

VECTOR GROUP LTD
Form 424B5
November 16, 2012

CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities to be Registered	Amount to be Registered	Proposed Maximum Offering Price Per Unit	Proposed Maximum Aggregate Offering Price	Amount of Registration Fee ⁽²⁾
Variable Interest Convertible Senior Notes due 2019	\$230,000,000 ⁽¹⁾	100 %	\$230,000,000	\$31,372
Common Stock, par value \$0.10 per share	(3)	(3)	(3)	(3)

(1) Includes an additional \$30,000,000 aggregate principal amount of Variable Interest Convertible Senior Notes due 2019 that the underwriter has an option to purchase.

(2) This filing fee is calculated in accordance with Rule 457(r) and relates to the Registration Statement on Form S-3 (Registration No. 333-184878) filed by Vector Group Ltd. on November 9, 2012, as amended by Post-Effective Amendment No. 1 filed on November 13, 2012.

(3) There are also being registered hereby an indeterminate number of common shares into which the Variable Interest Convertible Senior Notes due 2019 may be converted. Pursuant to Rule 457(i) under the Securities Act, no separate registration fee is payable where convertible securities and the securities into which conversion is offered are registered at the same time and no additional consideration is to be received in connection with the exercise of the conversion privilege.

TABLE OF CONTENTS

Filed Pursuant to Rule 424(b)(5)
Registration No. 333-184878

PROSPECTUS SUPPLEMENT
(to Prospectus dated November 9, 2012)

\$200,000,000

Variable Interest Convertible Senior Notes due 2019
Offering Price: 100%

We are offering \$200,000,000 in aggregate principal amount of Variable Interest Convertible Senior Notes due 2019.

Unless earlier converted or repurchased, the notes will mature on January 15, 2019.

The notes bear cash interest at a rate of 2.50% per annum, which we refer to as the fixed interest, with an additional amount of interest payable on the notes on each interest payment date based on the amount of cash dividends per share actually paid by us on our 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 our common stock into which the notes are convertible on such record date, which we refer to as 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 annum. In addition, if the notes would otherwise constitute applicable high yield discount obligations within the meaning of Section 163(i)(1) of the Internal Revenue Code of 1986, as amended, on each interest payment date on or after January 15, 2018, we will pay additional interest on a note in an amount equal to the amount required to be paid to prevent such note from being treated as an applicable high yield discount obligation. Interest will be payable every quarter on January 15, April 15, July 15 and October 15.

The notes will be our senior, unsecured obligations and will rank equal in right of payment with our existing and future senior, unsecured indebtedness. The notes will rank senior in right of payment to any future indebtedness that is expressly subordinated to the notes. The notes will be effectively subordinated to our existing or future secured indebtedness to the extent of the assets securing such indebtedness and will be structurally subordinated to all indebtedness and other liabilities and commitments of our subsidiaries, including trade payables and any guarantees that they may provide with respect to any of our existing or future indebtedness. As of September 30, 2012, we had \$446.7 million in outstanding secured indebtedness (\$447.2 million at face value including unamortized discount) and \$83.9 million in outstanding senior unsecured indebtedness (\$200.8 million at face value including unamortized discount). As of September 30 2012, the aggregate amount of liabilities of our subsidiaries was \$292.5 million, including trade and other payables and excluding intercompany liabilities.

We may not redeem the notes prior to the stated maturity date. No sinking fund is provided for the notes.

You may convert your notes, at your option, at any time prior to the close of business on the business day immediately preceding the maturity date. Upon conversion of your notes, we will deliver shares of our common stock and cash in lieu of fractional shares of our common stock.

The initial conversion rate for the notes will be 54.0541 shares of our common stock per \$1,000 principal amount of notes (which represents an initial conversion price of approximately \$18.50 per share of our common stock), and will be subject to adjustment as described in this prospectus supplement. In addition, we will, in certain circumstances, increase the conversion rate for holders who convert their notes in connection with a make-whole fundamental change.

Upon a fundamental change, subject to certain exceptions, we must offer to repurchase the notes.

For a more detailed description of the notes, see **Description of Notes** beginning on page S-32.

Concurrently with this offering, we are offering up to 6,114,000 shares of our common stock (which shares we refer to as the **borrowed shares**) which we will lend to Jefferies & Company, Inc., the underwriter for the concurrent offering of our common stock by means of a separate prospectus supplement and accompanying prospectus. The offering of the notes hereunder is contingent upon the closing of the concurrent offering of the borrowed shares, and the concurrent offering of the borrowed shares is contingent upon the closing of the offering of the notes hereunder.

The notes will not be listed on any national securities exchange. Currently, there is no public market for the notes. Our common stock is listed on The New York Stock Exchange under the symbol **VGR**. The last reported sale price of our common stock on The New York Stock Exchange on November 14, 2012 was \$15.20 per share.

We have granted the underwriter the right to purchase, within the 13-day period beginning on the date the notes are first issued, up to an additional \$30.0 million aggregate principal amount of notes solely to cover over-allotments, if any.

Investing in the notes involves a high degree of risk. Please read **Risk Factors beginning on page S-7 of this prospectus supplement, on page 5 of the accompanying prospectus and in the documents incorporated by reference into this prospectus supplement.**

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved these securities or determined if this prospectus supplement or the accompanying prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

	PUBLIC OFFERING PRICE ⁽¹⁾		UNDERWRITING DISCOUNT		PROCEEDS, BEFORE EXPENSES, TO US	
Per note	100	%	4	%	96	%
Total	\$ 200,000,000		\$ 8,000,000		\$ 192,000,000	
(1)	Plus accrued interest, if any, from November 20, 2012 to date of delivery.					

The underwriter expects to deliver the notes sold on November 20, 2012.

Jefferies

Prospectus Supplement dated November 15, 2012

TABLE OF CONTENTS

TABLE OF CONTENTS
PROSPECTUS SUPPLEMENT

	Page
<u>About This Prospectus Supplement</u>	<u>S-ii</u>
<u>Where You Can Find More Information</u>	<u>S-ii</u>
<u>Information We Incorporate by Reference</u>	<u>S-iii</u>
<u>Special Note Regarding Forward-Looking Statements</u>	<u>S-iv</u>
<u>Summary</u>	<u>S-1</u>
<u>Risk Factors</u>	<u>S-7</u>
<u>Use of Proceeds</u>	<u>S-28</u>
<u>Capitalization</u>	<u>S-29</u>
<u>Dividend Policy</u>	<u>S-30</u>
<u>Common Stock Price Range</u>	<u>S-31</u>
<u>Description of Notes</u>	<u>S-32</u>
<u>Description of Share Lending Agreement</u>	<u>S-56</u>
<u>Material United States Federal Income Tax Considerations</u>	<u>S-58</u>
<u>Underwriting</u>	<u>S-67</u>
<u>Legal Matters</u>	<u>S-71</u>
<u>Experts</u>	<u>S-71</u>

PROSPECTUS

	Page
<u>About This Prospectus</u>	<u>1</u>
<u>Where You Can Find More Information</u>	<u>1</u>
<u>Information We Incorporate by Reference</u>	<u>2</u>
<u>Special Note Regarding Forward-Looking Statements</u>	<u>3</u>
<u>Risk Factors</u>	<u>5</u>
<u>Our Business</u>	<u>5</u>
<u>Ratio of Earnings to Fixed Charges</u>	<u>6</u>
<u>Use of Proceeds</u>	<u>6</u>
<u>Description of Capital Stock</u>	<u>7</u>
<u>Description of Debt Securities</u>	<u>11</u>
<u>Description of Warrants</u>	<u>19</u>
<u>Description of Rights</u>	<u>23</u>
<u>Description of Purchase Contracts</u>	<u>24</u>
<u>Description of Units</u>	<u>25</u>
<u>Selling Securityholders</u>	<u>26</u>
<u>Plan of Distribution</u>	<u>26</u>
<u>Legal Matters</u>	<u>27</u>
<u>Experts</u>	<u>27</u>

TABLE OF CONTENTS

ABOUT THIS PROSPECTUS SUPPLEMENT

We provide information to you about this offering in two separate documents. The accompanying prospectus provides general information about us and the securities we may offer from time to time, some of which may not apply to this offering. This prospectus supplement provides additional information about us and describes the specific details regarding this offering and the securities offered hereby. Generally, when we refer to this prospectus, we are referring to both this prospectus supplement and the accompanying prospectus combined. To the extent there is a conflict between the information contained in this prospectus supplement, on the one hand, and the information contained in the accompanying prospectus or in any document incorporated by reference that was filed with the Securities and Exchange Commission, or SEC, before the date of this prospectus supplement, on the other hand, you should rely on the information in this prospectus supplement.

As permitted under the rules of the SEC, this prospectus incorporates important business information about Vector Group Ltd. that is contained in documents that we file with the SEC, but that are not included in or delivered with this prospectus. You may obtain copies of these documents, without charge, from the web site maintained by the SEC at www.sec.gov, as well as other sources. See [Where You Can Find More Information](#). Before purchasing any securities, you should carefully read this prospectus together with the additional information described under the headings [Where You Can Find More Information](#) and [Information We Incorporate by Reference](#).

You should rely only on the information contained or incorporated by reference in this prospectus and any free writing prospectus prepared by or on behalf of us or to which we have referred you. Neither we nor the underwriter have authorized any other person to provide you with different information. If anyone provides you with different or inconsistent information, you should not rely on it. We take no responsibility for, and can provide no assurance as to the reliability of, any other information that others may give you. You should assume that the information contained in this prospectus or any free writing prospectus is accurate as of the date on its respective cover, and that any information incorporated by reference is accurate only as of the date of the document incorporated by reference, unless we indicate otherwise. Our business, financial condition, results of operations and prospects may have changed since those dates.

Neither we nor the underwriter is making offers to sell the securities described in this prospectus in any jurisdiction in which an offer or solicitation is not authorized or in which the person making such offer or solicitation is not qualified to do so or to anyone to whom it is unlawful to make an offer or solicitation.

References in this prospectus to the terms [we](#), [us](#), [our](#), [the Company](#) or other similar terms mean Vector Group Ltd. and its consolidated subsidiaries and the term [Vector](#) refers only to Vector Group Ltd., unless we state otherwise or the context indicates otherwise.

WHERE YOU CAN FIND MORE INFORMATION

We file annual, quarterly and current reports, proxy statements and other information with the SEC. You may read and copy any document that we file with the SEC, including the registration statement of which the accompanying prospectus is a part and the exhibits to such registration statement, at the SEC's Public Reference Room located at 100 F Street, N.E., Washington D.C. 20549. You may obtain further information on the operation of the Public Reference Room by calling the SEC at 1-800-SEC-0330. Our SEC filings are also available to the public at the SEC's web site at www.sec.gov. These documents may also be accessed on our web site at www.vectorgroup ltd.com. Information contained on our web site is not incorporated by reference into this prospectus and you should not consider

information contained on our web site to be part of this prospectus.

S-ii

TABLE OF CONTENTS

INFORMATION WE INCORPORATE BY REFERENCE

The SEC allows us to incorporate by reference in this prospectus the information we file with it, which means that we can disclose important information to you by referring you to those documents. The information incorporated by reference is considered to be part of this prospectus, and later information filed with the SEC will automatically update and supersede the information included or incorporated by reference in this prospectus. We incorporate by reference in this prospectus the following information (other than, in each case, documents or information deemed to have been furnished and not filed in accordance with SEC rules):

our Annual Report on Form 10-K for the fiscal year ended December 31, 2011;
our Quarterly Reports on Form 10-Q for the quarterly periods ended March 31, 2012, June 30, 2012 and September 30, 2012;

our Current Reports on Form 8-K or Form 8-K/A, as applicable, filed on February 27, 2012, February 28, 2012, May 22, 2012, September 14, 2012 and November 2, 2012; and
the description of our common stock contained in the S-1 Registration Statement filed on June 15, 1998, including any subsequently filed amendments and reports updating such description.

We also incorporate by reference each of the documents that we file with the SEC under Sections 13(a), 13(c), 14 or 15(d) of the Securities Exchange Act of 1934, as amended (the Exchange Act), on or after the date of this prospectus and prior to the termination of the offering under this prospectus. We will not, however, incorporate by reference in this prospectus any documents or portions thereof that are not deemed filed with the SEC, including any information furnished pursuant to Item 2.02 or Item 7.01 of our Current Reports on Form 8-K after the date of this prospectus unless, and except to the extent, specified in such Current Reports.

We will provide to each person, including any beneficial owner, to whom a prospectus is delivered, a copy of any of these filings (other than an exhibit to these filings, unless the exhibit is specifically incorporated by reference into the filing requested) at no cost, upon a request to us by writing or telephoning us at the following address and telephone number:

Vector Group Ltd.
100 S.E. Second Street
Miami, Florida 33131
Telephone Number: (305) 579-8000

S-iii

TABLE OF CONTENTS

SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

This prospectus, including the documents incorporated by reference, contains forward-looking statements within the meaning of the federal securities law. Forward-looking statements include information relating to our intent, belief or current expectations, primarily with respect to, but not limited to:

economic outlook;
capital expenditures;
cost reduction;
legislation and regulations;
cash flows;
operating performance;
litigation;

impairment charges and cost saving associated with restructurings of our tobacco operations; and related industry developments (including trends affecting our business, financial condition and results of operations). You can identify forward-looking statements by terminology such as anticipate, believe, estimate, expect, intend, be, objective, plan, seek, predict, project and will be and similar words or phrases or their negatives. forward-looking information involves important risks and uncertainties that could cause our actual results, performance or achievements to differ materially from our anticipated results, performance or achievements expressed or implied by the forward-looking statements. Factors that could cause actual results to differ materially from those suggested by the forward-looking statements include, without limitation, the following:

general economic and market conditions and any changes therein, due to acts of war and terrorism or otherwise;
governmental regulations and policies;
effects of industry competition;
impact of business combinations, including acquisitions and divestitures, both internally for us and externally in the tobacco industry;
impact of legislation on our competitors payment obligations, results of operations and product costs, i.e. the impact of federal legislation eliminating the federal tobacco quota system and providing for regulation of tobacco products by the Food and Drug Administration (the FDA);
impact of substantial increases in federal, state and local excise taxes;
uncertainty related to product liability litigation including the *Engle* progeny cases pending in Florida; and potential additional payment obligations for us under the Master Settlement Agreement (the MSA) and other settlement agreements relating to tobacco-related litigation with the states.

Any forward-looking statement you read in this prospectus reflects our current views with respect to future events and is subject to these and other risks, uncertainties and assumptions relating to our operations, operating results, growth strategy and liquidity. We urge you to carefully review the disclosures we make concerning risks and other factors that may affect our business and operating results, including those made

S-iv

TABLE OF CONTENTS

under the heading "Risk Factors" in our Annual Report on Form 10-K for the fiscal year ended December 31, 2011 and in our Quarterly Reports on Form 10-Q for the fiscal quarters ended March 31, 2012, June 30, 2012 and September 30, 2012, as such risk factors may be amended, supplemented or superseded from time to time by other reports we file with the SEC in the future, including subsequent Annual Reports on Form 10-K and Quarterly Reports on Form 10-Q. We caution you that any forward-looking statements made in this prospectus and the documents incorporated herein by reference are not guarantees of future performance and you should not place undue reliance on these forward-looking statements, which speak only as of the date of this prospectus or any other document incorporated by reference into this prospectus. We do not intend, and we undertake no obligation, to update any forward-looking information to reflect events or circumstances after the date of this prospectus or to reflect the occurrence of unanticipated events, unless required by law to do so.

S-v

TABLE OF CONTENTS

SUMMARY

This summary highlights selected information contained elsewhere or incorporated by reference in this prospectus. This summary is not complete and does not contain all of the information that you should consider when making your investment decision. You should read and consider carefully the more detailed information in this prospectus, including the factors described and incorporated by reference under the heading Risk Factors in this prospectus supplement beginning on page S-Z and the financial and other information incorporated by reference in this prospectus, as well as the information included in any free writing prospectus that we have authorized for use in connection with this offering, before making an investment decision.

Our Company

We are a holding company and are engaged principally in:

the manufacture and sale of cigarettes in the United States through our Liggett Group LLC (Liggett) and Vector Tobacco Inc. (Vector Tobacco) subsidiaries; and the real estate business through our New Valley LLC (New Valley) subsidiary, which is seeking to acquire additional operating companies and real estate properties. New Valley owns 50% of Douglas Elliman Realty, LLC, which operates the largest residential brokerage company in the New York metropolitan area.

For the year ended December 31, 2011, Liggett was the fourth largest manufacturer of cigarettes in the United States in terms of unit sales. Our tobacco subsidiaries manufacture and sell cigarettes in the United States and all of our tobacco operation's unit sales volume in 2011 and for the first nine months of 2012 was in the discount segment, which management believes has been the primary growth segment in the industry for more than a decade. Our tobacco subsidiaries produce cigarettes in approximately 117 different brand styles as well as private labels for other companies, which are typically retail or wholesale distributors who supply supermarkets and convenience stores. Liggett's current brand portfolio includes Pyramid, Grand Prix, Liggett Select, Eve, USA and various partner brands and private label brands. Liggett's manufacturing facilities are located in Mebane, North Carolina where it manufactures most of Vector Tobacco's cigarettes pursuant to a contract manufacturing agreement. Liggett's products are distributed from a central distribution center in Mebane, North Carolina to 16 public warehouses located throughout the United States that serve as local distribution centers for Liggett's customers. Liggett's customers are primarily candy and tobacco distributors, the military and large grocery, drug and convenience store chains.

In addition to New Valley's investment in Douglas Elliman, New Valley holds investment interests in various real estate projects in Manhattan, New York, Baltimore County, Maryland, southern California and Milan, Italy through both debt and equity investments.

We have approximately 590 employees, of which approximately 300 are employed at Liggett's Mebane, North Carolina facility and approximately 265 are employed in sales and administrative functions at our subsidiary Liggett Vector Brands LLC, which coordinates our tobacco subsidiaries' sales and marketing efforts.

Concurrent Transaction

Concurrently with this offering, we are offering, by means of a separate prospectus supplement and accompanying prospectus, up to 6,114,000 shares of our common stock, par value \$0.10 per share (which shares we refer to as the borrowed shares), that we will lend to Jefferies & Company, Inc. (which we refer to when acting in this capacity as the share borrower), in an offering registered under the Securities Act of 1933, as amended (the Securities Act).

