



---

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): November 14, 2006

**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.)

**100 S.E. Second Street, Miami, Florida**

(Address of Principal Executive Offices)

**33131**

(Zip Code)

**(305) 579-8000**

(Registrant's Telephone Number, Including Area Code)

**(Not Applicable)**

(Former Name or Former Address, if Changed Since Last Report)

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))
- 
-

**Item 2.02. Results of Operations and Financial Condition**

On November 14, 2006, Vector Group Ltd. announced its financial results for the nine months ended September 30, 2006. The full text of the press release issued in connection with the announcement is attached as Exhibit 99.1 to this Current Report on Form 8-K.

The information in this Current Report on Form 8-K and the Exhibit attached hereto is being furnished and shall not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934 (the “Exchange Act”) or otherwise subject to the liabilities of that section, nor shall it be deemed incorporated by reference in any filing under the Securities Act of 1933 or the Exchange Act, except as expressly set forth by specific reference in such a filing.

**Item 9.01. Financial Statements and Exhibit**

(c) Exhibit.

<u>Exhibit No.</u>	<u>Exhibit</u>
99.1	Press Release issued November 14, 2006

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

Vice President and Chief Financial Officer

Date: November 14, 2006



## NEWS

FOR IMMEDIATE RELEASE

Contact: Paul Caminiti/Brandy Bergman/Carrie Bloom  
Citigate Sard Verbinnen  
212/687 — 8080

### VECTOR GROUP REPORTS THIRD QUARTER 2006 FINANCIAL RESULTS

---

**MIAMI, FL, November 14, 2006** — Vector Group Ltd. (NYSE: VGR) today announced financial results for the three and nine months ended September 30, 2006.

Third quarter 2006 revenues were \$137.7 million, compared to revenues of \$125.0 million in the third quarter of 2005. The Company recorded operating income of \$25.7 million in the 2006 third quarter, compared to operating income of \$20.0 million in the third quarter of 2005. Income from continuing operations for the 2006 third quarter was \$19.6 million, or \$0.32 per diluted common share, compared to income from continuing operations of \$10.0 million, or \$0.21 per diluted common share, in the 2005 third quarter, as restated. The results for the three months ended September 30, 2006 included an \$11.5 million decrease in reported income tax expense due to the reduction of the Company's previously established reserves as a result of its July 2006 settlement with the Internal Revenue Service.

For the nine months ended September 30, 2006, revenues were \$368.7 million, compared to \$342.3 million for the first nine months of 2005. The Company recorded operating income of \$68.4 million for the 2006 nine-month period, compared to operating income of \$63.0 million for the 2005 period. Income from continuing operations for the 2006 nine-month period was \$26.9 million, or \$0.46 per diluted common share, compared to income from continuing operations of \$30.6 million, or \$0.63 per diluted common share, for the 2005 period, as restated. The results for the nine months ended September 30, 2006 included (i) a non-cash charge of \$14.9 million associated with the issuance in June 2006 of additional shares of common stock in connection with the conversion of \$70 million of the Company's 6.25% convertible notes due 2008 and (ii) the \$11.5 million decrease in reported income tax expense as a result of the Internal Revenue Service settlement.

-more-

---

The Company has restated its financial statements for the three and nine months ended September 30, 2005. The restatement corrects an error in the computation of the amortization of the debt discount created by the embedded derivative and the beneficial conversion feature associated with the Company's 5% variable interest senior convertible notes due 2011. The restatement increased net income for the three months ended September 30, 2005 by \$0.8 million (\$0.02 per diluted common share) and increased net income for the nine months ended September 30, 2005 by \$2.6 million (\$0.05 per diluted common share). Additional information concerning the restatement is contained in the Company's Form 10-Q for the quarter dated September 30, 2006 filed with the SEC.

For the three and nine months ended September 30, 2006, the Company's conventional cigarette business, which includes Liggett Group cigarettes and USA brand cigarettes, had revenues of \$135.9 million and \$363.3 million, respectively, compared to \$122.7 million and \$334.6 million for the three and nine months ended September 30, 2005, respectively. Operating income was \$34.6 million for the third quarter of 2006 and \$95.9 million for the first nine months of 2006, compared to \$31.5 million and \$97.7 million for the three and nine months ended September 30, 2005, respectively. The results for the three and nine months ended September 30, 2005 included a special federal quota stock liquidation assessment under the federal tobacco buyout legislation of \$5.2 million.

