such Registration Statement and Prospectus, as amended and supplemented to the date of such letter, if delivered pursuant to this Section 3(p));

(ii) provide to the Underwriter and its counsel all information they reasonably request to update due diligence to such Bringdown Date, including making representatives of the Company and the Company's independent accountants available to participate in "bringdown" due diligence calls with the Underwriter and its counsel and cooperating timely with any reasonable due diligence request from or review conducted by the Underwriter or its agents, including, without limitation, providing information and available documents, in each case on or reasonably prior to the Bringdown Date;

(iii) furnish to the Underwriter and to counsel for the Underwriter, without charge, as many copies of the Registration Statement and Prospectus and any amendments and supplements thereto as they may reasonably request; provided that the Company will make available as promptly as practicable all material non-public information included in any Registration Statement, Prospectus or any amendment or supplement thereto delivered pursuant to this Section 3(p) in the same manner that it reports pursuant to Section 13 of the Exchange Act;

(y) Until the earlier of (A) December 31, 2017 and (B) the date that the Underwriter no longer holds any Shares (the "**Cooperation Period**"), the Company will:

(i) subject to the provisions of clause (i) above and clause (vii) below, not make any amendment or supplement to the Registration Statement or Prospectus or otherwise distribute or refer to any free writing prospectus that shall be reasonably disapproved by the Underwriter after reasonable notice thereof; and

(ii) if, at any time prior to completion of the resale of all the Shares by the Underwriter, but in any event before the end of the Cooperation Period, (A) any event occurs or information becomes known that, in the judgment of the Company or in the opinion of counsel for the Underwriter, should be set forth in the Registration Statement or the Prospectus, so that the Registration Statement or the Prospectus, as then amended or supplemented, does not include

any untrue statement of material fact or omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading, or if it is necessary to supplement or amend the Registration Statement or the Prospectus or file a new registration statement, to comply with the Act, the Exchange Act or any other applicable law or regulation, agree to (1) promptly inform the Underwriter of such event and (2) prepare and file with the Commission an appropriate supplement or amendment thereto or a new registration statement which will correct such statement or omission or effect such compliance, (3) have any amendment to the Registration Statement or new registration statement declared effective as soon as practicable in order to avoid any disruption in the use of the Prospectus and (4) will expeditiously furnish to the Underwriter and dealers a reasonable number of copies thereof.

(iii) file all documents required to be filed with the Commission pursuant to the Exchange Act within the time periods required by the Exchange Act and the regulations thereunder; and

(iv) advise the Underwriter immediately after it shall have received notice or obtained knowledge thereof, any information or fact that would alter or affect any opinion, certificate, letter or other document provided to the Underwriter pursuant to this Section 3(p).

(q) ***Future Reports to the Representative***. During the period of two years hereafter, the Company will furnish to the Representative, c/o Jefferies, at 520 Madison Avenue, New York, New York 10022, Attention: Global Head of Syndicate: (i) as soon as practicable after the end of each fiscal year, copies of the Annual Report on Form 10-K of the Company containing the balance sheet of the Company as of the close of such fiscal year and statements of income, stockholders' equity and cash flows for the year then ended and the opinion thereon of the Company's independent public or certified public accountants; (ii) as soon as practicable after the filing thereof, copies of each proxy statement, Annual Report on Form 10-K, Quarterly Report on Form 10-Q, Current Report on Form 8-K or other report filed by the Company with the Commission or any securities exchange; and (iii) as soon as available, copies of any report or communication of the Company furnished or made available generally to holders of its capital stock; *provided*, *however,* that the requirements of this Section 3(q) shall be satisfied to the extent that such reports, statement, communications, financial statements or other documents are available on EDGAR.

(r) ***Investment Limitation***. The Company shall not invest or otherwise use the proceeds received by the Company from its sale of the Shares in such a manner as would require the Company or any of its subsidiaries to register as an investment company under the Investment Company Act.

(s) ***No Stabilization or Manipulation; Compliance with Regulation M***. The Company will not take, directly or indirectly, any action designed to or that might be reasonably expected to cause or result in stabilization or manipulation of the price of the Shares or any reference security (as such term is defined in Regulation M) with respect to the Shares, whether to facilitate the sale or resale of the Shares or otherwise, and the Company will, and shall cause each of its affiliates to, comply with all applicable provisions of Regulation M.

Jefferies, on behalf of the several Underwriters, may, in its sole discretion, waive in writing the performance by the Company of any one or more of the foregoing covenants or extend the time for their performance.

Section 4. Payment of Expenses. Except as provided in Section 3(p) above, the Company agrees to pay all costs, fees and expenses incurred in connection with the performance of its obligations hereunder and in connection with the transactions contemplated hereby, including without limitation (i) all expenses incident to the issuance and delivery of the Shares (including all printing and engraving costs), (ii) all fees and expenses of the registrar and transfer agent of the Common Stock, (iii) all necessary issue, transfer and other stamp taxes in connection with the issuance and sale of the Shares to the Underwriters, (iv) all fees and expenses of the Company's counsel, independent public or certified public accountants and other advisors, (v) all costs and expenses incurred in connection with the preparation, printing, filing, shipping and distribution of the Registration Statement (including financial statements, exhibits, schedules, consents and certificates of experts), the Time of Sale Prospectus, the Prospectus, each free writing prospectus prepared by or on behalf of, used by, or referred to by the Company, and each preliminary prospectus, and all amendments and supplements thereto, and this Agreement, (vi) the costs and expenses of the Company relating to investor presentations on any "road show" undertaken in connection with the offering of the Shares, including, without limitation, expenses associated with the preparation or dissemination of any electronic road show, expenses associated with the production of road show slides and graphics, fees and expenses of any consultants engaged in connection with the road show presentations with the prior approval of the Company, travel and lodging expenses of the representatives, employees and officers of the Company and any such consultants, and the cost of any aircraft chartered by the Company or with the Company's prior consent in connection with the road show, (vii) the fees and expenses associated with listing the Shares on the NYSE, and (viii) all other fees, costs and expenses of the nature referred to in Item 14 of Part II of the Registration Statement. Except as provided in this Section 4 or in Section 7, Section 9 or Section 10 hereof, the Underwriters shall pay their own expenses, including (a) the fees and disbursements of their counsel, (b) all filing fees, attorneys' fees and expenses incurred by the Underwriters in connection with qualifying or registering (or obtaining exemptions from the qualification or registration of) all or any part of the of the Shares for offer and sale under the state securities or blue sky laws or the provincial securities laws of Canada and (c) the costs, fees and expenses incurred by the Underwriters in connection with determining their compliance with the rules and regulations of FINRA related to the Underwriters' participation in the offering and distribution of the Securities.

Section 5. Covenant of the Underwriters . Each Underwriter severally and not jointly covenants with the Company not to take any action that would result in the Company being required to file with the Commission pursuant to Rule 433(d) under the Securities Act a free writing prospectus prepared by or on behalf of such Underwriter that otherwise would not, but for such actions, be required to be filed by the Company under Rule 433(d).

Section 6. Conditions of the Obligations of the Underwriters. The obligations of the several Underwriters with respect to the Shares to be delivered on the Closing Date shall be subject to the accuracy of the representations and warranties on the part of the Company set forth in Section 1 hereof as of the date hereof and as of such Closing Date as though then made, to the

timely performance by the Company of its covenants and other obligations hereunder, and to each of the following additional conditions:

(a) ***Comfort Letters***. The Underwriters shall have received letters dated the date hereof and dated the Closing Date in form and substance satisfactory to the Representative and counsel for the Representative from each of (x) Deloitte & Touche LLP, independent public accountants, with respect to each of the Company, Liggett Group LLC and Vector Tobacco Inc., and (y) PricewaterhouseCoopers LLP, independent public accountants, with respect to each of the Company, Liggett Group LLC, Vector Tobacco Inc. and Douglas Elliman Realty, LLC (i) confirming that they are independent public accountants within the meaning of the Act and are in compliance with the applicable requirements relating to the qualification of accountants under Rule 2-01 of Regulation S-X of the SEC and (ii) containing the information and statements of the type ordinarily included in accountants' "comfort letters" to the Underwriters with respect to the financial statements and certain financial information contained in or incorporated by reference into the Registration Statement, the Time of Sale Prospectus and the Prospectus.

(b) ***Compliance with Registration Requirements; No Stop Order; No Objection from FINRA***.

(i) The Company shall have filed the Prospectus with the Commission (including the information required by Rule 430A or previously omitted from the Registration Statement pursuant to Rule 430B under the Securities Act) in the manner and within the time period required by Rule 424(b) under the Securities Act; or the Company shall have filed a post-effective amendment to the Registration Statement containing the information required by such Rule 430A or previously omitted pursuant to such Rule 430B, and such post-effective amendment shall have become effective.

(ii) No stop order suspending the effectiveness of the Registration Statement or any post-effective amendment to the Registration Statement shall be in effect, and no proceedings for such purpose shall have been instituted or threatened by the Commission.

(iii) If a filing has been made with FINRA, FINRA shall have raised no objection to the fairness and reasonableness of the underwriting terms and arrangements.

(c) ***No Material Adverse Effect or Ratings Agency Change***. For the period from and after the date of this Agreement and through and including the applicable Closing Date:

(i) in the judgment of the Representative there shall not have occurred any Material Adverse Effect; and

(ii) there shall not have occurred any downgrading, nor shall any notice have been given of any intended or potential downgrading or of any review for a possible change that does not indicate the direction of the possible change, in the rating accorded any securities of the Company or any of its subsidiaries by any "nationally recognized statistical rating organization" as such term is defined for purposes of Rule 436(g)(2) under the Securities Act.

(d) ***[Reserved.]***

(e) ***Opinion of Counsel for the Company*****.** On the Closing Date, the Underwriters shall have received an opinion of Sullivan & Cromwell LLP, counsel for the Company, dated as of such date, in form and substances satisfactory to the Representative.

(f) ***Opinion of Special Litigation Counsel for the Company***. On the Closing Date, the Underwriters shall have received an opinion of Kasowitz, Benson, Torres & Friedman LLP, special litigation counsel for the Company, dated as of such date, in form and substances satisfactory to the Representative.

(g) ***Opinion of Counsel for the Underwriters***. On the Closing Date, the Underwriters shall have received the opinion of Latham & Watkins LLP, counsel for the Underwriters in connection with the offer and sale of the Shares, in form and substance satisfactory to the Underwriters, dated as of such date.

(h) ***Officers' Certificates***.

(x) On the Closing Date, the Underwriters shall have received a certificate executed by the Chairman, the President, the Executive Vice President or the General Counsel and the Chief Financial Officer of the Company, dated as of such date, to the effect set forth in Section 6(b)(ii) and further to the effect that:

(i) for the period from and including the date of this Agreement through and including such date, there has not occurred any Material Adverse Effect;

(ii) the representations and warranties of the Company set forth in Section 1 of this Agreement that are qualified as to materiality or Material Adverse Effect are true and correct and the representations and warranties of the Company set forth in Section 1 of this Agreement that are not so qualified are true and correct in all material respects;

(iii) the Company has complied with all the agreements hereunder and satisfied all the conditions on its part to be performed or satisfied hereunder at or prior to such date; and

(y) On the date hereof and on the Closing Date, the Underwriters shall have received certificates executed by the chief financial officer of the Company to the effect that (i) such officer is familiar with the accounting methods and internal accounting practices, policies, procedures and controls of the Company and (ii) such officer has supervised the compilation of and received certain information in the Registration Statement, the Time of Sale Prospectus and the Prospectus and that such information has been derived from the accounting records of the Company and, to the best of such officer's knowledge, is accurate in all material respects.

(i) ***Good Standing Certificates***. The Company shall have furnished to the Representative certificates evidencing the good standing of the Company and each of its material Subsidiaries from the state of organization of each Person as of a date within five business days prior to the Closing Date.

(j) ***Bring-down Comfort Letters***. On the Closing Date, the Underwriters shall have received from each of Deloitte & Touche LLP and PricewaterhouseCoopers LLP letters dated

such date, in form and substance satisfactory to the Underwriters, which letters shall: (i) reaffirm the statements made in the letters furnished by them pursuant to Section 6(a), except that the specified date referred to therein for the carrying out of procedures shall be no more than three business days prior to the Closing Date, as the case may be; and (ii) cover certain financial information contained in the Prospectus.

(k) ***Rule 462(b) Registration Statement***. In the event that a Rule 462(b) Registration Statement is filed in connection with the offering contemplated by this Agreement, such Rule 462(b) Registration Statement shall have been filed with the Commission on the date of this Agreement and shall have become effective automatically upon such filing.

(l) ***Insolvency***. The Company shall not be "insolvent" (as such term is defined under Section 101(32) of Title 11 of the United States Code), and the Company would be able to purchase a number of shares of Common Stock equal to the number of Shares being offered pursuant to this Agreement in compliance with the corporate law of the Company's jurisdiction of incorporation.

(m) ***Notes Offering***. The Company shall have issued and sold the Notes to the Initial Purchaser in the Notes Offering, in accordance with the terms of the Purchase Agreement.

(n) ***Additional Documents***. The Company shall have furnished to the Representative and counsel to the Underwriters such other certificates, opinions or other documents as they may have reasonably requested and as are customary in the transactions contemplated by this Agreement.

If any condition specified in this Section 6 is not satisfied when and as required to be satisfied, this Agreement may be terminated by the Representative by notice from the Representative to the Company at any time on or prior to the Closing Date, which termination shall be without liability on the part of any party to any other party, except that Section 4, Section 7, Section 9 and Section 10 shall at all times be effective and shall survive such termination.

Section 7. Reimbursement of Underwriters' Expenses. If this Agreement is terminated by the Representative pursuant to Section 6 or Section 12, or if the sale to the Underwriters of the Shares on the Closing Date is not consummated because of any refusal, inability or failure on the part of the Company to perform any agreement herein or to comply with any provision hereof, the Company agrees to reimburse the Representative and the other Underwriters (or such Underwriters as have terminated this Agreement with respect to themselves), severally, upon demand for all out-of-pocket documented expenses that shall have been reasonably incurred by the Representative, the Underwriters in connection with the proposed purchase and the offering and sale of the Shares, including but not limited to fees and disbursements of counsel, printing expenses, travel expenses, postage, facsimile and telephone charges.

Section 8. Effectiveness of this Agreement. This Agreement shall become effective upon the execution and delivery hereof by the parties hereto.

Section 9. Indemnification.

(a) ***Indemnification of the Underwriters***. The Company agrees to indemnify and hold harmless each Underwriter, their respective affiliates, directors, officers, employees and agents, and each person, if any, who controls any Underwriter within the meaning of the Securities Act or the Exchange Act against any loss, claim, damage, liability or expense, as incurred, to which such Underwriter or such affiliate, director, officer, employee, agent or controlling person may become subject, under the Securities Act, the Exchange Act, other federal or state statutory law or regulation, or the laws or regulations of foreign jurisdictions where Shares have been offered or sold or at common law or otherwise (including in settlement of any litigation, if such settlement is effected with the written consent of the Company), insofar as such loss, claim, damage, liability or expense (or actions in respect thereof as contemplated below) arises out of or is based upon (A)(i) any untrue statement or alleged untrue statement of a material fact contained in the Registration Statement, or any amendment thereto, or the omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading; or (ii) any untrue statement or alleged untrue statement of a material fact included in any preliminary prospectus, the Time of Sale Prospectus, any free writing prospectus that the Company has used, referred to or filed, or is required to file, pursuant to Rule 433(d) of the Securities Act, or the Prospectus (or any amendment or supplement to the foregoing), or the omission or alleged omission to state therein a material fact necessary in order to make the statements, in the light of the circumstances under which they were made, not misleading; or (B) the violation of any laws or regulations of foreign jurisdictions where the Shares have been offered or sold; and subject to Section 9(c), to reimburse each Underwriter and each of their respective affiliates, directors, officers, employees, agents and controlling persons for any and all expenses (including the fees and disbursements of counsel) as such expenses are incurred by such Underwriter or their respective affiliates, directors, officers, employees, agents or controlling persons in connection with investigating, defending, settling, compromising or paying any such loss, claim, damage, liability, expense or action; *provided*, *however*, that the foregoing indemnity agreement shall not apply to any loss, claim, damage, liability or expense to the extent, but only to the extent, arising out of or based upon any untrue statement or alleged untrue statement or omission or alleged omission made in reliance upon and in conformity with information relating to any Underwriter furnished to the Company by the Representative in writing expressly for use in the Registration Statement, any preliminary prospectus, the Time of Sale Prospectus, any such free writing prospectus or the Prospectus (or any amendment or supplement thereto), it being understood and agreed that the only such information consists of the information described in Section 9(b) below. The indemnity agreement set forth in this Section 9(a) shall be in addition to any liabilities that the Company may otherwise have.

(b) ***Indemnification of the Company, its Directors and Officers***. Each Underwriter agrees, severally and not jointly, to indemnify and hold harmless the Company, each of its directors, each of its officers who signed the Registration Statement and each person, if any, who controls the Company within the meaning of the Securities Act or the Exchange Act, against any loss, claim, damage, liability or expense, as incurred, to which the Company, or any such director, officer or controlling person may become subject, under the Securities Act, the Exchange Act, or other federal or state statutory law or regulation, or at common law or otherwise (including in settlement of any litigation, if such settlement is effected with the written

consent of such Underwriter), insofar as such loss, claim, damage, liability or expense (or actions in respect thereof as contemplated below) arises out of or is based upon (i) any untrue statement or alleged untrue statement of a material fact contained in the Registration Statement, or any amendment thereto, or any omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading or (ii) any untrue statement or alleged untrue statement of a material fact included in any preliminary prospectus, the Time of Sale Prospectus, any free writing prospectus that the Company has used, referred to or filed, or is required to file, pursuant to Rule 433 of the Securities Act, or the Prospectus (or any such amendment or supplement) or the omission or alleged omission to state therein a material fact necessary in order to make the statements, in the light of the circumstances under which they were made, not misleading, in each case to the extent, but only to the extent, that such untrue statement or alleged untrue statement or omission or alleged omission was made in the Registration Statement, such preliminary prospectus, the Time of Sale Prospectus, such free writing prospectus, or the Prospectus (or any such amendment or supplement), in reliance upon and in conformity with information relating to such Underwriter furnished to the Company by the Representative in writing expressly for use therein; and to reimburse the Company, or any such director, officer or controlling person for any and all expenses (including the fees and disbursements of counsel) as such expenses are incurred by the Company, or any such director, officer or controlling person in connection with investigating, defending, settling, compromising or paying any such loss, claim, damage, liability, expense or action. The Company hereby acknowledges that the only information that the Representative has furnished to the Company expressly for use in the Registration Statement, any preliminary prospectus, the Time of Sale Prospectus, any free writing prospectus that the Company has filed, or is required to file, pursuant to Rule 433(d) of the Securities Act or the Prospectus (or any amendment or supplement to the foregoing) are the statements set forth in the first sentence of the third paragraph, the third sentence of the fourth paragraph, the first sentence of the tenth paragraph and the fifth sentence of the sixteenth paragraph under the caption “Underwriting; Conflicts of Interest” in the Preliminary Prospectus Supplement and the Final Prospectus Supplement. The indemnity agreement set forth in this Section 9(b) shall be in addition to any liabilities that each Underwriter may otherwise have.

(c) ***Notifications and Other Indemnification Procedures***. Promptly after receipt by an indemnified party under this Section 9 of notice of the commencement of any action, such indemnified party will, if a claim in respect thereof is to be made against an indemnifying party under this Section 9, notify the indemnifying party in writing of the commencement thereof, but the omission so to notify the indemnifying party will not relieve the indemnifying party from any liability which it may have to any indemnified party to the extent the indemnifying party is not materially prejudiced as a proximate result of such failure and shall not in any event relieve the indemnifying party from any liability that it may have otherwise than on account of this indemnity agreement. In case any such action is brought against any indemnified party and such indemnified party seeks or intends to seek indemnity from an indemnifying party, the indemnifying party will be entitled to participate in, and, to the extent that it shall elect, jointly with all other indemnifying parties similarly notified, by written notice delivered to the indemnified party promptly after receiving the aforesaid notice from such indemnified party, to assume the defense thereof with counsel reasonably satisfactory to such indemnified party; *provided*, *however*, that if the defendants in any such action include both the indemnified party and the indemnifying party and the indemnified party shall have reasonably concluded that a

conflict may arise between the positions of the indemnifying party and the indemnified party in conducting the defense of any such action or that there may be legal defenses available to it and/or other indemnified parties which are different from or additional to those available to the indemnifying party, the indemnified party or parties shall have the right to select separate counsel to assume such legal defenses and to otherwise participate in the defense of such action on behalf of such indemnified party or parties. Upon receipt of notice from the indemnifying party to such indemnified party of such indemnifying party's election so to assume the defense of such action and approval by the indemnified party of counsel, the indemnifying party will not be liable to such indemnified party under this Section 9 for any legal or other expenses subsequently incurred by such indemnified party in connection with the defense thereof unless (i) the indemnified party shall have employed separate counsel in accordance with the proviso to the preceding sentence (it being understood, however, that the indemnifying party shall not be liable for the fees and expenses of more than one separate counsel (together with local counsel), representing the indemnified parties who are parties to such action), which counsel (together with any local counsel) for the indemnified parties shall be selected by Jefferies (in the case of counsel for the indemnified parties referred to in Section 9 (a) above) or by the Company (in the case of counsel for the indemnified parties referred to in Section 9 (b) above)) or (ii) the indemnifying party shall not have employed counsel reasonably satisfactory to the indemnified party to represent the indemnified party within a reasonable time after notice of commencement of the action or (iii) the indemnifying party has authorized in writing the employment of counsel for the indemnified party at the expense of the indemnifying party, in each of which cases the fees and expenses of counsel shall be at the expense of the indemnifying party and shall be paid as they are incurred.

(d) ***Settlements***. The indemnifying party under this Section 9 shall not be liable for any settlement of any proceeding effected without its written consent, but if settled with such consent or if there be a final judgment for the plaintiff, the indemnifying party agrees to indemnify the indemnified party against any loss, claim, damage, liability or expense by reason of such settlement or judgment. Notwithstanding the foregoing sentence, if at any time an indemnified party shall have requested an indemnifying party to reimburse the indemnified party for fees and expenses of counsel as contemplated by Section 9(c) hereof, the indemnifying party shall be liable for any settlement of any proceeding effected without its written consent if (i) such settlement is entered into more than 30 days after receipt by such indemnifying party of the aforesaid request and the indemnifying party has not objected to the terms of such settlement and (ii) such indemnifying party shall not have reimbursed the indemnified party all amounts owed in accordance with the request pursuant to Section 9(c) prior to the date of such settlement. No indemnifying party shall, without the prior written consent of the indemnified party, effect any settlement, compromise or consent to the entry of judgment in any pending or threatened action, suit or proceeding in respect of which any indemnified party is or could have been a party and indemnity was or could have been sought hereunder by such indemnified party, unless such settlement, compromise or consent includes an unconditional release of such indemnified party from all liability on claims that are the subject matter of such action, suit or proceeding and does not include an admission of fault or culpability or a failure to act by or on behalf of such indemnified party.

Section 10. Contribution. If the indemnification provided for in Section 9 is for any reason held to be unavailable to or otherwise insufficient to hold harmless an indemnified party

in respect of any losses, claims, damages, liabilities or expenses referred to therein, then each indemnifying party shall contribute to the aggregate amount paid or payable by such indemnified party, as incurred, as a result of any losses, claims, damages, liabilities or expenses referred to therein (i) in such proportion as is appropriate to reflect the relative benefits received by the Company, on the one hand, and the Underwriters, on the other hand, from the offering of the Shares pursuant to this Agreement or (ii) if the allocation provided by clause (i) above is not permitted by applicable law, in such proportion as is appropriate to reflect not only the relative benefits referred to in clause (i) above but also the relative fault of the Company, on the one hand, and the Underwriters, on the other hand, in connection with the statements or omissions which resulted in such losses, claims, damages, liabilities or expenses, as well as any other relevant equitable considerations. The relative benefits received by the Company, on the one hand, and the Underwriters, on the other hand, in connection with the offering of the Shares pursuant to this Agreement shall be deemed to be in the same respective proportion as the total net proceeds from the offering of the Shares (after the Underwriters' discounts and commissions, but before deducting expenses) received by the Company, and that the total discounts and commissions received by the Underwriters bear to the total price to investors of the Shares. The relative fault of the Company, on the one hand, and the Underwriters, on the other hand, shall be determined by reference to, among other things, whether any such untrue or alleged untrue statement of a material fact or omission or alleged omission to state a material fact relates to information supplied by the Company, on the one hand, or the Underwriters, on the other hand, and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such statement or omission. The amount paid or payable by a party as a result of the losses, claims, damages, liabilities and expenses referred to above shall be deemed to include, subject to the limitations set forth in Section 9(c), any legal or other fees or expenses reasonably incurred by such party in connection with investigating or defending any action or claim. The provisions set forth in Section 9(c) with respect to notice of commencement of any action shall apply if a claim for contribution is to be made under this Section 10; *provided, however,* that no additional notice shall be required with respect to any action for which notice has been given under Section 9(c) for purposes of indemnification.

The Company and the Underwriters agree that it would not be just and equitable if contribution pursuant to this Section 10 were determined by pro rata allocation (even if the Underwriters were treated as one entity for such purpose) or by any other method of allocation which does not take account of the equitable considerations referred to in this Section 10.

Notwithstanding the provisions of this Section 10, no Underwriter shall be required to contribute any amount in excess of the underwriting discounts and commissions received by such Underwriter in connection with the Shares underwritten by it and distributed to the public. No person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Securities Act) shall be entitled to contribution from any person who was not guilty of such fraudulent misrepresentation. For purposes of this Section 10, each affiliate, director, officer, employee and agent of an Underwriter and each person, if any, who controls an Underwriter within the meaning of the Securities Act or the Exchange Act shall have the same rights to contribution as such Underwriter, and each director of the Company, each officer of the Company who signed the Registration Statement, and each person, if any, who controls the Company within the meaning of the Securities Act and the Exchange Act shall have the same rights to contribution as the Company.

Section 11. Intentionally Omitted.

Section 12. Termination of this Agreement. This Agreement shall become effective upon the execution and delivery of this Agreement by the parties hereto. This Agreement may be terminated at any time prior to the Closing Date by the Representative by written notice to the Company if any of the following has occurred: (i) the Company shall have failed, refused or been unable to perform in any material respect any agreement on its part to be performed hereunder; (ii) any other condition to the obligations of the Underwriters hereunder as provided in Section 9 of this Agreement is not fulfilled when and as required unless waived by the Underwriters in accordance with the provisions of Section 9; (iii) any outbreak or escalation of hostilities, any declaration of war by the United States, any other substantial national or international calamity, emergency or crisis (including acts of terrorism), any material adverse change in economic conditions in, or the financial markets of, the United States or any change in national or international political, financial or economic conditions, in each case, the effect of which could make it, in the Representative's sole judgment, impracticable or inadvisable to market or proceed with the offering or delivery of the Notes on the terms and in the manner contemplated in the Registration Statement, the Time of Sale Prospectus and the Prospectus or to enforce contracts for the sale of any of the Shares; (iv) the suspension or material limitation of trading in securities or other instruments on the New York Stock Exchange or the NASDAQ Global Market or limitation on prices for securities or other instruments on the New York Stock Exchange or the NASDAQ Global Market; (v) the suspension of trading of any securities of the Company on any exchange or in the over-the-counter market; (vi) the enactment, publication, decree or other promulgation of any federal or state statute, regulation, rule or order of any court or other governmental authority which in the Representative's reasonable opinion materially and adversely affects, or will materially and adversely affect, the properties, business, prospects, operations, earnings, assets, liabilities or condition (financial or otherwise) of the Company and the Subsidiaries, taken as a whole; (vi) the declaration of a banking moratorium by either federal or New York State authorities; or (vii) the taking of any action by any federal, state or local government or agency in respect of its monetary or fiscal affairs which in the Representative's reasonable opinion has a material adverse effect on the financial markets in the United States.

Section 13. No Advisory or Fiduciary Relationship. The Company acknowledges and agrees that (a) the offering of the Shares pursuant to this Agreement is an arm's-length commercial transaction between the Company, on the one hand, and the several Underwriters, on the other hand, (b) in connection with the offering contemplated hereby and the process leading to such transaction, each Underwriter is and has been acting solely as a principal and is not the agent or fiduciary of the Company, or its stockholders, or its creditors, employees or any other party, (c) no Underwriter has assumed or will assume an advisory or fiduciary responsibility in favor of the Company with respect to the offering contemplated hereby or the process leading thereto (irrespective of whether any Underwriter has advised or is currently advising the Company on other matters) and no Underwriter has any obligation to the Company with respect to the offering contemplated hereby except the obligations expressly set forth in this Agreement, (d) the Underwriters and their respective affiliates may be engaged in a broad range of transactions that involve interests that differ from those of the Company, and (e) the Underwriters have not provided any legal, accounting, regulatory or tax advice with respect to the offering contemplated hereby and the Company has consulted its own legal, accounting, regulatory and tax advisors to the extent it deemed appropriate.

Section 14. Representations and Indemnities to Survive Delivery. The respective indemnities, agreements, representations, warranties and other statements of the Company, of its officers and of the several Underwriters set forth in or made pursuant to this Agreement will remain in full force and effect, regardless of any investigation made by or on behalf of any Underwriter or the Company or any of its or their partners, officers or directors or any controlling person, as the case may be, and, anything herein to the contrary notwithstanding, will survive delivery of and payment for the Shares sold hereunder and any termination of this Agreement.

Section 15. Notices. All communications hereunder shall be in writing and shall be mailed, hand delivered or sent by facsimile transmission and confirmed to the parties hereto as follows:

If to the Representative:	Jefferies LLC 520 Madison Avenue New York, New York 10022 Facsimile: (646) 619-4437 Attention: General Counsel
with a copy to:	Latham & Watkins LLP 885 Third Avenue New York, New York 10022 Facsimile: (212) 751-4864 Attention: Greg Rodgers and Stelios G. Saffos
If to the Company:	Vector Group Ltd. 4400 Biscayne Blvd. 10th Floor Miami, Florida 33137 Facsimile: (305) 579-8016 Attention: Marc. N. Bell, Esq.
with a copy to:	Sullivan & Cromwell LLP 125 Broad Street New York, New York 10004 Facsimile: (212) 558-3588 Attention: Robert Downes and Inosi Nyatta

Any party hereto may change the address for receipt of communications by giving written notice to the others.

Section 16. Successors. This Agreement will inure to the benefit of and be binding upon the parties hereto and to the benefit of the affiliates, directors, officers, employees, agents and controlling persons referred to in Section 9 and Section 10, and in each case their respective successors, and no other person will have any right or obligation hereunder. The term "**successors**" shall not include any purchaser of the Shares as such from any of the Underwriters merely by reason of such purchase.

Section 17. Partial Unenforceability. The invalidity or unenforceability of any section, paragraph or provision of this Agreement shall not affect the validity or enforceability of any other section, paragraph or provision hereof. If any section, paragraph or provision of this Agreement is for any reason determined to be invalid or unenforceable, there shall be deemed to be made such minor changes (and only such minor changes) as are necessary to make it valid and enforceable.

Section 18. Governing Law Provisions. **The validity and interpretation of this Agreement, and the terms and conditions set forth herein, shall be governed by and construed in accordance with the laws of the State of New York applicable to contracts made and to be performed wholly therein, without regard to principles of conflicts of law.** EACH PARTY HEREBY EXPRESSLY AND IRREVOCABLY (I) SUBMITS TO THE NON-EXCLUSIVE JURISDICTION OF THE FEDERAL AND STATE COURTS SITTING IN THE BOROUGH OF MANHATTAN IN THE CITY OF NEW YORK IN ANY SUIT OR PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED THEREBY; AND (II) WAIVES (A) ITS RIGHT TO A TRIAL BY JURY IN ANY LEGAL ACTION OR PROCEEDING RELATING TO THIS AGREEMENT, THE TRANSACTIONS CONTEMPLATED HEREBY, OR ANY COURSE OF CONDUCT, COURSE OF DEALING, STATEMENTS (WHETHER VERBAL OR WRITTEN) OR ACTIONS OF THE REPRESENTATIVE AND FOR ANY COUNTERCLAIM RELATED TO ANY OF THE FOREGOING AND (B) ANY OBLIGATION WHICH IT MAY HAVE OR HEREAFTER MAY HAVE TO THE LAYING OF VENUE OF ANY SUCH LITIGATION BROUGHT IN ANY SUCH COURT REFERRED TO ABOVE AND ANY CLAIM THAT ANY SUCH LITIGATION HAS BEEN BROUGHT IN AN INCONVENIENT FORUM.

Section 19. General Provisions. This Agreement constitutes the entire agreement of the parties to this Agreement and supersedes all prior written or oral and all contemporaneous oral agreements, understandings and negotiations with respect to the subject matter hereof. This Agreement may be executed in two or more counterparts, each one of which shall be an original, with the same effect as if the signatures thereto and hereto were upon the same instrument. This Agreement may not be amended or modified unless in writing by all of the parties hereto, and no condition herein (express or implied) may be waived unless waived in writing by each party whom the condition is meant to benefit. The section headings herein are for the convenience of the parties only and shall not affect the construction or interpretation of this Agreement. Each of the parties hereto acknowledges that it is a sophisticated business person who was adequately represented by counsel during negotiations regarding the provisions hereof, including, without limitation, the indemnification provisions of Section 9 and the contribution provisions of Section 10, and is fully informed regarding said provisions. Each of the parties hereto further acknowledges that the provisions of Section 9 and Section 10 hereof fairly allocate the risks in light of the ability of the parties to investigate the Company, its affairs and its business in order to assure that adequate disclosure has been made in the Registration Statement, any preliminary prospectus, the Time of Sale Prospectus, each free writing prospectus and the Prospectus (and any amendments and supplements to the foregoing), as contemplated by the Securities Act and the Exchange Act.

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If the foregoing is in accordance with your understanding of our agreement, kindly sign and return to the Company the enclosed copies hereof, whereupon this instrument, along with all counterparts hereof, shall become a binding agreement in accordance with its terms.

Very truly yours,

VECTOR GROUP LTD.

By: /s/ J. Bryant Kirkland III
Name: J. Bryant Kirkland III
Title: Senior Vice President, Treasurer and Chief Financial Officer

The foregoing Underwriting Agreement is hereby confirmed and accepted by the Representative in New York, New York as of the date first above written.

JEFFERIES LLC
Acting individually and as Representative
of the several Underwriters named in
the attached **Schedule A.**

JEFFERIES LLC

By: /s/ Will B. Pittman
Name: Will Pittman
Title: Managing Director

SCHEDULE A

Underwriters

Jefferies LLC	2,000,000 Shares

Exhibit 4.1

EXECUTION VERSION

VECTOR GROUP LTD.

AND EACH OF THE GUARANTORS PARTY HERETO

6.125% SENIOR SECURED NOTES DUE 2025

INDENTURE

Dated as of January 27, 2017

U.S. BANK NATIONAL ASSOCIATION

as Trustee and as Collateral Agent

TABLE OF CONTENTS

EXHIBITS

INDENTURE dated as of January 27, 2017 among Vector Group Ltd., a Delaware corporation, the Guarantors (as defined) and U.S. Bank National Association as Trustee (as defined) and as Collateral Agent (as defined).

The Company, the Guarantors and the Trustee agree as follows for the benefit of each other and for the equal and ratable benefit of the Holders (as defined) of the 6.125% Senior Secured Notes due 2025 (the "*Notes*"):

ARTICLE 1
DEFINITIONS AND INCORPORATION BY REFERENCE

Section 1.01 *Definitions.*

"*100 Maple LLC*" means 100 Maple LLC, a Delaware limited liability company.

"*144A Global Note*" means a Global Note substantially in the form of Exhibit A hereto bearing the Global Note Legend and the Private Placement Legend and deposited with or on behalf of, and registered in the name of, the Depositary or its nominee that will be issued in a denomination equal to the outstanding principal amount of the Notes sold in reliance on Rule 144A.

"*ABL Documents*" has the meaning set forth in the Intercreditor Agreement.

"*ABL Lender*" has the meaning set forth in the Intercreditor Agreement.

"*Accelerated Note Conversion*" means the conversion in advance of the scheduled conversion by their terms of any convertible debt securities issued by the Company that are held by Affiliates of the Company, in exchange for the payment by the Company to such Affiliates of accrued interest and additional Equity Interests in the Company (other than Disqualified Stock).

"*Acquired Debt*" means, with respect to any specified Person:

(1) Indebtedness of any other Person existing at the time such other Person is merged with or into, or became a Guarantor of, such specified Person, whether or not such Indebtedness is incurred in connection with, or in contemplation of, such other Person merging with or into, or becoming a Guarantor of, such specified Person; and

(2) Indebtedness secured by a Lien encumbering any asset acquired by such specified Person.

"*Additional Notes*" means additional Notes (other than the Initial Notes) issued under this Indenture in accordance with Sections 2.02 and 4.09 hereof, as part of the same series as the Initial Notes.

"*Affiliate*" of any specified Person means any other Person directly or indirectly controlling or controlled by or under direct or indirect common control with such specified Person. For purposes of this definition, "control," as used with respect to any Person, means the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of such Person, whether through the ownership of voting securities, by agreement or otherwise; *provided* that beneficial ownership of 10% or more of the Voting Stock of a Person will be deemed to be control. For purposes of this definition, the terms "*controlling*," "*controlled by*" and "*under common control with*" have correlative meanings.

"Agent" means any Registrar, co-registrar, Paying Agent or additional paying agent.

"*Applicable Premium*" means, with respect to any Note on any redemption date, as determined by the Company, the greater of:

(1) 1.0% of the principal amount of the Note; or

(2) the excess of: (a) the present value at the redemption date of (i) the redemption price of the Note at February 1, 2020 (such redemption price being set forth in the table appearing in Section 3.07 hereof) plus (ii) all required interest payments due on the Note through February 1, 2020 (excluding accrued but unpaid interest to the redemption date), computed using a discount rate equal to the Treasury Rate as of such redemption date plus 50 basis points; over (b) the principal amount of the Note.

Calculation of the Applicable Premium will be made by the Company or on behalf of the Company by such Person as the Company shall designate, *provided*, *however*, that such calculation shall not be a duty or obligation of the Trustee or Collateral Agent.

"Applicable Procedures" means, with respect to any transfer or exchange of or for beneficial interests in any Global Note, the rules and procedures of the Depositary, Euroclear and Clearstream that apply to such transfer or exchange.

"*Asset Sale*" means:

(1) the sale, lease, conveyance or other disposition of any assets or rights; *provided* that the sale, lease, conveyance or other disposition of all or substantially all of the assets of the Company and the Guarantors taken as a whole will be governed by the provisions of Section 4.14 and/or the provisions of Section 5.01 and not by the provisions of Section 4.10; and

(2) the issuance or sale of Equity Interests in any of the Guarantors.

Notwithstanding the preceding, none of the following items will be deemed to be an Asset Sale:

(1) any single transaction or series of related transactions that involves assets having a Fair Market Value of less than $3.0 million;

(2) a transfer of assets between or among the Company and the Guarantors;

(3) an issuance of Equity Interests by a Guarantor to the Company or to another Guarantor;

(4) the sale, lease, sublease, license, sublicense, conveyance or other disposition of products, services, inventory, or accounts receivable and related assets (including participations therein) in the ordinary course of business, including leases with respect to facilities that are temporarily not in use or pending their disposition, and any sale or other disposition of damaged, worn-out or obsolete assets in the ordinary course of business or any other property that is uneconomic or no longer useful to the conduct of the business of the Company or the Guarantors;

(5) the sale or other disposition of cash or Cash Equivalents or Investments that are Permitted Investments;

(6) a Restricted Payment that does not violate the provisions of Section 4.07 or a Permitted Investment.

(7) the licensing of intellectual property to third Persons on customary terms as determined in good faith by the Board of Directors of the Company;

(8) to the extent allowable under Section 1031 of the Internal Revenue Code of 1986, any exchange of like property (excluding any boot thereon) for use in the business of the Company or its Subsidiaries;

(9) transfers of property subject to casualty or condemnation proceedings; and

(10) the granting of Permitted Liens.

"*Attributable Debt*" in respect of a sale and leaseback transaction means, at the time of determination, the present value of the obligation of the lessee for net rental payments during the remaining term of the lease included in such sale and leaseback transaction including any period for which such lease has been extended or may, at the option of the lessor, be extended. Such present value shall be calculated using a discount rate equal to the rate of interest implicit in such transaction, determined in accordance with GAAP; *provided*, *however*, that if such sale and leaseback transaction results in a Capital Lease Obligation, the amount of Indebtedness represented thereby will be determined in accordance with the definition of "Capital Lease Obligation."

"*Bankruptcy Law*" means Title 11, U.S. Code or any similar federal or state law for the relief of debtors.

"*beneficial owner*" has the meaning assigned to such term in Rule 13d-3 and Rule 13d-5 under the Exchange Act, except that in calculating the beneficial ownership of any particular "person" (as that term is used in Section 13(d)(3) of the Exchange Act), such "person" will be deemed to have beneficial ownership of all securities that such "person" has the right to acquire by conversion or exercise of other securities, whether such right is currently exercisable or is exercisable only after the passage of time. The terms "Beneficially Owns" and "Beneficially Owned" have a corresponding meaning.

"*Board of Directors*" means:

(3) with respect to a corporation, the board of directors of the corporation or any committee thereof duly authorized to act on behalf of such board;

(4) with respect to a partnership, the Board of Directors of the general partner of the partnership;

(5) with respect to a limited liability company, the managing member or members or any controlling committee of managing members thereof; and;

(6) with respect to any other Person, the board or committee of such Person serving a similar function.

"Business Day" means any day other than a Legal Holiday.

"Capital Lease Obligation" means, at the time any determination is to be made, the amount of the liability in respect of a capital lease that would at that time be required to be capitalized on a balance

sheet prepared in accordance with GAAP, and the Stated Maturity thereof shall be the date of the last payment of rent or any other amount due under such lease prior to the first date upon which such lease may be prepaid by the lessee without payment of a penalty. For the avoidance of doubt, only leases that would be classified as capital leases under GAAP as in effect on the date of this Indenture (whether or not such leases were in effect) shall constitute capital leases for purposes of this definition.

"Capital Stock" means:

(3) in the case of a corporation, corporate stock;

(4) in the case of an association or business entity, any and all shares, interests, participations, rights or other equivalents (however designated) of corporate stock;

(5) in the case of a partnership or limited liability company, partnership interests (whether general or limited) or membership interests; and

(6) any other interest or participation that confers on a Person the right to receive a share of the profits and losses of, or distributions of assets of, the issuing Person, but excluding from all of the foregoing any debt securities convertible into Capital Stock, whether or not such debt securities include any right of participation with Capital Stock.

"*Cash Equivalents*" means:

(3) United States dollars and, solely for purposes of the definition of "Permitted Investments," any national currency of any other country in which the Company or its Guarantors do business;

(4) securities issued or directly and fully guaranteed or insured by the United States government or any agency or instrumentality of the United States government (*provided* that the full faith and credit of the United States is pledged in support of those securities) having maturities of not more than one year from the date of acquisition;

(5) certificates of deposit, time deposits and eurodollar time deposits with maturities of one year or less from the date of acquisition, bankers' acceptances with maturities not exceeding one year and overnight bank deposits, in each case, with any domestic commercial bank or commercial banking institution that is a member of the Federal Reserve System having capital and surplus in excess of $500.0 million and a Thomson Bank Watch Rating of "B" or better;

(6) repurchase obligations with a term of not more than seven days for underlying securities of the types described in clauses (2) and (3) above or (7) below entered into with any financial institution meeting the qualifications specified in clause (3) above or (7) below;

(7) commercial paper having one of the two highest ratings obtainable from Moody's or S&P and, in each case, maturing within one year after the date of acquisition;

(8) money market funds at least 95% of the assets of which constitute Cash Equivalents of the kinds described in clauses (1) through (5) of this definition; and

(9) marketable general obligations issued by any state of the United States or any political subdivision of any such state or any public instrumentality thereof maturing within one year of the date of acquisition and at the time of acquisition having one of the two highest ratings obtainable from S&P or Moody's.

"Change of Control" means the occurrence of any of the following:

(3) any sale, transfer, lease, conveyance or other disposition (in one transaction or a series of related transactions) of all or substantially all of the Company's property or assets to any person or group of related persons (other than to any of the Company's wholly owned subsidiaries) as defined in Sections 13(d) and 14(d) of the Exchange Act, including any group acting for the purpose of acquiring, holding, voting or disposing of securities within the meaning of Rule 13d-5(b)(1) under the Exchange Act, other than any sale, transfer, lease, conveyance or other disposition in which (x) persons who, directly or indirectly, are beneficial owners (as defined in Rule 13d-3 under the Exchange Act) of the Company's Voting Stock immediately prior to such transaction, beneficially own, directly or indirectly, immediately after such transaction at least a majority of the total voting power of the outstanding Voting Stock of the corporation or entity purchasing such properties or assets in such sale, lease, conveyance or other disposition and (y) persons who, directly or indirectly, are beneficial owners of the Company's Voting Stock immediately prior to such transaction, beneficially own, directly or indirectly, immediately after such transaction shares of common stock of the corporation or entity purchasing such properties or assets in such sale, lease, conveyance or other disposition in a proportion that does not, on the whole, materially differ from such ownership immediately prior to the transaction;

(4) the adoption of a plan relating to the liquidation or dissolution of the Company;

(5) if any "person" or "group" (as these terms are used for purposes of Sections 13(d) and 14(d) of the Exchange Act) other than the Company, its subsidiaries, and the Company's or its subsidiaries' employee benefit plans becomes the "beneficial owner" (as defined in Rule 13d-3 under the Exchange Act), directly or indirectly, of more than 50% of the aggregate ordinary voting power represented by the Company's issued and outstanding stock; or

(6) the Company consolidates with, or merges with or into, another person or any person consolidates with, or merges with or into, the Company, other than any consolidation or merger in which (x) persons who, directly or indirectly, are beneficial owners (as defined in Rule 13d-3 under the Exchange Act) of the Company's Voting Stock immediately prior to such transaction, beneficially own, directly or indirectly, immediately after such transaction at least a majority of the voting power of the outstanding Voting Stock of the continuing or surviving corporation or entity and (y) persons who, directly or indirectly, are beneficial owners of the Company's Voting Stock immediately prior to such transaction beneficially own, directly or indirectly, immediately after such transaction shares of common stock of the continuing or surviving corporation or entity in a proportion that does not, on the whole, materially differ from such ownership immediately prior to the transaction.

"Clearstream" means Clearstream Banking, S.A.

"Collateral" means the Pledged Securities and the properties and assets at any time owned or acquired by any of the Pledgors as provided in the Collateral Documents and this Indenture other than the Excluded Assets and except:

(1) any properties and assets in which the Collateral Agent is required to release its Liens pursuant to the provisions of the Intercreditor Agreement; and

(2) any properties and assets that no longer secure the Note Guarantees or any Obligations in respect thereof pursuant to the provisions of Section 10.03 hereof,

provided that, if such Liens are required to be released as a result of the sale, transfer or other disposition of any properties or assets of any of the Guarantors, such assets or properties will cease to be excluded from the Collateral if any of the Guarantors thereafter acquires or reacquires such assets or properties.

"Collateral Agent" means U.S. Bank National Association, in its capacity as collateral agent under this Indenture, the Intercreditor Agreement and the Collateral Documents, together with its successors in such capacity.

"Collateral Documents" means all security agreements, pledge agreements, collateral assignments, mortgages, deeds of trust, collateral agency agreements or other grants or transfers for security executed and delivered by any Guarantor creating (or purporting to create) a Parity Lien upon Collateral in favor of the Collateral Agent for the benefit of the Holders, in each case, as amended, modified, renewed, restated or replaced, in whole or in part, from time to time.

"*Company"* means Vector Group Ltd., a Delaware corporation, and any and all successors thereto.

"Consolidated EBITDA" means for any period the Consolidated Net Income of the Company for such period, after giving pro forma effect to any Investment or acquisition or disposition of a business permitted under the Indenture as if such acquisition or disposition occurred on the first day of the relevant period, in accordance with Regulation S-X, *plus*, without duplication:

(3) provision for taxes based on income or profits or capital, including, without limitation, state, city and county income, franchise and similar taxes, foreign withholding taxes and foreign unreimbursed value added taxes of the Company and the Guarantors for such period, to the extent that such provision for taxes was deducted in computing such Consolidated Net Income; *plus*

(4) the Fixed Charges of the Company and the Guarantors (including amortization of deferred financing fees and changes in fair value of derivatives embedded within convertible debt) for such period, to the extent that such Fixed Charges were deducted in computing such Consolidated Net Income; *plus*

(5) depreciation, amortization (including amortization of intangibles but excluding amortization of prepaid cash expenses that were paid in a prior period) and other non-cash expenses (excluding any such non-cash expense to the extent that it represents an accrual of or reserve for cash expenses in any future period or amortization of a prepaid cash expense that was paid in a prior period) of the Company and the Guarantors for such period to the extent that such depreciation, amortization and other non-cash expenses were deducted in computing such Consolidated Net Income; *plus*

(6) any other non-cash charges (including impairment charges, write-offs of assets and the impact of purchase accounting but excluding any such charge that represents an accrual or reserve for a cash expenditure for a future period), to the extent that such non-cash charges were deducted in computing such Consolidated Net Income; *plus*

(7) any one-time, non-recurring expenses or charges related to any Equity Offering, Permitted Investment, acquisition, recapitalization or incurrence of Indebtedness permitted to be

incurred under this Indenture (including a refinancing thereof), whether or not consummated, in each case to the extent such expenses or charges were deducted in computing Consolidated Net Income; *minus*

(8) non-cash items increasing such Consolidated Net Income for such period, other than (a) the accrual of revenue in the ordinary course of business and (b) reversals of prior accruals or reserves for non-cash items previously excluded from the definition of Consolidated EBITDA pursuant to clause (3) above,

in each case, on a consolidated basis and determined in accordance with GAAP.

"Consolidated Net Income" means for any period the aggregate of the Net Income of the Company and the Guarantors for such period, on a consolidated basis, determined in accordance with GAAP; *provided* that:

(3) the Net Income (but not loss) of any Person that is not a Guarantor or that is accounted for by the equity method of accounting will be included only to the extent of the amount of dividends or similar distributions paid in cash to the Company or a Guarantor;

(4) the Net Income of any Guarantor will be excluded to the extent that the declaration or payment of dividends or similar distributions by that Guarantor of that Net Income is not at the date of determination permitted without any prior governmental approval (that has not been obtained) or, directly or indirectly, by operation of the terms of its charter or any agreement or instrument, judgment, decree, order, statute, rule or governmental regulation applicable to that Guarantor or its stockholders (except to the extent of the amount of dividends or similar distributions paid in cash to the Company or a Guarantor during such period);

(5) the cumulative effect of a change in accounting principles will be excluded;

(6) any restructuring charge or reserve to the extent that such expenses or charges were deducted in computing such Consolidated Net Income, including any restructuring costs incurred in connection with acquisitions after the date of issuance of the Notes and costs related to the closure and/or consolidation of facilities or work force reduction and severance and relocation costs incurred in connection therewith, will be excluded;

(7) any unrealized gains and losses due solely to fluctuations in currency values, the value of Investment Securities or the value of Long-Term Investments, and the related tax effects according to GAAP will be excluded;

(8) non-cash compensation recorded from grants of stock appreciation or similar rights, stock options, restricted stock or other rights will be excluded;

(9) after-tax gains and losses attributable to discontinued operations will be excluded;

(10) the after-tax effect of extraordinary, non-recurring or unusual gains or losses (less all fees and expenses relating thereto) or expenses, severance costs and curtailments or modifications or terminations to pension and post-retirement benefit plans will be excluded;

(11) any impairment charge or asset write-off, in each case pursuant to GAAP and the amortization of intangibles arising pursuant to GAAP will be excluded; and

(12) any deferred financing costs written off and premiums paid in connection with any early extinguishment of Indebtedness will be excluded.

"*Core Investments*" means investments, whether as a long or short position, in equity, debt or derivative securities, including, without limitation, puts, options, warrants or calls, of any Person, including hedge funds, private equity funds or other investment entities, in the ordinary course of the Company's or any Guarantor's business, but excluding any investment in (i) any Unrestricted Subsidiary of the Company, or (ii) any joint venture to which the Company, any Guarantor or any Unrestricted Subsidiary is a party.

"*Corporate Trust Office of the Trustee*" will be at the address of the Trustee specified in Section 13.02 hereof or such other address as to which the Trustee may give notice to the Company.

"*Credit Facilities*" means, one or more debt facilities (including, without limitation, the Liggett Credit Agreement) or commercial paper facilities, in each case, with banks or other institutional lenders providing for revolving credit loans, term loans, receivables financing (including through the sale of receivables to such lenders or to special purpose entities formed to borrow from such lenders against such receivables) or letters of credit, in each case, as amended, restated, modified, renewed, refunded, replaced (whether upon or after termination or otherwise) or refinanced (including by means of sales of debt securities to institutional investors) in whole or in part from time to time.

"*Custodian*" means the Trustee, as custodian with respect to the Notes in global form, or any successor entity thereto.

"*Default*" means any event that is, or with the passage of time or the giving of notice or both would be, an Event of Default.

"*Definitive Note*" means a certificated Note registered in the name of the Holder thereof and issued in accordance with Section 2.06 hereof, substantially in the form of Exhibit A hereto except that such Note shall not bear the Global Note Legend and shall not have the "Schedule of Exchanges of Interests in the Global Note" attached thereto.

"*Depositary*" means, with respect to the Notes issuable or issued in whole or in part in global form, the Person specified in Section 2.03 hereof as the Depositary with respect to the Notes, and any and all successors thereto appointed as depositary hereunder and having become such pursuant to the applicable provision of this Indenture.

"*Disqualified Stock*" means any Capital Stock that, by its terms (or by the terms of any security into which it is convertible, or for which it is exchangeable, in each case, at the option of the holder of the Capital Stock), or upon the happening of any event, matures or is mandatorily redeemable, pursuant to a sinking fund obligation or otherwise, or redeemable at the option of the holder of the Capital Stock, in whole or in part, on or prior to the date that is 91 days after the date on which the Notes mature. Notwithstanding the preceding sentence, any Capital Stock that would constitute Disqualified Stock solely because the holders of the Capital Stock have the right to require the Company to repurchase such Capital Stock upon the occurrence of a change of control or an asset sale will not constitute Disqualified Stock if the terms of such Capital Stock provide that the Company may not repurchase or redeem any such Capital Stock pursuant to such provisions unless such repurchase or redemption complies with Section 4.07 hereof. The amount of Disqualified Stock deemed to be outstanding at any time for purposes of this Indenture will be the maximum amount that the Company and the Guarantors may become obligated to pay upon the maturity of, or pursuant to any mandatory redemption provisions of, such Disqualified Stock, exclusive of accrued dividends.

"Domestic Subsidiary" means any Subsidiary of the Company that was formed under the laws of the United States or any state of the United States or the District of Columbia or that guarantees or otherwise provides direct credit support for any Indebtedness of the Company.

"*Environmental Claim*" means any investigation, notice, notice of violation, claim, action, suit, proceeding, demand, abatement order or other order or directive (conditional or otherwise), by any Governmental Authority or any other Person, arising (i) pursuant to or in connection with any actual or alleged violation of any Environmental Law; (ii) in connection with any Hazardous Material or any actual or alleged Hazardous Materials Activity; or (iii) in connection with any actual or alleged damage, injury, threat or harm to health, safety, natural resources or the environment.

"*Environmental Laws*" means any and all current or future foreign or domestic, federal or state (or any subdivision of either of them), statutes, ordinances, orders, rules, regulations, judgments, Governmental Authorizations, or any other requirements of Governmental Authorities relating to (i) environmental matters, including those relating to any Hazardous Materials Activity; (ii) the generation, use, storage, transportation or disposal of Hazardous Materials; or (iii) occupational safety and health, industrial hygiene, land use or the protection of human, plant or animal health or welfare, in any manner applicable to the Company or any of the Guarantors or any Facility.

"*Equity Interests*" means Capital Stock and all warrants, options or other rights to acquire Capital Stock (but excluding any debt security that is convertible into, or exchangeable for, Capital Stock).

"*Equity Offering*" means any public or private sale of common stock or preferred stock of the Company (excluding Disqualified Stock) or contribution to the capital of the Company, other than:

(3) public offerings with respect to any such Person's common stock registered on Form S-8; and

(4) issuances to the Company or any Subsidiary of the Company.

"*Euroclear*" means Euroclear Bank, S.A./N.V., as operator of the Euroclear system.

"*Eve*" means Eve Holdings LLC, a Delaware limited liability company.

"*Exchange Act*" means the Securities Exchange Act of 1934, as amended.

"*Excluded Assets*" means any property, right or interest in which a security interest may not be granted under applicable law; real property, other than the Mebane Facility and any real property that has a Fair Market Value in excess of $12.5 million; equipment subject to purchase money or other financing; investment property or securities, including securities of Affiliates, other than the Pledged Securities; cash and deposit accounts; foreign intellectual property and all intent-to-use trademark applications; aircraft, aircraft engines and motor vehicles; and leasehold interests in real property, each as defined under the UCC (if applicable).

"*Existing Indebtedness*" means Indebtedness of the Company and the Guarantors (other than Indebtedness under the Liggett Credit Agreement) in existence on the date of this Indenture, until such amounts are repaid.

"*Facility*" means any real property (including all buildings, fixtures or other improvements located thereon) now, hereafter or heretofore owned, leased, operated or used by the Company or any of the Guarantors or any of their respective predecessors or Affiliates.

"*Fair Market Value*" means the value that would be paid by a willing buyer to an unaffiliated willing seller in a transaction not involving distress or necessity of either party, determined in good faith by the Board of Directors of the Company (unless otherwise provided in this Indenture).

"*First Priority Debt*" has the meaning set forth in the Intercreditor Agreement as in effect on the date of this Indenture.

"*First Priority Lien*" means a Lien to the extent it secures First Priority Debt.

"*Fixed Charges*" means, with respect to the Company and the Guarantors for any period, the sum, without duplication, of:

(3) the consolidated interest expense of the Company and the Guarantors for such period, whether paid or accrued, including, without limitation, amortization of debt issuance costs, beneficial conversion features, derivatives embedded within convertible debt and original issue discount, non-cash interest payments, the interest component of any deferred payment obligations, the interest component of all payments associated with Capital Lease Obligations, imputed interest with respect to Attributable Debt, commissions, discounts and other fees and charges incurred in respect of letter of credit or bankers' acceptance financings, and net of the effect of all payments made or received pursuant to Hedging Obligations in respect of interest rates; plus

(4) the consolidated interest expense of the Company and the Guarantors that was capitalized during such period; plus

(5) any interest on Indebtedness of another Person that is guaranteed by the Company or any of the Guarantors or secured by a Lien on assets of the Company or any of the Guarantors, whether or not such Guarantee or Lien is called upon; plus

(6) the product of (a) all dividends, whether paid or accrued and whether or not in cash, on any series of preferred stock of the Company or any of the Guarantors, other than dividends on Equity Interests payable solely in Equity Interests of the Company (other than Disqualified Stock) or to the Company or a Guarantor, *times* (b) a fraction, the numerator of which is one and the denominator of which is one minus the then current combined federal, state and local statutory tax rate of such Person, expressed as a decimal, in each case, determined on a consolidated basis in accordance with GAAP.

"GAAP" means generally accepted accounting principles set forth in the opinions and pronouncements of the Accounting Principles Board of the American Institute of Certified Public Accountants and statements and pronouncements of the Financial Accounting Standards Board or in such other statements by such other entity as have been approved by a significant segment of the accounting profession, which are in effect on the date of this Indenture, and without giving effect to any changes adopted or required to be adopted by the Company after the date of this Indenture as a result of any actual or proposed update to accounting standards, including, in particular Accounting Standards Update (ASU) 2016-02 Leases (Topic 842), any successor proposal, any implementation thereof, any oral or public deliberations by the Financial Accounting Standards Board regarding the foregoing, or any other change in GAAP that would require the obligations of a Person in respect of an operating lease or a lease that would be treated as an operating lease on the date of this Indenture to be recharacterized as a capital lease or Capital Lease Obligation.

"Global Note Legend" means the legend set forth in Section 2.06(g)(2) hereof, which is required to be placed on all Global Notes issued under this Indenture.

"Global Notes" means, individually and collectively, each of the Restricted Global Notes and the Unrestricted Global Notes deposited with or on behalf of and registered in the name of the Depository or its nominee, substantially in the form of Exhibit A hereto and that bears the Global Note Legend and that has the "Schedule of Exchanges of Interests in the Global Note" attached thereto, issued in accordance with Section 2.01, 2.06(b)(3), 2.06(b)(4), 2.06(d)(2) or 2.06(f) hereof.

"*Government Securities*" means direct obligations of, or obligations guaranteed by, the United States of America, and the payment for which the United States pledges its full faith and credit.

"Guarantee" means a guarantee other than by endorsement of negotiable instruments for collection in the ordinary course of business, direct or indirect, in any manner including, without limitation, by way of a pledge of assets or through letters of credit or reimbursement agreements in respect thereof, of all or any part of any Indebtedness (whether arising by virtue of partnership arrangements, or by agreements to keep-well, to purchase assets, goods, securities or services, to take or pay or to maintain financial statement conditions or otherwise).

"Guarantors" means each of:

(3) the Liggett Guarantors;

(4) the Domestic Subsidiaries of the Company on the date of this Indenture, other than the New Valley Subsidiaries; and

(5) any other Subsidiary of the Company that executes a Note Guarantee in accordance with the provisions of this Indenture,

and their respective successors and assigns, in each case, until the Note Guarantee of such Person has been released in accordance with the provisions of this Indenture.

"*Hazardous Materials*" means any chemical, material or substance, exposure to which is prohibited, limited or regulated by any Governmental Authority or which reasonably could be expected to pose a hazard to the health and safety of the owners, occupants or any Persons in the vicinity of any Facility or to the indoor or outdoor environment.

"*Hazardous Materials Activity*" means any past, current, proposed or threatened activity, event or occurrence involving any Hazardous Materials, including the use, manufacture, possession, storage, holding, presence, existence, location, release, threatened release, discharge, placement, generation, transportation, processing, construction, treatment, abatement, removal, remediation, disposal, disposition or handling of any Hazardous Materials, and any corrective action or response action with respect to any of the foregoing.

"Hedging Obligations" means, with respect to any specified Person, the obligations of such Person under:

(3) interest rate swap agreements (whether from fixed to floating or from floating to fixed), interest rate cap agreements and interest rate collar agreements;

(4) other agreements or arrangements designed to manage interest rates or interest rate risk; and

(5) other agreements or arrangements designed to protect such Person against fluctuations in currency exchange rates or commodity prices.

"*Holder*" means a Person in whose name a Note is registered.

"*IAI Global Note*" means a Global Note substantially in the form of Exhibit A hereto bearing the Global Note Legend and the Private Placement Legend and deposited with or on behalf of and registered in the name of the Depositary or its nominee that will be issued in a denomination equal to the outstanding principal amount of the Notes sold to Institutional Accredited Investors.

"*Indebtedness*" means, with respect to any specified Person, any indebtedness of such Person (excluding accrued expenses and trade payables), whether or not contingent:

(3) in respect of borrowed money;

(4) evidenced by bonds, notes, debentures or similar instruments or letters of credit (or reimbursement agreements in respect thereof);

(5) in respect of banker's acceptances;

(6) representing Capital Lease Obligations or Attributable Debt in respect of sale and leaseback transactions;

(7) representing the balance deferred and unpaid of the purchase price of any property or services due more than six months after such property is acquired or such services are completed, except any such balance that constitutes an accrued expense or trade payable arising in the ordinary course of business and not overdue by more than 90 days; or

(8) representing any Hedging Obligations,

if and to the extent any of the preceding items (other than letters of credit, Attributable Debt and Hedging Obligations) would appear as a liability upon a balance sheet of the specified Person prepared in accordance with GAAP. In addition, the term "Indebtedness" includes all Indebtedness of others secured by a Lien on any asset of the specified Person (whether or not such Indebtedness is assumed by the specified Person) and, to the extent not otherwise included, the Guarantee by the specified Person of any Indebtedness of any other Person.

"*Indemnified Liabilities*" means, collectively, any and all liabilities, obligations, losses, damages (including natural resource damages), penalties, claims (including Environmental Claims), costs (including the costs of any investigation, study, sampling, testing, abatement, cleanup, removal, remediation or other response action necessary to remove, remediate, clean up or abate any Hazardous Materials Activity), expenses and disbursements of any kind or nature whatsoever (including the reasonable fees and disbursements of counsel for Indemnitees in connection with any investigative, administrative or judicial proceeding commenced or threatened by any Person, and any fees or expenses incurred by Indemnitees in enforcing this indemnity), whether direct, indirect or consequential and whether based on Environmental Laws, on common law or equitable cause or on contract or otherwise, that may be imposed on, incurred by, or asserted against any such Indemnitee, in any manner relating to or arising out of any Environmental Claim or any Hazardous Materials Activity relating to or arising from, directly or indirectly, any past or present activity, operation, land ownership, or practice of the Company or any of the Guarantors.

"*Indenture*" means this Indenture, as amended, supplemented, modified, renewed, restated or replaced, in whole or in part, from time to time.

"*Indirect Participant*" means a Person who holds a beneficial interest in a Global Note through a Participant.

"*Initial Notes*" means the first $850.0 million aggregate principal amount of Notes issued under this Indenture on the date hereof.

"*Initial Purchaser*" means Jefferies LLC.

"*Institutional Accredited Investor*" means an institution that is an "accredited investor" as defined in Rule 501(a)(1), (2), (3) or (7) under the Securities Act who is not also a QIB.

"*Intercreditor Agreement*" means the Intercreditor and Lien Subordination Agreement, dated January 27, 2017, by and among Wells Fargo Bank, National Association, as ABL Lender, U.S. Bank National Association, as Collateral Agent, Liggett Group LLC, as revolving loan borrower and 100 Maple LLC, as term loan borrower.

"*Investments*" means, with respect to any Person, all direct or indirect investments by such Person in other Persons (including Affiliates) in the forms of loans (including Guarantees or other obligations), advances or capital contributions (excluding commission, travel and similar advances to officers and employees made in the ordinary course of business), purchases or other acquisitions for consideration of Indebtedness, Equity Interests or other securities, together with all items that are or would be classified as investments on a balance sheet prepared in accordance with GAAP. Except as otherwise provided in this Indenture, the amount of an Investment will be determined at the time the Investment is made and without giving effect to subsequent changes in value.

"*Investment Securities*" means investment securities classified as such under GAAP.

"*Legal Holiday*" means a Saturday, a Sunday or a day on which banking institutions in the City of New York or at a place of payment are authorized by law, regulation or executive order to remain closed. If a payment date is a Legal Holiday at a place of payment, payment may be made at that place on the next succeeding day that is not a Legal Holiday, and no interest shall accrue on such payment for the intervening period.

"*Leverage Ratio*" means the ratio of (i) the sum of (A) the aggregate outstanding amount of Indebtedness of the Company and the Guarantors as of the last day of the most recently ended fiscal quarter for which financial statements are internally available as of the date of calculation on a combined consolidated basis in accordance with GAAP, less cash, cash equivalents, the Fair Market Value of Investment Securities and the Fair Market Value of Long-Term Investments of the Company and the Guarantors, plus (B) the aggregate outstanding amount of Indebtedness incurred in connection with margining of Core Investments (to the extent not included in Indebtedness under clause (i)(A) above), plus (C) the aggregate liquidation preference of all outstanding Disqualified Stock of the Company as of the last day of such fiscal quarter to (ii) the aggregate Consolidated EBITDA of the Company for the last four full fiscal quarters for which financial statements are internally available ending on or prior to the date of determination. Notwithstanding the foregoing, to the extent that Douglas Elliman Realty LLC, or any successor thereto, is classified on the Company's or any Guarantor's balance sheet as a Long Term Investment, then the book value, rather than the Fair Market Value, of such Long Term Investment will be used for purposes of the foregoing calculation.

"*Lien*" means, with respect to any asset, any mortgage, lien, pledge, charge, security interest or encumbrance of any kind in respect of such asset, whether or not filed, recorded or otherwise perfected under applicable law, including any conditional sale or other title retention agreement, any lease in the nature thereof, any option or other agreement to sell or give a security interest in and any filing of or agreement to give any financing statement under the Uniform Commercial Code (or equivalent statutes) of any jurisdiction.

"*Liggett Credit Agreement*" means that certain Third Amended and Restated Credit Agreement, dated as of January 14, 2015, by and among Wells Fargo Bank, National Association, as administrative agent and collateral agent, Wells Fargo, National Association, as lender, Liggett Group LLC, as revolving loan borrower, and 100 Maple LLC, as term loan borrower, providing for revolving credit borrowings and term loans, including any related notes, Guarantees, collateral documents, instruments and agreements executed in connection therewith, and, in each case, as amended, modified, supplemented, renewed, restated, refinanced, replaced or restructured (whether upon or after termination or otherwise) in whole or in part from time to time.

"*Liggett Group LLC*" means Liggett Group LLC, a Delaware limited liability company.

"*Liggett Guarantors*" means each of Liggett Group LLC and 100 Maple LLC.

"*Long-Term Investments*" means long-term investments classified as such under GAAP.

"*Mebane Facility*" means that certain real property located in Mebane, North Carolina and owned by 100 Maple LLC.

"*Moody's*" means Moody's Investors Service, Inc.

"*Net Income*" means, with respect to any specified Person, the net income (loss) of such Person, determined in accordance with GAAP and before any reduction in respect of preferred stock dividends, excluding, however:

(3) any gain or loss, together with all fees and expenses related thereto and any related provision for taxes on such gain or loss, realized in connection with:

(a) any Asset Sale; or

(b) the disposition of any securities or Investments by such Person or any of the Guarantors or the extinguishment of any Indebtedness of such Person or any of the Guarantors; and

(4) any extraordinary gain or loss, together with any related provision for taxes on such extraordinary gain or loss.

"*Net Proceeds*" means the aggregate cash proceeds received by the Company or any of the Guarantors in respect of any Asset Sale (including, without limitation, any cash received upon the sale or other disposition of any non-cash consideration received in any Asset Sale), net of the direct costs relating to such Asset Sale, including, without limitation, legal, accounting and investment banking fees, and sales commissions, and any relocation expenses incurred as a result of the Asset Sale, taxes paid or payable as a

result of the Asset Sale, in each case, after taking into account any available tax credits or deductions and any tax sharing arrangements, and amounts required to be applied to the repayment of Indebtedness, other than Indebtedness under a Credit Facility, secured by a Lien on the asset or assets that were the subject of such Asset Sale and any reserve for adjustment in respect of the sale price of such asset or assets established in accordance with GAAP.

"*New Valley Subsidiaries*" means New Valley LLC, a Delaware limited liability company, and its Subsidiaries.

"*Non-U.S. Person*" means a Person who is not a U.S. Person.

"*Note Guarantee*" means the Guarantee by each Guarantor of the Company's obligations under this Indenture and the Notes, executed pursuant to the provisions of this Indenture.

"*Noteholder Documents*" means this Indenture, the Notes, the Note Guarantees, and the Collateral Documents, in each case, as amended, modified, supplemented, renewed, restated or replaced, in whole or in part, from time to time as provided thereby.

"*Notes*" has the meaning set forth in the preamble to this Indenture. The Initial Notes and the Additional Notes shall be treated as a single class for all purposes under this Indenture, and unless the context otherwise requires, all references to the Notes shall include the Initial Notes and any Additional Notes.

"*Obligations*" means any principal (including reimbursement obligations with respect to letters of credit whether or not drawn), interest (including, to the extent legally permitted, all interest accrued thereon after the commencement of any insolvency or liquidation proceeding at the rate, including any applicable post-default rate, even if such interest is not enforceable, allowable or allowed as a claim in such proceeding), premium (if any), fees, indemnifications, reimbursements, expenses and other liabilities payable under the documentation governing any Indebtedness.

"*Officer*" means, with respect to any Person, the Chairman of the Board, the Chief Executive Officer, the President, the Chief Operating Officer, the Chief Financial Officer, the Treasurer, any Assistant Treasurer, the Controller, the Secretary, any Assistant Secretary, any Executive Vice President, any Senior Vice President or any Vice President of such Person.

"*Officers' Certificate*" means a certificate signed by the Chairman of the Board, the President, any Executive Vice President, any Senior Vice President or any Vice President, and by the Chief Financial Officer, the Treasurer, an Assistant Treasurer, the Secretary or an Assistant Secretary, of the Company, that meets the requirements of Section 13.05 hereof. One of the officers signing an Officers' Certificate given pursuant to Section 4.04 shall be the principal executive, financial or accounting officer of the Company.

"*Opinion of Counsel*" means an opinion from legal counsel who is reasonably acceptable to the Trustee, that meets the requirements of Section 13.05 hereof. The counsel may be an employee of or counsel to the Company, any Subsidiary of the Company or the Trustee.

"*Parity Lien*" means a Lien granted under a Collateral Document to the Collateral Agent, at any time, upon any property of any Guarantor providing security to secure Parity Lien Obligations.

"*Parity Lien Debt*" means:

(3) the Initial Notes; and

(4) any other Indebtedness of the Company pursuant to (A) Additional Notes or (B) otherwise permitted to be incurred under this Indenture that is secured by the Collateral equally and ratably with the Notes; *provided* that, in the case of this clause (B), an authorized representative of the holders of such Indebtedness shall have entered into (i) a supplement or joinder to the Intercreditor Agreement and any other documents required by the Intercreditor Agreement, in each case, to the extent required by the Intercreditor Agreement, and (ii) a customary intercreditor agreement with the Collateral Agent and any other documents required by such intercreditor agreement, in each case in this clause (ii) reasonably satisfactory to the Collateral Agent.

"Parity Lien Obligations" means Parity Lien Debt and all other Obligations in respect thereof.

"Participant" means, with respect to the Depositary, Euroclear or Clearstream, a Person who has an account with the Depositary, Euroclear or Clearstream, respectively (and, with respect to DTC, shall include Euroclear and Clearstream).

"Permitted Investments" means:

(3) any Investment in the Company or in a Guarantor;

(4) any Investment in Cash Equivalents;

(5) any Investment by the Company or any Guarantor in a Person, if as a result of such Investment:

(a) such Person becomes a Guarantor; or

(b) such Person is merged, consolidated or amalgamated with or into, or transfers or conveys substantially all of its assets to, or is liquidated into, the Company or a Guarantor;

(6) any Investment made as a result of the receipt of non-cash consideration from an Asset Sale that was made pursuant to and in compliance with Section 4.10 hereof.

(7) any acquisition of assets or Capital Stock solely in exchange for the issuance of Equity Interests (other than Disqualified Stock) of the Company;

(8) any Investments received in compromise or resolution of (A) obligations of trade creditors or customers that were incurred in the ordinary course of business of the Company or any Guarantor, including pursuant to any plan of reorganization or similar arrangement upon the bankruptcy or insolvency of any trade creditor or customer; or (B) litigation, arbitration or other disputes with Persons who are not Affiliates;

(9) loans or advances to employees made in the ordinary course of business of the Company or any Guarantor in an aggregate principal amount not to exceed $1.0 million at any one time outstanding;

(10) repurchases of the Notes;

(11) any Investment by the Company or any Guarantor in Core Investments;

(12) Investments represented by Hedging Obligations;

(13) Investments consisting of purchases and acquisitions of inventory, supplies, material or equipment in the ordinary course of business or consistent with past practice;

(14) other Investments in any Person having an aggregate Fair Market Value (measured on the date each such Investment was made and without giving effect to subsequent changes in value), when taken together with all other Investments made pursuant to this clause (12) that are at the time outstanding, not to exceed $10.0 million.