We will not receive any proceeds from the sale of the borrowed shares in the concurrent offering, but we will receive from the share borrower a nominal loan fee for the use of those shares. We have been informed by the share borrower that it, or its affiliates, intends to use the short position created by the share loan and the concurrent short sales of the borrowed shares to facilitate transactions by which investors in the notes offered

S-1

TABLE OF CONTENTS

hereby may hedge their investments through short sales of our common stock. We expect to make delivery of the borrowed shares concurrently with the closing of this offering. See Description of Share Lending Agreement and Underwriting.

The offering of the notes pursuant to this prospectus supplement and the accompanying prospectus is contingent upon the closing of the borrowed shares offering, and the concurrent offering of the borrowed shares is contingent upon the closing of the offering of the notes hereunder.

Corporate Information

Our principal executive offices are located at 100 S.E. Second Street, Miami, Florida 33131, our telephone number is (305) 579-8000 and our web site is <http://www.vectorgroupltd.com>. You should not consider information contained on our web site or that can be accessed through our web site to be part of this prospectus.

S-2

TABLE OF CONTENTS

THE OFFERING

The summary below describes the principal terms of the notes. Certain descriptions below are subject to important exceptions and/or limitations. The Description of Notes section of this prospectus supplement contains a more detailed description of the terms and conditions of the notes. Unless otherwise specified, we assume throughout this prospectus supplement that the underwriter will not exercise its option to purchase additional notes.

Issuer

Vector Group Ltd., a Delaware corporation.

Notes

\$200,000,000 aggregate principal amount of Variable Interest Convertible Senior Notes due 2019 (plus up to an additional \$30,000,000 aggregate principal amount if the underwriter exercises its option to purchase additional notes).

Maturity date

January 15, 2019 (the maturity date), unless earlier converted or repurchased.

Interest and payment dates

Annual Rate: 2.50%, with an additional amount of cash interest payable on each interest payment date based on the amount of cash dividends per share paid by us on our 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 our common stock into which the notes are convertible on such record date (together, 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 annum. In addition, if the notes would otherwise constitute applicable high yield discount obligations within the meaning of Section 163(i)(1) of the Internal Revenue Code of 1986, on each interest payment date on or after January 15, 2018, we will pay additional interest on a note in an amount equal to the amount required to be paid to prevent such note from being treated as an applicable high yield discount obligation.

Payment Frequency: Every quarter on January 15, April 15, July 15 and October 15.

First Payment: January 15, 2013.

Record Dates: Every quarter on January 1, April 1, July 1 and October 1.

Ranking

The notes will be our senior, unsecured obligations and will rank equal in right of payment with our existing and future senior, unsecured indebtedness, and will be senior in right of payment to any future indebtedness that is expressly subordinated to the notes. The notes will be effectively subordinated to our existing or future secured indebtedness to the extent of the assets securing such indebtedness and will be structurally subordinated to all indebtedness and other liabilities and commitments of our subsidiaries, including trade payables and any guarantees that they may provide with respect to any of our existing or future indebtedness.

S-3

TABLE OF CONTENTS

As of September 30, 2012, we had \$446.7 million in outstanding secured indebtedness (\$447.2 million at face value including unamortized discount) and \$83.9 million in outstanding senior unsecured indebtedness (\$200.8 million at face value including unamortized discount). As of September 30, 2012, the aggregate amount of liabilities of our subsidiaries was \$292.5 million, including trade and other payables and excluding intercompany liabilities. After giving effect to the issuance of the notes (assuming no exercise of the underwriter's over-allotment option), the face value of our outstanding senior unsecured indebtedness would have been increased to \$380.8 million. See

Capitalization.

The indenture governing the notes will not limit the amount of debt that we or our subsidiaries may incur in the future.

No redemption

We may not redeem the notes prior to the stated maturity date. No sinking fund is provided for the notes.

Conversion rights

You may convert your notes, at your option, at any time prior to the close of business on the business day immediately preceding the maturity date. Upon conversion of your notes, we will deliver shares of our common stock, par value \$0.10 per share, and cash in lieu of fractional shares of our common stock, all as described in

Description of Notes Conversion Rights Settlement upon Conversion.

The initial conversion rate for the notes will be 54.0541 shares of our common stock per \$1,000 principal amount of notes (equivalent to a conversion price of approximately \$18.50 per share of our common stock), and will be subject to adjustment as described in this prospectus supplement. In addition, we will, in certain circumstances, increase the conversion rate for holders who convert their notes in connection with a make-whole fundamental change. See

Description of Notes Conversion Rights Adjustment to Shares Delivered upon Conversion upon a Make-Whole Fundamental Change.

Except in the limited circumstances described in Description of Notes Conversion Rights, upon conversion, you will not receive any separate cash payment for accrued and unpaid interest, if any. Instead, our delivery to you of the number of shares of our common stock and the amount of cash in lieu of fractional shares of our common stock, if any, into which your note is convertible will be deemed to satisfy in full our obligation to pay the principal amount of your note and any accrued and unpaid interest on your note to, but excluding, the conversion date.

Fundamental changes

Following certain corporate transactions or events specified as fundamental changes herein at any time prior to the maturity date, holders will have the right to require us to repurchase their notes in cash at a price equal to 100% of

S-4

TABLE OF CONTENTS

the principal amount of the notes to be repurchased, plus accrued and unpaid interest to, but excluding, the fundamental change repurchase date. See Description of Notes Fundamental Change Permits Holders to Require Us to Repurchase Notes. In addition, following certain corporate transactions or events specified as make-whole fundamental changes, we will, in certain circumstances, increase the conversion rate for holders who convert their notes on or after the effective date for a make-whole fundamental change and up to, and including, the later of the close of business on the business day immediately prior to the related fundamental change repurchase date and the close of business on the 35th business day immediately following the date we give notice to holders of the occurrence of the fundamental change. See Description of Notes Conversion Rights Adjustment to Shares Delivered upon Conversion upon a Make-Whole Fundamental Change.

Use of proceeds

We estimate that the net proceeds to us from this offering, after deducting the underwriter's discounts and commissions and estimated offering expenses payable by us, will equal approximately \$190.2 million (or approximately \$219.0 million if the underwriter exercises its option to purchase additional notes in full). We plan to use the proceeds of this transaction for general corporate purposes, including in our existing tobacco business and in additional investments in real estate through our wholly owned subsidiary, New Valley LLC. We may also consider using a portion of the proceeds of this offering to address upcoming debt maturities. See Use of Proceeds.

Book-entry form

The notes will initially be issued in book-entry form and will be represented by permanent global notes deposited with, or on behalf of, The Depository Trust Company (DTC) and registered in the name of Cede & Co., as the nominee of DTC. Beneficial interests in the global notes will be shown on, and transfers will be effected only through, records maintained by DTC or its nominee and any such beneficial interests may be exchanged for certificated securities only in limited circumstances.

Absence of a public market for the notes

The notes are new securities, and there is currently no established market for the notes. We do not intend to apply for a listing of the notes on any securities exchange or for their inclusion in any automated dealer quotation system. Accordingly, we cannot assure you as to the development or liquidity of any market for the notes. The underwriter has advised us that it currently intends to make a market in the notes. However, it is not obligated to do so, and it may discontinue any market-making with respect to the notes at any time and without warning.

S-5

TABLE OF CONTENTS

Material United States federal income tax considerations

For the material U.S. federal income tax consequences of the holding, disposition and conversion of the notes, and the holding and disposition of shares of our common stock, see Material United States Federal Income Tax Considerations.

Exchange and trading symbol for our common stock

Our common stock is listed on The New York Stock Exchange under the symbol VGR.

Trustee, paying agent and
conversion agent

Wells Fargo Bank, National Association

Concurrent common stock offering

Concurrently with this offering, we are offering up to 6,114,000 shares of our common stock (which we refer to as the borrowed shares), which we will lend to Jefferies & Company, Inc. (which we refer to when acting in this capacity as the share borrower), by means of a separate prospectus supplement and accompanying prospectus. The offering of the notes pursuant to this prospectus supplement and the accompanying prospectus is contingent upon the closing of the concurrent offering of the borrowed shares, and the concurrent offering of the borrowed shares is contingent upon the closing of the offering of the notes hereunder. See Description of Share Lending Agreement and Underwriting in this prospectus supplement.

We will not receive any proceeds from the sale of the borrowed shares in the concurrent offering, but we will receive from the share borrower a nominal loan fee for the use of those shares. We have been informed by the share borrower that it, or its affiliates, intends to use the short position created by the share loan and the concurrent short sales of the borrowed shares to facilitate transactions by which investors in the notes offered hereby may hedge their investments through short sales of our common stock. We expect to make delivery of such borrowed shares concurrently with the closing of this offering. See Description of Share Lending Agreement and Underwriting.

Risk factors

Before deciding whether to invest in the notes, you should carefully consider the risks described under Risk Factors in this prospectus supplement and the accompanying prospectus, as well as the risk factors and other information included in or incorporated by reference into this prospectus, including our financial statements and the notes thereto.

S-6

TABLE OF CONTENTS

RISK FACTORS

Before you decide to invest in the notes, you should be aware that an investment in the notes involves various risks and uncertainties, including those described below, that could have a material adverse effect on our business, financial position, results of operations, cash flows or prospects. We urge you to consider carefully the risk factors described below, together with all of the other information included in, and incorporated by reference into, this prospectus before you decide to invest in the notes. The risks and uncertainties described below and incorporated by reference into this prospectus are not the only ones related to our business, the notes, our common stock or the offering. Additional risks and uncertainties not presently known to us or that we currently deem immaterial may also materially and adversely affect our business, financial position, results of operations, cash flows or prospects.

Risks Relating to Our Indebtedness

We have significant liquidity commitments.

We have certain liquidity commitments that could require the use of our existing cash resources. As of September 30, 2012, our corporate expenditures (exclusive of Liggett, Vector Tobacco and New Valley) and other potential liquidity requirements over the next 12 months included the following:

cash interest expense of approximately \$76.3 million,
dividends on our outstanding common shares (currently at an annual rate of approximately \$142.0 million), and
other corporate expenses and taxes.

In order to meet the above liquidity requirements as well as other liquidity needs in the normal course of business, we will be required to use cash flows from operations and existing cash and cash equivalents. Should these resources be insufficient to meet the upcoming liquidity needs, we may also be required to liquidate investment securities available for sale and other long-term investments, or, if available, draw on Liggett's credit facility. While there are actions we can take to reduce our liquidity needs, there can be no assurance that such measures can be achieved.

We and our subsidiaries have a substantial amount of indebtedness.

We and our subsidiaries have significant indebtedness and will incur additional debt upon consummation of this offering of the notes and, as a result, we have significant debt service obligations. As of September 30, 2012, we and our subsidiaries had total outstanding indebtedness (including the embedded derivative liabilities related to our convertible notes) of \$647.9 million and we will incur an additional \$200.0 million of indebtedness in the offering of notes hereby (assuming no exercise of the underwriter's over-allotment option in respect of the notes). Approximately \$157.5 million of our 6.75% convertible notes mature in 2014 and \$415.0 million of our 11% senior secured notes mature in 2015. We also may be required to purchase all of our then-outstanding 3.875% convertible notes due 2026 in June 2016. As of September 30, 2012, approximately \$43.2 million of our 3.875% convertible notes due 2026 were outstanding. In addition, subject to the terms of any future agreements, we and our subsidiaries will be able to incur additional indebtedness in the future. There is a risk that we will not be able to generate sufficient funds to repay our debt. If we cannot service our fixed charges, it would have a material adverse effect on our business and results of operations.

We are a holding company and depend on cash payments from our subsidiaries, which are subject to contractual and other restrictions, in order to service our debt and to pay dividends on our common stock.

We are a holding company and have no operations of our own. We hold our interests in our various businesses through our wholly-owned subsidiaries, VGR Holding LLC (VGR Holding) and New Valley. In addition to our own cash resources, our ability to pay interest on our debt and to pay dividends on our common stock depends on the ability of VGR Holding and New Valley to make cash available to us. VGR Holding s ability to pay dividends to us depends primarily on the ability of Liggett, its wholly-owned subsidiary, to generate cash and make it available to VGR Holding. Liggett s revolving credit agreement with Wells Fargo Bank, N.A. contains a

S-7

TABLE OF CONTENTS

restricted payments test that limits the ability of Liggett to pay cash dividends to VGR Holding. The ability of Liggett to meet the restricted payments test may be affected by factors beyond its control, including Wells Fargo's unilateral discretion, if acting in good faith, to modify elements of such test.

Our receipt of cash payments, as dividends or otherwise, from our subsidiaries is an important source of our liquidity and capital resources. If we do not have sufficient cash resources of our own and do not receive payments from our subsidiaries in an amount sufficient to repay our debts and to pay dividends on our common stock, we must obtain additional funds from other sources. There is a risk that we will not be able to obtain additional funds at all or on terms acceptable to us. Our inability to service these obligations and to continue to pay dividends on our common stock would significantly harm us and the value of the notes and our common stock.

Our 11% senior secured notes contain restrictive covenants that limit our operating flexibility.

The indenture governing our 11% senior secured notes due 2015 (the Senior Secured Notes) contains covenants that, among other things, restrict our ability to take specific actions, even if we believe them to be in our best interest, including restrictions on our ability to:

- incur or guarantee additional indebtedness or issue preferred stock;
- pay dividends or distributions on, or redeem or repurchase, capital stock;
- create liens with respect to our assets;
- make investments, loans or advances;
- prepay subordinated indebtedness;
- enter into transactions with affiliates; and
- merge, consolidate, reorganize or sell our assets.

In addition, Liggett's revolving credit agreement requires us to meet specified financial ratios. These covenants may restrict our ability to expand or fully pursue our business strategies. Our ability to comply with these and other provisions of the indenture governing the Senior Secured Notes and the Liggett revolving credit agreement may be affected by changes in our operating and financial performance, changes in general business and economic conditions, adverse regulatory developments or other events beyond our control. The breach of any of these covenants, including those contained in the indenture governing the Senior Secured Notes and the Liggett credit agreement, could result in a default under our indebtedness, which could cause those and other obligations to become due and payable. If any of our indebtedness is accelerated, we may not be able to repay it.

The indenture governing the Senior Secured Notes contains restrictive covenants, which, among other things, restrict our ability to pay certain dividends or make other restricted payments or enter into transactions with affiliates if our Consolidated EBITDA, as defined in the indenture, is less than \$50.0 million for the four quarters prior to such transaction. Our Consolidated EBITDA for the four quarters ended September 30, 2012 exceeded \$50.0 million.

Changes in respect of the ratings of our debt may materially and adversely affect the availability, the cost and the terms and conditions of our debt.

Both we and our Senior Secured Notes have been publicly rated by Moody's Investors Service, Inc. (Moody's) and Standard & Poor's Rating Services (S&P), independent rating agencies. In addition, future debt instruments may be publicly rated. These debt ratings may affect our ability to raise debt. Any future downgrading of the Senior Secured Notes or our other debt by Moody's and S&P may affect the cost and terms and conditions of future financings and could adversely affect the value and trading of the notes offered hereby.

TABLE OF CONTENTS

Risks Relating to Our Business

Liggett faces intense competition in the domestic tobacco industry.

Liggett is considerably smaller and has fewer resources than its major competitors, and, as a result, has a more limited ability to respond to market developments. Management Science Associates' data indicate that the three largest cigarette manufacturers controlled approximately 84.7% of the United States cigarette market during 2011. Philip Morris is the largest manufacturer in the market, and its profits are derived principally from its sale of premium cigarettes. Philip Morris had approximately 61.2% of the premium segment and 46.1% of the total domestic market during 2011. During 2011, all of Liggett's sales were in the discount segment, and its share of the total domestic cigarette market was 3.8%. Philip Morris and RJR Tobacco (which is now part of Reynolds American), the two largest cigarette manufacturers, have historically, because of their dominant market share, been able to determine cigarette prices for the various pricing tiers within the industry.

Philip Morris and Reynolds American dominate the domestic cigarette market and had a combined market share of approximately 71.0% at December 31, 2011. This concentration of United States market share could make it more difficult for Liggett and Vector Tobacco to compete for shelf space in retail outlets and could impact price competition in the market, either of which could have a material adverse effect on their sales volume, operating income and cash flows, which in turn could negatively affect the value of the notes and our common stock.

Liggett's business is highly dependent on the discount cigarette segment.

Liggett depends more on sales in the discount cigarette segment of the market, relative to the full-price premium segment, than its major competitors. Since 2004, all of Liggett's unit volume was generated in the discount segment. The discount segment is highly competitive, with consumers having less brand loyalty and placing greater emphasis on price. While the three major manufacturers all compete with Liggett in the discount segment of the market, the strongest competition for market share has recently come from a group of smaller manufacturers and importers, most of which sell low quality, deep discount cigarettes. While Liggett's share of the discount market was 12.8% in 2011, 11.9% in 2010 and 9.2% in 2009, Management Science Associates' data indicate that the discount market share of these other smaller manufacturers and importers was approximately 34.1% in 2011, 38.5% in 2010, and 39.4% in 2009. If pricing in the discount market continues to be impacted by these smaller manufacturers and importers, margins in Liggett's only current market segment could be negatively affected, which in turn could negatively affect the value of the notes and our common stock.

Liggett's market share is susceptible to decline.

For a number of years prior to 2000, Liggett suffered a substantial decline in market share. Liggett's market share increased during each of the years between 2000 and 2011 (except for 2008, which was unchanged). This earlier market share erosion resulted in part from Liggett's highly leveraged capital structure that existed until December 1998 and its limited ability to match other competitors' wholesale and retail trade programs, obtain retail shelf space for its products and advertise its brands. These declines also resulted from adverse developments in the tobacco industry, intense competition and changes in consumer preferences which have continued up to the current time. According to Management Science Associates' data, Liggett's overall domestic market share during 2011 was 3.8% compared to 3.5% during 2010 and 2.7% during 2009. Liggett's share of the discount segment was 12.8% during 2011, up from 11.9% during 2010 and 9.2% during 2009. If Liggett's market share were to decline again, Liggett's sales volume, operating income and cash flows could be materially adversely affected, which in turn could negatively affect the

value of the notes and our common stock.

