
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): March 18, 2014

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)

(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:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 240.425)
 - 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))
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Item 8.01 Other Events

Financial information of Vector Group Ltd. (the “Company”) has been included as Exhibit 99.1 to this Current Report on Form 8-K. The financial information includes Pro-forma Adjusted Revenues, Pro-forma Consolidated Adjusted EBITDA, Pro-forma Segment Adjusted EBITDA, and Pro-forma Free Cash Flows, which are financial measures not prepared in accordance with generally accepted accounting principles (“GAAP”). The pro-forma non-GAAP financial results are presented assuming the Company’s acquisition of its additional 20.59% interest in Douglas Elliman Realty, LLC, and the related purchase accounting adjustments, occurred prior to January 1, 2011. Pro-forma Consolidated Adjusted EBITDA, Pro-forma Segment Adjusted EBITDA and Pro-forma Free Cash Flows also include adjustments for litigation settlement and judgment expenses in the Company’s tobacco business, a one-time charge in 2013 related to the extinguishment of the Company’s 11% Senior Secured Notes due 2015, non-cash interest items associated with the Company’s convertible debt, stock-based compensation expense and other non-recurring charges.

The Company believes that Pro-forma Adjusted Revenues, Pro-forma Consolidated Adjusted EBITDA, Pro-forma Segment Adjusted EBITDA, and Pro-forma Free Cash Flows are important measures that supplement discussions and analysis of its results of operations and enhances an understanding of its operating performance. The Company believes these measures provide investors and analysts with a useful measure of operating results unaffected by differences in capital structures, capital investment cycles and ages of related assets among otherwise comparable companies. Management uses Pro-forma Adjusted Revenues, Pro-forma Consolidated Adjusted EBITDA, Pro-forma Segment Adjusted EBITDA, and Pro-forma Free Cash Flows as measures to review and assess operating performance of the Company’s business. While management considers Pro-forma Adjusted Revenues, Pro-forma Consolidated Adjusted EBITDA, Pro-forma Segment Adjusted EBITDA, and Pro-forma Free Cash Flows 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 revenue, operating income, net income and cash flows from operations. In addition, Pro-forma Adjusted Revenues, Pro-forma Consolidated Adjusted EBITDA, Pro-forma Segment Adjusted EBITDA, and Pro-forma Free Cash Flows are susceptible to varying calculations and the Company’s measurement of Pro-forma Adjusted Revenues, Pro-forma Consolidated Adjusted EBITDA, Pro-forma Segment Adjusted EBITDA, and Pro-forma Free Cash Flows may not be comparable to those of other companies. The attached Exhibit 99.1 provides a reconciliation of Pro-forma Adjusted Revenues, Pro-forma Consolidated Adjusted EBITDA, Pro-forma Segment Adjusted EBITDA, and Pro-forma Free Cash Flows to the most comparable GAAP financial measure.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits.

99.1 Financial Information of the Company.

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.

Date: March 18, 2014

By: /s/ J. Bryant Kirkland III
J. Bryant Kirkland III
Vice President, Treasurer and Chief Financial Officer

Vector Adjusted Revenues Reconciliation

(\$ Millions)

	FYE Dec 31,		
	2011	2012	2013
Revenues	\$1,133.4	\$1,094.5	\$1,056.2
Reclassification of Revenues as a Result of Consolidation of Douglas Elliman ⁽¹⁾	346.3	378.2	416.5
Purchase Accounting Adjustments ⁽²⁾	-	-	1.4
Total Adjustments	\$346.3	\$378.2	\$417.9
Pro-Forma Adjusted Revenues	\$1,479.7	\$1,462.7	\$1,474.0

Source: Company filings.

Note: Separate components may not foot due to rounding.

(1) Represents revenues of Douglas Elliman Realty, LLC for the year ended December 31, 2011, the year ended December 31, 2012 and for the period from January 1, 2013 to December 13, 2013. On December 13, 2013, the Company increased its ownership of Douglas Elliman Realty, LLC from 50% to 70.59%. Consequently, after December 13, 2013, the Company consolidates the operations and financial position of Douglas Elliman Realty, LLC in its financial statements. The Company had previously accounted for its interest in Douglas Elliman Realty, LLC under the equity method and revenues from Douglas Elliman Realty, LLC was not included in the Company's revenues prior to December 13, 2013.

(2) Amounts represent one-time purchase accounting adjustments to fair value for deferred revenues recorded in connection with the increase of the Company's ownership of Douglas Elliman Realty, LLC on December 13, 2013.