"*Permitted Liens*" means:

(3) Liens in favor of the ABL Lender securing First Priority Debt;

(4) Liens held by the Collateral Agent equally and ratably securing the Initial Notes and all future Parity Lien Debt and other Parity Lien Obligations;

(5) Liens in favor of the Company or the Guarantors;

(6) Liens on property of a Person existing at the time such Person is merged with or into or consolidated with the Company or any Guarantor; *provided* that such Liens were in existence prior to the contemplation of such merger or consolidation and do not extend to any assets other than those of the Person merged into or consolidated with the Company or the Guarantor;

(7) Liens on property (including Capital Stock) existing at the time of acquisition of the property by the Company or any Guarantor; *provided* that such Liens were in existence prior to, and not incurred in contemplation of, such acquisition;

(8) Liens to secure the performance of statutory obligations (including obligations under worker's compensation, unemployment insurance or similar legislation), surety or appeal bonds, performance bonds or other obligations of a like nature incurred in the ordinary course of business, as well as obligations under the trade contracts and leases (exclusive of obligations for the payment of borrowed money) and cash deposits in connection with acquisitions otherwise permitted under this Indenture;

(9) Liens existing on the date of this Indenture;

(10) Liens for taxes, assessments or governmental charges or claims that are not yet delinquent or that are being contested in good faith by appropriate proceedings promptly instituted and diligently concluded; *provided* that any reserve or other appropriate provision as is required in conformity with GAAP has been made therefor;

(11) Liens imposed by law, such as carriers', warehousemen's, landlords' and mechanics' Liens, in each case, incurred in the ordinary course of business;

(12) survey exceptions, easements or reservations of, or rights of others for, licenses, rights-of-way, sewers, electric lines, telegraph and telephone lines and other similar purposes, or zoning or other restrictions as to the use of real property that were not incurred in connection with Indebtedness and that do not in the aggregate materially adversely affect the value of said properties or materially impair their use in the operation of the business of such Person;

(13) Liens created for the benefit of (or to secure) the Notes (or the Note Guarantees);

(14) Liens to secure any Permitted Refinancing Indebtedness permitted to be incurred under this Indenture; *provided, however,* that:

(a) the new Lien shall be limited to all or part of the same property and assets that secured or, under the written agreements pursuant to which the original Lien arose, could secure the original Lien (plus improvements and accessions to, such property or proceeds or distributions thereof); and

(b) the Indebtedness secured by the new Lien is not increased to any amount greater than the sum of (x) the outstanding principal amount, or, if greater, committed amount, of the Permitted Refinancing Indebtedness and (y) an amount necessary to pay any fees and expenses (including upfront fees and original issue discount), including premiums (including tender premiums), related to such renewal, refunding, refinancing, replacement, defeasance or discharge;

(15) Liens to secure Indebtedness (including Capital Lease Obligations) permitted by Section 4.09(b)(10) hereof covering only the assets acquired with or financed by such Indebtedness;

(16) Liens arising by reason of any judgment, decree or order not giving rise to an Event of Default so long as such Lien is adequately bonded and any appropriate legal proceedings which may have been duly initiated for the review of such judgment shall not have been finally terminated or the period within such proceedings may be initiated shall not have expired; and

(17) Liens to secure obligations permitted by Section 4.09(b)(14) hereof; *provided* that such Liens do not comprise Liens on any of the Collateral.

"*Permitted Prior Liens*" means:

(3) Liens described in clauses (1), (4), (5), (7) or (13) of the definition of "Permitted Liens;" and

(4) Permitted Liens that arise by operation of law and are not voluntarily granted, to the extent entitled by law to priority over the Liens created by the Collateral Documents.

"Permitted Refinancing Indebtedness" means any Indebtedness of the Company or any Guarantor issued in exchange for, or the net proceeds of which are used to renew, refund, refinance, replace, defease or discharge other Indebtedness of the Company or any Guarantor (other than intercompany Indebtedness); *provided* that:

(3) the principal amount (or accreted value, if applicable) of such Permitted Refinancing Indebtedness does not exceed the principal amount (or accreted value, if applicable) of the Indebtedness renewed, refunded, refinanced, replaced, defeased or discharged (plus all accrued interest on the Indebtedness and the amount of all fees and expenses (including upfront fees and original issue discount), including premiums (including tender premiums), incurred in connection therewith);

(4) such Permitted Refinancing Indebtedness has a final maturity date later than the final maturity date of, and has a Weighted Average Life to Maturity equal to or greater than the Weighted Average Life to Maturity of, the Indebtedness being renewed, refunded, refinanced, replaced, defeased or discharged;

(5) if the Indebtedness being renewed, refunded, refinanced, replaced, defeased or discharged is subordinated in right of payment to the Notes, such Permitted Refinancing Indebtedness has a final maturity date later than the final maturity date of, and is subordinated in right of payment to, the Notes on terms at least as favorable to the holders of Notes as those contained in the documentation governing the Indebtedness being renewed, refunded, refinanced, replaced, defeased or discharged; and

(6) such Indebtedness is incurred either by the Company or by the Guarantor who is the obligor on the Indebtedness being renewed, refunded, refinanced, replaced, defeased or discharged.

"*Person*" means any individual, corporation, partnership, joint venture, association, joint-stock company, trust, unincorporated organization, limited liability company or government or other entity.

"*Pledged Securities*" means all of the Capital Stock of each of Liggett Group LLC and Vector Tobacco.

"*Pledgor*" means each of the Liggett Guarantors and Vector Tobacco and any successor thereto who is required to assume their obligations under the indenture or the Collateral Documents.

"*Private Placement Legend*" means the legend set forth in Section 2.06(g)(1) hereof to be placed on all Notes issued under this Indenture except where otherwise permitted by the provisions of this Indenture.

"*QIB*" means a "qualified institutional buyer" as defined in Rule 144A.

"*Regulation S*" means Regulation S promulgated under the Securities Act.

"*Regulation S Global Note*" means a Global Note substantially in the form of Exhibit A hereto bearing the Global Note Legend and the Private Placement Legend and deposited with or on behalf of and registered in the name of the Depositary or its nominee, issued in a denomination equal to the outstanding principal amount of the Notes sold in reliance on Rule 903 of Regulation S.

"*Responsible Officer,*" when used with respect to the Trustee, means any officer within the Corporate Trust Administration of the Trustee (or any successor group of the Trustee) or any other officer of the Trustee customarily performing functions similar to those performed by any of the above designated officers with direct responsibility for administering this Indenture, and also means, with respect to a particular corporate trust matter, any other officer to whom such matter is referred because of his knowledge of and familiarity with the particular subject.

"*Restricted Definitive Note*" means a Definitive Note bearing the Private Placement Legend.

"*Restricted Global Note*" means a Global Note bearing the Private Placement Legend.

"*Restricted Investment*" means an Investment other than a Permitted Investment.

"*Restricted Period*" means the 40-day distribution compliance period as defined in Regulation S.

"*Rule 144*" means Rule 144 promulgated under the Securities Act.

"*Rule 144A*" means Rule 144A promulgated under the Securities Act.

"*Rule 903*" means Rule 903 promulgated under the Securities Act.

"*Rule 904*" means Rule 904 promulgated under the Securities Act.

"*S&P*" means Standard & Poor's Ratings Group.

"*Sale of Collateral*" means any Asset Sale involving a sale or other disposition of Collateral.

"*SEC*" means the Securities and Exchange Commission.

"*Secured Indebtedness*" means all Indebtedness of the Company and the Guarantors that is secured by Liens on any of their assets, including, but not limited to, Indebtedness pursuant to the Liggett Credit Agreement and the Notes.

"*Secured Leverage Ratio*" means the ratio calculated in accordance with the definition herein of *"Leverage Ratio"* except that *"Secured Indebtedness"* shall be substituted for all occurrences of *"Indebtedness"* in such definition.

"*Securities Act*" means the Securities Act of 1933, as amended.

"*Significant Subsidiary*" means any Subsidiary that would be a "significant subsidiary" as defined in Article 1, Rule 1-02 of Regulation S-X, promulgated pursuant to the Securities Act, as such Regulation is in effect on the date of this Indenture.

"*Stated Maturity*" means, with respect to any installment of interest or principal on any series of Indebtedness, the date on which the payment of interest or principal was scheduled to be paid in the documentation governing such Indebtedness as of the date of this Indenture, and will not include any contingent obligations to repay, redeem or repurchase any such interest or principal prior to the date originally scheduled for the payment thereof.

"*Subsidiary*" means, with respect to any specified Person:

(3) any corporation, association or other business entity of which more than 50% of the total voting power of shares of Capital Stock entitled (without regard to the occurrence of any contingency and after giving effect to any voting agreement or stockholders' agreement that effectively transfers voting power) to vote in the election of directors, managers or trustees of the corporation, association or other business entity is at the time owned or controlled, directly or indirectly, by that Person or one or more of the other Subsidiaries of that Person (or a combination thereof); and

(4) any partnership (a) the sole general partner or the managing general partner of which is such Person or a Subsidiary of such Person or (b) the only general partners of which are that Person or one or more Subsidiaries of that Person (or any combination thereof).

"TIA" means the Trust Indenture Act of 1939, as amended (15 U.S.C. §§ 77aaa-77bbbb).

"*Treasury Rate*" means, as of any redemption date, the yield to maturity as of such redemption date of United States Treasury securities with a constant maturity (as compiled and published in the most recent Federal Reserve Statistical Release H.15 (519) that has become publicly available at least two Business Days prior to the redemption date (or, if such Statistical Release is no longer published, any publicly available source of similar market data)) most nearly equal to the period from the redemption date to February 1, 2020, or in the case of a satisfaction and discharge or a defeasance, at least two Business Days prior to the date on which the Company deposits the amounts required under this Indenture; *provided*, *however*, that if the period from the redemption date to February 1, 2020 is less than one year, the weekly average yield on actually traded United States Treasury securities adjusted to a constant maturity of one year will be used.

"*Trustee*" means U.S. Bank National Association until a successor replaces it in accordance with the applicable provisions of this Indenture and thereafter means the successor serving hereunder.

"*Unrestricted Definitive Note*" means a Definitive Note that does not bear and is not required to bear the Private Placement Legend.

"*Unrestricted Global Note*" means a Global Note that does not bear and is not required to bear the Private Placement Legend.

"*Unrestricted Subsidiary*" means any Subsidiary of the Company other than any Subsidiary that is a Guarantor and other than any Subsidiary owning or operating the business currently operated by Liggett Group LLC.

"*U.S. Person*" means a U.S. Person as defined in Rule 902(k) promulgated under the Securities Act.

"*Vector Tobacco*" means Vector Tobacco Inc., a Virginia corporation.

"*VGR Holding*" means VGR Holding LLC, a Delaware limited liability company.

"*Voting Stock*" of any specified Person as of any date means the Capital Stock of such Person that is at the time entitled to vote in the election of the Board of Directors of such Person.

"*Weighted Average Life to Maturity*" means, when applied to any Indebtedness at any date, the number of years obtained by dividing:

(1) the sum of the products obtained by multiplying (a) the amount of each then remaining installment, sinking fund, serial maturity or other required payments of principal, including payment at final maturity, in respect of the Indebtedness, by (b) the number of years (calculated to the nearest one-twelfth) that will elapse between such date and the making of such payment; *by*

(2) the then outstanding principal amount of such Indebtedness.

Section 1.02 *Other Definitions.*

Term	Defined in Section
“Affiliate Transaction”	4.11
“Asset Sale Offer”	3.09
“Authentication Order”	2.02
“Change of Control Offer”	4.14
“Change of Control Payment”	4.14
“Change of Control Payment Date”	4.14
“Covenant Defeasance”	8.03
“DTC”	2.03
“Event of Default”	6.01
“Excess Proceeds”	4.10
“incur”	4.09
“Interest Payment Date”	Exhibit A
“Legal Defeasance”	8.02
“Offer Amount”	3.09
“Offer Period”	3.09
“Paying Agent”	2.03
“Permitted Debt”	4.09
“Payment Default”	6.01
“Purchase Date”	3.09
“Registrar”	2.03
“Restricted Payments”	4.07

Section 1.03 *Incorporation by Reference of Trust Indenture Act.*

This Indenture has not been qualified under the TIA and no provision of the TIA shall be deemed a part of, or applicable to, this Indenture except as specifically set forth herein. Whenever this Indenture refers to a provision of the TIA, the provision is incorporated by reference in and made a part of this Indenture.

The following TIA terms used in this Indenture have the following meanings:

“indenture securities” means the Notes;

“indenture security Holder” means a Holder of a Note;

“indenture trustee” or “institutional trustee” means the Trustee; and

“obligor” on the Notes and the Note Guarantees means the Company and the Guarantors, respectively, and any successor obligor upon the Notes and the Note Guarantees, respectively.

All other terms used in this Indenture that are defined by the TIA, defined by TIA reference to another statute or defined by SEC rule under the TIA have the meanings so assigned to them.

Section 1.04 *Rules of Construction.*

Unless the context otherwise requires:

(1) a term has the meaning assigned to it;

(2) an accounting term not otherwise defined has the meaning assigned to it in accordance with GAAP;

(3) "or" is not exclusive;

(4) words in the singular include the plural, and in the plural include the singular;

(5) "will" shall be interpreted to express a command;

(6) provisions apply to successive events and transactions; and

(7) references to sections of or rules under the Securities Act will be deemed to include substitute, replacement of successor sections or rules adopted by the SEC from time to time.

ARTICLE 2
THE NOTES

Section 2.01 *Form and Dating.*

(a) *General*. The Notes and the Trustee's certificate of authentication will be substantially in the form of Exhibit A hereto. The Notes may have notations, legends or endorsements required by law, stock exchange rule or usage. Each Note will be dated the date of its authentication. The Notes shall be in denominations of $2,000 and integral multiples of $1,000 in excess of $2,000.

The terms and provisions contained in the Notes will constitute, and are hereby expressly made, a part of this Indenture and the Company, the Guarantors and the Trustee, by their execution and delivery of this Indenture, expressly agree to such terms and provisions and to be bound thereby. However, to the extent any provision of any Note conflicts with the express provisions of this Indenture, the provisions of this Indenture shall govern and be controlling.

(b) *Global Notes*. Notes issued in global form will be substantially in the form of Exhibit A hereto (including the Global Note Legend thereon and the "Schedule of Exchanges of Interests in the Global Note" attached thereto). Notes issued in definitive form will be substantially in the form of Exhibit A hereto (but without the Global Note Legend thereon and without the "Schedule of Exchanges of Interests in the Global Note" attached thereto). Each Global Note will represent such of the outstanding Notes as will be specified therein and each shall provide that it represents the aggregate principal amount of outstanding Notes from time to time endorsed thereon and that the aggregate principal amount of outstanding Notes represented thereby may from time to time be reduced or increased, as appropriate, to reflect exchanges and redemptions. Any endorsement of a Global Note to reflect the amount of any increase or decrease in the aggregate principal amount of outstanding Notes represented thereby will be made by the Trustee or the Custodian, at the direction of the Trustee, in accordance with instructions given by the Holder thereof as required by Section 2.06 hereof.

Section 2.02 *Execution and Authentication.*

At least one Officer must sign the Notes for the Company by manual or facsimile signature.

If an Officer whose signature is on a Note no longer holds that office at the time a Note is authenticated, the Note will nevertheless be valid.

A Note will not be valid until authenticated by the manual signature of the Trustee. The signature will be conclusive evidence that the Note has been authenticated under this Indenture.

The Trustee will, upon receipt of a written order of the Company stating the CUSIP number, principal amount, name of Holder and date of authentication for each Note, signed by two Officers (an "*Authentication Order*"), authenticate Notes for original issue that may be validly issued under this Indenture, including any Additional Notes. The aggregate principal amount of Notes outstanding at any time may not exceed the aggregate principal amount of Notes authorized for issuance by the Company pursuant to one or more Authentication Orders, except as provided in Section 2.07 hereof.

The Trustee may appoint an authenticating agent acceptable to the Company to authenticate Notes. An authenticating agent may authenticate Notes whenever the Trustee may do so. Each reference in this Indenture to authentication by the Trustee includes authentication by such agent. An authenticating agent has the same rights as an Agent to deal with Holders or an Affiliate of the Company.

Section 2.03 *Registrar and Paying Agent.*

The Company will maintain an office or agency where Notes may be presented for registration of transfer or for exchange ("*Registrar*") and an office or agency where Notes may be presented for payment ("*Paying Agent*"). The Registrar will keep a register of the Notes and of their transfer and exchange. The Company may appoint one or more co-registrars and one or more additional paying agents. The term "Registrar" includes any co-registrar and the term "Paying Agent" includes any additional paying agent. The Company may change any Paying Agent or Registrar without notice to any Holder. The Company will notify the Trustee in writing of the name and address of any Agent not a party to this Indenture. If the Company fails to appoint or maintain another entity as Registrar or Paying Agent, the Trustee shall act as such. The Company or any of its Subsidiaries may act as Paying Agent or Registrar.

The Company initially appoints The Depository Trust Company (*"DTC"*) to act as Depositary with respect to the Global Notes.

The Company initially appoints the Trustee to act as the Registrar and Paying Agent and to act as Custodian with respect to the Global Notes.

Section 2.04 *Paying Agent to Hold Money in Trust.*

The Company will require each Paying Agent other than the Trustee to agree in writing that the Paying Agent will hold in trust for the benefit of Holders or the Trustee all money held by the Paying Agent for the payment of principal, premium, if any, or interest on the Notes, and will notify the Trustee of any default by the Company in making any such payment. While any such default continues, the Trustee may require a Paying Agent to pay all money held by it to the Trustee. The Company at any time may require a Paying Agent to pay all money held by it to the Trustee. Upon payment over to the Trustee, the Paying Agent (if other than the Company or a Subsidiary) will have no further liability for the money. If the Company or a Subsidiary acts as Paying Agent, it will segregate and hold in a separate trust fund for the benefit of the Holders all money held by it as Paying Agent. Upon any bankruptcy or reorganization proceedings relating to the Company, the Trustee will serve as Paying Agent for the Notes.

Section 2.05 *Holder Lists.*

The Trustee will preserve in as current a form as is reasonably practicable the most recent list available to it of the names and addresses of all Holders. If the Trustee is not the Registrar, the Company will furnish to the Trustee at least seven Business Days before each Interest Payment Date and at such other times as the Trustee may request in writing, a list in such form and as of such date as the Trustee may reasonably require of the names and addresses of the Holders of Notes.

Section 2.06 *Transfer and Exchange.*

(a) *Transfer and Exchange of Global Notes*. A Global Note may not be transferred except as a whole by the Depositary to a nominee of the Depositary, by a nominee of the Depositary to the Depositary or to another nominee of the Depositary, or by the Depositary or any such nominee to a successor Depositary or a nominee of such successor Depositary. All Global Notes will be exchanged by the Company for Definitive Notes if:

(1) the Company delivers to the Trustee notice from the Depositary that it is unwilling or unable to continue to act as Depositary or that it is no longer a clearing agency registered under the Exchange Act and, in either case, a successor Depositary is not appointed by the Company within 120 days after the date of such notice from the Depositary;

(2) the Company in its sole discretion determines that the Global Notes (in whole but not in part) should be exchanged for Definitive Notes and delivers a written notice to such effect to the Trustee or

(3) there has occurred and is continuing a Default or Event of Default with respect to the Notes.

Upon the occurrence of either of the preceding events in (1) or (2) above, Definitive Notes shall be issued in such names as the Depositary shall instruct the Trustee. Global Notes also may be exchanged or replaced, in whole or in part, as provided in Sections 2.07 and 2.10 hereof. Every Note authenticated and delivered in exchange for, or in lieu of, a Global Note or any portion thereof, pursuant to this Section 2.06 or Section 2.07 or 2.10 hereof, shall be authenticated and delivered in the form of, and shall be, a Global Note. A Global Note may not be exchanged for another Note other than as provided in this Section 2.06(a), however, beneficial interests in a Global Note may be transferred and exchanged as provided in Section 2.06(b), (c) or (f) hereof.

(b) *Transfer and Exchange of Beneficial Interests in the Global Notes*. The transfer and exchange of beneficial interests in the Global Notes will be effected through the Depositary, in accordance with the provisions of this Indenture and the Applicable Procedures. Beneficial interests in the Restricted Global Notes will be subject to restrictions on transfer comparable to those set forth herein to the extent required by the Securities Act. Transfers of beneficial interests in the Global Notes also will require compliance with either subparagraph (1) or (2) below, as applicable, as well as one or more of the other following subparagraphs, as applicable:

(1) *Transfer of Beneficial Interests in the Same Global Note*. Beneficial interests in any Restricted Global Note may be transferred to Persons who take delivery thereof in the form of a beneficial interest in the same Restricted Global Note in accordance with the transfer

restrictions set forth in the Private Placement Legend; *provided, however*, that prior to the expiration of the Restricted Period, transfers of beneficial interests in the Regulation S Global Note may not be made to a U.S. Person or for the account or benefit of a U.S. Person (other than an Initial Purchaser). Beneficial interests in any Unrestricted Global Note may be transferred to Persons who take delivery thereof in the form of a beneficial interest in an Unrestricted Global Note. No written orders or instructions shall be required to be delivered to the Registrar to effect the transfers described in this Section 2.06(b)(1).

(2) *All Other Transfers and Exchanges of Beneficial Interests in Global Notes.* In connection with all transfers and exchanges of beneficial interests that are not subject to Section 2.06(b)(1) above, the transferor of such beneficial interest must deliver to the Registrar either:

(A) both:

(i) a written order from a Participant or an Indirect Participant given to the Depositary in accordance with the Applicable Procedures directing the Depositary to credit or cause to be credited a beneficial interest in another Global Note in an amount equal to the beneficial interest to be transferred or exchanged; and

(ii) instructions given in accordance with the Applicable Procedures containing information regarding the Participant account to be credited with such increase; or

(B) both:

(i) a written order from a Participant or an Indirect Participant given to the Depositary in accordance with the Applicable Procedures directing the Depositary to cause to be issued a Definitive Note in an amount equal to the beneficial interest to be transferred or exchanged; and

(ii) instructions given by the Depositary to the Registrar containing information regarding the Person in whose name such Definitive Note shall be registered to effect the transfer or exchange referred to in (1) above;

Upon satisfaction of all of the requirements for transfer or exchange of beneficial interests in Global Notes contained in this Indenture and the Notes or otherwise applicable under the Securities Act, the Trustee shall adjust the principal amount of the relevant Global Note(s) pursuant to Section 2.06(h) hereof.

(3) *Transfer of Beneficial Interests to Another Restricted Global Note.* A beneficial interest in any Restricted Global Note may be transferred to a Person who takes delivery thereof in the form of a beneficial interest in another Restricted Global Note if the transfer complies with the requirements of Section 2.06(b)(2) above and the Registrar receives the following:

(A) if the transferee will take delivery in the form of a beneficial interest in the 144A Global Note, then the transferor must deliver a certificate in the form of Exhibit B hereto, including the certifications in item (1) thereof;

(B) if the transferee will take delivery in the form of a beneficial interest in the Regulation S Global Note, then the transferor must deliver a certificate in the form of Exhibit B hereto, including the certifications in item (2) thereof; and

(C) if the transferee will take delivery in the form of a beneficial interest in the IAI Global Note, then the transferor must deliver a certificate in the form of Exhibit B hereto, including the certifications, certificates and Opinion of Counsel required by item (3) thereof, if applicable.

(4) *Transfer and Exchange of Beneficial Interests in a Restricted Global Note for Beneficial Interests in an Unrestricted Global Note.* A beneficial interest in any Restricted Global Note may be exchanged by any holder thereof for a beneficial interest in an Unrestricted Global Note or transferred to a Person who takes delivery thereof in the form of a beneficial interest in an Unrestricted Global Note if the exchange or transfer complies with the requirements of Section 2.06(b)(2) above and the Registrar receives the following:

(A) if the holder of such beneficial interest in a Restricted Global Note proposes to exchange such beneficial interest for a beneficial interest in an Unrestricted Global Note, a certificate from such holder in the form of Exhibit C hereto, including the certifications in item (1)(a) thereof; or

(B) if the holder of such beneficial interest in a Restricted Global Note proposes to transfer such beneficial interest to a Person who shall take delivery thereof in the form of a beneficial interest in an Unrestricted Global Note, a certificate from such holder in the form of Exhibit B hereto, including the certifications in item (4) thereof;

and, in each such case set forth in this subparagraph (4), if the Registrar so requests or if the Applicable Procedures so require, an Opinion of Counsel in form reasonably acceptable to the Registrar to the effect that such exchange or transfer is in compliance with the Securities Act and that the restrictions on transfer contained herein and in the Private Placement Legend are no longer required in order to maintain compliance with the Securities Act.

If any such transfer is effected pursuant to this subparagraph (4) at a time when an Unrestricted Global Note has not yet been issued, the Company shall issue and, upon receipt of an Authentication Order in accordance with Section 2.02 hereof, the Trustee shall authenticate one or more Unrestricted Global Notes in an aggregate principal amount equal to the aggregate principal amount of beneficial interests transferred pursuant to this subparagraph (4).

Beneficial interests in an Unrestricted Global Note cannot be exchanged for, or transferred to Persons who take delivery thereof in the form of, a beneficial interest in a Restricted Global Note.

(c) Transfer or Exchange of Beneficial Interests for Definitive Notes.

(1) *Beneficial Interests in Restricted Global Notes to Restricted Definitive Notes.* If any holder of a beneficial interest in a Restricted Global Note proposes to exchange such beneficial interest for a Restricted Definitive Note or to transfer such beneficial interest to a Person who takes delivery thereof in the form of a Restricted Definitive Note, then, upon receipt by the Registrar of the following documentation:

(A) if the holder of such beneficial interest in a Restricted Global Note proposes to exchange such beneficial interest for a Restricted Definitive Note, a certificate from such holder in the form of Exhibit C hereto, including the certifications in item (2)(a) thereof;

(B) if such beneficial interest is being transferred to a QIB in accordance with Rule 144A, a certificate to the effect set forth in Exhibit B hereto, including the certifications in item (1) thereof;

(C) if such beneficial interest is being transferred to a Non-U.S. Person in an offshore transaction in accordance with Rule 903 or Rule 904, a certificate to the effect set forth in Exhibit B hereto, including the certifications in item (2) thereof;

(D) if such beneficial interest is being transferred pursuant to an exemption from the registration requirements of the Securities Act in accordance with Rule 144, a certificate to the effect set forth in Exhibit B hereto, including the certifications in item (3)(a) thereof;

(E) if such beneficial interest is being transferred to an Institutional Accredited Investor in reliance on an exemption from the registration requirements of the Securities Act other than those listed in subparagraphs (B) through (D) above, a certificate to the effect set forth in Exhibit B hereto, including the certifications, certificates and Opinion of Counsel required by item (3) thereof, if applicable;

(F) if such beneficial interest is being transferred to the Company or any of its Subsidiaries, a certificate to the effect set forth in Exhibit B hereto, including the certifications in item (3)(b) thereof; or

(G) if such beneficial interest is being transferred pursuant to an effective registration statement under the Securities Act, a certificate to the effect set forth in Exhibit B hereto, including the certifications in item (3)(c) thereof,

the Trustee shall cause the aggregate principal amount of the applicable Global Note to be reduced accordingly pursuant to Section 2.06(h) hereof, and the Company shall execute and the Trustee shall authenticate and deliver to the Person designated in the instructions a Definitive Note in the appropriate principal amount. Any Definitive Note issued in exchange for a beneficial interest in a Restricted Global Note pursuant to this Section 2.06(c) shall be registered in such name or names and in such authorized denomination or denominations as the holder of such beneficial interest shall instruct the Registrar through instructions from the Depositary and the Participant or Indirect Participant. The Trustee shall deliver such Definitive Notes to the Persons in whose names such Notes are so registered. Any Definitive Note issued in exchange for a beneficial interest in a Restricted Global Note pursuant to this Section 2.06(c)(1) shall bear the Private Placement Legend and shall be subject to all restrictions on transfer contained therein.

(2) *Beneficial Interests in Restricted Global Notes to Unrestricted Definitive Notes.* A holder of a beneficial interest in a Restricted Global Note may exchange such beneficial interest for an Unrestricted Definitive Note or may transfer such beneficial interest to a Person who takes delivery thereof in the form of an Unrestricted Definitive Note only if the Registrar receives the following:

(A) if the holder of such beneficial interest in a Restricted Global Note proposes to exchange such beneficial interest for an Unrestricted Definitive Note, a certificate from such holder in the form of Exhibit C hereto, including the certifications in item (1)(b) thereof; or

(B) if the holder of such beneficial interest in a Restricted Global Note proposes to transfer such beneficial interest to a Person who shall take delivery thereof in the form of an Unrestricted Definitive Note, a certificate from such holder in the form of Exhibit B hereto, including the certifications in item (4) thereof;

and, in each such case set forth in this subparagraph (2), if the Registrar so requests or if the Applicable Procedures so require, an Opinion of Counsel in form reasonably acceptable to the Registrar to the effect that such exchange or transfer is in compliance with the Securities Act and that the restrictions on transfer contained herein and in the Private Placement Legend are no longer required in order to maintain compliance with the Securities Act.

(3) *Beneficial Interests in Unrestricted Global Notes to Unrestricted Definitive Notes.* If any holder of a beneficial interest in an Unrestricted Global Note proposes to exchange such beneficial interest for a Definitive Note or to transfer such beneficial interest to a Person who takes delivery thereof in the form of a Definitive Note, then, upon satisfaction of the conditions set forth in Section 2.06(b)(2) hereof, the Trustee will cause the aggregate principal amount of the applicable Global Note to be reduced accordingly pursuant to Section 2.06(h) hereof, and the Company will execute and the Trustee will authenticate and deliver to the Person designated in the instructions a Definitive Note in the appropriate principal amount. Any Definitive Note issued in exchange for a beneficial interest pursuant to this Section 2.06(c)(3) will be registered in such name or names and in such authorized denomination or denominations as the holder of such beneficial interest requests through instructions to the Registrar from or through the Depositary and the Participant or Indirect Participant. The Trustee will deliver such Definitive Notes to the Persons in whose names such Notes are so registered. Any Definitive Note issued in exchange for a beneficial interest pursuant to this Section 2.06(c)(3) will not bear the Private Placement Legend.

(d) *Transfer and Exchange of Definitive Notes for Beneficial Interests.*

(1) *Restricted Definitive Notes to Beneficial Interests in Restricted Global Notes.* If any Holder of a Restricted Definitive Note proposes to exchange such Note for a beneficial interest in a Restricted Global Note or to transfer such Restricted Definitive Notes to a Person who takes delivery thereof in the form of a beneficial interest in a Restricted Global Note, then, upon receipt by the Registrar of the following documentation:

(A) if the Holder of such Restricted Definitive Note proposes to exchange such Note for a beneficial interest in a Restricted Global Note, a certificate from such Holder in the form of Exhibit C hereto, including the certifications in item (2)(b) thereof;

(B) if such Restricted Definitive Note is being transferred to a QIB in accordance with Rule 144A, a certificate to the effect set forth in Exhibit B hereto, including the certifications in item (1) thereof;

(C) if such Restricted Definitive Note is being transferred to a Non-U.S. Person in an offshore transaction in accordance with Rule 903 or Rule 904, a certificate to the effect set forth in Exhibit B hereto, including the certifications in item (2) thereof;

(D) if such Restricted Definitive Note is being transferred pursuant to an exemption from the registration requirements of the Securities Act in accordance with Rule 144, a certificate to the effect set forth in Exhibit B hereto, including the certifications in item (3)(a) thereof;

(E) if such Restricted Definitive Note is being transferred to an Institutional Accredited Investor in reliance on an exemption from the registration requirements of the Securities Act other than those listed in subparagraphs (B) through (D) above, a certificate to the effect set forth in Exhibit B hereto, including the certifications, certificates and Opinion of Counsel required by item (3) thereof, if applicable;

(F) if such Restricted Definitive Note is being transferred to the Company or any of its Subsidiaries, a certificate to the effect set forth in Exhibit B hereto, including the certifications in item (3)(b) thereof; or

(G) if such Restricted Definitive Note is being transferred pursuant to an effective registration statement under the Securities Act, a certificate to the effect set forth in Exhibit B hereto, including the certifications in item (3)(c) thereof,

the Trustee will cancel the Restricted Definitive Note, increase or cause to be increased the aggregate principal amount of, in the case of clause (A) above, the appropriate Restricted Global Note, in the case of clause (B) above, the 144A Global Note, in the case of clause (C) above, the Regulation S Global Note, and in all other cases, the IAI Global Note.

(2) *Restricted Definitive Notes to Beneficial Interests in Unrestricted Global Notes.* A Holder of a Restricted Definitive Note may exchange such Note for a beneficial interest in an Unrestricted Global Note or transfer such Restricted Definitive Note to a Person who takes delivery thereof in the form of a beneficial interest in an Unrestricted Global Note only if the Registrar receives the following:

(A) if the Holder of such Definitive Notes proposes to exchange such Notes for a beneficial interest in the Unrestricted Global Note, a certificate from such Holder in the form of Exhibit C hereto, including the certifications in item (1)(c) thereof; or

(B) if the Holder of such Definitive Notes proposes to transfer such Notes to a Person who shall take delivery thereof in the form of a beneficial interest in the Unrestricted Global Note, a certificate from such Holder in the form of Exhibit B hereto, including the certifications in item (4) thereof;

and, in each such case set forth in this subparagraph (2), if the Registrar so requests or if the Applicable Procedures so require, an Opinion of Counsel in form reasonably acceptable to the Registrar to the effect that such exchange or transfer is in compliance with the Securities Act and that the restrictions on transfer contained herein and in the Private Placement Legend are no longer required in order to maintain compliance with the Securities Act.

Upon satisfaction of the conditions of any of the subparagraphs in this Section 2.06(d)(2), the Trustee will cancel the Definitive Notes and increase or cause to be increased the aggregate principal amount of the Unrestricted Global Note.

(3) *Unrestricted Definitive Notes to Beneficial Interests in Unrestricted Global Notes.* A Holder of an Unrestricted Definitive Note may exchange such Note for a beneficial interest in an Unrestricted Global Note or transfer such Definitive Notes to a Person who takes delivery thereof in the form of a beneficial interest in an Unrestricted Global Note at any time. Upon receipt of a request for such an exchange or transfer, the Trustee will cancel the applicable Unrestricted Definitive Note and increase or cause to be increased the aggregate principal amount of one of the Unrestricted Global Notes.

If any such exchange or transfer from a Definitive Note to a beneficial interest is effected pursuant to subparagraphs (2) or (3) above at a time when an Unrestricted Global Note has not yet been issued, the Company will issue and, upon receipt of an Authentication Order in accordance with Section 2.02 hereof, the Trustee will authenticate one or more Unrestricted Global Notes in an aggregate principal amount equal to the principal amount of Definitive Notes so transferred.

(e) *Transfer and Exchange of Definitive Notes for Definitive Notes.* Upon request by a Holder of Definitive Notes and such Holder's compliance with the provisions of this Section 2.06(e), the Registrar will register the transfer or exchange of Definitive Notes. Prior to such registration of transfer or exchange, the requesting Holder must present or surrender to the Registrar the Definitive Notes duly endorsed or accompanied by a written instruction of transfer in form satisfactory to the Registrar duly executed by such Holder or by its attorney, duly authorized in writing. In addition, the requesting Holder must provide any additional certifications, documents and information, as applicable, required pursuant to the following provisions of this Section 2.06(e).

(1) *Restricted Definitive Notes to Restricted Definitive Notes.* Any Restricted Definitive Note may be transferred to and registered in the name of Persons who take delivery thereof in the form of a Restricted Definitive Note if the Registrar receives the following:

(A) if the transfer will be made pursuant to Rule 144A, then the transferor must deliver a certificate in the form of Exhibit B hereto, including the certifications in item (1) thereof;

(B) if the transfer will be made pursuant to Rule 903 or Rule 904, then the transferor must deliver a certificate in the form of Exhibit B hereto, including the certifications in item (2) thereof; and

(C) if the transfer will be made pursuant to any other exemption from the registration requirements of the Securities Act, then the transferor must deliver a certificate in the form of Exhibit B hereto, including the certifications, certificates and Opinion of Counsel required by item (3) thereof, if applicable.

(2) *Restricted Definitive Notes to Unrestricted Definitive Notes.* Any Restricted Definitive Note may be exchanged by the Holder thereof for an Unrestricted Definitive Note or transferred to a Person or Persons who take delivery thereof in the form of an Unrestricted Definitive Note if the Registrar receives the following:

(A) if the Holder of such Restricted Definitive Notes proposes to exchange such Notes for an Unrestricted Definitive Note, a certificate from such Holder in the form of Exhibit C hereto, including the certifications in item (1)(d) thereof; or

(B) if the Holder of such Restricted Definitive Notes proposes to transfer such Notes to a Person who shall take delivery thereof in the form of an Unrestricted Definitive Note, a certificate from such Holder in the form of Exhibit B hereto, including the certifications in item (4) thereof;

and, in each such case set forth in this subparagraph (2), if the Registrar so requests, an Opinion of Counsel in form reasonably acceptable to the Registrar to the effect that such exchange or transfer is in compliance with the Securities Act and that the restrictions on transfer contained herein and in the Private Placement Legend are no longer required in order to maintain compliance with the Securities Act.

(3) *Unrestricted Definitive Notes to Unrestricted Definitive Notes.* A Holder of Unrestricted Definitive Notes may transfer such Notes to a Person who takes delivery thereof in the form of an Unrestricted Definitive Note. Upon receipt of a request to register such a transfer, the Registrar shall register the Unrestricted Definitive Notes pursuant to the instructions from the Holder thereof.

(f) *[Reserved]*.

(g) *Legends.* The following legends will appear on the face of all Global Notes and Definitive Notes issued under this Indenture unless specifically stated otherwise in the applicable provisions of this Indenture.

(1) *Private Placement Legend*.

(A) Except as permitted by subparagraph (B) below, each Global Note and each Definitive Note (and all Notes issued in exchange therefor or substitution thereof) shall bear the legend in substantially the following form:

THIS SECURITY (OR ITS PREDECESSOR) WAS ORIGINALLY ISSUED IN A TRANSACTION EXEMPT FROM REGISTRATION UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), AND THIS SECURITY MAY NOT BE OFFERED, SOLD OR OTHERWISE TRANSFERRED IN THE ABSENCE OF SUCH REGISTRATION OR AN APPLICABLE EXEMPTION THEREFROM. EACH PURCHASER OF THIS SECURITY IS HEREBY NOTIFIED THAT THE SELLER OF THIS SECURITY MAY BE RELYING ON THE EXEMPTION FROM THE PROVISIONS OF SECTION 5 OF THE SECURITIES ACT PROVIDED BY RULE 144A THEREUNDER. THE HOLDER OF THIS SECURITY BY ITS ACCEPTANCE HEREOF REPRESENTS THAT IT IS (1) A "QUALIFIED INSTITUTIONAL BUYER" (AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT), (2) NOT A U.S. PERSON AND IS ACQUIRING ITS NOTE IN AN "OFFSHORE TRANSACTION" PURSUANT TO RULE 904 OF REGULATION S UNDER THE SECURITIES ACT, OR (3) AN INSTITUTIONAL "ACCREDITED INVESTOR" WITHIN THE MEANING OF SUBPARAGRAPH (a) (1), (2), (3) OR (7) OF RULE 501 UNDER THE SECURITIES ACT.

THE HOLDER OF THIS SECURITY AGREES FOR THE BENEFIT OF VECTOR GROUP LTD. THAT (A) PRIOR TO THE EXPIRATION OF THE HOLDING PERIOD APPLICABLE TO SALES OF THIS SECURITY UNDER RULE 144(K) UNDER THE SECURITIES ACT (OR ANY

SUCCESSOR PROVISION), THIS SECURITY MAY BE OFFERED, RESOLD, PLEDGED OR OTHERWISE TRANSFERRED ONLY TO (I) VECTOR GROUP LTD. OR ANY SUBSIDIARY THEREOF, (II) TO A PERSON WHOM THE SELLER REASONABLY BELIEVES IS A "QUALIFIED INSTITUTIONAL BUYER" (AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT) IN A TRANSACTION MEETING THE REQUIREMENTS OF RULE 144A, (III) PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT PROVIDED BY RULE 144 THEREUNDER (IF AVAILABLE), (IV) PURSUANT TO OFFERS AND SALES TO NON-U.S. PERSONS THAT OCCUR OUTSIDE THE UNITED STATES WITHIN THE MEANING OF REGULATION S UNDER THE SECURITIES ACT, (V) TO AN INSTITUTIONAL "ACCREDITED INVESTOR" WITHIN THE MEANING OF SUBPARAGRAPH (a) (1), (2), (3) OR (7) OF RULE 501 UNDER THE SECURITIES ACT THAT IS ACQUIRING THIS SECURITY FOR ITS OWN ACCOUNT, OR FOR THE ACCOUNT OF SUCH AN INSTITUTIONAL "ACCREDITED INVESTOR," FOR INVESTMENT PURPOSES AND NOT WITH A VIEW TO, OR FOR OFFER OR SALE IN CONNECTION WITH, ANY DISTRIBUTION IN VIOLATION OF THE SECURITIES ACT, (VI) PURSUANT TO ANY OTHER AVAILABLE EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT OR (VII) PURSUANT TO A REGISTRATION STATEMENT WHICH HAS BEEN DECLARED EFFECTIVE UNDER THE SECURITIES ACT, IN EACH CASE IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES, AND (B) THE HOLDER WILL, AND EACH SUBSEQUENT HOLDER IS REQUIRED TO, NOTIFY ANY PURCHASER OF THIS SECURITY OF THE RESALE RESTRICTIONS REFERRED TO IN CLAUSE (A) ABOVE. THIS LEGEND WILL BE REMOVED UPON THE EARLIER OF THE TRANSFER OF THIS SECURITY PURSUANT TO CLAUSE (A) (VII) ABOVE OR UPON ANY TRANSFER OF THIS SECURITY UNDER RULE 144(K) UNDER THE SECURITIES ACT (OR ANY SUCCESSOR PROVISION). THE INDENTURE CONTAINS A PROVISION REQUIRING THE TRUSTEE TO REFUSE TO REGISTER THE TRANSFER OF THIS SECURITY IN VIOLATION OF THE FOREGOING RESTRICTION.

(B) Notwithstanding the foregoing, any Global Note or Definitive Note issued pursuant to subparagraphs (b)(4), (c)(2), (c)(3), (d)(2), (d)(3), (e)(2), (e)(3) or (f) of this Section 2.06 (and all Notes issued in exchange therefor or substitution thereof) will not bear the Private Placement Legend.

(2) *Global Note Legend*. Each Global Note will bear a legend in substantially the following form:

"THIS GLOBAL NOTE IS HELD BY THE DEPOSITARY (AS DEFINED IN THE INDENTURE GOVERNING THIS NOTE) OR ITS NOMINEE IN CUSTODY FOR THE BENEFIT OF THE BENEFICIAL OWNERS HEREOF, AND IS NOT TRANSFERABLE TO ANY PERSON UNDER ANY CIRCUMSTANCES EXCEPT THAT (1) THE TRUSTEE MAY MAKE SUCH NOTATIONS HEREON AS MAY BE REQUIRED PURSUANT TO SECTION 2.06 OF THE INDENTURE, (2) THIS GLOBAL NOTE MAY BE EXCHANGED IN WHOLE BUT NOT IN PART PURSUANT TO SECTION 2.06(a) OF THE INDENTURE, (3) THIS GLOBAL NOTE MAY BE DELIVERED TO THE TRUSTEE FOR CANCELLATION PURSUANT TO SECTION 2.11 OF THE INDENTURE AND (4) THIS GLOBAL NOTE MAY BE TRANSFERRED TO A SUCCESSOR DEPOSITARY WITH THE PRIOR WRITTEN CONSENT OF VECTOR GROUP LTD.

UNLESS AND UNTIL IT IS EXCHANGED IN WHOLE OR IN PART FOR NOTES IN DEFINITIVE FORM, THIS NOTE MAY NOT BE TRANSFERRED EXCEPT AS A WHOLE BY THE DEPOSITARY TO A NOMINEE OF THE DEPOSITARY OR BY A NOMINEE OF THE DEPOSITARY TO THE DEPOSITARY OR ANOTHER NOMINEE OF THE DEPOSITARY OR BY THE DEPOSITARY OR ANY SUCH NOMINEE TO A SUCCESSOR DEPOSITARY OR A

NOMINEE OF SUCH SUCCESSOR DEPOSITARY. UNLESS THIS CERTIFICATE IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY TRUST COMPANY (55 WATER STREET, NEW YORK, NEW YORK) ("DTC"), TO THE COMPANY OR ITS AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT, AND ANY CERTIFICATE ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR SUCH OTHER NAME AS MAY BE REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC (AND ANY PAYMENT IS MADE TO CEDE & CO. OR SUCH OTHER ENTITY AS MAY BE REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL INASMUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN."

(h) *Cancellation and/or Adjustment of Global Notes.* At such time as all beneficial interests in a particular Global Note have been exchanged for Definitive Notes or a particular Global Note has been redeemed, repurchased or canceled in whole and not in part, each such Global Note will be returned to or retained and canceled by the Trustee in accordance with Section 2.11 hereof. At any time prior to such cancellation, if any beneficial interest in a Global Note is exchanged for or transferred to a Person who will take delivery thereof in the form of a beneficial interest in another Global Note or for Definitive Notes, the principal amount of Notes represented by such Global Note will be reduced accordingly and an endorsement will be made on such Global Note by the Trustee or by the Depositary at the direction of the Trustee to reflect such reduction; and if the beneficial interest is being exchanged for or transferred to a Person who will take delivery thereof in the form of a beneficial interest in another Global Note, such other Global Note will be increased accordingly and an endorsement will be made on such Global Note by the Trustee or by the Depositary at the direction of the Trustee to reflect such increase.

(i) *General Provisions Relating to Transfers and Exchanges.*

(1) To permit registrations of transfers and exchanges, the Company will execute and the Trustee will authenticate Global Notes and Definitive Notes upon receipt of an Authentication Order in accordance with Section 2.02 hereof or at the Registrar's request.

(2) No service charge will be made to a Holder of a beneficial interest in a Global Note or to a Holder of a Definitive Note for any registration of transfer or exchange, but the Company may require payment of a sum sufficient to cover any transfer tax or similar governmental charge payable in connection therewith (other than any such transfer taxes or similar governmental charge payable upon exchange or transfer pursuant to Sections 2.10, 3.06, 3.09, 4.10, 4.14 and 9.05 hereof).

(3) The Registrar will not be required to register the transfer of or exchange of any Note selected for redemption in whole or in part, except the unredeemed portion of any Note being redeemed in part.

(4) All Global Notes and Definitive Notes issued upon any registration of transfer or exchange of Global Notes or Definitive Notes will be the valid obligations of the Company, evidencing the same debt, and entitled to the same benefits under this Indenture, as the Global Notes or Definitive Notes surrendered upon such registration of transfer or exchange.

(5) Neither the Registrar nor the Company will be required:

(A) to issue, to register the transfer of or to exchange any Notes during a period beginning at the opening of business 15 days before the day of any selection of Notes for redemption under Section 3.02 hereof and ending at the close of business on the day of selection;

(B) to register the transfer of or to exchange any Note selected for redemption in whole or in part, except the unredeemed portion of any Note being redeemed in part; or

(C) to register the transfer of or to exchange a Note between a record date and the next succeeding Interest Payment Date.

(6) Prior to due presentment for the registration of a transfer of any Note, the Trustee, any Agent and the Company may deem and treat the Person in whose name any Note is registered as the absolute owner of such Note for the purpose of receiving payment of principal of and interest on such Notes and for all other purposes, and none of the Trustee, any Agent or the Company shall be affected by notice to the contrary.

(7) The Trustee will authenticate Global Notes and Definitive Notes in accordance with the provisions of Section 2.02 hereof.

(8) All certifications, certificates and Opinions of Counsel required to be submitted to the Registrar pursuant to this Section 2.06 to effect a registration of transfer or exchange may be submitted by facsimile.

Section 2.07 *Replacement Notes.*

If any mutilated Note is surrendered to the Trustee or the Company and the Trustee receives evidence to its satisfaction of the destruction, loss or theft of any Note, the Company will issue and the Trustee, upon receipt of an Authentication Order, will authenticate a replacement Note if the Trustee's requirements are met. If required by the Trustee or the Company, an indemnity bond must be supplied by the Holder that is sufficient in the judgment of the Trustee and the Company to protect the Company, the Trustee, any Agent and any authenticating agent from any loss, liability or expense that any of them may suffer if a Note is replaced and subsequently presented or claimed for payment. The Company may charge for its expenses in replacing a Note.

Every replacement Note is an additional obligation of the Company and will be entitled to all of the benefits of this Indenture equally and proportionately with all other Notes duly issued hereunder.

Section 2.08 *Outstanding Notes.*

The Notes outstanding at any time are all the Notes authenticated by the Trustee except for those canceled by it, those delivered to it for cancellation, those reductions in the interest in a Global Note effected by the Trustee in accordance with the provisions hereof, and those described in this Section 2.08 as not outstanding. Except as set forth in Section 2.09 hereof, a Note does not cease to be outstanding because the Company or an Affiliate of the Company holds the Note; however, Notes held by the Company or a Subsidiary of the Company shall not be deemed to be outstanding for purposes of Section 3.07(a) hereof.

If a Note is replaced pursuant to Section 2.07 hereof, it ceases to be outstanding unless the Trustee receives proof satisfactory to it that the replaced Note is held by a protected purchaser.

If the principal amount of any Note is considered paid under Section 4.01 hereof, it ceases to be outstanding and interest on it ceases to accrue.

If the Paying Agent (other than the Company, a Subsidiary or an Affiliate of any thereof) holds, on a redemption date or maturity date, money sufficient to pay Notes payable on that date, then on and after that date such Notes will be deemed to be no longer outstanding and will cease to accrue interest.

Section 2.09 *Treasury Notes.*

In determining whether the Holders of the required principal amount of Notes have concurred in any direction, waiver or consent, Notes owned by the Company or any Guarantor, or by any Person directly or indirectly controlling or controlled by or under direct or indirect common control with the Company or any Guarantor, will be considered as though not outstanding, except that for the purposes of determining whether the Trustee will be protected in relying on any such direction, waiver or consent, only Notes that the Trustee knows are so owned will be so disregarded.

Section 2.10 *Temporary Notes.*

Until certificates representing Notes are ready for delivery, the Company may prepare and the Trustee, upon receipt of an Authentication Order, will authenticate temporary Notes. Temporary Notes will be substantially in the form of certificated Notes but may have variations that the Company considers appropriate for temporary Notes and as may be reasonably acceptable to the Trustee. Without unreasonable delay, the Company will prepare and the Trustee will authenticate definitive Notes in exchange for temporary Notes.

Holders of temporary Notes will be entitled to all of the benefits of this Indenture.

Section 2.11 *Cancellation.*

The Company at any time may deliver Notes to the Trustee for cancellation. The Registrar and Paying Agent will forward to the Trustee any Notes surrendered to them for registration of transfer, exchange or payment. The Trustee and no one else will cancel all Notes surrendered for registration of transfer, exchange, payment, replacement or cancellation and will destroy canceled Notes (subject to the record retention requirement of the Exchange Act) in accordance with its customary practices. The Company may not issue new Notes to replace Notes that it has paid or that have been delivered to the Trustee for cancellation.

Section 2.12 *Defaulted Interest.*

If the Company defaults in a payment of interest on the Notes, it will pay the defaulted interest in any lawful manner plus, to the extent lawful, interest payable on the defaulted interest, to the Persons who are Holders on a subsequent special record date, in each case at the rate provided in the Notes and in Section 4.01 hereof. The Company will notify the Trustee in writing of the amount of defaulted interest proposed to be paid on each Note and the date of the proposed payment. The Company will fix or cause to be fixed each such special record date and payment date; *provided* that no such special record date may be less than 10 days prior to the related payment date for such defaulted interest. At least 15 days before the special record date, the Company (or, upon the written request of the Company, the Trustee in the name and at the expense of the Company) will mail or cause to be mailed or otherwise delivered (including by electronic means) to Holders a notice that states the special record date, the related payment date and the amount of such interest to be paid.

ARTICLE 3
REDEMPTION AND PREPAYMENT

Section 3.01 *Notices to Trustee.*

If the Company elects to redeem Notes pursuant to the optional redemption provisions of Section 3.07 hereof, it must furnish to the Trustee, at least 30 days but not more than 60 days before a redemption date, an Officers' Certificate setting forth:

(1) the clause of this Indenture pursuant to which the redemption shall occur;

(2) the redemption date;

(3) the principal amount of Notes to be redeemed; and

(4) the redemption price.

Any redemption referenced in such Officers' Certificate may be cancelled by the Company at any time prior to notice of redemption being delivered to any Holder and thereafter shall be null and void.

If the redemption price is not known at the time such notice is to be given, the actual redemption price, calculated as described in the terms of the Notes, will be set forth in an Officers' Certificate of the Company delivered to the Trustee no later than two Business Days prior to the redemption date.

Section 3.02 *Selection of Notes to Be Redeemed or Purchased.*

If less than all of the Notes are to be redeemed or purchased in an offer to purchase at any time, the Trustee will select Notes for redemption or purchase on a *pro rata* or by lot basis unless otherwise required by law, DTC's procedures or applicable stock exchange requirements.

In the event of partial redemption or purchase by lot, the particular Notes to be redeemed or purchased will be selected, unless otherwise provided herein, not less than 30 nor more than 60 days prior to the redemption or purchase date by the Trustee from the outstanding Notes not previously called for redemption or purchase.

The Trustee will promptly notify the Company in writing of the Notes selected for redemption or purchase and, in the case of any Note selected for partial redemption or purchase, the principal amount thereof to be redeemed or purchased. Notes and portions of Notes selected will be in amounts of $2,000 or whole multiples of $1,000 in excess thereof; except that if all of the Notes of a Holder are to be redeemed or purchased, the entire outstanding amount of Notes held by such Holder, even if not a multiple of $1,000, shall be redeemed or purchased. Except as provided in the preceding sentence, provisions of this Indenture that apply to Notes called for redemption or purchase also apply to portions of Notes called for redemption or purchase.

Section 3.03 *Notice of Redemption.*

Subject to the provisions of Section 3.09 hereof, at least 30 days but not more than 60 days before a redemption date, the Company will deliver (including by electronic means) or mail or cause to be mailed, by first class mail to its registered address, a notice of redemption to each Holder whose Notes are to be redeemed, except that redemption notices may be mailed or otherwise delivered (including by electronic means) more than 60 days prior to a redemption date if the notice is issued in connection with a defeasance of the Notes or a satisfaction and discharge of this Indenture pursuant to Articles 8 or 12 hereof.

The notice will identify the Notes to be redeemed and will state:

(1) the redemption date;

(2) the redemption price;

(3) if any Note is being redeemed in part, the portion of the principal amount of such Note to be redeemed and that, after the redemption date upon surrender of such Note, a new Note or Notes in principal amount equal to the unredeemed portion will be issued upon cancellation of the original Note;

(4) the name and address of the Paying Agent;

(5) that Notes called for redemption must be surrendered to the Paying Agent to collect the redemption price;

(6) that, unless the Company defaults in making such redemption payment, interest on Notes called for redemption ceases to accrue on and after the redemption date;

(7) the paragraph of the Notes and/or Section of this Indenture pursuant to which the Notes called for redemption are being redeemed; and

(8) that no representation is made as to the correctness or accuracy of the CUSIP number, if any, listed in such notice or printed on the Notes.

At the Company's request, the Trustee will give the notice of redemption in the Company's name and at its expense; *provided*, *however*, that the Company has delivered to the Trustee, at least 45 days prior to the redemption date, an Officers' Certificate requesting that the Trustee give such notice and a complete form of Notice setting forth the information to be stated in such notice as provided in the preceding paragraph.

Section 3.04 *Effect of Notice of Redemption.*

Except as provided in this Section 3.04, once a notice of redemption is delivered in accordance with Section 3.03 hereof, Notes called for redemption become irrevocably due and payable on the redemption date at the redemption price.

Notices of redemption may be subject to one or more conditions precedent, including, but not limited to, completion of an Equity Offering. If a redemption is subject to one or more conditions precedent, a notice of redemption may state, in the Company's discretion, that the redemption date may be delayed until such time as all conditions are met, or such redemption may not occur and such redemption notice may be rescinded in the event any or all of such conditions shall not have been satisfied by the redemption date as stated in such redemption notice, or by the redemption date as so delayed. The Company will provide prompt written notice to the Trustee no later than 11:00 a.m. New York City time on the date fixed for redemption rescinding or extending such redemption in the event that any such condition precedent shall not have occurred, and such redemption and notice of redemption shall be rescinded and of no force or effect, or extended, as applicable. Upon receipt of such notice from the Company rescinding or extending such redemption, the Trustee will promptly deliver a copy of such notice to the Holders of the Notes to be redeemed in the same manner in which the notice of redemption was given.

Section 3.05 *Deposit of Redemption or Purchase Price.*

Prior to 11:00 a.m. (New York City time) on the redemption or purchase date, the Company will deposit with the Trustee or with the Paying Agent money sufficient to pay the redemption or purchase price of and accrued interest on all Notes to be redeemed or purchased on that date. The Trustee or the Paying Agent will promptly return to the Company any money deposited with the Trustee or the Paying Agent by the Company in excess of the amounts necessary to pay the redemption or purchase price of and accrued interest on all Notes to be redeemed or purchased.

If the Company complies with the provisions of the preceding paragraph, on and after the redemption or purchase date, interest will cease to accrue on the Notes or the portions of Notes called for redemption or purchase. If a Note is redeemed or purchased on or after an interest record date but on or prior to the related Interest Payment Date, then any accrued and unpaid interest shall be paid to the Person in whose name such Note was registered at the close of business on such record date. If any Note called for redemption or purchase is not so paid upon surrender for redemption or purchase because of the failure of the Company to comply with the preceding paragraph, interest shall be paid on the unpaid principal, from the redemption or purchase date until such principal is paid, and to the extent lawful on any interest not paid on such unpaid principal, in each case at the rate provided in the Notes and in Section 4.01 hereof.

Section 3.06 *Notes Redeemed or Purchased in Part.*

Upon surrender of a Note that is redeemed or purchased in part, the Company will issue and, upon receipt of an Authentication Order, the Trustee will authenticate for the Holder at the expense of the Company a new Note equal in principal amount to the unredeemed or unpurchased portion of the Note surrendered.

Section 3.07 *Optional Redemption.*

(a) At any time prior to February 1, 2020, the Company may on any one or more occasions redeem up to 40% of the aggregate principal amount of Notes issued under this Indenture at a redemption price of 106.125% of the principal amount thereof, plus accrued and unpaid interest, if any to the redemption date, with the net cash proceeds of a sale of common Equity Interests (other than Disqualified Stock) of the Company; *provided* that:

(1) at least 60% of the aggregate principal amount of Notes originally issued under this Indenture (excluding Notes held by the Company and its Subsidiaries) remains outstanding immediately after the occurrence of such redemption; and

(2) the redemption occurs within 90 days of the date of the closing of such sale of Equity Interests.

(b) At any time prior to February 1, 2020, the Company may also redeem all or a part of the Notes, upon not less than 30 nor more than 60 days' prior notice, at a redemption price equal to 100% of the principal amount of Notes to be redeemed plus the Applicable Premium as of, and accrued and unpaid interest to, the applicable date of redemption, subject to the rights of Holders on the relevant record date to receive interest due on the relevant Interest Payment Date.

(c) Except pursuant to Sections 3.07(a) and (b) hereof, the Notes will not be redeemable at the Company's option prior to February 1, 2020.

(d) On or after February 1, 2020, the Company may redeem all or a part of the Notes upon not less than 30 nor more than 60 days' notice, at the redemption prices (expressed as percentages of principal amount) set forth below plus accrued and unpaid interest, if any, on the Notes redeemed to the applicable redemption date, if redeemed during the twelve-month period beginning on February 1 of the years indicated below, subject to the rights of Holders on the relevant record date to receive interest on the relevant Interest Payment Date:

Year	Percentage
2020	103.063%
2021	101.531%
2022 and thereafter	100.000%

Unless the Company defaults in the payment of the redemption price, interest will cease to accrue on the Notes or portions thereof called for redemption on the applicable redemption date.

(e) Any redemption pursuant to this Section 3.07 shall be made pursuant to the provisions of Sections 3.01 through 3.06 hereof.

Section 3.08 *Mandatory Redemption; Open Market Purchases.*

The Company is not required to make mandatory redemption or sinking fund payments with respect to the Notes. The Company may at any time and from time to time purchase notes in the open market or otherwise provided any such purchase does not otherwise violate the provisions of this Indenture.

Section 3.09 *Offer to Purchase by Application of Excess Proceeds.*

In the event that, pursuant to Section 4.10 hereof, the Company is required to commence an offer to all Holders to purchase Notes (an "*Asset Sale Offer*"), it will follow the procedures specified below.

The Asset Sale Offer shall be made to all Holders and all holders of other Indebtedness that is *pari passu* with the Notes containing provisions similar to those set forth in this Indenture with respect to offers to purchase or redeem with the proceeds of sales of assets. The Asset Sale Offer will remain open for a period of at least 20 Business Days following its commencement and not more than 30 Business Days, except to the extent that a longer period is required by applicable law (the "*Offer Period*"). No later than three Business Days after the termination of the Offer Period (the "*Purchase Date*"), the Company will apply all Excess Proceeds (the *"Offer Amount"*) to the purchase of Notes and such other *pari passu* Indebtedness (on a *pro rata* basis, if applicable) or, if less than the Offer Amount has been tendered, all Notes and other Indebtedness tendered in response to the Asset Sale Offer. Payment for any Notes so purchased will be made in the same manner as interest payments are made.

If the Purchase Date is on or after an interest record date and on or before the related Interest Payment Date, any accrued and unpaid interest will be paid to the Person in whose name a Note is registered at the close of business on such record date, and no additional interest will be payable to Holders who tender Notes pursuant to the Asset Sale Offer.

Upon the commencement of an Asset Sale Offer, the Company will deliver, by first class mail or otherwise (including by electronic means), a notice to the Trustee and each of the Holders, with a copy to

the Trustee. The notice will contain all instructions and materials necessary to enable such Holders to tender Notes pursuant to the Asset Sale Offer. The notice, which will govern the terms of the Asset Sale Offer, will state:

(1) that the Asset Sale Offer is being made pursuant to this Section 3.09 and Section 4.10 hereof and the length of time the Asset Sale Offer will remain open;

(2) the Offer Amount, the purchase price and the Purchase Date;

(3) that any Note not tendered or accepted for payment will continue to accrue interest;

(4) that, unless the Company defaults in making such payment, any Note accepted for payment pursuant to the Asset Sale Offer will cease to accrue interest after the Purchase Date;

(5) that Holders electing to have a Note purchased pursuant to an Asset Sale Offer may elect to have Notes purchased only in denominations of $2,000 and integral multiples of $1,000 in excess thereof;

(6) that Holders electing to have Notes purchased pursuant to any Asset Sale Offer will be required to surrender the Note, with the form entitled "Option of Holder to Elect Purchase" attached to the Notes completed, or transfer by book-entry transfer, to the Company, a Depositary, if appointed by the Company, or a Paying Agent at the address specified in the notice at least three days before the Purchase Date;

(7) that Holders will be entitled to withdraw their election if the Company, the Depositary or the Paying Agent, as the case may be, receives, not later than the expiration of the Offer Period, a telegram, telex, facsimile transmission or letter setting forth the name of the Holder, the principal amount of the Note the Holder delivered for purchase and a statement that such Holder is withdrawing his election to have such Note purchased;

(8) that, if the aggregate principal amount of Notes and other *pari passu* Indebtedness surrendered by holders thereof exceeds the Offer Amount, the Company will select the Notes and other *pari passu* Indebtedness to be purchased on a *pro rata* basis based on the principal amount of Notes and such other *pari passu* Indebtedness surrendered (with such adjustments as may be deemed appropriate by the Company so that only Notes in denominations of $2,000, or integral multiples of $1,000 in excess thereof, will be purchased); and

(9) that Holders whose Notes were purchased only in part will be issued new Notes equal in principal amount to the unpurchased portion of the Notes surrendered (or transferred by book-entry transfer).

On or before the Purchase Date, the Company will, to the extent lawful, accept for payment, on a *pro rata* basis to the extent necessary, the Offer Amount of Notes or portions thereof tendered pursuant to the Asset Sale Offer, or if less than the Offer Amount has been tendered, all Notes tendered, and will deliver or cause to be delivered to the Trustee the Notes properly accepted together with an Officers' Certificate stating that such Notes or portions thereof were accepted for payment by the Company in accordance with the terms of this Section 3.09. The Company, the Depositary or the Paying Agent, as the case may be, will promptly (but in any case not later than five days after the Purchase Date) mail or deliver (including by electronic means) to each tendering Holder an amount equal to the purchase price of the Notes tendered by such Holder and accepted by the Company for purchase, and the Company will

promptly issue a new Note, and the Trustee, upon written request from the Company, will authenticate and mail or deliver (or cause to be transferred by book entry) such new Note to such Holder, in a principal amount equal to any unpurchased portion of the Note surrendered. Any Note not so accepted shall be promptly mailed or delivered (including by electronic means) by the Company to the Holder thereof. The Company will publicly announce the results of the Asset Sale Offer on the Purchase Date.

Other than as specifically provided in this Section 3.09, any purchase pursuant to this Section 3.09 shall be made pursuant to the provisions of Sections 3.01 through 3.06 hereof.

ARTICLE 4
COVENANTS

Section 4.01 *Payment of Notes.*

The Company will pay or cause to be paid the principal of, premium, if any, and interest on, the Notes on the dates and in the manner provided in the Notes. Principal, premium, if any, and interest will be considered paid on the date due if the Paying Agent, if other than the Company or a Subsidiary thereof, holds as of 10:00 a.m. Eastern Time on the due date money deposited by the Company in immediately available funds and designated for and sufficient to pay all principal, premium, if any, and interest then due.

The Company will pay interest (including post-petition interest in any proceeding under any Bankruptcy Law) on overdue principal at the rate equal to 1% per annum in excess of the then applicable interest rate on the Notes to the extent lawful; it will pay interest (including post-petition interest in any proceeding under any Bankruptcy Law) on overdue installments of interest at the same rate to the extent lawful.

Section 4.02 *Maintenance of Office or Agency.*

The Company will maintain in the Borough of Manhattan, the City of New York, an office or agency (which may be an office of the Trustee or an affiliate of the Trustee, Registrar or co-registrar) where Notes may be surrendered for registration of transfer or for exchange and where notices and demands to or upon the Company in respect of the Notes and this Indenture may be served. The Company will give prompt written notice to the Trustee of the location, and any change in the location, of such office or agency. If at any time the Company fails to maintain any such required office or agency or fails to furnish the Trustee with the address thereof, such presentations, surrenders, notices and demands may be made or served at the Corporate Trust Office of the Trustee.

The Company may also from time to time designate one or more other offices or agencies where the Notes may be presented or surrendered for any or all such purposes and may from time to time rescind such designations; *provided*, *however*, that no such designation or rescission will in any manner relieve the Company of its obligation to maintain an office or agency in the Borough of Manhattan, the City of New York for such purposes. The Company will give prompt written notice to the Trustee of any such designation or rescission and of any change in the location of any such other office or agency.

The Company hereby designates the Corporate Trust Office of the Trustee as one such office or agency of the Company in accordance with Section 2.03 hereof.

Section 4.03 *Reports.*

(a) Whether or not required by the rules and regulations of the SEC, so long as any Notes are outstanding, the Company will furnish to the Holders of Notes or cause the Trustee to furnish to the Holders of Notes, within the time periods specified in the SEC's rules and regulations:

(1) all quarterly and annual reports that would be required to be filed with the SEC on Forms 10-Q and 10-K if the Company were required to file such reports; and

(2) all current reports that would be required to be filed with the SEC on Form 8-K if the Company were required to file such reports.

All such reports will be prepared in all material respects in accordance with all of the rules and regulations applicable to such reports. Each annual report on Form 10-K will include a report on the Company's consolidated financial statements by the Company's certified independent accountants. In addition, the Company will file a copy of each of the reports referred to in clauses (1) and (2) above with the SEC for public availability within the time periods specified in the rules and regulations applicable to such reports (unless the SEC will not accept such a filing) and will post the reports on its website within those time periods.

If, at any time, the Company is no longer subject to the periodic reporting requirements of the Exchange Act for any reason, the Company will nevertheless continue filing the reports specified in the preceding paragraph with the SEC within the time periods in the SEC's rules and regulations unless the SEC will not accept such a filing. The Company will not take any action for the purpose of causing the SEC not to accept any such filings. If, notwithstanding the foregoing, the SEC will not accept the Company's filings for any reason, the Company will post the reports referred to in the preceding paragraph on its website within the time periods that would apply if the Company were required to file those reports with the SEC.

(b) To the extent required by the SEC, the quarterly and annual financial information required by paragraph (a) of this Section 4.03 will include a reasonably detailed presentation, either on the face of the financial statements or in the footnotes thereto, and in Management's Discussion and Analysis of Financial Condition and Results of Operations, of the financial condition and results of operations of the Company and the Guarantors separate from the financial condition and results of operations of the Unrestricted Subsidiaries of the Company.

(c) For so long as any Notes remain outstanding, if at any time the Company and the Guarantors are not required to file with the SEC the reports required by paragraphs (a) and (b) of this Section 4.03, the Company and the Guarantors will furnish to the Holders and to securities analysts and prospective investors, upon their request, the information required to be delivered pursuant to Rule 144A(d)(4) under the Securities Act.

(d) Delivery of such reports, information and documents to the Trustee is for informational purposes only and the Trustee's receipt of such shall not constitute constructive notice of any information contained therein or determinable from information contained therein, including the Company's compliance with any of its covenants hereunder (as to which the Trustee is entitled to rely exclusively on Officer's Certificates). The Trustee is under no duty to examine such reports, information or documents to ensure compliance with the provisions of this Indenture or to ascertain the correctness or otherwise of the information or the statements contained therein. The Trustee is entitled to assume such compliance and correctness unless a Responsible Officer of the Trustee is informed otherwise.

Section 4.04 *Compliance Certificate.*

(a) The Company and each Guarantor shall deliver to the Trustee, within 90 days after the end of each fiscal year, commencing with the fiscal year ending December 31, 2017, an Officers' Certificate stating that:

(1) a review of the activities of the Company and its Subsidiaries during the preceding fiscal year has been made under the supervision of the signing Officers with a view to determining whether the Company has kept, observed, performed and fulfilled its obligations under this Indenture and the Collateral Documents, and further stating, as to each such Officer signing such certificate, that to the best of his or her knowledge the Company has kept, observed, performed and fulfilled each and every covenant contained in this Indenture and the Collateral Documents and is not in default in the performance or observance of any of the terms, provisions and conditions of this Indenture or the Collateral Documents (or, if a Default or Event of Default has occurred, describing all such Defaults or Events of Default of which he or she may have knowledge and what action the Company is taking or proposes to take with respect thereto) and that to the best of his or her knowledge no event has occurred and remains in existence by reason of which payments on account of the principal of or interest, if any, on the Notes is prohibited or if such event has occurred, a description of the event and what action the Company is taking or proposes to take with respect thereto; and

(2) in the opinion of the signing Officers, either (A)(i) action has been taken with respect to the recording, registering, filing, re-recording, re-registering and re-filing of this Indenture, financing statements or continuation statements as is necessary to maintain the Liens of the Collateral Documents and reciting with respect to the security interests in the Collateral the details of such action or referring to prior Officers' Certificates in which such details are given, and (ii) based on relevant laws as in effect on the date of such Officers' Certificate, all financing statements and continuation statements have been executed and filed that are necessary as of such date and during the succeeding 12 months to maintain the Liens of the Collateral Documents and reciting the details of such actions; or (B) no such action is necessary to maintain such Liens.

(b) So long as any of the Notes are outstanding, the Company will deliver to the Trustee, forthwith upon any Officer becoming aware of any Default or Event of Default, an Officers' Certificate specifying such Default or Event of Default and what action the Company is taking or proposes to take with respect thereto.

(c) Except with respect to receipt of Note payments when due and any Default or Event of Default information contained in the Officers' Certificate delivered to it pursuant to Section 4.04, the Trustee shall have no duty to review, ascertain or confirm the Company's compliance with, or the breach of, any representation, warranty or covenant made in this Indenture.

Section 4.05 *Taxes.*

The Company will pay, and will cause each of its Subsidiaries to pay, prior to delinquency, all material taxes, assessments, and governmental levies except such as are contested in good faith and by appropriate proceedings or where the failure to effect such payment is not adverse in any material respect to the Holders of the Notes.

Section 4.06 *Stay, Extension and Usury Laws.*

The Company and each of the Guarantors covenants (to the extent that it may lawfully do so) that it will not at any time insist upon, plead, or in any manner whatsoever claim or take the benefit or advantage of, any stay, extension or usury law wherever enacted, now or at any time hereafter in force, that may affect the covenants or the performance of this Indenture; and the Company and each of the Guarantors (to the extent that it may lawfully do so) hereby expressly waives all benefit or advantage of any such law, and covenants that it will not, by resort to any such law, hinder, delay or impede the execution of any power herein granted to the Trustee, but will suffer and permit the execution of every such power as though no such law has been enacted.

Section 4.07 *Restricted Payments.*

(a) Neither the Company nor any Guarantor will, directly or indirectly:

(1) declare or pay any dividend or make any other payment or distribution on account of the Company's or such Guarantor's Equity Interests (including, without limitation, any payment in connection with any merger or consolidation involving the Company or any Guarantor) or to the direct or indirect holders of the Company's or any such Guarantor's Equity Interests in their capacity as such (other than dividends or distributions payable in Equity Interests (other than Disqualified Stock) of the Company and other than dividends or any other payments or distributions payable to the Company or a Guarantor);

(2) purchase, redeem or otherwise acquire or retire for value (including, without limitation, in connection with any merger or consolidation involving the Company) any Equity Interests of the Company;

(3) make any payment on or with respect to, or purchase, redeem, defease or otherwise acquire or retire for value any Indebtedness of the Company or any Guarantor that is contractually subordinated to the Notes or to any Note Guarantee (excluding any intercompany Indebtedness between or among the Company and any of the Guarantors), except a payment of interest or principal at the Stated Maturity thereof; or

(4) make any Restricted Investment

(all such payments and other actions set forth in these clauses (1) through (4) above being collectively referred to as "*Restricted Payments*"),

unless at the time of such Restricted Payment, the Company's Consolidated EBITDA for the most recently ended four full fiscal quarters for which internal financial statements are available is no less than $75.0 million, provided that the Company shall not be permitted to make any distribution or dividend of any Equity Interests in, or non-cash assets of, any Guarantor.

(b) The provisions of Section 4.07(a) will not prohibit:

(1) the payment of any dividend or other distribution or the consummation of any irrevocable redemption within 60 days after the date of declaration of the dividend or other distribution or giving of the redemption notice, as the case may be, if at the date of declaration or notice, the dividend or other distribution or redemption payment would have complied with the provisions of this Indenture;

(2) so long as no Default has occurred and is continuing or would be caused thereby, the making of any Restricted Payment in exchange for, or out of the net cash proceeds of the substantially concurrent sale (other than to a Subsidiary of the Company) of, Equity Interests of the Company (other than Disqualified Stock) or from the substantially concurrent contribution of common equity capital to the Company;

(3) so long as no Default has occurred and is continuing or would be caused thereby, the repurchase, redemption, defeasance or other acquisition or retirement for value of Indebtedness of the Company or any Guarantor that is contractually subordinated to the Notes or to any Note Guarantee with the net cash proceeds from a substantially concurrent incurrence of Permitted Refinancing Indebtedness;

(4) the payment of any dividend (or, in the case of any partnership or limited liability company, any similar distribution) by a Guarantor to the holders of its Equity Interests on a *pro rata* basis;

(5) the repurchase of Equity Interests deemed to occur upon the exercise of stock options, warrants or other convertible or exchangeable securities to the extent such Equity Interests represent a portion of the exercise price of those stock options, warrants or other convertible or exchangeable securities;

(6) so long as no Default has occurred and is continuing or would be caused thereby, the declaration and payment of regularly scheduled or accrued dividends to holders of any class or series of Disqualified Stock of the Company or any Guarantor issued on or after the date of this Indenture in accordance with the Leverage Ratio and Secured Leverage Ratio tests described in Section 4.09 hereof; and

(7) the distribution of the Equity Interests of Eve to the Company in order to contribute such Equity Interests to Vector Tobacco, provided that Eve shall remain a Guarantor.