The domestic cigarette industry has experienced declining unit sales in recent periods.

Industry-wide shipments of cigarettes in the United States have been declining for a number of years, with Management Science Associates' data indicating that domestic industry-wide shipments decreased by approximately 3.5% in 2011 as compared to 2010 and by approximately 3.8% in 2010 as compared to 2009. We believe that industry-wide shipments of cigarettes in the United States will continue to decline as a result of

S-9

TABLE OF CONTENTS

numerous factors. These factors include health considerations, diminishing social acceptance of smoking, and a wide variety of federal, state and local laws limiting smoking in restaurants, bars and other public places, as well as increases in federal and state excise taxes and settlement-related expenses which have contributed to high cigarette price levels in recent years. If this decline in industry-wide shipments continues and Liggett is unable to capture market share from its competitors, or if the industry as a whole is unable to offset the decline in unit sales with price increases, Liggett's sales volume, operating income and cash flows could be materially adversely affected, which in turn could negatively affect the value of the notes and our common stock.

Our tobacco operations are subject to substantial and increasing legislation, regulation and taxation, which has a negative effect on revenue and profitability.

Tobacco products are subject to substantial federal and state excise taxes in the United States. On February 4, 2009, President Obama signed an increase of \$0.617 in the federal excise tax per pack of cigarettes, for a total of \$1.01 per pack of cigarettes, and significant tax increases on other tobacco products, to fund expansion of the State Children's Health Insurance Program, referred to as the SCHIP. These tax increases came into effect on April 1, 2009. The increases in federal excise tax under the SCHIP are substantial, and, as a result, Liggett's sales volume and profitability has been and may continue to be adversely impacted. In addition, the SCHIP created certain tax differentials between certain types of tobacco products. This has caused a dramatic increase in the sale of pipe tobacco as a substitute for roll-your-own, which has directly impacted sales of cigarettes.

In addition to federal and state excise taxes, certain city and county governments also impose substantial excise taxes on tobacco products sold. Increased excise taxes are likely to result in declines in overall sales volume and shifts by consumers to less expensive brands.

A wide variety of federal, state and local laws limiting the advertising, sale and use of cigarettes have proliferated in recent years. For example, many local laws prohibit smoking in restaurants and other public places. Private businesses also have adopted regulations that prohibit or restrict, or are intended to discourage, smoking. Such laws and regulations also are likely to result in a decline in the overall sales volume of cigarettes.

Furthermore, Liggett and Vector Tobacco also provide ingredient information annually, as required by law, to the states of Massachusetts, Texas and Minnesota. Several other states are considering ingredient disclosure legislation.

Over the years, various state and local governments have continued to regulate tobacco products, including smokeless tobacco products. These regulations relate to, among other things, the imposition of significantly higher taxes, increases in the minimum age to purchase tobacco products, sampling and advertising bans or restrictions, ingredient and constituent disclosure requirements and significant tobacco control media campaigns. Additional state and local legislative and regulatory actions will likely be considered in the future, including, among other things, restrictions on the use of flavorings.

In addition to the foregoing, there have been a number of other restrictive regulatory actions from various federal administrative bodies, including the United States Environmental Protection Agency and the FDA. There have also been adverse legislative and political decisions and other unfavorable developments concerning cigarette smoking and the tobacco industry. Recently, legislation was passed by Congress providing for regulation of cigarettes by the FDA.

These developments generally receive widespread media attention. Additionally, a majority of states have passed legislation providing for reduced ignition propensity standards for cigarettes. These developments may negatively affect the perception of potential triers of fact with respect to the tobacco industry, possibly to the detriment of certain

pending litigation, and may prompt the commencement of additional similar litigation or legislation. We are not able to evaluate the effect of these developing matters on pending litigation or the possible commencement of additional litigation, but our consolidated financial position, results of operations or cash flows could be materially adversely affected.

Additional federal or state regulation relating to the manufacture, sale, distribution, advertising, labeling, or information disclosure of tobacco products could further reduce sales, increase costs and have a material adverse effect on our business.

S-10

TABLE OF CONTENTS

The Family Smoking Prevention and Tobacco Control Act may adversely affect our sales and operating profit.

On June 22, 2009, the President signed into law the Family Smoking Prevention and Tobacco Control Act (Public Law 111-31). The law grants the FDA broad authority over the manufacture, sale, marketing and packaging of tobacco products, although FDA is prohibited from issuing regulations banning all cigarettes or all smokeless tobacco products, or requiring the reduction of nicotine yields of a tobacco product to zero. Among other measures, the law (under various deadlines):

- increases the number of health warnings required on cigarette and smokeless tobacco products, increases the size of warnings on packaging and in advertising, requires FDA to develop graphic warnings for cigarette packages and grants FDA authority to require new warnings;
- requires practically all tobacco product advertising to eliminate color and imagery and instead consist solely of black text on white background;
- imposes new restrictions on the sale and distribution of tobacco products, including significant new restrictions on tobacco product advertising and promotion, as well as the use of brand and trade names;
 - bans the use of light, mild, low or similar descriptors on tobacco products;
 - bans the use of characterizing flavors in cigarettes other than tobacco or menthol;
- gives FDA the authority to impose tobacco product standards that are appropriate for the protection of the public health (by, for example, requiring reduction or elimination of the use of particular constituents or components, requiring product testing, or addressing other aspects of tobacco product construction, constituents, properties or labeling);
- requires manufacturers to obtain FDA review and authorization for the marketing of certain new or modified tobacco products;
- requires pre-market approval by FDA for tobacco products represented (through labels, labeling, advertising, or other means) as presenting a lower risk of harm or tobacco-related disease;
- requires manufacturers to report ingredients and harmful constituents and requires FDA to disclose certain constituent information to the public;
- mandates that manufacturers test and report on ingredients and constituents identified by FDA as requiring such testing to protect the public health and allows FDA to require the disclosure of testing results to the public;
- requires manufacturers to submit to FDA certain information regarding the health, toxicological, behavioral or physiological effects of tobacco products;
- prohibits use of tobacco containing a pesticide chemical residue at a level greater than allowed under federal law;
 - requires FDA to establish good manufacturing practices to be followed at tobacco manufacturing facilities;
 - requires tobacco product manufacturers (and certain other entities) to register with FDA;
- authorizes FDA to require the reduction of nicotine (although it may not require the reduction of nicotine yields of a tobacco product to zero) and the potential reduction or elimination of other constituents, including menthol;
- imposes (and allows FDA to impose) various recordkeeping and reporting requirements on tobacco product manufacturers; and
 - grants FDA the regulatory authority to impose broad additional restrictions.

S-11

TABLE OF CONTENTS

The law also required establishment, within FDA's new Center for Tobacco Products, of a Tobacco Products Scientific Advisory Committee (TPSAC) to provide advice, information and recommendations with respect to the safety, dependence or health issues related to tobacco products, including:

- a recommendation on modified risk applications;
- a recommendation on the effects of tobacco product nicotine yield alteration and whether there is a threshold level below which nicotine yields do not produce dependence;
- a report on the public health impact of the use of menthol in cigarettes; and
- a report on the public health impact of dissolvable tobacco products.

The TPSAC completed its review of the use of menthol in cigarettes and issued a report with recommendations to FDA in March 2011. The report states that removal of menthol cigarettes from the marketplace would benefit public health in the United States, but does not expressly recommend that FDA ban menthol cigarettes. FDA is considering the report and recommendations of the TPSAC and will make a determination about what future regulatory action(s), if any, it believes are warranted. A decision by FDA to ban menthol in tobacco products could have a material adverse effect on us.

The law imposes user fees on certain tobacco product manufacturers in order to fund tobacco-related FDA activities. User fees will be allocated among tobacco product classes according to a formula set out in the legislation, and then among manufacturers and importers within each class based on market share. The FDA user fees for Liggett and Vector Tobacco for 2011 were \$16.7 million and we estimate that they will be significantly higher in the future.

The law also imposes significant new restrictions on the advertising and promotion of tobacco products. For example, as required under the law, FDA has finalized certain portions of regulations previously adopted by FDA in 1996 (which were struck down by the Supreme Court in 2000 as beyond FDA's authority). Subject to limitations imposed by a federal injunction (discussed below), these regulations took effect on June 22, 2010. As written, these regulations significantly limit the ability of manufacturers, distributors and retailers to advertise and promote tobacco products, by, for example, restricting the use of color and graphics in advertising, limiting the use of outdoor advertising, restricting the sale and distribution of non-tobacco items and services, gifts, and sponsorship of events, and imposing restrictions on the use for cigarette or smokeless tobacco products of trade or brand names that are used for non-tobacco products.

In August 2009, several cigarette manufacturers filed a federal lawsuit against FDA challenging the constitutionality of a number of the restrictions imposed by these regulations, including the ban on color and graphics, limits on the right to make truthful statements regarding modified risk tobacco products, restrictions on the placement of outdoor advertising and a ban on the distribution of product samples. In January 2010, a federal judge ruled that the regulations' ban on the use of color and graphics in certain tobacco product advertising was unconstitutional and prohibited FDA from enforcing that ban. The judge, however, let stand numerous other advertising and promotion restrictions. In March 2010, both parties appealed this decision. In May 2010, FDA issued a guidance document indicating that it intends to exercise its enforcement discretion and not commence enforcement actions based upon these provisions during the pendency of the litigation. We cannot predict the future course or outcome of this lawsuit.

In April 2010, a number of cigarette manufacturers filed a federal lawsuit against FDA challenging the restrictions on trade or brand names based upon First Amendment and other grounds. In May 2010, FDA issued a guidance document indicating that FDA is aware of concerns regarding the trade and brand name restrictions and is considering what changes, if any, would be appropriate to address those concerns. FDA also indicated that while the agency is considering those issues, it intends to exercise its enforcement discretion and not commence trade or brand name enforcement actions for the duration of its consideration where: (1) The trade or brand name of the cigarettes or smokeless tobacco product was registered, or the product was marketed, in the United States on or before June 22,

The Family Smoking Prevention and Tobacco Control Act may adversely affect our sales and operating p207it.

2009; or (2) The first marketing or registration in the United States of the tobacco product occurs before the first marketing or registration in the United States of

S-12

TABLE OF CONTENTS

the non-tobacco product bearing the same name; provided, however, that the tobacco and non-tobacco product are not owned, manufactured, or distributed by the same, related, or affiliated entities (including as a licensee). The lawsuit was subsequently stayed, at the request of the parties, while FDA is in the process of evaluating these concerns. We cannot predict the future course or outcome of FDA's deliberations or this litigation.

On June 22, 2011, FDA issued a final rule that modifies the required warnings that appear on cigarette packages and in cigarette advertisements. The rule was to become effective on September 22, 2012, and required each cigarette package and advertisement to bear one of nine new textual warning statements accompanied by graphic images. The warnings must appear on at least the top 50% of the front and rear panels of cigarette packages and occupy at least 20% of cigarette advertisements. In August 2011, a number of cigarette manufacturers, including Liggett, filed a federal lawsuit against FDA challenging the constitutionality of these new graphic warning labels on First Amendment and other grounds. The manufacturers sought a preliminary injunction staying implementation of the warning requirement, and other related labeling requirements, pending the court's ruling on the merits of the challenge.

In November 2011, the District Court granted the industry's motion for a preliminary injunction, enjoining implementation of the proposed rules for graphic labels on cigarette packaging and advertising until 15 months after the District Court issues a final ruling in the case. FDA appealed the ruling, and on February 29, 2012, the District Court granted the industry's motion for summary judgment permanently enjoining implementation of FDA's graphic warnings regulation on First Amendment grounds. Should FDA ultimately issue new graphic warnings that are deemed constitutionally valid, the decision provides that such warnings would go into effect 15 months after they are issued. FDA also appealed this ruling. Both FDA appeals were consolidated and the D.C. Circuit Court of Appeals heard oral argument in April 2012. On August 24, 2012, the appellate court affirmed the District Court and vacated the graphic warning requirements. FDA filed a petition asking that the case be reheard en banc. We cannot predict the ultimate outcome of this litigation or whether or how the inclusion of the new warnings, if ultimately required by FDA in new rulemaking, will impact product sales or whether it will have a material adverse effect on us.

FDA law requires premarket review of new tobacco products. A new tobacco product is one that was not commercially marketed in the U.S. before February 15, 2007 or that was modified after that date. In general, before a company may commercially market a new tobacco product, it must either (a) submit an application and obtain an order from FDA permitting the product to be marketed; or (b) submit a report and receive an FDA order finding the product to be substantially equivalent to a predicate tobacco product that was commercially marketed in the U.S. prior to February 15, 2007. A substantially equivalent tobacco product is one that has the same characteristics as the predicate or one that has different characteristics but does not raise different questions of public health.

Manufacturers of products first introduced after February 15, 2007 and before March 22, 2011 who submitted a substantial equivalence report to FDA prior to March 23, 2011 may continue to market the tobacco product unless FDA issues an order that the product is not substantially equivalent. Failure to submit the report before March 23, 2011, or FDA's conclusion that such a new tobacco product is not substantially equivalent, will cause the product to be deemed misbranded and/or adulterated. After March 22, 2011, a new tobacco product may not be marketed without an FDA substantial equivalence determination. Prior to the deadline, Liggett and Vector Tobacco submitted substantial equivalence reports to FDA for numerous products. It is possible that FDA could determine some, or all, of these products are not substantially equivalent to a preexisting tobacco product. Such a determination could prevent us from marketing these products in the United States and could have a material adverse effect on us.

On July 5, 2011, FDA issued a final rule to establish the process and criteria for requesting an exemption from substantial equivalence requirements. We cannot predict how FDA will interpret and apply these requirements, or whether FDA will deem our products to be substantially equivalent to already marketed tobacco products.

Separately, the law also requires FDA to issue future regulations regarding the promotion and marketing of tobacco products sold through non-face-to-face transactions. FDA has been acting to implement the law and

S-13

TABLE OF CONTENTS

will continue to implement various provisions over time. Liggett and Vector Tobacco have been monitoring FDA tobacco initiatives and have made various regulatory submissions to FDA in order to comply with new requirements.

It is likely that the new tobacco law could result in a decrease in cigarette sales in the United States, including sales of Liggett's and Vector Tobacco's brands. Total compliance and related costs are not possible to predict and depend substantially on the future requirements imposed by FDA under the new tobacco law. Costs, however, could be substantial and could have a material adverse effect on the companies' financial condition, results of operations, and cash flows. In addition, FDA has a number of investigatory and enforcement tools available to it. We are aware, for example, that FDA has already requested company-specific information from competitors. FDA has also initiated a program to award contracts to states to assist with compliance and enforcement activities. Failure to comply with the new tobacco law and with FDA regulatory requirements could result in significant financial penalties and could have a material adverse effect on the business, financial condition and results of operation of both Liggett and Vector Tobacco. At present, we are not able to predict whether the new tobacco law will impact Liggett and Vector Tobacco to a greater degree than other companies in the industry, thus affecting its competitive position.

Litigation will continue to harm the tobacco industry.

Liggett could be subjected to substantial liabilities and bonding requirements from litigation relating to cigarette products. Adverse litigation outcomes could have a negative impact on the Company's ability to operate due to their impact on cash flows. We and our Liggett subsidiary, as well as the entire cigarette industry, continue to be challenged on numerous fronts, particularly with respect to the Engle progeny cases in Florida (described below). New cases continue to be commenced against Liggett and other cigarette manufacturers. As of September 30, 2012, there were approximately 5,144 individual suits, including the Engle progeny cases, four purported class actions and one health care cost recovery action pending in the United States in which Liggett and/or us were named defendants. It is likely that similar legal actions, proceedings and claims will continue to be filed against Liggett. Punitive damages, often in amounts ranging into the billions of dollars, are specifically pled in certain cases, in addition to compensatory and other damages. It is possible that there could be adverse developments in pending cases including the certification of additional class actions. An unfavorable outcome or settlement of pending tobacco-related litigation could encourage the commencement of additional litigation. In addition, an unfavorable outcome in any tobacco-related litigation could have a material adverse effect on our consolidated financial position, results of operations or cash flows. Liggett could face difficulties in obtaining a bond to stay execution of a judgment pending appeal.

In September 1999, a civil lawsuit was filed by the United States federal government seeking disgorgement of approximately \$289.0 billion from various cigarette manufacturers, including Liggett. In August 2006, the trial court entered a Final Judgment and Remedial Order against each of the cigarette manufacturing defendants, except Liggett.

The Final Judgment, among other things, ordered the following relief against the non-Liggett defendants: (i) defendants are enjoined from committing any act of racketeering concerning the manufacturing, marketing, promotion, health consequences or sale of cigarettes in the United States; (ii) defendants are enjoined from making any material false, misleading, or deceptive statement or representation concerning cigarettes that persuades people to purchase cigarettes; and (iii) defendants are permanently enjoined from utilizing lights, low tar, ultra lights, mild natural descriptors, or conveying any other express or implied health messages in connection with the marketing or sale of cigarettes as of January 1, 2007. No monetary damages were awarded other than the government's costs. To the extent that the Final Judgment leads to a decline in industry-wide shipments of cigarettes in the United States or otherwise imposes regulations which adversely affect the industry, Liggett's sales volume, operating income and cash flows could be materially adversely affected, which in turn could negatively affect the value of the notes and our common stock.

Liggett Only Cases.

There are currently eight cases pending where Liggett is the only remaining tobacco company defendant. Cases where Liggett is the only defendant could increase substantially as a result of the Engle progeny cases. As new cases are commenced, the costs associated with defending these cases and the risks relating to the inherent unpredictability of litigation continue to increase.

S-14

TABLE OF CONTENTS

Individual tobacco-related cases have increased as a result of the Florida Supreme Court's ruling in *Engle*.

