November 15, 2012

VECTOR PRICES OFFERING OF VARIABLE INTEREST CONVERTIBLE SENIOR NOTES

MIAMI, FL, November 15, 2012 -- Vector Group Ltd. (NYSE: VGR) ("Vector" or the "Company") today announced the pricing of its previously announced public offering of $200.0 million aggregate principal amount (or up to an aggregate of $230.0 million aggregate principal amount if the underwriter of such offering exercises its over-allotment option in full) of its Variable Interest Convertible Senior Notes due 2019 (the "Notes") (the "Notes Offering") in a registered public offering. The Company expects to close the Notes Offering on November 20, 2012, subject to satisfaction of customary closing conditions.

The Notes will be Vector's senior unsecured obligations and will bear cash interest at a rate of 2.50% per year (the "Fixed Interest"), with an additional amount of interest based on the amount of cash dividends per share actually paid by the Company on its common stock during the prior three-month period ending on the record date for such interest payment multiplied by the total number of shares of the Company's common stock into which the Notes are convertible on such record date (the "Dividend Interest" and, together with the fixed interest, the "Total Interest"). Notwithstanding the foregoing, however, the interest payable on each interest payment date shall be the higher of (a) the Total Interest and (b) 7.50% per year. Interest is payable quarterly in arrears on January 15, April 15, July 15 and October 15 of each year, commencing on January 15, 2013. The Notes will mature on January 15, 2019, unless earlier repurchased, redeemed or converted in accordance with their terms. The Notes will be convertible at any time prior to the close of business on the business day immediately preceding the maturity date into shares of the Company's common stock, par value $0.10 per share (the "Common Stock"), and cash in lieu of fractional shares of Common Stock. The initial conversion rate for the Notes will be 54.0541 shares of Common Stock per $1,000 principal amount of Notes (equivalent to an initial conversion price of approximately $18.50 per share of Common Stock), subject to customary adjustments.

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

Concurrently with the Notes Offering, the Company has entered into a share lending agreement with Jefferies & Company, Inc. (the "Share Borrower"), under which it has agreed to loan to the Share Borrower up to 6,114,000 shares of its Common Stock (the "Borrowed Shares") (the "Borrowed Shares Offering"). Jefferies intends to offer in a registered public offering (i) up to 3,057,000 Borrowed Shares at a fixed price and (ii) from time to time after the completion of the fixed price share offering, up to an additional 3,057,000 Borrowed Shares at prices prevailing in the market at the time of sale or at negotiated prices (the "Borrowed Shares Offering"). The Share Borrower expects to return to the Company, shortly after the closing of the Notes Offering, up to 3,057,000 shares, thus reducing the number of shares outstanding under the share lending agreement by up to 3,057,000 shares. In addition, the Share Borrower may from time to time during the term of the share lending agreement borrow from the Company up to 1,000,000 additional shares of the Company's common stock for additional offerings that may be made in subsequent offerings, on a delayed basis in transactions that may include block sales, sales in the over-the-counter market, sales pursuant to negotiated transactions or otherwise (the "Supplemental Shares"). The Share Borrower may not borrow Supplemental Shares from the Company more than twice during any twelve consecutive months and each borrowing of Supplemental Shares must be in an amount of at least 250,000 shares. The total number of shares of the Company's Common Stock that the Share Borrower can borrow under the share lending agreement is limited to a maximum of 6,114,000 shares, but will be increased by 1,000,000 shares in the event any Supplemental Shares are to be sold in subsequent offerings. The Company is entering into the share lending agreement to facilitate hedging transactions related to the Notes Offering. The Company will not receive any proceeds from the Borrowed Shares Offering, but the Company will receive a nominal loan fee from the Share Borrower for the use of the Borrowed Shares, which the Company intends to use for general corporate purposes.

Jefferies will act as underwriter for the Notes Offering and the Borrowed Shares Offering. Each of the Notes Offering and the Borrowed Shares Offering may be made only by means of a prospectus supplement and an accompanying prospectus. Copies of the prospectus supplement and the accompanying prospectus relating to the Notes Offering and the Borrowed Shares Offering may be obtained from Jefferies & Company, Inc., Attention: "Equity Syndicate Prospectus Department, 520 Madison Avenue, 12th Floor, New York, NY 10022, by email at Prospectus_Department@Jefferies.com, or by telephone at (877) 547-6340.

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

Cautionary Note Regarding Forward-Looking Statements

This press release contains certain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. The Company has tried, whenever possible, to identify these forward-looking statements using words such as “anticipates”, “believes”, “estimates”, “expects”, “plans”, “intends” and similar expressions. These statements reflect the Company’s current beliefs and are based upon information currently available to it. Accordingly, such forward-looking statements involve known and unknown risks, uncertainties and other factors which could cause the Company’s actual results, performance or achievements to differ materially from those expressed in, or implied by, such statements.

All information set forth in this press release is as of November 15, 2012. Vector does not intend, and undertakes no duty, to update this information to reflect future events or circumstances. Risk factors and uncertainties that may cause actual results to differ materially from expected results include, among others, Vector’s ability to successfully complete the proposed Notes Offering and Borrowed Shares Offering. Information about certain other potential factors that could affect Vector’s business and financial results and cause actual results to differ materially from those expressed or implied in any forward-looking statements are included from time to time in Vector’s filings with the SEC, including Part I, Item 1A “Risk Factors” of Vector’s Annual Report on Form 10-K for the year ended December 31, 2011 and Part II, Item 1A “Risk Factors” of Vector’s Quarterly Reports on Form 10-Q for the fiscal quarters ended March 31, 2012, June 30, 2012 and September 30, 2012.

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

Vector Group is a holding company that indirectly owns Liggett Group LLC and Vector Tobacco Inc. and directly owns New Valley LLC.

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