The amount of all Restricted Payments (other than cash) will be the Fair Market Value on the date of the Restricted Payment of the asset(s) or securities proposed to be transferred or issued by the Company or such Guarantor, as the case may be, pursuant to the Restricted Payment. The Fair Market Value of any assets or securities that are required to be valued by this Section 4.07 will be determined by the Board of Directors of the Company whose resolution with respect thereto will be delivered to the Trustee. The Board of Directors' determination must be based upon an opinion or appraisal issued by an accounting, appraisal or investment banking firm of national standing if the Fair Market Value exceeds $10.0 million.

Section 4.08 *Dividend and Other Payment Restrictions Affecting Subsidiaries.*

(a) Neither the Company nor any Guarantor will, directly or indirectly, create or permit to exist or become effective any consensual encumbrance or restriction on the ability of any Guarantor to:

(1) pay dividends or make any other distributions on its Capital Stock to the Company or any Guarantor, or with respect to any other interest or participation in, or measured by, its profits, or pay any Indebtedness owed to the Company or any Guarantor;

(2) make loans or advances to the Company or any of the Guarantors; or

(3) sell, lease or transfer any of its properties or assets to the Company or any Guarantor.

(b) The restrictions in Section 4.08(a) hereof will not apply to encumbrances or restrictions existing under or by reason of:

(1) agreements governing Existing Indebtedness and Credit Facilities as in effect on the date of this Indenture and any amendments, restatements, modifications, renewals, supplements, refundings, replacements or refinancings of those agreements; *provided* that the amendments, restatements, modifications, renewals, supplements, refundings, replacements or refinancings are not materially more restrictive, taken as a whole, with respect to such dividend and other payment restrictions than those contained in those agreements on the date of this Indenture;

(2) this Indenture, the Notes, the Note Guarantees and the Collateral Documents;

(3) applicable law, rule, regulation or order;

(4) any instrument governing Indebtedness or Capital Stock of a Person acquired by the Company or any of the Guarantors as in effect at the time of such acquisition (except to the extent such Indebtedness or Capital Stock was incurred in connection with or in contemplation of such acquisition), which encumbrance or restriction is not applicable to any Person, or the properties or assets of any Person, other than the Person, or the property or assets of the Person, so acquired; *provided* that, in the case of Indebtedness, such Indebtedness was permitted by the terms of this Indenture to be incurred;

(5) customary non-assignment provisions in contracts, leases and licenses entered into in the ordinary course of business or that restrict the subletting, assignment or transfer of any property or asset that is subject to a lease, license or similar contract;

(6) purchase money obligations for property acquired in the ordinary course of business and Capital Lease Obligations that impose restrictions on the property purchased or leased of the nature described in clause (3) of Section 4.08(a) hereof;

(7) any agreement for the sale or other disposition of a Guarantor that restricts distributions by that Guarantor pending the sale or other disposition;

(8) Permitted Refinancing Indebtedness; *provided* that the encumbrances and restrictions contained in the agreements governing such Permitted Refinancing Indebtedness are not materially more restrictive, taken as a whole, than those contained in the agreements governing the Indebtedness being refinanced as determined in good faith by the Board of Directors of the Company;

(9) Liens permitted to be incurred under the provisions of Section 4.12 hereof that limit the right of the debtor to dispose of the assets subject to such Liens;

(10) provisions limiting the disposition or distribution of assets or property in joint venture agreements, asset sale agreements, sale-leaseback agreements, stock sale agreements and other similar agreements entered into with the approval of the Company’s Board of Directors, which limitation is applicable only to the assets that are the subject of such agreements;

(11) restrictions on cash or other deposits or net worth imposed by customers under contracts entered into in the ordinary course of business;

(12) provisions limiting the disposition or distribution of assets in joint venture agreements entered into (i) in the ordinary course of business or (ii) with the approval of the Company's or the Guarantor's Board of Directors or chief financial officer, which limitation or prohibition is applicable only to the assets that are the subject of such agreements;

(13) net worth provisions in leases and other agreements entered into by the Company or any Guarantor in the ordinary course of business; or

(14) agreements governing Indebtedness permitted to be incurred pursuant to Section 4.09 hereof; *provided* that the Board of Directors of the Company determines in good faith (such determination to be evidenced by a resolution of the Board of Directors) that such encumbrances and restrictions are not materially more restrictive, taken as a whole, than those in agreements in the Liggett Credit Agreement (as in effect on the date of the indenture) and would not reasonably be expected to impair the ability of the Company to make payments of interest and scheduled payments of principal on the Notes, in each case as and when due, or to impair any Guarantor's ability to honor its Note Guarantee.

Section 4.09 *Incurrence of Indebtedness and Issuance of Preferred Stock.*

(a) Neither the Company nor any Guarantor will, directly or indirectly, create, incur, issue, assume, guarantee or otherwise become directly or indirectly liable, contingently or otherwise, with respect to (collectively, "*incur*") any Indebtedness (including Acquired Debt), and the Company will not issue any Disqualified Stock and none of the Guarantors will issue any shares of preferred stock; *provided*, *however*, that the Company may incur Indebtedness (including Acquired Debt) or issue Disqualified Stock, and the Guarantors may incur Indebtedness (including Acquired Debt) or issue preferred stock, if the Leverage Ratio and the Secured Leverage Ratio for the Company's most recently ended four full fiscal quarters for which internal financial statements are available immediately preceding the date on which such additional Indebtedness is incurred or such Disqualified Stock or preferred stock is issued, as the case may be, would have been no greater than 3.0 to 1.0 in respect of the Leverage Ratio and 1.5 to 1.0 in respect of the Secured Leverage Ratio, determined on a pro forma basis (including a pro forma application of the net proceeds therefrom), as if the additional Indebtedness had been incurred or the Disqualified Stock or preferred stock had been issued, as the case may be, at the beginning of such four quarter period.

(b) The provisions of Section 4.09(a) hereof will not prohibit the incurrence of any of the following items of Indebtedness (collectively, "*Permitted Debt*"):

(1) the incurrence by the Company and any of the Guarantors of additional Indebtedness and letters of credit under Credit Facilities in an aggregate principal amount at any one time outstanding under this clause (1) (with letters of credit being deemed to have a principal amount equal to the maximum potential liability of the Company and the Guarantors thereunder) not to exceed $100.0 million *less* the aggregate amount of all Net Proceeds of Asset Sales applied by the Company or any of the Guarantors since the date of this Indenture to repay any term Indebtedness under a Credit Facility or to repay any revolving credit Indebtedness under a Credit Facility and effect a corresponding commitment reduction thereunder pursuant to Section 4.10 hereof;

(2) the incurrence by the Company and the Guarantors of the Existing Indebtedness;

(3) the incurrence by the Company and the Guarantors of Indebtedness represented by the Notes and the related Note Guarantees to be issued on the date of this Indenture;

(4) the incurrence by the Company or any of the Guarantors of Permitted Refinancing Indebtedness in exchange for, or the net proceeds of which are used to renew, refund, refinance, replace, defease or discharge any Indebtedness (other than intercompany Indebtedness) that was permitted by this Indenture to be incurred under Section 4.09(a) hereof or clauses (2), (3) and (4) of this Section 4.09(b);

(5) the incurrence by the Company or any of the Guarantors of intercompany Indebtedness between or among the Company and any of the Guarantors; *provided*, *however*, that:

(A) any subsequent issuance or transfer of Equity Interests that results in any such Indebtedness being held by a Person other than the Company or a Guarantor and

(B) any sale or other transfer of any such Indebtedness to a Person that is not either the Company or a Guarantor,

will be deemed, in each case, to constitute an incurrence of such Indebtedness by the Company or such Guarantor, as the case may be, that was not permitted by this clause (5);

(6) the issuance by any of the Guarantors to the Company or to any of the Guarantors of shares of preferred stock; *provided*, *however*, that:

(A) any subsequent issuance or transfer of Equity Interests that results in any such preferred stock being held by a Person other than the Company or a Guarantor; and

(B) any sale or other transfer of any such preferred stock to a Person that is not either the Company or a Guarantor,

will be deemed, in each case, to constitute an issuance of such preferred stock by such Guarantor that was not permitted by this clause (6);

(7) the guarantee by the Company or any of the Guarantors of Indebtedness of the Company or a Guarantor that was permitted to be incurred by another provision of this Section 4.09; *provided* that if the Indebtedness being guaranteed is subordinated to or *pari passu* with the Notes, then the Guarantee shall be subordinated or *pari passu*, as applicable, to the same extent as the Indebtedness guaranteed;

(8) the incurrence by the Company or any of the Guarantors of Indebtedness in respect of workers' compensation claims, self-insurance obligations, bankers' acceptances, performance and surety bonds, appeal or other similar bonds in the ordinary course of business, and in any such case any reimbursement obligations in connection therewith;

(9) the incurrence by the Company or any of the Guarantors of Indebtedness arising from the honoring by a bank or other financial institution of a check, draft or similar instrument inadvertently drawn against insufficient funds, so long as such Indebtedness is covered within five Business Days;

(10) the incurrence by the Company or any of the Guarantors of Indebtedness represented by Capital Lease Obligations, purchase money obligations or other obligations, in each case incurred for the purpose of financing all or any part of the purchase price, cost or value of any equipment used in the business of the Company or any of the Guarantors, in an aggregate principal amount, including all Permitted Refinancing Indebtedness incurred to renew, refund, refinance, replace, defease or discharge any Indebtedness incurred pursuant to this clause (10), not to exceed $25.0 million at any time outstanding;

(11) the incurrence by the Company or any of the Guarantors of Hedging Obligations;

(12) Indebtedness of the Company or any of the Guarantors to the extent the net proceeds thereof are promptly deposited to defease or satisfy and discharge all outstanding Notes in full as provided in Articles 8 and 12 hereof;

(13) obligations of the Company and any of the Guarantors arising from agreements of the Company or a Guarantor providing for indemnification, adjustment of purchase price or similar obligations, in each case incurred or assumed in connection with the disposition of any business, assets or a Subsidiary of the Company in accordance with the terms of this Indenture, other than Guarantees by the Company or any Guarantor of Indebtedness incurred by any Person acquiring all or any portion of such business, assets or a Subsidiary of the Company for the purpose of financing such acquisition; *provided*, *however*, that the maximum aggregate liability in respect of all such obligations shall not exceed the gross proceeds, including the fair market value as determined in good faith by the Board of Directors of the Company of non-cash proceeds (the fair market value of such non-cash proceeds being measured at the time received and without giving effect to any subsequent changes in value), actually received by the Company and the Guarantors in connection with such disposition; or

(14) obligations of the Company and any of the Guarantors arising from the entering into, maintaining or disposing of, Core Investments, including, without limitation, purchasing of any Core Investment on margin, any capital call obligations, make-well arrangements, hedging obligations of any nature or any obligations regarding a short position in any of such Core Investments.

The Company will not incur, and will not permit any Guarantor to incur, any Indebtedness (including Permitted Debt) that is contractually subordinated in right of payment to any other Indebtedness of the Company or such Guarantor unless such Indebtedness is also contractually subordinated in right of payment to the Notes and the applicable Note Guarantee on substantially identical terms; *provided*, *however*, that no Indebtedness will be deemed to be contractually subordinated in right of payment to any other Indebtedness of the Company solely by virtue of being unsecured or by virtue of being secured on a first or junior Lien basis.

For purposes of determining compliance with this Section 4.09, in the event that an item of Indebtedness meets the criteria of more than one of the categories of Permitted Debt described in clauses (1) through (14) above, or is entitled to be incurred pursuant to Section 4.09(a) hereof, the Company will be permitted to classify such item of Indebtedness on the date of its incurrence, or later reclassify all or a portion of such item of Indebtedness, in any manner that complies with this Section 4.09. Indebtedness under Credit Facilities outstanding on the date on which Notes are first issued and authenticated under the indenture will initially be deemed to have been incurred on such date in reliance on the exception provided by clause (1) of the definition of Permitted Debt. Indebtedness permitted by this covenant need not be permitted by reference to one provision permitting such Indebtedness but may be permitted in part by one such provision and in part by one or more other provisions of this Section 4.09 permitting such

Indebtedness. The accrual of interest, the accretion or amortization of original issue discount, the payment of interest on any Indebtedness in the form of additional Indebtedness with the same terms, the reclassification of preferred stock as Indebtedness due to a change in accounting principles, and the payment of dividends on Disqualified Stock in the form of additional shares of the same class of Disqualified Stock will not be deemed to be an incurrence of Indebtedness or an issuance of Disqualified Stock for purposes of this Section 4.09. Notwithstanding any other provision of this Section 4.09, the maximum amount of Indebtedness that the Company or any Guarantor may incur pursuant to this Section 4.09 shall not be deemed to be exceeded solely as a result of fluctuations in exchange rates or currency values.

(c) The amount of any Indebtedness outstanding as of any date will be:

(1) the accreted value of the Indebtedness, in the case of any Indebtedness issued with original issue discount;

(2) the principal amount of the Indebtedness, in the case of any other Indebtedness; and

(3) in respect of Indebtedness of another Person secured by a Lien on the assets of the specified Person, the lesser of:

(A) the Fair Market Value of such assets at the date of determination; and

(B) the amount of the Indebtedness of the other Person.

Section 4.10 *Asset Sales.*

Except as set forth in the second paragraph below, neither the Company nor any Guarantor will consummate an Asset Sale unless:

(1) the Company or the Guarantor, as the case may be, receives consideration at the time of the Asset Sale at least equal to the Fair Market Value of the assets or Equity Interests issued or sold or otherwise disposed of; and

(2) at least 75% of the consideration received in the Asset Sale by the Company or such Guarantor is in the form of cash. For purposes of this provision, each of the following will be deemed to be cash:

(A) any liabilities, as shown on the Company's most recent consolidated balance sheet, of the Company or any Guarantor (other than contingent liabilities and liabilities that are by their terms subordinated to the Notes or any Note Guarantee) that are assumed by the transferee of any such assets pursuant to a customary novation agreement that releases the Company or such Guarantor from further liability;

(B) any securities, notes or other obligations received by the Company or any such Guarantor from such transferee that are, subject to ordinary settlement periods, converted by the Company or such Guarantor into cash within 90 days of such Asset Sale, to the extent of the cash received in that conversion; and

(C) any stock or assets of the kind referred to in clauses (2) or (4) of the next paragraph of this Section 4.10.

Within 365 days after the receipt of any Net Proceeds from an Asset Sale, other than a Sale of Collateral, the Company (or the applicable Guarantor, as the case may be) may apply such Net Proceeds at its option:

(1) to repay Indebtedness and other Obligations under the Liggett Credit Agreement and correspondingly reduce commitments with respect thereto;

(2) to acquire all or substantially all of the assets of, or any Capital Stock of, another business, if, after giving effect to any such acquisition of Capital Stock, the business is or becomes a Guarantor;

(3) to make a capital expenditure; or

(4) to acquire other assets that are not classified as current assets under GAAP and that are used or useful in the conduct of the Company's or any Guarantor's business.

Notwithstanding the above, the Company may consummate any Asset Sale with respect to assets other than Equity Interests in, or assets of, any Guarantor without complying with the provisions of this Section 4.10.

Within 365 days after the receipt of any Net Proceeds from an Asset Sale that constitutes a Sale of Collateral, the Guarantor that owned those assets may apply those Net Proceeds to purchase other long-term assets that would constitute Collateral or to repay First Priority Debt and, if such First Priority Debt is revolving credit Indebtedness, to correspondingly reduce commitments with respect thereto.

Pending the final application of any Net Proceeds, the Company may temporarily reduce revolving credit borrowings or otherwise invest the Net Proceeds in any manner that is not prohibited by this Indenture.

Any Net Proceeds from Asset Sales that are not applied or invested as provided in the second and fourth paragraphs of this Section 4.10 will constitute "*Excess Proceeds*." When the aggregate amount of Excess Proceeds exceeds $10.0 million, within five days thereof, the Company will make an Asset Sale Offer to all Holders and all holders of other Indebtedness that is *pari passu* with the Notes containing provisions similar to those set forth in this Indenture with respect to offers to purchase or redeem with the proceeds of sales of assets to purchase the maximum principal amount of Notes and such other *pari passu* Indebtedness that may be purchased out of the Excess Proceeds. The offer price in any Asset Sale Offer will be equal to percentages corresponding to the applicable optional redemption price in effect on the repurchase date, and for periods prior to February 1, 2020, the first optional redemption price of the principal amount plus accrued and unpaid interest, if any, to the date of purchase, and will be payable in cash. If any Excess Proceeds remain after consummation of an Asset Sale Offer, the Company may use those Excess Proceeds for any purpose not otherwise prohibited by this Indenture. If the aggregate principal amount of Notes and other *pari passu* Indebtedness tendered into such Asset Sale Offer exceeds the amount of Excess Proceeds, the Trustee (as directed by the Company) will select the Notes and other *pari passu* Indebtedness to be purchased on a *pro rata* basis. Upon completion of each Asset Sale Offer, the amount of Excess Proceeds will be reset at zero.

The Company will comply with the requirements of Rule 14e-1 under the Exchange Act and any other securities laws and regulations thereunder to the extent such laws and regulations are applicable in connection with each repurchase of Notes pursuant to an Asset Sale Offer. To the extent that the provisions of any securities laws or regulations conflict with the provisions of Section 3.09 hereof or this Section 4.10, the Company will comply with the applicable securities laws and regulations and will not be deemed to have breached its obligations under Section 3.09 hereof or this Section 4.10 by virtue of such compliance.

Section 4.11 *Transactions with Affiliates.*

(a) Except as provided in Section 4.11(c), neither the Company nor any Guarantor will make any payment to, or sell, lease, transfer or otherwise dispose of any of its properties or assets to, or purchase any property or assets from, or enter into or make or amend any transaction, contract, agreement, understanding, loan, advance or guarantee with, or for the benefit of, any Affiliate of the Company (each, an "*Affiliate Transaction*"), unless:

(1) the Affiliate Transaction is on terms that are no less favorable to the Company or the relevant Guarantor than those that would have been obtained in a comparable transaction by the Company or such Guarantor with an unrelated Person; and

(2) the Company delivers to the Trustee:

(A) with respect to any Affiliate Transaction or series of related Affiliate Transactions involving aggregate consideration in excess of $3.0 million, a resolution of the Board of Directors of the Company set forth in an Officers' Certificate certifying that such Affiliate Transaction complies with clause (1) of this Section 4.11(a) and that such Affiliate Transaction has been approved by a majority of the disinterested members, if any, of the Board of Directors of the Company; and

(B) with respect to any Affiliate Transaction or series of related Affiliate Transactions involving aggregate consideration in excess of $10.0 million, an opinion as to the fairness to the Company or such Subsidiary of such Affiliate Transaction from a financial point of view issued by an accounting, appraisal or investment banking firm of national standing.

(b) The following items will not be deemed to be Affiliate Transactions and, therefore, will not be subject to the provisions of Section 4.11(a) hereof:

(1) any consulting or employment agreement or arrangement, employee benefit plan, officer indemnification agreement or any similar arrangement entered into by the Company or any of the Guarantors and payments pursuant thereto;

(2) transactions between or among the Company and/or the Guarantors;

(3) transactions with a Person (other than an Unrestricted Subsidiary of the Company) that is an Affiliate of the Company solely because the Company owns, directly or through a Guarantor, an Equity Interest in, or controls, such Person;

(4) payment of reasonable directors' fees (including the issuance of restricted stock) to directors of the Company and other reasonable compensation, benefits and indemnities paid or provided by the Company to the directors of the Company in their capacities as directors;

(5) any sale, grant, award or issuance of Equity Interests (other than Disqualified Stock) of the Company, including the exercise of options and warrants, to Affiliates, officers, directors or employees of the Company;

(6) Restricted Payments that do not violate Section 4.07 hereof;

(7) loans or advances to employees in the ordinary course of business not to exceed $1.0 million in the aggregate at any one time outstanding;

(8) Permitted Investments; and

(9) Accelerated Note Conversions.

(c) If on the date of any Affiliate Transaction (other than an Affiliate Transaction between any of the Liggett Guarantors and any Affiliate of the Company other than the Company or another Guarantor) the Company's Consolidated EBITDA for the most recently ended four full fiscal quarters for which internal financial statements are available is no less than $75.0 million, the provisions of Section 4.11(a) shall not apply to the consummation of such Affiliate Transaction.

Section 4.12 *Liens.*

Neither the Company nor any Guarantor will, directly or indirectly, create, incur, assume or suffer to exist any Lien of any kind on any asset now owned or hereafter acquired, except Permitted Liens.

Section 4.13 *Corporate Existence.*

Subject to Article 5 hereof, the Company shall do or cause to be done all things necessary to preserve and keep in full force and effect:

(1) its corporate existence, and the corporate, partnership or other existence of each of its Subsidiaries, in accordance with the respective organizational documents (as the same may be amended from time to time) of the Company or any such Subsidiary; and

(2) the rights (charter and statutory), licenses and franchises of the Company and its Subsidiaries;

provided, *however,* that the Company shall not be required to preserve any such right, license or franchise, or the corporate, partnership or other existence of any of its Subsidiaries, if the Board of Directors shall determine that the preservation thereof is no longer desirable in the conduct of the business of the Company and its Subsidiaries, taken as a whole, and that the loss thereof is not adverse in any material respect to the Holders of the Notes.

Section 4.14 *Offer to Repurchase Upon Change of Control.*

(a) Upon the occurrence of a Change of Control, each Holder of Notes will have the right to require the Company to make an offer (a "*Change of Control Offer*") to repurchase all or any part (equal to $2,000 or an integral multiple of $1,000 in excess thereof) of that Holder's Notes at a purchase price in cash equal to 101% of the aggregate principal amount of Notes repurchased plus accrued and unpaid interest, if any, on the Notes repurchased to the date of purchase, subject to the rights of Holders on the relevant record date to receive interest due on the relevant Interest Payment Date (the "*Change of Control Payment*"). Within 30 days following any Change of Control, the Company will mail or otherwise deliver (including by electronic means) a notice to each Holder describing the transaction or transactions that constitute the Change of Control and stating:

(1) that the Change of Control Offer is being made pursuant to this Section 4.14 and that all Notes tendered will be accepted for payment;

(2) the purchase price and the purchase date, which shall be no earlier than 30 days and no later than 60 days from the date such notice is mailed or otherwise delivered (including by electronic means) (the *"Change of Control Payment Date"*);

(3) that any Note not tendered will continue to accrue interest;

(4) that, unless the Company defaults in the payment of the Change of Control Payment, all Notes accepted for payment pursuant to the Change of Control Offer will cease to accrue interest after the Change of Control Payment Date;

(5) that Holders electing to have any Notes purchased pursuant to a Change of Control Offer will be required to surrender the Notes, with the form entitled "Option of Holder to Elect Purchase" attached to the Notes completed, or transfer by book-entry transfer, to the Paying Agent at the address specified in the notice prior to the close of business on the third Business Day preceding the Change of Control Payment Date;

(6) that Holders will be entitled to withdraw their election if the Paying Agent receives, not later than the close of business on the second Business Day preceding the Change of Control Payment Date, a telegram, telex, facsimile transmission or letter setting forth the name of the Holder, the principal amount of Notes delivered for purchase, and a statement that such Holder is withdrawing his election to have the Notes purchased; and

(7) that Holders whose Notes are being purchased only in part will be issued new Notes equal in principal amount to the unpurchased portion of the Notes surrendered, which unpurchased portion must be equal to $2,000 in principal amount or an integral multiple of $1,000 in excess thereof.

The Company will comply with the requirements of Rule 14e-1 under the Exchange Act and any other securities laws and regulations thereunder to the extent those laws and regulations are applicable in connection with the repurchase of the Notes as a result of a Change of Control. To the extent that the provisions of any securities laws or regulations conflict with the provisions of Sections 3.09 or 4.14 hereof, the Company will comply with the applicable securities laws and regulations and will not be deemed to have breached its obligations under Sections 3.09 or 4.14 hereof by virtue of such compliance.

(b) On the Change of Control Payment Date, the Company will, to the extent lawful:

(1) accept for payment all Notes or portions of Notes properly tendered pursuant to the Change of Control Offer;

(2) deposit with the Paying Agent an amount equal to the Change of Control Payment in respect of all Notes or portions of Notes properly tendered; and

(3) deliver or cause to be delivered to the Trustee the Notes properly accepted together with an Officers' Certificate stating the aggregate principal amount of Notes or portions of Notes being purchased by the Company.

The Paying Agent will promptly mail or deliver (including by electronic means) (but in any case not later than five days after the Change of Control Payment Date) to each Holder of Notes properly

tendered the Change of Control Payment for such Notes, and the Trustee will promptly authenticate and mail or deliver (or cause to be transferred by book entry) to each Holder a new Note equal in principal amount to any unpurchased portion of the Notes surrendered, if any. The Company will publicly announce the results of the Change of Control Offer on or as soon as practicable after the Change of Control Payment Date.

(c) Notwithstanding anything to the contrary in this Section 4.14, the Company will not be required to make a Change of Control Offer upon a Change of Control if (1) a third party makes the Change of Control Offer in the manner, at the times and otherwise in compliance with the requirements set forth in this Section 4.14 and Section 3.09 hereof and purchases all Notes properly tendered and not withdrawn under the Change of Control Offer, or (2) notice of redemption has been given pursuant to Section 3.07 hereof, unless and until there is a default in payment of the applicable redemption price. A Change of Control Offer may be made in advance of a Change of Control, conditional upon such Change of Control, if a definitive agreement is in place for the Change of Control at the time of the Change of Control Offer. Notes repurchased pursuant to a Change of Control Offer will be retired and cancelled.

Section 4.15 *Limitation on Sale and Leaseback Transactions.*

Neither the Company nor any Guarantor will enter into any sale and leaseback transaction; *provided* that the Company or any Guarantor may enter into a sale and leaseback transaction if:

(1) the Company or that Guarantor, as applicable, could have (a) incurred Indebtedness in an amount equal to the Attributable Debt relating to such sale and leaseback transaction under the Leverage Ratio and Secured Leverage Ratio tests in Section 4.09(a) hereof and (b) incurred a Lien to secure such Indebtedness pursuant to the provisions of Section 4.12 hereof;

(2) the gross cash proceeds of that sale and leaseback transaction are at least equal to the Fair Market Value, as determined in good faith by the Board of Directors of the Company and set forth in an Officers' Certificate delivered to the Trustee, of the property that is the subject of that sale and leaseback transaction; and

(3) the transfer of assets in that sale and leaseback transaction is permitted by, and the Company applies the proceeds of such transaction in compliance with, Section 4.10 hereof.

Section 4.16 *Payments for Consent.*

Neither the Company nor any Guarantor will, directly or indirectly, pay or cause to be paid any consideration to or for the benefit of any Holder of Notes for or as an inducement to any consent, waiver or amendment of any of the terms or provisions of this Indenture, the Collateral Documents or the Notes unless such consideration is offered to be paid and is paid to all Holders of the Notes that consent, waive or agree to amend in the time frame set forth in the solicitation documents relating to such consent, waiver or agreement.

Section 4.17 *Additional Note Guarantees.*

If the Company or any of the Guarantors acquires or creates another Domestic Subsidiary after the date of this Indenture (i) engaged directly or indirectly in the cigarette businesses or (ii) that is or becomes a borrower, obligor or guarantor under the Liggett Credit Agreement, then that newly acquired or created Domestic Subsidiary will become a Guarantor and execute a supplemental indenture and, in the case of (ii), Collateral Documents consistent with those entered into by the Liggett Guarantors, and deliver an opinion of counsel satisfactory to the trustee within 10 Business Days of the date on which it was acquired or created. The form of such Note Guarantee is attached as Exhibit E hereto.

Section 4.18 *Unrestricted Subsidiaries.*

In no event may the business operated by Liggett Group LLC on the date of this Indenture be transferred to or held by an Unrestricted Subsidiary.

ARTICLE 5
SUCCESSORS

Section 5.01 *Merger, Consolidation, or Sale of Assets.*

The Company shall not, directly or indirectly: (1) consolidate or merge with or into another Person (whether or not the Company is the surviving corporation); or (2) sell, assign, transfer, convey or otherwise dispose of all or substantially all of the properties and assets of the Company and the Guarantors taken as a whole, in one or more related transactions, to another Person, unless:

(1) either:

(A) the Company is the surviving corporation; or

(B) the Person formed by or surviving any such consolidation or merger (if other than the Company) or to which such sale, assignment, transfer, conveyance or other disposition has been made is (i) a corporation organized or existing under the laws of the United States, any state of the United States or the District of Columbia or (ii) a limited partnership or limited liability company organized or existing under the laws of the United States, any state thereof or the District of Columbia that has a wholly-owned Subsidiary that is a corporation organized or existing under the laws of the United States, any state of the United States or the District of Columbia, which corporation becomes a co-issuer of the Notes pursuant to a supplemental indenture duly and validly executed by the Trustee;

(2) the Person formed by or surviving any such consolidation or merger (if other than the Company) or the Person to which such sale, assignment, transfer, conveyance or other disposition has been made assumes all the obligations of the Company under the Notes, this Indenture and the Collateral Documents pursuant to agreements reasonably satisfactory to the Trustee;

(3) immediately after such transaction, no Default or Event of Default exists; and

(4) the Company or the Person formed by or surviving any such consolidation or merger (if other than the Company), or to which such sale, assignment, transfer, conveyance or other disposition has been made, would, on the date of such transaction after giving pro forma effect thereto and any related financing transactions as if the same had occurred at the beginning of the applicable four-quarter period, be permitted to incur at least $1.00 of additional Indebtedness pursuant to the Leverage Ratio and Secured Leverage Ratio tests set forth in Section 4.09(a) hereof.

In addition, the Company will not, directly or indirectly, lease all or substantially all of the properties and assets of it and the Guarantors taken as a whole, in one or more related transactions, to any other Person. This Section 5.01 will not apply to:

(1) a merger of the Company with an Affiliate solely for the purpose of reincorporating the Company in another jurisdiction; or

(2) any consolidation or merger, or any sale, assignment, transfer, conveyance, lease or other disposition of assets between or among the Company and any of the Guarantors that are not any of the Liggett Guarantors.

Notwithstanding anything to the contrary in this Section 5.01, or any other provisions in this Indenture (including, without limitation, Section 11.04), the Company shall not consolidate or merge with or into any of the Liggett Guarantors, nor sell, assign, transfer, convey or otherwise dispose of all or substantially all of the properties and assets of the Company and the Guarantors taken as a whole, in one or more transactions, to any of the Liggett Guarantors.

Section 5.02 *Successor Corporation Substituted.*

Upon any consolidation or merger, or any sale, assignment, transfer, lease, conveyance or other disposition of all or substantially all of the properties and assets of the Company in a transaction that is subject to, and that complies with the provisions of, Section 5.01 hereof, the successor Person formed by such consolidation or into or with which the Company is merged or to which such sale, assignment, transfer, lease, conveyance or other disposition is made shall succeed to, and be substituted for (so that from and after the date of such consolidation, merger, sale, assignment, transfer, lease, conveyance or other disposition, the provisions of this Indenture referring to the "Company" shall refer instead to the successor Person and not to the Company), and may exercise every right and power of the Company under this Indenture with the same effect as if such successor Person had been named as the Company herein; *provided, however*, that the predecessor Company shall not be relieved from the obligation to pay the principal of and interest on the Notes except in the case of a sale of all of the Company's assets in a transaction that is subject to, and that complies with the provisions of, Section 5.01 hereof.

ARTICLE 6
DEFAULTS AND REMEDIES

Section 6.01 *Events of Default.*

Each of the following is an "*Event of Default*":

(1) default for 30 days in the payment when due of interest on the Notes;

(2) default in the payment when due (at maturity, upon redemption or otherwise) of the principal of, or premium, if any, on, the Notes or default in the payment when due of a Change of Control Payment;

(3) failure by the Company or any of the Guarantors for 30 days after notice to the Company by the Trustee or the Holders of at least 25% in aggregate principal amount of the Notes then outstanding voting as a single class to comply with the provisions of Sections 4.07, 4.09 or 4.10 hereof;

(4) failure by the Company or any of the Guarantors for 60 days after notice to the Company by the Trustee or the Holders of at least 25% in aggregate principal amount of the Notes then outstanding voting as a single class to comply with any of the other agreements in this Indenture or the Collateral Documents;

(5) default under any mortgage, indenture or instrument under which there may be issued or by which there may be secured or evidenced any Indebtedness for money borrowed by the Company or any of the Guarantors (or the payment of which is guaranteed by the Company or any of the Guarantors), whether such Indebtedness or Guarantee now exists, or is created after the date of this Indenture, if that default:

(A) is caused by a failure to pay principal of, or interest or premium, if any, on, such Indebtedness prior to the expiration of the grace period provided in such Indebtedness on the date of such default (a "*Payment Default*"); or

(B) results in the acceleration of such Indebtedness prior to its express maturity,

and, in each case, the principal amount of any such Indebtedness, together with the principal amount of any other such Indebtedness under which there has been a Payment Default or the maturity of which has been so accelerated, aggregates $10.0 million or more and such acceleration is not annulled within 30 days thereof or such Payment Default continues for 30 days;

(6) failure by the Company or any of the Guarantors to pay final non-appealable judgments entered by a court or courts of competent jurisdiction aggregating in excess of $10.0 million (net of any amounts as to which a reputable and solvent third party insurer has accepted full coverage), which judgments are not paid, discharged, bonded or stayed for a period of 60 days;

(7) the Company or any of the Guarantors that is a Significant Subsidiary or any group of Guarantors that, taken together, would constitute a Significant Subsidiary pursuant to or within the meaning of Bankruptcy Law:

(A) commences a voluntary case,

(B) consents to the entry of an order for relief against it in an involuntary case,

(C) consents to the appointment of a custodian of it or for all or substantially all of its property,

(D) makes a general assignment for the benefit of its creditors, or

(E) generally is not paying its debts as they become due;

(8) a court of competent jurisdiction enters an order or decree under any Bankruptcy Law that:

(A) is for relief against the Company or any of the Guarantors that is a Significant Subsidiary or any group of Guarantors that, taken together, would constitute a Significant Subsidiary in an involuntary case;

(B) appoints a custodian of the Company or any of the Guarantors that is a Significant Subsidiary or any group of Guarantors that, taken together, would constitute a Significant Subsidiary or for all or substantially all of the property of the Company or any of the Guarantors that is a Significant Subsidiary or any group of Guarantors that, taken together, would constitute a Significant Subsidiary; or

(C) orders the liquidation of the Company or any of the Guarantors that is a Significant Subsidiary or any group of Guarantors that, taken together, would constitute a Significant Subsidiary;

and the order or decree remains unstayed and in effect for 60 consecutive days;

(9) breach by the Company or any of the Guarantors of any material representation or warranty or agreement in the Collateral Documents, and such failure shall continue for a period of 60 days after written notice to the Company by the Trustee, the Collateral Agent or the Holders of at least 25% in aggregate principal amount of the notes then outstanding voting as a single class;

(10) the repudiation by the Company or any of the Guarantors of any of its obligations under the Collateral Documents or the unenforceability of the Collateral Documents against the Company or any of the Guarantors for any reason; and

(11) except as permitted by this Indenture, any Note Guarantee is held in any judicial proceeding to be unenforceable or invalid or ceases for any reason to be in full force and effect, or any Guarantor, or any Person acting on behalf of any Guarantor, denies or disaffirms its obligations under its Note Guarantee.

Section 6.02 *Acceleration.*

In the case of an Event of Default specified in clause (7) or (8) of Section 6.01 hereof, with respect to the Company, any Guarantor that is a Significant Subsidiary or any group of Guarantors that, taken together, would constitute a Significant Subsidiary, all outstanding Notes will become due and payable immediately without further action or notice. If any other Event of Default occurs and is continuing, the Trustee or the Holders of at least 25% in aggregate principal amount of the then outstanding Notes may declare all the Notes to be due and payable immediately.

Upon any such declaration, the Notes shall become due and payable immediately.

The Holders of a majority in aggregate principal amount of the then outstanding Notes by written notice to the Trustee may, on behalf of all of the Holders, rescind an acceleration and its consequences, if the rescission would not conflict with any judgment or decree and if all existing Events of Default (except nonpayment of principal, interest or premium, if any, that has become due solely because of the acceleration) have been cured or waived.

If an Event of Default occurs on or after February 1, 2020 by reason of any willful action (or inaction) taken (or not taken) by or on behalf of the Company with the intention of avoiding payment of the premium that the Company would have had to pay if the Company then had elected to redeem the

Notes pursuant to Section 3.07 hereof, then, upon acceleration of the Notes, an equivalent premium shall also become and be immediately due and payable, to the extent permitted by law, anything in this Indenture or in the Notes to the contrary notwithstanding. If an Event of Default occurs prior to February 1, 2020 by reason of any willful action (or inaction) taken (or not taken) by or on behalf of the Company with the intention of avoiding the prohibition on redemption of the Notes prior to such date, then, upon acceleration of the Notes, an additional premium shall also become and be immediately due and payable, to the extent permitted by law, in an amount, for each of the years beginning on February 1 of the years set forth below, as set forth below (expressed as a percentage of the principal amount of the Notes on the date of payment that would otherwise be due but for the provisions of this sentence):

Year	Percentage
2017	6.125%
2018	5.104%
2019	4.083%

Section 6.03 *Other Remedies.*

If an Event of Default occurs and is continuing, the Trustee may pursue any available remedy to collect the payment of principal, premium, if any, and interest on the Notes or to enforce the performance of any provision of the Notes or this Indenture.

The Trustee may maintain a proceeding even if it does not possess any of the Notes or does not produce any of them in the proceeding. A delay or omission by the Trustee or any Holder of a Note in exercising any right or remedy accruing upon an Event of Default shall not impair the right or remedy or constitute a waiver of or acquiescence in the Event of Default. All remedies are cumulative to the extent permitted by law.

Section 6.04 *Waiver of Past Defaults.*

Holders of not less than a majority in aggregate principal amount of the then outstanding Notes by notice to the Trustee may on behalf of the Holders of all of the Notes waive an existing Default or Event of Default and its consequences hereunder, except a continuing Default or Event of Default in the payment of the principal of, premium, if any, or interest on the Notes (including in connection with an offer to purchase); *provided*, *however*, that the Holders of a majority in aggregate principal amount of the then outstanding Notes may rescind an acceleration and its consequences, including any related payment default that resulted from such acceleration. Upon any such waiver, such Default shall cease to exist, and any Event of Default arising therefrom shall be deemed to have been cured for every purpose of this Indenture; but no such waiver shall extend to any subsequent or other Default or impair any right consequent thereon.

Section 6.05 *Control by Majority.*

Holders of a majority in aggregate principal amount of the then outstanding Notes may direct the time, method and place of conducting any proceeding for exercising any remedy available to the Trustee or exercising any trust or power conferred on it. However, the Trustee may refuse to follow any direction that conflicts with law or this Indenture that the Trustee determines may be unduly prejudicial to the rights of other Holders of Notes or that may involve the Trustee in personal liability, loss or expense that is not adequately indemnified in the reasonable judgment of the Trustee.

Section 6.06 *Limitation on Suits.*

Except to enforce the right to receive payment of principal, premium, if any, or interest, when due, no Holder may pursue any remedy with respect to this Indenture or the Notes unless:

(1) such Holder gives to the Trustee written notice that an Event of Default is continuing;

(2) Holders of at least 25% in aggregate principal amount of the then outstanding Notes make a written request to the Trustee to pursue the remedy;

(3) such Holder or Holders offer the Trustee reasonable security or indemnity, satisfactory to the Trustee, against any loss, liability or expense;

(4) the Trustee does not comply with the request within 60 days after receipt of the request and the offer of security or indemnity; and

(5) during such 60-day period, Holders of a majority in aggregate principal amount of the then outstanding Notes do not give the Trustee a direction (which has not been withdrawn) inconsistent with such request.

A Holder of a Note may not use this Indenture to prejudice the rights of another Holder of a Note or to obtain a preference or priority over another Holder of a Note.

Section 6.07 *Rights of Holders of Notes to Receive Payment.*

Notwithstanding any other provision of this Indenture, the right of any Holder of a Note to receive payment of principal, premium, if any, and interest on the Note, on or after the respective due dates expressed in the Note (including in connection with an offer to purchase), or to bring suit for the enforcement of any such payment on or after such respective dates, shall not be impaired or affected without the consent of such Holder; *provided* that a Holder shall not have the right to institute any such suit for the enforcement of payment if and to the extent that the institution or prosecution thereof or the entry of judgment therein would, under applicable law, result in the surrender, impairment, waiver or loss of the Lien of this Indenture upon any property subject to such Lien.

Section 6.08 *Collection Suit by Trustee.*

If an Event of Default specified in Section 6.01(1) or (2) hereof occurs and is continuing, the Trustee is authorized to recover judgment in its own name and as trustee of an express trust against the Company for the whole amount of principal of, premium, if any, and interest remaining unpaid on, the Notes and interest on overdue principal and, to the extent lawful, interest and such further amount as shall be sufficient to cover the costs and expenses of collection, including the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel.

Section 6.09 *Trustee May File Proofs of Claim.*

The Trustee is authorized to file such proofs of claim and other papers or documents as may be necessary or advisable in order to have the claims of the Trustee (including any claim for the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel) and the Holders of the Notes allowed in any judicial proceedings relative to the Company (or any other obligor upon the Notes), its creditors or its property and shall be entitled and empowered to collect, receive and

distribute any money or other property payable or deliverable on any such claims and any custodian in any such judicial proceeding is hereby authorized by each Holder to make such payments to the Trustee, and in the event that the Trustee shall consent to the making of such payments directly to the Holders, to pay to the Trustee any amount due to it for the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel, and any other amounts due the Trustee under Section 7.07 hereof. To the extent that the payment of any such compensation, expenses, disbursements and advances of the Trustee, its agents and counsel, and any other amounts due the Trustee under Section 7.07 hereof out of the estate in any such proceeding, shall be denied for any reason, payment of the same shall be secured by a Lien on, and shall be paid out of, any and all distributions, dividends, money, securities and other properties that the Holders may be entitled to receive in such proceeding whether in liquidation or under any plan of reorganization or arrangement or otherwise. Nothing herein contained shall be deemed to authorize the Trustee to authorize or consent to or accept or adopt on behalf of any Holder any plan of reorganization, arrangement, adjustment or composition affecting the Notes or the rights of any Holder, or to authorize the Trustee to vote in respect of the claim of any Holder in any such proceeding.

Section 6.10 *Priorities.*

If the Trustee collects any money pursuant to this Article 6, it shall pay out the money in the following order:

First: to the Trustee (acting in any capacity), its agents and attorneys for amounts due hereunder, including payment of all compensation, expenses and liabilities incurred, and all advances made, by the Trustee and the costs and expenses of collection;

Second: to Holders of Notes for amounts due and unpaid on the Notes for principal, premium, if any, and interest, ratably, without preference or priority of any kind, according to the amounts due and payable on the Notes for principal, premium, if any, and interest, respectively; and

Third: to the Company or to such party as a court of competent jurisdiction shall direct.

The Trustee may fix a record date and payment date for any payment to Holders of Notes pursuant to this Section 6.10.

Section 6.11 *Undertaking for Costs.*

In any suit for the enforcement of any right or remedy under this Indenture or in any suit against the Trustee for any action taken or omitted by it as a Trustee, a court in its discretion may require the filing by any party litigant in the suit of an undertaking to pay the costs of the suit, and the court in its discretion may assess reasonable costs, including reasonable attorneys' fees, against any party litigant in the suit, having due regard to the merits and good faith of the claims or defenses made by the party litigant. This Section 6.11 does not apply to a suit by the Trustee, a suit by a Holder of a Note pursuant to Section 6.07 hereof, or a suit by Holders of more than 10% in aggregate principal amount of the then outstanding Notes.

ARTICLE 7
TRUSTEE

Section 7.01 *Duties of Trustee.*

(a) If an Event of Default has occurred of which a Responsible Officer of the Trustee has actual knowledge and is continuing, the Trustee will exercise such of the rights and powers vested in it by this Indenture, and use the same degree of care and skill in its exercise, as a prudent person would exercise or use under the circumstances in the conduct of such person's own affairs.

(b) Except during the continuance of an Event of Default:

(1) the duties of the Trustee will be determined solely by the express provisions of this Indenture and the Trustee need perform only those duties that are specifically set forth in this Indenture and no others, and no implied covenants or obligations shall be read into this Indenture against the Trustee; and

(2) in the absence of bad faith on its part, the Trustee may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon certificates or opinions furnished to the Trustee and conforming to the requirements of this Indenture. However, the Trustee will examine the certificates and opinions to determine whether or not they conform to the requirements of this Indenture (but need not confirm or investigate the accuracy of mathematical calculations or other facts stated therein).

(c) The Trustee may not be relieved from liabilities for its own negligent action, its own negligent failure to act, or its own willful misconduct, except that:

(1) this paragraph does not limit the effect of paragraph (b) of this Section 7.01;

(2) the Trustee will not be liable for any error of judgment made in good faith by a Responsible Officer, unless it is proved that the Trustee was negligent in ascertaining the pertinent facts; and

(3) the Trustee will not be liable with respect to any action it takes or omits to take in good faith in accordance with a direction received by it pursuant to Section 6.05 hereof.

(d) Whether or not therein expressly so provided, every provision of this Indenture that in any way relates to the Trustee is subject to paragraphs (a), (b), and (c) of this Section 7.01.

(e) No provision of this Indenture will require the Trustee to expend or risk its own funds or incur any loss, liability or expense for which it is not adequately indemnified in the reasonable judgment of the Trustee. The Trustee will be under no obligation to exercise any of its rights and powers under this Indenture at the request or direction of any Holder, unless such Holder has offered to the Trustee reasonable security and indemnity, satisfactory to the Trustee against any loss, liability or expense.

(f) The Trustee will not be liable for interest on any money received by it except as the Trustee may agree in writing with the Company. Money held in trust by the Trustee need not be segregated from other funds except to the extent required by law.

Section 7.02 *Rights of Trustee.*

(a) The Trustee may conclusively rely upon any document believed by it to be genuine and to have been signed or presented by the proper Person. The Trustee need not investigate any fact or matter stated in the document.

(b) Before the Trustee acts or refrains from acting, it may require an Officers' Certificate or an Opinion of Counsel or both. The Trustee will not be liable for any action it takes or omits to take in good faith in reliance on such Officers' Certificate or Opinion of Counsel. The Trustee may consult with counsel and the written advice of such counsel or any Opinion of Counsel will be full and complete authorization and protection from liability in respect of any action taken, suffered or omitted by it hereunder in good faith and in reliance thereon.

(c) The Trustee may act through its attorneys and agents and will not be responsible for the misconduct or negligence of any agent appointed with due care.

(d) The Trustee will not be liable for any action it takes or omits to take in good faith that it believes to be authorized or within the rights or powers conferred upon it by this Indenture.

(e) Unless otherwise specifically provided in this Indenture, any demand, request, direction or notice from the Company will be sufficient if signed by an Officer of the Company.

(f) The Trustee will be under no obligation to exercise any of the rights or powers vested in it by this Indenture at the request or direction of any of the Holders unless such Holders have offered to the Trustee security or indemnity reasonably satisfactory to the Trustee against the losses, liabilities and expenses that might be incurred by it in compliance with such request or direction.

(g) The rights, privileges, protections, immunities and benefits given to the Trustee, including, without limitation, its rights to be indemnified, are extended to and shall be enforceable by, the Trustee in each of its capacities hereunder, and each agent, custodian and other Person employed to act hereunder.

(h) The Trustee may request that the Company deliver an Officer's Certificate setting forth the names of individuals and/or titles of officers authorized at such time to take specified actions pursuant to this Indenture, which Officers' Certificate may be signed by any person authorized to sign an Officers' Certificate, including any person specified as so authorized in any such certificate previously delivered and not superseded.

(i) The permissive rights of the Trustee to do certain things enumerated in this Indenture shall not be construed as a duty and the Trustee shall not be answerable for other than its negligence or willful default with respect to such permissive rights.

(j) The Trustee shall not be bound to make any inquiry or investigation into the facts or matters stated in any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, note or other paper or document unless requested in writing so to do by the holders of a majority in aggregate principal amount of the Notes affected then outstanding; *provided however*, that if the payment within a reasonable time to the Trustee of the costs and expenses or liabilities likely to be incurred by it in the making of such investigation is, in the opinion of the Trustee, not reasonably assured to the Trustee by the security conferred upon it by the terms of this Indenture, the Trustee may require indemnity reasonably satisfactory to the Trustee against such costs, expenses or liabilities as a condition to so proceeding; and the reasonable expense of such investigation shall be paid by the Company, or, if paid by the Trustee shall be repaid by the Company upon demand.

(k) The Trustee shall not be responsible or liable for special, indirect or consequential loss or damage of any kind whatsoever (including, but not limited to, loss or profit) irrespective of whether the Trustee has been advised of the likelihood of such loss or damage and regardless of the form of action.

(l) The Trustee shall not be required to give any note, bond, or surety in respect of the execution of the trusts and powers under this Indenture.

(m) The Trustee shall not be responsible or liable for any failure or delay in the performance of its obligations under this Indenture arising out of or caused, directly or indirectly, by circumstances beyond its reasonable control, including without limitation, acts of God; earthquakes; fire; flood; terrorism; wars and other military disturbances; sabotage; epidemics; riots; interruptions; loss or malfunction of utilities, computer (hardware or software) or communication services; accidents; labor disputes; act of civil or military authorities and governmental action.

(n) The Trustee shall not be charged with knowledge of any default or Event of Default unless either (1) a Responsible Officer of the Trustee shall have actual knowledge of the default or Event of Default or (2) written notice of such default or Event of Default shall have been given to the Trustee by the Company or by any Holder.

(o) The Trustee shall not be liable or responsible for any action or inaction of the Depositary or any other clearinghouse or depositary.

(p) The Trustee shall have no obligation to undertake any calculation hereunder or have any liability for any calculation performed in connection herewith or the transactions contemplated hereunder.

Section 7.03 *Individual Rights of Trustee.*

The Trustee in its individual or any other capacity may become the owner or pledgee of Notes and may otherwise deal with the Company or any Affiliate of the Company with the same rights it would have if it were not Trustee. However, in the event that the Trustee acquires any conflicting interest it must eliminate such conflict within 90 days or resign. Any Agent may do the same with like rights and duties. The Trustee is also subject to Sections 7.10 and 7.11 hereof.

Section 7.04 *Trustee's Disclaimer.*

The Trustee will not be responsible for and makes no representation as to the validity or adequacy of this Indenture or the Notes, it shall not be accountable for the Company's use of the proceeds from the Notes or any money paid to the Company or upon the Company's direction under any provision of this Indenture, it will not be responsible for the use or application of any money received by any Paying Agent other than the Trustee, and it will not be responsible for any statement or recital herein or any statement in the Notes or any other document in connection with the sale of the Notes or pursuant to this Indenture other than its certificate of authentication.

Section 7.05 *Notice of Defaults.*

If a Default or Event of Default occurs and is continuing and if it is actually known to the Trustee, the Trustee will mail or otherwise deliver (including by electronic means) to Holders of Notes a notice of the Default or Event of Default within 90 days after it occurs. Except in the case of a Default or Event of

Default in payment of principal of, premium, if any, or interest on, any Note, the Trustee may withhold the notice if and so long as a committee of its Responsible Officers in good faith determines that withholding the notice is in the interests of the Holders of the Notes.

Section 7.06 *Reports by Trustee to Holders of the Notes.*

(a) Within 60 days after each May 15 beginning with the May 15 following the date of this Indenture, and for so long as Notes remain outstanding, the Trustee will mail or otherwise deliver (including by electronic means)to the Holders of the Notes a brief report dated as of such reporting date that complies with TIA § 313(a) (but if no event described in TIA § 313(a) has occurred within the twelve months preceding the reporting date, no report need be transmitted).

(b) A copy of each report at the time of its mailing or delivery to the Holders of Notes will be mailed or otherwise delivered (including by electronic means) by the Trustee to the Company.

Section 7.07 *Compensation and Indemnity.*

(a) The Company will pay to the Trustee (acting in any capacity) from time to time reasonable compensation for its acceptance of this Indenture and services hereunder. The Trustee's compensation will not be limited by any law on compensation of a trustee of an express trust. The Company will reimburse the Trustee promptly upon request for all reasonable disbursements, advances and expenses incurred or made by it in addition to the compensation for its services. Such expenses will include the reasonable compensation, disbursements and expenses of the Trustee's agents and counsel.

(b) The Company and the Guarantors will indemnify the Trustee (acting in any capacity) (including its officers, directors, employees and agents) against any and all losses, liabilities or expenses incurred by it arising out of or in connection with the acceptance or administration of its duties under this Indenture, including the costs and expenses of enforcing this Indenture against the Company and the Guarantors (including this Section 7.07) and defending itself against any claim (whether asserted by the Company, the Guarantors, any Holder or any other Person) or liability in connection with the exercise or performance of any of its powers or duties hereunder, except to the extent any such loss, liability or expense may be attributable to its negligence or bad faith. The Trustee will notify the Company promptly of any claim for which it may seek indemnity. Failure by the Trustee to so notify the Company will not relieve the Company or any of the Guarantors of their obligations hereunder. The Company or such Guarantor will defend the claim and the Trustee will cooperate in the defense. The Trustee may have separate counsel and the Company will pay the reasonable fees and expenses of such counsel. Neither the Company nor any Guarantor need pay for any settlement made without its consent, which consent will not be unreasonably withheld.

(c) The obligations of the Company and the Guarantors under this Section 7.07 will survive the satisfaction and discharge of this Indenture.

(d) To secure the Company's and the Guarantors' payment obligations in this Section 7.07, the Trustee will have a Lien prior to the Notes on all money or property held or collected by the Trustee, except that held in trust to pay principal and interest on particular Notes. Such Lien will survive the satisfaction and discharge of this Indenture.

(e) When the Trustee incurs expenses or renders services after an Event of Default specified in Section 6.01(7) or (8) hereof occurs, the expenses and the compensation for the services (including the fees and expenses of its agents and counsel) are intended to constitute expenses of administration under any Bankruptcy Law.

(f) [Reserved].

Section 7.08 *Replacement of Trustee.*

(a) A resignation or removal of the Trustee and appointment of a successor Trustee will become effective only upon the successor Trustee's acceptance of appointment as provided in this Section 7.08.

(b) The Trustee may resign in writing at any time and be discharged from the trust hereby created by so notifying the Company. The Holders of a majority in aggregate principal amount of the then outstanding Notes may remove the Trustee by so notifying the Trustee and the Company in writing. The Company may remove the Trustee if:

(1) the Trustee fails to comply with Section 7.10 hereof;

(2) the Trustee is adjudged a bankrupt or an insolvent or an order for relief is entered with respect to the Trustee under any Bankruptcy Law;

(3) a custodian or public officer takes charge of the Trustee or its property; or

(4) the Trustee becomes incapable of acting.

(c) If the Trustee resigns or is removed or if a vacancy exists in the office of Trustee for any reason, the Company will promptly appoint a successor Trustee. Within one year after the successor Trustee takes office, the Holders of a majority in aggregate principal amount of the then outstanding Notes may appoint a successor Trustee to replace the successor Trustee appointed by the Company.

(d) If a successor Trustee does not take office within 60 days after the retiring Trustee resigns or is removed, the retiring Trustee, the Company, or the Holders of at least 10% in aggregate principal amount of the then outstanding Notes may petition any court of competent jurisdiction for the appointment of a successor Trustee.

(e) If the Trustee, after written request by any Holder who has been a Holder for at least six months, fails to comply with Section 7.10 hereof, such Holder may petition any court of competent jurisdiction for the removal of the Trustee and the appointment of a successor Trustee.

(f) A successor Trustee will deliver a written acceptance of its appointment to the retiring Trustee and to the Company. Thereupon, the resignation or removal of the retiring Trustee will become effective, and the successor Trustee will have all the rights, powers and duties of the Trustee under this Indenture. The successor Trustee will mail or otherwise deliver (including by electronic means) a notice of its succession to Holders. The retiring Trustee will promptly transfer all property held by it as Trustee to the successor Trustee; *provided* all sums owing to the Trustee hereunder have been paid and subject to the Lien provided for in Section 7.07 hereof. Notwithstanding replacement of the Trustee pursuant to this Section 7.08, the Company's obligations under Section 7.07 hereof will continue for the benefit of the retiring Trustee.

Section 7.09 *Successor Trustee by Merger, etc.*

If the Trustee consolidates, merges or converts into, or transfers all or substantially all of its corporate trust business to, another corporation, the successor corporation without any further act will be the successor Trustee.

Section 7.10 *Eligibility; Disqualification.*

There will at all times be a Trustee hereunder that is a corporation organized and doing business under the laws of the United States of America or of any state thereof that is authorized under such laws to exercise corporate trustee power, that is subject to supervision or examination by federal or state authorities and that has a combined capital and surplus of at least $100.0 million as set forth in its most recent published annual report of condition.

This Indenture will always have a Trustee who satisfies the requirements of TIA § 310(a)(1), (2) and (5). The Trustee is subject to TIA § 310(b).

Section 7.11 *Preferential Collection of Claims Against Company.*

The Trustee is subject to TIA § 311(a), excluding any creditor relationship listed in TIA § 311(b). A Trustee who has resigned or been removed shall be subject to TIA § 311(a) to the extent indicated therein.

ARTICLE 8
LEGAL DEFEASANCE AND COVENANT DEFEASANCE

Section 8.01 *Option to Effect Legal Defeasance or Covenant Defeasance.*

The Company may at any time, at the option of its Board of Directors evidenced by a resolution set forth in an Officers' Certificate, elect to have either Section 8.02 or 8.03 hereof be applied to all outstanding Notes upon compliance with the conditions set forth below in this Article 8.

Section 8.02 *Legal Defeasance and Discharge.*

Upon the Company's exercise under Section 8.01 hereof of the option applicable to this Section 8.02, the Company and each of the Guarantors will, subject to the satisfaction of the conditions set forth in Section 8.04 hereof, be deemed to have been discharged from their obligations with respect to all outstanding Notes (including the Note Guarantees) on the date the conditions set forth below are satisfied (hereinafter, "*Legal Defeasance*"). For this purpose, Legal Defeasance means that the Company and the Guarantors will be deemed to have paid and discharged the entire Indebtedness represented by the outstanding Notes (including the Note Guarantees), which will thereafter be deemed to be "outstanding" only for the purposes of Section 8.05 hereof and the other Sections of this Indenture referred to in clauses (1) and (2) below, and to have satisfied all their other obligations under such Notes, the Note Guarantees and this Indenture (and the Trustee, on demand of and at the expense of the Company, shall execute proper instruments acknowledging the same), except for the following provisions which will survive until otherwise terminated or discharged hereunder:

(1) the rights of Holders of outstanding Notes to receive payments in respect of the principal of, or interest or premium, if any, on, such Notes when such payments are due from the trust referred to in Section 8.04 hereof;

(2) the Company's obligations with respect to such Notes under Article 2 and Section 4.02 hereof;

(3) the rights, powers, trusts, duties and immunities of the Trustee hereunder and the Company's and the Guarantors' obligations in connection therewith; and

(4) this Article 8.

Subject to compliance with this Article 8, the Company may exercise its option under this Section 8.02 notwithstanding the prior exercise of its option under Section 8.03 hereof.

Section 8.03 *Covenant Defeasance.*

Upon the Company's exercise under Section 8.01 hereof of the option applicable to this Section 8.03, the Company and each of the Guarantors will, subject to the satisfaction of the conditions set forth in Section 8.04 hereof, be released from each of their obligations under the covenants contained in Sections 4.07, 4.08, 4.09, 4.10, 4.11, 4.12, 4.14, 4.15, 4.16, 4.17 and 4.18 hereof and clause (4) of Section 5.01 hereof with respect to the outstanding Notes on and after the date the conditions set forth in Section 8.04 hereof are satisfied (hereinafter, "*Covenant Defeasance*"), and the Notes will thereafter be deemed not "outstanding" for the purposes of any direction, waiver, consent or declaration or act of Holders (and the consequences of any thereof) in connection with such covenants, but will continue to be deemed "outstanding" for all other purposes hereunder (it being understood that such Notes will not be deemed outstanding for accounting purposes). For this purpose, Covenant Defeasance means that, with respect to the outstanding Notes and Note Guarantees, the Company and the Guarantors may omit to comply with and will have no liability in respect of any term, condition or limitation set forth in any such covenant, whether directly or indirectly, by reason of any reference elsewhere herein to any such covenant or by reason of any reference in any such covenant to any other provision herein or in any other document and such omission to comply will not constitute a Default or an Event of Default under Section 6.01 hereof, but, except as specified above, the remainder of this Indenture and such Notes and Note Guarantees will be unaffected thereby. In addition, upon the Company's exercise under Section 8.01 hereof of the option applicable to this Section 8.03, subject to the satisfaction of the conditions set forth in Section 8.04 hereof, Sections 6.01(3) through 6.01(6) and 6.01(9) through 6.01(11) hereof will not constitute Events of Default.

Section 8.04 *Conditions to Legal or Covenant Defeasance.*

In order to exercise either Legal Defeasance or Covenant Defeasance under either Section 8.02 or 8.03 hereof:

(1) the Company must irrevocably deposit with the Trustee, in trust, for the benefit of the Holders, cash in U.S. dollars, non-callable Government Securities, or a combination thereof, in such amounts as will be sufficient, in the opinion of a nationally recognized investment bank, appraisal firm, or firm of independent public accountants, to pay the principal of, premium, if any, and interest on, the outstanding Notes on the stated date for payment thereof or on the applicable redemption date, as the case may be, and the Company must specify whether the Notes are being defeased to such stated date for payment or to a particular redemption date;

(2) in the case of an election under Section 8.02 hereof, the Company must deliver to the Trustee an Opinion of Counsel to the Trustee confirming that:

(A) the Company has received from, or there has been published by, the Internal Revenue Service a ruling; or

(B) since the date of this Indenture, there has been a change in the applicable federal income tax law,

in either case to the effect that, and based thereon such Opinion of Counsel shall confirm that, the Holders of the outstanding Notes will not recognize income, gain or loss for federal income tax purposes as a result of such Legal Defeasance and will be subject to federal income tax on the same amounts, in the same manner and at the same times as would have been the case if such Legal Defeasance had not occurred;

(3) in the case of an election under Section 8.03 hereof, the Company must deliver to the Trustee an Opinion of Counsel confirming that the Holders of the outstanding Notes will not recognize income, gain or loss for federal income tax purposes as a result of such Covenant Defeasance and will be subject to federal income tax on the same amounts, in the same manner and at the same times as would have been the case if such Covenant Defeasance had not occurred;

(4) no Default or Event of Default shall have occurred and be continuing on the date of such deposit (other than a Default or Event of Default resulting from the borrowing of funds to be applied to such deposit) and the deposit will not result in a breach or violation of, or constitute a default under, any other instrument to which the Company or any Guarantor is a party or by which the Company or any Guarantor is bound;

(5) such Legal Defeasance or Covenant Defeasance will not result in a breach or violation of, or constitute a default under, any material agreement or instrument (other than this Indenture) to which the Company or any of its Subsidiaries is a party or by which the Company or any of its Subsidiaries is bound;

(6) the Company must deliver to the Trustee an Officers' Certificate stating that the deposit was not made by the Company with the intent of preferring the Holders of Notes over the other creditors of the Company with the intent of defeating, hindering, delaying or defrauding any creditors of the Company or others; and

(7) the Company must deliver to the Trustee an Officers' Certificate and an Opinion of Counsel, each stating that all conditions precedent relating to the Legal Defeasance or the Covenant Defeasance have been complied with.

Section 8.05 *Deposited Money and Government Securities to be Held in Trust; Other Miscellaneous Provisions.*

Subject to Section 8.06 hereof, all money and non-callable Government Securities (including the proceeds thereof) deposited with the Trustee (or other qualifying trustee, collectively for purposes of this Section 8.05, the "*Trustee*") pursuant to Section 8.04 hereof in respect of the outstanding Notes will be held in trust and applied by the Trustee, in accordance with the provisions of such Notes and this Indenture, to the payment, either directly or through any Paying Agent (including the Company acting as Paying Agent) as the Trustee may determine, to the Holders of such Notes of all sums due and to become due thereon in respect of principal, premium, if any, and interest, but such money need not be segregated from other funds except to the extent required by law.

The Company will pay and indemnify the Trustee against any tax, fee or other charge imposed on or assessed against the cash or non-callable Government Securities deposited pursuant to Section 8.04 hereof or the principal and interest received in respect thereof other than any such tax, fee or other charge which by law is for the account of the Holders of the outstanding Notes.

Notwithstanding anything in this Article 8 to the contrary, the Trustee will deliver or pay to the Company from time to time upon the request of the Company any money or non-callable Government Securities held by it as provided in Section 8.04 hereof which, in the opinion of a nationally recognized firm of independent public accountants expressed in a written certification thereof delivered to the Trustee (which may be the opinion delivered under Section 8.04(1) hereof), are in excess of the amount thereof that would then be required to be deposited to effect an equivalent Legal Defeasance or Covenant Defeasance.

Section 8.06 *Repayment to Company.*

Any money deposited with the Trustee or any Paying Agent, or then held by the Company, in trust for the payment of the principal of, premium, if any, or interest on, any Note and remaining unclaimed for two years after such principal, premium, if any, or interest has become due and payable shall be paid to the Company on its request or (if then held by the Company) will be discharged from such trust; and the Holder of such Note will thereafter be permitted to look only to the Company for payment thereof, and all liability of the Trustee or such Paying Agent with respect to such trust money, and all liability of the Company as trustee thereof, will thereupon cease; *provided*, *however*, that the Trustee or such Paying Agent, before being required to make any such repayment, may at the expense of the Company cause to be published once, in the New York Times and The Wall Street Journal (national edition), notice that such money remains unclaimed and that, after a date specified therein, which will not be less than 30 days from the date of such notification or publication, any unclaimed balance of such money then remaining will be repaid to the Company.

Section 8.07 *Reinstatement.*

If the Trustee or Paying Agent is unable to apply any U.S. dollars or non-callable Government Securities in accordance with Section 8.02 or 8.03 hereof, as the case may be, by reason of any order or judgment of any court or governmental authority enjoining, restraining or otherwise prohibiting such application, then the Company's and the Guarantors' obligations under this Indenture and the Notes and the Note Guarantees will be revived and reinstated as though no deposit had occurred pursuant to Section 8.02 or 8.03 hereof until such time as the Trustee or Paying Agent is permitted to apply all such money in accordance with Section 8.02 or 8.03 hereof, as the case may be; *provided*, *however*, that, if the Company makes any payment of principal of, premium, if any, or interest on, any Note following the reinstatement of its obligations, the Company will be subrogated to the rights of the Holders of such Notes to receive such payment from the money held by the Trustee or Paying Agent.

ARTICLE 9
AMENDMENT, SUPPLEMENT AND WAIVER

Section 9.01 *Without Consent of Holders of Notes.*

Notwithstanding Section 9.02 of this Indenture, and subject to the Intercreditor Agreement, the Company, the Guarantors and the Trustee may amend or supplement this Indenture, the Collateral Documents, the Intercreditor Agreement, the Notes or the Note Guarantees without the consent of any Holder of Notes:

(1) to cure any ambiguity, defect or inconsistency;

(2) to provide for uncertificated Notes in addition to or in place of certificated Notes (provided that the uncertificated notes are issued in registered form for purposes of Section 163(f) of the Internal Revenue Code of 1986);

(3) to provide for the assumption of the Company's or a Guarantor's obligations to the Holders of the Notes and Note Guarantees by a successor to the Company or such Guarantor pursuant to Article 5 or Article 11 hereof;

(4) to make any change that would provide any additional rights or benefits to the Holders of the Notes or that does not adversely affect the legal rights hereunder of any Holder;

(5) [Reserved];

(6) to conform the text of this Indenture, the Collateral Documents, the Note Guarantees or the Notes to any provision of the "Description of Notes" section of the Company's Offering Memorandum dated January 19, 2017, relating to the initial offering of the Notes, to the extent that such provision in that "Description of Notes" was intended to be a verbatim recitation of a provision of this Indenture, the Collateral Documents, the Note Guarantees or the Notes;

(7) to provide for the issuance of Additional Notes in accordance with the limitations set forth in this Indenture as of the date hereof;

(8) to allow any Guarantor to execute a supplemental indenture and/or a Note Guarantee with respect to the Notes; or

(9) to make, complete or confirm any grant of Collateral permitted or required by this Indenture or any of the Collateral Documents or any release of Collateral that becomes effective as set forth in this Indenture or any of the Collateral Documents.

For the avoidance of doubt, no amendment to, or deletion of, any of the covenants contained in Sections 4.07, 4.08, 4.09, 4.11, 4.12, 4.15, 4.16 4.17, 4.18 or 5.01 hereof shall be deemed to impair or affect any rights of holders of the notes to receive payment of principal of, or premium, if any, or interest on, the Notes.

Upon the request of the Company accompanied by a resolution of its Board of Directors authorizing the execution of any such amended or supplemental indenture, and upon receipt by the Trustee of the documents described in Section 7.02 hereof, the Trustee will join with the Company and the Guarantors in the execution of any amended or supplemental indenture authorized or permitted by the terms of this Indenture and to make any further appropriate agreements and stipulations that may be therein contained, but the Trustee will not be obligated to enter into such amended or supplemental indenture that affects its own rights, duties or immunities under this Indenture or otherwise.

Section 9.02 *With Consent of Holders of Notes.*

Except as provided below in this Section 9.02, and subject to the Intercreditor Agreement, the Company and the Trustee may amend or supplement this Indenture (including, without limitation, Section 3.09, 4.10 and 4.14 hereof), the Collateral Documents, the Intercreditor Agreement or the Notes and the Note Guarantees with the consent of the Holders of at least a majority in aggregate principal amount of the then outstanding Notes (including, without limitation, Additional Notes, if any) voting as a single class (including, without limitation, consents obtained in connection with a tender offer or exchange offer for, or purchase of, the Notes), and, subject to Sections 6.04 and 6.07 hereof and subject to the Intercreditor Agreement, any existing Default or Event of Default (other than a Default or Event of Default in the payment of the principal of, premium, if any, or interest on, the Notes, except a payment default resulting from an acceleration that has been rescinded) or compliance with any provision of this Indenture, the Collateral Documents, the Intercreditor Agreement or the Notes or the Note Guarantees

may be waived with the consent of the Holders of a majority in aggregate principal amount of the then outstanding Notes (including, without limitation, Additional Notes, if any) voting as a single class (including, without limitation, consents obtained in connection with a tender offer or exchange offer for, or purchase of, the Notes). None of this Indenture, the Notes, the Note Guarantees or the Collateral Documents may be amended, modified or supplemented in any way that would contravene the Intercreditor Agreement. Section 2.08 hereof shall determine which Notes are considered to be "outstanding" for purposes of this Section 9.02.

Upon the request of the Company accompanied by a resolution of its Board of Directors authorizing the execution of any such amended or supplemental indenture, and upon the filing with the Trustee of evidence satisfactory to the Trustee of the consent of the Holders of Notes as aforesaid, and upon receipt by the Trustee of the documents described in Section 7.02 hereof, the Trustee will join with the Company and the Guarantors in the execution of such amended or supplemental indenture unless such amended or supplemental indenture directly affects the Trustee's own rights, duties or immunities under this Indenture or otherwise, in which case the Trustee may in its discretion, but will not be obligated to, enter into such amended or supplemental Indenture.

It is not be necessary for the consent of the Holders of Notes under this Section 9.02 to approve the particular form of any proposed amendment, supplement or waiver, but it is sufficient if such consent approves the substance thereof.

After an amendment, supplement or waiver under this Section 9.02 becomes effective, the Company will mail or otherwise deliver (including by electronic means) to the Holders of Notes affected thereby a notice briefly describing the amendment, supplement or waiver. Any failure of the Company to mail or deliver such notice, or any defect therein, will not, however, in any way impair or affect the validity of any such amended or supplemental indenture or waiver. Subject to Sections 6.04 and 6.07 hereof, the Holders of a majority in aggregate principal amount of the Notes then outstanding voting as a single class may waive compliance in a particular instance by the Company with any provision of this Indenture or the Notes or the Note Guarantees. However, without the consent of each Holder affected or, in the case of clauses (8) and (9) below only, the consent of at least 95% in aggregate principal amount of the Notes then outstanding, an amendment, supplement or waiver under this Section 9.02 may not (with respect to any Notes held by a non-consenting Holder):

(1) reduce the principal amount of Notes whose Holders must consent to an amendment, supplement or waiver;

(2) reduce the principal of or change the fixed maturity of any Note or alter the provisions with respect to the redemption of the Notes (except as provided above with respect to Sections 3.09, 4.10 and 4.14 hereof);

(3) reduce the rate of or change the time for payment of interest, including default interest, on any Note;

(4) waive a Default or Event of Default in the payment of principal of, or premium, if any, or interest on, the Notes (except a rescission of acceleration of the Notes by the Holders of at least a majority in aggregate principal amount of the then outstanding Notes and a waiver of the payment default that resulted from such acceleration);

(5) make any Note payable in money other than that stated in the Notes;

(6) make any change in the provisions of this Indenture relating to waivers of past Defaults or the rights of Holders of Notes to receive payments of principal of, or interest or premium, if any, on, the Notes;

(7) waive a redemption payment with respect to any Note (other than a payment required by Sections 3.09, 4.10 or 4.14 hereof);

(8) release all or substantially all of the Collateral from the Liens securing the Note Guarantees;

(9) release any Guarantor from any of its obligations under its Note Guarantee or this Indenture if the assets or properties of that Guarantor constitute all or substantially all of the Collateral, except in accordance with the terms of this Indenture and the Intercreditor Agreement; or

(10) make any change in the preceding amendment and waiver provisions.

Section 9.03 *[Reserved]*.

Section 9.04 *Revocation and Effect of Consents.*

Until an amendment, supplement or waiver becomes effective, a consent to it by a Holder of a Note is a continuing consent by the Holder of a Note and every subsequent Holder of a Note or portion of a Note that evidences the same debt as the consenting Holder's Note, even if notation of the consent is not made on any Note. However, any such Holder of a Note or subsequent Holder of a Note may revoke the consent as to its Note if the Trustee receives written notice of revocation before the date the amendment, supplement or waiver becomes effective. An amendment, supplement or waiver becomes effective in accordance with its terms and thereafter binds every Holder.

Section 9.05 *Notation on or Exchange of Notes.*

The Trustee may place an appropriate notation about an amendment, supplement or waiver on any Note thereafter authenticated. The Company in exchange for all Notes may issue and the Trustee shall, upon receipt of an Authentication Order, authenticate new Notes that reflect the amendment, supplement or waiver.

Failure to make the appropriate notation or issue a new Note will not affect the validity and effect of such amendment, supplement or waiver.