In May 2003, a Florida intermediate appellate court overturned a \$790.0 million punitive damages award against Liggett and decertified the *Engle v. R. J. Reynolds Tobacco Co.* smoking and health class action. In July 2006, the Florida Supreme Court affirmed in part and reversed in part the May 2003 intermediate appellate court decision. Among other things, the Florida Supreme Court affirmed the decision decertifying the class on a prospective basis and the order vacating the punitive damages award, but preserved several of the trial court's Phase I findings (including that: (i) smoking causes lung cancer, among other diseases; (ii) nicotine in cigarettes is addictive; (iii) defendants placed cigarettes on the market that were defective and unreasonably dangerous; (iv) the defendants concealed material information; (v) all defendants sold or supplied cigarettes that were defective; and (vi) all defendants were negligent) and allowed plaintiffs to proceed to trial on individual liability issues (using the above findings) and compensatory and punitive damage issues, provided they commence their individual lawsuits within one year of the date the court's decision became final on January 11, 2007, the date of the court's mandate. In December 2006, the Florida Supreme Court added the finding that defendants sold or supplied cigarettes that, at the time of sale or supply, did not conform to the representations made by defendants.

In June 2002, the jury in a Florida state court action entitled *Lukacs v. R.J. Reynolds Tobacco Company*, awarded \$37.5 million in compensatory damages, jointly and severally, in a case involving Liggett and two other cigarette manufacturers, which amount was subsequently reduced by the Court. The jury found Liggett 50% responsible for the damages incurred by the plaintiff. The *Lukacs* case was the first case to be tried as an individual *Engle* class member suit following entry of final judgment by the *Engle* trial court. In November 2008, the court entered final judgment in the amount of \$24.835 million (for which Liggett was 50% responsible), plus interest from June 2002. After the appellate court affirmed the decision, Liggett paid its share of the award including interest and attorney's fees (\$14.361 million).

Pursuant to the Florida Supreme Court's July 2006 ruling in *Engle*, former class members had one year from January 11, 2007 to file individual lawsuits. In addition, some individuals who filed suit prior to January 11, 2007, and who claim they meet the conditions in *Engle*, are attempting to avail themselves of the *Engle* ruling. Lawsuits by individuals requesting the benefit of the *Engle* ruling, whether filed before or after the January 11, 2007 mandate, are referred to as the *Engle* progeny cases. As of September 30, 2012, there were 5,079 *Engle* progeny cases pending where Vector, Liggett and other cigarette manufacturers were named as defendants. These cases include approximately 6,594 plaintiffs. As of September 30, 2012, there were 30 *Engle* progeny cases scheduled for trial through September 30, 2013. Through September 30, 2012, seven adverse verdicts have been entered against Liggett in *Engle* progeny cases. One case was affirmed on appeal and Liggett paid the judgment. The other adverse verdicts are currently on appeal although appellate efforts, to date, have not been successful.

It is possible that additional cases could be decided unfavorably and that there could be further adverse developments in the *Engle* case. Liggett may enter into discussions in an attempt to settle particular cases if it believes it is appropriate to do so. We cannot predict the cash requirements related to any future settlements and judgments, including cash required to bond any appeals, and there is a risk that those requirements will not be able to be met.

Liggett may be adversely affected by the 2004 legislation to eliminate the federal tobacco quota system.

In October 2004, federal legislation was enacted which eliminated the federal tobacco quota system and price support system through an industry funded buyout of tobacco growers and quota holders. Pursuant to the legislation,

manufacturers of tobacco products will be assessed \$10.14 billion over a ten-year period to compensate tobacco growers and quota holders for the elimination of their quota rights. Cigarette manufacturers are currently responsible for 92% of the assessment (subject to adjustment in the future), which will be allocated based on relative unit volume of domestic cigarette shipments. Liggett's and Vector Tobacco's assessment was \$32.4 million in 2011, \$31.2 million in 2010 and \$22.9 million in 2009. The relative cost of the legislation to each of the three largest cigarette manufacturers will likely be less than the cost to smaller manufacturers, including Liggett and Vector Tobacco, because one effect of the legislation is that the three largest manufacturers will no longer be obligated to make certain contractual payments, commonly known as

S-15

TABLE OF CONTENTS

Phase II payments, they agreed in 1999 to make to tobacco-producing states. The ultimate impact of this legislation cannot be determined, but there is a risk that smaller manufacturers, such as Liggett and Vector Tobacco, will be disproportionately affected by the legislation, which could have a material adverse effect on us.

Excise tax increases adversely affect cigarette sales.

Cigarettes are subject to substantial and increasing federal, state and local excise taxes. In February 2009, federal legislation to reauthorize the SCHIP, which includes funding provisions that increase the federal cigarette excise tax from \$0.39 to \$1.01 per pack, was enacted, effective April 1, 2009. State excise taxes vary considerably and, when combined with sales taxes, local taxes and the federal excise tax, may exceed \$4.00 per pack. Various states and other jurisdictions are considering, or have pending, legislation proposing further state excise tax increases. Management believes increases in excise and similar taxes have had, and will continue to have, an adverse effect on sales of cigarettes.

Liggett may have additional payment obligations under the Master Settlement Agreement.

NPM Adjustment.

In March 2006, an economic consulting firm selected pursuant to the MSA determined that the MSA was a significant factor contributing to the loss of market share of Participating Manufacturers for 2003. This is known as the NPM Adjustment. The economic consulting firm subsequently rendered the same decision with respect to 2004 and 2005. In March 2009, a different economic consulting firm made the same determination for 2006. As a result, the manufacturers are entitled to potential NPM Adjustments to their 2003, 2004, 2005 and 2006 MSA payments. The Participating Manufacturers are also entitled to potential NPM Adjustments to their 2007, 2008 and 2009 payments pursuant to an agreement entered into in June 2009 between Philip Morris, Brown & Williamson, R.J. Reynolds and Lorillard (the Original Participating Manufacturers or OPMs) and the settling states under which the OPMs agreed to make certain payments for the benefit of the settling states, in exchange for which the settling states stipulated that the MSA was a significant factor contributing to the loss of market share of Participating Manufacturers in 2007, 2008 and 2009. A settling state that has diligently enforced its qualifying escrow statute in the year in question may be able to avoid application of the NPM Adjustment to the payments made by the manufacturers for the benefit of that state or territory.

For 2003–2011 Liggett and Vector Tobacco, as applicable, disputed that they owe the Settling States the NPM Adjustments as calculated by the Independent Auditor. As permitted by the MSA, Liggett and Vector Tobacco withheld payment associated with these NPM Adjustment amounts. For 2003, Liggett and Vector Tobacco paid the NPM adjustment amount of \$9.3 million to the Settling States although both companies continue to dispute this amount is owed. The total amount withheld (or paid into a disputed payment account) by Liggett and Vector Tobacco for 2004–2011 was \$46.9 million. At September 30, 2012 included in Other assets on our consolidated balance sheet was a non-current receivable of \$6.5 million relating to the \$9.3 million payment. Arbitration of the 2003 NPM Adjustment is pending. Liggett is currently engaged in an arbitration with the states over the NPM Adjustment.

The following amounts have not been expensed by the Company as they relate to Liggett and Vector Tobacco's NPM Adjustment claims for 2003 through 2009: \$6.5 million for 2003, \$3.8 million for 2004 and \$800,000 for 2005.

Gross v. Net Calculations.

In October 2004, the Independent Auditor notified Liggett and all other Participating Manufacturers that their payment obligations under the MSA, dating from the agreement's execution in late 1998, had been recalculated using net unit amounts, rather than gross unit amounts (which had been used since 1999).

Liggett, along with certain other Participating Manufacturers, objected to this retroactive change and disputed the change in methodology. Liggett contends that the retroactive change from using gross to net unit amounts is impermissible for several reasons, including:

S-16

TABLE OF CONTENTS

use of net unit amounts is not required by the MSA (as reflected by, among other things, the use of gross unit amounts through 2005);

such a change is not authorized without the consent of affected parties to the MSA; the MSA provides for four-year time limitation periods for revisiting calculations and determinations, which precludes recalculating Liggett's 1997 Market Share (and thus, Liggett's market share exemption); and

Liggett and others have relied upon the calculations based on gross unit amounts since 1998.

The change in the method of calculation could result in Liggett owing as much as \$37.5 million of additional MSA payments for prior years, including interest, because the proposed change from gross to net units would serve to lower Liggett's market share exemption under the MSA. The Company currently estimates that future annual MSA payments would be at least approximately \$2.5 million higher if the method of calculation is changed. Liggett is currently engaged in an arbitration with the states over the gross versus net calculation.

No amounts have been expensed or accrued in the accompanying consolidated financial statements for any potential liability relating to the gross versus net dispute.

Liggett may have additional payment obligations under its state settlements.

In 2004, the Attorneys General for each of Florida, Mississippi and Texas advised Liggett that they believed that Liggett had failed to make all required payments under the respective settlement agreements with these states for the period 1998 through 2003 and that additional payments may be due for 2004 and subsequent years. Liggett believes these allegations are without merit, based, among other things, on the language of the most favored nation provisions of the settlement agreements and no amounts have been accrued in our consolidated financial statements for any additional amounts that may be payable by Liggett under the settlement agreements with Mississippi and Texas.

Liggett settled the dispute with Florida in 2010 and agreed to, among other things, pay Florida \$1.2 million plus \$250,000 per year for the next 21 years. The payment in years 12-21 will be subject to an inflation adjustment. In February 2012, Mississippi provided Liggett with a 60-day notice that the state intended to pursue its remedies if Liggett did not cure its alleged defaults. Liggett responded to Mississippi's letter but has heard nothing further on the matter. There can be no assurance that Liggett will prevail in the remaining matters and that Liggett will not be required to make additional material payments, which payments could materially adversely affect our consolidated financial position, results of operations or cash flows and the value of the notes and our common stock.

New Valley is subject to risks relating to the industries in which it operates.

Risks of real estate ventures.

New Valley has a number of real estate-related investments, including Douglas Elliman Realty (50% interest), Fifty Third-Five Building LLC (50% interest), Sesto Holdings S.r.L (7.2% interest), 1107 Broadway (5% interest), NV SOCIAL LLC (26% interest), HFZ East 68th Street (18% interest), Lofts 21 LLC (12% interest), Hotel Taiwana (6.4% interest), 11 Beach Street Investor LLC (49% interest), NV Maryland LLC (33% interest) and NV 701 Seventh Avenue LLC (15% interest), where other partners hold significant interests. New Valley must seek approval from these other parties for important actions regarding these joint ventures. Since the other parties' interests may differ from those of New Valley, a deadlock could arise that might impair the ability of the ventures to function. Such a deadlock could significantly harm the ventures.

The volatility in the capital and credit markets has increased in recent years.

Because the volatility in capital and credit markets may create additional risks in the upcoming months and possibly years, the Company will continue to perform additional assessments to determine the impact, if any, on the Company's consolidated financial statements. Thus, future impairment charges may occur.

S-17

TABLE OF CONTENTS

New Valley may pursue a variety of real estate development projects.

Development projects are subject to special risks including potential increase in costs, changes in market demand, inability to meet deadlines which may delay the timely completion of projects, reliance on contractors who may be unable to perform and the need to obtain various governmental and third party consents.

Risks relating to the residential brokerage business.

Through New Valley's investment in Douglas Elliman Realty, we are subject to the risks and uncertainties endemic to the residential brokerage business. Real estate ventures and mortgage receivables have been negatively impacted by the current downturn in the residential real estate market. The U.S. residential real estate market, including the New York metropolitan area where Douglas Elliman Realty operates, is cyclical and is affected by changes in the general economic conditions that are beyond the control of Douglas Elliman Realty. The U.S. residential real estate market is currently in a significant downturn due to various factors including downward pressure on housing prices, credit constraints inhibiting new buyers and an exceptionally large inventory of unsold homes at the same time that sales volumes are decreasing. The depth and length of the current downturn in the real estate industry has proved exceedingly difficult to predict. We cannot predict whether the downturn will worsen or when the market and related economic forces will return the U.S. residential real estate industry to a growth period.

Any of the following could have a material adverse effect on our real estate ventures by causing a general decline in the number of home sales and/or prices, which in turn, could adversely affect their revenues and profitability:

periods of economic slowdown or recession;
rising interest rates;
the general availability of mortgage financing, including:
the impact of the recent contraction in the subprime and mortgage markets generally;
the effect of more stringent lending standards for home mortgages;
adverse changes in economic and general business conditions in the New York metropolitan area;
a decrease in the affordability of homes;
declining demand for real estate;
a negative perception of the market for residential real estate;
commission pressure from brokers who discount their commissions;
acts of God, such as hurricanes, earthquakes and other natural disasters, or acts or threats of war or terrorism; and/or
an increase in the cost of homeowners insurance.

The three major real estate ventures' current operations are located in the New York metropolitan area.

Local and regional economic and general business conditions in this market could differ materially from prevailing conditions in other parts of the country. Among other things, the New York metropolitan area residential real estate market has been impacted by the significant downturn in the financial services industry. A continued downturn in the residential real estate market or economic conditions in that region could have a material adverse effect on these investments.

Potential new investments we may make are unidentified and may not succeed.

We currently hold a significant amount of marketable securities and cash not committed to any specific investments and our management will have broad discretion over how to use the net proceeds from this

S-18

TABLE OF CONTENTS

offering of the notes. This subjects a security holder to increased risk and uncertainty because a security holder will not be able to evaluate how this cash will be invested and the economic merits of particular investments. There may be substantial delay in locating suitable investment opportunities. In addition, we may lack relevant management experience in the areas in which we may invest. There is a risk that we will fail in targeting, consummating or effectively integrating or managing any of these investments.

We depend on our key personnel.

We depend on the efforts of our executive officers and other key personnel. While we believe that we could find replacements for these key personnel, the loss of their services could have a significant adverse effect on our operations.

We are exposed to risks from legislation requiring companies to evaluate their internal control over financial reporting.

Section 404 of the Sarbanes-Oxley Act of 2002 requires our management to assess, and our independent registered certified public accounting firm to attest to, the effectiveness of our internal control structure and procedures for financial reporting. We completed an evaluation of the effectiveness of our internal control over financial reporting for the fiscal year ended December 31, 2011, and we have an ongoing program to perform the system and process evaluation and testing necessary to continue to comply with these requirements. We expect to continue to incur expense and to devote management resources to Section 404 compliance. In the event that our chief executive officer, chief financial officer or independent registered certified public accounting firm determines that our internal control over financial reporting is not effective as defined under Section 404, investor perceptions and our reputation may be adversely affected and the market price of the notes and our stock could decline.

Risks Relating to the Offering and the Ownership of the Notes and our Common Stock

The trading price of the notes could be significantly affected by the market price of our common stock, the trading volume of our common stock, the general level of interest rates, and our credit quality, each of which may be volatile.

The market price and trading volume of our common stock, as well as the general level of interest rates and our credit quality, will likely significantly affect the trading price of the notes. Each may be volatile and could fluctuate in a way that adversely affects the trading price of the notes and our common stock.

We cannot predict whether the market price of our common stock will rise or fall. The market price of our common stock will be influenced by a number of factors, including general market conditions, variations in our operating results, earnings per share, and other factors described in greater detail elsewhere in this section and elsewhere in this prospectus and the documents we have incorporated by reference in this prospectus, many of which are beyond our control.

The market price of our common stock also could be affected by possible sales of common stock by investors who view the notes as an attractive means of equity participation in us and by hedging or arbitrage activity involving our

common stock that we expect to develop as a result of the issuance of the notes. The hedging or arbitrage activity could, in turn, affect the trading prices of the notes.

In addition, our credit quality may vary substantially during the term of the notes and will be influenced by a number of factors, including variations in our cash flows and the amount of indebtedness we have outstanding. Any decrease in our credit quality is likely to negatively impact the trading price of the notes.

The notes are effectively subordinated to our secured indebtedness.

The notes will be our senior unsecured obligations and will rank equal in right of payment with any of our other senior unsecured indebtedness and senior in right of payment to any indebtedness that is contractually subordinated to the notes. The notes, however, will be effectively subordinated to all of our existing or future secured indebtedness to the extent of the value of the collateral securing such indebtedness. As of September 30, 2012, we had \$446.7 million in outstanding secured indebtedness (\$447.2 million at face value including unamortized discount) and \$83.9 million in outstanding senior unsecured indebtedness

TABLE OF CONTENTS

(\$200.8 million at face value including unamortized discount). After giving effect to this offering (assuming no exercise of the underwriter's over-allotment option), the face value of our outstanding senior unsecured indebtedness would have increased to \$380.8 million. The provisions of the indenture governing the notes will not prohibit us from incurring additional indebtedness, including secured indebtedness, in the future. Consequently, in the event of a bankruptcy, liquidation, dissolution, reorganization or similar proceeding with respect to us, the holders of any secured indebtedness will be entitled to proceed directly against the collateral securing such indebtedness. Therefore, such collateral will not be available for satisfaction of any amounts owed under our unsecured indebtedness, including the notes, until such secured indebtedness is satisfied in full.

The notes are our obligations only and are structurally subordinated to the liabilities of our subsidiaries. Our operations are conducted through, and substantially all of our consolidated assets are held by, our subsidiaries.

The notes are our obligations exclusively and are not guaranteed by any of our operating subsidiaries. As of September 30, 2012, our subsidiaries held a significant amount of our consolidated assets and generated a significant amount of our consolidated net income. Accordingly, our ability to service our indebtedness, including the notes, depends, in part, on the results of operations of our subsidiaries and upon the ability of such subsidiaries to provide us with cash, whether in the form of dividends, loans or otherwise, to pay amounts due on our obligations, including the notes. Our subsidiaries are separate and distinct legal entities and have no obligation, contingent or otherwise, to make payments on the notes or to make any funds available for that purpose. In addition, dividends, loans or other distributions to us from certain subsidiaries may be subject to contractual restrictions. Liggett's revolving credit agreement, for example, currently permits Liggett to pay cash dividends to VGR Holding only if Liggett's borrowing availability exceeds \$5.0 million for the 30 days prior to payment of the dividend, and so long as no event of default has occurred under the agreement, which could restrict our ability to receive cash dividends from Liggett.

