



February 24, 2011

## VECTOR GROUP REPORTS FOURTH QUARTER AND FULL YEAR 2010 FINANCIAL RESULTS

**MIAMI, FL, February 24, 2011** -- Vector Group Ltd. (NYSE: VGR) today announced financial results for for the fourth quarter and full year ended December 31, 2010.

For the full year ended December 31, 2010, revenues were \$1.063 billion, compared to \$801.5 million for 2009. The increase in revenues in 2010 was primarily due to increased unit sales of approximately 24.9% in 2010 compared to 2009 and the increase in federal excise taxes on cigarettes, which became effective on April 1, 2009. The Company recorded operating income of \$111.3 million for 2010, compared to operating income of \$143.2 million for 2009. Net income for 2010 was \$54.1 million, or \$0.71 per diluted common share, compared to net income of \$24.8 million, or \$0.33 per diluted common share, for 2009. The results for 2010 included pre-tax charges of \$16.2 million related to litigation judgment expense and another \$3.0 million settlement charge and \$11.5 million of pre-tax gains from changes in fair value of derivatives embedded within convertible debt. Adjusting for these items, the Company's operating income for 2010 would have been \$130.5 million and the Company's net income for 2010 would have been \$58.7 million, or \$0.77 per diluted common share. The results for 2009 included a one-time pre-tax gain of \$5.0 million related to an exercise of an option from the 1999 brand transaction with Philip Morris, a one-time income tax benefit of \$6.2 million associated with the recognition of a deferred tax asset, a pre-tax charge of \$18.6 million on extinguishment of debt and \$35.9 million of pre-tax charges from changes in fair value of derivatives embedded within convertible debt, pre-tax impairment charges of \$8.5 million on real estate investments, \$2.1 million in pre-tax income from the Company's investment in the St. Regis Hotel, which was sold in March 2008, and \$0.9 million of restructuring charges. Adjusting for these items, the Company's net income for 2009 would have been \$52.4 million, or \$0.69 per diluted common share.

Fourth quarter 2010 revenues were \$277.6 million, compared to revenues of \$236.7 million in the fourth quarter 2009. The increase in revenues in 2010 was primarily due to increased unit sales of approximately 17.0% in the 2010 period compared to the 2009 period. The Company recorded operating income of \$29.3 million in the 2010 fourth quarter, compared to operating income of \$36.2 million in the fourth quarter of 2009. Net income for the 2010 fourth quarter was \$12.0 million, or \$0.16 per diluted common share, compared to net income of \$13.4 million, or \$0.18 per diluted common share, in the 2009 fourth quarter. The results for the three months ended December 31, 2010 included a \$1.8 million pre-tax settlement charge and \$1.2 million of pre-tax charges from changes in fair value of derivatives embedded within convertible debt. Adjusting for these items, the Company's operating income for the 2010 fourth quarter would have been \$31.1 million and the Company's net income for the 2010 fourth quarter would have been \$13.9 million, or \$0.18 per diluted common share. The results for the three months ended December 31, 2009 included \$10.1 million of pre-tax charges from changes in the fair value of derivatives embedded within convertible debt which was offset by \$2.1 million of pre-tax income from the Company's investment in the St. Regis Hotel. Adjusting for these items, the Company's net income for the fourth quarter of 2009 would have been \$18.2 million, or \$0.24 per diluted common share.

For the three months and year ended December 31, 2010, the Company's tobacco segment had revenues of \$277.6 million and \$1.063 billion, respectively, compared to \$236.7 million and \$801.5 million for the three months and full year ended December 31, 2009, respectively. Operating income was \$33.7 million and \$130.2 million for the three and twelve months ended December 31, 2010, compared to \$41.7 million and \$160.9 million for the three and twelve months ended December 31, 2009, respectively. Adjusting for the litigation judgment and settlement charges, operating income for the three and twelve months ended December 31, 2010 was \$35.5 million and \$149.3 million, respectively. Adjusting for the one-time gain on the brand transaction and the restructuring expenses, operating income for the three and twelve months ended December 31, 2009 was \$41.6 million and \$156.8 million. As a result of the suspension of the marketing of low nicotine and nicotine-free cigarette products as well as a significant reduction in Vector Tobacco's research-related activities, the Liggett and Vector Tobacco businesses have been combined into a single segment and 2009 information has been recast to conform to the 2010 presentation.

### Conference Call to Discuss Fourth Quarter and Full Year 2010 Results

As previously announced, the Company will host a conference call and webcast on Friday, February 25, 2011 at 11:00 A.M. (ET) to discuss fourth quarter and full year 2010 results. Investors can access the call by dialing 800-859-8150 and entering 47999142 as the conference ID number. The call will also be available via live webcast at [www.investorcalendar.com](http://www.investorcalendar.com).

A replay of the call will also be available shortly after the call ends on February 25, 2011 through March 11, 2011. To access the replay, dial 877-656-8905 and enter 47999142 as the conference ID [www.investorcalendar.com](http://www.investorcalendar.com) for 30 days.

Vector Group is a holding company that indirectly owns Liggett Group LLC and Vector Tobacco Inc. and directly owns 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]

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