Section 9.06 *Trustee to Sign Amendments, etc.*

The Trustee will sign any amended or supplemental indenture authorized pursuant to this Article 9 if the amendment or supplement does not adversely affect the rights, duties, liabilities or immunities of the Trustee. The Company may not sign an amended or supplemental indenture until the Board of Directors of the Company approves it. In executing any amended or supplemental indenture, the Trustee will be entitled to receive and (subject to Section 7.01 hereof) will be fully protected in relying upon, in addition to the documents required by Section 13.04 hereof, an Officers' Certificate and an Opinion of Counsel stating that the execution of such amended or supplemental indenture is authorized or permitted by this Indenture, and that such supplemental indenture is the legal, valid and binding obligation of the Company, enforceable against it in accordance with its terms.

ARTICLE 10
COLLATERAL AND SECURITY

Section 10.01 *Security.*

The payment of all amounts due under the Note Guarantees of the Pledgors and the performance of all Obligations of each of the Pledgors to the Holders will be secured, equally and ratably with any other Parity Lien Obligations of such Pledgors in respect of the Notes, by Liens on the Collateral of such Pledgors, subject to Permitted Prior Liens, as provided in the Collateral Documents and the Intercreditor Agreement. The payment of all amounts due under the Note Guarantee of VGR Holding and the performance of all Obligations of VGR Holding to the Holders will be secured, equally and ratably with any other Parity Lien Obligations of VGR Holding in respect of the Notes, by Liens on the Pledged Securities as provided in the Collateral Documents. The Collateral Documents shall provide for the grant by the Pledgors and VGR Holding to the Collateral Agent of security interests in the Collateral securing their Note Guarantees subject in the case of the Liggett Guarantors to the terms of the Intercreditor Agreement.

Section 10.02 *Equal and Ratable Sharing of Collateral by Holders of Parity Lien Debt.*

All Parity Liens granted at any time by the Pledgors or VGR Holding shall secure, equally and ratably, all present and future Parity Lien Obligations and all proceeds of all Parity Liens granted at any time by the Pledgors or VGR Holding shall be allocated and distributed equally and ratably on account of the Parity Lien Debt and other Parity Lien Obligations.

Section 10.03 *Release of Liens in Respect of Note Guarantees.*

Whether prior to or after the First Priority Debt has been paid in full, assets included in the Collateral shall be released from the Liens securing the Note Guarantees under any one or more of the following circumstances:

(a) the sale, lease, sublease, license, sublicense, conveyance or other disposition of products, services, inventory, or accounts receivable and related assets (including participations therein) in the ordinary course of business, including leases with respect to facilities that are temporarily not in use or pending their disposition, and any sale or other disposition of damaged, worn-out or obsolete assets in the ordinary course of business or any other property that is uneconomic or no longer useful to the conduct of the business of the Company or the Guarantors, which such transactions are hereby expressly permitted under this Indenture;

(b) as to any Collateral sold, transferred or otherwise disposed of by a Guarantor to a Person that is not (either before or after such sale, transfer or disposition) the Company or a Guarantor in a transaction or other circumstance that complies with the provisions of Section 4.10 hereof and is permitted by the Noteholder Documents, and, if the First Priority Debt has not been paid in full, the ABL Documents; *provided* that such Liens will not be released if such sale or disposition is subject to the provisions of Section 5.01 hereof;

(c) if any Guarantor is released from its Note Guarantee, that Guarantor’s assets will also be released from the Liens securing the Note Guarantee;

(d) in whole or in part, with the consent of the Holders of the requisite percentage of Notes in accordance with Article 9;

(e) if required in connection with certain foreclosure actions, or the exercise of other remedies in respect of Collateral, by the ABL Lender in respect of First Priority Debt in accordance with the terms of the Intercreditor Agreement;

(f) upon a Legal Defeasance or Covenant Defeasance of the Notes as set forth under Article 8;

(g) upon satisfaction and discharge of this Indenture as set forth under Article 12; or

(h) upon payment in full and discharge of all Notes outstanding under this Indenture and all Obligations that are outstanding, due and payable under this Indenture at the time the Notes are paid in full and discharged.

Section 10.04 *Relative Rights.*

Nothing in the Noteholder Documents or the Intercreditor Agreement shall:

(a) impair, as between the Company and the Holders, the obligation of the Company, which is absolute and unconditional, to pay principal of, interest and premium, if any, on the Notes in accordance with their terms or any other obligation of the Company or any Guarantor;

(b) affect the relative rights of Holders as against any other creditors of the Company or any Guarantor (other than holders of First Priority Liens, Permitted Prior Liens or other Parity Liens);

(c) restrict the right of any Holder to sue for payments that are then due and owing (but not enforce any judgment in respect thereof against any Collateral to the extent specifically prohibited under the Intercreditor Agreement);

(d) restrict or prevent any Holder or the Collateral Agent from exercising any of its rights or remedies upon a Default or Event of Default not specifically restricted or prohibited by the Intercreditor Agreement; or

(e) restrict or prevent any Holder or the Collateral Agent from taking any lawful action in an insolvency or liquidation proceeding not specifically restricted or prohibited by the Intercreditor Agreement.

Section 10.05 *Further Assurances.*

The Company and each of the Guarantors providing security for their Note Guarantees will do or cause to be done all acts and things that may be reasonably required, or that the Collateral Agent from time to time may reasonably request, to assure and confirm that the Collateral Agent holds, for the benefit of the holders of Parity Lien Obligations in respect of the Notes, duly created and enforceable and perfected Parity Liens upon the Collateral (including any categories of property or assets that are included as Collateral under the Collateral Documents or otherwise become Collateral after the Notes are issued), in each case, as contemplated by, and with the Lien priority required under, the Intercreditor Agreement and the Collateral Documents.

Upon the reasonable request of the Collateral Agent or the Trustee at any time and from time to time, the Company and each of the applicable Guarantors will promptly execute, acknowledge and deliver such security documents, instruments, certificates, notices and other documents, and take such other actions as shall be reasonably required, or that the Collateral Agent may reasonably request, to create,

perfect, protect, assure or enforce the Liens and benefits intended to be conferred, in each case as contemplated by the Collateral Documents for the benefit of the holders of Parity Lien Obligations in respect of the Notes, including any real property acquired by Pledgors in the future that has a Fair Market Value in excess of $12.5 million.

The Company and the applicable Guarantors will:

(1) keep their properties adequately insured at all times by financially sound and reputable insurers;

(2) maintain such other insurance, to such extent and against such risks (and with such deductibles, retentions and exclusions), including fire and other risks insured against by extended coverage and coverage for acts of terrorism, as is customary with companies in the same or similar businesses operating in the same or similar locations, including public liability insurance against claims for personal injury or death or property damage occurring upon, in, about or in connection with the use of any properties owned, occupied or controlled by them;

(3) maintain such other insurance as may be required by law;

(4) maintain title insurance on all real property Collateral insuring the Collateral Agent's Parity Lien on that property, subject only to Permitted Prior Liens and other exceptions to title approved by the Collateral Agent; and

(5) maintain such other insurance as may be required by the Collateral Documents.

Upon the request of the Collateral Agent, the Company and the Guarantors will furnish to the Collateral Agent full information as to their property and liability insurance carriers. Holders of Parity Lien Obligations in respect of the Notes, as a class, will be named as additional insureds, with a waiver of subrogation, on all insurance policies of the applicable Guarantors and the Collateral Agent will be named as loss payee, with 30 days' notice of cancellation or material change, on all property and casualty insurance policies of the applicable Guarantors.

Section 10.06 *Collateral Agent.*

(a) The Company has appointed U.S. Bank National Association to serve as Collateral Agent under the Intercreditor Agreement and the Collateral Documents, for the benefit of the Holders of the Notes.

(b) The Collateral Agent is authorized and empowered to appoint one or more co-collateral agents as it deems necessary or appropriate.

(c) The Collateral Agent (directly or through co-trustees, agents or sub-agents) will hold, and will be entitled to enforce, all Liens on the Collateral.

(d) The Collateral Agent will be subject to such directions as may be given it by the Trustee from time to time as required or permitted by this Indenture. Except as directed by the Trustee and as required or permitted by this Indenture, the Intercreditor Agreement or as directed by the Holders with the requisite consent of such Holders, the Collateral Agent will not be obligated to:

(1) act upon directions purported to be delivered to it by any other Person;

(2) foreclose upon or otherwise enforce any Lien; or

(3) take any other action whatsoever with regard to any or all of the Collateral Documents, the Liens created thereby or the Collateral.

The Company shall do or cause to be done all such acts and things as may be necessary or proper, or as may be required by the provisions of the Intercreditor Agreement and the Noteholder Documents, to assure and confirm to the Trustee and the Collateral Agent the security interest in the Collateral contemplated hereby, by the Intercreditor Agreement, the Noteholder Documents or any part thereof, as from time to time constituted, so as to render the same available for the security and benefit of this Indenture and of the Guarantees secured thereby, according to the intent and purposes herein and therein expressed.

(e) The Collateral Agent will be accountable only for amounts that it actually receives as a result of the enforcement of Liens created by the Collateral Documents.

(f) In acting as Collateral Agent, the Collateral Agent may rely upon and enforce each and all of the rights, powers, protections, immunities, indemnities and benefits of the Trustee under Article 7 mutatis mutandis, and, in connection therewith, references to the Trustee shall be deemed to include the Collateral Agent and references to this Indenture shall be deemed to include the Collateral Documents and references to negligence with respect to the Trustee will be deemed to be gross negligence with respect to the Collateral Agent.

(g) Each successor Trustee will become the successor Collateral Agent as and when the successor Trustee becomes the Trustee.

Section 10.07 *Authorization of Actions to Be Taken.*

(a) Each Holder of Notes, by its acceptance thereof, consents and agrees to the terms of each Collateral Document and the Intercreditor Agreement, as originally in effect and as amended, supplemented or replaced from time to time in accordance with its terms or the terms of this Indenture, authorizes and directs the Trustee and the Collateral Agent to enter into the Collateral Documents, authorizes and empowers the Trustee and the Collateral Agent to execute and deliver the Intercreditor Agreement, and authorizes and empowers each of the Trustee and the Collateral Agent to bind the Holders of Notes as set forth in the Collateral Documents and the Intercreditor Agreement and to perform its obligations and exercise its rights and powers thereunder.

(b) The Collateral Agent and the Trustee are authorized and empowered to receive for the benefit of the Holders any funds collected or distributed under the Collateral Documents or the Intercreditor Agreement and to make further distributions of such funds to the Holders according to the provisions of this Indenture.

(c) Subject to the provisions of Sections 7.01, 7.02 and 10.03 and the terms of the Intercreditor Agreement, the Trustee may, upon an Event of Default, in its sole discretion and without the consent of the Holders of Notes, direct, on behalf of the Holders, the Collateral Agent to take all actions it deems necessary or appropriate in order to:

(1) foreclose upon or otherwise enforce any or all of the Liens on the Collateral;

(2) enforce any of the terms of the Collateral Documents or Intercreditor Agreement; or

(3) collect and receive payment of any and all Obligations of the Pledgors and VGR Holding.

The Trustee will have power to (and to instruct the Collateral Agent to) institute and maintain such suits and proceedings as it may deem expedient to prevent any impairment of the Collateral by any acts that may be unlawful or in violation of the Collateral Documents, the Intercreditor Agreement or this Indenture, and such suits and proceedings as the Trustee may deem expedient to preserve or protect its interests and the interests of the Holders in the Collateral (including power to (and to instruct the Collateral Agent to) institute and maintain suits or proceedings to restrain the enforcement of or compliance with any legislative or other governmental enactment, rule or order that may be unconstitutional or otherwise invalid if the enforcement of, or compliance with, such enactment, rule or order would impair the security interest hereunder or be prejudicial to the interests of the Holders, the Trustee or the Collateral Agent).

Section 10.08 *Opinions.*

The Company will furnish to the Collateral Agent and the Trustee no later than the fifth anniversary of the date hereof and on or prior to each fifth anniversary thereafter, an Opinion of Counsel, dated as of such date:

(1) (A) stating that, in the opinion of such counsel, action has been taken with respect to the recording, registering, filing, re-recording, re-registering and re-filing of this Indenture, financing statements or continuation statements as is necessary to maintain the Liens of the Collateral Documents and reciting with respect to the security interests in the Collateral the details of such action or referring to prior Opinions of Counsel in which such details are given, and (B) stating that, in the opinion of such counsel, based on relevant laws as in effect on the date of such Opinion of Counsel, all financing statements and continuation statements have been executed and filed that are necessary as of such date and during the succeeding 12 months to maintain the Liens of the Collateral Documents and reciting the details of such actions; or

(2) stating that, in the opinion of such counsel, no such action is necessary to maintain such Liens.

Section 10.09 *Certificates of the Company.*

The Company will furnish to the Trustee and the Collateral Agent, prior to each proposed release of Collateral pursuant to the Collateral Documents (other than with respect to Collateral released pursuant to Section 10.03(a) of this Indenture):

(1) an Officers' Certificate identifying the Collateral to be released, the applicable provisions of the Indenture and the Collateral Documents that authorize such release and stating that the conditions precedent to such release have been satisfied; and

(2) an Opinion of Counsel stating that the conditions precedent to such release have been satisfied.

Upon receipt of such Officers' Certificate and Opinion of Counsel and any necessary or proper instruments of termination, satisfaction or release, the Trustee shall, or shall cause the Collateral Agent, to promptly execute, deliver or acknowledge (at the Company's expense and without recourse, representation or warranty) such instruments or releases to evidence the release of any Collateral permitted to be released pursuant to this Indenture or the Collateral Documents. Neither the Trustee nor

the Collateral Agent shall be liable for any such release undertaken in good faith in reliance upon any such Officers' Certificate or Opinion of Counsel. For the avoidance of doubt, the release of Liens on the Collateral pursuant to Section 10.03(a) shall be automatic. All purchasers and grantees of any property or rights purporting to be released herefrom shall be entitled to rely upon any release executed by the Collateral Agent hereunder as sufficient for the purpose of this Indenture and as constituting a good and valid release of the property therein described from the Lien of this Indenture or the Noteholder Documents. No purchaser or grantee of any property or rights purporting to be released herefrom shall be bound to ascertain the authority of the Trustee or the Collateral Agent to execute the release or to inquire as to the existence of any conditions herein prescribed for the exercise of such authority; nor shall any purchaser or grantee of any property or rights permitted by this Indenture to be sold or otherwise disposed of by the Company be under any obligation to ascertain or inquire into the authority of the Company to make such sale or other disposition. Each Holder, by its acceptance of the Notes, consents to and authorizes the Collateral Agent to enter into any documentation as contemplated by this Section 10.09.

Section 10.10 *[Reserved].*

Section 10.11 *Environmental Indemnity.*

(a) Each of the Company and the Guarantors jointly and severally agrees to defend (subject to Indemnitees' selection of counsel), indemnify, pay and hold harmless the Trustee and each Holder and each of their respective Affiliates and each and all of the directors, officers, partners, trustees, employees, attorneys and agents, and (in each case) their respective heirs, representatives, successors and assigns (each of the foregoing, an "*Indemnitee*") from and against any and all Indemnified Liabilities; provided, no Indemnitee shall be entitled to indemnification hereunder with respect to any Indemnified Liability to the extent such Indemnified Liability is found by a final and nonappealable decision of a court of competent jurisdiction to have resulted directly and primarily from the gross negligence or willful misconduct of such Indemnitee.

(b) All amounts due under Section 10.11(a) hereof shall be payable not later than 10 days after written demand therefor.

(c) To the extent that the undertakings to defend, indemnify, pay and hold harmless set forth in Section 10.11(a) hereof may be unenforceable in whole or in part because they are violative of any law or public policy, each of the Company and Guarantors shall contribute the maximum portion that it is permitted to pay and satisfy under applicable law to the payment and satisfaction of all Indemnified Liabilities incurred by Indemnitees or any of them.

(d) Neither the Company nor any Guarantor shall ever assert any claim against any Indemnitee, on any theory of liability, for any lost profits or special, indirect or consequential damages or (to the fullest extent lawful) any punitive damages arising out of, in connection with, or as a result of, this Indenture or any other Noteholder Document or any agreement or instrument or transaction contemplated hereby or relating in any respect to any Indemnified Liability, and each of the Company and Guarantors hereby forever waives, releases and agrees not to sue upon any claim for any such lost profits or special, indirect, consequential or (to the fullest extent lawful) punitive damages, whether or not accrued and whether or not known or suspected to exist in its favor.

(e) The agreements in this Section 10.11 shall survive repayment of the Notes and all other amounts payable hereunder and the resignation and removal of the Trustee or Collateral Agent.

ARTICLE 11
NOTE GUARANTEES

Section 11.01 *Guarantee.*

(a) Subject to this Article 11, each of the Guarantors hereby, jointly and severally, unconditionally guarantees to each Holder of a Note authenticated and delivered by the Trustee and to the Trustee and its successors and assigns, irrespective of the validity and enforceability of this Indenture, the Notes or the obligations of the Company hereunder or thereunder, that:

(1) the principal of, premium, if any, and interest on, the Notes will be promptly paid in full when due, whether at maturity, by acceleration, redemption or otherwise, and interest on the overdue principal of and interest on the Notes, if any, if lawful, and all other obligations of the Company to the Holders or the Trustee hereunder or thereunder will be promptly paid in full or performed, all in accordance with the terms hereof and thereof; and

(2) in case of any extension of time of payment or renewal of any Notes or any of such other obligations, that same will be promptly paid in full when due or performed in accordance with the terms of the extension or renewal, whether at stated maturity, by acceleration or otherwise.

Failing payment when due of any amount so guaranteed or any performance so guaranteed for whatever reason, the Guarantors will be jointly and severally obligated to pay the same immediately. Each Guarantor agrees that this is a guarantee of payment and not a guarantee of collection.

(b) The Guarantors hereby agree that their obligations hereunder are unconditional, irrespective of the validity, regularity or enforceability of the Notes or this Indenture, the absence of any action to enforce the same, any waiver or consent by any Holder of the Notes with respect to any provisions hereof or thereof, the recovery of any judgment against the Company, any action to enforce the same or any other circumstance which might otherwise constitute a legal or equitable discharge or defense of a guarantor. Each Guarantor hereby waives diligence, presentment, demand of payment, filing of claims with a court in the event of insolvency or bankruptcy of the Company, any right to require a proceeding first against the Company, protest, notice and all demands whatsoever and covenant that this Note Guarantee will not be discharged except by complete performance of the obligations contained in the Notes and this Indenture.

(c) If any Holder or the Trustee is required by any court or otherwise to return to the Company, the Guarantors or any custodian, trustee, liquidator or other similar official acting in relation to either the Company or the Guarantors, any amount paid by either to the Trustee or such Holder, this Note Guarantee, to the extent theretofore discharged, will be reinstated in full force and effect.

(d) Each Guarantor agrees that it will not be entitled to any right of subrogation in relation to the Holders in respect of any obligations guaranteed hereby until payment in full of all obligations guaranteed hereby. Each Guarantor further agrees that, as between the Guarantors, on the one hand, and the Holders and the Trustee, on the other hand, (1) the maturity of the obligations guaranteed hereby may be accelerated as provided in Article 6 hereof for the purposes of this Note Guarantee, notwithstanding any stay, injunction or other prohibition preventing such acceleration in respect of the obligations guaranteed hereby, and (2) in the event of any declaration of acceleration of such obligations as provided in Article 6 hereof, such obligations (whether or not due and payable) will forthwith become due and payable by the Guarantors for the purpose of this Note Guarantee. The Guarantors will have the right to seek contribution from any non-paying Guarantor so long as the exercise of such right does not impair the rights of the Holders under the Note Guarantee.

Section 11.02 *Limitation on Guarantor Liability.*

Each Guarantor, and by its acceptance of Notes, each Holder, hereby confirms that it is the intention of all such parties that the Note Guarantee of such Guarantor not constitute a fraudulent transfer or conveyance for purposes of Bankruptcy Law, the Uniform Fraudulent Conveyance Act, the Uniform Fraudulent Transfer Act or any similar federal or state law to the extent applicable to any Note Guarantee. To effectuate the foregoing intention, the Trustee, the Holders and the Guarantors hereby irrevocably agree that the obligations of such Guarantor will be limited to the maximum amount that will, after giving effect to such maximum amount and all other contingent and fixed liabilities of such Guarantor that are relevant under such laws, and after giving effect to any collections from, rights to receive contribution from or payments made by or on behalf of any other Guarantor in respect of the obligations of such other Guarantor under this Article 11, result in the obligations of such Guarantor under its Note Guarantee not constituting a fraudulent transfer or conveyance.

Section 11.03 *Execution and Delivery of Note Guarantee.*

To evidence its Note Guarantee set forth in Section 11.01 hereof, each Guarantor hereby agrees that a notation of such Note Guarantee substantially in the form attached as Exhibit E hereto will be endorsed by an Officer of such Guarantor on each Note authenticated and delivered by the Trustee and that this Indenture will be executed on behalf of such Guarantor by one of its Officers.

Each Guarantor hereby agrees that its Note Guarantee set forth in Section 11.01 hereof will remain in full force and effect notwithstanding any failure to endorse on each Note a notation of such Note Guarantee.

If an Officer whose signature is on this Indenture or on the Note Guarantee no longer holds that office at the time the Trustee authenticates the Note on which a Note Guarantee is endorsed, the Note Guarantee will be valid nevertheless.

The delivery of any Note by the Trustee, after the authentication thereof hereunder, will constitute due delivery of the Note Guarantee set forth in this Indenture on behalf of the Guarantors.

In the event that the Company acquires any Domestic Subsidiary after the date of this Indenture, if required by Section 4.17 hereof, the Company will cause such Domestic Subsidiary to comply with the provisions of Section 4.17 hereof and this Article 11, the extent applicable.

Section 11.04 *Guarantors May Consolidate, etc., on Certain Terms.*

Except as otherwise provided in Section 11.05 hereof, no Guarantor may sell or otherwise dispose of all or substantially all of its assets to, or consolidate with or merge with or into (whether or not such Guarantor is the surviving Person) another Person, other than the Company or another Guarantor, unless:

(1) immediately after giving effect to such transaction, no Default or Event of Default exists; and

(2) either:

(A) subject to Section 11.05 hereof, the Person acquiring the property in any such sale or disposition or the Person formed by or surviving any such consolidation or merger unconditionally assumes all the obligations of that Guarantor under this Indenture, the Collateral Documents and its Note Guarantee on the terms set forth herein or therein, pursuant to a supplemental indenture and appropriate Collateral Documents in form and substance reasonably satisfactory to the Trustee; or

(B) the Net Proceeds of such sale or other disposition are applied in accordance with the applicable provisions of this Indenture, including without limitation, Section 4.10 hereof.

In case of any such consolidation, merger, sale or conveyance and upon the assumption by the successor Person, by supplemental indenture, executed and delivered to the Trustee and satisfactory in form to the Trustee, of the Note Guarantee endorsed upon the Notes and the due and punctual performance of all of the covenants and conditions of this Indenture to be performed by the Guarantor, such successor Person will succeed to and be substituted for the Guarantor with the same effect as if it had been named herein as a Guarantor. Such successor Person thereupon may cause to be signed any or all of the Note Guarantees to be endorsed upon all of the Notes issuable hereunder which theretofore shall not have been signed by the Company and delivered to the Trustee. All the Note Guarantees so issued will in all respects have the same legal rank and benefit under this Indenture as the Note Guarantees theretofore and thereafter issued in accordance with the terms of this Indenture as though all of such Note Guarantees had been issued at the date of the execution hereof.

Except as set forth in Articles 4 and 5 hereof, and notwithstanding clauses 2(a) and (b) above, nothing contained in this Indenture or in any of the Notes will prevent any consolidation or merger of a Guarantor with or into the Company or another Guarantor, or will prevent any sale or conveyance of the property of a Guarantor as an entirety or substantially as an entirety to the Company or another Guarantor.

Section 11.05 *Releases.*

(a) In the event of any sale or other disposition of all or substantially all of the assets of any Guarantor, by way of merger, consolidation or otherwise, or a sale or other disposition of all of the Capital Stock of any Guarantor, in each case provided such sale or disposition does not violate the provisions of Section 4.10 hereof, and in each case to a Person that is not (either before or after giving effect to such transactions) the Company or a Guarantor, then such Guarantor (in the event of a sale or other disposition, by way of merger, consolidation or otherwise, of all of the Capital Stock of such Guarantor) or the corporation acquiring the property (in the event of a sale or other disposition of all or substantially all of the assets of such Guarantor) will be released and relieved of any obligations under its Note Guarantee; *provided* that the Net Proceeds of such sale or other disposition are applied in accordance with the applicable provisions of this Indenture, including without limitation Section 4.10 hereof. Upon delivery by the Company to the Trustee of an Officers' Certificate and an Opinion of Counsel to the effect that such sale or other disposition was made by the Company in accordance with the provisions of this Indenture, including without limitation Section 4.10 hereof, the Trustee will execute any documents reasonably required in order to evidence the release of any Guarantor from its obligations under its Note Guarantee.

(b) Upon Legal Defeasance in accordance with Article 8 hereof or satisfaction and discharge of this Indenture in accordance with Article 12 hereof, each Guarantor will be released and relieved of any obligations under its Note Guarantee.

Any Guarantor not released from its obligations under its Note Guarantee as provided in this Section 11.05 will remain liable for the full amount of principal of and interest and premium, if any, on the Notes and for the other obligations of any Guarantor under this Indenture as provided in this Article 11.

ARTICLE 12
SATISFACTION AND DISCHARGE

Section 12.01 *Satisfaction and Discharge.*

This Indenture will be discharged and will cease to be of further effect as to all Notes issued hereunder, when:

(1) either:

(a) all Notes that have been authenticated, except lost, stolen or destroyed Notes that have been replaced or paid and Notes for whose payment money has theretofore been irrevocably deposited in trust and thereafter repaid to the Company, have been delivered to the Trustee for cancellation; or

(b) all Notes that have not been delivered to the Trustee for cancellation have become due and payable by reason of the mailing or other delivery (including by electronic means) of a notice of redemption or otherwise or will become due and payable within one year and the Company or any Guarantor has irrevocably deposited or caused to be deposited with the Trustee as trust funds in trust solely for the benefit of the Holders, cash in U.S. dollars, non-callable Government Securities, or a combination thereof, in such amounts as will be sufficient, without consideration of any reinvestment of interest, to pay and discharge the entire Indebtedness on the Notes not delivered to the Trustee for cancellation for principal, premium, if any, and accrued interest to the date of maturity or redemption;

(2) no Default or Event of Default has occurred and is continuing on the date of such deposit (other than a Default or Event of Default resulting from the borrowing of funds to be applied to such deposit) and the deposit will not result in a breach or violation of, or constitute a default under, any other instrument to which the Company or any Guarantor is a party or by which the Company or any Guarantor is bound;

(3) the Company or any Guarantor has paid or caused to be paid all sums payable by it under this Indenture; and

(4) the Company has delivered irrevocable instructions to the Trustee under this Indenture to apply the deposited money toward the payment of the Notes at maturity or on the redemption date, as the case may be.

In addition, the Company must deliver an Officers' Certificate and an Opinion of Counsel to the Trustee stating that all conditions precedent to satisfaction and discharge have been satisfied.

Notwithstanding the satisfaction and discharge of this Indenture, if money has been deposited with the Trustee pursuant to subclause (b) of clause (1) of this Section 12.01, the provisions of Sections 12.02 and 8.06 hereof will survive. In addition, nothing in this Section 12.01 will be deemed to discharge those provisions of Section 7.07 hereof, that, by their terms, survive the satisfaction and discharge of this Indenture.

Section 12.02 *Application of Trust Money.*

Subject to the provisions of Section 8.06 hereof, all money deposited with the Trustee pursuant to Section 12.01 hereof shall be held in trust and applied by it, in accordance with the provisions of the Notes and this Indenture, to the payment, either directly or through any Paying Agent (including the Company acting as its own Paying Agent) as the Trustee may determine, to the Persons entitled thereto, of the principal (and premium, if any) and interest for whose payment such money has been deposited with the Trustee; but such money need not be segregated from other funds except to the extent required by law.

If the Trustee or Paying Agent is unable to apply any money or Government Securities in accordance with Section 12.01 hereof by reason of any legal proceeding or by reason of any order or judgment of any court or governmental authority enjoining, restraining or otherwise prohibiting such application, the Company's and any Guarantor's obligations under this Indenture and the Notes shall be revived and reinstated as though no deposit had occurred pursuant to Section 12.01 hereof; *provided* that if the Company has made any payment of principal of, premium, if any, or interest on, any Notes because of the reinstatement of its obligations, the Company shall be subrogated to the rights of the Holders of such Notes to receive such payment from the money or Government Securities held by the Trustee or Paying Agent.

ARTICLE 13
MISCELLANEOUS

Section 13.01 *[Reserved]*.

Section 13.02 *Notices.*

Any notice or communication by the Company, any Guarantor or the Trustee to the others is duly given if in writing and delivered in Person or by first class mail (registered or certified, return receipt requested), facsimile transmission or overnight air courier guaranteeing next day delivery, to the others' address:

If to the Company and/or any Guarantor:

Vector Group Ltd.
4400 Biscayne Blvd. 10th Floor
Miami, Florida 33137
Attention: Marc N. Bell, Esq.
Facsimile No.: (305) 579-8016

With a copy to:

Sullivan & Cromwell LLP
125 Broad Street
New York, New York 10004
Attention: Inosi Nyatta
Facsimile No.: (212) 558-3588

If to the Trustee:

U.S. Bank National Association,
Global Corporate Trust Services
60 Livingston Avenue
EP-MN-WS3C
St. Paul, MN 55107-2292
Attention: Joshua A. Hahn
Facsimile No.: (651) 466-7430

The Company, any Guarantor or the Trustee, by notice to the others, may designate additional or different addresses for subsequent notices or communications.

All notices and communications (other than those sent to Holders) will be deemed to have been duly given: at the time delivered by hand, if personally delivered; five Business Days after being deposited in the mail, postage prepaid, if mailed; when receipt acknowledged, if transmitted by facsimile; and the next Business Day after timely delivery to the courier, if sent by overnight air courier guaranteeing next day delivery.

Any notice or communication to a Holder will be delivered by electronic means or mailed by first class mail, certified or registered, return receipt requested, or by overnight air courier guaranteeing next day delivery to its address shown on the register kept by the Registrar. Failure to mail a notice or communication to a Holder or any defect in it will not affect its sufficiency with respect to other Holders.

If a notice or communication is mailed in the manner provided above within the time prescribed, it is duly given, whether or not the addressee receives it.

If the Company delivers (including by electronic means) or mails a notice or communication to Holders, it will deliver (including by electronic means) or mail a copy to the Trustee and each Agent at the same time.

Section 13.03 *Communication by Holders of Notes with Other Holders of Notes.*

Holders may communicate pursuant to TIA § 312(b) with other Holders with respect to their rights under this Indenture or the Notes. The Company, the Trustee, the Registrar and anyone else shall have the protection of TIA § 312(c).

Section 13.04 *Certificate and Opinion as to Conditions Precedent.*

Upon any request or application by the Company to the Trustee to take any action under this Indenture, the Company shall furnish to the Trustee:

(1) an Officers' Certificate in form and substance reasonably satisfactory to the Trustee (which must include the statements set forth in Section 13.05 hereof) stating that, in the opinion of the signers, all conditions precedent and covenants, if any, provided for in this Indenture relating to the proposed action have been satisfied; and

(2) an Opinion of Counsel in form and substance reasonably satisfactory to the Trustee (which must include the statements set forth in Section 13.05 hereof) stating that, in the opinion of such counsel, all such conditions precedent and covenants have been satisfied.

Section 13.05 *Statements Required in Certificate or Opinion.*

Each certificate or opinion with respect to compliance with a condition or covenant provided for in this Indenture must include:

(1) a statement that the Person making such certificate or opinion has read such covenant or condition;

(2) a brief statement as to the nature and scope of the examination or investigation upon which the statements or opinions contained in such certificate or opinion are based;

(3) a statement that, in the opinion of such Person, he or she has made such examination or investigation as is necessary to enable him or her to express an informed opinion as to whether or not such covenant or condition has been satisfied; and

(4) a statement as to whether or not, in the opinion of such Person, such condition or covenant has been satisfied.

Section 13.06 *Rules by Trustee and Agents.*

The Trustee may make reasonable rules for action by or at a meeting of Holders. The Registrar or Paying Agent may make reasonable rules and set reasonable requirements for its functions.

Section 13.07 *No Personal Liability of Directors, Officers, Employees and Stockholders.*

No past, present or future director, officer, employee, incorporator or stockholder of the Company or any Guarantor, as such, will have any liability for any obligations of the Company or the Guarantors under the Notes, this Indenture, the Note Guarantees, the Collateral Documents or for any claim based on, in respect of, or by reason of, such obligations or their creation. Each Holder of Notes by accepting a Note waives and releases all such liability. The waiver and release are part of the consideration for issuance of the Notes. The waiver may not be effective to waive liabilities under the federal securities laws.

Section 13.08 *Governing Law.*

THE INTERNAL LAW OF THE STATE OF NEW YORK WILL GOVERN AND BE USED TO CONSTRUE THIS INDENTURE, THE NOTES AND THE NOTE GUARANTEES WITHOUT GIVING EFFECT TO APPLICABLE PRINCIPLES OF CONFLICTS OF LAW TO THE EXTENT THAT THE APPLICATION OF THE LAWS OF ANOTHER JURISDICTION WOULD BE REQUIRED THEREBY.

Section 13.09 *No Adverse Interpretation of Other Agreements.*

This Indenture may not be used to interpret any other indenture, loan or debt agreement of the Company or its Subsidiaries or of any other Person. Any such indenture, loan or debt agreement may not be used to interpret this Indenture.

Section 13.10 *Successors.*

All agreements of the Company in this Indenture and the Notes will bind its successors. All agreements of the Trustee in this Indenture will bind its successors. All agreements of each Guarantor in this Indenture will bind its successors, except as otherwise provided in Section 11.05 hereof.

Section 13.11 *Severability.*

In case any provision in this Indenture or in the Notes is invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions will not in any way be affected or impaired thereby.

Section 13.12 *Counterpart Originals.*

The parties may sign any number of copies of this Indenture. Each signed copy will be an original, but all of them together represent the same agreement.

Section 13.13 *Table of Contents, Headings, etc.*

The Table of Contents, Cross-Reference Table and Headings of the Articles and Sections of this Indenture have been inserted for convenience of reference only, are not to be considered a part of this Indenture and will in no way modify or restrict any of the terms or provisions hereof.

Section 13.14 *Waiver of Jury Trial.*

EACH OF THE COMPANY AND THE TRUSTEE HEREBY IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY AND ALL RIGHT TO TRIAL BY JURY IN ANY LEGAL PROCEEDING ARISING OUT OF OR RELATING TO THE INDENTURE, THE NOTES OR THE TRANSACTION CONTEMPLATED HEREBY.

Section 13.15 *Security Advice Waiver.*

The Company acknowledges that regulations of the Comptroller of the Currency might grant the Company the right to receive brokerage confirmations of the security transactions as they occur. The Company specifically waives such notification to the extent permitted by law and will receive periodic cash transaction statements that will detail all investment transactions, if any.

Section 13.16 *USA Patriot Act.*

The parties hereto acknowledge that in accordance with the U.S.A. Patriot Act, the Trustee, like all financial institutions and in order to help fight the funding of terrorism and money laundering, is required to obtain, verify, and record information that identifies each person or legal entity that establishes a relationship or opens an account with the Trustee. The parties hereto agree that they will provide the Trustee with such information as it may request in order for the Trustee to satisfy the requirements of the U.S.A. Patriot Act.

[Signatures on following page]

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first written above.

Very truly yours,

The Company:

VECTOR GROUP LTD.

By: /s/ J. Bryant Kirkland III
Name: J. Bryant Kirkland III
Title: Senior Vice President, Treasurer and Chief Financial Officer

Guarantors:

VGR HOLDING LLC

By: /s/ J. Bryant Kirkland III
Name: J. Bryant Kirkland III
Title: Vice President, Treasurer and Chief Financial Officer

LIGGETT GROUP LLC

By: /s/ John R. Long
Name: John R. Long
Title: Vice President, General Counsel and Secretary

LIGGETT VECTOR BRANDS LLC

By: /s/ John R. Long
Name: John R. Long
Title: Vice President, General Counsel and Secretary

VECTOR RESEARCH LLC

By: /s/ Nicholas P. Anson
Name: Nicholas P. Anson
Title: Vice President, Treasurer and Chief Financial Officer

VECTOR TOBACCO INC.

By: /s/ Nicholas P. Anson
Name: Nicholas P. Anson
Title: Vice President Finance, Treasurer and Chief Financial Officer

LIGGETT & MYERS HOLDINGS INC.

By: /s/ J. Bryant Kirkland III
Name: J. Bryant Kirkland III
Title: Vice President and Treasurer

100 MAPLE LLC

By: /s/ John R. Long
Name: John R. Long
Title: Secretary

V.T. AVIATION LLC

By: /s/ Nicholas P. Anson
Name: Nicholas P. Anson
Title: Vice President of Finance, Treasurer and Chief Financial Officer

VGR AVIATION LLC

By: /s/ Nicholas P. Anson
Name: Nicholas P. Anson
Title: Vice President of Finance, Treasurer and Chief Financial Officer

EVE HOLDINGS LLC

By: /s/ John R. Long
Name: John R. Long
Title: Secretary

ACCOMMODATIONS ACQUISITION CORPORATION

By: /s/ J. Bryant Kirkland III
Name: J. Bryant Kirkland III
Title: Vice President and Treasurer

ZOOM E-CIGS LLC

By: /s/ Nicholas P. Anson
Name: Nicholas P. Anson
Title: Vice President – Finance and Chief Financial Officer

(Signature page to Indenture)

Trustee:

U.S. BANK NATIONAL ASSOCIATION

By: /s/ Joshua A. Hahn
Name: Joshua A. Hahn
Title: Vice President

(Signature page to Indenture)

EXHIBIT A

[Face of Note]

CUSIP/CINS _____

6.125% Senior Secured Notes due 2025

No. __ $ _____

VECTOR GROUP LTD.

promises to pay to [_____] or registered assigns,

the principal sum of _____ DOLLARS on February 1, 2025.

Interest Payment Dates: February 1 and August 1

Record Dates: January 15 and July 15

Dated: _____, 20__

VECTOR GROUP LTD.

By: _____
Name:
Title:

This is one of the Notes referred to
in the within-mentioned Indenture:

U.S. BANK NATIONAL ASSOCIATION,
as Trustee

By: _____
Name:
Title:

[Insert the Global Note Legend, if applicable pursuant to the provisions of the Indenture]

[Insert the Private Placement Legend, if applicable pursuant to the provisions of the Indenture]

Capitalized terms used herein have the meanings assigned to them in the Indenture referred to below unless otherwise indicated.

(1) *INTEREST*. Vector Group Ltd., a Delaware corporation (the "*Company*"), promises to pay interest on the principal amount of this Note at 6.125% per annum from _____, 20__ until maturity. The Company will pay interest, if any, semi-annually in arrears on February 1 and August 1 of each year, or if any such day is not a Business Day, on the next succeeding Business Day (each, an "*Interest Payment Date*"). Interest on the Notes will accrue from the most recent date to which interest has been paid or, if no interest has been paid, from the date of issuance; *provided* that if there is no existing Default in the payment of interest, and if this Note is authenticated between a record date referred to on the face hereof and the next succeeding Interest Payment Date, interest shall accrue from such next succeeding Interest Payment Date; *provided further* that the first Interest Payment Date shall be _____, 20__. The Company will pay interest (including post-petition interest in any proceeding under any Bankruptcy Law) on overdue principal and premium, if any, from time to time on demand at a rate that is 1% per annum in excess of the rate then in effect to the extent lawful; it will pay interest (including post-petition interest in any proceeding under any Bankruptcy Law) on overdue installments of interest (without regard to any applicable grace periods) from time to time on demand at the same rate to the extent lawful. Interest will be computed on the basis of a 360-day year of twelve 30-day months.

(2) *METHOD OF PAYMENT*. The Company will pay interest on the Notes (except defaulted interest) to the Persons who are registered Holders of Notes at the close of business on the February 1 or August 1 next preceding the Interest Payment Date, even if such Notes are canceled after such record date and on or before such Interest Payment Date, except as provided in Section 2.12 of the Indenture with respect to defaulted interest. The Notes will be payable as to principal, premium, if any, and interest at the office or agency of the Company maintained for such purpose within or without the City and State of New York, or, at the option of the Company, payment of interest may be made by check mailed to the Holders at their addresses set forth in the register of Holders; *provided* that payment by wire transfer of immediately available funds will be required with respect to principal of and interest, premium, if any, on, all Global Notes and all other Notes the Holders of which will have provided wire transfer instructions to the Company or the Paying Agent. Such payment will be in such coin or currency of the United States of America as at the time of payment is legal tender for payment of public and private debts.

(3) *PAYING AGENT AND REGISTRAR*. Initially, U.S. Bank National Association, the Trustee under the Indenture, will act as Paying Agent and Registrar. The Company may change any Paying Agent or Registrar without notice to any Holder. The Company or any of its Subsidiaries may act in any such capacity.

(4) *INDENTURE AND COLLATERAL*.

(a) The Company issued the Notes under an Indenture dated as of January 27, 2017 (the "*Indenture*") among the Company, the Guarantors and the Trustee. The terms of the Notes include those stated in the Indenture and those made part of the Indenture by reference to the TIA. The Notes are subject to all such terms, and Holders are referred to the Indenture and such Act for a statement of such terms. To the extent any provision of this Note conflicts with the express provisions of the Indenture, the provisions of the Indenture shall govern and be controlling. The Indenture does not limit the aggregate principal amount of Notes that may be issued thereunder.

(b) The payment of all amounts due under the Note Guarantees of the Pledgors and the performance of all Obligations of each of the Pledgors to the Holders will be secured, equally and ratably with any other Parity Lien Obligations of such Pledgors in respect of the Notes, by Liens on the Collateral of such Pledgors, subject to Permitted Prior Liens, as provided in the Collateral Documents and the Intercreditor Agreement. The payment of all amounts due under the Note Guarantee of VGR Holding and the performance of all Obligations of VGR Holding to the Holders will be secured, equally and ratably with any other Parity Lien Obligations of VGR Holding in respect of the Notes, by Liens on the Pledged Securities as provided in the Collateral Documents. The Collateral Documents shall provide for the grant by the Pledgors and VGR Holding to the Collateral Agent of security interests in the Collateral securing their Note Guarantees subject in the case of the Liggett Guarantors to the terms of the Intercreditor Agreement.

(5) *OPTIONAL REDEMPTION*.

(a) At any time prior to February 1, 2020, the Company may on any one or more occasions redeem up to 40% of the aggregate principal amount of Notes issued under the Indenture at a redemption price of 106.125% of the principal amount thereof, plus accrued and unpaid interest, if any, to the redemption date, with the net cash proceeds of a sale of common Equity Interests (other than Disqualified Stock) of the Company; provided that:

(i) at least 60% of the aggregate principal amount of Notes originally issued under the Indenture (excluding Notes held by the Company and its Subsidiaries) remains outstanding immediately after the occurrence of such redemption; and

(ii) the redemption occurs within 90 days of the date of the closing of such sale of Equity Interests.

(b) At any time prior to February 1, 2020, the Company may also redeem all or a part of the Notes, upon not less than 30 nor more than 60 days' prior notice, at a redemption price equal to 100% of the principal amount of Notes to be redeemed plus the Applicable Premium as of, and accrued and unpaid interest, if any, to the applicable date of redemption, subject to the rights of Holders on the relevant record date to receive interest due on the relevant Interest Payment Date.

(c) Except pursuant to the preceding paragraphs, the Notes will not be redeemable at the Company's option prior to February 1, 2020.

(d) On or after February 1, 2020, the Company may redeem all or a part of the Notes upon not less than 30 nor more than 60 days' notice, at the redemption prices (expressed as percentages of principal amount) set forth below plus accrued and unpaid interest, if any, on the

Notes redeemed to the applicable redemption date, if redeemed during the twelve-month period beginning on February 1 of the years indicated below, subject to the rights of Holders on the relevant record date to receive interest on the relevant Interest Payment Date:

Year	Percentage
2020	103.063%
2021	101.531%
2019 and thereafter	100.000%

Unless the Company defaults in the payment of the redemption price, interest will cease to accrue on the Notes or portions thereof called for redemption on the applicable redemption date.

(6) *MANDATORY REDEMPTION.* The Company is not be required to make mandatory redemption or sinking fund payments with respect to the Notes.

(7) *REPURCHASE AT THE OPTION OF HOLDER.*

(a) Upon the occurrence of a Change of Control, each Holder of Notes will have the right to require the Company to make an offer (a *"Change of Control Offer"*) to repurchase all or any part (equal to $2,000 or an integral multiple of $1,000 in excess thereof) of that Holder's Notes at a purchase price in cash equal to 101% of the aggregate principal amount of Notes repurchased plus accrued and unpaid interest, if any, on the Notes repurchased to the date of purchase, subject to the rights of Holders on the relevant record date to receive interest due on the relevant Interest Payment Date (the *"Change of Control Payment"*). Within 30 days following any Change of Control, the Company will mail or otherwise deliver (including by electronic means) a notice to each Holder describing the transaction or transactions that constitute the Change of Control as required by the Indenture.

(b) If the Company or a Guarantor consummates any Asset Sales, within five days of each date on which the aggregate amount of Excess Proceeds exceeds $10.0 million, the Company will commence an offer to all Holders of Notes and all holders of other Indebtedness that is *pari passu* with the Notes containing provisions similar to those set forth in the Indenture with respect to offers to purchase or redeem with the proceeds of sales of assets (an "*Asset Sale Offer*") pursuant to Section 3.09 and 4.10 of the Indenture to purchase the maximum principal amount of Notes (including any Additional Notes) and such other *pari passu* Indebtedness that may be purchased out of the Excess Proceeds. The offer price in any Asset Sale Offer will be equal to percentages corresponding to the applicable optional redemption price in effect on the repurchase date, and for periods prior to February 1, 2020, the first optional redemption price of the principal amount plus accrued and unpaid interest, if any, to the date of purchase, and will be payable in cash, in accordance with the procedures set forth in the Indenture. To the extent that the aggregate amount of Notes (including any Additional Notes) and other *pari passu* Indebtedness tendered pursuant to an Asset Sale Offer is less than the Excess Proceeds, the Company (or such Guarantor) may use such deficiency for any purpose not otherwise prohibited by the Indenture. If the aggregate principal amount of Notes and other *pari passu* Indebtedness tendered into such Asset Sale Offer exceeds the amount of Excess Proceeds, the Trustee shall select the Notes and such other *pari passu* Indebtedness to be purchased on a *pro rata* basis. Holders of Notes that are the subject of an offer to purchase will receive an Asset Sale Offer from the Company prior to any related purchase date and may elect to have such Notes purchased by completing the form entitled "*Option of Holder to Elect Purchase*" attached to the Notes.

(8) *NOTICE OF REDEMPTION*. Notice of redemption will be mailed or otherwise delivered (including by electronic means) at least 30 days but not more than 60 days before the redemption date to each Holder whose Notes are to be redeemed at its registered address, except that redemption notices may be mailed or otherwise delivered (including by electronic means) more than 60 days prior to a redemption date if the notice is issued in connection with a defeasance of the Notes or a satisfaction or discharge of the Indenture. Notes in denominations larger than $2,000 may be redeemed in part but only in whole multiples of $1,000, unless all of the Notes held by a Holder are to be redeemed.

(9) *DENOMINATIONS, TRANSFER, EXCHANGE*. The Notes are in registered form without coupons in denominations of $2,000 and integral multiples of $1,000 in excess thereof. The transfer of Notes may be registered and Notes may be exchanged as provided in the Indenture. The Registrar and the Trustee may require a Holder, among other things, to furnish appropriate endorsements and transfer documents and the Company may require a Holder to pay any taxes and fees required by law or permitted by the Indenture. The Company need not exchange or register the transfer of any Note or portion of a Note selected for redemption, except for the unredeemed portion of any Note being redeemed in part. Also, the Company need not exchange or register the transfer of any Notes for a period of 15 days before a selection of Notes to be redeemed or during the period between a record date and the corresponding Interest Payment Date.

(10) *PERSONS DEEMED OWNERS*. The registered Holder of a Note may be treated as its owner for all purposes.

(11) *AMENDMENT, SUPPLEMENT AND WAIVER*. Subject to certain exceptions, and subject to the Intercreditor Agreement, the Indenture, the Notes, the Note Guarantees or the Collateral Documents may be amended or supplemented with the consent of the Holders of at least a majority in aggregate principal amount of the then outstanding Notes including Additional Notes, if any, voting as a single class, and any existing Default or Event of Default (except a continuing Default or Event of Default in the payment of the principal of, premium, if any, or interest on, the Notes) or compliance with any provision of the Indenture, the Notes, the Note Guarantees or the Collateral Documents may be waived with the consent of the Holders of a majority in aggregate principal amount of the then outstanding Notes including Additional Notes, if any, voting as a single class. Without the consent of any Holder of a Note, the Indenture, the Notes, the Note Guarantees or the Collateral Documents may be amended or supplemented to cure any ambiguity, defect or inconsistency; to provide for uncertificated Notes in addition to or in place of certificated Notes (*provided* that the uncertificated notes are issued in registered form for purposes of Section 163(f) of the Internal Revenue Code of 1986); to provide for the assumption of the Company's or a Guarantor's obligations to Holders of the Notes and Note Guarantees in case of a merger or consolidation, to make any change that would provide any additional rights or benefits to the Holders of the Notes or that does not adversely affect the legal rights under the Indenture of any such Holder; to conform the text of the Indenture, the Notes, the Note Guarantees or the Collateral Documents to any provision of the "Description of Notes" section of the Company's Offering Memorandum dated January 19, 2017, relating to the initial offering of the Notes, to the extent that such provision in that "Description of Notes" was intended to be a verbatim recitation of a provision of the Indenture, the Note Guarantees, the Collateral Documents or the Notes; to provide for the issuance of Additional Notes in accordance with the limitations set forth in the Indenture; to allow any Guarantor to execute a supplemental indenture to the Indenture and/or a Note Guarantee with respect to the Notes; or to make, complete or confirm any grant of Collateral permitted or required by the Indenture or any of the Collateral Documents or any release of Collateral that becomes effective as set forth in the

Indenture or any of the Collateral Documents. In addition, any amendment or supplement to, or waiver of, the provisions of the Indenture or any Collateral Document that has the effect of releasing all or substantially all of the Collateral from the Liens securing the Note Guarantees or releasing any Guarantor from any of its obligations under its Note Guarantee or the Indenture if the assets or properties of that Guarantor constitute all or substantially all of the Collateral, except in accordance with the terms of the Indenture and the Intercreditor Agreement, will require the consent of the holders of at least 95% in aggregate principal amount of the Notes then outstanding.

(12) *DEFAULTS AND REMEDIES*. Events of Default include: (i) default for 30 days in the payment when due of interest on the Notes; (ii) default in the payment when due (at maturity, upon redemption or otherwise) of the principal of, or premium, if any, on, the Notes or default in the payment when due of a Change of Control Payment; (iii) failure by the Company or any of the Guarantors for 30 days after notice to the Company by the Trustee or the Holders of at least 25% in aggregate principal amount of the Notes then outstanding, voting as a single class to comply with the provisions of Sections 4.07, 4.09 or 4.10 hereof; (iv) failure by the Company or any of the Guarantors for 60 days after notice to the Company by the Trustee or the Holders of at least 25% in aggregate principal amount of the Notes then outstanding, voting as a single class to comply with any of the other agreements in the Indenture or the Collateral Documents; (v) default under certain other agreements relating to Indebtedness of the Company which default arises from the failure to pay principal, interest or premium, if any, on such Indebtedness and such Default continues for 30 days or results in the acceleration of such Indebtedness prior to its express maturity and such acceleration is not annulled within 30 days; (vi) certain final judgments for the payment of money that remain undischarged for a period of 60 days; (vii) certain events of bankruptcy or insolvency with respect to the Company or any Guarantor that is a Significant Subsidiary or any group of Guarantors that, taken together, would constitute a Significant Subsidiary; (viii) the breach for 60 days after notice to the Company by the Trustee or the Holders of at least 25% in aggregate principal amount of the Notes then outstanding, voting as a single class of certain representations or warranties or agreements in the Collateral Documents; (ix) the repudiation by the Company or any of the Guarantors of any of its obligations under the Collateral Documents or the unenforceability of the Collateral Documents against the Company or any of the Guarantors for any reason; and (x) except as permitted by the Indenture, any Note Guarantee is held in any judicial proceeding to be unenforceable or invalid or ceases for any reason to be in full force and effect, or any Guarantor, or any Person acting on behalf of any Guarantor, denies or disaffirms its obligations under its Note Guarantee. If any Event of Default occurs and is continuing, the Trustee or the Holders of at least 25% in aggregate principal amount of the then outstanding Notes may declare all the Notes to be due and payable immediately. Notwithstanding the foregoing, in the case of an Event of Default arising from certain events of bankruptcy or insolvency, all outstanding Notes will become due and payable immediately without further action or notice. Holders may not enforce the Indenture or the Notes except as provided in the Indenture. Subject to certain limitations, Holders of a majority in aggregate principal amount of the then outstanding Notes may direct the Trustee in its exercise of any trust or power. The Trustee may withhold from Holders of the Notes notice of any continuing Default or Event of Default (except a Default or Event of Default relating to the payment of principal or interest or premium, if any) if it determines that withholding notice is in their interest. The Holders of a majority in aggregate principal amount of the then outstanding Notes by notice to the Trustee may, on behalf of the Holders of all of the Notes, rescind an acceleration or waive any existing Default or Event of Default and its consequences under the Indenture except a continuing Default or Event of Default in the payment of interest or premium, if any, on, or the principal of, the Notes.

(13) *TRUSTEE DEALINGS WITH COMPANY*. The Trustee, in its individual or any other capacity, may make loans to, accept deposits from, and perform services for the Company or its Affiliates, and may otherwise deal with the Company or its Affiliates, as if it were not the Trustee.

(14) *NO RECOURSE AGAINST OTHERS*. A director, officer, employee, incorporator or stockholder of the Company or any of the Guarantors, as such, will not have any liability for any obligations of the Company or the Guarantors under the Notes, the Note Guarantees, the Collateral Documents or the Indenture or for any claim based on, in respect of, or by reason of, such obligations or their creation. Each Holder by accepting a Note waives and releases all such liability. The waiver and release are part of the consideration for the issuance of the Notes.

(15) *AUTHENTICATION*. This Note will not be valid until authenticated by the manual signature of the Trustee or an authenticating agent.

(16) *ABBREVIATIONS*. Customary abbreviations may be used in the name of a Holder or an assignee, such as: TEN COM (= tenants in common), TEN ENT (= tenants by the entireties), JT TEN (= joint tenants with right of survivorship and not as tenants in common), CUST (= Custodian), and U/G/M/A (= Uniform Gifts to Minors Act).

(17) *[RESERVED]*.

(18) *CUSIP NUMBERS*. Pursuant to a recommendation promulgated by the Committee on Uniform Security Identification Procedures, the Company has caused CUSIP numbers to be printed on the Notes, and the Trustee may use CUSIP numbers in notices of redemption as a convenience to Holders. No representation is made as to the accuracy of such numbers either as printed on the Notes or as contained in any notice of redemption, and reliance may be placed only on the other identification numbers placed thereon.

(19) *GOVERNING LAW.* THE INTERNAL LAW OF THE STATE OF NEW YORK WILL GOVERN AND BE USED TO CONSTRUE THE INDENTURE, THIS NOTE AND THE NOTE GUARANTEES WITHOUT GIVING EFFECT TO APPLICABLE PRINCIPLES OF CONFLICTS OF LAW TO THE EXTENT THAT THE APPLICATION OF THE LAWS OF ANOTHER JURISDICTION WOULD BE REQUIRED THEREBY.

The Company will furnish to any Holder upon written request and without charge a copy of the Indenture. Requests may be made to:

Vector Group Ltd.
4400 Biscayne Blvd. 10th Floor
Miami, Florida 33137
Attention: Marc N. Bell, Esq.

ASSIGNMENT FORM

To assign this Note, fill in the form below:

(I) or (we) assign and transfer this Note to: _____

(Insert assignee's legal name)

_____

(Insert assignee's soc. sec. or tax I.D. no.)

_____

_____

_____

_____

(Print or type assignee's name, address and zip code)

and irrevocably appoint _____
to transfer this Note on the books of the Company. The agent may substitute another to act for him.

Date: _____

Your Signature: _____
(Sign exactly as your name appears on the face of this Note)

Signature Guarantee*: _____

* Participant in a recognized Signature Guarantee Medallion Program (or other signature guarantor acceptable to the Trustee).

Option of Holder to Elect Purchase

If you want to elect to have this Note purchased by the Company pursuant to Section 4.10 or 4.14 of the Indenture, check the appropriate box below:

Ø Section 4.10 Ø Section 4.14

If you want to elect to have only part of the Note purchased by the Company pursuant to Section 4.10 or Section 4.14 of the Indenture, state the amount you elect to have purchased:

$ _____

Date: _____

Your Signature: _____
(Sign exactly as your name appears on the face of this Note)

Tax Identification No.: _____

Signature Guarantee*: _____

* Participant in a recognized Signature Guarantee Medallion Program (or other signature guarantor acceptable to the Trustee).

SCHEDULE OF EXCHANGES OF INTERESTS IN THE GLOBAL NOTE *

The following exchanges of a part of this Global Note for an interest in another Global Note or for a Definitive Note, or exchanges of a part of another Global Note or Definitive Note for an interest in this Global Note, have been made:

Date of Exchange	Amount of decrease in Principal Amount of this Global Note	Amount of increase in Principal Amount of this Global Note	Principal Amount of this Global Note following such decrease (or increase)	Signature of authorized officer of Trustee or Custodian

* *This schedule should be included only if the Note is issued in global form.*

EXHIBIT B

FORM OF CERTIFICATE OF TRANSFER

[*Company address block*]

[*Registrar address block*]

Re: 6.125% Senior Secured Notes due 2025

Reference is hereby made to the Indenture, dated as of January 27, 2017 (the "*Indenture*"), among Vector Group Ltd., as issuer (the "*Company*"), the Guarantors party thereto and U.S. Bank National Association, as trustee. Capitalized terms used but not defined herein shall have the meanings given to them in the Indenture.

, (the "*Transferor*") owns and proposes to transfer the Note[s] or interest in such Note[s] specified in Annex A hereto, in the principal amount of $ in such Note[s] or interests (the "*Transfer*"), to (the "*Transferee*"), as further specified in Annex A hereto. In connection with the Transfer, the Transferor hereby certifies that:

[CHECK ALL THAT APPLY]

1. ☐ **Check if Transferee will take delivery of a beneficial interest in the 144A Global Note or a Restricted Definitive Note pursuant to Rule 144A**. The Transfer is being effected pursuant to and in accordance with Rule 144A under the Securities Act of 1933, as amended (the "*Securities Act*"), and, accordingly, the Transferor hereby further certifies that the beneficial interest or Definitive Note is being transferred to a Person that the Transferor reasonably believes is purchasing the beneficial interest or Definitive Note for its own account, or for one or more accounts with respect to which such Person exercises sole investment discretion, and such Person and each such account is a "qualified institutional buyer" within the meaning of Rule 144A in a transaction meeting the requirements of Rule 144A, and such Transfer is in compliance with any applicable blue sky securities laws of any state of the United States. Upon consummation of the proposed Transfer in accordance with the terms of the Indenture, the transferred beneficial interest or Definitive Note will be subject to the restrictions on transfer enumerated in the Private Placement Legend printed on the 144A Global Note and/or the Restricted Definitive Note and in the Indenture and the Securities Act.

2. ☐ **Check if Transferee will take delivery of a beneficial interest in the Regulation S Global Note or a Restricted Definitive Note pursuant to Regulation S**. The Transfer is being effected pursuant to and in accordance with Rule 903 or Rule 904 under the Securities Act and, accordingly, the Transferor hereby further certifies that (i) the Transfer is not being made to a Person in the United States and (x) at the time the buy order was originated, the Transferee was outside the United States or such Transferor and any Person acting on its behalf reasonably believed and believes that the Transferee was outside the United States or (y) the transaction was executed in, on or through the facilities of a designated offshore securities market and neither such Transferor nor any Person acting on its behalf knows that the transaction was prearranged with a buyer in the United States, (ii) no directed selling efforts have been made in contravention of the requirements of Rule 903(b) or Rule 904(b) of Regulation S under the Securities Act; (iii) the transaction is not part of a plan or scheme to evade the registration requirements of the Securities Act and (iv) if the proposed transfer is being made prior to the expiration of the Restricted Period, the transfer is not being made to a U.S. Person or for the account or benefit of a U.S. Person (other than an Initial Purchaser). Upon consummation of the proposed transfer in accordance with the terms of the Indenture, the transferred beneficial interest or Definitive Note will be subject to the restrictions on Transfer enumerated in the Private Placement Legend printed on the Regulation S Global Note and/or the Restricted Definitive Note and in the Indenture and the Securities Act.

3. ☐ **Check and complete if Transferee will take delivery of a beneficial interest in the IAI Global Note or a Restricted Definitive Note pursuant to any provision of the Securities Act other than Rule 144A or Regulation S**. The Transfer is being effected in compliance with the transfer restrictions applicable to beneficial interests in Restricted Global Notes and Restricted Definitive Notes and pursuant to and in accordance with the Securities Act and any applicable blue sky securities laws of any state of the United States, and accordingly the Transferor hereby further certifies that (check one):

(a) ☐ such Transfer is being effected pursuant to and in accordance with Rule 144 under the Securities Act;

or

(b) ☐ such Transfer is being effected to the Company or a subsidiary thereof;

or

(c) ☐ such Transfer is being effected pursuant to an effective registration statement under the Securities Act and in compliance with the prospectus delivery requirements of the Securities Act;

or

(d) ☐ such Transfer is being effected to an Institutional Accredited Investor and pursuant to an exemption from the registration requirements of the Securities Act other than Rule 144A, Rule 144, Rule 903 or Rule 904, and the Transferor hereby further certifies that it has not engaged in any general solicitation within the meaning of Regulation D under the Securities Act and the Transfer complies with the transfer restrictions applicable to beneficial interests in a Restricted Global Note or Restricted Definitive Notes and the requirements of the exemption claimed, which certification is supported by (1) a certificate executed by the Transferee in the form of Exhibit D to the Indenture and (2) if such Transfer is in respect of a principal amount of Notes at the time of transfer of less than $250,000, an Opinion of Counsel provided by the Transferor or the Transferee (a copy of which the Transferor has attached to this certification), to the effect that such Transfer is in compliance with the Securities Act. Upon consummation of the proposed transfer in accordance with the terms of the Indenture, the transferred beneficial interest or Definitive Note will be subject to the restrictions on transfer enumerated in the Private Placement Legend printed on the IAI Global Note and/or the Restricted Definitive Notes and in the Indenture and the Securities Act.

4. ☐ **Check if Transferee will take delivery of a beneficial interest in an Unrestricted Global Note or of an Unrestricted Definitive Note**.

(a) ☐ **Check if Transfer is pursuant to Rule 144**. (i) The Transfer is being effected pursuant to and in accordance with Rule 144 under the Securities Act and in compliance with the transfer restrictions contained in the Indenture and any applicable blue sky securities laws of any state of the United States and (ii) the restrictions on transfer contained in the Indenture and the Private Placement Legend are not required in order to maintain compliance with the Securities Act. Upon consummation of the proposed Transfer in accordance with the terms of the Indenture, the transferred beneficial interest or Definitive Note will no longer be subject to the restrictions on transfer enumerated in the Private Placement Legend printed on the Restricted Global Notes, on Restricted Definitive Notes and in the Indenture.

(b) ☐ **Check if Transfer is Pursuant to Regulation S**. (i) The Transfer is being effected pursuant to and in accordance with Rule 903 or Rule 904 under the Securities Act and in compliance with the transfer restrictions contained in the Indenture and any applicable blue sky securities laws of any state of the United States and (ii) the restrictions on transfer contained in the Indenture and the Private Placement Legend are not required in order to maintain compliance with the Securities Act. Upon consummation of the proposed Transfer in accordance with the terms of the Indenture, the transferred beneficial interest or Definitive Note will no longer be subject to the restrictions on transfer enumerated in the Private Placement Legend printed on the Restricted Global Notes, on Restricted Definitive Notes and in the Indenture.

(c) ☐ **Check if Transfer is Pursuant to Other Exemption**. (i) The Transfer is being effected pursuant to and in compliance with an exemption from the registration requirements of the Securities Act other than Rule 144, Rule 903 or Rule 904 and in compliance with the transfer restrictions contained in the Indenture and any applicable blue sky securities laws of any State of the United States and (ii) the restrictions on transfer contained in the Indenture and the Private Placement Legend are not required in order to maintain compliance with the Securities Act. Upon consummation of the proposed Transfer in accordance with the terms of the Indenture, the transferred beneficial interest or Definitive Note will not be subject to the restrictions on transfer enumerated in the Private Placement Legend printed on the Restricted Global Notes or Restricted Definitive Notes and in the Indenture.

This certificate and the statements contained herein are made for your benefit and the benefit of the Company.

_____
[Insert Name of Transferor]

By: _____
Name:
Title:

Dated:

ANNEX A TO CERTIFICATE OF TRANSFER

1. The Transferor owns and proposes to transfer the following:

[CHECK ONE OF (a) OR (b)]

(a) ☐ a beneficial interest in the:

(i) ☐ 144A Global Note (CUSIP), or

(ii) ☐ Regulation S Global Note (CUSIP), or

(iii) ☐ IAI Global Note (CUSIP); or

(b) ☐ a Restricted Definitive Note.

2. After the Transfer the Transferee will hold:

[CHECK ONE]

(a) ☐ a beneficial interest in the:

(i) ☐ 144A Global Note (CUSIP), or

(ii) ☐ Regulation S Global Note (CUSIP), or

(iii) ☐ IAI Global Note (CUSIP); or

(iv) ☐ Unrestricted Global Note (CUSIP); or

(b) ☐ a Restricted Definitive Note; or

(c) ☐ an Unrestricted Definitive Note,

in accordance with the terms of the Indenture.

EXHIBIT C

FORM OF CERTIFICATE OF EXCHANGE

[*Company address block*]

[*Registrar address block*]

Re: 6.125% Senior Secured Notes due 2025

(CUSIP)

Reference is hereby made to the Indenture, dated as of January 27, 2017 (the "*Indenture*"), among Vector Group Ltd. as issuer (the "*Company*"), the Guarantors party thereto and U.S. Bank National Association as trustee. Capitalized terms used but not defined herein shall have the meanings given to them in the Indenture.

, (the "*Owner*") owns and proposes to exchange the Note[s] or interest in such Note[s] specified herein, in the principal amount of $ in such Note[s] or interests (the "*Exchange*"). In connection with the Exchange, the Owner hereby certifies that:

1. **Exchange of Restricted Definitive Notes or Beneficial Interests in a Restricted Global Note for Unrestricted Definitive Notes or Beneficial Interests in an Unrestricted Global Note**

(a) ☐ **Check if Exchange is from beneficial interest in a Restricted Global Note to beneficial interest in an Unrestricted Global Note**. In connection with the Exchange of the Owner's beneficial interest in a Restricted Global Note for a beneficial interest in an Unrestricted Global Note in an equal principal amount, the Owner hereby certifies (i) the beneficial interest is being acquired for the Owner's own account without transfer, (ii) such Exchange has been effected in compliance with the transfer restrictions applicable to the Global Notes and pursuant to and in accordance with the Securities Act of 1933, as amended (the "*Securities Act*"), (iii) the restrictions on transfer contained in the Indenture and the Private Placement Legend are not required in order to maintain compliance with the Securities Act and (iv) the beneficial interest in an Unrestricted Global Note is being acquired in compliance with any applicable blue sky securities laws of any state of the United States.

(b) ☐ **Check if Exchange is from beneficial interest in a Restricted Global Note to Unrestricted Definitive Note**. In connection with the Exchange of the Owner's beneficial interest in a Restricted Global Note for an Unrestricted Definitive Note, the Owner hereby certifies (i) the Definitive Note is being acquired for the Owner's own account without transfer, (ii) such Exchange has been effected in compliance with the transfer restrictions applicable to the Restricted Global Notes and pursuant to and in accordance with the Securities Act, (iii) the restrictions on transfer contained in the Indenture and the Private Placement Legend are not required in order to maintain compliance with the Securities Act and (iv) the Definitive Note is being acquired in compliance with any applicable blue sky securities laws of any state of the United States.

(c) ☐ **Check if Exchange is from Restricted Definitive Note to beneficial interest in an Unrestricted Global Note**. In connection with the Owner's Exchange of a Restricted Definitive Note for a beneficial interest in an Unrestricted Global Note, the Owner hereby certifies (i) the beneficial interest is being acquired for the Owner's own account without transfer, (ii) such Exchange has been effected in compliance with the transfer restrictions applicable to Restricted Definitive Notes and pursuant to and in accordance with the Securities Act, (iii) the restrictions on transfer contained in the Indenture and the Private Placement Legend are not required in order to maintain compliance with the Securities Act and (iv) the beneficial interest is being acquired in compliance with any applicable blue sky securities laws of any state of the United States.

(d) ☐ **Check if Exchange is from Restricted Definitive Note to Unrestricted Definitive Note**. In connection with the Owner's Exchange of a Restricted Definitive Note for an Unrestricted Definitive Note, the Owner hereby certifies (i) the Unrestricted Definitive Note is being acquired for the Owner's own account without transfer, (ii) such Exchange has been effected in compliance with the transfer restrictions applicable to Restricted Definitive Notes and pursuant to and in accordance with the Securities Act, (iii) the restrictions on transfer contained in the Indenture and the Private Placement Legend are not required in order to maintain compliance with the Securities Act and (iv) the Unrestricted Definitive Note is being acquired in compliance with any applicable blue sky securities laws of any state of the United States.

2. **Exchange of Restricted Definitive Notes or Beneficial Interests in Restricted Global Notes for Restricted Definitive Notes or Beneficial Interests in Restricted Global Notes**

(a) ☐ **Check if Exchange is from beneficial interest in a Restricted Global Note to Restricted Definitive Note.** In connection with the Exchange of the Owner's beneficial interest in a Restricted Global Note for a Restricted Definitive Note with an equal principal amount, the Owner hereby certifies that the Restricted Definitive Note is being acquired for the Owner's own account without transfer. Upon consummation of the proposed Exchange in accordance with the terms of the Indenture, the Restricted Definitive Note issued will continue to be subject to the restrictions on transfer enumerated in the Private Placement Legend printed on the Restricted Definitive Note and in the Indenture and the Securities Act.

(b) ☐ **Check if Exchange is from Restricted Definitive Note to beneficial interest in a Restricted Global Note**. In connection with the Exchange of the Owner's Restricted Definitive Note for a beneficial interest in the [CHECK ONE] ☐ 144A Global Note, ☐ Regulation S Global Note, ☐ IAI Global Note with an equal principal amount, the Owner hereby certifies (i) the beneficial interest is being acquired for the Owner's own account without transfer and (ii) such Exchange has been effected in compliance with the transfer restrictions applicable to the Restricted Global Notes and pursuant to and in accordance with the Securities Act, and in compliance with any applicable blue sky securities laws of any state of the United States. Upon consummation of the proposed Exchange in accordance with the terms of the Indenture, the beneficial interest issued will be subject to the restrictions on transfer enumerated in the Private Placement Legend printed on the relevant Restricted Global Note and in the Indenture and the Securities Act.

This certificate and the statements contained herein are made for your benefit and the benefit of the Company.

_____
[Insert Name of Transferor]

By: _____
Name:
Title:

Dated:

EXHIBIT D

FORM OF CERTIFICATE FROM ACQUIRING INSTITUTIONAL ACCREDITED INVESTOR

[*Company address block*]

[*Registrar address block*]

Re: 6.125% Senior Secured Notes due 2025

Reference is hereby made to the Indenture, dated as of January 27, 2017 (the "Indenture"), among Vector Group Ltd. as issuer (the "Company"), the Guarantors party thereto and U.S. Bank National Association as trustee. Capitalized terms used but not defined herein shall have the meanings given to them in the Indenture.

In connection with our proposed purchase of $_____ aggregate principal amount of:

(a) ☐ a beneficial interest in a Global Note, or

(b) ☐ a Definitive Note,

we confirm that:

1. We understand that any subsequent transfer of the Notes or any interest therein is subject to certain restrictions and conditions set forth in the Indenture and the undersigned agrees to be bound by, and not to resell, pledge or otherwise transfer the Notes or any interest therein except in compliance with, such restrictions and conditions and the Securities Act of 1933, as amended (the "*Securities Act*").

2. We understand that the offer and sale of the Notes have not been registered under the Securities Act, and that the Notes and any interest therein may not be offered or sold except as permitted in the following sentence. We agree, on our own behalf and on behalf of any accounts for which we are acting as hereinafter stated, that if we should sell the Notes or any interest therein, we will do so only (A) to the Company or any subsidiary thereof, (B) in accordance with Rule 144A under the Securities Act to a "qualified institutional buyer" (as defined therein), (C) to an institutional "accredited investor" (as defined below) that, prior to such transfer, furnishes (or has furnished on its behalf by a U.S. broker-dealer) to you and to the Company a signed letter substantially in the form of this letter and, if such transfer is in respect of a principal amount of Notes, at the time of transfer of less than $250,000, an Opinion of Counsel in form reasonably acceptable to the Company to the effect that such transfer is in compliance with the Securities Act, (D) outside the United States in accordance with Rule 904 of Regulation S under the Securities Act, (E) pursuant to the provisions of Rule 144(k) under the Securities Act or (F) pursuant to an effective registration statement under the Securities Act, and we further agree to provide to any Person purchasing the Definitive Note or beneficial interest in a Global Note from us in a transaction meeting the requirements of clauses (A) through (E) of this paragraph a notice advising such purchaser that resales thereof are restricted as stated herein.

3. We understand that, on any proposed resale of the Notes or beneficial interest therein, we will be required to furnish to you and the Company such certifications, legal opinions and other information as you and the Company may reasonably require to confirm that the proposed sale complies with the foregoing restrictions. We further understand that the Notes purchased by us will bear a legend to the foregoing effect.

4. We are an institutional "accredited investor" (as defined in Rule 501(a)(1), (2), (3) or (7) of Regulation D under the Securities Act) and have such knowledge and experience in financial and business matters as to be capable of evaluating the merits and risks of our investment in the Notes, and we and any accounts for which we are acting are each able to bear the economic risk of our or its investment.

5. We are acquiring the Notes or beneficial interest therein purchased by us for our own account or for one or more accounts (each of which is an institutional "accredited investor") as to each of which we exercise sole investment discretion.

You and the Company are entitled to rely upon this letter and are irrevocably authorized to produce this letter or a copy hereof to any interested party in any administrative or legal proceedings or official inquiry with respect to the matters covered hereby.

_____

[Insert Name of Accredited Investor]

By: _____

Name:

Title:

Dated: _____

EXHIBIT E

[FORM OF NOTATION OF GUARANTEE]

For value received, each Guarantor (which term includes any successor Person under the Indenture) has, jointly and severally, unconditionally guaranteed, to the extent set forth in the Indenture and subject to the provisions in the Indenture dated as of January 27, 2017 (the "*Indenture*") among Vector Group Ltd. (the *"Company"*), the Guarantors party thereto and U.S. Bank National Association as trustee (the "*Trustee*"), (a) the due and punctual payment of the principal of, premium, if any, and interest on, the Notes, whether at maturity, by acceleration, redemption or otherwise, the due and punctual payment of interest on overdue principal of and interest on the Notes, if any, if lawful, and the due and punctual performance of all other obligations of the Company to the Holders or the Trustee all in accordance with the terms of the Indenture and (b) in case of any extension of time of payment or renewal of any Notes or any of such other obligations, that the same will be promptly paid in full when due or performed in accordance with the terms of the extension or renewal, whether at stated maturity, by acceleration or otherwise. The obligations of the Guarantors to the Holders of Notes and to the Trustee pursuant to the Note Guarantee and the Indenture are expressly set forth in Article 11 of the Indenture and reference is hereby made to the Indenture for the precise terms of the Note Guarantee. Capitalized terms used but not defined herein have the meanings given to them in the Indenture.