Moreover, our right to receive assets from any of our subsidiaries upon its liquidation or reorganization, and the right of holders of the notes to participate in those assets, will be structurally subordinated to any and all indebtedness and other obligations that our subsidiaries may incur (including trade payables). In the event of a bankruptcy, liquidation, dissolution or reorganization, or of a similar proceeding with respect to any of our subsidiaries, we, as an equity owner of such subsidiary, and, therefore, the holders of the notes, will rank behind such subsidiary's creditors, including such subsidiary's trade creditors. As of September 30, 2012, the aggregate amount of liabilities of our subsidiaries was \$292.5 million, including trade and other payables and excluding intercompany liabilities. The provisions of the indenture governing the notes do not prohibit our subsidiaries from incurring additional indebtedness or issuing preferred equity in the future.

Servicing our indebtedness requires a significant amount of cash, and we may not generate sufficient cash flow from our business to pay our substantial indebtedness.

Our ability to make scheduled payments of the principal of, to pay interest on or to refinance our indebtedness, including the notes, depends on our future performance, which is subject to economic, financial, competitive and regulatory factors, as well as other factors beyond our control. The cash flow from operations in the future may be insufficient to service our indebtedness because of factors beyond our control. If we are unable to generate the necessary cash flow, we may be required to adopt one or more alternatives, such as selling assets, restructuring debt or obtaining additional equity capital on terms that may be onerous or highly dilutive. Our ability to refinance our indebtedness will depend on the capital markets and our financial condition at such time. We may not be able to

engage in any of these activities or engage in these activities on desirable terms, which could result in a default on our debt obligations.

Upon conversion of the notes, you may receive less valuable consideration than expected because the value of our common stock may decline after you exercise your conversion right but before we settle our conversion obligation.

Under the notes, a converting holder will be exposed to fluctuations in the value of our common stock during the period from the date such holder surrenders notes for conversion until the date we settle our conversion obligation.

Upon conversion of the notes, we must deliver shares of our common stock, together with cash for any fractional share, on the third business day following the relevant conversion date. Accordingly, if the price

S-20

TABLE OF CONTENTS

of our common stock decreases during this period, the value of the shares that you receive will be adversely affected and would be less than the conversion value of the notes on the conversion date.

The notes are not protected by certain restrictive covenants.

The indenture for the notes will not:

require us to maintain any financial ratios or specific levels of net worth, revenues, income, cash flows or liquidity; protect holders of the notes in the event that we experience significant adverse changes in our financial condition or results of operations;

limit our ability to pledge assets to secure our existing or future debt;
limit our ability to incur indebtedness;

restrict the ability of our subsidiaries to issue securities or incur liability that would be structurally senior to our indebtedness;

restrict our ability to purchase or prepay our securities; or

restrict our ability to make investments or to purchase or pay dividends or make other payments in respect of our common stock or other securities ranking junior to the notes.

In addition, the indenture contains no covenants or other provisions to afford protection to holders of the notes in the event of a fundamental change involving us, except to the extent described under Description of Notes Fundamental Change Permits Holders to Require Us to Repurchase Notes, Description of Notes Conversion Rights Adjustment to Shares Delivered upon Conversion upon a Make-Whole Fundamental Change and Description of Notes Consolidation, Merger and Sale of Assets. Consequently, your rights under the notes may be substantially and adversely affected by certain fundamental changes or if we or our subsidiaries take certain actions that could increase the probability that we default on the notes or reduce the recovery that you are likely to receive upon any default.

Recent regulatory actions may adversely affect the trading price and liquidity of the notes.

We expect that many investors in, and potential purchasers of, the notes will employ, or seek to employ, a convertible arbitrage strategy either by selling short the common stock underlying the notes and dynamically adjusting their short position while holding the notes, or by entering into swaps on our common stock in lieu of or in addition to short selling our common stock. Accordingly, any rules regulating short selling of securities or equity swaps or other governmental action that interferes with the ability of market participants to establish and maintain a convertible arbitrage strategy with respect to the notes could adversely affect the trading price and liquidity of the notes.

The SEC and other authorities have implemented rules and may adopt additional rules that may impact those engaging in short selling activity involving equity securities. In particular, Rule 201 of SEC Regulation SHO generally restricts short selling when the price of a covered security (including our common stock) triggers a circuit breaker by falling 10% or more from the security's closing price as of the end of regular trading hours on the prior day. If this circuit breaker is triggered, short sale orders can be displayed or executed only if the order price is above the current national best bid, subject to certain limited exceptions. Additionally, the SEC approved a pilot program (which has been extended to February 4, 2013) allowing securities exchanges and the Financial Industry Regulatory Authority, Inc., or FINRA, with respect to securities included in the S&P 500 Index, Russell 1000 Index and over 300 exchange traded funds, to halt trading in the securities if the price of any such security moves 10% or more from a sale price in a five-minute period; or with respect to National Market System stocks, to halt trading in the event of any price movement of 30% or more or 50% or more (depending upon the trading price of the stock) in a five-minute period. (The pilot program excludes all rights and warrants from the trading halt.) The SEC has also approved two proposals

Upon conversion of the notes, you may receive less valuable consideration than expected because the value of our

submitted by FINRA and the exchanges to establish a Limit Up-Limit Down plan. The proposal, which will go into effect on February 4,

S-21

TABLE OF CONTENTS

2013, establishes procedures, including trading pauses, to prevent trading in particular stocks outside of specified price bands during trading hours.

The enactment of the Dodd-Frank Wall Street Reform and Consumer Protection Act, or the Dodd-Frank Act, on July 21, 2010 also introduced regulatory uncertainty that may impact trading activities relevant to the notes. This new legislation, when fully implemented through regulatory rulemaking, will require many over-the-counter swaps and security-based swaps to be centrally cleared through regulated clearinghouses and traded on exchanges or comparable trading facilities. In addition, swap dealers, security-based swap dealers, major swap participants and major security-based swap participants will be required to register with the SEC or the Commodity Futures Trading Commission and comply with margin and capital requirements as well as public reporting requirements.

Although the direction and magnitude of the effect that the amendments to Regulation SHO, FINRA and exchange rule changes and/or implementation of the Dodd-Frank Act may have on the trading price and the liquidity of the notes will depend on a variety of factors, many of which cannot be predicted or determined at this time, past regulatory actions (such as the emergency orders issued by the SEC in 2008 prohibiting short sales of stock of certain financial services companies) have had a significant impact on the trading prices and liquidity of convertible debt instruments. Any governmental action that similarly restricts the ability of investors in, or potential purchasers of, the notes to establish and maintain a convertible arbitrage strategy with respect to the notes (including any increasing costs incurred by investors in implementing such strategy) could adversely affect the trading price and the liquidity of the notes.

We may not have the ability to raise the funds necessary to pay interest on the notes or to repurchase the notes upon a fundamental change.

The notes bear cash interest. In addition, if a fundamental change occurs, holders of the notes may require us to repurchase all or a portion of their notes in cash. Such payments could be significant, and we may not have enough available cash or be able to obtain financing so that we can make such payments when due. In addition, our ability to satisfy such cash obligations may be limited by applicable law or the terms of other instruments governing our indebtedness. Our failure to pay such cash obligations would constitute an event of default under the indenture governing the notes, which in turn could constitute an event of default under any of our outstanding indebtedness, thereby resulting in the acceleration of such indebtedness, requiring prepayment of such indebtedness and further restricting our ability to satisfy such cash obligations. See Description of Notes Interest, Description of Notes Fundamental Change Permits Holders to Require Us to Repurchase Notes and Description of Notes Events of Default.

The adjustment to the conversion rate for notes converted in connection with a make-whole fundamental change may not adequately compensate you for any value that your notes lose as a result of such transaction.

If a make-whole fundamental change occurs prior to the maturity date, we will, under certain circumstances, increase the conversion rate by a number of additional shares of our common stock for notes converted in connection with such make-whole fundamental change. The increase in the conversion rate will be determined based on the date on which the make-whole fundamental change occurs or becomes effective and the average of the last reported sale prices of our common stock over the five trading day period immediately preceding the effective date of the make-whole fundamental change or the price paid per share of our common stock in the transaction, in each case, as described under Description of Notes Conversion Rights Adjustment to Shares Delivered upon Conversion upon a Make-Whole

We may not have the ability to raise the funds necessary to pay interest on the notes or to repurchase the notes upon

Fundamental Change. The adjustment to the conversion rate for notes converted in connection with a make-whole fundamental change may not adequately compensate you for any lost value of your notes as a result of such transaction.

In addition, if the average of the last reported sale price of our common stock over the five trading day period immediately preceding the effective date of the make-whole fundamental change or the price paid per share of our common stock in the make-whole fundamental change, as the case may be, is greater than \$45.00 per share or less than \$14.80 per share (in each case, subject to adjustment), no additional shares will be added to the conversion rate.

Moreover, in no event will the conversion rate be increased pursuant to the make-whole fundamental change provisions to exceed 67.5676 shares of common stock per \$1,000 principal amount of notes, subject to

S-22

TABLE OF CONTENTS

adjustment in the same manner, at the same time and for the same events for which we must adjust the conversion rate as set forth under Description of Notes Conversion Rights Conversion Rate Adjustments.

Our obligation to increase the conversion rate upon the occurrence of a make-whole fundamental change could be considered a penalty, in which case the enforceability thereof would be subject to general principles of reasonableness and economic remedies.

The conversion rate of the notes may not be adjusted for all dilutive events.

As described under Description of Notes Conversion Rights Conversion Rate Adjustments, we will adjust the conversion rate of the notes for certain events, including, among others:

the issuance of certain share dividends on our common stock;
the issuance of certain rights or warrants;
certain subdivisions and combinations of our capital stock;
certain distributions of capital stock, indebtedness or other assets; and
certain tender or exchange offers.

We will not adjust the conversion rate for other events, such as an issuance of our common stock for cash or in connection with an acquisition, that may dilute our common stock, thereby adversely affecting its market price. Because the trading price of the notes depends on the market price our common stock, any event that dilutes our common stock and adversely affects the market price of our common stock will likely also adversely affect the trading price of the notes.

We will not be obligated to purchase the notes upon the occurrence of all significant transactions that are likely to affect the market price of our common stock and/or the trading price of the notes.

Because the term fundamental change is limited to certain specified transactions, it does not include all events that could adversely affect our financial condition and/or the market price of our common stock and the trading price of the notes. For example, we will not be required to purchase any notes upon the occurrence of a transaction that would otherwise constitute a fundamental change, or in connection with certain types of transactions that would otherwise constitute a fundamental change, if at least 90% of the consideration received by holders of our common stock in the transaction consists of shares of common stock traded on The New York Stock Exchange, NYSE MKT LLC, The NASDAQ Global Select Market, The NASDAQ Global Market or The NASDAQ Capital Market. Furthermore, certain other transactions, such as leveraged recapitalizations, refinancings, restructurings or certain acquisitions of other entities by us or our subsidiaries, would not constitute a fundamental change requiring us to purchase the notes or to increase the conversion rate, even though each of these transactions could increase the amount of our indebtedness or otherwise adversely affect our capital structure, thereby adversely affecting the holders of the notes.

We cannot assure you that an active trading market will develop for the notes.

Prior to this offering, there has been no trading market for the notes, and we do not intend to apply for listing of the notes on any securities exchange or to arrange for their quotation on any automated dealer quotation system. We have been informed by the underwriter that it intends to make a market in the notes after the offering is completed.

However, the underwriter may cease its market-making at any time without notice. In addition, the liquidity of the

trading market in the notes, and the trading price of the notes, may be adversely affected by changes in the overall market for this type of security and by changes in our financial performance or prospects or in the prospects for companies in our industry generally. As a result, we cannot assure you that an active trading market will develop for the notes. If an active trading market does not develop or is not maintained, the trading price and the liquidity of the notes may be adversely affected. In that case, you may not be able to sell your notes at a particular time, or you may not be able to sell your notes at a favorable price.

S-23

TABLE OF CONTENTS

As a holder of the notes, you will not be entitled to any rights with respect to our common stock, but you will be subject to all changes made with respect to our common stock.

If you hold notes, you will not be entitled to any rights with respect to our common stock (including, without limitation, voting rights) until the close of business on the conversion date for your notes, but you will be subject to all changes affecting our common stock. For example, in the event that an amendment is proposed to our articles of incorporation or bylaws requiring stockholder approval and the record date for determining the stockholders of record entitled to vote on the amendment occurs prior to the date you are deemed the record owner of the shares of our common stock due upon conversion, you will not be entitled to vote on the amendment, although you will nevertheless be subject to any changes in the powers, preferences or special rights of our common stock.

We do not expect the notes to be rated, but if the notes are rated, they may receive a lower rating than anticipated, which would likely adversely affect the trading price of the notes.

We do not intend to seek a rating for the notes and believe it is unlikely that the notes will be rated. However, if one or more rating agencies rates the notes and assigns the notes a rating lower than the rating expected by investors, reduces its rating of the notes or announces its intention to put us on credit watch, the market price of our common stock and the trading price of the notes would likely decline.

Certain provisions in the indenture governing the notes could delay or prevent an otherwise beneficial takeover or takeover attempt of us.

Certain provisions in the notes and the indenture could make it more difficult or more expensive for a third party to acquire us. For example, if a takeover would constitute a fundamental change, holders of the notes will have the right to require us to repurchase their notes in cash. In addition, if a takeover constitutes a make-whole fundamental change, we may be required to increase the conversion rate for holders who convert their notes in connection with such takeover. In either case, and in other cases, our obligations under the notes and the indenture could increase the cost of acquiring us or otherwise discourage a third party from acquiring us or removing incumbent management.

You are urged to consider the United States federal income tax consequences of owning the notes.

We and each holder of a note agree in the indenture governing the notes to treat the notes as indebtedness that is subject to U.S. Treasury regulations governing contingent payment debt instruments. Under the contingent payment debt regulations, a U.S. holder (as defined in *Material United States Federal Income Tax Considerations*) will be required to include amounts in income, as original issue discount, in advance of cash such holder receives on a note, and to accrue interest on a constant yield to maturity basis at a rate comparable to the rate at which we would borrow in a noncontingent, nonconvertible borrowing, even though the notes will have a significantly lower stated rate of interest. A U.S. holder may recognize taxable income significantly in excess of cash received while the notes are outstanding. In addition, a holder will recognize ordinary income, if any, upon a sale, exchange, conversion, redemption or repurchase of the notes at a gain. In computing such gain, the amount realized by a holder will include, in the case of a conversion, the amount of cash and the fair market value of shares received. With respect to non-U.S. holders (as defined in *Material United States Federal Income Tax Considerations*), payments of contingent interest in

As a holder of the notes, you will not be entitled to any rights with respect to our common stock, but you will be subj

excess of the floor amount (as defined in Material United States Federal Income Tax Considerations) will be subject to United States federal withholding tax at a rate of 30% unless such non-U.S. holder is eligible for a reduced rate or an exemption under an applicable U.S. income tax treaty or such interest is effectively connected with the non-U.S. holder's conduct of a U.S. trade or business and the applicable certification requirements are satisfied. Holders are urged to consult their own tax advisors as to the United States federal, state and other tax consequences of acquiring, owning and disposing of the notes and the shares of common stock issuable upon conversion of the notes. See Material United States Federal Income Tax Considerations.

You may have to pay taxes with respect to changes in the conversion rate of the notes.

Holders of the notes may, in certain circumstances, be deemed to have received distributions of stock if the conversion price of the notes is adjusted. However, adjustments to the conversion price made pursuant to a bona fide reasonable adjustment formula which has the effect of preventing the dilution of the interest of

S-24

TABLE OF CONTENTS

holders of the notes will generally not be deemed to result in a constructive distribution of stock. Certain of the possible adjustments provided in the notes may not qualify as being pursuant to a bona fide reasonable adjustment formula. If such adjustments are made, U.S. holders may be deemed to have received constructive distributions includible in income even though they have not received any cash or property as a result of such adjustments. In certain circumstances, the failure to provide for such an adjustment may also result in a constructive distribution. If, in lieu of an adjustment to the conversion price, we exercise our option to distribute to holders of notes, concurrently with the distribution to holders of our common stock, such shares of our common stock, rights, options, warrants, any shares of our capital stock (other than common stock), evidences of indebtedness or other non-cash assets (or the fair market value, as reasonably determined by our board of directors, of the foregoing in cash) that such holders would have been entitled to receive had such notes been converted immediately prior to the record date relating to the event that would have caused such adjustment, such a distribution may be taxable to U.S. holders to the extent of the fair market value of such property received. Constructive distributions to non-U.S. holders may be subject to United States federal withholding tax. Under proposed regulations relating to certain dividend equivalent payments, an adjustment to the conversion price of the notes as a result of a dividend on our common stock may be subject to withholding tax at a different time or in a different amount than the withholding tax otherwise imposed on dividends and constructive dividends. See Material United States Federal Income Tax Considerations.

The price of our common stock may fluctuate significantly.

The trading price of our common stock has ranged between \$15.17 and \$17.70 per share over the past 52 weeks. We expect that the market price of our common stock will continue to fluctuate.

The market price of our common stock may fluctuate in response to numerous factors, many of which are beyond our control. These factors include the following:

- actual or anticipated fluctuations in our operating results;
- changes in expectations as to our future financial performance, including financial estimates by securities analysts and investors;
- the operating and stock performance of our competitors;
- announcements by us or our competitors of new products or services or significant contract, acquisitions, strategic partnerships, joint ventures or capital commitments;
- the initiation or outcome of litigation;
- changes in interest rates;
- general economic, market and political conditions;
- additions or departures of key personnel; and
- future sales of our equity or convertible securities.

We cannot predict the extent, if any, to which future sales of shares of common stock or the availability of shares of common stock for future sale, may depress the trading price of our common stock.

In addition, the stock market in recent years has experienced extreme price and trading volume fluctuations that often have been unrelated or disproportionate to the operating performance of individual companies. These broad market fluctuations may adversely affect the price of our common stock, regardless of our operating performance. Furthermore, stockholders may initiate securities class action lawsuits if the market price of our stock drops significantly, which may cause us to incur substantial costs and could divert the time and attention of our management. These factors, among others, could significantly depress the price of our common stock.

TABLE OF CONTENTS

We have many potentially dilutive securities outstanding.

