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

FORM 8-K

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

Date of Report (Date of earliest event reported): **October 4, 2019**

VECTOR GROUP LTD.

(Exact Name of Registrant as Specified in Its Charter)

DELAWARE

(State or Other Jurisdiction of Incorporation)

1-5759

(Commission File Number)

65-0949535

(I.R.S. Employer Identification No.)

4400 Biscayne Boulevard, Miami, Florida

(Address of Principal Executive Offices)

33137

(Zip Code)

(305) 579-8000

(Registrant's Telephone Number, Including Area Code)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (*see* General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Securities Registered Pursuant to 12(b) of the Act:

Title of each class:	Trading Symbol(s)	Name of each exchange on which registered:
Common stock, par value \$0.10 per share	VGR	New York Stock Exchange

Item 2.02. Results of Operations and Financial Condition

On August 29, 2019, the Board of Directors of Vector Group Ltd. (the “Company”) declared a 5% stock dividend to stockholders of record as of September 17, 2019. The stock dividend was paid on September 27, 2019. The Company is filing updated Selected Financial Data to reflect the stock dividend as Exhibit 99.1.

Non-GAAP Financial Measures

Adjusted Net Income (hereafter referred to as “the Non-GAAP Financial Measures”) is a financial measure not prepared in accordance with generally accepted accounting principles (“GAAP”).

The Company is also filing this Current Report on Form 8-K to revise previously reported Non-GAAP Financial Measures to reflect the impact of its recent 5% stock dividend, which was paid on September 27, 2019 to stockholders of record on September 17, 2019, in calculating its Non-GAAP financial measure of Adjusted Net Income (related to Earnings Per Share). All Non-GAAP financial measures and their reconciliations to GAAP measures have been presented as part of Exhibit 99.2. The Non-GAAP financial measures included in Exhibit 99.2 were previously reported in the Current Reports on Form 8-K, which were filed on August 7, 2019, May 7, 2019, May 3, 2019, and September 27, 2018.

Exhibit 99.2 contains the Non-GAAP Financial Measures discussed below.

Tables 1 through 2 of Exhibit 99.2 contain information relating to the Company's Non-GAAP Financial Measures for the three months ended June 30, 2019, March 31, 2019, December 31, 2018, September 30, 2018, June 30, 2018 and March 31, 2018; the six months ended June 30, 2019 and June 30, 2018; and the years ended December 31, 2018, 2017, 2016, 2015 and 2014.

Non-GAAP Financial Measures include adjustments for the one-time non-cash benefit from the Tax Cuts and Jobs Act of 2017 arising out of the remeasurement of certain tax assets and liabilities, purchase accounting associated with the Company's acquisition of its additional 20.59% interest in Douglas Elliman Realty, LLC, as well as the related purchase accounting adjustments, and adjustments to present previously reported non-GAAP financial measures as if the Company had purchased the 29.41% interest in Douglas Elliman Realty, LLC on January 1, 2014. Non-GAAP Financial Measures also include adjustments for litigation settlement and judgment expenses in the Tobacco segment, settlements of long-standing disputes related to the Master Settlement Agreement (“MSA”) in the Tobacco segment, restructuring and pension settlement expense in the Tobacco segment, and non-cash interest items associated with the Company's convertible debt.

The Company believes that the Non-GAAP Financial Measures are important measures that supplement discussions and analysis of its results of operations and enhances an understanding of its operating performance. The Company believes the Non-GAAP Financial Measures provide investors and analysts with a useful measure of operating results unaffected by differences in capital structures and ages of related assets among otherwise comparable companies.

Management uses the Non-GAAP Financial Measures as measures to review and assess operating performance of the Company's business, and management and investors should review both the overall performance (GAAP net income) and the operating performance (the Non-GAAP Financial Measures) of the Company's business. While management considers the Non-GAAP Financial Measures to be important, they should be considered in addition to, but not as substitutes for or superior to, other measures of financial performance prepared in accordance with GAAP, such as operating income, net income and cash flows from operations. In addition, the Non-GAAP Financial Measures are susceptible to varying calculations and the Company's measurement of the Non-GAAP Financial Measures may not be comparable to those of other companies.

Forward-Looking Statements

This Current Report on Form 8-K contains forward-looking statements, which involve risk and uncertainties. The words “could,” “believe,” “expect,” “estimate,” “may,” “will,” “could,” “plan,” or “continue” and similar expressions are intended to identify forward-looking statements. The Company's actual results could differ significantly from the results discussed in such forward-looking statements. Factors that could cause or contribute to such differences in results and outcomes include, without limitation, those discussed under the heading “Risk Factors” in the Company's Annual Report on Form 10-K for the year ended December 31, 2018 and the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2019. Readers are urged not to place undue reliance on these forward-looking statements, which speak only as of the date of this Current Report on Form 8-K. The Company undertakes no obligation to (and expressly disclaims any obligation to) revise or update any forward-looking statement, whether as a result of new information, subsequent events, or otherwise (except as may be required by law), in order to reflect any event or circumstance which may arise after the date of this Current Report on Form 8-K.