[NAME OF GUARANTOR(S)]

By: _____
Name:
Title:

[FORM OF SUPPLEMENTAL INDENTURE
TO BE DELIVERED BY SUBSEQUENT GUARANTORS]

SUPPLEMENTAL INDENTURE (this "*Supplemental Indenture*"), dated as of _____, 20__, among _____ (the "*Guaranteeing Subsidiary*"), a subsidiary of Vector Group Ltd. (or its permitted successor), a Delaware corporation (the "*Company*"), the Company, the other Guarantors (as defined in the Indenture referred to herein) and _____, as trustee under the Indenture referred to below (the "*Trustee*").

W I T N E S S E T H

WHEREAS, the Company has heretofore executed and delivered to the Trustee an indenture (the "*Indenture*"), dated as of January 27, 2017 providing for the issuance of 6.125% Senior Secured Notes due 2025 (the "*Notes*");

WHEREAS, the Indenture provides that under certain circumstances the Guaranteeing Subsidiary shall execute and deliver to the Trustee a supplemental indenture pursuant to which the Guaranteeing Subsidiary shall unconditionally guarantee all of the Company's Obligations under the Notes and the Indenture on the terms and conditions set forth herein (the "*Note Guarantee*"); and

WHEREAS, pursuant to Section 9.01 of the Indenture, the Trustee is authorized to execute and deliver this Supplemental Indenture.

NOW, THEREFORE, in consideration of the foregoing and for other good and valuable consideration, the receipt of which is hereby acknowledged, the Guaranteeing Subsidiary and the Trustee mutually covenant and agree for the equal and ratable benefit of the Holders of the Notes as follows:

1. CAPITALIZED TERMS. Capitalized terms used herein without definition shall have the meanings assigned to them in the Indenture.

2. AGREEMENT TO GUARANTEE. The Guaranteeing Subsidiary hereby agrees to provide an unconditional Guarantee on the terms and subject to the conditions set forth in the Note Guarantee and in the Indenture including but not limited to Article 11 thereof.

4. NO RECOURSE AGAINST OTHERS. No past, present or future director, officer, employee, incorporator, stockholder or agent of the Guaranteeing Subsidiary, as such, shall have any liability for any obligations of the Company or any Guaranteeing Subsidiary under the Notes, any Note Guarantees, the Collateral Documents, the Indenture or this Supplemental Indenture or for any claim based on, in respect of, or by reason of, such obligations or their creation. Each Holder of the Notes by accepting a Note waives and releases all such liability. The waiver and release are part of the consideration for issuance of the Notes. Such waiver may not be effective to waive liabilities under the federal securities laws and it is the view of the SEC that such a waiver is against public policy.

5. NEW YORK LAW TO GOVERN. THE INTERNAL LAW OF THE STATE OF NEW YORK SHALL GOVERN AND BE USED TO CONSTRUE THIS SUPPLEMENTAL INDENTURE WITHOUT GIVING EFFECT TO APPLICABLE PRINCIPLES OF CONFLICTS OF LAW TO THE EXTENT THAT THE APPLICATION OF THE LAWS OF ANOTHER JURISDICTION WOULD BE REQUIRED THEREBY.

6. COUNTERPARTS. The parties may sign any number of copies of this Supplemental Indenture. Each signed copy shall be an original, but all of them together represent the same agreement.

7. EFFECT OF HEADINGS. The Section headings herein are for convenience only and shall not affect the construction hereof.

8. THE TRUSTEE. The Trustee shall not be responsible in any manner whatsoever for or in respect of the validity or sufficiency of this Supplemental Indenture or for or in respect of the recitals contained herein, all of which recitals are made solely by the Guaranteeing Subsidiary and the Company.

IN WITNESS WHEREOF, the parties hereto have caused this Supplemental Indenture to be duly executed and attested, all as of the date first above written.

Dated: _____, 20__

[GUARANTEEING SUBSIDIARY]

By: _____
Name:
Title:

VECTOR GROUP LTD.

By: _____
Name:
Title:

[EXISTING GUARANTORS]

By: _____
Name:
Title:

[TRUSTEE], as Trustee

By: _____
Authorized Signatory

Exhibit 4.2

Execution Version

PLEDGE AGREEMENT

DATED JANUARY 27, 2017

between

VGR HOLDING LLC

and

U.S. BANK NATIONAL ASSOCIATION

as Collateral Agent

CONTENTS

THIS AGREEMENT (this **Agreement**) is dated January 27, 2017

BETWEEN:

(1) **VGR HOLDING LLC**, a Delaware limited liability company, as pledgor (the **Pledgor**); and

(2) **U.S. BANK NATIONAL ASSOCIATION**, as collateral agent for the Noteholders under the Indenture described below (in this capacity, the **Collateral Agent**).

BACKGROUND:

The Pledgor enters into this Agreement in connection with the Indenture dated January 27, 2017 (as amended, supplemented, or otherwise modified from time to time, the **Indenture)** by and among Vector Group Ltd. (**Vector Group**), the Guarantors party thereto and U.S. Bank National Association, as trustee (the **Trustee**). Pursuant to the Indenture, Vector Group is issuing Notes and Pledgor is guaranteeing the Notes as provided in the Indenture. Pledgor now wishes to secure its obligations under the Indenture by entering into this Agreement.

IT IS AGREED as follows:

1. INTERPRETATION

1.1 Definitions

In this Agreement:

Finance Documents means the Indenture, all Notes issued from time to time under the Indenture, the Purchase Agreement, this Agreement and all other pledges, security agreements, control agreements and all other agreements and documents entered into the connection with the transactions contemplated by the Indenture.

Guarantors means the Pledgor and the other guarantors under the Indenture.

Issuer means each of Liggett Group and Vector Tobacco.

Lien means any security interest, lien, mortgage, pledge, encumbrance, charge, assignment, hypothecation, adverse claim, claim, or restriction on assignment, transfer or pledge or any other arrangement having the effect of conferring security.

Liggett Group means Liggett Group LLC, a Delaware limited liability company.

Note means any note issued from time to time under the Indenture.

Noteholder means any Person which from time to time is the holder of a Note.

Obligors means Vector Group, the Pledgor and the other Guarantors.

Person means any individual, partnership, limited liability company, joint venture, corporation, trust, unincorporated organization, government or any department or agency thereof or any entity similar to any of the foregoing.

Pledged Collateral means:

(a) the Pledged Equity Interests;

(b) all additional shares, securities, and interests in either Issuer, and all warrants, rights, and options to purchase or receive shares, securities, or interests in either Issuer, in which the Pledgor at any time has or obtains any interest; and

(c) all dividends, interest, revenues, income, distributions, and proceeds of any kind, whether cash, instruments, securities, or other property, received by or distributable to the Pledgor in respect of, or in exchange for, the Pledged Equity Interests or any other Pledged Collateral; and

(d) to the extent not listed above as original Pledged Collateral, proceeds and products of, and accessions to, each of the above assets.

Pledged Equity Interests means all equity interests in the Issuers, which equity interests are described in Schedule I (Pledged Equity Interests) to this Agreement.

Secured Liabilities means each liability and obligation specified in Clause 2 (Secured Liabilities).

Secured Parties means U.S. Bank National Association, as Trustee and Collateral Agent and any other capacity under the Indenture and the Noteholders.

Security means any security interest created by this Agreement.

Security Period means the period beginning on the date of this Agreement and ending on the date on which all the Secured Liabilities have been indefeasibly, unconditionally and irrevocably paid and discharged in full. The Security Period will be extended to take into account any extension or reinstatement of this Agreement under Clause 3.2(b) (General).

UCC means the Uniform Commercial Code as in effect from time to time in the State of New York.

Vector Tobacco means Vector Tobacco Inc., a Virginia corporation.

1.2 Construction

(a) Any term defined in the UCC and not defined in this Agreement has the meaning given to that term in the UCC.

(b) Any term defined in the Indenture and not defined in this Agreement or the UCC has the meaning given to that term in the Indenture.

(c) No reference to **proceeds** in this Agreement authorizes any sale, transfer or other disposition of Collateral by the Pledgor.

(d) In this Agreement, unless the contrary intention appears, a reference to:

(i) an **amendment** includes a supplement, novation, restatement or re-enactment and **amended** will be construed accordingly;

(ii) a Clause, a Subclause or a Schedule is a reference to a Clause or Subclause of, or a Schedule to, this Agreement;

(iii) a law is a reference to that law as amended or re-enacted and to any successor law;

(iv) an agreement is a reference to that agreement as amended;

(v) **fraudulent transfer law** means any applicable U.S. Bankruptcy Law or state fraudulent transfer or conveyance statute, and the related case law; and

(vi) **law** includes any law, statute, regulation, regulatory requirement, rule, ordinance, ruling, decision, treaty, directive, order, guideline, regulation, policy, writ, judgment, injunction or request of any court or other governmental, inter-governmental or supranational body, officer or official, fiscal or monetary authority, or other ministry or public entity (and their interpretation, administration and application), whether or not having the force of law.

(e) In this Agreement:

(i) **includes** and **including** are not limiting;

(ii) **or** is not exclusive; and

(iii) the headings are for convenience only, do not constitute part of this Agreement and are not to be used in construing it.

2. SECURED LIABILITIES

2.1 Secured Liabilities

Each obligation and liability whether:

(a) present or future, actual, contingent or unliquidated; or

(b) owed jointly or severally (or in any other capacity whatsoever),

of the Pledgor to any Noteholder, the Trustee or the Collateral Agent under or in connection with each Finance Document is a Secured Liability.

2.2 Specification of Secured Liabilities

The Secured Liabilities include any liability or obligation for:

(a) repayment of the principal of any Note;

(b) payment of interest and any other amount payable under the Finance Documents;

(c) payment and performance of all other obligations and liabilities of any Obligor under the Finance Documents;

(d) payment of any amount owed under any amendment, modification, renewal, extension or novation of any of the above obligations; and

(e) payment of an amount which arises after a petition is filed by, or against, any Obligor under the US Bankruptcy Code of 1978 even if the obligations do not accrue because of the automatic stay under Section 362 of the US Bankruptcy Code of 1978 or otherwise.

3. CREATION OF PLEDGE AND SECURITY

3.1 Security interest

As security for the prompt and complete payment and performance of the Secured Liabilities when due (whether due because of stated maturity, acceleration, mandatory prepayment, or otherwise) and to induce the Noteholders to purchase the Notes, the Pledgor pledges to the Collateral Agent for the benefit of the Secured Parties, and grants to the Collateral Agent for the benefit of the Secured Parties a continuing security interest in, the Pledgor's right, title and interest in and to the Pledged Collateral.

3.2 General

(a) All the Security created under this Agreement:

(i) is continuing security for the irrevocable and indefeasible payment in full of the Secured Liabilities, regardless of any intermediate payment or discharge in whole or in part;

(ii) is in addition to, and not in any way prejudiced by, any other security now or subsequently held by the Collateral Agent.

(b) If, at any time for any reason (including the bankruptcy, insolvency, receivership, reorganization, dissolution or liquidation of any Obligor or the appointment of any receiver, intervenor or conservator of, or agent or similar official for, any Obligor or any of their respective properties), any payment received by the Collateral Agent or any Noteholder in respect of the Secured Liabilities is rescinded or avoided or must otherwise be restored or returned by the Collateral Agent or any Noteholder, that payment will not be considered to have been made for purposes of this Agreement, and this Agreement will continue to be effective or will be reinstated, if necessary, as if that payment had not been made.

(c) This Agreement is enforceable against the Pledgor to the maximum extent permitted by the fraudulent transfer laws.

4. PERFECTION AND FURTHER ASSURANCES

4.1 General perfection

The Pledgor must take, at its own expense, promptly, and in any event within any applicable time limit:

(a) whatever action is necessary or reasonably desirable; and

(b) any action which the Collateral Agent may reasonably require,

to ensure that this Security is as of the date of Notes are first issued under the Indenture, and will continue to be until the end of the Security Period, a validly created, attached, enforceable and perfected first priority continuing security interest in the Pledged Collateral, subject to no Liens other than Permitted Liens and subject in priority to no Liens other than Permitted Prior Liens, in all relevant jurisdictions, securing payment and performance of the Secured Liabilities.

This includes the giving of any notice, order or direction, the making of any filing or registration, the passing of any resolution and the execution and delivery of any documents or agreements which the Collateral Agent may reasonably require.

4.2 Delivery of certificates

(a) The Pledgor represents and warrants that it has delivered to the Collateral Agent (or as directed by the Collateral Agent) in the State of New York all original certificates and instruments evidencing or representing the Pledged Equity Interests existing on the date of this Agreement.

(b) The Pledgor must deliver to the Collateral Agent (or as directed by the Collateral Agent) in the State of New York, promptly upon receipt, all original certificates and instruments evidencing or representing any Pledged Collateral arising or acquired by the Pledgor after the date of this Agreement.

(c) All Pledged Collateral delivered under this Agreement will be either:

(i) duly endorsed and in suitable form for transfer by delivery; or

(ii) accompanied by undated instruments of transfer endorsed in blank, as directed by the Collateral Agent, and in form and substance reasonably satisfactory to the Collateral Agent.

(d) Until the end of the Security Period, the Collateral Agent will hold (directly or through an agent) all certificates, instruments, and stock powers delivered to it.

(e) At any time and from time to time, the Collateral Agent will have the right to exchange certificates or instruments evidencing or representing Pledged Collateral for certificates or instruments of smaller or larger denominations.

4.3 Filing of financing statements

(a) The Pledgor authorizes the Collateral Agent to prepare and file, at the Pledgor's expense:

(i) financing statements describing the Pledged Collateral;

(ii) continuation statements; and

(iii) any amendment in respect of those statements.

(b) Promptly after filing an initial financing statement in respect of the Pledged Collateral, the Pledgor must provide the Collateral Agent with an official report from the Secretary of State of the State of Delaware indicating that the Collateral Agent's security interest in the Pledged Collateral is prior to all other security interests or other interests reflected in the report, other than Permitted Prior Liens.

4.4 Communication with Issuers

The Pledgor authorizes the Collateral Agent at any time and from time to time to communicate with the Issuers with regard to any matter relating to any Pledged Collateral.

4.5 Further assurances

(a) The Pledgor must take, at its own expense, promptly, and in any event within any applicable time limit, whatever action may reasonably be required under the Indenture or this Agreement for:

(i) creating, attaching, perfecting and protecting, and maintaining the priority of, any security interest intended to be created by this Agreement;

(ii) facilitating the enforcement of this Security or the exercise of any right, power or discretion exercisable by the Collateral Agent or any of its delegates or sub-delegates in respect of any of the Pledged Collateral;

(iii) obtaining possession and control of any Pledged Collateral; and

(iv) facilitating the assignment or transfer of any rights and/or obligations of the Collateral Agent under this Agreement.

This includes the execution and delivery of any transfer, assignment or other agreement or document, whether to the Collateral Agent or its nominee, which the Collateral Agent may reasonably require.

(b) The Pledgor irrevocably constitutes and appoints the Collateral Agent, with full power of substitution, as the Pledgor's true and lawful attorney-in-fact, in the Pledgor's name or in the Collateral Agent's name or otherwise, and at the Pledgor's expense, to take any of the actions referred to in paragraph (a) above without notice to or the consent of the Pledgor. This power of attorney is a power coupled with an interest and cannot be revoked. The Pledgor ratifies and confirms all actions taken by the Collateral Agent or its agents under this power of attorney.

5. REPRESENTATIONS AND WARRANTIES

5.1 Representations and warranties

The representations and warranties set out in this Clause are made by the Pledgor to the Collateral Agent and each Noteholder.

5.2 The Pledgor

(a) It is organized under the laws of the State of Delaware.

(b) Its exact legal name, as it appears in the public records of its jurisdiction of incorporation or organization, is VGR Holding LLC. It has not changed its name, whether by amendment of its organizational documents, reorganization, merger or otherwise, since its date of conversion from a corporation, December 7, 2005.

(c) Its organizational identification number, as issued by its jurisdiction of organization is 3097262.

(d) It keeps at its address indicated in Clause 16 (Notices) its corporate records and all records, documents and instruments constituting, relating to or evidencing Pledged Collateral, except for the Pledged Collateral delivered to the Collateral Agent in compliance with Clause 4.2 (Delivery of certificates).

5.3 The Pledged Collateral

(a) Liggett Group keeps at its address at 100 Maple Lane, Mebane, North Carolina 27302 and Vector Tobacco keeps at its address at 3800 Paramount Parkway, Suite 250, PO Box 2010, Morrisville, NC 27560 its corporate records, stock ledger and all records, documents and instruments relating to or evidencing the Pledged Collateral.

(b) The Pledged Equity Interests have been duly authorized and are validly issued, fully-paid and non-assessable.

(c) The Pledged Equity Interests constitute all of the issued and outstanding equity or ownership interests in the Issuers, and there are no other equity or ownership interests in the Issuers, options or rights to acquire or subscribe for any such interests, or securities or instruments convertible into or exchangeable or exercisable for any such interests.

(d) The Pledged Equity Interests are "securities" under Article 8 of the UCC and are represented by certificates, all of which have been delivered to the Collateral Agent.

(e) Except as permitted under the Indenture:

(i) it is the sole legal and beneficial owner of, and has the power to transfer and grant a security interest in, the Pledged Equity Interests and all other Pledged Collateral now in existence;

(ii) none of the Pledged Collateral is subject to any Lien other than the Collateral Agent's security interest and other Permitted Liens;

(iii) it has not agreed or committed to sell, assign, pledge, transfer, license, lease or encumber any of the Pledged Collateral, or granted any option, warrant, or right with respect to any of the Pledged Collateral; and

(iv) no effective mortgage, deed of trust, financing statement, security agreement or other instrument similar in effect is on file or of record with respect to any Pledged Collateral, except for those that create, perfect or evidence the Collateral Agent's security interest and other Permitted Liens.

(f) No litigation, arbitration or administrative proceedings are current or pending or, to its knowledge, threatened, involving or affecting the Pledged Collateral, and none of the Pledged Collateral is subject to any order, writ, injunction, execution or attachment, in each case, that would reasonably be expected to have a material adverse effect on the Collateral Agent's security interest or the Collateral Agent's rights under this Agreement.

(g) None of the Pledged Collateral constitutes "margin stock" within the meaning of Regulation U or X issued by the Board of Governors of the United States Federal Reserve System.

5.4 No liability

Except, in each case, as would not reasonably be expected to adversely affect the Collateral Agent's security interest or the Collateral Agent's rights under this Agreement in any material respect:

(a) Its rights, interests, liabilities and obligations under contractual obligations that constitute part of the Pledged Collateral are not affected by this Agreement or the exercise by the Collateral Agent of its rights under this Agreement;

(b) neither the Collateral Agent nor any Noteholder, unless it expressly agrees in writing, will have any liabilities or obligations under any contractual obligation that constitutes part of the Pledged Collateral as a result of this Agreement, the exercise by the Collateral Agent of its rights under this Agreement or otherwise; and

(c) neither the Collateral Agent nor any Noteholder has or will have any obligation to collect upon or enforce any contractual obligation or claim that constitutes part of the Pledged Collateral, or to take any other action with respect to the Pledged Collateral.

5.5 Consideration and solvency

(a) Terms used in this Subclause have the meanings given to them in, and must be construed in accordance with, the fraudulent transfer laws.

(b) It will receive valuable direct and indirect benefits as a result of the transactions financed by the issuance of the Notes and these benefits constitute “reasonably equivalent value” and “fair consideration” as those terms are used in the fraudulent transfer laws.

(c) To the best of its knowledge, the Secured Parties have acted in good faith in connection with the transactions contemplated by this Agreement.

(d) The sum of its debts (including its obligations under this Agreement) is less than the value of its property (calculated at the lesser of fair valuation and present fair saleable value).

(e) Its capital is not unreasonably small to conduct its business as currently conducted or as proposed to be conducted.

(f) It has not incurred, does not intend to incur and does not believe it will incur debts beyond its ability to pay as they mature.

(g) It has not made a transfer or incurred an obligation under this Agreement with the intent to hinder, delay or defraud any of its present or future creditors.

5.6 Times for making representations and warranties

(a) The representations and warranties set out in this Agreement (including in this Clause) are made on the date of this Agreement.

(b) Unless a representation and warranty is expressed to be given at a specific date, all representations and warranties under this Agreement are deemed to be repeated by the Pledgor on the date of each issuance of Notes under the Indenture with reference to the facts and circumstances then existing.

(c) When representations and warranties are repeated, they are applied to the circumstances existing at the time of repetition.

(d) The representations and warranties of the Pledgor contained in this Agreement or made by the Pledgor in any certificate, notice or report delivered under this Agreement will survive each issuance of Notes and any transfer or assignment of the Notes.

6. UNDERTAKINGS

6.1 Undertakings

The Pledgor agrees to be bound by the covenants set out in this Clause.

6.2 The Pledgor

(a) Except as permitted under the Indenture, the Pledgor must preserve its limited liability company existence and will not, except as permitted by the Indenture, in one transaction or a series of related transactions, merge into or consolidate with any other entity, or sell all or substantially all of its assets.

(b) The Pledgor must not change the jurisdiction of its organization without providing the Collateral Agent with at least 30 days' prior written notice.

(c) The Pledgor must not change its name without providing the Collateral Agent with at least 30 days' prior written notice.

(d) The Pledgor must keep at its address indicated in, or otherwise notified to the Collateral Agent pursuant to, Clause 16 (Notices) its corporate records and all records, documents and instruments constituting, relating to or evidencing Pledged Collateral, except for the Pledged Collateral delivered to the Collateral Agent in compliance with Clause 4.2 (Delivery of certificates).

(e) The Pledgor will permit the Collateral Agent and its agents and representatives, during normal business hours and upon reasonable notice, to inspect the Pledged Collateral, to examine and make copies of and abstracts from the records referred to in paragraph (d) above, and to discuss matters relating to the Pledged Collateral directly with the Pledgor's officers and employees.

(f) At the Collateral Agent's request, the Pledgor must provide the Collateral Agent with any information concerning the Collateral that the Collateral Agent may reasonably request.

6.3 The Pledged Collateral

(a) The Pledgor will cause the Issuers to keep and maintain, at their respective addresses indicated in Clause 5.3(a) (The Pledged Collateral) their respective corporate records and all records, documents and instruments constituting, relating to, or evidencing Pledged Collateral. The Pledgor agrees to cause the Issuers to permit the Collateral Agent and its agents and representatives during normal business hours and upon reasonable notice, to examine and make copies of and abstracts from the records and stock ledgers and to discuss matters relating to the Issuers and its records directly with the Issuers' officers and employees.

(b) Except as permitted by the Indenture or this Agreement, the Pledgor:

(i) must maintain sole legal and beneficial ownership of the Pledged Collateral;

(ii) must not permit any Pledged Collateral to be subject to any Lien other than the Collateral Agent's security interest and other Permitted Liens and must at all times warrant and defend the Collateral Agent's security interest in the Pledged Collateral against all other Liens (other than Permitted Liens) and claimants;

(iii) must not sell, assign, transfer, pledge, license, lease or further encumber, or grant any option, warrant, or right with respect to, any of the Pledged Collateral, or agree or contract to do any of the foregoing;

(iv) must not waive, amend or terminate, in whole or in part, any material accessory or ancillary right or other right in respect of any Pledged Collateral; and

(v) must not take any action which would result in a reduction in the value of any Pledged Collateral.

(c) The Pledgor will pay, prior to delinquency, all material taxes, assessments and governmental levies imposed on or in respect of Pledged Collateral and all claims against the Pledged Collateral, including claims for labor, materials and supplies, in each case, except such as are contested in good faith and by appropriate proceedings or where the failure to effect such payment is not adverse in any material respect to the Collateral Agent.

(d) In any suit, legal action, arbitration or other proceeding involving the Pledged Collateral or the Collateral Agent's security interest, the Pledgor must take all lawful action to avoid impairment of the Collateral Agent's security interest or the Collateral Agent's rights under this Agreement or the imposition of a Lien (other than Permitted Liens) on any of the Pledged Collateral.

(e) Except as permitted by the Indenture or this Agreement, the Pledgor will not permit either Issuer to cancel or change the terms of the Pledged Equity Interests, or authorize, create or issue any additional shares of capital stock or ownership interests in either Issuer; *provided that* the Pledgor may convert Vector Tobacco from a corporation to a limited liability company so long as (1) the Issuer gives the Collateral Agent at least 30 days prior written notice of such conversion, (2) the resulting limited liability company is formed under the laws of a State in the United States, (3) the limited liability company or operating agreement of the resulting limited liability company expressly provides that all equity interests in such resulting limited liability company are "securities" under Article 8 of the UCC and are represented by certificates, (4) contemporaneously with such conversion the Issuer delivers to the Collateral Agent in New York certificates representing all membership or other equity or ownership interests in the converted entity, together with stock powers or the equivalent executed by the Issuer in blank and in form and substance satisfactory to the Collateral Agent, (5) the Issuer agrees, in documentation satisfactory to the Collateral Agent, that such equity interests are subject to the Collateral Agent's security interest and to the terms of this Agreement, and (6) an appropriate financing statement or amendment to the existing financing statement is promptly filed in the appropriate office or offices, so as to perfect and/or continue to perfect the Collateral Agent's security interest. The Pledgor will ensure that at all times the operating agreement of Liggett Group provides that all equity interests in Liggett Group are "securities" under Article 8 of the UCC and are represented by certificates. The Pledgor will not effect or permit any change of control of either Issuer, except as permitted by the Indenture.

(f) The Pledgor will take no action, and will not permit either Issuer to take any action, that could cause any of the Pledged Collateral to constitute "margin stock" within the meaning of Regulation U or X issued by the Board of Governors of the United States Federal Reserve System.

6.4 Notices

(a) The Pledgor must give the Collateral Agent prompt notice of the occurrence of any of the following events:

(i) any pending or threatened claim, suit, legal action, arbitration or other proceeding involving or affecting the Pledgor, either Issuer or any Pledged Collateral which would reasonably be expected to materially impair the Collateral Agent's security interest or, the Collateral Agent's rights under this Agreement or result in the imposition of a Lien (other than Permitted Liens) on any Pledged Collateral; or

(ii) any representation or warranty contained in this Agreement is or becomes untrue, incorrect or incomplete in any material respect.

(b) Each notice delivered under this Clause, must include:

(i) reasonable details about the event; and

(ii) the Pledgor's proposed course of action.

Delivery of a notice under this Clause does not affect the Pledgor's obligations to comply with any other term of this Agreement.

7. WHEN SECURITY BECOMES ENFORCEABLE

Subject to the terms of the Indenture, this Security may be enforced by the Collateral Agent at any time after an Event of Default has occurred.

8. ENFORCEMENT OF SECURITY

8.1 [Reserved]

8.2 General

(a) After this Security has become enforceable, the Collateral Agent may immediately, in its absolute discretion, exercise any right under:

(i) applicable law; or

(ii) this Agreement,

to enforce all or any part of the Security in respect of any Pledged Collateral in any manner or order it sees fit.

(b) This includes:

(i) any rights and remedies available to the Collateral Agent under applicable law and under the UCC (whether or not the UCC applies to the affected Pledged Collateral and regardless of whether or not the UCC is the law of the jurisdiction where the rights or remedies are asserted) as if those rights and remedies were set forth in this Agreement in full;

(ii) transferring or assigning to, or registering in the name of, the Collateral Agent or its nominees any of the Pledged Collateral;

(iii) exercising any voting, consent, management and other rights relating to any Pledged Collateral;

(iv) performing or complying with any contractual obligation that constitutes part of the Pledged Collateral;

(v) receiving, endorsing, negotiating, executing and delivering or collecting upon any check, draft, note, account, acceptance, instrument, document, letter of credit, contract, agreement, receipt, release, bill of lading, invoice, endorsement, assignment, bill of sale, deed, security, share certificate, stock power, proxy, or instrument of conveyance or transfer constituting or relating to any Pledged Collateral;

(vi) asserting, instituting, filing, defending, settling, compromising, adjusting, discounting or releasing any suit, action, claim, counterclaim, right of set-off or other right or interest relating to any Pledged Collateral;

(vii) executing and delivering acquittances, receipts and releases in respect of Pledged Collateral; and

(viii) exercising any other right or remedy available to the Collateral Agent under the other Finance Documents or any other agreement between the parties.

8.3 Dividend and voting rights

(a) So long as payment of the Secured Liabilities has not been accelerated (whether automatically or otherwise), the Pledgor will be entitled to exercise all voting and other consensual rights with respect to the Pledged Collateral for any purpose not inconsistent with the terms of the Finance Documents and to receive and retain all dividends and other payments in respect of the Pledged Collateral to the extent permitted by the Finance Documents.

(b) Upon the acceleration of the payment of the Secured Liabilities (whether automatically or otherwise), all rights of the Pledgor to exercise voting and other consensual rights with respect to the Pledged Collateral and to receive dividends and other payments in respect of the Pledged Collateral will cease, and all these rights will immediately become vested solely in the Collateral Agent or its nominees, and the Pledgor grants the Collateral Agent or its nominees the Pledgor's irrevocable and unconditional proxy for this purpose. After the acceleration of the payment of the Secured Liabilities (whether automatically or otherwise), any dividends and other payments in respect of the Pledged Collateral received by the Pledgor will be held in trust for the Collateral Agent, and the Pledgor will keep all such amounts separate and apart from all other funds and property so as to be capable of identification as the property of the Collateral Agent and will deliver these amounts at such time as the Collateral Agent may request to the Collateral Agent in the identical form received, properly endorsed or assigned if required to enable the Collateral Agent to complete collection.

8.4 Collateral Agent's rights upon default

(a) The Pledgor irrevocably constitutes and appoints the Collateral Agent, with full power of substitution, as the Pledgor's true and lawful attorney-in-fact, in the Pledgor's name or in the Collateral Agent's name or otherwise, and at the Pledgor's expense, to take any of the actions authorized by this Agreement or permitted under applicable law upon the occurrence and during the continuation of an Event of Default, without notice to or the consent of the Pledgor. This power of attorney is a power coupled with an interest and cannot be revoked. The Pledgor ratifies and confirms all actions taken by the Collateral Agent or its agents under this power of attorney.

(b) The Pledgor agrees that 10 days' notice shall constitute reasonable notice in connection with any sale, transfer or other disposition of Pledged Collateral.

(c) The Collateral Agent may comply with any applicable state or federal law requirements in connection with a disposition of Pledged Collateral and compliance will not be considered adversely to affect the commercial reasonableness of any sale of Pledged Collateral.

(d) The grant to the Collateral Agent under this Agreement of any right, power or remedy does not impose upon the Collateral Agent any duty to exercise that right, power or remedy. The Collateral Agent will have no obligation to take any steps to preserve any claim or other right against any Person or with respect to any Pledged Collateral.

(e) The Pledgor bears the risk of loss, damage, diminution in value, or destruction of the Pledged Collateral.

(f) The Collateral Agent will have no responsibility for any act or omission of any courier, bailee, broker, bank, investment bank or any other Person chosen by it with reasonable care.

(g) The Collateral Agent makes no express or implied representations or warranties with respect to any Pledged Collateral or other property released to the Pledgor or its successors and assigns.

(h) The Pledgor agrees that the Collateral Agent will have met its duty of care under applicable law if it holds, maintains and disposes of Pledged Collateral in the same manner that it holds, maintains and disposes of property for its own account.

(i) Except as set forth in this Clause or as required under applicable law, the Collateral Agent will have no duties or obligations under this Agreement or otherwise with respect to the Pledged Collateral.

(j) The sale, transfer or other disposition under this Agreement of any right, title, or interest of the Pledgor in any item of Pledged Collateral will:

(i) operate to divest the Pledgor permanently and all Persons claiming under or through the Pledgor of that right, title, or interest, and

(ii) be a perpetual bar, both at law and in equity, to any claims by the Pledgor or any Person claiming under or through the Pledgor

with respect to that item of Pledged Collateral.

8.5 No Marshaling

(a) The Collateral Agent need not, and the Pledgor irrevocably waives and agrees that it will not invoke or assert any law requiring the Collateral Agent to:

(i) attempt to satisfy the Secured Liabilities by collecting them from any other Person liable for them; or

(ii) marshal any security or guarantee securing payment or performance of the Secured Liabilities or any particular asset of the Pledgor.

(b) The Collateral Agent may release, modify or waive any collateral or guarantee provided by any other Person to secure any of the Secured Liabilities, without affecting the Collateral Agent's rights against the Pledgor.

9. APPLICATION OF PROCEEDS

Any moneys received in connection with the Pledged Collateral by the Collateral Agent after this Security has become enforceable must be applied in the following order of priority:

(a) **first**, in or towards payment of or provision for all costs and expenses incurred by the Collateral Agent in connection with the enforcement of this Security;

(b) **second**, in or towards payment of, or provision for, the Secured Liabilities; and

(c) **third**, in payment of the surplus (if any) to the Pledgor or any other Person entitled to it under applicable law.

This Clause is subject to the payment of any claims having priority over this Security under mandatory provisions of applicable law. This Clause does not prejudice the right of any Noteholder to recover any shortfall from the Pledgor.

10. EXPENSES AND INDEMNITY

(a) The Pledgor must pay promptly on demand to the Collateral Agent all costs and expenses incurred by the Collateral Agent, any Noteholder, attorney, manager, delegate, sub-delegate, agent or other Person appointed by the Collateral Agent under this Agreement for the purpose of enforcing its rights under this Agreement. This includes:

(i) costs of foreclosure and of any transfer, disposition or sale of Pledged Collateral;

(ii) costs of maintaining or preserving the Pledged Collateral or assembling it or preparing it for transfer, disposition or sale;

(iii) costs of obtaining money damages; and

(iv) fees and expenses of attorneys employed by the Collateral Agent for any purpose related to this Agreement or the Secured Liabilities, including consultation, preparation and negotiation of any amendment or restructuring, drafting documents, sending notices or instituting, prosecuting or defending litigation or arbitration.

(b) The Pledgor must indemnify and keep indemnified the Secured Parties and their respective affiliates, directors, officers, representatives and agents from and against all claims, liabilities, obligations, losses, damages, penalties, judgments, costs and expenses of any kind (including attorney's fees and expenses) which may be imposed on, incurred by or asserted against any of them by any Person (including any Noteholder) in any way relating to or arising out of:

(i) this Agreement;

(ii) the Pledged Collateral;

(iii) the Collateral Agent's security interest in the Pledged Collateral;

(iv) any Event of Default;

(v) any action taken or omitted by the Collateral Agent under this Agreement or any exercise or enforcement of rights or remedies under this Agreement; or

(vi) any transfer sale or other disposition of or any realization on Pledged Collateral.

(c) The Pledgor will not be liable to an indemnified party to the extent any liability results from that indemnified party's gross negligence or willful misconduct. Payment by an indemnified party will not be a condition precedent to the obligations of the Pledgor under this indemnity.

(d) This Clause survives the issuance of the Notes, the repayment of the Notes, any transfer or assignment of the Notes and the termination of this Agreement.

11. EVIDENCE AND CALCULATIONS

In the absence of manifest error, the records of the Collateral Agent are conclusive evidence of the existence and the amount of the Secured Liabilities.

12. CHANGES TO THE PARTIES

12.1 Pledgor

The Pledgor may not assign, delegate or transfer any of its rights or obligations under this Agreement without the consent of the Collateral Agent, and any purported assignment, delegation or transfer in violation of this provision shall be void and of no effect.

12.2 Collateral Agent

The Collateral Agent may assign or transfer its rights and obligations under this Agreement in the manner permitted under the Indenture.

12.3 Successors and assigns

This Agreement shall be binding on and inure to the benefit of the respective successors and permitted assigns of the Pledgor and the Collateral Agent.

13. MISCELLANEOUS

13.1 Amendments and waivers

Any term of this Agreement may be amended or waived only by the written agreement of the Pledgor and the Collateral Agent.

13.2 Waivers and remedies cumulative

(a) The rights and remedies of the Collateral Agent under this Agreement:

(i) may be exercised as often as necessary;

(ii) are cumulative and not exclusive of its rights under applicable law; and

(iii) may be waived only in writing and specifically.

(b) Delay in exercising, or non-exercise, of any right or remedy under this Agreement is not a waiver of that right or remedy.

13.3 Counterparts

This Agreement may be executed in counterparts, and this has the same effect as if the signatures on the counterparts were on a single copy of this Agreement.

14. SEVERABILITY

If any term of this Agreement is or becomes illegal, invalid or unenforceable in any jurisdiction, that will not affect:

(a) the legality, validity or enforceability in that jurisdiction of any other term of this Agreement; or

(b) the legality, validity or enforceability in any other jurisdiction of that or any other term of this Agreement.

15. RELEASE

At the end of the Security Period and at the other times provided in the Indenture, the Collateral Agent must, at the request and cost of the Pledgor, take whatever action is necessary to release all or any applicable part of the Pledged Collateral from this Security in accordance with the terms of the Indenture.

16. NOTICES

16.1 Notices

Any communication in connection with this Agreement must be given in writing and, unless otherwise stated, must be given in person, by first class mail (registered or ceritified, return receipt requested), overnight courier guaranteeing next day delivery, or by fax.

16.2 Contact Details

(a) The contact details of the Pledgor for this purpose are:

Address:	4400 Biscayne Boulevard, 10th Floor Miami, FL 33131
Fax:	(305) 579-8016
Attention:	Marc N. Bell

(b) The contact details of the Collateral Agent for this purpose are:

Address:	U.S. Bank National Association Global Corporate Trust Services 60 Livingston Avenue EP-MN-WS3C St. Paul, MN 55107-2292
Fax:	(651) 466-7430
Attention:	Joshua A. Hahn

(c) Either party may change its contact details by giving five Business Days' notice to the other party.

(d) Where a party nominates a particular department or officer to receive a communication, a communication will not be effective if it fails to specify that department or officer.

16.3 Effectiveness

(a) Except as provided below, any communication in connection with this Agreement will be deemed to be given as follows:

(i) if delivered in person, at the time of delivery;

(ii) if by fax, when sent with confirmation of transmission.

(b) A communication given under this Clause but received on a non-working day or after business hours in the place of receipt will only be deemed to be given on the next working day in that place.

17. GOVERNING LAW

This Agreement, the relationship between the Pledgor, the Secured Parties and any claim or dispute (whether sounding in contract, tort, statute or otherwise) relating to this Agreement or that relationship shall be governed by and construed in accordance with law of the State of New York including section 5-1401 of the New York General Obligations Law but excluding any other conflict of law rules that would lead to the application of the law of another jurisdiction. If the law of a jurisdiction other than New York is, under section 1-105(2) of the UCC, mandatorily applicable to the perfection, priority or enforcement of any security interest granted under this Agreement in respect of any part of the Pledged Collateral, that other law shall apply solely to the matters of perfection, priority or enforcement to which it is mandatorily applicable.

18. ENFORCEMENT

18.1 Jurisdiction

(a) Each of the Parties agrees that any New York State court or Federal court sitting in the City and County of New York has jurisdiction to settle any disputes in connection with this Agreement and accordingly submits to the jurisdiction of those courts.

(b) Each of the Parties:

(i) waives objection to the New York State and Federal courts on grounds of personal jurisdiction, inconvenient forum or otherwise as regards proceedings in connection with this Agreement; and

(ii) agrees that a judgment or order of a New York State or Federal court in connection with this Agreement is conclusive and binding on it and may be enforced against it in the courts of any other jurisdiction.

(c) Nothing in this Clause limits the right of the Collateral Agent or any Noteholder to bring proceedings against the Pledgor in connection with this Agreement:

(i) in any other court of competent jurisdiction; or

(ii) concurrently in more than one jurisdiction.

18.2 Service of Process

The Pledgor consents to the service of process relating to any proceedings by a notice given in accordance with Clause 16 (Notices) above.

18.3 Complete Agreement

This Agreement and the other Finance Documents contain the complete agreement between the parties on the matters to which they relate and supersede all prior commitments, agreements and understandings, whether written or oral, on those matters.

18.4 Waiver of Jury Trial

THE PLEDGOR AND THE COLLATERAL AGENT (FOR ITSELF AND ON BEHALF OF THE NOTEHOLDERS) WAIVE ANY RIGHTS THEY MAY HAVE TO A JURY TRIAL OF ANY CLAIM OR CAUSE OF ACTION BASED ON OR ARISING FROM THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED BY THIS AGREEMENT. In the event of litigation, this Agreement may be filed as a written consent to a trial by the court.

The undersigned, intending to be legally bound, have executed and delivered this Agreement on the date stated at the beginning of this Agreement.

SIGNATORIES

IN WITNESS WHEREOF, the Pledgor has caused this Pledge Agreement to be duly executed by its duly authorized officer as of the day and year first above written.

Pledgor

VGR HOLDING LLC

By: /s/ J. Bryant Kirkland
Name: J. Bryant Kirkland III
Title: Vice President, Treasurer and Chief Financial Officer

(*Signature Page to Pledge Agreement*)

Collateral Agent

U.S. BANK NATIONAL ASSOCIATION, as Collateral Agent

By: /s/ Joshua A. Hahn
Name: Joshua A. Hahn
Title: Vice President

(*Signature Page to Pledge Agreement*)

SCHEDULE 1

PLEDGED EQUITY INTERESTS

Name	Certificate No.	No. of Shares/ % of Membership Interests
LIGGETT GROUP LLC	**1**	**100% of membership interests**
VECTOR TOBACCO INC.	**1**	**100 shares**

Exhibit 4.3

Execution Version

SECURITY AGREEMENT

DATED JANUARY 27, 2017

between

VECTOR TOBACCO INC.

and

U.S. BANK NATIONAL ASSOCIATION

as Collateral Agent

CONTENTS

THIS AGREEMENT is dated January 27, 2017

BETWEEN:

(1) **VECTOR TOBACCO INC**., a Virginia corporation, as grantor (the **Grantor**); and

(2) **U.S. BANK NATIONAL ASSOCIATION**, as collateral agent for the Noteholders under the Indenture described below (in this capacity, the **Collateral Agent**).

BACKGROUND:

The Grantor enters into this Agreement in connection with the Indenture dated January 27, 2017 (as amended, supplemented, or otherwise modified from time to time, the Indenture) by and among Vector Group Ltd. (**Vector Group**), the Guarantors party thereto and U.S. Bank National Association, as trustee (the **Trustee**). Pursuant to the Indenture, Vector Group is issuing Notes and the Grantor is guaranteeing the Notes as provided in the Indenture. The Grantor now wishes to secure its obligations under the Indenture by entering into this Agreement.

IT IS AGREED as follows:

1. INTERPRETATION

1.1 Definitions

In this Agreement:

Affiliate means, with respect to a specified Person, any Person that, directly or indirectly, through one or more intermediaries, controls, is controlled by, or is under common control with, the specified Person.

The term **Collateral** means all personal property, wherever located, in which the Grantor now has or later acquires any right, title or interest, including all:

(a) accounts and chattel paper;

(b) goods (including equipment, inventory and fixtures);

(c) health-care-insurance receivables;

(d) instruments (including promissory notes);

(e) documents;

(f) letter-of-credit rights;

(g) general intangibles (including payment intangibles and software);

(h) the commercial tort claims described in Schedule 1 (Commercial Tort Claims);

(i) supporting obligations;

(j) Intellectual Property;

and to the extent not listed above as original Collateral, proceeds and products of, and accessions to, each of the above assets. The term **Collateral** excludes (i) any property, right or interest in which a security interest may not be granted under applicable law, (ii) any equity interest of the Grantor in any Affiliate of the Grantor, (iii) any equipment to the extent a grant of a security interest in such equipment would be precluded by or require a consent under the terms and conditions of any existing or future purchase money or other financing of such equipment permitted under the terms of the Indenture, (iv) any intent-to-use trademark application prior to the filing of a "Statement of Use" or "Amendment to Allege Use" with respect thereto, to the extent, if any, that, and solely during the period, if any, in which, the grant of a security interest therein would impair the validity or enforceability of such intent-to-use trademark application under applicable federal law, (v) any aircraft, aircraft engines or motor vehicles, (vi) any deposit accounts, (vii) any cash and (viii) any investment property.

Copyright Licenses shall mean any and all agreements, licenses and covenants providing for the granting of any right in or to Copyrights or otherwise providing for a covenant not to sue (whether the Grantor is licensee or licensor thereunder) including each agreement referred to in Schedule 2 under the heading "Copyright Licenses" (as such schedule may be amended or supplemented from time to time).

Copyrights shall mean all United States copyrights (including Community designs), including but not limited to copyrights in software and all rights in and to databases, and all Mask Works (as defined under 17 U.S.C. 901 of the U.S. Copyright Act), whether registered or unregistered, moral rights, reversionary interests, termination rights, and, with respect to any and all of the foregoing: (a) all registrations and applications therefor including the registrations and applications required to be listed in Schedule 2 under the heading "Copyrights" (as such schedule may be amended or supplemented from time to time), (b) all extensions and renewals thereof, (c) all rights to sue for past, present and future infringements thereof, and (d) all proceeds of the foregoing, including licenses, royalties, income, payments, claims, damages and proceeds of suit.

Finance Documents means the Indenture, all Notes issued from time to time under the Indenture, the Purchase Agreement, this Agreement and all other pledges, security agreements, control agreements and all other agreements and documents entered into the connection with the transactions contemplated by the Indenture.

Guarantors means the Grantor and the other guarantors under the Indenture.

Intellectual Property shall mean, collectively, the Copyrights, the Copyright Licenses, the Patents, the Patent Licenses, the Trademarks, the Trademark Licenses, the Trade Secrets, and the Trade Secret Licenses.

Intellectual Property Licenses shall mean, collectively, the Copyright Licenses, Patent Licenses, Trademark Licenses and Trade Secret Licenses.

Lien means any security interest, lien, mortgage, pledge, encumbrance, charge, assignment, hypothecation, adverse claim, claim, or restriction on assignment, transfer or pledge or any other arrangement having the effect of conferring security.

Note means any note issued from time to time under the Indenture.

Noteholder means any Person which from time to time is the holder of a Note.

Obligors means Vector Group and the Guarantors.

Patent Licenses shall mean all agreements, licenses and covenants providing for the granting of any right in or to Patents or otherwise providing for a covenant not to sue (whether the Grantor is licensee or licensor thereunder) including each agreement referred to in Schedule 2 under the heading "Patent Licenses" (as such schedule may be amended or supplemented from time to time).

Patents shall mean all United States patents and certificates of invention, or similar industrial property rights, and applications for any of the foregoing, including, but not limited to: (a) each patent and patent application required to be listed in Schedule 2 hereto under the heading "Patents" (as such schedule may be amended or supplemented from time to time), (b) all reissues, divisions, continuations, continuations-in-part, extensions, renewals, and reexaminations thereof, (c) all inventions and improvements described therein, (d) all rights to sue for past, present and future infringements thereof, (e) all licenses, claims, damages, and proceeds of suit arising therefrom, and (f) all proceeds of the foregoing, including licenses, royalties, income, payments, claims, damages, and proceeds of suit.

Person means any individual, partnership, limited liability company, joint venture, corporation, trust, unincorporated organization, government or any department or agency thereof or any entity similar to any of the foregoing.

Secured Liabilities means each liability and obligation specified in Clause 2 (Secured Liabilities).

Secured Parties means U.S. Bank National Association, as Trustee and Collateral Agent and any other capacity under the Indenture and the Noteholders.

Security means any security interest created by this Agreement.

Security Period means the period beginning on the date of this Agreement and ending on the date on which all the Secured Liabilities have been indefeasibly, unconditionally and irrevocably paid and discharged in full. The Security Period will be extended to take into account any extension or reinstatement of this Agreement under Clause 3.2(b) (General).

Trademark Licenses shall mean any and all agreements, licenses and covenants providing for the granting of any right in or to Trademarks or otherwise providing for a covenant not to sue or permitting co-existence (whether the Grantor is licensee or licensor thereunder) including each agreement required to be listed in Schedule 2 under the heading "Trademark Licenses" (as such schedule may be amended or supplemented from time to time).

Trademarks shall mean all United States trademarks, trade names, corporate names, company names, business names, fictitious business names, Internet domain names, service marks, certification marks, collective marks, logos, other source or business identifiers, designs and general intangibles of a like nature, all registrations and applications for any of the foregoing including, but not limited to: (a) the registrations and applications referred to in Schedule 2 under the heading "Trademarks" (as such schedule may be amended or supplemented from time to time), (b) all extensions or renewals of any of the foregoing, (c) all of the goodwill of the business connected with the use of and symbolized by the foregoing, (d) the right to sue for past, present and future infringement or dilution of any of the foregoing or for any injury to goodwill, and (e) all proceeds of the foregoing, including licenses, royalties, income, payments, claims, damages, and proceeds of suit.

Trade Secret Licenses shall mean any and all agreements providing for the granting of any right in or to Trade Secrets (whether the Grantor is licensee or licensor thereunder) including each agreement referred to in Schedule 2 under the heading "Trade Secret Licenses" (as such schedule may be amended or supplemented from time to time).

Trade Secrets shall mean all trade secrets and all other confidential or proprietary information and know-how whether or not such Trade Secret has been reduced to a writing or other tangible form, including all documents and things embodying, incorporating, or referring in any way to such Trade Secret, including but not limited to: (a) the right to sue for past, present and future misappropriation or other violation of any Trade Secret, and (b) all proceeds of the foregoing, including licenses, royalties, income, payments, claims, damages, and proceeds of suit.

UCC means the Uniform Commercial Code as in effect from time to time in the State of New York.

1.2 Construction

(a) Any term defined in the UCC and not defined in this Agreement has the meaning given to that term in the UCC.

(b) Any term defined in the Indenture and not defined in this Agreement or the UCC has the meaning given to that term in the Indenture.

(c) No reference to **proceeds** in this Agreement authorizes any sale, transfer or other disposition of Collateral by the Grantor.

(d) In this Agreement, unless the contrary intention appears, a reference to:

(i) an **amendment** includes a supplement, novation, restatement or re-enactment and **amended** will be construed accordingly;

(ii) a Clause, a Subclause, an Exhibit or a Schedule is a reference to a Clause or Subclause of, or an Exhibit or Schedule to, this Agreement;

(iii) a law is a reference to that law as amended or re-enacted and to any successor law;

(iv) an agreement is a reference to that agreement as amended;

(v) **fraudulent transfer law** means any applicable U.S. Bankruptcy Law or state fraudulent transfer or conveyance statute, and the related case law; and

(vi) **law** includes any law, statute, regulation, regulatory requirement, rule, ordinance, ruling, decision, treaty, directive, order, guideline, regulation, policy, writ, judgment, injunction or request of any court or other governmental, inter-governmental or supranational body, officer or official, fiscal or monetary authority, or other ministry or public entity (and their interpretation, administration and application), whether or not having the force of law.

(e) In this Agreement:

(i) **includes** and **including** are not limiting;

(ii) **or** is not exclusive; and

(iii) the headings are for convenience only, do not constitute part of this Agreement and are not to be used in construing it.

2. SECURED LIABILITIES

2.1 Secured Liabilities

Each obligation and liability whether:

(a) present or future, actual, contingent or unliquidated; or

(b) owed jointly or severally (or in any other capacity whatsoever),

of the Grantor to any Noteholder, the Trustee or the Collateral Agent under or in connection with each Finance Document is a Secured Liability.

2.2 Specification of Secured Liabilities

The Secured Liabilities include any liability or obligation for:

(a) repayment of the principal of any Note;

(b) payment of interest and any other amount payable under the Finance Documents;

(c) payment and performance of all other obligations and liabilities of any Obligor under the Finance Documents;

(d) payment of any amount owed under any amendment, modification, renewal, extension or novation of any of the above obligations; and

(e) payment of an amount which arises after a petition is filed by, or against, any Obligor under the US Bankruptcy Code of 1978 even if the obligations do not accrue because of the automatic stay under Section 362 of the US Bankruptcy Code of 1978 or otherwise.

3. CREATION OF SECURITY

3.1 Security Interest

As security for the prompt and complete payment and performance of the Secured Liabilities when due (whether due because of stated maturity, acceleration, mandatory prepayment, or otherwise) and to induce the Noteholders to purchase the Notes, the Grantor grants to the Collateral Agent for the benefit of the Secured Parties a continuing security interest in the Grantor's right, title and interest in and to the Collateral.

3.2 General

(a) All the Security created under this Agreement:

(i) is continuing security for the irrevocable and indefeasible payment in full of the Secured Liabilities, regardless of any intermediate payment or discharge in whole or in part;

(ii) is in addition to, and not in any way prejudiced by, any other security now or subsequently held by the Collateral Agent.

(b) If, at any time for any reason (including the bankruptcy, insolvency, receivership, reorganization, dissolution or liquidation of any Obligor or the appointment of any receiver, intervenor or conservator of, or agent or similar official for, any Obligor or any of their respective properties), any payment received by the Collateral Agent or any Noteholder in respect of the Secured Liabilities is rescinded or avoided or must otherwise be restored or returned by the Collateral Agent or any Noteholder, that payment will not be considered to have been made for purposes of this Agreement, and this Agreement will continue to be effective or will be reinstated, if necessary, as if that payment had not been made.

(c) This Agreement is enforceable against the Grantor to the maximum extent permitted by the fraudulent transfer laws.

4. PERFECTION AND FURTHER ASSURANCES

4.1 General perfection

The Grantor must take, at its own expense, promptly, and in any event within any applicable time limit:

(a) whatever action is necessary or reasonably desirable; and

(b) any action which the Collateral Agent may reasonably require,

to ensure that this Security is as of the date Notes are first issued under the Indenture, and will continue to be until the end of the Security Period, a validly created, attached, enforceable and perfected first priority continuing security interest in the Collateral, subject to no Liens other than Permitted Liens and subject in priority to no Liens other than Permitted Prior Liens, in all relevant jurisdictions, securing payment and performance of the Secured Liabilities.

This includes the giving of any notice, order or direction, the making of any filing or registration, the passing of any resolution and the execution and delivery of any documents or agreements which the Collateral Agent may reasonably require.

4.2 Filing of financing statements

(a) The Grantor authorizes the Collateral Agent to prepare and file, at such Grantor's expense:

(i) financing statements describing the Collateral;

(ii) continuation statements; and

(iii) any amendment in respect of those statements.

(b) Promptly after filing an initial financing statement in respect of the Collateral, the Grantor must provide the Collateral Agent with an official report from the Secretary of State of the Commonwealth of Virginia indicating that the Collateral Agent's security interest in the Collateral provided by the Grantor is prior to all other security interests or other interests reflected in the report, other than Permitted Prior Liens.

4.3 Intellectual Property Recording Requirements

(a) In the case of any Collateral consisting of U.S. Patents and Patent Licenses in respect of U.S. Patents for which the Grantor is the licensee, the Grantor shall execute and deliver to the Collateral Agent a Patent Security Agreement in substantially the form of Exhibit 1 hereto (or a supplement thereto) covering all such Patents and Patent Licenses in appropriate form for recordation with the U.S. Patent and Trademark Office with respect to the security interest of the Collateral Agent.

(b) In the case of any Collateral consisting of U.S. Trademarks and Trademark Licenses in respect of U.S. Trademarks for which the Grantor is the licensee, the Grantor shall execute and deliver to the Collateral Agent a Trademark Security Agreement in substantially the form of Exhibit 2 hereto (or a supplement thereto) covering all such Trademarks and Trademark Licenses in appropriate form for recordation with the U.S. Patent and Trademark Office with respect to the security interest of the Collateral Agent.

(c) In the case of any Collateral consisting of registered U.S. Copyrights and Copyright Licenses in respect of U.S. Copyrights for which the Grantor is the licensee, the Grantor shall execute and deliver to the Collateral Agent a Copyright Security Agreement in substantially the form of Exhibit 3 hereto (or a supplement thereto) covering all such Copyright and Copyright Licenses in appropriate form for recordation with the U.S. Copyright Office with respect to the security interest of the Collateral Agent.

4.4 Further assurances

(a) The Grantor must take, at its own expense, promptly, and in any event within any applicable time limit, whatever action may reasonably be required under the Indenture or this Agreement for:

(i) creating, attaching, perfecting and protecting, and maintaining the priority of, any security interest intended to be created by this Agreement;

(ii) facilitating the enforcement of this Security or the exercise of any right, power or discretion exercisable by the Collateral Agent or any of its delegates or sub-delegates in respect of any Collateral; and

(iii) facilitating the assignment or transfer of any rights and/or obligations of the Collateral Agent under this Agreement.

This includes the execution and delivery of any transfer, assignment or other agreement or document, whether to the Collateral Agent or its nominee, which the Collateral Agent may reasonably require.

(b) The Grantor irrevocably constitutes and appoints the Collateral Agent, with full power of substitution, as the Grantor's true and lawful attorney-in-fact, in the Grantor's name or in the Collateral Agent's name or otherwise, and at the Grantor's expense, to take any of the actions referred to in paragraph (a) above without notice to or the consent of the Grantor. This power of attorney is a power coupled with an interest and cannot be revoked. The Grantor ratifies and confirms all actions taken by the Collateral Agent or its agents under this power of attorney.

5. REPRESENTATIONS AND WARRANTIES

5.1 Representations and warranties

The representations and warranties set out in this Clause are made by the Grantor to the Collateral Agent and each Noteholder.

5.2 The Grantor

(a) It is incorporated or organized under the laws of the state indicated in the preamble to this Agreement.

(b) Its exact legal name, as it appears in the public records of its jurisdiction of incorporation or organization, is as stated in the preamble to this Agreement. It has not changed its name, whether by amendment of its organizational documents, reorganization, merger or otherwise, since its most recent date of change of name, April 1, 2002.

(c) Its organizational identification number, as issued by its jurisdiction of incorporation is 0469701-7.

(d) It keeps at its address indicated in Clause 16 (Notices) its corporate records and all records, documents and instruments constituting, relating to or evidencing Collateral.

5.3 The Collateral

(a) Except as permitted under the Indenture:

(i) it is the sole legal and beneficial owner of, and has the power to transfer and grant a security interest in, the Collateral;

(ii) none of the Collateral is subject to any Lien other than the Collateral Agent's security interest and other Permitted Liens;

(iii) it has not agreed or committed to sell, assign, pledge, transfer, license, lease or encumber any of the Collateral, or granted any option, warrant or right with respect to any of the Collateral; and

(iv) no effective mortgage, deed of trust, financing statement, security agreement or other instrument similar in effect is on file or of record with respect to any Collateral, except for those that create, perfect or evidence the Collateral Agent's security interest and other Permitted Liens.

(b) No litigation, arbitration or administrative proceedings are current or pending or, to its knowledge, threatened, involving or affecting the Collateral, and none of the Collateral is subject to any order, writ, injunction, execution or attachment, in each case, that would reasonably be expected to have a material adverse effect on the Collateral Agent's security interest or the Collateral Agent's rights under this Agreement.

5.4 No liability

Except, in each case, as would not reasonably be expected to adversely affect the Collateral Agent's security interest or the Collateral Agent's rights under this Agreement in any material respect:

(a) Its rights, interests, liabilities and obligations under contractual obligations that constitute part of the Collateral are not affected by this Agreement or the exercise by the Collateral Agent of its rights under this Agreement;

(b) Neither the Collateral Agent nor any Noteholder, unless it expressly agrees in writing, will have any liabilities or obligations under any contractual obligation that constitutes part of the Collateral as a result of this Agreement, the exercise by the Collateral Agent of its rights under this Agreement or otherwise; and

(c) Neither the Collateral Agent nor any Noteholder has or will have any obligation to collect upon or enforce any contractual obligation or claim that constitutes part of the Collateral, or to take any other action with respect to the Collateral.

5.5 Consideration and solvency

(a) Terms used in this Clause have the meanings given to them in, and must be construed in accordance with, the fraudulent transfer laws.

(b) It will receive valuable direct and indirect benefits as a result of the transactions financed by the issuance of the Notes and these benefits constitute "reasonably equivalent value" and "fair consideration" as those terms are used in the fraudulent transfer laws.

(c) To the best of its knowledge, the Secured Parties have acted in good faith in connection with the transactions contemplated by this Agreement.

(d) The sum of its debts (including its obligations under this Agreement) is less than the value of its property (calculated at the lesser of fair valuation and present fair saleable value).

(e) Its capital is not unreasonably small to conduct its business as currently conducted or as proposed to be conducted.

(f) It has not incurred, does not intend to incur and does not believe it will incur debts beyond its ability to pay as they mature.

(g) It has not made a transfer or incurred an obligation under this Agreement with the intent to hinder, delay or defraud any of its present or future creditors.

5.6 Intellectual Property

(a) It is the sole and exclusive owner of the entire right, title, and interest in and to all Intellectual Property listed on Schedule 2 (as such schedule may be amended or supplemented from time to time), and owns or has the valid right to use and, where the Grantor does so, sublicense others to use, all other Intellectual Property used in and necessary to conduct its business, in each case, free and clear of all Liens, claims, encumbrances and licenses, except for Permitted Liens and the licenses set forth on Schedule 2 (as such schedule may be amended or supplemented from time to time).

(b) All Intellectual Property material to its business and owned by the Grantor is subsisting and has not been adjudged invalid or unenforceable, in whole or in part, nor, in the case of Patents, is any of the Intellectual Property material to its business and owned by the Grantor the subject of a reexamination proceeding, and the Grantor has performed all acts and has paid all renewal, maintenance, and other fees and taxes required to maintain each and every registration and application of Copyrights, Patents and Trademarks material to its business in full force and effect.

(c) All Intellectual Property material to its business and owned by the Grantor is valid and enforceable; no holding, decision, ruling, or judgment has been rendered in any action or proceeding before any court or administrative authority challenging the validity or scope of, the Grantor's right to register, or the Grantor's rights to own or use, any Intellectual Property material to its business and no such action or proceeding is pending or, to the best of the Grantor's knowledge, threatened.

(d) All registrations and applications for Copyright registrations, Patents and Trademark registrations material to the Grantor's business and owned or purported to be owned by the Grantor are standing in the name of the Grantor, and none of the Grantor's Trademarks, Patents, Copyrights or Trade Secrets material to the Grantor's business has been licensed by the Grantor to any Affiliate or third party, except as disclosed in Schedule 2 (as such schedule may be amended or supplemented from time to time), and all exclusive Copyright Licenses of the Grantor have been properly recorded in the U.S. Copyright Office.

(e) The Grantor has not made a previous assignment, sale, transfer, exclusive license or agreement constituting a present or future assignment, sale, transfer, exclusive license or agreement of any Intellectual Property material to its business that has not been terminated or released.

(f) The Grantor has been using appropriate statutory notice of registration in connection with its use of registered Trademarks material to its business, proper marking practices in connection with the use of Patents material to its business, and appropriate notice of copyright in connection with the publication of Copyrights material to its business.

(g) The Grantor uses adequate standards of quality in the manufacture, distribution, and sale of all products sold and in the provision of all services rendered under or in connection with all Trademark Collateral material to its business and has taken all action necessary to insure that all licensees of the Trademark Collateral owned by the Grantor and material to its business use such adequate standards of quality.

(h) To the best of such Grantor's knowledge, the conduct of such Grantor's business does not infringe upon or misappropriate or otherwise violate any trademark, patent, copyright, trade secret or other intellectual property right of any other Person; no claim has been made that the use of any Intellectual Property owned or used by the Grantor (or any of its respective licensees) and material to its business infringes upon, misappropriates or otherwise violates the asserted rights of any other Person, and no demand that the Grantor enter into a license or co-existence agreement has been made but not resolved.

(i) To the best of the Grantor's knowledge, no other Person is infringing upon, misappropriating or otherwise violating any rights in any Intellectual Property material to the Grantor's business owned, licensed or used by the Grantor, or any of its respective licensees.

(j) No settlement or consents, covenants not to sue, co-existence agreements, non-assertion assurances, or releases have been entered into by the Grantor or bind the Grantor in a manner that could adversely affect in any material respect the Grantor's rights to own, license or use any Intellectual Property material to its business.

5.7 Times for making representations and warranties

(a) The representations and warranties set out in this Agreement (including in this Clause) are made on the date of this Agreement.

(b) Unless a representation and warranty is expressed to be given at a specific date, all representations and warranties under this Agreement are deemed to be repeated by the Grantor on the date of each issuance of Notes under the Indenture with reference to the facts and circumstances then existing.

(c) When representations and warranties are repeated, they are applied to the circumstances existing at the time of repetition.

(d) The representations and warranties of the Grantor contained in this Agreement or made by the Grantor in any certificate, notice or report delivered under this Agreement will survive each issuance of Notes and any transfer or assignment of the Notes.

6. UNDERTAKINGS

6.1 Undertakings

The Grantor agrees to be bound by the covenants set out in this Clause.

6.2 The Grantor

(a) Except as permitted under the Indenture, the Grantor must preserve its corporate or limited liability company existence and will not, except as permitted by the Indenture, in one transaction or a series of related transactions, merge into or consolidate with any other entity, or sell all or substantially all of its assets.

(b) The Grantor may not change the jurisdiction of its incorporation or organization without providing the Collateral Agent with at least 30 days' prior written notice.

(c) The Grantor may not change its name without providing the Collateral Agent with at least 30 days' prior written notice.

(d) The Grantor must keep at its address indicated in, or otherwise notified to the Collateral Agent pursuant to, Clause 16 (Notices) its corporate records and all records, documents and instruments constituting, relating to or evidencing Collateral.

(e) The Grantor will permit the Collateral Agent and its agents and representatives, during normal business hours and upon reasonable notice, to inspect the Collateral, to examine and make copies of and abstracts from the records referred to in paragraph (d) above, and to discuss matters relating to the Collateral directly with the Grantor's officers and employees.

(f) At the Collateral Agent's request, the Grantor must provide the Collateral Agent with any information concerning the Collateral that the Collateral Agent may reasonably request.

6.3 The Collateral

(a) Except as permitted by the Indenture or this Agreement, the Grantor:

(i) must maintain sole legal and beneficial ownership of the Collateral;

(ii) must not permit any Collateral to be subject to any Lien other than the Collateral Agent's security interest and other Permitted Liens and must at all times warrant and defend the Collateral Agent's security interest in the Collateral against all other Liens (other than Permitted Liens) and claimants;

(iii) must not sell, assign, transfer, pledge, license, lease or further encumber, or grant any option, warrant, or right with respect to, any of the Collateral, or agree or contract to do any of the foregoing;

(iv) must not waive, amend or terminate, in whole or in part, any material accessory or ancillary right or other right in respect of any Collateral; and

(v) must not take any action which would result in a reduction in the value of any Collateral.

(b) The Grantor will pay, prior to delinquency, all material taxes, assessments and governmental levies imposed on or in respect of Collateral and all claims against the Collateral, including claims for labor, materials and supplies, in each case, except such as are contested in good faith and by appropriate proceedings or where the failure to effect such payment is not adverse in any material respect to the Collateral Agent.

(c) In any suit, legal action, arbitration or other proceeding involving the Collateral or the Collateral Agent's security interest, the Grantor must take all lawful action to avoid impairment of the Collateral Agent's security interest or the Collateral Agent's rights under this Agreement or the imposition of a Lien (other than Permitted Liens) on any Collateral.

6.4 Intellectual Property

(a) It shall not do any act or omit to do any act whereby any of the Intellectual Property which is material to the business of the Grantor may lapse, or become abandoned, dedicated to the public, or unenforceable, or which would adversely affect the validity, grant, or enforceability of the security interest granted therein (except, in each case, to the extent such action or inaction is deemed advisable in such Grantor's reasonable business judgment).

(b) It shall not, with respect to any Trademarks, cease the use of any of such Trademarks or fail to maintain the level of the quality of products sold and services rendered under any of such Trademark at a level at least substantially consistent with the quality of such products and services as of the date hereof, and the Grantor shall take all steps necessary to insure that licensees of such Trademarks use such consistent standards of quality (except, in each case, to the extent such action or inaction is deemed advisable in such Grantor's reasonable business judgment).

(c) It shall, within thirty (30) days of the creation or acquisition or exclusive license of any Copyrightable work which is material to the business of the Grantor, apply to register the Copyright and, in the case of an exclusive Copyright License, record such license, in the United States Copyright Office.

(d) It shall promptly notify the Collateral Agent if it knows or has reason to know that any item of Intellectual Property material to its business has become (i)

abandoned or dedicated to the public or placed in the public domain, (ii) invalid or unenforceable, (iii) subject to any adverse determination or development (including the institution of proceedings) in any action or proceeding in the United States Patent and Trademark Office or the United States Copyright Office (iv) the subject of any reversion or termination rights.

(e) It shall take all reasonable steps in the United States Patent and Trademark Office and the United States Copyright Office to pursue any application and maintain any registration of each Trademark, Patent, and Copyright owned by or exclusively licensed to the Grantor which is now or shall become included in the Intellectual Property including those items on Schedule 2 (as such may be amended or supplemented from time to time).

(f) It shall hereafter use best efforts so as not to permit the inclusion in any contract to which it hereafter becomes a party of any provision would materially impair or prevent the creation of a security interest in, or the assignment of, the Grantor's rights and interests in any property included within the definitions of any Intellectual Property material to its business acquired under such contracts.

(g) In the event that any Intellectual Property owned by or exclusively licensed to the Grantor is infringed, misappropriated, or diluted by a third party, the Grantor shall promptly take all reasonable actions to stop such infringement, misappropriation, or dilution and protect its rights in such Intellectual Property including, to the extent such action is deemed advisable in such Grantor's reasonable business judgment, the initiation of a suit for injunctive relief and to recover damages.

(h) It shall take all steps reasonably necessary to protect the secrecy of all Trade Secrets, including entering into confidentiality agreements with employees and consultants and labeling and restricting access to secret information and documents.

(i) It shall use proper statutory notice in connection with its use of any of the Intellectual Property.

(j) It shall continue to collect, at its own expense, all amounts due or to become due to the Grantor in respect of the Intellectual Property or any portion thereof. In connection with such collections, the Grantor may take (and, at the Collateral Agent's reasonable direction, shall take) such action as the Grantor or the Collateral Agent may deem reasonably necessary or advisable to enforce collection of such amounts. Notwithstanding the foregoing, the Collateral Agent shall have the right at any time, to notify, or require the Grantor to notify, any obligors with respect to any such amounts of the existence of the security interest created hereby.

6.5 Notices

(a) The Grantor must give the Collateral Agent prompt notice of the occurrence of any of the following events:

(i) any pending or threatened claim, suit, legal action, arbitration or other proceeding involving or affecting the Grantor or any Collateral which would reasonably be expected to materially impair the Collateral Agent's security interest or the Collateral Agent's rights under this Agreement or result in the imposition of a Lien (other than Permitted Liens) on any Collateral;

(ii) any loss or damage to any material portion of the Collateral; or

(iii) any representation or warranty contained in this Agreement is or becomes untrue, incorrect or incomplete in any material respect.

(b) Each notice delivered under this Clause, must include:

(i) reasonable details about the event; and

(ii) the Grantor's proposed course of action.

Delivery of a notice under this Clause does not affect the Grantor's obligations to comply with any other term of this Agreement.

7. WHEN SECURITY BECOMES ENFORCEABLE

Subject to the terms of the Indenture, this Security may be enforced by the Collateral Agent at any time after an Event of Default has occurred.

8. ENFORCEMENT OF SECURITY

8.1 [Reserved]

8.2 General

(a) After this Security has become enforceable, the Collateral Agent may immediately, in its absolute discretion, exercise any right under:

(i) applicable law; or

(ii) this Agreement,

to enforce all or any part of the Security in respect of any Collateral in any manner or order it sees fit.

(b) This includes:

(i) any rights and remedies available to the Collateral Agent under applicable law and under the UCC (whether or not the UCC applies to the affected Collateral and regardless of whether or not the UCC is the law of the jurisdiction where the rights or remedies are asserted) as if those rights and remedies were set forth in this Agreement in full;

(ii) transferring or assigning to, or registering in the name of, the Collateral Agent or its nominees any of the Collateral;

(iii) exercising any consent and other rights relating to any Collateral;

(iv) performing or complying with any contractual obligation that constitutes part of the Collateral;

(v) receiving, endorsing, negotiating, executing and delivering or collecting upon any check, draft, note, acceptance, account, instrument, document, letter of credit, contract, agreement, receipt, release, bill of lading, invoice, endorsement, assignment, bill of sale, deed, security, share certificate, stock power, proxy, or instrument of conveyance or transfer constituting or relating to any Collateral;

(vi) asserting, instituting, filing, defending, settling, compromising, adjusting, discounting or releasing any suit, action, claim, counterclaim, right of set-off or other right or interest relating to any Collateral;

(vii) executing and delivering acquittances, receipts and releases in respect of Collateral; and

(viii) exercising any other right or remedy available to the Collateral Agent under the other Finance Documents or any other agreement between the parties.

8.3 Collections after an Event of Default

(a) If an Event of Default occurs and is continuing, the Grantor must hold all funds and other property received or collected in respect of the Collateral in trust for the Collateral Agent, and must keep these funds and this other property segregated from all other funds and property so as to be capable of identification.

(b) The Grantor must deliver those funds and that other property to the Collateral Agent in the identical form received, properly endorsed or assigned when required to enable the Collateral Agent to complete collection.

(c) After the occurrence and during the continuation of an Event of Default, the Grantor may not settle, compromise, adjust, discount or release any claim in respect of Collateral, and the Grantor may not accept any returns of merchandise other than in the ordinary course of business.

8.4 Collateral Agent’s rights upon default

(a) The Grantor irrevocably constitutes and appoints the Collateral Agent, with full power of substitution, as the Grantor’s true and lawful attorney-in-fact, in the Grantor’s name or in the Collateral Agent’s name or otherwise, and at the Grantor’s expense, to take any of the actions authorized by this Agreement or

permitted under applicable law upon the occurrence and during the continuation of an Event of Default, without notice to or the consent of the Grantor. This power of attorney is a power coupled with an interest and cannot be revoked. The Grantor ratifies and confirms all actions taken by the Collateral Agent or its agents under this power of attorney.

(b) The Grantor agrees that 10 days' notice shall constitute reasonable notice in connection with any sale, transfer or other disposition of Collateral.

(c) The Collateral Agent may comply with any applicable state or federal law requirements in connection with a disposition of Collateral and compliance will not be considered adversely to affect the commercial reasonableness of any sale of Collateral.

(d) The grant to the Collateral Agent under this Agreement of any right, power or remedy does not impose upon the Collateral Agent any duty to exercise that right, power or remedy. The Collateral Agent will have no obligation to take any steps to preserve any claim or other right against any Person or with respect to any Collateral.

(e) The Grantor bears the risk of loss, damage, diminution in value, or destruction of the Collateral.

(f) The Collateral Agent will have no responsibility for any act or omission of any courier, bailee, broker, bank, investment bank or any other Person chosen by it with reasonable care.

(g) The Collateral Agent makes no express or implied representations or warranties with respect to any Collateral or other property released to the Grantor or its successors and assigns.

(h) The Grantor agrees that the Collateral Agent will have met its duty of care under applicable law if it holds, maintains and disposes of Collateral in the same manner that it holds, maintains and disposes of property for its own account.

(i) Except as set forth in this Clause or as required under applicable law, the Collateral Agent will have no duties or obligations under this Agreement or otherwise with respect to the Collateral.

(j) The sale, transfer or other disposition under this Agreement of any right, title, or interest of the Grantor in any item of Collateral will:

(i) operate to divest the Grantor permanently and all Persons claiming under or through the Grantor of that right, title, or interest, and

(ii) be a perpetual bar, both at law and in equity, to any claims by the Grantor or any Person claiming under or through the Grantor with respect to that item of Collateral.

8.5 No marshaling

(a) The Collateral Agent need not, and the Grantor irrevocably waives and agrees that it will not invoke or assert any law requiring the Collateral Agent to:

(i) attempt to satisfy the Secured Liabilities by collecting them from any other Person liable for them; or

(ii) marshal any security or guarantee securing payment or performance of the Secured Liabilities or any particular asset of the Grantor.