At October 31, 2012, we had outstanding options granted to employees to purchase approximately 2,547,677 shares of our common stock, with a weighted-average exercise price of \$11.77 per share, of which options for 398,437 shares were exercisable at October 31, 2012. We also have outstanding convertible notes and debentures maturing in November 2014 and June 2026, which are currently convertible into 14,529,692 shares of our common stock at October 31, 2012. In addition, up to 10,810,820 shares of our common stock (or up to 12,432,443 shares if the underwriter exercises its over-allotment option), subject to anti-dilution, make-whole and other adjustments, will be issuable upon conversion of the notes offered hereby. The issuance of these shares will cause dilution which may adversely affect the trading price of the notes and the market price of our common stock. The availability for sale of significant quantities of our common stock could adversely affect the prevailing market price of the stock and the trading price of the notes.

The effect of the issuance and sale of the borrowed shares in the concurrent offering, which issuance is being made to facilitate transactions by which investors in the notes offered hereby may hedge their investments, may be to lower the market price of our common stock.

Concurrently with this offering, we are offering up to 6,114,000 shares of our common stock, which we refer to as borrowed shares, which we will lend to the share borrower pursuant to an agreement governing the lending of our shares of common stock (which agreement we refer to as the share lending agreement). The share borrower may from time to time during the term of the share lending agreement borrow from us a maximum number of shares determined in accordance with the share lending agreement, and we expect that the share borrower will initially borrow 6,114,000 shares of our common stock on or before the date of this prospectus supplement. The share borrower will initially offer up to 3,057,000 borrowed shares in a fixed price offering (which we refer to as the fixed price shares). From time to time after the completion of the offering of the fixed price shares, the share borrower will offer up to an additional 3,057,000 borrowed shares to the public at prices prevailing in the market at the time of sale or at negotiated prices (which we refer to as the variable price shares). Shortly after the date of the offering of the fixed price shares, we expect the share borrower to terminate a portion of the initial share loan by delivering 3,057,000 shares of our common stock to us. These shares and any borrowed shares that are returned to us in the future will not be available for future share lending under the share lending agreement, and the number of shares that may be borrowed under the share lending agreement at any time will be reduced by the number of shares delivered by the share borrower as of that date and will be subject to certain other adjustments. The share borrower may from time to time during the term of the share lending agreement borrow up to 1,000,000 additional shares of our common stock from us 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 (which we refer to as the supplemental shares), provided that the share borrower may not borrow supplemental shares from us more than twice during any twelve consecutive months and that each borrowing of supplemental shares must be in an amount of at least 250,000 shares. The total number of shares of our 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. All borrowed shares (or identical shares or, in certain circumstances, the cash value thereof) must be returned to us on or about the maturity date of the notes, or, if earlier, on or about the date as of which all of the notes cease to be outstanding as a result of redemption, repurchase, conversion or other acquisition for value (or earlier in certain other circumstances). See Description of Share Lending Agreement.

We have been advised by the underwriter of the concurrent offering that it, or its affiliates, intends to use the short position created by the share loan and the short sales of the borrowed shares to facilitate transactions by which investors in the notes offered hereby may hedge their investments through short sales of our common stock. The existence of the share lending agreement, the short sales of our common stock effected in connection with the sale of the notes or any unwind of such short sales of our common stock, could cause the market price of our common stock to be lower over the term of the share lending agreement than it would have been had we not entered into that agreement due to the increase in the number of shares of our common stock that will be outstanding as a result of the share lending agreement. The market price of our common stock could be further negatively affected by other short sales of our common stock, including other sales by the purchasers of the notes hedging their investment therein.

S-26

TABLE OF CONTENTS

Adjustments by purchasers of the notes of their hedging positions in our common stock and the expectation thereof may have a negative effect on the market price of our common stock.

As of the date of this offering, up to 6,114,000 shares of our common stock may be offered in the concurrent offering in connection with the share lending agreement and are expected to be used by investors in the notes offered hereby to establish hedged positions with respect to our common stock through short sale transactions. In addition, the total number of shares that the share borrower can borrow under the share lending agreement will be increased by 1,000,000 shares in the event supplemental shares are sold in subsequent offerings in connection with adjustments to the hedged positions established by the notes investors. The number of borrowed shares offered in the concurrent offering may be more or less than the number of shares that will be needed in such hedging transactions. Any buying or selling of shares of our common stock by investors in the notes to adjust their hedging positions in connection with this offering of the notes or in the future may affect the market price of our common stock.

In addition, the existence of the notes may also encourage short selling of our common stock by market participants because the conversion of the notes could depress our common stock price. The price of our common stock could be affected by possible sales of our common stock by investors who view the notes as a more attractive means of equity participation in us and by hedging or arbitrage trading activity which we expect to occur involving our common stock. This hedging or arbitrage trading activity could, in turn, affect the market price of the notes.

We are subject to counterparty risk with respect to the share lending agreement.

The share borrower who is party to the share lending agreement is a financial institution, and we will be subject to the risk that it might default under the share lending agreement. Recent global economic conditions have resulted in the actual or perceived failure or financial difficulties of many financial institutions, including the bankruptcy filings by Lehman Brothers Holdings Inc. and its various affiliates. If the share borrower becomes subject to insolvency proceedings, we will likely become a secured creditor in those proceedings only to the extent the share borrower has posted adequate collateral under the terms of the share lending agreement. The amount of such secured claim, along with our additional exposure to the share borrower, is likely to equal our exposure at that time under our share lending transactions with the share borrower. Our exposure will depend on many factors but, generally, an increase in our exposure will be correlated to an increase in the market price and in the volatility of our common stock. In addition, upon a default by the share borrower, we may suffer adverse tax consequences and more dilution than we currently anticipate with respect to our common stock. We can provide no assurances as to the financial stability or viability of the share borrower.

Additionally, at the time of the offering of the borrowed shares, the share borrower will provide us with adequate collateral. Such collateral will be held for our benefit in an account in the name of the share borrower with a financial institution that is not affiliated with the share borrower (which we refer to as the collateral custodian), but will not be under our control as of the date of this offering. The parties have agreed to use their good faith efforts to enter into a collateral account control agreement with the collateral custodian on or before December 15, 2012 (or such other date as the parties may otherwise agree) to provide us with control over the account and the collateral that is held for our benefit. However, until such time we will not have a contractual relationship with the collateral custodian and the collateral custodian will not be required to follow our instructions with respect to the account and the collateral that is held for our benefit, including following a default by the share borrower under the share lending agreement.

Accordingly, until such time we will be at risk to the financial stability or viability of the share borrower.

Changes in the accounting guidelines relating to the borrowed shares could decrease our reported earnings per share and potentially our common stock price.

Because the borrowed shares that are being offered in the concurrent offering (or identical shares) must be returned to us when the share lending agreement terminates pursuant to its terms (or earlier in certain circumstances), we believe that under U.S. generally accepted accounting principles, as presently in effect, the borrowed shares will not be considered outstanding for the purpose of computing and reporting our earnings per share. If accounting guidelines were to change in the future, we may be required to treat the borrowed shares as outstanding for purposes of computing earnings per share, our reported earnings per share would be reduced and our common stock price could decrease, possibly significantly.

S-27

TABLE OF CONTENTS

USE OF PROCEEDS

We estimate that the proceeds from this offering will be approximately \$190.2 million (or \$219.0 million if the underwriter exercises its option to purchase additional notes in full), after deducting the underwriter's discount and estimated fees and expenses payable by us. We plan to use the proceeds of this transaction for general corporate purposes, including in our existing tobacco business and in additional investments in real estate through our wholly owned subsidiary, New Valley LLC. We may also consider using a portion of the proceeds of this offering to address upcoming debt maturities. Pending the use of the net proceeds from this offering we may invest the proceeds in short-term securities.

This offering is being conducted in connection with the offering of the borrowed shares. The offering of the notes pursuant to this prospectus supplement and accompanying prospectus is contingent upon the closing of the offering of the borrowed shares, and the concurrent offering of the borrowed shares is contingent upon the closing of the offering of the notes hereunder. We will not receive any proceeds from the sale of the borrowed shares offered hereunder, other than a nominal loan fee from the share borrower equal to \$0.10 per borrowed share loaned to the share borrower. We expect to use those proceeds for general corporate purposes. The share borrower or its affiliates will receive all the proceeds from the sale of the borrowed shares.

S-28

TABLE OF CONTENTS**CAPITALIZATION**

The following table sets forth our cash and cash equivalents and total capitalization as of September 30, 2012 on:

an actual basis; and

an as adjusted basis to give effect to the issuance and sale by us of \$200.0 million in aggregate principal amount of the notes and the concurrent offering of the borrowed shares, and the receipt of the net proceeds by us from such offerings, after deducting fees, underwriting discounts and estimated expenses payable by us.

The information presented in the table below should be read in conjunction with the historical consolidated financial statements and the notes thereto incorporated by reference into this prospectus.

	As of September 30, 2012	
	Actual	As Adjusted
	(dollars in thousands)	
Cash and cash equivalents	\$ 217,256	\$ 407,456
Vector:		
11% Senior Secured Notes due 2015 ⁽¹⁾	\$ 414,542	\$ 414,542
6.75% Variable Interest Senior Convertible Note due 2014 ⁽²⁾⁽³⁾	17,908	17,908
6.75% Variable Interest Senior Convertible Exchange Notes due 2014 ⁽²⁾⁽⁴⁾	58,959	58,959
3.875% Variable Interest Senior Convertible Debentures due 2026 ⁽²⁾⁽⁵⁾	7,038	7,038
Variable Interest Convertible Senior Notes due 2019 offered hereby ⁽⁶⁾		200,000
Liggett:		
Revolving credit facility	6,153	6,153
Term loan under credit facility	4,253	4,253
Equipment loans	21,448	21,448
Other	342	342
Total notes payable, long-term debt and other obligations, including current portion	530,643	730,643
Total stockholders' equity (deficiency)	(102,948)	(102,948)
Total capitalization	\$ 427,695	\$ 627,695

(1) Amount included in the table above is net of unamortized discount of \$0.5 million.

(2) The fair value of the derivatives embedded within the 6.75% Variable Interest Senior Convertible Note (\$14.0 million), the 6.75% Variable Interest Senior Convertible Exchange Notes (\$26.4 million) and the 3.875% Variable Interest Senior Convertible Debentures (\$47.1 million) is separately classified as a derivative liability in the condensed consolidated balance sheets.

(3) Amount included in the table above is net of unamortized discount of \$32.1 million.

(4) Amount included in the table above is net of unamortized discount of \$48.6 million.

(5) Amount included in the table above is net of unamortized discount of \$36.2 million.

(6) The information in the table above assumes no exercise of the underwriter's option to purchase additional notes.

S-29

TABLE OF CONTENTS**DIVIDEND POLICY**

We pay quarterly cash dividends on shares of our common stock and we intend to continue to pay regular quarterly cash dividends to holders of shares of our common stock. The declaration of future cash dividends is within the discretion of our board of directors and is subject to a variety of contingencies such as market conditions, earnings and our financial condition as well as the availability of cash. See Risk Factors Risks Relating to Our Indebtedness We are a holding company and depend on cash payments from our subsidiaries, which are subject to contractual and other restrictions, in order to service our debt and to pay dividends on our common stock.

Liggett's revolving credit agreement currently permits Liggett to pay cash dividends to VGR Holding only if Liggett's borrowing availability exceeds \$5.0 million for the 30 days prior to payment of the dividend, and so long as no event of default has occurred under the agreement, including Liggett's compliance with the covenants in the credit facility, including maintaining minimum levels of EBITDA (as defined in the credit agreement) if its borrowing availability is less than \$20.0 million and not exceeding maximum levels of capital expenditures (as defined in the credit agreement).

Our 11% Senior Secured Notes due 2015 prohibit our payment of cash dividends or distributions on our common stock if at the time of such payment our Consolidated EBITDA (as defined in the indenture governing such notes) for the most recently completed four full fiscal quarters is less than \$50.0 million. Our Consolidated EBITDA for the four quarters ended September 30, 2012 exceeded \$50.0 million.

The table below sets forth the quarterly cash dividends declared on shares of our common stock during the years ended December 31, 2011 and 2010 and the nine months ended September 30, 2012:

	Nine Months Ended September 30, 2012	Year Ended December 31,	
		2011	2010
First Quarter	\$ 0.38	\$ 0.36	\$ 0.34
Second Quarter	\$ 0.38	\$ 0.36	\$ 0.34
Third Quarter	\$ 0.38	\$ 0.36	\$ 0.34
Fourth Quarter		\$ 0.38	\$ 0.36

We paid 5% stock dividends on September 28, 2012, September 29, 2011 and September 29, 2010 to the holders of our common stock. All information presented herein is adjusted for the stock dividends.

TABLE OF CONTENTS**COMMON STOCK PRICE RANGE**

Our common stock is listed and traded on The New York Stock Exchange under the symbol VGR. The following table sets forth, for the periods indicated, the high and low sales prices for our common stock as reported by The New York Stock Exchange.

Year	Low	High
2012:		
Fourth quarter (through November 14, 2012)	\$ 15.17	\$ 16.84
Third Quarter	\$ 15.78	\$ 17.00
Second Quarter	\$ 15.62	\$ 17.07
First Quarter	\$ 16.47	\$ 17.70
2011:		
Fourth Quarter	\$ 15.74	\$ 17.33
Third Quarter	\$ 14.74	\$ 17.49
Second Quarter	\$ 15.68	\$ 17.47
First Quarter	\$ 13.94	\$ 16.11
2010:		
Fourth Quarter	\$ 14.52	\$ 17.30
Third Quarter	\$ 14.31	\$ 17.97
Second Quarter	\$ 11.99	\$ 14.99
First Quarter	\$ 11.70	\$ 13.74

The last reported sales price for our common stock on November 14, 2012 is set forth on the cover page of this prospectus supplement. At October 31, 2012, there were approximately 1,945 holders of record of our common stock and 87,003,808 shares of our common stock outstanding.

TABLE OF CONTENTS

DESCRIPTION OF NOTES

We will issue the notes under a base indenture to be dated as of November 20, 2012, between us and Wells Fargo Bank, National Association, as trustee (the trustee), as supplemented by a supplemental indenture to be dated as of November 20, 2012, with respect to the notes. In this section, we refer to the base indenture (the base indenture), as supplemented by the supplemental indenture (the supplemental indenture), collectively as the indenture. You may request a copy of the indenture (which includes the form of note) from us at the address set forth under Where You Can Find More Information. This description of notes supplements and, to the extent it is inconsistent with, replaces the description of the general provisions of our debt securities and the base indenture in the accompanying prospectus.

The terms of the notes include those expressly set forth in the indenture and those made part of the indenture by reference to the Trust Indenture Act of 1939, as amended (the Trust Indenture Act).

The following description is a summary of the material provisions of the notes and the indenture and does not purport to be complete. This summary is subject to and is qualified by reference to all of the provisions of the notes and the indenture, including the definitions of certain terms used in the indenture. Whenever particular provisions or defined terms of the indenture or the notes are referred to, these provisions or defined terms are incorporated in this prospectus supplement by reference. We urge you to read these documents because they, and not this description, define your rights as a holder of the notes.

For purposes of this Description of Notes section, references to Vector, the Company, we, our and us refer to Vector Group Ltd. and not to its subsidiaries, unless the context requires otherwise.

General

The notes will:

be our general unsecured, senior obligations and will rank as described under Ranking ; initially be limited to an aggregate principal amount of \$200.0 million (or \$230.0 million if the underwriter exercises its option to purchase additional notes in full); accrue cash interest at an annual rate of 2.50% (the fixed interest), with an additional amount of cash interest payable on the notes on each interest payment date based on the amount of cash dividends per share actually paid by us on our common stock, par value \$0.10 per share, during the prior three-month period ending on the record date for such interest payment multiplied by the total number of shares of our common stock into which the notes are convertible on such record date (the dividend interest, together with the fixed interest, the total interest). Notwithstanding the foregoing, however, the interest payable on each interest payment date will be the higher of (i) the total interest and (ii) 7.50% per annum. Interest will be payable on January 15, April 15, July 15 and October 15 of each year, beginning on January 15, 2013. If the notes would otherwise constitute applicable high yield discount obligations within the meaning of Section 163(i)(1) of the Internal Revenue Code of 1986, as amended (the Code), on each interest payment date on or after January 15, 2018, we will pay additional interest on a note in an amount equal to the amount required to be paid to prevent such note from being treated as an applicable high yield discount obligation; be subject to mandatory repurchase by us at the option of the holders following a fundamental change (as defined below under Fundamental Change Permits Holders to Require Us to Repurchase Notes), at a purchase price equal to 100% of the principal amount of the notes to be repurchased, plus accrued and unpaid interest to, but excluding, the fundamental change repurchase date; mature on January 15, 2019 (the maturity date), unless earlier converted or repurchased; be issued in denominations of \$1,000 principal amount and integral multiples of \$1,000 in excess thereof; and

TABLE OF CONTENTS

be represented by one or more registered notes in global form, but in certain limited circumstances may be represented by notes in definitive form. See [Book-Entry, Settlement and Clearance](#).

Until the close of business (as defined below) on the business day (as defined below) immediately preceding the maturity date, the notes may be converted at an initial conversion rate equal to 54.0541 shares of common stock per \$1,000 principal amount of notes (equivalent to a conversion price of approximately \$18.50 per share of common stock). The conversion rate is subject to adjustment if certain events occur. Upon conversion of a note, we will deliver a number of shares of our common stock and an amount of cash in lieu of fractional shares of our common stock as described below under [Conversion Rights Settlement upon Conversion](#). You will not receive any separate cash payment for interest, if any, accrued and unpaid to the conversion date (as defined below) except under the limited circumstances described below. The notes are not subject to redemption at our option at any time prior to maturity.

The indenture will not limit the amount of indebtedness that may be issued by us or our subsidiaries under the indenture or otherwise. The indenture will not contain any financial covenants and will not restrict us from paying dividends or repurchasing the notes or our other securities, including those junior to the notes. Other than the restrictions described under [Consolidation, Merger and Sale of Assets](#) below and except for the provisions set forth under [Fundamental Change Permits Holders to Require Us to Repurchase Notes](#) and [Conversion Rights Adjustment to Shares Delivered upon Conversion upon a Make-Whole Fundamental Change](#), the indenture will not contain any covenants or other provisions designed to afford holders of the notes protection in the event of a takeover, recapitalization, highly leveraged transaction or similar restructuring involving us that could adversely affect such holders or result in a decline in the credit rating of the notes (if the notes are rated at such time).