Item 9.01. Condensed Consolidated Financial Statements and Exhibit

(c) Exhibit.

<u>Exhibit No.</u>	<u>Exhibit</u>
99.1	Selected Financial Data adjusted to reflect 5% stock dividend paid September 27, 2019 to stockholders of record on September 17, 2019.
99.2	Non-GAAP Financial Measures (furnished pursuant to Regulation FD).

SIGNATURE

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

VECTOR GROUP LTD.

By: /s/ J. Bryant Kirkland III

J. Bryant Kirkland III

Senior Vice President, Treasurer and Chief Financial Officer

Date: October 4, 2019

Selected Financial Data

The following table sets forth our summary condensed consolidated financial data for the periods presented below and our earnings per share as adjusted for the stock dividends described below. The summary condensed consolidated financial data as of June 30, 2019 have been derived from our unaudited condensed consolidated financial statements. Our unaudited condensed consolidated financial statements include only normal and recurring adjustments, necessary to state fairly the data included therein.

The per-share amounts shown below have been retroactively adjusted to reflect the 5% stock dividend which was paid on September 27, 2019 to stockholders of record on September 17, 2019 (see note (2) below).

Our historical results are not necessarily indicative of the results of operations for future periods, and our results of operations for the six-month period ended June 30, 2019 are not necessarily indicative of the results that may be expected for the full year ending December 31, 2019. You should read the following summary condensed consolidated financial data in conjunction with “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and our condensed consolidated financial statements and related notes included in our Quarterly Report on Form 10-Q for the period ended June 30, 2019.

	Year Ended December 31,				
	2018	2017	2016	2015	2014
Statement of Operations Data:					
Total revenues (1)	\$ 1,870,262	\$ 1,807,476	\$ 1,690,949	\$ 1,657,197	\$ 1,591,315
Operating income (2)	224,049	235,648	234,505	205,936	211,561
Net income attributed to Vector Group Ltd.	58,105	84,572	71,127	59,198	36,856
Per basic common share (3)					
Net income attributed to Vector Group Ltd. applicable to common shares	\$ 0.35	\$ 0.54	\$ 0.48	\$ 0.40	\$ 0.27
Per diluted common share (3)					
Net income attributed to Vector Group Ltd. applicable to common shares	\$ 0.35	\$ 0.54	\$ 0.48	\$ 0.40	\$ 0.27
Cash distributions declared per common share (3)	\$ 1.47	\$ 1.40	\$ 1.33	\$ 1.27	\$ 1.21

	June 30, 2019	December 31, 2018	December 31, 2017	December 31, 2016	December 31, 2015	December 31, 2014
Balance Sheet Data:						
Current assets	\$ 638,493	\$ 872,221	\$ 613,709	\$ 705,463	\$ 583,739	\$ 751,397
Total assets	1,455,160	1,549,504	1,328,278	1,404,035	1,280,615	1,389,042
Current liabilities	558,067	484,920	204,639	196,148	216,292	212,424
Notes payable, embedded derivatives, long-term debt and other obligations, less current portion	1,180,151	1,411,486	1,270,657	1,245,275	1,000,150	995,001
Noncurrent employee benefits, deferred income taxes and other long-term liabilities	323,638	200,464	184,742	215,884	186,334	202,297
Stockholders' deficiency	(606,696)	(547,366)	(331,760)	(253,272)	(122,161)	(20,680)

	For the Three Months Ended						For the Six Months Ended	
	June 30, 2019	March 31, 2019	December 31, 2018	September 30, 2018	June 30, 2018	March 31, 2018	June 30, 2019	June 30, 2018
Statement of Operations Data:								
Total revenues (4)	\$ 538,432	\$ 420,924	\$ 445,939	\$ 513,869	\$ 481,488	\$ 428,966	\$ 959,356	\$ 910,454
Operating income (5)	76,244	42,590	48,086	66,018	61,861	48,084	118,834	109,945
Net income attributed to Vector Group Ltd.	39,307	14,953	21,074	12,002	17,818	7,211	54,260	25,029
Per basic common share (3)								
Net income attributed to Vector Group Ltd. applicable to common shares	\$ 0.25	\$ 0.09	\$ 0.13	\$ 0.07	\$ 0.11	\$ 0.04	\$ 0.34	\$ 0.15
Per diluted common share (3)								
Net income attributed to Vector Group Ltd. applicable to common shares	\$ 0.25	\$ 0.08	\$ 0.13	\$ 0.07	\$ 0.11	\$ 0.04	\$ 0.33	\$ 0.15
Cash distributions declared per common share (3)								
	\$ 0.38	\$ 0.38	\$ 0.38	\$ 0.36	\$ 0.36	\$ 0.36	\$ 0.76	\$ 0.73

(1) Revenues include excise taxes of \$469,836, \$460,561, \$425,980, \$439,647, and \$446,086, respectively.