(b) The Collateral Agent may release, modify or waive any collateral or guarantee provided by any other Person to secure any of the Secured Liabilities, without affecting the Collateral Agent's rights against the Grantor.

8.6 Grant of Intellectual Property License

For the purpose of enabling the Collateral Agent, during the continuance of an Event of Default, to exercise rights and remedies under this Clause 8 hereof at such time as the Collateral Agent shall be lawfully entitled to exercise such rights and remedies, and for no other purpose, the Grantor hereby grants to the Collateral Agent, to the extent assignable, an irrevocable, non-exclusive license to use, assign, license or sublicense any of the Intellectual Property now owned or hereafter acquired by the Grantor, wherever the same may be located. Such license shall be subject, in the case of Trademarks, to sufficient rights to quality control and inspection in favor of the Grantor to avoid the risk of invalidation of said Trademarks. Such license shall include access to all media in which any of the licensed items may be recorded or stored and to all computer programs used for the compilation or printout hereof.

9. APPLICATION OF PROCEEDS

Any moneys received in connection with the Collateral by the Collateral Agent after this Security has become enforceable must be applied in the following order of priority:

(a) **first,** in or towards payment of or provision for all costs and expenses incurred by the Collateral Agent in connection with the enforcement of this Security;

(b) **second,** in or towards payment of, or provision for, the Secured Liabilities; and

(c) **third**, **in payment of the surplus (if any) to the Grantor or any other Person entitled to it under applicable law.**

This Clause is subject to the payment of any claims having priority over this Security under mandatory provisions of applicable law. This Clause does not prejudice the right of any Noteholder to recover any shortfall from the Grantor.

10. EXPENSES AND INDEMNITY

(a) The Grantor must pay promptly on demand to the Collateral Agent all costs and expenses incurred by the Collateral Agent, any Noteholder, attorney, manager, delegate, sub-delegate, agent or other Person appointed by the Collateral Agent under this Agreement for the purpose of enforcing its rights under this Agreement. This includes:

(i) costs of foreclosure and of any transfer, disposition or sale of Collateral;

(ii) costs of maintaining or preserving the Collateral or assembling it or preparing it for transfer, disposition or sale;

(iii) costs of obtaining money damages; and

(iv) fees and expenses of attorneys employed by the Collateral Agent for any purpose related to this Agreement or the Secured Liabilities, including consultation, preparation and negotiation of any amendment or restructuring, drafting documents, sending notices or instituting, prosecuting or defending litigation or arbitration.

(b) The Grantor must indemnify and keep indemnified the Secured Parties and their respective affiliates, directors, officers, representatives and agents from and against all claims, liabilities, obligations, losses, damages, penalties, judgments, costs and expenses of any kind (including attorney's fees and expenses) which may be imposed on, incurred by or asserted against any of them by any Person (including any Noteholder) in any way relating to or arising out of:

(i) this Agreement;

(ii) the Collateral;

(iii) the Collateral Agent's security interest in the Collateral;

(iv) any Event of Default;

(v) any action taken or omitted by the Collateral Agent under this Agreement or any exercise or enforcement of rights or remedies under this Agreement; or

(vi) any transfer sale or other disposition of or any realization on Collateral.

(c) The Grantor will not be liable to an indemnified party to the extent any liability results from that indemnified party's gross negligence or willful misconduct. Payment by an indemnified party will not be a condition precedent to the obligations of the Grantor under this indemnity.

(d) This Clause survives the issuance of the Notes, the repayment of the Notes, any transfer or assignment of the Notes and the termination of this Agreement.

11. EVIDENCE AND CALCULATIONS

In the absence of manifest error, the records of the Collateral Agent are conclusive evidence of the existence and the amount of the Secured Liabilities.

12. CHANGES TO THE PARTIES

12.1 Grantor

The Grantor may not assign, delegate or transfer any of its rights or obligations under this Agreement without the consent of the Collateral Agent, and any purported assignment, delegation or transfer in violation of this provision shall be void and of no effect.

12.2 Collateral Agent

The Collateral Agent may assign or transfer its rights and obligations under this Agreement in the manner permitted under the Indenture.

12.3 Successors and assigns

This Agreement shall be binding on and inure to the benefit of the respective successors and permitted assigns of the Grantor and the Collateral Agent.

13. MISCELLANEOUS

13.1 Amendments and waivers

Any term of this Agreement may be amended or waived only by the written agreement of the Grantor and the Collateral Agent.

13.2 Waivers and remedies cumulative

(a) The rights and remedies of the Collateral Agent under this Agreement:

(i) may be exercised as often as necessary;

(ii) are cumulative and not exclusive of its rights under applicable law; and

(iii) may be waived only in writing and specifically.

(b) Delay in exercising, or non-exercise, of any right or remedy under this Agreement is not a waiver of that right or remedy.

13.3 Counterparts

This Agreement may be executed in counterparts, and this has the same effect as if the signatures on the counterparts were on a single copy of this Agreement.

14. SEVERABILITY

If any term of this Agreement is or becomes illegal, invalid or unenforceable in any jurisdiction, that will not affect:

(a) the legality, validity or enforceability in that jurisdiction of any other term of this Agreement; or

(b) the legality, validity or enforceability in any other jurisdiction of that or any other term of this Agreement.

15. RELEASE

At the end of the Security Period and at the other times provided in the Indenture, the Collateral Agent must, at the request and cost of the Grantor, take whatever action is necessary to release all or any applicable part of the Collateral from this Security in accordance with the terms of the Indenture.

16. NOTICES

16.1 Notices

Any communication in connection with this Agreement must be in writing and, unless otherwise stated, must be given in person, by first class mail (registered or certified, return receipt requested), overnight courier guaranteeing next day delivery, or by fax.

16.2 Contact details

(a) The contact details of the Grantors for this purpose are:

Vector Tobacco Inc.
Address: 3800 Paramount Parkway
Suite 250
PO Box 2010
Morrisville, NC 27560
Fax: (305) 579-8016
Attention: Marc N. Bell

(b) The contact details of the Collateral Agent for this purpose are:

U.S. Bank National Association
Address: Global Corporate Trust Services
60 Livingston Avenue
EP-MN-WS3C
St. Paul, MN 55107-2292
Fax: (651) 466-7430
Attention: Joshua A. Hahn

(c) Either party may change its contact details by giving five Business Days' notice to the other party.

(d) Where a party nominates a particular department or officer to receive a communication, a communication will not be effective if it fails to specify that department or officer.

16.3 Effectiveness

(a) Except as provided below, any communication in connection with this Agreement will be deemed to be given as follows:

(i) if delivered in person, at the time of delivery;

(ii) if by fax, when sent with confirmation of transmission.

(b) A communication given under this Clause but received on a non-working day or after business hours in the place of receipt will only be deemed to be given on the next working day in that place.

17. GOVERNING LAW

This Agreement, the relationship between the Grantor, the Secured Parties and any claim or dispute (whether sounding in contract, tort, statute or otherwise) relating to this Agreement or that relationship shall be governed by and construed in accordance with law of the State of New York including section 5-1401 of the New York General Obligations Law but excluding any other conflict of law rules that would lead to the application of the law of another jurisdiction. If the law of a jurisdiction other than New York is, under section 1-105(2) of the UCC, mandatorily applicable to the perfection, priority or enforcement of any security interest granted under this Agreement in respect of any particular Collateral, that other law shall apply solely to the matters of perfection, priority or enforcement to which it is mandatorily applicable.

18. ENFORCEMENT

18.1 Jurisdiction

(a) Each of the Parties agrees that any New York State court or Federal court sitting in the City and County of New York has jurisdiction to settle any disputes in connection with this Agreement and accordingly submits to the jurisdiction of those courts.

(b) Each of the Parties:

(i) waives objection to the New York State and Federal courts on grounds of personal jurisdiction, inconvenient forum or otherwise as regards proceedings in connection with this Agreement; and

(ii) agrees that a judgment or order of a New York State or Federal court in connection with this Agreement is conclusive and binding on it and may be enforced against it in the courts of any other jurisdiction.

(c) Nothing in this Clause limits the right of the Collateral Agent or any Noteholder to bring proceedings against the Grantor in connection with this Agreement:

(i) in any other court of competent jurisdiction; or

(ii) concurrently in more than one jurisdiction.

18.2 Service of Process

The Grantor consents to the service of process relating to any proceedings by a notice given in accordance with Clause 16 (Notices) above.

18.3 Complete Agreement

This Agreement and the other Finance Documents contain the complete agreement between the parties on the matters to which they relate and supersede all prior commitments, agreements and understandings, whether written or oral, on those matters.

18.4 Waiver of Jury Trial

THE GRANTOR AND THE COLLATERAL AGENT (FOR ITSELF AND ON BEHALF OF THE NOTEHOLDERS) WAIVE ANY RIGHTS THEY MAY HAVE TO A JURY TRIAL OF ANY CLAIM OR CAUSE OF ACTION BASED ON OR ARISING FROM THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED BY THIS AGREEMENT. In the event of litigation, this Agreement may be filed as a written consent to a trial by the court.

The undersigned, intending to be legally bound, have executed and delivered this Agreement on the date stated at the beginning of this Agreement.

SIGNATORIES

IN WITNESS WHEREOF, the Grantor has caused this Security Agreement to be duly executed by its duly authorized officer as of the day and year first above written.

Grantor

VECTOR TOBACCO INC.

By: /s/ Francis G. Wall
Name: Francis G. Wall
Title: Vice President of Finance, Treasure and Chief Financial Officer

(*Signature Page to Security Agreement – Vector Tobacco Inc.*)

Collateral Agent

U.S. BANK NATIONAL ASSOCIATION as Collateral Agent

By: /s/ Joshua A. Hahn
Name: Joshua A. Hahn
Title: Vice President

(*Signature Page to Security Agreement – Vector Tobacco Inc.*)

SCHEDULE 1

COMMERCIAL TORT CLAIMS

None.

SCHEDULE 2
INTELLECTUAL PROPERTY

Copyrights:

Registrations

Title	Reg. No. Reg. Date	Status	Owner
Quest 1 cigarette packaging in blue	VA0001390735 12/22/2005	Registered	Vector Tobacco, Inc.

Applications:

None.

Copyright Licenses:

None.

Patents:

Registrations:

Title	App. No. App. Date	Patent No. Issue Date	Status	Owner
Reduced risk tobacco products and methods of making same	14102340 12/10/2013	9439452 9/13/2016	Issued	Vector Tobacco Inc.
Global gene expression analysis of human bronchial epithelial cells exposed to cigarette smoke, smoke condensates, or components thereof	10593596 7/27/2007	7727715 6/1/2010	Issued	Vector Tobacco Inc.
Approaches to identify less harmful tobacco and tobacco products	11596088 4/4/2008	7662565 2/16/2010	Issued	Vector Tobacco Inc. Frank Traganos Zbigniew Darzynkiewicz
Method of making a smoking composition	10871863 6/18/2004	6959712 11/1/2005	Issued	Vector Tobacco Inc.
Method of making a smoking composition	10007724 11/9/2001	6789548 9/14/2004	Issued	Vector Tobacco Inc.

Applications:

Title	App. No. App. Date	Patent No. Issue Date	Status	Owner
Reduced risk tobacco products and methods of making same	15/243675 8/22/2016		Pending	Vector Tobacco Inc.

Patent Licenses:

None.

Trademarks:

Registrations:

Trademark	App. No. App. Date	Reg. No. Reg. Date	Status	Owner
EAGLE 20’S	73065753 14-OCT-1975	1041041 08-JUN-1976	Renewed in 2016	Vector Tobacco Inc.
SILVER EAGLE	78632586 18-MAY-2005	3140520 05-SEP-2006	Renewed in 2016	Vector Tobacco Inc.

Applications:

Trademark	App. No. App. Date	Reg. No. Reg. Date	Status	Owner
WHY PAY MORE?	87265921 12-DEC-2016		Pending	Vector Tobacco Inc.

Trademark Licenses:

None.

Trade Secret Licenses:

None.

EXHIBIT 1

Form of Patent Security Agreement

(see attached)

FORM OF
PATENT SECURITY AND PLEDGE AGREEMENT

This **PATENT SECURITY AND PLEDGE AGREEMENT**, dated as of [, 2017] (as may be amended, restated, supplemented or otherwise modified from time to time, this "Agreement"), is made by Vector Tobacco Inc., a Virginia corporation (the "Grantor") in favor of U.S. Bank National Association, as collateral agent (in such capacity, the "Collateral Agent") for the Noteholders (as defined in the Security Agreement referred to below).

WHEREAS, the Grantor has guaranteed the Notes issued under the Indenture, dated as of January 27, 2017 (as amended, supplemented, or otherwise modified from time to time, the "Indenture") among Vector Group Ltd. (the "Issuer"), the Grantor and certain of the Issuer's other direct and indirect subsidiaries and the Collateral Agent, in its capacity as trustee thereunder.

WHEREAS, it is a condition precedent to the obligations of the Collateral Agent under the Indenture that the Grantor shall have executed and delivered that certain Security Agreement, dated as of January 27, 2017, in favor of the Collateral Agent (as amended, supplemented, replaced or otherwise modified from time to time, the "Security Agreement").

WHEREAS, under the terms of the Security Agreement, the Grantor has granted a security interest in certain Property, including certain Intellectual Property of such Grantor to the Collateral Agent for the benefit of the Secured Parties, and has agreed as a condition thereof to execute this Agreement for recording with the United States Patent and Trademark Office and other applicable Governmental Authorities.

WHEREAS, this Agreement is supplemental to the provisions contained in the Security Agreement and, in the event of an inconsistency among them, the Security Agreement shall control over this Agreement.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Grantor agrees as follows:

1.
DEFINITIONS.

1.1 Terms Defined in the Security Agreement. All capitalized terms used in this Agreement and not otherwise defined herein shall have the meanings assigned to them in the Security Agreement.

1.2 Certain Defined Terms. As used in this Agreement, the following terms shall have the following meanings:

"Assignment of Patents" has the meaning set forth in Section 2.2 herein.

"Patent Collateral" has the meaning set forth in Section 2.1 herein.

"PTO" means the United States Patent and Trademark Office.

1.3 Rules of Construction. Unless otherwise provided herein, the rules of construction set forth in Section 1.2 of the Security Agreement shall be applicable to this Agreement.

2.
GRANT OF SECURITY INTEREST.

2.1 Security Interest. As collateral security for the payment and performance in full of all of the Secured Liabilities, the Grantor hereby grants to the Collateral Agent, for the benefit of the Secured Parties, a continuing security interest in and lien on all of such Grantor's right, title and interests in all Patents and Patent Licenses, including the Patents and Patent Licenses referred to on Schedule A hereto (as such schedule may be amended or supplemented from time to time), in each case whether now or hereafter existing or arising or in which such Grantor now has or hereafter owns, acquires or develops an interest and wherever located (collectively, the "Patent Collateral").

2.2 Assignment of Patents upon Default. The Grantor acknowledges that the Collateral Agent has the right, pursuant to the power of attorney granted the Collateral Agent hereunder and under the Security Agreement, upon the occurrence and during the continuance of an Event of Default, to execute on behalf of such Grantor an assignment of Patents and Patent Licenses that constitute Patent Collateral in substantially the form of Exhibit 1 hereto (each an "Assignment of Patents") for the sole purpose of effecting the Collateral Agent's exercise of its remedies under Section 8 of the Security Agreement. In furtherance of the foregoing, the Grantor hereby authorizes the Collateral Agent to complete, execute and record with the PTO an Assignment of Patents on behalf of such Grantor upon the occurrence and during the continuance of an Event of Default for the sole purpose of effecting the Collateral Agent's exercise of its remedies under Section 8 of the Security Agreement.

2.3 Conditional Assignment. In addition to, and not by way of limitation of, the grant and pledge of the Patent Collateral provided in Section 2.1, the Grantor hereby grants, assigns, transfers, conveys and sets over to the Collateral Agent, for the benefit of the Secured Parties, such Grantor's entire right, title and interest in and to the Patent Collateral; *provided*, that such grant, assignment, transfer and conveyance shall be and become of force and effect only (a) in connection with the Collateral Agent's exercise of its rights and remedies in strict accordance with the terms of the Security Agreement, and (b) upon or after the occurrence and during the continuance of an Event of Default and (c) either (i) upon the written demand of the Collateral Agent at any time during such continuance or (ii) immediately and automatically (without notice or action of any kind by the Collateral Agent) upon an Event of Default for which acceleration of

the payment of the Notes is automatic under the Indenture or upon the sale or other disposition of or foreclosure upon the Collateral pursuant to the Security Agreement and applicable law (including the transfer or other disposition of the Collateral by the Grantor to the Collateral Agent or its nominee in lieu of foreclosure).

2.4 Supplemental to Security Agreement. Pursuant to the Security Agreement the Grantor has granted to the Collateral Agent, for the benefit of the Secured Parties, a continuing security interest in and lien on the Collateral (including the Patent Collateral). The Security Agreement, and all rights and interests of the Collateral Agent in and to the Collateral (including the Patent Collateral) thereunder, are hereby ratified and confirmed in all respects. In no event shall this Agreement, the grant, assignment, transfer and conveyance of the Patent Collateral hereunder, or the recordation of this Agreement (or any other document hereunder) with the PTO, adversely affect or impair, in any way or to any extent, the Security Agreement, the security interest of the Collateral Agent in the Collateral (including the Patent Collateral) pursuant to the Security Agreement, the attachment and perfection of such security interest under the UCC (including the security interest in the Patent Collateral), or any present or future rights and interests of the Collateral Agent in and to the Collateral under or in connection with the Security Agreement or the UCC. Any and all rights and interests of the Collateral Agent in and to the Patent Collateral (and any and all obligations of the Grantor with respect to the Patent Collateral) provided herein, or arising hereunder or in connection herewith, shall only supplement and be cumulative and in addition to the rights and interests of the Collateral Agent (and the obligations of the Grantor) in, to or with respect to the Collateral (including the Patent Collateral) provided in or arising under or in connection with the Security Agreement and shall not be in derogation thereof.

3.
AFTER-ACQUIRED PATENTS

3.1 After-acquired Patents. If, after the execution of this Agreement and before the end of the Security Period, the Grantor shall obtain any right, title or interest in or to any new patentable inventions or become entitled to the benefit of any Patents or Patent Licenses for any reissue, division, or continuation, of any Patent, the provisions of this Agreement shall automatically apply thereto and such Grantor shall promptly provide to the Collateral Agent notice thereof in writing and execute and deliver to the Collateral Agent such documents or instruments as the Collateral Agent may reasonably request further to implement, preserve or evidence the Collateral Agent’s interest therein.

3.2 Amendment to Schedule. The Grantor authorizes the Collateral Agent to modify this Agreement and the Assignments of Patents, without the necessity of such Grantor’s further approval or signature, by amending Schedule A hereto and the Annex to each Assignment of Patents to include any future or other Patents or Patent Licenses that become part of the Patent Collateral under Section 2 or Section 3.1.

4.
GOVERNING LAW; CONSENT TO JURISDICTION.

This Agreement, the relationship between the parties hereunder and any claim or dispute (whether sounding in contract, tort, statute or otherwise) relating to this Agreement or that relationship shall be governed by and construed in accordance with law of the State of New York including section 5-1401 of the New York General Obligations Law but excluding any other conflict of law rules that would lead to the application of the law of another jurisdiction. If the law of a jurisdiction other than New York is, under section 1-105(2) of the UCC, mandatorily applicable to the perfection, priority or enforcement of any security interest granted under this Agreement in respect of any Patent Collateral, that other law shall apply solely to the matters of perfection, priority or enforcement to which it is mandatorily applicable.

5.
MISCELLANEOUS.

5.1 Headings. The headings of each section of this Agreement are for convenience only and shall not define or limit the provisions thereof. This Agreement and all rights and obligations hereunder shall be binding upon the Grantor and its respective successors and assigns, and shall inure to the benefit of the Secured Parties and their respective successors and assigns. If any term of this Agreement shall be held to be invalid, illegal or unenforceable, the validity of all other terms hereof shall in no way be affected thereby, and this Agreement shall be construed and be enforceable as if such invalid, illegal or unenforceable term had not been included herein. The Grantor acknowledges receipt of a copy of this Agreement.

5.2 Counterparts. This Agreement may be executed in any number of counterparts, each of which when so executed and delivered shall be deemed an original, but all such counterparts together shall constitute but one and the same instrument.

[*Signatures begin on next page*]

IN WITNESS WHEREOF, this Patent Security and Pledge Agreement has been executed and delivered by its duly authorized officer as of the day and year first above written.

[ ], as Grantor

By: _____
Name:
Title:

U.S. Bank National Association, as Collateral Agent

By: _____
Name:
Title:

Schedule A
to the Patent Security and Pledge Agreement

[*To be completed by the Grantor*]

Grantor: [_____]

Issued U.S. Patents of Grantor

Patent No.	Issue Date	Title

Schedule A
to the Patent Security and Pledge Agreement

Pending U.S. Patent Applications of Grantor

Serial No.	Filing Date	Title

EXHIBIT 1
ASSIGNMENT OF PATENTS

WHEREAS, _____, a _____ organized and existing under the laws of the State of _____, having a place of business at _____ (the "Assignor"), has adopted and used and is using the patents (the "Patents") identified on the Annex hereto, and is the owner of such Patents; and

WHEREAS, U.S. Bank National Association, having a place of business at 60 Livingston Avenue, EP-MN-WS3C, St. Paul, Minnesota 55107-2292 (the "Assignee"), is desirous of acquiring the Patents;

WHEREAS, the Assignor and the Assignee have entered into that certain Patent Security and Pledge Agreement, dated as of _____, 20__ (as may be amended, Patent Collateral Agreement"). Capitalized terms used and not defined herein have the meanings given such terms in the Patent Collateral Agreement;

NOW, THEREFORE, for good and valuable consideration, receipt of which is hereby acknowledged, the Assignor does hereby assign, sell and transfer unto the Assignee all right, title and interest in and to the Patents, together with (i) the Issued Patents and Patent Applications identified on the Annex attached hereto and incorporated herein by reference, (ii) the goodwill of the business symbolized by and associated with the Patents, and (iii) the right to sue and recover for, and the right to profits or damages due or accrued arising out of or in connection with, any and all past, present or future infringements of or damage or injury to the Patents or such associated goodwill.

This Assignment of Patents is intended to and shall take effect at such time as the Assignee shall complete this instrument by signing its acceptance of this Assignment of Patents below.

IN WITNESS WHEREOF, the Assignor, by its duly authorized officer, has executed this assignment, _____, on this __ day of _____, 20__.

[_____]

By: _____
Name:
Title:

The foregoing assignment of the Patents by the Assignor to the Assignee is hereby accepted as of the __ day of _____, 20__.

U.S. Bank National Association

By: _____
Name:
Title:

COMMONWEALTH OR STATE OF _____)
) ss.
COUNTY OF _____

On this the __ day of _____, 20__, before me appeared _____, the person who signed this instrument, who acknowledged that (s)he is the _____ of _____, and that being duly authorized (s)he signed such instrument as a free act on behalf of _____.

_____
Notary Public

[Seal]

My commission expires:

ANNEX
U.S. PATENT REGISTRATIONS AND APPLICATIONS

Title	App. No. Filing Date	Patent No. Issue Date	Security Interest

EXHIBIT 2

Form of Trademark Security Agreement

(see attached)

FORM OF
TRADEMARK SECURITY AND PLEDGE AGREEMENT

This **TRADEMARK SECURITY AND PLEDGE AGREEMENT**, dated as of [, 2017] (as may be amended, restated, supplemented or otherwise modified from time to time, this "Agreement"), is made by Vector Tobacco Inc., a Virginia corporation (the "Grantor") in favor of U.S. Bank National Association, as collateral agent (in such capacity, the "Collateral Agent") for the Noteholders (as defined in the Security Agreement referred to below).

WHEREAS, the Grantor has guaranteed the Notes issued under the Indenture, dated as of January 27, 2017 (as amended, supplemented, or otherwise modified from time to time, the "Indenture") among Vector Group Ltd. (the "Issuer"), the Grantor and certain of the Issuer's other direct and indirect subsidiaries and the Collateral Agent, in its capacity as trustee thereunder.

WHEREAS, it is a condition precedent to the obligations of the Collateral Agent under the Indenture that the Grantor shall have executed and delivered that certain Security Agreement, dated as of January 27, 2017, in favor of the Collateral Agent (as amended, supplemented, replaced or otherwise modified from time to time, the "Security Agreement").

WHEREAS, under the terms of the Security Agreement, the Grantor has granted a security interest in certain Property, including certain Intellectual Property of the Grantor to the Collateral Agent for the benefit of the Secured Parties, and has agreed as a condition thereof to execute this Agreement for recording with the United States Patent and Trademark Office and other applicable Governmental Authorities.

WHEREAS, this Agreement is supplemental to the provisions contained in the Security Agreement and, in the event of an inconsistency among them, the Security Agreement shall control over this Agreement.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Grantor agrees as follows:

1.
DEFINITIONS.

1.1 Terms Defined in the Security Agreement. All capitalized terms used in this Agreement and not otherwise defined herein shall have the meanings assigned to them in the Security Agreement.

1.2 Certain Defined Terms. As used in this Agreement, the following terms shall have the following meanings:

"Assignment of Marks" has the meaning set forth in Section 2.2 herein.

"PTO" means the United States Patent and Trademark Office.

"Trademark Collateral" has the meaning set forth in Section 2.1 herein.

1.3 Rules of Construction. Unless otherwise provided herein, the rules of construction set forth in Section 1.2 of the Security Agreement shall be applicable to this Agreement.

2.
GRANT OF SECURITY INTEREST.

2.1 Security Interest. As collateral security for the payment and performance in full of all of the Secured Liabilities, the Grantor hereby pledges and grants to the Collateral Agent, for the benefit of the Secured Parties, a continuing security interest in and lien on all of such Grantor's right, title and interest in all Trademarks, Trademark Licenses, Trade Secrets and Trade Secret Licenses, including the Trademarks, Trademark Licenses and Trade Secret Licenses referred to on Schedule A hereto (as such schedule may be amended or supplemented from time to time), in each case whether now or hereafter existing or arising or in which such Grantor now has or hereafter owns, acquires or develops an interest and wherever located (collectively, the "Trademark Collateral").

2.2 Assignment of Trademarks upon Default. The Grantor acknowledges that the Collateral Agent has the right, pursuant to the power of attorney granted the Collateral Agent hereunder and under the Security Agreement, upon the occurrence and during the continuance of an Event of Default, to execute on behalf of such Grantor an assignment of Trademarks that constitute Trademark Collateral in the form attached as Exhibit 1 hereto (each an "Assignment of Trademarks") for the sole purpose of effecting the Collateral Agent's exercise of its remedies under Section 8 of the Security Agreement. In furtherance of the foregoing, the Grantor hereby authorizes the Collateral Agent to complete, execute and record with the PTO an Assignment of Trademarks on behalf of such Grantor upon the occurrence and during the continuance of an Event of Default for the sole purpose of effecting the Collateral Agent's exercise of its remedies under Section 8 of the Security Agreement.

2.3 Conditional Assignment. In addition to, and not by way of limitation of, the grant and pledge of the Trademark Collateral provided in Section 2.1, the Grantor hereby grants, assigns, transfers, conveys and sets over to the Collateral Agent, for the benefit of the Secured Parties, such Grantor's entire right, title and interest in and to the Trademark Collateral; *provided*, that such grant, assignment, transfer and conveyance shall be and become of force and effect only (a) in connection with the Collateral Agent's exercise of its rights and remedies in strict accordance with the terms of the Security Agreement, and (b) upon or after the occurrence and during the continuance of an Event of Default and (c) either (i) upon the written demand of the Collateral Agent at any time during such continuance or (ii) immediately and automatically (without notice or action of any kind by the Collateral Agent) upon an Event of Default for which acceleration of

the payment of the Notes is automatic under the Indenture or upon the sale or other disposition of or foreclosure upon the Collateral pursuant to the Security Agreement and applicable law (including the transfer or other disposition of the Collateral by the Grantor to the Collateral Agent or its nominee in lieu of foreclosure).

2.4 Supplemental to Security Agreement. Pursuant to the Security Agreement the Grantor has granted to the Collateral Agent, for the benefit of the Secured Parties, a continuing security interest in and lien on the Collateral (including the Trademark Collateral). The Security Agreement, and all rights and interests of the Collateral Agent in and to the Collateral (including the Trademark Collateral) thereunder, are hereby ratified and confirmed in all respects. In no event shall this Agreement, the grant, assignment, transfer and conveyance of the Trademark Collateral hereunder, or the recordation of this Agreement (or any other document hereunder) with the PTO, adversely affect or impair, in any way or to any extent, the Security Agreement, the security interest of the Collateral Agent in the Collateral (including the Trademark Collateral) pursuant to the Security Agreement, the attachment and perfection of such security interest under the UCC (including the security interest in the Trademark Collateral), or any present or future rights and interests of the Collateral Agent in and to the Collateral under or in connection with the Security Agreement or the UCC. Any and all rights and interests of the Collateral Agent in and to the Trademark Collateral (and any and all obligations of the Grantor with respect to the Trademark Collateral) provided herein, or arising hereunder or in connection herewith, shall only supplement and be cumulative and in addition to the rights and interests of the Collateral Agent (and the obligations of the Grantor) in, to or with respect to the Collateral (including the Trademark Collateral) provided in or arising under or in connection with the Security Agreement and shall not be in derogation thereof.

3.
AFTER-ACQUIRED TRADEMARKS

3.1 After-acquired Trademarks. If, after the execution of the Agreement and before the end of the Security Period, the Grantor shall obtain any right, title or interest in or to any other or new Trademarks, Trademark Licenses, Trade Secrets or Trade Secret Licenses or become entitled to the benefit of any Trademarks, Trademark Licenses, Trade Secrets or Trade Secret Licenses, the provisions of this Agreement shall automatically apply thereto and such Grantor shall promptly provide to the Collateral Agent notice thereof in writing and execute and deliver to the Collateral Agent such documents or instruments as the Collateral Agent may reasonably request further to implement, preserve or evidence the Collateral Agent’s interest therein.

3.2 Amendment to Schedule. The Grantor authorizes the Collateral Agent to modify this Agreement and the Assignments of Trademarks, without the necessity of such Grantor’s further approval or signature, by amending Schedule A hereto and the Annex to each Assignment of Trademarks to include any future or other Trademarks, Trademark Licenses, Trade Secrets or Trade Secret Licenses that become part of the Trademark Collateral under Section 2 or Section 3.1.

4.
GOVERNING LAW; CONSENT TO JURISDICTION.

This Agreement, the relationship between the parties hereunder and any claim or dispute (whether sounding in contract, tort, statute or otherwise) relating to this Agreement or that relationship shall be governed by and construed in accordance with law of the State of New York including section 5-1401 of the New York General Obligations Law but excluding any other conflict of law rules that would lead to the application of the law of another jurisdiction. If the law of a jurisdiction other than New York is, under section 1-105(2) of the UCC, mandatorily applicable to the perfection, priority or enforcement of any security interest granted under this Agreement in respect of any Trademark Collateral, that other law shall apply solely to the matters of perfection, priority or enforcement to which it is mandatorily applicable.

5.
MISCELLANEOUS.

(a) Headings. The headings of each section of this Agreement are for convenience only and shall not define or limit the provisions thereof. This Agreement and all rights and obligations hereunder shall be binding upon the Grantor and its respective successors and assigns, and shall inure to the benefit of the Secured Parties and their respective successors and assigns. If any term of this Agreement shall be held to be invalid, illegal or unenforceable, the validity of all other terms hereof shall in no way be affected thereby, and this Agreement shall be construed and be enforceable as if such invalid, illegal or unenforceable term had not been included herein. The Grantor acknowledges receipt of a copy of this Agreement.

(b) Counterparts. This Agreement may be executed in any number of counterparts, each of which when so executed and delivered shall be deemed an original, but all such counterparts together shall constitute but one and the same instrument.

[*Signatures begin on next page*]

IN WITNESS WHEREOF, this Trademark Security and Pledge Agreement has been executed and delivered by its duly authorized officer as of the day and year first above written.

[ ], as Grantor

By: _____
Name:
Title:

U.S. Bank National Association, as Collateral Agent

By: _____
Name:
Title:

Schedule A
to the Trademark Security and Pledge Agreement
(***to be completed by the Grantor)***

Grantor: [ ]

United States Trademark Registrations of Grantor

Trademark	**Registration No./ Application No.**	**Registration Date/ Application Date**

EXHIBIT 1
ASSIGNMENT OF TRADEMARKS

WHEREAS, _____, a _____ organized and existing under the laws of the State of _____, having a place of business at _____ (the "Assignor"), has adopted and used and is using the trademarks (the "Trademarks") identified on the Annex hereto, and is the owner of such Trademarks; and

WHEREAS, U.S. Bank National Association, having a place of business at 60 Livingston Avenue, EP-MN-WS3C, St. Paul, Minnesota 55107-2292 (the "Assignee"), is desirous of acquiring the Trademarks;

WHEREAS, the Assignor and the Assignee have entered into that certain Trademark Security and Pledge Agreement, dated as of _____, 20__ (as may be amended, Trademark Collateral Agreement"). Capitalized terms used and not defined herein have the meanings given such terms in the Trademark Collateral Agreement;

NOW, THEREFORE, for good and valuable consideration, receipt of which is hereby acknowledged, the Assignor does hereby assign, sell and transfer unto the Assignee all right, title and interest in and to the Trademarks, together with (i) the Trademark Licenses and Trade Secret Licenses identified on the Annex attached hereto and incorporated herein by reference, (ii) the goodwill of the business symbolized by and associated with the Trademarks, and (iii) the right to sue and recover for, and the right to profits or damages due or accrued arising out of or in connection with, any and all past, present or future infringements of or damage or injury to the Trademarks or such associated goodwill.

This Assignment of Trademarks is intended to and shall take effect at such time as the Assignee shall complete this instrument by signing its acceptance of this Assignment of Trademarks below.

IN WITNESS WHEREOF, the Assignor, by its duly authorized officer, has executed this assignment, on this __ day of _____, 20__.

[_____]

By: _____
Name:
Title:

The foregoing assignment of the Trademarks by the Assignor to the Assignee is hereby accepted as of the __ day of _____, 20__.

U.S. Bank National Association

By: _____
Name:
Title:

COMMONWEALTH OR STATE OF _____)
) ss.
COUNTY OF _____

On this the __ day of _____, 20__, before me appeared _____, the person who signed this instrument, who acknowledged that (s)he is the _____ of _____, and that being duly authorized (s)he signed such instrument as a free act on behalf of _____.

_____
Notary Public

[Seal]

My commission expires:

ANNEX

U.S. TRADEMARK REGISTRATIONS AND APPLICATIONS

Title	App. No. Filing Date	Reg. No. Issue Date	Security Interest

EXHIBIT 3

Form of Copyright Security Agreement

(see attached)

FORM OF COPYRIGHT SECURITY AGREEMENT

This **COPYRIGHT SECURITY AGREEMENT**, dated as of [, 2017] (as amended, restated, amended and restated or otherwise modified, this "Agreement"), is made by Vector Tobacco Inc., a Virginia corporation (the "Grantor") in favor of U.S. Bank National Association, as collateral agent (in such capacity, the "Collateral Agent") for the Noteholders (as defined in the Security Agreement referred to below).

WHEREAS, the Grantor has guaranteed the Notes issued under the Indenture, dated as of January 27, 2017 (as amended, supplemented, or otherwise modified from time to time, the "Indenture") among Vector Group Ltd. (the "Issuer"), the Grantor and certain of the Issuer's other direct and indirect subsidiaries and the Collateral Agent, in its capacity as trustee thereunder.

WHEREAS, it is a condition precedent to the obligations of the Collateral Agent under the Indenture that the Grantor shall have executed and delivered that certain Security Agreement, dated as of January 27, 2017, in favor of the Collateral Agent (as amended, supplemented, replaced or otherwise modified from time to time, the "Security Agreement").

WHEREAS, under the terms of the Security Agreement, the Grantor has granted a security interest in certain Property, including certain Intellectual Property of the Grantor to the Collateral Agent for the benefit of the Secured Parties, and has agreed as a condition thereof to execute this Agreement for recording with the United States Copyright Office and other applicable Governmental Authorities.

WHEREAS, this Agreement is supplemental to the provisions contained in the Security Agreement and, in the event of an inconsistency among them, the Security Agreement shall control over this Agreement.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Grantor agrees as follows:

SECTION 1. Defined Terms. Unless otherwise defined herein, terms defined in the Security Agreement and used herein have the meaning given to them in the Security Agreement. Unless otherwise provided herein, the rules of construction set forth in Section 1.2 of the Security Agreement shall be applicable to this Agreement.

"Assignment of Copyrights" has the meaning set forth in Section 2.2 herein.

"Copyright Collateral" has the meaning set forth in Section 2.1 herein.

SECTION 2.

2.1 Grant of Security Interest in Copyright Collateral. The Grantor hereby pledges and grants to Collateral Agent, for the benefit of the Secured Parties, a security interest in all of such Grantor's right, title and interest in, to and under the Copyrights and Copyright Licenses, including the Copyrights and Copyright Licenses referred to on Schedule I hereto (as such schedule may be amended or supplemented from time to time), in each case whether presently existing or hereafter created or acquired (collectively, the "Copyright Collateral").

2.2 Assignment of Copyrights upon Default. The Grantor acknowledges that the Collateral Agent has the right, pursuant to the power of attorney granted the Collateral Agent hereunder and under the Security Agreement, upon the occurrence and during the continuance of an Event of Default, to execute on behalf of such Grantor an assignment of Copyrights and Copyright Licenses that constitute Copyright Collateral in substantially the form of Exhibit 1 hereto (each an "Assignment of Copyrights") for the sole purpose of effecting the Collateral Agent's exercise of its remedies under Section 8 of the Security Agreement. In furtherance of the foregoing, the Grantor hereby authorizes the Collateral Agent to complete, execute and record with the United States Copyright Office an Assignment of Copyrights on behalf of such Grantor upon the occurrence and during the continuance of an Event of Default for the sole purpose of effecting the Collateral Agent's exercise of its remedies under Section 8 of the Security Agreement.

2.3 Conditional Assignment. In addition to, and not by way of limitation of, the grant and pledge of the Copyright Collateral provided in Section 2.1, the Grantor hereby grants, assigns, transfers, conveys and sets over to the Collateral Agent, for the benefit of the Secured Parties, such Grantor's entire right, title and interest in and to the Copyright Collateral; *provided*, that such grant, assignment, transfer and conveyance shall be and become of force and effect only (a) in connection with the Collateral Agent's exercise of its rights and remedies in strict accordance with the terms of the Security Agreement, and (b) upon or after the occurrence and during the continuance of an Event of Default and (c) either (i) upon the written demand of the Collateral Agent at any time during such continuance or (ii) immediately and automatically (without notice or action of any kind by the Collateral Agent) upon an Event of Default for which acceleration of the payment of the Notes is automatic under the Indenture or upon the sale or other disposition of or foreclosure upon the Collateral pursuant to the Security Agreement and applicable law (including the transfer or other disposition of the Collateral by the Grantor to the Collateral Agent or its nominee in lieu of foreclosure).

2.4 Supplemental to Security Agreement. Pursuant to the Security Agreement the Grantor has granted to the Collateral Agent, for the benefit of the Secured Parties, a continuing security interest in and lien on the Collateral (including the Copyright Collateral). The Security Agreement, and all rights and interests of the Collateral Agent in and to the Collateral (including the Copyright Collateral) thereunder, are hereby ratified and confirmed in all respects. In no event shall this Agreement, the grant, assignment, transfer and conveyance of the Copyright Collateral hereunder, or the recordation of this Agreement (or any other document hereunder) with the United States Copyright Office, adversely affect or impair, in any way or to any extent, the Security Agreement, the security interest of the Collateral Agent in the Collateral (including the Copyright Collateral) pursuant to the Security Agreement, the attachment and perfection of such security interest under the UCC (including the security interest in the Copyright Collateral), or any present or future rights and interests of the Collateral Agent in and to the Collateral under or in connection with the Security Agreement or the UCC. Any and all rights and interests of the Collateral Agent in and to the Copyright Collateral (and any and all obligations of the Grantor with respect to the Copyright Collateral) provided herein, or arising hereunder or in connection herewith, shall only supplement and be cumulative and in addition to the rights and interests of the Collateral Agent (and the obligations of the Grantor) in, to or with respect to the Collateral (including the Copyright Collateral) provided in or arising under or in connection with the Security Agreement and shall not be in derogation thereof.

SECTION 3. Security Agreement. The security interest granted pursuant to this Agreement is granted in conjunction with the security interest granted to the Collateral Agent for the benefit of the Secured Parties pursuant to the Security Agreement and the Grantor hereby acknowledges and affirms that the rights and remedies of the Collateral Agent with respect to the security interest in the Copyright Collateral made and granted hereby are more fully set forth in the Security Agreement, the terms and provisions of which are incorporated by reference herein as if fully set forth herein. In the event that any provision of this Agreement is deemed to conflict with the Security Agreement, the provisions of the Security Agreement shall control.

SECTION 4. After-Acquired Copyrights. If, after the execution of the Agreement and before the end of the Security Period, the Grantor shall obtain any right, title or interest in or to any other or new Copyrights or Copyright Licenses or become entitled to the benefit of any Copyrights or Copyright Licenses, the provisions of this Agreement shall automatically apply thereto and such Grantor shall promptly provide to the Collateral Agent notice thereof in writing and execute and deliver to the Collateral Agent such documents or instruments as the Collateral Agent may reasonably request further to implement, preserve or evidence the Collateral Agent’s interest therein.

SECTION 5. MISCELLANEOUS

5.1 Applicable Law. This Agreement, the relationship between the parties hereunder and any claim or dispute (whether sounding in contract, tort, statute or otherwise) relating to this Agreement or that relationship shall be governed by and construed in accordance with law of the State of New York including section 5-1401 of the New York General Obligations Law but excluding any other conflict of law rules that

would lead to the application of the law of another jurisdiction. If the law of a jurisdiction other than New York is, under section 1-105(2) of the UCC, mandatorily applicable to the perfection, priority or enforcement of any security interest granted under this Agreement in respect of any Copyright Collateral, that other law shall apply solely to the matters of perfection, priority or enforcement to which it is mandatorily applicable.

5.2 Amendment to Schedule. The Grantor authorizes the Collateral Agent to modify this Agreement, without the necessity of such Grantor's further approval or signature, by amending Schedule A hereto and the Annex to each Assignment of Copyrights to include any future or other Copyrights or Copyright Licenses that become part of the Copyright Collateral under Section 2 or Section 4.

SECTION 6. Counterparts. This Agreement may be executed in any number of counterparts, each of which when so executed and delivered shall be deemed an original, but all such counterparts together shall constitute but one and the same instrument.

[*Remainder of page intentionally left blank*]

IN WITNESS WHEREOF, each Grantor has caused this Copyright Security Agreement to be executed and delivered by its duly authorized officer as of the date first set forth above.

[ ], as Grantor

By: _____
Name:
Title:

U.S. Bank National Association, as Collateral Agent

By: _____
Name:
Title:

SCHEDULE I
to
COPYRIGHT SECURITY AGREEMENT

COPYRIGHT REGISTRATIONS AND APPLICATIONS

Registrations

Registration No.	*Registration Date*	*Title*

Applications

Application No.	*Application Date*	*Title*

EXHIBIT 1

ASSIGNMENT OF COPYRIGHTS

WHEREAS, _____, a _____ organized and existing under the laws of the State of _____, having a place of business at _____ (the "Assignor"), has adopted and used and is using the copyrights (the "Copyrights") identified on the Annex hereto, and is the owner of such Copyrights; and

WHEREAS, U.S. Bank National Association, having a place of business at 60 Livingston Avenue, EP-MN-WS3C, St. Paul, Minnesota 55107-2292 (the "Assignee"), is desirous of acquiring the Copyrights;

WHEREAS, the Assignor and the Assignee have entered into that certain Copyright Security Agreement, dated as of _____, 20__ (as may be amended, Copyright Security Agreement"). Capitalized terms used and not defined herein have the meanings given such terms in the Copyright Security Agreement;

NOW, THEREFORE, for good and valuable consideration, receipt of which is hereby acknowledged, the Assignor does hereby assign, sell and transfer unto the Assignee all right, title and interest in and to the Copyrights and Copyright Licenses, including the Copyrights and Copyright Licenses identified on the Annex attached hereto and incorporated herein by reference.

This Assignment of Copyrights is intended to and shall take effect at such time as the Assignee shall complete this instrument by signing its acceptance of this Assignment of Copyrights below.

IN WITNESS WHEREOF, the Assignor, by its duly authorized officer, has executed this assignment, , on this __ day of _____, 20__.

[_____]

By: _____
Name:
Title:

The foregoing assignment of the Copyrights by the Assignor to the Assignee is hereby accepted as of the __ day of _____, 20__.

U.S. Bank National Association

By: _____
Name:
Title:

COMMONWEALTH OR STATE OF _____)
) ss.
COUNTY OF _____

On this the __ day of _____, 20__, before me appeared _____, the person who signed this instrument, who acknowledged that (s)he is the _____ of _____, and that being duly authorized (s)he signed such instrument as a free act on behalf of _____.

_____
Notary Public

[Seal]

My commission expires:

ANNEX

COPYRIGHT REGISTRATIONS AND APPLICATIONS

Title	App. No. Filing Date	Reg. No. Issue Date	Security Interest

Exhibit 4.4

Execution Version

SECURITY AGREEMENT

DATED JANUARY 27, 2017

between

EACH OF THE GRANTORS PARTY HERETO

and

U.S. BANK NATIONAL ASSOCIATION

as Collateral Agent

CONTENTS

THIS AGREEMENT is dated January 27, 2017

BETWEEN:

(1) **LIGGETT GROUP LLC**, a Delaware limited liability company, and **100 MAPLE LLC**, a Delaware limited liability company, as grantors (each a **Grantor** and, collectively, the **Grantors**); and

(2) **U.S. BANK NATIONAL ASSOCIATION**, as collateral agent for the Noteholders under the Indenture described below (in this capacity, the **Collateral Agent**).

BACKGROUND:

The Grantors enter into this Agreement in connection with the Indenture dated January 27, 2017 (as amended, supplemented, or otherwise modified from time to time, the **Indenture**) by and among Vector Group Ltd. (**Vector Group**), the Guarantors party thereto and U.S. Bank National Association, as trustee (the **Trustee**). Pursuant to the Indenture, Vector Group is issuing Notes and the Grantors are guaranteeing the Notes as provided in the Indenture. The Grantors now wish to secure their obligations under the Indenture by entering into this Agreement.

IT IS AGREED as follows:

1. INTERPRETATION

1.1 Definitions

In this Agreement:

ABL Debt has the meaning given to that term in the Intercreditor Agreement.

Affiliate means, with respect to a specified Person, any Person that, directly or indirectly, through one or more intermediaries, controls, is controlled by, or is under common control with, the specified Person.

The term **Collateral** means all personal property, wherever located, in which any Grantor now has or later acquires any right, title or interest, including all:

(a) accounts and chattel paper;

(b) goods (including equipment, inventory and fixtures);

(c) health-care-insurance receivables;

(d) instruments (including promissory notes);

(e) documents;

(f) letter-of-credit rights;

(g) general intangibles (including payment intangibles and software);

(h) the commercial tort claims described in Schedule 1 (Commercial Tort Claims);

(i) supporting obligations;

(j) Intellectual Property;

and to the extent not listed above as original Collateral, proceeds and products of, and accessions to, each of the above assets. The term **Collateral** excludes (i) any property, right or interest in which a security interest may not be granted under applicable law, (ii) any equity interest of a Grantor in any Affiliate of such Grantor, (iii) any equipment to the extent a grant of a security interest in such equipment would be precluded by or require a consent under the terms and conditions of any existing or future purchase money or other financing of such equipment permitted under the terms of the Indenture, (iv) any intent-to-use trademark application prior to the filing of a "Statement of Use" or "Amendment to Allege Use" with respect thereto, to the extent, if any, that, and solely during the period, if any, in which, the grant of a security interest therein would impair the validity or enforceability of such intent-to-use trademark application under applicable federal law, (v) any aircraft, aircraft engines or motor vehicles, (vi) any deposit accounts, (vii) any cash and (viii) any investment property.

Copyright Licenses shall mean any and all agreements, licenses and covenants providing for the granting of any right in or to Copyrights or otherwise providing for a covenant not to sue (whether a Grantor is licensee or licensor thereunder) including each agreement referred to in Schedule 2 under the heading "Copyright Licenses" (as such schedule may be amended or supplemented from time to time).

Copyrights shall mean all United States copyrights (including Community designs), including but not limited to copyrights in software and all rights in and to databases, and all Mask Works (as defined under 17 U.S.C. 901 of the U.S. Copyright Act), whether registered or unregistered, moral rights, reversionary interests, termination rights, and, with respect to any and all of the foregoing: (a) all registrations and applications therefor including, the registrations and applications required to be listed in Schedule 2 under the heading "Copyrights" (as such schedule may be amended or supplemented from time to time), (b) all extensions and renewals thereof, (c) all rights to sue for past, present and future infringements thereof, and (d) all proceeds of the foregoing, including licenses, royalties, income, payments, claims, damages and proceeds of suit.

Finance Documents means the Indenture, all Notes issued from time to time under the Indenture, the Purchase Agreement, this Agreement and all other pledges, security agreements, control agreements and all other agreements and documents entered into the connection with the transactions contemplated by the Indenture.

First Priority Debt has the meaning given to that term in the Intercreditor Agreement.

Guarantors means the Grantors and the other guarantors under the Indenture.

Intellectual Property shall mean, collectively, the Copyrights, the Copyright Licenses, the Patents, the Patent Licenses, the Trademarks, the Trademark Licenses, the Trade Secrets, and the Trade Secret Licenses.

Intellectual Property Licenses shall mean, collectively, the Copyright Licenses, Patent Licenses, Trademark Licenses and Trade Secret Licenses.

Intercreditor Agreement means the Amended and Restated Intercreditor and Lien Subordination Agreement dated January 27, 2017 between Wells Fargo Bank, National Association, the Collateral Agent, Liggett Group LLC and 100 Maple LLC.

Lien means any security interest, lien, mortgage, pledge, encumbrance, charge, assignment, hypothecation, adverse claim, claim, or restriction on assignment, transfer or pledge or any other arrangement having the effect of conferring security.

Note means any note issued from time to time under the Indenture.

Noteholder means any Person which from time to time is the holder of a Note.

Obligors means Vector Group and the Guarantors.

Patent Licenses shall mean all agreements, licenses and covenants providing for the granting of any right in or to Patents or otherwise providing for a covenant not to sue (whether a Grantor is licensee or licensor thereunder) including each agreement referred to in Schedule 2 under the heading "Patent Licenses" (as such schedule may be amended or supplemented from time to time).

Patents shall mean all United States patents and certificates of invention, or similar industrial property rights, and applications for any of the foregoing, including, but not limited to: (a) each patent and patent application required to be listed in Schedule 2 hereto under the heading "Patents" (as such schedule may be amended or supplemented from time to time), (b) all reissues, divisions, continuations, continuations-in-part, extensions, renewals, and reexaminations thereof, (c) all inventions and improvements described therein, (d) all rights to sue for past, present and future infringements thereof, (e) all licenses, claims, damages, and proceeds of suit arising therefrom, and (f) all proceeds of the foregoing, including licenses, royalties, income, payments, claims, damages, and proceeds of suit.

Person means any individual, partnership, limited liability company, joint venture, corporation, trust, unincorporated organization, government or any department or agency thereof or any entity similar to any of the foregoing.

Priority Liens means the Liens securing the First Priority Debt.

Relevant State means the state under whose laws a Grantor is incorporated or organized.

Secured Liabilities means each liability and obligation specified in Clause 2 (Secured Liabilities).

Secured Parties means U.S. Bank National Association, as Trustee and Collateral Agent and any other capacity under the Indenture and the Noteholders.

Security means any security interest created by this Agreement.

Security Period means the period beginning on the date of this Agreement and ending on the date on which all the Secured Liabilities have been indefeasibly, unconditionally and irrevocably paid and discharged in full. The Security Period will be extended to take into account any extension or reinstatement of this Agreement under Clause 3.2(b) (General).

Trademark Licenses shall mean any and all agreements, licenses and covenants providing for the granting of any right in or to Trademarks or otherwise providing for a covenant not to sue or permitting co-existence (whether a Grantor is licensee or licensor thereunder) including each agreement required to be listed in Schedule 2 under the heading "Trademark Licenses" (as such schedule may be amended or supplemented from time to time).

Trademarks shall mean all United States trademarks, trade names, corporate names, company names, business names, fictitious business names, Internet domain names, service marks, certification marks, collective marks, logos, other source or business identifiers, designs and general intangibles of a like nature, all registrations and applications for any of the foregoing including, but not limited to: (a) the registrations and applications referred to in Schedule 2 under the heading "Trademarks" (as such schedule may be amended or supplemented from time to time), (b) all extensions or renewals of any of the foregoing, (c) all of the goodwill of the business connected with the use of and symbolized by the foregoing, (d) the right to sue for past, present and future infringement or dilution of any of the foregoing or for any injury to goodwill, and (e) all proceeds of the foregoing, including licenses, royalties, income, payments, claims, damages, and proceeds of suit.

Trade Secret Licenses shall mean any and all agreements providing for the granting of any right in or to Trade Secrets (whether a Grantor is licensee or licensor thereunder) including each agreement referred to in Schedule 2 under the heading "Trade Secret Licenses" (as such schedule may be amended or supplemented from time to time).

Trade Secrets shall mean all trade secrets and all other confidential or proprietary information and know-how whether or not such Trade Secret has been reduced to a writing or other tangible form, including all documents and things embodying, incorporating, or referring in any way to such Trade Secret, including but not limited to: (a) the right to sue for past, present and future misappropriation or other violation of any Trade Secret, and (b) all proceeds of the foregoing, including licenses, royalties, income, payments, claims, damages, and proceeds of suit.

UCC means the Uniform Commercial Code as in effect from time to time in the State of New York.

1.2 Construction

(a) Any term defined in the UCC and not defined in this Agreement has the meaning given to that term in the UCC.

(b) Any term defined in the Indenture and not defined in this Agreement or the UCC has the meaning given to that term in the Indenture.

(c) No reference to **proceeds** in this Agreement authorizes any sale, transfer or other disposition of Collateral by a Grantor.

(d) In this Agreement, unless the contrary intention appears, a reference to:

(i) an **amendment** includes a supplement, novation, restatement or re-enactment and **amended** will be construed accordingly;

(ii) a Clause, a Subclause, an Exhibit or a Schedule is a reference to a Clause or Subclause of, or an Exhibit or Schedule to, this Agreement;

(iii) a law is a reference to that law as amended or re-enacted and to any successor law;

(iv) an agreement is a reference to that agreement as amended;

(v) **fraudulent transfer law** means any applicable U.S. Bankruptcy Law or state fraudulent transfer or conveyance statute, and the related case law; and

(vi) **law** includes any law, statute, regulation, regulatory requirement, rule, ordinance, ruling, decision, treaty, directive, order, guideline, regulation, policy, writ, judgment, injunction or request of any court or other governmental, inter-governmental or supranational body, officer or official, fiscal or monetary authority, or other ministry or public entity (and their interpretation, administration and application), whether or not having the force of law.

(e) In this Agreement:

(i) **includes** and **including** are not limiting;

(ii) **or** is not exclusive; and

(iii) the headings are for convenience only, do not constitute part of this Agreement and are not to be used in construing it.

2. SECURED LIABILITIES

2.1 Secured Liabilities

Each obligation and liability whether:

(a) present or future, actual, contingent or unliquidated; or

(b) owed jointly or severally (or in any other capacity whatsoever),

of any Grantor to any Noteholder, the Trustee or the Collateral Agent under or in connection with each Finance Document is a Secured Liability.

2.2 Specification of Secured Liabilities

The Secured Liabilities include any liability or obligation for:

(a) repayment of the principal of any Note;

(b) payment of interest and any other amount payable under the Finance Documents;

(c) payment and performance of all other obligations and liabilities of any Obligor under the Finance Documents;

(d) payment of any amount owed under any amendment, modification, renewal, extension or novation of any of the above obligations; and

(e) payment of an amount which arises after a petition is filed by, or against, any Obligor under the US Bankruptcy Code of 1978 even if the obligations do not accrue because of the automatic stay under Section 362 of the US Bankruptcy Code of 1978 or otherwise.

3. CREATION OF SECURITY

3.1 Security Interest

As security for the prompt and complete payment and performance of the Secured Liabilities when due (whether due because of stated maturity, acceleration, mandatory prepayment, or otherwise) and to induce the Noteholders to purchase the Notes, each Grantor grants to the Collateral Agent for the benefit of the Secured Parties a continuing security interest in such Grantor’s right, title and interest in and to the Collateral.

3.2 General

(a) All the Security created under this Agreement:

(i) is continuing security for the irrevocable and indefeasible payment in full of the Secured Liabilities, regardless of any intermediate payment or discharge in whole or in part;

(ii) is in addition to, and not in any way prejudiced by, any other security now or subsequently held by the Collateral Agent.

(b) If, at any time for any reason (including the bankruptcy, insolvency, receivership, reorganization, dissolution or liquidation of any Obligor or the appointment of any receiver, intervenor or conservator of, or agent or similar official for, any Obligor or any of their respective properties), any payment received by the Collateral Agent or any Noteholder in respect of the Secured Liabilities is rescinded or avoided or must otherwise be restored or returned by the Collateral Agent or any Noteholder, that payment will not be considered to have been made for purposes of this Agreement, and this Agreement will continue to be effective or will be reinstated, if necessary, as if that payment had not been made.

(c) This Agreement is enforceable against the Grantors to the maximum extent permitted by the fraudulent transfer laws.

4. PERFECTION AND FURTHER ASSURANCES

4.1 General perfection

Each Grantor must take, at its own expense, promptly, and in any event within any applicable time limit:

(a) whatever action is necessary or reasonably desirable; and

(b) any action which the Collateral Agent may reasonably require,

to ensure that this Security is as of the date Notes are first issued under the Indenture, and will continue to be until the end of the Security Period, a validly created, attached, enforceable and perfected continuing security interest in the Collateral, subject to no Liens other than Permitted Liens and subject in priority to no Liens other than Priority Liens and Permitted Prior Liens, in all relevant jurisdictions, securing payment and performance of the Secured Liabilities.

This includes the giving of any notice, order or direction, the making of any filing or registration, the passing of any resolution and the execution and delivery of any documents or agreements which the Collateral Agent may reasonably require.

4.2 Filing of financing statements

(a) Each Grantor authorizes the Collateral Agent to prepare and file, at such Grantor’s expense:

(i) financing statements describing the Collateral;

(ii) continuation statements; and

(iii) any amendment in respect of those statements.

(b) Promptly after filing an initial financing statement in respect of the Collateral, each Grantor must provide the Collateral Agent with an official report from the

Secretary of State of such Grantor's Relevant State indicating that the Collateral Agent's security interest in the Collateral provided by such Grantor incorporated or organized under the laws of such Relevant State is prior to all other security interests or other interests reflected in the report other than Liens securing the ABL Debt or other Permitted Prior Liens.

4.3 Intellectual Property Recording Requirements

(a) In the case of any Collateral consisting of U.S. Patents and Patent Licenses in respect of U.S. Patents for which any Grantor is the licensee, such Grantor shall execute and deliver to the Collateral Agent a Patent Security Agreement in substantially the form of Exhibit 1 hereto (or a supplement thereto) covering all such Patents and Patent Licenses in appropriate form for recordation with the U.S. Patent and Trademark Office with respect to the security interest of the Collateral Agent.

(b) In the case of any Collateral consisting of U.S. Trademarks and Trademark Licenses in respect of U.S. Trademarks for which any Grantor is the licensee, such Grantor shall execute and deliver to the Collateral Agent a Trademark Security Agreement in substantially the form of Exhibit 2 hereto (or a supplement thereto) covering all such Trademarks and Trademark Licenses in appropriate form for recordation with the U.S. Patent and Trademark Office with respect to the security interest of the Collateral Agent.

(c) In the case of any Collateral consisting of registered U.S. Copyrights and Copyright Licenses in respect of U.S. Copyrights for which any Grantor is the licensee, such Grantor shall execute and deliver to the Collateral Agent a Copyright Security Agreement in substantially the form of Exhibit 3 hereto (or a supplement thereto) covering all such Copyright and Copyright Licenses is in appropriate form for recordation with the U.S. Copyright Office with respect to the security interest of the Collateral Agent.

4.4 Further assurances

(a) The Grantors must take, at their own expense, promptly, and in any event within any applicable time limit, whatever action may reasonably be required under the Indenture or this Agreement for:

(i) creating, attaching, perfecting and protecting, and maintaining the priority of, any security interest intended to be created by this Agreement;

(ii) facilitating the enforcement of this Security or the exercise of any right, power or discretion exercisable by the Collateral Agent or any of its delegates or sub-delegates in respect of any Collateral; and

(iii) facilitating the assignment or transfer of any rights and/or obligations of the Collateral Agent under this Agreement.

This includes the execution and delivery of any transfer, assignment or other agreement or document, whether to the Collateral Agent or its nominee, which the Collateral Agent may reasonably require.

(b) Each Grantor irrevocably constitutes and appoints the Collateral Agent, with full power of substitution, as such Grantor's true and lawful attorney-in-fact, in such Grantor's name or in the Collateral Agent's name or otherwise, and at such Grantor's expense, to take any of the actions referred to in paragraph (a) above without notice to or the consent of such Grantor. This power of attorney is a power coupled with an interest and cannot be revoked. Each Grantor ratifies and confirms all actions taken by the Collateral Agent or its agents under this power of attorney.

5. REPRESENTATIONS AND WARRANTIES

5.1 Representations and warranties

The representations and warranties set out in this Clause are made by each Grantor to the Collateral Agent and each Noteholder.

5.2 The Grantors

(a) It is organized under the laws of the state indicated in the preamble to this Agreement.

(b) In the case of Liggett Group LLC:

(i) Its exact legal name, as it appears in the public records of its jurisdiction of organization, is as stated in the preamble to this Agreement. It has not changed its name, whether by amendment of its organizational documents, reorganization, merger or otherwise, since its date of conversion from a corporation, December 13, 2005.

(ii) Its organizational identification number, as issued by its jurisdiction of organization is 2232980.

(c) In the case of 100 Maple LLC:

(i) Its exact legal name, as it appears in the public records of its jurisdiction of organization, is as stated in the preamble to this Agreement. It has not changed its name, whether by amendment of its organizational documents, reorganization, merger or otherwise, since its date of organization, May 3, 1999.

(ii) Its organizational identification number, as issued by its jurisdiction of organization is 3037646.

(d) It keeps at its address indicated in Clause 16 (Notices) its corporate records and all records, documents and instruments constituting, relating to or evidencing Collateral.

5.3 The Collateral

(a) Except as permitted under the Indenture:

(i) it is the sole legal and beneficial owner of, and has the power to transfer and grant a security interest in, the Collateral;

(ii) none of the Collateral is subject to any Lien other than the Collateral Agent's security interest and Liens securing the ABL Debt and other Permitted Liens;

(iii) it has not agreed or committed to sell, assign, pledge, transfer, license, lease or encumber any of the Collateral, or granted any option, warrant or right with respect to any of the Collateral; and

(iv) no effective mortgage, deed of trust, financing statement, security agreement or other instrument similar in effect is on file or of record with respect to any Collateral, except for those that create, perfect or evidence the Collateral Agent's security interest or Liens securing the ABL Debt or other Permitted Liens.

(b) No litigation, arbitration or administrative proceedings are current or pending or, to its knowledge, threatened, involving or affecting the Collateral, and none of the Collateral is subject to any order, writ, injunction, execution or attachment, in each case, that would reasonably be expected to have a material adverse effect on the Collateral Agent's security interest or the Collateral Agent's rights under this Agreement.

5.4 No liability

Except, in each case, as would not reasonably be expected to adversely affect the Collateral Agent's security interest or the Collateral Agent's rights under this Agreement in any material respect:

(a) Its rights, interests, liabilities and obligations under contractual obligations that constitute part of the Collateral are not affected by this Agreement or the exercise by the Collateral Agent of its rights under this Agreement;

(b) Neither the Collateral Agent nor any Noteholder, unless it expressly agrees in writing, will have any liabilities or obligations under any contractual obligation that constitutes part of the Collateral as a result of this Agreement, the exercise by the Collateral Agent of its rights under this Agreement or otherwise; and

(c) Neither the Collateral Agent nor any Noteholder has or will have any obligation to collect upon or enforce any contractual obligation or claim that constitutes part of the Collateral, or to take any other action with respect to the Collateral.

5.5 Consideration and solvency

(a) Terms used in this Clause have the meanings given to them in, and must be construed in accordance with, the fraudulent transfer laws.

(b) It will receive valuable direct and indirect benefits as a result of the transactions financed by the issuance of the Notes and these benefits constitute "reasonably equivalent value" and "fair consideration" as those terms are used in the fraudulent transfer laws.

(c) To the best of its knowledge, the Secured Parties have acted in good faith in connection with the transactions contemplated by this Agreement.

(d) The sum of its debts (including its obligations under this Agreement) is less than the value of its property (calculated at the lesser of fair valuation and present fair saleable value).

(e) Its capital is not unreasonably small to conduct its business as currently conducted or as proposed to be conducted.

(f) It has not incurred, does not intend to incur and does not believe it will incur debts beyond its ability to pay as they mature.

(g) It has not made a transfer or incurred an obligation under this Agreement with the intent to hinder, delay or defraud any of its present or future creditors.

5.6 Intellectual Property

(a) It is the sole and exclusive owner of the entire right, title, and interest in and to all Intellectual Property listed on Schedule 2 (as such schedule may be amended or supplemented from time to time), and owns or has the valid right to use and, where such Grantor does so, sublicense others to use, all other Intellectual Property used in and necessary to conduct its business, in each case, free and clear of all Liens, claims, encumbrances and licenses, except for Permitted Liens and the licenses set forth on Schedule 2 (as such schedule may be amended or supplemented from time to time).

(b) All Intellectual Property material to its business and owned by such Grantor is subsisting and has not been adjudged invalid or unenforceable, in whole or in part, nor, in the case of Patents, is any of the Intellectual Property material to its business and owned by such Grantor the subject of a reexamination proceeding, and such Grantor has performed all acts and has paid all renewal, maintenance, and other fees and taxes required to maintain each and every registration and application of Copyrights, Patents and Trademarks material to its business in full force and effect.

(c) All Intellectual Property material to its business and owned by such Grantor is valid and enforceable; no holding, decision, ruling, or judgment has been rendered in any action or proceeding before any court or administrative authority challenging the validity or scope of, such Grantor's right to register, or such Grantor's rights to own or use, any Intellectual Property material to its business and no such action or proceeding is pending or, to the best of such Grantor's knowledge, threatened.

(d) All registrations and applications for Copyright registrations, Patents and Trademark registrations material to such Grantor's business and owned or purported to be owned by such Grantor are standing in the name of such Grantor, and none of such Grantor's Trademarks, Patents, Copyrights or Trade Secrets material to such Grantor's business has been licensed by such Grantor to any Affiliate or third party, except as disclosed in Schedule 2 (as such schedule may be amended or supplemented from time to time), and all exclusive Copyright Licenses of such Grantor have been properly recorded in the U.S. Copyright Office.

(e) Such Grantor has not made a previous assignment, sale, transfer, exclusive license or agreement constituting a present or future assignment, sale, transfer, exclusive license or agreement of any Intellectual Property material to its business that has not been terminated or released.

(f) Such Grantor has been using appropriate statutory notice of registration in connection with its use of registered Trademarks material to its business, proper marking practices in connection with the use of Patents material to its business, and appropriate notice of copyright in connection with the publication of Copyrights material to its business.

(g) Such Grantor uses adequate standards of quality in the manufacture, distribution, and sale of all products sold and in the provision of all services rendered under or in connection with all Trademark Collateral material to its business and has taken all action necessary to insure that all licensees of the Trademark Collateral owned by such Grantor and material to its business use such adequate standards of quality.

(h) To the best of such Grantor's knowledge, the conduct of such Grantor's business does not infringe upon or misappropriate or otherwise violate any trademark, patent, copyright, trade secret or other intellectual property right of any other Person; no claim has been made that the use of any Intellectual Property owned or used by such Grantor (or any of its respective licensees) and material to its business infringes upon, misappropriates or otherwise violates the asserted rights of any other Person, and no demand that such Grantor enter into a license or co-existence agreement has been made but not resolved.

(i) To the best of such Grantor's knowledge, no other Person is infringing upon, misappropriating or otherwise violating any rights in any Intellectual Property material to such Grantor's business owned, licensed or used by such Grantor, or any of its respective licensees.

(j) No settlement or consents, covenants not to sue, co-existence agreements, non-assertion assurances, or releases have been entered into by such Grantor or bind such Grantor in a manner that could adversely affect in any material respect such Grantor's rights to own, license or use any Intellectual Property material to its business.

5.7 Times for making representations and warranties

(a) The representations and warranties set out in this Agreement (including in this Clause) are made on the date of this Agreement.

(b) Unless a representation and warranty is expressed to be given at a specific date, all representations and warranties under this Agreement are deemed to be repeated by the Grantors on the date of each issuance of Notes under the Indenture with reference to the facts and circumstances then existing.

(c) When representations and warranties are repeated, they are applied to the circumstances existing at the time of repetition.

(d) The representations and warranties of the Grantors contained in this Agreement or made by any Grantor in any certificate, notice or report delivered under this Agreement will survive each issuance of Notes and any transfer or assignment of the Notes.

6. UNDERTAKINGS

6.1 Undertakings

The Grantors agree to be bound by the covenants set out in this Clause.

6.2 The Grantors

(a) Except as permitted under the Indenture, each Grantor must preserve its limited liability company existence and will not, except as permitted by the Indenture, in one transaction or a series of related transactions, merge into or consolidate with any other entity, or sell all or substantially all of its assets.

(b) No Grantor may change the jurisdiction of its organization without providing the Collateral Agent with at least 30 days' prior written notice.

(c) No Grantor may change its name without providing the Collateral Agent with at least 30 days' prior written notice.

(d) Each Grantor must keep at its address indicated in, or otherwise notified to the Collateral Agent pursuant to, Clause 16 (Notices) its corporate records and all records, documents and instruments constituting, relating to or evidencing Collateral.

(e) Each Grantor will permit the Collateral Agent and its agents and representatives, during normal business hours and upon reasonable notice, to inspect the Collateral, to examine and make copies of and abstracts from the records referred to in paragraph (d) above, and to discuss matters relating to the Collateral directly with such Grantor's officers and employees.

(f) At the Collateral Agent's request, the Grantors must provide the Collateral Agent with any information concerning the Collateral that the Collateral Agent may reasonably request.

6.3 The Collateral

(a) Except as permitted by the Indenture or this Agreement, the Grantors:

(i) must maintain sole legal and beneficial ownership of the Collateral;

(ii) must not permit any Collateral to be subject to any Lien other than the Collateral Agent's security interest and Liens securing the ABL Debt and other Permitted Liens and must at all times warrant and defend the Collateral Agent's security interest in the Collateral against all other Liens (other than Permitted Prior Liens and other Permitted Liens) and claimants;

(iii) must not sell, assign, transfer, pledge, license, lease or further encumber, or grant any option, warrant, or right with respect to, any of the Collateral, or agree or contract to do any of the foregoing;

(iv) must not waive, amend or terminate, in whole or in part, any material accessory or ancillary right or other right in respect of any Collateral; and

(v) must not take any action which would result in a reduction in the value of any Collateral.

(b) The Grantors will pay, prior to delinquency, all material taxes, assessments and governmental levies imposed on or in respect of Collateral and all claims against the Collateral, including claims for labor, materials and supplies, in each case, except such as are contested in good faith and by appropriate proceedings or where the failure to effect such payment is not adverse in any material respect to the Collateral Agent.

(c) In any suit, legal action, arbitration or other proceeding involving the Collateral or the Collateral Agent's security interest, the Grantors must take all lawful action to avoid impairment of the Collateral Agent's security interest or the Collateral Agent's rights under this Agreement or the imposition of a Lien (other than Permitted Liens) on any Collateral.

6.4 Intellectual Property

(a) It shall not do any act or omit to do any act whereby any of the Intellectual Property which is material to the business of such Grantor may lapse, or become abandoned, dedicated to the public, or unenforceable, or which would adversely affect the validity, grant, or enforceability of the security interest granted therein (except, in each case, to the extent such action or inaction is deemed advisable in such Grantor's reasonable business judgment).

(b) It shall not, with respect to any Trademarks, cease the use of any of such Trademarks or fail to maintain the level of the quality of products sold and services rendered under any of such Trademark at a level at least substantially consistent with the quality of such products and services as of the date hereof, and such Grantor shall take all steps necessary to insure that licensees of such Trademarks use such consistent standards of quality (except, in each case, to the extent such action or inaction is deemed advisable in such Grantor's reasonable business judgment).

(c) It shall, within thirty (30) days of the creation or acquisition or exclusive license of any Copyrightable work which is material to the business of such Grantor, apply to register the Copyright and, in the case of an exclusive Copyright License, record such license, in the United States Copyright Office.

(d) It shall promptly notify the Collateral Agent if it knows or has reason to know that any item of Intellectual Property material to its business has become (i) abandoned or dedicated to the public or placed in the public domain, (ii) invalid or unenforceable, (iii) subject to any adverse determination or development (including the institution of proceedings) in any action or proceeding in the United States Patent and Trademark Office or the United States Copyright Office or (iv) the subject of any reversion or termination rights.

(e) It shall take all reasonable steps in the United States Patent and Trademark Office and the United States Copyright Office to pursue any application and maintain any registration of each Trademark, Patent, and Copyright owned by or exclusively licensed to such Grantor which is now or shall become included in the Intellectual Property including those items on Schedule 2 (as such may be amended or supplemented from time to time).

(f) It shall hereafter use best efforts so as not to permit the inclusion in any contract to which it hereafter becomes a party of any provision that would materially impair or prevent the creation of a security interest in, or the assignment of, such Grantor's rights and interests in any property included within the definitions of any Intellectual Property material to its business acquired under such contracts.

(g) In the event that any Intellectual Property owned by or exclusively licensed to the Grantor is infringed, misappropriated, or diluted by a third party, such Grantor shall promptly take all reasonable actions to stop such infringement, misappropriation, or dilution and protect its rights in such Intellectual Property including, to the extent such action is deemed advisable in such Grantor's reasonable business judgment, the initiation of a suit for injunctive relief and to recover damages.

(h) It shall take all steps reasonably necessary to protect the secrecy of all Trade Secrets, including entering into confidentiality agreements with employees and consultants and labeling and restricting access to secret information and documents.

(i) It shall use proper statutory notice in connection with its use of any of the Intellectual Property.

(j) It shall continue to collect, at its own expense, all amounts due or to become due to such Grantor in respect of the Intellectual Property or any portion thereof. In connection with such collections, such Grantor may take (and, at the Collateral Agent's reasonable direction, shall take) such action as such Grantor or the Collateral Agent may deem reasonably necessary or advisable to enforce collection of such amounts. Notwithstanding the foregoing, the Collateral Agent shall have the right at any time, to notify, or require such Grantor to notify, any obligors with respect to any such amounts of the existence of the security interest created hereby.

6.5 Notices

(a) The Grantors must give the Collateral Agent prompt notice of the occurrence of any of the following events:

(i) any pending or threatened claim, suit, legal action, arbitration or other proceeding involving or affecting any Grantor or any Collateral which would reasonably be expected to materially impair the Collateral Agent's security interest or the Collateral Agent's rights under this Agreement or result in the imposition of a Lien (other than Permitted Liens) on any Collateral;

(ii) any loss or damage to any material portion of the Collateral; or

(iii) any representation or warranty contained in this Agreement is or becomes untrue, incorrect or incomplete in any material respect.