We may, without the consent of the holders, issue additional notes under the indenture with the same terms (except for original issuance date and, possibly, the initial interest accrual date and initial interest payment date) and with the same CUSIP numbers as the notes offered hereby in an unlimited aggregate principal amount; *provided, however*, that if such additional notes are not fungible with the notes offered hereby for federal income tax purposes, they will have a separate CUSIP number. We may also from time to time repurchase notes in open market purchases or negotiated transactions without giving prior notice to holders.

The notes will be issued in denominations of \$1,000 principal amount and integral multiples of \$1,000 in excess thereof. References to a note or each note in this prospectus supplement refer to \$1,000 principal amount of the notes.

We do not intend to list the notes on a national securities exchange or any interdealer quotation system.

Payments on the Notes; Paying Agent and Registrar; Transfer and Exchange

We will pay or cause the paying agent to pay the principal of and interest on notes in global form registered in the name of, or held by, The Depository Trust Company (DTC) or its nominee in immediately available funds to DTC or its nominee, as the case may be, as the registered holder of such global note.

We will pay or cause the paying agent to pay the principal of any certificated notes at the office or agency designated by us for that purpose. We have initially designated the trustee as our paying agent and registrar and its agency in the continental United States as a place where notes may be presented for payment or for registration of transfer. We may, however, change the paying agent or registrar without prior notice to the holders of the notes, and we may act as paying agent or registrar. Interest on certificated notes will be payable (i) to any holder of an aggregate principal amount of notes less than or equal to \$5.0 million, by check mailed to such holder, and (ii) to any holder of an aggregate principal amount of notes greater than \$5.0 million, either by check mailed to such holder or, upon

application by such holder to the registrar not later than the relevant record date (as defined below), by wire transfer in immediately available funds to such holder's account within the United States, which application shall remain in effect until such holder notifies, in writing, the registrar to the contrary.

A holder of certificated notes may transfer or exchange such notes at the office of the registrar in accordance with the indenture. The registrar and the trustee may require a holder, among other things, to furnish

S-33

TABLE OF CONTENTS

appropriate endorsements and transfer documents. A holder of a beneficial interest in a note in global form may transfer or exchange such beneficial interest in accordance with the indenture and the applicable procedures of the depositary. See Book-Entry, Settlement and Clearance. No service charge will be imposed by us, the trustee or the registrar for any registration of transfer or exchange of notes, but we, the trustee or the registrar may require a holder to pay a sum sufficient to cover any transfer tax or other similar governmental charge required by law or permitted by the indenture.

The trustee and the registrar will not be required to transfer or exchange any note after it has been surrendered for conversion or required repurchase.

The registered holder of a note will be treated as the owner of the note for all purposes under the indenture.

Interest

The notes will bear cash interest at a rate of 2.50% per annum (the fixed interest) until maturity, payable quarterly in arrears on January 15, April 15, July 15 and October 15 of each year (each, an interest payment date), beginning on January 15, 2013. On each interest payment date, an additional amount of cash interest shall also be payable on the notes in an amount equal to the product of (1) the total number of shares of common stock into which such notes may be convertible on the applicable record date and (2) the total amount of cash dividends and cash distributions per share that we paid on our outstanding common stock during the three-month period ending on such record date (the dividend interest, together with the fixed interest, the total interest). Interest on the notes will accrue from November 20, 2012, which is the date of issuance, or from the most recent date on which interest has been paid or duly provided for. Notwithstanding the foregoing, however, the interest payable on each interest payment date will be the higher of (i) the total interest and (ii) 7.50% per annum.

In addition, if the notes would otherwise constitute applicable high yield discount obligations within the meaning of Section 163(i)(1) of the Code, as amended, on each interest payment date on or after January 15, 2018, we will pay additional interest on a note in an amount equal to the amount required to be paid to prevent such note from being treated as an applicable high yield discount obligation.

Interest will be paid to the person in whose name a note is registered at the close of business on January 1, April 1, July 1 or October 1, as the case may be (each, a record date), immediately preceding the relevant interest payment date. Interest on the notes will be computed on the basis of a 360-day year composed of twelve 30-day months.

If any interest payment date, the maturity date or earlier required repurchase date upon a fundamental change falls on a day that is not a business day, the required payment will be made on the next succeeding business day and no interest on such payment will accrue as a result of such delay. The term business day means any day other than a Saturday, a Sunday or a day on which the Federal Reserve Bank of New York or the place of payment is authorized or required by law or executive order to close or be closed.

Unless the context requires otherwise, all references to interest in this prospectus supplement include special interest, if any, payable at our election as the sole remedy relating to the failure to comply with our reporting obligations as described under Events of Default.

Ranking

The notes will be our senior, unsecured obligations and will:

rank equal in right of payment with our existing and future senior, unsecured debt;
be senior in right of payment to any future indebtedness that is expressly subordinated to the notes;
be effectively subordinated to our existing or future secured indebtedness to the extent of the assets securing such
indebtedness; and

S-34

TABLE OF CONTENTS

be structurally subordinated to all indebtedness and other liabilities and commitments of our subsidiaries, including trade payables and any guarantees that they may provide with respect to any of our existing or future debt.

We conduct our operations through our subsidiaries. Accordingly, our ability to meet our cash obligations in the future in part will be dependent upon the ability of our subsidiaries to make cash distributions to us. Our subsidiaries are separate and distinct legal entities. Our subsidiaries have no obligation to pay any amounts due on the notes or to provide us with funds for our payment obligations, whether by dividends, distributions, loans or other payments. In addition, any payment of dividends, distributions, loans or advances by our subsidiaries to us could be subject to statutory or contractual restrictions.

In addition, in the event of a bankruptcy, liquidation or dissolution of a subsidiary, the creditors of such subsidiary will be paid first, after which the subsidiary may not have sufficient assets remaining to make any payments to us as a shareholder or otherwise so that we can meet our obligations under the notes. In the event of a bankruptcy, liquidation, reorganization or other winding up of us, our assets that secure secured indebtedness will be available to pay obligations on the notes only after all indebtedness under our secured indebtedness has been repaid in full from such assets. In such event, there may not be sufficient assets remaining to pay amounts due on any or all of the notes then outstanding.

As of September 30, 2012, we had \$446.7 million in outstanding secured indebtedness (\$447.2 million at face value including unamortized discount) and \$83.9 million in outstanding senior unsecured indebtedness (\$200.8 million at face value including unamortized discount). As of September 30, 2012, the aggregate amount of liabilities of our subsidiaries was \$292.5 million, including trade and other payables and excluding intercompany liabilities. The indenture governing the notes will not restrict our ability to incur additional indebtedness, including secured indebtedness that would be effectively senior to our obligations under the notes, or the ability of our subsidiaries to incur additional liabilities, all of which would be structurally senior to our obligations under the notes. See Risk Factors Risks Relating to the Offering and the Ownership of the Notes and our Common Stock The notes are effectively subordinated to our secured indebtedness.

Conversion Rights

General

Subject to the limitations described in this General section and the satisfaction of the conditions described below under Conversion Procedures, you may, at your option, convert your notes into shares of our common stock and cash in lieu of fractional shares of our common stock at the applicable conversion rate (as defined below) at any time prior to the close of business on the business day immediately preceding the maturity date, all as described under Settlement upon Conversion. The initial conversion rate for the notes will be 54.0541 shares of our common stock per \$1,000 principal amount of notes (which represents an initial conversion price of approximately \$18.50 per share of our common stock), and will be subject to adjustment as described below.

The trustee will initially act as the conversion agent.

The conversion rate and the equivalent conversion price (which is equal to \$1,000 *divided by* the conversion rate) in effect at any given time are referred to as the applicable conversion rate and the applicable conversion price, respectively.

You may convert fewer than all of your notes so long as the aggregate principal amount of notes that you convert equals \$1,000 or an integral multiple of \$1,000 in excess thereof.

If you submit notes for repurchase upon a fundamental change, you may convert such notes only if you first withdraw your repurchase notice.

Upon conversion, we will not make any separate cash payment for accrued and unpaid interest, except as described below. Instead, our delivery to you of the number of shares of our common stock and the amount of cash in lieu of fractional shares of our common stock, if any, into which your note is convertible, will be deemed to satisfy in full our obligation to pay:

S-35

TABLE OF CONTENTS

the principal amount of your note; and
accrued and unpaid interest, if any, on your notes to, but excluding, the conversion date.
As a result, accrued and unpaid interest, if any, to, but excluding, the conversion date will be deemed to be paid in full rather than cancelled, extinguished or forfeited.

Notwithstanding the preceding paragraph, if notes are converted after the close of business on a record date for the payment of interest, but prior to the open of business (as defined below) on the corresponding interest payment date, holders of such notes at the close of business on such record date will receive the interest payable on such notes on the corresponding interest payment date notwithstanding the conversion. Accordingly, upon surrender for conversion of notes during the period from the close of business on any record date to the open of business on the corresponding interest payment date, the notes must be accompanied by funds equal to the amount of interest, if any, payable on the notes so converted on the next succeeding interest payment date; *provided* that no such payment need be made:

for conversions following the record date immediately preceding the maturity date;
if we have specified a fundamental change repurchase date that is after a record date and on or prior to the business day immediately following the corresponding interest payment date and the conversion occurs after such record date and on or prior to the open of business on such interest payment date; or
to the extent of any overdue interest, if any overdue interest exists at the time of conversion with respect to such note.

Close of business means 5:00 p.m., New York City time. Open of business means 9:00 a.m., New York City time.

If a holder converts notes, we will pay any documentary, stamp or similar issue or transfer tax due on the issue of the shares of our common stock upon conversion, unless the tax is due because the holder requests that any shares be issued in a name other than the holder's name, in which case the holder will pay that tax.

Trading day means a day on which (i) trading in our common stock generally occurs on The New York Stock Exchange or, if our common stock is not then listed on The New York Stock Exchange (or the last reported sale price must be determined for another security), on the principal other United States national or regional securities exchange on which our common stock (or such other security) is then listed or, if our common stock (or such other security) is not then listed on a United States national or regional securities exchange, on the principal other market on which our common stock (or such other security) is then traded, and (ii) a last reported sale price for our common stock (or such other security) is available on such securities exchange or market. If our common stock (or such other security) is not so listed or traded, trading day means a business day.

Conversion Procedures

If you hold a beneficial interest in a global note, to convert you must comply with DTC's procedures for converting a beneficial interest in a global note and, if required, pay funds equal to the interest payable on the next interest payment date as described above and, if required, pay all transfer or similar taxes or duties, if any.

If you hold a certificated note, to convert that note you must:

complete and manually sign the conversion notice on the back of the note, or a facsimile of the conversion notice;
deliver the conversion notice, which is irrevocable, and the note to the conversion agent;
if required, furnish appropriate endorsements and transfer documents;
if required, pay all transfer or similar taxes; and

TABLE OF CONTENTS

if required, pay funds equal to the interest payable on the next interest payment date to which you are not entitled. The date you comply with the relevant procedures described above will be the conversion date under the indenture.

Settlement upon Conversion

Upon conversion, we will deliver to the converting holder a number of shares of our common stock equal to the product of (i)(x) the aggregate principal amount of notes to be converted, *divided by* (y) \$1,000 and (ii) the applicable conversion rate on the conversion date for such notes. Notwithstanding the foregoing, we will not deliver fractional shares of our common stock upon conversion of the notes. Instead, we will pay cash in lieu of any fractional shares based on the last reported sale price of our common stock on the applicable conversion date (or if such conversion date is not a trading day, the immediately preceding trading day). We will deliver such number of shares of common stock and such amount of cash in lieu of fractional shares, if any, on the third business day immediately following the conversion date for such notes.

The last reported sale price of our common stock (or any other security for which a last reported sale price must be determined) on any trading day means the closing sale price per share of our common stock (or such other security) (or, if no closing sale price is reported, the average of the last bid price and the last ask price or, if more than one in either case, the average of the average last bid price and the average last ask price) on that trading day as reported in composite transactions for the principal United States national or regional securities exchange on which our common stock (or such other security) is traded. If our common stock (or such other security) is not listed for trading on a United States national or regional securities exchange on the relevant trading day, the last reported sale price of our common stock (or such other security) will be the last quoted bid price per share of our common stock (or such other security) in the over-the-counter market on the relevant date as reported by OTC Markets Group Inc. or a similar organization. If our common stock (or such other security) is not so quoted, the last reported sale price will be the average of the mid-point of the last bid price and the last ask price per share of our common stock (or such other security) on the relevant trading day from each of at least three nationally recognized independent investment banking firms selected by us for this purpose. The last reported sale price will be determined without regard to after-hours trading or any other trading outside of regular trading session hours.

Each conversion will be deemed to have been effected as to any note surrendered for conversion on the conversion date, and the person in whose name the shares of our common stock shall be issuable upon such conversion will become the holder of record of such shares as of the close of business on such conversion date.

Conversion Rate Adjustments

The conversion rate will be adjusted as described below.

(1) If we issue shares of our common stock as a dividend or distribution on shares of our common stock, or if we effect a share split or share combination, the conversion rate will be adjusted based on the following formula:

$$CR_1 = CR_0 \times \frac{OS_1}{OS_0}$$

TABLE OF CONTENTS

where:

CR_0 = the conversion rate in effect immediately prior to 9:00 a.m., New York City time, on the ex-dividend date of such dividend or distribution, or immediately prior to 9:00 a.m., New York City time, on the effective date of such share split or combination, as applicable;

CR_1 = the conversion rate in effect immediately after 9:00 a.m., New York City time, on such ex-dividend date or effective date;

OS_0 = the number of shares of our common stock outstanding immediately prior to 9:00 a.m., New York City time, on such ex-dividend date or effective date; and

OS_1 = the number of shares of our common stock outstanding immediately after giving effect to such dividend, distribution, share split or share combination.

If any dividend or distribution of the type described in this clause (1) is declared but not so paid or made, the conversion rate shall be immediately readjusted, effective as of the date that our board of directors or a committee thereof determines not to pay such dividend or distribution to the conversion rate that would then be in effect if such dividend or distribution had not been declared or announced.

Any adjustment made under this clause (1) shall become effective immediately after 9:00 a.m., New York City time, on the ex-dividend date for such dividend or distribution, or immediately after 9:00 a.m., New York City time, on the effective date for such share split or share combination, as applicable.

If we issue to all or substantially all holders of our common stock any rights, options or warrants entitling them for a period of not more than 45 calendar days after the date of such issuance to subscribe for or purchase shares of our (2) common stock, at a price per share less than the average of the last reported sale prices of our common stock for the 10 consecutive trading day period ending on, and including, the trading day immediately preceding the date of announcement of such issuance, the conversion rate will be increased based on the following formula:

$$CR_1 = CR_0 \times \frac{OS + X}{OS + Y}$$

$OS + Y$

where:

CR_0 = the conversion rate in effect immediately prior to 9:00 a.m., New York City time, on the ex-dividend date for such issuance;

CR_1 = the conversion rate in effect immediately after 9:00 a.m., New York City time, on such ex-dividend date;

OS = the number of shares of our common stock outstanding immediately prior to 9:00 a.m., New York City time, on such ex-dividend date;

X = the total number of shares of our common stock issuable pursuant to such rights, options or warrants; and

Y = the number of shares of our common stock equal to the quotient of (i) the aggregate price payable to exercise such rights, options or warrants divided by (ii) the average of the last reported sale prices of our common stock over the 10 consecutive trading day period ending on the trading day immediately preceding the date of announcement of the issuance of such rights, options or warrants.

Any increase made under this clause (2) will be made successively whenever any such rights, options or warrants are issued and shall become effective immediately after 9:00 a.m., New York City time, on the ex-dividend date for such issuance. To the extent that shares of common stock are not delivered after the expiration of such rights, options or warrants, including because the issued rights, options or warrants were not

S-38

TABLE OF CONTENTS

exercised, the conversion rate shall be decreased to the conversion rate that would then be in effect had the increase with respect to the issuance of such rights, options or warrants been made on the basis of delivery of only the number of shares of common stock actually delivered. If such rights, options or warrants are not so issued, the conversion rate shall be immediately decreased to the conversion rate that would then be in effect if such ex-dividend date for such issuance had not occurred.

In determining whether any rights, options or warrants entitle the holders to subscribe for or purchase shares of the common stock at a price per share less than the average of the last reported sale prices of our common stock for the 10 consecutive trading day period ending on the trading day immediately preceding the date of announcement for an issuance, and in determining the aggregate offering price of such shares of common stock, there shall be taken into account any consideration received by us for such rights, options or warrants and any amount payable on exercise thereof, the value of such consideration, if other than cash, to be determined by our board of directors or a committee thereof.

If we distribute shares of our capital stock, evidences of our indebtedness, other assets or property of ours or rights, (3) options or warrants to acquire our capital stock or other securities to all or substantially all holders of our common stock, excluding:

dividends, distributions, rights, options or warrants as to which an adjustment was effected pursuant to clause (1) or (2) above;

dividends or distributions paid exclusively in cash;

distributions of reference property in a transaction described in Recapitalizations, Reclassifications, Mergers and Other Changes of Our Common Stock ; and

spin-offs as to which the provisions set forth below in this clause (3) shall apply, then the conversion rate will be increased based on the following formula:

$$CR_1 = CR_0 \times$$

$$SP_0$$

$$SP_0 - FMV$$

where:

CR_0 = the conversion rate in effect immediately prior to 9:00 a.m., New York City time, on the ex-dividend date for such distribution;

CR_1 = the conversion rate in effect immediately after 9:00 a.m., New York City time, on such ex-dividend date;

SP_0 = the average of the last reported sale prices of our common stock over the 10 consecutive trading day period ending on, and including, the trading day immediately preceding the ex-dividend date for such distribution; and

FMV = the fair market value (as determined by our board of directors or a committee thereof) of the shares of capital stock, evidences of indebtedness, assets, property of ours or rights, options or warrants to acquire our capital stock or other securities distributed with respect to each outstanding share of our common stock on the ex-dividend date for such distribution.