(2) Operating income includes \$6,298, \$2,721, \$4,364, and \$1,419 of income from MSA Settlements for the years ended December 31, 2018, 2017, 2015, and 2014, respectively and \$247 of expense from MSA Settlements for the year ended December 31, 2016; and \$1,784 of litigation judgment and settlement income for the year ended December 31, 2018, and \$6,591, \$20,000, \$20,072, and \$2,475 of litigation judgment and settlement expense for the years ended December 31, 2017, 2016, 2015, and 2014, respectively; and \$41 and \$1,819 of restructuring charges for the years ended December 31, 2016 and 2015, respectively.

(3) Per share computations include the impact of 5% stock dividends on September 27, 2019, September 27, 2018, September 28, 2017, September 29, 2016, September 29, 2015, and September 26, 2014, respectively.

(4) Revenues include excise taxes of \$119,943, \$104,633, \$110,637, \$130,428, \$115,970, \$112,801, \$224,576, and \$228,771, respectively.

(5) Operating income includes \$2,808, \$3,490 and \$6,298 of income from MSA Settlements for the three months ended June 30, 2018 and March 31, 2018, and for the six months ended June 30, 2018, respectively; \$655, \$160, \$525 and \$655 of litigation settlement and judgment expense for the three months ended June 30, 2019, December 31, 2018, and June 30, 2018, and for the six months ended June 30, 2019, respectively; \$2,469 and \$1,944 of litigation settlement and judgment income for the three months ended March 31, 2018 and six months ended June 30, 2018, respectively.

TABLE 1
VECTOR GROUP LTD. AND SUBSIDIARIES
RECONCILIATION OF ADJUSTED NET INCOME
(Unaudited)
(Dollars in Thousands, Except Per Share Amounts)

	For the Three Months Ended						For the Six Months Ended	
	June 30, 2019	March 31, 2019	December 31, 2018	September 30, 2018	June 30, 2018	March 31, 2018	June 30, 2019	June 30, 2018
Net income attributed to Vector Group Ltd.	\$ 39,307	\$ 14,953	\$ 21,074	\$ 12,002	\$ 17,818	\$ 7,211	\$ 54,260	\$ 25,029
Change in fair value of derivatives embedded within convertible debt	(3,788)	(10,349)	(13,700)	(10,005)	(10,717)	(10,567)	(14,137)	(21,284)
Non-cash amortization of debt discount on convertible debt	5,447	8,525	25,173	22,871	20,386	18,193	13,972	38,579
Loss on extinguishment of debt	—	—	4,066	—	—	—	—	—
Litigation settlement and judgment expense (income) (a)	655	—	160	—	525	(2,469)	655	(1,944)
Impact of MSA Settlement (b)	—	—	—	—	(2,808)	(3,490)	—	(6,298)
Impact of net interest expense capitalized to real estate ventures	3,006	(930)	(472)	(596)	4,324	(1,953)	2,076	2,371
Douglas Elliman Realty, LLC purchase accounting adjustments (c)	—	—	265	385	380	375	—	755
Adjustment to reflect additional 29.41% of net income from Douglas Elliman Realty, LLC (d)	—	—	(758)	2,931	1,737	(2,381)	—	(644)
Total adjustments	5,320	(2,754)	14,734	15,586	13,827	(2,292)	2,566	11,535
Tax (expense) benefit related to adjustments	(1,467)	763	(4,046)	(4,459)	(3,868)	655	(705)	(3,213)
Adjusted Net Income attributed to Vector Group Ltd.	<u>\$ 43,160</u>	<u>\$ 12,962</u>	<u>\$ 31,762</u>	<u>\$ 23,129</u>	<u>\$ 27,777</u>	<u>\$ 5,574</u>	<u>\$ 56,121</u>	<u>\$ 33,351</u>
Per diluted common share:								
Adjusted Net Income applicable to common shares attributed to Vector Group Ltd.	<u>\$ 0.28</u>	<u>\$ 0.07</u>	<u>\$ 0.20</u>	<u>\$ 0.15</u>	<u>\$ 0.18</u>	<u>\$ 0.03</u>	<u>\$ 0.36</u>	<u>\$ 0.20</u>

