

NEW VALLEY CORP
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**VECTOR GROUP COMMENCES OFFER TO ACQUIRE
OUTSTANDING STOCK OF NEW VALLEY CORPORATION**

MIAMI, FL, October 20, 2005 Vector Group Ltd. (NYSE: VGR) today commenced its previously announced exchange offer to acquire all of the outstanding shares of common stock of New Valley Corporation (NASDAQ: NVAL) that it does not already own.

Vector Group through a subsidiary currently owns approximately 57.7 percent of New Valley's common stock. The exchange offer is scheduled to expire at 5:00 p.m. New York City time on Thursday, December 1, 2005, unless extended.

As previously announced, New Valley stockholders are being offered 0.461 shares of Vector Group common stock, in an exchange designed to be tax-free, for each outstanding share of New Valley common stock they own. Based on the \$19.54 closing price of Vector Group's shares on September 26, 2005, the offer represents a value of approximately \$9.00 per share of New Valley common stock and a 21 percent premium to the closing price of New Valley common stock on that date.

Following successful completion of the exchange offer, Vector Group will effect a short-form merger with New Valley in which New Valley shares held by the remaining public stockholders will be converted into the same consideration paid in the exchange offer, except for those stockholders who exercise appraisal rights.

If New Valley's stockholders choose to tender their shares, Vector Group would issue approximately 4.4 million shares to complete the transaction. Completion of the exchange offer is subject to the satisfaction of conditions, including that Vector Group holds at least 90 percent of the outstanding shares of New Valley common stock at the completion of the exchange offer, and other customary conditions.

About Vector Group Ltd.

Vector Group is a holding company that indirectly owns Liggett Group Inc., Vector Tobacco Inc. and a controlling interest in New Valley Corporation. Additional information concerning the company is available on the company's website, www.VectorGroupLtd.com.

Additional Information and Where to Find It

This press release is for informational purposes only and is not an offer to buy or the solicitation of an offer to sell any securities.

In connection with the proposed transaction, Vector has filed an exchange offer prospectus (the Prospectus) and related materials and a proxy statement on Schedule 14A (the Proxy Statement) and related materials with the Securities and Exchange Commission (SEC). These materials contain important information. Investors and security holders are advised to carefully review the Prospectus and Proxy Statement and related materials when they become available.

Investors and security holders may obtain a free copy of the Prospectus, Proxy Statement and other documents filed by Vector with the SEC at the SEC's web site, www.sec.gov. Copies of the Prospectus, the Proxy Statement and Vector's related filings made with the SEC may also be obtained from Vector's Investor Relations Department at 305-579-8000 or from Georgeson Shareholder Communications Inc., Vector's information agent, at (877) 388-2794 (toll free).

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This news release contains certain forward-looking statements about future business transactions involving Vector and New Valley. These statements are not guarantees of future performance and involve certain risks and uncertainties that are difficult to predict. The statements are based upon Vector's current expectations and beliefs and are subject to a number of known and unknown risks and uncertainties that could cause actual results to differ materially from those described in the forward looking statements. Actual results could differ materially from what is expressed or forecasted in this news release. Those risk factors are discussed in the Vector and New Valley Annual Reports on Form 10-K and subsequent reports that have been filed by the companies with the SEC.

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