Vector Adjusted EBITDA and Free Cash Flow Reconciliation

(\$ Millions)

	FYE Dec 31,		
	2021	2022	2023
Net Income attributed to Vector Group Ltd.	\$79.0	\$30.6	\$38.9
Interest Expense	100.7	110.1	132.1
Income Tax Expense	48.1	33.1	34.8
Depreciation and Amortization	10.6	10.6	12.6
EBITDA	234.5	174.4	208.5
Change in Fair Value of Derivatives Embedded Within Convertible Debt	(8.0)	7.9	(18.9)
Gain on Liquidation of Long-Term Investments	(28.8)	-	-
Equity Loss (Gain) on Long-Term Investments	0.9	1.3	(2.1)
Loss (Gain) on Sale of Investment Securities Available for Sale	(23.3)	(1.6)	(8.2)
Equity Income From Non-Consolidated Real Estate Businesses	(20.0)	(29.6)	(22.9)
Gain on Terminations	(3.8)	-	-
Loss on Extinguishment of Debt	-	-	21.5
Provision for Loss on Investments	-	-	-
Acceleration of Interest Expense Related to Debt Conversion	1.2	18	12.4
Stock-Based Compensation Expense	3.2	5.6	2.5
Litigation Settlement and Judgment Expense	-	-	88.1
Philip Morris Brand Transaction	-	-	-
Impact of MSA Settlement	-	-	(11.8)
Gain on Acquisition of Douglas Elliman	-	-	(60.8)
Reclassification of EBITDA as a Result of the Consolidation of Douglas Elliman	39.3	33.9	48.5
Other, Net	(1.8)	(1.2)	(7.6)
Pro-Forma Adjusted EBITDA	\$192.4	\$205.0	\$252.5
Pro-Forma Adjusted EBITDA Attributed to Non-Controlling Interest	(10.4)	(10.0)	(14.4)
Pro-Forma Adjusted EBITDA Attributed to Vector Group Ltd.	\$182.0	\$195.0	\$238.2
Vector Group Ltd. Capital Expenditures	11.8	11.3	13.3
Douglas Elliman Capital Expenditures	2.5	4.6	4.3
Pro-Forma Capital Expenditures	14.3	15.9	17.6
Pro-Forma Capital Expenditures Attributed to Non-Controlling Interest	(0.7)	(1.4)	(1.3)
Pro-Forma Capital Expenditures Attributed to Vector Group Ltd.	13.6	14.6	16.3
Pro-Forma Free Cash Flow Attributed to Vector Group Ltd.	\$168.4	\$180.4	\$221.9

Source: Company filings.

Note: Free Cash Flow defined as Pro-Forma Adjusted EBITDA minus Pro-Forma Capital Expenditures Attributed to Vector Group Ltd. Separate components may not foot due to rounding.

Vector Segment Adjusted EBITDA Reconciliation

(\$ Millions)

	FYE Dec 31, 2013			
	Tobacco	Real Estate	Corporate	Total
Operating Income	\$112.0	\$15.5	(\$15.8)	\$111.7
Depreciation and Amortization	9.5	2.4	0.7	12.6
Stock-Based Compensation Expense	0.0	-	2.5	2.5
Litigation Settlement and Judgment Expense	55.1	-	-	55.1
Impact of MSA Settlement	(11.5)	-	-	(11.5)
Reclassification of EBITDA as a Result of the Consolidation of Douglas Elliman	-	45.5	-	45.5
Pro-Forma Adjusted EBITDA	\$197.8	\$67.0	(\$12.6)	\$252.2
Pro-Forma Adjusted EBITDA Attributed to Non-Controlling Interest	-	(14.1)	-	(14.1)
Pro-Forma Adjusted EBITDA Attributed to Vector Group	\$197.8	\$52.9	(\$12.6)	\$238.2

	FYE Dec 31, 2012			
	Tobacco	Real Estate	Corporate	Total
Operating Income	\$176.0	(\$2.0)	(\$19.1)	\$154.9
Depreciation and Amortization	9.5	0.4	0.4	10.6
Stock-Based Compensation Expense	0.0	-	5.5	5.6
Reclassification of EBITDA as a Result of the Consolidation of Douglas Elliman	-	33.9	-	33.9
Pro-Forma Adjusted EBITDA	\$185.5	\$32.3	(\$13.1)	\$205.0
Pro-Forma Adjusted EBITDA Attributed to Non-Controlling Interest	-	(10.0)	-	(10.0)
Pro-Forma Adjusted EBITDA Attributed to Vector Group	\$185.5	\$22.3	(\$13.1)	\$195.0

	FYE Dec 31, 2011			
	Tobacco	Real Estate	Corporate	Total
Operating Income	\$164.6	(\$1.9)	(\$19.3)	\$143.3
Depreciation and Amortization	9.1	0.5	1.2	10.6
Stock-Based Compensation Expense	-	-	3.2	3.2
Reclassification of EBITDA as a Result of the Consolidation of Douglas Elliman	-	35.3	-	35.3
Other, Net	-	-	0.0	0.0
Pro-Forma Adjusted EBITDA	\$173.7	\$33.7	(\$15.0)	\$192.5
Pro-Forma Adjusted EBITDA Attributed to Non-Controlling Interest	-	(10.4)	-	(10.4)
Pro-Forma Adjusted EBITDA Attributed to Vector Group	\$173.7	\$23.3	(\$15.0)	\$182.0

Source: Company filings.

Note: Separate components may not foot due to rounding.