(b) Each notice delivered under this Clause, must include:

(i) reasonable details about the event; and

(ii) the Grantors' proposed course of action.

Delivery of a notice under this Clause does not affect any Grantor's obligations to comply with any other term of this Agreement.

7. WHEN SECURITY BECOMES ENFORCEABLE

Subject to the terms of the Indenture, this Security may be enforced by the Collateral Agent at any time after an Event of Default has occurred.

8. ENFORCEMENT OF SECURITY

8.1 [Reserved]

8.2 General

(a) After this Security has become enforceable, the Collateral Agent may immediately, in its absolute discretion but subject to the Intercreditor Agreement, exercise any right under:

(i) applicable law; or

(ii) this Agreement,

to enforce all or any part of the Security in respect of any Collateral in any manner or order it sees fit.

(b) This includes:

(i) any rights and remedies available to the Collateral Agent under applicable law and under the UCC (whether or not the UCC applies to the affected Collateral and regardless of whether or not the UCC is the law of the jurisdiction where the rights or remedies are asserted) as if those rights and remedies were set forth in this Agreement in full;

(ii) transferring or assigning to, or registering in the name of, the Collateral Agent or its nominees any of the Collateral;

(iii) exercising any consent and other rights relating to any Collateral;

(iv) performing or complying with any contractual obligation that constitutes part of the Collateral;

(v) receiving, endorsing, negotiating, executing and delivering or collecting upon any check, draft, note, acceptance, account, instrument, document, letter of credit, contract, agreement, receipt, release, bill of lading, invoice, endorsement, assignment, bill of sale, deed, security, share certificate, stock power, proxy, or instrument of conveyance or transfer constituting or relating to any Collateral;

(vi) asserting, instituting, filing, defending, settling, compromising, adjusting, discounting or releasing any suit, action, claim, counterclaim, right of set-off or other right or interest relating to any Collateral;

(vii) executing and delivering acquittances, receipts and releases in respect of Collateral; and

(viii) exercising any other right or remedy available to the Collateral Agent under the other Finance Documents or any other agreement between the parties.

8.3 Collections after an Event of Default

Subject to the rights of the holders of First Priority Debt under the Intercreditor Agreement:

(a) if an Event of Default occurs and is continuing, the Grantors must hold all funds and other property received or collected in respect of the Collateral in trust for the Collateral Agent, and must keep these funds and this other property segregated from all other funds and property so as to be capable of identification;

(b) the Grantors must deliver those funds and that other property to the Collateral Agent in the identical form received, properly endorsed or assigned when required to enable the Collateral Agent to complete collection; and

(c) after the occurrence and during the continuation of an Event of Default, no Grantor may settle, compromise, adjust, discount or release any claim in respect of Collateral, and no Grantor may accept any returns of merchandise other than in the ordinary course of business.

8.4 Collateral Agent's rights upon default

(a) Each Grantor irrevocably constitutes and appoints the Collateral Agent, with full power of substitution, as such Grantor's true and lawful attorney-in-fact, in such Grantor's name or in the Collateral Agent's name or otherwise, and at such Grantor's expense, to take any of the actions authorized by this Agreement or permitted under applicable law upon the occurrence and during the continuation of an Event of Default, without notice to or the consent of such Grantor. This power of attorney is a power coupled with an interest and cannot be revoked. Each Grantor ratifies and confirms all actions taken by the Collateral Agent or its agents under this power of attorney.

(b) The Grantors agree that 10 days' notice shall constitute reasonable notice in connection with any sale, transfer or other disposition of Collateral.

(c) The Collateral Agent may comply with any applicable state or federal law requirements in connection with a disposition of Collateral and compliance will not be considered adversely to affect the commercial reasonableness of any sale of Collateral.

(d) The grant to the Collateral Agent under this Agreement of any right, power or remedy does not impose upon the Collateral Agent any duty to exercise that right, power or remedy. The Collateral Agent will have no obligation to take any steps to preserve any claim or other right against any Person or with respect to any Collateral.

(e) The Grantors bear the risk of loss, damage, diminution in value, or destruction of the Collateral.

(f) The Collateral Agent will have no responsibility for any act or omission of any courier, bailee, broker, bank, investment bank or any other Person chosen by it with reasonable care.

(g) The Collateral Agent makes no express or implied representations or warranties with respect to any Collateral or other property released to the Grantors or their respective successors and assigns.

(h) The Grantors agree that the Collateral Agent will have met its duty of care under applicable law if it holds, maintains and disposes of Collateral in the same manner that it holds, maintains and disposes of property for its own account.

(i) Except as set forth in this Clause or as required under applicable law, the Collateral Agent will have no duties or obligations under this Agreement or otherwise with respect to the Collateral.

(j) The sale, transfer or other disposition under this Agreement of any right, title, or interest of any Grantor in any item of Collateral will:

(i) operate to divest such Grantor permanently and all Persons claiming under or through such Grantor of that right, title, or interest, and

(ii) be a perpetual bar, both at law and in equity, to any claims by such Grantor or any Person claiming under or through such Grantor

with respect to that item of Collateral.

8.5 No marshaling

(a) The Collateral Agent need not, and the Grantors irrevocably waive and agree that they will not invoke or assert any law requiring the Collateral Agent to:

(i) attempt to satisfy the Secured Liabilities by collecting them from any other Person liable for them; or

(ii) marshal any security or guarantee securing payment or performance of the Secured Liabilities or any particular asset of any Grantor.

(b) The Collateral Agent may release, modify or waive any collateral or guarantee provided by any other Person to secure any of the Secured Liabilities, without affecting the Collateral Agent's rights against the Grantors.

8.6 Grant of Intellectual Property License

For the purpose of enabling the Collateral Agent, during the continuance of an Event of Default, to exercise rights and remedies under this Clause 8 hereof at such time as the Collateral Agent shall be lawfully entitled to exercise such rights and remedies, and for no other purpose, the Grantor hereby grants to the Collateral Agent, to the extent assignable, an irrevocable, non-exclusive license to use, assign, license or sublicense any of the Intellectual Property now owned or hereafter acquired by such Grantor, wherever the same may be located. Such license shall be subject, in the case of Trademarks, to sufficient rights to quality control and inspection in favor of the Grantor to avoid the risk of invalidation of said Trademarks. Such license shall include access to all media in which any of the licensed items may be recorded or stored and to all computer programs used for the compilation or printout hereof.

9. APPLICATION OF PROCEEDS

Any moneys received in connection with the Collateral by the Collateral Agent after this Security has become enforceable must be applied in the following order of priority:

(a) **first**, in or towards payment of or provision for all costs and expenses incurred by the Collateral Agent in connection with the enforcement of this Security;

(b) **second**, in or towards payment of, or provision for, the Secured Liabilities; and

(c) **third**, in payment of the surplus (if any) to the Grantors or any other Person entitled to it under applicable law.

This Clause is subject to the prior payment of First Priority Debt in accordance with the terms of the Intercreditor Agreement and claims having priority over this Security under mandatory provisions of applicable law. This Clause does not prejudice the right of any Noteholder to recover any shortfall from the Grantors, and the preceding sentence shall not be deemed or interpreted as a waiver or modification of Clause 6.3(a) (The Collateral).

10. EXPENSES AND INDEMNITY

(a) The Grantors must pay promptly on demand to the Collateral Agent all costs and expenses incurred by the Collateral Agent, any Noteholder, attorney, manager, delegate, sub-delegate, agent or other Person appointed by the Collateral Agent under this Agreement for the purpose of enforcing its rights under this Agreement. This includes:

(i) costs of foreclosure and of any transfer, disposition or sale of Collateral;

(ii) costs of maintaining or preserving the Collateral or assembling it or preparing it for transfer, disposition or sale;

(iii) costs of obtaining money damages; and

(iv) fees and expenses of attorneys employed by the Collateral Agent for any purpose related to this Agreement or the Secured Liabilities, including consultation, preparation and negotiation of any amendment or restructuring, drafting documents, sending notices or instituting, prosecuting or defending litigation or arbitration.

(b) The Grantors must indemnify and keep indemnified the Secured Parties and their respective affiliates, directors, officers, representatives and agents from and against all claims, liabilities, obligations, losses, damages, penalties, judgments, costs and expenses of any kind (including attorney's fees and expenses) which may be imposed on, incurred by or asserted against any of them by any Person (including any Noteholder) in any way relating to or arising out of:

(i) this Agreement;

(ii) the Collateral;

(iii) the Collateral Agent's security interest in the Collateral;

(iv) any Event of Default;

(v) any action taken or omitted by the Collateral Agent under this Agreement or any exercise or enforcement of rights or remedies under this Agreement; or

(vi) any transfer sale or other disposition of or any realization on Collateral.

(c) The Grantors will not be liable to an indemnified party to the extent any liability results from that indemnified party's gross negligence or willful misconduct. Payment by an indemnified party will not be a condition precedent to the obligations of any Grantor under this indemnity.

(d) The obligations of the Grantors under this Clause 10 (Expenses and Indemnity) are joint and several.

(e) This Clause survives the issuance of the Notes, the repayment of the Notes, any transfer or assignment of the Notes and the termination of this Agreement.

11. EVIDENCE AND CALCULATIONS

In the absence of manifest error, the records of the Collateral Agent are conclusive evidence of the existence and the amount of the Secured Liabilities.

12. CHANGES TO THE PARTIES

12.1 Grantors

The Grantors may not assign, delegate or transfer any of their respective rights or obligations under this Agreement without the consent of the Collateral Agent, and any purported assignment, delegation or transfer in violation of this provision shall be void and of no effect.

12.2 Collateral Agent

The Collateral Agent may assign or transfer its rights and obligations under this Agreement in the manner permitted under the Indenture.

12.3 Successors and assigns

This Agreement shall be binding on and inure to the benefit of the respective successors and permitted assigns of the Grantors and the Collateral Agent.

13. MISCELLANEOUS

13.1 Amendments and waivers

Any term of this Agreement may be amended or waived only by the written agreement of the Grantors and the Collateral Agent.

13.2 Waivers and remedies cumulative

(a) The rights and remedies of the Collateral Agent under this Agreement:

(i) may be exercised as often as necessary;

(ii) are cumulative and not exclusive of its rights under applicable law; and

(iii) may be waived only in writing and specifically.

(b) Delay in exercising, or non-exercise, of any right or remedy under this Agreement is not a waiver of that right or remedy.

13.3 Counterparts

This Agreement may be executed in counterparts, and this has the same effect as if the signatures on the counterparts were on a single copy of this Agreement.

14. SEVERABILITY

If any term of this Agreement is or becomes illegal, invalid or unenforceable in any jurisdiction, that will not affect:

(a) the legality, validity or enforceability in that jurisdiction of any other term of this Agreement; or

(b) the legality, validity or enforceability in any other jurisdiction of that or any other term of this Agreement.

15. RELEASE

At the end of the Security Period and at the other times provided in the Indenture, the Collateral Agent must, at the request and cost of the Grantors, take whatever action is necessary to release all or any applicable part of the Collateral from this Security in accordance with the terms of the Indenture.

16. NOTICES

16.1 Notices

Any communication in connection with this Agreement must be in writing and, unless otherwise stated, must be given in person, by first class mail (registered or certified, return receipt requested), overnight courier guaranteeing next day delivery, or by fax.

16.2 Contact details

(a) The contact details of the Grantors for this purpose are:

Liggett Group LLC

Address: 100 Maple Lane
Mebane, NC 27302
Fax: (919) 990-3505
Attention: John R. Long

100 Maple LLC

Address: 3800 Paramount Parkway, Suite 250
P.O. Box 2010
Morrisville, NC 27560
Fax: (919) 990-3505
Attention: John R. Long

(b) The contact details of the Collateral Agent for this purpose are:

U.S. Bank National Association

Address: Global Corporate Trust Services
60 Livingston Avenue

EP-MN-WS3C
St. Paul, MN 55107-2292
Fax: (651) 466-7430
Attention: Joshua A. Hahn

(c) Any party may change its contact details by giving five Business Days' notice to the other parties

(d) Where a party nominates a particular department or officer to receive a communication, a communication will not be effective if it fails to specify that department or officer.

16.3 Effectiveness

(a) Except as provided below, any communication in connection with this Agreement will be deemed to be given as follows:

(i) if delivered in person, at the time of delivery;

(ii) if by fax, when sent with confirmation of transmission.

(b) A communication given under this Clause but received on a non-working day or after business hours in the place of receipt will only be deemed to be given on the next working day in that place.

17. GOVERNING LAW

This Agreement, the relationship between the Grantors, the Secured Parties and any claim or dispute (whether sounding in contract, tort, statute or otherwise) relating to this Agreement or that relationship shall be governed by and construed in accordance with law of the State of New York including section 5-1401 of the New York General Obligations Law but excluding any other conflict of law rules that would lead to the application of the law of another jurisdiction. If the law of a jurisdiction other than New York is, under section 1-105(2) of the UCC, mandatorily applicable to the perfection, priority or enforcement of any security interest granted under this Agreement in respect of any particular Collateral, that other law shall apply solely to the matters of perfection, priority or enforcement to which it is mandatorily applicable.

18. ENFORCEMENT

18.1 Jurisdiction

(a) Each of the Parties agree that any New York State court or Federal court sitting in the City and County of New York has jurisdiction to settle any disputes in connection with this Agreement and accordingly submits to the jurisdiction of those courts.

(b) Each of the Parties:

(i) waives objection to the New York State and Federal courts on grounds of personal jurisdiction, inconvenient forum or otherwise as regards proceedings in connection with this Agreement; and

(ii) agrees that a judgment or order of a New York State or Federal court in connection with this Agreement is conclusive and binding on it and may be enforced against it in the courts of any other jurisdiction.

(c) Nothing in this Clause limits the right of the Collateral Agent or any Noteholder to bring proceedings against any Grantor in connection with this Agreement:

(i) in any other court of competent jurisdiction; or

(ii) concurrently in more than one jurisdiction.

18.2 Service of Process

Each Grantor consents to the service of process relating to any proceedings by a notice given in accordance with Clause 16 (Notices) above.

18.3 Complete Agreement

This Agreement and the other Finance Documents contain the complete agreement between the parties on the matters to which they relate and supersede all prior commitments, agreements and understandings, whether written or oral, on those matters.

18.4 Waiver of Jury Trial

THE GRANTORS AND THE COLLATERAL AGENT (FOR ITSELF AND ON BEHALF OF THE NOTEHOLDERS) WAIVE ANY RIGHTS THEY MAY HAVE TO A JURY TRIAL OF ANY CLAIM OR CAUSE OF ACTION BASED ON OR ARISING FROM THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED BY THIS AGREEMENT. In the event of litigation, this Agreement may be filed as a written consent to a trial by the court.

The undersigned, intending to be legally bound, have executed and delivered this Agreement on the date stated at the beginning of this Agreement.

SIGNATORIES

IN WITNESS WHEREOF, the Grantors have caused this Security Agreement to be duly executed by its duly authorized officer as of the day and year first above written.

Grantors

LIGGETT GROUP LLC

By: /s/ John R. Long
Name: John R. Long
Title: Vice President, General Counsel and Secretary

100 MAPLE LLC

By: /s/ John R. Long
Name: John R. Long
Title: Secretary

Collateral Agent

U.S. BANK NATIONAL ASSOCIATION
as Collateral Agent

By: /s/ Joshua A. Hahn
Name: Joshua A. Hahn
Title: Vice President

(*Signature Page to Security Agreement – Liggett Group LLC and 100 Maple LLC*)

SCHEDULE 1

COMMERCIAL TORT CLAIMS

NONE.

SCHEDULE 2

INTELLECTUAL PROPERTY

COPYRIGHTS:

Registrations

Liggett Group LLC -

Title	Reg. No. Reg. Date	Status	Owner
2 illustrations of a pin showing a laurel wreath encircling a torch and the words, “Atlanta 1996.” / Atlanta 1996 : no. 1-2.	VAu000214221 8/20/1991	Registered	Liggett Group, Inc.

100 Maple LLC - None.

Applications

Liggett Group LLC - None.
100 Maple LLC - None.

COPYRIGHT LICENSES:

Liggett Group LLC - None.

100 Maple LLC - None.

PATENTS:

Registrations

Liggett Group LLC - None.
100 Maple LLC - None.

Applications

Liggett Group LLC - None.
100 Maple LLC - None.

PATENT LICENSES:

Liggett Group LLC - None.
100 Maple LLC - None.

TRADEMARKS:

Registrations

Liggett Group LLC -

Trademark	App. No. App. Date	Reg. No. Reg. Date	Status	Owner
Q 	73465819 15-FEB-1984	1327319 26-MAR-1985	Renewed in 2015	Liggett Group LLC
Q QUALITY BLEND 	73465818 15-FEB-1984	1344930 25-JUN-1985	Renewed in 2015	Liggett Group LLC
Design Only 	73609530 07-JUL-1986	1434164 24-MAR-1987	Renewed in 2007	Liggett Group LLC
Q QUALITY BLEND TRADEMARK 	73654465 10-APR-1987	1462175 20-OCT-1987	Renewed in 2007	Liggett Group LLC
M 	78526208 02-DEC-2004	3108068 20-JUN-2006	Renewed in 2016	Liggett Group LLC
GRAND PRIX	73641310 23-JAN-1987	1453454 18-AUG-1987	Renewed in 2007	Liggett Group LLC
Design Only 	76386980 26-MAR-2002	2815517 17-FEB-2004	Renewed in 2014	Liggett Group LLC
LIGGETT GROUP	74721242 28-AUG-1995	2023349 17-DEC-1996	Renewed in 2016	Liggett Group LLC
Design Only 	74259122 26-MAR-1992	1804692 16-NOV-1993	Renewed in 2013	Liggett Group LLC
BRONSON	74349010 15-JAN-1993	1821601 15-FEB-1994	Renewed in 2014 Section 2(F)	Liggett Group LLC
LIGGETT SELECT	76533449 30-JUL-2003	2961769 14-JUN-2005	Renewed in 2015	Liggett Group LLC
MONTEGO	74461169 22-NOV-1993	1900071 13-JUN-1995	Renewed in 2015	Liggett Group LLC
PYRAMID	73366688 26-MAY-1982	1273822 10-APR-1984	Renewed in 2014	Liggett Group LLC
EVE	72314239 11-DEC-1968	0872454 08-JUL-1969	Renewed in 2009	Liggett Group LLC

Trademark	App. No. App. Date	Reg. No. Reg. Date	Status	Owner
BAILOUT	77668575 11-FEB-2009	3944929 12-APR-2011	Registered	Liggett Group LLC
BAILOUT BRAND	77668584 11-FEB-2009	3944930 12-APR-2011	Registered	Liggett Group LLC

100 Maple LLC - None.

Applications

Liggett Group LLC - None.

100 Maple LLC - None.

TRADEMARK LICENSES:

Liggett Group LLC - None.
100 Maple LLC - None.

TRADE SECRET LICENSES:

Liggett Group LLC - None.
100 Maple LLC - None.

EXHIBIT 1

Form of Patent Security Agreement

(see attached)

FORM OF
PATENT SECURITY AND PLEDGE AGREEMENT

This **PATENT SECURITY AND PLEDGE AGREEMENT**, dated as of [, 2017] (as may be amended, restated, supplemented or otherwise modified from time to time, this "Agreement"), is made by [Liggett Group LLC][100 Maple LLC], a Delaware limited liability company and (the "Grantor") in favor of U.S. Bank National Association, as collateral agent (in such capacity, the "Collateral Agent") for the Noteholders (as defined in the Security Agreement referred to below).

WHEREAS, the Grantor has guaranteed the Notes issued under the Indenture, dated as of January 27, 2017 (as amended, supplemented, or otherwise modified from time to time, the "Indenture") among Vector Group Ltd. (the "Issuer"), the Grantor and certain of the Issuer's other direct and indirect subsidiaries and the Collateral Agent, in its capacity as trustee thereunder.

WHEREAS, it is a condition precedent to the obligations of the Collateral Agent under the Indenture that the Grantor shall have executed and delivered that certain Security Agreement, dated as of January 27, 2017, in favor of the Collateral Agent (as amended, supplemented, replaced or otherwise modified from time to time, the "Security Agreement").

WHEREAS, under the terms of the Security Agreement, the Grantor has granted a security interest in certain Property, including certain Intellectual Property of such Grantor to the Collateral Agent for the benefit of the Secured Parties, and has agreed as a condition thereof to execute this Agreement for recording with the United States Patent and Trademark Office and other applicable Governmental Authorities.

WHEREAS, this Agreement is supplemental to the provisions contained in the Security Agreement and, in the event of an inconsistency among them, the Security Agreement shall control over this Agreement.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Grantor agrees as follows:

1.
DEFINITIONS.

1.1 Terms Defined in the Security Agreement. All capitalized terms used in this Agreement and not otherwise defined herein shall have the meanings assigned to them in the Security Agreement.

1.2 Certain Defined Terms. As used in this Agreement, the following terms shall have the following meanings:

"Assignment of Patents" has the meaning set forth in Section 2.2 herein.

"Patent Collateral" has the meaning set forth in Section 2.1 herein.

"PTO" means the United States Patent and Trademark Office.

1.3 Rules of Construction**.** Unless otherwise provided herein, the rules of construction set forth in Section 1.2 of the Security Agreement shall be applicable to this Agreement.

2.
GRANT OF SECURITY INTEREST.

2.1 Security Interest**.** As collateral security for the payment and performance in full of all of the Secured Liabilities, the Grantor hereby grants to the Collateral Agent, for the benefit of the Secured Parties, a continuing security interest in and lien on all of such Grantor's right, title and interests in all Patents and Patent Licenses, including the Patents and Patent Licenses referred to on Schedule A hereto (as such schedule may be amended or supplemented from time to time), in each case whether now or hereafter existing or arising or in which such Grantor now has or hereafter owns, acquires or develops an interest and wherever located (collectively, the "Patent Collateral").

2.2 Assignment of Patents upon Default**.** The Grantor acknowledges that the Collateral Agent has the right, pursuant to the power of attorney granted the Collateral Agent hereunder and under the Security Agreement, upon the occurrence and during the continuance of an Event of Default, to execute on behalf of such Grantor an assignment of Patents and Patent Licenses that constitute Patent Collateral in substantially the form of Exhibit 1 hereto (each an "Assignment of Patents") for the sole purpose of effecting the Collateral Agent's exercise of its remedies under Section 8 of the Security Agreement. In furtherance of the foregoing, the Grantor hereby authorizes the Collateral Agent to complete, execute and record with the PTO an Assignment of Patents on behalf of such Grantor upon the occurrence and during the continuance of an Event of Default for the sole purpose of effecting the Collateral Agent's exercise of its remedies under Section 8 of the Security Agreement.

2.3 Conditional Assignment**.** In addition to, and not by way of limitation of, the grant and pledge of the Patent Collateral provided in Section 2.1, the Grantor hereby grants, assigns, transfers, conveys and sets over to the Collateral Agent, for the benefit of the Secured Parties, such Grantor's entire right, title and interest in and to the Patent Collateral; *provided*, that such grant, assignment, transfer and conveyance shall be and become of force and effect only (a) in connection with the Collateral Agent's exercise of its rights and remedies in strict accordance with the terms of the Security Agreement, and (b) upon or after the occurrence and during the continuance of an Event of Default and (c) either (i) upon the written demand of the Collateral Agent at any time during such continuance or (ii) immediately and automatically (without notice or action of any kind by the Collateral Agent) upon an Event of Default for which acceleration of

the payment of the Notes is automatic under the Indenture or upon the sale or other disposition of or foreclosure upon the Collateral pursuant to the Security Agreement and applicable law (including the transfer or other disposition of the Collateral by the Grantor to the Collateral Agent or its nominee in lieu of foreclosure).

2.4 Supplemental to Security Agreement. Pursuant to the Security Agreement the Grantor has granted to the Collateral Agent, for the benefit of the Secured Parties, a continuing security interest in and lien on the Collateral (including the Patent Collateral). The Security Agreement, and all rights and interests of the Collateral Agent in and to the Collateral (including the Patent Collateral) thereunder, are hereby ratified and confirmed in all respects. In no event shall this Agreement, the grant, assignment, transfer and conveyance of the Patent Collateral hereunder, or the recordation of this Agreement (or any other document hereunder) with the PTO, adversely affect or impair, in any way or to any extent, the Security Agreement, the security interest of the Collateral Agent in the Collateral (including the Patent Collateral) pursuant to the Security Agreement, the attachment and perfection of such security interest under the UCC (including the security interest in the Patent Collateral), or any present or future rights and interests of the Collateral Agent in and to the Collateral under or in connection with the Security Agreement or the UCC. Any and all rights and interests of the Collateral Agent in and to the Patent Collateral (and any and all obligations of the Grantor with respect to the Patent Collateral) provided herein, or arising hereunder or in connection herewith, shall only supplement and be cumulative and in addition to the rights and interests of the Collateral Agent (and the obligations of the Grantor) in, to or with respect to the Collateral (including the Patent Collateral) provided in or arising under or in connection with the Security Agreement and shall not be in derogation thereof.

3.
AFTER-ACQUIRED PATENTS

3.1 After-acquired Patents. If, after the execution of this Agreement and before the end of the Security Period, the Grantor shall obtain any right, title or interest in or to any new patentable inventions or become entitled to the benefit of any Patents or Patent Licenses for any reissue, division, or continuation, of any Patent, the provisions of this Agreement shall automatically apply thereto and such Grantor shall promptly provide to the Collateral Agent notice thereof in writing and execute and deliver to the Collateral Agent such documents or instruments as the Collateral Agent may reasonably request further to implement, preserve or evidence the Collateral Agent’s interest therein.

3.2 Amendment to Schedule. The Grantor authorizes the Collateral Agent to modify this Agreement and the Assignments of Patents, without the necessity of such Grantor’s further approval or signature, by amending Schedule A hereto and the Annex to each Assignment of Patents to include any future or other Patents or Patent Licenses that become part of the Patent Collateral under Section 2 or Section 3.1.

4.
GOVERNING LAW; CONSENT TO JURISDICTION.

This Agreement, the relationship between the parties hereunder and any claim or dispute (whether sounding in contract, tort, statute or otherwise) relating to this Agreement or that relationship shall be governed by and construed in accordance with law of the State of New York including section 5-1401 of the New York General Obligations Law but excluding any other conflict of law rules that would lead to the application of the law of another jurisdiction. If the law of a jurisdiction other than New York is, under section 1-105(2) of the UCC, mandatorily applicable to the perfection, priority or enforcement of any security interest granted under this Agreement in respect of any Patent Collateral, that other law shall apply solely to the matters of perfection, priority or enforcement to which it is mandatorily applicable.

5.
MISCELLANEOUS.

5.1 Headings**.** The headings of each section of this Agreement are for convenience only and shall not define or limit the provisions thereof. This Agreement and all rights and obligations hereunder shall be binding upon the Grantor and its respective successors and assigns, and shall inure to the benefit of the Secured Parties and their respective successors and assigns. If any term of this Agreement shall be held to be invalid, illegal or unenforceable, the validity of all other terms hereof shall in no way be affected thereby, and this Agreement shall be construed and be enforceable as if such invalid, illegal or unenforceable term had not been included herein. The Grantor acknowledges receipt of a copy of this Agreement.

5.2 Counterparts. This Agreement may be executed in any number of counterparts, each of which when so executed and delivered shall be deemed an original, but all such counterparts together shall constitute but one and the same instrument.

[*Signatures begin on next page*]

IN WITNESS WHEREOF, this Patent Security and Pledge Agreement has been executed and delivered by its duly authorized officer as of the day and year first above written.

[ ], as Grantor

By: _____
Name:
Title:

U.S. Bank National Association, as
Collateral Agent

By: _____
Name:
Title:

Schedule A
to the Patent Security and Pledge Agreement

[To be completed by the Grantor]

Grantor: [ ]

Issued U.S. Patents of Grantor

Patent No.	Issue Date	Title

Schedule A
to the Patent Security and Pledge Agreement

Pending U.S. Patent Applications of Grantor

Serial No.	Filing Date	Title

EXHIBIT 1
ASSIGNMENT OF PATENTS

WHEREAS, , a organized and existing under the laws of the State of , having a place of business at (the "Assignor"), has adopted and used and is using the patents (the "Patents") identified on the Annex hereto, and is the owner of such Patents; and

WHEREAS, U.S. Bank National Association, having a place of business at 60 Livingston Avenue, EP-MN-WS3C, St. Paul, Minnesota 55107-2292 (the "Assignee"), is desirous of acquiring the Patents;

WHEREAS, the Assignor and the Assignee have entered into that certain Patent Collateral Security and Pledge Agreement, dated as of , 20 (as may be amended, Patent Collateral Agreement"). Capitalized terms used and not defined herein have the meanings given such terms in the Patent Collateral Agreement;

NOW, THEREFORE, for good and valuable consideration, receipt of which is hereby acknowledged, the Assignor does hereby assign, sell and transfer unto the Assignee all right, title and interest in and to the Patents, together with (i) the Issued Patents and Patent Applications identified on the Annex attached hereto and incorporated herein by reference, (ii) the goodwill of the business symbolized by and associated with the Patents, and (iii) the right to sue and recover for, and the right to profits or damages due or accrued arising out of or in connection with, any and all past, present or future infringements of or damage or injury to the Patents or such associated goodwill.

This Assignment of Patents is intended to and shall take effect at such time as the Assignee shall complete this instrument by signing its acceptance of this Assignment of Patents below.

IN WITNESS WHEREOF, the Assignor, by its duly authorized officer, has executed this assignment, , on this day of , 20 .

[ ]

By: _____
Name:
Title:

The foregoing assignment of the Patents by the Assignor to the Assignee is hereby accepted as of the day of , 20 .

U.S. Bank National Association

By: _____
Name:
Title:

COMMONWEALTH OR STATE OF _____)
) ss.
COUNTY OF _____

On this the day of , 20 , before me appeared , the person who signed this instrument, who acknowledged that (s)he is the of , and that being duly authorized (s)he signed such instrument as a free act on behalf of .

_____
Notary Public

[Seal]

My commission expires:

ANNEX
U.S. PATENT REGISTRATIONS AND APPLICATIONS

Title	App. No. Filing Date	Patent No. Issue Date	Security Interest

EXHIBIT 2

Form of Trademark Security Agreement

(see attached)

FORM OF
TRADEMARK SECURITY AND PLEDGE AGREEMENT

This **TRADEMARK SECURITY AND PLEDGE AGREEMENT**, dated as of [, 2017] (as may be amended, restated, supplemented or otherwise modified from time to time, this "Agreement"), is made by [Liggett Group LLC][100 Maple LLC], a Delaware limited liability company and (the "Grantor") in favor of U.S. Bank National Association, as collateral agent (in such capacity, the "Collateral Agent") for the Noteholders (as defined in the Security Agreement referred to below).

WHEREAS, the Grantor has guaranteed the Notes issued under the Indenture, dated as of January 27, 2017 (as amended, supplemented, or otherwise modified from time to time, the "Indenture") among Vector Group Ltd. (the "Issuer"), the Grantor and certain of the Issuer's other direct and indirect subsidiaries and the Collateral Agent, in its capacity as trustee thereunder.

WHEREAS, it is a condition precedent to the obligations of the Collateral Agent under the Indenture that the Grantor shall have executed and delivered that certain Security Agreement, dated as of January 27, 2017, in favor of the Collateral Agent (as amended, supplemented, replaced or otherwise modified from time to time, the "Security Agreement").

WHEREAS, under the terms of the Security Agreement, the Grantor has granted a security interest in certain Property, including certain Intellectual Property of the Grantor to the Collateral Agent for the benefit of the Secured Parties, and has agreed as a condition thereof to execute this Agreement for recording with the United States Patent and Trademark Office and other applicable Governmental Authorities.

WHEREAS, this Agreement is supplemental to the provisions contained in the Security Agreement and, in the event of an inconsistency among them, the Security Agreement shall control over this Agreement.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Grantor agrees as follows:

1.
DEFINITIONS.

1.1 Terms Defined in the Security Agreement. All capitalized terms used in this Agreement and not otherwise defined herein shall have the meanings assigned to them in the Security Agreement.

1.2 Certain Defined Terms. As used in this Agreement, the following terms shall have the following meanings:

"Assignment of Marks" has the meaning set forth in Section 2.2 herein.

"PTO" means the United States Patent and Trademark Office.

"Trademark Collateral" has the meaning set forth in Section 2.1 herein.

1.3 Rules of Construction. Unless otherwise provided herein, the rules of construction set forth in Section 1.2 of the Security Agreement shall be applicable to this Agreement.

2.
GRANT OF SECURITY INTEREST.

2.1 Security Interest. As collateral security for the payment and performance in full of all of the Secured Liabilities, the Grantor hereby pledges and grants to the Collateral Agent, for the benefit of the Secured Parties, a continuing security interest in and lien on all of such Grantor's right, title and interest in all Trademarks, Trademark Licenses, Trade Secrets and Trade Secret Licenses, including the Trademarks, Trademark Licenses and Trade Secret Licenses referred to on Schedule A hereto (as such schedule may be amended or supplemented from time to time), in each case whether now or hereafter existing or arising or in which such Grantor now has or hereafter owns, acquires or develops an interest and wherever located (collectively, the "Trademark Collateral").

2.2 Assignment of Trademarks upon Default. The Grantor acknowledges that the Collateral Agent has the right, pursuant to the power of attorney granted the Collateral Agent hereunder and under the Security Agreement, upon the occurrence and during the continuance of an Event of Default, to execute on behalf of such Grantor an assignment of Trademarks that constitute Trademark Collateral in substantially the form of Exhibit 1 hereto (each an "Assignment of Trademarks") for the sole purpose of effecting the Collateral Agent's exercise of its remedies under Section 8 of the Security Agreement. In furtherance of the foregoing, the Grantor hereby authorizes the Collateral Agent to complete, execute and record with the PTO an Assignment of Trademarks on behalf of such Grantor upon the occurrence and during the continuance of an Event of Default for the sole purpose of effecting the Collateral Agent's exercise of its remedies under Section 8 of the Security Agreement.

2.3 Conditional Assignment. In addition to, and not by way of limitation of, the grant and pledge of the Trademark Collateral provided in Section 2.1, the Grantor hereby grants, assigns, transfers, conveys and sets over to the Collateral Agent, for the benefit of the Secured Parties, such Grantor's entire right, title and interest in and to the Trademark Collateral; *provided*, that such grant, assignment, transfer and conveyance shall be and become of force and effect only (a) in connection with the Collateral Agent's exercise of its rights and remedies in strict accordance with the terms of the Security Agreement, and (b) upon or after the occurrence and during the continuance of an Event of Default and (c) either (i) upon the written demand of the Collateral Agent at any time during such continuance or (ii) immediately and automatically (without notice or action of any kind by the Collateral Agent) upon an Event of Default for which acceleration of

the payment of the Notes is automatic under the Indenture or upon the sale or other disposition of or foreclosure upon the Collateral pursuant to the Security Agreement and applicable law (including the transfer or other disposition of the Collateral by the Grantor to the Collateral Agent or its nominee in lieu of foreclosure).

2.4 Supplemental to Security Agreement. Pursuant to the Security Agreement the Grantor has granted to the Collateral Agent, for the benefit of the Secured Parties, a continuing security interest in and lien on the Collateral (including the Trademark Collateral). The Security Agreement, and all rights and interests of the Collateral Agent in and to the Collateral (including the Trademark Collateral) thereunder, are hereby ratified and confirmed in all respects. In no event shall this Agreement, the grant, assignment, transfer and conveyance of the Trademark Collateral hereunder, or the recordation of this Agreement (or any other document hereunder) with the PTO, adversely affect or impair, in any way or to any extent, the Security Agreement, the security interest of the Collateral Agent in the Collateral (including the Trademark Collateral) pursuant to the Security Agreement, the attachment and perfection of such security interest under the UCC (including the security interest in the Trademark Collateral), or any present or future rights and interests of the Collateral Agent in and to the Collateral under or in connection with the Security Agreement or the UCC. Any and all rights and interests of the Collateral Agent in and to the Trademark Collateral (and any and all obligations of the Grantor with respect to the Trademark Collateral) provided herein, or arising hereunder or in connection herewith, shall only supplement and be cumulative and in addition to the rights and interests of the Collateral Agent (and the obligations of the Grantor) in, to or with respect to the Collateral (including the Trademark Collateral) provided in or arising under or in connection with the Security Agreement and shall not be in derogation thereof.

3.
AFTER-ACQUIRED TRADEMARKS.

3.1 After-acquired Trademarks. If, after the execution of the Agreement and before the end of the Security Period, the Grantor shall obtain any right, title or interest in or to any other or new Trademarks, Trademark Licenses, Trade Secrets or Trade Secret Licenses or become entitled to the benefit of any Trademarks, Trademark Licenses, Trade Secrets or Trade Secret Licenses, the provisions of this Agreement shall automatically apply thereto and such Grantor shall promptly provide to the Collateral Agent notice thereof in writing and execute and deliver to the Collateral Agent such documents or instruments as the Collateral Agent may reasonably request further to implement, preserve or evidence the Collateral Agent’s interest therein.

3.2 Amendment to Schedule. The Grantor authorizes the Collateral Agent to modify this Agreement and the Assignments of Trademarks, without the necessity of such Grantor’s further approval or signature, by amending Schedule A hereto and the Annex to each Assignment of Trademarks to include any future or other Trademarks, Trademark Licenses, Trade Secrets or Trade Secret Licenses that become part of the Trademark Collateral under Section 2 or Section 3.1.

4.
GOVERNING LAW; CONSENT TO JURISDICTION.

This Agreement, the relationship between the parties hereunder and any claim or dispute (whether sounding in contract, tort, statute or otherwise) relating to this Agreement or that relationship shall be governed by and construed in accordance with law of the State of New York including section 5-1401 of the New York General Obligations Law but excluding any other conflict of law rules that would lead to the application of the law of another jurisdiction. If the law of a jurisdiction other than New York is, under section 1-105(2) of the UCC, mandatorily applicable to the perfection, priority or enforcement of any security interest granted under this Agreement in respect of any Trademark Collateral, that other law shall apply solely to the matters of perfection, priority or enforcement to which it is mandatorily applicable.

5.
MISCELLANEOUS.

(a) Headings. The headings of each section of this Agreement are for convenience only and shall not define or limit the provisions thereof. This Agreement and all rights and obligations hereunder shall be binding upon the Grantor and its respective successors and assigns, and shall inure to the benefit of the Secured Parties and their respective successors and assigns. If any term of this Agreement shall be held to be invalid, illegal or unenforceable, the validity of all other terms hereof shall in no way be affected thereby, and this Agreement shall be construed and be enforceable as if such invalid, illegal or unenforceable term had not been included herein. The Grantor acknowledges receipt of a copy of this Agreement.

(b) Counterparts. This Agreement may be executed in any number of counterparts, each of which when so executed and delivered shall be deemed an original, but all such counterparts together shall constitute but one and the same instrument.

[*Signatures begin on next page*]

IN WITNESS WHEREOF, this Trademark Security and Pledge Agreement has been executed and delivered by its duly authorized officer as of the day and year first above written.

[ ], as Grantor

By: _____
Name:
Title:

U.S. Bank National Association, as
Collateral Agent

By: _____
Name:
Title:

Schedule A
to the Trademark Security and Pledge Agreement

(to be completed by the Grantor)

Grantor: [ ]

United States Trademark Registrations of [ ]

Trademark	Registration No./ Application No.	Registration Date/ Application Date

Grantor: [ ]

United States Trademark Registrations of [ ]

Trademark	Registration No./ Application No.	Registration Date/ Application Date

Exhibit 1
ASSIGNMENT OF TRADEMARKS

WHEREAS, , a organized and existing under the laws of the State of , having a place of business at (the "Assignor"), has adopted and used and is using the trademarks (the "Trademarks") identified on the Annex hereto, and is the owner of such Trademarks; and

WHEREAS, U.S. Bank National Association, having a place of business at 60 Livingston Avenue, EP-MN-WS3C, St. Paul, Minnesota 55107-2292 (the "Assignee"), is desirous of acquiring the Trademarks;

WHEREAS, the Assignor and the Assignee have entered into that certain Trademark Security and Pledge Agreement, dated as of , 20 (as may be amended, Trademark Collateral Agreement"). Capitalized terms used and not defined herein have the meanings given such terms in the Trademark Collateral Agreement;

NOW, THEREFORE, for good and valuable consideration, receipt of which is hereby acknowledged, the Assignor does hereby assign, sell and transfer unto the Assignee all right, title and interest in and to the Trademarks, together with (i) the Trademark Licenses and Trade Secret Licenses identified on the Annex attached hereto and incorporated herein by reference, (ii) the goodwill of the business symbolized by and associated with the Trademarks, and (iii) the right to sue and recover for, and the right to profits or damages due or accrued arising out of or in connection with, any and all past, present or future infringements of or damage or injury to the Trademarks or such associated goodwill.

This Assignment of Trademarks is intended to and shall take effect at such time as the Assignee shall complete this instrument by signing its acceptance of this Assignment of Trademarks below.

IN WITNESS WHEREOF, the Assignor, by its duly authorized officer, has executed this assignment, on this day of , 20 .

[_____**]**

By: _____
Name:
Title:

The foregoing assignment of the Trademarks by the Assignor to the Assignee is hereby accepted as of the day of , 20 .

U.S. Bank National Association

By: _____

Name:
Title:

COMMONWEALTH OR STATE OF)
) ss.
COUNTY OF

On this the day of , 20 , before me appeared , the person who signed this instrument, who acknowledged that (s)he is the of , and that being duly authorized (s)he signed such instrument as a free act on behalf of .

_____

Notary Public

[Seal]

My commission expires:

ANNEX

U.S. TRADEMARK REGISTRATIONS AND APPLICATIONS

Title	App. No. Filing Date	Reg. No. Issue Date	Security Interest

EXHIBIT 3

Form of Copyright Security Agreement

(see attached)

FORM OF COPYRIGHT SECURITY AGREEMENT

This **COPYRIGHT SECURITY AGREEMENT**, dated as of [, 2017] (as amended, restated, amended and restated or otherwise modified, this "Agreement"), is made by [Liggett Group LLC][100 Maple LLC] a Delaware limited liability company (the "Grantor") in favor of **U.S. Bank National Association**, as collateral agent (in such capacity, the "Collateral Agent") for the Noteholders (as defined in the Security Agreement referred to below).

WHEREAS, the Grantor has guaranteed the Notes issued under the Indenture, dated as of January 27, 2017 (as amended, supplemented, or otherwise modified from time to time, the "Indenture") among Vector Group Ltd. (the "Issuer"), the Grantor and certain of the Issuer's other direct and indirect subsidiaries and the Collateral Agent, in its capacity as trustee thereunder.

WHEREAS, it is a condition precedent to the obligations of the Collateral Agent under the Indenture that the Grantor shall have executed and delivered that certain Security Agreement, dated as of January 27, 2017, in favor of the Collateral Agent (as amended, supplemented, replaced or otherwise modified from time to time, the "Security Agreement").

WHEREAS, under the terms of the Security Agreement, the Grantor has granted a security interest in certain Property, including certain Intellectual Property of the Grantor to the Collateral Agent for the benefit of the Secured Parties, and has agreed as a condition thereof to execute this Agreement for recording with the United States Copyright Office and other applicable Governmental Authorities.

WHEREAS, this Agreement is supplemental to the provisions contained in the Security Agreement and, in the event of an inconsistency among them, the Security Agreement shall control over this Agreement.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Grantor agrees as follows:

SECTION 1. Defined Terms. Unless otherwise defined herein, terms defined in the Security Agreement and used herein have the meaning given to them in the Security Agreement. Unless otherwise provided herein, the rules of construction set forth in Section 1.2 of the Security Agreement shall be applicable to this Agreement.

"Assignment of Copyrights" has the meaning set forth in Section 2.2 herein.

"Copyright Collateral" has the meaning set forth in Section 2.1 herein.

SECTION 2.

2.1 Grant of Security Interest in Copyright Collateral. The Grantor hereby pledges and grants to Collateral Agent, for the benefit of the Secured Parties, a security interest in all of such Grantor's right, title and interest in, to and under the Copyrights and Copyright Licenses, including the Copyrights and Copyright Licenses referred to on Schedule I hereto (as such schedule may be amended or supplemented from time to time), in each case whether presently existing or hereafter created or acquired (collectively, the "Copyright Collateral").

2.2 Assignment of Copyrights upon Default. The Grantor acknowledges that the Collateral Agent has the right, pursuant to the power of attorney granted the Collateral Agent hereunder and under the Security Agreement, upon the occurrence and during the continuance of an Event of Default, to execute on behalf of such Grantor an assignment of Copyrights and Copyright Licenses that constitute Copyright Collateral in substantially the form of Exhibit 1 hereto (each an "Assignment of Copyrights") for the sole purpose of effecting the Collateral Agent's exercise of its remedies under Section 8 of the Security Agreement. In furtherance of the foregoing, the Grantor hereby authorizes the Collateral Agent to complete, execute and record with the United States Copyright Office an Assignment of Copyrights on behalf of such Grantor upon the occurrence and during the continuance of an Event of Default for the sole purpose of effecting the Collateral Agent's exercise of its remedies under Section 8 of the Security Agreement.

2.3 Conditional Assignment. In addition to, and not by way of limitation of, the grant and pledge of the Copyright Collateral provided in Section 2.1, the Grantor hereby grants, assigns, transfers, conveys and sets over to the Collateral Agent, for the benefit of the Secured Parties, the Grantor's entire right, title and interest in and to the Copyright Collateral; *provided*, that such grant, assignment, transfer and conveyance shall be and become of force and effect only (a) in connection with the Collateral Agent's exercise of its rights and remedies in strict accordance with the terms of the Security Agreement, and (b) upon or after the occurrence and during the continuance of an Event of Default and (c) either (i) upon the written demand of the Collateral Agent at any time during such continuance or (ii) immediately and automatically (without notice or action of any kind by the Collateral Agent) upon an Event of Default for which acceleration of the payment of the Notes is automatic under the Indenture or upon the sale or other disposition of or foreclosure upon the Collateral pursuant to the Security Agreement and applicable law (including the transfer or other disposition of the Collateral by the Grantor to the Collateral Agent or its nominee in lieu of foreclosure).

2.4 Supplemental to Security Agreement. Pursuant to the Security Agreement the Grantor has granted to the Collateral Agent, for the benefit of the Secured Parties, a continuing security interest in and lien on the Collateral (including the Copyright Collateral). The Security Agreement, and all rights and interests of the Collateral Agent in and to the Collateral (including the Copyright Collateral) thereunder, are hereby ratified and confirmed in all respects. In no event shall this Agreement, the grant, assignment, transfer and conveyance of the Copyright Collateral hereunder, or the recordation of this Agreement (or any other document hereunder) with the United States

Copyright Office, adversely affect or impair, in any way or to any extent, the Security Agreement, the security interest of the Collateral Agent in the Collateral (including the Copyright Collateral) pursuant to the Security Agreement, the attachment and perfection of such security interest under the UCC (including the security interest in the Copyright Collateral), or any present or future rights and interests of the Collateral Agent in and to the Collateral under or in connection with the Security Agreement or the UCC. Any and all rights and interests of the Collateral Agent in and to the Copyright Collateral (and any and all obligations of the Grantor with respect to the Copyright Collateral) provided herein, or arising hereunder or in connection herewith, shall only supplement and be cumulative and in addition to the rights and interests of the Collateral Agent (and the obligations of the Grantor) in, to or with respect to the Collateral (including the Copyright Collateral) provided in or arising under or in connection with the Security Agreement and shall not be in derogation thereof.

SECTION 3. Security Agreement. The security interest granted pursuant to this Agreement is granted in conjunction with the security interest granted to the Collateral Agent for the benefit of the Secured Parties pursuant to the Security Agreement and the Grantor hereby acknowledges and affirms that the rights and remedies of the Collateral Agent with respect to the security interest in the Copyright Collateral made and granted hereby are more fully set forth in the Security Agreement, the terms and provisions of which are incorporated by reference herein as if fully set forth herein. In the event that any provision of this Agreement is deemed to conflict with the Security Agreement, the provisions of the Security Agreement shall control.

SECTION 4. After-Acquired Copyrights. If, after the execution of the Agreement and before the end of the Security Period, the Grantor shall obtain any right, title or interest in or to any other or new Copyrights or Copyright Licenses or become entitled to the benefit of any Copyrights or Copyright Licenses, the provisions of this Agreement shall automatically apply thereto and such Grantor shall promptly provide to the Collateral Agent notice thereof in writing and execute and deliver to the Collateral Agent such documents or instruments as the Collateral Agent may reasonably request further to implement, preserve or evidence the Collateral Agent’s interest therein.

SECTION 5. MISCELLANEOUS

5.1 Applicable Law. This Agreement, the relationship between the parties hereunder and any claim or dispute (whether sounding in contract, tort, statute or otherwise) relating to this Agreement or that relationship shall be governed by and construed in accordance with law of the State of New York including section 5-1401 of the New York General Obligations Law but excluding any other conflict of law rules that would lead to the application of the law of another jurisdiction. If the law of a jurisdiction other than New York is, under section 1-105(2) of the UCC, mandatorily applicable to the perfection, priority or enforcement of any security interest granted under this Agreement in respect of any Copyright Collateral, that other law shall apply solely to the matters of perfection, priority or enforcement to which it is mandatorily applicable.

5.2 Amendment to Schedule. The Grantor authorizes the Collateral Agent to modify this Agreement, without the necessity of such Grantor's further approval or signature, by amending Schedule A hereto and the Annex to each Assignment of Copyrights to include any future or other Copyrights or Copyright Licenses that become part of the Copyright Collateral under Section 2 or Section 4.

SECTION 6. Counterparts. This Agreement may be executed in any number of counterparts, each of which when so executed and delivered shall be deemed an original, but all such counterparts together shall constitute but one and the same instrument.

[*Remainder of page intentionally left blank*]

IN WITNESS WHEREOF, each Grantor has caused this Copyright Security Agreement to be executed and delivered by its duly authorized officer as of the date first set forth above.

[ ],
as Grantor

By: _____
Name:
Title:

U.S. Bank National Association,
as Collateral Agent

By: _____
Name:
Title:

SCHEDULE I
to
COPYRIGHT SECURITY AGREEMENT

COPYRIGHT REGISTRATIONS AND APPLICATIONS

Registrations

Registration No.	Registration Date	Title

Applications

Application No.	Application Date	Title

EXHIBIT 1
ASSIGNMENT OF COPYRIGHTS

WHEREAS, , a organized and existing under the laws of the State of , having a place of business at (the "Assignor"), has adopted and used and is using the copyrights (the "Copyrights") identified on the Annex hereto, and is the owner of such Copyrights; and

WHEREAS, U.S. Bank National Association, having a place of business at 60 Livingston Avenue, EP-MN-WS3C, St. Paul, Minnesota 55107-2292 (the "Assignee"), is desirous of acquiring the Copyrights;

WHEREAS, the Assignor and the Assignee have entered into that certain Copyright Security Agreement, dated as of , 20 (as may be amended, Copyright Security Agreement"). Capitalized terms used and not defined herein have the meanings given such terms in the Copyright Security Agreement;

NOW, THEREFORE, for good and valuable consideration, receipt of which is hereby acknowledged, the Assignor does hereby assign, sell and transfer unto the Assignee all right, title and interest in and to the Copyrights and Copyright Licenses, including the Copyrights and Copyright Licenses identified on the Annex attached hereto and incorporated herein by reference.

This Assignment of Copyrights is intended to and shall take effect at such time as the Assignee shall complete this instrument by signing its acceptance of this Assignment of Copyrights below.

IN WITNESS WHEREOF, the Assignor, by its duly authorized officer, has executed this assignment, , on this day of , 20 .

[ ]

By: _____
Name:
Title:

The foregoing assignment of the Copyrights by the Assignor to the Assignee is hereby accepted as of the day of , 20 .

U.S. Bank National Association

By: _____
Name:
Title:

COMMONWEALTH OR STATE OF _____)
) ss.
COUNTY OF _____

On this the day of , 20 , before me appeared , the person who signed this instrument, who acknowledged that (s)he is the of , and that being duly authorized (s)he signed such instrument as a free act on behalf of .

_____
Notary Public

[Seal]

My commission expires:

ANNEX

COPYRIGHT REGISTRATIONS AND APPLICATIONS

Title	App. No. Filing Date	Reg. No. Issue Date	Security Interest

Exhibit 4.5

EXECUTION VERSION

AMENDED AND RESTATED INTERCREDITOR AND LIEN SUBORDINATION AGREEMENT

among

WELLS FARGO BANK, NATIONAL ASSOCIATION,
as ABL Lender

and

U.S. BANK NATIONAL ASSOCIATION,
as Collateral Agent

and

LIGGETT GROUP LLC,
as Revolving Loan Borrower

and

100 MAPLE LLC,
as Term Loan Borrower

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AMENDED AND RESTATED INTERCREDITOR AND LIEN SUBORDINATION AGREEMENT

AMENDED AND RESTATED INTERCREDITOR AND LIEN SUBORDINATION AGREEMENT, dated as of January 27, 2017 (this "Intercreditor Agreement" as hereinafter further defined), among Wells Fargo Bank, National Association (the "ABL Lender" as hereinafter further defined), for itself and on behalf of the other ABL Secured Parties (as hereinafter defined), U.S. Bank National Association, in its capacity as collateral agent for the Noteholder Secured Parties (in such capacity, the "Collateral Agent" as hereinafter further defined), Liggett Group LLC, a Delaware limited liability company (the "Revolving Loan Borrower, and 100 Maple LLC, a Delaware limited liability company (the "Term Loan Borrower" and, together with the Revolving Loan Borrower, the "Borrowers" and each individually, a "Borrower").

WITNESSETH:

WHEREAS, the Borrowers have entered into a secured credit facility with ABL Lender as set forth in the ABL Loan Agreement (as hereinafter defined) pursuant to which ABL Lender has made and from time to time may make loans and provide other financial accommodations to the Borrowers and secured by the ABL Collateral (as hereinafter defined);

WHEREAS, the parties hereto have previously entered into an Intercreditor and Lien Subordination Agreement, dated as of February 12, 2013 (the "Existing Intercreditor Agreement"), by and among the ABL Lender, U.S. Bank National Association, in its capacity as collateral agent for the Noteholder Secured Parties (as defined in the Existing Intercreditor Agreement) (in such capacity, the "Prior Collateral Agent"), and the Borrowers, in connection with the issuance by Vector Group Ltd. (the "Issuer") of a series of 7.750% Senior Secured Notes due 2021 (the "Existing Notes");

WHEREAS, pursuant to the Noteholder Agreement (as hereinafter defined), the Issuer intends to issue 6.125% Senior Secured Notes due 2025 (including any additional notes issued pursuant to the Noteholder Agreement), in an initial aggregate principal amount of $850,000,000, which will be guaranteed by the Borrowers and certain other direct and indirect subsidiaries of the Issuer and secured by certain security interests in, and pledges of, certain assets and properties, including assets and properties of the Indenture Loan Parties (as hereinafter defined), the proceeds of which will be used, among other things, to repay the entire outstanding principal amount of the Existing Notes;

WHEREAS, ABL Lender, on its own behalf and on behalf of the other ABL Secured Parties, and Collateral Agent, on its own behalf and on behalf of the Noteholder Secured Parties, desire to amend and restate the Existing Intercreditor Agreement and enter into this Intercreditor Agreement to (i) confirm the relative priority of the security interests of ABL Secured Parties and Noteholder Secured Parties in the ABL Collateral, (ii) provide for the orderly sharing among them, in accordance with such priorities, of proceeds of such ABL Collateral upon any foreclosure thereon or other disposition thereof, (iii) replace the Prior Collateral Agent with the Collateral Agent and (iv) address related matters;

NOW, THEREFORE, in consideration of the foregoing, the mutual covenants and obligations herein set forth and for other good and valuable consideration, the sufficiency and receipt of which are hereby acknowledged, the parties hereto, intending to be legally bound, hereby agree as follows:

Section 1. DEFINITIONS; INTERPRETATION.

1.1 Definitions. As used in this Intercreditor Agreement, the following terms have the meanings specified below:

"ABL Collateral" shall mean any and all of the assets and property of any Borrower in which both the ABL Secured Parties and the Noteholder Secured Parties (or their respective agents) hold a security interest.

"ABL Debt" shall mean all "Obligations" as such term is defined in the ABL Loan Agreement, including obligations, liabilities and indebtedness of every kind, nature and description owing by any Borrower to any ABL Secured Party, including principal, interest, charges, fees, premiums, indemnities and expenses, however evidenced, whether as principal, surety, endorser, guarantor or otherwise, arising under any of the ABL Documents, whether now existing or hereafter arising, whether arising before, during or after the initial or any renewal term of the ABL Documents or after the commencement of any case with respect to any Borrower under the Bankruptcy Code or any other Insolvency or Liquidation Proceeding (and including any principal,

interest, fees, costs, expenses and other amounts, which would accrue and become due but for the commencement of such case, whether or not such amounts are allowed or allowable in whole or in part in such case or similar proceeding), whether direct or indirect, absolute or contingent, joint or several, due or not due, primary or secondary, liquidated or unliquidated, secured or unsecured.

"ABL Documents" shall mean, collectively, the ABL Loan Agreement and all agreements, documents and instruments at any time executed and/or delivered by any Borrower to, with or in favor of any ABL Secured Party in connection therewith, as all of the foregoing now exist or may hereafter be amended, modified, supplemented, extended, renewed, restated, refinanced, replaced or restructured (in whole or in part and including any agreements with, to or in favor of any other lender or group of lenders that at any time refinances, replaces or succeeds to all or any portion of the ABL Debt) in accordance with the terms of this Intercreditor Agreement.

"ABL Event of Default" shall mean any "Event of Default" as defined in the ABL Loan Agreement.

"ABL Lender" shall mean, collectively, Wells Fargo Bank, National Association and any other lender or group of lenders that at any time refinances, replaces or succeeds to all or any portion of the ABL Debt or is otherwise party to the ABL Documents as a lender in accordance with the terms of this Intercreditor Agreement.

"ABL Loan Agreement" shall mean the Third Amended and Restated Credit Agreement, dated as of January 14, 2015, by and among the Borrowers and ABL Lender, as the same now exists or may hereafter be amended, modified, supplemented, extended, renewed, restated, refinanced, replaced or restructured in accordance with the terms of this Intercreditor Agreement.

"ABL Secured Parties" shall mean, collectively, (a) the ABL Lender, (b) the issuing bank or banks of letters of credit or similar instruments under the ABL Loan Agreement, (c) each other person to whom any of the ABL Debt (including ABL Debt constituting Bank Product Obligations) is owed and (d) the successors, replacements and assigns of each of the foregoing; sometimes being referred to herein individually as an "ABL Secured Party".

"Agent" shall have the meaning set forth in Section 5.1(a).

"Bank Product Obligations" shall mean Cash Management Obligations and Hedging Obligations.

"Bankruptcy Code" shall mean the United States Bankruptcy Code, being Title 11 of the United States Code, as the same now exists or may from time to time hereafter be amended, modified, recodified or supplemented.

"Bankruptcy Law" shall mean the Bankruptcy Code and any similar Federal, state or foreign law for the relief of debtors.

"Borrowers" and "Borrower" shall have the meaning set forth in the preamble hereto.

"Business Day" shall mean any day other than a Saturday, a Sunday or a day that is a legal holiday under the laws of the State of New York or on which banking institutions in the State of New York are required or authorized by law or other governmental action to close.

"Cash Management Obligations" shall mean, with respect to any Borrower, the obligations of such Borrower in connection with (a) credit cards or (b) cash management or related services, including (i) the automated clearinghouse transfer of funds or overdrafts or (ii) controlled disbursement services.

"Collateral Agent" shall mean U.S. Bank National Association, in its capacity as Collateral Agent under the Noteholder Documents, and also includes any successor, replacement or agent acting on its behalf as Collateral Agent for the Noteholder Secured Parties under the Noteholder Documents.

"DIP Financing" shall have the meaning set forth in Section 6.2.

"Discharge of ABL Debt" shall mean (a) the termination or expiration of the commitments of ABL Lender and the financing arrangements provided by ABL Lender to the Borrowers under the ABL Documents, (b) except to the extent otherwise provided in Sections 4.1 and 4.2, the payment in full in cash of the ABL Debt

(other than (i) the ABL Debt described in clause (c) of this definition, (ii) contingent indemnification obligations as to which no claim has been made and (iii) obligations under agreements with ABL Secured Parties which continue notwithstanding the termination of the commitments and repayment of the ABL Debt described herein), and (c) payment in full in cash of cash collateral, or at ABL Lender's option, the delivery to ABL Lender of a letter of credit payable to ABL Lender, in either case as required under the terms of the ABL Loan Agreement, in respect of letters of credit issued under the ABL Documents and Bank Product Obligations.

"Discharge of Priority Noteholder Debt" shall mean, except to the extent otherwise provided in Sections 4.1 and 4.2, the final payment in full in cash of the Noteholder Debt.

"Discharge of Priority Debt" shall mean except to the extent otherwise provided in Sections 4.1 and 4.2, the final payment in full in cash of the First Priority Debt (other than as described in the definition of Discharge of ABL Debt).

"Excess ABL Debt" shall mean ABL Debt which does not constitute First Priority Debt.

"Existing Intercreditor Agreement" shall have the meaning set forth in the recitals hereto.

"Existing Notes" shall have the meaning set forth in the recitals hereto.

"First Priority Debt" shall mean ABL Debt to the extent it constitutes Maximum Priority ABL Debt.

"Hedging Obligations" shall mean, with respect to any Person, the obligations of such Person under (a) interest rate swap agreements, interest rate cap agreements and interest rate collar agreements and (b) other agreements or arrangements designed to protect such Person against fluctuations in interest rates or the value of foreign currencies.

"Indenture Loan Parties" shall mean the Issuer and those of its direct and indirect subsidiaries (including the Borrowers) party to the Noteholder Agreement.

"Insolvency or Liquidation Proceeding" shall mean (a) any voluntary or involuntary case or proceeding under any Bankruptcy Law with respect to any Borrower, (b) any other voluntary or involuntary insolvency, reorganization or bankruptcy case or proceeding, or any receivership, liquidation, reorganization or other similar case or proceeding with respect to any Borrower or with respect to any of their respective assets, (c) any proceeding seeking the appointment of any trustee, receiver, liquidator, custodian or other insolvency official with similar powers with respect to such Person or any or all of its assets or properties, (d) any liquidation, dissolution, reorganization or winding up of any Borrower whether voluntary or involuntary and whether or not involving insolvency or bankruptcy or (e) any assignment for the benefit of creditors or any other marshalling of assets and liabilities of any Borrower.

"Intercreditor Agreement" shall mean this Intercreditor and Lien Subordination Agreement, as amended, modified, supplemented, extended, renewed, restated or replaced from time to time in accordance with the terms hereof.

"Issuer" shall have the meaning set forth in the recitals hereto.

"Lien" shall mean any mortgage, deed of trust, pledge, hypothecation, assignment, deposit arrangement, security interest, encumbrance (including, but not limited to, easements, rights of way and the like), lien (statutory or other), security agreement or transfer intended as security, including any conditional sale or other title retention agreement, the interest of a lessor under a capital lease or any financing lease having substantially the same economic effect as any of the foregoing.

"Lien Enforcement Action" shall mean (a) any action by any Secured Party to foreclose on the Lien of such Person in all or a material portion of the ABL Collateral or exercise any right of repossession, levy, attachment, setoff or liquidation against all or a material portion of the ABL Collateral, (b) any action by any Secured Party to take possession of, sell or otherwise realize (judicially or non-judicially) upon all or a material portion of the ABL Collateral (including by setoff), (c) any action by any Secured Party to facilitate the possession of, sale of or realization upon all or a material portion of the ABL Collateral including the solicitation of bids from third parties to conduct the liquidation of all or any material portion of the ABL Collateral, the engagement or retention of sales brokers, marketing agents, investment bankers, accountants,

auctioneers or other third parties for the purpose of valuing, marketing, promoting or selling all or any material portion of the ABL Collateral, (d) the commencement by any Secured Party of any legal proceedings against or with respect to all or a material portion of the ABL Collateral to facilitate the actions described in (a) through (c) above, or (e) any action to seek or request relief from or modification of the automatic stay or any other stay in any Insolvency or Liquidation Proceeding in respect of all or a material portion of the ABL Collateral, or any proceeds thereof. For the purposes hereof, (i) the notification of account debtors to make payments to ABL Lender shall constitute a Lien Enforcement Action if and only if such action is coupled with an action to take possession of all or a material portion of the ABL Collateral or the commencement of any legal proceedings or actions against or with respect to the Borrowers of all or a material portion of the ABL Collateral, and (ii) a material portion of the ABL Collateral shall mean ABL Collateral having a value in excess of $10,000,000.

"Maximum Priority ABL Debt" shall mean, as of any date of determination, (a) principal of the ABL Debt (including undrawn amounts under any letters of credit issued under the ABL Documents) up to $65,000,000 in the aggregate at any one time outstanding, plus (b) any interest on such amount (and including any interest which would accrue and become due but for the commencement of Insolvency or Liquidation Proceeding, whether or not such amounts are allowed or allowable in whole or in part in such case or similar proceeding), plus (c) the Maximum Priority Cash Management Obligations, plus (d) the Maximum Priority Hedging Obligations, plus (e) any fees, costs, expenses and indemnities payable under any of the ABL Documents (and including any fees, costs, expenses and indemnities which would accrue and become due but for the commencement of Insolvency or Liquidation Proceeding, whether or not such amounts are allowed or allowable in whole or in part in such case or similar proceeding) minus (f) the amount of all permanent reductions in the commitments under the ABL Documents and minus (g) the amount of all permanent repayments of ABL Debt to the extent such repayments result in a reduction of the commitments under the ABL Documents.

"Maximum Priority Cash Management Obligations" shall mean, as of any date of determination, the amount of the ABL Debt constituting Cash Management Obligations outstanding on such date, up to $5,000,000 in the aggregate at any one time outstanding.

"Maximum Priority Hedging Obligations" shall mean, as of any date of determination, the amount of the ABL Debt constituting Hedging Obligations outstanding on such date, up to $5,000,000 in the aggregate at any one time outstanding.

"Noteholder Agreement" shall mean the Indenture, dated as of January 27, 2017, by and among the Issuer, the Indenture Loan Parties and the Noteholder Trustee, as the same now exists or may hereafter be amended, modified, supplemented, extended, renewed, restated, refinanced, replaced or restructured.

"Noteholder Debt" shall mean all "Obligations" as such term is defined in the Noteholder Agreement, including obligations, liabilities and indebtedness of every kind, nature and description owing by any Indenture Loan Party to any Noteholder Secured Party, including principal, interest, charges, fees, premiums, indemnities and expenses, however evidenced, whether as principal, surety, endorser, guarantor or otherwise, arising under any of the Noteholder Documents, whether now existing or hereafter arising, whether arising before, during or after the initial or any renewal term of the Noteholder Documents or after the commencement of any case with respect to any Indenture Loan Party under the Bankruptcy Code or any other Insolvency or Liquidation Proceeding (and including any principal, interest, fees, costs, expenses and other amounts, which would accrue and become due but for the commencement of such case, whether or not such amounts are allowed or allowable in whole or in part in such case or similar proceeding), whether direct or indirect, absolute or contingent, joint or several, due or not due, primary or secondary, liquidated or unliquidated, secured or unsecured.

"Noteholder Default" shall mean any "Event of Default" as defined in the Noteholder Agreement.

"Noteholder Documents" shall mean, collectively, the Noteholder Agreement and all agreements, documents and instruments at any time executed and/or delivered by any Indenture Loan Party to, with or in favor of any Noteholder Secured Party in connection therewith, as all of the foregoing now exist or may hereafter be amended, modified, supplemented, extended, renewed, restated, refinanced, replaced or restructured (in whole or in part and including any agreements with, to or in favor of any other lender or group of lenders that at any time refinances, replaces or succeeds to all or any portion of the Noteholder Debt).

"Noteholder Exclusive Assets" shall have the meaning set forth in Section 2.3(b).

"Noteholder Secured Parties" shall mean, collectively, (a) the Noteholder Trustee, solely in its capacity as trustee under the Noteholder Agreement and the other Noteholder Documents, (b) each holder of any Note or Notes, solely in its capacity as such holder, and each other person to whom any of the Noteholder Debt is transferred or owed, solely in its capacity as such, (c) the Collateral Agent, and (d) the successors, replacements and assigns of each of the foregoing; sometimes being referred to herein individually as a "Noteholder Secured Party".

"Noteholder Trustee" shall mean U.S. Bank National Association, in its capacity as trustee under the Noteholder Agreement, and also includes any successor, replacement or agent acting on its behalf as Noteholder Trustee for the Noteholder Secured Parties under the Noteholder Documents.

"Notes" shall mean any notes issued pursuant to the Noteholder Agreement, whether issued pursuant to the initial offering or subsequently, including any exchange notes and additional notes.

"Permitted Actions" shall mean any of the following: (a) in any Insolvency or Liquidation Proceeding, filing a proof of claim or statement of interest with respect to the Noteholder Debt or Excess ABL Debt, as the case may be; (b) taking any action to preserve or protect the validity, enforceability, perfection or priority of the Liens securing the Noteholder Debt or the Excess ABL Debt, as the case may be, provided that no such action is, or could reasonably be expected to be, (i) as to any action by any Noteholder Secured Party, adverse to the Liens securing the First Priority Debt or the rights of the ABL Lender or any other ABL Secured Party to exercise remedies in respect thereof to the extent not expressly prohibited by this Agreement, (ii) as to any action by any ABL Secured Party, adverse to the Liens securing the Noteholder Debt or the rights of the Collateral Agent or any other Noteholder Secured Party to exercise remedies in respect thereof to the extent not expressly prohibited by this Intercreditor Agreement, or (iii) otherwise inconsistent with the terms of this Intercreditor Agreement, including the automatic release of Liens provided in Section 3.3; (c) filing any responsive or defensive pleadings in opposition to any motion, claim, adversary proceeding or other pleading made by any Person objecting to or otherwise seeking the disallowance of the claims of the Noteholder Secured Parties or the claims of the ABL Secured Parties with respect to Excess ABL Debt, including any claims secured by the ABL Collateral or otherwise making any agreements or filing any motions pertaining to the Noteholder Debt or Excess ABL Debt, in each case, to the extent not inconsistent with the terms of this Intercreditor Agreement; (d) exercising rights and remedies as unsecured creditors, as provided in Section 3.2; and (e) the enforcement by the Collateral Agent and the Noteholder Secured Parties of any of their rights and exercise any of their remedies with respect to the ABL Collateral after the termination of the Standstill Period (as defined in Section 3.1) or the enforcement by the ABL Lender or the ABL Secured Parties of any of their rights and exercise of any of their remedies with respect to the ABL Collateral after Discharge of Priority Noteholder Debt.

"Person" or "person" shall mean any individual, sole proprietorship, partnership, corporation (including any corporation which elects subchapter S status under the Internal Revenue Code of 1986, as amended), limited liability company, limited liability partnership, business trust, unincorporated association, joint stock company, trust, joint venture, or other entity or any government or any agency or instrumentality or political subdivision thereof.

"Pledged ABL Collateral" shall have the meaning set forth in Section 5.1(a).

"Prior Collateral Agent" shall have the meaning set forth in the recitals hereto.

"Qualified Financier" shall mean (a) a commercial bank organized under the laws of the United States, or any state thereof, and having total assets in excess of $500,000,000, (b) a commercial bank organized under the laws of any other country which is a member of the Organization for Economic Cooperation and Development or a political subdivision of any such country and which has total assets in excess of $500,000,000; provided that such bank is acting through a branch or agency located in the United States, and (c) a commercial finance company, insurance company or other financial institution that is engaged in making, purchasing or otherwise investing in commercial loans in the ordinary course of its business and having total assets in excess of $500,000,000.

"Secured Parties" shall mean, collectively, the ABL Secured Parties and the Noteholder Secured Parties.

"Standstill Period" shall have the meaning set forth in Section 3.1(a)(i)1(a)(i).

"Subsidiary" means any "Subsidiary" of the Revolving Loan Borrower as defined in the ABL Loan Agreement.

"Uniform Commercial Code" or "UCC" means the Uniform Commercial Code as from time to time in effect in the State of New York.

1.2 Terms Generally. The definitions of terms herein shall apply equally to the singular and plural forms of the terms defined. Whenever the context may require, any pronoun shall include the corresponding masculine, feminine and neuter forms. The words "include," "includes" and "including" shall be deemed to be followed by the phrase "without limitation." The word "will" shall be construed to have the same meaning and effect as the word "shall." Unless the context requires otherwise (a) any definition of or reference to any agreement, instrument or other document herein shall be construed as referring to such agreement, instrument or other document as from time to time amended, supplemented or otherwise modified, (b) any reference herein to any Person shall be construed to include such Person's successors and assigns, and as to any Borrower shall be deemed to include a receiver, trustee or debtor-in-possession on behalf of any of such person or on behalf of any such successor or assign, (c) the words "herein," "hereof" and "hereunder," and words of similar import, shall be construed to refer to this Intercreditor Agreement in its entirety and not to any particular provision hereof, (d) all references herein to Sections shall be construed to refer to Sections of this Intercreditor Agreement and (e) the words "asset" and "property" shall be construed to have the same meaning and effect and to refer to any and all tangible and intangible assets and properties, including cash, securities, accounts and contract rights.

Section 2. **LIEN PRIORITIES**.

2.1 Subordination. Notwithstanding the date, manner or order of grant, attachment or perfection of any Liens granted to the ABL Lender or the ABL Secured Parties or the Collateral Agent or the Noteholder Secured Parties and notwithstanding any provision of the UCC, or any applicable law or any provisions of the ABL Documents or the Noteholder Documents or any other circumstance whatsoever:

(a) The Collateral Agent, for itself and on behalf of the other Noteholder Secured Parties, hereby agrees that: (i) any Lien on the ABL Collateral securing the First Priority Debt now or hereafter held by or for the benefit or on behalf of any ABL Secured Party or any agent or trustee therefor shall be senior in right, priority, operation, effect and in all other respects to any Lien on the ABL Collateral securing the Noteholder Debt now or hereafter held by or for the benefit or on behalf of any Noteholder Secured Party or any agent or trustee therefor; and (ii) any Lien on the ABL Collateral securing any of the Noteholder Debt now or hereafter held by or for the benefit or on behalf of any Noteholder Secured Party or any agent or trustee therefor regardless of how acquired, whether by grant, statute, operation of law, subrogation or otherwise, shall be junior and subordinate in all respects to all Liens on the ABL Collateral securing any First Priority Debt.

(b) The ABL Lender, for itself and on behalf of the other ABL Secured Parties, hereby agrees that: (i) any Lien on the ABL Collateral securing the Noteholder Debt now or hereafter held by or for the benefit or on behalf of any Noteholder Secured Party or any agent or trustee therefor shall be senior in right, priority, operation, effect and in all other respects to any Lien on the ABL Collateral securing the principal amount of Excess ABL Debt now or hereafter held by or for the benefit or on behalf of any ABL Secured Party or any agent or trustee therefor; and (ii) any Lien on the ABL Collateral securing any Excess ABL Debt now or hereafter held by or for the benefit or on behalf of any ABL Secured Party or any agent or trustee therefor regardless of how acquired, whether by grant, statute, operation of law, subrogation or otherwise, shall be junior and subordinate in all respects to all Liens on the ABL Collateral securing any Noteholder Debt.