If FMV (as defined above) is equal to or greater than the S_0 (as defined above), in lieu of the foregoing increase, each holder of a note shall receive, in respect of each \$1,000 principal amount thereof, at the same time and upon the same terms as holders of our common stock, the amount and kind of shares of capital stock, evidences of indebtedness, assets, property of ours or rights, options or warrants to acquire our capital stock or other securities that such holder would have received if such holder owned a number of shares of common stock equal to the conversion rate in effect on the record date for the distribution.

S-39

TABLE OF CONTENTS

Any increase made under the portion of this clause (3) above will become effective immediately after 9:00 a.m., New York City time, on the ex-dividend date for such distribution. If such distribution is not so paid or made, the conversion rate shall be decreased to be the conversion rate that would then be in effect if such distribution had not been declared.

With respect to an adjustment pursuant to this clause (3) where there has been a payment of a dividend or other distribution on our common stock of shares of capital stock of any class or series, or similar equity interest, of or relating to a subsidiary or other business unit, and such capital stock or similar equity interest is listed or quoted (or will be listed or quoted upon the consummation of the transaction) on a U.S. national securities exchange, which we refer to as a spin-off, the conversion rate will be increased based on the following formula:

$$CR_1 = CR_0 \times \frac{MP_0}{FMV_0 + MP_0}$$

$$MP_0$$

where:

CR_0 = the conversion rate in effect immediately prior to the close of business on the last trading day of the valuation period (as defined below) for such spin-off;

CR_1 = the conversion rate in effect immediately after the close of business on the last trading day of the valuation period (as defined below) for such spin-off;

FMV_0 = the average of the last reported sale prices of the capital stock or similar equity interest distributed to holders of our common stock applicable to one share of our common stock over the first 10 consecutive trading day period after, and including, the effective date of the spin-off (the valuation period); and

MP_0 = the average of the last reported sale prices of our common stock over the valuation period.

If, however, the conversion date for a note occurs after the record date for a spin-off, but on or prior to the first trading day of the valuation period for a spin-off, the conversion date will be postponed until the business day immediately following such trading day (and the definition of FMV_0 will be modified pursuant to the immediately following proviso); and *provided, further*, that if the conversion date for a note occurs after the first trading day of the valuation period for a spin-off, but during the valuation period, the reference in the above definition of FMV_0 to 10 shall be deemed replaced with such lesser number of trading days as have elapsed from, and including, the effective date of such spin-off to, but excluding, such conversion date.

If we or any of our subsidiaries make a payment in respect of a tender offer or exchange offer for our common stock, to the extent that the cash and value of any other consideration included in the payment per share of common (4) stock exceeds the last reported sale price of our common stock on the trading day next succeeding the last date on which tenders or exchanges may be made pursuant to such tender or exchange offer, the conversion rate will be increased based on the following formula:

$$CR_1 = CR_0 \times$$

$$AC + (SP_1 \times OS_1)$$

$$OS_0 \times SP_1$$

where:

CR_0 = the conversion rate in effect immediately prior to 5:00 p.m., New York City time, on the 10th trading day immediately following, and including, the trading day next succeeding the date such tender or exchange offer expires;

CR_1 = the conversion rate in effect immediately after 5:00 p.m., New York City time, on the 10th trading day immediately following, and including, the trading day next succeeding the date such tender or exchange offer expires;

S-40

TABLE OF CONTENTS

AC = the aggregate value of all cash and any other consideration (as determined by our board of directors or a committee thereof) paid or payable for shares purchased in such tender or exchange offer;

OS₀ = the number of shares of our common stock outstanding immediately prior to the expiration time on the date such tender or exchange offer expires (prior to giving effect to the purchase of all shares accepted for purchase or exchange in such tender offer or exchange offer);

OS₁ = the number of shares of our common stock outstanding immediately after the expiration time on the date such tender or exchange offer expires (after giving effect to the purchase of all shares accepted for purchase or exchange in such tender or exchange offer); and

SP₁ = the average of the last reported sale prices of our common stock over the 10 consecutive trading day period commencing on the trading day next succeeding the date such tender or exchange offer expires.

Any increase made under this clause (4) will become effective immediately after the close of business on the 10th trading day immediately following, and including, the trading day next succeeding the date a tender or exchange offer expires. If, however, the conversion date for a note occurs on or after the date on which a tender or exchange offer expires and on or prior to the trading day next succeeding the date such tender or exchange offer expires, the conversion date for such note will be postponed until the first business day immediately following such trading day (and the reference in the above definition of SP₁ to 10 and the references in the above definitions of AC and CR to 10th will be modified pursuant to the immediately following proviso); *provided, further*, that if the conversion date for a note occurs after the first trading day during the 10 trading days immediately following, and including, the trading day next succeeding the date a tender or exchange offer expires, but on or prior to the last trading day of such period, the reference in the above definition of SP₁ to 10 and the references in the above definitions of AC and CR to 10th shall be deemed replaced with references to such lesser number of trading days as have elapsed from, and including, the trading day next succeeding the date such tender or exchange offer expires to, but excluding such conversion date.

Notwithstanding the foregoing, in any case in which these provisions require that an adjustment be made to the conversion rate, in lieu of the adjustment, we may, at our option, distribute to holders of notes, concurrently with the distribution to the holders of our common stock (and without having to convert), such shares of our common stock, rights, options, warrants, any shares of our capital stock (other than common stock), evidences of indebtedness or other noncash assets (or the fair market value, as reasonably determined by our board of directors, of the foregoing in cash) that such holders of notes would have been entitled to receive had such notes been converted immediately prior to the record date relating to the event that would have caused such adjustment.

As used in this subsection, *ex-dividend date* means the first date on which the shares of our common stock trade on the applicable exchange or in the applicable market, regular way, without the right to receive the issuance, dividend or distribution in question and *effective date* means the first date on which the shares of our common stock trade on the applicable exchange or in the applicable market, regular way, reflecting the relevant share split or share combination, as applicable.

As used in this subsection, *record date* means, with respect to any dividend, distribution or other transaction or event in which the holders of our common stock have the right to receive any cash, securities or other property or in which common stock (or other applicable security) is exchanged for or converted into any combination of cash, securities or other property, the date fixed for determination of holders of our common stock entitled to receive such cash, securities or other property (whether such date is fixed by our board of directors or a duly authorized committee thereof, statute, contract or otherwise).

To the extent permitted by law and the rules of The New York Stock Exchange and, if applicable, any other securities exchange on which any of our securities are then listed, we are permitted to increase the conversion rate of the notes by any amount for a period of at least 20 business days if such increase is irrevocable during such 20 business days and our board of directors determines that such increase would be in our best interest. To the extent permitted by law and the rules of The New York Stock Exchange Market and, if applicable, any

S-41

TABLE OF CONTENTS

other securities exchange on which any of our securities are then listed, we may also (but are not required to) increase the conversion rate to avoid or diminish income tax to holders of our common stock or rights to purchase shares of our common stock in connection with a dividend or distribution of shares (or rights to acquire shares) or similar event for U.S. federal income tax purposes. See Material United States Federal Income Tax Considerations. In each case, we will deliver to the trustee and each holder of the notes written notice of such increase at least 15 business days prior to the date such increase takes effect.

A holder may, in some circumstances, be deemed to have received a distribution subject to U.S. federal income tax as a result of an adjustment or the nonoccurrence of an adjustment to the conversion rate. For a discussion of the material U.S. federal income tax treatment of an adjustment or the nonoccurrence of an adjustment to the conversion rate, see Material United States Federal Income Tax Considerations.

To the extent that we have a rights plan in effect when you convert your notes into common stock, you will receive, in addition to any shares of common stock otherwise issuable upon conversion, the rights under the rights plan, unless prior to the conversion date, the rights have separated from the common stock, in which case, and only in such case, the conversion rate will be adjusted at the time of separation as if we distributed to all holders of our common stock, shares of our capital stock, evidences of our indebtedness, other assets or property of ours or rights, options or warrants to acquire our capital stock or other securities as described in clause (3) above, subject to readjustment in the event of the expiration or termination of such rights.

Except as stated herein, we will not adjust the conversion rate for the issuance of shares of our common stock or any securities convertible into or exchangeable for shares of our common stock or the right to purchase shares of our common stock or such convertible or exchangeable securities.

Without limiting any of the foregoing, the applicable conversion rate will not be adjusted:

upon the issuance of any shares of our common stock pursuant to any present or future plan providing for the reinvestment of dividends or interest payable on our securities and the investment of additional optional amounts in shares of our common stock under any plan;

upon the issuance of any shares of our common stock or options or rights to purchase those shares pursuant to any present or future employee, director or consultant benefit plan or program of or assumed by us or any of our subsidiaries;

upon the issuance of any shares of our common stock pursuant to any option, warrant, right or exercisable, exchangeable or convertible security not described in the preceding bullet and outstanding as of the date the notes were first issued;

for a change in the par value of the common stock; or
for accrued and unpaid interest.

We will not undertake any transaction that would result in our being required, pursuant to the indenture, to adjust the conversion rate such that the conversion price per share of our common stock will be less than the par value of our common stock.

Adjustments to the applicable conversion rate will be calculated to the nearest 1/10,000th of a share, with five one-hundred-thousandths rounded upward (e.g., 0.76545 would be rounded up to 0.7655). No adjustment to the conversion rate will be required unless the adjustment would require an increase or decrease of at least 1% of the conversion rate; *provided, however*, that if an adjustment is not made because the adjustment does not change the conversion rate by at least 1%, then such adjustment will be carried forward and taken into account in any future adjustment. Notwithstanding the foregoing, (i) upon any conversion of notes and (ii) annually, on the anniversary of the original issue date of the notes, we will give effect to all adjustments that we have otherwise deferred pursuant to

the immediately preceding sentence, and those adjustments will no longer be carried forward and taken into account in any future adjustment.

S-42

TABLE OF CONTENTS

Recapitalizations, Reclassifications, Mergers and Other Changes of Our Common Stock

In the event of:

any recapitalization, reclassification or change of our common stock (other than a change only in par value, from par value to no par value or no par value to par value, or changes resulting from a subdivision or combination);
any consolidation, merger or combination involving us;

any sale, lease or other transfer to a third party of the consolidated assets of ours and our subsidiaries substantially as an entirety; or

any statutory share exchange,

in each case, as a result of which our common stock would be converted into, or exchanged for, stock, other securities, other property or assets (including cash or any combination thereof), then, at the effective time of the transaction, the right to convert each \$1,000 principal amount of notes into shares of our common stock and cash in lieu of fractional shares of our common stock will be changed into the right to convert each \$1,000 principal amount of notes into the kind and amount of shares of stock, other securities or other property or assets (including cash or any combination thereof) that a holder of a number of shares of common stock equal to the conversion rate immediately prior to such transaction would have owned or been entitled to receive in exchange for its shares of common stock in such transaction (the reference property, and the amount and kind of reference property corresponding to one share of our common stock, a unit of reference property), together with an amount of cash in lieu of any fractional units of reference property based on the value of a unit of reference property.

If the transaction causes our common stock to be converted into, or exchanged for, the right to receive more than a single type of consideration (determined based in part upon any form of shareholder election), the reference property into which the notes will be convertible will be deemed to be the weighted average of the types and amounts of consideration received by the holders of our common stock that affirmatively make such an election. We will notify holders of the weighted average as soon as practicable after such determination is made. We will agree in the indenture not to become a party to any such transaction unless its terms are consistent with the foregoing.

Adjustments of Prices

Whenever any provision of the indenture requires us to calculate a last reported sale price or a function thereof over a span of multiple days (including the stock price (as defined below) for purposes of a make-whole fundamental change), we will make appropriate adjustments to account for any adjustment to the conversion rate that becomes effective, or any event requiring an adjustment to the conversion rate where the ex-dividend date, effective date or expiration date of the event occurs, at any time during the period when the last reported sale prices or functions thereof are to be calculated. In addition, if the ex-dividend date or expiration date for any event requiring an adjustment to the conversion rate occurs before the date on which the last reported sale price or function thereof is to be calculated, but the event does not give rise to an adjustment to the conversion rate until after such date, we will make an appropriate adjustment to the relevant calculation to account for such event.

Adjustment to Shares Delivered upon Conversion upon a Make-Whole Fundamental Change

If a fundamental change as defined below (determined after giving effect to the paragraph immediately following such definition but without regard to the exclusion in clause (2) of the definition thereof) occurs (a make-whole

fundamental change) and a holder elects to convert its notes in connection with such make-whole fundamental change, we will, under certain circumstances, increase the conversion rate for the notes so surrendered for conversion by a number of additional shares of common stock (the additional shares), as described below.

S-43

TABLE OF CONTENTS

A conversion of notes will be deemed for these purposes to be in connection with a make-whole fundamental change if the notice of conversion of the notes is received by the conversion agent from, and including, the effective date (as defined below) of the make-whole fundamental change up to, and including:

in the case of such a make-whole fundamental change that is also a fundamental change, the later of (x) the close of business on the business day immediately prior to the related fundamental change repurchase date and (y) the close of business on the 35th business day immediately following the date we give notice to holders of the occurrence of the make-whole fundamental change as described below, and

in the case of such a make-whole fundamental change that is not also a fundamental change, the close of business on the 35th business day immediately following the date we give notice to holders of the occurrence of the make-whole fundamental change as described below.

We will notify holders of the anticipated effective date of any make-whole fundamental change and issue a press release announcing such anticipated effective date no later than 10 business days immediately prior to such anticipated effective date; *provided, however*, that if we do not have knowledge of such make-whole fundamental change or its anticipated effective date at such time, we will issue such press release as promptly as practicable following the date on which we become aware of such make-whole fundamental change and its anticipated effective date, but in no event later than the fifth business day immediately following the actual effective date of such make-whole fundamental change.

Except as set forth under Recapitalizations, Reclassifications, Mergers and Other Changes of Our Common Stock, upon the surrender of notes for conversion in connection with a make-whole fundamental change, we will satisfy our conversion obligation by delivering a number of shares of common stock and cash in lieu of any fractional shares of our common stock as described above under Settlement upon Conversion ; *provided, however*, that if the consideration for our common stock in any make-whole fundamental change described in clause (2) of the definition of fundamental change is comprised entirely of cash, for any conversion of notes on or following the effective date of such make-whole fundamental change, the conversion obligation will be calculated based solely on the stock price (as such term is defined below) for the transaction, and we will satisfy our conversion obligation with respect to each \$1,000 principal amount of notes by paying the converting holder an amount of cash equal to the applicable conversion rate (including any adjustment described in this section), *multiplied by* such stock price on the third business day following the applicable conversion date.

The number of additional shares, if any, by which the conversion rate will be increased for a holder that converts its notes in connection with a make-whole fundamental change will be determined by reference to the table below, based on the date on which the make-whole fundamental change occurs or becomes effective (the effective date) and the price (the stock price) paid (or deemed paid) per share of our common stock in the make-whole fundamental change.

If the holders of our common stock receive only cash in the make-whole fundamental change and the make-whole fundamental change is of the type described in clause (2) of the definition of fundamental change, the stock price shall be the cash amount paid per share. Otherwise, the stock price shall be the average of the last reported sale prices of our common stock over the five trading day period ending on the trading day preceding the effective date of the make-whole fundamental change.

The stock prices set forth in the column headings of the table below will be adjusted as of any date on which the conversion rate of the notes otherwise must be adjusted. The adjusted stock prices will equal the stock prices applicable immediately prior to such adjustment, *multiplied by* a fraction, the numerator of which is the conversion rate immediately prior to the adjustment giving rise to the stock price adjustment and the denominator of which is the conversion rate as so adjusted. The number of additional shares will be adjusted in the same manner, at the same time and for the same events for which we must adjust the conversion rate as set forth under Conversion Rate Adjustments.

TABLE OF CONTENTS

The following table sets forth the number of additional shares that will be added to the conversion rate per \$1,000 principal amount of notes for each stock price and effective date set forth below:

Stock Price Effective Date	\$14.80	\$15.25	\$16.00	\$17.00	\$18.50	\$21.00	\$25.00	\$30.00	\$37.00	\$45.00
November 20, 2012	13.5135	13.4186	13.2015	12.8479	9.4826	5.9015	3.0047	1.4945	0.6119	0.1678
January 15, 2013	13.5135	13.3522	13.0826	12.5380	9.2666	5.7306	2.9083	1.4426	0.5869	0.1567
January 15, 2014	13.5135	13.2001	12.7737	12.0413	8.7458	5.2339	2.5343	1.2189	0.4855	0.1195
January 15, 2015	13.5135	12.9067	12.4034	11.3216	8.0145	4.5687	2.0682	0.9597	0.3742	0.0795
January 15, 2016	13.5135	12.5915	11.9348	10.2654	6.9764	3.6770	1.5021	0.6740	0.2590	0.0403
January 15, 2017	13.5135	12.2584	11.3548	8.8487	5.5858	2.5351	0.8685	0.3930	0.1553	0.0143
January 15, 2018	13.5135	11.8981	10.0267	7.0263	3.7156	1.0849	0.2357	0.1231	0.0484	0.0022
January 15, 2019	13.5135	11.5197	8.4459	4.7695	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000

The exact stock price and effective date may not be set forth in the table above, in which case:

If the stock price is between two stock prices in the table or the effective date is between two effective dates in the table, the number of additional shares will be determined by a straight-line interpolation between the number of additional shares set forth for the higher and lower stock prices and the earlier and the later effective dates, as applicable, based on a 365-day year.

If the stock price is greater than \$45.00 (subject to adjustment in the same manner as the stock prices set forth in the column headings of the table above), no additional shares will be added to the conversion rate.

If the stock price is less than \$14.80 (subject to adjustment in the same manner as the stock prices set forth in the column headings of the table above), no additional shares will be added to the conversion rate.

Notwithstanding the foregoing, in no event will the conversion rate be increased as a result of this section to exceed 67.5676 shares of common stock per \$1,000 principal amount of notes, subject to adjustment in the same manner, at the same time and for the same events for which we must adjust the conversion rate as set forth under Conversion Rate Adjustments.

Our obligation to satisfy the additional shares requirement could be considered a penalty, in which case the enforceability thereof would be subject to general principles of reasonableness and equitable remedies.

Fundamental Change Permits Holders to Require Us to Repurchase Notes

If a fundamental change (as defined below) occurs at any time prior to the maturity date, you will have the right, at your option, to