- a. Represents accruals for settlements of judgment expenses in the *Engle* progeny tobacco litigation and proceeds received from a litigation award at Douglas Elliman Realty, LLC, net of non-controlling interest.
- b. Represents the Company's tobacco segment's settlement of a long-standing dispute related to the Master Settlement Agreement.
- c. Represents 100% of purchase accounting adjustments in the periods presented for assets acquired in connection with the accounting for the Company's acquisition of the 20.59% of Douglas Elliman Realty, LLC on December 31, 2013.
- d. Represents 29.41% of Douglas Elliman Realty LLC's net income in the respective periods. On December 31, 2018, the Company increased its ownership of Douglas Elliman Realty, LLC from 70.59% to 100%.

TABLE 2
VECTOR GROUP LTD. AND SUBSIDIARIES
RECONCILIATION OF ADJUSTED NET INCOME
(Unaudited)
(Dollars in Thousands, Except Per Share Amounts)

	Year Ended December 31,				
	2018	2017	2016	2015	2014
Net income attributed to Vector Group Ltd.	\$ 58,105	\$ 84,572	\$ 71,127	\$ 59,198	\$ 36,856
Acceleration of interest expense related to debt conversion	—	—	—	—	5,205
Change in fair value of derivatives embedded within convertible debt	(44,989)	(35,919)	(31,710)	(24,455)	(19,409)
Non-cash amortization of debt discount on convertible debt	86,623	56,787	38,528	27,211	51,472
Loss on extinguishment of debt	4,066	34,110	—	—	—
Litigation settlement and judgment (income) expense (a)	(1,784)	6,591	20,000	20,072	2,475
Impact of net interest expense capitalized to real estate ventures	1,303	(6,385)	(11,433)	(9,928)	—
Impact of MSA Settlement (b)	(6,298)	(2,721)	247	(4,364)	(1,419)
Restructuring charges (c)	—	—	41	7,257	—
Douglas Elliman Realty, LLC purchase accounting adjustments (d)	1,405	(1,133)	7,164	7,512	8,527
Out-of-period adjustment related to Douglas Elliman Realty, LLC acquisition in 2013 (e)	—	—	—	—	(1,231)
Adjustment to reflect additional 29.41% of net income from Douglas Elliman Realty, LLC (f)	1,529	6,281	6,196	6,518	11,298
Total adjustments	41,855	57,611	29,033	29,823	56,918
Tax expense related to adjustments	(11,718)	(23,592)	(10,932)	(11,490)	(23,536)
One-time adjustment to income tax expense due to purchase accounting (g)	—	—	—	—	1,670
Tax benefit from Tax Cuts and Jobs Act of 2017 (h)	—	(28,845)	—	—	—
Adjusted Net Income attributed to Vector Group Ltd.	<u>\$ 88,242</u>	<u>\$ 89,746</u>	<u>\$ 89,228</u>	<u>\$ 77,531</u>	<u>\$ 71,908</u>
Per diluted common share:					
Adjusted Net Income applicable to common shares attributed to Vector Group Ltd.	<u>\$ 0.55</u>	<u>\$ 0.57</u>	<u>\$ 0.60</u>	<u>\$ 0.53</u>	<u>\$ 0.53</u>

- a. Represents accruals for settlements of judgment expenses in the *Engle* progeny tobacco litigation and proceeds received from a litigation award at Douglas Elliman Realty, LLC, net of non-controlling interest.
- b. Represents the Company's tobacco segment's settlement of a long-standing dispute related to the Master Settlement Agreement.
- c. Includes pension charges that were reclassified to "Other, net" as a result of the adoption of ASU 2017-07 during the first quarter of 2018.
- d. Represents 100% of purchase accounting adjustments in the periods presented for assets acquired in connection with the Company's acquisition of the 20.59% of Douglas Elliman Realty, LLC on December 31, 2013.
- e. Represents an out-of-period adjustment related to a non-accrual of a receivable from Douglas Elliman Realty, LLC in the fourth quarter of 2013 and would have increased the Company's gain on acquisition of Douglas Elliman in 2013.
- f. Represents 29.41% of Douglas Elliman Realty, LLC's net income in the respective periods. On December 31, 2018, the Company increased its ownership of Douglas Elliman Realty, LLC from 70.59% to 100%.
- g. Represents adjustments to income tax expense due to a change in the Company's marginal income tax rate from 40.6% to 41.35% as a result of its acquisition of 20.59% of Douglas Elliman Realty, LLC on December 13, 2013.
- h. Represents one-time benefit from change in tax rates to net deferred tax liabilities at December 31, 2017 as a result of Tax Cuts and Jobs Act of 2017.