2.2 Prohibition on Contesting Liens. Each of the ABL Lender, for itself and on behalf of the other ABL Secured Parties, and the Collateral Agent, for itself and on behalf of the other Noteholder Secured Parties, agrees that it shall not (and hereby waives any right to) contest or support any other Person in contesting, in any proceeding (including any Insolvency or Liquidation Proceeding involving any Borrower), the perfection, priority, validity or enforceability of a Lien held by or for the benefit or on behalf of any ABL Secured Party in any ABL Collateral or by or on behalf of any Noteholder Secured Party in any ABL Collateral, as the case may be; provided that nothing in this Intercreditor Agreement shall be construed to prevent or impair the rights of any ABL Secured Party or Noteholder Secured Party to enforce this Intercreditor Agreement, including the priority of the Liens as provided in Section 2.1.

2.3 No New Liens.

(a) So long as the Discharge of Priority Debt has not occurred, none of the Borrowers shall grant any additional Liens on any assets to secure the Noteholder Debt unless it has granted, or substantially concurrently therewith shall grant, a lien on such asset to secure the ABL Debt or grant any additional Liens on any assets to secure the ABL Debt unless it has granted, or substantially concurrently therewith shall grant, a Lien on such asset to secure the Noteholder Debt, all of which Liens shall be subject to the terms of this Intercreditor Agreement. Further, the parties hereto agree that, after the Discharge of Priority Debt and so long as the Discharge of Priority Noteholder Debt has not occurred, none of the Borrowers shall grant any additional Liens on any asset to secure any Excess ABL Debt unless it has granted, or substantially concurrently therewith shall grant, a Lien on such asset to secure the Noteholder Debt. Notwithstanding the foregoing, this provision will not be violated with respect to any assets which are specifically excluded from the grant of Liens securing the ABL Debt or the Noteholder Debt, as provided in the ABL Documents or Noteholder Documents, respectively. To the extent that the provisions of this Section 2.3 are not complied with for any reason, without limiting any other right or remedy available to the ABL Lender or any other ABL Secured Party or the Collateral Agent or any Noteholder Secured Party, the Collateral Agent agrees, for itself and on behalf of the other Noteholder Secured Parties, and the ABL Lender agrees, for itself and on behalf of the other ABL Secured Parties, that any amount received by or distributed to any Noteholder Secured Party or any ABL Secured Party pursuant to or as a result of any Lien granted in contravention of this Section shall be subject to Section 4 hereof.

(b) The Noteholder Secured Parties and the ABL Secured Parties hereby acknowledge and agree that (i) the ABL Debt is secured by a first priority Lien in favor of the ABL Secured Parties on all of the Collateral (as such term is defined in the ABL Loan Agreement), (ii) as of the date hereof, the Noteholder Secured Parties do not have and will not hereafter obtain a Lien on the cash or deposit accounts of any Borrower, except a Lien junior in priority to the Lien in favor of the ABL Secured Parties, which Lien will be subject to the terms and conditions of this Agreement, (iii) the Noteholder Debt is secured by a Lien in favor of the Noteholder Secured Parties on all of the Collateral (as such term is defined in the Noteholder Agreement), including a Lien on the assets of Vector Tobacco Inc., a Virginia corporation and on certain capital stock owned by VGR Holding LLC, a Delaware limited liability company (such assets of Vector Tobacco Inc. and VGR Holding LLC, the "Noteholder Exclusive Assets") and (iv) as of the date hereof, the ABL Secured Parties do not have and will not hereafter obtain a Lien on the Noteholder Exclusive Assets, except a Lien, junior in priority to the Lien in favor of the Noteholder Secured Parties.

2.4 Cooperation. The parties hereto agree, subject to the other provisions of this Intercreditor Agreement, upon request by the ABL Lender or the Collateral Agent, as the case may be, to advise the other from time to time of the ABL Collateral for which such party has taken steps to perfect its Liens and to identify the parties obligated under the ABL Documents or Noteholder Documents, as the case may be.

Section 3. ENFORCEMENT.

3.1 Exercise of Rights and Remedies.

(a) Until the Discharge of Priority Debt, the Collateral Agent, for itself and on behalf of the other Noteholder Secured Parties, agrees that it:

(i) will not enforce or exercise, or seek to enforce or exercise, any rights or remedies (including any right of setoff or notification of account debtors) with respect to any ABL Collateral (including the enforcement of any right under any lockbox agreement, account control agreement, landlord waiver or bailee's letter or any similar agreement or arrangement to which the Collateral Agent or any other Noteholder Secured Party is a party) or commence or join with any Person (other than ABL Lender) in commencing, or filing a petition for, any action or proceeding with respect to such rights or remedies with respect to the ABL Collateral (including any foreclosure action or proceeding or any Insolvency or Liquidation Proceeding); provided, however, that (A) the Collateral Agent and the Noteholder Secured Parties may take Permitted Actions, and (B) the Collateral Agent may exercise any or all of such rights or remedies after a period of 180 days has elapsed since the date on which any ABL Secured Party has commenced a Lien Enforcement Action and prior to or at the time of such exercise, the Collateral Agent shall have (1) declared the existence of a Noteholder Default, (2) demanded the repayment of all the principal amount of the Noteholder Debt and (3) notified the ABL Lender of such declaration of a Noteholder Default and demand (the "Standstill Period"); provided, further, that, notwithstanding the expiration of the Standstill Period or anything herein to the contrary,

in no event shall the Collateral Agent or any other Noteholder Secured Party enforce or exercise any rights or remedies with respect to any ABL Collateral, or commence or petition for any such action or proceeding (including any foreclosure action or proceeding or any Insolvency or Liquidation Proceeding), at any time during which the ABL Lender or any other ABL Secured Party shall have commenced and shall be pursuing diligently a Lien Enforcement Action;

(ii) will not contest, protest or object to any foreclosure action or proceeding brought by the ABL Lender or any other ABL Secured Party, or any other enforcement or exercise by any ABL Secured Party of any rights or remedies, in each case relating to the ABL Collateral under the ABL Documents, so long as the Liens of the Collateral Agent attach to the proceeds thereof subject to the relative priorities set forth in Section 2.1 and such actions or proceedings are being pursued in good faith in accordance with applicable law;

(iii) subject to the Noteholder Secured Parties' rights under Section 3.1(a)(i), will not object to the forbearance by the ABL Lender or the other ABL Secured Parties from commencing or pursuing any foreclosure action or proceeding or any other enforcement or exercise of any rights or remedies with respect to any of the ABL Collateral;

(iv) will not except for actions permitted under Section 3.1(a)(i), take or receive any ABL Collateral, or any proceeds thereof or payment with respect thereto, in connection with the exercise of any right or remedy (including any right of setoff) with respect to any ABL Collateral or in connection with any insurance policy award or any condemnation award (or deed in lieu of condemnation) relating to the ABL Collateral;

(v) will not object to the manner in which the ABL Lender or any other ABL Secured Party may seek to enforce or collect the ABL Debt or the Liens of such ABL Secured Party securing First Priority Debt, regardless of whether any action or failure to act by or on behalf of the ABL Lender or any other ABL Secured Party is, or could be, adverse to the interests of the Noteholder Secured Parties, and will not assert, and hereby waives, to the fullest extent permitted by law, any right to demand, request, plead or otherwise assert or claim the benefit of any marshalling, appraisal, valuation or other similar right that may be available under applicable law with respect to the ABL Collateral or any other rights a junior secured creditor may have under applicable law with respect to the matters described in this clause (v), provided that at all times ABL Lender is acting in good faith in accordance with applicable law; and

(vi) will not attempt, directly or indirectly, whether by judicial proceeding or otherwise, to challenge or question the validity or enforceability of any First Priority Debt, any Lien of ABL Lender on the ABL Collateral securing the First Priority Debt or this Intercreditor Agreement, or the validity or enforceability of the priorities, rights or obligations established by this Intercreditor Agreement.

(b) After the Discharge of Priority Debt and until the Discharge of the Noteholder Debt has occurred, the ABL Lender, for itself and on behalf of the other ABL Secured Parties, with respect to Excess ABL Debt agrees that it:

(i) will not, enforce or exercise, or seek to enforce or exercise, any rights or remedies (including any right of setoff or notification of account debtors) with respect to any ABL Collateral (including the enforcement of any right under any lockbox agreement, account control agreement, landlord waiver or bailee's letter or any similar agreement or arrangement to which the ABL Lender or any other ABL Secured Party is a party) or commence or join with any Person (other than Collateral Agent or Noteholder Secured Parties) in commencing, or filing a petition for, any action or proceeding with respect to such rights or remedies with respect to the ABL Collateral (including any foreclosure action or proceeding or any Insolvency or Liquidation Proceeding); provided, however, that the ABL Lender and the ABL Secured Parties may take Permitted Actions;

(ii) will not contest, protest or object to any foreclosure action or proceeding brought by the Collateral Agent or any other Noteholder Secured Party, or any other enforcement or exercise by any Noteholder Secured Party of any rights or remedies relating to the ABL Collateral under the Noteholder Documents, so long as the Liens of ABL Secured Parties attach to the proceeds thereof subject to the relative priorities set forth in Section 2.1 and such actions or proceedings are being pursued in good faith in accordance with applicable law;

(iii) subject to the ABL Secured Parties' rights under Section 3.1(b)(i), will not object to the forbearance by the Collateral Agent or the other Noteholder Secured Parties from commencing or pursuing any foreclosure action or proceeding or any other enforcement or exercise of any rights or remedies with respect to any of the ABL Collateral;

(iv) will not except for actions permitted under Section 3.1(b)(i), take or receive any ABL Collateral, or any proceeds thereof or payment with respect thereto, in connection with the exercise of any right or remedy (including any right of setoff) with respect to any ABL Collateral or in connection with any insurance policy award or any condemnation award (or deed in lieu of condemnation) relating to the ABL Collateral;

(v) will not object to the manner in which the Collateral Agent or any other Noteholder Secured Party may seek to enforce or collect the Noteholder Debt or the Liens of such Noteholder Secured Party securing Noteholder Debt, regardless of whether any action or failure to act by or on behalf of the Collateral Agent or any other Noteholder Secured Party is, or could be, adverse to the interests of the ABL Secured Parties with respect to the Excess ABL Debt and Liens securing such Excess ABL Debt, and will not assert, and hereby waive, to the fullest extent permitted by law, any right to demand, request, plead or otherwise assert or claim the benefit of any marshalling, appraisal, valuation or other similar right that may be available under applicable law with respect to the ABL Collateral or any other rights a junior secured creditor may have under applicable law with respect to the matters described in this clause (v) in each case to the extent that the ABL Collateral secures Excess ABL Debt, provided that at all times the Collateral Agent is acting in good faith in accordance with applicable law; and

(vi) will not attempt, directly or indirectly, whether by judicial proceeding or otherwise, to challenge or question the validity or enforceability of any Noteholder Debt or any Lien of the Collateral Agent or the Noteholder Secured Parties securing the Noteholder Debt or this Intercreditor Agreement, or the validity or enforceability of the priorities, rights or obligations established by this Intercreditor Agreement.

3.2 Rights As Unsecured Creditors. Notwithstanding anything to the contrary in this Intercreditor Agreement, the Collateral Agent and the other Noteholder Secured Parties may exercise rights and remedies as an unsecured creditor against any Borrower in accordance with the terms of the Noteholder Documents and applicable law. For purposes hereof, the rights of an unsecured creditor do not include the rights of a creditor that holds a judgment lien to enforce such lien. Nothing in this Intercreditor Agreement shall prohibit the receipt by the Collateral Agent or any other Noteholder Secured Parties of the payments of any Noteholder Debt so long as such receipt is not the direct or indirect result of the exercise by the Collateral Agent or any other Noteholder Secured Party of foreclosure rights with respect to any ABL Collateral or other remedies as a secured creditor of any ABL Party or enforcement in contravention of this Intercreditor Agreement of any Lien held by any of them in any ABL Collateral or any other act in contravention of this Intercreditor Agreement.

3.3 Release of Liens on ABL Collateral.

(a) Prior to Discharge of Priority Debt, if (i) in connection with any sale, lease, license, exchange, transfer or other disposition of any ABL Collateral (A) permitted under the terms of the ABL Documents (whether or not an event of default or equivalent event thereunder, and as defined therein, has occurred and is continuing) or (B) consented to or approved by ABL Lender, but in the case of (A) or (B) only if permitted under the terms of the Noteholder Documents or (ii) in connection with the exercise of the ABL Lender's remedies in respect of the ABL Collateral provided for in Section 3.1 (provided that after giving effect to the release and application of proceeds, ABL Debt (other than Excess ABL Debt) secured by the first priority Liens on the remaining ABL Collateral remains outstanding), the ABL Lender, for itself or on behalf of any of the other ABL Secured Parties, releases any of its Liens on any part of the ABL Collateral, then effective upon the consummation of such sale, lease, license, exchange, transfer or other disposition:

(1) the Liens, if any, of the Collateral Agent, for itself or for the benefit of the Noteholder Secured Parties, on such ABL Collateral shall be automatically, unconditionally and simultaneously released to the same extent as the release of ABL Lender's Liens,

(2) the Collateral Agent, for itself or on behalf of the Noteholder Secured Parties, shall promptly upon the request of ABL Lender execute and deliver such release documents and confirmations of the authorization to file UCC amendments and terminations provided for herein, in each case as ABL Lender may require in connection with such sale or other disposition by ABL Lender, ABL Lender's agents or any Borrower with the consent of ABL Lender to evidence and effectuate such termination and release; provided, that, any such release or UCC amendment or termination by Collateral Agent shall not extend to or otherwise affect any of the rights, if any, of Collateral Agent and Noteholder Secured Parties to the proceeds from any such sale or other disposition of ABL Collateral, and

(3) the Collateral Agent, for itself or on behalf of the other Noteholder Secured Parties, shall be deemed to have authorized ABL Lender to file UCC amendments and terminations covering the ABL Collateral so sold or otherwise disposed of as to UCC financing statements between any Borrower and Collateral Agent or any other Noteholder Secured Party to evidence such release and termination.

(b) After Discharge of Priority Debt but prior to Discharge of Priority Noteholder Debt, if (i) in connection with any sale, lease, license, exchange, transfer or other disposition of any ABL Collateral (A) permitted under the terms of the Noteholder Documents (whether or not an event of default or equivalent event thereunder, and as defined therein, has occurred and is continuing) or (B) consented to or approved by Noteholder Secured Parties, but in the case of (A) and (B), only if permitted under the terms of the ABL Documents, or (ii) in connection with the exercise of the Collateral Agent's or any Noteholder Secured Party's remedies in respect of the ABL Collateral provided for in Section 3.1 (provided that after giving effect to the release and application of proceeds, Noteholder Debt secured by the Liens on the remaining ABL Collateral remain outstanding), the Collateral Agent, for itself or on behalf of any of the other Noteholder Secured Parties, releases any of its Liens on any part of the ABL Collateral, then effective upon the consummation of such sale, lease, license, exchange, transfer or other disposition:

(1) the Liens, if any, of the ABL Lender, for itself or for the benefit of the ABL Secured Parties, on such ABL Collateral shall be automatically, unconditionally and simultaneously released to the same extent as the release of the Collateral Agent's Liens,

(2) the ABL Lender, for itself or on behalf of the ABL Secured Parties, shall promptly upon the request of the Collateral Agent execute and deliver such release documents and confirmations of the authorization to file UCC amendments and terminations provided for herein, in each case as the Collateral Agent may require in connection with such sale or other disposition by the Collateral Agent or any Noteholder Secured Party, or any of their agents or any Borrower with the consent of Noteholder Secured Parties to evidence and effectuate such termination and release; provided, that, any such release or UCC amendment or termination by ABL Lender shall not extend to or otherwise affect any of the rights, if any, of ABL Lender and ABL Secured Parties to the proceeds from any such sale or other disposition of ABL Collateral, and

(3) the ABL Lender, for itself or on behalf of the other ABL Secured Parties, shall be deemed to have authorized the Collateral Agent to file UCC amendments and terminations covering the ABL Collateral so sold or otherwise disposed of as to UCC financing statements between any Borrower and ABL Lender or any other ABL Secured Party to evidence such release and termination.

(c) The Collateral Agent, for itself and on behalf of the other Noteholder Secured Parties, hereby irrevocably constitutes and appoints the ABL Lender and any officer or agent of the ABL Lender, with full power of substitution, as its true and lawful attorney-in-fact with full irrevocable power and authority in the place and stead of the Collateral Agent or such holder, from time to time in the ABL Lender's discretion, for the purpose of carrying out the terms of Section 3.3(a), to take any and all appropriate action and to execute any and all documents and instruments which may be necessary or desirable to accomplish the purposes of Section 3.3(a), including any termination statements, endorsements or other instruments of transfer or release. The ABL Lender, for itself and on behalf of the other ABL Secured Parties, hereby irrevocably constitutes and appoints the Collateral Agent and any officer or agent of the Noteholder, with full power of substitution, as its true and lawful attorney-in-fact with full irrevocable power and authority in the place and stead of the ABL Lender or any ABL Secured Party for the purpose of carrying out the terms of Section 3.3(b), to take any and all appropriate action and to execute any and all documents and instruments which may be necessary or desirable to accomplish the purposes of Section 3.3(b), including any termination statements, endorsements or other instruments of transfer or release.

(d) Nothing contained in this Intercreditor Agreement shall be construed to modify the obligation of ABL Lender or the Collateral Agent to act in a commercially reasonable manner in the exercise of its rights to sell, lease, license, exchange, transfer or otherwise dispose of any ABL Collateral.

3.4 Insurance and Condemnation Awards.

(a) So long as the Discharge of Priority Debt has not occurred, the ABL Lender and the other

ABL Secured Parties shall have the sole and exclusive right, subject to the rights of the Borrowers under the ABL Documents, to settle and adjust claims in respect of ABL Collateral under policies of insurance and to approve any award granted in any condemnation or similar proceeding, or any deed in lieu of condemnation in respect of the ABL Collateral. So long as the Discharge of Priority Debt has not occurred, all proceeds of any such policy and any such award, or any payments with respect to a deed in lieu of condemnation, shall (i) first be paid to the ABL Lender for the benefit of the ABL Secured Parties to the extent required under the ABL Documents until the Priority Debt has been paid in full, (ii) second, be paid to the Collateral Agent for the benefit of the Noteholder Secured Parties to the extent required under the applicable Noteholder Documents until the Discharge of Noteholder Debt has occurred, (iii) third, be paid to the ABL Lender for the benefit of the ABL Secured Parties to the extent required under the ABL Documents until the ABL Debt has been paid in full, and (iv) fourth, be paid to the owner of the subject property or as a court of competent jurisdiction may otherwise direct or may otherwise be required by applicable law. Until the Discharge of Priority Debt, if the Collateral Agent or any other Noteholder Secured Party shall, at any time, receive any proceeds of any such insurance policy or any such award or payment, it shall pay such proceeds over to the ABL Lender in accordance with the terms of Section 4.2.

(b) After the Discharge of Priority Debt has occurred but before the Discharge of Priority Noteholder Debt has occurred, the Collateral Agent and the other Noteholder Secured Parties shall have the sole and exclusive right, subject to the rights of the Borrowers under the Noteholder Documents, to settle and adjust claims in respect of ABL Collateral under policies of insurance and to approve any award granted in any condemnation or similar proceeding, or any deed in lieu of condemnation in respect of the ABL Collateral. After the Discharge of Priority Debt has occurred but before the Discharge of Priority Noteholder Debt has occurred, all proceeds of any such policy and any such award, or any payments with respect to a deed in lieu of condemnation, shall (i) first be paid to the Collateral Agent for the benefit of the Noteholder Secured Parties to the extent required under the Noteholder Documents until the Noteholder Debt has been paid in full, (ii) second, be paid to the ABL Lender for the benefit of the ABL Secured Parties to the extent required under the ABL Documents until the Excess ABL Debt has been paid in full, and (iii) third, be paid to the owner of the subject property or as a court of competent jurisdiction may otherwise direct or may otherwise be required by applicable law. After the Discharge of Priority Debt has occurred but before the Discharge of Priority Noteholder Debt has occurred, if the ABL Lender or any other ABL Secured Party shall, at any time, receive any proceeds of any such insurance policy or any such award or payment, it shall pay such proceeds over to the Collateral Agent in accordance with the terms of Section 4.2.

Section 4. **PAYMENTS**.

4.1 Application of Proceeds.

(a) So long as the Discharge of ABL Debt has not occurred, the ABL Collateral or proceeds thereof received in connection with the sale or other disposition of, or collection on, such ABL Collateral upon the exercise of remedies, shall be applied in the following order of priority:

(i) first, to the ABL Priority Debt (including for cash collateral as required under the ABL Documents), and in such order as specified in the relevant ABL Documents until the Discharge of Priority Debt has occurred;

(ii) second, to the Noteholder Debt in such order as specified in the relevant Noteholder Documents until the Discharge of Priority Noteholder Debt has occurred; and

(iii) third, to the Excess ABL Debt until the Discharge of ABL Debt has occurred.

(b) Upon the Discharge of Priority Debt, to the extent permitted under applicable law, the ABL Lender shall deliver to the Collateral Agent, without representation or recourse, any proceeds of ABL Collateral held by it at such time in the same form as received, with any necessary endorsements or as a court of competent jurisdiction may otherwise direct, to be applied by the Collateral Agent to the Noteholder Debt in such order as specified in the relevant Noteholder Documents.

(c) The foregoing provisions of this Section 4.1 are intended solely to govern the respective Lien priorities as between the Collateral Agent and the Noteholder Secured Parties, on the one hand, and the ABL Lender and the other ABL Secured Parties, on the other hand, and shall not impose on ABL Lender or any other ABL Secured Party or on Collateral Agent or any other Noteholder Secured Party any obligations in respect of

the disposition of proceeds of foreclosure on any ABL Collateral which would conflict with prior perfected claims therein in favor of any other person or any order or decree of any court or other governmental authority or any applicable law.

4.2 Payments Over. So long as the Discharge of Priority Debt has not occurred, whether or not any Insolvency or Liquidation Proceeding has been commenced by or against any Borrower, the Collateral Agent agrees, for itself and on behalf of the other Noteholder Secured Parties, that any ABL Collateral or proceeds from the enforcement of remedies with respect to the ABL Collateral (including any right of set-off) with respect to the ABL Collateral, and including in connection with any insurance policy claim or any condemnation award (or deed in lieu of condemnation) with respect to ABL Collateral, shall be segregated and held in trust and promptly transferred or paid over to the ABL Lender for the benefit of the ABL Secured Parties in the same form as received, with any necessary endorsements or assignments or as a court of competent jurisdiction may otherwise direct. After the Discharge of Priority Debt has occurred but before the Discharge of Priority Noteholder Debt has occurred, whether or not any Insolvency or Liquidation Proceeding has been commenced by or against any Borrower, the ABL Lender agrees, for itself and on behalf of the other ABL Secured Parties, that any ABL Collateral or proceeds from the enforcement of remedies with respect to the ABL Collateral or payment with respect thereto received by the ABL Lender or any other ABL Secured Party (including any right of set-off) with respect to the ABL Collateral, and including in connection with any insurance policy claim or any condemnation award (or deed in lieu of condemnation) with respect to ABL Collateral, shall be segregated and held in trust and promptly transferred or paid over to the Collateral Agent for the benefit of the Noteholder Secured Parties in the same form as received, with any necessary endorsements or assignments or as a court of competent jurisdiction may otherwise direct. The ABL Lender or the Collateral Agent, as applicable, is hereby authorized to make any such endorsements or assignments as agent for the other. This authorization is coupled with an interest and is irrevocable.

Section 5. BAILEE FOR PERFECTION.

5.1 Each Lender as Bailee.

(a) Each of ABL Lender and Collateral Agent (each, for purposes of this Section 5, an "Agent") agrees to hold any ABL Collateral that can be perfected or the priority of which can be enhanced by the possession or control of such ABL Collateral or of any account in which such ABL Collateral is held, and if such ABL Collateral or any such account is in fact in the possession or under the control of an Agent, or of agents or bailees of such Agent (such ABL Collateral being referred to herein as the "Pledged ABL Collateral"), as bailee and agent for and on behalf of the other Agent solely for the purpose of perfecting the Lien granted to the other Agent in such Pledged ABL Collateral or enhancing the priority of such Lien (including, but not limited to, any securities or any deposit accounts or securities accounts, if any) pursuant to the ABL Documents or Noteholder Documents, as applicable, subject to the terms and conditions of this Section 5.

(b) Until the Discharge of Priority Debt has occurred, the ABL Lender shall be entitled to deal with the Pledged ABL Collateral in accordance with the terms of the ABL Documents subject to the terms of this Intercreditor Agreement and to the Borrowers' rights under the ABL Documents.

(c) Each of ABL Lender and Collateral Agent shall have no obligation whatsoever to the other Agent or any other Secured Party to assure that the Pledged ABL Collateral is genuine or owned by any of the Borrowers or to preserve rights or benefits of any Person except as expressly set forth in this Section 5. The duties or responsibilities of each of ABL Lender and Collateral Agent under this Section 5 shall be limited solely to holding the Pledged ABL Collateral as bailee and agent for and on behalf of the other Agent for purposes of perfecting or enhancing the priority of the Lien held by the other Agent.

(d) Each of ABL Lender and Collateral Agent shall not have by reason of the ABL Documents, the Noteholder Documents or this Intercreditor Agreement or any other document a fiduciary relationship in respect of the other Agent or any of the other Secured Parties and shall not have any liability to the other Agent or any other Secured Party in connection with its holding the Pledged ABL Collateral, other than for its gross negligence or willful misconduct as determined by a final, non-appealable order of a court of competent jurisdiction.

5.2 Transfer of Pledged ABL Collateral. Upon the Discharge of Priority Debt, to the extent permitted under applicable law, the ABL Lender shall, without recourse or warranty, transfer the possession and control of

the Pledged ABL Collateral, if any, then in its possession or control to Collateral Agent, except in the event and to the extent (a) the ABL Lender or any other ABL Secured Party has retained or otherwise acquired such ABL Collateral in full or partial satisfaction of any of the ABL Debt, (b) such ABL Collateral is sold or otherwise disposed of by the ABL Lender or any other ABL Secured Party or by a Borrower as provided herein or (c) it is otherwise required by any order of any court or other governmental authority or applicable law. The foregoing provision shall not impose on the ABL Lender or any other ABL Secured Party any obligations which would conflict with prior perfected claims therein in favor of any other person or any order or decree of any court or other governmental authority or any applicable law. In connection with any transfer described herein to Collateral Agent, the Agent agrees to take reasonable actions in its power (with all costs and expenses in connection therewith to be for the account of the Collateral Agent and to be paid by Borrowers) as shall be reasonably requested by the Collateral Agent to permit the Collateral Agent to obtain, for the benefit of the Noteholder Secured Parties, a first priority Lien in the Pledged ABL Collateral.

Section 6. **INSOLVENCY OR LIQUIDATION PROCEEDINGS**.

6.1 General Applicability. This Intercreditor Agreement shall be applicable both before and after the institution of any Insolvency or Liquidation Proceeding involving any Borrower, including the filing of any petition by or against any Borrower under the Bankruptcy Code or under any other Bankruptcy Law and all converted or subsequent cases in respect thereof, and all references herein to any Borrower shall be deemed to apply to the trustee for such Borrower and such Borrower as debtor-in-possession. The relative rights of the ABL Secured Parties and the Noteholder Secured Parties in or to any distributions from or in respect of any ABL Collateral or proceeds of ABL Collateral shall continue after the institution of any Insolvency or Liquidation Proceeding involving any Borrower, including the filing of any petition by or against any Borrower under the Bankruptcy Code or under any other Bankruptcy Law and all converted cases and subsequent cases, on the same basis as prior to the date of such institution, subject to (i) any court order approving the financing of, or use of cash collateral by any Borrower as debtor-in-possession, or (ii) any other court order affecting the rights and interests of the parties hereto, in either case so long as such court order is not in conflict with this Intercreditor Agreement. This Agreement shall constitute a Subordination Agreement for the purposes of Section 510(a) of the Bankruptcy Code and shall be enforceable in any Insolvency or Liquidation Proceeding in accordance with its terms.

6.2 Bankruptcy Financing. If any Borrower becomes subject to any Insolvency or Liquidation Proceeding, until the Discharge of Priority Debt has occurred, the Collateral Agent, for itself and on behalf of the other Noteholder Secured Parties, agrees that:

(a) each Noteholder Secured Party will raise no objection to, nor support any other Person objecting to, and will be deemed to have consented to, the use of any ABL Collateral constituting cash collateral under Section 363 of the Bankruptcy Code, or any comparable provision of any other Bankruptcy Law or any post-petition financing to any Borrower, provided by any ABL Secured Party or any Qualified Financier (which agrees to be bound by Section 8 hereof) under Section 364 of the Bankruptcy Code, or any comparable provision of any other Bankruptcy Law (a "DIP Financing"), will not request or accept adequate protection or any other relief in connection with the use of such cash collateral or such DIP Financing except as set forth in Section 6.4 below and will subordinate (and will be deemed hereunder to have subordinated) the Liens granted to Noteholder Secured Parties to such DIP Financing on the same terms as such Liens are subordinated to the Liens granted to ABL Lender hereunder (and such subordination will not alter in any manner the terms of this Intercreditor Agreement), to any adequate protection provided to the ABL Secured Parties and to any "carve out" agreed to by the ABL Lender; provided that:

(i) the ABL Lender does not oppose or object to such use of cash collateral or DIP Financing,

(ii) the aggregate principal amount of such DIP Financing, together with the ABL Debt as of such date, does not exceed the principal component of Maximum Priority ABL Debt, and the DIP Financing is treated as ABL Debt hereunder,

(iii) the Liens on ABL Collateral granted to the ABL Secured Parties or Qualified Financier in connection with such DIP Financing are subject to this Intercreditor Agreement and considered to be Liens of ABL Lender for purposes hereof,

(iv) the Collateral Agent retains a Lien on the ABL Collateral (including proceeds thereof) with the same priority as existed prior to such Insolvency or Liquidation Proceeding (except to the extent of any "carve out" agreed to by the ABL Lender),

(v) the Collateral Agent receives replacement Liens on all assets, including post-petition assets, of any Borrower in which any of the ABL Lender obtains a replacement Lien, or which secure the DIP Financing, with the same priority relative to the Liens of ABL Lender as existed prior to such Insolvency or Liquidation Proceeding, and

(vi) the Noteholder Secured Parties may oppose or object to such use of cash collateral or DIP Financing on the same bases as an unsecured creditor, so long as such opposition or objection is not based on the Noteholder Secured Parties' status as secured creditors.

(b) no Noteholder Secured Party shall, directly or indirectly, provide, or seek to provide, DIP Financing secured by Liens equal or senior in priority to the Liens on the ABL Collateral of ABL Lender, without the prior written consent of ABL Lender.

6.3 Relief from the Automatic Stay. The Collateral Agent, for itself and on behalf of the other Noteholder Secured Parties, agrees that, so long as the Discharge of Priority Debt has not occurred, no Noteholder Secured Party shall, without the prior written consent of the ABL Lender, seek or request relief from or modification of the automatic stay or any other stay in any Insolvency or Liquidation Proceeding in respect of any part of the ABL Collateral, any proceeds thereof or any Lien securing any of the Noteholder Debt. Notwithstanding anything to the contrary set forth in this Intercreditor Agreement, no Borrower waives or shall be deemed to have waived any rights under Section 362 of the Bankruptcy Code.

6.4 Adequate Protection.

(a) The Collateral Agent, on behalf of itself and the other Noteholder Secured Parties, agrees that none of them shall object, contest, or support any other Person objecting to or contesting, (i) any request by the ABL Lender or any of the other ABL Secured Parties for adequate protection of the First Priority Debt or any adequate protection provided to the ABL Lender or other ABL Secured Parties with respect to the First Priority Debt or (ii) any objection by the ABL Lender or any of the other ABL Secured Parties to any motion, relief, action or proceeding based on a claim of a lack of adequate protection for the First Priority Debt or (iii) the payment of interest, fees, expenses or other amounts to the ABL Lender or any other ABL Secured Party with respect to the First Priority Debt under Section 506(b) or 506(c) of the Bankruptcy Code or otherwise.

(b) The Collateral Agent, on behalf of itself and the other Noteholder Secured Parties, agrees that none of them shall seek or accept adequate protection with respect to the Noteholder Debt secured by Liens on the ABL Collateral without the prior written consent of the ABL Lender; except, that, the Collateral Agent, for itself or on behalf of the other Noteholder Secured Parties, or the Noteholder Secured Parties shall be permitted (i) to obtain adequate protection in the form of the benefit of additional or replacement Liens on the ABL Collateral (including proceeds thereof arising after the commencement of any Insolvency or Liquidation Proceeding), or additional or replacement ABL Collateral to secure the Noteholder Debt, in connection with any DIP Financing or use of cash collateral as provided for in Section 6.2 above, or in connection with any such adequate protection obtained by ABL Lender and the other ABL Secured Parties, as long as in each case, the ABL Lender is also granted such additional or replacement Liens or additional or replacement ABL Collateral and such Liens of Collateral Agent or any other Noteholder Secured Party are subordinated to the Liens securing the ABL Debt to the same extent as the Liens of Collateral Agent and the other Noteholder Secured Parties on the ABL Collateral are subordinated to the Liens of ABL Lender and the other ABL Secured Parties hereunder and (ii) to obtain adequate protection in the form of reports, notices, inspection rights and similar forms of adequate protection to the extent granted to the ABL Lender.

6.5 Reorganization Securities. If, in any Insolvency or Liquidation Proceeding, debt obligations of any reorganized Borrower secured by Liens upon any property of such reorganized Borrower are distributed, pursuant to a plan of reorganization, on account of both the ABL Debt and the Noteholder Debt, then, to the extent the debt obligations distributed on account of the ABL Debt and on account of the Noteholder Debt are secured by Liens upon the same assets or property, the provisions of this Intercreditor Agreement will survive the distribution of such debt obligations pursuant to such plan and will apply with like effect to the Liens securing such debt obligations.

6.6 Separate Classes. Each of the parties hereto irrevocably acknowledges and agrees that (a) the claims and interests of the ABL Secured Parties and the Noteholder Secured Parties are not "substantially similar" within the meaning of Section 1122 of the Bankruptcy Code, or any comparable provision of any other Bankruptcy Law, (b) the grants of the Liens to secure the ABL Debt and the grants of the Liens to secure the Noteholder Debt constitute two separate and distinct grants of Liens, (c) the ABL Secured Parties' rights in the ABL Collateral are fundamentally different from the Noteholder Secured Parties' rights in the ABL Collateral and (d) as a result of the foregoing, among other things, the ABL Debt and the Noteholder Debt must be separately classified in any plan of reorganization proposed or adopted in any Insolvency or Liquidation Proceeding.

6.7 Asset Dispositions. Until the Discharge of Priority Debt has occurred, the Collateral Agent, for itself and on behalf of the other Noteholder Secured Parties, agrees that, in the event of any Insolvency or Liquidation Proceeding, the Noteholder Secured Parties will not object or oppose (or support any Person in objecting or opposing) a motion to any sale, lease, license, exchange, transfer or other disposition of any ABL Collateral free and clear of the Liens of Collateral Agent and the other Noteholder Secured Parties or other claims under Section 363 of the Bankruptcy Code, or any comparable provision of any Bankruptcy Law and shall be deemed to have consented to any such any sale, lease, license, exchange, transfer or other disposition of any ABL Collateral under Section 363(f) of the Bankruptcy Code that has been consented to by the ABL Lender; provided, that, (a) the proceeds of such sale, lease, license, exchange, transfer or other disposition of any ABL Collateral to be applied to the ABL Debt or the Noteholder Debt are applied in accordance with Section 4.1. Nothing herein shall prevent the Collateral Agent or the Noteholder Secured Parties from taking Permitted Actions or action permitted under Section 3.2 permitted to unsecured creditors.

6.8 Preference Issues.

(a) If, in any Insolvency or Liquidation Proceeding or otherwise, all or part of any payment with respect to the First Priority Debt previously made shall be rescinded for any reason whatsoever, then the First Priority Debt shall be reinstated to the extent of the amount so rescinded and, if theretofore terminated, this Intercreditor Agreement shall be reinstated in full force and effect and such prior termination shall not diminish, release, discharge, impair or otherwise affect the Lien priorities and the relative rights and obligations of the ABL Secured Parties and the Noteholder Secured Parties provided for herein.

(b) If, in any Insolvency or Liquidation Proceeding or otherwise, all or part of any payment with respect to the Noteholder Debt previously made shall be rescinded for any reason whatsoever and the Discharge of Priority Debt shall, subject to (for the avoidance of doubt) the immediately preceding clause (a), have occurred, then the Noteholder Debt shall be reinstated to the extent of the amount so rescinded and, if theretofore terminated, this Intercreditor Agreement shall be reinstated in full force and effect and such prior termination shall not diminish, release, discharge, impair or otherwise affect the Lien priorities and the relative rights and obligations of the Noteholder Secured Parties and any Person that holds ABL Excess Debt provided for herein solely with respect to any ABL Excess Claims and for the avoidance of doubt, not with respect to any First Priority Debt.

6.9 Certain Waivers as to Section 1111(b)(2) of Bankruptcy Code. The Collateral Agent, for itself and on behalf of the other Noteholder Secured Parties, waives any claim any Noteholder Secured Party may hereafter have against any ABL Secured Party arising out of the election by any ABL Secured Party of the application of Section 1111(b)(2) of the Bankruptcy Code with respect to any Liens secured by the ABL Collateral, or any comparable provision of any other Bankruptcy Law. The ABL Lender, for itself and on behalf of the other ABL Secured Parties, waives any claim any ABL Secured Party may hereafter have against any Noteholder Secured Party arising out of the election by any Noteholder Secured Party of the application of Section 1111(b)(2) of the Bankruptcy Code with respect to any Liens secured by the ABL Collateral or any comparable provision of any other Bankruptcy Law.

6.10 Other Bankruptcy Laws. In the event that an Insolvency of Liquidation Proceeding is filed in a jurisdiction other than the United States or is governed by any Bankruptcy Law other than the Bankruptcy Code, each reference in this Intercreditor Agreement to a section of the Bankruptcy Code shall be deemed to refer to the substantially similar or corresponding provision of the Bankruptcy Law applicable to such Insolvency or Liquidation Proceeding, or in the absence of any specific similar or corresponding provision of the Bankruptcy Law, such other general Bankruptcy Law as may be applied in order to achieve substantially the same result as would be achieved under each applicable section of the Bankruptcy Code.

Section 7. NOTEHOLDER SECURED PARTIES' PURCHASE OPTION.

7.1 Exercise of Option. On or after the occurrence and during the continuance of an ABL Event of Default and either the acceleration of all of the ABL Debt or the receipt by Collateral Agent of written notice from ABL Lender of its intention to commence a Lien Enforcement Action as provided in Section 7.5 below, the Noteholder Secured Parties shall have the option at any time within ninety (90) days of such acceleration or written notice, upon five (5) Business Days' prior written notice by Collateral Agent to ABL Lender, to purchase all (but not less than all) of the ABL Debt from the ABL Secured Parties. Such notice from Collateral Agent to ABL Lender shall be irrevocable.

7.2 Purchase and Sale. On the date specified by Collateral Agent in the notice referred to in Section 7.1 (which shall not be less than five (5) Business Days, nor more than twenty (20) days, after the receipt by ABL Lender of the notice from Collateral Agent of its election to exercise such option), ABL Secured Parties shall, subject to any required approval of any court or other regulatory or governmental authority then in effect (the time to obtain any such approval shall extend the proposed date of sale and purchase), if any, sell to Noteholder Secured Parties, and Noteholder Secured Parties shall purchase from ABL Secured Parties, all of the ABL Debt. Notwithstanding anything to the contrary contained herein, in connection with any such purchase and sale, ABL Secured Parties shall retain all rights under the ABL Documents to be indemnified or held harmless by the Borrowers in accordance with the terms thereof.

7.3 Payment of Purchase Price.

(a) Upon the date of such purchase and sale, Noteholder Secured Parties shall (i) pay to ABL Lender for the account of the ABL Secured Parties as the purchase price therefor the full amount of all of the ABL Debt then outstanding and unpaid (including principal, interest, fees and expenses, including reasonable attorneys' fees and legal expenses), (ii) furnish cash collateral to ABL Lender in such amounts as ABL Lender determines is reasonably necessary to secure ABL Secured Parties in connection with any issued and outstanding letters of credit issued under the ABL Documents (but not in any event in an amount greater than one hundred five (105%) percent of the aggregate undrawn face amount of such letters of credit) (ABL Lender agrees to refund this cash collateral to the Noteholder Secured Parties to the extent any letter of credit expires or is terminated or any amount is reimbursed from other sources), and (iii) agree to reimburse ABL Secured Parties for any loss, cost, damage or expense (including reasonable attorneys' fees and legal expenses) in connection with any commissions, fees, costs or expenses related to any issued and outstanding letters of credit as described above and any checks or other payments provisionally credited to the ABL Debt, and/or as to which ABL Secured Parties have not yet received final payment.

(b) Such purchase price and cash collateral shall be remitted by wire transfer in federal funds to such bank account of ABL Lender as ABL Lender may designate in writing to Collateral Agent for such purpose. Interest shall be calculated to but excluding the Business Day on which such purchase and sale shall occur if the amounts so paid by Noteholder Secured Parties to the bank account designated by ABL Lender are received in such bank account prior to 12:00 noon, New York City time and interest shall be calculated to and including such Business Day if the amounts so paid by Noteholder Secured Parties to the bank account designated by ABL Lender are received in such bank account later than 12:00 noon, New York City time.

7.4 Representations Upon Purchase and Sale. Such purchase shall be expressly made without representation or warranty of any kind by ABL Secured Parties as to the ABL Debt, the ABL Collateral or otherwise and without recourse to ABL Secured Parties, except that each ABL Secured Party shall represent and warrant, severally, as to it: (a) the amount of the ABL Debt being purchased from it are as reflected in the books and records of such ABL Secured Party (but without representation or warranty as to the collectibility, validity or enforceability thereof), (b) that such ABL Secured Party owns the ABL Debt being sold by it free and clear of any liens or encumbrances and (c) such ABL Secured Party has the right to assign the ABL Debt being sold by it and the assignment is duly authorized. Upon the purchase by Noteholder Secured Parties of the ABL Debt, Noteholder Secured Parties agree to indemnify and hold ABL Secured Parties harmless from and against all loss, cost, damage or expense (including reasonable attorneys' fees and legal expenses) suffered or incurred by ABL Secured Parties arising from or in any way relating to acts or omissions of Collateral Agent or any of the other Noteholder Secured Parties after the purchase. Subject to the foregoing, ABL Secured Parties shall execute and deliver such instruments of transfer and other documents as shall be necessary or desirable to fully vest title to the ABL Debt in the Noteholder Secured Parties (or their designee) and to effectively transfer all Liens securing the ABL Debt to the Noteholder Secured Parties (or their designee).

7.5 Notice from ABL Lender Prior to Lien Enforcement Action. ABL Lender agrees that it will give Collateral Agent ten (10) Business Days prior written notice of its intention to commence a Lien Enforcement Action. In the event that during such ten (10) Business Day period, Collateral Agent shall send to ABL Lender the irrevocable notice of the intention of the Noteholder Secured Parties to exercise the purchase option given by ABL Secured Parties to Noteholder Secured Parties under this Section 7, ABL Secured Parties shall not commence any foreclosure or other action to sell or otherwise realize upon the ABL Collateral, provided, that, the purchase and sale with respect to the ABL Debt provided for herein shall have closed within thirty (30) Business Days thereafter and ABL Secured Parties shall have received final payment in full of the ABL Debt as provided for herein within such thirty (30) Business Day period.

Section 8. RELIANCE; WAIVERS; ETC.

8.1 Reliance. The consent by the ABL Secured Parties to the execution and delivery of the Noteholder Documents and the grant to the Collateral Agent on behalf of the Noteholder Secured Parties of a Lien on the ABL Collateral and all loans and other extensions of credit made or deemed made on and after the date hereof by the Noteholder Secured Parties to any Borrower shall be deemed to have been given and made in reliance upon this Intercreditor Agreement.

8.2 No Warranties or Liability. The Collateral Agent, for itself and on behalf of the other Noteholder Secured Parties, acknowledges and agrees that each of the ABL Lender and the other ABL Secured Parties have made no express or implied representation or warranty, including with respect to the execution, validity, legality, completeness, collectibility or enforceability of any of the ABL Documents, the ownership of any ABL Collateral or the perfection or priority of any Liens thereon. The Collateral Agent agrees, for itself and on behalf of the other Noteholder Secured Parties, that the ABL Secured Parties will be entitled to manage and supervise their respective loans and extensions of credit under the ABL Documents in accordance with law and as they may otherwise, in their sole discretion, deem appropriate, and the ABL Secured Parties may manage their loans and extensions of credit without regard to any rights or interests that the Collateral Agent or any of the other Noteholder Secured Parties have in the ABL Collateral or otherwise, in each case except as otherwise provided in this Intercreditor Agreement. The ABL Lender, for itself and on behalf of the ABL Secured Parties, acknowledges and agrees that neither the Collateral Agent nor any other Noteholder Secured Party has made any express or implied representation or warranty, including with respect to the execution, validity, legality, completeness, collectibility or enforceability of any of the Noteholder Documents, the ownership of any ABL Collateral or the perfection of priority of any Liens thereon. The ABL Lender agrees, for itself and on behalf of the other ABL Secured Parties, that the Collateral Agent and the Noteholder Secured Parties will be entitled to manage the Noteholder Debt under the Noteholder Documents in accordance with law and as they may otherwise, in their sole discretion, deem appropriate, and the Collateral Agent and the Noteholder Secured Parties may manage their Noteholder Debt without regard to any rights or interests that the ABL Lender or any of the other ABL Secured Parties have in the ABL Collateral or otherwise, in each case except as otherwise provided in this Intercreditor Agreement. Neither the ABL Lender nor any of the other ABL Secured Parties shall have any duty to the Collateral Agent or any of the other Noteholder Secured Parties, and neither the Collateral Agent or any of the other Noteholder Secured Parties shall have any duty to the ABL Lender or any of the ABL Secured Parties, to act or refrain from acting in a manner which allows, or results in, the occurrence or continuance of an event of default or default under any agreements with any Borrower (including the Noteholder Documents or any ABL Documents), regardless of any knowledge thereof which they may have or be charged with.

8.3 No Waiver of Lien Priorities.

(a) No right of the ABL Lender or any of the other ABL Secured Parties or of the Collateral Agent or the Noteholder Secured Parties to enforce any provision of this Intercreditor Agreement or any of the ABL Documents or Noteholder Documents, as the case may be, shall at any time in any way be prejudiced or impaired by any act or failure to act on the part of any Borrower, or by any noncompliance by any Person with the terms, provisions and covenants of this Intercreditor Agreement, any of the ABL Documents or any of the Noteholder Documents, regardless of any knowledge thereof which the ABL Lender or any of the other ABL Secured Parties or the Collateral Agent or the Noteholder Secured Parties may have or be otherwise charged with.

(b) Without in any way limiting the generality of the foregoing paragraph (but subject to the rights of the Borrowers under the ABL Documents and the rights of the Noteholder Secured Parties under the

Noteholder Documents), the ABL Lender and any of the other ABL Secured Parties may, at any time and from time to time, without the consent of, or notice to, the Collateral Agent or any other Noteholder Secured Party, without incurring any liabilities to the Collateral Agent or any other Noteholder Secured Party and without impairing or releasing the Lien priorities and other benefits provided in this Intercreditor Agreement (even if any right of subrogation or other right or remedy of the Collateral Agent or any other Noteholder Secured Party is affected, impaired or extinguished thereby) do any one or more of the following:

(i) change the manner, place or terms of payment or change or extend the time of payment of, or amend, renew, exchange, increase or alter, the terms of any of the ABL Debt or any Lien on any ABL Collateral or guaranty thereof or any liability of any Borrower, or any liability incurred directly or indirectly in respect thereof (including any increase in or extension of the ABL Debt, without any restriction as to the amount, tenor or terms of any such increase or extension) or otherwise amend, renew, exchange, extend, modify or supplement in any manner any Liens held by the ABL Lender or any of the other ABL Secured Parties, the ABL Debt or any of the ABL Documents; except that the ABL Lender and the ABL Secured Parties may not consent to any amendment, modification or waiver to the ABL Documents that:

(A) results in the sum of (1) the aggregate principal amount of loans outstanding under the ABL Documents, plus (2) the unused portion of the revolving commitments under the ABL Documents, plus (3) the aggregate face amount of all letters of credit issued or deemed issued and outstanding under the ABL Documents plus (4) the Cash Management Obligations plus the Hedging Obligations (in the case of each of the foregoing, as determined after giving effect to such amendment, modification or waiver) exceeding $75,000,000,

(B) increase the “Applicable Margins” or similar component of the interest rate under the ABL Loan Agreement in a manner that would result in the total yield on the ABL Date to exceed by more than two (2%) percent per annum the total yield on the ABL Debt as in effect on the date hereof (excluding increases resulting from the accrual or payment of interest at the default rate),

(C) modify or add any covenant or event of default under the ABL Documents that directly restricts the Revolving Loan Borrower or its subsidiaries from making payments of the Noteholder Debt that would otherwise be permitted under the ABL Documents as in effect on the date hereof,

(D) contractually subordinate the Liens of the ABL Secured Parties to any other debt of the Borrowers,

(E) extend the stated maturity date of the Indebtedness under the ABL Loan Agreement to a date beyond the stated maturity date of the Notes (as in effect on the date hereof or as hereafter extended), or

(F) contravene the provisions of this Intercreditor Agreement;

(ii) until the Discharge of Priority Debt, sell, exchange, release, surrender, realize upon, enforce or otherwise deal with in any manner and in any order any part of the ABL Collateral or any liability of any Borrower to the ABL Lender or any of the other ABL Secured Parties, or any liability incurred directly or indirectly in respect thereof in accordance with the terms hereof;

(iii) settle or compromise any of the ABL Debt or any other liability of any Borrower or any security therefor or any liability incurred directly or indirectly in respect thereof and apply any sums by whomsoever paid and however realized to any liability (including the ABL Debt) in any manner or order, but subject however to the terms of this Intercreditor Agreement; and

(iv) exercise or delay in or refrain from exercising any right or remedy against any Borrower or any other Person, elect any remedy and otherwise deal freely with any Borrower or any ABL Collateral and any security and any guarantor or any liability of any Borrower to any of the ABL Secured Parties or any liability incurred directly or indirectly in respect thereof, but subject however to the terms of this Intercreditor Agreement.

(c) Each of the Collateral Agent and the ABL Lender agrees not to assert and hereby waives, to the fullest extent permitted by law, any right to demand, request, plead or otherwise assert or otherwise claim the benefit of, any marshalling, appraisal, valuation or other similar right that may otherwise be available under applicable law with respect to the ABL Collateral or any other similar rights a junior secured creditor may have under applicable law with respect to the ABL Collateral.

Section 9. **MISCELLANEOUS**.

9.1 Conflicts; Additional Security. In the event of any conflict between the provisions of this Intercreditor Agreement and the provisions of the ABL Documents or the Noteholder Documents, the provisions of this Intercreditor Agreement shall govern.

9.2 Continuing Nature of this Intercreditor Agreement; Severability. This Agreement shall continue to be effective until the earlier of (a) the Discharge of ABL Debt or (b) the final payment in full in cash of the Noteholder Debt and the termination and release by each Noteholder Secured Party of any Liens to secure the Noteholder Debt. This is a continuing agreement of Lien subordination and the ABL Secured Parties may continue, at any time and without notice to the Collateral Agent or any other Noteholder Secured Party, to extend credit and other financial accommodations and lend monies to or for the benefit of any Borrower constituting ABL Debt in reliance hereon and the Noteholder Secured Parties may purchase Notes constituting Noteholder Debt in reliance hereon. Each of the Collateral Agent, for itself and on behalf of the Noteholder Secured Parties, and the ABL Lender, for itself and on behalf of the ABL Secured Parties, hereby waives any right it may have under applicable law to revoke this Intercreditor Agreement or any of the provisions of this Intercreditor Agreement. The terms of this Intercreditor Agreement shall survive, and shall continue in full force and effect, in any Insolvency or Liquidation Proceeding. Any provision of this Intercreditor Agreement which is prohibited or unenforceable in any jurisdiction shall not invalidate the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

9.3 When Discharge of ABL Debt and Discharge of Priority Noteholder Debt Deemed to Not Have Occurred.

(a) If substantially contemporaneously with the Discharge of ABL Debt, any Borrower refinances indebtedness outstanding under the ABL Documents, then after written notice to Collateral Agent, (i) the indebtedness and other obligations arising pursuant to such refinancing of the then outstanding indebtedness under the ABL Documents shall automatically be treated as ABL Debt for all purposes of this Intercreditor Agreement, including for purposes of the Lien priorities and rights in respect of ABL Collateral set forth herein, provided that such indebtedness would have been a permitted modification or amendment under Section 8.3(b) hereof, (ii) the credit agreement and the other loan documents evidencing such new indebtedness shall automatically be treated as the ABL Loan Agreement and the ABL Documents for all purposes of this Intercreditor Agreement and (iii) the administrative agent under the new ABL Loan Agreement shall be deemed to be the ABL Lender for all purposes of this Intercreditor Agreement.

(b) If substantially contemporaneously with the Discharge of Priority Noteholder Debt, any Borrower refinances indebtedness outstanding under the Noteholder Documents, then after written notice to ABL Lender, (i) the indebtedness and other obligations arising pursuant to such refinancing of the then outstanding indebtedness under the Noteholder Documents shall automatically be treated as Noteholder Debt for all purposes of this Intercreditor Agreement, including for purposes of the Lien priorities and rights in respect of ABL Collateral set forth herein, provided that such indebtedness would have been a permitted modification or amendment under this Intercreditor Agreement, (ii) the credit agreement or indenture and the other loan or note documents evidencing such new indebtedness shall automatically be treated as the Noteholder Agreement and the Noteholder Documents for all purposes of this Intercreditor Agreement and (iii) the administrative agent or trustee under the new Noteholder Agreement shall be deemed to be the Collateral Agent for all purposes of this Intercreditor Agreement.

9.4 Amendments to Noteholder Documents. Without the prior written consent of the ABL Lender, no Noteholder Document may be amended, supplemented or otherwise modified, and no new Noteholder Document may be entered into, to the extent such amendment, supplement or other modification or new document would contravene the provisions of this Intercreditor Agreement.

9.5 Amendments; Waivers. No amendment, modification or waiver of any of the provisions of this Intercreditor Agreement by the Collateral Agent or the ABL Lender shall be deemed to be made unless the same shall be in writing signed on behalf of the party making the same or its authorized agent and each waiver, if any,

shall be a waiver only with respect to the specific instance involved and shall in no way impair the rights of the parties making such waiver or the obligations of the other parties to such party in any other respect or at any other time. The Borrowers shall not have any right to consent to or approve any amendment, modification or waiver of any provision of this Intercreditor Agreement except to the extent their rights or obligations are directly affected.

9.6 Subrogation; Marshalling.

(a) The Collateral Agent agrees that no payment or distribution to any ABL Secured Party pursuant to the provisions of this Intercreditor Agreement shall entitle any Noteholder Secured Party to exercise any rights of subrogation in respect thereof until the Discharge of Priority Debt shall have occurred. Following the Discharge of Priority Debt, each the ABL Lender agrees to execute such documents, agreements, and instruments as the Collateral Agent or any Noteholder Secured Party may reasonably request to evidence the transfer by subrogation to any the Collateral Agent, for the benefit of the Noteholder Secured Parties, of an interest in the First Priority Debt resulting from payments or distributions to such ABL Secured Party by such Person, so long as all reasonable costs and expenses (including all reasonable legal fees and disbursements) incurred in connection therewith by such ABL Secured Party are paid by such Person upon request for payment thereof.

(b) The Noteholder Secured Parties hereby waive any and all rights to have any ABL Collateral or any part thereof granted to or held by ABL Lender marshaled upon any foreclosure or other disposition of such ABL Collateral by ABL Lender or any Borrower without the consent of ABL Lender, and ABL Secured Parties hereby waive any and all rights to have any ABL Collateral or any part thereof granted to or held by Collateral Agent or any other Noteholder Secured Party marshaled upon any foreclosure or other disposition of such ABL Collateral by Collateral Agent or any Noteholder Secured Party or any Borrower without the consent of Noteholder Secured Parties, in each case subject to the other terms of this Intercreditor Agreement.

9.7 Consent to Jurisdiction; Waivers. The parties hereto consent to the jurisdiction of any state or federal court located in New York, New York, and consent that all service of process may be made by registered mail directed to such party as provided in Section 9.9 below for such party. The parties hereto waive any objection to any action instituted hereunder based on forum non conveniens, and any objection to the venue of any action instituted hereunder. Each of the parties hereto waives any right it may have to trial by jury in respect of any litigation based on, or arising out of, under or in connection with this Intercreditor Agreement, or any course of conduct, course of dealing, verbal or written statement or action of any party hereto.

9.8 Notices. All notices to the Noteholder Secured Parties and the ABL Secured Parties permitted or required under this Intercreditor Agreement may be sent to the Collateral Agent and the ABL Lender, respectively. Unless otherwise specifically provided herein, any notice or other communication herein required or permitted to be given shall be in writing and may be personally served, electronically mailed or sent by courier service, facsimile transmission or U.S. mail and shall be deemed to have been given when delivered in person or by courier service, upon receipt of a facsimile transmission or electronic mail or four (4) Business Days after deposit in the U.S. mail (registered or certified, with postage prepaid and properly addressed). For the purposes hereof, the addresses of the parties hereto shall be as set forth below, or, as to each party, at such other address as may be designated by such party in a written notice to all of the other parties.

Collateral Agent:

U.S. Bank National Association
Global Corporate Trust Services
60 Livingstone Avenue
EP-MN-WS3C
St. Paul, Minnesota 55107-2292
Attention: Joshua A. Hahn
Facsimile No.: 651-466-7430

ABL Lender:

Wells Fargo Bank, National Association
100 Park Avenue, 14th Floor
New York, New York 10017

MAC J0149-030
Attention: Portfolio Manager – Liggett
Facsimile No.: 212-545-4283

Each Borrower:

Liggett Group LLC
100 Maple LLC
c/o Liggett Vector Brands LLC
3800 Paramount Parkway, Suite 250
Morrisville, North Carolina 27560
Attention: John Long
Facsimile No.: 919-990-3505

with a copy to:

Vector Group Ltd.
4400 Biscayne Boulevard, 10th Floor
Miami, Florida 33137-3212
Attention: Marc Bell
Facsimile No.: 305-579-8016

9.9 Further Assurances.

(a) The Collateral Agent agrees that it shall, for itself and on behalf of the Noteholder Secured Parties, take such further action and shall execute and deliver to the ABL Lender such additional documents and instruments (in recordable form, if requested) as the ABL Lender may reasonably request to effectuate the terms of and the lien priorities contemplated by this Intercreditor Agreement.

(b) The ABL Lender agrees that it shall, for itself and on behalf of the ABL Secured Parties, take such further action and shall execute and deliver to the Collateral Agent such additional documents and instruments (in recordable form, if requested) as the Collateral Agent may reasonably request to effectuate the terms of and the lien priorities contemplated by this Intercreditor Agreement.

9.10 Consent to Jurisdiction; Waiver of Jury Trial. EACH OF THE PARTIES HERETO HEREBY IRREVOCABLY CONSENTS TO THE NON-EXCLUSIVE JURISDICTION OF THE SUPREME COURT OF THE STATE OF NEW YORK IN NEW YORK COUNTY AND THE UNITED STATES DISTRICT COURT FOR THE SOUTHERN DISTRICT OF NEW YORK AND WAIVES TRIAL BY JURY IN ANY ACTION OR PROCEEDING WITH RESPECT TO THIS AGREEMENT.

9.11 Governing Law. The validity, construction and effect of this Intercreditor Agreement shall be governed by the internal laws of the State of New York but excluding any principles of conflicts of law or any other rule of law that would result in the application of the law of any jurisdiction other than the laws of the State of New York.

9.12 Binding on Successors and Assigns. This Agreement shall be binding upon the ABL Lender, the other ABL Secured Parties, the Collateral Agent, the other Noteholder Secured Parties, the Borrowers and their respective permitted successors and assigns.

9.13 Specific Performance. The ABL Lender or the Collateral Agent may demand specific performance of this Intercreditor Agreement. The Collateral Agent, for itself and on behalf of the Noteholder Secured Parties, and the ABL Lender, for itself and on behalf of the ABL Secured Parties, hereby irrevocably waives any defense based on the adequacy of a remedy at law and any other defense which might be asserted to bar the remedy of specific performance in any action which may be brought by the ABL Lender or the Collateral Agent, as applicable.

9.14 Section Titles; Time Periods. The section titles contained in this Intercreditor Agreement are and shall be without substantive meaning or content of any kind whatsoever and are not a part of this Intercreditor Agreement.

9.15 Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be an original and all of which shall together constitute one and the same document.

9.16 Authorization. By its signature, each Person executing this Intercreditor Agreement on behalf of a party hereto represents and warrants to the other parties hereto that it is duly authorized to execute this Intercreditor Agreement.

9.17 No Third Party Beneficiaries. This Agreement and the rights and benefits hereof shall inure to the benefit of each of the parties hereto and their respective successors and assigns and shall inure to the benefit of each of the holders of ABL Debt and Noteholder Debt. No other Person shall have or be entitled to assert rights or benefits hereunder.

[SIGNATURE PAGES FOLLOW]

IN WITNESS WHEREOF, the parties hereto have executed this Intercreditor Agreement as of the date first written above.

ABL LENDER:

WELLS FARGO BANK, NATIONAL ASSOCIATION, as ABL Lender

By: /s/ Andrew Rogow
Name: Andrew Rogow
Title: Vice President

BORROWERS AND OTHER LOAN PARTIES:

LIGGETT GROUP LLC

By: /s/ John R. Long
Name: John R. Long
Title: Vice President, General Counsel and Secretary

100 MAPLE LLC

By: /s/ John R. Long
Name: John R. Long
Title: Secretary

COLLATERAL AGENT:

U.S. BANK NATIONAL ASSOCIATION, as the Collateral Agent

By: /s/ Joshua A. Hahn
Name: Joshua A. Hahn
Title: Assistant Vice President

Exhibit 5.1

Opinion of Sullivan & Cromwell LLP

January 27, 2017

Vector Group Ltd.,
4400 Biscayne Boulevard,
Miami, Florida 33137.

Ladies and Gentlemen:

In connection with the registration under the Securities Act of 1933 (the "Act") of 2,000,000 shares (the "Securities") of Common Stock, par value $0.10 per share, of Vector Group Ltd., a Delaware corporation (the "Company"), we, as your counsel, have examined such corporate records, certificates and other documents, and such questions of law, as we have considered necessary or appropriate for the purposes of this opinion. Upon the basis of such examination, it is our opinion that the Securities have been validly issued and are fully paid and nonassessable.

In rendering the foregoing opinion, we are not passing upon, and assume no responsibility for, any disclosure in any registration statement or any related prospectus or other offering material relating to the offer and sale of the Securities.

The foregoing opinion is limited to the Federal laws of the United States and the General Corporation Law of the State of Delaware, and we are expressing no opinion as to the effect of the laws of any other jurisdiction.

We have relied as to certain factual matters on information obtained from public officials, officers of the Company and other sources believed by us to be responsible.

We hereby consent to the filing of this opinion as an exhibit to the Registration Statement and to the reference to us under the heading "Legal Matters" in the Prospectus Supplement relating to the Securities, dated January 19, 2017. In giving such consent, we do not thereby admit that we are in the category of persons whose consent is required under Section 7 of the Act.

Very truly yours,

/s/ SULLIVAN & CROMWELL LLP

Exhibit 10.1

EXECUTION VERSION

AMENDMENT NO. 1 TO THIRD AMENDED AND RESTATED CREDIT AGREEMENT

AMENDMENT NO. 1 TO THIRD AMENDED AND RESTATED CREDIT AGREEMENT ("*Amendment No. 1*"), dated as of January 27, 2017, by and among WELLS FARGO BANK, NATIONAL ASSOCIATION, successor by merger to Wachovia Bank, National Association, a national banking association ("*Lender*"), LIGGETT GROUP LLC, a Delaware limited liability company, as successor to Liggett Group Inc., as revolving loan borrower (the "*Revolving Borrower*"), and 100 MAPLE LLC, a Delaware limited liability company (the "*Term Loan Borrower*" and, together with the Revolving Borrower, the "*Borrowers*").

WHEREAS, the Borrowers and the Lender have entered into financing arrangements pursuant to which Lender has made and may make loans and advances and provide other financial accommodations to Borrowers as set forth in the Third Amended and Restated Credit Agreement, dated as of January 14, 2015, by and among Lender, as administrative agent and lender, and the Borrowers (as amended, modified or otherwise supplemented to the date hereof and as the same may hereafter be amended, modified, supplemented, extended, renewed, restated or replaced, the "*Creidt Agreement*"), and the other agreements, documents and instruments referred to therein or at any time executed and/or delivered in connection therewith or related thereto, including, but not limited to, this Amendment No. 1 (all of the foregoing, together with the Credit Agreement, as the same now exist or may hereafter be amended, modified, supplemented, extended, renewed, restated or replaced, being collectively referred to herein as the "*Financing Agreements*");

WHEREAS, the Borrowers have requested that Lender make certain amendments to the Loan Agreement as set forth herein, which Lender is willing to do subject to the terms and provisions hereof; and

WHEREAS, by this Amendment No. 1, Lender and the Borrowers wish and intend to evidence such amendments.

NOW, THEREFORE, in consideration of the foregoing, the mutual agreements and covenants contained herein, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

Section 1.01 *Definitions*. Capitalized terms used herein shall have the meanings assigned thereto in the Credit Agreement, unless otherwise defined herein.

Section 1.02 *Amendments to the Credit Agreement*. The Credit Agreement is hereby amended as follows:

(a) The definition of "2021 Note Equivalent Indebtedness" is hereby amended and restated in its entirety as follows:

"2025 Note Equivalent Indebtedness" means any guarantee made by any Borrower or any of their respective Subsidiaries of Indebtedness of the Parent (other than the 2025 Notes or the Additional Permitted 2025 Notes and the 2025 Notes Indenture) after the date hereof, (i) issued in lieu of Parent issuing any Additional Permitted 2025 Notes or (ii) issued to refinance or in partial repayment of the 2025 Notes or any of the Additional Permitted 2025 Notes, as otherwise permitted hereunder; provided, that:

(a) the sum of (i) the aggregate outstanding principal amount (or any other Indebtedness in connection with the relevant transactions, if applicable) of all 2025 Note Equivalent Indebtedness, and (ii) the aggregate outstanding principal amount (or any other Indebtedness in connection with the relevant transactions, if applicable) of all Indebtedness outstanding under the Additional Permitted 2025 Notes does not cause Parent to breach the "Secured Leverage Ratio" covenant set forth in the 2025 Notes Indenture as in effect on January 27, 2017 (whether or not such 2025 Notes Indenture is in full force and effect at the time of the incurrence of the 2025 Equivalent Indebtedness) or any other covenant set forth in the 2025 Notes Indenture, if such 2025 Notes Indenture is still in effect,

(b) any such 2025 Note Equivalent Indebtedness shall not have a scheduled final maturity date earlier than the later of (i) the maturity date of the 2025 Notes or (ii) one hundred eighty (180) days after the Maturity Date,

(c) the Weighted Average Life to Maturity of any such 2025 Note Equivalent Indebtedness shall not be shorter than the Weighted Average Life to Maturity of the Term Loan under the Agreement,

(d) such 2025 Equivalent Debt shall not be secured by any property or assets of the Borrower or their Subsidiaries other than the Collateral securing the 2025 Notes,

(e) as of the date of incurring or issuing any of such 2025 Note Equivalent Indebtedness and after giving effect thereto, no Event of Default shall exist or have occurred and be continuing,

(f) any mandatory payments shall be on terms substantially similar to, or (taken as a whole) no more favorable to the holder of such Indebtedness than (as reasonably determined by the Borrowers) those in respect of the 2025 Notes except as Agent may otherwise agree, and

(g) to the extent secured, such 2025 Note Equivalent Indebtedness shall be subject to the 2025 Notes Intercreditor Agreement or such other intercreditor agreement as is reasonably satisfactory to Agent.

(b) The definition of "2021 Notes" is hereby amended and restated in its entirety as follows:

"2025 Notes" shall mean, collectively, (a) the 6.125% Senior Secured Notes due 2025, in the original principal amount of $850,000,000, and (b) any Additional Permitted 2025 Notes, issued by Parent pursuant to the 2025 Notes Indenture, as the same now exist or may hereafter be amended, modified, supplemented, extended, renewed, restated, refinanced or replaced (to the extent not prohibited by this Agreement and the 2025 Notes Intercreditor Agreement).

(c) The definition of "2021 Notes Indenture" is hereby amended and restated in its entirety as follows:

"2025 Notes Indenture" shall mean the Indenture dated as of January 27, 2017, by and among Parent, the subsidiary guarantors party thereto and 2025 Notes Trustee, as trustee, with respect to the 2025 Notes, as the same now exists or may hereafter be amended, modified, supplemented, extended, renewed, restated, refinanced or replaced (to the extent not prohibited by this Agreement and the 2025 Notes Intercreditor Agreement).

(d) The definition of "2021 Notes Intercreditor Agreement" is hereby amended and restated as follows:

"2025 Notes Intercreditor Agreement" shall mean the Amended and Restated Intercreditor and Lien Subordination Agreement, dated as of January 27, 2017 executed by and among Agent, the 2025 Notes Trustee, Revolving Loan Borrower and Term Loan Borrower, as the same now exists or may hereafter be amended, modified, supplemented, extended, renewed, restated or replaced.

(e) The definition of "2021 Notes Trustee" is hereby amended and restated as follows:

"2025 Notes Trustee" shall mean U.S. Bank National Association, in its capacity as trustee under the 2025 Notes Indenture, and any successor, replacement or additional trustee under the 2025 Notes Indenture, and their respective successors and assigns.

(f) The definition of "Additional Permitted 2021 Notes" is hereby amended and restated as follows:

"Additional Permitted 2025 Notes" shall mean any and all notes issued under the 2025 Notes Indenture to the extent that the issuance of such notes does not cause Parent to breach the "Secured Leverage Ratio" covenant relating to the incurrence of indebtedness and described in the 2025 Notes Indenture as in effect on January 27, 2017.

(g) All references to "2021 Note Equivalent Indebtedness" in the Credit Agreement are hereby replaced with "2025 Note Equivalent Indebtedness."

(h) All references to "2021 Notes" in the Credit Agreement are hereby replaced with "2025 Notes."

(i) All references to "2021 Notes Indenture" in the Credit Agreement are hereby replaced with "2025 Notes Indenture."

(j) All references to "2021 Notes Intercreditor Agreement" in the Credit Agreement are hereby replaced with "2025 Notes Intercreditor Agreement."

(k) All references to "2021 Notes Trustee" in the Credit Agreement are hereby replaced with "2025 Notes Trustee."

(l) All references to "Additional 2021 Notes" in the Credit Agreement are hereby replaced with "Additional 2025 Notes."

Section 1.03 *Representations, Warranties and Covenants*. Each Borrower hereby represents, warrants and covenants to Lender the following (which shall survive the execution and delivery of this Amendment No. 1), the truth and accuracy of which are a continuing condition of the making of Loans and providing Letter of Credit Accommodations by Lender to the Borrowers:

(a) This Amendment No. 1 has been duly authorized, executed and delivered by all necessary action on the part of such Borrower, and the agreements and obligations of such Borrower contained herein constitute the legal, valid and binding obligations of such Borrower, enforceable against it in accordance with their terms, except as enforceability is limited by bankruptcy, insolvency, reorganization, receivership, moratorium or other laws affecting creditor's rights generally and by general principles of equity;

(b) The execution, delivery and performance of this Amendment No. 1 (i) are all within such Borrower's corporate or limited liability company powers, as applicable, (ii) are not in contravention of (A) any material law or the terms of such Borrower's certificate or articles of organization or formation, operating agreement or other organizational documentation, or (B) any indenture, agreement or undertaking to which such Borrower is a party or by which such Borrower or its property is bound, except, in the case of this clause (B), where any such contravention would not individually or in the aggregate reasonably be expected to have a Material Adverse Effect, and (iii) shall not result in the creation or imposition of any Lien upon any of the Collateral, except in favor of Lender pursuant to the Credit Agreement and the Financing Agreements as amended hereby, other than Permitted Liens;

(c) All of the representations and warranties set forth in the Credit Agreement and the other Financing Agreements, each as amended hereby, are true and correct in all material respects on and as of the date hereof, as if made on the date hereof, except to the extent any such representation or warranty is made as of a specified date, in which case such representation or warranty shall have been true and correct as of such date;

(d) After giving effect to this Amendment No. 1, no Default or Event of Default exists as of the date of this Amendment No. 1; and

(e) No action of, or filing with, or consent of any governmental or public body or authority other than the filing of UCC financing statements or other filings relating to the perfection of security interests with the appropriate governmental authorities, and no approval or consent of any other party (other than, in each case, actions, filings or consents that have already been taken, made or obtained) is required to authorize, or is otherwise required in connection with, the execution, delivery and performance of this Amendment No. 1.

Section 1.04 *Conditions Precedent*. The amendments set forth in Section 2 of this Amendment No. 1 shall not be effective until (a) the Lender has received a copy of this Amendment No. 1, duly authorized and executed by the Borrowers and (b) immediately prior, and immediately after giving effect to the amendments and agreements set forth herein, there shall exist no Event of Default or event or condition which, with the giving of notice, passage of time, or both, would constitute an Event of Default.

Section 1.05 Effect of this Amendment. This Amendment No. 1 constitutes the entire agreement of the parties with respect to the subject matter hereof, and supersedes all prior oral or written communications, memoranda, proposals, negotiations, discussions, term sheets and commitments with respect to the subject matter hereof. Except as expressly

amended and waived pursuant hereto, no other changes or modifications or waivers to the Financing Agreements are intended or implied, and in all other respects the Financing Agreements are hereby specifically ratified, restated and confirmed by all parties hereto as of the effective date hereof. To the extent that any provision of the Credit Agreement or any of the other Financing Agreements are inconsistent with the provisions of this Amendment No. 1, the provisions of this Amendment No. 1 shall control.

Section 1.06 Further Assurances. Each Borrower shall execute and deliver such additional documents and take such additional action as may be reasonably requested by Lender to effectuate the provisions and purposes of this Amendment No. 1.

Section 1.07 Governing Law. The rights and obligations hereunder of each of the parties hereto shall be governed by and interpreted and determined in accordance with the internal laws of the State of New York but excluding any principles of conflicts of law or other rule of law that would cause the application of the law of any jurisdiction other than the laws of the State of New York.

Section 1.08 Binding Effect. This Amendment No. 1 shall be binding upon and inure to the benefit of each of the parties hereto and their respective successors and assigns.

Section 1.09 *Counterparts*. This Amendment No. 1 may be executed in any number of counterparts, but all of such counterparts shall together constitute but one and the same agreement. In making proof of this Amendment No. 1, it shall not be necessary to produce or account for more than one counterpart thereof signed by each of the parties hereto. Delivery of an executed counterpart of this Amendment No. 1 by telecopier shall have the same force and effect as delivery of an original executed counterpart of this Amendment No. 1.

[*Signature Pages Follow*.]

IN WITNESS WHEREOF, the parties hereto have caused this Amendment No. 1 to be duly executed and delivered by their authorized representatives as of the day and year first above written.

LIGGETT GROUP LLC, a Delaware limited liability company,
as Administrative Borrower and Revolving Loan Borrower

By: /s/ John R. Long
Name: John R. Long
Title: Vice President, General Counsel and Secretary

100 MAPLE LLC, a Delaware limited liability company, as Term Loan Borrower

By: /s/ John R. Long
Name: John R. Long
Title: Secretary

WELLS FARGO BANK, NATIONAL ASSOCIATION, a national banking association,
as Agent, a Lender and Issuing Bank

By: /s/ Andrew Rogow
Name: Andrew Rogow
Title: Vice President