#### **Conference Call To Discuss Third Quarter 2006 Results**

As previously announced, the Company will host a conference call and webcast on Wednesday, November 15, 2006 at 9:00 A.M. (ET) to discuss third quarter 2006 results. Investors can access the call by dialing 800-859-8150 and entering 91225649 as the conference ID number. The call will also be available via live webcast at [www.vcall.com](http://www.vcall.com)

A replay of the call will also be available shortly after the call ends on November 15, 2006 through November 29, 2006. To access the replay, dial 877-656-8905 and enter 91225649 as the conference ID number. The archived webcast will also be available at [www.vcall.com](http://www.vcall.com) for 30 days.

Vector Group is a holding company that indirectly owns Liggett Group LLC, Vector Tobacco Inc. and New Valley LLC. Additional information concerning the company is available on the company's website, [www.VectorGroupLtd.com](http://www.VectorGroupLtd.com).

[Financial Table Follows]

###

- 2 -

---

**VECTOR GROUP LTD. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF OPERATIONS**  
**(Dollars in Thousands, Except Per Share Amounts)**  
**Unaudited**

	Three Months Ended		Nine Months Ended	
	Sept. 30, 2006	Sept. 30, 2005 Restated	Sept. 30, 2006	Sept. 30, 2005 Restated
Revenues*	\$ 137,665	\$ 124,965	\$ 368,724	\$ 342,251
Expenses:				
Cost of goods sold*	88,329	77,880	230,974	202,780
Operating, selling, administrative and general expenses	23,635	27,109	69,362	76,485
Operating income	25,701	19,976	68,388	62,986
Other income (expenses):				
Interest and dividend income	2,281	1,380	6,383	3,260
Interest expense	(10,779)	(8,141)	(27,795)	(22,363)
Change in fair value of derivatives embedded within convertible debt	(3,464)	1,131	(1,225)	2,258
Loss on extinguishment of debt	(1,306)	—	(16,166)	—
Gain on investments, net	1,433	8	1,386	1,433
Gain from conversion of LTS notes	—	—	—	9,461
Equity in loss on operations of LTS	—	—	—	(299)
Equity income from non-consolidated real estate businesses	2,121	4,184	9,726	6,202
Other, net	81	13	158	69
Income from operations before (benefit) provision for income taxes and minority interests	16,068	18,551	40,855	63,007
Income tax (benefit) expense	(3,550)	7,727	13,934	30,018
Minority interests	—	(779)	—	(2,403)
Income from continuing operations	19,618	10,045	26,921	30,586
Discontinued operations:				
Income from discontinued operations, net of minority interests and taxes	—	—	—	82
Gain on disposal of discontinued operations, net of minority interests and taxes	—	—	—	2,952
Income from discontinued operations	—	—	—	3,034
Net income	<u>\$ 19,618</u>	<u>\$ 10,045</u>	<u>\$ 26,921</u>	<u>\$ 33,620</u>
Per basic common share:				
Income from continuing operations	<u>\$ 0.33</u>	<u>\$ 0.22</u>	<u>\$ 0.47</u>	<u>\$ 0.67</u>
Income from discontinued operations	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 0.06</u>
Net income applicable to common shares	<u>\$ 0.33</u>	<u>\$ 0.22</u>	<u>\$ 0.47</u>	<u>\$ 0.73</u>
Per diluted common share:				
Income from continuing operations	<u>\$ 0.32</u>	<u>\$ 0.21</u>	<u>\$ 0.46</u>	<u>\$ 0.63</u>
Income from discontinued operations	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 0.06</u>
Net income applicable to common shares	<u>\$ 0.32</u>	<u>\$ 0.21</u>	<u>\$ 0.46</u>	<u>\$ 0.69</u>
Cash distributions declared per share	<u>\$ 0.38</u>	<u>\$ 0.36</u>	<u>\$ 1.14</u>	<u>\$ 1.09</u>

\* Revenues and cost of goods sold include excise taxes of \$48,153, \$42,413, \$127,956 and \$112,856, respectively.