



May 16, 2001

VECTOR GROUP RAISES \$100 MILLION IN PRIVATE EQUITY AND DEBT PLACEMENTS

Proceeds to Fund Advertising and Promotion of New Omni™ Cigarette Products

Vector Group Ltd. (NYSE: VGR) today announced that it has raised approximately \$100 million through private debt and equity offerings.

The Company entered into an agreement today with High River Limited Partnership, an investment entity owned by Carl Icahn, under which High River will purchase 1,639,344 shares of Vector Group common stock at \$30.50 per share, the market price when negotiations between the parties concluded subject to agreement on documentation. Pursuant to the agreement, High River has agreed not to sell or transfer the shares in the public markets for a one-year period. Following the purchase of the new shares, Carl Icahn will own approximately 13% of Vector Group's outstanding shares.

In addition, on May 8, 2001, a subsidiary of the Company agreed to the material terms for the issuance at a discount of 10% senior secured notes due March 31, 2006 to certain institutional investors. The sale of the notes in a private placement through Jefferies & Company, Inc. was completed on May 14, 2001. The proceeds from the offering were approximately \$50 million before fees and expenses.

Vector Group intends to use the proceeds of these offerings to fund the advertising and promotion of Vector Tobacco's new Omni™ and Omni Free™ cigarette products and for general corporate purposes. Vector Tobacco has the rights to a process that enables the production of tobacco that is virtually free of nicotine and virtually free of tobacco specific nitrosamines (TSNAs), a potent carcinogen found in tobacco. In addition, Vector Tobacco has developed a proprietary technology that significantly reduces one of the most serious cancer-causing agents in cigarettes, carcinogenic polycyclic aromatic hydrocarbon (PAH) compounds. Vector Group expects to introduce these new products later this year and in early 2002 under the names Omni™ and Omni Free™. Both Omni™ and Omni Free™ are lighted, smoked and taste the same as conventional cigarettes.

Vector Group is a holding company that indirectly owns Liggett Group Inc., Vector Tobacco and a controlling interest in New Valley Corporation.